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1
POLITY
&
GOVERNANCE

1.1 SEDITION ISSUE

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◉ Context?

The government admitted in the Rajya Sabha that the definition of sedition under the law was "very wide" and agreed to an all-party meeting to discuss the issue after the Law Commission, which is examining the matter, submits its report.

◉ What is the view of law Commission?

Law commission in its 42nd report had noted that the sedition law was "defective" but did not favour its deletion.

◉ About sedition?

- ▶ 'Sedition' is an offence incorporated into the Indian Penal Code (IPC) under section 124A:
- ▶ **124A. Sedition -**
 - Whoever, by words, either spoken or written, or by signs, or by visible representation, or otherwise, brings or attempts to bring into hatred or contempt, or excites or attempts to excite disaffection towards, the Government established by law in India, shall be punished with imprisonment for life, to which fine may be added, or with imprisonment which may extend to three years, to which fine may be added, or with fine.
 - Explanation 1- The expression "disaffection" includes disloyalty and all feelings of enmity.
 - Explanation 2- Comments expressing disapprobation of the measures of the Government with a view to obtain their alteration by lawful means, without exciting or attempting to excite hatred, contempt or disaffection, do not constitute an offence under this section.
 - Explanation 3 - Comments expressing disapprobation of the administrative or other action of the Government without exciting or attempting to excite hatred, contempt or disaffection, do not constitute an offence under this section.

1.2 DEBATE ON SEDITION

◉ Why we need sedition clause?

- ▶ Absolute Fundamental Rights can't be given as we need to maintain social order;
- ▶ We have to ensure integrity, sovereignty and security of nation;
- ▶ India is still a nation in making;
- ▶ To ensure that tranquility of the State is not disturbed and ignorant persons are not able to debase the government.

◉ Criticism levelled against this clause by activists?

- ▶ This law was proposed in India in 1870 in riposte to increasing Wahabi activities between 1863 and 1870. Later on also it was used by British Officials tried to crush the Indian Freedom Struggle with an Iron hand and many of our freedom fighters were charged with Sedition.
- ▶ Against Article 19(1)(a) of Constitution

- ▶ It is used by government to curb the criticism. Government is becoming intolerant to dissent.
- ▶ It has been used to arrest of human right activists

It is Against democracy etc.

◉ **Way ahead?**

▶ **Should we abolish it?**

NO

Its legality has been challenged and judiciary has earlier held that Section 124A of the Indian Penal Code which makes sedition an offence is constitutionally valid.

- Though the section imposes restrictions on the fundamental freedom of speech and expression, the restrictions are in the interest of public order and are within the ambit of permissible legislative interference with the fundamental right.
 - While upholding the sedition law, the Supreme Court said it should apply only to cases where an accused person intended to create public disorder or incite violence (Kedar Nath Singh v. State of Bihar).
- #### ▶ **What needs to be done then?**
- The yardstick to assess that a person has excited or attempted or desired to excite hatred, contempt or disaffection should be more clearly defined so that the government is not able to misuse it.
 - Also make any appropriate changes if desired.
 - Also government should use it only in those cases which really calls for it. It should not be used to curb the criticism.
 - Also government should provide a mechanism to dissatisfied people to air their grievances so that they don't have to report to other wrong ways.
- #### ▶ **People should also act responsibly?**
- People should also ponder over the content before its publication with their main objective as the amelioration in the estate of the larger number of people. One acquainted with the defects of any action of government can apprise the common people about the same to get it rectified by having the support of larger number of people so that it appears a genuine demand with censuring or disapproval of actions of the State in such a way that might not result in public disorder.

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1.3 SC UPHOLDS RULES TO SUPPORT GOOD SAMARITANS

◉ **Context?**

The Supreme Court upheld a Central notification issuing Standard Operating Procedure (SOP) for the protection and examination of 'Good Samaritans' - Those who help road accident victims and make it binding on all State governments and authorities.

◉ **About the Standard Operating Procedure:**

- ▶ The Union Road Transport Ministry notified the guidelines in May 2015, and followed it up with a Standard Operating Procedure in January 2016.

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- ▶ The crux of the guidelines is that no bystander rushing to the rescue of an accident victim should be subject to civil or criminal liability and/or be forced to be a witness.
- ▶ Any disclosure of personal information or offer to be a witness, in the event of the Good Samaritan also being an eye-witness to an accident, ought to be voluntary.
- ▶ Further, the examination of such a volunteer as a witness shall be done only on a single occasion and without harassment or intimidation.
- ▶ State governments may also institute a system of reward and compensation to encourage more bystanders to be Good Samaritans, and initiate action against officials or police personnel violating these guidelines.

◉ Significance?

- ▶ It is a positive signal for a concerted effort to change the public's attitude of turning away from helping a road accident victim reach critical medical care.
- ▶ The fear of getting embroiled in a police investigation and being subjected to the rigours of legal procedure often deters bystanders from getting involved in the rescue of accident victims.
- ▶ Studies have shown that a large majority of citizens are deterred from responding to an accident victim's distress for fear of getting into legal tangles.
- ▶ India saw over 1,41,000 fatalities on its roads in 2014.

1.4 INDIAN PENAL CODE (PUNJAB AMENDMENT) BILL, 2016

◉ Context?

The Punjab assembly passed the Indian Penal Code (Punjab Amendment) Bill, 2016. The legislation comes in the wake of incidents of desecration of the Sikh holy book last year.

◉ Features of the bill?

It seeks life imprisonment for sacrilege of the Guru Granth Sahib - by adding section 295 AA in IPC and enhancement of punishment under section 295 of IPC injuring or defiling place of worship with intent to insult the religion of any class from 2 to 10 years.

◉ Criticism of the bill?

- ▶ Some Critics believe that, the law should include punishment to all those who commit sacrilege of holy books of all religions and not just Sikh Religion because in a secular country like India no religion should be given a preferential treatment.
- ▶ Some experts believe that resort to enhancement of punishment for crimes can prove counter-productive, and is against the reformatory intent that underpins the legal system.
- ▶ Some security experts warn that scoring political points by playing upon religious sentiments is a stratagem that has cost Punjab dear in the past, and can do so again, unless proper vigilance and restraint are exercised.
- ▶ Some critics equated the Bill to Pakistan's blasphemy laws, which have led to the ascendance of theocracy and religious violence. That, in turn, has fatally weakened Pakistan's democratic institutions.

◉ Conclusion

This law is draconian in nature. stringent laws are no solution to any problem. The focus should be on reformatory rather than punitive solution and reformatory solution should include endorsing counselling and reformation of the accused by a committee of religious leaders, elders, psychologists and legal luminaries.

1.5 HARYANA BACKWARD CLASSES (RESERVATION IN SERVICES & ADMISSION IN EDUCATIONAL INSTITUTIONS) BILL, 2016

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◉ Context?

The Haryana Assembly passed the Jat Quota Bill. Haryana Government had promised reservation to these castes following a violent Jat agitation.

◉ Key features of the bill?

- ▶ It provided reservation for Jats and 4 other communities (Jat Sikhs, Rors, Bishnois and Tyagis) in government jobs and education.
- ▶ The bill gives statutory status to Backward classes Block 'A', Backward classes Block 'B' and Backward classes Block 'C'.
- ▶ The Bill provides for increase in percentage of reservation in Schedule I, II and III for Class I and II posts for BC 'A', BC 'B' and BC 'C' from 10%, 5% and 5% to 11%, 6% and 6% respectively.
- ▶ Chief Minister has promised reservation to these castes following a violent Jat agitation that had left the State paralysed for over 10 days in February, 2016.
- ▶ It was also decided to increase the existing reservation of 5% for Economically Backward Persons in General Caste Category in Class I and II posts from 5% to 7%.

◉ Has it breached the 50% ceiling?

- ▶ After analysing the Justice (Retd.) K.C. Gupta Commission report (the Commission that was set-up to entertain, examine and recommend upon requests for inclusion and exclusion of castes in the list of backward classes), the state government is satisfied that the report of the Commission is based on quantifiable data and strong evidences, which indicates that not only the 5 castes/classes - Jat, Jat Sikh, Ror, Bishnoi and Tyagi are backward classes socially and educationally, but they also comply with all legal norms suggested in Indra Sawhney's (CWP 930 of 1990) case, which has made it imperative for the state to provide these castes/classes 10% reservation in relaxation of general rule of 50% in terms of paragraph 810 of the Indra Sawhney's case.
- ▶ Notably, reservation in Haryana has already touched the 50% threshold as prescribed by the Supreme Court of India, however the case law established by Indra Sawhney's case does not limit the powers for providing reservation to classes by the executive or legislative Branches.
- ▶ As per the judgement, reservation should not "exceed 50% of the appointments in a grade, cadre or service in any particular year. It is only for extraordinary reasons that this percentage may be exceeded." However, every excess over 50% will have to be justified on valid grounds which will have to be specifically made out.

◉ Analysis

Does Jats require Reservation?

- ▶ Jats are not only prosperous and socially powerful in western Uttar Pradesh and Rajasthan, but also call the shots in politics and governance in these states.
- ▶ Also, if one can go by the famous anthropologist M.N. Srinivas's definition of a dominant caste, then Jats, it turns out, would be one as they are demographically important and also own a lot of land.
- ▶ Therefore if we take political, social and land criteria Jats are not backward and therefore reservation should not be provided to them.
- ▶ The reason why Jat are asking for reservation is unemployment. Jats are unfortunately not able to get what they aspire for. They need reservations not because

they feel their caste is a backward caste but because our economy has not been able to provide sufficient employment opportunities to the youth. Hence, their caste has become an appropriate reason for them to wreak havoc for reservations. A similar situation can be witnessed in the case of Patels, Kapus, and Marathas.

- ▶ Though Jats Have land but their landholding is fragmenting fast. Having prospered after the green revolution, Jats are now facing agrarian distress and deep stagnation in the rural economy. Two successive droughts and untimely rains have worsened the crisis.
- ▶ Granting reservation to Jats might lead to a chain reaction with Patels, Kapus and Marathas resorting to the same tactics, then it would not lead to long-term benefits and again everybody would find themselves back to square one with burning SUVs, cut water supply, deaths, curfew and so on.
- ▶ To sum up a rational answer therefore lies more in addressing rural India's economic stagnation and removing weaknesses in reservations through consensus rather than recklessly expanding the list of beneficiaries. It also puts the whole idea of reservations on its head. The founding fathers of the Constitution had dreamt that the ultimate aim of the job reservations was to annihilate the caste system. But the post-Mandal politics ended up nurturing the curse of caste by rousing a hysterical politicisation of all caste groups.

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1.6 CONSTITUTION BENCH TO DECIDE ON NATIONAL COURT OF APPEAL

◉ Context?

Supreme Court has decided to set up a Constitution Bench to debate the establishment of a National Court of Appeal (NCA) with regional benches to act as final courts of justice in criminal and civil cases.

◉ Why it has done so?

- ▶ Now the apex court would judicially pronounce on whether there is a need to bifurcate the higher judiciary, with the Supreme Court exclusively hearing constitutional and public law cases.
- ▶ The apex court seems to introspect on its own role as the single, final court situated in the national capital dealing with an increasing load of cases - from criminal and civil appeal to constitutional questions of law.
- ▶ In short, a Bench led by Chief Justice of India T.S. Thakur said it was time to debate if the Supreme Court was too burdened to provide equal justice to all. According to SC, equal access to justice for all is a fundamental right under the Constitution.

1.7 REGIONALISM: VIDARBHA STATEHOOD DEMAND

◉ Context?

The Vidarbha Region is nationally distinguished and geographically very distant from the state capital Mumbai. Vidarbha is also historically different, culturally distinct, politically distracted, economically distressed and sentimentally quite different from western Maharashtra but was always dominated by it. Therefore since independence demands have been raised by many intellectuals for granting Statehood to Vidharbha.

◉ Reason for demand of statehood?

- ▶ The case for statehood is built on Vidarbha's backwardness - the lack of socio-economic development resulting from 6 decades of political neglect.

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- ▶ The Nagpur Pact, which promised equitable development of the region along with the rest of the state, and a 6 week annual winter session of the Assembly in Nagpur, did not result in any real benefits to the region.
- ▶ People continue to complain of injustice from dominant western Maharashtra politicians.
- ▶ Those in favour of a separate Vidarbha have been pointing out that Dr. Babasaheb Ambedkar believed that a large state of Maharashtra comprising separate regions with their own cultures and socio-economic problems would be difficult to govern and had, therefore, proposed four small states of Western Maharashtra, Central Maharashtra, Eastern Maharashtra and Bombay City State. The proposed Eastern Maharashtra had 11 districts that are now part of Vidarbha. While Ambedkar's writings are from the period 1952-56, in 1953 - 7 years before the creation of Maharashtra - Madhav Shrihari Aney had put before the States Reorganisation Commission the demand for a separate Vidarbha with Nagpur as capital.

◦ **Should Small states be created in India?**

▶ **Pros**

India is a very large country and to make the administration simpler the nation was divided in various states. So, for the sake of development there is no harm in dividing the states.

We have seen that the smaller states have seen growth more rapidly than large states. Uttarakhand and Chhattisgarh are a very apt example of the same.

If states are bifurcated into smaller areas, the natural resources are more appropriately used and their exploitation is put on restraint.

Development is completely dependent on administration. It is a proven fact that Administration is easy and better for small areas rather than large states. So, states must be divided for better growth and administration..

In India, problem with the states like U.P. or Rajasthan is the fact that they are too diverse and largely spread to be administered. So, the demand to split them has been also rising.

Bifurcation of states has been a part of Indian history and has reaped positive results.

▶ **Con**

We have seen large states like Maharashtra which has shown high growth and development. So, we can't say that smaller states are important for growth.

