

# GS SCORE

# ANALYST

*Current Affairs Fortnightly*

Issue- I (1-15) November, 2017

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TOPICAL  
ANALYSIS



# Ease of Doing Business in India

## CONTEMPORARY ISSUES

### 1. Economic Issue

- ▶ Ease of Doing Business in Realty Sector
- ▶ Concept of Google Tax and its Implications
- ▶ Demonetization Impact on Domestic Remittances
- ▶ Crypto Currencies Come Under SEBI Lens
- ▶ Offshore Investments in Tax Havens

### 2. Social Issue

- ▶ Why Government Elementary Enrollment Reducing?
- ▶ Karnataka Bill on Evil Practices and Black Magic
- ▶ Special Deposition Centres in Courts

### 3. Report Analysis

- ▶ Global Tuberculosis Report, 2017

### 4. Governance Issue

- ▶ Aadhar Seeding and Benefits
- ▶ Do Social Media Threaten Democracy?
- ▶ Role of Finance Commission and its Changing Nature
- ▶ Law Commission Report on Tribunals in India
- ▶ Collegium and Transparency

### 4. Environmental

- ▶ Concept of Carbon Credit and its Critical Analysis
- ▶ GATT - 70th Anniversary

### 5. International Issue

- ▶ ASEAN Summit, 2017
- ▶ China Increasing Interest in the Middle East

### 6. Disaster Management

- ▶ Industrial Disasters in India

It also cover Important News for Prelims



# Contents

Issue I- November, (1-15), 2017

## Topical Analysis 7-14

### EASE OF DOING BUSINESS IN INDIA

#### Fast mover

India's performance in World Bank's 'ease of doing business' report

Indicator (Ranking)	2017	2018
Starting a business	155	156
Dealing with construction permits	185	181
Getting electricity	26	29
Registering property	138	154
Getting credit	44	29
Protecting minority investors	13	4
Paying taxes	172	119
Trading across borders	143	146
Enforcing contracts	172	164
Resolving insolvency	136	103
<b>Overall ranking</b>	<b>130</b>	<b>100</b>



- Ease of Doing Business in Realty Sector
- Global Tuberculosis Report, 2017
- Why Government Elementary Enrollment Reducing?
- Concept of Carbon Credit and its Critical Analysis
- Concept of Google Tax and its Implications
- ASEAN Summit, 2017



## Contemporary Issues 15-82

- Aadhar Seeding and Benefits

### 8 MOST IMPORTANT AADHAAR CARD USES IN INDIA

- 1 Aadhaar serves as a proof of identity and address across India
- 2 Aadhaar empowers residents of India with a unique identity and a digital platform to authenticate anytime, anywhere
- 3 Aadhaar is paperless online anytime-anywhere identity
- 4 Aadhaar is a random generated number that does not depend on caste, creed, religion and geography
- 5 Get to know about your Aadhaar card details online or using your phone
- 6 Avail benefits of various services if you carry your Aadhaar card
- 7 Aadhaar helps in proving identity during train travel
- 8 Aadhaar helps you to get mobile connection, LPG connection, opening a bank account, etc.

- Demonetization Impact on Domestic Remittances
- Karnataka Bill on Evil Practices and Black Magic
- Special Deposition Centres in Courts
- Do Social Media Threaten Democracy?
- Crypto Currencies Come Under SEBI Lens

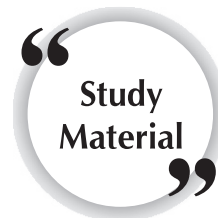


- Role of Finance Commission and its Changing Nature
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- China Increasing Interest in the Middle East
- Law Commission Report on Tribunals in India
- Collegium and Transparency
- GATT - 70<sup>th</sup> Anniversary
- Industrial Disasters in India

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Test Series by: **MANOJ K. JHA**

### PROGRAMME HIGHLIGHTS

Comprehensive tests for Ethics & Essay based on UPSC pattern

► **Ethics Tests**

- Concept Classes before each Ethics Test (approx. 4 hrs.)  
Timings - 1:00 A.M. To 5:00 P.M.
- 5 Topical Tests for Ethics + Case Studies
- One Full Mock

► **Essay Mock Tests**

- 5 Essay Mock Tests on UPSC format
- Every Essay test to be followed by home assignment tests for further improvement.

► **Study material**

- Comprehensive study material on key concepts such as Ethics Terminology, Moral Thinkers, few other conceptual aspects, etc.

► **Workbook**

- 100 practice questions with hints on Section A
- 75 case studies with hints on Section B

► **Evaluation and Discussion**

- Detailed discussion
- Copy correction and one-to-one Discussion with Faculty

Batch Starts

15<sup>th</sup> December  
2017

Test Timings: 1:30 PM to 4:30 PM

Discussion: 5:00 PM

Class Timings: 1:00 PM to 5:00 PM

Fee: Rs. 13,500/- + GST

**Prelims News****83-89****Indian Culture**

- GI Tag
- Jnanpith Award, 2017
- UNESCO Award for Srirangam Temple
- Chennai Now Part of UNESCO's 'Creative Cities Network'
- Animal Races

**Science & Environment**

- Cobots
- NIRBHAY
- Integrated Quarter Master Package (IQMP)
- Blackbuck Conservation Reserve
- Carnivorous Plants Use CO<sub>2</sub> to Lure Prey
- Air Quality Index

**Economic News**

- Core Sector Growth hits 6-Month High
- SEBI Plans Automated Disclosure System

- Purchasing Managers' Index
- RKVY-RAFTAAR

**Polity and Governance**

- National Council for Teacher Education (Amendment) Act, 2017
- Deen Dayal SPARSH Yojana
- Creation of National Testing Agency
- Centre Allows Distribution of Pulses through Welfare Schemes
- SHe-Box

**Miscellaneous News**

- Blue Flag-17
- Sagar Kavach
- National Power Portal (NPP)
- Grahak Sadak Koyla Vitaran App
- Fish Tourism Circuit



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## COVER STORY

# Ease of Doing Business in India

Context

*In the recently published World Bank's Doing Business Report, 2018, India's rank jumped to 100 from 130. India has jumped 30 slots and World Bank report owes it to Reforms undertaken by the current government over the past few years.*

*The report also recognizes India as one of the top 10 improvers in this year's assessment, having implemented reforms in 8 out of 10 Doing Business indicators. According to the reports India has adopted 37 reforms since 2003, out of which nearly half have been implemented in the last four years.*

*The report which marked its 15th anniversary this year, captures reforms implemented in 190 countries in the period June 2, 2016 to June 1, 2017.*

*The present article analyzes the Doing Business indicators and how India performed in it and what are the various business reforms undertaken by the government in last few years to establish a conducive environment for doing business in India and to improve its ranking over the last few years.*

## Introduction

The World Bank has released the Doing Business (DB) Report, 2018 with the theme “*Reforming to Create Jobs report*” recently. According to the report, India ranks 100 among 190 countries and has leapt 30 ranks over its rank of 130 in the Doing Business Report 2017. The Doing Business Report is an assessment of 190 economies and covers 10 indicators which span the lifecycle of a business.

## Doing Business 2018: Reforming to Create Jobs

It is a World Bank Group flagship publication and it is the 15th in a series of annual reports. Doing Business report measures the regulations that enhance business activity and those that constrain it. *Doing Business presents quantitative indicators* on business regulations and the protection of property rights that can be compared across 190 economies—from Afghanistan to Zimbabwe—and over time.

*Doing Business* measures regulations affecting 11 areas of the life of a business. Ten of these areas are included in this year's ranking on the ease of doing business i.e. starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency.

*Doing Business* also measures labor market regulation, which is not included in this year's ranking.

## Doing Business 2018 Indicators

- ▶ **Starting a business:** Procedures, time, cost and paid-in minimum capital to start a limited liability company.
- ▶ **Dealing with construction permits:** Procedures, time and cost to complete all formalities to build a warehouse and the quality control and safety mechanisms in the construction permitting system.
- ▶ **Getting electricity:** Procedures, time and cost to get connected to the electrical grid, the reliability of the electricity supply and the transparency of tariffs.
- ▶ **Registering property:** Procedures, time and cost to transfer a property and the quality of the land administration system.
- ▶ **Getting credit:** Movable collateral laws and credit information systems.
- ▶ **Protecting minority investors:** Minority shareholders' rights in related-party transactions and in corporate governance.
- ▶ **Paying taxes:** Payments, time and total tax rate for a firm to comply with all tax regulations as well as post-filing processes.
- ▶ **Trading across borders:** Time and cost to export the product of comparative advantage and import auto parts.
- ▶ **Enforcing contracts:** Time and cost to resolve a commercial dispute and the quality of judicial processes.
- ▶ **Resolving insolvency:** Time, cost, outcome and recovery rate for a commercial insolvency and the strength of the legal framework for insolvency.

## Main Findings of Doing Business 2018

Entrepreneurs in 119 economies saw improvements in their local regulatory framework last year. Between June 2016 and June 2017, the report, documented 264 business reforms. Reforms reducing the complexity and cost of regulatory processes in the area of starting a business and getting credit were the most common in 2016/17. The next most common reforms were in the area of trading across borders.

- ▶ **Brunei Darussalam, Thailand, Malawi, Kosovo, India, Uzbekistan, Zambia, Nigeria, Djibouti and El Salvador** were the most improved economies in 2016/17 in areas tracked by *Doing Business*. Together, these 10 top improvers implemented 53 regulatory reforms making it easier to do business.
- ▶ Economies in all regions are implementing reforms easing the process of doing business, but **Europe and Central Asia** continues to be the region with the highest share of economies implementing at least one reform—79% of economies in the region have implemented at least one business regulatory reform, followed by South Asia and Sub-Saharan Africa.
- ▶ The report features four case studies in the areas of starting a business, dealing with construction permits, registering property and resolving insolvency, as well as an annex on labor market regulation.

## What does report say about India?

This edition of the report acknowledges India as a top improver, with an improvement of 30 ranks compared to last year's report, the highest jump in rank of any country in the DB Report, 2018.

- ▶ India featured among the ten most improved economies in the world in this year's *Doing Business* rankings, accompanied by Brunei Darussalam, Thailand, Malawi, Kosovo, Uzbekistan, Zambia, Nigeria, Djibouti and El Salvador.



- ▶ In the South Asia region, India now ranks below only Bhutan, which has a Doing Business ranking of 75. Other six countries have figure below India in the rankings, with Nepal at 105, Sri Lanka at 111, Maldives at 136, Pakistan at 147, Bangladesh at 177 and Afghanistan at 183.
- ▶ India is the only country in South Asia and BRICS economies to feature among most improved economies of the DB Report this year.
- ▶ Countries in sub-Saharan Africa region, however, have a higher ranking than India. Rwanda has 41st rank, Kenya has 80th rank, Botswana 81st rank and Zambia has 85th rank.
- ▶ India has improved its rank in 6 out of 10 indicators and has moved closer to international best practices. The credit for this significant improvement is credited to the principle of “Reform, Perform, Transform” given by the government wherein a strong leadership has provided the political will to carry out comprehensive and complex reforms, supported by a bureaucracy committed to perform and transform the business environment.
- ▶ India performed well in the areas of Protecting Minority Investors, Getting Credit, and Getting Electricity. The country’s corporate law and securities regulations have been recognized as highly advanced, placing India in 4th place in the global ranking on Protecting Minority Investors.
- ▶ The time to obtain an electricity connection in Delhi has dropped from 138 days four years ago to 45 days now, almost 20 days less than the 78 days average in OECD high-income economies. India places in 29th place in the global ranking on the Getting Electricity indicator.

The World Bank report said while there has been substantial progress, India still lags in areas such as starting a business (156), enforcing contracts (164) and dealing with construction permits (181). The time taken to enforce a contract is longer today, at 1,445 days, than it was 15 years ago (1,420 days), placing the country in 164th place in the global ranking on the Enforcing Contracts indicator.

In Starting a Business, India has reduced the time needed to register a new business to 30 days now, from 127 days 15 years ago. However, the number of procedures is still cumbersome for local entrepreneurs who still need to go through 12 procedures to start a business in Mumbai, which is considerably more than in OECD high-income economies, where it takes five procedures on average.

### **Highlights of India’s performance on various indicators and reforms taken**

#### **Starting a Business**

- ▶ *India Rank - 156*
- ▶ *Reforms Undertaken in recent years*
  - India made starting a business faster by merging the applications for the Permanent Account Number (PAN) and the Tax Account Number (TAN), and by improving the online application system. This reform applies to both Delhi and Mumbai. Mumbai also made starting a business faster by merging the applications for the value-added tax and the profession tax.
  - India made starting a business easier by eliminating the minimum capital requirement and the need to obtain a certificate to commence business operations. This reform applies to both Delhi and Mumbai.
  - India made starting a business easier by considerably reducing the registration fees, but also made it more difficult by introducing a requirement to file a declaration before the commencement of business operations. These changes apply to both Delhi and Mumbai.

- India eased business start-up by establishing an online VAT registration system and replacing the physical stamp previously required with an online version.

### Construction Permits

- ▶ *Rank improved from 185 to 181*
- ▶ Procedures to obtain construction permits reduced from 35 to 30
- ▶ **Reforms Undertaken in recent years**
  - India made dealing with construction permits less cumbersome by implementing an online system that has streamlined the process at the Municipality of New Delhi and Municipality of Greater Mumbai. The online system has streamlined the process of obtaining a building permit, thereby reducing the number of procedures and time required to obtain a building permit in India.
  - India reduced the time required to obtain a building permit by establishing strict time limits for pre-construction approvals.

### Getting Electricity

- ▶ *India Rank - 29*
- ▶ **Reforms Undertaken in recent years**
  - India made getting electricity faster and cheaper by streamlining the process of getting a new commercial electricity connection. This reform impacts Delhi.
  - The utility in Delhi made the process for getting an electricity connection simpler and faster by eliminating the internal wiring inspection by the Electrical Inspectorate. The utility in Mumbai reduced the procedures and time required to connect to electricity by improving internal work processes and coordination.
  - In India the utility in Mumbai made getting electricity less costly by reducing the security deposit for a new connection.

### Getting Credit

- ▶ *Rank improved from 44 to 29*
- ▶ Strength of legal rights index improved from 6 to 8.
- ▶ Credit bureau coverage increased from 21.4% to 43.5% (% of adults).
- ▶ Increased coverage of security interest registration under SARFAESI Act.
- ▶ Secured creditors prioritized over Government dues for purposes of recovery.
- ▶ **Reforms Undertaken in recent years**
  - India strengthened access to credit by amending the rules on priority of secured creditors outside reorganization proceedings and by adopting a new law on insolvency that provides a time limit and clear grounds for relief to the automatic stay for secured creditors during reorganization proceedings. This reform applies to both Delhi and Mumbai.

### Protecting Minority Investors

- ▶ *Rank improved from 13 to 4*
- ▶ Strength of minority investor protection index increased from 7.3 to 8.
- ▶ Greater transparency requirements for interested parties transactions.

- ▶ Greater shareholder protection through action against directors & claims for damages.
- ▶ **Reforms Undertaken in recent years**
  - India strengthened minority investor protections by increasing the remedies available in cases of prejudicial transactions between interested parties. This reform applies to both Delhi and Mumbai.
  - India strengthened minority investor protections by requiring greater disclosure of conflicts of interest by board members, increasing the remedies available in case of prejudicial related-party transactions and introducing additional safeguards for shareholders of privately held companies. This reform applies to both Delhi and Mumbai.

### **Paying Taxes**

- ▶ *Rank improved from 172 to 119*
- ▶ Enabled electronic registration, return & payment of ESI & EPF contributions.
- ▶ **Reforms Undertaken in recent years**
  - India made paying taxes easier by making payment of EPF mandatory electronically and introducing a set of administrative measures easing compliance with corporate income tax. This reform applies to both Delhi and Mumbai.
  - India made paying taxes easier by introducing an electronic system for paying employee state insurance contributions. This reform applies to both Mumbai and Delhi.
  - India eased the administrative burden of paying taxes for firms by introducing mandatory electronic filing and payment for value added tax.
  - India reduced the administrative burden of paying taxes by abolishing the fringe benefit tax and improving electronic payment.

### **Trading Across Borders**

- ▶ *India Rank - 146*
- ▶ **Reforms Undertaken in recent years**
  - India reduced import border compliance time in Mumbai by improving infrastructure at the Nhava Sheva Port. Export and import border compliance cost were also reduced in both Delhi and Mumbai by eliminating merchant overtime fees and through the increased use of electronic and mobile platforms.
  - India made exporting and importing easier by launching Customs Electronic Commerce Interchange Gateway portal and simplifying border and documentary compliance procedures. This reform applies to both New Delhi and Mumbai.

### **Enforcing Contracts**

- ▶ *Rank improved from 172 to 164*
- ▶ Dedicated commercial courts established.
- ▶ National Judicial Data Grid (NJDG) to monitor and manage court cases.
- ▶ **Reforms Undertaken in recent years**

- India made enforcing contracts easier by introducing the National Judicial Data Grid, which makes it possible to generate case measurement reports on local courts. This reform applies to both Delhi and Mumbai.
- India made enforcing contracts easier by creating dedicated divisions to resolve commercial cases. This reform applies to both Mumbai and Delhi.

### Resolving Insolvency

- ▶ *Rank improved from 136 to 103*
- ▶ Insolvency & Bankruptcy Code created for efficient handling of restructuring & insolvency proceedings.
- ▶ Professional institutes set up for handling restructuring & insolvency proceeding.
- ▶ **Reforms Undertaken in recent years**
  - India made resolving insolvency easier by adopting a new insolvency and bankruptcy code that introduced a reorganization procedure for corporatedebtors and facilitated continuation of the debtor's business during insolvency proceedings. This reform applies to both Delhi and Mumbai.

### What does it signify?

The significant jump this year is a result of the Indian government's consistent efforts embarked on a strong reform agenda to improve the business environment. It indicates India's endeavor to further strengthen its position as a preferred place to do business globally.

The Government has undertaken an extensive exercise of stakeholder consultations, identification of user needs, government process re-engineering to match Government rules and procedures with user expectations and streamlined them to create a more conducive business environment. An extensive exercise is also undertaken to increase awareness among users about reforms to ensure extensive use of newly created systems.

In the future, if India has to sustain the momentum towards ranking, it needs to tackle the challenging reforms. To secure changes in the remaining areas where we lag behind, will require not just new laws and online systems but deepening the ongoing investment in the capacity of states and their institutions to implement change and transform the framework of incentives and regulation facing the private sector.

Also, to keep India focused on 'doing business' at the state level may prove to be the platform that sustains the country's reform trajectory for the future.

Government has undertaken tax reforms, reducing government oversight by stepping up disintermediation and anti-corruption policies which also signals that change in the economic narrative is gaining momentum.

The Government in the recent years has been seeking an improvement in India's ranking to attract greater foreign investment and has set more ambitious targets for itself.

According to an output-outcome framework document prepared by the government, India is seeking to reach the **90th rank in 2017-18** and **30th by 2020**. Last year, India's ranking improved by just one notch to 130 out of 190 countries.

The next paradigm shift to the top 50 is still a long way ahead and will require India to maintain strong momentum for which there is a need to continue to work on all the indicators.

Also in the future, effective implementation of GST and bankruptcy law may improve India's ranking significantly over the coming years.

## Role of New Insolvency Rules and Tax Norms in lift India 30 Ranks

The work done for protecting minority investors through changes in the Companies Act and facility of National Company Law Tribunal (NCLT) helped India move up to the 4th ranking among the 190 countries, while “online system for tax payments, filing returns and assessments” helped the country to move up 53 places to ranking of 119 for ‘paying taxes’.

India made paying of taxes easier by requiring that payments are made electronically to the Employees Provident Fund and introducing a set of administrative measures for easing compliance with corporate income tax, municipal permits come under the purview of state governments and, therefore, they have nudged states to expedite municipal permits for construction.

Centre is pushing the state governments that all the construction permits should now be online. The application should be online and permits should be online and this cuts costs, eliminates discretion.

## Can GST help India race past China in ease of doing business rankings

As India moves 30 notches up to feature in top 100 countries, there has been speculations on whether India can move ahead China once reforms like the GST (Goods and Service Tax) are factored in the next year’s evaluation by the World Bank.

GST, which was implemented on July 1 was not taken into account in Doing Business 2018 report as rankings for all economies were benchmarked to June 2017. Government is hopeful that GST will further improve India’s ranking in the coming years.

According to the Bankers and experts in the country, GST will strengthen the country’s position in future. And GST incorporation in next year’s assessment will provide another significant leap in doing-business rankings for India.

India ranked 29th in Getting Electricity metric of Doing Business 2018 while China was way behind at 98. In Getting Credit, India ranked at 29, whereas China was at 68. On protecting minority investors, India ranked 4th in the world while China was at 119. In paying taxes, India (rank 119) was ahead of China which ranked 130.

## Way Forward

Better business environment leads to better business opportunities for our entrepreneurs particularly small and medium enterprises. Governments objective is that in the next three-four years, India must come in the top 30 countries as far as ease of doing business is concerned.

- ▶ There is a very strong correlation between performance in Doing Business and role of performing economies that do create jobs. The growth of small and medium enterprises is important for job creation and India would like to see the SMEs growing to be larger. SMEs in India tend to be smaller than in other countries. India has over a million new job seekers joining the labor market every month and so seeking growth in SMEs is going to be very important for creating jobs at the rate that India needs.
- ▶ ‘As India shifts its indirect tax system to the Goods and Services Tax (GST) and its accompanying infrastructure, the transition is not going to be smooth — it has not been so in any of the world’s 122 jurisdictions. And, the positive or negative impact of India switching to GST will not show up until 2019. So government should sustain the efforts to keep the momentum intact .
- ▶ The government is also working with the World Bank to recognise over 200 reforms that will help propel India into the top-50 bracket in ease of doing business.

India has already implemented 122 reforms this year, and are working with World Bank to recognise the rest. India is planning to initiate 90 more ease of doing business reforms this year.

- ▶ States should address issues such as inadequate infrastructure and inflexible labour policies to make them more competitive.
- ▶ States should also invest in skilling and need to come up with policies for fixed term employment like the government has worked out for the apparel sector.

