

CURRENT AFFAIRS – DECEMBER 2017

POLITY, GOVERNANCE AND PUBLIC POLICY

National Crime Records Bureau Report

In News: The National Crime Records Bureau has released its latest report on the data for the year 2016.

NCRB

- National Crime Records Bureau is an attached office of the Ministry of Home Affairs.
- It was established in 1986 with a mandate to empower Indian Police with information technology solutions and criminal intelligence.
- It must be noted that the NCRB figures merely reflect the number of crimes registered by the police.
- These may or may not reflect the actual situation on the ground as generally well-policed states have a high crime rate as the police ensure the registry of all cases.

Key Highlights

- **Children** - There is an overall increase in crimes against children.
- The all-India rate for crimes against children stood at 24.
- The *rate of crimes* against children was the highest in Delhi, followed by Chhattisgarh and Madhya Pradesh.
- Among cities, Delhi and Mumbai accounted for a major chunk of the offences against children.
- Particularly, the year 2016 has registered a sharp spike (of nearly 80% compared to 2015) in cases of rape against children.
- The highest rise in numbers has been registered in Uttar Pradesh where the figures have tripled.
- Notably, this is for the first time that such a sharp increase in sexual assaults on children has been registered.
- The most numbers of rape cases under IPC and POCSO were reported in Maharashtra, Odisha, MP, UP, and Tamil Nadu; the latter three have registered very high increases compared to last year.
- **Women** - The year 2016 has registered an overall rise of about 3% in crimes against women.
- Strikingly, incidents of rape against women have risen far more sharply than other crimes against women, recording a rise of about 12%.
- The highest number of rapes has been reported from MP, UP and Maharashtra.
- The majority of cases categorized as crimes against women were reported under 'Cruelty by husband or his relatives'.
- West Bengal, Rajasthan and UP have reported the highest number of incidents of 'cruelty by husband'.
- Other crimes include Assault on woman with intent to outrage her modesty, Kidnapping and abduction, Rape, Voyeurism, Stalking, etc.
- In terms of rate of crime against women Delhi reported the highest compared to the national average rate.
- It is followed by Assam, Odisha, Telangana and Rajasthan.
- Among cities, Delhi topped the charts again, followed by Lucknow, Jaipur, Patna and newly, Nagpur.
- **Dalits** - Data on crimes against Dalits draws a distinct pattern of similarity between rural and urban spaces.
- This breaks the prevalent notion of blurring caste lines in urban spaces.
- City-wise data on atrocities against Dalits shows that a major chunk of crimes against Dalits involves the violation of women.
- Uttar Pradesh has recorded the highest number of crimes against women among dalits.
- It was highlighted that crimes against Dalits were not solely registered under sections of the SC/ST (Prevention of Atrocities) Act.
- Cases are categorised and registered under the usual Indian Penal Code, denying the rights offered under exclusive legal mechanisms.

- Coimbatore (TN), Kolkata and Chennai have witnessed the least number of cases of caste atrocities in 2016.
- Kanpur, Ahmedabad, Ghaziabad were, however, in the top ten cities where the maximum number of caste atrocities were registered.
- Lucknow has witnessed a fourfold increase in instances of crimes against Dalits since 2014.

Rate of crime

- It calculates incidents per one lakh people of the population.
- Thus it is a better determinant for the prevalence of a crime in a particular region.

The Findings Call For

- **Police Reforms** - Basic issues such as modernizing the police, recruiting the right candidates and teaching them to uphold human rights should be given priority.
- The orders of the Supreme Court on police reforms issued in 2006 will have to be implemented in letter and spirit by all States.
- The police forces should comply with the directions of recording crimes with greater sensitivity.
- Genuine measures for a more transparent and socially accountable Ministerial superintendence over the police should be put in place.
- This would help eliminating the political interference in criminal justice delivery system and raise public confidence in its working.
- **Urban** - It is often argued that urban India, being a melting pot of communities and identities, is less oppressive towards Dalits.
- However, the data on atrocities against Dalits has proven this long-held view wrong.
- As, urban centers reflect to a large extent the social mores and power relations of rural hinterlands, instead of being an accommodative society.
- Evidently, Lucknow and Patna top the list of cities that have reported the highest percentage of atrocities against Dalits.
- Also, there is a distinct urban geography for violence against women.
- Evidently, Delhi and Mumbai have turned out to be the least safe cities for women.
- A progressive Constitution and numerous laws have empowered the Dalits, but these have not ended caste discrimination.
- In fact, the politicization and empowerment of the Dalit community has resulted in a backlash with counter-mobilizations.
- This is certainly by communities that are reluctant to give up their social, economic and political privileges.
- **Social development** - Last year's data indicate that there is a rise in the number of cases involving juveniles.
- Social development should thus be seriously focused as an instrument of reducing the crime rate.
- A focused programme to universalize education and skills training would potentially keep juveniles from coming into conflict with the law.

Gender Gap Report - India

In News: The Global Gender Gap Index, 2017 was released recently by the World Economic Forum (WEF).

Gender Gap Report

- The Global Gender Gap index ranks countries on how they are faring to bring gender equality in four broad areas.
- They are education, economics, health and politics.
- The index lies between 0 and 1, with 1 denoting complete parity and 0, complete inequality.
- **Drawbacks** - It is important to note that this index focusses on gender gaps i.e. position of women relative to men.
- It is not an indicator of the absolute position i.e. women's empowerment.
- Also, it doesn't include everything that matters for gender equality, but focusses only on a few key measures.

Key Findings

- **India has been ranked 108 out of 144** countries in the recent report.
- This is a fall of 21 places from the last year's 87, and India's lowest since the index was developed in 2006.
- **Health** - India fares relatively poor in "health and survival" and is in the bottom four.
- This is largely due to the losing battle against a falling sex ratio at birth and the lack of access to healthcare.

- Poor indicators of maternal health including ante-natal care are also the causes.
- **Economic Opportunity** - “Economic participation and opportunities for women” is another area where India shows lackluster performance.
- It includes three indicators:
 - participation gap (difference in labour force participation)
 - remuneration gap (ratio of estimated female-to-male earned income, as well as a qualitative indicator about wage equality for similar work)
 - advancement gap (ratio of women to men among legislators, senior officials and managers, technical and professional workers)
- Notably, despite gains in education, women’s work participation rate stands at an abysmal 27 per cent.
- The report highlights that even when women earned, they were paid around 60% less than men for similar work done.
- Around 65% of the work done by women in India is unpaid labour like those at home, in the fields and in childcare.
- Despite non-discriminatory laws, women's participation in publicly traded companies and in Research and Development roles is poor.
- Low financial inclusion for women in formal institutions is another serious problem.
- **Education** - India has fared slightly better at 112 of 144 countries in education.
- This is a result of efforts at narrowing the gap in enrolment in primary and secondary education across most states in India.
- Also, as a country, India is slowly closing the gap in tertiary (higher) education.
- India also witnesses a less gender difference in science graduation rates.
- However, there is over-representation of women in Social Sciences, Journalism, etc and under-representation in Engineering, Manufacturing, Construction subjects, etc.
- **Political Empowerment** - The measure identifies gender gaps in the highest level of political decision-making.
- It includes the ratio of women to men among ministers, among parliamentarians, and in terms of years in executive office (president or prime minister) over the last 50 years.
- Having women as heads of state in the last decades is a positive factor for India.
- However, the report finds that only 12% of legislators in India are women.

Way Forward

- The findings suggest that at this rate, it would take centuries to close the wide gap between Indian men and women.
- It brings out that nearly two decades of economic progress had not led to commensurate strides in women’s lives.
- There is a serious need for re-assessing the ongoing schemes by the governments in this regard.
- Gender equality has to be mainstreamed into economic policymaking.
- It is vital that the government reinvest more heavily in the nutrition and health of women.
- Greater participation of women in the workforce and especially in leadership roles is crucial for a developed and gender-just society.
- Clearly, laws alone are inadequate in instituting reforms.
- Concerted efforts on the parts of organizations to hire more women and overcoming the stereotypes in the social realm are needed.

SC Rules on Road Safety

Context

- The Supreme Court recently pronounced its verdict on a PIL regarding road safety.
- The order despised the apathy over enforcing road safety rules.

Court's Earlier Directions

- The periodic directions of the Supreme Court have not produced any dramatic change in the official attitude.
- Even the setting up of the “Committee on Road Safety” by the court to help implement its recommendations hasn’t brought good results.
- Currently, in its order passed for a PIL, the court provided for actionable points with deadlines for implementation.
- Importantly, all states and union territories have been asked to announce a “Road Safety Action Plan” by March 2018.

