

NET NEUTRALITY in India

CONTEMPORARY ISSUES

1. Economic Issue

➤ Credit Rating Agencies and their Implications

TOPICAL ANALYSIS

- Critical Analysis of Bharatmala Project
- Electric Vehicle Sector and Future Prospects
- Report on Corporate Governance
- > Amendments in Bankruptcy Code
- ➤ National Anti-profiteering Authority
- Ease of Doing Investment for NRIs
- ➤ Farm Policies: One-Size-Fits-All do not Work
- Employment and Demonetization
- Logistics Sector Given Infra Status
- Concept of Land Bank

2. Social Issue

➤ Eradication of Child Labour may Create Job for Youths

3. Governance Issue

- ➤ Draft Witness Protection Scheme
- ➤ Significance of Teachers for Sound Education System

4. Political Issue

➤ National Commission on Backward Classes

5. International Issue

- ➤ Rohingya Repatriation Deal Signed
- ➤ 60 Years of IAEA

6. Technological Issue

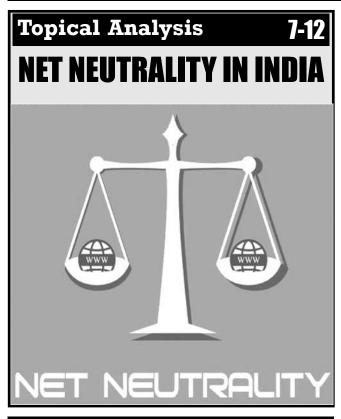
➤ White Revolution Part-II

It also cover Important News for Prelims



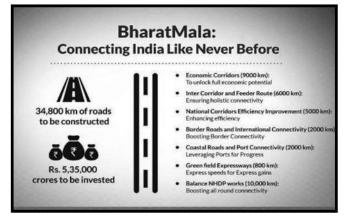
Contents

Issue II- November, (16-30), 2017



Contemporary Issues

- Credit Rating Agencies and their Implications
- **National Commission on Backward Classes**
- **Critical Analysis of Bharatmala Project**



Electric Vehicle Sector and Future Prospects

- **Draft Witness Protection Scheme**
- **Eradication of Child Labour may Create Job for Youths**



- **Report on Corporate Governance**
- Rohingya Repatriation Deal Signed
- Significance of Teachers for Sound Education System
- Amendments in Bankruptcy Code
- **National Anti-profiteering Authority**
- Ease of Doing Investment for NRIs
- Farm Policies: One-Size-Fits-All do not Work
- **Employment and Demonetization**
- 60 Years of IAEA



- **Logistics Sector Given Infra Status**
- White Revolution Part-II
- **Concept of Land Bank**



IAS 2018

500 Marks!!! ETHICS & ESSAY

That matters most in Final Selection









Test Series by: MANOJ K. JHA

PROGRAMME HIGHLIGHTS

Comprehensive tests for Ethics & Essay based on UPSC pattern

➤ Ethics Tests

- o 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

- o 5 Essay MockTests 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
 - o 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

December

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

www.iasscore.in



Prelims News

73-84

Indian Culture

- Ahmedabad Faces Task of Defending its New UNESCO Status
- Allow Kambala Races without Cruelty
- Indus Civilization Flourished without Flowing River
- Birth Anniversary of Birsa Munda
- Aadi Mahotsav
- Manipur Sangai Festival 2017

Science & Environment

- ISRO is Planning to Design Launch Vehicles for Small Satellites
- Air Launched BrahMos Missile Test Fired
- · Furnace Oil and Pet Coke
- Call to Make Clinical Trial Data Public
- · Delhi to Get Cleaner EURO VI Fuel
- · Amendment in Forests Act
- Green Ministry Wants Polluter Pays Principle Included
- World's Smallest Data Recorder
- Climate Change Performance Index (CCPI) 2018

Polity and Governance

- . More Seats for Sikkim Assembly
- Expansion of "Mission for Protection and Empowerment for Women"
- 'Pradhan Mantri Mahila Shakti Kendra'
- Expansion of Sub-schemes under ICDS
- Ministerial Penal on Triple Talaq

Economic News

- 15th Finance Commission Constituted
- Coastal Economic Zone
- Algo Trading Rules: SEBI
- Urjit Patel Appointed on BIS Advisory Board

Miscellaneous News

- Protect and Grow American Jobs Act of USA
- World Toilet Day
- Dalveer Bhandari
- India Singapore Maritime Security
- Military Exercises
- Moscow Declaration to End TB







PT 2018 **Target**



Resources for PT

Complete 500⁺ 7000⁺ **Revision Trending** MCQ **Notes for PT Topics**

Download at



www.iasscore.in

Off. No. 6, Ist Floor, Apsara Arcade, Karol Bagh, New Delhi-110005 (Karol Bagh Metro Gate No. 5)





COVER STORY

Net Neutrality in India



The Telecom Regulatory Authority of India (TRAI) has recently barred telecom service providers from charging differential rates for data services, effectively prohibiting Facebook's Free Basics and Airtel Zero platform by Airtel in their current form.

With the recent recommendation by TRAI, internet has become a level playing field for everyone in India and provides equal opportunities for everyone to access the services.

The present article looks into the meaning of Net Neutrality, analyzes how telecom service providers were trying to skew the internet in favour of Over the Top services and what recommendations have been given by TRAI to contain the debate and create win-win situation for all the internet consumers.

Introduction

The Internet has transformed the world and society like never before. It has provided a platform for new opportunities through innovation and fostered the supremacy of ideas rather than capital.

It is a universal platform that uses the same standards in every country, so that every user can connect to every other user with physical distances becoming irrelevant in the networked world. The Internet is a public resource that has no ownership, but is available to all those who are digitally connected.

In India, tremendous growth in telecommunications and convergence of communication and information technologies has created a unique digital platform for advancing the developmental goals. Digital India programme envisions access to digital infrastructure as a utility to every citizen, thereby making available high speed broadband internet as a core utility for delivery of services to citizens. The program envisions e-governance and services on demand and aims at digital empowerment of citizens.

Internet penetration in India

India has demonstrated to the world its capacity to develop innovative business models in affordable mobile telephony suited to the requirements of a developing country. It has 997 million telecom subscribers and 99.20 million broadband subscribers with an access to internet at speeds higher than 512 kbps. Out of about 300 million subscribers accessing the internet, around 93% subscribers are on wireless media, whereas 7% are on fixed wire line media. Currently, both broadband and internet penetration in India is comparatively low in the global context.

In India, Internet traffic is likely to increase manifold in the next few years. There is a constant pressure for investment in network infrastructure and to expand capacities and increase penetration. Telecom infrastructure, being a capital intensive industry,



will require significant investments by operators to meet the network capacity demands brought about by increasing broadband penetration, increasing speeds and increasing data usage.

Telecom service providers have also started facing competition from unlicensed application platforms, termed Over-the-Top (OTT) players, in their traditional voice communication field.

With an objective of enhancing revenue streams and to face competition from OTT players, telecom service providers have been exploring new opportunities for generating revenues from users and the content providers. Some of the models attempted by TSPs, such as charging higher data tariffs for VoIP services, charging content application providers and providing the content free to users (called "zero rating" plans), which have raised concerns about Net Neutrality.

What is Net Neutrality?

Net Neutrality is the principle that all traffic on the Internet must be treated equally by Internet Service Providers. Concept of Net neutrality assumes that all bits of data are equal, and, therefore, should not be discriminated on the basis of content, site or user. This has largely been the default mode since Internet started but things changed with time.

The concept has been used more broadly to describe the open and non-discriminatory access to the Internet. In last few decades attempts have been made by many to define the contours of Net Neutrality. On the Net Neutrality continuum, there are two views on the opposite sides of the scale.

- On one side, the view held is that every user must have equal access, via the internet and, more generally, electronic communications networks to all of the content, services and applications carried over these networks, regardless of who is supplying or using them, and in a transparent and non-discriminatory fashion. Putting this view into practice comes up against a variety of constraints, such as having to protect the networks from attacks, and from problems of traffic, the need to install mechanisms to comply with legal obligations etc. Therefore, the network has to be managed with traffic management tools. The traffic management practices adopted may or may not be acceptable from the Net Neutrality point of view.
- There are other considerations as well. Unlike an infinite resource, the bandwidth of the Net is limited. There are users who require a whole lot more bandwidth than, say, someone sending emails. If someone is using Skype or YouTube, he needs a lot of bandwidth and that too on priority without any significant delay, otherwise the service quality suffers. It can be argued that he should pay a higher price because he is using more space and his traffic needs to be sent on priority. But Net Neutrality proponents say that neither he should be given priority, nor he should be charged higher and his traffic should also be treated in the same way as others on best effort basis.

Also, all data packets are not created equal. Data packets of different applications (e.g. an email packet and a VoIP packet, a data packet carrying emergency service information versus another packet carrying video information etc.) have different characteristics and they need different type of treatment on the network for a variety of reasons.

The concept of "One size fits all" does not work and networks are inherently designed to differentiate between different types of data packets so that they can be treated differently. Therefore, the view of Net Neutrality has practical limitations and it does not work in the real world. In a pure world of data, there will be differentiation



between data packets for one reason or the other, technology also permits this and therefore exceptions will have to be made within the overall principles of Net Neutrality.

The crux of the debate is about striking a balance between the two views.

What is an OTT?

OTT or over-the-top refers to applications and services which are accessible over the internet and ride on operators' networks offering internet access services. The best known examples of OTT are Skype, Viber, WhatsApp, e-commerce sites, Ola, Facebook messenger. The OTTs are not bound by any regulations.

Telecom Service Providers and Over the Top Players

Over time, Telecom service providers (TSPs) have started facing competition from unlicensed application platforms, termed Over-the-Top (OTT) players, in their traditional voice communication field. With an objective of enhancing revenue streams and to face competition from OTT players, telecom service providers have been exploring new opportunities for generating revenues from users and the content providers. Some of the models attempted by TSPs, such as charging higher data tariffs for VoIP services, charging content application providers and providing the content free to users (called "zero rating" plans), have raised concerns about Net Neutrality.

How did net neutrality become a big issue in last few years?

In 2014-15, India's top telecom company Bharti Airtel has decided to charge subscribers extra for use of apps such as Skype and Viber. These apps compete with the voice and messaging services of telecom providers, and are even cheaper. In reaction there was uproar, after which Airtel stayed its decision, saying it would wait for regulator Telecom Regulatory Authority of India's (TRAI) Consultation Paper on Regulatory Framework for Over-the-top (OTT) services.

Then, Facebook brought to India internet.org, a pre-selected bouquet of Web sites offered free to subscribers of Reliance Communications. There was not much controversy then but it became a big issue later on.

The issue busted and became really big after TRAI put out a consultation paper asking the public for its opinion on 20 questions, most of them about how the Internet can be regulated. Views were also sought on net neutrality. In response to that, over 4.2 lakh mails had been sent in support of net neutrality through the savetheinternet.in Web site. Political parties, political leaders and celebrities joined the campaign arguing why the Internet should not be touched.

While TRAI was in the middle of consultation, Internet Service provider (ISP) Bharti Airtel launched Airtel Zero, which is a free offering of a slew of apps that sign up with the telecom provider which attracted lot of criticism. Flipkart was one of them who pulled out of the platform after initially agreeing to be on it, saying it was committed to Net neutrality.

Who benefits from net neutrality and How?

- Every Internet user: If anyone is browsing the Internet he/she would like to access the Web without worrying about how differently videos will be charged compared to other forms of content, to access the Web without the telecom service provider getting to serve some sites faster than others. Both these are pro-Net neutrality.
- New ventures: One of the key reasons for start-ups to have come up in a big way in recent decades is the openness of the Internet. The Internet has reduced transaction costs and leveled the playing field. A start-up can come up with an app today, and can immediately attract a global audience. The likes of Googles and Facebooks could have struggled to grow if the Internet had not been open.





How will the absence of net neutrality benefit telecom companies?

The telecom companies do not like the way the apps are riding on their networks for free. The companies complain that voice-calling and messaging apps are cannibalizing their business while they are the one who invest billions in getting access to spectrum and build networks as also adhere to regulations.

Absence of net neutrality will make the ISPs a gatekeeper to a valuable resource Internet which can be misused to create winners and losers. They could charge companies a premium for access to users. Consequently it would not be a telecom companies versus internet players issue, as it is perceived but the absence of Net neutrality could also benefit established Internet companies who are flush with money. They could defeat challengers by paying heftily to telecom companies.

Is this an issue in India alone?

Globally, only a few countries have taken a firm position on the issue, and in a few other countries the issues surrounding Net Neutrality were being deliberated. Net Neutrality is a complex issue and has different nuances specific to a country depending on its social, political and economic conditions. Accordingly, each country adopts different responses to the issue. On the basis of measures undertaken on Net-Neutrality, nations can be divided in the following three categories:

- Chile was the first nation to enact Net Neutrality principles into law in July 2010. The main legal principles laid down are that:
 - ISPs may not arbitrarily block, interfere with, discriminate against, hin-der or restrict the right of any Internet user to use, send, receive or offer any legal content, application or service on the Internet, or any kind of legal Internet activity or use;
 - ISPs may undertake traffic management and network administration that does not affect fair competition;
 - ISPs shall protect the privacy of the users;
 - the users are free to add or use any kind of instrument, device or equip-ment on the network, provided they are legal and do not harm or adversely affect the network or quality of the service
 - ISPs shall ensure transparency by publishing details of Internet access offered, its speed and the quality of the connection, making a distinction be-tween national and international connections, and shall include in-formation about the nature and guarantees of the service.
- **South Korea** is the most wired country in the world with the largest optical fibre penetration and the highest internet speeds. The country has not officially adopted any legally binding decision on Net Neutrality but has published "Guidelines for Network Neutrality and Internet Traffic Management", which includes the right to use lawful content, application, service, and non harmful devices or equipment freely.

Latest development in India by TRAI

TRAI Consultation paper: In March 2015, the Telecom Regulatory Authority of India (TRAI) issued a consultation paper titled "Regulatory Framework for Over-the-Top (OTT) Services" wherein the issue of Net Neutrality in the backdrop of OTT services came to the fore. TRAI has stated that the objective of the consultation paper was to elicit views arising from the implications of the growth of OTT services bringing disruptive changes to the traditional revenue models and to consider whether changes were required in the current regulatory





framework. The TRAI consultation paper sharply intensified the debate on Net Neutrality.

Latest Recommendations by TRAI: The Telecom Regulatory Authority of India (TRAI) recently came out with clear guidelines in favour of Net neutrality that are consistent with its earlier stand on Facebook's Free Basics proposal.

After consultation papers issued in May 2016 and the regulator reiterated that there cannot be discriminatory treatment of websites on the Internet by service providers. In particular, TRAI warned providers against the practice of blocking certain websites and tinkering with content speeds.

After the public consultation process TRAI issued the Prohibition of discriminatory Tariffs for Data services Regulations, 2016. Subsequently, Department of Telecommunications sought TRAI's recommendation on net neutrality including traffic management and economic, security and privacy aspects OTT services, apart from other relevant standpoints as covered in the consultation papers.

The salient features of the recommendations are:

- The licensing terms should be amplified to provide explicit restrictions on any sort of discrimination in Internet access based on the content being accessed, the protocols being used or the user equipment being deployed. Content would include all content, applications, services and any other data, including its end-point information, that can be accessed or transmitted over the Internet.
- The "discriminatory treatment" in the context of treatment of content would include any form of discrimination, restriction or interference in the treatment of content, including practices like blocking, degrading, slowing down or granting preferential speeds or treatment to any content.
- The service providers should be restricted from entering into any arrangement, agreement or contract, by whatever name called, with any person, natural or legal, that has the effect of discriminatory treatment based on content, sender or receiver, protocols or user equipment.
- The licensing terms should be amplified to provide explicit restrictions on any sort of discrimination in internet access based on the content being accessed, the protocols being used or the user equipment being deployed.
- The scope of the proposed principles on no discriminatory treatment apply specifically to Internet Access Services", which are generally available to the public. Also, in order to remove any ambiguity, Internet Access Services have been defined.
- Specialized services, i.e. services other than Internet access services, which are optimized for specific content, protocols, or user equipment and where the optimization is necessary in order to meet specific quality of service requirement shall be exempted from the principles of discriminatory treatment.
- INTERNET OF THING (IoT) as a class of services are not excluded from the scope of the restrictions on non discriminatory treatment. However critical IoT services which may be identifies by DOT and which satisfy the definition of specialized services, would be automatically excluded.
- Content Delivery Networks (CDNs) which enable a telecom service provider to deliver content within its network without going through the public internet, are exempted from the scope of any restriction on non discriminatory treatment.





- TSPs shall be required to declare their traffic management practices.
- For monitoring and investigation of violations, a collaborative mechanism has been recommended to be established in the form of a multi-stakeholder body comprising members representing different categories of TSPs and ISPs, large and small content providers, representatives from research and academia, civil society organisations and consumer representatives. This body, which would be responsible for developing technical standards pertaining to monitoring of TMPs and enforcement of the principles on nondiscriminatory treatment and making appropriate recommendations to the Authority. The Government/ Authority shall reserve the right to seek any information from the committee, investigate its conduct to ensure transparency and fair treatment to all its members, and issue appropriate regulations, directions, orders or guidelines, as and when needed.

Conclusion

In a nutshell, Internet Service Providers such as telecom companies cannot stand in the way of a consumer's access to content that would otherwise be provided to her without any undue hindrance.

They cannot, for instance, charge consumers for access to certain content, or receive payment from websites promising greater promotion of their product over the rest.

TRAI's decision comes in the wake of international focus on the U.S. Federal Communications Commission's decision to scrap regulations on service providers imposed during the Obama administration.

While batting for the right to an open Internet, however, TRAI has been careful to allow some exceptions that allow companies to discriminate between content if it helps them regulate the flow of traffic or offer "specialized services".

While TRAI's new guidelines will help the cause of building the Internet as a public platform with open access to all, the concerns of service providers should not be dismissed altogether. The Internet has spread all over the world, so widely that many believe it is now an essential good. But the infrastructure that serves as the backbone of the Internet has not come without huge investments by private service providers. So any regulation that severely restricts the ability of companies to earn sufficient returns on investment will only come at the cost of the welfare of the public.

Thus, in order to explore the best possible options to create a virtuous cycle, transparency, neutrality, privacy, security and the democratic fabric of the Internet should be maintained.





ECONOMIC ISSUE

Credit Rating Agencies and their Implications



A credit rating agency is a company that assigns credit ratings, which rate a debtor's ability to pay back debt by making timely interest payments and the likelihood of default.

An agency may rate the creditworthiness of issuers of debt obligations, of debt instruments and in some cases, of the servicers of the underlying debt but not of individual consumers.

US-based Moody's has recently upgraded India's sovereign credit rating by a notch to 'Baa2' with a stable outlook citing improved growth prospects driven by economic and institutional reforms. The rating upgrade comes after a gap of 13 years - Moody's had last upgraded India's rating to 'Baa3' in 2004.

Hereby discussing the meaning of credit rating agencies, criteria's and implications.

Introduction

Credit ratings provide individual and institutional investors with information that assists them in determining whether issuers of debt obligations and fixed-income securities will be able to meet their obligations with respect to those securities.

Credit rating agencies (CRAs) play a key role in financial markets by helping to reduce the informative asymmetry between lenders and investors, on one side, and issuers on the other side, about the creditworthiness of companies or countries.

The debt instruments rated by CRAs include government bonds, corporate bonds, CDs, municipal bonds, preferred stock, and collateralized securities, such as mortgagebacked securities and collateralized debt obligations. The issuers of the obligations or securities may be companies, special purpose entities, state or local governments, non-profit organizations, or sovereign nations.

A credit rating facilitates the trading of securities on a secondary market. It affects the interest rate that a security pays out, with higher ratings leading to lower interest rates. Individual consumers are rated for creditworthiness not by credit rating agencies but by credit bureaus which issue credit scores.

Why needed?

Globalization in the investment market, coupled with diversification in the types and quantities of securities issued, presents a challenge to institutional and individual investors who must analyze risks associated with both foreign and domestic investments. Hence CRAs role has expanded with financial globalization they rate



organisations and help investars in assessing their worth. It has received an additional boost from Basel-II which incorporates the ratings of CRAs into the rules for setting weights for credit risk.

Criteria's for credit ratings

The critical variables that go into the assessment and rating of sovereigns, include information on:

- Macroeconomic outcomes such as economic growth.
- The state of public finances.
- The external finance situation including exchange rate management.
- Political risk.
- The performance of state institutions.

Each of the three leading rating agencies has a well-defined methodology for assigning ratings. In most instances, ratings committees vote on the rating outcomes before they are published. In most cases these committees are made up of a lead analyst, managing directors or supervisors as well as a number of junior analytical staff. Decisions are made by a simple majority of the committee. The agency's reports are also made available to the issuer for factual verification.

Moody's recent ratings

US-based Moody's has upgraded India's sovereign credit rating by a notch to 'Baa2' with a stable outlook citing improved growth prospects driven by economic and institutional reforms.

