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Q & A

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1
POLITY
&
GOVERNANCE

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1.1 LIQUOR BAN IN BIHAR

Background:

- ▶ Announcement was to introduce liquor ban in a phased manner, where partial ban (every form of country liquor and spiced liquor) from 1st of April 2016 and total ban, including that of Indian Manufactured Foreign Liquor (IMFL) from 1st of October 2016 would be implemented.
- ▶ However, given the response generated upon the implementation of the 1st phase the state government introduced total ban on 4th of April itself.



- (Q) What are the key provisions of new alcohol prohibition policy in Bihar? Why are some sections apprehensive of the provisions?
- (Q) What are the social objectives that this policy is attempting to address?

The provisions as has been introduced by the State Government impose the following bans:

- One can't drink at home
- One can't keep liquor at home
- One can't bring liquor into Bihar
- Defence canteen exempted
- Foreigners are also prohibited to carry and consume alcohol on the soil of Bihar
- In case of any incident involving spurious liquor, the following penalties have been imposed:

Penalties			
	Death penalty	Prison time	Penalty
If spurious liquor...			
Results in death	✓	or Life term	and Up to Rs 10 lakh
Causes disability	✗	10 year or life term	and Up to Rs 10 lakh
Causes damages	✗	8-10 year	and Rs 1-10 lakh
Public drinking	✗	5-7 year	and Rs 1 lakh

Fig: 1.1

Precedences one may refer to:

- ▶ One need to mention that this is not the first time that Bihar has gone completely dry, previously in March 1979, during the tenure of Karpoori Thakur the prohibition was announced but the ban was lifted by his successor Ram Sundar Das in the wake of increased corruption and bootlegging.
- ▶ There is also a partial ban on Toddy sale in Bihar implemented in 1991. However, fresh palm and plum extracts, including its juice which is extracted in the morning and is known as neera, would be bottled and sold. Fresh palm juice is like a health drink, but once neera is exposed to sun, it gets fermented and becomes Toddy.
- ▶ With this ban Bihar is the fourth state to go dry after Gujarat, Nagaland and Mizoram. Gujarat has been a dry state since 5 decades now and Kerala too is implementing the ban in phases and has allowed only five-star establishments to have bars.

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○ **Exceptions:**

- ▶ The only exemptions are available to addicts, who can get liquor against a doctor's prescription, and Army cantonments.
- ▶ Toddy - the fermented extract of the sugar palm, an intoxicant that is consumed widely in the villages and by large numbers of the urban poor - is exempt as well, but it can be sold only with some restrictions. An April 1991 notification of the excise department says toddy cannot be sold within 50 metres of public places - schools, colleges, or any other educational institution; hospitals; railway stations and bus stops; at the entrance to markets; on national or state highways; and at any place of public gathering - in urban areas, and 100 metres of public places in rural areas. But if toddy is mixed with other substances and causes as much damage as spurious liquor, provisions of the tough new law will apply to offenders.

○ **Significance & Public Response:**

- ▶ Firstly, the health issue and the death due to consumption of spurious liquors was becoming a menace in the state.
- ▶ The financial condition of the households were also suffering and this was happening because of two reasons, primarily, due to the addiction, the men in the family, often the sole bread earner, was spending most of his income in liquor shops. Secondly, the illness, such as cirrhosis of liver and others caused by this addiction and the resultant deaths financially devastated many families.
- ▶ The women of the family particularly suffered a lot either due to domestic violence caused by the drunken husband or due to the economic hardship that the family had to endure because of the addiction and often due to the resultant illness of the 'bread earner' of the family.
- ▶ Given these situations the women in the state, particularly in the rural area welcomed this initiative exceptionally. Infact, it was the overwhelming response of the people, which prompted the State Government to prepone the date of total ban in the state.
- ▶ However, there is other side of the coin as well. Some human rights organizations and activists have also raised the question about the authority of 'the state' in deciding what people should eat or drink and equated the decision of the State Government with the proposed 'beef ban' by certain section of the 'Safron Brigade' and which was vehemently opposed by the Chief Minister of the State of Bihar, Sri Nitish Kumar.

○ **Challenges:**

- ▶ One needs to keep in mind that till date 'total prohibition' has not been successful either in this country or around the world.
- ▶ Haryana, which has now seen proliferation of liquor shops, had once experimented with prohibition in 1996. The ban was removed in two years after the state government lost revenue worth Rs. 1,200 crores.
- ▶ In Andhra Pradesh, ban on liquor was imposed in 1995. When the government realised that it couldn't fulfill its promises without the revenue generated from alcohol excise duty, the ban was lifted.
- ▶ In 2015, Mizoram lifted a 17-year-old ban.
- ▶ As for a state, whose gross fiscal deficit was 6.3 % of the state's GDP (2013-14) it doesn't augur well with those in charge of steering the state to economic growth. This ban will cost the state a heavy revenue loss as Bihar gets revenue of nearly Rs. 2,000 crores from the sale of IMFL and revenue of around Rs. 4,000 crores from country liquor sales (in 2015-16).
- ▶ Rampant illegal sale of liquor forced Nagaland Chief Minister to describe his state as the "wettest dry state".
- ▶ In Gujrat, which has the longest history of ban on liquor and awards death penalty for makers and sellers of homemade liquor, yet the smuggling and illicit sale of alcohol are a commonality.
- ▶ Even on the previous occasion while Bihar introduced total prohibition in 1979, the ban was removed to have a check on bootlegging and other illicit activities associated with it.

- ▶ Also, one needs to remember, Bihar shares a long open border with Nepal. This is tempting for the addicts to cross over to Nepal, drink to their fill and come back.
- ▶ Moreover, does the ban necessarily ensure that there will be no deaths due to toxic liquor? Not really. Going by the reports of National Crime Records Bureau, Gujarat witnessed 29 cases of consumption of toxic liquor in 2013, while the neighbouring wet state Rajasthan, had zero cases.
- ▶ Even if we discount the fact that large chunk of population will be rendered unemployed after this ban, we cannot hoodwink ourselves into believing that the prohibition will be implemented without any fallout.

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1.2 START UP INDIA PORTAL AND MOBILE APP LAUNCHED

◦ Background:

- ▶ The Department of Industrial Policy and Promotion (DIPP) has launched an online portal, with a mobile application, dedicated to startups, as part of its 'Startup India' initiative.
- ▶ Apart from providing up-to-date information on various notifications/ circulars issued by various government ministries/ departments, the portal and mobile app will also provide information regarding incubators and funding agencies recognized for the purpose of recommending startups.



(Q) The DIPP has launched a portal and a mobile application, dedicated to 'Startup India' initiative. Elaborate how this initiative is instrumental in improving the investment & business ecosystem in the country? Focus on the key features of the portal and the app in augmenting this ecosystem.

◦ Key Features of the portal and the app:

- ▶ **Information Availability:** The portal and mobile app provide up-to-date information on various notifications/ circulars issued by various Government ministries/ departments, towards creation of a conducive ecosystem for Startups. The portal and mobile app provide information regarding incubators and funding agencies recognized for the purpose of recommending Startups (as part of Startup recognition application). A comprehensive list of FAQs is also available to help Startups, Incubators and Funding Agencies use the portal and mobile app more effectively.
- ▶ **Startup India Hub:** The Startup India Hub, which has been established within Invest India, will be a single point of contact for the entire Startup ecosystem which would enable exchange of knowledge. The Hub will work in a hub and spoke model with Governments, VCs, Angel Funds, Incubators, Mentors, etc. It will assist Startups through their lifecycle, on all aspects, such as providing mentorship, incubator facilities, IPR support, funding etc. The Hub will be operational from 10:00 AM to 5:30 PM on working days and can be reached via the toll free number: 1800115565 or the email ID: dipp-startups@nic.in
- ▶ **Application for Startup Recognition:** Entities that fulfil the criteria as per the definition of "Startup" and are incorporated/ registered in India, can obtain recognition as a "Startup" to avail various benefits listed in the Startup India Action Plan. The process of recognition is simple and user friendly and involves a single page application form that a user can fill either through a web interface or through mobile app. Formats of the recommendation/ support letters that need to be attached as part of the application form have been published on the portal and mobile app.
- ▶ **Real Time Startup Recognition:** A real time recognition certificate is provided to Startups on completion of the application process. A digital version of the final certificate of recognition is available for download, through the portal and mobile app. A request for certificate of eligibility for tax exemptions from Inter-ministerial Board will be made simultaneously by selection of a simple option.
- ▶ **Verification of Recognition Certificate:** The certificate of recognition is verifiable through the portal and mobile app by entering the Startup Recognition/ Certificate Number.

- ▶ Approval of Inter-Ministerial Board: DIPP has also setup an Inter-Ministerial Board to verify the eligibility of Startups opting to avail Tax and IPR related benefits and to provide a certificate of eligibility to innovative Startups.

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◉ **Startup India' Initiative:**

- ▶ The initiative was first announced by the Prime Minister of India in his independence day speech of 2015.
- ▶ In accordance with the speech, the initiative was launched on January 16th 2016.
- ▶ The initiative aims at fostering entrepreneurship and promoting innovation by creating an ecosystem that is conducive for growth of Start-ups.
- ▶ It aims to provide a platform to bring together all stakeholders, stimulate dialogue on key challenges that the Indian innovation ecosystem currently faces, and provide the potential solutions to address them.
- ▶ The objective is that India must become a nation of job creators instead of being a nation of job seekers.
- ▶ The key features of the initiative includes:
 - To create an atmosphere of ease of doing business, the initiative creates a 'Single Window Clearance' even with the help of a mobile application & Self-certification compliance
 - 10,000 crore fund of funds, ie. funding for the incubators providing funding to the start ups.
 - The government has emulated 80% reduction in patent registration fee
 - To provide an easy exit policy to the start-ups modifications has been made to the Bankruptcy Code to ensure 90-day exit window
 - Freedom from mystifying inspections for 3 years
 - Freedom from Capital Gains Tax for 3 years
 - Freedom from tax in profits for 3 years
 - The complete process has been envisaged to eliminate red tapes
 - Innovation hubs are proposed to be built-up under Atal Innovation Mission, starting with 5 lakh schools to target 10 lakh children for innovation programme
 - New schemes have been envisaged to provide IPR protection to start-ups and new firms

1.3 MANDATORY EDUCATIONAL AND OTHER CRITERIAS FOR HARYANA URBAN LOCAL BODIES ELECTION

◉ **Background:**

- ▶ The Haryana Assembly has passed two Bills making it mandatory for those contesting the polls for urban local bodies to have a minimum educational qualification.
- ▶ In January, gram panchayat elections were held in the state with similar conditions for candidates.
- ▶ As per the amendments, the minimum educational qualification for a candidate of the general category would be Class X.
- ▶ In case of women candidates or those belonging to the Scheduled Caste category, the minimum qualification would be Class VIII, while for women of the Scheduled Caste category, it would be Class V.



(Q) Do you think that it should be mandatory for those legislators/leaders, leading the country towards a new direction, to have a minimum educational qualification or their experience in life can account for the shortcoming that they might have in terms of education?

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Arguments in favour of the step:

- ▶ The state government suggested that since the members of the local bodies have to deal with public money and are directly associated with the process of fund disbursement for developmental activities, hence it is absolutely necessary for them to understand at least the basic accounting process to maintain transparency in the process.
- ▶ There are other arguments in favour of this step, these are:
 - It is often argued that the legislators/elected representatives are the torch bearers of a democratic society. Hence they are required to be men of literature or atleast educated to (1) lead their electorate by example; and (2) be able to cope up with the process of development
 - It is also argued that in the age of ICT (Information and Communication Technology) a basic level of education should be a must for the elected representatives, so that they are able to take advantage of the development made in this sector and bridge the digital divide.

Arguments against the step:

- ▶ It argued by the opponents to this step by the state government that, if it is the matter of accounting and the ability on the part of the elected representatives at the tier III level (ie. urban local bodies and rural local bodies) to understand the process, it holds more true in case of the representatives being elected to the state legislature and the Lok Sabha as they are required to deal with bigger amount of money, that too individually, because of the MPLAD and MLALAD funds. Hence this step needs to be implemented there first.
- ▶ It is also argued by various quarters that the experienced representatives can easily make out for the individual shortcomings, such as educational qualifications that they have, due to the experience gained by them over time.
- ▶ It is also said that in a country like India where the national average of literacy is 74.03% and the female literacy rate is 65.46% and by literacy it is meant to be the ability to merely read, write and comprehend in a language for the population above the age group of 0-6, setting a criteria as high as class X for a general category male candidate, class VIII for a general category women and a scheduled caste male candidate and class V for a scheduled caste female candidate may be too high a bench mark and may alienate a major section of the rural population from the processes of electoral democracy.

However, certain additional criteria too has been prescribed with this criteria for educational qualification. These are:-

- The candidate should not have been convicted or have charges framed against him/her by a court in a criminal case for an offence punishable with imprisonment for not less than 10 years
- There should be no pending arrears of electricity bills against the candidate

1.4 INDIAN INTELLECTUAL PROPERTY PANORAMA

Brief details:

- ▶ Indian Intellectual Property Panorama is a portal launched by the government of India.
- ▶ It is a single window interface for information on Intellectual Property and guidance on leveraging it for competitive advantage.
- ▶ It seeks to increase awareness and build sensitivity towards IP, among stakeholders in the SME sector, academia and researchers.
- ▶ It has been developed under the aegis of Department of Electronics and Information Technology (DeitY) and Department of Industrial Policy and Promotion (DIPP), Government of India by Centre for Development of Advanced Computing (C-DAC), in close coordination with the Indian IP office.

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- ▶ This needs to be mentioned here that Indian IP Panorama is a customized version of IP Panorama Multimedia toolkit, developed by World Intellectual Property Organization, Korean Intellectual Property Office and Korea Invention Promotion Association.
- ▶ The toolkit has been adapted to cater to SMEs and start-ups, especially in the ICTE sector of India, based on an agreement signed between WIPO and DeitY.
- ▶ The following five modules of the Indian IP Panorama have been released:
 1. "Importance of IP for SMEs",
 2. "Trademark",
 3. "Industrial design",
 4. "Invention and Patent" and
 5. "Patent Information"

○ Further details:

- ▶ India is a member of WIPO and party to several treaties administered by WIPO.
- ▶ India recognizes that the strategic use of intellectual property could contribute significantly to the national development objectives, in this background DIPP entered into an MoU with WIPO on 13th November 2009.
- ▶ The Indian IP office has been recognised as an International Searching Authority and International Preliminary Examining Authority under the Patent Cooperation Treaty (as in force from October 15, 2013).
- ▶ India acceded to Madrid Protocol for the International Registration of Marks at WIPO on July 8, 2013.
- ▶ The Madrid System for the International Registration of Marks (Madrid system) offers trademark owners a cost effective, user friendly and streamlined means of protecting and managing their trademark portfolio internationally.

1.5 MADHUKAR GUPTA COMMITTEE ON INDO-PAK BORDER

○ Background:

- ▶ On April 5th, 2016 the Government of India (GoI) constituted a high level committee under the chairmanship of former home secretary Sri Madhukar Gupta.
- ▶ The committee has been mandated to suggest ways to strengthen border protection and address the issue of gaps and vulnerability in border fencing along the India-Pakistan border.
- ▶ The committee was constituted in the backdrop of the recent incident of Pathankot Airbase Attack that originated from the other side of the border.



(Q) What was the necessity to constitute the Madhukar Gupta Committee? Elaborate about the lacunae labelled against the present architecture of border management in India.

○ Recent incidents of border violation by terrorist elements:

- ▶ On March 20 last year, two heavily armed terrorists in army uniform had stormed a police station on Jammu-Pathankote highway in Kathua, near the Indo-Pak border, killing five people.
- ▶ On July 27 last year, three terrorists in army fatigue had attacked Dinanagar police station in Punjab's Gurdaspur district and killed three civilians and four policemen, including a Superintendent of Police.
- ▶ On 2 January 2016, a heavily armed group attacked the Pathankot Air Force Station, part of the Western Air Command of the Indian Air Force. Four attackers and two security forces personnel were killed in the initial battle, with an additional security force member dying from injuries hours later.

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Present apparatus to deal with the security scenario

- ▶ In the west, the entire border with Pakistan is manned by the BSF except the Line of Control (LoC) in Jammu and Kashmir (J&K).
- ▶ The LoC is the responsibility of the army with some BSF battalions placed under its operational control.
- ▶ Ideally, border management should be the responsibility of the Ministry of Home Affairs during peacetime. However, the active nature of the LoC has compelled the army to permanently deploy large forces for this task.

The criticism labeled against the present architecture:

- ▶ Normally the principle of 'single point control' is exercised in case of border management, however, the operational hazard has necessitated this divided responsibility. This often results into ineffective and inefficient handling of the border issues.
- ▶ Despite sharing the responsibility with several para-military and police forces, the army's commitment for border management amounts to six divisions along the LAC, the LoC and the AGPL in J&K and five divisions along the LAC and the Myanmar border in the eastern sector. This is a massive commitment that is costly in terms of manpower as well as funds, as the deployment areas are mostly in high altitude terrain, and needs to be reduced gradually.
- ▶ Experts have also identified the following lacunae in border management:
 - deployment of multiple forces in the same area of operations;
 - lack of any doctrinal concepts; designed for a 'fire fighting' approach rather than a 'fire prevention' or proactive approach;
 - based on a strategy of 'reaction and retaliation' rather than on holistic response to a situation, resulting in stress and decision-making problems at the functional level;
 - wastage of energy and efforts;
 - and, lack of coordination and synergy between the security management organizations.

1.6 B. B. TANDON COMMITTEE TO MONITOR GOVERNMENT ADVERTISEMENTS

Background:

- ▶ In compliance with the order of May 2015 by the Supreme Court of India, the Ministry of Information and Broadcasting has constituted a three member committee to monitor government advertisements and see that guidelines set for government advertisements by the Supreme Court are followed.
- ▶ The committee will be headed by former CEC B. B. Tandon. Senior TV journalist Rajat Sharma and Piyush Pandey, an expert in the field of advertisement, will be the other members of the committee.
- ▶ I&B Ministry had constituted a three-member selection committee comprising Press Council Chairman Justice (retd) C K Prasad, I&B Secretary Sunil Arora and advertising professional Prasoon Joshi which chose the three names.



(Q) Off late the Government of India has constituted an expert committee to monitor government advertisements, delineate the requirements for constituting this committee.

(Q) What are the guidelines elaborated by the Supreme Court of India for the government to adhere?

Supreme Court guidelines:

- ▶ On May 13th, 2015 the Supreme Court of India came down heavily on the Government of India and the State Governments, calling it 'antithetical' to democratic ethos to

publish the photos of politicians in government advertisements and describing it as an attempt towards creating personality cult.

- ▶ The Supreme Court Bench comprising of Justices Ranjan Gogoi and P C Ghose had put a bar on publication of photos of anyone other than the President of India, the Prime Minister of India and the Chief Justice of the Supreme Court.
- ▶ The bench observed that, it was the government's "responsibility" to disseminate information necessary for the public to know about policies and programmes while making certain that the advertisement campaigns are objective and fair, cost-effective and definitely "not directed at promoting political interests of a party".
- ▶ While the government could issue advertisements in the memory of national leaders and great personalities, several advertisements by different departments on the same occasion were not justified. A single advertisement issued by a central agency such as the Directorate of Advertising and Visual Publicity (DAVP) and information departments of states would be enough.
- ▶ The bench further observed that, patronisation of media houses by central and state governments must be avoided and award of advertisements should be on a fair and objective basis while taking note of circulation etc.
- ▶ To iron out issues regarding implementation of its directions and compliance, the court asked the Centre to constitute a three-member body of ombudsmen, comprising persons with 'unimpeachable impartiality,' who have excelled in their fields.

However, on March 18th, 2016 the apex court modified its earlier guidelines and allowed photos of Chief Ministers of States, Governors, Ministers in Union Council and State Ministers to appear on the advertisements.

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1.7 SIMULTANEOUS ELECTION FOR 3 TIERS

Background:

Recently Indian Prime Minister suggested that elections to the Lok Sabha, Vidhan Sabha and local bodies should be held simultaneously which has reignited the age old debate .In this article we will highlight the pros and cons of holding elections simultaneously.



(Q) It is commented that conducting elections for all 3 tiers of Government simultaneously would improve the Governance in the country. Comment? Also highlight the Practical difficulties in Holding simultaneous elections.

Pros of holding elections simultaneously

- ▶ Increasing opportunity for normal functioning of the government: Whenever elections are announced the normal work comes to a standstill to a considerable extent. Typically, elections to the Lok Sabha are spread over two and a half months. As soon as the Election Commission announces the poll dates, the model code of conduct (MCC) comes into operation. This means that the government cannot announce any new schemes, make any new appointments, transfers or postings without EC approval. Ministers get busy in the election campaign; the district administration machinery gets totally focused on elections.
- ▶ Reducing the burden on exchequers: Holding elections simultaneously would reduce the cost of affair. Whether it is the Loksabha election or the State Legislative Assembly election or the a local body election, certain exercises such as mobilizing the additional forces for law and order maintenance, mobilizing the personnel for monitoring and conducting the election duties take a toll on the exchequers money. Frequent holding of election in a country of such giant proportion like India, causes wastage of fund which otherwise could have been effectively used for public good.
- ▶ Keeping the vices of criminalization of politics and casteism under check: Another consequence of frequent elections is the aggravation of vices like communalism, casteism, corruption (vote-buying and fund-raising) and crony capitalism. If the country is perpetually in election mode, there is no respite from these evils.

- ▶ Lastly, it said that when elections are not held together, crucial manpower has to be deployed for prolonged periods on election duty. For example, in 2014, when the Lok Sabha election was held along with elections in four states, polling was conducted in nine phases and 1,077 in situ companies and 1,349 mobile companies of central forces had to be deployed, this was apart from the contingent of polling staff drawn from central and state services. Where as in the recent assembly election of five states (Assam, West Bengal, Kerala, Tamil Nadu & Puducherry), there were more than seven phases of election. And the election of a single state of Bihar saw deployment of 700 companies of central forces with 324 observers, this is other than the contingent of polling staffs.

◉ **Cons of holding elections together:**

Frequent elections are beneficial in number of ways

- ▶ Politicians, who tend to forget voters after the elections for five years have to return to them. This enhances accountability, keeps them on their toes
- ▶ Elections give a boost to the economy at the grassroots level, creating work opportunities for lakhs of people.
- ▶ There are some environmental benefits also that flow out of the rigorous enforcement of public discipline like non-defacement of private and public property, noise and air pollution, ban on plastics, etc.
- ▶ Four, local and national issues do not get mixed up to distort priorities. In voters' minds, local issues overtake wider state and national issues.
- ▶ Simultaneous conduct of elections would require large-scale purchase of Electronic Voting Machines and Voter Verifiable Paper Audit Trail (VVPAT) machines. The machines would also be need to be replaced every 15 years which would again entail expenditure. Further, storing these machines would increase the warehousing cost.
- ▶ There are some Practical problems in implementing the scheme for example Imagine a scenario when the Lok Sabha gets dissolved (in 13 days, as actually happened in 1998), and for the sake of simultaneity all state assemblies with full or thin majority are also dissolved. And then, in the resultant Lok Sabha elections, the same party comes to power (as actually happened in 1999), but in state assemblies that is not the case. This would be unfair to states.
- ▶ The idea of simultaneous elections clearly goes against the constitutional structure of the Indian Parliamentary system. The ruling party in power enjoys its status as long as it has the support of a majority of elected representatives. Hence, in the case of fallout by the passage of a 'no-confidence' vote, the rebel elected representatives can vote the ruling government out of power. But the question is How can we possibly predict the fall of an elected government?

◉ **Way Forward?**

Thus holding elections simultaneously is marked by several practical problems which limits its feasibility. However even status quo does not solve the problems mentioned above. We need to find middle ground. Following steps can be taken

- ▶ It's possible to reduce the duration of the election process by half - by conducting the elections in one day. That requires making available to the EC five times the Central armed police force that is currently provided. Instead of 700-800 companies, the EC will then need 3,500 companies. Raising a few battalions of various paramilitary forces will also give relief to the extremely stretched and stressed forces, provide employment and contribute to better enforcement in troubled areas.
- ▶ The other possible and desirable action is to cut the role of money power in elections. It requires two things: Putting a cap on political party expenditure and state-funding of political parties (not elections), with a simultaneous ban on all private, especially corporate, funds.
- ▶ states can be divided into two groups "one group of states going to the polls in November 2016 and another group in June 2019 in conjunction with the next Lok Sabha election. This way, there will be just two rounds of elections in the country in a five-year period. In order to achieve this, the tenure of the existing state assemblies will have to be curtailed or extended by some months

1.8 REVAMPING MEDICAL COUNCIL OF INDIA

Context

- ▶ The Medical Council of India (MCI) is a statutory body entrusted with the responsibility of establishing and maintaining high standards of medical education in India.
- ▶ The MCI in Recent times has been in the news for the wrong reasons, earlier The Parliamentary Standing Committee on Health in its 92nd report came down heavily on various aspects of the functioning of MCI. Now British medical Journal recently had suggested radical revamp of the MCI.



(Q) What are the major Functions of MCI? What are the major problems associated with the MCI. Discuss steps needed to revamp the MCI.

Weaknesses Highlighted by Parliamentary panel

- ▶ In its report, the standing committee felt that the MCI has repeatedly failed on all its mandates over the years. The committee noted the following as some of the prominent failures of MCI.
- ▶ Failure to create a curriculum that produces doctors suited to working in Indian context especially in the rural health services and poor urban areas. The committee felt that this has created disconnect between medical education system and health system.
- ▶ Failure to maintain uniform standards of medical education, both at the undergraduate and post-graduate levels.
- ▶ Devaluation of merit in admission, particularly in private medical institutions due to prevalence of capitation fees, which make medical education available only to the rich and not necessarily to the most deserving.
- ▶ Failure to produce a competent basic doctor.
- ▶ Non-involvement of the MCI in any standardized summative evaluation of the medical graduates and post-graduates.
- ▶ Failure to put in place a robust quality assurance mechanism when a fresh graduate enters the system and starts practicing.
- ▶ Very little oversight of PG medical education leading to huge variation in standards.
- ▶ Heavy focus on nitty-gritty of infrastructure and human staff during inspections but no substantial evaluation of quality of teaching, training and imparting of skills.
- ▶ Failure to create a transparent system of medical college inspections and grant of recognition or de-recognition.
- ▶ Failure to guide setting up of medical colleges in the country as per need, resulting in geographical mal-distribution of medical colleges with clustering in some states and absence in several other states leading to disparity in healthcare services across states.
- ▶ Acute shortage of medical teachers.
- ▶ Failure to oversee and guide the Continuing Medical Education in the country, leaving this important task in the hands of the commercial private industry.
- ▶ Failure to instill respect for a professional code of ethics in the medical professionals and take disciplinary action against doctors found violating the code of Ethics.

Measures needed to overhaul and revamp MCI:

The Parliamentary committee made a number of recommendations to overhaul the system. Some of the important recommendations of the committee are the following -

- ▶ Doctor - Population ratio in India is 1:1674 as against the WHO norm of 1:1000, hence the government should immediately spell out policy stance in great detail to augment the capacity of production of doctors including specialists and super-specialists at the scale and speed required to meet India's health needs.

