



# IAS PARLIAMENT

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A Shankar IAS Academy Initiative

## CURRENT AFFAIRS MAGAZINE

FEBRUARY 2019

**Shankar IAS Academy™**

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## FEBRUARY 2019

### G.S PAPER I

#### 1. GEOGRAPHY

##### 1.1 Polar Vortex

###### Why in news?

A record-breaking cold wave has swept through the US Midwest, with 22 states hitting sub-zero temperatures.

###### What is the condition at present?

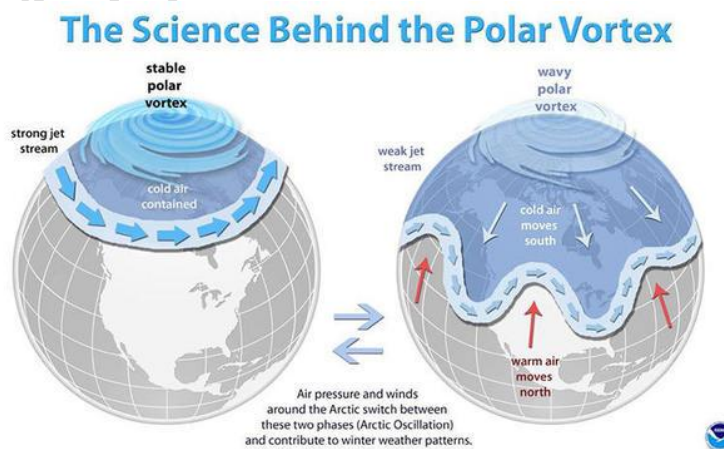
- Among cities, Chicago dropped to a low of  $-30^{\circ}\text{C}$ , slightly above the city's lowest-ever reading of  $-32^{\circ}\text{C}$  from 1985.
- Minneapolis recorded  $-32^{\circ}\text{C}$ .
- The extreme cold has been caused by a blast of Arctic air, which in turn is a result of what is known as a "polar vortex" event.

###### What is a polar vortex?

- The polar vortex is a large area of low pressure and cold air surrounding both of the Earth's poles.
- The system has a whirling mass of cold air circulating in the mid- to upper-levels of the atmosphere, flowing counter-clockwise.
- This flow of air helps in containing the colder air within the poles.

###### What is a "polar vortex" event?

- Normally, when the vortex is strong and healthy, it helps keep a current of air (the jet stream) travelling around the globe in almost a circular path.
- This current contains the cold air north of it and the warm air south of it.
- But in winter, in the northern hemisphere, the polar vortex sometimes becomes less stable and expands.
- This occurs when there is a lack of a strong low-pressure system, resulting in jet stream losing the hold to keep it in line, and becoming wavy.
- So a wave of cold air will be pushed down south.
- This is called a polar vortex event, defining the "breaking off" of a part of the vortex.



###### Where does it happen?

- A polar vortex event is not confined to the US.
- Portions of Europe and Asia also experience cold surges connected to the polar vortex.

- The risk lies in the magnitude of how cold temperatures will get when the polar vortex expands, sending Arctic air southward into areas that are not usually that cold.

## 1.2 Earthquake Swarm in Palghar, Maharashtra

### Why in news?

The Palghar district in northern Maharashtra has been witnessing an unusual frequency of earthquakes since November, 2018.

### What happened recently?

- Dahanu town in Maharashtra's Palghar district has been hit by some 30 low-intensity earthquakes since November 2018.
- Palghar was rocked by a series of minor earthquakes (6 tremors) on a single day recently.
- The magnitudes of the quakes ranged between 3 and 4.1 on the Richter scale.
- Many aftershocks of lesser magnitude have also been observed in the area.
- Data collected so far point to an "earthquake swarm".

### What is an "earthquake swarm"?

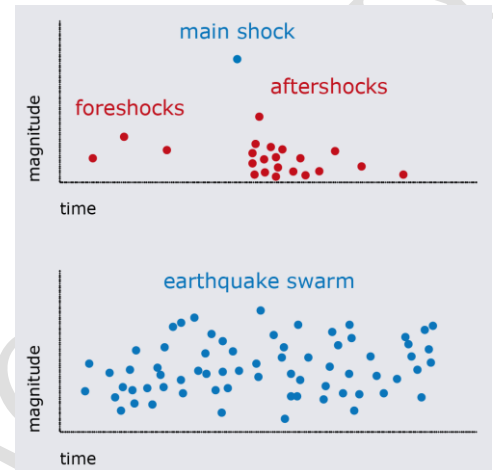
- It is a series of many (sometimes thousands) low magnitude earthquakes without a discernible main shock.
- They occur in a localised region and over a period of time ranging from days, weeks to even months, without a clear sequence of foreshocks, main quakes and aftershocks.
- When seismic energy piles up inside the Earth and is released in small amounts from certain points, such a series of earthquakes can occur.
- Sometimes, these are also accompanied by acoustic or sound emissions.

### What is the case with the Deccan region?

- In India, sequences of low-intensity quakes are common in areas that have been hit previously. E.g. Saurashtra in Gujarat, Koyna in Maharashtra
- But they are also seen in areas without a history of seismic activity and, swarms are normal in peninsular India.
- Notably, no mining activity has been found and there are no small reservoirs too to explain the cause for the quakes.
- Deccan Plateau is not an earthquake-prone zone because of its hard rock crust, as seismic waves travel faster in hard rocks which helps the tremors dissipate faster.
- But there is also loose soil which makes the waves stay longer, release more energy and cause more damage.
- Earthquake swarms are not limited to the Peninsula. In 2016, a series of 58 earthquakes were recorded in the Rampur area of Himachal Pradesh.
- This Himalayan swarm was later attributed to low strength of the earth's crust in the area which could not hold the tectonic energy.

### What is the need for caution?

- Many major earthquakes in the region have been preceded by earthquake swarm activity as foreshocks.
- E.g. Latur and Koyna earthquakes in 1993 and 1967 respectively
- It is not certain yet if the current quakes had been caused by seismic activity, hydro-seismicity due to water percolation post-monsoon, or magmatic activity in the region.
- So without more data, it would be premature to draw a definite conclusion.



- Also, identifying the quakes as a swarm would suggest there is little threat of a deadlier one hitting in the near future.
- The possibility of either the quakes now subsiding or of a big one coming is not ruled out yet.
- Significantly, kachcha homes, about a third of the buildings in areas hit by the quakes, would be especially vulnerable in a large quake.
- So a more closer and scientific look into the causes of the earthquakes is essential now.
- The district authorities must draw up a community disaster management plan, with Standard Operating Procedures.

### 1.3 Magnetic North Pole Shifting

#### Why in news?

The magnetic north pole is, reportedly, drifting fast away from the Canadian Arctic and towards Russia.

#### What are the two poles on earth?

- The Earth has two pairs of north and south poles.
- The geographic poles are defined by the axis around which the planet rotates, and these are fixed.
- The Earth behaves much like a giant bar magnet and this behaviour defines its magnetic north and south poles.
- But these are not static as the geographic poles. [A compass points towards magnetic north.]

#### What causes the magnetic field?

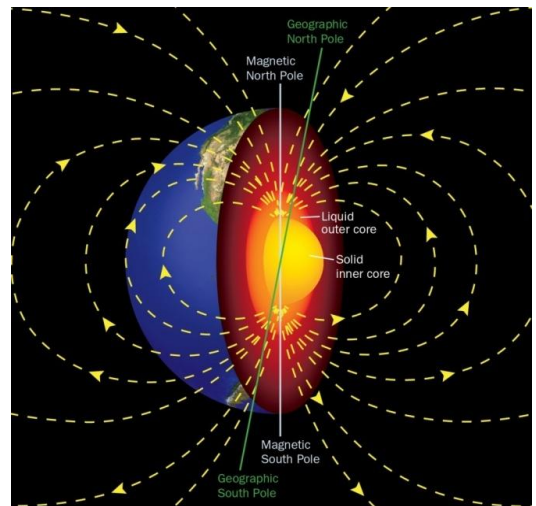
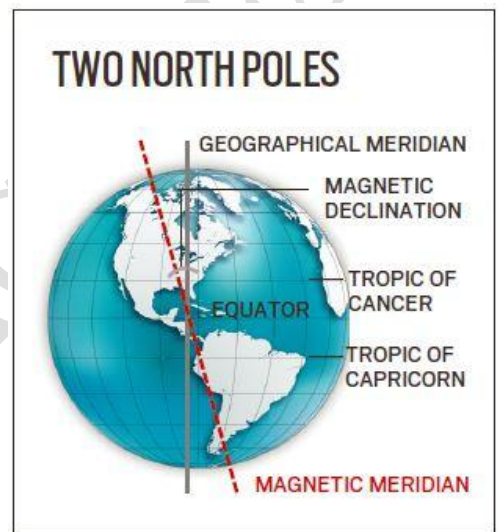
- The origin of Earth's magnetism lies in its outer core which is a more than 2,000-km layer that surrounds the central core or the innermost part.
- The outer core is comprised of liquid iron and some other metals like nickel.
- This liquid iron is in constant motion due to Earth's rotation and various other reasons, and this motion produces a magnetic field.

#### How have the positions changed?

- The constant motion is the reason for the magnetic poles to not coincide with the geographical poles.
- It is also why the Earth's magnetic behaviour is far more complex than that of a simple bar magnet.
- Resultantly, the magnetic north poles and south poles move around sometimes erratically.
- Over large periods of time, they change their locations significantly, sometimes even interchanging their positions.
- Around 780,000 years ago, the magnetic north pole was getting somewhere near where the magnetic south pole currently is.
- But this time period of shift in positions is not fixed.

#### What is the recent development?

- In 1831, it was discovered that the magnetic north pole was located somewhere over northern Canada.
- Since then, the magnetic north pole has been moving hundreds of miles across the Canadian Arctic towards Russia.
- It has now been found that the pace of this movement has suddenly increased, quite significantly.



- It has been moving from about 14-15 km per year till the 1990s to about 55 km per year in the last few years.
- This, now, led to scientists updating the World Magnetic Model (WMM) that tracks this movement.
- Every 5 years, a new and updated version of the WMM is released; the current update is a year ahead of the schedule.
- The faster movement of the magnetic north pole had made WMM so inaccurate that it was about to exceed the acceptable limit for navigational errors.

#### What is the significance?

- Given the extremely hot temperatures, the phenomena happening inside the earth can only be studied indirectly or through computer modelling.
- So the causes for the fast movement are uncertain yet.
- But the shifting of magnetic north pole would throw some new insights into the phenomena happening deep inside the Earth's surface.



#### What is the consequence?

- A standalone school compass would not be affected by this change. It will reorient itself to the new resultant magnetic north pole.
- But given its less precise nature and deflections due to local magnetic fields, this is no longer used for modern requirements of navigation.
- The compasses that are used in modern instrumentation are much more sophisticated, digital and more accurate.
- The entire transportation sector, especially aviation and shipping, depends on correctly knowing the position of magnetic north.
- Similarly, it is crucial for militaries, for firing their missiles or for other purposes, and other civilian applications as well.
- The compasses now have to be recalibrated to reflect the change in the magnetic north pole.
- The WMM has released a set of software that will update these instruments to the new positions of the magnetic north pole.

### 1.4 Dard Aryans of Ladakh

#### Why in news?

A delegation of the Dard Aryans recently submitted their charter of demands to Minister of State for Tribal Affairs.

#### Who are the Dard Aryans?

- The word 'Dard' is derived from a Sanskrit word, 'Daradas', which means people who live on hillsides".
- They inhabit Dha, Hanu, Beema, Darchik and Garkone villages in Leh and Kargil districts and are together called the Aryan valley.
- The people of this region have unique physical features, social life, ethnic culture and language.
- Researchers believe that the 'Aryans of Ladakh' or the 'Brokpas' are descendants of Alexander's army and had come to the region over 2,000 years ago.
- They do not document their history.
- They participate in a six-day festival, 'Arya Utsav', wherein the tribe follows liberal customs and kissing in the public is considered normal.





### What are their customs?

- They are mainly dependent on agriculture and the apricots grown here are considered among the best in the world.
- There are 12 varieties of grapes in the region and Grape-wine is very popular in the “Aryan valley”.
- They rear goat and sheep for milk and meat.
- Their festivals are based on the solar calendar.
- They worship trees, rivers and mountains.

### What are their concerns?

- The tribe is considered threatened due to their depleting numbers, which, at present, is around 4,000.
- They are “educationally and economically backward”.
- The perceive threat to the heritage of the community owing to modernisation, migration and religious conversion.
- Over the last few decades, many of them have embraced Islam or Buddhism.
- The community prohibits marriage with outsiders to keep the gene pool intact.
- Of late, the Dard men have been migrating to other parts of the region (in search of livelihood) and marrying outside the tribe.
- Thus, the tribe is struggling to find a balance between modernity and traditional values.
- Also, after the Kargil War, development work in this region has been restricted, since it borders Pakistan-occupied Kashmir.

### What are their demands before the government?

- They have demanded that the government set up a tribal hostel and declare the “Aryan valley” a heritage village to boost tourism.
- Besides, they have also asked for–
  1. A Dardi post be filled at J K Art, Culture and Language Academy in Kargil
  2. A regional Study Centre for Dardi Tradition
  3. A Cluster Model Village at Garkon to boost the cultural heritage of the Dard Aryans.
- The tribe is already part of the Scheduled Tribes list and hence has been protected adequately under the constitution.
- But the only way to sustain them is by giving them special status and helping make them self-sufficient so that they don't have to migrate.

## G.S PAPER II

### 2. POLITY

#### 2.1 Post-retirement Appointment of Judges

##### What is the issue?

- Controversies around appointments of judges post-retirement have been a recurring one.
- The judiciary needs a firm mechanism to regulate the issue of post-retirement government appointments.

##### What are the notable instances?

- Recently, Justice A.K. Sikri, a well-regarded judge of the Supreme Court of India, accepted a post offered by the government while being a judge of the court.
- But controversy erupted over it and so he turned down the offer.
- Many judges and Law Commission members have for long denounced the act of judges accepting post-retirement jobs sponsored by governments and have called for an end to it.
- But unfortunately, Justice M.C. Chagla, who advocated this, violated the very same.



- After retirement, he accepted a government appointment to serve as Indian Ambassador to the U.S. (1958-61) and later as Indian High Commissioner to the U.K (1962- 1963).
- He also served as Education Minister (1963-66) and then as Minister for External Affairs (1966-67).

#### **What are the observations in this regard?**

- Law Commission had consistently maintained that judges accepting employment under the government after retirement was undesirable.
- It had felt that this could affect the independence of the judiciary.
- A Vidhi Centre for Legal Policy's study pointed out that as many as 70 out of 100 Supreme Court retired judges have taken up some or the other assignments.
- These include those in National Human Rights Commission, National Consumer Disputes Redressal Commission, Armed Forces Tribunal, and the Law Commission of India, etc.
- It is largely observed that tribunals are getting to be havens for retired judicial persons.
- This could result in decisions being influenced if the Government itself is a litigant and appointment authority at the same time.

#### **What is the complexity?**

- Unlike abroad, a judge of the higher judiciary in India retires at a comparatively young age.
- So s/he is capable of many more years of productive work.
- The valuable experience and insights that competent and honest judges acquire during their service period cannot be wasted after retirement.
- But government-sponsored post-retirement appointments are likely to be looked upon with suspicion.
- As the saying goes, in law, justice must not only be done but also be seen to be done.

#### **What should be done?**

- The viable option is to expeditiously establish a commission, through a properly enacted statute.
- It should be made up of a majority, if not exclusively, of retired judges to make appointments of competent retired judges to tribunals and judicial bodies.
- But for the time being, the Supreme Court can invoke its power to provide an interim solution till a legislation is passed in this regard.
- It should put in place a process to regulate post-retirement appointments for judges, which ensures judiciary's independence.

### **2.2 Issues with Judges' Recusal**

#### **What is the issue?**

Judges must give their reasons in writing for recusing themselves from specific cases.

#### **What are the recent cases of recusal?**

- Recusal is the process of a judge stepping down from presiding over a particular case in which the judge may have a conflict of interest.
- In a recent case, challenging the appointment of M. Nageswara Rao as interim director of the CBI, three judges have recused themselves. Click [here](#) to know more on the issue.
- First Chief Justice Ranjan Gogoi disqualified himself, purportedly because he was set to be a part of the selection committee tasked with choosing a new CBI Director.
- He then assigned a bench presided by Justice A.K. Sikri to hear the case.
- But Justice Sikri too recused, on grounds that he was part of a panel that removed the previous CBI Director Alok Verma from his post.
- Next, Justice N.V. Ramana recused himself for apparently personal reasons.
- However, none of these orders of recusals was made in writing.



- Apart from the CBI case, recently Justice U.U. Lalit recused himself from hearing the dispute over land in Ayodhya.
- This is because the judge had appeared for former Uttar Pradesh Chief Minister Kalyan Singh in a related contest.
- Hence, the judge expressed his disinclination to participate in the hearing any further.
- Even in this case, there is no written order specifically justifying the recusal.
- Hence, it's difficult to tell whether the disqualification was really required.

#### What are the concerns?

- **Undermining judicial independence** - In taking oath of office, judges of both the Supreme Court and the high courts, promise to perform their duties, to deliver justice, "without fear or favour, affection or ill-will".
- However, there are many cases where the litigants suggest that the judge should recuse himself from the particular case.
- But this will allow litigants to cherry-pick a bench of their choice, which impairs judicial fairness.
- Also, the purpose of recusal in these cases undermines both independence and impartiality of the judges.
- **Difference interpretations** - There is a rule that no person should be a judge in her own cause.
- But there are cases where somebody else's cause becomes the judge's own as case proceeds.
- Also, there are some cases where judge has appeared for one of the litigants at some stage in the same dispute.
- Even then, as there are no rules to determine when the judges could recuse himself in these cases, different interpretations remain.
- **Absence of rules** - In disputes where a judge has a financial interest in the litigation, where a judge owns shares in a company which is party to the case, the fact of owning shares is considered a disqualification.
- However, when a judge owns shares in one of the litigants, he should be allowed to disclose the fact before the litigants.
- If neither party objects, the judge should be allowed to hear the case.
- But in the absence of a well-defined rule that helps establish a basic standard, a decision of this kind can prove troubling somewhere down the line.
- Also, when judges choose without a rational motive, without expressing their decisions in writing, they hurt the very idea of judicial rectitude.
- Along with that, a judge refusing the recusal in a case, despite the existence of bias in his/her judgement, is equally destructive.

#### What should be done?

- Recusals should not be used as a tool to manoeuvre justice, as a means to picking benches of a party's choice, and as an instrument to evade judicial work.
- Judicial officers must resist all manner of pressure, regardless of where it comes from.
- This is the constitutional duty common to all judicial officers.
- If they deviate, the independence of the judiciary would be undermined, and in turn, the Constitution itself.
- Hence, a rule that determines the procedure for recusal on part of judges should be made at the earliest.

### 2.3 Usage of VVPATs in Elections

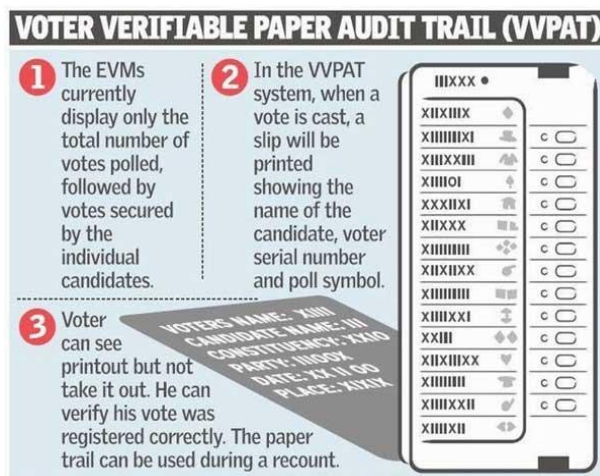
#### Why in news?

The Election Commission has recently announced that there will be 100% use of VVPATs during the upcoming Lok Sabha elections.

#### What is a VVPAT system?

- Voter verifiable paper audit trail (VVPAT) is an independent system attached to an EVM that allows the voters to verify that their votes are cast as intended.

- When a vote is cast, a slip is printed on the VVPAT printer containing the serial number, name and symbol of the candidate voted.
- This remains visible to you through a transparent window for seven seconds.
- Thereafter, this printed slip automatically gets cut and falls into a sealed drop box.
- If there is a need, these printouts can later be counted.



### How did the VVPAT system evolve in India?

- Many political parties expressed their satisfaction with EVMs initially.
- But some parties requested the Commission to consider introducing VVPATs for further transparency and verifiability of the votes cast.
- The Commission referred the matter to its technical committee on EVMs to examine and make a recommendation to the Commission.
- The committee first met with the manufacturers and then with political parties and other civil society members to explore the design requirements of the VVPAT system.
- In 2011, BEL and ECIL made a prototype of the VVPAT and demonstrated it to the technical committee and the Election Commission.
- In the same year the Commission conducted simulated elections for the field trial of the VVPAT system in various places including Thiruvananthapuram, Ladakh, Cherrapunji and Jaisalmer.
- Two years later, the government amended the Conduct of Elections Rules, 1961 allowing the Commission to use VVPATs along with EVMs.
- These were first used in the bye-election for the Noksen Assembly seat in Nagaland in 2013.
- Thereafter VVPATs have been used in select constituencies in every election to the State Assemblies.
- They were deployed in eight Parliamentary constituencies during the 2014 Lok Sabha elections.
- In the 2019 Lok Sabha elections, VVPATs will be used in all the constituencies.

### Why is it important?

- In the world's largest democracy, every vote counts and the EVMs and VVPATs try and ensure that the massive election process is in tune with the latest technological advancements.
- The Election Commission has never doubted the workings of EVMs and their utility in a free and fair electoral process.
- However, VVPATs add another layer of transparency and reliability to convince voters about the sanctity of EVMs.
- EVMs and VVPATs also quicken the election process as counting votes on EVMs takes much lesser time than counting paper ballots.
- The EVMs and VVPATs are also environment-friendly as they use very little paper compared to paper ballots.

## 2.4 Supreme Court Verdict on Delhi vs Centre Case

### Why in news?

A two-judge bench of the Supreme Court gave its verdict on the power tussle issue between the Delhi government and the Centre.

### What are the highlights?

- The dispute on exercise of power was primarily over two issues -
  - i. on Services i.e. the power to appoint, post and transfer officials in Delhi administration
  - ii. on control over the Anti-Corruption Branch in Delhi



- The two judges were divided on the services issue and so it has been sent to a larger bench.
- But they unanimously agreed that the Centre had absolute power in control over the Anti-Corruption Branch (ACB) in Delhi and the power to institute commission of enquiry.
- [The ACB is to investigate offences under the Prevention of Corruption Act.]
- The following would come under the Delhi government -
  - i. electricity and revenue departments (fixing of circle rates)
  - ii. posting and transfer of Grade 3 and Grade 4 officers
  - iii. appointing special public prosecutor
  - iv. appointment of directors in discoms
- **LG** - On the rates for agricultural land, the Lieutenant Governor (LG) can form an opinion but not on each and every matter.
- LG is not expected to differ routinely but only in convincing cases.
- The court held that the LG is expected to honour the wisdom of the ministers and not sit over their decisions.
- On issues where LG and ministers differ, the LG is supposed to refer the difference to the President.
- The decision taken henceforth cannot be implemented without referring to LG.
- The court had earlier ordered that the LG did not have independent decision-making powers and the real power had to lie with the elected government (Click [here](#) to read more).

#### **What is the significance?**

- Administrative control and governance of the national capital has long been a contentious one as Delhi, a Union Territory, is not a full state.
- The appeals before the court and the judgment are part of the long, ongoing tussle between the Delhi government and the Centre.
- The Aam Aadmi Party (AAP) government in Delhi has consistently invoked the “rights” of the elected government to act in the interests of the people of Delhi.
- The split verdict by the Supreme Court Bench now is a setback to the Delhi government.
- The AAP is uncertain of performing its duties when it did not even have the powers to choose its officials for the jobs.

#### **What is the constitutional provision in this regard?**

- Article 239AA of the Constitution, enacted as per 69th Amendment Act of 1991, deals with the governance of Delhi.
- Accordingly, there shall be a council of ministers (CoM) consisting of not more than 10% of the total number of members in the Legislative Assembly.
- With the Chief Minister as the head, the CoM aids and advises the Lieutenant Governor.
- This is in terms of LG's functions on issues where the Legislative Assembly has power to make laws, except when LG is required to act in his discretion.
- The Delhi government does not have control over land, appointment of senior officers and the police force, which are controlled by the LG.
- In case of difference of opinion between the LG and the ministers on any matter, the LG shall refer it to the President and act according to the President's decision. Pending such decision, the LG (in urgent matters) will take action or give direction in the matter as s/he deems necessary.

### **2.5 CBI - Kolkata Police Stand-Off**

#### **What is the issue?**

- West Bengal CM Mamata Banerjee went on an indefinite sit-in in front of a Police station in Kolkata, in a stand-off between CBI and Kolkata Police.



- With Supreme Court's intervention, the stand-off has come to a halt but only leaving way for other institutional concerns.

#### **What is the case about?**

- The Central Bureau of Investigation (CBI) was tasked to question Kolkata Police Commissioner Rajeev Kumar.
- It is aimed at locating crucial evidence in connection with the [Saradha scam](#) and [Rose Valley scam](#) in West Bengal.
- The evidence was collected by the Special Investigation Team (SIT) that was formed by the West Bengal government in 2013 to investigate the chit fund cases.
- Mr. Kumar was the 'functional head' of the Special Investigation Team (SIT).
- But the case was transferred to the CBI in 2014 on the Supreme Court's orders.
- CBI sources claimed that the evidence held the key to connecting the scams to influential persons in West Bengal and outside.
- CBI sources claimed they have been trying to question Kumar for the last few years, but there was no response.

#### **What is the recent tussle?**

- The CBI officials tried to enter Kolkata Police Commissioner Rajeev Kumar's residence.
- [With a notable track record in service, especially in crushing Maoists in Jangalmahal, Mr. Kumar had earned credits from Chief Minister Mamata Banerjee.]
- Ms. Mamata soon remarked that the central government was using the CBI as a political tool.
- She eventually staged a dharna, reportedly, to save democracy and federal forces.
- Moreover, the CBI officers were illegally confined in a police station for hours.
- She ended her nearly 48-hour dharna soon after the Supreme Court order came in regards with the issue.

#### **What has the Supreme Court ruled now?**

- The Supreme Court ordered Kolkata Police Commissioner Rajeev Kumar to make himself available to the CBI for questioning.
- The court, however, barred the CBI from taking any coercive steps, including arrest, against Mr. Kumar.
- The court went further and scheduled the meeting between Mr. Kumar and the CBI at 'neutral' Shillong in Meghalaya and not anywhere in West Bengal.
- The court, however, issued notice on a contempt petition filed by the CBI against the Chief Secretary and the DGP of the state and Mr. Kumar, asking them to file their replies.
- The Supreme Court's is certainly an even-handed intervention in the stand-off between the Central and West Bengal governments.
- Nevertheless, the whole episode has raised concerns on the jurisdictions and power of the CBI and the state police.

### **2.6 NSA for Cattle Offences**

#### **What is the issue?**

- The Madhya Pradesh government recently detained five people under the National Security Act (NSA) for allegedly committing offences related to cattle laws.
- The use of the National Security Act for cattle offences seems contentious, given its purpose and intent.

#### **What are the recent cases?**

- In one case in Khandwa district, the police, who recovered a cow carcass, traced three men who had allegedly killed the animal.
- In another case, authorities in Agar Malwa district claim there was some disturbance due to two men who were allegedly transporting cows.

- The stated reason to book them under the NSA is that they were likely to cause disruption of peace.

#### Why is it contentious?

- The police could have prosecuted them under laws that ban cow slaughter.
- The NSA provides for a maximum of one year in prison through an executive order without trial or bail.
- The recent case is possibly the first time when this law is being used against those suspected of offences against cows.
- The act amounts to gross misuse of a law meant solely to prevent activities that endanger the country's security or public order.
- There was no evidence of security or order being under grave threat, in this case.

#### What are the larger concerns?

- India has become habituated to the abuse of preventive detention laws.
- In recent times, they have been wrongly invoked against political dissenters and vocal critics, with total disregard for constitutional freedoms.
- The present move would imply a breach of limits by the law-enforcers to demonstrate ideological adherence to majoritarian beliefs.
- It is a threat to the freedom of movement and vocation, and the dietary choices, of those who do not share the majority community's reverence for cow.
- The Supreme Court too had earlier warned against the dangers of a socio-political framework based on disrespect for an inclusive social order.
- It issued some [guidelines](#) and wanted the states to take preventive and remedial measures against mob violence and public lynching.

### 3. GOVERNMENT ACTS & POLICIES

#### 3.1 National Policy on Electronics 2019

##### Why in news?

The Union Cabinet recently gave its approval to the National Policy on Electronics 2019 (NPE 2019).

