

# Current Affairs ANALYST

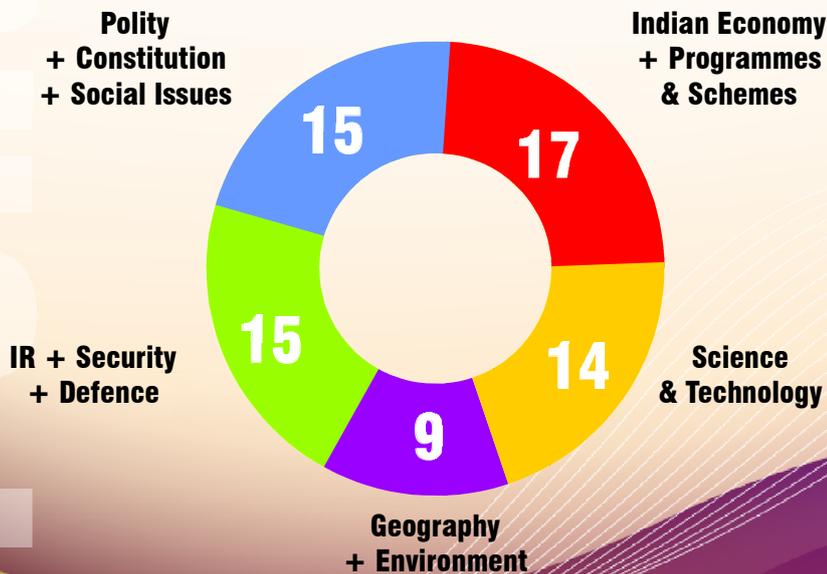


**NPA issue in India :**  
**An analysis**

**in focus**



**Should Siachen be**  
**Demilitarized Zone:**  
**Pros & Cons**



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# FOCUS



## A. NPA Issue In India : An Analysis



## B. Should Siachen be Demilitarized Zone: Pros & Cons

### A. NPA Issue in India : An Analysis

#### NPA issue in India: An Analysis

According to RBI October to December report, the gross Non-Performing Assets (NPAs) of Public Sector Banks are just under Rs. 4 lakh crore, and they collectively account for 90% of such rotten apples in the country's banking portfolio. In terms of net NPAs, their share is even higher - at 92% of the total bad loans reported so far in the banking system.

#### What is NPA?

- The assets of the banks which don't perform (that is - don't bring any return) are called Non Performing Assets (NPA) or bad loans. Bank's assets are the loans and advances given to customers. If customers don't pay either interest or part of principal or both, the loan turns into bad loan.
- According to RBI, terms loans on which interest or installment of principal remain overdue for a period of more than 90 days from the end of a particular quarter is called a Non-performing Asset.
- However, in terms of Agriculture / Farm Loans; the NPA is defined as under-For short duration crop agriculture loans such as paddy, Jowar, Bajra etc.

if the loan (installment / interest) is not paid for 2 crop seasons, it would be termed as a NPA. For Long Duration Crops, the above would be 1 Crop season from the due date.

#### Reasons for the rise in NPA in recent years

- GDP slowdown -Between early 2000's and 2008 Indian economy were in the boom phase. During this period Banks especially Public sector banks lent extensively to corporate. However, the profits of most of the corporate dwindled due to slowdown in the global economy, the ban in mining projects, and delay in environmental related permits affecting power, iron and steel sector, volatility in prices of raw material and the shortage in availability of. This has affected their ability to pay back loans and is the most important reason behind increase in NPA of public sector banks.
- One of the main reasons of rising NPA is the relaxed lending norms especially for corporate honchos when their financial status and credit rating is not analyzed properly. Also, to face competition banks are hugely selling unsecured loans which attributes to the level of NPAs.

- 5 sectors Textile, aviation, mining, Infrastructure contributes to most of the NPA, since most of the loan given in these sector are by PSB, They account for most of the NPA.
- Public Sector banks provide around 80% of the credit to industries and it is this part of the credit distribution that forms a great chunk of NPA. Last year, when kingfisher was marred in financial crisis, SBI provided it huge amount of loan which it is not able to recover from it.
- There is a myth that main reason for rise in NPA in Public sector banks was Priority sector lending, However according to the findings of Standing Committee on Finance NPAs in the corporate sector are far higher than those in the priority or agriculture sector. However, even the PSL sector has contributed substantially to the NPAs. As per the latest estimates by the SBI, education loans constitute 20% of its NPAs.
- The Lack of Bankruptcy code in India and sluggish legal system make it difficult for banks to recover these loans from both corporate and non-corporate.

#### Other factors

- Banks did not conducted adequate contingency planning, especially for mitigating project risk. They did not factor eventualities like failure of gas projects to ensure supply of gas or failure of land acquisition process for highways.
- Restructuring of loan facility was extended to companies that were facing larger problems of over-leverage & inadequate profitability. This problem was more in the Public sector banks.
- Companies with dwindling debt repayment capacity were raising more & more debt from the system.

#### Steps taken by RBI and Government in last few years to curb NPA:

- Government has launched 'Mission Indradhanush' to make the working of public sector bank more transparent and professional in order to curb the menace of NPA in future.
- Government has also proposed to introduce Bankruptcy code.
- RBI introduced number of measures in last few years which include tightening the Corporate Debt Restructuring (CDR) mechanism, setting up a Joint Lenders' Forum, prodding banks to disclose the real picture of bad loans, asking them to increase provisioning for stressed assets, introducing a 5:25 scheme where loans are to be amortized over 25 years with refinancing option after every 5 years, and empowering them to take majority control in defaulting companies under the Strategic Debt Restructuring (SDR) scheme.

#### How to curb the menace of Public Sector Banks (PSB)

##### (a) Short Term measures

- Review of NPA'S/Restructured advances- We need to assess the viability case by case. Viable accounts need to be given more finance for turnaround and unviable accounts should either be given to Asset Reconstruction Company or Management/ownership restructuring or permitting banks to take over the units.
- Bankruptcy code should be passed as soon as possible. Bankruptcy code will make it easier for banks to recover loans from unviable enterprises.
- Government should establish Asset Reconstruction Company (ARC) with equity contribution from the government and the Reserve Bank of India (RBI). The established ARC should take the tumor (of non-performing assets or NPAs) out of the banking system. An ARC acquires bad loans from banks and financial institutions, usually at a discount, and works to recover them through a variety of measures, including sale of assets or a turnaround steered by professional management. Relieved of their NPA burden, the banks can focus on their core activity of lending.

##### (b) Long term Measures

- Improving credit risk management- This includes credit appraisal, credit monitoring and efficient system of fixing accountability and analyzing trends in group leverage to which the borrowing firm belongs to:
- Sources/structure of equity capital-Banks need to see that promoter's contribution is funded through equity and not debt.
- Banks should conduct necessary sensitivity analysis and contingency planning while appraising the projects and it should built adequate safeguards against such external factors.
- Strengthen credit monitoring-Develop an early warning mechanism and comprehensive MIS(Management Information System) can play an important role in it. MIS must enable timely detection of problem accounts, flag early signs of delinquencies and facilitate timely information to management on these aspects.
- Enforce accountability- Till now lower ring officials considered accountable even though loaning decisions are taken at higher level. Thus sanction official should also share the burden of responsibility.
- Restructured accounts should treated as non performing and technical write offs where Banks remove NPA'S from their balance sheets Permanently should be dispensed with.
- Address corporate governance issues in PSB. This include explicit fit and proper criteria for appointment of top executives and instituting system of an open market wide search for Chairman.

## B. Should Siachen be demilitarized zone: (Pros and Cons)

Recently, India lost 10 soldiers in an Avalanche at Siachen. This has now become a yearly phenomenon and Former union minister Mani Shanker Aiyar once commented that Uncle Frost bite has killed more soldiers than the enemy soldiers. It has raised a debate once again about whether Siachen should be demilitarized. Let us explore the pros and cons of demilitarization.

### When and why the glacier was militarized?

- The disturbing intelligence reports in 1983 highlighted that the Pakistanis were making probes deliberately through tourism and mountaineering groups. The obvious aim of the Pakistanis appeared to be cross the Salto heights and head for the Karakoram Pass on the Jammu and Kashmir border with Tibet (China).
- Given the aggressive manner in which Pakistan had begun to interfere in India like inciting Sikh extremists and supporting naxalites, India could not afford to become vulnerable on another front. Siachen in the possession of Pakistan would have meant Pakistan would have access from Skardu through to the Karakoram near the Aksai Chin and eventual linking with Shahidullah on the Kashgar-Xigatse road that runs parallel to the Tibet- India border.
- There was no option but to launch Operation Meghdoot on April 13, 1984. The Kumaon Regiment of the Indian Army with cover from the Indian Air Force reached the glacier to occupy 2 mountain passes at Bilafond La and Sia La while the Pakistan Army could only reach Gyong La. The battle zone was a triangle with point NJ9842 at the bottom, Indira Col due west and Karakoram Pass due east. Indian troops today control 2/3<sup>rd</sup> of the area and the world's highest motorable road at Khardung La with a helipad at a place called Sonam, at 21,000 feet. Pakistan overlooks the Nubra and Shyok valleys from the North. Salto lies almost exactly due north of Leh and North West of Kargil. Since then this highest battlefield in the world is manned by Indian Army.

### PROS

- As of December 11, 2015, weather-related casualties in Siachen stood at 869, including 33 officers and 54 junior commissioned officers, and Rs 7,504.99 crore was spent on military operations in the last 4 years. Compared to it the Pakistan Army, which operates at much lower altitudes, lost 213 soldiers in Siachen between 2003-10 out

of which Alone in 2012 130 Pakistani soldiers were killed in an avalanche.

- The Siachen glacier, where temperatures dip to as low as - 45° C., is the world's highest and toughest battle field. Standing at 5,400 meters in height, its terrain is inhospitable for humans to stay over extended periods of time.
- Thirdly demilitarization would increase trust and confidence between India and Pakistan. It is one of the very few disputes between India and Pakistan which could be resolved with little diplomacy. The solving of Siachen issue with Pakistan could pave way for further talks on contentious issues like Kashmir and cross border terrorism.
- The demilitarization of Siachen is definitely doable. This is not only because it is diplomatically possible, but also because there is a critical mass of opinion in both India and Pakistan that neither can sacrifice, or put in harm's way, so many lives on the inhospitable glacier.
- The Army has streamlined procedures for better acclimatization, and this has helped to cut casualties. However, all that is no guarantee against the avalanche. It is said that on an average, India spends more than Rs. 6 crore a day for maintaining troops on the glacier.

### CONS

- Siachen is strategically important to India for number of reasons:
- Salto ridge at Siachen overlooks and allows domination of entire area.
- Control of area prevents Pakistani and Chinese troops from linking up.
- Possession strengthens India's claim in case of eventual border settlement.
- The strong Indian presence on Salto Ridge also provides "some military depth" to Leh and Kargil, which could be threatened by the adversaries if the glacier is demilitarized.
- It is not a question of a glacier in the Himalayan heights; it is a question of India's security. The nation cannot afford to repeat the strategic mistakes of the past - like halting our advance at Uri in 1948 or not capturing Skardu; or giving up Haji Pir in 1966; or returning 93,000 troops and territory in 1972.

## COST OF SECURING SIACHEN-SALTORO RIDGE

**EXPENDITURE:**

₹ 5 crore per day to sustain Indian troops in heights from 16,000 to 22,000 feet

**TOLL (SINCE 1984):**

India has officially lost over 900 soldiers • Pakistan is estimated to have lost 3000 soldiers

**CAUSES OF DEATH:**

 Over 75% deaths due to harsh terrain and weather

 Temperatures dip to minus 60 degree Celsius

 Avalanches, blizzards, 'white-outs'

 Pulmonary odema, hypoxia, frostbite, hypothermia

**STRATEGIC/TACTICAL IMPORTANCE:**

- Saltoro Ridge overlooks and allows domination of entire area
- Control of area prevents Pakistani and Chinese troops from linking up
- Possession strengthens India's claim in case of eventual settlement of border



### Is there any possibility of demilitarization?

- Because of its terrain, there can never be any incident like Kargil in Siachen. There's a huge difference between the geography of the 2 regions. The enemy can construct bunkers in Kargil to intrude into our territory but it's not so easy in Siachen. We can patrol the area with helicopters even without deploying soldiers. Helicopters can keep a watch on the border and on intrusion for every two to three kilometers. We have modern instruments by which we can keep a close watch and monitor the area. So there's no need for the deployment of forces, particularly during winter.
- However it is unlikely Indian army would ever accept demilitarization of army as they have

attained control over it with so much sacrifice and at great cost to the nation. Trust deficit remains the biggest hindrance on any demilitarization. If the Pakistan Army could surreptitiously violate the well-recognized Line of Control during the 1999 Kargil conflict, can we trust them on the Siachen this is a major issue.

- Indian Army position in this issue is clear that there is no question of withdrawal of its forces unless Indian position on ground is authenticated. India has therefore insisted that joint demarcation of the Actual Ground Position Line (AGPL) on the ground as well as the map should be the first step to be followed by a joint verification agreement and redeployment of forces to mutually agreed positions.

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# 1. POLITY + CONSTITUTION + SOCIAL ISSUES

## Supreme Court revisits Anti-Defection Law

The Supreme Court recently commenced hearing to revisit its 2-decade-old verdict on the anti-defection law by which a member elected or nominated by a political party continues to be under its control even after expulsion.

### Background

- The issue had cropped up after Amar Singh and Jaya Prada, who were members of Rajya Sabha and Lok Sabha respectively, had moved the Supreme Court on their expulsion from the Samajwadi Party on February 2, 2010, anticipating ouster from Parliament.
- They had contended that they have landed in a piquant situation as expelled members and apprehended disqualification under the anti-defection law if they chose to defy party's whip on any issue in Parliament. The 2 MP'S pleaded that interpretation of the anti-defection law, as per a 1996 ruling of the apex court, does not apply to them as they did not form their own party.

### What was the need for Anti-defection law?

- The 10th Schedule - popularly known as the Anti-Defection Act - was included in the Constitution in 1985 by the Rajiv Gandhi Ministry and sets the provisions for disqualification of elected members on the grounds of defection to another political party. The law was added via the 52nd Amendment Act, 1985.
- The reasons for bringing this law was The formation of such coalition Government at the state after 1967 elections, Where there has been marriage of convenience as constituted out of heterogeneous elements-Political parties often having no ideological similarity coming together only to enjoy power. The consequent dismissal of these coalition governments is also brought about by the dissatisfied and disgruntled legislators who are possibly not accommodated as ministers. As a result of their ever-growing lust for power and positions, the legislators change their party affiliation and jump over to other political parties, which though in a minority, cherish the dream of forming a government on the strength of such synthetic majority
- This has given rise to a very disturbing trend whereby legislators are constantly being lured away

from their political parties with a view to toppling existing governments and forming new ones leaving behind a trail of political uncertainty. To prevent Horse trading and aaya ram gaya ram syndrome Anti defection law was introduced.

### Key provisions of the Anti-defection law

- Under the Articles 102 (2) and 191 (2), it is mentioned that an elected member will attract disqualification, if he voluntarily offers up his membership of a political party; if he votes or withdraws from voting in such House contrary to any direction issued by his party or anyone authorized to try and do so, without getting prior permission. However the provisions are created with relevance to mergers of political parties. There is no disqualification to be incurred when a legislature party decides to merge with another party and such decision is supported by not less than 2/3<sup>rd</sup> of its members. Initially the decision of the chair was not subjected to the judicial review. In the year 1993, in Kihoto Hollohan V. Zachilhu case the Supreme Court declared that this provision is unconstitutional on the ground that it seeks to take away the jurisdiction of Supreme Court and High Courts. Hence since 1993, the decision chair is subject to the judicial review. It means the disqualification of a member can be challenged in a court of law on the grounds of malafides.
- However 1985 act had certain loopholes the most important being that a 'defection' by 1/3<sup>rd</sup> of the elected members of a political party was considered a merger. Such defections were not actionable against. Finally the 91st Constitutional Amendment Act, 2003, changed this. So now at least two-thirds of the members of a party have to be in favour of a "merger" for it to have validity in the eyes of the law.

### Why is Anti defection law criticized?

- Some experts criticize Anti-Defection law for transforming the members of Parliament into numbers instead of Members. Since it increased the power of Party whip the MP'S cannot vote on any issue independently. They have to toe the party line otherwise they could be disqualified. This has made those MP'S powerless as they cannot take an independent stand even on those issues which are not core to the party manifesto to which they belong.

- The other defects that this Schedule suffers from. The other defects that this Schedule suffers from, is that it does not provide for that rare occasion when considerations of conscience brings about a change in members not provide for that rare occasion when considerations of conscience brings about a change in members convictions and hence and honorable exit from the current party by virtue of his crossing over to the other side. In other words, it does not admit of any right to dissent on the part of the lawmakers.
- This schedule has confused the word dissent, i.e., defiance of party direction of whip with that of defection, as it has provided for unseating of members by the party leadership for voting against the party whip on the floor of the house. In UK, Canada, Australia and New Zealand, which also have similar parliamentary system as ours, this defiance is not fraught with any such penal consequences
- Its discrimination between an independent member and a nominated member is illogical. If the former joins a party, he is disqualified while the latter is allowed to do the same. A nominated member would not be disqualified if he joins the party within the 1<sup>st</sup> 6 months of being nominated. This provision is illogical and without any sound basis.
- Its vesting of decision-making authority in the presiding officer is criticized on two grounds. Firstly, he may not exercise this authority in an impartial and objective manner due to political exigencies. Secondly, he lacks the legal knowledge and experience to adjudicate upon the cases. In fact, 2 Speakers of the Lok Sabha (Rabi Ray-1991 and Shivraj Patil-1993) have themselves expressed doubts on their suitability to adjudicate upon the cases related to defections.

#### What changes are required in the anti-defection law?

- Firstly the powers of whip should only be reduced. Disqualification provision should be only imposed on Legislators when he votes against the stand taken by the party on those matters which are core to the party's manifesto. On Other issues Legislators should be allowed to vote on the basis of their own viewpoint on the issue.
- Secondly some of the absurd and illogical provisions like nominated member can only join any party within first 6 months should be abolished; instead they should not be allowed any party within their term in Rajya sabha.

#### Conclusion

- We require anti-defection law in India to prevent horse trading and widespread defection which was prevalent in the pre 1985 era, However it should be amended and certain safeguards mentioned

above should be introduced so that the Legislators are not reduced to just numbers and they can play an role of the representatives of the people and not just representatives of the party.

## Should Homosexuality (Section 377 of IPC) be decriminalized?

### Definition

- Section 377 of IPC states that whoever, voluntarily has carnal intercourse against the order of nature with any man, woman or animal, shall be punished with imprisonment for life, or with imprisonment of either description for a term which may extend to ten years, and shall also be liable to fine or in simple words any form of unnatural sex such as homosexuality etc. is criminalized in India.
- Lacking precise definition, Section 377 became subject to varied judicial interpretation over the years.
- Section 377 ban acts of homosexuality as well as some act of heterosexuality which are not natural like anal or oral sex.

