

Useful News Articles

A.GS1 Related

B. GS2 Related

1. WHO report sounds alarm on 'doctors' in India

(<http://www.thehindu.com/data/who-report-sounds-alarm-on-doctors-in-india/article8862753.ece?homepage=true>)

Topic: Health

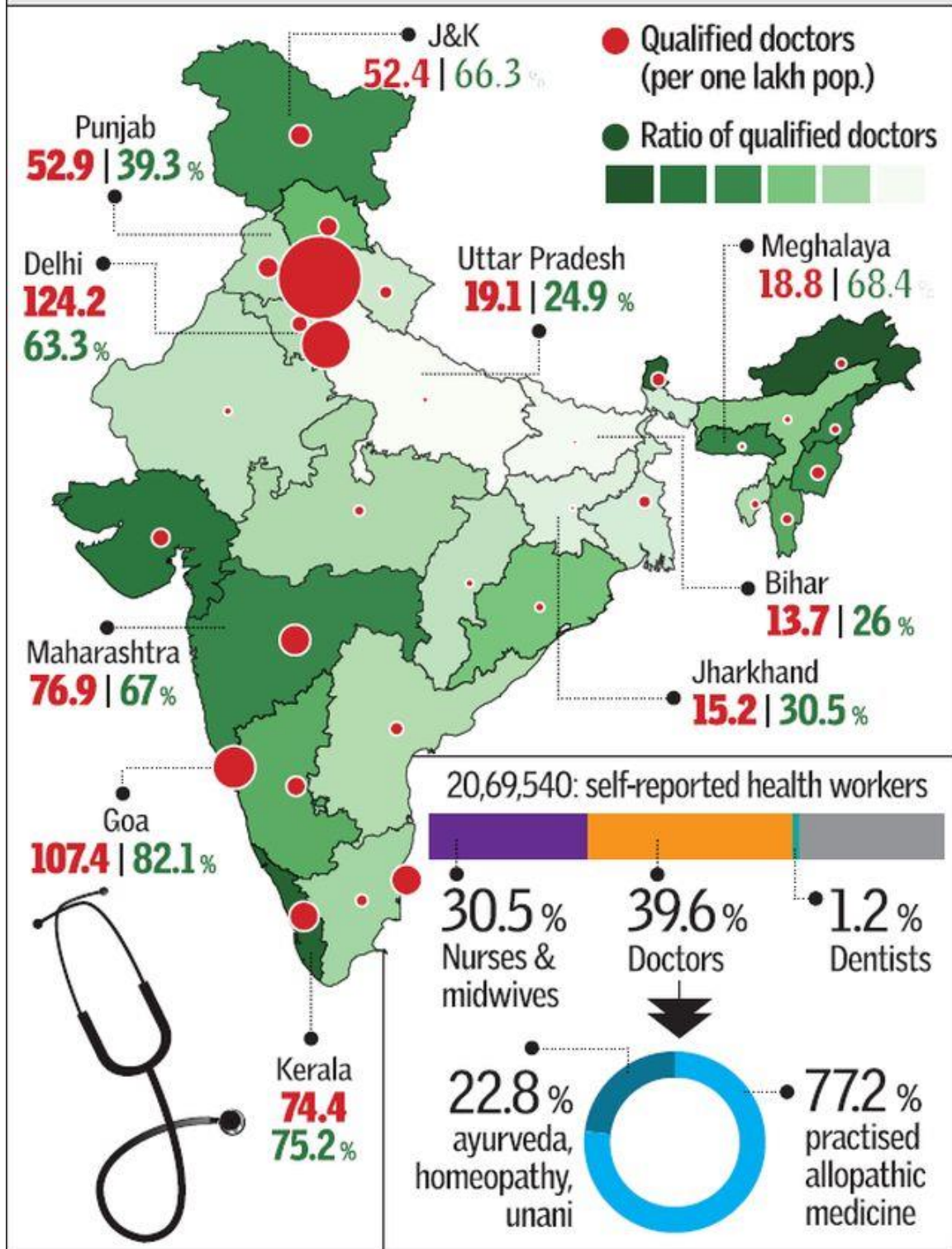
Category: Governance

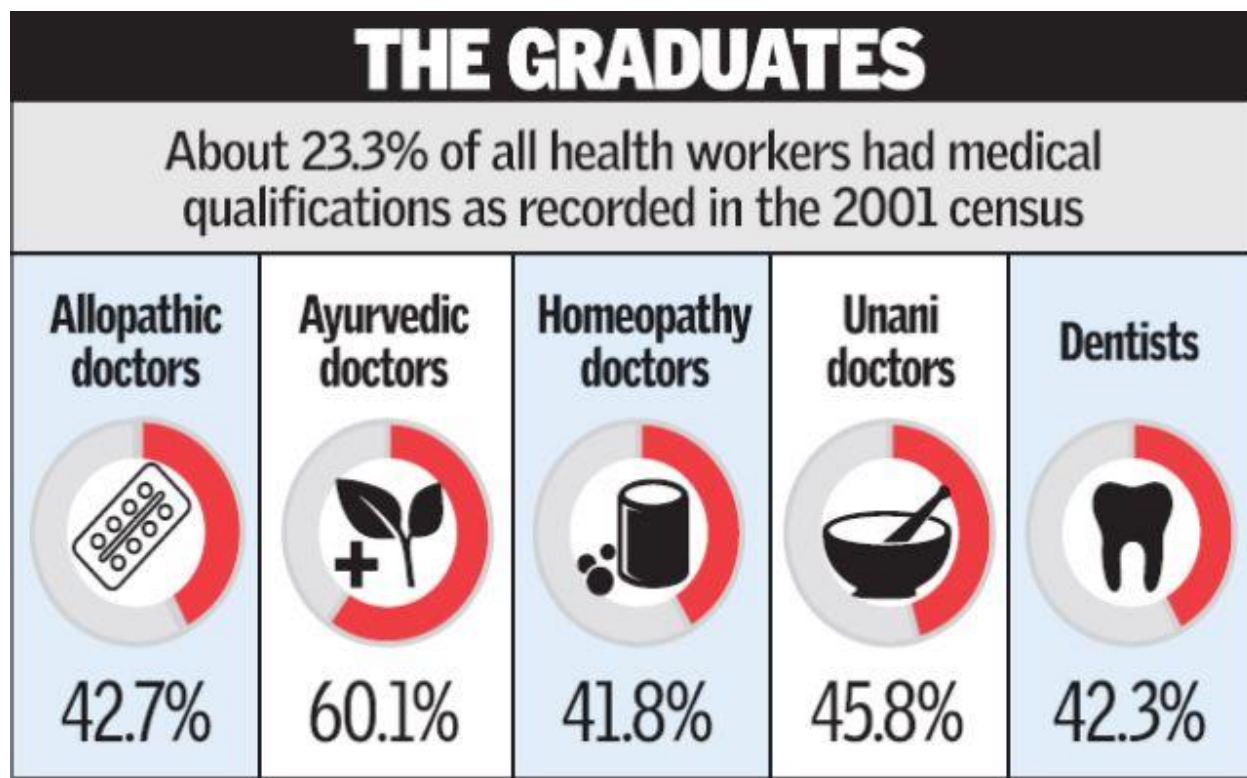
Key points:

