

## POLITY, GOVERNANCE AND PUBLIC POLICY

### **Disqualification of Rajya Sabha Members**

**In News:** Two members of the Rajya Sabha belonging to JD(U) party were recently disqualified

#### **Grounds for Disqualification**

- According to Tenth Schedule introduced by 52<sup>nd</sup> Constitutional Amendment 1985, the grounds are-
  - If a **Members of a Political Party** voluntarily resigned from his party or disobeyed the directives of the party leadership on a vote or when does not vote / abstains as per party's whip.
  - If an Independent Member joined a political party.
  - If a Nominated members join a party after six months.

#### **Cause for the Current Decision**

- The party accused the two members of indulging in anti-party activities, including attending rallies of other parties.
- On the grounds, the party filed a petition seeking the members' expulsion from Rajya Sabha.
- The decision was **taken by The Chairman of the Rajya Sabha** under the Tenth Schedule of the Constitution.
- It was justified on the basis of the argument that the members voluntarily gave up the membership of their party when they attended political rallies organised by rival parties.

#### **Shortcomings**

- The disqualification of dissident was done in needless haste.
- The Chairman justified that all such cases should be disposed of within 3 months as any delay would be equivalent to violating the anti-defection law.
- But neither Mr. Yadav nor Mr. Anwar had disobeyed a whip or posed a danger to the stability of any government.
- So there was no need for fast-tracking of the disqualification process.
- The fact that the Chairman did not exhaust all the procedural avenues questions the ruling of political shade.

#### **Way Forward**

- The Chairman could have taken the assistance of the privileges committee before deciding the case.
- The Tenth Schedule is meant to curb opportunistic party-hopping.
- The law works best as an insurance against violation of the people's mandate for a party.
- It should not be used to suppress dissent, whether inside or outside the House.

### **Transgender Persons (Protection of Rights) Bill**

**In News:** The Centre has decided to re-introduce the original Transgender Persons (Protection of Rights) Bill, 2016, without the adopting recommendations of the Parliamentary Standing Committee.

#### **Evolution of this Legislation**

- **SC ruling** - In February 2014, the Supreme Court passed a landmark judgement in the **NALSA vs. Union of India case**.
- It recognized that transgender persons have fundamental rights, and paved the way for enshrining the rights of transgender in law.
- The apex court deemed that individuals had the **right to the self-identification** of their sexual orientation.
- It also called for **affirmative action for transgender** in education, primary health care and social welfare schemes.
- **Private Member Bill - Rights of Transgender Persons Bill, 2014**, was introduced as a Private Member's Bill in the Rajya Sabha by Tiruchi Siva.
- It was unanimously passed in the Rajya Sabha but was never debated in the Lok Sabha.
- The Bill passed in the Rajya Sabha had many progressive clauses. These include -
  - the creation of institutions like the national and State **commissions for transgenders**
  - setting up **transgender rights courts**
- **Government Bill** - Following this, government drafted its own bill, Rights of Transgender Persons Bill, in 2015 and introduced it in the Lok Sabha in 2016
- The remedial measures to prevent sexual discrimination in private member bill were done away with by the government
- **Standing Committee** - As, the bill had many contentious provisions, it was sent to the standing committee on social justice and empowerment.

- **Reintroduction** - Ignoring the recommendations of the Standing Committee, the original version of the bill is set to be re-introduced now.
- This legislation seems to undermine their right to life and livelihood instead of safeguarding their interests.

#### Recommendations of Standing Committee

- **Definition** - The 2016 Bill identifies transgender as being “partly female or male or a combination of female and male or neither female nor male”.
- The ambiguity in the definition of the "third sex" lends itself to misinterpretation.
- **Section 377 of the IPC** that criminalizes non-heterosexual sex draws many transgender into its net.
- This definition is also departure NALSA judgment to identify transgender outside the male-female binary.
- It is also against the 2014 bill’s intention to cleanse society of the **stigma**.
- The Standing Committee draws attention to this inadequate definition which is founded on a heterosexual worldview.
- **Identification** - 2016 Bill mandates transgender to submit them to a medical examination for recognition.
- This will be done by a District Screening Committee comprising of a Chief Medical Officer, a psychiatrist, a social worker, and a member of the transgender community.
- This is in stark contrast to the 2014 Bill that gives individuals the right to self-identify their sex and gender.
- **Social protection** - The central **reservation provision** in 2014 Bill of 'earmarking jobs for transgender' is diluted in the 2016 Bill with 'equal opportunity in all spheres of life'.
- **Grievance Redressal** - Establishments consisting of hundred or more persons is now mandated to designate a complaint officer to deal with any violation of the Act.
- This comes as a provision to replace the setting up of central and State transgender rights courts as prescribed in the 2014 Bill.
- Other recommendations like extending civil rights like marriage, divorce, and adoption to transgenders, including transgenders in workplace sexual harassment policies and counseling services to were also omitted by the Centre.

#### Highlights of the Bill

- The Bill defines a transgender person as one who is partly female or male; or a combination of female and male; or neither female nor male.
- In addition, the person’s gender must not match the gender assigned at birth, and includes trans-men, trans-women, persons with intersex variations and gender-queers.
- A transgender person must obtain a certificate of identity as proof of recognition of identity as a transgender person and to invoke rights under the Bill.
- Such a **certificate would be granted by the District Magistrate** on the recommendation of a Screening Committee.
- The Committee would comprise a medical officer, a psychologist or psychiatrist, a district welfare officer, a government official, and a transgender person.
- The Bill **prohibits discrimination** against a transgender person in areas such as education, employment, and healthcare.
- It directs the central and state governments to provide welfare schemes in these areas.
- Offences like compelling a transgender person to beg, denial of access to a public place, physical and sexual abuse, etc. would attract up to two years’ imprisonment and a fine.

#### Key Issues and Analysis

- The Supreme Court has held that the right to self-identification of gender is part of the right to dignity and autonomy under Article 21 of the Constitution.
- However, objective criteria may be required to determine one’s gender in order to be eligible for entitlements.
- The Bill states that a person recognized as ‘transgender’ would have the right to ‘self-perceived’ gender identity. However, it does not provide for the enforcement of such a right.
- A District Screening Committee would issue a certificate of identity to recognise transgender persons.
- The definition of ‘transgender persons’ in the Bill is at variance with the definitions recognised by international bodies and experts in India.
- The Bill includes terms like ‘trans-men’, ‘trans-women’, persons with ‘intersex variations’ and ‘gender-queers’ in its definition of transgender persons.

- However, these terms have not been defined.
- Certain criminal and personal laws that are currently in force only recognise the genders of 'man' and 'woman'.
- It is unclear how such laws would apply to transgender persons who may not identify with either of the two genders.

#### **Transgender**

- Transgender is a term used to describe people whose gender identity differs from the sex they were assigned at birth.
- Gender identity is a person's internal, personal sense of being a man or a woman (or boy or girl.) For some people, their gender identity does not fit neatly into those two choices.
- For transgender people, the sex they were assigned at birth and their own internal gender identity do not match.
- Trying to change a person's gender identity is no more successful than trying to change a person's sexual orientation -- it doesn't work.
- So most transgender people seek to bring their bodies into alignment with their gender identity. This is called transition.
- Sexual orientation is about whom you are attracted to and falls in love with; gender identity is about who you are.
- We use the acronym **LGBTQ** to describe the lesbian, gay, bisexual, transgender, queer community. The Q can also sometimes mean questioning.

### **Revisiting Adultery Law**

**In News:** The Supreme Court has decided to re-examine the offence of adultery as dealt in Section 497 of the Indian Penal Code.

#### **Provisions under Section 497**

- Section 497 of IPC criminalizes the offence of adultery.
- It punishes the "outsider" who breaks into the matrimonial home through illicit relationship with one of the spouses.
- Contentiously, only the erring man is liable to be punished for the offence.
- The provisions give only husbands the exclusive right as an aggrieved party to prosecute the adulterer in a case involving his wife.
- However, a similar right has not been conferred on a wife to prosecute the woman with whom her husband has committed adultery.
- Also, the provision does not confer any right on the wife to prosecute her husband for adultery.
- Further, if the husband of the woman gives his consent for the sexual affair with another man, no offence lies.
- The law also does not take into account cases where the husband has sexual relations with an unmarried woman.

#### **Court's Observation**

- When an offence is committed by both of them, one is liable for the criminal offence but the other is absolved. It seems... based on a societal presumption.
- Ordinarily, criminal law proceeds on gender neutrality but in this provision, the said concept is absent.
- When there is conferment of any affirmative right on women, can it go to the extent of treating them as the victim in all circumstances?
- The provision really creates a dent on the individual independent identity of a woman. This (is) tantamount to subordination of a woman where the Constitution confers equal status.
- 42nd Law Commission report, which recommended removing the immunity granted to women in adulterous relationships, and reducing the jail term for the offence from five to two years.

#### **Court's Earlier Stance**

- A three-judge bench had, in 1985, dismissed the argument that Section 497 was discriminatory.
- The judgment said a wife could always initiate civil action against her unfaithful husband.
- The court agreed that "a man seducing the wife of another" was the most seen and felt evil in society.

#### **Significance**

- Responding to a PIL, the SC had issued a notice to the Centre saying Sec 497 appeared to be "archaic" and not gender-neutral.
- The decision of Court to re-examine the offence is an admission that it had earlier gone wrong in denying the discriminatory nature of the law.

#### **Concerns**

- The provisions grant relief to the wife by treating her only as a victim going by the wide spread societal presumption.
- There are questions as to why the prosecution under Section 497 completely dependent on the husband's word.
- So much so that a woman can enter into an adulterous relationship if her husband consents.
- Section 497 demeans a woman to the extent of her being considered the husband's "commodity".

## Right to Equal Justice

**In News:** The Supreme Court in a recent judgement has urged for a law to check the violation of professional ethics by lawyers.

### Background

- The judgment came in the case of a woman from Telangana whose husband died in a road accident.
- She was made to sign a cheque for Rs.3 lakh by a lawyer who represented her accident claims case in the lower courts.
- This was over and above the Rs.10 lakh she had already paid to him.
- In her petition in the apex court, she had argued that the lawyer had exploited her trust.

### Court Observed

- The very essence of the legal profession is to provide inexpensive access to justice in a fair manner.
- However, the hefty fees charged by lawyers and the commercialization of the legal profession defeats the very purpose.
- The unregulated practices are getting to be a violation of the fundamental right of the poor to get equal justice.
- The confidence of the public in the legal profession is integral to the confidence of the public in the legal system.
- A report filed by the Law Commission way back in 1988 for structuring lawyers' fees payments continues to be in cold storage.
- SC has thus called for a law that institutes caps for lawyers' fees.

### Drawbacks

- **Delay** - While lawyers' fee is indeed a big concern in the justice delivery system, the bigger problem is the delays running into decades.
- The true picture is that under-trials often spend more time in jail than their sentences would have been had they been convicted.
- But, instead of focusing on this real cost, the Supreme Court has focussed on keeping the legal costs minimum.
- **Besides**, there are other options available for the concerns that the court had highlighted.
- These include:
  - There are always lawyers who charge lower fees; people are free to choose those lawyers if fees are the primary concern
  - The government can provide free representation of a better quality

### Way Forward

- An appeal to other lawyers to do a certain share of pro bono work (work undertaken without charge for the public good) could be a more sensible approach.
- Putting caps on lawyers' fees looks more appealing since this is visible to everyone.
- However, the real issue of delays demands proper rules about not granting more than a certain number of adjournments in each case.
- Regulations could involve asking for written submissions that are examined by legal officers that form part of a judge's team.
- And this essentially has the requirement of hiring more judges and filling up the vacancy in the first place.

## RTI and Judiciary

**In News:** Delhi High Court recently held that RTI Act could not be resorted to in case the information sought for is related to judicial function of the Supreme Court.

### Background

- The court's order came on a plea by the Supreme Court of India, through its Registrar.
- It had challenged an earlier order of the Central Information Commission (CIC).

- The CIC order had directed the apex court to answer the queries of a litigant as to why his SLP (Special Leave Petition) was dismissed.
- The SLP was regarding the termination of his services as a teacher, the challenge for which in the Central Administrative Tribunal (CAT) was dismissed.
- His petition in the high court and appeal in the apex court also failed, and the review petitions were also dismissed.
- Thereafter, he sought information under the RTI as to why his SLP was dismissed.
- And contended that the same had been decided against the principles of natural justice.

#### High Court's Rationale

- Right To Information (RTI) Act **would not override the Supreme Court Rules (SCR)**, when it comes to dissemination of information.
- Court emphasized that the **judicial functioning of the supreme court of India is separate/ independent from its administrative functioning.**
- Consequently, for administrative functioning of the Supreme Court, information can be provided under the RTI Act.
- And for judicial functioning of the Supreme Court, the Supreme Court Rules is the mechanism.
- It includes right of inspection, search of copies and would be applicable for access to the documents filed on the judicial side.
- The court denied the arguments that there was an inherent inconsistency between SCR and RTI Act.
- The high court further said that a Judge speaks only through the judgments or orders passed.
- And cannot be expected to give reasons other than those that have been enumerated in the judgment or order.
- If any party feels aggrieved by the judgment passed, the remedy available is to challenge the same by a legally permissible mode.
- It stressed that the legislature could not make law to deprive the courts of their legitimate judicial functions conferred under the procedure established by law.

