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GOOD MORNING TIMES

Economics –PT Shots (FEBRUARY-2019)

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TOPIC GENERAL STUDIES 3: **ECONOMICS- ECONOMIC DEVELOPMENT- GOV POLICIES**

FEBRUARY 2019

1. PRADHAN MANTRI KISAN SAMMAN NIDHI (PM-KISAN)

- In the Interim Budget 2019-20, the Union Government has launched the Pradhan Mantri Kisan Samman Nidhi (PM-KISAN).
- **About PM-KISAN scheme**

☐**Objective**:

o to provide income support to all Small and Marginal landholding farmer families having cultivable land.

o to supplement the financial needs of the farmers in procuring various inputs to ensure proper crop health and appropriate yields, commensurate with the anticipated farm income.

☐**Benefits**: Under the scheme, financial benefit as given below will be provided to all Small and Marginal landholder farmer families across the country

o Landholder Farmer families with total cultivable holding upto 2 hectares shall be provided a benefit of Rs.6000 per annum per family payable in three equal installments, every four months.

o Multiple land parcels (even if each is less than 2 hectares) held by a single family will be pooled together to determine eligibility.

o Even landholdings, bigger than 10 hectares, will be eligible for benefits under the scheme, if owned by multiple families (e.g. If five brothers jointly own a single 10 hectare holding, each of them will be eligible for the scheme).

☐ **Responsibility** of identifying the landholder farmer family eligible for benefit under the scheme shall be of the State/UT Government.

☐ The lists of eligible beneficiaries would be published at the village level to ensure transparency.

☐**Exclusions**: Certain categories of beneficiaries of higher economic status such as institutional land holders, former and present holder of constitutional posts, persons who paid income tax in last assessment year etc. shall not be eligible for benefit under the scheme.

o for the purpose of exclusion State/UT Government can certify the eligibility of the beneficiary based on self-declaration by the beneficiaries.

☐ A dedicated PM Kisan Portal will be launched for implementation of the scheme.

☐ This is a Central Sector Scheme and will be funded fully by the Government of India.

- **Why needed?**

The agriculture sector employs over 50% of the workforce either directly or indirectly, and remains the main source of livelihood for over 70% of rural households. Thus, economic development is not possible without sustained overhaul of agriculture in India.

☐**Stagnant farm income:** Indian agriculture has been marred with stagnant and uncertain farm income.

o According to a report by NITI Aayog, between 1993-94 and 2015-16, the income per cultivator grew at an annual rate of just 3.4%. o to achieve

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the target of doubling farmers' real income, it will have to grow at 10.4% annually between 2015-16 and 2022-23. This is almost impossible to achieve without any supplemental support.

☐ **High Indebtedness**: More than half of the agricultural households in India are in debt, with average debt of Rs 47,000. National Sample Survey Office (NSSO) 2014 says that average farmer income was around Rs 3,081 per month.

☐**Rural Distress & Farmer Suicides:** According to National Crime Records Bureau (NCRB) report (2015), over 8000 farmers and 4500 agricultural labourers have committed suicide.

☐**Supply Side Constraints:** Farmers are unable to get remunerative prices for their produce, especially for non-MSP commodities, because of the regulations in domestic market (e.g. stocking limitations under Essential Commodities Act 1955), restrictions in export market & externalities like depressed international prices.

☐**Increased Public Unrest:** In 2018, there were 13 massive protests held by farmers across the country, which has put significant pressure on the Government to respond appropriately.

- **Benefits of PM-KISAN**

☐ For the first time, an attempt has been made to transfer income directly to farmers without using price (of either inputs or output) as a policy tool. Earlier, the focus has mainly been on provision of inputs at lower price (input subsidies) and provision of a higher output price (MSP).

☐ Since benefits are not linked to production of any crop, the resultant supply-demand imbalance would be minimal, unlike in the case of MSPs.

☐ It can replace input subsidies, many of which have resulted in gross overuse of resources (e.g. pesticides, free electricity etc.) resulting in soil degradation & declining water tables in states like Punjab. When raising farmers' income is the main objective, direct transfer may perhaps be a more appropriate instrument.

☐ Many farmers still depend on informal sources (local arhatiyas, moneylenders etc.) for credit. There are substantial delays in payment by procurement centres (e.g. in case of sugarcane), which leads to distress selling. Providing assured supplemental income to the vulnerable farmer families would help them meet their emergent needs especially before the harvest season.

☐ It would improve the credit uptake and boost rural consumption demand.

☐ The cash transfers have greater efficiency than loan waivers & subsidies, as they enable poor households to directly purchase required goods & services as well as enhance their market choices.

☐ With the support of a minimum income, youths from farm households may be inspired to start enterprises or take higher training or look for higher paying non-farm jobs.

- **Issues in conception & implementation**

☐**Insufficient Amount**

o Annual direct income transfer (DIT) under PM-KISAN would be only about 5-8% of their existing income levels. Also, it is less in comparison to schemes rolled out in Telangana (Rythu Bandhu) and Odisha (KALIA).

☐**Beneficiary selection**

o Under this scheme, family is being defined as a unit, while most other government schemes use household (group of people living together using common kitchen) as a unit. The re-classification might be an administrative challenge.

o the scheme is not universal in nature. Strict targeting is prone to corruption due to bureaucratic discretion and politics. Moreover, exclusion errors are more common in targeted schemes.

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o It is unclear if beneficiary farmers, who wish to lease their lands to tenant farmers or keep their lands fallow for some time, are eligible to receive cash benefits.

Coverage

o According to the 2011 Socio-Economic and Caste Census, around 40% of rural households are landless and depend on manual labour. The scheme does not include landless farmers - tenants, sharecroppers etc. In the regions of high tenancy, the absentee landlords will receive greater benefits under the scheme.

o Many Adivasi communities also cultivate land as community farmers & without individual rights, and may be left out of the scheme, although they are among the most vulnerable.

Poor maintenance of land records:

o Many states (e.g. Jharkhand, Bihar, Gujarat & Tamil Nadu) have still not digitized land records under Digital India Land Records Modernization Programme.

o in most parts of the country, land records are not regularly updated, especially in case of inherited land, which may lead to exclusion of beneficiaries.

o Verifying ownership claims can be a daunting task, as multiple government departments hold the required documents - Registration Department maintains sale deeds, maps are kept by the Survey Department, while the Revenue Department keeps property tax receipts.

DBT related issues:

o Direct cash transfer in accounts has previously met (like in MNREGA) with delays in disbursing wages. Also, rural banking infrastructure has poor outreach & lacks last mile connectivity.

o Cash transfers can be eroded by local price increases, even if they are indexed to the general price level.

Authentication Issues:

o for 1st planned payout on 31st March 2019, field functionaries are pushed to meet stiff targets. Being short-staffed & inadequately trained, this might result in many technical and unforeseen errors in land record reconciliation.

o from the 2nd installment, Aadhaar authentication will be compulsory to access benefits. But, as evident from previous welfare schemes, biometric authentications face significant hurdles.

Impact on Agriculture:

o Lure of cash benefits may further induce fragmentation of family-owned land among members.

o Today, agriculture in India faces diverse set of problems. While Punjab faces scarcity of water, Bihar faces the challenge of poor supply chains and lack of infrastructure. It would be more judicious for policy makers to find synergies and areas of alignment rather than pushing a one-size fits all prescription.

- **Way Forward**

Address the lacunae in the existing scheme like exclusion of landless farmers & create adequate institutional infrastructure for easy identification of beneficiaries and land record reconciliation.

As agriculture is a state subject, the Centre should focus more on creating an enabling environment through responsive bureaucracy, easing of doing business, market infrastructure, and trade facilitation. The processes related to cropped area assessment & claim payout need to be taken care of by the state governments.

There is a need for comprehensive social security package for farmers, which includes health insurance as well. The KALIA scheme, which includes a life insurance cover & additional personal accident coverage of Rs 2 lakh, is a good example in this regard.

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☐ This could pave a way for the introduction of minimum basic income (MBI) for farmers in future.

- **Similar programmes by states:**

• **Bhavantar Bhugtan Yojana in Madhya Pradesh** was sought to provide relief to farmers by providing the differential between MSPs and market prices.

• **The Rythu Bandhu scheme of the Telangana** government provides ₹4,000 per acre for every season to all the farmers of the state. Similar initiatives have also been framed in Jharkhand and Odisha.

• In December 2018, **Odisha launched the Krushak Assistance for Livelihood and Income augmentation (KALIA)**. KALIA is more complicated in design and implementation. It commits to give Rs 5,000 per SMF, twice a year, that is Rs 10,000 a year.

2. POLICY BIAS AGAINST RAINFED AGRICULTURE

- Recently a Rainfed Agriculture Atlas was released, which has pointed out that there are biases against rainfed agriculture in the policies of the government.
- **About Rainfed Agriculture**

☐ A region is classified as rainfed, if assured irrigation is not provided to majority of the net sown area. It is an interrelation of production systems, natural resources and people's livelihoods in rainfed regions.