The rating upgrade comes after a gap of 13 years - Moody's hadlast upgraded India's rating to 'Baa3' in 2004.

It has been driven by some of the recent structural reforms — including the implementation of a long-delayed nationwide goods and services tax (GST), and moves to address the logiam of mounting bad loans in the banking sector through an Insolvency and Bankruptcy Code. These are expected to help ensure a healthier enabling environment to realise this potential over the longer term.

Importance of the credit rating agencies for developing countries:

- Credit rating agencies are incredibly important for developing countries for a number of reasons.
- The ratings act as a kind of moral suasion that compels developing countries to pursue more prudent and sensible monetary and fiscal policies.
- Sovereign ratings serve as an incentive for sound monetary and fiscal policies because performance on these policies forms an integral part of the rating methodologies.
- A favourable rating enables governments and companies to raise capital in the international financial market.
- Institutional investors in both the developed and developing world rely heavily on rating agencies in making investment decisions. This is because credit ratings are essentially opinions about credit risk. Ratings provide insight into the credit quality of an individual debt issue and the relative likelihood that the issuer may default.
- Fund managers often don't know enough about the risk associated with parties they're interested in. Credit rating agencies provide an opinion about the credit





quality of borrowers such as governments, corporates, financial institutions, and their related debt instruments such as bonds.

Impact of Credit Ratings

Costs and benefits of obtaining a rating:

- The primary purpose of obtaining a rating is to enhance access to private capital markets and lower debt issuance and interest costs.
- Credit rating agencies, in their role as information gatherers and processors, can reduce a firm's capital costs by certifying its value in a market, thus solving or reducing the informative asymmetries between purchasers and issuers.
- There are benefits from ratings for low income countries, namely:
 - To foster FDI.
 - To promote more vibrant local capital markets greater public sector financial transparency.
- As a result, even some sovereigns that do not intend to issue cross-border debt in the immediate future are seeking credit ratings from CRAs.

Credit rating agencies in India

Small and Medium Enterprises Rating Agency (SMERA)

SMERA a joint initiative by SIDBI, Dun & Bradstreet Information Services India Private Limited (D&B) and several leading banks in the country. SMERA is the country's first Rating agency that focuses primarily on the Indian MSME segment. SMERA has completed 7000 ratings.

CRISIL

CRISIL is the largest credit rating agency in India. It was established in 1987. The world's largest rating agency Standard & Poor's now holds majority stake in CRISIL. Till date it has rated more than 5178 SMEs across India and has issued more than 10,000 SME ratings.

CARE Ratings

Incorporated in 1993, Credit Analysis and Research Limited (CARE) is a credit rating, research and advisory committee promoted by Industrial Development Bank of India (IDBI), Canara Bank, Unit Trust of India (UTI) and other financial and lending institutions. CARE has completed over 7,564 rating assignments since its inception in 1993.

ONICRA Credit Rating Agency

ONICRA was established in 1993 by Mr. Sonu Mirchandani as a rating agency. It analyzes data and provides rating solutions for Individuals and Small and Medium Enterprises(SMEs). ONICRA has an extensive experience in operating a wide range of business processes in areas such as Finance, Accounting, Back-end Management, Application Processing, Analytics, and Customer Relations. It has rated more than 2500 SMEs.

ICRA

ICRA was established in 1991 by leading Indian financial institutions and commercial banks. International credit rating agency, Moodys, is the largest shareholder. ICRA has a dedicated team of professionals for the MSME sector and has developed a linear scale for MSME sector which makes the benchmarking with peers easier.

Conclusion

It is an undisputed fact that CRAs play a key role in financial markets by helping to reduce the informative asymmetry between lenders and investors, on one side and





issuers on the other side, about the creditworthiness of companies (Corporate risk) or countries (sovereign risk).

An investment grade rating can put a security, company or country on the global radar, attracting foreign money and boosting a nation's economy. Indeed, for emerging market economies, the credit rating is key to showing their worthiness of money from foreign investors. Credit rating helps the market regulators in promoting stability and efficiency in the securities market. Ratings make markets more efficient and transparent.



POLITICAL ISSUE

National Commission on Backward Classes



The Constitution (123rd Amendment) Bill, 2017 was introduced by the Minister of Social Justice and Empowerment to grant the National Commission on Backward Classes (NCBC) constitutional status.

The proposed Constitutional amendment bill was first introduced and passed in the Lok Sabha. The Rajya Sabha then passed the bill but with certain amendments. This resulted in two different versions of the bill being passed by the two houses. The proposal of the same was stalled in the Rajya Sabha during the last parliament

The government will reintroduce a bill to grant constitutional status to the National Commission for Backward Classes in the Lok Sabha in the forthcoming winter session.

Hereby discussing the proposed structure, functions and implications of giving constitutional status to NCBC.

Introduction

The NCBC currently plays a recommendatory role to the government on inclusion or exclusion of a community in the Central list of OBC. The proposed legislation will allow the NCBC to look at grievance redressal and safeguarding the interest of OBCs, powers that until now vested with the SC Commission.

About NCBC

Constitutional status and power of National Commission for Backward Classes:

The NCBC is a body set up under the National Commission for Backward Classes Act, 1993.

- It has the power to examine complaints regarding inclusion or exclusion of groups within the list of backward classes, and advise the central government in this regard.
- The Bill seeks to establish the NCBC under the Constitution, and provide it the authority to examine complaints and welfare measures regarding socially and educationally backward classes.

Composition and service conditions:

Under the Constitution Amendment Bill, the NCBC will comprise of five members appointed by the President. Their tenure and conditions of service will also be decided by the President through rules.



Functions:

Under the Constitution Amendment Bill, the duties of the NCBC will include:

- Investigating and monitoring how safeguards provided to the backward classes under the Constitution and other laws are being implemented.
- Inquiring into specific complaints regarding violation of rights.
- Advising and making recommendations on socio-economic development of such classes. The central and state governments will be required to consult with the NCBC on all major policy matters affecting the socially and educationally backward classes.
- The NCBC will be required to present annual reports to the President on working of the safeguards for backward classes. These reports will be tabled in Parliament, and in the state legislative assemblies of the concerned states.

Why new Bill is required?

- Under the NCBC Act, the Commission merely has the power to recommend inclusion or exclusion of communities in the OBC list. The new Bill will allow it to look into all matters regarding the welfare and development of backward classes, as well as to investigate complaints.
- Currently, the Scheduled Castes Commission, which looks into cases of atrocities against Dalits, is also in charge of hearing grievances from OBCs. The amended Bill will give the Commission powers equivalent to that of a civil court. (The Commission, which will have a Chairperson, Vice-chairperson and 3 members, will regulate its own proceedings.)

Contentious issue between Rajya Sabha and Lok Sabha

Rajya Sabha has proposed following amendments:

- One amendment sought to increase the number of members of the proposed commission from three to five with reservation for a member from a minority community and another for women.
- Another amendment was about protecting the rights of states by making their recommendations binding.

However, in defence it was clarified by the Government that the proposed constitution of the NCBC and its powers and functions is on similar lines as the National Commissions of Scheduled Castes and Scheduled Tribes, and there is no infringement of the rights of the states. The issue of ensuring diversity in the Commission is more appropriately addressed in the Rules. Therefore, the proposed amendments would only delay the process of passing the Bill.

Some objections to the bill

- Until now, the NCBC's recommendations with regard to inclusions and exclusions in the list are binding on the government. The Bill makes Parliament the final authority on inclusion of communities in the OBC list.
- Parliament will become the sole authority to grant OBC status. Thus, it will take away autonomy of states to grant OBC status to particular group as per local conditions. This may delay the process for recognition of beneficiaries of vulnerable caste.
- How the government/commission will decide on "social and educational" backwardness of any community will be important. This leaves a big door open to discretion and arbitrariness, especially during the elections.
- It could be possible to remove ceiling of 50% of the reservations provided by the Supreme Court.





- It may stop the decline of share of already included backward classes as states would not have the power to make changes in the list.
- Interestingly, the government's move comes at a time when the Jat agitation is demanding OBC status for the community.

Benefits of NCBC

- Clarity on definition of Backward Classes: A precise definition and charting out clear cut and comprehensive criteria for backward class shall infuse more clarity and plug the existing loopholes.
- Participative and Deliberative democracy: By making NCBC a Constitutional body, the decision on reservation shall not be prerogative of the government but the Parliament. This shall make decisions on reservations more participatory and deliberative.
- NCBC can play a pivotal role in attaining our **SDG** on inequality and inclusiveness.

Conclusion

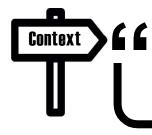
Though, NCBC is a positive step to bring vulnerable section at par with well of section, but it demands to engage all stakeholder for establishment of transparent neutral body which adopts reliable methods like SECC statics to identify beneficiaries and established under the spirit of constitutional & democratic principle to move the country towards social justice & equality.





ECONOMIC ISSUE

Critical Analysis of Bharatmala Project



Bharatmala Project, which was cleared by the Union Cabinet on October 25, 2017, is the second largest highways construction project in the country since NHDP, under which almost 50,000 km or highway roads were targeted across the country.

Introduction

Bharatmala Project is one of the biggest highway construction plan so far in the country, to develop approximately 83,677 km of roads at an investment of Rs 6.92 lakh crore by 2022.

The programme includes the Bharatmala scheme, under which 34,800 km of highways would be constructed at the cost of Rs 5.35 lakh crore. Under Bharatmala, the road transport and highways ministry will construct 9,000 km of economic corridors across the country.

Components of Project

- Economic Corridors: Identified Highways Corridors of Economic importance are expected to carry 25% of freight in the coming years. Once built, the National and Economic corridors along with their inter-corridor and feeder routes would be able to carry 80% of our freight traffic. Around 26,200 km of Economic corridors have been identified to be developed as Economic corridors out of which 9,000 kms are being taken up in Phase-I of Bharatmala.
- Inter-corridor and feeder roads to National and Economic Corridors: Around 8,000 km of inter-corridor and around 7,500 km of feeder routes have been identified out of which 6,000 kms are being taken up in Phase-I of Bharatmala.
- National Corridors Efficiency Improvement: The Golden-Quadrilateral and NS-EW, corridors carry 35% of India s freight and would be declared as National corridors. The average traffic in the 6 national corridors is >30,000 PCU. The 6/ 8 laning of these corridors would be done as per need. The National Corridors have developed choke points impacting logistics efficiency. There is a requirement to build Ring Road and bypasses/ elevated corridors in addition to lane expansion to decongest these National Corridors. Further, Logistics Parks would also be developed at strategic locations to enhance logistics efficiency. A list of such identified locations of Logistics Parks is attached. Around 5,000 kms are being taken up under this category in Phase-I of Bharatmala.
- Border and International connectivity roads: Around 3,300 km of border roads have been identified to be built along the international border for their strategic importance. Around 2,000 km of roads are required for connecting India s major highway corridor to International trade points so as to facilitate Export-Import (EXIM) trade with our neighbors: Nepal, Bhutan, Bangladesh and Myanmar.



Around 2,000 kms are being taken up under this category in Phase-I of Bharatmala.

- Coastal and Port connectivity roads: Around 2,100 km of coastal roads have been identified to be built along the coast of India. These roads would boost both tourism and industrial development of the coastal region. Around 2,000 km of port connectivity roads have been identified to facilitate EXIM trade with an emphasis to improve connectivity to non-major ports. The roads identified have been synergized with the Sagarmala program. Around 2,000 kms are being taken up under this category in Phase-I of Bharatmala.
- Green-field expressways: Certain sections of National and economic corridors have traffic exceeding 50,000 PCUs and have also developed several choke points. About 1,900 km of these stretches have been identified for development of green-field expressways. Around 800 kms are being taken up under this category in Phase-I of Bharatmala.

Objectives of Bharatmala project

- Bharatmala will **improve connectivity** particularly on economic corridors, border areas and far-flung areas with an aim of quicker movement of cargo and boosting exports.
- The project is expected to create nearly 22 million jobs as a result of the increased economic activity across the country.
- The newer roads are expected to increase the speed of vehicles and decrease supply chain costs from the current average 18 percent to six percent.
- Bharatmala will **bring down logistics cost**, impacting exports and investment.
- It will solve issues related to traffic congestion, seamless cargo movement across ports and border area connectivity.
- Special attention has been paid to fulfill the connectivity needs of backward and tribal areas, areas of economic activity, places of religious and tourist interest, border areas, coastal areas, port areas and trade routes with neighboring countries under the programme. It has been designed to bridge the gaps in the existing highways infrastructure so as to make the movement of man and material more efficient.
- The project assumes immense strategic significance. Upon project completion of road network, the armed forces will be able to easily access and traverse border areas. Supply of troops as well as military transportation will be faster and smoother due to good condition of roads.
- Country can expect better trade opportunities with neighboring countries.
- By constructing a national road spanning the eastern and western borders of India, the connectivity with backward and sensitive border areas will drastically improve. This will in turn spur huge scale development; bring urbanization and real estate growth.
- By eliminating railway crossing, Railway over Bridges (ROBs)/Railway under Bridges (RUBs) will ensure faster road vehicular and train movement and also reduce accidents.
- The project upon successful completion will be a **national asset** and this outstanding achievement will be appreciated all over the world.

Challenges

Problems of funding: Cost of Bharatmala project is Rs 5.35 lakh crore. Government plans to get Rs 2.37 lakh crore from the central road fund, Rs 2.05





lakh crore as market borrowing, Rs 34,000 crore from monetization of highway projects and Rs 60,000 crore through budgetary allocation. Market borrowings and budgetary allocation will put extra stress on exchequer.

- Operationalissues such as land acquisition: Due to unclear Land Acquisition and rehabilitation resettlement law the inability to acquire land has been a massive problem for National Highway Authority.
- According to NHAI, the government has constructed national highways of 8,231 km in FY17 against the set target of 15,000 km at 22.55 km per day against the target of about 40 km owing to delays in land acquisition and other statutory framework.
- Problem of clearances: Number of environmental and non-environmental clearances are required for Highway projects. Environmental Impact Assessment and Social Impact Assessment are important to do for various clearances for various ministries. This delay the project.
- Fuel/ feedstock/ raw material supply problem: Huge raw material is required, but limited quarrying and feedstock capabilities may hamper road projects.
- **Timely redressal** of disputes by establishing a regulator is also crucial before undertaking such a large-scale project because of possible arbitration issues.
- **Lack of promoter interest**: Big construction companies such as Larsen & Toubro, GMR and GVK have been missing from auctions for highway projects.
- Unfavorable market condition: India GDP growth rate slowed to 5.7% in first quarter of 2017-18. Thus investments has decreased.

Solutions

- Government will have to **improve its execution skills** manifold by working closely with state governments.
- A slew of measures such as enhancement of approval limit of projects by the NHAI to Rs. 2,000 crore from Rs. 1,000 crore, increase in compensation rates to farmers under the new land acquisition policy and digitalization of land acquisitions would expedite projects under Bharatmala.
- To include Private sector in the Participation, the government needs to draw a definitive road map for timely completion, fund mobilization as well as streamline other bottlenecks in the form of land acquisition.
- Single window clearances for environmental and non-environmental, will improve confidence of investors.
- In order to speed up the process of approvals, the government has to empower National Highways Authority of India to approve all engineering, procurement and construction projects.
- Special infrastructure related Redressal and Arbitration cell or tribunal will enhance grievances redressal mechanism.
- Capacity building of indigenous companies will able to make participate in large infra projects like Bharatmala.

Conclusion

Transport infrastructure forms the backbone of a country's economy and provides a vital linkage between consumers and producers. This will benefit mountainous and remote areas where connectivity and economy activity is low. Bhartamala project is one step towards the progress of nation.





ECONOMIC ISSUE

Electric Vehicle Sector and Future Prospects



Union Minister of State has recently announced that only electric vehicles (EVs) will be sold in India from 2030, personal and commercial. While the transformative push for electric vehicles has become a cause célèbre for India and the world, it presents challenges along with opportunities.

Hereby discussing the opportunities, challenges associated with it.

Introduction

An electric vehicle (EV), also referred to as an electric drive vehicle, is a vehicle which uses one or more electric motors for propulsion. Electric vehicles can include electric cars, electric trains, electric trucks, electric Lorries, electric airplanes, electric boats, electric motorcycles and scooters, and electric spacecraft.

An electric car is an alternative fuel automobile that uses electric motors and motor controllers for propulsion, in place of more common propulsion methods such as the internal combustion engine (ICE).

Why Electric vehicles are Our Future?

- Electric vehicles are inherently more efficient than internal combustion engine (ICE) (about 75% vs. 25%) due to minimization of heat losses and inertial losses of various kinds.
- Electric vehicles are **greener than** gasoline-powered cars.electric car would result in a 30% reduction in carbon dioxide emissions.
- Electric vehicles can be powered by electricity produced from multiple energy sources.
- Running cost and maintenance cost is less.
- Electric cars produces much less roadway noise as compared to the vehicles propelled by internal combustion engine. It will help in fulfilling our INDC **2030 goals** (cutting CO2 emissions in GDP by 33-35%).
- Shift towards EVs will help cut oil imports (already India has set targets to cut oil imports by 10% by 2022).
- Creation of Industries and Infrastructure will create jobs in India.

Does electrical car have bright future in India?

Experts predicting strong sales growth: As per the data available, around 42000 electric vehicles were sold in 2012-13 and nearly 20000 hybrid and electric vehicles were sold in 2013-14.



- Battery costs are dropping fast: More and more, scientists, industry experts, and automakers are in agreement that battery prices are headed below the magic \$150 per kilowatt-hour in the next decade.
- Longer range, affordable electric cars are coming: Longer-range, affordable electric cars that operate solely on electricity and are capable of traveling 200 miles on a charge, are coming to showrooms.
- Auto industry is embracing EVs: Car makers are investing billions of dollars to bring more electric vehicle models to market.

Challenges for Electrical vehicles

- **Limited resource:** Resources are confined to 9 countries while 95% global lithium production forms China, Argentina, Chile, and China.
- Surge in pricing: Limited supply with increased demand in near future might create monopoly of some countries.
- Lack of R&D: To ensure affordability of EVs, increase range covered in single recharge and enhances battery recharging techniques to be developed, which we are lacking at present.
- Lack of infrastructure such as battery charging stations, improper grid connectivity, etc.
- Electric vehicles manufacturing still in nascent stage in India.

Solutions

- Diversifying supply risks through Preferential Trade Agreement (PTA) with other supplying countries like Chile, incentivizing domestic companies to acquire overseas assets.
- Tax Incentives for EV vehicle & public transport buses as they are feasible for short within city trips as EV cost initially would be high.
- Robust Charging Infrastructure especially within cities.
- Investment in R&D to reduce cost of EV battery production and recharging efficiency.
- Aligning National Electric Mobility Mission Plan [Government of India launched the National Electric Mobility Mission Plan (NEMMP) 2020 in 2013. It aims to achieve national fuel security by promoting hybrid and electric vehicles in the country.] Sales target for EV with present goal to create sense of urgency.
- Efficient procurement of lithium batteries, reuse and recycle technics to be developed.

Government's steps to enhance electrical vehicle ecosystem in India

- Government of India launched the National Electric Mobility Mission Plan (NEMMP) 2020 in 2013. It aims to achieve national fuel security by promoting hybrid and electric vehicles in the country. There is an ambitious target to achieve 6-7 million sales of hybrid and electric vehicles year on year from 2020 onwards. Government aims to provide fiscal and monetary incentives to kick start this nascent technology. With the support from the Government, the cumulative sale is expected to reach 15-16 Million by 2020.
- Fame India Scheme: Government of India launched FAME IndiaScheme [Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles in India] with the objective to support hybrid/electric vehicles market development and Manufacturing eco-system. The scheme has 4 focus areas i.e. Technology development, Demand Creation, Pilot Projects and Charging Infrastructure.





Comparison with China ad USA

- China and the U.S., which have ambitious electric mobility targets, are way ahead in the race to secure lithium supplies. China, with the second largest reserves of lithium, is making strategic moves to control the majority of international lithium mining assets. China's Tianqi Lithium holds a majority share in the expansion of the Talison Lithium plant in Australia, which would make it the single largest producer of lithium globally upon completion. Also, its equity investors are planning to buy stakes in Chile's lithium mining companies.
- Similarly, U.S.-based lithium mining companies have already secured mines in Chile and also hold significant shares in several upcoming mining projects in Australia. Tesla, which plans to manufacture half a million EVs annually by 2020, is investing in R&D to reduce supply risks. It has partnered with Pure Energy Minerals to extract high-purity metal from Nevada, using radically different and cost-efficient production technology.
- In order to avoid a scenario like the one that played during the oil crises of the 1970s and the price shocks of 1980s and 2000s, it is imperative that India secure mineral supplies for its domestic industry by acquisition of overseas assets such as mineral reserves and the associated production.
- India has long-term trade relations with lithium-producing countries in Latin America through preferential trade agreements (PTAs). A recent extension of the PTA with Chile provides India some tariff concessions for lithium carbonate imports. India needs to further diversify the supply risk by including lithium in existing PTAs or establishing new PTAs with other lithium-producing countries. However, the move will only enable and not ensure risk-free mineral supplies to India.

