Six European nations join Iran barter system

Syllabus subtopic: Effect of policies and politics of developed and developing countries on India’s interests, Indian diaspora.

News: Paris, London and Berlin on Saturday welcomed six new European countries to the INSTEX barter mechanism

Prelims focus: about INSTEX barter mechanism, working and members

Mains focus: the significance of the move, U.S-Iran issue and its impact on India’s trade with Iran and other aspects of the geopolitics

What is it?

The Instrument in Support of Trade Exchanges (INSTEX) is designed to circumvent U.S. sanctions against trade with Iran by avoiding use of the dollar.

Founding members: France, Germany and the United Kingdom

Six new members: Belgium, Denmark, Finland, the Netherlands, Norway and Sweden

Its objective:

- The Paris-based INSTEX functions as a clearing house allowing Iran to continue to sell oil and import other products or service in exchange. The system has not yet enabled any transactions.
Conclusion:

The accession of the six members strengthens INSTEX and demonstrates European efforts to facilitate legitimate trade between Europe and Iran.

Note:

Click on the following links for a detailed overview about US-Iran tussle and its impact on the Indian economy


Source: The Hindu

Operation â€˜Clean Artâ€™ to crack down on illegal trade in mongoose hair

Syllabus subtopic: Conservation, environmental pollution and degradation, environmental impact assessment

News: In first panIndia operation Clean Art, raids carried out in U.P, Rajasthan, Maharashtra and Kerala, 49 arrests made and 27 cases registered

Prelims and Mains focus: about Operation Clean Art, challenges in implementation, about WCCB

Background
On October 24, 2019, about 200 officials, including policemen, gathered at Sherkot in Uttar Pradesh’s Bijnor district.

It was a planned raid, not to apprehend criminals, but to check on organised factories that were making paint brushes with mongoose hair.

By the end of the day, ten manufacturing units in Sherkot were raided and approximately 26,000 brushes and over 100 kg of raw mongoose hair was seized. About 26 people were arrested in connection with illegal trade in mongoose hair.

Raids were carried out not only in Uttar Pradesh, but also at Jaipur in Rajasthan, Mumbai and Pune in Maharashtra, and in Kerala, on the same day.

Operation Clean Art

- Operation Clean Art was the first pan India operation to crack down on the smuggling of mongoose hair in the country.
- Operation Clean Art was conceived by Wildlife Crime Control Bureau (WCCB) with the
singular aim of ensuring that the mongoose hair brush trade be closed down across the country.

- There are six species of mongoose found in India and mostly recovered in the raids are grey mongoose hair.

‘Organised crime’

- An adult mongoose yields over 3040 gm of long hair, from which only 2025 gm of “brush-making hair” is recovered.
- There are six species of mongoose found in India and mostly recovered in the raids are grey mongoose hair.
- Most of these animals were poached by “hunting communities” across the country.
- About 49 arrests were made and 27 cases were registered under the Wildlife Protection Act (1972).
- For about 150 kg of mongoose hair, at least 6,000 animals would have been killed

Spreading Awareness

- There have been instances in which mongoose hair has been transported using courier companies.

- Postal authorities are also trying to involve the Postal Department to spread awareness and identify illegal trade in wildlife.

- There is also a campaign on social media where concerned organisations are urging artists to take a pledge to refrain from using brushes made of mongoose hair.

‘Alternatives needed’

- Well-known sculptor and painter Bimal Kundu said the reason painters prefer brushes made of mongoose hair is because they are superior and hold colour better.
- But, the alternatives available in the market are not of good quality. More research should be done to make paint brushes that fit the requirements of an artist.

Way forward

- Art is supposed to be something unique and evoke the best among people. Why should there be cruelty and criminality involved in the process of creation of art?
Art should be clean and artists should take a pledge that they will not use brushes made of mongoose hair. The mongoose is listed in **Schedule II Part 2 of the Wildlife Protection Act** and any smuggling or possession of its body part is a nonbailable offence. Persons using brushes made of mongoose hair should be aware of it.

About Wildlife Crime Control Bureau (WCCB)

Wildlife Crime Control Bureau is a **statutory multi-disciplinary body established by the Government of India under the MoEFCC, to combat organized wildlife crime in the country**.

Under Section 38 (Z) of the Wild Life (Protection) Act, 1972, it is mandated:

- To collect and collate intelligence related to organized wildlife crime activities.
- To disseminate the same to State and other enforcement agencies for immediate action so as to apprehend the criminals.
- To establish a centralized wildlife crime data bank.
- To co-ordinate actions by various agencies in connection with the enforcement of the provisions of the Act.
- To assist foreign authorities and international organization concerned to facilitate co-ordination and universal action for wildlife crime control.
- It also assists and advises the Customs authorities in inspection of the consignments of flora & fauna as per the provisions of Wild Life Protection Act, CITES and EXIM Policy governing such an item.

In 2018, **United Nation Environment (UNEP)** awarded **Wildlife Crime Control Bureau (WCCB), Ministry of Environment, Forest and Climate Change, Government of India with Asia Environment Enforcement Awards, 2018** for excellent work done by the Bureau in combating transboundary environmental crime.

Source: The Hindu

India, Sweden to sign MoU for polar science cooperation

**GS-II | 02 December,2019**

**Syllabus subtopic:** Bilateral, regional and global groupings and agreements involving India
News: India and Sweden are likely to sign their first maritime cooperation agreement, Cooperation in Polar Science, during the visit to India of the Swedish royal couple and senior Ministers, including Foreign Minister Anne Linde.

Prelims and Mains focus: about the highlights of the visit, India-Sweden relations

- The Cooperation in Polar Science will encompass both Arctic and Antarctic.

- In the past few years, India has signed a series of maritime information exchange as well as military logistics support agreements, extending the reach of its armed forces. The pact with Russia, in advanced stages of discussion, will give India access to Russian bases in the Arctic for logistics and operational turnaround.

- The Swedish government made it clear that it saw defence as one important area “continually” between the two countries and the Swedish government was “behind Saab’s efforts” to pitch its Gripen fighter for the Indian Air Force’s tender for 114 jets. The company remains very interested.

Approvals needed

Observing that any aircraft today anywhere has components from different countries, Saab had offered to be a partner and obviously, the approvals needed, in this case from the American partners, have been discussed and acquired, otherwise they wouldn’t be a contender.

U.S. companies Boeing and Lockheed Martin are also in the race with their F18 and F16 fighter jets.

Note: For a detailed overview on India-Sweden relations click on the link below:


Source: The Hindu
Saudi Arabia takes over G20 presidency from Japan

GS-II | 02 December, 2019

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**News:** Saudi Arabia became the first Arab nation to take over the G20 presidency as it seeks to bounce back onto the world stage following global uproar over its human rights record.

**Prelims and Mains focus:** about G20, its relevance and achievements so far

The oil-rich kingdom has promoted a liberalisation drive, including granting greater rights to women, but faced strong criticism over a crackdown on dissent and the murder last year of journalist Jamal Khashoggi.

This presidency will be challenged by a central paradox: global risks like climate change, demographic developments, such as low birth rates, rising life expectancy and aging societies but rising populism and nationalism are preventing progress at the multilateral level.

Rights groups have urged G20 member states to exert pressure on the kingdom over its intensifying crackdown on dissent, which has seen several women activists, journalists and political dissidents jailed.

Campaigners reported that Saudi Arabia had detained at least nine academics, writers and activists, the latest in a series of crackdowns on intellectuals over the past two years.

Activists say that some were subsequently released, but the detention of liberals -- in the midst of the much-hyped liberalisation drive -- underscores what observers call increasing repression and authoritarianism.

**About G20**

The G20 is an annual meeting of leaders from the countries with the largest and fastest-growing economies. Its members account for 85% of the world’s GDP, and two-thirds of its population.

The G20 Summit is formally known as the “Summit on Financial Markets and the World Economy”.
Establishment:

After the Asian Financial Crisis in 1997-1998, it was acknowledged that the participation of major emerging market countries is needed on discussions on the international financial system, and G7 finance ministers agreed to establish the G20 Finance Ministers and Central Bank Governors meeting in 1999.

Presidency:

The group has no permanent staff of its own, so every year in December, a G20 country from a rotating region takes on the presidency.

That country is then responsible for organising the next summit, as well as smaller meetings for the coming year.

They can also choose to invite non-member countries along as guests. The first G20 meeting took place in Berlin in 1999, after a financial crisis in East Asia affected many countries around the world.

Who attends these meetings?

At first, the G20 was mostly attended by finance ministers and central bank governors.

That changed after the global financial crisis in 2008. With banks collapsing, unemployment rising and wages stagnating, the organisation turned into an emergency council for presidents and prime ministers.

Full membership of the G20: Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, the United Kingdom, the United States and the European Union.

Its relevance in changing times:

As globalization progresses and various issues become more intricately intertwined, the recent G20 summits have focused not only on macroeconomy and trade, but also on a wide range of global issues which have an immense impact on the global economy, such as development, climate change and energy, health, counter-terrorism, as well as migration and refugees.

The G20 has sought to realize an inclusive and sustainable world through its contributions
RBI likely to cut rates by 25bps as growth, credit offtake declines
GS-III | 02 December, 2019

**Syllabus subtopic:** Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.

**News:** The reserve Bank of India (RBI) is expected to cut rates further by 25 basis points, after the 135-basis-point cut in its policy rate, at this week’s *monetary policy review* in the backdrop of the *deepening slowdown* and projections of a sub-5 per cent growth this fiscal year.

**Prelims and Mains focus:** about the recent credit slowdown and the efforts to check it, performance of various sectors, about credit offtake

**Context**

The central bank, which cut the real GDP growth for 2019-20 to 6.1 per cent in October from 6.9 per cent in forecast in August, reflecting the ongoing slowdown in the economy, is set to slash the growth estimate further. The *sharp fall in GDP growth to 4.5 per cent in the September quarter from 5 per cent* previously provides enough reason for the RBI to cut the rate, analysts said.

Though the *RBI has cut rates by 135 bps in 2019*, *banks have passed on only 29 per cent to customers* and *growth in credit offtake has declined*, indicating that the *RBI’s strategy to push up demand has not worked so far*. Credit offtake increased by a meagre 0.8 per cent (Rs 75,794 crore) in January-November 8 of FY20, compared to 5.6 per cent (Rs 4.86 lakh crore) in the same period of last year. In the current fiscal year so far, credit growth continued to decline to 8.1 per cent as compared to last year growth of 14.9 per cent, on high base effect.
What does the analysis say?

A deeper analysis of the data indicates that though till the end of August 2019, credit growth was declining, the trend has reversed since September and credit growth has jumped by Rs 1.67 lakh crore,

With the liquidity crunch and defaults rocking the financial sector, NBFC sanctions fell 34 per cent to Rs 1,95,205 crore in the September quarter from Rs 2,93,957 crore in the same period of last year, according to Finance Industry Development Council (FIDC).

Banks, on the other hand, have turned very choosy about credit sanctioning and disbursals, fearing fresh loan slippages.

The sectoral data for October 2019, which accounts for about 85 per cent of the bank credit deployed by 39 banks, indicates that credit to industry and services has declined incrementally by Rs 1.62 lakh crore, while credit to agri and allied and personal loans increased by Rs 1.92 lakh crore. Within industry, credit to paper and paper products, all engineering and infrastructure has increased in October 2019 and credit to all other sectors has declined.

Manufacturing growth contracted, while both private consumption and investment stayed weak. Given this, and with the just-released index of eight core industries falling 5.8 per cent in October, bottoming-out of growth could be further down the road and recovery is unlikely to be V-shaped as consumer demand, credit supply and risk appetite remains lacklustre. This and the falling core-CPI (consumer price inflation) should allow the RBI focus more on growth.

All the indicators ranging from IIP (index for industrial production), electricity consumption to core inflation rate were pointing towards the fact that the economy has not entered the revival path.

The slowdown in consumption is indeed worrying, as its revival is important for investment to pick up.

What is PFCE?

The Private Final Consumption Expenditure (PFCE) declined to 5 per cent compared to 9.7 per cent. With growth slipping to 4.5 per cent, it is expected that RBI will go for the next round of rate cut in December.

PFCE is defined as the expenditure incurred on final consumption of goods and services by the resident households and non-profit institutions serving households.

The tepid domestic growth has been led by weak investment activity, moderate consumption
growth and slow global growth environment. While further policy support can be expected from both the government and the RBI, the recovery is expected to be more gradual than a V shaped sharp recovery.

About credit offtake

Simply put when Trade and Industry and other sectors start using Bank Funds either from the existing limits sanctioned to them or by availing fresh credit limits, Credit portfolio of the Banks increases which in Banking parlance is called Credit Off take and that results in:

1. Increase in profitability of the Banks as funds mobilised from public through deposits are lent at higher rates. If Credit Off take remains sluggish, Banks have no option but to pay interest on deposits mobilised to the public which results in lower profits or even losses as Banks are unable to deploy funds affecting their profitability. The main business of the Bank is to mobilise deposits and lend at higher rate to earn profit and stay healthy.

2. Increase in Credit Off take is an indication that Economy is recovering and purchasing power of the people is increasing resulting in increase in demand of various products. To meet with the increased demand, Trade & Industry and other sectors withdraw more and more funds from Banks.

Note: to know more about the efforts of the govt. to boost economic growth click on the link below


Source: Indian Express

Bankruptcy legislation may soon take precedence over other laws

GS-II | 02 December, 2019
Syllabus subtopic: Government policies and interventions for development in various sectors and issues arising out of their design and implementation.

News: The Bankruptcy Code will soon be the final word on matters relating to the rescue of sinking companies, even if detective agencies investigating fraud by their owners and executives are itching to take matters into their hands.

Prelims and Mains focus: about IBC, its merits and challenges in implementation, about PMLA

Context
A set of amendments to the Insolvency and Bankruptcy Code (IBC) that the ministry of corporate affairs (MCA) will move in the ongoing winter session of Parliament will make it prevail over other laws including the Prevention of Money Laundering Act (PMLA).

Reason
This is being done so that new investors putting up money to rescue bankrupt companies under the supervision of company law tribunals are protected from liability arising from the wrongdoings of previous managers and shareholders.

BPSL case
The rescue of bankrupt Bhushan Power and Steel Ltd (BPSL) by the second largest private steelmaker in the country, JSW Steel, is currently stalled on account of complications arising from a probe by the Enforcement Directorate and the attachment of BSPL’s assets. The government intends to introduce a ‘non obstante’ clause in IBC that will be sufficient to give the Code primacy notwithstanding any conflicting provisions in other statutes as IBC is a newer law, said the person, who spoke on condition of anonymity. This will give protection to new investors. “In due course, if needed, one could think of amending the Companies Act or the PMLA,” said the person.

The amendments will also make it clear that criminal liability of the previous management and shareholders will continue. There, however, will be no protection to the company in the hands of new investors and management for any contingent liability, which the new investors will anyway take into account while preparing their financial bids.
IBC is a specialized law and bankruptcy resolution is executed under the supervision of company law tribunals. How can an eligible investor, who is not a related party, paying a consideration to take over a bankrupt company as a going concern be encumbered with actions against the wrong-doings of the previous management or promoter?

The move to ring-fence new promoters and management from prosecution and other proceedings arising from the misdeeds of erstwhile promoters and management will help incentivise more bidders to come forward and realise better value for the asset.

Investors buying stressed assets under the bankruptcy resolution process would like to have finality on the total cost and litigation, which is very important to making the investment decision. The challenge, however, lies in dealing with the assets that are suspected to form part of proceeds of crime. If the assets remain exposed to attachment under PMLA it will continue to pose challenges. This is the tough one to deal through an amendment in IBC.

The National Company Law Appellate Tribunal (NCLAT) which had approved a ₹19,700 crore bid from JSW Steel to take over BPSL, subsequently stayed the transfer of payment by the bidder to the creditors of BPSL, pending an investigation into allegations of fraud and money laundering by the former owners of the steel mill. Bhushan Power, which had accumulated a debt of ₹47,000 crore, was part of the original dirty dozen cases identified by the Reserve Bank of India to be referred to bankruptcy courts.

About Insolvency and Bankruptcy Code 2016
Some of the key highlights of the Code are as follows:

- The Code proposes to cover Insolvency of individuals, unlimited liability partnerships, Limited Liability partnerships (LLPs) and companies.
- Bankrupt individuals would be barred from contesting elections.
- Under the new law, a debtor could be jailed for up to five years for concealing property or defrauding creditors.
- It will strengthen hands of lenders to recover outstanding debts by setting a deadline of 180 days for companies to pay or face liquidation.
- Consolidate all existing laws on bankruptcy and insolvency.
- To cover individuals, companies, limited liability partnerships and partnership firms.
- To use the existing infrastructure of National Company Law tribunals and debt recovery tribunals to address corporate insolvency and individual insolvency, respectively.
- To create Insolvency Professionals who will specialize in such cases, assist creditors, manage liquidation process. These professionals will in turn be certified by a newly created Insolvency Professional Agency.
- It will also create Information Utilities who will collect, collate and disseminate financial information related to debtors.
- The entire operation of insolvency and bankruptcy through these various newly created agencies will be overseen by a regulator – Insolvency and Bankruptcy Board of India.
- Bill can resolve cross-border insolvency through bilateral agreements with other countries.
- To have shorter time frames for speedier resolution.
- Bankruptcy applications to be filed within three months from earlier six months.
- Workers’ salaries for up to 24 months will get first priority in case of liquidation of assets of a company, ahead of secured creditors.
- Money due to employees from PPF, gratuity fund will not be included in the estate of the bankrupt company or individual.

About PMLA

The initial money laundering law in India was enacted in 2002, but it has been amended 3 times (2005, 2009 and 2012).

The last amendment of 2012 was approved by the President on January 3, 2013 and this law has come into effect from February 15, 2013.

The Prevention of Money-laundering Act, 2002 (PMLA) aimed at combating money laundering in India with three main objectives:

1. To prevent and control money laundering
2. To confiscate and seize the property obtained from laundered money
3. To deal with any other issue connected with money laundering in India
The PMLA (Amendment) Act, 2012 has put concealment of funds, acquisition of possession, use of proceeds of crime and possession of money in criminal list.

It is worth to mention here that RBI, SEBI and Insurance Regulatory and Development Authority (IRDA) have been brought out under the purview of PMLA, 2002. Hence the provisions of this Act shall apply to all financial institutions, banks, mutual funds, insurance companies and their financial intermediaries.

**Note:** To know more about PMLA click on the link below.


Source: Livemint
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Prelims focus: about INSTEX barter mechanism, working and members

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Conclusion:

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**Spreading Awareness**

- There have been **instances in which mongoose hair has been transported using courier companies**.

- Postal authorities are also trying to **involve the Postal Department to spread awareness** and identify illegal trade in wildlife.

- There is also a **campaign on social media** where concerned organisations are urging artists to take a pledge to refrain from using brushes made of mongoose hair.

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UPSC "PT" DNA (Daily News Analysis)
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A deeper analysis of the data indicates that though till the end of August 2019, credit growth was declining, the trend has reversed since September and credit growth has jumped by Rs 1.67 lakh crore,

With the liquidity crunch and defaults rocking the financial sector, NBFC sanctions fell 34 per cent to Rs 1,95,205 crore in the September quarter from Rs 2,93,957 crore in the same period of last year, according to Finance Industry Development Council (FIDC).

Banks, on the other hand, have turned very choosy about credit sanctioning and disbursals, fearing fresh loan slippages.

The sectoral data for October 2019, which accounts for about 85 per cent of the bank credit deployed by 39 banks, indicates that credit to industry and services has declined incrementally by Rs 1.62 lakh crore, while credit to agri and allied and personal loans increased by Rs 1.92 lakh crore. Within industry, credit to paper and paper products, all engineering and infrastructure has increased in October 2019 and credit to all other sectors has declined.

Manufacturing growth contracted, while both private consumption and investment stayed weak. Given this, and with the just-released index of eight core industries falling 5.8 per cent in October, bottoming-out of growth could be further down the road and recovery is unlikely to be V-shaped as consumer demand, credit supply and risk appetite remains lacklustre. This and the falling core-CPI (consumer price inflation) should allow the RBI focus more on growth.

All the indicators ranging from IIP (index for industrial production), electricity consumption to core inflation rate were pointing towards the fact that the economy has not entered the revival path.

The slowdown in consumption is indeed worrying, as its revival is important for investment to pick up.

What is PFCE?

The Private Final Consumption Expenditure (PFCE) declined to 5 per cent compared to 9.7 per cent. With growth slipping to 4.5 per cent, it is expected that RBI will go for the next round of rate cut in December.

PFCE is defined as the expenditure incurred on final consumption of goods and services by the resident households and non-profit institutions serving households.

The tepid domestic growth has been led by weak investment activity, moderate consumption
growth and slow global growth environment. While further policy support can be expected from both the government and the RBI, the recovery is expected to be more gradual than a V shaped sharp recovery.

**About credit offtake**

Simply put when Trade and Industry and other sectors start using Bank Funds either from the existing limits sanctioned to them or by availing fresh credit limits, Credit portfolio of the Banks increases which in Banking parlance is called Credit Offtake and that results in:

1. Increase in profitability of the Banks as funds mobilised from public through deposits are lent at higher rates. If Credit Offtake remains sluggish, Banks have no option but to pay interest on deposits mobilised to the public which results in lower profits or even losses as Banks are unable to deploy funds affecting their profitability. The main business of the Bank is to mobilise deposits and lend at higher rate to earn profit and stay healthy.

2. Increase in Credit Offtake is an indication that Economy is recovering and purchasing power of the people is increasing resulting in increase in demand of various products. To meet with the increased demand, Trade & Industry and other sectors withdraw more and more funds from Banks.

**Note:** to know more about the efforts of the govt. to boost economic growth click on the link below


Source: Indian Express
UPSC "PT" DNA (Daily News Analysis)

Syllabus subtopic: Government policies and interventions for development in various sectors and issues arising out of their design and implementation.

News: The Bankruptcy Code will soon be the final word on matters relating to the rescue of sinking companies, even if detective agencies investigating fraud by their owners and executives are itching to take matters into their hands.

Prelims and Mains focus: about IBC, its merits and challenges in implementation, about PMLA

Context

A set of amendments to the Insolvency and Bankruptcy Code (IBC) that the ministry of corporate affairs (MCA) will move in the ongoing winter session of Parliament will make it prevail over other laws including the Prevention of Money Laundering Act (PMLA).

Reason

This is being done so that new investors putting up money to rescue bankrupt companies under the supervision of company law tribunals are protected from liability arising from the wrongdoings of previous managers and shareholders.

BPSL case

The rescue of bankrupt Bhushan Power and Steel Ltd (BPSL) by the second largest private steelmaker in the country, JSW Steel, is currently stalled on account of complications arising from a probe by the Enforcement Directorate and the attachment of BSPL’s assets. The government intends to introduce a ‘non obstante’ clause in IBC that will be sufficient to give the Code primacy notwithstanding any conflicting provisions in other statutes as IBC is a newer law, said the person, who spoke on condition of anonymity. This will give protection to new investors. “In due course, if needed, one could think of amending the Companies Act or the PMLA,” said the person.

The amendments will also make it clear that criminal liability of the previous management and shareholders will continue. There, however, will be no protection to the company in the hands of new investors and management for any contingent liability, which the new investors will anyway take into account while preparing their financial bids.
IBC is a specialized law and bankruptcy resolution is executed under the supervision of company law tribunals. How can an eligible investor, who is not a related party, paying a consideration to take over a bankrupt company as a going concern be encumbered with actions against the wrong-doings of the previous management or promoter?

The move to ring-fence new promoters and management from prosecution and other proceedings arising from the misdeeds of erstwhile promoters and management will help incentivise more bidders to come forward and realise better value for the asset.

Investors buying stressed assets under the bankruptcy resolution process would like to have finality on the total cost and litigation, which is very important to making the investment decision. The challenge, however, lies in dealing with the assets that are suspected to form part of proceeds of crime. If the assets remain exposed to attachment under PMLA it will continue to pose challenges. This is the tough one to deal through an amendment in IBC.

The National Company Law Appellate Tribunal (NCLAT) which had approved a ?19,700 crore bid from JSW Steel to take over BPSL, subsequently stayed the transfer of payment by the bidder to the creditors of BPSL, pending an investigation into allegations of fraud and money laundering by the former owners of the steel mill. Bhushan Power, which had accumulated a debt of ?47,000 crore, was part of the original dirty dozen cases identified by the Reserve Bank of India to be referred to bankruptcy courts.
Some of the key highlights of the Code are as follows:

- The Code proposes to cover Insolvency of individuals, unlimited liability partnerships, Limited Liability partnerships (LLPs) and companies.
- Bankrupt individuals would be barred from contesting elections.
- Under the new law, a debtor could be jailed for up to five years for concealing property or defrauding creditors.
- It will strengthen hands of lenders to recover outstanding debts by setting a deadline of 180 days for companies to pay or face liquidation.
- Consolidate all existing laws on bankruptcy and insolvency.
- To cover individuals, companies, limited liability partnerships and partnership firms.
- To use the existing infrastructure of National Company Law tribunals and debt recovery tribunals to address corporate insolvency and individual insolvency, respectively.
- To create Insolvency Professionals who will specialize in such cases, assist creditors, manage liquidation process. These professionals will in turn be certified by a newly created Insolvency Professional Agency.
- It will also create Information Utilities who will collect, collate and disseminate financial information related to debtors.
- The entire operation of insolvency and bankruptcy through these various newly created agencies will be overseen by a regulator – Insolvency and Bankruptcy Board of India.
- Bill can resolve cross-border insolvency through bilateral agreements with other countries.
- To have shorter time frames for speedier resolution.
- Bankruptcy applications to be filed within three months from earlier six months.
- Workers’ salaries for up to 24 months will get first priority in case of liquidation of assets of a company, ahead of secured creditors.
- Money due to employees from PPF, gratuity fund will not be included in the estate of the bankrupt company or individual.

About PMLA

The initial money laundering law in India was enacted in 2002, but it has been amended 3 times (2005, 2009 and 2012).

The last amendment of 2012 was approved by the President on January 3, 2013 and this law has come into effect from February 15, 2013.

The Prevention of Money-laundering Act, 2002 (PMLA) aimed at combating money laundering in India with three main objectives:

1. To prevent and control money laundering
2. To confiscate and seize the property obtained from laundered money
3. To deal with any other issue connected with money laundering in India
The PMLA (Amendment) Act, 2012 has put concealment of funds, acquisition of possession, use of proceeds of crime and possession of money in criminal list.

It is worth to mention here that RBI, SEBI and Insurance Regulatory and Development Authority (IRDA) have been brought out under the purview of PMLA, 2002. Hence the provisions of this Act shall apply to all financial institutions, banks, mutual funds, insurance companies and their financial intermediaries.

Note: To know more about PMLA click on the link below.


Source: Livemint
Govt. seeks review of SC/ST creamy layer

**Syllabus subtopic:** Government policies and interventions for development in various sectors and issues arising out of their design and implementation.

**News:** The Centre on Monday asked the Supreme Court to refer to a seven-judge Bench the question **whether the creamy layer concept should apply or not to the Scheduled Castes/Scheduled Tribes while providing them reservation in promotions.**

**Prelims and Mains focus:** About the cases related to the issue, issues related, challenges and implications of the move

**Background**

On September 26 last year, a five-judge Bench in the *Jarnail Singh case* unanimously agreed with a 2006 judgment of another five-judge Bench in the *M. Nagaraj case*, which had upheld the application of the creamy layer principle in promotions.

The 2018 judgment, authored by Justice Rohinton F. Nariman, had also refused the government’s plea to refer the 2006 Nagaraj case judgment to a seven-judge Bench.

On Monday, however, **Attorney General** K.K. Venugopal urged the court to reconsider the ruling and refer the Nagaraj case judgment to a seven-judge Bench. A Bench, led by Chief Justice of India Sharad A. Bobde, agreed to hear the case after two weeks.

**Plea rejected**

The 2018 judgment, modifying the part of the Nagaraj case verdict which required the States to show quantifiable data to prove the “backwardness” of a Scheduled Caste/Scheduled Tribe in order to provide quota in promotion in public employment, had, however, rejected the Centre’s argument that the Nagaraj case ruling had misread the creamy layer concept by applying it to the SCs/STs.

“The whole object of reservation is to see that the backward classes of citizens move forward so that they may march hand in hand with other citizens of India on an equal basis. This will not
be possible if only the creamy layer within that class bag all the coveted jobs in the public sector and perpetuate themselves, leaving the rest of the class as backward as they always were,” Justice Nariman had said, upholding the Nagaraj case ruling. The 2018 judgment said that when a court applies the creamy layer principle to the Scheduled Castes and the Scheduled Tribes, it does not in any manner tinker with the Presidential List under Article 341 or 342 of the Constitution. The caste or group or subgroup named in the list continues exactly as before, Justice Nariman had reasoned.

“It is only those within that group or subgroup, who have come out of untouchability or backwardness by virtue of belonging to the creamy layer, who are excluded from the benefit of reservation,” he had explained. He had observed that unless the creamy layer principle was applied, those genuinely deserving reservation would not access it and those who were underserving within the same class would continue to get it. The court held that the principle was based on the fundamental right to equality. “The benefits, by and large, are snatched away by the top creamy layer of the backward caste or class, keeping the weakest among the weak always weak and leaving the fortunate layers to consume the whole cake,” Justice Nariman had observed.
NHRC seeks report on assault cases
GS-II | 03 December,2019

Syllabus subtopic: Welfare schemes for vulnerable sections of the population by the Centre and States and the performance of these schemes; mechanisms, laws, institutions and bodies constituted for the protection and betterment of these vulnerable sections

News: Expressing concern over the recent sexual assault cases, the National Human Rights Commission on Monday issued notices to the Centre, States and Union Territories seeking reports on the standard operating procedure (SOP) for dealing with such cases and the use of the Nirbhaya Fund. The NHRC has asked the governments to respond in six weeks.

Prelims and Mains focus: about NHRC, SHRC, their composition, functions and limitations, about Nirbhaya Fund

Context:
Taking suo motu cognisance of media reports, the NHRC observed that there was a “dire need for all stakeholders to work jointly to get rid of this evil.”

The Commission’s action comes in the wake of the gangrape and murder of a doctor in Hyderabad that has spurred a debate on the condition of women’s security in the country once again.

Remarks made by NHRC
Issuing the notices, the Commission said the “largest democracy of the world, which has adopted the longest written Constitution and has a rich cultural heritage of gender equality, is today being criticised for having the most unsafe environment for women.”

The NHRC said these cases were violations of the victims’ human rights.

“There have been constitutional and statutory provisions to ensure that women are not subjected to any kind of discrimination and harassment. But, there is an alarming trend indicating that things are getting worse, amounting to violation of right to life, liberty, dignity and equality of women across the country,” it said.
About NHRC:

- NHRC of India is an independent statutory body established on 12 October, 1993 as per provisions of Protection of Human Rights Act, 1993, later amended in 2006.

- NHRC has celebrated its Silver Jubilee (25 years) on October 12, 2018. Its headquarter is located in New Delhi.

- It is the watchdog of human rights in the country, i.e. the rights related to life, liberty, equality and dignity of the individual guaranteed by Indian Constitution or embodied in the international covenants and enforceable by courts in India.

- It was established in conformity with the Paris Principles, adopted for the promotion and protection of human rights in Paris (October, 1991) and endorsed by the General Assembly of the United Nations on 20 December, 1993.

The Protection of Human Rights (Amendment) Bill 2019 passed by the Parliament aims to accelerate the process of appointment of chairperson and members of the National Human Rights Commission (NHRC).

Salient Features of the Act:


Composition of NHRC: Under the Act, the chairperson of the NHRC is a person who has been a Chief Justice of the Supreme Court. The Bill amends this to provide that a person who has been Chief Justice of the Supreme Court, or a Judge of the Supreme Court will be the chairperson of the NHRC.

Inclusion of woman member: The Act provides for two persons having knowledge of human rights to be appointed as members of the NHRC. The Bill amends this to allow three members to be appointed, of which at least one will be a woman.
Other members: Under the Act, chairpersons of various commissions such as the National Commission for Scheduled Castes, National Commission for Scheduled Tribes, and National Commission for Women are members of the NHRC. The Bill provides for including the chairpersons of the National Commission for Backward Classes, the National Commission for the Protection of Child Rights, and the Chief Commissioner for Persons with Disabilities as members of the NHRC.

Chairperson of SHRC: Under the Act, the chairperson of a SHRC is a person who has been a Chief Justice of a High Court. The Bill amends this to provide that a person who has been Chief Justice or Judge of a High Court will be chairperson of a SHRC.

Term of office: The Act states that the chairperson and members of the NHRC and SHRC will hold office for five years or till the age of seventy years, whichever is earlier. The Bill reduces the term of office to three years or till the age of seventy years, whichever is earlier. Further, the Act allows for the reappointment of members of the NHRC and SHRCs for a period of five years. The Bill removes the five-year limit for reappointment.

Powers of Secretary-General: The Act provides for a Secretary-General of the NHRC and a Secretary of a SHRC, who exercise powers as may be delegated to them. The Bill amends this and allows the Secretary-General and Secretary to exercise all administrative and financial powers (except judicial functions), subject to the respective chairperson’s control.

Union Territories: The Bill provides that the central government may confer on a SHRC human rights functions being discharged by Union Territories. Functions relating to human rights in the case of Delhi will be dealt with by the NHRC.

Benefits:

1. The Amendment will strengthen the Human Rights Institutions of India further for effective discharge of their mandates, roles and responsibilities.

2. Moreover, the amended Act will be in perfect sync with the agreed global standards and benchmarks towards ensuring the rights relating to life, liberty, equality and dignity of the individual in the country.

3. The amendment will also make National Human Rights Commission (NHRC) and State Human Rights Commission (SHRC) more compliant with the Paris Principle concerning its autonomy, independence, pluralism and wide-ranging functions in order to effectively protect and promote human rights.
Functions and Powers of NHRC

- NHRC investigates grievances regarding the violation of human rights either suo moto or after receiving a petition.
- It has the power to interfere in any judicial proceedings involving any allegation of violation of human rights.
- It can visit any jail or any other institution under the control of the State Government to see the living conditions of the inmates and to make recommendations thereon.
- It can review the safeguards provided under the constitution or any law for the protection of the human rights and can recommend appropriate remedial measures.
- NHRC undertakes and promotes research in the field of human rights.
- NHRC works to spread human rights literacy among various sections of society and promotes awareness of the safeguards available for the protection of these rights through publications, media, seminars and other means.
- The Commission takes an independent stand while providing opinions for the protection of human rights within the parlance of the Constitution or in law for the time being enforced.
- It has the powers of a civil court and can grant interim relief.
- It also has the authority to recommend payment of compensation or damages.
- NHRC credibility is duly reflected in large number of complaints received every year and the trust reposed in it by the citizens.
- It can recommend to both the central and state governments to take suitable steps to prevent the violation of Human Rights. It submits its annual report to the President of India who causes it to be laid before each House of Parliament.

Limitations of NHRC

- NHRC does not have any mechanism of investigation. In majority cases, it asks the concerned Central and State Governments to investigate the cases of the violation of Human Rights.
- It has been termed as ‘India’s teasing illusion’ by Soli Sorabjee (former Attorney-General of India) due to its incapacity to render any practical relief to the aggrieved party.
- NHRC can only make recommendations, without the power to enforce decisions.
- Many times NHRC is viewed as post-retirement destinations for judges and bureaucrats with political affiliation moreover, inadequacy of funds also hamper its working.
- A large number of grievances go unaddressed because NHRC cannot investigate the complaint registered after one year of incident.
- Government often outrightly rejects recommendation of NHRC or there is partial compliance to these recommendations.
- State human rights commissions cannot call for information from the national government, which means that they are implicitly denied the power to investigate armed forces under national control.
- National Human Rights Commission powers related to violations of human rights by the armed forces have been largely restricted.
About Nirbhaya fund

The Rs 1,000 crore Nirbhaya Fund was announced in Union Budget 2013 by the then Finance Minister P Chidambaram.

1. The corpus was to be utilised for upholding safety and dignity of women.
2. Ministry of Women and Child Development apart from several other concerned ministries were authorised to work out details of structure, scope and application of this fund.
3. The Fund is administered by Department of Economic Affairs of the finance ministry.

Issues with Nirbhaya Fund:

The government has been accused of keeping Nirbhaya Fund unutilised. With rise in cases of sexual harassment and crimes against women there is a crying need for implementation of such funds.
Cars powered by hydrogen cells: Japanese research is key input in Govt’s SC reply

GS-III | 03 December, 2019

**Syllabus subtopic:** Science and Technology: developments and their applications and effects in everyday life; Achievements of Indians in science & technology; indigenization of technology and developing new technology.

**News:** Ahead of the Tokyo Olympics next July, Japan’s government and its auto industry are jointly making a big bet on **hydrogen to power emission-free cars — widely regarded as the next frontier in electric vehicle (EV) technology.** And, as Japan strives to put thousands of hydrogen vehicles on its roads ahead of the 2020 sporting event, India could end up riding the slipstream.

**Prelims and Mains focus:** about Hydrogen fuel cell technology, its use in vehicle and its prospects in the future, India’s efforts to reduce environmental pollution

**Background:**

The apex court had on November 13 directed the Centre to look into the feasibility of introducing hydrogen-based technology to deal with air pollution in the National Capital Region, with a specific reference made at the last hearing to the ongoing research at Kyushu University.

**About the research**

Research on **hydrogen-based vehicle technology, or fuel cells,** done at the **International Research Center for Hydrogen Energy at Kyushu University** is learnt to be a crucial img in the submissions set to be presented by the Centre in the Supreme Court on December 3.

Government departments in India are learnt to be in touch with researchers at the **Fukuoka-based university — Japan’s fourth oldest university** — for readying the blueprint to be submitted in court. An executive with the Japanese auto industry confirmed that the Indian government has reached out to the university and is focused on exploring the possibility of...
operating fuel cell-driven public transport.

The relatively nascent hydrogen market is currently dominated by two of Japan’s top carmakers, Toyota and Honda, alongside South Korea’s Hyundai.

About the Fuel cell

At the heart of the hydrogen-powered fuel cell electric vehicles (FCEV) is what is called a fuel cell, where hydrogen and oxygen are combined to generate an electric current, with water being the only by-product.
About the Japanese project

The project at Kyushu University is supported by Japan’s Ministry of Education, Culture, Sports, Science and Technology (MEXT), the Ministry of Economy, Trade and Industry (METI), and the New Energy and Industrial Technology Development Organization (NEDO).

According to Professor Kazunari Sasaki, Senior Vice President, Kyushu University and the Director of International Research Center for Hydrogen Energy, the institution is leading “a coordinated effort among industry, academia, government and the local community to build a research and education center for hydrogen energy, the only one of its kind in the world… to contribute to the realisation of a low-carbon society by utilising hydrogen energy technologies”.

Japan had earlier this year announced plans to ramp up its exposure to the hydrogen ecosystem. Prime Minister Shinzo Abe had declared in Davos that his government “aims to reduce the production cost of hydrogen by at least 90 per cent by the year 2050, to make it cheaper than natural gas”.

As a step in bolstering Japan’s hydrogen push, Panasonic Corporation had, last month, announced it had fabricated a hydrogen station in Kusatsu City, Shiga Prefecture with the aim of “verifying the practicality of using hydrogen”.

European firms such as Norwegian public enterprise Enova SF, which is responsible for the promotion of environmentally friendly production and consumption of energy, are already working on the technology separately.

In 2017, Enova issued a support programme to support establishment of hydrogen infrastructure, as well as support for fleet users to purchase H2 vehicles and stations.

Toyota’s Mirai, a hydrogen fuel cell vehicle that is one of the first such vehicles to be sold commercially, counts Norway and Denmark as among its biggest emerging markets, after the state of California in the US.
Rajya Sabha clears Bill banning e-cigarettes, Oppn points to conventional tobacco

Syllabus subtopic: Government policies and interventions for development in various sectors and issues arising out of their design and implementation.

News: The Rajya Sabha approved a country-wide ban on electronic cigarettes on Monday.

Prelims and Mains focus: about the key features of the Bill, its merits and challenges in implementation

Background

The Prohibition of Electronic Cigarettes (Production, Manufacture, Import, Export, Transport, Sale, Distribution, Storage and Advertisement) Bill, 2019 was passed by a voice vote amid concerns that it was brought under pressure from the tobacco lobby.

The Bill, which got the Lok Sabha’s nod last week, will replace the Ordinance promulgated on September 18.

What does the law say?

The law categorises production, manufacture, import, export, transport, sale, distribution, storage and advertisement of e-cigarettes as cognisable offences.

Any contravention of the law will be punishable with imprisonment of up to one-year, or a fine of up to Rs 1 lakh, or both. For any subsequent offence, it provides for imprisonment of up to three years along with a fine of up to Rs 5 lakh.
Govt’s stand on the Ordinance route taken earlier

Union Health Minister Harsh Vardhan assured the House that there are no “vested interests” or “ulterior motives” behind the legislation. “Our intentions are absolutely pious and very clear that we want to nip this problem in the bud itself,” he said, pointing out that only 0.02 per cent Indians use e-cigarettes.

Justifying the government decision to impose the ban through an Ordinance, the minister said it was the “need of the hour”. “We wanted to implement it because we knew that big companies had planned everything… They were just going to start their manufacture,” Harsh Vardhan said.

Concerns of the Opposition:

Members of the Opposition alleged that the Bill was brought under pressure from the tobacco companies since e-cigarettes could hurt their market share. “It seems like it’s okay to have cigarettes and tobacco products, but not e-cigarettes. What is it about e-cigarettes that you had to bring in such a law? Please let us in on this secret,” Congress MP Digvijaya Singh said.

“If the idea is to address health problems related to consumption of tobacco then all tobacco products should be banned. Why just e-cigarettes?” asked Ravi Prakash Kumar of Samajwadi Party.

Opposition members also questioned whether a blanket ban was the right way since the prohibition of alcohol in Gujarat and Bihar had no effect on the supply of the banned substance.

Nadimul Haque (TMC) said the mandate of the Bill should be extended to all tobacco products including gutkha and pan masala. Vijila Sathyananth of the AIADMK said the government should ban all kind of cigarettes.

Govt’s response

The Health minister replied, “In a country as vast as India, you see once a particular product has a very big consumer base and social acceptance, it is, in fact, very, very difficult to ban it… Once you have a very huge consumer base… we are not able to do it (implement ban) for cigarettes, for so many things, because 28 per cent of the people are involved with that.
Ethics panel set to form code of conduct for Lok Sabha MPs

GS-II | 03 December, 2019

Syllabus subtopic: Parliament and State Legislatures - structure, functioning, conduct of business, powers & privileges and issues arising out of these.

News: With two legislators forced to apologise for their remarks in the two sessions of the 17th Lok Sabha, its Ethics Committee is all set to form a code of conduct for MPs in the Lower House. After BJP MP Pragya Singh Thakur triggered a controversy with her remarks on
Nathuram Godse, the Ethics Committee initiated discussions on it on Monday.

**Prelims and Mains focus:** About the Parliamentary Committees and their functioning, significance and ways to improve their working

**Context:**

The panel, headed by BJP’s Vinod Kumar Sonkar, met on Monday and decided to seek suggestions as well as views from all political parties for the code that would oversee the moral and ethical conduct of the MPs.

In the meeting, the 14-member committee decided to study code of conduct for the lawmakers in the US, UK and other countries.

A code of conduct had come into force for the Rajya Sabha MPs in 2005.

**Instances of violation**

SP leader Azam Khan had created controversy in the first session of the 17th Lok Sabha with a sexist remark against BJP’s Rema Devi, who was then in the chair.

The ongoing winter session witnessed uproarious scenes when Thakur made a remark about Mahatma Gandhi’s assassin Godse.

While Thakur’s remarks were expunged, the Opposition protests forced the ruling BJP to direct her to tender an apology twice on the floor of the House.

**Need**

The two incidents have made it necessary to lay down a format on code of conduct, especially in the backdrop of new technologies in the communication sector. Unlike in the past, the remarks on the floor of the House spread fast, even if they are expunged from the records. So the MPs will have to follow certain decorum in speaking inside the House as well as outside.

**Issues raised by MPs**

During the meeting, members warned that such a code will have long lasting impact and
thereby it should be “carefully discussed and deliberated in detail”. The political parties would be asked to give their opinions and suggestions, the source said.

The discussions have just begun and no time frame has been finalised to come up with a format. However, they indicated that no decision would be taken in a hurry without proper study.

With proceedings getting disrupted often in the Rajya Sabha, Vice President and Rajya Sabha Chairman M Venkaiah Naidu has suggested changes in the code so that “disruptive activities” in whatever form can be brought down.

About Ethics Committee

Each of the two houses of the Parliament has an Ethics Committee. They deal with the member’s conduct.

Role of Ethics Committee

Besides overseeing the moral ethical conduct of the members, ethics committee also prepares Code of Conduct for members, which are amended from time to time. The ethics committee in Lok Sabha has 15 members. In Rajya Sabha, this number stands at 10.

Who can file complaint?

Any person may make a complaint to the Committee regarding alleged unethical behaviour or breach of Code of Conduct by a member or alleged incorrect information of a member’s interest. The Committee may also take up matters suo motu.

Punishment

Where it has been found the member has indulged in unethical behaviour or there is other misconduct, or a member has contravened the rules, the Committee may recommend imposition of one or more of the sanctions. This may include censure, reprimand, suspension, from the House for a specific period or any other sanction determined by the Committee.

Significance of parliamentary committees

1. Parliament is the embodiment of the people’s will. Committees are an instrument of Parliament for its own effective functioning.
2. Committees are platforms for threadbare discussion on a proposed law.
3. The smaller cohort of lawmakers, assembled on the basis of the proportional strength of individual parties and interests and expertise of individual lawmakers, could have more open, intensive and better-informed discussions.
4. Committee meetings are ‘closed door’ and members are not bound by party whips, which allows them the latitude for a more meaningful exchange of views as against discussions in full and open Houses where grandstanding and party positions invariably take precedence.

5. Members of Parliament may have great acumen but they would require the assistance of experts in dealing with such situations. It is through committees that such expertise is drawn into lawmaking.

6. Executive accountability to the legislature is enforced through questions in Parliament also, which are answered by ministers. However, department standing committees go one step further and hear from senior officials of the government in a closed setting, allowing for more detailed discussions.

7. This mechanism also enables parliamentarians to understand the executive processes closely.

Types of committees

1. Most committees are ‘standing’ as their existence is uninterrupted and usually reconstituted on an annual basis; some are ‘select’ committees formed for a specific purpose, to deliberate on a particular bill. Once the Bill is disposed of, that select committee ceases to exist. Some standing committees are departmentally related.

2. Financial control is a critical tool for Parliament’s authority over the executive; hence finance committees are considered to be particularly powerful. The three financial committees are the Public Accounts Committee, the Estimates Committee and the Committee on Public Undertakings.

Powers:

Parliamentary committees draw their authority from Article 105 (on privileges of Parliament members) and Article 118 (on Parliament’s authority to make rules for regulating its procedure and conduct of business).

Significance:

Committee reports are usually exhaustive and provide authentic information on matters related to governance. Bills that are referred to committees are returned to the House with significant value addition. Parliament is not bound by the recommendations of committees.

What these committees do?
Support Parliament’s work. Examine ministerial budgets, consider Demands for Grants, analyse legislation and scrutinise the government’s working. Examine Bills referred to by the Chairman, Rajya Sabha or the Speaker, Lok Sabha. Consideration of Annual Reports. Consideration of national basic long term policy documents presented to the House and referred to the Committee by the Chairman, Rajya Sabha or the Speaker, Lok Sabha.

Advantages of having such committees:

- The deliberations and scrutiny by committees ensure that Parliament is able to fulfil some of its constitutional obligations in a politically charged environment.
- They also help in obtaining public feedback and building political consensus on contentious issues.
- They help develop expertise in subjects, and enable consultation with independent experts and stakeholders.
- The committees perform their functions without the cloud of political positioning and populist opinion.
- These committees allow the views of diverse stakeholders.
- They function through the year.
- They also offer an opportunity for detailed scrutiny of bills being piloted by the government.
- They increase the efficiency and expertise of Parliament.
- Their reports allow for informed debate in Parliament.

How can these committees be made more effective?

1. Parliamentary committees don’t have dedicated subject-wise research support available. The knowledge gap is partially bridged by expert testimony from government and other stakeholders. Their work could be made more effective if the committees had full-time, sector-specific research staff.
2. The national commission to review the working of the Constitution has recommended that in order to strengthen the committee system, research support should be made available to them.
3. Currently, the rules of Parliament don’t require every bill to be referred to a parliamentary committee for scrutiny. While this allows the government greater flexibility and the ability to speed up legislative business, it comes at the cost of ineffective scrutiny by the highest law-making body. Mandatory scrutiny of all bills by parliamentary committees would ensure better planning of legislative business.

Source: Indian Express
Govt cut tax to tap firms exiting China, says FM

GS-II | 03 December, 2019

**Syllabus subtopic:** Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.

**News:** The government’s decision to cut corporate tax rates for domestic companies, including new manufacturers, was taken in the context of companies exiting China amid the trade war between Washington and Beijing, finance minister Nirmala Sitharaman told Parliament on Monday.

**Prelims and Mains focus:** about the recent economic slowdown, Corporate tax cuts and other measures taken by the government

**Remarks made by the FM**

Sitharaman, who moved the Taxation Laws (Amendment) Bill, 2019, in the Lok Sabha for passage, said that several southeast Asian nations have lowered their corporate tax rates, while some were contemplating rate cuts. Singapore has a 17% tax rate, she added. The Lok Sabha passed the bill on Monday.

“Keeping in mind the trade war between the US and the People’s Republic of China and indications that many multinational companies wanted to get out of China, although the budget FY20 had been passed shortly before this, we thought of reducing the corporate tax rate. The ordinance route was taken because the House was not in session,” the minister said while placing the bill for the consideration of the House.
About the Bill

The ordinance promulgated in September offered a lower 22% corporate tax rate for companies that do not avail tax incentives and 15% for new manufacturers starting production before March 2023.

The move was aimed at reversing the economic slowdown. The government had also lowered the rate of minimum alternate tax (MAT) from 18.5% to 15% for businesses that continue to avail exemptions. The Bill clarified that the lower MAT rate of 15% will be applicable from 1 April, 2019, a move that tax experts welcomed.

The bill placed before the Lok Sabha on Monday also contains certain proposals that were not part of the ordinance. It clarifies that new mining companies, software producers, gas bottling plants, and book printers are not eligible for the 15% corporate tax rate announced in September. It allows companies indulging in other business activities along with manufacturing operations to claim the concessional tax rate of 15%, though the income arising on account of non-manufacturing activities shall be taxable at the rate of 22% on a gross basis without deduction of any expenditure, said Girish Vanvari, founder of advisory firm Transaction Square.
UPSC "PT" DNA (Daily News Analysis)
Concerns raised by the Opposition

During the discussion, opposition members accused the government of not being able to manage the economy well.

K. Subbarayan, a Communist Party of India member from Tamil Nadu, alleged the bill was pro-business. The MP highlighted the initial estimate of the ₹1.45 trillion revenue that will be forgone because of the reduction in tax rates.

India’s economic downturn deepened in the second quarter with growth losing steam to 4.5%, the lowest since March 2013, as manufacturing output contracted, official data showed last month. The economy had expanded at 5% in the first quarter. The slowdown has proved to be a weak point for Prime Minister Narendra Modi’s government, which has set itself the goal of doubling the size of the economy to $5 trillion over the next five years.
Govt. seeks review of SC/ST creamy layer

GS-II | 03 December,2019

**Syllabus subtopic:** Government policies and interventions for development in various sectors and issues arising out of their design and implementation.

**News:** The Centre on Monday asked the Supreme Court to refer to a seven-judge Bench the question *whether the creamy layer concept should apply or not to the Scheduled Castes/Scheduled Tribes while providing them reservation in promotions.*

**Prelims and Mains focus:** About the cases related to the issue, issues related, challenges and implications of the move

**Background**

On September 26 last year, a five-judge Bench in the *Jarnail Singh case* unanimously agreed with a 2006 judgment of another five-judge Bench in the *M. Nagaraj case, which had upheld the application of the creamy layer principle in promotions.*

The 2018 judgment, authored by Justice Rohinton F. Nariman, had also refused the government’s plea to refer the 2006 Nagaraj case judgment to a seven-judge Bench.

On Monday, however, **Attorney General** K.K. Venugopal urged the court to reconsider the ruling and refer the Nagaraj case judgment to a seven-judge Bench. A Bench, led by Chief Justice of India Sharad A. Bobde, agreed to hear the case after two weeks.

**Plea rejected**

The 2018 judgment, modifying the part of the Nagaraj case verdict which required the States to show quantifiable data to prove the “backwardness” of a Scheduled Caste/Scheduled Tribe in order to provide quota in promotion in public employment, had, however, rejected the Centre’s argument that the Nagaraj case ruling had misread the creamy layer concept by applying it to the SCs/STs.

“The whole object of reservation is to see that the backward classes of citizens move forward so that they may march hand in hand with other citizens of India on an equal basis. This will not
be possible if only the creamy layer within that class bag all the coveted jobs in the public sector and perpetuate themselves, leaving the rest of the class as backward as they always were,” Justice Nariman had said, upholding the Nagaraj case ruling. The 2018 judgment said that when a court applies the creamy layer principle to the Scheduled Castes and the Scheduled Tribes, it does not in any manner tinker with the Presidential List under Article 341 or 342 of the Constitution. The caste or group or subgroup named in the list continues exactly as before, Justice Nariman had reasoned.

“It is only those within that group or subgroup, who have come out of untouchability or backwardness by virtue of belonging to the creamy layer, who are excluded from the benefit of reservation,” he had explained. He had observed that unless the creamy layer principle was applied, those genuinely deserving reservation would not access it and those who were underserving within the same class would continue to get it. The court held that the principle was based on the fundamental right to equality. “The benefits, by and large, are snatched away by the top creamy layer of the backward caste or class, keeping the weakest among the weak always weak and leaving the fortunate layers to consume the whole cake,” Justice Nariman had observed.
Source: The Hindu
NHRC seeks report on assault cases
GS-II | 03 December, 2019

**Syllabus subtopic:** Welfare schemes for vulnerable sections of the population by the Centre and States and the performance of these schemes; mechanisms, laws, institutions and bodies constituted for the protection and betterment of these vulnerable sections

**News:** Expressing concern over the recent sexual assault cases, the National Human Rights Commission on Monday issued notices to the Centre, States and Union Territories seeking reports on the standard operating procedure (SOP) for dealing with such cases and the use of the Nirbhaya Fund. The NHRC has asked the governments to respond in six weeks.

**Prelims and Mains focus:** about NHRC, SHRC, their composition, functions and limitations, about Nirbhaya Fund

**Context:**
Taking suo motu cognisance of media reports, the NHRC observed that there was a “dire need for all stakeholders to work jointly to get rid of this evil.”

The Commission’s action comes in the wake of the gangrape and murder of a doctor in Hyderabad that has spurred a debate on the condition of women’s security in the country once again.

**Remarks made by NHRC**
Issuing the notices, the Commission said the “largest democracy of the world, which has adopted the longest written Constitution and has a rich cultural heritage of gender equality, is today being criticised for having the most unsafe environment for women.”

The NHRC said these cases were violations of the victims’ human rights.

“There have been constitutional and statutory provisions to ensure that women are not subjected to any kind of discrimination and harassment. But, there is an alarming trend indicating that things are getting worse, amounting to violation of right to life, liberty, dignity and equality of women across the country,” it said.
About NHRC:

- NHRC of India is an independent statutory body established on 12 October, 1993 as per provisions of Protection of Human Rights Act, 1993, later amended in 2006.

- NHRC has celebrated its Silver Jubilee (25 years) on October 12, 2018. Its headquarter is located in New Delhi.

- It is the watchdog of human rights in the country, i.e. the rights related to life, liberty, equality and dignity of the individual guaranteed by Indian Constitution or embodied in the international covenants and enforceable by courts in India.

- It was established in conformity with the Paris Principles, adopted for the promotion and protection of human rights in Paris (October, 1991) and endorsed by the General Assembly of the United Nations on 20 December, 1993.

The Protection of Human Rights (Amendment) Bill 2019 passed by the Parliament aims to accelerate the process of appointment of chairperson and members of the National Human Rights Commission (NHRC).

Salient Features of the Act:


Composition of NHRC: Under the Act, the chairperson of the NHRC is a person who has been a Chief Justice of the Supreme Court. The Bill amends this to provide that a person who has been Chief Justice of the Supreme Court, or a Judge of the Supreme Court will be the chairperson of the NHRC.

Inclusion of woman member: The Act provides for two persons having knowledge of human rights to be appointed as members of the NHRC. The Bill amends this to allow three members to be appointed, of which at least one will be a woman.
Under the Act, chairpersons of various commissions such as the National Commission for Scheduled Castes, National Commission for Scheduled Tribes, and National Commission for Women are members of the NHRC. The Bill provides for including the chairpersons of the National Commission for Backward Classes, the National Commission for the Protection of Child Rights, and the Chief Commissioner for Persons with Disabilities as members of the NHRC.

Under the Act, the chairperson of a SHRC is a person who has been a Chief Justice of a High Court. The Bill amends this to provide that a person who has been Chief Justice or Judge of a High Court will be chairperson of a SHRC.

The Act states that the chairperson and members of the NHRC and SHRC will hold office for five years or till the age of seventy years, whichever is earlier. The Bill reduces the term of office to three years or till the age of seventy years, whichever is earlier. Further, the Act allows for the reappointment of members of the NHRC and SHRCs for a period of five years. The Bill removes the five-year limit for reappointment.

The Act provides for a Secretary-General of the NHRC and a Secretary of a SHRC, who exercise powers as may be delegated to them. The Bill amends this and allows the Secretary-General and Secretary to exercise all administrative and financial powers (except judicial functions), subject to the respective chairperson’s control.

The Bill provides that the central government may confer on a SHRC human rights functions being discharged by Union Territories. Functions relating to human rights in the case of Delhi will be dealt with by the NHRC.

Benefits:

1. The Amendment will strengthen the Human Rights Institutions of India further for effective discharge of their mandates, roles and responsibilities.

1. Moreover, the amended Act will be in perfect sync with the agreed global standards and benchmarks towards ensuring the rights relating to life, liberty, equality and dignity of the individual in the country.

1. The amendment will also make National Human Rights Commission (NHRC) and State Human Rights Commission (SHRC) more compliant with the Paris Principle concerning its autonomy, independence, pluralism and wide-ranging functions in order to effectively protect and promote human rights.
Functions and Powers of NHRC

- NHRC investigates grievances regarding the violation of human rights either suo moto or after receiving a petition.
- It has the power to interfere in any judicial proceedings involving any allegation of violation of human rights.
- It can visit any jail or any other institution under the control of the State Government to see the living conditions of the inmates and to make recommendations thereon.
- It can review the safeguards provided under the constitution or any law for the protection of the human rights and can recommend appropriate remedial measures.
- NHRC undertakes and promotes research in the field of human rights.
- NHRC works to spread human rights literacy among various sections of society and promotes awareness of the safeguards available for the protection of these rights through publications, media, seminars and other means.
- The Commission takes an independent stand while providing opinions for the protection of human rights within the parlance of the Constitution or in law for the time being enforced.
- It has the powers of a civil court and can grant interim relief.
- It also has the authority to recommend payment of compensation or damages.
- NHRC credibility is duly reflected in large number of complaints received every year and the trust reposed in it by the citizens.
- It can recommend to both the central and state governments to take suitable steps to prevent the violation of Human Rights. It submits its annual report to the President of India who causes it to be laid before each House of Parliament.

Limitations of NHRC

- NHRC does not have any mechanism of investigation. In majority cases, it asks the concerned Central and State Governments to investigate the cases of the violation of Human Rights.
- It has been termed as ‘India’s teasing illusion’ by Soli Sorabjee (former Attorney-General of India) due to its incapacity to render any practical relief to the aggrieved party.
- NHRC can only make recommendations, without the power to enforce decisions.
- Many times NHRC is viewed as post-retirement destinations for judges and bureaucrats with political affiliation moreover, inadequacy of funds also hamper its working.
- A large number of grievances go unaddressed because NHRC cannot investigate the complaint registered after one year of incident.
- Government often out rightly rejects recommendation of NHRC or there is partial compliance to these recommendations.
- State human rights commissions cannot call for information from the national government, which means that they are implicitly denied the power to investigate armed forces under national control.
- National Human Rights Commission powers related to violations of human rights by the armed forces have been largely restricted.
About Nirbhaya fund

The Rs 1,000 crore Nirbhaya Fund was announced in Union Budget 2013 by the then Finance Minister P Chidambaram.

1. The corpus was to be utilised for upholding safety and dignity of women.
2. Ministry of Women and Child Development apart from several other concerned ministries were authorised to work out details of structure, scope and application of this fund.
3. The Fund is administered by Department of Economic Affairs of the finance ministry.

Issues with Nirbhaya Fund:

The government has been accused of keeping Nirbhaya Fund unutilised. With rise in cases of sexual harassment and crimes against women there is a crying need for implementation of such funds.
Cars powered by hydrogen cells: Japanese research is key input in Govt’s SC reply

GS-III | 03 December, 2019

**Syllabus subtopic:** Science and Technology- developments and their applications and effects in everyday life; Achievements of Indians in science & technology; indigenization of technology and developing new technology.

**News:** Ahead of the Tokyo Olympics next July, Japan’s government and its auto industry are jointly making a big bet on hydrogen to power emission-free cars — widely regarded as the next frontier in electric vehicle (EV) technology. And, as Japan strives to put thousands of hydrogen vehicles on its roads ahead of the 2020 sporting event, India could end up riding the slipstream.

**Prelims and Mains focus:** about Hydrogen fuel cell technology, its use in vehicle and its prospects in the future, India’s efforts to reduce environmental pollution

**Background:**

The apex court had on November 13 directed the Centre to look into the feasibility of introducing hydrogen-based technology to deal with air pollution in the National Capital Region, with a specific reference made at the last hearing to the ongoing research at Kyushu University.

About the research

Research on hydrogen-based vehicle technology, or fuel cells, done at the International Research Center for Hydrogen Energy at Kyushu University is learnt to be a crucial img in the submissions set to be presented by the Centre in the Supreme Court on December 3.

Government departments in India are learnt to be in touch with researchers at the Fukuoka-based university — Japan’s fourth oldest university — for readying the blueprint to be submitted in court. An executive with the Japanese auto industry confirmed that the Indian government has reached out to the university and is focused on exploring the possibility of
The relatively nascent hydrogen market is currently dominated by two of Japan’s top carmakers, Toyota and Honda, alongside South Korea’s Hyundai.

About the Fuel cell

At the heart of the hydrogen-powered fuel cell electric vehicles (FCEV) is what is called a fuel cell, where hydrogen and oxygen are combined to generate an electric current, with water being the only by-product.
About the Japanese project

The project at Kyushu University is supported by Japan’s Ministry of Education, Culture, Sports, Science and Technology (MEXT), the Ministry of Economy, Trade and Industry (METI), and the New Energy and Industrial Technology Development Organization (NEDO).

According to Professor Kazunari Sasaki, Senior Vice President, Kyushu University and the Director of International Research Center for Hydrogen Energy, the institution is leading “a coordinated effort among industry, academia, government and the local community to build a research and education center for hydrogen energy, the only one of its kind in the world… to contribute to the realisation of a low-carbon society by utilising hydrogen energy technologies”.

Japan had earlier this year announced plans to ramp up its exposure to the hydrogen ecosystem. Prime Minister Shinzo Abe had declared in Davos that his government “aims to reduce the production cost of hydrogen by at least 90 per cent by the year 2050, to make it cheaper than natural gas”.

As a step in bolstering Japan’s hydrogen push, Panasonic Corporation had, last month, announced it had fabricated a hydrogen station in Kusatsu City, Shiga Prefecture with the aim of “verifying the practicality of using hydrogen”.

European firms such as Norwegian public enterprise Enova SF, which is responsible for the promotion of environmentally friendly production and consumption of energy, are already working on the technology separately.

In 2017, Enova issued a support programme to support establishment of hydrogen infrastructure, as well as support for fleet users to purchase H2 vehicles and stations.

Toyota’s Mirai, a hydrogen fuel cell vehicle that is one of the first such vehicles to be sold commercially, counts Norway and Denmark as among its biggest emerging markets, after the state of California in the US.
Rajya Sabha clears Bill banning e-cigarettes, Oppn points to conventional tobacco

GS-II | 03 December, 2019

Syllabus subtopic: Government policies and interventions for development in various sectors and issues arising out of their design and implementation.

News: The Rajya Sabha approved a country-wide ban on electronic cigarettes on Monday.

Prelims and Mains focus: about the key features of the Bill, its merits and challenges in implementation

Background

The Prohibition of Electronic Cigarettes (Production, Manufacture, Import, Export, Transport, Sale, Distribution, Storage and Advertisement) Bill, 2019 was passed by a voice vote amid concerns that it was brought under pressure from the tobacco lobby.

The Bill, which got the Lok Sabha’s nod last week, will replace the Ordinance promulgated on September 18.

What does the law say?

The law categorises production, manufacture, import, export, transport, sale, distribution, storage and advertisement of e-cigarettes as cognisable offences.

Any contravention of the law will be punishable with imprisonment of up to one-year, or a fine of up to Rs 1 lakh, or both. For any subsequent offence, it provides for imprisonment of up to three years along with a fine of up to Rs 5 lakh.
Govt’s stand on the Ordinance route taken earlier

Union Health Minister Harsh Vardhan assured the House that there are no “vested interests” or “ulterior motives” behind the legislation. “Our intentions are absolutely pious and very clear that we want to nip this problem in the bud itself,” he said, pointing out that only 0.02 per cent Indians use e-cigarettes.

Justifying the government decision to impose the ban through an Ordinance, the minister said it was the “need of the hour”. “We wanted to implement it because we knew that big companies had planned everything… They were just going to start their manufacture,” Harsh Vardhan said.

Concerns of the Opposition:

Members of the Opposition alleged that the Bill was brought under pressure from the tobacco companies since e-cigarettes could hurt their market share. “It seems like it’s okay to have cigarettes and tobacco products, but not e-cigarettes. What is it about e-cigarettes that you had to bring in such a law? Please let us in on this secret,” Congress MP Digvijaya Singh said.

“If the idea is to address health problems related to consumption of tobacco then all tobacco products should be banned. Why just e-cigarettes?” asked Ravi Prakash Kumar of Samajwadi Party.

Opposition members also questioned whether a blanket ban was the right way since the prohibition of alcohol in Gujarat and Bihar had no effect on the supply of the banned substance.

Nadimul Haque (TMC) said the mandate of the Bill should be extended to all tobacco products including gutkha and pan masala. Vijila Sathyananth of the AIADMK said the government should ban all kind of cigarettes.

Govt’s response

The Health minister replied, “In a country as vast as India, you see once a particular product has a very big consumer base and social acceptance, it is, in fact, very, very difficult to ban it… Once you have a very huge consumer base… we are not able to do it (implement ban) for cigarettes, for so many things, because 28 per cent of the people are involved with that.
Ethics panel set to form code of conduct for Lok Sabha MPs

GS-II | 03 December, 2019

Syllabus subtopic: Parliament and State Legislatures - structure, functioning, conduct of business, powers & privileges and issues arising out of these.

News: With two legislators forced to apologise for their remarks in the two sessions of the 17th Lok Sabha, its Ethics Committee is all set to form a code of conduct for MPs in the Lower House. After BJP MP Pragya Singh Thakur triggered a controversy with her remarks on
Nathuram Godse, the Ethics Committee initiated discussions on it on Monday.

**Prelims and Mains focus:** About the Parliamentary Committees and their functioning, significance and ways to improve their working

**Context:**

The panel, headed by BJP’s Vinod Kumar Sonkar, met on Monday and decided to seek suggestions as well as views from all political parties for the code that would oversee the moral and ethical conduct of the MPs.

In the meeting, the **14-member committee** decided to study code of conduct for the lawmakers in the US, UK and other countries.

A code of conduct had come into force for the Rajya Sabha MPs in 2005.

**Instances of violation**

SP leader Azam Khan had created controversy in the first session of the 17th Lok Sabha with a sexist remark against BJP’s Rema Devi, who was then in the chair,

The ongoing winter session witnessed uproarious scenes when Thakur made a remark about Mahatma Gandhi’s assassin Godse.

While Thakur’s remarks were expunged, the Opposition protests forced the ruling BJP to direct her to tender an apology twice on the floor of the House.

**Need**

The two incidents have made it necessary to lay down a format on code of conduct, especially in the backdrop of new technologies in the communication sector. Unlike in the past, the remarks on the floor of the House spread fast, even if they are expunged from the records. So the MPs will have to follow certain decorum in speaking inside the House as well as outside.

**Issues raised by MPs**

During the meeting, members warned that such a code will have long lasting impact and
thereby it should be “carefully discussed and deliberated in detail”. The political parties would be asked to give their opinions and suggestions, the source said.

The discussions have just begun and no time frame has been finalised to come up with a format. However, they indicated that no decision would be taken in a hurry without proper study.

With proceedings getting disrupted often in the Rajya Sabha, Vice President and Rajya Sabha Chairman M Venkaiah Naidu has suggested changes in the code so that “disruptive activities” in whatever form can be brought down.

About Ethics Committee

Each of the two houses of the Parliament has an Ethics Committee. They deal with the member’s conduct.

Role of Ethics Committee

Besides overseeing the moral ethical conduct of the members, ethics committee also prepares Code of Conduct for members, which are amended from time to time. The ethics committee in Lok Sabha has 15 members. In Rajya Sabha, this number stands at 10.

Who can file complaint?

Any person may make a complaint to the Committee regarding alleged unethical behaviour or breach of Code of Conduct by a member or alleged incorrect information of a member’s interest. The Committee may also take up matters suo motu.

Punishment

Where it has been found the member has indulged in unethical behaviour or there is other misconduct, or a member has contravened the rules, the Committee may recommend imposition of one or more of the sanctions. This may include censure, reprimand, suspension, from the House for a specific period or any other sanction determined by the Committee.

Significance of parliamentary committees

1. Parliament is the embodiment of the people’s will. Committees are an instrument of Parliament for its own effective functioning.
2. Committees are platforms for threadbare discussion on a proposed law.
3. The smaller cohort of lawmakers, assembled on the basis of the proportional strength of individual parties and interests and expertise of individual lawmakers, could have more open, intensive and better-informed discussions.
4. Committee meetings are ‘closed door’ and members are not bound by party whips, which allows them the latitude for a more meaningful exchange of views as against discussions in full and open Houses where grandstanding and party positions invariably take precedence.

5. Members of Parliament may have great acumen but they would require the assistance of experts in dealing with such situations. It is through committees that such expertise is drawn into lawmaking.

6. Executive accountability to the legislature is enforced through questions in Parliament also, which are answered by ministers. However, department standing committees go one step further and hear from senior officials of the government in a closed setting, allowing for more detailed discussions.

7. This mechanism also enables parliamentarians to understand the executive processes closely.

Types of committees

1. Most committees are ‘standing’ as their existence is uninterrupted and usually reconstituted on an annual basis; some are ‘select’ committees formed for a specific purpose, for instance, to deliberate on a particular bill. Once the Bill is disposed of, that select committee ceases to exist. Some standing committees are departmentally related.

2. Financial control is a critical tool for Parliament’s authority over the executive; hence finance committees are considered to be particularly powerful. The three financial committees are the Public Accounts Committee, the Estimates Committee and the Committee on Public Undertakings.

Powers:

Parliamentary committees draw their authority from Article 105 (on privileges of Parliament members) and Article 118 (on Parliament’s authority to make rules for regulating its procedure and conduct of business).

Significance:

Committee reports are usually exhaustive and provide authentic information on matters related to governance. Bills that are referred to committees are returned to the House with significant value addition. Parliament is not bound by the recommendations of committees.

What these committees do?
Advantages of having such committees:

- The deliberations and scrutiny by committees ensure that Parliament is able to fulfil some of its constitutional obligations in a politically charged environment.
- They also help in obtaining public feedback and building political consensus on contentious issues.
- They help develop expertise in subjects, and enable consultation with independent experts and stakeholders.
- The committees perform their functions without the cloud of political positioning and populist opinion.
- These committees allow the views of diverse stakeholders.
- They function through the year.
- They also offer an opportunity for detailed scrutiny of bills being piloted by the government.
- They increase the efficiency and expertise of Parliament.
- Their reports allow for informed debate in Parliament.

How can these committees be made more effective?

1. Parliamentary committees don’t have dedicated subject-wise research support available. The knowledge gap is partially bridged by expert testimony from government and other stakeholders. Their work could be made more effective if the committees had full-time, sector-specific research staff.
2. The national commission to review the working of the Constitution has recommended that in order to strengthen the committee system, research support should be made available to them.
3. Currently, the rules of Parliament don’t require every bill to be referred to a parliamentary committee for scrutiny. While this allows the government greater flexibility and the ability to speed up legislative business, it comes at the cost of ineffective scrutiny by the highest law-making body. Mandatory scrutiny of all bills by parliamentary committees would ensure better planning of legislative business.

Source: Indian Express
Govt cut tax to tap firms exiting China, says FM

Syllabus subtopic: Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.

News: The government’s decision to cut corporate tax rates for domestic companies, including new manufacturers, was taken in the context of companies exiting China amid the trade war between Washington and Beijing, finance minister Nirmala Sitharaman told Parliament on Monday.

Prelims and Mains focus: about the recent economic slowdown, Corporate tax cuts and other measures taken by the government

Remarks made by the FM

Sitharaman, who moved the Taxation Laws (Amendment) Bill, 2019, in the Lok Sabha for passage, said that several southeast Asian nations have lowered their corporate tax rates, while some were contemplating rate cuts. Singapore has a 17% tax rate, she added. The Lok Sabha passed the bill on Monday.

“Keeping in mind the trade war between the US and the People’s Republic of China and indications that many multinational companies wanted to get out of China, although the budget FY20 had been passed shortly before this, we thought of reducing the corporate tax rate. The ordinance route was taken because the House was not in session,” the minister said while placing the bill for the consideration of the House.
About the Bill

The ordinance promulgated in September offered a **lower 22% corporate tax rate for companies that do not avail tax incentives and 15% for new manufacturers starting production before March 2023.**

The move was aimed at reversing the economic slowdown. The government had also lowered the rate of **minimum alternate tax (MAT)** from 18.5% to 15% for businesses that continue to avail exemptions. The Bill clarified that the lower MAT rate of 15% will be applicable from 1 April, 2019, a move that tax experts welcomed.

The bill placed before the Lok Sabha on Monday also contains certain proposals that were not part of the ordinance. It clarifies that new mining companies, software producers, gas bottling plants, and book printers are not eligible for the 15% corporate tax rate announced in September. It allows companies indulging in other business activities along with manufacturing operations to claim the concessional tax rate of 15%, though the income arising on account of non-manufacturing activities shall be taxable at the rate of 22% on a gross basis without deduction of any expenditure, said Girish Vanvari, founder of advisory firm Transaction Square.
UPSC "PT" DNA (Daily News Analysis)
Concerns raised by the Opposition

During the discussion, opposition members accused the government of not being able to manage the economy well.

K. Subbarayan, a Communist Party of India member from Tamil Nadu, alleged the bill was pro-business. The MP highlighted the initial estimate of the ₹1.45 trillion revenue that will be forgone because of the reduction in tax rates.

India’s economic downturn deepened in the second quarter with growth losing steam to 4.5%, the lowest since March 2013, as manufacturing output contracted, official data showed last month. The economy had expanded at 5% in the first quarter. The slowdown has proved to be a weak point for Prime Minister Narendra Modi’s government, which has set itself the goal of doubling the size of the economy to $5 trillion over the next five years.
UPSC "PT" DNA (Daily News Analysis)

Source: Livemint
GST revenues not enough for States’ compensation: Centre
GS-II | 04 December, 2019

Syllabus subtopic: Functions and responsibilities of the Union and the States, issues and challenges pertaining to the federal structure, devolution of powers and finances up to local levels and challenges therein.

News: The Centre has written to all States voicing concern that due to the lower Goods and Services Tax (GST) collections, the compensation cess might not be enough to pay for losses arising out of the tax system

Prelims and Mains focus: About GST, merits and challenges in implementation, Concerns of the states and about the recent shortfall in GST collection and its implications on the centre-state financial relations

Context: The communication comes at a time when several States, including Rajasthan, Kerala, Delhi, Punjab and West Bengal, have publicly urged the Centre to transfer pending compensation payments as they have not received the dues for several months.

The government of Punjab has even said that it may take the matter to the Supreme Court if the Centre does not release the dues. The issue will be discussed in detail at the next GST Council meeting, scheduled for the second fortnight of December.

Issue:
Lower GST and compensation cess collections have been a major concern in the last few months.

The government had budgeted for ₹6,63,343 crore in GST collections for the current financial year 2019-20, out of which it has collected only about 50% in the first eight months. It had targeted ₹1,09,343 crore of compensation cess collections, of which it has so far collected ₹64,528 crore.

The compensation requirements have increased significantly and are unlikely to be met from the compensation cess being collected.
What is its significance?

This situation assumes significance because it was the promise of compensation to the States for losses arising out of GST implementation that convinced a large number of reluctant States to sign on to the new indirect tax regime. The Centre had promised compensation for any shortfall in tax revenue due to GST implementation for a period of five years.

In the letter, the Centre also asked the States to submit their suggestions by December 6 on augmenting GST collections. They were specifically asked to look into ways to review the items currently exempted from GST, review the tax rates and compensation cess rates on various items, and on improving compliance measures. These suggestions will be placed before the Committee of Officers from the States and Centre that has been set up to suggest measures to increase collections.

What is Goods and Services Tax (GST)?

It is a destination based tax on consumption of goods and services. It is proposed to be levied at all stages right from manufacture up to final consumption with credit of taxes paid at previous stages available as set off. In a nutshell, only value addition will be taxed and burden of tax is to be borne by the final consumer.

What exactly is the concept of destination based tax on consumption?

The tax would accrue to the taxing authority which has jurisdiction over the place of consumption which is also termed as place of supply.

Which of the existing taxes are proposed to be subsumed under GST?

The GST would replace the following taxes:

**Taxes currently levied and collected by the Centre:**

- Central Excise duty
- Duties of Excise (Medicinal and Toilet Preparations)
- Additional Duties of Excise (Goods of Special Importance)
- Additional Duties of Excise (Textiles and Textile Products)
- Additional Duties of Customs (commonly known as CVD)
- Special Additional Duty of Customs (SAD)
- Service Tax
State taxes that would be subsumed under the GST are:

- State VAT
- Central Sales Tax
- Luxury Tax
- Entry Tax (all forms)
- Entertainment and Amusement Tax (except when levied by the local bodies)
- Taxes on advertisements
- Purchase Tax
- Taxes on lotteries, betting and gambling
- State Surcharges and Cesses so far as they relate to supply of goods and services

The GST Council shall make recommendations to the Union and States on the taxes, cesses and surcharges levied by the Centre, the States and the local bodies which may be subsumed in the GST.

What principles were adopted for subsuming the above taxes under GST?

The various Central, State and Local levies were examined to identify their possibility of being subsumed under GST. While identifying, the following principles were kept in mind:

- Taxes or levies to be subsumed should be primarily in the nature of indirect taxes, either on the supply of goods or on the supply of services.
- Taxes or levies to be subsumed should be part of the transaction chain which commences with import/ manufacture/ production of goods or provision of services at one end and the consumption of goods and services at the other.
- The subsumption should result in free flow of tax credit in intra and inter-State levels. The taxes, levies and fees that are not specifically related to supply of goods & services should not be subsumed under GST.
- Revenue fairness for both the Union and the States individually would need to be attempted.

Which are the commodities proposed to be kept outside the purview of GST?

**Article 366(12A)** of the Constitution as amended by **101st Constitutional Amendment Act, 2016** defines the Goods and Services tax (GST) as a tax on supply of goods or services or both, except supply of alcoholic liquor for human consumption. So alcohol for human consumption is kept out of GST by way of definition of GST in constitution. Five petroleum products viz. petroleum crude, motor spirit (petrol), high speed diesel, natural gas and aviation
turbine fuel have temporarily been kept out and GST Council shall decide the date from which they shall be included in GST. Furthermore, electricity has been kept out of GST.

**What will be the status in respect of taxation of above commodities after introduction of GST?**

The existing taxation system (VAT & Central Excise) will continue in respect of the above commodities.

**What will be status of Tobacco and Tobacco products under the GST regime?**

Tobacco and tobacco products would be subject to GST. In addition, the Centre would have the power to levy Central Excise duty on these products.

**What type of GST is proposed to be implemented?**

It would be a dual GST with the Centre and States simultaneously levying it on a common tax base. The GST to be levied by the Centre on intra-State supply of goods and / or services would be called the Central GST (CGST) and that to be levied by the States would be called the State GST (SGST). Similarly Integrated GST (IGST) will be levied and administered by Centre on every inter-state supply of goods and services.

**Why is Dual GST required?**

India is a federal country where both the Centre and the States have been assigned the powers to levy and collect taxes through appropriate legislation. Both the levels of Government have distinct responsibilities to perform according to the division of powers prescribed in the Constitution for which they need to raise resources. A dual GST will, therefore, be in keeping with the Constitutional requirement of fiscal federalism.

**Which authority will levy and administer GST?**

Centre will levy and administer CGST & IGST while respective states / UTs will levy and administer SGST / UTST.

**Why was the Constitution of India amended recently in the context of GST?**

Currently, the fiscal powers between the Centre and the States are clearly demarcated in the Constitution with almost no overlap between the respective domains. The Centre has the powers to levy tax on the manufacture of goods (except alcoholic liquor for human consumption,
opium, narcotics etc.) while the States have the powers to levy tax on the sale of goods. In the case of inter-State sales, the Centre has the power to levy a tax (the Central Sales Tax) but, the tax is collected and retained entirely by the States. As for services, it is the Centre alone that is empowered to levy service tax.

Introduction of the GST required amendments in the Constitution so as to simultaneously empower the Centre and the States to levy and collect this tax. The Constitution of India has been amended by the Constitution (one hundred and first amendment) Act, 2016 recently for this purpose. Article 246A of the Constitution empowers the Centre and the States to levy and collect the GST.

What are the benefits which the Country will accrue from GST?

Introduction of GST would be a very significant step in the field of indirect tax reforms in India. By amalgamating a large number of Central and State taxes into a single tax and allowing set-off of prior-stage taxes, it would mitigate the ill effects of cascading and pave the way for a common national market. For the consumers, the biggest gain would be in terms of a reduction in the overall tax burden on goods, which is currently estimated at 25%-30%. Introduction of GST would also make our products competitive in the domestic and international markets. Studies show that this would instantly spur economic growth. There may also be revenue gain for the Centre and the States due to widening of the tax base, increase in trade volumes and improved tax compliance. Last but not the least, this tax, because of its transparent character, would be easier to administer.

Source: The Hindu

DRDO to develop naval fighter jet

GS-III | 04 December, 2019

Syllabus subtopic: Science and Technology- developments and their applications and effects in everyday life Achievements of Indians in science & technology; indigenization of technology and developing new technology.

News: The Defence Research Development Organisation (DRDO) has offered to develop a
new twin-engine deck-based fighter aircraft for the Navy based on the experience of the naval light combat aircraft (LCA) and it should be ready by 2026, the Chief of the Naval Staff, Admiral Karambir Singh, said on Tuesday. He said the Navy expected to have the first indigenous aircraft carrier (IACI) Vikrant operational by 2022.

Prelims and Mains focus: about DRDO, IAC Vikrant, Exercise MILAN

The naval LCA recently successfully completed the takeoff and landing trials on the shorebased test facility (SBTF) in Goa. Adm. Singh said the current LCA Mk1 was a technology demonstrator and it would further be put to carrier compatibility tests. And if it worked, whatever lessons they had learnt would be ploughed back by the DRDO into the new fighter to be developed.

On the need for a third aircraft carrier, Adm. Singh said, “As the Navy chief, I am convinced the country requires three aircraft carriers so that two are operational at any given time.”

New aircraft carrier

He said they were preparing the case for IAC2 and finalising the requirements. After this, they would go to the government for Acceptance of Necessity (AoN) and it would be followed by design consultancy to decide the exact contours.

On the IACI, which is under an advanced stage of construction in Kochi, Adm. Singh said all shipbuild issues “are over” and trials would begin now. “We are almost certain that we will take delivery by February-March 2021”, he stated and added that aviation trials would take a year after that. “We should have a fully operational carrier by 2022.”

Exercise MILAN

The Navy is scheduled to host its largest multilateral exercise, MILAN off the coast of Visakhapatnam in March 2020, for which 41 countries have been invited.

So far, over 15 countries have confirmed their participation. However, China has not been invited. Asked as to why China has been left out, Adm Singh said they invited “like-minded” countries with whom they have interacted earlier.
About DRDO

DRDO is the R&D wing of Ministry of Defence, Govt of India, with a vision to empower India with cutting-edge defence technologies and a mission to achieve self-reliance in critical defence technologies and systems, while equipping our armed forces with state-of-the-art weapon systems and equipment in accordance with requirements laid down by the three Services.

DRDO’s pursuit of self-reliance and successful indigenous development and production of strategic systems and platforms such as Agni and Prithvi series of missiles; light combat aircraft, Tejas; multi-barrel rocket launcher, Pinaka; air defence system, Akash; a wide range of radars and electronic warfare systems; etc., have given quantum jump to India’s military might, generating effective deterrence and providing crucial leverage.

"Balasya Mulam Vigyanam"—the source of strength is science—drives the nation in peace and war. DRDO has firm determination to make the nation strong and self-reliant in terms of science and technology, especially in the field of military technologies.

DRDO was formed in 1958 from the amalgamation of the then already functioning Technical Development Establishment (TDEs) of the Indian Army and the Directorate of Technical Development & Production (DTDP) with the Defence Science Organisation (DSO). DRDO was then a small organisation with 10 establishments or laboratories. Over the years, it has grown multi-directionally in terms of the variety of subject disciplines, number of laboratories, achievements and stature.

Today, DRDO is a network of more than 50 laboratories which are deeply engaged in developing defence technologies covering various disciplines, like aeronautics, armaments, electronics, combat vehicles, engineering systems, instrumentation, missiles, advanced computing and simulation, special materials, naval systems, life sciences, training, information systems and agriculture. Several major projects for the development of missiles, armaments, light combat aircrafts, radars, electronic warfare systems etc are on hand and significant achievements have already been made in several such technologies.