☐ Indian Rainfed regions are very diverse in nature comprising of upland regions, coastal regions, deserts as well as pastoral areas

☐ In India they cover around 180 districts and exist in all agro-climatic regions but are mostly concentrated in the arid and semi-arid area. About 61 per cent of India's farmers rely on rain-fed agriculture and 55 per cent of the gross cropped area is under rain-fed farming.

- **Importance of these areas**

☐ Rain-fed areas contributed significantly to the country's food production. They account for 88 per cent of pulses and 40 per cent rice production in the country.

☐ They also support 64 per cent of cattle population in the country.

☐ If managed properly, these areas have tremendous potential to contribute a larger share in food production and faster agricultural growth compared to the irrigated areas which have reached a plateau.

- **Inherent issues with Rainfed agriculture**

☐ Low Incomes of farmers- While farmers in irrigated areas earn 60 per cent of their income from agriculture, their counterparts in rainfed areas earn only 20-30 per cent from farm-related activities. ☐ Ma

poor- There is an overlap of the poorest districts with rainfed districts in various parts of India. ☐

Low crop yields - While the average yield in rain-fed areas is about 1.1 tonnes per hectare, that in irrigated areas is about 2.8 tonnes per hectare.

☐ Increasing number of suicides among farmers- especially in the dry land areas.

☐ Ecologically fragile- One-third of the dry land areas are highly degraded, which cannot be put under cultivation. They receive rainfall of either less than 500 mm or more than 1,500 mm and suffer from serious water management problems either way.

☐ Government Policies are not conducive.

- **Issues with Current Policies in regard to Rainfed Agriculture**

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☐ Schemes not framed particularly for rainfed agriculture- Flagship government schemes, such as seed and fertiliser subsidies and soil health cards, are designed for irrigated areas and simply extended to rainfed farmers without taking their needs into consideration.

☐ Negative impact on rainfed farms by extension of other schemes- e.g. Many hybrid seeds notified by the government scheme need plenty of water, fertiliser and pesticides to give high yields and are thus not useful to most rainfed farmers. Commercial fertilisers simply burn out the soil without sufficient water.

☐ Lower Investment on infrastructure- Lands irrigated through big dams and canal networks get a per hectare investment of Rs. 5 lakhs. Watershed management spending in rainfed lands is only Rs. 18,000-25,000 per hectare.

☐ Low Procurement from crops in rainfed areas- From, 2001-02 and 2011-12, the government spent Rs. 5.4 lakh crore on wheat and rice (Irrigated areas). Whereas on coarse cereals, which are grown in rainfed areas, only Rs. 3,200 crore worth of procurement has been done in the same period.

☐ Lack of utilization of local expertise- The government has no system in place to channelise indigenous seeds or subsidised organic manure in the same way.

- **Way Forward**

☐ Separate Policy orientation for Rainfed farms- Need to give rainfed farmers the same research & technology focus, and production support that their counterparts in irrigation areas have received over the last few decades (Green Revolution).

☐ Need to enhance productivity of Rainfed areas- Most of these areas can take up a second crop. Hence, scientific selection of crops suitable for local agro-climatic zones should be done.

☐ Need to increase market access to Rainfed crops.

☐ Shift from 'input-centricity' to 'needs/requirements'-centricity- In the long run, cash incentives and income support like the PM-KISAN scheme announced in the budget earlier this month would be better than extensive procurement.

☐ Focus on livestock- Livestock is an essential component of dryland ecosystems. They provide much needed farmyard manure for maintaining soil fertility apart from being useful for other agricultural operations. The whole livestock support systems are 'milk-centric'. There are practically no support systems available for livestock rearing for most of the farmers of dryland regions.

☐ Investing in rainfed agriculture would have huge implications for the ecological, social and economic wellbeing of the large and diverse populations that inhabit it.

- **Important Government Initiative**

☐ National Mission for Sustainable Agriculture (NMSA) – It is envisaged as one of the eight Missions outlined under National Action Plan on Climate Change (NAPCC). The major thrust is enhancing agriculture productivity especially in rainfed areas focusing on integrated farming, soil health management, and synergizing resource conservation.

o Rainfed Area Development - It focuses on Integrated Farming System (IFS) for enhancing productivity and minimizing risks associated with climatic variabilities. Under this system, crops/cropping system is integrated with activities like horticulture, livestock, fishery, agro-forestry, apiculture etc. to enable farmers not only in maximizing farm returns for sustaining livelihood, but also to mitigate the impacts of drought, flood

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or other extreme weather events with the income opportunity from allied activities during crop damage.

- **Revitalising Rainfed Agriculture Network**

☐ It was formed in 2010 is a pan India network of more than 600 members, including eminent academics, policy makers, farmer and civil society organisations that work to influence public systems, policy and investments for productive, prosperous and resilient rainfed agriculture.

☐ It publishes the Rainfed Agriculture Atlas.

3. NATIONAL MINERAL POLICY 2019

- The Union Cabinet has recently approved the National Mineral Policy, 2019 which aims at bringing about more effective regulation to the sector as well as a more sustainable approach while addressing the issues of those affected by mining.
- **Background**

☐ National Mineral Policy 2019 replaces the extant National Mineral Policy 2008 in compliance with the directions of the Supreme Court in Common Cause v/s Union of India & Others.

☐ The Ministry of Mines constituted a committee under the chairmanship of Dr. K Rajeswara Rao to review the National Mineral Policy 2008.

☐ Based on the committee's report and subsequent deliberations with stakeholders, the ministry has finalized the policy. Need of the review of Policy

☐ Low rate of growth of Indian Mining sector- with just 1-2 per cent contribution to GDP over the last decade (as opposed to 5 to 6 per cent in major mining economies).

☐ Lack of focus on exploration- the production vs import of minerals is in the ratio of 1:10 in India. High import is mainly because of non-availability of raw material for industries. Hence, exploration must be treated as a business and treating it as a startup giving tax holidays, tax benefits etc. to encourage investments for exploration.

☐ Lack of incentives with private sector to invest- Companies fear investing in exploring minerals owing to various risks.

☐ Need to address illegality in mining- Apparently 102 mining leases in the state of Orissa did not have requisite environmental clearances, approvals under the Forest Act, 1980.

☐ Need to address environmental concerns- e.g. in Bellary due to mining operation. Also, there is need for reclamation and restoring the mined land.

☐ Need to address concerns of intergenerational rights Salient features of National Mineral Policy 2019

☐ Introduction of Right of First Refusal for reconnaissance permit and prospecting license (RP/PL) holders- for encouraging the private sector to take up exploration.

☐ Encouragement of merger and acquisition of mining entities and transfer of mining leases

☐ Creation of dedicated mineral corridors to boost private sector mining areas.

☐ Granting status of industry to mining activity to boost financing of mining for private sector and for acquisitions of mineral assets in other countries by private sector.

☐ Long-term import export policy for mineral will help private sector in better planning and stability in business.

☐ Rationalize reserved areas given to PSUs which have not been used and to put these areas to auction, which will give more opportunity to private sector for participation.

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☐ Efforts to harmonize taxes, levies & royalty with world benchmarks to help private sector.

☐ Introduces the concept of Inter-Generational Equity that deals with the well-being not only of the present generation but also of the generations to come.

☐ Constitutes an inter-ministerial body to institutionalize the mechanism for ensuring sustainable development in mining.

☐ Incorporation of e-governance- IT enabled systems, awareness and Information campaigns have been incorporate.

☐ Focus on using waterways- coastal waterways and inland shipping for evacuation and transportation of minerals.

☐ Utilization of the district mineral fund for equitable development of project affected persons and areas.

4. **NATIONAL POLICY FOR SOFTWARE PRODUCTS**

- The Union Cabinet has recently approved a national policy on software products which aims to position India as a Software Product nation and create 65 lakh jobs by 2025.
- **Need of a New Policy**

☐ Indian IT Industry has predominantly been a service Industry. However, a need has been felt to move up the value chain through technology-oriented products and services.

☐ As per NASSCOM Strategic Review 2017, the Global Software Product Industry is estimated to be USD 413 billion. However, the contribution of Software Products in Indian IT-ITES revenue is just USD 7.1 billion out of which 2.3 billion USD are exports.

☐ On the other hand, import of Software Products is estimated to be nearly 10 billion USD, so as such India is a net importer of software products at present.

☐ Also, past few years have seen serious decline in growth, owing to rapid transformation in technology and Software industry, globally.

☐ The first Software policy came up in 1986. It resulted into Software Technology Park (STP) scheme in 1991.

☐ However, as a maturing industry, with a distinct and strong charter of growth, there is a need to reevaluate the sector and to draw out strategies with a medium to long term perspective and introduce innovative solutions to leverage its full potential.