#### Defects with SCR

- The **Supreme Court Rules** are not as effective a mechanism to access information as the RTI.
- Unlike the RTI Act, the SCR do not provide for:
  - a time frame for furnishing information
  - an appeal mechanism
  - penalties for delays or wrongful refusal of information
- The Rules also make disclosures to citizens dependent upon "*good cause shown*".
- In sum, the Rules allowed the Registry to provide information at its unquestionable discretion, violating the text and spirit of the RTI.
- It is thus argued that the Supreme Court Rules are inconsistent with the RTI Act.

#### Implications

- The whole issue is that the Supreme Court Registry wants to provide information at its absolute discretion.
- The high court ruling signifies the continuing trend of disregard for the RTI by the judiciary.
- The judgment thus seems to be strengthening a culture of opacity in the higher judiciary.

#### Supreme Court Rules

- Supreme Court Rules (SCR), 1966 have been framed under Article 145 of the Constitution of India.
- They provide for regulating the practice and procedure of the Court, and the rules have the effect of law.
- SCR provide for a mechanism for inspection and search of pleadings on payment of prescribed fees.
- The rules were re-issued with minor changes in 2014.

#### Good cause

- Good cause is defined in the legal sense as a sufficient reason for a judge to make a ruling.
- It denotes adequate or substantial grounds or reason to take a certain action, or to fail to take an action prescribed by law.
- The term "good cause," however, is a broad one, and what constitutes a good cause is usually determined on a case-by-case basis and is thus relative.

- Telecom Regulatory Authority of India has proposed new recommendations for improving ease of doing business.
- For timely implementation of these proposals concerns with regulatory structure need to be addressed.

#### **Bottle Necks in Telecom Sector**

- Majority of the existing policies, guidelines and regulations were made during 90s, which were till not updated.
- Telecom operators need licenses to import network equipment; this is merely to ensure that the department of telecom is informed of the details of imported equipment for security reasons.
- This is being a major bottleneck as getting a license takes up to 1-2 months.
- Approvals for merger and acquisition deals in the sector take a lot of time even after the companies involved have completed all the formalities.

#### **Key Recommendations**

- TRAI has identified 12 areas where the existing rules need to be changed.
- It includes streamlining the process for imposing penalties on telecom companies and a fixed time-frame for merger and acquisition deals.
- Licenses for imported equipment now be easily done by asking the operators to submit periodic reports on imported equipment.
- These changes will help telecom operators run their businesses more efficiently.

#### **Concerns with Regulatory Structure**

- The recommendations of TRAI would require a major overhaul of the existing regulatory structure.
- TRAI has only a recommendatory role with some powers to enforce licence terms and conditions.
- There are multiple bodies within the telecom department that are responsible for these activities and often there is lack of coordination between them.
- The major complication in the structure is that licensing power is with DoT while dispute settlement power is with the Telecom Dispute Settlement Appellate Tribunal.
- This division of power has led to complications with one arm not agreeing with the other on several occasions.

#### **Way Forward**

- Over the years, governments have discussed the Communications Convergence Bill which envisages the creation of a 'super regulator' for the telecom and broadcasting sectors.
- The main aim was to establish a single regulatory and licensing authority with defined powers, procedures and functions and an appellate tribunal, these proposals needs to be implemented.

### **Unfair move in Unitech case**

**In News:** NCLT agreed the move of corporate affairs ministry to take over the Unitech real estate company.

#### **Unitech Case**

- The Unitech is a real estate giant, which is in trouble essentially because it has failed to honour its contracts.
- It is supposed to return Rs 2,000 crore to various customers after it did not deliver around 19,000 flats, although it had already accepted Rs 7,800 crore as payment.
- In addition, it needs to return Rs 723 crore to 51,000 holders of corporate fixed deposits.
- The company hesitates to return the money as it claims it does not have the money.

#### **Government Decision**

- The case is before NCLT which is examined by the Supreme Court.
- In this case the corporate affairs ministry has declared that it would take over the management of Unitech in the public interest.
- The NCLT agreed with the government and, in order to ensure that this takeover was carried out, it asked to submit a list of 10 nominee directors by December 20.
- Meanwhile, Unitech's directors were suspended, and prevented from selling any assets.
- Supreme Court, expressed its unhappiness over the NCLT order which seems to be unfair.

#### **Unfair Order**

- In an order NCLT stated that no assets of Unitech can be sold and its accounts must freeze, and it also insisted the company to refund Rs 700-plus crore.
- The government's decision to step in creates a concern that taxpayer money will be used to resolve a problem created by a private company.
- In this case, government needs to address the issues of multiple competing stakeholders, the debt-holders, the promoters, and all the various flat buyers.

- If government steps in those who lost their money to Unitech might be privileged over those who lost their money to other unscrupulous real-estate magnates.
- Thus such actions by the government hardly encourage companies to run their affairs efficiently.

#### **NCLT**

- The National Company Law Tribunal is a quasi-judicial body that adjudicates issues relating to companies in India.
- The Central Government has constituted National Company Law Tribunal (NCLT) under section 408 of the Companies Act, 2013.
- Ministry of Corporate Affairs have set up eleven Benches, one Principal Bench at New Delhi and one each Regional Benches at New Delhi, Ahmedabad, Allahabad, Bengaluru, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata and Mumbai.
- These Benches will be headed by the President and 16 Judicial Members and 09 Technical Members at different locations.

#### **NCLAT**

- National Company Law Appellate Tribunal (NCLAT) was constituted for hearing appeals against the orders of National Company Law Tribunal(s) (NCLT).
- NCLAT is also the Appellate Tribunal for hearing appeals against the orders passed by Insolvency and Bankruptcy Board of India.
- NCLAT is also the Appellate Tribunal to hear and dispose of appeals against any direction issued or decision made or order passed by the Competition Commission of India (CCI).

## **ECONOMIC AFFAIRS**

### **Bi-Monthly Monetary Policy Review**

**In News:** The fifth bi-monthly monetary policy review of the ongoing fiscal year was released by the RBI.

#### **Key Highlights**

- The six-member monetary policy committee (MPC) has kept the policy repo rate unchanged at 6%.
- Repo rate is the interest rate at which banks borrow funds from the central bank to overcome short-term liquidity mismatches.
- Continuing with its neutral stance, the MPC reiterated its commitment to keeping CPI inflation at a target of 4% while supporting growth.
- On development and regulatory policies, the RBI announced rationalization of the merchant discount rate.
- This is to give a further fillip to the acceptance of debit card payments across a wider network of merchants.
- RBI also permitted the overseas branches/subsidiaries of Indian banks to refinance external commercial borrowings (ECBs) by raising fresh ECBs.
- This applies to top-rated corporates as well as 'Navaratna' and 'Maharatna' public sector undertakings.

#### **Looking Forward**

- The recent reversal of declining growth trend with an economic revival in the recent quarter hints at no pressing crisis on the growth front.
- Thus, the cautious stance of MPC is certain to be primarily driven by the inflation concerns.
- Having committed itself to keeping inflation within 4%, the MPC was expected to take a serious view of 3.6% retail inflation.
- Inflation forecast for the second half of 2017-18 has been slightly raised to 4.3-4.7% from the earlier forecast range of 4.2-4.6%.
- The MPC cited various reasons -
  - Fuel and food prices have indeed increased in recent months
  - Food prices are expected to stay elevated owing to lower rabi acreage than last year.
  - oil prices going up
  - the impact of increase in house rent allowance (HRA) by the Centre
  - bond market trends seem to suggest rising inflationary expectations
  - risk of fiscal slippage
  - status of rupee in the event of a rising interest rate differential possibly due to the imminent reversal of the rate easing cycle the world over

- The status quo in interest rate makes sense to resolve the NPA issue before expecting monetary transmission.
- Also, banks need to keep deposit rates attractive so that long-term savings are not depleted, impeding their ability to make long-term loans.

#### **Drawbacks**

- The MPC has not addressed growth issues, while maintaining its growth forecast for 2017-18 at 6.7%.
- The economy remains demand-constrained, and needs a push either from fiscal or monetary policy.
- The MPC has emphasized predictable concerns over “fiscal slippage” and its inflationary effects.
- But it needs to go beyond being a plain inflation forecaster.
- MPC should certainly do a dynamic analysis of the economy.
- Notably, central banks the world over monitor job trends, but this does not figure in the MPC’s scheme of things.
- Trends in savings, investment and debt need to be placed in the public domain, as well as the MPC’s take on them.

#### **The Monetary Policy Committee (MPC)**

- It is a committee of the RBI headed by its Governor, which is entrusted with the task of fixing the benchmark policy rates to contain inflation within the specified target level.
- MPC was set up by the agreement between Government and RBI (Monetary Policy Framework Agreement, 2015) to **task RBI with the responsibility for price stability and inflation targeting.**
- It has replaced the earlier system where the RBI governor, with the aid and advice of his internal team and a **technical advisory committee**, has complete control over monetary policy decisions.
- A Committee-based approach will add lot of value and transparency to monetary policy decisions.
- Under the Agreement, RBI is responsible for containing inflation targets at 4% (with a standard deviation of 2%) in the medium term.
- Earlier Under Section 45ZA(1) of the RBI Act, It was the Central Government who determines the inflation target in terms of the Consumer Price Index, once in every five years in consultation with the RBI.
- Since central bank already had a monetary framework and was implementing the monetary policy.
- Through this framework RBI would have to give an explanation in the form of a report to the Central Government, if it failed to reach the specified inflation targets.
- It shall, in the report, give reasons for failure, remedial actions as well as estimated time within which the inflation target shall be achieved.
- Further, RBI is mandated to publish a Monetary Policy Report every six months, explaining the sources and forecasts of inflation for the coming 6-8 months.
- Each Member of the MPC has to write a statement specifying the reasons for voting in favour of, or against the proposed resolution.

#### **Constitution of the MPC**

- The Central Government constitutes the MPC through a notification.
- MPC will have six members; - the RBI Governor (Chairperson), the RBI Deputy Governor in charge of monetary policy, one official nominated by the RBI Board and the remaining three members would represent the Government of India.
- The Government of India nominees are appointed by the Central Government based on the recommendations of a search cum selection committee.
- Search cum selection committee consists of the cabinet secretary (Chairperson), the RBI Governor, the secretary of the Department of Economic Affairs and three experts in the field of economics or banking as nominated by the central government.
- These government nominees will hold office for a period of four years and will not be eligible for re-appointment.
- RBI Act prohibits appointing any Member of Parliament or Legislature or public servant, or any employee / Board / committee member of RBI or anyone with a conflict of interest with RBI or anybody above the age of 70 to the MPC.
- Further, central government also retains powers to remove any of its nominated members from MPC subject to certain conditions and if the situation warrants the same.

#### **Decision Making at MPC**

- The proceedings of MPC are confidential and the quorum for a meeting shall be four Members, at least one of whom shall be the Governor and in his absence, the Deputy Governor.



- The MPC takes decisions based on majority. In case of a tie, the RBI governor will have the second or casting vote.
- The decision of the Committee would be binding on the RBI.
- The government may, if it considers necessary, convey its views, in writing, to the MPC from time to time.

#### **International Comparison**

- The US Federal Reserve sets its benchmark fund rate through the Federal Open Market Committee (FOMC).
- The federal funds rate is the interest rate at which depository institutions lend balances at the Federal Reserve to other depository institutions overnight.
- The Bank of England also has a MPC to decide the official interest rate in the United Kingdom. The MPC meets every month to set the interest rate and meets over three days.

#### **Frequency of Monetary Policy**

- The RBI used to announce its monetary policy twice in a financial year.
- After Bimal Jalan took charge as governor in 1997, he moved from two monetary policy reviews in a year to quarterly reviews.
- His successor Y V Reddy introduced a mid-quarter review, which resulted in an announcement every 45 days.
- A panel headed by RBI deputy governor Urjit Patel had recommended that the central bank monetary policy committee conduct a bi-monthly review.
- So while the RBI reviews its stance once in two months, it has the leeway to make changes to policy between the reviews if necessary.

### **Fast Tracking India's Trade Negotiations**

#### **Context:**

- India's trade negotiations and trade agreements with countries and multilateral organizations are lacking meaningful progress.
- It is vital that India addresses the constraints in its import policy to achieve its goals in manufacturing.

#### **Concerns**

- India is unable to decide on how to proceed on pending FTAs with the European Union, Australia and Canada.
- It is unable to generate interest among members at the RCEP, on its demand for greater market access in services.
- It is also not finding takers for its proposals on trade facilitation agreement on services in WTO.
- Evidently, India is out of sync in various trade negotiations.
- Indian policy on free trade agreements (FTAs) and, more generally, over the country's external trade policy remains confused.

#### **Nature of India's Economic Integration**

- **Globalization** - As the world globalized from the 1980s onwards, production begun getting offshored.
- This happened primarily with developed economies outsourcing several key functions to developing countries.
- Many developing countries benefited by this by picking up labour-intensive outsourced manufacturing.
- **Manufacturing** - India, too, benefited, but not as extensively as many other developing countries.
- In the manufacturing side, India could not exploit the offshore opportunities because of -
  - limitations on expanding the scale of production
  - difficulty in accessing cheap credit
  - lack of adequate labour with the right skills
- **Services** - India, however, benefited significantly from globalizations and outsourcing with respect to services.
- It picked up global outsourcing in information technology (IT), communication and financial services from developed nations.
- Businesses in the advanced countries' markets invested huge sums in software, digital technology applications and new financial products.
- Certainly, India became one of the largest suppliers of specialists in these areas.
- Complemented by easing labor mobility with globalization, India could get to its current status of being the largest remittance recipient.

