SHAPING TALENT

Current Affairs

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Classic IAS Academy

POLITY, GOVERNANCE AND PUBLIC POLICY

Higher Education Commission of India Bill

In News

- The draft Higher Education Commission of India (HECI) Bill is now in the public domain.

About the Bill

- Ministry of HRD has prepared a bill to repeal apex body University Grants Commission (UGC).
- The bill is named as "Higher Education Commission of India (Repeal of University Grants Commission Act) Bill 2018".
- It proposes to replace the University Grants Commission (UGC) with a Higher Education Commission of India.
- This is to provide for more autonomy and facilitate holistic growth of this sector.
- It is also to offer greater opportunities to Indian students at more affordable cost.
- The new commission will cover all fields of education.
- This is however except medical, agriculture and institutions set up under Central and State Acts.
- The exemption does not cover institutes of national importance.

Provisions

- The focus of Higher Education Commission of India (HECI) will be on improving academic standards and the quality of Higher Education.
- The new regulator will not have funding powers like its predecessor.
- The grant functions would be carried out by the HRD Ministry, and the HECI would focus only on academic matters.
- It will have powers to **ensure academic quality**.
- It will develop norms for setting standards for opening and closure of institutions, provide for greater flexibility and autonomy to institutions.
- It will lay **standards for appointments to critical leadership** positions at the institutional level irrespective of University started under any Law (including State Law).
- The HECI will be empowered to **shut down substandard/bogus institutions**.
- **End of Inspection Raj** – UGC conducted inspections to assess institutions. The HECI will practically do away with these and shift to a regime of "transparent disclosures".
- It proposes a clear separation between academic and grant-giving functions.
- Academic functions would be discharged by the HECI.
- The academic functions include
  ➢ promoting the quality of instruction
  ➢ maintenance of academic standards
  ➢ fostering the autonomy of higher education institutions
- The HECI will be bestowed with comprehensive and overriding powers.
- This includes ordering the closure of institutions, in all academic and related matters.
- The grant-giving function will be by the Ministry of Human Resource Development (MHRD) directly.

Government's Plan on HECI

- HECI will be the new, apex regulator for university and higher education in India.
- It has to set benchmarks for academic performance, ensure that institutions adhere to these and act against those that violate standards.
- Draft legislation appears to be part of a stated overarching strategy towards greater autonomy in institutes of higher learning, including the premier Indian Institutes of Technology and Indian Institutes of Management.
- The broad thrust of the Higher Education Commission legislation is to separate governance from funding.
- The proposed commission will focus on academic issues, such as course curricula, faculty standards and outcomes, leaving "monetary matters" to the ministry of human resource development.

Need for Such Proposal

- **Multiple regulators** - The regime of multiple regulators started in the mid-1980s.
- Various professional bodies also started asserting themselves as regulators from early 1990s.
- It marked a galloping growth of the education sector with the setting up of many private universities.
- Multiple bodies in addition to the existing ones came in to cope with the increasing complexity.
- E.g. UGC, All India Council for Technical Education, professional bodies like the Bar Council of India and Council of Architecture.
- **Quality** - The heavy hands of multiple regulators have not yielded the desired dividends.
- Uneven and deteriorating standards in the quality of student output were witnessed.
- This was against the requirements of the job market.
- It is in this context that the need for a single regulatory body arose.

Concerns

- **Role** - The role of HECI in relation to professional bodies is unclear.
- Depriving the HECI completely of funding functions may affect its efficacy.
- It may affect its stature in discharging its onerous responsibility.
- **Funding** - The MHRD has been directly funding more than a hundred institutions of national importance.
- It includes Indian Institutes of Technology, National Institutes of Technology, Indian Institutes of Science Education and Research.
- Funding 47 Central universities should not pose a problem for the ministry.
- However, funding scheme for the State universities needs to be clearly worked out.
- This is because they account for more than 50% of the student enrolment.
- A clear and transparent mechanism should be spelt out if it is to be funded through the Rashtriya Uchchatar Shiksha Abhiyan.
- Besides, the effective role of HECI in regulating state institutions needs attention.

- **Autonomy** - Certain new initiatives are proposed recently in the higher education sector.
- This includes granting near complete autonomy to the Indian Institutes of Management.
- It also includes providing graded autonomy to other institutions.
- Besides, more institutions are encouraged to move out of the regulatory ambit to develop into institutes of excellence.
- Given these, the role of HECI as an overarching regulator has to be reassessed.
- **Structure** - HECI will have a chairperson, vice-chairperson and 12 members.
- The secretary of the HECI will be an officer of the rank of joint secretary and above.
- S/he could also be a reputed academic and will serve as its member-secretary.
- Will the secretary have voting rights or not as a member is unanswered.
- Also, government has overwhelming power to remove the chairperson and members.
- **Secretary** - The secretary is expected to play multiple roles:
  - acting as a member of the HECI
  - serving as a member of search-cum-selection committee of the chairperson and vice-chairperson
  - processing their appointment as a key functionary of the government
- Such multiplicity of roles may create difficulties and conflict of interest.

The Dangers of Strong Laws
Context
- Recently, 5 people were arrested under "Unlawful Activities (Prevention) Act (UAPA)" for allegedly having instigated violence in the Bhima-Koregaon riots.
- This has again refreshed the need to reconsider legislations that have armed governments with a strong mandate to crush even democratic dissent.

Risks in Empowering Governments with Strong Laws
- Even in the constituent assembly, concerns were raised on the wide ranging restrictions on fundamental rights, which may be misused.
- They drew attention to the misuse of various "Public Safety Acts" and "Defence of India Acts" by the colonial regime, to curtail democratic opposition.
- Many articulated that despite the best of intentions, the restricting provisions could easily be interpreted to authorise repression.
- The accused booked recently, under UAPA for the Bhima-Koregaon riots case, are seemingly victims of a possible misuse of strong curtailment laws.

Provisions under UAPA
- UAPA gives vast discretionary powers to state agencies, rendering personal liberty at risk, and curtailing judicial oversight.
- As long as the government version (charge sheet) makes a case for an offence under UAPA, the court can't grant bail.
- Many constitution makers saw such detentions as a big risk, but the clause was retained with the condition that its use would be rare.

- Considering the inordinately slow pace of criminal trials in India, UAPA is effectively a warrant for perpetual imprisonment without trial.
- **Fallouts -** There have already been multiple cases were people have spent multiple years in jail, only to get acquitted at the end.
- Such detentions are hence a blatant assault on personal liberty, for which no amount of compensation can possibly be made.

UAPA Prone to Misuse
- The UAPA authorises the government to ban "unlawful organisations" (subject to judicial review) and penalises membership of such organisations.
- But "unlawful activities" is widely and vaguely defined, and encompasses terms like causing "disaffection" against India.
- **Membership -** Even "membership of an unlawful organisation" (which is a criminal offence that could entail even life imprisonment), is defined broadly.
- Notably, charge-sheets under UAPA often cite 'seizure of books of banned organisations' and 'having met active members' as proof for membership.
- Considering the extensiveness and comprehensiveness of the act, it sort of comes close to criminalising even thoughts of people.
- **Reform -** In 2011, the Supreme Court did make an attempted to narrow the scope of these provisions, in order to minimise misuse.
- It held that "membership" was limited to cases where an individual is found to have engaged in active incitement of violence.
- But the implementation of these provisions has nonetheless been patchy and arbitrary and governments continue to have unbridled power to arrest.

Way Forward
- People occupying high government offices are also human, and hence, despite the best intentions of legislations, misuse is inevitable.
- The best possible solution is one that minimises misuse, which can be done by reducing the discretionary powers of authorities.
- In this context, pro-UAPA arguments that demand states to be given a strong unrestricted hand to control alleged disruptive activities are undesirable.
- Hence, courts should hence strike down strong detention laws or frame sufficient safeguards to prevent misuse or improper use of such laws.
- Another important aspect to improve the justice system in India is to speed up cases to avoid years of litigation, particularly when bail is not an option.

Dam Safety Bill 2018 - TN Opposition
In News
A recent Tamil Nadu Assembly resolution demands that the Centre keeps the Dam Safety Bill 2018 in abeyance.
About the Bill
- The objective is to help all states and Union Territories adopt uniform dam safety procedures.
- The Bill is to address all issues concerning dam safety including

- ➢ regular inspection of dams
- ➢ emergency action plan
- ➢ comprehensive dam safety review
- ➢ adequate repair and maintenance funds for dam safety
- ➢ Instrumentation and Safety Manuals
- It proposes a National Committee and State Committees on Dam Safety.
- The National Committee will formulate policies and regulations on Dam Safety.

NDSA
- The National Dam Safety Authority (NDSA) will mediate with the state organisations and dam owners.
- It works for standardisation of dam safety-related data and practices.
- Besides, it -
- ➢ gives dam safety assistance
- ➢ maintains a national-level database of dams with records of failures
- ➢ looks after design or construction of new dams
- ➢ eliminates inter-state disputes

Need of the Bill
- Most dams in India are constructed and maintained by the states.
- Some of the bigger ones are managed by autonomous bodies.
- E.g. Damodar Valley Corporation or Bhakra Beas Management Board
- There is lack of legal and institutional architecture for dam safety in India.
- This has kept the dam safety an issue of concern for long.
- Unsafe dams are a hazard and dam break may cause disasters.
- The Centre has come up with the Bill when about 450 dams are being constructed.

Tamil Nadu's Opposition
- The TN resolution proposed that the Bill had contentious clauses.
- The Bill allows the NDSA to inspect dams situated across intra-state rivers.
- This is being viewed as an attempt to encroach on the state's powers and rights.
- This is especially with respect to Dams constructed by the State Government in the neighbouring State.
- It is said to cause various problems in their maintenance and operation.
- It wants the Centre to arrive at a consensus with the states.
- Till then, it asks the Centre to keep in abeyance the process of legislating on the Bill.

What is the Mullaperiyar Issue?
- Tamil Nadu owns dams in Mullaperiyar, Parambikulam, Thunakadavu and Peruvaripallam in Kerala.
- The two states have engaged in dispute over the Mullaperiyar dam.
- Tamil Nadu government wants to raise the water level to 142 feet and carry out repair.
- But Kerala has opposed it citing safety threats.
- Kerala Irrigation and Water Conservation (Amendment) Act 2006 limits the full reservoir level to 136 feet.
- The Supreme Court had struck down the Act, and the order went against Kerala.
- Eventually, an SC team inspected the dam and confirmed that the dam was safe.
- Given this, the latest move by the Centre has made Tamil Nadu cautious about its authority and assets.
- More objections are likely to follow from other states as well.

ECONOMIC AFFAIRS

LIC to Buy a Stake in IDBI
Context
- The government is proposing to sell a portion of its stake in IDBI Bank to LIC.
- The idea of routing policyholder funds into a worst-performing public sector bank has raised some concerns.

Proposal
- The government is mulling a proposal to sell around 40-43% stake in IDBI Bank to LIC.
- State-owned Life Insurance Corporation (LIC) of India may buy a controlling stake in IDBI Bank.
- LIC is currently the largest public shareholder of IDBI Bank with a stake of 10.82%.
- If it buys another 43%, its total stake in the state-run IDBI bank will be around 55%.
- The stake sale will fetch the government between Rs 10,000-Rs 11,000 crore.

Background
- LIC has pledged its support to Centre's disinvestment of New India Assurance and General Insurance Corporation of India last year.
- This is already costing LIC dear.

- LIC has time and again been used to rescue capital-starved PSU banks.
- It has been subscribing to banks' risky Basel-compliant bonds over the years.
- It has also often been bailing out the Centre by mopping up shares of public sector enterprises even in declining markets.

Concerns
- LIC is arguably the country's largest public insurer.
- It has a balance sheet of about Rs.28-lakh crore as of December 2017.
- Given this, infusing a couple of thousand crore is unlikely to cause any serious harm.
- **Capital infusion** - But, there is concern with the Centre's massive Rs.10,600 crore bank capital infusion.
- Notably, this has not been enough to meet the capital requirements of the bank.
- Post capital infusion, the bank's Tier I capital ratio should have jumped by about 400 basis points.
- Instead, the Tier 1 capital at 7.4% as of March 2018 barely meets the mandated requirement of 7.37%.

- It is clearly because of the sharp rise in provisioning for bad loans.
- **Taxpayer's money** - The move throws good taxpayers' money after bad.
- It places LIC to perform the rescue act, seemingly an ill-conceived solution.
- Notably, tackling a deeper structural issue is the need of the hour.
- This is the case, not just in IDBI, but the entire banking sector.
- **LIC** - The string of investments by LIC has about 29 crore policies in force.
- The recent move raises questions on LIC as a prudent money manager for its policyholders.
- It also raises doubts over
  - the existing internal investment policies, if any
  - the overall risk to the insurer's portfolio and its aggregate exposure to sectors and stocks
- The lack of disclosures and opacity in LIC's investment portfolio add to these concerns.

Way Forward
- LIC is still a market leader in the life insurance space.
- But it has been steadily losing market share to its private counterparts.
- LIC's competitive pressures are rising, and IDBI Bank's capital needs are going to be huge.
- Given this, adding the burden of recovering the PSU banks can seriously affect LIC.
- The Centre should think twice before using the key players of India's financial system for its rescue acts.

Concerns about Role of DICGC
In News: About 19 Public sector banks have declared net loss for the year ended March 31, 2018.

Recent Declaration
- 19 PSBs have declared net loss for the year ended March 31, 2018. Only two banks could declare net profit during this period.
- Depositors were much concerned about this fact and rumours about the safety of deposited money in Public sector banks.
- To address this issue Union Finance minister declared that government stands fully behind public sector banks and the deposits in PSBs are 100 per cent safe.
- Though people are aware that the government is there to rescue PSBs, this reassurance is required as all sorts of rumours are being floated by vested interests.

Deposit Insurance Scheme
- Deposit insurance does not cover 100 per cent value of all the deposits, however, the same comfort level cannot be there for private sector and cooperative banks.
- Deposit Insurance and Credit Guarantee Corporation (DICGC), a wholly owned subsidiary of Reserve Bank of India was in operation since 1962 for this purpose.
- The Corporation insures all bank deposits, such as savings, fixed, current, and recurring.
- There are some exceptions like deposits of foreign governments, deposits of Central/ State Governments, deposits of State Land Development Banks with State co-operative banks, and inter-bank deposits.

Role of DICGC
- Originally, the DICGC was providing coverage for small loans as well and it was using the premium collected for deposit insurance to settle claims under small loans for many years.
- But as no credit institution was participating in any of the credit guarantee scheme administered by the Corporation, the scheme was discontinued in April 2003 and deposit insurance remains the principal function of the Corporation.

Role of DICGC Need to be reviewed
- DICGC stipulates that only banks should pay the insurance premium and it cannot be collected from depositors.
- From various reports it is clear that the insurance premium collected from PSBs is being utilised to settle the claims of cooperative banks.
- It is a known secret how funds of cooperative banks are misused by politicians across States with immunity.
- Apart from this the major ownership of PSBs is with the government, which has got the capacity to enable banks to repay the deposits, here the role of DICGC's deposit insurance scheme is dubious.

Way Forward
- Making PSBs to have their deposits covered is similar to getting some other guarantee for the currency notes issued by the RBI.
- When the government can pay all the depositors, there is no need for any deposit insurance for PSBs.
- The DICGC should not be allowed to take from PSBs and give to co-operative banks.

Weakening Rupee
In News: Rupee crashed to a lifetime low of 69 against US Dollar.

Rupee Trend
- Rupee was pushed to a life-time intraday low of 69.10 a dollar.
- The rupee is the worst-performing currency in Asia this year.
- It has lost almost 8% in value since January 2018.
- The rupee's previous historic low was in November 2016 (it plunged to 68.86).
- It is, however, not the only currency to be in the weakening trend.
- Emerging market currencies as a group have witnessed a sharp correction in their value against the dollar this year.

Causes
- The rise in international **crude oil prices** is one of the reasons.
- Importers have had to shell out more dollars to fund their purchases.
- The rise in global trade tensions amidst the on-going **trade war** is another factor.
- But its impact on the rupee remains unclear as of now.
- But by far the most important reason is the tightening of **U.S. monetary policy**.

- Investors attracted by higher yields in the US have been pulling their capital out of India.
- Also, **China** has been **depreciating** its currency (yuan).
- This is to offset the effect of duties imposed by the US.
- The Indian unit also seems to be moving in tandem with the yuan so that exporters don't lose out.

Other Important Causes
- **Crisis** - The US and Europe infused liquidity after the 2008 financial crisis.
- Credit at near zero interest rates was available to banks and financial agents.
- This was to lend or invest at low rates to record profits.
- Thereby it facilitated resolving their balance sheet hit by the crisis.
- It flooded markets with large volumes of cheap money in the process.
- **Carry trade** - Under this, banks, financial institutions and investors borrowed cheap in the dollar market.
- But they invested in assets denominated in other currencies for higher returns.
- The rush of funds shored up these currencies and even resulted in appreciation.
- India was a country that benefited from flows of this kind.
- India's corporate sector utilised the cheap credit from foreign financial firms.
- **Impact** - This has resulted in a high proportion of outstanding foreign bank claims.
- India is now paying the price for this legacy of debt.
- Clearly, depreciation raises the rupee costs of imports.
- It also increases the rupee equivalent of payments made to service foreign debt.

Impact on Bond Market
- The channels through which credit has been flowing into the country has changed.
- Clearly, the share of bank loans and deposits has come down from 2013 to 2017.
- While, the share of debt securities has increased in the same period.
- The **corporate bond market** which was inactive for long had turned active in recent years.
- Financial institutions in the carry trade, experimented with corporate bonds.
- This suited Indian corporates as bond issues are likely to have less intensive scrutiny.
- However, exit is much easier for bond investors.
- They can choose to book profits or cut losses and leave.
- But this results in stress on the balance of payments and the rupee.

Implications
- **CAD** -India's CAD jumped to 1.9% of GDP in the fourth quarter of 2017-18 from just 0.6% a year earlier.
- It is now expected to widen to 2.5% in FY 2019.
- This could impact the rupee as the demand for dollars could turn out to be overwhelming.

- But although current account deficit has widened, it remains modest relative to GDP.
- Also, it is largely financed by equity inflows, including foreign direct investment.
- **External risks** - Moody's Investors Service has ruled out any risk with this development.
- India's large and relatively stable domestic financing base restricts its external vulnerability.
- It will contribute to the economy's resilience by protecting from abrupt changes in external financing conditions.
- **Debt Affordability** - Currency depreciation transmitting into materially weaker debt affordability is limited.
- This is because of India's low dependence on foreign-currency borrowing to fund its debt burden.
- India's significant build-up of foreign exchange reserves in recent years to all-time highs provides a support buffer.
- This will contribute to mitigating the external vulnerability risk.

Not a Concern
- India's external accounts look far more secure.
- This is primarily because the foreign exchange reserves are in the comfort zone.
- They had dipped below $300 billion in 2012-13, but in 2017-18 they were $424 billion.
- The current account deficit, too, remains manageable.
- It is true that the long low in commodity prices is over.
- E.g. Fuel prices are in a rising trend.

Proposed Risks
- The prospect of a trade war is seen as disruptive.
- The merchandise trade deficit has been adequately compensated for.
- This is in part by payments for services and remittances as well as strong capital inflows.
- However, there has been concern expressed about all those components as well.
- E.g. threat of visa restrictions by the US administration could affect IT services revenue.
- But the revenue from IT and ITeS has been range-bound around $70 billion.
- Also, rising crude oil prices mean that remittances from the Gulf have rebounded as well.
- These fundamentals of the macro-economy appear to be strong, ruling out the risks.

India Vulnerable
- The debt exposure allowed by the above has now created two kinds of vulnerabilities.
- Firstly, it can lead to **rupee depreciation** when investors choose to exit.
- This intensifies any depreciation resulting from other factors.
- Secondly, depreciation increases the rupee costs of **servicing foreign debt.**
- It can lead to losses and push firms to default on both domestic and foreign debt.
- Vulnerability that legacy debt creates arises from the volume of exposure.
- But besides, it also arises from its likely concentration in a few firms.

- **How** - Firm reputation influences access to foreign credit markets and institutions.
- It is thus likely that foreign debt would be concentrated in a small number of firms.
- This factor carries the enhanced debt-servicing burden for these few companies due to rupee depreciation.

Policy Shortfalls

- The current vulnerability could have been prevented by policy decisions.
- The corporates should have not been encouraged to exploit that supply-side push.
- But, the ceilings on external commercial borrowing have been relaxed hugely over the liberalisation years.
- Foreign investors have been given easy access to the country's debt markets.

India's Need to be ready

- Certainly, there will be increased inflationary risks.
- The monetary policy committee of the RBI thus may be more willing to raise interest rates.
- This might in turn hamper the nascent growth recovery.
- In the short run, the trade deficit will also find it difficult to respond to a depreciating rupee.
- Despite this, much of India imports, including fuel and electronics, will not be easy to substitute.

Future Prospect

- The tightening of monetary policy by the U.S. Federal Reserve has traditionally caused impact on the global credit cycle.
- It is hard to determine if the worst is over yet for emerging market currencies.
- But the American central bank expects to raise interest rates further this year.
- It suggests that there could possibly be more ramifications in the economy.
- The government, as well as the RBI, recently raised domestic interest rates.
- This was in response to the rising external economic risks.
- There is a need for reassessing the policy of altering domestic rates in response to the US Fed rates.

Way Forward

- Indian rupee's depreciation is similar to what is happening with many emerging market currencies.
- However, the consequences of rupee depreciation need a careful handling.
- This is because, rupee depreciation is an opportunity that must not be wasted.
- India must increase self-reliance, one way, by further indigenising India's fuel mix.
- The government's large-scale renewable energy push should be seen as part of this effort.
- A sustainable external account would require sustained increases in the competitiveness of Indian exports.
- This requires domestic structural reform, which is also crucial for genuine macroeconomic stability.

Assessing Agri-Pricing Policies
Context

- Excess supply, depressed market prices and mounting farmer losses are more a consequence of shortfalls in agri-pricing policies.
- It calls for providing income support to at least the most vulnerable farmers.

Existing Scenario

- Good rains, excessive sowing and bumper harvest last year produced excess supply in the market.
- It resulted in a decrease in the prices of many crops and thus in farm incomes too.
- Market prices for major kharif crops fell below the Minimum Support Prices (MSP).
- The current farm crisis is largely due to the shortcomings in the pricing policies.

Policy Shortfall

- Agri-prices, and therefore farm incomes, are not free-market driven.
- They are kept artificially low, through use of pricing policy instruments.
- This is done so that inflation does not erode the rest of the population's purchasing power.
- The economic tools for protecting farm incomes were not employed to the best advantage.
- These include -
  - the price support scheme
  - price stabilisation fund
  - market intervention scheme
- Appropriate adjustments to the export and import rules could have arrested the price fall.
- It would have diverted the excess supplies to overseas markets.
- But imports were allowed as usual, which worsened the price situation.

Policy on MSP

- The Budget promised that Minimum Support Prices (MSPs) would be at least 150% of production costs.
- Even if market prices fall below MSP, government will procure the produce on MSP.
- If it does not procure, it will provide a mechanism to ensure payments reach farmers.
- That would be equal to the gap between the MSP and the market price.
- Assuring 50% profit margin over the cost of production is to make farming remunerative.

Concerns with MSP

- Farmer groups and government differ on the **formula** for calculating production costs for plugging into the MSP formula.
- But besides this, simply announcing higher MSPs will not raise farmer incomes.
- As, the **system** is not geared for scaling up **procurement** in the first place.
- MSPs are announced for more than 20 crops.
- But, noteworthy procurement is conducted just for three - paddy, wheat and sugarcane.
- For several crops, last year, the **quantities procured** were small portions of the total produce.
- Further, procurement frequently takes places at **prices** below the MSP, according to reports.

- Also, **small and vulnerable farmers** usually do not get paid MSPs at all.
- This is because they sell their produce to aggregators, not directly in mandis.

Demand-Supply Mismatch
- MSP of Paddy for the 2018-19 kharif season will have to be raised 11-14%, cotton 19-28%, and jowar 42-44%.
- These are the projections if the MSP pricing formula of 1.5 times the cost is employed.
- A rational response of farmers would be to sow more jowar in the next season.
- But there is no reason that the demand for jowar would also rise.
- A demand-supply mismatch would be inevitable in this case.
- It would send the market prices for jowar way below the announced MSP.
- It would in turn call for significantly expanded jowar procurement at MSP.
- Thus, clearly, pricing policies distort market prices of crops.
- It sends the wrong signal to farmers on what to produce and how much.
- The policy system fails to correct such situations, which then goes out of control.

Way Forward
- If the problem is volatile incomes, the solution must target incomes, and not prices.
- Income support payments, paid on a per hectare basis through direct transfers should be considered.
- It would offer an administratively neater, economically far less distortionary and politically more attractive solution.
- E.g. Telangana has announced such payments for farmers at the rate of Rs. 10,000/ha (Rs. 4,000/acre) per season.
- The cost projections for scaling up this model at national level are roughly same as the estimated bill for price differential payments.
- This is excluding the procurement of sugarcane, wheat and paddy, and non-MSP crops.
- Fiscal space must be found for providing income support this year to the most vulnerable farmers at least.
- Over the longer term, deep reforms in pricing policy would be the alternative.

Financial Stability Report - RBI
In News: Reserve Bank of India has recently released the financial stability report.

Key Highlights
- **NPA** - RBI report warns that the gross non-performing assets (GNPAs) could rise.
- The *GNPAs* of scheduled commercial banks could rise from 11.6% in March 2018 to 12.2% in March 2019.
- This would be the highest level of bad debt in almost two decades.
- It is more worrying for GNPAs of banks under *prompt corrective action framework*.
- It is expected to rise to 22.3% in March 2019, from 21% in March 2018.

- **Capital** - GNPAs will increase the size of provisioning for losses and affect banks' capital position.
- The capital to risk-weighted assets ratio of the banking system as a whole is expected to drop.
- It could come down from 13.5% in March 2018 to 12.8% in March 2019.
- **Bank frauds** - RBI notes that more than 85% of frauds could be linked to PSBs.
- But, their share of overall credit is only about 65%.
- The PSBs are far more prone to fraud than the private banks.
- This is significant in light of the recent Punjab National Bank scam.
- It is possibly due to the corporate governance issues in public sector banks.
- This also largely contributed to the weak lending practices, the core of the NPA crisis.

Concerns
- **Banks** - NPA crisis has affected the banking system and impeded credit growth in the economy.
- It was expected to be reaching to the lowest levels.
- But RBI report comes as a caution to the health of the banks and the economy.
- **Economy** - Economy has registered a healthy growth rate of 7.7% in the recent quarter.
- The deteriorating health of banks is in contrast to the recovering economy.
- **External risks** - The RBI, however, has warned about the rising external risks.
- It poses a significant threat to the economy and to the banks.
- Credit has already started to flow out of emerging markets such as India.
- This is due to the
  i. tightening of monetary policy by the US Federal Reserve
  ii. increased borrowing by the U.S. government
- **Prices** - The increase in commodity prices is another risk on the horizon.
- This could pose a significant threat to the rupee and the fiscal and current account deficits.
- All these factors could well combine to increase the risk of an economic slowdown.
- It could, in turn, exert pressure on the entire banking system.

Way Forward
- RBI expects improvement in the capital position of banks with
  - ➢ the government's recapitalisation plan for banks
  - ➢ the implementation of the Insolvency and Bankruptcy Code
- But beyond these, government should consider changes to aspects of operational autonomy and the ownership of PSBs.
- The governance reforms at PSBs, if implemented, can help improve their financial performance.
- It could also reduce their operational risks.

Gross and Net NPAs
- Gross non-performing assets (GNPAs) refer to the sum of all the loans that have been defaulted by the borrowers within the provided period of 90 days.

- The net non-performing assets are the amount that results after deducting provision for unpaid debts from gross NPA.
- The GNPAs does not amount to the actual loss of the organization.
- But net non-performing assets amount to the actual loss, as the provision for unpaid loans has already been deducted.

Prompt Corrective Action (PCA)
- PCA is primarily to take appropriate corrective action on weak and troubled banks.
- The RBI has put in place some trigger points to assess, monitor and control banks.
- The trigger points are on the basis of CRAR (a metric to measure balance sheet strength), NPA and ROA (return on assets).
- Based on each trigger point, the banks have to follow a mandatory action plan.
- It prohibits them from undertaking fresh business activities such as opening branches, recruiting talent or lending to risky companies.
- RBI could take discretionary action plans too apart from these.

Economic Forecast and Challenges
In News: Fiscal signs from the first quarter of the current financial year are not encouraging.
Existing Issues with Indian Economy
- Collections from indirect taxes following the introduction of the goods and services tax (GST) last year appear to have stabilised.
- Even though disinvestment receipts might be weakened by the failure to sell Air India.
- As a consequence of rising global demand for oil and production cut-backs by oil producing countries, prices at the pump in India are now higher.
- Due to this there are also worries about the expenditure side that need to be addressed.
- Apart from this Indian rupee is at historical lows against the dollar at the moment, It is likely that this will increase the subsidy bill by Rs 90 billion.
Steps taken by the Government to Handle Economy
- In the Union Budget for 2018-19, the government postponed the path of fiscal consolidation.
- The previous year's fiscal deficit target had been breached; this year's target was set at 3.3 per cent, as opposed to the 3 per cent recommended by the fiscal consolidation path.
- Monetary Policy Committee of the Reserve Bank of India is going forward to address the issues with Indian economy.
- In recent years, low crude oil prices have benefitted the government's finances in two ways.
1. It has ensured that fuel and fertiliser subsidies do not play a spoiler in the Budget.
2. Lower oil prices have also allowed the government to steadily raise taxes and cesses on petroleum products, which came in handy for bumping up revenue collection.
- But this has been used as a political point by the Opposition, putting pressure on the government to reduce such taxes, and, in turn, adversely affecting revenue collection.

Challenges before Indian Economy
- Even increase of a single dollar in the cost of natural gas raises the cost of production of urea by Rs 1,800-2,000 per metric tonne (MT), which would affect the government as fertiliser subsidies need to be increased.
- Food subsidies and the cost of procurement of grain from farmers would also increasing.
- Concerned by farmer anger in states such as Uttar Pradesh and Maharashtra, the government has also announced special packages for sugar that it estimates will cost an additional Rs 70 billion.
- There is an account of additional spending on new programmes such as the Ayushman Bharat health insurance scheme for the economy.
- A rise in off-balance sheet contingent liabilities such as, LIC being asked to pick up a stake in the struggling IDBI Bank is also a major challenge.
- Altogether, the fiscal road ahead could get bumpy, Greater clarity and caution from the finance ministry is needed.

Analysing the GST Regime
Context
- It has been a year since the rollout of GST and hence a good time to evaluate the preliminary phase of the tax regime.
- Revenue buoyancy, better compliance and the institutional strength of the tax regime are some of the positives of the current regime.
Objective
- 'One nation one tax' was the philosophy and narrative of the government for GST.
- It was also a part of the vision to improve India's ranking in 'ease of doing business'.
- GST thus aims at addressing the country's complex indirect tax framework.
Favourable Aspects
- Governments have had an open approach towards GST implementation constraints.
- They have undertaken immediate corrective measure to resolve issues.
- The GST Council has demonstrated a collaborative effort and consensus-based approach.
- The government thus carried out a rate rationalisation exercise.
- This was to reduce rates on about 178 items from 28% to 18%.
- This had a positive effect to an extent, reducing the tax burden.
Statistics
- While 1 year is too short a time for all facets of GST to manifest itself, it is nonetheless a good time to make a reasonable assessment.
- Despite problems of return filing and global headwinds, the promise of better tax compliance and buoyancy is already producing results.
- **Registered Entities -** Prior to GST, about 65 lakh entities were registered with "Central excise, service tax and VAT" in total (without double counting).
- Under GST, registrations now stand at 110 lakhs, which is a 70% increase.

- This happened because smaller units that had the option to opt out (due to low turnovers), voluntarily registered themselves.
- Bulks of these small businesses operated in the "business to business" segment and hence were seeking to benefit from "input tax credits" on the avail.
- Interestingly, small units were entering the GST not just because they sell to big businesses, but also because they were sourcing GST taxed goods as inputs.
- This is a direct consequence of the complete value chain integration from raw material to retail that GST has ushered in.
- **Revenue -** GST revenue growth so far is 11%, and this will go up to 14% if "Integrated GST" (IGST) revenue, and other transitional credits are included.
- This means that the "revenue buoyancy" (explained below) is 1.14 as against the historical buoyancy of indirect taxes of about 0.9.
- Interestingly, most of the States have participated in this revenue gain and have roughly retained their pre-GST revenue shares in the total tax revenue.
- The gains could still go up if states restructure their commercial tax departments and use data analytics to identify tax gaps.
- Specifically, states like "Punjab, Haryana, Uttarakhand and Jharkhand", which are not familiar with service taxation, need support to enhance collections.

Institutional Strengths of GST
- **GST council -** One very significant feature of the GST regime is the institutional robustness demonstrated by the "GST Council".
- Debates in the council have been vigorous, informed and largely free off political partiality.
- This has made it possible for the GST Council to respond promptly to transitional problems faced by trade and industry.
- **Major decisions -** The council has made a large number of duty changes and has brought many items from the 28% slot to the 18% slot.
- Going forward, it would be possible to combine the 12 and 18% rates to 16% and slowly phase out the items which fall under the 28% slot.
- These actions argue well for a simpler duty structure in future, that will reduce the number of duty slabs.
- In its recent meeting, the council also decided to change the current "three return" format to a single return system, for making return filings simpler.
- **GST Network (GSTN) –** The robustness of GSTN that provides technology support to the GST project is another major success of the regime.
- The data generated by the GSTN can provide deep insights about the economy and has already emerged as a strong statistical aid.

Domains that GST needs to Extend Into
- GST is still a work in progress and the next important step would be to bring the excluded items like "electricity, and petroleum products", within its ambit.

- Inclusion of electricity will make Indian manufacturing more competitive by providing for electricity "input tax credits" for manufacturers.
- On the petroleum front, while it may be difficult to bring diesel and petrol under GST for revenue reasons, aviation turbine fuel is a low-hanging fruit.
- Bringing it under GST would give the ailing civil aviation industry much-needed relief and it would enhance air connectivity initiatives.
- Real estate is another major domain that is outside GST, the inclusion of which will clean up the land market and will help in curbing black money.

Concerns
- **Rate changes** - Given the short time-line, it resulted in several challenges for business.
- As, they had to revise their IT systems overnight.
- Revising pricing labels, revising pricing strategy were the other challenges.
- Besides, some had to deposit huge sums of money due to anti-profiteering for failing to execute required changes in time.
- **E-Way Bill** - This was one of the major changes on the supply chain and logistics front.
- This was to ensure common documentation for movement of goods across the country.
- But the e-way bill provisions are not uniform across States.
- This has diluted the very objective of a common e-way bill.
- It has created problems for businesses operating with pan-India presence.
- As, they had to set up State-wise e-way bill systems.
- **Services Sector** - Under the Constitution's framework, State and Centre collaborate for taxing a particular services transaction.
- Logically, there have been implementation challenges in terms of billing for pan-India contracts, and State-wise credit pools.
- Also, the sector is dealing with challenges around intra entity supplies and input service distribution.
- **Compliance** - One aspect that affected all the sectors was filing three parts of the monthly return for regular dealers.
- This had to be done with matching of the invoice-level details of the supplier with that of the recipient of supply.
- Government has abandoned its original plan and instead implemented a simplified return without any matching concept.
- This is, however, only on a temporary basis.

Way Forward
- Next wave of GST is likely to include products that are currently not in the ambit of GST.
- These may include petroleum products, alcohol and real estate.
- Changes are expected to be made to the GST law in the next Parliament session.
- The GST Council has been working on this draft to address some of the key issues.
- The objective of GST to improve the ease of doing business largely depends on further appropriate streamlining of the regime.

INTERNATIONAL AFFAIRS

The Brexit Challenge

Context

- While the Brexit Referendum (2016) narrowly went in favour of pro-leave camp, calls for a re-poll on the issue have only grown stronger with time.
- Nonetheless, the Conservative government under PM Teresa May has categorically stated that it would fulfil the mandate in favour of leave.

Current Internal Social Churn

- Despite 2 years since the Brexit vote, Britain remains as divided as ever, over the issue of leaving the EU.
- Demonstrations demanding a reconsideration of the issue and a new referendum have been aplenty on the streets of U.K.
- Contrarily, there have also been mobilisations by pro-leave lobby albeit in smaller numbers as things are already moving in their favour.
- Those asking for re-poll state that many issues were not properly understood and recognized by the electorate during the 2016 referendum.
- Additionally, the "leave campaigners of 2016" have also not been successful in pushing significant aspects of their promised agenda as part of the deal.
- Significantly, promises on bettering National Health Service (NHS) and peacefully resolving the "Northern Ireland" question haven't been addressed.
- Also, Indian Brits are said to have majorly voted pro-leave in the belief that UK outside EU would be more conducive for migrants from India.
- But as immigration laws are only tightening and show no signs of easing in the near future, they are most likely to reconsider their choice in case of a re-poll.

Evolving Political Situation

- Initially, those concerned about the direction of Brexit policy were pushing for greater parliamentary accountability on the issue.
- Currently, both main UK parties have committed to exiting EU, albeit under very different post-Brexit agendas.
- Labour Party seeks to remain within EU Customs Union (like Turkey – a non EU member), while the Conservative Party is envisioning a cleaner break.
- Notably, despite the civil chaos and the multiple court battles, the Conservative government has asserted grit in setting Brexit in motion.
- Recently, legislation in this regard has also been passed in the British parliament by a slim majority.

Irish Question Playing Out

- **What -** Ireland is an island to the west of Britain and has two major regions (north and south) with distinct demographic features.
- "Protestant majority Northern Ireland" (a U.K. territory) and "Catholic majority Irish Republic" (an independent country in the south), have had serious ethnic tensions within and between them.
- Numerous agreements and EU's integrated markets system has thus far been a significant influence in resolving these tense and violent trends.
- As U.K. plans to exit EU, the Irish question has come to haunt all concerned governments as there is palpable fear that a new era of violence might start.
- **Challenges -** Hard borders would detach the minorities on both parts of Ireland and add to their insecurity, and hence is not desired.
- But as Irish Republic is an EU member, a porous border with it would mean a porous border with EU, which is not wanted by the pro-leave group in U.K.
- Some have suggested a porous border between the Ireland and another semi-border between Northern Ireland and UK to ensure a compromise.
- But DUP (the major party in Northern Ireland and a Conservative ally), has strongly opposed any borders between UK and Northern Ireland.

Other Significant Aspects of Brexit

- **Economic -** Many business groups have expressed concerns due to the prevalent uncertainty, and new investments have almost reached nil presently.
- Even some are speculating exiting UK if no economic deal is reached with the EU in the post-Brexit scenario.
- **Political -** Serious allegations of campaign violations by pro-leave groups (in the run-up to 2016 referendum) have also cropped up lately.
- All these have strengthened calls for a re-poll, but there have also been voices that have vouched that another polarising campaign would bring little good.
- **Accountability -** The British government has been doing reasonably well for accommodating diverse voices within its fold to push Brexit forward.
- There are but considerable dissent, and criticism on austerity cuts and on the compromises being made with the EU.

Managing the Migrants - EU

Context: Italy recently refused docking permission for a ship that rescued around 600 migrants.

- This is only yet another instance in EU countries' continuing problem of migrants' entry.

Italy's Stance

- Italy's Interior Minister refused to grant docking permission for MV Aquarius, a ship that had rescued migrants.
- The ship was finally allowed to dock at Valencia, Spain.
- This was only after food had run out and the UN refugee body had made appeals.
- More than 600,000 migrants have arrived in Italy from Africa in recent years.
- Italy wants to deport 500,000 of them, and fix the migrant resettlement system.
- It also wants to build migrant reception centres in Africa.
- Italy is particular about doing away with the Dublin Regulation.
- Under this, refugees must apply for asylum in the EU country where they first landed.

Concern in EU

- More than 1.8 million migrants have come to Europe since 2014.
- These have been mostly from West Asia and Africa.
- The temporary migrant resettlement system was brought in 2015.
- It was formulated to distribute migrants across the European Union.
- However, it failed when many countries refused to meet their quotas.
- Migrant inflows have fallen since their peak in 2015-16.
- However, some countries have each accepted 12,000-15,500 migrants in the recent year alone.
- Treatment of migrants and related policies are major challenges before EU countries.
- This has now become a contentious electoral issue across Europe.
- The right-wing populists are capitalising on an anti-migrant sentiment.
- Migration is top of the agenda in the present European Council meeting in Brussels.

Impact the German Government

- More than 1.6 million migrants have made their way to Germany since 2015.
- Most of them arrived when Chancellor Angela Merkel suspended EU migration rules in 2015.
- This was to accept migrants stranded in other countries.
- It was politically criticised, and had an impact on the elections last year.
- It now threatens the existence of the coalition government headed by Ms. Merkel's party.
- There are differences among the members in allowing migrants registered in other countries to enter Germany.

International Organization for Migration (IOM)

- IOM was established in 1951. It had been an observer to the UN since 1992.
- The agency joined the UN system as a related organization in September 2016.
- It is headquartered in Geneva, Switzerland.
- It works in the field of migration with governmental, intergovernmental and non-governmental partners.
- The organization has 166 member countries (including India) and 8 observer states.
- It aims to provide humanitarian assistance to migrants in need, including refugees and internally displaced people.
- IOM works to help ensure the humane management of migration by providing services and advice to governments and migrants, promote international cooperation on migration issues.
- Mr. Vitorino of Portugal is the first Director General elected to IOM after it has become part of UN.

Significance of UNCITRAL Deliberation

In News: India is about to participate in the deliberations at the United Nations Commission on International Trade Law (UNCITRAL).

About UNCITRAL Deliberations

- Commercial disputes are resolved not only through courts and arbitration but also through mediation.
- The deliberations will consider how these settlement agreements in disputes in international commercial transactions will be implemented by courts in different countries.
- UNCITRAL has formulated principles on which countries should recognise and enforce mediation agreements arising from cross-border disputes.
- Once formalised, countries will have a consistent framework for enforcing mediation agreements made in other countries.

UNCITRAL Draft Convention

- The convention will link laws adopted by countries to recognise domestic mediation and extend them beyond their boundaries.
- It defines mediation as a "process whereby parties attempt to reach an amicable settlement of their dispute with the assistance of a third person (the mediator).
- Courts of a country before which a mediated settlement agreement is brought must ensure implementation of the terms of settlement.
- The courts will allow a party to a settlement agreement to rely on this agreement as a defence in cases filed on the basis of disputes already settled by the agreement.
- When the settlement agreement comes up before the court for implementation or enforcement, the court will review it on the basis of certain conditions.
- Once the agreement has been reviewed, the court must enforce the agreement on the terms agreed, Courts can decline enforcement only on these conditions.
- The importance of the draft convention is in the identification of these conditions after careful deliberation.
- Mediated settlement agreements typically don't need court assistance for enforcement since the

terms of settlement have been chosen and determined by the parties.

Existing Concerns to India in Dispute Resolution

- India has lost substantial earnings as a result of international disputes being taken for resolution outside the country.
- International transactions involve the application of different laws, by virtue of the persons from different countries being involved, or their undertaking a business in a third country.
- Due to this there are various policy gap on outcomes from the mediation process involving cross-border disputes.
- Strengthening the dispute resolution policies will encourage dispute resolution in India.
- By this definitive legal framework businesses will be encouraged to consider mediation in managing and resolving disputes that arise in their commercial transactions.
- This convention comes the certainty that settlement agreements through mediation will be acknowledged as a resolution of the dispute, and will be respected and enforced.
- The convention is opportune to India and will facilitate legal reform to ease dispute resolution.

Indo-US 2+2 format

Context: In 2017, India and U.S. commissioned the "Finance and Defence Ministers 2+2 format for enhancing bilateral engagement.

- But a scheduled meet was called off recently and the format remains a non-starter, partly due to the straining of Indo-U.S. ties.

Present Stress Points

- U.S. administration recently enhanced sanctions against Russia and Iran in addition to pulling out from the Iranian Nuclear Deal.
- Further, Trump's toughening stand against countries and entities conducting business with "Iran and Russia" directly affects India.
- India has, in turn, tightened its engagement with Russia, China and Iran, with PM Modi advocating a course of "strategic autonomy".
- Indo-U.S. tensions have also been playing out amply in the context of bilateral trade, and even verbal exchanges are being exchanged.
- While their strategic relationship was recently upgraded to "major defence partnership", there hasn't been much progress here too.
- The 3 critical "foundational agreements", which are ideal for enhancing defence ties and procurements haven't moved ahead.

South Asian Strategy of U.S

- Initially, there seemed to be perfect resonance between the Trump administration's outlook and Indian concerns in South Asia.
- Trump had gone public in lashing out at Pakistan for being soft on terror and threatened them with suspension of military aid.
- U.S. also managed to get Pakistan "grey-listed" internationally through the "Financial Action Task Force" for financing terror.

- Trump's Afghan policy placed emphasised on India's centrality in Afghanistan and sought to enhance India's role in regional security.
- But presently, there are sufficient indications that the U.S. is resorting to its older doctrine of Pakistan centric Afghan policy.
- Such change in outlook is likely to constrain India to a mere supplementary role and also deprive India of strategic options.

Perceptible Changes in the U.S.-Pak Equations

- Recent months have seen a sharp betterment in Af-Pak relationship alongside an improvement in the U.S.-Pak ties.
- Multiple diplomatic visits by government officials of "U.S., Pakistan and Afghanistan" had been organised in successions.
- Additionally, the politically influential Pakistani military and the Afgani-Taliban have also been kept in the loop throughout.
- Concurrently, there has been a softening of U.S. line on Pakistan's overall terror record, all of which seems to be clearly coordinated.
- The U.S. has asked Pakistan to act against all terror groups on its soil, but it seems focused just on groups targeting Afghanistan.
- More importantly, terror groups and operatives targeting India are being provided a free run and are even fighting elections in Pakistan.