- A “Road Safety Fund” in all states and UTs has also been mandated, the corpus for which would come from traffic fines collected.

Structural Flaws

- The absence of a scientific approach to accident investigation in India remains a major factor in fixing responsibility.
- Other than the failed attempt to create a “National Road Safety & Traffic Management Board”, no effort has been made in this regard.
- The current SC orders also provide a road map to States to form District Road Safety Committees under the District Collectors.
- This should ensure that someone is accountable when citizens file complaints on hazardous conditions.

Challenges

- Around 1.5 lakh people died in accidents in 2016, which represents a 3.2% rise over the previous year.
- The most effective measure to keep roads safe is enforcement of rules with zero tolerance to violations.
- While stringent penalties are being called for, even the existing minor penalties are not being imposed.
- Also, road conditions remain hazardous due to poor engineering.
- Notably, only half of the accidental death victims had received insurance compensation.
- All these are proof of the indifference in the system, and there is hence a need to make the system more responsive and responsible.

Cattle Ban Notification Withdrawn

In News: The government withdrew its notification banning the sale of cattle for slaughter in cattle markets.

About the Notification

- The Centre had amended the Prevention of Cruelty to Animals Act in May 2017.
- It laid out conditions under which cattle could be sold in the markets.
- According to the notification cattle can be sold only after sellers formally stated that the animals had not been “brought to the market for sale for slaughter”.
- Buyers would also have had to verify whether they are agriculturalists.
- Buyers should declare that they would not sell the animals for 6 months from the date of purchase.
- The notification had defined cattle as a bovine animal “including bulls, bullocks, cows, buffalos, steers, heifers and calves as well as camels.”

Rolled Back of Notification

- The government justified that the notification was a follow up to the SC’s directive to the government to form an inter-ministerial committee to recommend ways of preventing cattle smuggling.
- But the notification had led to a furor among animal traders and farmers as it impacted their business.
- Farmers said that they cannot directly access slaughterhouses to sell redundant cattle and this notification denies them the access to the market.
- The curbs were also seen as a double blow given the continuing attacks by cow vigilantes.
- The Madras High Court stayed the order.
- Subsequently the Supreme Court extended the stay to the whole country.
- Following this the government suggested that it was about to come up with amendments.
- But now it has withdrawn it.

Courts Gagging the Media

In News:

- A special CBI Court recently issued a gag order prohibiting the press from reporting on the court proceedings of a fake encounter case.
- In another case, Allahabad High Court gagged the media from reporting on an ongoing case concerning hate speech by the CM of Uttar Pradesh.

Justification:

- The orders were enabled by the Supreme Court itself.

- In 2012, the Supreme Court held that in certain circumstances, courts could pass “postponement orders” barring coverage of specific judicial proceedings.
- The court framed the issue as requiring a balancing of two competing rights: the right to free speech, and the right to a fair trial.
- Observing that sometimes excessive publicity could jeopardise a fair trial, the court held that to the extent it was reasonable and proportionate, “prior restraints” on court reporting could be imposed.
- Allahabad High Court cited that the media reports court proceedings inaccurately to justify the gag order.

Is the Justification Fair?

- In a Jury system, guilt or innocence is decided by a jury of twelve who do not possess specialised legal training
- The idea that “media trials” might distort the outcomes of cases makes sense only in such a system.
- In India we abolished jury trials more than 40 years ago, and it is judges now who decide cases.
- Judges, by definition, are not only supposed to apply the law but also have to have the relevant training and temperament to be regardless of the public.
- The 2012 SC order also failed to adequately limit the kinds of cases in which these exceptional “postponement orders” could be passed.
- It also failed to limit the duration for which they could be passed.
- This has given ample space for abuse as happened in the recent orders.

Way Forward

- Media misreporting of court proceeding can be rectified by making the written transcripts and recordings of court proceedings available to the public.
- In some situations, a temporary halt on reporting could be justifiable.
- But the bar should be limited to a single hearing, and only in the most exceptional of situations.

ECONOMIC AFFAIRS

Self-sufficiency in Urea

Context:

- Urea is getting to be the most consumed and heavily import-dependent fertilizer.
- It is thus essential to achieve self-sufficiency in this sector by boosting domestic production and curbing its superfluous consumption.

Government Efforts

- **Production** - A New Urea Policy was launched in 2015 focusing specifically on maximizing domestic output, promoting energy efficiency in production and rationalizing subsidies.
- It offered incentives to fertilizers units to produce more than their reassessed capacities.
- Supplementary measures like allowing few plants to continue production using naphtha as feedstock till they get assured gas supply were taken.
- A new gas pooling policy has been put in place to supply gas to all urea units at uniform rates.
- **Curbing extravagant use** - Unregulated use of urea and diversion to non-agricultural activities are getting to be concerns for crops and the environment.
- The governmental measures in this regard include:
 - Neem-coating of urea - to be applied in relatively smaller doses to get the same crop yields; also, it is unfit for non-farm use.
 - Smaller Packages - packing of urea in 45 kg bags, instead of usual 50 kg, to economies on its use because number of bags per hectare is the count for farmers.
 - Soil health cards - to recommend the laboratory test-based exact doses of different fertilizers needed for each farm holding.

Outcomes

- Flawed official policies and inordinate delays in subsidy reimbursement to the industry kept fresh investments in abeyance.
- However, a series of reform-oriented steps in the last few years have altered the investors’ outlook on urea.
- Notably, annual growth rate of indigenous production is optimistic and imports are also shrinking.

- Furthermore, the government and public sector fertilizer units are planning to spend on renovation and modernization of existing plants and revival of closed fertilizer factories.
- Despite these positive outcomes, there is a need to bring urea under the nutrient-based subsidy regime.
- This is essential to ensure a balanced use of the three major plant nutrients (nitrogen, phosphate and potash) to maintain soil fertility.

Contributions of Indian Pharma Sector

In News:

- Indian Pharma Sector has contributed largely to India.
- But regulatory improvements are needed to enhance innovation.

Contribution

- India was a net importer of drugs in the 1950s.
- Today, it is the eighth largest pharma market in value terms globally and is expected to touch \$55 billion.
- Pharma exports are expected to touch \$30 billion by 2020.
- It is the fourth largest contributor to Indian exports.
- It also top ranks as the fastest growing export contributor amongst the top 10 export categories over the last five years.
- The industry has generated employment for 2.5 million people - a 50% increase in the last five years.
- 60% of the world's vaccines coming from India.
- The largest numbers of FDA approved plants outside the US are from India and Indian pharma companies have more than 20 per cent of the prescription market share in the US.
- 'Make in India' and strengthening the innovation eco-system in India can have a far reaching impact.

Critical Areas Need To Be Focus

- Brand India, in manufacturing and innovation, should be actively promoted.
- We need to work as per the global benchmarks of quality.
- The perceptions of quality and supply reliability should be improved especially in the US markets.
- Newer global markets should be explored.
- The regulatory environment should be streamlined with clear and stable guidelines.
- The cost advantage that we have should be sustained.
- An innovation eco-system should be built.

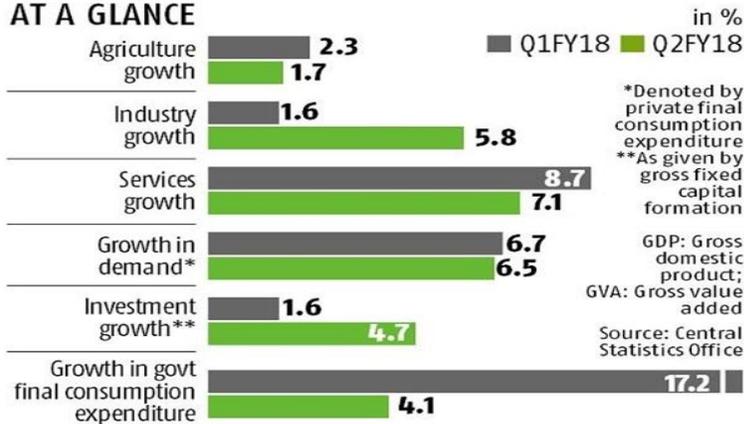
Economic Rebound

In News: Central statistics office (CSO) data reveals GDP grew 6.3 per cent in the July-September quarter.

Implication of GDP Estimates

- The 6.3% is higher than the 5.7 per cent GDP growth in the April-June quarter, but lower than the 7.5 per cent growth in the second quarter of last fiscal.
- Gross value added (GVA), which is summation of agriculture, industry and services, also grew to a three-quarter high of 6.1 per cent compared to 5.6 per cent in the previous two quarters.
- The Q2 growth numbers place the government in a better position with respect to spending to spur economic activity.