- **The Anomaly** - The service-oriented pattern of India's economic integration greatly influences India's vision of trade and FTAs.
- Many developing countries being primarily manufacturing exporters, aggressively push for greater liberalization in market access for manufacturing exports.
- India, on the other hand, differs with its demand for liberal market access in services, particularly movement of skilled professionals.
- The relative contrasts often become sources of contestation in trade negotiations between each other.

#### **India's Approach to Imports a Reason**

- India has a peculiar mindset that exports are good, but imports are bad.
- The concerns with foreign exchange and imports being injurious for prospects of domestic industry perpetuate the notion of imports being bad.
- This translates into its policies of maintaining high tariffs on several products, including those that are necessary for manufacturing exports.
- Markedly, many Asian countries, including those in RCEP, have lesser or zero tariffs across the entire spectrum of manufactured products.
- This characteristic makes them far more receptive to imports compared with India.
- However, they are hardly as receptive when it comes to service imports, particularly labour movements from other countries.

#### **Way Forward**

- The nature of economic integration and its peculiar mindset with imports keep India's prowess as a manufacturing exporter weaker.
- While aspiring to be a global manufacturing hub, it is essential that a more liberal import policy be put in place as a prerequisite.
- This is crucial to allay other countries' suspicions on signing trade agreements with India.

#### **Signs of GDP**

**In News:** The GDP numbers for the second quarter of 2017-18 has grown at 6.3% compared to 5.7% in the first quarter.

#### **Encouraging Signs**

- The manufacturing sector grew at 7% against 1.2% in the previous quarter.
- The trade sector grew by 9.9% and Public administration grew at 6%, much lower than the previous quarters but still reasonably high.
- Despite a lower growth of government expenditure, overall growth rate picked up.
- Excluding agriculture and public administration, the GDP growth rate in Q2 was 6.8% compared to 3.8% in Q1.
- The electricity sector has done well with a growth rate of 7.6% compared to 7.0% in Q1.

#### **Discouraging Signals**

- The most discouraging sign is the behavior of the Gross Fixed Capital Formation (GFCF).
- GFCF at current prices grew at 6.3% in Q2 against 2.9% in the corresponding period last fiscal.
- As the growth rate of GFCF fell below the growth rate of GDP, the ratio of GFCF to GDP has fallen from 27.1% to 26.4%.
- There are disparities between the rate of growth in the index of industrial production (IIP) and national income statistics.
- In Q2 of 2017-18, manufacturing under IIP grew at 2.2%, such sharp differences raise some concerns.
- India's export performance has picked up in the current year but there was a setback in October with the export growth rate turning negative.

#### **Future Prospects**

- It appears that the GDP growth for the year as a whole may be around 6.5%.
- After staying at the same level for two quarters, Gross Value Added (GVA) has moved up, this predicts that glitches caused by GST have been overcome.
- The immediate prospect is some improvement in the growth rate in the next two quarters.
- In the next two quarters, there is not much space for public administration to push the economy.
- Thus growth rate to pick up any substantial increase depends on the behavior of private investment which remains intractable.

#### **GDP**

- Gross domestic product (GDP) is the monetary value of all the finished goods and services produced within a country's borders in a specific time period.
- GDP is usually calculated on an annual basis, it can be calculated on a quarterly basis as well.
- GDP includes all private and public consumption, government outlays, investments, private inventories, paid-in construction costs and the foreign balance of trade.

#### **GVA**

- Gross value added is a productivity metric that measures the contribution to an economy, producer, sector or region.
- Gross value added provides a dollar value for the amount of goods and services that have been produced, less the cost of all inputs and raw materials that are directly attributable to that production.
- Gross value added = GDP + subsidies on products - taxes on products.
- Gross value added is important because it is used in the calculation of gross domestic product (GDP)

#### **IIP**

- The all India index of Industrial Production (IIP) is a composite indicator that measures the short-term changes in the volume of production of a basket of industrial products during a given period with respect to that in a chosen base period.
- It is compiled and published monthly by the Central Statistical Organization (CSO), Ministry of Statistics and Programme Implementation six weeks after the reference month ends.

#### **GFCF**

- Capital formation is a term used to describe the net capital accumulation during an accounting period for a particular country.
- GFCF refers to additions of capital stock, such as equipment, tools, transportation assets and electricity.
- Higher the capital formation (GFCF) of an economy, the faster an economy can grow its aggregate income.

### **Aadhaar and Financial Exclusion**

#### **Context**

- Union government has set a deadline to link all financial instruments with Aadhaar.
- The insistence on linking ignores the concerns of the marginal class and practical difficulties.

#### **Government's Plan on Aadhaar Linking**

- Union government has decided to use Aadhaar as a tool to track down black money.
- In June, it notified its new Prevention of Money Laundering (Maintenance of Records) Second Amendment Rules 2017.
- This required all financial firms to compulsorily collect Aadhaar and PAN details for KYC requirements by December 31.
- Recently union government also mandated Aadhaar number to be linked with bank accounts, demat accounts, mutual fund folios, life and general insurance policies, credit cards and post office account by March 31 next year.

#### **Contribution to Financial Exclusion**

- **Time-consuming** - Aadhaar-PAN linking on IT returns was a two-step process.
- But linking Aadhaar to all of one's financial savings entails over a dozen steps.
- This is because key financial product providers and their regulators have not managed to create a centralized registry for investors.
- **Digital divide** -Using the online mode for Aadhaar-linking requires familiarity with digital banking, a robust internet connection and uninterrupted phone/email access.
- This poses severe problems for senior citizens and the poor.
- **Errors** - Much of old age population find it difficult to enroll to Aadhaar because their biometrics fails to read at the Aadhaar touchpoints.
- Population beyond the age 50 complains of enrolments being rejected because their fingerprints have faded with age.
- Biometric failures also foil attempts by the disabled or those engaged in physical labour from securing Aadhaar.
- Thus it causes anxiety not only at the time of opening an account, but also at the time of every subsequent authentication.
- These problems can be addressed by allowing to provide alternative documentation, in place of Aadhaar, to prove their identity.

## Internet First - After Net Neutrality

### In News:

- After intense debate, the Telecom Regulatory Authority of India (TRAI) has vouched clearly for Net Neutrality (NN).
- But there is also some merit in the arguments against net neutrality, which calls for further debate.

### Implication of Verdict

- According to TRAI, internet services should be nondiscriminatory with no interference in the treatment of content.
- This includes practices like blocking, degrading, slowing down or granting preferential speeds or treatment to any content.
- This means no blocking & throttling of lawful services and no paid prioritization, except for predefined specialized services like IPTV.
- The logic is that you should not pay any more for choosing a service or website other than the normal internet access charge.
- As the DoT is currently immersed in formulating a new telecom policy, TRAI's recommendations could serve as input.
- Notably, acknowledging the vagueness in defining NN, TRAI has recommended a principles-based approach on a case by case basis.

### How can internet be kept neutral?

- While adopting a principled approach can indeed be a challenge for which TRAI had one interesting recommendation.
- It proposed the creation of a not-for-profit, multi-stakeholder body for monitoring & enforcement of regulations in the internet space.
- The body is envisioned to comprise members representing different categories of service providers.
- This includes - large and small content providers, representatives from research and academia, civil society and consumers.

### Existing Internet Ecosystem in India

- Smartphone users have reached 300 million, Internet users are up by 70 million and mobile traffic grew 75% in 2016.
- Hence, the touted data revolution will be largely driven by mobile networks, which will provide the base for digital India.
- Start-up space in India is also promising as some 4,750 tech start-ups operate here – which is next only to United States and Britain.
- Proponents of NN argue that this has been possible because the net in India is already in a state of de facto neutrality.
- Notably, an earlier order of TRAI banned differential pricing for content, which has kept the net essentially neutral thus far.
- The current recommendations are hence essentially a re-iteration of the status quo in the sector.

### Arguments Against net Neutrality

- The strongest argument in favor of NN is that it promotes innovation that a censored internet is likely to hinder.
- This standard narrative in favor of NN assumes two things –
  - Access to internet exists to enable participation
  - Open internet boosts innovation activity
- But about 30% of India's population currently does not have access to the internet and is still largely a privileged good.
- As affordability is the main challenge, packages such as Facebook's 'Free Basics' will enable internet access for many users.
- While this will indeed be limited access which is against NN, the subscriber always has the option to migrate to the uncensored net.

### Hazy Picture

- It is clear that projects like Free Basis will considerably bridge the digital gap for the masses.
- But whether such endeavors will bring grave harm upon the very foundations of open internet isn't clear.
- The fear is that permitting such proposals might lead to other damaging "Content provider – internet provider" arrangements.
- This needs further pondering as it can potentially inhibit competition and weaken innovation.

**Note:** For more detail earlier issues of Nov-II and Dec- II BYJU's Weekly current Affairs

## Concerns of Shipbreaking Industry

**In News:** India has made a draft legislation to set Labour Safety and Environment Benchmarks for ship breaking.

### Shipbreaking

- Ship breaking or ship demolition is a type of ship disposal involving the breaking up of ships, it may also be known as ship dismantling, ship cracking, or ship recycling..
- It is for either a source of parts, which can be sold for re-use, or for the extraction of raw materials, chiefly scrap.
- Modern ships have a lifespan of 25 to 30 years before corrosion; metal fatigue and a lack of parts render them uneconomical to run.

### Impacts of Shipbreaking

- It is one of the most hazardous jobs in the world because most ships are used to carry radioactive materials, toxic wastes, extremely poisonous chemicals and oil.
- It directly affects the health of the workers, hundreds of manual laborers move onto the beach to dismantle each ship.
- Many ship breaking yards have poor working and living conditions, workers face many serious work-related injuries.
- Ship breaking allows the materials from the ship, especially steel, to be recycled and made into new products.
- This lowers the demand for mined iron ore and reduces energy use in the steelmaking process. Equipment on board the vessel can also be reused.
- While ship breaking is sustainable, there are concerns about the use of poorer countries without stringent environmental legislation.
- It is also considered one of the world's most dangerous industries and very labour-intensive.
- It is also an environmental time bomb as workers strip the ships marooned on the sea shore.
- This leads to severe contamination of the sea bed, eventually seeping into the marine food chain.

### Shipbreaking Industries in India

- In 2016, India dismantled over 300 ships, against about 220, 140 and 70 in the case of **Bangladesh, Pakistan and China**.
- **Alang in Bhavnagar district, Gujarat**, considered the world's largest shipbreaking facility.
- Chattogram (Bangladesh) have emerged as major shipbreaking centres over the last 30 years after the rich countries found it costly to do so.
- In 2016, India dismantled over 300 ships, against about 220, 140 and 70 in the case of Bangladesh, Pakistan and China.
- But in terms of gross tonnage dismantled, Bangladesh is ahead at over nine million tonnes, against Alang's eight million tonnes.
- Ships in India and Bangladesh are dismantled on the beach rather than on dry docks, which adds to the toxicity of the soil, water and air.
- 'Beaching' is banned under EU regulations, while the Hong Kong convention pushes for clean beaching practices.
- Shipbreaking has taken a hit in recent years because of the slump in steel prices, and with it of recycled steel as well. **Significance of the Draft Law**
- India, which along with Bangladesh dismantles most of the world's discarded ships, has drafted a legislation to set benchmarks for shipbreaking.
- The proposed law is aligned with the **Hong Kong convention** adopted by the International Maritime Organization in 2009.
- This is so far ratified by Norway, Congo, France, Belgium, Panama and Denmark.

### Areas yet to be addressed by the Draft

- Ships in India and Bangladesh are dismantled on the beach rather than on dry docks, which adds to the toxicity of the soil, water and air.
- 'Beaching' is banned under EU regulations, while the Hong Kong convention pushes for clean beaching practices.
- Hong Kong convention is yet to be addressed by 15 countries with accounts for 40% of world's merchant shipping capacity.
- Greece and Germany are top offenders in outsourcing their vessels to be beached.
- Efforts to clean up the industry should include bringing such grey activities under the scanner.

### International Maritime Organization

- It is the United Nations specialized agency with responsibility for the safety and security of shipping

and the prevention of marine pollution by ships.

- Its main role is to create a regulatory framework for the shipping industry that is fair and effective, universally adopted and universally implemented.
- It is headquartered in London; there are 172 member states of the IMO, which includes 171 of the UN member states plus the Cook Islands.

## FRDI and digital economy concerns

### In News:

- FRDI Bill was introduced in Parliament during Monsoon Session 2017.
- The “bail-in” clause of the Financial Resolution and Deposit Insurance Bill (FRDI) has led to worries about the safety of bank deposits.

### Highlights of the Bill

- The Bill seeks to create a consolidated framework for the resolution of financial firms.
- It repeals the Deposit Insurance and Credit Guarantee Corporation Act, 1962 and amends 12 other laws.
- **Resolution Corporation** - The central government will establish a Resolution Corporation.
- The Corporation will have a Chairperson and its members will include representatives from the Finance Ministry, RBI, and SEBI, among others.
- The Corporation will-
  1. Provide deposit insurance to banks
  2. Classify service providers based on their risk, and
  3. Undertake resolution of service providers in case of failure.
- It may also investigate the activities of service providers, or undertake search and seizure operations if provisions of the Bill are being contravened.
- **Risk based classification** - The Corporation, in consultation with the respective regulators specify criteria for classifying service providers based on their risk of failure.
- A service provider categorized under the ‘imminent’ or ‘critical’ category will submit a restoration plan to the regulator, and a resolution plan to the Corporation. These plans will contain information, including:
  - details of assets and liabilities,
  - steps to improve risk based categorization, and
  - Information necessary for resolution of the service provider.
- **Administration** - The Corporation will take over the management of the service provider from the date when it is classified as ‘critical’.
- **Resolution** - The resolution of a service provider classified under the ‘critical’ category can be done by using
  1. Transfer of its assets and liabilities to another person,
  2. Merger or acquisition, and
  3. Creating a bridge financial,
  4. Bail-in and
  5. Liquidation
- **Time limit** - The service provider will automatically be liquidated if its resolution is not completed within the maximum time period of two years.
- **Liquidation and distribution of assets** - The Corporation will require the approval of the National Company Law Tribunal to liquidate the assets of a service provider.
- **Offences** - The Bill specifies penalties for offences such as concealment of property, and destruction or falsification of evidence.