- ▶ State level doctor-population ratio should guide the setting up of new medical colleges and also the increase in UG and PG seats. Medical manpower planning should be bottom-up also and not just top-down with each state planning for an optimal number of doctors, with a target of 1:1000 doctor-population ratio.
- ▶ The regulatory framework of medical education and practice should be comprised of professionals of the highest standards of repute and integrity, appointed through a rigorous and independent selection process. This process must be transparent. Nominations could be sought but the reason for the final selection should be made public.
- ▶ Urgent measures have to be taken to restructure the composition of MCI to encourage diversity so that it does not become an exclusive club of doctors.
- ▶ Physical infrastructure requirement should be pruned down in such a way that it should have just about 30 to 40 percent standing value in the total assessment of a medical college.
- ▶ Support to convert district hospitals into medical colleges. If a district hospital is converted into a medical college, it will not only be equipped with specialists of all disciplines, providing the healthcare services across the whole spectrum but will also produce some doctors in its area of operation and will thus help reduce geographical mal-distribution of doctors.
- ▶ The PG entrance exam should be held immediately after the final MBBS examination so that the graduate doctor could concentrate on practical skills during his internship.
- ▶ Soft skills (including ethics) should be made one of the cornerstones of the syllabus of medical education.
- ▶ Introduction of Common Medical Entrance Test (CMET) should be done across the nation barring those States who wish to remain outside the ambit of the CMET. However, if any such States wish to join the CMET later, there should be a provision to join it.
- ▶ A common exit test should be introduced for MBBS doctors as an instrument of quality assurance and to ensure that the qualities and competencies of a doctor before he starts practicing are guaranteed and standardized in terms of various quality norms.

1.9 MODEL BUILDING BY-LAWS

o Context:

The Model Building Byelaws, is recently released by the Ministry of Urban Development for adoption in the entire country.



- (Q) What are the key features of the model building byelaws recently released?
- (Q) What are the implementation challenges ahead?

o Background:

- ▶ At present individuals constructing their houses face delays and have to run from pillar to post to get approvals. If India has to attract global investments, if 'Make in India' has to happen and if we have to reform, perform and transform, then we need to overhaul our municipal architecture and systems in order to make life easy for stakeholders.
- ▶ The Model Building Byelaws, recently released by the Ministry of Urban Development for adoption in the entire country is a small step towards achieving this larger overarching goal. It provides a fundamental framework to help create objective, rational and updated provisions for building construction as also an online single-window building plan approval process.

o Key features of the model bye laws:

- ▶ One of the major objectives of these laws is to reduce, if not completely eliminate, people-to-people interaction between the applicant and the urban local bodies through online approvals of various kinds of no-objection certificates.
- ▶ The time limit for approvals proposed in the model regulations is a maximum of 30 days, failing which the plan would be deemed to be approved.
- ▶ Builders would not require any separate environmental clearance or permission as urban local bodies (ULBs) have been given power to monitor the environmental concerns in their regions.
- ▶ the byelaws provide for three categories of buildings - 5,000 to 20,000 sq m; 20,000 to 50,000 sq m; 50,000 to 1,50,000 sq m. Based on their built up area, different set of environmental conditions are provided for each category. In addition, they also provide for mandatory rain water harvesting, apart from provisions for solar roof-top power generation.
- ▶ In order to reduce urban risks and have graded provisions, a risk-based matrix for different types of buildings has been introduced so that small buildings with low- risk criteria get faster approvals whereas the high-risk buildings such as malls, multi-storied and big complexes are examined in detail.
- ▶ Further, provisions for fire safety, structural safety, earthquake and natural disaster safety have also been incorporated. Provisions for the elderly physically challenged and children have also found place in the Model Building Byelaws.

o Challenges:

- ▶ While provisions in the Model Building Byelaws may be laudable as This model law brings in much needed transparency and would definitely help in ease of doing business ,however the crux of the issue is that these in themselves are not binding on the state governments since Building regulation in India is a state subject and therefore, states have to adopt these in their respective statutes.
- ▶ Therefore, the key to implementation of these Model Building Bye laws lies with the state governments. Further, the actual ground implementation has to be done by the urban local bodies which enjoy substantial autonomy as per the 74th Constitution Amendment Act of 1992. Therefore, there is an urgent need to create awareness across the country about the need for states and local bodies to update their building byelaws.
- ▶ Regulation by law is necessary. However, in order to ensure that people abide by the laws, penal provisions alone are not sufficient. One of the ways to ensure compliance is incentivisation. Urban local bodies in various states have the freedom to provide incentives to individuals for rain water harvesting and roof top solar power generation by various mechanisms, including discounts and rebate in property tax. These measures will go a long way in ensuring that greater compliance is achieved.
- ▶ Local bodies need to evolve systems and mechanisms to ensure byelaws are enforced and there is total compliance and violators need to be punished. Unfortunately, municipal politics and local power play often comes in the way of taking harsh measures and that is one of the key reasons for Indian cities and towns to have a haphazard urban landscape.

1.10 DRAUGHT IN MARATHWADA: AN ANALYSIS

o Context:

Areas in Marathwada like latur and Beed are suffering from massive draught due to Successive Failure of Monsoon.



- (Q) Even though the desert state of Rajasthan receives much less annual rainfall than Marathwada, why is Rajasthan not in distress as Marathwada?
- (Q) Draught Problem in Maharastra is more because of man-made causes Than Natural causes. Discuss.

o Reasons for the Draught

- ▶ Rains were deficient last year. In regions like Marathwada, which is facing an acute water scarcity, the shortfall was as much as 40 per cent.
- ▶ It was the second consecutive year that rains were scanty in some regions, including Marathwada. But that cannot be the sole reason for the situation the state finds itself in. It might be an immediate reason for the draughts but the Long run reasons for draughts lie elsewhere.
- ▶ Marathwada received 882 mm of rainfall. Compare this with one of India's most arid regions, the desert state of Rajasthan, where average annual rainfall is never more than 400 mm however Rajasthan is not in distress as Marathawada.
- ▶ The real reasons lie at complete apathy shown by Governments towards water Management that have ruled the state since its inception in 1960 .
- ▶ Government after government in Maharashtra has ignored the issue of effective water management and advantage of the situation has been taken by the sugar industry grossly. This has resulted in the state witnessing a seemingly unstoppable increase in the number of sugar cooperatives. As of today, Maharashtra is home to over 205 sugar cooperatives. Add to this around 80 sugar mills that are privately owned.
- ▶ Sugarcane is a water-guzzler. Maharashtra is the second-largest producer of sugar after Uttar Pradesh. But, unlike the northern state, which has a huge river network, including that of the Ganges, Maharashtra's sugarcane cultivation is in zones where water is extremely scarce.
- ▶ The 4 per cent of land under sugarcane cultivation consumes as much as 71.5 per cent of irrigated water, including that from wells. The state always knew this. But it never thought of putting a stop to the mushrooming of sugar mills.
- ▶ In an era where the entire world is anxious and worried about climatic changes, Maharashtra is totally oblivious to the reality. It is yet to bring in concepts like water governance. Though for a while it mulled making drip irrigation mandatory for sugarcane cultivation, it is yet to enforce it. it continues to use a rudimentary technique for supplying water - flood irrigation - where an entire farm is flooded with water.

o Other Issues that need addressing:

▶ Dam Scam

- Maharashtra has 1,845 dams, more than any other state in India, and yet only around 18% of its farmland is irrigated.
- The recent "dam scam" exposed the extent to which public funds have been used to build dams without yielding irrigation benefits. Of the 70,000 minor irrigation projects in the state, only 12% are working today. Politics, specifically the power of the so-called "sugar lobby," rather than prudence, has dictated the allocation of surface water for irrigation.

▶ Water-intensive sugar cane cultivation

- Cutting across party lines, no state government will contemplate placing any limits on water-intensive sugar cane cultivation, even in water-scarce regions like Marathwada, or on sugar factories that need thousands of litres of water everyday.
- In fact, 80 of the state's 205 sugar factories are located in Marathwada and despite the failure of the monsoon in the last two seasons, the area under sugar cane cultivation has increased. Also, while there is no check on such unsustainable use of water for agriculture, the Madhav Chitale Committee report on irrigation revealed a massive diversion of public funds in the name of providing irrigation.
- Despite an expenditure of ₹70,000 crore, the increase in irrigated area over a decade was a mere 0.1%. Clearly, the promise of water is a lucrative business.

► **Mismanagement of groundwater sources**

- However, the real reason for the water crisis is the mismanagement of groundwater sources. Despite the dams, most of Maharashtra's agricultural land is rain-fed and dependent on groundwater.
- The wilful overuse of groundwater resources, combined with the absence of measures to replenish these resources, has led to the state being in a constant state of crisis in the months preceding the monsoon.
- Maharashtra should have learned some lessons from the 1972 drought that resulted in millions of people suffering. That crisis gave birth to the pioneering Employment Guarantee Scheme (EGS), which not only guaranteed the rural poor work but also used the available labour to take steps that would conserve surface water and replenish groundwater. Many important interventions in ways to replenish underground aquifers, such as desilting ponds and tanks, contour bunding, percolation tanks, recharging shallow wells, etc, were demonstrated through the EGS works. The EGS was the role model for the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS). Unfortunately, at a time when 10 states are struggling to cope with drought conditions, the central government is holding back funds for MGNREGS.

► **Urban water crisis**

- Compounding the crisis is the situation in our urban areas. As in the rural areas, there has to be a drastic change in urban water management.
- Urban built forms in India have slavishly followed patterns in the industrialised North without considering the scarcity of a basic resource like potable water.
- Unless rules are set in place for water use and conservation in our urban spaces, water will remain scarce and its availability inequitable.
- As for groundwater, urban India has withdrawn at such a pace that perennial deep underground aquifers have been permanently depleted. Surface sources such as lakes and streams have been filled up, often deliberately, to generate more land.

Given this, clashes over scarce resources like water will intensify in urban India. There is no magic wand to produce water out of air; only long-term prudence and planning to use this important resource will address the crisis.

○ **Steps taken by The Government**

- Government has Temporarily banned Sugarcane cultivation in Draught Zones.
- Government has been sending water to Draught Hit areas by Trains.
- The government by way of initiatives like the Pradhan Mantri Krishi Sinchayee Yojana has been promoting "more crop per drop" strategy to raise farm output with less water.
- Government has launched Pradhan Mantri Fasal Bima Yojana to increase Penetration of insurance among Farmers so compensate Farmers during vagaries of nature like this one.

○ **Is banning Sugercane Farming Suffcient?**

- Banning Sugercane for 5 years can only provide short run solution to the Problem .
- If the intention of the Government latest decision is aimed at making Marathwada's farmers grow crops that consume less water, the right way to do so is by ending the regime of subsidies on canal irrigation as well as electricity for pump sets.
- It is these subsidies, besides payment of an assured price for their crop supplied to mills, that has led farmers to cultivate more sugarcane by overdrawing both canal and underground water. If water is properly metered and priced to reflect its scarcity value, they may well choose to reduce the area under cane and plant more pulses, oilseeds or cotton instead .
- Those gunning for sugarcane fail to see that this is a crop that also produces green fodder, which farmers would otherwise have had to grow separately. Moreover, unlike other industries, sugar mills neither require water nor electricity from outside; these are present either directly in the cane or generated as a byproduct.

- ▶ There is an element of exaggeration to the view that blames Marathwada's water woes entirely on sugarcane, while ignoring the impact of monsoon failure itself in three out of the last four years. This view also underestimates the benefits sugar may have brought to the region's farmers, including generating employment opportunities.
- ▶ Sugarcane, no doubt, requires 2,100-2,200 mm of water, more than the 1,400 mm or so for paddy, 900 mm for cotton, 600 mm for jowar (sorghum) and arhar (pigeon-pea), 550 mm for wheat, and under 500 mm for soyabean and chana (chickpea). But then, sugarcane typically grows over 365 days, as against the 180 days of cotton and arhar, 130 days of paddy and wheat, 110 days of jowar and chana, and 100 days of soyabean. Besides, even the best Punjab farmer can harvest only six tonnes of wheat and nine tonnes of paddy per hectare, whereas cane yields rarely go below 40 tonnes, while averaging 80 tonnes for Maharashtra. Simply put, sugarcane consumes less water on a per-day basis, and even less for every unit weight of biomass produced.
- ▶ Therefore instead of banning Sugercane Government should make it mandatory for Farmers to grow Sugarcanes only by using Drip irrigation techniques which uses less water. Government should provide subsidy to farmers so that drip irrigation could be made affordable to the farmers.

1.11 KOLLAM FIRE TRAGEDY

KOLLAM FIRE TRAGEDY: GOVERNANCE FAILURE IN PUBLIC SAFETY

Context:

The fire tragedy at the Puttingal Devi temple in Kollam, Kerala, which claimed more than 100 lives, raises several questions with regard to public safety management and the role of the district administration in ensuring safety during occasions such as major religious festivals.



(Q) A gargantuan Kumbh Mela that attracts several millions passes off without incident. But a Kollam festival that draws just a few thousands ends in a colossal mishap. How do you explain the contradiction? Is it that the Uttar Pradesh civil set-up is more sensitive and efficient than its Kerala counterpart? Or is it a case of government reluctance to be tough on the eve of Assembly elections?

Analysis of the developments:

- ▶ **Festivals and fireworks**
 - The distinctive feature of many Kerala festivals is that they cut across religions, and are looked upon as more of a social event. The fireworks display is the most exciting feature of religious festivals in Kerala.
 - In the Kollam horror, there are reports that the local administration had turned down the request for a fireworks competition between groups which are regular participants in the festivities and come from various other temples in the region.
 - Reports suggest that a local resident - an elderly woman - is known to have appealed to the district collector against allowing fireworks because they posed a threat to her house nearby every year. There is therefore reason to believe that the festival organisers were least sensitive to local feelings, and their only concern each year was to do better than the previous occasion.
 - Any stern order limiting the festivities is always resisted, sometimes with the support of the local ruling party. The overruling of a district collector or superintendent of police is a common occurrence. The administration in Kollam eventually permitted a mere display of fireworks instead of the competition.
 - No State government in India would like to antagonise even the smallest of religious denominations. This is the tragedy of our polity. There are no signs that this appalling situation will change even in decades.

► **High number of Casualties**

- Both stampedes and fireworks at festivals have caused a large number of casualties in our country. Perhaps these account for far more than what we have suffered at the hands of terrorists. The stampedes at the Mahamaham Festival in Tamil Nadu (1992; 50 casualties), the Nashik Kumbh Mela (2003; 39 casualties) and Mandher Devi temple in Satara, Maharashtra (2005; nearly 300 casualties) come readily to mind.
- Consider these along with the fire accidents in Delhi's Uphaar cinema (1997; 59 deaths) and Kolkata's AMRI Hospital (2011; over 90 deaths) to convince yourself that we either do not have a uniformly stringent fire safety policy, or the wisdom and courage to enforce it if we ever had one.

► **Lessons not learnt**

- We have learnt only few lessons from these gory happenings.
- The routine appointments of commissions of inquiry and suspensions of police personnel are a knee-jerk response to what is becoming a human rights violation by the state in neglecting fundamentals to regulate religious assembles and to strictly implement safety measures on public occasions or inside public buildings.
- Many of these premises have narrow, steep staircases to substitute for lifts and escalators in the event of a fire. Also, they have entries and exits solely on one side of the auditorium, enabling conditions for a classic stampede. Local authorities are grievously callous on such matters and are known to give licences to cinemas and restaurants for an unspecified bribe that is shared by many at the top and in the lower rungs of the administrative hierarchy.
- The tragedy is there is hardly any open debate in the country on safety at our public premises and gatherings in open spaces.
- There is a near paralysis in the civil administration on such vital matters, attributable mainly to acute political interference. The situation is so bad these days that an organiser of a public function can go to a government official to either flaunt his religion - minority or majority - or his proximity to the ruling party in order to browbeat the official concerned into permitting even the most objectionable event.
- The Kollam tragedy is a manifestation of this disease that afflicts our polity. Such tragedies will continue to occur if public safety policies are not delinked from religion and politics, and the greed which dictates the response of many public officials, both petty and senior.

○ **Quality, not the quantity of deployment**

A final word about police practices and accountability. Many senior law enforcement officials continue to believe -that throwing in a large number of policemen at a temple or a public meeting addressed by celebrities is a guarantee against chaos or disaster of the kind we saw at Kollam. Numbers deployed can help only to an extent. It is the quality of deployment, combined with the severity of adherence to the standard operating procedure which would eventually win the day.

1.12 NEW DOMICILE POLICY OF JHARKHAND

○ **Background:**

- On April 7th, 2016 the State of Jharkhand announced its domicile policy.
- Earlier in 2002, the then Chief Minister of the state Sri Babulal Marandi had decided to introduce the domicile policy based on 1932 land records, this had led to the tribals and non-tribals come face to face on the issue and was later dropped.
- It needs to be mentioned here that the state was formed primarily on the basis of the premise of 'son of the soil' concept. However, the issue of domicile has been hanging in the balance since the inception. Numerous governments had formed commissions and committees but none of their recommendations were implemented as of date.



(Q) What are the provisions of the new 'Domicile Policy' of Jharkhand? Why is this issue too sensitive to the local population?

Make '**POINTERS**'
for '**REVISION**'

Provisions of the policy:

The criterias brought out by the State government of Jharkhand are:-

- ▶ People who have their ancestors' name in the land records of the state. Now let us elaborate on this issue. The last records of the state were prepared by the British in 1932.
- ▶ The gram pradhan (village head) can identify the landless as a local resident on the basis of his language, cultural practices and traditions.
- ▶ People living in Jharkhand for the last 30 years for reasons of business, jobs, etc., and have acquired immovable properties, and their children, would be considered locals.
- ▶ Employees of the Jharkhand government, or government-aided institutions, organisations etc. - and their spouses and children - would be considered locals. Same for central government employees living in Jharkhand, and their spouses and children.
- ▶ Those holding constitutional posts, their spouses and children.

Those who were born in Jharkhand, and have completed their education till matriculation.

The criteria were decided after wide-ranging consultations with all stakeholders, including political parties and social organisations. But no specific committee or body of experts was constituted for this. Earlier Jharkhand governments had set up more than half-a-dozen such committees, but the purpose of identifying local residents was never achieved.

Why so much of hew-n-cry over the issue of domicile:

The problem is rooted in the history of Jharkhand. Since the days of the Raj, the area that is now Jharkhand has witnessed the influx of people from outside, as industries and mines were set up in the hills and jungles to tap into the rich mineral wealth of the region. This process intensified after Independence, especially after coal mines were nationalised, more industries like steel and heavy engineering were set up in hubs like Bokaro, Ranchi and nearby areas, and a large number hydroelectric power projects were commissioned. As the influx of outsiders increased, the indigenous population was displaced in large numbers. The tribals were gullible, simple-minded, and unskilled in the requirements of the modern urban life - and the outsiders soon rose to positions of strength, both financially and politically. From being over two-thirds of the state's population in 1951, tribals now constitute only a little over a quarter. This has been also due to migration of tribals in large numbers outside the state in search of livelihoods. Over time, a fertile space was created for the emergence of identity-based politics - pitting the moolvasi (original residents) against the outsiders. For well over a decade prior to its creation, Jharkhand witnessed an intense movement for a separate state on the basis of its indigenous culture, tradition and language. It was envisioned as a space where the tribals could preserve their traditions and prosper financially and politically, while having complete control over their jal, jangal and zameen.

1.13 GRAND INNOVATION CHALLENGE

NITI Aayog recently launched the first phase of the 'Grand Innovation Challenge' to seek citizens inputs on the key developmental challenges facing India.



(Q) What is the government doing to channelize the innovation potential of the country toward meeting the developmental agenda.

- ▶ The 'Grand Innovation Challenge' is being launched on the MyGov portal, to involve citizens at the very first stage in innovating for India's development.
- ▶ The idea is to work together with the States and every citizen as Team India to ensure progress. leaving no one behind.

- ▶ The focus is on the social sector, the most vulnerable sections and to involve citizens in crowd sourcing ideas to address challenges facing India's development.
- ▶ The move comes in the backdrop of Prime Minister Narendra Modi's initiative to reiterate the importance of Innovation and Entrepreneurship for India's Development at various forums. NITI Aayog is leading this key goal for India by formulating guidelines for implementing the Atal Innovation Mission (AIM).

With the launch of AIM, NITI will provide fillip to the swelling Innovation potential in the country. Partnering with the best minds nationally and internationally will bring together experts in academics, technology, industry, entrepreneurship and research. The resource bounty will be made available to innovative minds from across India to tap on.

1.14 MAHARASHTRA PROHIBITION OF OBSCENE DANCE IN HOTELS, RESTAURANTS AND BAR ROOMS AND PROTECTION OF DIGNITY OF WOMEN (WORKING THEREIN) ACT, 2016

- ▶ The Supreme Court in October 2015 had ruled that the ban on dance bars cannot be upheld in law.
- ▶ On 2 March, the Court rapped the state government, ordering it to grant licences to dance bars by 15 March. It is more than a decade since the ban on dance bars was first put in place in 2005.
- ▶ The Maharashtra legislature has since, and only at the behest of the judiciary, progressed to lifting the ban, and has now put in place the Maharashtra Prohibition of Obscene Dance in Hotels, Restaurants and Bar Rooms and Protection of Dignity of Women (Working Therein) Act, 2016. The act was passed by both houses of the Maharashtra legislature on consecutive days, 11 and 12 April, unanimously and without any debate whatsoever.



(Q) Why is the Maharashtra prohibition of obscene dance in hotels, restaurants and bar rooms and protection of dignity of women (working therein) act, 2016 criticized by activists? What should be really done to improve the situation of bar dancers?

Critique of the act

- ▶ As reported by the news media, the Association of Hotels and Restaurants (AHAR) is planning to challenge the "impractical conditions" of the act at the Supreme Court hearing scheduled on 18 April, claiming that the government did not consult them, the stakeholders, before tabling the bill, which, having been passed unexamined, is now an act.
- ▶ The rules and regulations-mandatory installation of CCTV cameras in the performing area, clearance of performances to be obtained from the censor board, the dance floor to be 5 ft from the audience with the dancers enclosed by a 3 ft tall fence, liquor not allowed to be served in the performing areas, dance bars not allowed within 1 km of educational and residential establishments, restricted operational timings-have the stakeholders in a bind over their impracticality.
- ▶ Keeping in mind the experience of law enforcement in India, there is, after all, no guarantee that they will not be harassed by the state machinery any less than they are now.
- ▶ Section 2.8, which, apart from including the vaguely worded obscenity clauses of Section 294 of the Indian Penal Code, defines "obscene dance" as a dance "(i) which is designed only to arouse the prurient interest of the audience; and (ii) which consists of a sexual act, lascivious movements, gestures for the purpose of sexual propositioning or indicating the availability of sexual access to the dancer, or in the course of which, the dancer exposes his or her genitals or, if a female, is topless."
- ▶ It is then the linking of prostitution, on the one hand, and the linking of the idea that women's sexual autonomy, agency, desires and sexual expression manifested by way

of dancing (or any other way, for that matter) is inherently "immoral," on the other hand, which is at the root of both, the anti-naught movement that culminated in the elimination of much more than a dance tradition, and the hankering for doing away with "vulgar" and "obscene" dance by banning dance bars. In fact, the term "immoral purpose" has been mentioned in Section 8.2 of the act. "Immoral" is a category that is open to interpretation, whereas "illegal" is a definite category. Why was "illegal purpose" not used here instead?

- ▶ Instead of regularising the working conditions of bar dancers for which just the enforcement of the extant labour laws and regulations would suffice, why does the legislature insist on passing yet another act? Especially when the act is one that instead of legislating about the "Protection of Dignity of Women" who work as bar dancers, as it claims to-ends up conflating morality with legality, as is the usual practice. If the state were truly concerned about the welfare of bar dancers, how is it that licences to operate were given to these bars in the first place, without ensuring that they adhere to labour laws and regulations? Are dance bars not places of employment, and the dancers employees?

o **Satisfying the so-called collective conscience?**

- ▶ What is lost in more than a decade of back and forth between the legislature and the judiciary is the very rationale behind the ban and this grudging attempt by the legislature to comply with judicial orders: the pandering to and satisfaction of the moral appetite of the nation's "collective conscience." The very terminology used in the naming of the act-"prohibition," "obscene," "protection," "dignity"-evokes the obscurantist 19th century colonial idea of morality, which was appropriated by the upper castes/classes, the sole members of the aforementioned "collective."
- ▶ What some of our legislators consider "Indian tradition" and "nationalism" is archaic and anachronistic, to say the least. The chosen representatives of our "collective conscience" have become a morally intoxicated lot passing bills as if they were salt shakers being passed across the table.

1.16 SOCIAL BOYCOTT LAW IN MAHARASHTRA

- ▶ The Maharashtra assembly passed a new social boycott law on april 13, 2016
- ▶ It makes social boycott a crime that invites imprisonment of up to seven years and a fine of Rs 5 lakh or both.
- ▶ Social boycott prohibition officers are to be recruited by the state to detect offences and assist the magistrate and police officers in tackling cases.



(Q) Was a social boycott law really required in Maharashtra?

o **What was the need of such law?**

According to government, A separate law had become necessary in the wake of a large number of such cases being reported from the districts.

o **Why is the move criticized by experts?**

- ▶ Be it in the name of caste, tradition or religion, social boycott is indeed a serious problem - but it does not need a new law.
- ▶ The added layer of bureaucracy to monitor it would, in all probability, be ineffectual in addressing the problem, while encouraging tendencies of state-sponsored vigilantism, which are already rampant in Maharashtra.
- ▶ The Fadnavis government's move may be well-intentioned but it points to an old Indian syndrome: The rush to legislate to "fix" a complex social issue. New laws are also often resorted to in order to distract from the administration's failures to work the existing laws.
- ▶ Indian penal law already has ample provisions to punish discriminatory practices based on caste, gender or faith. If the Maharashtra administration has failed to enforce these, the problem must be addressed at that level, instead of bringing in a new law.
- ▶ It is rightly said that India is an overregulated but undergoverned state.

2

**INTERNATIONAL
RELATION**

2.1 PRIME MINISTER'S VISIT TO SAUDI ARABIA

In early April 2016 the Prime Minister of India went for an official visit to Saudi Arabia.



- (Q) What is the significance of PM's visit to Saudi Arabia?
- (Q) What are the challenges ahead in the bilateral relationship in the increasingly polarised world?
- (Q) How important is Saudi Arabia important for our energy security and what are we doing in that direction?

o Significance of the visit?

- ▶ Joint statement issued by India and Saudi Arabia has an oblique reference to Pakistan as it calls on all states to dismantle terror infrastructure "where they happen to exist".
- ▶ It reflects a resolve to deepen India's engagement in West Asia.
- ▶ Saudi Arabia, in particular, has been a traditional source of energy and of remittances for India.
- ▶ Mr. Modi is also seeking to upgrade the economic and security cooperation into a strategic partnership with Riyadh - an approach that is in line with the wider foreign policy outreach to improve ties with close allies of Pakistan.
- ▶ The timing of Mr. Modi's visit is significant. It has been reported that there are tensions in the Pakistan-Saudi relationship after Islamabad's renewed engagement with Iran. Pakistan had also refused to send troops to Yemen to join a Saudi war coalition. This is, therefore, a particularly good time to deepen ties, and the Saudis have responded positively.

o Challenges ahead?

- ▶ The visit comes eight months after Mr. Modi travelled to the United Arab Emirates, and it is expected be followed by one to Israel. This demonstrates New Delhi's tightrope-walking foreign policy towards the region.
- ▶ In recent years, bilateral ties had acquired a security dimension with both countries stepping up cooperation in counter-terrorism and intelligence-sharing.
- ▶ Hours ahead of Mr. Modi landing in Riyadh, Saudi Arabia and the U.S. imposed joint sanctions on individuals linked to the Lashkar-e-Taiba.
- ▶ Despite some tensions, there is nothing substantial to suggest that the Pakistani-Saudi alliance is getting any worse.
- ▶ Even though the joint statement denounces all kinds of terrorism, the Saudis are accused of funding extremist groups in West Asia, particularly in war-torn Syria.
- ▶ Besides, there are some fundamental weak spots in India-Saudi ties, ranging from concerns about Indian workers in the kingdom to its funding of Wahhabi groups elsewhere, including in India.

o Way ahead for India?