Way forward

- Governments and local authorities should implement the policies for reaping the benefits of EVs.
- Signs of continuing improvements in technologies currently being researched confirm that these trends will continue and that they will further improve performance and narrow the cost competitiveness gap between electric and ICE vehicles.
- India must focus on creating a vibrant battery research and development ecosystem domestically. Currently, the domestic battery market is largely dominated by lead-acid battery technologies. Research should focus on developing alternative technologies containing minerals with low supply risks and battery recycling techniques to recover associated minerals and materials. Recycling lithium batteries present in the waste stream will significantly reduce the burden in procuring fresh resources.

Conclusion

With schemes like National Mobility Mission Plan and FAME India government is on the right course to achieve the target. Make in India, Smart City Mission, Skill India Mission, National Mineral Exploration Policy can also be used to multiply the benefits provided by the NEEMP and FAME India plans.





GOVERNANCE ISSUE

Draft Witness Protection Scheme



Supreme Court has asked the Centre and state governments to ensure that witnesses in sensitive and high-profile cases are not harmed.

It has asked the Ministry of Home Affairs (MHA) to draft programme for witness protection and asked Attorney General K K Venugopal to give his suggestions on the issue.

Hereby discussing the concept of witness protection scheme and its implications.

Introduction

A witness is a person who possesses relevant information to criminal proceedings about which he or she has given or is about to give testimony. The testimony may be out of free will or under some compulsion; and it can be oral or written.

Expressing concern over the increasing cases of witnesses being murdered, the Supreme Court has directed the Centre to draft a scheme for witness protection in the country on the lines of provisions mentioned in the National Investigation Agency (NIA) Act.

The apex court has also asked all the states to file their reply on the issue of implementation of their respective witness protection programme within six weeks.

Background

The issue of the witness protection programme had cropped up when the apex court was hearing a PIL seeking protection for witnesses in rape cases involving self-styled preacher Asaram Bapu and instances of attacks and disappearances of witnesses in cases against Asaram.

The apex court has asked the petitioners, who are witnesses in case related to Asaram, to implead all the states as party on the issue of witness protection programme. It has questioned why till now, the states have not formulated any witness protection programme.

Section 195 A of the Indian Penal Code deals with witness protection and witnesses can seek help from the authorities under this provision. All other countries like USA, Canada, New Zealand, China and the UK have special teams or programmes for witness protection, but not in India. Turning of witness as hostile due to fear or bribe is one of the biggest reason for low conviction rate in India.

Importance of witness protection:

The importance of a witness can be gauged from the observation of Supreme Court in the Himanshu Singh Sabharwal vs. State of Madhya Pradesh and Ors.





2008 case, whereby the court observed that witnesses are the eyes and ears of the justice system and when a witness is threatened or killed or harassed, it is not only the witness who is threatened but also the fundamental right of a citizen to a free and fair trial is vindicated.

- Protection of the witness is the duty of the state and when state fails to protect a witness, it actually fails to uphold the national motto - "Satyamev Jayate".
- Similarly, in the Neelam Katara versus Union of India case, SC observed that the edifice of administration of justice is based upon witnesses coming forward and deposing without fear or favour, without intimidation or allurements in court of law.
- If witnesses are intimidated or allured, the foundation of administration of justice gets weakened and even obliterated.

Progress on Witness Protection Law in India so far:

- The 14th Report of the Law Commission (1958) had addressed the inadequate arrangements for witnesses and recommended some travel allowances and facilities for witnesses. The report said that if the witness is not taken care of, he or she may develop an attitude of indifference to the question of bringing guilty to justice.
- The 4th National Police Commission (1980) report which said that while a prisoner suffers from some act, witness suffers for no fault of his own. The report advocated removing inconveniences/handicaps and also a daily allowance payable to witnesses for appearance in the Courts.
- The Law Commission in its 178th report, 2001 addressed the issue of preventing witnesses turning hostile. This report suggested that Police should take precautions during investigations to prevent prevarication by witnesses when they are examined.
- The most significant recommendation of this report was to amend the Code of Criminal Procedure, 1973 and insert a new section 164-A which would to provide for recording of the statement of material witnesses in the presence of Magistrates where the offences were punishable with imprisonment of 10 years and more.
 - On the basis of this recommendation, the Criminal Law (Amendment) Bill, 2003 was introduced to make it mandatory to record statement before a Magistrate where the sentence for the offence could be seven years or more.
- The Justice Malimath Committee on Reforms of Criminal Justice System also addressed the issue and said that a law should be enacted for giving protection to the witnesses and their family members on the lines of the laws in USA and other countries.
- The 198th report of Law Commission most elaborately addressed the issue covering various aspects such as Witness Identity Protection v. Rights of accused, Witness Protection Programmes on the lines of existing laws in New Zealand and Portugal.

On the basis of the 198th report and the proposed 'witness identity protection and witness protection programme', a bill was prepared towards witness protection.

Reasons for the introduction of the scheme:

- Witnesses Dying In High-Profile Cases:
 - Take the charge of rape against Asaram Bapu, levelled by two sisters in Surat. The self-styled godman is in jail but his reach perhaps goes beyond the writ of law.





Earlier in June 2014, Amrut Prajapati, a former Asaram aide and a witness was shot dead. Another witness, Dinesh Bhavchandani was the victim of an acid attack at a Jodhpur court this year.

Witnesses Who Kill Themselves:

Even when they don't pay with their lives, they are often intimidated, abducted, or maimed. Sometimes they commit suicide or change their minds under pressure and coercion.

Challenges

- Since police and public order are State Subjects under the seventh Schedule to the Constitution, the state governments are responsible for witness protection also.
- At the same time, the criminal law and criminal procedure are under concurrent list, so best the Central government can do is amend those laws to the extent of its jurisdiction.
- The witness protection programme would incur huge expenditures which shall be paid by the states. Most states are reluctant in India to incur expenditures on such things.

Witness Protection Laws around the world:

- Witness protection laws are not in all countries, however, in most countries, the local police may provide some kind of protection when needed.
- A few countries where there are proper witness protection laws include Canada (Witness Protection Program Act), Ireland (Witness Security Programme), Israel (witness protection law and authority), Italy (Central Protection Department), UK (United Kingdom Protected Persons Service), Thailand (Witness Protection Office); United States (Federal Witness Protection Program) etc.

Conclusion

Witnesses are not only victims of crimes many times, they are also the most vulnerable, the most helpless and the most neglected lot. They require physical, emotional and financial protection. Deposition of every witness of substance must be taken as quickly as possible so that his life and the quality of evidence are not compromised.





SOCIAL ISSUE

Eradication of Child Labour may Create Job for Youths



Children are future citizens of the Nation and their adequate development is utmost priority of the country. Unfortunately, child labor engulfs children across the world in the meager jobs and hamper their growth and development as an individual.

Further Millions of job opportunities could be created for the unemployed if child labour was eradicated across the world, said Nobel laureate and children's rights activist Kailash Satyarthi.

Hereby discussing the issue of child labour, their link with youth employment and steps needed.

Introduction

The term "child labor" is often defined as work that deprives children of their childhood, their potential and their dignity, and that is harmful to physical-mental development. It refers to work that is mentally, physically, socially or morally dangerous and harmful to children, and interferes with their schooling by depriving them of the opportunity to attend school, obliging them to leave school prematurely or requiring them to attempt to combine school attendance with excessively long and heavy work.

Indian population has more than 17.5 million working children in different industries, and incidentally maximum are in agricultural sector, leather industry, mining and match-making industries, etc.

Emphasising the need for eradicating child labour, Mr. Satyarthi said, "Across the world there are 218 million child labourers including 152 million children who do full-time jobs. At the same time, globally there are 210 million young people who are iobless.

If the child labour is eradicated, about 210 million jobs can be created for adults.

Forms of Child Labour

- Children are employed in both formal and informal sectors. Among the occupations wherein children are engaged in work are construction work, domestic work and small-scale industries.
- Agriculture is not only the oldest but also the most common child occupation worldwide.
- Some of the industries that depend on child labor are bangle-making, beedimaking, power looms and manufacturing processes. These industries use toxic metals and substances such as lead, mercury, manganese, chromium, cadmium, benzene, pesticides and asbestos.



Demography of child labour

- In India, millions of children are forced into child labor due to poverty, high illiteracy rates due to lack of education, unemployment, overpopulation, etc.
- As reported by Save the Children, children between the ages of 14–17 years engage in hazardous work and account for 62.8% of India's child labour workforce in which more boys than girls (38.7 million vs. 8.8 million) are forced into doing more hazardous work.
- Delhi, the capital of India, has over 1 million child labourers. Other leading states with similar figures include Bihar, Rajasthan, Maharashtra, Madhya Pradesh and Uttar Pradesh.

Causes of the Child Labour

- Poverty is the biggest cause of child labour.
- In rural and impoverished parts of developing and undeveloped parts of the world, children have no real and meaningful alternative. Schools and teachers are unavailable. Child labour is the unnatural result.
- Parents with limited resources have to choose whose school costs and fees they can afford when a school is available. Educating girls tends to be a lower priority across the world, including India. Girls are also harassed or bullied at schools, sidelined by prejudice or poor curricula. Solely by virtue of their gender, therefore, many girls are kept from school or drop out, then provide child labour.
- India has rigid labour laws and numerous regulations that prevent growth of organised sector where work protections are easier to monitor, and work more productive and higher paying.
- The unintended effect of Indian complex labour laws is the work has shifted to the unorganised, informal sector. As a result, after the unorganised agriculture sector which employs 60% of child labour, it is the unorganised trade, unorganised assembly and unorganised retail work that is the largest employer of child labour.

Child labour and Youth unemployment: two sides of same coin

The effects of child labour and youth unemployment are well-documented: both can lead to social vulnerability and societal marginalisation, and both can permanently impair productive potential and therefore influence lifetime patterns of employment and pay.

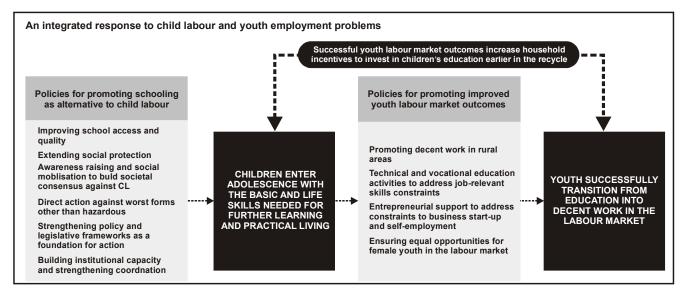
Causes for child labour include both the demand and the supply side. While poverty and unavailability of good schools explain the child labour supply side, they suggest that the growth of low paying informal economy rather than higher paying formal economy called organised economy in India is amongst the causes of the demand side. However, Youth employment challenges are exacerbated by a lack of jobrelevant skills. More education is nonetheless clearly correlated with ultimately better employment outcomes.

Both of them as related. Youth employment outcomes are typically worst for former child labourers and other early school-leavers, groups with the least opportunity to accumulate the human capital needed for gainful employment. Indeed, today's jobless or inadequately employed youth are often yesterday's child labourers. The link between child labour and labour market outcomes can also operate in the other direction: the poor labour market prospects of youth can reduce the incentive of households to invest in education earlier in the lifecycle. The child and youth populations also overlap - young person's above the minimum age of employment but below the age of majority are still legally children and therefore need to be protected from child labour.





Responding to child labour and youth employment concerns



Child labour and youth employment are closely linked, underscoring the importance of addressing the two issues hand in hand, following a lifecycle approach. A set of child centred policies are needed to promote schooling as an alternative to child labour, and, following from this, to ensure that children enter adolescence with the basic and life skills needed for further learning and practical living.

This foundation is in turn crucial to the success of active labour market policies for promoting improved youth employment outcomes, and to ensuring that youth successfully transition from education into decent work in the labour market. This causal chain can also work in the opposite direction: successful youth labour market outcomes can increase household incentives to invest in children's education earlier in the lifecycle.

Steps needed

- Child labour is a complex phenomenon requiring a policy response that is comprehensive cross-sectoral in nature.
- Awareness raising and social mobilisation are critical to building a broad-based consensus for change, to engaging civil society and social partners in achieving change.
- Education is a very important part of development. Children who are drawn to child labor are basically driven because of economic deprivation, lack of schooling and engagement of family for daily needs. Studies have found low enrollment with increased rates of child employment.
- Schools are the platform for early intervention against child labor, as it restricts their participation in menial jobs. Hurdles in this approach are economic reasons. Unless economic change is brought about, the children will not be able to attend the school.
- According to the International Labour Organisation (ILO), there are tremendous economic benefits for developing nations by sending children to school instead of work. Without education, children do not gain the necessary skills such as English literacy and technical aptitude that will increase their productivity to enable them to secure higher-skilled jobs in future with higher wages that will lift them out of poverty.

www.iasscore.in



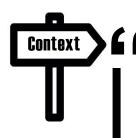
Conclusion

The child labour can be stopped when knowledge is translated into legislation and action, moving good intention and ideas into protecting the health of the children. The endurance of young children is higher and they cannot protest against discrimination. Focusing on grassroots strategies to mobilize communities against child labour and reintegration of child workers into their homes and schools has proven crucial to breaking the cycle of child labour. A multidisciplinary approach involving specialists with medical, psychological and socio-anthropological level is needed to curb this evil.



ECONOMIC ISSUE

Report on Corporate Governance



The Uday Kotak-led SEBI committee on corporate governance submitted its report, recommending a slew of changes in corporate governance norms.

Hereby discussing the concept of corporate governance, its significance in the organization and recommendations of the committee.

What is Corporate Governance?

Corporate governance is: Set of rules that define the relationship between stakeholders, management, and board of directors of a company and influence how that company is operating. At its most basic level, corporate governance deals with issues that result from the separation of ownership and control. But corporate governance goes beyond simply establishing a clear relationship between shareholders and managers". "Corporate governance involves a set of relationships between a company's management, its board, its shareholders and other stakeholders. Corporate governance also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined."

Thus, the key aspects of good corporate governance include transparency of corporate structures and operations; the accountability of managers and the boards to shareholders; and corporate responsibility towards stakeholders.

While corporate governance essentially lays down the framework for creating longterm trust between companies and the external providers of capital, it would be wrong to think that the importance of corporate governance lies solely in better access of finance.

Benefits of maintenance of Corporate Governance

Companies around the world are realizing that better corporate governance adds considerable value to their operational performance in the following ways:

- It improves strategic thinking at the top by inducting independent directors who bring a wealth of experience, and a host of new ideas.
- It rationalizes the management and monitoring of risk that a firm faces globally.
- It limits the liability of top management and directors, by carefully articulating the decision making process.
- It assures the integrity of financial reports.
- It has long term reputational effects among key stakeholders, both internally and externally.



- Improving access to capital and financial markets.
- Help to survive in an increasingly competitive environment through mergers, acquisitions, partnerships, and risk reduction through asset diversification.

The Benefits to Shareholders

- Good CG can provide the proper incentives for the board and management to pursue objectives that are in the interest of the company and shareholders, as well as facilitate effective monitoring.
- Better CG can also provide Shareholders with greater security on their investment.
- Better CG also ensures that shareholders are sufficiently informed on decisions concerning fundamental issues like amendments of statutes or articles of incorporation, sale of assets, etc.

Recommendations of Uday Kotak-led SEBI committee

Chairman of the board cannot be the MD or CEO of a company: The chairman of the board cannot hold the post of either MD or CEO in the company. This will impact a lot of companies, including major ones like Adani Ports & SEZ, Hindustan Petroleum Corporation, NTPC, ONGC, and Power Grid Corporation of India, among others, who have the same person holding the posts of both Chairman and MD.

The companies having a CMD or Chairman and CEO will now have to chose between retaining the person in either role and finding another to fill the vacancy. Industry experts have suggested that companies might opt to appoint a nonexecutive chairman and retain the incumbent chairman as the MD or CEO.

To be sure, a person cannot be Chairman and MD or CEO at the same time. He/ she could, however, be MD and CEO at the same time without being Chairman.

- Board of directors to have at least one woman independent director: Just to clarify, this rule is in addition to the existing requirement of having at least one woman director on the board. If this recommendation was to be implemented, companies would have at least one woman director and one woman as independent director.
- Board of directors to have a minimum of six directors: The board of directors of a company must have at least six directors. This is double the previous requirement of having at least three directors on the board of a public company.
- Independent directors to make up 50 percent of the board: At least half the directors on the board will have to be independent directors to ensure better governance. The panel has recommended a minimum remuneration of Rs 5 lakh a year for independent directors and a sitting fee of Rs 20,000 to Rs 50,000 for each board meeting. It has also recommended that for the top 500 companies by market capitalisation, it should be compulsory to undertake Directors and Officers Insurance for their independent directors.
- Audit committee to review use of loans or investment of more than Rs 100 crore by a holding company in a subsidiary: The audit committee of any parent or holding company that has invested or lent Rs 100 crore or more to a subsidiary will be responsible to review the use of those funds by the subsidiary. This is to ensure more transparency on the use of funds and to keep an eye on any roundtripping of funds.
- **SEBI to penalise auditors if any lapses are found:** SEBI will have the right to pull up auditors for any lapses in corporate governance norms and penalise them for the same. This will ensure diligent auditing of company processes and funds.





Directorship in listed entities to be limited to 8 per person: A director in a listed company can be a director on the board of only 7 other companies.

In addition to these, the committee also recommended that a formal induction be made compulsory for every new independent director on the board, that no person be appointed an alternate director for an independent director of a listed company, and that the number of board meetings a year be increased from one every quarter to five a year, among others.

Apart from making these recommendations to SEBI, the Uday Kotak-led panel also said that the regulator is severely understaffed and recommended increasing employee capacity at the regulator to ensure better governance and enforcement of norms.

The committee also recommended imposing more checks and balances on royalty and brand payments, related-party transactions and sharing on information between the company management and entities that are not a part of the board, and creation of an independent shareholding structure for listed public sector undertakings so as to reduce their dependency on administrative ministries.

The creation of a formal channel to facilitate sharing of information between promoters and the company, disclosure of all rating actions by companies, and mandating a minimum qualification for independent directors were some of the other recommendations made by the corporate governance committee.

Critical analysis

- **Recommendation related to Women directors:** The mandate on the woman director may see a flood of promoters' wives, sisters and daughters suddenly deemed qualified to sit in boardrooms. Already wives of influential IAS officers sit on boards of companies.
- **Recommendation on remuneration of independent directors:** Currently, there is no Sebi rule on remuneration of independent directors in listed firms and companies adhere to norms laid down in Companies Act. The panel suggested that independent directors should be paid at least Rs5 lakh a year for top 500 firms and the minimum sitting fees per board meeting for these directors should be Rs 50,000 for the top 100 firms.

According to Prime Database, in 2016-17, considering only those independent directors who were on boards from 1 April 2016 till 31 March 2017 (excluding all mid-year appointments and cessations), in 3,755 of the 5,686 independent directorship positions (or 66 %), remuneration for independent directors was below Rs5 lakh. In case the requirement suggested by the Sebi panel was there in 2016-17, an additional Rs132.63 crore would have to be paid to independent directors by corporate India.

- Recommendation on resignation of Independent directors: MCA has opposed the panel's suggestion that listed firms mandatorily disclose resignation of independent directors and the reasons thereof. MCA has argued that if this proposal is accepted, clarity will be required as to what will be the consequence of saying there was no material reason for resignation, when there was actually a material reason.
- Recommendation related to number of board members: The panel recommended raising the minimum number of directors in listed firms from three to six. The MCA opposed this proposal, saying this will increase costs for companies. The overall structure of the board would be enlarged under the proposed changes, with a minimum of six board members as mandated now.



This is still fewer directors than found in the boardrooms of most globally-listed companies. But given the growing workload and committee structures of large firms, it is needed for proper board business. The Ministry of Corporate Affairs has already opposed these changes, noting that 256 National Stock Exchange listed companies will need to increase the size of their boards.

Conclusion

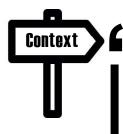
Overall, the recommendations of the Kotak committee will enhance transparency and effectiveness in the way boards of listed companies function. Since some of the proposed changes are structural in nature, it has provided timelines for implementation. However, effective implementation and regulation remains an issue. The securities market regulator will need to develop capabilities to be able to regulate listed companies more effectively and protect the interests of small shareholders.

Their implementation will require fundamental changes on multiple fronts. But overall, they should bring reforms that will strengthen India's corporate governance and increase international investment prospects.



INTERNATIONAL ISSUE

Rohingya Repatriation Deal Signed



The governments of Bangladesh and Myanmar has signed an agreement on November 23, 2017 to repatriate the Rohingya.

Bangladesh Foreign Minister AH Mahmood Ali and Myanmar Union Minister Kyaw Tint Swe signed the bilateral instrument "Arrangement on return of displaced persons from Rakhine State" on behalf of the respective governments in Myanmar's capital Naypyidaw.