### Does the Bill guarantee the repayment of bank deposits?

- Currently, the Deposit Insurance and Credit Guarantee Corporation (DICGC) provides deposit insurance for bank deposits up to 1 lakh rupees per depositor.
- The Bill proposes to subsume the functions of the DICGC under the Resolution Corporation.
- It will guarantee the repayment of a certain amount to each depositor in case the bank fails.

### Concerns

- FRDI possess a larger threat to the deposits of ordinary citizens as it undermines the safety of bank deposits.
- According to Section 52 of the proposed Bill, depositors will lose their rightful claim to retrieve their savings in case of liquidation of banks and insurance companies.
- It would also strip depositors of the power to withdraw their deposits in the form of cash to escape any tax or other forms of confiscation by the government.

- Since the banks are already filed for bankruptcy, redemption value of tradable financial assets will not be immediately proportionate with the deposit amount. It has been criticized that people's money was being used to bail out banks that made bad lending decisions.
- It is also apprehended to be compromising on the interests of the depositors.
- **Power** - The bill proposes the setting up of a Resolution Corporation.
- The direction and management of the corporation vests with the Board, subject to the terms and conditions of the Act.
- Six of the 11 members of the Board will be nominated by the government, giving it the final say in decision-making.
- The greater representation in the Resolution Corporation gives the government overweening powers.
- Notably, debt restructuring and ensuring the robustness of financial institutions was previously the domain of the RBI.
- **Bail-in clause** - This clause gives banks the authority to issue securities in lieu of the money deposited.
- The insurance option covers only Rs.1,00,000 of the principal.
- The remainder of the sum deposited with a bank will be converted to tradable financial assets which can be redeemed.
- The contention is that their value will not be immediately commensurate with the deposit amount.
- As the bank has filed for bankruptcy, the value of assets held would have also eroded.
- Notably, other countries that have experimented with a bail-in clause have not fared well.
- E.g. in Cyprus, depositors lost almost 50% of their savings when a "bail-in" was implemented by the resolution corporation.

#### **Government's Arguments**

- The government has so far responded defending the provisions of the Bill.
- The FRDI Bill is said to be strengthening the system by adding a comprehensive resolution regime.
- It argues that the clauses in the legislation provide additional protections to the depositors in a more transparent manner.
- And that in the event of failure of a financial service provider, there is a system of quick, orderly and efficient resolution in favor of depositors.
- Government defends the FRDI Bill as being far more depositor-friendly than many other jurisdictions that provide for statutory bail-in.
- In a statutory bail-in, the consent of creditors/depositors is not required for bail-in.

#### **How a Bail-in clause of FRDI**

- In case of a bankruptcy the bill enables the government to confiscate the deposits of ordinary citizens by a Resolution corporation to liquidate the assets of the bank or insurance company.
- The Resolution Corporation is empowered to monitor financial firms, calculate stress and take corrective actions in case of a failure.
- The bill proposes 'bail-in' as one of the methods to resolution which gives banks the authority to issue securities as a replacement of the money deposited.
- The insurance option covers only up to Rs.1,00,000 of the deposited money.
- The remainder of the sum deposited with a bank will be converted to tradable financial assets which can be redeemed.

#### **Cause for this Proposal**

- Banks have been a major source of funding for governments and their economies across the world.
- Most of government lending happens through loans which are not backed by savings but instead through fresh money creation.
- Policies like negative interest rates push depositors to rush out of banks to escape the tax imposed on their deposits.
- Such an event can lead to severe bank runs and destabilize the banking system because bank deposits are only fractionally backed by actual cash.

#### **Digital Economy Favorable for Banks**

- Digital economy makes banks easier to carry out their business of credit creation without the risk of having to satisfy the demand for cash from depositors.
- It also prevents recurrent crises of liquidity that are faced by banks.
- Under a cashless banking system depositors are essentially locked in by banks.

- Depositors in such cases will have no other option but to spend their money to escape a penalty on it.

**Note:** For more detail refer earlier issues of BYJU's weekly current affairs.

## **GAIL Pipeline in Kerala**

**In News:** Kozhikode in north Kerala recently witnessed violent protests against the laying of a pipeline by the Gas Authority of India Ltd (GAIL).

### **Background**

- The Kochi LNG terminal was meant to ensure natural gas supply for domestic and industrial use in Kerala and in South India.
- GAIL envisaged a pipeline to transport natural gas from Kochi to Mangaluru and Bengaluru.
- The Kochi-Koottanad-Bengaluru-Mangaluru Pipeline (KKBMPL) project was thus conceived in 2007.
- The first phase aimed at linking the terminal with local industrial users, including Bharat Petroleum Corporation Limited.
- The second phase of the pipeline was to go through seven districts of Kerala, besides covering parts of Tamil Nadu and Karnataka.

### **Right of Use (RoU) work**

- GAIL acquires the Right of Use from landowners and/or farmers.
- Owners are then paid compensation as per the Petroleum and Mineral Pipelines (Acquisition of Right of User in Land) Act, 1962.
- Ownership remains with the landowners but they shouldn't cultivate deep-rooted trees at a distance of 10 metres, or carry out constructions.
- GAIL pays compensation as per the amount fixed by the state revenue department.

### **Concerns**

- The project has been delayed considerably because of resistance to **acquisition of land** under the **Right of Use (RoU)** agreement.
- The **compensation** for farmers and landowners who allow GAIL to lay the pipeline through their property is a contentious issue.
- The government has however doubled the compensation, and said it will be fixed by pegging the market rate at 10 times the fair price.
- Also, despite GAIL stressing that the LNG is both safe and essential for the state's development, the agitators have serious **safety concerns**.
- Consequently, GAIL had to terminate the contracts it entered into with construction firms to lay the pipeline.
- The protestors demand that the pipeline be **relocated** from populated areas and taken through the sea route, instead.
- This has been rejected by GAIL, which reportedly fixed the alignment with minimizing impact on populated areas.
- Also, as of the land required in Kerala, 70% is under **paddy cultivation**.
- The Kerala section also requires 75 major horizontal drillings at the beds of **water bodies** to take the pipeline across rivers.
- Thus, so many factors surrounding the pipeline poses challenges for its unhindered implementation.
- Despite the disruption attempts, GAIL has managed to continue laying the pipeline, though under heavy police protection.
- However, the project, which should have been commissioned in 2013, now has a **revised deadline** of February 2019.
- Meanwhile, the delay is causing **huge losses** to the Kochi terminal and re-tendering is resulting in cost escalations.

## **INTERNATIONAL AFFAIRS**

### **Jerusalem as Israel's Capital - US**

**In News:**



- U.S. President Trump reversed the decades old policy, and recognized Jerusalem as the capital of Israel.
- The US administration would also begin a process of moving the U.S. embassy in Tel Aviv to Jerusalem.

#### **Tussle with Jerusalem**

- Jerusalem is in ways symbolic of the Israel-Palestine conflict itself.
- The tussle centers on who gets to control the ancient city that is sacred to Jews, Muslims and Christians.
- After the end of the First Arab-Israel War in 1948, Jerusalem was partitioned into West and East, under Israeli and Palestinian control respectively.
- But in 1967, during the Six-Day Arab-Israel War, Israel snatched East Jerusalem from Jordanian forces.
- Israel's Parliament also declared the territory had been "annexed to Israel" and Jerusalem had been "reunited".
- The predominantly Palestinian population in the east lives under full Israeli control, but cannot vote in parliamentary elections.
- This marginalised the Palestinians, who wanted East Jerusalem to be their capital under the "two-state solution".
- Israel was undeterred by the refusal of the international community to endorse the annexation.
- It further added over 200,000 Jewish settlers to the once-almost entirely Arab East Jerusalem.
- Meanwhile, in 2016, the UN reaffirmed that Jerusalem's Palestinian territories were under "hostile occupation".
- The international community considers east Jerusalem illegally occupied by Israel.
- Notably, foreign embassies to Israel are in Tel Aviv and not Jerusalem.
- India for its part has traditionally backed a two-state solution, and assured that the Indian embassy would stay in Tel Aviv.

#### **Significance of the US's Move**

- **Jerusalem** - Jerusalem is almost the key to stability of the entire Middle East.
- It has many shrines that are equally significant for the Jews, the Muslims and the Christians.
- Trump's move reflects Jerusalem as the center of Jewish faith, and the fact that the city is the seat of the Israeli government.
- **US** - Trump expressed hope for start of the peace process and reiterated his commitment to the two-state solution to the Israel-Palestine conflict.
- The effort to please the core base of pro-Israel hardliners and the overwhelming Jewish population in US cannot be denied.
- But, as with most political developments in the Middle East, a bigger regional game could also be behind.
- This possibly includes a US-Saudi-Israel alliance against Iran, the common enemy.
- **Response** - The UN Secretary General voicing dissent had said that the issue on the holy city must be resolved only through direct negotiations.
- The Islamic world is outraged and many Arab leaders warned it could trigger an upheaval in the already volatile Middle East.
- Palestine has warned of dangerous consequences and said the decision was a declaration of war in the region.
- Neighboring Jordan and Turkey have cautioned the US and have threatened to cut ties with Israel.
- Militant groups in the region could possibly take aggressive stances.

### **Concerns with E-commerce Trade Decisions**

#### **In News:**

- India has opposed the proposal of "Friends of E-commerce for development" group in recent WTO ministerial meeting.
- World Trade Organisation's 11th biennial Ministerial Conference is going to be held in Buenos Aires, Argentina.

#### **Friends of E-commerce for Development Group**

- Friends of E-commerce for Development includes Argentina, Chile, Colombia, Costa Rica, Kenya, Mexico, Nigeria, Pakistan, Sri Lanka and Uruguay.
- This Group is looking to change policies adopted by governments to ease the flow of goods integral to bridging the digital divide.

### Recent Proposal of the Group

- Friends Group made a proposal in ongoing Ministerial meeting in Buenos Aires, Argentina.
- It is related to infrastructure and services for information and communications technology (ICT), trade logistics and payment solutions.
- They claim for a cross-border trade facilitation framework to advance goods-related e-commerce for development.
- They also want to look at regulating telecommunications, computer and related services, and relevant distribution services.

### India's Concerns

- India senses that the impact of any negotiations for binding rules on e-commerce would take away the ability of developing countries to regulate and create a sustainable e-commerce model in their respective countries.
- India state that regulating telecommunications, computer and related services would interfere in the sovereign rights of the country.
- The proponents of rules on e-commerce have been of the view that the servers that help e-commerce transactions should be located in a country of choice.
- But India has opposed this as it feel that the servers servicing customers in India should be physically located in India for greater control over the data generated within the country.

### 11<sup>th</sup> WTO Ministerial Conference

- The 11<sup>th</sup> Ministerial Conference (MC11) will take place from 10 to 13 December 2017 in Buenos Aires, Argentina.
- The Ministerial Conference will be attended by trade ministers and other senior officials from the organization's 164 members.
- It is the highest decision-making body of the WTO.
- Under the Marrakesh Agreement Establishing the WTO, the Ministerial Conference is to meet at least once every two years.
- The last Ministerial Conference took place in Nairobi, Kenya, in December 2015.

### Areas of Contention

- Focus will be on the new rules on farm subsidies, removing support for unsustainable fisheries and the regulation of e-commerce.
- **Agri Subsidy Issue** - There is a plan for Indo-China joint proposal with the backing of over 100 developing countries.
- This is to vouch for the elimination of trade-distorting farm subsidies worth \$160 billion in several industrialized economies.
- This is seen as a prerequisite to address the prevailing imbalance in the WTO 'Agreement on Agriculture (AoA)', which unfairly benefits developed countries.
- **Public Stocking** - Contrarily, countries like US & Canada insist on restricting public food grains stock-holding programs.
- They believe large public stock-holdings and subsidies like 'Minimum support Price (MSP)' & 'Public Distribution System (PDS)' will distort the market.
- But most developing countries (G-33 coalition) consider large stockholding is needed to strengthen their food security.
- G-33 coalition (Indonesia, China, India etc...) is hence not willing to either restrict stocking or scrap subsidy programs for poverty-alleviation.
- **Bali Peace Clause** - While the stock-holding issue came up in the 2013 Bali WTO plenary, a temporary peace clause was agreed upon for 4 years.
- It said that, till 2017, no country would be barred from food security programmers even if the subsidy breached the limits specified by WTO.
- As a solution has not been reached yet, countries that have such food security programs face the risk of legal prosecution.