- ▶ There have to be mechanisms to address the flaws as well, without which the grand diplomatic overtures may not bear fruit.
- ▶ Also, India would be wary of appearing partisan at a time when the rivalry between Iran and Saudi Arabia is at its peak.
- ▶ The best way forward is to continue the multi-directional West Asia policy with more vigour, but maintaining its equilibrium.

2.2 MOU BETWEEN INDIA & UAE TO CHECK HUMAN TRAFFICKING

- ▶ The Union Cabinet chaired by the Prime Minister Shri Narendra Modi has given its approval for signing of a Memorandum of Understanding (MoU) between India and

United Arab Emirates (UAE) on cooperation in preventing and combating of Human Trafficking.

- ▶ The MoU is expected to be signed very soon after the approval.



- (Q) How serious is problem of human trafficking in India keeping in mind it as a transit country for west Asia?
- (Q) What are the following are the salient features of the MoU signed between India and UAE to curb this menace? Will it be effective?

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◉ **The following are the salient features of the MoU:**

- ▶ To strengthen cooperation to prevent all forms of human trafficking, especially that of women and children and ensure speedy investigation and prosecution of traffickers and organized crime syndicates in either country.
- ▶ Taking preventive measures that would eliminate human trafficking in women and children and in protecting the rights of victims of trafficking.
- ▶ Anti-trafficking Cells and Task Forces will work on both sides to prevent human trafficking.
- ▶ Police and other concerned authorities will work in close cooperation and exchange information which can be used to interdict human traffickers.
- ▶ The repatriation of victims would be done as expeditiously as possible and the home country will undertake the safe and effective re-integration of the victims.
- ▶ A Joint Task Force with representatives from both sides would be constituted to monitor the working of the MoU.

◉ **Background:**

- ▶ As a destination of trafficking, South Asian countries are mainly affected by domestic trafficking, or trafficking from the neighboring countries. However, South Asian victims are also increasingly detected in the Middle East.
- ▶ India is a source and transit country as far as trafficking to UAE is concerned, whereas UAE is a destination and transit country for men and women, predominantly from South, Southeast and Central Asia and Eastern Europe who are subjected to forced labour and sex trafficking. Migrant workers, who comprise over 95 percent of the UAE's private sector workforce, are recruited primarily from Ethiopia, Eritrea, Iran and East, South and Southeast Asia. Some of these workers face forced labour in the UAE. Women from some of these countries travel willingly to the UAE to work as domestic workers, secretaries, beauticians and hotel cleaners, but some are subjected to forced labour by unlawful withholding of their passports, restrictions on movement, non-payment of wages, threats and physical or sexual abuse.
- ▶ The reinforcement of anti-trafficking efforts at all levels between the UAE and India is essential for prevention and protection of victims. This requires mutual cooperation among both the countries for intelligence sharing, joint investigation and a coordinated response to the challenges of human trafficking. For this purpose, it is proposed to sign a Memorandum of Understanding with UAE. We have already signed one MoU to prevent trafficking with Bangladesh and another with Bahrain is to be signed during this month.
- ▶ The MoU will strengthen the bonds of friendship between the two countries and increase the bilateral cooperation on the issues of prevention, rescue, recovery and repatriation related to human trafficking especially women and children expeditiously.

2.3 CEASEFIRE IN YEMEN

A United Nations-backed ceasefire between the Saudi-allied forces loyal to President Abd-Rabbuh Mansour Hadi and Shia Houthi rebels took effect in Yemen



(Q) Should we be really optimistic about the ceasefire in Yemen entered between Saudi backed forces and Houthi rebels?

(Q) What is the way ahead to resolve the Yemen crisis?

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o **Background of conflict in Yemen and present status?**

- ▶ Saudi Arabia and its allies have started bombing Yemen in March 2015 with the obvious goal of reinstating the ousted government of President Hadi and weakening the Shia Houthi rebels who had captured the capital Sanaa.
- ▶ But after a year of relentless bombing by Riyadh, the Houthis still hold the capital city and control much of western Yemen.

o **What has been the impact of the conflict?**

- ▶ In fact, if anyone has secured a strategic advantage out of the Yemeni war, it is al-Qaeda.
- ▶ The stateless chaos amid a disastrous war has helped al-Qaeda expand its footprint steadily in the country, and it now runs a mini state from south-eastern Yemen.
- ▶ On the other side, the war has turned Yemen into a humanitarian catastrophe. More than 6,000 people, half of them civilians, have been killed since the Saudi bombing started, and about two million have been displaced.

o **Significance of the ceasefire?**

- ▶ It has raised the hopes that the warring factions may purposefully work towards a negotiated solution.

o **Should we be really optimistic?**

- ▶ It is not clear how long the truce will hold, given the complexity of the conflict and past experience.
- ▶ Three previous attempts to reach a ceasefire had collapsed.

o **So what is the way ahead?**

- ▶ The ceasefire, however, is a starting point.
- ▶ But for it to succeed, the regional powers should set aside their geopolitical games and come together to address the humanitarian problem pragmatically.
- ▶ The Saudis should realise that, they cannot forcibly keep away from power the Houthis, who claim to represent the country's Shia community that makes up between 30 and 45% of the total population.
- ▶ The Houthis and their Iranian backers should also understand that they cannot just take over the whole country.
- ▶ Any practical solution will require an end to external military intervention and a cessation of violence, followed by the formation of a government of national unity.

2.4 LOGISTICS EXCHANGE MEMORANDUM OF AGREEMENT (LEMOA)

- ▶ In early April 2016, U.S. Defence Secretary Ashton Carter visited India.
- ▶ During the three day visit talks were initiated on Logistics Exchange Memorandum of Agreement (LEMOA).



(Q) What were the key highlights of visit by U.S. Defence Secretary to India?

(Q) What do you mean by LEMOA and how significant is it?

(Q) What are the challenges ahead in the Indo-US defence partnership?

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o What were the key highlights of visit by U.S. Defence Secretary to India?

- ▶ During the visit, the mutual proximity of the two countries' militaries appeared greater than ever, and a clear signal of both sides' cooperative intent came in the form of an announcement that the Logistics Exchange Memorandum of Agreement (LEMOA) would be signed in the forthcoming weeks or months.
- ▶ Mr. Carter spoke of his desire to advance consultations on cooperation over the joint development of aircraft carriers and jet fighter technology. In addition to LEMOA, two "pathfinder projects" were announced, to co-develop a Digital Helmet Mounted Display; and so was a Joint Biological Tactical Detection System.
- ▶ Meanwhile, Mr. Parrikar and Mr. Carter have agreed to expand collaboration under the Defence Technology and Trade Initiative, infuse greater complexity in their military engagements and maritime exercises, commence discussions on submarine safety and anti-submarine warfare, and initiate a bilateral maritime security dialogue that would include diplomats and the defence establishments.
- ▶ How strong are defence relations between the 2 sides?
 - India-U.S. defence cooperation has witnessed an unprecedented boom for well over a decade now, rising from being "as flat as a chapati" in 2002, in the words of former U.S. Ambassador to India Robert Blackwill, to the present day, with the aggregate worth of defence acquisitions from Washington exceeding \$10 billion.

o What are the challenges ahead?

- ▶ The relationship should be seen exclusive of India's outreach to other countries
- ▶ Yet if burgeoning trade volumes have historically represented the upside to growing convergence within bilateral defence ties, then the paucity of actual, production-line-based collaborative initiatives under the Defence Technology and Trade Initiative (DTTI) - which in a hypothetical world would tie in neatly with Prime Minister Narendra Modi's 'Make in India' initiative - is a testament to the need for more trust and willingness to be accommodative towards a partner.
- ▶ However, going by the plodding pace of four other such "pathfinder projects" outlined during U.S. President Barack Obama's visit to India in January 2015, it may be unwise to expect the two announced during Mr. Carter's visit to result in actual production kicking off any time in the near future. Of the initial four pathfinder projects agreements, only two were signed in August 2015, the two appear to have fallen off the table or at least placed on the shelf for the moment.
- ▶ While some discussions under DTTI have slowed or stalled owing to Washington's inability, for a variety of reasons, to meet India's hopes and expectations for sharing sensitive technologies and others have paused to come to grips with India's offset rules under the latest Defence Procurement Procedure, there appears to be rising frustration all round at the crawling pace of progress.

2.5 CANADIAN PM ON KOMAGATA MARU INCIDENT

- ▶ Canadian Prime Minister has recently announced that he would "make a formal apology in the House of Commons for the Komagata Maru incident".
- ▶ "As a nation, we should never forget the prejudice suffered by the Sikh community at the hands of the Canadian government of the day. We should not - and we will not," he said. "An apology made in the House of Commons will not erase the pain and suffering of those who lived through that shameful experience. But an apology is not only the appropriate action to take, it's the right action to take, and the House is the appropriate place for it to happen."



- (Q) What was the Komagata Maru incident?
- (Q) Why is Canada apologizing for it now?

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o Why is Canada apologizing now?

- ▶ Canada has a large Punjabi and Sikh immigrant population, who now constitute a powerful and successful section of Canadian society.
- ▶ There are four Sikhs in PM's Cabinet, and the Prime Minister has quipped that he has more Sikhs in his government than the government of Narendra Modi.
- ▶ However, the scars of Komagata Maru remain ingrained in the community's historical consciousness even after 102 years, and they have repeatedly asked the Canadian governments to acknowledge and apologise. Trudeau's gesture has, therefore, been universally hailed.

o What was the Komagata Maru incident?

- ▶ Over a century ago, on May 23, 1914, a cargo steamship named Komagata Maru sailed into Burrard Inlet in British Columbia, Canada, on which Vancouver harbour is located.
- ▶ The vessel was owned by a Japanese company and chartered by a Singapore-based businessman named Gurdit Singh. On it were 376 Sikh and Punjabi passengers hailing from different parts of South East Asia.
- ▶ The authorities at Vancouver, however, refused to allow the passengers to disembark. For two months, agitated negotiations took place between the passengers and Canadian immigration officials, during which the passengers endured extreme hardship and near starvation.
- ▶ On July 23, the Komagata Maru was finally turned away, with all except 24 passengers - who were allowed to enter Canada - still on board. The ship made its way back to India, and docked at Budge Budge on the Hooghly near Calcutta on September 27.
- ▶ The British government saw their act of travelling to Canada as revolutionary and seditious, and after a scuffle with passengers, police shot dead 19 of them. Many others were jailed.

o Why did the Canadians want to keep out Indians (and other Asians)?

- ▶ Racial prejudice was always a factor, which was inflamed further by the increasing competition for jobs as a result of largescale Asian migration. Vancouver saw largescale anti-Japanese riots in 1907.
- ▶ But a more important - and historically relevant - reason for keeping out the migrants was the rapid growth of a revolutionary nationalism among the Indians who had settled in Canada and the United States. By the 20th century, political consciousness and the idea of azaadi from British rule had spread among Indians overseas. The British Crown did not want this feeling of revolution to spread to more Indians. In 1913, Lala Hardayal, Baba Sohan Singh Bhakna, Maulana Barkatullah, and several other Punjabi Indians in the US and Canada formed the Ghadar Party to fight the Raj from overseas. The Crown was aware of the plans, and tried its best to restrict movement of Punjabis

2.6 4TH NUCLEAR SECURITY SUMMIT: SIGNIFICANCE

- ▶ On March 31 and April 1, leaders of 52 countries including India came together in Washington DC for the fourth Nuclear Security Summit.
- ▶ However as usual nothing concrete was achieved.

?

(Q) Critically analyse the achievements of the four summits till date.

o What are Nuclear Security Summits?

Held every two years since 2010, these summits started with the recognition of the risks posed by plutonium and highly enriched uranium (HEU), the key ingredients for making nuclear weapons, and aimed to "secure all vulnerable nuclear material in four years".

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o **Have these summits achieved anything yet?**

- ▶ Despite this high-level political attention, and fanfare, these summits have achieved little.
- ▶ To make matters worse, countries that in 2010 were producing plutonium and highly enriched uranium continue to do so, and the dangers from nuclear weapons have been neglected.
- ▶ The United States and Russia had about 14,700 nuclear weapons (as of 2015), and the other seven nuclear weapon states held a combined total of about 1,100 weapons.
- ▶ Worse yet, both the United States and Russia have launched massive long-term nuclear weapons "modernisation" programmes, which in the case of the United States is estimated to cost as much as \$1 trillion over the next 30 years.

o **Reasons for their failure?**

- ▶ The main failings were of conception and a political willingness to settle for easy options. Despite the expansive declarations of the need "to maintain effective security of all nuclear materials, which includes nuclear materials used in nuclear weapons", the summits narrowed their focus to civilian holdings in non-nuclear weapon states.
- ▶ This material is already being monitored by International Atomic Energy Agency (IAEA) inspectors and, more importantly, is but a tiny fraction of actual global stockpiles.

o **So what is the way ahead?**

To address the nuclear threats that actually imperil the world, the focus should be on getting states to make a clear commitment to eliminate nuclear weapons and agree to concrete and urgent plans to eliminate nuclear arsenals and the nuclear material stockpiles that make them possible.

3

ECONOMY

3.1 CABINET APPROVES RECOMMENDATIONS OF 14TH FINANCE COMMISSION ON FISCAL DEFICIT TARGETS



(Q) What effect would implementation of 14th Finance commission Recommendations on Fiscal Deficits have on the Expenditure capacity of the states? Comment

o Context

The Union Cabinet chaired by the Prime Minister has today given its approval to Recommendations on Fiscal Deficit Targets and Additional Fiscal Deficit to States during Fourteenth Finance Commission (FFC) award period 2015-20.

o Key Recommendations of 14th Finance commission on Fiscal deficit

- ▶ FFC has adopted the fiscal deficit threshold limit of 3 per cent of Gross State Domestic Product (GSDP) for states. It has also provided for year-to-year flexibility for additional deficit.
- ▶ FFC provided additional headroom to a maximum of 0.5 per cent over and above the normal limit of 3 per cent in any given year to those states that have a debt-GSDP ratio of less than 25% and interest payments-revenue receipts ratio less than 10% in the previous two years. If a state fulfils only one of the two conditions, it will be eligible to increase borrowing by a quarter of a percentage point above the 3% of GSDP limit.
- ▶ If a state is not able to fully utilise its sanctioned fiscal deficit of 3 per cent of GSDP in any particular year during the 2016-17 to 2018-19 of FFC award period, it will have the option of availing this un-utilised fiscal deficit amount only in the following year but within FFC award period.
- ▶ This facility would be available only to states with no revenue deficit in the year in which borrowings limits are to be fixed and the preceding year.
- ▶ Since the year 2015-16 is already over, the states will not get any benefit of additional borrowings for 2015-16. However, the implications for the remaining period of FFC award, that is 2016-17 to 2019-20, would depend upon respective states' eligibility based on the criteria prescribed by FFC.

o Significance of the decision

- ▶ 3% of GSDP fiscal deficit condition was restricting states from carrying out capital expansion activities, which can be lumpy at times. After this decision is implemented the States will get additional space to raise borrowings, which may result in much-needed government expenditure for capital projects and infrastructure.
- ▶ The permission to carry forward any unused fiscal deficit amount to the following year would impart flexibility to states to time their borrowings in line with foreseeable expenditure spikes, for instance related to the pay commission awards." This is preferable to the current practice adopted by some states that choose to exhaust their borrowing limits each financial year irrespective of the actual need and park excess funds in lowering interest bearing treasury bills.
- ▶ 3% condition was discouraging best-performing states and putting all of them at par. The decision will Not only incentivize fiscal discipline, it will also empowers states to prioritize their development spending-consistent with the implicit thinking of the FFC that one size does not fit all and that states are mature enough to competently manage their own fiscal needs.

o Challenges

- ▶ Not many states would qualify for this, due to riders attached to the scheme by the Fourteenth Finance Commission (FFC).
- ▶ Nine of 18 states studied by CARE Ratings would, for instance, not qualify this financial year, as they had a revenue deficit in 2015-16 or are projected to have it in 2016-17.

- ▶ The FFC had said flexibility in availing the additional limit would be available to a state only if there was no revenue deficit in the year borrowing limits are to be fixed and the immediately preceding year. Out on this count would be both more industrialised ones such as Tamil Nadu and Maharashtra, and less prosperous Bihar. Goa, West Bengal, Andhra, Rajasthan, Punjab and Kerala would also not be eligible to widen their fiscal deficit beyond three per cent.
- ▶ In terms of the revenue deficit and interest payment to revenue receipt criteria, only five states -- Chhattisgarh, Karnataka, MP, Jharkhand and Odisha would qualify. These five states are also eligible on the debt to GSDP yardstick and hence could go for the full 0.5 per cent widening of their fiscal deficits. Gujarat and Uttarakhand could have market borrowing that widen their fiscal deficit up to 3.25 per cent of GSDP in 2016-17.

Thus due to stringent conditions laid down by FFC the approval of these recommendations would not have much impact on borrowing freedom of the states.

3.2 RBI'S RECENT SHIFT OF STANCE



- (Q) Though RBI has cut Policy rates many times in recent years why has the Monetary Transmission by banks been so weak.?
- (Q) How will the RBI'S Shift of Stance from Revenue Deficit to Revenue Neutral Liquidity effect Monetary Transmission.

◦ Context

Restarting the rate cut cycle after a six-month pause, the Reserve Bank of India (RBI) in its recent monetary policy review slashed key lending rate by 25 basis points.

◦ Details of the event

▶ Key Announcements in the MPR

- The central bank cut the repo rate, the rate at which commercial banks borrow from it, by 25 bps to 6.5 per cent while maintaining the cash reserve ratio at 4%
- The central bank reduced the marginal standing facility (MSF) rate by 75 basis points to 7 per cent.
- The central bank cut the minimum daily maintenance of the cash reserve ratio (CRR) from 95% of the requirement to 90% with effect from the fortnight beginning April 16, 2016 allowing them to keep more money with themselves.
- The interest rate corridor between the repo rate (or the rate at which banks borrow from the RBI) and the reverse repo rate (or, the rate at which banks park their excess money with the RBI) has shrunk from 1% to 0.5%. Banks will now borrow from RBI at 6.5% and keep excess money with the central bank at 6%.

▶ Key takeaways from the MPR

- Focus on liquidity and transmission of rate cuts: One of the key areas the policy focuses on is the transmission of the earlier and the current cut in interest rates. RBI has cut rates by 1.5 percentage points (including this one) since January 2015, only about half of which has been passed on by banks through lending rate cuts. Through the above mentioned announcements RBI tried to ensure that current and past policy rate cuts transmit to lending rates. RBI believes that The reduction in small savings rates announced in March 2016, the substantial refinements in the liquidity management framework announced in this policy review and the introduction of the marginal cost of funds based lending rate (MCLR) should improve transmission and magnify the effects of the current policy rate cut
- Eye on inflation and 7th Pay Commission recommendations: The central bank continues to keep an eye on inflation. The central bank believes that the underlying inflation momentum is unlikely to be helped by the 7th Pay averages, and the strength of the recent upturn in commodity prices, especially oil.

- Maintains accommodative stance: The RBI maintained a dovish stance and plans to remain accommodative as far as future rate cuts are concerned. The GVA growth projection for 2016-17 has been retained at 7.6%, with risks evenly balanced around it. The stance of monetary policy will remain accommodative. The Reserve Bank will continue to watch macroeconomic and financial developments in the months ahead with a view to responding with further policy action as space opens up.
- Bank's balance sheet clean-up: In an attempt to clean up banks' balance sheets by March 2017, the RBI had asked banks to make additional provisions for corporate loans to sustain potential loan defaults. The central bank is satisfied with the progress made thus far.

○ Analysis

▶ Significance of the RBI decision

- While many economists believed that 0.25 rate cut was too less and they clamored for at least 50bps cut however they ignore the fact that the recent rate cut took the policy rate to its lowest in five years, and also the other measures announced could facilitate transmission of previous cuts. Some analysts say the net effect could be as much as a 0.75 percentage point reduction in the lending rate.
- The Reserve Bank of India (RBI)'s latest policy actions are designed to improve the transmission of liquidity within the banking system. The central bank has taken multiple measures which, it hopes, will improve liquidity. In general, more liquidity in the system means banks have less excuse for not transmitting rate cuts. RBI had cut the policy rate by a cumulative 125 basis points (bps) prior to the April 5 cut. Commercial banks had only cut their lending by 50-60 bps. The standard excuse for not passing on the full extent of policy rate cuts was tight liquidity.
- The best part of the measures was the decision to keep the average liquidity deficit in the system in a near neutrality neutral mode. In lay terms, Liquidity neutral regime means that instead of the banking system having to borrow every day from the central bank (offering government bonds as collateral) and paying the repo rate, it would now be in a situation where, on average, banks have enough cash
- The shift in the liquidity stance will help banks lower their lending rates and thus transmit the policy rate cuts to industry. The central bank also noted that the new regime of marginal cost-based lending rates (MCLR), along with the lower rates on small savings announced by the government last month, will help in improved transmission of its rate cuts, including those announced last year.
- It is a balanced decision since to give banks more comfort at liquidity front, RBI reduced the cash proportion of banks' reserve requirements that must be kept with the central bank (from 95% to 90%) And as part of a balancing act to reduce the risk of cash flooding the system, RBI also unexpectedly raised the reverse repo rate-or the rates lenders charge to the central bank-by 25 basis points to 6%.
- The RBI could do this in any way-either through OMO purchases or dollar purchases or any other method to infuse durable liquidity but the result would be increased cash with the banks which will help in boosting their balance sheet size.
- This neutral regime is not new. The RBI chose to move from a neutral to a deficit regime six years ago. Part of this decision to engineer a liquidity shortage was to fight the strong inflation trends that had surfaced at that time and the central bank felt that a sustained deficit of one per cent of total deposits in the banking system would do the trick.
- RBI has changed its strategy because RBI now believes that it has, with the help of the government, brought inflation under control. The more compelling

reason to move to a neutral regime is to achieve transmission - to ensure that changes in the policy rates (repo and reverse repo that move in tandem) actually translate into changes in borrowing costs for the aam aadmi and the aam company.

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o Additional information

► CRR

Cash reserve Ratio (CRR) is the amount of funds that the banks have to keep with the RBI. If the central bank decides to increase the CRR, the available amount with the banks comes down. The RBI uses the CRR to drain out excessive money from the system. Scheduled banks are required to maintain with the RBI an average cash balance, the amount of which shall not be less than 4% of the total of the Net Demand and Time Liabilities (NDTL), on a fortnightly basis.

► Repo rate

The rate at which the RBI lends money to commercial banks is called repo rate. It is an instrument of monetary policy. Whenever banks have any shortage of funds they can borrow from the RBI. A reduction in the repo rate helps banks get money at a cheaper rate and vice versa. Whenever repo rate is decreased it leads to injection of more liquidity in the economy.

► Reverse Repo rate

It is the rate at which the RBI borrows money from commercial banks. Banks are always happy to lend money to the RBI since their money are in safe hands with a good interest. An increase in reverse repo rate can prompt banks to park more funds with the RBI to earn higher returns on idle cash. It is also a tool which can be used by the RBI to drain excess money out of the banking system.

► Marginal Standing facility

Banks borrow from the RBI at the repo rate, offering government bonds as collateral. When they don't have enough bond holdings and need to dip into their statutory liquidity requirement, or SLR (currently 21.25%), holdings to offer as collateral to borrow from the RBI, they need to pay the penal rate of MSF. There was the gap of 1% between MSF rate and repo rate however this gap has been reduced to 0.5% in this monetary policy review.

► Monetary Transmission

Monetary transmission refers to the process by which a central bank's monetary policy decisions are passed on, through financial markets, to businesses and households. So, for instance, if a central bank reduces interest rates it charges borrowing banks, it would expect that reduction to be passed on to eventual customers as a result of the monetary transmission process.

3.3 SEBI SEEKS TO EASE FPI REGULATIONS FURTHER



- (Q) Why are Participatory notes considered Dangerous for the Internal security?
- (Q) What changes Should be brought by SEBI to make Participatory notes unattractive?

o Context

The Securities and Exchange Board of India (Sebi) is set to fine-tune eligibility criteria for foreign portfolio investors (FPIs) in a bid to attract more overseas funds. In October 2013, Sebi put in place a new regime for overseas investments in Indian capital markets by easing the registration process and operating framework for foreign investors. The regulations, notified in January 2014, were aimed at attracting more foreign inflows through a transparent route. The reforms being considered now are a continuation of that process.

o Details of the event

- ▶ Sebi has constituted a working group to ease registration and compliance requirements for FPIs. The working group is addressing the challenges faced by the foreign funds, India-focussed funds that are willing to invest in Indian securities.
- ▶ As of February-end, investments made by Sebi-registered FPIs in the domestic equity market stood at Rs.11.1 trillion. In contrast, 37 FPIs had outstanding P-Note positions of Rs.2.17 trillion as of 29 February. Sebi would like to see more flows come in through the registered FPI route rather than through participatory notes (P-notes), which allow overseas investors to invest in Indian markets without directly registering with the Indian regulators, but which sometimes make for opaque transactions.
- ▶ In the first phase, the recommendation is for rationalizing and relaxing the eligibility norms for category I FPI investors.
- ▶ As per Sebi's FPI Regulations 2014, category I FPIs typically include foreign central banks, sovereign wealth funds and government agencies. Those who fall in this category have to abide by a limited number of compliance requirements. A category I FPI needs to be from a country which is a part of the International Organization of Securities Commissions or Bank for International Settlements.
- ▶ The Sebi working group has recommended relaxing these norms further to allow funds from countries with which India has a bilateral memorandum of understanding. Sebi regulations for category I FPIs also require these funds to have a good reputation, professional competence and a good track record, which according to the working group is redundant as these applicants are generally government agencies.

o Analysis/Significance of the decision

- ▶ There are a large number of fund managers wanting to invest in India directly. Due to the difficulties faced in registration, they opt for the participatory note (P-note) route which is a very opaque mechanism as nobody knows who the real investor, this opaqueness has been misused by many people to channelize their black money or laundered money into India's stock market. Relaxation of the registration/compliance condition will encourage them to make investments directly.
- ▶ In the current scenario, the foreign banks which act as custodians for FPIs are asking for documents and compliances that are on the higher side of what is ideally needed. A specific list would aid in reducing this.

o Why Participatory Notes are Dangerous?

- ▶ The PNs are a slap on the face of every citizen who is an investor. For a person to invest even in one share, several KYC (know your customer) forms have to be filled up, and PAN numbers and proof of address, etc., provided. For the PN investor the system is totally silent on even elementary information. The FII issue PNs to funds/companies whose identity is not known to the Indian authorities. Hence, the PN system is blatantly discriminatory and seems to favour ghost investors.
- ▶ The PN route, through which a section of investors is participating in our markets, is a mystery wrapped in a puzzle, crammed inside a conundrum and delivered through a riddle. These are address-less funds that could be from dubious sources and the clamour for it is intriguing, if not outright suspicious.
- ▶ The government fears that P-notes are being used as instruments for money laundering. Even listed company promoters are believed to re-route their investments in their own companies through the P-note route. This allows them to flout the stringent insider trading norms that regulate such proprietary investments.

o Why Government are afraid of Regulating it?