☐ There is a need to address weaknesses in regard to developing innovative software products that address the challenges thrown in implementing ambitious programmes like Digital India, Make in India, Smart cities etc.

☐ With internet penetration reaching 400 million and with more than a billion mobile phone connections, the opportunities to leverage the soft power of Indian IT professional for producing niche innovative IT solutions for Indian needs is enormous.

- **Strategies of National Policy for Software Products**

☐ Promoting Software Products Business Ecosystem by

o Creation of an Indian Software Product Registry- through industry ownership which will act as a common pool of Indian Software Products thereby providing a trusted trade environment.

o Facilitating active participation of software companies in Capital Market

o Creation of a Single Window Platform

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o Evolving a Classification System for Indian Software Products.

☐ Promoting Entrepreneurship & Innovation for Employment by o Initiating a programme of incubation- to provide all kinds of support so as to nurture at least 10,000 software product startups. o Initiating a Programme to support Research and Innovation on Software Products in Institutes of Higher Learning and Research to bridge the existing gaps in the Industry-Academia research.

o Creating 20-domain specific Indian software product clusters such as in automobile, textile, etc.

o Organizing a program to give 20 dedicated challenge grants such as in Education, Healthcare, etc.

o Establishing a Centre of Excellence- to promote design and development of software products with industry participation.

o Creating a dedicated Software Product Development Fund (SPDF)- it will have a corpus of Rs. 1000 crore in the form of Fund of Funds and participate in venture fund to provide risk capital so as to promote scaling up of market ready Software Products.

☐ Skilling and Human Resource Development by

o Using a Future Skills Programme- for upskilling/re-skilling of 3 million IT Professionals in emerging technologies.

o Initiating a national "Talent Accelerator" programme- to motivate school and college students.

o Creating a talent pool of 10,000 committed software product leaders

☐ Improving Access to Domestic Market and Cross Border Trade Promotion by

o Integrating the registry of Indian software products with Government e-market (GeM)

o Encouraging Indian Product Startups/ MSMEs through hackathons.

o Promoting implementation of open Application Program Interface (APIs) proactively- for both public and private sector to foster incremental innovation and to encourage inter-operability in Indian software products ecosystem

o Promoting preferential inclusion of Indian software product in Government procurement- in line with Public Procurement (Preference to Make in India), Order 2017

o Promote integration of Indian Software Products in international trade development programs.

o Overcoming language barriers- by incentivizing the industry to develop products across major Indian Languages.

☐ Implementation Mechanism such as

o Establish a "National Software Product Mission (NSPM)"- This mission will undertake following tasks for development of software products- design appropriate strategy, recommend specific policy measures, recommend specific initiatives, monitor and collate various initiatives.

o Include various Ministry of Electronics and Information Technology's organizations in the implementation- such as Software Technology Parks of India (STPI), National Informatics Centre (NIC) etc.

- **Five Missions of the Policy**

☐ To promote the creation of a sustainable Indian software product industry, driven by intellectual property (IP), leading to a ten-fold increase in share of the Global Software product market by 2025.

☐ To nurture 10,000 technology startups in software product industry, including 1000 such technology startups in Tier-II and Tier-III towns & cities and generating direct and in-direct employment for 3.5 million people by 2025.

☐ To create a talent pool for software product industry through

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o Up-skilling of 1,000,000 IT professionals,
o Motivating 100,000 school and college students
o Specialise 10,000 professionals that can provide leadership.

☐ To build a cluster-based innovation driven ecosystem by developing 20 sectoral and strategically located software product development clusters having integrated ICT infrastructure, marketing, incubation, R&D/test beds and mentoring support.

☐ In order to evolve and monitor schemes & programmes for the implementation of this policy, National Software Products Mission will be set up with participation from Government, Academia and Industry.

5. **NATIONAL POLICY ON ELECTRONICS, 2019**

- The Union Cabinet has recently approved the National Policy on Electronics 2019 (NPE 2019).
- **Need for this new Policy**

☐ Evolving nature of Electronics Industry in India- The implementation of the Schemes/ Programmes under the aegis of the National Policy on Electronics 2012 (NPE 2012) has successfully consolidated the foundations for a competitive Indian ESDM value chain. Now, this NPE 2019 proposes to build on that foundation to propel the growth of ESDM industry in the country

☐ Spillover effects of Electronics Industry- such as growing security concerns, rising inverted duty structures, dependence on major powers and potential of job creation.

☐ Hence, Electronics is not just about a manufacturing of electronics as a consumable but electronics, which will have impact on working of every sector.

- **Mission and Objective the Policy**

☐ The Policy envisions positioning India as a global hub for Electronics System Design and Manufacturing - (ESDM) by promoting domestic manufacturing, skill development, start-up, export eco-system and improving ease of doing business for the ESDM industry.

☐It aims to achieve a turnover of $400 billion and generate 1 crore jobs in the ESDM sector by 2025.

- **Strategy outlined in the NPE 2019**

☐ Creating eco-system for globally competitive ESDM sector- by encouraging domestic manufacturing through consistent tax incentives, establishing Electronic Manufacturing Clusters, promoting Defence Offsets and sub-sectors like semi-conductor facilities, display fabrication units etc.

☐ Developing and Mandating Standards in the sector- using a standards development framework, which would include institutional mechanism for participation of all stakeholders (Government, Industry, Academia, Experts) and mandatory compliance in the field of electronics goods, including cyber security.

☐ Promoting Ease-of-doing Business- by facilitating single window mechanism for global investors using existing mechanisms like Invest India, National Investment Promotion and Facilitation Agency.

☐ Encourage Industry-led R&D and Innovation- in all sub-sectors of electronics. This would encompass support to various initiatives in areas like 5G, IoT/ Sensors, Artificial Intelligence etc. The support will include new Educational Courses, Incubation Centres, Sovereign Patent Fund and incorporate principles of sustainability of electronic goods through their life cycle.

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☐ Human Resource Development- by generating research base at Ph.D. level, opportunities for joint IPRs to Indian candidates at foreign institutions, and work closely with all agencies (Centre and State) to ensure availability of adequate skilled manpower to the industry.

☐ Export Promotion- by providing attractive package of incentives so that exporters can compete in global markets

☐ Promote Trusted Electronics Value Chain- to improve national cyber security profile and control its supply chain across national defense and critical national infrastructure like energy grids, communication networks, digital economy etc.

☐ Promote Cyber Security- by enhanced understanding of cyber security issues, risks; development of testing facilities, photonics, Nano-based devices etc. by the start-ups. Further, encouragement for use of tested & secure IT products, secure chips,

☐ Developing Core Competencies in the sub-sectors of Electronics- such as Indian Fabless Chip Design Industry, Medical Electronic Devices Industry, Automotive Electronics Industry, Power Electronics for Mobility and Strategic Electronics Industry.

☐ Promotion of Electronic Components Manufacturing Ecosystem- by providing incentives for lithium-ion cells, chip components, fuel cells, optical fibre, solar cells etc.

☐ Promotion of Electronics Manufacturing Services (EMS) Industry- including Engineering & Design of PCBs, Functional testing, Maintenance services like warranty and repair services etc.

☐ Mega Projects - by providing special package which would invite extremely high-tech and huge investments in areas like semiconductor facilities, display fabrication etc.

☐ Preferential Market Access- by encouraging states to adopt the Public Procurement (Preference to Make in India) Order 2017 (PPO 2017) and leveraging the Government e-Market Place (GeM) in the procurement of electronic products (including cyber security).

☐ Governance Structure- Creation of institutional mechanism for implementation of various schemes under the Policy, including support from the State Governments.

☐ Other Measures- Promoting Eco-park for e-Waste processing, Warehousing of raw materials, acquiring mines of Rare Earth Metals in foreign countries (Africa, Australia) and Developing an index to assess the status of electronics manufacturing industry in the states.

- **Status of ESDM industry**

☐ Indian electronics hardware production has been registering a Compound Annual Growth Rate (CAGR) of 26.7% (2017-18), as against a growth rate of 5.5% in 2014-15.

☐ India's share in the global hardware electronics production is about 3%.

☐ The share of domestic electronics production in India's GDP is 2.3%.

☐ Imports of electronics hardware account for more than half of India's domestic production increasing rapidly from $37 billion in 2014-15 to $53 billion in 2017-18.

6. OMBUDSMAN SCHEME FOR DIGITAL TRANSACTIONS (OSDT)

- Recently Reserve Bank of India (RBI) launched Ombudsman Scheme for Digital Transactions (OSDT).
- **About the Scheme**

☐ It is launched under Section 18 of the Payment and Settlement Systems Act, 2007 which will

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provide a cost-free and expeditious complaint redressal mechanism relating to deficiency in customer services in digital transactions conducted through non-bank entities (like mobile wallets or tech enabled payment companies using UPI for settlements) regulated by RBI.