Hereby analysing the salient features of the deal and implications of it.

Introduction

An estimated 615,000 Rohingya refugees have fled across the border into Bangladesh since August 25 when a new outbreak of violence began between the Myanmar military and armed militants in Rakhine state.

Thus to meet the challenge, Bangladesh and Myanmar have signed a deal for the return of hundreds of thousands of Rohingya refugees, who have taken shelter in the border town of Cox's Bazar after a brutal crackdown by the military.

Under the deal, the repatriation process is expected to begin in two months. The two countries, however, agreed to form a joint working group at the Foreign Secretarylevel to start the repatriation process.

The basic conditions of the agreement come from an older repatriation deal signed by both parties in 1992. Myanmar insisted on adhering to the conditions of the 1992 agreement.

The deal was based on a 1992/93 repatriation pact between the two countries that followed a previous spasm of violence.

The agreement comes after Myanmar's de facto leader Aung San Suu Kyi met Bangladesh's foreign minister to resolve one of the biggest refugee crisis of modern times.

About Rohingya Issue

Who are Rohingyas?

- Rohingya is ethnic Muslim minority group, largely comprising Muslims living primarily in Myanmar's western Rakhine state.
- They differ from Myanmar's dominant Buddhist groups religiously, ethnically and linguistically.



- They practice a Sufi-inflected variation of Sunni Islam.
- They speak Bengali dialect, as opposed to commonly spoken Burmese language in Myanmar.

What is their status?

- Myanmar considers Rohingya's as illegal Bengali immigrants, despite fact that many they have resided in Rakhine province of Myanmar for centuries.
- Myanmar government even refuses to grant them citizenship status, and as a result they do not have any legal documentation, effectively making them stateless.
- They are restricted from freedom of movement, state education and civil service jobs.
- The stateless Rohingya have been the target of communal violence and vicious anti-Muslim sentiment in mainly Buddhist Myanmar for years.
- They have also been systematically oppressed by the government, which stripped the minority of citizenship and severely restricts their movement, as well as their access to basic services.

Human rights violation

- Before August, there were already around 307,500 Rohingya refugees living in camps, makeshift settlements and with host communities, according to the UNHCR.
- Most Rohingya refugees reaching Bangladesh men, women and children with barely any belongings - have sought shelter in these areas, setting up camp wherever possible in the difficult terrain and with little access to aid, safe drinking water, food, shelter or healthcare.
- Of the 537,000 refugees who have arrived since August 58% are are children, while 60% of the adults are women.

Details of the Deal

- Initially, only the Rohingya, who have fled to Bangladesh after October 2016, will be sent back. Rohingya's who have been living since before the October 2016 Rohingya crisis will be sent back later.
- According to the terms, the repatriation will require proof of residency in Myanmar.
- The agreement refers to the Rohingya as "displaced Myanmar residents."
- They will have to produce copies of documents issued in Myanmar which indicate they are residents of Myanmar. This extends to, but is not limited to, citizenship identity cards, national registration cards, temporary registration cards, business ownership documents, school attendance, etc.
- Any refugee documentation issued by the United Nations High Commission for Refugees (UNHCR) will also be subject to similar verification.
- A joint working group is to be established within three weeks of signing to oversee the repatriation process. The process has to commence within two months after the signing. Both governments have agreed not to develop or implement any policy which may discriminate against any particular community and/or violate universally agreed principles on human rights.
- Myanmar has also agreed to not prosecute or penalize any of the repatriated for illegal exodus and return, unless they are found to be specifically involved in terrorist or criminal activities.





- After the repatriation, both governments will not provide residency or citizenship to any illegal immigrants.
- The Myanmar authorities will keep the Rohingya's in temporary camps near to their abandoned homes after they returned to their country.
- The minister noted the agreement is legally binding, but greatly depends on the sincerity of both governments to implement it successfully.
- Bangladesh suggested Myanmar to take help from India and China on building the makeshift camps for Rohingya's as the two countries have experience on it.

There has been widespread condemnation of the Myanmar government's actions

- The UN Security Council appealed to Myanmar to stop the violence but no sanctions have been imposed.
- The US urged Myanmar's troops to respect the rule of law, stop the violence and end the displacement of civilians from all communities".
- China says the international community "should support the efforts of Myanmar in safeguarding the stability of its national development".
- Bangladesh plans to build more shelters in the Cox's Bazar area but also wants to limit their travel to allocated areas.
- Myanmar urged displaced people to find refuge in temporary camps set up in Rakhine state but hadded that Myanmar would not be able to allow all those who fled to Bangladesh to return.
- The UK Disasters Emergency Committee launched an appeal for funds to help the refugees and their overstretched host communities. UK Prime Minister Theresa May also said the military action in Rakhine had to stop. The UK has suspended training courses for the Myanmar military.

Concern

Rights groups have raised concerns about the process, including where the minority will be resettled after hundreds of their villages were razed, and how their safety will be ensured in a country where anti-Muslim sentiment is surging.

Conclusion

Bangladesh has always preferred problem-resolution with its neighbours through dialogue and negotiations. Thus the Arrangement signed between Bangladesh and Myanmar is a positive development. The success of the Arrangement depends on how effectively the repatriation is completed within a specific timeframe.





GOVERNANCE ISSUE

Significance of Teachers for **Sound Education System**

Recently at National Award to Teachers - 2016, the Vice President of India has said that "India was once known as 'Vishwa Guru' with people from across the globe flocking to our ancient seats of learning like Nalanda and Takshashila." Today we need teachers who have the required competence, confidence and commitment to make a difference to the educational landscape of our country.

The teachers, are the 'Bharata Bhagya Vidhatas' (shapers of India's development) and they are dedicating their time and energy to shape individuals for creating New India. They have a formidable responsibility for India to achieve 100% literacy in next five years.

Present Situation in India

- According to the Right to Education (RTE) Act, the ideal Pupil-Teacher Ratio (PTR) required for the primary classes is about 30:1. This should be 35:1 for the upper primary classes. But according to Ministry of Human Resource Development the actual PTR is 24:1 & 27:1 in the primary and upper primary classes respectively.
- In India at the Elementary level, 17.51% posts for government teachers was vacant and for Secondary level, 14.78% posts are vacant.
- A report on single-teacher schools tabled in parliament last year revealed that more than 1 lakh schools in India were being run with only one teacher on board to teach all the enrolled students.
- India not only lacks the required number of teachers, it also lacks teachers with proper training to deal with the children who come from diverse backgrounds.
 - While on the outset, the solution to these problems is recruiting more teachers, the solution is not so simple. Indian education system needs to be inclusive of children with disabilities to completely realize the ideals of Right to Education Act, 2009.

Important roles that teachers can play in Education

- At very initial level (in primary education) teacher has the power to build up or tear down a student's self-esteem and future. When interacting with students, a teacher must fill the role of a counselor, a surrogate parent, a nutritionist and someone who has the best interests of every child at heart.
- Instead of just lecturing in the classroom, teachers are facilitators of learning, providing students with the information and tools they need to master a subject.





- At times, teachers act like tutors, working with small groups of students or individual students within the classroom or after class.
- Teachers must be leaders in the classroom and in the school, earning the respect of students and setting a positive example. Teachers also play the role of evaluators, constantly assessing students' abilities through formal and informal assessments, providing suggestions for improvement.
- Teachers can link their subjects to the world of work. For example, highlighting how a particular scientific process is used in research or industry can increase the perceived relevance of curriculum.
- Teachers can also apply their pedagogic skills to the delivery of career learning. It's a distinct area with its own knowledge base, but career education can be enriched through connections with curricular and cross-curricular themes such as writing and communication skills.

Recent amendment to RTE

- When the RTE Act was implemented in 2010, new schools were set up but qualified teachers were not available and unqualified teachers. So, there are around 11 lakh teachers in total who are without proper qualificationout of a total number of 66.41 lakh teachers.
- But now according to the amendment bill, every teacher appointed or in position as on March 2015 is now required to acquire the minimum qualifications by 2019.
- This will enable the in-service untrained elementary teachers to complete their training and ensure that all teachers at the elementary level have certain minimum standard of qualifications and it will also help teachers save their jobs.
- It will ensure that all teachers attain minimum qualifications as considered necessary to maintain the standard of teaching quality and ultimately result in improvement in overall quality of teachers, teaching processes and learning outcomes of children.

Legal and Institutional Framework related to Teaching

- Within the federal structure of the country, while broad policy and legal framework on teacher education is provided by the Central Government, implementation of various programmes and schemes are undertaken largely by state governments. Within the broad objective of improving the learning achievements of school children, the twin strategy is to (a) prepare teachers for the school system (preservice training); and (b) improve capacity of existing school teachers (in-service training).
- For pre-service training, the National Council of Teacher Education (NCTE), a statutory body of the Central Government, is responsible for planned and coordinated development of teacher education in the country. The NCTE lays down norms and standards for various teacher education courses, minimum qualifications for teacher educators, course and content and duration and minimum qualification for entry of student-teachers for the various courses. It also grants recognition to institutions (government, government-aided and self-financing) interested in undertaking such courses and has in-built mechanism to regulate and monitor their standards and quality.
- For in-service training, the country has a large network of government-owned teacher training institutions (TTIs), which provide in-service training to the school





teachers. The spread of these TTIs is both vertical and horizontal. At the National Level, the National Council of Educational Research and Training (NCERT), along with its six Regional Institutes of Education (REIs) prepares a host of modules for various teacher training courses and also undertakes specific programmes for training of teachers and teacher educators. Institutional support is also provided by the National University on Education al Planning and Administration (NUEPA). Both NCERT and NUEPA are national level autonomous bodies. At the state level, the State Councils of Educational Research and Training (SCERTs), prepares modules for teacher training and conducts specialised courses for teacher educators and school teachers. The Colleges of Teacher Education (CTEs) and Institutes for Advanced Learning in Education (IASEs) provide in-service training to secondary and senior secondary school teachers and teacher educators. At the district level, in-service training is provided by the District Institutes of Education and Training (DIETs). The **Block** Resource Centres (BRCs) and Cluster Resource Centres (CRCs) form the lowest rung of institutions in the vertical hierarchy for providing in-service training to school teachers. Apart from these, in-service training is also imparted with active role of the civil society, unaided schools and other establishments.

Pandit Madan Mohan Malaviya National Mission on Teachers and Teaching

The government has proposal the mission is envisaged to address comprehensively all issues related to teachers, teaching, teacher preparation and professional development. The Mission would address, on the one hand, current and urgent issues such as supply of qualified teachers, attracting talent into teaching profession and raising the quality of teaching in schools and colleges. On the other, it is also envisaged that the Teacher Mission would pursue long term goal of building a strong professional cadre of teachers by setting performance standards and creating top class institutional facilities for innovative teaching and professional development of teachers.

Objectives

- To ensure a coordinated approach so as to holistically address the various shortcomings relating to teachers and teaching across the educational spectrum ranging from school education to higher education including technical education; using the best international practices for excellence.
- To create and strengthen the institutional mechanisms (Schools of Education, Institutes of Academic leadership and Education Management, Subject based networks, Teaching-learning Centres etc.) at the Centre & in the States, for augmenting training and discipline-wise capacity building of faculty and their periodic assessment for excellence.
- To empower teachers and faculty during through training, re-training, refresher and orientation programmes in generic skills, pedagogic skills, discipline specific content upgradation, ICT and technology enabled training and other appropriate interventions.

Conclusion

Teacher training too cannot remain uni-dimensional. The modules for teacher training should not only include techniques to teach children with physical disabilities and learning disabilities but also consider the cultural diversity and socio-economic range of the country. Teacher should Act as friend, philosopher and guide and should contribute in building the future of the nation by teaching skills and lessons to the student.





ECONOMIC ISSUE

Amendments in Bankruptcy \mathbf{Code}



President Ram Nath Kovind gave his assent to the Ordinance approved by the Union Cabinet to amend the Insolvency and Bankruptcy Code (IBC) to strengthen the regime and to streamline the stressed-assets resolution process and effectively bar willful defaulters from bidding for companies being put up for sale under the IBC.

Hereby discussing the proposed changes and implications of it.

Introduction

The Ordinance aims to put safeguards in place by prohibiting willful defaulters, those associated with Non-Performing Assets (NPAs), and the habitually non-compliant, from regaining control of the defaulting company/stressed assets through the backdoor in the garb of a 'resolution applicant.'

A company is bankrupt if it is unable to repay debts to its creditors (banks, suppliers etc). The inability to repay debts by some Indian firms has resulted in a huge pile of non-performing assets for the banking system.

Insolvency and Bankruptcy Code, 2016

- The Insolvency and Bankruptcy Code, 2016 (IBC) is the bankruptcy law of India which seeks to consolidate the existing framework by creating a single law for insolvency and bankruptcy.
- It was passed by Lok Sabha on 5 May 2016. The Code received the assent of the President of India on 28 May 2016. Certain provisions of the Act have come into force from 5 August and 19 August 2016.
- The bankruptcy code is a one stop solution for resolving insolvencies which at present is a long process and does not offer an economically viable arrangement. A strong insolvency framework where the cost, time, incurred is minimised in attaining liquidation has been long overdue in India.
- The code will be able to protect the interests of small investors and make the process of doing business a cumbersome-less process.

Insolvency:

Insolvency is the state of being unable to pay the money owed, by a person or company, on time; those in a state of insolvency are said to be insolvent.

Bankruptcy:

Bankruptcy is a legal status of a person or other entity that cannot repay debts to creditors. In most jurisdictions, bankruptcy is imposed by a court order, often initiated by the debtor.



Bankruptcy is not the only legal status that an insolvent person may have, and the term bankruptcy is therefore not a synonym for insolvency.

- The salient features of the law are as follows:
 - Clear, coherent and speedy process for early identification of financial distress and resolution of companies and limited liability entities if the underlying business is found to be viable.
 - Two distinct processes for resolution of individuals, namely- "Fresh Start" and "Insolvency Resolution".
 - Debt Recovery Tribunal and National Company Law Tribunal to act as Adjudicating Authority and deal with the cases related to insolvency, liquidation and bankruptcy process in respect of individuals and unlimited partnership firms and in respect of companies and limited liabilities entities respectively.
 - Establishment of an **Insolvency and Bankruptcy Board of India** to exercise regulatory oversight over insolvency professionals, insolvency professional agencies and information utilities.
 - Insolvency professionals would handle the commercial aspects of insolvency resolution process.
 - Insolvency professional agencies will develop professional standards, code of ethics and be first level regulator for insolvency professionals members leading to development of a competitive industry for such professionals.
 - Information utilities would collect, collates, authenticate and disseminate financial information to be used in insolvency, liquidation and bankruptcy proceedings.
 - Enabling provisions to deal with cross border insolvency.

Need for the amendment

- The resolution to stressed assets picked up steam under IBC and investors started warming up to the huge opportunity.
- The question was whether existing sponsors / promoters of corporate debtors (i.e. the company with debt and under the insolvency proceedings) can directly or indirectly acquire stake in these firms post acceptance of a resolution plan which would have entailed substantial discount to outstanding loans of lenders.
- The key questions were, can promoters seek a huge cut from lenders and be back in the business? Does this provide a level playing field to other prospective bidders? Does this send the right political and economic signals?
- The government took note of all these concerns expressed by investors, and that's what led to the recent (amendment) ordinance.

Key elements of the amendment

- The Ordinance aims at putting in place safeguards to prevent unscrupulous, undesirable persons from misusing the IBC.
- Gist of the amendments is given below:
 - The Code is amended to enable the Resolution Professional, with the approval of the Committee of Creditors (CoC), to specify eligibility conditions while inviting Resolution Plans from prospective Resolution Applicants keeping in view the scale and complexity of operations of business of the Corporate Debtor to avoid frivolous applicants.





- Section 29A is a new Section that makes certain persons ineligible to be a Resolution Applicant. Those being made ineligible inter alia include:
 - Willful Defaulters.
 - Those who have their accounts classified as Non-Performing Assets (NPAs) for one year or more and are unable to settle their overdue amounts include interest thereon and charges relating to the account before submission of the Resolution Plan.
 - Those who have executed an enforceable guarantee in favour of a creditor, in respect of a Corporate Debtor undergoing a Corporate Insolvency Resolution Process or Liquidation Process under the Code and connected persons to the above, such as those who are Promoters or in management of control of the Resolution Applicant, or will be Promoters or in management of control of Corporate Debtor during the implementation of the Resolution Plan, the holding company, subsidiary company, associate company or related party of the above referred persons.
- It has been specifically provided that CoC shall reject a Resolution Plan, which is submitted before the commencement of the Ordinance but is yet to be approved, and where the Resolution Applicant is not eligible as per the new Section 29A. In such cases, on account of the rejection, where there is no other plan available with the CoC, it may invite fresh resolution plans.
- It is amended to explicitly obligate the CoC to consider feasibility and viability of the Resolution Plan in addition to such conditions as may be specified by IBBI, before according its approval.
- The Sale of Property to a person who is ineligible to be a Resolution Applicant under Section 29A has been barred through the amendment in Section 35(1)(f).
- In order to ensure that the provisions of the Code and the Rules and Regulations prescribed there under are enforced effectively, the new Section 235A provides for punishment for contravention of the provisions where no specific penalty or punishment is provided.
- The punishment is fine which shall not be less than one lakh rupees but which may extend to two crore rupees.
- Consequential amendments in Section 240 of the Code, which provides for power to make Regulations by IBBI, have been made for regulating making powers under Section 25(2)(h) and 30(4).

Key challenges

- The key challenge would be to invite expression of interests and resolution plans from applicants who are not related to the Corporate Debtor after conducting due diligence about the creditworthiness of such buyers.
- Even though there have been concerns about the amendment, it ensures that errant promoters don't end up getting the business back with all sacrifices being made by the lenders.
- As situation evolves, and experience manifests, these clauses can be further tweaked, however, there was a need to send a strong message for first few large cases that government means business.



Way Forward

- India is a capital starved country and therefore it is essential that capital isn't frittered away on weak and unviable businesses. Quick resolution of bankruptcy can ensure this.
- Today, bankruptcy proceedings in India are governed by multiple laws, the Companies Act, SARFAESI Act, Sick Industrial Companies Act, and so on. The entire process of winding up is also very long-winded, with courts, debt recovery tribunals and the Board for Industrial and Financial Reconstruction all having a say in the process.
- The new Code streamlines and consolidates all these laws to make the process simpler.
- Industry anticipates that the change will provide an easy exit option for insolvent and sick firms.
- This will enable quick and prompt action to be taken in the early stages of debt default by a firm, maximising the recovery amount. The creditors will not be stymied by red-tape and promoters will directly become accountable for any financial lapses.
- It is a progressive step towards improving the investor confidence and ease of doing business.
- The possible demerits can be addressed through discussions and consensus building.
- If implemented earnestly, it will give a boost to the job creation promise through skill development mission (to create 40 cr jobs by 2022) and also provide the required ecosystem for the success of "Make in India".
- This will be a positive step and provide impetus to good governance and uphold rule of law, as the people who file for bankruptcy will have to repay their debts.
- With the present amendment promoters/directors and guarantors, along with their related parties of the corporate debtor or company undergoing an insolvency resolution process, are prohibited or debarred from filing resolution plans.
- This was needed to prevent the back-door entry of errant promoters into the company, thereby taking advantage of the haircuts and thus getting a premium for their own wrongdoings.
- The Code ensures quicker resolution of the bad loan problems dogging PSU banks. Bankruptcy laws accept that business ventures can fail and allow entrepreneurs to get a fresh start. The new code matter to private sector employees too.
- The code, by forcing failed firms to shut shop, can lead to a survival of the fittest in the job market too. This will promote hire-and-fire policies.

Conclusion

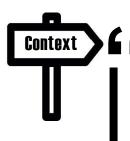
The Insolvency and Bankruptcy Code is thus a comprehensive and systemic reform, which will give a quantum leap to the functioning of the credit market. It would take India from among relatively weak insolvency regimes to becoming one of the world's best insolvency regimes. It lays the foundations for the development of the corporate bond market, which would finance the infrastructure projects of the future.





ECONOMIC ISSUE

National Anti-profiteering Authority



The Union Cabinet has approved establishing the National Antiprofiteering Authority (NAA) under the Goods and Service Tax (GST) to ensure that benefit of the reduction in prices under the uniform tax regime reaches the consumers. The Cabinet consented to creating positions of Chairman and technical members of the authority which would lead to immediate establishment of the apex body.

Hereby discussing about NAA, its functions and implications.