Way Forward

- India has decided to go ahead with its Chabahar Port project in Iran despite U.S.'s position, but sanctions will be surely constraining.
- Additionally, India is likely to cave in to U.S. pressures on reducing oil imports from Iran, which might strain Indo-Iran ties.
- While it is a tight rope to thread, India has nonetheless been through such phases in the past and can be expected to manage through.
- But the fact that Indo-U.S. ties aren't robust like in previous occasions is indeed a cause of worry.
- Enhanced engagements with China and Russia are only expected to further strain matters over the next few months.
- Rescheduling the 2+2 at the earliest is hence vital for both New Delhi and Washington, if ties are to be normalised.

Corporate Political Funding in U.S.

Context: Corporate funding of elections and campaigns has been dominating U.S. politics for the better part of past 100 years.

- But as a response to the ill effects of corporate clout over public policy, a new wave of community funded politics is emerging.
- In this context, the victory of "Alexandria Ocasio" in the democratic primaries (House of Representatives) is seen as the 1st major success.

Significant Development

- A quiet movement against corporate funding in politics appears to be under way within the U.S. Democratic Party and is said to be gaining strength.
- Recently, the victory of "Alexandria Ocasio" in the primaries to secure a democratic ticket to the

House of Representatives seen as a direct indication.
- Strikingly, Ms. Ocasio is said to have spent a mere $200,000 compared to his $3.4 million war chest of her experienced opponent Mr. Crowley.
- Importantly, Ms. Ocasio is said to have declined corporate donations throughout her campaign and was very pronounced in her socialist agenda.
- Her progressive credentials also enabled her to strongly capitalise on the present hard-tactics employed by Mr. Trump against hapless immigrants.
- Considering the strategic significance, this win will likely reverberate through the Democratic Party, and possibly put the Republicans on notice as well.

Way Forward
- The emerging trend was first piloted on a large scale by Bernie Sanders during his unsuccessful 2016 presidential primaries.
- While many politicians are already on board, the victory of Ms. Ocasio indeed marks a major milestone for socialist agenda within the U.S. polity.
- But merely drawing superficial conclusions based on the sporadic wins registered might not imply the movement as such is gaining momentum.
- Notably, the few wins registered by the movement have mostly been from multi-ethnic constituencies that have traditionally backed progressive politics.

India - Seychelles Bilateral Meet
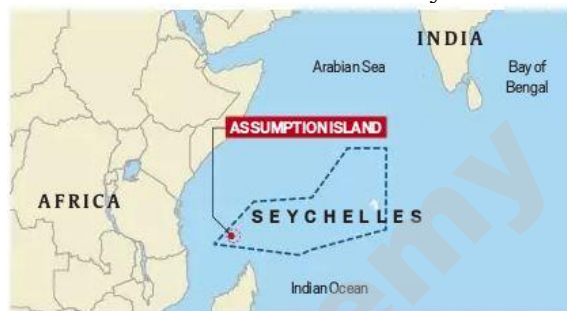**In News:** Seychelles President Danny Faure recently visited India for a bilateral meet.
Major Outcomes
- **Assumption Island** - It is one of the 115 islands constituting Seychelles archipelago.
- India plans for building a naval base here.
- The National Assembly of Seychelles recently refused to ratify the naval base.
- Given the absence of parliamentary ratification, the future of the project remains uncertain.
- But both countries now agreed to ensure mutually beneficial steps in this regard.
- **Security** - India clarified that security and strategic cooperation with Seychelles will go ahead.
- It announced several initiatives for Seychelles.
- It includes a $100 million Line of Credit (LoC) for purchase of defence hardware.
- India also gifted a Dornier aircraft to Seychelles.
- **Developments** - India is ready to finance 3 civilian infrastructure projects under Special Grant.
- India will send officials to Seychelles to support for projects that it decides for itself.
- **Others** - Both sides would intensify cooperation on hydrographical studies of the maritime region.
- They have declared exchange of necessary oceanic maps.
- In all, both sides sealed six agreements.
- One of the agreements will twin Panjim in Goa with Victoria of Seychelles.
Earlier Agreement on Assumption Island
- India signed a pact to develop Assumption Island, during PM Modi's visit to Seychelles in 2015.

- The Island is leased to India for the operation of a naval base and air strip by the Indian navy.
- The deal was to include 30-year access to the base.
- It includes permission to station Indian military personnel on the ground.
- It is being financed entirely by India.
- But Seychelles retains full ownership of the facilities and sovereign rights over the island.
- Seychelles would "suspend" the use of military facilities in case if India is at war.
- This is because it is not a military base.

- It is seen as a major strategic enhancement of India's Indian Ocean Region naval capacities.
- This would give India a foot-hold in the western Indian Ocean.
- The agreement will enable India to help Seychelles build military infrastructure.
- The island has been at the centre of high profile maritime diplomacy between India and Seychelles.

FATF Action Plan for Pakistan
In News: Pakistan has been formally put on the grey list by the Financial Action Task Force (FATF).
Financial Action Task Force
- The FATF was set up in 1989 by the G7 countries, with headquarters in Paris.
- **Members** - With headquarters in Paris, FATF has 37 members.
- They include all 5 permanent members of the Security Council and other countries with economic influence.
- Two regional organisations, the Gulf Cooperation Council (GCC) and the European Commission (EC) are also its members.
- Saudi Arabia and Israel are "observer countries" (partial membership).
- India became a full member in 2010.
- **Objective** - FATF acts as an 'international watchdog' on issues of money-laundering and financing of terrorism.
- It is empowered to curtail financing of UN-designated terrorist groups.
- It can publicly sensor countries that are not abiding by its norms.
- It is to limit the concerned countries from sourcing financial flows internationally and thereby constraining them economically.
- It is therefore a "policy-making body" which works to generate the necessary political will to bring about national legislative and regulatory reforms in these areas.

Recent Decision

- FATF earlier decided to place Pakistan in the grey list for inaction against terror funding.
- It has now unanimously agreed to put into effect the above decision.
- The move comes as a response for Pakistan's inaction against terror funding.
- The Financial Action Task Force (FATF) has laid out a 10-point action plan for compliance with its guidelines.
- Pakistan has been instructed to take measures and to demonstrate the action on guidelines given.
- UN-designated terrorists and banned terror outfits should be deprived of their resources.
- Also, their sources of funding are to be choked.
- The designated ones include Hafiz Saeed and Masood Azhar, Taliban and Haqqani Network, Jaish-e-Mohammad, Lashkar-e-Taiba, and their affiliates.
- If Pakistan fails to implement the action plan, it could be included in the black list the next year.

Guidelines

- Pakistan will have to take steps to ensure that **terror funding risks** are properly identified and assessed.
- Also, it will have to ensure that **supervision** is applied on a risk-sensitive basis.

- Measures are to be taken to prevent **financial institutions** from indulging in money laundering and terror funding.
- It should take action against illegal financial operations, identify cash couriers and enforce controls on illicit movement of currency.
- It has been told to improve **coordination** between the provincial and federal authorities on combating terror funding.
- Enforcing effective **prosecution and conviction** of the designated persons, entities and their affiliates are specified.
- The FATF has also sought actions demonstrating effective implementation of **targeted financial sanctions**.

Pakistan's Response

- After 2012-15, this is the second time it has been grey-listed and is facing sanctions.
- The placement on the 'grey list' could hurt Pakistan's economy as well as its international standing.
- Pakistan had this time round made a high-level political commitment.
- It has agreed to work with the global watchdog and the Asia Pacific Group, of which it is a member.
- It would perceivably strengthen its anti-money laundering and counter terror-financing regime.

SOCIAL ISSUES

Brookings Poverty Report

In News: World Bank's Brookings Institute recently released a report titled 'The start of a new poverty narrative'.

- The report has highlighted India's improvement in moving down in the global poverty ranking.

Indian Scenario

- India had just 73 million people in the poorest of the poor index as of May 2018.
- This is a decrease from 125 million poor people found in 2016.
- As many as 44 Indians are being taken out of poverty every minute, which is the highest in the world.
- Importantly, the report says India is no more the country with most number of poorest people.
- Nigeria has overtaken India with the largest number of extremely poor people at 87 million in early 2018.
- India shot past China's 6.8% growth for the January-March quarter.
- This has enabled the country to retain its position as the fastest-growing major economy.
- If the positive growth pace continues, around 50 million more people will be out of poverty by 2022.

African Scenario

- While poverty in India continues to fall, Nigeria is seeing a continuous uptick.
- Six people are being added every minute in the poor category in Nigeria.
- By 2018 end, in Africa as a whole, about 3.2 million more people may be in extreme poverty than there is today.

- If the trend continues, the African continent would account for nine-tenths of the world's extremely poor from two-thirds today.
- Shockingly, 14 out of 18 African nations are seeing a rise in extreme poverty.
- Democratic Republic of Congo could soon take over the number 2 spot as India continues to achieve high economic growth.

Global Scenario

- Sustainable Development Goals aims to end poverty by 2030.
- However, the world is far behind in achieving this target.
- Between 2016 beginning and July 2018, the world has seen about 83 million people escape extreme poverty.
- But it should have been about 120 million, if extreme poverty were to fall to zero by 2030.
- To get rid of this backlog of some 35 million people, countries now have to rapidly step up the pace.

Poshan Abhiyan/ National Nutrition Mission

- Recently, Ministry of Women and Child Development has organised TECH-THON for POSHAN Abhiyaan.
- PM's Overarching Scheme for Holistic Nourishment (POSHAN) Abhiyan strive to reduce the level of stunting, under-nutrition, anemia and low birth weight babies.
- It targets to reduce stunting, undernutrition, anemia and reduce low birth weight by 2%, 2%, 3% and 2% per annum respectively.

- **Mission 25 by 2022** – Although it targets to reduce stunting by 2%, Mission would strive to achieve reduction in Stunting from 38.4% (NFHS-4) to 25% by 2022.
- It may include the following nutrition strategies and interventions
1. supplementary nutrition,
2. IYCF(Infant and Young Child Feeding)immunisation,
3. food fortification,
4. adolescent nutrition,
5. dietary diversification
6. maternal health
- Behavior change communication is the key component of POSHAN Abhiyaan for converting it into Jan Andolan (People's movement).
- All the States and districts will be covered in a phased manner i.e. 315 districts in 2017-18, 235 districts in 2018-19 and remaining districts in 2019-20.

- It will be funded 50% by the Government of India and 50% by World Bank or other Multinational Development Banks.
- The Executive Committee is the Apex body for all Nutrition related activities under the POSHAN Abhiyaan.
- National Council on India's nutritional challenges under chairmanship of Vice Chairman, NITI Aayog, has been set up under the POSHAN Abhiyaan.

Aspirational Districts Programme
- **NITI Aayog** will release the First Delta Ranking of the Aspirational Districts Programme.
- The parameters are Health & Nutrition, Education, Agriculture & Water Resources, Financial Inclusion & Skill Development, and Basic Infrastructure through 49 key performance indicators.
- The ranking will measure the incremental progress made by districts between March 31, 2018 and May 31, 2018.

SECURITY AFFAIRS

Networked and Vulnerable
Context: A tightly-connected world is more imperilled by cyber-attack, disease and global warming.
- It requires inspired leadership; In this context China have an opportunity.

Present Global Threats
- The world has a population of 7.6 billion people, Of them, 5.1 billion have subscriptions to mobile phones.
- 4 billion have access to internet, and 3.1 billion are active users of the social media.
- Cyber terrorism is a major concern due to the easier internet accessibility and mobile usage.
- The world is a risky place and it is getting riskier, the foundations of the post Cold War, post Berlin Wall global system have weakened.
- Leaders are not doing enough to arrest the dangers of global warming and the "global commons" remains unmanaged.

Concerns of Being Tightly Networked
- About 1,000-year old Roman Empire collapsed because of the viral spread of the "network borne threats" of religion (Christianity), disease (bubonic plague) and migration (the Germanic tribes).
- These threats spread because of physical and spiritual connectivity.
- They permeated every strata of the Empire's governance and social hierarchy.
- The leadership did not anticipate or have the capability to contain the spread.
- The result was the erosion of the foundations of the Empire and its eventual demise.
- Even today challenge of managing and mitigating "network borne" threats (cyber, pandemics, global warming) is on most government and corporate agendas.
- But instead of converging towards a common purpose for managing these threats, the world leaders are adopting divergent, populist and localised approaches.

Issues with Global Leaderships
- **USA** -US President Trump has set the cat amongst the globalist pigeons with his disruptive brand of economic nationalism, trade protectionism and twittered derision of multilateralism.
- **EU** -The EU is riven by leaders like the PMs/Chancellors of Poland, Italy, Hungary and Austria who want to build a fortress against migrants and those like Chancellor of Germany and President of France who hold steadfast to the benefits of a passport free "Shengen" Europe.
- **UK** -The UK has a default PM in office because the Conservative party is irreconcilably divided over Brexit and the members cannot agree on a more palatable alternative.
- **Russia** -President of Russia appears unconcerned about the implications of his action on global stability and the Middle East is a sectarian cauldron on the boil with the two regional hegemons, Saudi Arabia and Iran, in implacable opposition to each other.

Significance of Chinese Leadership
- The world needs not just technical talent but courageous, resilient and selfless leadership in the face of impending crisis.
- The only two countries that stand out in this landscape as islands of relative stability and strong leadership are India and China.
- China has recognised that this fragmented world offers an opportunity.
- It has projected itself, ironically as the custodian of the multilateral rules based system and it is using its financial leverage to broaden strategic relations, Its One Belt One Road is a manifestation of this intent.

Strategic Petroleum Reserves
In News: Union government approved the construction of two more strategic petroleum reserves in the country.

Strategic Petroleum Reserves

- Strategic petroleum reserves are essentially huge stockpiles of crude oil to keep the wheels of the country running in crunch situations.
- This is because the government has to stay prepared with emergency stores of crude oil to tide over severe supply shocks of this critical fuel.
- Many major global oil consumers such as the US, China and Japan have built massive strategic reserves of oil over the years, and India too embarked on the path in the last decade.

India's Plan on Strategic Petroleum Reserve

- Indian Strategic Petroleum Reserves Ltd, has constructed three strategic petroleum reserves in huge underground rock caverns at Visakhapatnam on the East Coast, and at Mangaluru and Padur on the West Coast.
- These facilities, with total capacity of 5.33 million tonnes, can meet about 10 days of India's crude oil requirements.
- The new facilities approved recently can provide additional supply for about 12 days.

Need for Such Structures

- India is the world's third largest energy consumer after the US and China.
- The troubles are India produce very little oil of its own and are dependent on imports for more than 80 per cent of its needs.
- The chunk of this is from West Asia which is often in the midst some geo-political face-off or the other.
- Added to this, there's always the risk of supply disruption from natural disasters, war or other calamities.
- Thus strategic petroleum reserves add much-needed heft to the country's energy security.

Rise of IS in Afghanistan
Context

- A recent suicide attack carried out by the ISIS in the eastern Afghan city of Jalalabad has killed 19 people (mostly religious minorities).
- Islamic State's growing presence in the country can undo Kabul's peace moves with Taliban and other insurgents.

Recent Blast

- **ISIS -** The IS set up its Afghan affiliate as a South Asian outpost when its so-called caliphate in Iraq and Syria came under strain in 2016.
- Afghanistan proved to be a relatively easier terrain for the IS to recruit fighters from and occupy turf due to its deserted and remote topography.
- When the government and the Taliban were fighting each other, the IS built a network in eastern Afghanistan and started targeting minorities.
- Most of its previous attacks were aimed at the Shia minority, the present one was targeted at Sikhs and Hindus.
- **Attack -** Afghanistan has a small Sikh and Hindu population totalling to about 10,000, who live concentrated in cities like Kabul and Jalalabad.

- A bus ferrying a group of Sikhs and Hindus, who were heading to meet the Afghan President Ashraf Ghani, was attacked in Jalalabad by the IS.
- The attack killed the only Sikh candidate running for upcoming elections, which speaks volumes on the current plight of minorities in Afghanistan.

Political Situation in Afghanistan

- **Backdrop -** The Afghani government has been trying to pilot a peace initiative with all the armed groups in the country in recent times.
- Taliban, which is the strongest armed group, has been responding positively although it has refused to drop arms for now.
- Significantly, in the run-up to Id last month, the government had announced a unilateral ceasefire, which drew a truce from the Taliban.
- **Challenge -** The government's effort to reign in armed groups faces its most formidable challenge in the eastern provinces due to the rise of IS.
- The IS, as per its worldwide stand of not engaging with any government has refused to respond to Afghan government's outreach.
- Contrarily, it has been increasingly attacking schools and other targets, claiming it as a response to U.S. and Afghani military operations against it.

Way Forward

- Afghanistan is struck up in an overstretched civil strife for about 4 decades now, right from the days of Soviet invasion in the 1980s.
- The war with Taliban, which controls almost of half of the country's territory, has presently reached a stalemate and peace is being explored.
- In this context, the rise of IS might disturb the present fragile truce and force the country back to total chaos.
- While the U.S. and Afghani forces are stepping up the offensive in the eastern provinces, the lethal potency of IS only seems to be growing.

Preventing Misuse of WhatsApp
Context

- There has been a spate of mob violence and lynching across the country due to fear generated by rumours shared on social media platforms.
- Of all the platforms, WhatsApp is proving the most challenging for investigators due to its strong privacy policy.

What makes WhatsApp Different?

- All social media platforms struggle with rumours and misinformation, which are spread through posts as well as direct messages.
- **Messaging -** While posts can be tracked, messaging services do not leave a trail, making it difficult to track the origin and spread of data.
- Nonetheless, in most messaging services, information is stored in the parent server and police can request companies to share IP details if needed.
- But contrarily, WhatsApp communications are "end-to-end encrypted" and information is stored in the devices of users and not on a common server.

- **Instant -** This means, WhatsApp's servers handle only "encoded messages in transit", which can be decoded only in the receiver's device.
- Also, even the encrypted messages are deleted once they are delivered at the receiver's end, thereby leaving no trace within WhatsApp's apparatus.
- This implies, even whatsApp doesn't know what is being disseminated through its platform and hence can't provide investigating agencies with information.
- **Delayed -** If a message cannot be delivered immediately (e.g. if the receiver is offline), then whatsApp's servers are said to retain messages for 30 days.
- But if a message is still undelivered after 30 days, it is nonetheless deleted without a trace.

Handling of WhatsApp Based Cases
- Maharashtra Cops claim to have tracked down the source in a few cases were the posts had been shared just a few times.
- Their "modus operandi" was largely conventional (non technological), and they followed the sender-receiver trail manually by interrogating the entire chain.
- Such an approach has already proved futile when forwarded messages had gone viral with millions of shares.
- Hence, if metadata is deleted like in WhatsApp, it is almost impossible to track the trail of forwards beyond a few users.
- Notably, metadata means – information like "user name, device info, log-in time" and other specifics, which are used for enabling the service function.

Internal Preventive Machanism Research
- WhatsApp has stated that the company is trying to learn more about the way misinformation spreads on its platform.
- **Data Analysis -** Its current spree of research is through the amount of metadata that the company gets access to while transmitting messages.
- The drive is largely focused on understanding when spam is being spread intentionally and when it is happening unintentionally.

- **Collaboration -** WhatsApp is also seeking to collaborate with various other organisations and governments to arrive at a solution to the current malice.
- Nonetheless, WhatsApp has asserted its unfettered commitment to user privacy and encrypted instant message delivery without data retention.

Framing Fixes
- At the moment, WhatsApp is working on a mix of in-platform fixes and off-platform intervention.
- **Internal Fixes -** Within the platform it planning to give more authority to group administrators for restricting publishing in the group.
- A forward label (which marks forwarded messages) is in beta testing, and an option for flagging doubtful forwarded content is also being considered.
- Resources like fact-checking websites for verifying content are also being developed in parallel.
- **External Fixes -** Off-platform, it is expected to initiate measures to educate people about the perils of misinformation and ways to identify them.

Global Action
- **Liability -** In India, authorities can book group administrators if they are found endorsing false malicious content.
- But as the admin has no control over what other people in the group will post, he/she is not liable for action if he is a mere spectator.
- **Awareness -** Group admins are expected to inform any member posting misinformation about the consequences and restrain them from doing so.
- Government officials too have taken out awareness campaigns to educate the masses on the perils of fake information.
- In Mexico, private groups collaborated to set up Verificado 2018, a fact-checking initiative, to disrupt the spread of fake news.
- **Curtailments -** Many nations (including India) have restricted internet during times of unrest, primarily to block ill-intentioned WhatsApp campaigns.
- Uganda has introduced a social media tax as check on online gossip.

ENVIRONMENTAL AFFAIRS

World Bank Report on Climate Change Impacts
In News: World Bank has released South Asia's Hotspots - The Impact of Temperature and Precipitation Changes on Living Standards report.

Findings of the World Bank
- A World Bank report has estimated the impacts of climate change on the GDP and living standards in India and region.
- The report found that rising temperatures and changing monsoon rainfall patterns from climate change could cost India 2.8% of GDP.
- This would also depress the living standards of nearly half the country's population by 2050.
- It looks at six countries in South Asia and how projected changes in temperature and precipitation will affect living standards in these countries.

- The report has used annual household consumption as a proxy for living standards, and identifies "hotspots" districts where these changes will have a notable effect on living standards.

Concerns
- For the region, the report has found that India, Bangladesh, Pakistan and Sri Lanka will be adversely affected by these changes, while Afghanistan and Nepal will benefit as they are relatively cold.
- Based on the rise in average temperatures over the past six decades and the projected rise, the report predicts more warming inland and less warming in coastal areas beyond 2050.
- For India, it has projected that living conditions in Chhattisgarh and Madhya Pradesh will decline by more than 9%, followed by Rajasthan, Uttar Pradesh and Maharashtra.

- The report states approximately 600 million people in India today live in locations that would become moderate or severe hotspots by 2050 under the carbon-intensive scenario.

Scenarios taken into Account

- The report looks at two scenarios namely Climate-sensitive and Carbon-intensive.
- **Climate-Sensitive -** It represents a future "in which some collective action is taken to limit greenhouse gas emissions and global annual average temperatures increase 2.4°C by 2100 relative to pre-industrial levels.
- **Carbon-Intensive -** It represents a future in which no actions are taken to reduce emissions and global annual average temperatures increase 4.3°C by 2100 relative to pre-industrial levels.

Indian Scenarios

- The report states the information will be useful for designing a social welfare programme at the national level, and for determining which investments would be most needed in each community.
- If no measures are taken, average temperatures in India are predicted to increase by 1.5-3°C by 2050.
- If preventive measures are taken along the lines of the Paris Agreement, India's average annual temperatures are expected to rise by 1-2°C by 2050, the World Bank report states.

Relation of Air Pollution with Diabetes
Concerns for India

- India tops the list in terms of 'Disability-Adjusted Life Years', which measures years of healthy life lost due to pollution-linked diabetes.
- Researchers estimate that nearly 8.2 million years of healthy life were lost globally in 2016, and India lost 1.625 million healthy years.
- The global PM2.5 average was 42.3 micrograms per c3, in India, it was 72.6 per m3.
- The study finds that a modest reduction in PM2.5 levels may lead to a reduction in diabetes cases in India.
- This level is considered "safe" by Indian standards which sets a limit of 40 micrograms per m3) and is far below what is experienced in cities.
- In Delhi, for instance, PM2.5 can touch nearly 100 micrograms per m3.

Pollution Contribution to Diabetes

- Researchers undertook a global estimate extrapolating national annual PM2.5 exposure estimates and using data points from the Global Burden of Disease study.
- The risk of incident diabetes increased with rising concentrations of PM2.5 (fine dust less than 2.5 microns in diameter).
- Studies have shown that this fine dust enters the bloodstream through the lungs, reducing insulin production and triggering inflammation.
- This factor adds to the diabetes burden which affects more than 420 million people globally.
- Even though previous studies had shown a significant impact of air pollution on diabetes, the burden of the disease had yet to be quantified.

Diabetes

- **Diabetes mellitus (DM) -** Commonly referred to as diabetes, is a group of metabolic disorders in which there are high blood sugar levels over a prolonged period.
- Most common types of Diabetes Mellitus are as follows
1. **Type 2 diabetes -** A chronic condition that affects the way the body processes blood sugar (glucose).
2. **Type 1 diabetes -** A chronic condition in which the pancreas produces little or no insulin.
3. **Prediabetes -** A condition in which blood sugar is high, but not high enough to be type 2 diabetes.
4. **Gestational diabetes -** A form of high blood sugar affecting pregnant women.
- **Diabetes insipidus -** It occurs when the body can't regulate how it handles fluids.
- The condition is caused by a hormonal abnormality and isn't related to diabetes.
- In addition to extreme thirst and heavy urination, other symptoms may include getting up at night to urinate, or bed-wetting.
- Depending on the form of the disorder, treatments might include hormone therapy, a low-salt diet and drinking more water.

Climate Change Impacts

In News: According to recent research biggest impacts of climate change is likely to be felt along coastlines across the world.

Recent Findings on Climate Change Impacts

- A new study by scientists of IIT Bombay has now concluded that the impacts of climate change on India's coasts.
- The Impacts are in terms of coastal sediment transport, shoreline erosion and overall coastal vulnerability could be far worse than previously understood.
- The amount and rate of erosion of coastlines is generally studied using data from the past and extrapolating the changes into the future.
- One of the key variables the researchers relied on was projected wind-generated waves around Indian coastline.
- Wind vectors influence wave height as well as direction, and also the currents that in turn affect the rates of coast sediment transport and erosion.

Concerns for India's Coastline

- With a nearly 7,500-km coastline, India has a lot to worry, but sea-level rises around the Indian coastline are likely to be relatively small compared to many other regions.
- Climate change can erode coastline more intensely than ever rising sea levels.
- It is likely to reshape the coastlines and potentially inundate or even submerge many low-lying areas.
- Potential climate-change impacts on five Indian beaches and found that the rates of transport and erosion could be much higher than estimated.

Impacts of Climate Change

- Different locations would face different kinds of impacts, Local geo-morphology as well as factors like whether the coastline is uninterrupted or is interspersed with barriers like harbors or river-mouths play a role.

- Winds are likely to intensify and there is likely to be greater attack on beaches and coasts in the future than so far imagined, this will lead to a greater vulnerability of the coastline.
- This can have far-reaching implications for the efforts to safeguard of coasts.

Measures Needs to be taken
- Based on projected data and using new and sophisticated climate models, require to be undertaken for a better assessment of the potential impacts.
- To address this India is in the process of preparing a comprehensive vulnerability map of its coastline, which will be used to finalize a coastal zone management plan.

Global Environmental Facility (GEF)
In News: India recently announced that it will increase grants to $15 million to GEF for the next 4 years.

Key Facts
- GEF was established in 1991 as a pilot program in the World Bank to assist in the protection of the global environment and to promote environmental sustainable development.
- The UNDP and UNEP and the World Bank were the three initial partners implementing GEF projects.
- In 1992, at the Rio Earth Summit, the GEF was restructured and moved out of the World Bank system to become a permanent, separate institution.
- Today it is an **international partnership of 183 countries**, international institutions, civil society organizations and the private sector that addresses global environmental issues.
- Since 1994, the World Bank has served as the Trustee of the GEF Trust Fund and provided administrative services.
- GEF funds are available to developing countries and countries with economies in transition to meet the objectives of the international environmental conventions and agreements.
- The GEF is a financial mechanism for 5 major international conventions
1. The Minamata Convention on Mercury,
2. The Stockholm Convention on Persistent Organic Pollutants (POPs),
3. The United Nations Convention on Biological Diversity (UNCBD),
4. The United Nations Convention to Combat Desertification (UNCCD) and
5. The United Nations Framework Convention on Climate Change (UNFCCC).
- The GEF, although not linked formally to the Montreal Protocol on Substances that Deplete the Ozone Layer (MP), supports implementation of the Protocol in countries with economies in transition.

- The GEF has 18 agencies as the operational arm of the GEF.
- These agencies work closely with project stakeholders to design, develop and implement GEF-funded projects and programs.
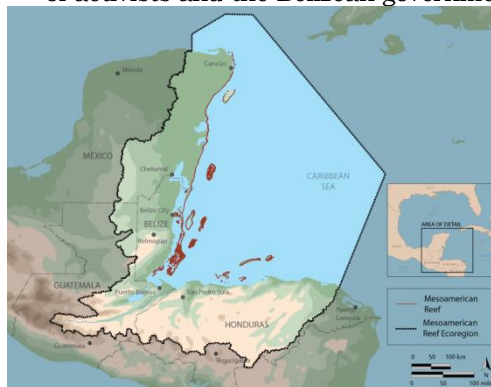
Convention on Biodiversity
In News: In a recently published journal "Science", an international team of scientists expressed concern over Convention on Biological Diversity (CBD).

Key Fact
- They said that CBD is hindering biodiversity research and preventing international collaborations due to regulations that have risen due to its implementation.
- The CBD is aimed at conserving biological diversity, sustainably using biological components and fair and equitable sharing of benefits (with local or indigenous communities) that may arise out of the utilisation of genetic resources.
- Equitable sharing of benefits was delineated in the Nagoya Protocol, which came into effect in 2014.
- It has hampered the research due to national-level legislations instituted by countries under the CBD, obtaining field permits for access to specimens for non-commercial research has become increasingly difficult.
- India is also a signatory to CBD.

Mesoamerican Reef
- The Mesoamerican Reef is an underwater wonder world in the **coast of Belize.**
- It is second in size only to the Great Barrier Reef in Australia.
- The Caribbean reef was named to the prestigious World Heritage List in 1996.
- It was placed on endangered status in 2009 because of Belize's plans to allow oil exploration nearby.
- The reef's survival was considered to be at risk for years.
- It may now be removed from UNESCO's list of threatened World Heritage Sites due to the efforts of activists and the Belizean government.

TECHNOLOGICAL AFFAIRS

Oumuamua Comet Discovery
In News: Scientists solved the mystery of the small, dark red cigar-shaped object that shot across cosmic neighbourhood late last year.

Oumuamua
- Oumuamua - Hawaiian for "a messenger from afar arriving first", was first spotted on October, 2017.
- When it was spotted near the Solar System, astronomers were puzzled to classify the object in

space, recently scientists discovered that this object is to be a comet.

- When it was discovered, the oddly-shaped, about 800-m-long 'Oumuamua was racing through space.
- It was dark and faint, with no visible 'coma' (atmosphere of dust and gas around a comet's core) or 'tail' (elongated cloud that points away from the Sun) signature identifiers of comets as they approach the inner Solar System.

Finding of Object as a Comet

- Comets are icy chunks of frozen gases, space rock, and dust, It has fascinated humankind for over 2,000 years.
- The absence of a visible tail in the case of 'Oumuamua had initially led to its being classified as an asteroid.
- Scientists discovered the object last year, has shown that comets do not necessarily vaporise and light up as they get close to the Sun.
- The object's spectrum (i.e. the colour of the light it reflects) is very similar to the Solar System comets, this supports it's identification as a comet.

Oumuamua Vs. Other Comets

- Oumuamua's nucleus is probably similar to comets of our Solar System, although some aspects have to be different.
- The dust grains have to be larger than typical for other Comets, which could be a reason for the absence of the characteristic cometary tail.
- The tail we see in comets is typically made of fine dust lifted off the nucleus and dragged away by the emitted gas.
- In the case of 'Oumuamua, the dust is not visible because it's made of larger grains, that are too heavy to be lifted off by the gas.
- The gas itself is actually very difficult to detect, because the specific molecules composing it (water, CO and CO2) are difficult to see in optical images.

Insights from this finding

- There isn't a lot of information about 'Oumuamua, but the discovery provides exciting insights into the chemistry of objects born in other solar systems.
- The lack of visible tail and activity makes objects harder to see, because they appear less bright.
- If an object is active, the dust around it contributes to the overall brightness, making the object also easier to discover.
- It has happened a few times that an object that looked asteroidal at the time of discovery was then noticed to have a coma or a tail, and therefore reclassified as a comet.
- But once it has been discovered, the indirect method used to identify comets would prevent faulty classifications.

Ryugu Asteroid

- A Japanese Probe "Hayabusa2" has recently reached "Ryugu", an asteroid 300 million km away from Earth.
- Japan Aerospace Exploration Agency, JAXA has launched the probe in 2014.
- The aim of the mission is to collect information about the birth of the solar system and the origin of life.
- It identify suitable sites to take samples from once the probe touches down on the asteroid.
- It will deploy a small lander and three rovers.
- It will then blast an artificial crater to analyze material below the asteroid's surface. After that, the probe will head back to Earth, arriving near the end of 2020 with samples in tow.

Black Beauty

- Black Beauty is a Martian meteorite from which mineral zircon can be extracted.
- Recently, Scientists has analyzed grains from zircon to determine the red planet Mars crust.
- They examined a chunk of Mars that streaked into the Saharan Desert and was discovered in 2011.
- They have found that outer layer hardened 4.547 billion years ago, only 20 million years after the birth of the Sun.
- Mars is thought to have a dense metallic core with a radius of about 1,800 km, consisting primarily of iron, nickel and sulphur.
- The core is surrounded by a largely dormant mantle some 1,500 km thick made mainly of silicon, oxygen, iron and magnesium.

Hubble Space Telescope

- NASA's Hubble Space Telescope has recently detected a massive **globular cluster** that orbits the Milky Way galaxy.
- The globular cluster is a huge gravitationally bound collection of stars believed to be 10 billion years old.
- They are denser and more spherical than open star clusters and typically contain stars which are thought to have formed at roughly the same time.
- Hubble space Telescope is the world's first large, **space-based optical telescope**, named in honor of astronomer Edwin Hubble.
- The Hubble is a joint project between NASA and the European Space Agency.
- Sun is the energy source of this space-based telescope.
- Hubble Telescope has tracked the Neptune's Mysterious Shrinking Storm.
- Some of the interesting Hubble Discoveries are
1. Creating a 3-D map of mysterious dark matter.
2. Discovering Nix and Hydra, two moons of Pluto.
3. Helping determine the rate of the universe's expansion.
4. Discovering that nearly every major galaxy is anchored by a black hole.
5. Helping refine the age of the universe.

Export Credit Guarantee Corporation (ECGC)

- The Cabinet Committee on Economic Affairs has approved the capital infusion of Rs.2000 crore for strengthening of Export Credit Guarantee Corporation (ECGC).
- ECGC is a premier export credit agency to provide export credit insurance services to facilitate exports from the country.
- It offers credit insurance schemes to exporters to protect them against losses due to non-payment of export dues.
- The capital infusion would enhance insurance coverage to MSME exports.
- It will strengthen India's exports to emerging and challenging markets like Africa, CIS and Latin American countries.

SKOCH Awards

- The Skoch Awards recognize leadership and excellence in accelerating socio-economic changes.
- It has become a benchmark of best practices in India in the fields of governance, infrastructure, finance, banking, technology, corporate citizenship, economics and inclusive growth.
- Recently, Sagarmala project received the 'Gold Award' in infrastructure sector in the 52nd Skoch Summit 2018 in New Delhi.
- Sagarmala is the Ministry of Shipping's flagship programme for port-led-prosperity.
- It focuses on four pillars such as Port Modernization, Port Connectivity, Port-linked Industrialization and Coastal Community Development.
- It aims to double the share of domestic waterways (inland & coastal) in the modal mix.

Enlightened Anthropocentrism

- Anthropocentrism refers to a philosophical world view where human beings are superior to other living and non-living things.
- It justifies the exploitation of nature for the sake of human welfare.
- Enlightened anthropocentrism is a world view that says humans have ethical obligations towards the environment but those can be justified in terms of obligations towards other humans.
- For instance, environmental pollution can be seen as immoral because it negatively affects the lives of other people.
- Similarly, the wasteful use of natural resources is viewed as immoral because it deprives future generations of those resources.

DISHA Initiative

- District Development Coordination and Monitoring Committee (DDCMC) is named as "DISHA" by the Ministry of Rural Development.
- It is for effective development coordination of almost all the programmes of Central Government.
- It monitors the implementation of 28 schemes and programmes of Ministry of Rural Development and other Ministries to promote synergy and convergence for greater impact.
- The main purpose of this committee is to coordinate with **Central and State and local Panchayat Governments.**
- The Chairperson of the committee will be the senior most Member of Parliament (Lok Sabha) elected from the district, nominated by the Ministry of Rural Development.
- The other Members of Parliament (Lok Sabha) representing the district will be designated as Co-Chairpersons
- DISHA Week is being celebrated from 25th to 29th June, 2018 to mark the successful completion of 2 years of the District Development Coordination & Monitoring Committee (DISHA).

ReUnite

- ReUnite is a mobile application launched recently to trace missing and abandoned children in India.
- The app is **multiuser** where parents and citizens can upload pictures of children, and provide detailed description like name, birth mark, address, report to the police station, search and identify missing kids.
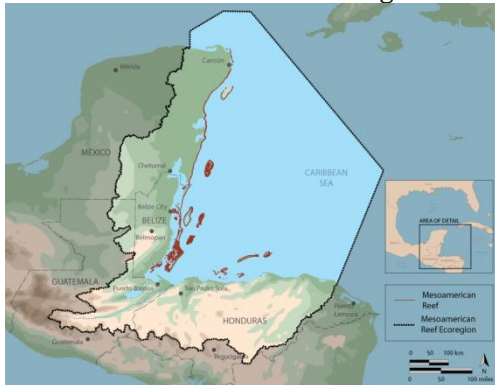- Non-government organisation **Bachpan Bachao Andolan** and Capgemini has developed this app.

'IPledgefor9' Achievers Awards

- The award is given by Ministry of Health and Family Welfare.
- It is given to the individuals and teams of doctors from the private sector and States for their exemplary services in achieving objectives of safe motherhood to every woman in the country.
- Pradhan Mantri Surakshit Matritva Abhiyan (PMSMA) launched in 2016 for achieving SDG for Maternal Mortality Rate below 70 by 2030.
- The program aims to provide assured, comprehensive and quality antenatal care, free of cost, universally to **all pregnant women on the 9th of every month.**
- It guarantees a minimum package of antenatal care services to women in their 2nd / 3rd trimesters of pregnancy at designated government health facilities.
- The health check-up includes a minimum package of prenatal care/antenatal care services i.e care given during pregnancy and medicines such as IFA supplements, calcium supplements etc would be provided to all pregnant women.
- The programme follows a systematic approach for **engagement with private sector** which includes motivating private practitioners to volunteer for the campaign.
- It also laid special emphasis on early diagnosis, adequate and appropriate management of women with malnutrition and adolescent and early pregnancies as these pregnancies need extra and specialized care.
- Thus it aims to improve the quality and coverage of Antenatal Care (ANC) including diagnostics and counselling services as part of the Reproductive

Maternal Neonatal Child and Adolescent Health (RMNCH+A) Strategy.

Mesoamerican Reef

- The Mesoamerican Reef is an underwater wonder world in the **coast of Belize.**
- It is second in size only to the Great Barrier Reef in Australia.
- The Caribbean reef was named to the prestigious World Heritage List in 1996.
- It was placed on endangered status in 2009 because of Belize's plans to allow oil exploration nearby.
- The reef's survival was considered to be at risk for years.
- It may now be removed from UNESCO's list of threatened World Heritage Sites due to the efforts of activists and the Belizean government.

Mumbai UNSECO Status

- Mumbai's Art Deco buildings and Victorian Gothic Architectures were added to UNESCO's World Heritage List.
- This makes Mumbai city the second city in India after Ahmedabad to be inscribed on the World Heritage List.
- This is the third such honour for the metropolis after the Elephanta Caves and the majestic Victoria Terminus rechristened ChhatrapatiShivaji Terminus railway station railway station which earned the coveted tag in 1987 and 2004 respectively.
- There are more than 200 Art Deco buildings in Mumbai, majority of them, built between the early 1930s and early 1950s.
- Such buildings are clustered together in the south of the coastal city along the marine drive area.
- These are sleeker buildings boasting curved corners, balconies, vertical lines and exotic motifs.
- They were built by wealthy Indians who sent their architects to Europe to come up with modern designs different to those of their colonial rulers.

Victorian Gothic Structures

- These are predecessors of Art deco structures built by the British empire
- These public buildings include the Old Secretariat (1857-74), University Library and Convention Hall (1874-78), the Bombay High Court (1878), the Public Works Department Office (1872), Watson's Hotel (1869), David Sasoon Library (1870), the Elphinstone College(1888), etc.

National Statistics Day

- Ministry of Statistics & Programme Implementation and Indian Statistical Institute (ISI) celebrated National Statistics Day.
- National Statistics Day is celebrated on 29th June every year in recognition of the notable contributions made by Late Professor Prasanta Chandra Mahalanobis.
- Mahalanobis has made his excellence in the fields of statistics, statistical system and economic planning.
- The objective of celebration of this Day is to create public awareness about the importance of statistics in socio-economic planning and policy formulation.

Organisation for the Prohibition of Chemical Weapons (OPCW)

- OPCW is an independent, autonomous international organisation with a working relationship with the United Nations.
- It is the implementing body of the Chemical Weapons Convention (CWC), which entered into force in 1997.
- OPCW has 193 Member States working together to achieve a world free of chemical weapons.
- It is headquartered in The Hague, Netherlands.
- It was awarded Nobel Peace Prize in 2013.
- It has been recently **granted additional powers** by its members voting in two-third majority.
- Until now, OPCW could only say whether chemical weapons were used but not who had used them.
- The new power allows it to assign blame for attacks.
- This process of extending its jurisdiction was heavily opposed by Russia.
- But, Britain was supporting the move arguing that new powers were needed to deal with repeated chemical attacks in Syria.

RIMPAC

- RIMPAC (Rim of the Pacific Exercise) is the world's largest international maritime exercise.
- The 26th edition of RIMPAC was hosted by the U.S. Indo-Pacific Command (INDOPACOM) recently.
- It commenced off the Hawaii coast with the participation from 25 countries.
- It is aimed at increased inter-operability and development of common understanding of procedures for maritime security operations.
- It provides a platform for multilateral operational interactions.
- India has participated in this edition and represented by INS Sahyadri.
- Israel, Sri Lanka and Vietnam joined RIMPAC for the first time.
- China is absent this year as it was dis-invited from participating by the U.S., citing China's military actions in the South China Sea.
- China participated in the exercise in 2014 and 2016.

INS Sahyadri

- INS Sahyadri is an indigenously built stealth frigate.
- It participated in trilateral Malabar war games with Japan and the U.S. off the Coast of Guam.
- It recently participated in RIMPAC and has been adjudged **runner-up in an innovation competition.**
- INS Sahyadri presented the 'idea of integrating yoga into our daily life as technology for well-being during extended deployments for ships'.
- The idea was appreciated by representatives of participating countries.
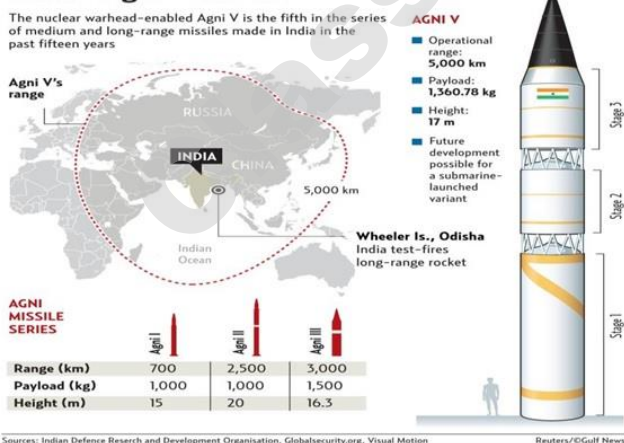
Mission Shaurya

- 'Mission Shaurya' is an initiative of the Tribal department of the Maharashtra State Government.
- It aims to train tribal students to scale Mt. Everest.
- Recently, 10 tribal students from residential schools in Chandrapur district of Maharashtra conquered Everest.
- **Mission Shakti** - Maharashtra government has also announced this mission to impart special training and prepare tribal students for the Olympics 2024.

AGNI – V

- The Agni series (I to V) missiles constitute the backbone of India's nuclear weapons delivery and part of nuclear triad.
- Agni-V is India's longest-range ballistic missile which will be inducted into the nuclear arsenal soon.
- Earlier variants of the Agni family of long-range missiles have already been deployed.
- Agni – V is an Inter-Continental Ballistic Missile (ICBM) with a range of over 5,000 km and can reach most parts of China.
- It is powered by three stage solid fuelled missiles.
- It can carry a payload of 1.5 tonnes.
- It is a part of Integrated Guided Missile Development Program (IGMDP).

India's Agni V missile

AGNI MISSILE SERIES	Agni I	Agni II	Agni III
Range (km)	700	2,500	3,000
Payload (kg)	1,000	1,000	1,500
Height (m)	15	20	16.3

Sources: Indian Defence Research and Development Organisation, Globalsecurity.org, Visual Motion   Reuters/©Gulf News

- India is committed to a 'No-First-Use' policy as part of its nuclear doctrine.
- Thus, second strike capability - the capability to strike back after being hit by nuclear weapons first becomes important.

Repatriation of Bru Refugees

- The Centre and the state governments of Tripura and Mizoram has recently signed an agreement for repatriation of Bru community from Tripura to Mizoram.
- The central government will provide financial assistance for rehabilitation of Bru community members in Mizoram.
- The Bru militancy was a reactionary movement against Mizo nationalist groups.
- Mizo nationalists had demanded in the mid-1990s that the Brus be left out of the state's electoral rolls, contending that the tribe was not indigenous to Mizoram.
- In 1997, the murder of a Mizo forest guard at the Dampa Tiger Reserve in Mizoram allegedly by Bru militants led to a violent backlash against the community.
- It forced several thousand people belonging to Bru community to flee to neighbouring Tripura.
- The displaced Bru people from Mizoram have been living in various camps in Tripura since 1997.

Global Mobility Summit

- India's **first ever mobility summit** will be organised by NITI Aayog, in collaboration with various ministries and industry partners.
- It will be held in New Delhi in the month of September, 2018.
- The summit will give impetus for vehicle electrification, renewable energy integration, job growth and speed up India's transition to a clean energy economy.
- It will see participation from major global players offering first-hand perspective on automotive solutions, upcoming trends in the logistics sector.
- The conclave would include panel discussions featuring global CEOs and transport ministers from across the world.
- It will see participation from countries like Netherlands, Slovakia, USA, UK, Netherlands, China, South Korea, Australia etc.
- NITI Aayog has also been working towards evolving a National Strategy for Transforming Mobility.