Source: The Hindu
Lok Sabha passes Bill to regulate ship recycling

**Syllabus subtopic:** Government policies and interventions for development in various sectors and issues arising out of their design and implementation

**News:** The Lok Sabha passed a Bill to regulate recycling of ships as per international standards.

**Prelims and Mains focus:** Key highlights of the Bill and its significance.

**About the Bill**

The Recycling of Ships Bill, 2019 will help the ship recycling industry and generate more jobs.

- The Bill restricts the use of hazardous material on ships and regulates the recycling of ships. Key features of the Bill include:

  - **Applicability of the Bill:** The Bill will apply to: (i) any new or existing ship which is registered in India, (ii) ships entering a port or terminal in India, or the territorial waters of India, (iii) any warship, or other ship owned and operated by an administration and used on government non-commercial service, and (iv) ship recycling facilities operating in India.

  - **Ship recycling:** The Bill defines ship recycling as the dismantling of a ship at a facility to recover the components and materials for reuse, and taking care of the hazardous material so produced. It includes associated operations such as storage and treatment of materials and components on site.

  - **Requirements for ships:** Ships should not use prohibited hazardous materials as notified. The central government may exempt certain categories of ships from this requirement. The National Authority will carry out periodic surveys to verify the prescribed requirements. This Authority will be notified by the central government to administer, supervise and monitor all activities related to ship recycling.

  - The owner of every new ship must make an application to the National Authority to obtain a certificate on the inventory of hazardous materials. Existing ship owners must apply for the certificate within five years of the commencement of the Act. The certificate must be renewed every five years. It must be maintained and updated through the life of the ship to reflect any changes in the ship’s structure and equipment. The certificate may be suspended for various reasons such as the ship not complying with the particulars of the
Certificate, or not maintaining the inventory of hazardous materials properly. Using hazardous materials in a ship will be punishable with imprisonment of up to three months, or a fine of up to five lakh rupees, or both.

- These requirements will not apply to: (i) any warship, or other ship owned and operated by an administration and used on government non-commercial service, and (ii) ships with internal volume less than 500 tonne.

- **Recycling facilities:** Ships will be recycled only in authorised recycling facilities. An application to authorise such a facility must be submitted to the Competent Authority (which will be notified by the central government) along with a ship recycling facility management plan, and prescribed fee. Existing facilities must apply for authorisation within 60 days of the commencement of the Act. A facility will be authorised when the Competent Authority is satisfied that it follows the specified standards. The certificate of authorisation will be valid for a period as specified but not exceeding five years. Contravening these provisions will be punishable with imprisonment of up to one year, or a fine of up to Rs 10 lakh, or both.

- Each Ship Recycler must maintain adequate measures for emergency preparedness and response, safety, health, training, and welfare of workers as per the Factories Act, 1948. It must also provide insurance coverage for the regular and temporary workers.

- **Recycling process:** A ship owner must apply to the National Authority for a ready for recycling certificate before recycling his ship. The Ship Recycler must prepare a ship recycling plan which should be approved by the Competent Authority. Each ship will be recycled after obtaining written permission from the Competent Authority. The Authority must grant such permission after physically inspecting the ship.

- Every ship recycler must: (i) ensure safe and environmentally sound removal and management of hazardous materials from a ship, and (ii) comply with the specified environmental regulations. They must also ensure that no environmental damage is caused due to such recycling. On contravening these provisions, the ship recycler will be liable to pay environmental damages and cleanup operation compensation as prescribed. In case of an oil spill, a ship recycler will be punishable with: (i) a fine of up to five lakh rupees in case of no response within 12 hours of issue of the first notice, (ii) a fine of up to Rs 10 lakh in case of no response within 24 hours of issue of the second notice, and (iii) imprisonment of up to three months, and a fine of up to Rs 10 lakh in case of no response within 24 hours of issue of the third notice.

- **Appeals:** Decisions of the Competent Authority may be appealed with the National Authority within 30 days of receiving the decision. Decisions of the National Authority may be appealed with the central government within 30 days of receiving the decision.
2019 could be second warmest year on record: WMO
GS-III | 04 December, 2019

Syllabus subtopic: Conservation, environmental pollution and degradation, environmental impact assessment

News: The year 2019 is likely to end as the second or third warmest ever, the World Meteorological Organisation (WMO) said in the latest of a series of warnings in recent months about a rapidly worsening climate scenario.

Prelims and Mains focus: About WMO and the observations made it

Context: The WMO statement came on the second day of the climate conference in Madrid where negotiators from nearly 200 countries are meeting amid mounting pressure for action to safeguard the planet from the catastrophic impacts of climate change.

Observations made in the WMO's State of the Climate report

- Global mean temperature for January to October 2019 was 1.1 degree Celsius (error margin of 0.1 degree) above pre-industrial levels. 2019 is likely to be the second or third warmest year on record.

- The past five years are now almost certain to be the five warmest years on record, and the past decade 2010-2019, to be the warmest decade.

- Since the 1980s, each successive decade has been warmer than any preceding decade since 1850,” the WMO said in a provisional statement on the State of Global Climate in 2019.

- The warmest year on record so far has been 2016.
The global atmospheric concentrations of carbon dioxide in 2018 had touched 407.8 parts per million, which was 147 per cent of pre-industrial levels, which is taken to be 1750. Other greenhouse gases, like methane and nitrous oxide, had also touched record levels in 2018. This year, the daily average carbon dioxide concentration crossed 415 ppm for the first time ever, though it has receded after that. The annual average is likely to be below that level.

The state of the climate report also noted the unusually strong Indian Ocean Dipole (IOD) that developed this year.

A positive IOD is characterised by warmer than usual waters in the western Indian Ocean, towards the Arabian Sea, and cooler than average temperatures in eastern Indian Ocean, near the Indonesian coast. The reverse situation is called negative IOD. This difference in sea surface temperatures drives a number of regional weather events. This year the dipole was strongly positive, and was believed to have been partly responsible for unusually high rainfall in August and September as well as delayed monsoon withdrawal from India.

The WMO statement came on the second day of the climate conference in Madrid where negotiators from nearly 200 countries are meeting amid mounting pressure for action to safeguard the planet from the catastrophic impacts of climate change.

About World Meteorological Organisation

- The World Meteorological Organization (WMO) is a specialized agency of the United Nations dedicated to meteorology (weather), climatology (climate), operational hydrology (water) and other related geophysical sciences such as oceanography and atmospheric chemistry.

- Predecessor organization — International Meteorological Organization (IMO) — founded in 1873.

Reports:

2. Status of the World Climate.

Functions
WMO coordinates the activities of National Meteorological and Hydrological Services in 191 States and Territories so that basic weather, climate and water services are made available to anyone who needs them, when they need them.

WMO guarantees the publication of observations and statistics and furthers the application of meteorology and hydrology (including the monitoring and predictions of climate change and ozone) to all aspects of human activities such as aviation, shipping, water management and agriculture.

WMO also encourages research and training in meteorology and hydrology and their related applications and contributes towards reducing the impact of weather- and climate-related hazards. This is accomplished through regular, reliable forecasts and early warnings on flooding, drought, tropical cyclones, tornadoes and other extreme events.

Predictions concerning locust swarms and the transport of pollutants (nuclear and toxic substances, volcanic ash) are also provided by WMO Members.

Source: Indian Express

32% conviction rate in rape cases: NCRB
GS-II | 04 December,2019

Syllabus subtopic: Important aspects of governance, transparency and accountability, e-governance- applications, models, successes, limitations, and potential; citizens charters, transparency & accountability and institutional and other measures.

News: Notwithstanding the rising incidence of sexual assault on women, the conviction rate in rape cases is as low as 32.2 per cent at the national level, according to the latest report of the National Crime Records Bureau (NCRB).

Prelims and Mains focus: About NCRB, key findings of the report.
Key findings of the report

- The report ‘Crime in India – 2017’ also shows that the conviction rate was even lower in metropolitan cities (27.2 per cent) in 2017, the reference year for which the latest data is available. It shows delay in completion of trial in rape cases, and that conviction rate in cases of rape is even lower than that in cases of murder.

- In 2017, at the national level, the total number of rape cases for trial was 1,46,201 but only 5,822 cases resulted in conviction. The conviction rate in rape cases in 2017 was just 32.2 per cent while it was 43.1 per cent in cases of murder.

- What is more worrying is that the conviction rate in rape cases has increased marginally in recent years but chargesheeting rate has gone down. Data in the NCRB report show that chargesheeting rate in rape cases has come down to 86.6 per cent in 2017 from 95.4 per cent in 2013.

- In 2017, a total of 1,46,201 rape cases were in trial, of which trial in only 18,333 cases were disposed of by courts. Of the total 18,099 rape cases where trial was completed in 2017, only 5,822 cases resulted in conviction while 1,1453 cases resulted in acquittal and 824 cases in discharge.

- Significantly, a total of 28,750 rape cases were sent for trial during 2017, but only 3.5 per cent — 1,010 cases — resulted in conviction. Out of the 1,27,868 rape cases pending trial in 2017 in the country, every third case was older than three years. Moreover, 12,216 rape case trials are pending for more than five years, and 1,840 rape case trials are pending for more than 10 years.

- The NCRB started collecting data on rape cases since 1971. The data show that the number of rape cases increased from 2,487 in 1971 to 32,559 in 2017 — an increase of 1,209 per cent.

- In 2017, majority of cases under crimes against women out of the total IPC crimes against women were registered under ‘Cruelty by Husband or His Relatives’ (33.2%), followed by ‘Assault on Women with Intent to Outrage her Modesty’ (27.3%), ‘Kidnapping & Abduction of Women’ (21%) and ‘Rape’ (10.3%), says the report.
About NCRB

- NCRB is nodal agency under Union Home Ministry for authentic source of data on crime on various parameters including accidents, suicides from across all the states of the country and prisons for policy matters and research.

- It was established in 1986 as the central police organisation.

- It is headquartered in New Delhi.

- It is implementing and monitoring agency of Crime & Criminal Tracking Network System (CCTNS), a Mission Mode Project under the National e-Governance Plan of Government.

- It also imparts training in Information Technology (IT) and Finger Print Science for Indian Police Officers as well Foreign Police officers.

What is Gender Pay Gap and why is it so wide in India?

GS-II | 04 December, 2019
News: According to the latest World Economic Forum’s (WEF) Global Gender Gap Report 2018, India ranked 108th out of 149 countries on the gender gap index. The global list was topped by Iceland for the 10th consecutive year, having closed more than 85.8% of its overall gender gap.

Prelims and Mains focus: about WEF, its various reports and India’s performance, issues related to gender disparity in India

Context:

Despite the continued efforts of activists and policymakers, in many ways, gender equality is still a pipe dream. Research shows gender discrimination mostly against women and in favour of men in many realms, including the workplace.

While India fared better in wage equality for similar work indicator, on which it held the 72nd position, it ranked 142nd in the economic opportunity and participation subindex.

This dichotomy can be explained by the difference between unequal pay and the gender pay gap.

UNEQUAL PAY VERSUS GENDER PAY GAP

Unequal pay refers to situations where women are paid less than men for doing the same work. To counter this, equal pay is legally enforced in most organized sectors. The gender pay gap, on the other hand, is a measure of the gap in the overall earnings of men and women. It is calculated by considering several parameters applied to the total number of employed members of both genders. This means that it does not account for women who have voluntarily stayed out of the workforce or have taken a sabbatical.

WHAT IS GENDER PAY GAP?

While the gender pay gap is essentially the average difference between the remuneration received by working men and women, there is more nuance here. There are two distinct numbers: the unadjusted pay gap and the adjusted pay gap. The former simply differentiates between mean and median wages of the two genders, the latter takes into account differences...
in factors like occupation, education and job experience. So the difference is starker if you consider the unadjusted figure.

An often-cited number in this context is the unadjusted salary of the average female in the US, which is supposed to be 78% of the average male salary, whereas the adjusted figure is 80-98%.

The gender pay gap stems from the difference in the number of men versus women who work. It also arises from differences in work tenures and the need for sabbaticals.

WHAT CONTRIBUTES TO THE GAP IN INDIA?

In a country like India, gender pay gap is a little more complicated and can be linked to reasons ranging from the socio-economic to the structural. Girl children are sometimes kept out of schools or made to drop out of school early. Even if they are educated, many women are not allowed to work by their families. Women who do join the workforce often need to take extended leaves for maternity and childcare, and even the healthcare of other family members. All these factors lead up to women as a whole falling well behind men when it comes to their earnings over time. In India, therefore, the gender pay gap is still quite wide.

According to the Monster Salary Index (MSI) published in March 2019, women in the country earn 19% less than men. The survey revealed that the median gross hourly salary for men in India in 2018 was ₹242.49, while it was ₹196.3 for women, meaning men earned ₹46.19 more than women.

According to the survey, the gender pay gap spans across key industries. IT services showed a sharp pay gap of 26% in favour of men, while in the manufacturing sector, men earn 24% more than women.

However, this is only part of the picture. Across the unorganized sector and especially in areas like agriculture, women are routinely paid significantly less than men, citing differences in capability.

Until India’s social stigma against women in the workforce and the general environment of social injustice against women is tackled, the gender pay gap may not show any sign of closing.

About World Economic Forum (WEF):

1. It was established in 1971 by Klaus Schwab as a not-for-profit foundation
2. headquartered in Geneva, Switzerland
Formerly called European Management Forum

Motto: Committed to improve the state of the world

- It is the International Organization for Public-Private Cooperation. The Forum engages the foremost political, business and other leaders of society to shape global, regional and industry agendas.

- It is independent, impartial and not tied to any special interests.

- The Forum strives in all its efforts to demonstrate entrepreneurship in the global public interest while upholding the highest standards of governance. Moral and intellectual integrity is at the heart of everything it does.

Governance

- Chairperson: Founder and Executive Chairman Professor Klaus Schwab

- Board of Trustees: exceptional individuals who act as guardians of its mission and values, and oversee the Forum’s work in promoting true global citizenship. Its membership is divided equally between representatives of the business community and leaders from international organizations and civil society.

- Managing Board: acts as the executive body of the WEF & acts as its representative to outside parties.

- The organization also convenes some six to eight regional meetings each year in locations across Africa, East Asia, and Latin America, and holds two further annual meetings in China, India and the United Arab Emirates.

- Until 2012, it had observer status with the United Nations Economic and Social Council; it is under the supervision of the Swiss Federal Council.
Publications

- Global risk report, 2018
- Readiness for the future of production
- Global gender gap report
- Inclusive development index
- Global competitiveness report (index)
- Global human capital report (index)
- Travel and tourism competitiveness report (index)
- Global energy architecture performance index report

Source: Livemint
GST revenues not enough for States’ compensation: Centre

**Syllabus subtopic:** Functions and responsibilities of the Union and the States, issues and challenges pertaining to the federal structure, devolution of powers and finances up to local levels and challenges therein.

**News:** The Centre has written to all States voicing concern that due to the lower Goods and Services Tax (GST) collections, the compensation cess might not be enough to pay for losses arising out of the tax system.

**Prelims and Mains focus:** About GST, merits and challenges in implementation, Concerns of the states and about the recent shortfall in GST collection and its implications on the centre-state financial relations.

**Context:** The communication comes at a time when several States, including Rajasthan, Kerala, Delhi, Punjab and West Bengal, have publicly urged the Centre to transfer pending compensation payments as they have not received the dues for several months.

The government of Punjab has even said that it **may take the matter to the Supreme Court if the Centre does not release the dues.** The issue will be discussed in detail at the next GST Council meeting, scheduled for the second fortnight of December.

**Issue:**

Lower GST and compensation cess collections have been a major concern in the last few months.

The government had budgeted for ₹6,63,343 crore in GST collections for the current financial year 2019-20, out of which it has collected only about 50% in the first eight months. It had targeted ₹1,09,343 crore of compensation cess collections, of which it has so far collected ₹64,528 crore.

The compensation requirements have increased significantly and are unlikely to be met from the compensation cess being collected.
What is its significance?

This situation assumes significance because it was the promise of compensation to the States for losses arising out of GST implementation that convinced a large number of reluctant States to sign on to the new indirect tax regime. The Centre had promised compensation for any shortfall in tax revenue due to GST implementation for a period of five years.

In the letter, the Centre also asked the States to submit their suggestions by December 6 on augmenting GST collections. They were specifically asked to look into ways to review the items currently exempted from GST, review the tax rates and compensation cess rates on various items, and on improving compliance measures. These suggestions will be placed before the Committee of Officers from the States and Centre that has been set up to suggest measures to increase collections.

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- The subsumption should result in free flow of tax credit in intra and inter-State levels. The taxes, levies and fees that are not specifically related to supply of goods & services should not be subsumed under GST.
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It would be a dual GST with the Centre and States simultaneously levying it on a common tax base. The GST to be levied by the Centre on intra-State supply of goods and / or services would be called the Central GST (CGST) and that to be levied by the States would be called the State GST (SGST). Similarly Integrated GST (IGST) will be levied and administered by Centre on every inter-state supply of goods and services.

Why is Dual GST required?

India is a federal country where both the Centre and the States have been assigned the powers to levy and collect taxes through appropriate legislation. Both the levels of Government have distinct responsibilities to perform according to the division of powers prescribed in the Constitution for which they need to raise resources. A dual GST will, therefore, be in keeping with the Constitutional requirement of fiscal federalism.

Which authority will levy and administer GST?

Centre will levy and administer CGST & IGST while respective states / UTs will levy and administer SGST / UTST.

Why was the Constitution of India amended recently in the context of GST?

Currently, the fiscal powers between the Centre and the States are clearly demarcated in the Constitution with almost no overlap between the respective domains. The Centre has the powers to levy tax on the manufacture of goods (except alcoholic liquor for human consumption,
opium, narcotics etc.) while the States have the powers to levy tax on the sale of goods. In the case of inter-State sales, the Centre has the power to levy a tax (the Central Sales Tax) but, the tax is collected and retained entirely by the States. As for services, it is the Centre alone that is empowered to levy service tax.

Introduction of the GST required amendments in the Constitution so as to simultaneously empower the Centre and the States to levy and collect this tax. The Constitution of India has been amended by the Constitution (one hundred and first amendment) Act, 2016 recently for this purpose. Article 246A of the Constitution empowers the Centre and the States to levy and collect the GST.

What are the benefits which the Country will accrue from GST?

Introduction of GST would be a very significant step in the field of indirect tax reforms in India. By amalgamating a large number of Central and State taxes into a single tax and allowing set-off of prior-stage taxes, it would mitigate the ill effects of cascading and pave the way for a common national market. For the consumers, the biggest gain would be in terms of a reduction in the overall tax burden on goods, which is currently estimated at 25%-30%. Introduction of GST would also make our products competitive in the domestic and international markets. Studies show that this would instantly spur economic growth. There may also be revenue gain for the Centre and the States due to widening of the tax base, increase in trade volumes and improved tax compliance. Last but not the least, this tax, because of its transparent character, would be easier to administer.

Source: The Hindu

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**DRDO to develop naval fighter jet**

*GS-III | 04 December, 2019*

**Syllabus subtopic:** Science and Technology- developments and their applications and effects in everyday life Achievements of Indians in science & technology; indigenization of technology and developing new technology.

**News:** The Defence Research Development Organisation (DRDO) has offered to develop a
new twin-engine deck-based fighter aircraft for the Navy based on the experience of the naval light combat aircraft (LCA) and it should be ready by 2026, the Chief of the Naval Staff, Admiral Karambir Singh, said on Tuesday. He said the Navy expected to have the first indigenous aircraft carrier (IAC) Vikrant operational by 2022.

Prelims and Mains focus: about DRDO, IAC Vikrant, Exercise MILAN

The naval LCA recently successfully completed the takeoff and landing trials on the shorebased test facility (SBTF) in Goa. Adm. Singh said the current LCA Mk1 was a technology demonstrator and it would further be put to carrier compatibility tests. And if it worked, whatever lessons they had learnt would be ploughed back by the DRDO into the new fighter to be developed.

On the need for a third aircraft carrier, Adm. Singh said, “As the Navy chief, I am convinced the country requires three aircraft carriers so that two are operational at any given time.”

New aircraft carrier

He said they were preparing the case for IAC2 and finalising the requirements. After this, they would go to the government for Acceptance of Necessity (AoN) and it would be followed by design consultancy to decide the exact contours.

On the IACI, which is under an advanced stage of construction in Kochi, Adm. Singh said all shipbuild issues “are over” and trials would begin now. “We are almost certain that we will take delivery by February-March 2021”, he stated and added that aviation trials would take a year after that. “We should have a fully operational carrier by 2022.”

Exercise MILAN

The Navy is scheduled to host its largest multilateral exercise, MILAN off the coast of Visakhapatnam in March 2020, for which 41 countries have been invited.

So far, over 15 countries have confirmed their participation. However, China has not been invited. Asked as to why China has been left out, Adm Singh said they invited “like-minded” countries with whom they have interacted earlier.
About DRDO

DRDO is the R&D wing of Ministry of Defence, Govt of India, with a vision to empower India with cutting-edge defence technologies and a mission to achieve self-reliance in critical defence technologies and systems, while equipping our armed forces with state-of-the-art weapon systems and equipment in accordance with requirements laid down by the three Services.

DRDO’s pursuit of self-reliance and successful indigenous development and production of strategic systems and platforms such as Agni and Prithvi series of missiles; light combat aircraft, Tejas; multi-barrel rocket launcher, Pinaka; air defence system, Akash; a wide range of radars and electronic warfare systems; etc., have given quantum jump to India's military might, generating effective deterrence and providing crucial leverage.

"Balasya Mulam Vigyanam"—the source of strength is science—drives the nation in peace and war. DRDO has firm determination to make the nation strong and self-reliant in terms of science and technology, especially in the field of military technologies.

DRDO was formed in 1958 from the amalgamation of the then already functioning Technical Development Establishment (TDEs) of the Indian Army and the Directorate of Technical Development & Production (DTDP) with the Defence Science Organisation (DSO). DRDO was then a small organisation with 10 establishments or laboratories. Over the years, it has grown multi-directionally in terms of the variety of subject disciplines, number of laboratories, achievements and stature.

Today, DRDO is a network of more than 50 laboratories which are deeply engaged in developing defence technologies covering various disciplines, like aeronautics, armaments, electronics, combat vehicles, engineering systems, instrumentation, missiles, advanced computing and simulation, special materials, naval systems, life sciences, training, information systems and agriculture. Several major projects for the development of missiles, armaments, light combat aircrafts, radars, electronic warfare systems etc are on hand and significant achievements have already been made in several such technologies.

Source: The Hindu
Syllabus subtopic: Government policies and interventions for development in various sectors and issues arising out of their design and implementation

News: The Lok Sabha passed a Bill to regulate recycling of ships as per international standards

Prelims and Mains focus: key highlights of the Bill and its significance

About the Bill

The Recycling of Ships Bill, 2019 will help the ship recycling industry and generate more jobs.

- The Bill restricts the use of hazardous material on ships and regulates the recycling of ships. Key features of the Bill include:

  - **Applicability of the Bill:** The Bill will apply to: (i) any new or existing ship which is registered in India, (ii) ships entering a port or terminal in India, or the territorial waters of India, (iii) any warship, or other ship owned and operated by an administration and used on government non-commercial service, and (iv) ship recycling facilities operating in India.

  - **Ship recycling:** The Bill defines ship recycling as the dismantling of a ship at a facility to recover the components and materials for reuse, and taking care of the hazardous material so produced. It includes associated operations such as storage and treatment of materials and components on site.

  - ** Requirements for ships:** Ships should not use prohibited hazardous materials as notified. The central government may exempt certain categories of ships from this requirement. The National Authority will carry out periodic surveys to verify the prescribed requirements. This Authority will be notified by the central government to administer, supervise and monitor all activities related to ship recycling.

  - The owner of every new ship must make an application to the National Authority to obtain a certificate on the inventory of hazardous materials. Existing ship owners must apply for the certificate within five years of the commencement of the Act. The certificate must be renewed every five years. It must be maintained and updated through the life of the ship to reflect any changes in the ship’s structure and equipment. The certificate may be suspended for various reasons such as the ship not complying with the particulars of the
These requirements will not apply to: (i) any warship, or other ship owned and operated by an administration and used on government non-commercial service, and (ii) ships with internal volume less than 500 tonne.

**Recycling facilities:** Ships will be recycled only in authorised recycling facilities. An application to authorise such a facility must be submitted to the Competent Authority (which will be notified by the central government) along with a ship recycling facility management plan, and prescribed fee. Existing facilities must apply for authorisation within 60 days of the commencement of the Act. A facility will be authorised when the Competent Authority is satisfied that it follows the specified standards. The certificate of authorisation will be valid for a period as specified but not exceeding five years. Contravening these provisions will be punishable with imprisonment of up to one year, or a fine of up to Rs 10 lakh, or both.

Each Ship Recycler must maintain adequate measures for emergency preparedness and response, safety, health, training, and welfare of workers as per the Factories Act, 1948. It must also provide insurance coverage for the regular and temporary workers.

**Recycling process:** A ship owner must apply to the National Authority for a ready for recycling certificate before recycling his ship. The Ship Recycler must prepare a ship recycling plan which should be approved by the Competent Authority. Each ship will be recycled after obtaining written permission from the Competent Authority. The Authority must grant such permission after physically inspecting the ship.

Every ship recycler must: (i) ensure safe and environmentally sound removal and management of hazardous materials from a ship, and (ii) comply with the specified environmental regulations. They must also ensure that no environmental damage is caused due to such recycling. On contravening these provisions, the ship recycler will be liable to pay environmental damages and cleanup operation compensation as prescribed. In case of an oil spill, a ship recycler will be punishable with: (i) a fine of up to five lakh rupees in case of no response within 12 hours of issue of the first notice, (ii) a fine of up to Rs 10 lakh in case of no response within 24 hours of issue of the second notice, and (iii) imprisonment of up to three months, and a fine of up to Rs 10 lakh in case of no response within 24 hours of issue of the third notice.

**Appeals:** Decisions of the Competent Authority may be appealed with the National Authority within 30 days of receiving the decision. Decisions of the National Authority may be appealed with the central government within 30 days of receiving the decision.
2019 could be second warmest year on record: WMO
GS-III | 04 December, 2019

Syllabus subtopic: Conservation, environmental pollution and degradation, environmental impact assessment

News: The year 2019 is likely to end as the second or third warmest ever, the World Meteorological Organisation (WMO) said in the latest of a series of warnings in recent months about a rapidly worsening climate scenario.

Prelims and Mains focus: About WMO and the observations made it

Context: The WMO statement came on the second day of the climate conference in Madrid where negotiators from nearly 200 countries are meeting amid mounting pressure for action to safeguard the planet from the catastrophic impacts of climate change.

Observations made in the WMO’s State of the Climate report

- Global mean temperature for January to October 2019 was 1.1 degree Celsius (error margin of 0.1 degree) above pre-industrial levels. 2019 is likely to be the second or third warmest year on record.

- The past five years are now almost certain to be the five warmest years on record, and the past decade 2010-2019, to be the warmest decade.

- Since the 1980s, each successive decade has been warmer than any preceding decade since 1850,” the WMO said in a provisional statement on the State of Global Climate in 2019.

- The warmest year on record so far has been 2016.
The global atmospheric concentrations of carbon dioxide in 2018 had touched 407.8 parts per million, which was 147 per cent of pre-industrial levels, which is taken to be 1750. Other greenhouse gases, like methane and nitrous oxide, had also touched record levels in 2018. This year, the daily average carbon dioxide concentration crossed 415 ppm for the first time ever, though it has receded after that. The annual average is likely to be below that level.

The state of the climate report also noted the unusually strong Indian Ocean Dipole (IOD) that developed this year.

A positive IOD is characterised by warmer than usual waters in the western Indian Ocean, towards the Arabian Sea, and cooler than average temperatures in eastern Indian Ocean, near the Indonesian coast. The reverse situation is called negative IOD. This difference in sea surface temperatures drives a number of regional weather events. This year the dipole was strongly positive, and was believed to have been partly responsible for unusually high rainfall in August and September as well as delayed monsoon withdrawal from India.

The WMO statement came on the second day of the climate conference in Madrid where negotiators from nearly 200 countries are meeting amid mounting pressure for action to safeguard the planet from the catastrophic impacts of climate change.

About World Meteorological Organisation

- The World Meteorological Organization (WMO) is a specialized agency of the United Nations dedicated to meteorology (weather), climatology (climate), operational hydrology (water) and other related geophysical sciences such as oceanography and atmospheric chemistry.

- Predecessor organization — International Meteorological Organization (IMO) — founded in 1873.

Reports:

2. Status of the World Climate.

Functions
WMO coordinates the activities of National Meteorological and Hydrological Services in 191 States and Territories so that basic weather, climate and water services are made available to anyone who needs them, when they need them.

WMO guarantees the publication of observations and statistics and furthers the application of meteorology and hydrology (including the monitoring and predictions of climate change and ozone) to all aspects of human activities such as aviation, shipping, water management and agriculture.

WMO also encourages research and training in meteorology and hydrology and their related applications and contributes towards reducing the impact of weather- and climate-related hazards. This is accomplished through regular, reliable forecasts and early warnings on flooding, drought, tropical cyclones, tornadoes and other extreme events.

Predictions concerning locust swarms and the transport of pollutants (nuclear and toxic substances, volcanic ash) are also provided by WMO Members.

Source: Indian Express

32% conviction rate in rape cases: NCRB

GS-II | 04 December, 2019

Syllabus subtopic: Important aspects of governance, transparency and accountability, e-governance- applications, models, successes, limitations, and potential; citizens charters, transparency & accountability and institutional and other measures.

News: Notwithstanding the rising incidence of sexual assault on women, the conviction rate in rape cases is as low as 32.2 per cent at the national level, according to the latest report of the National Crime Records Bureau (NCRB).

Prelims and Mains focus: About NCRB, key findings of the report.
Key findings of the report

- The report ‘Crime in India – 2017’ also shows that the conviction rate was even lower in metropolitan cities (27.2 per cent) in 2017, the reference year for which the latest data is available. It shows delay in completion of trial in rape cases, and that conviction rate in cases of rape is even lower than that in cases of murder.

- In 2017, at the national level, the total number of rape cases for trial was 1,46,201 but only 5,822 cases resulted in conviction. The conviction rate in rape cases in 2017 was just 32.2 per cent while it was 43.1 per cent in cases of murder.

- What is more worrying is that the conviction rate in rape cases has increased marginally in recent years but chargesheeting rate has gone down. Data in the NCRB report show that chargesheeting rate in rape cases has come down to 86.6 per cent in 2017 from 95.4 per cent in 2013.

- In 2017, a total of 1,46,201 rape cases were in trial, of which trial in only 18,333 cases were disposed of by courts. Of the total 18,099 rape cases where trial was completed in 2017, only 5,822 cases resulted in conviction while 1,1453 cases resulted in acquittal and 824 cases in discharge.

- Significantly, a total of 28,750 rape cases were sent for trial during 2017, but only 3.5 per cent — 1,010 cases — resulted in conviction. Out of the 1,27,868 rape cases pending trial in 2017 in the country, every third case was older than three years. Moreover, 12,216 rape case trials are pending for more than five years, and 1,840 rape case trials are pending for more than 10 years.

- The NCRB started collecting data on rape cases since 1971. The data show that the number of rape cases increased from 2,487 in 1971 to 32,559 in 2017 — an increase of 1,209 per cent.

- In 2017, majority of cases under crimes against women out of the total IPC crimes against women were registered under ‘Cruelty by Husband or His Relatives’ (33.2%), followed by ‘Assault on Women with Intent to Outrage her Modesty’ (27.3%), ‘Kidnapping & Abduction of Women’ (21%) and ‘Rape’ (10.3%), says the report.
About NCRB

- NCRB is nodal agency under Union Home Ministry for authentic source of data on crime on various parameters including accidents, suicides from across all the states of the country and prisons for policy matters and research.

- It was established in 1986 as the central police organisation.

- It is headquartered in New Delhi.

- It is implementing and monitoring agency of Crime & Criminal Tracking Network System (CCTNS), a Mission Mode Project under the National e-Governance Plan of Government.

- It also imparts training in Information Technology (IT) and Finger Print Science for Indian Police Officers as well Foreign Police officers.

What is Gender Pay Gap and why is it so wide in India?

GS-II | 04 December, 2019
News: According to the latest World Economic Forum’s (WEF) Global Gender Gap Report 2018, India ranked 108th out of 149 countries on the gender gap index. The global list was topped by Iceland for the 10th consecutive year, having closed more than 85.8% of its overall gender gap.

Prelims and Mains focus: about WEF, its various reports and India’s performance, issues related to gender disparity in India

Context:

Despite the continued efforts of activists and policymakers, in many ways, gender equality is still a pipe dream. Research shows gender discrimination mostly against women and in favour of men in many realms, including the workplace.

While India fared better in wage equality for similar work indicator, on which it held the 72nd position, it ranked 142nd in the economic opportunity and participation subindex.

This dichotomy can be explained by the difference between unequal pay and the gender pay gap.

UNEQUAL PAY VERSUS GENDER PAY GAP

Unequal pay refers to situations where women are paid less than men for doing the same work. To counter this, equal pay is legally enforced in most organized sectors. The gender pay gap, on the other hand, is a measure of the gap in the overall earnings of men and women. It is calculated by considering several parameters applied to the total number of employed members of both genders. This means that it does not account for women who have voluntarily stayed out of the workforce or have taken a sabbatical.

WHAT IS GENDER PAY GAP?

While the gender pay gap is essentially the average difference between the remuneration received by working men and women, there is more nuance here. There are two distinct numbers: the unadjusted pay gap and the adjusted pay gap. The former simply differentiates between mean and median wages of the two genders, the latter takes into account differences
in factors like occupation, education and job experience. So the difference is starker if you consider the unadjusted figure.

An often-cited number in this context is the unadjusted salary of the average female in the US, which is supposed to be 78% of the average male salary, whereas the adjusted figure is 80-98%.

The gender pay gap stems from the difference in the number of men versus women who work. It also arises from differences in work tenures and the need for sabbaticals.

WHAT CONTRIBUTES TO THE GAP IN INDIA?

In a country like India, gender pay gap is a little more complicated and can be linked to reasons ranging from the socio-economic to the structural. Girl children are sometimes kept out of schools or made to drop out of school early. Even if they are educated, many women are not allowed to work by their families. Women who do join the workforce often need to take extended leaves for maternity and childcare, and even the healthcare of other family members. All these factors lead up to women as a whole falling well behind men when it comes to their earnings over time. In India, therefore, the gender pay gap is still quite wide.

According to the Monster Salary Index (MSI) published in March 2019, women in the country earn 19% less than men. The survey revealed that the median gross hourly salary for men in India in 2018 was ₹242.49, while it was ₹196.3 for women, meaning men earned ₹46.19 more than women.

According to the survey, the gender pay gap spans across key industries. IT services showed a sharp pay gap of 26% in favour of men, while in the manufacturing sector, men earn 24% more than women.

However, this is only part of the picture. Across the unorganized sector and especially in areas like agriculture, women are routinely paid significantly less than men, citing differences in capability.

Until India’s social stigma against women in the workforce and the general environment of social injustice against women is tackled, the gender pay gap may not show any sign of closing.

About World Economic Forum (WEF):

1. It was established in 1971 by Klaus Schwab as a not-for-profit foundation
2. headquartered in Geneva, Switzerland
Motto: Committed to improve the state of the world

- It is the International Organization for Public-Private Cooperation. The Forum engages the foremost political, business and other leaders of society to shape global, regional and industry agendas.

- It is independent, impartial and not tied to any special interests.

- The Forum strives in all its efforts to demonstrate entrepreneurship in the global public interest while upholding the highest standards of governance. Moral and intellectual integrity is at the heart of everything it does.

Governance

- **Chairperson**: Founder and Executive Chairman Professor Klaus Schwab

- **Board of Trustees**: exceptional individuals who act as guardians of its mission and values, and oversee the Forum’s work in promoting true global citizenship. Its membership is divided equally between representatives of the business community and leaders from international organizations and civil society.

- **Managing Board**: acts as the executive body of the WEF & acts as its representative to outside parties.

- The organization also convenes some six to eight regional meetings each year in locations across Africa, East Asia, and Latin America, and holds two further annual meetings in China, India and the United Arab Emirates.

- Until 2012, it had observer status with the United Nations Economic and Social Council; it is under the supervision of the Swiss Federal Council.
Publications

- Global risk report, 2018
- Readiness for the future of production
- Global gender gap report
- Inclusive development index
- Global competitiveness report (index)
- Global human capital report (index)
- Travel and tourism competitiveness report (index)
- Global energy architecture performance index report

Source: Livemint
After Cabinet nod, Citizenship Bill ready for tabling in House

Syllabus subtopic: Government policies and interventions for development in various sectors and issues arising out of their design and implementation.


Prelims and Mains focus: About the key features of the Bill, its significance and concerns raised against the Bill; Assam accord, NRC

About the Bill

- The Bill seeks to amend the Citizenship Act, 1955 by seeking to grant citizenship to undocumented non-Muslims from Bangladesh, Pakistan and Afghanistan who came to India on or before December 31, 2014.

- The Bill shall not apply to tribal areas of Assam, Meghalaya, Mizoram and Tripura as included in the sixth schedule of the Constitution and States of Arunachal Pradesh, Mizoram and Nagaland protected by the Inner Line Permit (ILP).

- Citizens of other States require ILP to visit the three States as per the Bengal Eastern Frontier Regulation, 1873.

- The exemption means that Hindu, Buddhist, Christian, Parsi, Jain and Sikh communities from the three countries will not be able to take up jobs, purchase land or settle down in these areas.
Significance

The purpose of the Bill says that it will enable acquisition of Indian citizenship by persons who were forced to seek shelter in India due to persecution or fear of it on grounds of religion and will extend the facility to the class of persons presently facing hardships and difficulties in acquiring citizenship.

The earlier form of the Bill cleared by the Lok Sabha in January did not have these provisions.
Concerns of Northeastern States

Northeastern States erupted in protests against the Bill as it will nullify the provisions of the Assam Accord of 1985, which fixed March 24, 1971, as the cutoff date for deportation of all illegal immigrants, irrespective of religion.

The National Register of Citizens (NRC) in Assam was updated as per the accord. The Bill says the six non-Muslim communities “shall not be treated as illegal migrant” for violating provisions under Passport Act, 1920 or the Foreigners Act, 1946 that pertains to foreigners entering and staying in India illegally.

The Bill also proposes to protect the applicants under this category from all pending legal cases.

“On and from the date of commencement of the Citizenship (Amendment) Bill, 2019, any proceedings pending against a person under this section in respect of illegal migration or citizenship shall stand abated on conferment of citizenship to him,” the Bill says.

The immediate beneficiaries of this amendment would be the non-Muslim people out of the over 19 lakh people who were excluded from Assam’s National Register of Citizens (NRC) published on August 31.

About the Assam Accord 1985 and NRC
UPSC "PT" DNA (Daily News Analysis)
Climate related disasters on the uptick
GS-III | 05 December, 2019

**Syllabus subtopic:** Conservation, environmental pollution and degradation, environmental impact assessment

**News:** Worsening heatwaves are taking a heavier toll on rich as well as poor countries, according to an annual ranking, the Global Climate Risk Index, published by environmental thinktank Germanwatch.

**Prelims and Mains focus:** about the report and its key findings on impact of climate change

**Key findings of the report**

- The index rated **Japan as the most affected country in 2018**, while **Germany was in third position**.

- Both of the industrialised nations were hit hard by heatwaves and drought that year, as was **India — in fifth position — which suffered water shortages, crop failures and worst flooding**, Germanwatch said in a report.

- “Recent science has confirmed the longestablished link between climate change and the frequency and severity of extreme heat,” it added in a statement.

- Across Europe, extreme heat spells are now up to 100 times more likely than a century ago, says the report. It noted that the impact of heatwaves on African countries may be underrepresented due to a lack of data.

- Powerful storms also left a trail of destruction in 2018, with the Philippines second in the climate risk index due to large losses when it was battered by topstrength Typhoon
Mangkhut.

- Madagascar was the fourth most weather-affected country as two cyclones killed about 70 people and forced 70,000 to seek refuge.

- The index results showed that the “signs of climate crisis”, on all continents, could no longer be ignored.
End of reservation for Anglo-Indians?

GS-II | 05 December, 2019

**Syllabus subtopic:** Government policies and interventions for development in various sectors and issues arising out of their design and implementation.

**News:** The Union Cabinet on Wednesday approved a proposal to extend reservation for Scheduled Castes and Scheduled Tribes in the Lok Sabha and State Assemblies for 10 years but a question mark prevailed over whether it has extended reservation for two seats in the Lok Sabha for the Anglo-Indian community.

**Prelims and Mains focus:** about the provisions relating to the reservation, About Anglo-Indians and their representation in the Parliament

- Provisions for reservation for SCs/STs and Anglo Indians are extended under Article 334 (a) and (b) of the Constitution.

- Two members of the Anglo Indian community have been nominated in the Lok Sabha since the adoption of the Constitution, under article 334(b).

**Meaning and history of Anglo Indians in India**

India is the largest democracy of the world. The Parliament of India is comprises of Lok Sabha, Rajya Sabha and President of India. India is ‘Union of State’ that is why the members of Parliament are elected from all corners of the country.

There can be a total of 552 seats (530 states + 20 Union Territories + 2 Anglo Indians) in the Lok Sabha in the country, but only 543 seats are filled from elected members of the different states and Union Territories.
If there is no member is elected from the Anglo Indian community then the President of India is authorised to nominate 2 members of this community for the Lok Sabha.

Now the question arises that after all who are the Anglo Indians, why are they sent to the Parliament and the Legislative Assembly?

Meaning of Anglo Indians in India

The term Anglo Indian is defined as per the article 366 (2) of the Indian constitution; “a person whose father or any of whose other male progenitors in the male line is or was of European descent but who is a native of India.”

The term Anglo Indian was first defined in the Government of India Act, 1935.

The arrival of Anglo-Indians in India was reported when the British were laying rail tracks and telephone lines in India. Due to technological knowledge the people of European society were called in India for the rail track deployment. These people later on married to Indian girls and settled here.

Most of the Anglo-Indian families had relation with Indian railways that is why they still call themselves ‘Railway Children’.

The Anglo-Indian community created its organization known as ‘The All India Anglo-Indian Association’ in 1876. ‘Frank Anthony’ born in Jabalpur was the chairman of this organisation who later became a member of the Constituent Assembly.

It is worth to mention that article 331 was added in the Indian constitution because of his efforts. Frank Anthony was nominated to the Lok Sabha 7 times just because of article 331.

Anglo Indians in Parliament and Legislative Assemblies

Anglo Indian is the only community of India whose representatives are sent to Parliament and Legislative Assemblies through nomination.

Under the article 331; the President of India is authorised to nominate 2 members of the Anglo Indian community if know member of this community is elected among the 543 members for the Lok Sabha.
In the same way the governor of the state is authorised to nominate 1 Anglo Indian in the lower house of the State Legislature (in case of under representation).

According to the 10th schedule of the Constitution, any Anglo-Indian member can take the membership of any party within 6 months of the nomination. After the membership; they are bound to the party whip and they have to work in the house according to the party’s agenda.

Keep in mind that nominated members have all those powers, which are enjoyed by a common MP. But they can’t vote in the election of the President because they are nominated by the President.

India is a country of huge cultural diversity. Here, people of every society and culture get respect and representation. This is probably the reason that from 1951 to 2014, people of the Anglo-Indian community have been sent to the Parliament so that they can represent the people of their community.

**Note:** Click on the link below for a detailed analysis on reservation

http://lawtimesjournal.in/an-analysis-of-reservation-in-india/

Source: The Hindu

**Govt. procured only 3% of pulses, oilseeds proposed for this season**

GS-III | 05 December, 2019

**Syllabus subtopic:** Issues related to direct and indirect farm subsidies and minimum support prices; Public Distribution System objectives, functioning, limitations, revamping; issues of buffer stocks and food security; Technology missions; economics of animal-rearing.

**News:** Less than 3% of this season’s sanctioned amount of pulses and oilseeds have actually been procured so far under the oncehyped PMAASHA scheme, Agriculture Ministry data show.

**Prelims and Mains focus:** About PM-AASHA, its significance and challenges in its...
Background

Arrivals of these crops began in October and will end by February. A total of 37.59 lakh metric tonnes of procurement had been sanctioned under the Centrallyfunded scheme.

However, only 1.08 lakh tonnes have been procured so far, according to data placed in the Lok Sabha on Tuesday. In fact, of the eleven States that opted for the scheme this season, procurement has not even started in Uttar Pradesh, Madhya Pradesh and Odisha.

About PM-AASHA

The PMAASHA or Pradhan Mantri Annadata Aay Sanrakshan Abhiyan, was announced with great fanfare in September 2018, as an effort to ensure that farmers growing pulses, oilseeds and copra actually get the minimum support prices they are promised for their crops each year.

Apart from initiatives to allow cash payment to farmers or procurement by private traders, PM-AASHA's main feature was a price support scheme whereby Central agencies would procure pulses and oilseeds directly from farmers.

The Centre had budgeted ₹15,053 crore over two years to implement the scheme apart from an additional government credit guarantee of ₹16,550 crore for agencies undertaking procurement.

The main crops covered under the scheme this season are moong, urad, arhar, groundnut and soyabean.

Challenges

The late arrival of the monsoon means that harvests and crop arrivals also began slightly later than expected, especially for arhar or tur dal, so procurement is likely to continue, though tapering, until February.

Increasing MSP is not adequate and it is more important that farmers should get full benefit of the announced MSP.

Source: The Hindu
Centre likely to challenge Uttarakhand forest notice

GS-III | 05 December, 2019

**Syllabus subtopic:** Conservation, environmental pollution and degradation, environmental impact assessment

**News:** The **Union Environment Ministry** is likely to challenge a recent notification by the Uttarakhand Forest Department on its definition of a “deemed forest”.

**Prelims and Mains focus:** about the status of forest cover in India and the steps taken by the government to increase the forest cover

**Background**

In a notification on November 21, the Uttarakhand government said that in areas recorded as “deemed forest” only tracts 10 hectares and above and having a canopy density of greater than 60%, would be considered forest.

The freedom to define which tracts of forest qualify as forest has been the **prerogative of States since 1996**.

However, **this only applies to forest land that has not already been historically classified as “forest” in revenue records, or categorised so by the government as “protected” or “reserve forest”**.

The notification appears to extend this definition even to tracts already recorded as forest in revenue records.

**About deemed forests**

Deemed forests, which **comprise about 1% of India’s forest land**, are a controversial subject as they refer to land tracts that appear to be a “forest”, but have not been notified so by the government or in historical records.
UPSC "PT" DNA (Daily News Analysis)

Source: The Hindu
News: In a significant departure from the draft Bill, the Personal Data Protection Bill cleared by the Cabinet on Wednesday allows some personal data to be stored and processed abroad with the individual’s consent, without requiring a mirror of the data in India, official sources said.

Prelims and Mains focus: About the key changes made in the Bill and its significance, challenges in implementation

Background: After the public release of a draft Bill by a committee headed by Justice B N SriKrishna in July 2018, India was caught in the middle of a global debate on data localisation at the G20, the Organisation for Economic Co-operation and Development (OECD) and other fora.

Changes made in the draft of the Bill

A previous draft of the Bill required a copy of all personal data to be stored in India — a provision that was criticised by foreign technology companies and civil society stakeholders.

However, the Bill still requires “sensitive” personal data — related to financial, health, sexual orientation, biometric, genetic, transgender status, caste and religious belief — to be stored only in India.

This data can be processed abroad only under certain conditions, including the approval of a Data Protection Agency (DPA).
Moreover, “critical” personal data, as defined by the government from time to time, must be stored and processed only in India. These provisions will impact companies like Google, Facebook and WhatsApp, which currently store most of their India-related data abroad.

In another change, the Bill mandates companies to give the government access to any non-personal data — anonymised data like traffic patterns or demographic information — which many companies use to fund their business model. The previous draft did not specify this.

The Bill also requires social media companies, which are deemed “significant data fiduciaries” (SDF) based on factors such as volume and sensitivity of data as well as their turnover, to develop their own user verification mechanism. While the process can be voluntary for users and can be completely designed by the company, it will decrease the anonymity of users and “prevent trolling.”

The Bill includes exemptions for processing data without an individual’s consent for “reasonable purposes”, including security of the state, detection of any unlawful activity or fraud, whistleblowing, medical emergencies, credit scoring, operation of search engines and processing of publicly available data.

While the Bill retains the provisions on a Data Protection Authority (DPA), the penalties listed are: Rs 5 crore or 2 per cent of worldwide turnover for minor violations and Rs 15 crore or 4 per cent of total worldwide turnover for more serious violations. Besides, the company’s executive-in-charge can also face jail term of up to three years.

Govt’s stand

The government will be entitled to give direction to the fiduciary to provide to the government anonymised, personal data and impersonal data for framing policy for better delivery of services and evidence-based policy.
Personal data processed in the interest of prevention, detection, investigation and prosecution of any offence is exempt. In the interest of sovereignty, national security, preventing communal violence, the govt. exempted some agencies from the law.

This Act will not deter the government from framing any policy for the growth of the digital economy, to the extent that it doesn’t impinge on personal data privacy.

Government sources said they were open to the “widest debate on this Bill”, which is expected to be tabled in Parliament during the ongoing Winter Session.
UPSC "PT" DNA (Daily News Analysis)
CCEA okays launch of India’s first debt exchange-traded fund

GS-III | 05 December, 2019

**Syllabus subtopic:** Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.

**News:** The Cabinet Committee on Economic Affairs approved launch of India’s first fixed income Exchange Traded Fund (ETF) comprising AAA-rated debt securities of state-owned companies.

**Prelims and Mains focus:** About ETFs and their advantages, key differences between ETFs and mutual funds

**About the ETF launched**

- Called Bharat Bond ETF, the fund will comprise a basket of bonds of companies including NHAI, NABARD, PFC and IRFC among others.

- The fund targets to raise around Rs 10,000 crore. The debt ETF provides a new option to conservative investors to own securities of government-owned companies along with the facility of liquidity as ETF units will be listed on exchanges.

- Retail investors can buy units of the ETF with a starting investment of Rs 1,000 per unit and it will have maturity of 3 and 10 years. The current yield on 10-year AAA-rated debt paper of state-owned companies is around 7.5-7.6 per cent while that of 3-year similar rated paper is quoting at 6.5-6.6 per cent. Investors can expect a post tax return of around 6.7-6.8 per cent, which is significantly higher than post tax return of around 5.5 per cent on fixed deposits with banks.
Each ETF will have fixed maturity date and will track underlying index on risk replication basis. The bond ETF trading on the exchange will help in better price discovery of the underlying bonds.

It is the lowest cost mutual fund product in India. Compared to buying units in debt mutual funds, the debt ETF will have a low transaction cost of 0.0005 per cent.

Bond ETF will provide safety (underlying bonds are issued by CPSEs and other Government owned entities), liquidity (tradability on exchange) and predictable tax efficient returns.

Apart from the interest, investors can make capital gains on their units in the secondary market in a falling interest rate regime. In case the interest rate cycles reverses and turns upward, existing unit holders may have to bear capital losses on their holdings. For bonds that are held till maturity there is no risk of capital loss or gain.

As compared to fixed deposits, this instrument is tax efficient as bond ETFs are taxed with the benefit of indexation, which reduces the tax on capital gains for investor.

Bharat Bond ETF will provide an additional source of funding for firms to meet their borrowing needs, and thereby helping in deepening the bond market.

While there are a number of equity and gold ETFs in the market, there are no debt ETFs, barring the two government securities-based ETF that have not generated much investor interest.
Cabinet nod to changes in senior citizensâ€™ law

GS-II | 05 December, 2019

**Syllabus subtopic:** Government policies and interventions for development in various sectors and issues arising out of their design and implementation.

**News:** The Union Cabinet Wednesday approved the Maintenance and Welfare of Parents and Senior Citizens (Amendment) Bill, 2019, and the legislation will soon be tabled in Parliament.

**Prelims and Mains focus:** about the amendments in the bill and its significance

**Key highlights of the Bill:**

- The Bill seeks to remove the Rs 10,000 ceiling prescribed by the Maintenance of Parents and Senior Citizens Act, 2007, for maintenance towards the welfare of parents and the amount can now be decided on a case-to-case basis. It further looks at expanding the definition of ‘parents’ and ‘children’ to include son-in-laws, daughter-in-laws as well as stepchildren.

- The 2007 Act makes it a legal obligation for children or heirs to provide a monthly maintenance to parents or senior citizens. A senior citizen who is unable to maintain himself from his earnings or properties is entitled to get relief under this Act. If children or relatives fail to provide maintenance, then the senior citizen can seek the assistance of a Tribunal constituted under this Act to enforce the remedy of maintenance.
Apart from the definitions of children and senior citizens being expanded, the govt. has included a number of significant changes. For instance, the age of a senior citizen differs from state to state. But according to this Bill, for the purpose of maintenance, we have defined the age of the senior citizen as 65 years.

Cases pertaining to senior citizens above the age of 80 years will be expedited on a priority basis by the Tribunals.

While the 2007 Bill provides for the institution of old age homes across the country, the Amendment Bill has for the first time mandated that these homes be registered with the government to ensure minimum standards are maintained.

The govt has made it mandatory for a nodal officer in each state who will be in charge of old age homes and further mandated constant monitoring of these old age homes.

The Bill also has the provision of day care centres which will provide meals and engage senior citizens in activities from morning to evening. The government has also mandated that home care be provided to those who are too old to commute or have a disability through agencies nominated by the state governments.

These agencies, as well as NGOs, government and autonomous bodies — engaged in senior citizen care — are all to be registered.

The registration will further help to keep a count of the number of senior citizens, and those in need of assistance. Special units for senior citizens will also be established at police stations across the country besides a special helpline.
Fiscal double whammy is putting India’s economy in a tight
Syllabus subtopic: Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.

News: The government is facing a double whammy. The sharp deceleration in economic growth in nominal terms has shredded its fiscal math, and at the same time, the Centre cannot excuse itself from more spending.

Prelims and Mains focus: about the recent economic slowdown, its implications and ways to address them.

Background

Gross domestic product (GDP) grew by 7% in nominal terms for the first half of FY20 and economists are worried the full-year figure may not touch even 10%.

Recall that the government had assumed a 12% GDP growth in its budget in February.

In FY19, the nominal growth was 12.3% in the first half and 11.2% for the full year.

Consequences

A slowing economy by extension will lead to lower growth in tax revenues. After all, as earnings reduce, so does the potential to tax. Gross tax collections are falling for the first time in a decade and analysts expect them to miss the budget target by a mile.

Jefferies India Pvt. Ltd estimates that taxes will fall short of target by ?3.1 trillion. “Indeed, with early indicators even weaker in Oct-Nov, the challenges may well exacerbate,” the brokerage firm said in a note dated 30 November.

Meanwhile, the government has exhausted its options to fill a widening hole. It has tapped the Reserve Bank of India (RBI) for extra dividend, held over several states’ share in revenue and delayed payments to several agencies, prized companies could fetch a large chunk. The government is also trying to hawk its land.

Even so, analysts believe that fiscal deficit would slip to 3.8-4% as against the budgeted 3.4% of GDP. Therefore, the government will have to borrow more from the market to plug the widening deficit.
Bond markets are pricing in extra borrowing. It is only the surplus liquidity which is keeping yields under check.

The yield on the 10-year government bond has eased 86 basis points ever since RBI began its rate-cutting cycle in February. A basis point is one-hundredth of a percentage point. The drop seems less when seen in the light of a large surplus liquidity and a cumulative policy rate cut of 135 basis points.

This indicates that bond markets have not been able to embrace the fall in policy rates given the concerns over the fiscal deficit.

Beyond the impact on market rates, the government and its agencies are already crowding out the private sector. With total public sector borrowing estimated at 9% of GDP, it leaves precious little of the savings in the economy for the private sector.
UPSC "PT" DNA (Daily News Analysis)

Source: Livemint
Syllabus subtopic: Government policies and interventions for development in various sectors and issues arising out of their design and implementation.


Prelims and Mains focus: About the key features of the Bill, its significance and concerns raised against the Bill; Assam accord, NRC

About the Bill

- The Bill seeks to amend the Citizenship Act, 1955 by seeking to grant citizenship to undocumented non-Muslims from Bangladesh, Pakistan and Afghanistan who came to India on or before December 31, 2014.

- The Bill shall not apply to tribal areas of Assam, Meghalaya, Mizoram and Tripura as included in the sixth schedule of the Constitution and States of Arunachal Pradesh, Mizoram and Nagaland protected by the Inner Line Permit (ILP).

- Citizens of other States require ILP to visit the three States as per the Bengal Eastern Frontier Regulation, 1873.

- The exemption means that Hindu, Buddhist, Christian, Parsi, Jain and Sikh communities from the three countries will not be able to take up jobs, purchase land or settle down in these areas.
Significance

The purpose of the Bill says that it will **enable acquisition of Indian citizenship by persons who were forced to seek shelter in India due to persecution or fear of it on grounds of religion** and will extend the facility to the class of persons presently facing hardships and difficulties in acquiring citizenship.

The earlier form of the Bill cleared by the Lok Sabha in January did not have these provisions.
Concerns of Northeastern States

Northeastern States erupted in protests against the Bill as it will nullify the provisions of the Assam Accord of 1985, which fixed March 24, 1971, as the cutoff date for deportation of all illegal immigrants, irrespective of religion.

The National Register of Citizens (NRC) in Assam was updated as per the accord. The Bill says the six non-Muslim communities “shall not be treated as illegal migrant” for violating provisions under Passport Act, 1920 or the Foreigners Act, 1946 that pertains to foreigners entering and staying in India illegally.

The Bill also proposes to protect the applicants under this category from all pending legal cases.

“On and from the date of commencement of the Citizenship (Amendment) Bill, 2019, any proceedings pending against a person under this section in respect of illegal migration or citizenship shall stand abated on conferment of citizenship to him," the Bill says.

The immediate beneficiaries of this amendment would be the nonMuslim people out of the over 19lakh people who were excluded from Assam’s National Register of Citizens (NRC) published on August 31.

About the Assam Accord 1985 and NRC
Climate-related disasters on the uptick
GS-III | 05 December, 2019

**Syllabus subtopic:** Conservation, environmental pollution and degradation, environmental impact assessment

**News:** Worsening heatwaves are taking a heavier toll on rich as well as poor countries, according to an *annual ranking*, the *Global Climate Risk Index*, published by *environmental thinktank Germanwatch*.

**Prelims and Mains focus:** about the report and its key findings on impact of climate change

**Key findings of the report**

- The index rated *Japan* as the *most affected country in 2018*, while *Germany* was in third position.

- Both of the industrialised nations were hit hard by heatwaves and drought that year, as was *India* — in fifth position — which suffered *water shortages, crop failures and worst flooding*, Germanwatch said in a report.

- “Recent science has confirmed the long-established link between climate change and the frequency and severity of extreme heat,” it added in a statement.

- Across Europe, extreme heat spells are now up to 100 times more likely than a century ago, says the report. It noted that the impact of heatwaves on African countries may be underrepresented due to a lack of data.

- Powerful storms also left a trail of destruction in 2018, with the Philippines second in the climate risk index due to large losses when it was battered by topstrength *Typhoon*
Madagascar was the fourth most weather-affected country as two cyclones killed about 70 people and forced 70,000 to seek refuge.

The index results showed that the “signs of climate crisis”, on all continents, could no longer be ignored.
End of reservation for Anglo-Indians?
GS-II | 05 December, 2019

Syllabus subtopic: Government policies and interventions for development in various sectors and issues arising out of their design and implementation.

News: The Union Cabinet on Wednesday approved a proposal to extend reservation for Scheduled Castes and Scheduled Tribes in the Lok Sabha and State Assemblies for 10 years but a question mark prevailed over whether it has extended reservation for two seats in the Lok Sabha for the Anglo-Indian community.

Prelims and Mains focus: About the provisions relating to the reservation, about Anglo-Indians and their representation in the Parliament

- Provisions for reservation for SCs/STs and Anglo Indians are extended under Article 334 (a) and (b) of the Constitution.

- Two members of the Anglo Indian community have been nominated in the Lok Sabha since the adoption of the Constitution, under article 334(b).

Meaning and history of Anglo Indians in India

India is the largest democracy of the world. The Parliament of India is comprises of Lok Sabha, Rajya Sabha and President of India. India is ‘Union of State’ that is why the members of Parliament are elected from all corners of the country.

There can be a total of 552 seats (530 states + 20 Union Territories + 2 Anglo Indians) in the Lok Sabha in the country, but only 543 seats are filled from elected members of the different states and Union Territories.
If there is no member is elected from the Anglo Indian community then the President of India is authorised to nominate 2 members of this community for the Lok Sabha.

Now the question arises that after all who are the Anglo Indians, why are they sent to the Parliament and the Legislative Assembly?

Meaning of Anglo Indians in India

The term Anglo Indian is defined as per the article 366 (2) of the Indian constitution; “a person whose father or any of whose other male progenitors in the male line is or was of European descent but who is a native of India.”

The term Anglo Indian was first defined in the Government of India Act, 1935.

The arrival of Anglo-Indians in India was reported when the British were laying rail tracks and telephone lines in India. Due to technological knowledge the people of European society were called in India for the rail track deployment. These people later on married to Indian girls and settled here.

Most of the Anglo-Indian families had relation with Indian railways that is why they still call themselves 'Railway Children'.

The Anglo-Indian community created its organization known as ‘The All India Anglo-Indian Association’ in 1876. ‘Frank Anthony’ born in Jabalpur was the chairman of this organisation who later became a member of the Constituent Assembly.

It is worth to mention that article 331 was added in the Indian constitution because of his efforts. Frank Anthony was nominated to the Lok Sabha 7 times just because of article 331.

Anglo Indians in Parliament and Legislative Assemblies

Anglo Indian is the only community of India whose representatives are sent to Parliament and Legislative Assemblies through nomination.

Under the article 331; the President of India is authorised to nominate 2 members of the Anglo Indian community if no member of this community is elected among the 543 members for the Lok Sabha.
In the same way the governor of the state is authorised to nominate 1 Anglo Indian in the lower house of the State Legislature (in case of under representation).

According to the 10th schedule of the Constitution, any Anglo-Indian member can take the membership of any party within 6 months of the nomination. After the membership; they are bound to the party whip and they have to work in the house according to the party’s agenda.

Keep in mind that nominated members have all those powers, which are enjoyed by a common MP. But they can’t vote in the election of the President because they are nominated by the President.

India is a country of huge cultural diversity. Here, people of every society and culture get respect and representation. This is probably the reason that from 1951 to 2014, people of the Anglo-Indian community have been sent to the Parliament so that they can represent the people of their community.

Note: Click on the link below for a detailed analysis on reservation

http://lawtimesjournal.in/an-analysis-of-reservation-in-india/

Source: The Hindu

Govt. procured only 3% of pulses, oilseeds proposed for this season
GS-III | 05 December, 2019

Syllabus subtopic: Issues related to direct and indirect farm subsidies and minimum support prices; Public Distribution System objectives, functioning, limitations, revamping; issues of buffer stocks and food security; Technology missions; economics of animal-rearing.

News: Less than 3% of this season’s sanctioned amount of pulses and oilseeds have actually been procured so far under the oncehyped PMAASHA scheme, Agriculture Ministry data show.

Prelims and Mains focus: About PM-AASHA, its significance and challenges in its
Background

Arrivals of these crops began in October and will end by February. A total of 37.59 lakh metric tonnes of procurement had been sanctioned under the Centrally funded scheme.

However, only 1.08 lakh tonnes have been procured so far, according to data placed in the Lok Sabha on Tuesday. In fact, of the eleven States that opted for the scheme this season, procurement has not even started in Uttar Pradesh, Madhya Pradesh and Odisha.

About PM-AASHA

The PMAASHA or Pradhan Mantri Annadata Aay Sanrakshan Abhiyan, was announced with great fanfare in September 2018, as an effort to ensure that farmers growing pulses, oilseeds and copra actually get the minimum support prices they are promised for their crops each year.

Apart from initiatives to allow cash payment to farmers or procurement by private traders, PM-AASHA’s main feature was a price support scheme whereby Central agencies would procure pulses and oilseeds directly from farmers.

The Centre had budgeted ₹15,053 crore over two years to implement the scheme apart from an additional government credit guarantee of ₹16,550 crore for agencies undertaking procurement.

The main crops covered under the scheme this season are moong, urad, arhar, groundnut and soyabean.

Challenges

The late arrival of the monsoon means that harvests and crop arrivals also began slightly later than expected, especially for arhar or tur dal, so procurement is likely to continue, though tapering, until February.

Increasing MSP is not adequate and it is more important that farmers should get full benefit of the announced MSP.

Source: The Hindu
Centre likely to challenge Uttarakhand forest notice
GS-III | 05 December, 2019

**Syllabus subtopic:** Conservation, environmental pollution and degradation, environmental impact assessment

**News:** The **Union Environment Ministry** is likely to challenge a recent notification by the Uttarakhand Forest Department on its definition of a “deemed forest”.

**Prelims and Mains focus:** about the status of forest cover in India and the steps taken by the government to increase the forest cover

**Background**

In a notification on November 21, the Uttarakhand government said that in areas recorded as “deemed forest” only tracts 10 hectares and above and having a canopy density of greater than 60%, would be considered forest.

The freedom to define which tracts of forest qualify as forest has been the **prerogative of States since 1996**.

However, **this only applies to forest land that has not already been historically classified as “forest” in revenue records, or categorised so by the government as “protected” or “reserve forest”**.

The notification appears to extend this definition even to tracts already recorded as forest in revenue records.

**About deemed forests**

Deemed forests, which **comprise about 1% of India’s forest land**, are a **controversial subject** as they refer to land tracts that appear to be a “forest”, but have not been notified so by the government or in historical records.
Some data can be stored abroad without copy in India, Rs 15 cr fine for misuse

GS-II | 05 December, 2019

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News: In a significant departure from the draft Bill, the Personal Data Protection Bill cleared by the Cabinet on Wednesday allows some personal data to be stored and processed abroad with the individual’s consent, without requiring a mirror of the data in India, official sources said.

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Changes made in the draft of the Bill

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Exchange Traded Fund
Cabinet nod to changes in senior citizens’ law
GS-II | 05 December, 2019

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The yield on the 10-year government bond has eased 86 basis points ever since RBI began its rate-cutting cycle in February. A basis point is one-hundredth of a percentage point. The drop seems less when seen in the light of a large surplus liquidity and a cumulative policy rate cut of 135 basis points.

This indicates that bond markets have not been able to embrace the fall in policy rates given the concerns over the fiscal deficit.

Beyond the impact on market rates, the government and its agencies are already crowding out the private sector. With total public sector borrowing estimated at 9% of GDP, it leaves precious little of the savings in the economy for the private sector.
UPSC "PT" DNA (Daily News Analysis)

Source: Livemint
New norms to make social media more accountable

Syllabus subtopic: Government policies and interventions for development in various sectors and issues arising out of their design and implementation

News: The government said that it was working on rules to mandate social media companies to identify and remove child sexual abuse material, rape images and content promoting terrorism without affecting privacy.

Prelims and Mains focus: about the significance of the move and challenges in its implementation, debate between online regulation and privacy

About the govt’s move

The government has invited public comments on its draft of amendments to the Intermediary Rules 2011 and has received public imgs on the same.

The amendments inter alia propose that intermediaries should proactively identify and remove child sexual abuse material, rape/gangrape imagery and contents promoting terrorism without compromising accuracy or privacy using technology-based tools and mechanism. The rules are presently being finalised.

Section 69A of the IT Act, 2000, empowers the government to block any information generated, transmitted, received, stored or hosted in any computer resource in the interest of sovereignty and integrity of India, defence of India, security of the state, friendly relations with foreign states or public order or for preventing incitement to the commission of any cognisable offence relating to above.
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Existing regulations and misuse:

- In India, social media platforms already come under the purview of the Information Technology (IT) Act, the ‘intermediaries guidelines’ that were notified under the IT Act in 2011 and the Indian Penal Code.
- Under existing laws, social media channels are already required to take down content if they are directed to do so by a court or law enforcement.
- There are also reporting mechanisms on these platforms, where they exercise discretion to ascertain whether a reported post is violating community guidelines and needs to be taken down.
- These, however, have been reported to be arbitrary – many posts on body positivity and menstruation, for instance, have been taken down in the past while other explicit imagery continues to be allowed.
- Many of the existing regulations themselves are “dangerously close to censorship and may have a chilling effect on freedom of speech, which is why cases are being fought on those in courts.”
- Another problem of a lot of regulatory measures is the vagueness of language which is exploited by state agencies to behave in a repressive way.

Need for regulations:

The speed and reach of social media has meant that subversive rumours and fake news get aired with impunity. This has resulted in serious law and order problems. In India, this phenomenon has assumed dangerous proportions. Fake news on WhatsApp has led to lynchings and communal flare-ups in many parts of the country. This menace needs to be curbed.

Challenges before the government:

Too stringent a policy of policing social media could violate the individual’s right to privacy.

It’s not easy to force Facebook Inc., the owner of WhatsApp, to give up on the app’s unique selling proposition to the user of complete end-to-end confidentiality.

Way ahead:

Any conversation on additional regulation of social media brings up concerns about privacy and surveillance.
Therefore, any bid at regulating expression online has to be proportional and concrete with adequate redressal mechanisms and without any blanket provisions.
India’s foreign exchange reserves crossed the $450 billion mark for the first time ever on the back of strong inflows which enabled the central bank to buy dollars from the market, thus checking any sharp appreciation of the rupee.

Prelims and Mains focus: About quantitative easing, forex reserve, its composition and significance

Background

During the taper tantrums of 2013, (or the collective reactionary panic after the U.S. Federal Reserve said it would apply the brakes on its Quantitative Easing programme), India’s foreign exchange reserves fell to $274.8 billion in September of 2013, prompting the Centre and RBI to unleash measures to attract inflows. It has been a steady rise for the reserves since then, with $175 billion added in the last six years.

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At $451.7 billion, the country’s import cover is now over 11 months. The rise in foreign exchange reserves will give the central bank the firepower to act against any sharp depreciation of the rupee, currency.

The Reserve Bank has always maintained that it intervenes in the foreign exchange market to curb volatility and does not target a particular level of exchange rate.
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The Foreign Exchange Reserves are expressed in terms of the US dollars are subject to variations due to the appreciation/depreciation of non-US currencies such as the euro, pound and yen held in the reserves.

The components of India’s FOREX Reserves include:

1. Foreign currency assets (FCAs)
2. Gold Reserves
3. Special Drawing Rights (SDRs)
4. RBI’s Reserve position with International Monetary Fund (IMF).

Note: FCAs constitute largest component of Indian Forex Reserves and are expressed in US dollar terms.

Differences Between Helicopter Money and QE

Helicopter money is a theoretical and unorthodox monetary policy tool that central banks use to stimulate economies. Economist Milton Friedman introduced the framework for helicopter money in 1969, but former Federal Reserve Chairman Ben Bernanke popularized it in 2002. This policy should theoretically be used in a low-interest-rate environment when an economy’s growth remains weak. Helicopter money involves the central bank or central government supplying large amounts of money to the public, as if the money was being distributed or scattered from a helicopter.
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Source: The Hindu

RBI lays down guidelines for payments banksâ€™ SFB licence

GS-III | 06 December, 2019

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**Eligibility**

Existing payments banks (PBs), which are controlled by residents and have completed five years of operations, are also eligible for conversion into small finance banks after complying with all legal and regulatory requirements of various authorities and if they conform to these guidelines.

The minimum capital for setting up an SFB has been mandated at ?200 crore, the RBI said, adding for primary (urban) cooperative banks (UCBs), which wish to become SFBs, the initial
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OPEC, allies agree to deepen oil output cuts

GS-II | 06 December,2019

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News: OPEC and allies led by Russia agreed one of the deepest output cuts this decade to prevent oversupply in a deal that will apply for the first three months of 2020.

Prelims and Mains focus: about OPEC, its members and its importance for India’s oil demand, OPEC+

Context

The Organization of the Petroleum Exporting Countries (OPEC) is meeting to discuss policy in Vienna. On Friday OPEC will meet with Russia and other producers, a group known as OPEC+.

Existing supply curbs of 1.2 million barrels per day, aimed at supporting oil prices and preventing excess supply, are set to expire in March.

A panel of energy ministers including Saudi Arabia and Russia had recommended OPEC+ deepen the cuts by 500,000 bpd (barrels per day). A cut of 1.7 million bpd would amount to 1.7% of global supply.

About the time frame

Cuts would last through the first quarter of 2020, a shorter timeframe than suggested by some OPEC ministers, who have called for extending cuts until June or December 2020.

OPEC+ has agreed voluntary supply cuts since 2017 to counter booming output from the shale fields of the United States, which has become the world's biggest producer.

Challenges faced by OPEC

OPEC’s actions in the past have angered U.S. President Donald Trump, but Trump has said
little about OPEC in recent months. That might change if oil and gasoline prices rise ahead of the U.S. presidential election set for November 2020.

OPEC sources have said Riyadh was pressing fellow members Iraq and Nigeria to improve their compliance with quotas, which could provide an additional reduction of up to 400,000 bpd.

Washington has forced an even steeper reduction in supply through sanctions on OPEC members Iran and Venezuela aimed at choking both countries' oil export revenue.

Producers face another year of rising output from the United States along with other non-OPEC producers Brazil and Norway.

With a weaker U.S. dollar, improving economic data and OPEC aggressively managing supply, this should ensure a $60-$65 Brent oil price in the seasonally weak period of next year.

OPEC's actions have supported oil prices at around $50-$75 per barrel over the past year.

Compromise

Non-OPEC member Russia had previously opposed extending or deepening cuts as its companies are arguing that reducing output during winter months amid low temperatures damages the fields.

Saudi Arabia was more keen on reducing output as the kingdom needs higher oil prices to support its budget revenue and the initial public offering (IPO) of Saudi Aramco.

About OPEC

- The Organization of the Petroleum Exporting Countries (OPEC) is a permanent, intergovernmental Organization, created at the Baghdad Conference on September 10–14, 1960, by Iran, Iraq, Kuwait, Saudi Arabia and Venezuela.

- OPEC had its headquarters in Geneva, Switzerland, in the first five years of its existence. This was moved to Vienna, Austria, on September 1, 1965.

OPEC’s objective:

OPEC's objective is to co-ordinate and unify petroleum policies among Member Countries, in order to secure fair and stable prices for petroleum producers; an efficient, economic and regular supply of petroleum to consuming nations; and a fair return on capital to those investing in the industry.
OPEC+

OPEC plus refers to OPEC's cooperation with non-OPEC oil producers to effect production cuts.

In an attempt to cut production and raise oil prices, OPEC came together and agreed on a production cut where each member country would cut production by a small amount, a couple percent in most cases.

In addition to including OPEC countries in this production cut, OPEC invited non-OPEC nations, mainly Russia and former U.S.S.R states like Azerbaijan that are still heavily influenced by Russia. OPEC was able to reach a consensus for production cuts not just...
between OPEC members but also for a handful of non-OPEC nations just increasing the total amount of oil production being cut and presumably making their efforts more effective.

In June 2018, Russia agreed towards 100 per cent compliance with oil output production cuts.

Source: Livemint

In a surprise, RBI keeps interest rates unchanged

**Syllabus subtopic:** Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.

**News:** The RBI’s Monetary Policy Committee (MPC) unanimously decided to keep the key policy rate unchanged for the first time in 2019, as it worried about the rising inflation and felt that more time was needed for the impact of past rate cuts and more clarity on the fiscal policy and price fronts.

**Prelims and Mains focus:** About Monetary Policy Committee, repo rate, MCLR, various interventions by the RBI to sustain growth

**Further action taken by RBI**

Unveiling the fifth bi-monthly monetary policy, the Reserve Bank of India’s (RBI) policy panel also sharply slashed its gross domestic product (GDP) growth estimates for the fiscal 2019-20 to 5 per cent from 6.1 per cent earlier, citing a weak domestic demand, further slowdown in global economic activity and geo-political tensions. The government had last week said the GDP growth in September 2019 quarter had plunged to 4.5 per cent, the lowest since the three months ended March 2013.

While the decision to keep the repo rate at 5.15 per cent was unexpected, the MPC said it will “continue with the accommodative stance as long as it is necessary to revive growth, while ensuring that inflation remains within the target”. An accommodative stance typically means that the MPC will cut rates whenever it finds the space available to do so.
However, the RBI indicated there is monetary policy space for future action after considering the fiscal measures in the Budget and more clarity on inflation.

Inflation targeting is the MPC’s “primary mandate”. While the RBI had cut repo rates by 135 basis points (bps) in five policy reviews in 2019, the one-year median marginal cost of funds-based lending rate (MCLR) has declined by only 49 bps. The weighted average lending rate (WALR) on fresh rupee loans sanctioned by banks declined by only 44 bps.

The MPC raised its inflation projection for the second half of the current financial year to 4.17-5.1 per cent from 3.5-3.7 per cent earlier. Under the RBI’s inflation targeting mandate, the MPC is supposed to keep headline inflation within a 2-6 per cent range, but it has typically targeted the midpoint of 4 per cent.

Concerns of various stakeholders

The MPC’s decision to pause surprised the markets and bankers, as they had expected a 25 bps cut thanks to GDP growth plunging to 4.5 per cent in September quarter. Other high frequency indicators such as core sector output for October, which contracted 5.8 per cent, and November auto sales point to sluggish demand.

In October, consumer price inflation rose to a 16-month high of 4.62 per cent. While most economists expected the MPC to look through this rise as transient, the MPC said that “the upsurge in prices of vegetables is likely to continue in immediate months.” It also pointed to “incipient price pressures seen in other food items such as milk, pulses, and sugar are likely to be sustained, with implications for the trajectory of food inflation.”

The RBI panel also indicated that various high frequency indicators suggest that domestic and external demand conditions have remained weak. “Based on the early results, the business expectations index of the Reserve Bank’s industrial outlook survey indicates a marginal pickup in business sentiments in Q4 (January-March),” the MPC statement said.

The RBI Governor said the monetary policy easing since February 2019 and the government measures “are expected to revive sentiment and spur domestic demand.” The RBI expects growth to pick up in the first half of fiscal 2020-21 at 5.9-6.3 per cent.
The MPC also said it was waiting for more insights from the forthcoming Union Budget.

Addressing a press conference, the RBI said most banks had linked their lending rates to the policy repo rate of the Reserve Bank.

**Monetary Policy Committee (MPC)**

- The Monetary Policy Committee of India is responsible for fixing the benchmark interest rate in India.
- The meetings of the Monetary Policy Committee are held at least 4 times a year and it publishes its decisions after each such meeting.
- The committee comprises six members—three officials of the Reserve Bank of India and three external members nominated by the Government of India.
- Decisions are taken by majority with the Governor having the casting vote in case of a tie.
- The members need to observe a “silent period” seven days before and after the rate decision for “utmost confidentiality”.

**Composition of MPC:**

1. Governor of the Reserve Bank of India – Chairperson, ex officio
2. Deputy Governor of the Bank, in charge of Monetary Policy—Member, ex officio
3. One officer of the Reserve Bank of India to be nominated by the Central Board – Member
4. Other three members are nominated by the Government.

**MCLR**

Marginal Cost of Funds based Lending Rate (MCLR) is the **minimum lending rate below which a bank is not permitted to lend**. RBI can give authorization for the same in exceptional cases.

MCLR (Marginal Cost of funds based Lending Rate) replaced the earlier base rate system to determine the lending rates for commercial banks. RBI implemented MCLR on 1 April 2016 to determine rates of interests for loans. It is an internal reference rate for banks to determine the interest they can levy on loans. For this, they take into account the additional or incremental cost of arranging additional rupee for a prospective buyer.

**The Outcome of MCLR implementation**

After the implementation of MCLR, the interest rates are determined as per the relative risk factor of individual customers. Previously, when RBI reduced the repo rate, banks took a long time to reflect it in the lending rates for the borrowers. Under the MCLR regime, banks must
adjust their interest rates as soon as the repo rate changes. The implementation aims at improving the openness in the structure followed by the banks to calculate the interest rate on advances. It also ensures the prospect of bank credits at the interest that is true to the consumers as well as the banks.

**How to calculate MCLR?**

MCLR is calculated based on the loan tenor, i.e., the amount of time a borrower has to repay the loan. This tenor-linked benchmark is internal in nature. The bank determines the actual lending rates by adding the elements spread to this tool. The banks, then, publish their MCLR after careful inspection. The same process applies for loans of different maturities – monthly or as per a pre-announced cycle.

The **four main elements of MCLR** are made up of the following:

a. **Tenor premium**

The cost of lending varies from the period of the loan. Higher the duration of the loan, higher will be the risk. In order to cover the risk, the bank will shift the load to the borrowers by charging an amount in the form of premium. This premium is known as the Tenure Premium.

b. **The marginal cost of funds**

The marginal cost of funds is the average rate at which the deposits with similar maturities were raised during a specific period before the review date. This cost will reflect in the bank’s books by their outstanding balance. The marginal cost of funds has several components like the Return on Net Worth and the Marginal Cost of Borrowings. Marginal Cost of Borrowings takes up 92% while the Return on Net Worth accounts for 8%. This 8% is equivalent to the risk of weighted assets as denoted by the Tier I capital for banks.

c. **Operating Cost**

Operational expenses include the cost of raising funds, barring the costs recovered separately through service charges. It is, therefore, connected to providing the loan product as such.

d. **Negative carry on account of CRR**

Negative carry on the CRR (Cash Reserve Ratio) takes place when the return on the CRR balance is zero. Negative carry arises when the actual return is less than the cost of the funds. This will impact the mandatory *Statutory Liquidity Ratio Balance* (SLR) – reserve every commercial bank must maintain. It is accounted negatively as the bank cannot utilize the funds to earn any income nor gain interests.
How is MCLR different from Base Rate?

MCLR is set by the banks on the basis of the structure and methodology followed. To summarise, borrowers can benefit from this change.

MCLR is an improved version of the base rate. It is a risk-based approach to determine the final lending rate for borrowers. It considers unique factors like the marginal cost of funds instead of the overall cost of funds. The marginal cost takes into account the repo rate, which did not form part of the base rate.

When calculating the MCLR, banks are required to incorporate all kinds of interest rates which they incur in mobilizing the funds. Earlier, the loan tenure was not taken into account when determining the base rate. In the case of MCLR, the banks are now required to include a tenor premium. This will allow banks to charge a higher rate of interest for loans with long-term horizons.

What are the deadlines to disclose monthly MCLR?

Banks have the liberty to make available all loan categories under fixed or floating interest rates. Additionally, banks need to follow specific deadlines to disclose the MCLR or the internal benchmark. They could be one month, overnight MCLR, three months, one year or any other maturity as the bank deems fit.

The lending rate cannot be below the MCLR for any loan maturities. However, there are other loans which are not linked to MCLR. These include loans against customers’ deposit, loans to the bank’s employees, special loan schemes by Government of India (Jan Dhan Yojana), fixed-rate loans with tenures above three years.

Source: Indian Express

PNB scam: Court declares Nirav Modi fugitive economic offender
GS-III | 06 December, 2019

Syllabus subtopic: Challenges to internal security through communication networks, role of media and social networking sites in internal security challenges, basics of cyber security; money-laundering and its prevention
News: A special court Thursday declared diamantaire Nirav Modi, a “fugitive economic offender” under the Fugitive Economic Offenders Act, 2018 — enacted against those fleeing the country to evade the process of law. The court will now hear submissions for confiscation of his property.

Prelims and Mains focus: key features of the Fugitive Economic Offenders Act, PMLA, Enforcement Directorate

Context:

When Modi left India on January 1 last year, he was aware about payments that were due on January 25, 2018, to the Punjab National Bank on the Letters of Undertaking issued to his firms, and therefore he left the country in “suspicious circumstances”, the court said.

The special court, designated under the Prevention of Money Laundering Act, said the Enforcement Directorate had filed a plea to declare Modi a fugitive economic offender last year.

The ED had submitted Modi left the country due to his involvement in an alleged bank fraud to the tune of Rs 6,498.70 crore in connivance with the bank staff though the diamantaire claimed it was a business-related trip. The court accepted the contention that Modi left the country to avoid criminal prosecution. Modi was arrested in the United Kingdom and is currently facing extradition proceedings.

Definition: Fugitive Economic Offender

The fugitive economic offenders’ law came into force in August 2018. A person can be named an offender under this law if there is an arrest warrant against him or her for involvement in economic offences involving at least Rs. 100 crore or more and has fled from India to escape legal action.

The procedure:

- The investigating agencies have to file an application in a Special Court under the...
Prevention of Money-Laundering Act, 2002 containing details of the properties to be confiscated, and any information about the person's whereabouts.

- The Special Court will issue a notice for the person to appear at a specified place and date at least six weeks from the issue of notice.

- Proceedings will be terminated if the person appears. If not, the person would be declared as a Fugitive Economic Offender based on the evidence filed by the investigating agencies.

- The person who is declared as a Fugitive Economic Offender can challenge the proclamation in the High Court within 30 days of such declaration according to the Fugitive Economic Offenders Act, 2018.
Enforcement Directorate

Directorate of Enforcement is a specialized financial investigation agency under the Department of Revenue, Ministry of Finance, Government of India, which enforces the following laws:

- **Foreign Exchange Management Act, 1999 (FEMA)** – A Civil Law, with officers empowered to conduct investigations into suspected contraventions of the Foreign Exchange Laws and Regulations, adjudicate, contraventions, and impose penalties on those adjudged to have contravened the law.
- **Prevention of Money Laundering Act, 2002 (PMLA)** – A Criminal Law, with the officers empowered to conduct investigations to trace assets derived out of the proceeds of crime, to provisionally attach/confiscate the same, and to arrest and prosecute the offenders found to be involved in Money Laundering.

**PMLA 2002**

Prevention of Money Laundering Act, 2002 is an Act of the Parliament of India enacted to prevent money-laundering and to provide for confiscation of property derived from money-laundering.

- PMLA and the Rules notified there under came into force with effect from July 1, 2005.
- The Act and Rules notified there under impose obligation on banking companies, financial institutions and intermediaries to verify identity of clients, maintain records and furnish information.

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Context

The Organization of the Petroleum Exporting Countries (OPEC) is meeting to discuss policy in Vienna. On Friday OPEC will meet with Russia and other producers, a group known as OPEC+.

Existing supply curbs of 1.2 million barrels per day, aimed at supporting oil prices and preventing excess supply, are set to expire in March.

A panel of energy ministers including Saudi Arabia and Russia had recommended OPEC+ deepen the cuts by 500,000 bpd (barrels per day). A cut of 1.7 million bpd would amount to 1.7% of global supply.

About the time frame

Cuts would last through the first quarter of 2020, a shorter timeframe than suggested by some OPEC ministers, who have called for extending cuts until June or December 2020.