☐ The Ombudsman for Digital Transactions is a senior official appointed by the Reserve Bank of India (appointed for a period not exceeding 3 years at a time) to redress customer complaints against System Participants as defined in the Scheme for deficiency in certain services covered under the grounds of complaint.

☐ The Scheme also provides for an Appellate mechanism under which the complainant / System Participant has the option to appeal against the decision of the Ombudsman before the Appellate Authority.

☐ Transactions undertaken through the banking channels will still be managed by the Banking Ombudsman.

☐ The new ombudsman will work from the 21 existing offices of the Banking Ombudsman and work within the existing territorial jurisdictions.

☐ Customer compensation: o Rs 1 lakh is the compensation that can be awarded in lieu of loss of customer's time, expenses incurred and mental agony. o Rs 20 lakh is the maximum compensation the digital payments ombudsman can award.

- **Why it is needed**?

☐ There is a need to establish a digital payments ombudsman, keeping in mind the massive adoption of digital payments in the country and the magnitude of complaints regarding problems incurred during those transactions. This is due to the complexities and challenges involved in the process such as fraudulent transactions.

☐ A dedicated and empowered grievance redressal mechanism becomes a prerequisite for promoting the level of trust and customer confidence in this powerful channel that has wide and deep reach.

7. **PM SHRAM-YOGI MAANDHAN YOJANA (PMSYM)**
    - Ministry of Labour and Employment launched pension plan 'PM Shram-Yogi Maandhan Yojana' for informal workers.
    - **About the Scheme**

☐ Eligibility: The unorganised workers whose monthly income is Rs 15,000/ per month or less and belong to the entry age group of 18-40 years are eligible for the scheme.

o They should not be covered under New Pension Scheme (NPS), Employees' State Insurance Corporation (ESIC) scheme or Employees' Provident Fund Organisation (EPFO).

o Further, he/she should not be an income tax payer.

☐ Pension: They shall receive minimum assured pension of Rs 3000/- per month after age of 60 years.

o in case of death during the receipt of pension, his/her spouse shall be entitled to receive 50% of the pension received by the beneficiary as family pension.

o in case of death before 60 years of age, his/her spouse will be entitled to join and continue the scheme subsequently by payment of regular contribution or exit the scheme as per provisions of exit and withdrawal. Family pension is applicable only to spouse.

☐ Contribution by the Subscriber: He/she is required to contribute the prescribed contribution

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amount from the age of joining PM-SYM till the age of 60 years.

☐ Matching contribution by the Central Government: PMSYM is a voluntary and contributory pension scheme on a 50:50 basis where prescribed age-specific contribution shall be made by the beneficiary and the matching contribution by the Central Government.

o the contributions from workers per month will change depending on the applicant's age like at the age of 18 years would have to contribute Rs 55, whereas workers at the age of 29 years would pay Rs 100. Those in the upper age limit of 40 years will have to pay Rs 220.

- **Comparison between Atal Pension Yojana and PMSYM**

☐ APY also targets the unorganised sector and is co-contributory in nature, and promises a minimum pension between ₹1,000-5,000 while the PMSYM pension is capped at just ₹3,000 per month.

☐ PMSYM is only open to those with monthly income of up to ₹15,000, whereas APY contains no such income limit.

☐ In APY, you can choose to contribute monthly, quarterly or half yearly, which is of great help to those in the unorganized sector with irregular income. PMSYM only allows monthly contributions.

☐ APY provides for return of corpus on the death of the subscriber and his spouse. In PMSYM, workers only get a pension and do not accumulate a corpus for their family. On the death of the worker and his/her spouse, the corpus is forfeited to PMSYM.

☐ PMSYM will be directly managed by the government unlike APY, which is regulated by the Pension Fund Regulatory and Development Authority (PFRDA).

8. DEPARTMENT FOR PROMOTION OF INDUSTRY AND INTERNAL TRADE (DPIIT)

- The Department of Industrial Policy and Promotion (DIPP) has been renamed as the Department for Promotion of Industry and Internal Trade (DPIIT) with a mandate to deal with matters related to start-ups, facilitating ease of doing business among others.
- **Details**

☐ DIPP (under the Ministry of Commerce and Industry) was established in 1995 and reconstituted in the year 2000 with the merger of the Department of Industrial Development.

☐ It looked after external trade earlier and there were demands by various bodies to create a separate ministry of Internal Trade.

☐ The matters related to internal trade were under the domain of the Ministry of Consumer Affairs.

☐ With this decision, now the Department will also look over the subject of internal trade including retail trade, welfare of traders and their employees etc.

☐ Hence, with this both internal and external trade have come under the same ministry i.e. Ministry of Commerce and Industry, through this department.

☐ Other functions of this body include:

o Formulation of industrial policy and strategies

o Monitoring of industrial growth

o Formulation of FDI policy and its regulation

o Formulation of policies relating to various IPRs

o Coordinates with UN Industrial Development Organization

o Administers Laws namely- The Explosives Act, 1884; The Salt Cess Act, 1953; The Patent Act, 1970; The Boilers Act, 1923 etc.

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9. NEW ANGEL TAX RULES

- Recently the government notified new rules pertaining to angel tax which will exempt registered start-ups of a specified size from the tax.
- **Angel Tax**

☐ It is an income tax levied at 30.9 % tax on investments made by external investors in unlisted startups or companies.

☐ It is applicable when companies have raised capital through sale of shares at a value above their 'fair market value'.

☐ The tax was introduced in the Finance Budget of 2012 with an aim to curb money-laundering through the sale of shares of private unlisted companies at bloated prices.

- **New rules**

☐ Definition of start-up broadened: An eligible start-up would be one that is registered with the government and has been incorporated for less than 10 years (from previous 7 years), and has a turnover that has not exceeded ₹100 crore over that period.

☐ Start-ups can apply for an exemption if their paid-up share capital is up to Rs25 crore, compared to Rs10 crore earlier.

☐ Start-ups may raise tax free capital from investments made by

o non-residents

o Listed company having a net worth of INR 100 Crores or turnover of at least INR 250 Crores

☐ The notification imposes certain restrictions on investments by the start-ups. The start-up have to attest to the fact that it has not invested in any land that is not being used in its ordinary course of business, any vehicle over the value of ₹10 lakh, any jewellery, among other things.

☐ There is a requirement that the start-ups must be registered with the Department for Promotion of Industry and Internal Trade. Some applicants have claimed that the procedure is complex and time consuming.

o Some of these restrictions can lead to hardships for the start-ups and may even disqualify some genuine start-ups from this exemption.

- **Criticism of Angel Tax**

☐ Issues in establishing Fair market value: Start-ups are often valued subjectively and the valuation which seems sky-high to some, may be fair to others. Valuing start-ups based on their assets alone, given intangibles such as goodwill is not easy. Nor is it easy to arrive at a 'fair value' for them, based on discounted cash flows. o example, Ola is valued at $4.3 billion but its actual assets might not be worth more than a million dollars.

☐ Arbitrary power: Under the Income tax Act, the IT department is free to arbitrarily decide the fair value of a company's share and tax start-ups. This could become a tool for harassment of genuine start-ups.

o the notification has not dealt with the arbitrary power that it vests in the hands of the income tax authorities.

☐ Hamper investments: For startup founders, venture capital firms and overseas investors are the key sources of funds. Taxes such as angel tax discourage these investments. Investors in countries such as US are offered tax benefits when they fund small companies

10. PCA FRAMEWORK & BANK RECAPITALIZATION

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- The Reserve Bank of India (RBI) has lifted the Prompt Corrective Action (PCA) framework operational curbs on Bank of India (BoI), Bank of Maharashtra (BoM) and Oriental Bank of Commerce (OBC). Three more banks — Allahabad Bank and Corporation Bank, from the public sector, and Dhanlaxmi Bank from the private sector — are now out of the Reserve Bank of India's (RBI) prompt and corrective action (PCA) framework. • The PCA restrictions were lifted after these banks provided a written commitment that they would comply with the norms of minimum regulatory capital, net NPAs (Non-performing Assets) and leverage ratio on an ongoing basis.
- These Banks have also apprised RBI of the structural and systemic improvements they have put in place.
- There are another six banks that are still under PCA framework.
- **What is PCA?**

• PCA norms allow the regulator to place certain restrictions such as halting branch expansion and stopping dividend payment.

• It can even cap a bank's lending limit to one entity or sector. Other corrective action that can be imposed on banks include special audit, restructuring operations and activation of recovery plan.

• Banks' promoters can be asked to bring in new management, too. The RBI can also supersede the bank's board, under PCA.

- **When is PCA invoked**?

• The PCA is invoked when certain risk thresholds are breached.

• There are three risk thresholds which are based on certain levels of asset quality, profitability, capital and the like. The third such threshold, which is maximum tolerance limit, sets net NPA at over 12% and negative return on assets for four consecutive years.