- Almost one-third (31 per cent) of those who claimed to be allopathic doctors in 2001 were educated only up to the secondary school level and 57 per cent did not have any medical qualification, a recent WHO report found, ringing the alarm bells on India's healthcare workforce
- The situation was far worse in rural India, where just 18.8 per cent of allopathic doctors had a medical qualification, the study titled 'The Health Workforce in India', published in June 2016, revealed
- Ignoring those who don't have a medical qualification, the number for India fell to 36 doctors per lakh population. As for nurses and midwives, India had 61 workers per lakh population compared to 96 in China. The number reduced tenfold to 6 per lakh population, if only those with a medical qualification were considered
- Laws and regulations are so weak that even if the frauds are caught and arrested, they get bail on the following day and start practicing again

DOCTOR WHO?

Intensity map shows qualified doctors as a proportion of all doctors across States in India in 2001





2. Four injured as violence erupts again in Kashmir

(<http://www.thehindu.com/news/national/other-states/four-injured-as-violence-erupts-again-in-kashmir/article8862735.ece?homepage=true>)

Topic: Federal Relations

Category: Polity

Key points:

- Despite stringent security measures and curfew, fresh violence left four civilians injured in Kashmir valley on Sunday. The Congress meanwhile has alleged that disproportionate force has been used against civilians and demanded an all-party meet on the issue
- Preliminary reports suggest an army unit was attacked by stone-throwing protesters and retaliated by firing at the crowd
- Meanwhile, Hurriyat faction chairman Syed Ali Geelani has written to United Nations Security Council (UNSC) permanent members (United States of America, The United

Kingdom, China, France and Russia), European Union, Organization of Islamic Countries (OIC), South Asian Association of Regional Countries (SAARC) and Association of Southeast Asian Nations (ASEAN)

- Demanding Confidence Building Measures (CBMs), Mr. Geelani has asked India to “accept the disputed nature of J&K”, announce demilitarization process from population centers, repeal of laws like AFSPA and Public Safety Act, release of all political prisoners, and allowing UN Special Rapporteurs and all international human rights and humanitarian organisations to work in the State

3. 6,000 arrested as Turkey widens coup crackdown

(<http://www.thehindu.com/news/international/turkey-rounds-up-coup-plot-suspects/article8862176.ece?homepage=true>)

Topic: Turkey

Category: International Affairs

Key points:

- Turkish authorities were on Sunday rounding up dozens of generals as well as senior judges and prosecutors accused of supporting a failed military coup aimed at ousting President RecepTayyip Erdogan
- The entire investigation is being led by Ankara prosecutors and those arrested are suspected of belonging to the group the US-based preacher FethullahGulen who Turkey accuses of masterminding the coup. Gulen denies the charges
- Turkey accuses Mr. Gulen of leading a group called the "Fethullahci Terror Organisation (FETO)" that has created a parallel state. Mr. Gulen's supporters say their group which they call Hizmet (Service) is entirely peaceful

4. India ramps up its military presence in Eastern Ladakh

<http://www.thehindu.com/news/national/india-ramps-up-its-military-presence-in-eastern-ladakh/article8862745.ece?w=alauto>

Topic: China

Category: India's Neighbourhood

Key points:

- Bunkers have been drilled into barren hills, battle tanks have been readied over 14,000 feet, and additional troops are stationed on newly built roads to beef up military capabilities to match China's wide-ranging transformation across the border are finally becoming a reality
- Augmenting rapid airlift capabilities, India operationalised the Advanced Landing Ground (ALG) at Daulat Beg Oldi (DBO) located at over 16,000 feet. Work is now on to improve road connectivity to this critical area
- In addition several other roads along the route are being upgraded and strengthened which will facilitate the movement of heavy vehicles
- A much-criticised policy after the humiliation of 1962 war had resulted in India deliberately neglecting infrastructure even as the Communist neighbour transformed the mountainous and disputed border into a showcase of its economic might with all weather roads running up to frontline military posts.

5. Speaker facing the axe can't disqualify MLAs, says SC

<http://www.thehindu.com/news/national/speaker-facing-the-axe-cant-disqualify-mlas-says-sc/article8862736.ece?w=alauto>

Topic: State Legislature

Category: Polity

Key points:

- A Speaker should refrain from deciding the disqualification of MLAs for defection under the Tenth Schedule of the Constitution if he himself is facing the prospect of removal, the Supreme Court has held in the judgment on the Arunachal Pradesh crisis recently

- A Constitution Bench observed that the ruling was a safeguard against a Speaker using the disqualification proceedings of legislators for his own political ends
- Article 179(c) provides that a Speaker (or Deputy Speaker) “may be removed from his office by a resolution of the Assembly passed by a majority of all the then members of the Assembly”
- The judgment points to the phrase “all the then members of the Assembly” to conclude that the composition of legislators should remain the very same while deciding whether a majority in the House wants the Speaker to continue or not

C.GS3 Related

1. Army yet to hack new terror tech

(<http://www.thehindu.com/news/national/army-yet-to-hack-new-terror-tech/article8862752.ece?w=alauto>)

Topic: Terrorism

Category: Security

Key points:

- More than a year after a new technological solution used by terrorists began causing headache to the Army in Kashmir, no breakthrough has been made to crack it
- Terrorists infiltrating from Pakistan have been using smartphones paired with very high frequency (VHF) radio sets to communicate with one another, resulting in a drop in communication intercepts and adversely affecting military efforts to deal with them
- The concept of pairing mobile phones with radio handsets originated in the wake of Hurricane Sandy in New York in 2012. This mode of sending mobile communications without using mobile towers is of great help for rescue operations during calamities, but is now among the key technology deployed by terrorists to avoid the security forces while crossing the Line of Control

2. ‘GST can lower cost of logistics industry by 20 per cent’

(<http://www.thehindu.com/business/Industry/gst-can-lower-cost-of-logistics-industry-report/article8862716.ece?w=alauto>)

Topic: Logistics

Category: Economy

Key points:

- Logistics industry is projected to grow at a compounded annual growth rate of 15-20 per cent between 2015-16 and 2019-20 that will get a further boost if GST is rolled out from this year, which can trim costs by 20 per cent, says a report
- The much-delayed GST rollout can help boost the GDP by 100-200 bps as this will help faster and cheaper movement of goods across the country with a uniform taxation structure, said a report by Care Ratings
- A one-nation-one- tax GST structure can massively reduce the long and winding queues at border check-points and other entry points within and between the states

2. With \$18 million funding, IIT Madras professor breaks the glass ceiling

(<http://www.thehindu.com/sci-tech/science/with-18-million-funding-iit-madras-professor-breaks-the-glass-ceiling/article8859749.ece?homepage=true>)