Every time the government wants to regulate them, market start falling preventing the government to take the harsh step.

o Participatory Notes

Participatory Notes commonly known as P-Notes or PNs are instruments issued by registered foreign institutional investors (FII) to overseas investors, who wish to invest

in the Indian stock markets without registering themselves with the market regulator, the Securities and Exchange Board of India.

◉ Foreign Portfolio Investment - FPI'

Foreign portfolio investment (FPI) consists of securities and other financial assets passively held by foreign investors (FPI) does not provide the investor with direct ownership of financial assets, and thus no direct management of a company. This type of investment is relatively liquid, depending on the volatility of the market invested in. It is most commonly used by investors who do not want to manage a firm abroad.

3.4 RAJASTHAN BECOMES FIRST STATE TO PASS TITLING LAW



- (Q) How has No titling law in India effected Land acquisition process in India .
- (Q) What impact will the Rajasthan's New Titling Law have on the Urban Areas

◉ Context

The government in Rajasthan has passed a landmark legislation providing statutory backing to land records, effectively guaranteeing land and property ownership. In doing so it has become a first state to pass a titling law. Rajasthan's titling reform comes at a time when the National Democratic Alliance government has given a push for urbanization with various schemes including development of smart cities, the Atal Mission for Rejuvenation and Urban Transformation and housing for all.

◉ Background

- ▶ The historical genesis of this state of affairs can be traced back to the colonial era. Land ownership in India never quite managed to get over a colonial hangover where only rural areas that had revenue potential was selectively recorded.
- ▶ After independence, the new government, unwilling to bring upon itself the huge burden of titling, continued the system as it was. This was in spite of the fact that one of the primary difficulties in abolishing the zamindari system was the absence of land records.
- ▶ Also, since land was a state subject, the onus of land titling fell upon the newly formed states. Among these new states, only a few such as West Bengal and Kerala were able to successfully initiate reforms in that direction.
- ▶ Gradually, the problems got compounded. The revenue department and the registration department duplicated the function of maintaining land records. The narrowing boundary between urban and rural areas placed new land registration duties with municipal corporations that had no interest in documenting land that could not be taxed
- ▶ There was some progress in post-liberalization India with computerization of written land records in 1998-99. However, there was no focus on creating accurate updated records. There was also no legal provision for a land owner to register his property with a notified authority. Thus, there was always a risk that a seller would not have a clear, unencumbered title to the land. This mostly depressed prices below true value.

◉ Key features of the Legislation

- ▶ India did not guarantee titles. The only proof of ownership was (and, in other states, still is) proof of a transaction between a buyer and a seller or property tax receipts. All these can be legally challenged, and usually are, holding up both industrial and development projects, from hardware parks to low-cost housing.
- ▶ The new Legislation will provide Statutory backing to land records, effectively guaranteeing land and property ownership. This will create an efficient and transparent

modern land market, provide certainty of tenure and end litigation that often mires development projects.

- ▶ The bill states that the state residents living in urban areas, which are governed by the municipalities or state development authorities, can seek a certificate of ownership of their lands by paying a nominal fee to the state government.
- ▶ The state government will set up an authority, akin to transport authorities which issue driving license and fitness certificate. The authority will be headed by an Indian Administrative Service Officer. It will seek all the documents from the landowners, and will verify it against records held by the state.
- ▶ The authority will first issue a provisional certificate, for which the state will not stand guarantee. If there are no objections or dispute arises, the authority will issue a certificate and a map to the owner other land or property with state guarantee.

◉ Significance of the Legislation

- ▶ This legislation will create an efficient and transparent modern land market, provide certainty of tenure and end litigation that often mires development projects. Once an individual is accorded legitimate rights to land, which at present can be disputed, their ability to trade these rights will improve dramatically.
- ▶ Ill-defined property rights and high transaction costs in land market have become one of the most significant factors depressing the country's ease of doing business. The certified title provided under the Act would provide clear title over a chain of documents and enable hassle free transactions of urban lands. This will significantly improve ease of doing business.
- ▶ The complicated land market has encouraged project promoters to use the state as a medium to acquire land instead of engaging with the market directly, thereby increasing the conflict between the citizen and the state. The bill will boost land acquisition in the state and also benefit authorities as no capital expenditure will be required from their end.

3.5 CENTRE PLANNING TO SCRAP INTEREST SUBVENTION SCHEME



- (Q) How has interest Subvention Scheme negatively affected Monetary Transmission?
- (Q) What impact will the scrapping of the scheme have on Monetary Transmission

◉ Context

The Centre may revisit interest subvention schemes and replace them with back-end interest subsidies to improve transmission of monetary policy actions.

◉ Details of the event

- ▶ Interest subventions provide cheaper credit to a borrower up front, with the lender being compensated later by the government.
- ▶ A back-end subsidy involves direct payment of a subsidy at a later date to the borrower, who pays the market rate up front.
- ▶ The government currently provides interest subventions on export credit, farm loans, and housing and education loans. Interest subvention is offered on several lending schemes by the government to promote a particular industry.
- ▶ Thus, interest subvention is a form of waiver of some percentage of interest that promotes some particular industry and general public interest

◉ Analysis

- ▶ Interest subsidies that do not interfere with lenders' marginal lending rates will lead to better transmission of monetary policy and they will also have the same effect on the loan repayments as the interest subventions schemes have.

- ▶ Banks have moved to a new system of marginal setting of lending rates which can help in transmission of monetary policy only if we remove the marginal distortions that have crept into our system over the years.
- ▶ The actual cultivators are not always the landowners and hence such subventions do not even reach them. The land owners, being the recipients of the subventions, turn into money lenders.
- ▶ Interest subvention scheme leads to substantial diversion of funds away from agriculture. A farmer who receives loans at a concessional rate of 4 per cent has the incentive to borrow as much as possible and then divert at least part of it to fixed deposits earning around 7-8 per cent interest or even become a money lender and extend loans at 15-20 per cent interest to those who don't have access to formal institutional sources of finances.

3.6 GOVT PLANS PUSH FOR HYDRO POWER

?

(Q) Why has installed capacity of Hydro power remained stagnant in recent years?

(Q) What are the steps government is taking to revive the Hydropower sector

o **Context**

The installed capacity of hydro power projects has remained 40,000 Mw for the past three years, while that of the renewable energy sector has increased about 20 per cent in the same period. In the past decade, RE (solar and wind power) has grown by 89 per cent, while hydro has staggered at 28 per cent therefore The Union government is planning to rescue the languishing hydro power sector, with a three prolonged approach.

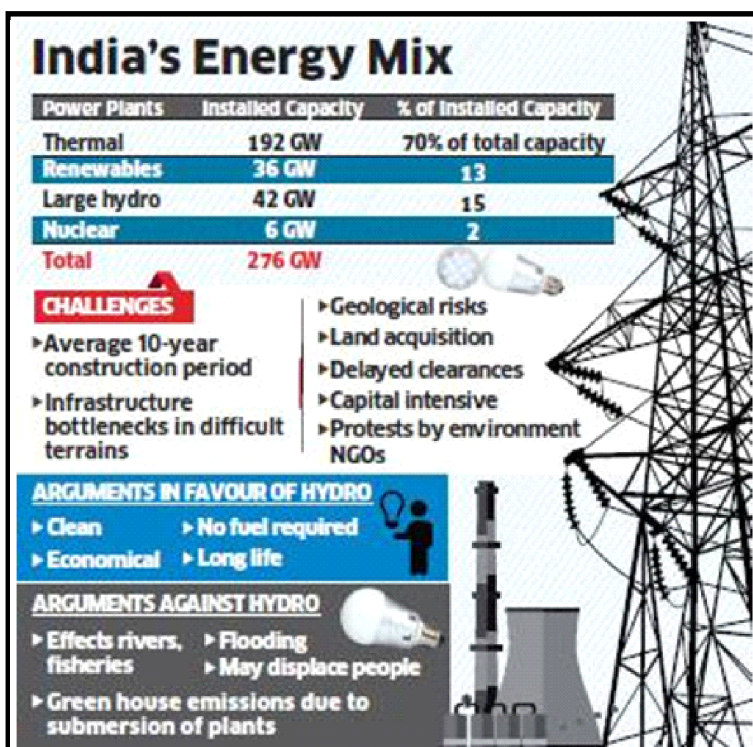


Fig: 3.1

o **The strategy of the Government to revive the Hydro sector would involve following steps.**

- ▶ The first move would be to increase the ambit of small hydro projects to 100 Mw from current 25 Mw.
- ▶ A considerable amount of hydro capacity would be planned in states that share borders with Nepal and Bhutan.

- ▶ The power ministry is, on the other hand, mulling to involve a central procurement agency to buy hydro power from existing and upcoming plants. NTPC Vidyut Vyapar Nigam (NVVN), the power trading arm of thermal power giant NTPC, could be a probable agency. NVVN is best known for pulling off the first phase of the National Solar Mission in 2010 by procuring and bundling solar power.

◉ Likely impact of the proposed measures

- ▶ Increasing the ambit of small hydro projects to 100 Mw from current 25 Mw would help achieve the (RE) targets of states and also brings a large number of projects under the net of government subsidy and other tax benefits. It will help in reviving private investment in the sector and also gives opportunity to small players to expand capacity at the same location.
- ▶ At present, subsidies of Rs 1.5 crore to Rs 20 crore per Mw are given to small hydro projects. Renewable energy also enjoys accelerated tax benefit. "Above all, renewable energy is focus area of this government. Sale of power is easier if hydro is defined as renewable power. Close to 4,000 Mw of projects have installed capacity of 25 Mw, while around 6,000 Mw is in range of 25-100 Mw.
- ▶ Hydel faces procurement issues, Therefore a central Procurement agency would provide surety of off-take and payment.

◉ CONCLUSION

As the renewable energy capacity is being ramped up at such a large scale to meet India's commitment at Paris, Promoting hydro power is the need of the hour. "Run-of-the river projects, which can kick start power generation and act as balancing power to renewable energy, are necessary today more than ever.

3.7 RBI ISSUES GUIDELINES ON PRIORITY SECTOR LENDING CERTIFICATES



- (Q) What do you understand by Priority sector lending?
- (Q) How will issuance of Priority sector lending certificates by RBI Bring efficiency in the Banking sector.

◉ Context

The Reserve Bank of India (RBI), on Thursday, released guidelines for priority sector lending certificates (PSLCs), where banks can buy and sell instruments to manage the priority sector lending limits on their loan books.

◉ Key features of the guidelines

- ▶ Priority sector lending certificates are Instruments that are aimed at achieving the priority sector lending target and sub-targets by purchase of these instruments in the event of shortfall and at the same time incentivize banks with a surplus. Thereby enhancing lending to the categories in the priority sector.
- ▶ This system will work on the lines of carbon credit trading where a renewable energy company or plant accumulates carbon credit and then sells it to another company, thereby, giving them the right to emit one tonne of carbon dioxide.
- ▶ While the issuer bank will be selling the certificates to a bank in need of achieving its targets, there will be no transfer of loan or risks, the central bank said in its guidelines.
- ▶ The PSLC is a short-term accounting instrument which will expire at the end of the financial year that it has been issued in and is meant to only cover a shortfall that is largely seen in weaker public sector banks, private banks and foreign banks.
- ▶ Scheduled commercial banks (SCBs), regional rural banks (RRBs), local area banks (LABs), small finance banks (when they become operational) and urban cooperative banks are eligible to buy and sell these certificates.
- ▶ According to the guidelines, banks can issue four different kinds of PSLCs-those for the shortfall in agriculture lending, those for a shortfall in lending to small and marginal

farmers, those issued for lending to micro enterprises and those issued for overall lending targets.

- ▶ Banks in need to cover for sub-targets in priority sector lending or overall targets can buy the certificate of their choice.

◉ Significance of for priority sector lending certificates (PSLCs)

- ▶ At a time when the banks are bogged down with issues of rising non-performing loans and low credit growth, the Reserve Bank of India's new guidelines on purchase and sale of priority sector lending certificates (PSLC) comes as a breather for them as far as flexibility in achieving priority sector lending (PSL) targets is concerned.
- ▶ Currently, several small and even large banks find it tough to meet their target and as a last-ditch effort deploy money into Rural Infrastructure Development Fund (RIDF) or disburse loans to some exporter towards the end of the year. RIDF offers comparatively lower yields and thus serves as a key disincentive for banks to fall below their priority sector lending targets. With the new guidelines in place, industry experts say that this flexibility being provided by the central bank will not only allow banks to efficiently utilize their resources in their strong business domains, but will also go on to help develop a secondary market for trading and provide liquidity for such papers.
- ▶ PSLCs will allow market mechanism to drive priority sector lending by leveraging the comparative strength of different banks. It said that while a bank with expertise in lending to small farmers can over-perform and get benefit by selling its over performance through PSLCs, another bank- better at lending to small industry-can buy these certificates while selling PSLCs for micro enterprise loans.
- ▶ It is an interesting innovation and is in line with other changes that the RBI has brought for priority sector lending. Directed credit on a large percentage of credit book is not desirable and some degree of flexibility was required. Also, many foreign and small banks don't find it viable to do rural banking or lending to SMEs, so this will help them meet their targets without deploying much of their resources for the same.

◉ Priority sector lending

- ▶ Currently, while all domestic and foreign banks with at least 20 branches are required to lend a minimum of 40 per cent of the Adjusted Net Bank Credit or credit equivalent amount of off-balance sheet exposure (whichever is higher) to the priority sector (agriculture, micro credits, education and social housing, and promote financial inclusion, particularly in rural areas), they are also required to meet sub-targets such as 18 per cent for agriculture, 7.5 per cent for micro enterprises and 10 per cent for weaker sections .
- ▶ According to RBI guidelines issued last year, the overall priority sector lending target for all banks is set at 40%, while for foreign banks having fewer than 20 branches; the target has been set at 32%.

3.8 FINANCE MINISTRY NOTIFIED RULES PERTAINING TO ESTABLISHMENT OF SENIOR CITIZENS WELFARE FUND.

◉ Introduction

Ministry of Finance has notified the rules pertaining to establishment of Senior Citizens Welfare Fund, clearing the way for transfer of unclaimed deposits in small savings schemes including Post Office Savings Accounts, Public Provident Fund and Employees' Provident Fund to the newly created Fund within one year

◉ Background

There are unclaimed deposits of about Rs 3,000 crore in the PPF, and approximately Rs 6,000 crore in the EPF corpus. Due To lack of proper rules these unclaimed deposits could not be utilized therefore to utilize these unclaimed deposits in a productive manner Senior citizen welfare fund was set up last year.

o Key features of the Fund

- ▶ The fund shall be utilized for such schemes for the promotion of the welfare of Senior citizens in line with the National Policy on Older Persons and the National Policy on Senior Citizens.
- ▶ The finance Ministry stated in its notification that This Fund shall be an interest bearing account, and it will be administered by a Committee consisting of nine members.
- ▶ The committee will be headed by Secretary in the Ministry of Social Justice and Empowerment who shall be the ex-officio Chairperson along with officials from Department of Financial Services, Ministry of Health and Family Welfare, Ministry of Rural Development and Ministry of Labour and Employment among others.
- ▶ The fund will be used to subsidize the premiums of vulnerable groups such as old age pensioners, BPL card-holders, small and marginal farmers and others.
- ▶ According to the notification Every institution which has the unclaimed deposits in their small savings accounts shall prepare list of unclaimed deposits in the accounts and notify to the public. "The Institution shall identify the unclaimed amounts on annual basis and make transfers to the Fund on or before the 1st day of March, each year.
- ▶ According to the rules, the concerned government office "shall try to contact" every account holder of the unclaimed deposits through written notice, e-mail or telephone at least two times in 60 days before transferring the amount to the Senior Citizens' Welfare Fund.
- ▶ The rate of interest for the money lying in the Fund shall be determined and notified by the Central Government in the Ministry of Finance on an annual basis.
- ▶ The nodal ministry for the administration of the Fund shall be the Ministry of Social Justice and Empowerment.

o Criticisms of the move

- ▶ Trustees of the Employees' Provident Fund Organisation termed the move as unconstitutional as they believe that that unclaimed deposits of PF contributors cannot be diverted for any other purposes, as per the EPF Scheme, 1952.
- ▶ Critics say The Central Board of Trustees (CBT) of EPFO is the highest point of authority, as per the Employees' Pension Scheme of 1995, and government has no role to play in PF deposits. The unclaimed money has to be only diverted towards EPFO subscribers.
- ▶ Trade union leaders said that the employer's contribution to EPF is an integral part of the employees earnings diverted to their own life-time social security savings, which is why the fund belongs to employees only and the tripartite Central Board of Trustees (CBT) its custodian.

3.9 BANK DEPOSIT GROWTH LOWEST IN 53 YEARS



(Q) Even though inflation is falling why has bank deposit growth falling in India. What steps are required to reverse the trend?

o Introduction

Deposit growth of banks has fallen below the 10 per cent level for the first time in several decades in the wake of a fall in interest rates offered on term deposits and sluggish credit off take. Data available from the RBI indicates that deposit growth has dipped to 9.9 per cent, which is said to be the lowest in over 53 years, for period ended March 18, 2016 as against 10.7 per cent in the same period of last year.

o Why is it surprising?

- ▶ Usually whenever Headline inflation is low it attracts more people to deposit their money in Banks since real interest increases whenever there is fall in inflation. What is surprising is that even though retail inflation has fallen from 9-10% to 5.18% in

February and WPI is in negative territory since last 18 months still the rate of growth of deposits has fallen.

- ▶ On the other hand, currency with the public has risen from Rs 13.86 lakh crore to Rs 15.93 lakh crore which is again surprising since whenever inflation falls cash holdings with the people decrease.

◉ Reasons for the fall

- ▶ Firstly rapid fall in repo rates has decreased interest rates even for the deposits which have disincentivized Savers from depositing their money in the banks.
- ▶ Small saving instruments, Mutual funds, corporate bonds have become more attractive instruments for the savers since they offer better returns to them.
- ▶ Sluggish credit offtake has also prompted bankers to turn lukewarm in chasing deposits which has led to fall in deposit growth rate.
- ▶ Another possible reason for decline in deposits could be increasing outward flow of money from the country as The Reserve Bank had last year doubled the amount to \$2,50,000 that Indian residents can spend overseas per year.

◉ Implications of the fall

- ▶ Banks make loans from deposits which they are able to raise. And if the deposit growth is almost at an all-time low, their ability to cut interest rates on their loans, will be limited and if banks cut deposit rates any further, the deposit growth will fall further and this will hurt their ability to give out loans.
- ▶ Thus fall in deposit growth rate would make Monetary transmission even more difficult since even if RBI will cut the repo rate the banks would not be able to significantly cut the interest rates. Continuation of Higher interest regime would mean that longer wait for investment revival.

3.10 FPI OUTFLOW HIGHEST SINCE 2008 CRISIS

For the first time since the 2008-09 financial crisis, foreign portfolio investors have emerged as net sellers in Indian equities as they sold holdings worth a net of Rs 14,171 crore in the year ended March 31.



- (Q) What is a difference Between the FDI and FPI
- (Q) Why has FPI outflow From India in 2015 is highest Since 2008?What are its effect on the Indian Economy

◉ Reasons for the outflow

- ▶ Global Factors

The year 2015-16 saw a rise in risk aversion by foreign portfolio investors and they pulled their investments from several emerging economies and moved their funds to US in search of stability amidst growing global growth concerns led by China and a rate hike by the US Fed. Thus what happened in India was in line with the happenings in other emerging economies.
- ▶ Domestic factors
 - The outflow was also precipitated by concerns over slow growth in India and policy flip-flop on minimum alternate tax on FIIs.
 - In April 2015, CBDT served notices to several FIIs for recovery of MAT at the rate of 20 per cent on capital gains and the move instilled fear among them and therefore Between April and May 2015, the FIIs sold a net of over Rs 29,000 crore .

◉ Impact of the outflow

- " The negative impact of the outflow has been limited because the domestic institutional investors (primarily led by mutual funds) have provided the counterbalance. DIIs invested a record Rs 83,308 crore. Experts said that without the DIIs the benchmark indices would have witnessed a sharper decline.

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o Additional information

► FDI VS FPI

- FDI means the investor will be a part of decision making process of the company it is investing in while FPI just do huge investments in a particular company without being an active part of it.
- The FPI investments are also known as hot money as the investors have the liberty to sell it and take it back. FPI just need to get registered with the stock exchange of that company and start trading. But in Foreign Direct Investment, this is not possible. They have to go by the process (rules and regulations) laid down by that country for FDIs.

In simple words, FPI can enter the stock market easily and also withdraw from it easily. But FDI cannot enter and exit that easily.

Now let us take up two cases for illustration:

• Case 1

Country X has a well established Company A, which produces very good quality electric cars.

Country Y has a growing Company B, which has just started selling electric cars in their country.

Company A sees potential in Country Y for their work and innovation. So, they plan to take over Company B. They go through the country's legal procedure and become the parent of Company B. Now A having already pioneered the art of designing electric cars, starts doing the same in company B. They generate jobs, establish high quality practices and manufacture better end products.

• Case 2

Country X has a huge Bank A, which keeps on investing in varied areas.

Country Y has a well settled Company B, which has innovation, man power and are looking for few investors to generate capital for their business.

Now, Bank A feels Company B has a qualitative reputation and will grow in near future. So, to gain the benefits of growth by B, A decides to invest in B by buying 10% of their shares.

A just sits back and relaxes, while B works using the capital generated by A. At any point of time A can sell its share when it feels B doesn't have any good future prospects.

Here, Case 1 will be termed as FDI and Case 2 as FPI.

3.11 WHY AGRICULTURE LAND LEASING SHOULD BE LEGALIZED IN INDIA?

o Context

Recently an expert panel appointed by NITI Aayog has submitted its recommendations to create a model law to formalize leasing of agricultural land.

► Historical Background

- Land leasing laws relating to rural agricultural land in Indian states were overwhelmingly enacted during decades immediately following the independence. At the time, the abolition of Zamindari and redistribution of land to the tiller were the highest policy priorities. Top leadership of the day saw tenancy and sub-tenancy as integral to the feudal land arrangements that India had inherited from the British. Therefore, tenancy reform laws that various states adopted sought to not only transfer ownership rights to the tenant but also either prohibited or heavily discouraged leasing and sub-leasing of land as it was felt that Land leasing will lead to development of system of Intermediaries (middlemen who don't cultivate) and exploitation of tenants (farmers who actually cultivate).

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- In trying to force the transfer of ownership to the cultivator, many states abolished tenancy altogether. But while resulting in minimal land transfer, the policy had the unintended consequence of ending any protection tenants might have had and forced future tenants underground. Some states allowed tenancy but imposed a ceiling on land rent at one-fourth to one-fifth of the produce. But since this rent fell well below the market rate, contracts became oral in these states as well, with the tenant paying closer to 50% of the produce in rent

► **Current status in India regarding Land leasing**

- Many large states including Telangana, Bihar, Karnataka, Madhya Pradesh and Uttar Pradesh ban land leasing with exceptions granted to landowners among widows, minors, disabled and defense personnel. Kerala has for long banned tenancy, permitting only recently self-help groups to lease land. Some states including Punjab, Haryana, Gujarat, Maharashtra and Assam do not ban leasing but the tenant acquires a right to purchase the leased land from the owner after a specified period of tenancy.
- Only the states of Andhra Pradesh, Tamil Nadu, Rajasthan and West Bengal have liberal tenancy laws with the last one limiting tenancy to sharecroppers.

► **Arguments in Favour of Land leasing**

- Strict land leasing laws have unintended consequence of making tenancy agreements oral, leaving the tenant vulnerable and shifting it to underground where they do not enjoy any legal protection.
- Legalizing land leasing in all areas will ensure complete security of land ownership right for the land owners and security of tenure for the lessee cultivators for the agreed lease period.
- The original intent of the restrictive tenancy laws no longer holds any relevance. Today, these restrictions have detrimental effects on not only the tenant for whose protection the laws were originally enacted but also on the landowner and implementation of public policy.
- The tenant lacks the security of tenure that she would have if laws permitted her and the landowner to freely write transparent contracts. In turn, this discourages her from making long-term investments in land and also leaves her feeling perpetually insecure about continuing to maintain cultivation rights. Furthermore, it deprives her of potential access to credit by virtue of being a cultivator. Landowner also feels a sense of insecurity when leasing land with many choosing to leave land fallow. The latter practice is becoming increasingly prevalent with landowners and their children seeking non-farm employment.
- Public policy too faces serious challenges today in the absence of transparent land leasing laws. There are calls for expanded and more effective crop insurance. Recognizing that such insurance is likely to be highly subsidized, as has been the case with the past programmes, a natural question is how to ensure that the tenant who bears the bulk of the risk of cultivation receives this benefit. The same problem arises in the face of a natural calamity; if tenancy is informal, how do we ensure that the actual cultivator receives disaster relief.
- Therefore, the introduction of transparent land leasing laws that allow the potential tenant or sharecropper to engage in written contracts with the landowner is a win-win reform. The tenant will have an incentive to make investment in improvement of land, landowner will be able to lease land without fear of losing it to the tenant and the government will be able to implement its policies efficiently. Simultaneous liberalization of land use laws will also open up an alternative avenue to the provision of land for industrialization that is fully within the state's jurisdiction and allows the landowner to retain ownership of her land.

► **Model agricultural land leasing act**

Recently An expert panel appointed by NITI Aayog has submitted its recommendations to create a model law to formalize leasing of agricultural land.

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o Key observations made by the expert panel

- ▶ Due to lack of any legal framework for leasing, the informal tenants of agricultural land have, in many parts of the country, been deprived access to institutional credit, disaster relief, and other support services thus One of the key objectives of the model law is to facilitate insurance, disaster relief, and bank credit to the tenant without mortgaging of the leased land.
- ▶ Agricultural land leasing has hitherto been informal due to legal restrictions imposed by some states, and the expert committee found out that these restrictions have affected agricultural productivity growth.
- ▶ According to the committee, the terms and conditions of lease are to be determined mutually by the land owner and the cultivator without any fear on the part of the owner of losing land right or undue expectation on the part of the tenant or cultivator of acquiring any occupancy right for continuous possessions of land for any agreed lease period.
- ▶ It also recommended allowing automatic resumption of land by the land owner on the expiry of the lease period.

3.12 NEW JOBS GENERATION FALLS IN FIRST 9 MONTHS OF 2015



(Q) Why has job Generation falling in India in recent years. What are steps required to reverse the trend.

- ▶ Employment of direct workers increased by 1.76 lakh in January-September 2015, lower than the increase of 1.84 lakh recorded a year ago, data released by Labour Bureau showed.
- ▶ Labour Bureau data- comes with a lag of almost six months and covers eight sectors.

o Key Facts of the released data

- ▶ Employment of contractual workers sharply decreased by 21,000 in January-September 2015, as against an increase of 1.20 lakh in the corresponding period a year ago .
- ▶ The April-September 2015 period, when 91,000 jobs were added, saw a decline compared to the preceding six months when 181,000 jobs were added.
- ▶ What is really alarming the July-September quarter has seen the lowest job growth compared to the same quarters in 2009, 2011, and 2013, for which data is available. This fall has been more in textiles and IT, the major job generators.
- ▶ Employment in the exporting units increased by 78,000 in January-September 2015, while employment in non-exporting units increased by 77,000. In July-September 2015, employment in the exporting units increased by 31,000 whereas in the non-exporting units, the same increased by 1.03 lakhs.

o Reasons for lack of Job Generation

- ▶ Slow Industrial growth-With the index of industrial production showing limited traction, there has been less demand for labour. IIP grew at 3.8% between April 2015 to January 2016 which is higher than the last year however it is not significant enough to have a major effect on job generation.
- ▶ Lack of employment by Public sector- Public sector organisations have been recruiting cautiously and most jobs have been replacements, rather than new ones. For the last three years, the central government's headcount stood at 3.30 million, 3.50 million and 3.52 million. State-run banks registered a job growth of just 0.5% in fiscal 2015.