Introduction

- Profiteering means unfair profit realized by traders by manipulating prices, tax rate adjustment etc. In the context of the newly launched GST, profiteering means that traders are not reducing the prices of the commodities when the GST Council reduces the tax rates of commodities and services.
- Conventionally, several traders will have a strong tendency to quickly increase the price of a commodity whose tax rate has been increased. But on the opposite side, they may delay the price reduction of a commodity whose tax rate has been cut by the government. A delayed or postponed price reduction helps business firms to make higher profit. The losers here are the consumers.
- Anti-profiteering measures will help check price rise and also put a legal obligation on businesses to pass on the benefit. This will also help in instilling confidence in citizens.
- Global experience suggests that anti-profiteering provisions are only effective if there is a significant lead-in time to allow the relevant authority to educate consumers and businesses as to their respective rights and obligations.
- The concept of anti- profiteering provision has been perhaps borrowed from Australia which was the first country to enact similar provisions when it replaced a series of inefficient taxes with a GST in July, 2000.
- The power has been given to Central Government to constitute an authority to oversee whether the commensurate benefit of allowance of input tax credit or reduction in the tax rates have been passed on to the final customer.
- The authority constituted by the Central Government will have the power to impose a penalty in case it finds that the price being charged has not been reduced consequent to reduction in rate of tax or allowance of input tax.



Constitution of the National Anti-Profiteering Authority

- NAA is an apex body with an overarching mandate under Goods and Services Tax (GST) regime so as to ensure the benefit of tax reaches consumers.
- The NAA will be headed by a senior officer of the level of Secretary to the Government of India. There will be four Technical Members from the Centre and/or the States.
- The Chairman and Members of the Authority shall be appointed by the Central Government on the recommendations of a Selection Committee to be constituted for the purpose by the Council.
- The Council may constitute a Standing Committee on Anti-profiteering which shall consist of such officers of the State Government and Central Government as may be nominated by it.
- The Authority shall cease to exist after the expiry of two years from the date on which the Chairman enters upon his office unless the Council recommends otherwise
- The Additional Director General of Safeguards under the CBEC (Board) shall be the Secretary to the Authority.
- A State level Screening Committee shall be constituted in each State by the State Governments.
- The Technical Member of the Authority shall hold office for a term of two years from the date on which he enters upon his office, or until he attains the age of sixty-five years, whichever is earlier and shall be eligible for reappointment.

Powers and Functions

The Authority would have the following duties:

- Determine whether any reduction in the rate of tax on any supply of goods or services or the benefit of input tax credit has been passed on to the recipient by way of commensurate reduction in prices.
- Identify the registered person who has not passed on the benefit of reduction in the rate of tax on supply of goods or services or the benefit of input tax credit to the recipient by way of commensurate reduction in prices.
- The power to take action are also listed as duties whereby it can order price reduction, refund of profit, recovery, penalty or even cancellation of GST registration.
- NAA has Power to cancel Registration of Assesse: Anti-Profiteering Authority (APA) shall act as a monitoring and regulatory authority to curb anti-profiteering practices of tax payers under GST regime. The APA shall be duty bound to:
 - Make company reduce the prices
 - Make company refund the money to the consumer along with interest @ 18% per annum
 - Order company to deposit the refund amount in the Consumer Welfare Fund (in case the buyer is not identifiable)
 - Impose monetary penalty equivalent to amount involved in undue profiteering
 - Cancel registration of the assesse





- The power to take action are also listed as duties whereby it can order price reduction, refund of profit, recovery, penalty or even cancellation of GST registration.
- **NAA can issue the orders:** The orders passed by the APA shall follow the principles of natural justice and as such, opportunity of being heard shall be provided. The rules are silent on further appeal against orders of APA. Nor does it stipulate that such orders shall be final. It provides that orders passed by APA have to be complied with immediately by the registered person.
 - Within 3 months of report of DGS
 - Opportunity of being heard
 - By majority in case of difference of opinion
 - Compliance by registered person immediately
 - No clarity on whether order appealable or not
- **Monitoring functions:** The Authority under section 171 shall have the following monitoring functions:
 - Input tax credit availed by taxpayer have actually resulted in commensurate reduction in price of goods / services.
 - The reduction in prices on account of reduction in tax rates have actually resulted in a commensurate reduction in price of goods / services.
- NAA can impose of penalty as specified under the Act.

Issues & Challenges of NAA

Computational Mechanism:

- Practically it is very difficult to establish one to one correlation between ITC on inward supplies and Tax payable on outward supplies. So ultimately it comes on margins or prices of supply. How the margins and prices are to be checked is a subjective matter.
- Further apart from benefits in terms of better credit chain, the business organizations are going to incur huge cost for implementation of GST on account of installation of new IT systems, restructuring of operations, redesigning of SOP's, Compliances cost etc.
- **Determination of Price:** One fact needs to be noted that prices and margins are not solely dependent on taxes. Rather they are only a component of price like any other components. Price determination depends on many factors such as:

Internal factors:

- Cost of raw material or other component
- Predetermined objectives (Higher profit or higher revenue)
- Image of the Seller (Goodwill)
- Life cycle of the product (Initial level may be less priced or even free sample after that there may be increase in price)
- Credit period offered.
- Promotional activities (Heavy advertisement/ promotional exp.)

External factors:

Competition





- Consumers (price sensitivity & purchasing power of buyer)
- Government Control.
- Economic Condition (Recession)
- Supply Chain (Longer the chain, higher would be the price)

Implications of NAA

- Anti-profiteering measures shall generally apply to all manufacturers of goods, dealers and service providers, it is going to impact high value goods and services where change would be more visible.
- Manufacturers of vehicles are likely to benefit from reduced cost of production arising from lower cost of inputs and input tax credit on capital goods, inputs and input services.
- Due to lower cost of production of various spare parts / ancillary units, the suppliers would be able to leverage on lower costs by way of renegotiations.
- Logistics management would also become efficient and help automobile manufacturers and dealers are also likely to benefit from merger of all taxes in GST and set off being allowed in GST regime.
- Penalties, to be deterrent will also have to be determined in the interest of customers as well as businesses. It will also have to be ensured that there is no hardship, harassment or undue interference by the Authority.
- Manufacturers need to ensure that the profits earned are not due to tax arbitrage, but either as a cost plus amount or as function of prevailing market prices.
- The power to levy penalty may be justified but taking away the right to do business may be too harsh and even unconstitutional.
- There could also be disputes on undue profiteering that may not actually be so as there would be other costs / overheads which may set off the profit, if any, accruing from GST efficiency. It will also add to disputes and litigation.

Conclusion

National Anti-Profiteering Authority is a mechanism devised to ensure that prices remain under check and to ensure that businesses do not pocket all the gains from GST because profit is fine, but undue profiteering at the expense of the common man is not. This is a tool that the Centre needs to wield effectively to keep prices under check and ensure that businesses do not pocket all the gains. it can be said that the anti-profiteering provision should be enforced in rare case as an exception, rather than as a rule and should not become a hindrance in free business environment and as a tool to invite corruption.





ECONOMIC ISSUE

Ease of Doing Investment for NRIs



Recently India has ranked at 100 out of 190 countries in World Bank Group's Doing Business 2018 report, which was 130 in last year ranking. For the first time ever, India has jumped 30 positions to become the top 100th country.

The World Bank has attributed the change in India ranking to the sustained business reforms it has undertaken.

Thus analyzing government steps to enhance the Ease of doing business initiatives for NRIs as they play an important part in investment in India.

Introduction

India has the second largest Diaspora in the world. The overseas Indian community estimated at over 25 million is spread across every major region in the world.

The overseas Indian community is the result of different waves of migration over hundreds of years driven by a variety of reasons-mercantilism, colonialism and globalisation. Its early experiences make up a saga of trials, tribulations and the eventual triumph of determination and hard work. In the last three decades of the 20th century the character of migration began to change and a 'new Diaspora' led by high skilled professionals moving to the western world and semi-skilled contract workers moving to the Gulf, West and South East Asia emerged. They play a significant role in enhancing investments in India.

To enhance economic growth of a country further, it is imperative to create an efficient ethos for businesses. This can be achieved by making regulatory environment more conducive to the setting up and operation of business entities. Further easier regulatory norms and efficient business environment directly influence the inflow of foreign investment which is an important resource for development of an economy as it leads to employment generation, achievement of advanced technology and knowhow

Thus government has initiated many steps for Ease of Doing Business for NRIs.

Significance of investments from NRIs

Though NRI's contribution is not visible but they are helping their country through varied activities in India. Many reports reveal that NRI's are major source of Direct Foreign Investment, market development (outsourcing), technology transfer, charity, tourism, political contributions and more substantial flows of knowledge, in India.





The NRIs have came forward with several non-governmental organizations in India helping in array of developmental, educational and social projects. It has been observed that large number of NRIs is actively taking part in several welfare programs in India. They have registered many NGOs to encourage education, health care and developmental activities such as water management, rural development and selfhelp programs etc. They are also assisting in social and environmental problems in India.

Measures taken to improve the investment of NRIs in India:

- The Government has taken various steps to promote investments by NRIs in India. By dissemination of information on the investment climate and opportunities in India and by advising prospective investors including the Non-Resident Indians (NRIs) about the investment policies and procedures and opportunities government has played a pivotal role in their investment promotion.
- There is liberal and transparent policy for Foreign Direct Investment, including investments from NRIs, in which most of the sectors are open to FDI under the automatic route. Earlier, only FDI under the automatic route was allowed in insurance companies. The Department of Industrial Policy and Promotion (DIPP) stated that in case of insurance, the 26% cap will include FDI and investments from FIIs and NRIs.
- Investment made by NRIs, PIOs and OCIs under Schedule 4 of FEMA (Transfer or Issue of Security by Persons Resident outside India) Regulations on nonrepatriation basis is now deemed to be domestic investment at par with the investment made by residents. It will lead to increased investment across sectors and greater inflow of foreign exchange remittance, thereby leading to economic growth of the country
- The special dispensation of NRIs has also been extended to companies, trusts and partnership firms, which are incorporated outside India and are owned and controlled by NRIs.
- An RBI policy allows NRIs to invest in share capital, fixed deposits and govt securities of Indian companies. For the ease of doing investment Income Tax Act, 1961 amended through which various benefits of concessional tax rates, benefits on re-investments and option of not filing returns were extended.
- Real Estate (Regulation and Development) Act, 2016, (RERA), which aims at protecting consumer rights and increasing transparency is recently brought by government. The RERA Act has formulated various rules, regulations, policies, and schemes which have revived the economy resulting in maximizing the investment scope for NRIs.
- Government schemes like Skill India will increase the migration of skilled workers to Indian metropolitan cities many times over, and this population will need housing, especially in the rental segment. For NRIs who invest here purely eyeing profits, this is a great opportunity. Further, the Centre recently laid down guidelines to regulate the rental housing segment. All of these factors increase the chances for NRIs to earn higher rents on properties in Indian metros.

Way forward

- There should be low taxing and a friendly tax regime to improve the ease of doing business in India.
- Tax compliance systems should be enhanced too. Properly developed, effective taxation systems are crucial for a well-functioning society. In most economies, taxes are the main source of revenue to fund public spending. A good tax system





should ensure that taxes are proportionate and not arbitrary and that the method of paying taxes is convenient for taxpayers. Lastly, taxes should be easy to administer and collect.

Another hindrance in ease of doing investment is the time-consuming legal system. There should be adoption of a series of good practices and reforms that promote quality and efficiency in the judicial system.

Our ranking in ease of doing business has improved by just 30 ranks. With a series of reforms a taxpayer-friendly regime and time-bound justice delivery, we can improve our ranking by possibly another 50 positions. With tighter regulations, greater transparency, more affordability and enhanced price stability, NRIs will find interesting investment opportunities, as long as they have a long-term view to investing in the projects of India.





ECONOMIC ISSUE

Farm Policies: One-Size-Fits-All do not Work



Farmers from across the country are out on Delhi's streets agitating just as the deliberations for the 2018 budget are beginning and it's time to seek solutions to the structural issues that plague the system.

The "one-size-fits-all" policy created for the farm sector and programmes meant to double farmer incomes may not show better results.

Hereby analysing the agricultural policies and lacunaes in them.

Introduction

Agricultural Sector is the mainstay of the rural Indian economy around which socioeconomic privileges and deprivations revolve and any change in its structure is likely to have a corresponding impact on the existing pattern of Social equity.

India's current policies for the agriculture sector are geared towards short-term solutions and revenue expenditure rather than long-term capital investment solutions. The dependence on subsidies squeezes government spends on critical infrastructure, technology and credit, in the absence of which farmers use inefficient methods of cultivation.

The process of formulating and implementing agricultural policies in India is very complex because several ministries, departments and institutions at both the centre and the state level are involved in the process. The Union Ministry of Agriculture, under the guidance of the NITI Ayoga, provides the broad guidelines for agricultural policies. But the implementation and administration of agricultural policies remain the responsibility of respective state governments.

The One-Size-Fits All policies hamper its implementation at the ground level.

Example 1: Pradhan Mantri Fasal Bima Yojana

The PMFBY was launched by the Centre on April 1, 2016 to help farmers cope with crop losses due to unseasonal and extreme weather. It replaced the National Agricultural Insurance Scheme and the Modified National Agricultural Insurance Scheme. The Weather-Based Crop Insurance Scheme (WBCIS) remains in place, though its premium rates have been streamlined with the latest scheme.

Key Features of the New Crop Insurance Scheme

In this scheme premium rates to be paid by the farmers have been brought down substantially so as to enable more and more farmers in availing insurance cover against crop loss on account of natural calamities.





- Under the new scheme, farmers will have to pay a uniform premium of two per cent for all Kharif crops and 1.5 per cent for all Rabi crops. For annual commercial and horticultural crops, farmers will have to pay a premium of 5 per cent. The remaining share of the premium, as in previous schemes, will continue to be borne equally by the Centre and the respective state governments.
- Under PMFBY, there will no upper limit on government subsidy and even if balance premium is 90 per cent, it will be borne by the government.
- The use of technology will be encouraged to a great extent under this scheme. Smart phones will be used to capture and upload data of crop cutting to reduce the delays in claim payment to farmers. Remote sensing will be used under this scheme to reduce the number of crop cutting experiments.

Total cropped area insured has increased by 58.9 million hectares and premiums worth Rs 21,968 crore haves been collected through crop insurance in the last financial year (2016-17). It's a significant increase from Rs 5,624 crore in FY 2015-16. However, the number of insurance claims has reduced significantly from 209,872 in 2015-16 to 68,090 in 2016-17.

Issues

- Under climate change scenario, making assessment and forecasting rain and other weather conditions accurately has become challenging. This, in turn, is affecting assessment of yield losses and payment of claims to farmers.
- Poor density of government's Automatic Weather Stations (AWS) and lack of trust among farmers in private AWS is presented as another major challenge.
- PMFBY remains a scheme for loanee farmers farmers who take loans from banks are mandatorily required to take insurance. The percentage of non-loanee farmers availing insurance remained less than 5 per cent during kharif 2016 and 2015. Like previous crop insurance schemes, PMFBY fails to cover sharecropper and tenant farmers.
- There has been no concerted effort by the state government and insurance companies to build awareness of farmers on PMFBY. Insurance companies have failed to set-up infrastructure for proper implementation of PMFBY. There is still no direct linkage between insurance companies and farmers. Insured farmers receive no insurance policy document or receipt.
- The PMFBY is designed to provide crop insurance and the Central government shares part of the premium subject to conditions. To receive the Central government's share, the state has to walk the dotted line, come hell or high water; whether the region is rain-fed or irrigated; whether the cropping density is less than 100 per cent or upwards of 200 per cent. Simply allowing each state to design its own crop insurance scheme and yet receiving the Central government share of the premium would yield the desired results.

Example 2: eNAM-National Agriculture Market

The objective is to create a unified national market for agricultural commodities by integrating the APMCs across India in the states which desire to be part of this initiative.

NAM provides single window service for all APMC related services and information, such as commodity arrivals and prices, provision for responding to the trade offers, buy and sell trade offers, among other services. The key facilities include:

Enable farmers to showcase the produce through nearby markets and facilitate traders from anywhere to quote price.





- Sale and Purchase transactions
- Liberal licensing policies for traders, buyers and commission agents.
- Single point of levy of market fees.
- Harmonization of quality standards.
- Provision of soil testing labs near or in the mandis.
- Facility to allow states to have their own platforms and link them with NAM

The e-NAM is not a parallel marketing structure. It's a device to create a national network of physical mandis which can be accessed online. It seeks to leverage the physical infrastructure of mandis through an online trading portal, enabling buyers even outside the state to participate in trading.

Challenges

- To implement it, each State has to first amend its APMC Act to make a provision for electronic auction as a mode of price discovery, allow a single licence across the State and have market fees levied at a single point.
- Currently, only 13 States have enacted the necessary amendments.
- An incentive of Rs 75 lakh per mandi is given by the Centre to the states for linking each market with E-NAM, the electronic platform for trading commodities. There are no scientific sorting/grading facilities or quality testing machines. Lack of internet connectivity is another issue impeding progress. "In Maharashtra, the infrastructure is in the development stage, internet connectivity and computers are being provided slowly. And testing labs are yet to be set up both in Gujarat and Maharashtra
- In UP, Haryana and Rajasthan, too, there are no fully functional online mandis. In Haryana, the procurement of assaying equipment has started.
- States like Haryana log in all FCI purchases as E-NAM transactions. Rather than force E-NAM on states, incentivising each state to have the electronic platform which meets the basic criteria of interoperability with other states is the correct path.

Other areas that need to be worked

- The Central government shouldn't negotiate international trade treaties on agriculture commodities without the consent of the state governments.
- The Centre intervenes to rein in inflation by facilitating the unhindered import of agricultural commodities. This constantly drives down farm-gate prices. But when prices fall, the Central government remains apathetic. To compensate these annual losses, states should demand that the Centre set a floor price for all such farm produce, where only the Central government shells out the shortfall between the market price and floor price via a "Price Deficiency Payment".
- To prepare Indian farmers for global integration, funding for programmes such as the Rashtriya Krishi Vigyan and the sub-mission on agriculture mechanization should be doubled and the funding ratio should be changed from 60:40 to 80:20, where the Central government's contribution rises to 80 per cent.

Way Forward

- Our agriculture policy needs to focus on improving productivity.
- Central government should negotiate international trade treaties on agriculture (like RCEP) with the consent of state governments.





- Integrating the 4T formula propounded by the Prime Minister Tradition, Talent, Technology and Trade. We have to fuse tradition and technology, find it a market place and work towards bringing farmers and business groups together in a federation.
- Centre must follow a scientific methodology for importing agricultural commodities so as to prevent fall in prices.
- Access to formal credit, rationalizing crop rotation and inputs, and weathering seasonal risks.
- Synergy between ministry of food processing with the ministry of agriculture and farmer welfare.
- Allowing each state to design its own crop insurance scheme and receiving the Central government share of the premium would yield desired results.

Conclusion

Often our policies are focused on farming without looking at their implications for the farmers at the ground level. Unless these policies lead to welfare of farmers, they cannot be sustained. Thus One-Size-Fits-All will not work and decentralized system should be adopted according to the local conditions.





ECONOMIC ISSUE

Employment and Demonetization



Among all implications of 'demonetization', its impact on employment is important, particularly in a situation when majority of wage payments are made in cash form.

According to new survey data put out by the Centre for Monitoring Indian Economy (CMIE). Demonetisation decision may have resulted in the loss of roughly 1.5 million jobs.

Hereby analyzing the impact of demonetization on employment scenario under different sectors.

Introduction

- The labour market in India has been witnessing numerous uncertainties including the problem of world recession, and growing 'automation' particularly in the manufacturing sector. Today major policy change like 'demonetization' is likely to make the employment scenario further volatile by causing uncertainties to rise in labour market.
- Demonetization is the act of stripping a currency unit of its status as legal tender. It occurs whenever there is a change of national currency. The current form or forms of money is pulled from circulation, often to be replaced with new notes or coins.
- The opposite of demonetization is remonetisation, in which a form of payment is restored as legal tender.
- On 8th November 2016, the Government of India has announced the demonetization of all 500 and 1000 banknotes of Mahatma Gandhi Series.
- The move was taken to curb the menace of black money, fake notes and corruption by reducing the amount of cash available in the system.

Effect of Demonetization on Employment

- The Centre for Monitoring Indian Economy has estimated that 1.5 million jobs were lost after demonetization. Alongside this loss of jobs, there has been a decline in the Labour Force Participation Rate (LPR).
- For a developing economy like India, a drop in labour participation rate is a sign of an economic slowdown.
- The All India Manufacturers' Organization (AIMO), which represents traders and small medium and large-scale industries, conducted survey and has found a drop in employment of 60 per cent and loss in revenue of 55 after demonetization last year.





Effect on Medium and large scale industries:

- Medium and large scale industries engaged in infrastructure projects, such as big-ticket road construction, reported a 35% cut in employment and 45% revenue loss. The industries like foreign companies, engaged in exportoriented activities reported 30% job losses and 40% revenue fall.
- In the manufacturing sector, medium and large scale industries reported the least job-losses are 5% and took a revenue hit of 20%.
- It has been further found that labour intensive units such as food and beverage, tobacco, textile, leather, wood and jewelry employ nearly half of the total workers in the organized manufacturing sector of the economy. Given that nearly 84 percent of total factories have employment in the range of 0 to 99 are affected by the recent move of the government.