OPEC+ has agreed voluntary supply cuts since 2017 to counter booming output from the shale fields of the United States, which has become the world's biggest producer.

Challenges faced by OPEC

OPEC’s actions in the past have angered U.S. President Donald Trump, but Trump has said
little about OPEC in recent months. That might change if oil and gasoline prices rise ahead of
the U.S. presidential election set for November 2020.

OPEC sources have said Riyadh was pressing fellow members Iraq and Nigeria to improve their
compliance with quotas, which could provide an additional reduction of up to 400,000 bpd.

Washington has forced an even steeper reduction in supply through sanctions on OPEC
members Iran and Venezuela aimed at choking both countries' oil export revenue.

Producers face another year of rising output from the United States along with other non-OPEC
producers Brazil and Norway.

With a weaker U.S. dollar, improving economic data and OPEC aggressively managing supply,
this should ensure a $60-$65 Brent oil price in the seasonally weak period of next year.

OPEC's actions have supported oil prices at around $50-$75 per barrel over the past year.

Compromise

Non-OPEC member Russia had previously opposed extending or deepening cuts as its
companies are arguing that reducing output during winter months amid low temperatures
damages the fields.

Saudi Arabia was more keen on reducing output as the kingdom needs higher oil prices to
support its budget revenue and the initial public offering (IPO) of Saudi Aramco.

About OPEC

- The Organization of the Petroleum Exporting Countries (OPEC) is a permanent,
tingovernmental Organization, created at the Baghdad Conference on September
10–14, 1960, by Iran, Iraq, Kuwait, Saudi Arabia and Venezuela.

- OPEC had its headquarters in Geneva, Switzerland, in the first five years of its existence. This was moved to Vienna, Austria, on September 1, 1965.

OPEC’s objective:

OPEC's objective is to co-ordinate and unify petroleum policies among Member Countries, in order to secure fair and stable prices for petroleum producers; an efficient, economic and regular supply of petroleum to consuming nations; and a fair return on capital to those investing in the industry.
OPEC+

OPEC plus refers to OPEC’s cooperation with non-OPEC oil producers to effect production cuts.

In an attempt to cut production and raise oil prices, OPEC came together and agreed on a production cut where each member country would cut production by a small amount, a couple percent in most cases.

In addition to including OPEC countries in this production cut, OPEC invited non-OPEC nations, mainly Russia and former U.S.S.R states like Azerbaijan that are still heavily influenced by Russia. OPEC was able to reach a consensus for production cuts not just
between OPEC members but also for a handful of non-OPEC nations just increasing the total amount of oil production being cut and presumably making their efforts more effective.

In June 2018, Russia agreed towards 100 per cent compliance with oil output production cuts.

Source: Livemint

In a surprise, RBI keeps interest rates unchanged

Syllabus subtopic: Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.

News: The RBI’s Monetary Policy Committee (MPC) unanimously decided to keep the key policy rate unchanged for the first time in 2019, as it worried about the rising inflation and felt that more time was needed for the impact of past rate cuts and more clarity on the fiscal policy and price fronts.

Prelims and Mains focus: About Monetary Policy Committee, repo rate, MCLR, various interventions by the RBI to sustain growth

Further action taken by RBI

Unveiling the fifth bi-monthly monetary policy, the Reserve Bank of India’s (RBI) policy panel also sharply slashed its gross domestic product (GDP) growth estimates for the fiscal 2019-20 to 5 per cent from 6.1 per cent earlier, citing a weak domestic demand, further slowdown in global economic activity and geo-political tensions. The government had last week said the GDP growth in September 2019 quarter had plunged to 4.5 per cent, the lowest since the three months ended March 2013.

While the decision to keep the repo rate at 5.15 per cent was unexpected, the MPC said it will “continue with the accommodative stance as long as it is necessary to revive growth, while ensuring that inflation remains within the target”. An accommodative stance typically means that the MPC will cut rates whenever it finds the space available to do so.
However, the RBI indicated there is monetary policy space for future action after considering the fiscal measures in the Budget and more clarity on inflation.

Inflation targeting is the MPC’s “primary mandate”. While the RBI had cut repo rates by 135 basis points (bps) in five policy reviews in 2019, the one-year median marginal cost of funds-based lending rate (MCLR) has declined by only 49 bps. The weighted average lending rate (WALR) on fresh rupee loans sanctioned by banks declined by only 44 bps.

The MPC raised its inflation projection for the second half of the current financial year to 4.17-5.1 per cent from 3.5-3.7 per cent earlier. Under the RBI’s inflation targeting mandate, the MPC is supposed to keep headline inflation within a 2-6 per cent range, but it has typically targeted the midpoint of 4 per cent.

Concerns of various stakeholders

The MPC’s decision to pause surprised the markets and bankers, as they had expected a 25 bps cut thanks to GDP growth plunging to 4.5 per cent in September quarter. Other high frequency indicators such as core sector output for October, which contracted 5.8 per cent, and November auto sales point to sluggish demand.

In October, consumer price inflation rose to a 16-month high of 4.62 per cent. While most economists expected the MPC to look through this rise as transient, the MPC said that “the upsurge in prices of vegetables is likely to continue in immediate months.” It also pointed to “incipient price pressures seen in other food items such as milk, pulses, and sugar are likely to be sustained, with implications for the trajectory of food inflation.”

The RBI panel also indicated that various high frequency indicators suggest that domestic and external demand conditions have remained weak. “Based on the early results, the business expectations index of the Reserve Bank’s industrial outlook survey indicates a marginal pickup in business sentiments in Q4 (January-March),” the MPC statement said.

The RBI Governor said the monetary policy easing since February 2019 and the government measures “are expected to revive sentiment and spur domestic demand.” The RBI expects growth to pick up in the first half of fiscal 2020-21 at 5.9-6.3 per cent.
The MPC also said it was waiting for more insights from the forthcoming Union Budget.

Addressing a press conference, the RBI said most banks had linked their lending rates to the policy repo rate of the Reserve Bank.

Monetary Policy Committee (MPC)

- The Monetary Policy Committee of India is responsible for fixing the benchmark interest rate in India.
- The meetings of the Monetary Policy Committee are held at least 4 times a year and it publishes its decisions after each such meeting.
- The committee comprises six members – three officials of the Reserve Bank of India and three external members nominated by the Government of India.
- Decisions are taken by majority with the Governor having the casting vote in case of a tie.
- The members need to observe a “silent period” seven days before and after the rate decision for “utmost confidentiality”.

Composition of MPC:

1. Governor of the Reserve Bank of India – Chairperson, ex officio
2. Deputy Governor of the Bank, in charge of Monetary Policy—Member, ex officio
3. One officer of the Reserve Bank of India to be nominated by the Central Board – Member
4. Other three members are nominated by the Government.

MCLR

Marginal Cost of Funds based Lending Rate (MCLR) is the minimum lending rate below which a bank is not permitted to lend. RBI can give authorization for the same in exceptional cases.

MCLR (Marginal Cost of funds based Lending Rate) replaced the earlier base rate system to determine the lending rates for commercial banks. RBI implemented MCLR on 1 April 2016 to determine rates of interests for loans. It is an internal reference rate for banks to determine the interest they can levy on loans. For this, they take into account the additional or incremental cost of arranging additional rupee for a prospective buyer.

The Outcome of MCLR implementation

After the implementation of MCLR, the interest rates are determined as per the relative risk factor of individual customers. Previously, when RBI reduced the repo rate, banks took a long time to reflect it in the lending rates for the borrowers. Under the MCLR regime, banks must...
adjust their interest rates as soon as the repo rate changes. The implementation aims at improving the openness in the structure followed by the banks to calculate the interest rate on advances. It also ensures the prospect of bank credits at the interest that is true to the consumers as well as the banks.

How to calculate MCLR?

MCLR is calculated based on the loan tenor, i.e., the amount of time a borrower has to repay the loan. This tenor-linked benchmark is internal in nature. The bank determines the actual lending rates by adding the elements spread to this tool. The banks, then, publish their MCLR after careful inspection. The same process applies for loans of different maturities – monthly or as per a pre-announced cycle.

The four main elements of MCLR are made up of the following:

a. Tenor premium

The cost of lending varies from the period of the loan. Higher the duration of the loan, higher will be the risk. In order to cover the risk, the bank will shift the load to the borrowers by charging an amount in the form of premium. This premium is known as the Tenure Premium.

b. The marginal cost of funds

The marginal cost of funds is the average rate at which the deposits with similar maturities were raised during a specific period before the review date. This cost will reflect in the bank’s books by their outstanding balance.

The marginal cost of funds has several components like the Return on Net Worth and the Marginal Cost of Borrowings. Marginal Cost of Borrowings takes up 92% while the Return on Net Worth accounts for 8%. This 8% is equivalent to the risk of weighted assets as denoted by the Tier I capital for banks.

c. Operating Cost

Operational expenses include the cost of raising funds, barring the costs recovered separately through service charges. It is, therefore, connected to providing the loan product as such.

d. Negative carry on account of CRR

Negative carry on the CRR (Cash Reserve Ratio) takes place when the return on the CRR balance is zero. Negative carry arises when the actual return is less than the cost of the funds. This will impact the mandatory Statutory Liquidity Ratio Balance (SLR) – reserve every commercial bank must maintain. It is accounted negatively as the bank cannot utilize the funds to earn any income nor gain interests.
How is MCLR different from Base Rate?

MCLR is set by the banks on the basis of the structure and methodology followed. To summarise, borrowers can benefit from this change.

MCLR is an improved version of the base rate. It is a risk-based approach to determine the final lending rate for borrowers. It considers unique factors like the marginal cost of funds instead of the overall cost of funds. The marginal cost takes into account the repo rate, which did not form part of the base rate.

When calculating the MCLR, banks are required to incorporate all kinds of interest rates which they incur in mobilizing the funds. Earlier, the loan tenure was not taken into account when determining the base rate. In the case of MCLR, the banks are now required to include a tenor premium. This will allow banks to charge a higher rate of interest for loans with long-term horizons.

What are the deadlines to disclose monthly MCLR?

Banks have the liberty to make available all loan categories under fixed or floating interest rates. Additionally, banks need to follow specific deadlines to disclose the MCLR or the internal benchmark. They could be one month, overnight MCLR, three months, one year or any other maturity as the bank deems fit.

The lending rate cannot be below the MCLR for any loan maturities. However, there are other loans which are not linked to MCLR. These include loans against customers’ deposit, loans to the bank’s employees, special loan schemes by Government of India (Jan Dhan Yojana), fixed-rate loans with tenures above three years.

Source: Indian Express

PNB scam: Court declares Nirav Modi fugitive economic offender
GS-III | 06 December, 2019

Syllabus subtopic: Challenges to internal security through communication networks, role of media and social networking sites in internal security challenges, basics of cyber security; money-laundering and its prevention
News: A special court Thursday declared diamantaire Nirav Modi, a “fugitive economic offender” under the Fugitive Economic Offenders Act, 2018 — enacted against those fleeing the country to evade the process of law. The court will now hear submissions for confiscation of his property.

Prelims and Mains focus: key features of the Fugitive Economic Offenders Act, PMLA, Enforcement Directorate

Context:

When Modi left India on January 1 last year, he was aware about payments that were due on January 25, 2018, to the Punjab National Bank on the Letters of Undertaking issued to his firms, and therefore he left the country in “suspicious circumstances”, the court said.

The special court, designated under the Prevention of Money Laundering Act, said the Enforcement Directorate had filed a plea to declare Modi a fugitive economic offender last year.

The ED had submitted Modi left the country due to his involvement in an alleged bank fraud to the tune of Rs 6,498.70 crore in connivance with the bank staff though the diamantaire claimed it was a business-related trip. The court accepted the contention that Modi left the country to avoid criminal prosecution. Modi was arrested in the United Kingdom and is currently facing extradition proceedings.

Definition: Fugitive Economic Offender

The fugitive economic offenders’ law came into force in August 2018. A person can be named an offender under this law if there is an arrest warrant against him or her for involvement in economic offences involving at least Rs. 100 crore or more and has fled from India to escape legal action.

The procedure:

- The investigating agencies have to file an application in a Special Court under the
Prevention of Money-Laundering Act, 2002 containing details of the properties to be confiscated, and any information about the person's whereabouts.

- The Special Court will issue a notice for the person to appear at a specified place and date at least six weeks from the issue of notice.

- Proceedings will be terminated if the person appears. If not the person would be declared as a Fugitive Economic Offender based on the evidence filed by the investigating agencies.

- The person who is declared as a Fugitive Economic Offender can challenge the proclamation in the High Court within 30 days of such declaration according to the Fugitive Economic Offenders Act, 2018.
Enforcement Directorate

Directorate of Enforcement is a specialized financial investigation agency under the Department of Revenue, Ministry of Finance, Government of India, which enforces the following laws:

- **Foreign Exchange Management Act, 1999 (FEMA)** – A Civil Law, with officers empowered to conduct investigations into suspected contraventions of the Foreign Exchange Laws and Regulations, adjudicate, contraventions, and impose penalties on those adjudged to have contravened the law.
- **Prevention of Money Laundering Act, 2002 (PMLA)** – A Criminal Law, with the officers empowered to conduct investigations to trace assets derived out of the proceeds of crime, to provisionally attach/confiscate the same, and to arrest and prosecute the offenders found to be involved in Money Laundering.

**PMLA 2002**

Prevention of Money Laundering Act, 2002 is an Act of the Parliament of India enacted to prevent money-laundering and to provide for confiscation of property derived from money-laundering.

- PMLA and the Rules notified there under came into force with effect from July 1, 2005.
- The Act and Rules notified there under impose obligation on banking companies, financial institutions and intermediaries to verify identity of clients, maintain records and furnish information.

Source: Indian Express
The Rajya Sabha discussed two private members’ Bills to do away with the cap on election spending by candidates and to establish a committee on foreign investment to prevent threats to national security.

Prelims and Mains focus: About the key features of the bill, role of black money and other malpractices in Indian elections, ways to address them

Context

Continuing the discussion on the amendment to the Representation of the People Act, 1951, introduced by Congress MP M.V. Rajeev Gowda in the last session, several MPs raised concerns about doing away with the spending limit of ₹70 lakh per candidate.

Concerns raised against the bill seeking removal of limit on election spending

- Increasing the limit would not strengthen democracy.
- The real expenditure on elections is higher than the limits and black money is still prevalent.
- There is money being spent on “illegitimate purposes,” including “paid news” by candidates.
- He said the current limits could be reviewed, with a separate provision for media publicity being allowed.

Meanwhile, a Bill to set up a committee on foreign investment was introduced by Narendra Jadhav.

“This Bill essentially seeks to protect our national security, while promoting foreign direct investment. This is sought to be done by reforming the process by which foreign investments are examined in the light of national security considerations," he said.

Both Bills would be taken up again, likely in the next session.
The signatories to the Iran nuclear deal stressed their commitment to the faltering accord during crunch talks in Vienna on Friday, as Tehran vowed to continue to breach limits on its nuclear programme.

Since May, Iran has taken a series of measures, including stepping up uranium enrichment, in breach of the 2015 deal, with another such move likely in early January.

Iran insists that under the agreement it has the right to take these measures in retaliation for the US's withdrawal from the deal in 2018 and reimposition of crippling sanctions.

Since last month, European members have begun raising the possibility of triggering the so-called "dispute resolution mechanism" foreseen in the accord, which could lead to the resumption of UN sanctions on Iran.

Participants urged Iran to take "all the necessary steps towards full implementation of its nuclear commitments and to avoid further escalatory steps.

All participants emphasised the key importance of full and effective implementation by all sides as well as their determination to pursue all efforts to preserve the agreement," the senior EU official said in a statement.
Chinese delegation head Cong Fu told reporters that the dispute resolution mechanism -- which China is against activating -- was not evoked.

All countries need to refrain from taking actions that may further complicate the situation," the senior diplomat said.

Bringing this issue to the (UN) Security Council is not in anybody's interest except the US maybe.

Other envoys did not talk as they left the EU delegation, which hosted the meeting.

Late Thursday in a letter to the UN, Britain, France and Germany accused Iran of developing nuclear-capable ballistic missiles.

Iranian Foreign Minister Javad Zarif has dismissed the allegation as "desperate falsehood".

**Escalatory cycle**

Analysts say if UN sanctions are re-imposed and the deal falls apart, Iran could also withdraw from the Treaty on the Non-Proliferation of Nuclear Weapons (NPT).

"It's not clear whether that's worth the benefit," Ali Vaez of International Crisis Group told AFP.

But he warned the risk of the deal collapsing was increasing as Iran was "running out of measures that are easy to reverse and non-controversial".

"Both sides are locked into an escalatory cycle that is just very hard to imagine that they would step away from," he said.

Iranian parliament speaker Ali Larijani has warned that if European partners triggered the dispute mechanism, Tehran may "seriously reconsider" its commitments to the UN nuclear watchdog, the International Atomic Energy Agency (IAEA), which monitors the deal's implementation.

European efforts to shield Iran from the effects of US sanctions by creating a mechanism to carry on legitimate trade with the Islamic republic have borne little fruit, much to Tehran's frustration.

The EU is growing increasingly concerned by Tehran rowing back from its commitments.

The dispute resolution mechanism in the deal has numerous stages, but it can eventually culminate in the UN Security Council voting on whether Iran should still have relief from sanctions lifted under the deal.

In such a scenario, Vaez said, "we will have a major non-proliferation crisis on our hands in the
sense that the Russians and the Chinese have already declared they would not recognise the return of (sanctions)."

Vaez said a diplomatic solution would depend on Washington's next moves and whether it would at least be willing to relax its attempts to prevent sales of Iranian oil, a vital source of income for the country.

Iranian President Hassan Rouhani said Wednesday that Tehran is willing to return to the negotiating table if the United States first drops sanctions.
Asian Elephant Specialist Group (AsESG)

GS-II | 07 December, 2019

**Syllabus subtopic:** Important International institutions, agencies and fora, their structure, mandate.

**Prelims and Mains focus:** About AsESG, SSC and Asian elephant.

**News:** The International Union for Conservation of Nature’s (IUCN) 10th Asian Elephant Specialist Group (AsESG) Meeting was held recently at Kota Kinabalu in Sabah, Malaysia.

- More than 130 elephant conservationists, partner organisations and experts gathered at the meeting.
- Issues discussed included national action plans for elephant conservation by Asian elephant range states, best practices in managing human-elephant conflict, mechanisms to involve group members in monitoring the illegal killing of elephants, issues related to captive elephant welfare and sharing and learning from the African experience.

**About AsESG:**

The IUCN Asian Elephant Specialist Group (AsESG) is a global network of specialists (both scientists and non-scientists) concerned with the study, monitoring, management, and conservation of Asian Elephants (Elephas maximus).

**Aim:** To promote the long-term conservation of Asia’s elephants and, where possible, the recovery of their populations to viable levels.

AsESG is an integral part of the Species Survival Commission (SSC) of the International Union for Conservation of Nature (IUCN).
Functions:

It shall provide the best available scientifically grounded evidence to the abundance, distribution, and demographic status of Asian elephant populations in all 13 range states.

Gajah is the bi-annual journal of the IUCN/SSC Asian Elephant Specialist Group (AsESG).
Source: The Hindu
Syllabus subtopic: Salient features of the Representation of People’s Act.

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Both Bills would be taken up again, likely in the next session.
Iran nuclear deal parties meet in Vienna as accord nears collapse
GS-II | 07 December, 2019

**Syllabus subtopic:** Effect of policies and politics of developed and developing countries on India's interests, Indian diaspora.

**News:** The signatories to the Iran nuclear deal stressed their commitment to the faltering accord during crunch talks in Vienna on Friday, as Tehran vowed to continue to breach limits on its nuclear programme.

**Prelims and Mains focus:** About Iran nuclear deal, US withdrawal from JCPOA and its impact on the world and India’s interests.

**About the meet**

Envoys from Britain, France, Germany, China, Russia and Iran took part in the three-hour-long meeting.

Since May, Iran has taken a series of measures, including stepping up uranium enrichment, in breach of the 2015 deal, with another such move likely in early January.

Iran insists that under the agreement it has the right to take these measures in retaliation for the US's withdrawal from the deal in 2018 and reimposition of crippling sanctions.

Since last month, European members have begun raising the possibility of triggering the so-called "dispute resolution mechanism" foreseen in the accord, which could lead to the resumption of UN sanctions on Iran.

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UPSC "PT" DNA (Daily News Analysis)

Source: The Hindu
Almost six years after the Lokpal and Lokayuktas Act, 2013, was signed into law, several key provisions needed for the anticorruption ombudsman to function have still not been operationalised.

Issues with Lokpal

- The process of constituting the **Lokpal's inquiry and prosecution wings** has not yet begun, and regulations for how to conduct preliminary investigations have not been made, the Lokpal has said in response to RTI queries.
- Currently, the institution is functioning out of a government-owned hotel in Delhi. While it approved a logo and motto for itself last month, the Lokpal has not yet notified a format for filing complaints.
- The rules for the disclosure of assets and liabilities by public servants have not been notified either. This is a key provision as the amassing of assets disproportionate to the known sources of income is often the basis for a complaint. The draft rules of 2017 were referred to a Parliamentary Standing Committee, which submitted its recommendations to the government in July 2018.
- The Lokpal would find it difficult to investigate complaints that do fall within its mandate as it has no inquiry wing or regulations for inquiries.
About Lokpal

- The term Lokpal was coined in 1963 but it was not until January 2014 that the Lokpal and Lokayuktas Act came into force.
It was more than five years later, in March 2019, that the first chairperson and members of the Lokpal were appointed. Lokpal is a national anti corruption ombudsman to look into complaints against public servants which are defined under the **Lokpal Act 2013**. This body is constituted to check the menace of corruption in India.

1. This Act may be called the Lokpal and Lokayuktas Act, 2013.
2. It extends to the whole India.
3. It shall apply to public servants in India and abroad

**History of Lokpal:**


The Lokpal and Lokayuktas Act, 2013 received the assent of the President on the January 1st, 2014, and published for information of general Public.

An Act of 2013 clears the way to establish the body of Lokpal for the Union and Lokayukta for States to inquire into allegations of corruption against certain public servants.

**Composition of the Lokpal**

The office of Lokpal Comprises of a Chairman and upto 8 members. The chairman of the Lokpal can be current or former judge of the Supreme Court or the chief justice of High Courts.

Or

An eminent person i.e. he is a person of neat and clean image and outstanding ability having special knowledge and expertise of not less than 25 years in the matters relating to;

i. Anti Corruption Policy

ii. Public administration

iii. Vigilance

iv. Law and Management

v. Finance including insurance and banking
Note: As per the provisions of the act; 50% of the members of the Lokpal shall be from the community of Schedule Caste, Schedule Tribes, Other Backward Classes, Minorities and Women.

Select Committee to Appoint Lokpal is comprises of;

i. Prime Minister
ii. Chief justice of India or his nominee
iii. Lok Sabha Speaker
iv. Leader of Opposition
v. An eminent jurist nominated by the President of India

Removal

To remove the Lokpal 100 members of the Parliament need to sign the petition seeking the removal of the chairman of the Lokpal or any other members. This matter will be investigated by the Supreme Court and if SC finds the charges to be true then SC suggests the president to remove the Lokpal from the post.

Another way to remove the Lokpal is self reference of the President (on the advice of the cabinet) to the Supreme Court, which can investigate the charges.

Powers

If the Lokpal receives a complaint under the prevention of corruption act 1988, then it can initiate the investigation. If the complaint found true in the investigation then the Lokpal can ask the government to take disciplinary action against the accused public servants or can file a corruption case in a special court.

Salary and allowances of the chairman and members

The Chairman of the Lokpal shall enjoy the same salary and allowance as of Chief Justice of India while members shall receive the same salary and allowance as those enjoyed by the justices of Supreme Court.
Who can be investigated by the Lokpal?

As per the provision of the Lokpal Act, it can investigate persons of seven categories namely:

1. Prime Minister if he/she demits the office.
2. Current and former Cabinet Ministers.
4. All the class 1 officers of the Central Government like (Secretaries, Joint Secretaries etc.)
5. All the class 1 equivalent officers of the Public Sector Undertakings and other government bodies.
6. Directors and other officers of the Non Government Organisations which receives funding from the Central Government.
7. Directors and other officers of the Non Government Organisations which receives the fund from the public and which have annual income of more than Rs. 10 lac from a foreign contributor and receives Rs. 1 cr from the government.

Source: The Hindu

Panel pulls up 19 States for tyre disposal

GS-III | 09 December, 2019

Syllabus subtopic: Conservation, environmental pollution and degradation, environmental impact assessment

Prelims and Mains focus: About pyrolysis and the environmental concerns associated with it, about CPCB and NGT

News: The Central Pollution Control Board (CPCB) has pulled up 270 tyre pyrolysis units in 19 States for employing technology that is polluting and harmful to the health of the workers employed.
As of 201617, official estimates indicate 127.34 million tyres were produced in India, which was seen to be a 12% increase from the previous year. A 37% increase in the tyre production has been observed in the two-wheeler segment, a 23% increase in the tractor segment and 16% in the passenger car/jeep segment. India discards about 100 million tyres everyday and only a fraction of it is recycled. India is also responsible for 6% of the global tyre waste, according to a 2017 report by environmentalist group Chintan.

The National Green Tribunal in 2014 prohibited used tyres from being burnt in the open or being used as fuel in brick kilns, because of the toxic emissions. The authority asked the Maharashtra Pollution Control Board to look at ways to dispose used tyres safely.

Subsequently, the board issued a set of guidelines, in which pyrolysis was recommended as an acceptable mode.

More than 40% of tyre pyrolysis units were not complying with rules, the NGT observed in April 2019, after it sought a report from the CPCB. The CPCB reported that there were 637 units in 19 States of which 251 units were compliant, 270 non-compliant and 116 were closed.

About pyrolysis

Tyre pyrolysis refers to a technique of breaking down used tyres in the absence of oxygen. Shredded tyres, at temperatures between 250 degree C and 500 degree C, produce liquid oil and gases.

While this is considered a safer technique than burning tyres, pyrolysis leaves fine carbon matter, pyrogas and oil as residue and the inadequate management of these byproducts poses health risks.
About CPCB

- The Central Pollution Control Board (CPCB) of India is a statutory organisation under the Ministry of Environment, Forest and Climate Change (MoEF&CC).
- It was established in 1974 under the Water (Prevention and Control of pollution) Act, 1974.
- CPCB is also entrusted with the powers and functions under the Air (Prevention and Control of Pollution) Act, 1981.
- It serves as a field formation and also provides technical services to the Ministry of Environment and Forests under the provisions of the Environment (Protection) Act, 1986.
- It Co-ordinates the activities of the State Pollution Control Boards by providing technical assistance and guidance and also resolves disputes among them.

About NGT

- The NGT was established in 2010 under the National Green Tribunal Act 2010, passed by the Central Government.
- The stated objective of the Central Government was to provide a specialized forum for effective and speedy disposal of cases pertaining to environment protection, conservation of forests and for seeking compensation for damages caused to people or property due to
violation of environmental laws or conditions specified while granting permissions.

Structure:

- The Principal Bench of the NGT has been established in the **National Capital – New Delhi**, with regional benches in:
  1. Pune (Western Zone Bench)
  2. Bhopal (Central Zone Bench),
  3. Chennai (Southern Bench) and
  4. Kolkata (Eastern Bench)

- Each Bench has a specified geographical jurisdiction covering several States in a region. There is also a mechanism for **circuit benches**.
- The Chairperson of the NGT is a retired Judge of the Supreme Court, Head Quartered in Delhi. Other Judicial members are retired Judges of High Courts.
- Each bench of the NGT will comprise of at least one Judicial Member and one Expert Member.
- Expert members should have a professional qualification and a minimum of 15 years’ experience in the field of environment/forest conservation and related subjects.

Legal jurisdiction of NGT:

The NGT has the power to hear all civil cases relating to environmental issues and questions that are linked to the implementation of laws listed in Schedule I of the NGT Act. These include the following:

1. The Water (Prevention and Control of Pollution) Act, 1974;
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Note: The NGT has not been vested with powers to hear any matter relating to the Wildlife (Protection) Act, 1972, the Indian Forest Act, 1927 and various laws enacted by States relating to forests, tree preservation etc. Therefore, specific and substantial issues related to these laws cannot be raised before the NGT.

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- The NGT is not bound by the procedure laid down under the Code of Civil Procedure, 1908, but shall be guided by principles of natural justice.
- NGT is also not bound by the rules of evidence as enshrined in the Indian Evidence Act, 1872. Thus, it will be relatively easier for conservation groups to present facts and issues before the NGT, including pointing out technical flaws in a project, or proposing alternatives that could minimize environmental damage but which have not been considered.
- While passing Orders/decisions/awards, the NGT will apply the principles of sustainable development, the precautionary principle and the polluter pays principles.

Review and Appeal:
Orders can be appealed to the Supreme Court within 90 days.

Source: The Hindu

Odishaâ€™s KALIA scheme to be merged with PM-KISAN

Syllabus subtopic: Welfare schemes for vulnerable sections of the population by the Centre and States and the performance of these schemes; mechanisms, laws, institutions and bodies constituted for the protection and betterment of these vulnerable section

Prelims and Mains focus: About KALIA and PM-KISAN schemes and their significance

News: The Odisha government has decided to merge its flagship scheme- Kalia with the Centre’s Pradhan Mantri Kisan Samman Nidhi (PM-Kisan) yojana, apparently due to financial constraint.
Krushak Assistance for Livelihood and Income Augmentation (KALIA) Scheme:

- Involves payments to encourage cultivation and associated activities.
- Primary targets are small farmers, cultivators and landless agricultural labourers.
- All farmers will be provided Rs 10,000 per family as assistance for cultivation.
- Each family will get Rs 5,000 separately in the kharif and rabi seasons, for five cropping seasons between 2018-19 and 2021-22.
- Targets 10 lakh landless households, and specifically SC and ST families. They will be supported with a unit cost of Rs 12,500 for activities like goat rearing, mushroom cultivation, beekeeping, poultry farming and fishery.
- **Exception**: A critical trade, dairy production, has deliberately been kept out because keeping a cow is more expensive, while milk production needs to have a collection route or agency that processes and refines this low shelf-life product.
- **It will assist the elderly, sick and differently-abled population** who are unable to take up cultivation, by providing Rs 10,000 per household per year.
- **The scheme includes a life insurance cover** of Rs 2 lakh and additional personal accident coverage of the same amount for 57 lakh households.
- Crop loans up to Rs 50,000 are **interest-free**.
- This is also going to be **an area-specific scheme** in the sense that an img support for a particular trade, say mushroom cultivation, will be provided if it is prevalent throughout that locality so that there is aggregation of produce.

About Pradhan Mantri Kisan Samman Nidhi:

- **It is a Central Sector Scheme**.
- Under this programme, landholding farmer families, having cultivable land up to 2 hectares, will be provided direct income support at the rate of Rs. 6,000 per year.
- This income support will be transferred directly into the bank accounts of beneficiary farmers, in three equal installments of Rs. 2,000 each.

Source: Indian Express

The Neutrino project
GS-III | 09 December, 2019
Syllabus subtopic: Science and Technology- developments and their applications and effects in everyday life Achievements of Indians in science & technology; indigenization of technology and developing new technology.

Prelims and mains focus: About neutrinos, the Neutrino project, and its significance

News: The Centre has reiterated that the Indian Neutrino Observatory (INO) will be established in Theni in south Tamil Nadu though there has been opposition to the project by locals.

About the project:

The India-based Neutrino Observatory (INO) Project is a multi-institutional effort aimed at building a world-class underground laboratory with a rock cover of approx. 1200 m for non-accelerator based high energy and nuclear physics research in India. The initial goal of INO is to study neutrinos.

It is a mega-science project jointly funded by the Department of Atomic Energy (DAE) and the Department of Science and Technology (DST).

The project includes:

- Construction of an underground laboratory and associated surface facilities at Pottipuram in Bodi West hills of Theni District of Tamil Nadu.
- Construction of an Iron Calorimeter (ICAL) detector for studying neutrinos.
- Setting up of National Centre for High Energy Physics at Madurai, for the operation and maintenance of the underground laboratory, human resource development and detector R&D along with its applications.
About Neutrinos
Neutrinos, first proposed by Swiss scientist Wolfgang Pauli in 1930, are the second most widely occurring particle in the universe, only second to photons, the particle which makes up light. In fact, neutrinos are so abundant among us that every second, there are more than 100 trillion of them passing right through each of us — we never even notice them.

Neutrinos occur in three different types, or flavours. These are separated in terms of different masses. From experiments so far, we know that neutrinos have a tiny mass, but the ordering of the neutrino mass states is not known and is one of the key questions that remain unanswered till today. This is a major challenge INO will set to resolve, thus completing our picture of the neutrino.

Significance

Neutrinos hold the key to several important and fundamental questions on the origin of the Universe and the energy production in stars. Another important possible application of neutrinos is in the area of neutrino tomograph of the earth, that is detailed investigation of the structure of the Earth from core onwards. This is possible with neutrinos since they are the only particles which can probe the deep interiors of the Earth.

Why underground laboratory?

Neutrinos are notoriously difficult to detect in a laboratory because of their extremely weak interaction with matter.

- The background from cosmic rays (which interact much more readily than neutrinos) and natural radioactivity will make it almost impossible to detect them on the surface of the Earth. This is the reason most neutrino observatories are located deep inside the Earth’s surface.
- The overburden provided by the Earth matter is transparent to neutrinos whereas most background from cosmic rays is substantially reduced depending on the depth at which the detector is located.

Source: Indian Express

Slowdown in tax collection to hurt finances of govt

GS-II | 09 December, 2019
Syllabus subtopic: Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.

News: The gross tax revenue collected by the central government during the first seven months of 2019-20 was ₹10.52 trillion, up by just 1.22% from the tax collected during the same period in 2018-19.

Taxing times

The Centre, which collected ₹10.52 trillion in the first seven months of FY20, is likely to fall short of its target of ₹24.61 trillion set for this fiscal.

How will a lower tax revenue affect govt?

In fiscal year 2019, the central government had collected ₹20.80 trillion in gross tax revenue. In 2019-20, it hopes to collect ₹24.61 trillion, or 18.32% more. In the first seven months of fiscal 2019-20, the tax collected has grown just 1.22%. Hence, the government is way off the mark in terms of what it hopes to collect during the current fiscal. This is clearly reflected in delayed...
payments by the government. What will help the government bridge part of the gap between what it hopes to earn and what it actually will, is the dividend of ₹1.76 trillion, which it has received from the Reserve Bank of India.

What else can it do to address the gap?

Until October, ₹17,365 crore had been earned through the disinvestment route against the targeted ₹1.05 trillion. Clearly, the government has to be fairly aggressive about selling its stake in public sector enterprises in the little over three and a half months left in 2019-20. If it wants to bridge the tax-revenue gap, it needs to better the target of ₹1.05 trillion. This apart, it should work towards shutting down many non-strategic public sector enterprises, which are simply a drag on government finances and have no buyers. This will free up both land and capital, which can be adequately employed in the years ahead.

What has led to slow growth in gross tax revenue?

The central goods and services tax (GST) was supposed to grow 14.96% during 2019-20. It has grown at a much slower 8.30% to ₹2.85 trillion between April and October. Income tax collected during the year has grown just 6.67% to ₹2.44 trillion. The targeted growth is 23.25%, as per the budget. These numbers show a slowdown in economic activity.

What about corporate income tax collection?

A total of ₹2.73 trillion in corporate income tax has been collected. This is 0.88% more than the amount collected during the same period in 2018-19. A little over 35% of the ₹7.66 trillion that the government hopes to collect during 2019-20 has been collected in the first seven months of the year. This is largely because of the slowdown and also due to lower corporate income tax rates introduced earlier this year. All in all, things are not looking great for the three main taxes of the government.

What does this say about govt finances?

There has been some talk of the government raising the GST rates in order to earn greater tax revenue. In an economic slowdown, the idea should always be to put more money in the hands of people and hope they spend it, and not take it away. Also, when it comes to its earnings, this year, the government has primarily been saved by the huge RBI dividend. What it will do next year is a question well worth asking.
6 years on, Lokpal is yet to get prosecution wing

GS-II | 09 December, 2019

Syllabus subtopic: Statutory, regulatory and various quasi-judicial bodies

Prelims and Mains focus: About Lokpal and Lokayuktas, appointment of members, key issues with the Lokpal and govt.’s efforts to curb corruption

News: Almost six years after the Lokpal and Lokayuktas Act, 2013, was signed into law, several key provisions needed for the anticorruption ombudsman to function have still not been operationalised.

Issues with Lokpal

- The process of constituting the Lokpal’s inquiry and prosecution wings has not yet begun, and regulations for how to conduct preliminary investigations have not been made, the Lokpal has said in response to RTI queries.
- Currently, the institution is functioning out of a government-owned hotel in Delhi. While it approved a logo and motto for itself last month, the Lokpal has not yet notified a format for filing complaints.
- The rules for the disclosure of assets and liabilities by public servants have not been notified either. This is a key provision as the amassing of assets disproportionate to the known sources of income is often the basis for a complaint. The draft rules of 2017 were referred to a Parliamentary Standing Committee, which submitted its recommendations to the government in July 2018.
- The Lokpal would find it difficult to investigate complaints that do fall within its mandate as it has no inquiry wing or regulations for inquiries.
About Lokpal

- The term Lokpal was coined in 1963 but it was not until January 2014 that the Lokpal and Lokayuktas Act came into force.
It was more than five years later, in March 2019, that the first chairperson and members of the Lokpal were appointed. Lokpal is a national anti corruption ombudsman to look into complaints against public servants which are defined under the **Lokpal Act 2013**. This body is constituted to check the menace of corruption in India.

1. This Act may be called the Lokpal and Lokayuktas Act, 2013.
2. It extends to the whole India.
3. It shall apply to public servants in India and abroad

**History of Lokpal:**


The Lokpal and Lokayuktas Act, 2013 received the assent of the President on the January 1st, 2014, and published for information of general Public.

An Act of 2013 clears the way to establish the body of Lokpal for the Union and Lokayukta for States to inquire into allegations of corruption against certain public servants.

**Composition of the Lokpal**

The office of Lokpal Comprises of a Chairman and upto 8 members. The chairman of the Lokpal can be current or former judge of the Supreme Court or the chief justice of High Courts.

Or

An eminent person i.e. he is a person of neat and clean image and outstanding ability having special knowledge and expertise of not less than 25 years in the matters relating to;

i. Anti Corruption Policy
ii. Public administration
iii. Vigilance
iv. Law and Management
v. Finance including insurance and banking
Note: As per the provisions of the act; 50% of the members of the Lokpal shall be from the community of Schedule Caste, Schedule Tribes, Other Backward Classes, Minorities and Women.

Select Committee to Appoint Lokpal is comprises of;

i. Prime Minister
ii. Chief justice of India or his nominee
iii. Lok Sabha Speaker
iv. Leader of Opposition
v. An eminent jurist nominated by the President of India

Removal
To remove the Lokpal 100 members of the Parliament need to sign the petition seeking the removal of the chairman of the Lokpal or any other members. This matter will be investigated by the Supreme Court and if SC finds the charges to be true then SC suggests the president to remove the Lokpal from the post.

Another way to remove the Lokpal is self reference of the President (on the advice of the cabinet) to the Supreme Court, which can investigate the charges.

Powers
If the Lokpal receives a complaint under the prevention of corruption act 1988, then it can initiate the investigation. If the complaint found true in the investigation then the Lokpal can ask the government to take disciplinary action against the accused public servants or can file a corruption case in a special court.

Salary and allowances of the chairman and members
The Chairman of the Lokpal shall enjoy the same salary and allowance as of Chief Justice of India while members shall receive the same salary and allowance as those enjoyed by the justices of Supreme Court.
Who can be investigated by the Lokpal?

As per the provision of the Lokpal Act, it can investigate persons of seven categories namely:

1. Prime Minister if he/she demits the office.
2. Current and former Cabinet Ministers.
4. All the class 1 officers of the Central Government like (Secretaries, Joint Secretaries etc.)
5. All the class 1 equivalent officers of the Public Sector Undertakings and other government bodies.
6. Directors and other officers of the Non Government Organisations which receives funding from the Central Government.
7. Directors and other officers of the Non Government Organisations which receives the fund from the public and which have annual income of more than Rs. 10 lac from a foreign contributor and receives Rs. 1 cr from the government.

Source: The Hindu

Panel pulls up 19 States for tyre disposal

Syllabus subtopic: Conservation, environmental pollution and degradation, environmental impact assessment

Prelims and Mains focus: About pyrolysis and the environmental concerns associated with it, about CPCB and NGT

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Odishaâ€™s KALIA scheme to be merged with PM-KISAN

GS-II | 09 December, 2019

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- It is a **Central Sector Scheme**.
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Source: Indian Express
UPSC "PT" DNA (Daily News Analysis)

Syllabus subtopic: Science and Technology- developments and their applications and effects in everyday life Achievements of Indians in science & technology; indigenization of technology and developing new technology.

Prelims and mains focus: About neutrinos, the Neutrino project, and its significance

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Slowdown in tax collection to hurt finances of govt

GS-II | 09 December, 2019
**Syllabus subtopic:** Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.

**News:** The gross tax revenue collected by the central government during the first seven months of 2019-20 was ₹10.52 trillion, up by just 1.22% from the tax collected during the same period in 2018-19.

**Taxing times**

The Centre, which collected ₹10.52 trillion in the first seven months of FY20, is **likely to fall short of its target of ₹24.61 trillion set for this fiscal.**

**How will a lower tax revenue affect govt?**

In fiscal year 2019, the central government had collected ₹20.80 trillion in gross tax revenue. In 2019-20, it hopes to collect ₹24.61 trillion, or 18.32% more. In the first seven months of fiscal 2019-20, the tax collected has grown just 1.22%. Hence, the government is way off the mark in terms of what it hopes to collect during the current fiscal. This is clearly reflected in delayed
payments by the government. What will help the government bridge part of the gap between what it hopes to earn and what it actually will, is the dividend of ₹1.76 trillion, which it has received from the Reserve Bank of India.

What else can it do to address the gap?

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Syllabus subtopic: Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.

Prelims and Mains focus: About the growth recession and its impact on the Indian economy.

News: The term 'growth recession' has gained traction after comments made by former RBI governor Raghuram Rajan. The question is whether the current economic slump is a recession, an economic slowdown or a growth recession.
What does growth recession mean?

Growth recession is a situation in which growth is slow for a few quarters but not negative to be a technical recession, when low growth pushes up unemployment. The term was coined by
Solomon Fabricant. Growth recessions are more common than recessions as growth has often slowed at different periods in various countries. An indicator of growth recession is when the growth rate reduces substantially, coinciding with a job contraction. It combines the feature of both an economic slowdown and a recession as growth slows while the economy experiences job contractions just as during an economic recession.

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During a growth recession the economy continues to expand, albeit at a lower rate. That is, the economy experiences slow jobless growth. During a recession both the size of the economy and available jobs contract simultaneously. The difference with respect to an economic slowdown is in terms of employment: due to significant costs of hiring, companies are reluctant to cut back on employment as they expect a cyclical reversal. Therefore, as opposed to growth recession and recession, an economic slowdown does not always imply a reduction in the number of jobs.

Is India experiencing a growth recession?

The jury is out on whether India is experiencing a growth recession as we don’t have credible data on the number of jobs available. Payroll data suggests that there continues to be some job creation in the formal economy. Employment data from the Centre for Monitoring Indian Economy shows substantial deviation over the last couple of months.

Are there similar instances in the past?

India has experienced many growth recessions and slowdowns in the last two decades. A slowdown can be an early warning of a growth recession. In 2002, we experienced a slowdown that was reversed by 2003. There was a slowdown in 2008 due to the global financial crisis, which was followed by expansionary fiscal and monetary policy to address this. The 2011-2013 slump was a severe instance of growth recession as unemployment rose sharply and growth collapsed for successive quarters.

When will the recovery cycle begin?

Many have indicated that recovery will be slow and it will be two more quarters before we return to 7% growth. Recent evidence suggests a V-shaped recovery is unlikely and we may experience sub-6% growth this quarter and the next. The finance ministry has initiated policy interventions, including a corporate tax cut. Such interventions will start showing an impact from the second quarter of 2020 and the next fiscal might see a growth rate of 7%.
India, France to deepen defence partnership
GS-II | 10 December, 2019

**Syllabus subtopic:** Bilateral, regional and global groupings and agreements involving India and/or affecting India’s interests

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- The two countries have scaled up defence cooperation with a **logistics support pact signed last year**.

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Indo-French cooperation in this area is ambitious and several collaborative projects are currently being considered. Bilateral military contacts are being strengthened through joint exercises.

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**UPSC "PT" DNA (Daily News Analysis)**

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The BRI announced in 2013 is made up of a “belt” of overland routes and a maritime “road”, which aims to connect Asia, Europe and Africa.

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- The 21st Century Maritime Silk Road designed to provide an impetus to trade from China to Europe through the South China Sea and the Indian Ocean, and from China through the South China Sea towards the South Pacific.

- The Chinese government calls the initiative “a bid to enhance regional connectivity and embrace a brighter future”. Some observers see it as a push for Chinese dominance in global affairs with a China-centered trading network. The project has a targeted completion date of 2049, which coincides with the 100th anniversary of the People’s Republic of China.
Significance of Belt and Road Initiative (BRI) Project

- In the wake of the global slowdown, BRI offers a new model of development to China to maintain its economic growth. OBOR envisions building networks of roadways, railways, maritime ports, power grids, oil and gas pipelines, associated infrastructure projects which helps Chinese economy.
BRI has domestic and international dimension: as it visualises a shift from developed markets in the west to developing economies in Asia, Africa. And a shift in China’s development strategy concentrating on provinces in central and western China instead of the developed east coast region.

Strategically important as China utilizes its economic clout to build its soft power.

Why India is boycotting Belt and Road Initiative (BRI) Project?

- **CPEC violates India’s sovereignty** as it passes through the part of the Pakistan-occupied Kashmir that belongs to India and no country can accept a project that ignores its core concerns on sovereignty and territorial integrity.
- **India also raised concerns regarding unsustainable debt**, environmental concerns, and transparency in assessment of project costs, and skill and technology transfer to help long-term running and maintenance of the assets created by local communities.
- **India is too big to be isolated and India’s continuing objection will make China to consider its core concerns.**

Source: mint
Govt.’s stand

- Under the principle of reasonable classification citizenship can be granted and there is no violation of Article 14. India can’t be a mute spectator to the religious persecution of minorities happening in our neighbouring countries. We have given refuge to everyone without exception at various points of time in history.
- The Muslim population had grown to 14% from 9.8%. This Bill will not affect Indian Muslims or their rights at all.
Other neighbouring countries like Nepal and Sri Lanka were not mentioned as those were not theocratic states.

This is a simple amendment but hits at illegal migrants.

This will benefit the Bengali refugees the most. There is no need to fear now. Anyone who has or does not have document is welcome.

Refugees need not fear but those coming here illegally are not welcome.

The northeast would not be touched. The majority of parties representing the northeastern States supported the Bill, as their concerns had been taken care of.

ILP for Manipur

Union Home Minister told the Lok Sabha on Monday that Manipur would be brought under the Inner Line Permit (ILP) system, thereby exempting it from the provisions of the Citizenship (Amendment) Bill, 2019.

Nagaland and Mizoram are protected by the ILP and it will continue to remain protected.

As per the Bill, the amendments to the Citizenship Act, 1955, if approved, will not apply to the tribal areas of Assam, Meghalaya, Mizoram and Tripura as included in the Sixth Schedule of the Constitution and the States of Arunachal Pradesh, Mizoram and Nagaland that are protected by the ILP system. The addition of Manipur to the list of ILP-protected States means that the Bill will only be applicable in some parts of Tripura and Assam.

Citizens of other States require the ILP to visit the protected areas as per the Bengal Eastern Frontier Regulation, 1873. This means that the illegal migrants from the six minority communities who will become Indian citizens as per the proposed amendment will not be able to take up jobs, open businesses or settle down in these areas and will require a permit to enter the States.

The ILP can be extended to Manipur through an executive order. Such an arrangement existed before.

Several northeastern States, including the BJP-ruled Manipur, have erupted in protests against the Bill. There is a fear that “outsiders” could settle in these areas, affecting the indigenous communities and local tribes.

About NRC

The NRC is the list of Indian citizens and was prepared in 1951, following the census of 1951.

The process of NRC update was taken up in Assam as per a Supreme Court order in 2013.
In order to wean out cases of illegal migration from Bangladesh and other adjoining areas, NRC updation was carried out under The Citizenship Act, 1955, and according to rules framed in the Assam Accord.

The Assam government released the final draft of NRC on July 30, 2018. The list incorporates names of 2.89 crore people out of 3.29 crore applicants. The names of 40.07 lakh people have been left out.

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Crisis of identity: Influx of immigrants has created a crisis of identity among the indigenous. Locals fear that their cultural survival will be affected, political control weakened and employment opportunities undermined because of immigrants.

Environmental degradation: Large areas of forest land were encroached upon by the immigrants for settlement and cultivation. The state experienced declining percent of land area under forest from 39% in 1951-52 to about 30% now.

Increase financial burden: Immigration has increased pressure on the part of state government, as the government has to increase the expenditure on education and health facilities to the immigrants.

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The failure of government to respond the issue of illegal migration led to the agitation by the Assamese under the leadership of All Assam Gana Sangram Parishad (AAGSP) and All Assam Student’s Union (AASU). Assam witnessed governmental instability, sustained civil disobedience campaigns and worst cases of ethnic violence. Assam accord was the result of this agitation.

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The fourway talks are expected to be followed by a hotlyawaited bilateral meeting between wily exKGB agent Putin and excomedian Zelensky who won the presidency this year.

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Thousands have been killed and one million have fled their homes since pro-Russia militias in eastern Ukraine launched a bid for independence in 2014 — kicking off a conflict that deepened Russia’s estrangement from the West. Separatists seized control of the Donetsk and Lugansk regions shortly after Russia’s annexation of the Ukrainian peninsula of Crimea.

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Source: The Hindu
Slowdown can be early warning for growth recession

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Source: mint

LS passes Citizenship Bill amidst Opposition outcry

Syllabus subtopic: Government policies and interventions for development in various sectors and issues arising out of their design and implementation.

Prelims and mains focus: about the key features of the Cab and the controversy around it, about NRC, ILP

News: The Lok Sabha on Monday passed the Citizenship Amendment Bill (CAB) that seeks to give citizenship to refugees from the Hindu, Christian, Buddhist, Sikh and Zoroastrian communities fleeing religious persecution from Pakistan, Bangladesh and Afghanistan.
Govt.’s stand

- Under the principle of reasonable classification citizenship can be granted and there is no violation of Article 14. India can’t be a mute spectator to the religious persecution of minorities happening in our neighbouring countries. We have given refuge to everyone without exception at various points of time in history.
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Source: The Hindu
Fiscal deficit may not matter much during slowdown

Syllabus subtopic: Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.

Prelims focus: About fiscal deficit, revenue deficit, primary deficit, FRBM Act

Mains focus: about the impact of fiscal deficit on inflation, different steps taken by the govt. to check inflation

Context: India’s economic slowdown has led to a severe revenue shortfall in direct and indirect taxes. As expenditure expands while revenue falls short of budgeted expectations, the fiscal deficit will rise.
What exactly is a government deficit?

Government finances are adequately discussed during the budget and at times of slowdown.
One such indicator of interest is the deficit of the government. There are three measures of government deficits:

1. **Revenue deficit** is the difference between the total expenditure of the government and its total revenue.
2. **Fiscal deficit** is the difference between total expenditure and its total revenue except borrowings.
3. **Primary deficit** is the difference between fiscal deficit and interest payments.

Fiscal deficit is one of the most discussed of the three, as it is the money the government borrows to meet its expenditure.

**So, is it bad if the fiscal deficit increases?**

A natural inclination is to believe that if the expenditure is greater than the revenue, then it must be a bad thing. Unfortunately, there’s no simple answer to this question. A prolonged fiscal deficit above 4% is likely to be problematic, but there’s little difference between a deficit of 3.5% or 3.8%. More than the amount of fiscal deficit, what really matters is how the borrowed money is being utilized. If it is utilized for construction of physical infrastructure, then it is not necessarily a bad thing. But if it is used for farm loan waivers or other such subsidies, then a high fiscal deficit should be a cause of major concern.

**What is the expected fiscal deficit for FY20?**

The budget estimates indicated a fiscal deficit close to 3.3% of GDP that seemed unrealistic given the extent of the current economic slump. The FRBM Act allows a 0.5 percentage point relaxation in deficit in the event of a severe slowdown. This allows the government a fiscal deficit till 3.8% without violating the provisions of the FRBM Act.

**How does fiscal deficit impact inflation?**

Conventional wisdom has been that fiscal deficits result in undue inflationary pressures. This is based on India’s experience with high deficits in the 1980s and since 2009 onwards, when inflation and fiscal deficits were both high. But an important fact during these two periods was high international prices of global commodities and high minimum support prices for farmers. Moreover, not all deficits are inflationary: if the additional money is utilized for investments rather than subsidies, inflation is likely to be muted.

**Can the govt keep on spending as it wants?**

Not at all. Though fiscal deficits may not impact inflation, they do impact interest rates—the cost of government borrowings. A higher cost of borrowing constrains government borrowings. In the...
FRBM Act – Objectives, targets, Amendments

Fiscal Responsibility and Budget Management Act (FRBM Act) was introduced in Parliament as the FRBM Bill in December 2000. It seeks to foster fiscal discipline on the Central Government and achieving a balanced budget with effective revenue management. The Act was passed on August 26, 2003, therefore it is also called Fiscal Responsibility and Budget Management Act (FRBMA), 2003. FRBMA was brought into effect from July 5, 2004.

Objective:

The objective of FRBM Act was to inculcate the habit of fiscal discipline in the governance structure of the country. It sets targets and suggests means of reducing fiscal and revenue deficits.

Targets:

The targets that were set in original version of act were:

- Reduction and Elimination of revenue deficit by 2008-09
- Thereafter build up adequate revenue surplus
- Reduction of fiscal deficit to no more than 3 per cent of GDP at the end of 2008-09
- Reduce the Gross Fiscal Deficit (GFD) by March 31, 2008

Statements mandated under FRBM Act

The Central government shall lay in each financial year before both houses of Parliament the following statements of fiscal policy along with the annual financial statement and demands for grants:

1. The Medium-term Fiscal Policy Statement
2. The Fiscal Policy Strategy Statement
3. The Macro-Economic Framework Statement

Exemptions

Section 4 of the FRBM Act, 2003 states that “due to ground or grounds of national security or national calamity or such other exceptional grounds as the Central Government may specify”, the set targets for revenue and fiscal deficit can be exceeded

Amendments in FRBM Act

More than 15 years has passed since FRBM Act was first introduced. But still the government is nowhere near the targets set under the act. The subsequent governments at Centre have
amended the act to achieve fiscal prudence. Here are the amendments that have been done in the act so far:

- **FRBM Rules 2004**
  1. To bring down the GFD to not more than 3 per cent of GDP at end of March 31, 2008. To achieve this target of GFD the Central Government shall reduce the GFD by an amount equivalent to 0.3 percent or more of GDP at end of each financial year beginning with financial year 2004-05.
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  The concept of effective revenue deficit was introduced
  
  effective revenue deficit = revenue deficit – grants to states for creation of capital assets

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  RD of not more than 2 percent of GDP by March 31, 2018 with annual reduction by an amount equivalent to 0.4 per cent or more of GDP at the end of each financial year beginning with Financial Year 2015-16.

  In order to achieve target of effective revenue deficit by March 31, 2018, Central Government shall reduce such deficit by an amount equivalent to 0.5 per cent or
more of GDP at end of each financial year, beginning with financial year 2015-2016

Budget 2018-19
1. The central government shall reduce the fiscal deficit by an amount equivalent to 0.1 percent or more of the gross domestic product at the end of each financial year beginning with the financial year 2018-19, so that fiscal deficit is brought down to not more than 3 percent of the GDP by 31st day of March, 2021
2. It proposed to bring down fiscal deficit to 3.3 percent, 3.1 percent and 3 percent of the gross domestic product by 2018-19, 2019-20 and 2020-21

FRBM Review Committee (N.K Singh Committee)

The government formed the committee to review the FRBM Act, 2003 to suggest changes in the act. The committee was headed by Mr. N K Singh (politician, economist and former Indian Administrative Service officer). Recommendations of the committee were:

- **Debt to GDP ratio**: The Committee suggested using debt as the primary target for fiscal policy. A debt to GDP ratio of 60% should be targeted with a 40% limit for the centre and 20% limit for the states. The targeted debt to GDP ratio should be achieved by 2023.

- **Fiscal Council**: The Committee proposed to create an autonomous Fiscal Council with a Chairperson and two members appointed by the centre. To maintain its independence, it proposed a non-renewable four-year term for the Chairperson and members. Further, these people should not be employees in the central or state governments at the time of appointment.
- The Committee suggested that grounds in which the government can deviate from the targets of FRBM should be clearly specified, and the government should not be allowed to notify other circumstances.
**Borrowings from the RBI:** The draft Bill restricts the government from borrowing from the Reserve Bank of India (RBI) except when: (i) the centre has to meet a temporary shortfall in receipts, (ii) RBI subscribes to government securities to finance any deviations from the specified targets, or (iii) RBI purchases government securities from the secondary market.

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**New bill lets personal data be used without consent in some cases**

GS-II | 11 December, 2019

**Syllabus subtopic:** Government policies and interventions for development in various sectors and issues arising out of their design and implementation.

**Prelims and Mains focus:** key features of the bill, its merits and demerits,

**News:** The Personal Data Protection Bill, which is to be tabled in Parliament, seeks to allow processing of personal data without the consent of the owner for several “reasonable purposes” ranging from the operation of search engines to whistle-blowing, according to an official with knowledge of the matter.

**Key highlights of the bill:**

- The bill categorizes data into three categories—critical, sensitive and general.

- **Sensitive data**—financial, health, sexual orientation, biometrics, transgender status, religious or political beliefs and affiliation—can be stored only in India. However, data can be processed outside India with explicit consent.

- **Critical data** will be defined by the government from time to time and has to be stored and processed in India. Any personal non-critical and non-sensitive data will be categorized as general data with no restriction on where it is stored or processed.
The bill also proposes setting up of a “regulatory sandbox” for entities engaged in developing new technologies in the nature of artificial intelligence and machine learning. These entities, for instance, startups, can avail of certain exemptions from purpose, storage and consent requirements of data.

In a first, the data protection bill wants social media platforms to create a mechanism that will enable registered users to voluntarily verify their accounts. The provision is largely aimed at checking social media trolling.

The bill, while seeking to preserve the sanctity of individual consent, allows for several exemptions for prevention and detection of any unlawful activity including fraud; whistle blowing; mergers and acquisitions; network and information security, credit scoring; recovery of debt; processing of publicly available personal data; and operation of search engines.

According to the draft, personal data may be processed without obtaining consent if such processing is necessary for the purposes specified by regulations after taking into consideration certain factors such as public interest.

Personal data may be “processed” if this is necessary for the performance of “any function of the state authorized by the law” for any public service and for compliance with any order of a court or tribunal.

Under the proposed law, the government is also entitled to direct a fiduciary—any person or entity that processes data—to get access to non-personal data to provide better services to citizens. For instance, the government can use non-personal or anonymous data for research or any other purpose.

While the (changes in the bill) would arguably help enable certain types of businesses, other changes such as lack of a clear implementation road map, transition provisions and the requirement to share anonymized and non-personal data under certain circumstances may be of concern to businesses.

The bill empowers users with the “right to be forgotten”. This will allow users, termed “data principal” under the proposed bill, to erase their personal data published online.
and give them the freedom to ask entities such as Facebook and Twitter to delete any data they do not want in the public domain.

- People can ask for restricting or preventing continued disclosure of data once the purpose for which it was collected has been served, or is no longer necessary. Such data will also need to be withdrawn if the data principal has withdrawn consent for the purpose it was given for, said the official cited earlier.

**Responsibilities imposed**

- The bill places a few responsibilities on data principals.

- They will have to file an application with an adjudicating officer in case they wish to withdraw consent or want to limit the use of data, according to the official.

- Data principals will have to convince the officer that their right or interest in preventing or restricting the continued disclosure of their personal data overrides the right to freedom of speech and expression and the right to information of any other citizen.
SC flags delay in appointment of judges
GS-II | 11 December, 2019

**Syllabus subtopic:** Appointment to various Constitutional posts, powers, functions and responsibilities of various Constitutional Bodies.

**Prelims and Mains focus:** about the delay in the appointments of judges in High courts and lower judiciary and its implications on justice delivery system

**News:** Two hundred and thirteen names recommended for appointment to various High Courts are pending with the government/Supreme Court Collegium, the Supreme Court said in a judicial order.

What does the judicial order say on appointments?

At least the names on which the Supreme Court Collegium, the High Courts and the governments had agreed upon should be appointed within six months, the order said.

If recommendations of the High Court Collegium meet with the approval of the Supreme Court Collegium and the government, at least their appointments must take place within six months. This is not to say that in other cases the process should not be completed within six months,” a Bench of Justices Sanjay Kishan Kaul and K.M. Joseph said in an order dated December 6 and made available on Tuesday.

It emphasised that the appointments required “a continuous, collaborative and integrated process, where the government is an important consultee”.

Why is the judicial order significant?

The order is significant, coming at a time when inordinate delays in the appointment of High Court judges and depleting numbers in the higher judiciary threaten to affect the justice delivery mechanism.

The court has asked for a list with details of the 213 names, including when their files were forwarded to the Prime Minister’s Office (PMO) and the time taken by the Law Ministry to forward them to the PMO.
Process of appointments of judges

Once the Supreme Court collegium clearing the recommendees, the Union Law Ministry has to put up within three weeks the recommendations to the Prime Minister who would advise the President on the appointment.

However, no time limit has been prescribed for action by the Prime Minister and the President.
Falling appointments

The number of judges appointed to the High Courts has steadily dipped since 2017. Judicial appointments to High Courts have nearly halved in 2019 compared to 2017 and 2018. Only 65 judges have been appointed to High Courts in 2019. It was 115 in 2017 and 108 in 2018. The High Courts are functioning at nearly 50% of their sanctioned judicial strength. Of a total 1,079 judges sanctioned in the High Courts, there are 410 vacancies.

Source: The Hindu

[U.S., Saudi Arabia at bottom of climate class]^

Syllabus subtopic: Important International institutions, agencies and fora, their structure, mandate.

Prelims and Mains focus: About CCPI and its key findings, their significance, India’s performance in the index

News: The U.S. and Saudi Arabia are among major polluters showing “hardly any signs” of reducing their greenhouse gas production, a global assessment of countries’ emissions trajectories said at United Nations climate talks.

About CCPI

The Climate Change Performance Index (CCPI) measures the emissions, renewable energy share and climate policies of 57 countries and the European Union.
Its findings:

- It found the U.S. ranks last, followed by Saudi Arabia and Australia, although several countries did report falls in emissions last year, largely due to an industry-wide fade out of coal.

- While climate performance varied greatly — even within the EU, with Sweden leading the way — the report found that none of the countries surveyed were currently on a path compatible with the Paris climate goals.

- China, the world’s largest single emitter, was found to have taken “medium action” due to its high investment in renewables.

India’s performance

- India, for the first time, ranks among the top 10 in this year’s Climate Change Performance Index (CCPI) presented at the COP25 climate summit in Madrid.

- The current levels of per capita emissions and energy use in India, ranked 9th in the “high category”, are still comparatively low and, along with ambitious 2030 targets, result in high ratings for the green house gas emissions and energy use categories, said the report.

Source: The Hindu
Mains focus: Concerns of the northeast states against Citizenship Amendment Bill, its consequences

**News:** Even as the Lok Sabha debated the *Citizenship (Amendment) Bill, 2019,* on Monday, the Nagaland government extended the *Inner Line Permit (ILP) system* to Dimapur, the commercial hub of the State.

**What does it mean?**

The decision makes it mandatory for “every non-indigenous person” who entered the district after November 21, 1979, to obtain an ILP within 90 days. They would have to produce documents as evidence to get a certificate from the Deputy Commissioner for exemption from the permit system.

**Background**

There have been protests across the northeastern States against the Bill that nullifies the 1985 Assam Accord, which called for detection and deportation of anyone who entered the State after March 24, 1971.

The Bill makes the Accord redundant as it is likely to benefit nonMuslims among the over 19 lakh people excluded from the *National Register of Citizens.*

**Other areas/states where ILP is required**

Except Dimapur, the ILP has been applicable to the *rest of Nagaland.* Known as “mini India”, Dimapur district has a mixed population.

Exempt from CAB Nagaland, Arunachal Pradesh and Mizoram, protected by the ILP requirement, have been exempted from the provisions of the CAB along with the whole of Meghalaya, Mizoram and the tribal areas of Tripura and Assam as covered in the *Sixth Schedule* of the Constitution. Residents of other States have to mandatorily obtain an ILP to visit the protected States.

**ILP extended to Manipur**

Manipur would be brought under the ILP system, exempting it from provisions of the CAB.
Except nontribal areas in Assam and Tripura, the entire northeast has been exempted from the CAB.

About Inner Line Permit

- Inner Line Permit is a document that allows an Indian citizen to visit or stay in a state that is protected under the ILP system. The system is in force today in three Northeastern states viz Arunachal Pradesh, Nagaland and Mizoram.
- No Indian citizen can visit any of these states unless he or she belongs to that state, nor can he or she overstay beyond the period specified in the ILP.

History

- The concept comes from the colonial area. Under the Bengal Eastern Frontier Regulation Act, 1873, the British framed regulations restricting the entry and regulating the stay of outsiders in designated areas.

- This was to protect the Crown’s own commercial interests by preventing “British subjects” (Indians) from trading within these regions.

- In 1950, the Indian government replaced “British subjects” with “Citizen of India”. This was to address local concerns about protecting the interests of the indigenous people from outsiders belonging to other Indian states.

Concerns

- The Citizenship (Amendment) Bill aims to make it easier for non-Muslim refugees from Bangladesh, Pakistan, and Afghanistan to obtain Indian citizenship.

- If it is implemented with provisions for excluding from its ambit the states under the ILP regime, it means that beneficiaries under CAB will become Indian citizens but will not be able to settle in these three states.

- The North East Students’ Organisation, an umbrella body of all powerful students’ bodies of the regions had reiterated its demand for overall implementation of the Inner Line
The three states that have seen the highest migration and likely to be affected from Citizenship Bill are Assam, Tripura and Meghalaya, none of which has an ILP system.

Source: The Hindu

India proposes extended deadline for commitments at climate summit
GS-II | 11 December, 2019

Syllabus subtopic: Bilateral, regional and global groupings and agreements involving India and/or affecting India’s interests

Prelims and Mains focus: key takeaways from the ongoing climate meet, about Kyoto Protocol, India’s efforts to fulfill its INDCs

News: India proposed that developed countries make good commitments on providing finance to developing countries by 2023, instead of 2020 at 25th Session of the Conference of Parties under the UN Framework Convention on Climate Change (UNFCCC COP25), currently under way.

Background: COP-25, which started on December 2 and concludes on December 13, is an important conference on climate change as countries prepare to move from pre-2020 period under the Kyoto Protocol to post-2020 period under the Paris Agreement.

In September, during the Climate Action Summit convened by the UN Secretary-General, PM Modi had announced India’s plan to scale up the renewable energy target to 450 GW and called for responsible action by all on the principles of equity and Common But Differentiated Responsibilities and Respective Capability (CBDR-RC).

India’s efforts in fulfilling its INDCs

India has been leading the world in pursuit of solar energy capacity. It has also emphasised that developed countries should take the lead in taking ambitious actions and fulfil their climate
India is on its way to achieving voluntary targets it has set for itself to curb emissions. It has reduced emissions intensity of GDP by 21% and is “on track” to achieve the goal of 35% emissions reduction as promised in Paris.

India’s INDCs under Paris Agreement
About Kyoto Protocol and its assessment
Govt plans PDS portability for 12 states by January
GS-III | 11 December, 2019

**Syllabus subtopic:** Issues related to direct and indirect farm subsidies and minimum support prices; Public Distribution System objectives, functioning, limitations, revamping; issues of buffer stocks and food security; Technology missions; economics of animal-rearing.

**Prelims and Mains focus:** About One Nation, One Ration Card scheme and its significance in food security

**News:** In a step towards the launch of ‘One Nation, One Ration Card’ by June next year, the Ministry of Consumer Affairs, Food and Public Distribution is working to integrate 12 states on a single portability platform that will enable beneficiaries of the National Food Security Act (NFSA) to purchase subsidised food grains from any fair price shop in these states.

**Objective**

It is planned that inter-state portability through One Nation, One Ration Card system shall be launched in four other states of Goa, Madhya Pradesh, Tripura and Jharkhand and these shall be integrated along with the eight existing states into the single portability platform — Public Distribution System Network (PDSN) — with effect from January next year.

On-boarding/integration of the remaining states/UTs on the PDSN platform shall be done as and when the process of national de-duplication is completed for all beneficiaries and biometric/Aadhaar authentication distribution is enabled in all FPS of the states/UTs.

It is expected that nearly a total of 20 states/UTs shall be brought under the fold of National Portability by June 2020 in a phased manner.
UPSC "PT" DNA (Daily News Analysis)

One Nation One, Ration Card Scheme
UPSC "PT" DNA (Daily News Analysis)
Arms Bill gets Rajya Sabha nod
GS-II | 11 December, 2019

**Syllabus subtopic:** Government policies and interventions for development in various sectors and issues arising out of their design and implementation.

**Prelims and Mains focus:** About the key features of the bill and its significance in curbing crimes in India

**News:** The Rajya Sabha passed The Arms (Amendment) Bill, 2019 by a voice vote with members across party lines lauding the government’s decision to increase punishment for celebratory firing. The Bill has already been approved by the Lok Sabha.

**Key features of the Bill**

- The Bill seeks to amend the Arms Act, 1959. It seeks to **decrease the number of licensed firearms allowed per person** and **increase penalties** for certain offences under the Act. It also introduces **new categories of offences**.

- **License for acquiring firearms:** Under the Act, a license must be obtained to acquire, possess, or carry any firearm. A person can obtain a license for up to three firearms (with certain exceptions, such as for licensed firearms dealers). **The Bill reduces the number of permitted firearms from three to one.** This includes licenses given on inheritance or heirloom basis. The Bill provides a time period of one year to deposit the excess firearms with the officer-in-charge of the nearest police station or with a licensed firearm dealer as specified. If the owner is a member of the armed forces, the firearm may be deposited with a unit armoury. The excess firearms will be delicensed within 90 days from the expiry of the one-year period.

- The Bill also increases the duration of the validity of a firearm license from three years to five years.

- **Ban on firearms:** The Act bans manufacture, sale, use, transfer, conversion, testing or proofing of firearms without license. It also prohibits shortening of firearm barrel or conversion of imitation firearms into firearms without a license. The Bill additionally
prohibits obtaining or procuring un-licensed firearms, and the conversion of one category of firearms to another without a license. It also allows members of rifle clubs or associations to use any firearm for target practice instead of only point 22 bore rifles or air rifles.

- **Increase in punishment**: The Bill amends the punishment in relation to several offences. The Act specifies the punishment for: (i) dealing in un-licensed firearms, including their manufacture, procurement, sale, transfer, conversion, (ii) the shortening or conversion of a firearm without a licence, and (iii) import or export of banned firearms. The punishment for these offences is between three years and seven years, along with a fine. The Bill increases the punishment to between seven years and life imprisonment, along with a fine.

- The Act punishes acquisition, possession or carrying of prohibited ammunition without a license, with imprisonment between five and ten years, along with fine. The Bill increases the punishment to imprisonment between seven and 14 years, along with fine. A court may impose a punishment of lesser than seven years, with recorded reasons.

- The Act also punishes dealing in prohibited firearms (including their manufacture, sale and repair) without a license, with imprisonment between seven years and life imprisonment, along with fine. The Bill increases the minimum punishment from seven years to 10 years. The punishment for cases in which the usage of prohibited arms and ammunition results in the death of a person has been revised from the existing punishment of death to death or life imprisonment, with fine.

- **New offences**: The Bill adds new offences. These include: (i) forcefully taking a firearm from police or armed forces, punishable with imprisonment between 10 years and life imprisonment, along with fine, (ii) using firearms in a celebratory gunfire which endangers human life or personal safety of others, punishable with imprisonment of up to two years, or fine of up to one lakh rupees, or both. Celebratory gunfire refers to use of firearms in public gatherings, religious places, marriages or other functions to fire ammunition.

- The Bill also defines offences committed by organised crime syndicates and illicit trafficking. “Organised crime” refers to continuing unlawful activity by a person, either as a member of a syndicate or on its behalf, by using unlawful means, such as violence or coercion, to gain economic or other benefits. An organised crime syndicate refers to two or more persons committing organised crime. Possession of firearms or ammunition by a member of a syndicate, in violation of the Act, will be punishable with imprisonment between 10 years and life, along with a fine. This punishment will also apply to anyone dealing in un-licensed firearms (including its manufacture or sale), converting a firearm without license, or importing or exporting firearms without license, on behalf of a syndicate.
The Bill defines illicit trafficking to include the trade, acquisition, sale of firearms or ammunitions into or out of India where the firearms are either not marked as per the Act or violate the provisions of the Act. Illicit trafficking is punishable with imprisonment between 10 years and life, along with a fine.

- **Tracking of firearms:** The central government may make rules to track firearms and ammunition from manufacturer to purchaser to detect, investigate, and analyse illicit manufacturing and trafficking.
Concerns raised by MPs

- Members raised questions about *heirloom weapons* as the *legislation proposes to*
allow only one licensed weapons against three permitted earlier. To this, the govt. replied that the Heirloom weapons can be deactivated and kept. Most of the deaths in celebratory firings were by unlicensed weapons; only two of 959 deaths in Bihar, 14 of 792 in Jharkhand and 181 of 1,483 in Uttar Pradesh were by licensed weapons. The government is putting in place a system in which every ammunition will have a serial number.

- The legislation does not make any changes to the licensing regime for sportspersons.

- MPs asked about safeguards in the Bill for those in remote areas for whom guns are a means of self-defence. Congress MP Pratap Singh Bajwa said that holders of gun licences are not criminals but “respectable people” and they should be treated as such. BJD’s Prasanna Acharya said that guns are not a status symbol.

Source: Indian Express
Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.

Prelims focus: About fiscal deficit, revenue deficit, primary deficit, FRBM Act

Mains focus: about the impact of fiscal deficit on inflation, different steps taken by the govt. to check inflation

Context: India’s economic slowdown has led to a severe revenue shortfall in direct and indirect taxes. As expenditure expands while revenue falls short of budgeted expectations, the fiscal deficit will rise.
What exactly is a government deficit?

Government finances are adequately discussed during the budget and at times of slowdown.
One such indicator of interest is the deficit of the government. There are three measures of government deficits:

1. **Revenue deficit** is the difference between the total expenditure of the government and its total revenue.
2. **Fiscal deficit** is the difference between total expenditure and its total revenue except borrowings.
3. **Primary deficit** is the difference between fiscal deficit and interest payments.

Fiscal deficit is one of the most discussed of the three, as it is the money the government borrows to meet its expenditure.

**So, is it bad if the fiscal deficit increases?**

A natural inclination is to believe that if the expenditure is greater than the revenue, then it must be a bad thing. Unfortunately, there’s no simple answer to this question. A prolonged fiscal deficit above 4% is likely to be problematic, but there’s little difference between a deficit of 3.5% or 3.8%. More than the amount of fiscal deficit, what really matters is how the borrowed money is being utilized. If it is utilized for construction of physical infrastructure, then it is not necessarily a bad thing. But if it is used for farm loan waivers or other such subsidies, then a high fiscal deficit should be a cause of major concern.

**What is the expected fiscal deficit for FY20?**

The budget estimates indicated a fiscal deficit close to 3.3% of GDP that seemed unrealistic given the extent of the current economic slump. The FRBM Act allows a 0.5 percentage point relaxation in deficit in the event of a severe slowdown. This allows the government a fiscal deficit till 3.8% without violating the provisions of the FRBM Act.

**How does fiscal deficit impact inflation?**

Conventional wisdom has been that fiscal deficits result in undue inflationary pressures. This is based on India’s experience with high deficits in the 1980s and since 2009 onwards, when inflation and fiscal deficits were both high. But an important fact during these two periods was high international prices of global commodities and high minimum support prices for farmers. Moreover, not all deficits are inflationary: if the additional money is utilized for investments rather than subsidies, inflation is likely to be muted.

**Can the govt keep on spending as it wants?**

Not at all. Though fiscal deficits may not impact inflation, they do impact interest rates—the cost of government borrowings. A higher cost of borrowing constrains government borrowings. In the
present situation, the government must respond with a countercyclical fiscal policy. Luckily, that has been the stance of the finance ministry; however, it must share a credible long-term, medium-term fiscal consolidation road map.

FRBM Act – Objectives, targets, Amendments

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2. It proposed to bring down fiscal deficit to 3.3 percent, 3.1 percent and 3 percent of the gross domestic product by 2018-19, 2019-20 and 2020-21

FRBM Review Committee (N.K Singh Committee)

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- **Debt to GDP ratio**: The Committee suggested using debt as the primary target for fiscal policy. A debt to GDP ratio of 60% should be targeted with a 40% limit for the centre and 20% limit for the states. The targeted debt to GDP ratio should be achieved by 2023.

- **Fiscal Council**: The Committee proposed to create an autonomous Fiscal Council with a Chairperson and two members appointed by the centre. To maintain its independence, it proposed a non-renewable four-year term for the Chairperson and members. Further, these people should not be employees in the central or state governments at the time of appointment.
- The Committee suggested that grounds in which the government can deviate from the targets of FRBM should be clearly specified, and the government should not be allowed to notify other circumstances.
• **Borrowings from the RBI:** The draft Bill restricts the government from borrowing from the Reserve Bank of India (RBI) except when: (i) the centre has to meet a temporary shortfall in receipts, (ii) RBI subscribes to government securities to finance any deviations from the specified targets, or (iii) RBI purchases government securities from the secondary market.

Source: mint

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**New bill lets personal data be used without consent in some cases**

GS-II | 11 December, 2019

*Syllabus subtopic:* Government policies and interventions for development in various sectors and issues arising out of their design and implementation.

**Prelims and Mains focus:** key features of the bill, its merits and demerits,

*News:* The Personal Data Protection Bill, which is to be tabled in Parliament, seeks to **allow processing of personal data without the consent of the owner** for several “reasonable purposes” ranging from the operation of search engines to whistle-blowing, according to an official with knowledge of the matter.

**Key highlights of the bill:**

- **The bill categorizes data into three categories—**critical, sensitive and general.

- **Sensitive data**—financial, health, sexual orientation, biometrics, transgender status, religious or political beliefs and affiliation—**can be stored only in India**. However, data can be processed outside India with explicit consent.

- **Critical data** will be defined by the government from time to time and has to be stored and processed in India. Any personal non-critical and non-sensitive data will be categorized as general data with no restriction on where it is stored or processed.
The bill also proposes setting up of a “regulatory sandbox” for entities engaged in
developing new technologies in the nature of artificial intelligence and machine learning.
These entities, for instance, startups, can avail of certain exemptions from purpose,
storage and consent requirements of data.

In a first, the data protection bill wants social media platforms to create a
mechanism that will enable registered users to voluntarily verify their accounts. The
 provision is largely aimed at checking social media trolling.

The bill, while seeking to preserve the sanctity of individual consent, allows for several exemptions for prevention and detection of any unlawful activity including fraud; whistle blowing; mergers and acquisitions; network and information security, credit scoring; recovery of debt; processing of publicly available personal data; and operation of search engines.

According to the draft, personal data may be processed without obtaining consent if such processing is necessary for the purposes specified by regulations after taking into consideration certain factors such as public interest.

Personal data may be “processed” if this is necessary for the performance of “any function of the state authorized by the law” for any public service and for compliance with any order of a court or tribunal.

Under the proposed law, the government is also entitled to direct a fiduciary—any person or entity that processes data—to get access to non-personal data to provide better services to citizens. For instance, the government can use non-personal or anonymous data for research or any other purpose.

While the (changes in the bill) would arguably help enable certain types of businesses, other changes such as lack of a clear implementation road map, transition provisions and the requirement to share anonymized and non-personal data under certain circumstances may be of concern to businesses.

The bill empowers users with the “right to be forgotten”. This will allow users, termed “data principal” under the proposed bill, to erase their personal data published online.
and give them the freedom to ask entities such as Facebook and Twitter to delete any data they do not want in the public domain.

- People can **ask for restricting or preventing continued disclosure of data once the purpose for which it was collected has been served, or is no longer necessary**. Such data will also need to be withdrawn if the data principal has withdrawn consent for the purpose it was given for, said the official cited earlier.

**Responsibilities imposed**

- The bill places a few responsibilities on data principals.

- They will have to file an application with an adjudicating officer in case they wish to withdraw consent or want to limit the use of data, according to the official.

- Data principals will have to convince the officer that their right or interest in preventing or restricting the continued disclosure of their personal data overrides the right to freedom of speech and expression and the right to information of any other citizen.
SC flags delay in appointment of judges
GS-II | 11 December, 2019

Syllabus subtopic: Appointment to various Constitutional posts, powers, functions and responsibilities of various Constitutional Bodies.

Prelims and Mains focus: about the delay in the appointments of judges in High courts and lower judiciary and its implications on justice delivery system

News: Two hundred and thirteen names recommended for appointment to various High Courts are pending with the government/Supreme Court Collegium, the Supreme Court said in a judicial order.

What does the judicial order say on appointments?

At least the names on which the Supreme Court Collegium, the High Courts and the governments had agreed upon should be appointed within six months, the order said.

If recommendations of the High Court Collegium meet with the approval of the Supreme Court Collegium and the government, at least their appointments must take place within six months. This is not to say that in other cases the process should not be completed within six months,” a Bench of Justices Sanjay Kishan Kaul and K.M. Joseph said in an order dated December 6 and made available on Tuesday.

It emphasised that the appointments required “a continuous, collaborative and integrated process, where the government is an important consultee”.

Why is the judicial order significant?

The order is significant, coming at a time when inordinate delays in the appointment of High Court judges and depleting numbers in the higher judiciary threaten to affect the justice delivery mechanism.

The court has asked for a list with details of the 213 names, including when their files were forwarded to the Prime Minister’s Office (PMO) and the time taken by the Law Ministry to forward them to the PMO.
Process of appointments of judges

Once the Supreme Court collegium clearing the recommendees, the Union Law Ministry has to put up within three weeks the recommendations to the Prime Minister who would advise the President on the appointment.

However, no time limit has been prescribed for action by the Prime Minister and the President.
Falling appointments

The number of judges appointed to the High Courts has steadily dipped since 2017. Judicial appointments to High Courts have nearly halved in 2019 compared to 2017 and 2018. Only 65 judges have been appointed to High Courts in 2019. It was 115 in 2017 and 108 in 2018. The High Courts are functioning at nearly 50% of their sanctioned judicial strength. Of a total 1,079 judges sanctioned in the High Courts, there are 410 vacancies.

Source: The Hindu

U.S., Saudi Arabia at bottom of climate class™

GS-III | 11 December, 2019

Syllabus subtopic: Important International institutions, agencies and fora, their structure, mandate.

Prelims and Mains focus: About CCPI and its key findings, their significance, India’s performance in the index

News: The U.S. and Saudi Arabia are among major polluters showing “hardly any signs” of reducing their greenhouse gas production, a global assessment of countries’ emissions trajectories said at United Nations climate talks.

About CCPI

The Climate Change Performance Index (CCPI) measures the emissions, renewable energy share and climate policies of 57 countries and the European Union.
Its findings:

- It found the U.S. ranks last, followed by Saudi Arabia and Australia, although several countries did report falls in emissions last year, largely due to an industry-wide fade out of coal.

- While climate performance varied greatly — even within the EU, with Sweden leading the way — the report found that none of the countries surveyed were currently on a path compatible with the Paris climate goals.

- China, the world’s largest single emitter, was found to have taken “medium action” due to its high investment in renewables.

India’s performance

- India, for the first time, ranks among the top 10 in this year’s Climate Change Performance Index (CCPI) presented at the COP25 climate summit in Madrid.

- The current levels of per capita emissions and energy use in India, ranked 9th in the “high category”, are still comparatively low and, along with ambitious 2030 targets, result in high ratings for the green house gas emissions and energy use categories, said the report.

Source: The Hindu

Nagaland brings ILP in Dimapur

GS-II | 11 December, 2019

Syllabus subtopic: Government policies and interventions for development in various sectors and issues arising out of their design and implementation.

Prelims focus: About ILP and the areas where it is required, CAB, NRC
Mains focus: Concerns of the northeast states against Citizenship Amendment Bill, its consequences

News: Even as the Lok Sabha debated the Citizenship (Amendment) Bill, 2019, on Monday, the Nagaland government extended the Inner Line Permit (ILP) system to Dimapur, the commercial hub of the State.

What does it mean?

The decision makes it mandatory for “every non-indigenous person” who entered the district after November 21, 1979, to obtain an ILP within 90 days. They would have to produce documents as evidence to get a certificate from the Deputy Commissioner for exemption from the permit system.

Background

There have been protests across the northeastern States against the Bill that nullifies the 1985 Assam Accord, which called for detection and deportation of anyone who entered the State after March 24, 1971.

The Bill makes the Accord redundant as it is likely to benefit non-Muslims among the over 19 lakh people excluded from the National Register of Citizens.

Other areas/states where ILP is required

 Except Dimapur, the ILP has been applicable to the rest of Nagaland. Known as “mini India”, Dimapur district has a mixed population.

Exempt from CAB Nagaland, Arunachal Pradesh and Mizoram, protected by the ILP requirement, have been exempted from the provisions of the CAB along with the whole of Meghalaya, Mizoram and the tribal areas of Tripura and Assam as covered in the Sixth Schedule of the Constitution. Residents of other States have to mandatorily obtain an ILP to visit the protected States.

ILP extended to Manipur

Manipur would be brought under the ILP system, exempting it from provisions of the CAB.
Except nontribal areas in Assam and Tripura, the entire northeast has been exempted from the CAB.

About Inner Line Permit

- Inner Line Permit is a document that allows an Indian citizen to visit or stay in a state that is protected under the ILP system. The system is in force today in three Northeastern states viz Arunachal Pradesh, Nagaland and Mizoram.
- No Indian citizen can visit any of these states unless he or she belongs to that state, nor can he or she overstay beyond the period specified in the ILP.