Topic: Nonotechnology

Category: S & T

Key points:

- Prof. T. Pradeep from the Department of Chemistry, Indian Institute of Technology, Madras has signed the final agreement with Nanoholdings based in Connecticut, U.S. wherein Nanoholdings will provide his team venture funding of \$18 million (about Rs.120 crore) to further develop its nanomaterials-based water technology that is currently used in India to remove arsenic from drinking water called Amrit
- Amrit (Arsenic and Metal Removal by Indian Technology), installed in 750 locations in West Bengal, Uttar Pradesh, Bihar and Karnataka provides arsenic-free drinking water at a cost of less than 5 paisa per litre to nearly 500,000 people. It functions without

electricity or running water; all it requires is gravity. It requires less than a minute of contact time for Amrit to purify the water of arsenic

- In December last year, the Ministry of Drinking Water and Sanitation had recommended the replication of the nanotechnology-based purifier in all States where drinking water is contaminated with arsenic. Punjab has just initiated steps to procure filters for the State
- With this venture funding, Amrit will soon dot many locations across the world as arsenic is a global problem. Besides purifying arsenic-contaminated drinking water, Nanoholdings wants the technology to be able to filter fluoride, natural iron and industrial pollutants such as lead, mercury, cadmium, and copper
(Prof. Pradeep's basic research was funded by the Nano Mission of the Central government)

3. India basks in glow of UNESCO honours

(<http://www.thehindu.com/news/national/three-indian-sites-make-it-to-unescos-world-heritage-list/article8862487.ece>)

Topic: Heritage

Category: Environment/Culture

Key points:

- UNESCO on Sunday listed Franco-Swiss architect Le Corbusier's works — including the city of Chandigarh which he planned in the 1950s — among its World Heritage Sites
- Khangchendzonga National Park in Sikkim has also been included in the list
- The park exhibits one of the widest altitudinal ranges of any protected area worldwide. It boasts of a unique diversity of lowlands, steep valleys and snow-clad mountains, including the world's third highest peak, Mt. Khangchendzonga, besides numerous lakes and glaciers
- The park combines the religious and cultural practices of Buddhism as well as the ecological significance of the region, and stands out as an outstanding example of traditional knowledge and environmental preservation. It is also a unique example of coexistence and exchange between different religious traditions and people

- The park qualified as a mixed site under the Operational Guidelines of WHC for its “exceptional testimony to a cultural tradition or to a civilisation which is living or which has disappeared”

D.GS4 Related

E. Important Editorials:

The Hindu

1. Lessons from Arunachal Pradesh

(<http://www.thehindu.com/opinion/editorial/lessons-from-arunachal-pradesh/article8862658.ece?homepage=true>)

Topic: Federal Relations

Category: Polity

Key points:

- The return of a Congress government, albeit with a different Chief Minister, restores a semblance of political stability in Arunachal Pradesh, which was caught in a political and constitutional crisis. In a clever and unexpected twist, the Congress retained power by backing 36-year-old Pema Khandu as Chief Minister after it became evident that former Chief Minister Nabam Tuki would fail to command a majority
- The credit must primarily go to the Supreme Court for reinstating the Tuki regime purely on grounds of constitutional propriety, despite serious doubts about whether he commanded a majority. The numbers in the legislature tell an interesting tale. Out of the 47 MLAs with the Congress, 14 were disqualified by the Speaker in December, while two were told that their resignations had been accepted. The game-plan was to give the impression that the rebels had 31 MLAs, a clear majority. When Kalikho Pul, the rebel faction head, was sworn in as Chief Minister in February, he claimed the support of 29 Congress MLAs. (Orders disqualifying 14 MLAs had already been stayed.) He declared that his 30-strong group had ‘merged’ with another party

- **The strategy was to claim that two-thirds of the Congress Legislature Party had merged with another party, the only situation in which an act of defection is permitted under the law.** After Mr. Tuki's regime was reinstated after the Supreme Court verdict, he stood no chance of surviving a floor test
- This impending embarrassment appears to have goaded the Congress to shake off months of lethargy. It salvaged the situation by recognising the dissidents' grievances, offering the leadership to a more acceptable candidate and winning back the entire rebel faction
- Earlier, the Congress leadership had ignored the deep divisions within the legislature party and the extent of dissatisfaction within its own ranks, which resulted in Mr. Tuki no longer enjoying the confidence of the House
- Using this situation, the Governor intervened by arrogating to himself the power to advance a duly convened Assembly session and seeking to set the agenda for it. The BJP responded to the unfolding crisis with cynical opportunism by backing a rebel faction in the Congress and playing along with, if not encouraging, overreach by the Raj Bhavan
- Now that the Supreme Court has reemphasised the limits of the Governor's role, the political class needs to show that it has learnt the right lessons, a significant one being that parties should not seek to use individual ambitions for political ends
- There is a stronger case than ever before for greater care in the appointment of Governors and the manner of their functioning. Guidance is available in abundance — the reports of the **Sarkaria and Punchhi Commissions**, for instance

2. Turmoil in Turkey

(<http://www.thehindu.com/opinion/editorial/turmoil-in-turkey/article8862659.ece?homepage=true>)

Topic: Turkey

Category: International Affairs

Key points:

- Turkey's is a classic case of a coup-prone political system. The military is a relatively autonomous and popular institution. It has in the past toppled civilian governments four times. There had always been tension between the ruling elite and the military establishment. But the relatively stable rule of the Justice and Development Party since 2002 and the popularity of its leader Recep Tayyip Erdogan had projected a picture of military coups having become a thing of the past
- The developments that unfolded on Friday and Saturday bust this myth. Even President Erdogan didn't foresee the attempt. His success in taking back the reins of government is good for both Turkey and the larger West Asian region. Turkey is important for regional security at a time when West Asia is in turmoil. Instability here is in nobody's interest
- However, the failed coup exposes the weakness of Mr. Erdogan's regime. The fact that it was not a minor revolt by a few soldiers, but an uprising by thousands of troops, raises serious questions about the coherence of the Turkish state. Mr. Erdogan has contributed to the weakening of the state in many ways: his disastrous foreign policy that has worsened the security situation; forced Islamisation that has sharpened the contradiction between the Islamist and secular sections; and the push to rewrite the Constitution to award more powers to himself
- The coup-plotters may have sensed they would get support from the anti-Erdogan masses and the secular political class. Sections of the population have problems with Mr. Erdogan's politics. At Istanbul's Gezi Park, thousands braved his brutal police force in 2013. Despite the government crackdown on liberal academia, opposition, media and social networks, Turkey still has a thriving public sphere where anti-Erdoganism is a common theme for mobilising people
- But they don't want the soldiers to "solve" their problem through force. That is why thousands thronged the streets to defend the government they had elected. That is why even Mr. Erdogan's fiercest critics in the opposition denounced the coup. The question now is how the fissures that have been exposed will impact Turkey. It depends, in large measure, on the choices Mr. Erdogan makes