### Major Judgments

- In Naz foundation v/s Govt of Delhi case, Delhi High Court upholds that section 377 is in violation of Fundamental Rights of the constitution such as Article 14, 15 or 21 etc. and consensual homosexual sex between adults has become decriminalized in India.
- In 2013, Supreme Court De criminalizes the homosexuality by reversing the judgment of Delhi HC and upholding the constitutional validity of section 377. Further SC says that it is the work of parliament to make or amend the legislation and parliament shall make endeavor to remove such controversial provisions from statue books of India. However judiciary might be criticized for this judgment as SC uphold many laws or legal provisions as null and void such as National Judicial Appointment Commission (NJAC) act or section 66A of IT Act etc.
- In 2014, Supreme Court directed government to declare transgender as 'third gender' and to be given reservation under OBC quota.

### Reasons in favor of section 377

- Many child activists criticize Delhi HC judgment to decriminalize section 377 as it is needed to be on the statute book to tackle cases of child abuse. But after enactment of Protection of Children from Sexual Offences (POCSO) Act 2012, there is no need of section 377 in child sexual abuse cases.
- Homosexuality or other forms of sex are criticized as these are against the law of nature.
- Further homosexuality is against the norms or morals of society and religion. But nothing can be

prohibited on the basis of religion or norms prevalent in society.

- A hard scientific truth is that any sex other than natural cause of many serious ills in the human beings. For example homosexuals are more prone to sexual transmitted diseases like AIDS etc than any normal person.
- Section 377 decriminalization may have following implications in India:
  - Sex ratio may further decline if more people would adopt for homosexuality.
  - Students and Army people might opted for homosexuality to remove stress.
- A moral wrong becomes a legal wrong only when its consequences are for society and not just the person/s committing it.

### Arguments against Section 377

- Section 377 is in violation of Right to Privacy and Right to Life as you can't restrict the freedom of consenting people as far as their freedom is not hurting anyone else.
- This section is just an instrument of exploitation and it is almost not possible to decide what type of sex 2 consenting individuals are having in private. It has been noted that section 377 is mostly used to harass sex workers and AIDS/HIV affected people.
- Any person can be arrested on the base of suspicion like any two males are holding their hands while walking on the road.
- British's, who had imposed this inhuman provision on people of India, has removed this kind of provision from their law.

### International Developments

- There have been many positive developments in favor of Lesbian, Gay, Bisexual and Transgender (LGBT) community on the international front. In May 2015, Ireland legalized same-sex marriage. The country which had decriminalized homosexuality in 1993 became the first country to allow same sex marriage a national level by popular vote.
- In June 2015, the US Supreme Court ruled that same sex marriages were legal. Near home, Nepal legalized homosexuality in 2007 and the new Constitution of the country too gives many rights to the LGBT community.
- France, UK, Canada, United States, Australia and Brazil have de-criminalized homosexuality. Other countries like Belgium, Brazil, Canada, France, Iceland, Ireland, Luxembourg, Norway, Portugal, South Africa, Spain, Sweden and Uruguay allow either same sex marriage or a civil union.

- India currently stands with a host of countries such as Nigeria, Ghana, Iran, Saudi Arabia, Afghanistan, Mauritania, Qatar and Pakistan which criminalizes homosexuality.

## Women to be Karta of HUF: Delhi HC

### Hindu Undivided Family (HUF)

- An HUF is a separate entity that can be created by members of a family, wherein the members are lineal ascendants or descendants.
- Hindus, Buddhists, Jains and Sikhs can open HUFs. A single person cannot create an HUF.

### Who can become Karta of a HUF?

- "Karta" is usually used to describe the main family member and is traditionally inherited by men. The Karta occupies a position superior to that of other members and has full authority to manage property, rituals or other crucial affairs of the family. 'Karta' is the manager and head of the HUF.
- Karta is generally senior most male member of family and only co parcener is eligible to become karta of the family as directed by SC in CIT vs. Seth Govindram Sugar Mills [1965] case.
- The Karta is entrusted not only with the management of properties of the family but is also entrusted with the general welfare of the family.
- Even if the Karta becomes aged, infirm, ailing, or even a leper, he may continue to be Karta. Where the senior most member is not Karta, the next senior male member takes over as Karta. [Man vs. Gaini ILR (1918) 40 All 77].
- Only if the senior most member gives up his right, a junior coparcener can become Karta of the HUF, with the consent of all other members as held by Supreme Court in Narendra Kumar J. Modi Vs CIT (1976) 105 ITR 109 (SC).

### HIGHLIGHTS: Delhi High Court's Landmark Judgement That Paved the Way for Women to Be Karta of a HUF

- In a judgment that is expected to have far reaching ramifications, the Delhi High Court has ruled that a female member of a Hindu Undivided Family can also be the 'karta'.
- Falling prey to the patriarchal system, this role of leadership has been traditionally inherited by men of the household. This gave rise to familial disturbance, conflict between siblings and a lot of cases regarding to property rights.
- The verdict came on a suit filed by the eldest daughter of a north Delhi business family, seeking

entitlement as the karta on death of her father and 3 uncles.

- HC said that under section 6 of Hindu Succession Act, women have equal rights of inheritance as like of Men and so these rights can't be curtailed in case of management of property especially after 2005 reform in the Hindu Succession Act. Initially women member does not possess necessary qualifications for co-parcenership but after amendment in 2005 women got equal rights of inheritance or co-parcenership of property.
- Earlier, in his absence the next eldest male member after him is entitled to be the Karta, however with Delhi High Court's decision, an eldest female member can become the Karta. This judgement is in line with ending gender discrimination and prevalent gender bias prevalent in traditional families.

## Why Dominant Castes in India are asking for Reservation?

Recently people from KAPU caste which is one of the Landholding castes of Andhra Pradesh demanded OBC reservation for their community. This is not an isolated incident as from last few years we are witnessing many dominant and Landholding caste like JAT, Patidar and Marathas asking for backward reservation. Let us find out reasons behind this surprising phenomenon.

### Reasons for this phenomenon

- **Farmer's distress-** There is tremendous amount of Farmer distress in Countryside in last few years due to agrarian crisis. Since most of these communities are landed agrarian caste, they are facing the brunt of agriculture slowdown. Rise in farm input costs, stable food prices in the last 2 decades, despite some episodes of price explosion Has led to dip in there farm income The average size of landholding at the national level has come down from 2.28 hectares in 1970-71 to 1.16 ha in 2010-11, which is making agriculture unviable. The process of marginalization of farm holdings might have contributed to the recent demand of Marathas and Patidars (also known as Patels) to be included in the Other Backward Classes (OBC) category so that they could shift away from agriculture. Another source of rural distress in Maharashtra and Uttar Pradesh, in particular, has been the crisis in sugar and most of sugar farmers are either JATS or Marathas.
- **Crippled urban economy-** India's growth in last 2 decades is led by increase in productivity and therefore number of jobs created in the private sector is much less, which means that dominant caste who are turning away from agriculture has very less opportunities to get job in private sector and thus only option left for them is government

jobs, however there general status is making the competition tough for them, Therefore they are asking for reservation.

- **Resentment against other OBC communities-** Most of the other middle caste like Kunbi, Yadav, Gujjar, Reddy's, and saini are in OBC category. The social, economic and political disparity between these groups and JATS, Patidars and Maratha and Kunbi has significantly decreased in last few decades. Due to reservation the representation of the above mentioned caste in government jobs has increased significantly in last few years in comparison to the dominant caste, which has made this dominant caste envy of these other OBC community and therefore motivated them to demand for reservation. It can also be said that the demands are a result of resentment among the dominant castes against the hitherto backward classes which witnessed growth due to reservation provision and consequently threatened the former's dominant status.
- **Political support-** Most of this dominant caste are electorally and politically very powerful in that state, and they get support from opposition parties for vote bank politics. This political support and there strong position makes it difficult for the state government to ignore their demands, which has motivated them to ask for quota since it is very likely that there demand are accepted as happened in the recent Jat agitation.

### Key terms- Dominant caste

M N Srinivas 1<sup>st</sup> defined the term 'dominant caste' to refer to, the caste in the village which is numerically strong and also wields the greatest economic and political power. They may not be very high on the traditional Varna structure but due to their control over land, they are considered as dominant caste.

## 10 years of MNREGA: an evaluation

### MGNREGA since inception

- Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) was for the 1<sup>st</sup> time notified on an experimental basis in February 2006 in 200 odd districts across the country - exactly 10 years ago. The event marked a watershed in the right-based entitlement framework of the country and for the 1<sup>st</sup> time provided a legal guarantee for wage employment.
- Considered as one of the biggest social welfare programmes in the world, this programme aims at generating 100 days of work in rural areas. The provisions made MGNREGA one of the best wages for work programme for rural poor and within no time, its reach was expanded to cover almost the entire country barring few 100% urban centres.

- In the last 10 years, the programme has lifted lakhs of people out of poverty, though many lacunas still exist in it. The present government which initially showed little hostility towards this programme has now however hailed the decade of completion of this scheme as a cause for national pride and celebration.
- As the scheme completes 10 years, a longer lifespan than most rural development schemes, it is an opportune moment to review the programme.

#### Success of MGNREGA :-

1. Reduced the distress in agriculture & economy due low agricultural productivity & small land-holding size thus provided them better livelihood opportunities.
2. Most of MGNREGA work is directed towards building irrigation canals, tanks etc. thus provides resources base for further rural development.
3. It has reduced rural distress & intensive urban migration.
4. The provisions like work upto 5 km from home, equal wages promotes women empowerment, gender parity & directed towards backward section of society.
5. The programme has generated over 1,980 crore person-days. In the short span of 10 years that the Act has been in existence, it has generated 19.86 billion person-days of employment benefitting 276 million workers, with more than half the jobs going to women workers and almost a 3<sup>rd</sup> to members of scheduled castes and scheduled tribes.
6. It has resulted into social upliftment for all sections including SC/ST. The percentage of Scheduled Caste workers benefitted under the scheme has consistently been about 20% and of Scheduled Tribe workers has been about 17%.
7. The legislation has reduced distress migration in traditionally migration-intensive areas.
8. MGNREGA has played a much larger role in revitalizing the labour market in rural areas. Not only has it led to the creation of a class of workers who are using the MGNREGA as a safety net, but these workers are also able to use it as a bargaining tool for extraction of higher wages.

#### Challenges Faced:-

1. Corruption, leakages & inordinate delay of wages.
2. Uneven implementation across states.
3. The average work days generated is much less than stipulated 100 days.
4. Low funds available with the government.

5. Poor asset quality created as a part of the programme.
6. The reports have found rampant corruption and swindling of public funds which raises doubt on the amount of money spent and the scheme's claim of improving rural wages.

#### Evaluation:

- Though the achievements of the programme in terms of its impact on rural demand, political participation, women's empowerment and improvement in rural infrastructure are hard to quantify, these have been crucial in sustaining the demand for the programme. MGNREGA has been a strong pillar on which the foundation of rural prosperity of the last decade has been based.
- MGNREGA has stood on its promise of inclusive growth, right to work and dignity of labour, which has been vindicated by the people's mandate.
- The government should focus on simplification and strengthening of procedures for the effective implementation of MGNREGA. Lessons can be learnt from betterly governed States, from creating improved financial management systems to using technology-enabled banking solutions like smart cards, social audits and building grievance redressal systems. The focus should be on evaluating these experiments and drawing lessons to improve administration in the poorly governed States.
- Corruption should be dealt harshly, but cutting funds to development programmes is definitely not a plausible solution. Corruption can be fought through the use of IT and community-based accountability mechanisms like social audits.
- It should have an intensified focus on marginalised communities in the most backward blocks and on skill development of households that have completed 100 days (about 8% of the total). In addition, the act can be linked with the Socio-Economic Caste Census to ensure better targeting.
- It is also time to review the basis for determining wage rates. But most of all, what the MGNREGA requires is consistency in political support.

#### Project Sunrise for AIDS

Union Ministry of Health and Family Welfare has launched Project Sunrise on for prevention of AIDS in the 8 North-Eastern states. The funding of project is done by the Centre for Disease Control of the United States.

The objective of this AIDS prevention project is to diagnose 90% of such drug addicts with HIV and put them under treatment by 2020.

**Key highlights**

- The project will create more awareness about the disease in these North-east states.
- This programme will be implemented in 20 districts of the eight states including four districts of Manipur- Imphal East, Bishnupur, Ukhrul and Churachandpur.
- The project will cover one lakh people suffering with HIV/AIDS the government will provide them treatment and care facilities free of cost.
- In addition with the existing projects of the National AIDS Control Organization (NACO) it will also be implemented in the North East
- NACO will unswervingly reassign its funding to State AIDS Control Societies as a substitute of the existing system for financial support through state governments.

**AIDS Control programs in India**

- Setting up of State AIDS bodies in 25 states and 7 union territories in 1992.
- India's 1<sup>st</sup> National AIDS Control Programme NACP-I was launched in 1992.
- National AIDS Control Organization (NACO) was put into operation.
- The National AIDS Committee was formed in the Ministry of Health and Family Welfare.

**Common test for admission into medical colleges****Introduction**

- National Eligibility cum Entrance Test (NEET) was introduced in 2013 for admission in all medical colleges in India.
- Supreme Court Verdict: The role assigned to the MCI under Sections 10A and 19A (1) of the IMC, Act 1956 vindicates such a conclusion. As an offshoot, we have no hesitation in holding that the Medical Council of India is not empowered to actually conduct the NEET.

**Why Common Entrance Test (CET) Required**

- Ongoing capitation fee which is famously known as donation cases is one of major reasons behind common admission test for medical colleges. Further donation system cause of little poor quality of education in medical colleges in India.
- Also very lesser students have career ambitions in medical line when compared to engineers in India because of lesser seats, high cost and corruption in medical entrance examinations.

Nowadays, many people are opting to go China for medical studies as it cost even lesser than India and ultimately can cause of brain drain for our country.

- There are around 70,000 seats for MBBS and 21,000 seats for MD in institutions across India. Currently, every state government conducts their own entrance test.
- Similarly, private medical college association, deemed universities and minority institutes who offer medical education too conduct their own CET. Candidates most often take all these tests as they don't want to risk their chances.
- A standard of medical education can also be achieved by setting common entrance procedures for all students across India.

**Recommendations**

- Medical Council of India (MCI) has recommended health ministry to conduct Common Entrance Test (CET) for all medical colleges by utilizing its powers given under IMC Act 1956.
- The MCI has told the government that it could either notify an existing examination, like the All India Pre Medical Test (AIPMT), as the common test or notify a new one.
- MCI has also recommended the ministry to amend the section 32 of IMC act to provide necessary legal powers to MCI to conduct common entrance test which was the main reason, SC had quashed the decision of MCI to conduct NEET all across the country.
- Many states have discontent with this new scheme under NEET due to language issue but this time government has decided to conduct exam in 6 different languages which are Tamil, Marathi, Assamese, Bangla, Telugu and Gujarati. However some other states and private institutions are still against new common admission scheme for medical colleges.

**Act against Devadasi system, SC tells States**

Recently, Supreme Court of India condemned the prevalence of the illegal practice of dedicating young girls as Devadasis. The girls later even subjected to sexual exploitation and pushed into prostitution. The practice is still prevalent in some parts of Karnataka, Maharashtra, Andhra Pradesh and Tamil Nadu.

**Introduction**

- Under this system, parents marry a daughter to a deity or god and marriage usually occurs before girls reaching puberty. Marriage with deity or god

occurs in style of real ceremony of marriage like turmeric scrubbing or bath with neem water etc.

- Girl could never enter into real marriage and forbidden to live a normal married life in society. Such girls are known as jogini and would spend their whole life in the service of god. This type of system is more prevalent in south India.
- National Commission for Women estimates that there are approx 50000 devadasis currently in India.

### Background

- The devadasi system has been part of southern Indian life for many centuries. A veneer of religion covers the supply of concubines to wealthy men. Trained in classical music and dance, the devadasis lived in comfortable houses provided by a patron, usually a prominent man in the village.
- It should also be noted that in many quarters the emergence of the "devadasis" has been linked to the downfall of Buddhism in India. That the devadasis were Buddhist nuns can be deduced from many evidences.

### Why it should be Banned?

- Devadasi have to go door to door to beg food for them in specified days of the week. Further Devadasis have to provide shelters to all strangers or in other words, devadasi can't refuse any stranger especially upper caste men to had sex with her or not.
- It is a matter of pride for landlords to deflowering a virgin devadasi and that's why virgin devadasi fetch higher prices. Further by deflowering a devadasi, a man can cure himself of disease. He can purify himself.
- Devadasis are more prone to serious sexual transmitted diseases like AIDS etc which itself a proof of on going prostitution on the name of god.
- Devadasis would seen as burden on society and earth after a certain age say 45 when did not look pretty anymore. So devadasis have to live a tough old age.
- Further Life Expectancy is very low among devadasis and suicide rate is high due to exploitation of them on the name of culture or tradition.

### Legal Framework against Devadasi System

- Section 372 of IPC: It states that if any person sells any minor or female under 18 years for purpose of prostitution or to other person who is running a brothel then both the person shall be liable for punishment under the law.

- Section 370 and 370A of Criminal Amendment Act 2013:
  - 370: Where the offence involves the trafficking of a minor, it shall be punishable with rigorous imprisonment for a term which shall not be less than 10 years but which may extend to imprisonment for life, and shall also be liable to fine.
  - 370A: Any person who engages in sexual exploitation of any trafficked minor shall be punished with imprisonment for a term of not less than 5 years which may extend up to 7 years.
- Maharashtra Devadasi System (Abolition) Act, 2005.
- The ancient devadasi system, where young girls are dedicated in local temples and their virginity is auctioned off, was made illegal in Karnataka in 1982 but still continues in some parts of the southern state.

## Punjab and Haryana HC order on joining of pregnant women in Army

### Case and High Court Decision

- The woman, who applied in early 2013 for a short service commission in the Army Medical Corp (AMC), was asked to join service in February 2014 after clearing all examinations and medical tests.
- However, between the period of her application and joining, the petitioner woman hides the fact of pregnancy and after which she was not allowed to assume duties. She then approached the Punjab and Haryana court.
- The High Court held that no women can be denied for any employment or service only on basis of pregnancy as it is not a serious medical ill or any disease which declares some person unfit for particular job. It is just a normal reproductive process.
- The High Court came to conclusion that, bearing forcing a choice between bearing a child and taking up employment interferes both with a woman's reproductive rights as well as her right to employment, and that such an action has "no place in modern India".
- The Court referred to Article (8) and (9) of International Labour Organisation (ILO): Maternity Protection Convention 2000. These provisions are concerned with 'Employment Protection and Non Discrimination'. Article 8 makes it unlawful for an employer to terminate the employment of a woman during her pregnancy or absence on leave on that account except on grounds unrelated to the pregnancy or birth of the child and its

consequences or nursing. Article (9) requires members to take measures to ensure that pregnancy does not constitute a source of discrimination in employment.

- Besides these, the Court also looked into several decisions rendered by English Courts and concluded that the action of the respondents was "arbitrary and illegal", being violative of Articles (14) and (16) of the Constitution of India.
- The provision in the Army Instructions 75/78 which laid down that pregnancy would render a candidate unfit for commissioning was also illegal and unconstitutional.