## GOVERNANCE ISSUE

# Aadhar Seeding and Benefits



*Aadhar is a 12 digit unique-identity number issued to all Indian residents based on their biometric and demographic data. The data is collected by the Unique Identification Authority of India (UIDAI), a statutory authority established in January 2009 by the Government of India, under the Ministry of Electronics and Information Technology, under the provisions of the Aadhaar (Targeted Delivery of Financial and other Subsidies, Benefits and Services) Act, 2016.*

*Aadhaar seeding is a process whereby UID is added to the database of beneficiaries. To obtain an Aadhaar number, an individual has to submit his, (i) biometric (photograph, finger print, iris scan) and (ii) demographic (name, date of birth, address) information.*

*Hereby, discussing the meaning, types of Aadhaar seeding and its benefits.*

## What is Aadhaar Seeding?

Aadhaar seeding is a process by which Aadhaar numbers of residents are included in the service delivery database of service providers (In this Case the service provider is Bank) for enabling de-duplication of database and Aadhaar based authentication during service delivery.

The objective of de-duplication is not to replace the currently used unique identifier of the customers/residents/beneficiaries with Aadhaar but it is to clean up the databases for any ghosts/duplicate entries and seamlessly enable Aadhaar authentication without impacting any other interface that the service providers maintain with their customers.

## Types of Seeding

**Seeding can be of primarily two types:**

- ▶ **Inorganic Seeding:** Here seeding is done without involvement of the beneficiary. The database is updated with UID by programming tools.

For inorganic seeding, the following data is required:

- Digitized database of beneficiaries.
- KYR+ data from Enrolment Agencies.
- EID-UID database to be created with the help of EID-UID XML files received from UIDAI (CIDR).

The fields of Ration card number or Job card number and EID of the beneficiary are picked from the KYR+ data and seeded against the EID of that family member

by comparing the Ration card family member's name with Aadhaar Name. Subsequently, they picked the Corresponding UID from the EID-UID database and seeded the UID against the family member.

- ▶ **Organic Seeding:** Organic Seeding happens when details of UID are collected by interaction of concerned department officials, with the resident.

**This can be collected by:**

- Camps.
- Door to door campaign.
- Point of disbursement of wages/ pensions/ Fair Price Shops.
- SMS (mobile) application / Web application where beneficiary can send the UID number to Govt Department.

### Remote Aadhaar Seeding Framework

UIDAI has been closely involved in enabling States in implementing Aadhaar enabled service delivery through a variety of initiatives such as the ICT assistance, coordinated pilot programs, SRDH software and support etc. Along the same lines, UIDAI currently proposes to enable service delivery owners in expediting seeding of their databases by developing and hosting an online platform called the Remote Aadhaar Seeding Framework (RASf) application. The RASf application is a central platform that enables converging various seeding channels into one central staging area which is then accessible to operators at various departments (service delivery owners) for verification of the seeding and inclusion into their service delivery databases.

**The RASf application aims to provide:**

- ▶ Online convergence platform for multiple seeding channels and a ready-made SMS/ online resident self-service channel for the States usage.
- ▶ Controlled access for department operators to verify seeding by comparing beneficiary record at the department with the UIDAI resident KYR data from SRDH web services.
- ▶ MIS, fine grained user access management, audit trails and data import/export features to enable states to adopt a consistent effective and efficient approach to multi-channel seeding.

A multi-channel convergence approach to seeding can help to overcome current challenges and importantly scale seeding efforts significantly where each channels' weakness is compensated by usage of other channels. Further since seeding inherently requires manual comparison of data in most cases, it is important to enable a large number of verifiers in the ecosystem to be able to work in a coordinated fashion to effectively scale operations. RASf aims to provide a consistent process oriented approach to large scale multichannel seeding and hopes to expedite Aadhaar seeding across the nation.

### The Benefits

According to the Unique Identification Authority of India (UIDAI), government schemes are asking for Aadhaar as it helps to clean out duplications and fakes, and provides accurate data to enable implementation of direct benefit programmes.

Use of Aadhaar reduces the cost of identifying persons and provides increased transparency to the government in implementation of its schemes.



Therefore, Aadhaar has been made compulsory for the following schemes:

- ▶ Beedi/Iron Ore/limestone workers need Aadhaar for availing house subsidy.
- ▶ Aadhaar is mandatory for supplementary nutrition programmes.
- ▶ Aadhaar is compulsory for farmers wanting to take crop insurance benefit and people eligible for subsidised food grains/cash subsidy.
- ▶ People wishing to avail benefits of welfare schemes under Integrated Department of Horticulture, National Apprenticeship Promotion Scheme and Janani Suraksha Yojana need mandatory Aadhaar.
- ▶ Aadhaar made mandatory to avail training under Integrated Child Development Services of the Ministry of Women and Child Development.
- ▶ Aadhaar mandatory for benefits under Grih Kalyan Kendra scheme.
- ▶ Aadhaar mandatory for e-panchayat training benefits and students who wish to avail central scholarships at the college level.
- ▶ Aadhaar made mandatory for women to avail vocational training, loans and other schemes.
- ▶ Bhopal gas tragedy victims need Aadhaar to avail compensation from government.
- ▶ Aadhaar made mandatory to file Income Tax returns or applying for PAN. PAN will also need to be linked to Aadhaar.

Linking of Aadhaar with these services will help eradicate fake accounts, fake insurance policies, etc. It is possible that there are many accounts in the system that have been opened using such documents and copied signatures and even the banks may not be aware of it. Some people may not even be aware that an account exists in their name. These accounts need to be verified using Aadhaar now.

## The Concerns

The fundamental objection to this linking of services is that all information on an individual will be available at a single place, which could make surveillance easier and also increase the risks if this information is hacked.

Moreover, a user's Aadhaar number and fingerprint are permanent identifiers, and at least the Aadhaar number has been compromised for over 130 million citizens. This leaves the users vulnerable to social hacks.

Another major concern is the absence of a clear redressal mechanism for consumers in case of a data leak, misuse or hack. According to experts, When things go wrong, consumers need to have access to a proper complaint mechanism. In the case of Aadhaar, such access is to be provided through the establishment of 'contact centres' under the Regulation 32 of the UIDAI Enrolment and Update Regulations.

Apart from this, Section 47 of the Aadhaar Act stipulates that only UIDAI or its authorised officers can file a criminal complaint for violations of the Act.

The UIDAI has been given complete discretion in determining if and when to file a criminal complaint for violations of the Act, and an individual aggrieved by actions of a third person is left to rely upon the bonafide actions of the UIDAI.

Social engineering is often used to find out bank account details, credit card numbers and passwords to steal money from people's accounts. "One of the prime examples is individuals receiving phone calls from someone claiming to be from the bank. Aadhaar data makes this process much easier for fraud and increases the risk around transactions. In the US, the ease of getting Social Security Numbers from public

databases has resulted in numerous cases of identity theft. These risks increase multifold in India due the proliferation of Aadhaar numbers and other related data available.

### **Conclusion**

Aadhaar is means to achieve the objective of equitable society, wherein government can efficiently help the vulnerable sections of society and curb tax evasion, corruption etc.

Therefore, Aadhaar in itself is not the end, but a means to end and must be used in a voluntary manner, in which the public is made aware of the potential benefits and harms that it carries.

Therefore, data security laws, privacy laws, grievance redressal mechanisms for authentication failure and denial of benefits must be formed so that people's faith can be established.

## ECONOMIC ISSUE

# Ease of Doing Business in Realty Sector

Context

*The real estate sector is the second largest employer, which contributes 9% to India's GDP. The industry includes about 10 lakh consumers buying houses every year and 76,044 companies.*

*In the period FY 2008-2020, the market size of this sector is expected to increase at a Compound Annual Growth Rate (CAGR) of 11.2 per cent. Retail, hospitality and commercial real estate are also growing significantly, providing the much-needed infrastructure for India's growing needs.*

*A total of 2,17,900 new houses in six Indian states were sanctioned by the Ministry of Housing and Urban Affairs, Government of India under the Pradhan Mantri Awas Yojana (Urban) (PMAY) to push affordable housing in the urban areas of the country.*

*The private equity investments in real estate increased 26 per cent to a nine-year high of nearly Rs 40,000 crore (US\$ 6.01 billion) in 2016.*

*Thus, for its further growth, various ease of doing business initiatives have been taken by the government. Hereby, discussing the initiatives and their impact on the sector.*

## Introduction

Real Estate plays a significant role and is an essential contributor in Indian economic development. Real estate and building business is the second largest employer in the nation after agriculture. Over the next decade, the real estate sector is expected to grow by 30 percent. It is one of the fastest growing sectors of the Indian economy. This sector has large association with various other sectors and more than 250 allied industries.

The sector is divided into four sub-sector, housing, retail, hospitality, and commercial. The housing sub-sector, contributes 5-6 per cent to the country's gross domestic product (GDP). Meanwhile, retail, hospitality and commercial real estate are also growing significantly, catering to India's growing needs of infrastructure.

The Indian real estate market size was 16 billion US\$ in 2006, 60 billion US\$ in year 2010 and expected to touch US\$ 180 billion by 2020. Current growth in the Indian economy has stimulated demand for land and developed real estate across industries. Demand for residential, commercial and retail real estate is rising throughout India, accompanied by increased demand for hotel accommodation and improved infrastructure. In the long term, growth in the Indian real estate industry is expected to be driven by rise in infrastructure spending by Gol.

Government of India should continue to support this industry by initiating policy measures that will continue to attract investments in this sector and offer housing for all by promoting inclusive growth.

To meet this GOI has initiated 'Ease of Doing business' initiative in Real Estate sector.

## Steps Initiated

India's ranking for Dealing with Construction Permits has improved from 185 to 181, for Resolving Insolvency the improvement has been from 136 to 103, and for Paying Taxes from 172 to 119. However, on the parameter of Registering Property, it slipped 16 places from 138 to 154. The key reasons for the lower ranking in for this vital criterion when compared to other countries are the continuing multitude of procedures to follow and therefore more time developers have to spend in pursuing them.

Several steps taken by the government in recent times —from the Real Estate Regulatory Act (RERA) and the Goods and Services Tax (GST), to Real Estate Investment Trusts (REITs) — have all been implemented for improving the ease of doing business in this sector, as well as for increasing investor confidence. After implementation, these policy changes are likely to attract more institutional investments into the Indian realty market — from domestic as well as foreign institutions.

- ▶ **Real Estate (Regulation and Development) Act or RERA:** The much-awaited Act — covering both residential and commercial realty segments — was passed in March 2016. Although its actual implementation can only be effective once all the states create their respective state-level authorities, an effective implementation can be a game changer for the real estate and construction sector. It has been among the key measures which the government is trying to implement for the development and regulatory transparency of the real estate sector in India.

It will not only help regulate the sector and promote transparency, but could also facilitate greater volumes of domestic as well as foreign investment flows into the sector. The confidence of home buyers in the property market is also likely to revive as a result of the same.

RERA mandates the registration of real estate projects and directs the developers to delineate functions and duties of the promoters and sets out penalties for non-compliance.

- ▶ **Goods and Services Tax (GST):** The constitutional amendment for an early implementation of the landmark Goods and Services Tax (GST) has been India's biggest structural reform in decades. The landmark regulation will remove a plethora of indirect taxes and establish India as a single unified market.
- ▶ **Real Estate Investment Trusts (REITs):** The REIT platform has already been approved by the Securities and Exchange Board of India (SEBI) and like mutual funds, it will pool the money from all investors across the country. The money collected from the REIT funds will subsequently be invested in commercial properties to generate income.

A REIT will need to be registered via an IPO or initial public offering. REIT units, as such, will have to get listed with exchanges and consequently traded as securities. The SEBI board has kept the minimum asset sizes to be invested in at Rs 500 crore. However, the minimum issue size would have to be less than Rs 250 crore. As with stocks, the investors here would be able to buy the units from either primary and/or the secondary markets.

**The advantages with REITs include:**

- ❑ **Income dividends:** 90% of distributable cash at least twice in a year.
  - ❑ **Transparency:** REIT will showcase the full valuation on a yearly basis and will also update it on a half-yearly basis.
  - ❑ **Diversification:** According to the guidelines, REITs will have to invest in a minimum of two projects with 60% asset value in a single project.
  - ❑ **Lower risk:** At least 80% of the assets will have to be invested into revenue-generating and completed projects. The remaining 20% of the properties that include properties like under construction projects, equity shares of the listed properties, mortgage-based securities, equity shares that derive a minimum of 75% of income from Government securities or G-secs, money market instruments, cash equivalents and real estate activities.
- ▶ **FDI policy:** A foreign investor will now be permitted to exit and repatriate foreign investment before the completion of project under automatic route, provided that a lock-in-period of three years, calculated with reference to each tranche of foreign investment has been completed.

Further, transfer of stake from one non-resident to another non-resident, without repatriation of investment will neither be subject to any lock-in period nor to any government approval. Moreover, exit is permitted at any time if project or trunk infrastructure is completed before the lock-in period. Now with exit norms clarity, the each phase of the construction development project would be considered as a separate project, it will pave the way for easy exit as the foreign fund will be allowed to exit with completion of each phase wherein they have invested.

There are other changes as well such as removal of lock in period to sectors such as hotel & tourist resorts and hospitals, SEZ, and investment by NRI; automatic 100% FDI under automatic route in operational malls, townships, business centers, etc.; transfer of ownership and control of investee company from resident to non-resident (subject to 3 year lock-in) permitted. These changes will definitely encourage more investment in these sectors and specially the investment by NRIs.

**Benefits of improved Ease of Doing Business Ranking**

The Indian real estate sector has been unorganized and fragmented for a long time, and this has historically made foreign investors reluctant to make large-scale investments into it. The improved rankings, along with the recent reforms, will create a synergy for boosting the confidence of global investors in the sector.

The scarcity of long-term capital investment in the sector has been a big concern for the developers. While the recent reforms such as demonetization and RERA have resulted in the exit and consolidation of many smaller and weaker developers, big players are also facing a huge challenge of capital. The insufficient sources of funds have exacerbated the liquidity crunch of developers. This is one of the key factors for project delays in the majority of cases.

This year India's ranking in Ease of Doing business has jumped to 100. This may help to bring in a larger pool of investments by boosting the sentiment of foreign investors.

**Reforms needed**

- ▶ **Ease of land acquisition and digitization of ownership records:** Non-availability of contiguous land due to fragmented ownership pattern post independence era, incorrect/unavailable data records on land ownership, unclear land titles make the whole process of land acquisition cumbersome and litigious.

To address land fragmentation, an effective policy on land pooling should be implemented under which small holders have to be adequately incentivised to come together and sell the aggregate land parcels for joint development by the government and private parties.

This calls for collection and maintenance of land data including surveys/re-surveys to clear the disputed title records and regular updation on a single digital platform. A central authority should be created for successful co-ordination amongst the states. Digitisation can pave the way to attract title insurance companies.

- ▶ **Standardisation of construction norms and documentation:** Land being a state subject, all States and local bodies have separate norms on zoning policies, FSI, set back area, TDR, Slum Rehabilitation etc. These levels of complexity and variations have led to discretion of interpretation ushering corruption leading to project delays and cost overruns.

For sustainable development, formulating uniform construction norms and documentation wherever possible can help.

- ▶ **De-layering and simplifying the approval process:** The industry at present has to deal with not less than 40 complex 'No Objection Certificates' before obtaining construction permits from local bodies, state governments and the central government. Lack of transparency in the approval process prevents access of financial credit at an early stage of project development.

Creating a single window online clearance platform where all approvals across departments can be managed in a coordinated manner is the need of the hour.

- ▶ **Sustainable development of Urban areas:** Sustainable development of our urban built environments is another key challenge. It is important to ensure that our cities are smart. This could be achieved by enhanced focus on mass transit systems, green construction methods, creation of green spaces, and sustainable technologies for managing water, waste and energy resources, among other aspects.

Overall, the abundance of technically skilled workforce and India's demographics and economic dividend have created immense opportunities for a thriving real estate market. These factors are likely to help over-ride most concerns regarding further development of the Indian real estate sector.

## REPORT ANALYSIS

# Global Tuberculosis Report, 2017

Context

*WHO has published a global TB report every year since 1997. The main aim of the report is to provide a comprehensive and up-to-date assessment of the TB epidemic, and of progress in prevention, diagnosis and treatment of the disease at global, regional and country levels. This is done in the context of recommended global TB strategies and targets endorsed by WHO's Member States and broader development goals set by the United Nations.*

*Hereby, compiling the global status of TB and special mention with respect to India.*

## About Tuberculosis

TB is an infectious disease caused by the Bacillus Mycobacterium tuberculosis. It typically affects the lungs (pulmonary TB) but can also affect other sites (extrapulmonary TB). The disease spreads when people who are sick with pulmonary TB exhale bacteria into the air, for example by coughing. Overall, a relatively small proportion (5–15%) of the estimated 1.7 billion people infected with M. tuberculosis will develop TB disease during their lifetime. However, the probability of developing TB disease is much higher among people infected with HIV, and also higher among people affected by risk factors such as under-nutrition, diabetes, smoking and alcohol consumption.

*Diagnostic tests for TB disease include the following:*

- ▶ **Rapid molecular tests:** The only rapid test for diagnosis of TB currently recommended by WHO is the Xpert® MTB/RIF assay (Cepheid, USA). It can provide results within 2 hours, and was initially recommended (in 2010) for diagnosis of pulmonary TB in adults. Since 2013, it has also been recommended for use in children and to diagnose specific forms of extrapulmonary TB. The test has much better accuracy than sputum smear microscopy.
- ▶ **Sputum smear microscopy:** Developed more than 100 years ago, this technique requires the examination of sputum samples using a microscope to determine the presence of bacteria. In the current case definitions recommended by WHO, one positive result is required for a diagnosis of smear-positive pulmonary TB.
- ▶ **Culture-based methods:** The current reference standard, they require more developed laboratory capacity and can take up to 12 weeks to provide results.

## Zoonotic TB

- ▶ Zoonotic TB is predominantly caused by M. bovis, which belongs to the M. tuberculosis complex. In humans, there were an estimated 147,000 new cases of

Zoonotic TB and 12,500 deaths due to the disease in 2016. This burden of disease cannot be reduced without improving standards of food safety and controlling bovine TB in the animal reservoir.

- ▶ The organism is host-adapted to cattle, where it is referred to as bovine TB; it also causes TB in other animal species, including wildlife. Bovine TB has an important economic impact and threatens livelihoods.
- ▶ In 2016–2017, a roadmap for zoonotic TB was developed by the tripartite of WHO, the World Organisation for Animal Health (OIE) and the Food and Agricultural Organization of the United Nations (FAO), together with the International Union Against Tuberculosis and Lung Disease. The roadmap calls for a multidisciplinary “One Health” approach that includes a more comprehensive analysis of risks, better coverage of interventions, more efficient use of resources, reduced costs and, ultimately, improved health of human and animal populations.

### Drug-resistant TB

- ▶ Drug-resistant TB threatens global TB care and prevention, and remains a major public health concern in many countries. Three major categories are used for global surveillance and treatment. MDR-TB is TB that is resistant to both rifampicin and isoniazid, the two most powerful anti-TB drugs; it requires treatment with a second-line regimen. RR-TB also requires treatment with second-line drugs. With increasing use of Xpert® MTB/RIF for simultaneous detection of TB and resistance to rifampicin, a growing number of RR-TB cases (without further testing for isoniazid resistance) are being detected and notified.

### Outcome of the Report

TB is the ninth leading cause of death worldwide and the leading cause from a single infectious agent, ranking above HIV/AIDS. In 2016, there were an estimated 1.3 million TB deaths among HIV-negative people (down from 1.7 million in 2000) and an additional 374,000 deaths among HIV-positive people. An estimated 10.4 million people fell ill with TB in 2016: 90% were adults, 65% were male, 10% were people living with HIV (74% in Africa) and 56% were in five countries: India, Indonesia, China, the Philippines and Pakistan.

Most of the estimated number of incident cases in 2016 occurred in the WHO South-East Asia Region (45%), the WHO African Region (25%) and the WHO Western Pacific Region (17%); smaller proportions of cases occurred in the WHO Eastern Mediterranean Region (7%), the WHO European Region (3%) and the WHO Region of the Americas (3%).

The top five countries, with 56% of estimated cases, were (in descending order) India, Indonesia, China, the Philippines and Pakistan. Globally, the TB mortality rate is falling at about 3% per year. TB incidence is falling at about 2% per year; this needs to improve to 4–5% per year by 2020 to reach the first milestone of the End TB Strategy.

Regionally, the fastest decline in TB incidence is in the WHO European Region (4.6% from 2015 to 2016). The decline since 2010 has exceeded 4% per year in several high TB burden countries, including Ethiopia, Kenya, Lesotho, Namibia, the Russian Federation, the United Republic of Tanzania, Zambia and Zimbabwe.

Regionally, the fastest declines in the TB mortality rate are in the WHO European Region and the WHO Western Pacific Region (6.0% and 4.6% per year, respectively, since 2010). High TB burden countries with rates of decline exceeding 6% per year since 2010 include Ethiopia, the Russian Federation, the United Republic of Tanzania, Vietnam and Zimbabwe.



## The End of TB Strategy

Most deaths from TB could be prevented with early diagnosis and appropriate treatment. Millions of people are diagnosed and successfully treated for TB each year, averting millions of deaths (53 million in 2000–2016), but there are still large gaps in detection and treatment.

Specific targets set in the End TB Strategy include a 90% reduction in TB deaths and an 80% reduction in TB incidence (new cases per year) by 2030, compared with 2015. Achieving these targets requires provision of TB care and prevention within the broader context of universal health coverage, multi-sectoral action to address the social and economic determinants and consequences of TB, and technological breakthroughs by 2025 so that incidence can fall faster than rates achieved historically.