Even after bifurcation, small states like Jharkhand are facing several issues on their way to growth and are yet to see the light of development. Division of states into smaller ones ends up creating acrimony in the hearts of the residents towards each other and also stands against the principle of "unity in diversity".

We have encountered the issue of U.P. and Bihar residents facing problem in Mumbai because of the region to which they belong. Such bifurcations only encourage these sorts of incidents and divide the people of India on the lines of their states.

1.8 SUTLEJ-YAMUNA LINK CANAL ISSUE

◦ **Context?**

Strained relations between Punjab and Haryana over Satluj-Yamuna Link (SYL) Canal.

◦ **What is Sutlej Yamuna Link Canal (SARYU)?**

- ▶ It is a proposed 214-kilometer (133 mi) long heavy freight canal in India to connect the Sutlej and Yamuna rivers.
- ▶ The canal starts near Palla village near Delhi, and was to transfer Haryana's share of 3,500,000 acre-feet (4.3 km³) from the Indus Basin.

- ▶ When completed, the SYL will allow shipping from India's east coast to the west coast and the Arabian sea, drastically shortening shipping distances and creating important commercial links for North-Central India's large population.

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○ **Brief History**

- ▶ In January 29, 1955 Punjab, Patiala & East Punjab States Union (PEPSU), Rajasthan, Kashmir sign agreement for water utilisation of Ravi and Beas.
- ▶ In September 1960, India and Pakistan agrees on sharing of water of Satlej , Ravi and Beas and thus signs Indus water treaty.
- ▶ In 1966, Haryana was carved out of Punjab and in 1971, Centre's high level panel recommends to share Punjab's water with Haryana and proposes providing 3,78 MAF to Haryana and 3.07 to Punjab.
- ▶ After few years , Center issues notifications to build Sutlej-Yamuna link canal (SYL) to be constructed which was earlier proposed by Haryana. Haryana constructed the canal on their part but Punjab was not ready to construct it .
- ▶ Despite the pressure from the central government and Haryana, construction did not began as it was against the interests of Punjab.
- ▶ In 1985, Prime Minister Rajiv Gandhi and Akali Dal president Sant Harchand Singh Longowal signed "Settlement Accord".
- ▶ Construction began but it was slow and delayed frequently and later there were regular orders from Water Tribunal to to complete canal construction expeditiously.
- ▶ As it stands now, the core issue is the completion of the Sutlej Yamuna Canal which was meant to carry water from Punjab's rivers to Haryana. Construction of the canal was halted in 1990, after militants gunned down a number of workers, the superintending engineer, and the chief engineer.
- ▶ In 2002, the Supreme court issued a directive to the Punjab government to complete the canal. To counter this, Capt. Amarinder Singh, then the Chief Minister of Punjab, helmed the Punjab Termination of Waters Agreement Act, 2004, which was unanimously adopted by the Punjab Assembly.
- ▶ The Act annulled all earlier accords and awards on the apportionment of river waters between Punjab, Haryana, and Rajasthan, and provided statutory protection for the first time to the water already flowing to Rajasthan and Haryana.
- ▶ On 21st March 2016, the Punjab Assembly passed the Punjab SYL Canal (Rehabilitation and Re-vesting of Proprietary Rights) Bill 2016, seeking to return land acquired for the canal's construction to the original owners free of cost.

○ **Which bill was passed recently by Punjab assembly?**

The Punjab Assembly passed the Punjab Sutlej-Yamuna Link Canal (Rehabilitation and Re-vesting of Proprietary Rights) Bill 2016, seeking to return land acquired for the canal's construction to the original owners free of cost, and thereby completely destroy the work (still incomplete after more than 3 decades) to channel to Haryana its duly allotted share of the waters of the Ravi and the Beas.

○ **Why was it criticized?**

Even though the Governor's assent has not come for the Bill, work on levelling the land, scooping earth and flora along the canal began at fever pitch, causing ecological damage and wiring up the original owners into frenzied activity.

○ **Supreme Court's Order on the bill?**

In march 2015, a five-judge Constitution Bench of the Supreme Court ordered status quo on land marked for the construction of the Sutlej-Yamuna Link (SYL) Canal.

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◦ Why is Punjab against the SYL canal?

- ▶ Punjab says that the SYL share of water to Haryana was based on 1920 data and now the situation has radically changed.
- ▶ The Punjab Assembly in March passed a bill (Punjab Termination of Agreements Act, 2004) against the construction of the canal. Punjab Government says that it does not have a drop of water to spare and therefore there is no question of it accepting or implementing any decision which deprives them of their fundamental right under the riparian principle.

◦ What is Haryana's argument?

- ▶ Haryana claims to be a water-deficit state and has said that it has been deprived of more than half of its legitimate share of 3.50 MAF in surplus Ravi-Beas water, which has resulted in a reduction in agriculture production.
- ▶ The Haryana assembly, objecting to the bill passed by the Punjab assembly to de-notify the land for the Satluj-Yamuna Link (SYL) canal, described the move as "unilateral, unconstitutional and denying the authority of the Supreme Court, a step only to draw political mileage

1.9 UTTARAKHAND CRISIS

◦ Context?

President Rule imposed in Uttarakhand.

◦ Summary of events?

- ▶ Center has brought Uttarakhand under President's Rule citing a constitutional breakdown in the wake of a rebellion in the ruling Congress state.
- ▶ President Pranab Mukherjee signed the proclamation under Article 356 of the Constitution dismissing the Congress government and placing the Assembly under suspended animation this morning on the recommendation of the Union Cabinet.
- ▶ The Centre was of the view that continuance of the Rawat government was "immoral and unconstitutional" after the March 18, 2016, when the Speaker declared the Appropriation Bill "passed" in controversial circumstances without allowing a division pressed for by 35 MLAs, including 9 rebel Congress legislators.
- ▶ The Cabinet considered several reports received from Governor, who had described the political situation as volatile and expressed apprehensions over possible pandemonium during the scheduled trial of strength in the State Assembly.
- ▶ The purported CD of the sting operation conducted against the Chief Minister that was in public domain was understood to have been factored into the decision of the Cabinet which found it as a case of horse trading.
- ▶ It also came amidst that Speaker disqualifying 9 rebel Congress MLAs.

◦ Why this has been criticized?

- ▶ The central government has justified bringing Uttarakhand under Central rule by holding that the Uttarakhand government has lost majority, rendering its continuation "unconstitutional and immoral". But it is a settled law - Based on the principles laid down by the Supreme Court in its landmark 1994 S.R. Bommai judgment - That the majority enjoyed by any government has to be tested on the floor of the House. In this case, Uttarakhand Governor had even set a date (March 28) for the conduct of the floor test. It is not clear what prompted him to send a report that formed the basis for imposing Central rule a day before the vote was to be held.
- ▶ The question of course is how one deals with situations when there are indications that the integrity of the floor test is or will be vitiated through abrupt and wholesale disqualifications.

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- ▶ It was believed that the Bommai judgment of 1994, which sharply circumscribed the Centre's power to dismiss a State government, would put an end to this abhorrent practice. Apart from demanding a floor test to ascertain a government's majority, the Supreme Court held that the Assembly could not be dissolved immediately, but only kept under suspended animation until both Houses of Parliament approved President's Rule. But we have a recent history that demonstrates that such norms can be cynically exploited by political parties. While the ruling party in a State can selectively disqualify legislators ahead of the vote, the prevailing political dispensation at the Centre has the option of placing the Assembly under suspension until it cobbles together an alternative regime. The Supreme Court is hearing a case on the constitutional validity of the imposition of President's Rule in Arunachal Pradesh, though the questions being addressed there are not germane in their entirety to what has transpired in Uttarakhand.
 - ▶ Such subversion of democratic principles is most unfortunate, when it comes from a dispensation under a prime minister who has made "cooperative federalism" a cornerstone of his governance approach.
 - ▶ Moreover, it goes against the grain of the current times when fiscal, administrative and implementation powers in most areas are being increasingly devolved to the states.
- **Legislative implications of it?**
 - ▶ The more worrying implication of the dismissal of the Congress government in Uttarakhand, which comes on the back of a similar imposition of President's Rule in Arunachal Pradesh, is a breakdown in cooperation between the BJP and the main opposition party at the Centre.
 - ▶ At a time when important legislation, especially those relating to the economy, need to be passed and the ruling coalition does not have the required numbers in the Rajya Sabha, such unnecessary confrontation does no help.
 - **Way ahead?**
 - ▶ While it is highly doubtful that there was a breakdown of the constitutional machinery in Uttarakhand as the Centre claims, what is required is some judicial clarity on the limits, if any, of a Speaker's power to alter the composition of the House in the run-up to a floor test.
 - ▶ It is unlikely that a complete breakdown of political morality can be set right by law alone. But even so, there is an urgent need to evolve a further set of norms that inhibit the blatant misuse of Article 356 on the one hand and the cynical use of a Speaker's power to sustain a sinking regime on the other.

1.10 ARTICLE-356

- **What is Article 356?**

It empowers the President to withdraw to the Union the executive and legislative powers of any state "if he/she is satisfied that a situation has arisen in which the government of the state cannot be carried on in accordance with the provisions of the Constitution".

- **Who determines the breakdown of constitutional machinery?**

It may be done by the President at any time, either upon receipt of a report from the Governor, or suo motu.

- **How many times President's Rule has been imposed on states?**

On over 100 occasions.

- **Is it used in an arbitrary way?**

'The 1988 Sarkaria Commission Report' on Centre-state relations commented on the arbitrariness with which Article 356 was used: Only 26 out of 75 cases until then were "just", it said - In the rest, the Centre had intervened either to prevent a party from forming the government, or dismissed a state government even when it had a majority.

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◉ **What is S. R. Bommai v/s Union of India judgement?**

Imposition of president's rule has declined considerably after a 9-Judge Constitution Bench of the Supreme Court passed its judgment in S. R. Bommai v/s Union of India in March 1994, defining the framework of application of Article 356.

◉ **How is the trend since then?**

- ▶ Bridling Central Tyranny in India, social scientist Anoop Sadanandan noted that Article 356 was invoked on 40 occasions in the 15 years before Bommai, and only on 11 times in the 15 years after 1994.
- ▶ A combination of factors, including the emergence of coalition governments with representation from regional parties, and an assertive President's office and judiciary, checked the trend.

1.11 PHOTOS OF EXECUTIVE IN PUBLIC ADVERTISEMENTS

◉ **Context?**

Supreme Court modified its earlier order and allowed photographs of Chief Ministers, Governors and Departmental [Cabinet] Minister/Minister in-charge of the concerned Ministry to be carried in public advertisements.

◉ **What was the earlier order of SC?**

- ▶ The Supreme Court last year had held that only the President, the Prime Minister and the Chief Justice of India could feature in government advertisements.
- ▶ The decision was later challenged by the Centre and seven States.

◉ **Analysis**

Reason Behind SC earlier order

- ▶ Court observed that undue political advantage and mileage was being sought in the garb of communicating with the people by personifying individuals and crediting such individuals or political leaders as being responsible for various government achievements and progressive plans.
- ▶ Such practice becomes rampant on the eve of the elections. Court believed that such advertisements not only result in gross wastage of public funds but also constitute misuse of governmental powers besides derogating the fundamental rights of a large section of the citizens as guaranteed by Article 14 and 21 of the Constitution.

◉ **Criticism of the earlier decision**

- ▶ Many jurists believed that, courts could always guide the political executive but should never encroach on what is considered the domain of the executive. "It is therefore a case of judicial overreach. The Supreme Court is supposed to lay down only some sort of guidelines, but cannot mandate (that) the political executive, do a particular act or not?"
- ▶ Also not including photos of Chief Minister and Governor in the advertisement was considered violation of the federal structure by many Chief Minister of the state.
- ▶ While the use of taxpayers' money for semi-political purposes or the building of personality cults, as the Supreme Court bench pointed out is abhorrent, However The building or debunking of "personality cults" is not for the courts to adjudicate on. Guidelines on government advertisement cannot be decreed by the courts.

Their job is to interpret the law, not decide what the law should be on how public money should be used or not misused. Unaccountable judges should not decide how money should be spent.

- ▶ Many experts wondered why the Chief Justice should ever want his photo in a government advertisement - Even if involves a court event. The Chief Justice of India (CJI) job is that of chief guardian of the constitution's provisions and the ordinary citizen's rights. The CJI ought not to be a part of any government advertisement - Except for advertisements involving court functions. But do these functions need to carry his photo?

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1.12 E-GOVERNANCE FOR TRADE FACILITATION

◉ Context?

Half of India's entry points yet to adopt Electronic Data Interchange (EDI)

◉ What is EDI?

- ▶ EDI is the 'paperless' international trading platform; its a trade facilitation system.
- ▶ The EDI system is a component of the project 'e-Trade' to ensure trade facilitation and in turn greater ease of doing business in India.
- ▶ The project electronically links the customs department, Directorate General of Foreign Trade (DGFT), exporters/importers, agents, banks, airports and seaports, inland container depots and container freight stations, Container Corporation of India and shipping lines and airlines.
- ▶ Users can access the system round-the-clock. Simple and transparent procedures as well as electronic delivery of services by the government lead to reduction of transaction cost and time.

◉ What is the present status in terms of quantity?

- ▶ According to official sources, More than half of India's ports and customs points are yet to be covered by Electronic Data Interchange (EDI), A trade facilitation system, even 22 years after the project began,
- ▶ Concerned that only 132 of the 298 ports and customs points are on the EDI platform, the commerce department recently asked the revenue department to formulate an action plan soon to help link the remaining 166 also to the EDI gateway at the earliest.

◉ Shortcoming its working?

- ▶ A Comptroller and Auditor General of India (CAG) report last year said an analysis of the DGFT-EDI databases and processes revealed several shortcomings.
- ▶ These shortcomings were due to systemic issues, inadequate controls, incorrect or insufficient mapping of Foreign Trade Policy provisions, lack of validations, permissions for too many manual interventions and alterations of data and incorrect updation of important rate directories.