AT A GLANCE



Cause of Rebound

- GDP data shows that the impact of Demonetisation and GST has worn off.
- It marks a reversal and is driven by manufacturing, and investment growth, supported by strong growth of refinery products and steel output.
- Manufacturing activity pushes up GDP growth, investments grow by 4.7% in Q2.
- Global rating agencies have upgraded India's sovereign credit rating for the first time in 14 years on account of progress in economic and institutional reforms boosting growth potential.

Concern

- Q2 GDP growth may have been underestimated due to lack of adequate data on GST collections and sales tax.
- While investment grew 4.6 per cent in Q2 compared to 1.6 per cent its share in GDP fell to 27.5 per cent from 29.9 per cent in Q1.
- While manufacturing grew 7 per cent in the second quarter against 1.2 per cent in the first, services sector growth showed a significant decline to 7.1 per cent from 8.7 in the previous quarter.
- None of the segments grew in double digits though trade, hotel, transport, etc. services rose 9.9 per cent, albeit lower than 11.1 per cent in the previous quarter.
- Agricultural growth fell to 1.7 per cent in Q2 from 2.3 per cent in the previous quarter because of a sharp decline in the production of foodgrains during the kharif season.
- Small and medium enterprises and exporters, however, continue to face return-filing issues and working capital constraints due to a slow release of refunds.
- The Economic Survey had forecast GDP growth for the fiscal year in the range of 6.75-7.5 per cent, but its second volume later said that 7.5 per cent might be difficult to achieve.

Infrastructure Status to Logistics Sector

In News: The government has recently granted infrastructure status to the Indian logistics sector.

Key Factors

- India is home to leading industries such as automotive components, pharmaceuticals, cement, textiles, FMCG and e-commerce.
- Their operations depend hugely on warehousing and logistics.
- But India is ranked 35 out of 160 countries on the World Bank's Logistics Performance Index (LPI).
- The logistics spend in India also is almost 13% of the GDP, compared to well below 10% for the advanced countries.

Provisioning

- Logistics Infrastructure is included by insertion of a new item in the renamed category of Transport and Logistics.
- It will include
 - Multi-modal Logistics Park comprising Inland Container Depot (ICD) with minimum investment of Rs. 50 crore and minimum area of 10 acre.
 - Cold Chain Facility with minimum investment of Rs.15crore and minimum area of 20,000 sq. ft.
 - Warehousing Facility with investment of minimum Rs. 25 crore and minimum area of 1 lakh sq ft.

Significance

- It includes the logistics sector in the master list of infrastructure sub-sectors under a new head 'Transport and Logistics'.
- Minimum investment and area requirements to get the infrastructure tag for each category like multi-modal logistics park, cold chain facility and warehousing facility have been clearly defined.
- **Easy Credit** - This makes it easier for companies operating within these segments to raise long-term credit from banks and other financial institutions at lower rates.
- The inclusion also makes it easier for logistics companies to -
 1. Access larger amounts of funds as External Commercial Borrowings (ECB)
 2. Access longer-tenure funds from insurance companies and pension funds
 3. Be eligible to borrow from India Infrastructure Financing Company Limited (IIFCL)
- It also helps attract foreign investments.
- **Lower cost of logistics** - This also means that development firms with larger land parcels can utilize their excess land holdings to develop more infrastructure facilities, thereby boosting the supply of warehousing facilities.
- The coupled with easier access to capital will eventually bring down the cost of logistics.
- The LPI measures the state of trade and logistics based on parameters like customs, infrastructure, international shipments, logistics quality and competence, tracking and tracing and timeliness.

Impediments

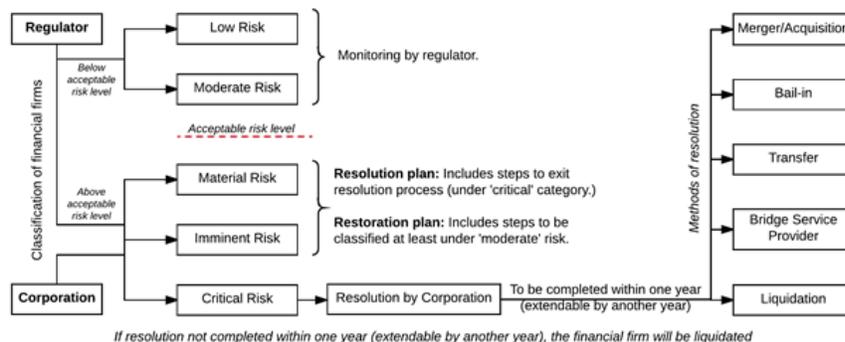
- An inadequate road network and losses that occur during transportation are huge problems.
- Improvement of India's road infrastructure at a much faster pace is critical to minimize losses, both economic and environmental.

The Financial and Deposit Insurance Bill

In News: FRDI Bill was introduced in Parliament during Monsoon Session 2017.

Key Factors 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.

Existing Method

- The Deposit Insurance and Credit Guarantee Corporation (DICGC) is an RBI subsidiary, established in 1971.
- In case a stressed bank had to be liquidated, the depositors would be paid through DICGC.
- It insures all kinds of bank deposits up to a limit of Rs. 1 lakh.
- It is mandatory for banks to pay a sum to the DICGC as insurance premium.
- Currently, the Deposit Insurance and Credit Guarantee Corporation (DICGC) provide 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

- It has raised concerns among depositors on how they would be repaid in case of liquidation of banks.
- The proposed Bill seeks closure of the DICGC, as the credit guarantee will be taken care of by the Resolution Corporation.
- The Resolution Corporation is empowered to monitor financial firms, calculate stress and take corrective actions in case of a failure.
- 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 does not specify the fixed insured amount to be paid by the bank to the resolution corporation.
- It does not even specify the amount a depositor would be paid in case of liquidation.
- It is given that corporation may decide on the compensation in case of any bank failure, which could well be less than Rs. 1 lakh.
- It also proposes 'bail-in' as one of the methods to resolution, where the banks issue securities in lieu of the money deposited.
- In the past, the bail-in efforts had largely worked against depositors.
- The ambiguities on how the depositors would be repaid needs to be addressed.
- Thus, there is a need to enhance insurance cover on deposits which should ideally continue to be managed by the RBI.

Future Trading of Crypto-Currencies

In News: Two futures exchanges in the US gave the green light to list Bitcoin futures.

Fallout

- It is a significant step in allowing mainstream investors to buy and sell the crypto-currency.
- As a result, Crypto-Currency rocketed around \$11,000, while it was trading just below \$1,000 in January.
- The rupee volume of Bitcoin trades runs at around Rs 125 crore per day and 1.5 million Indians are active Bitcoin traders.
- Other crypto currencies like Ethereum too have shown equally impressive gains
- But it is to be understood that, this is clearly a bubble.
- As more money is chasing this limited supply, prices have risen.
- Such bubbles arise when the market finds it hard to accurately value a new concept.

Traders Response

- They expect that Bitcoin will be recognized as a currency by more nations.
- Currently, only Japan among the G-7 accepts it as a legitimate currency.
- They also expect that more merchants, including e-commerce giants like Amazon and Alibaba, will accept Bitcoin.

Concerns

- Virtual currencies create multiple regulatory concerns.
- Bitcoin is convenient for hawala transactions.
- It can be bought using rupees and sold in euros, dollars, or yen, thus facilitating capital flight.
- Virtual currency-denominated Initial Public Offerings have been launched by many dubious start-ups, which seek to bypass market regulators.
- Bans are impossible to enforce.
- Anybody can just memorize private keys, retain no physical evidence of ownership, and make Bitcoin transactions from any internet connection.
- Most central banks and tax authorities have not even agreed on basic definitions of virtual currencies.
- So they should emulate the Japanese and treat bitcoin as a currency, laying down rules for usage and clarifying tax treatment.

Ethereum

- Ethereum is similar to Bitcoin in the sense that they are both open-source platforms based on blockchain technology.
- These decentralised payment network with its own cryptographic currency, allows anonymous payments without the need for a bank or other third party.
- Ether is the digital currency of the ethereum blockchain and it is the second-largest cryptocurrency after bitcoin.
- But while Bitcoin is limited to using blockchain technology for Bitcoin payments, Ethereum can also be used to build decentralised computational platforms.
- Ethereum technology allows for third party applications, not just the currency, to run on the network.
- It allows a number of apps to be built and it is also being used by start-ups to raise money with initial coin offering.

Initial Coin Offering

Context:

- Globally, there has been a silent boom in ICO fund-raising, with much of the action focused on Europe and North America.
- With global regulators issuing warnings about this sprawling market, it is essential to understand its working and the risks associated with it.