The End TB Strategy at a glance				
VISION	A WORLD FREE OF TB — zero deaths, disease and suffering due to TB			
GOAL	END THE GLOBAL TB EPIDEMIC			
INDICATORS	MILESTONES		TARGETS	
	2020	2025	SDG 2030*	END TB 2035
Percentage reduction in the absolute number of TB deaths (compared with 2015 baseline)	35%	75%	90%	95%
Percentage reduction in the TB incidence rate (compared with 2015 baseline)	20%	50%	80%	90%
Percentage of TB-affected households experiencing catastrophic costs due to TB (level in 2015 unknown)	0%	0%	0%	0%

**PRINCIPLES**

1. Government stewardship and accountability, with monitoring and evaluation
2. Strong coalition with civil society organizations and communities
3. Protection and promotion of human rights, ethics and equity
4. Adaptation of the strategy and targets at country level, with global collaboration

**PILLARS AND COMPONENTS**

1. **INTEGRATED, PATIENT-CENTRED CARE AND PREVENTION**
  - A. Early diagnosis of TB including universal drug-susceptibility testing, and systematic screening of contacts and high-risk groups
  - B. Treatment of all people with TB including drug-resistant TB, and patient support
  - C. Collaborative TB/HIV activities, and management of comorbidities
  - D. Preventive treatment of persons at high risk, and vaccination against TB
2. **BOLD POLICIES AND SUPPORTIVE SYSTEMS**
  - A. Political commitment with adequate resources for TB care and prevention
  - B. Engagement of communities, civil society organizations, and public and private care providers
  - C. Universal health coverage policy, and regulatory frameworks for case notification, vital registration, quality and rational use of medicines, and infection control
  - D. Social protection, poverty alleviation and actions on other determinants of TB
3. **INTENSIFIED RESEARCH AND INNOVATION**
  - A. Discovery, development and rapid uptake of new tools, interventions and strategies
  - B. Research to optimize implementation and impact, and promote innovations

\* Targets linked to the Sustainable Development Goals (SDGs).

### Some persistent barriers to TB control in the SEA Region include:

- Absence of universal health coverage, as well as limited access to quality health services and fully subsidized treatment for chronic diseases;
- Widespread shortage and uneven distribution of well-trained, well equipped and motivated health workers;

- ▶ Insufficient data collection capacity, leading to gross neglect of TB monitoring and under-reporting of incidence;
- ▶ Failure to address poverty, undernutrition and risk factors that adversely influence exposure to tuberculosis;
- ▶ Insufficient strategies to address populations at risk, including targeted screening and investigation;
- ▶ Lack of regulatory systems and weak accountability mechanisms, as well as poor governance in public health management; and
- ▶ Insufficient long-term strategies to address the socio-economic factors that germinate tuberculosis – poverty reduction, better nutrition, better living and work conditions, as well as strategies to mitigate the impact of migration.

### Persistent Gaps in Care and Financing

Tackling the epidemic requires action to close gaps in care and financing. It also requires progress in a particular subset of high TB burden countries.

- ▶ Underreporting and underdiagnosis of TB cases continues to be a challenge, especially in countries with large unregulated private sectors and weak health systems. Of the estimated 10.4 million new cases, only 6.3 million were detected and officially notified in 2016, leaving a gap of 4.1 million. India, Indonesia and Nigeria accounted for almost half of this global gap.
- ▶ Only one in five MDR-TB cases were started on treatment. India and China accounted for 39% of the global gap. Treatment success remains low, at 54% globally.
- ▶ Of the almost half a million reported cases of HIV-associated TB, 15% were not on Antiretroviral Therapy (ART) as recommended by WHO. Most of the gaps related to HIV-associated TB were in the WHO African Region.
- ▶ TB preventive treatment is expanding in two priority risk groups - people living with HIV and children under 5 years. However, most people eligible for TB preventive treatment are not accessing it.
- ▶ For TB care and prevention, investments in low- and middle-income countries fall almost US\$ 2.3 billion short of the US\$ 9.2 billion needed in 2017. In addition, at least an extra US\$ 1.2 billion per year is required to accelerate the development of new vaccines, diagnostics, and medicines.

### New initiatives for TB control

- ▶ **NIKSHAY- A web based solution for monitoring of TB patients:** To monitor Revised National Tuberculosis Programme (RNTCP) effectively, a web enabled and case based monitoring application called NIKSHAY has been developed by National Informatics Centre (NIC). This is used by health functionaries at various levels across the country in association with Central TB Division (CTD), Ministry of Health & Family Welfare. NIKSHAY covers various aspects of controlling TB using technological innovations. Apart from web based technology, SMS services have been used effectively for communication with patients and monitoring the programme on day to day basis.
- ▶ **National Health Policy, 2017:** The policy acknowledges HIV and TB co-infection and increased incidence of drug resistant tuberculosis as key challenges in control of Tuberculosis. The policy calls for more active case detection, with a greater involvement of private sector supplemented by preventive and promotive action in the workplace and in living conditions. Access to free drugs would need to be complemented by affirmative action to ensure that the treatment is carried out, dropouts reduced and transmission of resistant strains are contained.

## Way forward

Ending TB by 2030 would require a 90% reduction in TB deaths and an 80% reduction in annual TB cases, yet since 2000 the mortality rate has only declined by 37%. TB remains the leading infectious killer in 2016, responsible for 1.3 million deaths among HIV-negative individuals (down from 1.7 million in 2000). A further 374,000 deaths were reported among people living with HIV, for whom the disease is still the leading killer.

People living with HIV have an estimated 26 to 31-fold greater risk of contracting TB, particularly when they are not on antiretroviral treatment (ART) as their immune systems are weakened making them more susceptible to co-infection. Yet thankfully, ART can reduce the risk of TB infection in people living with HIV by 65%.

But efforts to provide preventative TB treatment have so far been uneven and insufficient. In 2016, 18 of the 30 countries with the highest burden of HIV-associated TB offered no preventative TB treatment for patients diagnosed with HIV, despite WHO recommendations. As such, cases of HIV-associated TB have continued to rise, with 10% of the 10.4 million new TB cases among those living with HIV in 2016.

Positively, in the last six years to 2016, TB treatment has prevented an estimated 44 million deaths among HIV-negative people and an additional 9 million deaths when supported by ART in those living with HIV.

However, multi-drug resistant TB (MDR-TB) remains a serious threat. In 2016, there were 600,000 new cases with resistance to Rifampicin, the most effective first-line drug, and of these 490,000 cases were multi-drug resistant.

Recognising the need to accelerate the response, the WHO is calling for a radical new approach to tackle TB. The social and economic drivers of the epidemic mean that TB cannot be beaten by the health sector alone, instead “a dynamic, global, multisectoral approach” is needed.

## SOCIAL ISSUE

# Why Government Elementary Enrollment Reducing?

## Context

*The role of Universal Elementary Education (UEE) for strengthening the social fabric of democracy through provision of equal opportunities to all has been accepted since the inception of our Republic. With the formulation of education policy, India has initiated a wide range of programmes for achieving the goal of UEE through several schematic and programme interventions.*

*However, in the recent years there have been dip in the enrolment at elementary level mainly in government schools.*

*Hereby, analyzing the reasons for that.*

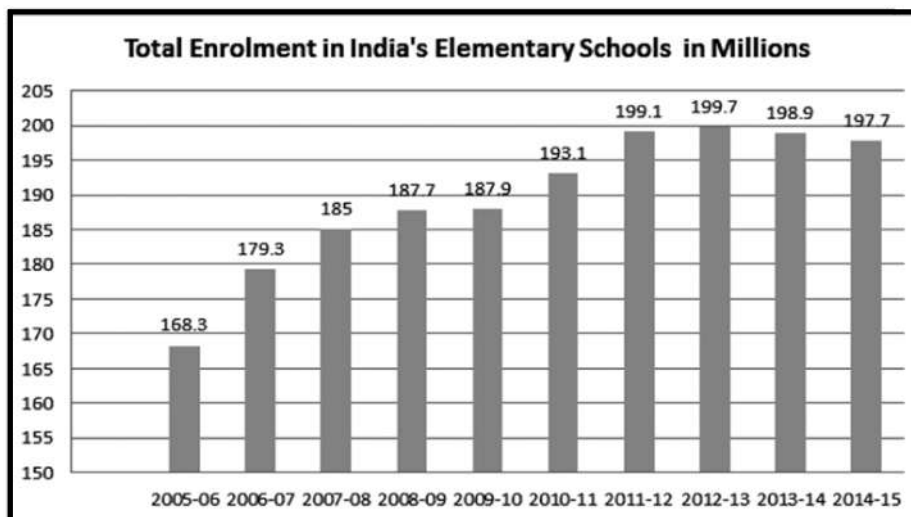
## Introduction

The Right to Free & Compulsory Education Act, 2009, provides a justiciable legal framework that entitles all children between the ages of 6-14 years free and compulsory admission, attendance and completion of elementary education. It provides for children's right to an education of equitable quality, based on principles of equity and non-discrimination. Most importantly, it provides for children's right to an education that is free from fear, stress and anxiety.

However, the elementary enrollments in government schools are reducing.

## Evidence of Reduction in Enrolment

- ▶ Between 2010-11 and 2015-16, student enrolment in government schools across 20 Indian states fell by 13 million.



- ▶ Only 65% of all school-going children in 20 states, about 113 million, getting their education from government schools.
- ▶ It continues to reduce in 2015-16 and 2017 as well.
- ▶ The biggest decline in government primary school enrolment has been reported in Jammu & Kashmir, Jharkhand, Kerala, Maharashtra, Rajasthan, Uttarakhand, Uttar Pradesh and Tamil Nadu. On the other hand, states like Punjab have shown an increase of 70,000 students in government primary schools. Manipur and Mizoram also show an increase.
- ▶ Even in Delhi, which saw a rise in enrolment in both government and private primary schools, the preference was clearly for the private. While enrolment in government schools increased by about 14,000, the increase in private school enrolment was about 30,000.

### Reasons for Reduction in Enrollment

- ▶ Increased preference to private schools by parents and students due to reasons like quality education, infrastructure, and access to schools, low teacher student ratio etc.
- ▶ Less than **one in five** elementary school teachers in India are trained. Most of the government-school teachers are hired on temporary contracts. These teachers are likely to be less motivated and accountable than teachers with full-time jobs.
- ▶ **Non availability of English medium** education in government schools and notion of mother tongue medium as inferior among people.
- ▶ **Rise in income levels and affordability of middle class** leading to preference to schools with additional facilities like transport, food, and combined child care centers.
- ▶ Drop in enrollment of students in government schools due to reasons like **lack of toilets, sanitation, water, playgrounds** and lack of funds to run schools.
- ▶ 11-16 years age children are potential for **child labour** or domestic help, so they quit school and indulge into work.
- ▶ Demographic shift from school going age to working age. The population bulge in India shifted in 2001 from the age range of five to nine years (primary school) to 10 to 14 years (upper primary and secondary school) in 2011, according to Census data.
- ▶ Government elementary schools are layered institutions that are affected by bureaucratic administration, the specificities of local societies, and the agency of teachers. Although promoted as an agency and institution of democracy, modernity and development, these schools are characterised by a thin democracy, both in their everyday culture and in their linkage to local communities.
- ▶ Routinisation of teaching-learning practices, training fatigue among teachers whose agency has been eroded, and programme overload result in learning loss among children.
- ▶ Up to 80% of India's public expenditure on education is spent on teachers—salaries, training and learning material, according to a six-state report. However they don't perform well.
- ▶ Many schools are overcrowded with students sitting in open, corridors, multiple classes in same classroom etc.
- ▶ Girls in particular are pushed out of school if sanitation facilities are inadequate.

## How to Improve

- ▶ **“Teacher accountability”**: Teachers must be incentivized to do a better job, which will then lead to improvements. This includes negative and positive incentives: for example, punishment for lack of improvement in learning levels of children or better pay for clear improvements.
- ▶ Try and attract **“better” people to become teachers**. The issues that can be worked on to influence this matter—for example, reasonable compensation, good recruitment practices, conditions to support professional satisfaction—are important.
- ▶ There is need to recruit permanent teachers with a respected amount of remuneration, so that they could pay more interest in delivering proper education to the children.
- ▶ Government should build more and more schools at easily accessible distance and not let private groups perform the job that the government should perform.
- ▶ Provide financial assistance to school managements in order to make things vibrant and functional.
- ▶ State governments should make a state education committee with proper judicial power.
- ▶ There should be wider involvement of people in the formation of model for the implementation of RTE.
- ▶ The new education policy should be made in line with commitments of SDGs.
- ▶ Government should adopt various funds-generating mechanisms such as the education cess in order to generate proper funding for the implementation of RTE, rather than allowing private sector to enter into this sector.

## Conclusion

Elementary education being the state responsibility is being shifted to private players who are running schools for profit. Creation of multiple strands of schooling for the fee-paying rich and the poor, would amount to allowing a certain class of society to monopolies opportunities. This vision of equal opportunity is a universal right recognized by multiple international treaties that India is signatory to, and cannot be seen as limited by the right of adults, political or business groups.

## ENVIRONMENTAL ISSUE

# Concept of Carbon Credit and its Critical Analysis



*A carbon credit is a generic term for any tradable certificate or permit representing the right to emit one ton of carbon dioxide or the mass of another greenhouse gases.*

*It allows an organization that reduced its GHG emissions, to take advantage of its green investment and a company wanting to compensate, to communicate its new strategic plan to its stakeholders.*

*Hereby, discussing the concept of carbon credit, how it works and benefits and challenges related to it.*

## Background

The concept of carbon credits came into existence as a result of increasing awareness of the need for controlling emissions. The mechanism was formalized in the **Kyoto Protocol**, an international agreement between more than 170 countries, and the market mechanisms were agreed through the subsequent **Marrakesh Accords**.

## How it Works

Carbon credits are typically measured in tonnes of CO<sub>2</sub>-equivalents (or CO<sub>2</sub>e) and are bought and sold through number of international brokers, online retailers and trading platforms. Businesses that find it hard to comply with the carbon emissions, purchase carbon credits to offset their emissions by making finance readily available to renewable energy projects, forest protection and reforestation projects around the world. These renewable energy and energy efficiency projects replace fossil fuel and industrial processes. This all helps businesses in mitigating their emissions and comply with the global standards.

Under basic cap-and-trade scheme, **if a company's carbon emissions fall below a set allowance, that company can sell the difference — in the form of credits —** to other companies that exceed their limits.

## Main features of Carbon Credits

- ▶ **Individual benefits:** Domestic users can gain by trading in carbon credits while helping them adopt a more concerted and disciplined approach towards reducing their carbon footprints.
- ▶ **Buying greenhouse gasses:** The purchase of carbon credits remains a lucrative enterprise. Each carbon credit that is purchased is channeled to a company which is specifically tasked to bring down emissions or provide more sustainable and environmental-friendly alternatives to these emitters.

- ▶ **Business and job opportunities:** Trading in carbon credits using the capitalist principle, if applied fairly, allows private investors to generate profits from their purchases and diversify them towards the creation of environmentally-sustainable businesses which either emit very low or no carbons. And as new businesses are started up, more employment opportunities arise.

### How buying Carbon Credits can Reduce Emissions

Carbon credits create a market for reducing greenhouse emissions by giving a monetary value to the cost of polluting the air. Emissions become an internal cost of doing business and are visible on the balance sheet alongside raw materials and other liabilities or assets.

**For example**, consider a business that owns a factory putting out 100,000 tons of greenhouse gas emissions in a year. Its government is an Annex I country (kyoto protocol) that enacts a law to limit the emissions that the business can produce. So the factory is given a quota of say 80,000 tons per year. The factory either reduces its emissions to 80,000 tons or is required to purchase carbon credits to offset the excess. After costing up alternatives the business may decide that it is uneconomical or infeasible to invest in new machinery for that year. Instead it may choose to buy carbon credits on the open market from organizations that have been approved as being able to sell legitimate carbon credits.

We should consider the impact of manufacturing alternative energy sources. For example, the energy consumed and the Carbon emitted in the manufacture and transportation of a large wind turbine would prohibit a credit being issued for a predetermined period of time.

One seller might be a company that will offer to offset emissions through a project in the developing world, such as recovering methane from a swine farm to feed a power station that previously would have used fossil fuel. So, although the factory continues to emit gases, it would pay another group to reduce the equivalent of 20,000 tons of carbon dioxide emissions from the atmosphere for that year.

Another seller may have already invested in new low-emission machinery and have a surplus of allowances as a result. The factory could make up for its emissions by buying 20,000 tons of allowances from them. The cost of the seller's new machinery would be subsidized by the sale of allowances. Both the buyer and the seller would submit accounts for their emissions to prove that their allowances were met correctly.

### Advantages

- ▶ It gives **flexible mechanism**. No compulsion to reduce carbon, so no direct loss.
- ▶ A market-based approach allows companies to take carbon-reducing measures that **everyone can afford**.
- ▶ Reducing emissions and lowering energy consumption is **usually good for the core business**. For example, in 1997 British Energy Company BP committed to bring its emissions down to 10 percent below 1990 levels. After taking simple steps like tightening valves, changing light bulbs, and improving operations efficiency, BP implemented an internal cap-and-trade scheme and met its emissions goal by the end of 2001 — nine years ahead of schedule. Using the combined CO<sub>2</sub> reduction strategy, BP reported saving about \$650 million.
- ▶ **Long-term investment angle:** Buying into the carbon market boom now suggests significant dividends later on. Carbon credits are relatively cheap now, but their value will likely rise, giving companies another reason to participate.



## The Disadvantages

- ▶ As with any financial market, emission traders are **vulnerable to significant risk and volatility**.
- ▶ For example: The EU's trading scheme (EU-ETS), for instance, issued so many permits between 2005 and 2007 that it flooded the market. Supply soared and carbon prices bottomed out, removing incentives for companies to trade.
- ▶ Carbon offsets have their own drawbacks, which reflect a **fast-growing and unregulated market**. Some offset firms in the United State have been caught selling offsets for normal operations that do not actually take any additional CO<sub>2</sub> out of the atmosphere, such as pumping CO<sub>2</sub> into oil wells to force out the remaining crude.
- ▶ **The lack of offset regulations** has also made marketing problematic.

## Criticisms

- ▶ The Kyoto mechanism is the **only** internationally agreed mechanism for regulating carbon credit activities, and, crucially, includes checks for overall effectiveness.
- ▶ As several countries responsible for a large proportion of global emissions (notably USA, India, and China) have avoided mandatory caps, this also means that businesses in capped countries may perceive themselves to be working at a competitive disadvantage against those in uncapped countries as they are now paying for their carbon costs directly.
- ▶ A key concept behind the cap and trade system is that national quotas should be chosen to represent genuine and meaningful reductions in national output of emissions. However, governments of capped countries may seek to unilaterally weaken their commitments.
- ▶ A question has been raised over the grandfathering of allowances. Countries within the EU ETS have granted their incumbent businesses most or all of their allowances for free. This can sometimes be perceived as a protectionist obstacle to new entrants into their markets.
- ▶ There have also been accusations of power generators getting a 'windfall' profit by passing on these emissions 'charges' to their customers.

## Conclusion

Carbon credit mechanism looks to be brain child of developed countries who don't want to lose their profit in the name of environment. As Gandhiji quoted "The world has enough for everyone's need, but not enough for everyone's greed." World should come together generously to work full heartedly for environmental degradation leaving behind profit motto.

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**ECONOMIC ISSUE**


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# Concept of Google Tax and its Implications



*Recently Internet companies that legally avoid taxes by shifting profits overseas have been taxed on royalties on UK sales in a move dubbed as the "Google tax".*

*Last year also Government of India has started "Digital India" program to with an aim to reform governance through technology. In the Union Budget 2016 Google Tax was brought in by the Finance Minister of India. It was reported to launch a new kind of tax in India, which is directly known the e-commerce companies. It is a tax applied on the income and it will be increased to a company outside of India.*

*Hereby, discussing the concept of Google tax and its implications on Indian business sector.*

## What is Google Tax?

- ▶ It is known as Google Tax around the world, but in India it is known as the **"Equalization Levy"**. The 'equalization' happens because the government is supposedly leveling the playing field and making companies such as Google and Facebook pay for the money they make from local advertisers.
- ▶ It is a new concept in taxation where a tax will be levied on a global firm which makes income through digital economy by raising revenues from advertisements in a country where it has no physical presence.
- ▶ The move is aimed at technology firms that gain on online ads. This will bring them under India's tax net. It is in line with the initiatives of OECD led Base erosion and profit shifting.

## Services under Equalization Levy

### Specified Services

- ▶ "Specified services", as mentioned in the Finance Bill means "online advertisement, any provision for digital advertising space or any other facility or service for the purpose of online advertisement and includes any other service as may be notified by the Central Government."

### Exemptions

- ▶ The exemptions for this levy are:
  - ▣ If the non-resident providing the specified service has a permanent establishment in India and the specified service is effectively connected with such permanent establishment.

- In order to reduce the burden of small players in the digital domain, an exemption is provided if the aggregate amount of consideration that is to be paid by a resident in India who is carrying on business or profession, or by a non-resident having a permanent establishment in India does not exceed one lakh rupees in any financial year and this payment is made towards the specified services provided by the non-resident entity.
- Where the payment for the specified services is not for the purposes of carrying out business or profession.
- ▶ As the Finance Minister in his budget speech stated that the equalization levy is aimed at taxing business-to-business (B2B) e-commerce transactions. Therefore, the scope of the levy may be expanded to cover a wider range of digital goods and services as time progresses.

### **Need of Equalization Levy**

- ▶ The levy will act as an incentive for the companies to have permanent establishments in India and to get taxed only on their net income made here. It will also discourage the practice of avoiding taxes by exploiting weaknesses in the international taxation rules.
- ▶ The levy will be against the base erosion and profit shifting and will prevent shifting of profits from the high tax-rate countries to lower tax-rate jurisdictions. The levy will prevent the technology companies from shifting profits offshore to tax havens. Of late, the levy has become an attractive tool for governments around the world.
- ▶ Goldman Sachs has estimated the e-commerce market to grow to \$300 billion by 2030 from the current \$20 billion. According to the budget, digital economy in India is growing at 10% per year which is faster than the global economy as a whole. So, taxing the technology companies could earn sufficient revenue. It will make sure the global online businesses are taxed for the considerable income they earn from India. For example, Google earned revenue of Rs.4108 crore in 2014-15 as per its disclosure.
- ▶ The idea of an equalization levy comes from Action 1 of the Organization for Economic Cooperation and Development's (OECD's) base erosion and profit shifting (BEPS) Action Plan. The action plan considers equalization levy as an option to tax digital transactions.