◉ Its significance?

India was ranked 133rd out of 189 economies (the same as in the previous year) while China came 96th. This was because of more time taken in India in terms border and documentary compliance to export and import.

◉ Some trade facilitation reforms taken by government?

- ▶ The Union Cabinet had last month approved the proposal for India to ratify the World Trade Organisation's Trade Facilitation Agreement (TFA), aimed at easing customs rules to expedite global trade flows of goods.

- ▶ Trade facilitation reforms such as e-Trade and the EDI platform are also meant to help India comply with the Trade Facilitation Agreement requirements.
- ▶ The Cabinet had also cleared a proposal to set up a National Committee on Trade Facilitation chaired by the commerce and revenue secretaries to look into the related issues.

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1.13 RAJ-NET

◉ Cotext?

Rajasthan State government recently launched RajNET

◉ What is RajNET?

- ▶ RajNET is a wide area network connecting the State capital with all 9,894 gram panchayats and 183 municipal areas
- ▶ It aims to strengthen connectivity and allow the inclusion of remote areas through Information Technology.
- ▶ RajNET facilitates voice, video and data connection, enabling effective delivery of citizen services like Bhamashah, e-Mitra and MGNREGA across the State, including its remotest areas.

2

**INTERNATIONAL
RELATIONS**

2.1 INDIA SUPPLIES ELECTRICITY TO BANGLADESH GETS INTERNET BANDWIDTH IN RETURN

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◦ Context?

- ▶ India and Bangladesh jointly inaugurating the supply of 100 MW power from India and leasing of 10 GBPS Internet bandwidth from Bangladesh.
- ▶ In exchange for 10 GBPS Internet bandwidth from Bangladesh, India will supply 100 MW electricity.

◦ Other areas of co-operation Between India and Bangladesh in recent past are:

- ▶ From October 2013, India started exporting 500 Megawatts of electricity a day to Bangladesh over a period of 35 years.
- ▶ Last year the Indian Parliament, unanimously passed the Land Boundary Agreement (LBA) as its 100th Constitutional amendment, thereby resolving all 68-year old border disputes since the end of the British Raj. The bill was pending ratification since the 1974 Mujib-Indira accords.
- ▶ Resolution of maritime dispute through United Nations Convention on the Law of the Sea (UNCLOS) Permanent Court of Arbitration (PCA) in favour of Bangladesh and India not re-appealing it.
- ▶ Easing of Visa regime to provide 5 year multiple entry visas to minors below 13 and elderly above 65 of age.
- ▶ Bangladesh allowed India to ferry food and grains to the landlocked North east using its territory and infrastructure.
- ▶ During the Prime Minister Modi visit India extended a US\$2 billion line of credit to Bangladesh & pledged US\$5 billion worth of investments. As per the agreements, India's Reliance Power agreed to invest US\$3 billion to set up a 3,000 MW LNG-based power plant (which is the single largest foreign investment ever made in Bangladesh) & Adani Power will be setting up a 1600 MW coal-fired power plant at a cost of US\$1.5 billion
- ▶ 15-km Railway connectivity link between Agartala and Akhaura in Brahmanbaria district of Bangladesh, is to be completed in 2017. Akhaura has a Rail link to Chittagong too. Once the Agartala-Akhaura Railway link is ready, goods brought to Chittagong port can be carried by Rail directly to Agartala.
- ▶ Both countries are also implementing Bangladesh, Bhutan, India & Nepal (BBIN) Motor Vehical Agreement which allows vehicles to enter each other's territory and does away with trans-shipment of goods from one country's truck to another at the border, a time consuming and costly process.
- ▶ Last year India and Bangladesh signed the Standard Operating Procedure (SOP) to operationalise the Agreement on Coastal Shipping, signed between the two countries during Prime Minister's visit to Bangladesh. The SOP will pave the way to promote coastal shipping between India and Bangladesh and would enhance bilateral trade between the two countries by bringing down the cost of transportation of EXIM cargo.
- ▶ Joint patrolling in Sudarbans and combined Military Exercise Operation 'SAMPRITI'.

◦ Why Bangladesh is important to India's North-East?

▶ Ports

The nearest port for the Northeast is Kolkata. Kolkata is 1500 km from Aizawl and Agartala. Not just the distance, the route passes through multiple states and through a lot of mountains. Imagine dragging a heavy machinery through this long, narrow road. This makes trade and manufacturing very hard in the Northeast. Every product

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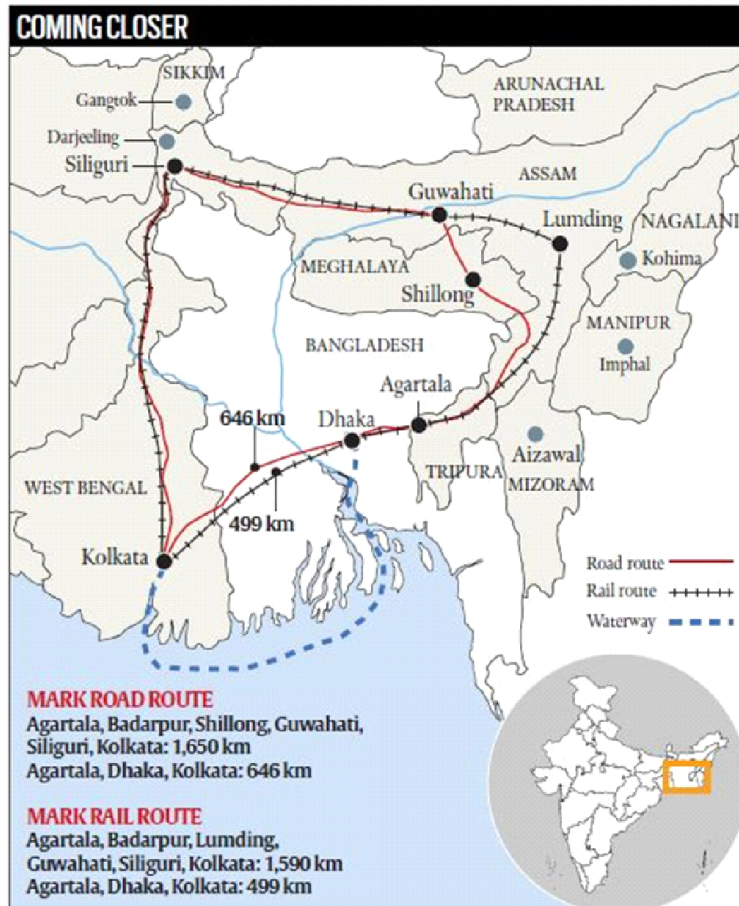


Fig No. 2.1

that is either produced in Northeast or needed in northeast has to be carried through that one road through Siliguri. On the other hand, Chittagong port is only 200km from Tripura and passes through the mostly flat land. A major Bangladeshi Railway junction Akhaura is just 10 km. from Agartala.

► **Migration**

Major cities in India's Northeast are quite close to the rural hinterland of Bangladesh. For many rural Banglas, it is easy to find jobs in these cities than in Dhaka or Chittagong. Thus, there is a massive migration that is rapidly impacting the demographics of the Northeast. Many tribes feel marginalized in their own territory. India needs Bangladeshi government's help to arrest the endless flow of migrants.

► **Separatism**

Tripura alone shares 850 km of border with Bangladesh. Other states like Mizoram share long borders too [a total of 4000+ km of shared borders between Northeast India and Bangladesh]. Given the long and unpatrolled borders, the separatists and troublemakers in this region easily escape to Bangladesh. It is hard to fight the separatism as long as the separatists have such an easy escape hatch. India needs Bangladesh's help in patrolling the borders and also bring the fugitives to justice.

► **Food Movement**

Eastern side of Bangladesh is quite fertile and produces a lot of rice. This can be easily be moved to Tripura, Mizoram and Manipur rather than dragging the food from West Bengal through the Siliguri corridor or air lifting them.

► **Risk of Chicken Neck**

Currently the Siliguri corridor remains the only link between the Northeast and the rest of India. Any problem there like, - Terrorist attacks, natural disasters, etc. would

completely cut off India from the 7 states of North east. Bangladesh help would reduce that risk substantially.

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2.2 INDO-PAK RELATIONS: SPYING

◦ Context?

- ▶ Pakistan has claimed that it has arrested an Indian spy in Balochistan (A former Indian Naval officer has been arrested on the charge of spying in Pakistan)
- ▶ For Islamabad, the claim reinforces the charge that India is destabilising Pakistan in Balochistan.

◦ Should India and Pakistan institute spy swaps?

- ▶ It's natural for India and Pakistan to spy on each other.
- ▶ Spying has been called the second-oldest profession.
- ▶ Any self-respecting sovereign would maintain an effective ring of spies as the first line of defence against potential threats, both internal and external. All states indulge in spying, political and commercial and not just against their adversaries. Keeping a tab on your friends and partners is considered just as important.
- ▶ Thanks to WikiLeaks, we know how intensively the United States spies on its friends. The US National Security Agency (NSA) was routinely snooping on German Chancellor Angela Merkel and Brazilian President Dilma Rousseff.
- ▶ What is really shocking, though, has been the lack of any grace attached to spying in the subcontinent. Elsewhere in the world, it's respected as a tough profession and valued as a special Art.
- ▶ India and Pakistan have generally tended to disown spies who get caught. It would be more sensible for India and Pakistan to acknowledge, at least in private, their respective spooks and bring as many of them home through spy swaps. It's time they instituted spy swaps to bring them home when they get caught. That's what Russia and America did at the height of the Cold War.
- ▶ We might never really get to know the real story behind the claims and counter-claims in Islamabad and Delhi on the purported arrest of an Indian spy in Balochistan. Truth is always hard to pin down in the cloak and dagger business.

2.3 INDO - UAE RELATIONS

◦ Context?

- ▶ India-UAE agreement for \$75 billion investment in National Investment and Infrastructure Fund (NIIF) gets Cabinet clearance.
- ▶ The Memorandum of Understanding (MOU) was signed between India and the UAE earlier this year to mobilise long-term investment in the NIIF.
- ▶ The MoU will help establish a transparent and high-level framework and collaboration platform under which both countries intend to explore ways to facilitate and expand the participation of UAE's investment institutions in appropriate infrastructure projects and institutions in India including NIIF.

◦ What is NIIF?

- ▶ The government last year established Rs. 40,000 crore NIIF, which is an investment vehicle for funding commercially viable greenfield, brownfield and stalled projects.
- ▶ The objective of NIIF is to maximise economic impact mainly through infrastructure development in commercially viable projects, both greenfield and brownfield,

including stalled projects, NIIF would solicit equity participation from strategic anchor partners.

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◉ **Additional information on India-UAE relations:**

◉ **Why UAE is important to India?**

▶ **Energy security**

It contributes significantly to India's energy security and is the 6th largest supplier of crude oil to India in 2014-15.

▶ **Investment**

UAE is among the largest investors in India in terms of Foreign Direct Investments. UAE, which have substantial sovereign wealth funds could contribute significantly for infrastructure development in India.

▶ **Remittances**

UAE has one the largest Indian Diaspora in the Gulf region and they are therefore one of the biggest source of foreign remittances and India require these remittances to balance out our trade deficits. The UAE hosts more than 2.5 million Indians, the bulk of whom are Blue-collar workers. The stability of their jobs contributes to the welfare of their families back home.

▶ **Security**

Since Dubai is major destination for money laundering, India require support of UAE for curbing the menace of money laundering. Greater security and defense cooperation with the UAE would protect India's geo-political interest in the region since India could not rely anymore on USA to provide stability in the region as after few years as USA would achieve energy security due to Shale Gas revolution it would disengage from the region which would make the region more vulnerable.

▶ **Trade**

UAE has emerged as India's second-largest trading partner with total trade pegged at \$60 billion in 2015 .

2.4 SYRIAN GOVERNMENT RECAPTURES PALMYRA

◉ **Context?**

- ▶ Syrian Government forces backed by Russian airstrikes drove Islamic State (IS) fighters from Palmyra which fell to the extremists.
- ▶ It is the latest setback suffered by IS, which has come under mounting pressure on several fronts in Iraq and Syria in recent months.

◉ **Key information about Palmyra?**

Known as the "**Bride of the Desert**";

◉ **Loss to culture?**

- ▶ IS drove government forces from Palmyra in a matter of days May, 2015 and later demolished some of the best-known monuments in the UNESCO world heritage site, including two large temples dating back more than 1,800 years and a Roman Triumphal Archway.
- ▶ The extremists have destroyed a number of historical sites across their self-declared caliphate, viewing such ruins as promoting idolatry.

◉ **Geo-political implications?**

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- ▶ **On IS:** Syrian forces are now better positioned for a future advance on Raqqa, the IS group's de facto capital, and the eastern city of Deir el-Zour, which is mostly held by the extremists.
 - ▶ **On Geneva talks:** Hereafter, the West's room for manoeuvre against Assad at the Geneva talks will shrink, perhaps delaying a political solution acceptable to all.
 - ▶ **On global terrorism:** At the same time, as IS territory shrinks, the militants may attempt more Paris and Brussels-type attacks in Europe.
- **Way ahead? Lessons from Palmyra victory?**
- ▶ Thus, Geneva notwithstanding, all sides need to cooperate and vanquish the IS first.
 - ▶ Palmyra is an instance that could be repeated in future battles against the IS:
First weaken the organisation through multiple attacks and Then launch a final ground offensive by the most organised military force - in this case the Syrian national army - to recapture territories.

2.5 KURDISTAN?

○ **Context?**

Syria's Kurds have declared a Federal Region in areas under their control in the North of the Syria, but both the government and an opposition coalition rejected the move.