##### What is the policy for?

- The National Policy of Electronics 2019 (NPE 2019) replaces the National Policy of Electronics 2012 (NPE 2012).
- It was proposed by the Ministry of Electronics and Information Technology (MeitY).
- The NPE 2019 aims to position India as a global hub for Electronics System Design and Manufacturing (ESDM).
- The policy will lead to the formulation of several schemes, initiatives, and measures for the development of ESDM sector.
- **Targets** - The policy aims at achieving a turnover of US\$ 400 billion (approximately Rs 26,00,000 crore) by 2025 in the ESDM sector through domestic manufacturing and export.
- This will include a targeted production of 1 billion mobile handsets by 2025, valued at US\$ 190 billion.
- A part of this includes 600 million mobile handsets valued at US\$ 110 billion for export.

##### What are the key features of the policy?

The National Policy on Electronics 2019 provides for the following:

- creating an eco-system for globally competitive ESDM sector for promoting domestic manufacturing and export in the entire value-chain
- providing incentives and support for manufacturing of core electronic components
- providing special package of incentives for mega projects which are extremely high-tech and entail huge investments; e.g. semiconductor facilities display fabrication, etc

- formulating suitable schemes and incentive mechanisms to encourage new units and expansion of existing units
- promoting Industry-led R&D (research and development) and innovation in all sub-sectors of electronics
- [These include grass root level innovations and early stage Start-ups in emerging technology areas such as 5G, IoT/Sensors, Artificial Intelligence, Machine Learning, Virtual Reality, Drones, Robotics, Additive Manufacturing, Photonics, Nano-based devices, etc.]
- providing incentives and support for significantly enhancing the availability of skilled manpower, including re-skilling
- offering special focus on Chip Design Industry, Medical Electronic Devices Industry, Automotive Electronics Industry and Power Electronics for Mobility and Strategic Electronics Industry
- creating Sovereign Patent Fund (SPF) to promote the development and acquisition of IPs (Intellectual Property) in ESDM sector
- promoting trusted electronics value chain initiatives to improve national cyber security profile

#### How will it be beneficial?

- The provisions are likely to enable the flow of investment and technology, leading to -
  - i. higher value addition in the domestically manufactured electronic products
  - ii. increased electronics hardware manufacturing in the country and their export
  - iii. generation of substantial employment opportunities, to over one crore people
- The global electronics ecosystem has been looking beyond China due to the rising labour costs there.
- So NPE 2019 could pave the way to make India the next major global hub for manufacturing of mobile phones, refrigerators, televisions, ACs, etc.
- **Shortfalls** - Robust R&D is a pre-requisite to move up the value chain.
- Given this, interest subvention and a credit guarantee fund may not be adequate.
- There are other factors that hamper R&D investment by industry, beyond the tax structure, which need redressal.

#### How is electronics manufacturing in India at present?

- Since the 2012 policy, the Centre has been trying to make India a global hub for electronics equipment but has achieved limited success.
- Imports of electronics hardware account for more than half of India's domestic production.
- This has been increasing rapidly, from \$37 billion in 2014-15 to \$53 billion in 2017-18.
- India's electronics hardware output accounts for just 1.5% of world output.
- Actual investments into the electronics sector have not been impressive.
- E.g. an incentive package for setting up a fabrication unit for semiconductor, which is the heart of any electronic product, has had no takers
- Getting a global player to start semiconductor manufacturing in India will be the key to the Make in India vision.
- The Modified Special Incentive Package Scheme (M-SIPS) which offers subsidies for electronics industry was launched in 2012.
- However, the rate of approval for applications filed and the investments made thereafter remain low.
- There has been some success in the manufacturing of mobile phones in the country.
- But even in this area, local value addition is only around 7-8% as most of the critical components are imported.



## Measures Taken – NPE 2012

INFRASTRUCTURE	MARKET	INNOVATION	HR INITIATIVES
<ul style="list-style-type: none"><li>• Modified Special Incentive Package</li><li>• Electronics Manufacturing Clusters &amp; Common Facility Centres</li><li>• Semiconductor FABs</li><li>• Centres of Excellence</li><li>• Incubators</li></ul>	<ul style="list-style-type: none"><li>• Preference to DMEPs in Government procurement</li><li>• Rationalization of Tariff Structure</li><li>• Export Promotion</li><li>• Safety Standards</li><li>• PMP for promotion of mobile and its component manufacturing ecosystem</li></ul>	<ul style="list-style-type: none"><li>• Electronics Development Fund</li><li>• Technology Incubation and Development of Entrepreneurs (TIDE)</li><li>• Multiplier Grant Scheme (MGS)</li><li>• Product Specific Initiatives - India Microprocessor, IndianCAS, NavIC, LINAC, and other R&amp;D initiatives</li><li>• IPR initiatives</li></ul>	<ul style="list-style-type: none"><li>• Skill Development</li><li>• SMDP - C2SD</li><li>• PhD Scheme</li><li>• Electronics &amp; ICT Academies</li><li>• Sector Skill Councils</li></ul>

### What should be done?

- The demand for electronics hardware is expected to rise rapidly to about \$400 billion by 2023-24.
- India cannot afford to bear a huge foreign exchange outgo on the import of electronics alone.
- The production deficit is best remedied by adopting an export-orientation as against an import-substitution bias.
- Certainly, the policy should go beyond credit sops to address the R&D deficit.
- India's scientific human resource pool needs to be engaged in this respect.
- R&D institutions could be promoted through the PPP route, so as to balance the market orientation and long-term priorities.

### 3.2 Unregulated Deposit Schemes Ordinance

#### Why in news?

The President recently promulgated the Unregulated Deposit Schemes Ordinance, 2019.

#### What does the ordinance contain?

- **Objective** - The legislation bans deposit takers from promoting, operating, issuing advertisements or accepting deposits in any unregulated deposit scheme.
- Thus, it bars all deposit schemes in the country that are not officially registered with the government from either seeking or accepting deposits from customers.
- **Offence** - The law proposes to create three different types of offences –
  1. Running of unregulated deposit schemes
  2. Fraudulent default in regulated deposit schemes
  3. Wrongful inducement in relation to unregulated deposit schemes
- It provides for severe punishment ranging from 1 year to 10 years and pecuniary fines ranging from Rs 2 lakh to Rs 50 crore to act as deterrent.
- **Compensation** - The ordinance allows for compensation to be offered to victims through the liquidation of the assets of those offering illegal deposit schemes.
- Accordingly, the law provides for attachment of properties or assets and subsequent realisation of assets for repayment to depositors.



- Along with that, clear-cut timelines have been provided for attachment of property and restitution to depositors.
- **Exemptions** - The ordinance exempts Individual, Firm, Companies & LLP etc. for taking any loan and deposit for their course of business.
- Eg: Chit fund is regulated by Chit Fund Act, 1982 and is treated as Regulated Deposit as per Schedule 1 of Banning of Unregulated Deposit Ordinance, 2019.
- Besides, amount received by an individual by way of loan from his relatives or amount received by any firm by way of loans from relatives of any of its persons are exempt among other exemptions.

#### What are the advantages?

- Popular deposit schemes such as chit funds and gold schemes, which as part of the huge shadow banking system usually do not come under the purview of government regulators.
- These have served as important instruments of saving for people in the unorganised sector.
- But these unregulated schemes have also been misused to swindle the money of depositors with the promise of unbelievably high returns in a short period of time.
- The [Saradha chit fund scam](#) in West Bengal is just one example of such a heinous financial crime against depositors.
- Thus, the ordinance will help in curbing unregulated deposit schemes by providing greater legal protection to be offered for those depositors with inadequate financial literacy.
- It will also help in the creation of a central repository of all deposit schemes under operation.
- This will make the Centre to regulate their activities and prevent fraud from being committed against ordinary people.

#### What should be done?

- In the last four years, the CBI has lodged about 166 cases related to chit funds and multi-crore scams, with the maximum in West Bengal and Odisha.
- Hence, policymakers will have to make sure that the bureaucrats responsible for the on-ground implementation of the ordinance are keen on protecting the savings of low-income households.
- The ordinance should not be used to derecognise genuine deposit schemes that offer useful financial services to customers in the unorganised sector.
- Also, the government should ensure legitimacy of various deposit schemes by conducting the necessary due diligence of every regulated deposit schemes.

## 4. EDUCATION

### 4.1 Rethinking on Engineering Education in India

#### What is the issue?

- There is a noticeable disconnect between the students, faculty and managements of engineering colleges and the employers.
- With changing technologies and new demands, engineering education in India needs a serious rethink and reorientation of strategies.

#### What is the drawback?

- It was believed that India, with its vast infrastructure of engineering colleges, can supply the world with well-trained, best-in-class software workers and engineers.
- However, engineering principles learnt in college are rarely applied in the world of software or product development.
- Fresh graduates are not really career-ready for developing and maintaining computer systems or for building the next-generation engineering product.

#### Why is it so?

- The root causes of the above stem from a diverse set of conflicting visions and goals of the key stakeholders.



- These include the managements of private engineering institutions, parents, faculty, students, employers and even government.
- Each of them is into the field for vastly different reasons that are unrelated to the Indian tech industry's unique selling proposition (USP).
- [A USP is a factor that differentiates a product from its competitors, such as the lowest cost, the highest quality or the first-ever product of its kind.]
- **Students** - It is found that a majority of students never wanted to pursue engineering but did so because of parental pressure.
- **Teachers** - Professors in engineering colleges differ in opinion as well as are sometimes unaware of the vision of their managements.
- Teachers fall short of having the rapidly-changing technology skills to impart them to students, and thus end up confining to books.
- **Management** - Many of the sprawling engineering universities are politically well-connected and draw strength from their business legacies.
- They often have little experience in the field of engineering education.
- For them, the prime motives are to increase revenues and improve branding, and build impressive campus infrastructure to attract students.
- Management teams, on the other hand, complain about excessive regulation from government and accreditation bodies.
- **Employers** - Employers regard most engineering graduates as unemployable, unless re-trained in basic job and technical skills.
- Middle and lower-tiered students are unable to find gainful employment in engineering and step down to other professions.
- Ironically, many of them go on to become teaching faculty at engineering colleges.

#### What is the new scenario?

- Developments in the US provide some lessons on solving this anomalies and concerns, at least in the software industry.
- GitHub (software company), acquired by Microsoft Corp, has not demanded college degrees for most positions in years.
- At chip maker Intel Corp, degrees are optional for many "experienced hire" positions.
- Also, there is the inspiration of the IT industry's charismatic leaders such as Steve Jobs, Mark Zuckerberg, Bill Gates, etc who all earned no college degree, far less an engineering degree.
- Moreover, most mundane technology jobs such as software testing and desktop support are already heavily automated.
- Modern coding platforms are a lot more developer-friendly.
- So the tech world does not need as many human engineers as in the past.
- Evidently, freshers' starting salaries have stayed constant for nearly 10 years.

#### What could be done?

- In a rapidly changing technology environment, today's youth may have to change career paths at least 3 times.
- So a static engineering degree may be of little value in these days.
- The focus perhaps should be more on imparting real industry skills.
- This is more preferable to teaching subjects that are quickly forgotten or are of little practical significance.



## 5. HEALTH

### 5.1 Health Toxic Alcohol - U.P. and Uttarakhand Death Tragedy

#### Why in news?

More than 100 people recently died due to toxic alcohol in Uttar Pradesh and Uttarakhand.

#### What is the recent finding?

- Preliminary investigation has confirmed the well-entrenched system of illicit liquor outlets in the U.P., Uttarakhand region.
- Several factories producing hooch (toxic drink) in U.P. were unearthed within a couple of days of the recent deaths.
- Majority of the deaths were in Saharanpur district of U.P.
- In U.P., many communities have protested the sale of cheap liquor in pouches that are freely distributed during social events.

#### How is it all over India?

- Of the estimated 5 billion litres of alcohol consumed every year in India, about 40% is illegally produced.
- Cheap, locally made liquor is common in parts of rural India.
- Sellers often add methanol, a highly toxic form of alcohol, to their product to increase its strength.
- [Toxicity often comes from drinking methanol, which results in blindness, tissue damage or death.]
- The Malvani hooch tragedy in Mumbai in 2015 that killed 106 people, have been attributed to the lack of affordable liquor for the poor.
- High taxes and excise on liquor raise prices, and so cheap brews are promoted by criminal organisations.
- However, often, this is done in collusion with law enforcement personnel.
- India thus remains among the countries with a high number of alcohol-related deaths.
- Poor governance, corruption and distorted policies contribute to such periodic tragedies.

#### What does it call for?

- A multi-pronged plan is needed to prevent the sale and consumption of toxic alcohol.
- Illicit liquor sale should be curbed with zero tolerance, and consumption should be discouraged through social campaigns.
- Besides, reviewing of levies on less harmful beverages is also crucial to prevent the spread of cheap, harmful ones.
- At the moment, it is essential to investigate on those who participated in the sale of the lethal brew, and look into any nexus with the authorities.
- Parallely, it is vital to upgrade the capacities of the health system to handle victims of toxic alcohol.
- Timely treatment through haemodialysis, infusion of sodium bicarbonate and ethyl alcohol can save lives.

### 5.2 Report on Magnitude of Substance Use in India

#### Why in news?

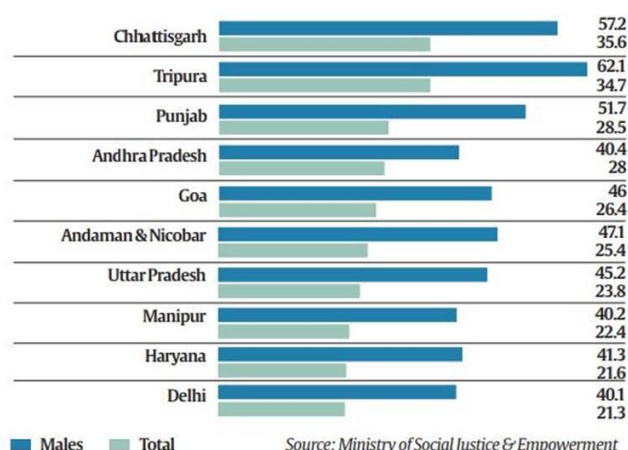
The Ministry of Social Justice & Empowerment recently released the 'Magnitude of Substance Use in India' report.

#### What is the report on?

- It is based on a survey conducted by the National Drug Dependence Treatment Centre (NDDTC) under the AIIMS, Delhi.
- The survey was sponsored by the ministry of social justice and empowerment.
- It covered general population (10-75 years) in all the 36 states and union territories.

## What are the highlights?

- **Alcohol/Liquor** - India is home to 6 crore alcohol 'addicts', and there are 16 crore people who consume alcohol.
- Nearly 1.6% women and 27.3% men in the country use alcohol.
- The consumption level is very high among the male population and many fall in the age bracket of 18-49 years.
- Also, 1.3% of children (ages 10-17) are alcohol users, as opposed to 17.1% in the 18-plus age group.
- States with high prevalence are Chhattisgarh (35.6%), Tripura (34.7%), Punjab (28.5%), Arunachal Pradesh (28%) and Goa (28%).
- Among women, states with the largest prevalence of alcohol use are Arunachal Pradesh (15.6%) and Chhattisgarh (13.7%).
- Among children, a high prevalence was found in Punjab (6%), West Bengal (3.9%) and Maharashtra (3.8%).
- Country liquor (Desi Sharab) accounts for 30% of the total liquor consumption.
- Indian made foreign liquor (spirits) also account for the same amount.
- **Drugs** - More than 3.1 crore Indians (2.8%) have reported using cannabis products (Bhang, Ganja, Charas, Heroin and Opium) in last one year.
- At the national level, Heroin is most commonly used substance followed by pharmaceutical opioids, followed by opium (Afeem).
- Cannabis consumption is higher than the national average in Uttar Pradesh, Punjab, Sikkim, Chhattisgarh and Delhi.
- In Punjab and Sikkim, the prevalence of cannabis use disorders is considerably higher (more than thrice) than the national average.
- **Sedatives and inhalants** - Less than 1% or nearly 1.18 crore people use sedatives, non medical or non prescription use.
- Strikingly, its prevalence is high among children and adolescents.
- Addiction of children is more prevalent in U.P, Madhya Pradesh, Maharashtra, Delhi and Haryana.
- At national level, there are 4.6 lakh children that need help against the harmful or dependence over inhalants.
- **Injection of drugs** - 8.5 lakh people in the country inject drugs.
- Users of opium-based drugs report high incidence of injecting drug.
- A large number of these drug users report risky injecting practices.
- It is more prevalent in U.P, Punjab, Delhi, Andhra Pradesh, Telangana, Haryana, Karnataka, Maharashtra, Manipur and Nagaland.



## 5.3 Illegal Usage of Meldonium

### Why in news?

The Anti-Doping Appeal Panel of the National Anti-Doping Agency (NADA) has recently blacklisted two persons related to illegal supply of meldonium.

### What is meldonium?

- Meldonium is manufactured by the Latvian company Grindeks, and is prescribed for ischemia, a condition in which there is an insufficient flow of blood to tissues, which are then starved of oxygen and glucose.
- Meldonium gives those suffering from heart and circulatory conditions more physical capacity and mental function.



### What are the concerns with its usage?

- Though not approved by the US FDA, the drug has been easily available over the counter in Eastern Europe and Russia.
- Since meldonium aids oxygen uptake and endurance, several athletes have been caught using it.
- The World Anti-Doping Agency (WADA) put it on the list of banned substances in September 2015, and the ban went into effect on January 1, 2016.
- However, a number of athletes were using it before it was banned.
- Meldonium became famous after tennis superstar Maria Sharapova tested positive for it in 2016.
- In 2015, anti-doping group Partnership for Clean Competition said meldonium was found in 182 of 8,300 urine samples it tested as part of a study.
- WADA confirmed at the time of the Sharapova scandal that since the ban, meldonium had been found in 55 samples.
- A study published in Drug Testing and Analysis in 2015 concluded that the drug demonstrates –
  1. An increase in endurance performance of athletes
  2. Improved rehabilitation after exercise
  3. Protection against stress
  4. Enhanced activations of central nervous system (CNS) functions.
- The manufacturing company has said meldonium can provide an improvement of work capacity of healthy people at physical and mental overloads and during rehabilitation period.
- However, it believed that the substance would not enhance athletes' performance in competition, and might even do the opposite.

### What is the role of World Anti doping agency here?

- The World Anti-Doping Agency (WADA) was established in 1999 as an international independent agency composed and funded equally by the sport movement and governments of the world.
- Its mission is to lead a collaborative worldwide movement for doping-free sport.
- Its key activities include scientific research, education, development of anti-doping capacities, and monitoring of the World Anti-Doping Code (Code).
- The World Anti-Doping Code is the document that brings consistency to anti-doping rules, regulations and policies worldwide.
- Since 2004, and as mandated by World Anti-Doping Code, WADA has published an annual List of Prohibited Substances and Methods (List).
- The List, which forms one of the six International Standards, identifies the substances and methods prohibited in- and out-of-competition, and in particular sports.
- In India, National Anti Doping Agency (NADA) is responsible for promoting, coordinating, and monitoring the doping control programme in sports in all its forms in the country.
- The primary objectives are to implement anti-doping rules as per WADA code, regulate dope control programme, to promote education and research and creating awareness about doping and its ill effects.

### What is the case with India?

- Jagtar, a decathlete, who appeared to give the urine sample at the Federation Cup in Patiala in 2017, has been tested positive for Meldonium.
- He was banned for a maximum period of four years for a first-time dope offence.
- Recently, his ban was reduced from four years to two, after he provided substantial evidence that helped bust a ring of illegal performance-enhancing drug suppliers.
- Jagtar contended that he had consumed the food supplements provided by a regular supplement supplier at the Jawaharlal Nehru Stadium, who is also the husband of a Commonwealth Games participant.

- The case led to the discovery of a very important source of illegal/unlicensed supply of prohibited substance to athletes at the Jawaharlal Nehru Stadium, New Delhi.
- This is because the stadium also serves as a hub of national and international athletic sporting activity in India.
- Thus, the Anti-Doping Appeal panel directed NADA to issue appropriate warning to be affixed on notice boards/websites of NADA regarding prohibited substances and the risk of procuring any supplies by the athletes from illegal suppliers.

## 6. GOVERNANCE

### 6.1 Dealing with the Discourse on 'Urban Naxals' and 'Anti-Nationals'

#### What is the issue?

- An Additional Sessions Judge in Punjab sentenced 3 young men to life in prison under an Indian Penal Code (IPC) provision on “waging war against the government of India”.
- With constitutional principles being increasingly compromised for upholding the majoritarian rhetoric, it is crucial that courts remain free of the current discourse on ‘urban Naxals’ and ‘anti-nationals’.

#### Why is the judgement disputed?

- The convicted men did not commit any physical violence, and nobody was harmed in any way.
- They were not caught in possession of weapons too.
- They were not overheard planning any specific terrorist attack, nor were they on their way to commit one when they were apprehended.
- The men were only caught with literature supporting the cause of Khalistan, a few posters that did the same, and some Facebook posts on the subject.
- The Additional Sessions Judge held that Facebook posts amounted to “direct incitement of violence”.
- But mere possession of revolutionary literature is insufficient to sustain a conviction and hence, the verdict is likely to be reversed.
- The judgment indicates an apparent disregard for the constitutional and other safeguards enjoyed by a citizen.

#### What are the safeguards in place?

- **Constitutional** - A key fundamental right - Article 19 guarantees, among other things, the freedom of speech and association.
- The state may impose “reasonable restrictions” upon this freedom.
- But the Supreme Court has articulated the precise circumstances under which such restrictions would be “reasonable”.
- **Judicial** - In the famous 2015 judgment in Shreya Singhal case, the court struck down Section 66A of the Information Technology Act.
- [Section 66A provides punishment for sending offensive messages through communication services.]
- The court made it clear that speech could be punished only if it amounts to 'direct incitement to violence'.
- This is decided in relation with the provisions of the Terrorist and Disruptive Activities (Prevention) Act (TADA) and the Unlawful Activities (Prevention) Act (UAPA).
- The court cautioned that vaguely-worded provisions of these statutes would have to be read narrowly and precisely, and in accordance with the Constitution.
- E.g. “membership” of a banned organisation (punishable under the TADA and UAPA) was to be understood as being limited to “active membership”
- Everything short of that (incitement to violence), including “advocacy” of any kind, is protected by the Constitution.
- **Tradition** - India has long had a notable tradition of civil liberties.

- In the early 1920s, Mahatma Gandhi opined that the freedom of association was truly respected when assemblies of people could discuss even revolutionary projects.
- Simply, in a pluralist democracy, no one set of ideas can be set as the universal truth and enforce its position through coercion.
- Indeed, the Supreme Court's "incitement to violence" standard is in terms of this basic insight about civil liberties in a democracy.

#### What is the larger significance of the case?

- In the last few years, a discourse has arisen which projects a set of oppositional ideas as "urban Naxal" and "anti-national".
- Notably, neither "urban Naxal" nor "anti-national" is a term defined by law.
- These terms have nothing to do with 'incitement to violence' or creating 'public disorder'.
- In this context, the judgment comes in a series of instances when court has abandoned constitutional values in favour of a majoritarian rhetoric.
- So, beyond recognising that the judgment is flawed, it is high time that the higher courts are aware of a dangerous moment for the judiciary.
- It is crucial that the courts remain free of the current discourse that put life and personal liberties of citizens at stake.

## 6.2 State of Democracy in the World

### Why in news?

The "State of Democracy in the World in 2018" index report titled "Me Too? Political participation, protest and democracy" was published recently.

### What is the report on?

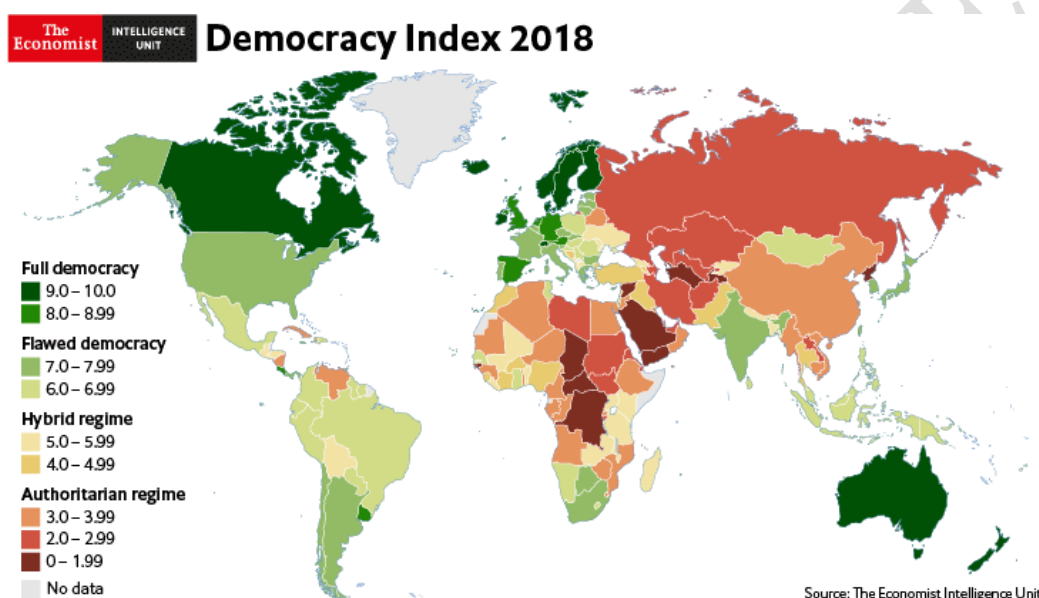
- The Democracy Index 2018 measures the state of democracy in 167 countries based on 5 parameters which are:
  - i. electoral process and pluralism
  - ii. civil liberties
  - iii. functioning of the government
  - iv. political participation
  - v. political culture
- It was published by the Economist Intelligence Unit (EIU) which is a global team of economists, industry specialists, policy analysts and consultants.
- It produces data, research and analysis on everything from national elections and international trade, to food security and sustainable cities.

### What are the highlights?

- **Classification** - The index classifies countries into 4 types - Full Democracies, Flawed Democracies, Hybrid Democracies and Authoritarian Regimes.
- Only 20 countries (4.5% of the world population) are full democracies, down from around 11% at the start of this decade.
- Most of the shift has taken place into flawed democracies, which constitute the largest group with 43% of the world's population.
- A third of the world lives under authoritarian governments, the majority being in China.
- **Rankings** - The top 5 are Norway (scoring 9.87 out of 10), Iceland, Sweden, New Zealand and Denmark.
- Nordic democracies continue to top the rankings year after year.
- They exhibit high political participation, robust welfare state, progressive workers' rights and environmental standards.



- The bottom five are generally war-ravaged nations with highly authoritarian regimes.
- These include Chad, Central African Republic, Democratic Republic of Congo, Syria and North Korea.
- North Korea is placed at the bottom, scoring an abysmal 1.08 out of 10.
- **SAARC** - Among the SAARC countries, India (41) and Sri Lanka (71) are classified as flawed democracies.
- Bangladesh (88), Bhutan (94) and Nepal (97) are categorised as hybrid regimes (mix of democratic and autocratic traits).
- Pakistan (112) and Afghanistan (143) fall under authoritarian regime.
- The Maldives is not being ranked on the index.
- Sri Lanka registered the worst fall among all countries in South Asia.
- It witnesses deteriorating 'civil liberties' and 'functioning of the government' in the wake of the recent constitutional crisis.



- **Voters' sentiment** - Voter turnout was on the rise in 2018, in expression of dissatisfaction with political parties and "formal political institutions".
- The culture of protest is on the rise, with a number of demonstrations around the world for varied causes.
- The rise of social media has made public outreach quicker and easier, making lawful assembly an increasing trend.
- The report concludes that citizens are "turning anger into action".
- **Participation of women** - Positive political discrimination and quotas for women candidates have made parliaments more inclusive.
- Japan introduced women's quota legislation in 2018.
- In the Indian subcontinent, Nepal tops South Asia in women's representation, with 33% reservation for women in Parliament and a record 40% of women in local bodies.
- Bangladesh has 14% reserved seats and Pakistan also reserves 17% and 15% in the Lower and Upper Houses respectively.
- [The Indian Parliament should also consider passing the Bill on reservation for women.]
- **Individual parameters** - 4 out of 5 attributes of the Democracy Index either showed stagnation or improvement for the whole world.
- This is except for "civil liberties" which is on continuous decline since 2008.
- "Functioning of the government" remains at the bottom of the score card, with hardly any improvement from a high of 5.0 since 2008.



- As a whole, the score for perception of democracy as a sub-attribute suffered its biggest fall in the index since 2010.
- This indicates that people are losing faith in the capability of democracy to deliver basic goods and utilities.

### **What is the case with India?**

- India reached its highest-ever position of 27 in 2014 (just two ranks away from becoming a full democracy).
- Unfortunately, last year, India had slipped to 42, ranking below Latvia and South Africa.
- India has improved one rank this year to 41, but there has been no improvement in scores, which continued at 7.23 out of 10.
- India is now a mid-range country among flawed democracies.
- It has a high score of 9.17 in electoral process and pluralism but moderate record in rest of the parameters with scores not crossing 7.5.
- This confirms the paradox of India as the world's largest electoral wonder, but a flawed democracy.

### **What affects India's rankings?**

- According to the last two reports, there is a rise of “conservative religious ideologies” in the country.
- Vigilantism, violence, narrowing scope for dissent, threat to minorities and marginalised groups has affected India's ranking.
- Journalists are increasingly under attack, with murders taking place in several areas.
- As a result of limited scope for fair reportage, the Indian media is classified as only “partially free”.
- This is a fact which is also supported by the “Freedom in the World Report, 2018”.