- **What are the types of restrictions?**

• There are two type of restrictions, mandatory and discretionary.

• Restrictions on dividend, branch expansion, director's compensation, are mandatory while discretionary restrictions could include curbs on lending and deposit.

• In the cases of two banks where PCA was invoked after the revised guidelines were issued — IDBI Bank and UCO Bank — only mandatory restrictions were imposed. Both the banks breached risk threshold 2.

- **What will a bank do if PCA is triggered?**

• Banks are not allowed to re new or access costly deposits or take steps to increase their fee-based income. Banks will also have to launch a special drive to reduce the stock of NPAs and contain generation of fresh NPAs.

• They will also not be allowed to enter into new lines of business. RBI will also impose restrictions on the bank on borrowings from interbank market.

- **Impact**:

1. Small and medium enterprises will have to bear the brunt due to this move by RBI. Since the PCA framework restricts the amount of loans banks can

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extend, this will definitely put pressure on credit being made available to companies especially the MSMEs.

2. Large companies have access to the corporate bond market so they may not be impacted immediately. It has been predicted that if more state-owned banks are brought under PCA, it will impact the credit availability for the MSME segment.

11. UNION BUDGET 2019-20- HIGHLIGHTS

- Finance Minister Piyush Goyal presented the Interim Budget 2019-20 on February 1, 2019. It was the last Budget of the present Government before the 2019 Lok Sabha elections.
- An interim budget is usually passed by the Lok Sabha without discussion.
- **Tax proposals:**

1. Individual tax payers with taxable income of up to Rs 5 lakh will get full tax rebate from now on.
2. Those earning Rs 6.5 lakh will not have to pay tax, if they invested in specified savings such as PF, PPF, etc.
3. However, the tax slabs will remain unchanged.
4. This move will benefit around 3 crore middle class tax payers.
5. For salaried persons, Standard Deduction is being raised from the current Rs 40,000 to Rs 50,000.
6. The Tax Deducted at Source (TDS) on fixed deposits and postal deposits will be exempted for interest earned up to Rs 40,000 from Rs 10,000 currently.
7. The rent up to Rs 2.4 lakh will be exempted from TDS.
8. The benefit of capital gains of up to Rs 2 crore will be increased to investment on two residential houses. This benefit can be availed only once in a lifetime.
9. The benefit of the section 80IBA of Income Tax Act will be extended for one more year for availing of the affordable housing.

- **Rastriya Kamdhenu Aayog:** This aayog will undertake the development work for Cow welfare.
- **Interim Budget 2019 proposed a 10-point vision for 2030**:

1. Physical and social infrastructure.
2. Digital India.
3. Pollution free nation with green Mother Earth.
4. Expanding rural industrialisation.
5. Clean Rivers with safe drinking water to all Indians.
6. Coastline and ocean waters powering India's development and growth.
7. Space programme – Gaganyaan.
8. Making India self-sufficient in food and organic farming.
9. Healthy India – Ayushman Bharat Scheme.
10. Minimum Government Maximum Governance.

12. NEW E-COMMERCE POLICY COMES INTO EFFECT

- India's new e-commerce policy came into effect on February 1, 2019. A new set of policy rules had been formed for the e-commerce companies. DIPP gave them a 60-day window period for aligning themselves to the government's modified foreign direct investment (FDI) rules.

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- **Key Highlights of the new policy:**

1. Bar online retailers from selling products through vendors in which they have an equity interest.
2. Also bars them from entering into exclusive deals with brands for selling products only on their platforms.
3. All online retailers will be required to maintain a level playing field for all the vendors selling their products on the platform, and it shall not affect the sale prices of goods in any manner.
4. Disallows e-commerce players to control the inventory of the vendors. Any such ownership over the inventory will convert it into inventory-based model from marketplace-based model, which is not entitled to FDI.
5. Under the new rules, the e-commerce retailer shall be deemed to own the inventory of a vendor if over 25 per cent of the purchases of such a vendor are through it.
6. Restricts marketplaces from influencing prices in a bid to curb deep discounting. With this, special offers like cashback, extended warranties, faster deliveries to some brands will be prohibited, with the view to provide a level playing field.

- **Significance**:

• The key objective behind the revising the FDI rules for the e-commerce giants is to level the playing field in the retail space, as heavy discounting on online retail sites was causing heavy losses to the small and medium brick and mortar stores.

- **Expected impacts and outcomes:**

1. The policy will impact global e-commerce players like Walmart-owned Flipkart and Amazon, who would have to change their business structures to comply with the new policy, which was announced late in December.
2. The new norms could take a massive toll on the earnings of Amazon and Flipkart. Earlier this month, both the e-commerce companies had asked that the deadline be extended by 4 and 6 months respectively, leading to traders' opposition.

13. <u>NORMS RELAXED FOR START- UPS</u>

- The government has relaxed the norms under the definition of Start-Ups. The relaxations are in line with the government's vision to promote the culture of entrepreneurship and ease of doing business in India.
- The new norms aim to catalyse entrepreneurship by enabling angel investments by innovators across all sections of society and all sectors of economy.
- **The changes brought in are:**

• The investment limit of angel investors to seek exemption under the Income Tax Act, 1961 has been increased to Rs 25 crore from 10 Crore.

• An entity shall be considered a start-up up to 10 years from its date of incorporation/registration instead of the previous period of 7 years.

• An entity would be considered as a startup up to a turnover of Rs 100 crore as against the earlier limit of Rs 25 crore.

- **Exemptions Proposed:**

1. A start-up cannot invest in a building or land unless it is for its business or used by it for purposes of renting or held by it as stock-in-trade.
2. A start-up cannot offer loans or advances, other than those where lending money is part of its business.
3. A start-up cannot make any capital contribution to any other entity or invest in shares, car, any

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vehicle or mode of transport that costs more than Rs 10 lakh.

14. NATIONAL MINIMUM WAGE

- Expert Committee Submits its Report on Determining Methodology for Fixing National Minimum Wage.
- **Background:**

• There have been several developments since the norms for the fixation of the minimum wages were recommended by the 15th ILC in 1957 and subsequently strengthened by the judgement of the Supreme Court in the judgement of Workmen v Reptakos Brett & Co. case in 1992.

• The Ministry of Labour and Employment had constituted an expert committee in January 2017, under the Chairmanship Dr. Anoop Satpathy to review and recommend methodology for fixation of National Minimum Wage (NMW).

- **Criteria on which the minimum wage has been proposed:**

• Using the nutritional requirement norms as recommended by the Indian Council of Medical Research (ICMR) for Indian population, the report has recommended a balanced diet approach which is culturally palatable for fixation of national minimum wage.

• Accordingly, it has proposed that food items amounting to the level of ± 10 per cent of 2,400 calories, along with proteins ≥ 50 gm and fats ≥ 30 gm per day per person to constitute a national level balanced food basket.

• It also proposes minimum wage should include reasonable expenditure on 'essential non-food items', such as clothing, fuel and light, house rent, education, medical expenses, footwear and transport, which must be equal to the median class and expenditure on any 'other non-food items' be equivalent to the sixth fractile (25-30 per cent) of the household expenditure distribution as per the NSSO-CES 2011/12 survey data.

- **What's the proposed National Minimum wage?**

• On the basis of the aforesaid approach, the report has recommended to fix the need based national minimum wage for India at INR 375 per day (or INR 9,750 per month) as of July 2018, irrespective of sectors, skills, occupations and rural-urban locations for a family comprising of 3.6 consumption unit.

• It has also recommended to introduce an additional house rent allowance (city compensatory allowance), averaging up to INR 55 per day i.e., INR 1,430 per month for urban workers over and above the NMW.

- **Way ahead:**

• The committee has also recommended reviewing the consumption basket every five years, subject to the availability of NSSO-CES data, and – within the period of 5 years – revising and updating the basic minimum wage at least in line with the consumer price index (CPI) every six months, to reflect changes in the cost of living.

15. ROZGAR YUKTA GAON (RYG)

- The Cabinet Committee on Economic Affairs has agreed to bring in a new component of 'Rozgar Yukt Gaon' to introduce enterprise-based operation in the Khadi sector and to create employment opportunities for thousands of new artisans in the current and next financial year (2018-19 and 2019-20).
- **What is it?**

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• Rozgar Yukta Gaon (RYG) aims at introducing an 'Enterprise-led Business Model' in place of 'Subsidy-led model' through partnership among 3 stakeholders- KRDP-assisted Khadi Institution, Artisans and Business Partner.

• It will be rolled out in 50 Villages by providing 10,000 Charkhas, 2000 looms & 100 warping units to Khadi artisans, and would create direct employment for 250 Artisans per village. The total Capital Investment per village shall be Rs.72 Lakh as subsidy, and Rs.1.64 Crore in terms of Working Capital from the Business Partner.