Behdienkhlam

- It is Meghalaya's annual cultural festival.
- It is celebrated in the month of July all over the Jaintia hills for good health, property and bumper harvest.
- The main spectacle happens at the small peripheral town of Jowai, 64 km away from Shillong, Meghalaya.
- The non-Christian 'Pnar' people who believe either in the traditional faith of 'Niamtre' or Hinduism observe this festival.

cVIGIL

- cVIGIL is a mobile app launched by Election Commission of India.
- It enables citizens to report on violation of code of conduct during elections.
- The application will be active only in States where elections have been announced.

- The moment a citizen exits an election-bound State, the app will become inactive.
- To prevent any misuse, the app will not allow uploading of the pre-recorded or old images and videos.
- The app will be made available for general use by all, from the forthcoming Assembly elections in the States of Chhattisgarh, Madhya Pradesh, Mizoram and Rajasthan.

Asian Ministerial Conference on Disaster Risk Reduction (AMCDRR) 2018

- The conference is to be held **in Ulaanbaatar, Mongolia** in the month of July.
- Theme of the AMCDRR 2018 is 'Preventing Disaster Risk: Protecting Sustainable Development'.
- It will enable governments and stakeholders to review progress made against the commitments at the AMCDRR 2016, i.e. the New Delhi Declaration, the Asia Regional Plan.
- It will provide a unique forum for those countries and cities that have not yet developed and/or updated their Disaster Risk Reduction strategies under the Sendai framework.
- India will participate in this conference and also organize a side event on Cultural Heritage and Disaster Risk Management.

Koala Bear

- Recently, an international team of scientists has successfully sequenced the whole genome of Koala bear.
- It is a tree-dwelling marsupial of coastal eastern Australia.
- They have exceptional parental care and strange eating habits that they enjoy the leaves of eucalyptus that would be toxic or even fatal to most mammals.
- They are born after just 34-36 days of gestation without an immune system and spend almost six months developing in the pouch.
- It is listed as "Vulnerable" under IUCN's Red Data Book.

Regional Integrated Multi-Hazard Early Warning System for Africa and Asia (RIMES)

- It is an intergovernmental institution for the generation and application of early warning information.
- It was established in 2009, evolved from the efforts of countries in Africa and Asia, in the aftermath of the 2004 Indian Ocean tsunami.
- It works with a multi-hazard framework for the generation and communication of early warning information and capacity building for preparedness and response to trans-boundary hazards.
- It operates from its regional early warning center in Thailand.
- The **State government of Odisha** has recently entered into a collaboration with RIMES.

- It is to enhance early warning system for effective management of all kinds of disasters like flood, drought, heat wave, lightning and road accidents.

2021 Census

- The Registrar General of India (RGI) recently notified the amended census rules.
- The RGI issued the notification as the process for the 2021 Census kicks in.
- According to the notification, the data collected during the 2021 Census will be stored electronically.
- This is the first time to store date electronically since the decennial exercise was conducted in 1951 in Independent India.
- Any tampering with the data will invite punishment under the Information Technology Act, 2000.

Asia Pacific Trade Agreement

- The Asia-Pacific Trade Agreement (APTA) was signed in 1975 as an initiative of UN- Economic and Social Commission for Asia and the Pacific (UNESCAP).
- It is previously named the **Bangkok Agreement**.
- There are 6-member states to APTA – Bangladesh, China, India, South Korea, Laos and Sri Lanka.
- Mongolia is soon to become the 7th member of APTA. It has concluded bilateral negotiation on tariff concessions with members of APTA.
- It is a **preferential trade agreement (PTA),** under which the basket of items as well as extent of tariff concessions are enlarged during the trade negotiating rounds.
- It is a truly region-wide trade agreement spanning East and South Asia, with potential to expand to other sub-regions, including Central Asia and the Pacific.
- APTA is the only operational trade agreement linking China and India.
- It is open to all developing member countries.
- It is the first plurilateral agreement among the developing countries in the region and has the longest effective implementation period amongst the trade agreements in the entire Asia-Pacific.
- Recently, India has agreed to provide tariff concessions on 3,142 products to APTA members from July 1.

Golden Globe Race

- It is being conducted to commemorate 50 years since the world's first solo non-stop circumnavigation undertaken by Sir Robin Knox Johnston of UK in 1968.
- In this race, all the 18 participants are required to sail around the world, single-handed and non-stop.
- It commences from Les Sables d'Olonne harbour in France from June 2018 and expected to complete in April 2019.
- The uniqueness of the race is that boat designs and technology newer than 1968 is not permitted, hence use of GPS, satellite communication, navigational aids, etc is forbidden.

- Commander Abhilash Tomy of the Indian Navy is the only invitee from Asia to participate in the Golden Globe Race.
- He will sail the boat 'Thuriya', an indigenously built sailing vessel.
- He has already covered 53,000 nautical miles under sail, including a solo non-stop circumnavigation of the globe in 2012-13 onboard Indian Naval Sailing Vessel (INSV) Mhadei.

POLITY, GOVERNANCE AND PUBLIC POLICY

SC on Ruling Delhi

In News: The Supreme Court has held that the Lieutenant-Governor (L-G) is bound by the "aid and advice" of the Government in Delhi.

About the Case

- The judgment comes on appeals filed by the NCT government.
- The appeal was against a 2016 verdict of the Delhi High Court.
- It declared that the L-G has complete control of all matters regarding the NCT of Delhi.
- It said that nothing would happen without the concurrence of the L-G.

Background

- Though seen as a Union Territory, Delhi was created as a separate category.
- It had an elected Assembly with powers to enact laws.
- It could legislate on matters falling under the State and Concurrent lists.
- However, public order, police and land were exceptions to the above.
- The provisions gave Delhi a status higher than other UTs.
- The demand for full statehood has been around for many years now.

Present Ruling

- **Conflict** - In case of any dispute, the L-G should straightaway refer it to the President.
- Clearly, L-G cannot delay, sitting over the dispute, for a final decision.
- Also, it cannot be a reason to hamper the governance.
- **L-G** - L-G has not been entrusted with any independent decision-making power.
- The L-G must work harmoniously with the Ministers.
- S/he has to act on the 'aid and advice' of the Council of Ministers.
- Otherwise, she/he is bound to implement the decision taken by the President.
- **Reference** - SC cautioned the L-G against sending every "trivial" dispute to the President.
- The power to refer "any matter" to the President no longer means "every matter".
- It has indicated that it could encompass substantial issues of finance and policy.
- Notably, this should have an impact upon the status of the national capital or implicate vital interests of the Union.

Rationale behind the Judgment

- SC followed the 1987 Balakrishnan Committee report to conclude that Delhi is not a State.
- The report said that Delhi as the national capital belonged to the nation as a whole.
- Delhi could not have a situation of having two Governments run by different political parties.
- Such conflicts may, at times, prejudice the national interest.

- The report said the control of the Union over Delhi was vital in the national interest.
- It said the 'aid and advice' concept cannot apply to any judicial or quasi-judicial functions.
- It would apply only in matters where the Legislative Assembly has the powers to make laws.
- The L-G has a more active part in the administration than the Governor of any State.
- However, differences of opinion would be decided by the President.

Significance

- The controversies over the arbitrary withholding of Cabinet decisions may end.
- The verdict clarifies an elected government cannot be undermined by an unelected administrator.
- It restores the primary role played by the representative government in Delhi.
- The verdict establishes constitutional morality and trust among high functionaries.

Law Commission on Legalising Gambling

In News: Law Commission of India has recommended the government to allow gambling in sports.

Recommendations

- The Law Commission has observed that it is impossible to stop illegal gambling.
- Hence, the only viable option left is to allow gambling in sports and to "regulate" it.
- It recommended "cashless" gambling in sports.
- **Linkage** - The revenue from gambling should be taxable, which can be used for public welfare measures.
- Transactions between gamblers and operators should be linked to their Aadhaar and PAN cards.
- This will provide for the government to follow and regulate them.
- **Classification** - Gambling would be classified as 'proper gambling' and 'small gambling'.
- Proper gambling would be for the rich who play for high stakes.
- On the other hand, small gambling would be for the low-income groups.
- **Restrictions** - The number of gambling transactions by each individual should be capped on a monthly, half-yearly and annual basis.
- Restrictions on amount should also be prescribed while using electronic money facilities.
- **Protection** - Regulations should be made to protect vulnerable groups like BPL families and minors.
- It should include those receiving social welfare entitlements, government subsidies and Jan Dhan account holders.
- **Legal** - Foreign Exchange Management and FDI laws and policies should be amended.
- This is to encourage investment in the casino/online gaming industry.
- This would boost tourism as well as employment.

Roll of the dice
Legal status of gambling globally

Europe: The biggest markets are the U.K., Spain and Germany, which have legal and regulated gambling, both land-based casinos and online betting. France and Iceland have banned online casinos, but allow land-based casinos

Americas: Canada and Mexico have legalised all forms of gambling. In the U.S., some States allow gambling. Nevada allows all forms of gambling

Argentina, Peru, Panama, Costa Rica and the Dominican Republic have legalised all forms of gambling. Chile and Brazil only allow off-shore casinos, while Cuba has outlawed gambling

Africa: Over 30 countries have legalised all forms of gambling. South Africa is a well-known hotspot for casinos

Australia: Land-based and online casinos are legal under regulations

Asia: Gambling was outlawed in Singapore since 2014. Japan has recently allowed land-based casinos. In China, all forms of gambling, except for physical sports betting, are outlawed

Concerns

- The SC in 2016 had asked the commission to look into legalising betting in cricket.
- It came as part of the judgment in the BCCI case involving illegal betting in IPL cricket matches.
- Clearly, Supreme Court's reference did not specify sports as a whole.
- Given this, the commission is said to have exceeded the brief given to it.
- There are also opinions that a country as poor as India should not allow 'legalised gambling'.
- It could leave the poor poorer and promote vested interests.

DNA Technology Regulation Bill, 2018

In News: Cabinet has approved the DNA Technology (Use and Application) Regulation Bill, 2018.

Key Provisions

- The Bill provides for the mandatory accreditation and regulation of DNA laboratories.
- It seeks to ensure that the DNA test results are reliable.
- It also ensures that the data remain protected from misuse or abuse in terms of the privacy rights of citizens.
- The Bill's provisions will enable the cross-matching between
  ➢ persons who have been reported missing
  ➢ unidentified dead bodies
  ➢ victims in mass disasters
- The government will set up DNA data banks across India to store profiles.
- It imposes jail term of up to 3 years and a fine of up to Rs 1 lakh on those who leak the information stored in such facilities.
- These banks will maintain a national database for identification of victims, accused, suspects, undertrials, missing persons and unidentified human remains.
- **DNA Regulatory board -** The board will have regional offices as required, will certify labs authorised to carry out DNA testing.

- It would approve establishment of DNA databanks and supervise their functioning, and lay down procedures and guidelines for collection, storing, sharing and deletion of DNA information.
- **DNA Databank -** A National DNA Databank and certain regional DNA Databanks will store DNA profiles received from DNA labs in a specified format.
- **Limited purpose –** DNA samples will only be made available to facilitate the identification of persons in criminal cases in accordance with the rules of admissibility of evidence, to facilitate prosecution or defence, and in investigations relating to civil matters.
- If a person is not an offender, suspect or undertrial, his/her DNA information cannot be matched with the offenders' or suspect index. DNA profiles of suspects or undertrials can be removed from the index as per court orders.
- The Bill states that DNA information cannot be taken from an arrested person without consent, the exception is only for specified offences.

Objective

- DNA technology is relied upon worldwide in crime investigations, identification of unclaimed bodies, or determining parentage.
- Forensic DNA profiling helps in offences categorized as affecting the human body and those against property.
- It includes murder, rape, human trafficking, or grievous hurt and theft, burglary, dacoity.
- National Crime Records Bureau (NCRB) put the number of such crimes in excess of 3 lakhs per year.
- Of these, only a very small proportion is being subjected to DNA testing at present.
- The primary purpose of the Bill is thus to expand the application of DNA-based forensic technologies.
- The expanded use of DNA technology in these cases would result in speedier justice delivery.
- It could also help in increased conviction rates, which at present is only around 30%.

Safeguard against Misuse of DNA

- The Bill states that the DNA data contained in any DNA labs and Databank shall be used only for the purpose of facilitating identification of the person and not for any other purpose.
- In case, the Bill states, a suspect or criminal refuses to give consent for DNA collection, and his/her DNA information is considered vital for investigation of a crime, the DNA information can be collected from him/her only with the approval of a magistrate.
- The Bill states that disclosure of DNA information to unauthorised persons, or for unauthorised purposes, shall lead to penalties, up to three years in jail and up to Rs 1 lakh as fine.
- This law cannot use DNA identification in criminal cases, loss of lives, paternity, in a manner which reveals anything about the person's health.

Few Concerns

- DNA bank will be useful in solving crimes, activists and lawyers have argued that India does not have a data protection law and that information like ancestry or susceptibility to a disease, or other genetic traits, is liable to be misused.
- It has also been argued that DNA tests have not led to an improvement in conviction rates in countries where legislation is already being followed.

Changes to Entrance Examinations
In News

- The government recently announced the setting up of the National Testing Agency (NTA).
- It also announced a change in the structure of JEE and NEET examinations.

Highlights

- The Joint Entrance Examination (JEE) (Mains) is for admission to National Institutes of Technology, Indian Institutes of Information Technology, etc.
- It is also the eligibility to appear for JEE (Advanced) for admission to the Indian Institutes of Technology.
- NEET decides admissions to all medical colleges except AIIMS and JIPMER, Puducherry.

Proposed Changes

- **Exams** - The JEE (Mains) and NEET will be conducted twice a year.
- The same student can take these examinations twice a year.
- The two tests would be equated using psychometric methods, standardisation techniques.
- The best of the equated scores would thus be used for the admissions.
- However, the IITs will continue to conduct the JEE (Advanced) and this is likely to be held just once a year.
- **NTA** - The new National Testing Agency (NTA) would conduct these examinations.
- The NTA will start conducting the JEE (Mains), NEET, UGC NET, CMAT and GPAT examinations from this year itself.
- This would reduce the burden of the Central Board of Secondary Education (CBSE).

- **Computer-based** - All these examinations will be computer-based, though not online.
- The papers have to be downloaded at the test centres just before the exam.
- After downloading, the Internet would be disconnected.
- The papers would then be distributed to all candidates through a local server.
- After the exam, the papers would be uploaded to central servers.
- There would be encryption, and this ensures fool proof testing.
- **Student-friendly** - There would be no examiners and the answers would be fed into the system.
- So a candidate would know her raw score immediately.
- The result would come out after some days to address any possible complaints.
- Examinations will be held on a number of days, with multiple question papers with equal level of difficulty.
- A candidate can choose which date to appear for the exam.
- All the examinations would be held in all the existing languages with no change in syllabus.
- Those who did not have a computer or laptop at home could practise at authorised centres.

Benefits

- **NTA** - There had been concerns of paper leaks, cheating scandals, outdated syllabus, etc with the CBSE.
- The National Testing Agency is thus likely to address these shortfalls.
- A professional agency could make the selection criteria more objective and assess the candidate's suitability.
- Moreover, curbs on commercialisation can help expand higher education.
- **Two tests** - Taking the better of the two scores and offering more days on which the exam is held would help the students.
- This may lower the pressure that students encounter and address exam related suicides to an extent.
- **Process** - Computer-based exam process would bring in more flexibility, less stress and a more transparent process.
- It would be on par with international norms, be student-friendly, open, scientific and leak-proof.

Concerns, Measures and Challenges therein

- **Method** The real issue with the entrance system is the examination itself.
- The JEE, NEET or NET should be reduced to a score that counts towards the admission process.
- It should not be the single deciding factor.
- **Trust** - The government could consider allowing the institutions to design their own entrance criteria.
- But the fundamental issue is the lack of trust based on past years' experiences.
- As is often the case, institutions favour students, take money and grant admission based on criteria other than merit.

- Additionally, innovative cheating methods are evidently adopted across states.
- **Institutions** - IITs, AIIMS and some medical colleges had taken entrance examination result as one of the inputs for final selection.
- The number of these kinds of trusted institutions could be expanded.
- The list of designated institutions of eminence (now six) could be increased.
- There are hundreds of other medical and engineering colleges that charge humongous amounts.
- There has to be at least three firmly defined criteria, including
  - the 10th and 12th board results
  - the entrance test score

- a third criteria to assess and make a final selection instead of basing it all on the JEE or NEET
- **Computer-based** - A computer-based test should not turn into a barrier for rural students.
- Good planning and sufficient fund allocation should allay the concerns with online testing.
- **Coaching** - The coaching institutes form a sector worth about Rs. 24,000 crore a year.
- Regulation of coaching institutes is essential to ensure that the changes do not result in further exploitation of students.

Way Forward

- The entrance examinations level reforms would be meaningful only with a revamped school education system.
- Eventually, measures at improving the learning outcomes should be taken.

ECONOMIC AFFAIRS

Hiked MSP for Kharif Crops

In News: The Union Cabinet has approved a hike in minimum support prices (MSPs) for kharif crops.

Extent of Change in the MSP Rates

- The Centre has recently cleared a hike in the Minimum Support Prices (MSPs) for the "kharif summer crop".
- The rise ranges from a modest 3.7% increase for urad to as much as a 52.5% for the cereal ragi over the previous season.
- 'Commission for Agricultural Costs and Prices' (CACP) is said to have gone by this cost-plus-50% principle - in accordance with government's promise.
- Significantly, for some crops the prices were considerably higher than the 50% mark - for Bajra, it was 97% above production cost.
- On an average, the MSP hike notified for 17 kharif crops is about 25% higher and constitutes the biggest hike since 2013-14.
- For MSP calculations, production costs were estimated by calculating the cost of farm inputs, and adding it to the value of unpaid family labour involved.

Benefits

- **Economy** - The hike would boost farmers' income and purchasing capacity.
- It would also have a positive impact on the wider economy.
- Government has ruled out fears of rising inflation due to higher food prices.
- **Crops** - The move helps increasing pulses output and reducing dependency on imports.
- The Centre has also sought to push millets cultivation.
- This would benefit dry land farmers as well as the nutrient intake of all consumers.

Implications

- **Political -** The announcement was clearly to appease farmers, who over the past year spearheaded widespread protests over the rural distress.

- NDA government was hawkish towards MSPs in its initial years, and also cautioned state governments against doling out populist farmer schemes.
- But with elections approaching, the current announcement is a clear indication that it has loosened its string and has subdued its concerns regarding inflation.
- **Economic -** The impact of these hikes on 'Consumer Price Inflation' (CPI) is expected to vary between 0.5% and 1% by the end of 2018-19.
- The Centre's fiscal arithmetic may not be affected much if the outlay on procurement is around Rs. 15,000 crores (0.1% of GDP).
- But these costs could mount based on the procurement strategy and the new mechanism for MSP enforcement

Concerns

- **Procurement** - Paddy is the major kharif crop, directly procured by the Food Corporation of India.
- But, there are no guaranteed mechanisms for procurement of most other crops.
- Shanta Kumar Committee report highlights that only 6% of all farmers sell their produce to a procurement agency.
- The hike would be useful only for paddy farmers in states with a strong procurement machinery.
- **Price** - High MSPs may end up fuelling inflationary expectations.
- But without procurement, the excess production would only bring down the price.
- It is then usually sold in the post-harvest peak marketing season at prices far below the MSP.
- The MSP hike would then actually turn against farmers' interest.
- **Cost** - MSP hike for kharif crops is based on A2+FL costs.
- This includes family labour, but not land costs.
- Farmers however demand a more comprehensive C2 costs which includes land costs.
- E.g. If MSP had been announced on C2 basis, paddy price would have risen by at least Rs 700 per quintal.
- **Financial** - Paddy hike alone is likely to inflate the food subsidy bill by over Rs.15,000 crore.

- The additional financial burden of the price push is said to be at around Rs 335 billion.
- This estimate is only for the kharif crops for which new prices have been approved.
- The actual annual burden would rise when MSPs of next rabi crops are also raised likewise.

What could be done?
- These rates have to be ensured to the growers of all the crops and in all areas.
- The price deficiency payment mechanism suggested by NITI Aayog could be considered.
- **Income** - India's subsistence farmers need support systems other than MSP to alleviate distress.
- Policymakers need to shift from price support to income support.
- With the systems in place for direct transfers, the time is ripe.
- Income support, unlike MSP, will not be contentious with the WTO rules.
- **PDS** - Support prices are largely being used to serve populist ends.
- Instead they must be supplemented by a drive to improve the PDS network.
- This would benefit the rural households from cheap retail grain as well.
- **Infrastructure** - There is a need for a robust procurement infrastructure.
- Purchase centres, transportation and storages have to be ensured.
- **Markets** - Rice and wheat stocks are generally pushed through the public distribution system.
- Hence, ways and means to dispose of the procured stocks of other commodities should be found.
- Markets must operate freely, with no curbs on exports.
- This will allow farmers to get rewarded for output and quality of produce.

Price Deficiency Payment System
- Under this, farmers will be compensated for the difference between the MSPs for select crops and their actual market prices.
- For crops such as rice and wheat where MSP is effective now, the same will continue.
- For other targeted crops, price deficiency payments system will be introduced.
- However, notably there may be a cap on the extent to which the Centre will bridge the gap between MSP and market price.
- A farmer would have to register with the nearest APMC mandi and report the total area sown, to avail this benefit.
- The subsidy would be paid via Direct Benefit Transfer (DBT) into the farmer's Aadhaar-linked bank account.

Benefits of PDPS
- **Subsidy Bill** - The government has been accumulating large food grain stocks in its godowns over and above the buffer requirement, leading to storage and wastage costs.
- Under the new system, the government can pay in cash to farmers, the difference between the support and market prices.

- This will actually reduce the need for the government to procure food crops, transport and store them, and then dispose of them under PDS.
- Resultantly, as Niti Aayog proposes, this system can keep India's bill on food subsidies, and storage and wastage costs under check.
- It can also address to an extent the world nations' concern on India's procurement subsidies being trade-distorting.
- **MSP** - The MSP system has many flaws in execution which include:
> Limited geographical coverage.
> Actual procurement being restricted to a few crops such as paddy and wheat despite announcements for 20-plus crops.
> Skewed cropping pattern in favour of rice and wheat as a result of this.
> Soil degradation and susceptibility of crops to pest as a result of this monoculture, leading to higher usage of chemical fertilisers and pesticides.
- The PDP system is expected to address these shortfalls and negative results of MSP scheme.
- As, it could be more effective than MSPs in ensuring that cropping patterns in India respond to consumer needs and that farmers actually benefit from price support.

Commission for Agricultural Costs and Prices (CACP)
- It is an attached office of the "Ministry of Agriculture and Farmers Welfare".
- It is mandated to recommend "Minimum Support Prices" (MSPs) and incentivize cultivators to adopt modern technology, and raise productivity.]
- CACP submits its recommendations to the government in the form of 'Price Policy Reports' for 5 categories of crops every year.
- The categories are - Kharif crops, Rabi crops, Sugarcane, Jute and Coconut.
- Importantly, while CACP recommends MSPs, it is the "Cabinet Committee on Economic Affairs" (CCEA) of the Union government takes a final decision.

Solving the Farmer-Consumer Binary Context
- Indian Farmers have been subsidising the nation for a long time despite that they themselves are living on the margins of the economy.
- Elimination of input agricultural subsidies and agri-market reforms would benefit farmers, but it would inherently make food prices costly.
- In this context, "direct benefit transfers" can be initiated to secure the food needs of the poorer sections of the society.

Factors for India's Agricultural Policies
- India's policymakers have the herculean task of addressing the food security concern of 1.32 billion people in India.
- On the one hand, they need to incentivise farmers to produce more and raise their productivity in a sustainable manner.
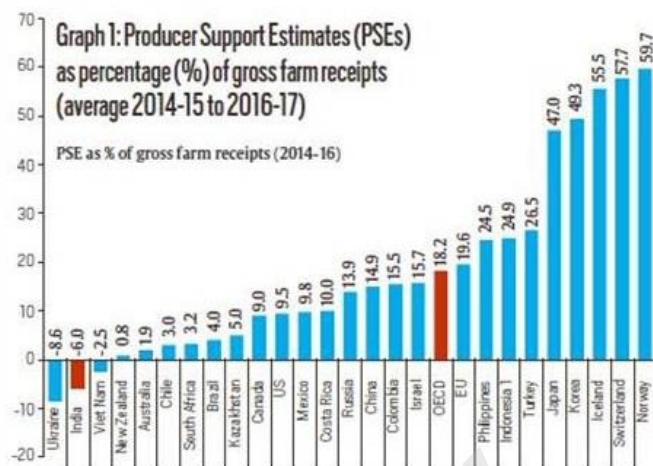
- On the other, they need to ensure that consumers (especially the poor) have access to food at affordable prices.
- In order to find a fine balance between these twin objectives, India has followed countless policies that impact both producers and consumers.
- These policy instruments range from:
- Budgetary policies such as input subsidies
- Food subsidies for consumers through ration shops.
- Domestic marketing regulations like Agricultural Produce Marketing Cooperation (APMC) Act, and the Essential Commodities Act (ECA)
- Trade policies such as "Minimum Export Prices (MEP) or outright export bans and tariff duties.
- These policies work in complex ways and their impact on producers and consumers are sometimes at variance with the initial policy objectives.
- So, it is only desirable that policy-making is based on more informed and evidence-based research.

Experience of Past 2 Decades
- In this context, a recent OECD research has mapped the nature of agricultural policies in India and its impact on producers and consumers.
- The study covered a 17 year period since 2000 and has calibrated about two-third of the total Indian Agricultural Output.
- The report follows standard metrics and includes key indicators like "Producer Support Estimates" (PSEs) and "Market Support Estimates" (MSEs).
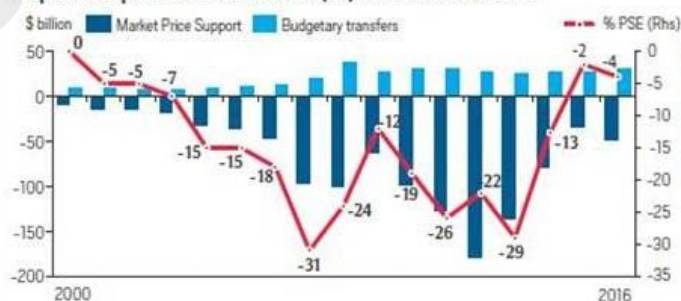
Producer Support Estimates (PSE)
- **What -** PSEs captures the impact of various policies on two components:
- The output prices that producers receive, which is benchmarked against global prices of comparable products.
- The various input subsidies that farmers receive through budgetary allocations by the Centre and states.
- The two are combined to see if farmers receive positive support (PSE) or negative as a percentage of gross farm receipts.
- A positive PSE (in percentage) means that policies have helped producers receive higher revenues than would have been the case otherwise.
- A negative PSE (in percentage) implies lower revenues for farmers (an implicit tax of sorts) due to the set of policies adopted.
- **Trend -** The results of the PSE exercise reveal that India's PSE, on average, between 2014 and 2017 was "minus 6 per cent" of farm receipts.
- Significantly, this is in contrast with most other countries studied which had large positive PSEs - OECD (18.2%), EU (19.6%), China (14.9%), U.S. (9.5%).

Graph 1: Producer Support Estimates (PSEs) as percentage (%) of gross farm receipts (average 2014-15 to 2016-17)

PSE as % of gross farm receipts (2014-16)

- Also, the temporal movement of PSE (in percentage) for India component parts, over the past 17 years has largely been on the negative side.
- Overall, PSE was negative to the tune of 14% on average over the entire period from 2000-01 to 2016-17, due to large Market Support Prices (MPS).
- This indicates that despite positive input subsidies, farmers in India received 14% less revenue due to restrictive trade and marketing policies.
- The negative PSEs were particularly large during 2007-14 when benchmark global prices were high but domestic prices were relatively suppressed.

Graph 2: Temporal behaviour of PSEs (%): 2000-01 to 2016-17

Way Forward
- **Liberalising Markets -** There has been a pro-consumer bias in India's trade and marketing policies, which actually hurts the farmer revenues.
- This needs to change, if farmers are to be incentivised to raise productivity, and build an efficient and sustainable agriculture.
- Firstly, policy change is needed is to "get the markets right" by reforming domestic marketing regulations like "ECA and APMC" acts.
- Promoting a competitive national market, upgrading marketing infrastructure and undoing restrictive export policies are also vital aspects.
- These changes will reduce and eventually eliminate the negative "market price support" that is affecting farmer incomes.
- **Subsidising the Poor -** Protecting consumers from potential price hikes is a critical aspect that policy makers have to deal with.

- Enhancing the income of farmers would inherently mean that consumers will have to shell out more from their pockets.
- In this context, the OECD report argues for switching to an income policy approach through the Direct Benefit Transfer (DBT) targeted the poor alone.
- Further, the report states that this can be implemented gradually and would generate better outcomes all round, including for nutrition quality.
- **Farm Subsidies -** OECD report argues for undoing input subsidies to farmers in India, which is costing the exchequer a massive sum.
- It asserts that farmers would be better off if equivalent amounts are channelled simultaneously towards higher investments in agricultural areas.
- Agri-R&D, extension, building rural infrastructure & agri-value chains, and bettering water management practices are some areas to be considered.
- **Structural -** As agriculture is a state subject, a greater degree of coordination is required between the Centre and states to usher in big ticket reforms.
- Also, better coordination across various ministries (like agriculture, food, water resources, fertilisers, rural development and food processing) is needed.
- Some policy reforms are already underway, and unwavering commitment is needed to comprehensively overhaul the scenario for the betterment of all.

Mumbai's Infrastructural Challenges
Context
- Mumbai being one of the largest city faces various infrastructural hurdles to address natural calamities.
- Proper Infrastructure measures needs to be taken to address such issues in near future.
Challenges Faced by Mumbai
- Mumbai is an efficient city in some ways, but this reputation depends on fair weather, It turns into a soggy mess with the arrival of a monsoon.
- Mumbai is yet to be prepared, after the passage of a dozen years, to meet a disaster such as the July 2005 flooding caused by 99.4 cm of rain in a 24-hour period.
- Recently a spectacular collapse of a pedestrian bridge on a crucial railway line in Andheri, caused injuries and overall urban paralysis.
- This incident has happened within a year, since the ghastly stampede on a foot overbridge at Elphinstone Road station that took over 20 lives.
Reasons behind Such Issues
- The recurrent disasters involving infrastructure are proof of the indifference among policymakers to the city's needs, even as they speak of a 'global standard' of living.
- The city continues to attract a large number of people looking for opportunity the population rose from 11.9 million in 2001 to 18.4 million a decade later.
- Half of the poor population in Mumbai did not consider moving out of flood-prone areas, because of the uncertainty of living in a new place with severe social disruptions and reduced access to education and health facilities.
- At the same time urban managers have not invested enough in new infrastructure and have done a shoddy job of maintaining the old.
- According to one estimate, the city's Mithi river, blocked by debris and garbage, has lost about 60% of its catchment to development.
Measures needs to be taken
- Mumbai's infrastructure planning should be in the hands of an empowered custodian who can secure the cooperation of all urban agencies.
- A monitoring committee according to order of Supreme court need to be setup which would take resolute measures to stop the release of sewage and industrial chemicals into the Mithi, and retrieve lost mangroves.
- A cleaner river connected to functional drainage can aid in the speedy removal of flood waters, and improve the environment.
- Joint safety audit on public infrastructure must be regularly carried out and quick remedial steps need to be taken.

Mehta Panel Report on NPAs
In News: The Sunil Mehta Committee submitted a five-point plan on bad loan resolution.
Key Recommendations
- The Committee was set up for restructuring stressed assets and creating more value for public sector banks (PSBs).
- It has proposed **Project Sashakt** to recover banks and stressed companies.
- The five-pronged resolution route outlines five features for bank resolution:
  o an SME resolution approach
  o bank-led resolution approach
  o AMC/AIF led resolution approach
  o NCLT/IBC approach
  o asset-trading platform
- This route will be applicable to the following, which have a potential for turnaround -
  o smaller assets with exposure up to Rs.50 crore
  o mid-size assets between Rs.50 crore and Rs.500 crore
  o large assets with exposure of Rs.500 crore and more
- **Large assets** - For large assets, an independent asset management company (AMC) will be set up.
- The resolution route is also applicable to larger assets already before the National Company Law Tribunal (NCLT).
- It would also cover any other asset whose resolution is still pending.
- The process will cover both performing and non-performing assets.
- **Mid-size assets** - The committee called for a bank-led resolution approach for these.
- The resolution plan has to be approved by lenders holding at least 66% of the debt.
- The independent steering committee appointed by the Indian Banks Association (IBA) has to validate the process within 30 days.
- The resolution for this category would be achieved in 180 days.

- In this category, the key challenge would be to arrive at a consensus.
- This is because the exposure is held by multiple banks/lenders.
- **SMEs** - The committee suggested setting up of a steering committee by banks for SMEs resolution.
- This will formulate and validate the schemes, with a provision for additional funds.
- The resolution should be complete within 90 days.
- It also suggested that the resolution be under a single bank's control.
- The bank will have the liberty to customise the resolution process.
- **AIF** - Alternative investment fund (AIF) would raise funds from institutional investors.
- Banks would be given an option to invest in this fund if they wish.
- AIFs can also bid for assets in National Company Law Tribunal (NCLT).
- The lead bank can discover price discovery through the open auction route.

Significance

- The recommendations offer a transparent market-based solution and are fully compliant with RBI regulations.
- It focusses on asset turnaround to ensure job protection and creation.
- The resolution process would help bring in credible long-term external capital.
- This could limit the burden on the domestic banking sector.
- It could also ensure robust governance and credit architecture and prevent any build-up of NPAs in the future.

Concerns

- **Approach** - Large banks helping smaller lead banks to run the resolution process, if required, sounds an ineffective suggestion.
- The bank-led resolution approach has largely failed in the past.
- Clearly, this is the reason why alternative plans to resolve NPAs quickly are being sought.
- **Consensus** - The lead bank's resolution plan to be approved by 66% of the lenders (by value) merely replaces the earlier JLF.
- The JLF (joint lenders' forum) structure failed miserably as it fell short of building consensus.
- The present committee report has missed to address this real challenge.
- **Small banks** - The structure also fails to serve the interests of smaller banks.
- If restructuring involves additional finance, small banks may be affected.
- As, unlike the larger ones, smaller banks may not prefer giving good money after the bad loans.
- **Reconstruction** - The report points out the lacunae in the existing functioning of asset reconstruction companies (ARCs).
- But it fails to address how such issues will be tackled under the proposed AMC or AIF structure.
- Success of price discovery through open auction under AMC/AIF depends on banks' willingness and capability to take financial risks.

- Clearly, unattractive returns and poor recovery rates have discouraged investors from bringing in capital in the past.
- **Complex** - The objective of early resolution to NPAs may be hampered by complicated work processes.
- E.g. there is lack of clarity on how AIFs will work with a series of AMCs for a quick resolution.
- Also, there are 26 ARCs and a couple of resolution advisory service companies in operation.
- Given this, creation of new platforms like the AMC in AIFs for NPA resolution seems illogical.

Way Forward

- Quick-fixes like utilising healthy banks' or institutions' assets to rescue stressed banks may not be sustainable.
- The long awaited structural reforms for the banks are:
  - empowering the bank boards
  - setting a roadmap for consolidation
  - Centre diluting its stake in PSBs
- These have to be paid attention to, and the Centre has to push through these reforms.

EPFO's Dilemma
Context

- "Employees' Provident Fund" (EPFO) is currently in a dilemma on whether to focus on the higher income strata or target the lower waged population.
- Its board of trustees are currently in a fix regarding these conflicting objectives and proper clarity and direction is yet to emerge from them.

Context of the Conflict

- At times, EPFO is seeking to position itself as a closed-end stable contributory social security net for lower income workers.
- But at other occasions, it sees itself as a market-linked generous retirement kitty for the well off.

Withdrawal Option

- **Limit** - In 2016, EPFO was forced to roll back its decision to restrict early withdrawals after nationwide protests.
- Currently, it is moving in the opposite direction by further easing norms, allowing up to 75% withdrawal after the very 1st month without a job.
- Even the residual 25% can be withdrawn, if one remains without work for more than two months.
- **Conflict** - These changes are likely to cheer affluent classes who are looking to take a career break to pursue higher education or start their own venture.
- But then, it may do serious harm to the social security of lower-income employees who make up the majority of the EPFO's member base.
- Given the churn in India's jobs market, sudden job losses are an ever-present threat for workers on the lower rungs of the income ladder.
- For workers who are at the middle or fag end of their careers, the leeway to withdraw 75%, will affect their retirement package.

Investment Risk

- **Options** - EPFO's 15% equity allocation is now being invested mainly in Sensex 30 and Nifty 50 ETFs (top shares in India's Share Markets).

- Central PSU shares and Bharat-22 ETFs (a conglomerate share of "multiple shares across sectors") is the other option where money is invested.
- The Fund is now proposing to add stocks beyond these blue chip names in the hope of bumping up its returns.
- **Conflict -** Higher-income earners in the PF fold may not mind taking on higher market risks for higher rewards.
- But many EPFO members may not share this sentiment, and there is also fear that EPFO (like LIC) might become a bail-out for stressed public companies.

Way Forward
- Higher income earners already have multiple market-linked vehicles to choose from to build their retirement kitty.
- It would be best for the EPFO to clearly position itself as a basic social security net for India's less-affluent workers.
- In this context, high end employers could be given the leeway to opt out of EPF and offered a menu of market-linked options to further their retirement needs.

Accession to WIPO treaty
In News: Union Cabinet has approved the proposal regarding accession to the WIPO Copyright Treaty and WIPO Performers and Phonograms Treaty.

- The treaty extends coverage of copyright to the internet and digital environment.
- It is seen as a step towards the objective laid in the National Intellectual Property Rights (IPR) Policy, 2016.
- The policy aims to get value for IPRs through commercialization by providing guidance and support to IPR owners about commercial opportunities of e-commerce through Internet and mobile platforms.

WIPO Copyright Treaty
- The treaty came to force in 2002 and has been adopted by 96 contracting parties till date.
- It is a Special agreement under **Berne Convention** (for protection of literary and artistic works).
- It has provisions to extend the protection of copyrights contained therein to the digital environment.

WIPO Performances and Phonograms Treaty
- The treaty came to force in 2002 and has 96 contracting parties as its members.
- WPPT deals with rights of Performers (actors, singers, musicians etc.) and producers of Phonograms (sound recordings) in digital environment.
- It recognizes moral rights of the performers for the first time & provides exclusive economic rights to them in digital environment.

SOCIAL ISSUES

Reimagining our Higher Education Landscape
Context
- Poor quality, increasing privatisation and politicisation have been chronic problems that our education system faces.
- There currently seems to be some positive churn, but much remains to be done to usher in significant progress.

Current State of Affairs
- Since independence, it has been a challenge to build a quality higher education infrastructure with limited funds.
- While excellence is possible, as the IITs and IIMs show, it is limited to a tiny segment of a system that enrols 35 million students.
- Internationalisation is central to academic success in the 21st century — and India has been notably weak.
- India has shown academic innovations over the years, but on a limited scale and never in the comprehensive universities.
- In recent times, things seem to be changing, at least at the top levels of our higher education eco-system.

New Changes
- **NIRF -** "National Institutional Ranking Framework", implemented in 2016, is India's first government-supported ranking of colleges and universities.

- It demands the participating institutions to submit data on critical areas and also makes a distinction between universities and colleges.
- NIRF may in the future guide government financial support for higher education and also aid in education related policy making.
- **IoE project -** Institutions of Eminence (IoE) project seeks to identify 10 public and 10 private institutions as IoE, to enable their further development.
- It has been proposed that the identified IoE will be provided enhanced autonomy and financial support (funds only for public institutes).
- **Graded Autonomy programme (GAP) -** This is an initiative that plans to give participating institutions considerable freedom in certain domains.
- The vision is to promote "Academic, financial and administrative innovations" in these institutions by liberalising them (if they fulfil certain conditions).
- Given the often stifling bureaucracy of higher education, GAP will be a significant stimulus for innovation in both public and private institutions.

Foreign Collaborations
- Traditionally, colleges and universities have been restricted from international collaboration, which is proving to be an obstacle to excellence.
- **People -** Emphasis on attracting international students has been poor and only 47,000 foreigners study in India, in comparison to China's 4 lakhs.

- The new "Study in India initiative" seeks to attract international students mainly from a group of African and Asian countries.
- It seeks to improve India's share of "global student mobility" from the current 1% to 2% in the near future.
- The Graded Autonomy programme makes it easier to hire international faculty, which was very difficult to do earlier.
- **Degree -** India is moving towards signing a pact on mutual recognition of academic qualifications with 30 countries.
- Recently, a government-to-government MoU was signed between India and France to mutually recognise academic qualifications.

Challenges

- Upgrading 20 or more Indian universities to world-class quality is big task and will take time and way more consistent funding than currently estimated.
- Further, autonomy will need to be greatly increased, which might be difficult as freedom from bureaucratic shackles of the government is not easy to attain.
- Innovative ideas from within top universities are another vital factor needed for ushering in progress, but there has been little evidence of this till now.
- Ensuring that universities have imaginative leaders within their ranks and deriving ideas from foreign models are other aspects that need attention.

Way Forward

- The national ranking initiative needs to be extended throughout the higher education system and requires simplification for enhancing its ambit.
- The "Study in India initiative" and proposals relating to relationships between Indian and foreign institutions are useful beginnings.
- But more thinking must go into these ideas, and the focus on attracting students needs to be broadened beyond just Asia and Africa.
- Innovation in course design is vital to attract students as students and post-docs from western countries might prefer taking up shorter-duration course.
- Significantly, unlike China, India has the advantage of using English as the main language of higher education, an advantage that needs to be capitalised.

Empowering Women Work Force - Kerala Model

In News: Kerala government has proposed amendments to Kerala Shops and Establishments Act.

Recent Amendments About

- The proposed amendments to the 1960 Kerala Shops and Establishments Act to provide a secure and healthy environment for women workers.
- It seek to address demands of a large section of the labour force in the state.
- The changes include the right of women workers to sit during work hours, which has been a long-standing demand of those employed, especially in textile retail establishments.
- The cabinet has also decided to remove the ban on employment of women in night shifts, it mandates employers to provide transport for those on night duty.

Cause of this Amendment

- The credit for forcing the Kerala government to amend the concerned Act goes to a new generation of women labour leaders.
- Women's of the state have been struggling to get the state and the male-dominated leadership of trade unions recognise the gender dimension in labour rights.
- For nearly a decade, unions involving women in the unorganised sector have risked the censure of employers and the indifference of the political mainstream to demand rights.
- This includes of textile shop assistants to sit during work hours, access to rest rooms and so on.
- Various campaigns and peaceful mobilisations have forced the political class and civil society to do a gender audit of work spaces and public policy.
- These courageous activists also exposed the established trade unions as male preserves and called out the built-in discrimination towards women in labour laws that regulate the services sector.

Concerns with Status of Women Workers

- The recognition of the gender dimension in labour rights comes at a time when Kerala is reporting a decline in women's work participation.
- Structural changes in the state's economy the decline of primary sectors like agriculture and the expansion of the services sector, especially retail trade have created a large mass of unorganised workers, mainly women work for relatively low wages, and few workplace rights.
- In this regard changes to the Kerala Shops and Establishments Act are a step that recognises its presence, and acknowledges the rights of its constituents.

Shooting the Messenger
Context

- There has been a spree of mob lynching in recent times, due to alleged rumours that were spread through the messaging application "WhatsApp".
- But pinning the blame solely on WhatsApp for the violence is diversionary tactic to not address the larger malice that is plaguing our society.

Wrong with the Public Narrative

- **Post Truths -** In the age of social media, authenticated news is losing steam and is getting submerged within a mesh of online false propaganda.
- It is easy to get swept in this wave of sensational social media forwards, which draw neat narratives which ignore factual complexity.
- Rumours on WhatsApp that child kidnappers are roaming around have led to mob lynching at various places recently, killing about 20 people.

- This has opened a debate on the growing use of technology by the "ignorant" masses and the responsibilities of a technology platform.
- **The Blame -** Whatsapp does indeed have to do more for curtailing rumours on its platform and weeding out fake news.
- But the public opinion, which is largely accusing Whatsapp, seems oblivious of the government's responsibility to ensure the safety of all.
- This also distracts us from paying attention to our current polarising political discourse, which is causing the social divide within the society.
- The long overdue police reforms is another aspect is missing the public eye.

Aspects that need Attention
- While technology is indeed an enabler for the faster dispersal of rumours, it is only a trigger and the undercurrent lies elsewhere.
- **Data -** Government maintains no central data on public lynching – thereby making it hard to decipher clear trends, if any.
- There is also no plan to start such a data collection in the near future and there is no specific legal framework to deal with lynching offences.
- In the absence of official data or a substantive law, media briefing by the police become the principal source to build a public narrative.
- For its part, police narratives have been largely simplistic and lacking in substantive data on the incident.
- **Social Tensions -** Rumours of child kidnappers is the commonly stated reason, which has caused most of the recent lynching incidences.
- But there seems to have been no realistic analysis on the profile of the victims who were trashed on mere suspicion, which in itself is a revealing tell tale.
- Most victims were "nomadic tribes and people from religious minorities", a trend that reflects our pre-existing social tensions and discriminatory outlook.
- The "political vulnerability (lack of state support) and the ostensible cultural distinction" of the victim from the mob is likely to have precipitated the crime.
- **Organised Assault -** Some scholars who've studies riots (which often involves public lynching), term them to be "organised political productions".
- Hence, as an extension lynching is not mere street madness, but there is an element of organization on the lines of some identity to establish dominance.
- In this context, the current spree of lynching can't be seen in isolation from the previous ones that involved rampage by "Gau Rakshaks" (cattle brigade).
- Notably, a fact-finding report titled "Lynching without end", documented 24 instances of lynching and vigilante violence between 2014 and 2017.
- The report finds that, the incidences led to the murder of 34 persons, and that 94% of these incidences were organised and 91% were cow related.