- ▶ Slow Agriculture growth- Due to sub-normal monsoon for two successive years Agriculture grew at -0.1% last year and even this year it is expected that Agriculture would grow at 1.1% and that has also hit job growth.

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◉ Why Job creation is essential?

- ▶ Jobless growth can never be inclusive growth also the growth cannot be sustained in Long run without adequate jobs being created since only more job creation and increase in purchasing power across sections can ensure sustained demand needed for high GDP growth.
- ▶ Employment generation must be the primary goal of any economy as this is the only way to bring about growth through sustained demand. Focus on infrastructure will help as it creates jobs at the unorganized level. But it has to be sustained.
- ▶ Consumption has reached saturation among these higher income groups. Although, demand has gone up for, say, higher-end automobiles and smart phones, which gets reflected in the higher value added while calculating GDP. But this is not self-sustaining. More semi-skilled jobs need to be created so that consumption could be increased for middle income groups.
- ▶ To revive Industrial growth more jobs need to be created because one reason for stagnant consumer demand for industrial goods, besides high inflation, has been the absence of new jobs.
- ▶ If job creation is not given priority, India faces the risk of stagnation just like in the developed world, albeit with a difference: there it is at a high per capita GDP level, which is not the case in India.

3.13 E-PORTAL LAUNCHED TO LINK WHOLESALE AGRICULTURE MARKETS



- (Q) What are the impediments in marketing and supply chain management in industry in India? Can e-commerce help in overcoming these bottlenecks?
- (Q) It is commented by experts that success of E-agriculture market depends on whether Farmer has been able to bypass the Village Bania or not. Comment

◉ Context

Prime Minister Modi recently launched the pilot of e-NAM - the e-trading platform for the National Agriculture Market.

◉ Details of the event

▶ Key features of E-portal

- The e-NAM is a pan India e-trading portal to network existing APMC and other market yards to create a unified national market for agri commodities.
- The portal will provide a single window service for all APMC related information and services.
- The portal will connect e-mandis in several states and is aimed at ushering in much needed agri marketing reforms to enable farmers to get better price of their produce and double their income.
- It is designed to create a combined national market for agricultural commodities. Farmers can display their crop online from their adjacent market and dealers can check price from anywhere.
- Online trade will be allowed within the state and inter-state trade will be likely once all states and mandis are integrated at the primary stage. 25 commodities including onion, potato, apple, wheat, pulses, coarse grains and cotton, have been recognized for online trading.
- To mix a wholesale mandis from corner to corner from the country with the online platform, the state governments have to amend their Agriculture Produce Market Committee (APMC) Act.

- eNAM will be realized in different phases with an aim to assimilate 585 controlled markets across the country with the common e-market platform by March 2018. So far 365 mandis from 12 states have been established approval.

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○ Analysis

► Significance of E-Portal

- A major objective of the common market is to iron out the price differentials that exist across the country, by curbing the tendency to hoard, which could lead to inflation of food prices.
- The initiative will usher in transparency that will greatly benefit the farmers. Farmers are often forced to sell at a distress price in the closest mandi (market) and the e-NAM platform will allow them to sell their produce anywhere in the country. While farmers will earn more, traders will have a wider choice and consumers can expect lower prices.
- The current state-level APMC laws permit the first sale of crops - after harvesting by farmers - to take place only in regulated market yards or mandis. It, thus, restricts the farmer's universe of buyers to just the traders licensed to operate in the mandi under the concerned APMC's jurisdiction.
- Even traders have to procure separate licenses to operate in different mandis within the same state. NAM would essentially be a common electronic platform allowing farmers to sell their crops to buyers anywhere in the country and vice versa. The benefits to buyers - be it large retailers, processors or exporters - are obvious, as they can log into the platform and source from any mandi in India connected to it. They don't need to be physically present or depend on intermediaries with trading licenses in those mandis.
- Horticultural crops such as onions and potatoes are often sold at varying rates in different states and a unified market can help bring a parity in prices.
- A farmer in north India can sell his produce on the NAM to a trader in the west or south based on price. This will make a significant difference because there is no state or national price.

○ Challenges/Criticism

- While buyers would definitely gain from this portal same could not be clearly said about the Farmers as Most farmers do not take their crop to the mandis; they sell off to the local arhatiya or produce aggregator even before that. Even the ones who take would offer a trolley load or two at most - hardly enough to excite distant buyers bidding online.
- The National Sample Survey Office's (NSSO) recently released 'Some Aspects of Farming in India' report shows almost 85 per cent of coconut growers selling their produce to retailers and dealers in their immediate neighbourhood. These ratios are well above 50 per cent in most crops.
- The survey data also provides a possible reason why most farmers lack the flexibility to even take their crop to the mandis. The survey data indicates that Farmers procure most of their Fertilizers, Fodder, and credit for seasonal agricultural operations from the local Bania and the credit and other inputs are given to the farmers on the condition that they will have to sell their goods to the local bania.
- The biggest challenge will be to bring in uniformity and rationalization in taxes as agriculture and the marketing is a state subject.
- Essentially the farmers cannot do away with the procurement agents whom the government wants to cut off from the ecosystem by having a transparent system." Even APMC is only a "political platform of powerful and connected traders". These traders own large tracts of land themselves. This nexus needs to be knocked off.

○ Way Forward

- eNAM may become a game changer for agriculture but States need to deliver by amending their age old APMC laws. The government should have centralized APMCs and put a cabinet rank minister to cater to commerce part of agriculture.

- ▶ Farmers can greatly benefit if they were to find ways for aggregating produce on their own, bypassing the arhatiya, Local Bania and even the local mandi in the process. This is where farmer producer organisations and cooperatives can play a role, by facilitating aggregation and creation of volumes that is intrinsic to the success of any ambitious virtual marketplace experiment.
- ▶ In order to reduce the role of Village Bania in the life of Farmer, we need to improve the structure of formal source of credit, Fertilizers and other Agriculture inputs.
- ▶ While e-NAM Can bring together both Buyers and sellers at a virtual space however in order of have adequate physical connectivity between the Farmer and retailer (which is a necessity if virtual deal needs to be transformed into actual deal)rural infrastructure like roads, warehouses and cold storage Infrastructure need to be improved simultaneously.

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◉ Additional information

▶ APMC Act

- Agriculture is a state subject and almost all state governments enacted APMC act in 1950's or so, to bring transparency and end discretion of traders. This is extension of overall government policy which is directed toward food security, remunerative prices to farmers and fair prices to consumers.
- Under the APMC acts, States are geographically divided in to markets which are headed by market committees and any production in that area shall be brought to a market committee for sale.
- This is applicable to 'notified agricultural products' which differs from state to state and generally includes most of the important cereals, vegetables and other horticulture products. Notified products are meant to be brought to the market committee and auctioned in presence of the farmer.
- In this Market committee (popularly called Mandi) there are commissions agents (called arhatiyas) who hold license and are allotted a shop in the market. Farmer and buyer have discretion to go to any agent in this market, based on personal relations. Normally farmers chose agents from their own village and are influenced by age old relations of money lending. There are huge numbers of commission agents in a particular APMC dealing in same crop, which results in constant price discovery and adjustments for that particular crop.

▶ Short-comings of the Old APMC Act

- Monopoly of APMC - Monopoly of any trade (barring few exceptions) is bad, whether it is by some MNC corporation by government or by any APMC. It deprives farmers from better customers, and consumers from original suppliers.
- Cartelization - It is quite often seen that agents in an APMC get together to form a cartel and deliberately restraint from higher bidding. Produce is procured at manipulatively discovered price and sold at higher price. Spoils are then shared by participants, leaving farmers in lurch.
- Entry Barriers - License fee in these markets are highly prohibitive. In many markets farmers were not allowed to operate. Further, over and above license fee, rent/value for shops is quite high which keeps away competition. At most places only a group of village/urban elite operates in APMC.
- Conflict of Interest - APMC play dual role of regulator and Market. Consequently its role as regulator is undermined by vested interest in lucrative trade. They despite of inefficiency won't let go any control. Generally, member and chairman are nominated/elected out of the agents operating in that market.
- High commission, taxes and levies: Farmers have to pay commission, marketing fee, APMC cess which pushes up costs. Apart from this many states impose Value Added Tax.
- Other Manipulations - Agents have tendency to block a part of payment for unexplained or fictitious reasons. Farmer is sometimes refused payment slip (which acknowledges sale and payment) which is essential for him to get loan.

3.14 RBI CUTS MATURITY OF MASALA BONDS TO THREE YEARS TO RAISE THEIR APPEAL

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(Q) What do you understand by Masala bonds. How is it different from External Commercial borrowings.

Context

Indian companies were allowed to issue rupee-denominated bonds in the offshore market in September last year but so far no company has been able to raise funds through this route therefore to make masala bonds more attractive, the Reserve Bank of India (RBI) has reduced the minimum tenure of such bonds that an Indian company can issue offshore to three years from the previously stated five years.

What are Masala Bond?

- ▶ Masala bonds are rupee-denominated bonds (debt instruments) issued by Indian corporate for raising money from overseas investors.
- ▶ IFC has named these 'Masala' bonds as 'masala' is a globally recognized term that evokes the culture and cuisine of India. This is not the first time that a bond has been named after the food or culture of a country. Chinese bonds, for example, are called Dim sum bonds, and Japanese ones as Samurai bonds.

Why Masala Bonds are attractive than ECBs?

- ▶ Before Masala bonds, corporates have had to rely on avenues such as external commercial borrowings or ECBs. The challenge with the likes of ECBs is the entity raising money is faced with a currency risk - they have to be raised and repaid in dollar terms. Volatile currency makes the ECBs more riskier.
- ▶ However in Masala Bonds suppose a corporate could issue Rs. 10 billion worth of bonds with the promise of paying back Rs. 11 billion in one year. But as the Indian rupee has limited convertibility, the investors will lend the dollar equivalent of the Rs. 10 billion. After one year, the Indian corporate needs to pay back the dollar equivalent of Rs. 11 billion. The currency risk is with the investor.
- ▶ For issuers is the access to cheaper funding than what's available in the domestic markets and would lower the cost of capital over a period of time - the cost remains one of the highest in Asia.
- ▶ As Indian banks are reluctant to lend to sectors facing weak demand and heavy debt, these bonds would provide a alternate fund raising option.

Why RBI cut the maturity period of Masala Bonds?

- ▶ RBI has decided to reduce the minimum maturity period for the rupee-denominated bonds issued overseas to three years in order to align with the maturity prescription regarding foreign investment in corporate bonds through the foreign portfolio investment (FPI) route and to make it more attractive.
- ▶ The maximum amount a single issuer can raise through masala bonds is Rs.5,000 crore.

Likely Impact of the decision?

- ▶ According to bankers, the reduction in maturity of the bond may not make a big difference in terms of attracting investors.
- ▶ Experts believe that until the withholding tax and allowing domestic banks to invest is addressed, there is unlikely to be a significant improvement in demand for such bonds. Currently the investor in Masala Bonds has to pay 5% withholding tax.

3.15 DOUBLING FARMERS INCOME BY 2022

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(Q) What Challenges does India faces in doubling Farmers income by 2022? Comment.Suggest steps required to achieve the target of doubling income by 2022.

Context

Recently PM Modi has urged all states to give priority to implementation of the "roadmap" for boosting the agriculture sector with a target of doubling the income of farmers by 2022.

Challenges in doubling the income?

Doubling of Farmers income by 2022 would require compound growth rate of 12% per annum. Growth of 12% every year which looks unrealistic to achieve as after adjusting for rising costs, an Indian farmer's income effectively rose 5% per year over a decade (2003-2013).

There are Four Main Hurdles in Doubling the Income of the Farmers.

- ▶ Rising input costs, declining profits
 - Profit margins of farmers are declining because of dropping farm productivity and a rise in input costs.
 - While income from cultivation in 2013 became 3.6 times that in 2003, input costs tripled in the same period, almost nullifying the effect of tripling income.
- ▶ irrelevance of minimum support price, which the government pays farmers when it buys their crops
 - While the announcement of increases in MSP should act as an encouragement to farmers when they sow, three factors do not let this happen:
 1. There is very low awareness about MSP - less than 25% of farmers on an average, while for some crops, less than 5% - know about MSP.
 2. Over the last three years, the MSP for all crops increased from up to 12% per year, compared with up to 42% in 2012-13, up to 53% in 2011-12, and up to 39% in 2010-11.
 3. MSP increases can fuel inflation-and, so, higher monthly expenses-in urban areas.
- ▶ absence of market infrastructure, such as warehouses and cold storages
 - Agricultural marketing system in India delivers only to a small fraction (10 to 30% of the retail price of the price to the farmer.
 - Regulatory barriers have constrained investments in agriculture markets and lowered capacity of farmers to be domestically and internationally competitive.
 - Multiplicity of taxes under Agriculture Produce and Marketing Committee laws in various states have undermined interests of farmers and benefitted middlemen.
- ▶ 85% of farmers do not benefit from insurance.
 - Only 19 million - or 15% - Indian farmers benefitted from crop insurance schemes announced by the government in 2014-15. As many as 37.2 million farmers were covered under the three schemes-National Agricultural Insurance Scheme, Modified National Agricultural Insurance Scheme and Weather Based Crop Insurance Scheme - but only half of them benefitted from it.
 - Half of those who did not use insurance were unaware of crop insurance, the NSS report said.

Is it Possible to double the Income?

- ▶ It is evident that both the PM as well as the FM are setting the target of doubling farmers' income by the year 2022, which is seven years away from the current year.

And, if anything is to be doubled by the year 2022-23, it will require annual growth of 10.4 per cent, and not 14.8 per cent, as reported in the media.

- ▶ It is important to point out that what is sought to be doubled is the income of farmers, not output or value added or the GDP of the agriculture sector. If technology, input prices, wages and labour use could result in per-unit cost savings, then farmers' incomes would rise at a much higher rate than the rate of increase in output.
- ▶ Another very important source of an increase in farmers' income is the relative increase in prices of farm products compared to non-agricultural commodities. Past estimates of farm incomes show a significant difference between growth in output and growth in farmers' income. Between 2004-05 and 2011-12, agricultural output at constant prices increased by 34 per cent while real farm income per farmer increased by 63 per cent. In nominal terms, the output became 2.65 times while farmers' income tripled in the eight-year period. Therefore, a doubling of farmers' income should not be viewed as the same as a doubling of farm output.
- ▶ If inflation in agricultural prices is high, in nominal terms, farmers' income will double in a much shorter period. Twice over the last 30 years, farmers' income at nominal prices almost doubled in six years - once between 1987-88 and 1992-93 and then between 2004-05 and 2009-10.
- ▶ Diversification of farm activities towards high-value crops and enterprises could double the income as National-level data reveals that shifting to high-value crops can more than quadruple income from the same piece of land.
- ▶ Expanding irrigation could Double productivity and therefore double the incomes of the Farmer.
- ▶ Better price realization for farmers through competitive markets, value chains and improved linkage between field and fork could also boost Farmers income significantly.
- ▶ improvement in the terms of trade for agriculture
- ▶ Another source which can double income is technology up gradation.
- ▶ Another important factor which can double income is the shift of cultivators from farming to non-farm occupations.

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◉ **CONCLUSION**

State-level data shows that agricultural income in real terms, including the effect of improvement in terms of trade, doubled between 2006-07 and 2013-14 in Gujarat, Jharkhand, Madhya Pradesh, Rajasthan and Telangana. Few states, namely Bihar, Chhattisgarh, Gujarat, Jharkhand, Karnataka, Madhya Pradesh, Rajasthan and Telangana are experiencing a transition towards doubling farmers' income in seven years while Uttar Pradesh and Maharashtra are showing the potential to do. Thus if the above In conclusion, if the above-mentioned measures are implemented sincerely at the state-level, then farmers' income can be doubled by 2022-23 in most of the states.

3.16 1ST MARITIME SUMMIT



- (Q) Discuss the significance of 1st maritime Summit held recently in Mumbai?
- (Q) Recent statistics show that Colombo port can handle more container traffic than all of India's ports put together. Discuss the reasons behind this dismal situation. What steps are taken by Government to improve the situation?

◉ **Context**

1st Global Maritime India Summit (MIS) was held recently in Mumbai

◉ **Key announcements and Activities in the Summit**

- ▶ The summit provided a platform for participation, engagement and interaction from 42 countries. More than 5000 delegates from around the globe participated in the Summit.

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- ▶ The 3 day exhibition organized during the Summit also drew enthusiastic response from 197 exhibitors including 81 international companies, 80 Indian private sector companies and 36 Government owned entities.
- ▶ The focus sessions on maritime States brought to fore the investment opportunities in various maritime States and Union Territories of India. In addition, there were sectoral seminars on shipbuilding and ship repair, skill development through maritime education, inland waterways development, cruise shipping and lighthouse tourism, fisheries development and maritime security, which saw serious deliberations
- ▶ The first Maritime India Summit in Mumbai, besides resulting in business agreements for Rs 82,905 crore investments, played a key role in highlighting the role of port led development for faster and sustainable economic growth
- ▶ In this summit The National Perspective Plan of Sagarmala project was released by the PM which underlined Government's seriousness in boosting port led infrastructure development.
- ▶ The Summit has also provided a unique platform to forge new partnerships with other countries. On the side-lines of this Summit, high level bilateral meetings were held with 12 participating countries.
- ▶ The Summit showcased around 240 projects which present investment opportunities during the next five years. The investment potential of these projects is around \$ 66 Billion (Rs. 4.34 lakh crores). The Ministry of Shipping has established an Investment Facilitation Cell in Indian Ports Association to follow up on these opportunities with potential investors and ensure that the announcements and intent expressed during the summit materialize into actual projects and investments.

○ Analysis

▶ Significance

- For a region that has been historically seafaring, India in the modern era has been bafflingly inward-looking. It is therefore welcoming to see Government's stated objective in the summit that "the maritime agenda will complement the ambitious infrastructure plan for the hinterland which is going on in parallel.
- India has for long been slow, and ad hoc, in developing infrastructure to reap the economic opportunity its seaboards naturally provide.
- Apart from the length of the coastline, 7,500 km, "India's maritime potential also lies in its strategic location on all major shipping highways.
- Under the Current regime there has been an increasing emphasis on maritime infrastructure which could be seen from programmes like The ambitious Sagarmala programme which intends to promote port-led development, improve the coastal economy, modernise ports and integrate them with special economic zones, and create port-based smart cities, industrial parks, warehouses, logistics parks and transport corridors. India has also begun to collaborate with neighbouring Bangladesh and Myanmar in building waterways and port infrastructure.

▶ Situation of India Ports currently

- The development of port infrastructure in India is not on par with other ports across the world. China's 10th largest port is 50 per cent bigger than India's largest, all of India's 12 ports that are officially classified as "major" carry less traffic between them than the single port-city of Singapore.
- Colombo can handle more container traffic than all of India's ports put together - with something like three-quarters of that being transshipment of containers from India, because India's ports are too shallow to accommodate big container vessels For a country with a long maritime tradition, this is a pathetic state of affairs.
- Indian ships account for a tiny part of the country's trade: about 15 per cent, compared to the international norm of 40 per cent. It has no civilian shipyards to compare with the world's best. The two or three private ones that look to build commercial vessels are deep in debt and short of orders; most Indian ship-owners prefer to look to foreign yards, because of better quality and

assurance on delivery schedules. In short, India's maritime business needs a booster shot.

► **Reasons for this situation**

- The cost-inefficiency and non-competitiveness of the cargo has resulted in higher through-port and transport costs.
- Shipping lines avoid touching ports in India because of the long waiting time. The capacity of various ports including Mumbai has already been exhausted and now capacities of other ports like JNPT are on the verge of exhaustion.
- The turnaround time at ports in India is one of the biggest handicaps logistics service providers have to deal with. The major reason for the poor turnaround time at Indian ports is that they are not comparable to global standards.
- There are 12 types of different taxes that Ships have to pay at our Ports
- Three-quarters OF Traffic Which Colombo port handles consists of transshipment of containers from India, because India's ports are too shallow to accommodate big container vessels. This is the reason why Colombo Port handles more ships than all of India's ports put together.

► **Steps taken by Government to improve the situation**

- The government has Launched Sagarmala and its prime objective is to "promote port-led direct and indirect development and to provide infrastructure to transport goods to and from ports quickly, efficiently and cost-effectively."
- Under this plan, a comprehensive and integrated planning for Sagarmala for the entire coastline shall be prepared within six months which will identify potential geographical regions to be called Coastal Economic Zones (CEZs).
- Government has given SEZ status to JNPT port.
- Government has allowed 100% FDI for port development projects
- 100 per cent income tax exemption from income tax is extended to companies investing in port infrastructure. Further, a 10-year tax holiday has been given to enterprises engaged in the business of developing, maintaining and operating ports, inland waterways and inland ports.
- Government has proposed to work towards converting 12 public port trusts in India into corporations under the Companies Act to bring greater efficiencies in operations, raise funds for growth and compete better with their private sector counterparts.

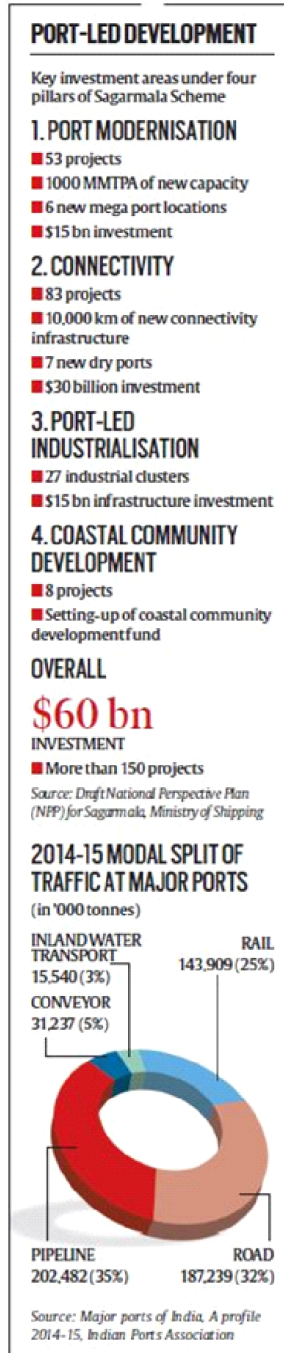


Fig: 3.2

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3.17 UNIDO PLACES INDIA AT 6TH POSITION IN TOP-10 MANUFACTURERS LIST

United Nations Industrial Development Organization in its report has placed India at 6th among the world's top 10 largest manufacturing countries.

○ **Key findings of the report**

- Owing to increase in index of industrial production and Manufacturing Value Added, India's ranking soared up by three places in the Yearbook, published by the Owing

to increase in index of industrial production and Manufacturing Value Added, India's ranking soared up by three places in the Yearbook, published by the UNIDO. While MVA grew by 7.5 per cent compared to previous fiscal, IIP went by 1 per cent in the fourth quarter of 2015.

- ▶ The report also said that the global growth rate of manufacturing production has slowed to 2.8 per cent in 2015. This slowdown could be due to reduced manufacturing growth rates recorded by major developing and emerging economies,
- ▶ China tops the list of 10-top industrial producers followed by the US, Japan, Germany and Korea. Indonesia was at the bottom of the list.

○ About UNIDO

- ▶ UNIDO It is a specialized agency in the United Nations and is member of the United Nations Development Group (UNDG). It is headquartered in Vienna, Austria.
- ▶ Objective: Promotion and acceleration of industrial development in developing countries and countries with economies in transition and the promotion of international industrial cooperation

3.18 IN 2015, GLOBAL TRADE DECLINED 13% TO 16.5 TRILLION IN VALUE TERMS

- ▶ The global trade has declined to \$16.5 trillion in value terms from \$19 trillion last year. This has created a havoc particularly on developing countries.
- ▶ According to the estimate, it is expected to grow by 2.8% this year and 3.6% next year, subject to several downside risks which include the slowing Chinese economy, continued volatility in the financial market, and persisting negative business sentiment.
- ▶ Comparing India and China: India's performance in merchandise trade has remained dismal. India's exports of goods fell by 17.2% in dollar terms as compared to a 2.9% drop in China's exports. Its imports also fell by 15.3% in dollar terms due to a nearly 60% drop in oil prices, while China's imports went down by 14.1%.
- ▶ In terms of commercial services India's exports registered a modest growth of 1.2% last year as compared to a drop of 3.4% in China's case. India also saw a drop in the imports of commercial services by 1.1% last year with overall surplus of \$28 billion.
- ▶ Though, the trade is witnessing a positive growth but still it is in a disappointing situation. The divergent movements in volume and value remain a source of concern which "could undermine fragile economic growth in vulnerable economies.
- ▶ The decline in trade figures can be attributed to the strong fluctuations in commodity prices and exchange rates.

3.19 GOVT EASES RULES FOR FOREIGN FIRMS TO SET UP BRANCHES IN INDIA

The government has relaxed approval process for setting up of their branch, liaison and project offices in the country. This will help to improve ease of doing business for foreign entities.

○ New norms for foreign firms:

- ▶ Except for defence, telecom, private security, information and broadcasting and non-government organisation sectors, approvals can now be given by certain banks, as against the earlier requirement of RBI approval for the same.
- ▶ Anyone who has been awarded a contract for a project by a government authority/ PSU would be automatically given approval to open a bank account.
- ▶ It has now been decided that except for a few sectors viz defence, telecom, private security, information and broadcasting and non-government organisation and except a few countries, the power to grant approvals for establishment of branch, liaison, project offices by foreign entities, would be delegated to the Authorised Dealers Category-I Banks.

- ▶ The foreign entities can set up their offices in India without registering themselves as companies or trusts under Indian Laws.

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3.20 INFLATION SLOWS DOWN AND FACTORY OUTPUT POSITIVE AFTER 3 MONTHS

- ▶ Food inflation eased slightly to 5.21 per cent in March from 5.30 per cent in the previous month. In more boost for the economy, industrial production has rebounded into the positive territory after contracting for three months in a row.
- ▶ On the other aspect, factory output, as measured by index of industrial production, rose 2 per cent in February as compared to a 1.5 per cent contraction in January. Analysing the growth trends, mining sector growth and electricity generation improved in February while manufacturing sector has remained weak.
- ▶ With inflation easing below 5 per cent, chances of Reserve Bank reducing interest rates increases further in order to give further boost to the economy.
- ▶ With the decrease in inflation and the positive growth witnessed in the factory output the chances of growth seen on a good side.

3.21 SEMI HIGH SPEED TRAIN TO START OPERATIONS

- ▶ India's first semi-high speed train Gatimaan express started its operations from Delhi to Agra recently, covering the distance between the two cities in around 100 minutes.
- ▶ The train will cover the journey to Agra in around 100 minutes, as compared to the 117 minutes journey of the Shatabdi Express.

o What is high speed train?