### **What are expected implications of such tax?**

- ▶ It could increase the cost of advertising for firms because the 6 % tax have to be borne by them, as global players enjoy dominance in online advertising field.
- ▶ It will lead to decline in profit of companies like Facebook, Google. Since, Google tax is not under income tax act and thus tax credit as under double taxation avoidance treaty is not available.
- ▶ The levy has been introduced as part of the finance bill and not the Income Tax Act to ensure that the double taxation avoidance agreements are not violated. However, because of this, the online firms cannot seek tax credit in their home country.
- ▶ Firms like Facebook might consider registering an Indian entity to compete with its online rivals. Further, this marks a trend in the direction of source based taxation and there is increasing possibility that other services might be brought in the ambit of taxation.

## Criticism

- ▶ NASSCOM has said that there exists already a tax which is being deducted at source when there is a B2B transaction. So the equalization levy will lead to double taxation of same income.
- ▶ The levy could also act as a potential deterrent for overseas service providers looking to expand their offerings in India, which might have a dampening effect on the 'Digital India' initiative and 'Startup India' programme by discouraging innovation. Moreover, it may force the startups to cut down on advertising.
- ▶ Ultimately, the customer will be made to pay as the companies may pass down the tax burden on to the customers. So the new levy will raise the cost of a whole range of services which are provided online.
- ▶ The companies would not be able to take the benefit of tax treaties to avoid double taxation in their home countries because the levy is introduced in the Budget as part of the finance bill and not as a part of Income Tax Act.
- ▶ There are also the long terms implications for India's own IT services firms, which rely mostly on overseas markets. If other nations follow India's lead and impose similar taxes on services provided from India, local IT firms' cost advantage could be significantly eroded, rendering them noncompetitive.

## Conclusion

- ▶ There is a lot of concern about the newly introduced Google Tax. It has attracted many people within the country, but business owners are disappointed with this policy as it compels them to pay more than their previous payment.
- ▶ Since the initiative is in line with India's motive to widen its tax base and improve its Tax-GDP ratio, but at the same time care should be taken to ensure that Indian firms don't suffer. If the tax liability falls more on Indian firms then it will lead to crowding out of such companies which itself will be a loss to Indian economy.
- ▶ With introduction of this levy, India joins the league of various other countries with similar levies for providing equal opportunities to the domestic businesses. In addition, avoidance of double taxation of such transactions has been secured by creating a specific Income tax exemption for specified services chargeable to this levy.

## INTERNATIONAL ISSUE

# ASEAN Summit, 2017



*ASEAN (Association of South East Asian Nations) 31st summit held in Philippines (10 - 14 Nov. 2017). Theme was - Partnering for change, engaging the world. India has participated in it.*

*Since 1967, ASEAN has matured into a community focused on economic integration and growth, and consensus-building. The present article looks into the inception of ASEAN, its objectives and the journey of success and failure in last 50 yrs and outcomes of the Summit.*

## Introduction

The Association of South-east Asian Nations, which is now having 10 members group, was established on 8 August 1967 in Bangkok, Thailand, with the signing of the ASEAN Declaration (**Bangkok Declaration**) by the Founding Fathers of ASEAN, namely Indonesia, Malaysia, Philippines, Singapore and Thailand.

It has completed 50 years of existence.

India is not founding member of ASEAN but became member latter on as ASEAN+6. (China, Japan, South Korea, Australia, New Zealand, India).

The ASEAN Vision 2020 has shared vision of ASEAN as a concert of Southeast Asian nations, outward looking, and living in peace, stability and prosperity, bonded together in partnership in dynamic development and in a community of caring societies.

## Aims and Purposes of ASEAN

- ▶ **To accelerate the economic growth, social progress and cultural development in the region.**
- ▶ **To promote regional peace and stability.**
- ▶ To promote active collaboration and mutual assistance.
- ▶ To provide assistance to each other in the form of training and research facilities in the educational, professional, technical and administrative spheres.
- ▶ To collaborate more effectively for the greater utilization of their agriculture and industries.
- ▶ To promote Southeast Asian studies.
- ▶ **To maintain close and beneficial cooperation with existing international and regional organizations with similar aims and purposes, and explore all avenues for even closer cooperation among themselves.**

## ASEAN's Progress since Inception

- ▶ ASEAN has become the world's second most successful regional organization, after the European Union.

- ▶ **ASEAN GDP** -Today, ASEAN comprises the world's seventh-largest economy, on track to become the fourth largest by 2050. Its combined GDP has grown from \$95 billion in 1970 to \$2.5 trillion in 2014.
- ▶ **ASEAN Meetings** are held each year to deepen cooperation in areas such as education, health, and diplomacy.
- ▶ **ASEAN Economic Community** - ASEAN has signed free-trade agreements (FTAs) with China, Japan, India, South Korea, Australia, and New Zealand, and established an ASEAN economic community.
- ▶ **ASEAN Plus Three** - It was created to improve existing ties with the People's Republic of China, Japan, and South Korea.
- ▶ **East Asia Summit (EAS)** included ASEAN Plus Three countries as well as India, Australia, New Zealand. This new group acted as a prerequisite for the planned East Asia Community which was supposedly patterned after the now-defunct European Community.
- ▶ **ASEAN Eminent Persons Group** was created to study the possible successes and failures of this policy as well as the possibility of drafting an ASEAN Charter.
- ▶ **ASEAN Observer Status at UN-** ASEAN was given observer status at the United Nations General Assembly in 2006. In response, the organisation awarded the status of "dialogue partner" to the UN.
- ▶ **ASEAN Plus Six** - ASEAN became ASEAN Plus Six with additional countries: Australia, New Zealand and India. Codification of the relations between these nations has seen progress through the development of the Regional Comprehensive Economic Partnership (RCEP), a proposed free-trade agreement involving the 16 countries of ASEAN plus six.
- ▶ ASEAN is a microcosm of the today's world, i.e. highly developed nations, middle income countries and those just emerging. It has become a beacon of multilateral cooperation in a world darkening with greater protectionism, a shift to bilateral trade and changing attitudes towards globalization.

### Outcomes of the Meet with focus on India

For India to maintain trade and commerce as well as peaceful coexistence in South Asia, ASEAN is greater platform.

- ▶ **Cordial relations:** India has completed 25 years of association with ASEAN. All heads of ASEAN members are invited for 26<sup>th</sup> JANUARY 2018 parade.
- ▶ **Trade:** (In near future, South and South East Asia will be the growth engine of the world). This meet had corroborated \$71 Billion trade (2016-17) which comprises 1\10<sup>th</sup> of India's world trade.
- ▶ **Regional comprehensive trade agreement** (ASEAN and 6 members) will further boost India's trade and investment ties with region.
- ▶ The **ASEAN Mentorship for Entrepreneurs** will provide training for new entrepreneurs including India.
- ▶ **Agriculture:** Indian PM's visit to International Rice Research Institute (Los banos in Laguna ) has widened scope for Agriculture cooperation between these nations. It has promised to open Research institute branch in **Varanasi**, for south area region. (Philippines are in South East Asia.)
- ▶ **Connectivity:** Promise made on building connectivity with ASEAN. To build land, sea and air connectivity to dynamic region. Work is already on in the

construction of the tri-lateral highway through Myanmar and Thailand to connect to other countries in South East Asia.

- ▶ Agreed to work on the early conclusion of the **Agreement on Maritime Transport between India and ASEAN** and exploring coastal shipping services with countries with immediate maritime neighbors.
- ▶ **Security:** Leaders also discussed terrorism during the meeting, specifically related to regions of India's western front all the way to the Middle East.
- ▶ **Agreements:** on defense cooperation and logistics, agriculture, and on micro, small and medium enterprises, were signed between India and Philippines.

### Consensus on the Protection and Promotion of the Rights of Migrant Workers

The ASEAN Consensus on the Protection and Promotion of the Rights of Migrant Workers was signed by the Heads of States/Governments highlighting the series of events in the 31<sup>st</sup> ASEAN Summit.

The ASEAN Consensus stipulates the general principles, fundamental rights of migrant workers and members of their families, specific rights of migrant workers, obligations and commitments of ASEAN Member States. It aims to establish a framework for closer cooperation among member states on addressing migrant workers' issues in the region. While it is non-legally binding, the ASEAN Consensus is considered a living and evolving document.

The signing of this ASEAN Consensus shows the political will and strong commitment of ASEAN leaders to safeguard the rights of migrant workers who have contributed to the growth and development in the region.

### Challenges for India in South East Asian region

- ▶ Following the uncertain behaviour of China, Indian Ocean has become unpredictable and it might become the next battle ground.
- ▶ Problems in the implementation of India-Myanmar-Thailand (IMT) Trilateral Highway and Kaladan Multimodal Transit and Transport Project.
- ▶ China's territorial claim in the oil and gas-rich South China Sea, which is also a major international maritime trade route, hampers India's trade relations with South East Asia.

### Way forward

- ▶ India should play **leadership** role in improving commerce, connectivity and security in the region of ASEAN countries.
- ▶ There is a need for transforming "corridors of connectivity" to "**corridors of trade**" and fast-track it to realize their full business potential enhancing utilization of the Free Trade Agreement.
- ▶ **Terrorism**, religious extremism and the ISIS are dangers to the region and both India and ASEAN should work closer to check these menaces.
- ▶ Cooperation in the **nuclear energy** and cooperation in cyber security which has become more vital.
- ▶ India must focus on potential of the **small and medium enterprises (SMEs)** for boosting economic cooperation, due to the large roles SMEs play in Vietnam and the Philippines.
- ▶ Focus should be on enhancing **people-to-people connectivity** and nourishing the civilizational linkages within the region.
- ▶ Cultivate intra-regional **tourism, educational cooperation**, and the potential of Indian diaspora in South-east Asia.

## Conclusion

Faced with growing traditional and non-traditional challenges, politico-security cooperation is a key and an emerging pillar of our relationship. Rising export of terror, growing radicalization through ideology of hatred, and spread of extreme violence define the landscape of common security threats to our societies. Maintaining cordiality with ASEAN as an organization and with the individual South-east Asian countries remains crucial for India. India's geostrategic interests in the Indo-Pacific region depend on India's bilateral and multilateral engagements with the countries in the region.

In this age of multilateral alignment, the geopolitics of the Indo-Pacific region will either be defined by India's engagement and cooperation with ASEAN and the like minded countries, or by a rising China's expansive unilateralism in the Indo-Pacific region.



## ECONOMIC ISSUE

# Demonetization Impact on Domestic Remittances

Context

*Like other businesses, demonetization has affected the remittance (Domestic Money Transfer) business. The analysis shows a 60% de-growth in the total business.*

*Trends in domestic remittances before and after demonetisation would provide an insight into the impact of the policy on incomes, liquidity, as well as choice of digital channels by members of the informal sector.*

## Introduction

The volume of domestic remittances from urban to rural areas is a weathervane for the health of the informal sector. These remittances, which are used for a variety of uses, including agricultural operations, marriages and deaths, were estimated at Rs 1.5 trillion per annum by the Economic Survey of 2017.

## Domestic Remittance Market

The domestic remittance market is growing at a faster pace with the help of organised money transfer channels, mobile money transfer and business correspondents (BCs) of banks.

Nearly 100 million migrants have travelled to Tier-I cities in search of jobs. This results in the overall domestic remittance market growing at an average rate of 10.3 per cent during 2007-13.

Remittances from migrant workers contribute more than 50 per cent to the overall domestic remittances market.

Traditionally, a migrant worker can transfer money by visiting a post office, or depositing the money in bank branches, or handing over the money to friends/families who are travelling back home.

At present, migrant labours prefer to send money through instant money transfer products compared to the bank route, NEFT (National Electronic Funds Transfer), because of the efficiency and convenience the products offer. Through these channels, a migrant labour can make transactions at his convenience at an agent located near his home.

The Domestic Money Transfer is a service launched by the Reserve Bank of India. The RBI allows banks to create their own merchant outlets or enable their partner company's merchants to facilitate general public with money transfer service.

The service offers to transfer or deposit money in bank accounts by simply visiting the local mobile shop, kirana stores, and chemist outlets etc. These merchants are registered either with a master bank correspondent or prepaid instrument issuer company.

Customers can deposit or transfer Rs. 25000 in a month to their own or others accounts. This service is widely used by the migrants working in the metro cities and those who send money to their families and businesses on regular basis.

The service facilitates the customers and eases the banks in terms of managing their customers in the decentralized way and giving the liberty to perform transactions even after “bank timings”.

### Benefits of Domestic Remittances

- ▶ Increased domestic remittances have a positive impact on the nation’s economic growth.
- ▶ Domestic remittances also eliminate difficulties associated with credit rationing.
- ▶ These remittances finance needs for consumption or capital expenditures.
- ▶ On a macroeconomic level, raising the total capacity of financing of investments through domestic remittances will improve the local economic situation.
- ▶ Domestic remittances can also provide support in counter-cyclic conditions when local market situations are not favourable.

### Demonetisation and Domestic Remittance market

On 8 November 2016, the Government of India announced the demonetisation of all Rs.500 and Rs.1,000 bank notes of the Mahatma Gandhi Series. The government claimed that the action would curtail the shadow economy and crack down on the use of illicit and counterfeit cash to fund illegal activity and terrorism. The sudden nature of the announcement and the prolonged cash shortages in the weeks that followed created significant disruption throughout the economy, threatening economic output.

The Specified Bank Notes (Cessation of Liabilities) Ordinance, 2016 was issued by the Government of India on 28 December 2016 ceasing the liability of the government for the banned bank notes.

This has impacted the firms associated with movement of domestic remittances.

### Effects of Demonetization on Remittance Business:

- ▶ Firms related to remittance movement have a Prepaid Payments Instruments (PPI) licence from the Reserve Bank of India (RBI) and act as business correspondents (BCs) for banks.
- ▶ They set up their “money transfer counters” in kirana stores, medical shops, and mobile recharge outlets.
- ▶ Their software platforms and logistics systems for cash collection facilitate domestic remittances that are paid in the form of cash by the remitter and deposited in the bank account of the beneficiary.
- ▶ Operating with relaxed KYC (know your customer) norms, they channelize small-value remittances with a limit of Rs.5,000 per transaction and a monthly cap of Rs.25,000 per remitter.
- ▶ Thus, these firms belong to an intermediate zone between the fully cash-based courier system and the entirely digital systems of a bank-to-bank transfer or a mobile-wallet transaction.
- ▶ Before demonetisation, Rs.4,000 crore per month was remitted through this channel.

After demonetization, a big drop in the business numbers has been recognized across the country. The current trend shows a downfall of 60% of total business.

- ▶ Shortfall of valid currency notes in the market has stopped remittance transactions.
- ▶ RBI's instructions to the industry of not accepting the Old Currency Notes.
- ▶ There could be some regular people enjoying the service to convert their illegal money into white. After demonetization, it has been stopped.
- ▶ Businesses with cash transactions are almost stopped; people are not paying each others, not accepting payments.
- ▶ The number of "Wallet to bank transfer" transactions using multiple mobile apps has increased.
- ▶ Banks have started promoting UPI and other modes and mobilizing public to do fund transfer using their mobiles.
- ▶ To enjoy the high session, some wallet companies have waived off the transaction charges on money transfer.
- ▶ "Switching" charges are officially waived off.

### **Conclusion**

The failure of incomes in the informal sector to recover to the levels they would have reached without demonetisation appears to be an important factor for the weakness in the business correspondents (BC) remittances market. However, firm level factors have also played a role. Firms that adopted a cautious stance on the (inevitable) transformation to a greater digital footprint gained at the expense of those that underestimated the time required for behaviour change. Cash is still the oxygen of the Indian economy.

## SOCIAL ISSUE

# Karnataka Bill on Evil Practices and Black Magic


**Context**

*The Karnataka State Assembly cleared the much-awaited Karnataka Prevention and Eradication of In-human Evil Practices and Black Magic Bill, 2017 to prevent and eradicate "inhuman evil practices and to check exploitation in the name of black magic with the assurance by the government that not only Hindu religion but other religions would also be covered under the Bill.*

## Introduction

The repercussions of believing in superstitions and practising evil things like black magic can be harmful to a large extent. In order to discourage this, the Karnataka Prevention and Eradication of Inhuman Evil Practices and Black Magic Bill 2017 have been passed by the state assembly on November 16.

The Karnataka Prevention and Eradication of Inhuman Evil Practices and Black Magic Bill 2017 is the second such initiative in the country, after neighbouring Maharashtra passed the Black Magic Prevention and Prohibition of Exploiting Practices Bill in December 2013.

## Background

The initial draft of the Bill was prepared by experts at the National Law School University, Bengaluru. Later, an expert committee formed by the government made the first form of the Bill from the draft. The Bill which was not cleared in 2016, when it was first placed before the assembly, was cleared in 2017.

The legislation was earlier proposed as The Evil, Inhuman and Superstitious Practices Prevention Bill. After omitting the word superstitious, it is now titled The Karnataka Prevention and Eradication of Inhuman Evil Practices and Black Magic Bill, 2017.

The government was under pressure from civil society groups to bring in an anti-superstition Bill after the murder of rationalist M. Kalburgi.

## Objective of the Bill

The Bill aims to help combat and eradicate other inhuman, evil sinister practices propagated in the name of so called supernatural or magical power or evil spirit commonly known as black magic by common men with sinister motive of exploiting the common people in the society and thereby destroying the very social fabric of the society.

## Key Provisions of the Bill

The state will appoint a vigilance officer to take steps to prevent such practices.

**The Bill bans the following:**

- ▶ Coercing any person to perform fire-walk at the time of jatras/religious festivals, causing physical injury.
- ▶ Pelting stones in the name of banamathi and mata-mantra on the residential houses during night or day.
- ▶ Prohibiting and preventing a person from taking medical treatment in the case of dog, snake, or scorpion bite, and instead giving him 'treatment' like mata-mantra, gandra-dora of such other things.
- ▶ Performing any inhuman, evil act and black magic in search of precious things, bounty and hidden treasure in the name of banamathi, mata-mantra, assaulting any person, parading naked or put a ban on his daily activities or instigate advise or encourage committing such inhuman acts.
- ▶ Practice of piercing from rods from one side of jaw to another side of the jaw and including the tongue (*baibiga* practice).
- ▶ Facilitating any person or persons roll over (*uruli seve*) on the leaves of leftover food by other persons in any public or religious places or similar practices that violate human dignity, also known as *made snana*.
- ▶ To create an impression by declaring that a power inapprehensible by senses has influenced one's body or that a person has possessed such power thereby create fear in the minds of people or to threaten others of evil consequences for not following the advice of such person or deceive defraud and deter them.
- ▶ Forcing person to carry on evil practices such as killing of an animal by biting its neck (*gaavu*), that cause harm to public health.

**What is not Banned**

- ▶ The form of the worship such as Pradakshina, Yatra, and Parikrama performed at religious places.
- ▶ Persuading, propagating or facilitating rituals involving harm inflicted on children in the name of curing them, such as throwing them on thorns or from heights and branding them with heated objects.
- ▶ Miracles of the deceased saints' propagation, publicity and circulation of the same and the propagation, publicity and distribution of literature about miracles of the religious preachers which do not cause physical injury.
- ▶ Practising evil practices against women by forcing isolation, prohibiting re-entry into the village or facilitating segregation of menstruating, or pregnant women, and subjecting women to inhuman and humiliating practices such as parading them naked in the name of worship, or "bethale seve".
- ▶ Performance of prayers, upasana and religious rituals at home, temple, darghas, gurdwara, pagoda, church, and other religious places which do not cause physical injury.
- ▶ All religious celebrations, festivals, prayers, procession and other act relating to other rituals.
- ▶ Piercing of ears and nose of children in accordance with rituals and performance of religious ritual such as Kesh Lochan by the Jains.
- ▶ Under the pretext of expelling the ghost, assaulting by tying the person with rope or chain, beating by stick or whip to make the person drink footwear soaked water, causing pain by way of touching heated object to organs or body of a

person, forcing a person to perform sexual act in the open, practice inhuman acts, putting urine or human excreta forcibly in the mouth of a person or practice any such acts.

- ▶ Creating panic in the minds of public in general by way of invoking ghost or mantras.
- ▶ Preventing person taking medical treatment and diverting him or her to practice inhuman evil and *aghory* acts.
- ▶ Claiming to perform surgery by fingers or claiming to change the sex of a foetus in womb of a woman.
- ▶ Advice in regard to vaastu shashtra and advice by jyothishya and other astrologers.
- ▶ Persuading, propagating or facilitating rituals that involve self-inflicted injuries such as hanging from a hook: inserted into the body (*sidi*) or pulling a chariot by hook inserted into the body.
- ▶ Harikata, Keerthana, Pravachana, Bhajana, teaching of ancient and traditional learning and arts, practice, propagation and circulation.

### Significance of this Bill

- ▶ This Bill is popularly known as the anti-superstition Bill.
- ▶ It is expected to put an end to various inhuman practices such as black magic, witchcraft, or any act in the name of religion that causes harm to humans and animals.
- ▶ It has provisions to deal strongly with cruel practices, such as human sacrifice, and parading naked women and sexual exploitation by invoking supernatural powers.
- ▶ The Bill has been drafted on the lines of the Maharashtra Prevention and Eradication of Human Sacrifices and Other Inhuman, Evil and Aghori Practices and Black Magic Act, 2013.

### Conclusion

Even though such legislation cannot totally get rid of superstitions in the society, it will go some way to prevent exploitation of the gullible people. Superstition can be eradicated from the society only by proper education and teaching the children to develop scientific temper and the spirit of enquiry from a young age itself. Until then, the law will have to continue to identify and punish acts that violate the people's right to life, health and dignity.

## SOCIAL ISSUE

# Special Deposition Centres in Courts



*The Supreme Court has stated that, the vulnerable witnesses in the criminal cases, often minor survivors of rape or the victims of sex abuse, should testify without fear or intimidation in a conducive environment.*

*The Court concerned by trauma faced by these victims of crime in the conventional courtrooms has ordered setting up of at least two vulnerable Witnesses Deposition Centres in jurisdiction of the every High Court across country within next three months.*

## Introduction

Supreme Court Bench comprising of Justice A.K. Goel and Justice U.U. Lalit found that the vulnerable witnesses are often treated like any other witness of State in a criminal trial. Victims often end up being ill-treated by very system they had approached in hope of justice. Delay and intimidating questions during the trial in a hostile environment lead to the fewer convictions.