National Commission for Safai Karmacharis
- The National Commission for Safai Karamcharis (NCSK) was constituted in 1994 as a statutory body by "National Commission for Safai Karamcharis Act, 1993".
- But with the lapse of the act in 2004, the commission is acting as a **Non-Statutory body** of the Ministry of Social Justice and Empowerment.
- Its tenure is extended from time to time through government resolutions.
- The latest resolution in 2016 extended its tenure to 2019.
- With the enactment of "The Prohibition of Employment as Manual Scavengers and Their Rehabilitation Act, 2013", the mandate and scope of the commission has also been enlarged.
- The commission will monitor the implementation of the act and **take suo-moto notice** of matter relating to non-implementation of the Act.
- The commission will also advice central and state government for effective implementation.
- Union Cabinet has recently approved the creation of one post each of Vice-Chairperson and Member in the commission to fulfil desired objectives of welfare and development of Safai Karmacharis.

Higher Education Financing Agency (HEFA)
In News: HEFA was formed as a non-banking financial company to give a major push for creation of high quality infrastructure in premier educational institutions.

Key Facts
- It was registered as a **Section 8 Company** under the Companies Act.
- It was set up as a joint venture between the **HRD ministry** and **Canara bank.**
- Union Cabinet has recently permitted HEFA to mobilise **Rs. 1 lakh crore** to fund research and academic infrastructure in higher educational institutions by 2022.
- It will rise funds from the market and mobilize CSR funds from PSUs/Corporates.
- It will also have equity share from Central government (Rs. 5000 crore) and Canara Bank.
- The funding will also be available to government-run schools Kendriya Vidyalayas and Jawahar Navodaya Vidyalayas.
- **Funding** - HEFA will directly release the sanctioned amount to vendors or contractors only after the certification of executing agency and educational institutions.
- All the Centrally Funded Institutions will have to repay the borrowed amount (loans) in a time frame of **over 10 years.**

Revitalising Infrastructure and Systems in Education (RISE) Scheme
- RISE scheme was announced in 2018 budget to revitalize the infrastructure of higher educational institutions with a total investment of one lakh crore in the upcoming 4 years.
- It will be financed via a restructured HEFA.

- This scheme will cover all centrally-funded institutes (CFIs) including central universities, IITs, IIMs, NITs and IISERs.

- These institutions can borrow a sum of Rs. 1,00,000 crore in next 4 years.
- Indian Institutes of Technology (IITs) will get largest part of loans on offer under RISE Scheme.

INTERNATIONAL AFFAIRS

Global Care Crisis - ILO
In News: UN's ILO cautions of a severe shortage of care workers.
Care Worker
- According to International Labour Organization (ILO), there are unpaid and paid care works.
- Two kinds of work fall in the **unpaid category**, and these overlap suitably.
- There are the **direct**, personal and relational care activities.
- E.g. mother feeding a baby or a son nursing his ill parents.
- **Indirect** care activities include cooking and cleaning and other household chores.
- On the other hand, **paid care work** involves healthcare or other professionals.
- It includes nurses, teachers, doctors and personal care workers.
- They take care of patients, aged people and people with similar challenges and vulnerabilities.
ILO's Observation
- There is a shortfall in paid care - the nurses, teachers, doctors and personal care workers.
- Already, there are over 380 million such workers.
- They account for 11.5% of total global jobs.
- But this is not enough given the pace of population growth, ageing and diseases.
Driving Factors
- In 2015, ILO estimates showed that around 2 billion people were in need of care.
- This comprised of 1.9 billion under age 15 and 0.2 billion senior citizens.
- This number is estimated to go up, touching 2.3 billion by 2030.
- This is a significant increase considering the way healthcare improves.
- Besides, changes in social dynamics and the concept of family are also the reasons.
- Growth in nuclear families and fragmentation would increase people in need of care.
- Notably, nuclear families account for the highest share of the world's working-age population.
Shortfalls and Possible Measures
- **Policies** - Governments and businesses must formulate policies to provide decent care work.
- ILO estimates that this will need doubling the investment in the care economy.
- It could lead to a total of 475 million jobs by 2030, which means 269 million new jobs.
- **Pay** - In countries such as India, care workers like nurses are alarmingly underpaid.
- Nurses and midwives constitute the biggest occupational group in healthcare.
- Nursing remains the most feminised of the healthcare occupations, according to the ILO.

- Low, poor wages force them to try multiple jobs, more shifts or working overtime.
- Such practices not only endanger the quality of care work but also impact work-life balance.
- Any policy in this regard should promote social justice and gender equality.
- **Unpaid work** - The ILO and several rights agencies now consider unpaid care as proper work.
- An ILO survey shows each day unpaid care work constitutes 16.4 billion hours.
- In other words, two billion people working eight hours per day with no remuneration.
- If this is assigned a price, it would be $11 trillion i.e. 9% of global GDP.
- Notably, nearly 80% of this is household work, mostly done by women.
- There is a need for more childcare and elder-care services so that more women are free to pursue careers.

Online Giant Monopolies
Context: Data aggregating online ad firms like Google and Facebook have almost completely monopolised their niche areas.
Bail-Bond Companies
- Bail-bond companies are organisation that provides pledge money or property as bail (as surety) for the appearance of persons accused in court.
- In the U.S., such companies largely profit from "communities of colour and low income neighbourhoods when they are most vulnerable"
- Also, as bail-bond firms use "opaque financing offers that can keep people in debt for months or years", Google finds the industry immoral.
- Hence, recently, Google banned bail-bond companies from advertising on its platforms, claiming that the industry's work offends its values.
Impact of Google's Ban on Advertising
- Media companies have for long decided what content or ads to carry based on its cherished values, but Google's case is unique.
- Notably, no ad company has ever come close to controlling over 90% of the market space in a particular domain, like Google does in internet search.
- Significantly, Facebook, which undisputedly has the largest share in the social media space, has also banned bail-bond companies, following Google's lead.
- Considering the near monopolistic position of these large firms in their niches, these bans effectively close all modes of online advertising for bail-bond firms.
- Bail bond companies could still show up in search results, and reach out to clients through their own

websites, but outreach has become much harder.

Larger Implications

- Whether data controlling firms like "Google and Facebook" are too big, leading to suppression of market competition, is often speculated in recent times.
- "Data monopoly firms" affect not only our wallets but also our privacy, and autonomy, making them more dangerous than conventional monopolies.
- In this context, bail-bond ad ban raises a different, and potentially more troubling, possibility - they also get to dictate values and ideas.
- **Increasing Objectivity -** From another angle, dada majors are facing increasing external pressure to weed out fake news and inciting content.
- This has forced them to get increasingly objective (taking stands) about their outlook towards content on their sites.
- Hence, the issue is complex and data firms can't be solely vilified.

Way Forward

- **Free Markets -** Had there been sufficient competition among players in the data space, bans by one or two companies wouldn't have mattered.
- But the pro-active "mergers and acquisition" drive carried out by Google and Facebook has effectively ensured that their monopolies remain.
- If markets lack competition, then the need for governmental pressure to regulate the market is needed, but that is again a complex mesh to explore.
- **Preventing Monopolies -** It is ideal to prevent emergence of monopolies in the 1st place through hard hitting "out of the box" policies.
- Breaking up big firms through legislations is fraught with legal hurdles and the resultant consequences are also highly unpredictable.
- But when firms proceed towards their next acquisition, government needs to get innovative to ensure that market competition isn't compromised.

Rightist Pressures in Germany
Context

- Rightist groups are gaining ground in German politics, through direct electoral support and through exerting ideological influence on mainstream parties.
- But for the time being, German Chancellor Angela Merkel's politicking has averted any threat to her coalition government.

Ms. Merkel's Political Brinkmanship

- Angela Merkel is now in her 4th term as German Chancellor, and has weathered many crises without jeopardising the stability of her government.
- The 2017 German election was inconclusive with no party gaining a majority due to the erosion of votes by smaller extremist parties.
- Merkel's long-time ally "Social Democratic Party" (SPD) was also refusing to support her government and preferred sitting in the opposition.

- But eventually, SDP revived the coalition with Ms. Merkel's conservative "Christian Democratic Union" (CDU) in order to avert another poll.
- Thereby, Ms. Merkel managed to have her way and stood her ground with her moderate political outlook.

Current Crisis

- **Refugee Policy –** Ms. Merkel is the most vocal proponent of open borders within the "European Union" and is presently the linchpin of grouping.
- But this policy also entails refugees to enter Germany even though they might have registered themselves (as refugees) in another European country.
- Many politicians (including among the ruling alliance) sought to plug this influx and also send those already in Germany to the countries of registration.
- The issue threatened to end 70-year alliance of Merkel's CDU with Bavaria based "Christian Social Union" (CSU).
- **Compromise -** Ms. Merkel asserted that curtailing entry would undermine the European Block's cherished "Schengen Passport-free Zone".
- To assuage the dissenting voices, she proposed to accommodate those seeking refuge at transit centres along the borders with Austria.
- As Ms. Merkel has agreed to send them back to the countries of registration eventually, this is a partial victory for those demanding tighter borders.
- But nonetheless, Ms. Merkel has been holding strong in her endeavour to preserve the integrity of Euro-Zone.

Implications

- The recent compromise is a further dilution of Ms. Merkel's bold 2015 move to allow about a million refugees into Germany.
- Notably, refugee flow has actually been declining since 2016, and the current political unrest was caused due to approaching elections in Bavaria Province.
- This is a clear indication of Germany's major mainstream parties facing pressures from smaller rightist groups, like in many other European countries.
- On the other hand, the reality of mass immigration today calls for a concerted approach on conflict resolution and respect for the rule of law.

Implications of a Trade War
Context

- U.S.-China trade war is already ranging in full swing.
- Unless compromises are reached, there are likely implications for the entire world economy.

Trade War Taking Shape

- After exchanging several threats lately, both the United States and China have now implemented a tariff of 25% on imports worth $34 billion.
- While this trade war is far from the biggest the world has seen, it has the potential to cause some significant damage to the world economy.
- Significantly, Chinese imports to the U.S. are valued over $500 billion per annum and U.S.

- President Trump has vowed to tax all Chinese imports soon.
- Trump has already imposed tariffs on imported solar panels and washing machines, and is moving swiftly into other domains.
- These moves against China will likely resonate with voters who perceive the trade deficit with China as a loss to the U.S. economy.
- Not surprisingly, China has responded by targeting American exports like soybean and automobiles, a move that could cause job losses in the U.S.
- It is to be noted that U.S. has also imposed some tariffs on its other trading partners like European Union, Mexico, and Canada – who've also retaliated.

Tariff Decision and US's WTO Commitments

- **Bound Duty** - The WTO makes member countries notify the bound duty (the ceiling duty) for each product.
- A country cannot increase its import duty for a product above this level.
- In fact, the actual import for a product takes place at the applied duty, which is generally lower than the bound duty.
- The **difference between the bound and applied duty** is called **'water'** in trade language.
- **US's commitments** - For the US, the 'water' is less than 1% on most items.
- So, if the applied duty on a product in the US is 3%, the country can increase it up to 4% and not higher than that.
- This low 'water' is the suo moto commitment taken by the US at the WTO.
- This was taken with the conviction that low import duties are a must for national development.
- Since the US cannot increase duties under this, it has used the WTO security exception for the present duty increase.
- Clearly, the decision of choosing a low water policy by the earlier US governments has restricted Trump's policy options.
- He had earlier expressed his dissatisfaction with the trade deals and reasoned it for US's trade deficit.
- **Other Countries** - The EU, Japan, and most other developed countries have also chosen for less than 2% water.
- However, most of the developing countries did not agree with the US on this then.
- They chose to retain high water for most products, so as to raise the applied duty up to the level of bound duty when needed.
- As a result, if India raises duty on steel from 10% to, say, 20%, it does not violate the WTO law, as the bound duty on steel is 40% for India.

USA -China Trade Wars

- Tariffs, or customs duties, are border taxes charged on foreign imports by a country.
- Recently US government slapped sweeping tariffs on imported Chinese goods worth $34 billion, including aircraft parts, flat-screen televisions, and medical devices.
- All these will now face a high 25% levy when imported into the US.

- China responded with retaliatory tariffs of 25% on US goods worth an equivalent $34 billion, including soybean, automobiles, and marine products such as lobsters.
- USA is also considering imposing levies on Chinese goods worth another $500 billion in the coming months.
- **USA's Point -** USA's tariffs are aimed at penalising China for arm-twisting foreign businesses to hand over technology to Chinese firms in lieu of access to the Chinese market.
- The US has indicated this action is specifically aimed at protectionist measures by China, especially its "Made in China 2025" programme, an initiative to transform China into an advanced manufacturing powerhouse.
- USA has also accused China of subsidising steel exports in a practice termed dumping selling a product at lower than the cost of production to gain market share.
- **China's Point -** Besides slapping retaliatory tariffs on US goods, the Chinese could leverage an anti-American sentiment among consumers to boycott US goods.
- In 2012, Chinese nationalists boycotted Japanese cars and stores because of a territorial dispute, badly denting sales of Japanese goods.

UNDER GSP PROGRAMME
Figures in $billion

Exports from India to US under GSP: 4.58 (2015), 4.68 (2016), 5.58 (2017)
Total GSP imports into US: 17.54 (2015), 18.66 (2016), 20.77 (2017)

Source: US Dept of Commerce

Consequences

- Last year, China had imported $130 billion in US goods, while the US bought goods worth $506 billion from China, So, the goods trade is weighed in favour of China.
- US economy could actually suffer more than China's, and that South Korea, Malaysia, Taiwan and Singapore are the economies most at risk in Asia based on trade openness and exposure to supply chains involving China.
- After the latest series of tariff strikes by the US and China, world trade could be seriously disrupted as two-thirds of goods traded are linked to global value chains.
- There are also projections that almost two-thirds of US imports from China came in from companies with foreign capital and, based on foreign investment flows, the capital is likely to have come mostly from the US, Japan and South Korea.

Concerns before India

- India's total exports have been faltering, down from $310.53 billion in FY15 to $262.29 billion in

FY16, before recovering marginally to $276.55 billion in FY17.

- Exports from India to the US under Generalized System of Preferences (GSP) have been consistently on the rise, bucking the broader declining trend in overall exports.
- Generalized System of Preferences (GSP) is a preferential tariff system extended by developed countries to developing countries.
- Out of the total GSP imports into the US under this programme, India has consistently accounted for a quarter of this.

India Deferred Imposition of Retaliatory Duties

- India recently planned to slap retaliatory duties on some US imports, but it has now notified to put off the implementation by a month-and-a-half to August, 2018.
- **Diplomacy** - Postponing the levy of retaliatory duties would offer space for resolution.
- Discussions are planned with a visiting team from US Trade Representatives' (USTR) Office.
- Ways to bring down trade tension between the two countries would be discussed.
- Imposing retaliatory duties at this time may undermine the purpose of the meeting.
- **Trade** - US happens to be one of the largest export destinations for India.
- Despite the increase in exports from the US to India in 2017-18, India has a robust bilateral trade surplus.
- So, it is economically rational for India to maintain this and solve the tariff issue amicably.
- Clearly, India has only deferred the imposition, not ruled out.
- India now needs to do focus on convincing the US to roll back the additional duties imposed on Indian aluminium and steel.
- India should also not miss out the path of retaliation by other WTO members, including China, the EU and even Turkey.

Way Forward

- **Specific Perspective -** In a globalised world, no country can hope to impose tariffs without affecting its own economic interests.
- Such hike in tariffs will make goods costlier for domestic customers and also affect producers who are dependent on international supplies.
- U.S. Federal Reserve has stated that economic uncertainty due to the trade war is already affecting private investment in the U.S.
- The entire episode could also isolate the U.S., which has refused to settle differences through serious negotiations.
- Notably, 11 Asia-Pacific countries went ahead to sign a trans-Pacific trade deal while leaving out the U.S., was an indication of this possibility.
- China is fighting an economic slowdown, and its problem of debt and unsold inventories are likely to worsen if tensions escalate.
- **Larger Implications -** The current U.S. initiated trade war is contagious and can catch up to other countries (or trading blocs) too.

- It is a threat to the rules-based global trade order which has amicably handled trade disputes between countries for decades.
- If these tensions prolong, countries may resort to destructive measures such as devaluing their currencies to support domestic exporters.
- The world economy, which is on a slow path to recovery since the 2008 financial crisis can ill afford such unnecessary shocks.

India's Stakes in Iran-U.S. Tussle
Context

- Trump administration is seeking to isolate Iran in the international arena.
- This has put India in a tight spot, as it has been pursuing deep business and strategic ties with both Iran and the U.S.

India's Present Engagement with Iran and U.S.

- **Iranian Engagement -** Iran has been a major crude supplier to India, and India is the 2nd largest buyer from Iran (China is the 1st).
- India's investment in the Iran has been increasing and recently, India committed to enhance its investments in the Chabahar Port by $500 million.
- India is also in the process of securing Iran's Farzad –B gas field and has promised to increase its oil off-take from Iran by 25% this year.
- It has also committed to build a rail road to Afghanistan, a project that will help India circumvent Pakistan and enhance cooperation with Afghanistan.
- **U.S. Engagement -** U.S. is India's largest trading and technological partner and India enjoys a big trade surplus with it.
- Indo-U.S. defence ties have been growing in recently years and strategic engagements between them are strong.
- But recently, the ties have come under severe strain due to imposition of tariffs on Indian goods and India's engagements with China and Russia.

Challenge

- Recently, Trump administration, has asked India to cut trade ties with Iran, which is straining India to take a stand.
- Considering the situation, more than the energy security perspective, it is the geopolitical aspects of the directive that worries India.
- If India overlooks U.S. pressures and continues engagements with Iran, it risks antagonising an all-powerful trade and strategic partner.
- On the contrary, if U.S. directives are adhered to, Iran might turn hostile to Indian projects on its soil like Chabahar Port and the allied transit corridors.
- Notably, Iran is already hedging the fallouts of a confrontation with U.S. by seeking to engage with EU and other powers like China.

India's Earlier Role

- In 2012, the Obama administration wanted to maximise pressure on Iran in order to secure a deal for curtailing Iran's nuclear program.
- Back then, Obama had sent tough messages to New Delhi through discreet channels (unlike Trump's open threats), to reduce ties with Iran.

- India had then agreed to cut oil imports by 15% subsequently, but asserted its autonomy, by attending a meet with Iranian leaders in Tehran.
- India even operationalized a 'rupee-rial' mechanism, under which Iran could use some of its oil bills with India to procure India goods.
- While the current government would seek to emulate its predecessor's line on the issue, the stakes are higher this time.

Way Ahead
- Complex negotiations between New Delhi and Tehran, and New Delhi and Washington are likely in the near future.
- Considering the increasingly globalised business context, it would be risky for India to face U.S. sanctions as it might affect business considerably.
- Obliging to the U.S. fully will reduce India's independent stature, and countries like China and Turkey have already refused to comply with U.S.
- As India can't afford to antagonize both Iran and the U.S., it needs to play its card correctly to tide over this diplomatic tussle.

India's Role for the Koreas
Context
- The South Korean President, Moon Jae-in's visit to Delhi is of significance to India.
- It offers scope for India's role in reconciliation between the North and the South Koreas.

Recent Developments
- Talks between US Secretary of State and his hosts in North Korea ended in accusations.
- This has impacted the American diplomacy on denuclearising the Korean Peninsula.
- America demands for a quick and comprehensive denuclearisation of North Korea.
- However, North Korea's agenda on political and military trust building is a challenge.
- On the other hand, South Korean President is particular of reconciliation between the two Koreas.
- Amidst this, Moon's visit to Delhi offers possibility for strengthening India's role in the Korean Peninsula.

India become a Part of this
- **War** - Independent India played a significant role in the Korean Peninsula.
- This was especially in the immediate aftermath of the Second World War.
- India also maintained diplomatic relations with the North and South during the Cold War.
- **Economy** - With 1991 economic reforms, South Korea became an important participant in India's economy.
- Russia and China also increased their collaboration with South Korea for economic gains.

- **North Korea** - Resultantly, the socialist North Korea was increasingly isolated.
- It looked for making up for the loss of its old communist allies.
- It thus started focussing on developing nuclear capability.
- **Pakistan** - Eventually, the Indian Subcontinent became a part of North Korea's strategy.
- North Korea's atomic quest found convergences with that of Pakistan.
- North Korea and Pakistan thus stepped up their nuclear and missile cooperation.
- Certainly, this strained the India's relationship with North Korea.

India's Role
- India is now in a position to develop a more strategic view of the Korean Peninsula.
- For,
> South Korean President is increasingly seeking reconciliation with the North
> there is much international scepticism about the prospects for this peace
- Given this, Indian support for reconciliation would be of great political value to South Korea.
- Importantly, it will align Delhi with the long-term interests of the Korean people.
- For, they had been the victims of troubles in the divided peninsula over the last 7 decades.

Possible Challenges
- The post-Cold War Asian landscape is shifting.
- The relations between major powers - US, Russia, China and Japan - are strained.
- This is a new challenge that Asia had not to deal with in decades.
- Meanwhile, prosperity brought by globalisation to Asia over the recent decades is under stress.
- Measures against free trade and open borders, by the Western leaders are contributing to this.

Way Forward
- South Korea has announced a "New Southern Policy".
- This looks beyond Northeast Asia to focus on Southeast Asia, Australia and India.
- Likewise, India's Act East policy now has a much wider coverage, the Indo-Pacific.
- These strategies should be taken forward, to reap the benefits of geopolitical developments.
- With global trade war unfolding, Delhi and Seoul have an urgent need to liberalise the bilateral trade relations.
- The two sides also need to focus on expanding bilateral security and defence cooperation.
- They should work with other countries to promote a stable Asian balance of power system.

ENVIRONMENTAL AFFAIRS

First BS-VI Engine Certificate
In News: International Centre for Automotive Technology (ICAT) releases first Bharat Stage -VI engine certificate for a heavy-duty engine model.

- It is much ahead of the implementation date of 1st April 2020 for rolling out of Bharat Stage-VI norms in the country.

- Thus, it gives sufficient time for product stabilization in terms of making it more robust and cost competitive for the end consumers.
- ICAT is the first of new world class centers established under the National Automotive Testing and R&D Infrastructure Project (NATRiP).
- It is under the administrative control of Ministry of Heavy Industries & Public Enterprises.
- Its main objective is to carry out Research & Development in the field of Automotive Engineering.

Bharat Stage Emission Standards
- They are emission standards instituted by the Government of India in the year 2000, based on EU standards.
- It is to regulate the **output of air pollutants** from internal combustion engines and Spark-ignition engines equipment, including motor vehicles.
- The standards and the timeline for implementation are set by the Central Pollution Control Board under the Ministry of Environment & Forests and climate change.
- All new vehicles manufactured after the implementation of BS norms must be compliant with the regulations.
- Major emissions governed under these norms are carbon monoxide emissions, hydrocarbon emission limits. Nitrogen Oxides and particulate matter are also significant metrics.
- BS-IV standard was brought into place in country-wide in April 2017.
- Implementation of the BS V standard that was earlier scheduled for 2019 has now been skipped.
- In 2016, the Indian government announced that the country would skip the BS-V norms altogether and adopt BS-VI norms by 2020.
- By moving to BS-VI, the country will be using the highest specifications of fuel standard available in the world right now.

Mudumalai Tiger Reserve
- Mudumalai Tiger Reserve is a critical part of the Nilgiris Biosphere Reserve.
- The reserve, comprising the wildlife sanctuary and the national park, was declared a core tiger habitat in 2007.
- It extends over a core area of 321 sq.km and buffer area of 367 sq.km.
- Union Ministry of Environment has recently issued notification declaring 438 sq.km of area around the Mudumalai Tiger Reserve as an **Eco sensitive zone.**

- The notification followed a Supreme Court order calling for an eco-sensitive zone around all national parks
- The declaration of an eco-sensitive zone would place restrictions on polluting industries but it would not stop agriculture activities in the area.
- The following activities are restricted/prohibited in the eco-sensitive zone,
1. Commercial mining,
2. Setting up of industries causing pollution,
3. Establishment of major hydroelectric projects,
4. Use or production or processing of any hazardous substances,
5. Discharge of untreated effluents into natural water bodies or land area and
6. Setting up of new saw mills or brick kilns.
- But resorts already present in the area would not be forced to stop functioning.

NGT's New Chairperson
- Justice Adarsh Kumar Goel recently assumed charge as chairperson of the NGT.
- Justice Goel, who retired as a Supreme Court judge on July 6, has been appointed for five years.
- He is the third chairperson of the NGT since its inception in 2010.
- NGT was established in 2010 under NGT Act with its principal bench in Delhi.
- Its objective is to provide an 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.
- The NGT has the power to hear all civil cases relating to environmental issues that are linked to the following laws -
1. The Water (Prevention and Control of Pollution) Act, 1974;
2. The Forest (Conservation) Act, 1980;
3. The Air (Prevention and Control of Pollution) Act, 1981;
4. The Environment (Protection) Act, 1986;
5. The Public Liability Insurance Act, 1991;
6. The Biological Diversity Act, 2002.
- There is a bar on civil court to take cases under these listed laws in Schedule 1 of NGT act.
- 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.
- 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.

BIO/ HEALTH ISSUES

Global Roadmap to Tackle Cholera
In News: A New Global Roadmap to eradicate cholera has been developed by the Global Task Force on Cholera Control (GTFCC).
Cholera
- It is a bacterial disease causing severe diarrhoea and dehydration, usually spread in water.

- Key symptoms are diarrhoea and dehydration, rarely shock and seizures may occur in severe cases.
- It can be fatal if not treated right away.
- The treatment includes rehydration fluids and antibiotics.
- World's high-income countries have been cholera-free for nearly 150 years.

- Despite this progress at least 47 countries still remain under the cholera threat.

Roadmap of GTFCC

- With the goal of reducing cholera deaths by 90 per cent and eliminating the disease in at least 20 countries by 2030, the new Global Roadmap developed by the Global Task Force on Cholera Control (GTFCC) is a renewed approach to tackle the epidemic.
- It is an endeavour to get affected countries commit to an effective mechanism by supporting them through technical expertise, financial resources and operational structures by encouraging partnerships at local and global levels.
- The roadmap comprises three strategic initiatives such as
1. Focus on containing cholera outbreaks.
2. Quick detection through surveillance and enhanced laboratory capabilities.
3. Immediate and effective response systems.
- In addition, a multi-sectorial intervention will focus on "hotspots" (geographies with a high incidence of cholera) to implement control measures such as water, sanitation, and hygiene (WASH) and oral cholera vaccines (OCVs).
- The GTFCC will also facilitate efficient coordination between countries to provide necessary technical support and resource mobilisation.

Challenges in Eradicating Cholera

- **Scarcity of Resources -**Commonly-available interventions which can prevent and control cholera have largely been ineffective, driven mainly by the scarcity of basic resources.
- With rapid population growth, urbanisation, climate change and the growing scarcity of resources, the risk of cholera is expected to continue increasing.
- **Socio-Economic Challenges -**Geographical patterns of cholera outbreaks have shown that economically weaker countries are disproportionately affected.
- More than two billion people in vulnerable countries still access drinking water from contaminated sources, and over 2.4 billion people lack access to basic sanitation facilities.
- Vulnerable countries still struggle to meet their basic WASH targets, with over 80 per cent of them reporting insufficient availability of financial resources.
- Areas affected by adverse events and calamities conflict, war and famines are at a significantly higher risk.
- With an estimated $2 billion in global healthcare costs and lost productivity every year, cholera carries a significant economic burden.

Measures needs to be taken

- Providing access to safe drinking water, improving basic sanitation facilities, access to basic medical care are mandatory requirements for a healthy nation.
- Implementing mass immunisation programmes is a vital component to accelerate the process of making the countries cholera-free.
- With a renewed strategy, the global roadmap aims to implement a series of initiatives to address the cholera epidemic, this needs to be implemented by the cholera affected countries.

GTFCC
- WHO revitalized the Global Task Force for Cholera Control (GTFCC) to strengthen WHO's work in eradicating cholera.
- GTFCC has collaboration and coordination among relevant WHO departments and other relevant stakeholders.
- The purpose of the GTFCC is to support increased implementation of evidence-based strategies to control cholera.
- The GTFCC shall not be responsible for developing any technical norms or standards.

Punjab's War on Drugs

In News: Amid a new wave of political churn against the government for failing to curtail drugs, the Punjab CM has sought to enhance punishment for offenders.

Punjab Government's Crackdown

- In accordance with his campaign, immediately after assuming office, Punjab CM set up a "Special Task Force" (STF) against drugs.
- STF began by arresting thousands of peddlers.
- Within four weeks, the CM and the STF chief announced that the pre-election promise had been fulfilled, and supplies choked.
- Notably, the last one year has seen the "arrest of 19,000 drug peddlers and treatment of more than 2 lakh drug victims".
- Narcotic Drugs & Psychotropic Substances (NDPS) Act has also been involved in many cases with over 4,000 convictions already secured under the act.
- Additionally, over 5,600 NDPS cases are under trial, and Punjab has recorded an impressive 82% conviction rate under NDPS.

Recent Developments

- **Protests -** Despite the initial intensive crackdown, the drug problem seems to persisting in Punjab, and reports actually suggesting an increase in drug abuse.
- A video of a woman wailing next to the body of her son who lies in a heap of garbage with a syringe still stuck in his veins has created a sensation.
- Allegedly, there has also been a spurt in drug-related deaths, which is causing a political churn, with opposition parties voicing against the government.
- While the government is believed to be under-reporting drug related deaths due to immense pressure, it has nonetheless asserted a stern crackdown.
- **Reaction -** Punjab CM has written to the union government, seeking to enhance punishment under the NDPS Act to deter drug abuse.
- He has sought to bring in the death penalty for first-time offenders, besides declaring that government employees must undergo drug screening.
- But a previous Bombay High Court judgement had held death penalty under NDPS Act as unconstitutional, thereby making the CM's demand look naive.

Important Initiatives
- **DAPO Project -** In March, the government launched "Drug Abuse Prevention Officer" (DAPO) project, a community participation programme.
- Thousands volunteered registered as DAPOs to raise awareness and the government also leveraged its 3.5 lakh officials as DAPOs.
- The effectiveness of the exercise is yet to be evaluated.
- **Buddy Project -** The Special Task Force (STF) designed a "buddy project", aiming to include all schools and colleges for student awareness.
- It has been launched in some areas and STF officers say it will soon be extended across the state and encompasses parents and teachers too.
- **OOAT Program -** Health department has opened about 81 "Outpatient Opioid Assisted Treatment" (OOAT) clinics for opium and heroin addicts.
- This program is running since May and addicts are for the time-being given buprenorphine (an opioid substitute).
- **Confiscation Act -** Last year, the Cabinet had decided to enact the "Confiscation of Drug Dealers Property Act".
- This could not take off as the home department informed the CMO that a similar provision already exists under the NDPS Act.

Challenges for STF
- The STF was to directly report to the CM's office, overlooking the State DGP and other police hierarchy.
- This created some tussle, which reached its peak when the STF questioned an SP and also arrested a police inspector on drug charges.
- These skirmishes visibly slowed down STF's work and subsequently it was place back within the police hierarchy (reporting to the DGP).
- Earlier this year, the government issued a notification to exclude STF from the RTI, as it was facing pressure to release sensitive information.
- STF also had to face political headwinds as it had to inquire into the alleged involvement of an ex-minister from the SAD party in a drug mesh.

Gaming- A Mental Health Condition
In News: The World Health Organization (WHO) has announced a plan to include "gaming disorder" as a mental health condition.

WHO's Decision
- The reclassification of gaming is a part of the WHO's 11th revision of the International Classification of Diseases.
- The "disorder" was included in a draft of the ICD-11 released recently.
- While the classification is intended to act as a set of guidelines, ICD-11 influences many countries in determining healthcare policies, diagnoses and treatment options.

Reasons behind this Decision
- While addiction to gaming is widely recognised, recently reported incidents include a man being found dead in a cafe after three days of continuous gaming, and a couple neglecting their child due to gaming.
- In the ICD-11 draft, gaming disorder is defined gaming a pattern of gaming behaviour characterized by impaired control over gaming, increasing priority given to gaming over other activities to the extent that gaming takes precedence over other interests and daily activities.
- There is also concern that addiction to gaming could be a symptom of a deeper issue such as depression.
- There are potential examples around the world such as China, which has been known to conduct Internet de-addiction camps, and South Korea, which bans those under 16 from gaming after midnight.

Concerns with this Decision
- Various critics have opposed the idea of formalising gaming as a disorder, as stronger base of evidence is required to classify something as a formal disorder.
- Among the worries expert's flag is the detrimental effect this "premature classification" could have on treatment and policymaking.
- The clinical utility of such a classification is also dubious, They pointed out that there is still no exact list of symptoms that can be attributed to gaming as a disorder.
- Many clinics around the world offer specialised treatment for gaming addiction; the new classification could result in a trend where clinicians treat the symptom instead of the underlying issue.

Way Forward
- Both the WHO and critics of the idea agree on one thing that addiction to gaming, to the point where it becomes a hindrance to a normal routine, needs more research.
- The WHO believes that formalising the disorder will help experts across the world to conduct more research, while critics believe that research should precede any attempt at formalisation.

TECHNOLOGICAL AFFAIRS

Crew Escape System
- Crew Escape System is an emergency escape measure to quickly pull the astronaut crew out to a safe distance from launch vehicle during a launch abort.
- To demonstrate this system, ISRO recently successfully carried a test named "Pad Abort Test (PAT)".
- PAT is the first in a series of tests to qualify a crew escape system technology of a manned mission in the future.
- PAT is viewed as a major technology demonstrator and to ascertain the trustworthiness and efficiency of the crew escape system.
- The U.S, Russia and China have their own crew escape system in place.
- It is a small step closer to ISRO's ambition of sending Indians to space.

Tejas

- It is an indigenous fighter aircraft inducted in to Indian Airforce in the year 2016.
- It has recently commenced its operation.
- It is designed by the Aeronautical Development Agency (ADA) and Hindustan Aeronautics Limited (HAL).
- It is a single-seat, single-jet engine, multirole light fighter.
- It is the smallest and lightest multi-role supersonic fighter aircraft in its class.
- It can fire Air to Air Missiles, carry bombs and Precision Guided ammunition.
- It has its root in the Light Combat Aircraft (LCA) programme, which began in the 1980s to replace the ageing MiG-21 fighters.
- MiG-21 fighters are purchased from Russia in 1961.

NASA Solar Probe

In News: NASA plans to send its first robotic spacecraft "Parker Solar Probe" to the Sun.

Highlights

- It will travel directly into the sun's atmosphere about 4 million miles from the star's surface.
- The mission is to study why the surface of the Sun, called the photosphere, is not as hot as its atmosphere, called the corona.
- The surface temperature of the Sun is only about 5,500°C but the atmosphere above it is an over two million degrees Celsius.
- The mission may also ascertain why the Sun occasionally emits high-energy particles that are a danger to unprotected astronauts and spacecraft.
- **Recent Development** - NASA's Parker Solar Probe has recently got its revolutionary **heat shield** permanently attached to the spacecraft.
- The shield is made of superheated carbon composite material sprayed with a specifically formulated white coating on the sun facing side to reflect the sun's energy away from the spacecraft.
- As the spacecraft approach the sun, temperatures on the heat shield will reach nearly 1,300°C but the spacecraft will be kept at about 30°C.
- The shield will help the spacecraft remain safe as it collects data about the inner workings of the corona.

Temperature in the Sun's Atmosphere

- The sun's atmosphere corona is much hotter than its visible surface Photosphere.
- Normally, the layer closest to a source of heat, the Sun's surface, in this case, would have a higher temperature than the more distant atmosphere.
- But the reason for the high temperature is the constant eruption of tiny solar flares in the solar atmosphere.
- The solar flares produce hard X-rays, whose wavelengths are much shorter than the light humans can see and it is a signature of extremely hot solar material.

Common Service Centre

- The Common Service Center (CSC) Scheme is an integral part of "Digital India" initiative of Ministry of Electronics and Information Technology.
- CSCs are the access points for delivery of various electronic services to villages.
- In addition to it, CSCs promote rural entrepreneurship, community participation and collective action for social change.
- CSC e-Governance Services India Limited is a Special Purpose Vehicle (CSC SPV) incorporated under the Companies Act, 1956 to monitor the implementation of the Common Services Centers Scheme.
- Village Level Entrepreneur (VLE) under CSCs provide service to the rural consumer in villages.
- **Recent development** – CSC SPV has entered into agreement with HDFC Bank.
- This is to enable its three lakh Village Level Entrepreneurs (VLEs) managing the Common Services Centers operate as **Banking Correspondents of HDFC Bank.**
- They will support the Government initiative to promote financial inclusion and make banking services more accessible in rural areas.
- HDFC Bank will support CSC SPV in converting 1000 identified villages into Digital Villages within this financial year.

Kepler Telescope

In News: NASA has recently revealed that the Kepler Space Telescope is almost out of fuel and decided it to put the spacecraft in a hibernation-like state.

Highlights

- The Kepler telescope was originally launched in 2009 as part of NASA's Discovery Program.
- It is an observatory in space dedicated to finding planets outside our solar system.
- It targets particularly alien planets that are around the same size as Earth in the "habitable" regions of their parent star.
- Since 2009, it has discovered extra-solar planets in the range between the size of Earth and Neptune.
- Most of these planets were discovered in a small region of the constellation Cygnus.
- Kepler was the first telescope to find a planet (Kepler-69c) approximately the size of Earth in the habitable region of a star.
- It examined the TRAPPIST-1 system which likely has multiple Earth-sized planets in it between December 2016 and March 2017.
- It was approved far beyond its original mission length and was operating well until May 2013, when a second of its four reaction wheels or gyroscopes failed.

TESS

- Transiting Exoplanet Survey Satellite (TESS) is a new exoplanet hunting spacecraft.
- While Kepler is nearing its mission lifetime, TESS is readying to take its place.
- It was launched in 2018 to detect small planets with bright host stars in the solar neighbourhood.
- The spacecraft will be looking for a phenomenon known as a transit, where a planet passes in front of its star, causing a periodic and regular dip in the star's brightness.

- It will do an all-sky survey from an orbit between the Earth and the moon.

Formalin
- Fish Samples in Chennai have shown the presence of Formalin.
- This is the first time, samples of fish in Tamil Nadu have tested positive for formalin.
- Formalin, a derivative of formaldehyde is a carcinogenic substance used to prolong the shelf life of fish.

- It is harmful when consumed by humans.
- Once ingested, formalin releases toxins into the body, and the sustained ingestion of formalin can eventually lead to cancer.
- A solution which contains 37% formalin has the capacity to kill a fully grown adult.
- Other chemicals added - **Sodium benzoate** was a preservative that was mixed when the ice was formed and **Ammonia** is also added to the ice, but it is done to prevent the ice from melting.

IN-SHORT

Regional Rural Banks (RRB)
- RRBs were set up with the objective to provide credit to the small and marginal farmers, agricultural labourers, artisans and small entrepreneurs in rural areas for development of productive activities.
- RRBs are jointly owned by Government of India, the concerned State Government and Sponsor Banks with the issued capital in the ratio of 50:15:35 respectively.
- Union cabinet has recently approved the extension of the scheme of recapitalization of RRBs for the next 3 years upto 2019-20.
- This will enable the RRBs to maintain the minimum prescribed Capital to Risk Weighted Assets Ratio (CRAR) of 9 per cent.
- The scheme of Recapitalization of RRBs started in FY 2010-11 and was extended twice in the year 2012-13 and 2015-16.

Khan Prahari
- It is a **mobile application** is launched by Ministry of Coal for tracking illegal mining.
- It is a tool for reporting any activity taking place related to illegal coal mining like rat hole mining, pilferage etc.
- Citizens can upload geo-tagged photographs of the incident along with textual information directly to the system.

Coal Mine Surveillance & Management System (CMSMS)
- The CMSMS is a **web based GIS application** through which location of sites for unauthorised mining can be detected.
- Its basic objective is reporting, monitoring and taking suitable action on unauthorised coal mining activities.
- The basic platform used in the system is of Ministry of Electronics & Information Technology's map which provides village level information.
- The system will use satellite data to detect changes by which unauthorised mining activity extending beyond the allotted lease area can be detected and suitable action can be taken on it.
- It is developed by a subsidiary of Coal India Limited (CIL) and Bhaskarcharya Institute of Space Application and Geo-informatics (BISAG).

Gaming University
- The UNESCO, specialised agency of United Nations, entered into an agreement with the Andhra Pradesh Economic Development Board for the establishment of a gaming digital learning hub.
- **Visakhapatnam** will soon have a Design university for gaming.
- The hub is seen as potential medium for creating around 50,000 jobs in 10 years.

Stree Swabhiman
- Stree Swabhiman is an initiative under Ministry of Electronics and Information Technology for promoting women's menstrual health and hygiene.
- Under this initiative, CSC SPV will provide access to affordable, reliable and modern (eco-friendly) sanitary napkins to adolescent girls and women in rural areas.
- Under this initiative, semi-automatic and manual sanitary napkin manufacturing units will be set up at CSC for producing sanitary napkins.
- HDFC Bank will also support CSC SPV by funding Stree Swabhiman Sanitary Napkin Manufacturing Units.

National Testing Agency
- The Union Cabinet had approved setting up of NTA to conduct entrance examinations such as NET, NEET, JEE (Mains) for higher educational institutions.
- The NTA would also conduct National Eligibility cum Entrance Test Common Management Admission Test (CMAT) and Graduate Pharmacy Aptitude Test (GPAT).
- So far, The Central Board of Secondary Education (CBSE) conducted NEET on behalf of the Medical Council Of India and the Health Ministry and NET on behalf of the University Grants Commission (UGC).
- The NTA would work as an autonomous and self-sustained premier testing organisation to conduct entrance examinations for higher educational institutions.
- It will be chaired by an educationist appointed by Human Resource Development Ministry

DigiLocker
- Ministry of Railways approves digital Aadhaar and Driving Licence from Digital Locker as proof of identity of passengers for undertaking journey by Train.

- The documents are accepted only if a passenger shows the Aadhaar/Driving Licence from the 'Issued Documents' section by logging into his/her DigiLocker account.
- However, the documents uploaded by the user himself/ herself (i.e. the documents in 'Uploaded Documents' section will not be considered as a valid proof of identity.
- DigiLocker is a secure cloud based platform for storage, sharing and verification of documents & certificates launched by Ministry of Electronics and Information Technology.

International Round Table Conference
- The Ministry of Statistics &Programme Implementation (MoSPI) is organising a two-day International Round Table Conference "Data for New India" at New Delhi during 9-10th July, 2018.
- The objective of the Round Table Conference is to identify innovative ideas for improving the statistical system in India, taking cue from the best practices followed in advanced countries like Canada, UK and Australia.
- Such a Conference is being organized in India for the first time, the conference is expected to suggest measures paving way for initiating the reform process in the Indian Statistical System.

Cellular Jail
- The Vice President of India as visited the infamous Cellular Jail in Port Blair, Andaman & Nicobar Islands.
- Valiant freedom fighters were confined solitarily and meted out most inhuman treatment by the British in the cellular jail.
- The purpose of solitary confinement was to demoralise freedom fighters, keep them in small, solitary cells without any scope to interact with fellow prisoners and local people.

INS Trikand
- India's latest frontline warship INS Trikand has reached Sri Lanka in a goodwill visit.
- INS Trikand is a state-of-the-art warship of the Indian Navy equipped with a versatile range of weapons and sensors capable.
- It can address threats in all three dimensions - air, surface and sub-surface.

Legal Entity for Animal Kingdom
- The Uttarakhand High Court has declared the entire animal kingdom, including birds and aquatic animals, as a legal entity having rights of a "living person".
- The court has invoked Article 21 of the Constitution - safeguarding the rights of humans, protects life. The court has clarified that the word 'life' includes animal world.
- According to the judgement, Legal Entity means "The entity acts like a natural person but only through a designated person, whose acts are processed within the ambit of law".
- This means the animal kingdom could be represented by a custodian.

- It declared all citizens of Uttarakhand "persons in loco parentis" (in the place of a parent) giving them the responsibility to protect animals and ensure their welfare.
- The high court, last year accorded the status of "living entity" to the Ganga and Yamuna rivers, a decision subsequently stayed by the Supreme Court.

World Sanskrit Conference
- World Sanskrit Conference is to promote, preserve and practice the Sanskrit language all over the world by the people.
- It is being held in various countries across the globe once in every three years and so far it has been held thrice in India.
- The latest edition, 17th World Sanskrit Conference is going to be held at Vancouver, Canada.
- Union HRD minister will be inaugurating the conference.
- More than 500 scholars and delegates from over 40 countries will be participating in this conference on various subjects.

Mattala Airport
- Mattala Airport is referred to as the world's "emptiest airport" located in Sri Lanka.
- India is negotiating a joint venture with Sri Lanka to operate this loss making airport.
- It is located strategically very near to Hambantota port which is operated by China.

'India Tourism Mart'
- The 'first ever' India Tourism Mart (ITM) will be organised by Tourism Ministry in partnership with the Federation of Associations in Indian Tourism and Hospitality (FAITH) and with the support of State /UT Governments.
- The objective of the event is to create an annual Global Tourism Mart for India in line with major international travel marts being held in countries across the world.
- It will provide a platform for all stakeholders in the tourism and hospitality industries to interact and transact business opportunities.
- It will include pavilion for States & Union Territories to showcase their unique tourism destinations and products.

Institutions of Eminence
- The Government has shortlisted Six Institutions of Eminence (IoEs) including 3 from Public Sector and 3 from Private Sector.
- **Public Sector** - Indian Institute of Science, Bangalore, IIT Bombay and IIT, Delhi.
- **Private Sector** - Jio Institute (Reliance Foundation), Pune, Birla Institute of Technology & Sciences, Pilani, Rajasthan; and Manipal Academy of Higher Education, Manipal, Karnataka.
- These institutes were selected based on the recommendations of Empowered committee set up for this purpose.

- These institutions will get financial assistance up to Rs. 1000 Crore over the period of five years under this scheme.
- **Other Benefits** - These Institutions shall be provided with greater autonomy
1. to admit foreign students up to 30% of admitted students;
2. to recruit foreign faculty upto 25% of faculty strength;
3. to offer online courses upto 20% of its programmes;
4. to enter into academic collaboration with top 500 in the world ranking Institutions without permission of UGC;
5. free to fix and charge fees from foreign students without restriction;
6. flexibility of course structure in terms of number of credit hours and years to take a degree;
7. complete flexibility in fixing of curriculum and syllabus, among others.
- These institutions are expected to make into top 500 world rankings in a decade.

Asian Development Bank
- Asian Development Bank (ADB) has approved $503-million for lining project of the Son canal in Shahabad-Bhojpur region of Bihar.