Effect on Informal Sector:

- The informal sector presently employs more than 80% of India's workforce. It includes workers in small and medium industries, grocers, barbers, maids and others.
- More than 95% of total transactions in informal sector are in cash form. The decision of sudden 'demonetization' therefore changed labor market dynamics significantly by rendering millions of informal workers exposed to increased uncertainty in employment; they resorted to 'reverse migration'.
- Many daily wage workers or contract workers were rendered jobless due to paucity of cash in the system. But even after re-monetization the number of new recruits has been reduced considerably as compared to pre demonetization.
- Demonetization is considered as a means of increasing formality in informal sector. But a 2009 OECD study on informal economies concluded that enforcing formality can be counterproductive and lead to an increase in poverty.
- The 2016-17 economic survey also point out the decrease in demand for MGNREGA work in the aftermath of demonetization.

Effect on Agriculture:

- Agriculture was expected to grow at 4% this year according to, but demonetization is likely to dent that forecast. The impact is visible in different sub-segments. Winter crops such as wheat, mustard, chickpeas are due for sowing in a fortnight. Wheat prices were already up due to low stocks and anticipated shortfall in 2015-16 output and have firmed up further as demonetization.
- The vulnerability of the small farmers in agriculture is best exemplified by the predominance of marginal and small holdings in the country. Marginal and small holdings account for 85 per cent of the landholdings. Farmers failed to find buyers or due to dearth of cash ended up getting low prices.

Effect on Self-Employment:

Most of the self-employed workers lose their employment during the months of cash crunch. They were able to sell their products because of cash crunch and lack of digital transactions facilities.

Concerns

Unlike in developed countries where labour participation is falling because of structural (ageing) reasons, India is a growing economy with a young population.



A slowdown hurts the younger new labour force. This is already evident during January-April 2017, job losses were concentrated in the younger age brackets.

The decline in the Labour Participation Ratio should be a matter of deep concern for the Indian economy. Persons may drop out of the labour force due to discouragement, the inability to find a job. In the meantime, they may take up part-time jobs to make ends meet or may be compelled to start a small business ("forced entrepreneurship") as a desperate move for their very survival.

Way Forward

A remedy for this dismal state of affairs will not be forthcoming until the government recognizes the reasons behind this phenomenon. Government should focus on ensuring growth, job creation and investment. The urgent need is to get the private sector to start investing. One way to avoid winds of deflation is to kick-start private investments.

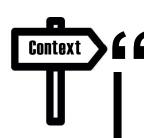
Conclusion

- Despite, one year after demonetization move, the unorganized sector and lowincome group still has not started walking steadily. Thus, it is the responsibility of the government to ensure that steps it will taken to bring down the powerful law breakers should not affect common man and a comprehensive strategy to help and support the latter group should be the priority in the future.
- Once it integrated well into the system have the long term beneficial impact at making the system simpler thus fuel line investment and employment. The recent wage code bill, PMKVY are steps to utilize India's Impressive demographic dividend.



INTERNATIONAL ISSUE

60 YEARS OF IAEA



International Atomic Energy Agency (IAEA) known as the world's "Atoms for Peace" organization. It is the international center for cooperation in the nuclear field.

Recently the Agency has completed 60 years by successfully working with its member states to promote the safe, secure and peaceful use of nuclear technologies.

Hereby analysing the major functions of IAEA.

About IAEA

- It is an independent intergovernmental, science and technology-based organization that serves as the global focal point for nuclear cooperation. It was established as an autonomous organization on 29 July 1957 independently through its own international treaty. It is headquartered at Vienna, Austria.
- It is organization within the United Nations family and it reports to both the United Nations General Assembly and Security Council.
- The objective of the IAEA is to accelerate and enlarge the contribution of atomic energy for peace, health and prosperity throughout the world.

Major Functions of IAEA are:

- Assisting to research and development in the field of atomic energy and its practical application for peaceful uses worldwide. It provides technical support on the nuclear fuel cycle and the life cycle of nuclear facilities.
- Encouraging of exchange of scientific and technical information on peaceful uses of atomic energy among research workers and specialists in the field of peaceful uses of atomic energy as well as their training.
- Establishing and applying the safeguards system against military use of civil nuclear programmes and developments.
- Developing, establishing and applying safety standards to protect health and minimize the threat to the life and property.

The IAEA promotes a strong and sustainable global nuclear safety and security **framework** in Member States, working to protect people, society and the environment from the harmful effects of ionizing radiation.

Nuclear safety at various stages

Nuclear Installation Safety:

The IAEA helps Member States meet this responsibility by establishing international safety standards and providing for their application in all types of nuclear installations (power reactors, research reactors and fuel cycle facilities) throughout their total life cycle from design through decommission.



It provides safety requirements on site evaluation for nuclear installations and the safety requirements on remediation of areas contaminated by past activities and accidents. And also encourages Member States to incorporate these safety requirements into national regulatory programmes, to the fullest extent possible.

Radiation protection safety:

The use of ionizing radiation has potential risk in it. The IAEA develops safety standards to protect the health and minimize the danger to people's life and property associated with such use.

Transport safety:

It assists Member States in strengthening this framework through the implementation of its transport regulations, ensuring the safe and secures packaging and handling of these materials.

Effective emergency preparedness and response:

As part of these activities, it develops safety standards, guidelines and technical tools. It assists member states in building the capacity for emergency response. And also maintains the IAEA Incident and Emergency System to efficiently implement its role in response to radiological incidents and emergencies.

Governmental legal and regulatory framework:

The achievement and maintenance of a high level of safety during the duration of activities requires a sound governmental, legal and regulatory framework. The IAEA strives to strengthen such a framework in its member states through its safety standards and review services.

Low Enriched Uranium Bank:

- The bank will serve as a source of last resort for low-enriched uranium to IAEA members which are unable to either produce it or if it becomes unavailable on the international market for whatever reason. This function will help non-proliferation efforts. By providing uranium, it will disincentivize countries from developing their own uranium enrichment capacities as even supposedly peaceful programs could see uranium enriched to a weapons grade level.
- The bank seeks to ensure that in the event of an international crisis, countries dependent on nuclear power would still have access to uranium.

Contributions of IAEA in Other areas

IAEA technical cooperation is also providing significant socio-economic benefits in agriculture, environmental protection, human resource development, human health, and sustainable energy development.

In Agriculture and Food Security:

Through the IAEA, and its partnership with the Food and Agriculture Organization (FAO), countries around the world are improving food security and agriculture by using nuclear and isotopic techniques to protect plants from insect pests and to breed new plant varieties that show, for example, improved crop yields, disease resistance or drought tolerance.

In Healthcare:

IAEA assists countries in tackling cancer by helping them devise comprehensive cancer control programmes, establishing nuclear





medicine, radiation oncology and radiology facilities, as well as supporting education and training for specialized health professionals.

Ex. Establishing nuclear health services to improve the diagnosis of cancer in Azerbaijan.

Energy and Industrial Sector:

- The IAEA fosters the efficient and safe use of nuclear power by supporting existing and new nuclear programmes around the world.
- With the IAEA's help, several countries have increased the competitiveness of their industries by using these technologies. For example for nondestructive testing for safety and quality tests, and irradiation techniques for improving product durability, from car tyres to pipelines and medical devices to cables.

Environment Conservation:

- Nuclear power can and does play in assisting countries to reduce their greenhouse gas emissions. The IAEA works to increase global awareness of the role of nuclear power in relation to environmental conservation.
- Isotopic techniques shed light on the age and quality of water. Some countries use this to implement integrated water resource management plans to sustainably use resources and to protect water and water-related ecosystems.

The Medium Term Strategy for future

- This strategy serves as a strategic direction and roadmap to prepare the Agency's programme and budget during the period over 2018 to 2023.
- It aims to identify priorities among and within its programmes for the achievement of the Agency's statutory objectives in an evolving international environment.

Conclusion

The agency has worked hard to bring the benefits of peaceful nuclear technology to all parts of the globe and to prevent the spread of nuclear weapons. The world has changed enormously in that time. But the Atoms for Peace mission has lost none of its relevance. The Agency has successfully adapted to changing times and the evolving needs of Member States and working for the establishment of peaceful society.





ECONOMIC ISSUE

Logistics Sector Given Infra Status



In India, the logistics sector has made immense strides in recent times courtesy GST, relaxed FDI regulations, major investments in infrastructure development-across all modes of transportation-and increased technology adoption. And now, in an attempt to give a further fillip to the logistics sector, the government has granted it infrastructure status. The move is likely to attract more funding at competitive rates for these segments.

Hereby discussing the benefits of givinig infra status to logistics sector.

About Logistics Sector

- It covers cold chain, warehousing facilities and multimodal parks comprising Inland Container Depot (ICD) with minimum investment of Rs 50 crore and minimum area of 10 acre subject to certain conditions.
- Roads and bridges, ports, shipyards, inland waterways, airports, railway tracks, tunnels, viaducts, terminal infrastructure including stations and adjoining commercial infrastructure are all part of the transport and logistics classification.
- A cold chain facility having an investment of at least Rs 15 crore as well as warehousing facility with investment of minimum Rs 25 crore would come under logistics infrastructure. In both cases, the facilities should also have a minimum required area.
- Besides transport and logistics, the list comprises energy, water and sanitation, communication, social and commercial infrastructure.
- Urban public transport and logistics infrastructure are also part of it.

Status of Logistic sector

- The Indian logistics industry is continually growing at a rate of 15 per cent. With over seven million goods vehicles moving around the country, the freight volume has reached 1,325 billion ton per km, a figure that is supposed to double by 2025. However, as a nation, we spend almost 14 percent of our GDP on transportation and logistics, whereas in developed countries the spend is around 6-8 percent.
- Three major contributors for the growth of the logistic industry are: emergence of organized retail, increase in foreign trade and India becoming soon the manufacturing hub.
- The Economic liberalization and the relaxed FDI norms have been a tremendous help in the growth of the sector. Other factors that have helped are augmentation





of retail, agriculture, pharmaceutical, automobile and FMCG sector. The introduction of Value Added Tax (VAT) and the proposed introduction of a singular Goods and Services Tax (GST) are expected to significantly reduce the number of warehouses manufacturers are required to maintain in different states, thereby resulting in a substantial increase in demand for integrated logistics solutions.

Logistics sector given infra status

- The logistics sector has been granted infrastructure status which will help it access loans on easier terms, encourage manufacturing in the country and help improve economic growth.
- The Department of Economic Affairs (DEA) has widened the category of infrastructure sub-sectors to transport and logistics from the earlier sub-head of transport. DEA has updated the 'Harmonised Master List of Infrastructure Subsectors'.
- The cost of logistics in India is very high compared to developed countries and the sector's development will provide a boost to domestic as well as external demand, encouraging manufacturing and job creation. The sectoral players would also be eligible to borrow from India Infrastructure Financing Company Ltd (IIFCL).
- This will in turn be instrumental in improving country's GDP.

Background:

- The inclusion of "Logistics Sector" in the Harmonized Master List of Infrastructure Sub-sectors was considered in the 14th Institutional Mechanism (IM) Meeting held on 10th November, 2017.
- It was recommended by the Institutional Mechanism and subsequently approved by the Union Finance Minister, Shri Arun Jaitley.
- "Logistics Infrastructure" is included by insertion of a new item in the renamed category of 'Transport and Logistics', with a footnote stating that "Logistics Infrastructure" means and includes Multi-modal Logistics Park comprising Inland Container Depot (ICD) with minimum investment of Rs. 50 crore and minimum area of 10 acre, Cold Chain Facility with minimum investment of Rs.15 crore and minimum area of 20,000 sq. ft, and/or Warehousing Facility with investment of minimum Rs. 25 crore and minimum area of 1 lakh sq ft.

Need of the infrastructure Status

- The need for integrated Logistics sector development has been felt for quite some time in view of the fact that the logistics cost in India is very high compared to developed countries.
- High logistics cost reduces the competitiveness of Indian goods both in domestic as well as export market.
- Development of logistics would give a boost to both domestic and external demand thereby encouraging manufacturing and 'job creation'. This will in turn be instrumental in improving country's GDP.

Benefits of the infrastructure Status

- It will enable the Logistics Sector:
 - To avail infrastructure lending at easier terms with enhanced limits.
 - Access to larger amounts of funds as External Commercial Borrowings (ECB).
 - Access to longer tenor funds from insurance companies and pension funds.
 - Be eligible to borrow from India Infrastructure Financing Company Limited (IIFCL).





- The cost of funding could come down by up to 50 basis points; those going for external commercial borrowing could get it even cheaper. While existing entities would benefit, such as Allcargo Logistics, Snowman Logistics, Blue Dart, Container Corporation of India, DTDC, Navkar Corporation, DHL and Transport Corporation of India, this has also given a signal for others to invest in the sector.
- The cost of logistics was, by some estimates, about 13 per cent of Gross Domestic Product, compared to nine per cent in the US and eight per cent in Germany. Infrastructure status will reduce the cost of capital in transportation and warehousing, reducing the cost of logistics.
- The development would help companies get fiscal sops. For instance, those in the construction sector would get import duty concession on plant and machinery. Also, these companies could use infrastructure bonds to raise funds.

Conclusion

Infrastructure industries get longer maturity loans compared to typical manufacturing sector. They are also eligible for slightly higher equity ratios while applying for the loans. They can do refinancing with specialised lenders like IDFC, IIFCL, etc. The move will lead to better access to funds and consequent rise in investments for industrial parks, warehouses and transportation.



TECHNOLOGICAL ISSUE

White Revolution Part-II



The Milk Sector in India with the help of technology is moving to White Revolution Part-II.

The Gujarat Cooperative Milk Marketing Federation's (GCMMF) sales of 'Amul' liquid milk in the National Capital Region alone is around 31 LLPD, half of which is transported all the way from Gujarat at Rs 2-2.5 per litre and the balance sourced from nearby states. Equally important has been the role of bulk milk coolers (BMC), enabled by 24-hour electricity, and improved road infrastructure. This has played in the launching of White Revolution Part-II.

Thus discussing about the Chilling Technology, White Revolution Part-II and related aspects.

Introduction

Dairy farmers in Gujarat have gained by the role of Bulk Milk Coolers (BMC), which allows milk to be chilled either at the original procurement centre itself or a neighbouring village society. As opposed to when farmers were time-bound to deliver milk, BMCs now give farmers more flexibility.

Problems in Pre-BMC era

- In the pre-BMC era, milk had to be brought to a chilling centre latest by 11 in the morning to avoid spoilage.
- A typical truck covering 10-12 villages had to start procuring from 5:30 AM, in order to cover the last village by 7:30 and bring the milk, loaded in aluminum cans of 35-40 litres, to the chilling centre that might be 150 km away.
- The same process had to be repeated for the evening's milk, collected between 5:30 and 7:30 and brought to the chilling centre before 11 pm.
- The above rigid timelines naturally limited the options for farmers. They had to milk their buffaloes or cows by 5 A.M., if not earlier, lest they missed the truck. Also, it wouldn't have possible to milk more than a few animals. However the new technologies and improved infrastructure has given boost to dairy sector.

Bulk Milk Coolers (BMC) System

- The BMCs, with average capacity of 3,000-5,000 litres and going up to 10,000 litres, allow the milk to be chilled either at the original procurement centre itself or a neighbouring village society.
- The BMCs, which chill the milk "at source" to 4 degrees Celsius or less within three hours of collection. The milk procured in the evening as well as morning can be chilled for the tanker to arrive at the society only towards the afternoon. This entire milk can, then, be lifted at one go.



- The tankers are also insulated, so that the temperature of the milk inside remains > within 5-6 degrees Celsius even after 24 hours. The milk landing at the dairy dock is, thus, fresh.
- The cost of the BMC (about Rs 12 lakh for 5,000-litres capacity) as well as electricity is more than offset through reduction is spoilage and better quality of milk, besides two daily truck trips being reduced to one.

Benefits of the Technology

- For the farmer, the gains have been two-fold:
 - People do not have to wake up too early to start milking.
 - There is flexibility to now milk more animals and expand herd sizes.
 - This has been further enabled by electricity, which makes it possible to use milking machines that have become a common sight in dairy farms.
- The benefits of chilling technology can be seen when one travels through remote areas of Saurashtra and Kutch which has led to launch of White Revolution Part-II.

For Example:

- The Kutch District Cooperative Milk Producers' Union's bulk chilling centre at Bhirandiyara roughly 70 km from Bhuj town towards the Great Rann salt desert has five BMCs of 5,000-litre capacity each.
- These BMCs chill the milk brought by pick-up trucks from 27 villages within a 70-km radius.
- The Bhirandiyara centre has an insulated storage tank that ensures that the milk already chilled by the BMCs is maintained within 5-6 degrees.
- The Kutch union operates 19 such bulk chilling centres all over the district.
- It has started installing village-level BMCs; there are already two of them in villages where procurement volumes have risen significantly.

Significance of Dairy Sector

- The dairy industry in India is unique. With six lakh villages housing about 90 crore people, dairying is not just a large economic activity but also an integral part of our social and cultural heritage.
- Its uniqueness lies in its unifying power, in the fact that no other industry touches lives of millions of farmers, of which 70 per cent are landless. Complementing this are Indian climatic conditions that support animal husbandry.
- Dairy, in effect, could become a great tool for equitable growth and income distribution. What remains is providing market access by offering stable and remunerative prices to farmers and encouraging this generations-old sustainable livelihood source.
- This business provides employment to the landless and land owners alike and the income thus generated checks urban to rural migration.
- Milk, being a complete nutrition, will play a key role in combating malnutrition and poverty.
- Thus, growth of the dairy sector with new technologies and infrastructure is must. To meet these, the sector requires renewed attention and investments from government and agricultural research and development community.





White Revolution: Operation Flood

- Operation Flood, launched in 1970, was a project of India's National Dairy Development Board (NDDB), which was the world's biggest dairy development program.
- It transformed India from a milk-deficient nation into the world's largest milk producer, surpassing the USA in 1998, with about 17 percent of global output in 2010–11.
- In 30 years it doubled milk available per person and made dairy farming India's largest self-sustainable rural employment generator.
- It was launched to help farmers direct their own development, placing control of the resources they create in their own hands. All this was achieved not merely by mass production, but by production by the masses.
- The Anand pattern experiment at Amul, a single, cooperative dairy, was the engine behind the success of the program.
- Verghese Kurien, the chairman and founder of Amul, was named the chairman of NDDB by the then Prime Minister of India Lal Bahadur Shastri. Kurien gave the necessary thrust using his professional management skills to the program, and is recognized as its architect.





ECONOMIC ISSUE

Concept of Land Bank

At the recent annual meetings of the World Bank and the International Monetary Fund, development related issue was discussed - infrastructure, rehabilitation, resilient housing for disaster mitigation and others - the biggest challenge seemed to be land acquisition. However, the concept of land bank can play an important role in handling that.

Land banking involves the purchase of land now for future uses. In the case of open space planning, land banking involves acquisition of land prior to development of an area, or in preparation for needing to mitigate future development impacts. For example land banking can be used to develop a greenbelt, to preserve areas of shoreline, or to protect ecologically valuable land such as wetland.

Hereby discussing the concept of land bank, its significance and expert opinion related to its implementation.

Introduction

Land is the most important component of the life support system. It is the most important natural resource which embodies soil and water, and associated flora and fauna involving the ecosystem on which all man's activities are based.

In a developing country like India, land is not only an important factor of production, but also the basic means of subsistence (if not prosperity) for majority of the people.

Land Resources in India enclose approximately 1.3 million sq miles and is a cape, protruding into the Indian Ocean, in between the Bay of Bengal on the east and Arabian Sea on the west. Indian land resources are segmented into varied relief features, 43% of land area is plain region; Indian mountain region constitutes 30% of the area, where as plateaus account for 27 % of the total surface area on the nation. In spite of sufficient accessibility of landed topography, population pressure in the country is excessive. However, land resources in India are both essential and at shortage in present days. Land resources in India are considered as non-renewable energy reserve.

For the development of the nation land resource in must which requires land acquisition also. Thus concept of land banking may play a significant role in proper utilisation of land resource.

What is land banking?

Land banking implies that government acquires land in advance of needs. The main advantages are that it allows the purchase of land, relatively cheaply, for public purposes and provides a tool to influence the pattern of development in accordance to overall planning objectives'.





The guiding principles of land banking in developing countries are as follows:

- 'To improve access of the poor and other specific target groups to land.
- To support the implementation of urban development projects.
- To reduce inflation in land prices and reduce land speculation. >
- To promote public/private partnerships.
- To improve the land tenure structure.

Land banking is also an option for commercial and industrial projects. The West Bengal government created West Bengal Land Holdings which will purchase land for special economic zones. In this instance, a public authority is using land banking as an instrument for economic growth. In a private sector context, land banking is associated with the purchase of land for investment purposes and land speculation.

In many developing countries access to land is a highly politicised and emotive issue. While governments have policies whose objectives are to ensure that land is distributed equitably, these objectives remain largely unrealised. Land banking is underpinned by the belief that if government has access to a valuable pool of land, they will be a responsible custodian of this resource and allocate it more equitably than if left to the market. In principle this could be the case, but only in instances where the technical and legal processes of land banking are effectively managed and where there is an ongoing commitment to equity.