### Challenges

- The high stake India-China joint proposal risks unraveling the negotiations as India looks stubborn on its position currently.
- Contrarily, EU & Brazil seem willing to endorse the G-33's position on public stock-holding in return for support for reduction in trade-distorting subsidies.
- Also, U.S. is currently being piloted by an administration that seeks to undermine the WTO and is increasingly protectionist in its approach.
- US is already exploring unilateral alternatives to the formal dispute resolution mechanism of the WTO to settle trade conflicts with partners.

## US threats to WTO

**In News:** U.S is holding up the appointments to WTO's appellate body, its dispute settlement mechanism.

### Composition of the Appellate Body

- The appellate body is the court of appeal for issues of law and legal interpretation arising from decisions rendered by the dispute resolution panels.
- It is composed of seven permanent members appointed by WTO members by consensus.
- The initial appointment of an appellate body member is for a four-year term, with possible reappointment for a second term.
- The appellate body members can continue to adjudicate an appeal even after expiry of their tenure, on cases to which they were appointed during their term.

### Significance

- The body has been viewed as the central element in enforcing the rights and obligations of WTO members.
- The appellate body had issued over 140 reports since 1995, which have been perceived to be fair and objective.
- It is unique as its judgments are enforced through gentle suasion and the stick of authorised trade retaliation.
- This makes it crucial for the continued survival of the rules-based multilateral trading system.

### Recent Intimidations of U.S

- In recent months the US has blocked the selection of all new members of body.
- US blocked the reappointment for a second term of one of its own nationals to the appellate body for the reason that she refused to comply with the U.S in some disputes.
- If the U.S continues with such an approach, by the end of this month only 4 members will be left to serve the appellate body.
- By January 2020, the appellate body would be left with only one member.

### Reasons behind U.S' Move

- In many instances appellate body has imposed some restrictions on the ability of the U.S to resort aggressive unilateralism at the WTO.
- U.S has not been able to reconcile itself with the findings of the appellate body against some of its domestic practices in anti-dumping, countervailing duty and safeguard proceedings.
- The practice of the appellate body members continuing to adjudicate an appeal even after expiry of their tenure is also concerning US.
- So it that the appellate body of overstepping its boundaries, leading to judicial activism in trade and environment disputes.

## Political Developments in South Africa

**In News:** African National Congress (ANC), a primary political party in South Africa, is expected to pick a new party chief.

### Background

- Currently, the president of South Africa, Mr. Jacob Zuma is also the Chief of the ANC.
- Considering the primacy of the ANC in the South Africa, it is likely that the new party chief would become the next national president.
- This thereby provides an opportunity to break away from the current political legacy of corruption and governance failures.

### Main Contenders

- The Deputy President Cyril Ramaphosa and Ms. Nkosazana Dlamini (Mr. Zuma's ex-wife) are the main contenders.
- While Ms. Cyril is a strong presence in the party's constitutional wing, Ms. Dlamini has been a minister across several cabinets.
- Ms. Dlamini is seen as the candidate of continuity as she is echoing Mr. Zuma's call for "radical economic transformation".
- Significantly, this program is invested in redistribution of resource to the impoverished black majority.
- But if she prevails, it is also expected to muddy the prospects of any investigation into financial dealings of Mr. Zuma's family.
- Yet, even if Mr. Ramaphosa (who is promising change) triumphs at the party conclave, the troubles of the ANC are far from over.

### Challenges

- Any new leader will be inheriting a troubled political system and a nervous, gloomy economy.

- Steadily rising unemployment (currently 28%), has been the chief characteristic of the current scandal-ridden decade in South Africa.
- Also, with its overall popularity of ANC sliding, the party will have to work hard to nurture competent next gen leaders.

## India's Multi-Directional Foreign Policy

**Context:** A range of events and diplomatic developments in the recent days suggest the emergence of a multipolar world and India's multi-directional foreign policy.

### Brief Analysis

- **South Asia** - India recently hosted "Bodhi Parva, the BIMSTEC Festival of Buddhist Heritage.
- It was part of the 20th anniversary of the Bay of Bengal Forum, the BIMSTEC.
- It brings together five South Asian nations (Bangladesh, Bhutan, India, Nepal and Sri Lanka) and two South East Asian nations (Burma and Thailand).
- It gains significance in the context of India's ties with its neighboring countries in the South Asian region.
- Further, India's eastward orientation is highlighted by the recent conference on connecting India and the 10-member ASEAN grouping.
- **Russia** - India and Russia held their first bilateral tri-service exercise earlier in the year.
- This is the first such exercise for India with any of its foreign partners; certainly reflecting a maturity in the strategic partnership.
- The 'Indra' exercise is seen as India's way of balancing strategic relations with Russia and the US and sending a message to China.
- **Asia-Pacific** - India hosted the Russia-India-China (RIC) trilateral meeting recently.
- Trilateral consultations will contribute to strengthening practical coordination on regional and global issues.
- The meet also comes as an opportunity for discussions on deepening coordination in the Asia-Pacific region.
- **Indo-Pacific** - India's recent engagement in the Indo-Pacific quadrilateral security dialogue is an example of rising minilateralism.
- Minilateralism refers to the diplomacy among a limited number of members, dealing with defined subject matters.
- The grouping highlights India's strategy of such flexible arrangements to pursue its interests in a more complex world.
- Further, India and Australia are expected to hold their maiden 'two-plus-two' dialogue involving the Foreign and Defense Secretaries to expand their strategic partnership in the Indo-Pacific region.
- **Indian Ocean Region** - India, Japan and Australia held their foreign secretary-level trilateral meet recently.
- With the increasing Chinese presence in the IOR, it is important to re-assert the freedom of navigation in open seas.
- The trilateral meet could help boost India's influence in the IOR.
- This supplements the quadrilateral dialogue as well as the on-going trilateral engagement with the US and Japan.
- **Commonwealth** - The recent visit by Prince Charles marked a key development in India's ties with the Commonwealth.
- One idea being considered was that the administration of the grouping should be de-centralized.
- As the world's largest democracy, India's role in decentralized administration and contribution to the Commonwealth could be crucial.

### Significance

- India's diplomatic developments, significantly highlights its adaptive policies amidst the newly emerging geopolitical world.
- It asserts India's place in the structure of global power and influence the balance of power in the Indo-Pacific and Eurasia.
- They also point to the breakdown of the post-Cold War world order dominated by the United States.

## Nepali Election Results

**In News:** The Left alliance in Nepal is heading for a decisive victory in the first election post the 2015 constitution.

### **ElectionResult**

- Nepal's new constitution provides for a mix of "First Past the Post (FPTP)" - 165 seats and Proportional Representation (PR) - 110 seats in its parliament.
- While the final picture of its new Parliament isn't out, the Leftist Alliance is on course to win more than 70% of the 165 FPTP seats.
- The leftists are also leading in most PR seats.
- This will make it the first decisive win since democracy began in 1990.
- Even at the provincial level that was held along with the national elections, the leftist coalition is in the lead.

### **Implications**

- By forming an ideologically coherent alliance and expanding beyond the traditional strongholds in the hill towns, UML has succeeded in reversing its electoral debacles since 2008.
- This provides an opportunity for a stable government after years of political instability and would help focus on governance.
- But there is considerable skepticism as such opportunities have been wasted in the past due to rumbling disagreements within coalition partners.
- Many constitutional issues and particularly the sensitive Madeshi question aren't settled as yet.

### **Lessons for India**

- The elections were largely concluded to be free and fair with more than 300 international observers and Election Commission's awareness drive.
- The Nepali elections would also help in studying the patterns for simultaneous elections for provinces and National Assembly, which has been proposed in India.
- Also, the partial 'Proportional Representation' concept that has been instituted in Nepal can be studied.

## **India's entry into Wassenaar arrangement**

**In News:** India has been admitted as the 42nd member of Wassenaar Arrangement.

### **Wassenaar Arrangement**

- The Wassenaar Arrangement is an elite club of countries which subscribe to arms export controls.
- Wassenaar arrangement focuses on Export Controls for Conventional Arms and Dual-Use Goods and Technologies.
- It is clubbed with mechanisms such as the Nuclear Suppliers Group (NSG), the Missile Technology Control Regime (MTCR) and the Australia Group.
- The body came into being in 1996 to succeed the Cold War-era Coordinating Committee for Multilateral Export Controls.
- The WA has 42 members, with the exception of China, all the other permanent members of the U.N. Security Council are signatories of the WA.
- It is designed to regulate the export of sensitive technologies that could possible lead to destabilizing accumulations.
- Currently India is not a member. The Secretariat is located in Vienna (Austria).
- The political committee of Wassenaar Arrangement is going to meet in Vienna, which is likely to decide on India's membership request.

### **Working of Wassenaar Arrangement**

- The goal of the Arrangement is to promote transparency and greater responsibility in transfers of conventional arms and dual-use goods and technologies.
- Export controls are implemented by each individual participating State based on the Wassenaar arrangement list.
- The Arrangement works according to WA Control Lists and the controls are subject to ratification by the participants.
- Participants are required to ensure that transfers of these items do not contribute to the development or enhancement of military capabilities which undermine the goal.
- Member states exchange information on their transfers of conventional weapons and dual-use goods to states outside of the arrangement.
- All decisions are taken by consensus and the deliberations are kept in confidence.
- It is not a treaty, and therefore is not legally binding.

### **Significances of India's Entry**

- Earlier India's efforts at the NSG were stopped by China, which is not a member of the Wassenaar Arrangement.

- Wassenaar Arrangement membership is seen as a credit on India's need for diplomacy in sensitive nuclear issues, compared to the failed attempt to gain entry to the NSG in 2016.
- India's admittance into the Wassenaar Arrangement will strengthen India's credentials as a responsible nuclear power.
- India's WA membership is expected to build up a strong case for India's entry into the 48-member Nuclear Suppliers Group (NSG).
- Wassenaar Arrangement will also embed India deeper in the global non-proliferation architecture and enable access to critical technologies in the defence and space sectors.

#### **Nuclear Suppliers' Group**

- NSG is a group of nuclear supplier countries that seek to prevent nuclear proliferation by controlling the export of materials, equipment and technology that can be used to manufacture nuclear weapons.
- It was founded in response to the Indian nuclear test in May 1974.
- As of now, the NSG has 48 members with European Commission and the Zangger Committee Chair participates as observers.
- The NSG Chair for 2017-2018 is Switzerland.
- The NSG Guidelines contain "Non-Proliferation Principle," adopted in 1994.
- It means a supplier, notwithstanding other provisions in the NSG Guidelines, authorises a transfer only when satisfied that the transfer would not contribute to the proliferation of nuclear weapons.
- India has been pursuing member countries of NSG to become a member but its entry is being opposed by China, New Zealand, Ireland, Turkey and Austria.

#### **MTCR**

- Missile Technology Control Regime (MTCR) was established in April 1987 by Japan.
- It aims to limit the spread of ballistic missiles and other unmanned delivery systems that could be used for chemical, biological, and nuclear attacks.
- It has 35 members, which include most of the world's key missile manufacturers, India is a member in this group.
- It seeks to restrict the exports of missiles and related technologies of any type of weapon of mass destruction.

#### **Australia Group**

- The Australia Group (AG) is an informal forum of countries which, through the harmonisation of export controls.
- It seeks to ensure that exports do not contribute to the development of chemical or biological weapons.
- It has 42 members and India is not a member of this group.

### **RIC Trilateral Foreign Minister's Meet**

**In News:** The 15<sup>th</sup> foreign ministerial meeting of the trilateral grouping, Russia, India and China (RIC) is to be held shortly.

#### **Significance for Indo-China Relations**

- It comes in the backdrop of months of tense relations between India & China on multiple issues.
- This would also be the first high profile Chinese official visit after Mr. Xi was assured a 2<sup>nd</sup> term with greater popularity.
- Notably, China blocking India's entry into NSG and tensions in Arunachal & Doklam plateau were the recent tension points.
- Beijing also continues to ignore India's objections to the China-Pakistan-Economic Corridor (CPEC).
- This passes through disputed PoK and thereby violates India's sovereignty.

#### **Current India - Russia Relationship**

- Russia and India have held the same positions on several of the key problems in international relations for many years now.
- Both intend to create an inclusive world order by strengthening global institutions like the United Nations.
- But an economic sanction by EU & US against Russia (due to the Crimean annexation) has already made Russia heavily dependent on Chinese trade.

- Also, Russia's Afghan policy and its recent Pakistan outreach are misaligned to that of India's perspectives.
- Hence, India and Russia need to strengthen their waning relationship that has been built on mutual trust and confidence over decades.

#### **Future Perspective**

- China is expected to follow an assertive path in the geo-political & economic sphere in the near future.
- Due to its financial might and economic heft, there is a possibility that China would unilaterally dominate the affairs of the RIC.
- This calls for strong strategic thinking on India's & Russia's part to hinder China from unilaterally dominating affairs.
- Chinese expansion into Central Asia and Eastern Europe appears to be a concern for Russia as these regions have traditionally its forte.
- While building its relationship with China, Russia is wary of increasing Chinese dominance in the geopolitical order – India should capitalise on this.

#### **Brexit Progress**

**In News:** After almost 6 months of futile talks, breakthroughs are emerging in the Brexit deal.

##### **Major Decisions Thus Far**

- It has been agreed that current EU citizens living in the UK will have their rights protected by the European Court of Justice.
- London has also agreed to pay Brussels 40 billion euros in the coming years as its share of outstanding obligations.
- This is a considerable compromise from London's initial offers – highlighting that London wants to get things moving fast.
- These agreements are just the beginning terms for Brexit talks and the path ahead in discussions looks bleaker for London.