- The project would benefit the agriculture sector immensely in the region.
- ADB now has 67 members of which 48 from within Asia and Pacific while remaining 19 from outside.
- It is headquartered at Manila, Philippines.
- The bank admits the members of the United Nations Economic and Social Commission for Asia and the Pacific and non-regional developed countries.
- ADB assists its members, and partners, by providing loans, technical assistance, grants, and equity investments to promote social and economic development.
- **Other Projects implemented by ADB** - East coast economic corridor, solar rooftop investment program, Mechi river bridge project in Indo-Nepal border, TAPI gas pipeline, South Asia Subregional Economic Cooperation (SASEC) Program, supporting fiscal reforms in West Bengal State.

World's Largest Mobile Manufacturing Plant
- South Korea in partnership with India recently inaugurated Samsung's mobile manufacturing plant, touted as the biggest in the world, **in Noida**.
- It will almost double its manufacturing capacity to 120 million by 2020 from 68 million now.

POLITY, GOVERNANCE AND PUBLIC POLICY

Status of Policing in India Report

In News: The 'Status of Policing in India Report, 2018' was published recently by the Centre for the Study of Developing Societies and the NGO Common Cause.

Highlights

- It offers a comprehensive survey of the performance and perceptions of the Indian police.
- Especially, the relation between Indian Muslims and the police was brought out by the report.
- **Fear** - The report highlights that all minorities feared the police more than Hindus.
- Notably, the apprehension is more acute in the case of Muslims.
- This is the case even with no reference to lynching of Muslims in the name of cow protection.
- **Cases** - The fear is because police often implicates Muslims under false terrorism charges.
- Indeed, many young Muslims have been in jail for years for this reason, before the judiciary released them.
- Muslims in Bihar, Maharashtra, Rajasthan and Tamil Nadu increasingly feel that police discriminate on the basis of religion.
- This may be partly explained by the social profile of the policemen.

Muslim Representation in Law Enforcement Agencies

- Muslims are dramatically under-represented in the Indian Police Service (IPS).
- Their share was already lower than 5% in the 1950s.
- This is less than half the proportion of Muslims in India according to the 1951 census.
- Their share in the population subsequently increased, reaching nearly 15% in 2011.
- However, the proportion of Muslims in the IPS decreased, falling below 3% in 2016.
- It is even as low as 2.5% if Jammu and Kashmir is excluded from the calculation.
- But the situation is slightly better if policemen at lower levels are taken into account.
- In this case, Muslims roughly made up 6% of policemen in India.
- Nevertheless, their strength is on a decreasing trend over the years.
- Overall, Muslims are underrepresented in law enforcement agencies.
- But the situation is a little better if the armed services as a whole are accounted.
- In the army, Muslims made up 2.5% of the people in uniform in 1990-2000.
- Similar figures are found in the navy and in the air force.
- There too, the proportion is slightly less in higher ranking categories and more in others.

Significance

- The report shows a quasi-absence of the largest minority in a key institution like the police.
- The fact that Muslims are underrepresented in police increases their vulnerability.

- Moreover, there is no effort being made to address this situation.
- The scenario clearly affects the national character of a nation-state.
- It undermines the idea of a multicultural India enshrined in the Constitution.

Wider Concerns of Sec 377

Context

- On a petition relating to the LGBTQI community, the Supreme Court's stance seems to be narrow.
- It calls for expanding the SC's considerations to acknowledge the wider concerns of Sec 377.

Recent Development

- The Supreme Court is hearing a curative petition against one of its 2013 judgment.
- The 2013 SC judgment reversed a 2009 judgment of the Delhi High Court.
- The Delhi HC judgement made Sec 377 of the Indian Penal Code invalid.
- Section 377 criminalises sexual activities "against the order of nature", including homosexual activities.
- This significantly affects India's LGBTQI community.

Supreme Court's Stance

- The 2013 SC judgement was one of the lowest moments for human rights in India.
- Supreme Court has now been supportive to the LGBTQI rights in its initial observations.
- However, it has said that it would concern itself only with the question of the validity of Sec 377.
- It would also examine the correctness of the Supreme Court's 2013 judgment.

Concerns

- The Supreme Court's approach appears to be a limited one.
- As, it tries to interpret a broader human rights and justice issue as a matter of pure constitutional validity.
- The law is not abstract, and it is important to consider if the law impacts the lived experiences of human beings.
- It thus calls for SC to also concern itself with the impact of Sec 377 on the lives of the LGBTQI community.

Need

- Failure to use a rights-based approach has serious social repercussions.
- Evidently, suicide rates are higher among sexual minorities.
- Lack of rights and protections promotes a homophobic culture.
- It overemphasises and empowers patriarchy and masculinity.
- Widespread homophobia leads gay men and women to create sub-cultures of self-hate, internalised homophobia, and oppression.
- Lack of social acceptance and legal rights leads to abuse, violence, isolation, and mental illness.

- Importantly, a rights-based framework is essential to India's quest for social and economic development.

What should be done?

- SC should take precedence from its own 2014 judgment that recognises transgender community as a third gender category.
- It has also recently acknowledged "sexual orientation" an essential attribute of "identity" and "privacy".
- It should thus consider the issue of broader rights for sexual minorities.
- This should include issues such as right to form partnerships, inheritance, employment equality, and so on.
- India's sexual minorities need not only decriminalisation but rights and protections from gender-identity-based discrimination.
- Clearly, the Court has to expand its ambit to positively affect the lives of millions of Indians.

Proposal on Sharia Courts

In News: The All India Muslim Personal Law Board (AIMPLB) proposed to establish sharia courts all over the country.

Sharia Courts

- Darul Qaza (sharia courts) are not courts in the strictest sense of the term but counselling or arbitration centres.
- According to SC's judgement "Sharia courts are not courts" because the Indian legal system does not recognise a parallel judicial system, But the court also refused to deem them unconstitutional.
- They are accessible, useful, informal and voluntary institutions that provide speedy and inexpensive justice to the poor.

Need for Sharia Courts

- The decline of the civil justice system is a major phenomenon of our times, and alternative dispute resolution (ADR) mechanisms are the new normal.
- The plan on establishing rightly been termed as the "economic cleansing of the civil courts", Governments too favour ADR as it leads to saving public money.
- Thus in 2008, the UK set up five sharia courts whose rulings are enforceable with the full power of the English judicial system.
- ADR is privatisation of justice because parties not only nominate their judges but make their own laws or adopt laws of other countries.

Relevance of Such Courts in India

- Sharia courts has been established in the second decade of 20th century in Bihar, and were subsequently established in West Bengal and Orissa.
- Such courts are widely respected for putting in place elaborate procedures for the determination of issues, systematic recording of testimonies and speaking orders.
- As of now, about 100 such courts have been functional for decades in India and such courts provide speedy and inexpensive justice to poor women.
- Some of these orders have been quoted with approval by the formal courts.

Significance of Such Sharia Courts

- A majority of women consult these courts to get divorce or to seek the dissolution of their marriages.
- More than 60,000 cases have been amicably resolved by these courts, the cases were disposed of in less than a year's time.
- These courts never grant triple divorce, they always prefer the Quranic procedure of divorce.
- Their orders are not binding and lack legal sanctity, However It's perfectly legal if all the parties concerned want to comply with their orders.
- Unlike the Khap Panchayats, these courts do not deal with criminal cases and cannot forcibly enforce their orders.
- There has been a steady increase over the decades in the number of cases filed with these sharia courts. Very rarely is a sharia court's decision challenged in a civil court.

The "Institutes of Excellence" Sham

Context

- The designation of universities as "Institute of Eminence" has been marred with controversies and irrationality in approach.
- This has made the entire "higher education reform process" look like a big sham and has clearly eroded the credibility of the initiative.

"Institutes of Eminence" (IoE)

- As part of the higher education reforms that is being advanced, "IoE" was proposed to be granted for some well performing universities.
- The idea was to give these select institutions greater autonomy and support, which will enable them reach a world class status.
- 74 public universities and 29 private universities applied for this converted status and a committee was constituted to consider the applications.
- Three public and three private universities were ultimately awarded IoE status based on considerations like – financial stability, research excellence and good & independent governance.
- **Fallouts -** Significantly, many deserving 'established private institutions' and 'visionary Greenfield universities' didn't make the cut.
- In this context, the grant of IoE status to the proposed Reliance's Jio University even before its establishment has raised many eyebrows.
- Among the many surprises, IIT Madras {ranked 2nd under HRD Ministry's National Institutional Ranking Framework (NIRF)} also didn't get the tag.

Financial Aspects related to the Conferment of IoE Tag

- For private universities, the IoE tag merely means greater autonomy for university boards and there is no promise of government's financial support.
- For the three public IoEs, the government plans to give Rs. 1000 crores over five years to help them upgrade their standards to world-class levels.
- This means, an annual budgetary allocation of Rs. 200 crores for each of these institutions, which is woefully inadequate for the task envisioned.

- Notably, the top 10 universities of the world spend about 6000 crores on an average for research work alone.
- Overall, top ten universities net an average endowment fund of over Rs. 1,24,000 crore each annually to sustain their operations.
- In this context, even our private universities are painfully underfunded with just about Rs. 5000 crores.

Other Concerns
- The committee for conferring IoE tag recommended 8 public universities for the same, but the government approved only 3.
- Notably, the government hasn't explained the rationale for this.
- Also, as there is no financial commitment for private universities, there is no reason for denying some deserving universities the coveted status.
- Hence, it can be said that the government's urge to control has overtaken the need to usher in excellence by granting more autonomy.

Threat to RTI
In News:
- The legislative agenda of the upcoming monsoon session of Parliament hints at amending the Right to Information (RTI) Act 2005.
- Government is considering amending the Act for Introduction, Consideration, and Passing.

Why is it a Threat?
- **Citizen** - RTI Act has transformed the citizen-government relationship and invalidated illegitimate concentrations of power.
- It has legitimised people's demands, and changed the feudal and colonial relationships.
- This progress would be threatened with any dilution of the spirit of the RTI Act.
- **Governance** - Under RTI, a public authority is to provide as much information suomotu to the public at regular intervals.
- The spirit of the RTI law thus lies in not just filing and getting an answer.
- It actually mandates the replacement of the prevailing culture of secrecy with a culture of transparency.
- **Ideals** - Government has shown unwillingness to operationalise Lok Pal, Whistleblowers Act and the Grievance Redress law.
- This already has a negative impact on the ideals of transparency and accountability, which would worsen with dilution of RTI.

Concerns with the Proposal
- **Consultation** - Earlier attempts to amend the Act have had strong popular resistance.
- The government now seems to be avoiding transparency and consultation in trying to impose the changes.
- As in the "pre legislative consultation policy", any amendment to the law should be discussed before it goes to the cabinet.
- But applications for information about amendments to be made under the RTI Act have been denied.

- **Process** - In recent times, key legislations are passed without being sent to multi-party standing committees.
- Some are being passed under the tag of Money Bill, to avoid facing the Opposition.
- Significantly, this is also the case with legislations having a bearing on transparency.
- Clearly, these are practices without due consideration of the parliamentary processes.

Significance of Lokpal
- The RTI Act just allows to uncover fraud through a demand for information.
- It is the Lokpal law which helps to use the information to hold a bureaucrat or elected representative accountable.
- Accountability should also have been institutionalised through a strong social accountability and Grievance Redress Act.
- But Public servants, troubled by accountability, are seeing these provisions as interference.
- Given these existing shortfalls, any amendment to the successfully and extensively used RTI Act needs a legitimate assessment.

Rythu Bandhu Scheme - Telangana Model
In News: Telangana's Rythu Bandhu scheme supports its farmers with Rs 4,000 for every acre they own.

Rythu Bandhu Scheme
- Rythu Bandhu is a support scheme for farmers in Telangana, which provides cheque payments to farmers based on their landholdings.
- Under this scheme Telangana government gives every beneficiary farmer Rs 4,000 per acre as "investment support" before every crop season.
- The objective is to help the farmer meet a major part of his expenses on seed, fertiliser, pesticide, and field preparation.
- The scheme covers 1.42 crore acres in the 31 districts of the state, and every farmer owning land is eligible.
- The government will issue cheques rather than make direct benefit transfer (DBT) because banks might use the DBT money to adjust against farmers' previous dues.

Implementation of the Scheme
- The revenue department overhauled the entire land holding records and issued new Pattadar passbooks for land ownership.
- Over 5,000 village revenue officers and agriculture extension officers will keep a tab on whether a farmer who received the subsidy has sowed the crop or not.
- The cheques have been distributed along with free Pattadar Dharani passbooks with updated information including ownership and land purchase and sale.
- The government had initially drawn up a list of 72 lakh beneficiaries based on a revenue department survey last year.
- The records are still under rectification and more farmers will be added to the list later.
- The government plans to extend the flat Rs 4,000-per-acre subsidy to the Rabi season as well, with distribution of cheques.

Significance of the Scheme

- The Scheme has earned various appreciations and it is considered to be the template for social and agricultural policy.
- Indebtedness among Telangana farmers is very high and they fall into the vicious debt trap of moneylenders.
- Over a period of four or five years, Telangana farmers will be rid of all debts due to Rythu Bandhu scheme.
- Farmers also apply for loans from banks which get delayed as they don't approve quickly in time for the crop season.
- Rythu Bandhu money provides that cushion to the farmer because with that money the farmer can purchase seeds and fertiliser and start sowing.

- If a bank approves his loan later then it is of additional help to hire farm labour etc but at least he is not going to moneylenders.

Limitations of the Scheme

- The Rythu Bandhu scheme does not exclude rich farmers and wealthy landlords.
- The scheme does however, have a provision under which cheques can be returned to the local authorities.
- The scheme leaves out tenant cultivators an estimated 40% of Telangana's farming population and mostly coming from the poorest and most disadvantaged backgrounds.
- Tenant farmers cannot be included in the scheme as they cannot submit any proof of cultivation of land, which is done mostly based on informal and oral lease arrangements.

ECONOMIC AFFAIRS

GST Lessons from Singapore

In News: Singapore government recently announced changes in the rate of the Goods and Services Tax (GST).

Taxation Announcement by Singapore Government

- Singapore government announced that it would raise the rate of the GST from 7% to 9%.
- This will be the fourth increase after the GST was introduced there in 1994 at 3%.
- The last increase was in 2007, when it went up from 5 to 7%.
- The reason cited for the latest increase is to help the government raise resources.
- It is to enhance outlays for health care, infrastructure and security.
- It is said that the increase would take place between 2021 and 2025.
- In essence, the duty hike is to be effected over a period of four years.
- Moreover, the announcement for the increase is made 3 years in advance.

Lessons for India

- Early announcement of duty hike is one element of Singapore's GST structure that India should embrace.
- There are clear advantages of outlining the new rates in advance before enforcement.
- In India, there is virtually no time between the duty increase announcement and its enforcement.
- This is an offshoot of the old mindset that prevailed during the licence-permit-controls regime.
- There is no reason to continue the same practice even after decades of liberalisation.
- **Early announcement** - Industries could plan their production and sales in keeping with the new duty regime.
- Also, an advance announcement permits reasonable debate and discussion.
- So, if some changes are considered necessary, they can be introduced as well.

Way Forward

- A single-rate GST structure is not what India can accept and implement at present.
- It may not be easy to unify the many current GST rates into one rate.
- However, the medium-term goal to reduce the multiplicity of rates could aim for
1. eliminating the top rate of 28%
2. bringing down the 18% rate by a few percentage points
3. raising the lowest rate by a similar margin
- It could contribute to moving towards a two-rate GST regime.
- Even the transition to a two-rate structure should be implemented in phases.
- This will ensure that the consumers are able to absorb the impact and inflation remains under control.
- One of the achievements of the Indian GST regime is that it has not been inflationary.
- However, it must be ensured that items consumed largely by the poorer sections are not taxed higher than the previous rates.

Trends in the Indian Apparel Sector
Context

- India's apparel exports (cloths and fashion), is slowing down, mainly due to competition from countries like Vietnam and Bangladesh.
- Comprehensive reforms are needed to make Indian apparel competitive.

Trends

- Data released by "Clothing Manufacturer's Association of India" (CMAI), indicates that exports of clothes went down by 4% overall in 2017-18.
- More significantly, the figures for April 2018 has fallen a whopping 23% from the 2017 numbers for the same month.
- While CMAI partly blames weak international demand for this scenario, such an argument does not stand up to sustained scrutiny.
- An analysis of the other major apparel producers in the developing world seems to indicate that the problem is related to the Indian conditions.

State of Competitor Countries

- While apparel exports from India had fallen by 4% in the last financial year, Bangladesh registered almost 9% growth over the same period.
- Vietnam is now the fifth-largest producer, as well as exporter, of clothing and exports in the sector grew by over 14% in calendar year 2018 (thus far).
- Despite the recent slowdown, Sri Lanka nonetheless registered an overall yearly growth of 9% in 2017-18.
- The industry has indeed flagged the loss of markets to competitor countries as one reason for reduction in exports from India.
- This merely underlines the fact that this is a structural problem, and not something related to demand conditions at the moment.

Problems in the Sector

- **Financial -** The industry has complained that its tax position has turned adverse since the introduction of GST.
- Resultantly, a "textiles package" was given out by the government, which has focused on tax tweaks that would refund certain levies.
- The decision to allow fixed-term employment contracts in the sector and the promise to bear employer's PF contribution for 3 years are significant ones.
- **Structural -** The problem with textile and apparel competitiveness in India is the small scale of Indian factories as compared to its competitors.
- This raises average cost, reduces firm flexibility when it comes to dealing with small orders or new-style inventory, and makes capital investment harder.
- For instance, in Bangladesh, an average factory has 600 workers, whereas Indian factories are a fraction of that size.

Way Ahead

- A more comprehensive approach is needed to liberalise the labour laws as well as other difficult regulations to incentivise the sector.
- Rising manufacturing cost in China has opened up new opportunities in the apparel sector and India cannot afford to miss them.
- Hence, rather than a piecemeal approach, comprehensive reforms are needed to achieve the desired ends.

Right to Sell at MSP

In News: Commission for Agricultural Costs and Prices (CACP) has recommended making access to MSP of crops a legal right of farmers.

Benefits

- The government recently approved a hike in MSP (minimum support prices) for kharif crops.
- The objective is to offer MSP at 50% higher than the cost of production.
- This exercise would get a legal backing with the suggestion of 'Right to Sell at MSP'.
- It would help ensure crops are not purchased below fixed price.
- The move would also instil confidence among farmers.

Concerns to be addressed

- **Procurement** - Access to MSP alone would be insufficient, given the procurement system shortfalls.
- The present open-ended procurement-based system is less likely to be the appropriate way.
- Evidently, despite expansion, it has not reached producers satisfactorily.
- This is an inherently loss-making mode of price support.
- **Relevance** - It is relatively more beneficial to big farm owners with marketable surpluses.
- The ill-effects of the system are price distortions and skewed cropping patterns.
- Also, the piling up of stocks of food grains, such as rice, wheat and even pulses, which are difficult to offload.
- **Marketing** - Post-harvest price crash is chiefly due to market infrastructure inadequacy and inefficiency.
- So unless agricultural marketing is reformed, farmers would continue to be exploited by
1. middlemen in the mandis run by the Agricultural Produce Marketing Committees (APMCs)
2. traders in rural haats (informal local markets)
- **Mandis** - The network of mandis has not grown in proportion to agricultural production.
- Nearly 80% of small and marginal farmers dispose of their produce in village haats due to absence of mandis in their vicinity.
- This year's Budget proposal of upgrade for 22,000 haats with proper link roads is a welcome move.
- But it has kept them outside the purview of the APMC Acts.

Alternatives

- CACP and NITI Aayog have proposed alternatives to procurement-based market support.
- A better option is the price deficiency payment scheme introduced in Madhya Pradesh and few other states.
- Under this, only the price loss is reimbursed directly to the farmer.
- It is done without affecting rest of the market dynamics.
- It is found to be cost-effective and has been recommended by CACP for pan-India adoption.

CACP

- The Commission for Agricultural Costs and Prices is a panel under the Ministry of Agriculture.
- It makes recommendations for MSPs for 23 Kharif and Rabi crops.
- Its suggestions are not binding on the government.

Annual Ranking on Ease of Doing Business

In News: Annual ranking of States on 'ease of doing business' has been released by Department of Industrial Policy and Promotion and the World Bank.

Annual Ranking of States

- The Annual ranking of States on 'ease of doing business', have been drawn up on the basis of performance across 372 parameters.
- These cover a gamut of regulatory practices, such as factory inspections, environmental regulations,

labour laws, construction permits, land availability and single-window clearances.

- The highlight of the recent rankings is that it has been prepared after incorporating feedback from industry.
- Such ongoing assessments will help States focus on addressing chronic issues such as multiplicity of authorities, a clutter of rules and red tape.

Insights from the Recent Rankings

- The recent rankings shows that the economically backward States are keen to catch up with the industrialised western and southern States.
- While Andhra Pradesh and Telangana have grabbed the first two slots, it is notable that Jharkhand, Chhattisgarh, Madhya Pradesh and Rajasthan are in the first 10, their incremental reforms bettering States such as Maharashtra and Tamil Nadu.
- If this impetus translates into a certain equalisation of investment across regions, it may mitigate existing regional inequalities.
- It is notable that, besides the north eastern States, Delhi, Punjab, Goa, Kerala and Jammu and Kashmir have been slotted as reform laggards.

Shortcomings with Such Rankings

- Various rankings mechanisms in India suffer from shortcomings in methodology and perspective.
- For example, it is not clear whether the top-ranked States have attracted domestic investment or FDI flows.
- Rankings on ease of doing do not adequately factor in the role of public goods such as health, education, gender equality, law and order and sanitation in creating an appropriate ecosystem for business.
- The capacity of governments to deliver these public goods varies substantially across States.
- It is not a coincidence that the south and west, which have fared better in governance, have also attracted more investment than the north and east in the post-reform years.

Enhancement of Ranking Systems

- Reform steps must translate into verifiable outcomes for a State to be highly ranked.
- There should ideally be a demonstrable uptick in registrations under the Shops and Establishments Act, the Factories Act, and so on.
- For instance, if Jharkhand has spruced up its business climate, that should manifest itself in mining activity, infrastructure use and energy consumption, even if with a lag.
- Such proxies must be considered by those drawing up the rankings.
- Rankings also need to take a gamut of institutional and socio-economic concerns into account.
- Both the State and industry need to adapt expectations to emerging technological challenges for a well-governed business climate.

Concerns of Related Party Deals in Stock Market

In News: The Securities Exchange Board of India's (SEBI) asked ICICI Prudential Mutual Fund to refund Rs.240 crore to investors in its schemes.

Reasons behind this Decision

- SEBI's decision on ICCI Mutual Fund comes after the hidden governance issues for mutual fund (MF) investors.
- The issue pertains to ICICI Pru MF's decision to invest Rs. 640 crore in the recent IPO of ICICI Securities.
- In this regard the market regulator has reached a Private advisory and issued a notice to the asset manager ICICI MF to refund Rs.240 crore plus interest to investors in its schemes.
- The regulator's contention is that the fund house has effectively engaged in an act of bailing out its sister firm when its IPO was in danger of failing.

Issues with Response from ICICI

- The fund house's defence is that it did not violate the prudential limits set out in SEBI's mutual fund regulations and that it made a bona fide investment, based on ICICI Securities' prospects.
- But such defence is weak; for SEBI has found that ICICI Mutual Fund (MF) did not place its IPO bids at one go.
- After investing Rs.400 crore on Day One of the book-built offer, it invested another Rs.240 crore on the last day.
- If the fund managers were really convinced that the group firm was a great investment opportunity, there would be no need to break up the bids, or wait until the eleventh hour.

Grey Areas to SEBI's Actions

- SEBI having decided to ask the fund house to make refunds, it has taken refuge in a private 'advisory' to ICICI MF instead of passing a public order to this effect.
- This forces investors to rely on conjecture and hearsay on this issue, and sets no precedent for the future.
- While there are obvious conflicts of interest to a MF investing in group entities, SEBI's MF regulations do not specifically forbid funds from taking group exposures.
- While there are scheme-specific caps on stock, sector and group exposures to avoid concentration risks, MFs dealing with associates or group firms are required to make only half-yearly disclosures of such deals, post facto.
- But investors seldom peruse the half-yearly accounts of their MFs and such disclosures come too late to make a difference.

Measures Needed to Address Related Party Deal

- Private sector MFs now dominate the industry and the sponsors of leading MFs have their finger in many pies NBFCs, investment banking, brokerage and corporate lending.
- Laxity on related-party deals can seriously compromise both governance and investor confidence in the vehicle.
- To address this, SEBI can consider setting tight aggregate exposure limits for mutual funds looking to invest in group entities, with index names alone excluded from these curbs.
- MFs must also be required to make immediate public disclosures of any investment in a group firm with a clear rationale.

- SEBI must force the Trustees overseeing AMCs to take their fiduciary duties to investors more seriously, instead of mechanically rubber-stamping all of the asset managers' decisions.

Augmenting Offshore Wind Power
In News: Ministry of New and Renewable Energy (MNRE) has recently declared revised targets for offshore wind power capacity addition.

Recent Move
- The National Off-Shore Wind Policy was notified in 2015.
- The recently firmed up offshore wind power target is 5 GW by 2022 and 30 GW by 2030.
- MNRE had earlier invited Expressions of Interest (EoI).
- This was for the first 1 GW offshore wind power plant off the Gujarat coast.
- About 35 major players, global as well as local, in the offshore wind energy sector responded.
- The National Institute of Wind Energy (NIWE) is designated the official agency to develop offshore wind power.
- **Challenge** - There are difficulties in installing large wind power turbines in open seas.
- As, offshore wind turbines are of much larger dimensions and capacities than onshore turbines.

Relative Advantages
- Offshore wind power requires a higher initial cost.
- However, it has several benefits over its onshore counterpart.
- Power output from these plants is steady, almost free from interruption.
- In fact, it tends to increase a bit in the evenings to coincide with peak consumer demand.
- Per unit power production is relatively high and the maintenance cost is low.
- India also has a strong wind power equipment manufacturing base, although it needs a revamp.
- Importantly, offshore windmills do not need land.
- So, land acquisition, a major challenge for most terrestrial infrastructure projects is ruled out.
- Offshore wind power is, therefore, ideally suited for a land-short country like India.

Prospects
- **Potential** - Preliminary studies have shown good wind potential in both southern tip of the Indian peninsula and the west coast.
- There is substantial scope off the coasts of Tamil Nadu, Gujarat and Maharashtra.
- **Global** - Globally, 17-18 GW of offshore wind power has been installed.
- UK, Germany, Denmark, Netherlands and China are the leading countries.
- There has also been a fall in offshore wind tariff in the recent years in some of these markets.
- **Investment** - Government has assured a level-playing field to all investors, domestic and international.
- There is thus a favourable power tariffs and policy environment for private investment.
- **Cost** - There is constant inflow of new cost-cutting and output-enhancing technologies.

- This would improve the sector's competitiveness as against the conventional power sector.
- This is expected to sustain the economic viability of these ventures.

Way Forward
- The energy generation potential of India's oceanic winds has largely remained untapped.
- India, a late starter, needs to move faster to narrow the gap and meet its non-conventional energy goals.
- Measures are essential to ensure that tariffs do not fall below the remunerative threshold.
- Otherwise, the investors would lose interest in offshore wind power.
- Also, more intensive sea wind zones may be discovered in future.

Understanding Corporate Governance
Context
- In recent times various issues regarding corporate governance are being prevalent in India.
- In this scenario it is important to know about the corporate governance.

Corporate Governance
- The West has associated "governance" with a sense of piloting, steering or directing and oversight and ruled the modern day interpretation of "corporate governance".
- The Indian Companies Act 2013 does not define this term, though the accoutrements which help establish the standards of corporate governance in a company, are described in full regalia in the Act.
- The Cadbury Committee describes corporate governance as the mechanisms, processes and relations by which corporations are controlled and directed.
- Thus reduced to its bare essentials, corporate governance would mean the governance of companies.

Various Issues in Corporate Governance
- **Getting the Board Right -** Board of directors appointments in India are still by way of "word of mouth" or fellow board member recommendations.
- It is common for friends and family of promoters (a uniquely Indian term for founders and controlling shareholders) and management to be appointed as board members.
- **Performance Evaluation of Directors -** Although performance evaluation of directors has been part of the existing legal framework in India, Evaluation is always a sensitive subject and public disclosures may run counter-productive.
- **True Independence of Directors -** Independent directors' appointment is biggest concern in the corporate governance.
- The independence of promoter appointed independent directors is questionable as it is unlikely that they will stand-up for minority interests against the promoter.
- **Removal of Independent Directors -** In India there are instances of independent directors not siding with promoter decisions have not been taken well and they were removed from their position by promoters.

- Since there is a law that an independent director can be easily removed by promoters or majority shareholders.
- **Accountability to Stakeholders -** Various general duties have been imposed on all directors, directors including independent directors have been complacent due to lack of enforcement action.
- **Executive Compensation -** Executive compensation is a contentious issue especially when subject to shareholder accountability.
- **Risk Management -** Indian companies certainly don't have a clear idea about the risk management and predictions.
- As a key aspect of risk management, privacy and data protection is an important governance issue, but it has been always neglected.

Measures Needed

- Innovative solutions such as rating board diversity and governance practices and publishing such results or using performance evaluation as a minimum benchmark for director appointment are the need of the hour.
- In a peer review situation, to avoid public scrutiny, negative feedback may not be shared, to negate this behaviour the role of independent directors in performance evaluation is key.
- To protect independent directors from vendetta action and confer upon them greater freedom of action, it is imperative to provide for additional checks in the process of their removal.
- Companies have to offer competitive compensation to attract talent, such executive compensation needs to stand the test of stakeholders' scrutiny.
- The board must assess the potential risk of handling data and take steps to ensure such data is protected from potential misuse.

Payment Uncertainties Strain NREGA Context

- The National Rural Employment Guarantee Act (NREGA) is going through a deep crisis due to delays and failures in wage payments.
- While the problem is not new, technology based payment models have made the situation worse.

Manifestation of the Crisis

- NREGA's payment pipeline is rotten, and this is getting manifested through - "delays, rejections, diversions and lockage" of payments to be dispersed.
- Delays in wage payments have plagued NREGA ever since bank payments were introduced about 10 years ago.
- **1st Step -** Payment delays that occur before being cleared by a "Fund Transfer Order" (FTO), is touted as the "first step delay".
- This step is reasonably transparent and is designed to calculate the total compensation that has to be paid to workers (by state government).
- Lately, there has been significant progress in addressing this delay.
- **2nd Step -** Second step delay is when bank transfers themselves are held up.

- A recent analysis of NREGA wage payments in 10 states, found that second-step delays were as long as two months on an average in 2016-17.
- Repeated demands for second-step delays to be disclosed and compensated for by the central government have fallen on deaf ears so far.
- **Reason -** One reason why delays have persisted for so long is that the payment system is constantly being re-designed.
- From cash payments initially, it was changed to post-office payments, bank payments, 'NeFMS e-transfers' and now 'Aadhaar Payments Bridge System' (APBS).
- Significantly, none of these innovations has been able to ensure payment within 15 days of the work being done, as prescribed under NREGA.

Reasons of Payment Rejections

- Even as the delays continue, the latest payment systems are largely responsible for rejected payments, diverted payments and locked payments.
- Rejected payments were not unknown earlier but they have become endemic ever since the linking of NREGA wage payments with Aadhaar.
- Linking the bank accounts of NREGA workers with Aadhaar may seem like a trivial matter but in practice it creates endless problems.
- "e-KYC" (Aadhaar based biometric authentication) has practically become compulsory for NREGA workers, which is proving to be a fountain of glitches.
- Shockingly, more than 200 different reasons for payment rejections have been identified and some errors are beyond the government's comprehension.
- According to the NREGA's management and information system (MIS), a whooping Rs 500 crore of wage payments were rejected in 2017-18 alone.

"Diverted Payment"

- "Diverted payment" is endemic to the "Aadhaar Payments Bridge System" (APBS), which is the latest reconfiguration of the wage payment system.
- Under APBS, Aadhaar effectively becomes a financial address and wages are automatically paid into the worker's last Aadhaar-linked account.
- Most workers are unaware of this rule, and so they often look for their money in the wrong account, which never comes.
- More interestingly, sometimes, wages are paid into accounts that workers know nothing about, like "mobile wallets" or the "Jan Dhan Account" that was opened without consent.
- These diverted payments are very difficult to retrieve and most NREGA workers are powerless to do anything about them.

Locked Payments

- Many NREGA workers are unable to withdraw their wages from their bank accounts even after their wages have been paid to their proper account.
- This is because workers are locked out of their bank account when the bank treats it as "dormant" or "frozen" because it does not meet the current norms.

- One of these norms is e-KYC, a major hurdle on its own for NREGA workers, but there are others too – like inactivity for a specified number of months.
- Similarly, accounts get frozen when "Pradhan Mantri Awas Yojana" money is sent to a worker's bank account, as this would exceed the maximum limit.
- More significantly, freezing of accounts tend to happen even without the consent of the concerned person.

Consequences
- **No Consent -** The various payment flow flaws are largely associated with brazen flouting of consent principles and norms.
- For instance, moving an account to the APBS system is not supposed to happen without informed consent.
- But in practice, NREGA workers are being herded en masse into APBS without even informing them, let alone consent.
- **Grievance Redressal -** Even as NREGA workers run from pillar to post to get their remuneration, there is no one to inform or assist them.
- Importantly, the ordeal of workers is imaginably pathetic, as they'll have to travel considerable distances and bear with long lines at various offices.
- **Corruption -** Aside from causing enormous hardship to NREGA workers, delayed and failed payments are a major source of corruption.
- When workers lose interest, corrupt middlemen step in and take advantage of the lack of vigilance to siphon off NREGA funds by fudging the records.
- Here, it is important to note that, "linking of bank accounts with Aadhaar makes little difference", and might even exacerbate corrupt practices.
- **Scheme Drowns -** NREGA is a demand-driven programme and if the demand vanishes because wage uncertainty, nothing will be able to save it.
- Averting this requires a reliable payment system, higher wages, 'delay compensation', effective grievance redressal and 'systemic consistency'.

RBI's 'Report on State Finances'
In News: The Reserve Bank of India recently brought out the 'Report on State Finances'.
Highlights
- RBI has warned that many States may face **fiscal risks** this year.
- States budgeted a **gross fiscal deficit** (GFD) to gross domestic product (GDP) ratio of 2.7% in 2017-18.
- The GFD-GDP ratio crossed the threshold for the third consecutive year.
- For 2018-19, the states have budgeted for a **consolidated GFD** of 2.6% of GDP.
- Outstanding **liabilities** of States grew at double digits for all years barring 2014-15.
- Maharashtra, Uttar Pradesh, TN and WB had the largest shares of **market borrowings** in 2017-18.
- Among the Special Category States (SCSs), Assam, Himachal Pradesh, J&K and Uttarakhand were the major borrowers.

- The growth of gross market borrowings of SCSs during 2017-18 outstripped that of non-special category States by a wide margin of 7%.

Causes
- Fiscal deficit of states is essentially due to shortfalls in own tax revenues and higher revenue expenditure.
- State budgets have been under pressure due to:
1. committed expenditures on account of pay commission awards
2. interest payments
3. expenditures from State-specific schemes like farm-loan waivers
4. issuance of UDAY (Ujwal Discom Assurance Yojana) bonds in 2015-16 and 2016-17
- In the aftermath of the 2008 global financial crisis, States borrowed big from markets.
- It was mainly due to the additional fiscal space given to states as part of stimulus measures.
- The 10-year bonds had now reached maturity.
- This has increased the redemption pressures on the States that issued them.
- This would imply that the borrowings of States are expected to rise.
- Also, a substantial portion of the outstanding State Development Loans (SDLs) will mature in the next 3 years.
- This would keep the redemption pressure high in the near future.

Suggestions
- The resultant slippage in fiscal deficit target could probably reflect in higher borrowing requirements for 2018-19.
- This, in turn, could be an impact on borrowing costs.
- RBI has thus suggested reducing leakages and enhancing efficiency of the public distribution system.
- This would rationalise the expenditure of the states.
- Also, improved public financial management practices may be necessary to rebuild the fiscal space.
- It is essential to undertake fiscal reforms, so as to lower borrowings.
- Otherwise, borrowings could add to the concerns on debt sustainability.
- There is also a need for larger and faster corrections in primary deficits.
- These are essential to adhere to the revised Fiscal Responsibility and Budget Management (FRBM) target.
- It stipulates a target of 20% for the State-level debt to GDP ratios by 2024-25.

Review of Companies Act, 2013
In News: The Ministry of Corporate Affairs (MCA) has constituted a committee to review the Companies Act, 2013.
Companies Act
- The Companies Act, 2013 entailed the first massive overhaul of India's legal regime to govern businesses.

- The Act consolidates and amends the law relating to companies.
- The 2013 Act imposes stiff penalties and, in some cases, prison terms as well, for directors and key management personnel.

Mandates of the Committee
- The committee is mandated to review the overly harsh provisions of the Companies Act.
- It has been tasked with checking if certain offences under the Act can be 'de-criminalised'.
- It will review if any of the violations that can attract imprisonment may instead be punished with monetary fines.
- It will review the provisions relating to non-compoundable offences which are grave and criminal in nature.
- Also, it will recommend if any such provisions need to be re-categorised as compoundable offence.
- It is also mandated to lay down the framework of an in-house adjudicatory mechanism.

- This will allow penalties to be levied for minor violations, in an automated manner, with minimal discretion available to officials.

Rationale
- The high-pitched anti-corruption discourse of the time led to harsh penalties and prison terms in the 2013 law.
- Several cases of crony capitalism, massive corporate frauds have tainted the credibility of corporate India's standards.
- But the harsh provisions have had an impact on investor sentiment and the ease of doing business.
- Hence a review of the Companies Act is seen as a means to address the above concerns and revive the economy.
- The changes in the regulatory regime are expected to allow trial courts to rationalise their time.
- Courts could pay more attention to serious offences rather than get overloaded with cases of minor violations.

INTERNATIONAL AFFAIRS

US Withdrawal from UNHRC
In News: The United States has recently withdrawn from the United Nations Human Rights Council.

US's HRC Membership
- Under President Obama, the US was elected for a maximum of 2 consecutive terms by the UNGA.
- After a year off, it was re-elected in 2016 for the third term.
- The US is half-way through a three-year term.
- It would now be the first member to withdraw from the council.

Rationale
- **Israel** - The council recently voted to probe killings in Gaza and accused Israel of using excessive force.
- The US and Australia cast the only "no" votes.
- US's current move comes as a response to the alleged bias of UNHRC against Israel.
- The disproportionate focus and unending hostility are cited as proof for the Council's political bias.
- **Immigrants** - It is also a response to the intense criticism against US for detaining children at the US-Mexico border.
- UN human rights chief called on Washington to halt its "unconscionable" separation policy.
- **Council** - Trump administration had long threatened to quit if council reforms were not undertaken.
- The US perceives the council's membership as disrespect for the most basic rights.
- The US wants to make it easier to expel member states with poor rights records.
- Currently, two-thirds majority of UN General Assembly is needed to suspend a member state.
- US expressed dissatisfaction at Russia, China, Cuba and Egypt for thwarting US efforts to reform the council.

- The US has maintained that the withdrawal was not any retreat from its human rights commitments.

Implications
- **Agreements** - Washington's withdrawal is the latest US rejection of multilateral engagement.
- The earlier ones are withdrawal from the Paris climate agreement and Iran nuclear deal.
- **Reforms** - HRC reform discussions are going on, with engagement by states and human rights organisations.
- It thus shows US's impatience to stay on course a multilateral process.
- **Rights** - It signals that US is not making human rights a priority in its foreign policy.
- By giving up its role at the HRC, it reduces its ability to influence the human rights agenda.
- **Global** - Withdrawal would make it more difficult to advance human rights priorities around the world.
- It could bolster countries such as Cuba, Russia, Egypt and Pakistan.
- These countries resist UN's authority citing it as interference in their sovereign issues.
- Many countries are now advocating withdrawal.

Significance of UNHRC
- The HRC was established in 2006 as part of the UN's reform process.
- It replaced the United Nations Commission on Human Rights.
- UNHRC is an inter-governmental body within the United Nations system, made up of 47 States.
- Members are elected by the UNGA with 3-year terms, with a maximum of 2 consecutive terms.
- They are responsible for promotion and protection of human rights.
- It meets 3 times a year to examine human rights violations worldwide.

- Its resolutions are not legally binding but carry moral authority.

Concerns

- The main criticism is that it is made up of states not known for their human rights records.
- Many have, in fact, been violators of human rights.
- Current members include Saudi Arabia, the Philippines, Pakistan, and the UK and a few elected based on geographic quotas.

Relevance of UNHRC

- HRC has a fair track record of taking up human rights agenda.
- It has facilitated the evolution of human rights norms.
- There are many less tangible gains from having such a body in place.
- Resolutions adopted have highlighted rights violations, despite resistance by some members.
- The situation in Syria, Yemen, Myanmar, and North Korea are few examples.
- Issues that have been the source of much controversy have been addressed at the HRC, including LGBTIQ rights.
- It is also a forum to monitor international obligations of a state based on international law.
- HRC is thus an important component of the UN rights system.
- Its sustenance with credibility is significant for handling global human rights issues.

Quick Facts

OHCHR

- The role of the Office of the United Nations High Commissioner for Human Rights (OHCHR) is not to be confused with the HRC.
- OHCHR is a separate institution which presents reports independent of the HRC. E.g. the recent report on Kashmir
- The HRC and the OHCHR have separate mandate and functions, but both are part of the UN system for human rights protection.

Political Churn in Pakistan
Context

- Democracy has always been fragile in Pakistan, and popularly elected governments have been overthrown repeatedly by the military.
- In this context, the recent conviction and sentencing of the former PM and leader of the ruling PML party "Nawaz Sharif", is seen as politically motivated.

Political Context in Pakistan

- After repeated military coups and instability, it was only in 2013 that a transfer of power from one democratically elected government to another was realised.
- The country is nearing a second such transfer, and general elections are scheduled for July 2018, but recent developments have cast serious doubts.
- **The Case -** Nawaz Sharif was convicted and sentenced to 10 years imprisonment for a corruption case.
- The conviction disqualifies Nawaz Sharif from contesting the upcoming elections this year, and

has caused a vacuum in his party and the overall polity.
- The charges are indeed serious, but the case is largely perceived as politically motivated by Pakistan's deep state that is seeking to curtail democracy.
- **Suspicions -** Many politicians (including Mr. Sharif's critics), have voiced that the military and judiciary seem overzealous to convict Mr. Sherif.
- Mr. Sharif has been accusing the state agencies of directly colluding with opposition parties like Imran Khan's Pakistan Tehreek-e-Insaf.
- Further, Mr. Sharif has also stated that deep state actors (implying military and intelligence) are financing Imran's campaigns against him.

Political Implications

- Neutralising Mr. Sharif's political role in Pakistan's future clearly seems to be the main motive of this campaign, but the resultant implications look serious.
- To disrupt any neutral opinions from being voiced, media houses have been facing harassment, and journalists have been threatened.
- In line with the systematic campaign to eliminate secularist politicians who don't tow the military line, ANP leader Haroon was recently assassinated.
- While it is already too volatile for "free and fair elections", the atmosphere has been further vitiated by extremist factions entering mainstream politics.
- Notably, radical groups like "Allah-o-Akbar Tehreek" are being tolerated by the military, despite stern warnings from the international agencies.
- The elections will serve as one marker for the democratic process; the larger struggle in Pakistan for the deepening of democracy will continue.

Trump Strains NATO
Context

- NATO summit was recently held in Brussels amid raise trade tensions between the U.S. and the members of the alliance.
- In this context, Mr. Trump's clarion call for countries to enhance defense budgets has aggravated the situation.

Causes of Fissure within the Organization

- **Significance -** NATO is a cold war era bloc of that comprised of pro-U.S. powers and had positioned against the Soviet alliance.
- With the end of the cold war, the alliance became a mere collective security net, and its importance weakened drastically.
- Currently, NATO allies uphold some form of military cooperation but diverging worldviews of members has greatly reduced its unity.
- **Budget -** U.S. is traditionally the largest contributor to the NATO (22% of the total), and many U.S. presidents have tried to correct this imbalance softly.
- But Trump is assertively asking other countries to spend 4% of their GDP on defense annually and has even questioned their commitment to the alliance.

- Notably, most NATO allies are even faltering to progress towards the currently mandated 2% mark, which is to be reached by 2024.
- The U.S. on the contrast is now shelling out well over 3% of its annual GDP on security and is clearly moving towards the 4% mark.
- Mr. Trump's abrasive diplomacy and the stern financial demands are likely to cause severe strain within NATO in the coming days.

Reasons that Trump Single Out Germany for Criticism

- Germany enjoys a big trade surplus with the U.S., an aspect that is irking the Trump administration, which is presently embracing protectionism.
- In this context, Trump has lashed out on Germany for not spending enough on defense, despite having strong economic metrics in recent years.
- Additionally, he has also targeted Germany for buying huge volumes of gas from Russia despite U.S. sanctions against the latter.
- Notably, Russia's regional ambitions and its interventions in international theaters to thwart American efforts are indicative of a new cold war.

Actual Situation

- Russian annexation of Crimea in 2014 has created a new security situation in Europe after more than two decades of relative peace.
- As a consequence, Europe's expenditure on defense has been on the rise since 2014, even without Trump's rhetoric.
- Even otherwise, Washington's commitment to Europe's security is just 5% (NATO and other commitments included) of the total U.S. defense budget.
- Trump seems to be exploiting polarizing issues within NATO to further his domestic political prospects among ultra nationalists.
- Also, his offensive against Germany and his rhetoric against Russia seem to be logical if viewed from this prism.

India's Equations with South Korea
Context

- South Korean President Moon Jae-in recently visited India for a bilateral meet.
- While ties have been drifting apart for a while due to lack of sustained engagement, the current meet would help in restoring the subdued warmth.

Context in which the Visit is Taking Place

- Mr. Moon has long argued for enhancing ties with India to the level of South Korea's engagement with its major allies (US, Japan and China).

- PM Modi too has often said he sees South Korea as a significant partner for India, and had travelled to Seoul earlier.
- But despite the personal touch, and ambitions to align India's Act East policy with Korea's New Southern Policy, ties have drifted for lack of focus.
- As both countries face neighbourhood tensions and are strained to engage with the major world powers, the bilateral engagements had taken a toll.