- ▶ There is no single global standard in excess of 250 km per hour for high speed rail. Existing lines in excess of 200 km per hour are widely considered to be high-speed, with some extending the definition to include much lower speeds (e.g. 160 km/h) in areas for which these speeds still represent significant improvements.
- ▶ Gatimaan Express is the first semi-high speed service in railways that runs at a speed of 160 kmph and is expected to cover the 200 km distance in 100 minutes. In other words, it is a semi-bullet train.

o Special features of Gatimann express

- ▶ Equipped with 5,400 HP electric locomotive 'WAP 5', and balanced draft gear couplers for a smooth ride, the train has two Executive AC Chair Car and eight AC Chair Car coaches, not seen in any other trains in the country so far. The new LHB (Linke-Hofmann-Busch) coaches are fabricated at Rail Coach Factory (RCF), Kapurthala
- ▶ It will run six days a week and is capable of clocking a maximum speed of 160 km per hour. For the first time, train hostesses will be present on board for catering services and free on-board entertainment facilities will be available for passengers
- ▶ The train will have a high-power emergency braking system, automatic fire alarm, GPS-based passenger information system and sliding doors in the coaches.
- ▶ The coaches are fitted with bio-toilets. Each coach costs a phenomenal Rs 2.5 crores.
- ▶ There will be TV screens on each seat, like in flights.

4

**INTERNAL
SECURITY**

4.1 UNION GOVERNMENT PLANNING TO BRING NATIONAL SOCIAL MEDIA POLICY

- ?** (Q) How is social media used by Terrorist and extremist groups to perpetuate the acts of terror?
 (Q) Do India require a National social media policy? Comment

Context

- Alarmed that an increasing number of young people are being radicalized by the Islamic State (IS) through online videos and social media groups, the Union government is planning to come up with a "national social media policy" to counter the cyber-threat.

Key features of the Proposed Policy

- The policy will focus on countering social media propaganda that follows any communally polarizing incident in the country. The incident can be of any nature, it can be a communal riot, student's unrest or even a petty fight between two communities.
- Almost all the cases of recruitment of Islamic State in India have been done through the Internet and this policy is a step ahead in thwarting these attempts.
- This policy will ensure that positive content is pushed through social media and there is effective monitoring.
- Under the aegis of the policy Government is planning to collaborate with the online community to strengthen reporting mechanisms and complaint procedures. Government is also planning to take deterrent action in specific cases against producers and circulators of radical content under penal law

How Social Media is used by Terrorist Organizations

- Due to the convenience, affordability, and broad reach of social media platforms such as Youtube, Face book and Twitter, Terrorist groups have increasingly used social media to further their goals and spread their message
- Terror groups take to social media because social media tools are cheap and accessible, facilitate quick, broad dissemination of messages, and allow for unfettered communication with an audience without the filter or "selectivity" of mainstream news outlets. Also, social media platforms allow terror groups to engage with their networks. Whereas previously terror groups would release messages via intermediaries, social media platforms allow terror groups to release messages directly to their intended audience and converse with their audience in real time
- The use of the Internet has been a boon to crime syndicates, radicals and terrorists. Al Qaeda used it for the 9/11 attacks on the United States through coded messages for recruitment, planning, funding and execution.
- last year, the discovery of the IS twitter account operator 'Mehdi' alias 'Shami Witness' from Bengaluru jolted India. He was recruiting volunteers for IS for the past several years, abetted IS in its agenda to wage war against Asiatic powers and had posted the video of US aid worker Peter Kassig's beheading several times on his account.



Fig: 4.1

4.2 PANAMA PAPERS



(Q) What do you understand by offshore tax havens. Why do people keep their money there? Comment with respect to Panama paper leak.

o Context

Some 11.5 million records of offshore holdings from Panamanian law firm Mossack Fonseca were obtained by German newspaper Süddeutsche Zeitung and shared with 107 media organisation across 78 countries.

o What do Panama Papers reveal?

Individuals who have set up offshore entities through the Panama law firm. Some of the Indians floated offshore entities at a time when laws did not allow them to do so; some have taken a technically convenient view that companies acquired is not the same as companies incorporated; some have bunched their annual quota of remittances to subscribe to shares in an offshore entity acquired at an earlier date. Still, some others have received income earned abroad and deposited it in the entity to avoid tax. Some have opened a bank account to keep payoffs in government contracts, or held "proceeds of crime" or property bought with money made illegally in Trusts/ Foundations.

o Why do People keep their money abroad?

People want to hold funds abroad for many reasons. They may have earned them from illegal sources or want to hide their trail of ownership for business reasons or if they earn the money abroad or purely as a hedge against risk and/or in expectation of higher returns. The first two involve some illegality. The third may also involve some illegality but the last two may be legitimate activities. However, even in a legitimate activity, some rules may be flouted so that illegality occurs and prosecution is called for. For example, taking out money is not illegal but if more has been taken out via under-invoicing of exports and deposited in one's account or if the money taken out legitimately was used to set up a company or one has not declared the income for tax purposes from the funds taken out, then prosecution becomes legitimate.

o Why float a foreign company, why go all the way to Panama to register it?

- ▶ The two big draws that offshore entities in jurisdictions such as British Virgin Islands, Bahamas, Seychelles and more specifically Panama, offer are: secrecy of information relating to the ultimate beneficiary owner and zero tax on income generated. That is why They are called as Tax Haven.
- ▶ In fact, in Panama, individuals can ask for bearer shares, where the owner's name is not mentioned anywhere. Besides, it costs little or nothing to set up an entity abroad. The Registered Agent charges a few hundred dollars to incorporate an entity. It doesn't take much time to incorporate one either. Companies are available off-the-shelf and can be registered in a couple of days.

o Will regulators be interested in this information?

- ▶ Non-disclosure of an overseas asset (in this case the company acquired or floated) will be of interest to authorities and regulators here. Floating these companies and depending on the reason for which they are put to use, could also violate, individually or jointly, the Foreign Exchange Management Act, the Prevention of Money Laundering Act, the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, the Prevention of Corruption Act and the Income-Tax Act. NRIs do not have to report their offshore entities to Indian authorities. But any income earned by them in India has to be filed with regulators in the country.
- ▶ Couldn't those in the list argue that when they set up these companies, FERA was a draconian law and they had to do this to go around it?
- ▶ Foreign Exchange Regulation Act severely restricted even current account transactions, forget those on capital account. Since India's foreign exchange holdings were low or

inadequate in the 1980s and 1990s, the law was aimed at preventing an outflow of foreign exchange

- ▶ In those days of controls, many secretly opened Swiss bank accounts and offshore entities by sending money abroad through hawala. It was to these offshore accounts that money flowed in several cases of over invoicing or under-invoicing of trade transactions. But progressively, after liberalisation in 1991, and with an improvement in macroeconomic indicators, FERA was replaced with FEMA in 1999.
- ▶ And as India's foreign exchange reserves rose and topped \$100 billion in 2004, in January 2004, RBI allowed companies to invest up to 100 per cent of their net worth (now it's 400 per cent of net worth) abroad by doing away with the \$100 million cap and started its experiment with limited capital account convertibility by introducing the Liberalised Remittance Scheme (LRS) in February 2004 which permitted resident individuals to remit up to \$25,000 a year.
- ▶ This was increased in phases to \$200,000 by September 2007, but was reduced to \$75,000 in August 2013 to arrest a sharp slide in rupee. The LRS limit was subsequently increased again in phases and now stands at \$250,000 a year. This means, an Indian resident individual can invest \$250,000 abroad in buying shares or property or gift or donate to anyone living abroad up to this limit every year.
- ▶ But RBI's intent and internal understanding in opening the LRS windows was to allow resident individuals in the spirit of liberalization to diversify their assets, promote trade and boost exports and earnings, but not to let them set up companies, which could be put to misuse.

◉ Are regulators, RBI and Income Tax authorities, aware of these firms?

- ▶ There are many who have set up companies dating back to the pre-2004 period when the LRS was not even announced. So, they are clearly outliers.
- ▶ Then there are individuals who have taken an interpretation of the LRS to mean that offshore entities can be set up. The LRS did allow for buying shares, but did not specifically allow incorporation of companies by individuals abroad going by a clarification in the RBI FAQs of September 17, 2010.
- ▶ On August 5, 2013, the RBI allowed resident Indians to invest directly in joint ventures and overseas subsidiaries through the LRS route too.
- ▶ So, technically, those individuals who had set up companies overseas prior to August 2013 would have violated the rules on LRS. In certain cases, there has been a compounding of payment of fines by individuals after the LRS violations came to the notice of the RBI or were disclosed by individuals themselves. In some other cases relating to the pre-2013 period, individuals who set up companies abroad using the LRS facility were directed by the RBI to divest their holdings or unwind their operations.

◉ So what's the next step once these names are out?

- ▶ For the Reserve Bank of India, this issue has been work-in-progress. It will have to take a call whether they can allow compounding (recognising that an individual has erred bona fide and regularising the investment in the offshore entity post facto by imposing a penalty) or insist that individuals wind up these investments made prior to August 2013.
- ▶ The Income Tax department will have to probe if there has been 'round tripping' of funds i.e. routing of funds invested in offshore entities back to India, and where required, refer the cases to the Enforcement Directorate. It will also have to see if the offshore entities have declared all their incomes and assets to the Income Tax department.

◉ What's the relevance of The Panama Papers to the black money debate?

Offshore entities can be and have been used by individuals to remit funds abroad. Globally, they carry a reputation of being vehicles set up by individuals and corporations to evade or avoid tax. Companies call this tax planning, the tax man sees it as tax avoidance. With coordinated moves by G-20 countries to introduce stringent anti-money laundering measures, as part of a global crackdown on tax avoidance, there is rising international

scrutiny over such jurisdictions and giant company incorporators such as Mossack Fonseca which facilitate setting up of offshore entities.

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o **Way Foreword?**

- ▶ In India a lack of clarity persists about the legality of buying offshore companies, a service that is expressly provided by Mossack Fonseca. The lack of clarity exists despite the Reserve Bank of India's evolving guidelines on offshore remittances and investments since 2004.
- ▶ The RBI guidelines have largely been a reactive measure to address flows to tax havens. The investigation into the Panama Papers and the scrutiny of the accounts of Indians named in them should pave the way for yet another tightening of the norms.
- ▶ The leaks relate to just one offshore law firm, even if it is the fourth largest in the world. A global tax avoidance problem requires a coordinated response, and the Panama papers point to the urgent need for much more transparency in the movement of global finance capital. The NDA government has passed the Undisclosed Foreign Income and Assets (Imposition of Tax) Act, 2015 and provided a one-time compliance window to declare foreign assets and income. So far, these steps have yielded little by way of repatriation of transferred assets. The problem of black money stashed overseas has to be dealt with both at the multilateral level, through tightened capital flow norms, and domestically, through a zero tolerance approach to illegal transfers.

4.3 TO PREVENT PATHANKOT-LIKE ATTACKS, INDIA PLANS 5-LAYER 'LOCK' AT PAKISTAN BORDER

		<p>PRESENT STATUS</p> <ul style="list-style-type: none"> ▶ Though CCTV cameras, night thermal imagers and sensors are used in sensitive areas, technology used is not superior. More than 150,000 flood lights have been installed on 50,000 poles by govt on border to track movement using binoculars ▶ There were 222 infiltration attempts from Pakistan in 2014; 100 in 2015 ▶ At any given time, 70 battalions of BSF are posted on the border from Kutch to Kashmir. 1/3rd of them not on border
<p>PLANNED</p> <ul style="list-style-type: none"> ▶ Any person trying to enter India from Gujarat to J&K can be tracked by multiple technologies like CCTV cameras, thermal image devices, night vision devices, surveillance radar, underground monitoring sensors & laser barriers ▶ All unfenced 130 riverine sections on 2,900-km-long border will be covered using laser barriers ▶ The project will cost govt Rs 1cr 	<p>per km. Two pilot projects in Jammu & Punjab are already on</p> <ul style="list-style-type: none"> ▶ The entire border will be covered with hi-tech systems in two years and 50-60 private companies are expected to take up projects ▶ A control room will be set up after every 5-6 km where any activity will be noticed and BSF men will be alerted. If one device is not working, others will alert jawans 	

Fig: 4.2

o **Context**

In order to enhance security at the Indo- Pakistan border and to prevent attacks like Pathankot attack in future, The Centre has approved a five-layer elaborate plan to completely stop infiltration on the 2,900-km western border with Pakistan. It entails round-the-clock surveillance through sophisticated technology which in effect will totally "lock" India's western border to prevent terror attacks and smuggling.

o **Main proposals of the structure:**

- ▶ CCTV cameras, thermal image and night-vision devices, battlefield surveillance radar, underground monitoring sensors and laser barriers will be placed along the border. This will be helpful to track the movement of the people.
- ▶ Laser barriers will be installed from J& K to Gujarat which will cover 130 unfenced sections, including remote riverine and mountain terrain.

- ▶ Comprehensive Integrated Border Management System' (CIBMS) for 24x7x365 surveillance of the border through technology will be ensured to avoid infiltration and smuggling of any material. The system will entirely rely on technology rather than the manual system which is used currently to guard borders.
- ▶ CIBMS would also help security forces catch those who help in infiltration from the Indian side of the border, as the radars would have a 360-degree coverage and the cameras would work day and-night looking on both sides.
- ▶ The integrated system will be set up to ensure that if one device does not work, the control room will be alerted by another in case of a breach.
- ▶ The system will also help nab those in India who help people across the border.

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○ **Analysis:**

Terror attacks have been common across India Pakistan border. These have moved beyond the frequent infiltration by low-level terrorist cadres and movement into civilian areas (Jammu and Kashmir-style), into a more sophisticated, meticulously-planned, long-term, detailed operation, hitting at military targets, with local support networks and exploitation of social vulnerabilities such as drugs. This has made the cross-border challenge the gravest ever, especially because India's response is entrapped within old security arrangements.

- ▶ India needs a well-coordinated approach to security emergencies. In addition to the above points, there is a need of a well-conceived and organised policy framework. These include:
 - A well-defined chain of command, both political and operational;
 - Inter-agency co-ordination
 - Regular review and updating of the SOPs (Standard Operating Procedures) and test drills to determine their functionality.
 - A well-coordinated approach for future emergency security situations.
 - Steps should also be taken to promote mutual harmony and faith. Eg. Participation in each other's sports and games would help to foster a spirit of healthy competition, Joint mountaineering expeditions can be organised.
 - Contacts between old regiments should be gradually re-established and visits to each other's regimental centres permitted.
 - Joint events should be organised for the military bands of both countries for military as well as civilian audiences.

5

SCIENCE

5.1 UNIFIED PAYMENT INTERFACE



- (Q) What do you understand by UPI? Why it is called a Banking revolution by many by many experts.
- (Q) Describe the major challenges faced by UPI?

Context

NPCI recently launched next generation online payments solution i.e. Unified Payments Interface (UPI) .

Background

- ▶ The number of non-cash transactions per person currently stands at just six per year; only a fraction of the 10 million plus retailers in India accept card payments; banking services were available in less than 100,000 villages as of March 2011; and nearly 145 million households are excluded from banking.
- ▶ Given this background, the National Payments Corp. of India (NPCI), which was set up in April 2009 with the core objective of consolidating and integrating the multiple systems with varying service levels, into a nation-wide, uniform and standard business process for all retail payment systems, undertook the task of implementing a UPI to simplify and provide a single interface across all systems.

Traditional e-payment methods

- ▶ Most electronic payments in India is facilitated through NEFT and RTGS.
- ▶ In National Electronic Funds Transfer (NEFT), money transfers are made via electronic messages. The bank details of the sender and the beneficiary are linked using bank branch name and IFSC code. When a payment is initiated, the payer's bank sends a 'message' to its NEFT service centre. All such messages are pooled every hour and the bank's NEFT centre sends it to the RBI, which initiates the transfer. The process typically takes a little more than an hour and is available only during the bank's working hours.
- ▶ Unlike NEFT, in Real Time Gross Settlement (RTGS), fund transfers handled on one-to-one basis. Large value transactions, typically over Rs. 2 lakhs, are carried out using this method. This is also done during working hours.
- ▶ Immediate Payment Service (IMPS) is a more recent form of fund transfer that is gaining popularity. A user is given a 7-digit Mobile Money Identifier (MMID) Code. The sender initiates payment using mobile bank by giving the MMID code and registered mobile number of the beneficiary. Most banks offer this service free-of-cost now. It is a round-the-clock immediate payment service.

How does UPI work?

- ▶ The Unified Payment Interface (UPI) envisages a payments architecture that is directly linked to achieving the goals of universal electronic payments, a less-cash society, and financial inclusion, using the latest technology trends.
- ▶ UPI is a single interface across all NPCI systems, which would allow customers to instantaneously transfer funds across different banks using a single identification and password.
- ▶ The UPI app allows users to pay for any transaction below Rs 1 lakh, and the amount can be as low as Rs 50, allowing users to take care of simple payments.
- ▶ To send money to a person, the app requires only the virtual UPI ID, the sender's name or phone number, and a mobile pin to authenticate the payment.
- ▶ Earlier this process required a tedious process involving the recipient's IFDC code, bank account number, branch and other details.
- ▶ Even regular payments will be easier and cashless like in case a group of friends goes out to watch a movie, one of them can pay, while others can directly transfer money to the person's account.

- ▶ The UPI app can be used for payment after receiving goods, and the company's unique ID should be sufficient for the process, or the buyer can scan a QR code carried by the delivery person through the UPI app and pay directly.
- ▶ Only 10 banks are part of this initiative, as others are set to join later, and the user can carry out transactions through any bank's system instead of the bank they have an account in.
- ▶ All that a customer needs is a smartphone with the UPI application (app) downloaded for instant payment of cash. It does all the functions of a debit card or internet banking in a more secured environment.

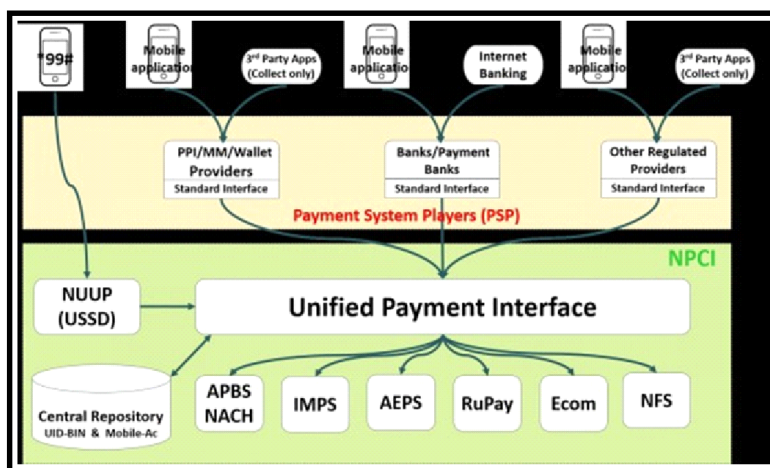


Fig: 5.1

o **Analysis**

▶ **Significance of UPI**

- The launch of the Unified Payments Interface (UPI) by the National Payments Corporation of India (NPCI) is a breakthrough step not just for the way in which Indians bank but also for how they transact online.
- In essence, the UPI will simplify the way payments are made - it will leverage the rapidly deepening mobile penetration in the country to facilitate monetary transactions at the press of a button.
- The ease and security that the UPI allows for a two-factor authentication - with which transactions can now happen over a mobile will be a boon for a lot of businesses, especially small- and medium-sized entrepreneurs.
- UPI is a unique payment solution as the recipient is now empowered to initiate the payment request from a smartphone without using credit or debit card and internet banking.
- UPI would enable multiple bank accounts linked to a single mobile banking app, and money can be both received and requested through the same interface. This could mean that consumers won't have to store money in multiple electronic wallets.
- Since the technology is easy to use, it is expected to transform the way Indians make digital payments.
- "UPI has the potential of transforming the entire payments ecosystem in the country and will India to migrate towards a less cash and more digital society
- The UPI will allow payments only by providing an address with others without having ever provide account details or credentials on third party applications or websites. This will be done through virtual payment addresses that are aliases to bank accounts. Payment service providers can make payments from any account using any number of virtual addresses using credentials such as passwords, PINs, or biometrics on mobile phone.
- In order to ensure privacy of customer's data, there is no account number mapper anywhere other than the customer's own bank. This allows the customer to freely share the financial address with others .

► **Advantages of UPI**

- One does not need to carry cash for even the small/petty purchases.
- Dependency on a particular mobile wallet or a bank account will be gone.
- Every citizen of India would be able to use and utilize mobile banking, Digital India and technology.
- All one requires is either an Aadhar Card or their mobile number, of either of the 'payer' and 'receiver' of money.
- Round the clock availability
- Single APP for accessing different bank accounts
- Use of Virtual ID is more secure, no credential sharing
- Faster checkout
- No timeout scenario
- Seamless fund collection from customers - single identifiers
- Suitable for e-Com & m-Com
- Resolves the Cash on Delivery (COD) collection problem
- Single click 2-Factor authentication for subsequent transactions
- Universal APP for transaction
- Security (on other bank app it uses NPCI library to securely capture credentials)
- Payment basis Single/ Unique Identifier

► **Concerns**

The primary challenge pertaining to the UPI is aspect of security. The conventional widely-applicable security model is the CIA triad; standing for Confidentiality, Integrity and Availability; three key principles which should be guaranteed in any kind of secure system.

A few of the grave concerns, and the proposal to handle them are listed, yet the same is yet to be tested and tried:

1. Account details are to be protected by verifying the account details with the account provider.
2. Authentication credentials must be encrypted during capture using the public key of the authentication provider and must remain encrypted until their use.
3. Measures should be specific and distinct for individuals and entities to protect against phishing. It must also be ensured that whenever a collect payment request comes, the Payment Service Provider (PSP) application should show the 'know your customer' information of the requester, white listing information from the central system, and the transaction reference number (sales order number, transaction note, etc.) to help the payer make the decision whether to accept or reject the request.
4. Message security, trust and non-repudiability - Every message must be digitally signed and have a unique transaction ID. Also, all APIs must be done over a secure channel.
5. Remedies for a loss of smartphone, or change of mobile number / misrepresentation of a mobile number.
6. Misrepresentation of Aadhar Card number by a thief or impersonator.

◉ **CONCLUSION:**

The UPI, is being seen as one of the highly secure and fool-proof system to be ever implemented in the financial system of India. One can use UPI app instead of paying cash on delivery on receipt of product from online shopping websites and can perform expenses like paying utility bills, over the counter payments, barcode (scan and pay) based payments, donations, school fees and other such unique and innovative use cases. The ease of paying money even to a road side vendor, who does not have a swipe machine, will now be possible.

We need to wait and watch if the system is robust enough to beat away the cyber criminals who will try to take advantage of such IT enabled systems.

5.2 INDIAN RED CROSS SOCIETY LAUNCHES WORLD'S FIRST BLOOD BANKING APP

In order to address the blood shortage in the country and to make the process of finding blood donors during an emergency medical situation easier the Indian Red Cross Society has launched a 'Blood Banking App'. The app is part of a larger digital blood banking initiative launched by the Society.

o How will it work?

- ▶ The app will enable people to deposit their blood on a regular basis by opening a Blood Banking Account at any Red Cross affiliated Blood Bank. A unique account number will be assigned to each individual to help monitor the account.
- ▶ It will record all the required information, track the account and provide timely reminders about the next savings.
- ▶ Each account holder will get a unique ID that would help keep track of the account through the app. The account holder can withdraw the credited blood units or transfer them to anyone of the same group.

o Benefits:

- ▶ It will enable the users to transfer the blood to others and let the account holders know how much blood is available in the account.
- ▶ It will also allow blood bank account holders to keep a track on the entire blood deposit cycle on the digital platform efficiently.
- ▶ The entire process of blood deposit, withdrawal and transfer will now be extremely useful for the public as it will offer a solution to the most pressing matter of finding blood donors at the time of emergency.

5.3 GOVERNMENT LAUNCHES INTELLECTUAL PROPERTY INFORMATION PORTAL

To act as a single window interface for information on intellectual property and provide guidance on leveraging it for competitive advantage the government has launched an Intellectual Property Information Portal under the aegis of Department of Electronics and Information Technology (DeitY) and Department of Industrial Policy and Promotion (DIPP) by Centre for Development of Advanced Computing (C-DAC), in close coordination with the Indian IP office.

o About the portal:

- ▶ It is a customised version of IP Panorama Multimedia toolkit, developed by World Intellectual Property Organisation, Korean Intellectual Property Office and Korea Invention Promotion Association and seeks to increase awareness and build sensitivity towards IP, among stakeholders in the SME sector, academia and researchers.
- ▶ The toolkit has been adapted to cater to SMEs and start-ups, especially in the ICTE sector.
- ▶ The five modules of the Panorama include importance of IP for SMEs, Trademark, Industrial design and Invention and Patent.

5.4 PLANET WITH TRIPLE-STAR SYSTEM FOUND

Scientists, in The Astronomical Journal have reported the discovery of a rare triple-star system with a gas giant planet similar in size to Jupiter. This newly found planet, dubbed KELT-4Ab, is only the fourth triple-star planet ever found and is the closest one till date. Though the KELT system was known for many years but the binary stars were initially thought to be just one star.

- ▶ There are three stars: KELT-A, KELT-B and KELT-C. Among these, KELT-4Ab, a gas giant planet, similar in size to Jupiter takes approximately three days to make its way around

the star KELT-A, which serves as its sun. The other two stars, named KELT-B and C, are much farther away and orbit one another over the course of approximately 30 years. It takes the pair approximately four thousand years to orbit KELT-A.

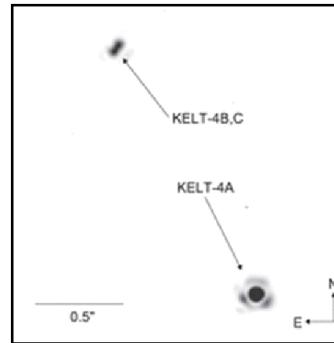


Fig: 5.2

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◉ What is a triple- star system?

- ▶ It is a system in such a way that if one has to stand on the planet's surface (which one can't because it's a gas giant) he'd look up to see one very large star that the planet is orbiting and then two other, smaller stars that shine about as bright as the Moon.
- ▶ It offers a unique opportunity for scientists trying to understand how it is that gas giants, such as KELT-4Ab, manage to orbit so close to their star.

5.5 NORMS EASED FOR SPECTRUM ALLOTTED ADMINISTRATIVELY

◉ Context

The Union Cabinet has given the green light to the new policy for liberalizing administratively allotted spectrum, which will enable telecom service providers to share and trade airwaves they acquired in a bundle along with the licenses.

◉ Details of the event

▶ Key Features of the new policy

- Spectrum allotted with licences can only be used to deploy services for which the licence has been provided. Once liberalized, a telecom company can provide any service on the administratively allotted spectrum.
- Telecom operators can now liberalise their airwaves in the 800 MHz frequency in four circles - Karnataka, Tamil Nadu, Kerala and Rajasthan. They can do so by paying the reserve price mooted by Telecom Regulatory Authority of India (Trai). However, the Cabinet has set a condition that a service provider will have to pay the difference between the base price and the latest discovered price in the auctions.
- The meaning of this Cabinet decision is that wherever administratively allocated spectrum is available, whose liberalisation is sought and whose market determined price is not available, then in that case Trai's recommendation on auction for price shall be taken as provisional standard and after actual auction, the balance will be taken.
- Earlier, telecom firms were given 4.4MHz spectrum alongwith licence for Rs. 1,658 crores for pan-India operations and later they were entitled to get another 1.8MHz on fulfillment of certain subscriber-based criteria. Some telecom operators were allocated even more spectrum after qualifying some criteria without auction.
- Spectrum allocated in this manner could be used only to provide service as allowed in the licence.

◉ Analysis/Significance of the decision

- ▶ The move will enable companies holding spectrum allocated to them without auction to share and trade in airwaves.
- ▶ The cabinet decision on spectrum sharing and trade will be in sync with the recommendations of the telecom regulatory authority of India (Trai). The decision will also allow judicious utilisation of spectrum across bands, given the fact that sharing, trading and induction of new technologies has been made possible.