## **7. INDIA & ITS NEIGHBORHOOD**

### **7.1 Pulwama Terror Attack on CRPF**

#### **Why in news?**

Nearly 40 security personnel were killed in a terror attack on a CRPF (Central Reserve Police Force) convoy in Awantipora town of Pulwama district, Jammu and Kashmir.

#### **What is the CRPF's role?**

- The basic role of CRPF is maintenance of law and order, conducting operations based on intelligence, and providing law and order support to Army operations.
- After an operation has been concluded, it is the job of the CRPF to manage angry, stone-pelting crowds.
- CRPF also deals with Left Wing Extremism and does overall co-ordination of large scale security arrangement especially with regard to elections in disturbed areas.
- It is also tasked with guarding vital Central Government installations such as Airport, Powerhouses, Bridges, Doordarshan Kendras, AIR Stations, Governors' and CMs' residence, Nationalised Banks, etc.
- Before 2005, the job of providing law and order support was with the BSF (Border Security Force) which is now tasked only with border-guarding duty.
- The CRPF is the biggest paramilitary force present in the Kashmir Valley.
- More than 60,000 CRPF personnel are deployed across the state.

#### **What is the recent attack?**

- A CRPF convoy of 78 vehicles, carrying more than 2,500 jawans, was attacked on the Jammu-Srinagar highway.
- The Pakistan-based Jaish-e-Mohammad (JeM) has claimed responsibility for the attack.
- It was carried out by a lone Jaish-e-Muhammad suicide bomber, who rammed a car carrying about 350 kg of explosives into the CRPF bus.
- JeM is also reportedly behind the 2001 Indian Parliament attack, 2016 Pathankot airbase attack that killed 7 security personnel, and 2016 Uri attack that killed 20 soldiers.



### **What are the concerns?**

- Pakistan hold an unholy nexus between its army's General Headquarters and the Inter-Service Intelligence (ISI) Directorate.
- The Pulwama attack on our security forces marks just another step in the continuum of ISI's ongoing "Grab-Kashmir" campaign.
- Whether it is kidnappings, hijackings, terrorist strikes or other assaults on India's sovereignty, we have been found wanting in an early and coherent response, because state functionaries lack SOPs for guidance.
- The September 2016 cross-border commando raids by India into Pakistan marked a welcome change that could have conveyed strong signals of national resolve and retribution.
- However, the absence of a policy underpinning that action and its exploitation for political gains diluted the deterrent value of that action.

### **What should be done?**

- India remain deficient in intelligence-analysis, inter-agency coordination, and, above all, a national security doctrine.
- Having created an elaborate national security framework, post Pokhran II, India has strangely shied away from promulgating a doctrine.
- Thus, apart from diplomatic and economic steps that are being initiated, there is a need to promulgate a security-cum-defence doctrine.
- Such a document will not only become the basis for strategy-formulation, contingency-planning and evolution of SOPs, but also send a reassuring message to our public.

## **7.2 Withdrawal of MFN Status to Pakistan**

### **Why in news?**

India has withdrawn the Most Favoured Nation (MFN) status accorded to Pakistan.

### **What is the MFN status?**

- The MFN status offers preferential trade terms with respect to tariffs and trade barriers.
- It is a provision under the World Trade Organisation (WTO) which requires every member country to accord MFN status to all other member countries.
- Though the term suggests special treatment, in the WTO it actually means non-discrimination/treating virtually everyone equally.
- As, under WTO rules, a member country cannot discriminate between its trade partners.

### **What is the case with India and Pakistan?**

- India accorded MFN status to all WTO member countries including Pakistan in 1996, a year after the formation of WTO.
- However, Pakistan is yet to transition fully to MFN status for India.
- It maintains a Negative List of 1,209 products that are not allowed to be imported from India.
- In addition, Pakistan permits only 138 products to be imported from India through Wagah/Attari border land route.
- Instead of MFN, Pakistan came up with a dissimilar but globally popular Non-Discriminatory Market Access (NDMA) agreement.
- The reason Pakistan has chosen to adopt the NDMA with India is the political mistrust and a history of border conflicts.
- Despite domestic demands at various instances for withdrawal of MFN status to Pakistan, India has not done it before.

### **How is India-Pak trade at present?**

- India's trade volumes with Pakistan are notably low.

- It jumped nearly three-and-a-half times between 2000-01 and 2005-06 (from \$251 million to \$869 million per annum).
- But progress was slower in the decade that followed, with volumes rising a little over three times.
- In the 2012 Commerce Secretary level talks with Pakistan, a roadmap was agreed for facilitating trade.
- But the agreed roadmap could not be implemented since Pakistan did not notify the removal of trade restrictions through Wagah-Attari land route.
- Despite Pakistan's restrictions, India continues to maintain a substantial trade surplus with Pakistan.
- Pakistan's exports to India have consistently been about only a fourth of what it imports from India.
- The bilateral trade potential is actually high if both countries take proactive measures to exploit untapped areas of economic cooperation.

**What is the likely impact of India's decision?**

- The withdrawal decision is intended to isolate Pakistan diplomatically and restrict the country's industry.
- It is negative in terms of the bilateral relations between the two neighbours.
- But the impact on trade is less likely to be substantial as the volumes of merchandise trade are low.
- Nevertheless, the stoppage of input materials such as chemicals and cotton from India will push up costs of production for the relevant Pakistani industries.
- On the downside, it would give a push to the illegal trade between the two countries through border gaps and via third countries.
- It could also drive the extremist elements in Pakistan to promote the rhetoric against India.

**7.3 Shift in India's Indus Waters Policy**

**What is the issue?**

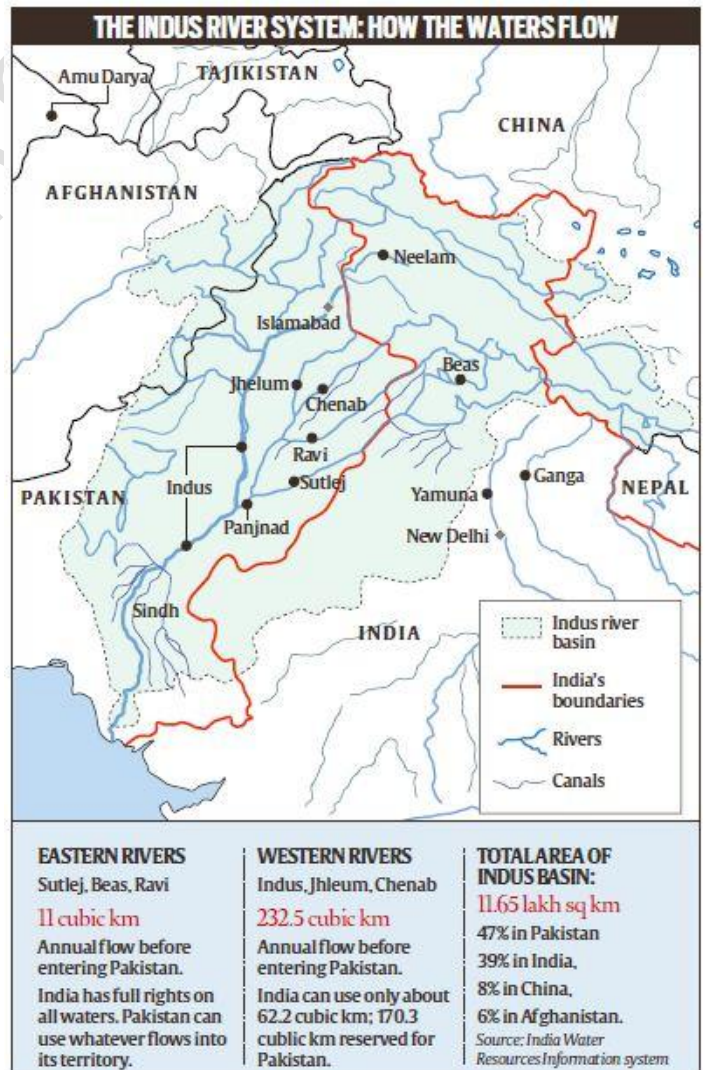
Following the terror attack in Pulwama, the government has decided to stop India's share of waters in the Indus river system from flowing into Pakistan.

**What does the Indus treaty provide for?**

- The Indus Waters Treaty of 1960 governs Indus water sharing between India and Pakistan.
- The Treaty gives India full control over the waters of the three Eastern rivers - Beas, Ravi and Sutlej.
- The waters of the Western rivers - Indus, Jhelum and Chenab - flow "unrestricted" to Pakistan.
- India is allowed to make some use of the waters of the Western rivers too under the provisions spelt out in the Treaty.
- This includes use of water for purposes of navigation, power production and irrigation.
- The two countries have permanent Indus Water Commissions that meet regularly, to share information and data, and resolve disputes.

**How has water sharing been?**

- India - Historically, India has not been utilising its full claims, neither on the Eastern nor on the Western rivers.
- On the Western rivers specifically, there has





been no strong demand for creation of new infrastructure, either for hydroelectricity or irrigation.

- This is because the demand for irrigation has gone down over the years as many farmers in J&K moved to horticulture, from traditional crops.
- So, in effect, India has been letting much more water flow to Pakistan than has been committed under the Treaty.
- Pakistan - With India's under-utilisation of its share, Pakistan has benefited more than it is entitled to under the Treaty.
- More than 95% of Pakistan's irrigation infrastructure is in the Indus basin - about 15 million hectares of land.
- It has now become the world's largest contiguous irrigation system, comprising over 60,000 km of canals.
- Three of Pakistan's biggest dams, including Mangla, which is one of the largest in the world, are built on the Jhelum river.
- These dams produce a substantial proportion of Pakistan's electricity.

### **What was India's policy shift in 2016?**

- After the devastating floods of 2014, the need for storage infrastructure as a flood-control measure was increasingly felt.
- But more seriously, a policy shift had happened in 2016, following the terrorist attack on Army camp in Uri.
- India had temporarily suspended regular meetings of the Indus Commissioners of the two countries after the attack.
- India decided to change the status quo and use more waters of the Indus rivers, which was also a measure to hurt Pakistan's interests.
- India took up the task of revival of several projects that were either suspended or had remained on paper for several years.
- Many of these projects were in Jammu and Kashmir; others were in Punjab and Himachal Pradesh.
- Some of these projects were put on fast-track mode, declared national projects, and money was sanctioned to resume works.
- The notable ones are:
  - i. 800MW Bursar hydroelectric project on the Marusudar river, one of the tributaries of the Chenab, in Kishtwar, J&K
  - ii. Shahpur-Kandi project in Gurdaspur, Punjab
  - iii. 1,856-MW Sawalkot project on the Chenab in Jammu and Kashmir
  - iv. Ujh project in Jammu and Kashmir
- Bursar will be India's first project on the Western rivers to have storage infrastructure.
- In all, more than 30 projects are under various stages of implementation on the Western rivers, having got the final approvals.
- Besides these, other measures included -
  - i. finalisation of a revised detailed project report
  - ii. granting of prompt environmental clearance
  - iii. disbursement for attractive rehabilitation packages for affected families

### **What are Pakistan's claims?**

- Even before India's policy shift in 2016, Pakistan had been complaining of being denied its due share of waters.
- It has maintained that India had violated the provisions of the Treaty, especially in reference to many of the projects on the Indus rivers.
- It feels that the Treaty had failed to protect Pakistan's interests and India had managed to manipulate the provisions in its favour.

- Resultantly, increasing number of objections was raised by Pakistan on the projects that are coming up in India.
- These include the Ratle project, the Pakal Dul dam, and Sawalkot, among others.
- But India observes that the main objective was to delay these projects, thereby forcing a cost escalation and making them economically unviable.

#### **What is India's recent decision?**

- India has decided to exert much greater control over the waters of the Indus basin.
- However, it will continue to adhere to the provisions of the 1960 Indus Waters Treaty.
- A high-level task force was set up under the guidance of the Principal Secretary to the PM.
- This will ensure that India makes full use of the waters it is entitled to under the Treaty.

#### **7.4 FATF Advisory on Pakistan**

##### **Why in news?**

Financial Action Task Force recently decided to continue the 'Grey' listing of Pakistan for its failure to stop funding of terrorist groups.

##### **What is the Financial Action Task Force?**

- The Financial Action Task Force (FATF) was set up in 1989 by the western G7 countries, with headquarters in Paris.
- FATF has 37 members that include all 5 permanent members of the Security Council, and other countries with economic influence.
- Two regional organisations, the Gulf Cooperation Council (GCC) and the European Commission (EC) are also its members.
- Saudi Arabia and Israel are “observer countries” (partial membership).
- India became a full member in 2010.

##### **What is the present status of Pakistan?**

- In June 2018, Pakistan was placed in the 'Grey' list and given a 27-point action plan by the FATF.
- This Plan was reviewed as the last Plenary in October 2018 and for the second time recently.
- In the recent plenary, India submitted new information about Pakistan-based terrorist groups, including Jaish-e-Mohammad, responsible for the Pulwama attack.
- The FATF condemned the suicide bombing of the CRPF convoy that left 40 personnel dead.
- The FATF urged Pakistan to show compliance to show compliance with its action plan or face being “black-listed” by the session in October 2019.
- A black-list would mean enhanced financial scrutiny of its government, possible sanctions against its central bank, and a downgrade of its financial and credit institutions.
- Also, FATF issued a 10-point advisory to Pakistan if it wants to be out of the “grey list” of countries posing a “risk to the international system”.
- Further, Pakistan was nominated for a detailed review of its "serious deficiencies" in countering terror financing in February 2018.
- This nomination was supported by the United States, the United Kingdom, France, Germany and India.

##### **What does the FATF advisory say?**

- The FATF has observed that several deficiencies remain in Pakistan's legal regime in dealing with terror financing.
- Since June 2018, Pakistan has made a high-level political commitment to work with and address its strategic counter-terrorist financing-related deficiencies.
- Also, Pakistan has revised its TF (terror financing) risk assessment.

- However, it does not demonstrate a proper understanding of the TF risks posed by Da'esh (ISIS), AL-Qaida, JuD (Jamat-ud-Dawa), FIF (Falah-e-Insaniat Foundation), LeT (Lashkar-e-Taiba), JeM (Jaish-e-Mohammad), HQN (Haqqani Network) and persons affiliated with the Taliban.
- Hence, the FATF urged Pakistan to swiftly complete its action plan, particularly those with timelines of May 2019, the next deadline to show compliance.
- For this, Pakistan should continue to work on implementing its action plan to address its strategic deficiencies.
- The country should adequately demonstrate proper understanding of the terror financing risks posed by the terrorist groups and conduct supervision on a risk-sensitive basis.
- Remedial actions and sanctions should be applied in cases of Anti-Money Laundering (AML) and Combating Financing of Terrorism (CFT) violations.
- Also, the country should demonstrate that competent authorities are cooperating and taking action to identify and take enforcement action against illegal money or value transfer services (MVTS).
- Further, it should improve inter-agency coordination between provincial and federal authorities on combating TF risks.
- Thus, with the advisory, Pakistan must visibly demonstrate that it has taken measures to crack down on and shut down the infrastructure and finances of the terrorist groups.

## 7.5 ISSF World Cup Controversy

### Why in news?

India recently refused visa requests from two Pakistani shooters expected to participate in the ongoing ISSF World Cup in India.

### What is the importance of world cups in shooting?

- Unlike other sports, shooting has multiple World Cups every year, with World Championship being the marquee quadrennial event.
- Every year there three or four stages of the in Rifle/Pistol events usually between March and August across countries.
- The first-ever ISSF World Cup series was held in 1986 in an attempt to bring together the various international competitions under one banner and homogenise the system for qualification to the Olympic shooting competitions.
- From then on, every World Cup in the year before an Olympic Games has quota places for medal winners, adding more weight to the competition.
- The International Shooting Sport Federation (ISSF) World Cup to be held in Delhi had 16 Tokyo 2020 quota places for eight events, which will have participation of 500 shooters from 60 countries.
- The quotas were reduced to 14 after the recent controversy of denying visas for Pakistani athletes from Indian side.
- ISSF is a qualification competition for the Olympic Games Tokyo 2020 in which direct quotas are earned by the respective National Olympic Committees.
- India has already clinched the two maximum slots possible in the women's 10m air rifle category when Anjum Moudgil and Apurvi Chandela finished second and fourth at the 2018 World Championship in Changwon, Korea.
- Thus, India will be competing for remaining 12 quotas in the competition.

### Patriot games

Denial of visa to Pakistani shooters has hit India's chances of hosting the Olympics with the IOC suspending all talks

- Pakistan had sought visa for G.M. Bashir and Khalil Ahmed for the men's 25m Rapid Fire Pistol competition. The Delhi World Cup serves as a qualifier for the 2020 Olympic Games



- IOC said its stand will remain until "guarantees are obtained from the govt. to ensure the entry of all participants in full compliance with the rules of the Olympic charter"

■ India aspires to host the 2026 Youth Olympics, the 2032 Summer Olympics and the 2030 Asian Games. The Indian Olympic Association has sent an expression of interest to the IOC for the 2032 Games



### What is the recent controversy?

- India recently refused to grant an entry visa to the Pakistani delegation comprising two athletes and one official who were meant to participate in the ISSF World Cup.
- This was done in the backdrop of heightened bilateral tensions after the terror attack in Pulwama.
- The two Pakistani athletes were due to compete in the men's 25m rapid fire pistol event in which two quota places are available for the event.
- At this backdrop, International Olympic Committee (IOC) sent a letter to the Indian Olympic Association (IOA).
- The IOC has declared that denial of visa is against the Olympic Charter's principles, of which non-discrimination, equal treatment of all athletes and sporting delegations and political non-interference are supreme.
- IOC also made it clear that all future international sporting events in India would be put on hold unless the host gave a written guarantee that there would be no discrimination on participation of athletes.
- It further said that such written guarantees must ensure the entry of all participants in such events in full compliance with the rules of the Olympic Charter.

### Has Olympic qualification been withdrawn for all events now?

- With this controversy, the IOC decided to withdraw the recognition of the 25m rapid fire pistol competition as an Olympic qualification event in the Delhi ISSF world cup.
- This is the event that the denied Pakistan athletes were about to participate.
- The ISSF now has to make a proposal on how these two available Olympic quota places will now be otherwise reassigned.
- However, the ISSF retained 14 remaining quotas for other events and restricts the withdrawal of recognition to just one event.

### What are the concerns?

- There have been precedents of strong action by IOC in similar cases.
- Ahead of the 2016 Rio Olympics, the Asian Shooting Championship in Kuwait had its qualification status removed after an Israeli delegate wasn't granted a visa.
- Recently, Malaysia was stripped of the World Para Swimming Championship for turning down visa requests from Israeli participants.
- However, such bans on sportspersons and interactions in international sports events will have no meaningful effect.
- India is also aspiring to host the 2026 Youth Olympics, 2030 Asian Games and 2032 Olympics.
- Thus, the recent controversy shows that India's future as a host for sporting events remain uncertain.

## 8. BILATERAL RELATIONS

### 8.1 India in Organisation of Islamic Cooperation's Meet

#### Why in news?

India's External Affairs Minister has been invited to address the Organisation of Islamic Cooperation's (OIC) meet as the "Guest of Honour".

#### What is OIC?

- The OIC describes itself as "the collective voice of the Muslim world".
- Its objective is to safeguard and protect the interests of the Muslim world.
- It is the 2nd largest inter-governmental organisation in the world after the UN, with a membership of 57 states in 4 continents.
- It has reserved its membership for Muslim-majority countries.
- Russia, Thailand, and couple of other small countries have Observer status.





- India is neither a member nor an observer.
- The upcoming 46th Session of the Council of Foreign Ministers of the OIC will be held in Abu Dhabi, United Arab Emirates (UAE).

#### **What has OIC's stance on J&K issue been?**

- The OIC has been generally supportive of Pakistan's stand on Kashmir.
- It has earlier even issued statements criticising the alleged Indian "atrocities" in the state.
- The 2017 session of Council of OIC Foreign Ministers had adopted a resolution reaffirming the unwavering support for the Kashmiri people in their just cause.
- Recently in December 2018 too, the OIC expressed strong condemnation of the killing of innocent Kashmiris by Indian forces in Indian-occupied Kashmir.
- It called upon the international community to play its role in order to reach a just and lasting solution to the conflict in Kashmir.

#### **Why is the invite significant now?**

- This is the first-time invitation to India to be a Guest of Honour at the Plenary of the OIC.
- At the 45th session of the Foreign Ministers' Summit in 2018, host country Bangladesh noted that India had more than 10% of the world's Muslims live.
- Bangladesh thus proposed that India be given the Observer status, but Pakistan opposed the proposal.
- So the present invite is a welcome recognition of the presence of 185 million Muslims in India and of their contribution to its pluralistic ethos.
- Especially, it comes at the time of heightened tensions with Pakistan following the Pulwama terrorist attack.
- Hence, it is seen as a significant diplomatic victory for New Delhi.
- It also signals India's improved ties with both Saudi and the UAE, and the Gulf region as a whole.
- It indicates their desire to go beyond the bilateral ties and forge a true multifaceted partnership at the multilateral and international level.

#### **How does the future look?**

- The Abu Dhabi meeting would likely discuss on the issues regarding peace and stability in the Muslim world.
- India's minister is expected to bring up the terrorist attacks in India in her address at the session.
- Certainly, Pakistan would be making every effort to counter the objections raised against it by the OIC.
- The stance that OIC would take on the Jammu and Kashmir issue in the current meet would be watched closely.
- The meeting will thus have implications at a wider level in terms of diplomacy, regional relations, terrorism, etc.

### **8.2 Saudi Crown Prince's Visit to India - Outcomes**

#### **Why in news?**

Crown Prince Mohammed bin Salman of the Kingdom of Saudi Arabia paid his first State visit to India. Click [here](#) to know more on India-Saudi ties.

#### **What are the key outcomes?**

- **Agreements** - The following Memorandums of Understanding (MoUs) were signed during the visit:
  - i. MoU on investing in the National Investment and Infrastructure Fund of India
  - ii. Framework cooperation programme between Invest India and Saudi Arabia General Investment Authority (SAGIA)
  - iii. MoU on cooperation in the field of Tourism
  - iv. MoU on cooperation in the field of Housing
  - v. MoU for cooperation on Broadcasting for exchange of Audio-Visual Programmes



vi. Agreement for the Kingdom of Saudi Arabia to join the International Solar Alliance (ISA) launched by PM Modi

- **Defence** - More cooperation and collaboration in joint defence production of spare parts for Naval and Land systems as well as supply chain development was spelt out.
- **Strategic partnership** - The commitment to strengthen the 'strategic partnership' envisaged in the 'Riyadh Declaration' of 2010 was reaffirmed.
- It was agreed to elevate the existing 'Strategic Partnership' with high level monitoring mechanism by the creation of Strategic Partnership Council.
- This will be led by the Indian PM and the Crown Prince of Saudi Arabia, with support by ministerial representation.
- The council would cover the whole spectrum of security and strategic relationships.
- **Security** - A 'Comprehensive Security Dialogue' will be constituted at the level of National Security Advisors to discuss counter-terrorism, intelligence-sharing and maritime security.
- A Joint Working Group on Counter-Terrorism will also be set up to enhance cooperation in counter-terrorism efforts.
- The two sides also agreed to work together with other Indian Ocean Rim Countries for enhancing maritime security and international trade.
- **Trade** - Importance of increasing the trade volume between the two countries and eliminating export barriers was stressed upon.
- Further deepening of trade and investment cooperation was agreed upon, by aligning Saudi's Vision 2030 and 13 Vision Realization Programs with India's flagship initiatives.
- **Investments** - Saudi welcomed Indian private/public sector investments and expertise in the upcoming mega projects in Saudi Arabia.
- It has expressed its interest in investing in infrastructure projects worth about \$26 billion.
- This is beyond its already committed investments of \$44 billion for the existing joint venture with the public sector oil undertakings and public fund investments of \$10 billion.
- **Energy** - The two sides stressed on continuation of the India-Saudi Arabia Energy consultations and expressed desire to develop the bilateral trade in energy sector.
- The buyer-seller relationship in the energy-sector would be transformed to strategic partnership, focusing on investment and joint ventures in petrochemical complexes.
- It comes as an acknowledgement of Saudi Arabia as the world's most reliable supplier of oil & gas and the key supplier to India.
- Saudi Arabia also takes part in India's Strategic Petroleum Reserves (SPRs) (huge stockpiles/emergency stores of crude oil).
- Potential cooperation in the renewable energy sector in investment as well as in Research and Development was recognised.
- **Skill Development** - A Joint Working Group on Skill Development would be set up to identify areas of cooperation for mutual benefit.
- **Terrorism** - The joint statement of the two sides condemned the recent Pulwama terror attack.
- It acknowledged that disputes between India and Pakistan must be resolved bilaterally.
- It also called on states to renounce the use of terrorism as an instrument of state policy.
- The need for concerted action by the international community against terrorism was also emphasized.
- It includes the early adoption of UN Comprehensive Convention on International Terrorism, comprehensive sanctioning of terrorists and their organisations by the UN.
- **Haj** - The Crown Prince agreed to increase Haj quotas from India to 200,000, to reflect the latest census.
- He also agreed to release 850 Indians from Saudi jails after a plea from Indian PM Modi.

### What is the irritant in the relations?

- India and Saudi Arabia have taken care over the past two decades to ‘de-hyphenate’ the relations from ties between Pakistan and Saudi Arabia.
- However, the Crown Prince's visit to Pakistan just before his visit to India, and the unrest over the recent Pulwama terror attack complicate matters.
- During his Pakistan visit, he praised Islamabad for its fight against terrorism.
- He also announced \$20 billion worth of investments, in addition to previously announced aid of \$6 billion in cash and reserves.
- Nevertheless, India-Saudi Arabia ties have been carefully built over the years, especially after the strategic partnership announced in 2010.
- So attempting to compare the outcomes of the visit to that of Pakistan only undermines the relations.

## 9. INTERNATIONAL ISSUES

### 9.1 ICJ Advisory Opinion on Chagos Archipelago

#### Why in news?

The International Court of Justice (ICJ) in The Hague has said that the UK should end its control of the Chagos Islands in the Indian Ocean.

#### What is the dispute over Chagos Islands?

- The United Kingdom gained control of Mauritius, including the Chagos Archipelago, from France in 1814.
- **Separation** - Britain detached the Chagos Islands from Mauritius in 1965, 3 years before Mauritian independence.
- Under the 1965 agreement, Britain has maintained control of the islands in return for compensation to Mauritius and fishing rights.
- The leaders of Mauritian independence movement then agreed to the separation of the islands, fearful that if they did not do so, independence would not be granted.
- But Britain continued its administration despite Mauritius' later efforts to regain control and the UN resolutions requiring it to complete the decolonisation of Mauritius.
- **Military base** - From 1967 to 1973, some 1,500 Chagos islanders were gradually forced to leave their homes.
- This was to lease Diego Garcia, the largest island in the Chagos Archipelago, to the US for a strategic military base.
- In 2016, after several judicial challenges, Britain extended Diego Garcia's lease until 2036.
- It also declared that the expelled islanders would not be allowed to go back.
- Today, Diego Garcia hosts a major US military base and is a strategic node in US bombing campaigns in Afghanistan and Iraq.
- On the other hand, for five decades since their removal, the islanders have been fighting for their right to return.



#### How could the ICJ intervene in this?

- Under Article 96 of the UN Charter, the General Assembly can request that the ICJ give an advisory opinion on “any legal question”.
- In 2017, the UN General Assembly adopted a resolution, on Mauritius' petition, calling on the ICJ to deliver an advisory opinion.



- The ICJ was to decide if UK's continued administration of the Chagos Archipelago after the 1968 decolonisation process of Mauritius was lawful.
- But UK was opposed to ICJ's intervention, saying it would be inappropriate in a dispute between states that have not both consented to ICJ jurisdiction.
- Also, while ICJ advisory opinions are not binding, the ramifications of the opinion will be highly significant.
- This is because an opinion in favour of Mauritius may strengthen their position in any future negotiations.
- It might as well put significant international pressure on the UK over the status of the territory.

#### International Court of Justice

- The International Court of Justice (ICJ) was established in 1945 after half a century of international conflict in the form of two World Wars.
- The ICJ functions with its seat at The Hague, Netherlands.
- 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.
- ICJ is not to be confused with ICC (International Criminal Court) which is a permanent tribunal created to prosecute individuals for genocide, crimes against humanity, war crimes and the crime of aggression.
- While ICJ is the primary judicial arm of the UN, the ICC is legally and functionally independent from the United Nations.

#### What is ICJ's present opinion?

- The ICJ rejected the contention that the issue did not fall within its jurisdiction, as it was a bilateral matter for the two countries.
- ICJ concluded that the decolonisation of Mauritius was not lawfully completed due to Britain's continued administration of the island.
- It said that any detachment of part of a colony had to be based on the "freely expressed and genuine will" of the people.
- So the continued administration amounted to a "wrongful act" and inconsistent with the right to the people of "self determination."
- Moreover, the U.S. base's construction led to the displacement of some 1,500 people who have been unable to return to the islands.
- It was thus noted that the original agreement had not allowed for third party involvement in the territory.
- In all, Britain has to end its administration of the Chagos Archipelago and complete the process of decolonisation of Mauritius.