### Why is this judgment significant?

- In its broadest sense, the judgment holds that systems have to move with the times and that rights cannot be denied. The court has held that in such cases, vacancies can easily be kept reserved until a date after childbirth.
- While establishments such as the Central Armed Police Forces are already flexible with their women employees, the defense establishment is sometimes seen to be resistant to progressive change. Even in forces like the Indo-Tibetan Border Police, uniformed combatant women doctors are allowed to flexibly join service after the birth of a child.
- The guidelines of the Ministry of Home Affairs, applicable since 1959, too provide that women should be considered fit for reporting for duty even during pregnancy for all services which do not involve physical training; while in cases of services with physical training, the vacancy should be kept reserved along with protection of seniority - and that such women should be able to join service 6 weeks after confinement.
- With the government clearing 33% reservation for women in the Central Armed Police Forces, and encouraging more women to join, it is being hoped that a similar spirit would be embraced by the defense services as well.

### Women in Defense Forces in India

- Women were trained and inducted in 1992, but over 2 decades later, are still not being permanently commissioned into the army except in 2 branches: education and law.
- Numbers of Percentage of women in Armed Forces of India
  - Army - 4% Women;
  - Navy - 5% women;
  - Air force - total 1300 as Air Force did not declare actual percentage of women.

- Majority of women in Armed Forces of India are deployed as doctors and nurses only.
- Women officers made history by leading the military contingent in the Republic Day parade this year, but many of them are still not allowed on board warships.
- Till recent, women were not allowed permanent commission in armed forces. In other word women were allowed to serve for max period of 14 years. Due to their limited service span, women officers are not eligible for pension, which requires a minimum 20 years of service.
- In 2010, women in the Army and the Air Force were allowed permanent commission by the high court.
- Last year, Delhi High Court said that women can now have full term service in the Indian Navy and enjoy retirement benefits. Allowing women to get permanent commission in the navy, the court said it would "frown upon any endeavor to block progress of women."
- Only 25 countries in the world which deploy women in combat position and unfortunately India is not among these countries.

### Financial Reforms in Municipal Bodies (A case of Delhi)

The recent financial crisis in Municipal Corporation of Delhi has again brought to limelight the issues plaguing India's municipal bodies especially in financial matters. With Indian urban population growing rapidly the need of smart cities is felt badly. The base of smart city is provided by sound financial management.

India has 4041 statutory towns, the revenue of these towns are far from adequate to meet their requirements. These are dependent on scheme funds or discretionary funds from states. These channels of funds are highly unpredictable and affect long term planning by ULBs. On the top of need state governments don't have any long term planning to make these bodies self sufficient in financial aspects.

### What should be done?

- Organize city level data with respect to sectoral jobs, real estate and potential revenue from these resources. Everything should be available in digital format.
- Planning departments should be staffed with experts and help of universities or expert bodies can be taken.
- The municipalities have access to very few buoyant revenue streams. Where they do have, as in the case of property tax, the municipalities have limited or no control over the rates. States need to devolve

a reasonable percentage of stamp duties and registration charges on properties back to the cities since growth in the real estate sector is accompanied by service obligations on the part of municipalities.

- Similarly, thinner revenue streams such as entertainment tax and profession tax need to be given to municipalities.
- The Union government should remove the cap on profession tax and making all municipal bond issuances tax exempt.
- The Union and state governments as well as the municipalities should work together to make an inventory of government land, and draw up a strategy for land value capture that can benefit the municipal exchequer.
- Concurrent policy measures are required to ensure that a municipality's medium-term financial position is sound. In municipalities, only short-term cash flows are measured and managed, and not balance sheets. A state legislation on fiscal responsibility and budget management in municipalities is, therefore, long overdue
- Lastly, there is an acute shortage of skilled staff in the finance and revenue departments of municipalities. This is a key reason for poor tax collections and weak financial management. A combination of solutions, including skill certifications and outsourcing of collections, etc, would be highly effective.
- All of the above need to be circumscribed by an effective policy on transparency, accountability and citizen participation. The public disclosure law under the Jawaharlal Nehru National Urban Renewal Mission was a good beginning in this regard. But it needs to be strengthened further through the addition of built-in incentives and disincentives, as well as the incorporation of open data standards. Greater disclosures will nudge citizens to take ownership of their city.

All these finance related measures should be taken on stand- alone and urgent basis.

## Hydrocarbon vision 2030 for North-east

- The Minister of State (Independent Charge) for Petroleum and Natural Gas has released the Hydrocarbon Vision 2030 for North-east India to outline the long term and broad objectives for the exploration, exploitation of hydrocarbons in North east India and highlight its potential in the economic and social development of the region.
- The vision draft outlines steps to be taken to leverage the hydrocarbon sector for development

of the region and vision to develop a common and shared aspiration for benefiting people of the north-east region.

### The objectives of Hydrocarbon Vision 2030 :

- The objectives of the plan are to leverage the region's hydrocarbon potential, enhance access to clean fuels, improve availability of petroleum products, facilitate economic development and to link common people to the economic activities in this sector.
- It outlines the steps to leverage the hydrocarbon sector for development of the region in Guwahati as well as in North-east region with involvement and inputs of various stakeholders, industry players and state governments. It not only includes the ambition for the region but also an actionable road map.
- It rests on 5 pillars: People, Policy, Partnership, Projects and Production. It aims at doubling Oil and Gas production by 2030, making clean fuels accessible, fast tracking projects, generating employment opportunities and promoting cooperation with neighbouring countries.
- The vision also focuses on other areas including exploring hydrocarbon linkages and trade opportunities with neighbouring countries like Bangladesh, Myanmar, Nepal and Bhutan. It also aims at doubling Oil and Gas production by 2030, fast tracking projects, generating employment opportunities and promoting cooperation with neighbouring countries.

### Hydrocarbons in North East India

- The potential of hydrocarbons in North-east India can be gauged from the fact that the 1<sup>st</sup> oil well in India was discovered in Digboi, Assam by the British, and continues to be one of the major oil producing regions in India. However, vast resources remain unexplored due to various factors as mountainous terrain of the Himalayas, insurgency in some of the states, and disputed international borders. This has also led to poor economic and social development of the region, which in turn fuels insurgency and other social issues, thereby creating a vicious cycle. The draft hopes to cover this gap and focus on exploring hydrocarbon linkages.

## National Framework for Elimination of Malaria, 2016-2030

The Union Health Minister has launched the National Framework for Malaria Elimination (NFME) 2016-2030, which outlines India's strategy for elimination of the disease by 2030 and will contribute to improved health and quality of life and alleviation of poverty.

- The NFME document clearly defines goals, objectives, strategies, targets and timelines and will serve as a roadmap for advocating and planning malaria elimination in the country in a phased manner.

#### The objectives of the NFME:

- Eliminate malaria from all low (Category 1) and moderate (Category 2) endemic states/UTs (26) by 2022;
- Reduce incidence of malaria to less than 1 case per 1000 population in all States/UTs and the districts and malaria elimination in 31 states/UTs by 2024;
- Interrupt indigenous transmission of malaria in all States/UTs (Category 3) by 2027;
- prevent re-establishment of local transmission of malaria in areas where it has been eliminated and to maintain malaria-free status of the country by 2030. The milestones and targets are set for 2016, 2020, 2022, 2024, 2027 and 2030 by when the entire country has sustained zero indigenous cases and deaths due to malaria for 3 years and initiated the processes for certification of malaria elimination status to the country.

The NFME 2016-2030 also defines key strategic approaches such as programme phasing considering the varying malaria endemicity in the country; classification of States/UTs based on API as primary criterion (Category 0: Prevention of re-introduction phase; Category 1: Elimination phase; Category 2: Preliminary phase; Category 3: Intensified control phase); district as the unit of planning and implementation; focus on high endemic areas; and special strategy for *P. vivax* elimination.

- In the short-term, i.e. by end of 2016, all states/UTs are expected to include malaria elimination in their broader health policies and planning framework; by end of 2017, all states are expected to bring down API to less than 1 per thousand population; and by end of 2020, 15 states/UTs under category 1 (elimination phase) are expected to interrupt transmission of malaria and achieve zero indigenous cases and deaths due to malaria.
- This framework demonstrates renewed commitment and strategic thinking on India's part, and is a significant effort for the malaria elimination efforts and goals of the region and globally also.
- The main goals of the National Framework for Malaria Elimination in India are to:**
- Eliminate malaria (zero indigenous cases) throughout the entire country by 2030;
- Maintain malaria free status in areas where malaria transmission has been interrupted and prevent re-introduction of malaria

## Karnataka Mobile One project

Karnataka's flagship mobile-one governance project has won the best m-governance award at the fourth World Government Summit in Dubai.

- The project was selected for the award in the One Stop App category at the international level it has won this award ahead of some of the best m-governance projects in the world.

#### Features of Mobile One project

- The project was launched in December 2014 by the President Pranab Mukherjee to bring together around 4000 services of multiple states and central government departments as well as private service providers at one place.
- The services can be accessed in the form of an application that include government services like utility bill payments, income and property tax payment, SAKALA services, bus and railway ticket booking.
- It also provides various private services in the categories of healthcare, banking, travel, legal, agriculture and other areas.
- The services can be accessed as an Application on smartphones, a web portal or through Short Message Service (SMS) and Interactive Voice Response System (IVRS).

## Suicide the leading cause of death in 15-29 age group

Recently, the data released by Census Commissioner shows that suicide is the leading cause of death in 15-29 year age group and 41% of suicides takes place in 14-30 age group. WHO has also said that worldwide suicide is the 2nd leading cause of deaths and there are increasing cases of suicidal deaths.

#### What is suicide?

Suicide is the practise of taking one's own life or deliberate termination of one's own physical existence.

#### What are the reasons behind suicides?

There can be many reasons for an individual taking his own life.

- Stress because of competition and academic failures as was seen in Kota, relationship failure, work pressure and economic reasons. These are among the main reasons in the 14-30 year age group.
- Religious practices like 'sallekhana' or 'santhra' in Jain religion in which Jain ascetics observe starvation to death.

- Political reasons like self immolation in case of agitation and some individuals laying down their lives for the freedom of their country to set an example for others.
- Poverty, debt and resulting shame lead many towards the path of suicide.

In present times stress resulting from economic, social and peer pressure is considered to be the leading cause.

What are the institutional and societal mechanisms to tackle with the issue?

Suicide is seen from different perspectives by different people and institutions. Like different religions treat suicide differently. Christianity treat it as a moral sin, Quran declares it as a crime worse than homicide. In society many people have considerate and compassionate views regarding those who commit suicide at the same time there are people who despise such activities.

Institutionally Indian legal system criminalize attempt to suicide through section (309) of IPC. This raises the issue whether suicide should continue to be criminalized or not?

#### Why it was criminalized and should remain same?

- Though criminalization of suicide was based on Christian ethics but then there are some valid reasons which need consideration. In case of decriminalization several cases of abetment to suicide will be fabricated as suicide by the police, whose record is not scot free.
- In such case militants can say that, they were committing suicide and therefore should not be penalized.
- It is argued that 'right to die' is based on the principal that suicide is a private affair and doesn't affect society. But in reality it has several negative consequences for society like it fuels the atmosphere of despair which is bad.

#### Should attempt to suicide be decriminalized?

- The world has changed significantly since medieval times. Secularism, economy has overtaken religion and morality and happiness. Economic changes had led to disruption of societal and family life. Pressure created by competition has taken a toll on human mental, emotional, physical well being. Therefore in such circumstances those surviving suicide attempt need counseling rather than interrogation which further leads to frustration.
- Criminalization has prevented the survivors from seeking medical help and therefore the chances of their trying it remains.

- Criminalization has failed to act as a deterrent as is visible from the increasing cases of suicides.
- It is argued that 'right to die' is part of 'right to life' under article 21 and therefore sec 309 should be repealed.
- Law commission in its 42nd report in 1970 and recently in its 210 has recommended effacing the sec 309. World over countries, starting from England in 1961, are annulling the provision and Canada and New Zealand have shown that decriminalization doesn't lead to increase in suicides.

#### Recent happenings in the suicide issues

Recently there have been many attempts to remove the anomaly created. Government has proposed amendment in IPC for the purpose. The proposed amendment by the current government was supported by 18 states and four Union Territories. Bihar, Madhya Pradesh and Delhi continued to resist decriminalisation with no coherent argument of principle.

Section 124(1) of the Mental Health Bill has been brought in Parliament, which lays down that "the person who attempts to commit suicide shall ordinarily be presumed, unless proved otherwise, to have a mental illness and not be subject to any investigation or prosecution".

#### What should be done?

Suicide should be treated as a threat to the well being of the youth and other individuals. There should be a policy based on public health interventions through counseling etc. Law Commission in its 210 report said, "The criminal law must not act with misplaced overzeal and it is only where it can prove to be opted and effective machinery to cure the intended evil that it should come into the picture. Suicide occurs in all ages. Life is a gift given by God and He alone can take it. Its premature termination cannot be approved by any society. But when a troubled individual tries to end his life, it would be cruel and irrational to visit him with punishment on his failure to die. It is his deep unhappiness which causes him to try to end his life. Attempt to suicide is more a manifestation of a diseased condition of mind deserving of treatment and care rather than punishment." Sec (309) of IPC provides double punishment and therefore should be repealed.

#### 2nd National Deworming Initiative launched

The Ministry of Health and family welfare has launched the national deworming initiative on the event of the National deworming day.

- This will be a path breaking initiative focused primarily to reduce the threat of parasitic worm infections and other forms of stomach worms seen in millions of children across the nation.

- The target is to make India worm free by deworming all pre-school and school age children between the ages of 1 to 19 years. In the first phase nearly 14 crore children across 11 states and union territories will be covered and in the 2<sup>nd</sup> phase around 10 crore will be covered the remaining will be covered by the mop up round.

#### **National Deworming Initiative:**

- The National Deworming Initiative was launched 1<sup>st</sup> in 2015 in a few states of India to protect children in the age group of 1-19 from intestinal worms. This year onwards, this will cover all the states in the country.
- The target has now been extended to benefit more than 270 million children in 536 districts of the country.
- It started with implementation in 11 States and Union Territories (UTs) covering all Government and Government-aided schools and Anganwadi

centres targeting children aged 1 to 19 years and now aims to cover the whole country.

- It focuses on Parasitic worms which interfere with nutrient intake in children and can contribute to anaemia, malnourishment, and impaired mental and physical development.
- National Deworming Initiative will mobilise health personnel, state governments and other stakeholders to prioritise investment in control of Soil Transmitted Helminth (STH) infections, while highlighting that apart from the most effective and low-cost STH treatment of administering Albendazole tablets, behaviour change practises in terms of cleanliness and hygiene are also important to reduce incidents of re-infection.
- Community mobilisation and outreach efforts are also underway at the state and local level, to engage community-based health workers, like ASHAs, Gram Sabhas and others, to spread awareness and encourage participation in the program.

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## 2. ECONOMY

### Companies Law Committee recommendation on the Companies Act, 2013

#### Introduction

- The Companies Law Committee (CLC) was constituted in June 2015 for examining and making recommendations on the issues arising out of implementation of the Companies Act, 2013. The Committee submitted its report to the Government. The Committee was chaired by Secretary, Ministry of Corporate Affairs.
- After exhaustive deliberations, the Committee has proposed changes in 78 sections of the Companies Act, 2013, which along with consequential changes, would result in about 100 amendments to the Act. Approximately 50 amendments to the Rules have also been proposed. The recommendations cover significant areas of the Act, including definitions, raising of capital, accounts and audit, corporate governance, managerial remuneration, companies incorporated outside India and offences/ penalties.
- 6 groups were set up to review the suggestions received during the public consultation. Each group was convened by a member of the CLC, and consisted of subject-matter experts, industry representatives, lawyers, company secretaries, cost accountants, chartered accountants and investors' representatives. During the course of their working, the groups examined the recommendations received by the CLC through the public consultation process.

#### Major Recommendations

- Some of the key changes proposed are regarding managerial remuneration to be approved by shareholders and modification of definition of associate company and subsidiary company.
- Private placement process should be substantially simplified and incorporation process made easier.
- The suggestions also include omitting provisions relating to forward dealing and insider trading from Companies Act. Companies may give loans to entities in which directors are interested after passing special resolution and adhering to disclosure requirement. Restriction on layers of subsidiaries and investment companies could be removed.

- Auditor will report on internal financial controls with regard to financial statements. Frauds less than Rs. 10 lakh could be compoundable offences, according to the statement.
- Other frauds can be continued to be non-compoundable. Requirement for a managerial person to be resident in India for 12 months prior to appointment may be done away with, it said.
- ESOPs may be allowed to promoters working as employees/directors.

#### Opinions of Experts

- One of the striking features of the Committee's recommendations is to do away with Inspector Raj and clipping the wings of the overzealous executive and ensuring smooth highway of growth and development.
- Simplification of incorporation of companies by placing reliance on self-certifications, private placements of securities, and realigning of insider dealing provisions are some of the important salutary recommendations of the committee.
- These recommendations seem very necessary to depict country's image as investor-friendly and, if approved, are likely to bring more foreign flows into the system.
- Allowing companies to have generic object clause 'to engage in any lawful act or activity or business as per the law for the time being in force' will give flexibility to carry on any legal business activity.
- When a company has insufficient profits or is running into losses, it has to seek approval in the form of special resolution from shareholders and in some cases from central government to pay the remuneration to the director.
- The recommended amendment replacing special resolution with ordinary resolution in some cases and even removing central government's approval is very necessary to keep and attract good managerial talent.
- These are indeed welcome changes and indicate that the regulator continues to aim at smooth implementation of the Act. While these are recommendations, Industry experts expect the (MCA) Ministry of Corporate Affairs to finalize/ adopt them soon and provide the much needed relief.

## Government panels to bring coherence between direct and indirect taxes.

- The finance Ministry has recently announced that the tax department will now have Tax Policy Research Unit (TPRU) and Tax Policy Council (TPC) in place of Tax Research Unit and Tax Policy and Legislation.

### Background

- The Tax Administration Reform Commission (TARC) which was set up in the previous regime, in its report identified handling of tax policy and related legislation as one of the areas which needs structural modifications. Observing that currently, this is handled in the 2 Boards i.e. (CBDT) Central Board of Direct Taxes and (CBEC) Central Board of Excise and Customs, independently in the Tax Research Unit (TRU) and Tax Policy and Legislation (TPL) wings, the proposals of the Boards reach the Finance Minister in separate channels.
- To bring consistency, multidisciplinary inputs, and coherence in policy making, TARC has recommended that a Tax Council supported by a common Tax Policy and Analysis (TPA) unit should be established to cater to needs of both direct and indirect taxes.

### Key Features of TPRU

- The Tax Policy Research Unit will have economists, statisticians, operational researchers and legal experts
- For every tax proposal, TPRU will prepare an analysis covering three broad areas - legislative intent behind the proposal; expected change in tax collection; and the likely economic impact through the proposal.
- TPRU will carry out studies on various topics of direct and indirect tax policies and prepare and disseminate papers on tax policy issues. It will also assist TPC, chaired by the finance minister, in taking appropriate tax policy decisions. The Unit will also liaise with state commercial tax departments.
- It will be headed by an officer of the level of chief commissioner at functional level alternatively from the Central Board of Direct Taxes (CBDT) and Central Board of Excise and Customs (CBEC) for a fixed tenure, who will directly report to the revenue secretary.