- ▶ In the process, the government will also mobilise Rs 1,300 crore as additional revenue on the administratively allocated spectrum being brought on par with the auctioned airwaves.
- ▶ It will also enable Reliance Communications Ltd (R-Com) to liberalize its spectrum in four telecom circles, where an auction determined price is not available

o Additional Information On Spectrum

- ▶ In simple terms, spectrum can be considered as a range of all lights of various wavelengths. But light is part of a larger spectrum called the electromagnetic (EM) spectrum. EM spectrum has in it a range of similar EM radiations like visible light, infrared light, ultraviolet light, X-rays and the one that is useful with regard to telecom sector is radio waves. As these are all radiations, they travel and spread as they go.
- ▶ Waves are defined by attributes of wavelength (length of the wave), amplitude (height of the wave) and frequency (number of cycles per seconds). Radio waves are those that have frequency of 3 kHz (3000 cycle per second) to 300 GHz (3 billion cycles per second). Audible frequency for human is between 20 Hz to 20,000 Hz.
- ▶ Consider waves moving around us at different speeds (frequencies) between 3 kHz and 300 GHz. Different frequencies are utilised for different purposes. The Radio FM stations air their channels around the 100 MHz frequencies. Higher frequencies can carry more data per second. As in case of radio, any company winning the licence of using a frequency has a natural monopoly over the band.
- ▶ By auctioning spectrum, government is actually attempting spectrum management. Like land, mineral, oil, gas and water are exclusive property of a state, so is radio frequencies. Government manage these frequencies, as it is scarce, for various uses like telecom, radio, television and defence. Increasing applications and new technologies such as 2G,3G and 4G has further created a need for more spectrum. Within each frequency, government splits it up into circles (cities or states) and divides it to various users.

5.6 SMART CONTACT LENS

- ▶ Samsung has recently been granted a patent in South Korea for a smart contact lens that is equipped with a tiny display, camera, antenna and sensors that detect movement and eye blinks.
- ▶ About the lens
- ▶ It is described as a lense having a small display unit placed in the centre. The smart contact lenses have an antenna, camera, and even a motion detector sensor. Blinks control the camera and the Wi-Fi antenna lets external devices process the data from the contacts.
- ▶ It would be controlled by the eye movements or blinking.
- ▶ A user would blink to take pictures or interact with data that appears on the display. Sensors would detect the blinks and relay the commands to the user's smartphone for processing which would then send the results back to the lens immediately.
- ▶ The lens could overlay internet-connected services directly into the user's line of sight, in an example of what is known as augmented reality. It could also discreetly - even covertly - take photographs.

5.7 GALAXY NGC 1600- HOST MONSTER BLACK HOLE

- ▶ Using the NASA/ESA Hubble Space Telescope, astronomers have discovered a supermassive black hole with a mass of 17 billion Suns in the center of the relatively isolated elliptical galaxy NGC 1600 located in a cosmic backwater, a small grouping of 20 or so galaxies located in the constellation Eridanus, approximately 200 million light-years away.
- ▶ The most massive blackhole that had been found till date weighed 21 billion times the mass of the sun and lies in the Coma Cluster.

- ▶ This hole which is about 17 billion times more massive than the sun has been found in a modestly sized galaxy, and has raised suspicions that supermassive black holes may be more common than originally thought. Additionally, It has been found to be 10 times more massive than what had been predicted for a galaxy of this mass.
- ▶ The large size of the hole can be explained by the fact that it might have merged with another black hole long ago when galaxy interactions were more frequent which could have led to settling of their central black holes into the central black holes settle into the core of the new galaxy and orbit each other.

5.8 A NEW STATE OF MATTER DETECTED

- ▶ The scientists have successfully detected a new state of matter that causes electrons which are the nature's indivisible building blocks to break into pieces called quasiparticles.
- ▶ The state, which has been named as a quantum spin liquid, was found in a two-dimensional material with a structure similar to graphene. Though it was first predicted 40 years ago, where quantum spin liquids were thought to be hiding in certain magnetic materials, but had not been conclusively sighted in nature.
- ▶ The 'spin' doesn't actually mean anything is physically spinning in the matter, but instead describes a type of intrinsic angular momentum in quantum mechanics.
- ▶ This makes the electrons act weirdly- in a typical magnetic material, and behave like tiny bar magnets.
- ▶ This is a new addition to a short list of known quantum states of matter and an important step for understanding of quantum matter.

5.9 ARTIFICIAL COMET DECODES LIFE'S ORIGIN ON EARTH

- ▶ The researchers have shown that ribose - a sugar that is one of the building blocks of genetic material in living organisms - may have formed in ice on comets.
- ▶ Scientists have long wondered about the origin of the biological compounds, DNA and RNA, which constitute the genetic material of all living organisms on earth.
- ▶ Now, by simulating the evolution of the interstellar ice making up comets in the laboratory, they have successfully obtained ribose which might prove to be a key step in understanding the origin of RNA and of life
- ▶ Although the existence of ribose in real comets remains to be confirmed, this discovery completes the list of the molecular building blocks of life that can be formed in interstellar ice. It also lends further support to the theory that comets are the source of the organic molecules that made life possible on Earth, and perhaps elsewhere in the universe.

5.10 PHILIPPINES ROLLS OUT WORLD'S FIRST DENGUE VACCINE

- ▶ The world's first public dengue vaccination programme was launched in the Philippines with a French drug Dengvaxia (world's 1st dengue fever vaccine) to combat mosquito-borne disease.
- ▶ The historic drug took 20 years and \$1.8 billion to develop.
- ▶ The health department says a study showed that the vaccination of 9-year-old children for five years starting in 2016 can reduce dengue cases by 24.2 percent in the Philippines. The vaccine is given as a three-dose series, with the doses coming six months apart.
- ▶ According to the World Health Organization (WHO), Dengue or haemorrhagic fever is the world's most common mosquito-borne virus. It infects an estimated 390 million people in more than 120 countries each year, killing more than 25,000. Asia is home to some 70% of cases worldwide and in the Philippines 200,000 cases were reported in 2013.

Key facts about Dengvaxia

- ▶ Dengvaxia has been manufactured by French pharmaceutical manufacturer Sanofi Pasteur.
- ▶ It has been designed to protect people in the 9-45 age groups from all four subtypes of the virus.
- ▶ The vaccine was produced as the result of an extensive clinical development programme of the French company than ran for almost two decades. Sanofi Pasteur has requested authorisation to roll out the vaccine in 20 countries.

Key Facts about Dengue Fever

- ▶ Dengue fever is a vector-borne disease caused by a family of viruses that are transmitted by Aedes aegypti mosquitos' species. It is prevalent throughout the tropics and subtropics. Thus, it is also known as mosquito-borne tropical disease
- ▶ Symptoms: Severe joint and muscle pain, swollen lymph nodes, headache, fever, exhaustion and rash. Dengue triad i.e. presence of fever, rash, and headache is the common characteristic of dengue fever.

Prevention: It requires control or eradication of the mosquitoes carrying the virus that causes dengue. There is no known cure and children are at particular risk

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6

ENVIRONMENT

6.1 NATIONAL HYDROLOGY PROJECT (NHP)

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- (Q) What impact would National Hydrology Project have on Agriculture and Flood Management?
- (Q) It is commented by the experts that the real issue in Flood Management in India is not lack of data but Lack of Governance. Comment with respect to the Recently launched National Hydrology Project

Context

Looking to provide real-time flood forecasts as well as data to help farmers plan their cropping pattern, the government recently gave its nod to the multi-purpose National Hydrology Project (NHP) which has an outlay of over Rs 3,679 crore.

Detail of the event

Key Features of the Programme

- NHP will help in the gathering of hydro-meteorological data which will be stored and analyzed on a real-time basis and can be seamlessly accessed by any user at the state/ district/village-level. Data would be collected using various information systems and technologies, including remote sensing.
- NHP will facilitate integrated water resource management by adopting river basin approach through collation and management of hydro- meteorological data. It will also help in water resource assessment and prioritize its allocation and use for irrigation.
- It will help in providing real-time information on a dynamic basis to farmers about the groundwater position for them to accordingly plan their cropping pattern
- The government plans to use the data to increase the lead time in flood forecasting from one to at least three days, map flood inundation areas and assess surface and ground water resources in a river basin for better planning and allocation for Pradhan Mantri Krishi Sinchayee Yojana (PMKSY) and other government schemes.
- Of the total outlay, Rs 3,640 crore has been earmarked for NHP while Rs 39.7 crore has been kept aside for National Water Informatics Centre (NWIC)
- To be set up as an independent organisation, NWIC will be under the control of the Union Water Resources Ministry.

Fifty per cent of the total project amount, that is Rs 1,839.8 crore, would be loaned from World Bank while the remaining amount would be central assistance from budgetary support.

Analysis

Significance of the programme

- The scheme will help address the water crisis in the country. The project will inform the public about how much water is available and assist farmers in planning their crops and other farm-related activities.
- The project is expected to assist in promoting "efficient and equitable" use of water, especially groundwater, at the village-level and provide information on the quality of water.
- The project will help in the development of real-time flood forecasting and reservoir operations in a manner that does not result in sudden opening of gates leading to the inundation of the areas below.
- The programme is expected to boost India's prestige in the field of scientific endeavor, the project with a total outlay of Rs 3,679.7 crore aims to cover the entire country as opposed to the earlier hydrology projects which covered only 13 states.

- It will help in Fulfilling the objectives of Digital India.
- ▶ **Criticisms /Challenges faced by the Programme**
 - Many critics allege that it is not a new project and is the third phase of ongoing World Bank Hydrology Project. The difference in this phase is that now it has been extended from 13 states to across the country making it a national project.
 - While the intention to integrate all information about water in the country be it rivers, dams, reservoirs, surface water or ground water and then plan its management and usage is laudable however its implementation is challenging since water and rivers are a state subject.
 - Many water experts believe that in India the problem is not of collecting data but it's about governance issue. No doubt, the NHP scheme is good, but none of the targets which the government is aiming at under it can be achieved because the decisions related to water are taken in a non-transparent way, with just a handful of officials involved in the decision-making process. For example, if there are heavy rains and floodgates of the dam need to be opened, the specific dam committee would take the arbitrary decision. There are no standard operation procedures that they need to follow and it's the public which bears the brunt.

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○ **CONCLUSION**

In order to efficiently use and manage water resources of the country; adequacy of data, resource assessment, decision support systems, etc. are a prerequisite for allocation and prioritization of this fast depleting resource. The National Hydrology Project (NHP) is intended for setting up of a system for timely and reliable water resources data acquisition, storage, collation and management. However collection of data alone would not make Management of water efficient. As pointed out by many water experts that inefficient Governance is the main issue faced by this sector and therefore water budgeting has to be a multi-stakeholder decision involving the public only then the water management scenario can improve in India

6.2 DRAFT WETLAND MANAGEMENT RULES



- (Q) What do you understand by Wetland, What Ecosystem services do Wetland Provide?
- (Q) Many environmentalist consider Draft wetland Management rules as too vague.Comment

○ **Context**

The Union environment and forest ministry has come out with a draft of the new Wetlands Rules, 2016, on the basis that the 2010 rules saw uniformly poor implementation across states with the exception of Odisha.

○ **Details of the event**

▶ **Key features of the guidelines**

- As per the new draft Rules, state governments and union territories would now have to form a wetland authority comprising of top secretaries from various departments such as environment, urban development, rural development, water resources, fisheries, irrigation, tourism along with experts from each field.
- The state wetlands authority will be responsible for identifying wetlands to be notified which would then be forwarded to Centre.
- The move is part of the ministry's efforts to decentralize decision-making to states. The step would give more powers to states to protect and regulate wetlands.
- The previous rule called for creation of a Central Wetlands Regulatory Authority (CWRA) while 2016 draft says all state governments shall set up a state level

wetlands authority entrusted with affairs related to wetland conservation, regulation and management.

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◦ Analysis

► Criticism of the Guidelines

- The new draft has omitted some types of wetlands that were protected in the 2010 version. Wetlands located within a UNESCO world heritage sites such the mountain chain of Western Ghats and high altitude wetlands that were protected under 2010 Rules find no mention in the new draft.
- Unlike the 2010 rules, which specified that activities such as solid waste dumping, storing of hazardous material, setting up of new industries, discharge of untreated waste and effluents is prohibited in wetlands the new draft rules do not spell out the list of activities prohibited.
- While retaining the prohibition on reclamation of wetlands, the 2016 draft states that only those activities "likely to have an adverse impact on ecological character of the wetland" would be prohibited, leaving the scope of protection ambiguous.
- Many Environmentalists believe that giving responsibility to State government to prepare an inventory of wetlands in their territory and to identify wetlands to be regulated under these rules is is not decentralizing but outsourcing the job to the state government. The centre can't wash off its hands like this. The ministry will have to come up with some mechanism to ensure who is going to decide what will be the activity that would impact wetlands and is in spirit of wetland protection.
- In case a state government does not form the state level Wetlands authority, the GOI has kept no handle with it to ensure implementation of the central Environment Protection Act, 1986 under which these rules have been made, nor any time limit been set by the MoEFCC in the Rules wherein a state shall set up the said Wetlands Authority.

◦ Additional information

► What is Wetlands?

- Wetlands mean an area of marsh, peatland or water, natural or artificial, permanent or temporary, with water that is static or flowing, fresh, brackish or salt and all inland and coastal waters such as lakes, reservoirs, tanks, backwaters, lagoons, creeks, estuaries and man-made wetlands. But it does not include river channels and paddy fields.
- Under the Ramsar convention of 1971, named after an international treaty signed in Ramsar, Iran in 1971 for protection of wetlands India has identified 25 wetlands. Asthamudi wetlands in Kerala, Bhitarkanika mangroves and Chilika lake in Odisha, East Kolkata wetlands, Kolleru lake in Andhra Pradesh and Vemnad-Kol wetlands are some of the most famous wetlands of the country.

◦ Functions of Wetland

- wetlands are considered the lifelines of society due to the services they provide, Some of the important ecological services they provide include
 - (A) water supply and purification;
 - (B) waste assimilation;
 - (C) buffer against extreme events as floods, droughts, storms and cyclones;
 - (D) groundwater recharge;
 - (E) erosion control
 - (F) They also support recreational, social and cultural activities, as well as harboring a range of floral and faunal diversity.
 - (G) They can also help in mitigating and adapting to changing climate through their ability to act as carbon sinks, regulate water regimes, prevent erosion and provide a habitat to biodiversity under stress.

◦ Important threats to Wetlands

Wetlands are seriously threatened by reclamation and degradation as a result of drainage and landfills, pollution (domestic and industrial effluents, disposal of solid waste) resulting in loss of biodiversity and disruption of the wetland systems.

6.3 GOVERNMENT NOTIFIES NEW RULES ON SOLID WASTE MANAGEMENT



- (Q) Solid waste management is a major problem across India as untreated waste disposed in the open has led to water pollution and clogged sewer systems. Comment with respect to new solid waste management rules brought out by the Government.
- (Q) Will new solid waste Management rules be able to solve the problem of disposal of urban solid waste? Critically Comment

◦ Context

The Environment Ministry has recently revised Solid Waste Management Rules after 16 years. In last one month the environment ministry has notified waste management rules for plastic waste, solid waste, e-waste, bio-medical waste, hazardous waste and construction and demolition waste. These new rules have been brought by the Government to overhaul the waste collection and disposal system so that the objectives of Swachh Bharat are achieved.

◦ Background

- ▶ Solid waste management is a major problem across India as untreated waste disposed in the open has led to water pollution and clogged sewer systems. As per official estimates, at present around 62 million tonnes of solid waste is generated every year. But only 43 million tonnes is collected and only 12 millions tonnes is treated. Only about 75- 80% of the municipal waste gets collected and out of this only 22-28 % is processed and treated and remaining is disposed of indiscriminately at dump yards. It is projected that by the year 2031 the MSW generation shall increase to 165 million tonnes and to 436 million tons by 2050
- ▶ The older rules were found to be inadequate and insufficient to have a significant effect on reducing as well safe disposal of Municipal solid wastes. To overcome its limitations new rules were brought out.

◦ Key features of the new solid waste Management rules

- ▶ In the new rules, the responsibility of generators has been introduced to segregate waste into three categories - Wet, Dry and Hazardous Waste. The generator OF wastes like hotels, industry and others will have to pay 'User Fee' to the waste collector and a 'Spot Fine' for littering and non-segregation, the quantum of which will be decided by the local bodies.
- ▶ All waste generators will have to segregate and store the waste generated by them under three separate categories - bio-degradable, non bio-degradable and domestic hazardous waste - in suitable bins before handing it over to authorised rag pickers or waste collectors.
- ▶ The new rules give powers to local bodies across India to decide the user fees.
- ▶ The SWM rules 2016 has expanded the ambit of the rule beyond municipal areas to include urban agglomerations, notified industrial townships, areas under Indian Railways, airports, ports and harbours, defence establishments, special economic zones, state and central organisations, places of pilgrimage, religious and historical importance.

- ▶ The new rules also define sanitary waste such as diapers and sanitary pads and calls for their proper disposal.
- ▶ The rules also focus on making ragpickers an integral part of waste management system. Under the new rules they would all be registered and their welfare will be taken care of.
- ▶ The new rules will oblige the organizer of an event or gathering of more than 100 persons at any licensed or unlicensed place to ensure segregation of waste at the source and its handing over to a waste collector.
- ▶ New townships and group housing societies have been made responsible for developing in-house waste handling and processing arrangements for bio-degradable waste.
- ▶ The developers of special economic zones and industrial estates and parks will also have to earmark at least 5 per cent of the total area of the plot or minimum five plots or sheds for recovery and recycling facility.
- ▶ The Government has also constituted a Central Monitoring Committee under the chairmanship of Secretary, Ministry of Environment, Forest and Climate Change to monitor the overall implementation of the Rules.

◉ **Way foreword**

- ▶ It is welcoming to see that in the new Solid Waste Management Rules, 2016 clear responsibilities have been assigned to various classes of consumers.
- ▶ For these rules to have any significant impact, however, the local bodies in charge of implementation should appeal to the rational impulses of communities - a small effort at segregating trash at source would be a good thing for their household budgets.
- ▶ Cities and towns would then have to provide the logistical chain to evacuate waste, with a cash compensation system in place for the consumer. In the absence of such a system, the rules issued 16 years ago failed spectacularly.
- ▶ The provisions in the new rules for Hotel and restaurant to support composting, or biomethanation, and for large housing societies, commercial establishments and other bulk producers to segregate waste, need to be rigorously enforced.
- ▶ Cess funds collected for the Swachh Bharat programme could be deployed to scale up infrastructure for composting, biomethanation and recycling.
- ▶ The Centre and the State governments have not so far taken the existing rules seriously: less than a third of the collected waste is being processed. Even where environmentally conscious citizens segregate at source, the chain of management dumps it all in landfills. The central monitoring committee under the Ministry should ensure that local bodies do not continue functioning in business-as-usual mode. They should align their operations, including waste management contracts, with the new rules under the annual operating plan
- ▶ The Ministry should also enlist the services of ragpickers under formal systems such as cooperatives. Although there are provisions for fines for littering and non-segregation, this should be a second-order priority for municipalities, which should focus principally on creating reliable systems to handle different waste streams

◉ **CONCLUSION**

It will take almost 4-5 years to see the drastic change in how the waste management regimes will work in India. It would be challenging to see how segregation at source shall work on the ground. A massive awareness campaign in association with communities, NGOs, students and other stakeholders needs to be planned to push for better implementation of these rules. The Rules need to focus on making solid waste management a people's movement by taking the issues, concerns and management of solid waste to citizens and grass-roots.

6.4 NEW BIO-MEDICAL WASTE MANAGEMENT RULES NOTIFIED



- (Q) What do you understand by Bio medical waste? Why is it considered Hazardous?
- (Q) Can the recently released Bio medical waste management rules change the way Bio-medical waste is disposed in India. Critically comment?

Context

The Union government recently notified new rules for the management of bio-medical wastes in the country. In last one month the environment ministry has notified waste management rules for plastic waste, solid waste, e-waste, bio-medical waste, hazardous waste and construction and demolition waste. These new rules have been brought by the Government to overhaul the waste collection and disposal system so that the objectives of Swachh Bharat are achieved.

Details of the event

Key Features of the new rules

- The environment ministry's Bio-medical Waste Management Rules, 2016 brings vaccination, blood donation and surgical camps under its ambit while providing for pre-treatment of laboratory and microbiological waste, and blood samples and bags on-site as prescribed by the World Health Organization and the National Aids Control Organization.
- The new rules prescribe more stringent standards for incinerators to reduce emissions and envisage the creation of a bar code system for bags containing such refuse
- Under the new rules, biomedical waste has been classified into four categories instead of the earlier 10 to improve the segregation of waste at source. Also, the procedure for getting authorization has been simplified.
- Under the new rules, use of chlorinated plastic bags, gloves and blood bags will be phased out within two years while training will be provided to all healthcare workers, who will also be immunized regularly.
- Bedded hospitals will get automatic authorization while there would be a one-time authorization for non-bedded hospitals.
- Under the new rules, the state government concerned will provide land for the setting up of common biomedical waste treatment and disposal facilities.
- The new rules said that no occupier may establish an on-site treatment and disposal facility if a common biomedical waste treatment facility is available within a radius of 75 km. The operator of common biomedical waste treatment and disposal facility has to ensure timely collection of biomedical waste from the healthcare facilities and also assist them in conducting training.

Analysis

Significance of the new rules

- The total biomedical waste generation in the country is 484 tonnes per day (TPD) from 1,68,869 healthcare facilities. Of this, 447 TPD is treated. The rest of the waste enters the environment. The new biomedical waste management rules will change the way the country used to manage this waste earlier. Under the new rules, the coverage will increase.
- It also provide for pre-treatment of lab waste and blood samples. It mandates barcode system for proper control and has simplified categorization and authorization. Thus it will make a big difference to the Clean India Mission.
- ▶ The new notification is believed to be simpler for hospitals as according to them, a reduction in waste categorization will minimize the confusion faced by waste-handlers and other healthcare workers who handle bio-medical waste directly.

- The new rules are comprehensive, that clearly define the roles of all stakeholders, waste-generators and waste treatment facility operators, local authorities, state governments and pollution control boards.

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◉ **CONCLUSION**

While the new rules should be welcomed, However this legal mandate must be accompanied with implementation. CSE's visits to medical facilities have revealed shocking facts on the current handling and disposal practices of bio-medical waste which raises serious doubts on the government estimate of 92 per cent compliance level. Besides hospitals and clinics, waste is generated at places such as blood donation camps, vaccination camps and so on. Therefore, the move of including these camps into the ambit of medical waste is a good decision. However, an action plan needs to be designed on how to monitor these camps and the waste they generate.

◉ **Additional information**

▶ **Key facts about Biomedical wastes**

- Biomedical waste comprises human and animal anatomical waste, treatment apparatus such as needles, syringes and other material used at healthcare facilities.
- This waste is generated during diagnosis, treatment or immunization at hospitals, nursing homes, pathological laboratories and blood banks.
- The quantum of waste generated in India is estimated to be 1-2 kg per bed per day in a hospital and 600 gm per day per bed at a clinic.
- 85% of the hospital waste is non-hazardous, 15% is infectious/hazardous. Mixing of hazardous results into contamination and makes the entire waste hazardous. Hence there is necessity to segregate and treat. Improper disposal increases risk of infection; encourages recycling of prohibited disposables and disposed drugs; and develops resistant microorganisms.

6.5 WORLD'S FIRST 'WHITE TIGER SAFARI' THROWN OPEN TO PUBLIC

- ▶ Recently the world's maiden 'White Tiger Safari is opened' at Mukundpur in Satna district in the State's Vindhya region where the feline was first discovered more than 100 years ago.
- ▶ The first-of-its-kind safari has cost Rs.50 crore and is spread over an area of 25 hectares.
- ▶ As of now, there are three white tigers and two Royal Bengal tigers. The safari will house nine white tigers in the coming months.
- ▶ To establish the Safari, one of the white tigers Vindhya and two bears were brought from Bhopal last year to house them at the Mukundpur Zoological Park.

◉ **Key facts about White tiger**

- ▶ The white tiger is a pigmentation variant of the Bengal Tiger, which is reported in the wild from time to time in the Indian states of Assam, Bengal, Bihar, Sunderbans and in the former princely state of Rewa.
- ▶ The white Bengal tigers are distinctive due to the color of their fur. The white fur caused by a lack of the pigment pheomelanin, which is found in Bengal tigers with orange color fur. When compared to Bengal tigers, the white Bengal tigers tend to grow faster and heavier than the orange Bengal tiger. They also tend to be somewhat bigger at birth, and as fully grown adults.
- ▶ The first white tiger was spotted in Madhya Pradesh's Vindhya region, in which the Satna district falls, in 1915. The rare breed of the big cat, which was caught for the first time, died in 1920. In 1951, a white tiger cub, named Mohan, was captured. It later became the progenitor of all known white tigers in the world after the Rewa princely state's ruler Maharaja Martand Singh arranged for its breeding

6.6 KRILL OVER FISHING IN ANTARCTICA

- ▶ The Antarctic, one of the planet's last unspoilt ecosystems, is under threat from krill, a tiny crustacean.
- ▶ The increase in fishing of the krill is due to the growing demand for health supplements and food for fish farms. The krill were already less in number due to the effects of global warming and due to 'suction harvesting' which was introduced to gather up large quantities in order to meet the increased demand.
- **Significance of krill:**
 - ▶ The eerie-looking Antarctic krill, with their translucent reddish bodies and black eyes, are thought to be one of the largest aggregations of marine life on the planet.
 - ▶ Krill are important in removing the greenhouse gas carbon dioxide by eating carbon-rich food near the surface and excreting it when they sink to lower, colder water to escape predators.
 - ▶ It is part of the global commons, and one of the most pristine environments on Earth.
 - ▶ They are used as fish-farm feed and to produce Omega 3 oil and other health supplements.

6.7 GOVT. LAUNCHES TWO NEW ENERGY EFFICIENCY SCHEMES

- ▶ After launching the energy efficient bulbs, the government has launched National Programmes for Smart Pumps for Farmers and Energy Efficient Fans Programme in Andhra Pradesh to promote energy efficiency.
- ▶ These Schemes will be implemented by Energy Efficiency Services Limited (EESL), a JV of PSUs under Ministry of Power.
- **FEATURES OF NATIONAL ENERGY EFFICIENT AGRICULTURE PUMPS PROGRAMME**
 - ▶ Smart BEE star rated Energy Efficient Agricultural Pump sets will be distributed to farmers free of cost.
 - ▶ They will come with Smart Control Panes that has a SIM card and a Smart Meter. The control panes will enable farmer to switch on or switch off these pumps through his mobile and sitting at the comfort of his home.
 - ▶ Smart meters will ensure the farmers to monitor consumption on real time basis.
 - ▶ EESL will distribute 200,000 BEE star rated pump-sets to the farmers under this programme, which will lead to 30% of energy savings by 2019.
- **FEATURES OF NATIONAL ENERGY EFFICIENT FAN PROGRAMME**
 - ▶ Under it Energy-Efficient, 50 Watts and 5-Star Rated Ceiling Fans will be provided which will be 30% more energy efficient as compared to conventional fans, which range from 75- 80 Watts.
 - ▶ These will be procured from leading companies and will be provided to each consumer at Rs 60 a month per fan on EMI basis.
 - ▶ Scheme will be available to the consumer on providing a copy of latest electricity bill along with a copy of residence proof at the designated distribution centre.
 - ▶ Consumers can also purchase the fan by making UPFRONT payment of Rs. 1,250 for 50 watts fan.