#### What are the likely implications?

- **Mauritius** - It is a significant legal victory for Mauritius and other nations, including India that supported its case.
- **U.S.** - ICJ's advisory opinion is unlikely to impact the U.S. military base as Mauritius is committed to the continued operation of the base in Diego Garcia.
- It is prepared to enter into a long-term framework, in regards with the military base, with the parties concerned.
- **U.K.** - It said that it would examine the ICJ's advisory opinion, but stressed increasingly the security significance of the islands.
- UK maintains that the defence facilities on the island help to protect people in Britain and around the world from terrorist threats, organised crime and piracy.
- **Chagossians** - In an ideal world, Britain would be compelled to hand the islands to Mauritius, but ICJ's advisories are not always acted on.
- So the implications of the advisory opinion for the Chagossian people remains to be seen.

#### ICJ Judgements and Advisory Opinions

- Contrary to judgments, and except in rare cases where it is expressly provided that they shall have binding force, the advisory opinions are not binding.
- The requesting organ, agency or organization remains free to decide, as it sees fit, what effect to give to these opinions.
- Despite having no binding force, the Court's advisory opinions carry great legal weight and moral authority.



- Right to self determination and the respect that they deserve will have to be acknowledged through proper compensation.
- Any decisions on Chagos Islanders' future must be made by those who once inhabited them and their descendants.

### **Why is the case a complex one?**

- The case is seen as having far wider ramifications beyond the two parties immediately concerned.
- It's because the dispute deals with issues of post-colonial sovereignty, legacy of colonialism and hence an imbalance of power is involved in the relationship.
- So the legitimacy of the agreements struck between colonial powers and their colonies in the final stages before independence is a debatable one.

## **9.2 US Emergency Declaration**

### **Why in news?**

U.S. President Donald Trump declares national emergency to build US-Mexico border wall. Click [here](#) to know more on the border wall issue.

### **What is the major cause?**

- Recently the federal government of US was shut down for 35 days, the longest in U.S. history. Click [here](#) to know more.
- The tussle was over Trump's insistence on building a border wall with Mexico.
- Trump is concerned with invasion of illegal immigrants into the country with drugs, human traffickers, and all types of criminals and gangs from Mexico.
- Trump refused to sign off on Congressional appropriations bills unless lawmakers agreed to hand over \$5.7 billion to fund this plan.
- The shutdown was ended after costing around \$11 billion to the U.S. economy.
- So Trump declared emergency to bypass the Congress to pursue his motives.

### **How does the emergency work?**

- The National Emergencies Act of 1976 of the U.S. allows the President to declare a state of emergency without approval from anyone else.
- Under the powers, the President may
  - i. seize property, commodities
  - ii. organize and control the means of production
  - iii. assign military forces abroad, institute martial law
  - iv. seize and control all transportation and communication
  - v. regulate the operation of private enterprise
  - vi. restrict travel
  - vii. in a variety of ways, control the lives of United States citizens.
- It also permits the diversion of funds from military or disaster relief budgets to tackle the “crisis” at hand.
- So the White House said the national emergency would take about \$3.6bn from the Pentagon’s military construction fund.
- It will also divert around \$2.5bn from the Pentagon’s drug prohibition programme and \$600m from the treasury’s drug forfeiture fund.
- Congress can terminate a declared emergency, but it requires a joint resolution which is a high hurdle.

### **Why is the decision contentious?**

- **Non-issue** - Border crossings by undocumented migrants have decreased from 1.3 million in 2001 to about 40,000 in 2018 and are at an all-time low.

- He still wants to do it just be popular among the republican voters.
- **Non emergency** - While declaring, Trump admitted that he did not “need” to take the step now and was only doing so for speed, which implies that there is no emergency.
- **Precedence** - It could set a dangerous precedent for future presidents to declare emergency for less significant causes.
- The move also undermines democracy.

#### What next?

- The emergency declaration is likely to be challenged in court by states and others.
- Democrats who now control the House of Representatives may, under their constitutional powers, vote to terminate the emergency.
- But this would require the support of Republican-controlled Senate.

## G.S PAPER III

### 10. ECONOMY

#### 10.1 Interim Budget 2019

##### Why in news?

Interim Finance Minister Piyush Goyal presented the Interim Budget on 1st February 2019.

##### What are the key announcements?

##### State of the Economy

- India is the fastest growing major economy in the world.
- India is now the 6<sup>th</sup> largest economy in the world (11th in 2013-14)
- Inflation - 4.6%
- Fiscal deficit - 3.4% of GDP
- Current Account Deficit (CAD) - 2.5% of GDP
- FDI \$239 billion during the last 5 years.
- Tax collections increased from Rs.6.38 Lakh Cr in 2013-14 to almost Rs.12 lakh Cr this year.
- The number of returns filed has also almost doubled showing 80%.
- The State revenues are improving with guaranteed 14% annual revenue increase for the first five years from GST.

##### Vision for the next Decade

- Becoming a \$5 Trillion Economy in the next 5 years
- \$10 Trillion Dollar Economy in the next 8 years thereafter
- 10 Dimensions to concentrate are-
  1. Physical as well as social infrastructure for a \$10 Trillion Dollar Economy and to provide ease of living
  2. Creating a Digital India reaching every sector of the economy,
  3. Making India pollution free
  4. Expanding rural industrialisation
  5. Clean Rivers, with safe drinking water
  6. Development powered by coastline and ocean waters
  7. Outer skies
  8. Self-sufficiency in food

9. A healthy India
10. Minimum Government Maximum Governance nation

### Poor and backward classes

Rs.60,000 crores are being allocated for MGNREGA in BE 2019-20.

### Farmers

- **Pradhan Mantri Kisan Samman Nidhi (PM-KISAN)** is announced to provide an direct income support at the rate of `6,000 per year' to vulnerable landholding farmer families, having cultivable land upto 2 hectares.

Click here to know more on the scheme

- **Rashtriya Kamdhenu Aayog** will be setup to upscale sustainable genetic up-gradation of cow resources and to enhance production and productivity of cows.
- India is the second largest fish producing nation in the world accounting for 6.3% of global production and an annual growth > 7%.
- **Department of Fisheries** will be created to provide focused attention.
- 2% interest subvention to the farmers pursuing the activities of animal husbandry and fisheries, who avail loan through **Kisan Credit Card**.
- In case of timely repayment of loan, they will also get an additional 3% interest subvention.
- **Natural calamities** - Generally the crop loans are rescheduled for farmers affected by severe natural calamities.
- Now, these farmers affected by natural calamities, where assistance is provided from NDRF, will be provided with 2% interest subvention and prompt repayment incentive of 3% for the entire period of reschedulement of their loans. (at present it is 2% only for the first year)

### Labour and Workers Dignity

- 42 crore workers in the unorganised sector
- **Pradhan Mantri Shram-Yogi Maandhan** to provide a monthly pension of Rs.3,000 from the age of 60 years on a contribution of a small affordable amount by the worker during their working age for the unorganised sector workers with monthly income upto ` 15,000.
  1. Rs.100/month for a worker joining at the age of 29 years
  2. Rs. 55/month for a worker joining at the age of 18 years
  3. The Government will deposit equal matching share
- A **Committee under NITI Aayog** will be set up to complete the task of identifying De-notified, Nomadic and Semi-Nomadic communities not yet formally classified.
- A **Welfare Development Board** will also set up under the Ministry of Social Justice and Empowerment specifically for the purpose of implementing welfare and development programmes for these communities.

### Empowering Youth

- **National Programme on 'Artificial Intelligence'** will be implemented by establishing a National Centre on Artificial Intelligence as a hub along with Centres of Excellence
- A National Artificial Intelligence portal will also be developed.

### Empowering MSMEs and Traders

- **Government e-Marketplace (GeM)** is now being extended to all CPSEs.
- Department of Industrial Policy and Promotion, which will now be renamed as the **Department for Promotion of Industries and Internal Trade** as it was recently assigned the subject of "promotion of internal trade including retail trading and welfare of traders, and their employees".

### National Security

- Defence Budget will be crossing Rs.3,00,000 crore for the first time in 2019-20.



## Infrastructure

- **Vande Bharat Express** will be the first indigenously developed and manufactured semi high-speed train that will give the Indian passengers world class experience with speed, service and safety.
- Total Railway Budget is of Rs.1,58,658 crore.
- Specific recommendations of a high level **Inter-Ministerial Committee** to transform the system of bidding for exploration and to change from revenue sharing to exploration programme for Category II and III basins will be implemented.

## Digital India

- **Digital Villages initiative** will connect as many as 1 lakh villages with the digital services offered by the Government, within the next 5 years with the assistance of Common Service Centres (CSCs).

## Entertainment

- Single window clearance for ease of shooting films will be available to Indian filmmakers. (Earlier it was available only to foreigners).
- Anti-camcording provisions in the Cinematograph Act will be introduced.

## Customs and Trading Across Border Reforms

- **Abolition of Customs duties on 36 capital goods** along with introduction of single point of approval are introduced under section 65 of the Customs Act.
- Full digitalization of export/import transactions and leveraging RFID technology to improve export logistics are being introduced.

## Tax

- **Rebate** - Individual taxpayers having taxable annual income up to Rs.5 lakhs will get full tax rebate and therefore will not be required to pay any income tax.
- Besides, under section 80C, a deduction of Rs 1,50,000 can be claimed from total income, for investments made in LIC, PPF, Medclaim, incurred towards tuition fees, etc.
- So effectively persons having gross income up to Rs.6.50 lakhs may not be required to pay any income tax if they make such investments.
- **Deductions** - Additional deductions such as interest on home loan up to Rs.2 lakh, interest on education loans, NPS contributions, medical insurance, medical expenditure on senior citizens etc, are announced.
- **Standard Deduction** - For salaried persons, a Standard Deduction is raised to Rs.50,000 from Rs.40,000 i.e Rs.50,000 can be exempted from Taxation.
- **TDS threshold** - TDS threshold on interest earned on bank/post office deposits is being raised from Rs.10,000 to Rs.40,000.
- **Housing & Real Estate** –
  1. Income tax on notional rent on a **second self-occupied house** is also now exempted.
  2. TDS threshold for deduction of tax on rent is to be increased from Rs.1,80,000 to Rs.2,40,000.
  3. **Rollover of capital gains** under section 54 of the Income Tax Act will be increased from investment in one residential house to two residential houses for a tax payer having capital gains up to Rs.2 crore. This benefit can be availed once in a life time.
  4. **Section 80-IBA** - Tax on notional rent, on unsold inventories, has been exempted from one year to two years, from the end of the year in which the project is completed (applicable to project approved till 31st March, 2020).

## What are the positives?

- **Small taxpayers** - Various proposals announced in the interim Budget are aimed to ease tax burden on salaried class, small taxpayers as well as passive income earners such as senior citizens.
- In the absence of a social security net or unemployment benefits for unorganised sector workforce, the new pension scheme will be of significant advantage.



- **Tax net** - The limit of Income-tax Rebate has now been increased to Rs 12,500 from Rs 2,500 for taxpayers having income up to Rs. 5 lakh.
- But people will have to file returns to earn a rebate, thus enlarging the tax base.
- **Reduced red tape** - The complicated filing forms, elaborate disclosures, demand notices and scrutiny assessments have been concerns for individual taxpayers.
- The 2019 Budget has now promised to process tax returns within 24 hours with quick refunds and move scrutiny assessments wholly to the electronic mode.
- **Real Estate** - Tax policies of governments in recent years have controlled the Indian investors' obsession for real estate, and have directed them towards financial investments.
- But signalling a change of stance, the 2019 Budget has proposals that would work as significant incentives for home buyers.

### What are the criticisms?

- There has been a general perception that this elaborate interim Budget is aimed at seeking votes.
- e.g PM-KISAN will benefit over 120 million farmer families, among which a third of these families live in UP and Bihar. The electoral benefit of such a scheme is very evident.
- Schemes towards benefitting middle class is also seen as identifying and targeting the sections of population that are in distress and unhappy with the Centre.
- No Interim Budget in the past announced a new programme with as huge an annual expenditure outlay as the Rs 75,000 crore, thus breaking precedence of minimum spending during election years.
- While these sops will benefit sections of the population, the question is
- No Interim Budget in the past also announced as big an income-tax concession.
- So it is not right for a government that will be in power for few months to constitute a financial burden for the coming years as well.

## 10.2 Relaxation in LTCG

### Why in news?

A proposal was made in 2019 Budget to relax the condition required for saving on long term capital gains (LTCG) made on the sale of a residential property.

### What is the current norm under Sec 54 of IT Act?

- Gain from sale of a residential property (land, house or apartment) within 2 years of its purchase is considered short-term capital gain (STCG).
- After two years, the gain is considered long-term capital gains (LTCG).
- While STCG is taxed at the slab rate, LTCG is taxed at the rate of 20.6% (including cess) with indexation done for property (by applying CII (cost inflation index)).
- So currently, Section 54 of the Income-tax Act, 1961 offers a benefit of rollover of capital gains on sale of property.
- This means that the otherwise taxable proceeds (from sale of property) is allowed to be reinvested (rolled over) within a specified time and with certain preconditions, for exemption from capital gains tax.
- Under this, LTCG arising from the sale of an immovable property is exempt from tax if the profit is reinvested in a single property or other specified instruments, within the stipulated timeline.
- The assessee needs to buy the new property within 1 year before the date of transfer of the property or 2 years after the transfer.
- In case of under-construction properties, the construction needs to be completed within 3 years from the date of transfer.
- However, if the person is unable to stick to these conditions, the amount may be deposited in a public sector bank (or other banks as per the Capital Gains Account Scheme, 1988).
- Also, currently, the above exemption cannot be claimed for properties bought or constructed outside India.



### What is the relaxation made now?

- The benefit of rollover of capital gains under section 54 of the IT Act will be now increased from investment in one residential house to two residential houses.
- This will be applicable for a taxpayer having capital gains up to Rs 2 crore.
- Also, this benefit can be availed only once in a life time.
- So if one spreads out the capital gains in 2 different properties, the next time s/he has LTCG from sale of a house, s/he has to restrict only to one property to avail the benefit.

### 10.3 Easing of Conditions for Angel tax

#### Why in news?

Following the concerns raised earlier, the Centre has decided to ease the conditions for angel tax/taxing investments in start-ups.

#### What is angel tax?

- An angel investor is one who provides capital for a business start-up, usually in exchange for convertible debt or ownership equity.
- In simple terms, angel tax is the tax levied on such investments made by external investors in startups or companies.
- At times, capital is raised by unlisted companies via issue of shares where the share price is seen in excess of the 'fair market value' of the shares sold.
- So the entire investment is not taxed but only the amount that is considered above “fair value” valuations of the startup.
- Currently, funds from angels are subjected to over 30% tax if it is more than the fair market value (FMV).
- It was introduced in the 2012 Union Budget to arrest laundering of illegal wealth by means of investments in the shares of unlisted private companies at extraordinary valuations.
- However, under certain conditions, exemption to startups is offered under Section 56 of the Income Tax Act.

#### What are the concerns with it?

- The share issued to an investor has to be valued to decide whether the price is in excess of fair value.
- The valuation of a startup is usually based on a commercial negotiation between the company and the investor.
- It is based on the company's 'projected earnings' at that point in time.
- However, as startups operate in a highly uncertain environment, many are not always able to perform as per their financial projection.
- Equally, some companies exceed the projection if they are doing well.
- Resultantly, startups are often valued subjectively and it causes differing interpretations of “fair value”.
- Startups are thus vulnerable to unduly high taxes because the taxman feels the investment is too high over their valuation.

#### What are the new proposals?

- The proposals aim to simplify the process of exemptions for Startups under section 56 of the Income Tax act.
- An entity shall be considered a startup up to 10 years from its date of incorporation / registration instead of the existing period of 7 years.
- The turnover for any of the financial years since its incorporation/registration should not have exceeded Rs 100 crore (instead of the existing Rs 25 crore).
- All investments into eligible startups by Non-Residents, Alternate Investment Funds-Category I registered with SEBI shall also be exempt under Section 56 of IT Act.



### How will it benefit?

- Stringent rules on angel tax have had an adverse effect on investor confidence in startups.
- So the relaxations will help the start-ups which are in desperate need for capital to fund their growth and other business requirements.
- Further, the new rules are set to be applied retrospectively.
- So many young companies that have received notices from the IT Department in the last few years will be relieved by the change in rules.

### What are the continuing concerns?

- Companies wishing to make use of the latest exemption will first have to be registered with the government as start-ups.
- To be classified so, a company should not have invested in any land unrelated to the business, vehicles worth over Rs.10 lakh, or jewellery.
- These requirements (aimed at preventing money-laundering) can lead to considerable bureaucratic delays and rent-seeking.
- Also, the concerns with calculation methodology on evaluating the share prices against the fair market value are not addressed yet.
- Notably, it is impossible to know the market value, let alone the fair market value, of shares that are not openly traded in the marketplace.
- So despite the relaxations, the rules can again cause the old problem of arbitrary tax demands by tax authorities.
- In all, unless the government addresses the arbitrary nature of the angel tax, the damage to investor confidence may remain.

## 10.4 RBI's Interim Dividend to the Government

### Why in news?

The RBI recently approved an interim dividend (surplus transfer) payout of Rs 28,000 crore to the government.

### How does the RBI generate surplus?

- **Income** - A central bank's income comes largely from the returns it earns on its foreign currency assets.
- This could be in the form of bonds and treasury bills of other central banks or top-rated securities, deposits with other central banks.
- Other sources include the -
  - i. interest it earns on its holdings of local rupee-denominated government bonds or securities
  - ii. management commission on handling the borrowings of state governments and the central government
- The RBI buys these financial assets against its -
  - i. fixed liabilities such as currency held by the public
  - ii. deposits issued to commercial banks
- **Expenditure** - A central bank's expenditure is mainly on the printing of currency notes.
- Other components include the expenditures -
  - i. on staff
  - ii. on commissions to banks for undertaking transactions on behalf of the government across the country
  - iii. on commissions to primary dealers, including banks, for underwriting some of the borrowings
- **Surplus** - Generally, the central bank's total expenditure is only about a seventh of its total net interest income.
- This implies that it certainly generates a large surplus out of the excess of income over expenditure.



### What is an interim dividend?

- The surplus transfer is generally done in early August, after the completion of the bank's July-June accounting year.
- The RBI had thus already transferred Rs 40,000 crore to the government in August 2018.
- So the current one is an interim transfer, in addition to the usual one.
- With this, the government will get a total of Rs 68,000 crore from the central bank in the current fiscal.

### Why is it transferred to the government?

- The central bank transfers its surplus to the government under the provisions of Section 47 of the Reserve Bank of India Act, 1934.
- The Government of India is the sole owner of India's central bank, the RBI.
- So the government can make a legitimate claim to this surplus.
- Also, by virtue of its role as the manager of the country's currency, the RBI generates more surplus than the entire public sector put together.
- So this surplus, in effect, belongs entirely to the country's citizens.
- Given this, the RBI pays the remaining surplus after setting aside what is needed to be retained as equity capital to maintain its creditworthiness.

### Is giving extra dividends a problem?

- Much of the surplus that the RBI generates comes from the interest on government assets, or from the capital gains through other market participants.
- When this is paid to the government as dividend, the RBI is actually putting back into the system the money it has made from it.
- Logically, there is no additional money-printing or reserve-creation involved.
- But when the RBI pays an additional dividend to the government, it has to create additional permanent reserves i.e. it has to print money.
- Instead, to compensate for the special dividend, the RBI would have to withdraw an equivalent amount of money from the public.
- The RBI does this by selling government bonds in its portfolio.
- Besides, all central banks worry that large payouts could limit their ability to create buffers to make up for the impact of a crisis.

### What does surplus transfer say about government finances?

- This is the second year running that the RBI has paid an interim dividend to the government.
- Last year, the RBI paid out an interim dividend of Rs 10,000 crore.
- Notably, during periods of high growth as seen during the last decade, the government does not make demands on RBI's surplus.
- But the government has asked for an interim surplus for the financial year 2018-19 as well as the amount retained by the RBI from surpluses of the previous two years.
- So surplus transfer from the RBI does indicate that the government finances are under pressure.
- The current transfer is expected to help keep the fiscal deficit at the projected 3.4% of GDP for 2018-19.

### How is it elsewhere?

- Almost all central banks, the US Federal Reserve, Bank of England, Reserve Bank of Australia and Germany's Bundesbank are owned by their respective governments.
- They have to transfer their surplus or profits to the Treasury, or the equivalent of India's Finance Ministry.
- The UK has a formal Memorandum of Understanding on the financial relationship between the Treasury and the Bank of England.

- It lays down a clear framework for passing on 100% of net profits to the government.
- The US Fed too, transfers all its net earnings to the Treasury.

### 10.5 RBI's Repo Rate Cut

#### What is the issue?

- The Reserve Bank of India has cut the repo rate by 25-basis points to 6.25%, in its last bi-monthly meeting for 2018-19.
- The move signals both the RBI and the Centre getting in line with each other, after the recent tussle (Click [here](#) to know more).

#### What is the significance?

- The RBI had raised the policy rates twice last year, but has maintained a 'neutral' stance in the last two bi-monthly meetings when the MPC did not change the rate.
- But it did change the stance from 'neutral' to 'calibrated tightening' in the fourth meeting in early October 2018.
- With a new Governor at RBI now, the Monetary Policy Committee's view on the state of the Indian economy seems to have changed.
- It has now switched its policy stance from 'calibrated tightening' to 'neutral'.

#### What is RBI's rationale?

- The MPC had been over-estimating inflation risks and had stuck to a tighter monetary policy.
- But the inflation scenario has been favourable in the last few months.
- Consumer Price Index-based inflation have continued to slow and is projected to stay well below the medium-term target of 4%
- The MPC has particularly taken note of deflating food prices to adopt a liberal stance with the rates.
- The overall demand conditions are moderate, in the backdrop of a slowdown in private and public consumption expenditure.
- In the MPC's view, there is an output gap, and the public spending on infrastructure alone cannot support investment activity.
- The RBI also sees the actual GDP growth for 2018-19 to be a bit less than the projected 7.4%.
- Production and import of capital goods (a key factor for investment demand) and credit flows to industry remain dull.
- There is also a slowdown in farm output growth.
- So there is a need for strengthening private investment activity and boosting private consumption which a rate cut is expected to facilitate.

#### How does the future look?

- A policy rate cut facilitating an investment boost is expected to complement the recently released 'expansionary' interim budget.
- The developmental and regulatory policy initiatives announced alongside the policy is timely and progressive.
- Notably, there is a proposal to study the offshore Rupee markets and to rationalise the regulations on the interest rate derivatives which would be of special significance to the financial markets.
- However, the Interim Budget has shown some slippage from the fiscal roadmap and projected a budget deficit of 3.4% for both the current financial year and the next.
- So the risk of government borrowing, crowding out private investment demand, remains, which the RBI has to be cautious of.

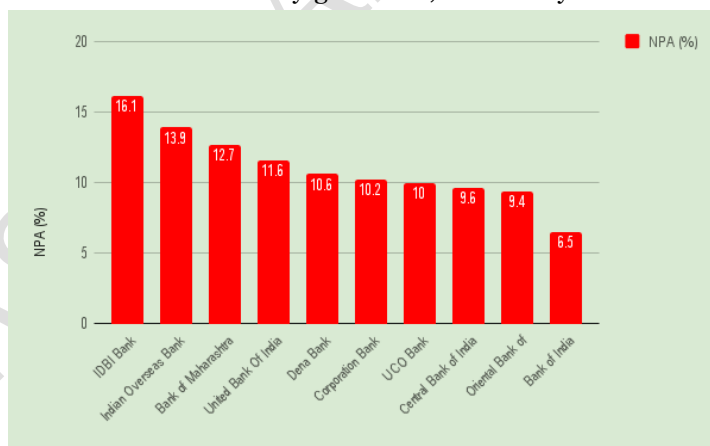
## 10.6 Removal of Banks from PCA framework

### Why in news?

The Reserve Bank of India (RBI) recently removed three state-owned banks from the prompt corrective action (PCA) framework.

### What is Prompt Corrective Action?

- Under the PCA norms, the performance of banks was determined on the basis of three criteria — capital, asset quality and profitability.
- It is a quick corrective measure taken in case a bank is found to be having low Capital Adequacy Ratio (CAR) or high NPAs.
- The capital adequacy ratio (CAR) is a measurement of a bank's available capital expressed as a percentage of a bank's risk-weighted credit exposures.
- RBI initiates PCA when CAR goes below 9% or NPA rises above 10%.
- When RBI initiates PCA against a bank, it puts restrictions on fresh loans and dividend distribution.
- The actions could include stricter norms for lending, branch expansion, management change and asset reduction depending on the financial health of the bank.
- The RBI tightened the PCA norms when bad loans situation in the country got worse, with many PSU banks showing high NPA ratio.
- The RBI had put 11 PSBs under PCA with different degree of restrictions.
- Rating agencies like Fitch have hailed the RBI's decision to put stricter norms, saying that it would address the problems of struggling banks.
- However, the government was of the opinion that the RBI should relax the PCA norms to enable more sanction of credit by PSU Banks.



### What are the underlying reasons?

- The three banks which are removed from the PCA framework are Bank of India, Bank of Maharashtra and Oriental Bank of Commerce.
- The three banks were among 11 public sector lenders that were brought under the PCA framework by the apex bank.
- Subsequently, the government infused capital in PSU banks and some of the lenders reported better numbers for the third quarter ended December 31, 2018.
- Thus, there was an expectation that at least two banks will come out of the PCA framework.
- For instance, at least two banks — Bank of India and Bank of Maharashtra — had non-performing assets as a percentage of total assets that were lower than the threshold of 6% set by the RBI.
- Bank of India had a net NPA of 5.87%, while Bank of Maharashtra's NPA was 5.91%.
- In case of Oriental Bank of Commerce, the net NPA is 7.15% in the third quarter.
- The government had since infused sufficient capital and the bank had brought down the net NPA to less than 6%.
- Thus, the RBI decided to remove these banks, along with Oriental Bank of Commerce, after a review of the performance of these three banks.
- These banks have met the regulatory norms including Capital Conservation Buffer (CCB) norms.
- It pointed out that these lenders were not in breach of the PCA parameters on the basis of their results in the third quarter, except Return on Assets (RoA).
- According to rules, bank having negative RoA for at least two consecutive years will come under the PCA framework.



- However, the RBI said the lenders with weak ROA have given it in writing that they would comply with the norms of minimum regulatory capital, net NPA and leverage ratio on an ongoing basis.
- Further, they have told the RBI that they are making various structural and systemic improvements.
- Also, the government has also said the capital requirements of these banks will be duly factored in while making bank-wise capital allocations during the current financial year.
- Taking all the above into consideration, these banks are taken out of the PCA framework subject to certain conditions and continuous monitoring.

### Capital Conservation Buffer

- CCB is a relatively new concept, introduced under the international Basel III norms.
- The concept says that during good times, banks must build up a capital buffer that can be drawn from when there is stress.
- In India, the minimum capital requirement is 9%.
- The CCB would be 2.5 percentage points over and above the minimum capital requirement.

### 10.7 Revised estimates of GDP

#### Why in news?

The Union Ministry of Statistics and Programme Implementation has recently released its revised estimates of national income for 2017-18.

#### What does the data reveal?

- The CSO in its advance estimate had pegged the GDP growth rate for **2018-19** at 7.2%.
- Growth in real GDP for **2017-18** was revised upwards to 7.2% from the earlier estimate of 6.7%.
- It also revised the actual growth rate in **2016-17** to 8.2% from the 7.1% estimated earlier.
- This relatively slow growth in 2017-18, when compared to 2016-17, is explained as due to a slowdown in manufacturing, communications, agriculture and mining.
- Thus, it appears that growth immediately following the demonetisation exercise of November 2016 was not too badly affected on the one hand.
- On the other hand, it appears there might have been something of a deceleration in 2017-18 following that high growth in 2016-17.
- Also, the gross fixed capital formation (GFCF) as a proportion of gross domestic product went up marginally from 28.2% to 28.6% in the two years under consideration.
- The government says that estimates of GDP have undergone revision on account of the use of the latest data available on agricultural production, industrial production, and government expenditure.
- It is also due to more comprehensive data available from various source agencies like the MCA and the NABARD and State/Union Territory Directorates of Economics and Statistics.

#### What are the concerns?

- Though GFSF was raised, much of this was driven by government spending, and the proportion of household investment in GFCF fell.
- Thus, it is not clear that private investment recovery had taken hold in 2017-18.
- A major concern was laid upon in the demonetisation year of 2016-17, which shows a strong growth in sectors that were widely agreed to have been badly hit by the exercise.
- For 2016-17, a hike of 1.1% in GDP growth was cited.
- The main factor for this was cited as the increase in private final consumption expenditure, which has also increased 1 percentage point.
- But post-demonetisation, people hold less cash to make purchases and hence it creates questions whether there was actually an increase in household expenditure.

- Also, it was cited that the main driver of the upward revision on the output side in 2016-17 was the construction sector, which has been revised upwards by 4.7%.
- However, Construction is also a sector which has a large informal sector component and all earlier analyses had indicated that demonetisation adversely affected the informal sectors.
- Also, the other two main drivers of the upward revision – the mining and quarrying sector and the public administration sector, have data that is compiled by the government itself.
- So, it was criticised as it should not have undergone such a vast revision.