- He could see the people's commitment to democracy and use the crisis as an opportunity to reconsider his dictatorial policies. Or he could use the military revolt as a pretext to purge more of his enemies and get what he always wanted, which is a more powerful executive presidency. His choice will guide the future of Turkey's democracy

3. Game of Thrones in Kathmandu

(<http://www.thehindu.com/opinion/lead/nepal-government-crisis-game-of-thrones-in-kathmandu/article8862662.ece?homepage=true>)

Topic: Nepal

Category: India's Neighbourhood

Key points:

- Nepal has once again been plunged into political uncertainty with the Maoist party — the Communist Party of Nepal (Maoist-Centre), or CPN (M-C) — withdrawing support from Prime Minister K.P. Sharma Oli's coalition, reducing to a minority the government led by the Communist Party of Nepal (UML), or CPN (UML). CPN (M-C) leader Pushpa Kamal Dahal 'Prachanda' announced last week that Mr. Oli had not fulfilled the commitments made earlier in May leaving him with no option. The following day, on July 13, **no-confidence motion against the government**, carrying 254 signatures, was tabled in the National Assembly. The Speaker has fixed July 21 as the date for taking up the motion for consideration, followed by voting, unless Mr. Oli chooses to resign
- These developments have been expected. On May 4, Mr. Prachanda had carried out the same threat, expressing unhappiness with the Oli government's performance on post-earthquake reconstruction and the lack of progress on the constitutional amendments process. Then too, he had announced that he would lead a new government which would be supported by the Nepali Congress (NC) and Madhesi groups and urged the UML to join in so that a national consensus government could be set up. However, Mr. Prachanda's real source of unhappiness was that the cases registered against the Maoist

cadres during the decade-long insurgency had not been withdrawn despite repeated assurances by Prime Minister Oli

- Predictably, Mr. Oli has blamed India for his problems. Invoking Nepali nationalism, he has suggested that he is being removed because he had refused to listen to India's suggestions on the Constitution. He claimed that meetings to remove his government have been "remotely controlled", a claim that he had also made in May, and described the current impasse as "a sad situation for the country"
- Addressing a national security seminar on July 14, in a barely veiled reference to India, Mr. Oli said, "Maintaining good relations with neighbouring countries is an important aspect of national security but we cannot jeopardise national security for the sake of maintaining good neighbourly relations"
- In a pugnacious mood, he declared that he would not quit "at any cost", preferring instead to face the no-confidence motion in the Assembly. As it stands, the numbers are against him. In the 598-member House, the no-confidence motion needs only 300 positive votes. The NC and the Maoists together account for 290 seats; the Madhesis can add another 40 votes, making Mr. Oli's exit a certainty
- Mr. Oli's nine-month tenure has been a sorry one. As Prime Minister he was unable to reach out to the agitating groups who had felt short-changed by the new Constitution. Even when he relented and the government carried out constitutional amendments to partially address the demands of the Madhesis, it was never with a sense of generosity. His constant refrain of Nepali nationalism led to a downturn in Nepal's ties with India and like other Left leaders, Mr. Oli too fell prey to overplaying the China card
- Governance took a back seat even as Mr. Oli donned his nationalist mantle. Most tragic was his inept handling of the post-earthquake relief and reconstruction effort, squandering the goodwill and sympathy of the international community which had pledged \$4.4 billion at the international conference held in Kathmandu a year ago. To date, not even 10 per cent of the pledged amount has come to the National Reconstruction Authority where key appointments were held up on account of political jockeying

- According to the understanding between the Maoists and the NC, Mr. Prachanda will take over as prime minister for the next nine months, following which he will hand over the prime-ministership to NC leader Sher Bahadur Deuba. The local body elections will be conducted during Mr. Prachanda's tenure and the provincial and general elections will take place under Mr. Deuba, possibly in November 2017
- According to most political observers, a NC-Maoist combination could be a more stable political combination than a UML-Maoist combine because the two Left parties essentially compete for the same vote bank. Whether this calculation turns out to be correct will nevertheless depend on the maturity of the two leaders, Mr. Prachanda and Mr. Deuba
- From all accounts, Mr. Prachanda is wiser today than in 2008-9 when his coalition collapsed on account of his decision to sack the then Army chief, General Rookmangud Katawal. He now publicly acknowledges that it was a political mistake. He too had blamed India for his debacle but now has his task cut out to restore bilateral ties. The NC can be helpful in this too. Mr. Deuba has been prime minister thrice before but will have to be pragmatic in accommodating the Madhesi and Tharu demands on federalism and representation in a more generous manner than Mr. Oli did
- Out of the concessional funds amounting to \$1.65 billion pledged by India during the last two years, the utilisation has been a meagre \$150 million. From the grant assistance of \$250 million pledged last year, \$100 million has been allocated for construction of 50,000 dwelling units for the quake affected but the PPP model has yet to be worked out. The balance grant amount remains to be committed. In addition, \$750 million was promised for the Kathmandu-Nijgadh highway but the Oli government sought to review the project after the contract was awarded to an Indian consultant. Other development partners have accumulated similar experiences. Getting implementation of long stalled projects back on track should be the priority for the new government
- The Indian government too needs to introspect as to how its much vaunted 'neighbourhood first' policy went wrong. The problem of too many interlocutors, claiming to act on behalf of the political powers in Delhi and often conveying conflicting

messages, always existed with Nepal but has become more acute during the last two years. Hopefully, this can now be curbed

- A positive turn in relations with India will work to Nepal's advantage in reviving the sentiment that was generated when Prime Minister Modi visited Nepal in August 2014, of a friendly and caring India, sensitive to Nepal's concerns and generous in seeking mutually beneficial partnerships

The Indian Express

1. A thought for food

[\(http://indianexpress.com/article/opinion/columns/india-fdi-policy-modi-government-food-products-fdi-2920249/\)](http://indianexpress.com/article/opinion/columns/india-fdi-policy-modi-government-food-products-fdi-2920249/)

Topic: Agriculture

Category: Governance

Key points:

- In a rather bold move on June 20, the government opened several key sectors such as defence, pharmaceuticals, civil aviation and food products to 100 per cent foreign direct investment (FDI)
- The objective behind this FDI policy is to attract higher investments, better technologies in manufacturing, commerce, and the agri-food space to promote growth, jobs, and incomes of people
- By allowing FDI in trade, including e-commerce, of food produced or manufactured in India (call it "Made in India"), government seems to be inching towards FDI in retail, albeit through the approval route, and only for "made in India" food. Although, it is somewhat puzzling that while large domestic retailers (like Big Bazaar) can sell imported food, foreign retailers won't be permitted to do so under the new FDI policy. Imports need to be governed by trade policy and not retail policy. Nevertheless, FDI in food is a welcome move
- The key question is: How much difference can it make in promoting efficiency in food value chains? In this regard, it will be good to see what happened in the food processing

sector when 100 per cent FDI was allowed through the automatic route. The answer in brief is that it attracted more FDI, though with much volatility: For instance, while in FY2011 FDI in food processing was \$190 million, it jumped to \$400 million in FY13 and to almost \$4 billion in FY14, and then came down drastically to about \$500 million in FY16