16. <u>NINE NEW ITEMS ADDED TO MSP FOR MINOR FOREST PRODUCE SCHEME</u>

- The Ministry of Tribal Affairs (MoTA) has added nine minor forest produce (MFP) items to its minimum support price (MSP) for MFP scheme. The total number of MFPs covered under the list is 49.
- The nine new items are: Bakul (dried bark), Kutaj (dried bark), Noni/Aal (dried fruits), Sonapatha/Syonak pods, Chanothi seeds, Kalihari (dried tubers), Makoi (dried fruits), Apang plant and Sugandhrnantri roots/tubers.
- **About MSP for MFP scheme:**

• The MSP for MFP scheme was started by the Centre in 2013 to ensure fair and remunerative prices to MFP gatherers. The total outlay for the scheme is Rs 967 crore as Centre's share for the planned period (2013-14 to 2016-17).

• The scheme is designed as a social safety net for improvement of livelihood of MFP gatherers by providing them fair price for the MFPs they collect.

• The scheme has been started with the objective of providing fair price to MFP gatherers, enhance their income level and ensure sustainable harvesting of MFPs. The MSP scheme seeks assurance of buying at a particular price, primary processing, storage, transportation etc. while ensuring sustainability of the resource base.

- **Implementation of the scheme:**

• Ministry of Tribal Affairs, Government of India is the Nodal Ministry for implementation of the scheme which will announce Minimum Support Price (MSP) for the selected MFPs with the technical support from TRIFED.

• TRIFED will act as the Central Nodal Agency for implementation and monitoring of the scheme through State level implementing agencies.

• State designated agencies will undertake procurement of notified MFPs directly from MFP gatherers (individual or collectives) at haats notified procurement centers at grass root level at prefixed Minimum Support Price and ensure full & timely on the spot payment to MFP gatherers.

- **Significance of MFP:**

1. Minor Forest Produce (MFP) is a major source of livelihood for tribals who belong to the poorest of the poor section of society. The importance of MFPs for this section of the society can be gauged from the fact that majority of 100 million tribals depend on MFPs for food, fodder, shelter, medicines and cash income.

2. It provides them critical subsistence during the lean seasons, particularly for primitive tribal groups such as hunter gatherers, and the landless. Tribals derive 20-40% of their annual income from MFP on which they spend major portion of their time.

3. This activity has strong linkage to women's financial empowerment as most of the MFPs are collected and used / sold by women. MFP sector

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has the potential to create about 10 million workdays jobs annually in the country.

17. **KISAN CREDIT CARD SCHEME**

- The Indian Banking Association (IBA) has issued advisory guidelines requesting banks to waive off the processing, documentation, inspection, ledger folio charges and all other service charges for crop loans up to Rs3 Lakhs or for the Kisan Credit Card Scheme. The move aims to provide direct benefit to farmers and ease the pressure on them.
- **Campaign**:

• The Department of Agriculture, Cooperation and Farmers Welfare has announced the launch of campaign with immediate effect to saturate farmers for financial inclusion under Kisan Credit Cards (KCC).

• This campaign will be launched through the Financial Institutions including Commercial Banks, Cooperative Banks and Regional Rural Banks in collaboration with the State Governments. The Department of Financial Services has already issued directives to these financial institutions under their purview. There are around 6.95 crore active KCCs.

- **Other Salient features of the Scheme:**

• Revolving cash credit facility involving any number of drawls and repayments within the limit.

• Limit to be fixed on the basis of operational land holding, cropping pattern and scale of finance.

• Entire production credit needs for full year plus ancillary activities related to crop production to be considered while fixing limit.

• Card valid for 5 years subject to annual review. As incentive for good performance, credit limits could be enhanced to take care of increase in costs, change in cropping pattern, etc.

• Conversion/reschedulement of loans also permissible in case of damage to crops due to natural calamities.

• Operations may be through issuing branch (and also PACS in the case of Cooperative Banks) through other designated branches at the discretion of bank.

• Crop loans disbursed under KCC Scheme for notified crops are covered under Crop Insurance Scheme, to protect the interest of the farmer against loss of crop yield caused by natural calamities, pest attacks etc.

- **Kisan Credit Card Scheme:**

• The Kisan Credit Card (KCC) scheme was announced in the Budget speech of 1998-99 to fulfil the financial requirements of the farmers at various stages of farming through institutional credit.

• The model scheme was prepared by the National Bank for Agriculture and Rural Development (NABARD) on the recommendation of V Gupta committee.

• The KCC scheme is being implemented by the all Co-operative banks, Regional Rural Banks and Public Sector Banks throughout the country.

• Scheme covers risk of KCC holders against death or permanent disability resulting from accidents.

- **Objectives:**

1. To provide adequate and timely credit support from the banking system to the farmers at the cheap rate of interest.
2. To provide credit at the time of requirement.
3. To support post-harvest expenses.

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4. To provide Working capital for maintenance of farm assets and activities allied to agriculture.
5. Investment credit requirement for agriculture and allied activities (land development, pump sets, plantation, drip irrigation etc.)
6. Consumption requirements of farmers.

18. AGRI-MARKET INFRASTRUCTURE FUND (AMIF)

- The Cabinet Committee of Economic Affairs has given its approval for the creation of a corpus of Rs. 2000 crore for Agri-Market Infrastructure Fund (AMIF).
- **About Agri-Market Infrastructure Fund (AMIF):**

1. The fund will be created with NABARD for development and up-gradation of agricultural marketing infrastructure in Gramin Agricultural Markets and Regulated Wholesale Markets.
2. AMIF will provide the State/UT Governments subsidized loan for their proposal for developing marketing infrastructure in 585 Agriculture Produce Market Committees (APMCs) and 10,000 Grameen Agricultural Markets (GrAMs).
3. States may also access AMIF for innovative integrated market infrastructure projects including Hub and Spoke mode and in Public Private Partnership mode.

19. KISAN URJA SURAKSHA EVAM UTTHAAN MAHAABHIYAN OR KUSUM SCHEME

- The Government is formulating a Scheme 'Kisan Urja Suraksha evam Utthaan Mahabhiyan (KUSUM)'which inter-alia aims to promote use of solar energy among the farmers.
- **About KUSUM scheme:**

• **What is it?**

It is a ₹1.4 lakh-crore scheme for promoting decentralised solar power production of up to 28,250 MW to help farmers.

• **Benefits:** It would provide extra income to farmers, by giving them an option to sell additional power to the grid through solar power projects set up on their barren lands. It would help in de-dieselising the sector as also the DISCOMS.

• **Components of the scheme:** The components of the scheme include building 10,000 MW solar plants on barren lands and providing sops to DISCOMS to purchase the electricity produced, 'solarising' existing pumps of 7250 MW as well as government tube wells with a capacity of 8250 MW and distributing 17.5 lakh solar pumps. The 60% subsidy on the solar pumps provided to farmers will be shared between the Centre and the States while 30% would be provided through bank loans. The balance cost has to be borne by the farmers.

• **Significance of the scheme:** Expected positive outcomes of the scheme include promotion of decentralised solar power production, reduction of transmission losses as well as providing support to the financial health of DISCOMs by reducing the subsidy burden to the agriculture sector. The scheme would also promote energy efficiency and water conservation and provide water security to farmers.

- **The proposed scheme provides for:**

1. Setting up of grid-connected renewable power plants each of 500KW to 2 MW in the rural area.

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2. Installation of standalone off-grid solar water pumps to fulfil irrigation needs of farmers not connected to grid.

3. Solarization of existing grid-connected agriculture pumps to make farmers independent of grid supply and also sell surplus solar power generated to DisComs and get extra income.

20. MINIMUM SUPPORT FOR MINOR FOREST PRODUCE

- The Centre will frame new guidelines and extend the coverage of Minimum Support Price (MSP) for minor forest produce (MFP) scheme, which is aimed at benefiting a majority of 10 crore tribals. The government is also considering increasing the MSP for various MFPs by around 40%.
- **Background:**

• The MSP for MFP scheme was started by the United Progressive Alliance (UPA) government in 2013 to ensure fair and remunerative prices to MFP gatherers.

- **Significance of MFP:**

• Minor Forest Produce (MFP) is a major source of livelihood for tribals living in forest areas. The importance of MFPs for this section of the society can be gauged from the fact that around 100 million forest dwellers depend on MFPs for food, shelter, medicines and cash income.

• It provides them critical subsistence during the lean seasons, particularly for primitive tribal groups such as hunter gatherers, and the landless. Tribals derive 20-40% of their annual income from MFP on which they spend major portion of their time.

• This activity has strong linkage to women's financial empowerment as most of the MFPs are collected and used/sold by women. MFP sector has the potential to create about 10 million workdays annually in the country.