### What should be done?

- In December 2018, the government announcement regarding the back series of GDP data with 2011-12 as the base year created a huge controversy.
- The back series, which provided the GDP growth data from 2004-05 to 2010-11, seemed to run contrary to all the other available evidence for the years in question. Click [here](#) to know more.
- This has raised doubts on the ability of the back series to accurately reflect what happened during those years.
- With the latest GDP data, questions that were being asked about the credibility of official data back then will now become even louder and more pressing.
- Thus, the government must take these concerns on board and should give a more credible picture of the economy.

## 10.8 Periodic Labour Force Survey - NSSO

### Why in news?

The NSSO recently released a draft report on unemployment based on the periodic labour force survey (PLFS).

### Why is there a need for an annual survey?

- Earlier, the NSSO used to conduct quinquennial (5-year) surveys.
- This was the first time that the NSSO conducted the Periodic Labour Force Survey, which is an annual survey mapping unemployment to provide a closer trace of unemployment.
- Moreover, the five-yearly surveys used to come with a lag of over one or two years, thus reducing the possibility of timely analysis.

### What does the survey reveal?

- The report found that the **unemployment rate was 6.1%** in 2017-18, which was at 2.2% in 2011-12.
- The only year of comparable data when the unemployment rate was higher was in 1972-73.
- The joblessness rate among the youth (15-29 years) was at a significantly high level compared to the previous years and much higher compared to that in the overall population.
- It also showed that joblessness was higher in urban India (7.8%) than in rural India (5.3%).
- Within this, it stood at 17.4% for rural males and 13.6% for rural females.
- In urban India, joblessness was at 18.7% among males and a huge 27.2% among females.
- Labour force participation rate (LFPR) is defined as the section of working population in the age group of 16-64 in the economy currently employed or seeking employment.
- **LFPR declined** from 39.5% in 2011-12 to 36.9% in 2017-18.
- Thus, while the phenomenon of unemployment is rising on one hand, the LFPR dipped on the other.
- This shows that people are simply giving up on finding jobs and have stopped seeking work.
- Thus, this sharp drop in the employment rate completely negates India's demographic dividend, since people are not in the labour force.

### What does the government say?

- The government claimed that it was just a draft report and further work needed to be done before release.
- It is true that as the full report is not available.





- Comparability is also unclear due to the change in methodological factors such as the sample size and sampling design.
- e.g The quinquennial Employment-Unemployment Survey had a single country-wide sample, involving 100,000 households. But the PLFS, being an annual survey, could have been on a smaller sample.
- At the same time, the official website itself suggests that the PLFS will have two separate samples (one for rural and another for urban areas) which will be refreshed in differing time-periods.
- Also, despite the change in duration, the concepts of unemployment used in the PLFS are the same as those in all the previous quinquennial surveys.
- Thus, the government should not delay the official publication of the NSSO survey, which might present an alarming picture of joblessness in India.

## 10.9 Concerns with Contractual Work in India

### What is the issue?

Sanitation workers in India represent a wider phenomenon of exploitative contractual work in the country.

### What happened recently?

- Kishan Lal, 37, a sanitation worker in contract, died inside an underground drain in the nation's capital.
- When he did not come out, the police and fire department were called but they could not find him.
- The National Disaster Response Force then found his body after an 8-hour search.
- Newspapers reported asphyxiation as the cause of death but notably he had no safety kit with him.

### How has contract working evolved?

- The term 'contract worker' was earlier used only in the context of private sector employment as the government alone gave 'permanent' appointments.
- But economic reforms introduced under the 1991 liberalisation changed this condition.
- From the early 1990s, government jobs could also be given on contract.
- 'Contract worker' is now a term widely attributed to many, the scope of which has greatly expanded over recent decades.
- But depending on who the contractor is, there could be vast differences in the experience of work under a contract.

### What is the caste-connect in sanitation?

- Among sanitation workers, thousands in each major city are serving on contract.
- Observations reveal a strong relation between caste and contract work in the sphere of sanitation as most of them belong to the Scheduled Caste (SC) category.
- Surveys indicate a small proportion of other castes in permanent sanitation staff.
- But it is reported that these non-SC permanent functionaries often get proxy workers from SC backgrounds to do the actual work.

### What leads to their exploitation?

- **Terms of contract** - In the case of sanitation, contract work means gross vulnerability and exploitation.
- The contracts are loosely-worded and the terms offer few safeguards for the workers.
- So a contractor feels free to enhance his own share of the contract with impunity, by taking away the worker's share.
- **Safety norms** - The government in the case of sanitation is often the municipality.
- It shows little sustained interest in imposing stringent norms for provision of equipment, including those for safety, necessary for sewer cleaning.
- Moreover, sanitation workers on contract work for small-time contractors who have absolutely no idea of the worker's role.

- So the contractor takes the liberty to exploit the worker, defying all barriers and checks for worker's safety.
- **Training** - Sanitation involves complex work, requiring both knowledge and training; but it is not recognised by the contractors.
- The bond that exists between caste and sanitation do not allow them to acknowledge the need for training.

#### What are the general concerns in contractual working?

- **Regulations** - There are shortfalls in government playing the supposed role of regulating the functioning of the contracts.
- It does not work out the details for different sectors and departments.
- Government has been following the general policy of privatisation as a matter of faith, in sanitation sector too.
- **Quality** - With lack of proper regulation, contractual working has made an impact on the quality of services.
- This is particularly worrying in areas directly related to welfare such as sanitation, health and education.
- Even in functions such as data gathering, which are crucial for economic planning and decisions, the contractual workforce has proved detrimental to quality.
- Little attempt has been made to study how contractual work has affected reliability in the postal services, railways and accounts.

#### Why does it remain substandard?

- The service conditions of contract workers are totally different from those serving as permanent staff, but they are expected to deliver higher quality.
- It has become evident that contractual work in professions such as teaching discourages motivation to improve one's performance.
- It's because contractual functionaries see no definite prospect of a career or future in the same profession.
- Also, their wage is much too small to sustain the growth of substantial professional commitment.
- So they continue to perform below the standards and the quality remains poor.
- All these call for the government to make a fresh review of the working of the contractual system and bring in appropriate policy changes.

### 10.10 Pradhan Mantri Shram-Yogi Maandhan

#### Why in news?

The Interim Budget 2019 announced Pradhan Mantri Shram-Yogi Maandhan (PMSYM), a pension scheme for the unorganised sector workers.

#### What are the key provisions?

- PMSYM is a mega co-contributory pension scheme for unorganised sector workers with monthly income of up to Rs 15,000.
- It promises to provide assured pension of Rs 3,000 per month from the age of 60 years, in return for making a monthly contribution of a nominal sum during the working age.
- The scheme will cover 10 crore workers in the unorganised sector in the first 5 years, making it one of the largest pension schemes in the world.
- The benefits and the design spelt out in PMSYM are much in line with the Atal Pension Yojana (APY).

#### How does PMSYM compare with APY, and what are the concerns?

- The Atal Pension Yojana (APY) launched in 2015 also targets the unorganised sector.
- The government's estimate that the scheme would cover 2 crore workers in a year is uncertain, given the similar target group and similar design as APY.
- The five-year projections on coverage are less likely to be materialised as even APY had only about 1.34 crore subscribers in the 3 years (a mere 3.2% of the total unorganised sector workforce).
- APY has not been attractive for the unorganised sector -



- i. due to its contributory nature
  - ii. the inflation-adjusted future benefits are too small to meaningfully serve any purpose in the old age
- By fixing Rs 3,000 per month, PMSYM has limited the options for a worker to choose the level of benefits as is currently possible under APY.
  - In effect, it is said that the APY has been merely rechristened as PMSYM as there are no big changes in terms of design or real benefits.
  - It is also unfair to allocate scarce financial and regulatory resources on duplicate schemes for the same target group.
  - So in reality PMSYM may not make a big impact in serving a vast majority of the unorganised class.

#### **What should be done?**

- Workers in the unorganised sector constitute 90% of the country's workforce.
- Among them, a substantial proportion belongs to the economically weaker sections (EWS).
- There is thus a need for concrete public policy initiatives that secure their well-being, particularly in the old age.
- Addressing the underlying issues around design, adequacy, efficiency, equity and targeting is essential.

#### **10.11 Improvising the 59-minute Loan Scheme**

##### **What is the issue?**

The concerns on poor loan disbursements persists even after the introduction of the 59-minute loan scheme.

##### **What is the 59-minute loan scheme?**

- The government announced the '59 minute' loan scheme for MSME sector in 2018.
- The scheme promises loans of up to Rs. 1 crore from public sector banks (PSBs) through an online lending marketplace called 'psbloanin59minutes'.
- This portal approves a loan in 59 minutes and connects the borrower to the bank branch for sanction and disbursement.

##### **What is the need?**

- According to 'MSME Pulse', the MSME loan market (under Rs. 25 crore) is estimated to be around Rs. 25 lakh crore, of which, PSBs hold almost 50% share.
- Further, PSBs have a dominant share of over 75% for loans under Rs. 10 lakhs, highlighting their critical role in financial inclusion.
- The biggest advantage of a PSB loan is its low cost, which could be 5-7% lower than that of NBFCs.
- For a small borrower looking for a collateral-free loan under Rs. 1 crore, PSB loans are critical, as both private banks and NBFCs mostly lend against security.
- PSB loans are also an important source of funding for the manufacturing sectors such as food processing, textile, chemicals, and auto components.
- As such, this policy measure may be a sincere attempt to reduce the time and effort required to secure credit from PSBs, thus easing the life of an entrepreneur.

##### **What are the concerns?**

- The demand for such a portal is validated by both the large number of applications (around 1.31 lakh) received within two months of its launch, and their total loan value.
- However, unless these applications translate into loan disbursements, the portal would remain just another channel for PSBs to generate qualified leads.
- The difficulties in getting a loan from PSBs stem from unwillingness of the ground-level staff to even accept the loan application.
- Even after a loan is approved, the high turnaround time for the disbursement remains a challenge.
- Therefore, the portal is a good first step to at least reduce the number of branches to be visited.

- In addition, the MIS behind the portal would make it easier for the banks to monitor loan rejections.
- Thus, the scheme's success depends on the ability of PSBs to quickly disburse the loans that are approved by the portal.
- According to official data, the portal received 1.31 lakh applications during the first 50 days of its launch, of which, around 1.12 lakh applications were approved, with a strike rate of 85%.
- However, of these 1.12 lakh applications, sanctions were accorded for just 40,669 cases, indicating that just over a third of the approved loans were sanctioned.

#### What should be done?

- High approval ratio by this scheme suggests that either most of the SMEs that are applying through the portal have good credit quality or the portal's credit approval norms are not strict enough.
- Also, low loan sanction ratio indicates that the turnaround time for loan sanction is more than two to three weeks and a number of applications are still undergoing due diligence and, thus, do not reflect in the sanction data.
- Addressing these issues would require deeper integration of the portal with banks' processes.
- The credit approval process should capture the existing liabilities of the borrower so that there are no disputes on quantum of credit to be sanctioned.
- Also, it should assess the availability of other resources such as land/technology with the borrower before sanctioning term loan for a new asset.
- On the policy front, the norms for takeover of loans among lenders should be relaxed.
- For example, under the current set-up, obtaining additional working capital loan from a different lender would be difficult.
- This is because banks would not be inclined to share security on equal footing with the fellow lenders for such small exposures.
- These concerns have to be addressed to make the portal serve its intended purpose.

#### 10.12 Inter-State Agri Trading via e-NAM

##### What is the issue?

- Inter-state trade of farm products in mandis (wholesale markets) through the e-NAM (electronically linked national agriculture market) is gathering pace.
- But it calls for agri-reforms on part of the states, for the platform to function as intended.

##### What are the recent developments with e-NAM?

- Under the eNAM, launched in 2016, agri-trading was initially allowed within a mandi and later inter-mandi within a state was permitted.
- So far, 10 states are offering inter-mandi trade within their states.
- Now, inter-state trading via e-NAM mandis has started, and 8 states are now offering this via 21 e-NAM platforms so far.
- Rajasthan is the first state to start inter-state trade with more than one state, establishing trade link with Gujarat, Maharashtra and Madhya Pradesh through e-NAM.
- Over 14 commodities like vegetables, pulses, cereals, oilseeds, spices among others have been traded in a short span of time, and volume is also picking up.
- Inter-state trade on e-NAM aims to remove barriers of movement of agriculture produce and to increase income through appropriate monetisation of farmers' produce.
- The details on logistic providers are also being provided on the e-NAM portal to traders from outside the state, to facilitate transportation after trading.

##### Why is it welcome?

- 585 mandis operated by Agricultural Produce Marketing Committees (APMCs) in 16 states and 2 Union Territories have been linked with e-NAM.



- But the platform has been used so far only to transact business within the same mandis or, in some cases, between the mandis of the same states.
- This had denied the farmers the opportunity to earn a higher income by selling their produce at the best prices available anywhere in the country which was the prime objective of e-NAM.
- So the inter-state trade through the e-NAM platform can go a long way in addressing these concerns.

#### **What are the shortfalls to be addressed?**

- The pre-requisites for the success of e-NAM were clearly spelt out in the proposal for establishing a common agricultural market for the country.
- But most of these are yet to be fulfilled by the states by suitably amending their agri-marketing laws.
- **Licensing** - The foremost among the pre-conditions is a single trading licence valid throughout the country.
- Only a handful of states have agreed to recognise the trading licences issued by other states.
- In many cases, the trading licences are merely mandi-specific.
- As a result, even within the states, online inter-mandi transactions are permitted only in 10 states.
- **Levy** - Single-point payment of mandi charges by harmonising the marketing levies of all the states is needed.
- Most states are unwilling to alter market levies because that would entail loss of revenue.
- **Quality** - There is no uniformity in the quality standards of farm goods in different states.
- Also, only few mandis have put in place appropriate sorting, grading and assaying (quality testing) facilities that would enable informed bidding by buyers.
- There is also lack of proper warehouses for the safe upkeep of the sold items.
- **Mechanism** - e-NAM mandates the business to be conducted only through the APMC markets' electronic platforms.
- These markets are known for their inefficiencies and malpractices, which may tend to creep into e-marketing as well.
- Besides, the APMC mandis are dominated by middlemen who could manipulate even online trading in the absence of an effective market regulator.
- The APMC monopoly over the marketing of all the agricultural produce needs to end to ensure fair price discovery.
- Online trading through the e-NAM platform should also be permitted from any public or private sector market that meets the necessary conditions.

#### **10.13 Euro as a Global Reserve Currency**

##### **What is the issue?**

- It was claimed that the euro would rival the US dollar as a second global reserve currency.
- But the hopes have failed to materialise, and euro's importance is about the same as it was two decades ago.

##### **What is the recent move?**

- The European Commission recently published a Communication entitled "Towards a stronger international role of the euro".
- The European Commission considers that the eurozone would benefit if the euro played a more global role.

##### **How has the Euro's importance been?**

- There is widespread use of euro banknotes outside the single-currency area.
- [Bank notes are similar to bonds; promissory note issued by a bank in large denominations, which is interest bearing and payable on demand.]
- On this measure at least, the euro has been a big success.
- Bank note issuance was a profitable business for central banks, because they could invest the proceeds in government bonds with a decent yield.



- With interest rates at 5%, and Euro 1.2 trillion of notes in circulation, the European Central Bank (ECB) could have generated revenue of about Euro 60 billion a year.
- Currency in circulation has more than doubled over the last 20 years, both in absolute terms and as a percentage of eurozone GDP.
- Furthermore, it is commonly estimated that a large fraction of euro cash is used outside the eurozone.

### Why is the Euro dream unfeasible?

- **Bank notes** - The economics of banknote issuance have changed now, and at today's negative interest rates, currency issuance is no longer profitable.
- This might be another reason why the ECB decided to stop issuing the Euro 500 note.
- **Borrowing** - Another argument for having a global reserve currency is that foreign borrowing becomes cheaper.
- It is a privilege the United States enjoyed owing to the dollar's status as the world's main reserve currency.
- But while issuing dollar-denominated debt is an important advantage for the US (the world's largest debtor), the eurozone is a net creditor.
- Also, with real interest rates tending to be higher in dollar terms, it would be better for the eurozone's external assets to be denominated in dollars than in euro.
- **Power** - The extra-territorial application of sanctions by the US makes it extremely difficult for European companies to maintain trade ties with Iran.
- This is because most of Iran's international trade is invoiced and settled in dollars.
- In this context, it is in Europe's interest for the euro to play a larger global role.
- However, the ability of the US to apply sanctions so widely is essentially due to its diplomatic and military power.
- So even if the euro played a much larger role in global finance, the US would remain dominant in terms of hard power.

### What could be done?

- The eurozone currently is facing enough economic challenges without the additional burden of issuing a global reserve currency.
- So the euro could better increase its global role only by slowing the relative decline of the eurozone economy through rapid growth.

## 10.14 United States Reciprocal Trade Act

### Why in news?

The United States Reciprocal Trade Act was recently introduced in the U.S. Congress.

### What is called as reciprocity in trade negotiations?

- Under reciprocity in trade negotiations, WTO signatories need to offer adequate trade concessions in order to receive similar concessions from their trading partners.
- Eg: Lowering of import duties and other trade barriers in return for similar concessions from another country.
- Reciprocity is a traditional principle of GATT/WTO, but is practicable only between developed nations due to their roughly matching economies.
- For trade between developed and developing nations, the concept of relative reciprocity is applied whereby the developed nations accept less than full reciprocity from their developing trading partners.
- Under this developed contracting parties do not expect reciprocity for commitments to reduce or remove tariffs when they trade with less developed contracting parties.
- However, this revised meaning of reciprocity permitted a differential treatment of developing and least-developed countries at the discretion of the developed world.
- This discretion is revealed in the provisions of the US Reciprocal Trade Act.

### What does the bill contain?

- The aim of the legislation is to give “the President the tools necessary to pressure other nations to lower their tariffs and stop taking advantage of America”.
- The US President can unilaterally increase the existing US tariffs for those products where the US’s trading partners have imposed higher tariffs or higher non-tariff barriers.
- In practical terms, it provides U.S. an opportunity to cherry-pick products of certain trading partners for differential or retaliatory tariff treatment.
- A spreadsheet which is annexed to the Bill shows certain products where the US has lower tariffs than certain other countries.
- According to the bill, foreign tariffs higher than US tariffs on any of the items in the US tariff schedule amounts to robbery.
- Eg: Three products from India — cut granite, motorcycles and whiskey — have found a place on this spreadsheet.

### What are the concerns?

- The Bill reflects the changing attitude or a growing lack of respect amongst legislators and policymakers in key economies towards international trade rules.
- **Interpreting reciprocity** - Reciprocity did not require parity of treatment on a product-to-product basis.
- Generally, if a higher duty is levied on certain goods by a trading partner, it will subsequently be matched by providing trade concessions on other goods/services that they trade.
- But this bill seems to look at only specific items within the tariff schedule, while negating similar concessions offered by its trading partner on other products.
- **Violating MFN principle** - The Bill is an obvious violation of the Most-Favoured-Nation (MFN) concept.
- Under the WTO agreements, countries cannot normally discriminate between their trading partners.
- If they grant someone a special favour (such as a lower customs duty rate for one of their products) they have to do the same for all other WTO members. (MFN principle)
- Thus, if the President raises tariffs on a product of a particular country as is provided in the Bill, the US would be discriminating against that country with respect to others.
- Such a treatment will strike at the roots of the non-discriminatory MFN-based WTO system.
- **Uneven treatment** - The Bill fails to distinguish between WTO consistent and WTO inconsistent non-tariff barriers.
- If enacted, this Bill could even consider WTO consistent non-tariff measures such as anti-dumping by nations as high tariffs and will take it as an input to levy retaliatory tariffs on them.
- Thus, the bill completely undermines the rights granted under the WTO agreement and provides a grossly distorted idea of reciprocity.
- **Breaching commitments** - The US President can breach the sovereign commitments given by the US in bilaterally negotiated trade deals.
- Thus, the overall concern with the Bill is that its intent and object are admittedly a complete disregard of the WTO rulebook.

### What might be the consequence?

- The twin goals of expansion of trade and an inclusive international economic order could not have occurred if trade arrangements were only driven by self-interest.
- If passed, it will make other WTO members to adopt similar procedures on retaliation, bringing halt to a rules-based international economic order.

## 10.15 Withdrawal of U.S.'s Trade Concessions

### Why in news?

The U.S. could possibly remove India from the Generalised System of Preferences (GSP) list.

### What is the Generalised System of Preferences?

- The GSP is a U.S. trade program designed to promote economic growth in the developing world.
- GSP was instituted in 1976 by the Trade Act of 1974.
- It provides preferential duty-free entry for up to 4,800 products from more than 120 designated beneficiary countries and territories.
- It was extended to India in 1976, under which India is able to export about 2,000 product lines to the U.S. under zero tariff.
- The revocation of the GSP will have a significant impact on Indian exporters.

### What is the U.S.'s rationale?

- The proposal comes in a series of measures taken by the Trump administration against India to reduce U.S.'s trade deficit with India.
- President Donald Trump is concerned with the “unequal tariffs” from India, as the trade relationship is in favour of India.
- Notably, Indian exports to the U.S. in 2017-18 stood at \$47.9 billion, while imports were \$26.7 billion.
- The U.S. has been imposing tariffs on several Indian products since March 2018.
- The USTR (U.S. Trade Representative) also parallelly began a review of India’s GSP status.
- This was after receiving complaints of trade barriers from India, from the dairy industry and manufacturers of medical devices.
- India's decisions on [data localisation](#) for all companies operating in India and tightening [norms for FDI in e-commerce](#) have aggravated the situation.
- Recently, the U.S. withdrew GSP status on at least 50 Indian products.

### What was India's response?

- In retaliation to US restrictions, India earlier proposed tariffs of about \$235 million on 29 American goods.
- But it has put off implementing these, five times in the past year, in the hope that a negotiated trade settlement will come through.
- The latest deadline on implementation of the proposals expires on March 1, 2019.
- Despite several rounds of talks between officials over the past few months, there is no breakthrough.
- Besides, India has also attempted to address the trade deficit, with purchase of American oil, energy and aircraft.

### What lies ahead?

- Both sides should work towards calling a halt to trade hostilities and speed up efforts for a comprehensive trade “package”.
- This would address the concerns of both sides much better than the measures to match each concern product by product.
- India must be aware of the larger, global picture about U.S.-China trade war issues as well.
- If a trade deal with the U.S. is reached, India could be the biggest beneficiary of business deals lost by China.

## 10.16 Delay in India's Case at the WTO

### What is the issue?

- India's attempt to get a ruling on its case challenging an earlier WTO verdict is getting delayed, due to backlog of appeals in the Appellate Body.
- The US decision to block selection of judges at the WTO's Appellate Body is delaying the clearing of appeals. Click [here](#) to know more on this.





### What is India's case about?

- India's case is related to imposition of provisional safeguard duty of 20% on import of certain categories of steel by India.
- It is a levy that a member can apply over and above the existing import tariffs, to protect domestic industry against import surges.
- E.g. since Japan has a free trade agreement with India, iron and steel imports take place at reduced import duties; but as it affects India's domestic industry, India can impose safeguard duty
- India first imposed the duty in September 2015, which it subsequently reduced and extended till March 2018.
- In November 2018, the WTO upheld Japan's complaint against India's safeguard.
- It was said that the duty was not based on reasons consistent with multilateral rules.
- Following this, India challenged the WTO verdict by filing a case with the Appellate Body, the highest decision making body of the WTO.
- It is important for India that the Appellate Body upholds its challenge.
- It's because the decision could play an important role in determining if similar duties could be imposed in the future.
- But the Appellate Body may not be able to come up with its verdict anytime soon.

### Why is the delay?

- The US blocked the appointment of appeals judges at the WTO last year.
- This has now resulted in shrinking of the number of judges from 7 to just 3.
- Washington has said that it will allow judges to be appointed only after reforms are brought about in the WTO decision-making process.
- The Appellate Body admitted its failure to submit its report on India's case within the 90 days period as is the norm.
- It clarified that because of the complexity of the issue and the pending cases, it will not be able to proceed with the appeal for some time.

## 11. AGRICULTURE

### 11.1 Pradhan Mantri Kisan Samman Nidhi

#### What is the issue?

- The 2019 budget announced the Pradhan Mantri Kisan Samman Nidhi, guaranteeing direct income support for farmers.
- This has renewed the debate on the idea of a universal basic income (UBI).

#### What is the PM Kisan Samman Nidhi?

- Vulnerable landholding farmer families, having cultivable land of up to 2 hectares, will be provided direct income support of Rs. 6,000 a year.
- This is to help them meet farm input and other costs during the crop season.
- The programme would be made effective retrospectively from December 1, 2018.
- It would be fully funded by the Union Government. The interim Budget provides Rs. 75,000 crore for the present and the next year.

#### What is the UBI concept?

- The idea of universal basic income (UBI) is essentially transferring some income to every citizen.
- This is built on the twin principles of universality and a notion of minimum basic income to those living at the poverty line.
- The principle of universality is at the core of it given the problems of targeting.

- Although the idea of universal basic income (UBI) has been in discussion for decades, no country has implemented it.
- While a proposal for UBI was rejected by a three-fourth majority in Switzerland, Finland which started a pilot has now discontinued it.
- But even in Finland, the pilot was not a strict UBI but a social protection scheme aimed at only the unemployed.
- There have been some pilots by NGOs in developing countries in Asia and Africa.
- But they have varied in content of transfer and coverage with only few being fully universal.

#### **What about targeted support?**

- The proposals in the Indian context have mostly been for a targeted income transfer scheme and not UBI.
- Some form of income support to those who are unable to participate in labour market has been there in most countries in some form or other.
- E.g. in India, the National Social Assistance Programme (NSAP) pensions for widows, elderly and the disabled

#### **How does India's UBI proposal differ?**

- In developed countries, the UBI is supposed to supplement existing social security provisions.
- So it would be over and above the universal provision of health, education and so on.
- But in the Indian context, the arguments in favour of UBI are centred on the inefficiencies of existing social security interventions.
- Essentially, UBI in India seeks to replace some of these interventions with direct cash transfers.

#### **Why are cash transfers flawed?**

- The targeted cash transfer scheme envisions the role of the state to only providing cash income to the poor.
- This approach seeks to absolve the state of its responsibility in providing basic services such as health, education, nutrition and livelihood.
- Besides, it is unfair, as it seeks to create demand for services without supplying the services, leaving the poor to depend on private service providers.
- Evidently, privatisation of basic services such as health and education leads to large scale exclusion of the poor and marginalised.
- In any case, India is among the countries with lowest expenditure to GDP ratio as far as expenditure on health, education and so on are concerned.

#### **How are in-kind transfers a better option?**

- Cash transfers are not encouraging in terms of leakages compared to other schemes of in-kind transfer such as the public distribution system (PDS).
- A move towards universalisation and use of technology enabled Chhattisgarh and Tamil Nadu to reduce leakages in the PDS.
- It shows that universalisation is the key to efficient delivery of services against targeting proposed by the cash transfer schemes.
- Also, the cash transfer proposals claim that it would address everything from agrarian crisis, malnutrition, educational deficit to job crisis.
- But again the PDS shows that in-kind transfers are twice as effective in increasing calorie intake compared to equivalent cash transfer.
- Similarly, the crisis in agriculture is unlikely to be resolved by income transfers, where addressing pricing, procurement and other structural issues are essential.
- Likewise, there are different reasons for persistence for some of the above problems which cash transfer may not wholly address.



### What is to be done?

- An appropriate way to address poverty is to enable the citizens to earn their living by providing jobs.
- For those who are willing to work, schemes such as the Mahatma Gandhi National Rural Employment Guarantee Scheme should be strengthened.
- Nevertheless, cash transfers would be relevant for those who are unable to access the labour market or are marginalised due to other reasons.

### 11.2 Comparing MGNREGA and PM-KISAN

#### What is the issue?

Strengthening the MGNREGA would be more prudent than a targeted cash transfer plan like PM-KISAN.

#### What is the PM-KISAN scheme?

- The government recently announced a cash transfer scheme called Pradhan Mantri Kisan Samman Nidhi (PM-KISAN).
- According to the scheme, vulnerable landholding farmer families, having cultivable land up to 2 hectares, will be provided direct income support at the rate of Rs. 6,000 per year.
- The Ministry of Agriculture has written to State governments to prepare a database of all eligible beneficiaries along with their Aadhaar numbers, and update land records “expeditiously”.
- The letter further states that changes in land records after February 1, 2019 shall not be considered for this scheme.
- Thus, the success of the PM-KISAN depends on reliable digital land records and reliable rural banking infrastructure.
- However, comparing with the MGNREGA scheme, the PM-KISAN scheme is less likely to address farmer distress in the country.