### Key features of Tax policy council

- With an aim to have a consistent and coherent approach to the issue of tax policy and having

regard for need to have an interdisciplinary approach, a Tax Policy Council under the Union Finance Minister with 9 other members as given below is constituted.

- The TPC, to be headed by Finance Minister, would have 9 members - Minister of State for Finance, NITI Aayog Vice-Chairman, Commerce Minister, Chief Economic Advisor and Finance Secretary. It would also have secretaries from the department of Revenue, DEA (Department of Economic Affairs), DIPP (Department of Industrial Policy & Promotion) and Ministry of Commerce.
- The Tax Policy Council will look at all the research findings coming from Tax Policy Research (TPRU) Unit and suggest broad policy measures for taxation. The Council will be advisory in nature, which will help the Government in identifying key policy decisions for taxation.

### Benefits of these 2 Panels

- The step will enable the government to take an integrated view of direct and indirect taxes and obtain inputs from a broad spectrum of professionals. This will help in the formulation of balanced and forward-looking tax policies.
- It would bring consistency, multidisciplinary inputs, and coherence in policy making.
- The disconnect between the tax policies of CBDT and CBEC has been a key issue of concern, which will be addressed through the decision. The move will sync the tax policies of the 2 boards to the larger benefit of the ministry of finance and tax payers as a whole. The stable and coherent tax regime would help in ease of doing business and would attract investors.

## India's 1<sup>st</sup> Defence Industrial Park

- Union government's Department of Industrial Policy and Promotion (DIPP) has approved a proposal from the Kerala Industrial Infrastructure Development Corporation (Kinfra) to set up the country's 1<sup>st</sup> defence industrial park at Ottappalam in order to give a major fillip to industrial infrastructure in the Palakkad region.
- The proposed park will be established as part of the Make in India, Make in Kerala project, will have modern common infrastructure facilities aimed at attracting component manufacturers in the defence industry.
- Bridging the gap: it will address the gap between demand and supply apart from providing the country an opportunity in defence-related export of products from small- and medium-sized enterprises.
- Ottappalam has been selected for the defence park keeping in view its strategic location as far as connectivity was concerned. Apart from

common facilities such as dedicated power and water supply, the park will have a research and development centre.

- The Future of the Project:- It is expected that this park will be ready for production in the next year and the full-fledged production will be possible in next 2 years.
- It will manufacture the necessary equipment needed for night vision, parachutes, and many other types of suits, and so on. These items will be transported through the Nedumbassery, Coimbatore and Karippur airports mainly. Presently, although there are 600 units which manufacture the goods for defense, there is a huge deficit in the items and the most of the items are imported from the foreign countries which result a huge expense. This new defense park is also expected to lower the national expense on importing the dense items from foreign countries.

## FII pull out in January highest in 8 years, (An Analysis)

FII pull out a net of around 11,000 crore rupees in January from Indian equities market, biggest since January 2008.

### Why FIIs are pulling out

- Stronger dollar because of increased interest rates in USA and weak rupee has led to fleeing of FIIs. Any negative side pressure and volatility in exchange rate increases the hedging costs and FIIs profit margins. In such situations they pull out money.
- Slowdown in Asia led by weak Chinese economy has led to fears of overall slowdown and therefore they want to invest in safer economies like USA, where interest rates have been hiked.
- Low commodity prices combined with low oil prices has reduced the profitability of many Indian companies.

### What is the impact?

- Pulling out of FII may put pressure on Indian currency and lead to its depreciation. But such an affect can be taken as positive in light of China and other Asian countries using devaluation to boost their exports.
- FIIs pulling out money may have psychological impact on investments in stock market. But this withdrawal can be and has been somewhat balanced through investments by domestic institutional investors.

FII are considered hot money which changes its direction and destination very quickly with slightest of clues. Indian macroeconomic fundamentals like inflation, fiscal

deficit and current account deficit are within control. In such background FII pulling out can be considered as one off the cuff action.

## IRDA issues new re-insurance guidelines

IRDA has issued new re-insurance guidelines favouring public sector reinsurer GIC Re.

According to the new guidelines every Indian insurer has to offer its re-insurance business to Indian re-insurer, than to foreign re-insurers which are having branches in India, Lloyd's and reinsurers which are having branches in SEZ (Special Economic Zone) of GIFT city Ahmadabad. In April last year, IRDA had originally released guidelines giving preference to GIC Re, but it revised the norms later following objections raised by foreign players. However, the government representative on the IRDA board spoke against the revised guidelines, forcing the IRDA to revamp the norms again.

### What is re-insurance?

Re-insurance is the insurance purchased by an Insurance company. Every insurance company tries to share its risk portfolio with another re-insurer by entering into a contract with re-insurer.

With the availability of re-insurance sector insurance companies can increase their penetration and can undertake greater risk like those involved in agriculture sector where the risks are more. Therefore the need for more opened up re-insurance sector was felt. There is also need to create enough opportunities for foreign re-insurers so that India can benefit from huge resources of the global re-insurers.

The Insurance Laws (Amendment) Act, 2015, permits foreign reinsurance companies and Lloyds to set up branch office in India.

## TRAI recommends PPP model for Bharat Net Project

In a bid to speed up the implementation of the National Optical Fiber Network (NOFN or BharatNet), the Telecom Regulatory Authority of India (TRAI) has recommended public-private partnership (PPP) model.

This is contrary to the proposals made by an expert committee last year, which had suggested a model wherein the Central public sector units in some States and the private sector be roped in under Engineering, Procurement and Construction (EPC) contracts.

A PPP model that aligns private incentives with long-term service delivery in the vein of the Build-Own-Operate-Transfer/ Build-Operate-Transfer models of implementation be the preferred means of implementation.

At present, a special purpose vehicle Bharat Broadband Network Ltd (BBNL) under Telecom Ministry is handling

roll out of optical fiber network. The project is being executed by BSNL, RailTel and Power Grid.

TRAI also said the task of rolling out broadband network should be given to a concessionaire selected through reverse bidding process to arrive at fund to be provided by the government through VGF (Viability Gap Funding).

The project was formally approved by the Union Cabinet in December 2011 with the vision of increasing affordable and high-quality access to 2.5 lakh Gram Panchayats by laying 6,00,000 km of incremental optical fibre in three phases to be completed by 2015.

Reasons for PPP model works better than EPC model as per TRAI

A BOOT operator having significant incentive to complete the project in time, as his revenue stream from the project starts only on its completion, is more likely to anticipate problems and make all the efforts to resolve them early so as to complete the project well in time.

The risk of delay in completion of the project is relatively less in such model than in EPC model.

TRAI added that the current proposal envisages the network to be auctioned at the district level. "This concept is fraught with the danger of creating an administrative nightmare. Implementation of this proposal will result in a complex and unmanageable web of contracts. Assuming that one entity is auctioned one pair of fibre, there will be a minimum of a dozen contracts at each district. This will put the total contracts pan-India at 6,000 at the minimum."

It is desirable to structure the private sector's involvement in a manner that aligns long-term incentives with the State's social and public service delivery objectives.

But the main issue of RoW (Right of Way) for optical fiber is still not addressed which is the main hindrance in implementation.

Bharat Net project is an ambitious project which can change the life of millions of people living in rural areas. Timely completion of such project is very important and for that different approaches can be applied to different areas according to the requirement. Like some states have formed their own SPV for the purpose. Therefore there is no need to stick to one approach.

## Core sector growth in December down to 0.9%

- The growth of 8 core sectors slowed down to 0.9% in December 2015 from 3.2% in the same month of previous year as production of crude oil, natural gas and steel sectors declined. According to the data released by the Ministry of Commerce and Industry, crude oil, natural gas and steel recorded negative growth in December 2015.

- The December production numbers are, however, better than those in November which witnessed the worst performance in seven months with the output of eight sectors contracting by 1.3%. The fall in December has been largely on account of a sharp drop in natural gas production (- 6.1%) while crude oil has also witnessed a fall (- 4.1%) due to lower global prices that has squeezed out investments from oil exploration and production activities. The steel sector (- 4.4%) also pulled down the core data as it continues to face sluggish demand and pressure on prices.
- Production of crude oil declined by 4.1%, natural gas by 6.1% and steel by 4.4% in the month under review.
- The fertiliser sector has remained in the positive zone for the entire period of current fiscal registering a growth of 13.1% in December.
- Though the figures of the core sector were pulled down by the continued and accelerating decline in crude oil, natural gas which went down 4.1 and 6.1 per cent, respectively. However, coal production and electricity generation both recovered significantly to manage a slight uptick in overall figures.
- Impact: The slowdown is attributed to declining production of crude oil, natural gas and steel. This may also push down GDP growth projects for the 2015-16 financial year. The poor growth indicates that industrial production would remain subdued and a stable recovery would take more time to materialise. The government is hoping for growth to stabilise in the balance period of the fiscal to achieve targeted growth levels.

### About Core industries:

- The 8 core or infrastructure industries are coal, crude oil, natural gas, refinery products, fertilisers, steel, cement and electricity.

They have a total weightage of nearly 38% in IIP.

## NPA issue in India: An Analysis

According to RBI October to December report, the gross Non-Performing Assets (NPAs) of public sector banks are just under Rs 4 lakh crore, and they collectively account for 90% of such rotten apples in the country's banking portfolio. In terms of net NPAs, their share is even higher - at 92% of the total bad loans reported so far in the banking system.

### What is NPA?

- The assets of the banks which don't perform (that is - don't bring any return) are called Non Performing Assets (NPA) or bad loans. Bank's assets are the loans and advances given to customers. If customers don't pay either interest or part of principal or both, the loan turns into bad loan.

- According to RBI, terms loans on which interest or installment of principal remain overdue for a period of more than 90 days from the end of a particular quarter is called a Non-performing Asset.
- However, in terms of Agriculture / Farm Loans; the NPA is defined as under: For short duration crop agriculture loans such as paddy, Jowar, Bajra etc. if the loan (installment / interest) is not paid for 2 crop seasons, it would be termed as a NPA. For Long Duration Crops, the above would be 1 Crop season from the due date.

### Reasons for the rise in NPA in recent years

- GDP slowdown -Between early 2000's and 2008 Indian economy were in the boom phase. During this period Banks especially Public Sector Banks lent extensively to corporate. However, the profits of most of the corporate dwindled due to slowdown in the global economy, the ban in mining projects, and delay in environmental related permits affecting power, iron and steel sector, volatility in prices of raw material and the shortage in availability of. This has affected their ability to pay back loans and is the most important reason behind increase in NPA of public sector banks.
- 1 of the main reasons of rising NPA is the relaxed lending norms especially for corporate honchos when their financial status and credit rating is not analyzed properly. Also, to face competition banks are hugely selling unsecured loans which attributes to the level of NPAs.
- 5 sectors Textile, aviation, mining, Infrastructure contributes to most of the NPA, since most of the loan given in these sector are by PSB, They account for most of the NPA.
- Public Sector banks provide around 80% of the credit to industries and it is this part of the credit distribution that forms a great chunk of NPA. Last year, when kingfisher was marred in financial crisis, SBI provided it huge amount of loan which it is not able to recover from it.
- There is a myth that main reason for rise in NPA in Public sector banks was Priority sector lending, However according to the findings of Standing Committee on Finance NPAs in the corporate sector are far higher than those in the priority or agriculture sector. However, even the PSL sector has contributed substantially to the NPAs. As per the latest estimates by the SBI, education loans constitute 20% of its NPAs.
- The Lack of Bankruptcy code in India and sluggish legal system make it difficult for banks to recover these loans from both corporate and non-corporate.

### Other factors

- Banks did not conducted adequate contingency planning, especially for mitigating project risk. They did not factor eventualities like failure of gas projects to ensure supply of gas or failure of land acquisition process for highways.
- Restructuring of loan facility was extended to companies that were facing larger problems of over-leverage & inadequate profitability. This problem was more in the Public sector banks.
- Companies with dwindling debt repayment capacity were raising more & more debt from the system.

### Steps taken by RBI and Government in last few years to curb NPA

- Government has launched 'mission Indradhanush' to make the working of public sector bank more transparent and professional in order to curb the menace of NPA in future.
- Government has also proposed to introduce Bankruptcy code.
- RBI introduced number of measures in last few years which include tightening the Corporate Debt Restructuring (CDR) mechanism, setting up a Joint Lenders' Forum, prodding banks to disclose the real picture of bad loans, asking them to increase provisioning for stressed assets, introducing a 5:25 scheme where loans are to be amortized over 25 years with refinancing option after every 5 years, and empowering them to take majority control in defaulting companies under the Strategic Debt Restructuring (SDR) scheme.

### How to curb the menace of PSB

#### (a) Short Term measures

- Review of NPA'S/Restructured advances- We need to assess the viability case by case. Viable accounts need to be given more finance for turnaround and unviable accounts should either be given to Asset Reconstruction Company or Management/ownership restructuring or permitting banks to take over the units.
- Bankruptcy code should be passed as soon as possible. Bankruptcy code will make it easier for banks to recover loans from unviable enterprises.
- Government should establish ARC with equity contribution from the government and the Reserve Bank of India (RBI). The established ARC should take the tumor (of Non-Performing Assets or NPAs) out of the banking system. An ARC acquires bad loans from banks and financial institutions, usually at a discount, and works to recover them through a variety of measures, including sale of assets or a turnaround steered by professional management.

Relieved of their NPA burden, the banks can focus on their core activity of lending.

#### (b) Long term Measures

- **Improving credit risk management-** This includes credit appraisal, credit monitoring, and efficient system of fixing accountability and analyzing trends in group leverage to which the borrowing firm belongs to
- Sources/structure of equity capital-Banks need to see that promoter's contribution is funded through equity and not debt.
- Banks should conduct necessary sensitivity analysis and contingency planning while appraising the projects and it should built adequate safeguards against such external factors.
- Strengthen credit monitoring-Develop an early warning mechanism and comprehensive MIS(Management Information System) can play an important role in it.MIS must enable timely detection of problem accounts, flag early signs of delinquencies and facilitate timely information to management on these aspects.
- Enforce accountability- Till now lower ring officials considered accountable even though loaning decisions are taken at higher level. Thus sanction official should also share the burden of responsibility.
- Restructured accounts should treated as non performing and technical write offs where Banks remove NPA'S from their balance sheets Permanently should be dispensed with.
- Address corporate governance issues in PSB. This include explicit fit and proper criteria for appointment of top executives and instituting system of an open market wide search for Chairman.

### Import of duty-free capital goods for power sector banned

Government has banned the import of duty free capital goods for power sector under Exports Promotion Capital Goods scheme (EPCG).

#### Implications:

- Will help Indigenous manufacturing and support Make in India.
- On the power sector producers affect will not be much because they don't export much to gain benefits from EPCG scheme.

#### EPCG scheme:

EPCG was an export promotion scheme launched in early 1990s. It allows import of capital goods at zero

duty subject to an export obligation of 6 times of duty saved on capital goods imported under EPCG scheme, to be fulfilled in 6 years.

### Why Deflation Is Bad For Economy: Case of Zero Inflation

- India's WPI inflation is in negative territory since last 1.5 years. While it looks comforting to general masses as decrease in prices increases their real economy and thus purchasing power but many economists are concerned that sustained negative inflation could have harmful consequences on Indian economy as sustained negative inflation could be termed as deflation instead of disinflation.

#### What is Deflation

- Deflation is a decrease in general price levels of throughout an economy. If there is a higher supply of goods and services but there is not enough money supply to combat this, deflation can occur. Deflation is mainly caused by shifts in supply and demand.
- Disinflation, on the other hand, shows the rate of change of inflation over time. The inflation rate is declining over time, but it remains positive. For example, if the inflation rate in India was 5% in January but decreases to 4% in March, it is said to be experiencing disinflation in the first quarter of the year.

#### Reasons behind Negative WPI Inflation in India

While prices of pulses and onion have increased greatly in last few years, However WPI is negative from more than 1 year. There are various reasons behind this phenomenon.

- In WPI primary articles which include food articles is given very less weightage. 77% weightage is given to Fuel, Power, Light & Lubricants and Manufactured Products. Both Fuel prices and manufactured prices have been at all time low due to number of global and domestic reasons, which has put WPI into negative territory
- While global factors include slump in the price of oil and commodities. The domestic factor include lack of demand which has pushed the prices down
- The food inflation has also decreased significantly in last 2 years due to number of reasons.
  - (1) Firstly MSP had been one of the major reasons for inflation however since the NDA government came to power it has increased only by 6% which has a moderating effect on inflation.
  - (2) Secondly Over production in certain crops like sugarcane, rubber has slumped their prices.

- (3) Thirdly during drought period The timely release of Buffer stock, Strict action against hoarders and Timely imports have overcome shortage of supply.

### Problems of deflation

Economist believes that inflation should be 2-3% as deflation creates number of problems for the economy.

- Discourages consumer spending-When there are falling prices, this often encourages people to delay purchases because they will be cheaper in the future.
- Increase real value of debt- Deflation increases the real value of money and the real value of debt. Deflation makes it more difficult for debtors to pay off their debts. Therefore, consumers and firms have to spend a bigger percentage of disposable income on meeting debt repayments. (in a period of deflation, firms will also be getting lower revenue, and consumers will likely to get lower wages). Indian corporates are already over leveraged, negative inflation would make it difficult for them to repay debts as their debt burden would increase.
- Real wage unemployment- Labour markets often exhibit 'sticky wages'. In particular, workers resist nominal wage cuts (no one likes to see their wages actually cut, especially when you are used to annual pay increases. Therefore, in periods of deflation, real wages rise. This could cause real-wage unemployment.
- No incentive to produce-Producers whether manufacturing or Farmers need some inflation so that their profits can increase. If prices would be falling they would reduce their production which could create supply side shortage in long run.

### Is India Facing Deflation Or Disinflation

- India is nowhere near deflationary situation. Although inflation rates have fallen sharply, inflationary expectations remain high and positive, indicating that India is witnessing dis-inflation, rather than deflation, which is a welcome development after years of high inflation. More importantly, we would argue that India is witnessing a period of 'good' dis-inflation.
- Recent decline in price levels in India is mainly on account of fall in fuel and commodity prices, both external factors. As far as common man is concerned, food prices still remain high and as vulnerable to monsoons as they have been in the past. Basically, the reason for price fall is not a lack of demand. CPI (Commodity Price Index) which is a more reliable indicator of inflation is close to 6% hence, we do not believe that India will witness a real deflation in the future.

- Lower inflation has raised households' real disposable incomes, which has contributed to increase in consumer durables like automobiles and other household goods.

### India's Domestic Passenger traffic grew by 20% in 2015, Highest in the World

- India's domestic air passenger traffic grew by 20.2 % in 2015 over the previous year. The growth in India's domestic air traffic was more than three-folds of the global average of 6.3%.
- Globally, international passenger traffic rose 6.5 % during 2015 compared to 2014.
- According to IATA, Indian carriers also recorded a higher seat occupancy during 2015 over 2014.
- According to IATA, the domestic load factor of Indian airlines' jumped 6.7% from 2014 to a record high of 83.2%.