○ **Geo-political implications?**

- ▶ The announcement is likely to anger neighbouring Turkey.
- ▶ It has complicated peace talks in Geneva aimed at ending the 5 year civil war.
- ▶ The U.S., a key backer of Kurdish fighters in the battle against the Islamic State (IS), has also warned that it would not recognise any self-ruled Kurdish region within Syria.

2.6 FIRST CIVILIAN GOVERNMENT FORMED IN MYANMAR AFTER 50 YEARS

○ **Context?**

- ▶ After 50 years of Military Junta Rule finally Democratic Government have been established in Myanmar recently.
- ▶ Htin Kyaw has been elected as the first civilian President in Myanmar in more than 5 decades.
- ▶ It is the first time Myanmar has had a civilian President since 1962, when the military seized power.
- ▶ Aung San Suu Kyi will be Foreign Minister in Myanmar's first civilian government.

○ **A move towards democracy?**

- ▶ Htin Kyaw is a close aide of Aung San Suu Kyi, who is expected to hold the real reins of power in the formerly junta-run nation. Htin Kyaw (69) hailed his elevation to the top post as "Suu Kyi's victory", a clear nod to her plan that he serve as a proxy for the Nobel laureate who is constitutionally barred from becoming President (she cannot lead the government because of a constitutional provision that bars her since her sons are British and not Myanmar's citizens).
- ▶ Myanmar is undergoing a dramatic transformation from an isolated and repressed state to a rapidly opening aspiring democracy.

◉ Challenges Remain?

- ▶ Dual center of power might create problems. Even the most unambitious appointee may strain at the leash after he is placed in the seat of power. She will have to learn from the other sub continental experiences if she is to be the rare one to succeed in this power-sharing arrangement. The obvious parallel is to the tenuous relationship between Congress president Sonia Gandhi and former Prime Minister Manmohan Singh, which was even the subject of a bestseller.
- ▶ The military, which imprisoned her, and has only agreed very slowly and grudgingly to her rise to power, retains control of Myanmar. By successfully inserting Vice-President-elect (retired) General Myint Swe into the power structure, despite vocal objections from the U.S., Tatmadaw has shown it will not give up even this toehold. Myanmar's military retains a quarter of the seats in Parliament and the power to nominate the three most important ministers: Defence, Home Affairs, and Border Affairs.
- ▶ Economic challenges: Myanmar is one of the poorest nations in Asia: it ranks 149 among 186 nations rated in the 2013 Human Development Report of the United Nations Development Programme. Its forests have been plundered at a fast pace, while very little industrialisation or infrastructure development has taken place outside of its cities.
- ▶ The Foreign Minister will have to address the ethnic and religious differences.

◉ Opportunity for India?

In case of economic development, India has chosen to make aid to Myanmar a focal point in its development assistance plans this year. India must work closer with the country in order to bolster the new government.

2.7 REFUGEE CRISIS IN EUROPE

◉ Context?

European Union (EU) and Turkey have struck a deal to ease migrant crisis.

◉ Key features of the deal?

- ▶ The agreement will allow thousands of migrants landing in Greece to be sent back to Turkey.
- ▶ Ankara will see fast-track procedures to get billions in aid to deal with Syrian refugees, unprecedented visa concessions for Turks to come to Europe and a re-energising of its EU membership bid.

◉ Why is the agreement seen as controversial?

- ▶ There is the decision whereby every new migrant reaching Greece via the Aegean Sea would be turned over to Turkey, in exchange for Ankara transferring one to the EU but with the total subject to a limit. Human rights groups have criticised the move as being both immoral and illegal. Athens has to contend with the fresh logistics and administrative challenges of turning back migrants on top of an already explosive situation. For Ankara, the difficulties centre on its readiness to extend protection for migrants from other nationalities, in addition to Syrians, on the lines of the Geneva Conventions.
- ▶ There are issues with respect to Turkey's membership to EU. Turkey's record on human rights has drawn strong condemnation from EU leaders. Also Cyprus has vetoed EU-entry talks unless and until Ankara accords formal recognition to the Greek-Cypriot administration. That is seen to be critical for the reunification prospects of the island state, divided during the 1974 war with Turkey.

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- ▶ Another curious component of the deal is the EU decision to advance the date for the liberalisation of visas to Turkish nationals. The concession comes at a time when the EU's Schengen passport-free travel zone is already under considerable strain as a consequence of the refugee crisis.

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2.8 NEPAL-CHINA RELATIONS

◉ Context?

Nepal's Prime Minister K. P. Sharma Oli recently visited Beijing.

◉ Key highlights of his visit:

- ▶ Nepal sealed an agreement on transit rights through China. This will reduce the land-locked country's total dependence on India.
- ▶ Agreements on building of multiple train routes connecting Nepal with China's key production centres were concluded.

◉ Reason behind this tilt to china?

- ▶ China's Economic rise;
- ▶ Five month-blockade on the Nepal-India border which ended in February pushed Nepal to open its northern borders with China for transit trade.

◉ India's response to this?

- ▶ India-Nepal ties could not be compared or curtailed by Nepal's agreements with China.
- ▶ 98 % of Nepal's third country trade goes through India and to the port of Kolkata.
- ▶ India at present has 2 Rail lines under construction and 3 more are being planned to increase Nepal's trade ties. Also During the February visit of Prime Minister Oli to New Delhi, India agreed on giving dedicated access to Nepal to the port of Vizag.
- ▶ Officials pointed out that in comparison to the Nepal-China agreement, India and Nepal had 25 crossing points, 2 integrated checkpoints and 2 more checkpoints were under construction.

◉ Status of Indo-Nepal relations in the Chinese shadow?

- ▶ India has a natural advantage in Nepal as compared to china with respect to Geography and kinship tie.
- ▶ However, a rising China and the Anti-India resentments of Kathmandu's hill elite have the potential to neutralise, over the longer term, some of Delhi's natural strategic advantages in Nepal.
- ▶ Although Oli made a political gesture to India by visiting Delhi before heading out to Beijing. That significant differences remain, especially on the question of Madhesi rights in Nepal, was reflected in the inability of the 2 sides to issue a joint statement at the end of Oli's visit last month.
- ▶ If Delhi claims a "special relationship" with Kathmandu, Beijing tends to emphasise "equality and non-intervention" in its engagement with Nepal. Underlying that rhetoric is the proposition that Beijing can't accept any claim that, the subcontinent is Delhi's exclusive sphere of influence.
- ▶ Also as Delhi enthusiastically welcomes Chinese investments, it can hardly protest against a similar trend in Nepal and the rest of the subcontinent.
- ▶ Cynics in Delhi, however, would insist that the Sino-Indian dynamic in Nepal will always remain a zero-sum game. Their counterparts in Kathmandu find it hard to move away from the tradition playing the China card against India.

- ▶ Like many other neighbours of India, Nepal too has welcomed Chinese initiatives on connectivity grouped under the grand project called "One Belt, One Road".
- ▶ But one should remember that Delhi's problem then is less about coping with China's grand strategy than overcoming the entrenched distrust of India in Kathmandu and bringing greater purpose to economic engagement with Nepal.

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2.9 NORTH-KOREA TEST-FIRED TWO MEDIUM-RANGE BALLISTIC MISSILES

◉ Context?

North Korea test-fired 2 Medium-Range Ballistic Missiles, just days after leader Kim Jong-Un promised a series of nuclear warhead tests and missile launches amid surging military tensions.

◉ Reactions?

- ▶ By USA: Subsequently U.S. President Barack Obama signed an order implementing UN-backed sanctions on North Korea after a nuclear test and missile launch this year.
- ▶ By china: In response to Mr. Obama's executive order, Beijing said that it opposes "any country's unilateral sanctions".

◉ Background events?

Friction on the divided Korean peninsula has deepened since the North carried out its 4th nuclear test on January 6, followed a month later by a long-range rocket launch that was widely seen as a disguised ballistic missile test.

2.10 CUBA - US RELATIONS

◉ Context?

- ▶ US president Obama visited Cuba.
- ▶ The US president's historic visit to Cuba is the first in 88 years by an occupant of the White House.

◉ Recent steps taken by Obama administration in past 1 year to normalise relations with cuba?

◉ Benefits to Cuba for improved relations with the US? (*Fig No. 2.2*)

- ▶ Full reset of ties could bring lots of oppurtunities. Those oppurtunities can't come without the US investment and a boost to Cuba's own fledgling and tiny private sector, cautiously encouraged by Raul Castro since he assumed office in 2008.
- ▶ Cuba's imperative was a dying economy - Starved of funds by the US embargo and the fall of the Soviet Union and paralysed by central planning and the prohibition of commercial enterprise. The average Cuban income is still \$20 a month and the economy is far behind the rest of Latin America.

◉ Are these steps sufficient?


- ▶ These recent steps to relax controls on Cuba are "positive," but are insufficient.
- ▶ New for the U.S. to return its naval base at Guantanamo Bay to Cuba and to lift the U.S. trade embargo.

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OUTREACH ACROSS THE FLORIDA STRAIT

In the past one year, U.S. President Barack Obama has initiated various measures in his quest to normalise ties with the communist-ruled neighbour

- Loosened travel restrictions to allow Americans to go independently on trips instead of in organised groups
- Eliminated a ban on Cuban financial transactions going through U.S. banks
- Allowed Cuban citizens to open U.S. bank accounts
- Started restoring direct mail service. The first flight left the U.S. just before Obama's trip as part of a pilot project
- Approved the first ferry service between the U.S. and Cuba



A musician in Havana performing at a gathering: (inset) Flags of both countries outside a restaurant in Havana.. — PHOTO AP

- Struck an agreement to restore commercial flights
- Authorised exports of essential goods, ranging from constructions materials to tractor parts
- Reopened the U.S. Embassy in Havana. Cuba also reopened its embassy in the U.S.
- Released three Cubans jailed in the U.S. Cuba released American Alan Gross at the same time.
- Sat down with Cuban President Raul Castro in Panama
- Removed Cuba from the U.S. list of state sponsors of terrorism

Change is going to happen here and I think that Raul Castro understands that
— President Obama, on reaching Cuba

Fig No. 2.2

- ▶ The US Congress will not lift the trade embargo till Cuba improves its human rights record, especially with regard to jailed dissidents, while Havana insists on the return of Guantanamo Bay. So far, Washington has been more flexible. It's time Havana began reciprocating. It can begin by opening up the internet and media, over which the regime still holds a monopoly.

2.11 NAVY'S AIRCRAFT ON MISSION IN SEYCHELLES

Context?

Indian Navy has for the first time deployed one of its advanced maritime reconnaissance aircraft (Boeing P 8I) to Seychelles for surveillance of the island nation's Exclusive Economic Zone (EEZ).

Significance?

- ▶ The deployment signals India's deepening naval engagement in the Indian Ocean.
- ▶ The deployment was a sign that India was a "credible security provider to the smaller states in a consensus manner. This deployment would assist in curbing illegal activities and piracy and contribute towards security and stability in the Indian Ocean Region.
- ▶ India and China are locked in efforts to widen their respective spheres of influence in the strategically vital Indian Ocean. India is of course the natural choice for the smaller nations because of geography and politics
- ▶ India has been reaching out to the smaller Indian Ocean island nations through various Maritime Domain Awareness (MDA) exercises that include Search and Rescue (SAR) support, oil pollution response exercises, and assistance in legal matters.
- ▶ Besides supplying naval vessels and aircraft, the Indian navy has supported countries such as Sri Lanka, Mauritius, Maldives and Seychelles with training, hydrographic surveys, surveillance operations and counter-terror patrols.

2.12 INDO-UK RELATIONS : NEW IMMIGRATION RULES*Make 'POINTERS'
for 'REVISION'***o Context?**

- ▶ New U.K. immigration rules will take effect on April 6. Under this rule, skilled workers from Non-EU countries who come into the country on Tier - 2 visas will face deportation after 5 years unless they can show minimum annual earnings of £35,000. Previously, after 15 years on a Tier - 2 work visa, the individual could apply for Indefinite Leave to Remain (or ILR) in the U.K. The income threshold used to be £20,800 - around £5,000 less than the average U.K. salary. All that will now change.
- ▶ UK argues that the rule will boost employment for U.K. workers.

o Impact on Indian diaspora?

- ▶ A possible 40,000 skilled workers - teachers, IT professionals, health sector workers and charity workers, a majority of them from India and other South Asian nations - who have been living and working in the U.K., paying their taxes and contributing their skills and earnings to the economy, will be affected.
- ▶ Indian professionals are also facing visa related challenges in other countries, including the U.S. India has dragged the U.S. to the WTO over its decision to impose high fees on temporary working visas.

3

**INTERNAL
SECURITY**

&

**GLOBAL
TERRORISM**

3.1 BRUSSEL ATTACKS

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◉ Context?

- ▶ Bombs exploded at the Brussels airport and one of the city's metro stations killing 34 people and wounding dozens.
- ▶ The Islamic State group claimed responsibility for the attacks.

◉ Reasons for the attack at Brussels?

- ▶ Brussels, which hosts key European Union institutions, is the de facto capital of Europe. By striking in the city 4 days after Salah Abdeslam, thought to be the lone remaining perpetrator of the Paris attacks, was caught, the terrorists have sent a strong message not just to the Belgian government but to the entire European establishment.
- ▶ The bomb attacks in the Belgian capital demonstrate that Jihadists remain a serious security threat to European societies despite a massive security crackdown since the November 2015 Paris attacks. It shows the failure of the intelligence and security establishment.
- ▶ Islamic state is now stepping up attacks on civilians around the world (They have carried out a number of attacks across the world, from Paris to Ankara, in recent months).

◉ Now the reasons for these attacks in faraway locations is that?

- ▶ First, the group is facing military setbacks in and around the so-called 'caliphate', the seat of its influence. Thus, not being able to expand the territories of the 'caliphate', the IS wants to export terrorism to other countries so as to stay 'relevant' and find more recruits.
- ▶ Second, and more important, the IS is fighting a war against the civilisational values of the modern world. By attacking the public, it wants to create panic in free and open societies, break their social cohesion and then reap the dividends.