#### What does the comparison show?

- **Wage rate** - A month of MGNREGA earnings for a household is more than a year’s income support through PM-KISAN anywhere in the country.
- For example, if two members of a household in Jharkhand work under MGNREGA (picture) for 30 days, they would earn Rs. 10,080 and a household of two in Haryana would earn Rs. 16,860 in 30 days.
- These are lower than what the direct income support under PM-KISAN scheme could offer. (Rs.6000 per year)
- **Coverage** - PM-KISAN is a targeted cash transfer programme and MGNREGA is a universal programme.
- Any rural household willing to do manual work is eligible under the Act.
- According to the 2011 Socio-Economic and Caste Census, around 40% of rural households are landless and depend on manual labour.
- The landless can earn through the MGNREGA but are not eligible for the PM-KISAN scheme.
- Further, it is unclear how tenant farmers, those without titles, and women farmers would be within the ambit of the scheme.
- **Targeting issues** - There is also substantial evidence to demonstrate that universal schemes are less prone to corruption than targeted schemes.
- In targeted programmes, it is very common to have errors of exclusion, i.e., genuine beneficiaries get left out.
- Such errors go unrecorded and people continue to be left out.
- **Payment delay** - Funds will be electronically transferred to the beneficiary’s bank account by the centre through State Notional Account on a pattern similar to MGNREGS, under PM-KISAN scheme.
- However, lessons from the MGNREGA implementation shows that the Centre has frequently tinkered with the wage payments system in the MGNREGA.
- Though timely generation of pay-orders have improved, less than a third of the payments were made on time.

- **Implementation** - Repeated changes in processes result in a hurried bureaucratic reorientation on the ground, and much chaos among workers and field functionaries.
- For example, during Aadhaar – MGNREGA linkage, several MGNREGA payments have been rejected, diverted, or frozen due to technical errors such as incorrect account numbers or faulty Aadhaar mapping.
- There have been no clear national guidelines to rectify these.
- In a recently concluded survey on common service centres in Jharkhand for Aadhaar-based payments, it was found that 42% of the biometric authentications failed in the first attempt, compelling them to come later.

#### What should be done?

- On the other hand, the MGNREGA is neither an income support programme nor just an asset creation programme.
- It is a labour programme meant to strengthen participatory democracy through community works.
- It is a legislative mechanism to strengthen the constitutional principle of the right to life.
- Also, the MGNREGA works have demonstrably strong multiplier effects are yet another reason to improve its implementation.
- Along with that, work demand has been 33% more than the employment provided this year, which underscores the desperation to work among the people.
- Despite all this, the MGNREGA wage rates in 18 States have been kept lower than the States' minimum agricultural wage rates, which acts as a deterrent for the landless.
- Thus, strengthening an existing universal programme such as the MGNREGA would have been a prudent move instead of introducing targeted cash transfer programme.

## 12. ENVIRONMENT

### 12.1 Supreme Court's Order on Eviction of Forest Dwellers - Forest Rights Act

#### What is the issue?

- The Supreme Court has ordered the state governments to evict over 10 lakh forest dwelling families whose claims have been rejected under the Forest Rights Act.
- The order is likely to hurt some of India's most vulnerable communities, and thus needs a relook.

#### What does the Forest Rights Act provide for?

- The Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act or FRA was passed by the Parliament in 2006 and came into effect in 2008.
- It was intended to correct the “historical injustice” done to forest dwellers from the colonial times.
- [The traditional rights of such communities were derecognised by the British Raj in the 1850s.]
- The Act recognises and vests the forest rights and occupation in forest land in the forest dwelling Scheduled Tribes.
- It also covers other traditional forest dwellers who have been residing in such forests for generations but whose rights could not be recorded.
- The Act recognises -
  - i. individual rights to forest land and livelihood
  - ii. community rights to forest 'land' exercised by their gram sabha
  - iii. community forest 'resource' rights, giving gram sabhas the power to protect and manage their forest
- Conservation plans and developmental projects in these areas would have to be approved by gram sabhas.

#### What are the concerns in implementation?

- The implementation of the safeguards offered in the Act has not been that satisfactory.
- **Rejection** - There are deep procedural flaws in processing of the claims to forest land, and there is a high rejection rate.



- As of April 2016, only 40% of the claims received across the country had been settled.
- Of the 44 lakh claims filed before authorities in the different States, 20.5 lakh claims (46.5%) were rejected.
- In Chhattisgarh, Adivasi communities account for a third of the population.
- But over half of individual rights and a third of community rights claims were denied.
- **Arbitrary** - Claims are being rejected without assigning reasons, or based on wrong interpretation of the provisions, or simply for lack of evidence or 'absence of GPS survey'.
- The rejections are not being communicated to the claimants, and their right to appeal is not being explained to them or facilitated for.
- The mere rejection of claims by the state therefore does not mean that their possession of land is a crime of "encroachment".

#### **What was the 2016 petition?**

- The petitions challenging the Forest Right Act were filed by Wildlife First, a non-governmental organisation, and retired forest officials.
- It relates to the challenge on constitutional validity of the FRA and the issue of preservation of forests in the context of it.
- Deforestation is, in fact, largely driven by 'indiscriminate clearances' for large, potentially destructive projects.
- The petition thus blamed the law for deforestation and encroachment on forest lands.
- As, the rights over the land by the forest dwellers are being denied under the provisions of the Act which was actually meant to protect them.

#### **What was the Supreme Court's response?**

- A claim is based on an assertion that a claimant has been in possession of a certain parcel of land located in the forest areas.
- If the claim is found to be unreasonable by the competent authority, the claimant would not be entitled for the grant of any Patta or any other right under the Act.
- Also, such a claimant is either required to be evicted from that parcel of land or some other action is to be taken in accordance with law.
- The claimant cannot contest the decision of the authority.
- With respect to actions to be taken on "unauthorised possessions of forest land", the States were asked by the Court to report on concrete measures.

#### **What is the present order?**

- In the present order, the Supreme Court has specifically directed governments in 21 States by name to carry out evictions.
- The families had filed claims to forest land under the Forest Rights Act, 2006 and on rejection of their claims the court has directed that the eviction be carried out on or before July 24, 2019.
- The court cautioned the States that if the evictions are not carried out within the stipulated time, the matter would be viewed seriously.
- It ordered the States' Chief Secretaries to also file affidavits, explaining why the rejected claimants on previous court orders were not evicted.
- The court ordered the Forest Survey of India (FSI) to make a satellite survey and place on record the "encroachment positions."
- It directed the FSI to also place on record the position after the eviction as far as possible.

#### **Why is the court's order disputable?**

- The immediate result would be the forced eviction of over one million people (STs and other forest communities).



- **Governance** - It is not clarified if the Supreme Court has the authority to order evictions of Scheduled Tribes from Scheduled Areas.
- There is no reference to the implications for governance in the Scheduled Areas.
- This is because the constitutional mechanisms protect the boundaries to Adivasi homelands and restrain interference in self-governance.
- **Constitutional protection** - Around 60% of the forest area in the country is in tribal areas.
- These are protected by Article 19(5) and Schedules V and VI of the Constitution; the area marked for eviction falls under these.
- It specifically mentions that the State had to make laws for the protection of the interests of any Scheduled Tribe.
- So the Court's order is a disregard for this core fundamental right protection to Adivasis.
- In fact, it is the responsibility of the Supreme Court to uphold the constitutional claims and equal citizenship.

## 12.2 Assessing National Mission for Green India

### What is the issue?

- A recent study looks critically at India's National Mission for a Green India.
- It highlights that the goals under it assume arbitrary targets rooted in habits of "(neo)colonial governance" rather than "sound science".

### What is the Green India mission?

- The Green India Mission is one of the 8 missions under the *National Action Plan on Climate Change*.
- It is a \$7billion environmental intervention, laid out in 2011.
- The mission aims at protecting, restoring and enhancing India's diminishing forest cover.
- It is intended at responding to climate change by a combination of adaptation and mitigation measures.
- It seeks to put a third of the country under forest cover by increasing forest and tree cover to the extent of 5 million hectares (mha).
- Besides, there are efforts at improving quality of forest/tree cover on another 5 mha of forest/non-forest lands.
- The mission is also planned with improving forest-based livelihoods.

### How is the afforestation approach in India?

- Over two centuries, afforestation has been viewed as a solution for a variety of ills.
- These include civilizational decline, diminished precipitation, warming temperatures, soil erosion, and decreasing biodiversity.
- Forest cover of Europe in the colonial period was estimated at roughly one-third.
- An afforestation rate of 30-33% became the widely accepted minimum for civilization.
- This targeted minimum, as a concept, was exported to India and continued to influence generations of forest policymakers in India.
- Despite the nature of arid and semi-arid ecosystems and the knowledge of local communities, the imported mechanism continued as a compulsion in India.

### Why is it flawed?

- There is an obsession with tree-planting in India that has its roots in the colonial forestry bureaucracy.
- The approach is to plant trees to make up for deforestation and grazing habits of local people, especially pastoralists.
- The commitment to fixed rates of forest cover encourages tree plantations in ecologically inappropriate sites and conditions.

- Another problem of plantation ecologies in India is the enthusiasm for fast growing species and exotic and invasive species.
- Afforestation typically extends the “authority” of Indian state forest departments, mostly at the expense of local livelihoods rather than in support of them.
- This has historically performed a reverse role of disinheriting forest-rooted populations.
- Moreover, aggressive afforestation projects in India direct resources toward tree-planting, without addressing the drivers of widespread deforestation.
- So in all, there is much of 'planting' and essentially less of 'greening'.

### What should be done?

- Greening would take a socio-ecological approach that treats the system as a whole.
- It means a ‘Restoration Ecology’ of grasslands, streams, mixed scrub, agro-forestry, and so on.
- The afforestation efforts should take seriously the peculiarity of local systems to preserve the diversity of the Indian ecological mosaic.
- The approach should move out from the colonial mindset and adopt a scientific view, for true 'greening'.

### NAPCC

The eight missions under the National Action Plan on Climate Change (NAPCC) are as follows:

- i. National Water Mission
- ii. Green India Mission
- iii. National Solar Mission
- iv. National Mission on Sustainable Habitat
- v. National Mission on Enhanced Energy Efficiency
- vi. National Mission for Sustaining Himalayan Ecosystem
- vii. National Mission for Sustainable Agriculture
- viii. National Mission on Strategic Knowledge for Climate Changes

### 12.3 Hindu Kush Himalaya Assessment Report

#### Why in news?

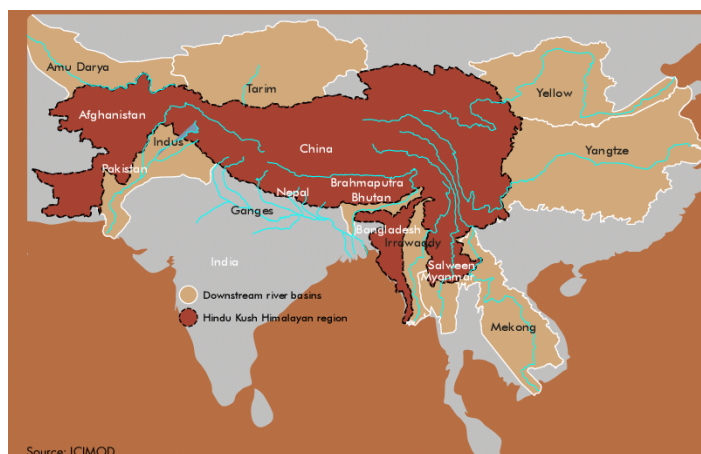
The International Centre for Integrated Mountain Development (ICIMOD) recently released the Hindu Kush Himalaya Assessment report.

#### What is the background?

- The Hindu Kush Himalayan (HKH) region extends 3,500 km over all or part of **eight countries** from Afghanistan in the west to Myanmar in the east.
- It is the source of ten large Asian river systems – the Amu Darya, Indus, Ganges, Brahmaputra, Irrawaddy, Salween (Nu), Mekong, Yangtse, Yellow River, and Tarim (Dayan).
- It provides water, ecosystem services, and the basis for livelihoods to a population of around 210.53 million people in the region.
- The basins of these rivers provide water to 1.3 billion people, a fifth of the world’s population.
- The Himalayan range alone has the total snow and ice cover of 35,110 sq.km containing 3,735 cu.km of eternal snow and ice.

#### What does the report reveal?

- It reveals that more than 35 % of the glaciers in the region could retreat by 2100, even if the global temperature rise is capped at 1.5° C.



- This could destabilise the hydrology of large parts of South Asia, China and Myanmar.
- Regions in higher altitudes tend to warm faster than low-lying lands.
- So, a global temperature increase of 1.5°C could mean at least a 1.8°C temperature rise in the Hindu Kush Himalayas.
- This will have a major bearing on the ice-fields, which are the largest repository of permafrost outside the polar regions.
- Since the region's snow is the source of 10 major river systems, large-scale warming could drastically alter the river flows in these countries.
- The receding glaciers could cause a deluge in the rivers during the monsoon while the flows are likely to reduce during the dry seasons, with serious implications for irrigation, hydropower and ecosystem services.
- Also, the receding glaciers might be the reason for the changing monsoon.
- Hindu Kush Himalayan region is a heat sink in summer and a heat source in winter, and this influences the Indian summer monsoon.
- The number of intense precipitation days and intensity of extreme precipitation have increased overall in the last five decades.
- If these trends persist, the frequency and magnitude of water-induced hazards in the Hindu Kush Himalaya region will increase.
- This is a significant conclusion given that developments in the Himalayas are known to have a spin-off on the monsoon in the Subcontinent.
- However, more studies are required to firm up the links between extreme weather events in the higher reaches of the Subcontinent and the erratic weather in the plains.
- For this, more data sharing between the countries that share the Hindu Kush Himalaya is needed.
- Political differences between these countries should not come in the way of joint efforts to build resilience of vulnerable communities and shore up the region's water security.
- Such cooperation must go alongside meeting the Paris Climate Change Pact's goals.

#### **What should be done?**

- The need is now for informed science-driven advocacy for urgent climate action and immediate conservation efforts.
- Else, the disastrous impact of glacier-melting will leave the world at large reeling.
- Success in meeting the Paris Climate Pact's target might not be enough to prevent a serious meltdown in the Hindu Kush Himalayas.
- Hence, more realistic targets specific to the region are needed, with the consensus of all the nations surrounding this part of the Himalayan region.

#### **12.4 Declining Megafauna species**

##### **Why in news?**

A research published in the journal *Conservation Letters* showed that at least 200 species of "megafauna" are decreasing in number.

##### **What is the background?**

- The researchers were part of an international collaboration that built a list of megafauna based on body size and taxonomy.
- The species qualified for the list were species unusually large in comparison to other species in the same class.
- The mass thresholds were 100 kg for mammals, ray-finned fish and cartilaginous fish and 40 kg for amphibians, birds and reptiles.
- Megafauna species are more threatened and have a higher percentage of decreasing populations than all the rest of the vertebrate species together.





### What does the research reveal?

- Over the past 500 years, humans' ability to kill wildlife at a safe distance has become highly refined.
- Hence, 2% of megafauna species have gone extinct in the period.
- Humans' meat-eating habits may be pushing at least 150 species of the planet's largest animals towards the threat of extinction.
- e.g Chinese giant salamander is one of only three living species in an amphibian family that traces back 170 million years.
- Considered a delicacy in Asia, it's under siege by hunting, development and pollution.
- Nine megafauna species have either gone extinct overall, or gone extinct in all wild habitats, in the past 250 years.
- Direct harvest for human consumption of meat or body parts is the biggest danger to nearly all of the large species with threat data available.
- Thus, minimising the direct killing of these vertebrate animals is an important conservation tactic.
- Users of Asian traditional medicine also exert heavy tolls on the largest species through the consumption of various body parts.
- This might save many of these iconic species as well as all of the contributions they make to their ecosystems.
- In addition to intentional harvesting, a lot of land animals get accidentally caught in snares and traps, and the same is true of gillnets, trawls and longlines in aquatic systems, along with their habitat degradation.
- When taken together, these threats can have major negative cumulative effects on vertebrate species.
- In the future, 70% will experience further population declines and 60% of the species could become extinct or very rare.
- The report warned that preserving the remaining megafauna is going to be difficult and complicated.
- There will be economic arguments against it, as well as cultural and social obstacles.
- But if we don't consider, critique and adjust our behaviours, our heightened abilities as hunters may lead us to consume much of the last of the Earth's megafauna.

### What does the EAT-Lancet report reveal on human diet consumption?

- Transforming to healthy diets by 2050 will require drastic changes.
- Global consumption of healthy foods, such as fruits and vegetables, will need to double, while overconsumption of foods like added sugars and **red meat** will need to be more than halved.
- At the same time, it will be equally important to take a differentiated approach for healthy and sustainable diets in developing countries and for poor populations.
- For many developing countries and the poor, under-nutrition and access to healthy foods remain persistent challenges.
- Small amounts of **animal-sourced foods** (ASFs) (like dairy, eggs, fish or chicken) for young children and women during pregnancy and lactation **are crucial** for nutrition and health, especially in poor populations.
- There is a strong association between reduction in stunting and ASF consumption.
- Hence, healthy and sustainable diets may look different from country to country and animal sourced foods serve as an inevitable part to tackle malnutrition among poor populations.

## 12.5 Decline in Insect Population

### What is the issue?

- A study titled 'Worldwide decline of the entomofauna: A review of its drivers' was published recently.
- Insect populations are declining sharply worldwide, which could potentially cause the collapse of the planet's ecosystems.



### **What are the key findings?**

- More than 40% of insect species could become extinct in the next few decades.
- The extinction rate is eight times faster than that of mammals, birds and reptiles.
- In addition to this, one third of insect species are endangered.
- Insect biomass is declining by 2.5% a year; there is a threat that all of the planet's insects could go extinct within a century.
- Large numbers of specialist insects, which fill a specific ecological niche, and general insects are declining.
- On the other hand, a small group of adaptable insects are rising in numbers, but nowhere near enough to arrest the decline.
- An earlier study found that flying insect populations in German nature reserves declined by more than 75% over the duration of a 27-year study.
- This indicates that die-off is happening even beyond areas affected by human activity, in locations meant to preserve biodiversity.

### **Why are insects important?**

- Bugs make up around 70% of all animal species.
- The study stresses on the importance of insect life on interconnected ecosystems and the food chain.
- The ecosystem at the bottom level which includes insects has to be in balance.
- Insects have been at the structural and functional base of many of the world's ecosystems, since their rise almost 400 million years ago.
- In a way, insects are the small creatures that run the world.
- In the event of any imbalance, the "bottom-up" effects of insect loss would be serious.

### **What is the likely impact?**

- The decline in insect population and extinct could potentially cause the collapse of the ecosystems with a catastrophic effect on life on Earth.
- If there are no insects as moderators of other pest populations, insect populations would increase and ruin crops and make them difficult to grow.
- Species that rely on insects as their food source and the predators higher up the food chain which eat those species are likely to suffer more.
- An immediate danger is the loss of insectivorous birds, and the risk of larger birds turning from eating insects to eating each other (birds).
- The pollination of both crops and wild plants would also be affected, along with nutrient cycling in the soil.
- [Some 80% of wild plants use insects for pollination while 60% of birds rely on insects as a food source.]
- Lepidoptera, the order of insects that includes butterflies and moths, seems to have suffered the most.
- Bees (belonging to the Hymenoptera order) have been equally hard hit by the current decline in insect numbers.
- Most insects are particular about the kind of soil they inhabit; their absence can be a serious indicator of soil health too.

### **What are the causes for the decline?**

- The major causes for the decline in insect numbers include -
  - i. habitat loss
  - ii. conversion to intensive agriculture, use of agro-chemical pollutants
  - iii. urbanization
  - iv. pollution, particularly from pesticides and fertilizers

- v. biological factors such as pathogens and introduced species
- vi. climate change

### What is to be done?

- The findings call for an immediate and decisive action to avert a catastrophic collapse of nature's ecosystems.
- Overhauling existing agricultural methods is essential at this stage.
- Particularly, a serious reduction in pesticide usage and its substitution with more sustainable, ecologically-based practices is needed.

### 12.6 Reviving Principle of 'Commons'

#### What is the issue?

- There is a decline in the natural and biodiversity resources, despite concerted global efforts to conserve them.
- There is an urgent need to revive the principle of 'Commons' in biodiversity management at global level and in India.

#### What is the Convention on Biological Diversity for?

- The Convention on Biological Diversity (CBD) entered into force in December 1993.
- The CBD's three main objectives are:
  - i. the conservation of biological diversity
  - ii. the sustainable use of the components of biological diversity
  - iii. the fair and equitable sharing of the benefits arising out of the utilization of genetic resources
- The 14th meeting of the Conference of Parties to the CBD took place at Sharm el-Sheik, Egypt with 196 countries in November 2018.
- Governing biological resources (or biodiversity) at different levels for the world's sustainable future was a key agenda.
- The meeting had come at a significant time when -
  - i. it was the CBD's 25th year of implementation
  - ii. countries had approximately 350 days to meet global biodiversity targets
  - iii. a report had come that humans have mismanaged biodiversity so badly that 60% of resources (which can never be recouped) have been lost

#### What is the principle of 'Commons'?

- Natural resources are a set of resources such as air, land, water and biodiversity that do not belong to one community or individual, but to humanity.
- For thousands of years, humans have considered natural resources and the environment as a global public good.
- Under the principle of 'Commons', resources are largely managed by the communities themselves, for centuries.
- The developments as part of establishment of civilisations as well as today's agricultural development are a result of such 'Commons'.

#### How did it change?

- The urge of those with money and power to privatise the natural resources for individual prosperity disturbed the principle of 'Commons'.
- It took the forms of property management principles, intellectual property rights and others.

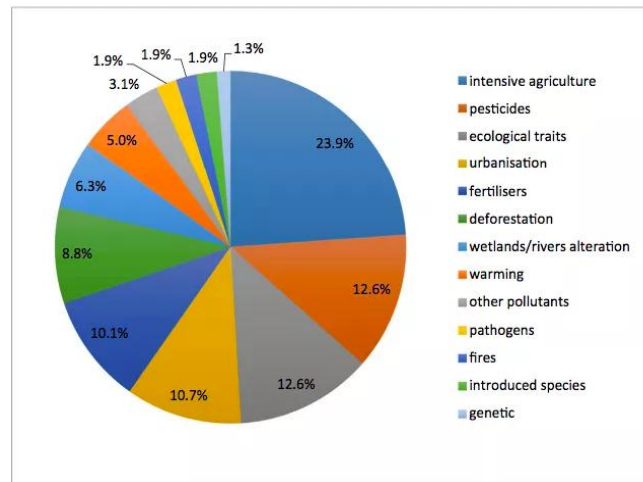


Fig. 6. Main factors associated with insect declines – see also Fig. 5.



- In a way, the CBD also contributed to states now owning the resources, including their rights on use and management.
- As a multi-lateral environmental agreement, it has provided legal certainty to countries through the principle of sovereign rights over biodiversity.
- The intent of the CBD and having sovereign rights was to manage resources better.
- But the results of such management have been questionable as the common property resource management principles are being compromised.

#### **Why are 'Commons' significant?**

- **Globally** - A third of the global population depends on 'Commons' for their survival.
- Around 65% of global land area is under 'Commons', in different forms.
- Nearly 2, 90,000 million metric tonnes of carbon (MtC) are stored in the collective forestlands of indigenous peoples and local communities.
- Significantly, 'Commons' support pollination (the cost estimated to be worth \$224 billion annually at global levels).
- **India** - In India, the extent of 'Commons' land ranges between 48 million and 84 million hectares, constituting 15-25% of total geographical area.
- 'Common'-pool resources contribute \$5 billion a year to the incomes of poor Indian households.
- Nearly 53% of India's milk and 74% of its meat requirements are met from livestock kept in extensive 'Commons' systems.
- Around 77% of India's livestock is kept in grazing-based or extensive systems and dependent on 'Commons' pool resources.

#### **What is India's 'Commons' scenario?**

- Despite their significance, 'Commons' in India have suffered continued decline and degradation.
- There is 1.9% decline every five years in the area of 'Common' lands in India.
- But microstudies show a much more rapid decline of 31-55% over 50 years.
- This is affecting the health of systemic drivers such as soil, moisture, nutrient, biomass and biodiversity, in turn aggravating food, fodder and water crises.
- As of 2013, India's annual cost of environmental degradation has been estimated to be Rs. 3.75 trillion per year which is 5.7% of GDP.

#### **Why is it a concern?**

- 'Commons' becoming uncommon is a major socio-political, economic and environmental problem.
- 'Commons' as resources are no longer relevant only for rural communities.
- They are now a major provider of livelihood options for both urban and peri-urban populations.
- The sovereign rights legally provided under the CBD are not for the states to do away with 'Commons'-based approaches.
- The state can have oversight over resource management.
- But keeping people away from using and managing 'Commons' is against effective governance of 'Commons'.

#### **What is the way forward?**

- There needs to be a review of current governance of biodiversity and natural resources.
- Discussions under the United Nations should focus on how and why 'Commons' have been negatively impacted by seemingly conservation measures.
- In addition to seeking more money, time and capacities to deal with biodiversity management, there is a need to re-introduce more strongly, the principles of 'Commons'.
- It would be appropriate in many places to put resource management in the hands of the people.



## 13. INTERNAL SECURITY

### 13.1 CAG Report on Rafale Deal

#### Why in news?

The report of the Comptroller and Auditor-General of India on acquisition of 36 Rafale fighter jets from France was recently tabled in Parliament.

Click [here](#) to know more on the controversy over the Rafale deal.

#### What is the deal on?

- Rafale is a twin-engine Medium Multi Role Combat Aircraft (MMRCA).
- Tenders for 126 MMRCA fighters were issued by India in 2007.
- It was an open competition between companies, including Dassault Aviation of France.
- Dassault was announced as the lowest bidder in 2012.
- But on Indian PM's visit to France in 2015, India's intention to buy 36 Rafale aircraft in "fly-away" condition was announced.
- The Defence Minister announced the previous 126 fighter jet deal to be dead.

#### What is the audit report on?

- The CAG report has examined the €7.87-bn deal for 36 Rafale aircraft signed between India and France in 2016.
- The purpose is to assess if the objectives of Indo-French joint statement and the objectives set out for INT (Indian Negotiating Team) by DAC (Defence Acquisition Council) were achieved in the deal.
- The CAG had to compare the latest deal for 36 Rafale with the price bid by Dassault for 126 Rafale jets in 2007.
- It did this by converting the earlier deal into an equivalent cost for 36 aircraft in 2016.
- The question of 50% offsets in the deal, which has been at the centre of a major controversy, has not been dealt by the CAG.
- It will form part of a separate report by the CAG on offsets in all the deals.

#### What are the report highlights?

- The CAG report concludes that the 2016 agreement is slightly better in terms of both pricing and delivery than the 2007 deal.
- **Price comparison** - The 2016 deal through IGA (Inter-Governmental Agreement) is 2.86% cheaper than the earlier UPA (United Progressive Alliance) regime deal.
- On the Rafale's India Specific Enhancements (ISE), which cost more than €1.3 billion of the €7.87 billion deal, the CAG stated that there was a saving of 17.08%.
- **Delivery schedule** - There was an improvement of one month in the 2016 contract (71 instead of 72 months for the earlier bid).
- **Absence of bank guarantee** - The 2007 offer from Dassault had costs of bank guarantee embedded in its offer.
- But there is no such guarantee in the 2016 contract which is a "saving" for Dassault.
- This sum should have been passed on to the Indian government, the audit observed.
- **126 to 36** - By reducing aircrafts to be bought from 126 to 36, there is a wide gap in the operational preparedness of the IAF.
- But the CAG could not find any proposal with the Defence Ministry for filling this gap.
- Ministry of Defence had reportedly informed CAG that it had issued a fresh Request For Information (RFI) for new fighter aircraft to fill this gap.



- **Government claims** - One of the government's claims was that each basic aircraft (without enhancements) was 9% cheaper in the 2016 deal.
- But the audit concluded that there was no difference between the 2007 and the 2016 offer in this regard.

#### **What are the concerns?**

- The report comes amidst varied revelations about possible lapses and deviations in the Rafale deal.
- But the audit report is less likely to bring closure to the controversy over the deal as it does not clarify all the doubts about the deal.
- The original issue of bringing down the total acquisition from 126 to 36 aircraft was not given much attention.
- The CAG's assessment of savings in India Specific Enhancements (ISE) to be around 17% is also not properly documented and needs deeper examinations.
- The report, in all, stresses on the fact that the defence acquisition processes in India require reforms and streamlining.

### **PRELIM BITS**

#### **14. HISTORY AND ART & CULTURE**

##### **Battle of Sinhadgad**

- This Battle took place on the fort of Sinhadgad near the city of Pune, Maharashtra, India.
- The battle was fought between Tanaji Malusare commander of Maratha ruler Shivaji and Udaybhan Rathod, fort keeper under Jai Singh I who was a Mughal Army Chief.
- Tanaji Malusare lost his life but the Kondana fort was captured.
- The Sinhadgad Fort was initially known as "Kondhana" after the sage Kaundinya.
- Shivaji renamed the fort from Kondhana fort to Sinhadgad to honour the Commander Tanaji Malusare

##### **Islamic revolution (Iranian Revolution of 1978-79)**

- The 40th anniversary of the Iran's Islamic Revolution that took place in 1978-79 was observed.
- The protests during the 1978-79 upended the Pahlavi dynasty and brought the theocratic regime.
- The reason for the revolution was to stop the oppression under the western secular policies of the authoritarian Shah of Iran.
- This movement against the United States-backed monarchy was supported by various leftist and Islamist organizations and student movements.
- After 1988 Iran was officially known as the Islamic Republic of Iran.
- The Islamic Revolution impacted other Muslim majority countries by showing how to fight against oppression, westernization and secularization of society.
- Iran's crude oil production, which makes up for 70% of the country's export, saw a major fall following the Islamic revolution in 1979.
- United States of America imposed sanctions upon Iran following the revolution.