##### **Remaining Issues**

- Determining the kind of relationship the UK and Europe will have after Brexit is completed is a major one.
- Multiple proposals ranging from a simple free trade agreement to no deal at all exists.
- Some argue for a deeper agreement on trade, services and immigration on the lines of EU-Norway relationship.

##### **Political Challenges**

- The process has been difficult so far mainly because of the rough domestic coalition Ms May's government has been piloting.
- A disastrous election, in which her party lost its individual majority, has weakened Ms.May's position.
- Even within her "Conservative Party", balancing the views of radical euro-sceptics with others has been a challenge.
- She also had to play off supporters of free-trade against those vouching for economic nationalism.
- Notably, these divides are also visible in the Opposition Labour Party, thereby complicating things further.

##### **Northern Ireland Contention**

- Northern Ireland is part of UK and in the recent elections, the pro-UK protestant Democratic Unionist party (DUP) won there.
- There is a considerable catholic minority within Northern Ireland who support for closer ties with the "Republic of Ireland".
- While these Irish tensions flared in the late 90's a peace agreement was reached, establishing open borders between the two Irelands.
- As Republic of Ireland is an EU state, if Northern Ireland's EU exit as part of Brexit means closed borders, it might trigger new unrest.
- As Ms May is running a minority government with support from Northern Ireland's DUP, she'll have to walk a tight rope.
- Notably, there is no consensus between Belfast, Dublin, London and Brussels on how to solve this problem.

#### **World Economic Situation and Prospects Report**

- The report is a jointly published by the United Nations Department of Economic and Social Affairs (UN-DESA), the United Nations Conference on Trade and Development (UNCTAD).
- This year report marks the 70<sup>th</sup> anniversary of the publication.
- It is the flagship report on the state of global economy.
- The report highlights that, global economic growth reached 3 per cent in 2017, the highest growth rate since 2011.
- It states that, India is set to see the growth accelerating to 7.2% in 2018-19 and 7.4% in 2019-20, up from the 6.7% in 2017-18.

#### UN-DESA

- UN-DESA is based at UN Headquarters in New York.
- It is an entity of the UN Secretariat responsible for economic, social and environmental issues.
- It promotes international cooperation in the pursuit of sustainable development.
- It helps countries individually and regionally to formulate and implement national development strategies.
- Its in-depth policy analysis has helped resolve many of the world's most pressing socio-economic issues.
- It publishes "**Sustainable Development Goals Report 2017**", which is the annual assessment of global and regional progress towards the Goals.

#### UNCTAD

- It is headquartered in Geneva, Switzerland and part of the UN Secretariat.
- It is a part of the United Nations Development Group (UNDG).
- It was formed specifically to handle the problems of developing countries dealing with trade, investment and development issues.
- Other reports published by UNCTAD – Trade and Development Report, World Investment Report, The Least Developed Countries Report, Information and Economy Report, Technology and Innovation Report and Commodities and Development Repo

## DEFENCE/SECURITY AFFAIRS

### **Indian Navy's Submarine Arm**

**In News:** The submarine arm of the Indian Navy is celebrating its golden jubilee this year

#### **Submarine Arm**

- The submarine arm of the Indian Navy has made notable accomplishments since its inception.
- This is possibly due to the professionalism of the human resource that lies at its core.
- India acquired **its first submarine, the INS Kalvari**, on December 8, 1967.
- In the intervening decades, the Navy has progressed to designing and indigenously building SSBNs (Ship Submersible Ballistic Nuclear), the INS Arihant.
- The Navy has also invested in building conventional boats in India through partnership programmes with foreign suppliers.
- Notably, India is the first country in the world to move straight to SSBNs, without moving up the scale from conventional boats.
- The combination of warship building, submarine building and finally the nuclear submarine building has supported a whole range of SME/MSME segments of industry in India.
- Further the plans for acquisition in place and operationalizing them would give India a very credible underwater capability.

#### **Shortfalls**

- **DSRV** - Submarine arm is one of the most hazardous and high-risk military specialisation.
- To prepare for any exigency, every submarine-operating navy also invests in a deep submergence rescue vessel (DSRV).
- Or it supposedly has access to DRSV with navies that have such a capability.
- Sadly, the Indian Navy does not have a dedicated DSRV even as it enters its 51st year.
- This void is expected to be filled only later in 2018.
- **Administrative** - The long-delayed DSRV acquisition symbolises the systemic incompetence of the Indian military machine.
- The inability of the Indian higher defence management ecosystem has deprived the Navy's submarine arm of a critical rescue capability.



- The complacency in decision-making and ineffectiveness in policy formulation have adversely affected the Indian military profile.
- **Corruption** - It was attempted to build two of the most advanced design of the German HDW submarines under the 'buy and make' concept.
- However, it had to be prematurely abandoned due to the infamous HDW scandal and allegations of financial impropriety in the deal.
- Resultantly, the indigenous submarine programme was set back by three decades.
- It has taken decades for the procurement procedures to be revised to address issues related to blacklisting and the role of agents.
- **Manpower constraints** - Constraints related to recruitment significantly impacts the modernization and acquisition process.
- Decommissioning old platforms to compensate for the immediate requirement of new induction has its own challenges.
- A new platform demands trained manpower for operational needs.
- Very importantly, it requires a host of administrative, logistics and repair support facilities that are manpower-critical.

#### Way Forward

- The navy has to strategically overcome the challenge of balancing the short and long term implications on manpower.
- The core national security interests should be insulated from the vagaries of political/electoral compulsions.
- Beyond the ceremonial symbolism, the Indian Navy should be given due focus for its substantive policy-related issues.

## ENVIRONMENTAL AFFAIRS

### **Threats for Aravallis**

**In News:** A study found that deforestation of the Aravalli range leads to the expansion of the Thar Desert towards Delhi and Haryana.

#### **Present state of Aravalli Range**

- Recent study spotted about a dozen well-marked gaps in the Aravallis where the forest cover has almost totally vanished.
- The protective belt is now facing disintegration due to felling of trees to make room for urbanization and mining projects.
- The area under human settlements on these hills has expanded from 247 sq km in 1980 to 638 sq km in 2016.
- Industries, which were almost non-existent in 1980, now occupy about 46 sq km.

#### **Actions Taken for Conservation of Aravallis**

- The National Conservation Zone (NCZ), as defined in the Delhi NCR Regional Plan 2021, covers the entire Aravalli range.
- It includes its forests, water bodies and groundwater recharge areas.
- In this zone, construction is allowed only on 0.5 per cent of the area and that too only for regional parks and sanctuaries.
- Construction for commercial, residential, tourism and real estate purposes is strictly barred.

#### **Concerns with Conservation Policies**

- The stakeholder states shows indecisiveness towards stopping or reversing the damage being done to the range.
- Haryana state government raises a dispute over demarcation of aravalli range in its state, citing the notification issued by the environment ministry.
- It is done with the clear intention of restricting remedial action to stretches in Gurugram alone.
- The stand is hard to justify since rejuvenation action is needed in the whole of the Aravallis.
- Haryana's non-cooperation in respecting the NCZ can prove costly for it as well as its neighbours.

#### **Impacts of Degrading Aravallis**

- Loss of vegetative cover will lead to the natural drifting of Thar Desert towards the northwest.
- Increased desertification of the National Capital Region (NCR) and its adjoining areas can lead to more environmental hazards.

- These include more dust in the air, greater unpredictability of climate, meagre recharging of groundwater, and drying up of several natural water bodies.
- The area under perennial water courses in this region has contracted by nearly one-third and that under seasonal water flows by an even more alarming 97 per cent.
- Groundwater resources of urban hub of Gurugram are under severe strain.

#### **Aravalli Range**

- It is a range of mountains running in North West direction between Delhi and Palanpur in Gujarat.
- It constitutes a vital corridor between AsolaBhatti Sanctuary in Delhi and Sariska Tiger Reserve in Rajasthan.
- The 700km long range and its thick forest cover protects National Capital Region and fertile plains of India from effects of Desert.

### **Degradation of Yamuna Floodplains**

**In News:** The National Green Tribunal (NGT) held the Art of Living Foundation responsible for degradation to the Yamuna floodplains.

#### **Reason Behind NGT's Decision**

- World Culture Festival was organized by the the Art of Living Foundation in the Yamuna Floodplains in March 2016.
- NGT earlier imposed Rs.5 crore as interim environment compensation on the Art of Living Foundation for the event's impact on the environment.
- An expert committee, in its report, said that due to the event, the floodplains lost "almost all its natural vegetation" like trees, shrubs, tall grasses, aquatic vegetation.
- It includes loss of water hyacinth that provides habitat to a large number of animals, insects and mud-dwelling organisms.
- Now, NGT again held the organization responsible for causing damage and environmental degradation.
- It also added that if restoration costs exceeded earlier fine of Rs.5 crore, DDA could recover the balance from the Art of Living Foundation.
- The decision was based on polluter pays principle.

#### **Polluter Pays Principle**

- It is a universally acknowledged in environmental jurisprudence.
- According to this, those who pollute the environment must be made to pay not just for the costs of remedial action, but also for compensating victims of environmental damage.
- The principle's origin can be traced back to the Stockholm Declaration made at the UN Conference on the Human Environment in 1972.
- The Declaration asked signatory countries to develop international laws "regarding liability and compensation for the victims of pollution and other environmental damage".
- After this World Commission on Environment and Development (WCED), was established in 1983 emphasized polluter's pay principle.
- The 1987 WCED report greatly influenced the Rio Earth Summit of 1992, which, for the first time, explicitly enshrined the Polluter Pays Principle.

### **Taxing the Carbon Emission**

#### **Context**

- Air pollution is becoming one of the biggest public concerns in India.
- India needs a Carbon-tax policy to curb air pollution.

#### **Contribution of Fossil Fuels to Air Pollution**

- About 75% of all greenhouse gas emissions are CO<sub>2</sub> emissions produced through burning fossil fuels oil, coal and natural gas to generate energy.
- Since the early 2000s, carbon emissions have increased because of high growth in the Indian economy.
- In 2014, India's total carbon emissions were more than three times the levels in 1990, as per World Bank data.
- This is because of India's heavy dependence on fossil fuels and a dramatically low level of energy efficiency.

#### **Carbon Tax**

- A carbon tax is a way to make users of carbon fuels pay for the climate damage caused by releasing carbon dioxide into the atmosphere.
- The amount of CO<sub>2</sub> released in burning any fossil fuel is strictly proportional to the fuel's carbon content.
- This makes a carbon tax simple to measure and document.
- This allows the carbon tax to be levied "upstream" on the fuel itself when it is extracted from the ground or imported.
- Placing a tax on carbon gives consumers and producers a monetary incentive to reduce their carbon dioxide emissions.

#### **India's Use of Carbon Tax**

- The Indian economy's energy mix needs to be remodeled through investments in clean renewable sources of energy like solar, wind, hydro, geothermal and low-emissions bioenergy.
- This energy mix overhaul requires an additional 1.5% of GDP (to the current annual level of 0.6%) annually over the next two decades.
- This can be financed by the carbon tax revenue; it will be a revenue-neutral policy with no implications on the fiscal deficit.
- Carbon revenue can be used for a transfer of free electricity to the population that contributes less carbon than the economy average.
- Carbon a tax also delivers on providing more employment since the employment elasticity in greener forms of energy is higher than those in fossil fuel-based energy.

#### **NGT: Changed Composition**

**In News:** SC criticized the union government for not filling up vacancies in the NGT principal and zonal benches.

- Current rules require that every Bench of the NGT consist of "two or more" members and made up of at least one judicial and one expert member.
- However, a recent notification from the Union Environment Ministry has relaxed this requirement.
- It has allowed the Chairperson of NGT to constitute single member benches.
- The notification was issued following the SC criticized the union government for not filling up vacancies in the NGT principal and zonal benches.

#### **National Green Tribunal**

- NGT was established in 2010 with its principal bench in Delhi.
- Its objective is to provide an effective and speedy disposal of cases pertaining to environment protection, conservation of forests and for seeking compensation for damages caused to people or property due to violation of environmental laws.
- The NGT has the power to hear all civil cases relating to environmental issues that are linked to the following laws -
  - The Water (Prevention and Control of Pollution) Act, 1974;
  - The Forest (Conservation) Act, 1980;
  - The Air (Prevention and Control of Pollution) Act, 1981;
  - The Environment (Protection) Act, 1986;
  - The Public Liability Insurance Act, 1991;
  - The Biological Diversity Act, 2002.
- There is a bar on civil court to take cases under these listed laws in Schedule 1 of NGT act.
- The NGT has not been vested with powers to hear any matter relating to the Wildlife (Protection) Act, 1972, the Indian Forest Act, 1927 and various laws enacted by States relating to forests, tree preservation etc.
- The NGT is not bound by the procedure laid down under the Code of Civil Procedure, 1908, but shall be guided by principles of natural justice.

#### **Up gradation in IUCN list**

- IUCN has recently upgraded the status of two kiwi birds from "Endangered" to "Vulnerable".
- The two species are the northern brown kiwi and the rowi kiwi.
- They are flightless birds found in New Zealand.
- The conservation of these species was taken care by the New Zealand government for the past 25 years under "Kiwi Recovery Plan".

- It mainly involved predator (dogs, feral cats) control which is the biggest threat for the survival of kiwis.
- The plan also has community engagement and operation Nest Egg to improve the juvenile survival rates.
- Kiwis lay the largest egg in relation to their body size of any bird species.
- The upgrade in the status came after the steady increase in its population.