- The new FDI policy in trade for food can have a similar or even bigger impact by attracting big players like Walmart, Tesco, Amazon, Alibaba, etc. They can help build more competitive and inclusive value chains by investing in procurement, storage and distribution networks
- Innovation lies in mainstreaming small holders on the procurement side and small kirana stores and vendors on the other side of these food value chains. But where are such players likely to invest? Business models would suggest investing where demand is growing fast, and good infrastructure is lacking, which leads to large wastages. This is the case of high-value perishable food, particularly, fruits and vegetables, milk, meat, fish, etc
- The economic worth of food so lost is estimated to be around Rs 92,651 crore. The new FDI policy can help reduce these losses but is unlikely to be a game-changer by itself — the government must change the rules of the game and clear up the policy environment holistically to attract FDI in much needed infrastructure
- **Two major roadblocks are the Agricultural Produce Market Committee (APMC) Act and the Essential Commodities Act, which do not allow procuring directly from farmers in most states or holding large stocks by big corporations.** This hampers their efficiency and dissuades them from large investments, defeating the very purpose of the FDI policy. This should encourage the policymakers to reform the APMC and ECA, for a magnified effect of the new FDI policy
- In any case, what are the emerging food demand trends in India in the recent past, say, between 2004-05 and 2011-12, which may attract FDI for building efficient value chains? Interestingly, Indians are progressively turning towards non-vegetarianism, and consuming more eggs, meat, and fish

- The household consumption data of NSSO suggests that non-veggies have increased from 58.2 per cent in 2004-05 to 62.3 per cent in 2011-12. The rise in the meat-eating population has come mainly from poultry-meat eaters, that increased by about 68 per cent. The increase is not just in the number of people but also in the level of consumption — monthly per capita consumption of chicken has grown by a staggering 224 per cent compared to just 10.7 per cent in milk, 28.3 per cent in fish and 93 per cent in eggs between 2004-05 and 2011-12. Poultry is clearly the favourite meat among Indians. Interestingly, supply has also commensurately responded to the growing demand for poultry especially as they are beyond the purview of the APMC Act
- The classic unorganised backyard production model has been mostly replaced by organised large-scale poultry farms rearing hundreds of thousands of birds. Still, the sale of poultry meat has remained confined to wet markets and open roadside slaughter houses. Processed chicken meat accounts for not more than 5-10 per cent of the total poultry meat production in the country. Apart from cultural biases, the absence of well-developed reliable cold-chains is to blame. Efficient value chains are the need of the hour
- The challenge is to bring in foreign investment in ways that help compress the value chain by taking on board small players both at the back-end and front-end. Dairy is leading by example where domestic cooperatives like AMUL and multinationals like Nestle have incorporated even small-holders into their model for procuring milk and local kirana stores for their distribution network
- Having the same for fruit, vegetables and meat that are registering much higher growth in demand than dairy, needs a non-restrictive environment for foreign firms to function and scale up their operations many fold
- In China, e-commerce is growing fast and food is a major part of the business — about 45 million people are regularly buying foods online. Big e-commerce companies like Alibaba and JD Online are dedicated to rural expansion. Apart from the push of cost and convenience factors, direct procurement from producers and availability of

sophisticated supply chains have enabled online sale of standardised and fresh food in China

- If India wants its FDI in food to deliver, it must clear up the institutional mess that regulations such as the APMC and ECA have created. To this effect, permitting FDI through the automatic route (rather than through approval) will be a much desired and well-awaited annexure to the new policy prescription. Efficient, integrated, well-developed and reliable value chains for high value perishable agri-commodities will reduce food losses and improve the stakes of small players in the value chain. It is high time India worked towards becoming not just an open economy but also a competitive and inclusive one

PIB

1. Prime Minister Shri Narendra Modi chairs the Inter-State Council meeting

A meeting of the Inter-State Council took place here today. The Prime Minister chaired the meeting. Union Ministers participated in the meeting along with the Chief Ministers and Administrators of States and Union Territories.

This meeting has been held after a gap of 10 years.

The Union Home Minister welcomed the Members of the Council and mentioned about the importance of cooperative federalism and how this Government was committed to the ideal of Centre-State cooperation. The completion of all the Zonal Council meetings in 2015 was a reflection of this commitment, he added.

The Prime Minister, in his inaugural address mentioned, that the Inter State Council is the most significant platform for strengthening Centre-State and Inter-State relations. He observed that the Council should discuss matters which are of concern to large segments of our population. It is with that intention that the agenda subjects for discussion in the Council have been chosen. So far 102 crore Aadhaar cards have been distributed and today the Aadhaar card has become a

symbol of empowerment. He added that India's greatest assets are the youth of the country and, therefore, they should be equipped with the skill and ability to think logically and work creatively. He emphasized the need to focus on intelligence sharing and ensure greater coordination among agencies, so as to strengthen the internal security of the country.

The recommendations of the Commission on Centre-State relations headed by Justice M.M. Punchhi, retired CJI, will be first referred to the Standing Committee and with their recommendations be placed before the Council. On the issue of Aadhaarenrollment and using Aadhaar as an identifier for direct benefit transfers, the State Governments assured that they will provide maximum support in completing the enrollment and also in setting up DBT (Direct Benefit Transfer) cells. The consensus view that emerged in the Council with regard to improving the quality of education and learning outcomes was that there has to be an improvement in the pupil-teacher ratio and in the training of teachers. Besides, focus also needs to be there on improving classroom processes and in the quality of school infrastructure. All these should be achieved in a time-bound manner. The need for modernizing the police force with better equipment and training was also emphasized.

Many Chief Ministers lauded the Government of India for convening the meeting of the Inter-State Council and requested that such meetings should be convened more frequently.

In his concluding address the Prime Minister mentioned that Aadhaar seeding should be attempted to the maximum extent possible in the implementation of welfare schemes. While expansion of educational facilities for school education was the only area of priority focus earlier, today we should, in addition focus on the quality of education and learning outcomes also. Technology can greatly help in this. We should proactively take steps to bridge the disparities in the standards between the better endowed and poorly endowed schools.

There should be better coordination and interaction between the police departments of the States and 'Smart Policing' should be practiced and in this, technology and focus on training of

the police personnel in matters relating to cyber crimes should be important points of emphasis.

2. Government steps in to address concerns of Spinning Sector due to rising cotton prices

CCI to sell cotton stock to spinning mills in MSME category only

The recent spurt in cotton prices has resulted in higher input costs for the spinning sector in India. In view of this situation, the Government reviewed the situation and decided the following:

Cotton Corporation of India will sell its existing stock, purchased under MSP, to spinning mills in the MSME category only. This would be for such MSME spinning textile units registered with the Office of Textile Commissioner.