State of Business Ties

- At just about $20 billion, bilateral trade is a fraction of the potential, given that India and South Korea are Asia's third and fourth largest economies.
- Even after signing the "Comprehensive Economic Partnership Agreement" (CEPA) in 2009, the results haven't been great.
- Notably, South Korea enjoys a large trade surplus with India and this has made India wary of further opening up to trade.
- In turn, Korean companies cite problems in doing business in India, despite a special "Korea Plus" desk set up by the Prime Minister's Office in 2015.
- Tourism between the two countries has always been low, and there has been little vision to capitalise on this potential area.

Outcomes of the Visit

- Both Mr. Moon and Mr. Modi had displayed clear sense of purpose in advancing mutual ties, and this was amply visible in the recent meet.
- **Business -** Agreement to invoke the "early harvest" clause in the 2009 CEPA will allow both to do away with tariffs in 11 areas.
- This would benefit Indian seafood exporters and food processing units, as well as South Korean petrochemical companies.
- The inauguration of Samsung's biggest mobile factory in Noida will bring investment and create jobs in India.
- Furthering economic ties will depend on how the negotiations of "Regional Comprehensive Economic Partnership" (RCEP) are proceeding.
- **Strategic Front -** Presently, U.S. foreign policy is unpredictable, and China's is making purposeful moves towards global domination.
- India has asserted itself as a "stakeholder" in the Korean peace process, while South Korea has shown interest for evolving a shared Indo-Pacific outlook.
- In this context, it is important that the South Korea-India partnership grows and consolidates, to contribute to stability in the region.

SECURITY AFFAIRS

Islamic State (IS) in India
In News

- Indian intelligence agents have confirmed the arrest of an Islamic State (IS) operative.
- This was ahead of a planned plot to bomb New Delhi.

IS Presence in India

- The arrest throws the spotlight on the IS's presence in India.
- The National Investigation Agency (NIA) and state police have so far arrested 75 individuals with alleged IS links.
- The highest number is from Kerala (21), followed by Telangana (16), Karnataka (9), Maharashtra (8).

- Other states include MP (6), Uttarakhand (4), TN (4), UP (3), Rajasthan (2), J&K (1) and WB (1).

Recruitment by IS

- IS propaganda and recruitment depends largely on social media apps such as WhatsApp and Nimbus.
- Recruiters and trainers use the Internet, the phone and one-on-one meetings for indoctrinating Indian youth.
- They then get them travel to Syria, Libya or Iraq.
- Of late, recruiters have been using the "dark web".
- This is a class of Internet content that is not visible to general browsing and is not indexed by search engines.

IS's Activities in India

- So far, IS has not directly claimed responsibility for any attack in India.
- The 2014 blast on **Church Street, Bengaluru** was however allegedly triggered by an IS-linked individual.
- As per NIA reports, he had acted on directions from handlers in Syria associated with the IS.
- The target was Israeli tourists in Bengaluru.
- He was earlier with SIMI (Students Islamic Movement of India) and then Indian Mujahideen.
- IS is also suspected to be behind the low-intensity blasts on **Bhopal-Ujjain passenger train** in 2017.

IS's Role in J&K

- The security establishment believes that the IS does not have any defined organisational structure in J&K.
- 4 militants recently killed in South Kashmir belonged to Islamic State of Jammu and Kashmir (ISJK).
- However, this outfit is believed to have no organisational links with ISIS.
- ISJK recruits are mostly former operatives of other groups such as Hizb-ul Mujahideen and Lashkar-e-Toiba.

IS Operating in India

- Bhatkal (Karnataka)-resident Shafi Armar is said to be highest-ranking IS operative in India.
- He is designated a global militant by the United States.
- Shafi Armar was earlier with the Indian Mujahideen.
- He claims to have been tasked by IS chief al-Baghdadi to set up a Caliphate in India.
- However, intelligence agencies doubt if he has a direct association with al-Baghdadi.
- Officials suspect that Armar uses the name of ISIS on directions of Pakistan.
- As, it is learnt that IS prefers Arab fighters for jihad and engages Indians mostly in administrative work.

Government's Response

- In 2015, the Home Ministry notified Islamic State of Iraq and Syria (ISIS) as a banned terrorist organisation.
- This was under the provisions of Unlawful Activities (Prevention) Act, 1967.
- It stated that ISIS was involved in radicalisation and recruitment of vulnerable youths.

- Recently, the government included ISIS-K, also known as Islamic State in Khorasan Province (ISKP) or ISIS Wilayat Khorasan.
- This is a branch that is active in Afghanistan and Pakistan.

Significance of Afghanistan

- The recently arrested Islamic State operative is an Afghan national.
- The IS is looking for new bases as its territory is shrinking in Iraq and Syria.
- Significantly, Afghanistan is one of the targeted countries.
- Afghanistan's Khorasan province, where many have migrated from Kerala, is being eyed.
- Notably, in 2016, 22 residents of Kerala, including 6 women and 3 children, reached an IS establishment in Afghanistan.
- Also, Pakistan-backed militant groups are suspected to use Afghanistan nationals to attack India in the name of the IS.
- In 2015, such groups had allegedly tried to make use of medical visas granted to Afghan nationals.

Russia's S-400 Triumf

In News: S-400 Triumf is in the middle of an ongoing stand-off between Russia and Western nations.

S-400 Triumf

- S-400 Triumf is one of the world's most advanced air defence systems.
- The system is a large complex of radars, control systems and different types of missiles.
- It can simultaneously track numerous incoming objects in a radius of a few hundred kilometres.
- The objects may include all kinds of aircraft, missiles and UAVs.
- It can employ appropriate missile systems to launch the counter attack and to neutralise the objects.
- The system is potential of ensuring a high success rate.

Evolution of S-400 Triumf

- S-400 traces its origins to the demands of the Cold War period.
- It was an effort to find a credible counter to the threat from missiles and incoming enemy aircraft.
- The development of S-400 started towards the end of the Soviet Union in the 1980s.
- It was disrupted by the collapse of the Communist bloc in 1991.

Recent Developments

- The acquisition of S-400 by countries has taken centre stage in the American diplomacy regarding Russia.
- U.S. believes that S-400 could access sensitive U.S. military technologies in service with the potential buyers.
- Russia has also deployed at least two S-400 systems in Syria.
- This is of much concern to observers who fear the system could contribute to a global conflict breaking out in Syria.
- Among the countries under pressure from the U.S. to not buy this weapon are India and Turkey.

TRAI's Recommendation on Right to Data

In News: Telecom Regulatory Authority of India has ruled that People should have right to their data.

TRAI's Recommendations

- In a move with far-reaching ramifications, the Telecom Regulatory Authority of India (TRAI) said that users owned their data, while entities in the digital ecosystem storing or processing such data were mere custodians.
- The recommendations have come at a time when there are rising concerns around privacy and safety of user data, especially through mobile apps and social media platforms.
- The authority said it was limiting its recommendations to telecom service providers (TSPs) as the larger issues on data protection.
- For all other sectors the issues would be addressed by the committee headed by Justice B N Srikrishna.

Highlights of TRAI's Recommendations

- TRAI claimed that existing norms "not sufficient" to protect consumers and ruled that entities processing user data mere custodians sans primary rights
- The regulatory authority stated that firms should disclose data breaches in public and should list actions taken for mitigation, preventing breaches
- Apart from that consumers should be given right of consent, right to be forgotten and study should be undertaken to formulate the standards for de-identification of personal data
- TRAI's right to be forgotten empowers users to delete past data that they may feel is unimportant or detrimental to their present position.

- Past data could be in terms of photographs, call records, video clippings and so on.
- Mandatory provisions should be incorporated in devices so that users can delete pre-installed applications
- Terms and conditions of data use should be disclosed before the sale of a device
- Data controllers should be prohibited from using pre ticked boxes to gain user's consent.

Implementation of the Recommendations

- To ensure the privacy of users, national policy for encryption of personal data, generated and collected in the digital eco-system, should be notified by the government at the earliest.
- Till such time a general data protection law is notified by the government, the existing rules/licence conditions applicable to service providers for protection of users' privacy be made applicable to all the entities in the digital ecosystem.
- For this purpose, the government should notify the policy framework for regulation of devices, operating systems, browsers, and applications.
- It has also been proposed that privacy by design principle coupled with data minimisation should be made applicable to all the entities in the digital ecosystem.
- These recommendations when accepted by the government will mean that entities like browsers, mobile applications, devices, operating systems and service providers, among others.
- Such entities will not be able to share personal data with third parties without getting the consent of customers.

ENVIRONMENTAL AFFAIRS

IPCC Draft Report on Global Warming

Context: A recent Intergovernmental Panel for Climate Change (IPCC) draft report on climate change response draws global attention.

Report

- The report comes on the direction of the United Nations Framework Convention on Climate Change in 2015.
- Accordingly, IPCC was asked to prepare a special report by 2018.
- This would be on the impact if the planet grew hotter by 1.5°C over the global average surface temperatures between 1850 and 1900.

Highlights

- The basic message is that the world is not doing enough to keep the planet from heating up excessively.
- If the emissions continue at the present rate, global warming will exceed by 1.5°C over the reference period by around 2040.
- The current measures such as rise of renewable energy and electric vehicles are just not enough.
- The inevitable consequences will be more
1. floods and droughts
2. forest fires
3. islands losing ground to rising sea waters
4. water scarcity

5. vector-borne diseases
- This reiterates what the UN Environment Programme has been emphasizing in its annual Emission Gap Reports.
- In 2016 report, it said that even if countries stick to their Paris deal commitments, the target would not be met.

Concerns and Challenges Ahead

- **Paris deal** - At Paris in 2015, all countries agreed to limit global warming to 2°C by the turn of this century.
- This aside, they also agreed on an ambitious goal to limit global warming to 1.5°C.
- But the Agreement is loosely-worded, and leaves everything to voluntary action with no penal provisions.
- **US** - The United States has recently pulled out of the Paris accord.
- It has also begun to support coal, a fuel chiefly responsible for the climate change.
- Further, the US has slashed its contribution to the Global Environment Facility (GEF).
- Resultantly, developed countries' funding to GEF has come down by $300 million.
- Notably, GEF is a big funder of climate projects in developing countries.

- **Australia** - Australia is also following the US's example.
- It has also said that coal would have an important role in the country's energy mix.
- **Coal** - With US and Australia backing coal, poor countries like Indonesia are taking the opportunity.
- Having seen good returns in exporting coal over the last decade, it wants to do more.
- The situation is likely to worsen with the development of a new Russia-funded railway.
- The railway will open up new areas of Kalimantan (Indonesian part of Borneo island) for coal.
- Banks are also not doing enough to restrict funding for coal projects.
- **Deforestation** - According to Stockholm Environment Institute, permits for mining cover 6.3 million hectares of Conservation Forest and Protected Forest areas.
- In 2017, the tropics lost nearly 16 million hectares (size of Bangladesh) to deforestation.
- **Measures** - A recent International Energy Agency report looked at 35 areas requiring action, to be consistent with the 2°C goal.
- Out of the 35, only four were on the right track and these are solar PV, LED, e-vehicles and data centres.
- The IPCC report comes as a wakeup call for nations to relook and reassess the climate strategies.

Significance of MediPix Technology
In News: Scientists have recently used accelerated particles to produce first three-dimensional colour images of the human body.

Concerns with Traditional Radiological Practices
- **X -Ray Techniques -** X-ray based technology suffer from the deficit that they can sharply visualise only hard tissues.
- The shadows of soft tissues are less precise, Blood vessels and other conduits are imaged with invasive dyes.
- **Magnetic resonance imaging (MRI) -** It provides a slightly different picture, based on the difference in water and fat content in tissues.
- **Positron emission tomography (PET)** - It finds widest use in oncology, all but MRIs use radiation and dyes and chemical markers

Recent Discovery
- A chip of the Medipix family developed by CERN, the European Organisation for Nuclear Research, has been used by MARS Bioimaging to take colour see-through images of body parts.
- The hybrid pixel detector technology which the Large Hadron Collider used to track accelerated particles, to produce the first three-dimensional colour images of the human body.
- The chip family has been in production for 20 years, and CERN's Knowledge Transfer Group had expected it to contribute to areas outside quantum physics.

Significance of MediPix Technology
- Researchers have already used Medipix to image cancerous tissue, bones and joints and the blood supply to the heart.
- The Medipix3, which MARS Bioimaging intends to commercialise, promises a single solution superior to its predecessors.
- Using algorithms to model very accurate spectroscopic data in three dimensions, it shows all tissues with equal clarity, in colour.
- In the case of a fracture, it show physical damage to a bone and also reveal trauma to surrounding tissue and reveal if blood and nerve supply is compromised.
- It would depict structures exactly as they are, and not all of us are built exactly the same.
- In the near future, when medical care will be customised to the individual, this exactitude would make a difference to the efficacy of care.
- Thus the technology is scaling up rapidly, and holds incredible promise.

Compensatory Afforestation and Forest Governance
Context
- There were protests against the decision to fell more than 16,000 full-grown trees in Delhi recently.
- This has brought attention to the issue of compensatory afforestation and the availability of land for it.
Larger Concerns
- In forested and tribal-dominated states large tracts of forests are being diverted for infrastructure projects.
- This was however on the condition that afforestation will compensate for forest loss.
- The user agencies will in turn pay money.
- However, "polluters pay" model may not resolve environment- and land-related concerns.
- **Compensation** - Forest Conservation Act, 1980 and Indian jurisprudence led to the Compensatory Afforestation (CA) concept.
- In 1999, it was proposed that the "area" of forest lost be compensated by afforesting an "equal area" on non-forest land.
- If non-forest land was not available, then degraded forest land that was "double the area of forests lost" had to be afforested.
- Eventually, a price tag was put on forests and its loss was deemed to be compensated financially.
- **Implementation** - Earlier the state forest departments were made responsible for afforestation.
- But despite money being deposited by the user agency, CA was not taking place on the ground.
- This led to the setting up of the Compensatory Afforestation Planning and Management Authority (CAMPA).
- The money deposited thus came under the purview of the Centre.
- CAMPA at national and state levels managed these funds.

- A CAG audit report found that 11 out of India's 30 states could not use more than 50% of the funds released to them by the centre.
- The report also added that it was difficult to procure land for compensatory afforestation.
- This is because the state forest departments lacked planning and implementation capacity.
- The situation is more worrisome for states with high tribal populations.
- **Principle** - Later, in 2016, the Compensatory Afforestation Fund (CAF) Act was enacted.

- The whole principle reduced a "forest" to a "commodity which acquires certain area on the ground".
- The whole focus has shifted to spending money.
- The ecology, biodiversity and ecosystem services of the forests lost relevance.
- Data indicate that ecologically unviable but commercially popular species like Eucalyptus are promoted.
- The need of the hour is to improve forest clearance processes, approvals and basic issues of forest governance.

BIO/ HEALTH ISSUES

Rationality in the Campaign Against Drugs
Context
- Punjab's drug menace is extremely severe.
- It demands comprehensive actions sans empty gestures and gimmicks.
Extent of Drug Menace in Punjab
- The challenges faced by the State are huge and in 2017 alone, the government arrested 18,977 peddlers and treated some 2 lakh addicts.
- By some accounts as many as two-thirds of all households in Punjab have a drug addict in their midst.
- Punjab's prisons are overcrowded with drug-users and peddlers, and its streets and farms witness the easy availability of narcotics and opiates.
- The sheer extent of the problem suggests it is more than just a few profiteers that have been responsible for causing this menace or helping to sustain it.
- The scale of the menace indicates the existence of well-oiled machinery that has the secret support and collaboration of at least a few government officials.
Political Response
- The Punjab government has been piloting a strong crackdown on the drug menace that has become widely prevalent in the state.
- In this regard, recently an order was passed for conducting mandatory drug tests on all the 3.5 lakh government employees (including the police).
- But this is expected to be little more than mere eye-catchy tokenism as the main demography trapped in drugs are unemployed youth.

- Also, Punjab cabinet's recommendation to recommend death for drug-peddlers is mere sensationalism rather than a concrete step.
- Notably, capital punishment hasn't proved an effective deterrent in previous instances and is anyway abhorrent.
Larger Implications
- The "Golden Crescent Region" to the North-West of India (Iran, Afghanistan and Pakistan), is the major production destination for "Opium and Heroin".
- Drugs produced in this region, percolates into India through the border across Punjab and from here it tends to spread to elsewhere in the country.
- The existence of this route indicates that those guarding Punjab's 553-km border with Pakistan must take serious steps to plug the inflow.
- Given the connection of drug trade with terror financing in the region, it is also critical in the national security point of view.
- Border Security is beyond the Punjab government, and hence central policy coordinators need to strategise to control these narcotic inflows.
Way Ahead
- A comprehensive war on drugs on several fronts is required.
- This would include interventions in the community to spread awareness and foster a culture against the use of drugs.
- The politicians have a very crucial role to play in resolving the crisis, and they need to think beyond party lines to achieve this.
- Resorting to sensationalism to score political brownie points might only complicate the situation by dissuading real brainstorming.

TECHNOLOGICAL AFFAIRS

Net Neutrality Rules in India
In News: Telecom commission of India has approved the net neutrality rules under new telecom policy.
Move on Net Neutrality
- The Telecom Commission is the highest decision-making body in the Department of Telecommunications.
- Recently the commission has approved the net neutrality rules implying internet will remain open to everybody in the country.

- Apart from net neutrality rules, the commission has also approved the new telecom policy, National Digital Communications Policy (NDCP) 2018.
- It is aimed at promoting investments, ease of doing business, and emerging technologies like 5G.
- This decision, which comes within a month of the US nullifying its own net neutrality rules, reiterates India's firm commitment to a non-discriminatory net regime.

Significance of the Recent Move

- The move on net neutrality is in sync with the recommendations of the Telecom Regulatory Authority of India (Trai).
- It is meant to ensure no service provider can restrict or discriminate in the treatment of content by blocking, slowing down or granting preferential speeds while providing internet access.
- A net-neutral regime allows smaller businesses and individuals to create and disseminate content without fear that their offerings will be swamped by larger competitors, or throttled by ISPs.
- It will remain an open platform and internet service providers (ISPs) will be prohibited from practices such as blocking content, degrading speeds, slowing specific content, or granting differential speeds or treatment.
- In that sense, net neutrality helps to promote innovation across the entire digital ecosystem.

Concerns with the Move

- Given India's hyper-competitive market, where telecom service providers have been struggling to generate enough revenues to service debts, tight net neutrality could be considered a restrictive approach.
- For example, under net neutrality, telecom service providers cannot offer "zero-rating" services where they charge surfers less to access specific websites or content run by partners.

- It does certainly restrict the freedom of telecom service providers to offer favourable terms to specific content providers, and does cut down the potential for creating new revenue streams.
- In technical terms new rules require both monitoring of compliance as well as a willingness to accept consumer complaints and penalise operators who violate the rules.

Measures Needed

- Key element about the net neutrality regime is that certain critical services may be exempt from it.
- It is up to the government now to decide on services that deserve exceptional treatment by regulators.
- For example, emergency remote diagnostic and telemedical services may need to be fast-tracked.
- The same may also be necessary for disaster management or during crowd management situations such as pilgrimages.
- Critical high-tech services like the management of smart power grids could also require priority, and there may be new applications such as autonomous car communications or drone operations, which might merit priority.
- On the whole, this policy should boost innovation by helping to maintain a level-playing field across the digital landscape.
- That will enable everyone from small businesses to artists to create and offer content without fear of being stifled.

IN-SHORT

MoU by the Vice President

- Vice President, Shri M. Venkaiah Naidu becomes first Chairman of Rajya Sabha to sign a Memorandum of Understanding (MoU) with a foreign country.
- Rajya Sabha has, for the first time in 76 years since it came into being, entered a MOU with a foreign counterpart for promoting inter-parliamentary dialogue.
- The MoU was inked with the visiting President of the Senate of the Republic of Rwanda
- It covers the following articles of cooperation -
1. To promote Inter-Parliamentary dialogue,
2. Capacity building of parliamentary staff,
3. Organisation of conferences, forums, seminars, staff attachment programmes, workshops and exchanges,
4. Collaboration in mutual interest in regional and international multilateral parliamentary bodies in furtherance of bilateral relations.

Ease of Doing Business – India State wise Ranking

- Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce and Industry has recently released the final rankings of States in Ease of Doing Business.
- DIPP in collaboration with the **World Bank** conducted an annual reform exercise for all States and UTs under the Business Reform Action Plan (BRAP).

- The top rankers are **Andhra Pradesh, Telangana and Haryana**.
- Jharkhand and Gujarat stood fourth and fifth respectively.
- The aim of this exercise is to improve delivery of various Central Government regulatory functions and services in an efficient, effective and transparent manner.
- It is for the first time that DIPP has introduced taking feedback to ensure that the reforms have reached ground level.

GRACE-FO

- NASA has launched Gravity Recovery and Climate Experiment Follow-On (GRACE-FO) mission recently.
- It will map changes in water and ice around the world by detecting variations in Earth's gravity.
- It involves two identical spacecraft that will orbit the Earth in tandem.
- It is a follow-on mission to the original GRACE mission, which mapped Earth's gravity field from 2002 to 2017.
- Both missions are joint projects between NASA and the GFZ German Research.
- To detect these gravitational changes, the twin spacecraft will fly about 220 km apart and send microwave signals back and forth.
- When they pass over a region where gravity increases or decreases, the distance between the two spacecraft will change slightly, allowing the satellites to map Earth's gravity field.

Best Tourist Spot
- Western Ghats has figured in **Lonely Planet's top five "2018 Best in Asia" list,** a collection of 10 of the best destinations to visit in the continent for the year.
- It came 4th in the list of the lonely Planet, which is considered a Bible by travellers worldwide.
- It is one of the Hottest Biodiversity Hotspots and UNESCO World Heritage site.
- It is older than the Himalayas and well known for its rich and unique flora and fauna.
- Neelakurinji (Strobilanthes kunthiana), which has started blooming after 12 years in the famed hill station of Munnar has found mention in report.
- The neelakurinji flower blooms only once every 12 years and is expected to boom from August to October 2018.

Eat Right Movement
- Food Safety and Standards Authority of India (FSSAI) recently unveiled 'The Eat Right Movement'.
- The programme aims to engage and enable citizens to improve their health and well-being by making the right food choices.
- It is built on two broad pillars of 'Eat Healthy' and 'Eat Safe'.
- FSSAI has also undertaken 'Safe and Nutritious Food (SNF)'initiative to promote awareness towards consumption of safe and nutritious food.
- FSSAI has been established under Food Safety and Standards Act, 2006.
- Ministry of Health and Family Welfare is the administrative Ministry for the implementation of FSSAI.

Plastic Ban
- State Government of Odisha has recently announced complete ban on use of plastic in several places from October 2, this year.
- The Housing & Urban Development department and Panchayati raj department have been mandated for executing the order in urban and rural areas, respectively.
- The Forest & Environment department will monitor the plastic pollution control work across the state.

United Nations Conference on Trade and Development (UNCTAD)
- Third Intergovernmental Group of Experts (IGE) on consumer protection was recently convened by UNCTAD.
- India was represented by Union Minister of Consumer Affairs, Food and Public Distribution.
- UNCTAD is a permanent intergovernmental body established by the United Nations General Assembly in 1964.
- It is headquartered in Geneva, Switzerland and part of the UN Secretariat.
- It is a part of the United Nations Development Group (UNDG).

- It was formed specifically to handle the problems of developing countries dealing with trade, investment and development issues.
- **Reports published by UNCTAD** – World Economic Situation and Prospects Report, Trade and Development Report, World Investment Report, The Least Developed Countries Report, Information and Economy Report, Technology and Innovation Report and Commodities and Development Report.

Consumer Protection in India
- The Consumer Protection Bill, 2018 was introduced in the Lok Sabha earlier this year to replace Consumer Protection Act, 1986.
- The Bill enforces consumer rights and provides a mechanism for redressal of complaints regarding defect in goods and deficiency in services.
- The Bill sets up a Central Consumer Protection Authority to promote, protect and enforce consumer rights as a class.
- The Bill establishes Consumer Protection Councils at the district, state and national levels to render advise on consumer protection.
- If a consumer suffers an injury from a defect in a good or a deficiency in service, he may file a claim of product liability against the manufacturer, the seller, or the service provider.
- Consumers in India have been guaranteed rights by the Consumer Protection Act, 1986 of Parliament, namely:
1. Right to Safety;
2. Right to be informed;
3. Right to choose;
4. Right to be heard;
5. Right to seek redressal;
6. Right to consumer education.

Workshop on Greenhouse Gas Inventories in Asia (WGIA)
- WGIA is an initiative of **Government of Japan**.
- It is to improve the quality of Greenhouse Gas Inventories of Asian countries by building capacities through training and exchange of experience.
- Members of WGIA - 15 countries including Brunei, Cambodia, China, India, Indonesia, Japan, Republic of Korea, Lao PDR, Malaysia, Mongolia, Myanmar, Philippines, Singapore, Thailand and Vietnam.
- India is hosting WGIA for the first time.
- Workshop has been organized by the Ministry of Environment, Government of Japan and is being hosted by Ministry of Environment, Forest and Climate Change (MoEFCC) in New Delhi.
- GHG inventory experts from member countries participated along with representatives from UNFCCC, IPCC, FAO and other specialized agencies.

New Pigment in Mushroom
- Goa University has recently reported the discovery of a new pigment from local wild mushrooms.
- The mushrooms contain **new suphur-rich melanin biopigment** of immense bioindustrial,

biomedical (anti-cancer, anti-tumour) and biotechnological potential.
- It may be the world's first sulphur-rich edible melanin.
- A Ph.D student, who is a national scholar under Department of Science & Technology INSPIRE Project, cracked the problem in three years, which had eluded scientific community from 40 countries for the past 100 years.

INSPIRE Programme
- "Innovation in Science Pursuit for Inspired Research (INSPIRE)" is an innovative programme sponsored and managed by the Department of Science & Technology for attraction of talent to Science.
- The basic objective of INSPIRE is to communicate to the youth of the country the excitements of creative pursuit of science, attract talent to the study of science at an early age.
- It helps in building the required critical human resource pool for strengthening and expanding the Science & Technology system and R&D base.
- A striking feature of the programme is that it does not believe in conducting competitive exams for identification of talent at any level.

Religious Minority Status to Jews
- The Gujarat government has granted religious minority status to the Jewish community in the State.
- Gujarat is the third state in India to accord minority status after Maharashtra and West Bengal.
- It will enable the community to get benefits of welfare schemes formulated for religious minority communities.
- Gujarat is home to about 170 Jews, mostly centered in the western city of Ahmedabad.
- The city also is home to the only synagogue in the state, the Magen Abraham Synagogue, built in 1934.

India and Indonesia Cooperation
- Indonesia has recently agreed to give India access to its port for operational turnaround for Indian Navy.
- In a first, , Indian ship **INS Sumitra** berthed at Sabang Port close to the Malacca Strait for operational turnaround.
- INS Sumitra sailed from Port Blair to Sabang, where it will take provisions and fuel before going for further deployment in the Indian Ocean.
- It will increase the Indian Navy's footprint in the region.
- Sabang port is in Sumatra island of Indonesia

Buddha of Swat
- Buddha of Swat is located in Jahanabad, the epicentre of Swat's Buddhist heritage, a beautiful valley in the foothills of the Himalayas.
- It belongs to 7th century depicted in a lotus position at the base of a granite cliff in northern Pakistan.
- It was damaged by Afghan Taliban in 2007.
- It is restored recently by Italian government nearly 12 years after the Afghan Talibans damaged.

Directive of Archaeological Survey of India
- The Archaeological Survey of India, an organisation under the Ministry of Culture, has recently issued a notification regarding photography within the premises of archaeological monuments.
- ASI has decided to allow photography within the premises of all centrally protected monuments/sites except three sites.
- The 3 monuments/sites in which the photography would not be permitted are **Ajanta Caves** and **Leh Palace** having paintings, and Mausoleum of **Taj Mahal**.

European Bank for Reconstruction and Development (EBRD)

- The EBRD is a multilateral development bank set up in 1991 after the fall of the Berlin Wall.
- It aims to promote private and entrepreneurial initiative in emerging Europe.
- It invests in 38 emerging economies across three continents.
- The Indian government had applied for membership in the London-based EBRD in December 2017.
- The EBRD board of governors, voted unanimously in favour of the country's application in March 2018, with the entire membership process completed this week.
- India takes a shareholding in the EBRD but it will not be a recipient of EBRD financing.
- India's membership opens up further joint investment prospects in markets such as Central Asia, Egypt and Jordan.

Global Innovation Index (GII)

- The 11th edition of Global Innovation Index (GII) has ranked India as the 57th most innovative nation in the world.
- The GII is being developed jointly by Cornell University, the Paris-based business school Insead and the World Intellectual Property Organisation (WIPO) in Geneva.
- GII ranks 126 economies based on 80 indicators.
- India has improved its ranking from 60th position in 2016 and 81st position in 2015.
- China improved its ranking from 22 in 2017 to 17 this year.
- Since 2011, Switzerland has been ranked at the top every year. This year, Netherlands follows at second place and Sweden at third.

Deputy Chairman in Rajya Sabha

- The Deputy Chairman of the Rajya Sabha presides over the proceedings of the Rajya Sabha in the absence of the Chairman of the Rajya Sabha.
- The Deputy Chairman is elected from amongst the Rajya Sabha members.
- The chairman of Rajya Sabha (Vice President of India) presides over its sessions.
- Whenever a vacancy arises, the election takes place in the very next session.
- Currently, the chair of Deputy Chairman remains vacant since June 30.
- The Rajya Sabha has a panel of six to seven senior members as part of Vice-President's panel who officiate in his absence.
- But the panel can't play the role of Deputy Chairman.

INS Tarangini

- INS Tarangini is part of the first Training Squadron based at Kochi, under the Southern Naval Command of the Indian Navy.
- The word Tarangini means 'the one that rides the waves'.
- It is the first ship of the Indian Navy to have circumnavigated the globe in the year 2003-04.

- It commenced 'Lokayan-18' from Kochi, to cover a distance of over 20,000 nautical miles to display the Indian flag at 15 ports across 13 countries.
- During its Lokayan voyage, it will participate in the prestigious 'tall ship races - 2018' at Sunderland Port in the UK.
- It has already participated in tall ship races conducted around the world in 2007, 2011 and 2015.

Longest Lunar Eclipse of the Century

- A total lunar eclipse will occur on July 27-28, 2018 with a totality duration of 1 hour 43 minutes which makes it the **longest total lunar eclipse** of this century (2001 AD to 2100 AD).
- In this eclipse, the Moon will pass through the central part of the Earth's umbral shadow.
- **Longer eclipse** – The moon will be at apogee, means at farthest from the Earth in its orbit and will be moving at a slower speed in its orbit.
- This slower moving full Moon will take longer time and greater distance of Earth's umbral shadow cone to travel, making it the longest duration of total eclipse of this century.
- **Brighter Moon** - On July 27, the red planet Mars, will also be at opposition, meaning that the Sun and Mars will lie opposite to each other, keeping the Earth in the middle.
- This will result in Mars coming close to the Earth, causing it to appear brighter than normal.

Govardhan Teerth

- Union Tourism Ministry recently sanctions Rs.50 crore for development of Govardhan Parikrama in Mathura under PRASAD scheme.
- The 'National Mission on Pilgrimage Rejuvenation and Spiritual, Augmentation Drive' (PRASAD) has been launched by the Ministry of Tourism in the year 2014-15.
- Its objective is holistic development of identified pilgrimage and heritage destinations.

S-400 Air Defence Systems

- India is going ahead with the purchase of S-400 air defence systems from **Russia** despite American concerns.
- The U.S. has passed the **CAATSA** (Countering America's Adversaries Through Sanctions Act) that proposes to impose sanctions on nations that have significant defence relations with Russia.
- This has generated significant concern in India which is heavily dependent on Russia for military hardware.
- While the U.S. Administration has said waivers will be incorporated in it to protect friends and allies, it is yet to be done.

Swachh Survekshan Grameen

- Government has recently launched the Swachh Survekshan Grameen, 2018.
- It is a nationwide survey of rural India to rank the cleanest and dirtiest States and districts.
- A random selection of 6, 980 villages across 698 districts will be surveyed.

- This is the **first comprehensive survey for rural India**, which has been launched after three successful editions of a similar survey in urban India.
- The ranking will be based on qualitative and quantitative evaluation.
- The three basic parameters are,
1. Direct observation of public places by independent surveyors,
2. Service-level progress using data from the Swachh Bharat Mission's information system and
3. Citizens' feedback.

Resolution 2427

- The UN Security Council has adopted a resolution 2427, which won unanimous approval of the 15 members of the council.
- The resolution aimed at a framework for mainstreaming protection, rights, well-being and **empowerment of children** throughout the conflict cycle.
- It also condemns attacks against schools and hospitals and the denial of humanitarian access by parties to armed conflict.
- It demands that all relevant parties immediately put an end to such practices and take special measures to protect children.

Purvanchal Expressway

- Recently foundation stone has been laid for the India's longest expressway Poorvanchal Expressway in Azamgarh, in Uttar Pradesh.
- The 340 kilometre long Poorvanchal Expressway extends from Delhi in the west to Ghazipur in the east.
- The Purvanchal Expressway will connect Lucknow with Barabanki, Amethi, Sultanpur, Faizabad, Ambedkar Nagar, Azamgarh, Mau and Ghazipur.
- The Purvanchal Expressway will be linked with the Lucknow-Agra Expressway and Yamuna Expressway which connects Agra to Delhi and will considerably bring down the travel time between Delhi and eastern Uttar Pradesh.
- The Purvanchal Expressway will be linked with Varanasi through a separate link.

Swachh Survekshan Grameen

- Ministry of Drinking Water and Sanitation recently launched Swachh Survekshan Grameen 2018.
- It is an Independent Survey to be Conducted in all Districts from 1st to 31st August.
- The results will be announced in the form of a ranking of all districts and states on the basis of quantitative and qualitative sanitation (Swachhata) parameters.
- As part of Swachh Survekshan Grameen 6,980 villages in 698 districts across India will be covered. Total 34,000 public places namely schools, anganwadis, public health centres, haat/bazaars/religious places in these villages will be visited for survey.

Kabir Jayanti

- Kabir Jayanti is an annual event that is observed in the honour of Sant Kabir Das.
- It is celebrated on the 'Purnima' (full moon day) during the month of 'Jyesta' in the traditional Hindu calendar.
- This occurrence falls during the months of May-June as per the Gregorian calendar.
- This year Kabir Jayanti will be celebrated in 15th July.

Sant Kabir Das

- Sant Kabir Das was a very renowned saint, poet and social reformer of India who lived during the 15th century, born in Varanasi.
- His esteemed works and poems describe the greatness and oneness of the Supreme Being.
- According to the legends, Kabir Das was born to Muslim parents in the state of Uttar Pradesh.
- He did not believe in any religious discrimination and readily accepted all the religions.
- Some of his famous writings include 'SakhiGranth', 'Anurag Sagar', 'Bijak' and 'Kabir Granthawali'.
- A religious community known as 'Kabir Panth' was founded by him and the members of this forum are referred as 'Kabir Panthis', implying the followers of Kabir Das.

Institute of Cost Accountants

- The Institute of Cost Accountants of India (ICAI), previously known as the Institute of Cost & Works Accountants of India (ICWAI).
- It is a premier statutory professional accountancy body in India with the objects of promoting, regulating and developing the profession of Cost Accountancy.
- It is the only licensing cum regulating body of Cost & Management Accountancy profession in India.
- It recommends the Cost Accounting Standards to be followed by companies in India to which statutory maintenance of cost records applicable.
- ICAI is solely responsible for setting the auditing and assurance standards for statutory Cost Audit to be followed in the Audit of Cost statements in India.

Draft Rules on Blood Donation

- Union government has proposed to rename 'blood banks' as 'blood centres'.
- According to the proposed rules approved by the Drugs Technical Advisory Board blood centres' will be authorised premises in an organisation or institution for carrying out all or any of the operations including collection, processing, storage and distribution of blood.
- The minimum age for a blood donor remains 18 years and the maximum 65 years.
- According to the proposed rules, women cannot donate blood for 12 months after delivery, six months after abortion, during breast-feeding and menstruation.
- The rules recommend deferring blood donation for six and 12 months after recovery following a minor and major surgery respectively.
- Also, one cannot donate blood for three months after recovering from malaria, for six months after recovering from dengue and Chikungunya and

four months after recuperating from being infected by Zika virus.

World Customs Organisation (WCO)
- India has become the Vice-Chair (Regional Head) of the Asia Pacific Region of WCO for a period of two years (2018-2020).
- WCO established in 1952, is an **independent intergovernmental body** whose mission is to enhance the effectiveness and efficiency of Customs administrations.
- WCO is the only international organization with competence in Customs matters.
- It represents 182 Customs administrations across the globe that collectively process approximately 98% of world trade.
- The organisation has divided its membership into six regions. Each of the regions is represented by an elected vice-chairperson to the WCO council.
- It is considered as the voice of the International Customs community.

Social Media Communication Hubs
- The Supreme Court recently took a strong note of the social media communication hub proposed by Ministry of Information and Broadcasting.
- It is a hub for monitoring online data and will be setup in each district across the country.
- Using this analytical tool, the Centre wishes to **track social media movements** in every district of the country to predict a global public perception.
- It may also help in tackling fake news and the Centre will gauge people's reactions to their schemes and strategies.
- The SC has observed that it would result in creating a surveillance state.

MeerKAT Radio Telescope
- MeerKAT telescope is a scientific mega-project in South Africa.
- It will be an array of 64 interlinked receptors to unlock cosmic conundrums from dark energy to detecting extraterrestrial life.
- A receptor is the complete antenna structure, with the main reflector, sub-reflector and all receivers, digitisers and other electronics installed.
- It will be incorporated into the complex Square Kilometre Array (SKA) instrument.
- It is the biggest radio telescope of its kind in the southern hemisphere.

Golden Jackel
- Destruction of mangrove cover in the Bandar Reserve Forest is forcing the golden jackal out of its habitat.
- The conservation status of the animal is the **'least concern'** and it preys on wild crab and fish.
- The Golden Jackal is widespread in North and north-east Africa, Arabian Peninsula, Eastern Europe and the entire Indian Subcontinent.
- In India, jackal populations achieve high densities in pastoral areas such as Kutch, Maharashtra, Rajasthan, and Haryana.

- It is present in all protected areas of India except for those in the high elevation regions of the Himalayas.
- The species is included in CITES Appendix III (in India).
- Jackals feature on Schedule III of the Wildlife Protection Act (1972) of India and are afforded the least legal protection (mainly to control trade of pelts and tails).

Harrier Birds
- Harrier birds are **migratory raptor species** that regularly visits vast swathes of India.
- India has one of the largest roosting sites in the world for Pallid Harriers and Montagu's Harriers.
- Recent reports highlights that the numbers of birds visiting the site are declining.
- While a general declining trend was observed in all the monitored sites, researchers noted the most dramatic changes at the **Rollapadu Bustard Sanctuary in Andhra Pradesh's Kurnool district.**
- In Hessarghatta on the outskirts of Bengaluru, Western Marsh Harriers declined significantly, leaving the area nearly deserted.
- The gravest concern is the **loss of grasslands**, either to urbanisation or to agriculture.
- Excessive use of pesticides in farms in and around the roosting sites could also be a reason for the lowered population counts.

Vikas Engine
- Vikas is a family of liquid fuelled rocket engines that powers India's launch vehicles PSLV and GSLV.
- It is aimed at improving the payload capability of PSLV, GSLV and GSLV Mk-III launch vehicles.
- It is used in second stage of PSLV which consists of four stages in its operation (Solid-Liquid-Solid-Liquid).
- It is used in second stage and four strap-on stages of GSLV.
- GSLV is a three stage vehicle (Solid-Liquid-Cryogenic Engine) with four liquid strap-on boosters.
- ISRO has recently improved the thrust of the Vikas engine which is expected to boost the rocket engine.
- The main beneficiary of the high-thrust Vikas engine is GSLV-Mark III launcher, which is expected to lift 4,000-kg satellites to space.
- GSLV-Mark III uses twin engine core liquid stage (L110).
- GSLV – Mark III with upgraded Vikas engine would be the third Mk-III and the first working one to be designated MkIII Mission-1 or M1.

Testing of Brahmos
- DRDO and the Indian Army have test fired a supersonic BrahMos cruise missile under "extreme weather conditions" from Integrated Test Range at Balasore,Odisha.
- The test was under extreme weather conditions with sea state 7 (waves as high as 9 m).

- Sea state is the degree of turbulence at sea, generally measured on a scale of 0 to 9 according to average wave height.
- BrahMos is the supersonic cruise missile that can be launched from land, sea, sub-sea and air based platforms.
- It is considered one of the world's fastest cruise missile currently in operational use.
- The missile's range is estimated at around 300 to 400 kilometers with speeds of up to Mach 2.8 to 3.
- The land-launched and sea-launched variants of the BrahMos are already in service with the Indian Army and Navy.
- Recently, a new production line for BrahMos transport launch canisters in Vadodara in the western state of Gujarat,
- DRDO is also working on an indigenous missile booster for the BrahMos.

Wholesale Price Index (WPI)

- WPI represents the price of basket of goods at a wholesale stage i.e. goods that are sold in bulk and traded between organizations instead of consumers.
- WPI is calculated by the Office of Economic Advisor, DIPP under Ministry of Commerce and Industry.
- The base year for the index is 2011-12.
- The components of WPI include Primary articles, Manufacturing items, fuel and power with different weightages assigned to them.
- The weightages are Primary Articles (Weight 22.62%), Fuel & Power (Weight 13.15%), and Manufactured Products (Weight 64.23%).
- It basically indicates the rise in profitability of industries.
- **Recent Concern** - WPI has risen to 5.77% in June, the highest since December 2013.
- It is driven in large part by rising fuel prices.
- The real upward push came from the crude petroleum and natural gas segment, which saw inflation surging to 48.7% in June from 26.9% in the previous month.

- Similarly, the fuel and power segment saw inflation quicken to 16.2% from 11.2% over the same period and inflation in manufacturing accelerated in June to 4.17% from 3.73% in May.

Child Care Institutions

- Central government has directed state government to ensure that all the child care institutions should be registered and linked to CARA.
- Central Adoption Resource Authority (CARA) is a statutory body of Ministry of Women & Child Development, Government of India.
- It functions as the nodal body for adoption of Indian children and is mandated to monitor and regulate in-country and inter-country adoptions.
- It is designated as the Central Authority to deal with inter-country adoptions in accordance with the provisions of the Hague Convention on Inter-country Adoption, 1993, ratified by Government of India in 2003.

Bill against Witch Hunting

- President has recently given assent to the Assam government's bill against witch-hunting.
- Witch-hunting involves casting a spell on women victims to gain control over them by magic.
- The victim who is branded as a witch is subjected to numerous forms of torture, beatings, burns, paraded naked through the village, forced to eat human excrement and sometimes even raped.
- In India, witch hunting dates back hundreds of years.
- It emanated in the Morigaon district of Assam which is now infamously known as the 'Indian Capital of Black Magic'.
- Assam Witch Hunting (Prohibition, Prevention and Protection) Bill, 2015 considers the act of witch hunting as cognizable, non-bailable and non-compoundable offense.
- It prescribes a prison term of up to seven years and up to Rs. 5 lakh in fine for calling a person witch.
- It also has provisions to come with Section 302 of the IPC (punishment for murder) if someone is killed after being branded a witch.

POLITY, GOVERNANCE AND PUBLIC POLICY

Separate Law against Mob Vigilantism

In News: Supreme Court (SC) has recently highlighted the intolerance and bias behind the series of mob lynching incidences. It has called for a special law to deal with lynching comprehensively.

Trends in Mob Violence over the Recent Years

- Since 2014, organised vigilant groups had gone on rampage against cattle traders in the name of cow protection.
- Notably, the Supreme Court had previously reminded the central and state governments that they can't be mere spectators to violent acts by cow mobs.
- But mob vigilantism has taken a new dimension in recent times with impulsive and unplanned acts of violence being directed at unsuspecting outsiders.
- It is alleged that rumours on social media sites that "child kidnappers" are frequenting localities is said to have caused the current spree of incidences.
- Whenever residents see an outsider against whom there is an already inherent biased perception, they tend to unleash a fatal fury on them.
- Vigilant violence in a socio-political framework is clearly linked to disrespect for an inclusive social order, rising intolerance and growing polarisation.
- The SC's has therefore spelt out a clear criticism of the "prevalent socio-political mood of the society", which it thinks is causing mob violence.

Suggestions by Supreme Court

- Supreme Court has asked all States to appoint nodal officers in each district to curb such mobs and also plug the spread of misinformation.
- Besides directing specific preventive, punitive and remedial measures, the SC has also mooted the idea of making lynching a separate offence by law.
- While this may not be a significant deterrence in legal terms, it helps in reiterating the message that mob lynching is indeed a serious offence.
- Any new law needs to comprehensively address the issue by encompassing the actual mob, and accessory criminals like - rumour mongers, and instigators.
- While the extent of punishments for each of those responsible for the incident is another issue, all those involved nonetheless need to be indicted.

Approval of Fugitive Economic Offenders Bill

In News: Lok Sabha has approved Fugitive Economic Offenders Bill.

Fugitive Economic Offenders Bill

- The Bill defines the fugitive economic offender "as an individual who has committed a scheduled offence or offences involving an amount of Rs.100 crore or more and has absconded from India or refused to come back to India to avoid facing criminal prosecution in India."
- There is a provision in the Bill that economic offenders who flee from the country will be brought back, prosecuted and their properties will be confiscated.
- The law will apply to all those who have been declared fugitives in big economic crimes by Indian courts.

Plan on Fugitive Economic Offenders

- Union government has already promulgated an ordinance on fugitive economic offenders.
- The recent bill once approved by both the houses and assented by the President, will become an Act and replace the Ordinance promulgated.
- All actions taken under the Ordinance will have the same legal validity once the law is enacted.
- Empowered by the Ordinance, the Enforcement Directorate has already moved a special court for action against most wanted economic offenders.
- Fugitive Economic Offenders Law will be applicable to "any individual who is, or becomes, a fugitive economic offender on or after the date of coming into force of this Act.
- It means the Bill will not be effective from a retrospective date, however this does not provide any relief for offenders who have already been declared fugitive by Indian courts.