- **Need of the hour:**

• While it has been more than five years since the scheme was launched, it has not been implemented properly. Improving the implementation of the scheme is the need of the hour to benefit the forest-dwelling and forest-dependent communities.

• Moreover, despite the MFP rights being given to tribal communities under the Forest Rights Act, many states have nationalised MFPs like tendu, monopolising their trade, which is against the law.

- **About Van Dhan Vikas Kendras initiative**:

• The initiative aims to promote MFPs-centric livelihood development of tribal gatherers and artisans. It mainstreams the tribal community by promoting primary level value addition to MFP at grassroots level.

• Through this initiative, the share of tribals in the value chain of Non-Timber Forest Produce is expected to rise from the present 20% to around 60%.

21. RASHTRIYA GOKUL MISSION

- The Finance Minister Piyush Goyal announced the allotment of ₹750 crore to the Rashtriya Gokul Mission (RGM).
- The objective is to get native breeds to produce more milk, be more fecund, and to raise the quality of Indian cows and bulls to eventually outdo Jerseys and Holsteins
- **About Rashtriya Gokul Mission**:

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• To conserve and develop indigenous bovine breeds, government has launched 'Rashtriya Gokul Mission' under the National Programme for Bovine Breeding and Dairy Development (NPBBD).

- The Mission is being implemented with the objectives to:

a) development and conservation of indigenous breeds

b) undertake breed improvement programme for indigenous cattle breeds so as to improve the genetic makeup and increase the stock; c) enhance milk production and productivity;

d) upgrade nondescript cattle using elite indigenous breeds like **Gir, Sahiwal, Rathi, Deoni, Tharparkar, Red Sindhi** and

e) distribute disease free high genetic merit bulls for natural service.

- **Implementation**:

• Rashtriya Gokul Mission will be implemented through the "State Implementing Agency (SIA viz Livestock Development Boards). State Gauseva Ayogs will be given the mandate to sponsor proposals to the SIA's (LDB's) and monitor implementation of the sponsored proposal. All Agencies having a role in indigenous cattle development will be the "Participating Agencies" like CFSPTI, CCBFs, ICAR, Universities, Colleges, NGO's, Cooperative Societies and Gaushalas with best germplasm.

- **Gokul Gram:**

Funds under the scheme will be allocated for the establishment of Integrated Indigenous Cattle Centres viz "Gokul Gram".

1. Gokul Grams will be established in:

(i) the native breeding tracts and

(ii)near metropolitan cities for housing the urban cattle.

2. Gokul Gram will act as Centres for development of Indigenous Breeds and a dependable source for supply of high genetic breeding stock to the farmers in the breeding tract.

3. The Gokul Gram will be self-sustaining and will generate economic resources from sale of A2 milk (A2 milk is cow's milk that mostly lacks a form of β-casein proteins called A1 and instead has mostly the A2 form), organic manure, vermi-composting, urine distillates, and production of electricity from bio gas for in house consumption and sale of animal products.

4. The Gokul Gram will also function as state of the art in situ training centre for Farmers, Breeders and MAITRI's.

5. The Gokul Gram will maintain milch and unproductive animals in the ratio of 60:40 and will have the capacity to maintain about 1000 animals. Nutritional requirements of the animals will be provided in the Gokul Gram through in-house fodder production.

6. Gokul Gram will also be set up near to metropolitan cities for managing urban cattle. Metropolitan Gokul Gram will focus on genetic upgradation of urban cattle.

22. **<u>RASHTRIYA KAMDHENU AAYOG</u>**

- Cabinet approved the proposal for establishment of Rashtriya Kamdhenu Aayog for Conservation protection and development of cows and their progeny.
- **Functions of the Aayog:**

1. The Aayog will work in collaboration with Veterinary, Animal Sciences or Agriculture University or departments or organizations of the Central/State Government engaged in the task of research in the field of breeding and rearing of cow, organic manure, biogas etc. 2. It will take up

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scientific activities for genetic upgradation and increasing productivity of cows.

3. It will provide the policy framework and direction to the cow conservation and development programmes in the country and for ensuring proper implementation of laws with respect to the welfare of cows.

- **Background:**

• Union Minister, in interim budget, announced that Rs 750 crore would be allocated for the Rashtriya Gokul Mission. Under the scheme, a 'Rashtriya Kamdhenu Aayog' would be set up.

- **Need and significance:**

• The setting up of Rashtriya Kamdhenu Aayog will lead to conservation, protection and development of cattle population in the country including development and conservation of indigenous breeds.

• It will result in increased growth of livestock sector which is more inclusive, benefitting women, and small and marginal farmers.

22. GROWING THREAT OF MONOCULTURE IN CROP PRODUCTION

- The Food and Agriculture Organization (FAO) has released its report- "The State of the World's Biodiversity for Food and Agriculture 2019."
- **Concerns highlighted by the report:**

• The report highlights the growing practice of monoculture —cultivation of a single crop at a given area — in food production around the world.

• Only 9 plant species account for almost two-thirds of total crop production.

• In many parts of the world, biodiverse agricultural landscapes have been, or are being, replaced by large areas of monoculture, farmed using large quantities of external inputs such as pesticides, mineral fertilizers and fossil fuels.

- **The report lists drivers of change affecting biodiversity for food and agriculture, including:**

1. Population growth and urbanization.
2. Over-exploitation and overharvesting.
3. Changes in land and water use and management.
4. Pests, diseases and invasive alien species.
5. Climate change.
6. Pollution and external inputs.
7. Natural disasters.
8. Markets, trade and the private sector.

- **Why Monoculture farming may not be good?**

• If a single variety is widely grown, a pest or disease to which it lacks resistance can lead to a dramatic fall in production. If livelihoods are heavily dependent on the species in question, the effects can be disastrous. Examples:

1. The 1840 potato blight famine in Ireland.
2. The 20th century losses in cereals in the United States.
3. Losses of taro production in Samoa in the 1990s.

- **Why diversify?**

• Diversifying crop cultivation reduces risk of economic shocks: "Integrating intercrops, hedgerows or cover crops, particularly legumes, into a system can reduce drought stress by helping to conserve water in the soil profile and help to replenish depleted soil fertility."

• Also, "crop diversification, including rotation and intercropping and the use of diverse forage

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plants in pastureland, can reduce pest damage and weed invasions."

- **The need of the hour:**

1. New supply systems.
2. Improved public-private partnerships

23. SUJALAM SUFALAM JAL SANCHAY ABHIYAN

- The government of Gujarat has launched the second edition of the water conservation scheme Sujalam Sufalam Jal Sanchay Abhiyan.
- **Background:**

• During the first edition against its anticipated target of 16,616 works of deepening of ponds and lakes across the state, 18,220 works were accomplished. The first edition witnessed an increase in the water storage capacity of more than 11,000 lakh cubic feet rainwater through different sources like ponds, reservoirs, check dams, bori bandh and other.

• The desilting had also generated a huge amount of loose/soil or clay which can be used by farmers to increase agricultural productivity.

- **Sujalam Sufalam Jal Sanchay Abhiyan**:

• The scheme aims to deepen water bodies in the state before monsoon to increase storage of rainwater to be used during times of scarcity.

• It involves cleaning and desilting of riverfronts, sprucing up of Irrigation canals.

24. NATIONAL GRID

- PM Modi recently dedicated the 220 kV Srinagar- Alusteng – Drass- Kargil – Leh Transmission Line to the Nation. With this, Ladakh is now connected to the National Grid.
- The project has been completed by the Power Grid Corporation of India Limited (POWERGRID), a Navratna Company of Government of India, under Ministry of Power.
- **Benefits of this project:** It will result in minimizing the massive use of diesel generating sets during winters, and thus will help in protection of beautiful environment, of pristine Ladakh region. This would also give huge boost to the tourism sector and enhance socio-economic development of Ladakh.
- **What is National Grid?**

• It is the high-voltage electric power transmission network in mainland India, connecting power stations and major substations and ensuring that electricity generated anywhere in mainland India can be used to satisfy demand elsewhere.

• The National Grid is owned, operated, and maintained by state-owned Power Grid Corporation of India.

• It is one of the largest operational synchronous grids in the world with 307.8 GW of installed power generation capacity.

• The union territories of Andaman and Nicobar Islands and Lakshadweep are not connected to the National Grid.

- **Benefits of a National Grid:**

• Better availability resulting in lesser power cuts.

• More stability in power.

- **Cross border transmission links:**

• Presently, India is importing electricity from Bhutan with synchronous transmission links while

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exporting power to Nepal, Bangladesh and Myanmar with asynchronous transmission links between the National Grid, and the electricity grids of these countries.

25. NATIONAL GAS GRID

- The Union Government has envisaged the development of the National Gas Grid.
- **The objectives of the National Gas Grid are:**

1. To remove regional imbalance within the country with regard to access for natural gas and provide clean and green fuel throughout the country.
2. To connect gas sources to major demand centres and ensure availability of gas to consumers in various sectors.
3. Development of City Gas Distribution Networks in various cities for the supply of CNG and PNG.