The Financial Express:

1. Why a slowing west means a dramatic shift in India's strategy

(<http://www.financialexpress.com/fe-columnist/brexit-dramatic-shift-in-india-strategy/319741/>)

Topic: Global Economy

Category: Economy

Key points:

- Though Brexit is the latest threat to globalisation, the seeds of the destruction of the era of hyper-globalisation—exports-to-GDP rose to over 25% in 2008 as compared to 18% in the 1980s boom—lay in the fact that this phase coincided with what he called the weakening West and the rising rest
- Between 2005 and 2014, the latest McKinsey report points out, real incomes in advanced economies were either flat or fell for 65-70% of the population while they rose for all but 2% of the population in these countries in the 1993-2005 period. The slowing of global trade and increasing protectionism is a logical consequence. In the

glory days of 2004-07, when global GDP was growing at 5% per annum, global exports grew at 9-10%—by contrast, they contracted 13% in 2015; in volume terms, the growth was a mere 2.8%

- While deeper integration of the EU-type is under siege, shallower globalisation of trade and capital flows would continue
- Nonetheless, there are important policy implications of the new global order
- For one, India simply cannot get a sustained 8% growth without significant export-growth. Not only has all growth of China and Asian tiger economies been driven by high exports-growth, even India's own high growth years saw 24%+ export-growth. Can India get this growth and is the world ready for another China-style export behemoth? The latter, surprisingly, may not be too difficult since China's exports add up to 3.3% of global GDP which is small compared to the global exports-to-GDP ratio of 27.3%. Since India's share is a mere 0.5% and China's rising wages and exchange rate will force it to vacate some of this space, the question is whether India will capture it?
- Keep in mind that, in the 2005-12 period which was supposed to benefit India, our apparel exports rose just 3.7% a year versus 18% for Vietnam, 15.7% for Bangladesh and a healthy 6.9% for China which already had a very large export base by 2005. Certainly, the new textiles policy which brings in fixed-term jobs and tax breaks could help, but a lot more will be required
- China's competitiveness didn't lie in just its low labour costs or a cheap currency, it lay in it being an integral part of all global manufacturing chains while India is not a part of most manufacturing chains. Getting into this position requires India to aggressively woo FDI and shedding what, in an analogous context, the prime minister called the 'hesitations of history'
- While there has been progress, recent experience with Apple or even the so-called 100% FDI in the new aviation policy show India isn't fully ready—half-steps are better than no-steps but it is not clear how much they really move the needle

- Trade pacts have to be a significant part of India's exports strategy. With incomes stagnating in the West, it is unlikely India will get away with anything less than full-reciprocity. So, while the US may have unfairly blocked access to some of its markets, it is unlikely to fix this unless India gives it more access

The BusinessLine:

1. Terror networks or 'lone wolves' at work?

(<http://www.thehindubusinessline.com/opinion/terror-networks-or-lone-wolves-at-work/article8862529.ece>)

Topic: Terrorism

Category: Security

Key points:

- Coming in such quick succession, the Orlando (June 12), Dhaka (July 1-2) and Nice (July 14) terror attacks are confounding and it further solidify the widely prevalent distrust of law enforcement's ability to prevent further carnage. While the offenders in Orlando and Nice are said to have had psychiatric problems, there is no such report on the five involved in the Dhaka carnage. Three of the latter were actually bright young men from affluent families. In effect, the stereotype image of a terrorist — an impoverished, uneducated youth with no calling — does not hold water any longer
- The same is true of talks of radicalisation of youth online or in mosques. Some recent offenders have had no record of attending exhortation sessions at a mosque or elsewhere. There is no evidence either of access to online indoctrination. What's nearer the mark seems to be the identified suspect's generally unstable behaviour at home or work, coupled with an unhappy marriage
- The 'lone wolf' theory — an individual operating on his own without organisational support — has gained strong currency. This was the case both in Orlando and Nice, and earlier (December 2, 2015) in San Bernardino (California), where a Muslim state employee (of Pakistani origin) was the aggressor

- It is in this context that there is a live debate on the role of al Qaeda (AQ) and its offshoot, the Islamic State of Iraq and Syria (IS) in giving leadership to terrorist operations. First, there is a credible report of discord between the two outfits. They operate independently, and sometimes against each other. While the AQ has been outshone by the IS, especially in West Asia, the latter's hegemony in parts of Iraq and Syria is getting whittled down because of fierce attacks by the coalition forces. Forced to flee from occupied territory, particularly in Iraq, the IS is credited with the strategy of seeking new pastures, specifically in Asia. (Bangladesh is one example. The Dhaka authorities deny the IS hand and attribute the attack to home-grown terrorists.)
- The impression that both organisations have an identifiable hierarchy and any major incident is pursuant to directions from a central leadership, is fallacious. The IS's propensity to take credit for any savagery anywhere in the world is grotesque. This is showmanship to disseminate the misleading propaganda that there is a hierarchy in control of IS sympathisers. There is nothing to suggest that either AQ or IS has a firm channel of communication through which instructions are passed down the line. Channels are actually often ad hoc and fragile
- There is, however, credible evidence of the IS's continued magnetic appeal to the youth. It has attracted to its fold young volunteers from more than 20 countries; they have clandestinely exited their homes to go to Iraq and Syria. The IS's recent reverses may have reduced the number of such youths, but the traffic cannot be said to have stopped. Parents have invariably no clue of their wards having taken up the IS cause. This came to notice in the Dhaka episode. We cannot say that the desertions were from broken homes. Stable families have also yielded volunteers to the 'cause'
- There is undeniable anxiety over how to erode the credibility of the AQ, IS and such outfits. **There is first the need to highlight the hardships and risks involved in enlisting under these banners.** There was a recent story of how some IS deserters were pushed into a cauldron and boiled in water. Reports like these could act as a deterrent to prospective entrants. The IS has also been unable to act on the promise of monetary incentives, because of dwindling income from oil-fields in its control and from extortion.

Nothing less than massive propaganda by the state or its auxiliaries will work to cut down the inflow of misguided youth into terror bodies

- What does all this mean for India? We may not be fertile ground for terror recruitment. Nevertheless, there are reports from time to time of young men abandoning their jobs or education to jump into the IS fray. We do not have an idea of how many have done so. Intelligence outfits alone can keep a track. It is for parents and citizen groups to contribute to this crucial endeavour to cut down influx into the IS and other terrorist bodies. Or else we may have a Nice or an Orlando misadventure being happen right here, on our soil

The Economic Times:

1. Skill India needs concerted attention

(<http://blogs.economictimes.indiatimes.com/et-editorials/skill-india-needs-concerted-attention/>)

Topic: Skill India

Category: Governance

Key points:

- The pace of rolling out the Skill India Mission launched by Prime Minister Narendra Modi last July needs to pick up. The government set a target of skilling 400 million persons by 2022, so far it has only skilled 10 million people. At this pace, the 2022 target appears to be a far cry. Worse still is the low rate of training to job transition
- The mission comprises four initiatives and the Pradhan Mantri Kaushal VikasYojana (PMKVY) is the flagship. In its first phase, the government trained some 1.97 million people against a target of 2.4 million, and the skilling to placement ratio is low. The government has stepped in to improve accountability of the scheme through a quarterly review of outcomes and direct payment systems
- The Rs 12,000-crore package approved by the Cabinet for providing skill training and certifying 10 million persons over the next four years, which marks the second phase of the programme, seeks to address the gaps