### Reasons for this turnaround

- Economic growth-Indian economy grew at 7.2% this year compared to 6.6% last year, which boosted demand for airlines. The reason for discrepancy between Indian and Global domestic passenger traffic growth was that global growth remained subdued in 2015 and compared to it India was one of the fastest growing major economy in 2015.
- Cheaper air fare-Due to entry of new airlines in Indian market, competition Increased significantly in the aviation sector, which led to fall in prices Another reason behind the fall in airline prices is slump in the crude oil prices, which have decreased input cost for airlines . In 2015, the price of benchmark Brent crude oil fell 35%, while in 2014, it dropped 48.3%. In India, fuel costs account for about 45-55% of the revenue of domestic airlines, and a 4% reduction in fuel cost adds around 2 percentage points to the operating margin of airlines.
- Rise in domestic traffic was strongly helped by solid economic growth and an 8.3% increase in the average frequency of flights on each route over the year.

### Bank Account Portability

Reserve Bank of India deputy governor S.S. Mundra has given a proposal to go for bank account number portability like telecom sector.

- Through this, the customers would be able to move seamlessly between banks without having to change their account numbers, should they be dissatisfied with the services offered by their bank.

- The 3 pre-requisites for such account portability would be a shared payment system, a unique identity and a central clearance system.
- Though the implementation of the proposal is yet to be seen but it will increase the quality of services offered by the banks as they would fear losing their customers in case they don't offer good services.
- This is also likely to promote competition in the banking industry in offering better services than others.

## IIP negative for 2nd consecutive month: Reasons and Analysis

Growth in the Index of Industrial Production (IIP) was in the negative territory for the second consecutive month in December 2015. It contracted by 1.3% after declining by 3.4% in the previous month.

Even though IIP was negative in last 2 months but the IIP rose by 3.2% during April-December 2015, slightly higher than the 2.6% growth recorded in the year-ago period.

### What is IIP?

- The Index of Industrial Production (IIP) is an index for India which details out the growth of various sectors in an economy such as mining, electricity and manufacturing.
- The all India IIP is a composite indicator that measures the short-term changes in the volume of production of a basket of industrial products during a given period with respect to that in a chosen base period. It is compiled and published monthly by the Central statistical Organization (CSO) 6 weeks after the reference month ends.
- The level of the Index of Industrial Production (IIP) is an abstract number, the magnitude of which represents the status of production in the Industrial sector for a given period of time as compared to a reference period of time
- The current base year is 2004-05 and it is released by the office of economic advisor in the Ministry of Commerce.

### Reasons for negative growth?

- The fall in the index in the November was attributed to a shift in the festive period and is an outcome of higher base as during October due to festive season the demand for consumer durables increase significantly which always inflates industrial production during October, however in November with end of festive period, this short period demand reduced which is one of the cause for negative growth rate.

### In December number of factors led to negative growth:

- Chennai Floods-Chennai and several parts of Tamil Nadu came to a virtual standstill after heavy rains and severe flooding in December 2015. According to the Associated Chambers of Commerce and Industry of India (ASSOCHAM), small and medium enterprises, automobile and engineering industries, information technology (IT), ITeS, textile, tourism and a host of other sectors were badly affected by the massive rainfall. Automobile companies including Hyundai, Ford, BMW, Nissan, TVS, Renault-Nissan and Ashok Leyland shutdown operations during the rain. Major roads connecting industrial corridors were also damaged during the floods. The ASSOCHAM had estimated the financial losses to exceed Rs.150 billion. These adverse conditions affected IIP numbers for the month.
- Contraction in the output of basic metals-There was 5.3% contraction in the output of basic metal
- Drastic fall in capital goods output due to 85.2% fall in the production of Cable, Rubber Insulated.

## Ease of doing business; Government to soon introduce Business Identification Number for companies

The government is planning to introduce Business Identification Number (BIN) for companies, doing away with multiple registration numbers a single entity needs to obtain for various regulatory purposes.

### Background

- Presently a company is required to obtain 18 different registration numbers. Which means that a lot of time of any new company is wasted in getting all the required registrations. This not only increases the cost for the company but also makes it difficult for any new company to start a new business. This has resulted in India being ranked at 130th for 2016 among 189 countries in the World Bank report on ease of doing business. The incumbent government is aiming to bring India into the top 50 ranks. The proposed decision of introducing BIN is in line with the several steps taken by the incumbent government in last 2 years to simplify and rationalize existing rules and introduction of information technology to make governance more efficient and effective.

### What is BIN?

- The BIN would act as an identification number for different regulatory purposes and do away with the need for procuring separate registration numbers such as Company Identification Number and Labour Identification Number.

### Benefits of Business Identification number

- It will help in reducing the time of registration processes of the companies since This portal provides one-stop clearance platform for investment proposals. and thus would improve ease of doing business in India.

### Other recent steps to improve ease of doing business:

- Reducing disputes with taxpayers, providing clarifications by way of circulars (non-applicability of MAT to foreign companies in certain cases).
- Abolishing wealth tax
- Reducing corporate tax to 25%
- Introducing e-business portal which merges 14 regulatory permission at 1 place.
- Proposal to bring Bankruptcy law for easier exit of investors
- Deferring GAAR by 2 more years.
- Establishment of dedicated branches in court for early resolution of commercial disputes
- Getting rid of distinction between FDI&FII.
- Merging FMC (Forward Market Commission) With SEBI
- Reduction in the number of documents required to export& import to 3 from 10.
- Security clearance by FIPB (Foreign Investment Promotion Board) investment proposal will now be cleared by 30 days down from 90 days.
- Proposed 5 pronged labor code to replace the 44 laws.
- Introduction of Labor identification number and putting inspection on unified portal.
- Fast track approval agreement with Japan & Germany
- FIPB permission now only for FDI investment above Rs. 5000 crore. Previously that the limit was Rs. 3000 crore.

## Electronics Development Fund (EDF)

Department of Electronics & Information Technology and M/s. Canbank Venture Capital Fund Ltd will launch Electronics Development Fund (EDF) as an initiative of The Electronics Development Fund Policy launched as part of Digital India Week on 1st July 2015.

- It is an initiative of IT Department is formulated as a "Fund of Funds" to participate in "Daughter Funds" which in turn will provide risk capital to

companies developing new technologies in the area of electronics, nano-electronics and Information Technology (IT).

- The target beneficiaries of the EDF will be Daughter Funds (set up to achieve the objectives of the EDF policy) registered in India and abiding by the relevant rules and regulations including the SEBI regulations on Venture Funds.
- The supported Daughter Funds will promote innovation, R&D and product development within the country in the specified fields of electronics, nano-electronics and IT. They will also support acquisition of foreign companies and technologies for products imported in India in large volume.
- The core focus of the Daughter Funds would be to develop domestic design capabilities. The Daughter Funds supported will create a resource pool of IP within the country in the specified fields.
- EDF therefore enables creation of an ecosystem for providing risk capital to both industry and academia to undertake research and development in these technology areas. It will, in the process, enrich the intellectual property in the country and encourage more entrepreneurs towards product and technology development.

## Land Leasing In India : Challenges & Reforms

Land leasing is a commercial agreement in which the user or lessee acquires the right to use the land in lieu of certain amount of payment. Agriculture land leasing at present in India can be classified into following categories:

- Kerala and J&K have complete ban over leasing.
- In Uttar Pradesh, Himachal Pradesh, Bihar etc. land leasing is allowed in certain cases like where owner is widowed women, children, defence personnel etc.
- Punjab, Haryana, Gujarat, Maharashtra and Assam the tenant gets the right to purchase leased land after a certain period.
- In Tamilnadu, Rajasthan and West Bengal liberalised land lease exist.

As a result of this the land leasing activity is very less in India or if exists it is underground or unregulated. Therefore there is a need for reform in land leasing.

### Why there is need for reform in land leasing in India:

India's march on the path of inclusive, sustainable and faster growth needs disentangling from some legacy issues. Land leasing is one such area which needs reforms. There are various factors which favor this and some of them are:

- **Fragmented landholdings:** The average landholding size in India is 2.8 acres. The miniscule returns farmers get from this small landholding prevents mechanization and investments in agriculture and its profitability.
- **Low investment in agriculture:** In the fear of losing land and in the absence of long term tenancy laws the agriculture land lease are limited to one year. The tenant is not sure of regaining tenancy next year. Therefore there is no incentive for capital investment in agriculture.
- **Changes in the occupational structure in rural areas and increasing cases of fallow land:** Occupational structure in India has gone significant changes and there has been migration from rural areas to urban areas. This has resulted into the emergence of informal and underground land lease market. This creates a need for regulation.
- **Providing benefits to tenants:** The presence of informal tenancy puts tenants at the risk of exploitation because of no legal security and high rents. Along with these risks the tenants didn't get benefits of various government initiatives related to credit, insurance and subsidies like Kisan Credit Card, fertilizer subsidy.
- **Problems of land acquisition:** With the passage of new land acquisition law in 2013, the process has been more comprehensive and lengthy. The cost of acquisition has also increased. This creates an opportunity and necessity for exploring long term lease as the option for industrialization. This will reduce farmer's unrest and may solve the associated problems of loss of means of livelihood etc.

#### What will be the benefits?

- Benefits in the form of enhanced investments, economies of scale in use of capital, machines and other inputs.
- Enhanced social mobility as non farmland owning groups or castes can benefit by taking land on lease can generate more income. Those with small landholding can lease out their lands and migrate to other occupations and therefore will reduce the burden on agriculture land.
- Will help corporate farming under which corporates can take large chunks of land on lease and do cultivation. This will completely professionalize the agriculture activity.
- Benefits to industries in the form of reduced costs of land acquisition. They can take land on lease and after certain period of time lease agreement can again be negotiated. This will also reduce farmer's unrest who agitate against loss of land titles.

#### What are the concerns?

- Future government led redistribution in the favour of tenants as was done after independence.
- Will prevent redistribution of land through transfer ownership as people living outside the area will prefer leasing instead of selling. Otherwise land distribution through selling was an important means of redistribution and consolidation of land. Land leasing will promote absentee landlords.
- It may led to situation where individuals with big pockets will control agriculture by taking large chunks of land on lease.

#### What else is needed?

**Land leasing alone is not the solution to the problems faced by agriculture. This has to be complemented by a number of other steps which are:**

- Modernization and digitization of land records so that each and every owner has proper titles of his land. This will also reduce litigation related to the land leasing.
- Established of independent regulator for the sector to resolve the disputes legalization and operationalisation of land leasing will bring in people who will take lease at large scales. The standardization of lease agreements and dispute resolution mechanisms should be developed. Otherwise litigations will clog the already burdened courts.
- Modernization of the agriculture marketing so that informed decisions regarding leasing can be made so that informed lease agreement are concluded with proper knowledge of future market rates.
- Enhancing credit and insurance facilities for agriculture
- Providing improved technical inputs in the form of soil health card, laboratory facilities etc.
- Transformation of agriculture as a business - cum - livelihood activity so that investments are planned based on long term strategies and hedged from market and environmental risks.
- Proper awareness and education among the rural folk about the benefits that land leasing can bring to their household income and life. They must be taught about the benefits of land leasing.

Overall land leasing will be of great help to Indian agriculture which is reeling under stress because of continuous droughts and neglect by governments.

Recently government has formed t 'Haque committee' to frame model land leasing act and many states have requested government for prospective implementation of tenancy laws so that existing tenants are not affected.

## Madhya Pradesh gets its 1<sup>st</sup> mega food park

Madhya Pradesh has launched its 1<sup>st</sup> mega food park in order to give an impetus to the growth of the Food Processing Sector in the state.

- The park will have facilities of 3000 MT Cold Storage, 9000 MT Dry Warehouse, Instant Quick Freeze (IQF) 5 MT per hour, modern Quality Control lab and other processing facilities for fruits and vegetables. The project will create a modern infrastructure for arresting post-harvest losses of horticultural and non-horticultural produce and provide impetus to the growth of food processing sector in Madhya Pradesh. This Mega Food Park project will help in providing better prices to farmers, reduce wastage of perishables, add value to agricultural produce and create huge opportunities for entrepreneurship and employment for the youth of the State.
- This will also lead to a boost in Food Processing industry so that agriculture sector grows exponentially and becomes the engine of growth to drive the "Make in India" initiative. As a step in this direction, Ministry of Food Processing Industries has been implementing the Mega Food Park Scheme in the country.

### Mega food parks:

- Mega Food Park Scheme is the flagship program of the Ministry of Food Processing Industries, Government of India. Mega Food Park Scheme proposes a demand driven/pre-marketed model with strong backward/forward linkages and sustainable supply chain. It was launched in 2008.
- A mega food park is basically a hub and spoke architecture comprising Collection Centres (CCs) and Primary Processing Centres (PPCs) as spokes linked to a Central Processing Centre as hub.
- It aims to reduce wastage of perishables; raise processing of food items and raise India's share in Food Processing Industry.
- An important Features of Mega Food Parks Cluster Based Approach Demand driven with focus on strong backward and forward integration Enabling Infrastructure Creation along the supply chain and technology Creation of Central Processing Centre (CPC) and Primary Processing Centres (PPC) Common Facilities and amenities to be assisted Leverage investments in food processing units Stakeholder participation with private led initiative through Special Purpose Vehicle (SPV).

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## 3. International Relations + Defense + Security

### Bangladesh Cabinet Approves Draft of Dual Citizenship Law, 2016

Dual citizenship simply means a person can have nationality or citizenship of 2 countries at same time.

Bangladesh Cabinet approved the draft of a proposed Citizenship Law, 2016 that was framed by amalgamating two existing laws and expanding scopes for dual citizenship for expatriate Bangladeshi nationals.

The new Law was proposed by amending the existing the Citizenship Act 1951 and consolidating it with the Bangladesh Citizenship Temporary Provisions Order 1972 to help future citizens in the complex immigration world.

Before this, a provision was available for Bangladeshis having nationality of the UK and the US only.

#### Bangladesh Dual Citizenship Law: Major Provisions

- Bangladeshis staying in all the countries who have diplomatic ties with Bangladesh would be eligible for the dual citizenship but SAARC states and Myanmar were exempted.
- The law barred dual citizenship with countries the government has imposed a bar on by issuing gazettes and with those countries which have no diplomatic relations with Bangladesh.
- Supreme Court judges, Parliament members, members of the armed forces, public services and anyone holding a constitutional post are also not been permitted to possess dual citizenship.
- Foreign nationals who marry Bangladeshis would have to reside in Bangladesh for at least 5 years to qualify for citizenship while currently the period of residence was four years.
- The government may also confer honorary citizenship on individuals for their contributions to their Country.

#### Advantages of Dual Citizenship

- A person will get benefits and privileges offered by both the countries. For example such persons are allowed to run office in either of 2 countries, voting power or avail benefits of social schemes like pension etc.
- As a dual citizen, you are allowed to carry passports from both countries. For example, if you are a U.S. citizen and also a citizen of

Bangladesh, you can travel more easily between the 2 countries; having a citizen's passport eliminates the need for long-stay visas and questioning about the purpose of your trip.

- Another benefit is that you can own property in both of the countries as law restricts the ownership of property to only citizens in many countries.

#### Disadvantages of Dual Citizenship

- Dual citizenship imparts dual obligation on citizens to bind by rules and laws of both of the countries. For example if a country has provision of mandatory military service then you have to bound to follow rule in case of war or emergency whether you want it or not.
- Dual citizenship might cause of double taxation for the citizens in both of the countries.
- The enemies of country could misuse the dual citizenship to do harm to the country. As dual citizenship means ease of travel (no requirement for visas) it could come of use to anyone with a terrorist intention.

#### Impact on India

- Bangladesh dual citizenship law clearly specifies that SAARC states are excluded from provisions of this act but China can get benefits of this dual citizenship act.
- Other countries persons might attract towards Bangladesh than India as it provides opportunity of dual citizenship provided that same was allowed in their own country as well.

### Trans Pacific Partnership (TPP)

#### Introduction

- It involves 12 countries: US, Japan, Malaysia, Vietnam, Singapore, Brunei, Australia, New Zealand, Canada, Mexico, Chile and Peru.
- The agreement, one of the most ambitious Free Trade Agreements ever signed, aims at slashing tariffs on most goods traded between these countries, and the creation, over time, of a unified market like in Europe. The scale would be much bigger - the 12 countries are together home to nearly 800 million people - close to double the EU's single market - and already account for 40% of world trade.

- The background of this agreement was started a decade ago when 4 nations -Brunei, Chile, New Zealand and Singapore - signed a trade agreement.
- Further nearly 5 million American manufacturing jobs - one out of every 4 - have been lost since implementation of the North American Free Trade Agreement (NAFTA) and the World Trade Organization (WTO). Since NAFTA, over 60,000 American manufacturing facilities have closed. The TPP would replicate and expand on the NAFTA model.
- The US administration under President Barack Obama seems to have prioritized the TPP as the economic component of its "rebalancing" to Asia strategy.

### Key Features

- Comprehensive market access. The TPP eliminates or reduces tariff and non-tariff barriers across substantially all trade in goods and services and covers the full spectrum of trade, including goods and services trade and investment, so as to create new opportunities and benefits for our businesses, workers, and consumers.
- Regional approach to commitments. The TPP facilitates the development of production and supply chains, and seamless trade, enhancing efficiency and supporting our goal of creating and supporting jobs, raising living standards, enhancing conservation efforts, and facilitating cross-border integration, as well as opening domestic markets.
- Addressing new trade challenges. The TPP promotes innovation, productivity, and competitiveness by addressing new issues, including the development of the digital economy, and the role of state-owned enterprises in the global economy.
- Inclusive trade: The TPP includes new elements that seek to ensure that economies at all levels of development and businesses of all sizes can benefit from trade. It includes commitments to help small- and medium-sized businesses understand the Agreement, take advantage of its opportunities, and bring their unique challenges to the attention of the TPP governments. It also includes specific commitments on development and trade capacity building, to ensure that all Parties are able to meet the commitments in the Agreement and take full advantage of its benefits.
- Platform for regional integration. The TPP is intended as a platform for regional economic integration and designed to include additional economies across the Asia-Pacific region.
- Intellectual property rights. The TPP goes somewhat beyond the WTO's TRIPS agreement. It requires penalties for the unlawful commercial exploitation of copyrighted work, prescribes measures to reduce the illegal online distribution of copyrighted material and strengthen copyright terms.

### Impact: India and World

- Vietnam is expected to gain at the expense of India in the garments business in the US market, as it will have zero-duty access to the US for textiles as against the 14-30% duties that Indian exporters will have to pay.
- A yarn forward provision in the TPP, which requires clothing to be made from yarn and fabric manufactured in one of the free trade partners to qualify for duty-free treatment under the trade pact, could impact yarn and fabric exports from India to countries such as Vietnam.
- The Peterson Institute for International Economics (PIIE) in a report released in September said that if China and the rest of the APEC forum join a 2nd stage of the TPP that continues to exclude India, India's annual export losses would approach \$ 50 billion.
- WTO negotiations have been plagued by missed deadlines and a lack of consensus. As a forum, the WTO is clearly crumbling, considering there are 2 other large regional trade agreements currently under negotiation - the Transatlantic Trade and Investment Partnership (TTIP) between the US and the European Union, and the Regional Comprehensive Economic Partnership (RCEP) between the Association of Southeast Asian Nations (ASEAN) and its 4 free-trade partners, including China and India.
- Under World Bank Publication Global Economic Prospects 2016, it has been noted that GDP gain for TPP countries would be in limited range by 2030. However gain for small and open countries like Malaysia & Vietnam is on higher side (10 and 8% respectively). But for NAFTA countries (as all are members under TPP) GDP gain is around 0.6% because trade represents a modest share of GDP and because existing barriers to their trade which is already mostly among them) are already low for the most traded commodities.