History

- The concept comes from the colonial area. Under the Bengal Eastern Frontier Regulation Act, 1873, the British framed regulations restricting the entry and regulating the stay of outsiders in designated areas.
- This was to protect the Crown’s own commercial interests by preventing “British subjects” (Indians) from trading within these regions.
- In 1950, the Indian government replaced “British subjects” with “Citizen of India”. This was to address local concerns about protecting the interests of the indigenous people from outsiders belonging to other Indian states.

Concerns

- The Citizenship (Amendment) Bill aims to make it easier for non-Muslim refugees from Bangladesh, Pakistan, and Afghanistan to obtain Indian citizenship.
- If it is implemented with provisions for excluding from its ambit the states under the ILP regime, it means that beneficiaries under CAB will become Indian citizens but will not be able to settle in these three states.
- The North East Students’ Organisation, an umbrella body of all powerful students’ bodies of the regions had reiterated its demand for overall implementation of the Inner Line
The three states that have seen the highest migration and likely to be affected from Citizenship Bill are Assam, Tripura and Meghalaya, none of which has an ILP system.

Source: The Hindu

India proposes extended deadline for commitments at climate summit

GS-II | 11 December, 2019

Syllabus subtopic: Bilateral, regional and global groupings and agreements involving India and/or affecting India's interests

Prelims and Mains focus: key takeaways from the ongoing climate meet, about Kyoto Protocol, India’s efforts to fulfill its INDCs

News: India proposed that developed countries make good commitments on providing finance to developing countries by 2023, instead of 2020 at 25th Session of the Conference of Parties under the UN Framework Convention on Climate Change (UNFCCC COP25), currently under way.

Background: COP-25, which started on December 2 and concludes on December 13, is an important conference on climate change as countries prepare to move from pre-2020 period under the Kyoto Protocol to post-2020 period under the Paris Agreement.

In September, during the Climate Action Summit convened by the UN Secretary-General, PM Modi had announced India's plan to scale up the renewable energy target to 450 GW and called for responsible action by all on the principles of equity and Common But Differentiated Responsibilities and Respective Capability (CBDR-RC).

India's efforts in fulfilling its INDCs

India has been leading the world in pursuit of solar energy capacity. It has also emphasised that developed countries should take the lead in taking ambitious actions and fulfil their climate
India is on its way to achieving voluntary targets it has set for itself to curb emissions. It has reduced emissions intensity of GDP by 21% and is “on track” to achieve the goal of 35% emissions reduction as promised in Paris.

India’s INDCs under Paris Agreement
About Kyoto Protocol and its assessment
Govt plans PDS portability for 12 states by January
GS-III | 11 December, 2019

**Syllabus subtopic:** Issues related to direct and indirect farm subsidies and minimum support prices; Public Distribution System objectives, functioning, limitations, revamping; issues of buffer stocks and food security; Technology missions; economics of animal-rearing.

**Prelims and Mains focus:** About One Nation, One Ration Card scheme and its significance in food security

**News:** In a step towards the launch of ‘One Nation, One Ration Card’ by June next year, the Ministry of Consumer Affairs, Food and Public Distribution is working to integrate 12 states on a single portability platform that will enable beneficiaries of the National Food Security Act (NFSA) to purchase subsidised food grains from any fair price shop in these states.

**Objective**

It is planned that inter-state portability through One Nation, One Ration Card system shall be launched in four other states of Goa, Madhya Pradesh, Tripura and Jharkhand and these shall be integrated along with the eight existing states into the single portability platform — Public Distribution System Network (PDSN) — with effect from January next year.

On-boarding/integration of the remaining states/UTs on the PDSN platform shall be done as and when the process of national de-duplication is completed for all beneficiaries and biometric/Aadhaar authentication distribution is enabled in all FPS of the states/UTs.

It is expected that nearly a total of 20 states/UTs shall be brought under the fold of National Portability by June 2020 in a phased manner.
One Nation One, Ration Card Scheme
UPSC "PT" DNA (Daily News Analysis)
Arms Bill gets Rajya Sabha nod
GS-II | 11 December, 2019

Source: Indian Express

Syllabus subtopic: Government policies and interventions for development in various sectors and issues arising out of their design and implementation.

Prelims and Mains focus: About the key features of the bill and its significance in curbing crimes in India

News: The Rajya Sabha passed The Arms (Amendment) Bill, 2019 by a voice vote with members across party lines lauding the government’s decision to increase punishment for celebratory firing. The Bill has already been approved by the Lok Sabha.

Key features of the Bill

- The Bill seeks to amend the Arms Act, 1959. It seeks to decrease the number of licensed firearms allowed per person and increase penalties for certain offences under the Act. It also introduces new categories of offences.

- **License for acquiring firearms:** Under the Act, a license must be obtained to acquire, possess, or carry any firearm. A person can obtain a license for up to three firearms (with certain exceptions, such as for licensed firearms dealers). The Bill reduces the number of permitted firearms from three to one. This includes licenses given on inheritance or heirloom basis. The Bill provides a time period of one year to deposit the excess firearms with the officer-in-charge of the nearest police station or with a licensed firearm dealer as specified. If the owner is a member of the armed forces, the firearm may be deposited with a unit armoury. The excess firearms will be delicensed within 90 days from the expiry of the one-year period.

- The Bill also increases the duration of the validity of a firearm license from three years to five years.

- **Ban on firearms:** The Act bans manufacture, sale, use, transfer, conversion, testing or proofing of firearms without license. It also prohibits shortening of firearm barrel or conversion of imitation firearms into firearms without a license. The Bill additionally
prohibits obtaining or procuring un-licensed firearms, and the conversion of one category of firearms to another without a license. It also allows members of rifle clubs or associations to use any firearm for target practice instead of only point 22 bore rifles or air rifles.

- **Increase in punishment:** The Bill amends the punishment in relation to several offences. The Act specifies the punishment for: (i) dealing in un-licensed firearms, including their manufacture, procurement, sale, transfer, conversion, (ii) the shortening or conversion of a firearm without a licence, and (iii) import or export of banned firearms. The punishment for these offences is between three years and seven years, along with a fine. The Bill increases the punishment to between seven years and life imprisonment, along with a fine.

- The Act punishes acquisition, possession or carrying of prohibited ammunition without a license, with imprisonment between five and ten years, along with fine. The Bill increases the punishment to imprisonment between seven and 14 years, along with fine. A court may impose a punishment of lesser than seven years, with recorded reasons.

- The Act also punishes dealing in prohibited firearms (including their manufacture, sale and repair) without a license, with imprisonment between seven years and life imprisonment, along with fine. The Bill increases the minimum punishment from seven years to 10 years. The punishment for cases in which the usage of prohibited arms and ammunition results in the death of a person has been revised from the existing punishment of death to death or life imprisonment, with fine.

- **New offences:** The Bill adds new offences. These include: (i) forcefully taking a firearm from police or armed forces, punishable with imprisonment between 10 years and life imprisonment, along with fine, (ii) using firearms in a celebratory gunfire which endangers human life or personal safety of others, punishable with imprisonment of up to two years, or fine of up to one lakh rupees, or both. Celebratory gunfire refers to use of firearms in public gatherings, religious places, marriages or other functions to fire ammunition.

- The Bill also defines offences committed by organised crime syndicates and illicit trafficking. “Organised crime” refers to continuing unlawful activity by a person, either as a member of a syndicate or on its behalf, by using unlawful means, such as violence or coercion, to gain economic or other benefits. An organised crime syndicate refers to two or more persons committing organised crime. Possession of firearms or ammunition by a member of a syndicate, in violation of the Act, will be punishable with imprisonment between 10 years and life, along with a fine. This punishment will also apply to anyone dealing in un-licensed firearms (including its manufacture or sale), converting a firearm without license, or importing or exporting firearms without license, on behalf of a syndicate.
The Bill defines illicit trafficking to include the trade, acquisition, sale of firearms or ammunitions into or out of India where the firearms are either not marked as per the Act or violate the provisions of the Act. Illicit trafficking is punishable with imprisonment between 10 years and life, along with a fine.

**Tracking of firearms:** The central government may make rules to track firearms and ammunition from manufacturer to purchaser to detect, investigate, and analyse illicit manufacturing and trafficking.
Concerns raised by MPs

- Members raised questions about heirloom weapons as the legislation proposes to
allow only one licensed weapons against three permitted earlier. To this, the govt.
replied that the Heirloom weapons can be deactivated and kept. Most of the deaths in
celebratory firings were by unlicensed weapons; only two of 959 deaths in Bihar, 14 of 792
in Jharkhand and 181 of 1,483 in Uttar Pradesh were by licensed weapons. The
government is putting in place a system in which every ammunition will have a serial
number.

- The legislation does not make any changes to the licensing regime for sportspersons.

- MPs asked about safeguards in the Bill for those in remote areas for whom guns are a
means of self-defence. Congress MP Pratap Singh Bajwa said that holders of gun
licences are not criminals but “respectable people” and they should be treated as such.
BJD’s Prasanna Acharya said that guns are not a status symbol.

Source: Indian Express
The link between NPAs and frauds at govt-run banks

GS-III | 12 December, 2019

**Syllabus subtopic:** Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.

**Prelims and Mains focus:** Why rising incidence of bank frauds is a cause of concern for RBI, the Centre and people with savings and deposits in these banks.

**News:** The finance minister informed Parliament last month that state-run banks reported frauds of over ₹95,760 crore in April-September.
Are frauds rising at state-owned banks?

Public sector banks (PSBs) reported frauds of over ₹95,760 crore from April to September this year. According to the Reserve Bank of India’s latest annual report, all banks, including PSBs, reported frauds involving losses of ₹71,542.93 crore over the 12-month period of FY19. RBI data shows that the bulk of the frauds relate to loans and take place at PSBs. The incidence and cost of frauds is increasing year after year, posing threats to the financial stability and eroding the credibility of PSBs, auditors, credit rating agencies and the regulator RBI, as well as the trust of savers and depositors.

Why is the incidence of fraud increasing?
Studies have shown that fraudsters, big and small, are able to take undue advantage of a number of well-documented weaknesses in the system. The central bank has an early warning signals system but, as had happened in the Nirav Modi case, PSBs do not always take advantage of it. Former RBI governor Urjit Patel made a presentation at Stanford University in June that showed most of the frauds are related to loans and occur due to poor operational risk management and ineffective internal audits at state-owned banks. These banks apply little risk analysis or due diligence.

Are frauds related to non-performing assets (NPAs)?

A 2016 study by the Indian Institute of Management, Bangalore, found a correlation between rising frauds and NPAs, which indicates lack of requisite standards of corporate governance, leading to more instances of loan defaults involving over ₹1 crore. The study said this is suggestive of collusion between corporate entities and top PSB officials.

Why do frauds take place more at PSBs?

The study found that big loan advance frauds happen as bank officials collude with borrowers and sometimes even with officials of third parties such as advocates and chartered accountants. Post loan sanction, the monitoring is weaker than at private banks due to lack of expertise and modern tech resources. Officers retire before they can be booked for fraud. Weak selection process and lower pay than at private banks are among key reasons. PSB staff are not offered appropriate incentives to prevent or detect frauds early.

What should be done to prevent frauds?

There is little deterrence for fraudsters as conviction rates are low due to the lack of specialized financial sleuths. PSBs should set up an internal rating agency for stringent evaluation of big-ticket projects before sanctioning loans. Banks must evaluate projects on the basis of the business model and not get influenced by the brand name or creditworthiness of the parent firm. Strict punitive steps for bank staff and others who collude with fraudsters can help.

Source: mint
Syllabus subtopic: Important aspects of governance, transparency and accountability, e-governance- applications, models, successes, limitations, and potential; citizens charters, transparency & accountability and institutional and other measures.

Prelims and Mains focus: About the factors causing delays in justice delivery mechanism in crimes against women and their consequences

News: Seven years after the crime, the infamous Delhi gangrape case labours on in the Supreme Court with the filing of a fresh review petition. In the Unnao case, the rape victim was killed before the final verdict.

Justice delayed is justice denied

In India, justice, even in high-profile cases of rape, can take time. The delays hurt victims and affect the society by eroding trust in institutions and increasing the clamour for extrajudicial justice.

Cases of rape in India fell in 2017 to 52 incidents per million women from 63 in 2016, according to the latest available data from the National Crime Records Bureau (NCRB). However, this figure is likely to be an underestimate. An earlier analysis had estimated that 99% of cases of sexual violence in India go unreported.

Even when rapes are reported, their resolution is delayed. Like with any crime, rape-related crimes are first dealt with by police and then by courts. Both processes can be slow. According to NCRB data, 29% of all cases of rape in India at the end of 2017 were unresolved by police. The court backlog was worse.

Nearly 88% of all rape cases in courts were pending resolution in 2017. These figures, however, were an improvement over 2016, but significantly worse than the 2001 figures.

This pendency persists even after concerted efforts to expedite rape cases. For instance, the Delhi gangrape in 2012 triggered several initiatives to prioritize resolving rape cases. They may have had an immediate effect with pendency rate for rape cases falling between 2012 and 2013. However, the pendency rate on rape cases is no better than the pendency for other crimes.

Even the fast-track courts established to expedite cases have a pendency problem. Though the government proposed establishing 1,800 fast-track courts, only 700 are operational with the total number of pending cases in these courts standing at around 700,000.
Delay in other crimes against women

Police and courts take time to process all crimes against women, not just rape cases. As law enforcement is a state subject, the time taken to process the crimes, which include acid attacks and dowry deaths, can vary significantly across India. For instance, police forces in Rajasthan, Madhya Pradesh and Gujarat seem to be the most efficient at disposing of both crimes against women and general crimes. In contrast, the police in Jharkhand, Delhi and Punjab are among the worst at processing crimes against women, compared to other crimes. The differences, though, could reflect levels of reporting in states. Gujarat, for instance, has a minor pendency issue, but also the lowest levels of gender crimes reported among Indian states.

In courts, pendency is a big issue in every state, but courts in eastern India, such as West Bengal and Odisha, suffer from bigger backlogs for both crimes against women and other crimes. These courts are also among the most under-staffed in the country.
Factors causing delay in justice delivery

- Understaffing is a major driver of pendency in both courts and police forces. However, for crimes against women, there could be other factors.
The Criminal Law (Amendment) Act in 2013 expanded the definition of sexual violence crimes against women, which could have increased the caseload for both the police and courts.

There may also be differences in how gender crimes are treated. A 2019 survey of police personnel across India by the Centre for the Study of Developing Societies (CSDS), shows that around 20% of all personnel believe that gender-based violence complaints are false and motivated. Little wonder then that women trust the police less than men.

Trust deficit

- In a 2018 survey on police perceptions, CSDS found that 66% of women said they trusted the police compared to 71% of men.

- Delays in the system could also be encouraging support for extrajudicial justice. A significant proportion of India’s police force believes that extrajudicial killings and violence towards criminals are justified. The 2019 CSDS survey found that 19% of police personnel believe that killing dangerous criminals was better than a legal trial, while 75% feel that violence towards criminals was justified. (See chart 5): as reactions to the Hyderabad encounter demonstrated, this is a view shared by even those outside the police.

- The 2018 CSDS survey suggested that 50% of all Indians believe there is nothing wrong with violence towards criminals. As police and courts strain under a backlog, and women continue to suffer, the clamour for extrajudicial justice could get stronger.

National Crime Records Bureau

- The NCRB is an Indian government agency responsible for collecting and analysing crime data as defined by the Indian Penal Code (IPC) and Special and Local Laws (SLL).

- NCRB is headquartered in New Delhi and is part of the Ministry of Home Affairs (MHA).
NCRB was set-up in 1986 to function as a repository of information on crime and criminals so as to assist the investigators in linking crime to the perpetrators.

- It was set up based on the recommendation of the Task force, 1985 and National Police Commission, 1977.

Source: mint

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**Code on Social Security Bill introduced in Lok Sabha**

GS-II | 12 December, 2019

**Syllabus subtopic:** Government policies and interventions for development in various sectors and issues arising out of their design and implementation.

**Prelims and Mains focus:** About the key features of the Bill and its significance on welfare of the unorganized sector workforce in India

**News:** The Code on Social Security, 2019 was introduced in Lok Sabha on Wednesday.

**Context:** The unorganised sector, which accounts for a little over 80 per cent of India’s total workforce, has largely been out of social security schemes as well as the ambit of labour regulations at present.

**Key features of the Bill**

- It proposes universalisation of social security benefits for the country’s around 5 crore workforce, along with offerings such as medical, pension, death and disability benefits to them.

- The Code also provides an enabling provision for constituting special purpose vehicles for the implementation of schemes for unorganised sector workers.
• It also seeks to **expand the sources of the fund for various schemes** under the Code to include funds from corporate social responsibility (CSR).

• The Code **empowers the Centre** with an enabling provision to change the mandatory monthly contribution towards employees provident fund (EPF) for a certain class of employees for a certain period.

• **Employers** will, however, **have to contribute to the retirement fund at the existing rate.** This will help increase the take-home pay of workers with relatively lower salaries.

• The Bill also **empowers the government to frame schemes for providing social security** to gig workers and platform workers who do not fall under the traditional employer-employee relation.

• It also provides for **payment of gratuity in case of fixed-term employment on pro-rata basis, even if the period for fixed term contract is less than five years.** Under the current Act, an employee is entitled for gratuity only after completing five years of continuous service.

• The Bill also provides for **maternity benefit to the woman employees and compensation to the employees in case of the accidents while commuting from residence to place of work and vice-versa.**

• The Code will make **Aadhaar mandatory** for seeding at the time of registration of member or beneficiary or any other person to register or for receiving benefits.

**Difference between Organised and Unorganised sector**
GST rate rationalisation should lead to gain in revenue, not inconvenience people: States

GS-III | 12 December, 2019
As talks of a hike in goods and services tax (GST) rates gain momentum, there is a sense of disquiet among states regarding any major tinkering of the slabs, especially the lower tax slab and exempted items. The Council meeting of December 18, coming in the backdrop of the Centre’s struggles on the revenue side sets the stage to reverse the direction of rate cuts.

About the issue

The emerging view is that revenue gain from any such rate hike has to be substantial and not cause inconvenience to the common man, though they are of the view that ways need to be found to narrow the widening revenue gap.

Concerns raised and Suggestions by the States

- Knee-jerk reactions such as a cut in GST rates before elections and a hike in rates in times of revenue slowdown are not needed and GST needs to be looked afresh and a “holistic overview” needs to be taken.

- The scope to increase rates is very “limited”, especially of exempted items and 5 per cent slab. Making changes in the lower slab of 5 per cent is not going to yield much revenue. This is a sensitive issue and all states need to be on board. It is to be seen what will help in raising revenues without hurting the sentiment of the common man. Every state would want that revenues should also go up, tax compliance improves and cess pool also improves.

- Raising tax rates in times of slowdown has a repercussion and maybe the states could consider bringing in more items under the ambit of cess or increase cess rates for existing items. Not much scope to raise cess on automobiles, but maybe it can be increased for aerated drinks, tobacco.
The revenue gap has to be filled; it’s not related to one state, every state wants compensation at 14 per cent. How to do it, what can be done, this is a difficult exercise.

Any such rate change exercise needs to be done slowly, with due imgs from officers and ministers of all states and after a thorough perusal by the fitment committee.

States are of the view that hardly any luxurious or high-end items are there in the list of exempted items at present, so taking out items from that list may not be feasible.

Also, a merger of 12 per cent and 18 per cent slabs may not result in revenue gain on a net basis.

Kerala FM Thomas Isaac has spoken against tweaking rates for lower slabs and suggested tinkering with items in the higher slabs of 18 per cent and 28 per cent. “In the last GST Council meeting Union FC (Finance Commission) Chairman suggested states should revisit the compensation package in the context of decline in tax collection. All state ministers irrespective of politics rejected it. Now Centre is bringing it back to the agenda by forcing a dispute,” he tweeted.

Present scenario

Over 50 per cent of the total items are under the 18 per cent slab under GST, around 20 per cent are in the 12 per cent slab and about 23 per cent of the items are in the lower slab of 5 per cent. 25 per cent of the items are in the peak 28 per cent slab, while 13 per cent of the items are in the zero category.

So far, the GST Council, since the GST rollout from July 1, 2017, has held 19 meetings in which it has undertaken around 10 rounds of rate cuts. Any rate hike decision would be the first such move under the indirect tax regime.

About GST Council

The Goods and Services Tax (GST) is governed by the GST Council. Article 279 (1) of the amended Indian Constitution states that the GST Council has to be constituted by the
President within 60 days of the commencement of the Article 279A.

According to the article, GST Council will be a joint forum for the Centre and the States. It consists of the following members:

1. The Union Finance Minister will be the Chairperson
2. As a member, the Union Minister of State will be in charge of Revenue of Finance
3. The Minister in charge of finance or taxation or any other Minister nominated by each State government, as members.

**Note:** For an in-depth analysis about GST and other issues related to it, click on the link below:

Bougainville votes for independence from Papua New Guinea

GS-II | 12 December, 2019

Syllabus subtopic: Effect of policies and politics of developed and developing countries on India's interests, Indian diaspora.

Prelims and Mains focus: About the referendum in the archipelago and related geographical regions on world atlas

News: The South Pacific islands of Bougainville have overwhelmingly voted to be independent from Papua New Guinea, the referendum commission said on Wednesday, in a historic poll that will embolden separatists as they start negotiating the terms of their sovereignty.
Background

Bougainville’s quest for independence is one of dozens of separatist movements in play around the world. There is a strong movement in Scotland seeking independence from the United Kingdom, while Catalan separatists in Spain remain active.

Thousands of protesting Papuans also recently called for an independence vote, seeking to separate from Indonesia.

The islands are still recovering from the conflict, which killed 20,000 people in a fight over land royalties and pollution in rivers near the now-shuttered Panguna gold and copper project.

It was the deadliest conflict in the area since the Second World War.

Once the economic engine of PNG, Bougainville has fallen to the bottom of almost every financial indicator, despite boasting mineral riches, fertile volcanic soil and stunning geography.

About the referendum

Almost 98% of the 181,067 votes cast backed independence in the non-binding poll that is part of a peace pact struck in the aftermath of a decade-long war between Bougainville’s rebel fighters and PNG forces, which ended in 1998.

The referendum gave voters in the island cluster a choice between independence and greater autonomy.

There was a mood of celebration throughout the two-week referendum, which ended on Dec. 7, with many voters carrying Bougainville’s predominantly blue flag to polling stations.

Ballots from different areas were mixed before officials tallied the results to eliminate the risk of reprisals.

Way forward

The comprehensive vote in Bougainville will be used to strengthen the hand of negotiators as they start discussions on the terms of independence with the PNG government.

Any agreement struck in the negotiations would still need to pass through PNG’s parliament.

Just 3,043 voters backed the other option on the ballot - greater autonomy - while a small
number of informal votes were recorded.

Bougainville Vice President Raymond Masono has told Reuters a transition could take 10 years, as the region would need to rebuild its institutions.

Discussion over how Bougainville would sustain its independence is likely to dominate negotiations after the referendum, two PNG ministers told Reuters earlier.

Source: Indian Express

50th PSLV launch carries radar satellite
GS-III | 12 December, 2019

Syllabus subtopic: Science and Technology- developments and their applications and effects in everyday life Achievements of Indians in science & technology; indigenization of technology and developing new technology.

Prelims and Mains focus: About the recent launch by PSLV, its achievements so far and their significance in making India a prominent player in satellite launching industry

News: India’s Polar Satellite Launch Vehicle (PSLV) marked its ‘Golden Jubilee’ launch on Wednesday by injecting India’s advanced radar imaging satellite RISAT2BR1 and nine other customer satellites from Japan, Italy, Israel and the U.S. into their intended orbits.

Objective of RISAT2BR1 satellite

It will be used for agriculture, forestry, disaster management support and national security. ISRO will launch the next version of RISAT within the next two months.
Other achievements of PSLV

The PSLV, which has a history of successful launches of payloads that include Chandrayaan1, Mars Orbiter Mission and the space recovery mission, soared into clear blue skies at 3.25 p.m. from the refurbished first launchpad, marking the 50th launch for the vehicle.

Initially, the PSLV had a carrying capacity of 850 kg, and over the years it has been enhanced to 1.9 tonnes. The PSLV is very versatile, having various mission options.

The PSLV had helped take payloads into almost all the orbits in space, including the Geo-Stationary Transfer Orbit (GTO), the moon and mars, and would soon be launching a mission to the Sun.

In the last 26 years, the PSLV had lifted more than 52 tonnes into space, of which about 17% were for commercial customers.

The PSLV has failed only twice — the maiden flight of the PSLV D1 in September 1993 and the PSLV C39 in August 2017. While it had taken ISRO 26 years to achieve 50 launches, the next 50 would likely be done in the coming five years.

What is the difference between GSLV and PSLV

Both PSLV (Polar Satellite Launch Vehicle) and GSLV (Geosynchronous Satellite Launch Vehicle) are the satellite-launch vehicles (rockets) developed by ISRO. PSLV is designed mainly to deliver the “earth-observation” or “remote-sensing” satellites with lift-off mass of up to about 1750 Kg to Sun-Synchronous circular polar orbits of 600-900 Km altitude.

The remote sensing satellites orbit the earth from pole-to-pole (at about 98 deg orbital-plane inclination). An orbit is called sun-synchronous when the angle between the line joining the centre of the Earth and the satellite and the Sun is constant throughout the orbit.

Due to their sun-synchronism nature, these orbits are also referred to as “Low Earth Orbit (LEO)” which enables the on-board camera to take images of the earth under the same sun-illumination conditions during each of the repeated visits, the satellite makes over the same area on ground thus making the satellite useful for earth resources monitoring.

Apart from launching the remote sensing satellites to Sun-synchronous polar orbits, the PSLV is also used to launch the satellites of lower lift-off mass of up to about 1400 Kg to the elliptical Geosynchronous Transfer Orbit (GTO).

PSLV is a four-staged launch vehicle with first and third stage using solid rocket motors and second and fourth stages using liquid rocket engines. It also uses strap-on motors to augment the thrust provided by the first stage, and depending on the number of these strap-on boosters,
the PSLV is classified into its various versions like core-alone version (PSLV-CA), PSLV-G or PSLV-XL variants.

The GSLV is designed mainly to deliver the communication-satellites to the highly elliptical (typically 250 x 36000 Km) Geosynchronous Transfer Orbit (GTO). The satellite in GTO is further raised to its final destination, viz., Geo-synchronous Earth orbit (GEO) of about 36000 Km altitude (and zero deg inclination on equatorial plane) by firing its in-built on-board engines.

Due to their geo-synchronous nature, the satellites in these orbits appear to remain permanently fixed in the same position in the sky, as viewed from a particular location on Earth, thus avoiding the need of a tracking ground antenna and hence are useful for the communication applications.

Source: The Hindu

Heavy metals contaminating India’s rivers

GS-III | 12 December 2019

Syllabus subtopic: Conservation, environmental pollution and degradation, environmental impact assessment.

Prelims focus: about heavy metals, Central water commission, Bureau of Indian Standards

Mains focus: impact of water pollution on human health, govt. efforts to check pollution

News: Samples taken from two-thirds of the water quality stations spanning India’s major rivers showed contamination by one or more heavy metals, exceeding safe limits set by the Bureau of Indian Standards (BIS).

About the findings of the report

The findings are part of a report, which is the third edition of an exercise conducted by the Central Water Commission (CWC) from May 2014 to April 2018.

Samples from only one-third of water quality stations were safe. The rest, or 287 (65%) of the 442 sampled, were polluted by heavy metals. Samples from 101 stations had contamination by two metals, six stations saw contamination by three metals.

Iron emerged as the most common contaminant with 156 of the sampled sites registering levels of the metal above safe limits. None of the sites registered arsenic levels above the
safe limit.

“Arsenic and zinc are the two toxic metals whose concentration was always obtained within the limits throughout the study period,” the report noted.

Not all the rivers are equally sampled. Several rivers have only been sampled at a single site whereas others such as the Ganga, the Yamuna and the Godavari are sampled at multiple sites. Marked variation was found in contamination levels depending on the season.

Samples were collected in three different seasons: pre-monsoon, monsoon and post-monsoon.
Sources and impact of heavy metals contaminated water

The main sources of heavy metal pollution are mining, milling, plating and surface finishing industries that discharge a variety of toxic metals into the environment.

The presence of metals in drinking water is to some extent unavoidable and certain metals, in trace amounts, required for good health. However, when present above safe limits, they are associated with a range of disorders.

Longterm exposure to the abovementioned heavy metals may result in slowly progressing physical, muscular, and neurological degenerative processes that mimic Alzheimer’s disease, Parkinson’s disease, muscular dystrophy and multiple sclerosis.

Other heavy metals found

The other major contaminants found in the samples were lead, nickel, chromium, cadmium and copper. The study spanned 67 rivers in 20 river basins. Lead, cadmium, nickel, chromium and copper contamination were more common in non-monsoon periods while iron, lead, chromium and copper exceeded ‘tolerance limits’ in monsoon periods most of the time.

Not all the rivers are equally sampled. Several rivers have only been sampled at a single site whereas others such as the Ganga, the Yamuna and the Godavari are sampled at multiple sites. Marked variation was found in contamination levels depending on the season.

The main sources of heavy metal pollution are mining, milling, plating and surface finishing industries that discharge a variety of toxic metals into the environment.

About Bureau of Indian Standards (BIS)

1. The Bureau of Indian Standards (BIS) is the national Standards Body of India working under the aegis of Ministry of Consumer Affairs, Food & Public Distribution.
2. It is established by the Bureau of Indian Standards Act, 1986.
3. The Minister in charge of the Ministry or Department having administrative control of the BIS is the ex-officio President of the BIS.
4. Composition: As a corporate body, it has 25 members drawn from Central or State Governments, industry, scientific and research institutions, and consumer organisations.
5. It also works as WTO-TBT (Technical Barriers to Trade Agreement) enquiry point for India.
About Central Water Commission (CWC)

- CWC is apex Technical Organization of India in the field of Water Resources.

- It is presently functioning as an attached office of Union Ministry of Water Resources, River Development and Ganga Rejuvenation.

- It is charged with the general responsibilities of initiating and coordinating schemes of control, utilization and conservation of water resources throughout the country.

- These schemes are meant for purpose of Flood Control, Irrigation, Navigation, Drinking Water Supply and Water Power Development.

- It also undertakes the investigations, construction and execution of any such schemes as required.

- The work of the Commission is divided among 3 wings namely:
  1. River Management Wing (RM),
  2. Designs and Research Wing (D&R) and
  3. Water Planning and Projects Wing (WP&P).

Heavy metals
Shore temple facing severe sea erosion

GS-I | 12 December, 2019

**Syllabus subtopic:** Indian culture will cover the salient aspects of Art Forms, Literature and Architecture from ancient to modern times.
Prelims and mains focus: about the Shore Temple at Mahabalipuram, Pallava architecture, effects of climate change on ancient monuments in India

News: The shoreline on the northern side of the Shore Temple in Mamallapuram, Tamil Nadu is facing severe sea erosion. The Public Works Department is awaiting funds to construct groynes for coastal protection at a cost of ₹95.95 crore. According to PWD, every year, nearly 45 m of the shoreline near the temple is declining.

About the Shore temple

Location: Mahabalipuram, Tamil Nadu

Built in: 7th century

Dedicated to: Lord Shiva and Lord Vishnu

Attraction: One of the earliest structural temples in South India

Significance: Listed as World Heritage Site
Built in the 7th century, Shore Temple depicts the royal taste of Pallava dynasty. During the reign of Rajasimha, the temple saw its construction when Pallava art was at its apex. Ravaged by wind and sea, the temple has witnessed the historical events of India. This work of genius was recognized and listed amongst the World Heritage Sites by UNESCO.

Shore Temple comprises three shrines, where the prominent ones are dedicated to Lord Shiva and Lord Vishnu. In the garbhagriha (sanctum sanctorum), an image of Shivalinga embraces the site. At the rear end, one can find two shrines facing each other. Here, one shrine is dedicated to Ksatriyasimnesvara and other to Lord Vishnu. In the shrine, Lord Vishnu is imaged reclining on the 'Seshanag', which is a symbol of consciousness in Hinduism.

The exterior wall of the shrine to Lord Vishnu and the internal side of the boundary wall are elaborately carved and sculptured. The images on the sculpted panels depict scenes from everyday life. However, the sculptures are incredibly real and artistic. The exterior walls of the temple are segregated by plasters into bays, where the lower part has been impressed into a series of nurturing lions. The archeological department has excavated certain other figures from the site.

Shore Temple is no more a living temple. The structure of the temple makes one to contemplate and perhaps, it was erected basically as a work of art. The Pallavas were known to be the great patrons of art and were keen to create their own style of temple architecture. In the present day, Shore Temple makes the background of Mahabalipuram Dance Festival that is held in Jan/Feb every year. The festival is organized to promote the traditional dance as well as tourism in Mahabalipuram.

Architecture

Shore Temple is also acknowledged for being the first stone structure made by Pallavas. Before this, the monuments used to be carved out of the rocks or stones. Unlike other monuments of the region, Shore Temple is a five-storied rock-cut structural temple more willingly than monolithic. In southern India, this is one amongst the earliest and most important structural temples. The spire is extensively decorated with carvings and sculptures. In the recent years, a stone wall has been constructed to protect the shrine from further sea-erosion.

Perched on a 50 feet square plinth, the pyramidal structure raises to the extent of 60 feet. Presenting a typical specimen of Dravidian temple architecture, Shore Temple generates an exclusive combination of history and natural splendor. The temple was designed to grasp the first rays of the rising sun and to spotlight the waters after sunset. In the words of Percy Brown, Shore Temple served as "a landmark by day and a beacon by night"
Bill in LS on welfare of elders, parents

GS-II | 12 December,2019

Syllabus subtopic: Government policies and interventions for development in various sectors and issues arising out of their design and implementation.

Prelims focus: About the key features of the Bill

Mains focus: significance of the bill, govt. efforts towards welfare of senior citizens

News: A Bill that seeks to impose six months' imprisonment or a fine of ?10,000 or both on those who abuse parents, inlaws or senior citizens under their care was introduced in the Lok Sabha on Wednesday by Minister for Social Justice and Empowerment Thawarchand Gahlot.

About the key features of the Bill

The Maintenance and Welfare of Parents and Senior Citizens (Amendment) Bill, 2019, has provisions for the elderly to claim maintenance and for mandatory registration of senior citizens care homes and other such institutions which will have to comply with prescribed minimum standards.

The Bill defines “abuse” as physical, verbal, emotional and economic abuse, neglect and abandonment, causing assault, injury, physical or mental suffering.

"Children" in relation to a parent or a senior citizen means son or daughter, whether biological, adoptive or step-child and includes son-in-law, daughter-in-law, grandson, granddaughter and legal guardians of minor children.

The bill provides for the establishment of a tribunal for senior citizens to file claims for maintenance and assistance and such applications from those above 80 years of age should be disposed of within 60 days. Only in exceptional circumstances and for reasons to be recorded in writing, the tribunal may extend the period only once for a maximum of 30 days. For other senior citizens or parents, their applications will have to be settled by the tribunal within 90
According to the legislation, there will be a **nodal officer at each police station**, not below the rank of an assistant sub-inspector, to deal with the issues relating to parents and senior citizens. Similarly, **each district will have a special police unit for senior citizens' welfare** and such a unit will have to be headed by a police officer, **not below the rank of DSP**.

The state government has to appoint the **maintenance officer** to ensure implementation of the order of maintenance and such officer shall be a point of contact for the parent or senior citizen to liaison and coordinate with them.

According to the statement of objects and reasons appended to the Bill, "**with the gradual breakdown of joint family system, number of cases of neglect, crime, exploitation and abandonment of parents and senior citizens are in the rise**".

Various high courts had also issued orders directing the government to review provisions of the original Act, 2007.

After examining the various provisions of the Act the group of secretaries have made recommendations to extend all benefits to senior citizens of uniform age, to enhance maintenance amount for senior citizens and standardisation of home care services.

Besides, representations were received to bring son-in-law and daughter-in-law within the ambit of "children" and provide punishment for abuse of parents and senior citizens.

As per the new legislation, registration with the authorities concerned will be mandatory for senior citizens care homes, multi service day care centres for senior citizens and institutions providing home care services for senior citizens. Minimum standards have also been prescribed for such homes.

The Bill says "**parent**" means father or mother, whether biological, adoptive or step-parent and includes father-in-law, mother-in-law and grandparents, whether or not senior citizen.
The children have to maintain their parents in such a way they "lead a life of dignity". Similar is the obligation of a relative to maintain a childless senior citizen provided such relative has sufficient means to do so and is either in possession of, or shall inherit, the property of such senior citizen after his death.

The tribunal, if necessary, can refer the issue of maintenance of a senior citizen/parent to a conciliation officer and the latter has to give his findings within 15 days from the date of his nomination.

While determining the maintenance the tribunal may take into consideration the standard of living of the parent or senior citizen and earnings of such parent or senior citizen and of the children or relative.

The **tribunal has powers to levy fine** on those who fail to maintain their parents/senior citizens and if they violate paying fine they could be imprisoned up to one month or till the maintenance payment is made whichever is earlier.

The Bill enables the government to ensure that all government and private hospitals have beds specially earmarked for senior citizens and separate OP queues for senior citizens in hospitals.

A dedicated help line number would be available for senior citizens in every state to convey their problems.

The definition ‘maintenance’ has been expanded to include safety and security of the parents besides taking care of their food, clothing, housing and health care obligations.

Source: The Hindu

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Nod to ring-fence successful IBC suitors
Syllabus subtopic: Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.

Prelims focus: About IBC 2016, key changes proposed by the amendment Bill

Mains focus: key steps taken by the govt. to check NPA crisis, challenges and achievements so far

News: The Union Cabinet on Wednesday approved the proposal to make amendments in the Insolvency and Bankruptcy Code 2016, through the Insolvency and Bankruptcy Code (Second Amendment) Bill, 2019. This also includes a provision to ringfence successful resolution applicants from criminal proceedings with regard to offences committed by previous promoters of a company.

Aim of the amendment

The amendments aim to remove certain difficulties being faced during insolvency resolution process to realise the objects of the code and to further ease doing of business.

The amendments aim to remove bottlenecks, streamline the corporate insolvency resolution process, and protect the last mile funding in order to boost investment in financially distressed sectors.

The amended Act would also ensure that the substratum of the business of a corporate debtor is not lost. It can continue as a going concern by clarifying that the licences, permits, concessions, clearances etc. cannot be terminated or suspended or not renewed during the moratorium period, the release said.
In a separate decision, the Union Cabinet also approved the Aircraft (Amendment) Bill to **enhance the safety and security of aircraft operations**. The Bill enhances the maximum limit of fine from the existing ₹10 lakh to ₹1 crore.

The Cabinet also approved the ‘**Partial Credit Guarantee Scheme**’ for the purchase of high-rated pooled assets from financially sound non-banking financial companies (NBFCs) and housing finance companies (HFCs) by public sector banks.

- The **amount of overall guarantee will be limited** to the first loss of up to 10% of fair **value** of assets being purchased by the banks under the Scheme, or ₹10,000 crore,
whichever is lower.

- The window for onetime partial credit guarantee offered by the government will remain open till June 30, 2020 or till such date by which ?1,00,000 crore assets get purchased by the banks, whichever is earlier.
- The scheme would cover NBFCs/HFCs that may have slipped into SMA0 category during the one year period prior to August 1, 2018, and asset pools rated “BBB+” or higher.

SMA0 accounts are the special mention accounts (SMA) against which the principal or interest or any other amount wholly or partially is overdue between 130 days.

Equity support for IIFCL

The Union Cabinet also approved the proposal for providing additional equity support to India Infrastructure Finance Company Limited to the tune of ?5,300 crore in financial year 2019-20 and ?10,000 crore in financial year 2020-21.

This will be done through regular budgetary support and/or through issue of recapitalisation bonds.
Source: The Hindu
The link between NPAs and frauds at govt-run banks

GS-III | 12 December, 2019

Syllabus subtopic: Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.

Prelims and Mains focus: Why rising incidence of bank frauds is a cause of concern for RBI, the Centre and people with savings and deposits in these banks.

News: The finance minister informed Parliament last month that state-run banks reported frauds of over ₹95,760 crore in April-September.
Are frauds rising at state-owned banks?

Public sector banks (PSBs) reported frauds of over ₹95,760 crore from April to September this year. According to the Reserve Bank of India’s latest annual report, all banks, including PSBs, reported frauds involving losses of ₹71,542.93 crore over the 12-month period of FY19. RBI data shows that the bulk of the frauds relate to loans and take place at PSBs. The incidence and cost of frauds is increasing year after year, posing threats to the financial stability and eroding the credibility of PSBs, auditors, credit rating agencies and the regulator RBI, as well as the trust of savers and depositors.

Why is the incidence of fraud increasing?
Studies have shown that fraudsters, big and small, are able to take undue advantage of a number of well-documented weaknesses in the system. The central bank has an early warning signals system but, as had happened in the Nirav Modi case, PSBs do not always take advantage of it. Former RBI governor Urjit Patel made a presentation at Stanford University in June that showed most of the frauds are related to loans and occur due to poor operational risk management and ineffective internal audits at state-owned banks. These banks apply little risk analysis or due diligence.

Are frauds related to non-performing assets (NPAs)?

A 2016 study by the Indian Institute of Management, Bangalore, found a correlation between rising frauds and NPAs, which indicates lack of requisite standards of corporate governance, leading to more instances of loan defaults involving over ₹1 crore. The study said this is suggestive of collusion between corporate entities and top PSB officials.

Why do frauds take place more at PSBs?

The study found that big loan advance frauds happen as bank officials collude with borrowers and sometimes even with officials of third parties such as advocates and chartered accountants. Post loan sanction, the monitoring is weaker than at private banks due to lack of expertise and modern tech resources. Officers retire before they can be booked for fraud. Weak selection process and lower pay than at private banks are among key reasons. PSB staff are not offered appropriate incentives to prevent or detect frauds early.

What should be done to prevent frauds?

There is little deterrence for fraudsters as conviction rates are low due to the lack of specialized financial sleuths. PSBs should set up an internal rating agency for stringent evaluation of big-ticket projects before sanctioning loans. Banks must evaluate projects on the basis of the business model and not get influenced by the brand name or creditworthiness of the parent firm. Strict punitive steps for bank staff and others who collude with fraudsters can help.

Source: mint
Syllabus subtopic: Important aspects of governance, transparency and accountability, e-governance- applications, models, successes, limitations, and potential; citizens charters, transparency & accountability and institutional and other measures.

Prelims and Mains focus: About the factors causing delays in justice delivery mechanism in crimes against women and their consequences

News: Seven years after the crime, the infamous Delhi gangrape case labours on in the Supreme Court with the filing of a fresh review petition. In the Unnao case, the rape victim was killed before the final verdict.

Justice delayed is justice denied

In India, justice, even in high-profile cases of rape, can take time. The delays hurt victims and affect the society by eroding trust in institutions and increasing the clamour for extrajudicial justice.

Cases of rape in India fell in 2017 to 52 incidents per million women from 63 in 2016, according to the latest available data from the National Crime Records Bureau (NCRB). However, this figure is likely to be an underestimate. An earlier analysis had estimated that 99% of cases of sexual violence in India go unreported.

Even when rapes are reported, their resolution is delayed. Like with any crime, rape-related crimes are first dealt with by police and then by courts. Both processes can be slow. According to NCRB data, 29% of all cases of rape in India at the end of 2017 were unresolved by police. The court backlog was worse.

Nearly 88% of all rape cases in courts were pending resolution in 2017. These figures, however, were an improvement over 2016, but significantly worse than the 2001 figures.

This pendency persists even after concerted efforts to expedite rape cases. For instance, the Delhi gangrape in 2012 triggered several initiatives to prioritize resolving rape cases. They may have had an immediate effect with pendency rate for rape cases falling between 2012 and 2013. However, the pendency rate on rape cases is no better than the pendency for other crimes.

Even the fast-track courts established to expedite cases have a pendency problem. Though the government proposed establishing 1,800 fast-track courts, only 700 are operational with the total number of pending cases in these courts standing at around 700,000.
Delay in other crimes against women

Police and courts take time to process all crimes against women, not just rape cases. As law enforcement is a state subject, the time taken to process the crimes, which include acid attacks and dowry deaths, can vary significantly across India. For instance, police forces in Rajasthan, Madhya Pradesh and Gujarat seem to be the most efficient at disposing of both crimes against women and general crimes. In contrast, the police in Jharkhand, Delhi and Punjab are among the worst at processing crimes against women, compared to other crimes. The differences, though, could reflect levels of reporting in states. Gujarat, for instance, has a minor pendency issue, but also the lowest levels of gender crimes reported among Indian states.

In courts, pendency is a big issue in every state, but courts in eastern India, such as West Bengal and Odisha, suffer from bigger backlogs for both crimes against women and other crimes. These courts are also among the most under-staffed in the country.
Factors causing delay in justice delivery

- Understaffing is a major driver of pendency in both courts and police forces. However, for crimes against women, there could be other factors.
The Criminal Law (Amendment) Act in 2013 expanded the definition of sexual violence crimes against women, which could have increased the caseload for both the police and courts.

There may also be differences in how gender crimes are treated. A 2019 survey of police personnel across India by the Centre for the Study of Developing Societies (CSDS), shows that around 20% of all personnel believe that gender-based violence complaints are false and motivated. Little wonder then that women trust the police less than men.

Trust deficit

- In a 2018 survey on police perceptions, CSDS found that 66% of women said they trusted the police compared to 71% of men.

- Delays in the system could also be encouraging support for extrajudicial justice. A significant proportion of India’s police force believes that extrajudicial killings and violence towards criminals are justified. The 2019 CSDS survey found that 19% of police personnel believe that killing dangerous criminals was better than a legal trial, while 75% feel that violence towards criminals was justified. (See chart 5): as reactions to the Hyderabad encounter demonstrated, this is a view shared by even those outside the police.

- The 2018 CSDS survey suggested that 50% of all Indians believe there is nothing wrong with violence towards criminals. As police and courts strain under a backlog, and women continue to suffer, the clamour for extrajudicial justice could get stronger.

National Crime Records Bureau

- The NCRB is an Indian government agency responsible for collecting and analysing crime data as defined by the Indian Penal Code (IPC) and Special and Local Laws (SLL).

- NCRB is headquartered in New Delhi and is part of the Ministry of Home Affairs (MHA).
NCRB was set-up in 1986 to function as a repository of information on crime and criminals so as to assist the investigators in linking crime to the perpetrators.

It was set up based on the recommendation of the Task force, 1985 and National Police Commission, 1977.

Source: mint

**Code on Social Security Bill introduced in Lok Sabha**

GS-II | 12 December, 2019

**Syllabus subtopic:** Government policies and interventions for development in various sectors and issues arising out of their design and implementation.

**Prelims and Mains focus:** About the key features of the Bill and its significance on welfare of the unorganized sector workforce in India

**News:** The Code on Social Security, 2019 was introduced in Lok Sabha on Wednesday.

**Context:** The unorganised sector, which accounts for a little over 80 per cent of India’s total workforce, has largely been out of social security schemes as well as the ambit of labour regulations at present.

**Key features of the Bill**

- It proposes universalisation of social security benefits for the country’s around 5 crore workforce, along with offerings such as medical, pension, death and disability benefits to them.

- The Code also provides an enabling provision for constituting special purpose vehicles for the implementation of schemes for unorganised sector workers.
It also seeks to **expand the sources of the fund for various schemes** under the Code to include funds from corporate social responsibility (CSR).

- The Code **empowers the Centre** with an enabling provision to change the mandatory monthly contribution towards employees provident fund (EPF) for a certain class of employees for a certain period.

- **Employers** will, however, **have to contribute to the retirement fund at the existing rate**. This will help increase the take-home pay of workers with relatively lower salaries.

- The Bill also **empowers the government to frame schemes for providing social security** to gig workers and platform workers who do not fall under the traditional employer-employee relation.

- It also provides for **payment of gratuity in case of fixed-term employment on pro-rata basis, even if the period for fixed term contract is less than five years**. Under the current Act, an employee is entitled for gratuity only after completing five years of continuous service.

- The Bill also provides for **maternity benefit to the woman employees** and **compensation to the employees in case of the accidents while commuting from residence to place of work and vice-versa**.

- The Code will make **Aadhaar mandatory** for seeding at the time of registration of member or beneficiary or any other person to register or for receiving benefits.

**Difference between Organised and Unorganised sector**
GST rate rationalisation should lead to gain in revenue, not inconvenience people: States

GS-III | 12 December, 2019

Source: Indian Express
As talks of a hike in goods and services tax (GST) rates gain momentum, there is a sense of disquiet among states regarding any major tinkering of the slabs, especially the lower tax slab and exempted items. The Council meeting of December 18, coming in the backdrop of the Centre’s struggles on the revenue side sets the stage to reverse the direction of rate cuts.

About the issue

The emerging view is that revenue gain from any such rate hike has to be substantial and not cause inconvenience to the common man, though they are of the view that ways need to be found to narrow the widening revenue gap.

Concerns raised and Suggestions by the States

- Knee-jerk reactions such as a cut in GST rates before elections and a hike in rates in times of revenue slowdown are not needed and GST needs to be looked afresh and a “holistic overview” needs to be taken.

- The scope to increase rates is very “limited”, especially of exempted items and 5 per cent slab. Making changes in the lower slab of 5 per cent is not going to yield much revenue. This is a sensitive issue and all states need to be on board. It is to be seen what will help in raising revenues without hurting the sentiment of the common man. Every state would want that revenues should also go up, tax compliance improves and cess pool also improves.

- Raising tax rates in times of slowdown has a repercussion and maybe the states could consider bringing in more items under the ambit of cess or increase cess rates for existing items. Not much scope to raise cess on automobiles, but maybe it can be increased for aerated drinks, tobacco.
The revenue gap has to be filled; it’s not related to one state, every state wants compensation at 14 per cent. How to do it, what can be done, this is a difficult exercise.

Any such rate change exercise needs to be done slowly, with due imgs from officers and ministers of all states and after a thorough perusal by the fitment committee.

States are of the view that hardly any luxurious or high-end items are there in the list of exempted items at present, so taking out items from that list may not be feasible.

Also, a merger of 12 per cent and 18 per cent slabs may not result in revenue gain on a net basis.

Kerala FM Thomas Isaac has spoken against tweaking rates for lower slabs and suggested tinkering with items in the higher slabs of 18 per cent and 28 per cent. “In the last GST Council meeting Union FC (Finance Commission) Chairman suggested states should revisit the compensation package in the context of decline in tax collection. All state ministers irrespective of politics rejected it. Now Centre is bringing it back to the agenda by forcing a dispute,” he tweeted.

Present scenario

Over 50 per cent of the total items are under the 18 per cent slab under GST, around 20 per cent are in the 12 per cent slab and about 23 per cent of the items are in the lower slab of 5 per cent. 25 per cent of the items are in the peak 28 per cent slab, while 13 per cent of the items are in the zero category.

So far, the GST Council, since the GST rollout from July 1, 2017, has held 19 meetings in which it has undertaken around 10 rounds of rate cuts. Any rate hike decision would be the first such move under the indirect tax regime.

About GST Council

The Goods and Services Tax (GST) is governed by the GST Council. Article 279 (1) of the amended Indian Constitution states that the GST Council has to be constituted by the
According to the article, GST Council will be a joint forum for the Centre and the States. It consists of the following members:

1. The Union Finance Minister will be the Chairperson
2. As a member, the Union Minister of State will be in charge of Revenue of Finance
3. The Minister in charge of finance or taxation or any other Minister nominated by each State government, as members.

Note: For an in-depth analysis about GST and other issues related to it, click on the link below:
Bougainville votes for independence from Papua New Guinea

Syllabus subtopic: Effect of policies and politics of developed and developing countries on India's interests, Indian diaspora.

Prelims and Mains focus: About the referendum in the archipelago and related geographical regions on world atlas

News: The South Pacific islands of Bougainville have overwhelmingly voted to be independent from Papua New Guinea, the referendum commission said on Wednesday, in a historic poll that will embolden separatists as they start negotiating the terms of their sovereignty.
Background

Bougainville’s quest for independence is one of dozens of separatist movements in play around the world. There is a strong movement in Scotland seeking independence from the United Kingdom, while Catalan separatists in Spain remain active.

Thousands of protesting Papuans also recently called for an independence vote, seeking to separate from Indonesia.

The islands are still recovering from the conflict, which killed 20,000 people in a fight over land royalties and pollution in rivers near the now-shuttered Panguna gold and copper project.

It was the deadliest conflict in the area since the Second World War.

Once the economic engine of PNG, Bougainville has fallen to the bottom of almost every financial indicator, despite boasting mineral riches, fertile volcanic soil and stunning geography.

About the referendum

Almost 98% of the 181,067 votes cast backed independence in the non-binding poll that is part of a peace pact struck in the aftermath of a decade-long war between Bougainville’s rebel fighters and PNG forces, which ended in 1998.

The referendum gave voters in the island cluster a choice between independence and greater autonomy.

There was a mood of celebration throughout the two-week referendum, which ended on Dec. 7, with many voters carrying Bougainville’s predominantly blue flag to polling stations.

Ballots from different areas were mixed before officials tallied the results to eliminate the risk of reprisals.

Way forward

The comprehensive vote in Bougainville will be used to strengthen the hand of negotiators as they start discussions on the terms of independence with the PNG government.

Any agreement struck in the negotiations would still need to pass through PNG’s parliament.

Just 3,043 voters backed the other option on the ballot - greater autonomy - while a small
number of informal votes were recorded.

Bougainville Vice President Raymond Masono has told Reuters a transition could take 10 years, as the region would need to rebuild its institutions.

Discussion over how Bougainville would sustain its independence is likely to dominate negotiations after the referendum, two PNG ministers told Reuters earlier.

Source: Indian Express

50th PSLV launch carries radar satellite

GS-III | 12 December, 2019

Syllabus subtopic: Science and Technology- developments and their applications and effects in everyday life Achievements of Indians in science & technology; indigenization of technology and developing new technology.

Prelims and Mains focus: About the recent launch by PSLV, its achievements so far and their significance in making India a prominent player in satellite launching industry

News: India’s Polar Satellite Launch Vehicle (PSLV) marked its ‘Golden Jubilee’ launch on Wednesday by injecting India’s advanced radar imaging satellite RISAT2BR1 and nine other customer satellites from Japan, Italy, Israel and the U.S. into their intended orbits.

Objective of RISAT2BR1 satellite

It will be used for agriculture, forestry, disaster management support and national security. ISRO will launch the next version of RISAT within the next two months.
Other achievements of PSLV

The PSLV, which has a history of successful launches of payloads that include Chandrayaan1, Mars Orbiter Mission and the space recovery mission, soared into clear blue skies at 3.25 p.m. from the refurbished first launchpad, marking the 50th launch for the vehicle.

Initially, the PSLV had a carrying capacity of 850 kg, and over the years it has been enhanced to 1.9 tonnes. The PSLV is very versatile, having various mission options.

The PSLV had helped take payloads into almost all the orbits in space, including the Geo-Stationary Transfer Orbit (GTO), the moon and mars, and would soon be launching a mission to the Sun.

In the last 26 years, the PSLV had lifted more than 52 tonnes into space, of which about 17% were for commercial customers.

The PSLV has failed only twice — the maiden flight of the PSLV D1 in September 1993 and the PSLV C39 in August 2017. While it had taken ISRO 26 years to achieve 50 launches, the next 50 would likely be done in the coming five years.

What is the difference between GSLV and PSLV

Both PSLV (Polar Satellite Launch Vehicle) and GSLV (Geosynchronous Satellite Launch Vehicle) are the satellite-launch vehicles (rockets) developed by ISRO. PSLV is designed mainly to deliver the “earth-observation” or “remote-sensing” satellites with lift-off mass of up to about 1750 Kg to Sun-Synchronous circular polar orbits of 600-900 Km altitude.

The remote sensing satellites orbit the earth from pole-to-pole (at about 98 deg orbital-plane inclination). An orbit is called sun-synchronous when the angle between the line joining the centre of the Earth and the satellite and the Sun is constant throughout the orbit.

Due to their sun-synchronism nature, these orbits are also referred to as “Low Earth Orbit (LEO)” which enables the on-board camera to take images of the earth under the same sun-illumination conditions during each of the repeated visits, the satellite makes over the same area on ground thus making the satellite useful for earth resources monitoring.

Apart from launching the remote sensing satellites to Sun-synchronous polar orbits, the PSLV is also used to launch the satellites of lower lift-off mass of up to about 1400 Kg to the elliptical Geosynchronous Transfer Orbit (GTO).

PSLV is a four-staged launch vehicle with first and third stage using solid rocket motors and second and fourth stages using liquid rocket engines. It also uses strap-on motors to augment the thrust provided by the first stage, and depending on the number of these strap-on boosters,
The PSLV is classified into its various versions like core-alone version (PSLV-CA), PSLV-G or PSLV-XL variants.

The GSLV is designed mainly to deliver the communication-satellites to the highly elliptical (typically 250 x 36000 Km) Geosynchronous Transfer Orbit (GTO). The satellite in GTO is further raised to its final destination, viz., Geo-synchronous Earth orbit (GEO) of about 36000 Km altitude (and zero deg inclination on equatorial plane) by firing its in-built on-board engines.

Due to their geo-synchronous nature, the satellites in these orbits appear to remain permanently fixed in the same position in the sky, as viewed from a particular location on Earth, thus avoiding the need of a tracking ground antenna and hence are useful for the communication applications.

Source: The Hindu

Heavy metals contaminating India’s rivers

GS-III | 12 December 2019

Syllabus subtopic: Conservation, environmental pollution and degradation, environmental impact assessment.

Prelims focus: about heavy metals, Central water commission, Bureau of Indian Standards

Mains focus: impact of water pollution on human health, govt. efforts to check pollution

News: Samples taken from two-thirds of the water quality stations spanning India’s major rivers showed contamination by one or more heavy metals, exceeding safe limits set by the Bureau of Indian Standards (BIS).

About the findings of the report

The findings are part of a report, which is the third edition of an exercise conducted by the Central Water Commission (CWC) from May 2014 to April 2018.

Samples from only one-third of water quality stations were safe. The rest, or 287 (65%) of the 442 sampled, were polluted by heavy metals. Samples from 101 stations had contamination by two metals, six stations saw contamination by three metals.

Iron emerged as the most common contaminant with 156 of the sampled sites registering levels of the metal above safe limits. None of the sites registered arsenic levels above the
safe limit.

“Arsenic and zinc are the two toxic metals whose concentration was always obtained within the limits throughout the study period,” the report noted.

Not all the rivers are equally sampled. Several rivers have only been sampled at a single site whereas others such as the **Ganga, the Yamuna and the Godavari** are sampled at multiple sites. Marked variation was found in contamination levels depending on the season.

Samples were collected in three different seasons: pre-monsoon, monsoon and post-monsoon.
Sources and impact of heavy metals contaminated water

The main sources of heavy metal pollution are mining, milling, plating and surface finishing industries that discharge a variety of toxic metals into the environment.

The presence of metals in drinking water is to some extent unavoidable and certain metals, in trace amounts, required for good health. However, when present above safe limits, they are associated with a range of disorders.

Longterm exposure to the abovementioned heavy metals may result in slowly progressing physical, muscular, and neurological degenerative processes that mimic Alzheimer’s disease, Parkinson’s disease, muscular dystrophy and multiple sclerosis.

Other heavy metals found

The other major contaminants found in the samples were lead, nickel, chromium, cadmium and copper. The study spanned 67 rivers in 20 river basins. Lead, cadmium, nickel, chromium and copper contamination were more common in non-monsoon periods while iron, lead, chromium and copper exceeded ‘tolerance limits’ in monsoon periods most of the time.

Not all the rivers are equally sampled. Several rivers have only been sampled at a single site whereas others such as the Ganga, the Yamuna and the Godavari are sampled at multiple sites. Marked variation was found in contamination levels depending on the season.

The main sources of heavy metal pollution are mining, milling, plating and surface finishing industries that discharge a variety of toxic metals into the environment.

About Bureau of Indian Standards (BIS)

1. The Bureau of Indian Standards (BIS) is the national Standards Body of India working under the aegis of Ministry of Consumer Affairs, Food & Public Distribution.
2. It is established by the Bureau of Indian Standards Act, 1986.
3. The Minister in charge of the Ministry or Department having administrative control of the BIS is the ex-officio President of the BIS.
4. Composition: As a corporate body, it has 25 members drawn from Central or State Governments, industry, scientific and research institutions, and consumer organisations.
5. It also works as WTO-TBT (Technical Barriers to Trade Agreement) enquiry point for India.
About Central Water Commission (CWC)

- CWC is apex Technical Organization of India in the field of Water Resources.

- It is presently functioning as an attached office of Union Ministry of Water Resources, River Development and Ganga Rejuvenation.

- It is charged with the general responsibilities of initiating and coordinating schemes of control, utilization and conservation of water resources throughout the country.

- These schemes are meant for purpose of Flood Control, Irrigation, Navigation, Drinking Water Supply and Water Power Development.

- It also undertakes the investigations, construction and execution of any such schemes as required.

- The work of the Commission is divided among 3 wings namely:
  1. River Management Wing (RM),
  2. Designs and Research Wing (D&R) and
  3. Water Planning and Projects Wing (WP&P).

Heavy metals
Shore temple facing severe sea erosion
GS-I | 12 December, 2019

**Syllabus subtopic:** Indian culture will cover the salient aspects of Art Forms, Literature and Architecture from ancient to modern times.
Prelims and mains focus: about the Shore Temple at Mahabalipuram, Pallava architecture, effects of climate change on ancient monuments in India

News: The shoreline on the northern side of the Shore Temple in Mamallapuram, Tamil Nadu is facing severe sea erosion. The Public Works Department is awaiting funds to construct groynes for coastal protection at a cost of ₹95.95 crore. According to PWD, every year, nearly 45 m of the shoreline near the temple is declining.

About the Shore temple

Location: Mahabalipuram, Tamil Nadu

Built in: 7th century

Dedicated to: Lord Shiva and Lord Vishnu

Attraction: One of the earliest structural temples in South India

Significance: Listed as World Heritage Site
Built in the 7th century, Shore Temple depicts the royal taste of Pallava dynasty. During the reign of Rajasimha, the temple saw its construction when Pallava art was at its apex. Ravaged by wind and sea, the temple has witnessed the historical events of India. This work of genius was recognized and listed amongst the World Heritage Sites by UNESCO.

Shore Temple comprises three shrines, where the prominent ones are dedicated to Lord Shiva and Lord Vishnu. In the garbhagriha (sanctum sanctorum), an image of Shivalinga embraces the site. At the rear end, one can find two shrines facing each other. Here, one shrine is dedicated to Ksatriyasimnesvara and other to Lord Vishnu. In the shrine, Lord Vishnu is imaged reclining on the 'Seshanag', which is a symbol of consciousness in Hinduism.

The exterior wall of the shrine to Lord Vishnu and the internal side of the boundary wall are elaborately carved and sculptured. The images on the sculpted panels depict scenes from everyday life. However, the sculptures are incredibly real and artistic. The exterior walls of the temple are segregated by plasters into bays, where the lower part has been impressed into a series of nurturing lions. The archeological department has excavated certain other figures from the site.

Shore Temple is no more a living temple. The structure of the temple makes one to contemplate and perhaps, it was erected basically as a work of art. The Pallavas were known to be the great patrons of art and were keen to create their own style of temple architecture. In the present day, Shore Temple makes the background of Mahabalipuram Dance Festival that is held in Jan/Feb every year. The festival is organized to promote the traditional dance as well as tourism in Mahabalipuram.

Architecture

Shore Temple is also acknowledged for being the first stone structure made by Pallavas. Before this, the monuments used to be carved out of the rocks or stones. Unlike other monuments of the region, Shore Temple is a five-storied rock-cut structural temple more willingly than monolithical. In southern India, this is one amongst the earliest and most important structural temples. The spire is extensively decorated with carvings and sculptures. In the recent years, a stone wall has been constructed to protect the shrine from further sea-erosion.

Perched on a 50 feet square plinth, the pyramidal structure raises to the extent of 60 feet. Presenting a typical specimen of Dravidian temple architecture, Shore Temple generates an exclusive combination of history and natural splendor. The temple was designed to grasp the first rays of the rising sun and to spotlight the waters after sunset. In the words of Percy Brown, Shore Temple served as "a landmark by day and a beacon by night"
Bill in LS on welfare of elders, parents

GS-II | 12 December, 2019

Syllabus subtopic: Government policies and interventions for development in various sectors and issues arising out of their design and implementation.

Prelims focus: About the key features of the Bill

Mains focus: significance of the bill, govt. efforts towards welfare of senior citizens

News: A Bill that seeks to impose six months' imprisonment or a fine of ₹10,000 or both on those who abuse parents, inlaws or senior citizens under their care was introduced in the Lok Sabha on Wednesday by Minister for Social Justice and Empowerment Thawarchand Gehlot.

About the key features of the Bill

The Maintenance and Welfare of Parents and Senior Citizens (Amendment) Bill, 2019, has provisions for the elderly to claim maintenance and for mandatory registration of senior citizens care homes and other such institutions which will have to comply with prescribed minimum standards.

The Bill defines “abuse” as physical, verbal, emotional and economic abuse, neglect and abandonment, causing assault, injury, physical or mental suffering.

"Children" in relation to a parent or a senior citizen means son or daughter, whether biological, adoptive or step-child and includes son-in-law, daughter-in-law, grandson, granddaughter and legal guardians of minor children.

The bill provides for the establishment of a tribunal for senior citizens to file claims for maintenance and assistance and such applications from those above 80 years of age should be disposed of within 60 days. Only in exceptional circumstances and for reasons to be recorded in writing, the tribunal may extend the period only once for a maximum of 30 days. For other senior citizens or parents, their applications will have to be settled by the tribunal within 90 days.
According to the legislation, there will be a **nodal officer at each police station**, not below the rank of an assistant sub-inspector, to deal with the issues relating to parents and senior citizens. Similarly, **each district will have a special police unit for senior citizens' welfare** and such a unit will have to be headed by a police officer, **not below the rank of DSP**.

The state government has to appoint the **maintenance officer** to ensure implementation of the order of maintenance and such officer shall be a point of contact for the parent or senior citizen to liaison and coordinate with them.

According to the statement of objects and reasons appended to the Bill, "with the gradual breakdown of joint family system, number of cases of neglect, crime, exploitation and abandonment of parents and senior citizens are in the rise".

Various high courts had also issued orders directing the government to review provisions of the original Act, 2007.

After examining the various provisions of the Act the group of secretaries have made recommendations to extend all benefits to senior citizens of uniform age, to enhance maintenance amount for senior citizens and standardisation of home care services.

Besides, representations were received to bring son-in-law and daughter-in-law within the ambit of "children" and provide punishment for abuse of parents and senior citizens.

As per the new legislation, registration with the authorities concerned will be mandatory for senior citizens care homes, multi service day care centres for senior citizens and institutions providing home care services for senior citizens. Minimum standards have also been prescribed for such homes.

The Bill says **"parent" means father or mother, whether biological, adoptive or step-parent and includes father-in-law, mother-in-law and grandparents, whether or not senior citizen.**
The children have to maintain their parents in such a way they "lead a life of dignity". Similar is the obligation of a relative to maintain a childless senior citizen provided such relative has sufficient means to do so and is either in possession of, or shall inherit, the property of such senior citizen after his death.

The tribunal, if necessary, can refer the issue of maintenance of a senior citizen/parent to a conciliation officer and the latter has to give his findings within 15 days from the date of his nomination.

While determining the maintenance the tribunal may take into consideration the standard of living of the parent or senior citizen and earnings of such parent or senior citizen and of the children or relative.

The **tribunal has powers to levy fine** on those who fail to maintain their parents/senior citizens and if they violate paying fine they could be imprisoned up to one month or till the maintenance payment is made whichever is earlier.

The Bill enables the government to ensure that all government and private hospitals have beds specially earmarked for senior citizens and separate OP queues for senior citizens in hospitals.

A dedicated help line number would be available for senior citizens in every state to convey their problems.

The definition 'maintenance' has been expanded to include safety and security of the parents besides taking care of their food, clothing, housing and health care obligations.

Source: The Hindu

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**Nod to ring-fence successful IBC suitors**
**News:** The Union Cabinet on Wednesday approved the proposal to make amendments in the Insolvency and Bankruptcy Code 2016, through the Insolvency and Bankruptcy Code (Second Amendment) Bill, 2019. This also includes a provision to ringfence successful resolution applicants from criminal proceedings with regard to offences committed by previous promoters of a company.

**Aim of the amendment**

The amendments aim to remove certain difficulties being faced during insolvency resolution process to realise the objects of the code and to further ease doing of business.

The amendments aim to remove bottlenecks, streamline the corporate insolvency resolution process, and protect the last mile funding in order to boost investment in financially distressed sectors.

The amended Act would also ensure that the substratum of the business of a corporate debtor is not lost. It can continue as a going concern by clarifying that the licences, permits, concessions, clearances etc. cannot be terminated or suspended or not renewed during the moratorium period, the release said.
In a separate decision, the Union Cabinet also approved the Aircraft (Amendment) Bill to **enhance the safety and security of aircraft operations**. The Bill enhances the maximum limit of fine from the existing ₹10 lakh to ₹1 crore.

The Cabinet also approved the ‘**Partial Credit Guarantee Scheme**’ for the purchase of high-rated pooled assets from financially sound non-banking financial companies (NBFCs) and housing finance companies (HFCs) by public sector banks.

- **The amount of overall guarantee will be limited to the first loss of up to 10% of fair value** of assets being purchased by the banks under the Scheme, or ₹10,000 crore,
whichever is lower.
- The **window for onetime partial credit guarantee** offered by the government will remain open till June 30, 2020 or till such date by which ₹1,00,000 crore assets get purchased by the banks, whichever is earlier.
- The scheme **would cover NBFCs/HFCs** that may have slipped into **SMA0 category** during the one year period prior to August 1, 2018, and asset pools rated “BBB+” or higher.

SMA0 accounts are the special mention accounts (SMA) against which the principal or interest or any other amount wholly or partially is overdue between 130 days.

**Equity support for IIFCL**

The Union Cabinet also approved the proposal for providing additional equity support to India Infrastructure Finance Company Limited to the tune of ₹5,300 crore in financial year 2019-20 and ₹10,000 crore in financial year 2020-21.

This will be **done through regular budgetary support** and/or through **issue of recapitalisation bonds**.
Low risk a draw for investors in Bharat Bond ETF

GS-III | 13 December, 2019

Syllabus subtopic: Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.

Prelims and Mains focus: About ETFs, Bharat Bond ETF, advantages of ETFs over mutual funds

News: The Bharat Bond exchange-traded fund (ETF), which has opened for subscription, is a new category of debt investment with the benefits of low-cost passive investing in a fixed maturity product that invests in a portfolio of AAA-rated bonds.
What is the Bharat Bond ETF?
It is an investment product that invests in a portfolio of AAA-rated bonds issued by government entities. The portfolio will mimic the Nifty Bharat Bond Index that includes bonds of issuers such as NTPC and REC. The three-year variant tracks the three-year Nifty Bharat Bond Index and matures in April 2023; the 10-year variant tracks the 10-year index and matures in April 2030. Investors will be allotted units in the ETF in demat form, which will be listed and traded on the stock exchange. On maturity of the ETF, the bonds held in the portfolio will also mature and the money received will be paid out to unit holders.

How is it different from other products?

Bharat Bond is a target maturity ETF unlike other ETFs and mutual fund (MF) schemes that are open-ended products. The three-year ETF will only invest in bonds with similar tenures and likewise the 10-year ETF. The tenure of the bonds will roll down over time and mature around the time of maturity of the ETF. The interest rate risk will thus come down over time, as bonds with lower maturity will see less volatility in their prices. The portfolio of other ETFs and MFs reflect the maturity band of the product category specified by SEBI: say, a short duration fund has to always run a duration between 1-3 years in its portfolio.

How does a target maturity ETF benefit its investor?

A target maturity ETF gives investors visibility on their yield: it’s like buying a bond and holding it to maturity. You will get interest payments and repayment of principal on maturity. Bharat Bond ETF will, similarly, hold a basket of bonds and receive coupon income and the repayment of principal on maturity, which will be distributed to the unit holders.

What is the likely yield for Bharat Bond ETF?

The fact sheets for the Bharat Bond indices indicate a yield of 7.58% for the 10-year index and 6.69% for the three-year index as on 5 December. The yields for the two variants are likely to be around these levels. SBI’s fixed deposit rates for similar tenures is around 6.25%. The gains from the ETF held for over three years are taxed as long-term capital gains with indexation benefits, which reduce the incidence of tax, especially on the 10-year ETF. However, interest income on fixed deposit is taxed at the marginal rate of tax.

How does the ETF manage risks?

The structure of the Bharat Bond ETF eliminates the risk of volatility in net asset value for investors who hold the units to maturity. Sebi’s recent guidelines on ETFs capping the exposure to issuers at 15%, along with the quasi-sovereign nature of the issuers, makes the
default risk in the investment negligible. As an ETF, the units are available for purchase and sale anytime during trading hours on the exchange. There are market makers, who will provide buy and sell quotes to ensure liquidity for the investors.

What is an Exchange-traded-fund?
UPSC "PT" DNA (Daily News Analysis)
Benefits of ETF

**Low Cost** – Unlike traditional mutual and index funds, ETFs have no front- or back-end loads. In addition, because they are not actively managed, most ETFs have minimal expense ratios, making them much more affordable than most other diversified investment vehicles.

**Liquidity** – Whereas traditional mutual funds are only priced at the end of the day, ETFs can be bought and sold at any time throughout the trading day.

**Tax-Advantages** – In a traditional mutual fund, managers are typically forced to sell off portfolio assets in order to meet redemptions. Often, this act triggers capital gains taxes, to which all shareholders are exposed. By contrast, the buying and selling of shares on the open market has no impact on an ETF’s tax liability.

While IPOs and stake sales depend on market conditions and investor appetite, exchange-traded funds allow the government to lower its holding in public sector companies without being concerned about the volatility in the market.

Disadvantages

Although exchange-traded funds offer several advantages over traditional mutual funds, they also have distinct disadvantages.

The securities that an ETF tracks are largely fixed, so investors that prefer active management will probably find ETFs wholly unsuitable.

Since ETFs are traded as stocks, each ETF purchase will be charged a brokerage commission.

PSUs suffer from constant government intervention in their business and pricing decisions which can have serious impact on returns on investment.
NASA scientists map presence of water ice on Mars
GS-III | 13 December, 2019

Syllabus subtopic: Awareness in the fields of IT, Space, Computers, robotics, nanotechnology, bio-technology and issues relating to intellectual property rights.

Prelims and mains focus: About NASA’s missions to Mars and their achievements, India’s MOM.

News: Nasa scientists have developed a map detailing the presence of water ice on Mars, with some believed to be as little as 2.5 centimetres below the Red Planet’s surface.

What is it about?

The researchers, including those from NASA’s Jet Propulsion Laboratory in California, said in a statement that water ice will be a key consideration for any potential landing site on
In the current study, published in the journal Geophysical Research Letters, the scientists used data from two satellites—Nasa’s Mars Reconnaissance Orbiter (MRO), and Mars Odyssey orbiter—to locate water ice that could potentially be within reach of astronauts.

The regions noted in the study are near the Martian poles, and have been studied by Nasa’s Phoenix lander, which scraped up ice, and by the MRO, which has taken images from its orbit of meteor impacts that have excavated this ice.

“You wouldn’t need a backhoe to dig up this ice. You could use a shovel,” said study’s lead author, Sylvain Piqueux. “We’re zeroing in on the best places for astronauts to land,” Piqueux said.

About Mars

Mars is known as the red planet because it looks red from Earth. The reddish color comes from the high concentration of iron oxide compounds—that is, rust—in the rocks of the Martian surface. Some key facts about Mars are as follows:

- Martian year is of 687 days and Martian day is 24h 37m.
- Martian atmosphere is very thin—only about 7000th the density of Earth’s atmosphere. The atmosphere is mostly carbon dioxide, with tiny fractions of Oxygen, Nitrogen and other gases.
- At the equator, during the warmest times of the Martian summer, the temperature can reach nearly –18°C at the poles, during the coldest times of the Martian winter, temperatures drop to -85°C and beyond.
- Mars is known for fascinating geologic features on its surface; it is covered with all sorts of mountains, craters, channels, canyons, highlands, lowlands, and even polar ice caps.
- Scientific evidence strongly suggests that once, billions of years ago, Mars was much warmer than it is now, and was an active, dynamic planet.

Polar Ice Caps on Mars

Polar Ice Caps were first observed by Italian astronomer Gian Domenico Cassini, who is known for many important discoveries, including a gap in Saturn’s rings (This is called Cassini division).

He made detailed observations of Mars, and discovered light-colored patches at the Martian north and south poles. These polar caps showed seasonal variations, spreading during the Martian winter and shrinking during the summer.
Martian polar ice caps are made up mostly of frozen carbon dioxide (dry ice). Some frozen water, or just plain ice, may also be embedded within the polar caps. Due to the atmospheric conditions on the surface of Mars, however, neither the ice nor the dry ice would melt to make water or liquid carbon dioxide when the temperatures go up; rather, they would sublimate, or turn directly into gas. Thus, polar ice caps on Mars are not a source of liquid water.

**Geological features of Mars**

Mars has a rich variety of geological features: huge craters, broad plains, tall mountains, deep canyons, and much more, all with colorful names.

The tallest mountain in the solar system, the extinct *volcano Olympus Mons*, rises 24 kilometers above the Martian surface.

A massive canyon called the *Vallis Marineris* (Mariner Valley) cuts across the northern hemisphere of Mars for more than 3,200 kilometers; it is three times deeper than the Grand Canyon on Earth.

**On the southern hemisphere of Mars is Hellas**, an ancient canyon that was probably filled with lava long ago and is now a large, light area covered with dust.

**Martian meteorite ALH84001**

ALH84001 was so named because it was found in the Allan Hills region of Antarctica in 1984. It is the most famous of a number of meteorites that are thought to have been pieces of the Martian surface millions of years ago.

They were probably knocked loose by a powerful collision from a comet or asteroid, which sent pieces of rock into orbit around the Sun that later landed on Earth.

**Mars Exploration Rovers, Spirit and Opportunity**, are geological robots that have explored several areas of Mars. Among the many discoveries made with them are minerals that form only in the long term presence of water; microscopic mineral structures nicknamed “blueberries” that only form when moisture is present, along with chemical and isotopic ratios in Martian rocks that would have formed only if liquid water were in the environment.

The strong scientific conclusion is that Mars is currently dry on its surface, but that this was not always the case. It may even have been awash with liquid water billions of years ago.

**Moons of Mars – Phobos and Deimos**
Phobos and Deimos are irregularly shaped rocky objects. They look very much like asteroids. **Phobos is about 10 miles across, and Deimos is about half that size.** The proximity of Mars to the asteroid main belt, suggests that they were indeed once asteroids whose orbits took them close to Mars. The orbital conditions were just right for Mars to capture them with its gravity, causing them to enter into stable orbits around Mars.
Note: to know about all the Mars missions of NASA click on the link below:


India’s Mars Orbiter Mission (MOM)
IIP shrinks again, inflation accelerates

GS-III | 13 December, 2019

**Syllabus subtopic:** Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.

**Prelims focus:** Terms like inflation, stagflation, IIP and CPI

**Mains focus:** the impact of recent slowdown on various sectors of the economy and govt’s efforts to check it

**News:** Industrial activity contracted for the third consecutive month in October by 3.8%, driven by a fall in activity across sectors.
Inflation and Contraction data

Retail inflation had surged to a 40-month high of 5.54% in November, driven by rising food inflation.

The Index of Industrial Production (IIP) had contracted by 4.3% in September and 1.1% in August.

Within the IIP, the mining sector shrunk by 8% in October compared with a contraction of 8.5% in the previous month. The manufacturing sector contracted for the third consecutive month in October, by 2.1%, compared with a contraction of 3.9% in September.

Growth in the Consumer Price Index (CPI) accelerated in November for the fourth consecutive month. It stood at 4.62% in October.
Impact

This combination of contraction in industrial activity and rising inflation has led experts to fear that India is entering a phase of stagflation (a situation in which there is persistent high inflation combined with stagnant or declining demand).

The momentum of IIP remaining in the negative zone has continued while CPI inflation, led by food and vegetable inflation, has crossed 5.5%. This is developing into a classic situation of stagflation.

Within the IIP, the mining sector shrunk by 8% in October compared with a contraction of 8.5%
What is meant by the term Inflation?

- Inflation is a quantitative measure of the rate at which the average price level of a basket of selected goods and services in an economy increases over a period of time.
- It is the constant rise in the general level of prices where a unit of currency buys less than it did in prior periods. Often expressed as a percentage, inflation indicates a decrease in the purchasing power of a nation’s currency.
Types of Inflation Indices

Depending upon the selected set of goods and services used, multiple types of inflation values are calculated and tracked as inflation indexes. Most commonly used inflation indexes are the Consumer Price Index (CPI) and the Wholesale Price Index (WPI).

The Consumer Price Index (CPI)

- The CPI is a measure that examines the weighted average of prices of a basket of goods and services which are of primary consumer needs. They include transportation, food, and medical care.
- CPI is calculated by taking price changes for each item in the predetermined basket of goods and averaging them based on their relative weight in the whole basket. The prices in consideration are the retail prices of each item, as available for purchase by the individual citizens.
- Changes in the CPI are used to assess price changes associated with the cost of living, making it one of the most frequently used statistics for identifying periods of inflation or deflation.

The Wholesale Price Index (WPI)

- The WPI is another popular measure of inflation, which measures and tracks the changes in the price of goods in the stages before the retail level.
- While WPI items vary from one country to other, they mostly include items at the producer or wholesale level. For example, it includes cotton prices for raw cotton, cotton yarn, cotton gray goods, and cotton clothing.
- Although many countries and organizations use WPI, many other countries, including the U.S., use a similar variant called the producer price index (PPI).

The Producer Price Index

- The producer price index is a family of indexes that measures the average change in selling prices received by domestic producers of goods and services over time.
- The PPI measures price changes from the perspective of the seller and differs from the CPI which measures price changes from the perspective of the buyer.

Note: In all such variants, it is possible that the rise in the price of one component (say oil) cancels out the price decline in another (say wheat) to a certain extent. Overall, each index represents the average weighted cost of inflation for the given constituents which may apply at the overall economy, sector or commodity level.
About Index of Industrial Production (IIP)

- It is an index that shows the performance of different industrial sectors of the Indian economy.

The IIP is estimated and published on a monthly basis by the Central Statistical Organisation (CSO). As an all India index, it gives general level of industrial activity in the economy.

Importance of Index of Industrial Production

The IIP is used by public agencies including the Government agencies/ departments including that in the Ministry of Finance, the Reserve Bank of India etc. for policy purposes. The all-India IIP data is used for estimation of Gross Value Added of Manufacturing sector on quarterly basis.

Similarly, the data is also used extensively by analysts, financial intermediaries and private companies for various purposes.

Following are the main changes brought in the new series of IIP:

- Base year has been updated to 2011-12 by upgrading the item basket and weighting structure.
- National Industrial Classification (NIC) 2008 has been adopted in the new series of IIP.
- Number of item groups has increased from 399 to 407 out of which 149 are new/emerging items.
- Electricity generation from renewable energy sources has been included under the ‘Electricity’ sector.
- Weights are rationalised to appropriately to reflect the actual value addition of each sector incorporating effects of subsidies.
- New use-based classification has been adopted with following categorisation: (i) Primary goods, (ii) Capital goods, (iii) Infrastructure/ construction goods, (iv) Intermediate goods, (v) Consumer durables, and (vi) Consumer non-durables.
- A review mechanism has been introduced through a Technical Review Committee.

Note: In the new base year (i.e. 2011-12), the 407 item groups are divided under three sectors i.e. Mining (1 item group), Manufacturing (405 item groups) and Electricity (1 item) with weights of 14.37%, 77.63% and 7.99% respectively.
India faces a diplomatic challenge
GS-II | 13 December, 2019

Syllabus subtopic: Effect of policies and politics of developed and developing countries on India's interests, Indian diaspora.

Prelims and Mains focus: about USCRIF 2019 report, citizenship amendment bill 2019, diplomatic challenges faced by India regarding the passage of CAB

News: In the wake of a statement from United States Congress members on the Citizenship Amendment Bill (CAB), the Union government has spoken to lawmakers across parties in Washington, the External Affairs Ministry said.

Context:
New Delhi is grappling with the diplomatic and logistical fallout of the Bill on relations with Bangladesh and Afghanistan and the coming visit of Japanese Prime Minister Shinzo Abe.

In particular, the Ministry said it had noted a statement from the bipartisan House Foreign Affairs Committee that had said that any “religious test for citizenship” would undermine Indian democracy.

Earlier, the Ministry had reacted strongly to the US Commission for International Religious Freedom (USCIRF) favouring sanctions against Home Minister Amit Shah and other senior leadership.

About USCIRF
- It also publishes International Religious Freedom report

Key findings of International Religious Freedom 2019 report
In its Annual Report, USCIRF unflinchingly describes threats to religious freedom around the world and recommends to the State Department countries for designation as “countries of particular concern” (CPCs) for engaging in or tolerating “systematic, ongoing, egregious violations.”

USCIRF also recommends to the State Department that non-state actors cited for similarly severe violations be designated as “entities of particular concern” (EPCs).

This year, USCIRF has recommended 16 countries for CPC designation and five entities for EPC designation.

Also, USCIRF placed 12 countries on its Tier 2 list, meaning the violations meet one or two, but not all three, of the elements of the systematic, ongoing, egregious test for CPC status.

Key facts:
The 16 countries USCIRF recommended for CPC designation include 10 that the State Department so designated in November 2018 – Burma, China, Eritrea, Iran, North Korea, Pakistan, Saudi Arabia, Sudan, Tajikistan, Turkmenistan – as well as six others that the State Department has not designated – Central African Republic (CAR), Nigeria, Russia, Syria, Uzbekistan, and Vietnam.

The 12 countries on USCIRF’s Tier 2 list are Afghanistan, Azerbaijan, Bahrain, Cuba, Egypt, India, Indonesia, Iraq, Kazakhstan, Laos, Malaysia, and Turkey.

The five entities recommended for EPC designation include the Islamic State of Iraq and Syria (ISIS), the Taliban in Afghanistan, al-Shabab in Somalia, and new to the list this year, the Houthis in Yemen and Hay’at Tahrir al-Sham (HTS) in Syria.

What it says about India

India saw an “overall deterioration of religious freedom conditions in 2018”.

India continues to remain a Tier II country. It is in same list since 2009. Tier II countries are those in which violations engaged in or tolerated by government are serious and characterized
India is facing declining religious freedom, apart from increased securitisation and politicisation of religion.

It is increasingly becoming difficult to separate religion and politics. It is a tactic which is sometimes intended by those who seek to discriminate against certain religious communities.