- **Significance:**

• The National Gas Grid together with providing gas connections to households will provide better infrastructure for automobiles using gas.
• The National Gas Grid will also aid in renewing of the fertilizer sector and also give a boost to the Power and Automotive sector.

26. RIVER INFORMATION SYSTEM

- To boost cargo movement on Ganga, the second phase of river information system (RIS) was recently inaugurated between Farakka and Patna.
- RIS enables achievement of safe and efficient inland water transport by avoiding the following risks:

• Ship- to – Ship collisions.
• Ship – Bridge collisions.
• Groundings

- **About RIS: What is it?**

It is a combination of modern tracking equipment related hardware and software designed to optimize traffic and transport processes in inland navigation.
• RIS is being implemented under the overall responsibility of Inland Waterway Authority of India, a statutory body administered by the Ministry of Shipping.
• The system enhances swift electronic data transfer between mobile vessels and shore (Base stations) through advance and real-time exchange of information. This would facilitate:
1. Enhancement of inland navigation safety in ports and rivers.
2. Better use of the inland waterways.
3. Environmental protection.

27. STRATEGIC PETROLEUM RESERVE (SPR) FACILITY

- In a boost to energy security of the country, PM recently dedicated to the nation, 1.33 MMT Visakhapatnam Strategic Petroleum Reserve (SPR) facility of Indian Strategic Petroleum Reserve Limited (ISPRL). The cost of the Project is Rs. 1125 crore. The Facility has the largest underground storage compartment in the country.
- **About SPR programme:**

• To ensure energy security, the Government of India had decided to set up 5 million metric tons (MMT) of strategic crude oil storages at three locations namely, Visakhapatnam, Mangalore and

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Padur (near Udupi). These strategic storages would be in addition to the existing storages of crude oil and petroleum products with the oil companies and would serve as a cushion during any external supply disruptions.

• In the 2017-18 budget, it was announced that two more such caverns will be set up Chandikhole in Jajpur district of Odisha and Bikaner in Rajasthan as part of the second phase.

• The construction of the Strategic Crude Oil Storage facilities is being managed by Indian Strategic Petroleum Reserves Limited (ISPRL), a Special Purpose Vehicle, which is a wholly owned subsidiary of Oil Industry Development Board (OIDB) under the Ministry of Petroleum & Natural Gas.

- **Need for strategic oil reserves:**

1. In 1990, as the Gulf war engulfed West Asia, India was in the throes of a major energy crisis. By all accounts India's oil reserves at the time were adequate for only three days. While India managed to avert the crisis then, the threat of energy disruption continues to present a real danger even today.
2. It is unlikely that India's energy needs will dramatically move away from fossil fuels in the near future. Over 80% of these fuels come from imports, a majority of which is sourced from West Asia. This is a major strategic risk and poses a massive financial drain for an embattled economy and its growing current account deficit.
3. To address energy insecurity, the Atal Bihari Vajpayee government mooted the concept of strategic petroleum reserves in 1998. Today, with India consuming upwards of four million barrels of crude every day (January 2015 figures), the case for creating such reserves grows stronger.

28. LADIS – LEAST AVAILABLE DEPTH INFORMATION SYSTEM

- Moving a step ahead towards ensuring optimum use of National Waterways, the Inland Waterways Authority of India (IWAI) has launched a new portal LADIS – Least Available Depth Information System.
- **LADIS and its significance**:

• Initially LAD information will be available for NW-1, NW-2, Indo-Bangladesh Protocol route and NW-3, along with the date of survey. The facility will be expanded to other NWs also.

• LADIS will ensure that real-time data on least available depths is disseminated for ship/barge and cargo owners so that they can undertake transportation on NWs in a more planned way.

• Details of LAD will be fed into the portal by respective surveyors and regional in charge deputed with IWAI survey vessels which constantly move on NWs.

- **Significance:**

1. IWAI has designed LADIS to facilitate the day to day operations of inland vessels plying on National Waterways and to avoid any hindrance in service and operation.
2. An assured depth of waterway is required for seamless movement of vessels. If real time information is made available regarding LADs in stretches of various NWs, it will help transporters by guiding them on the suitability of time of movement.
3. It will enhance credibility and efficiency of information sharing to achieve seamless operations on National Waterways, besides pre-empting problems that may occur during movement of vessels.

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29. GUIDELINES ON ELECTRIC VEHICLE CHARGING INFRASTRUCTURE

- Government has issued guidelines to upgrade the charging infrastructure in the country to boost the electric vehicles.
- In this regard, the Union Housing and Urban Affairs Ministry has made amendments to the Model Building Byelaws (MBBL) 2016 and Urban Regional Development Plans Formulation and Implementation (URDPFI) Guidelines 2014, making provisions for establishing EV charging infrastructure.
- **Key Features of the Guidelines:**

• A public charging station should be on both sides of the highways or roads on every 25 km.

• For long range and heavy-duty electric vehicles, there should be at least one station on each side of the highway every 100 kilometres.

• Charging facilities will also be available at bus depots and transport hubs within three years. In the first phase, to be completed by 2021, mega cities — with a population of over 4 million as per the 2011 census — will be covered.

• The government has also permitted private charging at residences and offices.

- **Significance of these guidelines:**

• The centre estimates that 25% of the total vehicles on roads will be electric vehicles by 2030. This necessitates the erection of robust electric vehicle (EV) charging infrastructure across the country. The guidelines are a step forward in this direction.

• Besides, India is committed to United Nations' goal to take urgent action to combat climate change. Government has initiated several steps to reduce dependence on fossil fuels. One of such steps is to encourage environment-friendly electric cars.

30. SUSTAINABLE ALTERNATIVE TOWARDS AFFORDABLE TRANSPORTATION (SATAT) INITIATIVE

- The government recently handed over the 100th Letter of Intent (LOI) to the Compressed Bio-Gas (CBG) Entrepreneur (producer) under the SATAT scheme.
- **About the initiative**:

• The initiative is aimed at providing a Sustainable Alternative Towards Affordable Transportation (SATAT) as a developmental effort that would benefit both vehicle-users as well as farmers and entrepreneurs.

• Compressed Bio-Gas plants are proposed to be set up mainly through independent entrepreneurs. CBG produced at these plants will be transported through cascades of cylinders to the fuel station networks of OMCs for marketing as a green transport fuel alternative.

• The entrepreneurs would be able to separately market the other by-products from these plants, including bio-manure, carbon-dioxide, etc., to enhance returns on investment.

• It is planned to roll out 5,000 Compressed Bio-Gas plants across India in a phased manner.

• This initiative is expected to generate direct employment for 75,000 people and produce 50 million tonnes of bio-manure for crops.

- There are multiple benefits from converting agricultural residue, cattle dung and municipal solid

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waste into CBG on a commercial scale:

• Responsible waste management, reduction in carbon emissions and pollution.
• Additional revenue source for farmers.
• Boost to entrepreneurship, rural economy and employment.
• Support to national commitments in achieving climate change goals.
• Reduction in import of natural gas and crude oil.
• Buffer against crude oil/gas price fluctuations.

- **Background:**

• Bio-gas is produced naturally through a process of anaerobic decomposition from waste / bio-mass sources like agriculture residue, cattle dung, sugarcane press mud, municipal solid waste, sewage treatment plant waste, etc. After purification, it is compressed and called CBG, which has pure methane content of over 95%.

- **Way ahead:**

• The potential for Compressed Bio-Gas production from various sources in India is estimated at about 62 million tonnes per annum. • Going forward, Compressed Bio-Gas networks can be integrated with city gas distribution (CGD) networks to boost supplies to domestic and retail users in existing and upcoming markets.
• Besides retailing from OMC fuel stations, Compressed Bio-Gas can at a later date be injected into CGD pipelines too for efficient distribution and optimised access of a cleaner and more affordable fuel.

- **Compressed Bio-Gas (CBG):**

• Compressed Bio-Gas is exactly similar to the commercially available natural gas in its composition and energy potential. With calorific value (~52,000 KJ/kg) and other properties similar to CNG, Compressed Bio-Gas can be used as an alternative, renewable automotive fuel.
• Given the abundance of biomass in the country, Compressed Bio-Gas has the potential to replace CNG in automotive, industrial and commercial uses in the coming years.
• Compressed Bio-Gas can be produced from various bio-mass/waste sources, including agricultural residue, municipal solid waste, sugarcane press mud, distillery spent wash, cattle dung and sewage treatment plant waste. The other waste streams, i.e. rotten potatoes from cold storages, rotten vegetables, dairy plants, chicken/poultry litter, food waste, horticulture waste, forestry residues and treated organic waste from industrial effluent treatment plants (ETPs) can be used to generate biogas

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