◉ Way ahead for Brussels? Lessons for Brussels from the spirit of Paris?

- ▶ In a Europe already fractured by debates over immigration and race, the bombings in Brussels could give legitimacy to the xenophobic forces that have been working to exploit these strains for political gain.
- ▶ Last year, Paris showed the world how great societies ought to deal with the challenge of terror, uniting people of all faiths against the savageries of a blood-cult. Belgium's ghettoised Muslims faced alienation and threats after the Paris attacks, contributing to the divisions which feed the jihadist movement.
- ▶ The spirit of Paris will be needed in Brussels in the coming days and weeks - as the strength of European democracy is tested.

◉ Way ahead for Europe?

- ▶ Europe has to raise security operations to a higher standard and strengthen co-operation among other countries in fighting terrorist groups such as the IS and Al-Qaeda. But, Europe should do it cautiously, without compromising on its moral values and imperilling civil liberties.

◉ Way ahead for India?

- ▶ India - like Europe, a society divided and frightened by violence - Needs to learn some lessons from Belgium.
- ▶ First, fighting terrorism needs patient investments in intelligence and police capacity. Bilal Hadfi, one of the suicide-bombers who targeted Paris last year, was identified as a jihadist, but Belgium's under-resourced police lost track of him. Better Intelligence-Sharing Systems could have prevented the tragedy, but the right investments weren't

made in time. In India, Police modernisation funds, slashed 2 years ago, haven't been enhanced despite the growing threat, while the short-staffed intelligence services have been forced to cut training time for new recruits.

- ▶ There are larger questions, too, that India needs to be asking itself about the Islamic State threat. Fearing attacks on its massive diaspora in West Asia, and attacks within the country, India has stood apart from the global war against the Islamic State, but for how long? Also chaos in West Asia, which will threaten India's energy security and business interests. Thus, New Delhi must begin work on preparing for the challenges ahead.
- ▶ Prime Minister Modi's decision to attend the India-EU Summit, despite last week's terror attacks, sends a strong message that will resonate across the world.

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3.2 ARNVESH

◉ Context?

The Fast Patrol Vessel (FPV) of the Indian Coast Guard ICGS Arnavesh was commissioned at Visakhapatnam

◉ About Arnavesh?

- ▶ The 50-metre long, 300-tonne vessel is the 16th vessel among the 20 in this category built by Cochin Shipyard Limited.
- ▶ The FPV will primarily focus on surveillance at sea, coastal patrol, anti-smuggling operation, anti-piracy and search and rescue operations.
- ▶ CGS Arnavesh will enhance Coast Guard's capability in furthering its mandate of maritime safety, security on the eastern sea board.

3.3 DEFENCE PROCUREMENT POLICY 2016

◉ Context?

Defence Procurement Policy (DPP) 2016 was released.

◉ What is Defence Procurement Policy?

- ▶ The DPP is the governing manual for all defence procurement.
- ▶ It was a part of a set of military reforms undertaken to address the many deficiencies noticed during the 1999 Kargil war.
- ▶ Since the first one in 2002, the DPP has been revised periodically.

◉ What is DPP-2016?

It was released last week and It replaces the last DPP unveiled in 2013.

◉ What are its key features?

- ▶ The new policy places the highest preference to a newly incorporated procurement class called 'Buy Indian-IDDMM', with IDDMM denoting Indigenous Designed Developed and Manufactured. This category refers to procurement from an Indian vendor, products that are indigenously designed, developed and manufactured with a minimum of 40% local content, or products having 60% indigenous content if not designed and developed within the country.
- ▶ The policy has also liberalised the threshold for offset liabilities for foreign vendors - Now the obligation to invest at least 30 per cent of the contract value in India will kick in at Rs.2,000 crore, a significant increase from the previous Rs.300-crore mark.
- ▶ The policy lays stress on Micro, Small and Medium Enterprises (MSMEs), and on "Make in India". A 10% weightage has been introduced for superior technology, instead of selecting the lowest bidder only in financial terms.

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- ▶ DPP 2016, however, falls far short of the expectations raised by the "Make in India" push that aims to transform the country into a global manufacturing hub.
- ▶ The DPP is noticeable for the absence of Chapter VII, titled 'Strategic Partners and Partnerships'. Under Strategic Partnerships, select Indian private companies were to be given preferential status in major defence projects.
- ▶ The inability of the Centre to finalise a credible policy to radically increase indigenous military manufacturing is a sure sign that India will remain heavily dependent on defence imports.

◉ **Buy (Indian - IDDM):**

- ▶ This is where an Indian vendor either designs and manufactures the product in India (with at least 40% Indigenized components, including basic cost, spares and test equipment)
- ▶ Manufactures the product in India but is designed/developed abroad (but here, 60% Indigenized components, including basic cost, spares and test equipment)

◉ **Buy (Indian)**

This where an Indian vendor manufactures in India, but designed/developed abroad with only 40% Indigenized components. (If he's able to bump this up to 60% Indigenized, then he'll go up to the IDDM priority)

◉ **Buy and Make (Indian)**

This is where the initial procurement of equipment is in a fully formed state, from an Indian vendor which has a tie up with foreign OEM and starts manufacturing in India with 50% indigenous content and starts the transfer technology from foreign OEM in phased manner.

◉ **Buy and Make**

This category refers to initial procurement of equipment from foreign vendors, followed by domestic production and involving transfer of technology in a phased manner.

◉ **Buy (Global)**

Refers to outright purchase of equipment from foreign or Indian vendors.

- ▶ The policy has also liberalised the threshold for offset liabilities for foreign vendors - Now the obligation to invest at least 30% of the contract value in India will kick in at Rs. 2,000 crore, a significant increase from the previous Rs.300 crore mark.
- ▶ The policy lays stress on Micro, Small and Medium Enterprises (MSMEs), and on "Make in India". A 10% weightage has been introduced for superior technology, instead of selecting the lowest bidder only in financial terms.

◉ **Analysis**

▶ **What is its significance?**

- New changes will give top-priority to locally produced equipment and fund Indian private companies to do research and development. This will give a big impetus to indigenization through the 'Make in India' initiative.
- The policy is a step forward in increasing the participation of India's private sector in military manufacturing.
- The new policy will ensure the modernisation of defence forces remains unaffected least due to procedural intricacies.
- The scope has also been provided for smaller players to supply the Indigenous parts for the foreign vendors. The increase in offset to Rs. 2000 Cr. from previously Rs. 300 Cr. has been put in place because foreign players used to easily inflate contracts above the lower limit of Rs. 300 Cr. just so that they can

cover the investment (30% of the product deal) they need to do in Indian firms because of offset clause.

- The DPP has a new category called Indian Designed Developed and Manufacture (IDDM) and it has been given the highest priority. Technology development plays a vital role in defence sector but not much importance has been given till now, but with the new DPP in place design and development has been given the highest priority, pushing the private players to invest more into Research and Development.
- With 100% refund in delay of procurement from vendor by the government is definitely a pro defence industry step. The government will pay if they delay their procurement by more than 24 months, including R&D cost. With India being the world's largest importer of Arms the DPP 2016 takes the first step towards making the Indian defence system self-reliant and cutting down import.

○ Why this policy has been criticised by some?

- ▶ Defence Procurement Procedure (DPP) 2016, however, falls far short of the expectations raised by the "Make in India" push that aims to transform the country into a global manufacturing hub.
- ▶ If the ambition is to truly make Make in India a reality in the defence sector, then the DPP falls significantly short of expectations. Many private sector participants have been flagging a host of issues, and inbuilt biases against indigenisation. **There are two key impediments to India's private sector becoming active participants in defence R&D and production.**
 - i) The monopoly enjoyed by defence public sector units.
 - ii) The favours that foreign suppliers enjoy. DPP 2016 fails to address both of these issues.
- ▶ The DPP is noticeable for the absence of Chapter VII, titled 'Strategic Partners and Partnerships', would be notified separately. Under Strategic Partnerships, select Indian private companies were to be given preferential status in major defence projects.
- ▶ Since the offset policy required 30% of the contract value to be ploughed back into the indigenous industry, this will not only reduce foreign investments into Indian firms but also reduce business opportunities for a large number of Indian firms, particularly MSMEs.

○ Conclusion

- ▶ Though the new DPP is revolutionary compared to its predecessors but still the defence industry in India faces problems.
- ▶ The first one being the monopoly in defence technology maintained by government backed defence PSU's and the second being the partiality towards the foreign vendors. Majority of the technology is controlled by PSU's and domestic private players are just meagre assemblers or supplier of small parts. For domestic private players to come in the forefront is still a long way away. Both these problems need to be solved in future so that DPP 2016 can achieve its objective of indigenization of defence.

○ Additional Information/Key Terms

○ What is Defence Offset Policy?

Defence Offset Policy states that if the government is signing a contract/deal with a foreign vendor of worth more than Rs. 2000 Cr, then the foreign vendor needs to invest/spend 30% of the deal value into the domestic firms. For example a foreign vendor signs a contract of Rs. 1000 Cr. with the government, then the foreign vendor needs to

spend Rs. 300 Cr. (30%) in domestic firms for co production of the equipment or else the foreign vendor can invest Rs. 300 Cr. (30%) in the domestic firms and promote technology transfer, exports and marketing assistance etc. The various categories of the firms which are eligible for the foreign investment/spending will be listed out by the Defence Ministry. This offset policy is generally used to promote the domestic firms with the manufacturing process and technology to assist in future production of defence equipment.

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3.5 RELIANCE DEFENCE SIGNS JOINT VENTURE WITH ISRAEL'S RAFAEL FOR AIR-TO-AIR MISSILES

o Context?

- ▶ Anil Ambani-led Reliance Defence Ltd, and Rafael Advanced Defence Systems Ltd. of Israel have decided to set up a joint venture company in India in the highly specialized areas of air-to-air missiles, air defence systems and large aerostats, that will oversee projects worth USD 10 billion (over Rs. 65,000 crore) in 10 years.
- ▶ The venture will have 51% holding from Reliance Defence and 49% by Rafael as per the current guidelines of the government.

o Significance?

- ▶ The joint venture will give a big thrust into the field of indigenous production and development of high precision and state-of-the-art weapon systems in India.
- ▶ The new venture will be located at Dhirubhai Ambani Land Systems Park at Indore in Madhya Pradesh and will generate more than 3,000 highly-skilled jobs.

4

ECONOMY

4.1 GOVERNMENT PERMITS 100% FOREIGN DIRECT INVESTMENT IN E-COMMERCE

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o Context?

- ▶ Government has permitted 100% Foreign Direct Investment (FDI) under the automatic route for retail trading, in the marketplace model of e-commerce.
- ▶ At present, 100% FDI is permitted in Business-to-Business transactions under the automatic route.

o Detail of the rules?

- ▶ Government permitted 100% Foreign Direct Investment (FDI) under the automatic route for retail trading, in the marketplace model of e-commerce. (Marketplace model of e-commerce has been defined as providing an 'information technology platform by an e-commerce entity on a digital and electronic network to act as a facilitator between buyer and seller').
- ▶ However, FDI is not permitted in the inventory-based model of e-commerce.
- ▶ An e-commerce firm will not be permitted to sell more than 25% of total sales from one vendor or its group companies.
- ▶ An e-commerce entity will not own the inventory that is being sold on the platform.

o Significance of the notification?

- ▶ The notification, which is expected to redefine a section of the online retail industry in the country
- ▶ This is a clear indication that, the government identifies marketplaces as an electronic intermediary, operating a technology platform to facilitate sales and transactions between independent third-party sellers and buyers.
- ▶ Nasscom added that it is extremely glad to see the reiteration of FDI policy 'as is' on the services sector, and also on sale of services through e-commerce. Add-on services like order fulfillment services that are offered to independent third-party sellers on the platform can also be offered such entities. This will also help in ending certain misinterpretations and confusions occurring in the domain.
- ▶ It is also heartening to note that the government has clarified that the responsibility for products sold will rest solely on the seller, thereby clarifying the intermediary status of such marketplaces.

o Criticism of the notification?

- ▶ A regulation which, at first sight, makes it easy for foreigners to invest in Indian e-commerce, may even have ended up reassuring the competition, the brick and mortar retailers. This is because far from attracting FDI in the sector, the new rules contain riders likely to deter the existing players and also the new ones. The new regime will increase bureaucratic discretion, which will force firms to become more creative in bypassing regulations and open the door to rent-seeking.
- ▶ To begin with, the policy makes a distinction between inventory-based e-commerce (where no FDI is allowed) and marketplace-based e-commerce (where 100 per cent FDI has been allowed). This is an artificial distinction driven by a flawed notion - of bringing about parity between rules governing physical retail and e-retail. Instead of simplifying the complex labyrinth governing physical retail, the government has chosen to further complicate e-retail.
- ▶ Second, the new rules place an upper limit of 25% as the maximum sales that an e-commerce entity can source from any one of its vendors. But why should the government decide how products are sourced? And why 25%? This provision is likely to trigger a cat-and-mouse game where firms create newer entities to avoid being caught.

- ▶ But, perhaps nothing is as befuddling as the rule that states e-retailers "will not directly or indirectly influence the sale price of goods and services and maintain a level playing field". Pricing freedom is central to the functioning of a market. There are also practical difficulties in enforcing this. For instance, how does one gauge the price of a smartphone that has just been superseded by a newer version? Are retailers expected to run to bureaucrats in the department of industrial policy and promotion on a daily basis, or will a government committee work out a formula?

◉ Way ahead?

- ▶ The e-commerce market has seen exponential growth and is expected to touch \$69 billion by 2020. It is an industry that has the potential to create jobs and spur economic growth. But a ham-handed policy framework is not the way forward.
- ▶ The Narendra Modi government, which makes claims on improving the ease of doing business, should dissolve the distinction between physical- and e-retail and simplify norms that allow businesses to flourish, creating jobs as well as providing a richer array of goods and services to consumers at the lowest price.