Initial Coin Offering (ICO)

- An Initial Coin Offering (ICO) is used by the startups to bypass the rigorous and regulated capital-raising process required by venture capitalists or banks.
- More accurately known as **token sales**, ICOs are unregulated means of raising money from public investors, to finance a startup.

How does it work?

- When a startup firm wants to raise money through an Initial Coin Offering (ICO), it usually creates a plan on a whitepaper.
- It specifies the following:
 - what the project is about
 - what need(s) the project will fulfill upon completion
 - how much money is needed to undertake the venture
 - how much of the virtual tokens the pioneers of the project will keep for themselves
 - what type of money is accepted
 - how long the ICO campaign will run for
- During the ICO campaign, interested public investors buy some of the distributed cryptocurrencies with fiat or virtual currency.
- These coins are referred to as 'tokens'.
- These are much similar to shares of a company sold to investors in an Initial Public Offering (IPO) transaction.

Different Kinds

- Two kinds of ICOs are active in the market.
- One type raises money to fund a **new virtual currency or blockchain project** that aims to reflect the success of the Bitcoin or Ether.
- These ICOs are attractive with the fact that the tokens can be exchanged for the new virtual currency, once it takes off.
- The other set of ICOs simply raise money to **fund tech startups**.
- Simply, a percentage of the crypto currency is sold to early supporters of the project.
- This is in exchange for legal tender or other crypto currencies, but usually for Bitcoin.
- It represents an informal ownership share in the business they fund.
- The expectation is that the tokens will appreciate in value with the underlying business.

IPOs vs. ICOs

- Essentially, while IPOs deal with investors, ICOs deal with supporters that are keen to invest in a new project.
- The word 'informal' is key to understanding the concept of ICOs.
- In an IPO, the rights in the case of shares bought are legally protected by the elaborate securities market regulations.
- On the other hand, the **legal status** of ICO 'tokens' is uncertain because many countries, including India, haven't yet framed any regulations in this regard.
- Also, companies that raise money through IPOs are required to file and get approval for a detailed prospectus from regulators.
- They are also required to provide ongoing **disclosures to investors**.
- ICOs, however, evade all these rules and simply issue a white paper sketching out business plans.

Suggestion on LTCG exemption

In News:

Bombay Stock Exchange (BSE) submitted its suggestion on **long-term capital gains (LTCG) tax** on equity investments to the union government.

LTCG Tax Exemption

- LTCG are profits on sale of shares on a stock exchange platform after a holding period of at least a year.
- Short-term capital gains (STCG) are profits on sale of shares held for less than 12 months, these are taxed at a flat 15 per cent.
- LTCG is tax-exempt on the sale of listed securities, since 2005.
- LTCG exemption is a great concept as it is aimed at encouraging long-term equity investments, necessary for the economy.
- In lieu of these tax breaks, equity investors are required to pay a securities transaction tax of just 0.10 per cent of the trade value.
- This had made India one of the most liberal markets in this regard.

Recent Suggestion

- Bombay Stock Exchange suggested that benefits related to the long-term capital gains (LTCG) tax on equity investments should be removed to curb market manipulation via the exchange platform.
- Since India has one of the lowest tax collections to GDP ratio within G-20 countries, every effort must be taken to shore up the revenue collection, LTCG taxation could help in this regard.
- Talk of LTCG tax has been doing the rounds in the past few years. It remains to be seen whether the government will muster the courage to do it, as this will be a huge market disruptor

Misused of LTCG

- Securities and Exchange Board of India (SEBI) recently barred 240 entities and individuals for making illicit gains through LTCG tax benefits.
- According to this, the modus operandi used by companies is to make preferential allotments to known entities.
- These shares are locked in for a year if allotted to promoters and for three years if allotted to non-promoters.
- Often allotments are made to 'Benami' entities that are closely linked to promoters but are not classified as such.

- These entities act in concert and use the stock exchange to artificially increase the volume and price of the scrip.
- The BSE's suggestion that the differential tax treatment for listed and unlisted shares be done away with is also a sensible one as that is the only reliable way of curbing tax arbitrage between the two categories of securities.
- The LTCG tax on stock investments in unlisted companies is 20 per cent if the investment in such companies is sold before three years.

Mid-Term Review of Foreign Trade Policy

In News: The mid-term review of the five-year Foreign Trade Policy (FTP), which was rolled out in 2015, was released recently.

Key Highlights

- **Incentives** - Incentives under the Merchandise Export from India Scheme (MEIS) have been raised.
- An increase from 2% to 4% for leather, textiles, agriculture products and carpets has been announced in this regard.
- Service Exports from India Scheme (SEIS) incentive is raised by 2% with a view to boosting services sector exports.
- Also, supplies of goods and services to SEZs to be treated as **zero rated under GST**.
- Import of second hand goods for repair/refurbishing/re-conditioning/re-engineering is made free.
- **Scripts**- Exporters are given **duty exemption scrips** under the FTP, pegged at a certain percentage of the total value of their exports.
- The scrips can be used to pay duties on inputs including customs levies and can also be traded in the market.
- Validity of Duty Credit Scrips has been increased from 18 to 24 months to enhance their utility in the GST framework.
- The GST for transfer and sale of these scrips has been abolished and brought to zero from 12%.
- The Centre has also allowed duty free imports for exports against self-certification.
- **Support systems** - A professional team will be set up to **assist and support exporters** in accessing markets, meeting regulatory norms, etc.
- A team of experts will also be set up to assist exporters on **GST**.
- A **New Logistics Division** to promote integrated development of the logistics sector will be put in place.
- The round-the-clock **customs clearance facility** has been extended to more number of sea ports and air cargo complexes.
- State-of-the-art trade analytics division in DGFT (Directorate General of Foreign Trade) will be set up for data-based policy actions.
- New Services Division is planned in DGFT to examine Exim policies and procedures to push services exports.
- **Besides**, new agricultural exports policy to focus on increasing exports of value-added agri products will be rolled out.
- Further, to address the capital blockage and liquidity problems of exporters, the government plans an e-wallet from April 1, 2018.

Possible Benefits

- Export is a strategic part of economic policy and thus logically a part of the foreign policy too.
- FTP review focuses on improving ease of trading across borders for exporters and importers.
- It also focuses on exploring new markets and products aimed at increasing India's share in the traditional markets and products.
- This is perhaps to enhance participation of Indian industry in global value chains.
- Promotion of exports by MSMEs and labour intensive sectors is expected to increase employment opportunities for the youth.
- The review is aimed at taking corrective steps by assessing the impact of export sops on various sectors.
- However, the package may not lead to immediate export growth but may contribute to stall the decline in growth of shipments.

China's Demand for Market Economy Status

In News: The United States recently submitted a document to the WTO, stating its opposition to granting China the market economy status.

Market Economy Status

- A market economy is an economic system in which economic decisions and the pricing of goods and services are guided solely by the market.
- The aggregate interactions of a country's individual citizens and businesses operate behind the key economic decisions.
- This is the opposite of a centrally planned economy, in which government decisions drive most aspects of a country's economic activity.

China Aim for

- Central to China's quest is the acknowledgement from trading partners of its market economy status.
- In other words, a recognition that its domestic prices are determined by open competition rather than by the government.
- This will help China counter the attacks by importer countries of its unfair dumping.
- Conversely, as long as it is treated as a non-market economy, China has to ascertain the value of goods with reference to prices in a third country.
- This is for the trading countries to ensure that the domestic firms did not gain an unfair trade advantage.

Is China's demand valid?

- **Supporting claims** - The provisions in China's Protocol on the Accession to the WTO 2001 has been a subject of controversy.
- China insists that as per the provisions in the Protocol, its upgrade as a market economy was automatic on the completion of 15 years of its WTO membership in 2016.
- Several nations have endorsed China's position in return for bilateral cooperation in trade and investments in infrastructure projects.
- Even a WTO appellate body's 2011 ruling highlights that as per the protocol, China cannot continue to be treated differently by other member states for an indefinite period.
- **Opposing claims** - The alternative interpretation draws upon the sub-clauses of the protocol.
- It specifies the conditions when importers may take recourse to a different methodology to impose anti-dumping tariffs.
- Accordingly, onus is on Chinese firms to prove that they were operating under conditions of a competitive market economy.
- If they fail to do so, the importing states would be entitled to invoke rules applicable to a non-market economy while probing firms for dumping.
- Another clause allows for the status of market economy to be decided for specific industry sectors, rather than the entire economy.