## BIO/ HEALTH ISSUES

### **Ensuring Universal Health Coverage**

#### **Context**

- India is facing deep public distrust and despair over health care in private and public sector hospitals.
- Universal Health Coverage must provide a framework in which the issues of access, quality and cost can be integrated.

#### **Problems Prevailing in Public Health Care**

- Access to readily reachable, trustworthy and affordable health care is a major challenge before poorly served rural areas and overcrowded urban areas.
- There is an inadequacy of organized primary health services compounded by a weakness at the intermediate level of care in many district hospitals and nursing homes.
- Corporate hospitals boast of high quality advanced care and compete with each other for a significant share of medical tourism; they are mostly inaccessible to the rural population and the urban poor.
- Government institutions of advanced care suffer from low budgets and a lack of managerial talent.

#### **Way Forward**

- Three major issues are involved in assess health care is access, quality and cost.
- The UHC provides the framework in which all three elements can be integrated.
- **Assess** -The pathway to improving access lies in expanding the network of public sector facilities at all levels.
- This calls for higher levels of public financing, improved management through the creation of a public health management cadre.
- These measures have been envisaged in the National Health Policy, 2017 and need urgent and earnest implementation.
- **Quality** - This is promoted through audited insistence of all service providers who enter this system, and cost is controlled by the negotiating power of the single payer.
- **Cost of care** - It is a major challenge in a system where patients and families have to bear the burden.
- The solution lies in doubling the level of public financing to at least 2.5% of GDP by 2019, rather than 2025, as proposed in the National Health Policy.
- This can be ensured by pooling tax funding, all Central and State insurance schemes and employer-provided health insurance into a “single payer system”.

### **Deteriorating Private Health Care**

**In News:** The Delhi government recently cancelled the license of Max Super Speciality Hospital in Delhi citing a series of violations.

#### **Recent Tragedy**

- Almost 10 days after a baby was declared dead by the hospital, it was found to be alive, but later died.
- The final report of an enquiry by the Directorate General of Health Services (DGHS) found the hospital at fault.

- The hospital failed to keep proper temperature and vital sign monitor record and missed the signs of life.
- The staff nurses had handed over the bodies of the babies without written directions from a pediatrician.
- The DGHS through its findings concluded that it was a case of clear medical negligence.
- The hospital license was thus cancelled by the government.

#### **Larger Implication**

- It brings to light the callous **negligence of private hospital authorities**.
- The hospital had earlier failed to comply with the notices stipulating **admission of low-income patients**.
- This sort of transgression is one of the worst-kept secrets about private hospitals in India.
- Notably they have come up on free or heavily subsidized land.
- This was with a precondition that a certain percentage of beds are reserved for economically weaker sections.
- In the initial days, this was seen as an option to balance the governments' disinclination to invest in adequate health care services.
- However, the steady **expansion of the high-cost private hospital network** has failed in achieving this outcome.
- As, these have proliferated at the cost of public hospitals and have **excluded the lower middle class and poor people**.
- Consequently, these vulnerable groups remain hostage to a public health care system that has deteriorated sharply over the past two decades.
- India needs to devise a framework to offer a quality health care service to its people in fair and equitable manner.

#### **Global Models in Health Care**

- **Swedish Model (Competitive Bidding)** - Private and public health facilities compete for government funding and the right to provide healthcare to citizens.
- The winning bid, receives funding and incentives for providing the quickest and cheapest treatment.
- Also, the costs are strictly regulated and beyond a certain amount of expenditure, the visits are free.
- It is thus ensured that no citizen pays more than \$ 300 per year including prescription drugs.
- **Thailand Model (Capitation Fee)** - Under the National Health Security Act, the Universal Coverage Scheme (UCS) covers roughly 75% of the Thai population.
- UCS, which is tax-funded, pays annual capitation fees to hospitals based on how many beneficiaries visit them.
- Public and private hospitals are treated on a par, and the beneficiary chooses where she goes.
- **Canada Model (Fixed Charges, Govt Reimbursement)** - Medicare, which covers all Canadians, is publicly financed and privately run.
- The Canadian Health Act of 1984 allows medical practitioners to only charge fees fixed by governments.
- General Practitioners are a very important link in the healthcare chain and they are paid from tax revenue either by the federal or the provincial government.
- Governments decide fees of primary care physicians and salaries of health professionals.
- The federal government regulates drugs and diagnostics; provincial governments regulate hospitals, private healthcare professionals and private insurance.
- **Germany (Insurance-Based)** - The government-funded Social Health Insurance (SHI) and private insurance cover almost 99% of the population.
  - The government delegates regulation and governance to the SFs and medical providers' associations.
  - The Social Health Insurance is operated by more than 200 competing Sickness Funds (SFs).
  - These are self-governing, nonprofit, non-governmental organisations.
  - And are funded by compulsory wage-based contributions, matched by employers.
  - The patient chooses her SF and provider, who cannot refuse her.

### **The Dilemma on HPV Vaccine**

**In News:**

- A new vaccine against HPV Virus has been proposed for introduction into the Universal Immunization program (UIP).
- But there is considerable opposition for such a move.

#### HPV

- 'Human Papilloma Virus (HPV)' causes penile cancer in men and cervical, vaginal, anal & vulvar cancer in women.
- It can also cause throat or rectum cancer in both men and women.
- The virus is transmitted through intimate contact like - sexual intercourse, oral or anal sex.
- It poses a higher risk for HIV-infected persons, smokers, and people dependent on hormonal contraceptives.

#### Current Status of the Vaccination Drive

- **The Vaccine** - In India, two vaccines namely "Gardasil" & "Cervarix" are available.
- These vaccines protect against almost 90% of genital warts in men and women.
- The HPV vaccine is given thrice within six months to girls aged 9-13 years, before they become sexually active.
- Post-vaccination, a girl should ideally undergo pap smear tests every three years to check for pre-cancerous or cancerous cells.
- **Government Policy** - Punjab and Delhi have already begun vaccination for girls.
- National Technical Advisory Group on Immunization (NTAGI) has proposed the inclusion of these vaccines in UIP for nationwide implementation.
- However, the medical community in India is divided over the vaccine's utility.

#### How prevalent is cervical cancer?

- While globally, cervical cancer is the fourth most frequent cancer in women - among Indian women, it is the second most frequent.
- The number of deaths from cervical cancer annually is 74,000 and India accounts for a third of these deaths.
- Nearly 366 million Indian women aged 15 years and above are at risk from cervical cancer.
- While there has indeed been a fall in the incidences lately, it is still high with 1.32 lakh new cases being diagnosed every year.
- Particularly women from rural areas where sanitation and hygiene standards are low are at a greater risk.

#### Views Opposing HPV Vaccination

- The cost of the vaccine (around 12k per person) and the budget to cover a huge population are the major challenge in India.
- With 6.2 crores Indian girls aged 9-13 years, the cost to the government will be over Rs 56,000 crores.
- Also there is no data to suggest that they comprehensively prevent invasive cervical cancer as evaluation requires long testing periods.
- HPV vaccine has also been found to have side-effects such as regional pain syndrome and neurological problems in some cases.
- Contrarily, India is already witnessing a declining trend in cervical cancer due to better nutrition, hygiene & reproductive patterns.
- Hence, a case for improving these aspects further, rather than expose the entire population to the vaccination holds ground.

#### Views Supporting HPV Vaccination

- 'WHO Global Advisory Committee for Vaccine Safety (GACVS)' had concluded that these HPV vaccines are safe.
- 71 countries had introduced HPV vaccine in their immunization programme for girls and 11 countries included boys too.
- Australia was the first country to introduce HPV vaccination in its school program and now has the lowest level of cervical cancer.
- **Indian Case** - In India there is already enough manpower and cold storage for vaccines.
- Hence, some argue that the prevention cost will be lower than treatment cost.
- As, awareness on prevention of HPV infections and safe sex is low in India, there is a view that it can't be solely relied to fight HPV.

## TECHNOLOGICAL AFFAIRS

### **Draft Space Activities Bill, 2017**

**In News:** The Department of Space has released a draft Space Activities Bill, 2017.

#### **Key Provisions**

- The provisions of the legislation shall apply to every citizen of India.
- And also to all sectors engaged in any space activity in India or outside India.
- **Regulatory mechanism** - The central government is responsible for setting mechanisms and **promoting space activity**.
- This includes exploration and use of outer space, and development of the sector.
- The central government can:
  - grant, transfer, or **terminate licenses** to any person for commercial space activities
  - provide professional and technical support, and authorisation to launch or operate space objects
  - regulate the procedures for conduct and operation of space activity by monitoring the conformity with international space agreements to which India is a party
  - ensure safety requirements and investigate any incident or accident in connection with the operation of a space activity
- **Licences** - A non-transferable licence shall be provided by the Central Government to any person carrying out commercial space activity.
- A license granted by the central government includes -
  - permission for the central government to inspect any space activity and documents related to space activity
  - obligation on the licensee to insure himself/herself against any liability incurred due to any activity authorised by the license
- **Liabilities** - A licensee should compensate the central government against claims brought against the government.
- This would be regarding damages arising out of commercial space activities covered under the license.
- **Penalties** - The draft Bill provides for penalties in case of:
  - unauthorized commercial space activity
  - furnishing false information or documents
  - causing environmental damage
  - entry into prohibited areas
  - disclosure of restricted information
- **Protection** of action taken by the central government i.e. no legal proceedings can lie against the central government with respect to anything done in good faith in pursuance of space activity.
- **IPR** - Intellectual property rights developed during the course of space activity will be protected under the law.
- Further, any intellectual property right developed onboard a space object in outer space will be deemed to be the property of the central government.

#### **Aim of the Bill**

- Currently, space activities are regulated by policies such as the Satellite Communication Policy, 1997 and Remote Sensing Data Policy, 2011.
- The proposed Bill addresses the need for a legal environment for orderly performance and growth of the space sector.
- It aims at encouraging both the public and private sectors to participate in the space programme.
- The Bill specifically facilitates for the participation of non-governmental/private sector agencies in space activities in India.

### IN-SHORT

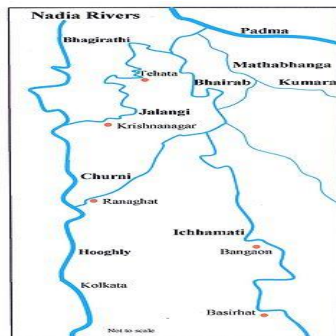
#### **International Tourism Mart**

- It is being organized by the Union Ministry of Tourism in association with North Eastern States.
- This year, the 6<sup>th</sup> International Tourism Mart is organized at Guwahati, Assam.

- It is organised in the North Eastern States on rotation basis.
- The earlier editions of this mart have been held in Guwahati, Tawang, Shillong, Gangtok and Imphal.
- It is organized with the objective of highlighting the tourism potential of the region in the domestic and international markets.
- It will put the spotlight on India's "Act East Policy", blossoming ties with ASEAN and the larger East Asia region.

### Ichhamati River

- It is a transboundary river in West Bengal which flows through India and Bangladesh.
- It forms the international border between India and Bangladesh for 21 kilometres.
- The Mathabhanga River originates in Bangladesh and it bifurcates near Nadia in West Bengal in to Ichhamati and Churni.
- Ichhamati River and its branches form a large oxbow lake complex near Bangaon in North 24-Paraganas district.
- The river is facing the problem of siltation leading to thin flow of water in the dry season and floods in the rainy season.



### Intangible Cultural Heritage of Humanity

- The convention for the safeguarding of the Intangible Heritage was adopted by UNESCO in the year 2003.
- It acknowledges cultural heritage also encompasses tradition and living expression in addition to tangible places, monuments and objects.
- The 12<sup>th</sup> session of Intergovernmental committee for the safeguarding of the Intangible Heritage is being held at South Korea.
- In this session, the committee has added "KumbhMela" as an intangible heritage.
- KumbhMela is the largest congregation of pilgrims in the planet, held once in every 12 years in 4 places - Haridwar, Allahabad, Ujjain and Nashik.
- It represents a syncretic set of rituals related to worship and ritual cleansing in holy rivers in India.
- It is the third inscription to the list in the two years following the addition of "Yoga" and "Norouz" last year

### Other Intangible cultural Heritage from India

- Ramlila- the traditional performance of the Ramayana
- Kutiyattam, Sanskrit theatre
- Tradition of Vedic Chanting
- Ramman, religious festival and ritual theatre of the Garhwal Himalayas.
- Chhau dance
- Kalbelia folk dance and songs of Rajasthan
- Mudi yettu, ritual theatre and dance drama of Kerala.
- The Buddhist chanting of Ladakh
- Sankirtana -the ritual singing, drumming, and dancing of Manipur
- The traditional brass and copper craft of utensil making among the Thatheras of Jandiala Guru, Punjab.
- Yoga and Norouz

### World Heritage Tag



- The Telangana government is planning to send a proposal to UNESCO to get “World Heritage Site” tag for Hyderabad.
- Monuments which will be included in the file are Charminar, Golconda and QutbShahi Tombs.
- Charminar was built by MuhammedQuliQutb Shah, the 5th Sultan, QutubShahi Dynasty in 1591.
- Golconda fort was first built by kakatiya dynasty and later ceded to Bahmani sultanate in 1364.
- QutbShahi dynasty of Bahmani sultanate expanded the fort which was finally came under Mughal ruler Aurangazeb.
- QutbShahi tombs are located in Ibrahim Bagh close to Golconda fort.