### Vice President Visit to Brunei: Key takeaways

Indian vice President visited Brunei recently. The visit is significant because it is first high-level visit to the tiny, oil-rich sultanate from India since the establishment of diplomatic ties in 1984.

### Why India should engage with Brunei more extensively?

- As India strives to make its Act East Policy a comprehensive politico-diplomatic and economic success, Brunei gains more salience. 4 major reasons may be listed in that regard.
- First, as a member of ASEAN, Brunei is integral to India's Act East. For years, Brunei has been supportive of India's participation in ASEAN-led initiatives. While other countries have also been supportive of India's active presence in the Southeast Asian region, since 1990s Brunei has been encouraging India's active involvement in the region. Brunei also supported India's candidature for full dialogue partnership at ASEAN. The ASEAN-India FTA and the RCEP (Regional Comprehensive Economic Partnership) are likely to provide new vistas of cooperation between India and Brunei, especially in terms of economic cooperation and integration in the regional supply chains.
- Second, India's cultural relationship with Brunei is deeply rooted. India's engagement with Brunei through the presence of the Indian Diaspora has also been significant. The discovery of oil in Brunei in the 1920s attracted several Indians who, for commercial purposes, began to migrate to Brunei. There are as many as 10,000 Indians in Brunei and Indians constitute approximately 3% of Brunei's total population. A majority of the Indians in Brunei are either Tamil or Malayali. Due to the sizeable presence of Indians in Brunei, there is an urgent need to connect with Brunei and also to reconnect with the Indian Diaspora.. For this purpose, greater emphasis should be put on strengthening people-to-people contacts between 2 countries
- Third, Brunei overtly supports India's candidature for permanent membership in the United Nations Security Council. In addition, in 2011-2012, Brunei also lobbied for a non-permanent seat on the UNSC for India.
- Fourth, India's energy needs have been swiftly growing in recent times. Brunei is an important source of crude oil for India. In 2014-15, bilateral trade stood at US\$ 882.82 million, out of which US\$ 840.85 million accounted for India's imports from Brunei and US\$ 41.97 million for India's exports to Brunei.
- Fifthly as the Indian economy grows further, its energy demands will grow by leaps and bounds, making it difficult to satiate the demands of domestic industries and households. Brunei can be a great support in dealing with that situation.

### Key agreements during the visit:

- India and Brunei have signed three Memoranda of Understanding (MoU) to cooperate in the fields of defence, health and youth affairs & sports.
- 3 MOU's are
- MoU in Health Cooperation: Its objective is to establish cooperation in the field of health between the 2 countries by means of pooling technical, scientific, and financial and human resources and pharmaceutical regulatory practices. It also seeks to upgrade the health care, research and medical education.
- MoU on Defense Cooperation: Its purpose is to enhance and expand the scope of Defence Cooperation between the 2 countries in various fields.
- MoU on Cooperation in Youth and Sports Affairs: It seeks to provide a framework for exchanges of sports teams and sports persons. It also seeks to facilitate the exchange of expertise in coaching, Sports Management and Administration, Sports talent identification and exchange of information in the field of youth Affairs.

### Conclusion

The Act East should not be confined just to the politico-diplomatic and Socio-cultural field but it should achieve greater linkages, namely:

- Building robust infrastructural connectivity;
- Strengthening Diaspora linkages;
- Realizing regional economic integration through integrating with the regional supply chain mechanism
- Establishing energy cooperation as a strong pillar of the Act East Policy.

Engaging Brunei comprehensively will pave the way in making these objectives a reality, especially in the context of India's energy diplomacy in the region.

In that context, it is imperative that bilateral exchanges and top-level meetings between the two countries should be increased and the two countries must institutionalize mechanisms to make that an annual feature.

The time has come for India to sense the potential of Brunei in meeting the energy demands of the Indian economy. Brunei's active role in the ASEAN mechanism, cultural commonalities between the 2 countries and convergence of strategic and economic interests and objectives on regional and global issues make Brunei more significant than ever for India's Eastward engagement.

## New Pharma rule of US and its impact on Indian Pharmaceuticals

United States government reportedly made it mandatory for Active Pharmaceutical Ingredients (APIs) to be manufactured locally. It is mandatory for APIs to be manufactured locally for governmental supplies of drugs but not for retail marketing.

- The decision of Local manufacture of ingredients made mandatory has sent to Indian pharmaceutical exporters and it will significantly impact Indian drug exports.
- At present, nearly 80% of drug raw material requirement is met by India or China.

### Why US bring this new rule?

- The changes in the norms have been made under the Drug Master Files (DMF) - a submission to the USFDA.
- To provide and get confidential information about facilities, processes, or articles used in the manufacturing, processing, packaging, and storing of one or more human drugs.

### What was the old policy?

- **Before the new norms came into effect,**
  1. U.S.-based companies were allowed to procure for Active Pharmaceutical Ingredients (APIs) from countries like India and China.
  2. They can make the fixed formulations (final product) in the U.S.
  3. They can sell the drugs to the U.S. government.
- India's supply to the US market increased at an average annual rate of 44% from 2008 to 2012 (from \$255 million in 2008 to \$1.12 billion in 2012).
- India was the second largest supplier of generic APIs to the US market with a 24.4% share in 2014, according to the CPA report.

### How it will impact India?

- Indian companies are not allowed to quote for government contracts in the U.S. since India is not a signatory to the WTO's government procurement agreement.
- But this change will affect companies which have subsidiaries in the U.S. that procure APIs from their Indian counterparts and make the finished product in the U.S.

- It will also be a setback for Indian companies that have subsidiaries or holdings in the U.S.

At present, nearly 80% of drug raw material requirement is met by India or China

### Impact on U.S.

- Decision would impact (Increase) availability of affordable generics in the United States
- It will seriously impact availability and prices of medicines in the United States. The U.S. government procurement prices will go up significantly.
- Cost of generics for the US will go up.
- Inflation in drug prices is a major setback to this rule.

### Way Ahead

- Sources say that the government would initially endeavor to determine this issue bilaterally involving both the parties
- If this fails then the next step considered would be to approach the World Trade Organization's dispute settlement panel.

Pharmexcil - India's pharmaceutical Export Promotion Council - has approached the Commerce Ministry, requesting authorities to intervene and resolve the issue.

## India to participate in Cobra Gold 2016 military exercise in Thailand

- India will participate in the Cobra Gold military exercise in Thailand.
- The exercise is Asia's largest multinational drill. India has confirmed its participation in the annual amphibious military exercise. The decision in this regard was conveyed to Thailand, the host country, during Vice President Hamid Ansari's visit to the country.
- This year 8,564 personnel from 7 nations - United States, Thailand, Indonesia, Japan, Malaysia, Singapore and South Korea - are participating in the exercise, with a further 21 nations participating in reduced roles as is customary. 9 other countries participated in multinational planning while nine others sent observers.
- **About Cobra Gold**
- It is the largest Asia-Pacific military exercise and held in Thailand every year.
- It is among the largest multinational military exercise in which the United States participates.

## India Ratifies Convention on Supplementary Compensation for Nuclear Damage

India recently ratified the Convention on Supplementary Compensation (CSC) which it has signed in 2015.

### What is CSC

Compensation in case of any nuclear accident is governed by three international conventions Vienna Convention, Paris Convention and CSC.

Vienna and Paris Convention puts the liability for damage completely on operator. Along with this liability is limited in time and amount and the host country's courts are given complete jurisdiction. But these do not cover liability in case of damage to third country. Therefore the need for CSC was felt whose main principles are:

1. Liability is channeled exclusively to the operator of the nuclear installation.
2. Only courts of the state in which the nuclear accident occurs would have jurisdiction (exclusive jurisdiction);
3. Limitation of the amount of liability and the time frame for claiming damages (limited liability).
4. The operator is required to have adequate insurance or financial guarantees to the extent of its liability amount (liability must be financially secured).

### Other important provisions of CSC are:

- The international convention provides for compensation in case of trans-national implications of a nuclear accident and has been signed by 14 countries, including India.
- The CSC provides for establishment of an international fund to increase the amount available to compensate victims and allows for compensating civil damage occurring within a State's exclusive economic zone, including loss of tourism or fisheries related income.
- It also sets parameters on a nuclear operator's financial liability, time limits governing possible legal action, requires that nuclear operators maintain insurance or other financial security measures and provides for a single competent court to hear claims.
- Another special feature of the CSC is that 50% of the international funds are to be used to compensate damage suffered both inside and outside the installation state, while the remaining 50% is to be used exclusively to compensate transboundary damage.

### CSC and India's Civil Nuclear Liability Law:

Many foreign countries and their nuclear suppliers have raised concerns over the Indian Civil Nuclear Liability and said that it is not in conformity with CSC. Some of the concerns raised are:

- Section 17(b) provides Right of Recourse (RoR) to Operator. Under this operator can sue supplier for damage in case of latent or patent defects in supplied equipments.
- Sec 46 provides RoR to victims also by saying that this law is in addition to other domestic laws in force thus allowing criminal liability and other tort claims

Indian government establishments have constantly said that Indian law is in conformity with CSC. Any issue of RoR of the operator has to be inbuilt into the contract signed by the two and will not be automatic. This provision is in confirmation with art 9 of the CSC.

### How the ratification will impact ?

The ratification of the CSC is going to give assurance to the nuclear commercial establishments of different countries that India's nuclear liability regime is in conformity with the international laws.

This will start the flow of the investment in Indian Nuclear Energy field.

## Afghanistan CEO visit to India

Afghanistan CEO and Head of the Council of Ministers Abdullah Abdullah visited India on five day visit starting February. He was in India to take part in a conference on Counter Terrorism in Jaipur. During Afghan CEO visit an Agreement for visa free travel for diplomatic passport holders of the 2 countries was exchanged.

Recently, with Indian PM Narendra Modi's visit to Afghanistan during Christmas has energized the relationship between the two countries. During that visit Parliament building built with Indian support was inaugurated and one Mi-25 attack helicopters was given for military use.

Revival of SPA (Strategic Partnership Agreement) after PM Modi's visit in 2015 was also a significant achievement. There has been an agreement to revive the SPA Commission which was lying non-functional post 2012.

India also participated in Heart of Asia talk held in Pakistan. In spite of various positive sign in the relationship there are certain aberrations and Taliban talks is one of them. India is against any kind of involvement with Taliban but his argument has continuously being ignored.

Quadrilateral Cooperation Group (QCG), made up of U.S., China, Pakistan and Afghanistan are facilitating the talks with the Taliban.

Heart of Asia Conference: 14 countries, in 2016 conference is to be held in India

## India - EU FTA talks

India - EU FTA talks are going on since 2007. There has been not much success on the issue because of various sticking points. India cancelled a meeting with EU's chief trade negotiator in August last year in protest against an import ban on 700 of its generic drugs clinically tested by GVK Biosciences for alleged manipulation of clinical trials.

Recently, there has again been information of it being delayed.

### What are the sticking points?

There are various sticking points like,

- SPS (Sanitary and Phytosanitary Measures): India wants that EU SPS should not be adversarial to Indian food products. In present SPS measures are adversarial as was seen in case of mango exports.
- Sectoral Visa cap for skilled Indian workers: India wants EU to remove sectoral visa caps on liberalize them. As skilled workers are India's biggest asset at present and in future also India is going to be a skill surplus country because of its demographic dividend absence of measures related to skilled workers in FTA hurt India's interests.
- Free movement of Indian workers in EU area, which will not only help movement in the branches of same corporation but changing employer also.
- Data security status to India which will enhance knowledge work outsourcing to India.
- Government procurement: EU wants that government procurement chapter to be added in the FTA so that it can capture the lucrative government procurements. India on the other hand want to streamline the process by ensuring transparency and without committing or giving greater access to EU.
- Stringent IPR regime including GI tags is demanded by EU so that its MNCs can have greater market access. Besides demanding significant duty cuts in automobiles, EU wants tax reduction in wines and spirits and dairy products an flexibility in exporting legal services. Indians are saying that by acceding to the demand of strong IPR regime the availability of affordable generic medicines will be hurt.

- Many experts have said that since 2007, when talks started Indian economic engagements with world have changed significantly. We have liberalized our FDI regime, in Insurance sector FDI limit has been raised to 49%, 100% in telecom and many other sectors. Along with this the tariff rates in EU are already low and India is not going to lose even if the deal is delayed. India's trade with EU is already around 100 USD without FTA, though deal will certainly help few sectors like food.
- Along with the above factors various issues like global economic slowdown, EU more focus on Transatlantic Trade and Investment Partnership and India's focus on first assessing the gains from FTA already concluded has resulted into talks being slowed.

At present India has prepared model BIT (Bilateral Investment Treaty) which can guide the negotiation process. Along with this there is proliferation of Free Trade Areas around the world in the form of TPP, RCEP which are going to alter the trade regime throughout the world. In view of all these there is a need for India to analyse their impacts and act in a way that there is net gain for it.

## INDIA-UAE RELATIONS in the backdrop of UAE crown prince visit to India

Recently the crown prince of UAE visited to India and signed 7 agreements across many sectors with India. The visit comes after Prime Minister Modi visited the Kingdom in October 2015 and he became the 1<sup>st</sup> Indian Prime minister in 31 years to visit UAE.

### 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 .

#### Recent agreements signed during Crown prince Visit.

- India and the UAE signed 7 agreements across various sectors. The 4 agreements cover the fields of cyber security, infrastructure investment, renewable energy and space cooperation and currency swap arrangements. The space cooperation pact comes as the UAE seeks India's expertise for its 1<sup>st</sup> interplanetary expedition
- Three more agreements have already been exchanged in the fields of insurance, culture and skill development,
- The 2 countries had agreed that investment institutions in the UAE would be encouraged to invest in India's infrastructure, including through the India-UAE Infrastructure Investment Fund and a target of \$75 billion is set for the same.

#### 1<sup>st</sup> joint tactical exercise Sino-India cooperation, 2016

- India and China held first joint tactical military exercise Sino-India 2016 in Chusul-Moldo area that is located along the Line of Actual Control (LoAC) in the Ladakh region of Jammu and Kashmir as a one-day exercise.
- The aim of the exercise is to develop joint operating capability, share useful experience in counter-terrorism operations and to promote friendly exchanges between the Armies of India and China.
- Sino-India exercise 2016
- It is a part of the ongoing initiatives taken by India and China to ensure greater interaction between troops stationed along LoAC.
- It focuses on joint actions to tackle aspects of Humanitarian aid and Disaster relief.
- It complements the Hand-in-Hand series of India-China exercises started in 2007.

#### 9th indo-Nepal combined battalion level military training exercise, Surya Kiran

The 9th India-Nepal combined military exercise, named Surya Kiran IX, commenced at Pithoragarh recently.

- The combined battalion-level exercise is being conducted under the aegis of the Panchshul Brigade of the Central Command.

- It lays emphasis on upgrade of tactical and practical skills by sharing each other's experiences and also on enhancing inter-operability in jungle warfare and counter terrorism operations in mountain terrain. The focus is also laid on humanitarian aid and disaster relief operations, including medical and aviation aspects.
- The exercise focuses on handling the modern day challenges of terrorism and in disaster management which has become one of the most important challenges for both the countries now. The combined training, mutual interaction and sharing of experiences between both the countries shall further strengthen the historical military and strategic ties giving further fillip to the bilateral relations and existing strong bonding between both countries.
- **Surya kiran exercise:**
- The Surya Kiran series of exercises is a bi-annual event which is conducted alternatively in Nepal and India.
- The aim of this combined training exercise is to enhance interoperability between the Indian and the Nepalese Army units in Jungle Warfare and Counter Terrorism operations in mountainous terrain.
- The training also focuses on Humanitarian Aid and Disaster Relief including medical and aviation support.

#### Hindu Marriage Bill 2015 approved in Pakistan

- The Pakistani parliament has approved the Hindu Marriage Bill for the Hindu minority community in Pakistan. The final draft of the bill has been passed by The National Assembly Standing Committee on Law and Justice.
- The bill has been adopted unanimously after making 2 amendments to 6 the minimum age of the marrying male and female at 18 and making the law applicable to the whole country.
- The proposed legislation prohibits the marriage of minors by prescribing the minimum age of 18 years as a condition for contracting marriage. The concept of divorce does not exist in Hinduism; therefore, instead of the word 'divorce', 'annulment of marriage' has been used in the draft of the bill.
- **Significance:**
- It aims to promote the rights of the hindus living in the country and gives them their rights.
- It seeks to recognize their rights which they have been denied from long.

## Maldives's crisis: warrant issued against Maldives President

### A Brief History

- India was one of the 1<sup>st</sup> countries to establish diplomatic relations with the Maldives after it gained independence in 1965 and the 2 settled their maritime border in 1976.
- Today, both nations are members of the South Asian Association for Regional Cooperation (SAARC) and signatories to the South Asian Free Trade Agreement (SAFTA). During the 1<sup>st</sup> few decades of independence, the bilateral partnership was limited, although the 2 did sign a comprehensive trade agreement in 1981.
- However, bilateral relations took their 1<sup>st</sup> major step forward following India's intervention to crush a coup against the Maldivian government in 1988. The Indian armed services quickly restored order in the archipelago and the Indo-Maldivian relationship reached a new high. Since then, India has provided considerable economic assistance and training in the fields of health, civil society development, infrastructure development, disaster relief, and telecommunications.

### Post 2007 Support: An Increase in Intensity

- Over the last 5 years, Indian assistance to the Maldives has on average accounted for 5% of India's development cooperation budget, up from less than 0.5% in 2002-07.
- The total amount of support in the form of grants and loans reached an average of US\$ 25 million a year. These changes come at the convergence of China's new interest in the region and the advent of democracy in Male in 2008.
- In 2008, following the first direct presidential elections in the Maldives, India committed to supporting and strengthening electoral systems and democratic structures. Total aid in grants and loans to Maldives accounted for 18.7% of India's developmental assistance in 2008 - a significant allocation of money to a country with a population of only 4 million.
- India also donated electronic voting machines valued at 15 million rupees (US\$ 345,000) in 2008, and beginning in June 2011, it began providing training to election officials from the Maldives.

### Crisis after establishment of Democracy

- In 2008, Nasheed, became the 1<sup>st</sup> democratically elected leader of the Maldives, defeating Maumoon Abdul Gayoom, who had been dictator for 30 years.
- In January 2012, he ordered the detention of Criminal Court judge Abdulla Mohamed for allegedly obstructing the police, ordering illegal probes, and

accepting bribes to release certain criminals. The arrest triggered protests, following which, in February 2012, Nasheed resigned.

- In February 2013, a court ordered Nasheed's arrest in the same case, and he took refuge in the Indian High Commission in Male, where he stayed from February 13 to February 24. He thanked India, which had intervened in the crisis and brokered a deal with the Maldivian government. India said in a statement that it "urges all parties to maintain peace and calm and hopes to continue its positive engagement in the spirit of the close and friendly relations between the 2 countries".
- November 2013, Nasheed lost the presidential election to current President Abdulla Yameen Abdul Gayyoom, a half-brother of Maumoon Abdul Gayyoom. This month, the state prosecutor dropped charges of abuse of power against Nasheed for having ordered the arrest of Abdulla Mohamed, but he was booked again soon afterward under tougher anti-terror laws for the same alleged offence. He was picked up from the office of his Maldivian democratic party (MDP) around 2.45 pm on Sunday after a court declared him a flight risk.