##### **Suraj Kund Mela**

- The 33rd Surajkund International Crafts Mela-2019 is being organized in Faridabad, Haryana.
- Surajkund Mela brings together artisans from all over the world and India to the fair, especially from SAARC nations.
- The Mela is organised by the Surajkund Mela Authority and Haryana Tourism in collaboration with Union Ministries of Tourism, Textiles, Culture and External Affairs.
- Thailand is the Partner Nation Country for the Year 2019.
- For, the state of Maharashtra has been chosen to be the Theme State.



### **Arikamedu**

- It is an ancient Roman trade centre.
- It is situated in the south of Puducherry on the right bank of Ariyankuppam River.
- The port town was inhabited by Romans, Cholas and French.
- The exports must have included textile, beads, semiprecious gems, glass and shell bangles as wastage at the manufacturing site suggests.
- The Romans must have used the Red Sea to come to India as traces of beads have been found in Alexandria and other Red Sea ports.

### **Indo Saracenic Architecture**

- Indo-Saracenic architecture represents a synthesis of Islamic designs and Indian materials developed by British architects in India.
- The style is prevalent during the late nineteenth and early twentieth centuries.
- The architecture style is characterized by a hybrid, combined diverse architectural elements of Hindu and Mughal with cusped arches, domes, spires, tracery, minarets and stained glass.
- Chempak Palace in Chennai designed by Paul Benfield is said to be the first IndoSaracenic building in India.
- The other outstanding examples are spread across the country - Muir college in Allahabad, Napier Museum in Thiruvananthapuram, Gateway of India in Mumbai, the Palaces at Mysore and Bangalore.

### **Guru Padmasambhava**

- Odisha chief minister unveiled a 19-foot-high statue of guru padmasambhava at gajapati district recently
- He is the founder of tibetan buddhism.
- He is also known as second buddha
- Historians claim that guru padmasambhava was born and brought up in odisha before he left for tibet.
- In tibetan, guru padmasambhava is generally referred to as guru rinpoche, which means “precious master.”

### **Pope Francis' UAE Visit**

- Pope francis undertook his first-ever visit to uae following an invitation by the abu dhabi crown prince sheikh mohamed bin zayed.
- The visit coincided with uae's celebration of the year of tolerance.
- Pope's visit was compared to the st francis of assisi's meeting with sultan al-kamil of egypt in the early 13th century.
- St.francis' meeting with the sultan took place under completely different circumstances.
- St francis was no pope and was an italian catholic friar and preacher, canonized by pope gregory ix in 1228.
- In the 13th century, christianity and islam were fighting against each other in the fifth crusade in an attempt by the former to reacquire jerusalem.

### **Luir Phaniit**

- It is one of the most important festivals of the tangkhuls naga.
- Tangkhuls are a major naga ethnic group living in the indo-burma border area occupying the ukhrul district in manipur.
- It is a traditional seed sowing festival which is famous for song ,dance and food.
- It also remains the greatest agriculture festival celebrated by the tangkhuls.
- It is also called as 'pork eating festival' as a pig or cattle is killed during the festival.

### **Kattaikuthu**

- It is a tamil-language based, physical and vocal form of rural, open-air ensemble theatre.
- it is widespread in the northern and central parts of the state of tamil nadu in south india.



- kattaikkuttu uses different kinds of song, music, articulated prose, acting, movement, make-up and elaborate costumes.
- it produces all-night narrative events most of which are based on the pan-indian epic, the mahabharata.
- the performers – by tradition only men - sing, act and dance and the musicians accompany them on the harmonium, the mridangam and the mukavinai.
- it uses a wide range of media that require multiple skills, including a strong voice, versatile acting and movement skills and a talent for spontaneous comedy.

### Guru Ravidas

- He is a 14<sup>th</sup> century saint and reformer of the bhakti movement in north india.
- He was from varanasi.
- He was the son of a cobbler who gained prominence due to his belief in one god and his unbiased religious poems.
- His devotional songs made an instant impact on the bhakti movement.
- Around 41 of his poems were included in 'adi granth' or 'guru granth sahib', the religious text of the sikhs.
- Ravidas dedicated his whole life for the abolition of the caste system and openly despised the notion of a brahminical society.

### Padayani

- It is a ritual art and folk dance form performed at Bhadrakali temples in the state of Kerala.
- The word 'Padai-ani' means line-up or formation of the soldiers.
- The story behind Padaiyani is the re-enactment of the killing of Demon Darika and calming the Goddess Kali after it.
- Kolamezhutthu, Kolam thullal, Kolapattu, Thappumelam, Vinodam are the essential parts of Padaiyani.
- Kolams are folk deities drawn on green areca leaf sheaths with natural colours.
- Kolappattu are songs in admiration of Bhagavathi, Kolam thullal is the rhythmic footsteps and dance.
- Vinodam is satire and protesting social evils.
- Velichappadu, a comedy character, and then Paradeshi bring news from around the world in comical mode
- The folk dance participation is to appease the Goddess so that there is eradication of social evils and there is rain and good crop and prosperity.

### Gita Govinda

- Victoria Memorial Hall in Kolkata has put on display a handwritten 18th-century copy of Gita Govinda to mark the International Mother Language Day.
- It is written in Sanskrit by Jayadeva.
- It an important text of the Bhakti Movement and dates back to the 12<sup>th</sup> century.
- It depicts the relationship between Lord Krishna and Radha.
- It was also the inspiration for many beautiful miniature paintings of the Rajasthani and Pahari schools in the 17th and 18th centuries.

### Angkor

- According to a study Angkor has suffered a gradual decline rather than a catastrophic collapse.
- It is one of the most important archaeological sites in Cambodia's northern province of Siem Reap, South-East Asia.
- It is the ancient capital of the Khmer empire.
- Angkor Archaeological Park contains the magnificent remains of the different capitals of the Khmer Empire, from the 9th to the 15th century.





- They include the famous Temple of Angkor Wat and, at Angkor Thom, the Bayon Temple with its countless sculptural decorations.

### Feni

- It is popular local traditional brew (liquor) distilled from the cashew fruit.
- Cashew feni was given the Geographical Indication tag as manufactured goods.
- The name feni is derived from Sanskrit word 'phena' meaning froth or foam.
- It is also distilled from fermented toddy from coconut palm.
- It is prepared in a typical Portuguese way that does not entail the use of electricity in the process.

## 15. GEOGRAPHY

### Ratoon Cropping

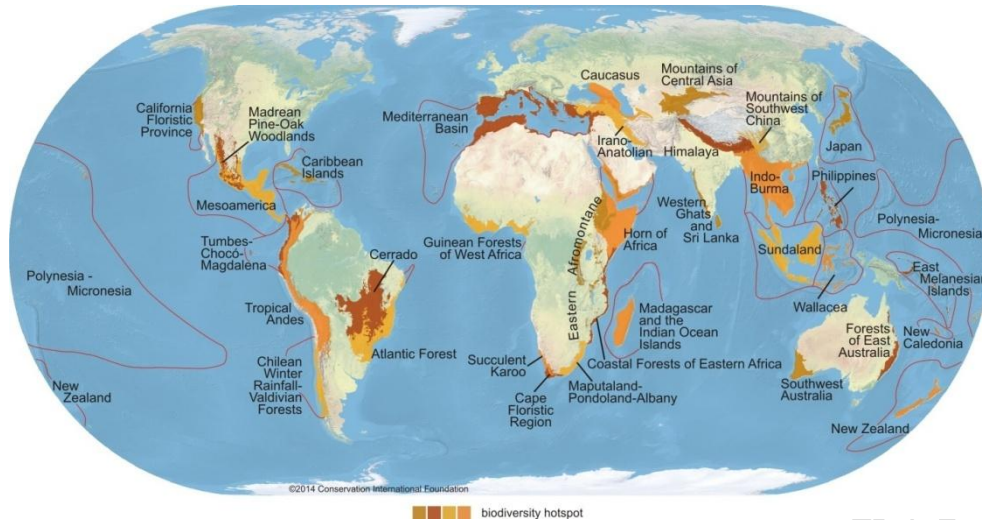
- It is a form of cultivation in which a second crop is allowed to grow from the remains of one already harvested.
- It is also called stubble cropping as the new plants grow from the stubble of the harvested crop.
- Sugarcane, pineapple and banana are crops in which this method is practiced.
- Ratooning cannot be used endlessly as the yield and quality decrease after each cycle.
- In sugarcane, for example, two or three ratooning crops are possible, after which fresh planting has to be done.

### 660 km Boundary

- Usually p & s waves of earthquake are used to study the earth's inner layers.
- Earthquakes that are of magnitude 7.0 or higher send out shockwaves in all directions that can travel through the core to the other side of the planet.
- Just as light waves can reflect off a mirror or refract when passing through a prism, earthquake waves travel straight through homogenous rocks but reflect or refract when they encounter any boundary or roughness.
- Thus the scattering waves carry the information about the inner layer's roughness.
- Scientists used such data from a magnitude 8.2 earthquake that happened in bolivia to find mountains and other topography that separates the upper and lower mantle around 660 km straight down.
- Lacking a formal name it is simply called "the 660-km boundary" for now.
- The layer is found to be rougher than the surface layer that we all live on i.e stronger topography than the rocky/appalachians is present at the 660-km boundary.
- These mountains could also be bigger than anything on the surface of the earth.
- Also, just like the presence of both the smooth ocean floors and massive mountains in the crust, the 660-km boundary has rough areas and smooth patches.
- The boundary will have significant implications on our understanding of how our planet was formed and evolved.

### Bio Diversity Hotspot

- British environmentalist and conservationist Norman Myers coined the term "biodiversity hotspot".
- It refers to an area with a vast array of life-forms found nowhere else in the world and is threatened by various factors.
- To classify a region as a biodiversity hotspot two criteria must be met:
  1. It should have a minimum of 1,500 species of vascular plants found solely in that region
  2. It should have lost at least 70 % of its native vegetation.
- Globally 34 biodiversity hotspots have been identified.



- India is one of the world's 17 mega-diverse countries.
- It has biodiversity hotspots in the Western Ghats, the Himalayas, the Andaman and Nicobar Islands.
- Focusing on biodiversity hotspots is the way to save the most species with the least use of time, money and effort.

### Disappearance of Marine Clouds

- Marine clouds could break up and vanish if CO<sub>2</sub> in the atmosphere triples.
- It protects us from hothouse Earth conditions by reflecting sunlight back into space.
- It is the stratocumulus clouds that cover about 20 % of subtropical oceans, mostly near western seaboard such as the coasts of California, Mexico and Peru.
- These clouds cool and shade the earth as they reflect the sunlight that reflects them back into space.
- Due to the rise in Carbon Dioxide it may become unstable and disappear.
- The consequence will trigger a spike in global warming.

## 16. POLITY

### National Foundation for Communal Harmony

- The NFCH is an autonomous organization under the administrative control of the Ministry of Home Affairs.
- The main objective of the Foundation is to provide assistance to the children, youth rendered orphan and destitute in communal, caste, ethnic or terrorist violence for their rehabilitation.
- It also promotes communal harmony and national integration through various activities.
- The NFCH conducts different activities for the promotion of communal harmony and strengthening of national integration.

### All India Citizens Survey of Police Services

- Ministry of Home Affairs has commissioned the Bureau of Police Research and Development to conduct a pan-India survey called "All India Citizens Survey of Police Services".
- The survey will be conducted through the National Council of Applied Economic Research, New Delhi.
- The survey is aimed
  1. To understand public perceptions about Police
  2. To gauge the level of non-reporting of crimes or incidents to Police
  3. To assess the position on ground relating to crime reporting & recording, timeliness and quality of police response and action,
  4. To assess citizens' perception and experience about women and children's safety.



## 17. GOVERNMENT INITIATIVES

### Phased Manufacturing Program

- It is to promote indigenous manufacturing of Cellular Mobile Handsets and sub-assemblies/ components/ accessories.
- Ministry of Electronics and Information Technology had notified PMP in 2017 to encourage the manufacturing of mobile components in the country.
- It also aims to promote the indigenous manufacturing of populated printed circuit boards, camera modules and connectors in 2018-19, and display assembly, touch panels, vibrator motor and ringer in 2019-20.
- It is expected that India's handset manufacturing industry growing to \$500 billion (Rs 32, 50,000 crore) in five to seven years.
- The policy sets a time-bound framework for establishing the country as a hub for mobile and component manufacturing.
- It would also help to meet the bulk of global handset needs over time, besides creating 5.6 million jobs.

### POWERGRID

- The 220 KV Srinagar- Alusteng - Drass- Kargil – Leh Transmission System construction was completed by POWERGRID.
- The transmission line would ensure quality power supply to Ladakh round the year.
- POWERGRID is a Navratna Company of Government of India, under Ministry of Power.
- POWERGRID is one of the World's Largest Power Transmission Utility.
- In 1989 under the Companies Act, 1956, the National Power Transmission Corporation Limited was formed, and assigned the responsibility of planning, executing, owning, operating and maintaining the high voltage transmission systems in the country.
- In October 1992, the National Power Transmission Corporations name was changed to Power Grid Corporation of India Limited.

### Price Monitoring and Research Unit

- Kerala has become the first State to set up a price monitoring and research unit (PMRU).
- It is to track violation of prices of essential drugs and medical devices under the Drugs Price Control Order (DPCO).
- The National Pharmaceutical Pricing Authority (NPPA) had proposed such a system for the States and the Union Territories five years ago.
- The State Health Secretary would be the Chairman of the society and the Drugs Controller would be its member secretary.
- Its members include a State government representative, representatives of private pharmaceutical companies, and those from consumer rights protection forum.
- The society would also have an executive committee headed by the Drugs Controller.
- The new watchdog will
  1. offer technical help to the State Drug Controllers and the NPPA to monitor notified prices of medicines
  2. detect violation of the provisions of the DPCO
  3. look at price compliance
  4. collect test samples of medicines
  5. collect and compile market-based data of scheduled as well as non-scheduled formulations.

### Promoting IPR culture in Defense Sector

- Boosting Intellectual Property culture in Defense would enhance the Intellectual Capital that is vital for the future endeavors



- The following are the steps taken to encourage in-house Research & Development in Ordnance Factories and Defense PSUs
- An Intellectual Property Rights Facilitation (IPF) Cell has been established under the Department of Defense Production.
- It is to promote self-reliance in Intellectual Property Rights in Defense Sector.
- Department of Defense Production has also launched the “Mission Raksha Gyan Shakti” .
- The mission aims to encourage Defense Public Sector Undertakings (PSUs) and Ordnance Factory Board to boost “IPR culture” in their respective organization to promote self-reliance in defense sector.
- The challenges faced by the Defense Public Sector Undertakings and Ordnance Factory Board in pursuing Intellectual Property Rights in defense sector are
  1. lack of awareness
  2. availability of trained manpower
  3. The need to collectively appraise the challenges ahead with private sector, Micro, Small & Medium Enterprises (MSMEs) and end users.

### **Agri-Market infrastructure Fund**

- The Cabinet Committee of Economic Affairs gave its approval for the creation of a corpus of Rs. 2000 crore for Agri-Market Infrastructure Fund (AMIF).
- The fund is to be created with National Bank for Agricultural and Rural Development(NABARD).
- The fund is for development and up-gradation of agricultural marketing infrastructure in Gramin Agricultural Markets and Regulated Wholesale Markets.
- States may also access AMIF for innovative, integrated marketing infrastructure projects, including Hub and Spoke mode and in the Public Private Partnership mode.

### **National Centre of Sports Sciences and Research**

- The scheme of National Centre of Sports Sciences and Research (NCSSR) aims to support high level research, education and innovation with respect to high performance of elite athletes.
- It was previously named as Indian Institute of Sports Sciences and Research (IISR).
- The scheme has two components:
  1. Setting up of NCSSR and
  2. Other is focused on creation of support to Sports Sciences Departments in 6 Universities and Sports Medicine Departments in 6 Medical Institutions.
- Some of the aims and objectives of NCSSR Scheme are as follows
  1. Application of scientific principles to the promotion, maintenance and enhancement of sporting performance.
  2. Developing athletes to their maximum potential and to prolong their competitive sporting career.
  3. Management and rehabilitation of sports injuries

### **National Sports Development Fund**

- National Sports Development Fund (NSDF) was established in 1998, under Charitable Endowments Act 1890, vide Government of India Notification dated 12th November 1998.
- The NSDF supports sportspersons to excel in the field by providing opportunities to train under coaches of international repute.
- It also provides technical, scientific and psychological support and also in getting exposure to international competitions.
- Financial assistance is also provided to specific projects for promotion of sports and games sponsored by reputed Organizations/Institutes, provided the facilities so created are made available to a sizeable population of the area/region.



- The office of NSDF is located in Shastri Bhavan in the Ministry of Youth Affairs and Sports.

### River Information System

- River Information System is a combination of modern tracking equipment related hardware and software designed to optimize traffic and transport processes in inland navigation.
- RIS is being implemented under the overall responsibility of Inland Waterway Authority of India, a statutory body administered by the Ministry of Shipping.
- The system enhances swift electronic data transfer between mobile vessels and shore (Base stations) through advance and real-time exchange of information.

### Swachh Shakti

- It is a nationwide annual convention of women sarpanches which aims to bring in to focus the leadership role played by rural women in Swachh Bharat Mission.
- Women Swachha grahis and women champions from other walks of life from across the country were recognized for their outstanding contribution towards making a Swachh Bharat during the event.
- Swachh Shakti event was first held in Gandhinagar, Gujarat, the second event was held at Lucknow, UP and the third event has been recently held at Kurushetra, Haryana.

### e-Cocoon App

- Ministry of Textiles has launched a mobile application for quality certification in silkworm seed sector.
- The app will be used by the Seed Analysts and Seed Officers nominated under Central Seed Act for system and product certification through real time reporting.

### e-AUSHADHI

- The e-AUSHADHI portal was launched for online licensing of Ayurveda, Siddha, Unani and Homoeopathy drugs and related matters.
- This new e-portal is an acronym for Ayurveda, Unani, Siddha and Homeopathy Automated Drug Help Initiative.
- It is intended for increased transparency, improved information management facility, improved data usability and increased accountability.
- It will provide real time information of the licensed manufactures and their products, cancelled and spurious drugs, contact details of the concerned authority for specific grievances.

### Gross Domestic Knowledge Product

- The Ministry of Statistics and Program Implementation in collaboration with Indian Statistical Institute (ISI) held a one-day workshop on the emerging concept Gross Domestic Knowledge Product (GDKP).
- GDKP provides a fundamental measure of growth by including a wide range of factors that involve the creation and accumulation of knowledge.
- GDKP creates a comparable measure of the production of individual wealth based on knowledge.
- GDKP creates a optimal capital investment measure for private companies in knowledge rather than in other forms of capital investments.
- GDKP is based on four basic pillars
  1. Knowledge items (Ki)
  2. Country's Knowledge Producing Matrix (CKPM)
  3. Country's Knowledge User Matrix (CKUM)
  4. Cost of Individual Learning, compared to the Cost of Living

### LADIS Portal

- Inland Waterways Authority of India (IWAI) launched a new portal called Least Available Depth Information System (LADIS).



- It was designed to facilitate the day to day operations of inland vessels plying on National Waterways and to avoid any hindrance in service and operation.
- It will enhance credibility and efficiency of information sharing to achieve seamless operations on National Waterways, besides pre-empting problems that may occur during movement of vessels.
- Vessel operators/ cargo owners will prepare their sailing plans strictly as per applicable waterways related information (Hydrographic survey reports, River Notices etc.) .

### **National Cyber Forensic Lab**

- Union Home Minister inaugurated the National Cyber Forensic Lab and Cyber Prevention, Awareness & Detection Centre (CyPAD) of Delhi Police recently.
- NFCL is inaugurated under the Indian Cyber Crime Coordination Centre (i-4C).
- i-4C deals with cyber crimes such as financial frauds, circulation of communal and pornographic contents.
- NFCL will have equipment's to deal with memory forensics, image enhancement, crypto currency forensics, recovery of damaged hard drive and advanced mobile forensics.
- The lab will also function as an all-India base to deal and coordinate with cyber threats, where nation- wide information will be generated and stored at the National Cyber Reporting Portal.
- State police units will have access to the facilities and can get their forensic samples analyzed.

### **Samadhan**

- The Union government has launched Samadhan portal to help workers and employers raise industrial disputes online.
- Samadhan stands for Software Application for Monitoring and Disposal, Handling of Industrial Disputes.
- It is a dedicated web portal to bring all stakeholders - government, industry, and labor - involved in industrial disputes on a single integrated platform.
- The bodies which help in resolving the disputes will be able to get the requests and send updates to workers and employers on this portal.
- It has been launched on a pilot basis for workers belonging to five states – Chhattisgarh, Delhi, Karnataka, Rajasthan, and Odisha.
- Under the Industrial Disputes Act, 1947, an industrial dispute is defined as any dispute or difference between the stakeholder related to employment, termination, and condition of work, among others.
- The web portal will make the process of settling industrial disputes is simplified, standardized and streamlined.

### **NICRA**

- National Innovations on Climate Resilient Agriculture (NICRA) is a network project of the Indian Council of Agricultural Research (ICAR) launched in, 2011.
- The project aims to enhance resilience of Indian agriculture to climate change and climate vulnerability through strategic research and technology demonstration.
- The research on adaptation and mitigation covers crops, livestock, fisheries and natural resource management.
- The project consists of four components viz.
  - a. Strategic Research.
  - b. Technology Demonstration.
  - c. Capacity Building.
  - d. Sponsored/Competitive Grants.

### **SWAYATT**

- SWAYATT is an initiative to promote Start-ups, Women and Youth Advantage Through e-transactions on Government e Marketplace (GeM).

- This will bring together the key stakeholders within the Indian entrepreneurial ecosystem to GeM the national procurement portal.
- GeM Start-up Runway was also launched which is an initiative of GeM in association with Start -up India.
- It is to facilitate Start-ups registered with Start -up India.
- It is to access the public procurement market and sell innovative products and services to government buyers.
- Both these initiatives will reach out and empower the diverse groups in our country.

### Tele-Law and Nyaya Bandhu

- Tele-Law (mobile application and dashboard) and Nyaya Bandhu mobile application was launched recently.
- Department of Justice (DoJ) has successfully spearheaded its two key programs namely
  1. Tele –Law: Mainstreaming Legal Aid through Common Service Centers
  2. Nyaya Bandhu (Pro Bono Legal Services)
- The department has done it through leveraging different technology based channels to boost legal advice and aid in the country.
- The tele-law services across the country provide every litigant access to free legal aid services.
- It is done with help from common service centers and a dedicated mobile application.
- The pro bono legal service was developed to accelerate and facilitate practicing advocates to register and connect with the registered eligible beneficiaries.
- The mobile application will enable the para legal volunteers (PLV)'s to perform on field pre-registration of cases with a facility to seek appointment from the panel lawyer on preferred date and time

### HOPE portal

- National Accreditation Board for Hospitals and Healthcare Organizations (NABH) has introduced an online portal called HOPE.
- HOPE - Healthcare Organizations' Platform for Entry-Level-Certification aims to promote quality at nascent stages by enrolling a wide range of hospitals across the country including Healthcare Organizations (HCOs) and Small Healthcare Organizations (SHCOs).
- It tries to create a momentum for HCOs and SHCOs that want to avail benefits associated with Insurance Regulatory and Development Authority of India (IRDAI) and Ayushman Bharat by getting themselves NABH certified.
- The IRDAI has mandated hospitals to ensure a quality healthcare ecosystem through NABH Entry-Level Certification Process.

### Operation Digital Board

- Union Ministry of Human Resource Development launched the Operation Digital Board (ODB).
- It has been launched on the lines of Operation Blackboard to provide better digital education in schools.
- It aims to set up one digital and interactive board per classroom in government and government-aided schools
- Under the initiative, 7 lakh classrooms of 9th, 10th and 11th standards and 2 lakh classrooms of colleges and Universities will be covered in the next 3 years.
- University Grants Commission will be the implementing agency for ODB in Higher Education Institutions.

### Sustainable Alternative towards Affordable Transportation

- It is an initiative aimed at providing a Sustainable Alternative towards Affordable Transportation.
- It is a developmental effort that would benefit vehicle-users as well as farmers and entrepreneurs.
- Compressed Bio-Gas production plants are set up under the initiative by inviting Expression of Interest from potential entrepreneurs.
- It has a four-pronged agenda of
  1. utilising more than 62 million metric tonnes of waste generated every year in India



2. cutting down import dependence
  3. supplementing job creation in the country
  4. reducing vehicular emissions and pollution from burning of agricultural / organic waste.
- Bio-gas is produced naturally through a process of anaerobic decomposition from waste / bio-mass sources.
  - The wastes are agriculture residue, cattle dung, sugarcane press mud, municipal solid waste, sewage treatment plant waste, etc.

## **18. GOVERNMENT SCHEMES**

### **National Mission on Libraries**

- National Mission on Libraries i.e High Level Committee has been set up by Ministry of Culture, Government of India on 2012.
- It was in pursuance of National Knowledge Commission recommendations for sustained attention for development of Libraries and Information Science Sector.
- National Mission on Libraries set up four working groups and after deliberating on the recommendations of the working groups formulated the scheme "National Mission on Libraries (NML) - up gradation of libraries providing service to the public".
- The scheme consists of four components.
  1. Creation of National Virtual Library of India (NVLI)
  2. Setting up of NML Model Libraries,
  3. Quantitative & Qualitative Survey of Libraries
  4. Capacity Building
- The purpose of National Virtual Library of India is to facilitate a comprehensive database on digital resources on information about India and on information generated in India, in an open access environment.
- The Quantitative & Qualitative Survey of Libraries would be undertaken to prepare a baseline data of libraries in India through a survey of 5000 Libraries.
- The Capacity Building would be undertaken to enhance the professional competence of library personnel.

### **Samagra Shiksha Abhiyan**

- Department of School Education and Literacy has launched an Integrated Scheme for School Education called Samagra Shiksha.
- It subsumes three erstwhile Centrally Sponsored Schemes of Sarva Shiksha Abhiyan (SSA), Rashtriya Madhyamik Shiksha Abhiyan (RMSA) and Teacher Education (TE).
- The new integrated scheme envisages school education as a continuum from pre-school to senior secondary level.
- The main objectives of the scheme are
  1. provision of quality education and enhancing learning outcomes of students
  2. bridging social and gender gaps in school education
  3. ensuring minimum standards in schooling provision
  4. Support to states in the implementation of RTE Act, 2009 and strengthening of teacher education institutions.
- The scheme also provides for support for up gradation of secondary schools to senior secondary level and addition of new streams in existing senior secondary schools.

### **Rashtriya Kamdhenu Aayog**

- The Union Cabinet has approved the proposal for establishment of Rashtriya Kamdhenu Aayog for Conservation protection and development of cows and their progeny.
- It is in pursuance of the announcement of setting up of the Aayog in the Union Budget 2019-20.



- Rashtriya Kamdhenu Aayog will provide the policy framework and direction for the cow conservation and development programs in the country.
- It is for ensuring proper implementation of laws with respect to the welfare of cows.
- It will result in increased growth of livestock sector, which is more inclusive, benefitting women, and small and marginal farmers.

### **Rajiv Gandhi Khel Abhiyan**

- it is centrally sponsored scheme which being implemented by ministry of youth affairs and sports.
- the scheme aims to construct block level sports complexes and conduct annual rural sports competitions.
- following sports competitions at block, district, state and national levels are conducted under rajiv gandhi khel abhiyan:
  1. rural sports competitions
  2. sports competitions exclusively for women

### **Scheme for Higher Education Youth in Apprenticeship and Skills**

- It was launched by the Minister of Human Resource and Development.
- It is to provide industry apprenticeship opportunities to graduates in non-technical fields, passing out from the National Apprenticeship Promotion Scheme (NAPS).
- The objective is to enhance the employability of Indian youth by providing 'on-job work exposure' and stipend.
- It is a program basket comprising the initiatives of three Central Ministries,
  1. Ministry of Human Resource Development- introduction of BA/BSc/BCom (Professional) courses in the higher educational institutions
  2. Ministry of Skill Development & Entrepreneurship - National Apprenticeship Promotion Scheme (NAPS)
  3. Ministry of Labor& Employment- National Career Service (NCS)
- The primary scheme will be operated in conjunction with National Apprenticeship Promotion Scheme (NAPS).
- The scheme will be implemented by the Sector Skill Councils (SSCs).
- The SHREYAS portal will enable educational institutions to log in and provide their respective demand and supply of apprenticeship.

## **19. NATIONAL INSTITUTES IN NEWS**

### **National Statistical Commission**

- The Government of India through a resolution in 2005 set up the National Statistical Commission (NSC).
- The setting up of the NSC followed the decision of the Cabinet to accept the recommendations of the Rangarajan Commission, which reviewed the Indian Statistical System in 2001.
- The NSC was constituted with a mandate to evolve policies, priorities and standards in statistical matters.
- NSC works under the Ministry of Statistics and Program Implementation.
- The NSC has four Members besides a Chairperson, each having specialization and experience in specified statistical fields.
- The Chief Statistician of India is the Secretary of the Commission

### **National Minorities Development and Finance Corporation**

- The National Minorities Development & Finance Corporation (NMDFC) was incorporated as a company not for profit.
- It is a National Level Apex Body for the benefit of Minorities as defined under the National Commission for Minorities Act 1992.