Thus, the amicus curiae in a criminal appeal before the Supreme Court had suggested that such special centres are needed in criminal cases that involve vulnerable witnesses. The Bench, setting aside a high court's acquittal of a man accused of raping a hearing and speech impaired girl and restoring the trial court's conviction, agreed such centres are needed with safeguards.

Order upholds right of the vulnerable witnesses to be protected while testifying in court and is in consonance with international norms in these matters.

## Laws relating to Children

- ▶ Protection of Children from Sexual Offences Act provides for child-friendly procedures during a trial.
- ▶ Under this law, the officer recording a child's statement should not be in uniform; also, during court proceedings steps must be taken to ensure that the child is not exposed to the accused.
- ▶ The court is allowed to record a child's statement through video conferencing, or using one-way mirrors or curtains.

## Present status of Deposition centres in India

- ▶ At present, Delhi has four such deposition centres, backed by guidelines framed by the Delhi High Court.
- ▶ The Delhi High Court's guidelines are inspired by the UN Model Law on Justice in Matters involving Child Victims and Witnesses of Crime.

## Features of Vulnerable Witness Deposition Complex

- ▶ As per the guidelines laid down by the Committee dealing with matters pertaining to sexual offences & child witnesses, facilities like separate witness room, separate accused room, play area for the child witnesses, pantry, separate toilet and an exclusive & comfortable waiting area have been provided in this newly built Vulnerable Witness Deposition Complex.
- ▶ The complex has a separate entry for vulnerable witnesses, so that they do not come in direct contact with accused at any point of time. There are provisions for support persons, pre-trial court visit and facilities for pick and drop of the witnesses from their residence. In this way, all possible efforts have been made for providing comfortable environment to vulnerable witnesses at this complex in order to enable them to give their best evidence in criminal proceedings.

## Supreme Court Guidelines

The Supreme Court's Bench suggested that the other HC's should adopt Delhi HC's 'Guidelines for Recording the Evidence of Vulnerable Witnesses in Criminal Matters,' with the required modifications. Delhi HC's guidelines are filtered from best practices followed by the other countries and Policy and the precedents of SC and HC's.

- ▶ Practices include a screen or some arrangement by which victim does not see body or the face of the accused.
- ▶ Reducing cross-examination questions to writing and handing them over to judge to be put to victim in a language that is clear and not embarrassing; and sufficient breaks for the victims of the child abuse or rape while testifying.

## The Supreme Court Direction

- ▶ The Supreme Court's direction that within three months there should be at least two special deposition centres under every high court's jurisdiction is a positive step towards ensuring a conducive and protective atmosphere for vulnerable witnesses. But they must not stop with that and continue to set up more such centres for the vulnerable witnesses.
- ▶ Supreme Court enunciated that eventually every district should have a special centre, which would provide the vulnerable witnesses a friendly atmosphere to testify.

### UN Model Law on Justice in Matters involving Child Victims and Witnesses of Crime

The United Nations Office on Drugs and Crime created these child-friendly guidelines along with the United Nations Children's Fund (UNICEF). They were developed to make sure that children who have been harmed by crime and children who have seen others harmed are protected and treated fairly when they say what happened to them in a court of law. Meant as guidance for children and child professionals, it explains what should be done and how people should act in situations when children are involved in criminal acts, or are witnesses of crime.

## Objective behind the Centre

- ▶ The main objectives include eliciting complete, accurate and reliable testimony from child witnesses, minimising harm, and preventing secondary victimisation.
- ▶ Secondary victimisation, or the harm that occurs not due to a criminal act but through the insensitive response of institutions, systems and individuals, is something that vulnerable witnesses often experience in cases of sexual violence.
- ▶ The creation of special centres would have to imply much more than a safe space for recording the testimony of vulnerable witnesses.

## Challenges

The infrastructural and financial burden may be huge, but the state will have to provide for it to abide by the overarching principle of protecting vulnerable witnesses.



## GOVERNANCE ISSUE

# Do Social Media Threaten Democracy?



*The advent of social media has introduced transformative platforms for people to share thoughts and information in entertaining and connective ways. But the benefits are increasingly being overshadowed by negative consequences as monetization and manipulation.*

*Thus, hereby analyzing whether social media is a threat for democracy or not.*

## Introduction

Social media is computer-mediated technology that facilitate the creation and sharing of information, ideas, career interests and other forms of expression via virtual communities and networks.

It is becoming increasingly apparent that fundamental principles underlying democracy - trust, informed dialogue, shared sense of reality, mutual consent, and participation - are being put to the test by certain features and attributes of social media; they have disrupted our public domain.

The effects of social media on public discourse, civility and fact-based debate given the massive scale necessitate increased attention to its impact on democracy. The early optimism about social media's potential for democratizing access to information, and giving voice to those who were traditionally marginalized or censored, is eroding.

## Details

- ▶ Social Media in recent times has become synonymous with Social Networking sites such as FaceBook or Micro-Blogging sites such as Twitter.
- ▶ By 2017, for example, Facebook-owned platforms already reach 86% of internet users' aged 16 to 64 in 33 countries and effectively act as the gateway to the internet, if not the internet itself. Facebook is becoming the world's largest news source; 44% of people across 26 countries surveyed say they use it for news.

## Social Media Characteristics

- ▶ **Connectedness:**
  - This attribute showcases the media's ability to connect and reconnect like-minded people or people interested in same topics and domains.
  - Through this media, 24×7 connectedness is possible through a variety of media and access devices including PCs, Laptops, mobile phones etc.

- ▶ **Collaboration:**
  - The connections achieved on this media, enable people to collaborate and create knowledge. Such collaborations can be either open or closed.
  - Wikipedia is an example of open collaboration which enabled creation of an open web based encyclopedia through contribution from hundreds of thousands of people.
- ▶ **Community:**
  - Connectedness and collaboration helps create and sustain communities. These communities can create awareness about various issues and can be used for seeking inputs into policy making, building goodwill or even seeking feedback into delivery of public services.

### Need for Using Social Media

With the ever increasing diffusion of ICTs in all walks of lives, connectedness is increasingly becoming a given part of our lives. This connectedness brings with it many opportunities and also presents many challenges. From the perspective of governments, the following represent some of the reasons for using social media:

- ▶ As the recent world events have demonstrated, social media have emerged as a powerful platform for forming an opinion as well as generating mass support.
- ▶ Social Media releases the shackles of time and place for engagement. They can connect policy makers to stakeholders in real time.
- ▶ In traditional forms of media, interaction with individual user is either not possible or is very limited. Social Media platform offers the ability to connect with each and every individual. Such an interaction also enables the marginalised to participate in discussions and present their point of view, thereby improving the political position of marginalized or vulnerable groups. It is specifically useful when seeking feedback on services rendered.
- ▶ One of the big challenges for government is to avoid propagation of unverified facts and frivolous misleading rumours with respect to government policies.
- ▶ Leveraging these platforms can help to counter such perceptions and present the facts to enable informed opinion making.

### Key Risks associated with Social Media

Though there are a number of different ways to analyze the risks that social media poses for democracy, here we focus on six key issues at the core of the discussion:

- ▶ **Spread of False and/or Misleading Information:**
  - Today, social media acts as an accelerant, and an at-scale content platform and distribution channel, for both viral “dis”-information (the deliberate creation and sharing of information known to be false) and “mis”-information (the inadvertent sharing of false information).
  - These two types of content sometimes mistakenly conflated into the term “fake news” are created and disseminated by both state and private actors, in many cases using bots.
  - Each type poses distinct threats for public dialogue by flooding the public domain with multiple, competing realities and exacerbating the lack of agreement about what constitutes truth, facts and evidence.

- ▶ **Conversion of Popularity into Legitimacy:**
  - ❑ The algorithms behind social media platforms convert popularity into legitimacy, overwhelming the public domain with multiple, conflicting assertions.
  - ❑ In addition, some social media platforms assume user intentionality (e.g. in search queries) and conflate this with interest, via features such as auto-fill search terms. These design mechanisms impute or impose certain ways of thinking, while also further blurring the lines between specialists and lay people, or between verified and unverified assertions, thus contributing to the already reduced trust in traditional gatekeepers.
- ▶ **Echo Chambers, Polarization and Hyper-Partisanship:**
  - ❑ Social media platform design, combined with the proliferation of partisan media in traditional channels, has exacerbated political divisions and polarization. Additionally, some social media algorithms reinforce divisions and create echo chambers that perpetuate increasingly extreme or biased views over time.
- ▶ **Disruption of the Public Domain:**
  - ❑ Some social media platforms have user policies and technical features that enable unintended consequences, like hate speech, terrorist appeals and racial and sexual harassment, thus encouraging uncivil debate.
  - ❑ This can lead members of frequently targeted groups such as women and minorities to self-censor or opt out of participating in public discourse. Currently, there are few options for redress. At the same time, platforms are faced with complex legal and operational challenges with respect to determining how they will manage speech, a task made all the more difficult since norms vary widely by geographic and cultural context.
- ▶ **Personal Data Capture and Targeted Messaging/Advertising:**
  - ❑ Social media platforms have become a preferred channel for advertising. Not only does this monetization model drive businesses reliant on the capture and manipulation of huge swathes of user data and attention, it also widens the gap between the interests of publishers and journalists and erodes traditional news organizations' revenues.
  - ❑ The resulting financial strain has left news organizations financially depleted and has reduced their ability to produce quality news and hold the powerful to account.
  - ❑ In addition, advanced methods for capturing personal data have led to sophisticated psychographic analysis, behavioural profiling, and micro-targeting of individuals to influence their actions via so-called "dark ads."
- ▶ **Manipulation by "Populist" leaders, Governments, and Fringe Actors:**
  - ❑ "Populist" leaders use these platforms, often aided by trolls, "hackers for hire" and bots, on open networks such as Twitter and YouTube. Sometimes they are seeking to communicate directly with their electorate.
  - ❑ In using such platforms, they subvert established protocol, shut down dissent, marginalize minority voices, project soft power across borders, normalize hateful views, showcase false momentum for their views, or create the impression of tacit approval of their appeals to extremism.

**As social media platforms have grown, they have been accused of:**

- ▶ Exacerbating the polarization of civil society via echo chambers and filter bubbles.
- ▶ Rapidly spreading misleading informations and amplifying the populist and illiberal wave across the globe.
- ▶ Creating competing realities driven by their algorithms' intertwining of popularity and legitimacy.
- ▶ Being vulnerable to political capture and voter manipulation through enabling malevolent actors to spread disinformation and covertly influence public opinion.
- ▶ Capturing unprecedented amounts of data that can be used to manipulate user behavior.
- ▶ Facilitating hate speech, public humiliation and the targeted marginalization of disadvantaged or minority voices.

**Way Forward**

- ▶ Social media platforms are ingrained in our daily lives and provide much of the infrastructure of democratic debate. They have essentially become the modern “public square,” and they have command over both our attention and much of our personal data.
- ▶ The social-media companies should adjust their sites to make clearer if a post comes from a friend or a trusted source. They could accompany the sharing of posts with reminders of the harm from misinformation. Bots are often used to amplify political messages. Twitter could disallow the worst—or mark them as such. Most powerfully, they could adapt their algorithms to put click bait lower down the feed. Because these changes cut against a business-model designed to monopolise attention, they may well have to be imposed by law or by a regulator.

In order to effectively utilise this media, the agencies must define very clearly the objective of such an engagement, select platforms that will be used for engagement, rules of engagement, communication strategy for ensuring broad basing such an engagement, and finally if found effective and efficient institutionalise such social media with mainstream engagement process.

**ECONOMIC ISSUE**

# Crypto Currencies Come Under SEBI Lens



*The Securities and Exchange Board of India (SEBI) is mulling whether an Initial Coin Offerings (ICO) can be regulated under the existing legal framework or certain amendments would be required.*

*There is increase in popularity of crypto currencies and number of entities looking at raising funds through Initial Coin Offerings (ICO).*

*Hereby, discussing the issues related to it.*

## Introduction

Crypto currencies like Bitcoin, ethereum and such offerings have been under government radar for long and discussions have been held between various bodies, including SEBI and the Reserve Bank of India (RBI), on the possible ways in which this segment can be regulated. The central bank is of the view that these instruments are securities and so SEBI should be the regulating body. Bitcoins are neither 'commodities derivatives' nor 'securities' under Securities Contracts (Regulation) Act, 1956.

The capital market regulator Securities and Exchange Board of India (SEBI) is planning to bring Initial Coin Offering (ICO) under its existing legal framework. In recent time popularity of crypto currencies has increased rapidly and number of entities are looking at raising funds through ICO.

The Securities and Exchange Board of India (SEBI) is mulling whether an ICO can be regulated under the existing legal framework or certain amendments would be required in case the government wants the capital market watchdog to be the regulatory authority for such issuances.

## About Cryptocurrency

- ▶ Cryptocurrency is a form of digital money that is designed to be secure and, in many cases, anonymous.
- ▶ It is a currency associated with the internet that uses cryptography, the process of converting legible information into an almost uncrackable code, to track purchases and transfers.
- ▶ Cryptography was born out of the need for secure communication in the Second World War. It has evolved in the digital era with elements of mathematical theory and computer science to become a way to secure communications, information and money online.

- ▶ The first cryptocurrency was Bitcoin, which was created in 2009 and is still the best known. There has been a proliferation of cryptocurrencies in the past decade and there are now more than 900 available on the internet.
- ▶ Cryptocurrencies use decentralised technology to let users make secure payments and store money without the need to use their name or go through a bank.
- ▶ They run on a distributed public ledger called blockchain, which is a record of all transactions updated and held by currency holders.
- ▶ Units of cryptocurrency are created through a process called mining, which involves using computer power to solve complicated maths problems that generate coins. Users can also buy the currencies from brokers, then store and spend those using cryptographic wallets.
- ▶ Cryptocurrencies and applications of blockchain technology are still nascent in financial terms and more uses should be expected.
- ▶ Transactions including bonds, stocks and other financial assets could eventually be traded using the technology.
- ▶ It is not owned or controlled by any institution – governments or private.
- ▶ Cryptocurrency can be used for a lot of legal activities — such as booking tickets, buying coffee or fast food, depending of which retailers accept such currency.

#### **About Initial Coin Offerings (ICO)**

- ▶ An ICO is largely similar to an initial public offering, but it differs to the extent that instead of offering shares in a company, cryptocurrencies or crypto-tokens are offered at a predetermined rate.
- ▶ These crypto-tokens are basically digital assets which can be configured in a number of ways to represent a variety of services.
- ▶ They are a method of payment for the service that the company proposes to offer. Examples of such services may include online music/movie- streaming services or cloud storage space.
- ▶ Companies (especially internet-based) can use an ICO as an alternative means of raising capital. An ICO can be floated by a company by offering its blockchain-based cryptocurrency or crypto-token to the general public in order to raise funding to support its underlying business plan.
- ▶ The success of the company, and by extension, the ICO, is dependent on the strength of the business plan and the quality of the product proposed to be developed, much like the success of an IPO (initial public offering).
- ▶ Post an ICO, these crypto-tokens can be freely traded on independent cryptocurrency exchange platforms (in essence, a secondary market), making it a potential investment tool with the advantage of easy transferability and instant liquidity.
- ▶ Currently, there isn't much regulatory clarity globally regarding ICOs. China has recently banned all ICOs in order to check the disruption of economic and financial order in the Chinese market.
- ▶ The US Securities and Exchange Commission and the Canadian Securities Administrators have released investor bulletins highlighting that some ICOs may need to be categorized as securities in accordance with the nature of the crypto-token offered. They appear to be keen on regulating ICOs with sufficient safeguards.

- ▶ Unlike an IPO, which is governed by SEBI regulations, there is no regulatory body for ICOs in India.
- ▶ Start-ups like Zebpay, Unocoin, Coinsecure, Searchtrade, Belfrics and Bitxoxo are some of the well-known players in the bitcoin and blockchain segment in India.

## Challenges

In order to streamline and regulate ICOs in India, there are legal and regulatory challenges that need to be addressed.

- ▶ Based on their nature, crypto-tokens/cryptocurrencies could be classified as securities or currency or a payment system or intangible property. This classification shall be crucial in determining the regulatory framework governing their issuance even otherwise and through the ICO route.
- ▶ The nature of classification will also ascertain the incidence and rate of taxation. The hybrid nature of crypto-tokens might require coordination among the Securities and Exchange Board of India (SEBI), the Reserve Bank of India (RBI) and other sectoral regulators for effective regulatory oversight.
- ▶ Compliance requirements will also vary, i.e. if crypto-token is a currency then it will be required to follow “know your customer” norms and anti-money laundering requirements—whereas if they are considered securities, then companies will be required to comply with SEBI listing regulations.
- ▶ Crypto-regulations will have to be enacted inter alia governing issuance through ICOs, transfer and management of crypto-tokens, which shall serve as the Bible for intermediaries such as crypto-exchanges and crypto-brokers.
- ▶ While it will be a task to regulate a “crypto-token rating agency” primarily due to overlap of jurisdiction, an effective rating agency could potentially aid a retail investor in making an informed investment decision by conducting a reliable due diligence exercise.

## Benefits of the Regulation

- ▶ In recent times, the popularity of cryptocurrencies has increased rapidly and entities are looking at raising funds through Initial Coin Offerings (ICO) which is an unregulated means of crowd funding for the project via the use of cryptocurrency such as Bitcoin, Ethereum, Monero, DASH, Litecoin, Z-cash etc.
- ▶ Unlike IPO, which is governed by SEBI regulations, it is not being regulated by the government as no regulations are imposed yet for this kind of crowd sourcing in India.
- ▶ So, it is an offer where the right of ownership or royalties of the project is offered to investors in form of digital coins in exchange for legal tender or other cryptocurrencies. ICO is mostly used to raise funds by start-up firms dealing in blockchain technology and virtual currencies.

## Way Forward

In India, there is regulatory opaqueness surrounding the regulation of ICOs. As a crucial first step, it is recommended that a regulatory sandbox approach is followed to develop laws that achieve synergy between new technology, investor protection and effective regulatory oversight. If such an approach is followed, it may lead to greater innovation and investment in India.

## Conclusion

As regulators around the world continue to struggle to formulate an appropriate regulatory framework for cryptocurrencies such as Bitcoins and Ethereum, a new avatar of blockchain-based financial products, cryptocurrency/crypto-token powered initial coin offerings (ICO)—is gaining popularity as a viable alternative to more traditional means of raising capital. The emergence of a new technology-based means of raising capital will need to be properly regulated in order to streamline investment and ensure adequate investor-protection safeguards.



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**GOVERNANCE ISSUE**

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# Role of Finance Commission and its Changing Nature

**Context**

*Union cabinet approves setting up of the 15th Finance Commission that will decide the distribution of tax proceeds among the centre, states and local bodies in the post-goods and services tax (GST) era.*

*Since the institution of the first Finance Commission, stark changes in the macroeconomic situation of the Indian economy have led to major changes in the Finance Commission's recommendations over the years.*

*Hereby, discussing the changing nature of finance commission and defects in their working.*

## Introduction

The government will soon constitute the Fifteenth Finance Commission, as per normal practice, a couple of years before the end of the five-year period during which the Commission's recommendations are valid.

The recommendations of the 14th Finance Commission, chaired by former Reserve Bank of India (RBI) governor Y.V. Reddy, are valid from 2015 to 2020. The recommendations of the 15th Finance Commission will be implemented in the period 1 April 2020 to 31 March 2025.

## Finance Commission

- ▶ The Finance Commission was established by the President of India in 1951 under Article 280 of the Indian Constitution.
- ▶ It was formed to define the financial relations between the central government of India and the individual state governments.
- ▶ The Finance Commission (Miscellaneous Provisions) Act of 1951 additionally defines the terms of qualification, appointment and disqualification, the term, eligibility and powers of the Finance Commission.
- ▶ As per the Constitution, the Commission is appointed every five years and consists of a chairman and four other members.

## Reasons for the Establishment

- ▶ The framers of the Constitution were seeking to address the vertical imbalance between the taxation powers and expenditure and responsibilities of the federal government and the states, and the horizontal imbalance, or inequality, between states that were at different stages of development.

- ▶ Ensuring inclusiveness is, therefore, a key mandate of the Finance Commission. That means assigning weights to things like population, the fiscal distance between the top ranked states and the others, etc. It is not that the best-performing state will be allocated the highest share even if delivery execution and governance are better rather, the effort will be to narrow the development gap between states.

### Functions

- ▶ Distribution of net proceeds of taxes between Centre and the States, to be divided as per their respective contributions to the taxes.
- ▶ Determine factors governing Grants-in-Aid to the states and the magnitude of the same.
- ▶ To make recommendations to President as to the measures needed to augment the Fund of a State to supplement the resources of the panchayats and municipalities in the state on the basis of the recommendations made by the Finance Commission of the state.
- ▶ Any other matter related to it by the President in the interest of sound finance.

### Procedure and Powers of the Commission

- ▶ The Commission has the power to determine their own procedure and has all powers of the civil court as per the Civil Procedure Code, 1908.
- ▶ It can summon and enforce the attendance of any witness or ask any person to deliver information or produce a document, which it deems relevant.
- ▶ It can ask for the production of any public record or document from any court or office.
- ▶ It shall be deemed to be a civil court for purposes of Sections 480 and 482 of the Code of Criminal Procedure, 1898.

### Changing Nature over the years

Much has changed since the First Commission was set up in November 1951 under the Chairmanship of K C Neogy, a former member of the Constituent Assembly and diwan of a princely state. The President has appointed 13 more Commissions since then.

- ▶ The criteria for being members of the constitutional body:
  - Those having special knowledge of finance and accounts of government with wide knowledge and experience in financial matters and in administration, or
  - With special knowledge of economics, and
  - Those who have been qualified to be appointed as a judge of a High Court.
- ▶ In the years following the reforms of the 1990s, Commissions have been headed by reputed economists and administrators from A M Khusro, who headed the Eleventh Finance Commission, to Chakravarthi Rangarajan, Vijay Kelkar, and Y V Reddy, who were Chairmen of subsequent Commissions.
- ▶ Senior politicians like K Brahmananda Reddy, Y B Chavan and N K P Salve had helmed earlier Commissions.
- ▶ The last politician in this role was K C Pant, who later became Deputy Chairman of the Planning Commission.
- ▶ Rangarajan, who headed the Twelfth Commission, had suggested to the government that it could alternate between an economist and a political figure such as a former state Finance Minister to be the Chairman.