4.2 GOVERNMENT EASES CABOTAGE NORMS

◉ Context?

- ▶ The Union government announced that it has eased cabotage rules in a bid to encourage transshipment of goods at Indian ports.
- ▶ The Government has relaxed cabotage restrictions for ports which tranship at least 50% of the container handled by them.

◉ What is cabotage?

- ▶ Cabotage refers to transportation of goods or passengers between two places, usually along the coast.

◉ What is transshipment?

Transshipment is the movement of goods when a container arrives at an intermediate point and re-loaded into another ship to be taken to some destination domestically or abroad.

◉ Significance of this step?

- ▶ The cabotage relaxation will enable shipping lines to consolidate Indian EXIM and empty containers at transshipment ports in India for onward transportation to destination ports by main shipping lines," according to a statement by Shipping Ministry.
- ▶ The Rule change will also allow foreign vessels to bring goods at any of the Indian ports meant to be shipped to other destinations. At present, foreign vessels are restricted from transporting containers between domestic gateway ports.

◉ Criticism of the New Norms

- ▶ Many experts believe that the conditions imposed on availing Cabotage relaxations are so stringent and unrealistic that none of the existing ports/terminals/new ports will be in a position to meet them.
- ▶ On the 100% radiological scanning of containers passing through ports, experts point out that none of the global transshipment hubs undertake such activity. Internationally scanning is always done on a sampling basis and based on intelligence inputs. It is not feasible without severely compromising transshipment operations, congesting the terminals and making ports infeasible.

◉ Conclusion

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- ▶ Even though the Relaxation of Cabotage norms is Welcoming step However, terminals cannot expect that foreign going vessels will immediately start using the relaxation on a large scale. Many factors like container volumes, draft restrictions, facilities available at the Indian transshipment hubs vis-à-vis those at nearby foreign transshipment hubs, regulatory issues etc. will determine the deployment of foreign going vessels for moving transshipment containers across the Indian coast.
- ▶ There is need for allowing sufficient time for the success of the Cabotage relaxation policy. There should be no stipulation on the quantum of transshipment to be handled by a port in the first 5 years.

4.3. MARGINAL COST OF FUNDS BASED LENDING RATE (MCLR)

◦ **Context?**

From April 1, 2016, banks will move to the Marginal Cost of Funds Based Lending Rate (MCLR), a system which will be closely based on market rates, allowing quicker transmission of the monetary policy.

◦ **About MCLR?**

- ▶ Marginal Cost of Funds based Lending Rate (MCLR) will be the internal benchmark lending rates. Based upon this MCLR, interest rate for different types of customers should be fixed in accordance with their riskiness.
- ▶ The MCLR should be revised monthly by considering some new factors including the Repo rate and other borrowing rates. Specifically the Repo rate and other borrowing rate that were not explicitly considered under the base rate system.
- ▶ As per the new guidelines, banks have to set 5 benchmark rates for different tenure or time periods ranging from overnight (one day) rates to one year.
- ▶ The new methodology uses the marginal cost or latest cost conditions reflected in the interest rate given by the banks for obtaining funds (from deposits and while borrowing from Reserve Bank of India) while setting their lending rate. This means that the interest rate given by a bank for deposits and the Repo rate (for obtaining funds from the RBI) are the decisive factors in the calculation of MCLR.

◦ **How to calculate MCLR?**

- ▶ The concept of marginal is important to understand MCLR. In economics sense, marginal means the additional or changed situation.
- ▶ While calculating the lending rate, banks have to consider the changed cost conditions or the marginal cost conditions. For banks, what are the costs for obtaining funds? It is basically the interest rate given to the depositors (often referred as cost for the funds). The MCLR norm describes different components of marginal costs. A novel factor is the inclusion of interest rate given to the RBI for getting short term funds - the Repo rate in the calculation of lending rate.

◦ **What are the main components of MCLR?**

Marginal cost of funds	The marginal cost that is the novel element of the MCLR. The marginal cost of funds will comprise of Marginal cost of borrowings and return on network. According to the Reserve Bank of India, the Marginal Cost should be charged on the basis of following factors: <ul style="list-style-type: none"> • Interest rate given for various types of deposits- savings, current, term deposit, foreign currency deposit • Borrowings – Short term interest rate or the Repo rate etc., Long term rupee borrowing rate • Return on network – in accordance with capital adequacy norms.
Negative carry on account of Cash Reserve Ratio (CRR)	It is the cost that the banks have to incur while keeping reserves with the RBI. The RBI is not giving an interest for CRR held by the banks. The cost of such funds kept idle can be charged from loans given to the people.
Operating Costs	It is the operating expenses incurred by the banks
Tenor Premium	It denotes that higher interest can be charged from long term loans

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○ How MCLR is different from base rate?

- ▶ **The base rate or the standard lending rate by a bank is calculated on the basis of the following factors:**
 - Cost for the funds (interest rate given for deposits),
 - Operating expenses,
 - Minimum Rate of Return (profit),
 - Cost for the CRR (for the 4% CRR, the Reserve Bank of India is not giving any interest to the banks)
- ▶ **On the other hand, the MCLR is comprised of the following are the main components.**
 - Marginal cost of funds;
 - Negative carry on account of Cash Reserve Ratio (CRR);
 - Operating costs;
 - Tenor premium
- ▶ It is very clear that the CRR costs and operating expenses are the common factors for both base rate and the MCLR. The factor minimum rate of return is explicitly excluded under MCLR.
- ▶ The most important difference is the careful calculation of Marginal costs under MCLR. On the other hand under base rate, the cost is calculated on an average basis by simply averaging the interest rate incurred for deposits. The requirement that MCLR should be revised monthly makes the MCLR very dynamic compared to the base rate.

○ Why the MCLR reform?

- ▶ At present, the banks are slightly slow to change their interest rate in accordance with Repo rate change by the RBI. Commercial banks are significantly depending upon the Reserve Bank of India's Liquidity Adjustment Facility (LAF) repo to get short term funds. But they are reluctant to change their individual lending rates and deposit rates with periodic changes in repo rate.
- ▶ Whenever the Reserve Bank of India is changing the Repo rate, it was verbally compelling banks to make changes in their lending rate. The purpose of changing the repo is realized only if the banks are changing their individual lending and deposit rates.

○ Implication on monetary policy?

- ▶ Now, the novel element of the MCLR system is that it facilitates the so called monetary transmission. It is mandatory for banks to consider the Repo rate while calculating their MCLR.
- ▶ The Reserve Bank of India calls the effective passing of Repo rate change into interest rate change by the banking system as an important part of monetary transmission. Monetary transmission in complete sense is the way in which a monetary policy signal (like a repo rate cut) is passed into the economy in producing the set objectives.
- ▶ Take the case of a repo rate reduction by the Reserve Bank of India. It is aimed to reduce overall interest rate in the economy and thus promoting loans for consumption and investment. This consumption and investment boost will be realized only if banks are cutting interest rate in response to the reduced repo rate.
- ▶ Previously under the base rate system, banks were changing the base rate, only occasionally. They waited for long time or waited for large repo cuts to bring corresponding reduction in their base rate. Now with MCLR, banks are obliged to readjust interest rate monthly. This means that such quick revision will encourage them to consider the repo rate changes. A Model Career Centre (MCC) has been set up by the Gujarat government.

4.4 PRADHAN MANTRI UJJWALA YOJANA SCHEME

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◉ Context?

Within a fortnight of the recently announced Union Budget, the Cabinet Committee on Economic Affairs approved the Pradhan Mantri Ujjwala Yojana, earmarking Rs. 8,000 crore for it.

◉ What is the aim of the scheme?

Providing 5 crore subsidised Liquefied Petroleum Gas (LPG) connections to women of poor households (Below Poverty Line) in the next 3 years.

◉ Why is this scheme so remarkable?

- ▶ First, it has brought focus to the important developmental issue of enabling clean cooking energy. This is because indoor air pollution, caused by smoke from the traditional chulha stove leads to 1.3 million premature deaths in the country every year.
- ▶ Second, the scheme improves the quality of life of poor women whose health interests are usually neglected in household priorities.
- ▶ According to survey by Council on Energy, Environment and Water (CEEW) around 95% of LPG-deprived households cite their inability to pay as a barrier to their adopting LPG. Thus, the scheme is well-targeted to address the crucial impediment of a high upfront cost.

◉ Challenges to scheme?

- ▶ High monthly expenditure incurred.
- ▶ Limited LPG distribution networks in rural areas also need simultaneous attention to cover 5 crore households in the next 3 years.
- ▶ Awareness and administrative issues - About 40% of LPG-deprived households in rural areas cite a lack of information about the process of getting a connection as a challenge. For households in urban slums, the absence of residential proof or a lack of interest by urban dealers to serve them also pose a barrier.

◉ What should be done?

- ▶ First, creating awareness about the actual cost of fuel and its benefits, especially those related to health, over status quo. The scheme should be accompanied by a focussed public relations campaign, similar to the national tuberculosis or Swachh Bharat campaigns, to build awareness and create a "demand pull", not only for clean cooking but also for good service.
- ▶ Secondly to tackle the issue of cash flow, especially for the strata of population who find it difficult to pay for the aggregated cost of refilling a large cylinder. Introducing smaller LPG cylinders (2 to 5 kg) could be a solution.
- ▶ Third, leveraging Mobile Money for LPG payments.
- ▶ Fourthly For deepening reach - Innovation is required in distributing LPG in the rural areas, beyond the traditional realm of a dealership model. Leveraging rural supply chains, only for the delivery of the regulated commodity, could be one such approach. Ensuring reliable, sustained, last-mile supply would require multiple steps. It requires a large extension of distribution networks, especially in rural areas, since each rural distribution agency typically caters to fewer customers than urban agencies. Reports that many Jan-Dhan accounts have zero balance raise concerns about whether subsidy transfer to such accounts will work effectively; so, implementation of Direct Benefit Transfer schemes must be made more robust.
- ▶ Fifthly Effective monitoring and grievance redressal systems are equally important to ensure that problems in the scheme are highlighted and addressed early.
- ▶ Opening exclusive dealerships for smaller cylinders (2 and 5 kg), with specific provisions to serve urban poor areas, could help overcome some of these challenges.

4.5 INDIA, CHINA LED INVESTMENTS IN RENEWABLE ENERGY IN 2015: UN

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o Context?

The report 'Global Trends in Renewable Energy Investment 2016' by the UN Environment Programme was released.

o What has the report said?

- ▶ The report said that the developing world including China, India and Brazil committed a total of USD 156 billion in new renewables capacity last year, up 19% on 2014.
- ▶ The year 2015 was the first time when investment in renewables in developing countries outweighed that in developed economies.
- ▶ A large part of the record-breaking investment in developing countries took place in China.
- ▶ India was also among the top 10 investing countries in renewable energy, with its commitments rising 22% to USD 10.2 billion.
- ▶ The investment (in India) took place against a backdrop of pro-renewable policies introduced by India's BJP government. These include a target to almost- triple wind capacity to 60 GW by 2022.

4.6 RESERVE BANK OF INDIA GOVERNOR'S VIEW ON GLOBAL ECONOMY

o Context?

Reserve Bank of India Governor Raghuram Rajan has reiterated the deepening challenges facing the global economy.

o Why is he so concerned?

- ▶ According to an Article published in late March, 2016, "world is facing an increasingly dangerous situation".
- ▶ That's because while all economies, both advanced and emerging, are straining to grow faster, few are succeeding.
- ▶ As repeated attempts to kick-start the growth cycle have yielded less than the desired results, countries have resorted to "beggar thy neighbour" policies, which have proved detrimental for all economies.
- ▶ As a course correction he has argued for a new international agreement, along the lines of the Bretton Woods conference in 1944 that yielded the International Monetary Fund and the International Bank for Reconstruction and Development.
- ▶ Governor has called for a new set of rules for assessing policies that are acceptable (green), those that are acceptable in the short term (orange) and those that are not acceptable at all (red).

o Should we listen to him?

- ▶ The larger point he makes is about the breakdown of the basic rules that should be followed by central banks, especially "internationally influential central banks".
- ▶ In the wake of the 2008 financial crisis, global demand has slumped and countries have been left with a massive debt overhang that inhibits a quick recovery.
- ▶ When even bringing down interest rates to 0% did not stimulate the economy adequately, central banks went for unconventional tools, such as Quantitative Easing (QE). In essence, QE is the creation of new money. But such unconventional methods

have led to the depreciation of the domestic currency and the creation of asset bubbles across the world. Other central banks have retaliated by allowing their currency to devalue in a bid to corner global exports. But this string of competitive devaluations has arguably brought down the overall level of global employment.

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◉ What should be done?

- ▶ Rajan's call for a new set of rules must be deliberated upon. However, India cannot afford to wait for changes in the global order.
- ▶ The bottomline here is the need to focus on structural reforms, which lie in the domain of fiscal policy.
- ▶ India should shore up reforms that "increase competition, foster innovation, and drive institutional change".

4.7 RATE CUT IN SMALL SAVINGS SCHEMES

◉ Context?

- ▶ Union Government has slashed interest rates on several small-saving schemes, including the Public Provident Fund and Kisan Vikas Patra.
- ▶ The government has also decided to reset these rates every quarter.
- ▶ Many targeted schemes such as the Sukanya Samridhi Yojana and the Senior Citizens' Savings Scheme and the hugely popular Public Provident Fund (PPF) have seen modest cuts of 60-70 basis points the interest rates on some other instruments have been cut by 100-130 basis points (100 basis points = 1%).

◉ Why has the government done so?