- The prime mandate of NMDFC is to provide concessional finance to the Minorities for self-employment/income generation activities.
- The notified Minorities in India are Muslims, Christians, Sikhs, Buddhists & Parsis and Jain.
- Under NMDFC program, preference is given to Artisans & Women.

#### **Artificial Limbs Manufacturing Corporation**

- Artificial limbs manufacturing corporation of india (alimco) is a miniratna central public sector enterprise.
- It is functioning under the administrative control of ministry of social justice & empowerment, department of empowerment of persons with disabilities.
- It is 100% GOI owned central public sector enterprises.
- Its objective is to benefit the persons with disability to the maximum extent.
- The company makes it possible by manufacturing rehabilitation aids for persons with disabilities and by promoting, encouraging and developing the availability, use, supply and distribution of artificial limbs and other rehabilitation aids to the disabled persons of the country.
- The corporation is the only manufacturing company producing various types of assistive devices under one roof to serve all types of disabilities across the country.

#### **Quality Council of India**

- Quality Council of India (QCI) is an autonomous organization under the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, established in 1997.
- It is the Quality Apex and National Accreditation Body for accreditation and quality promotion in India.
- The Council was established to provide a credible, reliable mechanism for third party assessment of products, services and processes which is accepted and recognized globally.

#### **National Commission for Safai Karmacharis**

- The union cabinet has approved the proposal for extension of tenure of the national commission for safai karmacharis (nck) for 3 years.
- The nck was established as per the provisions of the nck act 1993.
- The national commission for safai karmacharis act, 1993 lapsed with effect from 2004.
- After that, the commission is acting as a non-statutory body of the ministry of social justice and empowerment whose tenure is extended from time to time through government resolutions.
- The major beneficiaries are the safai karmacharis and persons engaged in manual scavenging in the country since the nck will work for their welfare and upliftment.
- As per the provisions of the prohibition of employment as manual scavengers and their rehabilitation act, the nck has been assigned the work to monitor the implementation of the act.
- It also tenders advice for the act's effective implementation to the centre and state governments and enquire into complaints regarding contravention/non-implementation of the provisions of the act.

## **20. ECONOMY**

### **Accrual accounting**

- Accrual accounting is an accounting method that measures the performance and position of a company by recognizing economic events regardless of when cash transactions occur.
- In other words: in accrual-based accounting, the revenue and expenditure of an entity is recorded in the books when it is earned or incurred irrespective of when cash is actually paid or received.
- But in the case of cash-based accounting, books are prepared wholly on the basis of cash flows.
- The accrual based accounting method can be used by the government instead of cash based accounting to get a clear picture of the fiscal deficit.
- The Twelfth Finance Commission had noted that the cash-based system of accounting creates room for 'fiscal opportunism'.



- Fiscal opportunism is possible as tax revenues can be collected in excess during a period and payments easily be deferred to future periods.

### Operating Ratio

- The finance minister said that the operating ratio of the railways is expected to improve from 98.4% in 2017-18 to 96.2% in 2018-19 and to 95% in 2019-20.
- The operating ratio shows the efficiency of an organization's management by comparing operating expense to net sales.
- The smaller the ratio, the greater the organization's ability to generate profit if revenues decrease.
- The operating ratio of Indian Railways was under stress by December 2018.
- The main reason for the stress is that the expenditure is continuing to far exceed earnings and thereby Indian Railways is facing a dismal financial scenario.
- Higher operating ratio for railways simply means that the national transporter does not have money for capital investments.
- The implementation of the Seventh Pay Commission has put a heavy burden on the railways which contributed to the increase in its expenditure.

### Recession

- Economics Nobel winner Paul Krugman had warned that the US could possibly be heading for a recession.
- A recession is a significant decline in economic activity that goes on for more than a few months.
- It is visible in industrial production, employment, real income and wholesale-retail trade.
- Further, if the recession is prolonged over a longer period it is said to be Depression.
- Depression is commonly defined as an extreme recession that lasts two or more years.
- A depression is a severe and prolonged downturn in economic activity.
- The Great Depression of 1929 is considered to be an example of depression in economic history.

### States' ranking on Startup initiatives

- Department for Promotion of Industry and Internal Trade (DPIIT) has released the 2<sup>nd</sup> edition of Startup Ranking framework for 2019.
- The framework aims to rank the States/UTs for establishing a robust ecosystem for supporting Startups.
- It also encourages States and UTs to identify, learn and replicate good practices from each other.
- It comprises of 7 pillars and 30 action points.
- The pillars will assess States'/UTs efforts across
  1. institutional support
  2. simplifying regulations
  3. easing public procurement
  4. incubation support
  5. seed funding support
  6. venture funding support
  7. awareness and outreach related activities.
- The States and Union Territories will be evaluated based on the reforms submitted based on these accounts and ranking will be released soon.

## 21. ENVIRONMENT

### GOVERNMENT INTERVENTIONS

#### Small Grants Program



- Global Environment Facility (GEF) Small Grants Program was established in the year of the Rio Earth Summit 1992.
- It provides financial and technical support to projects that conserve and restore the environment while enhancing people's well-being and livelihoods.
- It demonstrates that community action can maintain the fine balance between human needs and environmental imperatives.
- UNDP has been supporting the Ministry of Environment, Forest and Climate Change (MoEFCC) in implementing the Global Environment Facility (GEF) and financed Small Grants Program (SGP) in India since 1997.
- The program provides grants of up to \$50,000 directly to local communities including indigenous people, community-based organizations and other non-governmental group.
- The SGP has been working extensively in the areas of biodiversity conservation, climate change and land degradation.
- SGP in India aims to support the vulnerable communities through community led approaches towards environmental conservation and livelihoods enhancement.
- Projects under the SGP are implemented through
  1. National Host Institution – Centre for Environment Education (CEE)
  2. NGO partners and stakeholders that has presence in different parts of the country.

## **SPECIES IN NEWS**

### **Amami rabbits**

- Japan's Environment ministry has started to catch feral cats on Amami Oshima island to avoid them from preying on Amami rabbits.
- Amami rabbits are endemic to the Ryukyu Archipelago of Japan
- So it is also known as the Ryukyu rabbit.
- The Amami rabbit is a living remnant of ancient rabbits that once lived on the Asian mainland and it is often called a living fossil.
- The rabbit is a primitive, dark-furred rabbit.
- IUCN has classified the rabbit as endangered.
- The Amami rabbit is also classified as a Japanese National Monument.

### **Black Soft shell Turtle**

- The rare turtle species are being bred in the ponds of Assam's shrines.
- India hosts 28 species of turtles, of which 20 are found in Assam.
- Recently black softshells hatchlings were released into the Haduk Beel (wetland) of Pobitora Wildlife Sanctuary, Assam.
- The black softshell turtle (*Nilssononia nigricans*) figures in the International Union for Conservation of Nature's (IUCN) Red List as "extinct in the wild".
- It is a freshwater turtle that is found in India and Bangladesh.
- Consumption of turtle meat and eggs, silt mining, encroachment of wetlands and change in flooding pattern have had a disastrous impact on the State's turtle population

### **'Crying' Snake**

- A new species of 'crying' snake has been discovered in Lepa-Rada district of Arunachal Pradesh.
- It is a non-venomous crying keelback, whose zoological name is *Hebius lacrima*.
- 'Lacrima' means tear in Latin.
- The name for this keelback was suggested because of a dark spot under its eyes looking like black tear.



- The snake prefers to live near streams along paddy fields.
- It was found to feed on small fish, tadpole, frogs and geckos.
- The northeast is home to some 110 global snake species.

### **Mysticellus franki**

- It is a mysterious narrow-mouthed frog that was spotted in the seasonal roadside puddles in Kerala's Wayanad district.
- It is a new species and belongs to a completely new genus, Mysticellus.
- Mysticellus is named after Latin 'mysticus', meaning mysterious; and 'ellus' meaning diminutive as the frog is just around 3 cm long.
- The species is named after evolutionary biologist Franky Bossuyt from Brussel's Vrije Universiteit.
- Adults have two black spots that look like eyes on their backs, a defensive feature that probably helps startle predators.
- The frogs' calls are extremely different as it resembles that of insects.
- Genetic studies further revealed that the frog is around 40 million years old and its nearest relatives live more than 2,000 km away, in Southeast Asia (including Indo-Burma, Malaysia and Vietnam).
- The genetic studies add strength to the theories that India and Southeast Asia were connected in the past by land bridges.

### **Kelp forest**

- Climate change could lead to declines of underwater kelp forests through impacts on their micro biome.
- It was predicted that ocean warming and acidification can change microbes on the kelp surface, leading to disease and potentially putting fisheries at risk.
- Kelp Forests are underwater ecosystems formed in shallow water by the dense growth of several different species known as kelps.
- Kelps are actually extremely large brown algae, although they look like plants.
- They thrive in cold, nutrient-rich waters.
- Kelp attaches to the seafloor and eventually grows to the water's surface and relies on sunlight to generate food and energy.
- Kelps live further from the tropics than coral reefs, mangrove forests, and warm-water seagrass beds, so kelp forests do not overlap with those systems.

### **Pangolin**

- Pangolin is scaly nocturnal anteater.
- Indian and Chinese Pangolin are the two species found in South Asia.
- Chinese Pangolin is found in the North Eastern part of India and Indian Pangolin is found in the rest of India.
- The pangolin is the most trafficked mammal in the world.
- It is hunted mainly for meat in India but the demand for its scales in China has made it more vulnerable.
- Almost 90% of smuggling of pangolin and pangolin scales is through the northeastern India.
- International Union for Conservation of Nature (IUCN) has classified Indian Pangolin as Endangered and Chinese Pangolins as Critically endangered.

### **Seaweed**

- Seaweeds or Marine macro algae are plant-like organisms that generally live attached to rock or other hard substrata in coastal areas.
- Seaweeds are nutritious and will play a major role in food security.
- Seaweeds are rich sources of vitamins A and C, and minerals such as Ca, Mg, Zn, Se and Fe.



- They also have a high level of vegetable proteins and omega 3 and 6 fatty acids.
- About 844 seaweed species are reported from India, a country with a coast line of 7,500 km.

### **Great Indian Horn Bill**

- A study has found that Great Indian hornbills can adapt to modified habitat.
- It is also known as Great piped Hornbill.
- It is found mostly in India and also in southwestern China, Bangladesh, western Thailand, mainland Southeast Asia.
- The great Indian hornbill lives primarily in evergreen and moist deciduous forests.
- It is on Appendix II of Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).
- It is listed as vulnerable because of decreasing populations.

### **Great White Shark**

- A major study decoded Great White Shark entire genome and found that it could hold new clues to the fight against cancer.
- The great white shark is also known as the great white, white shark or white pointer.
- It is one of the most powerful and dangerous predatory sharks in the world.
- They are a large shark and grow up to at least 20 feet long, or 6.1 meters.
- They are frequently centered in highly productive temperate coastal waters.
- It the only known surviving species of its genus Carcharodon.
- According to IUCN, the species is classified as vulnerable.

### **Bramble Cay melomys**

- Australia officially declared a Great Barrier Reef rodent called Bramble Cay melomys extinct recently.
- A Cay is a low-lying island on a coral reef.
- It became the first mammal believed to have been killed off by human-induced climate change.
- The rodent lived solely on a tiny sand island in the Torres Strait, near the coast of Papua New Guinea.
- The species has not been seen since 2009.
- A key factor in its disappearance was repeated ocean inundation of the cay over the last decade, which had resulted in dramatic habitat loss.
- The Melomys rubicola is considered the Great Barrier Reef's only endemic mammal species.
- It was first discovered on the cay in 1845 by Europeans who shot the large rat for sport.
- According to International Union for Conservation of Nature (IUCN), Australia has one of world's highest rates of animal extinction.

### **Fernandina Giant Tortoise**

- It is a rare Giant Tortoise (*Chelonoidis phantasticus*).
- It was feared to be extinct but has been found in a remote part of the Galapagos island of Fernandina recently.
- The IUCN listed it as critically endangered and possibly extinct.
- Its habitat is largely dry brush land at lower elevations, but much of that habitat has been destroyed by extensive lava flows.
- Fernandina is the third largest Galapagos Island and features the La Cumbre volcano, one of the most active in the world.

### **Wallace's giant bee (*Megachile pluto*)**

- It is the world's largest bee that was rediscovered in a remote part of Indonesia.

- Wallace's giant bee was discovered in the 19th century by British naturalist Alfred Russel Wallace.
- The IUCN Red List of Threatened Species lists the bee as "vulnerable".
- It was nicknamed the "flying bulldog" as it is nearly four times bigger than the European bee.
- It lives in the Indonesian island region of North Moluccas and makes its nest in termite mounds

## RESERVES AND NATIONAL PARKS

### Kawal Tiger Reserve

- Kawal tiger reserve is situated in Northern part of the Telegana state.
- The wildlife sanctuary in Kawal is the catchment area of river Godavari and Kadam.
- The indicator species of the sanctuary are Tiger and Nilgai.
- The reserve forms the southern end of the central Indian Tiger Reserve Landscape.
- It is also linked to the Tadoba Andhari Tiger Reserve in Maharashtra to its north and Indravathi Tiger reserve to its east
- The forest area found here is the southern tropical mixed dry deciduous forest and dry teak forest.

### Phen Wildlife Sanctuary

- It is a popular buffer zone of Kanha national park, Madhya Pradesh.
- It lies in Southern region of Kanha tiger reserve, close to Madhya Pradesh and Chhattisgarh state borders.
- It was declared as a wildlife sanctuary in year 1983 by Government of Madhya Pradesh.
- The Fauna at this sanctuary mainly consists of the Tiger, Leopard, Wild boar, Cheetal, Sambar etc



## OTHERS

### World Wetlands Day 2019

- World Wetlands Day is celebrated every year on 2 February.
- This day marks the date of the adoption of the Convention on Wetlands on 2 February 1971, in the Iranian city of Ramsar on the shores of the Caspian Sea.
- The theme for 2019 is 'Wetlands and Climate Change'.
- India currently has 27 sites designated as Wetlands of International Importance (Ramsar Sites).
- India has designated Sundarban Wetland as a Wetland of International Importance.
- The latest added Sunderban is located within the largest mangrove forest in the world.
- The Sunderbans encompasses hundreds of islands and a maze of rivers, rivulets and creeks, in the delta of the Rivers Ganges and Brahmaputra on the Bay of Bengal in India and Bangladesh.

### Shark Bay

- Shark bay is the world heritage-listed marine ecosystem situated in Australia.
- Since 2011 it has been devastated by extreme temperatures, when a brutal marine heatwave struck off western Australia.
- According to world heritage advisory committee Shark Bay is classified as the highest category of vulnerability to future climate change.
- Shark Bay hosts the world's most extensive population of stromatolites – stump-shaped colonies of microbes that date back billions of years.



### Tree cover and Forest Cover

- The Ministry of Environment, Forest & Climate Change defines 'forest cover' in India as "all lands, more than one hectare in area with a tree canopy density of more than 10%"
- Similarly 'tree cover' is defined as "tree patches outside recorded forest areas exclusive of forest cover and less than the minimum mappable area of 1 hectare".
- There is a third measure known as Tree outside forest (TOF).
- The 'India State of Forest Report 2017' defines TOF as "trees existing outside the recorded forest area in the form of block, linear & scattered size of patches".
- Since tree cover measures only non-forest patches that are less than 1 hectare, it is only a part of TOF.

### Flamingo Count

- It is the counting of flamingos that will be taken up across the country for the first time.
- It is undertaken by Bombay Natural History Society (BNHS) in collaboration with NGOs and local birdwatchers across the country.
- In India there are two species of flamingos – Greater Flamingo - *Phoenicopterus rosues* and Lesser Flamingo - *Phoeniconaias minor*.
- The taller of the two species is the greater flamingo.
- Lesser flamingos are more pink in colour and their legs are shorter.
- Greater flamingos have light pink beaks with a dark tip which are widespread in India
- It will migrate to South India during winter and spend their time in large reservoirs and mud flats.

### Shift in Phenology

- Phenology is the time of flowering, fruiting, and arrival of leaves.
- Across the world, scientists have recorded a shift in phenology in several tree species with the rising air temperatures.
- In Germany an examination of data from 1961 to 2000 showed that the phenology of fruit trees and field crops had clearly advanced as air temperatures had drastically changed since the late 1980s.
- Another study across Europe revealed that a warming in early spring (February to April) by 1 degree Celsius caused an advance in the beginning of the growing season by seven days.
- In India, Kani Kona flowers in Kerala blossomed two months ahead of Vishu.
- Vishu is the Malayalam New Year celebrated during the mid-April.
- The 'Kani Konna' or the Indian Laburnum is the state flower of Kerala.

## SCIENCE AND TECHNOLOGY

### Remove Debris

- It is a small satellite mission which has its own space junk on board to demonstrate removing space debris.
- It is assembled by University of Surrey, UK and co-funded by European Union.
- It has recently tested a harpoon system for removing debris from space.

### Kessler Syndrome

- It is a theory proposed by NASA scientist Donald J. Kessler in 1978.
- It is used to describe a self-sustaining cascading collision of space debris in Low Earth Orbit (LEO).
- It says that two colliding objects in space generate more debris than they collide with, creating more debris in space.
- At that point, any entering satellite would face unprecedented risks of headfirst bombardment.
- Inter-Agency Space Debris Coordination Committee (IADC) is an international governmental forum for the worldwide coordination of activities related to the issues of man-made and natural debris in space.
- Several space agencies (including ISRO) are part of this committee.





- The harpoon system deploys an on-board net to capture a simulated piece of debris and the trailing of a LiDAR and camera-based vision navigation system to identify space junk.
- The spacecraft is the first in history to demonstrate active space-debris-removal technology in orbit.
- It was released into space from the International Space Station in June 2018.

#### **e. Deorbit Programme**

- It is a part European Space Agency's clean space initiative.
- It was originally designed to send a 1,600kg satellite into low Earth orbit to grab its defunct Earth observing Envisat and bring it back into the atmosphere around 2023.
- Instead, the agency has revised this program plan to study the synergies between the mission and satellite servicing vehicles.
- Now, the focus is on developing a robotic arm to service satellites in space.

#### **SPHEREx**

- NASA will launch a new space telescope called SPHEREx in 2023.
- SPHEREx is the Spectro-Photometer for the History of the Universe, Epoch of Reionization and Ices Explorer.
- It would provide a glimpse of the first moments in the history of the universe, and explore how common are the ingredients for life in our galaxy's planetary system.
- NASA plans it as a two-year mission.
- It will survey the sky in optical as well as near-infrared light which serves as a powerful tool for answering cosmic questions.
- Astronomers will use the mission to gather data on more than 300 million galaxies, as well as more than 100 million stars in our own Milky Way.

#### **Neptune's Moon**

- Astronomers using the NASA/ESA Hubble Space Telescope, along with older data from the Voyager 2 probe, have revealed more about the origin of Neptune's smallest moon.
- The moon, which was discovered in 2013 and has now received the official name Hippocamp from International Astronomical Union (IAU).
- It is believed to be a fragment of its larger neighbour Proteus, the largest of Neptune's inner moons.
- It is only the most recent result of the turbulent and violent history of Neptune's satellite system.

#### **Param Shivay**

- It is a supercomputer of 833 teraflop capacity.
- It was built at the cost of Rs 32.5 crore under the National Super Computing Mission at the Indian Institute of Technology (IIT), Banaras Hindu University (BHU).
- It will include 1 peta byte secondary storage and appropriate open source system.
- This supercomputer centre will help deal with social issues faced by common people.
- India's first supercomputer called PARAM 8000 was launched in 1991.
- The other super computers in the country are as follows,
  - i. Indian Institute of Tropical Meteorology – Pratyush
  - ii. National Centre for Medium-Range Weather Forecasting- Mihir
  - iii. IISc - SERC-Cray

## **22. HEALTH**

### **Cervical Cancer in India**

- A global analysis in The Lancet Oncology estimated that India can eliminate cervical cancer by 2079.



- In India, according to 2012 estimates 1, 22,844 women are diagnosed with cervical cancer every year and 67,477 die from the disease.
- It is the second most common cancer among women - after breast cancer.
- Now, India has planned to introduce human papilloma virus (HPV) vaccine in the government program by 2020.
- Also India has started screening for cervical cancer in health and wellness centers under the Ayushman Bharat program.
- The Lancet estimates suggest that combining the vaccine and screening in all countries from 2020 onwards could prevent up to 13.4 million cases of cervical cancer within 50 years - or by 2069.

### **23. DEFENCE**

#### **Exercise Rahat**

- 'EXERCISE RAHAT' is Joint Humanitarian Assistance and Disaster Relief Exercise.
- Jaipur based Sapta Shakti Command will be conducting on behalf of Indian Army
- The Joint exercise in coordination with NDMA is being conducted to synergise efforts for humanitarian assistance and disaster relief operations.
- Representatives from Armed Forces, National Disaster Management Response Mechanism (NDMRM), SDMA Rajasthan will be participating in the exercise.

#### **CUTLASS Exercise**

- INS Trikand of the Indian Navy, participated in a multinational training exercise 'CUTLASS EXPRESS – 19'.
- The aim of the exercise was to improve law enforcement capacity, promote regional security and progress inter-operability between the armed forces of the participating nations.
- The exercise was conducted for the purpose of interdicting illegal maritime activity in the Western Indian Ocean.
- During the exercise, Naval, Coast Guard and Marine Police personnel from a number of East African countries were jointly trained by mentors from USA, India, and Netherlands.
- It was conducted with support of international organizations like the International Maritime Organization (IMO), Combined Maritime Force (CMF) and European Naval Forces (EUNAVFOR).

#### **Sampriti - 2019**

- It is an India-Bangladesh joint Military exercise conducted in Bangladesh.
- It is an important bilateral defence cooperation endeavour between India and Bangladesh.
- It will be the 8<sup>th</sup> edition of the exercise which is hosted alternately by both countries.
- It is aimed to strengthen and broaden the aspects of interoperability and cooperation between the Indian and Bangladesh Armies.
- It will involve tactical level operations in a counter insurgency and counter terrorism environment under the UN mandate.

#### **Mirage 2000 Fighter Jet**

- Indian Air Force Mirage 2000 fighters were used to destroy the Jaish-e-Mohammad camps at Balakot along the Line of Control.
- It is a French multirole, single-engine fourth-generation fighter jet.
- It is manufactured by Dassault Aviation.
- It gained prominence after their remarkable success rate in the 1999 Kargil war.
- It has a maximum climbing speed of 60,000 feet per minute and is designed for all weather penetration at low altitude.



### **Solid Fuel Ducted Ramjet**

- SFDR propulsion technology was jointly developed by India (DRDO) and Russia.
- The ramjet propulsion system used in the SFDR acts as an oxidizer and the solid propellant reacts as air flows through a solid propellant duct.
- Unlike conventional rockets that carry propellant and oxidizer, Ramjet uses the air as an oxidizer just like a jet engine. Therefore, the weight of the fuel required is eliminated.
- DRDO successfully flight tested the second indigenously developed 'Solid Fuel Ducted Ramjet (SFDR)' propulsion-based missile system from ITR, Chandipur, Odisha recently.
- The success of SFDR propulsion technology will pave the way for the development of long-range air-to-air missiles in the country.

### **Milan-2T Anti-Tank Missile**

- An anti-tank missile, anti-tank guided missile (ATGM), anti-armour guided missile or anti-tank guided weapon (ATGW) is a missile that is created to destroy vehicles that are heavily armoured.
- Milan-2T is a portable medium-range guided anti-tank missile from France.
- It consists of the missile in a waterproof launch tube.
- Some of the indigenous anti-tank missiles that the DRDO is working which are at various stages of completion include NAG, HELINA, SANT (Stand-off Anti Tank) Missile, Cannon-launched Laser Guided Missile (CLGM), SAMHO, AMOGHA-1, AMOGHA-2, AMOGHA-3.

## **24. INDEX AND REPORT**

### **Corruption Perception Index**

- India has improved its ranking by three positions in the Global Corruption Index 2018.
- The index was released by released by the Transparency International.
- India was ranked 81st in 2017, is ranked 78 in 2018/
- Denmark and New Zealand topped the 2018 index while Somalia, Syria and South Sudan were at the bottom respectively.
- US has dropped out of top 20 countries for the first time since 2011.
- The CPI reveals that the continued failure of most countries to significantly control corruption is contributing to a crisis of democracy around the world.
- The CPI measures public sector corruption in 180 countries and territories.
- It draws upon 13 expert assessments and surveys of business executives to give each country a score from zero (highly corrupt) to 100 (very clean).

### **Asian Infrastructure Finance Report 2019**

- In AIIB's Asian Infrastructure Finance 2019 report, Asian Infrastructure Investment Bank expects the cost of infrastructure financing in India to increase over the next one year.
- The bank sees slowing global economy, higher borrowing costs and geopolitical tensions leading to greater uncertainty among investors.
- India's infrastructure transaction activity, after reaching \$72.7 billion in 2014, dropped to \$48.9 billion in 2015 and to \$40.4 billion in 2016.
- While in 2017, it bounced back to \$81.3 billion due to surge in transaction in oil and gas segment, other sectors continued to see a decline.
- Infrastructure financing scenario in India has been dominated by public spending, while significant breakthrough in the mobilization of private capital for infrastructure is yet to be seen.

### World Economic Situation and Prospect 2019

- The report is a joint product of the United Nations Department of Economic and Social Affairs (UN/DESA), the United Nations Conference on Trade and Development (UNCTAD) and the five United Nations regional commissions.
- According to the World Economic Situation and Prospects 2019, Global growth is expected to remain at 3 % in 2019 and 2020.
- However, the steady pace of expansion in the global economy masks an increase in downside risks that could potentially exacerbate development challenges in many parts of the world,.
- The global economy is facing a confluence of risks, which could severely disrupt economic activity and inflict significant damage on longer-term development prospects.
- These risks include
  1. An escalation of trade disputes
  2. An abrupt tightening of global financial conditions
  3. Intensifying climate risks

### India's Trillion-Dollar Digital Economy Report

- India's Trillion-Dollar Digital economy is a new report released by Ministry for Electronics and Information Technology (MEITY).
- The report finds that India can create up to \$1 trillion of economic value from the digital economy in 2025, with about half of the opportunity originating in new digital ecosystems that can spring up in diverse sectors of the economy.
- Currently, India's digital economy generates about \$200 billion of economic value.

### Global Go to Think Tank Index Report

- Observer research foundation (ORF) has been named the highest ranked Indian think tank in the "2018 Global Go To Think Tank Index Report".
- Globally the US-based brookings institution is the highest ranked think tank, followed by the french institute of international relations and the Carnegie endowment.
- The report is published by think tanks and civil societies program, the Lauder Institute, University of Pennsylvania.
- The largest number of think tanks in 2018 are from the US (1,871) followed by India (509) and China (507).
- Japan and south Korea have 128 and 60 think tanks respectively.
- The ranking was based on several parameters such as
  1. Quality and reputation of research and analysis produced
  2. academic performance and reputation
  3. Quality, number, and reach of publications
  4. Impact of research on policy makers

### International Intellectual Property Index

- The index was prepared by the us chamber of commerce's Global Innovation Policy Center (GIPC).
- It ranks countries based on 45 indicators that are critical to an innovation-led economy supported by robust patent, trademark, copyright, and trade secret protection.
- The index analyses the IP climate in 50 global economies.
- The USA, the UK, Sweden, France and Germany remained the top five economies on the intellectual property index in 2019.

- India ranks 36 in the IP index
- India's has jumped from 44th position in 2018.
- According to the index report, the key problems in India include
  1. Barriers to licensing and technology transfer
  2. Strict registration requirements
  3. Limited framework for the protection of bio-pharmaceutical IP right
  4. Patentability requirements outside international standards

### Surgery: 'Neglected Step Child'

- According to a study published in a research letter to The Lancet journal it is estimated that 4.2 million people around the world die every year within 30 days after surgery.
- It is more than those who die from HIV, tuberculosis, and malaria combined.
- Also half of the post-operative deaths occur in low- and middle-income countries (LMICs).
- The Lancet Commission on Global Surgery identified that 313 million surgical procedures are performed each year.
- However little is known about the quality of surgery globally, as robust postoperative death rates are available for only 29 countries.
- Based on 4.2 million deaths, 7.7 per cent of all deaths globally occur within 30 days of surgery.
- At present, around 4.8 billion people worldwide lack timely access to safe and affordable surgery and it is estimated that there is an annual unmet need for 143 million procedures in LMICs.

## 25. MISCELLANEOUS

### Nord Stream 2

- Nord Stream 2 is a gas pipeline project.
- Its purpose is to bring Russian gas under the Baltic Sea direct to Germany.
- The decision to build Nord Stream 2 was based on the successful experience in building and operating the Nord Stream gas pipeline.
- So it is an expansion of the Russia's existing Nord Stream gas pipeline.
- It will also ensure a highly reliable supply of Russian gas to Europe.