US Opposition

- Excessive Chinese imports flooding domestic markets are the root cause for Western resistance to accord China the market economy status.
- Countries that are opposing China's claims say that the use of state subsidies in China distorts market prices.
- And is also consequently causing job losses in the manufacturing sector.
- If China is granted the coveted status, it would be hard for the US to defend its anti-dumping rulings against Chinese firms at WTO.
- There is also a concern that China's economic liberalization seemed to have slowed or reversed, with the role of the state increasing.
- Evidently, the following are being witnessed -
 - backtracking on some aspects of the financial areas
 - clamping down capital outflows
 - monitoring investments of corporations
 - placing more party officials in the nominally private sector
 - State-owned enterprises playing a leading role in the economy.

Sovereign Gold Bond Scheme

- The government in consultation with the RBI, had floated Series III of Sovereign Gold Bond.
- The bonds are to be issued by RBI.
- They will be restricted for sale to resident Indian entities including individuals, HUFs, Trusts, Universities and Charitable Institutions.

- They will be denominated in multiples of gram(s) of gold with a basic unit of 1 gram.
- Recently, RBI has increased the maximum investment to 4 kg (from 500g) for individuals and Hindu Undivided Family (HUF) and 20 kg for Trusts.
- The interest rate is fixed at the rate of 2.50% per annum.
- The tenor of the bond will be for a period of 8 years with exit option from 5th year.
- The interest on Gold Bonds shall be taxable.
- The capital gains tax arising to an individual on redemption of SGB has been exempted.
- Bonds can be used as collateral for loans and are eligible for Statutory Liquidity Ratio purposes in Banks.

Small Farmers' Agri-Business Consortium (SFAC)

- SFAC is an exclusive Society of Department of Agriculture and Cooperation.
- It focused on increasing incomes of small and marginal farmers through aggregation and development of agribusiness.
- It is implementing the National Agriculture Market Electronic Trading (**e-Nam**) platform.
- The purpose is to provide for a single unified market for agricultural products with much higher price discovery for farmers.
- It implements **Credit Guarantee Fund Scheme** to Farmer Producer Companies to improve availability of working capital and development of business activities.
- It promotes development of small agribusiness through its **Venture Capital Assistance Scheme** for value added processing and marketing linkages.

INTERNATIONAL AFFAIRS

MoA between Bangladesh & Myanmar

In News: Bangladesh and Myanmar had signed a Memorandum of Agreement (MoA) to begin the repatriation of Rohingya refugees in Bangladesh.

About MoA

- A joint working group including officials from Bangladesh, Myanmar and the UNHCR will be set up.
- Myanmar would begin to repatriate the refugees within two months.

Prevailing Factors

- A military operation by Myanmar in Rakhine, resulted in more than 6,20,000 Rohingya fleeing the province to Bangladesh.
- This snowballed into a humanitarian crisis in Bangladesh.
- This further resulted in diplomatic crisis between Dhaka and Naypyidaw.
- Mediating the issue, China offered a "three-step" solution,
 1. comprising a ceasefire in Rakhine,
 2. a bilateral repatriation deal for the Rohingya to Myanmar and
 3. Long-term solutions including the economic development of the Rohingya areas.
- China has deep interests in Rakhine, especially in the Kyaukpyu Port.
- It has oil and energy pipelines to Yunnan province forming part of a \$10 billion economic zone in its Belt and Road Initiative.

Change in Myanmar's Stance

- Myanmar government has denied any wrongdoing by the security forces and has thus far been not accepting more repatriation.
- In September, the Human Rights Council in Geneva voted to extend the mandate of an international fact-finding committee to investigate allegations of human rights violations in Myanmar.
- UN General Assembly's Third Committee voted overwhelmingly in condemning Myanmar's actions.
- International human rights agencies have also called for targeted sanctions and an arms embargo.
- Myanmar's leader Aung San Suu Kyi faced international criticism for not stopping the violence, and several honours given to her for her work in restoring democracy have been revoked.

- So the turnaround may be ascribed to growing international pressure as well as United Nations resolutions.

Note: For more refer our Dec. 3rd issue (Rohingya Diplomacy).

India and Eurasia

Context:

- The Indian political establishment is brought up on the notion that Europe and Asia are different.
- India is hardly interested Eurasia ideology unlike Indo-Pacific.

Ideology of Indo- Pacific

- Marine bio-geographers use the Indo-Pacific to describe the large stretch of tropical waters from the east coast of Africa to the Western Pacific that has many common features.
- Japan's Prime Minister Shinzo Abe who imagined the Indo-Pacific. Australia was quick to adopt it.
- India along with Indonesia dreamt of Asian unity and founded the non-aligned movement in the middle of the last century, was enthusiastic in its embrace of the Indo-Pacific.
- It was President Donald Trump who ended American ambivalence by consistently using the term "Indo-Pacific".

Eurasian ideology

- For geologists, Eurasia refers to a tectonic plate that lies under much of what we know as Europe and Asia.
- In political term Eurasia is supposed to represent a unique cultural, spiritual and geographic space that is neither East nor West.
- For many in Russia, Eurasia invokes either the memories of the vast Russian empire or rekindles nostalgia for the Soviet Union.
- There is a Eurasia Division in India's ministry of external affairs that deals with a significant part of the post-Soviet space.

India's Aversion from Eurasia

- Recently a consequential event held in Budapest, Hungary which was went entirely unreported in India.
- It was the annual summit of an organization called C-CEEC that promotes cooperation between China and 16 Central and East European Countries.
- It is more popularly known as "sixteen plus one".
- That India is hardly interested in this new forum underlines the problem it has in dealing with a changing Eurasia.

India's Concerns

- At present China is breaking down the idea that Europe and Asia are two different continents.
- It is about the expanding Chinese economic and political influence in spaces that were once dominated by either the West or Russia.
- China is exporting large amounts of capital for infrastructure development, drawing its economies east ward, and creating new political groupings.
- It also widens the strategic options for Central European states. Fed up with bullying from both Germany and Russia, the Central Europeans are quite happy to join hands with China.
- India's stand of irreconcilable tension between "Europe and Asia" is becoming unsustainable as China's massive Silk Road Initiative begins to integrate Europe with Asia.
- If the concept of "Indo-Pacific" survives the Trump Administration, the existence of Eurasia is a little more complex.

Measures India Needs to Take

- India has now revamped its ideology and puts itself back in play in the maritime world by accepting the Indo-Pacific idea.
- But Delhi is yet to come to grips with continental Eurasia.
- India needs to focus as it is on bilateral relations with France, Germany and Russia.
- At the same time India needs to maintain a balance between the European Union and Central Europe.
- Correcting this imbalance is the first step towards a more purposeful Indian engagement with Eurasia.

US Territorial tax

Context

- USA is likely to enact new corporate tax reforms.
- The territorial tax will have some impact on emerging markets like India.

Present US Corporate Taxation Rule

- The territorial method of taxing profits from the overseas subsidiaries of US corporations essentially aligns US tax methods with those of most developed jurisdictions.
- For example, if Apple had repatriated profits from its subsidiary in Ireland, which charges a competitive 12 per cent rate, it would have had to pay 23 per cent tax.
- It is then free to reinvest the after-tax profits in Ireland, in financial securities, or in operating businesses anywhere in the world except the US.
- If the foreign subsidiary's parent company brings the after-tax profits back to the US, it must pay the current US corporate tax rate of 35 per cent.
- The tax is collected on its original pre-tax Irish profits, with a credit for the 12 per cent that it has already paid.
- US companies generally choose not to repatriate the profits of their foreign subsidiaries as there is 23 per cent penalty on repatriation.

USA's New Tax Reform

- US is likely to adopt the "territorial" method of taxing the profits of US corporations' foreign subsidiaries.
- This will reduce the present a 35 per cent statutory tax rate on corporate profits to 15- 20 per cent.
- Under the territorial method, US corporations will be able to repatriate their foreign subsidiaries' after-tax profits with little or no extra tax.
- It is also likely to enact a "deemed repatriation tax" on the \$2.5 trillion of profits that have been accumulated abroad but never subject to US tax.
- The basic idea of deemed repatriation tax would be to levy a tax of about 10 per cent on the untaxed overseas profits, to be paid over a period of years.
- Companies in abroad will have an incentive to shift their headquarters to the US, without incurring the current tax penalty.
- All these provisions, plus the sharp reduction in the domestic corporate tax rate to 20 per cent in the Bill, are designed to encourage US corporations to reinvest in the American economy and generate jobs.