Components of Land banking

- Land Acquisition: The land acquisition process for land banking is critical. If government entities wish to acquire and hold land, they need to purchase it first. There are various methods of acquiring land and they list these methods as follows:
 - 'Compulsory acquisition (or expropriation)
 - Government purchase in the open market
 - Developer purchase in the open market
 - Statutory purchase in the open market
 - Developer with delegated power of compulsory acquisition
 - Statutory authority with power of compulsory acquisition
 - Public private partnerships, for instance land pooling/re-adjustment'
- Land Management: The management of large parcels of land over a long time period requires considerable resources. Maintenance and security issues are vital especially in locations where land is in prime position for economic, transportation and social opportunities.
- Land Development: One of the core functions of land banks is managing the redevelopment of the parcels of land. The land can be transferred to private developers or non-profit organisations. However as public entities, they need to ensure when redevelopment does happen, it does so within the interests of the local community and according to their strategic objectives.

Issues related to of Land banking

In Nuagaon village near India's east coast, Odisha government is building around a 1,700 hectare piece of land on the village's periphery. The wall would mark the inclusion of the land – 1,253 hectares of which is forest land and is under dispute – in the state government's land bank, thereby restricting locals' access to an area where they have traditionally harvested betel leaves, rice and fish.





Like Nuagaon in Odisha, a movement against land banks is building up in the Torpa block of Khunti district in Jharkhand. Members of gram sabhas (village councils) are holding meetings where they bring villagers' land records to match with the land bank data available on the state revenue department's website to check if the government has surreptitiously put any village common land into its land bank.

Similarly upto 2.68 million hectares of land – an area larger than the state of Meghalaya - have been set aside in land banks in the eight states that declare these statistics, data from state government websites show. These are: Andhra Pradesh, Chhattisgarh, Jharkhand, Madhya Pradesh, Odisha, Rajasthan, Tamil Nadu and Uttar Pradesh.

In several cases, this has been done at the cost of people's rights.

From the point of view of the government, building land banks allows them to offer land to private investors right away, rather than having to wait for the lengthy process of land acquisition each time an investor wants land

However, conflict arise when industrial or infrastructure projects are proposed on land that communities inhabit, earn livelihood from, or have customary rights over. Over 200 million Indians depend on forestland for basic living needs, while 118.9 million Indians practice farming on 160 million hectares of land.

Laws under new land acquisition

The new land acquisition law gives land banks a freer hand. If land acquired under this law is unutilised for more than five years, the state government can put it in its land bank or give it back to the people it was acquired from. Under the new law, if a state government acquires land for "public purpose", which includes defence projects and housing for the poor, it does not need the consent of those who will lose their land. In contrast, the consent of 80% of the land owners affected is required for private projects and of 70% if the project is a public-private partnership.

The law does not prevent the government from acquiring land for a "public purpose" and later handing it over to a private player.

Recommendations under Draft National Land Reforms Policy

- Land Banks and its various models, which help in making available land to the Scheduled Castes/Scheduled Tribes (SCs/STs), may be encouraged.
- A Land Bank comprising the SHGs of landless workers may be constituted on pilot project basis and if found appropriate can be extended to the rest of the country.
- The right to use in respect of the wasteland and other cultivable village lands will vest in the Land Bank. However, village common lands should be used for the common good of the village and may not be alienated.
- All unclaimed lands/abandoned holdings should also vest in the Land Bank.
- The Land Bank should be authorized to lease in land and get it cultivated by their members.
- The Land Bank will have first right of the purchase in respect of the land being sold in the village.
- The Land Bank can use SGSY resources to purchase land or can get the same purchased in name of its members.
- All transactions should be made preferably in the name of women members.
- The Land Bank can lease in land from the absentee landlords or those not desirous of cultivating land.
- The States may bring in legislation for operationalization of the Land Bank.





Prelims News



Hereby, compiling the important short notes of November (16 to 30), 2017.

Indian Culture

AHMEDABAD FACES TASK OF **DEFENDING ITS NEW UNESCO STATUS**

▶ Ahmedabad has became the first Indian city to earn the World Heritage City tag from UNESCO, beating New Delhi and Mumbai for the title in the process.

Cultural heritage of Ahmedabad

- ➤ The Juma Masjid in Ahmedabad.
- ▶ The richness of architecture present in Ahmedabad is enhanced by the cultural fusion of Hindu and Muslim elements.
- ► For a long time while the city was ruled by Muslim monarchs, the wealth in the region was in the hands of the Hindu and Jain merchants.
- ▶ While most of the public buildings were of Muslim ownership, the tone of the architecture evidently loaned much from Hindu artistic traditions.
- Pillars were brought in from the nearby Hindu kingdoms and Hindu and Jain craftsmen were employed to build them.
- ➤ The Sidi Saiyyed Mosque built in the 16th century is one of the finest examples of this Indo-Saracenic style of architecture and is a major touristic attraction in the city today.
- ▶ Ahmad Shah's mosque, Teen darwaza, the Jama masjid and Qutub Shah's mosque are some of the finest examples of a rich historicity in the city.

Reasons for decline

- ➤ Some long-neglected quarters, sealed off from the outside world by labyrinthine alleys, are well beyond restoration.
- ➤ Many traditional 'pols', clusters of settlements identified by UNESCO as bearing "enormous"

- historical value, are all but abandoned, the iconic wooden homes collapsing from neglect.
- ► The chronic air pollution, crushing traffic and chaotic urban sprawl, which experts say are also rapidly eroding its cultural capital. It is streaking stone-carved monuments with black exhaust stains.

Ahmedabad's conservation committee has three years to document close to 3,000 buildings of heritage value to strict UNESCO standards. UNESCO could revoke or downgrade Ahmedabad's listing to "heritage in danger" should the deadline be missed and the committee fail to show it has slowed the decline and destruction of the old city.

ALLOW KAMBALA RACES WITHOUT CRUELTY

➤ The Centre supported the cause of having Kambala races in Karnataka, provided steps are taken to avoid cruelty to the participating bulls.

About Kambala

▶ Kambala, in which two bullocks are tied to a plough and raced through slush tracks, is a "cultural and historical" sport conducted between November and March when the fields are empty. It has been held for centuries. Whips are not used on the animals. A special breed of bulls is used for Kambala races.

Government steps

▶ The President refused his assent to the Prevention of Cruelty to Animals (Karnataka Amendment) Bill of 2017, reportedly in May. The State government had then promulgated the Prevention of Cruelty to Animals (Karnataka Amendment) Ordinance of 2017 in July.



The ordinance violates the Animal Welfare Board of India versus A. Nagaraja verdict of the Supreme Court which made illegal any practice or activity inflicting bovine animals with unnecessary pain and suffering as "inherent cruelty".

INDUS CIVILIZATION FLOURISHED WITHOUT FLOWING RIVER

- The Indus civilisation developed at about the same time as urban civilisations developed in Mesopotamia and Egypt. Archaeological evidence shows that many of the settlements in the Indus civilisation developed along the banks of a river called the Ghaggar-Hakra.
- ▶ But the new study, led by researchers from the Indian Institute of Technology (IIT) Kanpur and Imperial College London, has now provided evidence that a major Himalayan river did not flow at the same time as the development of Indus civilisation urban settlements.
- ➤ The findings challenge understanding of how urbanization in many ancient civilizations began and grew in relation to natural resources.
- The study also showed that today's Sutlej River used to flow along the trace of the Ghaggar-Hakra river but rapidly changed course upstream 8,000 years ago. This meant that 3,000 years later, when the Indus people settled the area, there was only an abandoned large river valley occupied by seasonal monsoon river flow instead of a large Himalayan river.

BIRTH ANNIVERSARY OF BIRSA MUNDA

- ▶ Birsa Munda, freedom fighter in British era, is remembered for bringing a tribal revolution in India.
- ► He belonged to the Munda tribe, most common in Jharkhand, Odisha, West Bengal and parts of Bihar, Chhattisgarh, Arunachal Pradesh, Tripura and Madhya Pradesh. The group is one of India's largest scheduled tribes.
- Contribution in freedom struggle
 - The British colonial system intensified the transformation of the tribal agrarian system into a feudal state. As the tribals with their primitive technology could not generate a surplus, non-tribal peasantry were invited by the chiefs in Chhotanagpur to settle on and cultivate the land. This led to the alienation of the lands held by the tribals.

- The new class of Thikadars was of a more rapacious kind and eager to make the most of their possessions.
- In some villages they had completely lost their proprietary rights, and had been reduced to the position of farm labourers.
- To the twin challenges of agrarian breakdown and culture change, Birsa along with the Munda responded through a series of revolts and uprisings under his leadership. The movement sought to assert rights of the Mundas as the real proprietors of the soil, and the expulsion of middlemen and the British.
- ▶ He died in Ranchi jail on June 9, 1900 at a young age of 25.

AADI MAHOTSAV

- ➤ The Aadi Mahotsav, a celebration of the spirit of Tribal Culture, Craft, Cuisine and Commerce.
- ➤ A special scheme to provide loans from National Scheduled Tribes Finance and Development Corporation(NSTFDC) was also introduced during the Aadi Mahotsav.
- ➤ The festival will feature exhibition-cum-sale of tribal handicrafts, art, paintings, fabric, jewellery and much more.
- ▶ It was organized to promote Tribal Economy, Culture and Cuisine.

MANIPUR SANGAI FESTIVAL 2017

- ► Every year the State of Manipur celebrates the "Manipur Sangai Festival" from 21st to 30th November.
- ➤ The 'Festival' is named after the State animal, Sangai, the brow-antlered deer found only in Manipur.
- ▶ It started in the year 2010 and has grown over the years into a big platform for Manipur to showcase its rich tradition and culture to the world.
- ➤ The festival is labeled as the grandest festival of the State today and helps promote Manipur as a world class tourism destination. Every edition of the festival showcases the tourism potential of the state in the field of Arts & Culture, Handloom, Handicrafts, Indigenous Sports, Cuisine, Music and Adventure sports of the state etc.
- Indigenous sports arel also major highlight of the State's biggest tourism festival.





- ➤ Manipur's famous martial arts- Thang Ta (a combination Spear & Sword skills), Yubi-Lakpi (a game played with greased coconut like rugby), Mukna Kangjei (a game that combines hockey and wrestling), and Sagol Kangjei-Modern Polo (believed to have evolved in Manipur) will all form part of the festival.
- ▶ Besides, there are a number of adventure tourism activities like trekking, white water rafting and parasailing etc. will also form a major part of the festival.

Science & Environment

ISRO IS PLANNING TO DESIGN LAUNCH VEHICLES FOR SMALL SATELLITES

- ▶ ISRO is developing a PSLV launch vehicle exclusively for small satellites that is slated to be launched in early 2019.
- ➤ Why needed?
 - With the huge number of small satellites outpacing the available launchers, many small satellites have to remain grounded as they don't find a launcher due to large queue and waiting time. In the UK this year, 50 small satellites could not find a launcher.
 - This is a big obstacle in the path of realizing the full potential of space technology and enabling civilians to build small satellites for an array of purposes ranging from educational to monitoring to observation.
 - The lack of launch facilities or higher costs incurred also impedes the mission of evangelizing satellite technology in the public for greater digitalization.
- Benefits of small launch vehicles:
 - The small launch vehicle is expected to cost one-tenth of a normal PSLV rocket which costs anywhere between INR 1,500 million and 5,000 million
 - It will be capable of carrying a payload of 700 kg.
 - Small rocket can be manufactured in about three days, against 40 days required for a regular PSLV rocket, is also expected to escalate the pace of launches.

AIR LAUNCHED BRAHMOS MISSILE TEST **FIRED**

➤ The world's fastest supersonic cruise missile, BrahMos, was successfully flight-tested for the

- first time from the Indian Air Force's frontline fighter, Sukhoi-30MKI.
- ▶ It is now capable of being launched from land, sea and air.

Basic features of BrahMos:

- ➤ Supersonic cruise missile, BrahMos, is being developed with Russia as a private jointventure.
- ▶ BrahMos is a multi-platform cruise missile enabling it to strike from various types of land, sea and air-based platforms.
- ▶ It is among the fastest supersonic cruise missiles in the world with speeds ranging between Mach 2.5 - 2.8.
- BrahMos is a 'fire and forget' weapon, requiring no further guidance from the control centre once the target has been assigned and it is launched.
- ▶ BrahMos is a two-stage missile with a solid propellant booster engine as its first stage which brings it to supersonic speed and then gets separated. The liquid ramjet or the second stage then takes the missile closer to Mach 3 speed in cruise phase.
- ➤ Stealth technology and guidance system with advanced embedded software provide the missile with special features.
- ➤ The missile has flight range of up to 290-km with supersonic speed all through the flight, leading to shorter flight time, consequently ensuring lower dispersion of targets, quicker engagement time and non-interception by any known weapon system in the world.
- ▶ Its destructive power is enhanced due to large kinetic energy on impact. Its cruising altitude could be up to 15 km and terminal altitude is as low as 10 meters.
- ▶ It carries a conventional warhead weighing 200 to 300 kg.

Significance

- ▶ The supersonic cruise missile that provides a major strategic deterrence against China and Pakistan can be utilised in 'multi-mission' roles, including precision strikes on terror camps across the LoC, against highvalue naval targets, including aircraft carriers and nuclear bunkers.
- ► This will act as a significant capability development for the IAF, which will have the combination of Su-30 fighters having a range of 3,000 km and the BrahMos with 290 km.



FURNACE OIL AND PET COKE

The Supreme Court has banned the use of petcoke in and around New Delhi in a bid to clean the air in one of the world's most polluted cities. But a blanket ban on the sale and use of petcoke could hit the country's small and medium scale industries, which employ millions of workers and operate on thin margins.

Thus Supreme Court eased its ban on use of petcoke for cement manufacturing, lime industries and on furnace oil for power generation.

Furnace Oil

- ► Furnace oil is a dark viscous residual product used as a fuel in different types of combustion equipment.
- ▶ Broadly its applications can be classified as:
 - As fuel for Power Generation in DG Sets
 - As fuel for Boilers/Furnaces/Air preheater/ Any other Heaters
 - Fuel for Bunkering
 - Fuel/Feedstock in Fertilizer Plants

Pet coke

- ▶ Petroleum coke, abbreviated coke or petcoke, is a final carbon-rich solid material that derives from oil refining, and is one type of the group of fuels referred to as cokes. Petcoke is the coke that, in particular, derives from a final cracking process-a thermo-based chemical engineering process that splits long chain hydrocarbons of petroleum into shorter chains-that takes place in units termed coker units. (Other types of coke are derived from coal.)
- ➤ Fuel grade petcoke is typically very high in heating value (BTUs per pound), produces virtually no ash when burned, and is most commonly used in electric power plants and cement kilns.

CALL TO MAKE CLINICAL TRIAL DATA **PUBLIC**

What are clinical trials?

- ▶ Clinical trials are conducted to collect data regarding the safety and efficacy of new drug and device development. There are several steps and stages of approval in the clinical trials process before a drug or device can be sold in the consumer market, if ever.
- Drug and device testing begins with extensive laboratory research which can involve years of

- experiments in animals and human cells. If the initial laboratory research is successful, researches send the data to the Food and Drug Administration (FDA) for approval to continue research and testing in humans.
- Once approved, human testing of experimental drugs and devices can begin and is typically conducted in four phases. Each phase is considered a separate trial and, after completion of a phase, investigators are required to submit their data for approval from the regulatory body before continuing to the next phase.

Proper mechanism

The court asked the government to set in place a proper mechanism to regulate trials. This led to measures which required that compensation be paid to patients affected by trials and that there was audio-visual proof that participants had indeed consented to take part in a trial. However, these requirements were later eased and a streamlined system is in place which, according to clinical-trial companies, is much more conducive to organizing trials.

DELHI TO GET CLEANER EURO VI FUEL

The government has advanced introduction of ultra-clean Euro-VI grade petrol and diesel in the national capital by two years to April 2018 in a bid to fight air pollution that has reached alarming levels.

About Euro VI fuel

- ► Euro-VI grade fuel contains 10 parts per million (ppm) of sulphur as against 50 ppm in Euro-IV fuels.
- ➤ The aim of Euro 6 is to reduce levels of harmful car and van exhaust emissions, both in petrol and diesel cars.
- ➤ This includes nitrogen oxide (NOx), carbon monoxide (CO), hydrocarbons (THC and NMHC) and particulate matter (PM), which is basically soot from diesel cars. The knock-on effect of reducing these pollutants can also mean improved fuel economy and lower CO2 emissions.
- ➤ NOx is a harmful pollutant that is often blamed for damaging the environment, but has also been proven to have serious health implications. Particulate matter, meanwhile, is a local pollutant that has also been linked to health and respiratory problems.





The latest Euro 6 regulations set different emissions standards for petrol and diesel cars. but that is a reflection of the different kind of pollutants the two fuels produce. For diesels, the permitted level of NOx emitted has dramatically dropped to a maximum of 80mg/ km, compared to the 180mg/km level that was required for cars that met the previous Euro 5 emissions standard. In contrast, the NOx limit for petrol cars remained unchanged from Euro 5, as it was already low at 60mg/

AMENDMENT IN FORESTS ACT

- President has promulgated an Ordinance, amending the Indian Forest Act, 1927 which with immediate effect exempts bamboo grown in non-forest areas from the requirement of felling/transit permit. The move will encourage bamboo plantation by farmers and help enhance their income.
- ▶ Before this amendment, bamboo was treated as tree under the Indian Forest Act (IFA), 1927 and therefore, attracted the requirement of transit permit under the law even if it was grown on private land. Since getting such permit is quite a cumbersome process, it has been identified as a major impediment for the cultivation of bamboo by farmers on non-forest land.
- ➤ The bamboo grown in forest areas will, however, continue to be protected under the Forest Conservation Act, 1980. The exemption will be meant only for those grown on non-forest land.
- ▶ A major objective of the amendment is to promote cultivation of bamboo in non-forest areas to achieve twin objectives of increasing the income of farmers and increasing the green cover of the country.

Status of bamboo sector

- ▶ The current demand of bamboo in India is estimated at 28 million tonnes. Though India has 19% share of world's area under bamboo cultivation, its market share in the sector is only 6%. At present, the country imports timber and allied products, such as pulp, paper and furniture. In 2015, India had imported about 18.01 million cubic meters of timber and allied products worth Rs 43,000 crores.
- ► According to the United Nation's Industrial Development Organisation (UNIDO), the bamboo business in the north-east region alone has a potential of about Rs 5,000 crore in the next ten years.

GREEN MINISTRY WANTS POLLUTER PAYS PRINCIPLE INCLUDED

➤ The Union environment ministry has suggested to the Union mines ministry that the 'polluter pays' principle which states that those who produce pollution should pay for the damage done to human health and the environment should be included in the national mineral policy (NMP) so that the miners become "cautious" and "responsible".

About Polluter pay principle

- ➤ The 'polluters pays' principle is the commonly accepted practice that those who produce pollution should bear the costs of managing it to prevent damage to human health or the environment. For instance, a factory that produces a potentially poisonous substance as a byproduct of its activities is usually held responsible for its safe disposal.
- ➤ This principle underpins most of the regulation of pollution affecting land, water and air.
- ▶ The polluter pays principle is a way of 'internalizing the externality'. It makes the firm / consumer pay the total social cost, rather than just the private cost. (Social cost = private cost+ external cost).
- ▶ The polluter pays principle was incorporated into the 1992 Rio summit The declaration stated: Principle 16: 'National authorities should endeavor to promote the internalization of environmental costs and the use of economic instruments, taking into account the approach that the polluter should, in principle, bear the cost of pollution, with due regard to the public interest and without distorting international trade and investment.'
- Difficulties of Implementing Polluter Pays Principle:
 - It can be difficult to measure how much pollution is produced, e.g. firms may try to hide the extent of their pollution.
 - It can be difficult to impose regulations or tax on firms from other countries. For example, when we contribute to global warming, the problem effects everyone around the world, but it can be difficult to create international agreements to impose penalties on those polluting.
 - Pollution havens. These are countries which have weaker environmental legislation and firms can escape taxes and regulations on pollution by shifting production to those countries.



- Some costs are unexpected and occur after the event. e.g. in building nuclear power plant.
- Administration costs of collecting information and implementing tax. For example, a few drunks late at night may make a lot of noise and disturb the neighbourhood, but it would be impractical to impose a tax on those who make noise after a hard-days night. Administration costs have prevented the extension of congestion charge to smaller cities like Manchester - even though in principle it would make economic sense to have a charge for those who cause the external cost of congestion.

WORLD'S SMALLEST DATA RECORDER

- ➤ Scientists have converted a natural bacterial immune system into the world's smallest data recorder.
- ➤ The researchers modified an ordinary laboratory strain of the ubiquitous human gut microbe Escherichia coli, enabling the bacteria to not only record their interactions with the environment but also time-stamp the events.
- ➤ The research would lay the groundwork for a new class of technologies that use bacterial cells for everything from disease diagnosis to environmental monitoring.
- ▶ Other applications could include environmental sensing and basic studies in ecology and microbiology, where bacteria could monitor otherwise invisible changes without disrupting their surroundings.