#### **SAICON 2017**

- SAICON is the first international conference on sports medicine and sports sciences.
- The 3-day conference is being organized by sports authority of India.
- Its objective is to promote scientific temperament in the country and inspire students, researchers and educationists to take up sports science and research to the next level.

#### **Intensified Mission Indradhanush (IMI)**

- Mission Indradhanush (MI) was launched to vaccinate children against life threatening diseases.
- It focuses on unvaccinated and partially vaccinated children in the pockets of low immunization coverage in high risk and hard to reach areas.
- IMI aims to reach each and every child under two years of age and all those pregnant women who have been left uncovered under the routine immunisation programme.
- IMI focus on 190 districts across 24 states with an objective of 90% full immunization coverage in those areas by Dec, 2018.
- IMI was launched in Oct, 2017 at Vadnagar, Gujaarat.
- Vaccines against Tuberculosis, Poliomyelitis, Hepatitis B, Diphtheria, Pertussis, Tetanus and Measles are provided in all covered areas.
- In few selected states and districts, vaccines are also provided against Haemophilusinfluenzae type B and Japanese Encephalitis.

#### **Operation Sahayam**

- It is an Indian Navy exercise for undertaking search and rescue operation and providing Humanitarian and Disaster Relief (HADR) in the south east Arabian Sea and Lakshadweep islands in the aftermath of Cyclone OCKHI.

#### **Global Compact for Migration**

- It is the first intergovernmental negotiated agreement under the auspices of UN to cover all dimensions of migration.
- The agreement was signed in the UNGA by adopting a non-binding political declaration “New York Declaration for Refugees and Migrants” in 2016.
- The declaration pledged to uphold the rights of refugees, help them resettle and ensure they have access to education.
- All the 193 member countries of UNGA became the part global pact for migration.
- It is framed consistent with target 10.7 of the 2030 Agenda for Sustainable Development.
- Under the agenda, member States committed to cooperate internationally to facilitate safe, orderly and regular migration.
- United States has recently withdrawn from this pact, saying that the declaration is inconsistent with its policies.

#### **Trachoma**

- It is a chronic infective disease of the eye and a leading cause of corneal blindness in India, affecting young children.
- It is caused by poor environmental and personal hygiene and inadequate access to water and sanitation.
- According to the National Trachoma Survey Report (2014-17), India has become free from Trachoma with an overall prevalence found to be only 0.7%, much below the criteria set by WHO.
- According to WHO, active trachoma is considered eliminated if the prevalence of active infection among children below 10 years is less than 5%.
- Trachoma is no longer a public health problem in India.

- The disease is found to be affecting the population in certain pockets of north Indian states like Gujarat, Rajasthan, Punjab, Haryana, Uttar Pradesh and the Nicobar Islands.

#### **World's largest free-trade Agreement**

- The **European Union and Japan** concluded negotiations on a free-trade deal to create the world's largest open economic area.
- It will remove EU tariffs of 10 per cent tariffs on Japanese cars and the 3 per cent rate typically applied to car parts.

#### **Bodhi Parva**

- It is a BIMSTEC Festival of Buddhist Heritage held recently in New Delhi.
- It is celebrated as a part of 20<sup>th</sup> anniversary of BIMSTEC.
- It involves exhibition of international and Indian Buddhist art and architecture, discourses by eminent scholars of Buddhism, screening of film on Buddhism, dance and music performances etc.
- It will help in building an awareness of BIMSTEC's rich and common heritage.

#### **Waste management and pollution exchange platform**

- India is set to launch its first waste management and pollution exchange and trading platform.
- London based leading provider of exchange technology will collaborate with the Centre for Ganga River Basin Management and Studies (CGanga) will to launch this Platform.
- It will address the waste management and pollution related problems in the Ganga river basin, which is a part of the Ganga clean-up initiative.
- The exchange solution will include technology to deliver market data, warehouse receipts, finance and trading, including auctions, quoting and continuous trading facilities.

#### **CGanga**

- CGanga is the new think-tank formed under the aegis of NMCG (National Mission for Clean Ganga).
- Its stated objectives is to make India a world leader in river and water science.
- It is responsible for introducing new technologies, innovations and solutions into India.
- The Centre is headquartered at IIT Kanpur and represents leading science and technological institutes of the country.

#### **Day Zero**

- Weekly reports on water levels in the dams that supply Cape Town capital of South Africa, terms "Day Zero".
- It is the day when most taps could stop running and in South Africa it is expected to probably arrive in May 2018.
- The severity of the crisis, brought on by three years of poor rains and surging water demand.
- In a bid to curb water consumption, the city has banned residents from watering their gardens and washing their cars, shut most public swimming pools.

#### **Polyamory**

- It is a practice of engaging in multiple sexual relationships with the consent of all the people involved.
- Its definition is often expanded as consensual, ethical, and responsible non-monogamy which is different from polyandry and polygamy.
- The polyamorous group or Polycules is committed to every one of its members, mentally and physically.
- This society is distantly related to the Gond people, an indigenous tribal people still living in central India.

#### **Excitonium**

- Scientists have proven the existence of new form of matter called Excitonium, which was first theorised almost 50 years ago.
- There are five known phases of matter - solids, liquids, gases, plasma and Bose-Einstein condensates, Excitonium is a condensate.
- Excitonium is made up of particles known as excitons, which are made from an escaped electron.
- Excitonium exhibits phenomena like a superconductor.

#### **Mi-8**

- Mi-8, also known as Pratap, is a helicopter served the IAF since 1969.
- It is commonly used as a transport helicopter and as an airborne command post, an armed gunship.

- It has served the IAF in mainland India and the island territories of Andaman & Nicobar and Lakshadweep islands.
- It has been deployed in various operations such as IPKF operation in Sri Lanka, UN Mission in Congo, Siachen etc.
- The Indian Air Force is phasing out the Mi-8 helicopters.

#### **Degradation of Plastic Bags**

- A recent study has found that the plastic wastes which find its way to ocean are being shredded by marine organisms into microplastics.
- The marine wildlife is actually contributing to the spread of microplastics within the marine environment.
- A marine organism “Orchestia Gammarellus”, an amphipod found in the coastal areas of Northern and Western Europe involved in breaking up of the plastic bags into microplastics.
- Scientists examined the rate at which plastics were broken down by the marine organism.
- They also found that the type of plastic such as conventional, degradable and biodegradable had no effect on the rate of ingestion by the organism.
- Amphipod – They are microscopic Crustaceans inhabiting all parts of the sea, lakes, rivers, sand beaches, caves, and moist (warm) habitats on many tropical islands.

#### **Asset Stripping**

- It refers to the practice of buying an ongoing business with the aim of selling off its individual assets to buyers in the open market.
- It usually happens when a business as an ongoing entity is no longer able to operate profitably and add value to its existing shareholders.
- Instead of incurring even more losses, it might be a better option for the shareholders to simply sell off its assets and realize its value.

#### **Central Industrial Security Force (CISF)**

- It is a paramilitary force that works under the command of the Union Home Ministry.
- The CISF security consultancy wing was raised in 1999 which provide expert advice over 150 institutions such as IITs, IIMs, RBI etc.
- It earns revenue through this service by charging consultancy fee.
- Recently, it has extended its special consultancy wing services to the schools across the country to protect school children.
- It will provide security suggestions to organizations and agencies to strengthen safety and security features.

#### **Hambantota Port**

- Hambantota port is located in southern province of Sri Lanka.
- It was formally handed over to China on a 99-year lease.
- The lease is accordance to repay the \$8 billion loan that the country owes to China.
- China Merchants Port Holdings Company and the Sri Lanka ports Authority will own the port and the investment zone around the port.
- The port city is twinned with Chinese city of Guangzhou since 2007.
- Twin towns are a form of legal or social agreement between towns, cities, provinces, regions, states, and even countries in geographically and politically distinct areas.
- It is intended to foster friendship and understanding between different cultures as an act of peace and reconciliation and to encourage trade and tourism.

#### **Laqshya Initiative**

- Government of India has recently launched Laqshya - Labour Room Quality Improvement Initiative.
- Its objective is to reduce preventable maternal and new-born mortality, morbidity and stillbirths by improving the quality of care provided in the labour room.
- It will be implemented in Government Medical Colleges besides District Hospitals, and Sub-District Hospitals and Community Health Centres.
- The initiative plans to conduct quality certification of labour rooms and also incentivize facilities achieving the targets outlined.

#### **First NIC-CERT**

- National Informatics Centre (NIC) provides nationwide common ICT infrastructure consisting of national and state “Data Centres” to support e-Governance services to the citizen.

- National Knowledge Network (NKN) has been set up to connect institutions/organizations carrying out R&D, Higher Education and Governance with speed of the order of multi Gigabits per second.
- Computer Emergency Response Team (CERT) is under the Ministry of Electronics and Information Technology.
- It has been designated to serve as the national agency to collect, analyse and disseminate information on cyber incidents.
- Country's first NIC-CERT has been recently setup that will monitor, detect and prevent cyber attacks on government networks
- It uses various tools to gather intelligence to identify vulnerabilities and possible exploits thereby predicting cyber incidents.

#### **Ranganadi Hydroelectric Dam**

- It is the Run-of-the-River (ROR) dam constructed on Ranganadi River in Arunachal Pradesh.
- ROR is a type of hydroelectric generation plant whereby little or no water storage is provided.
- Substantial flooding of the upper part of the river is not required for run-of-river projects as a large reservoir is not required.
- It does not require the formation of a reservoir thus eliminating the methane and carbon dioxide emissions.
- The Emissions are generally caused by the decomposition of organic matter in the reservoir of a conventional hydro-electric dam.

#### **Methanol Blending with Petrol**

- It is a liquid chemical which is made from the destructive distillation (pyrolysis) of wood and is chiefly synthesized from carbon monoxide and hydrogen.
- Its principal uses are in organic synthesis, as a fuel, solvent, and antifreeze.
- It is also used to produce biodiesel via transesterification reaction.
- Government will soon announce a policy which calls for 15 per cent blending of methanol in petrol to make it cheaper and also reduce pollution.

#### **Diphtheria**

- Bangladesh has recently launched vaccination drive for Rohingya children against Diphtheria after suspected outbreak kills nine refugees.
- Diphtheria is a highly contagious respiratory disease caused by the **bacterium** Corynebacterium diphtheria.
- It primarily infects the throat and upper airways, and produces a toxin affecting other organs.
- The toxin causes a membrane of dead tissue to build up over the throat and tonsils, making breathing and swallowing difficult.
- The disease is spread through direct physical contact or from breathing in the coughs or sneezes of infected individuals.
- It can be fatal if left untreated, but has become increasingly rare in recent decades due to high rates of vaccination.
- Diphtheria vaccine is a bacterial toxoid, ie a toxin whose toxicity has been inactivated.

#### **ASEAN – INDIA Connectivity Summit**

- The summit is being organized by the Ministry of External Affairs in partnership with Confederation of Indian Industry (CII).
- The summit with the theme “Powering Digital and Physical Linkages for Asia in the 21st Century” was held in New Delhi.
- Vietnam and Cambodia has participated from the ASEAN side.
- The summit focuses on developing strategies to enhance economic, industrial and trade relations between ASEAN and India.
- It aims at accelerating prospects through Infrastructure, Roadways, Shipping, Digital, Finance, Energy and Aviation.

#### **Merchant Discount Rate**

- MDR is the fee a merchant pays to Bank for providing debit and credit card services.
- It compensates the bank issuing the card, the bank which puts up the swiping machine (Point-of-Sale or PoS terminal) and network providers such as Mastercard or Visa for their services.
- The charges are usually shared in a pre-agreed proportion between them.
- RBI specifies the maximum MDR charges that can be levied on every card transaction.

- As per RBI rules, the merchant must pay the MDR out of his earnings and cannot pass it on to the customer.
- As per the recent RBI notification, with effect from January 2018, small merchants will pay a maximum MDR of 0.40 per cent of the bill value and others will pay 0.90 per cent.
- RBI has also set a monetary cap at Rs. 200 per bill for small merchants and Rs. 1,000 for large ones.
- Small merchants are defined as those with a turnover of up to Rs.20 lakh in the previous year.

### Retail Inflation

- Retail inflation is measured by Consumer Price Index (CPI) with 2012 as the base year.
- CPI is a measure that examines the weighted average of prices of a basket of consumer goods and services that are consumed by the average consumer.
- It is calculated by taking price changes for each item in the basket of goods.
- It is released by Central Statistics Office in 3 categories such as CPI rural, CPI urban and CPI combined.
- CPI combined rises by 1.30 per cent in November to 4.88 over the previous month.

#### All India Inflation rates (%) based on CPI (General) and CFPI

Indices	November 2017 (Prov.)			October 2017 (Final)			November 2016 (Final)		
	Rural	Urban	Comb.	Rural	Urban	Comb.	Rural	Urban	Comb.
CPI (General)	4.79	4.90	4.88	3.36	3.81	3.58	4.13	3.13	3.63
CFPI	4.11	4.90	4.42	1.75	2.13	1.90	2.79	0.75	2.03

Notes: Prov. – Provisional, Comb. - Combined

### Institute of Eminence

- Government has recently approved the enabling regulatory architecture for Institutions of Eminence to enable them to reach top 100 in world institutions ranking.
- Institutions of Eminence comprise 10 public and 10 private educational institutions.
- They have complete freedom to decide the curricula, hire domestic and foreign faculty and fix a fee structure of their choice.
- These institutions are expected to make into top 500 world rankings in a decade.
- The institutions which are among top 50 in the National Institute Ranking Framework are allowed to apply for this scheme