Expected Impacts

- US Corporations will simply stash the profits in high-yielding financial instruments or use them for buybacks and dividend distribution.
- The benign nature of the territorial tax may encourage USA Inc to invest overseas more freely without the attendant hassle of tax planning.
- At the same time tax on outgoing investment may simply encourage more US corporations to expand their dependence on offshoring.
- Due to the relatively high wages and low productivity of American labour and this looks like a plausible scenario.
- Predicting corporate behavior is notoriously difficult and in the case of US corporations, as it is more dependent on its mutable immigration and trade policies.
- US is not a signatory to notorious practice of base erosion and profit shifting, which suggesting that US corporations may still indulge in treaty shopping.

DEFENSE/SECURITY AFFAIRS

Shifting the Focus on Indian Navy

In News: The Indian Navy celebrates Navy Day on December 4 to commemorate its successful sea-borne attack off Karachi harbor during the 1971 India-Pakistan war.

Importance of Indian Navy

- According to warship replacement programme, Indian Navy (IN) has to maintain a force level of at least 120 ships with an average life of 20 years.
- It has to induct at least six warships annually.
- Over the years the IN has developed skill-sets to build warships for tropical conditions characterized by high temperatures, humidity and salinity that creates a corrosive climate.

- Therefore, IN warships are export-worthy marine platforms to other Indian Ocean littoral countries.
- The IN is also an instrument of maritime diplomacy.
- It involves goodwill visits by warships to foreign ports, naval exercises, humanitarian assistance and disaster relief, besides persuasive deployment.

Problem

- Over the years the army and air force has been accorded priority to counter landward threats.
- This has constrained IN only to warship replacement programmes.
- But there is a strategic shift towards China with the recent stand-off at Doklam and the presence of Chinese warships in the Indian Ocean.
- The Indian and Chinese navies come into contact with each other either in the waters of the Indian Ocean or the South China Sea.
- In June 2016 a Chinese spy ship tailed two Indian Navy warships in Japanese territorial waters east of Okinawa.
- Similarly in 2012, another Indian warship, the INS Airawat, was challenged by Chinese navy boats while sailing along the coast of Vietnam.
- So, the naval firepower is critical for India to consolidate its strategic interests in the IOR&SCS.
- Hence proper focus should be given on it.

ENVIRONMENTAL AFFAIRS

Mega Species Myopia

Context:

- So many other small animals are on the verge of extinction.
- This is due to the flaw in our conservation efforts called, “mega species myopia”.

Present Condition

- The hog deer were the principal food of the tiger in the grasslands of Corbett National Park in the sixties.
- There was an abundance of them.
- Now there may be just 20 of them in Corbett.
- Great Indian Bustard is the State bird of Rajasthan.
- It is one of the rarest species and undoubtedly one of the most endangered.
- They are endemic to Jaisalmer and Pokhran, its habitat was severely damaged by the nuclear tests in 1974 and 1998.
- The mouse deer can be found in the Sal forests of south India, Madhya Pradesh and West Bengal.
- They raise their young in the hollow of the fallen Sal, but unfortunately these trees are used as fuel wood, endangering their survival.
- The pangolin is endangered due to supposed medicinal value of their scales and the meat demand in China.
- Similarly, so many other small animals are on the verge of extinction.

Mega Species Myopia (MSM)

- When a tiger dies in a national park, it makes it to the front pages of newspapers.
- Steps are taken to avert another tiger death.
- There is similar for death and destruction of habitats of other large mammals like elephants, rhinos, leopards and snow leopards.
- However, similar concern is not shown for several smaller species like Great Indian Bustard, the house sparrow, the shy Indian pangolin, the caracal, etc.
- Such an attitude is called “mega species myopia”.
- Protecting big animals like, the tiger, leads to protecting an entire ecosystem.
- They attract tourists.
- Much of an outrage is shown immediately by animals in case of threat to these animals due to their popularity.

Other Species be protected

- Unless similar support is extend to the prey base of bigger animals the ecosystems might collapse.
- The big cat only dominates the high grasslands.
- So other ecosystems like the dry grasslands, the mountains might be left unprotected.
- We have the expertise to save these small species but lack the political will.
- It is time we gave priority to animals on the basis of the threat perception to them.

Cyclone OCKHI

- A cyclonic Storm “OCKHI” is formed over Comorin area in South Kerala Coast.
- It is very likely to move west-northwest wards towards Lakshadweep Islands.
- The cyclone warning has been issued to South Kerala, adjoining districts of south Tamil Nadu and Lakshadweep Islands.

Stages of Cyclone Warning

- The cyclone warnings are issued to state government officials in four stages.
- The first stage warning known as "Pre Cyclone Watch" contains early warning about the development of a cyclonic disturbance.
- The second stage warning known as "Cyclone Alert" contains information on the location and intensity of the storm and coastal districts likely to experience adverse weather, advice to fishermen, general public, media and disaster managers.
- The third stage warning known as "Cyclone Warning" forecasts likely point and time of landfall.
- The fourth stage of warning known as "Post Landfall Outlook" forecasts expected time of landfall.

Stage of Warning	Time	Colour Code
Cyclone Alert	Issued at least 48 hrs in advance.	Yellow
Cyclone Warning	Issued at least 24 hours in advance.	Orange
Post landfall out look	Issued at least 12 hours in advance	Red.

First CoP of Minamata Convention

- The Minamata Convention is a global treaty established to protect human health and the environment from the adverse effects of mercury.
- The Minamata Convention on Mercury entered into force in August 2017 with ratification by over 50 countries.
- The first meeting of the Conference of the Parties to the Minamata Convention on Mercury (Mercury COP1) was held at Geneva, Switzerland.
- The report, ‘Towards a pollution-free planet’, was launched during the COP1.
- Global Environment Facility (GEF) is the financial mechanism for Minamata Convention.

UN Environment Assembly

- The UN Environment Assembly is the world's highest-level decision-making body on the environment.
- The third UN Environment Assemble will gather in Nairobi, Kenya in December 2017 under the overarching theme of “pollution”.
- The Assembly has the universal membership of all 193 UN Member States.
- It is prepared throughout the year by a Committee of Permanent Representatives which is based in Nairobi.
- It aims to deliver a number of tangible commitments to end the pollution of air, land, waterways, and oceans, and to safely manage chemicals and waste.

International Maritime Organization

- It is the global standard-setting authority for the safety, security & environmental performance of international shipping by creating a regulatory framework for the shipping industry.
- It is the only **UN special agency** to have its headquarters in the United Kingdom.
- It is the first ever international organization devoted exclusively to maritime matters.
- The objective of IMO is the improvement of Maritime safety and the prevention of marine pollution
- India has been a member of the IMO since 1959.
- There are three category of membership in the organization.
- Category A has countries which have interest in providing international shipping services.
- Category-B has large nations with interest in international seaborne trade.

- Category-C has special interests in maritime transport or navigation.
- Currently, India has Category-B membership and it hopes to get an upgrade in IMO status to Category – A membership.
- It would enable India to be part of the several committees of the body, which would essentially mean greater participation in the decision-making process.
- Ten nations such as China, Greece, Italy, Japan, Norway, Panama, Republic of Korea, Russian Federation, the UK and the US are in Category-A.

30th Session of IMO

- In its 30th session of IMO held in London, India has been re-elected to the council of IMO under “Category B”.
- The IMO council consists of 40 members in which category A consists of 10 members, category B – 10 members and category C – 20 members.
- The council plays a crucial role to play in deciding various important matters in relation to the global shipping industry.
- India has had the privilege of being elected to and serving the council of the IMO, ever since it started functioning, except for two years during 1983-1984.
- India is a party to 34 IMO Conventions and protocols.
- It is currently in the advanced stage of ratifying Ballast Water Convention and Bunker Convention.

Ballast Water Convention

- Ballast water management convention was adopted in IMO in 2004.
- It came into force in September, 2017.
- The convention aims to prevent the spread of harmful aquatic organisms from one region to another.
- It establishes standards and procedures for the management and control of ships' ballast water and sediments.
- All ships in international traffic are required to manage their ballast water and sediments to a certain standard according to the management plan.

Bunker Convention

- The convention was adopted in 2001 and came into force in 2008.
- Its aim is to ensure that adequate, prompt, and effective compensation is available to persons who suffer damage caused by spills of oil, when carried as fuel in ships' bunkers.
- It applies to damage caused on the territory, including the territorial sea, and in exclusive economic zones of States Parties.
- It is modeled on the International Convention on Civil Liability for Oil Pollution Damage, 1969.
- Upon ratification, it applies to an Indian vessel, wherever it is situated, and to a foreign flag vessel while it is within Indian jurisdiction.