Over the last decade Minorities conditions have deteriorated in country. The reason is attributed to extremist groups, anti-conversion laws, cow-protection groups, mob lynching, concerns that millions from Assam will be incorrectly left out of NRC (National Register of Citizen) and a denying international NGOs registration.

About Citizenship Amendment Bill, 2019

Note: to know in detail about CAB, click on the link below:
http://prsindia.org/billtrack/citizenship-amendment-bill-2019
SC, ST quota in Parliament extended
GS-II | 13 December, 2019

Syllabus subtopic: Parliament and State Legislatures - structure, functioning, conduct of business, powers & privileges and issues arising out of these.

Prelims and Mains focus: About the key features of the Bill and the controversy around it, constitutional provisions related to Anglo Indians.

News: Parliament on Thursday passed a Constitutional amendment giving a 10-year extension to reservations for Scheduled Castes and Scheduled Tribes in the Lok Sabha and the State Assemblies and ending the provision for nomination of two Anglo Indians.

About the Bill

The Constitution (One Hundred and Twenty-Sixth Amendment) Bill, 2019, was passed unanimously by the Rajya Sabha, two days after it was passed by the Lok Sabha.

All 163 members present voted to pass the amendment, after a heated exchange between the ruling party and the Opposition.

The Bill extended the reservation for SCs and STs in the Lok Sabha and State Assemblies, which was due to end on January 25, 2020, for 10 years, the seventh such 10-year extension given since the Constitution was enacted in 1950.

The Bill also ended the provision for nomination of Anglo Indians too.

Provisions related to Anglo Indians

According to Article 366 (2) an Anglo-Indian means a person whose father or any of whose other male progenitors in the male line is or was of European descent but who is domiciled within the territory of India or born within such territory and whose parents habitually were resident in India and not established for temporary purposes only.
The Constitution empowers the President under Article 331 to nominate maximum of two members of the Anglo Indian Community to the Lok Sabha, if he/ she is of the opinion that the community is not adequately represented. The president will act on the basis of this constitutional provision only when no Anglo Indian had been elected to the House of people in General Elections.

Under Article 333, the Governor of a state is of the opinion that Anglo Indian Community is not adequately represented in the state assembly, he / she can nominate one member.

Note: The Anglo Indian Community was entitled to special educational grants under the Article 337 of the Constitution for a period of 10 years. During the first three years, this grant was what the community had been receiving in 1947. Thereafter, it was to be progressively reduced @10%.

Source: The Hindu

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CAG hints at massive diversion of LPG

**GS-II | 13 December, 2019**

**Syllabus subtopic:** Appointment to various Constitutional posts, powers, functions and responsibilities of various Constitutional Bodies.

**Prelims and Mains focus:** key findings and significance of CAG report, About PMUY, CAG

**News:** The Comptroller and Auditor General (CAG) of India, in a report on the Pradhan Mantri Ujjwala Yojana (PMUY), has highlighted the risk of diversion of domestic LPG cylinders for commercial use, as 1.98 lakh beneficiaries had an average annual consumption of more than 12 cylinders.

**About PMUY**
The PMUY scheme was launched in May 2016 to safeguard the health of women and children by providing them with clean cooking fuel. Its target was revised to eight crore LPG connections.

**What did the report say?**
The CAG said this level of consumption seemed improbable in view of the BPL (below poverty line) status of such beneficiaries.

13.96 lakh beneficiaries consumed 3 to 41 refills in a month. Further, IOCL [Indian Oil Corporation Limited] and Hindustan Petroleum Corporation Limited (HPCL) in 3.44 lakh instances issued 2 to 20 refills in a day to a PMUY beneficiary having single-bottle cylinder connection.

As on 31 March 2019, the oil marketing companies (OMCs) had issued 7.19 crore connections, which is about 90% of the target to be achieved till March 2020.

To rule out existing LPG connections in beneficiaries’ household, de-duplication was to be carried out based on Aadhaar of all family members.

Audit noticed that out of 3.78 crore LPG connections, 1.60 crore (42%) connections were issued only on the basis of beneficiary Aadhaar which remained a deterrent in de-duplication.
Errors in identification

The CAG said laxity in identification of beneficiaries was noticed as 9,897 connections were issued against Abridged Household List Temporary Identification Numbers (AHL TINs), where names of all family members and the beneficiary were blank in the Socio-Economic and Caste Census (SECC)-2011 list.

Lack of img validation check in the IOCL software allowed issue of 0.80 lakh connections to beneficiaries aged below 18. Data analysis also revealed that 8.59 lakh connections were released to beneficiaries who were minor as per the SECC-2011 data, which was in violation of PMUY guidelines and LPG Control Order, 2000.
It also exposed a mismatch in the name of 12.46 lakh beneficiaries between the PMUY database and SECC-2011 data. The CAG, on field visits, also found that connections were given to “unintended” persons.

The audit also highlighted the delay of more than 365 days in the installation of 4.35 lakh connections against the stipulated time period of seven days.

About Comptroller and Auditor General (CAG)

Appointed by President, nominated by PM of India + Office term – 6 years or upto 65 yrs of age & can be removed by the President on the same grounds & manner as a judge of SC.

Duties & Functions

He is the chief Guardian of Public purse & head of Indian audit & account department

Audits accounts of Union & states to ensure nothing is spent out of consolidated fund of India or of the state without the sanction of the parliament or respective state legislature

Audits government owned companies (51% stake of Gov.) as an external auditor

Reports of CAG are taken into consideration by public accounts committee (PAC)

Public accounts committee (PAC)

A committee of not more than 22 members (LS ? 15 & RS ? 7)

Formed every year in parliament & state legislature

A minister cannot be a member of PAC

Chairman of PAC is appointed by speaker of Lok sabha & is generally from opposition party

Independence of office of CAG

Gets security of tenure as though appointed by President, CAG may be removed from his office only on the grounds of proved misbehaviour or incapacity only in a manner as a judge of SC is removed (i.e. each house of parliament is passing a resolution supported by not less than 2/3rd of the members present & voting)
Salary & conditions of his service cannot be changed except under financial emergency

His salary is charged on consolidated fund of India & is not subjected to vote of parliament (paid salary equivalent to Judge of SC) & is eligible for annual pension

In other matters, his conditions of service shall be determined by rules applicable to an IAS officer, holding a rank of secretary to GOI

After retirement, he is disqualified for appointment under union or state government

Source: The Hindu

Andhra Cabinet clears law to deal with crime against women

GS-II | 13 December, 2019

Syllabus subtopic: Government policies and interventions for development in various sectors and issues arising out of their design and implementation.

Prelims and mains focus: about the new laws cleared by the AP assembly and their significance; about Zero FIR

News: The Andhra Pradesh Disha Act and the Andhra Pradesh Special Court for Specific Offences against Women and Children Act 2019 were cleared by the Andhra Pradesh Cabinet on Wednesday and the Bills are scheduled to be taken up for discussion in the Legislative Assembly this week.

Key features of the new laws

As per these new laws, if there is conclusive evidence to prove crimes committed against women, the police can wrap up investigation in a week and file the charge sheet within 14 days. The judicial process of awarding punishment would be concluded within 21 days.

In cases of heinous crimes like rape, the death sentence would be awarded under the new law.

Also, special courts will be set up to try cases of crimes against women and children in the state.

The Disha Act also empowers the police and courts to take action under Indian Penal Code section 354 (E) against those who upload posts on social media that degrade women or damage their reputation. First time offenders would be sentenced to prison for two years,
second time offenders would get four years in jail.

Also, under the new law, action would be taken under IPC section 354 (F) on those involved in sexual assault on children. Offenders in such cases will be sentenced to 10-14 years in prison and depending on the severity of the crime, the punishment would be extended to life imprisonment.

The Cabinet also decided to extend the imprisonment for crimes under the POCSO Act. The Act also makes it compulsory for police to register a “Zero FIR”, which means that police have to register a case anywhere, irrespective of jurisdiction.

Source: Indian Express

Aung San Suu Kyi defends Myanmar at ICJ in Rohingya genocide case

Syllabus subtopic: Important International institutions, agencies and fora, their structure, mandate.

Prelims and Mains focus: About the Rohingya crisis and its consequences, ICJ, OIC

News: Myanmar State Counsellor and Nobel peace laureate Aung San Suu Kyi defended Myanmar at International Court of Justice against accusations of carrying out a genocide against its Muslim Rohingya minority.

Background

Myanmar’s civilian leader will appear at the International Court of Justice, after the Republic of the Gambia — a tiny country along the west coast of Africa — accused Myanmar of breaching the 1948 Genocide Convention. The Gambia, which is predominantly Muslim, is backed by the 57-member Organisation for Islamic Cooperation (OIC).

During three days of hearings, Gambia’s legal team will ask the 17-member panel of UN judges at the ICJ to impose “provisional measures” to protect the Rohingya before the case can be heard in full.
Myanmar’s defence on the case

Myanmar authorities have strongly disputed that conclusion, categorizing the military operation as a legitimate counter-terrorism response to attacks by Rohingya militants.

While it risks drawing further criticism abroad, Suu Kyi’s decision to go to court has won plaudits in Myanmar, where the Rohingya are widely viewed as illegal immigrants. However, several right groups have also planned demonstrations in the Duty city, calling for a global boycott of Myanmar.

Suu Kyi’s appearance at the ICJ will be a far cry from her previous visits to Europe. She has not visited western Europe since 2016, when she still enjoyed international support after Myanmar’s first free election in decades. Since the Rohingya crackdown, the 74-year-old’s international reputation has been tarnished and she has been stripped of numerous honours and attacked by fellow Nobel laureates.

About the Rohingya crisis

Who are the Rohingyas?

The Rohingya are an ethnic group, the majority of whom are Muslim. The Rohingyas are 100 per cent Bengali and speak a Chittagong dialect. They currently reside in Rakhine State, Myanmar. There was an estimated about 1 million Rohingya living in Myanmar before the 2016–17 crisis.

What is the background of Rohingyas?

According to historian, Ronhingyas were forcibly settled in Burma by the British in order to control the Arakan (Rakhine State) in Myanmar and they were spread through the country. Burmese Prime Minister Ne Win evacuated out the Rohingyas from much of Burma in 1962 but those in Arakan, remained. But the government efforts remained the same. Due to the government’s efforts around Rohingya were displaced, 200,000 (1978), 250,000 (1991), 14000 (2012) and are at it again.

Why are they persecuted?

Military coup in Myanmar changed the national history of the country after 1962. All citizens were required to obtain national registration cards, but Rohingya was given foreign identity cards. This act, gradually diminishing the rights on the jobs and educational opportunities. In
1982, a new citizenship law resolution was passed which effectively curbed the Rohingya as stateless resident. The new law, Rohingya enabled them to erase their position in the country's 135 ethnic groups. The law outlined three levels of citizenship. In order to obtain the most basic level (naturalised citizenship), the people must produce a proof that the person's family lived in Myanmar before 1948 and fluency in one of the national languages. But unfortunately Rohingya didn’t have such proof. As a result of the law, Rohingya’s lost their rights to study, work, travel, marry, practice their religion and even the access health services have been and continue to be restricted. Being treated as foreigners the Rohingya couldn’t vote.

In the early 1970’s, Myanmar government began to follow a series of crackdowns Rohingya in Rakhine State have forced hundreds of thousands to flee to neighbouring Bangladesh, India, Thailand and Saudi Arabia. But after the killings of nine border police in October 2016, the Myanmar government blamed that an armed Rohingya group was the culprit and began a more severe security crackdown on villages where Rohingya. For the first time, a UN official accused the government of carrying out ethnic cleansing of the Rohingya in November 2016.

International Initiatives

About 70 per cent of the one million refugees are now receiving food aid, according to the Inter Sector Coordination Group report from mid-April 2018. Currently around 1 lakh people are provided adequate foods to treat their malnutrition.

In order to minimize the risk of disease and infection, large-scale vaccination programmes have been launched to try to minimise the risk of disease. Around 4 lakh children (Under 15 years of age) were given a five-in-one vaccination, including cover for diptheria, tetanus and whooping cough.

To improve sanitation and public health, 47,639 temporary emergency latrines have been built Bangladesh military

Bangladesh has built more shelters in the Cox's Bazaar area but also wants to limit their travel to allocated areas

The UK has pledged £59m in aid to support those fleeing to Bangladesh. UK Prime Minister Theresa May also said the military action in Rakhine had to stop. The UK has suspended training courses for the Myanmar military.

Rohingyas refugees in India

India does not have a specific law regarding refugees besides, India has the biggest number of refugees in the country in the entire South Asia and dealt with one of the biggest refugee crises
in the world during partition of the country. Indian Constitution defines the citizen of the country and the subsequent laws also do not deal with refugees. In legal terms, a person living in India can be either a citizen or a foreigner defined under the Foreigners Act, 1946. India has also not been a signatory of the 1951 UN Convention or the 1967 Protocol - both relating to the Status of Refugees and included in the UNHCR statute. According to the UNHCR, a refugee is a person living in another country following persecution in his own on the grounds of "race, religion, nationality, membership of a particular social group or political opinion."

According to unofficial estimates, even before the present Rohingya crisis broke out, there were around 2 lakh persons in India, of whom 2,01,281 were refugees and 6,480 asylum seekers" by the end of 2015. There are about 16,000 UNHCR- verified Rohingya refugees in India. The government estimate puts the figure of Rohingya refugees living in India beyond 40,000 with maximum concentration in and around Jammu.
Conclusion

Even before the Rohingya crisis acquired international proportion, their population in Myanmar was estimated at around 1 million (10 lakh). Under the 1982 citizenship law, the Myanmar government recognised only about 40,000 Rohingyas as its citizens and the rest of the people were treated illegal people speaking Bengalis (immigrants from Bangladesh).

As the Myanmar government does not recognise the Rohingyas as its citizens, in general, it will be difficult for India to deport them. Due to lack of refugee law or policy India cannot force them to evacuate Rohingyas as their stay in the country, but this could give a political twist. The Centre has told the Supreme Court that many Rohingyas have acquired documents meant for Indian citizens only like Aadhaar card, PAN card and even Voter-ID. This raises the concern of the naturalisation of the illegal migrants by illegal means. Due to the socio-economic complexities of Indian society and politics, this could lead to a debate around the minority rights of the Rohingyas. So in order to avoid such problems the country should enact a new law regarding refugees. Before that, India must rehabilitate the Rohingya refugees who could a target for Jihadi outfits.

About ICJ

The International Court of Justice (ICJ) is the principal judicial body of the UN. Established in 1946 to replace the Permanent Court of International Justice, the ICJ mainly operates under the statute of its predecessor, which is included in the UN Charter.

It has two primary functions: to settle legal disputes submitted by States in accordance with established international laws, and to act as an advisory board on issues submitted to it by authorized international organizations.

Members

The International Court of Justice is composed of 15 judges elected to nine-year terms of office by the United Nations General Assembly and the Security Council. These organs vote simultaneously but separately. In order to be elected, a candidate must receive an absolute majority of the votes in both bodies. In order to ensure a measure of continuity, one third of the Court is elected every three years. Judges are eligible for re-election.

Who nominates the candidates?
Every state government, party to the Charter, designates a group who propose candidates for the office of ICJ judges. This group includes four members/jurists of the Permanent Court of Arbitration (machinery which enables arbitral tribunals to be set up as desired and facilitates their work) also picked by the State. Countries not part of the statute follow the same procedure where a group nominates the candidates.

Each group is limited to nominate four candidates, two of whom could be of their nationality. Within a fixed duration set by the Secretary-General, the names of the candidates have to be sent to him/her.

**Qualifications of ICJ judges?**

A judge should have a high moral character.

A judge should fit to the qualifications of appointment of highest judicial officers as prescribed by their respective states or.

A judge should be a juriconsult of recognized competence in international law.

**The 15 judges of the Court are distributed as per the regions:**

- Three from Africa.
- Two from Latin America and Caribbean.
- Three from Asia.
- Five from Western Europe and other states.
- Two from Eastern Europe.

**Independence of the Judges:**

Once elected, a Member of the Court is a delegate neither of the government of his own country nor of that of any other State. Unlike most other organs of international organizations, the Court is not composed of representatives of governments. Members of the Court are independent judges whose first task, before taking up their duties, is to make a solemn declaration in open court that they will exercise their powers impartially and conscientiously.

In order to guarantee his or her independence, no Member of the Court can be dismissed unless, in the unanimous opinion of the other Members, he/she no longer fulfils the required
About the OIC:

Organisation of Islamic Cooperation is an international organization founded in 1969, consisting of 57 member states.

It is the second largest inter-governmental organization after the United Nations.

The organisation states that it is “the collective voice of the Muslim world” and works to “safeguard and protect the interests of the Muslim world in the spirit of promoting international peace and harmony“.

The OIC has permanent delegations to the United Nations and the European Union.

Permanent Secretariat is in Jeddah, Saudi Arabia.

Source: Indian Express
Syllabus subtopic: Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.

Prelims focus: about NBFC, Capital expenditure, Alternative Investment Funds

Mains focus: about the recent slowdown in the economy and measures taken by the govt. to check it

News: A series of measures taken by the government in the last few months to revive growth has started showing some results and the Centre will continue to support the industry and intervene as and when required, finance minister Nirmala Sitharaman said.

Background: India’s economic downturn had deepened in the September quarter with growth down to 4.5%, its slowest pace since March 2013. Tepid consumption and sluggish private investment has been the pain points for the economy.

Measures taken by the government to boost consumption and improve liquidity in the system.

1. All dues of goods and services providers were cleared, most tax refunds were processed, and small businesses were supported through bill-discounting to enable cash flows.
2. Besides, the liquidity-starved non-banking financial companies (NBFCs) and housing finance companies (HFCs) were given credit for smooth functioning. As much as ₹4.47 trillion was sanctioned to NBFCs and HFCs to support retail lending, he said, adding that 17 proposals amounting to ₹7,657 crore have been approved under the partial credit guarantee scheme in the last two days alone.
3. The central government has achieved more than two-thirds of the budgeted capital expenditure (capex) of ₹3.38 trillion for 2019-20. Key infrastructure ministries, including railways and highways, has projected capex of ₹2.46 trillion by December-end. Besides, 32 public sector companies have undertaken capex of ₹98,000 crore till November and will further spend ₹60,000 crore till March 2020. Along with the corporate tax cut, these steps are expected to boost investment, he said.
4. The government has also infused ₹60,314 crore equity into public sector banks. Government capex has the benefit of crowding in private investment and, therefore, government capital expenditure is extremely critical.
5. Last week, the finance minister had hinted at a cut in personal income tax to revive consumption, among others steps, to boost growth.
What more is to be done?

1. However, **concrete results are yet to follow** despite the measures taken by the government.
2. The ₹25,000-crore **alternative investment fund (AIF)** to revive stalled housing projects, is also expected to boost investment.
3. Last week, the finance minister had hinted at a **cut in personal income tax to revive consumption**, among others steps, to boost growth.

About NBFC

**Non-banking finance companies** (NBFCs) are a fundamental part of the Indian financial system playing a significant role in nation building and financial inclusion. It plays a complementary role to the banking system in promoting financial inclusion. There are multiple varieties of NBFCs and so the sector demands a well-coordinated response from all stakeholders keeping in mind the differential contextual requirements of different categories of NBFCs.

The Non-Banking Financial Companies (NBFCs) are the financial institutions that **offer the banking services, but do not comply with the legal definition of a bank**, i.e. it does not hold a bank license. Both banks and NBFCs are financial intermediaries. NBFCs can lend and make investments. Hence, their activities are akin to that of banks. However, there are a few differences between NBFCs and banks:

1. NBFC cannot accept demand deposits;
2. Banks can maintain demand deposits (savings/current accounts) but NBFCs accept only term deposits;
3. Banks form a part of Payment and Settlement Mechanism but NBFCs do not form part of the payment and settlement system and cannot issue cheques drawn on itself;
4. Deposit insurance facility of Deposit Insurance and Credit Guarantee Corporation is not available to depositors of NBFCs, unlike in case of banks.

Capital expenditure (Capex)

Capital expenditure has strong multiplier effects as it involves acquisition of assets such as land, buildings, machinery, and equipment.
Alternative Investment Funds

As defined in Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, AIFs refer to any privately pooled investment fund, (whether from Indian or foreign sources), in the form of a trust or a company or a body corporate or a Limited Liability Partnership (LLP).
AIF does not include funds covered under the SEBI (Mutual Funds) Regulations, 1996, SEBI (Collective Investment Schemes) Regulations, 1999 or any other regulations of the Board to regulate fund management activities.

Hence, in India, AIFs are private funds which are otherwise not coming under the jurisdiction of any regulatory agency in India.

Categories:

As per SEBI (AIF) Regulations, 2012, AIFs shall seek registration in one of the three categories:

Category I: Mainly invests in start-ups, SME’s or any other sector which Govt. considers economically and socially viable.

Category II: These include Alternative Investment Funds such as private equity funds or debt funds for which no specific incentives or concessions are given by the government or any other Regulator.

Category III: Alternative Investment Funds such as hedge funds or funds which trade with a view to make short term returns or such other funds which are open ended and for which no specific incentives or concessions are given by the government or any other Regulator.

Source: mint

Shinzo Abe defers visit to India amid North-East protests

GS-II | 14 December, 2019

Syllabus subtopic: Effect of policies and politics of developed and developing countries on India’s interests, Indian diaspora.

Prelims and Mains focus: about Citizenship Amendment Act 2019 and the diplomatic pressure faced by India, About Indo-Japan relations

News: Japanese Prime Minister Shinzo Abe’s visit to India for a planned summit with Prime Minister Narendra Modi has been deferred amid violent protests over the citizenship law in Assam and elsewhere in the North-East.

The Japanese government clearly conveyed to New Delhi that it would not be possible for Abe
to travel to Guwahati in view of large-scale protests in the northeastern region, news agency PTI reported, citing diplomatic sources.

However, given the importance of Japanese-funded infrastructure projects in the North-East, it was expected to be held in Guwahati.

**Resentment among Indian States**

Some state governments have said they will not implement the amended Citizenship law. West Bengal chief minister Mamata Banerjee said the amended law will not be implemented in West Bengal. Besides, Punjab, Kerala, Madhya Pradesh and Chhattisgarh have voiced their disapproval of the law.

**What does the Citizenship Amendment Act propose?**

The Citizenship (Amendment) Bill was signed into law by President Ramnath Kovind late on Thursday night.

The amended law says that Hindus, Sikhs, Buddhists, Jains, Parsis and Christians who have come to India till 31 December 2014 from Pakistan, Bangladesh and Afghanistan due to religious persecution are eligible for Indian citizenship.
Indo-Japan relations

India and Japan have robust economic and defence ties bolstered by heads of state-level annual summits. Both nations signed deals for defence exchange and technology cooperation as well as for protection of classified military information during Prime Minister Abe’s visit to India in December 2015.

These deals lay down the framework for enhanced cooperation in defence including through joint research, development and production.
Boris Johnson wins huge majority
GS-II | 14 December, 2019

**Syllabus subtopic:** Effect of policies and politics of developed and developing countries on India's interests, Indian diaspora.

**Prelims and mains focus:** about Brexit and its consequences for geopolitics in Europe and the world

**News:** Britain was speeding towards Brexit on Friday after Prime Minister Boris Johnson won a crushing election victory, ending three years of uncertainty since the country decided to leave the bloc.

**Background**

Exiting the European Union (EU), a goal Mr. Johnson has pursued relentlessly since he put himself forward as the face of the victorious “Leave” campaign in a 2016 referendum, is Britain’s biggest leap into the unknown since the Second World War.

Meets Queen

Later, he went to Buckingham Palace to ask Queen Elizabeth for permission to form a new government — a formal step required under the U.K.’s constitutional monarchy system.

Results pouring in from the 650 parliamentary constituencies showed that Mr. Johnson’s Conservative Party had trounced its main opponent, winning 365 seats to the Labour Party’s 203. The Scottish National Party won 48, while Liberal Democrats got 11 seats.

A vindication for Mr. Johnson and his simple campaign message “Get Brexit Done”, the result represented the biggest House of Commons majority for the Conservatives since Margaret Thatcher’s 1987 triumph.
Way ahead

Mr. Johnson is now free to lead his country swiftly out of the vast trading bloc, but faces the daunting task of negotiating trade deals around the world, not least with the EU itself, and of keeping a divided kingdom in one piece.

About the Brexit issue

The Brexit issue, which has consumed politics and the public debate since 2016, has eroded traditional party loyalties, dividing the nation along new fault lines. The Brexit effect was most starkly illustrated by the crumbling of Labour’s so called Red Wall, a rampart of working class areas across northern and central England where most people had voted “Leave” in 2016.

Frustrated at the country’s failure to quit the EU and at Labour’s equivocal stance on Brexit, large numbers of voters deserted the party and flocked to the Conservatives.
The Irish backstop

The “Irish backstop” is effectively an insurance policy in UK-EU Brexit negotiations. It’s meant to make sure that the Irish border remains open (as it is today) whatever the outcome of the UK and the EU’s negotiations about their future relationship after Brexit.

The “Irish backstop” would kick in at the end of the transition period if the UK and EU had failed to negotiate a future trade deal that kept the Irish border open as it is today.

Under the backstop the whole of the UK would enter a “single customs territory” with the EU. There are many parts to this but essentially there would be no tariffs on trade in goods between the UK and the EU and some (though not all) trade restrictions would be removed.

However, Northern Ireland alone would remain aligned to some extra EU rules to ensure the Irish border remains open as it is today. These separate regulations for Northern Ireland would mean there would be some checks on goods entering Northern Ireland from the rest of the UK.

The Irish backstop has been highly controversial among some MPs, and is one of the main reasons why the withdrawal agreement has so far failed to pass through parliament. The new Prime Minister, Boris Johnson, now claims the backstop is “dead”.

Source: The Hindu

Indices soar on U.S.-China trade deal

GS-III | 14 December, 2019

**Syllabus subtopic:** Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.

**Prelims and Mains focus:** about various indices and how they perform during fluctuations in the market

**News:** Tracking strong gains in the global markets, Indian benchmark indices rose significantly on Friday with the benchmark Sensex closing above the 41,000 mark for the first time since
What made the indices jump?

The news report on a possible trade deal between the U.S. and China and exit polls showing a comfortable win for Boris Johnson in the U.K. elections triggered gap-up start in the Nifty.

Reports suggested U.S. and China have arrived at a consensus on the first phase of their trade talks.

Other Asian indices

The effect was clearly visible across markets with Hang Seng gaining nearly 700 points while Nikkei was up almost 600 points. The benchmarks of most Asian markets ended with strong gains on Friday.

What is Nifty and Sensex?

In order to understand what is nifty and sensex, you need to understand the Indian stock exchanges first. Now, let’s discuss the two major stock exchanges in India i.e the ‘Bombay stock exchange’ and the ‘National stock exchange’ along with their indexes.

Bombay Stock Exchange (BSE)

Bombay stock exchange is an Indian stock exchange located at Dalal Street, Mumbai, Maharashtra.

It was established in 1875 and is Asia’s oldest stock exchange.

It is the world’s fastest stock exchange, with a median trade speed of 6 microseconds.

The BSE is the world’s 10th largest stock exchange with an overall market capitalization of $2.29 Trillion as of April 2018.

More than 5500 companies are publicly listed on the BSE.

What is an Index? Since there are thousands of company listed on a stock exchange, hence it’s really hard to track every single stock to evaluate the market performance at a time. Therefore, a smaller sample is taken which is the representative of the whole market. This small sample is called Index and it helps in the measurement of the value of a section of the stock market. The index is computed from the prices of selected stocks.
SENSEX:

Sensex, also called BSE 30, is the market index consisting of 30 well-established and financially sound companies listed on Bombay Stock Exchange (BSE).

30 companies are selected on the basis of the free-float market capitalization.

These are different companies from the different sectors representing a sample of large, liquid and representative companies.

The base year of Sensex is 1978-79 and the base value is 100.

It is an indicator of market movement.

If the Sensex goes down, this tells you that the stock price of most of the major stocks on the BSE has gone down. If Sensex goes up, it means that most of the major stocks in BSE went up during the given period.

For example, suppose the Sensex is 26,000 today. If Sensex drops to 25,950 tomorrow, it means that the majority of the 30 companies financial condition is not good i.e. their share price is falling.

National Stock Exchange (NSE):

The National Stock Exchange (NSE) is the leading stock exchange of India, located in Mumbai, Maharashtra, India. It was started to end the monopoly of the Bombay stock exchange in the Indian market.

NSE was established in 1992 as the first demutualized electronic exchange in the country.

It was the first exchange in the country to provide a modern, fully automated screen-based electronic trading system which offered the easy trading facility to the investors spread across the length and breadth of the country.

NSE has a total market capitalization of more than US$ 2.27 trillion, making it the world’s 11th-largest stock exchange as of April 2018.

NSE’s index, the NIFTY 50, is used extensively by investors in India and around the world as a barometer of the Indian capital markets.

NIFTY:
Nifty, also called NIFTY 50, is the market index consisting of 50 well-established and financially sound companies listed on National Stock Exchange of India (NSE).

The base year is taken as 1995 and the base value is set to 1000.

Nifty is calculated using 50 large stocks which are actively traded on the NSE.

The 50 companies are selected on the basis of the free float market capitalization.

Here, the 50 top stocks are selected from different 24 sectors.

Nifty is owned and managed by India Index Services and Products (IISL)

Since inception in 1995, Nifty has given a return of 11.13% CAGR (till April 30, 2018).

**NOTE:** The Sensex and Nifty are both indicators of market movement. If the Sensex or Nifty go up, it means that most of the stocks in India went up during the given period. With respect to NIFTY and NSE, we can say that:

If Nifty goes up, this means that the stock price of most of the major stocks on NSE has gone up.

On the other hand, if nifty goes down, this tells you that the stock price of most of the major stocks on NSE has gone down.

When Sensex/Nifty increases, it shows the economic growth of the country. For example, during the Indian recession of 2008-09, the Sensex fell over 12000 points (-60%).

**Importance of Market Index:**

The market indexes are the barometer for the market behavior. It gives a general idea about whether most of the stocks have gone up or gone down.

Often, Market Index is used as a benchmark portfolio performance.

It is used as a reflector of investor’s sentiments.

Market indexes are used for sorting and comparison of the various companies.

Indices act as an underlying for Index Funds, Index Futures, and Options.
They are used in passive fund management by Index funds.

The index can give a comparison of returns on investments in stock markets as opposed to asset classes such as gold or debt.

Source: The Hindu

Centre in talks with J&K, Ladakh on special status
GS-II | 14 December, 2019

Syllabus subtopic: Functions and responsibilities of the Union and the States, issues and challenges pertaining to the federal structure, devolution of powers and finances up to local levels and challenges therein.

Prelims and mains focus: about the ‘special status’ and how is it different from ‘special category status’; benefits associated with them

News: The Ministry of Home Affairs (MHA) is holding consultations with the Union Territories of Jammu and Kashmir (J&K) and Ladakh to grant them “special status” on the lines of Article 371 of the Constitution, a senior government official said.

Background:

Jammu and Kashmir enjoyed a special status as per Article 370 and also Special Category Status. But now that Article 35A has been scrapped and it has become a union territory with legislature, SCS doesn't apply to J&K anymore.

People in Leh and Ladakh were initially very happy and by and large welcomed the announcement of the Union Territory as opposed to the people of Kargil. However, that initial euphoria is now giving way to a lot of apprehension, fear and disenchantment, if they are not able to protect and safeguard their resources or their unique cultural identity.

Where is Article 317 applicable?

The said provision is applicable in States of Maharashtra, Gujarat, Nagaland, Assam, Manipur, Goa, Andhra Pradesh, Sikkim, Arunachal Pradesh and Karnataka to protect their unique cultural identity and economic interest.
In Maharashtra and Gujarat, the provision enables separate ‘boards’ in certain areas for “equitable allocation of funds for developmental work” and “adequate opportunity for employment in service under the control of the State government.”

The proposal is still at a consultation stage. The Centre has sought response from the two UTs.

**Meaning and history of the term SCS**

SCS is a classification given by Centre to assist in the development of those states that face geographical & socio-economic disadvantages like hilly terrains, strategic international borders, economic & infrastructural backwardness and non-viable state finances.

1. Introduced in 1969.
2. 5th Finance Commission sought to provide certain disadvantaged states with preferential treatment in the form of central assistance and tax breaks.
3. National Development Council grants the status of Special Category States.
4. Initially three states Assam, Nagaland and Jammu & Kashmir.
5. Since then eight more have been included – Arunachal Pradesh, Himachal Pradesh, Manipur, Meghalaya, Mizoram, Sikkim, Tripura and Uttarakhand.
7. In 2013, Centrally Sponsored Schemes (CSS) were restructured into 66 schemes, including 17 flagship programmes with significant outlays.
8. In 2016, CSS restructured into only 28 schemes.
9. From 2017–18, the distinction between plan and non-plan expenditure removed,
10. Therefore the Gadgil formula is a thing of the past

**What is Special Category Status to states and how is it different from Special Status?**

**Special Category Status (SCS)** is a classification given by Centre to assist in the development of those states that face geographical and socio-economic disadvantages like hilly terrains, strategic international borders, economic and infrastructural backwardness, and non-viable state finances.

**Historical background**

The concept of a special category status was **first introduced in 1969 when the fifth Finance Commission** sought to provide certain disadvantaged states with preferential treatment in the form of central assistance and tax breaks, establishing special development boards, reservation in local government jobs, educational institutions, etc.
This formula was named after the then Deputy Chairman of the Planning Commission, Dr Gadgil Mukherjee and is related to the transfer of assistance to the states by centre under various schemes.

Initially, three states; Assam, Nagaland and Jammu & Kashmir were granted special status but from 1974-1979, five more states were added under the special category. These include Himachal Pradesh, Manipur, Meghalaya, Sikkim and Tripura.

In 1990, with the addition of Arunachal Pradesh and Mizoram, the states increased to 10. The state of Uttarakhand was given special category status in 2001.

But after the dissolution of the planning commission and the formation of NITI Aayog, the recommendations of the 14th Finance Commission were implemented which meant the discontinuation of the Gadgil formula-based grants.

The 14th Finance Commission effectively removed the concept of special category status after its recommendations were accepted in 2015.

The rationale for special status is that certain states, because of inherent features, have a low resource base and cannot mobilize resources for development.

Who grants special status to states?

The decision to grant special category status lies with the National Development Council, composed of the prime minister, union ministers, chief ministers and members of the planning commission, who guide and review the work of the commission.

Special category status for plan assistance has been granted in the past by the National Development Council (NDC) to some states that are characterized by a number of features necessitating special consideration.

Criteria for special category status:

1. Hilly and difficult terrain
2. Low population density or sizeable share of tribal population
3. Strategic location along borders with neighbouring countries
4. Economic and infrastructural backwardness
5. Non-viable nature of state finances
Can special category status be granted to more states now?

In the present scenario, it is believed that no more states can be given the status of a special category state.

The Constitution of India does not include any provision for the categorization of any state in India as a 'special category state.

However, a wide range of provisions are available to as many as 10 states that have been listed under Articles 371, 371-A to 371-H, and 371-J.

Some of these states are Maharashtra and Gujarat, Nagaland, Assam, Manipur, Andhra Pradesh, Sikkim, Mizoram, Arunachal Pradesh and Telangana and Goa. (Art 371I deals with Goa, but does not include any provision that can be termed 'special'.)

While these set of provisions were incorporated into the Constitution by Parliament through amendments under Article 368, Articles 370 and 371 have been part of the Constitution from the time of its commencement on January 26, 1950.

Why these special provisions?

The intention behind these provisions is to safeguard the interest and aspirations of certain backward regions or to protect cultural and economic interests of the tribal people or to deal with the disturbed law and order in some parts.

Benefits states confer with special category status:

States which are granted special category status enjoy several benefits.

1. The central government bears 90 percent of the state expenditure on all centrally-sponsored schemes and external aid while rest 10 percent is given as loan to state at zero percent rate of interest.

2. Preferential treatment in getting central funds.

3. Concession on excise duty to attract industries to the state.
4. 30 percent of the Centre's gross budget also goes to special category states.

5. These states can avail the benefit of debt-swapping and debt relief schemes.

6. States with special category status are exempted from customs duty, corporate tax, income tax and other taxes to attract investment.

7. Special category states have the facility that if they have unspent money in a financial year; it does not lapse and gets carry forward for the next financial year.

What is the difference between special category status and special status?

1. The constitution provides special status through an Act that has to be passed by 2/3rds majority in both the houses of Parliament whereas the special category status is granted by the National Development Council, which is an administrative body of the government.

2. For example, Jammu and Kashmir enjoyed a special status as per Article 370 and also special category status. But now that Article 35A has been scrapped and it has become a union territory with legislature, special category status doesn't apply to J&K anymore.

3. Special status empowers legislative and political rights while special category status deals only with economic, administrative and financial aspects.

Which states have been demanding special category status

1. Andhra Pradesh
2. Bihar
3. Goa
4. Odisha
5. Rajasthan

Source: The Hindu

Targets missed, Accessible India campaign™s deadline extended

GS-II | 14 December, 2019

Syllabus subtopic: Government policies and interventions for development in various sectors and issues arising out of their design and implementation.
Prelims and Mains focus: about Accessible India Campaign and its significance, steps taken for its implementation

News: The deadline for the government’s Accessible India campaign that aims at making public spaces friendly for persons with disabilities has been extended due to “slow progress,” the Ministry of Social Justice and Empowerment has informed the Lok Sabha.

Due to slow progress, revised deadlines have been extended to March 2020.

Steps taken and challenges

Statewise details of the facilities for the disabled at railway stations were not maintained, but the Indian Railways was committed to making its stations accessible.

Short term facilities like standard ramps, nonslippery walkways, signages, disabledfriendly toilets and help desks are included in the plan.

In the longterm, inter-platform transfer and engraving on the edges of the platforms are proposed. Regarding Central government buildings maintained by the Central Public Works Department, 211 CPWD buildings had been made accessible. In all, a total of ₹354.45 crore had been released for making 1,058 public buildings accessible around the country, the reply said.

Under the Rights of PwD Act, 2016, all existing and new public buildings have to follow the accessibility standards notified on June 15, 2017. The existing buildings were given five years to comply.

The original deadlines under the Accessible India campaign were July 2016 for conducting an accessibility audit of 2550 of the most important government buildings in 50 cities and making them completely accessible and March 2018.
In a first, regulator hikes prices of essential medicines

GS-II | 14 December, 2019

**Syllabus subtopic:** Issues relating to development and management of Social Sector/Services relating to Health, Education, Human Resources.

**Prelims and Mains focus:** about NPPA and its mandate, DPCO order 2013; India’s efforts to regulate essential medicines and check price hike

**News:** To ensure supply of crucial medicines, India’s drug pricing regulator has allowed an increase in the maximum retail prices of 21 drugs currently under price control by as much as 50 per cent.

This is the first time the National Pharmaceutical Pricing Authority (NPPA) — which is known to slash prices of essential and life-saving medicines — is increasing prices in public interest to prevent patients opting for costlier alternatives in the face of shortage of these drugs.

**Why?**

The Authority is of the considered view that unviability of these formulations should not lead to a situation, where these drugs become unavailable in the market and the public is forced to switch to costly alternatives.

**Where will it apply?**

The decision by the NPPA, taken at a meeting on December 9, will apply to formulations like the BCG vaccine for tuberculosis, vitamin C, antibiotics like metronidazole and benzylpenicillin, antimalarial drug chloroquine and leprosy medication dapsone.

Most of these drugs are used as first line of treatment and are integral to public health programmes.

**Present scenario of affordable drugs in India**
With India still dependent on China for over 60 per cent of its API (active pharmaceutical ingredient) requirement, higher API costs for price-controlled medicines eat into profits and sometimes make production of these drugs unviable here.

For instance, costs of ingredients to make vitamin C went up as much as 250 per cent, leading to a 25-30 per cent shortage of this drug in India last year.

Suppliers of key ingredients do not want to negotiate the prices they charge companies, because they are not affected by price control. In such an environment, firms would begin to exit the market over time.

**About Drugs (Prices Control) Order (DPCO)**

The Drugs Prices Control Order, 1995 is an order issued by the Government of India under Sec. 3 of Essential Commodities Act, 1955 to regulate the prices of drugs.

The Order interalia provides the list of price controlled drugs, procedures for fixation of prices of drugs, method of implementation of prices fixed by Govt., penalties for contravention of provisions etc.

For the purpose of implementing provisions of DPCO, powers of Govt. have been vested in NPPA. Later, the Drugs (Prices Control) Order (DPCO) 2013 was notified.

**Why the DPCO is issued under Essential Commodities (EC) Act ?**

Drugs are essential for health of the society. Drugs have been declared as Essential and accordingly put under the Essential Commodities Act.

**Are all the drugs marketed in the country under price control ?**

No. The National List of Essential Medicines (NLEM) 2011 is adopted as the primary basis for determining essentiality, which constitutes the list of scheduled medicines for the purpose of price control. The DPCO 2013 contains 680 scheduled drug formulations spread across 27 therapeutic groups. However, the prices of other drugs can be regulated, if warranted in public interest.

**About NPPA and its mandate**

National Pharmaceutical Pricing Authority (NPPA), was established on 29th August 1997 as an independent body of experts as per the decision taken by the Cabinet committee in September 1994 while reviewing Drug Policy.
The Authority, interalia, has been entrusted with the task of fixation/revision of prices of pharmaceutical products (bulk drugs and formulations), enforcement of provisions of the Drugs (Prices Control) Order and monitoring of the prices of controlled and decontrolled drugs in the country.

Why are the prices of medicines rising?

The reasons for rise in the prices of medicines are:

1. rise in the price of bulk drugs;
2. rise in the cost of excipients used in the production of medicines like Lactose, Starch, sugar, glycerine, solvent, gelatine capsules etc.;
3. rise in the cost of transport, freight rates;
4. rise in the cost of utilities like fuel, power, diesel, etc.;
5. for imported medicines, rise in the c.i.f. price and depreciation of the Rupee;
6. changes in taxes and duties.

Source: Indian Express
Bank NPAs again stoke asset quality concerns

Syllabus subtopic: Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.

Prelims and mains focus: above the NPA crisis and the role of auditors in reporting bad loans; ethical standards related to auditing

News: India’s bad loan crisis seems far from over, with as many as 10 banks disclosing they had under-reported non-performing assets (NPAs) of close to ₹24,000 crore in the year ended 31 March.

These banks are State Bank of India (SBI), Yes Bank, Punjab National Bank, Central Bank of India, UCO Bank, Bank of India, Union Bank of India, Indian Overseas Bank, Indian Bank and Lakshmi Vilas Bank.

For India’s banks, saddled with bad loans of ₹9.5 trillion, the findings by the Reserve Bank of India do not bode well.

Background

In 2017, the central bank directed banks to disclose the extent to which their assessment of NPAs and their provisioning diverged from that of RBI, and released guidelines for such classification. In April, RBI mandated banks to disclose information about provisioning divergence, if it exceeded 10% of a bank’s pre-provisioning profit.

Banks were also directed to disclose information if additional NPAs were more than 15% of reported NPAs.

SBI’s case

The country’s largest lender, SBI, reported the largest bad loan divergence so far this year, under-reporting gross NPAs of ₹11,932 crore. Divergence refers to the difference between what a bank reports as its bad loans and provisions, and what the central bank finds when auditing that bank’s books. SBI also reported divergence in provision of ₹12,036 crore.

The bank disclosed the divergence to the stock exchange last week.
Earlier, SBI had reported its highest bad loan divergence of ₹23,239 crore for 2016-17.

While loans turn bad once the repayment overdue exceeds 90 days, provision is the money set aside for each loan a bank disburses. Provisions mirror the change in an asset’s classification from standard to NPA and increases as the asset deteriorates.

Following these disclosures, experts have raised questions about the role of auditors in the reporting process.

**Role of auditors in regulation of bank accounts**

From a regulatory perspective, auditors are the first line of defence, as bank accounts are prepared in accordance with the guidelines determined by RBI, with which bank auditors are well-versed. Hence, if the regulator RBI has detected misreported accounts, the auditors have to be held responsible and need to be penalized.

As banks hold unsecured deposits from the public, are highly leveraged and play a critical role in payments in the economy, they have to maintain the highest ethical standards. Indeed, by their very nature, banks are meant to stand for integrity and trust.

**Is the fault only of auditors?**

Lenders are not always at fault and the central bank would have sought NPA classification of some assets in retrospect and with abundant caution.

**Not all divergences are a result of incorrect reporting or error of judgement.**

In many cases, the stress in the account may have become apparent only in subsequent quarters after March ending. In such cases, it would be challenging for banks to pre-empt stress and, hence, report such account as non-performing. Further, in many cases, divergent accounts would have been factored in the reported results of the first half of the year.
About NPAs (non performing assets)
Classification of NPAs

Depending upon the period up to which a loan has remained as NPA, it is classified into three types:

Substandard Assets: An asset which remains as NPA for less than or equal to 12 months.

Doubtful Assets: An asset which remained in the above category for 12 months.

Loss Assets: These are assets where loss has been identified by the bank or the RBI. However, there may be some value remaining in it and hence the loan has not been completely written off.

An example of NPA: Suppose State Bank of India (SBI) gives a loan of Rs. 5 crore to a company. They agreed upon for an interest rate of say 5 percent per annum. Now suppose that initially everything was good and the market forces were working in support of the company. In this scenario, the company was able to service the interest amount. Later, due to administrative, technical, legal, environmental, corporate reasons etc. suppose the company is not able to pay the interest rates for 90 days. In that case, a loan given to the company is a good case for the consideration as NPA.

Origin of the present NPA crisis:

The origin of the crisis lies partly in the credit boom of the years 2004-05 to 2008-09. In that period, commercial credit (‘non-food credit’) doubled.

It was a period in which the world economy as well as the Indian economy were booming. Indian firms borrowed furiously in order to avail of the growth opportunities they saw coming.

Most of the investment went into infrastructure and related areas: telecom, power, roads, aviation, steel. Businessmen were overcome with exuberance, partly rational and partly irrational. They believed, as many others did, that India had entered an era of 9% growth.

Thereafter, as the Economic Survey of 2016-17 notes:
Many things began to go wrong. Thanks to problems in acquiring land and getting environmental clearances, several projects got stalled. Their costs soared.

At the same time, with the onset of the global financial crisis in 2007-08 and the slowdown in growth after 2011-12, revenues fell well short of forecasts.

Financing costs rose as policy rates were tightened in India in response to the crisis. The depreciation of the rupee meant higher outflows for companies that had borrowed in foreign currency.

This combination of adverse factors made it difficult for companies to service their loans to Indian banks.

Source: mint

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**BRICSâ€™ NDB pledges $100 million to NIIFâ€™s Fund of Funds**

**GS-II | 16 December, 2019**

**Syllabus subtopic:** Important International institutions, agencies and fora, their structure, mandate.

**Prelims and Mains focus:** About BRICS, NDB, NIIF, AIIB

**News:** New Development Bank (NDB), earlier known as the BRICS Development Bank, has committed $100 million to India’s National Investment and Infrastructure Fund’s (NIIF) Fund of Funds.

**About NDB**

NDB is a multilateral development bank that was created by governments to leverage capital for development purposes, especially infrastructure projects.

Founded by Brazil, Russia, India, China and South Africa (collectively the BRICS countries) in July 2014, the bank was launched a year later with an initial
NIIF’s Fund of Funds, according to the disclosure, is looking to raise about $1 billion to invest in up to 10 private equity funds managed by fund managers in India. Its portfolio funds are expected to provide primarily growth capital to firms across sectors, including green infrastructure, affordable housing, manufacturing and services.

Of the targeted corpus, the fund has so far received commitments worth $700 million, including investments from NDB and ADB.

In June 2018, Asian Infrastructure Investment Bank (AIIB) had approved an equity investment of $100 million as part of FoF’s initial closing, committing a further investment of $100 million as part of phase II for the final closing.

About NIIF

Envisioned in the Union budget 2015, NIIF was launched as an alternative investment fund in December 2016 with a target corpus of ?40,000 crore.

NIIF is a quasi-sovereign wealth fund, in which the government of India holds 49% equity with the rest held by foreign and domestic investors, is mandated to invest in infrastructure and related sectors that could help fuel economic growth in the country.

Its investments are diversified across its three funds—Master Fund, Fund Of Funds and Strategic Fund, across which it manages $4 billion of capital commitments.

Its Fund of Funds is mandated to invest as an anchor investor in third party fund managers. It can also selectively form joint ventures with fund managers.
In 2017, Abu Dhabi’s sovereign wealth fund—Abu Dhabi Investment Authority—committed to invest $1 billion, becoming the first institutional investor in NIIF’s Master Fund and a shareholder in NIIF Ltd, its investment management firm.

About BRICS

BRICS is the acronym for an association of five major emerging national economies: Brazil, Russia, India, China and South Africa.

BRIC started as a formal grouping in 2006 on the margins of G8 outreach summit.

Originally the first four were grouped as “BRIC” before the induction of South Africa in 2010.

1st Summit was held in Russia in 2009. Moreover, first 5-member BRICS summit was held in 2011.

Since 2009, the BRICS nations have met annually at formal summits. 8th summit in 2016 was held in Goa and BIMSTEC countries were invited for a joint summit as per the the tradition. 9th summit will be held in China.

What is the Significance of BRICS?

Starting essentially with economic issues of mutual interest, the agenda of BRICS meetings has considerably widened over the years to encompass topical global issues.

BRICS cooperation has two pillars – consultation on issues of mutual interest through meetings of Leaders as well as of Ministers of Finance, Trade, Health, S&T, Education, Agriculture, Communication, Labour, etc. and practical cooperation in a number of areas through meetings of Working Groups/Senior Officials.

Regular annual Summits as well as meetings of Leaders on the margins of G20 Summits are held. It has been pushing for greater economic growth among the member countries and reform of global financial institutions.
Focused on “greater people-to-people participation” during the BRICS events like BRICS Film Festival, BRICS Wellness Forum, BRICS Youth Forum and BRICS Friendship Cities Conclave held throughout the year across the country.

The New Development Bank (NDB) and the Contingent Reserve Arrangement (CRA) are the financial mechanism under BRICS.

CRA proposes to provide short-term liquidity support to the members through currency swaps to help mitigating BOP crisis situation, if such a situation arises.

It would also contribute to strengthening the global financial safety net and complement existing international arrangements (from IMF) as an additional line of defence.

BRICS Credit Rating Agency may come in near future to challenge the monopoly of the West.

The BRICS free trade agreement may come up against fears of Indian and Russian markets being swamped by Chinese imports.

In the current global political and economic scenario where protectionism and patriotism is on the rise, BRICS can become the bulwark of new globalization and may create new world order driven by emerging economies.

**New Development Bank (BRICS bank)**

The New Development Bank (NDB) is a multilateral development bank established by the BRICS states. The idea for the NDB was proposed by India at the 4th BRICS summit (2012) held in New Delhi. Then at the 6th BRICS summit held in Fortaleza, Brazil, the BRICS states signed the agreement on the NDB.

In the year 2015, an Indian K.V. Kamath was appointed as the President of the NDB. The headquarter of the Bank is in Shanghai, China. The first regional office of the NDB was established in Johannesburg, South Africa.

**Structure of the NDB**

The main organs of the Bank are:
Major Objectives of the Bank

Promotion of infrastructure and sustainable development projects with a significant development impact in member countries;

Establish strategic partnerships with other multilateral development institutions and national development banks;

Build a balanced project portfolio giving due respect to their geographic location, financing requirements and other factors;

Promoting competitiveness and facilitating job creation;

Build a robust knowledge sharing platform among developing countries.

The NDB has been envisaged as a “dedicated channel of alternate finance” with greater focus on emerging economies and the Global South. Some experts also see it as an alternative to the existing US-dominated World Bank and the IMF.

The Asian Infrastructure Investment Bank (AIIB)

The AIIB was established in January 2016 with its headquarters located in Beijing. It has an authorised capital base of $100 billion. The core mandate of the AIIB is to address Asia-Pacific’s acute infrastructural needs. Its mission is “to improve economic and social development in Asia by investing in high-quality, financially viable and eco-friendly infrastructure projects”. It also aims to mobilize private capital to co-finance projects. The creation of the AIIB is a welcome initiative given Asia’s huge infrastructural deficit.

Members of the AIIB
Regional members: Afghanistan, Australia, Azerbaijan, Bangladesh, Brunei Darussalam, Cambodia, China, Fiji, Georgia, Hong Kong (China), India, Indonesia, Iran, Israel, Jordan, Kazakhstan, Korea, Kyrgyz Republic, Lao PDR, Malaysia, Maldives, Mongolia, Myanmar, Nepal, New Zealand, Oman, Pakistan, Philippines, Qatar, Russia, Samoa, Saudi Arabia, Singapore, Sri Lanka, Tajikistan, Thailand, Timor Leste, Turkey, United Arab Emirates, Uzbekistan, Vanuatu, and Vietnam.

Non-regional members: Austria, Denmark, Egypt, Ethiopia, Finland, France, Germany, Hungary, Iceland, Ireland, Italy, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Spain, Sweden, Switzerland, and United Kingdom.

AIIB Structure

It has the following organs:

Board of Governors: It is the highest decision making body. The voting power is according to shareholding. The shareholding is according to the GDP.

Board of Directors

President

Chinese interests in creation of the AIIB

Firstly, China wants to make huge profits. China has huge forex reserves. Chinese banks seek to circulate loan money on which they will earn interest. This will help China in making huge profits with China being the largest shareholder of the Bank.

Secondly, it is expected to bolster China’s One Belt One Road Initiative (OBOR). The AIIB is going to finance rail-roads-ports infrastructure along the ancient silk route. Hence, the Bank is going to help in China’s grand strategic designs and geopolitical motives.
Thirdly, China wants to counter hegemonic dominance of the west-dominated World Bank and the IMF. China wants to counter the hegemony of the WB, IMF and the Asian Development Bank through New Development Bank and the AIIB. Some experts also say that countering the IMF will help in popularizing use of the Chinese yuan.

India and the AIIB

The Indian economy also has huge infrastructural funding requirements wherein the AIIB is playing a key role. India has become an important recipient of the AIIB loans. Till December 2017, AIIB had granted over $1 billion worth of loans for various infrastructure projects in India. India was the single largest borrower from the AIIB in 2017. A part of the Bengaluru Metro line and Gujarat rural roads have been granted around $330 million each. The AIIB is also involved in the unique Amravati project in Andhra Pradesh.

Recently, a top official of the AIIB has said, “India is the biggest commitment country for the Asian Infrastructure Investment Bank”. India is one of the most significant countries that the bank is supporting. The AIIB is involved in the transmission lines, rural roads and green projects among others. The bank has laid special emphasis on renewable energy projects in India and elsewhere.

The AIIB and the NDB: Geopolitical and Geo-economic Implications

The NDB represents the “most significant institutional innovation” of intra-BRICS diplomacy. There is a divergence of opinion regarding the geopolitical and geo-economic implications of the two banks. There are experts who say that these two banks are there simply to complement the two Brettonwoods institutions of WB and the IMF. However, other experts contradict it saying that the NDB and AIIB are actually challenging the hegemony of the World Bank and the IMF. Hence, the Western world should be worried about new competition in the global financial architecture.

Multilateralism has been under serious strain for the past few decades as
The creation of the two banks NDB and AIIB is indeed a remarkable development. They reflect changing geo-economic dimension at the global level with the shift of economic power from West to the East. These two institutions have for the first time opened up “a strategic rivalry with Western and Japanese-led lending institutions, namely the World Bank, the International Monetary Fund (IMF), and the Asian Development Bank (ADB), mirroring the broader tussle for power and influence between the developed and developing world”. Indeed the two banks represent a quest for equality for the developing countries as far as the global financial architecture is concerned.

**Similarities between the NDB and AIIB**

The NDB and the AIIB are very similar as far as their purposes and functions are concerned. Both are chiefly concerned with financing projects of infrastructure and sustainable development in the emerging economies and developing economies. Their strategy is also geared towards forging partnerships with national development banks. They also form partnerships with the traditional multilateral and regional development banks, through co-financing activities in the private and public sectors.

They were created out of a shared frustration with existing multilateral lending forums, whose voting structures are stacked against emerging markets. The BRICS nations were given just 10.3 percent of the votes at the IMF. The countries like Japan, Germany, France, and the U.K., each hold greater voting shares than China, despite the latter being the world’s second largest economy.

Both the NDB and AIIB are following democratic and egalitarian norms to the benefit of the developing countries. The founders of the NDB have repeatedly emphasized the principle of stakeholder equality. Each of the BRICS countries will contribute an equal share of the NDB’s $100 billion start-up capital, giving them 20 percent of the voting rights each. The 5-year presidency is to be rotated
equally among its members in the NDB. The AIIB has also sought to give a bigger
voice to developing nations. The AIIB has reserved at least 75 percent of voting
shares for Asia-Pacific countries, in a powerful contrast to its hierarchal, Western-
centric counterparts. The presidency at the IMF is confined to Europeans,
whereas the United States has sole discretion over the top role at the World Bank.
Japan has led the ADB since its founding in 1966. This is not the state of affairs in
either the NDB or the AIIB.

These banks are a sheer recognition of increasing geopolitical and geo-economic
clout of the developing economies.

Both the banks have sought to fill the gap in infrastructure investment. They are
expected to meet the enormous demand for infrastructure investment in the
developing world.

Both the banks are a peaceful way of projecting Chinese power on the global
stage concealing the assertive grand strategic designs of Chinese foreign policy.
They are expected to help in consolidating and cementing the grand Chinese
plan of One Belt One Road initiative (OBOR).

The WB and the IMF seek “strict conditionality of market and structural reform”
before helping the developing countries. Fortunately, the NDB and the AIIB do not
insist on such strict conditionalities and better understand the specific and
contextual developmental requirements of the developing countries. These banks
do not interfere in the internal affairs of the countries seeking economic help from
them.

Both the NDB and the AIIB are strongly influenced by China’s leadership.

The NDB and the AIIB share the similar four-tier governance structure: a Board of
Governor, a Board of Directors, a President (with senior management), and other
officials and staff, in the descending order of authority. The Board of Governors,
which is represented by all member countries at the Ministerial level, is
responsible for most important decisions to these institutions.

**Differences between the NDB and AIIB**

Although the two institutions have overlapping mandates and other significant
similarities they have substantial differences as well.
The NDB has been more of a collaborative effort among the BRICS members where China’s role is markedly different from that in the AIIB. China’s dominance is more starkly visible in the AIIB.

Membership of the two banks is also different. The five BRICS members are members of the NDB and its membership has not expanded since its inception. The AIIB began its operations with a large membership of 57 signatories (including many non-regional members). However, its membership has since grown rapidly to more than 75 members.

The NDB because of its small membership is institutionally less complex than the AIIB.

The NDB is principally more outward-oriented while the AIIB is more Asia-centric.

The Asian Development Bank reflects Japanese and US interests in Asia. The threat to the regional dominance of the ADB is likely to come from the AIIB than the NDB. China has certainly this in mind and so it is more enthusiastic about AIIB than NDB.

The NDB and the AIIB are distinct from each other regarding the distribution of voting power in the Boards of Governors and Directors. The distribution of voting powers is much simpler and much more egalitarian in the NDB than in the AIIB. The five founding members of the NDB are entitled with the same voting power (20% each) in sync with their subscribed capital and no single member has veto power. Even in the case of future expansion it has been institutionally stipulated that the BRICS group voting power will collectively remain at 55 percent. The case of AIIB is more complicated. In the case of AIIB the member’s voting power reflects the relative size of its subscription is determined mostly on its financial capacity. However, there are provisions in the very institutional agreement of the AIIB which allows the regional (i.e., Asian) members collectively and China singularly to retain their domineering position against non-regional members.

Major Achievements of the NDB

Since its inception the NDB has come a long way. It has carved out a niche for itself. Now it has firmly graduated out of its start-up phase and initiated many dynamic projects. Apart from its headquarters in Shanghai, China it has come up
It has issued its first green bond raising RMB 3 billion in the Chinese bond market exemplifying its commitment to sustainable development ethics.

It has primarily stayed committed to its core concern of financing infrastructure and sustainable development projects in BRICS countries. It has expressed strong emphasis on renewable energy related projects.

By implication the formation of the NDB and AIIB has brought to the limelight the urgent need for reforms in WB and IMF. These two Brettonwoods institutions need to be reformed in the right earnest if they are to stay relevant in the context of the changing geo-economic realities in the 21st century world.

The NDB has laid strong emphasis on developing and deepening of local capital markets in member countries by providing loans denominated in local currency in addition to US dollar loans. This is expected to help borrowing countries to manage and avoid the foreign exchange risks structurally inherent in loans from other banks.

The NDB needs to learn from the ADB which has kept on modifying its thrust areas in successive decades since its inception to keep pace with the evolving developmental needs of different countries. Hence, in future the NDB should also concentrate on formulating appropriate strategies to deal with the issues of productivity growth and employment generation (which are not directly dealt by other banks).

Challenges faced by the AIIB

The AIIB has emerged as a very robust bank reflected in “the strength of AIIB’s governance frameworks, including its policies on risk management, capital adequacy and liquidity”. However, it is faced with certain challenges:

So far the AIIB has funded only hard infrastructure projects like roads, electrical transmission lines, water supply system etc. Now it should also venture into “soft infrastructure” projects like public finance management, urban management, health policy and administrative management etc.

The projects funded by the AIIB must be socially and environmentally sensitive.
The Bank needs to take up eco-friendly projects to help the global community deal with the monstrous threat of climate change.

Another critical challenge is to make the AIIB more dynamic, robust and independent in its project selection and funding.

There is also a need to carefully form and manage strategic partnerships with other multilateral institutions, banks, private sector and sovereign governments.

There is also the challenge of having a lean and thin AIIB bureaucracy with specialised and technical knowledge of banking operations. The AIIB needs to develop its own managerial, financial and legal teams to run the operation of the bank in a robust and efficient manner.

Source: mint

Longest UN climate talks end with no decision about key issue on agenda

GS-II | 16 December, 2019

Syllabus subtopic: Important International institutions, agencies and fora, their structure, mandate.

Prelims focus: about COP 25, UNFCCC, IPCC

Mains focus: Challenges for the international community in framing policies to check climate change and their implications

News: The longest-ever climate conference delivered probably the weakest outcome ever.

What led to the deadlock?

The two-week Madrid climate conference could produce an agreement only after removing everything that any country objected to from the final text, and
postponing all decisions on the only major agenda item it had to finalise.

After several countries rejected the draft agreement texts, the conference had little option but to remove all contentious phrases and provisions, and produce an agreement that was mired in generalities and lacked any specific decisions.

The issue of framing rules for setting up a new carbon market under Paris Agreement, the only big issue to be finalised in Madrid, was deferred entirely to next year, as no country was willing to budge from their stated positions.

Civil society groups, an important and vocal stakeholder in the negotiations, reacted with anger and disappointment at the outcome of what was the longest ever climate talks.

**Mandate of COP 25**

Apart from framing the rules for a new carbon market, the Madrid talks was expected to direct all countries to increase their climate actions in view of recent scientific assessments that show the world was not doing enough to prevent the extreme impacts of climate change.

**Contentious issues**

Some countries, especially the most vulnerable ones like small island states, were pushing for language directing all countries to update their climate action plans by next year to reflect the new realities. Such demands were resisted mainly be big developing countries like China, India and Brazil, which had been arguing that countries be asked to deliver on their past and current promises before being asked to make any new commitments.

These developing countries repeatedly pointed out that the current situation was a direct result of developed countries not meeting their targets in the pre-2020 period, and has demanded an assessment of the performance of developed
countries on climate action, including their obligation to provide finance and technology to the developing world.

What did the final agreement say?

The final agreement included a general call stressing “the urgency of enhanced ambition” by all countries. There was no direction to update climate action plans by next year.

Similarly, the demand of developing countries, reflected in the earlier drafts in the form of a provision setting up a two-year work programme to assess the performance of developed countries, was also not included in the final agreement.

Even something as innocuous as acknowledging the special reports of the Intergovernmental Panel on Climate Change (IPCC) had run into trouble. Some countries had objected to the fact that an earlier draft mentioned IPCC’s report on oceans but ignored the report on land, both having come out this year. The final agreement thus dropped the names of both the reports and only expressed its “appreciation and gratitude” to the IPCC for coming out with the two special reports.

Way ahead

The result from Madrid means negotiators face an uphill task next year to complete all the unfinished tasks ahead of the transition of the global climate regime from the 1997 Kyoto Protocol to the 2015 Paris Agreement. With the Paris Agreement set to come into effect next year, the rules of the new carbon market will have to be finalised soon. Moreover, with latest studies showing the world needs to do even more than what the Paris pact mandates, countries will be under pressure to increase their commitments.

About UNFCCC

1. International environmental treaty that came into existence under the aegis of
UNFCCC was negotiated at the Earth (Rio) Summit 1992.
Signed in 1992, New York City.
As of March 2019, UNFCCC has 197 parties.
Role: UNFCCC provides a framework for negotiating specific international treaties (called “protocols”) that aim to set binding limits on greenhouse gases.
Objective of UNFCCC: Stabilize greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous consequences.
Legal Effect: Treaty is considered legally non-binding.
The treaty itself sets no binding limits on greenhouse gas emissions for individual countries.
In 1997, the Kyoto Protocol (3rd COP) was concluded and established legally binding obligations for developed countries to reduce their greenhouse gas emissions.
Paris Climate Deal

The Paris Agreement of 2016 is a historic international accord that brings almost 200 countries together in setting a common target to reduce global greenhouse emissions in an effort to fight climate change.

The pact seeks to keep global temperature rise to below 2 degrees Celsius from pre-industrial levels, and to try and limit the temperature increase even further to 1.5 degrees Celsius.

To this end, each country has pledged to implement targeted action plans that will limit their greenhouse gas emissions.

The Agreement asks rich and developed countries to provide financial and technological support to the developing world in its quest to fight and adapt to climate change.

How does a country leave the Agreement?

Article 28 of the Paris Agreement allows countries to leave the Paris Agreement and lays down the process for leaving.

A country can only give a notice for leaving at least three years after the Paris Agreement came into force.

This happened on November 4, 2016. Therefore, the US was eligible to move a notice for leaving on November 4 this year, which it did.

The withdrawal is not immediate, however. It takes effect one year after the submission of the notice. It means the United States will be out of Paris Agreement only on November 4 next year.

About Intergovernmental Panel of Climate Change (IPCC)
The Intergovernmental Panel on Climate Change (IPCC) is the UN body for assessing the science related to climate change.

Established by the United Nations Environment Programme (UNEP) and the World Meteorological Organization (WMO) in 1988.

Aim: to provide political leaders with periodic scientific assessments concerning climate change, its implications and risks, as well as to put forward adaptation and mitigation strategies.

Composition: It has 195 member states.

The IPCC has three working groups:

Working Group I, dealing with the physical science basis of climate change.

Working Group II, dealing with impacts, adaptation and vulnerability.

Working Group III, dealing with the mitigation of climate change.

About its 6th Assessment Report (AR6)?

It will examine topics such as the link between consumption and behaviour and greenhouse gas emissions, and the role of innovation and technology.

It will assess the connection between short to medium-term actions and their compatibility with the long-term temperature goal in the Paris Agreement.

It will assess mitigation options in sectors such as energy, agriculture, forestry and land use, buildings, transport and industry.

Source: Indian Express
News: Turkey moved closer to military support for Libya’s internationally recognised government when a bilateral deal that provides for a quick reaction force if requested by Tripoli was sent to Parliament.

Background

Late last month, Ankara and Tripoli signed an expanded security and military accord and, separately, a memorandum on maritime boundaries that Greece said violates international law.

While the maritime accord has been sent to the United Nations for approval, the military deal has been presented to Turkey’s Parliament. Parliament will enter it into force after approval.

What it may lead to?

Ankara’s latest move raises tensions in the Mediterranean region and risks confrontation with forces led by Khalifa Haftar based in eastern Libya, where rival political factions have been based since 2014.

Egypt, which has condemned the maritime deal as “illegal”, urged other countries to stop intervening in Libya to enable the country to restore its own security and stability, in an apparent rebuke to Turkey.

About Libyan crisis
Libya has been beset by chaos since Nato-backed forces overthrew long-serving ruler Col Muammar Gaddafi in October 2011.

The oil-rich country, a key departure point for some of the thousands of migrants travelling to Europe, once had one of the highest standards of living in Africa, with free healthcare and free education.

But the stability that led to its prosperity has been shattered and the capital, Tripoli, is now the scene of serious fighting between rival forces as negotiations to build a post-Gaddafi Libya stall.

Is anyone in control?

Only Libya's myriad armed militias really hold sway - nominally backing two centres of political power in the east and west with parallel institutions.

Tripoli administration, the internationally recognised government, known as the Government of National Accord (GNA)

This is under the leadership of Prime Minister Fayez Sarraj, an engineer by profession. He arrived in Tripoli in March 2016, four months after a UN-brokered deal to form a unity government, to set up his administration. Over the last three years he has worked to gain the support of the various militias and politicians, but he has little real power over the whole country or of the forces ostensibly under his control.

Tobruk administration, includes the parliament elected in 2014 after disputed elections

When those who held power in Tripoli refused to give it up in 2014, the newly elected MPs moved to the port of Tobruk, 1,000km (620 miles) away, along with the old government. In 2015 some of these MPs backed the UN deal for a unity government, but the parliament has since refused to recognise it and has been blocking efforts to organise fresh elections because it wants military strongman
Gen Khalifa Haftar, who leads a powerful force called the Libyan National Army (LNA), to be guaranteed a senior role in any new set-up.

Some go as far as to suggest that Gen Haftar has ambitions to be "the Sisi of Libya", a reference to Gen Abdul Fattah al-Sisi, who seized power in neighbouring Egypt.

And it is guns that matter. Some security analysts describe Libya as an arms bazaar. It is awash with weapons looted from Gaddafi’s arsenal and from allies in the region supporting rival factions.

Militia allegiances often shift out of convenience and with the need to survive.
Weren’t they all once allies?

They were united in their hatred for Gaddafi - but nothing more. There was no single group in charge of the rebellion. Militias were based in different cities, fighting their own battles.

They are also ideologically divided - some of them are militant or moderate Islamists, others are secessionists or monarchists, and yet others are liberals. Furthermore, the militias are split along regional, ethnic and local lines, making it a combustible mix.

And after more than four decades of authoritarian rule, they had little understanding of democracy.

Former US President Barack Obama, in an interview published in April 2016, said that the "worst mistake" of his presidency was the failure to prepare for the aftermath of Col Gaddafi's overthrow.

He partly blamed then-UK Prime Minister David Cameron for "the mess", saying he had not done enough to support the North African nation.

Who is Gen Haftar?

He helped Col Gaddafi seize power in 1969 before falling out with him in the 1980s and going into exile. He returned amid the uprising against Gaddafi to fight against his former boss - and in the aftermath cast himself as the main opponent of the Islamist militias in eastern Libya.

For three years he battled various Islamist militias, including groups aligned to al-Qaeda, in the eastern city of Benghazi. However, his critics accused of him of labelling anyone who challenged his authority as "terrorists".

After taking control of Benghazi, he then set his sights on the top job, but the main bone of contention has been a clause in the UN-brokered agreement that prevents a military figure taking political office.

Observers say Gen Haftar's appearance at a series of talks in France, Italy and
United Arab Emirates (UAE) was more about establishing himself on the international stage than finding common ground.

This January his forces launched an offensive to seize two southern oil fields. He is now believed to control most of Libya's oil reserves.

Source: The Hindu

Pleas in SC speak of past judgments

Syllabus subtopic: Indian Constitution- historical underpinnings, evolution, features, amendments, significant provisions and basic structure

Prelims and Mains focus: about various judgements cited and their significance

News: The dozen or so petitions filed against the Citizenship (Amendment) Act, 2019, trace a series of Supreme Court judgments in which the court stood up for the dignity of the individual against the “tyranny of the majority”.

What do these judgements say?

These Constitution Bench judgments, which range from the decriminalisation of homosexuality to striking down triple talaq, hold that the State cannot discriminate on the basis of an intrinsic and core identity of an individual. Being Muslim is part of a person’s core identity and dignity. It cannot be the basis for discrimination for granting citizenship, they argue.

1. The Constitution Bench judgment in the petition filed by the Delhi government — State (NCT of Delhi) v. Union of India — said the court should follow its constitutional morality to check State power and the “tyranny of the majority”.

2. Another Constitution Bench in the Navtej Singh Johar case

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“Destruction of individual identity would tantamount to crushing of intrinsic dignity that cumulatively encapsulates the values of privacy, choice, freedom of speech and other expressions,” the Constitution Bench held.

It reminded that religion, race, caste, sex or place of birth were intrinsic and core elements of an individual’s identity under Article 15.

3. If at all the state ventures to classify people on the basis of religion, it should be reasonable, based on intelligible differentia and have a rational basis with the objective sought to be achieved by the law, the petitions argued, quoting the Anwar Ali Sarkar verdict reported in 1952.

They contend that the amendments classify illegal migrants from Pakistan, Afghanistan and Bangladesh as those who are Hindu, Sikh, Buddhist, Jain, Parsi or Christian on one side, and those who are Muslim on the other. The amendments provide benefits to illegal migrants who practise any of the six faiths and excludes Muslims.

4. The Constitution Bench in the S.R. Bommai judgment lays down that the State cannot favour any particular religion. It is the government’s duty to accord equal treatment to members of all faiths.

5. A Constitution Bench in its Shayara Bano (triple talaq case) held that a legislation which is manifestly arbitrary, capricious, irrational, excessive or disproportionate should be struck down.

Source: The Hindu
Prelims and Mains focus: about PMMVY and its significance, challenges in implementation and the govt’s performance in addressing them

News: Three years after a panIndia maternity benefit programme promising ₹6,000 to new mothers was first announced, the chorus on its many exclusions is growing louder leading to a demand for a scheme that is truly universal.

Why so many exclusions?

The many clauses introduced into the long and tedious documentation work totalling 32 pages has led to single women and young brides being left out of its purview, say activists working at the grassroots level.

Activists say that registration for the scheme requires an applicant to provide her husband’s Aadhaar details along with her own, affecting single women which include unwed mothers, deserted a mother seeking benefits needs to provide proof of address of her marital home, which proves challenging for a newlywed expecting a child and often residing in her natal home during pregnancy. She is then forced to go from pillar to post to claim benefits.

About PM Matru Vandana Yojana (PMMVY)

The Pradhan Mantri Matru Vandana Yojana (PMMVY) was announced by PM Modi in a televised address to the nation on December 31, 2016. Five month’s later when the Union Cabinet approved the scheme, it decided to give a benefit of ₹5,000 to pregnant and lactating mothers for the birth of the first child.

This would be disbursed in three installments upon meeting several conditionalities — registration of pregnancy, at least one antenatal check-up, registration of child birth and vaccinations.

The remaining cash incentive of upto ₹1,000 is to be given under a separate scheme called the Janani Suraksha Yojana so that on an “average” women...
Objective

The objective is to compensate women for wage loss due to child birth.
Problems faced by a newlywed woman

A mother is unable to get the compensation when she needs it the most, i.e. during the nine months of her pregnancy. While the scheme is solely for the first living child, it ironically leaves out those who are most likely to give birth to one — a newlywed woman.

The requirement that the applicant has to be at least 19 years old also leaves out younger brides, who hesitate in getting their marriages registered as the legal age of marriage is 18 years. 3035% firsttime mothers are under the age of 18 years.

The application form requires separate undertakings from the woman and her husband that the child for whom they are seeking the benefit will be “the first living child for both of them”, further making it prohibitive.

Govt’s target versus actual performance of the scheme

Since the scheme came into effect on January 2017, it has benefited a total of 128 lakh women as per the government’s reply in Parliament last week.

This is 80% of the total target the government has set out for itself — 53 lakh women per year.

Experts estimate that the government’s target itself is 43% of the total 123 lakh first births in the country in a year as derived from the population size of 133.9 crore in 2017 and the birth rate of 20.2 per thousand.

Questions and Concerns raised by the activists

1. Eligible beneficiaries have to jump through several hoops to claim their entitlement. Moreover, this is a woman’s right under the National Food Security Act, 2013, why then insist on the husband’s identity proof?

2. The documentation work is likely to result in many women living on the
margins, such as sex workers, women in custody, migrant and those living in postconflict situations unable to claim benefits even though they are most in need of monetary compensation.

3. Women have to pay a hefty bribe during the application process. The lengthy documentation work includes filling up six documents totaling 32 pages — an application form to be filled for each of the three installments, an application for linking the Aadhaar card with bank account, another one for linking the Aadhaar card with post office account and a feedback form. Applicants have to also submit at least nine other documents for verification — Aadhaar card (or enrolment slip when there is no card), an identity proof, voter ID card (as age proof) of the mother and her husband; ration card (for husband's address), copy of bank passbook and maternal and child protection (MCP) card.

**Way ahead**

Activists and grassroot workers must make a “formal representation” to the government highlighting their concerns so that corrective actions can be taken. Activists urge for a need for reviewing the scheme and making it universal by removing restrictions on the number of children as well as including all women, whether they are in the formal or informal sector, engaged in paid or unpaid work.

The sum promised should also be at least on par with minimum wages for women in selfemployment, unpaid work, or working for less than minimum wages.

In order to raise these demands, protest marches are planned across several States on December 31, the third anniversary of the scheme. Workers, part of the Right to Food Campaign’s M.P. Chapter, have also started a signature campaign on the demands, which has so far been endorsed by 1,18,000 people

Source: The Hindu
Pending dues: visitor centres at Ajanta, Ellora shut

GS-I | 16 December, 2019

Syllabus subtopic: Indian culture will cover the salient aspects of Art Forms, Literature and Architecture from ancient to modern times.

Prelims and Mains focus: About Ajanta and Ellora Caves, UNESCO World Heritage Sites; ecological and other threats faced by our historical monuments

News: Two tourist visitor centres set up at Ajanta and Ellora caves by the Maharashtra government with funding from the Japanese International Cooperation Agency (JICA) have been shut due to their pending water and electricity dues worth ₹5 crore, an official said.

About the two centres and their objectives

The centres, which were supposed to serve as a one-stop location for all information about history and importance of these world famous UNESCO heritage sites, have replicas of some sculptures located inside the caves.

The State set up the two centres, having facilities like audiovisual presentations and library, in 2013 for which ₹125 crore was spent in two phases, the official said. A big chunk of this fund came from JICA.

These centres have replicas of sculptures in Ajanta and Ellora caves. Using multimedia, these facilities make tourists understand the Jataka tales. This helps reduce the time spent by visitors in the caves, which will in turn help in the longevity of these monuments.

Why are the centres closed now?

The facilities ran smoothly for sometime but have been closed since September last year as they do not have water and power supply. The dues of these two centres are now running into ₹5 crore.

The Maharashtra Tourism Development Corporation (MTDC) demanded funds from the government five to six times to clear the dues. The MTDC needs around ₹10 crore to clear all the dues and to make these centres operational, the official said.
said, adding the government should sanction regular funds for these facilities.

What it may lead to and way ahead?

The Japanese government spent money on this project. If these centres remain closed for a long time, their whole purpose becomes meaningless. This will also affect the image of our country and the State. The government should plan something concrete for the sustainability of such centres.

People travel thousands of miles to visit Ajanta and Ellora caves. They prefer to spend time in the caves rather than seeing their replicas (at the tourist visitor centres).

These centres surely help elderly tourists who cannot walk for long. But to make these facilities sustainable, the commercial angle also needs to be looked into. There should be additional facilities like a cafeteria, hotel, and a hub to showcase local items.
About Ajanta and Ellora Caves

Rock-cut cave architecture occupies a very important place in the Indian Art tradition. From the humble beginnings at the Barabar Caves, they evolve into spectacular caves at Ajanta and Ellora. Both these caves have been accorded the UNESCO World Heritage Site status.

Table summing up the contrasting features are as follows

<table>
<thead>
<tr>
<th>Location</th>
<th>Ajanta Caves</th>
<th>Ellora/Elura/Verul Lena Caves</th>
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<td>Near Aurangabad</td>
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**Timeline**
- Constructed between 2nd Century BC to 6th Century AD
- Constructed between 6th Century AD to 10th Century AD

**Number of caves**
- 30 caves with one incomplete so sometimes considered 29. 4 chaityas and rest viharas.
- 100 caves with 34 open for public. Caves dedicated to Hinduism are more followed by Buddhist caves.
- Cave 10 is the only Chaitya while rest are viharas.

**Religions**
- Entirely Buddhism
- Hinduism, Buddhism and Jainism

**Patronage**
- Satavahanas, Vakatakas and Chalukyas
- Rashtrakutas, Kalachuris, Chalukyas and the Yadavas

**Chronology of Construction**
- 2nd-1st Century BC – Hinayana Phase
- 5th – 6th Century AD – Mahayana Phase
- 550 – 600 AD – Hindu Phase
- 600 – 730 AD – Buddhist Phase
- 730 – 950 AD – Hindu and Jain Phase

**Major attraction**
- Paintings, architecture and sculptures
- Architecture and sculptures. Especially the Kailashnath temple.
About UNESCO world heritage sites

A UNESCO World Heritage Site is a place that is listed by the United Nations Educational, Scientific and Cultural Organization (UNESCO) as of special cultural or physical significance.

The list is maintained by the international World Heritage Programme administered by the UNESCO World Heritage Committee, composed of 21 UNESCO member states which are elected by the General Assembly.

Each World Heritage Site remains part of the legal territory of the state wherein the site is located and UNESCO considers it in the interest of the international community to preserve each site.

Selection of a site:

To be selected, a World Heritage Site must be an already classified landmark, unique in some respect as a geographically and historically identifiable place having special cultural or physical significance (such as an ancient ruin or historical structure, building, city, complex, desert, forest, island, lake, monument, mountain, or wilderness area). It may signify a remarkable accomplishment of humanity, and serve as evidence of our intellectual history on the planet.

Legal status of designated sites:

UNESCO designation as a World Heritage Site provides prima facie evidence that such culturally sensitive sites are legally protected pursuant to the Law of War, under the Geneva Convention, its articles, protocols and customs, together with other treaties including the Hague Convention for the Protection of Cultural Property in the Event of Armed Conflict and international law.

UNESCO World Heritage Sites in India
The Archaeological Survey of India (ASI) is the nodal agency for forwarding any request for World Heritage status to any Indian site whether cultural or natural.

Based on the proposals received from the Central or State Government agencies as well as management Trusts, etc., and after their due scrutiny, the Government forwards the nomination dossiers to the World Heritage Center.

There are 38 World Heritage Sites located in India. These include 30 cultural sites, 7 natural sites and one mixed-criteria site. India has the sixth largest number of sites in the world.

**Note:** to know more about UNESCO world heritage sites in India, click on the following link below:

https://en.wikipedia.org/wiki/List_of_World_Heritage_Sites_in_India

Source: The Hindu
The Centre released Rs. 35,298 crore to the States in Goods and Services Tax (GST) compensation on Monday, just two days before a crucial meeting of the GST Council.

**Background**

The decision comes at a time when several States had urged the Centre to transfer the compensation payments, which have been pending for several months, with the Punjab government warning that it was prepared to take the issue to the Supreme Court.

**Why was there a delay in transfer?**

The delay was because GST collections had been lower than expected.

While the government had budgeted for Rs. 6,63,343 crore in GST collections for the current fiscal, 2019-20, it had garnered only about 50% of its budget estimate in the first eight months.

**Concerns raised by the states**

States have expressed apprehensions about not getting their compensation on
time or at all, with some alleging that they had to incur debts to meet the expenses predicated on GST compensation monies.

While the Congress government in Punjab had threatened to take the Centre to court, Chhattisgarh Chief Minister Bhupesh Baghel had asked the Centre to consider extending the cutoff date for compensation, according to sources.

About GST Council:

The GST Council is set to hold its next meeting on December 18.

1. It is a constitutional body for making recommendations to the Union and State Government on issues related to Goods and Service Tax.
2. It is chaired by the Union Finance Minister and other members are the Union State Minister of Revenue or Finance and Ministers in-charge of Finance or Taxation of all the States.

Composition

As per Article 279A of the amended Constitution, the GST Council which will be a joint forum of the Centre and the States, shall consist of the following members:

1. Union Finance Minister - Chairperson;
2. Union Minister of State in charge of Revenue or Finance - Member;
3. Minister in charge of Finance or Taxation or any other
4. Minister nominated by each State Government - Members.

Mandate of GST Council

It shall make recommendations to the Union and the States on:

1. the taxes, cesses and surcharges levied by the Union, the States and the local bodies which may be subsumed in the goods and services tax;
2. the goods and services that may be subjected to, or exempted from the goods and services tax;
3. model Goods and Services Tax Laws, principles of levy, apportionment of Goods and Services Tax levied on supplies in the course of inter-State trade
or commerce under article 269A and the principles that govern the place of supply;
4. the threshold limit of turnover below which goods and services may be exempted from goods and services tax;
5. the rates including floor rates with bands of goods and services tax;
6. any special rate or rates for a specified period, to raise additional resources during any natural calamity or disaster;
7. special provision with respect to the States of Arunachal Pradesh, Assam, Jammu and Kashmir, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Himachal Pradesh and Uttarakhand; and
8. any other matter relating to the goods and services tax, as the Council may decide.
9. It shall recommend the date on which the goods and services tax be levied on petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas and aviation turbine fuel.
10. While discharging the functions conferred by this article, the Goods and Services Tax Council shall be guided by the need for a harmonized structure of goods and services tax and for the development of a harmonized national market for goods and services.

11. **One-half of the total number of Members** of the Goods and Services Tax Council shall constitute the **quorum** at its meetings.

**How does the council take a decision on any tax issue?**

**Every decision** of the Goods and Services Tax Council shall be taken at a meeting, by a **majority of not less than three-fourths of the weighted votes of the members present and voting**, in accordance with the following principles-

1. the vote of the Central Government shall have a weightage of one third of the total votes cast, and
2. the votes of all the State Governments taken together shall have a weightage of two-thirds of the total votes cast, in that meeting.

**Will absenteeism of any state or vacancy/ies halt the decision of the council?**

No act or proceedings of the Goods and Services Tax Council shall be invalid
merely by reason of—

1. any vacancy in, or any defect in, the constitution of the Council; or
2. any defect in the appointment of a person as a Member of the Council; or
3. any procedural irregularity of the Council not affecting the merits of the case.

Is there any provision for resolving the issues arising among the different parties of the council?

The Goods and Services Tax Council shall establish a mechanism to adjudicate any dispute —

1. between the Government of India and one or more States; or
2. between the Government of India and any State or States on one side and one or more other States on the other side; or
3. between two or more States, arising out of the recommendations of the Council or implementation thereof.