- ▶ The scale of distribution of tax proceeds has changed dramatically since the 1950s since the First Commission presented its recommendations on the transfer of resources between the Centre and the states. From 10% of the total tax receipts of the Centre in 1950, it has now risen to a record 42% after the recommendations of the Fourteenth Finance Commission, a share that makes previous awards look conservative, and sits well with the spirit of cooperative federalism.
- ▶ Along with these changes, there has been the widening of the terms of reference of the Commission. The Thirteenth Commission was told:
  - To assess the impact of the proposed GST from April 1, 2010.
  - The need to improve the quality of public expenditure, to review the finances of both the Centre and the states.
  - To suggest measures to maintain a stable fiscal environment consistent with equitable growth.
  - To suggest a revised roadmap to maintain the gains of fiscal consolidation through 2015.
- ▶ The equation between the central and state governments has changed as a result of the recommendations of the Twelfth Finance Commission which reshaped lending by the federal government to states that is, rather than the Centre borrowing and then lending to states, it recommended that states be allowed to borrow directly.
- ▶ Since then, the debt obligation of states to the Centre has come down significantly, giving rise to questions over whether states that have repaid all borrowings from the Centre need to take Delhi's approval at all for their future borrowings.
- ▶ If states were to be given debt relief over and above the distribution of tax proceeds, conditions of fiscal discipline should be enforced. Grants that were recommended by the Commission are however conditional which may also have been criticised, but the counter-argument has been that it was aimed ultimately at improving governance.

### **Defects in working of Finance Commission**

There are certain defects in the working of the Finance Commission, which are not due to the working of the Finance Commission, but are due to lack of comprehensiveness in the scope of the work of the Finance Commission as well as Constitutional defects.

Under the Indian constitution unavoidable complication has been introduced by the obligatory and permissive provisions. This has given rise to a high degree of centralisation without providing for any machinery for ensuring financial responsibility. Income tax sharing has been made obligatory, but the constitution fails to make the percentage of the net proceeds to be distributed among the states. There is also no provision for any formula in accordance with which the inter-state distribution is to be effected.

There is no mention of even the commodities on which Union Excise Duty is to be shared. The entire things are left to the discretion of Parliament.

No machinery has been created for ensuring financial responsibility. The Finance Commission appointed in five years cannot fulfill this requirement. The Constitutional provisions and the practice of limiting the scope of the Commission only to non-plan resources conditions the working of the Finance Commission. Therefore it is already referred to the limited role that the Finance Commission is playing in the transfer of resources to the states.

The appointment of the Finance Commission at intervals of five years or less has great significance for the financial relation between the Centre and the States. Periodical examination of the division of resources and suitable modifications in it imparts a degree of flexibility to the finance of both the Centre and the states. The flexibility is of great value in recent time of changing needs and resources.

The planned development of the country involves growing expenditure and, therefore, larger revenue and an elastic system of finance is a great necessity. Through, the transfer of resources from the Centre to the states, the elasticity of the Union sources of revenue is transmitted to the State Finances also. The Finance Commission helps in this process by making suitable suggestions.

It can be said that the Finance Commission as an autonomous body has served a wonderful purpose. In, as complex a society as India is, it acted as an agency to bring about coordination and cooperation for smooth working of a federal system.

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**ECONOMIC ISSUE**

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# Offshore Investments in Tax Havens



*The Paradise Papers are a set of 13.4 million confidential electronic documents relating to offshore investments that were leaked to the German newspaper Süddeutsche Zeitung.*

*The newspaper shared them with the International Consortium of Investigative Journalists (ICIJ), and a network of more than 380 journalists. Some of the details were made public on 5 November 2017.*

*This is an example of use of offshore investments in tax havens by individuals and corporations.*

## What is Offshore investing?

Offshore investing refers to a wide range of investment strategies that capitalize on advantages offered outside of an investor's home country. It is done in tax haven nation.

A tax haven is a country that offers foreign people and businesses a minimum tax liability.

This comes with a politically and economically stable environment, with little to none financial information shared with foreign tax authorities.

Those who want to invest in a tax haven don't have to live in the country to benefit from the tax avoidance.

Being a tax haven is beneficial for the host country as well as the companies and people with accounts in them.

It means capital is brought into their banks which helps to form a healthy financial sector.

## How do tax havens actually work?

One of the primary methods is corporate profit-shifting.

This is where a multinational company registers its headquarters in a low-corporation tax jurisdiction and then books its profits there, rather than in the country in which it actually makes its sales.

The central feature of a tax haven is that its laws and other measures can be used to evade or avoid the tax laws elsewhere.

## About the recent Paradise Paper

The name, paradise paper refers to a leak of 13.4 million files. Most of the documents – 6.8 million – relate to a law firm and corporate services provider that operated

together in 10 jurisdictions under the name Appleby. They contain the names of more than 120,000 people and companies.

The leaks which constitute the most detailed revelations ever of such records were obtained by the German newspaper *Süddeutsche Zeitung*, and shared with the International Consortium of Investigative Journalists (ICIJ).

At 1.4 terabytes in size, this is second only to the Panama Papers in 2016 as the biggest data leak in history.

### People Named: India

India ranks 19th out of the 180 countries represented in the data in terms of the number of names. In all, there are 714 Indians in the tally, including the names of several political leaders.

Corporates such as Sun TV, Essar group, Jindal Steel, Apollo Tyres, Havells, Hindujas, Emaar MGF, Videocon were named in the documents, while names such as minister of state for civil aviation Jayant Sinha, actor Amitabh Bachchan and Sanjay Dutt's wife Manyata Dutt, BJP Rajya Sabha MP KK Sinha, liquor baron Vijay Mallya, corporate lobbyist Niira Radia also feature in the documents.

Like the three major global financial leaks in the past, Paradise Papers also reveal tracks of veiled offshore financial activities. But unlike in the previous leaks, the latest revelations are more about mega corporates than individual players and how they took advantage of and, in many cases, misused offshore jurisdictions.

#### *Source of the Paradise Papers:*

- ▶ There are more than 1,400 GB of data, containing about 13.4 million documents.
- ▶ Some 6.8 million come from the offshore legal service provider Appleby and corporate services provider Estera.
- ▶ The two operated together under the Appleby name until Estera became independent in 2016.
- ▶ Another six million documents come from corporate registries in some 19 jurisdictions, mostly in the Caribbean.
- ▶ A smaller amount comes from the Singapore-based international trust and corporate services provider, Asiaciti Trust.
- ▶ The leaked data covers seven decades, from 1950 to 2016.

#### *Output of the Papers:*

- ▶ The revelations help regulators overcome the obstacle of secrecy.
- ▶ After the Panama Papers, regulators everywhere were able to investigate several instances of financial malpractices hidden in the records of Mossack Fonseca. The sheer size of the Paradise Papers trove, and the corporate-centric leads they provide, mark a big step forward.
- ▶ Normally, a company is entitled to arrange its financial affairs in whichever way it wishes to reduce its tax liability. Merely the fact that the motive for a particular transaction is to avoid tax does not invalidate the transaction unless the law of the land specifically says so.
- ▶ There is a corporate army engaged in imaginative bookkeeping to discover and exploit legal loopholes and evade tax under the corporate veil.
- ▶ The burden of justification is always on regulators who are not encouraged to fish for motive or evidence of suspected wrongdoing. According to the

Westminster principle, if a document or transaction is genuine, courts or the regulator cannot go behind it to look for any supposed underlying substance.

- ▶ Only if a fraud is established then a court or regulator can pierce the corporate structure, since fraud unravels everything even a law, if it is a stumbling block because no legislature intends to guard fraud. In such cases, the principle of lifting the corporate veil or the doctrine of (economic) substance over (legal) form can be applied.
- ▶ The Paradise Papers are a treasure trove of such leads and evidence. For example, in its bouquet of services, Appleby provides proxy directors for companies set up in tax havens. These directors, either persons or shell companies, obviously have no real authority to decide the fate of the millions of dollars they move on the directions of their clients — holding companies or beneficiaries, or their representatives. Most often, these directors are no more than puppets.
- ▶ Many offshore companies, the Papers reveal, are “sham” entities engaged in tax evasion/avoidance, manipulation of the market, money laundering, round tripping (taking untaxed money out of the country through inflated invoices and then bringing it back as investment), parking black money, bribing, etc. Such insight into corporate ingenuity allows regulators to step in, besides strengthening the case for better laws and global tax reforms.

### Importance of the leaked Paradise Papers

- ▶ They reveal offshore footprints of some of India’s major corporate players as well as of a few high-value individuals- the astounding scale of incorporating shell overseas companies to various ends.
- ▶ Internal communications show how a majority of these companies with offshore residency were wholly controlled from India.
- ▶ Appleby itself red-flagged round tripping on occasion by questioning if offshore funds meant for investing in India were sourced from India. There are instances of assets of Indian companies being used to guarantee loans raised by offshore companies without disclosing it to Indian regulators.
- ▶ Changing ownership of offshore companies to actually change the ownership of shares held by them in Indian companies without paying taxes in India turns out to be another common malpractice.

### How are Paradise Papers different from Offshore Leaks (2013), Swiss Leaks (2015) and Panama Papers (2016)?

Like the three major global financial leaks in the past, Paradise Papers also reveal tracks of veiled offshore financial activities. It is indeed the fifth major leak of financial papers in the past four years and, yes, last year’s Panama Papers were bigger in size - 2.6TB to 1.4TB - but the scale of the information in the Paradise Papers and how it lifts the lid on sophisticated, upper-end offshore dealings, many linked to the UK, is unprecedented.

Like Mossack Fonseca (of Panama Papers, 2016), Appleby helps set up companies and bank accounts overseas, provides nominee office-bearers, and facilitates bank loans or transfer of shares, in multiple secrecy jurisdictions.

### Laws in India:

- ▶ If the decision making powers of an offshore subsidiary’s directors are fully subordinate to the holding company (or beneficiary) such that they are mere puppets, the offshore subsidiary, irrespective of its legal residency, may for all practical purposes be considered a resident of the same jurisdiction to which its holding company (or beneficiary) belongs.

- ▶ With effect from April 2017, Section 6(3) of the Income Tax Act 1961 provides that if “the place of effective management” of a company is in India, the company will be considered “resident in India”. The clause explains “place of effective management” as the “place where key management and commercial decisions that are necessary for the conduct of business of an entity as a whole are in substance made”.
- ▶ **Companies set up in countries that have a DTAA with India:**
  - A DTAA does not stop the I-T Department from denying tax treaty benefits, if it is established that a company has been inserted as the owner of the shares in India, at the time of disposal of the shares to a third party, solely with a view to avoid tax.
  - I-T, in such a situation, is entitled to look at the entire transaction as a whole, and may take into consideration the real transaction between the parties.
  - The corporate registries of 19 secrecy jurisdictions are part of the Paradise Papers.
  - These are Antigua & Barbuda, Aruba, Bahamas, Barbados, Bermuda, Cayman Islands, Cook Islands, Dominica, Grenada, Labuan, Lebanon, Malta, Marshall Islands, St Kitts & Nevis, St Lucia, St Vincent, Samoa, Trinidad & Tobago and Vanuatu. Of these, India has DTAA with only Malta and Trinidad & Tobago.

#### **Measures taken so far:**

- ▶ Laws specifying general anti-avoidance rule (GAAR) are in force in countries like the UK, Canada, Australia, New Zealand, South Africa and Hong Kong. There is FATCA in the US. In Europe, anti-tax avoidance measures in the pipeline include a blacklist of offshore tax havens and a common consolidated corporate tax base (CCCTB) for the EU, meant to block transfer of profit to low-tax jurisdictions.
- ▶ Lack of clarity and absence of appropriate provisions in the statute and/or the treaty regarding the circumstances in which judicial anti-avoidance rules would apply, has led to litigation in India. India’s Direct Taxes Code Bill, 2010 envisages creation of an economically efficient, effective direct tax system, proposing GAAR to prevent tax avoidance.
- ▶ Introduced by the then Finance Minister Pranab Mukherjee in 2012, GAAR came into effect from April 1, 2017. India introduced this retrospective clarification to the I-T Act to ensure that cross-border transactions of assets would be taxable if they derive, directly or indirectly, their value substantially from assets located in India.

#### **Importance of having better tax laws and global tax reforms:**

Tax avoidance is a global problem. Recently, global corporations such as Google, Amazon and Starbucks have faced strong regulatory intervention and public backlash for allegedly manipulating legal loopholes to avoid paying tax.

In the wake of the Panama Papers, then US President Barack Obama had called for international tax reform to curb the “huge problem” of global tax avoidance and make sure “everyone pays their fair share”.

Finance Minister Arun Jaitley had said: “It is a stern reminder to all of us that with the G20 initiative, FATCA (Foreign Account Tax Compliance Act, a 2010 US law under which foreign banks are required to report the overseas assets of American citizens)



in place, bilateral transactions in place, with effect from 2017, the world is going to be far more transparent”.

### **Conclusion**

After the Panama leaks, the government was quick to form a multi-agency group to probe all cases of Indians who had set up such offshore structures and launch prosecutions in some cases. It is welcome that the government has swiftly responded this time by announcing a multi-agency group to probe the Paradise papers.

## INTERNATIONAL ISSUE

# China Increasing Interest in the Middle East



*Recently King Salman of Saudi Arabia and Israeli Prime Minister Benjamin Netanyahu visited Beijing. These visits, combined with other diplomatic activities, reflect the fact that China's engagement with the Middle East has been growing steadily in recent years.*

*Hereby, discussing the relation between China and Middle East and its implications on India.*

## Introduction

China signed a deal with Saudi Arabia to manufacture drones and setting up a naval base in Digibouti. It signals its growing interests and a shift from an economic player to playing more strategic role in Middle-East. As Middle-East, coming with the advantage of strategic geo-location and the natural resources, it holds vital roles in every aspiring countries foreign policy including India.

## Why Middle-East is important for China?

- ▶ **Energy Security:** China's dependency on Middle East oil and gas has increased significantly, and energy security is becoming a primary concern. China, the biggest oil importer in the world, has developed substantial energy trade with both Saudi Arabia and Iran.
- ▶ **Trade:** China has emerged as major economic power in the world, capturing most world markets and driving an export based growth, so there is growing assertiveness to capture world markets and industries.
- ▶ **OBOR Policy:** The friendly relations with Middle East is crucial for the success of China's ambitious project of One Belt One Road route. China's desire to cultivate a Middle East without sectarian instability also traces to the hallmark of its foreign policy in the 21st century: the One Belt One Road initiative. In Israel, China's interest is focused on technology and innovation. It also sees Israel as a potential strategic point on its ambitious One Belt One Road route.
- ▶ **China-US Factor:** Amid tensions between the two powers in the South China Sea and elsewhere, and the perception among Middle East countries, including US allies, of a gradual pivot away from the Middle East by the US in the Obama years, China has an opportunity to increase its influence in the region and strengthen its position in the global power game.
- ▶ **Internal Peace and Security:** The 'Arab revolutions' that reshaped the region and the rise of Islamist jihadism (ISIS in particular) is a source of concern to China both in terms of foreign and security policy, and in terms of domestic stability, given the ongoing unrest among its significant Uighur Muslim population.

- ▶ **Power Factor:** In the shift from bi-polar to multi-polar world, China's interests in Middle East is expected. To emerge as super power China wants to establish itself as an Asian hegemony. The active presence in Middle East would enable it to play greater role in world politics.

China is unlikely to assume an active role in the battle against ISIS, or adopt a substantial role in brokering regional peace, but the eagerness among Middle East countries to develop trade with China, and China's own energy and technology needs, means that its push into the Middle East is likely to intensify in coming years.

### India's Concern

- ▶ India is also major importer of crude oil and it depend on imports from Middle East for its growing energy needs.
- ▶ Middle East is a host for large number of Indian diaspora which earns huge foreign exchange for India; any sudden convulsion might need evacuation operations. Also remittances can also be affected thus impacting employment, inflation and GDP of Country.
- ▶ Middle-East countries are vital for partnering in Indian Ocean maritime security and reviving old sea routes as envisaged by India. Chinas influence might give more thrust to String of Pearls Theory. It will create threat to our maritime security.
- ▶ India already having good bilateral relations with the middle-east countries, including exchange of visits of political heads of many countries. Now China will compete with India with respect to trade and investment.

#### **India should not turn a blind eye to the situation and should do the following:**

- ▶ We should diversify our oil import market in case Chinese clout results in supply cuts in the future. We should also increase research and developments in renewable technologies.
- ▶ Try to seek more investment from these countries so that they feel invested in good relations with India and its development.
- ▶ India should also ensure that it successfully maintains its bilateral relations with the major players of the region. It should add more dimensions to bilateral relations. Eg: it is building Chahbahar port in Iran.
- ▶ We can increase our naval presence in the region by exploring options like joint naval exercises etc.
- ▶ Soft power of India is considerable in this region with Indian diaspora, Bollywood and India as education and healthcare hub. Influencing the Gulf countries through soft-power and by increasing investments in infrastructure.

A conflict seems quite unlikely in a near future, considering the pragmatism of the two countries, their traditional anti-war stand, as well as the fact that they developed very important bilateral trade relationships and have thus become economically interdependent. Both are aware that the costs of war would be much higher than the possible gains.

### Conclusion

What happens in the future will probably mainly depend on how a more powerful and less contained China might behave. How if China considers that its peaceful development is being hindered and thus changes its approach towards the Middle East? Indeed, the fact that Chinese social order mainly relies on the economic welfare of the people, could put China in a vulnerable position in case of a supply breakdown, and force it to take a more aggressive foreign policy orientation.

Finally, one should also keep in mind that the United States remains the major player in the Middle East region, and that it will for sure try to maintain its dominant position. In case of an American war with Iran, both India and China would be in a difficult situation, but also in a situation that would call for cooperation, and in return place the US against an Asian giants' block.

## GOVERNANCE ISSUE

# Law Commission Report on Tribunals in India

Context

*Law Commission report on tribunals is to consider and answer the questions raised by the Supreme Court in respect of constitution of Tribunals, appointment of their respective Chairman and members and their service conditions.*

*Further, whether power of Judicial Review, a basic feature of the Constitution conferred upon the High Courts under Articles 226 and 227 of the Constitution can be diluted or taken away totally denying the litigants right to approach the High Court in writ jurisdiction against the jurisdiction and order of the Tribunal and also, whether such litigants should not have a right of statutory appeal against an order of the Tribunals, as providing the remedies under Article 136 of the Constitution is admittedly not a right of Appeal rather a means to approach the Supreme Court and it is the discretion of the Supreme Court to entertain the petition or not.*

*Hereby, discussing the salient features of the report and recommendations made by Law Commission.*

## Introduction

‘Tribunal’ is an administrative body established for the purpose of discharging quasi-judicial duties. An Administrative Tribunal is neither a Court nor an executive body. It stands somewhere midway between a Court and an administrative body.

The increase in number of statutory Tribunals mirrors the rise in State activities. Because the legislation has progressively bestowed benefits on individuals and subjected their everyday lives to propagating control and management, the scope for dispute between an individual and the State has emerged.

The Tribunals have the power to adjudicate over a wide range of subjects that impact everyday life. Tribunals function as an effective mechanism to ameliorate the burden of the judiciary. The law Courts with their elaborate procedures, legalistic fronts and attitudes were deemed incapable of rendering speedy and affordable justice to the parties concerned. Particularly in technical cases, it was felt that the nature of the statutes required adjudicatory forums comprising of persons having expert knowledge of the working of these laws. The Tribunals emerged not with the sole promise of speedy, effective, decentralised dispensation of justice but also the expertise and knowledge in specialised areas that was felt to be lacking in the judges of traditional Courts.

## Tribunal System in India

Due to growing commercial ventures and activities by the Government in different sectors, along with the expansion of Governmental activities in the social and other similar fields, a need has arisen for availing the services of persons having knowledge in specialised fields for effective and speedier dispensation of justice as the traditional mode of administration of justice by the Courts of law was felt to be unequipped with such expertise to deal with the complex issues arising in the changing scenario.

The Constitution (Forty-Second Amendment) Act of 1976 brought about a massive change in the adjudication of disputes in the country. It provided for the insertion of Articles 323-A and 323-B in the Constitution of India, whereby the goal of establishment of Administrative Tribunals by the Parliament as well as the State Legislatures, to adjudicate the matters specified in the sub-clauses is made possible.

There is a distinction between Article 323-A and 323-B as the former gives exclusive power to the Parliament and the latter gives power to the concerned State Legislature which is concurrent in nature by which the Parliament and the State Legislature can by law, constitute Tribunals for the respective subjects specified therein. This is evident from the explanation appended to Article 323-B of the Constitution. The provisions of both these Articles are to be given effect irrespective of any other provision of the Constitution or any other law for the time being in force.

- ▶ The traditional judicial system proved inadequate to decide and settle all the disputes requiring resolution. It was slow, costly, inexpert, complex and formalistic. It was already overburdened, and it was not possible to expect speedy disposal of even very important matters: e.g. disputes between employers and employees, lockouts, strikes, etc. These burning problems cannot be solved merely by literally interpreting the provisions of any statute, but require the consideration of various other factors and this cannot be accomplished by the courts of law. Therefore, industrial tribunals and labour courts were established, which possessed the technique and expertise to handle these complex problems.
- ▶ The administrative authorities can avoid technicalities. They take a functional rather than a theoretical and legalistic approach. The traditional judiciary is conservative, rigid and technical. It is not possible for the courts of law to decide the cases without formality and technicality. On the other hand, administrative tribunals are not bound by the rules of evidence and procedure and they can take a practical view of the matter to decide the complex problems.
- ▶ Administrative authorities can take preventive measures, for example, licensing, rate fixing, etc. Unlike regular courts of law, they have not to wait for parties to come before them with disputes. In many cases, these preventive actions may prove to be more effective and useful than punishing a person after he has committed a breach of any legal provision.
- ▶ Administrative authorities can take effective steps for enforcement of the aforesaid preventive measures, e.g. suspension, revocation or cancellation of licences, destruction of contaminated articles, etc. which are not generally available through the ordinary courts of law.
- ▶ In ordinary courts of law, the decisions are given after hearing the parties and on the basis of evidence on record. This procedure is not appropriate in deciding matters by the administrative authorities where wide discretion is conferred on them and the decisions may be given on the basis of the departmental policy and other relevant factors.
- ▶ Sometimes, the disputed questions are technical in nature and the traditional judiciary cannot be expected to appreciate and decide them. On the other hand,

administrative authorities are usually manned by experts who can deal with and solve these problems, e.g. problems relating to atomic energy, gas, electricity, etc.