### Recent Issues in Maldives

- The Maldives police arrested a judge and the former prosecutor-general after an "arrest warrant" was issued against President Abdulla Yameen Abdul Gayoom.
- The former prosecutor-general, Muhthaz Muhsin was released but Ahmed Nihan, the judge, was remanded by the High Court for 7 days, according to the Maldives Police Service.
- Maldives Police said that the "arrest warrant" issued against President Abdulla Yameen Abdul Gayoom was prepared using "falsified information".

### Geostrategic Importance of Maldives

The geostrategic importance of the nearly 1,200 islands of the Maldives as a "most important interstate," underlines the importance for New Delhi of positive bilateral relations with Male.

- At present, India is dependent on oil for more than 90% of its energy needs, and over the next few decades, 90% of that oil will come from the Persian Gulf by way of the Arabian Sea.
- Moreover, coal imports from Mozambique, are set to increase dramatically, augmenting the coal that India already imports from around the Indian Ocean from countries such as South Africa, Indonesia, and Australia.
- Beyond refueling stations, by maintaining access to these ports, the expanding Indian Navy can safeguard its interests by providing security for

the sea lines of communication and ensuring vital resources reach India's coasts.

- Moreover, such access provides strategic depth in any potential conflict with China, wherein India could attempt to restrict the flow of oil through the Indian Ocean to the Malacca Strait.

#### Conclusion

- It is very much in India's interest to promote livelihood security, Political Stability and macroeconomic stability in the Maldives.
- India should also increase co-operation in the fields of coastal and EEZ (Exclusive Economic Zone) surveillance, marine pollution control, and climate change adaptation, albeit within a multilateral framework.
- The India-Maldives-Sri Lanka Trilateral Maritime Security Co-operation arrangement must be expanded to include Mauritius and the Seychelles. As a multilateral framework, it will address Maldivian concerns over any loss of autonomy in partnering with India and also help to address the above issues that require co-operation with other island countries in the region that also have large EEZs.
- Lastly, while India should not abandon its commitment to democracy, human rights and the rule of law in the Maldives out of a fear losing influence to non-traditional outside powers, its appeal will carry more weight if it makes a greater investment in multilateral efforts such as those suggested above.

- The dramatic change in Sri Lanka's domestic politics over the past few months should assure New Delhi that attempts by non-traditional outside powers to neutralize or counter India's natural and longstanding advantage in the central Indian Ocean are unlikely to be sustainable.

#### 7th India, Seychelles joint military exercise, LAMITYE 2016

- The 7th joint military exercise of Indian Army and Seychelles Peoples Defence Forces (SPDF) is likely to begin soon.
- The joint exercise Lamitye 2016 will be conducted at Seychelles Defence Academy (SDA), Victoria till February 28.
- SPDF will be represented by 20 personnel from Tazar (Special Forces Unit) and 32 from Seychelles Infantry. The Indian contingent will comprise an infantry platoon and representatives from the Special Forces.
- India and Seychelles have been conducting joint drill since 2001 and Exercise Lamitye, which means friendship in Creole (local dialect), is conducted biennially with the aim of enhancing military cooperation and interoperability between the 2 countries.
- The concluding phase of the drill, incorporating a tactical exercise, will be witnessed by senior military officers from both the countries who will review the standards of interoperability achieved by both the contingents.

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## 4. ENVIRONMENT + GEOGRAPHY

### Borehole Geophysics Research Laboratory (BGRL)

- The Union Ministry for Science, Technology and Earth Sciences has given approval to construction of the Borehole Geophysics Research Laboratory at Hazarmachi, Karad. The government intends to find solutions to possible problems of the people due to natural calamities through such scientific researches.
- The Borehole Geophysics Research Laboratory (BGRL) is being established by the Ministry of Earth Sciences, Government of India to address challenging seismological problems of societal relevance through drilling investigations. The programme has been conceptualized as part of the Ministry's programme of Scientific Deep Drilling in the Koyna Intra-plate Seismic Zone, Maharashtra for geological investigations and modeling dedicated to Earthquake research in the area.
- Under this programme a unique approach to understand the mechanism of earthquakes in the Koyna region is planned. It is proposed to drill deep boreholes to reach the depths of earthquakes in this region and set-up a deep borehole observatory. Direct observations in the source zone of the earthquakes will provide new and critical information to model these earthquake mechanisms.
- The goal of BGRL is to emerge as an Institution of international repute housing highly specialized geophysical, geological and geotechnical facilities related to earthquake research.

### NWAP (Draft National Wildlife Action Plan) unveiled

- The draft 3rd National Wildlife Action Plan (NWAP) 2017-2031 has been unveiled by the environment ministry. It accords special emphasis to rehabilitation of threatened species of wildlife while conserving their habitats which include inland aquatic, coastal and marine eco-systems.

- Proposals of the draft plan:**
- The plan seeks to put all protected areas and wildlife corridors out of bounds for all mining activities and big irrigation projects.
- It also wants restrictions on number of tourists and vehicles entering a protected area.
- The draft would be in effect for the period 2017 to 2031 and would replace an existing National Wildlife Action Plan that came into being in 2002.
- It states that while tourism in the wildlife areas needs to be encouraged, it must be strictly monitored and regulated and an emphasis must be placed on tourism facilities that are sustainable, environment-friendly, moderately priced, clean and wholesome, rather than lavish.
- The draft plan calls for new regional forensic laboratories, a Special Tiger Protection Force, and setting up of special courts to deal with wildlife crime like poaching and smuggling.
- The Ministry of Environment, Forest and Climate Change has been implementing the National Wildlife Action Plan (2002-2016), as adopted by the Indian Board for Wildlife in 2002.



## Paper waste turned into non-toxic green Aerogel for 1<sup>st</sup> time

- The paper waste has been converted into green nontoxic cellulose aerogels by scientists from National University of Singapore. It has been reported by the scientists that their fabrication process used 70% less energy and released fewer polluting emissions into the air and water. It also used less dioxins in the chlorine bleaching process.
- **Green Aerogels:**
  - These are ultra-light, non-toxic, extremely strong, flexible and water repellent. It is obtained by converting paper waste into biodegradable Aerogels which is a simple, cost-effective and fast method.
  - Aerogels are among the lightest solid materials in the world and are also one of the finest insulation materials available.
  - It has low thermal conductivity.
  - It super high oil absorption capacity i.e. 4 times higher than commercial sorbents.
- **Uses:**
  - Aerogels are ideal for applications such as oil spill cleaning, heat insulation, and packaging.
  - They can also be used as coating materials for drug delivery.

## Deep sea planktons as effective carbon sinks

- Deep sea planktons have been found to be effective carbon sinks to bring down the level of carbon-dioxide. It will help in bringing down the level of pollution.
- Phytoplankton consists of microscopic green algae that grow at prodigious rates in the surface layers of the oceans, feeding an enormous marine food web that has nine times the biomass of the terrestrial food web. A thriving phytoplankton population would tend to remove more carbon dioxide through photosynthesis than is returned through respiration by the entire community (phytoplankton plus zooplankton and other organisms living in the surface layers), the ocean works as an effective carbon sink.
- **Carbon Sink:**
  - A carbon sink is a natural or artificial reservoir that accumulates and stores some carbon-containing chemical compound for an indefinite period. It is of 2 types- Natural and Artificial.
  - **The natural sinks are:**
    - Absorption of carbon dioxide by the oceans via physicochemical and biological processes
    - Photosynthesis by terrestrial plants
  - **The main artificial sinks are:**
    - Landfills
    - Carbon capture and storage proposals

## Government proposes to form National Water Commission

- With an aim to bring in greater efficiency, better planning and increased emphasis on water conservation, the Government is planning to restructure the organisations managing water resources in the country.
- It proposes to set up a National Water Commission in place of the Central Water Commission (CWC) and the Central Ground Water Board (CGWB). Per the Authorities, such restructuring will ensure that the country's water resources are managed in a holistic manner rather than as they are currently- surface water, ground water or river water separately.

### Central Water Commission

- It is a premier Technical Organization of India in the field of Water Resources and is presently functioning as an attached office of the Ministry of Water Resources, River Development and Ganga Rejuvenation, Government of India.
- The Commission is entrusted with the general responsibilities of initiating, coordinating and furthering in consultation of the State Governments concerned, schemes for control, conservation and utilization of water resources throughout the country, for purpose of Flood Control, Irrigation, Navigation, Drinking Water Supply and Water Power Development. It also undertakes the investigations, construction and execution of any such schemes as required.
- Central Water Commission CWC is headed by a Chairman, with the status of Ex-Officio Secretary to the Government of India.
- The work of the Commission is divided among 3 wings namely, Designs and Research (D&R) Wing, River Management (RM) Wing and Water Planning and Projects (WP&P) Wing. Each wing is placed under the charge of a full-time Member with the status of Ex-Officio Additional Secretary to the Government of India and comprising of number of Organizations responsible for the disposal of tasks and duties falling within their assigned scope of functions.

## New species of Hydroid polyps emitting green fluorescence discovered in red sea

- Scientists have discovered a new species of hydroid polyps in the Red Sea, living in colonies as garlands of fluorescent lanterns and emitting a green glow which can be useful for quick identification of hardly recognisable species and for the studies of ecological peculiarities and distribution of hydroids and their hosts - molluscs.
- These species were found during the investigations of the biodiversity of coral reefs of the archipelago Farasan south of the Red Sea near Saudi Arabia and were found to be emitting light in the night in association with the gastropod *Nassarius margaritifer*.
- **Key facts about the species discovered:**
- These hydroid polyps (also called hydrozoas) are presumably a new species of the genus *Cytaeis* whose body length reaches 1.5 mm.
- They were found to be emitting green light in association with the gastropod *Nassarius margaritifer* in the night.
- The new species are living in colonies as garlands of 'fluorescent lanterns' and emitting a green glow around the mouth of polyps may attract prey.
- The localization of glow in certain parts of the body can help to distinguish different species of organisms that have identical structure.
- Green Fluorescence: It is a glow of some pigments or proteins under light illumination. It generally fades instantly after the end of the illumination.
- Green fluorescence proteins are widespread among the corals Anthozoa and hydroid jellyfishes, and also were found in some lancelets (Cephalochordata) and combjellies (Ctenophora).

## Committee on Aviation Environmental protection of ICAO proposed binding carbon emission standards for aviation industry

- Committee on Aviation Environmental Protection (CAEP) of United Nations' (UN) International Civil Aviation Organization (ICAO) has proposed binding carbon emission standards for aviation industry.
- CAEP Recommendations on the Carbon Emission Standards (CES):
- The new CO<sub>2</sub> emissions standard would not only be applicable to new aircraft type designs as of 2020, but also to new deliveries of current in-production aircraft types from 2023.

- A cut-off date of 2028 for production of aircraft that do not comply with the standard has also been recommended.
- In its current form the standard equitably acknowledges CO<sub>2</sub> reductions arising from a range of possible technology innovations, whether structural, aerodynamic or propulsion-based.
- It will be especially stringent where it will have the greatest impact: for larger aircraft.
- It would have access to the broadest range of emissions reduction technologies, which the standard recognizes.
- The Committee on Aviation Environmental Protection (CAEP)
- It is a technical committee of the ICAO Council established in 1983. CAEP assists the Council in formulating new policies and adopting new Standards and Recommended Practices (SARPs) related to aircraft noise and emissions, and more generally to aviation environmental impact.
- CAEP undertakes specific studies, as requested by the Council. Its scope of activities encompasses noise, air quality and the basket of measures today considered for reducing international aviation CO<sub>2</sub> emissions, including aircraft technology, operations improvement, market-based measures and alternative fuels.
- The Council reviews and adopts CAEP recommendations, including amendments to the SARPs, and in turn reports to the ICAO Assembly where the main policies on environmental protection are ultimately defined.

## Antarctica influencing weather in tropics

Scientists working at Atmospheric Radiation Measurement West Antarctic Radiation Experiment (AWARE) project are conducting studies about how the weather at tropics is being influenced by Antarctica. The project studies the skies above Antarctica for answers to questions such as how climate change and associated atmospheric physics are affecting Antarctica and how the ripple effects of these phenomena are being felt thousands of miles away in the mid latitudes and the tropics.

The AWARE project is launched by the United States and is located at Mc Murdo station in Antarctica. It observes how climate change affects the polar region as it has been determined that when the polar region warms, the location of the boundary between the polar and Ferrel cells will change, along with the strength of circulation in both cells.

**Details of the project:**

The project states that the temperature gradient between the equator and the poles essentially drives the atmospheric circulation in the southern hemisphere in the form of three North-south systems: the polar cell, the mid-latitude Ferrel cell and the tropical Hadley cell. These cells are dynamically linked together.

This in turn will influence the strength of tropical circulation on the other side of the Ferrel cell. These linkages between polar regions and mid and tropical latitudes are known as Teleconnections.

An expanding Hadley cell is generally expected to result from a globally warming atmosphere, so the Antarctic warming from cloud property change is a positive feedback on a warming climate,

The study examines the physics of the clouds over Antarctica.

Another important feature being studied is that winds that traverse in the form of storm tracks across Antarctica's atmosphere and their effect on Antarctica's climate.

## **Review of Progress of Dam Rehabilitation and Improvement Project (DRIP)**

- Review of progress of Dam Rehabilitation and Improvement Project (DRIP) was done recently to assess the project.

- It reports that the project is running on a slow pace on account of complex preparatory phase of the project. The slow growth in Tamilnadu is holding down the overall DRIP progress, and the Implementing Agencies of Tamil Nadu need to improve upon their performance.
- It also asks to focus on the need for continuous improvement in the capacities of IAs.
- Under DRIP, Central Dam Safety Organization under CWC has received ISO 9001: 2008 certification for Quality management system; and CWC has also been awarded the CBIP 2016 award for promoting health and safety of large dams under DRIP. Other important achievement include, the study of unusual Dam behaviour of Idukki arch dam (Kerala); rehabilitation proposal of Hirakud dam (Odisha) involving additional spillway with people's inclusive approach; Major hydro-mechanical intervention for aged dams such Krishna Raj Sagar (Karnataka); and desiltation studies for dams of Tamil Nadu. Works are in progress on development of Dam Asset Management Tool titled 'Dam Health and Rehabilitation Monitoring Application' (DHARMA) and also on some of the dam safety related guidelines.

**DRIP:**

- It is a project involving 9 implementing agencies (IAs) across seven states of India (Kerala, Madhya Pradesh, Orissa, Tamilnadu, Karnataka, Uttarakhand, and Jharkhand) and targets rehabilitation of about 225 dam projects across the country.

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## 5. SCIENCE & TECHNOLOGY

### U.K. grants gene editing licence

- U.K. has granted its first licence to genetically modify human embryos for research into infertility and why miscarriages happen.
- The decision makes Britain one of the 1st countries in the world to grant this type of authorisation for experimentation on human embryos, although similar research has been carried out in China.
- This decision is however, likely to raise ethical concerns. It has also been criticised on the pretext that it will be employed to develop designer babies. However, the scientists have said that the purpose of gene editing is not to develop designer babies.
- **Gene editing:**
- This is a technique that allows the scientist to edit the gene sequence and then modify it in order to bring the desired changes. It helps to understand the sequence of genes and then use gene editing to cure incurable diseases like Tay-Sachs and perhaps cystic fibrosis through the modification of genes.
- In addition to that, gene editing can be used as a research tool to simply learn more about these diseases.

### WHO accords PQP certification to Indian vaccine maker Green signal BIP Pharma

- The World Health Organisation (WHO), a UN Health agency has accorded PQP (Pre-qualification of Medicines Programme) certification to Chennai based GreenSignal Bio Pharma.
- The company has a full-fledged BCG vaccine production facility at Thiruvallur district in Tamil Nadu having production capacity of 60 lakh vials. Presently, it is supplying BCG vaccine to the Government of India and Indonesia.
- The Indian pharmaceutical company was accorded this certification for manufacturing a BCG (Bacillus Calmette-Guérin) vaccine. With this, it became second Indian company to get PQP certification from WHO.
- **PQP certification:**
- PQP certification helps pharmaceutical companies to participate in the global immunisation programme which is facilitated through international

procurement agencies such as UNICEF and others. These international institutions prefer WHO list of pre-qualified pharmaceutical products while making a decision on procurement for distribution in resource-limited nations.

### CL in manufacturing may slow investments: EU

#### India, NASA join hands for astrobiology mission

- India will now be coordinating with the NASA for further mission over finding the life over mars and future astrobiology missions.
- After its first successful and low cost mission to the Mars NASA (National Aeronautics and Space Administration) along with Mars society of Australia and Birbal Sahni Institute of Palaeobotany, Lucknow will be mounting an expedition towards the Ladakh which is being found to have similar topography and microbial life as that of Mars.
- This is the first time that India is part of the Spaceward Bound programme. The Spaceward Bound is a NASA project that educates future space explorers and funds expeditions to places with extreme climate conditions.
- Before Ladakh, there have been expeditions to the deserts such in Atacama, Chile; Mojave, California; Arkaroola, Australia as well as the Arctic and Antarctica, organised since 2006.
- **Astrobiology:**
- It is the process of study of the origin, evolution, distribution, and future of life in the universe: extraterrestrial life and life on Earth. This interdisciplinary field encompasses the search for habitable environments in the Solar System and habitable planets outside the Solar System, the search for evidence of prebiotic chemistry, laboratory and field research into the origins and early evolution of life on Earth, and studies of the potential for life to adapt to challenges on Earth and in outer space.

### GM Mustard Issue

Recently GEAC i.e the government has deferred a decision on allowing commercial cultivation of Mustard DMH-11, a transgenic crop developed by Centre for Genetic Manipulation of Crop Plants at Delhi University. This move comes after Bt Brinjal's commercial approval have been hold since 2009.

### What is GM Mustard?

DMH-11 is a Genetically Modified (GM) mustard hybrid. Hybrids are normally obtained by crossing 2 genetically diverse plants from the same species. The 1<sup>st</sup>-generation offspring resulting from it has higher yields than what either of the parents is individually capable of giving. But there is no natural hybridization system in mustard, unlike in, say, cotton, maize or tomato. This is because its flowers contain both the female (pistil) and male (stamen) reproductive organs, making the plant naturally self-pollinating.

What scientist has done is to create a viable hybridization system in mustard using GM technology. The resulting GM mustard hybrid, it is claimed, gives 25-30% more yield than the best varieties such as 'Varuna' currently grown in the country.

Scientists at the Centre for Genetic Manipulation of Crop Plants (CGMCP) in Delhi University, however, showed that this problem could be addressed by crossing Indian mustard cultivars with juncea lines of East European origin like 'Early Heera' and 'Donskaja'. The combination of the 2 divergent gene pools enhanced the crossing options; the resultant F1 progeny were found to exhibit significant heterosis.