Source: The Hindu

Qatar hopeful of ending rift with Saudi Arabia

GS-II | 17 December, 2019

**Syllabus subtopic:** Effect of policies and politics of developed and developing countries on India’s interests, Indian diaspora.

**Prelims and Mains focus:** about the Qatar diplomatic crisis and the countries involved; related geographical locations; impact on India’s interest

**News:** Qatar’s Foreign Minister has voiced optimism over ending a bitter rift with Riyadh, saying early talks broke a “stalemate” but stressed Doha’s unwillingness to downgrade ties with Turkey as a precondition.
Background

Saudi Arabia along with its allies the UAE, Bahrain and Egypt cut all diplomatic and transport ties with Qatar in June 2017.

Why?

The four nations accused Doha of backing radical Islamists, including the Muslim Brotherhood, and seeking closer ties with Saudi arch rival Tehran — allegations Qatar vehemently denies.

Stipulations made by Saudi Arabia

The Saudiled bloc made 13 key demands, including shutting down broadcaster Al Jazeera, downgrading ties with Iran and closing a Turkish military base on its territory, to resolve the dispute. But the UAE has sought to downplay the reconciliation effort.
How does the Qatar crisis impact India?

- **Energy crisis**: Half of India’s energy import needs from the Persian Gulf and Qatar, small in size, are the world’s top seller of liquefied natural gas (LNG). Qatar’s dispute with Arab states will most likely put LNG market on the burner.

- **Lobby for sides**: Given the risky and volatile conditions of the region, India may be drawn into this ideological war which may disturb the balanced relationship and take part in the “Shia-Sunni”, “Arab-Persian” or “Wahabi-Salafi” divide.

- **Livelihood crisis**: With Qatar hosting 2022 FIFA World Cup and many Indian workers are working there in terms of the project related to the World Cup, it threatens the livelihood of around 60000 Indians working there. Indian company L&T have won contracts to construct stadium there.

- **Safety and Security concerns**: Apart from that around six million Indians live and work in West Asia and in Qatar in particular, there are 6,00,000 Indian workers. Remittances of this large expatriate community are most likely to be affected too.

- **Rise in air fares**: Flying restriction on Qatar will lead to sharp rise of airfares from Doha to India as more Indians are expected to return back home.

- **Tensions may reach backyard**: Since Maldives is involved, there might not be an immediate effect, but if the rift continues and intensifies, there may be negative repercussions for India where Qatar crisis or rather Gulf crisis may reach our backyard.

- **Regional Instability**: Energy imports might not get affected until Gulf countries follow through with sanctions but in case of countries like Yemen and Libya, any tensions in these regions will have a consequential impact on thousands of Indian workers.

Source: The Hindu

Citizenship Act rules get ready
GS-II | 17 December,2019

**Syllabus subtopic:** Government policies and interventions for development in
various sectors and issues arising out of their design and implementation.

**Prelims and Mains focus:** about salient provisions of CAA and the controversy around it; Citizenship related provisions in the constitution

**News:** The Union Home Ministry on Monday said no migrant from the six non-Muslim communities from Afghanistan, Pakistan and Bangladesh “will become an Indian citizen automatically”.

**What is the procedure then?**

A migrant should **apply online** and the competent authority would see whether he or she fulfilled all the qualifications for registration or naturalisation as an Indian citizen.

**Background**

The Citizenship Amendment Act, passed by Parliament last week, proposes to grant citizenship to “persecuted” minorities from any of the three countries who entered India **on or before December 31, 2014**. The Centre will soon frame rules to operationalise the provisions of the Act.
Advisory issued to States by the Centre
The Ministry on Monday issued an advisory to the States and Union Territories asking them to take all possible steps to check violence and ensure the safety of life and property.

It requested them to take action against circulation of fake news and rumours on social media having the potential to incite violence.

**Why?**

There are apprehensions that the Act, followed by a countrywide National Register of Citizens, will benefit nonMuslims, while excluded Muslims will have to prove their citizenship.

**Assurances given by the govt.**

- The **CAA does not target any religious community from abroad. It only provides a mechanism for some migrants** who may otherwise have been called ‘illegal’ depriving them of opportunity to apply for Indian citizenship provided they meet certain conditions.

- The **Citizenship Act, 1955**, which was amended last week, provides that **Indian citizenship could be acquired by birth, descent, registration, naturalisation or by incorporation of territory.**

- Any foreigner on becoming eligible can acquire citizenship by registration or by naturalisation irrespective of his country or his community. The CAA enables migrants/foreigners of six minority communities from three specified countries who have come to India because of persecution on grounds of their religion to apply for Indian citizenship.

- **It does not amend any existing legal provision** which enables any foreigner of any class, creed, religion, category etc to apply for Indian citizenship through registration or naturalisation modes.

- Such a foreigner **has to become eligible to apply** for citizenship after
The CAA does not apply to Indian citizens and they are completely unaffected by it. In the past six years, 2,830 Pakistani citizens, 912 Afghan citizens and 172 Bangladeshi citizens were given Indian citizenship and “hundreds of them are from the majority community of these three countries”.

Such migrants continue to get Indian citizenship and shall also continue to get it if they fulfil the eligibility conditions already provided in the law for registration or naturalisation.

### Citizenship to Tamils

- 4.61 lakh Tamils of Indian origin were given Indian citizenship from 1964 to 2008 after the signing of bilateral agreements in 1964 and 1974.
- Nearly 95,000 Sri Lankan refugees are living in Tamil Nadu.

Source: The Hindu

CJI: Many cases of blackmail and extortion in RTI

Syllabus subtopic: Government policies and interventions for development in various sectors and issues arising out of their design and implementation.

Prelims and Mains focus: about the RTI Act, 2005 and issues related to its abuse; office of Information Comissioners and the controversy around their appointment.
News: Flagging “fears” over the “abuse” of the Right to Information (RTI) Act, the Supreme Court Monday observed “there have been innumerable cases of blackmail, extortion in its working” which it wanted to address.

The remarks were made by a bench of Chief Justice of India S A Bobde and Justices B R Gavai and Surya Kant. The bench was hearing a plea by RTI activist Anjali Bharadwaj seeking direction to the Centre and states to implement the court’s direction earlier this year to appoint information commissioners (ICs) without further delay.

Background

- In the past, SC has warned against a situation where 75% of the staff of public authorities spends 75% of the time answering RTI queries.

- At other times, it has also acknowledged information officers have evaded answers to queries. What SC says will invariably influence how public information officers respond to RTIs.
Court’s directive to the Centre

- The bench asked the Centre and states to **fill the vacancies within three months**.
- It also asked the Centre to upload on the official website names of members of the Search Committee for selection of ICs of the Central Information Commission within two weeks.

What did the court say regarding the abuse of RTI?

- Guidelines should be laid down to check the locus of the RTI applicant and put a “filter” on the kind of requests made under the 2005 Act.
- There is the serious problem of people filing RTI requests with malafide intentions, people set up by rivals.
- The RTI Act had become a source of criminal intimidation by people with an axe to grind. “Criminal intimidation is a nice word for ‘blackmail.’”
- People who call themselves “RTI activists” and were in no way concerned with the issues on which they file RTI requests had impeded government functioning,
- The court is willing to hear arguments on the locus of people who filed RTIs and also about setting up a “filter which can be rightfully employed.”

Right to Information (Amendment) Act, 2019

- **Term of Information Commissioners:** Under the Act, Chief Information Commissioner (CIC) and Information Commissioners (ICs) are appointed at the national and state level to implement the provisions of the Act. The Act states that the CIC and other ICs (appointed at the central and state level) will hold office for a term of five years. The Bill removes this provision and states that the central government will notify the term of office for the CIC and the ICs.

- **Determination of salary:** The Act states that the salary of the CIC and ICs (at the central level) will be equivalent to the salary paid to the Chief Election Commissioner and Election Commissioners, respectively. Similarly, the salary of the CIC and ICs (at the state level) will be equivalent to the salary paid to the Chief Election Commissioner and Election Commissioners, respectively.
The Bill seeks to amend these provisions to state that the salaries, allowances, and other terms and conditions of service of the central and state CIC and ICs will be determined by the central government.

**Deductions in salary:** The Act states that at the time of the appointment of the CIC and ICs (at the central and state level), if they are receiving pension or any other retirement benefits for previous government service, their salaries will be reduced by an amount equal to the pension.

Previous government service includes service under: (i) the central government, (ii) state government, (iii) corporation established under a central or state law, and (iv) government company owned or controlled by the central or state government.

The Bill removes these provisions.
RTI vs Right to Privacy

- Conceptually, RTI and the right to privacy are both complementary as well as in conflict to each other.
- While RTI increases access to information, the right to privacy protects it instead.
- At the same time they both function, as citizen rights safeguarding liberty, against state’s overreach.
- When the question of harmonising the contradicting rights arises, it should:
  1. give justice to the larger public interest
  2. advance the public morality

RTI vs Official Secrets Act, 1923

- The OSA was enacted in 1923 by the British to keep certain kinds of information confidential, including, but not always limited to, information involving the affairs of state, diplomacy, national security, espionage, and other state secrets.
- Whenever there is a conflict between the two laws, the provisions of the RTI Act override those of the OSA.
- Section 22 of the RTI Act states that its provisions will have effect notwithstanding anything that is inconsistent with them in the OSA.
- Similarly, under Section 8(2) of the RTI Act, a public authority may allow access to information covered under the OSA, “if the public interest in disclosure outweighs the harm to the protected interest”.

Source: Indian Express

In the recovery game, Indian banks seem to lend it, leave it and forget it

GS-III | 17 December, 2019

Syllabus subtopic: Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.
Prelims and Mains focus: about the bad loan crisis in the Indian banking system and the reasons for it; its implications and measures taken by the govt.

News: Bank stocks have been among the top performers so far this year compared with the broad market trend. This exuberance comes from the fact that bad loans have fallen in absolute terms.

How?

Since dud assets have reduced, the propensity to earn interest increases for lenders. Logically, as earnings increase, the estimates of earnings per share for banks would also be raised.

What is the reality about reduction in bad loans

- But investors should look closely at how banks have been able to hack down their bad loan stock. As the accompanying chart shows, write-offs have contributed in a big way to the fall in bad loans.
- In the first six months of FY20, banks wrote off more than Rs.80,000 crore of loans. In the past two years, this ran close to Rs.2 trillion.
- In essence, the lenders could not recover any money and were resigned to just forget about it in these cases.
But why have banks given up? Or have they?

- Bankers argue write-offs do not mean they have washed their hands of these borrowers. **Efforts at the branch level are made to get the money back.**
- **But the track record of recoveries from written-off accounts shows otherwise.** State Bank of India, the largest lender and one with heft, has recovered a measly Rs.3,222 crore in the first half of FY20 from written off
accounts. If the largest lender cannot increase its recovery rate, the chances of other banks doing so are slim.

- To be sure, banks historically have not been able to recover much from written-off accounts.

**WHY?** The reasons are varied:

In an economic downturn, it is difficult to press for repayments from companies given that their earnings are hurt.

Also, the infrastructure, such as courts or recovery mechanisms, were not robust enough to help banks recover written-off loans.

- In a disappointment, even the Insolvency and Bankruptcy Code (IBC) has failed to notch up recoveries, barring a few marquee cases. IBC may have resulted in many promoters being ousted from their companies owing to non-repayment of loans.
- But banks are yet to ratchet up their risk-management practices to assess and price loans. As such, even today banks are unable to get back what they have lent in many cases, leave alone the time value of the money, which is interest.
- Write-offs are akin to giving up. Indian banks have been giving up for long now. Add the fact that banks have been lax in their assessment of bad loans, investors should be worried. As a Mint story points out, as many as 10 banks under-reported bad loans for FY19, according to a Reserve Bank of India audit. Both these factors show banks’ risk management in poor light.

Source: mint
Syllabus subtopic:

- Statutory, regulatory and various quasi-judicial bodies.
- Government policies and interventions for development in various sectors and issues arising out of their design and implementation.

Prelims and Mains focus: About J&K Reorganisation Act and issues related; about FFC and its mandate

News: As part of the devolution formula prescribed by the 15th Finance Commission (FFC), Jammu and Kashmir will be treated as a Union territory (UT), despite the Centre’s assurance that this status is temporary and that statehood will be restored “at an appropriate time”.

Procedure for UTs and State receiving grants?

The commission had sought legal opinion from experts before deciding that the Union Territory of J&K will receive grants from the home ministry from the Centre’s share of funds. States’ share of the money comes directly from the consolidated fund of India.

What J&K Reorganisation Act says about grants?

- The J&K Reorganisation Act passed by Parliament says the President shall make a reference to the FFC to “include Union territory of Jammu and Kashmir in its terms of reference and make award for the successor Union territory of Jammu and Kashmir”.
- The centre’s assurance of restoring J&K’s status as a state had led to the impression that an exception will be made by the FFC for J&K, which would continue to receive its share of taxes like any other state.
- Constitutionally, there will be an infirmity on non-states getting share of net proceeds of taxes which are admissible only to states.

Way ahead

- The formation of J&K and Ladakh as UTs will have significant implications for
the vertical and horizontal dimensions of fiscal transfers.

- However, whether the tax devolution to individual states will increase or decline after total number of states decreased from 29 to 28 will depend on the devolution formula adopted by the finance commission.

15th Finance Commission

- Last month, the Union Cabinet extended the tenure of the finance commission by another year.
- The FFC submitted its first report for 2020-21 to the President earlier this month, and is expected to submit its second and final report for the reward period 2021-22 to 2025-26 by 30 October.
- The government is expected to release the first report of the FFC just before the Budget presentation on 1 February. The extension of the term will enable the commission to examine various comparable estimates for financial projections in view of the reforms and the new realities to finalise its recommendations for 2020-26.
Android vulnerable to cyberattack: MHA
GS-III | 17 December, 2019

Syllabus subtopic: Awareness in the fields of IT, Space, Computers, robotics, nano-technology, bio-technology and issues relating to intellectual property rights.

Prelims and Mains focus: About StrandHogg bug and cyberthreats associated with it; types of malware

News: The Union Home Ministry has sent an alert to all States warning them about the vulnerability of the Android operating system to a bug called ‘StrandHogg’ that allows real-time malware applications to pose as genuine applications and access user data of all kind.

What is the threat?

- While all versions of Android, including Android 10, are vulnerable to this bug, it may not be apparent to the affected users that malware applications are already on board their device. These malware can then potentially listen to their conversations, access photo album, read/send messages, make calls, record conversations and get login credentials to various accounts.
- This apart, things that such malware can access include private images, files, contact details, call logs, and location information.
- At least 500 popular apps are at risk because of this malware that hackers can deploy to attack mobile phone users. An alert has been sent to all senior police officials to sensitise them to the threat. Steps will be taken to create awareness among the public on the vulnerability of Android to ‘StrandHogg’.

How does it enter the system?

- Pop-ups asking for permission to send notifications, messages etc., are one of the main entry points for ‘StrandHogg’ to launch the attack.
An app in which the user is already logged in asking him/her to login again is another anomaly pointing to the possibilities of a cyberattack. Once users approve such requests, the malware would instantly access the mobile phone or tablet for specific purposes.

- It can activate the microphone, allowing a hacker in a remote location to listen to live conversations. The camera can also be switched on to capture visuals.
- Links and buttons that become non-functional, apps asking for permissions that are not required are among the other warning signs.
How can you be safe from this attack?

Currently, there is no effective block or even detection method against StrandHogg on the device itself. However, as an user, you should be alert to the following discrepancies in your device:

- An app or service that you’re already logged into is asking for a login.
- Permission popups that does not contain an app name.
- Permissions asked from an app that shouldn’t require or need the permissions it asks for. For e.g., a calculator app asking for GPS permission.
- Typos and mistakes in the user interface.
- Buttons and links in the user interface that does nothing when clicked on.
- Back button does not work like expected.

What is a Malware?

Malware is software written specifically to harm and infect the host system. Malware includes viruses along with other types of software such as trojan horses, worms, spyware, and adware. Advanced malware such as ransomware are used to commit financial fraud and extort money from computer users.

Common Types of Malware

**Virus**: As discussed, Virus is a specific type of malware by itself. It is a contagious piece of code that infects the other software on the host system and spreads itself once it is run. It is mostly known to spread when software is shared between computers. This acts more like a parasite.

**Adware**: Adware is also known as advertising-supported software. It is software which renders advertisements for the purpose of generating revenue for its author. The advertisements are published on the screen presented to the user at the time of installation. Adware is programmed to examine which Internet sites, the user visits frequently and to present and feature related advertisements. Not all adware has malicious intent, but it becomes a problem anyway because it harms computer performance and can be annoying.
Spyware: This type of malicious software, spies on you, tracks your internet activities. It helps the hacker in gathering information about the victim’s system, without the consent of the victim. This spyware’s presence is typically hidden from the host and it is very difficult to detect. Some spyware like keyloggers may be installed intentionally in an organization to monitor activities of employees.

Worms: This type of malware will replicate itself and destroys information and files saved on the host PC. It works to eat up all the system operating files and data files on a drive.

Trojan: Trojans are a type of virus that are designed to make a user think they are a safe program and run them. They may be programmed to steal personal and financial information, and later take over the resources of the host computer's system files. In large systems, it may attempt to make a host system or network resource unavailable to those attempting to reach it. Example: you business network becoming unavailable.

Ransomware: Ransomware is an advanced type of malware that restricts access to the computer system until the user pays a fee. Your screen might show a pop-up warning that your have been locked out of your computer and that you can access only after paying the cybercriminal. The cybercriminal demands a ransom to be paid in order for the restriction to be removed. The infamous WannaCry one type of ransomware.

A software bug is an error, flaw or fault in a computer program or system that causes it to produce an incorrect or unexpected result, or to behave in unintended ways. The process of finding and fixing bugs is termed "debugging" and often uses formal techniques or tools to pinpoint bugs, and since the 1950s, some computer systems have been designed to also deter, detect or auto-correct various computer bugs during operations.

Source: India Express
Syllabus subtopic: Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.

Prelims and Mains focus: about the difference between various payment systems like NEFT, RTGS and IMPS and their use

News: National electronic funds transfer (NEFT), a retail payment system operated by the Reserve Bank of India (RBI), became a 24x7 facility on 16 December. The facility will be available on all days of the year, including bank holidays.
How did NEFT function before 16 December?

Before 16 December, NEFT was available for customers from 8am to 7pm on all working days, except the second and fourth Saturdays of the month and other bank holidays. NEFT transactions do not happen in real time. They were settled in half-hourly batches through 23 settlements. Despite the time restrictions, NEFT handled 2.3 billion transactions valued at around Rs.228 trillion in 2018-19, up from 1.9 billion transactions valued at Rs.172 trillion in the previous year—a growth of 19.1% in terms of volume and 32.3% in terms of value. At the end of March, it was available through 144,927 branches of 209 banks.

What has changed now in the system?

RBI has now made the facility available 24 hours a day and 365 days a year. “It has been decided that NEFT shall be made available from December 16, 2019, with the first settlement taking place after 00:30 hours on December 16, 2019,” the banking regulator said. This is the second of two major changes implemented by RBI in the context of NEFT. In its July monetary policy review, the regulator decided to do away with processing charges levied by it for NEFT and real-time gross settlement (RTGS). RBI specified in November that this would come into effect for banks from January next year.

What other modes of fund transfer are available?

Two other systems of fund transfer are RTGS and immediate payment service (IMPS). Under RTGS, the minimum transfer amount is Rs.2 lakh and the facility is available only during working hours of banks. IMPS is a real-time payment service available even on holidays with an upper limit on transactions of Rs.2 lakh, but no lower limit.

What impact will this have on users?

The change is part of RBI’s push to drive digital fund movement and increase usage by offering more convenience to users. RBI’s mandate to do away with
chances on retail transactions through NEFT, RTGS and IMPS was also aimed at encouraging bank customers to adopt these digital facilities. Making NEFT available round the clock will further this agenda. With no upper limit on fund transfers, combined with no transaction cost or time barrier, NEFT is likely to become the most favoured payment method.

What does this mean for digital payments?

RBI joined an elite club of nations having payment systems that enable round-the-clock fund transfer and settlement of any value, the regulator tweeted after announcing the change. The club includes Hong Kong, the UK, South Korea, Singapore and China. RBI’s digital push may reduce the use of cash and cheque for fund transfer. It will also add to the impetus driving the rise in India’s digital payments transaction value, projected to more than double to $135.2 billion in 2023, according to an Assocham-PwC India study.

Source: mint

RBI to steadily tighten NBFC regulations

GS-III | 18 December, 2019

Syllabus subtopic: Effects of liberalization on the economy, changes in industrial policy and their effects on industrial growth.

Prelims focus: difference between NBFCs and regular banks

Mains focus: about the NBFC crisis and its implications; efforts of RBI to check further downfall in growth

News: The Reserve Bank of India (RBI) is looking to steadily tighten regulation of non-banking financial companies (NBFCs) without causing any disruption to the current recovery of the sector, RBI governor Shaktikanta Das said.
What changes are on the anvil?

- RBI has mandated that there should be a chief risk officer.
- It has also mandated that NBFCs should have liquidity coverage ratio (LCR) requirement to take care of asset-liability (ALM) mismatches.
- There are a few other regulatory measures, which are under consideration and will be brought in steadily. These new regulations have to be brought in a non-disruptive manner.
Green shoots

- There are signs that **bank credit to NBFCs is slowly reviving** and the better-performing ones are able to access funds from the market at rates that prevailed before the collapse of Infrastructure Leasing and Financial Services (IL&FS).
- Overall, non-bank credit growth is, however, yet to return to pre-IL&FS levels.
According to RBI data, assets of deposit and non-deposit-taking systemically important NBFCs, excluding housing finance companies, have grown from Rs. 28.3 trillion in September 2018 to Rs. 31.95 trillion in September 2019, a growth of 12.9%.

- There are some indications of investment taking place. However, it’s too early to rush to a conclusion. It is to be seen if this gets entrenched and sustained over or one or two quarters.

RBI’s efforts in regulating NBFCs

- In the October policy, the RBI governor had said that RBI was regularly monitoring the top 50 NBFCs much more closely and intensively than anyone could expect.
- He had also said the central bank was aware of vulnerabilities in the NBFC sector. Non-banks are yet to completely absorb the systemic shock following defaults by IL&FS in September 2018, and a consequent liquidity crunch.
- Besides, considering that most NBFCs have borrowed short-term money to fund long-term assets, they were able to continually refinance their borrowings as long as liquidity conditions were easy. As liquidity tightened, they were left facing debt repayment challenges and prospects of rating downgrades.
- To ensure greater credit flow from banks to NBFCs, in August 2019 RBI also increased exposure limits to a single NBFC from 15% to 20% and allowed banks to lend to NBFCs for on-lending to customers.

Challenges and way ahead

- Referring to the recent measures taken by the finance ministry, Das said the government could find it challenging to find the fiscal space to provide further boost to the ailing economy.
- He said revenue maximization, therefore, assumes greater importance in the current context.
- In the October monetary policy, Das had said that the Reserve Bank decided to go for a “temporary pause” in the interest rate-cutting cycle and wait for the government to announce further measures in the Union budget for fiscal 2020-21.
- Spike in food inflation appears to be transient. With inflation at around 4%,
nominal GDP growth will come down compared to what it was 7-8 years ago. With current nominal GDP down to 7%, it’ll be a challenge for the government to find space.

- Therefore, the government will have to focus on accretion of additional revenue, goods and services tax streamlining and plugging loopholes, if any, disinvestment programme and other revenue mobilization measures.

Source: mint

Indian peacekeepers in Sudan awarded UN medal

GS-II | 18 December, 2019

**Syllabus subtopic:** Important International institutions, agencies and fora, their structure, mandate.

**Prelims and Mains focus:** About UNMISS; India’s contribution in UN peacekeeping operations

**News:** Fifty Indian peacekeepers stationed in South Sudan have been awarded the UN Medal for their professionalism and service in protecting civilians and building durable peace in the conflict-ridden country.

**Contribution of Indian peacekeepers in South Sudan**

- The Indian peacekeepers are part of the UN Mission in South Sudan (UNMISS).
- They are deployed with the Indian battalion stationed at Bor in the Jonglei region of South Sudan.
- Presenting the award, General Kamanzi acknowledged their contribution in carrying out patrols across the region as well as providing a safe and secure environment for the 2,500 civilians who have sought sanctuary at the UN Protection of Civilians site at Bor.
- The local government in Jonglei also paid tribute to the Indian troops.
- The Indian battalion had played an important role in keeping the community safe as well as encouraging local peace efforts.
- They had also provided much-needed services to the community.
outside of their core mandate, such as medical care for local residents and support for local farmers with veterinary treatment for their animals.

- The battalion has been intimately associated with peacekeeping efforts and the battalion has supported the mandate of the United Nations and the overall peace process.

About UNMISS

- On 9 July 2011 South Sudan became the newest country in the world. The birth of the Republic of South Sudan is the culmination of a six-year peace process which began with the signing of the Comprehensive Peace Agreement (CPA) in 2005.
- However, the Security Council determined that the situation faced by South Sudan continued to constitute a threat to international peace and security in the region and established the United Nations Mission in the Republic of South Sudan (UNMISS) to consolidate peace and security and to help establish conditions for development.

Following the crisis which broke out in South Sudan in December 2013, the Security Council reinforced UNMISS and reprioritized its mandate towards the protection of civilians, human rights monitoring, and support for the delivery of humanitarian assistance and for the implementation of the Cessation of Hostilities Agreement.
UPSC "PT" DNA (Daily News Analysis)
**What is peacekeeping?**

- United Nations Peacekeeping helps countries torn by conflict create conditions for lasting peace. Peacekeeping has proven to be one of the most effective tools available to the UN to assist host countries navigate the difficult path from conflict to peace.
- Peacekeeping has unique strengths, including legitimacy, burden sharing, and an ability to deploy and sustain troops and police from around the globe, integrating them with civilian peacekeepers to advance multidimensional mandates.
- UN peacekeepers provide security and the political and peace building support to help countries make the difficult, early transition from conflict to peace.
- There are currently 14 UN peacekeeping operations deployed on four continents.

**UN Peacekeeping is guided by three basic principles:**

- Consent of the parties.
- Impartiality
- Non-use of force except in self-defence and defence of the mandate.

**Global partnership:**

- UN peacekeeping is a unique global partnership. It brings together the General Assembly, the Security Council, the Secretariat, troop and police contributors and the host governments in a combined effort to maintain international peace and security.
- Its strength lies in the legitimacy of the UN Charter and in the wide range of contributing countries that participate and provide precious resources.

Source: Indian Express
Non-GST tax revenue subdued in current fiscal

GS-III | 18 December, 2019

Syllabus subtopic:

- Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.
- Government policies and interventions for development in various sectors and issues arising out of their design and implementation.

Prelims and Mains focus: key findings of the report; reasons for sluggish non-GST revenues and their impact on fiscal health of the Indian economy; measures to be taken to address them.

News: Even as the government struggles to shore up the GST revenue, the collection of non-GST tax revenue too seems to be subdued at a time when the economy is slowing down.

What do the findings reveal?

- A scrutiny of revenue figures of 16 major states reveals a sluggish growth in non-GST tax collection during the first seven months of the current financial year as compared to the same period last fiscal.
- The data, compiled from unaudited provisional figures of states’ monthly accounts available on the Comptroller and Auditor General of India (CAG) website, shows that combined non-GST tax collection of 16 Non-Special Category states during April-October 2019 was Rs 3,03,106.03 crore, 50.52 per cent of the budget target of Rs 5,99,987.7 crore.
- It is lower in comparison to the 52.72 per cent collected during the same period of the last fiscal against the budget targets of 2018-19.
- The states for which data have been analysed include Andhra Pradesh, Chhattisgarh, Gujarat, Haryana, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Odisha, Punjab, Rajasthan, Tamil Nadu, Uttar Pradesh, West Bengal and Telangana.
- There are 18 Non-Special Category states but the latest data is not available for Bihar and Goa.
- The data have been compared against Budget targets of current and last financial years as comparable full year non-GST revenue figures of states are available only 2018-19 onwards.
- The analysis shows the combined mop-up of State Excise Duties in these
states was Rs 81,764.25 crore or 51.29 per cent of their total Budget target during the first seven months of the current financial year. However it was Rs 74,809.6 crore or 55.05 per cent in the year-ago period.

- The state excise duties levied on liquor is the second biggest contributor to the state’s Own Tax revenue after sales tax. Though there is no reason given for the sluggishness in the collection of state excise duties, it can be attributed to the slowdown as well as prohibition in few states. Besides this, collections of Stamps and Registration Fees and Land Revenue are also subdued.

- During the April-October period of 2019-20, the collection of Stamps and Registration Fees in these 16 states was Rs 68,367.97 crore — 53.40 per cent of the Budgeted target of Rs 1,28,035 crore. However, collection of Stamps and Registration Fees was much faster — 58.33 per cent of the Budget target of Rs 1,10,668.96 crore in the first seven months of 2018-19. The collection of sales tax has also been sluggish this fiscal.

**What constitute non-GST taxes?**

The non-GST taxes include mainly four taxes:

1. Stamps and Registration Fees;
2. Land Revenue;
3. Sales Tax; and
4. State Excise Duties.

**Difference between Nil Rated, Exempt, Zero Rated and Non-GST supplies**

<table>
<thead>
<tr>
<th>Supply Name</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zero Rated</td>
<td>Exports</td>
</tr>
<tr>
<td></td>
<td>Supplies made to SEZ or SEZ Developers.</td>
</tr>
<tr>
<td>Nil Rated</td>
<td>Supplies that have a declared rate of 0% GST.</td>
</tr>
<tr>
<td></td>
<td>Example: Salt, grains, jaggery</td>
</tr>
</tbody>
</table>
### Exempt Supplies

Supplies are taxable but do not attract GST and for which ITC cannot be claimed.

Example: Fresh milk, Fresh fruits, Curd, Bread etc.

### Non-GST Supplies

These supplies do not come under the purview of GST law.

Example: Alcohol for human consumption, Petrol etc.

Source: Indian Express

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### No special UNSC meet on Kashmir

**GS-II | 18 December, 2019**

**Syllabus subtopic:** Important International institutions, agencies and fora, their structure, mandate.

**Prelims and Mains focus:** about UNSC: its structure and mandate; Indo-US defence relations and India’s diplomatic efforts to counter China’s arguments on CAA

**News:** A special meeting of the permanent members of the United Nations Security Council (UNSC) on Kashmir was not convened on Tuesday, diplomatic sources have confirmed. The **meeting was sought by China to discuss India’s decision to end the special status of Jammu and Kashmir.**

**Remarks made by the UNSC**

- Kashmir will **not be discussed** at the Security Council. The issue has to be **treated bilaterally** between India and Pakistan.
The UNSC met on August 16 after China insisted on reviving the ‘India-Pakistan Question’ at the world body’s highest decision making unit, where the issue had been dormant since it was discussed in December 1971. China’s move comes ahead of the expected meeting between the Special Representatives of India and China to discuss the border issue. It has also cast a shadow on the ‘2+2’ meeting between India and the U.S., in which Secretary of State Mike Pompeo and Secretary of Defence Mark T. Esper will host their counterparts S. Jaishankar and Rajnath Singh.

Upcoming Indo-US 2+2 meeting

- Enhanced defence cooperation, furthering their Indo-Pacific strategy, and discussions on global challenges, including U.S. policy in Iran and Afghanistan, are likely to feature at the top of the agenda as External Affairs Minister S.Jaishankar and Defence Minister Rajnath Singh sit down for the second “2+2” combined ministerial meeting with their U.S. counterparts, Secretary of State Mike Pompeo and Secretary of Defence Mark Esper, on Wednesday.
- On the defence front, the two sides are expected to sign the Industrial Security Annex (ISA) and review steps being taken to operationalise the foundational agreement Communications Compatibility and Security Agreement (COMCASA), which was signed during the previous 2+2 talks.
- However, discussions on the last foundational agreement, Basic Exchange and Cooperation Agreement for Geospatial Cooperation (BECA) have not concluded yet, as some differences still remain, official sources said.
- In addition, there are several big ticket defence deals in the works, the progress of which will be reviewed. These include the 24 Lockheed Martin MH60R Multi-Role helicopters worth $2.4bn and 13 BAE Systems built 127 mm MK45 Naval gun systems, among others.
- However, the threat of U.S. sanctions under CAATSA over S400 air defence purchases from Russia remains a sticking point.

About Industrial Security Annex (ISA) and its significance
The ISA is crucial for U.S. companies bidding for big ticket Indian deals to partner with the Indian private industry, especially the multibillion dollar deal for 114 fighter jets. As part of efforts for codevelopment and coproduction of military hardware, a Standard Operating Procedure (SOP) for Defence Technology Trade Initiative (DTTI) is also expected to be signed that “will act as a guide to coordinate projects.”

Quad grouping also to be discussed

As part of the larger Indo-Pacific focus, the evolving cooperation between the Quad grouping comprising India, Australia, Japan and the U.S. will also be discussed. While Washington has been pushing for greater military engagement, New Delhi has stated that it doesn’t see any military role for the grouping.

Significance of the 2+2 dialogue
The 2+2 dialogue is the highest level institutional mechanism between India and USA that brings together our perspectives on foreign policy, defence and strategic issues.

A lot of progress has been made in the areas of foreign policy and defence between two countries and both are looking forward to a highly qualitative meeting.

**U.S' concerns over the CAA**

- In addition, officials say U.S. concerns over the **Citizenship (Amendment) Act** and the protests, which the U.S. State Department has spoken about twice now, will come up.
- U.S. officials in Delhi have also raised the issue of continuing restrictions in Kashmir, including the detention of political leaders, as recently as last week, and have made requests repeatedly to the government to allow U.S. Embassy diplomats to visit Jammu and Kashmir.

**India and US: four foundational agreements**

The four foundational agreements are – Logistics Exchange Memorandum of Agreement (LEMOA), COMCASA, General Security Of Military Information Agreement (GSOMIA) and Basic Exchange and Cooperation Agreement for Geospatial Cooperation (BECA).
About UNSC

- The United Nations Security Council (UNSC) is one of the organs of the United Nations and is charged with the maintenance of international peace and security.
- Its powers include the establishment of peacekeeping operations, the establishment of international sanctions, and the authorization of military action through Security Council resolutions. It is the only UN body with the...
authority to issue binding resolutions to member states

- **Members:** The Security Council **consists of fifteen members.** Russia, the United Kingdom, France, China, and the United States—serve as the body’s **five permanent members.** These permanent members can veto any substantive Security Council resolution, including those on the admission of new member states or candidates for Secretary-General.
- The Security Council also has **10 non-permanent members,** elected on a regional basis to serve two-year terms. The body’s presidency rotates monthly among its members.

Source: The Hindu

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**Govt. aims to provide broadband access to all villages by 2022**

**GS-II | 18 December, 2019**

**Syllabus subtopic:** Government policies and interventions for development in various sectors and issues arising out of their design and implementation.

**Prelims and Mains focus:** about the National Broadband Mission and its significance in bridging the digital divide in India

**News:** The government on Tuesday announced a new ‘mission’ **aimed at providing broadband access to all villages by 2022,** entailing an investment of around Rs. 7 lakh crore from various stakeholders.

**About the mission**

- The **National Broadband Mission** will facilitate **universal and equitable access to broadband services** across the country, **especially in rural and remote areas.**
- It would also aim at **significantly improving quality of services for mobile and Internet.**
- Under the mission, **the government plans to lay incremental 30lakh route**
km of optical fibre cable, while also increasing tower density from 0.42 to 1 tower per thousand of population by 2024.

- The mission envisions stakeholder investment of $100 billion (Rs.7 lakh crore) including Rs.70,000 crore from Universal Service Obligation Fund (USOF) in the coming years and “address policy and regulatory changes required to accelerate the expansion and creation of digital infrastructure and services.”

Vision of the mission

The vision of the national broadband mission is to fasttrack growth of digital communications infrastructure, bridge the digital divide, facilitate digital empowerment and inclusion, and provide affordable and universal access of broadband for all.
How coal power increases infant mortality

GS-III | 18 December, 2019

Syllabus subtopic: Conservation, environmental pollution and degradation, environmental impact assessment

Prelims and Mains focus: about the findings of the study and its significance

News: More than 70% of India’s power generation comes from coal, a dependence that comes with serious health consequences, according to research.

Findings of the research on harmful impact of coal-fired power plants

- In a study, Geoffrey Barrows of the École Polytechnique and others find that the expansion of coal-based power generation can have adverse effects on infant mortality through increased pollution levels in the form of nitrogen dioxide (NO2).

- Coal power plants are responsible for around 60% of NO2 emissions in the country, according to their estimates.

- The researchers use gridded pollution data between 1996-2015 and district-level infant mortality rates to show that the expansion of coal power generation in India has increased infant mortality significantly.

- Specifically, they show that 1 gigawatt (GW) rise in coal power generation capacity increases NO2 levels by 7.6% and, consequently, infant mortality by 14%.
In contrast, a similar increase in power capacity in the US results in only a 4.8% increase in infant mortality. The authors attribute the difference to the technology used in Indian plants, higher baseline pollution and the type of coal used in India.

When compared to imported coal, Indian coal has higher ash content and releases more pollutants. The authors, therefore, caution against the new policy of the Indian government to place curbs on imported coal.

They also find that cities are more vulnerable to the effects of coal-burning as these are areas with higher pollution levels and older coal-fired power plants.

Taken together, the authors estimate that the health costs of coal power plants outweigh any local economic benefits. Much of the power produced in plants is transmitted elsewhere. They say environmental regulations need to target the use of domestic coal and older plants located in polluted areas.
Source: mint
Disinflation may be a concern for India in new year

Syllabus subtopic: Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.

Prelims and Mains focus: about CPI and WPI, disinflation, stagflation and their role in determining economic performance

News: Consumer Price Index (CPI) inflation for November was at 5.5%, while core CPI was at 3.26%. The CPI print, along with the low growth rate, suggests the possibility of sustained high inflation next year.
What is disinflation and why is it bad?

A general reduction in inflation is often termed disinflation. Central banks do
want prices to moderate and temporary reduction in inflation is desired as it can imply a productivity increase. **Prolonged periods of disinflation result in a revision of inflation expectations by households and firms, which expect prices to drop further.** This results in deferment of spending and investment decisions, which would result in contraction of demand leading to deflationary pressures. **Persistent disinflation may result in deflationary cycles**, which could cause an increase in leverage for firms, dampening economic activity and job creation.

**Is India experiencing a disinflationary phase?**

The increased divergence between the Wholesale Price Index (WPI) and CPI should be a cause of concern. But WPI figures suggest the existence of a disinflationary phase as WPI inflation was 5.68% in June 2018 and 0.16% in October 2019. This shows a consistent drop in WPI over 15 months despite some periods of temporary increase. We witnessed a similar increase for November as WPI was 0.58%. But since January, WPI has consistently been below 4%. If WPI figures continue to be below 2% in the first half of 2020, it would demonstrate the extent of weakness in demand that followed the crisis at non-banks.

**Why are many people calling it stagflation?**

The increase in CPI figures when the economic growth rate slowed to 4.5% in the September quarter has led many people to term it stagflation. **Stagflation is a simultaneous increase in inflation and unemployment.** However, this increase is because of seasonal factors and inflation is likely to be moderate for a few months.

**Onion prices are high, how is inflation ‘low’?**

Indeed, onion prices have risen and consumer food price inflation was 10.01%, while CPI was 5.5% for November. Delayed arrival of the new crop and damage to the harvested crop in Maharashtra, Karnataka and Madhya Pradesh have pushed up onion prices. Over the next few months, food price inflation may moderate and, thus, CPI could be back under 4%. Core CPI is at 3.26%, while
WPI has been under 3% since May and under 2% since July. This suggests the bogey of disinflation is real, despite a temporary surge in CPI.

**When will CPI inflation start moderating?**

Many believe inflation will moderate from March, while others say the ghost of inflation is back. But persistently low WPI and core CPI figures suggest inflation would be back to the 3% level by March. Low commodity prices combined with excess capacity will ensure the bogey of inflation is unlikely to cause concern for a major part of FY21. This open the possibility of more interest rate cuts to revive growth and generate an inflationary impulse.

**Differences Between WPI vs CPI**

<table>
<thead>
<tr>
<th>Bases of Comparison – WPI vs CPI</th>
<th>WPI</th>
<th>CPI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full Form</td>
<td>Wholesale Price Index</td>
<td>Consumer Price Index</td>
</tr>
<tr>
<td>Meaning</td>
<td>It is used to measure the average change in price in the sale of goods in bulk quantity by the whole seller.</td>
<td>CPI is a consumer prices index which measures the change in the price in the sale of goods or services in retail or directly to the consumer.</td>
</tr>
<tr>
<td>Published By</td>
<td>WPI is published by the office of economic advisor that Ministry of Commerce and Industry.</td>
<td>CPI is published by Central Statistic Office that Ministry of Statistic and Programme Implementation.</td>
</tr>
<tr>
<td>Measured</td>
<td>It is restricted to</td>
<td>It is both for goods and</td>
</tr>
<tr>
<td><strong>Price By</strong></td>
<td>goods only.</td>
<td>services.</td>
</tr>
<tr>
<td><strong>Measuremen of Inflation</strong></td>
<td>WPI measure inflation in the first stage.</td>
<td>CPI measure inflation in the final stage.</td>
</tr>
<tr>
<td><strong>Prices Bear By</strong></td>
<td>Prices bear by manufacturer and whole seller.</td>
<td>Prices bear by the consumer.</td>
</tr>
<tr>
<td><strong>Number of items covered</strong></td>
<td>697</td>
<td>448 for rural and 460 for urban.</td>
</tr>
<tr>
<td><strong>Goods and Services Covered</strong></td>
<td>Fuel, power and manufacturing products.</td>
<td>CPI covers education, food, transport, communication, recreation, apparel, housing and medical care.</td>
</tr>
<tr>
<td><strong>Base/Reference Year Used by</strong></td>
<td>The Financial Year</td>
<td>The Calendar Year</td>
</tr>
<tr>
<td><strong>Date of Release</strong></td>
<td>It releases on weekly basis for primary articles, fuel and power for rest item in publishing monthly.</td>
<td>It releases on monthly basis.</td>
</tr>
</tbody>
</table>

Source: mint

In a first, GST Council votes on tax proposal as consensus collapses
Syllabus subtopic:

- Statutory, regulatory and various quasi-judicial bodies.
- Government policies and interventions for development in various sectors and issues arising out of their design and implementation.
- Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.

Prelims and Mains focus: about the key decisions taken in the GST Council meeting and their significance; GST Council and its structure

News: Goods and Services Tax (GST) Council, the federal indirect tax body, broke from its tradition of consensus-based decision-making to vote on a proposal for imposing a uniform tax rate on lotteries.

Why this change happened?

The decision to go for voting was taken after efforts by Union finance minister Nirmala Sitharaman to build consensus on the proposal failed as states were divided on the issue and one Kerala insisted on voting.

What did the Council decide?

- The Council decided to set the GST rate on all lotteries at 28%. At present, lotteries run by state governments are taxed at 12%, while those authorized by states and operated by private players as well as interstate suppliers of lotteries are taxed at 28%. The decision was favoured by 21 states and opposed by seven, while three abstained. The change is effective from 1 March.

- The Council also took a few steps to curb tax evasion, but did not take up any proposal for GST rate increase. The decision to abstain from raising GST rates comes after official data issued last week showed consumer
goods output had shrunk 18% in October, its fifth straight month of contraction. Several state ministers also said the time was not right for raising GST rates.

- The anti-evasion measures included limiting img tax credit in cases where invoices or debit notes are not properly reflected in records, blocking fraudulently availed tax credits and invalidating e-way bills generated by taxpayers who have not filed their tax return forms for two tax periods.

- The Council also decided to exempt entities in which either the central or state government owns 20% or more from paying an upfront amount for long-term lease of industrial or financial infrastructure plots. Currently, this relief is available to entities with at least 50% state ownership. Also, businesses will get an extra month for filing annual returns and tax audit report for the first year of GST, 2017-18. The new due date is 31 January.

**GST Council**

The Goods and Services Tax (GST) is governed by the GST Council. Article 279 (1) of the amended Indian Constitution states that the GST Council has to be constituted by the President within 60 days of the commencement of the Article 279A.

According to the article, GST Council will be a joint forum for the Centre and the States. It consists of the following members:

1. The Union Finance Minister will be the Chairperson
2. As a member, the Union Minister of State will be in charge of Revenue of Finance
3. The Minister in charge of finance or taxation or any other Minister nominated by each State government, as members.
Goa relieved after MoEF’s decision on Mahadayi project

Source: mint

Syllabus subtopic: Functions and responsibilities of the Union and the States, issues and challenges pertaining to the federal structure, devolution of powers and finances up to local levels and challenges therein.

Prelims and Mains focus: about the Mahadayi Project and its significance, concerns of the states associated

News: In a reprieve to Goa, the Ministry of Environment, Forest and Climate Change (MoEF) on Wednesday kept in abeyance its letter earlier written to
Karnataka stating that its proposed Kalasa Banduri project on Mahadayi river does not need an environment clearance (EC).

Context

The MoEF’s move comes after Goa Chief Minister Pramod Sawant, who is in New Delhi to attend the GST Council meeting, met Environment Minister Prakash Javadekar on Wednesday, seeking withdrawal of the letter.

Kalasa Banduri Project

- The Kalasa Banduri project is aimed at providing drinking water to three important districts of north Karnataka — Belagavi, Gadag and Dharwad — which go parched in summer due to acute water scarcity.

- The project involves diverting water from Mahadayi river, the lifeline of Goa, into the Malaprabha river.
Mahadayi River Dispute

- There have been ongoing protests in Karnataka on the issue of sharing of Mahadayi river waters.

- Mahadayi river originates in Karnataka before flowing into Goa where it is called Mandovi.

- Karnataka is seeking release of 7.56 tmcft water by Goa from the river for the Kalasa-Banduri Nala project, which is being opposed by Goa.

- The project involves building barrages across Kalasa and Banduri, tributaries of Mahadayi river, to divert water to the Malaprabha which meets drinking water needs of the north Karnataka districts of Dharwad, Belagavi, Bagalkot and Gadag.

- Goa is of the view that it has no problem in providing "reasonable and justified" amount of 0.1 TMC of water to Karnataka for its drinking needs.

- The matter is pending before the Mahadayi Water Disputes Tribunal.

Source: The Hindu

NGT refuses to extend deadline for STPs for lakes

GS-II | 19 December,2019

Syllabus subtopic: Statutory, regulatory and various quasi-judicial bodies

Prelims and Mains focus: about the pollution in Indian lakes; NGT: its structure and mandate
The National Green Tribunal (NGT) has refused to extend the deadline for setting up of sewage treatment plants (STP) beyond September 2020 for the protection of the Bellandur, Varthur and Agara lakes.

Remarks made by the tribunal

- A Bench headed by NGT chief Justice Adarsh Kumar Goel said, ``If the work remains incomplete even till September 30, a compensation at the rate of ₹10 lakh per sewage treatment plant per month will be liable to be paid... to be recovered from the erring officers, apart from adverse entries in their service records and other adverse action.``

- The green panel further observed that the fact that approximately 256 million litres of untreated sewage was entering Bellandur lake on a daily basis was a ‘criminal offence’, which needs to be tackled on a war footing.

- While observing that the lake, which is said to be 130 year old, is a habitat to several species of birds and aquatic life, the Bench said, ``This [pollution] has also affected groundwater recharge. Waste dumping has resulted in foul stench around the lake. Major cause for foam formation is considered to be the discharge of untreated sewage through open drains.``

- Noting that authorities have failed to take appropriate action, the Bench said, ``Desilting of the lake has not been done from time to time nor have steps been taken to stop the flow of untreated sewage into the water bodies. There is also failure to prevent dumping of municipal solid waste.``

Directives given by the court

- The Tribunal further directed the Bangalore Water Supply and Sewage Board (BWSSB) to ensure that no effluent is discharged into the lakes till the STPs are installed and specified that a compensation of ₹5 lakh per month per inlet into the lakes will be levied in case of noncompliance.
Sources of discharge be controlled or regulated and electricity and water supplies to the defaulting establishments be stopped for enforcement of law till remedial steps are taken for compliance. Encroachment which are still continuing be removed by using force wherever necessary, the Bench said.

Additionally, the Karnataka State pollution control board was directed to develop a “robust water quality monitoring programme” to keep a check on the water quality of drains leading to the lakes.
What is National Green Tribunal (NGT)?

- It is a specialised body set up under the National Green Tribunal Act (2010) for effective and expeditious disposal of cases relating to environmental protection and conservation of forests and other natural resources.

- With the establishment of the NGT, India became the third country in the world to set up a specialised environmental tribunal, only after Australia...
and New Zealand, and the first developing country to do so.

- NGT is mandated to make disposal of applications or appeals finally within 6 months of filing of the same.

- The NGT has five places of sittings, New Delhi is the Principal place of sitting and Bhopal, Pune, Kolkata and Chennai are the other four.

Structure of NGT

- The Tribunal comprises of the Chairperson, the Judicial Members and Expert Members. They shall hold office for term of five years and are not eligible for reappointment.

- The Chairperson is appointed by the Central Government in consultation with Chief Justice of India (CJI).

- A Selection Committee shall be formed by central government to appoint the Judicial Members and Expert Members.

- There are to be least 10 and maximum 20 full time Judicial members and Expert Members in the tribunal.

Powers & Jurisdiction

- The Tribunal has jurisdiction over all civil cases involving substantial question relating to environment (including enforcement of any legal right relating to environment).

- Being a statutory adjudicatory body like Courts, apart from original jurisdiction
side on filing of an application, NGT also has appellate jurisdiction to hear appeal as a Court (Tribunal).

- The Tribunal is not bound by the procedure laid down under the Code of Civil Procedure 1908, but shall be guided by principles of 'natural justice'.

- While passing any order/decision/award, it shall apply the principles of sustainable development, the precautionary principle and the polluter pays principle.

- NGT by an order, can provide
  - relief and compensation to the victims of pollution and other environmental damage (including accident occurring while handling any hazardous substance),
  - for restitution of property damaged, and
  - for restitution of the environment for such area or areas, as the Tribunal may think fit.

- An order/decision/award of Tribunal is executable as a decree of a civil court.

- The NGT Act also provides a procedure for a penalty for non compliance:
  - Imprisonment for a term which may extend to three years,
  - Fine which may extend to ten crore rupees, and
  - Both fine and imprisonment.

- An appeal against order/decision/award of the NGT lies to the Supreme Court, generally within ninety days from the date of communication.

- The NGT deals with civil cases under the seven laws related to the environment, these include:
  - The Water (Prevention and Control of Pollution) Act, 1974,
The Water (Prevention and Control of Pollution) Cess Act, 1977,
The Forest (Conservation) Act, 1980,
The Air (Prevention and Control of Pollution) Act, 1981,
The Environment (Protection) Act, 1986,
The Public Liability Insurance Act, 1991 and
The Biological Diversity Act, 2002.

- Any violation pertaining to these laws or any decision taken by the Government under these laws can be challenged before the NGT.

Source: The Hindu

Pre-budget meet: Hike in states’ fiscal deficit limit, IGST dues among chief demands

Syllabus subtopic: Functions and responsibilities of the Union and the States, issues and challenges pertaining to the federal structure, devolution of powers and finances up to local levels and challenges therein.

Prelims and Mains focus: about the key issues raised by the states in the meeting, Ayushmaan Bharat

News: In a pre-Budget consultation held with the Centre on Wednesday, state finance ministers pitched for more funds, relaxation in fiscal deficit target and settlement of pending Integrated Goods and Services Tax (IGST) payments.

Who attended the meeting?

The meeting was attended by Chief Ministers of Goa, Haryana and Puducherry, Deputy Chief Ministers of Arunachal Pradesh, Bihar, Delhi, Tamil Nadu and Tripura as well as 17 Finance Ministers/Ministers representing their states. Union
Issues raised by various States

- Both Bihar and Kerala had suggested raising the fiscal deficit limit for states to 4 per cent, while Delhi raised the issue of stagnation of share in central taxes for union territories with legislature since 2001-02, and West Bengal flagged the issue of budgetary resources amounting to Rs 7,300 crore for cyclone relief not having reached the state.

- Delhi has also asked for augmentation of financial assistance to tackle the issue of stubble burning in Punjab, Haryana, Uttar Pradesh and Delhi, which has an impact on air pollution in the region.

Key takeaways from the meeting

- The biggest take home from pre-Budget discussion of FMs is suggestion by Bihar and Kerala to raise the fiscal deficit limit to 4 per cent. It was agreed to large number of states. In current year real expenditure of states will decline — a crazy macro outcome in time of recession.

- Cutting across political divide State FMs demanded raising fiscal deficit, larger central allocation for programs Ayushman Bharat, social pensions and MGNREGS, support to farmers, interest subvention to SHGs and streamlining of central devolution to avoid ways and means crisis.

Ayusmaan Bharat
UPSC "PT" DNA (Daily News Analysis)
India-Bangladesh technical talks on sharing of river water cancelled
GS-II | 19 December, 2019

Syllabus subtopic: India and its neighbourhood - relations.

Prelims and Mains focus: about Indo-Bangladesh Joint River Commission and its significance; rivers shared by India and Bangladesh

News: The India-Bangladesh Joint Rivers Commission’s technical-level talks that were scheduled to begin on Thursday were cancelled at the last minute, an official of the Ministry of Jal Shakti said on Wednesday.

What was the reason?

- Though the official didn’t mention any specific reason for cancellation of the talks, he said, “It was a request from the Bangladesh side.”

- However, sources said the meeting was postponed due to the delay in the exchange of data on six common rivers which was updated several years ago.

- Noting that the meeting was scheduled to be held on December 19-20, the official said the new date of the meeting has not been finalised yet.

- The cancellation of the meeting comes at time when the country is witnessing protests against the Citizenship (Amendment) Act passed by Parliament earlier this month. Last week, Bangladesh Foreign Minister A K Abdul
Momen and Home Minister Asaduzzaman Khan, too, cancelled their scheduled visits to India.

Rivers shared by India and Bangladesh

- India and Bangladesh share 54 rivers and a Joint River Commission is functioning since June 1972. Besides this, technical level meetings are held regularly.

Indo-Bangladesh Joint River Commission

- An Indo-Bangladesh Joint Rivers Commission (JRC) is functioning since 1972. It was established with a view to maintain liaison in order to ensure the most effective joint effort in maximizing the benefits from common river systems. The JRC is headed by Water Resources Ministers of both the countries. 37th meeting of the JRC was held at New Delhi from 17th – 20th March, 2010, wherein various matters pertaining to cooperation in Water Resources sector with Bangladesh were discussed.

- A new chapter in the Indo-Bangladesh relations opened up with signing of a Treaty by the Prime Ministers of India and Bangladesh on 12th December 1996 on the sharing of Ganga/Ganges waters. The Treaty shall remain in force for a period of thirty years to be renewable by mutual consent. For monitoring the implementation of the Treaty, a Joint Committee has been set up.

- Discussions have been continuing with Bangladesh for sharing of waters of Teesta & Feni rivers besides other six common rivers namely; Manu, Muhri, Khowai, Gumti, Jaldhaka and Torsa. Govt. of India is at its endeavour to conclude the agreement of the sharing of waters of Teesta and Feni rivers with Bangladesh, which is acceptable to all parties concerned and which protects the interests of all stakeholders.
There exists a system of Transmission of flood forecasting data on major rivers like Ganga, Teesta, Brahmaputra and Barak during the monsoon season from India to Bangladesh. The transmission of flood forecasting information during the monsoon has enabled the civil and military authorities in Bangladesh to shift the population affected by floods to safer places.

The Teesta River dispute
Government defends citizenship Act in Geneva

Syllabus subtopic: Important International institutions, agencies and fora, their structure, mandate.

Prelims and Mains focus: about the first global refugee forum and its significance; the refugee crisis around the world and its consequences, about UNHCR

News: Stressing that India has welcomed refugees from all over the world, the government on Wednesday defended the Citizenship (Amendment) Act in Geneva and said it is dealing with the problem through ``democracy and due proces``.

Remarks made by the Permanent Representative of India to UN

- In a statement at the First Global Refugee Forum by Permanent Representative of India to the UN, Geneva, Rajiv K Chander said Pakistan is a self-proclaimed champion of human rights that has shrunk the size of its own minority community from 23 per cent in 1947 to 3 per cent by subjecting them to draconian blasphemy laws, systemic persecution, blatant abuse and forced conversions.

- Throughout history, India has welcomed refugees from all over the world. The Zoroastrians who had sought refuge in India from 7th century onwards, now known as the Parsis, are a vibrant and important community in our democratic polity. The Jews who were persecuted in the 16th century had sought refuge in Cochin in South India where the synagogue they built exists.
to date.

- Closer to our times, thousands and thousands have sought refuge in India from some of our neighbouring countries, including more than 10 million in 1971 from erstwhile East Pakistan, after which Bangladesh was born.

About the First Global Refugee Forum

- The forum is organized by the United Nations Refugee Agency (UNHCR) and the Govt. of Switzerland in Geneva with the aim of generating new approaches and commitments from a variety of actors to assist and respond to refugee needs more effectively.

- Being conducted for the first time with the participation of representatives from the states, U.N. Agencies, nongovernmental organizations and many other international actors, the forum, in its words, "comes at the end of a tumultuous decade," which has been marked by various refugee crises.

- While host countries such as Turkey, Jordan and Lebanon contributed large amounts of their resources for the refugee communities, the West had a disappointing record of refusing to tackle the problem. Still, the Global Refugee Forum kicked off with the hope of coming up with substantial, concrete solutions to the issue.

United Nations High Commissioner for Refugees

- It is a UN Refugee Agency and a global organization dedicated to saving lives, protecting the rights and building a better future for refugees, forcibly displaced communities and stateless people.

- It was created in 1950 to help millions of Europeans who had fled or lost their homes.
It is headquartered at Geneva, Switzerland.
UPSC "PT" DNA (Daily News Analysis)
Source: Indian Express
India should be wary of middle income trap

Syllabus subtopic: Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.

Prelims and Mains focus: about Middle Income Trap; why is India facing it; about GNI

News: Many economists believe that countries that grow from low-income to middle-income levels tend to get stuck in a trap that prevents them from graduating to high-income status. India runs the risk of getting caught in that trap.
What is the middle-income trap?

World Bank defines a middle-income country as one with a gross national
income (GNI) per capita of $1,000-12,000 in 2011 prices.

Those below the $4,000 mark are “lower middle-income” countries, and those above it “upper middle-income” ones. The middle-income trap refers to the phenomenon where rapidly growing economies graduate to the middle-income tier but then stagnate. They get squeezed from below by intense competition from lower-cost competitors while failing to transition to high-income levels for a variety of reasons—especially a failure to build institutional, human and technological capital.

Which countries have escaped it?

In the history of development, the success stories of transformation to high-income status include Japan, South Korea, Portugal, Poland and Latvia. Countries such as Brazil, South Africa, Egypt, Thailand and Turkey also tried to develop but could not transition to the high-income level. These countries failed to develop and remain stuck below their potential. Argentina, Mexico, and Russia, meanwhile, have been trapped in the upper middle-income category for a long time. China, with a GNI per capita of around $9,800, is most likely on its way out of the middle-income trap—unless it stumbles.

How has India moved up the development ranks?

In 1960, India had a per capita income of $1,033 (in 2011 purchasing power parity terms). This was equivalent to 6% of the per capita income of the US. India attained lower middle-income status in 2008. By 2017-18, the country’s per capita income was $6,538—or 12% of the per capita income of the US.

Is India caught in the middle income trap?

Rathin Roy, a former member of Prime Minister Narendra Modi’s economic advisory council, has cautioned that India runs the risk of getting caught in the middle-income trap. According to him, the country’s growth has mostly been driven by demand generated by the richest 100 million Indians. However, as this demand cannot keep growing infinitely, a failure to broaden the income
base—and, therefore, the demand base or the market size—could act as a growth barrier, resulting in India slipping into a middle-income trap.

Is India’s market too small?

Inequality is a barrier to the broadening of the demand base in an economy. Even at $2.7 trillion, India’s GDP is relatively small—it’s about the size of California’s GDP. China’s is over 4 times as large. The 2017 Economic Survey warned that four factors could hurt India:

- hyper-globalization repudiation,
- thwarted/impeded structural transformation,
- human capital regression due to technological progress, and
- climate change-induced agricultural stress.

Following are the measures of National Income:
1. **Gross Domestic Product (GDP):**
   - GDP is the final value of the goods and services produced within the geographic boundaries of a country during a year.
   - GDP growth rate is an important indicator of the economic performance of a country.
   - The gross domestic product (GDP) is one of the primary indicators used to gauge the health of a country’s economy.
   - In India, contributions to GDP are mainly divided into 3 broad sectors – agriculture and allied, industry and service sector.

2. **Net domestic product (NDP):**
   - The net domestic product (NDP) equals the gross domestic product (GDP) minus depreciation on country capital goods.
   - NDP = GDP – Depreciation

3. **Gross national product (GNP):**
   GNP is an estimate of the total value of all the final products and services produced in a given period by the means of production owned by a country’s residents.
4. **Gross National Income (GNI):**

- Gross national income is a measurement of a country’s income. It includes all the income earned by a country’s residents and businesses, including those earned abroad.
- GNI measures all income of a country’s residents and businesses, regardless of where it’s produced.
- Gross domestic product (GDP), on the other hand, measures the income of anyone within a country’s boundaries, regardless of who produces it.

**Difference between GNI and GNP**

- GNI measures income earned, including that from investments that flow back into the country. Gross National Product (GNP) includes the earnings from all assets owned by residents.
- It even includes those that don’t flow back into the country.
- It then omits the earnings of all foreigners living in the country, even if they...
Calculation of GNI and NNI:

GNI (calculated from GDP) = GDP + (income from citizens and businesses earned abroad) – (income remitted by foreigners living in the country back to their home countries).

GNI (calculated from GNP) = GNP + (income spent by foreigners within the country) – (foreign income not remitted by citizens).

Net National Income (NNI) = GNI - Depreciation = NDP + (income from citizens and businesses earned abroad) – (income remitted by foreigners living in the country back to their home countries).

Source: mint

Industry asks govt to boost private investments to kick-start growth

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Syllabus subtopic: Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.

Prelims and Mains focus: about the key takeaways from the meeting; suggestions given by various stakeholders and their significance

News: Prominent industrialists on Thursday urged finance minister Nirmala Sitharaman to kick-start economic growth by encouraging private investment, improving the regulatory environment and increasing export competitiveness.

Context:
The finance minister is slated to present her second budget on 1 February amid expectations that she would announce fresh measures to reverse the current economic downturn that has led to GDP growth hitting a six-and-a-half year low at 4.5% in the September quarter.

Suggestions given by industrialists

- In a customary pre-budget consultation with Sitharaman and top officials of the finance ministry, the industrialists suggested ways to revive the rural economy by boosting consumption.

- The suggestions included ideas to improve the Insolvency and Bankruptcy Code with regard to the National Company Law Tribunal and banks, faster merger, acquisition and demerger processes, and ways to reduce time for approval of foreign direct investment proposals.

- The industrialists also called for structural changes in laws for creating an effective and stable business environment, time-bound decisions for augmenting ease of business both at the central and state levels and fresh capital investment by the government towards infrastructure development.

- They also stressed on the need to prevent predatory pricing and dumping in India, facilitate research and development in the country to boost Make in India, and harness public-private partnership by leveraging social funding through a new programme, as well as ensuring liquidity for NBFCs (non-bank financial companies) with focus on rural economy, and ways to increase consumption in the economy.

- Decriminalizing various laws and procedures would address the issue of trust deficit. This will be in line with the principle that entrepreneurship is a risky venture. Wilful defaulters should be dealt with firmly. However, in most cases, the fine should be enough to deal with inadvertent non-compliance.
Concerns raised by representatives of trade organisations

The Finance Minister on Thursday also met representatives of trade unions and labour organizations as part of the pre-budget consultations.

- The participants aired their concerns about provision of social security for workers besides skilling, re-skilling, and up-skilling of the labour force.
- They also emphasized on the quality of job creation, the need to ensure minimum wages for workers in detail, and the need for streamlining various schemes for better results.

Source: mint

Indo-Russian military exercise concludes

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Syllabus subtopic:
- Bilateral, regional and global groupings and agreements involving India and/or affecting India’s interests.
- Science and Technology- developments and their applications and effects in everyday life Achievements of Indians in science & technology; indigenization of technology and developing new technology.

Prelims and Mains focus: about INDRA exercise and its significance in building Indo-Russia defence ties; AKASH missile and LCA Tejas

News: The air force component of ‘Ex INDRA 19’ (AVIAINDIRA’19), a joint exercise between India and Russia, successfully concluded on Thursday at the Air Force Station in Lohegaon in Pune.
Details about the exercise

- As part of the exercise, the Indian armed forces and their Russian counterparts undertook joint air, land and sea operations.
- The exercise was conducted simultaneously at Pune, Goa and Gwalior.
- Several airborne and ground assets of the IAF, including Su30 MKI, Jaguar, Mirage2000, indigenously developed Light Combat Aircraft (Tejas), IL76, AEW&C, AN32, Mi17V5, indigenously developed air defence system AKASH and air defence radars, were used during the operation.

Significance of the exercise

- The exercise provided an opportunity to enhance the IAF’s operational capability, synergise joint operations and improve interoperability with Russian Federation Air Force to operate under the UN mandate.

About AKASH missile
About LCA Tejas
US President Donald Trump impeachment

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Syllabus subtopic: Comparison of the Indian constitutional scheme with that of
Prelims and Mains focus: process of impeachment of US President and its comparison with the process for Indian President’s impeachment

News: The impeachment of President Donald Trump in the U.S. House of Representatives on charges of abuse of power and obstruction of Congress sets the stage for a historic trial next month in the Republican controlled Senate on whether he should be removed from office.

What next?

- Mr. Trump is certain to face more friendly terrain during a trial in the 100 member Senate, where a vote to remove him would require a two-thirds majority.

- Mr. Trump, who is seeking another four-year term in the November 2020 presidential election, has denied wrongdoing and called the impeachment inquiry launched by Pelosi in September a ‘witch hunt’.
What is Impeachment?

Impeachment is a provision that allows Congress to remove the President of the United States.

US Constitution provides:

- The House of Representatives (Lower House) has the “the sole power of impeachment” while the Senate (Upper House) has “the sole power to try all impeachments”.
- The Chief Justice of the US Supreme Court has the duty of presiding over impeachment trials in the Senate.

Grounds for impeachment:

- The President can be removed from office for “treason, bribery, or other high crimes and misdemeanors”.
- Essentially, it means an abuse of power by a high-level public official. This does not necessarily have to be a violation of an ordinary criminal statute. Historically, in the US, it has encompassed corruption and other abuses, including trying to obstruct judicial proceedings.

The process:

1. It begins with an investigation by a House committee. If they find that there is enough evidence of wrongdoing, it will refer the matter to the full House.

2. House Voting: When the full House votes, if one or more of the articles of impeachment gets a majority vote, the President is impeached. Next, the proceedings move to the Senate.

3. Senate trial and voting: The Senate holds a trial, overseen by the chief justice of the Supreme Court. A team of lawmakers from the House, known as managers, play the role of prosecutors. The President has defence
lawyers, and the Senate serves as the jury. If at least two-thirds of the Senators present find the President guilty, he is removed and the Vice President takes over as President.
Rhinos to be re-introduced in Uttarakhand

**Syllabus subtopic:** Conservation, environmental pollution and degradation, environmental impact assessment

**Prelims and Mains focus:** About the relocation plan; About Indian rhinos and threat to their survival; WII

**News:** The Uttarakhand State Wildlife Board has cleared a proposal by the Wildlife Institute of India (WII) to introduce rhinoceroses in the Corbett Tiger Reserve (CTR) to boost tourism and revive the habitats of species that survive on low-height grass.

**Process**

According to officials, around 10 rhinos will be brought in CTR in the first phase and subsequently, 10 more would be added. A proposal will be sent to the Centre soon in this regard to transport rhinos from either Assam or West Bengal or both. The capture and translocation are likely to cost about Rs 15 lakh per individual animal.

**Challenge ahead**

- Experts claim that protecting these rhinos from poaching will be the only challenge for the state’s forest department staff after the move.

**Why CTR was found suitable for relocation**
The geographical terrain and environmental conditions in CTR are suitable for rhinos. The ideal sites chosen in Corbett are valley habitats bounded on either side by the lower Himalayas (north), Shivalik Hills (south) and the Ramganga Reservoir (east), which would also act as natural barriers to rhino movement outside these areas, thereby minimizing conflict with people. Rhinos were once found in the Terai grassland in the state and adjoining areas but were wiped out by poaching. The horn of a rhino is believed to be an aphrodisiac. Corbett is well protected and hence the rhinos will safely survive there. Experts say that each of the founding population animals would be fitted with a GPS radio-collar. A team of researchers would be allocated for monitoring their ranging patterns, foraging habits, demography and habitat use. The Forest Department would be responsible for the safety of these re-introduced rhinos. Researchers will share data with the department’s staff.

There are less challenges in re-introduction of rhinos. The animals only have to be brought here. Food and water are available. According to wildlife experts, rhinos reduce the size of elephant grass by eating it. This would mean that species that thrive on lower-height grass — Hog Deer, Cheetal, Sambar and Swamp Deer, among others — would also be encouraged.

**Significance of the move**

- The rhino’s range was once continuous across the flood plains of the Indus, Ganges and the Brahmaputra, but today, it is limited to small fragmented pockets in India and Nepal as a result of anthropogenic pressures.
- Re-introduction into habitats in its historic range would not only create safety-net populations for the species but also restore their ecological role in these faunally-degraded habitats.
- The majority of the decline in rhino population in the state of Assam occurred during the period of political unrest. Similar trends in population decline were observed in Nepal during the Maoist movement. Uttarakhand has no such history of political instability and thus would be an ideal site for reintroduction.
About Wildlife Institute of India

- Wildlife Institute of India (WII) is an internationally acclaimed Institution, which offers training program, academic courses and advisory in wildlife research and management.
- It was established in 1982.
- It is an autonomous institution under the Ministry of Environment Forest and Climate change, Government of India.
- The institute is based in Dehradun.

Source: Indian Express

NITI Aayog set to start drafting roadmap for population stabilisation
GS-I | 20 December, 2019

Syllabus subtopic:

- Role of women and women's organization, population and associated issues, poverty and developmental issues, urbanization, their problems and their remedies.
- Government policies and interventions for development in various sectors and issues arising out of their design and implementation.

Prelims and Mains focus: about the NITI Aayog’s move and its significance;
News: Invoking the Prime Minister’s concern over the rising population, the NITI Aayog is set to start a process of drafting the roadmap for population stabilisation in the country.

Context

- NITI Aayog’s move comes four months after the Prime Minister voiced concern over the issue.

About the process

- Taking the first step, the Aayog is organising a national consultation on ‘Realising the vision of population stabilization: leaving no one behind’ on Friday.

- The recommendations from the consultation will contribute to a NITI Aayog working paper to help achieve India’s vision of attaining population stabilization, as voiced by PM Modi on 15 August 2019.

- The consultative meeting being organised in partnership with Population Foundation of India (PFI) will bring together senior officials, experts and subject matter specialists to discuss ways and means of strengthening India’s population policy and family planning programmes.

India’s current population scenario

- India with a current population size of 1.37 billion is the second-most
populous country in the world.

- India’s birth rates are falling but the population continues to grow due to the fact that more than 30 per cent of the population is young and in the reproductive age group.

**Note:** to read about India’s population crisis in detail, click on the link below:

https://qz.com/india/1051533/india-is-unprepared-for-a-near-future-when-it-will-be-the-worlds-most-populous-country/

**About NITI Aayog**


- **Aim:** to achieve Sustainable Development Goals and to enhance cooperative federalism by fostering the involvement of State Governments of India in the economic policy-making process using a bottom-up approach.

**Role of NITI Aayog:**

The institution has to provide governments at the central and state levels with relevant strategic and technical advice across the spectrum of key elements of policy. This includes matters of national and international import on the economic front, dissemination of best practices from within the country as well as from other nations, the infusion of new policy ideas and specific issue-based support. The institution has to be able to respond to the changing and more integrated world that India is part of.

**Composition of NITI Aayog:**
• Chairperson: Prime Minister of India as the Chairperson.
• Governing Council comprising the Chief Ministers of all the States and Lt. Governors of Union Territories.
• Regional Councils will be formed to address specific issues and contingencies impacting more than one state or a region. These will be formed for a specified tenure.
• The Regional Councils will be convened by the Prime Minister and will comprise of the Chief Ministers of States and Lt. Governors of Union Territories in the region. These will be chaired by the Chairperson of the NITI Aayog or his nominee.
• Experts, specialists and practitioners with relevant domain knowledge as special invitees nominated by the Prime Minister.
RBI plans “Operation Twist”™ in desi avatar

Syllabus subtopic: Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.

Prelims and Mains focus: about Operation Twist and its significance; G-secs: types; Open market operations and their significance

News: On Thursday, the RBI said it would be buying the 6.45% yielding notes maturing in 2029 — the benchmark bonds — and would be selling four papers maturing in 2020. The OMOs would be conducted on Monday.

What exactly is it?

- The Reserve Bank of India (RBI) has commenced something that is akin to the famous “Operation Twist” conducted by the US Federal Reserve by deciding to buy the long-tenor 10-year benchmark bonds worth Rs. 10,000 crore and selling four short-dated securities worth the same amount under open market operations (OMOs).

- The step is liquidity neutral — meaning the OMOs would not be adding any further liquidity to the system that is already flush with excess liquidity to the tune of over Rs. 2 lakh crore.

- The simultaneous purchase and sale of securities would also help in flattening the steep yield curve — where long tenor yields have been high and short-term yields have been low.

- For instance: despite a 60 bps reduction in the repo rate across two
monetary policies in August and October, the benchmark yield remains higher by 38 basis points since August. At the same time, the system liquidity has been so high that short-tenor yields have remained fairly low. In some instances, even the 364-day treasury bill yield has gone below the repo rate — a not so usual occurrence.

Way ahead

- Experts believe that the central bank may do more of these OMO purchases/sales in coming times that will eventually bring down excess supply of long-tenor bonds in the market.
- Transmission has been a big issue in this rate cut cycle.
- The long tenor G-sec yields have not moved lower since last couple of rate cuts. This will bring down the term premium and will be one more step towards improving transmission of rates. This will also help to absorb excess long tenor bond supply that could be hitting the market on account of potential fiscal slippage from budgeted levels.

Open Market Operations (OMO)

- Open market operations is the sale and purchase of government securities and treasury bills by RBI or the central bank of the country.
- The objective of OMO is to regulate the money supply in the economy.
- RBI carries out the OMO through commercial banks and does not directly deal with the public.
- Features: When the RBI wants to increase the money supply in the economy, it purchases the government securities from the market and it sells government securities to suck out liquidity from the system.

About G-Secs

- A government security (G-Sec) is a debt obligation of the Indian government to fund their fiscal deficit. These instruments are tradable and are issued either by the central or the state government. These securities are offered for short term as well as long term. Short-term instruments with a maturity of less than one year are typically called treasury bills (T-Bills) whereas long-term instruments are called government bonds or dated...
However in India, the central government issues T-Bills as well as bonds or dated securities while the state government issues only the bonds or dated securities called State Development Loans (SDL). The central government also issues not fully tradable savings instruments like savings bonds, national saving certificate etc or special securities like oil bonds, fertilizer bonds, power bonds etc.

Types of G-Sec

1. **Treasury Bills (T-bills):** T-bills are money market short term debt instruments which are issued by the central government in three tenures mainly 91-day, 182-day and 364-day. These instruments are zero coupon bonds which pay no interest but are actually issued at a discount and redeemed at the face value at maturity.

2. **Cash Management Bills (CMBs):** CMBs are a new short-term instrument having common characteristic of T-Bills but with a maturity of less than 91-days. These instruments are issued to meet the temporary disparity in the cash flow of the government. CMBs too are issued at a discount and redeemed at face value on maturity.

3. **Dated Government Securities:** These instruments are long-term securities which carry a fixed or floating coupon (interest) rate paid on the face value, which is payable at fixed time periods generally half-yearly. The maximum tenure of these securities is 30 years.

Source: The Hindu

Draft Bill proposes autonomy for National Statistical Commission, gives govt power to make final decision

GS-II | 20 December, 2019
**UPSC "PT" DNA (Daily News Analysis)**

**Syllabus subtopic:** Government policies and interventions for development in various sectors and issues arising out of their design and implementation.

**Prelims and Mains focus:** about the key changes sought by the draft NSC bill, its significance; about NSC

**News:** Stating the need for creation for an independent “apex advisory body for official statistics”, the government has placed a draft National Statistical Commission (NSC) Bill for public comments that seeks to establish NSC as the nodal and autonomous body for all core statistical activities.

**Background**

The Bill comes at a time when several statistical reports such as the unemployment survey were withheld and consumption expenditure survey was decided to be not released by the government. In January this year, the then acting chairman of NSC, P C Mohanan, a career statistician, and J V Meenakshi, Professor at the Delhi School of Economics, had resigned from NSC protesting against the withholding of the NSSO’s first Annual Survey on Employment and Unemployment for the year 2017-18.

**Key features of the draft Bill**

- Along with retaining the advisory nature of NSC, the draft Bill states that the decision of the central government, whether a question is of policy or not, shall be final, a proposal which experts say goes against the long pending demand to grant more powers to the NSC.

- In a crucial change, the draft Bill also seeks to change the composition of the Commission by replacing NITI Aayog Chief Executive Officer with the Finance Ministry’s Chief Economic Advisor as the ex-officio member along with giving member status to Chief Statistician of India.
• As per the draft Bill, the **NSC will have**:
  1. a Chairperson,
  2. five whole time members along with Deputy Governor of Reserve Bank of India (RBI), Chief Statistician of India (CSI) as other members and Chief Economic Advisor, Ministry of Finance, as the ex-officio member.
  3. The **Chairman and the members** of the Commission shall be **appointed by the central government** on the **recommendation of a search committee**, as prescribed, it said, adding that **no appointment of a Chairperson or any member of the Commission shall be “invalid merely by reason of absence of any member in the meetings of the search committee”**.

• The draft Bill stated that the **central government may, from time to time, issue directions to the Commission as it may think “necessary in the interest of the sovereignty and integrity of India, the security of the State, friendly relations with foreign states, public order, decency or morality”**.

• It also said that the Commission “shall in exercise of its powers or the performance of its functions, be bound by such directions or questions as the Central Government may give in writing to it from time to time. Provided that the Commission shall, as far as practicable, be given an opportunity to express its views before any direction is given.”

• The draft Bill states that the **government shall seek advice from the Commission on any matter relating to official statistics**. However, central government or a state government may issue directions as necessary to any government agency under its administrative control along with a report on reasons for not accepting any advice to the commission.

• **A report on reasons for not accepting any advice** of the commission shall be **laid before Parliament or a state legislature** for a **total period of thirty**
Outlining the general powers of the NSC, the draft Bill states that the **NSC shall have power to review the statistical system of any government agency** in the light of concepts, definitions, standards, methodologies and established policies, and recommend measures for enhanced performance; to prescribe a code of practice. Also, the Commission shall participate in, and in consultation with the central government coordinate with, national statistical organisations on matters of statistical standards, methodologies and classifications.

- All nodal officers designated in central ministries/departments /state government shall be professionally responsible to Chief Statistician of India on core statistics, the Bill said.

**Way ahead**

The **Ministry of Statistics and Programme Implementation (MoSPI)** has sought comments and suggestions from the public on the draft Bill by January 19, 2020.

**About The National Statistical Commission:**

- **NSC was set up in 2005** following the **recommendations of the Rangarajan Commission**, which reviewed the Indian Statistical System in 2001. The NSC has **four Members** besides a Chairperson, each having specialization and experience in specified statistical fields.

- It is an **autonomous institution** (and **does not come under CSO/ NSSO**). The **main purpose** of setting up NSC was to **act as a bridge between CSO, NSSO and different state and central government departments in relation to collection of data.**
It is generally said that NSC is not that effective as it is not a statutory body and previously there have been demands to make it a statutory body which would lend it more teeth.

Source: Indian Express
Bond yields see steepest fall in two months on Reserve Bank’s Operation Twist

GS-III | 21 December, 2019

Syllabus subtopic: Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.

Prelims and Mains focus: About Operation Twist and its significance; RBI: structure and functions

News: The yield on the 10-year government bond fell 15 basis points on Friday, its steepest fall in two months, after the Reserve Bank of India (RBI) conducted a special open market operation—simultaneously buying long tenor bonds and selling short-tenor government bonds—dubbed ‘Operation Twist’ by the market.

Background

The concept was drawn from US Federal Reserve’s Operation Twist that was announced in September 2011 and ran through end-2012 to make long-term borrowing cheaper and spur bank lending. The Fed had swapped short-term bonds for longer-term debt. The policy was effective as the term premium dropped to a low of 33 bps in mid-2012, from around 70 bps.

Objective of Operation Twist

The simultaneous sale and purchase operation has a two-pronged objective:

- Lowering the steep term premium at the longer end of the yield curve despite the RBI’s accommodative monetary policy, and
- Surplus systemic liquidity and correcting yields at the shorter end, which had dropped below the benchmark rate of 5.15%.

The yield on the 2029 benchmark bond fell as much as 15 bps to 6.604%, the steepest fall since 9 October. While the yield on the 14-year government paper...
slid 20 bps, the yield on the 2020 bond jumped 5 bps. One basis point is a hundredth of a percentage point.

The RBI on Thursday said it will purchase Rs.10,000 crore of the 10-year benchmark bonds, and sell an equal amount of debt maturing in 2020 through an auction on 23 December, making **Operation Twist** liquidity-neutral.
Significance of the move

- Operation Twist was aimed at bringing longer term yields lower. Despite the 135 bps repo rate cut in the current cycle (between February and December 2019), the spread between 10-year bond yield and the repo has widened to 170 bps, much higher than the average spread of 55 bps during the 2015-2017 easing.
- The so-called twist announced will supply more securities to the market in the tenor segment where liquidity was influencing buying interest (up to 1 year), and purchase segments where market liquidity wasn’t converting to risk capital.
- RBI announced the special open market operation to boost transmission, akin to a ‘twist’ to change the maturity profile of its holding of government bonds.
- The policy stance is accommodative to support growth. Bonds have been under pressure over the past few sessions after S&P warned that it may downgrade India’s debt, and indications of a pause by the RBI after an aggressive rate cut cycle. Between 4 December, the day before the policy statement, and 19 December, the 10-year bond yield had jumped over 30 bps.

Way ahead

Analysts will now await the Union budget to see if the government is able to meet its fiscal deficit targets.

While the current operations of the RBI may temporarily start reining in term spreads, the government also needs to actively court foreign capital to part-finance its deficit, at least in the near term. This can be rule-based to avoid risk of excesses, but must be done for now given the stark paucity of domestic savings.

About RBI

- Prior to establishment of RBI, the functions of a central bank were virtually being done by the Imperial Bank of India. RBI started its operations from April 1, 1935. It was established via the RBI act 1934, so it is also known as...
RBI did not start as a Government owned bank but as a privately held bank without major government ownership. It started with a Share Capital of Rs. 5 Crore, divided into shares of Rs. 100 each fully paid up. In the beginning, this entire capital was owned by private shareholders. Out of this Rs. 5 Crore, the amount of Rs. 4,97,8000 was subscribed by the private shareholders while Rs. 2,20,000 was subscribed by central government.

After independence, the government passed Reserve Bank (Transfer to Public Ownership) Act, 1948 and took over RBI from private shareholders after paying appropriate compensation. Thus, nationalization of RBI took place in 1949 and from January 1, 1949, RBI started working as a government owned bank.

**Hilton Young Commission**

Hilton-Young Commission was the Royal Commission on Indian Currency and Finance set up by British Government of India in 1920s. In 1926, this commission had recommended to the government to create a central bank in the country. On the basis of mainly this commission, the RBI act was passed.

**Headquarters of RBI**

Original headquarters of RBI were in Kolkata, but in 1937, it was shifted to Shahid Bhagat Singh Marg, Mumbai.

**Main functions of RBI**

- To work as monetary authority and implement its Monetary Policy
- To serve as issuer of bank notes
- Serve as banker to central and state governments
- Serve as debt manager to central and state governments
UPSC "PT" DNA (Daily News Analysis)

- Provide ways and means advances to the state governments
- Serve as banker to the banks and lender of last resort (LORL) for them
- Work as supervisor and regulator of the banking & financial system
- Management of Foreign Exchange Reserves of the country
- Support the government in development of the country

Source: mint
Pinaka missile system successfully flight-tested
GS-III | 21 December, 2019

Syllabus subtopic: Science and Technology- developments and their applications and effects in everyday life Achievements of Indians in science & technology; indigenization of technology and developing new technology.

Prelims and Mains focus: About Pinaka missile system and its role in India's defence system

News: India successfully conducted test firing of the indigenously developed Pinaka missile system for the second consecutive day on Friday from the Integrated Test Range at Chandipur off the Odisha coast.

Both the missiles were fired to engage a target located at 20-kilometre range and high accuracy was achieved.

About Pinaka missile system

- Pinaka rocket systems are developed by Defence Research and Development Organisation (DRDO). The rocket system was named after Pinaka, the bow of Lord Shiva.
- It was initially a 30 to 40 km range rocket. Its range was increased 70 to 80 km with Pinaka Mark II.
About DRDO

- The Defence Research and Development Organization (DRDO) was established in 1958 by amalgamating the Technical Development Establishment and the Directorate of Technical Development and Production with the Defence Science Organisation.
- It is under the administrative control of the Ministry of Defence, Government of India headquartered in New Delhi.
- It works with a network of 52 laboratories, which are engaged in developing defence technologies covering various fields, like aeronautics, armaments, electronics, land combat engineering, life sciences, materials, missiles, and naval systems.

Source: The Hindu

After Bengal, Kerala govt puts NPR on hold

GS-I | 21 December, 2019

Syllabus subtopic: Role of women and women's organization, population and associated issues, poverty and developmental issues, urbanization, their problems and their remedies.

Prelims and Mains focus: about National Population Register (NPR), its significance and the controversy around it

News: THE CPI(M)-led government in Kerala on Friday ordered a ‘stay (on) all the activities connected with the updation of National Population Register (NPR) in the state forthwith’.

- Earlier this week, the TMC government in West Bengal had put on hold the NPR updation process amid fears that it was the ‘first step’ to the
Citing similar fears, the order in Kerala, issued by the General Administration Department, said the decision was taken 'considering the apprehension among the general public about the conduct of National Population Register-related activities leading to the National Register of Citizens (NRC) in the wake of the Citizenship Amendment Act.'