Significance of the Bill

- It seeks to quickly recover the losses to the exchequer or public sector banks in cases of frauds.
- Among other things, the Bill makes a provision for a Special Court under the Prevention of Money Laundering Act, 2002 to declare a person a Fugitive Economic Offender.
- Fugitive Economic Offenders Bill gave power to agencies to seize properties that are not only in the name of the offender, but 'benami' assets.

Decriminalising Certain Offences

Context

- Ministry of Corporate Affairs (MCA) is considering decriminalising certain offences under the companies act.
- This is a wise move and needs to be adopted across domains.

Civil and Criminal Offences

Depending on the severity of the offence, the Indian Penal Code (IPC) classifies all offences into two categories namely - civil and criminal.

- Usually, offences of a milder tone, in which the damage can be undone, are classified as civil and others are classified as criminal.
- Acts like loans defaults or violation of contract terms constitute civil offences.
- Contrastingly, violence or death due to negligence, violation of the freedom of others, harassment and threatening others etc, are classified as criminal.
- Punishments for civil offences are usually in monetary terms and seldom involve arrest or other forms of penal actions.
- Contrarily, criminal offenses have a wide range of varying punishments depending on the extent of criminality involved.

- Nonetheless, classification disputes on whether an offence constitutes civil or criminal violation exists and some have been reclassified over time.

Reasons why India need to Decriminalise certain Offences

- Offences that are clearly of a civil nature are often criminalised in India, which is probably due to the wrong belief that stricter penalties will reduce violations.
- Also, excessive criminalisation of offences (implying stricter punishment) can be seen as India's response to "compensate for sloppy law enforcement".
- Consequently, this replaces firm enforcement of an appropriate punishment with arbitrary enforcement of heavy punishment.
- Such arbitrariness is serious consequences overall and also negatively affects investor sentiments and thereby the overall business climate.
- Nonetheless, decimalising offences that have been wrongly classified as civil is politically challenging, considering the risk of attracting public anger.
- Notably, bouncing of cheque (due to lack of funds), which is clearly a civil violation, is still classified as a criminal offence, which sans logic.
- Significantly, according to a Supreme Court report, more than 20% of the matters clogging up the subordinate judiciary were cheque-bouncing cases.

Intention of the "Ministry of Corporate Affairs" (MCA)

- Ministry of Corporate Affairs (MCA) has announced that a committee is being established to examine the penal provisions in the Companies Act, 2013.
- The ministry has stated that this is to review if some offences that hitherto attracted criminal charges needs to be reclassified as civil offences.
- In other words, these offences would no longer require a trial in a criminal court, and can be settled with fines through other judicial mechanisms.
- Such reclassification would enable criminal courts to concentrate on offences of a "more serious nature" and leave the civil ones to other courts.
- Notably, the constituted committee has also been tasked to propose an in-house adjudicatory mechanism for offences that are reclassified.
- This mechanism is being envisioned as a forum for the consideration of cases and levying penalties against acts that constitute the reclassified offences.

Likely impact of MCA's Initiative

- This bold move of MCA might turn out to be a crucial step towards easing the weight of the Indian courts and on its businesses.
- For this, the committee needs to stick to the guiding principle of minimising discretion and creating transparent processes.
- Further, any recommendation by the committee will need parliamentary approval, as it would involve amending the "Companies Act, 2013".
- Nonetheless, it is hoped that these seemingly obvious improvements will find bipartisan support and sail through smoothly.

Way Forward

- While the planned decriminalisation of some corporate offences is a fine first step, it must be followed up with similar moves in other domains too.
- Notably, penal codes fall under the concurrent list and both central and state governments have a role in ushering in a more prudent justice system.
- The Supreme Court is already examining to decriminalise homosexuality.
- But several other aspects like "attempted suicide and begging" also require decriminalisation, and needs to be considered.
- More significantly, criminal defamation needs to be removed from the statues as it is presently nothing more than a form of harassment.
- Notably, replacing criminal prosecution with civil procedures is highly likely to better serve the purpose of addressing these problems.

The "Puri Jagannath Temple" Case

Context: 'Lord Jagannath' is originally a tribal deity who has been incorporated into the brahminical fold over the years.

- As only people of the Hindu faith are currently being allowed into his shrine in Puri, some people have been expressing dissent.

Unique Case of Puri Jagannath

- **History -** The famed Puri "Jagannath Temple" attracts large crowds from all over India and its annual rath yathra is also very popular.
- Most theories have it that the main deity at Puri is a "Sabara Debata" (Adivasi god) who was named Jagannath (Lord of the Universe) by early Buddhists.
- Notably, Jagannath was established in Puri in the 9th century AD, and was usurped into the Brahminical fold after the decline of Buddhism.
- Some Hindutva ideologues decry this, but there is clear evidence that temple entry restrictions based on caste and religion was only after 16th century.
- **Presently -** Considering the tribal (non-brahminical) origin of the Jagannath Cult, many scholars have vouched for making the deity accessible to all faiths.
- There is currently a ban on non-Hindus to enter the Puri Shrine, and hence a case had been filed in the Supreme Court (SC) to break the same.
- In this context, SC suggested that the temple management should give every visitor access to the deity and also allow them to make offerings and prayers.

SC's Rationale in the Pronouncement

- Generally, religion can be defined as a body of particular belief(s) that a group of people subscribes to and organise themselves for fulfilling the same.
- Interestingly, Hinduism is a conglomerate faith that incorporates all forms of belief(s) without specifically mandating the selection or elimination of anything in particular.
- Notably, "Adi Saiva Sivachariyargal Nala Sangam vs State of Tamil Nadu" case in 2015, stressed the inclusiveness that is naturally inherent in Hinduism.

- That judgment had declared Hinduism as "Sanatan Dharma' (or eternal faith), which is the "dynamic collective wisdom" of the centuries.

Dissenting Voices

- Some scholars dispute the tribal origins of Jagannatha and hold steadfast with the notion that he was always part of the Hindu fold.
- Additionally, they also vouch that temples are places of worship unlike schools or parks, and hence equal access can't be granted to people of all faiths.
- They argue that denying entry to those who don't believe in the deity isn't discriminatory as they aren't being denied any essential service (like praying).
- Hindutva ideologues have vowed to fight it out in courts to reverse the SC suggestion as they fear that it might negatively impact the Hindu faith.

Administrative Reforms Proposed at the Puri Shrine

- There are many hereditary servitors (mostly of tribal origin) for the temple, which the court has sought to abolish (after paying suitable compensation).
- Notably, servitors (hereditary caretakers) currently face severe allegations of extorting money and misbehaving with devotees.
- Further, the court seeks to enable the appointment of duly qualified persons belonging to the various communities associated with the core Jagannath cult.
- Expectedly, the current servitors have decried these suggestions and asserted that they were not mere workers who can be removed from service.
- Additionally, they've stated that their role was a religious one (protected by the fundamental right to religion), and hence can't be regulated by the state.
- Nonetheless, "Shree Jagannath Temple Administration" (SJTA) has begun implementing the SC orders in a piecemeal manner.

Language Data of 2011 Census

Context: Recently, the Census of India made public the language data based on the 2011 Census.

It appears to inadequately reflect India's linguistic composition, and is inconsistent with global ideas.

Highlights

- The language enumeration takes place in the first year of every decade.
- The findings are made public about seven years later.
- This is because the processing of language data is more time consuming.
- The latest language data is based on the 2011 Census.
- **Mother tongues** - Citizens submitted 19,569 names of mother tongues, technically called "raw returns".
- However, authorities decided that of these, 18,200 did not match "logically".
- This was based on the previously known linguistic and sociological information.

- The left out "raw returns" represent nearly 60 lakh citizens.
- Because of the classification regime, their linguistic citizenship has been dropped.
- A total of 1,369 names, called "labels", were picked as "being names of languages".
- **Others** - In addition to these shortlisted "mother tongue" names, there were 1,474 other mother tongue names.
- These were placed under the generic label "Others".
- These linguistic "Others" do have languages of their own.
- But the classification system has not been able to identify what or which languages these are.
- **Scheduled** - The 1,369 labels have been grouped further under a total of 121 "group labels".
- These group labels have been presented as "Languages".
- Of these, 22 are included in the 8th Schedule of the Constitution, called "Scheduled Languages".
- The remainder, 99, is "Non-scheduled Languages".

Language Data Dilution

- The 1961 census enumerated in full, the languages in the country.
- India learnt that a total of 1,652 mother tongues were being spoken.
- Strikingly, this figure was fixed at only 109, in the 1971 Census.
- The logic was that a language deserving respectability should not have less than 10,000 speakers.
- This had no scientific basis but the practice continues to be followed.

Concerns

- **Hindi** - It is found that most of the groupings are forced.
- E.g. under the heading "Hindi", there are nearly 50 other languages.
- Bhojpuri spoken by more than 5 crore people comes under "Hindi."
- It notably has its own cinema, theatre, literature, vocabulary and style.
- Also, nearly 3 crore population from Rajasthan with its own independent languages is under Hindi.
- The Powari/Pawri of tribals in Maharashtra and MP, Kumauni of Uttarakhand are also added to Hindi.
- Clearly, the report shows an inflated figure on those speaking Hindi as their mother tongue.
- There is a similar and inflated figure for Sanskrit.
- This is done by counting the returns against the question about a person's "second language".
- **English** - The use of English is not seen through the perspective of a second language.
- Counting for this is restricted to the "mother tongue" category.
- In effect, it brings down the figure substantially.
- But a significant number of Indians use English as a utility language.
- It is relevant across education, law, administration, media and health care.

- To some extent it is the language of integration in this multilingual country.

Significance of Language

- **Legacy** - Language facilitates access to education, protecting livelihoods, preserving culture and knowledge traditions.
- Because of its nature, a language is not visible and fails to concern anyone except its very last speaker.
- Death of a language is covered in silence and when a language disappears it goes forever.
- It takes with it the knowledge gathered over centuries and its unique world view.
- **UNESCO** - UNESCO has progressively developed its vision of global linguistic diversity.
- Significantly, it had debated "Multilingualism in the Context of Education for All".
- It has proclaimed and observed February 21 as International Mother Language Day.
- In 2001, the 'Universal Declaration on Cultural Diversity' acknowledged the linguistic heritage of humanity.
- UNESCO has also brought out an Atlas of the World's Languages in Danger.
- Thus, in the community of nations, the Indian census is bound to be discussed.

Way Forward

- Failure to protect a language and its loss is indeed a form of violence.
- The recent data seems to be helping neither educators nor policy makers or the speakers of languages themselves.
- Language data should help in a greater inclusion of the marginal communities and not otherwise.
- India's linguistic diversity should become an integral part of the national pride.

Affront on the SC/ST (Prevention of Atrocities) Act

Context: Supreme Court in early 2018 stressed the need for providing inbuilt safeguards within the SC/ST (prevention of atrocities) Act to plug its misuse. While this was for preventing the framing of innocents, the leeway that will be provided, is likely to aid offenders get away.

Implications of the Verdict

- **What -** SC/ST (prevention of atrocities) Act is a standalone legal protection granted to the depressed classes against casteist slurs, abuses and violence.
- The act also provides for stringent provisions like non-bailable warrants and a subsequent fast-track trial to settle the case.
- Nonetheless, despite these strong provisions, casteist crimes continue to dominate the larger narrative in most parts of rural India.
- Considering the context, framing of innocents under the act is likely to be rare and the court verdict asking for safeguards to prevent misuse looks naive.
- **Verdict -** The court seems to have had a narrow minded focus on few cases of misuse of the act by elitist SC/STs sitting in high government/private offices.

- The call for new guidelines to deal with accused persons is hence likely to dilute the act and provide scope for offenders to escape.
- On the whole, the judgment is likely to make the depressed class more vulnerable to abuse and further their victimisation.
- More significantly, it seems to convey that the act is being misused considerably by the depressed classes to blackmail and frame innocents.

Concerns with Court's Rationale

- **Conviction rate -** The Supreme Court has taken note of the large number of acquittals in SC/ST atrocities cases as an indicator of them being largely false.
- But this is a flawed logic, because in SC/ST abuse cases, the accused tend to processes significant social and economic heft in their localities.
- Contrastingly, the victims tend to be those on the margins of the society who'll have to face police apathy and institutional suppression.
- Additionally, the conviction rate under other acts isn't very impressive either.
- **Data Trend -** There is also no precise data on the scale and extent to which the Act has been misused by the elitist SC/ST government/private employees.
- With little data, the court seems to have concluded that there is considerable misuse of the act by the SC/STs to settle personal scores.
- **Misuse prevention -** There are already provisions within the "Indian Penal Code", which prescribe punishments for falsifying evidence.
- The court's verdict doesn't specify on why these were found insufficient to deal with the falsified SC/ST atrocity cases too.

Other Procedural Flaws in the Verdict

- Considering the implications, it would've been prudent for the bench to have sought larger consultations before pronouncing its verdict.
- Article 338 stipulates that governments should consult the "National Commission for SC" on all major policy matters affecting Scheduled Castes.
- Similarly, article 338 A mandates all major policy decision affecting STs to be taken in consultation with "National Commission for Scheduled Tribes".
- Considering this, Supreme Court is also bound to hear these commissions before pronouncements that are likely to impact SC/STs on a whole.
- But in its urge to weed out the misuse of SC/ST atrocities act, the court seems to have subdued constitutional prudence and overlooked the commissions.
- Some argue that SC's verdict doesn't constitute a major impactful policy decision and that it merely tweaked the existing act.
- But spontaneous protests that erupted in the aftermath indicate otherwise, and the verdict was definitely seen as a major affront on social justice.

Amendments to RTE Act

In News: Lok Sabha approved an amendment to the Right to Education (RTE) Act.

Significance of the RTE Act

- RTE act mandates free and compulsory education for children between six and 14 years.
- The idea behind policy was to curb the sharp dropout rates in elementary education.
- Since it was argued that students drop out of school because of sheer demotivation when they fail in a class and that they should not be penalised for the failures of their teachers and lack of basic facilities in schools.

Recent Amendments to RTE Act

- The latest amendment was a significant change since the no detention policy was one of the fundamental pillars of the RTE Act.
- The amendment scrapped the so-called "no detention" policy, which ensured that no student could be held back (or failed) in a class until the end of elementary education (that is Standard 8th).

Reasons behind such Amendment

- While dropout rates under the earlier system did fall, it led to falling standards of educational achievement.
- It was also found that the lack of education attainment meant that students in the age group of 14 to 18 struggled with foundational skills such as reading a text in their own language or solving a simple arithmetic division.
- This poor understanding among students, in turn, led to a sharp spike in dropout rates in classes IX and X.
- The general conclusion that emerged is that in the absence of detention, students had no real motivation to learn anything, nor did the teachers have any reason to make students understand.
- The hope now is that such a trend would be reversed and both students and teachers would have a reason to focus on improvement.

Limitations with Indian Education System

- Long-standing systemic limitations include poor teaching standards, inadequate infrastructure facilities, lack of monitoring mechanisms, skewed pupil-teacher ratio, etc.
- If a critical mass of good teachers has to be built, the only way out is to make sweeping changes to the way India selects and trains teachers.
- For example, a mathematics test conducted on teachers showed that most of them could not even do simple maths and 64 per cent could not give a correct title to a paragraph in a language comprehension test.
- Another report said over 99 per cent of Bachelor of Education (BEd) graduates failed to clear the Central Teacher Eligibility Test.
- Unless these aspects are addressed, merely holding exams at the end of the year and detaining ill-prepared students will serve only a limited purpose.

Threat to RTI - II

Note: Part 1 of RTI can be read from July Part-3 Current Affairs material

Context: The proposal to amend the RTI Act, 2005 has raised dissent at many levels with call for a roll back of amendments.

Concerns

- The changes would erode the independence of the Information Commissions at the national and state levels.
- The Central government seeks control over the tenure, salary and allowances of the functionaries.
- These include Chief and other Information Commissioners at Centre, and State Chief Information Commissioners.
- It would eliminate the parity they currently have with the Chief Election Commissioner and Election Commissioners.
- Thus, the equivalence with a Supreme Court judge in matters of pay, allowances and conditions of service would also be disturbed.
- Also, the Supreme Court has held right to information as being integral to the right to free expression under Article 19.
- Thus, weakening the transparency law would go against this guarantee.

Existing Shortcomings

- The information commissions get little official support to fill the vacancies.
- Evidently, Central Information Commission has over 23,500 pending appeals and complaints.
- The law envisaged that voluntary disclosure would reduce the need to file an application.
- But many State departments are ignoring the requirement to publish information suo motu.
- Fines are rarely imposed for any shortfall in compliance.
- So officers are giving incomplete, vague or unconnected information to applicants with impunity.
- Easier payment of application fee and a reliable online system to apply for information are missing.

Way Forward

- RTI Act has fared well in empowering the citizen, by weakening the colonial legacy of secretive government.
- Filling up the vacancies and bringing in efficiency is the need of the hour.
- Better compliance by government departments and agencies should be ensured.
- Also, the scope of RTI could also be extended to more institutions influencing official policy.

ECONOMIC AFFAIRS

Withdrawal of FRDI Bill

In News: Union government has decided to withdraw the Financial Resolution and Deposit Insurance (FRDI) Bill.

FRDI Bill

- It aims to limit the fallout of the failure of institutions like banks, insurance companies, non-banking financial companies, pension funds and stock exchanges.
- The FRDI Bill is aimed at insuring the money of a bank's depositors in the case of an eventuality where the bank would have to be liquidated.
- Bail-in clause of the bill gives banks the authority to issue securities in lieu of the money deposited.
- According to this insurance option covers only Rs.1,00,000 of the principal, the remainder of the sum deposited with a bank will be converted to tradable financial assets which can be redeemed.

Reasons behind the Withdrawal of the Bill

- **Objections -** The Union cabinet decision follows strong objections from several quarters about quite a few provisions of the Bill.
- Unions of workers in nationalised banks and in state-run insurance companies were particularly vociferous in their objections.
- **Poor drafting -** The bail-in provision was poorly drafted, with insufficient transparency in the text.
- There was also ambiguity about the scope of deposit insurance, Given that, this provision served as a poison pill for the Bill as a whole.
- **Concerns about the "Bail-in" provision -** "Bail-in" of the FRDI Bill had simply become too strong and, in the absence of any coherent defence from the Bill's backers in the government.
- It had also become too dangerous for confidence in the banking system overall.
- In particular, there were concerns that the bail-in provision would lead to depositors losing their money.

Way Forward

- The government has not abandoned the notion of insolvency legislation for the financial sector altogether.
- It will be important for work to start instantly on drafting a new Bill that serves the purposes that the FRDI Bill was supposed to.
- Hopefully, the new Bill will have clearer provisions for depositor protection.

Urja Ganga Gas Pipeline Project

Context: Five public sector oil and natural gas companies have signed the joint venture agreement to implement the Rs 6000 Crore gas pipeline grid project in Northeast. The estimated length of the proposed NE Natural Gas Pipeline Grid is 1,500 km.

Highlights

- A joint venture agreement was signed amongst five petroleum and natural gas PSUs namely IOCL, ONGC, GAIL, OIL and NRL in Guwahati for executing the north-east natural gas pipeline grid project.
- The joint venture company will have equal equity contribution from all the partners for development of the natural gas pipeline project.
- The schedule for commissioning the project will be four years, including one year pre-project activities.
- With the signing of the agreement the joint venture company will develop, build, operate and maintain the natural gas pipeline grid.

Northeast Gas Pipeline Grid Project

- The proposed gas pipeline grid will **connect Guwahati to the major Northeast cities and major load centers**. The project is being implemented under Prime Minister Narendra Modi's ambitious Urja Ganga Gas Pipeline Project.
- The project will connect the capitals of all eight north eastern states, namely, Assam, Arunachal Pradesh, Meghalaya, Manipur, Mizoram, Nagaland, Tripura and Sikkim. The project will connect all NE states to the national gas grid through Barauni-Guwahati Gas Pipeline being laid by GAIL.
- From Guwahati, the pipeline will extend to Numaligarh, Dimapur, Kohima and Imphal in one direction; Shillong, Silchar, Aizawl and Agartala in the second direction and to Itanagar in the third direction. Gangtok will be connected from Siliguri from the gas pipeline of GAIL coming from Barauni to Guwahati.

Pradhan Mantri Urja Ganga Project

- The gas pipeline project **aims to provide piped cooking gas to residents of Varanasi and later to millions of people in states like Bihar, Jharkhand, West Bengal and Odisha**.
- From Varanasi's perspective, an 800-km long MDPI pipeline will be laid and 50,000 households and 20,000 vehicles will get PNG and CNG gas respectively. The government estimates that around 5 lakh gas cylinders will be sent at rural areas annually.
- According to GAIL, with the Urja Ganga project, 20 lakh households will get PNG connections. The project is said to be a major step towards collective growth and development of the Eastern region of India.
- GAIL has built a network of trunk pipelines covering the length of around 11,000 km. With Urja Ganga project, this number will further increase by 2540 km.

Four-Year High Wholesale Price Inflation

Context: The Wholesale Price Index (WPI) rose 5.77% on a year-on-year basis to a 54-month high in June 2018. The inflation scenario demands a closer look at the macro-economic conditions.
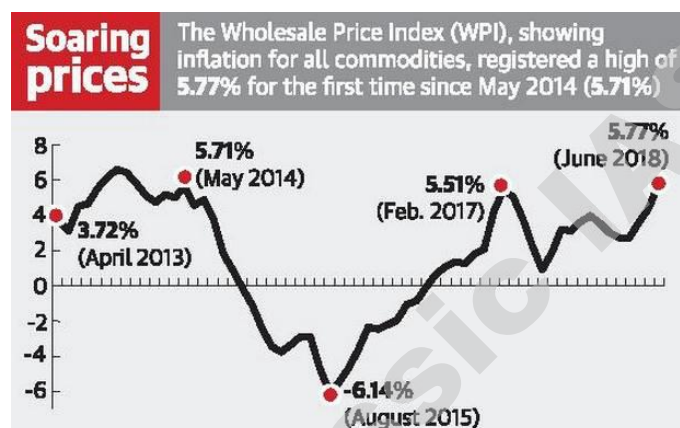
CPI and WPI

- Both measure the inflationary trends i.e. movement of price signals within the broader economy.
- WPI tracks year-on-year wholesale inflation at the producer or factory gate level.
- It is a marker for price movements in the purchase of bulk inputs by traders.

- Consumer Price Index (CPI) tracks changes in prices levels at the <u>shop end</u>.
- It is thus reflective of the inflation experienced at the level of <u>consumers</u>.
- The two indices differ in the manner in which weightages are assigned.
- This applies to food, fuel and manufactured items as well as their sub-segments.
- E.g. weightage of food in CPI is far higher (46%) than in WPI (24%).
- Also, WPI does not capture changes in the prices of services but CPI does.

Driving Factors for WPI rise
- Rising <u>crude oil</u> prices has persistently driven inflation.
- Inflation in the <u>fuel and power</u> group has risen every month in the recent period.
- <u>Food articles</u>, especially vegetables, have been on a rising trend as well.
- The inflation in politically sensitive duo of potatoes and onions is a notable cause.
- <u>Manufactured products</u> (largest weight in the WPI) are also on an inflationary trend.
- WPI rise is also to be seen from the perspective of an <u>unfavourable base effect</u>.
- It is the effect of the previous year taken as the base for calculation.
- This is because the WPI inflation in June 2017 was just 0.9%.

Soaring prices — The Wholesale Price Index (WPI), showing inflation for all commodities, registered a high of 5.77% for the first time since May 2014 (5.71%)

Is WPI Rise a concern?
- **Policy** - In 2014, RBI had adopted CPI as its key measure of inflation from the earlier WPI.
- India thus shifted to CPI as the benchmark for deciding policy rates (e.g. repo rate).
- Accordingly, RBI has a target to keep consumer-level inflation at 4% (+/- 2%).
- Any rise in CPI inflation beyond this comfort zone pressurises RBI to hike interest rates.
- So WPI rise might not appear relevant from a policy perspective.
- **Economy** - However, price changes at the producer level usually get transmitted to the consumers.
- But this could come with a time lag or may not be to the full extent of the impact at the producer level.

- So, the apprehensions with a higher WPI may not be valid at all times.
- Nevertheless, a steady rise in WPI is certainly an indicator of an overall inflationary pressure.
- It reflects the unbalanced conditions within the broader economy.
- **Retail** - There is a concern of a cascading effect of WPI increase on the CPI.
- This remains even after discounting for the base effect.
- Evidently, the retail inflation (CPI) had risen to a 5-month high of 5% in June, 2018.

Effect of WPI Rise on Growth
- Inflation-growth relationship is "significantly negative" if inflation is above a threshold value.
- It is "insignificant or significantly positive" if inflation is below the threshold value.
- Simply, inflation to a certain extent is favourable to the economy, above which it becomes harmful.
- But generally, the threshold values in developing countries are relatively higher.
- In India's case, roughly 4 to 5.5% inflation is said to be the range, above which it retards GDP growth rate.
- But substantial gains can be achieved if inflation is kept below the threshold.

A look at the Future
- Government has recently decided to increase the minimum support price for kharif crops.
- A possible inflationary pressure due to this exists already.
- On the other hand, inflationary trend has reinforced the expectations of a repo rate hike.
- As, rate hike would be a measure of controlling the inflationary trend.
- However, IMF in a recent update has said the Indian economy will grow slower than estimated earlier.
- It has also cut India's growth projection for 2018-19 by 10 basis points to 7.3%.
- The pressure on growth due to the added impacts of inflation and faster interest rate hikes is the reason.
- Thus, balancing between inflation and growth prospects would be a challenging task for the policy makers in the near future.

Growth in State Budget 2018-19
In News: According to RBI report the combined size of State budgets is bigger than that of Union budget.

Status of State Budgets
- In 2011-12 size of Union Budget was bigger than that of state Budgets, since then the combined size of the state Budgets has been growing rapidly.
- Last year it was 36 per cent more than the Union Budget and in 2014-15, the state Budgets size was 16 per cent more than that of the Union Budget.
- As of now the combined size of the Budgets presented by 29 states of India is now at least 37 per cent more than the Union Budget.
- Compared to the Union Budget size of Rs 24.42 trillion for 2018-19, the states' budget size for the

current year is estimated at about Rs 33.59 trillion.

Insights from the Recent Estimates

- For the record, the combined fiscal deficit of states and the Centre rose to a level of 6.7 per cent of gross domestic product (GDP) in 2014-15 and widened further to 7 per cent each in the following two years.
- This happened as the state budgets' deficit rose in this period even as the Union government's deficit declined.
- Overall gross fiscal deficit of states declined to 3.1 per cent of GDP in 2017-18, even though it stayed above the prudent level of 3 percent for the third successive year.
- 29 states have projected a combined fiscal deficit of 2.6 per cent of GDP, non-Special Category states on the other hand, were relatively safe at 2.9 per cent.
- Due to the roll out of the goods and services tax (GST) and its long-term benefits for state revenues, the states' own tax revenue in 2017-18 was to have risen to 6.6 per cent of GDP.

Concerns with Such Projections

- There is a disconcerting gap between the projections on deficits and the actual performance.
- In particular, the period between 2014-15 and 2017-18 has seen an underestimation of fiscal deficits, leading to slippages.
- The budgeted revenue deficit has overshot the estimates even in earlier periods and the slippages from 2016-17 also reveal a deterioration in the quality of expenditure, with the ratio of revenue spend to capital expenditure rising for all states.
- There is an acute shortage of analysis of how the states are raising their resources and spending them.
- This is largely due to a lack of a standardised format of Budget presentation by the states and unavailability of comparable numbers from all of them.
- Not every state has provided all its GST data making it difficult to capture the full impact of the new tax regime on state revenues.
- The true picture on the GST's impact on state finances will be available in 2018-19 and the verdict on the credibility of the reduced fiscal deficit numbers will have to wait till then.

GST Council Meet

In News: The 28th GST Council meeting was held recently.

Highlights

- GST council has cleared 46 amendments which will be passed in Parliament.
- Rates - The Council has cut tax rates on several general-use items such as TV, washing machine and refrigerators.
- Rates for such 17 white goods were cut by 10% from 28 to 18%.
- In all, the Tax Council has announced a reduction in the tax rates for over 85 goods.
- The Council has also put under the exempted category, sanitary napkins, taxed at 12% earlier.

- The tax rate on environment-friendly fuel cell vehicles has been reduced from 28% to 12%.
- Also, the compensation cess levied on them has been dropped.
- GST rates for all leather items were reduced to 18% from 28%.
- GST on imported urea was reduced to 5%.
- Several other products have been placed in lower tax slabs.
- This particularly includes those from employment-intensive sectors such as carpets and handicrafts.
- Returns - Simpler return filing process was approved in the meet.
- It will now be quarterly returns for business turnover up to Rs 5 crore instead of monthly filings.
- Nearly 93% traders and small business will get benefited from this.
- Exemption limit for traders in Assam, Arunachal Pradesh, HP, Himalaya, and Sikkim was increased from Rs 10 lakh to 20 lakh.
- Procedure - There will be a standard operating procedure for imposing less severe penalties for small errors in filling e-way bills.
- This should provide relief to truckers.
- Also, RFID on vehicles will soon be linked with the GST Network.
- The transport ministry has to put this system in place in the next 6 months.
- Another significant change was deferment of the reverse charge mechanism till September 2019.

Possible Outcomes

- The sectors that saw tax rate cut have a big share of unorganised players.
- Thus the move should help them come under tax net.
- The rate cut on products of mass use could be a stimulus to drive consumption.
- Simplified paperwork for small and medium enterprises could help improve compliance.
- The rate reductions is estimated to cost the government exchequer nearly Rs 7,000 crore.
- But it is too early to worry about the impact on macro fiscal numbers.
- If implemented well, the revenue loss could be offset by higher consumption.
- This may even lead to more investments over the course of time.

Concerns

- The new rates are to enter into force with less than a week's time. So there is less time for companies to rework pricing strategies and replace existing market inventory. But failing to meet this would make them face anti-profiteering action.
- Besides, Council members, especially states representatives, have for the first time questioned its functioning.
- It is alleged that not all of the changes and rate cuts were placed on the agenda.
- Tax cuts on several items were taken up for the first time and were included in the agenda at the last minute.

- Given this, any distrust between Centre and States would make further rationalisation difficult.
- There is thus a need for close coordination between the Centre and the states.
- The Central government has to come up with a clearly laid-out road map based on an acceptable rationale.

RBI's Approval to Acquire IDBI Stakes

In News: Reserve Bank of India gives in-principle nod to LIC for acquiring majority stake in IDBI Bank.

Government's Plan on IDBI Bank

- Union government has proposed to sell around 40-43% stake in IDBI Bank to LIC, due to debt burdens.
- The decision is based on LIC's capacity, since it is currently the largest public shareholder of IDBI Bank with a stake of 10.82%.
- If it buys another 43%, its total stake in the state-run IDBI bank will be around 55%.
- The stake sale will fetch the government between Rs 10,000-Rs 11,000 crore.

Recent decision of RBI in this Regard

- Reserve Bank of India (RBI) has given an in-principle nod to Life Insurance Corporation (LIC) for acquiring a majority stake in IDBI Bank.
- LIC had sought the banking regulator's nod before it had approached the Insurance Regulatory and Development Authority (IRDAI) for seeking regulatory approvals.
- The Cabinet nod is required because the government's stake will be diluted below 51 per cent in IDBI Bank.
- The government owned 85.96 per cent and LIC 7.98 per cent in IDBI Bank at the end of June.
- After the Union Cabinet approves the proposal, the RBI will examine if LIC meets the "fit and proper criteria" for being a promoter with a controlling stake in IDBI Bank.
- The insurance regulator has, however, asked LIC to bring down its stake in IDBI Bank over a period of five-seven years.

Outcomes of this Move

- LIC is expected to pump Rs 100-130 billion into IDBI Bank through a preferential allotment of new equity shares at a price determined by a formula under SEBI's rules.
- The deal will likely trigger an open offer, which LIC will make to IDBI Bank's shareholders.
- By which LIC likely to get management control of debt-ridden IDBI Bank, at the same time LIC may have to pare down its stake in other banks below 10%

- IDBI Bank will likely become a subsidiary of LIC on the lines of LIC Housing Finance, LIC Mutual Fund and LIC Pension Fund.
- IDBI Bank will seek nod from its shareholders and SEBI by holding separate general meeting of its stakeholders on this matter.

Boosting Women Entrepreneurship

Context: India must ensure that at least 25% of entrepreneurs are women by 2025 to foster inclusive economic growth.

Existing Business Landscape in India

- India with more than 20,000 start-ups has emerged as the second largest start-up ecosystem in the world and is expected to grow at 10-12 per cent year-on-year.
- India jumped 50 places in the overall 'Ease of Doing Business' rankings and ranks one among the top 100 countries to do business.
- India has developed a vibrant entrepreneurial landscape aided by several progressive initiatives and measures instituted by the government.
- The government initiatives including Stand-Up India, MUDRA, and NITI Aayog's recent Women Entrepreneurship Platform (WEP) are steps in the right direction.
- Several women-led leadership and mentorship programs such as empower, SAHA Fund and Sonder Connect are also gaining traction in India.

Role of Women in Indian Economy

- With women comprising over 48 per cent of the country's population, it is impossible to think of economic growth without women as the fundamental drivers of change.
- It is projected that by 2025, India's GDP will get an additional boost of 16 per cent, by integrating women into the workforce.
- Innovations by Indian women are actively reshaping engineering, technology, design, handicrafts, weaving, shoe-making, agriculture, organic farming and other cultural and creative industries.
- The recent World Economic Forum meeting at Davos adds to the notion of the new age women entrepreneur, putting out a call to bring up an equal number of women, in the labour force.
- This equalisation can enhance the Gross Domestic Product of a developing country like India by over 27 per cent.

Issues faced by Women Entrepreneurs

- According to the Sixth Economic Census by the National Sample Survey Organisation (NSSO), only 14 per cent businesses in India are run by women.
- It is estimated that over 90 per cent of finance requirement for women entrepreneurs is met through informal channels since they are unable to source formal, collateral free and transparent financing for their enterprises.
- Apart from this cultural and gender bias were amongst the major hindrances for women business owners in India.

Measures needed to be taken in this Regard

- **Progressive policies -** To achieve inclusive and equitable socio-economic growth, India must ensure that at least 25 per cent of entrepreneurs in the country are women by 2025.
- Therefore, there is an urgent need to create an enabling environment for women to pursue their entrepreneurial aspirations through progressive policies.
- **Business Infrastructure -** India must focus on establishing necessary infrastructure, such as women-centric incubator and, increasing investment opportunities.
- **Financial accessibility -** Access to new age alternate funding for women entrepreneurs such as women specific venture funds and crowd funding is important for encouraging their growth.
- Also, India need to encourage women to invest in other female-led companies to balance gender disparity, co-creating both mentorship and networking platforms.
- **Improving Skillsets -** With emerging technologies such as blockchain, Artificial Intelligence (A.I) and Internet of Things (IoT), it is of vital importance that the skillset of women be expanded to match the current market trends.

Need for Economic Empowerment of Women

Economically empowered women are major catalysts for development. There is greater recognition of the positive relationship between increased economic activity by women and improved social outcomes. Women often tend to reinvest their income in their children's education, health and nutrition. This has a positive impact on the potential for economic growth.

EU's Fine on Google

In News: The EU had slapped a record € 4.34-billion ($5.04 billion) antitrust fine on Google.

Reasons

- The penalty is for illegally using the Android operating system.
- Google has used Android to strengthen the dominance of its search engine.
- It aimed at ensuring that traffic on Android devices go to its search engine.

How did Google do this?

- Google imposed three types of restrictions on Android device manufacturers and network operators.
- **Pre-installation** - Manufacturers were asked to preload the Google Search app and Chrome browser.

- This was as a condition for licensing Google's Play Store.
- Pre-installation of the apps can create a status quo bias among the users.
- Evidently, Google Search app is consistently used more on Android devices.
- However, it is not the case with Windows Mobile devices where users must download it.
- **Incentives** - Google offered financial incentives to large device manufacturers and network operators.
- The condition was to exclusively pre-install Google Search across their entire portfolio of Android devices.
- This significantly reduced their incentives to pre-install rival search apps.
- However, EU said that by 2014, Google had stopped the practice.
- **Tweaked versions** - Android is an open-source operating system.
- It has its code published by Google online whenever a new version is released.
- So based on this source code, developers like Android can create their own versions.
- This could be done even without getting approval from Google.
- So Google had not allowed the "forked" versions of Android to pre-install Google's proprietary apps.
- Google's measure had thus prevented many manufacturers from developing and selling devices based on these tweaked versions.
- E.g. Amazon's Android fork called 'Fire OS'
- EU now insists that Google allow the forked versions of Android.

Earlier Instances

- **EU** - Earlier, the EU fined Google €2.42 billion.
- This was on charges of prioritising its own services on the search platform.
- By this, Google gave itself an advantage over third-party service providers.
- **India** - The Competition Commission of India had earlier fined Google Rs 136 crore.
- It was slapped for its unfair business practices in the Indian online search market.
- The National Company Law Appellate Tribunal (NCLAT) stayed the ruling on Google's appeal.
- Nevertheless, NCLAT asked it to pay 10% of the penalty. The tribunal will soon hear the matter.

Implications

- The recent penalty may not financially hurt Google with over $100 billion in cash reserves.
- But it could bring about changes in the way the Android ecosystem functions.
- It would set a precedent for other antitrust cases against Google.

INTERNATIONAL AFFAIRS

U.S.-Russia: Helsinki Summit

Context: U.S. President Trump recently met with his Russian counterpart Vladimir Putin at Helsinki in Finland for a bilateral. While it was a historic opportunity of sorts, its outcomes are uncertain.

Context in which the Helsinki Summit Took Place

- A tense cold war was fought between the blocs lead by the U.S. and Russia (Soviet Union) for over 5 decades, which polarised the entire world.

- While tensions of the cold war have presently subdued, the recent summit nonetheless was an important for both the countries.
- It was an opportunity to discuss areas of shared interest, find ways to dial down mutual tensions and work together to address global issues.
- Notably, the past few years have seen a significant spike in Russia's international confrontations with the west and the U.S.
- Despite these tensions, the threat posed by nuclear weapons and intercontinental ballistic missiles, were discussed at the Helsinki summit.
- But it's not clear whether the talks will lead to any significant change in policies due to the lack of consistency in Mr. Trump's approach.

Effect of Events of the 2016 U.S. Presidential Elections on the Summit

- Trump openly called for bettering ties with Russia in his campaigns, and some of his campaign aides also established contacts with Russians.
- In that backdrop, allegations were rife that Russia had deployed hackers to prop up Trump's chances in the elections and weaken his opponents.
- After the elections, an inquiry was set up to probe the case, and recently, 12 Russian intelligence officials were indicted by the U.S. justice department.
- Due to the mounting evidence, Trump had earlier stated that, "while Russians might have hacked emails, it didn't influence the election results".
- Hence, even before the summit began, there were concerns that the alleged Russia interference in the presidential elections could cloud the meet.
- After the summit Trump had stated that he believes in Mr. Putin's assertion that Russia had no role in the electoral meddling.
- This u-turn implicitly means that Trump has accepted Mr. Putin's version over the one stated by the U.S. intelligence, which has caused an uproar.
- Mr. Trump could have certainly managed the summit better by addressing genuine concerns in the U.S. over allegations of Russia's election meddling.

Reasons why Russian Engagement is Essential

- The resolving the civil war in Syria, and the saving the "Iranian nuclear deal", are important areas that require Russia-US cooperation.
- **Arms Race -** Cold war triggered the massive expansion of the nuclear and other arsenal of both the US and USSR (Russia), which was a scary trend.
- In this context, "Strategic Arms Reduction Treaty" (START) was signed as a mutually declared disarmament treaty between the U.S. and Russia in 1991.
- This was subsequently renewed as "New START" in 2010 to further the cause and this renewed deal is set to expire by 2021.
- While Russia has displayed willingness to renew it, high-level talks between the U.S. and Russia are needed to seal the agreement.
- **Ukraine Crisis -** Ukraine was one of the republics within the USSR during the cold war days, and

has remained a strong ally of Russia ever since till 2013.
- While it was planning to sing an association agreement with the European Union in 2013, Russia sternly objected to it, leading to tensions.
- Russia subsequently annexed "Crimea" (Russian speaking province in Ukraine) by force and declared its sovereignty over it with people's support.

- Currently, the issue remains unresolved and the various approaches adopted by the international community have come a cropper.

Way Ahead

- Many of Russia's rough actions were internationally condemned and several economic sanctions were imposed as a pressure tactic.
- Although, these made the Russian economy stumble for breath, Russia's international ambitions have only grown stronger and more aggressive.
- Hence, as isolating Russia is proving to be fruitless and abrasive, the international community needs start engaging Russia to smoothen things.
- Russia, in turn, will have to shed its rogue attitude and be more open to address the bitterness of the past in order to build a better future.

Israel's "Nation State Law"

Context: Israel's right-wing government has piloted a "Nation State" law. The law is perceived as a clear attempt to legitimise the prevalent apartheid against Arabs and also undermine any peace process with Palestine.

Highlights of the Law

- The law lays down that "Israel is the historic homeland of the Jewish people and they have an exclusive right to national self-determination in it".
- While there are 1.8 million Arabs within Israel (20% of the population), the law seeks to strip Arabic off the national language status it currently enjoys.

- It has declared Jerusalem, "whole and united" as its capital, which is implicitly antithetic to any rational solution to the Israel-Palestine conflict.
- It also vows to "promote and encourage" the establishment and consolidation of Jewish settlements on occupied Palestine land (in the West Bank).
- Further, in what is rather symbolic, this law is set to become one of Israel's powerful "Basic Laws" that will have constitutional status.
- Hence, it can be said that, the law is the realisation of the dream of Israeli far-right groups that strongly vouched for the ethno-religious character of Israel.

Political Situation within Israel
- The supporters of the Bill say it is aimed to boost Israel's Jewish identity and will not discriminate against minorities.
- But strong protests by Opposition lawmakers and the Arab masses had erupted, while the bill was passed in the parliament.
- Arab MPs have called the legislation racist and a form of apartheid aimed at creating two systems within one country.
- In reality, within Israel and on the occupied 'West bank', the Arab community is already facing severe discrimination in opportunities are rights.
- While the current Israeli government's anti-minority politics is no secret, the law is seen as one that legitimises and institutionalises discrimination.
- By providing exclusive right to national self-determination only to the Jewish people and by downgrading Arabic's status, the law sends a clear message.
- Importantly, it seems to want to undo the concept of equality that the independence declaration of Israel promised to all its inhabitants.

Implications
- Palestinians sees eastern Jerusalem as the future capital of their nation, but the current law asserts Israeli authority over the whole of Jerusalem.
- This assertion and the expansion of Jewish settlements within Palestine's West Bank are likely to dissuade any form of genuine peace initiative.
- Hence, the law further erodes the credibility of Israel's professed support of an independent Palestinian state and its commitment to the two-nation theory.
- Israel has recently passed another law that sought to place limits on Arabs living under its authority to access Israel's High Court.
- Another law bans individual who are seeking "political action against Israeli state or prosecution of Israeli soldiers" abroad from entering school premises.
- All these laws together allow the Israeli state to institutionalise discrimination, deepen illegal settlements in Palestinian land and stifle free speech against it.

Ethiopia - Eritrea War Ends
Context: Ethiopia and Eritrea have recently announced the end of the deadly "20-year war" between them, which killed over 80,000 people.

The future looks bright, with both countries announcing the resumption of trade, diplomatic, and travel ties between them.

History of the Conflict
- Eritrea broke from its federation with Ethiopia in April 1993.
- It became an independent country located strategically at the mouth of the Red Sea on the Horn of Africa, bordering crucial shipping lanes.
- **War** - In 1999, war broke out between the two countries over the control of Badme, a border town of no apparent significance.
- Massive displacements of population followed, families were torn apart, and the local trading economy was utterly destroyed.
- **Detente** - In 2000, "Agreement on Cessation of Hostilities" was signed, and later a Boundary Commission was established to settle the dispute.
- The Commission gave its ruling in 2002, awarding Badme to Eritrea, but Ethiopia demanded certain pre-conditions to accept the ruling.
- In this backdrop, Badme continued to remain under Ethiopian control and there was an effective stalemate with intermittent border classes.
- Peace - Ethiopia's ruling Ethiopian People's Revolutionary Democratic Front (EPRDF) had recently indicated its desire to end hostilities with Eritrea.
- From then on, things have moved rapidly and Ethiopia has also announced that it would fully comply with the peace agreement of 2000.

Likely Impact of Peace
- Ethiopia is landlocked, and through the years of the war with Eritrea, it has been dependent heavily on Djibouti for access to the sea.

- The current peace deal will likely give Ethiopia access to Eritrean ports, which will help in counter balancing the dependence on Djibouti.
- For Eritrea too, peace is likely to work to its benefit, as it can divert scarce resources away from the military to other productive avenues.
- Notably, the government of President Afwerki in Eritrea has also come under international pressure for its authoritarian streak and violent means.
- Accepting peace would ease international pressure and also solve the 2015-16 refugee crisis that was precipitated due to Eritrean regime's oppressive ways.

Outrage against Russian Electoral Meddling

Context: There is a palpable moral outrage in U.S. against the alleged Russian meddling in the 2016 Presidential elections. Significantly, the outraged seem oblivious of the multiple U.S. sponsored electoral sabotages worldwide.

Does the Current Moral Outrage stand Rational Scrutiny?

- U.S. President Trump and the Russian President Vladimir Putin recently met for a bilateral at Helsinki (Finland), which went well.
- Intelligence - During the summit, Mr. Trump voiced that he didn't believe that Russia had any role in the 2016 electoral meddling.
- As this was despite U.S. intelligence reports, there was widespread discontent within the U.S., and Mr. Trump had to retract his statement.
- In this context, the false intelligence reports that caused the 2003 Iraqi war against Saddam Hussein seem conveniently forgotten.
- Diplomacy - Usual joint press conference between big powers see global issues, like disarmament, conflicts in Syria and Ukraine being discussed.
- But reporters at Helsinki had posed questions on the election meddling, which was clearly out of context and politically polarising.
- In this context, it was prudent of Mr. Trump to have sounded positive of his Russian counterpart, as accusations would've doomed the summit.
- Although, Mr. Trump could've sidestepped those questions (or rather just not had a summit currently), his responses were nonetheless decent enough.