Kapu Reservation Bill

- The Kapu community, with 27 per cent population in the state of Andhra Pradesh, has been demanding reservations for decades.
- In 2016, Manjunath Commission was set up to recommend quota for Kapus and it has submitted its report.
- The Kapu reservation bill was recently passed by the assembly, providing 5% quota in education and employment in the state.
- The kapu, Telaga, Balija and ontari communities would get the quota under the new category 'F'.
- There will be no political quota, meaning no reservation in political posts or positions.
- With this reservation, it will take the total quota in the state to 55 per cent, which is more than 50 per cent limit restricted by the Supreme Court.
- Thus it makes the central government nod necessary for inclusion in the Schedule IX of the constitution.
- The existing quota for Backward Communities remains unaffected.

Womb Transplant

- The first birth as a result of a womb transplant in the United States has occurred recently.
- A doctor in Sweden, Mats Brannstrom, is the first in the world to deliver a baby as a result of a uterus transplant.
- The transplant helps women who had been born without uterus to bear children.
- Firstly, in vitro fertilization to retrieve and fertilize their eggs will take place to produce embryos.

- Then the embryos will be in frozen condition until they are ready to attempt pregnancy.
- After the uterus transplant, the embryos can be thawed and implanted.

Severe Acute Respiratory Syndrome (SARS)

- It is a viral respiratory disease of zoonotic origin caused by the SARS coronavirus.
- It leads to shortness of breath and/or pneumonia.
- The only symptom common to all patients appears to be a fever above 38 °C (100 °F).
- There is no vaccine for SARS and no cases have been reported worldwide since 2004.
- According to WHO, SARS affected regions include China, Hong Kong, Singapore and Canada.
- Recently, Chinese virologists have found the origins of the SARS outbreak in 2003.
- A single population of horseshoe bats in a cave in Yunnan province in China caused the outbreak.

BIO/ HEALTH ISSUES

Stopping Malaria Germs from Invasion

- Plasmodium falciparum is the parasite that causes malaria in humans.
- P. falciparum invades Red Blood Cells (RBCs) and replicate inside them. It is during the blood stage of infection that malaria occurs.
- Recently, Researchers, for the first time, deciphered a multiprotein complex that is involved in the invasion of RBCs by the parasite.
- They have also identified a peptide molecule that can effectively prevent the interaction between malaria parasites and receptors found on RBCs.
- The peptide molecule targets a specific receptor “cyclophilin B” found on the surface of RBCs to prevent the invasion of the parasite.
- Cyclophilin B is used by the parasites to bind to the cells and causing the malaria.

India & CITES

- India has been awarded with the Certificate of Commendation from CITES for its regional and global effort to combat illegal wildlife trade.
- It was given to Wildlife Crime Control Bureau (WCCB).
- India is the only recipient of this Certificate of Commendation at the 69th Standing Committee meeting of CITES at Geneva.
- WCCB conducted and coordinated a species specific wildlife enforcement Operation, codenamed **Operation Save Kurma**.
- The operation aims to combat the proliferating illegal trade in live **turtles** and its parts from the country to destinations abroad.

CITES

- CITES (the Convention on International Trade in Endangered Species of Wild Fauna and Flora) is a multilateral treaty to protect endangered plants and animals.
- It is also known as the Washington Convention.
- Its aim is to ensure that international trade in specimens of wild animals and plants does not threaten the survival of the species in the wild.
- It accords varying degrees of protection to more than 35,000 species of animals and plants.
- Participation is voluntary, and countries that have agreed to be bound by the Convention are known as Parties.
- Presently, 183 countries across the world are signatory to the Convention.

- Although CITES is legally binding on the Parties, it does not take the place of national laws.
- Rather it provides a framework respected by each Party, which must adopt their own domestic legislation to implement CITES at the national level.

TECHNOLOGICAL AFFAIRS

Flink

- Functional Living Ink (Flink) is a new printing material developed by scientists from Switzerland.
- Flink contains different bacteria as ink which makes it possible to print objects with biochemical properties.
- It allows printing using different inks containing different species of bacteria at different concentrations in order to produce objects exhibiting several properties.
- The ink is composed of a biocompatible hydrogel along with bacteria to give it a structure.
- The culture medium for the bacteria is mixed into the ink so that the bacteria have all the prerequisites for life.

Netra

- Netra is the first indigenously built Airborne Early Warning and Control System (AEW&C) developed by DRDO.
- It is light-weight autonomous UAV for long range surveillance and reconnaissance operations.
- This radar system is mounted on Embraer aircraft which gives 240-degree coverage of airspace.
- It helps to detect and track aircraft, missiles, ships and vehicles.
- The other countries which have developed AEW&C are United States, Russia and Israel.
- For the first time, an IL-78 refueller aircraft has recently carried out air-to-air refuelling of the Embraer aircraft.
- Air-to-air refuelling allows the aircraft to stay airborne much beyond their limits, allowing better exploitation of capabilities.

IL-78 Refueller Aircraft

- It is a multi-purpose four-engine turbofan strategic airlifter designed by the Russia.
- The IAF is one of the few air forces in the world to operate mid-air refuellers. It now operates six Russian IL-78 refuellers.
- The name of the air-to-air refuelling method is 'Probe and Drogue'.

Kamov226T

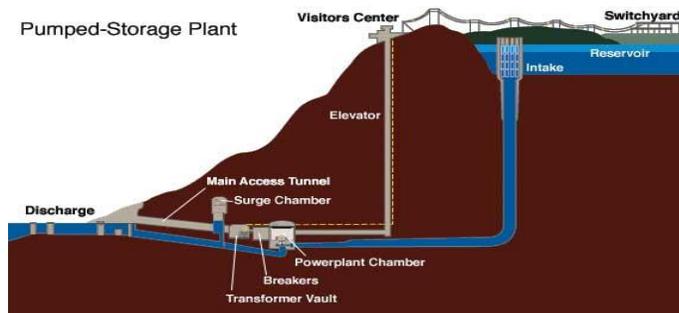
- India and Russia had signed an intergovernmental agreement (IGA) earlier this year to buy Kamov226T helicopters.
- Under the agreement, India will buy few choppers off the shelf and remaining will be fully built in India.
- The Kamov226T is a twin-engine light but multi-role chopper offers services for both military and civilian purposes.
- The helicopters will replace India's ageing fleet of Cheetah and Chetak.
- The military version of 226T is capable of working in extreme and difficult weather conditions and can be used effectively for reconnaissance, targeting and monitoring of transportation.

- The helicopter has a maximum speed of 250 km/hour and a cruise speed of 220 km/hour with maximum takeoff weight of 3,600 kg.
- The helicopters will now be **built completely using digital technology** as part of the pilot project.
- It is the first experience to create a new helicopter modification by using only software.

MISCELLANEOUS

Sharavathi Project

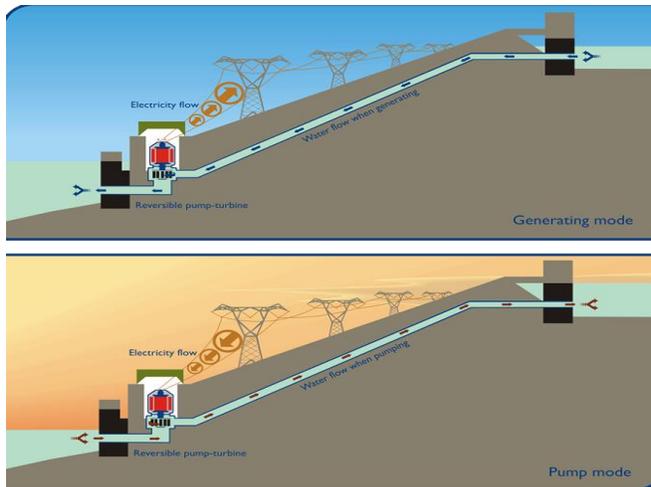
- Sharavathi Project is a pumped storage scheme planned by Karnataka Power Corporation.
- It involves constructing an upstream reservoir across one of the tributary of Sharavathi River.
- There will be one underground power station which will utilise the water from the upstream and downstream reservoir for power generation with a capacity of 2000 MW of electricity.
- The underground pipeline connects two reservoirs such as Talakalale and Gerusoppa reservoir. And a power plant is situated underneath a reserve forest.



- The forest comes between the sharavathi wildlife sanctuary near Jog forest reserve and Aghanashini Lion Tailed Macaque conservation reserve.
- It got pre-construction clearance from the Ministry of Environment and Forests.

Pumped Storage Scheme

- Pumped storage hydro plants store and generate energy by moving water between two reservoirs at different elevations.
- During times of low electricity demand, such as at night or on weekends, excess energy is used to pump water to an upper reservoir.
- The turbine acts as a pump, moving water back uphill.
- During periods of high electricity demand, the stored water is released through turbines.
- A pumped-storage plant works much like a conventional hydroelectric station, except the same water can be used over and over again.