CLIMATE CHANGE PERFORMANCE INDEX (CCPI) 2018

- ➤ The Climate Change Performance Index (CCPI) is an instrument covering 58 countries and supposed to enhance transparency in international climate politics.
- ▶ Its aim is to encourage political and social pressure on those countries which have, up to now, failed to take ambitious actions on climate protection as well as to highlight countries with best-practice climate policies.
- ▶ On the basis of standardised criteria, the index evaluates and compares the climate protection performance of 58 countries that are, together, responsible for more than 90 percent of global energy-related CO₂ emissions. 80 percent of the evaluation is based on objective

indicators of emissions trend and emissions level. 20 percent of the index results are built upon national and international climate policy assessments by more than 200 experts from the respective countries.

Outcomes of the Index

- ➤ Since no country is on a Paris-compatible path yet, the top three of the CCPI 2018 are still unoccupied.
- With comparably positive developments in renewables and per capita emissions, Sweden ranks 4th in this year's CCPI - following the empty top three.
- A relatively low emissions level and a very high trend in renewable energy are reasons for Lithuania's 5th rank.
- Profiting from a good policy evaluation and relatively high 2030 targets, Morocco lands on position six, followed by Norway.
- ▶ India ranks 14th with still low levels of per capita emissions and energy use.
- ➤ China however, with its high emissions and a growing energy use over the past five years, still ranks 41st.
- ► Having declared its withdrawal from the Paris Agreement and dismantled major climate legislation of the previous government, the USA (rank 56) finds itself in the bottom five of the ranking. Besides a very low policy evaluation, the country's emissions level and energy use are considerably too high to be in line with a well-below 2°C pathway.
- The bottom three of the index is formed by Korea (rank 58), Iran (rank 59) and Saudi Arabia (rank 60), all of which are showing hardly any progress or ambition in reducing its emissions and energy use.

Polity & Governance

MORE SEATS FOR SIKKIM ASSEMBLY

- ▶ Home Ministry has proposed amendments to the Second Schedule to the RP Act, 1950, whereby total seats in Sikkim Legislative Assembly will be 40 in place of existing 32, reserving five seats for Limboo and Tamang, while retaining existing reservations for Bhutias, Lepchas, Scheduled Castes and Sanghas.
- ▶ Of the eight seats proposed to be increased, five will be reserved for Limboo and Tamangs. Now, Sikkim has 12 seats reserved for Bhutias



- and Lepchas, two for the Scheduled Castes, one seat for the Sanghas and 17 general seats. As per constitutional provisions, the total number of seats for STs should be in proportion to the population.
- ➤ The seats for Bhutia and Lepchas are reserved not on the basis of them being a Scheduled Tribe, but as a sequel to a political agreement in 1973 between the Government of India, ex-Chogyal (King) of Sikkim and political parties.
- ▶ The proposal also said that Section 5A of the RP Act, 1951 will be amended to provide "that in case of a seat reserved for Limboo and Tamang tribe, he is to be a member of Limboo and Tamang tribe specified in the Representation of Sikkim Subjects Act, 1974 and elector or an assembly constituency in the State."

EXPANSION OF "MISSION FOR PROTECTION AND EMPOWERMENT FOR WOMEN"

- ➤ The Cabinet Committee on Economic Affairs chaired by the Prime Minister Shri Narendra Modi has given its approval for expansion of the schemes of Ministry of Women and Child Development under Umbrella Scheme "Mission for Protection and Empowerment for Women" for a period 2017-18 to 2019-20. CCEA has also given approval to the new scheme called 'Pradhan Mantri Mahila Shakti Kendra', which will empower rural women through community participation to create an environment in which they realize their full potential. Expansion under Beti Bachao Beti Padhao has also been approved based on the successful implementation in 161 districts.
- ► Additional Swadhar Grehs have been approved to provide relief and rehabilitation of approximately 26,000 beneficiaries.
- ➤ To provide comprehensive support to women affected by violence, One Stop Centres (OSCs) will be established in 150 additional districts during the period.

About Mission for Protection and **Empowerment of Women**

▶ It is conceived as an umbrella mission with a mandate to strengthen inter-sectoral convergence and facilitate the process of coordinating all the women's welfare and socio economic development programmes across ministries and departments.

- ▶ The salient features of the National Mission for Empowerment of Women (NMEW) are:
 - To ensure economic empowerment of women.
 - To ensure that violence against women is eliminated progressively
 - To ensure social empowerment of women with emphasis on health and education.
 - To oversee gender mainstreaming of programmes, policies, institutional arrangements and processes participating Ministries, Institutions and Organizations.
 - To undertake awareness generation as well as advocacy activities to fuel demand for benefits under various schemes and programmes and create, if required, structures at district, tehsil and village level with the involvement of Panchayats for their fulfillment.
- The Mission does not involve direct delivery of benefits to individual beneficiaries.

'PRADHAN MANTRI MAHILA SHAKTI **KENDRA'**

- ▶ It will provide an interface for rural women to approach the government for availing their entitlements and for empowering them through training and capacity building.
- ➤ Student volunteers will encourage the spirit of voluntary community service and gender equality. More than 3 lakh student volunteers from local colleges will be engaged in this process, while association with NSS/NCC cadre students will also be an option for contributing to nation building as responsible citizens. This will provide an opportunity to Student Volunteers to participate in the development process by bringing change in their own communities and ensuring that women are not left behind and are equal partners in India's progress.
- ▶ The outcome based activities of student volunteers will be monitored through web based system. On completion, certificates for community service, will be displayed on national portal for verification and can also be used as resource /asset for the participating students in future.
- ➤ The scheme is envisaged to work at various levels. While, National level (domain based knowledge support) and State level (State



Resource Centre for Women) structures will provide technical support to the respective government on issues related to women, the District and Block level Centres will provide support to PMMSK and also give a foothold to BBBP in 640 districts to be covered in a phased manner.

EXPANSION OF SUB-SCHEMES UNDER **ICDS**

▶ The Cabinet Committee on Economic Affairs has given its approval for continuation of Anganwadi Services, Scheme for Adolescent Girls, Child Protection Services and National Crèche Scheme from 1.4.2017 to 30.11.2018 with an outlay of over Rs.41,000 crore. These are the sub-schemes under Umbrella Scheme "Integrated Child Development Services (ICDS)"

Features:

- ➤ The approved Schemes include:
 - Anganwadi Services
 - Scheme for Adolescent Girls
 - Child Protection Services
 - National Crèche Scheme
- ➤ The Cabinet has also approved:
 - Implementation of Scheme for Adolescent Girls for out of school girls in the age group of 11-14 years, its phased expansion
 - Phasing out of the on-going Kishori Shakti Yojana for out of school girls in the age group of 11-14 years.
- ▶ The decision also provides for conversion of National Crèche Scheme from Central Sector to Centrally Sponsored Scheme with the revised cost sharing between Centre and States as 60:40 for all States and UTs with legislature, 90:10 for NER and Himalayan States and 100% for UTs without legislature and implementation of the Scheme through States/UTs instead of existing implementation agencies.

Impact:

The sub-schemes listed above are not new schemes but are continuing from the XII Five Year Plan. The programme through targeted interventions will strive to reduce the level of malnutrition, anaemia and low birth weight babies, ensure empowerment of adolescent girls, provide protection to the children who are in conflict with law, provide safe place for day-care to the children of working mothers, create synergy, ensure better monitoring, issue negative alerts for timely action, encourage States/UTs to perform, guide and supervise the line Ministries and States/UTs to achieve the targeted goals and bring more transparency.

MINISTERIAL PENAL ON TRIPLE TALAQ

The Union government has set up a ministerial committee to frame a new law that would attract penal provisions in the case of use of triple talag or talag-e-biddat for divorce between Muslim couples, and will be bringing the new Bill in the winter session of Parliament.

Supreme Court's Decision on Triple Talag

- ➤ The judges has struck down talaq-e-biddat as it is violative of the provisions of Articles 14, 15. 21 and 25 of the Constitution. In other words, the court observed that instant triple talaq is illegal, void and unconstitutional.
- ➤ The Supreme Court's decision to strike down triple talaq is the trigger to unify religion-based personal laws in the country until the government frames new legislation.
- Individual women from different communities have been challenging the constitutional validity of the discriminatory aspects of the personal laws in courts. Their main concern is the threat of forced marriage, murderous attacks in cases of inter-caste, inter-class and inter-religious marriages and property disputes even while they have to deal with issues like adultery, bigamy, polygamy, divorce, custody of child/ children, property and incest in their marital homes. Triple talaq is a fine victory and the first step but Indian women needs to achieve many milestones to set herself free.

Economic News

15th FINANCE COMMISSION CONSTITUTED

- ➤ The Government of India, with the approval President of India, has constituted Fifteenth Finance Commission in pursuance of clause (1) of article 280 of the Constitution, read with the provisions of the Finance Commission (Miscellaneous Provisions) Act, 1951.
- ▶ This Commission will be headed by Shri. N.K.Singh, former Member of Parliament and former Secretary to the Government of India. Shri Shaktikanta Das, former Secretary to the Government of India and Dr. Anoop Singh,



Adjunct Professor, Georgetown University shall be the members of the Commission. Dr. Ashok Lahiri, Chairman (Non-executive, part time), Bandhan Bank and Dr. Ramesh Chand, Member, NITI Aayog shall be the Part time members of the Commission. Shri Arvind Mehta shall be the Secretary to the Commission.

➤ The new Finance Commission will cover fiveyear period commencing April 1, 2020.

Functions

- ➤ As per Article 280 of the Constitution, the Commission is required recommendations on the distribution of the net proceeds of taxes between the Centre and the states.
- ➤ The Commission also suggests the principles which should govern the grants in aid of the revenues of the states out of the Consolidated Fund of India.
- ▶ It will also recommend a fiscal consolidation road map for sound fiscal management.
- ➤ This time it will have to take into account the impact of the Goods and Services Tax, which kicked in from July, on the resources of the central as well state governments.
- ▶ Further, the commission will examine progress made in promoting ease of doing business by effecting related policy and regulatory changes and promoting labour intensive growth.

COASTAL ECONOMIC ZONE

- ► The government has given the go-ahead for setting up India's first mega coastal economic zone (CEZ) at the Jawaharlal Nehru Port in Maharashtra.
- ▶ The plan envisages a total investment of Rs 15,000 crore in the first phase and creation of more than 1.5 lakh jobs, they said.
- ➤ The project aims to attract large firms interested in serving the export markets as they would bring with them technology, capital, good management and links to the world markets. This in turn would help create an ecosystem around them in which productive small and medium firms would emerge and flourish.
- ➤ These zones are expected to provide businessfriendly ecosystem including ease of doing business, ease of exporting and importing, swift decisions on applications for environmental clearances, and speedy water and electricity connections.

➤ The country's first mega CEZ will stretch along north Konkan region spread across Nashik, Thane, Mumbai, Pune and Raigarh.

About Jawaharlal Nehru Port

- ▶ Located east of Mumbai in Maharashtra, the port on the Arabian Sea is accessed via Thane Creek.
- ▶ It is among the busiest cargo ports in the country, but it has sufficient available land. That is why it has been chosen over other ports to kick-start the concept which was first mooted by the erstwhile NITI Aayog vice-chairman Arvind Panagariya.
- ➤ The port handles over 40% of India's exportimport volume because of deep-draft ports capable of accommodating very large and heavily loaded ships.

ALGO TRADING RULES: SEBI

- ▶ The Securities and Exchange Board of India (Sebi) plans to introduce rules on the participation of retail investors in algorithmic trading.
- ▶ Algo trades account for over 43% of India's stock market turnover. In the US, where retail investors also engage in algo trades, 90% of the turnover is from automated systems. The global average is 75%.
- ► Algo trading uses advanced mathematical models and computer programmes to create nimble trading strategies. Decisions are made and executed in fractions of a second at magnitudes a human being couldn't handle. This advantage over manual methods is a concern for regulators around the world.
- There are no rules currently on algo trading for retail investors though some brokers are offering it as a product. The regulator is uncomfortable with retail investors engaging in automated trading in the absence of regulations. Regulations are needed to ensure sound risk management practices and KYC (know your client) mechanisms."

Difference between Algorithmic trading, Quantitative trading, Automated trading and **High-Frequency trading**

Algorithmic trading – Algorithmic trading means turning a trading idea into a trading strategy via an algorithm. The trading strategy thus created can be backtested with historical data to check whether it will give good returns





- in real markets. The algorithmic trading strategy can be executed either manually or in an automated way.
- Quantitative trading Quantitative trading involves using advanced mathematical and statistical models for creating and executing trading strategies.
- Automated trading Automated trading means completely automating the order generation, submission, and the order execution process.
- HFT (high-frequency) trading Trading strategies can be categorized as lowfrequency, medium-frequency and highfrequency strategies as per the holding time of the trades. High-frequency strategies are algorithmic strategies which get executed in an automated way in quick time, usually on a sub-second time scale. Such strategies hold their trade positions for a very short time and try to make wafer-thin profits per trade, executing millions of trades every day.

URJIT PATEL APPOINTED ON BIS ADVISORY BOARD

- ▶ RBI Governor Urjit Patel was appointed to the Financial Stability Institute Advisory Board or the Bank of International Settlement (BIS), a global financial organisation owned by major central banks from across the world.
- ➤ The Financial Stability Institute (FSI) of the BIS assists financial sector authorities worldwide in strengthening their financial systems.

About FSI

- The FSI was jointly created in 1998 by the BIS and the Basel Committee on Banking Supervision.
- ➤ The FSI's objectives are to:
 - promote sound supervisory standards and practices globally and support full implementation of these standards in all countries
 - keep supervisors updated with the latest information on market products, practices and techniques
 - provide a venue for policy discussion and sharing of supervisory practices and experiences
 - promote cross-sectoral and cross-border supervisory contacts and cooperation

- ➤ The FSI has been implementing a new strategy that includes achieving closer interaction with central banks and financial supervisory agencies, which are its main stakeholders.
- ➤ The Advisory Board will provide strategic advice to help the FSI continue to meet its mandate in a way that is responsive to the changing needs of its key stakeholders around the world. To achieve this objective, the Advisory Board will comprise a small but diverse group of central bank governors, heads of financial sector supervision and chairs of standardsetting bodies and regional supervisory groups.

Miscellaneous News

PROTECT AND GROW AMERICAN JOBS **ACT OF USA**

- ➤ The bill amends the Immigration and Nationality Act to revise the definition of "exempt H-1B nonimmigrant" to eliminate the masters or higher degree requirement and raise the annual salary threshold requirement from \$60,000 to \$100.000.
- ▶ (An exempt H-1B nonimmigrant is a nonimmigrant H-1B [specialty occupation] worker meeting certain criteria whom an H-1B dependent employer may hire without having to satisfy certain otherwise applicable H-1B hiring criteria. An H-1B dependent employer is generally one whose H-1B workers comprise 15% or more of the employer's total workforce, with different thresholds applying to smaller employers.)
- ➤ The bill requires an inflation adjustment to the salary threshold every third fiscal year.
- ▶ The legislation would help close a loophole in the nation's high-skilled immigration system being used by these companies to bring in cheaper foreign labor from abroad

Impact on India

- The raising of the salary limits for H1B will definitely create a short-term jolt among Indian IT companies who were expecting the earlier limit of US \$60,000 to be raised to around US \$90,000-100,000 but not \$130,000.
- ▶ Major Indian IT companies paid project managers between \$85,000 and \$130,000 in the US last year - with salaries varying between US states - while technology leads were paid between \$65,000 and \$100,000, and systems engineers around \$ 65,000, according to data available online.



The proposed 'Protect and Grow American Jobs' law claims to be also intended to curb Indian firms from cornering H1B visas.

WORLD TOILET DAY

- ➤ World Toilet Day (WTD) is an official United Nations international observance day on 19 November to inspire action to tackle the global sanitation crisis.
- ▶ World Toilet Day 2017 continues the theme from World Water Day earlier this year, with the focus on wastewater.
- ➤ Toilets save lives because human waste spreads killer diseases. However, 4.5 billion people live without a household toilet that safely disposes of their waste.
- ▶ By 2030, the Sustainable Development Goals, specifically SDG #6, aim to reach everyone with sanitation, and halve the proportion of untreated wastewater and increase recycling and safe reuse.
- ➤ To achieve SDG 6, we need everyone's poo to take a 4-step journey:
 - Containment: Poo must be deposited into a hygienic toilet and stored in a sealed pit or tank, separated from human contact.
 - Transport: Pipes or latrine emptying services must move the poo to the treatment stage.
 - Treatment: Poo must be processed into treated wastewater and waste products that can be safely returned to the environment.
 - Disposal or reuse: Safely treated poo can be used for energy generation or as fertilizer in food production.

DALVEER BHANDARI

- ➤ Dalveer Bhandari was re-elected to the fifth and the last seat of the world court after Britain withdrew its candidate from the election.
- ➤ The ICJ has 15 judges who serve for nine years; and five of them retire every three years. Judge Bhandari's new full term of nine years will begin on February 6, 2018.

Achievements

▶ Judge Bhandari was the chairperson of the Delhi Centre of the International Law Association for several years. Before he was elevated as a judge of the Supreme Court on October 28, 2005, he served as the Chief Justice of the Bombay High Court. His landmark judgment in a divorce case that held that irretrievable breakdown of marriage can be a ground for divorce has nudged the Union government, which is seriously considering his suggestion for amendment of the Hindu Marriage Act, 1955. He has been selected as one of the 15 most illustrious and distinguished alumni in the 150-year history of the Northwestern University School of Law, Chicago, where he completed his Masters of Law in 1971.

About ICJ

- ➤ The International Court of Justice is the primary judicial branch of the United Nations (UN). It provides advisory opinions on legal questions submitted to it by duly authorized international branches, agencies, and the UN General Assembly.
- ▶ It has the jurisdiction to settle disputes between countries and examine cases pertaining to violation of human rights according to the tenets of international law. It is the judicial arm of the United Nations.
- ➤ The ICJ has a total strength of 15 judges who are elected to nine-year terms of office. They are elected by members of the United Nations General Assembly and the Security Council, where polling takes place simultaneously but independent of each other. In order to be elected, a candidate must have an absolute majority in both bodies, which often leads to much lobbying, and a number of rounds of voting.

INDIA SINGAPORE MARITIME SECURITY

- ▶ India and Singapore on signed an agreement to deepen cooperation in maritime security and called for ensuring freedom of navigation in critical sea lanes in the backdrop of China's increasing assertiveness in the region.
- ➤ Singapore agreed to India's proposal for continuous and institutionalized naval engagements in their shared maritime space, including establishing maritime exercises with like-minded regional/Asean partners.
- ➤ The two sides also signed the revised Defence Cooperation Agreement to further strengthen the longstanding defence relationship between the Singapore Armed Forces and the Indian Armed Forces.



The pact also underscored areas like aerospace and electronics among other areas of mutual interest between the defence industries of both countries for enhanced collaboration.

MILITARY EXERCISES

- SAMPRITI series: The exercise has been aimed to strengthen and broaden the aspects of interoperability and cooperation between the Indian and Bangladesh Armies. The 13-day long field training exercise commenced on 06 November 2017, which was culminated with a validation exercise on November 15-16. It was conducted in a progressive manner wherein the participants initially familiarised themselves with each other's organisational structure and tactical drills. Subsequently, the training advanced to various joint tactical exercises by the two Armies.
- IMBAX: India and Myanmar kicked off a new military exercise between them that focuses on peacekeeping operations. The drills once again placed the spotlight on a budding defense relationship between the two neighboring states as part of their broader foreign policy objectives.

It has commenced at Joint Training Node of the Indian Army at Umroi, 30km away from Meghalaya capital's Shillong.

MOSCOW DECLARATION TO END TB

Health ministers, NGOs, and private sector representatives from 120 countries adopted the Moscow Declaration to eliminating additional deaths from HIV co-infection by 2020 and achieving synergy in coordinated action against TB and non-communicable diseases. A co-infection is when a person suffers from two infections at the same time.

The declaration fundamentally transform the fight against TB, we need to:

- ► Address all the determinants b of the TB epidemic including through a high-level commitment to, and implementation of, a multisectoral approachc;
- ► Achieve rapid progress towards the goal of universal health coverage through health systems strengthening, while also ensuring universal access to quality people-centred TB prevention and care, ensuring that no one is left behind:
- Implement measures aimed at minimizing the risk of the development and spread of drug resistance taking into account global efforts to combat AMR:
- Secure sufficient and sustainable financing, especially from domestic sources, and mobilize, as needed, additional financing from development banks, development partners and donor agencies;
- Advance research and development, as well as rapid uptake, of new and more effective tools for diagnosis, treatment, drug regimens, and prevention including vaccination, and ensure that we translate existing and emerging knowledge into concrete action to achieve rapid results:
- Actively engage people and communities affected by, and at risk of, TB.