Moral Outrage against "Russia Gate" Hypocritical

- Those outraged at the Russian role in sabotaging a democratic mandate within the U.S., claim ignorance to the various U.S. meddling activities elsewhere.
- Notably, on various occasions, U.S. has influenced electoral outcomes and has even toppled democratically elected popular governments through its agents.
- Significantly, during the 1996 Russian presidential elections, Clinton administration worked for the victory of incumbent "Boris Yeltsin".
- Hefty IMF loans and a delegation of political consultants were dispatched to Russia just months before the election to defeat the resurgent Communists.
- Notably, U.S. officials seemingly didn't even deny this meddling, as they were invested in the belief that they were spreading democracy through their acts.
- Starting from the 1948 Italian elections, documented evidence of significant U.S. meddling has been found in about 81 elections worldwide till 2000.
- In Italy, U.S. support had managed to sustain "Christian Democrats" in power from 1948-1994 and effectively stopped the advance of Communists.

- Significantly, organisations like the CIA are alleged to have had dedicated branches within it to influence electoral outcomes elsewhere by all means.
- Also, democratically elected leaders like Mosaddegh in Iran, Jacobo Árbenz in Guatemala or Allende in Chile have been overthrown by U.S. propped agents.

Russian Meddling

- Election meddling is nothing new to USSR/Russia, which is said to have intervened at least 36 times in overseas elections between 1946 and 2000.
- Even now, U.S. government sponsors several agencies such as the "National Endowment for Democracy" (NED) to influence foreign elections.
- Notably, NED granted $23,000 in 2006 to a political adversary of Mr. Putin and two years ago $6.8 million to anti-Putin organisations in Russia.
- Significantly, rather than allowing foreign populations to freely exercise their will, these interventions were designed to advance U.S. policy objectives.
- Considering these historic precedence, it is important for all to view the current events in the broader context of real politicking.
- Nonetheless, recognising the long history of states meddling in elections does not mean that it should be accepted much less condoned.

Outrage against Trump's Russian Outreach

- Trump has initiated a trade war with China, European Union, Canada, Mexico, and India – a policy that appeals to his supporters.
- Although his logic that such an approach will generate more local jobs in the U.S. is spurious, he seems invested in his agenda.
- Trump views that a Russian detente as a significant aspect of his trade policy, although it is likely to undermining the long held U.S. policy on Russia.
- He also decries the need to muscle U.S. into central Asian politics (contrary to the bipartisan view), which is causing the political churn against Trump.

The Afghan Checker Board

Context: Trump administration's Afghan policy spelt out a clear disregard for Pakistan and also stressed the need to exterminate Taliban. But over the recently, several envisioned provisions in that policy document seem to have been compromised completely.

Status of Trump's Afghan Policy

- Vision - Trump's Afghan policy document stated that the U.S. mission in Afghanistan was primarily focused to eliminate terrorism and establish peace.
- Further, it added that U.S. had little interest to stay put for long to ensure the rebuilding of Afghanistan or controlling it for geo-political leverage.
- The policy also had viewed Pakistan negatively for its tacit support to terrorist groups and contrasted it with India's constructive role in Afghanistan.
- Reality - With just about 6 months having passed since the policy document was released, much seems to have diverged from the stated vision.

- While Trump seemed determined to finish off the Taliban back then, he currently is opening up to the idea of negotiating a settlement with them.
- Also, in his urge to vacate forces from Afghanistan as soon as possible, he might even seal a deal with the Taliban soon, which is a risky proportion.
- Notably, if such a deal were to aid Taliban's resurgence in Afghanistan, it would favour Pakistan and negatively affect India's option in the region.

Present status of Taliban

- Status - Taliban ranks have swelled across the territory of Afghanistan since the "North Atlantic Treaty Organisation" (NATO) pulled out in 2014.
- U.S. currently maintains a small force on its own in Afghanistan (15,000 personnel), which is primarily to handhold Afghan troops to build capabilities.
- The increasing clout of Taliban and its territorial expansion is proving to be a clear setback to both the Afghanistan government and the U.S.
- Indicator - Taliban relies on illegal drug trade to sustain its finances, and the estimate of opium output from Afghanistan is indicative of Taliban's clout.
- In this context, "Afghanistan Opium Survey" indicates that there has been an 87% increase in opium output in 2017 from the 2016 levels.
- Significantly, area under "Opium Poppy Cultivation" has also increased over 63% between

2016 and 2017 and currently stands at 3.3 lakh hectares.
- Diplomacy - Afghan President Ashraf Ghani had proposed peace with Taliban and even proposed the release of Taliban affiliated prisoners.
- Further, he vouched to recognise Taliban as a legitimate political group with whom his government was ready to hold talks with.
- These political positions are a clear mellow down from their previously held designation as terrorists, who need to be eliminated.
- These advances are indicative of the shaky ground on which the Afghani political landscape is balancing itself on.

Implications for India

- The outcomes of any deal with the Taliban will keenly watched in the neighbourhood as that would change Afghanistan's political dynamics.
- If the demand for complete withdrawal of the foreign troops is granted, it would easily enable the re-establishment of Taliban administration.
- The resurgence of Taliban would work to Pakistan's favour and would considerably limit India's strategic options in the region.
- This would aid the reversal of the gains that India has made over the years in Afghanistan (at great costs), to secure its security situation.
- More significantly, presently the U.S. already creating major hurdles in India's outreach to Afghanistan through travel networks in Iran.

SOCIAL ISSUES

Deciphering Mob Lynching

Context: The increase in mob lynching in recent days is becoming a concern.

While the blame is largely being directed towards the messaging platforms, it is very important to recognize the larger social malice that is causing the issue.

Who is Primarily Responsible?

- Mobs tend to take law into its hands if it starts loosing trust in the willingness and capabilities of law enforcement agencies to address crimes.
- Hence, law enforcement agencies need to take primary responsibility for this lack of trust, which has caused a spree of mob violence across India.
- It should be understood that lynching, irrespective of whether it was due to WhatsApp forward (or otherwise) is a heinous crime.
- Significantly, mob violence is not a spontaneous act and someone leads the mob and there is often politics behind such acts, perhaps even protection.
- Also, inciting online campaigns are sometimes carried out by paid (or ideologically motivated) groups, who need to be identified by the police.
- Hence, it can be said that while social media could've been the trigger, the aspects that have resulted in this situation lies elsewhere.

Government's Approach

- Law enforcement agencies usually shut down the Internet to prevent the forwarding of messages and possible riots.

- Internet shutdown is akin to suspension of free speech, which is a disproportionate act of censorship against the actions of a few miscreants.
- Data suggest that there are no shutdowns in Delhi, Mumbai and Bangalore, while smaller towns bear the brunt of such actions.
- The lack of capacity of law enforcement agencies in smaller towns to deal with these situations is a worrying sign, especially in the run-up to elections.

India Specific

- India is perhaps the only place in the world where mobile messaging has led to such a widespread mass exodus and lynching.
- One of the reasons is that such behaviour is being engineered by powers with vested interests that are detrimental to India.
- We also have some uneducated, underexposed and gullible citizens who are living in a society with deep fissures and mistrust.
- We also have highly educated people — doctors, lawyers, engineers, etc — who fail to differentiate fact from fiction and also can't see the ensuing chaos.
- The government must also educate the public on the fallouts of inciting malicious online propaganda and the need to be prudent.
- Efforts to undo the underlying social bias and discriminatory attitudes against certain sections will strengthen the social fabric and also reduce mob violence.

- This is because, most of the time, the targets of mob anger are vulnerable people from poor backgrounds or from religious minorities.

Government's Responsibility
- A new law covering lynching will be ineffective if our criminal justice system is incapable of enforcing the law.
- State governments need to build law enforcement capacity and ensure prosecution in case of mob violence.
- Enforcement agencies need to develop standard operating protocols to tackle situations that have been created due to panic mongering rumours.
- In the absence of such a regulation, information intermediaries can neither be triggered to act, nor be held illegal for any acts of omission on their part.
- The Centre and state government also need to engage more proactively with messaging and social media platforms to address misinformation.
- It is important for platforms like WhatsApp to not be legally accountable for the messages being sent through them as that isn't logical.
- However, that doesn't mean that WhatsApp isn't responsible for helping ensure that users are held to account for their messages.

WhatsApp's Responsibility
- **Markers -** WhatsApp needs to change its platform to enable messages to be coded as either "public or private", depending on the user's desire to spread it.
- Private messages shouldn't be allowed to get forwarded and in case of public messages that can be forwarded, a unique ID to trace the origins is needed.
- Such a setup will allow WhatsApp to shut it down across its network once reported, and identify the creator when a court-directed request is made.
- This will ensure accountability, allow the platform to remain neutral, and ensure that illegal speech is addressed.

- It's important to remember that all incorrect or false information is not illegal and only messages with incitement of violence need to be addressed.
- **Consent -** Adding people to groups on WhatsApp can presently be done even without their consent, which is a major bug.
- While people can always choose to exit, not all WhatsApp users are capable enough of even this basic operation.
- Notably, malicious individuals add naive people (who wouldn't have joined voluntarily) into groups to spread inciting messages and propagate hate.
- **Regulations -** Currently, group admins don't get to control the content posted in their groups, which is another major risk.
- Controls that enable admin discretion before publication in a group could help in making the admins accountable for malicious content in their groups.
- However, the government, law enforcement agencies, and WhatsApp, are presently playing out a blame game, with little futuristic vision.

Way Ahead
- Blaming social media platforms and abdicating responsibility is a convenient option for the government, but it is not a sustainable solution to the problem.
- Social media and messaging apps have to curtail false and inciting campaigns on its platform, but the larger trend is for the government to address.
- While tracing the cyber criminals is hard, investigating those responsible for the actual violence that occurred in real life should not be complicated.
- If the perpetrators are brought swiftly to justice, the message that there is no impunity for mob justice will ring loud and clear.
- Additionally, law enforcement agencies should also win the trust of masses that tend to take law into their hands in order to prevent/punish crimes.

ENVIRONMENTAL AFFAIRS

International Solar Alliance (ISA)
Context: Myanmar has joined the India-initiated International Solar Alliance (ISA), thus, becoming the 68th signatory to the Framework Agreement of the ISA that aims for optimum utilisation of solar energy.

About ISA
- The Paris Declaration establishes ISA as an alliance dedicated to the promotion of solar energy among its member countries.
- Objectives: The ISA's major objectives include global deployment of over 1,000GW of solar generation capacity and mobilisation of investment of over US$ 1000 billion into solar energy by 2030.
- As an action-oriented organisation, the ISA brings together countries with rich solar potential to aggregate global demand, thereby reducing prices through bulk purchase, facilitating the deployment of existing solar technologies at scale, and promoting collaborative solar R&D and capacity building.

- When the ISA Framework Agreement entered into force on December 6th, 2017, ISA formally became a de-jure treaty based International Intergovernmental Organization, headquartered at Gurugram, India.

Way Ahead
- The ISA is not only expected to spur innovation in the RE space but also help make India a technological hub with independent manufacturing capabilities of RE equipment like solar panels, rather than being dependent on imports, through initiatives like 'Make in India'. India's Ministry of External Affairs is expected to play a role in "marrying Indian tech and finance capabilities with specific projects around the world".
- India announced a goal of obtaining 40% of its electricity from non-fossil fuels by 2030 at the Paris climate change summit. It is close to achieving 20 GW grid connected solar power

generation capacity this fiscal year (2018), in pursuit of achieving its target of 100 GW by 2022.

Quick Facts

India is a key development aid partner for Myanmar and is implementing a number of infrastructure projects in that country. These include the Kaladan Multimodal Transit Transport Project connecting Mizoram with Sittwe port in Myanmar, the Trilateral Highway Project connecting India with Myanmar and Thailand and the Rhi-Tiddim road.
India is also offering economic and humanitarian aid to its eastern neighbour's Rakhine State in the wake of the Rohingya refugee crisis.

Recognising the Human Environment
Context: There was widespread protest in Tuticorn, TN against Vedanta's copper smelter recently.
The incident calls for a broader understanding on the issues related with environment and business projects.

Problem in Tuticorn
- The Vedanta subsidiary promised world class community engagement, environment management and CSR.
- But the proposed copper smelter was located close to human habitation.
- It generated about 400 MT of chemical gases like sulphur dioxide every day.
- These are gases that can travel for miles as in the case of Bhopal's Union Carbide.
- Resultantly, people are suffering from various ailments.
- They wanted to halt the construction of the new 1200 MT copper smelter and demand a closure of the existing facility.

Recent Developments
- The Labour Party in the UK asked for Vedanta Resources to be delisted from the London Stock Exchange.
- Earlier, the Church of England had withdrawn from Vedanta.
- As Vedanta had failed to respect the human rights of local people in setting up a bauxite mine in Odisha.
- The Dongria Kondh tribals protested against taking away of their hill of worship in Niyamgiri, Odisha.
- In all, investors are becoming wary of companies that are seen to be environmentally irresponsible.
- High standards of social governance are gaining significance in companies.

Larger Concerns
- **Human environment** - There is predominance of a forest department outlook in the environment ministry.
- It leads to a narrow interpretation of the environment for only its physical side - water, air, land/forests.
- Nonetheless, human beings are fundamental to any discourse about the environment.

- Divorced of this, the environment has no social value.
- **EPA** - The Environment (Protection) Act, 1986 came after the UN Conference on the Human Environment.
- Under it, India pledged to take steps for protection and improvement of the human environment.
- Unfortunately, the EPA has only a passing mention of the human being.
- **Clearance** - In most cases, environment clearance is pushed through as an ease of doing business proposal.
- The company's presentation of strong CSR credentials results in overlooking the environmental impact.
- **People** - No significant social impact study is undertaken, nor is people's consensus ensured.
- There is little opportunity for people to put forward the concerns in future implications of the project.

Suggestions
- **Government** - It must mandate a social impact study prior to the public hearing.
- This should include the likely impact on health of people in the influence zone of the project.
- It should consider the nature of the likely effluents and the already existing health sensitivities.
- Quality of available water and impact of the expected discharges should be accounted.
- The methodology of waste disposal and its impact on water and air should be studied.
- Government should ensure that public hearing takes place only after the general consent of all villages.
- **Company** - Company must define the affected zone of the project.
- It should include villagers whose land is being acquired and who will be under the environmental influence.
- It should reserve 15-24% initial shareholding for villagers who are in the affected zone.
- This portion could be allocated as social/sweat equity.
- The company should announce benchmarks for water, air and soil quality.
- It should also commit to pay compensation for any breach of these.
- Companies must re-examine their entire CSR framework.
- They can recruit village-level representatives to engage better with the villagers.
- In all, there is a need for a bottom-up approach of social and civic engagement, with prime focus on the human environment.

Emission Standards for Thermal Plants
Context: Thermal power plants failed to comply with new emissions standards notified in 2015, by December 2017 deadline. Implementation remains unclear, even with the new opportunity to comply over a five-year period that ends in 2022.

Significance
- Air quality is no longer a seasonal irritant as a public health crisis is looming.

- It may adversely impact public and private spending on health care.
- The health cost borne by society, if the standards are not implemented, far exceeds the implementation cost.
- It could make India's cities less attractive for investment.
- It may also weaken long-term productivity, due to an unhealthy population.
- So it is crucial that the emission standards are implemented by the power plants.

Directions
- The Central Pollution Control Board issued an order in December 2017.
- It lays out a clear implementation plan for
1. electrostatic precipitator (ESP) retrofits (components) aimed at particulate matter
2. flue-gas desulfurisation (FGD) units for reducing sulphur oxides (SOx) emissions from power plants
- A successful reduction in emissions from power plants will depend on:
1. plant operators investing in retrofits
2. regulators permitting a full price revision for additional costs
3. decline of bulk procurement costs for utilities

Concerns and Challenges
- Power Utilities currently incur losses to the tune of Rs 700 billion a year from their operations.
- This is because consumers are either subsidised or given free electricity, due to political pressures.
- Utilities are thus unable to recover even the cost of supplying power.
- So they are unlikely to recover higher costs resulting from plant retrofits.
- The installation and operation of these retrofits could increase the cost of procuring from coal-fired power stations.
- It could result in an increase of 20% on the average costs of procurement today.
- In turn, plant operators are concerned about their capital investment if utilities do not pay up.
- The pace of implementation of the standards is thus well off the mark and there could be further delays.
- Another challenge is that India has followed a command and control approach.
- It does this by setting almost a uniform standard for all plants.
- The United States had addressed an earlier acid rain issue through a comprehensive cap-and-trade mechanism for SOx emissions.
- But India has many challenges in rolling out a cap-and-trade regime including:
1. low levels of monitoring of emissions
2. low capacity within state pollution control boards
3. lack of a cadre of administrators to monitor

Way Forward
- Bearing the additional costs of implementation is the first best outcome.
- Having a cadre of monitors in place to monitor emissions standards is essential.
- Another way is to implement emissions control in tandem with increasing the efficiency of power plants.

- Meanwhile, a greater share of renewable electricity will demand a more flexible power system.
- Some of the older plants could be renovated and modernised.

Concerns with Unapproved GM Cotton Seeds
Context: Reports of expert committee set up by PMO concerns widespread cultivation of unapproved genetically modified (GM) cotton seeds.

Report Findings
- In India there are widespread cultivation of unapproved genetically modified (GM) cotton seeds.
- The seeds of these unapproved herbicide-tolerant GM cotton, produced last season, are likely to be used by the farmers in the ongoing cotton planting season as well.
- Supervisory lapses of this kind can prove disastrous for the environment, biodiversity as well as human and animal health though, fortunately, no such ill-effect has been traced by the panel in this case.
- Thus the report calls for a thorough review of GM crops regulatory regime and also the entire gamut of policies governing the GM sector.

Flaws with the Report
- The experts' panel has ruled out any hand of the Mahyco Biotech Company, the original proprietor of the herbicide resistance technology.
- The company involves in the clandestine production and distribution of these seeds.
- This company had also presented these new-generation biotech seeds for official approval but it had formally withdrawn them in 2016 when the government lowered the cap on the prices of Bt-cotton seeds as well as the royalty payable to the technology developer.
- The committee felt that the herbicide-tolerant genes in the cotton crop actually planted by the farmers were stolen during field trials.

Reasons why Farmers Rely on GM Seeds
- In India over 90 per cent of the crop area is under Bt-cotton seeds, the existing Bt-hybrids are gradually losing their effectiveness.
- Major pests of the cotton, notably the American or pink bollworms, which were restrained by the Bt-cotton, are re-emerging and even getting immune.
- Farmers did not mind paying substantially higher prices for these seeds reflects their hunger for new and more lucrative technology.
- They did so knowing full well that they would not be entitled to any compensation for the crop failure due to these seeds and might even be prosecuted for using illegitimate seeds.
- But farmers are "satisfied with the technology which is less labour-intensive and hence cost-beneficial".

Pitfalls of Government Policy in this Regard
- Government policy is denying a useful technology to the farmers by putting a moratorium on the

- development and approval of new gene-altered crops.
- Such an ill-advised policy based on anti-GM lobby is depriving the farmers of an opportunity to boost their income by bagging larger harvests with lower costs.
- If the government does not allow the evolution of new and better gene-engineered strains as alternatives to the existing ones, the cotton revolution may not endure for long.

Quick Fact

Herbicide Tolerance Seeds
These seeds allow farmers to control weeds in the cotton fields by spraying weedicides rather than removing them through the relatively costly manual or mechanical means.

Dealing with Petcoke
Context: With restrictions on sulfur consumptions, petcoke is getting to be a favourable alternative. India has to react appropriately to this in the context of the environmental implications involved.

Recent Challenges
- Sulfur is a common impurity in crude that can cause respiratory problems and acid rain when it's burned.
- The global shipping industry has started implementing regulations to limit its sulfur consumption.
- This will make the bunker fuel used in ships cleaner than the crude oil produced worldwide.
- Traditionally, it has been the cheapest, dirtiest fraction from refining.
- The rules on sulfur content will come into force at the start of 2020.
- The oil market and refiners would thus have to find another way to dispose of their by-products.
- One popular way of disposing this of late has been to sell it to India as a cheap petcoke.

Petcoke: an Alternative
- Petroleum coke or petcoke is a spongy, solid residue from oil distillation.
- It is a coal substitute and can be burned for fuel in the same manner as coal.
- It notably has a higher energy content.
- Petcoke has become an attractive raw material for power stations and cement plants in India.
- The loophole in India's environmental taxes has facilitated this.
- Plain old coal attracts a clean-energy levy that has risen to Rs.400 a metric ton since it was introduced in 2010.

- On the other hand, petcoke has been exempt from this levy.
- Indian price for coal of comparable heating values in the region is Rs. 4,000 a ton.
- Given this and the high tax, petcoke has been a favourable alternative.
- Similar levy issues have favoured petcoke over natural gas as well.

Use of Petcoke
- Petcoke was the fastest-growing fraction of oil demand in India.
- Its consumption is the second-biggest share of India's petroleum consumption after diesel.
- It has outstripped even LPG and gasoline.
- While petcoke is richer in energy than coal, it can have 20 times as much sulfur too.
- The choking smogs have made India's cities the world's most polluted in recent years.

Measures
- The Supreme Court last year banned the use of petcoke in New Delhi and adjacent states.
- It however allowed a reprieve for the cement companies that consume about half of it.
- Cement plants currently escape the court ban on the grounds that all their sulfur is removed in the production process.
- Government is planning a nationwide ban on using petcoke as fuel.
- Also, there are, reportedly, measures to halt imports.
- This is because petcoke produced overseas now accounts for about 40% of supply.
- Much of it is from U.S. refineries processing heavy Canadian and Latin American crude.

Way Forward
- The cement plants may not continue to be exempt in the future.
- But besides this, the government should change its clean-energy taxes.
- It must be ensured that the levy on petcoke is equal to that on coal.
- Nevertheless, it would become unfavourable for the global refining industry.
- But refineries can remove the sulfur altogether and turn it into sulfuric acid.
- This latter is a prized raw material for the fertilizer industry and chemicals manufacturing.
- This can even be fed back into refineries to produce ingredients for high-octane gasoline.
- The challenge of building sulfur plants which is costly has also to be reckoned with.

BIO/ HEALTH ISSUES

Formalin: A Banned Preservative
Context: Fish laced with formalin has flooded the markets across states.
This is creating a massive health scare and the Goa government has recently banned fish supplies from other states temporarily.

Reasons why Goa Banned Fish from other States
Due to fears of alleged formalin contamination, officials of the Food and Drug Administration (FDA) inspected fish markets in Goa.

- They picked up various fish samples from various states for testing and had confirmed traces of formalin, which is a banned preservative.
- The episode caused a scare, which prompted the Goa government to announce a 15 day ban on entry of fish from other states.
- Border checks have also been established to inspect trucks for fish.

Formalin
- Formalin is a form of hydrated formaldehyde, which is used as a preservative in museums to ensure the specimens doesn't decompose.
- It is also used to harden human tissue for post mortem examinations.
- It can cause gastric irritation and it also speculated to be carcinogenic, and thereby not fit for human consumption even in minimalistic proportions.
- Notably, even in laboratories, only diluted formalin is said to be used.
- Some amount of formalin is naturally formed while fish is transported with ice, but these are usually bound with tissues and not a risk.
- Contrastingly, if fish is laced externally with formalin (to prolong shelf-life), it remains free and can cause serious health issue.

Formalin Detection in Fish
- The first reports of formalin-laced fish came from Kerala, a state that consumes around 10,000 tonnes of fish every day.
- Some consumers raised the issue that the fish didn't smell and didn't decompose even when placed outside the fridge for as long as two days.
- Subsequently, Kerala government has been carrying out a storm of raids under its fish safety and hygiene campaign "Operation Sagar Rani".
- Inspections led to the seizure of about 9,600 kg of contaminated fish in Kollam district and about 6,000 Kg of fish in Palakkad district.
- Notably, Tamil Nadu officials have also been carrying out raids for the last two weeks, but laboratory tests have so far returned negative for formalin.

Origination of Formalin Contamination
- Andhra Pradesh has around 4,000 hectares of aqua-culture farms, whose output peaks during the monsoon season (when coastal fishing is banned).
- To meet the market demand, cultured fish from Andhra is to be transported widely, with sufficient quantity of ice for retarding degradation.
- But as distances are large, the fish nonetheless tends to get spoilt in transport.
- This has led Andhra fish suppliers to lace fish with formalin, which retards degradation to more than 10 times its natural rate.
- Notably, even a state as far as Assam found that formalin laced fish from Andhra was reaching its market (Assam has also banned outside fish now).
- Also, Data from across the southern states indicates that it is the fish sourced from Andhra that is the most likely to be contaminated with formalin.

Way Ahead
- Technology - Kochi-based "Central Institute of Fisheries Technology" (CIFT) had earlier developed a detection kit for easy detection of formalin.
- This has proven really effective presently and is being widely used now.
- Inspections - Regular inspections, testing and seizures form the markets would help in reducing this malpractice.
- Some states have sent official communication to Andhra Pradesh regarding the same, and which now needs to crackdown on unscrupulous suppliers.
- Infrastructure - The most common reason for "dishonest traders" using formalin is the unavailability of good quality ice at harvest centres.
- Inadequate insulation during domestic transport and lack of warehousing facility for bulk storage of fish are also additional reasons for formalin lacing.

IN-SHORT

Sagarmala Initiative
- Government has recently inaugurated Hi-tech labs in centre of excellence in Maritime & Ship Building (CEMS), Vishakapatnam.
- The prime objective of the sagarmala project is to promote port-led development and to provide infrastructure to transport goods quickly, efficiently and cost-effectively.
- It intends to enhance the capacity of major and non-major ports.
- It also strives to ensure sustainable development of the population living in the coastal economic zones.
- Community Development Fund will be created for projects and activities which strive to bring development for coastal communities.

National Database of Arms Licenses System
- Union Home Ministry is planning to create National Database of Arms Licenses System.
- It is to create vigilance on authorised private gun holders and eliminate possibilities of issuing arms license to bogus persons.
- Ministry will amend the Arms Act to create the database.

Global Compact for Migration
- United Nations has created Global compact for safe, orderly and regular migration for the first time.
- It is the first intergovernmental negotiated agreement under the auspices of UN to cover all dimensions of migration.

- The agreement was signed by adopting a non-binding political declaration "New York Declaration for Refugees and Migrants" in 2016.
- Its objective is to address the challenges fo migration, strengthen migrant rights.
- Under the agenda, member States committed to cooperate internationally to safe facilitate migration.

Bansagar Canal Project
- Bansagar canal project was recently inaugurated in Mirzapur in Uttar Pradesh.
- The project is a joint venture between Madhya Pradesh, Uttar Pradesh and Bihar.
- It is a multipurpose river valley project on Son River.
- It aims to bring boost to irrigation in the region.

Son River
- Son River originates near Amarkantak in Madhya Pradesh.
- It is one of the tributary of Ganges from Central India.
- It is the second largest of the southern tributaries of Ganga. Yamuna is the largest tributary.

Fair Remunarative Price
- Cabinet Committee on Economic Affairs has approved the Fair and Remunerative Price (FRP) of sugarcane for sugar season 2018-19.
- The FRP so approved shall be applicable for purchase of sugarcane from the farmers in the sugar season by the sugar mills.
- The FRP has been determined on the basis of recommendations of Commission for Agricultural Costs and Prices (CACP) and after consultation with State Governments and other stake-holders.
- Recommended FRP has been arrived at by taking into account various factors such as cost of production, overall demand-supply situations.
- FRP also takes domestic and international prices, inter-crop price parity, terms of trade prices of primary by-products, and likely impact of FRP on general price level and resource use efficiency into account.

Agartala-Akhaura Rail Link Project
- It is a 45-km dual gauge line between Agartala in Tripura and Akhaura, a sub-district of Chittagong in Bangladesh.

- The project is developed as a part of India's $4.5 billion third line of credit extended to Bangladesh for its infrastructure and social sector development.
- The Agartala-Akhaura rail project will lend full connectivity from east to west of Bangladesh, apart from enabling trade relations between the two neighbours.
- Once completed, the railway link is expected to cut the distance between Agartala and Kolkata by more than 1,000 km, it will also enhance India's access to Chittagong port in Bangladesh.

PMEGP Scheme
- Prime Minister's Employment Generation Programme (PMEGP) is a credit linked subsidy scheme, for setting up of new micro-enterprises and to generate employment opportunities in rural as well as urban areas of the country.
- It is enabled through KVIC, State Khadi & Village Industries Board (KVIB) and District Industries Centre (DIC).
- Under the PMEGP, general category beneficiaries can avail of margin money subsidy of 25% of the project cost in rural areas and 15% in urban areas.
- For beneficiaries belonging to SC/ST/Women/PH/Minorities/Ex-Servicemen/NER, the margin money subsidy is 35% in rural areas and 25% in urban areas.
- The maximum cost of projects is Rs.25 lakh in the manufacturing sector and Rs.10 lakh in the service sector.

Regional Aviation Partnership
- The Union Cabinet has approved the signing of Memorandum of Understanding (MoU) amongst BRICS Nations.
- The Regional Aviation Partnership Cooperation will benefit Brazil, Russia, India, China and South Africa.
- The objective is that BRICS countries would benefit from the establishing of an institutional framework to cooperate in the field of civil aviation.

- The MoU has the potential to spur greater trade, investment, tourism and cultural exchanges amongst the BRICS Nations.

Exercise Pitch Black 2018
- The Indian Air Force for the first time is participating with fighter aircraft in Exercise Pitch Black 2018 (PB-18), which is scheduled from 24 Jul 18 to 18 Aug 18 in Australia.
- Exercise Pitch Black is a biennial multi-national large force employment warfare exercise hosted by the Royal Australian Air Force (RAAF).
- The exercise will provide unique opportunity for exchange of knowledge and experience with these nations in a dynamic warfare environment.

National Centre for Polar and Ocean Research
- Indian Government has recently renamed National Centre for Antarctic and Ocean Research (NCAOR) as "National Centre for Polar and Ocean Research".
- NCAOR was formed in 1998 with an objective to conduct expedition to India's base stations in Antarctica.
- NCAOR is under the Ministry of Earth Sciences.
- The intent behind the name change is to show that government is refocusing its priorities to Arctic.
- It is because of the opportunities and challenges posed by climate change in Arctic.
- Now, India only has one Arctic observation station near Norway.
- India is already an observer at the Arctic Council.

Arctic Council
- It is a forum of countries that decides on managing the region's resources and popular livelihood in Arctic region.
- The **Ottawa Declaration** lists the few countries as Members of the Arctic Council.
- They are Canada, the Kingdom of Denmark, Finland, Iceland, Norway, the Russian Federation, Sweden and the United States.
- **Observer countries** are China, France, Germany, India, Italy, Japan, South Korea, Netherlands, Poland, Singapore, Spain, and the United Kingdom.
- India setup an underground observatory, called IndARC in 2015.
- It is located at the Kongsfjorden fjord, half way between Norway and the North Pole.

Samagra Shiksha Scheme
- Samagra Shiksha is an Integrated Scheme for School Education formulated by the Department of School Education.
- It is a centrally Sponsored Scheme (CSS) subsumes 3 erstwhile CSS schemes such as Sarva Shiksha Abhiyan (SSA), Rashtriya Madhyamik Shiksha Abhiyan (RMSA) and Teacher Education (TE).
- It is an overarching programme for the school education sector extending from pre-school to class XII.

- It aims to ensure inclusive and equitable quality education at all levels of school education.
- It envisages the 'school' as a continuum from pre-school, primary, upper primary, secondary to senior secondary levels.

Workshop on Empowering Women
- The workshop was jointly organised by Women Entrepreneurship Platform (WEP) and University of Delhi.
- WEP was launched by Niti Aayog the occasion of International Women's Day, 2018.
- The initiative is aimed at building an ecosystem for women across India to realize their entrepreneurial aspirations, scale-up innovative initiatives and chalk-out sustainable, long-term strategies for their businesses.
- The three pillars on which WEP is built:
1. Ichha Shakti (motivating aspiring entrepreneurs to start their enterprise)
2. Gyaan Shakti (providing knowledge and ecosystem support to women entrepreneurs to help them foster entrepreneurship)
3. Karma Shakti (providing hands-on support to entrepreneurs in setting-up and scaling up businesses).

Ganga Vriksharopan Abhiyan
- National Mission for Clean Ganga (NMCG) has organised "Ganga Vriksharopan Abhiyan" in Ganga basin states.
- The campaign has been initiated as part of the Forest Interventions in Ganga (FIG) component of Namami Gange programme.
- It aims to bring greater awareness among people and other stakeholders regarding the importance of afforestation for the task of Ganga Rejuvenation
- Afforestation and augmentation of existing forest along the Ganga strengthen the riparian ecosystem thereby contributing to the overarching cause of Ganga Rejuvenation.
- The five states covered are Uttarakhand, Uttar Pradesh, Bihar, Jharkhand and West Bengal.

LiDAR
- Light Detection and Ranging (LiDAR) is a remote sensing instrument.
- It is used as a monitoring system for mapping and modelling in -micro-topography, forestry, agriculture, meteorology and environmental pollution.
- LiDAR has been recently deployed at Gulf of Khambat, off the Gujarat Coast by National Institute of Wind Energy (NIWE).
- The objective of the installation is to assess offshore wind resource.

National Resource Centres
- The Government has proposed to set up National Resource Centres (NRCs) to prepare online training material.
- The resource centres will focus on latest developments in the discipline, new & emerging

trends, pedagogical improvements and methodologies for transacting revised curriculum.

- Under this initiative, all in-service teachers, irrespective of their subject and seniority have an enabling opportunity to keep update of the latest developments in their disciplines through the technology based online refresher course, through **SWAYAM** platform.

BRICS Media Forum

- BRICS Media Forum, 2018 is a high-level dialogue among media organisations from Brazil, Russia, India, China and South Africa.
- It was held at Cape Town in South Africa recently under the theme 'Fostering an Inclusive, Just World Order'.
- It was organised on the occasion of on former South African President Nelson Mandela's 100th birth anniversary on July 18.
- The Forum was attended by 38 mainstream media organisations from BRICS nations, including five from India.
- The forum unanimously agreed to adopt the Cape Town Declaration 2018.
- It pledged to strive to create a media landscape that upholds the integrity of news that is created and shared through the BRICS nations.
- A decision to establish BRICS Media Academy and a BRICS news portal was also taken.

BRICS Health Ministers' Meeting

- 8th BRICS Health Ministers' was organised recently at Durban, South Africa.
- In this meeting, India affirms strong support for TB cooperation plan in every aspect.

Regional Aviation Partnership Cooperation

- The Union Cabinet has approved the signing of Memorandum of Understanding amongst BRICS Nations on the Regional Aviation Partnership Cooperation.
- The objective is that BRICS countries will benefit from the establishing of an institutional framework to cooperate in the field of civil aviation.
- The MoU has the potential to spur greater trade, investment, tourism and cultural exchanges amongst the BRICS Nations.

Ekalavya Schools

- Ministry of Tribal Affairs recently approves setting up of Eklavya Model Residential Schools (EMRSs) in States/ UTs.
- Ekalavya Residential Schools aims to provide education to tribals in their local environment.
- Target – Ekalavya schools in every block with more than 50% ST population and at least 20,000 tribal persons by 2022.
- Ekalavya schools will be on a par with Navodaya Vidyalayas.
- It will have special facilities for preserving local art and culture, besides providing training in sports and skill development.

- The Ekalavya Residential School Scheme isnt new. It has been around for many years now. However, the government has signaled in Budget 2018 that it wants to expand the scope.

Student Police Cadet (SPC) Programme

- Home Ministry is planning to launch the Student Police Cadet (SPC) programme in Gurgaon.
- The programme designed for students of Class VIII and IX to start a project on tolerance, moral values, patience and ethics among others.
- The programme is aimed at making them better citizens and seeks to build a bridge between the police and the larger community through school students.
- It will be implemented first in government schools.
- It seeks to cover issues like community policing, fight against social evils, safety of women and children, fight against corruption and disaster management.

Scientific Research Infrastructure Management and Networks (SRIMAN)

- The government has proposed a new policy "SRIMAN" that plans to hire out to researchers all lab equipment that cost more than Rs. 10 lakh.
- It is expected to transform scientific instruments in government labs into lucrative assets generating a steady rental income.
- It would also reduce the amount of time such expensive instruments remain idle.
- Currently, the practice of researchers bidding for time-slots to use lab instruments is typically seen more with very expensive equipment, such as radio telescopes and particle-accelerators, which cost crores of rupees.

Dhole

- Wildlife scientists from Wildlife Institute of India (WII) have recently satellite- collared a dhole, the Indian wild dog, for the first time.
- The satellite transmitter will help to study the habits of the endangered species.
- Dhole is native to Bangladesh, Bhutan, Cambodia, China, India, Indonesia, Lao People's Democratic Republic, Malaysia, Myanmar, Nepal, Thailand.
- It is included in CITES – Appendix II (2013) and are legally protected in the countries where they occur.
- It is listed as "Endangered" under IUCN red list of Threatened species.

Upgradation of Monuments by ASI

- Ministry of Culture has proposed upgradation of 7 monuments in Tamil Nadu.
- The Archaeological Survey of India will carry out the upgradation of infrastructural and tourist-friendly facilities.
- The idea is to create good quality infrastructure.
- Monuments include
1. The Shore Temple in Mamallapuram,
2. Vellore Fort,
3. Brihadeeswarar Temple in Thanjavur,
4. Kailasanathar Temple in Kancheepuram,

5. Sittannavasal Caves in Pudukottai,
6. Gingee Fort in Villupuram and
7. Moovar Koil in Kodumbalur.

Advanced SAFAR
- Union Environment Ministry has recently unveiled the most advanced System of Air Quality and Weather Forecasting (SAFAR) in New Delhi.
- The system, first of its kind in the country, was developed indigenously in by Indian Institute of Tropical Meteorology, Pune and operationalized by IMD.
- It will also measure sun's UV-Index, PM1 and Mercury in addition to monitoring and forecasting regular air quality.
- In addition to regular air quality parameters like PM2.5, PM10, Sulfur Dioxide, Ozone, Nitrogen Oxides, Carbon Monoxide, the system will also monitor the existence of Benzene, Toluene and Xylene.
- Based on UVI, skin advisories will be issued on display.

Global Slavery Index
- It is published by the Australia-based human rights group Walk Free Foundation.
- It includes data on three key variables
1. Prevalence of modern slavery in each country,
2. Vulnerability,
3. Government responses to modern slavery.
- Modern slavery refers to situations of exploitation that a person cannot leave because of threats, violence, coercion and abuse of power or deception.
- The report estimates most victims of modern slavery live in Asia.
- North Korea has the highest prevalence of modern slavery globally, with one in 10 of the population, or 2.6 million people, victims of modern slavery.
- The 10 countries with the largest number of absolute numbers of people in modern slavery include India, China, Pakistan, North Korea, Nigeria, Iran, Indonesia, Democratic Republic of the Congo, Russia and the Philippines.

Delhi Dialogue
- India hosted the 10th edition of the Delhi Dialogue (DD X) under the theme "Strengthening India-ASEAN Maritime Cooperation" in New Delhi.
- Delhi Dialogue is a premier annual event to discuss politico-security, the economic and socio-cultural engagement between India and ASEAN.
- It was the first major event to be organised after the ASEAN-India Commemorative Summit.
- It was organised in partnership with the Research and Information System for Developing Countries (RIS).
- India-ASEAN Commemorative Summit was held earlier this year, marking 25 years of India-ASEAN ties.
- The Delhi Declaration was released after the summit.

Khelo India Talent Identification Development Scheme
- Khelo India is a National Programme for Development of Sports, which aims to enable a pathway from schools to Olympics.
- Each athlete selected under the scheme will get a scholarship of Rs. 5 lakh per annum for eight years.
- The government also aims to set up 20 universities across the country as hubs of sporting excellence.
- Following the successful conduct of the Khelo India School Games, Sports Authority of India cleared the proposal of Khelo India Talent Identification Development scheme.
- It is a scholarship programme designed to take care of their expenses including training, development, boarding and lodging and tournament exposure apart from offering them out of pocket expense allowance.

FDI Confidence Index
- The index is compiled by AT Kearney, an American global management consulting firm.
- It ranks top 10 destinations for FDI in terms of its attractiveness.
- India ranks 11th in 2018 index, down from 8 in 2017 and 9 in 2016. Thus, Inida has fallen out of top 10 destination.
- The report by AT kearney highlighted that the fall in rank is due to troubles in the implementation of the goods and services tax and the government's demonetisation decision in 2016.
- It also highlighted several of the reforms such as removing the Foreign Investment Promotion Board and liberalising FDI limits in key sector.

Public Affairs Index
- The index has been developed by Bengaluru-based think tank Public Affairs Centre.
- It ranks States in India based on 10 themes 30 focus subjects and 100 indicators.
- The themes include,
o Essential infrastructure,
o support to human development,
o social protection,
o women and children,
o crime,
o law and order,
o delivery of justice,
o environment, transparency and accountability,
o fiscal management and economic freedom.
o The current edition 2018 focus on the subject "The Children of India".
- The latest index released by PAC shows that Kerala has been ranked as the number one state in terms of governance for the past three years, followed by Tamil Nadu.
- Despite the political instability and the public protests seen in the recent past, Tamil Nadu continues to be ranked second in terms of governance.
- Telangana, Himachal Pradesh and Karnataka follow the top two states.

- Telangana, which had an overall ranking of 20 in 2017, has shot up to third place in the new index.
- Among smaller states, Jammu and Kashmir held its position as the best in terms of governance for the second consecutive year, followed by Himachal Pradesh.

Seva Bhoj Yojana

- It is a Central Sector Scheme under the Ministry of Culture.
- Under the Scheme, CGST and Central Government's share of IGST paid by Charitable Religious Institutions on purchase of specific raw food items shall be reimbursed to them as financial assistance by the Government of India.
- The charitable religious institutions include Temples, Gurudwara, Dharmik Ashram, Mosques, Dargah, Church, Matth, Monastries etc.
- As per the scheme guidelines, the institutions applying for financial assistance are required to produce a certificate from District Magistrate indicating that the institution is involved in charitable religious activities.
- These institutions must be distributing free food to public/devotees etc. since last 3 years on daily/monthly basis.
- In case of mis-use of funds, it provide for penalties such as black listing the organisations, recovering the financial assistance with penal interest apart from taking criminal action as per law.

Border Haats

- Haat means market. Border haats are, specially designed marketplaces along the border of two countries which aim at promoting the well-being of the people dwelling in remote areas across the borders.
- The border haats are managed by Haat Management Committees (HMCs).
- In 2010, India and Bangladesh agreed to open haats in remote border areas trade, of locally produced commodities, completely free from duties and taxes.
- Last year, a MoU on Border Haats between India and Bangladesh was signed for establishment of a Joint Committee to review the border haats operation and propose new locations of Border Haats.
- The first meeting of the India-Bangladesh Joint Committee on Border Haats was recently held in Agartala, Tripura.

Pangolin

- A special unit of the Odisha Police has launched a drive to bust an international syndicate that illegally trades pangolin.
- Pangolins are nocturnal mammals, often called "scaly anteaters," are covered in tough, overlapping scales.
- These burrowing mammals eat ants and termites using an extraordinarily long tongue, and are able to quickly roll themselves up into a tight ball when threatened.
- There are eight different pangolin species can be found across Asia and sub-Saharan Africa.

- They are the most trafficked mammal in the world.
- They are listed as "Endangered" in IUCN red list of threatened species.
- The scales of the pangolin are sold raw or fried in Asia for as much as $500 per kilogram for treating asthma and migraines.
- Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) is an international intergovernmental agreement to ensure that international trade in specimens of wild animals and plants does not threaten their survival.
- TRAFFIC is the wildlife trade monitoring network, which is a non-governmental organization working globally on trade in wild animals and plants in the context of both biodiversity conservation and sustainable development.

Digital Knowledge on Bird Species

- Wildlife scientists tried to use online data to study if bird occurrence has altered across India over time.
- However, with little data before 1980 was found digitally, it is difficult to make comparisons.
- Scientists at the Wildlife Institute of India (WII) and the University of Kansas have recently accessed more than 2 million bird occurrence data points from across India.
- The study was carried out with an intent to evaluate the "digital accessible knowledge" of bird species occurrences.
- They explored two sources - Global Biodiversity Information Facility and eBird.
- **Global Biodiversity Information Facility (GBIF)** is a network funded by the world's governments focused on making scientific data on biodiversity available online.
- **eBird** is the world's largest biodiversity-related citizen science project where users contribute information on bird sightings.

Salicornia

- Salicornia is a plant that grows in salty marshes in the mangrove wetlands.
- The plant can be used as a substitute to salt with low sodium content.
- The patients suffering from hypertension, diabetes and gastric related ailments prefer the Salicornia salad and salt.
- The production of the salt substitute has come down drastically in Gujarat with the scarcity of the Salicornia. Thus India is forced to import it from Israel and Scandinavian countries.
- Recently, Andhra Pradesh government has intensified the efforts to tap commercial benefits from the plant through cultivation as well as extraction.
- The government has documented the presence of the Salicornia along the coastline of Krishna district, exploring the possibilities to extract the salt substitute through various methods.

K9 Vajra-T Guns

- K9 Vajra-T is an artillery gun produced by South Korea.
- India is going to procure this artillery guns and it will be the first induction of heavy artillery since the Swedish Bofors guns imported in the 1980s.
- It is a 155-mm, 52-calibre self-propelled artillery gun with a maximum range of 40 km, customised from the original K9 Thunder gun.
- The fire control system has been customised for desert conditions to the requirements of the Indian Army.
- India is also planning to procure M777 ultra-light howitzers from the U.S.
- The M777 is a 155-mm, 39-calibre towed artillery gun and weighs just four tonnes, making it transportable under slung from helicopters.

Solar Park

- Gujarat, Andhra Pradesh and Rajasthan have topped the list of states with maximum solar power generation capacity approved under solar parks in India.
- A solar park is a concentrated zone of development of solar power generation projects.
- It provides developers an area with proper infrastructure and access to amenities and where the risk of the projects can be minimized.
- The solar park scheme also provides for reduced number of statutory approvals to facilitate faster and easier development.