- In the new version of the scheme, the government will also focus on training people to work overseas, including Europe and Central Asia. But increased funding and training options alone will not help. The true test of the initiative is ensuring a smooth transition to jobs. This will require measures to incentivise employers to offer apprentice schemes that ensure skill training programmes are in sync with industry's requirements
- India faces a severe shortage of trained workers—2.3 per cent of India's work force has formal skill training compared to 68 per cent in the UK, 75 per cent in Germany, 52 per cent in USA, 80 per cent in Japan and 96 per cent in South Korea. Success of the Make-in-India manufacturing push depends, among other things, on availability of the requisite skilled manpower. Industry councils must become more proactive, as well, in skilling potential recruits

2. GST Bill: The sticky points and what is possible

http://economictimes.indiatimes.com/articleshow/53256618.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

Topic: GST Bill

Category: Taxation

Key points:

- All hopes are pinned on this monsoon session of Parliament for the passage of the much-delayed Goods and Services Tax (GST) law with the government and Congress trying to find a middle ground

Issues

1. per cent Tax on interstate movement of goods

- Proposed to compensate manufacturing states such as Tamil Nadu for potential loss of revenue

Congress Demand

- Rightly demanded tax be dropped as it will create distortions.

Government Stand

- Willing to let go; ready to compensate manufacturing states which wanted this tax.

Dispute settlement mechanism

- The proposed structure provides that the Centre and states settle dispute through the GST council. The voting structure ensures no side has undue powers.

Congress demand

- Independent dispute: settlement mechanism.

Government stand

- GST council should decide it; most states are also in favour.

GST RATE

- This is the most contentious issue.

Congress demand

- Put a cap on the tax rate in the Constitution itself.

Government stand

- Government rightly not relenting on this; it will make the law rigid and difficult to change quickly.
- Government maybe open to keeping it in the GST law.

POSSIBLE TIE-BREAKERS

Agree to GST rate in constitution

- The limit is set in Constitution but so high that it is meaningless and gives government flexibility For instance, a rate of 25 per cent.

Put the rate in GST law

- This should satisfy Congress as change in GST rate will still not be easy.
- **Changes in rate will need to be approved by the GST council**

Prescribe a band

- Agree to a band of rate of GST that can be changed through notification with an appropriate ceiling.

Quick Bits and News from States

1. Centre to roll out 100 mw CST road map

- The United Nations Industrial Development Organization (UNIDO) in association with the New and Renewable Energy Ministry, is preparing a road map for 100 MW **Concentrated Solar Thermal** capacity in India to promote CST in the non-conventional energy segment. “UNIDO will provide USD 1.8 million for demonstration projects and to support manufacturing of CST component in India,” he said.
- About Rs 18,000-20,000 investment is needed for a square metre of CST area with single and double axis collector and Rs 12,000 is the estimated cost for non-imaging collector.
- One sqmt of CST produces 3.5-kilo calories. Solar thermal’s efficiency is around 40-50 per cent while the same for solar PV is about 15 per cent. Land requirement for CST project is one third of solar PV project.

2. Indian Railways train delay reduced by 30 per cent: Survey

(<http://www.financialexpress.com/economy/indian-railways-train-delay-reduced-30-per-cent-survey/318954/>)

- Based on a comprehensive analysis done over the last six months across more than 2,500 important train stations across the country, RailYatri.in, a mobile app for rail users, reports that the nationwide Train Delay Average has fallen by nearly 30 per cent since the start of 2016.
- However, the same analysis also reveals that the average National Train Delay Index still remains high at 35.03 minutes at the end of June.

3. Centre launches 15 international skill centres

(<http://www.thehindubusinessline.com/economy/policy/centre-launches-15-international-skill-centres/article8862563.ece>)

- The Centre is launching 50 India International Skill Centres (IISC) across the country, which will support the youth in getting foreign placement.

- It introduced 15 centres today in Uttar Pradesh, Kerala, Jharkhand, Bihar, Andhra Pradesh/Telangana, West Bengal, Maharashtra, Punjab and Rajasthan, Ministry of Skill Development & Entrepreneurship said in a statement.

4. Dabur, DRDO unit tie-up

(<http://www.thehindubusinessline.com/economy/agri-business/dabur-drdo-unit-tieup/article8862558.ece>)

- Leading ayurvedic FMCG firm Dabur has tied up with DRDO to promote sustainable cultivation of high-altitude medicinal plants in Ladakh. Dabur India has signed a pact with DRDO's unit Defence Institute of High Altitude Research (DIHAR), Leh, under which both organisations will educate farmers in the cold desert area.

F. Concepts-in-News: Related Concepts to Revise/Learn:

- Defence Institute of High Altitude Research (DIHAR)
- AFSPA
- 1962 Indo-China War
- Art 179
- UNESCO World Heritage Sites
- The APMC Act
- The Essential Commodities Act
- Sarkaria Commission
- Punchhi Commission
- Skill India
- UNIDO
- GST Bill
- Concentrated Solar Thermal Technology

Practice Questions:

1. Which of the following sites was/were included in the UNESCO World Heritage List in 2016?

1. Archaeological Site of Nalanda *Mahavihara*
2. The Complexe du Capitole in Chandigarh
3. Khangchendzonga National Park
4. Great Himalayan National Park Conservation Area

- a) 1 and 2 only
- b) 2 and 3 only
- c) 1, 2 and 3 only
- d) All the Above

Ans. C

2. Which of the following is/are correct about Arsenic and Metal Removal by Indian Technology (AMRIT)?

- 1 It is nanomaterials-based water technology that is currently used in India to remove arsenic from drinking water
- 2 It functions without electricity or running water; all it requires is gravity

- a) 1 only
- b) 2 only
- c) Both 1 and 2
- d) Neither 1 nor 2

Ans. D

3. Which of the following is/are correct about Concentrated solar systems?

- 1 Concentrated solar systems generate solar power by using mirrors or lenses to concentrate a large area of sunlight, or solar thermal energy, onto a small area
- 2 The concentrated sunlight is converted directly to electricity

- a) 1 only
- b) 2 only
- c) Both 1 and 2

d) Neither 1 nor 2

Ans. A

4. Which of the following statements is/are correct?

- 1 The Sarkaria Commission was to examine the relationship and balance of power between state and central governments India
- 2 The Punchhicommission proposed "localising emergency provisions" under Articles 355 and 356

a) 1 only

b) 2only

c) Both 1 and 2

d) Neither 1 nor 2

Ans. C

5. Which of the following statements is/are correct about Skill India?

1. Skill India is a campaign with an aim to train over 40 crore people in India in different skills by 2022
2. It includes various initiatives of the government like "National Skill Development Mission", "National Policy for Skill Development and Entrepreneurship, 2015", "Pradhan Mantri Kaushal VikasYojana (PMKVY)" and the "Skill Loan scheme"

a) 1 only

b) 2 only

c) Both 1 and 2

d) Neither 1 nor 2

Ans. C

Useful News Articles

19-07-2016

A.GS1 Related

B. GS2 Related

1. Before trust vote, Prachanda sends envoy to court Delhi

<http://www.thehindu.com/news/international/before-trust-vote-prachanda-sends-envoy-to-court-delhi/article8867218.ece?w=alauto>