6.8 BIOMETHANATION

- ▶ The new Solid Waste Management Rules, 2016 notified by the Ministry of Environment and Forests has provided for provisions for hotels or restaurants to support composting or biomethanation.
- ▶ Biomethanation is a process by which organic material is microbiologically converted under anaerobic conditions to biogas. Three main physiological groups of

microorganisms are involved: fermenting bacteria, organic acid oxidizing bacteria, and methanogenic archaea.

- ▶ It helps to treat the organic waste materials hygienically without causing atmospheric pollution.
- ▶ It is based on a complex principle leading to generation of methane and carbon dioxide and involves three steps- hydrolysis, acidification and methanogenesis.
- ▶ It has following advantages such as:
 - ▶ Reduction in land requirement for MSW disposal.
 - ▶ Preservation of environment quality.
 - ▶ Energy generation which reduces operational cost.
- ▶ Supplements national actions to achieve real, long term, measurable and cost effective GHG's reductions in accordance with Kyoto Protocol.

6.9 TIGER POPULATION RISES BY 22%

Context

- ▶ The number of wild tigers has gone up globally by 22 per cent to 3,890, from the earlier 2010 estimate of 3200, based on the data, according to the World Wildlife Fund and the Global Tiger Forum (GTF).
- ▶ India which is home to 2,226 tigers, represents 70 per cent of the global population of the endangered big cat species.

Reasons for the increase

- ▶ The increase in number can be attributed to multiple factors including increases in tiger populations in India, Russia, Nepal and Bhutan, improved surveys and enhanced protection.
- ▶ In addition to programmes such as Project Tiger the budget for which has been increased from Rs 185 crore to Rs 380 crore the government has recently also taken initiatives like incentivising project proponents to give land for compensatory afforestation in Tiger corridors.
- ▶ Government has also started experiments such as new standard operating procedures (SOPs) for orphaned tiger cubs.

CONCLUSION

The increase in Tiger Population shows that we can save species and their habitats if the governments, local communities and conservationists work together. However Despite countries such as India, Nepal, Russia and Bhutan are registering a spike in tiger population, the status of the animal still remains "endangered". The global decline has been halted but still Southeast Asia, in particular, is at imminent risk of losing its tigers if actions are not taken.

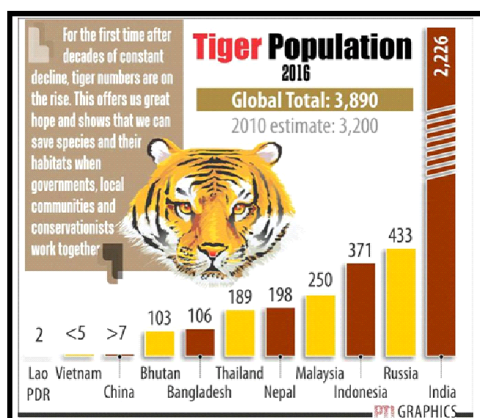


Fig: 6.3

6.10 NEWLY FOUND SPECIES OF ALGAE MIGHT HELP CORALS SURVIVE IN WARM WATERS

- ▶ Coral reefs which are one of the world's richest environments for marine wildlife and thrive in warm water die if temperatures rises just a single degree above the average summer maximum for their region.
- ▶ With a recent research it has been shown that some corals surviving bleaching events can acquire and host new types of algae from their environment, which may make the coral more heat-tolerant and enhance their recovery. It may help declining coral populations survive as climate change warms ocean temperatures.
- ▶ The algae called Symbiodinium, can survive maximum temperatures of 34 to 36 degrees Celsius (93.2 to 96.8 degrees Fahrenheit) as well as annual temperature fluctuations of up to 20 degrees Celsius, or 68 degrees Fahrenheit.

o About Coral Reefs

- ▶ Coral reefs are some of the most diverse ecosystems in the world, housing tens of thousands of marine species. About one-third of all marine fish species live part of their lives on coral reefs.
- ▶ Corals are ancient animals related to jellyfish and anemones. An individual coral is known as a polyp, a very small and simple organism consisting mostly of a stomach topped by a tentacle-bearing mouth. The polyps extend their tentacles at night to sting and ingest tiny organisms called plankton and other small creatures.
- ▶ Coral reefs are made of many coral species, which live in symbiotic relationships with algae. Both species benefit as the algae produces sugars necessary for the diet of the coral, which offers shelter and nutrients vital for algae.
- ▶ Coral reefs are found all around the world in tropical and subtropical oceans. They are usually found in shallow areas at a depth of less than 150 feet. However, some coral reefs extend even deeper, up to about 450 feet deep. Despite how important coral reefs are to life in the ocean, all of them in the world add up to less than one percent of the sea floor - an area about the size of France.
- ▶ In order to protect them, besides saving them from rising temperature it is also important to combat pollution and nutrient enrichment, overfishing and coastal development.
- ▶ In India coral reefs are found in Lakshdweep, Andaman and Gulf of Mannar.

7

SOCIAL ISSUES

7.1 125TH BIRTH ANNIVERSARY OF B. R. AMBEDKAR

- ▶ In 1947, we opted for democracy as our political system post-Independence.
- ▶ "Democracy was something that would give the weak the same chance as the strong," explained Mahatma Gandhi.
- ▶ Like many other democracies in the world, the three famous principles of the French Revolution - liberty, equality and fraternity - have inspired us too.
- ▶ Liberty we secured through a prolonged political struggle; equality we secured through our Constitution. But what about the third?



(Q) Have we realised Ambedkar's vision of fraternity?

◉ What is fraternity according to Baba Ambedkar

- ▶ Bhimrao Ambedkar, the architect of our Constitution had said that his inspiration for liberty, equality and fraternity was Bhagwan Buddha.
- ▶ According to Ambedkar "Fraternity means a sense of common brotherhood of all Indians - of Indians being one people. It is the principle that gives unity and solidarity to social life".
- ▶ Fraternity can't be achieved through rules and laws in the Constitution. It requires a persistent education of the people through public and private initiatives.
- ▶ In the last seven decades, have we been able to achieve what Ambedkar had described as fraternity?
- ▶ Indian society is divided into castes and sub-castes. One single biggest challenge to fraternity today is the hierarchical caste system. Its roots are no doubt very deep.
- ▶ But its distorted and utterly discriminatory manifestation today has no sanction in any Hindu dharmashastras.
 - "Janmana jatih" - caste by birth - is what we practise as the caste system. Although it had its roots in the varnashrama system of ancient times, the varnashrama system never sanctioned any caste hierarchy; nor did it allow any discrimination. In fact, transmigration was said to be the order of the day in that ancient system.
 - "Ajyestaaso akanistaasa yete - sam bhraataro vaavrudhuh soubhagaya (No one is superior or inferior; all are brothers; all should strive for the interest of all and progress collectively)," proclaims the Rigveda (Mandala 5, Sukta 60, Mantra 5).
- ▶ But the present-day caste system defies its own great scriptural wisdom and knowledge. It defies our Constitution in that it stands as a stumbling block in achieving fraternity in society. In a way, it has outlived its utility. The varnashrama system had depended on guna and karma - aptitudes and actions - in positioning a person in a varna. Today's caste system has no connection with the old system. Hence, it should go lock, stock and barrel.

◉ What steps have been taken to remove caste based untouchability?

- ▶ Article 17 of our Constitution has effectively and fully sought to abolish untouchability and enforcing any disability on the basis of so-called low and high caste discrimination.
- ▶ Towards that end, we have also promulgated the Protection of Civil Rights Act, 1955, which made the offence of violating Article 17 punishable.
- ▶ But all these steps haven't ended the discrimination.
- ▶ Ambedkar's view on contradictions between political and socio-economic inequality?
- ▶ Ambedkar was right when he warned the nation about it. "On the 26th of January 1950, we are going to enter into a life of contradictions.
- ▶ In politics we will have equality and in social and economic life we will have inequality. In politics we will be recognising the principle of one man one vote and one vote one value.

- ▶ In our social and economic life, we shall, by reason of our social and economic structure, continue to deny the principle of one man one value.
- ▶ How long shall we continue to live this life of contradictions? How long shall we continue to deny equality in our social and economic life? If we continue to deny it for long, we will do so only by putting our political democracy in peril."

◉ What dalits really want?

- ▶ We assume that the Dalit discourse is all about more reservations and more jobs. No doubt, reservations are important and so are jobs.
- ▶ But the hunger today is for four things: Samman (respect and dignity), sahbhagita (participation and partnership), samriddhi (progress and prosperity) and, finally, satta (empowerment).
- ▶ The government can take care of the last two, but the first two are the responsibility of society.
- ▶ Social and religious organisations have to take responsibility for addressing the Dalit hunger for samman and sahbhagita. That is when social equality is achieved.

7.2 SHANI SHINGNAPUR ROW: FINALLY WOMEN ENTER THE INNER SANCTUM

- ▶ A tradition giving rise to social inequality and exclusion practiced since last 400 years finally came to an end at the Shani Shingnapur temple in Ahmednagar district of Maharashtra
- ▶ The trigger for her battle for the women activists came on November 28 last year, when a woman entered the inner sanctum.
- ▶ The "sacred platform" is called the sanctum sanctorum, where from 2011 both men and women are prohibited from entering. Only the temple priest - a male - had been given the rights to the "pious spot".
- ▶ After the woman entered the inner sanctum on November 28, all hell broke loose. The villagers of Shingnapur - where educated folks are hard to locate - lost their cool. They protested, cried foul and shut down business for a day.
- ▶ As many as seven security personnel, who made themselves short from the spot where the woman managed to gain entry, were sent packing. The security around the inner sanctum was tightened, more cameras were placed and everyone was warned to be more vigilant to keep women at bay. Nobody "knew" where the woman came from and where she disappeared. Her identity remains unknown till date. Whether she did it deliberately or it happened accidentally, nobody has a clue. Even if they knew, none is ready to bare it all.
- ▶ The incident "shook" Shingnapur like never before. The collective bunch of villagers, temple trustees and priests couldn't digest the fact that a woman entered the sacred platform. Apparently, that night they couldn't get a wink. Next day, they got up and performed a "purification" ceremony called "dhoodh abhishek."
- ▶ Trupti Desai, an women's right activist, found it not just unpalatable, but an act too demeaning for women in a country which swears by equality for both the sexes.
- ▶ Her point of view stands as - 'even 66 years after our Constitution guaranteed both men and women equal rights, women are being blatantly humiliated in places of worship, their fundamental rights are being crushed publicly and completely regressive notions that question women's purity are being played up brazenly.'
- ▶ On December 20, Desai and three members of her Bhumata Brigade then made an attempt to enter the inner sanctum of the temple. But failed to carry out their intent as the security personnel thwarted their bid. The Brigade then gave 8 days to the Shingnapur temple management to change their stance or face their wrath. It didn't work. On January 26, Desai along with 1500 women drawn from different parts of Maharashtra decided to storm the Shingnapur temple but their attempt was foiled again as the Ahmednagar police stopped and detained them some 50 km from the temple.
- ▶ As television channels played and replayed a feisty Desai and her aggressive bunch sprawled on the floor, resisting police attempts to stop their march, the nation watched

the way its womenfolk were being treated. It apparently moved the Maharashtra Chief Minister Devendra Fadnavis who tweeted that men and women deserved equal respect in places of worship. He then met Desai and her team, promising in person about honouring women's right to pray.

- ▶ Meanwhile, on March 31 and April 1, the Bombay High Court on a petition by activist Vidya Bal and others directed the state government to uphold the fundamental right of women to pray. The court ruled that 'those who prevent women from entering the places of worship should be arrested...they face six months jail under the Act.'
- ▶ Finally on Gudi Padwa Day, the temple authorities clammed up and allowed women activists to have their day.

◉ **Bhumata Brigade**

- ▶ The Bhumata Brigade is an activist organization in state of Maharashtra, India, dedicated to fighting injustice against women and corruption. They are most well known for their protests against the banning of women from worship at places of worship, including Shani Shingnapur temple in Ahmednagar, Maharashtra.
- ▶ Founded in 2010 in Pune, India, by 2016 they reportedly had 4,000 members, including some men. A branch of the organization Bhumata Ranragani Brigade, focuses on women's causes, including the Shani temple protests. They are also sought out for assistance by victims of eve teasing, dowry issues, and physical or sexual assault. The organization's founder is activist Trupti Desai
- ▶ Other protests include: high prices of onions and other vegetables; exploitation of farmers and farmer suicides; the rape of a child in Mumbai; the Lokpal bill agitations with Anna Hazare; and more. Bhumata Brigade is not aligned with any political parties in India.

◉ **Women's Right to Enter Temples**

This is not the first incident of this type. On numerous occasions this issue has featured in news in the past, the most recent being an incident in Lord Ayyappa Temple in Sabarimala, Kerala. Let us take a note of the temples still practicing this discriminatory practice.

◉ **Lord Ayyappa Temple, Sabarimala, Kerala:**

Even presently, in the Lord Ayyappa Temple in Sabarimala, women, of menstrual age (10 years to 50 years), are banned from entering the temple complex. The authorities concerned (Travancore Devaswam Board) claim this stricture is sanctioned by custom. The issue is under the consideration of the Supreme Court of India.

◉ **Sree Padmanabhaswamy temple, Kerala:**

This is the richest Hindu temple in the world. The temple allows women to worship the deity but they cannot come inside the temple's chambers.

◉ **Patbausi Satra, Assam:**

- ▶ Women are banned from entering this temple to preserve its 'purity'. This temple also cites menstruation as the reason behind barring entry to women.
- ▶ However, in 2010, Assam Governor JB Patnaik, who was visiting the Patbausi, Sundaridiya, and Barpeta satras spoke with the authorities of the Patbausi satra and took a group of 20 women in. Following this, the satra was briefly open to women before the rule was eventually re-imposed.

◉ **Lord Kartikeya Temple, Pushkar, Rajasthan:**

The temple worships the brahmachari form of Lord Kartikeya. There is a myth that the Lord curses women who enter the temple instead of blessing them. As a result, women are banned from entering the temple.

8

HEALTH

8.1 MISSION INDRADHANUSH: INITIATION OF 3RD PHASE

- ▶ On 4th April 2016, the Union Minister for health Sri J. P. Nadda announced the initiation of Phase 3 of Mission Indradhanush.
- ▶ Phase-3 of Mission Indradhanush will be carried out in 216 select districts in 27 states/UTs.
- ▶ Four intensified immunization rounds will be conducted for seven days in between April and July 2016, in each of these districts.
- ▶ These 216 districts have been identified on the basis of estimates where full immunization coverage is less than 60 per cent and have high dropout rates.



(Q) What necessitated the initiation of the phase 3 of Mission Indradhanush? Analyse the achievements made in the first two phases of the Mission INdradhanush.

○ Mission Indradhanush

- ▶ Mission Indradhanush was launched by Ministry of Health and Family Welfare (MOHFW) Government of India on 25th December, 2014. The objective of this mission is to ensure that all children under the age of two years as well as pregnant women are fully immunized with seven vaccine preventable diseases.
- ▶ The Mission Indradhanush, depicting seven colours of the rainbow, targets to immunize all children against seven vaccine preventable diseases, namely:
 - i. Diphtheria
 - ii. Pertussis (Whooping Cough)
 - iii. Tetanus
 - iv. Tuberculosis
 - v. Polio
 - vi. Hepatitis B
 - vii. Measles.
- ▶ In addition to this, vaccines for Japanese Encephalitis (JE) and Haemophilus influenzae type B (HIB) are also being provided in selected states.

○ First Phase of Mission Indradhanush:

- ▶ For the first phase, 201 high focus districts across 28 states in the country that have the peak number of partially immunized and unimmunized children were identified by the Government.
- ▶ There were total four rounds in the first phase of the mission. The first round of the first phase was started from 7th April, 2015 and continued for more than a week.
- ▶ Further, second, third and fourth rounds were held for more than a week in the month of May, June and July starting from 7th of each month. The first phase of this mission was very successful.

○ The main highlights of the first phase of Mission Indradhanush are as given below:

- ▶ Total 9.4 lakh sessions were organized during these four rounds of Mission Indradhanush
- ▶ About 2 crore vaccines were given to the children as well as pregnant women.
- ▶ Tetanus Toxoid vaccine was given to more than 20 lakh pregnant women
- ▶ 75.5 lakh children were vaccinated and about 20 lakh children were fully vaccinated.
- ▶ More than 57 lakh zinc tablets and 16 lakh ORS packets were freely distributed to all the children to protect them against diarrhoea.

o Second Phase of Mission Indradhanush

- ▶ The second Phase of Mission Indradhanush has been started from 7th October, 2015. The second, third and fourth rounds of this phase will start from 7th November, 7th December 2015 and 7th January 2016.
- ▶ The aim is to achieve full immunization in 352 districts which includes 279 mid priority districts, 33 districts from the North East states and 40 districts from phase one where huge number of missed out children were detected.

8.2 NEW HEALTH INITIATIVES

Health Minister recently launched new health initiatives and Mobile APPS detail.

o Detail

- ▶ 'Swasth Bharat Mobile application' -
- ▶ 'ANM Online application-ANMOL' - ANMOL is a tablet-based application that allows ANMs to enter and updated data for beneficiaries of their jurisdiction. This will ensure more prompt entry and updation of data as well as improve the data quality since the data will be entered "at source" by providers of health services themselves. Since the Application is Aadhaar-enabled, it will help in authentication of the records of field workers and beneficiaries.
- ▶ 'E-RaktKosh initiative' - It is an integrated Blood Bank Management Information System that has been conceptualized and developed after multiple consultations with all stakeholders. This web-based mechanism interconnects all the Blood Banks of the State into a single network. The Integrated Blood Bank MIS refers the acquisition, validation, storage and circulation of various live data and information electronically regarding blood donation and transfusion service.
- ▶ 'India Fights Dengue' - this mobile application will find wide use. As the fight against Vector Borne Diseases, especially Dengue, can be won only with effective community participation, this App empowers the community members how to contribute towards prevention of Dengue.

9

EDUCATION

9.1 FIRST NIRF SURVEY

Recently the first government-backed ranking of Indian institutions in higher education were released.



- (Q) What are India rankings 2016?
- (Q) In what background were rankings published?
- (Q) Should we really celebrate the rankings? Are there any loopholes in the ranking process?

o Detail

- ▶ 'India Rankings 2016' judged the participating institutions (both public and private) under four categories - engineering, management, pharmacy and universities.
- ▶ The framework finalised by the Indian government identified nearly 22 parameters under five major heads, several of which are similar to those employed globally such as excellence in teaching, learning and research.
- ▶ However, there are a few which are India-centric. Country-specific parameters relevant to the Indian situation include regional and international diversity, outreach, gender equity and inclusion of disadvantaged sections of society.

o So what prompted the government to take such keen interest in higher education rankings?

- ▶ It all started about five years ago with the abysmal performance of prestigious institutes such as the IITs in the global league tables.
- ▶ In 2012, for instance, India was the only BRICS nation which was not listed in the top 200 of the QS Rankings. The then HRD minister Kapil Sibal and the IITs had dismissed the tables and the rankings on the ground that their assessment parameters were irrelevant to the Indian context.
- ▶ Some concerns were not entirely misplaced. In world rankings, for instance, institutions are appraised on their number of international students and faculty members. In India, where there are restrictions imposed on hiring foreign faculty, the IITs or any other university could not have fared well on such a parameter.
- ▶ The initial criticism slowly made way for reluctant acceptance as President Pranab Mukherjee repeatedly lamented the falling standards of higher education in India and the complete absence of Indian institutions in international rankings. That's when the idea of indigenous ranking framework with parameters that fit the Indian context, was first mooted.

o What is the view of critics?

- ▶ Participation in the India Rankings 2016 was completely voluntary. Since there isn't any reliable database to supply all the information under the above given heads, the government had to depend on the data supplied by the participating institutions themselves to compute their ranks.
- ▶ A look at the tables released on April 4 reveals that it's a work in progress. For starters, the the number of categories under which institutions were ranked isn't exhaustive. Indian Institute of Science, Bangalore, was ranked as the top university when, technically, it isn't a university.
- ▶ Apparently, several Law institutes didn't find a place on the tables as there wasn't a separate category dedicated to them.
- ▶ Even though over 3,500 institutions participated in the first edition of 'India Rankings' the quality of data provided by them is a concern. How can one be sure that data provided by the institutions is not inflated or fudged? If the government does not have the resources to verify this, then maybe their claims should be made public for people to point out exaggerations and infirmities?

o **Concluding remark:**

Although the launch of the indigenous rankings is a step forward, the government should not celebrate unless problems like those mentioned above, are fixed.

9.2 ADARSH VIDYALAYA PROJECT OF ODISHA

- ▶ Chief Minister Naveen Patnaik launched the Odisha Adarsh Vidyalaya (OAV) project at Sasan Ambagaon village in his home constituency Hinjli in Ganjam district on April 5th 2016, with an aim to provide modern schools on the lines of Kendriya Vidyalayas in the underdeveloped rural pockets of the State.
- ▶ The government aims at opening one Adarsh Vidyalaya in each of the 314 revenue blocks of the State.
- ▶ On April 5th, 100 of these schools started functioning with the official launch of the project.



(Q) What is Adarsh Vidyalaya Scheme?

(Q) What are the basic features of these scheme?

o **Features of the Schooling System**

- ▶ Adarsh Vidyalayas are expected to have hostel facility in future and will be affiliated to the CBSE.
- ▶ They would have English as the first language and Odia as the second language as medium of teaching.
- ▶ These schools will have teacher-pupil ratio of 1:25 and classroom-student ratio of 1:40.
- ▶ Around 50 per cent of total seats would be reserved for the scheduled categories and girls.
- ▶ The State government has appointed special teachers and principals and these schools are to be managed by the Odisha Adarsh Vidyalaya Sangathan, formed by the State like the Kendriya Vidyalaya Sangathan.
- ▶ This year, admissions were for Classes VI, VII and VIII, however in future, these schools will have classes up to XII.
- ▶ The schools will provide free education to students along with free uniforms and other study materials.

9.3 NEET

o **What is NEET?**

- ▶ The National Eligibility cum Entrance Test or NEET-UG is a qualifying entrance examination in India, for students who wish to study any graduate medical course (MBBS), dental course (BDS) or postgraduate course (MD / MS) in government or private medical colleges in India.
- ▶ NEET-UG (Undergraduate), for MBBS and BDS courses, will be conducted by the Central Board of Secondary Education (CBSE).
- ▶ It was Introduced in 2010 through amendments to existing regulations relating to medical and dental admissions.



(Q) What is NEET? What are its objectives?

(Q) What is the recent supreme court verdict on NEET? In what background did the verdict came?

o **Objectives of NEET?**

- ▶ Saving students the trouble of writing multiple entrance examinations to medical courses in State-run and private institutions,

- ▶ Curbing the increasing commercialisation of higher education in medicine, and
- ▶ Ensuring a transparent admission process in private, unaided institutions which thrive on selling MBBS and postgraduate medical specialty seats to the highest bidder.

◉ Why it was opposed?

- ▶ It encountered opposition from two influential quarters.
- ▶ One, State governments were upset with the implicit centralisation of medical education in the idea of a national test. They feared that NEET would undermine their reservation policy. Some like Tamil Nadu see all entrance tests as elitist and against the interests of poor and rural students.
- ▶ And two, private institutions, especially those established by minorities, were against any interference in their admission process, arguing that their unfettered right to regulate their own admissions had been upheld by an 11-judge Supreme Court Bench in T.M.A. Pai Foundation (2002). When the institutions approached the Supreme Court, a three-judge Bench, by a two-one majority, agreed with them that the regulations introducing NEET violated their constitutional rights.

◉ Recent verdict of Supreme Court?

Supreme Court has recalled a three-judge Bench's 2013 order striking down the National Eligibility-cum-Entrance Test (NEET) and agreeing to hold a fresh hearing on a review petition by the Medical Council of India.

◉ Implications of the judgement?

By this Supreme Court has now revived the idea of holding a national test to ascertain the aptitude and suitability of those seeking to study medicine anywhere in the country.

9.4 TRANSNATIONAL SKILL STANDARDS IN INDIA

- ▶ Minister of State (Independent Charge) for Skill Development and Entrepreneurship recently announced the launch of "Transnational Skill Standards" in India.
- ▶ These standards in skill development are benchmarked to United Kingdom across 82 identified job roles.
- ▶ It has been launched with the aim to support two major initiatives of the Government i.e. "Make in India" and "Skill India" and to align to skill standards which are recognized globally,
- ▶ The Transnational Standards will highlight the gaps in Indian Standards against the UK standards. To cover the gaps, those intending to migrate, will undergo 'bridge training'. The Further Education Colleges (FE) of the United Kingdom will partner with Indian Training Providers to impart training on bridge courses. FE Colleges to set up Skill Academies of Excellences in the identified sectors in India.
- ▶ The key highlight of this partnership is recognition of the Indian SSC Assessment and Certification by the UK Awarding bodies. Those interested to migrate will simply have to take "bridge training" on the gap identified in the benchmarking process and get assessed on the components of the "bridge training". Thus just by doing "bridge training" and getting assessed and certified on it, will lead to award of UK IVQ which has a global acceptance including Gulf Cooperation Council (GCC) countries.
- ▶ Standardisation of vocational education is crucial in bringing about a level in the efficiency of the skilled workforce. It is government's endeavour to benchmark the standards so as to support international mobility of Indian workforce and also prepare them to work in international companies having their operations in the country.

9.5 MINORITY STATUS OF AMU

- ▶ The Central government has decided to withdraw its appeal in the Supreme Court challenging the Allahabad High Court judgment which held that Aligarh Muslim University is not a minority institution.

- ▶ This has once again initiated a debate over the minority character of the institution.



(Q) What can be implications of AMU losing its minority status?

(Q) What was the background in which AMU was established?

◉ What can happen if AMU loses its minority character?

- ▶ It may lose the autonomy of deciding policies for admission process and such other academic matters.
- ▶ According to sources in the university, if the university loses its minority character, it will have to implement the national reservation policy in admissions. i.e. it will have to reserve 50 per cent seats for OBC, Scheduled Caste (SC) and Scheduled Tribes (ST), like other Central universities. At present, the university does not have religion or caste-based reservation system for OBC, SC, ST or Muslims in admissions in academic courses. Presently, the university takes admissions on 50 per seats (of any course) from internal students.
- ▶ According to an expert "Sir Syed Ahmad Khan had founded the institution with the aim that Indian Muslims could get modern education without compromising with Islamic values. If reservation system will be introduced, it will affect the mission of empowering more and more Muslims by educating them in AMU."
- ▶ "The university's legal battle for minority character is all about for its unique identity. Being a Muslim university, views of AMU teachers and students on different national issues matters politically too," said a research scholar at the university.
- ▶ The minority character will not provide any additional financial assistance to AMU.

◉ What is the view of government?

An official in the Union Human Resource and Development Ministry said that in the absence of minority character, students of other castes like OBC, ST and ST will get an opportunity to get admissions in AMU that is an institution of prestige globally.

◉ History of AMU

- ▶ The university grew out of the work of Sir Syed Ahmad Khan, a Muslim reformer and statesman, who saw a need for Muslims to acquire proficiency in the English language and Western sciences. In 1877, he founded the Muhammadan Anglo Oriental College in Aligarh and patterned the college after Oxford and Cambridge universities.
- ▶ By 1920 the college was transformed into the Aligarh Muslim University through The Aligarh Muslim University Act, 1920.
- ▶ AMU was declared a minority institution by the AMU Amendment Act in 1981 by the Parliament