- ▶ The objective is to align these rates with market rates.
- ▶ The rate cuts on savings schemes represent a necessary course correction to right the distortions in the system. It will also inevitably usher in a competitive cost structure in the economy for the greater public good.
- ▶ Though the Reserve Bank of India had slashed its key policy rate by 125 basis points in 2015, banks had been extraordinarily reluctant to pass on the full benefits to borrowers. The deposit mobilisation efforts of the banks have faced unequal competition from small savings schemes, which offer artificially fixed, higher interest rates. That makes it difficult for banks to transmit fully the benefits of rate cuts made by the RBI.

◉ Likely Positive Impact of the decision

- ▶ Now that small savings rates have been cut, banks may also cut deposit rates as the high rates of small savings schemes were the reason why banks were not able to cut deposit and lending rates.
- ▶ Bank deposit growth rate came down in the recent past. Now it may revive due to the cut in small saving rates.
- ▶ If deposits rates come down, banks will be able to cut their lending rates as well which could give boost to flattening investment and ultimately have a positive impact on economy.
- ▶ It will also help in improving the transmission of monetary policy.
- ▶ It would provide room for the RBI to further cut the policy rates including Repo rate.

◉ Likely Negative Impact

- ▶ The impact will be distinctly different for senior citizens and retirees who depend on income from their investments. Senior citizens will be badly hit, While their income will come down due to lower interest rates, there won't be any let up in their expenses.

- ▶ Already saving rate in India is falling, the fall in deposit rates and small saving scheme interest rate could further disincetivize the savers to channelize their savings into Financial sector which could mean further fall in our saving rates.

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◉ **Why the criticism of the decision is unwarranted?**

- ▶ There is a concept in economics called “Money illusion” according to this concept most people routinely fail to consider the effects of inflation in their finance decision making. The people who are criticizing the decision are suffering from Money illusion.
- ▶ Let us explain how if we consider the Senior Citizens Savings Scheme. The interest rate on offer on the scheme was 9.3%. The rate of inflation that prevailed between 2008 and 2013 was 10% or more. Hence, the real rate of return on the scheme was negative. This was the case with other small savings schemes as well as bank fixed deposits.
- ▶ But back then no one complained about the interest rate being low, even though almost everyone who invested in Public Provident Fund (PPF) and other small savings, was losing money. The purchasing power of their investment was coming down.
- ▶ The situation is totally different now. Inflation as measured by the consumer price index stood at 5.2% in February 2016. Given this, the real rate of return is now in positive territory.
- ▶ Hence, the situation is substantially better than it was in the past. Investors are actually making a real rate of return on their investments. Given these reasons, the government was right in cutting the interest rates on offer on PPF and other small savings schemes. Also, it is important to understand that the high rates of interest on offer on these schemes has been preventing the banks from cutting their deposit as well as lending rates at the speed at which the Reserve Bank of India wants them to.

4.8 RURAL HOUSING UNDER 'HOUSING FOR ALL

◉ **Context?**

The Union Cabinet approved the construction of 2.95 crore houses in rural areas under 'Housing for All' scheme.

◉ **How will it be done?**

- ▶ Under this, financial assistance of up to Rs.1.30 lakh will be provided for construction of pucca houses to homeless families.
- ▶ The target will be achieved by 2022 -the 75th year of India's Independence
- ▶ The identification and prioritisation of beneficiaries will be done using information from Socio Economic and Caste Census (SECC).
- ▶ The scheme envisages setting up a National Technical Support Agency at the national level to provide support in achieving the target set under the project.
- ▶ The beneficiary will be entitled to 90 days of unskilled labour from MGNREGA.
- ▶ The cost of unit assistance to be shared between Central and State Governments in the ratio 60:40 in plain areas and 90:10 for North Eastern and hilly states. The scheme would be implemented in rural areas throughout India except Delhi and Chandigarh.

◉ **Significant features of the scheme:**

- ▶ In this Scheme Gram Sabhas will have a role in the final say on beneficiaries as the list identified through the SECC will be presented to them to find out beneficiaries who have been assisted before or have become ineligible due to other reasons.

- ▶ Funds will be transferred electronically directly to the account of the beneficiary while the inspection and uploading of geo-referenced photographs will be done through a mobile app. Beneficiary will also be able to track the progress of his payments through the app.

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4.9 CBDT COMMITTEE REPORT ON TAXATION OF E-COMMERCE

◦ Context?

The Central Board of Direct Taxes (CBDT) has released the Committee of Taxation of E-commerce report titled "The Proposal for Equalisation Levy on Specified Transaction".

◦ Details of the report?

- ▶ It recommends restricting the rate of equalisation levy at 6% at the time of its introduction, and evaluate a rate hike in later years. It calls for the equalisation levy at a rate between 6% and 8% of the gross payment made for specified services.
- ▶ The report recommends levy on specified digital services and facilities including online marketing and advertisements, cloud computing, website designing hosting and maintenance, digital space, digital platforms for sale of goods and services and online use or download of software and applications.
- ▶ To limit its impact, the committee notes the only payments exceeding Rs. 1 lakh made "by a person resident in India or a permanent establishment of a non-resident person to a non-resident enterprise" be covered under the levy. Such a threshold (Rs 1 lakh) will keep almost all B2C (Business-to-Consumer) transactions, as well as a very large number of B2B (Business-to-Business) transactions outside the scope of the equalisation levy, thereby limiting its impact.
- ▶ The levy would help in reducing the tendency of "multinational enterprise" to avoid taxes completely in the source jurisdiction and provide a level playing field for domestic players in the ecommerce space.

◦ Way ahead?

- ▶ Release of the e-commerce taxation committee report is timely and has aptly put to rest the unwarranted debate.
- ▶ The implementation of equalisation levy would be very crucial.
- ▶ It is therefore imperative that the government not only lays down clear guidelines around the transaction covered under the levy but equally, the manner of determination as to whether EQL (Equalisation Levy) or income tax will apply on a transaction. Else the transaction could lead to double taxation - EQL as well as income tax.

◦ Status of e-commerce in india?

- ▶ According to Google India, there were 35 million online shoppers in India in first quarter 2014, which is expected to cross the 100-million mark by end of the 2016.
- ▶ As per the government data, India's e-commerce market was worth about \$3.8 billion in 2009 and grew more than three times to \$12.6 billion in 2011.

4.10 VODAFONE MOVES ICJ OVER TAX ARBITRATION WITH INDIA

◦ Context?

British Telecom Giant Vodafone is believed to have moved the Hague-based International Court of Justice (ICJ) seeking appointment of a judge to preside over an arbitration over its Rs.14,200-crore tax case.

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- ▶ Vodafone this month moved ICJ after arbitrators appointed by it and the government of India failed to reach a consensus on selection of a neutral/presiding judge of the three-member panel.

◉ **Timeline of the dispute?**

- ▶ The government had initially slapped a tax demand of Rs.7,990 crore on Vodafone for failing to deduct tax on capital gains made over its \$11-billion acquisition of 67% stake in the mobile phone business owned by Hutchison Whampoa in 2007.
- ▶ Vodafone in 2013 had invoked India-Netherlands bilateral investment treaty seeking resolution to the tax demand imposed on it by enacting a tax law with retrospective effect to sidestep a Supreme Court judgement that went in the company's favour.
- ▶ Conciliatory proceedings were initiated to resolve the dispute but differences led to a breakdown following which arbitration was initiated.
- ▶ Last month the IT department sent a reminder notice to Vodafone seeking Rs.14,200 crore in tax and interest.

◉ **Is it the first case?**

Cairn Energy of UK, which faces a total tax liability of over Rs 29,000 crore owing to the same retrospective legislation, had resorted to ICJ to force the government to join the arbitration.

◉ **What is ICJ?**

- ▶ The International Court of Justice (ICJ) is the principal judicial organ of the United Nations (UN). It was established in June 1945 by the Charter of the United Nations and began work in April 1946.
- ▶ The seat of the Court is at the Peace Palace in The Hague (Netherlands). Of the 6 principal organs of the United Nations, it is the only one not located in New York (United States of America).
- ▶ The Court's role is to settle, in accordance with international law, legal disputes submitted to it by States and to give advisory opinions on legal questions referred to it by authorized United Nations organs and specialized agencies.
- ▶ The Court is composed of 15 judges, who are elected for terms of office of 9 years by the United Nations General Assembly and the Security Council. It is assisted by a Registry, its administrative organ. Its official languages are English and French.

5

SCIENCE

5.1 ABEL PRIZE

Context?

Andrew Wiles, British Mathematician, has won the 2016 Abel prize for his "stunning proof of Fermat's last theorem by way of the modularity conjecture for semistable elliptic curves.

About the prize?

- ▶ It is an International award given for outstanding scientific work in the field of Mathematics, including mathematical aspects of computer science, mathematical physics, probability, numerical analysis, scientific computing, statistics and also mathematical applications in the sciences.
- ▶ Awarded by the Norwegian Academy of Science and Letters,

What is Fermat's last theorem?

It is the statement that the equation $x^{n+1} + y^{n+1} = z^{n+1}$, where x , y and z are positive whole numbers, has no solution for n larger than 2.

5.2 PLANET HD 20782

Context?

Scientists have discovered an extrasolar planet named HD 20782

About it?

- ▶ It has eccentric orbit
- ▶ While the planets in the solar system have nearly circular orbits, astronomers have discovered several extrasolar planets with highly elliptical, or eccentric, orbits.
- ▶ This means that the planet moves in a nearly flattened ellipse, travelling a long path far from its star and then making a fast and furious slingshot around the star at its closest approach.

5.3 ICANN

Context?

It has been decided that, Internet Corporation for Assigned Names and Numbers (ICANN) is slated to become independent.

What is ICANN?

It is a non-profit body founded in 1988 that administrates domain names and Internet Protocol Addresses (IPs) globally.

What it does?

To reach another person on the Internet, a user has to type an address into his or her computer - Either a name or a number. That address has to be unique, so computers know where to find each other. ICANN coordinates these unique identifiers across the world. Without that coordination, having one global, connected Internet would not be possible.

Why is it in news?

Internet Corporation for Assigned Names and Numbers (ICANN) is slated to become independent from the US Department of Commerce, after a two-decade long slugfest for decentralisation of its control. The ICANN will now be governed by a "multi-

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stakeholder" model, including businesses, individual users and members of governments across the world.

◉ **User impact?**

While work is in progress to set rules on who should manage the Internet post, the transition is unlikely to affect how users interact online. It will, however, shift the technical supervision of the online address system to ICANN itself, with a system that ensures no single entity can exert control over the Internet.

◉ **India's position?**

While ICANN will now be governed by a "multi-stakeholder" model, including businesses, individual users, India's push for a multi-stakeholder model envisages a pivotal role for governments as the custodian of cyberspace in the wake of security threats from terror groups. India has described the role of the government as "an important stakeholder" and "a custodian of security" for the global Internet infrastructure. India's proposal, as enunciated in Marrakesh, is that the Internet should be managed through the multi-stakeholder approach, and that governments should have "supreme right and control" on matters relating to international security. India in its submission has said that under the new transition, the body managing the Internet should have "accountability towards governments" in areas where "governments have primary responsibility, such as security and similar public policy concerns".

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5.4 KAKRAPAR LEAK

◉ **Context?**

India's Atomic Energy Regulatory Body (AERB) has classified Nuclear Reactor leak at the Kakrapar Atomic Power Station (KAPS) as Level-1, or the lowest in a 7 rung classification scheme internationally used to rate the severity of nuclear mishaps.

◉ **What is International Nuclear and Radiological Event (INES) scale**

- ▶ Akin to the Richter scale, used to quantify the severity of an earthquake, the International Nuclear and Radiological Event (INES) scale, developed by the International Atomic Energy Authority, rates a Level 1 as only akin to 'an anomaly in the plant.'
- ▶ Levels 1-3 are termed 'incidents' and 4-7 as 'accident.' By comparison, the nuclear accidents in Fukushima, Japan, in 2011 and Chernobyl, Russia, in 1986 were Level 7 incidents, according to the Atomic Energy Regulatory Board (AERB) update.

◉ **A serious concern?**

- ▶ In March 2016, one of the two 220 MWe units at the Kakrapar Atomic Power Station (KAPS) in Gujarat had to be shut down after leakage of heavy water from its coolant system.
- ▶ But this is not a one off event as the snag in Gujarat's Kakrapar Atomic Power Station is the 4th such occurrence in the last few years. It was preceded by one at Kudankulam Nuclear Power Plant and two at Rajasthan Atomic Power Station.
- ▶ This puts a big question mark on present nuclear safety architecture on which CAG submitted its report in 2012.

◉ **View of CAG on the Nuclear Safety Architecture?**

- ▶ The Comptroller and Auditor General of India (CAG) released a Performance Audit on the Activities of Atomic Energy Regulatory Board (AERB) on August 23, 2012.
- ▶ **Its key findings are -**
 - AERB does not have the authority to frame or revise rules on nuclear and radiation safety.

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- The maximum fines were too low to serve as deterrents against offences related to nuclear and radiation facilities. AERB cannot decide the quantum of penalties and has no powers to impose the same.
 - AERB did not follow a mandate in its Constitution Order 1983 to prepare a nuclear and radiation safety policy.
 - AERB had no direct role in conducting assessments and monitoring to ensure radiological protection of workers.
 - A weak consenting process and system for monitoring and renewal in respect of radiation facilities led to a substantial number of facilities operating without valid licenses. Around 91% of medical X-ray facilities in the country were out of the regulatory control of AERB.
 - AERB did not have a detailed inventory of radiation sources to ensure compliance of regulations for safe disposal of disused sources.
 - AERB did not involve itself directly with on-site emergency preparedness plans. Off-site emergency exercises highlighted inadequate emergency preparedness.
- ▶ **According to CAG, following should be done to address the issue -**
- Government should ensure that the nuclear regulator is independent and empowered by creating it through law.
 - The maximum amount of fines that can be levied as per the Atomic Energy Act may be reviewed. AERB may be empowered to take recourse to a range of remedies, including penalties proportionate to severity of violations.
 - All radiation facilities in the country under the regulatory control of the AERB.
 - AERB should maintain an inventory and ensure safe disposal.
 - AERB should be involved in on-site emergency preparedness.