IN-SHORT

Preserving India's Heritage City

- Ahmedabad has been declared India's first World Heritage City by the World Heritage Committee of UNESCO.
- But it is facing difficulties in defending its tag of world heritage city due to pollution.
- Ahmedabad's conservation committee has 3 years to document close to 3,000 buildings of heritage value to strict UNESCO standards.
- The committee has also the responsibility to show that the decline and destruction in the city is slowing over the years.
- If the deadline is missed, UNESCO may revoke or downgrade Ahmedabad's listing to "heritage in danger".
- UNESCO experts have been warning that the city lacked a convincing plan for protecting its ancient citadels, mosques and tombs.

Alappuzha – A Leading Urban Centre in Waste Management

- The report by United Nations Environment Programme (UNEP) titled 'Solid approach to waste: how 5 cities are beating pollution' was released.
- Alappuzha in Kerala is among the five cities recognized by the UNEP as global success stories in solving the problem of solid waste.
- The other four cities are Osaka (Japan), Ljubljana (Slovenia), Penang (Malaysia) and Cajicá (Colombia).
- Alappuzha, which is known as 'the Venice of the East' for its backwaters and coastal lagoons adopted decentralized waste management system.
- The biodegradable waste was segregated at the ward level, and treated in small composting plants which provide biogas for residents.
- Alappuzha has also received the Clean City Award from the Centre for Science and Environment (CSE) in 2016.

India Hypertension Management Initiative (IHMI)

- IHMI is a collaborative project of Indian Council of Medical Research (ICMR), Union Health Ministry, State Governments and WHO.
- The primary goal of this project is to reduce morbidity and mortality due to Cardiovascular Disease, the leading cause of death in India.
- IHMI will be progressively rolled out in 25 districts in the first two years across districts selected by the Health Ministry.
- It involves active screening and intensification of treatment activities for hypertension by improving the control of high blood pressure, which is the leading cause.

NTPC& Reverse Bidding

- The power sector has been languishing in recent times due to stressed power units.
- NTPC is the largest thermal power generating company in the country.
- It has decided to rescue the power sector by issuing a tender to buy stressed units via reverse bidding.
- In a regular auction, a seller puts up an item and buyers place bids until the close of the auction and the item goes to the highest bidder.
- In a reverse auction, the sellers compete to obtain business from the buyer.
- The sellers typically underbid each other.
- At the end of the auction the seller with the lowest amount wins.
- Here operators of plants with stressed units, principle lenders and banks are the bidders.
- NTPC is the buyer.
- NTPC's rate last year was Rs 3.18 per unit. So as per the principle, bidders would quote tariff below Rs.3.18.

Floating Solar Power Plant

- India's largest floating solar power plant project at the BanasuraSagar Dam in Wayanad district is completed and going to be commissioned soon.
- It has the generating capacity of 500 Kilo watt and it will be fed to the Kerala State Electricity Board grid using underground cables.
- It can be more efficient than their ground-mount counterparts due to the water body's cooling effect on the modules.
- They collect less dust which cuts down on maintenance and they also preserve water levels through shading.
- Earlier in the year NETRA (NTPC Energy Technology Research Alliance), installed a 100kW floating solar plant at Kayamkulam, which is also in Kerala.

Indian Emerald Dragonfly

- It is a rare variety of dragonfly known to exist only in the Travancore hills of Kerala.
- It made a dramatic reappearance 83 years, as it was sighted in the Periyar Tiger Reserve (PTR) during an odonata survey.
- Odonata is an order of carnivorous insects that includes dragonflies and damselflies.
- It lives around forest streams and micro habitat near high altitude areas.
- It is easy to spot because it flies irregularly over the water body for nearly an hour
- Thus it acts as an indicator of the health of water bodies inside sanctuaries and reserves.
- If a particular habitat is disturbed by pollution, the species won't be able to survive.

Higher Education Financing Agency

- It is a non-banking financial company (NBFC) formed to give a major push for creation of high quality infrastructure in premier educational institutions.
- It is registered as a Section – 8 Company under the Companies Act.
- It will be a joint venture between the HRD ministry and Canara bank.
- It will raise funds from the market and also mobilize CSR funds from PSUs/Corporates and lend to government-run higher educational institutions for promoting research and innovation.
- It would finance research and infrastructure projects through a 10-year loan.
- HEFA will leverage the equity to rise up to Rs. 20,000 crore for the funding of world-class infrastructure at the IITs, IIMs, the National Institutes of Technology (NITs) and such other institutions.
- It started its operation recently by approving projects to six higher education institutions which is expected to further improve their standing at the global level.

Project Swarn

- Project Swarn was launched by the Railway Ministry to renovate India's premium trains including Rajdhani and Shatabdi.
- Under the project, the Indian Railways will focus attention on 10 key areas — punctuality, cleanliness, linen, coach interiors, toilets, catering, staff behavior, security, entertainment, housekeeping and regular feedback.
- The first revamped rake of Rajdhani under the project was launched recently.

Indian Institute of Corporate Affairs

- The Union Cabinet has given its approval for continuation of the scheme on Indian Institute of Corporate Affairs (IICA) for another three financial years (FYs 2017-18 to 2019-20) to make the Institute self-sustainable.
- IICA is a think-tank and repository of data and knowledge to support rational decision-making for the policy makers, regulators related to the corporate sector.
- It helps first-generation entrepreneurs and small business for imparting multi-disciplinary skills.
- The National Foundation for Corporate Social Responsibility (NFCSR) at IICA is responsible for CSR initiatives.

Gwalior Light Railway

- The Gwalior Light Railway runs between Gwalior and SheopurKalan in Madhya Pradesh, covering 198 km in 12 hours.
- It is the oldest long-haul service to run on 2-ft narrow-gauge tracks in the world.
- It is laid during the rule of the Scindias (1895 – 1909).
- Scindia is a Hindu Maratha dynasty that ruled the Gwalior State.
- Scindia's originally served as cavalymen under the Bahmani Sultanate.
- Later they become a part of the Maratha Confederacy in the 18th and 19th centuries and a princely state of the colonial British government during the 19th and the 20th centuries.

Chabahar Port

- The first phase of the chabahar port project known as the “ShahidBeheshti port” was inaugurated recently.
- It opens up a new strategic transit route between Iran, India and Afghanistan, bypassing Pakistan under the 2016 Indo-Afghan-Iran trilateral pact.
- The port lies outside the Persian Gulf and is easily accessed from India's western coast.
- India is also constructing a railway line between Chabahar and Zahedan to connect the port to rest of the Iranian railway network.
- It is further to be linked with Delaram-Zaranj road, built by India in Afghanistan that connects at Afghan-Iran border via rail through Zahedan.
- The port, through Zahedan railway network, could also be linked with the International North South Transport Corridor connecting India with Russia.
- Over a month ago, India sent its first consignment of wheat to Afghanistan by sea through the Chabahar port, marking opening of the new strategic transit route.

Siddu

- Siddu is a name given to the new genetic variation of Jack Fruit.
- It has lycopene content of 2mg per 100 gm of pulp, as against 0.2 mg in normal varieties.
- It is also rich in anti-oxidants.

Akash Missile

- Akash is an indigenously developed medium-range, **surface-to-air missile** defense system.
- It can target aircraft up to 30 km away, at altitudes up to 18,000 m.
- It consists of Rohini radar that detects incoming aircraft with a range of 120 km.
- It can intercept fighter jets, cruise missiles as well as ballistic missiles.
- Recently, it was test fired with an indigenous radio frequency seeker.
- This is the first surface-to-air missile with indigenous seeker that has been test fired.
- With this success, India has achieved the capability of making any type of surface-to-air missile
- This missile is being inducted into Army as Short Range Surface to Air Missile (SRSAM).

Global Education Monitoring Report

- The Global Education Monitoring Report 2017-18 of UNESCO has been released recently.
- The report expresses concern over school textbooks in many countries glorifying war and military heroes rather than teaching peace, non-violence and reconciliation.
- It says that that just 10% of the textbooks across the world include explicit statements on the need for conflict prevention and resolution.

Panchteerth

- Union government has decided to develop five places “Panchteerth” in honor of Babasaheb Dr. B.R.Ambedkar.
- It includes,
 1. His birthplace (JanmaBhoomi) in Mhow, Madhya Pradesh
 2. Dr.Ambedkar Memorial in London where he stayed while studying in U.K
 3. ‘DeekshaBhoomi’ in Nagpur, where he took education
 4. ‘MahaparinirvanSthal’ in Delhi
 5. ‘ChaityaBhoomi’ in Mumbai