‘What distinguishes a Court from a quasi-judicial tribunal is that it is charged with a duty to decide disputes in a judicial manner and declare the rights of parties in a definitive judgment. To decide in a judicial manner involves that the parties are entitled as a matter of right to be heard in support of their claim and to adduce evidence in proof of it. And it also imports an obligation on the part of the authority to decide the matter on a consideration of the evidence adduced and in accordance with law. When a question therefore arises as to whether an authority created by an Act is a Court as distinguished from a quasi-judicial tribunal, what has to be decided is whether having regard to the provisions of the Act it possesses all the attributes of a Court.’

### Features of Tribunals

As a quasi-judicial body, the Tribunal performs the judicial functions for deciding the matters in a judicious manner. It is not bound by law to observe all the technicalities, complexities, refinements, discriminations, and restrictions that are applicable to the courts of record in conducting trials, but at the same time, a Tribunal is required to look at all matters from the standpoint of substance as well as form, and be certain that the hearing is conducted and the matter is disposed of with fairness, honesty, and impartiality.

To improve the working of the tribunals, Law Commission has made following recommendations.

#### *Recommendations of Law Commission*

- ▶ In case of transfer of jurisdiction of High Court to a Tribunal, the members of the newly constituted Tribunal should possess the qualifications akin to the judges of the High Court. Similarly, in cases where the jurisdiction and the functions transferred were exercised or performed by District Judges, the Members appointed to the Tribunal should possess equivalent qualifications required for appointment as District Judges.
- ▶ There shall be uniformity in the appointment, tenure and service conditions for the Chairman, Vice-Chairman and Members appointed in the Tribunals. While making the appointments to the Tribunal, independence shall be maintained.
- ▶ There shall be constituted a Selection Board/Committee for the appointment of Chairman, Vice-Chairman and Judicial Members of the Tribunal, which shall be headed by the Chief Justice of India or a sitting judge of the Supreme Court as his nominee and two nominees of the Central Government not below the rank of Secretary to the Government of India to be nominated by the Government. For the selection of Administrative Member, Accountant Member, Technical Member, Expert Member or Revenue Member, there shall be a Selection Committee headed by the nominee of the Central Government, to be appointed in consultation with the Chief Justice of India.
- ▶ The Chairman of the Tribunals should generally be the former judge of the Supreme Court or the former Chief Justice of a High Court and Judicial Members should be the former judges of the High Court or persons qualified to be appointed as a Judge of the High Court.
- ▶ Administrative Members, if required, should be such persons who have held the post of Secretary to the Government of India or any other equivalent post under the Central Government or a State Government, carrying the scale of pay of a Secretary to the Government of India, for at least two years; OR held a post of Additional Secretary to the Government of India, or any other equivalent post under the Central or State Government, carrying the scale of pay of an Additional Secretary to the Government of India, at least for a period of three years.

- ▶ Expert Member/Technical Member/Accountant Member should be a person of ability, integrity and standing, and having special knowledge of and professional experience of not less than fifteen years, in the relevant domain (can be increased according to the nature of the Tribunal). The appointment of Technical/Expert members in addition to the judicial members be made only where the Tribunals are intended to serve an area which requires specialised knowledge or expertise or professional experience and the exercise of jurisdiction involves consideration of, and decisions into, technical or special aspects.
- ▶ While making the appointments to the Tribunal, it must be ensured that the independence in working is maintained. The terms and conditions of service, other allowances and benefits of the Chairman shall be such as are admissible to a Central Government officer holding posts carrying the pay of Rs.2,50,000 as revised from time to time.
- ▶ The terms and conditions of service, other allowances and benefits of a Member of a Tribunal shall be such as are admissible to a Central Government officer holding posts carrying the pay of Rs.2,25,000 as revised from time to time.
- ▶ The terms and conditions of service, other allowances and benefits of Presiding Officer/Member of a Tribunal (to which the jurisdiction and functions exercised or performed by the District Judges are transferred) shall be such as are admissible to a Central Government officer drawing the corresponding pay of a District Judge.
- ▶ Vacancy arising in the Tribunal should be filled up as early as possible by initiating the procedure well in time, preferably within six months prior to the occurrence of vacancy.
- ▶ The Chairman should hold office for a period of three years or till he attains the age of seventy years, whichever is earlier. Whereas Vice-Chairman and Members should hold the office for a period of three years or till they attain the age of sixty seven years whichever is earlier. It will be appropriate to have uniformity in the service conditions of the Chairman, Vice-Chairman and other Members of the Tribunals to ensure smooth working of the system.
- ▶ The Tribunals must have benches in different parts of the country so that people of every geographical area may have easy Access to Justice. Ideally, the benches of the Tribunals should be located at all places where the High Courts situate. In the event of exclusion of jurisdiction of all courts, it is essential to provide for an equally effective alternative mechanism even at grass root level. This could be ensured by providing State- level sittings looking to the quantum of work of a particular Tribunal. Once that is done, the access to justice will stand ensured.



## GOVERNANCE ISSUE

# Collegium and Transparency



*On October 3, the Supreme Court's collegium published a resolution promising to hereafter make public, on the court's website, its various decisions, including its verdicts on persons nominated for elevation as judges to the high courts, its choices of candidates for elevation to the Supreme Court, and its decisions on transfer of judges between different high courts.*

*These results, the resolution added, will be accompanied by the reasons underpinning the collegium's choices.*

## About Collegium System

- ▶ The Supreme Court collegium is a body comprising the country's five senior-most judges, including the Chief Justice of India, which selects judges for appointments to high courts and the Supreme Court.
- ▶ At present, the Supreme Court Collegium is headed by Chief Justice Dipak Misra and has as its members the four senior-most judges of the apex court — Justices J Chelameswar, Ranjan Gogoi, Madan B Lokur and Kurian Joseph.
- ▶ A High Court collegium is led by its Chief Justice and four other senior most judges of that court.
- ▶ The collegiums system of appointment of judges was born through Supreme Court Judgment in the Three Judges Case.
- ▶ According to **first** judges case Chief Justice of India does not have primacy over executive in the matter of appointment of judges of Supreme Court and High Courts.
- ▶ **Second** judges case decision made the judiciary the 'de facto' appointing authority of themselves curtailing the power of council of ministers under Article 74(1).
- ▶ In **third** judges case, nine judge Bench again confirmed that the opinion of the collegiums of judges have primacy in appointing and transfer of judges of higher judiciary. In light of this decision, detailed Memorandum of Procedure was prepared, which took the form of present collegiums system.
- ▶ **Memorandum of Procedure (MoP)**: 2015 ruling of the Supreme Court had paved the way for a new Memorandum of Procedure (MoP) to guide future appointments so that concerns regarding lack of eligibility criteria and transparency could be redressed.
- ▶ The Bench had asked the government to draft a new MoP after consultation with the CJI. But more than a year later, the MoP is still to be finalised owing to lack of consensus on several fronts between the judiciary and the government.

## Criticism on the Collegium System

- ▶ The collegium system was regarded as undemocratic in the sense that the main decision makers in cases of appointments and transfers were the judges, i.e. the Chief Justice and two senior most judges who are not accountable to the masses and hence can't be regarded as proper and responsible decision makers. Thus the power cannot be concentrated in their hands.
- ▶ It failed to keep pace with the stalled vacancies due to various reasons of caste and other political and communal reasons.
- ▶ The other loophole with the system is regarding the merit of judges which cannot be ascertained just on the basis of seniority. This system by virtue of being far from the public eye cannot easily determine merit. There is no intelligence gathering mechanism to collect and keep a check on the professional and personal background of potential appointees.
- ▶ In spite of being a democracy, the judges appoint judges in India.
- ▶ The word 'collegium' was not used by the constitution originally and the S.P Gupta case brought about its usage by using it. If the constitution makers had intended the formation of a committee for the appointment of judges, they would have expressly provided for the same in the constitution itself. Even after envisaging the separation of executive and judiciary under article 50, the constitution upholds the underlying ideal of democracy.
- ▶ Nepotism and personal patronage is prevalent in the functioning of the collegium system. By giving judiciary a dominant role, there exists no system of checks and balances which is essential to a democracy.

The collegiums system has been criticised on various instances. A prominent one being the case of Delhi High Court Chief Justice AP Shah, who was supposed to be elevated to the Supreme Court. However, the collegium having Chief Justice S H Kapadia on board, rejected his appointment to the Apex Court.

## Recent Directive

The collegium's move towards transparency comes a week after it faced severe criticism for a proposal to shift Justice Jayant Patel out of Karnataka High Court to Allahabad High Court as a puisne judge, despite his being senior enough to be a High Court Chief Justice.

Although there is nothing on record to suggest that the collegium decided to recommend Justice Patel's transfer to Allahabad High Court on the government's bidding, the collegium had no mechanism to clear the cloud of suspicion over it; except perhaps to make vacuous statements that its decision was unanimous and that it had considered all available inputs.

Hence the Supreme Court's website has now added a new section titled "Collegium Resolutions" under the case information section. The section makes the resolutions and recommendations of the collegium to the Centre accessible to the public.

It will state the recommendations of appointments of additional and permanent judges and chief justices to the high courts, and their transfers, apart from the Supreme Court judges, and in each of these functions, the materials considered by it.

Disclosure of recommendations made by the collegium would include those for appointments to initial elevation to the high court, confirmation as permanent judge of a high court, elevation to the list of chief justice of a high court, transfer of high court chief justices/judges and elevation to the Supreme Court.

The resolution, therefore, aims at balancing transparency and confidentiality in the collegium system, by making these materials public.

*A resolution passed by the five senior-most Judges of the Court states:*

“THAT the decisions henceforth taken by the Collegium indicating the reasons shall be put on the website of the Supreme Court, when the recommendation(s) is/are sent to the Government of India, with regard to the cases relating to initial elevation to the High Court Bench, confirmation as permanent Judge(s) of the High Court, elevation to the post of Chief Justice of High Court, transfer of High Court Chief Justices / Judges and elevation to the Supreme Court, because on each occasion the material which is considered by the Collegium is different. The Resolution is passed to ensure transparency and yet maintain confidentiality in the Collegium system.”

This means every time the collegium forwards the names of candidates to the government for appointment as judges, it would automatically place the names and the reasons for the recommendation before the public.

### Centre's role

- ▶ With the Supreme Court deciding to place collegium resolutions in the public domain, pressure is likely to build on the Union government to make its side of the process transparent as well. Though the collegium's recommendations are usually accepted without objection, there have been instances of the Centre turning down names for reasons such as adverse intelligence inputs.
- ▶ In June 2014, it had said no to the proposed elevation of senior advocate Gopal Subramaniam as a Supreme Court judge. Subramaniam had later withdrawn his name, accusing the Centre of “dirt-digging”.
- ▶ As amicus curiae (friend of the court) in the Sohrabuddin Sheikh Case, Sheikh was killed allegedly in a fake encounter by the Gujarat Police in 2005; Subramaniam had targeted the Gujarat government headed by Modi in 2007. This was largely considered the reason for the Centre rejecting his candidature.

### Positive:

Even after facing all the criticisms, the collegium system is the best when it comes to upholding independence of judiciary. It might seem opaque but it is the best way to ensure that judiciary is kept out of politics and is kept away from outside interference.

The collegium system has provided separation of judiciary from executive. It has solved the problem of excessive executive intervention.

### Steps taken to reduce the logjam

To reduce the logjam ‘Memorandum of Procedure’ has been proposed.

- ▶ It would include the following:
  - Establishment of an independent secretariat to help the Collegium. Secretariat would bolster efforts towards an open-ended selection process by creating a database of suitable judicial candidates and widen the pool of judicial talent, which would surely ensure end the criticism against the Collegium.
  - Government and the judiciary will equally share the burden of evaluation of complaints received against shortlisted judicial candidates.
  - The government will communicate to the collegium the reasons for rejecting any name recommended by it.

- While the government had earlier proposed merit-cum-seniority as the criterion for elevation of judges, however, only seniority is now being considered to be the main condition.
- The government has agreed to lift the proposed cap on the number of jurists and lawyers for appointment as judges in the Supreme Court.

### Way Forward

The Supreme Court collegium's move to make public its decisions on the appointment of judges is a small but important first-step towards making judicial appointments more transparent. The introduction of transparency should be backed by a continuous process of addressing perceived shortcomings. The present disclosure norm is a commendable beginning.

The most efficient option to do away with all the problems of the collegiums system could be a full-time consulting body, independent of both government and judiciary, constituted to select judges. The body could work in a transparent way by publically laying down a scientific mechanism of selection and duly advertising vacancies and evaluating candidates on the criteria laid down.

## ENVIRONMENTAL ISSUE

# GATT - 70<sup>th</sup> Anniversary



*Seventy years ago, on 30 October 1947, 23 countries signed the Final Act of the General Agreement on Tariffs and Trade (GATT). Devised as a temporary agreement that would boost international trade, the GATT regulated world trade for almost 50 years before being succeeded by the birth of the World Trade Organization in 1995.*

*Hereby, discussing the role of GATT and WTO, logjams in it and steps needed.*

## Introduction

On the 70th anniversary (October 30) of the General Agreement on Tariffs and Trade (GATT), the multilateral system faces a challenge to its very foundations – from its chief architect.

But the genesis of this predecessor agreement to the World Trade Organisation (WTO) holds important lessons for today's isolationist America under President Donald Trump. It was the U.S. which, since the midst of World War II, championed international cooperation as the only means to counter the rampant restrictive trade practices of the inter-war period.

## General Agreement on Tariffs and Trade (GATT)

- ▶ GATT was a legal agreement between many countries, whose overall purpose was to promote international trade by reducing or eliminating trade barriers such as tariffs or quotas.
- ▶ According to its preamble, its purpose was the “substantial reduction of tariffs and other trade barriers and the elimination of preferences, on a reciprocal and mutually advantageous basis.”
- ▶ It was first discussed during the United Nations Conference on Trade and Employment and was the outcome of the failure of negotiating governments to create the International Trade Organization (ITO).
- ▶ GATT was signed by 23 nations in Geneva on October 30, 1947, and came into effect on January 1, 1948. It remained in effect until the signature by 123 nations in Marrakesh on April 14, 1994, of the Uruguay Round Agreements, which established the World Trade Organization (WTO) on January 1, 1995.
- ▶ The WTO is in some ways a successor to GATT, and the original GATT text (GATT 1947) is still in effect under the WTO framework, subject to the modifications of GATT 1994.
- ▶ GATT, and its successor WTO, have successfully reduced tariffs. The average tariff levels for the major GATT participants were about 22% in 1947, but were 5% after the Uruguay Round in 1999. Experts attribute part of these tariff changes to GATT and the WTO.

### Instances involved in birth of WTO

- ▶ It was the U.S., since the midst of World War II, championed international cooperation as the only means to counter the rampant restrictive trade practices of the inter-war period.
- ▶ In 1930, US had legislated the notorious Smoot-Hawley Tariff Act.
- ▶ An ostensible move to protect agricultural products, the law raised import duties on some 900 goods, averaging about a 50% hike.
- ▶ To counteract its effects, Canada diverted exports away from its immediate neighbour and largest trading nation, to cash in on the imperial preferences under the British dominion.
- ▶ The retaliation to Smoot-Hawley was no less severe from Europe and Japan.
- ▶ Given the reciprocal nature of commitments agreed among countries, the U.S. was forced to withdraw many of its proposed duty cuts at the 1947 Geneva conference.
- ▶ The US administration was cautious not to walk away from the GATT negotiations in the larger interest of cementing the Western alliance at the beginning of the Cold War.
- ▶ The final Uruguay Round of GATT heralded its successor, the WTO, whose scope extends well beyond tariff reductions to trade in services and much else.

### Challenges Faced By GATT

- ▶ Seventy years on, there has been a rapid proliferation of bilateral and regional free-trade agreements around the world, raising concerns over trade diversion rather than generation.
- ▶ The erosion of the larger commitment to the post-war global liberal order has never been more pronounced than under the current USA administration.
- ▶ The context to this regression is the populist tide against the opening of the U.S. market under the North American Free-Trade Agreement (NAFTA), portraying trade liberalisation as a zero-sum game.
- ▶ Similarly, the rhetoric on the surge in Chinese imports since Beijing's 2001 accession to the WTO seeks to play down the benefits of cheaper consumer goods and the opportunities in outsourcing and exports.
- ▶ The United States quit the Trans-Pacific Partnership trading bloc, and continues to threaten taxes on overseas operations of domestic industries and astronomical import tariffs.

### Criticism of WTO

- ▶ **WTO is Anti-Environment:** The WTO is used by corporations to disable the hard won local and national environment protections which are called "barriers to trade". The WTO declared the US clean air act and provision of the endangered species act as illegal.
- ▶ **The WTO tramples Labour and Human Rights:** WTO has refused to put free trade on labour rights despite the fact that countries that use labour rights are disadvantaged by countries that violate international labour conventions. WTO has blocked solutions to human and labour rights by saying it is illegal to ban a product by the government on basis of the way it is produced (child labour) or by companies that follow dictatorship like Myanmar.

- ▶ **Free Trade benefits developed countries more than developing countries:** It is argued that developing countries need some trade protection to be able to develop new industries.
- ▶ **WTO undermines local level Decision Making and National Sovereignty:** All the WTO member countries need to treat each other equally as well as their corporations equally regardless their track record. Developing countries cannot make any local laws for the companies till they are internationally competitive.
- ▶ **WTO operates in secrecy and hurts third world:** WTO's court of justice rules on obligations imposed by law on nations but they carry out all their work in secrecy. WTO forces the third world countries to open their markets to the developed country multinationals and stop making the efforts to protect the small new local industries.

But as long as the rhetoric does not move into the realm of real action, there is still hope that the damage could be undone.

## DISASTER MANAGEMENT

# Industrial Disasters in India



*Recently there was boiler blast in state-run NTPC Ltd's Unchahar power plant in Raebareli, Uttar Pradesh in which 18 people were killed and up to 100 injured.*

### About Industrial Disasters

- ▶ Industrial disasters are one of the worst in the category of man-made disasters. It has short term as well as long term impact on both population and environment. It poses huge risk to life, property and ecology of an area.
- ▶ With increasing levels of development and growth in population, it is no longer feasible to cluster industries out of inhabited areas. Townships and service industries develop around core industries, so industrial disasters while growth of industries cannot be halted, effective steps can be taken to prevent disasters or reduce its impact in the event of an occurrence.

### Examples

- ▶ In 1984, the Bhopal gas tragedy shook the nation. More than 3,500 people died and 500,000 were injured in the immediate aftermath of the leak of methyl isocyanate gas from Union Carbide India Ltd's pesticide factory. Generations have been left maimed.
- ▶ After the incidence of Unchahar power plant in Raebareli one important question arises that, is India better prepared for industrial disasters than it was in 1984?

### Major causes of Industrial Disasters

- ▶ Unsafe working conditions are the biggest cause of accidents. It also include insufficient workspace lighting, excessive noise, slippery or unsafe flooring, extreme temperature exposure, unstable structures, electrical problems, inadequate protection when working with machinery or hazardous materials.
- ▶ Technical causes which are associated with defective plants, tools, equipment's, machines, and materials. They arise when there are improper guarded equipments, defective equipments, faulty layout and location of plant, inadequate lighting arrangements and ventilation, unsafe storage, inadequate safety devices, etc.
- ▶ Unsafe acts can include actions or failures to act which result in injury. This can be a result of employee negligence but employers, organizations, and product manufacturers can also be liable for the causes of industrial accidents.
- ▶ Other causes consists unsafe situational and climatic conditions and variations. These may include excessive noise, very high temperature, humid conditions, bad working conditions, unhealthy environment, slippery floors, excessive glare, dust and fume, arrogant behavior of domineering supervisors, etc.



## Required Preventive Measures

- ▶ The employees should be made conscious of various safety measures to be followed. There should be proper working slogans and advises to the workers for making them conscious.
- ▶ Workers should be given various incentives for maintaining safety. There may also be safety contrasts among workers. Those who follow safety instructions properly should be given monetary and non-monetary incentives.
- ▶ Maintenance of the Plant facility & equipment, proper maintenance, regular site safety and health inspection need to be carried out to ensure that plant facility is safe and equipments are operating in intended method.
- ▶ The proper safety measures should be adopted to avoid accidents. Government also provides guidelines for enacting measures for checking accidents, which should be properly followed.
- ▶ Safety measures are in the interest of both employers and employees. There should be committees consisting of representatives of workers and employees for devising and enforcing safety programmes.
- ▶ Accidents may occur on account of the fault in machines or equipment. There should be proper maintenance of machines. These should be regularly checked and frequently inspected by engineers. The workers should be given training regarding safety measures. They should know the hazards of the machines, the areas of accident proneness and the good working possible precautions in case of some accident.
- ▶ Any wrong selection of workers will create problems later on. Sometime employees are accident prone, they may not be properly suitable for the particular jobs. So the selection of employees should be on the basis of properly devised tests so that their suitability for jobs is determined.
- ▶ Lesson should be learnt from previous disasters and accordingly the Industrial Disaster Management Policy should form for the future industrial and related projects. India have implemented safety techniques in handling such disasters, SOPs have been developed, there is thrust needed on the mock drills to be pursued.

### Sendai Framework

It is a guiding plan for disaster risk management for the period of 2015-30 with 7 targets and 4 action priorities. It is the successor to erstwhile Hyogo Framework for Action.