**About National Population Register (NPR):**

- It is a Register of usual residents of the country.
- It is being prepared at the local (Village/sub-Town), sub-District, District, State and National level **under provisions of the Citizenship Act 1955 and the Citizenship (Registration of Citizens and issue of National Identity Cards) Rules, 2003.**
- It is **mandatory for every usual resident of India** to register in the NPR.
- **Definition:** A usual resident is defined for the purposes of NPR as a person who has resided in a local area for the past 6 months or more or a person who intends to reside in that area for the next 6 months or more.
- The NPR database would **contain demographic as well as biometric details.**
- As per the provisions of the NPR, a **resident identity card (RIC)** will be issued **to individuals over the age of 18.** This will be a **chip-embedded** smart card containing the demographic and biometric attributes of each individual. The UID number will also be printed on the card.

**Objectives:**

The objective of the NPR is to create a comprehensive identity database of every usual resident in the country. The database would contain demographic as well as biometric particulars.
The NPR updation is to be done across India (except Assam) from April 1, 2020 to September 30, 2020, along with the next Census enumeration. The first phase of Census operations, which includes house listing, house census and updation of NPR, was slated to take place in April-May next year.

Source: Indian Express

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Land area requirements norms for SEZs relaxed

GS-III | 21 December, 2019

**Syllabus subtopic:** Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.

**Prelims and Mains focus:** about the recent amendment and its objective; about SEZs and its significance in boosting India’s economy

**News:** The Ministry of Commerce and Industry on Friday **amended** the existing legal framework for special economic zones (SEZ) in India, in a move expected to **make it easier to attract investments and boost exports.**

**About the amendment**

- The amendments **simplify and relax** the **minimum land area requirement** to set up an **SEZ** and their **categorization.**

- Consequent to three recent amendments, the **minimum land area required** for setting up a multi-product SEZ has been **revised to 50 hectares (ha)** from 500 ha earlier.
• In case an SEZ is to be set up in Assam, Meghalaya, Nagaland, Arunachal Pradesh, Mizoram, Manipur, Tripura, Himachal Pradesh, Uttarakhand, Sikkim, Goa or in a union territory, area shall be 25 ha or more.

• Minimum built-up area requirements for services have also been significantly reduced.

• Following the amendments, all existing and new SEZs become multi-sector SEZs, thereby enabling coexistence of a SEZ unit from any sector along with any other SEZ unit.

Background

• The Parliament passed the Special Economic Zones (Amendment) Bill, 2019 earlier this year.
• It amends the Special Economic Zones Act, 2005 and replaces an Ordinance that was promulgated on March 2, 2019.
• The Act provides for the establishment, development and management of Special Economic Zones for the promotion of exports.
• Definition of person: Under the Act, the definition of a person includes an individual, a Hindu undivided family, a company, a co-operative society, a firm, or an association of persons. The Bill adds two more categories to this definition by including a trust, or any other entity which may be notified by the central government.

About SEZs

• Special Economic Zones (SEZs) are geographically delineated ‘enclaves’ in which regulations and practices related to business and trade differ from the rest of the country and therefore all the units therein enjoy special privileges.

• The basic idea of SEZs emerges from the fact that, while it might be very difficult to dramatically improve infrastructure and business environment of the overall economy ‘overnight’, SEZs can be built in a much shorter time,
and they can work as efficient enclaves to solve these problems.

- The SEZ Act, 2005, provides the legal framework for establishment of SEZs and also for units operating in such zones.

- The Special Economic Zone (SEZ) policy in India first came into inception on April 1, 2000. The **prime objective was to enhance foreign investment and provide an internationally competitive and hassle free environment for exports**. The idea was to promote exports from the country and realising the need that level playing field must be made available to the domestic enterprises and manufacturers to be competitive globally.

Source: The Hindu

**ICC to investigate alleged war crimes in Palestinian territories**

*GS-II | 21 December, 2019*

**Syllabus subtopic:** Important International institutions, agencies and fora, their structure, mandate.

**Prelims and Mains focus:** about ICC and its powers; difference between ICC and ICJ; Israel-Palestine dispute

**News:** The **International Criminal Court's** chief prosecutor said on Friday she will launch a full investigation into alleged war crimes in the Palestinian territories, which could include charges against Israelis or Palestinians.

The preliminary examination into alleged war crimes, opened in 2015, had rendered enough information to meet all criteria for opening an investigation.
Israel’s stand

Israeli PM Benjamin Netanyahu said the ICC has no jurisdiction to investigate in the Palestinian territories. The ICC only has jurisdiction over petitions submitted by sovereign states. But there has never been a Palestinian state.

About ICC
Difference between ICC and ICJ

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<td><strong>DERIVES AUTHORITY FROM</strong></td>
<td>States that ratify the U.N. Charter become parties to the ICJ Statute. Non-UN member states can also become parties to the ICJ by ratifying the ICJ Statute.</td>
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<td>ICJ decision is binding. UNSC can review if necessary.</td>
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India, US conclude Industrial Security Annex

GS-II | 21 December, 2019

**Syllabus subtopic:** Bilateral, regional and global groupings and agreements involving India and/or affecting India’s interests

**Prelims and Mains focus:** about Industrial Security Annex and its significance in Indo-US relations, 2+2 dialogue

**News:** India and the US have concluded the **Industrial Security Annex** agreement, which will **facilitate collaboration between defence industries** by supporting the secure transfer of key information and technology.

**Industrial Security Annex**

- ISA will enable smooth transfer of classified technology and information
between private entities of the U.S. and India.

- The ISA is a part of the General Security of Military Information Agreement (GSOMIA), which India signed with the U.S. long back.

Indo-US 2+2 dialogue

- The ‘2+2’ dialogue is a meeting between the India Ministers for External Affairs and Defence, and the US Secretaries of State and Defence to focus on “strengthening strategic, security and defence cooperation” between the two countries.

Other agreements signed during the 2+2 dialogue are

- Finalisation of Defense Technology and Trade Initiative (DTTI) Standard Operating Procedure (SOP) which will harmonise the two side’s processes for identification, development and execution of projects under the DTTI.

- Tiger Triumph Exercise: It has been decided to hold the India-U.S. joint tri-services and amphibious exercise ‘Tiger Triumph’ on an annual basis. It was first held in November 2019 as a Humanitarian Assistance and Disaster Relief (HADR) Exercise.

- Coalition for Disaster Resilient Infrastructure (CDRI): USA announced its commitment to being the founding member of the CDRI whose headquarters will be located in India.

Tough task at hand

India and the US have concluded an important defence pact, and have called for Pakistan to act against terrorism. While these are positive outcomes, the two sides tried to underplay the lack of progress on trade deal and the concern in Washington on the recent political turmoil. Delhi and Washington have a tough task at hand to keep their ties from not being affected by these challenges.
RBI wants yield curve to dance to Operation Twist

Syllabus subtopic: Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.

Prelims and Mains focus: About Operation Twist and its significance

News: The Reserve Bank of India (RBI) has put out a press release saying it wants to buy 10-year government securities worth Rs.10,000 crore and wants to sell 1-year government securities worth Rs.10,000 crore. This move has been labelled Operation Twist.
How does Operation Twist get its name?

The US Federal Reserve was the first central bank that attempted such an exercise of buying and selling government securities at the same time. This happened in 1961. At that time, the “twist” was a new dance craze sparked by singer Chubby Checker. Since then the name for such an exercise carried out by a central bank has stuck. Much later, Operation Twist was tried in the US in the aftermath of the financial crisis. In this case, the Federal Reserve purchased government securities with maturities varying from six years to 30 years and sold government securities with maturities of three years or less.
Why is this called Operation Twist?

The idea is to twist the yield curve. The yield curve is a graph that plots the yields of government securities (or other financial securities) of different maturities. The yield is the per-year return an investor can earn on a financial security by staying invested in it till maturity. When a central bank buys government securities, the prices go up. At a higher price, the yields or the returns come down as the interest paid on the securities stays the same. Vice versa, when the bank sells government securities, the prices fall and the return or the yield on the security goes up. This creates a visual effect of a twist in the yield curve.

Will money supply increase because of RBI's move?

If the central bank buys government securities a few times, it will increase the money supply in the economy, which is likely to lead to higher inflation, with a greater amount of money chasing the same amount of goods and services. By selling securities worth a similar amount, RBI will not end up increasing the money supply because of this operation.

How has the bond market reacted?

Financial markets discount for possibilities. Though the buying and selling of government securities is slated for Monday, the yield on 10-year government securities fell up to 15 basis points to 6.6% on Friday. One basis point is one hundredth of a percentage point. This means long-term borrowing for the government has become slightly cheaper. Lending to the government is the most secure form of lending and as such the yields available on government securities tend to be a benchmark for all other forms of lending.

What’s the idea behind Operation Twist?

The idea is to drive down the yields on 10-year government securities. This can happen if the government continues with Operation Twist. A one-off operation will not help and yields will climb back soon. The hope is that with yields coming
India, Iran agree to accelerate Chabahar port development

GS-II | 23 December, 2019

Syllabus subtopic: Bilateral, regional and global groupings and agreements involving India and/or affecting India’s interests

Prelims and Mains focus: About the 19th India-Iran joint commission meeting; Chabahar port and its significance for India’s diplomacy

News: The External Affairs Minister Subrahmanyam Jaishankar met with Iranian Foreign Minister Javad Zarif for a meeting of the 19th India-Iran joint commission, including talks on the Chabahar port, during a visit that could see him dealing with concerns of Indian expatriates over the Citizenship (Amendment) Act as well.

Background

- The meeting of the two ministers was the first since last month, when Mr. Zarif had told a group of visiting Indian journalists that he was ‘disappointed’ that India had allowed itself to be ‘bullied’ by the United States and stopped all oil imports from Iran. Speaking in Delhi, Iran’s Ambassador Ali Chegeni had earlier suggested that India’s adherence to U.S. sanctions was also affecting Chabahar port development plans.
- In Washington last week, however, a senior U.S. official made it clear that it would continue its “narrow exemption” to India to develop the Chabahar port, recognising its role as a lifeline to Afghanistan in terms for India to be able to export humanitarian supplies and potentially helping

Source: mint
Afghanistan diversify its export opportunities. Subsequently, diplomats from India, Iran and Afghanistan met in Delhi on Friday and discussed several new initiatives for the trilateral project at Chabahar.

About Chabahar Port

The Chabahar Agreement was signed in June 2015 and approved by Iran’s Guardian Council in November 2016. Chabahar is being seen as a gateway for trade by India, Iran and Afghanistan with Central Asian countries.

Location: Iran’s Chabahar port is located on the Gulf of Oman and is the only oceanic port of the country. The port gives access to the energy-rich Persian Gulf nations’ southern coast.
Significance for India

- The first and foremost significance of the Chabahar port is the fact that India can bypass Pakistan in transporting goods to Afghanistan. Chabahar port will boost India’s access to Iran, the key gateway to the International North-South Transport Corridor that has sea, rail and road routes between India, Russia, Iran, Europe and Central Asia.
- Chabahar port will be beneficial to India in countering Chinese presence in the Arabian Sea which China is trying to ensure by helping Pakistan develop the Gwadar port. Gwadar port is less than 400 km from Chabahar by
road and 100 km by sea.

- With Chabahar port being developed and operated by India, Iran also becomes a military ally to India. **Chabahar could be used in case China decides to flex its navy muscles by stationing ships in Gwadar port to reckon its upper hand in the Indian Ocean, Persian Gulf and Middle East.**
- With Chabahar port becoming functional, there will be a **significant boost in the import of iron ore, sugar and rice to India.** The import cost of oil to India will also see a considerable decline. India has already increased its crude purchase from Iran since the West imposed ban on Iran was lifted.
- Chabahar port will ensure in the **establishment of a politically sustainable connectivity between India and Afghanistan.** This will in turn, lead to better economic ties between the two countries.
- From a diplomatic perspective, Chabahar port could be used as a **point from where humanitarian operations could be coordinated.**
FATF puts 150 questions to Pak.  
GS-II | 23 December,2019  

**Syllabus subtopic:** Bilateral, regional and global groupings and agreements involving India and/or affecting India's interests

**Prelims and Mains focus:** About FATF: objective and functions; about the black and grey lists and their significance

**News:** A global watchdog for terror financing has sought more clarifications and data from Pakistan on actions taken by it against madrasas belonging to the banned outfits, weeks after Islamabad submitted a report to the Paris-based body detailing steps taken by the country to curb terrorism and money laundering.

**Background**

- The **Financial Action Task Force (FATF)**, which kept Pakistan on the **Grey List** for an extended period till February 2020, had warned in October that Islamabad would be put on the **Black List** if it did not comply with the remaining 22 points in a list of 27 questions. Pakistan submitted a report comprising answers to 22 questions to the FATF on December 6.
- In response to the report, the FATF’s Joint Group has sent 150 questions to Pakistan, seeking some clarifications, updates and actions taken against the madrasas belonging to the proscribed outfits.

**About FATF**

- The Financial Action Task Force (FATF) is an **inter-governmental body** established in **1989** on the **initiative of the G7**. It is a "policy-making body"
which works to generate the necessary political will to bring about national legislative and regulatory reforms in various areas. The FATF Secretariat is housed at the OECD headquarters in Paris.

- **Objectives:** The objectives of the FATF are to set standards and promote effective implementation of legal, regulatory and operational measures for combating money laundering, terrorist financing and other related threats to the integrity of the international financial system.

- **Functions:** The FATF monitors the progress of its members in implementing necessary measures, reviews money laundering and terrorist financing techniques and counter-measures and promotes the adoption and implementation of appropriate measures globally. In collaboration with other international stakeholders, the FATF works to identify national-level vulnerabilities with the aim of protecting the international financial system from misuse.

**About the Blacklist and Greylist**

- FATF maintains **two different lists of countries**: those that have deficiencies in their AML/CTF regimes, but they commit to an action plan to address these loopholes, and those that do not end up doing enough. The former is commonly known as grey list and latter as blacklist.
- Once a country is blacklisted, FATF calls on other countries to apply enhanced due diligence and counter measures, increasing the cost of doing business with the country and in some cases severing it altogether. As of now there are only two countries in the blacklist — Iran and North Korea — and seven on the grey list, including Pakistan, Sri Lanka, Syria and Yemen.

**Asia-Pacific Group on Money Laundering (APG):**

- FATF Asia-Pacific Group is **one of the regional affiliates** of the Financial Action Task Force.
The Asia-Pacific Group on Money Laundering works to ensure that all the countries adopt and implement the anti-money laundering and counter-terrorist financing standards that are set out in the FATF’s 40 Recommendations and Eight Special Recommendations.

APG assists countries in implementing laws to deal with crime, assistance, punishment, investigations; provides guidance in setting proper reporting systems and helps in establishing financial intelligence units.

At present, there are 41 members of APG. Of these, 11 countries are also the members of the head FATF – India, China, Australia, Canada, Hong Kong, Japan, Korea, Malaysia, New Zealand Singapore and the United States.

Source: The Hindu

UDAY scheme loses power, sharp spike in discom losses

GS-II | 23 December, 2019

Syllabus subtopic: Government policies and interventions for development in various sectors and issues arising out of their design and implementation.

Prelims and Mains focus: About UDAY scheme and its significance; reasons for its failure and their consequences

News: Four years after it was launched, UDAY — the NDA government’s “path breaking reform” to revive electricity distribution companies (discoms) — is unravelling.

Context
Discom losses, which had progressively reduced in the first couple of years since the scheme’s rollout in November 2015, have rebounded in FY ’19 to nearly double the losses recorded the previous year. The UDAY (Ujwal Discom Assurance Yojana) scheme now seems to be charting the same course as the earlier two unsuccessful attempts to set right the distribution sector.

Book losses of discoms, which had reduced from Rs 51,562 crore in FY ’16 to Rs 15,132 crore in FY ’18, have nearly doubled this financial year to Rs 28,036 crore, according to data updated till September-end this year. The data also points to discoms lagging behind in eliminating the gap between the average cost of supply and realisable revenue (ACS-ARR gap). Discoms have also missed the FY ’19 UDAY target to bring down their aggregate technical and commercial (AT&C) losses to 15 per cent.
Possibility of a new scheme to be launched

- Given the faltering achievements, officials indicated the possibility of a new scheme being rolled out to address UDAY’s shortcomings.
- While the contours of this new scheme are being worked out, the broad idea is that in the revised scheme, discoms can only remain in the public sector if they get to a situation where their deficit is under control. Or else, states will be asked to implement different models involving the private sector, like the franchise or PPP models. The Centre is also likely to back up the new scheme by providing some grant support, which it did not do in UDAY.

What are the reasons for UDAY’s failure

- The primary reason for failure, as is being recognised in policy circles, is the failure of discoms to collect the full cost that they pay for power — the same issue that had led to the floundering of the previous two schemes.
- Of the 28 states that implemented it, 10 have shown either reduced losses or profits in FY ’19. Also, even as most states registered an improvement in reducing the ACS-ARR gap and in bringing down AT&C losses, they are way behind in achieving the targets as per the UDAY schedule — a trajectory that bears similarity to how the two previous attempts had run aground.
- The cost of power supply for discoms and the bills they realise from consumers was pegged at close to Rs 1.5 lakh crore. This was despite states providing support of close to Rs 85,000-90,000 crore to distribution utilities. The gap leads to further stresses and forces discoms to default on payments.
- As on December 17, only four states — Himachal Pradesh, Gujarat, Maharashtra and Karnataka — had recorded an ACS-ARR below 0, while the rest recorded gaps ranging from Rs 0.01/unit to Rs 2.13/unit. A major reason for discoms being unable to bridge this gap is delayed tariff hikes by states, say experts.
- The Appellate Tribunal for Electricity (APTEL) in September had noted that, between 2015-16 and 2018-19, it had not received any compliance reports related to its earlier orders directing states to ensure timely tariff revisions every year. The UDAY website states that 25 out of 27 states and union territories revised their tariffs by December.
• The problem with UDAY, and any other scheme like this, is that you can achieve (certain targets) in the short term by doing some financial engineering and providing some financial package. But, in order to sustain that improvement, you have to have efficiency gain in that system. This means the AT&C losses need to go down, and billing and collection efficiencies should go up. If you just try to generate profit or minimise losses by increasing tariffs, you are building in theft into the system.

• The biggest problem, though, is that the outstanding dues of discoms towards power purchases have risen sharply, after registering a decline immediately post-UDAY — a clear sign that the scheme is losing impetus after some initial success. This, according to officials, could be an indication of financial stress in some discoms, entailing the risk of fiscal surprise from their future bailouts.

What are the consequences?

• According to the government’s Payment Ratification and Analysis in Power Procurement for bringing Transparency in Invoicing of Generators (PRAAPTI) web portal, outstanding dues to power generators had risen to Rs 81,964 crore at the end of October 2019 from Rs 54,664 crore in the same period last year. Discoms across states have already started defaulting on power purchase agreements signed with renewable energy players.

• There’s yet another ticking time bomb, which would play out after the scheme winds up in March 2020. Given that the coupon rate on UDAY bonds are at a premium over those on SDL (state development loans) bonds, the cost of debt servicing has gone up for the UDAY states. The impact on state finances is likely to continue much beyond the terminal year due to interest payment on UDAY bonds and redemption of these bonds — a grim prospect for most states combating a tight fiscal situation amid a continuing slowdown.

• Outstanding liabilities of states have been growing at double digit rate since 2015-16 (except 2018-19), resulting in a rise in the debt to GDP ratios, and
budget estimates suggest that 16 states and UTs expect to record higher debt-GSDP ratio in 2019-20, according to RBI data.

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While the impact of UDAY on state finances from interest payments and redemptions is predictable, the impact of future losses takeover is inherently uncertain as it is dependent upon the realised financial performance of discoms,`` the RBI said in its latest report on state budgets. The unraveling of the scheme now deepens that uncertainty.

About UDAY and its significance

- UDAY — launched by former Power Minister Piyush Goyal in November 2015, under which state governments took over 75 per cent of the debt of their discoms, issuing lower-interest bonds to service the rest of the debt — was packaged as a fix for a sector where the upstream side (generation) was drawing investments even as the downstream (distribution) side was leaking like a sieve. In return, discoms were given target dates (2017-19) to meet efficiency parameters like reduction in power lost through transmission, theft and faulty metering.
- The Ministry of Power has maintained that UDAY was different from the earlier attempts as it factored in interventions in coal, generation and transmission sectors as well, instead of just focusing on distribution.

Source: Indian Express

Manual scavenging left 282 dead since 2016

GS-II | 23 December, 2019

**Syllabus subtopic:** Welfare schemes for vulnerable sections of the population by the Centre and States and the performance of these schemes; mechanisms, laws, institutions and bodies constituted for the protection and betterment of these vulnerable sections.
Prelims and Mains focus: about the problem of manual scavenging in India; reasons and govt’s efforts in curbing it.

News: As many as 282 people have died while cleaning sewers and septic tanks in the country between 2016 and November 2019, the Ministry of Social Justice and Empowerment said in the Parliament.

Context

- The Central government has put on record that there are about 60,440 manual scavengers identified across the country, in 17 States.
- More than half of them, about 35,472, have been identified from Uttar Pradesh alone.

State-wise death tolls

- Among the States, Tamil Nadu has recorded 40 deaths, the highest in number, in these four years. This is followed by Haryana with 31 deaths, and Gujarat and Delhi with 30 deaths each. Maharashtra and Uttar Pradesh have recorded 27 deaths each in the same period. These figures are on the basis of FIRs filed by the respective State governments.
- According to the data tabled in the Rajya Sabha, 50 deaths were reported in 2016, 83 in 2017, 66 in 2018 and 83 till November 2019.
Higher than reported

- According to the data tabled in the Rajya Sabha, 50 deaths were reported in 2016, 83 in 2017, 66 in 2018 and 83 till November 2019.

Sanitation being a State subject: the people for cleaning of sewers and septic tanks are employed by local bodies. States and Union Territories have been requested to ensure filing of FIRs and prosecution in all cases of employment of persons for hazardous cleaning of sewers as per the provisions of The Prohibition of Employment as Manual Scavengers and their Rehabilitation Act 2013.

- Bezwada Wilson, Magsaysay award winning activist and national convener of Safai Karmachari Andolan, an organisation working to eradicate manual scavenging, said that the deaths are much higher than what is reported in the official statistics.

What could be the reason?

- The deaths have been higher in states like Tamil Nadu, Gujarat and Uttar Pradesh where there has been rapid and unplanned urbanization.
- Reducing human intervention in cleaning septic tanks and sewers is important to bring these numbers down, he added.
- There are technologies available not only to detect the presence of poisonous gas in sewers and septic tanks but also for mechanized cleaning of it.

About Manual Scavenging

- Scavenging is the practice of manual cleaning of human excreta from service/ dry latrines. The scavengers crawl into the dry latrines and collect the human excreta with their bare hands, carry it as head-load in a container to dispose it off.
- Manual scavenging refers to the practice of manually cleaning, carrying,
disposing or handling in any manner, human excreta from dry latrines and sewers. It often involves using the most basic of tools such as buckets, brooms and baskets.

Problems/ challenges associated with it

- **Caste based:** The practice of manual scavenging is linked to India’s caste system where so-called lower castes were expected to perform this job. Manual scavengers are amongst the poorest and most disadvantaged communities in India.
- **Absence of Alternate livelihood:** Manual scavenging for many may have ended as a form of employment, the stigma and discrimination associated with it lingers on, making it difficult for former or liberated manual scavengers to secure alternate livelihoods and raising the fear that people could once again return to manual scavenging in the absence of other opportunities to support their families.

The Prohibition of Employment as Manual Scavengers and their Rehabilitation Act 2013

This Act intends to, inter alia, achieve its objectives to:-

- Eliminate the insanitary latrines.
- Prohibit:
  a. Employment as Manual Scavenger
  b. Hazardous manual cleaning of sewer and septic tanks.
- Survey of Manual Scavengers and their rehabilitation, within a time bound manner.

Main features of the Act are:-

- Definitions of manual scavengers and insanitary latrines widened to cover not only dry latrines but other insanitary latrines as well.
- Prohibition of person from engagement or employment for hazardous cleaning of a sewer or a septic tank.
- Offences under the Act are cognizable and non-bailable and attract stringent penalties.
- Vigilance/Monitoring Committee at sub-Division, District, State and Central
Govt. levels.

- National Commission for Safai Karamcharis (NCSK) would, inter alia, monitor implementation of the Act and enquire into complaints regarding contravention of the provisions of the Act.
- Provision of construction of adequate number of sanitary community latrines in urban areas, within three years from the date of commencement of this Act to eliminate the practice of open defecation.
- Survey of Manual Scavengers in Urban and rural areas: which should be conducted with a time bound framework
- Comprehensive Rehabilitation of the Manual Scavengers within a time bound framework.

National Commission for Safai Karmacharis

- The NCSK was established in the year 1993 as per the provisions of the NCSK Act 1993 initially for the period upto 1997.

Role of NCSK:

- Recommend to the Government regarding specific programmes for welfare of Safai Karamcharis, study and evaluate the existing welfare programmes for Safai Karamcharis, investigate cases of specific grievances etc.
- Also as per the provisions of the Prohibition of Employment as Manual Scavengers and their Rehabilitation Act, the NCSK has been assigned the work to monitor the implementation of the Act, tender advice for its effective implementation to the Centre and State Governments and enquire into complaints regarding contravention/non-implementation of the provisions of the Act.

Source: The Hindu

Monsoon decided history of Indian subcontinent

GS-III | 23 December, 2019
Syllabus subtopic: Science and Technology- developments and their
UPSC "PT" DNA (Daily News Analysis)

applications and effects in everyday life Achievements of Indians in science & technology; indigenization of technology and developing new technology.

Prelims and Mains focus: about the findings of the study and their significance

News: A recent study by researchers at Indian Institute of Technology, Kharagpur (IITKGP) has revealed that abrupt changes in the Indian monsoon in the last 900 years decided the course of human history in the sub-continent.

Context: A paper titled “Abrupt changes in Indian summer monsoon strength during the last 900 years and their linkages to socio-economic conditions in the Indian subcontinent” by Anil K. Gupta, professor at the geology and geophysics department of IITKGP, highlights that decline of Indian dynasties was linked to weak monsoon and reduced food production.

Findings on the study

- Several dynasties, such as the Sena in Bengal, Solanki in Gujarat in the mid-13th century and Paramara and Yadav in the early to mid 14th century – all of which flourished during abundant rainfall — declined during the dry phases of Indian summer monsoon (ISM), suggesting role of the climate in the socio-political crisis, the study revealed.

- Deficient rainfall led to the collapse of the Mansabdari system, started by Mughal emperor Akbar, in the late 17th century. Similarly, drought interspersed with violent monsoon rains sounded the death knell for the Khmer empire of south-east Asia in the 15th century.

- The paper published in international journal PALEO 3 highlights three phases in the 900 year stretch — Medieval Climate Anomaly from 950 CE to 1350 CE, Little Ice Age from 1350 CE to 1800 CE and Current Warm Period from 1800 CE till today. The paper highlights strong monsoon during
Medieval Climate Anomaly and Current Warm Period and phases of weak and strong monsoon in Little Ice Age.

- For the study on long-term spatio-temporal variability of the ISM, a group of researchers, which also included experts from Wadia Institute of Himalayan Geology, looked at palaeoclimatic records using oxygen isotope proxy record from speleothems (a structure formed in a cave by deposition of minerals from water) at the Wah Shikar cave in Meghalaya.

Source: The Hindu

What connects the NPR, NRIC and Census?

GS-II | 23 December, 2019

Syllabus subtopic: Government policies and interventions for development in various sectors and issues arising out of their design and implementation.

Prelims and Mains focus: about NPR, NRIC and CAB; challenges and issues associated

Context: As protests spread all across the country against the Citizenship (Amendment) Act (CAA), 2019 and the proposed National Register of Indian Citizens (NRIC), West Bengal and Kerala suspended work related to the preparation and update of the National Population Register in their respective States. The NPR, a register of residents of the country with demographic and biometric details, was supposed to be prepared between April 2020 and September 2020 ahead of the Census slated for 2021. Preliminary work on the NPR has begun in several States. In Bengal, civil rights activists had been protesting against the compilation of the NPR alleging that it had nothing to with the Census, but the ``first step to initiate the National Register of Citizens`` in the State. According to Section 14A of the Citizenship Act, 1955 (which was inserted in 2004), the Central Government may compulsorily register every citizen of India.
What is the National Population Register (NPR)?

The NPR is a database containing a list of all usual residents of the country. Its objective is to have a comprehensive identity database of people residing in the country. It is generated through house-to-house enumeration during the "house-listing" phase of the census, which is held once in 10 years. The last census was in 2011, and the next will be done in 2021 (and will be conducted through a mobile phone application, according to the Home Minister, Amit Shah).

A usual resident for the purposes of NPR is a person who has resided in a place for six months or more, and intends to reside there for another six months or more.

The census involves a detailed questionnaire — there were 29 items to be filled up in the 2011 census — aimed at eliciting the particulars of every person, including age, sex, marital status, children, occupation, birthplace, mother tongue, religion, disability and whether they belonged to any Scheduled Caste or Scheduled Tribe. On the other hand, the NPR collects basic demographic data and biometric particulars.

Once the basic details of the head of the family are taken by the enumerator, an acknowledgement slip will be issued. This slip may be required for enrolment in NPR, whenever that process begins.

And, once the details are recorded in every local (village or ward), sub-district (tehsil or taluk), district and State level, there will be a population register at each of these levels. Together, they constitute the National Population Register.

What is the legal basis for the NPR?
Section 14A was inserted in the Citizenship Act, 1955, in 2004, providing for the compulsory registration of every citizen of India and the issue of a "national identity card" to him or her. It also said the Central government may maintain a "National Register of Indian Citizens".

The Registrar General India shall act as the "National Registration Authority" (and will function as the Registrar General of Citizen Registration). Incidentally, the Registrar General is also the country's Census Commissioner.

The NPR is the first step towards establishing the NRIC.

**Is there any link between the NPR and Aadhaar?**

Better targeting and delivery of benefits and services under the government was one of the early objectives of the NPR. During the early days of the NPR enrolment, under the United Progressive Alliance regime, the Unique Identification Authority of India (UIDAI) scheme for issuance of Aadhaar numbers was also concurrently on. There was a conflict between the Union Home Ministry, which administers the NPR, and UIDAI, leaving the impression that there was duplication of work, as both involved gathering personal particulars, including biometric data.

Ultimately, they agreed that both databases will exist with different objectives, and that each will use the other's biometric data. Those already enrolled for Aadhaar need not give their biometric details again during NPR. At the same time, data captured for NPR would be sent to UIDAI for "de-duplication". In case of discrepancy between Aadhaar and NPR data, the latter would prevail. The present regime decided to update the NPR originally created after the 2011 Census.
What will happen after the NPR is compiled?

Out of the NPR, a set of all usual residents of India, the government proposes to create a database of ``citizens of India``. Thus, the ``National Register of Indian Citizens`` (NRIC) is a sub-set of the NPR. The NRIC will be prepared at the local, sub-district, district and State levels after verifying the citizenship status of the residents.

The Citizenship (Registration of Citizens and Issue of National Identity Cards) Rules, 2003 spells out the rules for operationalising the idea of registering all citizens and issuing national identity cards to them. However, so far, there has been no decision on introducing a national identity card.

The rules say the particulars of every family and individual found in the Population Register ``shall be verified and scrutinized by the Local Registrar ...``. In the process, details of those “whose citizenship is doubtful`` will be entered with a comment suggesting further inquiry. The family or individual will be informed about it and given an opportunity of being heard by the Sub-district or Taluk Registrar of Citizen Registration before a final decision is made on excluding them from the NRIC. The decision should be made within 90 days.

Is the NRIC complete after this step?

No. A draft of the Local Register of Indian Citizens shall be published to invite objections or claims for inclusion or corrections.

Any objection or request for inclusion must be made within 30 days of the publication of the draft. The sub-district or taluk registrar shall summarily dispose of the objections within 90 days. Thereafter, the entries in the Local Register will be transferred to the National Registrar.

Any person aggrieved by an exclusion order can appeal to the District Registrar...
within 30 days, and the appeal should be disposed of within 90 days. In case, the appeal succeeds, the names of those concerned would be added to the NRIC.

**What are the documents that would help establish citizenship?**

The government is yet to notify a date for generation of the NRIC. It has not yet prescribed rules for the sort of documentary proof that would be required to prove citizenship. The government says any document that shows date of birth or place of birth, or both, will be sufficient. And that common documents will be accepted, and those unable to produce documents may produce witnesses or other proof supported by members of the community.

**Many State governments have said the NPR would not be implemented. Is this possible?**

As of now, this is a political decision. Kerala and West Bengal have put on hold activities related to NPR work. Most State governments would have, by now, re-issued a Central government notification on the initiation of work to update the NPR.

As the house-to-house enumeration is a part of the Census operation, it is unlikely that the NPR process can go ahead without State governments agreeing to deploy their staff for the purpose. The legal position is that while the Centre is in charge of the census, the State governments are expected to provide staff whenever required.

Section 4A of the Census Act, inserted through a 1994 amendment, says: ``Every local authority in a State shall, when so directed by a written order by the Central Government or by an authority appointed by that Government in this behalf, make available to any Director of Census Operations such staff as may be necessary for the performance of any duties in connection with the taking of census.``

Further, Rule 5 of the Citizenship (Registration of Citizens and Issue of National
Identity Cards) Rules, 2003, lays down that "Every official of the Central Government, State Government, local bodies or their undertakings shall assist the Registrar General of Citizen Registration or any person authorized by him in this behalf, in preparation of the database relating to each family and every person, and in implementing the provisions of these rules."

In any case, it is compulsory on the part of every citizen to assist in the preparation of the National Register of Citizens, the rules say.

In practical terms, it may not be possible for the process to be undertaken without the State government’s cooperation at the local level.

**What is the relationship between the NPR and the Citizenship (Amendment) Act?**

There is no direct link. But remarks by the Home Minister that the CAA would be followed by the NRC has given rise to fears that when people are excluded from the final citizenship register, the CAA may help non-Muslims take the CAA route to apply for citizenship, and leave Muslims with no option. However, the government seeks to allay these fears.

Source: The Hindu
The puzzle of a market boom in economic gloom

Syllabus subtopic: Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.

Prelims and Mains focus: about the recent economic slowdown in Indian economy and why it is not affecting the stock market

News: Benchmark indices Sensex and Nifty have touched fresh highs in the last couple of months despite fresh concerns about a rise in bad loans, risks in the banking and non-banking space and the economic slowdown.
Why is Sensex peaking amid slowing growth?

Reforms such as the **goods and services tax**, **insolvency and bankruptcy code** and the recently announced **corporate tax cuts** suggest a positive mid-term
outlook for India’s growth once banking and financial sector stress is resolved. The other equally important factor is low interest rates in developed economies that have led to fresh inflows into India. More Indians are participating in retail equity markets as a viable investment through special investment plans and mutual funds. All this, coupled with expectations that the direct tax code will be enforced in the next budget, has improved market sentiment.

Aren’t they supposed to move together?

Not always. Ideally, markets and the economy should move together as price of shares of a company should be correlated with its future earnings. Expectations of future earnings are formed from past and present earnings. Thus, during a slowdown markets should correct to reflect the current level of earnings. But several other factors influence the pricing of shares. Fresh availability of surplus liquidity at cheap rates, along with speculation of future earnings being better than today, can lead to such divergence. The convenient argument during a bull run has been “this time it is different” however, it never is.

Does this mean the Sensex is likely to correct?

There’s a greater chance it won’t correct. Growth will recover over the next few quarters and the corporate tax cuts will have a positive impact on the balance sheet of all firms. What will happen to benchmark indices depends on the budget, the monetary policy panel’s February meet, availability of liquidity, global growth and the pace of recovery.

What if there’s a global economic recession?

Many anticipate a global economic meltdown due to a slowdown in the US economy caused by the US-China trade war. The slowdown in the EU has been explained using arguments including heightened uncertainty over Brexit. However, the recently concluded phase 1 of the US-China trade deal and the Conservatives’ thumping majority in the UK polls reduce uncertainty. Geopolitical factors will thus be conducive to growth. The only factor that can cause a recession is a severe correction in US stock markets, which is less likely.
So what will happen by December 2020?

While the indices are performing well, well-governed companies are driving this show. BSE Midcap is down roughly 600 points, even as BSE Smallcap is up around 200 points. So, capital has moved away to strong companies with consistent earnings. This suggests a correction in their valuation is unlikely. The economy bottomed out in the second quarter of FY20; thus, economic indicators by next December will be positive and in line with India’s potential.

Source: mint

RBI shifts assets into US Treasury bonds as share of deposits drop

GS-III | 24 December, 2019

Syllabus subtopic: Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.

Prelims and Mains focus: about Forex and its constituents; why RBI is more keen on investing in US treasuries?

Context: In September 2008, the year that saw the global financial crisis unfold, deposits with other central banks formed more than 57% of the Reserve Bank of India’s (RBI’s) foreign currency assets. US Treasury bonds and other securities had a lower 40% share of the forex kitty.

- Fast forward to September this year, the share of foreign securities, which includes US government bonds, has surged to 63% and that of deposits with other central banks and the Bank for International Settlements has dropped. The share of the latter fell to about 29%.
- During this 11-year period, India’s central bank has increased foreign
exchange reserves by 51% to a record $433.59 billion. Reserves were even higher at $454.50 billion as of 13 December. It would seem that much of this increase has been invested in foreign securities, predominantly government ones. To be sure, the central bank’s latest Report on Management of Foreign Exchange Reserves showed that the share of foreign securities has increased.
What explains the increase in the share of this asset class in RBI’s
Part of the answer is obvious. Most global central banks have been on an unprecedented expansionary path in their monetary policies. Governments too have adopted a loose fiscal policy.

In essence, dollars, euros and pounds have been printed more and more. Since government bonds are the safest asset class, central banks typically prefer to deploy forex reserves into these. And India’s central bank is no different.

RBI goes by the mantra of safety, liquidity and returns when picking out asset classes to invest its forex reserves. Given that safety is of the highest importance, investing a large share of reserves in sovereign bonds of advanced economies is a prudent approach.

Another factor is the valuation. US Treasury yields have plummeted since the crisis. For instance, the US 10-year Treasury note’s yield has dropped by 1.8 percentage points since the crisis erupted in September. The UK gilt has dropped by an even bigger margin. When bond yields fall, the value of the bond holding increases as prices go up. Yields and prices move in opposite direction.

Conclusion

Before the crisis, the RBI had preferred to park a big chunk of forex assets into fixed deposits because the bond yields were rising at that time. Perhaps they may have shifted now away from deposits to bonds since yields are on a downward spiral.

Indeed, the Treasury International Capital data from the US Federal Reserve showed that India moved up to 13th place from 19th in October 2009 in terms of size of investment in US securities.

Central banks like risk-free assets and what is better than US Treasury bonds. It should not come as a surprise that India’s central bank has grabbed them in a big way.

Source: mint

South has higher prevalence of mental disorders: study

Prelims and Mains focus: about the key findings of the study and their significance

News: Tamil Nadu, Kerala, Telangana, Karnataka and Andhra Pradesh account for a higher prevalence of mental disorders that manifest primarily during adulthood in depression and anxiety, according to the first comprehensive estimates of disease burden attributable to mental health from 1990 prepared by the India StateLevel Disease Burden Initiative and published in the Lancet Psychiatry.

Key findings of the study

- The study finds that roughly one in seven Indians, or 197 million persons, suffered from mental disorders of varying severity in 2017.

- These include depression, anxiety disorders, schizophrenia, bipolar disorders, idiopathic developmental intellectual disability, conduct disorders, and autism.

- Importantly, the contribution of mental disorders to the disability adjusted life year (DALY) — the sum of total years of life lost and years lived with disability — has doubled between 1990 and 2017 increasing from 2.5% to 4.7%.

- Mental disorders were the second leading cause of disease burden in terms of years lived with disability (YLDs) and the sixth leading cause of disabilityadjusted lifeyears (DALYs) in the world in 2017.
In total, 45.7 million people had depressive disorders, as one in three years lost due to a mental disorder was due to depression. This was followed by anxiety — a total of 44.9 million people suffered from it and it accounted for the loss of 1 in 5 years.
Categorisation of States

- In its Statewise analysis, the study divides different States into three categories on the basis of their sociodemographic index (SDI), i.e low, medium and high SDI States.

- The SDI is a composite measure of per capita income, mean education, and fertility rate in women younger than 25 years and is calculated on a scale of one.

- Prevalence of depressive disorders was highest in Tamil Nadu (loss of 836 years per 1 lakh population), Kerala (loss of 641 years), Goa (loss of 626 years) and Telangana (loss of 756 years) in the high SDI State group and Andhra Pradesh (loss of 793 years) in the middle SDI State group.

- Similarly, anxiety disorders were found to be more common in Kerala (loss of 383 years per 1 lakh population), Himachal Pradesh (loss of 329 years), Tamil Nadu (loss of 325 years), Karnataka (loss of 324 years), Telangana (loss of 324 years), and Maharashtra (loss of 324 years) in the high SDI State group and Andhra Pradesh (loss of 328 years), Manipur (loss of 360 years), and West Bengal (loss of 331 years) in the middle SDI State group.

Source: The Hindu

Russia hopeful of India’s free trade pact with EAEU

GS-II | 24 December, 2019

Syllabus subtopic: Bilateral, regional and global groupings and agreements involving India and/or affecting India’s interests
Prelims and Mains focus: about EAEU and its significance for India; Challenges to Indo-Russia relations in the changing world geopolitics.

News: Russia is looking forward to India concluding a new Free Trade Agreement with the Eurasian Economic Union (EAEU), its Ambassador Nikolay Kudashev said on Monday.

India-Russia cooperation prospects

- Both countries would move forward on military and technical cooperation based on commitments, with Russia seeking deescalation of the domestic challenges that arose after the adoption of the new citizenship law in India.
- In 2020 Russia is hopeful of an early conclusion of the Free Trade Agreement between the EAEU and India and the next round of the Russian-Indian Strategic Economic Dialogue with the focus on transport, agriculture, small and medium enterprises.
- Moscow and Delhi were going to reach a new level of security partnership by increasing oil and natural gas supplies through “longterm arrangements”.

About Eurasian Economic Union (EAEU):

- It is an international organization for regional economic integration.
- It has international legal personality and is established by the Treaty on the Eurasian Economic Union.
- Composition: Includes Russia, Belarus, Armenia, Kyrgyzstan and Kazakhstan.
- It has free movement of goods, services and labour.
- It has its own bureaucratic structure.
Various bodies under it:

- **Supreme Council** is the Union’s supreme authority. The Heads of the Member-States form the Supreme Council.
- **Intergovernmental Council** is a Union’s body consisting of the Heads of the Member-States Governments.
- **Eurasian Economic Commission** is a permanent supranational regulatory body of the Union. The core tasks of the Commission are fostering the conditions to support the operation and development of the Union, and drafting proposals in the field of economic integration within the Union.
- **Court of the Eurasian Economic Union** is the court of justice of the Eurasian Economic Union, which ensures the uniform application of the EAEU Treaty and other Union treaties by the Union Member-States and bodies.

**Note:** to read about Indo-Russia relations in detail, click on the link below:


Source: The Hindu

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**PM chairs first meet of Cabinet Committee on Investment and Growth (CCIG)**

**GS-III | 24 December, 2019**

**Syllabus subtopic:** Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.

**Prelims and Mains focus:** about CCIG and its significance for India’s economy

**News:** The newly-formed Cabinet Committee on Investment and Growth (CCIG) held its first meeting on Monday as the government looks to boost
spending to bring back a sputtering economy on track.

Background

- The meeting came against the backdrop of gross domestic product growth slowing to a six-year low of 4.5 per cent in the July-September quarter as the twin engines of investment and exports sputtered. Adding to the woes is a slowdown in consumption. This was the sixth consecutive quarter when the growth rate fell.
- Last week, Fitch Ratings cut its growth forecast for India to 4.6 per cent for 2019-20 fiscal on significant deceleration in the past few quarters due to credit squeeze and deterioration in business and consumer confidence. Moody’s has put 2019-20 growth at 4.9 per cent and the Asian Development Bank (ADB) estimates it at 5.1 per cent. The finance minister is likely to present her second budget on February 1, 2020.

About the meeting

- PM Modi chaired the meeting of the CCIG.
- The panel has four other members — Home Minister Amit Shah, Highways and MSME Minister Nitin Gadkari, Finance Minister Nirmala Sitharaman and Commerce & Railways Minister Piyush Goyal.
- The meeting took stock of the latest economic indicators and also the immediate concerns of the economy, a source added, without divulging any further details.

About CCIG

- The Cabinet Committee on Investment and Growth was set up in June 2019 after the BJP won a second term in office.
- It was aimed at boosting spending to bring back the sputtering economy on track.

Source: The Hindu
**Syllabus subtopic:** Disaster and disaster management.

**Prelims and Mains focus:** about the Fukushima nuclear disaster and its impact; concerns regarding releasing contaminated water in the sea

**News:** On Monday, Japan’s Ministry of Economy, Trade and Industry proposed gradually releasing the water into the ocean or allowing it to evaporate, saying a controlled discharge into the sea would “stably dilute and disperse” it. The ministry ruled out alternatives like continuing to store it in tanks or injecting it deep into the ground. Abe’s Cabinet will make the final decision.

- Prime Minister Shinzo Abe’s Cabinet and Tokyo Electric Power Co. — operator of the **Fukushima Daiichi plant, where a triple meltdown led to the worst nuclear crisis since Chernobyl** — must decide what to do with more than 1 million tons of contaminated water stored in about 1,000 giant tanks on the plant site.

**Concerns**

- Japan’s fishermen losing their livelihood as the government considers releasing tainted water from a nuclear power plant destroyed by the tsunami’s waves.
- With Fukushima preparing to host baseball games during the Summer Olympics next year, and the plant running out of land on which to build storage tanks, the debate has taken on a sense of urgency.

**Water contamination at the plant**

- The water becomes contaminated as it is pumped through the reactors to cool melted fuel that is still too hot and radioactive to remove. For years, the power company, known as **TEPCO**, said that treatment of the water —
which involves sending it through a powerful filtration system to remove most radioactive material — was making it safe to release.

- But it is actually more radioactive than authorities have previously publicized. Officials say that it will be treated again and that it will then be safe for release.

- Regardless of government assurances, if the water is discharged into the sea, it will most likely destroy the livelihoods of hundreds of fishermen. Consumers are already worried about the safety of Fukushima seafood, and dumping the water would compound the fears.

- Until last year, TEPCO indicated that with the vast majority of the water, all but one type of radioactive material — tritium, an isotope of hydrogen that experts say poses a relatively low risk to human health — had been removed to levels deemed safe for discharge under Japanese government standards. But last summer, the power company acknowledged that only about a fifth of the stored water had been effectively treated.

- Last month, the Ministry of Economy, Trade and Industry briefed reporters and diplomats about the water stored in Fukushima. More than three-quarters of it, the ministry said, still contains radioactive material other than tritium — and at higher levels than the government considers safe for human health.

**What do the scientists say?**

- If the water is processed so that the only radioactive materials that remain are low levels of tritium, releasing it into the ocean would be the best solution in terms of cost and safety. The functioning nuclear plants around the world release diluted water containing tritium into the ocean.
- Some scientists said they would need proof before believing that the Fukushima water was treated to safe levels.
Present Scenario

- More than 20 countries still have import restrictions on Japanese seafood and other agricultural products that were imposed after the 2011 disaster. Earlier this year, the European Union lifted its ban on some products.
- In Fukushima, the fishing industry brings only about 15% of its pre-disaster catch levels to market. Every haul is sampled and screened in labs run by Fukushima’s prefectural government and the fisheries cooperative.

About Fukushima Nuclear Disaster, 2011

- Fukushima accident, also called Fukushima nuclear accident or Fukushima Daiichi nuclear accident, accident in 2011 at the Fukushima Daiichi (“Number One”) plant in northern Japan, the second worst nuclear accident in the history of nuclear power generation.
- The site is on Japan’s Pacific coast, in northeastern Fukushima prefecture about 100 km (60 miles) south of Sendai. The facility, operated by the Tokyo Electric and Power Company (TEPCO), was made up of six boiling-water reactors constructed between 1971 and 1979. At the time of the accident, only reactors 1–3 were operational, and reactor 4 served as temporary storage for spent fuel rods.
RBI allowed minorities from Bangladesh, Pakistan to open NRO bank accounts in 2018

GS-II | 24 December, 2019

Syllabus subtopic: Government policies and interventions for development in various sectors and issues arising out of their design and implementation.

Prelims and Mains focus: About NRO account and its eligibility criteria

Context: More than a year before Parliament amended the citizenship law (Citizenship Amendment Act), the Reserve Bank of India amended the Foreign Exchange Management (Deposit) Regulations, 2016, enabling persons belonging to minority communities — Hindus, Sikhs, Buddhists, Jains, Parsis and Christians — from Bangladesh and Pakistan, and residing in India, to open an NRO account (Non-Resident Ordinary Rupee Account Scheme). Such NRO accounts can be converted into a regular bank accounts once they become citizens of India.

- However, as in the case of CAA, Muslims from these two countries are excluded from the list of religious communities who can apply for such accounts.

What is an NRO account?

- An NRO account is a savings or current account held in India that helps non-resident Indians manage income earned in India such as rent, dividends, interest or pension.
An NRI can open a joint NRO account with one or more NRIs or Indian citizens.

According to the *Foreign Exchange Management (Deposit) (Amendment) Regulations, 2018*, issued by the RBI on November 9, 2018, “a person being a citizen of Bangladesh or Pakistan belonging to minority communities in those countries, namely Hindus, Sikhs, Buddhists, Jains, Parsis and Christians, who is residing in India and has been granted a Long Term Visa (LTV) by the Central Government is permitted to open with an authorized dealer only one NRO Account.”

The said NRO account shall be converted to a resident account once the person becomes a citizen of India within the meaning of the Citizenship Act, 1955. Such accounts can be opened by Authorised Dealers only.

The RBI notification allowed even those who have applied for LTV to open the NRO account subject to a review every six months.

``A person being a citizen of Bangladesh or Pakistan belonging to minority communities in those countries, namely Hindus, Sikhs, Buddhists, Jains, Parsis and Christians, who is residing in India and has applied for a Long Term Visa (LTV) which is under consideration of the Central Government is permitted to open with an authorised dealer only one NRO account which will be opened for a period of six months and may be renewed at six monthly intervals subject to the condition that the individual holds a valid visa and valid residential permit issued by Foreigner Registration Office (FRO)/ Foreigner Regional Registration Office (FRRO) concerned. Such accounts can be opened by authorised dealers only,” the RBI notification said.

Can a Bangladeshi or Pakistani national or an entity owned or controlled from Bangladesh or Pakistan have an account in India?

- Opening of accounts by individuals or entities of Pakistan nationality or ownership and entities of Bangladesh ownership requires prior approval of the Reserve Bank.
- The opening of such NRO accounts will be subject to reporting the details of the accounts opened by the concerned authorised bank to `the Ministry of Home Affairs (MHA)` on a quarterly basis as instructed vide AP (DIR Series) Circular No. 28 dated March 28, 2019``, the RBI says.
- ``However, individuals of Bangladesh nationality can open an NRO account subject to the individual(s) holding a valid visa and valid residential permit..."
issued by Foreigner Registration Office (FRO)/ Foreigner Regional
Registration Office (FRRO) concerned,`` it says.

Source: Indian Express
GST may need an overhaul to plug revenue shortfall
GS-III | 25 December, 2019

**Syllabus subtopic:** Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.

**Prelims and Mains focus:** about GST and its significance; Why is GST still a contentious issue?

**News:** Fifteenth Finance Commission (FFC) chairman N.K. Singh has said GST should be redrafted. Too many changes to GST rules and several items being exempted could be blamed for the Rs. 63,200 crore shortfall in compensation cess for FY20.
What is the Finance Commission saying?

According to data compiled by the Fifteenth Finance Commission, more than 38
changes have been carried out in GST in the two years since it was rolled out. The frequent changes have made the tax unstable and cluttered it too much, making compliance difficult for businesses. The commission has held that the cumbersomeness of compliance and the frequency with which rates have been changed are the important factors for the revenue realization from GST falling short of targets. Therefore, GST should be returned to the drawing board for redrafting from scratch, Singh has said.

What is the root cause of the problems?

In case of revenue shortfalls during the first five years after GST’s introduction, the Centre has guaranteed compensations to states. GST revenue is falling short of the revenue growth of 14% on the FY16 base guaranteed to states under the GST compensation law. The compensation guarantee has created a perverse incentive. States are not sweating to plug leakages, increase compliance or simplify GST. Even states with good growth rates have not seen commensurate growth in GST revenue. Nor have consuming states such as Bihar or Uttar Pradesh made the kind of gains as was expected.

Are integrated GST (IGST) refunds a problem too?

In a pre-budget consultation, states have sought immediate release of arrears of IGST collected on the interstate supply of goods and services and imports. They alleged that the Centre resorted to incorrect accounting for IGST in 2017-18. Earlier, the CAG said devolution of unallocated IGST to states did not happen for 2017-18 according to law.

What is the way forward on this?

The best way to tackle revenue shortfalls is by removing all the infirmities in GST. States should get incentives to reduce leakages and compliance burden. Revenue neutrality should be a medium-term goal. The Thirteenth Finance Commission and a panel headed by then chief economic adviser Arvind Subramanian had shown the average GST rate ought to be 16-17% to make it revenue neutral. Today, the average is 11.6% because a large number of items
are at 0%, although indirect taxes are by definition regressive.

Should India go for a single-rate GST?

Given low state capacity, the best option for India is a single-rate GST. Eighty percent of countries that introduced GST after 1995 opted for a single rate. If the rate is kept low and exemptions at a minimum, the revenue collection will be good. It will reduce the scope of evasion and leakage. States can impose sin taxes over and above GST on luxury and demerit goods: some may decide to do so for alcohol and others for vehicles that run on fossil fuels.

Source: mint

Banks need to restart lending to industries to revive growth: RBI

GS-III | 25 December, 2019

Syllabus subtopic: Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.

Prelims and Mains focus: About the RBI report and its significance; concerns raised by the report

News: In its Report on Trend and Progress of Banking in India 2018-19, released on Tuesday, the central bank said banks need to restart lending to industries in order to stimulate the capex and investment cycle.
The Reserve Bank of India (RBI) wants banks to resume lending to large industries instead of restricting themselves to the low-risk retail sector. According to RBI, there has been a shift of focus toward retail loans.
to subdued profitability of corporates, low interest coverage ratio, and deleveraging by corporates along with risk aversion of banks.

Background

The latest in a series of bad news came earlier last month as India's economic growth fell to 4.5% in the September quarter. Moreover, the core sector, comprising eight infrastructure industries, contracted 5.8% in October, the second consecutive month of contraction.

Figures supporting RBI's argument

- Outstanding bank loans to industries increased 5.6% year-on-year (y-o-y) to ₹33.04 trillion in FY19, but declined 3.95% between March and September 2019. At the end of September, it stood at ₹31.74 trillion. Retail loans, on the other hand, grew 18.5% y-o-y to ₹23.02 trillion in FY19 and 18.1% between March and September 2019 to ₹24.64 trillion, albeit on a smaller base. ‘The need of the hour is to kick-start industrial credit and use the impetus therefrom to regenerate a virtuous cycle of capex, investment and growth,’ said RBI.

Concerns raised in the RBI report

- The central bank’s report said while diversifying from industrial loans to retail acts as a risk mitigation tool, it has its own limitations. For instance, the slowdown in consumption and overall economic growth, RBI said, may affect the demand for and the quality of retail loans.
- Moreover, household leverage and indebtedness need to be kept in focus in the context of overall financial stability.
- The regulator also cautioned that banks must follow proper risk pricing so that the health of the banking sector is not compromised, while ensuring adequate credit to these sectors.
- On capital raising, RBI said in the coming years the financial health of public sector banks (PSBs) should increasingly be assessed by their ability to access capital markets instead of the tendency to depend excessively on the government.
- The central bank also raised the issue of corporate governance practices
in banks and other financial institutions. Without naming them, it said the recent governance failures in some financial entities have highlighted the impact of the quality of corporate governance on efficiency in allocation of resources as well as on financial stability. RBI said it is in the process of issuing draft guidelines on corporate governance for regulated entities and the objective is to align the current regulatory framework with global best practices.

Status of Banks

- RBI said PSBs led the recovery in capital ratios for the banking sector in FY19. They were recapitalized with ₹90,000 crore in FY18 and another ₹1.06 trillion in FY19. This bolstered their capital position, even as they battled with the overhang of impaired assets.
- Private banks and foreign banks remained well-capitalized and above the regulatory minimum of 10.875% of risk-weighted assets in March 2019. However, private banks experienced a marginal decline in capital adequacy ratio in FY19 after the reclassification of IDBI Bank as a private bank.

Source: mint

SEBI rolls out stewardship code for all mutual funds and AIFs
About the Stewardship Code

- Under the Stewardship Code, the market regulator has asked fund houses and AIFs to formulate a comprehensive policy on the discharge of their stewardship responsibilities and how institutional investors should monitor their investments in listed companies. Sebi also said that institutional investors should have a clear policy on voting and disclosure of voting activity and they should report periodically on their stewardship activities.
- The code has **laid down six principles** which institutional investors will have to follow for their investments in listed securities.
- The six principles laid down by SEBI are **intended to strengthen the role of fund houses as stewards on behalf of the investors**.
- Under stewardship responsibilities, **institutional investors** are expected to have greater responsibility towards their beneficiaries by enhancing monitoring and engagement with their investee companies.
- Such increased engagement is also seen as an important step towards improved corporate governance in the investee companies and gives a greater fillip to the protection of the interest of investors in such companies.
- The Stewardship Code shall come into effect from the April 1, 2020.

Way ahead

Sebi said every institutional investor should formulate a policy on how it intends to fulfill the aforesaid stewardship responsibilities and disclose it publicly and have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.

About SEBI

Securities and Exchange Board of India (SEBI) was **established in 1988**, however, it **got statutory mandate and powers** under the **SEBI Act, 1992**. Its objective is to protect the interests of investors in securities and to promote the development and regulation of securities market.

**Functions:**

- Regulating stock exchanges and other securities markets
Registering and regulating the working of intermediaries who are associated with securities markets in any manner.

Registering and regulating the working of venture capital funds and collective investment schemes including mutual funds

Promoting and regulating self-regulatory organizations and prohibiting fraudulent and unfair trade practices relating to securities markets.

Merger of FMC with SEBI

In 2015, the Forward Market Commission was merged with SEBI. With this, the regulation of commodity derivatives market has shifted to SEBI under Securities Contracts Regulation Act (SCRA) 1956. The Forward Contracts Regulation Act (FCRA), 1952 got repealed and FMA ceased to exist. With this merger, all three national and six regional commodity exchanges have come under the ambit of national capital market regulator SEBI. This merger has created SEBI has a unified regulator for commodities and capital markets in India.

Alternative Investment Funds (AIFs)

- As defined in Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, AIFs refer to any privately pooled investment fund, (whether from Indian or foreign sources), in the form of a trust or a company or a body corporate or a Limited Liability Partnership (LLP).
- AIF does not include funds covered under the SEBI (Mutual Funds) Regulations, 1996, SEBI (Collective Investment Schemes) Regulations, 1999 or any other regulations of the Board to regulate fund management activities.
- Hence, in India, AIFs are private funds which are otherwise not coming under the jurisdiction of any regulatory agency in India.

Categories:

As per SEBI (AIF) Regulations, 2012, AIFs shall seek registration in one of the three categories:

Category I: Mainly invests in start-ups, SME’s or any other sector which Govt. considers economically and socially viable.
Category II: These include Alternative Investment Funds such as private equity funds or debt funds for which no specific incentives or concessions are given by the government or any other Regulator.

Category III: Alternative Investment Funds such as hedge funds or funds which trade with a view to make short term returns or such other funds which are open ended and for which no specific incentives or concessions are given by the government or any other Regulator.

About Mutual Funds

A mutual fund collects money from investors and invests the money on their behalf. It charges a small fee for managing the money. Mutual funds are an ideal investment vehicle for regular investors who do not know much about investing. Investors can choose a mutual fund scheme based on their financial goal and start investing to achieve the goal.
Source: Indian Express
Government to launch Atal Bhujal Yojana

Syllabus subtopic: Welfare schemes for vulnerable sections of the population by the Centre and States and the performance of these schemes; mechanisms, laws, institutions and bodies constituted for the protection and betterment of these vulnerable sections

Prelims and Mains focus: About Atal Bhujal Yojana, its key features and significance; the rohtang tunnel and its significance

News: On the eve of former Prime Minister Atal Bihari Vajpayee’s birth anniversary, the Union cabinet on Tuesday approved the World Bank-funded Atal Bhujal Yojana (Atal Jal), which aims to improve ground water management in seven states.

About Atal Jal (Atal Bhujal Yojana)

Objective: Since, groundwater contributes nearly 65% of India’s total irrigated area, with ABY, the Central Government seeks to promote Panchayat led ground water management and behavioural change with primary focus on demand side management. The scheme will also help in supplying water to every house hold by 2024.


Implementation: The scheme will be implemented in identified areas covering 8,350 villages in 78 districts of 7 states- Rajasthan, Gujarat, Karnataka, Madhya Pradesh, Maharashtra, Uttar Pradesh and Haryana. The implementation period for plan is over a period of five years from 2020 to 2025.

Two major components of Atal Jal Yojana:

(1) Institutional Strengthening and Capacity Building Component - for
strengthening institutional arrangements for sustainable ground water management in States. It envisages active participation of communities in various activities such as-

- **Water budgeting** - water management tool that assists communities for the proper management of water resources, by estimating the amount of water a landscape will require.
- Monitoring and disseminating ground water data
- Formation of Water User Associations
- Preparation/ implementation of gram panchayat-wise water security plans
- Information, Education and communication (IEC) activities, relating to sustainable ground water management.

(2) **Incentive Component for incentivising the States** – for achievements in improved groundwater management practices such as implementation of management interventions through convergence of ongoing schemes, adopting demand side management practices among others.

- The Atal Jal scheme had been approved by the World Bank board in June 2018. It was waiting for the Union cabinet’s approval for the last several months.
- The total budget of the scheme will be Rs 6,000 crore, of which Rs 3,000 crore will be contributed by the World Bank.

**Other decisions taken by the Cabinet**

1. **Strategic tunnel under Rohtang Pass**
   - The Union cabinet also approved the strategic tunnel under Rohtang Pass to be renamed after Vajpayee.
   - The historic decision to construct a strategic tunnel below the Rohtang Pass was taken on June 3, 2000, when late Atal Bihari Vajpayee was the Prime Minister. The foundation stone for the access road to the south portal of the tunnel was laid on May 26, 2002.
   - The tunnel is now nearing completion and is a step in the direction of providing all-weather connectivity to remote border areas of Himachal Pradesh.
Pradesh and Ladakh, which otherwise remained cut-off from the rest of the country for about six months during winters.
- The 8.8-km tunnel is the world’s longest tunnel above an altitude of 3,000 metres. It will reduce the distance between Manali and Leh by 46 km and save crores of rupees in transport costs.

2. In another decision, the cabinet approved the Promulgation of the Insolvency and Bankruptcy Code (Amendment) Ordinance, 2019, which seeks to remove certain ambiguities in the Insolvency and Bankruptcy Code, 2016, and ensure smooth implementation of the code.

3. The cabinet also granted ex-post facto approval to amend Bengal Eastern Frontier Regulation, 1873 (BEFR). The amendment will extend BEFR to the state of Manipur to give its indigenous people protection from the provisions of Citizenship Amendment Act, 2019, and make necessary changes in the said regulation.

Source: Indian Express

Ordinance for ring fencing corporate debtors receives Cabinet approval

GS-II | 25 December, 2019

Syllabus subtopic: Government policies and interventions for development in various sectors and issues arising out of their design and implementation.

Prelims and Mains focus: about the recent amendments made in IBC; IBC and its significance

News: The Union Cabinet on Tuesday approved the Ordinance to amend the Insolvency and Bankruptcy Code, 2016, under which a corporate debtor
would not be held liable for any offences committed by the erstwhile management, before the start of the Corporate Insolvency Resolution Process (CIRP).

Background

The amendments to the Bill came after successful bidders of certain debt-ridden companies expressed apprehension of taking over the new company, fearing action from investigative agencies. These actions, the new bidders had said, were mostly based on the actions of the former promoters of these corporate debtors.

What is it aimed at?

- This ring fencing of successful bidders under the CIRP process is aimed at protecting them from the risk of any criminal proceedings against them, arising from cases filed by various investigative agencies such as the Enforcement Directorate or the Economic Offences Wing.

About Insolvency and Bankruptcy Code, 2016

- The Code provides a time-bound process for resolving insolvency in companies and among individuals. Insolvency is a situation where individuals or companies are unable to repay their outstanding debt.
- Under the Code, a financial creditor may file an application before the National Company Law Tribunal (NCLT) for initiating the insolvency resolution process. The NCLT must find the existence of default within 14 days. Thereafter, a Committee of Creditors (CoC) consisting of financial creditors will be constituted for taking decisions regarding insolvency resolution. The CoC may either decide to restructure the debtor’s debt by preparing a resolution plan or liquidate the debtor’s assets.
- The CoC will appoint a resolution professional who will present a resolution plan to the CoC. The CoC must approve a resolution plan, and the resolution process must be completed within 180 days. This may be extended by a
period of up to 90 days if the extension is approved by NCLT.
- If the resolution plan is rejected by the CoC, the debtor will go into liquidation.

The Code provides an order of priority for the distribution of assets in case of liquidation of the debtor. This order places financial creditors ahead of operational creditors (e.g., suppliers). In a 2018 Amendment, home-buyers who paid advances to a developer were to be considered as financial creditors. They would be represented by an insolvency professional appointed by NCLT.

The Insolvency and Bankruptcy Code (Amendment) Bill, 2019

- The Bill to amend the IBC was introduced in the Lok Sabha during the recently passed Winter Session of Parliament. It has since been referred to the Standing Committee on Finance headed by former Minister of State for Finance Jayant Sinha. The committee also has former Prime Minister and Rajya Sabha member Manmohan Singh as its member.
- The committee will examine the Bill and present its report within three months, the Lok Sabha Secretariat said.
- The Bill addresses three issues. **First**, it strengthens provisions related to time-limits. **Second**, it specifies the minimum payouts to operational creditors in any resolution plan. **Third**, it specifies the manner in which the representative of a group of financial creditors (such as home-buyers) should vote.

Source: Indian Express

India in the midst of significant slowdown: IMF

**Syllabus subtopic:** Important International institutions, agencies and fora, their structure, mandate.

**Prelims and Mains focus:** about the remarks made in IMF’s report on India’s economic slowdown and ways to address it; about IMF, its structure and mandate
News: India is now in the midst of a significant economic slowdown, the International Monetary Fund (IMF) has said, urging the government to take urgent policy actions to address the current prolonged downturn.

Remarks made in IMF’s report

- In its report released on Monday, the IMF Directors noted that India’s rapid economic expansion in recent years has lifted millions of people out of poverty. However, in the first half of 2019, a combination of factors led to subdued economic growth in India.
- The issue in India is the growth slowdown which is mostly cyclical, not structural because of the financial sector issues.
- With risks to the outlook tilted to the downside, the IMF Directors called for continued sound macroeconomic management. They saw an opportunity with the strong mandate of the new government to reinvigorate the reform agenda to boost inclusive and sustainable growth, the report said.
- The staff report was done in August when the IMF was not fully aware of India’s current economic slowdown.

Economic slowdown

Growth in the second quarter of FY 2019-20 came in at a six-year low of 4.5% (year-on-year), and the composition of growth indicates that private domestic demand expanded by only 1% in the quarter. Most high-frequency indicators suggest that weak economic activity has continued into December.

Reason: The abrupt reduction in nonbanking financial companies’ credit expansion and the associated broad-based tightening of credit conditions appears to be an important factor and weak income growth, especially rural, has been affecting private consumption. Private investment has been hindered by financial sector difficulties (including in public sector banks) and insufficient business confidence. Some implementation issues with important and appropriate structural reforms, such as the nationwide Goods and Services Tax, may also have played a role.
Green shoots

By other measures, India still is doing well:

- Reserves have risen to record level.
- The current account deficit has narrowed.
- Inflation, has been under control for the last few years.

Conclusion

Therefore, by other measures, India is doing quite well. The issue is primarily how to address the growth slowdown. The IMF had been taken by surprise by India’s slowdown though this slowdown cannot be described as an economic crisis. The short term, the most critical thing is carrying out reforms in the financial sector.

Source: The Hindu

Chief of Defence Staff gets Cabinet nod

GS-III | 25 December, 2019

Syllabus subtopic: Various Security forces and agencies and their mandate

Prelims and Mains focus: about the newly created post of CDS and its significance

News: The Union Cabinet chaired by Prime Minister, on Tuesday approved the creation of the post of Chief of Defence Staff (CDS) and the charter of duties.

Background

- PM Modi, in his Independence Day address this year, announced the appointment of a CDS. Following this, the Implementation Committee was constituted to determine and finalise the `exact responsibilities, an enabling framework`` for this new post.
- As part of higher level military reforms, a number of committees, the Kargil
Review Committee, the Group of Ministers (GoM) Report, the Task Force on National Security and the Lt. Gen. (retd.) D.B. Shekatkar Committee have studied and recommended the creation of CDS or Permanent Chairman, COSC.

- In 2012, the Naresh Chandra Committee recommended the appointment of a Permanent Chairman as a midway to allay apprehensions over the CDS.
- Currently, the most senior of the three Chiefs functions as the Chairman of the COSC but in an additional role and the tenures have been very short.
- The CDS was also one of the 99 recommendations made by the Shekatkar panel, which submitted its report in December 2016 and had 34 recommendations pertaining to tri-Service integration.
- The issue of a single point military adviser and the creation of theatre commands have been on the agenda of the government in the previous term as well. This was emphasised by Mr. Modi in discussion with the Combined Commanders Conference at Dehradun in 2017.
- A pointer to the impending announcement was made by Mr. Modi in his speech on Kargil Vijay Diwas this year where he stressed on ``jointness``. He said it was time to connect among three Services in terms of ``action and system``.

About the post of CDS

- The post of CDS will be in the rank of a four-star General with salary and perquisites equivalent to a Service Chief.
- The CDS will also head the Department of Military Affairs (DMA) to be created within the Ministry of Defence (MoD) and function as its Secretary.
- The creation of a CDS, who will be above the three Service Chiefs, has been a long pending demand as part of higher level military reforms for a single point military advisor to the government.
- The government also recently informed Parliament that the CDS would come in the ambit of ‘Right to Information Act, in accordance with the provisions of the RTI Act, 2005.
- The Cabinet Committee on Security (CCS), which discussed the issue, had approved the recommendations of the Implementation Committee headed by the National Security Adviser (NSA) on the role and charter of the CDS. Army Chief Gen. Bipin Rawat, who is set to superannuate on December 31, is the front runner for the post. Vice Chief of the Army Staff Lt. Gen. Manoj Mukund Naravane has already been appointed as the next Chief
of the Army Staff (COAS).
**Role and responsibilities of CDS**

- The armed forces will be brought under the ambit of the DMA and will deal with works relating to the three Services and procurement exclusive to the Services except capital acquisitions, as per prevalent rules and procedures.
- The broad mandate of the CDS includes bringing about jointness in `operations, logistics, transport, training, support services, communications, repairs and maintenance of the three Services, within three years of the first CDS assuming office.`
- He will act as the Principal Military Adviser to Defence Minister on all tri-Services matters.
- However, the three Chiefs will continue to advise the Minister on matters exclusively concerning their respective Services.
- The CDS would not exercise any military command, including over the three Service Chiefs, so as to be able to provide impartial advice to the political leadership.
- In his capacity as the Permanent Chairman, COSC (Chiefs of Staff Committee), the CDS would administer tri-Services organisations, agencies and commands related to Cyber and Space.
- The CDS will also be a member of the Defence Acquisition Council chaired by the Defence Minister and Defence Planning Committee chaired by the NSA.
- In the strategic domain, the CDS would function as the ``Military Adviser to the Nuclear Command Authority`` chaired by the Prime Minister.
- The recently created specialised tri-Service divisions, special operations, cyber and space will come under the ambit of the CDS. The government recently named two star officers from the Services, who will now oversee the setting up of the organisations.

**Composition of tri-Service divisions**

- While each of the division will draw personnel from all three Services, the Special Operations Division, headquartered in Agra, will be headed by the Army. The Defence Cyber Agency (DCA), based in Delhi, will be headed by the Navy and Defence Space Agency, based in Bengaluru, by the Indian Air Force.
- Following Mr. Modi’s announcement, the recent Army Commanders Conference debated the need for creating arrangements and structures to
synergise and pave the way for effective integration and discussed the `requirement of a Joint Services Act.` Currently, each Service has individual Act passed by Parliament.

Source: The Hindu

Cabinet clears NPR update, Census; no need for biometrics
GS-II | 25 December, 2019

**Syllabus subtopic:** Issues relating to development and management of Social Sector/Services relating to Health, Education, Human Resources.

**Prelims and Mains focus:** about NPR and its significance; concerns raised and challenges in implementation; Citizenship Act

**News:** The Union Cabinet chaired by PM Modi, on Tuesday approved over Rs. 3,941.35 crore for updating the National Population Register (NPR) across the country, barring Assam, and Rs. 8,754.23 crore for conducting the Census of India, 2021.

**Background**

- The announcement comes after more than 20 people were killed in Uttar Pradesh, Assam and Karnataka in violence related to protests against the Citizenship (Amendment) Act (CAA) and the NRC.
- The CAA allows citizenship on the basis of religion to undocumented non-Muslim communities from Pakistan, Afghanistan and Bangladesh who entered India on or before December 31, 2014.
- There are apprehensions that the Act, followed by a country-wide NRC, will benefit non-Muslims excluded from the citizens’ register, while excluded Muslims will have to prove their citizenship.
About NPR

- The NPR exercise, which is to commence from April 2020, aims to collect biometric and demographic details of the “usual resident,” who is defined as a person who has resided in an area for the past six months or more, or a person who intends to reside in that area for the next six months or more. It is mandatory for every "usual resident" of India to register in the NPR.

- The NPR was updated in 2010 and 2015. The data for NPR was collected in 2010 along with the house-listing phase of Census of India 2011. The 2015 update was done by conducting door-to-door surveys. The digitisation of the updated information has been completed.

- The Citizenship Rules, 2003, state that the Centre, by issuing an order, can decide a date to prepare the NPR. It also provides for the creation of a National Register of Indian Citizens (NRIC), or the NRC, which is being bitterly opposed by people across the country, that will flow from data gathered in the NPR.

- According to the Rules, a person’s citizenship status will be decided by local officials – whether or not the person will figure in the NRIC or not. No new law or rules are needed to conduct this exercise across the country.

- The NRC has so far only been prepared in Assam under the directions of the Supreme Court. Assam’s final NRC, published on August 31, excluded more than 19 lakh of the 3.29 crore applicants. It was the culmination of the Assam Accord signed in 1985 after six-year-long agitation, spearheaded by the All Assam Students' Union (AASU) and All Assam Gana Sangram Parishad (AAGSP) for detection, disenfranchisement and deportation of foreigners who entered the State after March 24, 1971. Both the Centre and the State government have said the NRC will be repeated in Assam due to huge errors that have crept in.
The NPR will be prepared at the local (village/sub-Town), sub-district, district, State and national level under provisions of the Citizenship Act 1955 and the Citizenship (Registration of Citizens and issue of National Identity Cards) Rules, 2003.

The objective of the NPR is to create a comprehensive identity database of every "usual resident" in the country.

The decennial Census exercise will be conducted in two phases
The strong case for and against fiscal expansion

Syllabus subtopic: Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.

Prelims and Mains focus: About fiscal deficit and its significance in determining economic status of a country; types of deficits

Context: Several economists have called for a proactive fiscal response to the current slowdown. However, others, such as Gita Gopinath and Arvind Subramanian, have advised against fiscal expansion.
Why is the fiscal deficit so important?

One of the reasons fiscal deficit is so important is that it gives us the extent of government borrowings required to meet its expenditure commitments in a financial year. It is an important indicator of macroeconomic stability. The 1991 balance of payments crisis came against the backdrop of sustained high fiscal deficit. Several countries have seen economic or debt crises due to high deficits over the years. Sustained macroeconomic imbalance could lead to recession.
What is its impact in a closed economy?

Lately, fiscal deficit hasn’t affected inflation much. However, it does have an impact on investments as it results in an increase in the cost of capital in a closed economy. When the government increases its borrowings, the savings left in the economy to finance private sector investment comes down. Therefore, the cost of capital goes up. This, in effect, dampens investments and is termed as “crowding out” of investment. This is precisely why several commentators have cautioned against increasing government borrowings at a time when investment by the private sector is low.

Do government borrowings ‘crowd out’ investments?

Evidence from India reveals that government investment actually “crowds in” investment as these are made for the development of physical infrastructure. Investors need basic infrastructure in place before risking capital. Therefore, government investments to put in place this infrastructure are critical in crowding in private investment.

What’s the case for a fiscal expansion?

Lower demand results in unutilized capacities, which results in low investments. This leads to lower growth, thereby reducing demand. This vicious cycle should be broken by a proactive fiscal policy. Weak demand can be addressed only by a revival of private investment, improvement of private demand, or expansion in government demand. Only the third is in the government’s control. The Centre can increase the fiscal deficit to 3.8% of GDP. However, it should not shy away from going beyond this if needed.

What about bond yields, cost of capital?

Higher borrowings can raise cost of capital. Thus, many welcomed the move to opt for sovereign issuance, which would have led to easing of rates locally. India can undertake fiscal expansion along with monetary easing. Muted non-food inflation along with external conditions make it the right time to cut rates for lower
About Deficit Financing

Deficit financing is the budgetary situation where expenditure is higher than the revenue. It is a practice adopted for financing the excess expenditure with outside resources. The expenditure revenue gap is financed by either printing of currency or through borrowing.

Nowadays most governments both in the developed and developing world are having deficit budgets and these deficits are often financed through borrowing. Hence the fiscal deficit is the ideal indicator of deficit financing.

Deficit financing is very useful in developing countries like India because of revenue scarcity and development expenditure needs.

Various indicators of deficit in the budget are:

1. **Budget deficit** = total expenditure – total receipts
2. **Revenue deficit** = revenue expenditure – revenue receipts
3. **Fiscal Deficit** = total expenditure – total receipts except borrowings
4. **Primary Deficit** = Fiscal deficit- interest payments
5. **Effective revenue Deficit** = Revenue Deficit – grants for the creation of capital assets
6. **Monetized Fiscal Deficit** = that part of the fiscal deficit covered by borrowing from the RBI.
Bandhavgarh forests get a trunk call in elephant-less MP

GS-III | 26 December, 2019

Syllabus subtopic: Conservation, environmental pollution and degradation, environmental impact assessment

Prelims and Mains focus: About the recent status of elephant conservation in India; Elephants reserves in India; Efforts and challenges in their conservation

News: For the first time, Bandhavgarh reserve forest in Madhya Pradesh has a colony of elephants – the same herd of about 40 animals that arrived at the sanctuary around this time last year, and has stayed on.

What’s unique about it?

- This, experts say, is an unusual occurrence in Bandhavgarh, which has, over the years, played host to herds of elephants that arrive to graze and forage and subsequently travel back to neighbouring Chhattisgarh.
- Elephant experts now say the development is a sign not only of a rise in elephant numbers in the country, and the fact that they are travelling, but also that they can thrive at a place given the right conditions.

Why Bandhavgarh is an ideal place for elephants to thrive

- Bandhavgarh is a large reserve forest – they have plenty of food and water here, and may be this is why they stayed on.
- While the reserve has received no new funds for the elephants, certain measures have been taken, such as:

1. Elephant experts and wildlife officials from West Bengal and Chattisgarh
have come to train the staff.

2. **Patrolling teams** have been deputed to monitor the elephants round the clock.

3. Conducting **awareness and sensitisation campaigns** in surrounding villages so that the locals are aware in order to **prevent man-elephant conflict**, if there arises any.

**Measure taken by Union govt.**

- In October this year, the **Union Ministry for Environment, Forests and Climate Change** constituted a technical committee to develop a **National Elephant Action Plan**.

**Significance**

- It is now obvious that if given a healthy habitat, elephants will stay put at a place. This is something that needs to be replicated in Chhattisgarh and other elephant areas.
- Migrating elephants is now a country-wide trend, with the animals moving from South India to North India, and from the country’s east towards the west. The **source population is increasing**, so the animals are migrating. Tiger and elephant ranges in the country are also expanding.

**Elephants in Chhattisgarh**

- Within Chhattisgarh, elephants keep travelling from one place to another, before being hounded out by villagers who are trying to save their crops. Although there is extensive forest cover, it is often patchy and elephants in Chhattisgarh rely on crops a lot, so the human-elephant conflict here becomes inevitable.
- Surguja, in north Chhattisgarh, not far from the MP boundary, there were elephants in that area earlier. There are **records** of this, and even records of elephants being either hunted or captured and presented to Mughal emperors from Surguja. But in the 1920s, they disappeared entirely for unknown reasons. Then they reappeared in the late-1990s and early-2000s.
- Today, there are 250 elephants in north Chhattisgarh that have mostly come
Elephants in India
Free WiFi to all villages connected through BharatNet till March 2020

GS-II | 26 December, 2019

Syllabus subtopic: Government policies and interventions for development in various sectors and issues arising out of their design and implementation.

Prelims and Mains focus: about BharatNet project and its significance in bridging the digital divide across the country; about USOF

News: The central government will provide free WiFi till March 2020 to all villages connected through the BharatNet broadband service at present, Telecom Minister Ravi Shankar Prasad said on Wednesday.

Current scenario

- At present, around 48,000 villages connected through the BharatNet project have WiFi access.
- The govt. says it has connected 1.3 lakh gram panchayats through BharatNet network so far. The aim is to take this further to 2.5 lakh gram panchayats. To promote further utilisation, the govt. will provide WiFi free in all villages connected through BharatNet till March 2020.

About BharatNet Project

- The government’s BharatNet project aims to provide access to all the 2.5 lakh gram panchayats across the country.
- Last year, the government said it had connected nearly 1 lakh gram panchayats through BharatNet in phase-one.
- So far, a total of Rs 20,431 crore has been spent from the Universal Service
Obligation Fund (USOF) for connecting villages under BharatNet.

- The total cost of both the phases was pegged at Rs 45,000 crore by the government in November 2017.

Role of CSCs

- The Common Service Centres (CSCs) act as the nodal point from where the WiFi and broadband services are distributed.
- Other than that, the CSCs also act as banking correspondents and access point for delivery of other important government services such as updating Aadhaar, getting passport made, among other things.
- At present, there are about 3.60 lakh CSCs operating across the country.

Universal Service Obligation Fund:

- USOF, established in 2002, provides effective subsidies to ensure telegraph services are provided to everyone across India, especially in the rural and remote areas. It is headed by the USOF Administrator who
Funds come from the **Universal Service Levy (USL)** of 5% charged from all the telecom operators on their Adjusted Gross Revenue (AGR) which are then **deposited into the Consolidated Fund of India** and require prior parliamentary approval to be dispatched.

The USOF works through a bidding process, where funds are given to the enterprise quoting the lowest bid.

Source: Indian Express

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**Grievance redressal mechanism for taxpayers to be set up**

**GS-II | 26 December, 2019**

**Syllabus subtopic:** Government policies and interventions for development in various sectors and issues arising out of their design and implementation.

**Prelims and Mains focus:** about the step taken by the GST Council and its significance; structure and mandate of GST Council

**News:** The GST Council will set up a grievance redressal mechanism for taxpayers. The decision was taken at the **38th meeting of the GST Council** on December 18.

**Details of the decision taken in the GST Council meeting**

- It has decided that a structured grievance redressal mechanism should be established for the taxpayers under GST to tackle grievances on GST-related issues.
- The Council will set up the Grievance Redressal Committee **at zonal and**
The panel will be constituted for two years and the term of each member will be for likewise.

If any member of the panel would be absent for three consecutive meetings, without adequate reasons, the member will be replaced with a fresh nomination by the principal chief commissioner/chief commissioner of central tax in consultation with the chief commissioner/commissioner of state tax.

About GST Council

- It is a constitutional body for making recommendations to the Union and State Government on issues related to Goods and Service Tax.
- It is chaired by the Union Finance Minister and other members are the Union State Minister of Revenue or Finance and Ministers in-charge of Finance or Taxation of all the States.

Composition

As per Article 279A of the amended Constitution, the GST Council which will be a joint forum of the Centre and the States, shall consist of the following members:

- Union Finance Minister - Chairperson;
- Union Minister of State in charge of Revenue or Finance
- Minister in charge of Finance or Taxation or any other Minister nominated by each State Government

Mandate of GST Council

It shall make recommendations to the Union and the States on—

- the taxes, cesses and surcharges levied by the Union, the States and the local bodies which may be subsumed in the goods and services tax;
- the goods and services that may be subjected to, or exempted from the goods and services tax;
- model Goods and Services Tax Laws, principles of levy, apportionment of Goods and Services Tax levied on supplies in the course of inter-State trade
or commerce under **article 269A** and the principles that govern the place of supply;

- the threshold limit of turnover below which goods and services may be exempted from goods and services tax;
- the rates including floor rates with bands of goods and services tax;
- any special rate or rates for a specified period, to raise additional resources during any natural calamity or disaster;
- special provision with respect to the States of Arunachal Pradesh, Assam, Jammu and Kashmir, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Himachal Pradesh and Uttarakhand; and any other matter relating to the goods and services tax, as the Council may decide.
- It shall recommend the date on which the goods and services tax be levied on petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas and aviation turbine fuel.
- While discharging the functions conferred by this article, the Goods and Services Tax Council shall be guided by the need for a harmonized structure of goods and services tax and for the development of a harmonized national market for goods and services.

- **One-half of the total number of Members of the Goods and Services Tax Council shall constitute the quorum** at its meetings.
- The Goods and Services Tax Council shall determine the procedure in the performance of its functions.

Source: Indian Express

India eyes 60% share of global ship recycling business

**Syllabus subtopic:** Government policies and interventions for development in various sectors and issues arising out of their design and implementation.

**Prelims and Mains focus:** about the Recycling of Ships Act, 2019 and its significance; about the Hong Kong convention
News: With a **new legislation in place**, India aims to garner at least 60% of the global ship recycling business and emerge as a **key destination for recycling warships and other ship**.