5.5 PROJECT LOON

○ Context?

Center has asked Google India to submit a revised proposal with a new frequency band for deploying its Project Loon in India.

○ What is Project Loon?

- ▶ Google defines Project Loon as a "network of balloons travelling on the edge of space, designed to connect people in rural and remote areas, help fill coverage gaps, and bring people back online after disasters".
- ▶ Project Loon balloons will travel in the stratosphere, approximately 20 km above the Earth's surface, latching on to layers of wind as directed by software algorithms to determine where they need to go.
- ▶ In the end, they will form one large communications network. Each balloon can provide connectivity to a ground area about 40 km in diameter using wireless communication Long Term Evolution (LTE) or 4G.
- ▶ Project Loon partners with telecom companies to share cellular spectrum.
- ▶ It has already tested this technology in New Zealand, California and Brazil. To use LTE or 4G, Project Loon partners with telecom companies to share cellular spectrum so that people will be able to access the Internet everywhere directly from their phones and other LTE-enabled devices.
- ▶ Google uses solar panel and wind to power electronic equipment in the balloon throughout the day.

5.6 PROJECT WHITE SPACES

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◉ Context?

Education & Research in Computer Networking (ERNET) India, an autonomous organisation under Department of Information Technology (DeitY), had already wrapped up the pilot testing to determine whether projects based on the so called 'TV White Space Technology' is appropriate for establishing Internet connectivity in Gram Panchayat schools in remote areas.

◉ What is Microsoft's Project White Spaces?

- ▶ It is one such project that aims to tap into the unused frequencies allocated to broadcasting services, but that are left unused in particular regions of the country.
- ▶ Microsoft through its White Spaces project proposes to utilise the unused spectrum from television for internet connectivity.
- ▶ The Srikakulam district in Andhra Pradesh has the pilot project in place for the White Spaces project.
- ▶ The US software company, is seeking free unlicensed spectrum for which the telecom companies have been eager to know the policy stand of the government.
- ▶ These spectrum chunks are left open as buffering gaps between the high-powered transmissions carrying broadcast TV to avoid interference. Devices such as mobile phones and tablets could use the free spectrum by knowing which frequencies are available, at what power levels, and at which times of the day in a particular location.

5.7 IDEONELLA SAKAIENSIS (PLASTIC DEGRADING BACTERIA)

◉ Context?

A team of Japanese scientists has found a species of bacteria that eats the type of plastic found in most disposable water bottles.

◉ Ideonella sakaiensis?

- ▶ It is a bacterium from the genus Ideonella and family Comamonadaceae capable of breaking down PET plastic which was isolated from outside a plastic bottle recycling facility.
- ▶ Ideonella sakaiensis was identified 2016 by a team of researchers from Kyoto Institute of Technology and Keio University, after collecting samples of PET debris in a search for bacteria which relied on the plastic for carbon growth.

◉ Impact?

- ▶ The discovery of Ideonella sakaiensis has potential importance for the recycling process of PET plastics.
- ▶ Prior to its discovery, the only known consumers of PET were a small number of fungi including, Pestalotiopsis microspora, and knowledge of the new species has spurred discussion about biodegradation as a method of recycling. The bacterium can currently break down a thin film of PET in a little over 6 weeks, so it is thought that any prospective applications in mass recycling programs will have to be preceded by enhancement of its abilities through genetic modification.

◉ What is PET?

Polyethylene terephthalate is the most common thermoplastic polymer resin of the polyester family and is used in fibers for clothing, containers for liquids and foods, thermoforming for manufacturing, and in combination with glass fiber for engineering resins stock market debut and ongoing losses, even as its revenue grows.

6

ENVIRONMENT

6.1 E-WASTE (MANAGEMENT) RULES 2016

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◉ Context?

Finalisation of E-waste (Management) Rules 2016 by Environment Ministry.

◉ Problems facing the E-waste Management System in India?

- ▶ India generates about 8 lakh tonnes of e-waste annually, while 151 registered recycling facilities can handle only half of that quantum.
- ▶ There are no systematic studies on India's waste generation, a problem that is probably much bigger than commonly believed.
- ▶ Producers and consumers of electronic goods have a responsibility under the E-waste (Management and Handling) Rules 2011 to ensure proper disposal, but progress has been slow for various reasons.
- ▶ In spite of its growing environmental footprint, sound management of electronic waste has received low priority.
- ▶ Urban solid waste management policy has focussed on cleaning streets and transferring garbage to landfills, ignoring the legal obligation to segregate and recycle. Hazardous materials, including heavy metals, are dumped in garbage yards, polluting soil and water.

◉ What are the key features of new rules?

- ▶ Provides several options to manufacturers such as collection of a refundable deposit and paying for the return of goods to meet the requirements of law;
- ▶ Classifies mercury-laden light bulbs as e-waste, which will keep them out of municipal landfills;
- ▶ Bulk consumers have to file annual returns, another welcome move;
- ▶ The collection targets, that will touch 70% in 7 years, are realistic.

◉ What should be done to implement the rules?

- ▶ Launch an awareness campaign on e-waste
- ▶ Incentivise such consumers to enter the formal recycling channel using the producer-Operated Buy-Back scheme. They will come on board when the repurchase offer is better than that of the unorganised sector and a collection mechanism is available.
- ▶ The Centre and the States have a responsibility to ensure that producers contribute to the e-waste management system, which has been designed with their inputs.

6.2 USED OF PLASTIC BAN IN KARNATAKA

◉ Context?

State government has imposed a ban on plastics by issuing a gazette notification on March 11.

◉ About the ban?

- ▶ Plastic, no matter its thickness, is banned across the State. The only exemption granted is for the export units, apart from the plastic used for milk and milk products and plant nurseries.
- ▶ Essentially, all people have to carry bags to the market, unlike the traders providing them with plastic bags to carry their purchase. The situation, however, may be different in the high-end malls where the shops provide paper bags for a price.

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○ **Its possible impact?**

- ▶ Expected to change common people's life, whether it be in the disposal of garbage or the purchase of essential commodities, including vegetables;
- ▶ Will save the environment from degradation.
- ▶ It is a step forward in the Swachh Bharat Abhiyan initiative

○ **Why this move was opposed?**

- ▶ As per an estimate, there are over 1 lakh people involved in the manufacturer of plastic carry bags, flex used in advertising, plastic cups and buntings, and a whole lot of plastic-based products.
- ▶ Added to all this are the large number of cottage industries engaged in plastic manufacturing and the total trade has been estimated at over Rs. 1,000 crore.

○ **Is banning Plastic only solution?**

Plastic have been banned earlier in many countries and many states like Delhi, Chandigarh and Sikkim however in each of the following countries and states following problem arose in its Implementation.

- ▶ The ban was effective only in the early days of notification. But as the monitoring reduced, the usage went up again. Fines or penalties were not being imposed, resulting in weak implementation of the ban.
- ▶ Alternatives like paper were being used, but their durability was an issue.
- ▶ Jute and cloth bags were popular only in brand shops as their costs are high.
- ▶ The plastic bags were routinely disposed of along with other municipal waste, finally ending up in dumpsites, roads, drains and landfills.
- ▶ Though the production of plastic bags has come down or stopped in these regions, the bags are coming from neighbouring states.

Thus rather than banning Plastic following steps could be taken which could be more effective.

- ▶ Enforce with credible information about penalties both for shop owners and consumers.
- ▶ Blanket ban may not be the best solution under weak institutional enforcement.
- ▶ A combination of standards and right incentives can bring down the use of plastic bags.
- ▶ Impart information highlighting environmental impacts of plastic products usage which can significantly influence consumer behaviour.
- ▶ Subsidies in cash or kind (in the form of reusable bags) and explicit pricing could lead to lower bag use.

○ **Additional information on Plastics**

▶ **Harmful effects of Plastic**

- Littering of the landfills and other open spaces with plastic garbage becomes unhygienic and ugly.
- Littering of plastics in the form of plastic bags causes blocking of the cities, municipalities sewerage systems leads to spreading of water borne diseases and increasing the cost of sewage maintenance systems.
- Soil fertility is also affected due to plastic material as it forms part of manure remaining in the soil for years without natural degradation.
- Death of animals due to suffocation, stomach and intestine related diseases is a common feature mostly in developing economies due to improper disposal of plastic food bags that are eaten by these animals.

- Plastic waste is finding its way into the rivers, oceans and seas of the world due to which the rich marine life is facing serious health hazards. Marine animals like fish, sea birds, otters and other marine species are swallowing these plastic wastes as food items that are leading to a premature death of these precious marine species.
- Pollution of environment by industries manufacturing the plastic materials is another serious issue that is facing the environmentalists and the governments globally. The manufacturers of plastic materials are polluting the environment by disposing of the plastic waste and chemicals used in the process of manufacturing plastic material into nearby water channels and open spaces thereby causing health hazards as well as environmental pollution in a vast area.

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6.3 IPBES REPORT ON POLLINATOR

○ Context?

The Intergovernmental Science - Policy Platform on Biodiversity and Ecosystem Services (IPBES) issued a report titled "Thematic Assessment of Pollinators, Pollination and Food Production"

○ Importance of pollinators?

- ▶ Play a very important role in the production of crops such as some Pulses, Sunflower seeds, Cardamom, Coffee, Cashew Nuts, Oranges, Mangoes and Apples;
- ▶ The annual economic value of the crops pollinated by animals worldwide is estimated to be between \$235 billion and \$577 billion (in 2015).

○ Present status of wild pollinators?

The wild pollinators are declining, and their loss will imperil our food supply

○ Factors threatening their existence?

- ▶ Poor management of our pollinator species
- ▶ Low level of investment in research on pollinators
- ▶ Pests and diseases pose a special threat to managed bees
- ▶ Decline of practices based on indigenous and local knowledge. These practices include traditional farming systems; maintenance of diverse landscapes and gardens; kinship relationships that protect specific pollinators; and cultures and languages that are connected to pollinators.

○ What should be done?

- ▶ Improvements in the science of pollination;
- ▶ Better land management;
- ▶ Strong regulations underlying pesticide use;
- ▶ Restoration and protection of habitats for wild pollinators.
- ▶ Monitoring wild pollinators;
- ▶ Strengthening the governance of natural assets.

○ About IPBES?

- ▶ Created in 2012;
- ▶ Secretariat is in Germany,
- ▶ Administered by the UN;
- ▶ The IPBES was established as an intergovernmental body akin to the Intergovernmental Panel on Climate Change (IPCC).

- ▶ IPBES seeks to provide scientific information about biodiversity and ecosystem services to policymakers of the member countries.

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6.4 UNESCO UPDATES PROTECTED BIOSPHERE RESERVES LIST

◦ Context?

- ▶ The International Co-ordinating Council of the Man And the Biosphere (MAB) Programme of UNESCO added 20 sites to the World Network of Biosphere Reserves during its meeting in the capital of Peru on 18 and 19 March.
- ▶ The newly adopted sites include 18 National site and one Transboundary site shared between Spain and Portugal.

◦ How many in total?

Total number of Biosphere Reserves Sites are 669 sites in 120 countries, including 16 transboundary sites.

◦ Which sites joined the network this year?

- ▶ Monts de Tlemcen (Algeria)
- ▶ Beaver Hills (Canada)
- ▶ Tsá Tué (Canada)
- ▶ Lake Bosomtwe (Ghana)
- ▶ La Hotte (Haiti)
- ▶ Agasthyamala (India)
- ▶ Balambangan (Indonesia)
- ▶ Hamoun (Iran)
- ▶ Collina Po (Italy)
- ▶ Barsakelmes (Kazakhstan)
- ▶ Belo-sur-Mer-Kirindy-Mitea (Madagascar)
- ▶ Isla Cozumel (Mexico)
- ▶ Atlas Cedar (Morocco)
- ▶ Gran Pajatén (Peru)
- ▶ Albay (Philippines)
- ▶ Fajãs de São Jorge (Portugal)
- ▶ Tejo/Tajo (Portugal and Spain)
- ▶ Jozani-Chwaka Bay (Tanzania)
- ▶ Isle of Man (United Kingdom)

◦ Some information about Agasthyamala (India)?

- ▶ Located in the Western Ghats,
- ▶ It consisting mostly of tropical forests,
- ▶ It is also a unique genetic reservoir of cultivated plants especially cardamom, jamune, nutmeg, pepper and plantain.
- ▶ Three wildlife sanctuaries, Shendurney, Peppara, Neyyar and Kalakad Mundanthurai Tiger reserve are included in the site.

◦ What is the Man and the Biosphere Programme?

It was created by UNESCO in the early 1970s as an intergovernmental scientific endeavour to improve relations between people around the world and their natural environment.

- **What are biosphere reserves?**

Biosphere reserves are places for learning about sustainable development aiming to reconcile the conservation of biodiversity with the sustainable use of natural resources.

6.5 NORTH - AFRICAN CATFISH

- **Context?**

The invasive North African catfish is proliferating in waterbodies across Kerala, edging out native aquatic species posing a threat to the aquatic biodiversity.

- **About it?**

- ▶ Generally known as African Catfish (*Clarias Gariepinus*);
- ▶ The species has been found to thrive well in Lower Periyar dams and in all the tributaries of the Periyar River;
- ▶ Native to Africa and the Middle East, the African catfish was introduced all over the world in the early 1980s for aquaculture purposes;
- ▶ Feeds primarily on living, as well as dead, animal matter including fish, invertebrates, and small birds.
- ▶ Its ability to survive in shallow mud for long periods of time and its high tolerance for poorly oxygenated water gives it an edge over other native species.

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