Action Priorities of Sendai Framework:

- ▶ Understanding Disaster Risk in all of its dimensions.
- ▶ Strengthening Disaster Risk Governance.
- ▶ Investing in Disaster Risk Management.
- ▶ Enhancing preparedness, Build Back Better (3B), Rehabilitation, Reconstruction and Recovery (3R).

The BRICS Udaipur Declaration also reflected the BRICS's commitment to the Sendai Framework. The 2016 National Disaster Management Plan also relies heavily on the guidelines provided by Sendai Framework.

### Conclusion

Disaster management is one of the complex challenges the State has to deal with. Here, resource and time constraints severely affect our efficiency. Indian disaster management involves dedicated national and state level government agency with decentralized functioning under the District Collector with activities like training local

youths for disaster preparedness, field exercises, involvement of defense forces, civil society, media and NGOs to make our efforts meaningful. However, we need to focus more on studying upcoming disasters to prevent and mitigate the damage caused by disasters.

As the government is putting efforts to push the industrial sector with Make In India program, it must ensure that all safety standards are met in the factories being established. A secure and hazard free industry can only provide safe employment and would make India a preferred destination for setting up of industries.

# Prelims News



Context

Hereby, compiling the important short notes of November (1 to 15), 2017.

## Indian Culture

### GI TAG

- ▶ A geographical indication (GI) is a sign that identifies a product as originating from a particular location which gives that product a special quality or reputation or other characteristic.
- ▶ A geographical indication right enables those who have the right to use the indication to prevent its use by a third party whose product does not conform to the applicable standards.
- ▶ However, a protected geographical indication does not enable the holder to prevent someone from making a product using the same techniques as those set out in the standards for that indication.
- ▶ Protection for a geographical indication is usually obtained by acquiring a right over the sign that constitutes the indication.
- ▶ Geographical indications are typically used for agricultural products, foodstuffs, wine and spirit drinks, handicrafts, and industrial products.
- ▶ **Recent GI tags are:**
  - Banaganapalle mangoes of Andhra Pradesh.
  - Tulapanji rice of West Bengal.
  - Pochampally Ikat of Telangana.
  - Gobindobhog Rice of West Bengal.
  - Durgi Stone Carvings and Etikoppaka Toys of Andhra Pradesh.
  - Chakshesang Shawl of Nagaland.

### JNANPITH AWARD, 2017

- ▶ Renowned Hindi litterateur Krishna Sobti has been chosen for this year's Jnanpith Award.
- ▶ Sobti, is known for experimenting with new writing styles and creating "bold" and "daring"

characters in her stories who were ready to accept all challenges.

- ▶ Her language is highly influenced by the intermingling of Hindi, Urdu and Punjabi cultures.

### **About Jnanpith Award**

- ▶ The Jnanpith Award is an Indian literary award presented annually by the Bharatiya Jnanpith to an author for their "outstanding contribution towards literature". Instituted in 1961, the award is bestowed only on Indian writers writing in Indian languages included in the Eighth Schedule to the Constitution of India and English, with no posthumous conferral.

### **UNESCO AWARD FOR SRIRANGAM TEMPLE**

- ▶ The massive renovation and restoration effort at the Sri Ranganathaswamy Temple in Srirangam, executed through the public-private partnership model, has won the UNESCO Asia Pacific Award of Merit 2017 for cultural heritage conservation.
- ▶ The temple, considered the foremost of the 108 *divyadesams*, is situated on an islet between the Cauvery and the Coleroon rivers. It has seven *prakaras* and 21 towers, including the majestic 236-foot-high *rajagopuram*.
- ▶ **UNESCO Asia Pacific Heritage Awards** (since 2000) are given with as the strategic purpose of UNESCO with in the region Asia Pacific. The objective is to motivate the protection of Cultural Heritage sites, which are initiated by any individual organization under private sector or institutional organization.

### **CHENNAI NOW PART OF UNESCO'S 'CREATIVE CITIES NETWORK'**

- ▶ Recently Chennai has been included in the UNESCO Creative Cities Network for its rich musical tradition.
- ▶ The UNESCO Creative Cities Network (UCCN) was created in 2004 to promote cooperation with and among cities that have identified creativity as a strategic factor for sustainable urban development.
- ▶ By joining the Network, cities commit to sharing their best practices and developing partnerships involving the public and private sectors as well as civil society in order to:
  - Strengthen the creation, production, distribution and dissemination of cultural activities, goods and services;
  - Develop hubs of creativity and innovation and broaden opportunities for creators and professionals in the cultural sector;
  - Improve access to and participation in cultural life, in particular for marginalized or vulnerable groups and individuals; and
  - Fully integrate culture and creativity into sustainable development plans.

### **ANIMAL RACES**

- ▶ **Oorchatheli:** Traditional cattle race in paddy field held in Kozhikode. The cattle race was held to mark the festival of Oorchatheli.
- ▶ **Kambala :** It is an annual Buffalo Race held traditionally under the sponsorship of local Tuluva landlords and households in the coastal district's of Dakshina Kannada and Udupi of Karnataka India which is termed under single region known as Tulu Nadu. The Kambala season generally starts in November and lasts till March. Of late, Kambala Samithis are formed to arranged Kambala in a systematic way and 18 kambalas are being held under the banner of Kambala Samithi (Kambala Association).

## **Science & Environment**

### **COBOTS**

- ▶ Collaborative robots are complex machines which work hand in hand with human beings. In a shared work process, they support and relieve the human operator." So basically it is a device that helps in accomplishing day to day job.

- ▶ A cobot is intended to work hand-in-hand with humans in a shared workspace. This is in contrast with full-fledged robots that are designed to operate autonomously or with limited guidance. They support and relieve the human operator of his excess work. The automotive sector is a large adopter of cobots. The global electronics industry is also an adopter.
- ▶ Several governments around the world are encouraging automation to spur economic growth. China, for example, is offering subsidies to make cobots affordable. Several universities are spending significantly on research and development to facilitate human-robot collaboration in next generation manufacturing.

### **NIRBHAY**

- ▶ India has successfully conducted a flight test of its state-of-the-art sleek cruise missile 'Nirbhay', which is capable of carrying warheads of up to 300 kg.
- ▶ **About Nirbhay**
  - It is a Sub-sonic cruise missile.
  - 'Nirbhay', a two-stage missile, is 6-metre long, 0.52 metre wide and with a wingspan of 2.7 metre.
  - It can carry the designated warhead at a speed of 0.6-0.7 Mach. Its launch weight is about 1500 kg.
  - With an operational range of 1,000 km, the missile is fueled by a solid rocket motor booster developed by the Advanced Systems Laboratory (ASL).
  - The missile is guided by a highly-advanced inertial navigation system which is also indigenously designed and developed by the Research Centre Imarat (RCI).

### **INTEGRATED QUARTER MASTER PACKAGE (IQMP)**

- ▶ Integrated Quarter Master Package (IQMP) software application was formally released to the Indian Army.
- ▶ The software has been developed with the aim of bringing speed, accuracy and transparency in handling logistics aspects in the unit. It will help in effective logistics management and decision making, thereby assisting Army units to be battle ready all the time. It will also play an important role in achieving automation of Indian Army and prove to be a significant

milestone towards 'Digital Army' in consonance with the 'Digital India initiative' of the government.

- ▶ The application can be dynamically configured to meet the specific requirements of various types of Army units and is capable of sharing information and data with other software applications in the domain of logistics management.

### **BLACKBUCK CONSERVATION RESERVE**

- ▶ Uttar Pradesh cabinet has decided to make India's first conservation reserve for black-buck in Allahabad's Meja. The area boasts more than 200 species of birds and herbivores like blackbucks and bluebull [nilgai], and carnivores like jackals and striped hyena.
- ▶ In this regard, state government has evoked Section 36 A (1) and (2) of the Wildlife Protection Act, 1972, to declare the conservation reserve.
- ▶ **Blackbuck**, an antelope (family Bovidae) indigenous to the plains of India. Blackbucks are primarily grazers and frequent open short grassland, but they can survive in semi-desert where there is sufficient vegetation, and they often frequent nearly barren salt pans. However, they avoid woodland and shrubland.
- ▶ Blackbuck once lived on open plains over the whole Indian subcontinent, but their numbers and range have been drastically reduced as the human population has grown.

### **CARNIVOROUS PLANTS USE CO<sub>2</sub> TO LURE PREY**

- ▶ Carnivorous plants are predatory flowering plants that kill animals in order to derive nutrition from their bodies. They share three attributes that operate together and separate them from other plants.
- ▶ **Carnivorous plants:**
  - Capture and kill prey.
  - Have a mechanism to facilitate digestion of the prey.
  - Derive a significant benefit from nutrients assimilated from the prey.
- ▶ Carnivorous plants have been known to employ a variety of techniques like nectar, smell, colour and ultraviolet florescence to lure and capture prey. But now, scientists at the Jawaharlal Nehru Tropical Botanic Gardens and Research

Institute here have come up with evidence that some carnivorous plants use carbon dioxide (CO<sub>2</sub>) to attract insects and ants to their prey traps.

### **AIR QUALITY INDEX**

- ▶ National Air Quality Index (AQI) has been launched for monitoring the quality of air in major urban centres across the country on a real-time basis and enhancing public awareness for taking mitigative action.
- ▶ **Salient features of the Index:**
  - The Index is centred around five chief pollutants: Particulate Matter, Ozone, Nitrogen Dioxide and Carbon Monoxide.
  - The unit of measurement is microgram (or milligram in the case of CO) per cubic meter.
  - The AQI has been developed by the Central Pollution Control Board in consultation with IIT-Kanpur and an expert group comprising medical, air-quality professionals and other stakeholders.

## **Economic News**

### **CORE SECTOR GROWTH HITS 6-MONTH HIGH**

- ▶ Eight core sectors grew to a six-month high of 5.2% in September, aided by a robust performance in coal, natural gas and refinery segments
- ▶ The eight infrastructure sectors – coal, crude oil, natural gas, refinery products, fertilisers, steel, cement and electricity – had witnessed a growth of 5.3% in September last year. The expansion in September is highest since April, when the core sectors' growth stood at 2.6%.
- ▶ The production of coal, natural gas and refinery products rose by 10.6%, 6.3% and 8.1%, respectively on annual basis
- ▶ Crude oil output registered a growth of 0.1% during the month under review as compared to a contraction of 4.1% in September 2016.

### **SEBI PLANS AUTOMATED DISCLOSURE SYSTEM**

- ▶ Markets regulator Securities and Exchange Board of India (SEBI) is working on a concept of system-driven disclosures that would capture and disclose changes in shareholding in a listed company.

- ▶ As it exists now, one has to disclose a change in the shareholding pattern under the Listing Obligation and Disclosure Requirements (LODR). The companies are required to report any changes pertaining to a merger, de-merger, acquisition by promoters and issue of convertibles once in every quarter.
- ▶ The system being worked out will automatically gather and integrate the change in shareholding information from stock exchanges, depositories and registrar and transfer agents (RTAs) in a timely and accurate manner.
- ▶ The move is aimed at ease of doing business through system driven disclosure and this would remove additional reporting requirements.

### PURCHASING MANAGERS' INDEX

- ▶ The Purchasing Managers' Index (PMI) is an indicator of the economic health of the manufacturing sector. The PMI is based on five major indicators: new orders, inventory levels, production, supplier deliveries and the employment environment. The purpose of the PMI is to provide information about current business conditions to company decision makers, analysts and purchasing managers.
- ▶ The information to produce the PMI is gathered using monthly surveys sent to purchasing executives at approximately 300 companies. A PMI of more than 50 represents expansion of the manufacturing sector when compared to the previous month.
- ▶ PMI is a critical decision-making tool for managers in a variety of roles.

### RKVY-RAFTAAR

- ▶ The Cabinet Committee on Economic Affairs chaired by the Prime Minister Shri Narendra Modi, has approved the continuation of Rashtriya Krishi Vikas Yojana (RKVY) as Rashtriya Krishi Vikas Yojana- Remunerative Approaches for Agriculture and Allied sector Rejuvenation (RKVY-RAFTAAR) for three years i.e. 2017-18 to 2019-20. The financial allocation of the scheme will be Rs. 15,722 crore with the objective of making farming as a remunerative economic activity through strengthening the farmer's effort, risk mitigation and promoting agri-business entrepreneurship.
- ▶ RKVY-RAFTAAR funds would be provided to the States as 60:40 grants between Centre and

States (90:10 for North Eastern States and Himalayan States) through the following streams:

- Regular RKVY-RAFTAAR (Infrastructure & Assets and Production Growth) with 70% of annual outlay to be allocated to states as grants based for the following activities:
  - Infrastructure and assets with 50% of regular RKVY-RAFTAAR outlay.
  - Value addition linked production projects with 30% of regular RKVY-RAFTAAR outlay.
  - Flexi-funds with 20% of regular RKVY-RAFTAAR outlay. States can use this for supporting any projects as per the local needs.
- RKVY-RAFTAAR special sub-schemes of National priorities - 20% of annual outlay; and
- Innovation and agri-entrepreneur development through creating end-to-end solution, skill development and financial support for setting up the agri-enterprise - 10% of annual outlay including 2% of administrative costs.
- ▶ The scheme will incentivize States in enhancing more allocation to Agriculture and Allied Sectors. This will also strengthen farmer's efforts through creation of agriculture infrastructure that help in supply of quality inputs, market facilities etc. This will further promote agri-entrepreneurship and support business models that maximize returns to farmers.

## **Polity and Governance**

### NATIONAL COUNCIL FOR TEACHER EDUCATION (AMENDMENT) ACT, 2017

- ▶ The Union Cabinet chaired by the Prime Minister Shri Narendra Modi has given its approval for introduction of a Bill in Parliament to amend the National Council for Teacher Education Act, 1993, namely the National Council for Teacher Education (Amendment) Act, 2017 to grant retrospective recognition to the Central/State/Universities who are found to be conducting teacher education courses without NCTE permission.
- ▶ The amendment seeks to grant retrospective recognition to the Central/State/Union Territory

funded Institutions/Universities conducting Teacher Education Courses without NCTE recognition till the academic year 2017-2018. The retrospective recognition is being given as a onetime measure so as to ensure that the future of the students passed out/enrolled in these institutions are not jeopardized.

- ▶ The amendment will make students studying in these Institutions/Universities, or already passed out from here, eligible for employment as a teacher.

### **DEEN DAYAL SPARSH YOJANA**

- ▶ Minister of Communications has launched a Pan India scholarship program for school children called **Deen Dayal SPARSH** Yojana to increase the reach of Philately.
- ▶ Under the scheme of **SPARSH** (Scholarship for Promotion of Aptitude & Research in Stamps as a Hobby), it is proposed to award annual scholarships to children of Standard VI to IX having good academic record and also pursuing Philately as a hobby through a competitive selection process in all postal circles.
- ▶ **Philately** is the hobby of collection and study of Postage stamps. It also entails the collection, appreciation and research activities on stamps and other related philatelic products. The hobby of collecting Stamps includes seeking, locating, acquiring, organizing, cataloguing, displaying, storing, and maintaining the stamps or related products on thematic areas. Philately is called the king of hobbies because Stamp collection as a hobby has lot of educational benefits - it teaches a lot about the socio economic political reality of the period in which the stamp is issued or the theme on which it is issued.

### **CREATION OF NATIONAL TESTING AGENCY**

- ▶ The Union Cabinet has approved creation of National Testing Agency (NTA) as a Society registered under the Indian Societies Registration Act, 1860, and as an autonomous and self-sustained premier testing organization to conduct entrance examinations for higher educational institutions.

#### **Features:**

- ▶ The NTA would initially conduct those entrance examinations which are currently being conducted by the CBSE.

- ▶ Other examinations will be taken up gradually after NTA is fully geared up.
- ▶ The entrance examinations will be conducted in online mode at least twice a year, thereby giving adequate opportunity to candidates to bring out their best.
- ▶ In order to serve the requirements of the rural students, it would locate the centres at sub-district/district level and as far as possible would undertake hands-on training to the students.

#### **Constitution:**

- ▶ NTA will be chaired by an eminent educationist appointed by MHRD.
- ▶ The CEO will be the Director General to be appointed by the Government.
- ▶ There will be a Board of Governors comprising members from user institutions.
- ▶ The Director General will be assisted by 9 verticals headed by academicians/ experts.

#### **Finances:**

- ▶ NTA will be given a one-time grant of Rs.25 crore from the Government of India to start its operation in the first year. Thereafter, it will be financially self-sustainable.

#### **Impact:**

- ▶ Establishment of NTA will benefit about 40 lakh students appearing in various entrance examinations. It will relieve CBSE, AICTE and other agencies from responsibility of conducting these entrance examinations, and also bring in high reliability, standardized difficulty level for assessing the aptitude, intelligence and problem solving abilities of the students.

### **CENTRE ALLOWS DISTRIBUTION OF PULSES THROUGH WELFARE SCHEMES**

- ▶ The Cabinet Committee on Economic Affairs (CCEA) on has decided to use a part of its 1.8 million tonnes (mt) of buffer stock of pulses for distribution in its welfare schemes such as mid-day meals.
- ▶ After this decision, all central ministries and departments would be empowered to make suitable changes and amendments in their respective schemes and guidelines to enable them to take/provide pulses from the buffer in 'kind' under their respective schemes.
- ▶ This will help ensure adequate supply of pulses under various schemes, including mid-

day meals, hospitals as well as ministries/ departments or their agencies providing food/ catering and hospitality services.

### **SHe-Box**

- ▶ Ministry of Women and Child development has launched a comprehensive SHe-Box online complaint Management System for women working in both public and private organizations to lodge complaints of sexual harassment at workplace.
- ▶ The new SHe-Box portal offers the facility of making online complaints of sexual harassment at workplace to all women employees in the country including government and private employees. Those who have already filed a written complaint with the concerned Internal Complaint Committee (ICC) or Local Complaint Committee (LCC) constituted under the SH Act are also eligible to file their complaint through this portal.
- ▶ It is to ensure the effective implementation of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act (the SH Act), 2013.
- ▶ Users of SHe-Box also have the option of interacting with Ministry of WCD through this portal, with an assured time-bound response. The portal also provides information on 112 institutions empaneled by MWCD to conduct training/workshops on the issue of sexual harassment at the workplace. It also has the option for resource persons and institutions willing to contribute to training on this subject in various organisations to submit their applications. SHe-Box will provide a platform to these empanelled institutes/organisations to share their capacity building activities with the Ministry which in turn will be able to monitor the activities of these institutes/organizations so empanelled from across the country.
- ▶ Once a complaint is submitted to the 'SHe-Box', it will be directly sent to the internal complaints committee (ICC) of the ministry/ department/ PSU/ autonomous body etc concerned, having jurisdiction to inquire into the matter
- ▶ The ICC will take action as prescribed under the Act and update the status of the complaint. The portal is also an effort to provide "speedier remedy" to women facing sexual harassment at the workplace, as envisaged under the sexual harassment Act.

## **Miscellaneous News**

### **BLUE FLAG-17**

- ▶ Blue Flag is a bi-annual multilateral exercise which aims to strengthen military cooperation amongst participating nations. Indian Air Force is participating with the C-130J special operations aircraft along with Garud commandos.
- ▶ The exercise would provide a platform for sharing of knowledge, combat experience and in improving operational capability of the participating nations.
- ▶ The exercise is being conducted at Uvda Air Force Base in Israel from 02-16 Nov 17.
- ▶ This is the first time the Indian Air Force is operating with Israeli AF in a multilateral exercise setting.

### **SAGAR KAVACH**

- ▶ 'Sagar Kavach', a comprehensive coastal security exercise involving all the land and sea-related stakeholders and agencies, will be conducted in Karnataka on November 21 and 22.
- ▶ The main objective of the exercise is to provide seamless seaward cover along the Karnataka coast.
- ▶ The exercise will also assess the effectiveness of the fishing community as 'eyes and ears' for early warning of seaward threats.
- ▶ The exercise will be supervised by the Karnataka government and conducted and coordinated by the Karnataka Headquarters of Indian Coast Guard at Panambur in New Mangalore.

### **NATIONAL POWER PORTAL(NPP)**

- ▶ NPP is a centralised system for Indian Power Sector which facilitates online data capture/ input (daily, monthly, annually) from generation, transmission and distribution utilities in the country and disseminate Power Sector Information (operational, capacity, demand, supply, consumption etc.) through various analysed reports, graphs, statistics for generation, transmission and distribution at all India, region, state level for central, state and private sector.
- ▶ The NPP Dashboard has been designed and developed to disseminate analyzed information



about the sector through GIS enabled navigation and visualization chart windows on capacity, generation, transmission, distribution at national, state, DISCOM, town, feeder level and scheme based funding to states.

- ▶ The system also facilitates various types of statutory reports required to be published regularly.
- ▶ The Dashboard would also act as the single point interface for all Power Sector Apps launched previously by the Ministry, like TARANG, UJALA, VIDYUT PRAVAH, GARV, URJA, MERIT.
- ▶ NPP is integrated with associated systems of Central Electricity Authority (CEA), Power Finance Corporation (PFC), Rural Electrification Corporation (REC) and other major utilities and would serve as single authentic source of power sector information to apex bodies, utilities for the purpose of analysis, planning, monitoring as well as for public users.
- ▶ The system is available 24x7 and ensures effective and timely collection of data. It standardized data parameters and formats for seamless exchange of data between NPP and respective systems at utilities.

### **GRAHAK SADAK KOYLA VITARAN APP**

- ▶ Public sector undertaking Coal India has launched the 'Grahak Sadak Koyla Vitaran App' aimed at benefitting customers of the company that are being supplied coal by road.
- ▶ The app will allow users to monitor, whether the despatches are made on the fair principle of 'First in First Out' and keeps track of all the activities from issuance of sale order to physical delivery of coal by road.

### **FISH TOURISM CIRCUIT**

- ▶ West Bengal government is firming up plans to set up a fish tourism circuit to attract country's fish-loving communities.
- ▶ The circuit will centre around the hotels run by SFDC in places like Digha, Udaypur, Henry Island, Bishnupur, Jamunadighi and Siliguri.
- ▶ The proposed plan includes destination like Bishnupur in Bankura district, which is renowned for its terracotta temples that are from 17th and 18th centuries. Then there is Mukutmanipur, known for being home to the second biggest earth dam of the country.