**Ship recycling in India**

- **Gujarat’s Alang, the world’s biggest shipyard**, was ready to cater to the projected increase in the number of ships for recycling.
- Currently, India recycles around 300 of the 1,000 ships which are demolished per annum globally.
- However, the likes of Japan, the United States and Europe were not sending their ships for recycling to India in the absence of ratification of a global convention. That scenario is set to change with the **Recycling of Ships Act, 2019.**
- The **Act ratifies the Hong Kong convention** and would facilitate an **environment-friendly process of recycling ships and adequate safety for yard workers.**
- The govt. says contribution from ship recycling activities to the country’s GDP would reach $2.2 billion, almost double compared to the current level.

**Note:** To read the details of the **Recycling of Ships Act, 2019**, click on the link below:


**About the Hong Kong Convention**

- The **Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships, 2009 (the Hong Kong Convention)**, was adopted at a diplomatic conference held in Hong Kong, China in 2009.
- It was adopted by the **International Maritime Organization (IMO)** in 2009.
- The Convention is **aimed at** ensuring that ships, when being recycled after reaching the end of their operational lives, **do not pose any unnecessary risks to human health, safety and to the environment.**
- It also addresses concerns raised about the working and environmental
conditions at many of the world’s ship recycling locations.

- The Convention is **yet to come into force** because it has not been ratified by 15 nations, representing 40 per cent of the world merchant shipping by gross tonnage (capacity) and a maximum annual ship recycling volume of not less than 3 per cent of the combined tonnage of the countries.

Source: The Hindu

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**Typhoon Phanfone batters Philippines**  
**GS-I | 26 December, 2019**

**Syllabus subtopic:** Important Geophysical phenomena such as earthquakes, Tsunami, Volcanic activity, cyclone etc., geographical features and their location-changes in critical geographical features (including water-bodies and ice-caps) and in flora and fauna and the effects of such changes.

**Prelims and Mains focus:** About typhoon Phanfone; about tropical cyclones and its types

**News:** Typhoon Phanfone pummelled the central Philippines on Christmas Day, bringing a wet, miserable and terrifying holiday to millions in the **mainly Catholic nation**.

- Though weaker, Phanfone was tracking a similar path to **Super Typhoon Haiyan**, the country’s **deadliest cyclone on record** which left more than 7,300 people dead or missing in 2013.
About Tropical cyclones

- Tropical cyclones are **violent storms that originate over oceans in tropical areas** and move over to the coastal areas bringing about large scale destruction due to violent winds (squalls), very heavy rainfall (torrential rainfall) and storm surge.
- They **are irregular wind movements involving closed circulation of air around a low pressure centre**. This closed air circulation (whirling motion) is a result of rapid upward movement of hot air which is subjected to Coriolis force. The low pressure at the center is responsible for the wind speeds.
- The cyclonic wind movements are **anti-clockwise in the northern hemisphere** and **clockwise in the southern hemisphere** (This is due to Coriolis force).
Regional names for Tropical Cyclones

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Source: The Hindu

Earliest Sanskrit inscription in South India found in A.P.

GS-I | 26 December, 2019

Syllabus subtopic: Indian culture will cover the salient aspects of Art Forms, Literature and Architecture from ancient to modern times.

Prelims and Mains focus: about the recent discovery by ASI and its significance; about Saptamatrikas; need for conservation of our culture and heritage

News: In a significant find, the Epigraphy Branch of the Archaeological Survey of India has discovered the earliest epigraphic evidence so far for the Saptamatrika cult. It is also the earliest Sanskrit inscription to have been discovered in South India as on date.

Background

So far the Nagarjunakonda inscription of Ikshavaku king Ehavala Chantamula issued in his 11th regnal year corresponding to the 4th century A.D. was considered the earliest Sanskrit inscription in South India.

About Saptamatrikas

- Saptamatrikas are a group of seven female deities worshipped in Hinduism as personifying the energy of their respective consorts.
UPSC "PT" DNA (Daily News Analysis)
About the discovered inscription

- It was discovered in Chebrolu village in Guntur district of Andhra Pradesh earlier this month.
- The inscription was first copied and studied and it transpired that it records the construction of a prasada (temple), a mandapa and consecration of images on the southern side of the temple by a person named Kartika for the merit of the king at the temple of Bhagavathi (Goddess) Saktimatruka (Saptamatrika) at Tambrape; Tambrape being the ancient name of Chebrolou.
- The inscription is in Sanskrit and in Brahmi characters and was issued by Satavahana king Vijaya in 207 A.D.
- The inscription came to light when some local villagers informed the authorities of the presence of a pillar with some engravings when they were restoring and repairing the local Bheemeshwara temple.
- There are references of Saptamatrika worship in the early Kadamba copper plates and the early Chalukyas and Eastern Chalukya copper plates. But the new discovery predates them by almost 200 years.
- The verification of all the available records proved that the Chebrolu inscription of Satavahana king Vijaya issued in his 5th regnal year – 207 A.D. — is also the earliest datable Sanskrit inscription from South India so far.
- According to Matsya Purana, Vijaya is the 28th king of the Satavahana dynasty and ruled for 6 years.

Conservation

Calling for conservation and preservation of the pillar given its historical importance, the ASI pointed out that there were many such ancient monuments and structures across the country that lacked protection but could contain a treasure trove of information.

About the Archaeological Survey of India (ASI)

- The Archaeological Survey of India (ASI) is the premier organization for the archaeological researches and protection of the cultural heritage of India. It
was established in 1861. It works under Ministry of culture.

- The **major functions** of Archaeological Survey of India include maintenance of ancient monuments and archaeological sites and remains of national importance.

- Under the **Ancient Monuments and Archaeological Sites and Remains Act of 1958**, the ASI has declared 3656 monuments to be of national importance in the country.

- ASI has also undertaken major conservation works abroad besides carrying out excavations, explorations, images and other studies in countries like Afghanistan, Nepal, Cambodia and Egypt.

Source: The Hindu
China sails carrier group through Taiwan Strait as election nears

GS-II | 27 December, 2019

Syllabus subtopic: Effect of policies and politics of developed and developing countries on India's interests, Indian diaspora.

Prelims and Mains focus: about the developments in the China-Taiwan relations; One-China Policy and how it is different from One-China principle

News: China has sailed its new aircraft carrier into the Taiwan Strait, Taiwan’s defense ministry said on Thursday, as a presidential election campaigning was in full swing on the island amid heighten tension with Beijing.
Background

- Taiwan holds a presidential vote on Jan. 11 with President Tsai Ing-wen hoping to win re-election. She has repeatedly mentioned what she sees as the threat of China as a warning to voters.
- Tsai’s ruling Democratic Progressive Party is pro-independence, although she has said she wants to maintain the status quo with China but will defend Taiwan’s security and democracy.
- **Democratic Taiwan** is claimed by China as a wayward province and is the Communist Party’s most sensitive and important territorial issue. China has threatened to attack if Taiwan moves toward formal independence.
- President Xi Jinping said in January that China reserves the right to use force to bring Taiwan under its control but will strive to achieve peaceful “reunification”.

About the Chinese aircraft carrier

- The Chinese aircraft carrier **Shandong, China’s second largest**, entered service at a base in the **South China Sea** last week in a big step in the country’s ambitious military modernization.
- Last month, the ship, still unnamed at the time, sailed through the Taiwan Strait on its way to what China called routine exercises in the South China Sea, with Taiwan scrambling ships and aircraft to monitor the group.

One China Policy

The One-China policy refers to the policy or view that there is **only one state called "China"**, despite the existence of two governments that claim to be "China".

- As a policy, this means that countries seeking diplomatic relations with People’s Republic of China (PRC, Mainland China) **must break official relations** with the Republic of China (ROC, Taiwan) and vice versa.
- The One China policy is **different from the "One China principle"**, which is the principle that insists both Taiwan and mainland China are inalienable parts of a single China.
What is the ‘One China’ principle?

The principle affirms Chinese sovereignty over Taiwan and is the cornerstone of bilateral diplomatic relations between Washington and Beijing.

- Any country that wants to establish political and diplomatic relations with China must agree to adhere to this principle and not recognise Taiwan as an independent country.
- Currently, 21 states recognize Taiwan as a sovereign country. India does not maintain any diplomatic ties with the Taiwan.
- In practice, the ‘One China’ principle is a stabilisation mechanism that preserves the status quo over Taiwan’s political status while allowing it to function as an independent economic, civic and administrative entity.
- Since 1979, Taiwan has had to negotiate its ‘international living space’ but it has largely honoured the ‘One China’ principle.

Source: Indian Express

Good Governance Index released by Central govt.

GS-II | 27 December, 2019

Syllabus subtopic: Important aspects of governance, transparency and accountability, e-governance- applications, models, successes, limitations, and potential; citizens charters, transparency & accountability and institutional and other measures.

Prelims and Mains focus: About the Good Governance Index and its significance; performance of different states

News: Tamil Nadu has topped the Good Governance Index released by the Centre on Wednesday, followed by Maharashtra, Karnataka, Chhattisgarh and Andhra Pradesh.
About the occasion

- The government celebrates December 25 as Good Governance Day to mark the birthday of former Prime Minister Atal Bihari Vajpayee.
- The rankings were launched by the Department of Administrative Reforms and Public Grievances (Ministry of Personnel, Public Grievances and Pensions) and the Centre for Good Governance.

State-wise performance

- Odisha, Bihar, Goa, and Uttar Pradesh did not fare well in the Big States category and Jharkhand was at the bottom of the list.
- The other two classifications are North-East and Hill States, and Union Territories.
- In the North-East and Hill States category, Himachal Pradesh ranked first, followed by Uttarakhand, Tripura, Mizoram and Sikkim. Jammu and Kashmir is at the sixth place, followed by Manipur, Meghalaya, Nagaland and Arunachal Pradesh.
- Among the Union Territories, Puducherry emerged as the best-governed, ahead of Chandigarh and Delhi. Lakshwadeep was found to be the worst-performing.
About the Good Governance Index

- The index is a uniform tool to assess the status of governance and the impact of various interventions by state governments and Union Territories.
- The Index was designed scientifically based on various parameters of governance.
- As per the methodology of the index, states are assessed on their performance in 10 sectors — agriculture and allied sectors, commerce and industries, human resource development, public health, public infrastructure and utilities, economic governance, social welfare and development, judicial
Sector-wise performance of states

- In the agriculture and allied sector, Madhya Pradesh, Mizoram and Daman and Diu are the best performing states in their respective classifications, taking into account the growth rate of agriculture and allied sector, food grain production, horticulture produce, milk and meat production, and crop insurance.
- In the category of commerce and industries, Jharkhand was at the top among big states, Uttarakhand among hill states and Delhi among Union Territories.
- West Bengal emerged as the topper in the Environment category among the big states and Jammu and Kashmir has topped among the North-East and Hill States.
- Chhattisgarh has topped the Social Welfare and Development Sector ranking among big states and Meghalaya is on the top in its category.
- In Economic Governance, Karnataka has emerged at the top among big states and Uttarakhand has topped among North-East and Hill States.
- In terms of Public Infrastructure and Utilities, Tamil Nadu and Himachal Pradesh have topped their respective categories.
- Kerala is on top in terms of Public Health.

Source: Indian Express

As stress piles on, Indian lenders are on their way to large write-offs

GS-III | 27 December, 2019

Syllabus subtopic: Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.

Prelims and Mains focus: about the problem of NPAs in the banking sector; types of NPAs; loan write off and waiver
News: Indian banks have been facing a tough time getting back their monies from recalcitrant borrowers for long now. But their biggest hurdle in getting back dues is time. As time stretched, bad loans have only got worse and banks have had to keep increasing their provisions at the cost of profits.

Background

- The Insolvency and Bankruptcy Code (IBC) came into force in June 2016 and was expected to boost banks’ efforts to recover dues. Even after three years after the code’s implementation, recoveries have not improved significantly.
- The objective of the IBC was to provide resolution swiftly so that the value of the asset is not eroded. The fact that bad loans have only got worse in the past three years shows that the code has had limited success in enabling quick resolution.

The following chart shows the surge in various types of bad loans.
Types of NPAs

- Labelling an errant borrower as bad is only the first step by a bank. The real challenge begins when the borrower is either unable or unwilling to clear
dues for a long period.  
- According to the Reserve Bank of India (RBI), a loan is non-performing if dues are unpaid for 90 days or more.  
- A non-performing loan may bounce back to being standard if the borrower restarts regular payments, or it could slip further to being sub-standard and doubtful to finally a loss asset.  
- Loss assets are invariably written off.  
- Doubtful assets are those that have been bad for more than a year. These assets formed 6.4% of bank loans as of March 2019, a sharp rise from 4.4% in FY16.

How are banks dealing with the Bad loan situation?  
- Though the stock of bad loans has come down but banks have been bringing down their bad loan pile largely through write-offs.  
- The surge in doubtful assets portends a rise in write-offs, going ahead.

Way ahead  
The enabling conditions for a bad loan to become standard are absent. The economy is in protracted slowdown and several stressed sectors are yet to emerge out of their problems. Even as fresh stress has been piling onto bank balance sheets, past pain is only getting intense and this does not augur well for future recoveries.

What is a loan write-off and how is it different from loan waiver?  
- Writing off a loan or asset means considering that it does not have future value or no longer serves the purpose. A non-performing asset is written off after all avenues of recovery are exhausted and chances of recovery of due loan seem remote. To clear the balance sheet, all such kind of loans are written off once for all.  
- It is a regular exercise that banks conduct in order to clean their balance sheet as well as to achieve tax efficiency. Although bad loans are written off, borrowers of such loans remain liable for repayment. There are several cases when such bad accounts were written off but loan recovery
was done. Recovery of such accounts, however, happens on ongoing basis under the legal mechanism.

- **Loan waiver** is quite different from writing off a loan as it is the cancellation of recovery or refraining from claiming the dues.
- In simpler terms, banks will completely give up on such loans and no recovery will be made.
- While in cases of writing off, recovery can be made.
- Waiving a loan is a relief that is **normally provided to farmers**, who are in severe distress due to abnormal conditions such as crop failures, poor monsoon, floods, earthquake, draught etc that are considered as natural calamities. These are the conditions, which are beyond control, and result in borrowers unable to pay back to banks.
- However, waiving farmers’ loan has **now become a political move** as a catching device for votes.

Source: mint

Regulator moves to curb sales of antibiotics without prescriptions

**Syllabus subtopic:** Issues relating to development and management of Social Sector/Services relating to Health, Education, Human Resources.

**Prelims and Mains focus:** about the threat of antimicrobial resistance; Challenges and efforts made by the world community; About DGCI

**News:** The **Drug Controller General of India (DCGI)** has asked authorities of all states and Union territories (UTs) to stop pharmacies from selling antibiotic drugs without a doctor’s prescription in a **step aimed at tackling drug resistant bacteria.**
The regulator also asked All India Organization of Chemists & Druggists (AIOCD) to “educate their members” on licensing conditions regarding antibiotic sales, and told drug makers to discourage pharmacists from selling drugs without prescriptions.

Background

- The ministry of health and family welfare had issued a National Action Plan on anti-microbial resistance (AMR) in 2017, seeking a coordinated move with the help of various other ministries such as animal husbandry and environment.
- The advisory by the DCGI comes two months after the department of pharmaceuticals wrote to drug manufacturers, warning against antibiotic residues in the effluents of their plants.

Current scenario of Antibiotics market in India

- Antibiotics fall under schedules H and H1 of the Drugs and Cosmetics
Rules, which means they can be sold only under prescription. However, regulations for pharmacies are lax and violations are rampant. A number of such medicines are sold widely over the counter without prescriptions.

What does this move signify?

- The move by the regulator indicates increased awareness about anti-microbial resistance, where bacteria and other microbials become immune to medicines on overuse, thereby making them ineffective against the infection.

Challenge of anti-microbial resistance

- Anti-microbial resistance is globally seen as a major problem in the pharmaceutical sector with the United Nations’ Interagency Coordination Group on Antimicrobial Resistance estimating drug-resistant infections to cause at least 700,000 deaths every year, including 230,000 from multidrug-resistant tuberculosis alone.
- A worst-case scenario developed by the World Bank has suggested that this figure could rise to 10 million deaths every year by 2050 if no action is taken.
- Around 10 million lives a year and a cumulative $100 trillion of economic output will be at risk because of the rise of drug-resistant infections by 2050, according to estimates from another study supported by the UK government and Wellcome Trust in 2016.
Situation in India

- India, home to an estimated 130,000 multidrug resistant TB patients in 2019 according to the World Health Organization, is crucial to the success of this global fight.
- However, the sale of medicines without prescriptions is not the only reason for the rise in anti-microbial resistance, according to experts. Effluents discharged by drug manufacturing units also add to the problem.
- The Central Pollution Control Board (CPCB) is working on effluent treatment norms for pharmaceutical companies. CPCB had set up an expert committee to draft standards for antibiotic residue in industrial effluents. The draft is now close to finalization.
About Drug Controller General of India (DCGI)

- DCGI under gamut of Central Drugs Standard Control Organization (CDSCO) is responsible for approval of licenses of specified categories of drugs such as blood and blood products, vaccines, IV fluids and sera in India.
- DCGI lays down standards and quality of manufacturing, selling, import and distribution of drugs in India.
- It acts as appellate authority in case of any dispute regarding quality of drugs.
NPR: house-to-house verification planned
GS-II | 27 December, 2019

Syllabus subtopic: Issues relating to development and management of Social Sector/Services relating to Health, Education, Human Resources.

Prelims and Mains focus: about NPR and the controversy around its implementation

News: The central government proposes to update the National Population Register (NPR), which already has an electronic database of more than 119 crore residents, by verifying the details of all respondents through house-to-house enumeration, according to an official manual for conducting the fresh NPR exercise.

Background

- The NPR exercise has become controversial because the Citizenship Rules, 2003, link the Population Register to the creation of a National Register of Indian Citizens (NRIC) or National Register of Citizens.
- Coupled with the passage of the Citizenship (Amendment) Act, 2019, which excludes Muslims, fears about an NPR-NRC have brought lakhs of people on to the streets in protest.

About NPR

- Data for the NPR was first collected in 2010 and updated in 2015. The Modi government has proposed that the next phase of NPR be conducted, along with the census exercise, between April and September 2020.
- The enumerators, all government officials, will “modify and correct the demographic data items”. They are also tasked with collecting mobile,
voter card, Indian passport and driving licence numbers from residents.

- The govt. manual requires the “inclusion of all new residents, new households found in the local area during the field work”.
Other details as mentioned in the manual

- The 2010 NPR form collected details on 15 parameters, whereas a “pretest” form that was used to collect data on a trial basis from 30 lakh people in September this year sought additional details on columns such as “place of birth of father and mother, last place of residence,” etc. It also added details such as Aadhaar number, voter ID card number, mobile phone number and driving licence number.
- The manual states that in cases where the date of birth or age was not known, the enumerator could help the respondent by “stimulating her/his memory” with reference to historical events well known in the area such as a “war, flood, earthquake, change in political regime, etc.”
- The manual says that if the respondent does not know the age of any member of the household and probing also does not help in determining the age of that person, “you will have to estimate her/his age by using your best judgment.”
- The manual was prepared before the pretest was conducted.
- The additional details related to the place of birth of the parents of a person being enlisted, Aadhar number and last place of residence were being recorded as part of basic requirements for NPR.

About National Population Register (NPR):

- It is a Register of usual residents of the country.
- It is being prepared at the local (Village/sub-Town), sub-District, District, State and National level under provisions of the Citizenship Act 1955 and the Citizenship (Registration of Citizens and issue of National Identity Cards) Rules, 2003.
- It is mandatory for every usual resident of India to register in the NPR.
- **Definition:** A usual resident is defined for the purposes of NPR as a person who has resided in a local area for the past 6 months or more or a person who intends to reside in that area for the next 6 months or more.
- The NPR database would contain demographic as well as biometric details.
- As per the provisions of the NPR, a resident identity card (RIC) will be issued to individuals over the age of 18. This will be a chip-embedded smart card containing the demographic and biometric attributes of each individual. The UID number will also be printed on the card.
UGC issues norms for ethics in higher education
GS-II | 27 December, 2019

Syllabus subtopic: Statutory, regulatory and various quasi-judicial bodies

Prelims and Mains focus: About the guidelines issued by UGC and their significance; About UGC and HECI

News: Human Resource Development Minister Ramesh Pokhriyal ‘Nishank’ on Thursday launched new guidelines for values and ethics in higher education.

What are the guidelines issued?

In a section on the role of different stakeholders, the guidelines prepared by the University Grants Commission (UGC) has the following advice for student unions:

1. Support the administration for right and timely decision [and] raise legitimate issues in dignified manner.
2. The guidelines also call for students to “observe modesty in their overall appearance and behaviour”, “maintain good health and refrain from any kind of intoxicants” and “maintain harmony among students belonging to different socio-economic status, community, caste, religion or region”.
3. With regard to professional ethics, the UGC now requires all Ph.D. candidates to complete two compulsory credit courses on publication ethics from the coming academic session. The 30-hour courses would provide awareness on publication ethics, misconduct and research integrity.

About UGC

The University Grants Commission (UGC) of India is a statutory body set up in...
1956, and is charged with coordination, determination and maintenance of standards of higher education.

Background

- Previously, UGC was formed in 1946 to oversee the work of the three Central Universities of Aligarh, Banaras and Delhi. In 1947, a Committee was entrusted with the responsibility of dealing with all the then existing Universities.
- After independence, the University Education Commission was set up in 1948 under the Chairmanship of S. Radhakrishnan and it recommended that the UGC be reconstituted on the general model of the University Grants Commission of the United Kingdom.
- The UGC was however, formally established in November 1956, by an Act of Parliament as a statutory body of the Government of India.

Important functions performed by the commission:

- It provides recognition to universities in India.
- It oversees distribution of grants to universities and colleges in India.
- It provides scholarships/fellowships to beneficiaries.
- It monitors conformity to its regulations by universities and colleges.

Note: To know the difference between the proposed HECI and UGC click on the link below:

[https://www.thehindu.com/education/colleges/how-different-is-the-proposed-heci-from-the-present-ugc/article24287473.ece](https://www.thehindu.com/education/colleges/how-different-is-the-proposed-heci-from-the-present-ugc/article24287473.ece)

Source: The Hindu
Worst not over yet, RBI forecasts NPAs will rise

Syllabus subtopic: Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.

Prelims and Mains focus: about the findings of RBI’s report and challenges mentioned by it in economic revival process

News: The Reserve Bank of India (RBI) on Friday cautioned that the asset quality of scheduled commercial banks (SCB) may worsen next year owing to changes in the macroeconomic scenario.

Financial Stability Report 2019: key findings

- In its latest Financial Stability Report, the central bank also warned that there remains an inherent risk of “froth” — conditions that precede a market bubble — building up in the system due to excess liquidity.
- Citing factors such as an increase in slippages and declining credit growth, the central bank in its biannual commentary said bad loans of SCBs as a percentage of total loans is expected to increase to 9.9% by September 2020 from 9.3% in September 2019.
- This marks a revision of its projection made six months ago, when it had said that the percentage of bad loans was expected to come down by March 2020.
- The RBI has cut policy rates by 135 basis points so far this year. It also warned that multilateral trade and evolving geopolitical uncertainties may continue to have repercussions across financial markets globally.
- The RBI said stress tests done on public sector banks revealed that their gross non-performing asset ratio may rise from 12.7% in September 2019 to 13.2% by September 2020.
- Private sector banks, too, could see an increase in gross NPAs from 3.9% to 4.2% in the period under consideration. These stress tests for credit risk were done to test the resilience of Indian banks against macroeconomic shocks. It encompassed one baseline and two (medium and severe) adverse macroeconomic risk scenarios.
Among them, three banks may have capital adequacy below the minimum regulatory level of 9% by September 2020, without considering any further planned recapitalization. A severe shock could bring down the capital adequacy of five banks below 9%.

- The performance of public sector banks (PSBs) should be improved and that there was a need to build buffers against “disproportionate operational risk losses”. Private sector banks, on the other hand, need to focus on aspects of corporate governance.
- India’s financial system remains stable notwithstanding domestic growth.
Challenges mentioned in the report

- The challenge is to ensure transmission of monetary policy impulses to the advantage of real economies and not to aid build-up of froth in financial markets.
- The RBI report said reviving the twin engines of India’s economic growth —
private consumption and investment — while being vigilant about developments in global financial markets remain a critical challenge for the central bank.

- It warned against unbridled interest rate cuts, which could cause a “cobra effect”—when a well-intentioned solution ends up worsening the problem.
- The report said aggregate demand slackened in the second quarter of the current financial year, ending March 2020, adding to slowing economic growth.
- While the outlook for capital inflow remains positive, India’s exports could face headwinds in the event of sustained global slowdown, but current account deficit is likely to be under control, reflecting muted energy price outlook.

Source: mint

Personal queries directly linked to establishing citizenship: SC

Syllabus subtopic: Government policies and interventions for development in various sectors and issues arising out of their design and implementation.

Prelims and Mains focus: about the 2005 judgement of SC; the link between NPR and NRC

News: Questions about a person’s place and date of birth, his parents’ names and their place of birth are meant to ascertain citizenship, the Supreme Court has held.

Background
The court, in a 2005 judgment on a writ petition filed by present Assam Chief Minister Sarbananda Sonowal, has clearly held that these personal questions are directly associated with “establishing citizenship”.

“In order to establish one’s citizenship, normally he may be required to give evidence of (i) his date of birth (ii) place of birth (iii) name of his parents (iv) their place of birth and citizenship,” the judgment, authored by Justice G.P. Mathur for a threejudge Bench of the court, on July 12, 2005 held.

Moreover, the court explained that these facts figured specially in the context of establishing citizenship because they “would necessarily be within the personal knowledge of the person concerned and not of the authorities of the State”. In case of doubts about a person’s citizenship, the burden of proving that these facts were true was on the person concerned.

NPR-NRC link

The government has so far denied any link between the National Population Register (NPR), which is to establish usual residency, and the National Register of Citizens (NRC), meant to establish citizenship. In fact, the NPR takes into account foreign citizens too.

However, if the NPR form of 2020 carries these personal questions highlighted in the judgment, apprehensions raised in the public mind that the NPR is a stepping stone for a nationwide NRC become justified.

What does the Citizenship Rules of 2003 say?

The 2005 judgment came just over a year after the Citizenship (Registration of Citizens and Issue of National Identity Cards) Rules of 2003 was notified in December 2003. The Rules clearly linked the NPR and the NRC.

Rule 4(3) of the Citizenship Rules states that personal details collected for the ‘Population Register’ would be used in the preparation of the National Register of Indian Citizens.

The Citizenship Rules define ‘Population Register’ as a “register containing details of persons usually residing in a village or rural area or town or ward or demarcated area [demarcated by the Registrar General of Citizen Registration] within a ward in a town or urban area”.

Rule 4(3) mandates that for “preparation and inclusion in the Local Register of Indian Citizens, the particulars collected of every family and individual in
Compulsory renewal of OCI cards goes

Syllabus subtopic: Government policies and interventions for development in various sectors and issues arising out of their design and implementation.

Prelims and Mains focus: about the Home Ministry order; about NRI, OCI and PIO and benefits enjoyed by them

News: The Union Home Ministry has relaxed the provisions for Overseas Citizens of India (OCI) card holders that made it compulsory for those aged above 50 and below 20 to renew their cards on renewal of their passports.

What was the reason behind the move?

- Several OCI card holders were not able to travel to India due to this and many were stopped by airlines and immigration authorities at various airports due to the mismatch.

About the relaxation order

- According to a recent Home Ministry order, an OCI card holder is required to re-register each time a new passport is issued till 20 years of age and once after 50 years of age but reissuance of OCI registration is not mandatory.

Source: The Hindu
Benefits enjoyed by OCI cardholders

- OCI cardholders are given benefits **on a par with non-Resident Indians** in financial, economic and educational fields, **except in the acquisition of agricultural or plantation properties**.
- OCI cardholders are given **free multiple entry and multipurpose lifelong visa** to visit India and are also exempted from reporting to police authorities for any length of stay in India.

Who are NRIs, PIO and OCI?

- Non-Resident Indians (NRI), Person of Indian Origin (PIO) and Overseas Citizen of India (OCI) are the **three major categories** in which the people from India go and live abroad can be categorised.
- While NRIs is essentially a term used for Indians that live in another country, PIOs and OCIs are people who want to stay connected and involved with India more closely.
PIO-OCI merger
Merger of PIO cards with OCI cards was announced by PM in March 2016.

How will merging help?

- Merging PIO and OCI will lead to simplification of the rules under a single umbrella. It would facilitate visa-free travel to India, rights of residency and participation in business and educational activities in the country. This is aimed at simplifying the visa-free entry for people of Indian origin into India.
- The merger of the two cards could make PIO cardholders eligible for benefits already enjoyed by OCI cardholders. Merging of the two cards will also facilitate travel of Indians staying abroad and their participation in various activities in India.

Source: The Hindu

Government forms 28-member committee on statistics

GS-II | 28 December, 2019

Syllabus subtopic: Government policies and interventions for development in various sectors and issues arising out of their design and implementation.

Prelims and Mains focus: about the new committee formed by MoSPI: its structure and mandate

News: Faced with increasing questions about the credibility of official economic data and the abrupt shelving of official reports, the Ministry of Statistics and Programme Implementation (MoSPI) has made a move to overhaul the system for reviewing statistics related to economic activity.

Background

- The credibility of India’s statistical systems has been questioned over the
last few years due to delay in the release of back series data for the new Gross Domestic Product (GDP) series (2011-12 base year) and more recently due to withholding of release of the employment and consumption expenditure surveys.

- In March, citing risk to national and global reputation of India’s statistical bodies due to political interference, 108 economists and social scientists in a joint statement had appealed to all economists and statisticians to raise their voice against “the tendency to suppress uncomfortable data”

About the move by MoSPI

- It has constituted a broad-based 28-member “Standing Committee on Economic Statistics” (SCES) headed by India’s first Chief Statistician, Pronab Sen, which includes three academicians who had, earlier in March this year, signed a joint statement of 108 economists and social scientists that flagged concerns over “political interference” in influencing statistical data in the country.

- The new, broad-based panel, which has a sweeping mandate to review key data sets that track economic activity and labour force participation trends, will have representatives from the United Nations, Reserve Bank of India, Finance Ministry, NITI Aayog, two industry chambers, Tata Trust, and economists and statisticians from several educational institutions.

Mandate of the newly formed committee

- The new Standing Committee on Economic Statistics, with 10 non-official members and 16 official members, has been mandated to review the framework for economic indicators pertaining to the industrial sector, the services sector and the labour force statistics.

- This new panel, which is slated to meet for the first time on January 7 next year, will effectively subsume four existing committees — the Standing
Committee on Labour Force Statistics (SCLFS), Standing Committee on Services Sector (SCSS), Standing Committee on Industrial Statistics (SCIS) and the Standing Committee on Services Sector and Unincorporated Sector Enterprises (SCSSUSE).

- The new committee has been tasked with looking into datasets such as the Periodic Labour Force Survey, the Annual Survey of Industries, the Annual Survey of Services Sector Enterprises, the Annual Survey of Unorganised Sector Enterprises, Time Use Survey, Index of Service Production, Index of Industrial Production, Economic Census and other surveys or statistics brought before it.

- The purpose of the committee is to ensure that there are no cross-cutting decisions across the various committees which by virtue of dealing with economic activity indicators have common linkages. The committee has been constituted to ensure there is convergence about decision making process so that quality of data is improved.

- The new panel will also work on developing survey methodology including sampling frame, design, oversee the finalisation of the reports of the surveys, and conduct pilot surveys, if necessary, before finalising schedules for data collection.

- The committee will also study the availability and compilation of related administrative statistics and identify data gaps, if any, and then suggest appropriate strategy.

- Sub-committees, comprising subject experts, may also be constituted by the standing committee to look after particular subject areas.

Other panel regarding statistics
Prior to the formation of this new panel, the Advisory Committee on National Accounts Statistics (ACNAS) — which has the mandate to review the database and advice on data collection related to national accounts statistics — is the only other panel under MoSPI that has such wide representation.

Source: Indian Express

OPEC+ may consider ending oil output cuts in 2020

GS-II | 28 December, 2019

Syllabus subtopic: Bilateral, regional and global groupings and agreements involving India and/or affecting India's interests

Prelims and Mains focus: about the recent oil supply cut by OPEC countries and the reasons behind it; OPEC and OPEC+

News: The Organization of the Petroleum Exporting Countries and its allies, known as OPEC+, may consider wrapping up their oil output reduction in 2020, Russian Energy Minister Alexander Novak said on Friday.

Context
- OPEC+ has been capping its output since 2017 in order to balance out the supply and demand on the global oil market as well as prop up oil prices.
- OPEC+ this month decided to prolong its oil output restriction deal until the end of March and to deepen the cuts in order to balance out the oil market.

About OPEC
- The Organization of the Petroleum Exporting Countries (OPEC) is a group of oil-producing nations that was first established in Baghdad, Iraq, in
1961.

- OPEC is one of the most powerful international organizations in the world and was a major player in the shift towards state control over natural resources.

**Membership:**

- The OPEC Statute distinguishes between the **Founder Members** and **Full Members** – those countries whose applications for membership have been accepted by the Conference.
- The Statute stipulates that “any country with a substantial net export of crude petroleum, which has fundamentally similar interests to those of Member Countries, may become a Full Member of the Organization, if accepted by a majority of three-fourths of Full Members, including the concurring votes of all Founder Members.”
- The Statute further provides for **Associate Members** which are those countries that do not qualify for full membership, but are nevertheless admitted under such special conditions as may be prescribed by the Conference.
- As of January 2019, OPEC has 14 member countries: five in the Middle East (Western Asia), seven in Africa, and two in South America. The current OPEC members are the following: Algeria, Angola, Ecuador, Equatorial Guinea, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, the Republic of the Congo, Saudi Arabia, United Arab Emirates, and Venezuela.
- **Qatar left OPEC on 1 January 2019**, after joining the organization in 1961, to focus on natural gas production, of which it is the world's largest exporter in the form of liquified natural gas (LNG).
- Ecuador has announced that it will leave OPEC on 1 January 2020.

**About OPEC+**

- The **non-OPEC countries which export crude oil** are termed as OPEC plus countries.
- OPEC plus countries **include** Azerbaijan, Bahrain, Brunei, Kazakhstan, Malaysia, Mexico, Oman, Russia, South Sudan and Sudan.

Source: Indian Express
Russia deploys hypersonic nuclear missile

GS-II | 28 December, 2019

**Syllabus subtopic:** Effect of policies and politics of developed and developing countries on India’s interests, Indian diaspora.

**Prelims and Mains focus:** About Avangard and its significance; tensions in US-Russia relations

**News:** Russia has deployed its first hypersonic nuclear-capable missiles, called **Avangard**, with Vladimir Putin boasting that it puts his country in a class of its own.

**Background:**

- Russian President Putin unveiled the Avangard and other prospective weapons systems in his state-of-the-nation address in March 2018, saying its ability to make sharp manoeuvres on its way to a target would render missile defense useless. “It heads to target like a meteorite, like a fireball,” he said at the time.
- In December 2018, the Avangard was launched from the **Dombarovskiy missile base** in the southern Urals and hit a practice target on the Kura shooting range on the **Kamchatka peninsula**, 3,700 miles (6,000km) away.

**About Avangard missile**

- The Avangard hypersonic glide vehicle can fly at 27 times the speed of sound, as a technological breakthrough comparable to the 1957 Soviet launch of the first satellite.
The Russian leader said the Avangard had been designed using new composite materials to withstand temperatures of up to 2,000°C (3,632°F) which can be reached while travelling at hypersonic speeds. The missile can carry a nuclear weapon of up to 2 megatons.

The Avangard is launched on top of an intercontinental ballistic missile, but, unlike a regular missile warhead, which follows a predictable path after separation, it can make sharp manoeuvres en route to its target, making it harder to intercept.

The Avangard had been put on duty with a unit in the Orenburg region in the southern Ural mountains.

Why Russia felt the need to develop such missile systems

Putin has said Russia had to develop the Avangard and other weapons systems because of US efforts to develop a missile defence system that he claimed could erode Russia’s nuclear deterrent. Moscow has scoffed at US claims that its missile shield isn’t intended to counter Russia’s missile arsenals.

Significance

- Putin has said Russia’s new generation of nuclear weapons can hit almost any point in the world and evade a US-built missile shield, though some western experts have questioned how advanced some of the weapons programmes are.
- This week, Putin noted that for the first time Russia was leading the world in developing a new class of weapons, unlike in the past when it was catching up with the US.
- The defence ministry said last month it had demonstrated the Avangard to a team of US inspectors as part of transparency measures under the New Start nuclear arms treaty between the two countries.
About China’s hypersonic missile

- China has tested its own hypersonic glide vehicle, believed to be capable of travelling at least five times the speed of sound.
- It displayed the weapon called **Dong Feng 17, or DF-17**, at a military parade marking the 70th anniversary of the founding of the Chinese state.

What about USA?

- US officials have talked about putting a layer of sensors in space to more quickly detect enemy missiles, particularly the hypersonic weapons. The administration also plans to study the idea of basing interceptors in space, so the US can strike incoming missiles during the first minutes of flight when the booster engines are still burning.
- The Pentagon has been working on developing hypersonic weapons in recent years, and the defence secretary, Mark Esper, said in August that he believed it would be a couple of years before the US had one.

Source: Indian Express

RBI directs large cooperative banks to report exposures above Rs. 5 crore

GS-III | 28 December, 2019

**Syllabus subtopic:** Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.

**Prelims and Mains focus:** about CRILC, Cooperative banks and how they are different from commercial banks
News: The Reserve Bank on Friday directed large cooperative banks to report all exposures of Rs 5 crore and more to the Central Repository of Information on Large Credits (CRILC), a move aimed at early recognition of financial distress.

Background

- Earlier in its bi-monthly monetary policy review this month, the RBI had announced that to bring UCBs with assets of Rs 500 crore and above under the CRILC reporting framework.

- “It has been decided that Primary (Urban) Co-operative Banks (UCBs) having total assets of Rs 500 crore and above...on all borrowers having aggregate exposures of Rs 5 crore and above with them to CRILC maintained by the Reserve Bank," it said in a notification.

What is CRILC?

- The Reserve Bank has created a CRILC of commercial banks, all India financial institutions and certain non-banking financial companies with multiple objectives, which, among others, include strengthening offsite supervision and early recognition of financial distress.
- It was set up to collect, store, and disseminate credit data to lenders.
- CRILC is a borrower-level supervisory dataset that keeps the record of loans of Rs 5 crore and above.
- In India, there are four privately owned credit information companies (CICs). They are CIBIL, Equifax, Experian, and High Mark Credit Information Services.
- The RBI has also mandated all its regulated entities to submit credit information individually to all four CIC.
- “It has been decided that Primary (Urban) Co-operative Banks (UCBs) having total assets of Rs 500 crore and above...on all borrowers having aggregate exposures of Rs 5 crore and above with them to CRILC maintained by the Reserve Bank," it said in a notification.
- Aggregate exposure will include all fund-based and non-fund based exposure (like partial credit enhancement) including investment exposure on the borrower.
To start with, UCBs will be required to submit CRILC report on quarterly basis with effect from December 31, 2019.

About Cooperative Banks

- Initially set up to supplant indigenous sources of rural credit, particularly money lenders, today they mostly serve the needs of agriculture and allied activities, rural-based industries and to a lesser extent, trade and industry in urban centers. Anyonya Co-operative Bank Limited (ACBL) is the first co-operative bank in India located in the city of Vadodara in Gujarat.
- Registered under the Cooperative Societies Act, 1912. Under the state government, Managerial aspects of these banks, — registration, management, administration, recruitment, amalgamation, liquidation, etc are controlled by the state governments.
- Matters related to banking are governed by RBI directives.
- Cooperative banks are owned by their customers and follow the cooperative principle of one person, one vote.
- Work on the principle of “No Profit, No Loss”.
- Priority Sector Lending (PSL) does not apply to cooperative banks.
- Reserve ratios viz. SLR & CRR apply to them.

Difference Between Commercial Banks & Cooperative Banks

<table>
<thead>
<tr>
<th>Cooperative Banks</th>
<th>Commercial Banks</th>
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<tr>
<td>Co-operatives banks are co-operative organisations.</td>
<td>Commercial banks are joint-stock banks.</td>
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<tr>
<td>Governed by the Co-operative Societies Act as well as Banking Regulation Act</td>
<td>Governed by the Banking Regulation Act.</td>
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<tr>
<td>Subject to the rules laid down by the Registrar of Co-operative Societies</td>
<td>Subject to the control of the Reserve Bank of India directly.</td>
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<tr>
<td>Borrowers are member shareholders, so they have some influence on the lending policy of the banks, on account of their voting power.</td>
<td>Borrowers of commercial banks are only account holders and have no voting power as such. Voting power as per shareholding.</td>
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<tr>
<td>Have not much scope of flexibility on account of the rigidities of</td>
<td>Free from such rigidities.</td>
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847 / 903
the bye-laws of the Co-operative Societies

PSL does not applies
Do not pursue the goal of profit maximization

PSL Applies
Works for profit maximization

Source: Indian Express
Syllabus subtopic: Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.

Prelims and Mains focus: about the key findings of the RBI report, about the trust deficit in public banking sector

News: The Report on Trend and Progress of Banking in India released last week had some interesting data on the total amount of term deposits in public sector banks (PSBs). This data suggests people seem to be losing faith in investing their fresh savings in PSBs.

How has the situation changed for PSBs?

Term deposits are popularly known as fixed deposits. Scheduled commercial banks in India had fixed deposits worth a total of Rs. 77.32 trillion as of 31 March. Of this figure, deposits with PSBs amounted to Rs. 51.34 trillion, or around 66%, of the total fixed deposits with banks. Private sector banks, on the other hand, had Rs. 22.07 trillion, or 29%, of the total deposits with banks. The situation has changed dramatically in the last decade, with PSBs losing market share to private sector banks in terms of fixed deposits. In March 2010, PSBs and private sector banks had 79% and 16% of the total deposits, respectively.
What has changed in the past few years?

The above chart plots incremental deposits or the total amount of fresh deposits.
that have come into banks every year. In 2018-19, a total of ₹6.55 trillion came in as fresh deposits. Of this, private banks got ₹5.04 trillion, or around 77%, of the total; PSBs got Rs. 72,113 crore, or around 11%. In 2016-17 and 2017-18, private banks accounted for 92% of the total fresh deposits. However, overall fixed deposit inflows into banks in 2016-17 and 2017-18 were considerably lower at Rs. 1.71 trillion and Rs. 2.64 trillion, respectively. The situation wasn't always like this. PSBs had got around 80.5% of fresh deposits in 2010-11 and around 79% in 2013-14.

What does this tell us about the Indian banking system?

This tells us that in the last few years, people have preferred to invest their fresh savings with private banks. Between March 2015 and March 2019, state-owned banks got a total of Rs. 1.7 trillion as fresh fixed deposits. During the same period, private sector banks got Rs. 10.76 trillion as fresh fixed deposits, the bulk of which came in 2018-19.

Are people losing trust in state-owned banks?

This is basically what the data seems to suggest. Over the last few years some state-owned banks had been put under the Reserve Bank of India’s (RBI) prompt corrective action framework, where limitations were placed on their borrowing and lending activities. This has also played a role in PSBs ending up with fewer deposits. The other worrying bit is the dramatic fall in the amount of fresh deposits coming into banks over the last few years. The total amount of fresh fixed deposits peaked in 2013-14 at Rs. 8.09 trillion.

What does the fall in fresh deposits mean?

This is in line with falling savings in the overall economy. Between March 2015 and March 2019, fixed deposits with banks have grown at single digit rates. This explains why banks have not been able to reduce interest rates despite RBI cutting the repo rate repeatedly. They just don’t have enough fixed deposits. The good news is that fixed deposits grew by 9.2% in 2018-19, against a low of 2.8% in 2016-17.
GST overhaul next on agenda after budget

GS-III | 30 December, 2019

Syllabus subtopic: Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.

Prelims and Mains focus: about the key issues to be discussed regarding overhaul of GST; about the composition scheme: eligibility and its merits

News: The Narendra Modi administration and state governments will hold fresh negotiations to overhaul the goods and services tax (GST) after the Union budget is presented on 1 February, said a government official familiar with the development.

Key issues to be discussed

- Finance ministers of central and state governments will discuss restructuring GST slabs and rates as well as ways to handle a revenue shortfall and the GST compensation to states in the year starting 1 April.
- The discussions between the Centre and states will revolve around finding a middle ground to fix the structural flaws that have resulted in a significant shortfall in tax collections.
- The discussions will address the larger question of what should be done when the Centre does not receive enough revenue to compensate states for their GST-related losses, a vital issue on which Centre-state relations and the stability of GST rests.
Challenges

- Tax cuts and exemptions granted in several rounds since the rollout of GST have made it revenue-deficient rather than revenue-neutral, as was originally planned.
- Tax cuts on consumer goods have also led to a situation where businesses are paying more taxes on raw materials than on finished products and subsequently claiming the excess paid as refunds.
- Experts warned that any major change in the GST structure could unsettle the industry. It would be prudent to allow the economy to stabilize before embarking on any changes as businesses would prefer stability and certainty in tax policies when they are grappling with global economic headwinds.

What is on the anvil in next year’s budget?

- The budget is expected to implement the recommendations of the Fifteenth Finance Commission (FFC), which submitted its interim report to President Ram Nath Kovind and finance minister Nirmala Sitharaman earlier this month.
- The report focuses on sharing of tax revenue between Union and state governments. If the tax revenue that the Centre shares with states comes down in FY21 from the present 42% of the revenue pool, it could result in a showdown between the two.
- The Centre is keen that states take a cut in their compensation dues, something states have resisted. The way this issue is settled will have an impact on the final report of FFC for the five years ending FY26. FFC’s suggestions made to the GST Council in September on states taking a cut in compensation did not receive an enthusiastic response from state ministers.

Key takeaways from the GST Council meeting this month

- At the GST Council’s meeting on 18 December, officials made a presentation on revenue trends and suggestions on rejigging tax rates and slabs, but the council decided against taking it up due to the economic slowdown.
States were not keen on the proposal as it would lead to a rate increase on items in lower slabs, which could impact the common man.

- The council had concluded in its last meeting that raising the rate of cess on items in the highest slab of 28% will not be sufficient to raise revenue to meet the shortfall.
- However, items such as perfumes, cosmetics and vacuum cleaners that were moved from the 28% slab to the 18% slab could become a target of any rate increase in future discussions.
- The decisions taken so far in terms of rate cuts and other relief given to businesses and traders have led to the exchequer forgoing about Rs. 1 trillion a year. These include:
  1. raising the threshold for GST registration from Rs. 20 lakh to Rs. 40 lakh;
  2. raising the limit for composition scheme from Rs. 75 lakh to Rs. 1.5 crore;
  3. and lowering the tax rate under that scheme to producers from 2% to 1%.

What is the composition scheme under GST?

- The composition scheme is an alternative method of tax levy under GST designed to simplify compliance and reduce compliance costs for small taxpayers.
- The main feature of this scheme is that the business or person who has opted to pay tax under this scheme can pay tax at a flat percentage of turnover every quarter, instead of paying tax at normal rate every month.

Eligibility for this scheme

- The composition scheme is applicable to manufacturers or traders whose taxable business turnover is up to Rs.1.5 crore (Rs.75 lakh in case of North-Eastern States). A service provider can opt for the scheme if his taxable turnover is up to Rs. 50 lakh.
- However, businesses with inter-State supplies, manufacturers of ice cream, pan masala and tobacco, and e-commerce players cannot opt for the composition scheme.
- To be eligible for the composition scheme, the registered tax payer must provide a declaration on the GST portal before the beginning of each financial year and not anytime during the year.
Tax rates under composition scheme

- The applicable tax rates under the composition scheme are 1 per cent (0.5 per cent Central GST and 0.5 per cent State GST) of turnover in case of manufacturers and traders, 5 per cent in the case of restaurants (not serving alcohol) and 6 per cent for other service providers.
- The tax is to be paid from taxpayer's own pocket without charging it to the customer. The words “composition taxable person, not eligible to collect tax on supplies” should be mentioned at the top of every bill issued by him.

Why is it important?

- There are over 63 million Micro, Small and Medium Enterprises (MSMEs) in the country that created 110 million jobs and contributed about 29 per cent of the country’s economic output, as per the National Sample Survey (NSS) 73rd round conducted during 2015-16.

- The composition scheme effectively acknowledges the importance of the MSME sector, by granting relief to it on GST filings, procedures and tax rates. As on October 1, 2018, there were 17,65,684 composition dealers amounting to about 16 per cent of registered tax payers under GST. The number is expected to go up with the recent increase in the threshold from Rs.1 crore to Rs.1.5 crore and the inclusion of service providers.

- Under the composition scheme, the taxpayer can skip monthly returns and furnish only one return i.e. GSTR-4 on a quarterly basis by 18th of the month following end of the quarter and an annual return in GSTR-9A by December 31 of the next financial year. A dealer registered under the composition scheme is also not required to maintain detailed records.

What about its drawbacks?

- The drawbacks of this scheme are that the taxpayer cannot be involved in inter-State transactions, imports or exports.
- Also, the buyer transacting with a seller registered under composition...
scheme will not get the benefit of img tax credit, which impact the former’s sales.

What is Input Tax Credit?

Input credit means at the time of paying tax on output, you can reduce the tax you have already paid on imgs.

Say, you are a manufacturer –

- tax payable on output (FINAL PRODUCT) is Rs 450
- tax paid on img (PURCHASES) is Rs 300

You can claim INPUT CREDIT of Rs 300 and you only need to deposit Rs 150 in taxes.

Source: mint

Cyclone Sarai batters Fiji

GS-I | 30 December, 2019

Syllabus subtopic: Important Geophysical phenomena such as earthquakes, Tsunami, Volcanic activity, cyclone etc., geographical features and their location-changes in critical geographical features (including water-bodies and ice-caps) and in flora and fauna and the effects of such changes.

Prelims and Mains focus: about cyclone Sarai; tropical cyclones: types and formation; India-Fiji relations

News: Tropical Cyclone Sarai (Category 2) was moving slowly away from Fiji on Sunday, leaving two people dead and more than 2,500 needing emergency shelter. The cyclone damaged houses, crops and trees, cut power and forced the
cancellation of several flights, stranding holidaymakers visiting the island nation, which is a major tourist draw.

About Tropical cyclones

• A tropical cyclone is rapidly rotating storm system characterized by low pressure centre (eye), a closed low-level atmospheric circulation, strong winds and a spiral arrangement of thunderstorms (cumulonimbus clouds) that produce heavy rain.

• Depending upon its location and strength, a tropical cyclone is referred by different names:
  1. Typhoons in Western North Pacific
  2. Willy-willies in Australia
  3. Baguio in Philippine Islands
  4. Hurricanes around North America
  5. Taitu in Japan
  6. Cyclone in Indian Ocean.

• Tropical cyclone is formed over the ocean surface, because they are like giant engines that use warm, moist air as fuel; that is why they form only over warm ocean water near equator and not on equator as Coriolis Force is needed to form cyclone which is not there on equator. This is the reason tropical cyclone is formed 5 degree to 10 degree away from equator.

• Low pressure centre in ocean tends to inward circular flow of air and warm air goes upward as this warm air goes up its temperature goes on increasing. The sky above the ocean has to be clear so as to facilitate vertical rise of warm air. And this rapidly rotating warm air flow is nothing but Cyclone.
Categories of Cyclone

1. Category one (tropical cyclone)
   - Negligible house damage. Damage to some crops, trees and caravans. Craft may drag moorings.
   - A category one cyclone’s strongest winds are **GALES** with typical gusts over open flat land of 90-125kph.
2. Category two (tropical cyclone)

- Minor house damage. Significant damage to signs, trees and caravans. Heavy damage to some crops. Risk of power failure. Small craft may break moorings.
- A category two cyclone’s strongest winds are DESTRUCTIVE winds with typical gusts over open flat land of 125-164kph.
- These winds correspond to Beaufort 10 and 11 (storm and violent storm).

3. Category three (severe tropical cyclone)

- Some roof and structural damage. Some caravans destroyed. Power failures likely.
- A category three cyclone’s strongest winds are VERY DESTRUCTIVE winds with typical gusts over open flat land of 165-224kph.
- These winds correspond to the highest category on the Beaufort scale, Beaufort 12 (hurricane).

4. Category four (severe tropical cyclone)

- Significant roofing loss and structural damage. Many caravans destroyed and blown away. Dangerous airborne debris. Widespread power failures.
- A category four cyclone’s strongest winds are VERY DESTRUCTIVE winds with typical gusts over open flat land of 225-279kph.
- These winds correspond to the highest category on the Beaufort scale, Beaufort 12 (hurricane).

5. Category five (severe tropical cyclone)

- Extremely dangerous with widespread destruction.
- A category five cyclone’s strongest winds are VERY DESTRUCTIVE winds with typical gusts over open flat land of more than 280kph.
- These winds correspond to the highest category on the Beaufort scale, Beaufort 12 (hurricane).

About FIJI
Fiji, country and archipelago is located in the South Pacific Ocean. It surrounds the Koro Sea about 1,300 miles (2,100 km) north of Auckland, New Zealand.

The archipelago consists of some 300 islands and 540 islets scattered over about 1,000,000 square miles (3,000,000 square km). Of the 300 islands, about 100 are inhabited. The capital, Suva, is on the southeast coast of the largest island, Viti Levu (“Great Fiji”).

Fiji is one amongst advanced economies in the Pacific due to an abundance of forest, mineral, and fish resources.

Today, the main sources of foreign exchange are its tourism industry and sugar exports.
FIJI’s INDIA link

- India’s links with Fiji commenced in 1879 when Indian labourers were brought here under indenture system to work on sugarcane plantations. Between 1879 and 1916 around 60,553 Indians were brought to Fiji. Beginning with early 20th century, Indian traders and others also started
arriving in Fiji. In 1920, the indenture system was abolished.
- There are strong cultural links between the countries as nearly half of Fiji's population is of Indian descent.
- Prior to Fiji’s independence in 1970, India had a Commissioner since 1948 to look after the interests of people of Indian origin. It was later upgraded to High Commissioner after independence.
- Fiji’s Prime Minister Ratu Sir Kamisese Mara visited India in 1971 and Prime Minister Smt. Indira Gandhi visited Fiji in 1981.
- Fiji is important to India for stronger engagement in Pacific Islands.

Source: The Hindu

U.S. forces hit Iraqi Hezbollah bases
GS-II | 30 December, 2019

Syllabus subtopic: Effect of policies and politics of developed and developing countries on India’s interests, Indian diaspora.

Prelims and Mains focus: about the conflict in West Asia and its consequences for global geopolitics; about Hezbollah

News: The U.S. has bombed the headquarters of the Iran-backed Iraqi Hezbollah militant group in Iraq and Syria, the Pentagon said on Sunday, following a rocket attack in Iraq that killed an American civilian contractor.

Context: The attack was in response to repeated Kata’ib Hezbollah (KH) attacks on Iraqi bases that host Operation Inherent Resolve (OIR) coalition forces, intended to degrade KH’s ability to conduct future attacks against OIR coalition forces.

What is Operation Inherent Resolve (OIR)?
It is the U.S. military's operational name for the military intervention against the Islamic State of Iraq and Syria (ISIL, in the vernacular, Daesh), including both the campaign in Iraq and the campaign in Syria.

Since 21 August 2016, the U.S. Army's XVIII Airborne Corps has been responsible for Combined Joint Task Force – Operation Inherent Resolve (CJTF–OIR).

The campaign is primarily waged by American air forces in support of local allies, most prominently the Iraqi security forces and Syrian Democratic Forces.

Combat ground troops, mostly special forces and artillery, have also been deployed, especially in Iraq. 75-80% of the airstrikes have been conducted by the military of the United States, with the other 20-25% by the United Kingdom, France, Turkey, Canada, the Netherlands, Denmark, Belgium, Saudi Arabia, the United Arab Emirates, and Jordan.

About Hezbollah

Hezbollah is a Shia Islamist political party and militant group based in Lebanon. It was founded in the early 1980s as part of an Iranian effort to aggregate a variety of militant Lebanese Shia groups into a unified organization. Hezbollah acts as a proxy for Iran in the on-going Iran–Israel proxy conflict. Iran also supported Hezbollah during the South Lebanon conflict (1985–2000).
3 years on, a mere 30% of Poshan Abhiyaan funds used

GS-II | 30 December, 2019

Syllabus subtopic: Welfare schemes for vulnerable sections of the population by the Centre and States and the performance of these schemes; mechanisms, laws, institutions and bodies constituted for the protection and betterment of these vulnerable sections

Prelims and Mains focus: about poshan Abhiyan and challenges in its implementation; issue of funds utilization under the scheme

News: The State governments and the Union Territories utilised a mere 30% of the funds released under the Poshan Abhiyaan, or the National Nutrition Mission (NNM), since it was launched in 2017.

- Barring Mizoram, Lakshadweep, Himachal Pradesh and Bihar, none of the governments used even half of the sum granted in the past three years, according to an analysis of the data shared in Parliament.

Background

The CNNS (Comprehensive National Nutrition Survey), released by the Ministry of Health and Welfare in October, showed that 35% of children under the age of 5 are stunted and in this age group, 17% are wasted (low weight for height) and 33% underweight (low weight for age).

About Poshan Abhiyan

- The Poshan Abhiyaan, the Centre’s flagship programme, is aimed at
improving nutritional outcomes among pregnant women, lactating mothers and children by reducing the level of stunting, underweight, anaemia and low birth weight by 2022.

- It is meant to benefit more than 10 crore people and was launched after a Cabinet decision on December 1, 2017, with a **total budget of Rs. 9,046.17 crore** for three years, 50% of which is through budgetary support, which is further divided into 60:40 between the Centre and the States, 90:10 for the northeastern region and the Himalayan States and 100% for the Union Territories without legislature.

- The **remaining 50% is from the World Bank** or other multilateral development banks. As a result, the Centre’s total share will be Rs. 2,849.54 crore.

**A grim picture**

- With the three-year period drawing to a close, an analysis of the funds utilised paints a grim picture. According to the information given by Minister for Women and Child Development Smriti Irani in the recent session of Parliament, a total of Rs. 4,283 crore was disbursed by the Centre to different States and Union Territories.

- Of this, Rs. 1,283.89 crore, or only 29.97% of the funds granted, were utilised until October 31, 2019. Figures were not available for 2017-2018 as the scheme was launched at the fag end of the fiscal.
UPSC "PT" DNA (Daily News Analysis)
Performance of various states

- The five best performers were Mizoram (65.12%), Lakshadweep (61.08%), Bihar (55.17%), Himachal Pradesh (53.29%) and Meghalaya (48.37%).
- The worst five performers were Punjab (0.45%), Karnataka (0.74%), Kerala (8.75%), Jharkhand (13.94%) and Assam (23.01%).
- During 2019-20, funds were released for 19 States, though 12 of them had used less than a third of the funds released in the previous two years.

Way ahead

- The programme was conceptualised as one to be implemented in phases. It is, thus, expected that utilisation will increase over years.
- A number of activities had a slow start but are now picking up. These include the Integrated Child Development Services Common Application Software (ICDS-CAS) meant to monitor anganwadis. However, given the stiff targets, translating the activities into outcomes will be critical.

Source: The Hindu

Portal for swift grievance resolution likely

Syllabus subtopic: Important aspects of governance, transparency and accountability, e-governance- applications, models, successes, limitations, and potential; citizens charters, transparency & accountability and institutional and other measures.

Prelims and Mains focus: About Santusht portal and its significance; about EPFO and ESIC

News: The Labour Ministry has chalked out a plan to launch a portal ‘Santusht’ next month
Objective of ‘Santusht’ portal

1. Speedy redressal of worker as well as employer grievances and ensuring implementation of labour laws at the grassroot level.
2. Initially, it would monitor all services provided by retirement fund body EPFO and health insurance and services provider ESIC. Later, the portal would cover other wings of the Labour Ministry as well.

About Employees Provident Funds Organisation (EPFO):

- EPFO is one of the World’s largest Social Security Organisations in terms of clientele and the volume of financial transactions undertaken. At present it maintains 17.14 crore accounts (Annual Report 2015-16) pertaining to its members.

- The Employees’ Provident Fund came into existence with the promulgation of the Employees’ Provident Funds Ordinance on the 15th November, 1951. It was replaced by the Employees’ Provident Funds Act, 1952. The Employees’ Provident Funds Bill was introduced in the Parliament 1952 as a Bill to provide for the institution of provident funds for employees in factories and other establishments. The Act is now referred as the Employees’ Provident Funds & Miscellaneous Provisions Act, 1952 which extends to the whole of India except Jammu and Kashmir. The Act and Schemes framed there under are administered by a tri-partite Board known as the Central Board of Trustees, Employees’ Provident Fund, consisting of representatives of Government (Both Central and State), Employers, and Employees.

- The Central Board of Trustees administers a contributory provident fund, pension scheme and an insurance scheme for the workforce engaged in the organized sector in India. The Board is assisted by the Employees’ PF Organization (EPFO), consisting of offices at 135 locations across the country. The Organization has a well equipped training set up where officers and employees of the Organization as well as Representatives of the
Employers and Employees attend sessions for trainings and seminars. The EPFO is under the administrative control of Ministry of Labour and Employment, Government of India.

- The Board operates three schemes – EPF Scheme 1952, Pension Scheme 1995 (EPS) and Insurance Scheme 1976 (EDLI).

About Employees' State Insurance Corporation (ESIC)

Employees’ State Insurance Scheme of India, is a multidimensional social security system tailored to provide socio-economic protection to worker population and their dependants covered under the scheme.

The scheme was inaugurated in Kanpur on 24th February 1952. The comprehensive and multi-pronged social security programme is administered by an apex corporate body called the Employees' State Insurance Corporation.

Employees' State Insurance Act, 1948

- The promulgation of Employees' State Insurance Act, 1948 (ESI Act), by the Parliament was the first major legislation on social Security for workers in independent India.

- The ESI Act 1948, encompasses certain health related eventualities that the workers are generally exposed to; such as sickness, maternity, temporary or permanent disablement, Occupational disease or death due to employment injury, resulting in loss of wages or earning capacity-total or partial. Social security provision made in the Act to counterbalance or negate the resulting physical or financial distress in such contingencies, are thus, aimed at upholding human dignity in times of crises through protection from deprivation, destitution and social degradation while enabling the society the retention and continuity of a socially useful and productive manpower.
Coverage

Applicability

- Under Section 2(12) the Act is applicable to non-seasonal factories employing 10 or more persons.
- Under Section 1(5) of the Act, the Scheme has been extended to shops, hotels, restaurants, cinemas including preview theatres, road-motor transport undertakings and newspaper establishments employing 10* or more persons.
- Further under section 1(5) of the Act, the Scheme has been extended to Private Medical and Educational institutions employing 10* or more persons in certain States/UTs.

**Note:** However the threshold for Coverage of establishments is still 20 Employees in Maharashtra and Chandigarh. The existing wage limit for coverage under the Act is Rs.21,000/- per month (w.e.f. 01/01/2017).

Areas covered

The ESI Scheme is now notified in 526 Districts in 34 States and Union Territories, which include 346 complete District, 95 District Headquarters and in 85 Districts. The scheme is implemented in centers. The scheme is yet to be implemented in Arunachal Pradesh and Lakshadweep.

**Source:** The Hindu

CDS: Govt notifies retirement age at 65

GS-III | 30 December, 2019

**Syllabus subtopic:** Various Security forces and agencies and their mandate

**Prelims and Mains focus:** About the Chief of Defence Staff; its mandate, role and significance
The Central government on Saturday notified the retirement age for the newly created post of the Chief of Defence Staff (CDS) as 65 years, which will be three years more than the retirement age of the three service chiefs.

- The service chiefs, when appointed, are usually given a tenure of three years or till they attain the age of 62 years, whichever is earlier. There is no mention of a fixed tenure in the gazette notification stating the retirement age for the CDS.

**Chief of Defence Staff (CDS)**

- The Union Cabinet had cleared the appointment of the CDS on December 24 in a four-star rank at par with the three service chiefs. He would be responsible for achieving “jointness in operation, logistics, transport, training, support services, communications, repairs and maintenance of the three services” within three years of assuming office.

- The CDS will also serve as the permanent chairman of the Chiefs of Staff Committee (COSC) which comprises the three service chiefs. So far, the chairmanship of the COSC has not been permanent and is held in rotation by the senior-most service chief, which has caused problems of inadequate attention and short tenures as Chairman, COSC.

- General Bipin Rawat, the outgoing Army Chief, who retires on December 31, is seen as the frontrunner to be named as the first CDS. As the seniormost service chief, he holds the post of Chairman, COSC, which he was scheduled to hand over to the Navy Chief Admiral Karambir Singh on Friday.

- But the Defence Ministry announced at the last minute that the ceremony had been postponed to December 31. The sudden postponement of the ceremony led to speculation that an announcement of the name of the new CDS was expected in the next couple of days.
A shortlist of five officers is believed to have been prepared by the ministry for the cabinet committee on appointments to take a decision. It has been assumed that as the biggest service among the three, the Army will have the first CDS and this may subsequently be rotated among the two other smaller services.

Way forward

The creation of the post of CDS is a long-awaited higher defence reform and giving the incumbent a stable tenure is a healthy move. The role and charter of the CDS has also been defined with a view to spur further defence reforms.
UPSC "PT" DNA (Daily News Analysis)
A fiscal stimulus in budget has to get balance right

GS-III | 31 December, 2019

Syllabus subtopic: Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.

Prelims and Mains focus: about the ongoing economic slowdown what should the next year's budget bring to contain it

News: Finance minister Nirmala Sitharaman will present the Union budget in four weeks. The expectation, including in RBI's monetary policy committee, is that the budget will roll out a fiscal stimulus to counter the growth slowdown.
Will a fiscal stimulus boost GDP growth?
Stimulus can be given either by way of changes in taxes or higher expenditure. India’s nominal gross domestic product (GDP) growth fell to a low of 6.1% in the second quarter of this fiscal. This was the lowest growth in the new 2011-12 base GDP series. GDP growth would have been lower still, but the latest official estimates show that it received a boost from public and defence services that grew 11.6% in the second quarter as compared to 8.6% a year ago. Thus, government expenditure can boost growth in the interim. However, a prolonged stimulus must be avoided as it will stoke inflation and lead to stagflation.

Is there fiscal space for a strong stimulus?
No. The government’s capacity is constrained by low tax revenues so far. Data from the Controller General of Accounts shows that growth in gross taxes during the first seven months of FY20 was the lowest since FY10. Already, the Centre has sacrificed revenues by cutting corporate tax to 22%. The only silver lining is the non-tax revenues growth of 75.5% during April-October. A slippage to 4.75% of GDP in the Centre’s fiscal deficit is estimated by ICRA and EY even in the absence of a stimulus. A temporary deviation from FRBM targets is possible in the current situation. However, there are limits even to that.

Will increased spending on public infrastructure help?
No. Growth needs a boost urgently. Spending on long-gestation projects in highways and railways will not help. As the demand contraction originated in the unorganized sector, stimulus should be given to it. Expenditure under PM-KISAN and NREGA can boost rural incomes and consumption by putting money in the hands of those who tend to consume more.

What about income tax cuts as stimulus?
No. Income tax cuts will benefit a small section of people, as only 5% of India’s population pays income tax. February’s interim budget had given an income tax rebate to those earning up to Rs.5 lakh that left nearly Rs.1,000 a month more in their wallets. Capital exemption on sale of one house was extended to two. Standard deduction for the salaried was raised from Rs.40,000
to Rs.50,000 and tax deduction on interest from savings in bank accounts was increased from Rs.10,000 to Rs.50,000. Still the slowdown deepened.

What should the government do then?

When economic growth slows down, so do tax collections. But if expenditure levels are maintained, the fiscal deficit goes up, as it is expressed as a percentage of GDP. The lower denominator—lower nominal GDP growth—widens the fiscal deficit. Keeping expenditures unchanged, or automatic stabilizers, can be used to stimulate growth, as was done in the aftermath of the global financial crisis in 2008.

Source: mint

NITI Aayogâ€™s SDG Index 2019
GS-II | 31 December, 2019

Syllabus subtopic: Statutory, regulatory and various quasi-judicial bodies.

Prelims and Mains focus: About NITI Aayog’s SDG India Index and performance of various states

News: Kerala tops the States in progress towards the UN’s Sustainable Development Goals (SDGs), while Bihar is at the bottom of the NITI Aayog’s SDG Index, released on Monday.

Background

The SDG India Index was developed in collaboration with the Ministry of Statistics & Programme Implementation (MoSPI), Global Green Growth Institute and United Nations in India.
The index comprises a composite score for each State and Union Territory based on their aggregate performance across 13 of the 17 SDGs. The score, ranging between 0 and 100, denotes the average performance of the State/UT towards achieving the 13 SDGs and their respective targets. The aim of the index is to instill competition among States to improve their performance across social indices as the States' progress will determine India's progress towards achieving the set goals by 2030. Using the index, States will be monitored on a real-time basis.

What are Sustainable development Goals (SDGs)

- The SDGs are a set of 17 broadbased global goals adopted by the United Nations General Assembly in 2015, and intended to be achieved by 2030.
- With onesixth of the world’s population, India is key to the achievement of the goals. The UN has developed 232 indicators to measure compliance by member nations. The NITI Aayog has adapted the monitoring approach to the Indian context, with 100 indicators of its own for the Index.
- Only 40% of these indicators were used for last year's baseline index and hence, the two indices are not directly comparable. However, it is still interesting to note that Kerala has retained its top slot, while Uttar Pradesh, Odisha and Sikkim have shown the most improvement.
Performance of other states

- Himachal Pradesh and Sikkim have joined the four southern States among the frontrunners, which scored over 65 points out of a possible 100.
- Ending hunger and achieving gender equality are the areas where most States fall far short, with the allIndia scores at a dismal 35 and 42 points respectively.
- On the other hand, the NITI Aayog has given India an overall score of 60 points, driven mostly by progress in energy and sanitation (88); peace, justice and strong institutions (72); and affordable and clean energy (70).

SDG-wise analysis

- The second SDG — zero hunger — shows sharp divergence in the performance of States, with little middle ground. Kerala, Goa and parts of the northeast, including Mizoram, Nagaland, Arunachal Pradesh and Sikkim, have scored above 65, with Goa at 75 points.
- However, 22 of the States and Union Territories have scored below 50, with the central Indian States of Jharkhand, Madhya Pradesh, Bihar and Chhattisgarh scoring below 30, showing high levels of hunger and malnutrition.

- On the fifth SDG — gender equality — almost all States fare poorly. Only Jammu and Kashmir, Himachal Pradesh and Kerala have managed to cross 50 points. The indicators considered include crimes against women, eradicating sex selection and discrimination against daughters, and access to reproductive health schemes, as well as indicators showing women’s economic and political empowerment and leadership.
- A sex ratio of 896 females per 1000 males, a 17.5% female labour participation rate, and the fact that one in three women experience spousal violence all contribute to a low score countrywide.

- The Swachh Bharat Mission has contributed largely to the high scores on the sixth SDG — clean water and sanitation — although that was helped by the fact that four out of seven indicators dealt with toilets and sanitation, while
only one indicator was related to safe and affordable drinking water. 
- All States and Union Territories except for Delhi have scored above 65, with 
the national capital scoring poorly on the percentage of urban households 
with individual household toilets (less than 1%) and, oddly, providing no data 
on districts verified to be open defecation free.

Source: The Hindu 

AFSPA extended in Nagaland for six months 
GS-III | 31 December, 2019

Syllabus subtopic: Security challenges and their management in border areas; 
linkages of organized crime with terrorism

Prelims and Mains focus: AFSPA- features, draconian provisions, misuses and 
need for review.

News: The Ministry of Home Affairs (MHA) has declared the entire State of 
Nagaland as a “disturbed area” for six more months, under the controversial 
Armed Forces (Special Powers) Act (AFSPA) which empowers security 
forces to conduct operations anywhere and arrest anyone without prior 
notice.

Background

- The AFSPA has been in force in the Northeast since 1958. Nagaland got 
statehood in 1963.
- Presently, AFSPA, 1958, is operational in the entire States of Assam, 
Nagaland, Manipur (except Imphal Municipal area), three districts namely 
Tirap, Changlang and Longding of Arunachal Pradesh and the areas falling 
within the jurisdiction of the eight police stations in the districts of Arunachal 
Pradesh, bordering Assam.
About the notification issued

- The notification declaring Manipur and Assam as “Disturbed Areas’ has been issued by the State governments.
- For Nagaland, the notification is issued by the MHA. The Act has not been withdrawn despite a framework agreement being signed on August 3, 2015 between Naga insurgent group NSCNIM general secretary Thuingaleng Muivah and government interlocutor R.N. Ravi in the presence of PM Modi.

What does the AFSPA mean?
In simple terms, AFSPA gives armed forces the power to maintain public order in “disturbed areas”. They have the authority to prohibit a gathering of five or more persons in an area, can use force or even open fire after giving due warning if they feel a person is in contravention of the law. If reasonable suspicion exists, the army can also arrest a person without a warrant; enter or search premises without a warrant; and ban the possession of firearms.

Any person arrested or taken into custody may be handed over to the officer in charge of the nearest police station along with a report detailing the circumstances that led to the arrest.

**What is a “disturbed area” and who has the power to declare it?**

- A disturbed area is one which is declared by notification under Section 3 of the AFSPA. An area can be disturbed due to differences or disputes between members of different religious, racial, language or regional groups or castes or communities.

- The Central Government, or the Governor of the State or administrator of the Union Territory can declare the whole or part of the State or Union Territory as a disturbed area. A suitable notification would have to be made in the Official Gazette. As per Section 3, it can be invoked in places where “the use of armed forces in aid of the civil power is necessary”.

**What’s the origin of AFSPA?**

The Act came into force in the context of increasing violence in the Northeastern States decades ago, which the State governments found difficult to control. The Armed Forces (Special Powers) Bill was passed by both the Houses of Parliament and it was approved by the President on September 11, 1958. It became known as the Armed Forces Special Powers Act, 1958.

**What are the special powers given to army officials?**
Under Section 4 of the AFSPA, an authorised officer in a disturbed area enjoys certain powers. The authorised officer has the power to open fire at any individual even if it results in death if the individual violates laws which prohibit (a) the assembly of five or more persons; or (b) carrying of weapons. However, the officer has to give a warning before opening fire.

- The authorised officer has also been given the power to (a) arrest without a warrant; and (b) seize and search without any warrant any premise in order to make an arrest or recovery of hostages, arms and ammunitions.

- Individuals who have been taken into custody have to be handed over to the nearest police station as soon as possible.

- Prosecution of an authorised officer requires prior permission of the Central government.

What has been the role of the judiciary?

- There were questions about the constitutionality of AFSPA, given that law and order is a state subject. The Supreme Court has upheld the constitutionality of AFSPA in a 1998 judgement (Naga People’s Movement of Human Rights v. Union of India).

- In this judgement, the Supreme Court arrived at certain conclusions including (a) a suo-motu declaration can be made by the Central government, however, it is desirable that the state government should be consulted by the central government before making the declaration; (b) AFSPA does not confer arbitrary powers to declare an area as a ‘disturbed area’; (c) the declaration has to be for a limited duration and there should be a periodic review of the declaration 6 months have expired; (d) while exercising the powers conferred upon him by AFSPA, the authorised officer should use minimal force necessary for effective action, and (e) the authorised officer should strictly follow the ‘Dos and Don’ts’ issued by the army.
Has there been any review of the Act?

- On November 19, 2004, the Central government appointed a five member committee headed by Justice B P Jeevan Reddy to review the provisions of the act in the north eastern states.

- The committee submitted its report in 2005, which included the following recommendations: (a) AFSPA should be repealed and appropriate provisions should be inserted in the Unlawful Activities (Prevention) Act, 1967; (b) The Unlawful Activities Act should be modified to clearly specify the powers of the armed forces and paramilitary forces and (c) grievance cells should be set up in each district where the armed forces are deployed.

- The 5th report of the Second Administrative Reforms Commission on public order has also recommended the repeal of the AFSPA.

- These recommendations have not been implemented

Source: The Hindu

India State of Forest Report (ISFR), 2019

GS-III | 31 December, 2019

Syllabus subtopic: Conservation, environmental pollution and degradation, environmental impact assessment

Prelims and Mains focus: about the key findings of ISFR-2019 and its significance; efforts taken by the govt. to improve forest cover in the country
News: The forest cover in the country increased by 3,976 square kilometres (sqkm) but with the sharpest declines in the northeastern States of Arunachal Pradesh, Manipur and Mizoram, according to the 2019 edition of the India State of Forest Report (ISFR) that was made public on Monday.

About the ISFR

- The ISFR, a biennial exercise, assesses the forest and tree cover, bamboo resources, carbon stock and forest fires.

Key findings of the report

- At 7,12,249 sqkm, the forest cover constituted 21.67% of the nation’s geographical area or 0.12% more than last year.
- The top three States showing an increase in forest cover are Karnataka, Andhra Pradesh and Kerala.
- Tree cover, defined as patches of trees less than 1 hectare and occurring outside the recorded forest area, grew by 1,212 sqkm. Tree and forest cover together made up 25.56% of India’s area. In the last assessment it was 24.39%.
Status of forest cover in the Northeast States
The States had a much higher proportion of forest than most States — Mizoram (85.4%), Arunachal Pradesh (79.63%) and Nagaland (75%) — and the declines in forest were still small.

**Reason for decline/rise in tree cover**

- The decline in tree cover inside forests was due to tribal populations getting “land titles” (patta) and the rise in trees outside the forest area as due to an increase in tree plantation and afforestation activities.

**What does the report say on the quality of tree cover?**

- The report, however, shows that the quality of this forest — in terms of the canopy density of the trees comprising forest patches — is wavering.

- While 1,755 sqkm of ‘moderately dense forest’ (MDF) became ‘Very dense forest (VDF), 2,782 sqkm of MDF regressed into lower quality ‘open forest (OF),’ ‘Scrub forest’ or ‘Non forest.’

- The forest cover within the Recorded Forest Area, or that which has been officially classified by States or the Centre as ‘forest,’ showed a 330 sqkm decrease, but ‘forest’ outside such recorded area increased by 4,306 sqkm.

- Tree outside forest was found to comprise nearly 29.38 million hectares, which was 36.4% of the total tree and forest cover in the country. **Maharashtra had the largest extent of such tree outside forest.**

- The nation’s tree and forest cover has largely hovered from 21-25% and is short of the **National Forest Policy, 1988, which envisages 33% to be under such cover.**
Ujjwala scheme reduced reliance on forest wood
GS-II | 31 December, 2019

Syllabus subtopic: Welfare schemes for vulnerable sections of the population by the Centre and States and the performance of these schemes; mechanisms, laws, institutions and bodies constituted for the protection and betterment of these vulnerable sections

Prelims and Mains focus: about the Ujjwala scheme and its significance; key findings of the ISFR, 2019

News: The Union Environment Ministry has credited the Ujjwala scheme, which provides free cooking gas to extremely poor families, with ‘possibly’ reducing the demand for fuelwood.

Context: The India State of Forest Report, 2019, — that biannually also assesses the tree cover — also surveyed 1,110 villages, which are on the fringes of forests, to assess how much fuelwood, fodder, small timber and bamboo villagers use.

The use of these products— according to the Forest Survey of India — was a major source of “impairment to forest productivity” but wasn’t adequately assessed.

What did the report find?

- In their assessment of villages in 31 States and Union Territories, nearly 8,52,90,000 tonnes of fuel-wood, 105,30,39,000 tonnes off fodder, 584,8204 cubic metres of small timber and 18,34,000 tonnes of bamboo were collected annually by those living in the forest fringes.
- The maximum fuelwood was removed in Maharashtra — 95,39000 tonnes —
followed by Odisha and Rajasthan.
• The highest removal, per person, was in Nagaland followed by Himachal Pradesh and Tripura.

About Pradhan Mantri Ujjwala Yojana (PMUY):

• It aims to provide LPG (liquefied petroleum gas) connections to poor households.

• **Who is eligible?** Under the scheme, an **adult woman member** of a **below poverty line family** identified through the Socio-Economic Caste Census (SECC) is given a **deposit-free LPG connection** with **financial assistance of Rs 1,600 per connection** by the Centre.

• **Identification of households:** Eligible households will be identified in consultation with state governments and Union territories. The scheme is being implemented by the Ministry of Petroleum and Natural Gas.

**Key objectives of the scheme are:**

• Empowering women and protecting their health.
• Reducing the serious health hazards associated with cooking based on fossil fuel.
• Reducing the number of deaths in India due to unclean cooking fuel.
• Preventing young children from significant number of acute respiratory illnesses caused due to indoor air pollution by burning the fossil fuel.
Carbon tax waiver for coal mooted
GS-II | 31 December, 2019

Syllabus subtopic: Government policies and interventions for development in various sectors and issues arising out of their design and implementation

Prelims and Mains focus: about the significance of the govt.’s move to waive carbon tax on coal

News: Prime Minister’s office (PMO) has proposed waiving a tax on coal to help finance pollution-curbing equipment, according to documents, but the move would also make coal more competitive in price with solar and wind energy.

- The PMO has proposed waiving the carbon tax of R.400 per tonne that was levied on the production and import of coal.
Background

- Despite struggling with some of the world’s worst air pollution levels, India has already pushed back a deadline to cut emission levels to up to 2022.
- Over half of India’s coal-fired plants are already set to miss a phased deadline starting December 2019 to cut emissions of sulphur oxides, which have been proven to contribute to lung disease.

Significance of the move

- The savings would improve the financial health of utilities and distribution companies, and help power producers to install pollution curbing equipment.
- The proposal is a big win for India’s coal industry, which has lobbied for government help, citing high debt levels and burgeoning payment dues from government-owned power distribution companies.

COAL VS RENEWABLES

- The proposal comes at a time when India is set to open up coal mining to global mining companies for the first time. An implementation of the proposal would provide a fillip to state-run Coal India, whose stock has lost a fifth of its value over the last 12 months. Thermal power companies, in addition to emitting greenhouse gases, account for 80 percent of all industrial emissions of particulate matter, sulfur and nitrous oxides in India.

- The average rate at which coal-fired power is sold to distribution companies stands at about 3.50 rupees per unit, according to a Reuters analysis of data provided to the power ministry by many Indian utilities in October. That compares with an average cost of 2.50 rupees to 3.00 rupees for renewable energy projects. The current carbon tax on coal contributes to 0.25 rupees per unit, according to industry estimates.
If implemented, the move would reduce the price gap between coal-fired power and renewable, and potentially impact Modi's plan to increase adoption of green energy. Cutting taxes on coal would impact growth of renewable energy as well as the transition away from coal.

Source: The Hindu

NITI Aayog set to take up financing exercise with ‘historically backward’ states

GS-II | 31 December, 2019

Syllabus subtopic: Government policies and interventions for development in various sectors and issues arising out of their design and implementation

Prelims and Mains focus: About the SDG India Index report 2019 and its significance; NITI Aayog and its composition

News: Government think tank NITI Aayog plans to conduct a financing exercise with states that have been “historically backward” in development to ensure that India can achieve its Sustainable Development Goals (SDGs) on time.

- India will be presenting its second Voluntary National Review during the United Nations’ High Level Political Forum in July 2020.

Context: “There is consensus on all levels that unless these States make significant progress, India will find it challenging to achieve its SDG targets on time. NITI Aayog has started working closely with these States, enabling them in establishing SDG monitoring systems and supporting them in forging partnerships for building institutions, capacity, knowledge and convergence,” stated the body in
Bihar, Jharkhand, Arunachal Pradesh, Meghalaya, Uttar Pradesh and Assam were among the worst performers in terms of their progress towards achieving these SDGs, shows the report.

Efforts made by NITI Aayog

- NITI Aayog has already begun estimating the financial cost of achieving “key” SDGs in collaboration with the International Monetary Fund.
- As the next step of the collaboration, SDG financing exercise with select states is planned. Special attention is being given to the adoption, implementation, monitoring and financing of SDGs in states, which have been historically backward in development.
- A comprehensive capacity building programme for the States, UTs, and local governments is being designed in partnership with the UN system. The training modules will extensively cover developing SDG monitoring framework, identifying and designing indicators, localisation, and dashboards.

Findings of SDG India Index report, 2019

- The SDG India Index 2019 report, which evaluates the progress of states and Union Territories on social, economic and environmental parameters, found that India has managed to improve its average score on the back of improvements in five goals.

- However, it has stated that two goals — nutrition and gender — continued to be problem areas and demand special attention. In nutrition, food wastage and loss due to inefficient supply chain management remain a “major” concern, according to the report.

- While significant levels of food losses occur upstream, at harvest and during post-harvest handling, a considerable quantity of food is lost or wasted during
the distribution and consumption stages. Such food could be salvaged by timely withdrawing it from the distribution network, aggregating it and then redirecting it to the people in need.

- **Challenges remain** for wider adoption of climate-adaptive sustainable agriculture practices, new technology as well as agricultural development plans involving large swathes of land by small farmers, who often lack assets and resources and constitute more than 82 per cent of all farmers.

- **Crimes against women** stood at around 3.60 lakh in 2017, with the crime rate increasing to 57.9 then, as against 56.6 in 2014; “several” legislations have been enacted towards reforms to ensure gender rights and equality.

- Several challenges still remain in achieving gender equality, including an “acute” **data gap for gender equality in several sectors**, especially for transgender people, stated the report. Other issues include **declining female labour force participation**, which currently stands at 17.5 per cent, and is characterised by aspects like a **gender wage gap** across sectors as high as 50-75 per cent.

- **The agriculture sector** still has the “largest” **share of women**, and a “large” proportion of the population involved in informal employment also consists of women “with little or no social protection”.

- There is also **inequality in women’s access to and ownership of land**. In rural India, while 75 per cent of rural women workers are engaged in agriculture, women’s operational landholding is only 13.96 per cent. The absence of land ownership limits their access to imgs, seeds, fertilisers, credit and agricultural extension services.

**About NITI Aayog**

- The Government, in **January 2015, replaced Planning Commission with**
NITI Aayog (National Institution for Transforming India).

- **Aim:** to achieve Sustainable Development Goals and to enhance cooperative federalism by fostering the involvement of State Governments of India in the economic policy-making process using a bottom-up approach.

**Composition of NITI Aayog:**

- **Chairperson:** Prime Minister of India as the Chairperson.
- **Governing Council** comprising the Chief Ministers of all the States and Lt. Governors of Union Territories.
- **Regional Councils** will be formed to address specific issues and contingencies impacting more than one state or a region. These will be formed for a specified tenure.
- The Regional Councils will be convened by the Prime Minister and will comprise of the Chief Ministers of States and Lt. Governors of Union Territories in the region. These will be chaired by the Chairperson of the NITI Aayog or his nominee.
- Experts, specialists and practitioners with relevant domain knowledge as special invitees nominated by the Prime Minister.

Source: Indian Express