### Why do we need Hybrid maize?

In 2014-15, India imported 14.5 million tonnes of edible oils valued at \$10.5 billion. That included nearly 0.4 million tonnes of imported rapeseed oil, which many processors and traders are blending with indigenous mustard oil. With the country's own annual edible oil production stuck at below 7.5 million tonnes, of which mustard's share is roughly a quarter, the need to raise domestic crop yields and cut dependence on imports cannot be doubted. Hybrid technology is a potential technique to boost yields, as has been successfully demonstrated in a host of crops.

### What is a controversy about GM Mustard?

- Many scientist claim that at a time when sustainable farming and low-input agriculture are becoming the buzzwords, it is surprising that agricultural scientists continue to recommend crop varieties that will end up doing more harm to the environment and crop fields. GM mustard will require almost double the quantity of fertiliser and water.
- Other Health concerns of GM Hybrid Mazie include: allergenicity; gene transfer, especially of antibiotic-resistant genes, from GM foods to cells or bacteria in the gastrointestinal tract; and 'out crossing', or the movement of genes from GM plants to conventional crops, posing indirect threats to food safety and security.

- GM mustard can affect honeybees directly and indirectly through effecting flowering and pollen production. Protease inhibitors have proved detrimental to the longevity and behaviour of bees.
- Regulatory weakness-The Genetic Engineering Approval Committee, which is responsible for approving large-scale releases and commercialisation of GMOs, functions under the Ministry of Environment and Forests and is not entirely independent.
- The case of the Review Committee on Genetic Manipulation that supervises and clears research activities and also small-scale field trials is even starker. It is part of the Department of Biotechnology, whose primary task is to promote biotechnology. DBT therefore is the promoter as well as the regulator. On several occasions, developers of transgenic crops have also been members of regulatory committees

### Should India Ban GM Crops?

- GM technology has already been commercialized in India through Bt cotton, which is also based on incorporation of foreign genes derived from a soil bacterium, *Bacillus thuringiensis*.country's cotton production has gone up more than 2½ times since Bt hybrids were first planted in 2002. Nor has any evidence emerged really of Bt cotton causing any adverse human or animal health effects.
- While the likes of Pakistan, Bangladesh, Myanmar, Philippines and Vietnam are adopting GM technology to improve crop yields and reduce input costs, we are still questioning its potential not on the basis of scientific evidence, but using emotional arguments.
- Bangladesh was the 1<sup>st</sup> country to approve the commercial planting of Bt brinjal in late-2013, after being disallowed by India. Bt brinjal has been harvested over 2 seasons, with farmers deriving better marketable yields and incomes from its successful commercialization.

### Conclusion:

In a current environment where climatic change would have negative effects on yield of many major crops which could seriously undermine food security, GM crops are the way forward. However at the same time to convince the opponents of GM crops to allow commercialization of GM crops we need a strong regulatory framework. What is therefore needed is an independent biotechnology regulatory authority, a single organization that will replace the multiple committees - at least six - that are part of the current regulatory structure. This authority would deal with the use of all GMOs in agriculture, pharmaceutical and biodiversity sector.

## Spacecraft Aditya gets ready to gaze at the sun

- Aditya-L1, the Indian Sun mission which may turn out to be a unique formation of not one but 2 spacecraft looking at the Sun from 2 stable orbital points is ready to observe the Sun.
- ISRO has started activities to send a 400-kg spacecraft to look at the Sun from a special stable orbital slot called L1 around 2019-20. L1 or 'Lagrangian' point # 1 is about 1.5 million km from Earth towards the Sun.

- This will be the 1<sup>st</sup> Indian space mission to study the Sun, and also the first Indian mission to be placed at Lagrangian point L1 -- far away from the Earth from where continuous solar observations are possible.
- Aditya is the nation's third big extra-terrestrial outing after Moon and Mars, all conceived and designed by ADCOS, the multi-faculty body of the Indian Space Research Organisation.

## TRAI ruling on net neutrality: issue & analysis

### What is net neutrality?

Net neutrality is the principle that Internet service providers and governments should treat all data on the Internet equally, not discriminating or charging differentially based on user, content, site, platform, application, type of attached equipment, or mode of communication.

### Net Neutrality is about:

- No gateways (Airtel OneTouch Internet, Data VAS), censorship or selection;
- No speeding up of specific websites
- No "zero rating" or making some sites free over others like free basics

### Why it is important

- Without Net Neutrality, cable and phone companies could carve the Internet into fast and slow lanes. An ISP could slow down its competitors' content or block political opinions it disagreed with.
- ISPs could charge extra fees to the few content companies that could afford to pay for preferential treatment - relegating everyone else to a slower tier of service. This would destroy the open Internet.
- Net Neutrality is crucial for small business owners, startups and entrepreneurs, who rely on the open Internet to launch their businesses, create a market, advertise their products and services, and distribute products to customers.

### Arguments against net neutrality

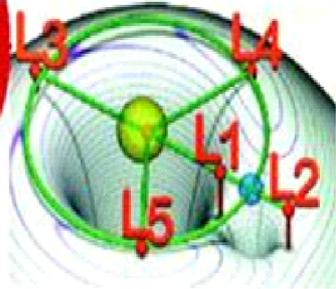
Not everyone is in favour of net neutrality. There are some valid arguments which favour shunning it. It prevents wastage of resources, prevents clogging of bandwidth for non essential services, may help in cross-subsiding the access to internet and provide empowering experience to millions who are without it.

- Bandwidth resources are wasted by transmitting unwanted high bandwidth consuming multimedia rich data or information like advertisements. By

## ALL ABOUT ADITYA-L1

Aditya will be India's third big extra-terrestrial outing after Moon and Mars

400-kg spacecraft to study Sun



To orbit 1.5 million km from Earth  
Likely launch in 2019-20 on the PSLV

Its 7 instruments to focus on Sun's outer corona, magnetic field, solar winds

Sanctioned in 2008 at a cost of Rs. 1275 crore.

- The project will increase our understanding about the Sun.
- Activities related to the Aditya-L1 mission have started. The 2 [spacecraft to Sun] together will become unique. Having another one at L5 will give a significant advantage in measurements.
- **The Challenges**
- The 1<sup>st</sup> concern is to build a few ultra-sensitive instruments to accurately measure minute details about the Sun.
- Another concern is about the cost of the project as the mission will be a unique formation of 2 spacecraft looking at the fiery star.
- **Aditya or Aditya-L1**
- It is a spacecraft whose mission is to study the Sun. It was conceptualised by the Advisory Committee for Space Research in January 2008. It has been designed and will be built in collaboration between Indian Space Research Organisation (ISRO) and various Indian research organizations and will be launched by ISRO around 2019-2020.

blocking such content by ISP optimal utilization of resources can be done. For this either standards has to be defined or internal checks on data should be done.

- Certain services with high QoS (Quality of Service) demand, like VoIP need high bandwidth for efficient functioning. Without providing preferential treatment for them these will not be successful because of limited bandwidth availability which is always clogged.
- There is a need to differentiate between essential and luxury or entertainment content. Services related to e-governance or news etc should be given preference over high definition video songs or VoIP. Such entertainment services can be charged at higher rates.
- Through differential pricing and zero rating more people can be brought to the fold of internet. By not allowing this certain section of society who are poor are discriminated against and prevented from having life changing experience of internet.
- Government in India is having differential pricing for many other services and goods like foodgrains. Why not for internet?
- By partnering with mobile operators and governments in different countries, Internet.org offers free access in local languages to basic internet services in areas like jobs, health, education and messaging. Internet.org lowers the cost of accessing the Internet and raises the awareness of the Internet's value.

**What were the threats from facebook's free basics?**

Facebook's free basics provided free access to certain websites by partnering with Reliance Communication.

- This created a differential price structure for accessing internet.
- Free basics critics said that, such an act will discriminate against those who don't partner with Facebook.
- In long term it will create psychological addiction or preference for certain websites and people will favour those websites when they migrate to open internet.

**TRAI decision regarding net neutrality**

TRAI decided against the differential pricing of internet services, nixing Facebook's Free Basics. It also said

that those violating will be penalized at Rs. 50,000 per day.

**Its implications**

The decision is seen as a big win for net neutrality supporters. Decision is going to help innovations, start ups by giving them freedom to decide what they want to deliver to the internet users instead of ISPs who otherwise would have got gate keeping powers.

**IPAB gives GI tag for basmati rice from Indo-Gangetic plains**

- Intellectual Property Appellate Board (IPAB) ordering the Geographical Indications Registry has given GI recognition for the aromatic basmati rice in the Indo Gangetic Plains (IGP) in the Himalayan foothills.
- This will cover the unique variety of rice cultivated in Punjab, Haryana, Himachal Pradesh, Delhi, Uttarakhand, Western UP and two Districts of J&K - Jammu and Kathua.
- This will preserve the unique identity of the aromatic rice in the international markets.
- **Geographical Indication:**
- A geographical indication (GI) is a sign used on products that have a specific geographical origin and possess qualities or a reputation that are due to that origin. In order to function as a GI, a sign must identify a product as originating in a given place. It is valid for a period of 10 years and has to be renewed thereafter.

**RICE AND SHINE**

The Intellectual Property Appellate Board on Friday cleared the decks for issuing the Geographical Indication tag to Indian basmati rice

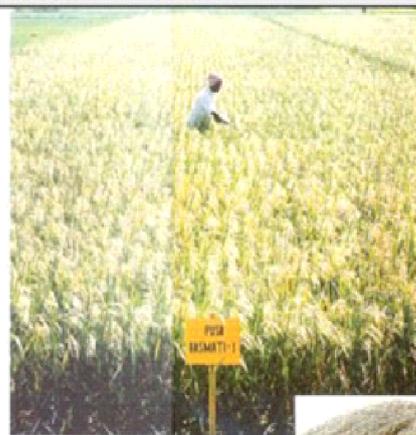
**What is a Geographical Indication?**  
A 'geographical indication' (GI) is a place name used to identify the origin and quality, reputation or other characteristics of products. For instance, Champagne.

**Why is it important?**  
Article 22 of the Trade-Related Aspects of Intellectual Property Rights agreement says unless a geographical indication is protected in the country of its origin, there is no

obligation under the agreement for other countries to extend reciprocal protection.

**India's Basmati credentials...** India is the largest producer and exporter of Basmati rice in the world. Exports totalled Rs. 27,597 crore in 2014-15.

**Some popular registered GIs in India**  
Darjeeling Tea, Mysore Silk, Mysore Pak (sweet), Thanjavur Veena



Pusa Basmati 1, a high-yielding Variety of scented Basmati rice. — FILE PHOTO

Sources: WTO and APEDA

- It differs from a trademark in the sense that Geographical indications (GIs) identify a good as originating from a particular place whereas a trademark identifies a good or service as originating from a particular company. A trademark can be assigned or licensed to anyone, anywhere in the world, because it is linked to a specific company and not to a particular place. In contrast, a GI may be used by any persons in the area of origin, who produces the good according to specified standards, but a GI cannot be assigned or licensed to someone outside that place or not belonging to the group of authorized producers.

## Discovery: anti-hydrogen atoms are neutral (anti-matter)

- The European Organization for Nuclear Research (CERN) which houses the world's most powerful particle collider, the Large Hadron Collider, through its experiments on antimatter have succeeded in showing that an atom of anti-Hydrogen is charge neutral to a never-before degree of precision, according to a paper published recently in the journal Nature.
- The experiment used anti-hydrogen atoms trapped in a magnetic field, which were kicked about by an electric field pulse. If the anti-hydrogen atom should have a charge, it would react to the electric field, and escape from the trap and disintegrate. Using this technique, the scientists have estimated to the highest precision possible till now that anti-hydrogen atom is neutral.
- This discovery is important for several reasons. One is that since the neutrality of matter atoms is known, they would expect to see something different in antimatter atoms that would explain why nature prefers matter over antimatter. There is also the question of whether the universe is charge neutral and whether the sum of all positive charges is equal in magnitude to that of all the negative charges.
- Antimatter is made up of antiparticles - hydrogen is made up of a positively charged nucleus, consisting of one proton, bound to a negatively charged particle, the electron, orbiting it. So, anti-hydrogen consists of just the opposite - a negatively charged nucleus, consisting of the antiproton, bound to a positron orbiting it.
- At the instant of the Big Bang, there were equal proportions of matter and antimatter present. However, this symmetry was broken and now we see only stable matter particles in our universe. The Standard Model does not explain how this symmetry has been broken. This discovery aims to find answer to this question.

## Us president unveils Cyber Security National Action Plan

- The President of United States (US) Barack Obama on 9 February 2016 unveiled a Cyber Security National Action Plan. The action plan called for an overhaul of aging government networks and a high-level commission to boost security awareness.
- The action plan was unveiled on eve of Safer Internet Day designated by governments and technology firms to boost awareness on cybersecurity issues.
- **Main highlights of Action Plan**
- The plan seeks to address both short-term and long-term threats, with the goal of providing every American a basic level of online security.
- Obama issued an executive order creating a 12-member Cybersecurity Commission to make recommendations to both the public and private sectors. The panel will submit the report to the president by 1 December 2016.
- The plan also called for a new federal chief information security officer to direct cybersecurity across the federal government.
- Step up efforts with the help of private sector to help consumers improve online security, in part by adding new protection to services requiring passwords.
- Launching National Cybersecurity Awareness Campaign calling for "moving beyond just passwords and adding an extra layer of security," such as biometric identification or multi-factor authentication using a secure code.
- The campaign will rope in major technology firms such as Google, Facebook, Dropbox, and Microsoft as well as financial service providers such as MasterCard, Visa and PayPal.
- The government will also step up security for its own transactions with citizens with effective identity proofing and strong multi-factor authentication methods
- **Budget for Cyber Security Action Plan**
- Obama asked for 19 billion US dollar for cyber security efforts in his budget request, a 35% increase from current levels, with 3 billion US dollar earmarked to help modernise the patchwork of computer systems used in government agencies.
- **Background**
- The action plan was unveiled following the disclosures made in 2015 that personal data from some 20 million federal employees, contractors and others were leaked in a massive breach at the Office of Personnel Management.

- Though there is system in place since 1960s in the form of Social Security Administration but these systems and codes are outdated and no successful business could operate this way. Moreover, the US Intelligence Chief James Clapper in his testimony highlighted the heightened risk from new technologies and named Russia, China, Iran and North Korea as leading threat actors which pose risks for US security.
- President Obama unveiled on February 9, 2015 his Cybersecurity National Action Plan (CNAP), a combination of near-term actions and long-term strategy to “enhance cybersecurity awareness and protections, protect privacy, maintain public safety as well as economic and national security, and empower Americans to take better control of their digital security.”

## Internet Readiness Report: IIRIS Report

- Maharashtra has emerged as the top ranking state in terms of overall Internet readiness index, followed by Karnataka, Gujarat, Telengana and Tamil Nadu, as per recently released Index of Internet Readiness of Indian States (IIRIS) report, published by the Internet and Mobile Association of India (IAMAI) and Indicus Analytics
- The Internet readiness index is a composite index that measures internet penetration and usage in Indian states based on four components (i) mobile and internet infrastructure (ii) Status of the IT service sector (iii) E-participation or use of online transactions and services by citizens (iv) E-governance services offered by the states.

### Objectives of Internet readiness index :

The purpose of the report was to help business and governments to leverage the strength, and policy measures that can be taken where improvements are required and understand the strengths and weaknesses of the states. It also aims to give a more holistic picture of the digital ecosphere that presently exists in the states.

### Key Points from the report :

- **Top 5 states:** Maharashtra, Karnataka, Gujarat, Telengana and Tamil Nadu.
- **Smaller states and Union Territories:** Among the smaller States, Delhi has emerged on top in terms of Internet readiness index, followed by Puducherry and Goa. Among the Union Territories, Chandigarh ranks top.
- **North East states:** The smaller states in North East India have not even figured among the smaller states which gives clear indication that much more needs to be done in the form of investment and infrastructure development in the region.

- The report, 'Index of Internet Readiness of Indian States', was published by the Internet and Mobile Association of India (IAMAI) and Indicus Analytics. The Internet readiness index is a composite index on components like e-infrastructure index, e-participation index, IT services and e-governance index.
- The purpose of the report was to help business and governments to leverage the strength, and policy measures can also be taken where improvements are required. “Given the rapid advancement in e-services and e-commerce, it is essential to understand the strengths and weaknesses of the states,” the report said.

## 2nd International Fleet review at Vishakhapatnam

- The Eastern Naval Command (ENC) will, for the 1<sup>st</sup> time, host the International Fleet Review 2016. Warships from over 60 Maritime Nations will be invited to participate in the event. This would be the 2nd time that the Indian Navy will be hosting the International Fleet Review after the one held in Mumbai in 2001.
- At the recent curtain raiser of the International Fleet Review (IFR) 2016, the Chief of Naval Staff Admiral RK Dhowan laid special emphasis on 3 dimensions -- indigenisation, innovation and ingenuity. “The blueprint of the future of Indian Navy is anchored on self reliance,” he said. IFR, in its second edition, will be held from February 4, 2016 to February 8, 2016 at Visakhapatnam.
- The review aims at assuring the country of the Indian Navy's preparedness, high morale and discipline. The International Fleet Review is being held after a gap of almost one-and-a-half decade. The first IFR was held in 2001 at Mumbai.
- Here are 6 key things that you would like to know about the review:

### Participating Nations

46 countries have currently confirmed their participation. The Navy expects the number to cross 50. The visiting navies will have an opportunity to display their professional skills as they sail together for exercises to increase mutual cooperation and inter-operability.

## India ranked 37 in USCC's 2016 Intellectual Property Index

- India has ranked 37 out of the 38 economies surveyed in the 2016 Intellectual Property Index (IPI). The index was released by the Global Intellectual Property Centre (GIPC) of the United States Chamber of Commerce (USCC).

- In the index, India secured 0.18 less than the 2015 index (7.05) due to its bar on patentability of incremental changes under Section 3(d) of the Patent Act 1970, compulsory licensing provisions and uncertainty regarding Computer-Related Inventions (CRI).
- Out of the 38 economies surveyed, while the USA topped in terms of intellectual property protection by securing 28.61 points out of 30, Venezuela was at the bottom of the index.
- **Intellectual property Index:**
- The index was prepared on the basis of 6 key parameters including patents, trademarks and copy rights related rights and limitations, trade secrets, enforcement and participation in international treaties. The latest GIPC Index mapped the IP environment of 30 economies that constitute 80% of global gross domestic product with scores evaluated on 30 indicators indicative of a robust IP system.
- India's progress: the report has acknowledged the efforts by the new government to make fundamental changes in the country's IP framework. It further noted that "new bilateral dialogue mechanisms between the US and India - including

the high-level IP Working Group of the Trade Policy Forum - have potential to elicit positive changes to India's IP system".

#### **Neem extract may help treat pancreatic cancer**

- Research study has found that a natural extract derived from the neem tree, commonly found in India, could potentially be used to treat pancreatic cancer without harming normal, healthy cells.
- The study showed that nimbolide, a compound found in neem leaves can stop pancreatic cancer's growth and metastasis without harming normal, healthy cells. The specificity of the treatment towards cancer cells over normal cells has been very intriguing.
- The nimbolide was able to reduce the migration and invasion capabilities of pancreatic cancer cells by 70%; meaning the cancerous cells did not become aggressive and spread. Nimbolide treatments also induced cancer cell death, causing the size and number of pancreatic cancer cell colonies to drop by 80%.
- It will also protect people against adverse effects like chemotherapy and radiation.

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