Topic: Nepal

Category: India's Neighbourhood

Key points:

- Days before Nepal's Parliament elects a new government, a prominent leader and confidant of chief contender, Pushpa Kamal Dahal 'Prachanda', was in Delhi to canvass for support
- Mr. Prachanda and leader of the Nepali Congress Sher Bahadur Deuba are two contenders for the top post in Nepal who are likely to lead the next government if Mr. Oli's government falls on July 21

2. Turkish Interior Ministry fires 9,000, detains others

<http://www.thehindu.com/news/international/world/turkish-interior-ministry-fires-9000-detains-others/article8867239.ece?w=alauto>

Topic: Turkey

Category: International Affairs

Key points:

- Turkey's Interior Ministry has fired nearly 9,000 police officers, bureaucrats and others and detained thousands of suspected plotters following a foiled coup against the government
- The failed coup and the subsequent crackdown followed moves by President Erdogan to reshape both the military and the judiciary. He had indicated a shake-up of the military was imminent and had also taken steps to increase his influence over the judiciary
- The government alleged the coup conspirators were loyal to moderate U.S.-based cleric FethullahGulen, whom Mr. Erdogan has often accused of trying to overthrow the government. Mr. Gulen, who lives in Saylorsburg, Pennsylvania

3. Separatists reject govt. stand, extend shutdown in Kashmir

<http://www.thehindu.com/news/national/other-states/separatists-reject-govt-stand-extend-shutdown-in-kashmir/article8867187.ece?homepage=true>

Topic: Federal Relations

Category: Polity

Key points:

- Hinting at a prolonged agitation in curfew-bound Kashmir Valley, separatists Syed Ali Geelani, Mirwaiz Umar Farooq and Yasin Malik on Monday described the government's statement in Parliament as "propaganda" and called a fresh three-day shutdown
- In a joint statement, the Hurriyat factions and the JKLF said they "reject and ridicule" the Centre's stand that the separatists were responsible for the present crisis
- Calling Jammu and Kashmir an "unfinished agenda of Partition," National Conference leader Mustafa Kamaal said: "The problem persists because of the dilly-dallying by India and the unilateral violations of the U.N. resolutions by Pakistan. India should honour the legal and constitutional framework set out by the Instrument of Accession." He called for "soft borders, hassle-free trade and travel between the two parts of Kashmir."

4. Three sentenced to death by Dhaka war tribunal

<http://www.thehindu.com/news/international/south-asia/3-sentenced-to-death-by-dhaka-war-tribunal/article8867227.ece?w=alauto>

Topic: Bangladesh

Category: India's Neighbourhood

Key points:

- A Bangladesh war crimes tribunal found eight al-Badr militia commanders guilty of committing crimes against humanity during the 1971 liberation war
- The court sentenced three of them to death while the other five have been ordered prison until death. All the convicts were the student activists of the Jamaat-e-Islami

C.GS3 Related

1.10 CRPF commandos killed in IED blast in Bihar

<http://www.thehindu.com/news/national/other-states/crpf-commandos-killed-in-ied-blast-in-bihar/article8867245.ece?homepage=true>

Topic: Insurgency

Category: Security

Key points:

- At least eight CRPF commandos belonging to its elite Commando Battalion for Resolute Action (COBRA) battalion were on Monday killed in a Naxal IED blast in the forests of Bihar's Aurangabad district
- Officials said the jawans of the COBRA unit were ambushed in an IED blast after which an encounter broke out between the two, resulting in the killing of three naxals

2. Payment system to fix last mile will roll out this month

<http://www.thehindu.com/business/Industry/payment-system-to-fix-last-mile-will-roll-out-this-month/article8866709.ece?w=alauto>

Topic: Financial Inclusion

Category: Economy

Key points:

- A **Unified Payment Interface** developed by NPCI to address the last mile problem in the banking industry will become operational this month, Reserve Bank of India Governor said on Monday
- Money could be transferred, using the mobile app, to another account. The parties to the transaction need not divulge bank details other than the aliases given by their banks. UPI would help save a villager the trouble of having to visit the bank to withdraw money and allow shopkeepers, not having a point of sale device, to receive payment

D.GS4 Related

E. Important Editorials:

The Hindu

1. Shuffling the deckchairs?

(<http://www.thehindu.com/opinion/editorial/nepal-government-crisis-shuffling-the-deckchairs/article8866690.ece?homepage=true>)

Topic: Nepal

Category: India's Neighbourhood

Key points:

- Abrupt political realignments are not uncommon in Nepal. After the United Communist Party of Nepal (Maoist-Centre) led by Pushpa Kamal Dahal 'Prachanda' withdrew support to K.P. Oli's Communist Party of Nepal (Unified Marxist-Leninist)-led government last week, another such rearrangement appears to be on the cards. A no-confidence motion is due to be taken up in Parliament on July 21, and the numbers are stacked against Mr. Oli
- The opposition Nepali Congress led by Sher Bahadur Deuba and the UCPN(M-C) have worked out an alternative arrangement to share power. Mr. Prachanda will lead the government for nine months, and Mr. Deuba will then take over for the next nine months until the scheduled parliamentary elections
- If, as expected, the UCPN(M-C)-NC coalition manages to form the government with the support of smaller Madhesi parties and other groups, this would mark the 24th government in the 26 years since the first Jan Andolan led to the end of absolute monarchy and the beginning of parliamentary democracy in Nepal

- The creation of a new republic in 2008 has not changed things — there have been eight prime ministers in eight years. Mr. Oli's government had barely managed to get a grip on the reconstruction effort after the devastation of the 2015 earthquake and the instability in the federal arrangement after the turmoil in the Terai with Madhesi groups protesting against the new Constitution
- The promulgation of a Constitution took place in a peculiar set of circumstances. Following the second Constituent Assembly elections, the “status quoists” — political leaders across parties who were not part of the second Jan Andolan in support of a federal republic — led the process of promulgation. Mr. Oli, one such politician, had never showed any enthusiasm for a truly federal Nepal and chose to ignore the demands of Madhesi, Tharu and Janajati groups that sought greater decentralisation of power
- A marriage of convenience made it possible for Mr. Oli to remain in power with the support of a group in Parliament comprising Maoists and former royalists
- Hushed in this power game were the issues the Maoists originally stood for: recognition of the less privileged sections through a federal restructuring of the state, and redistribution. With little movement on these issues in the past year, a fresh start can be possible if Mr. Prachanda and Mr. Deuba commit to fulfilling some of the federal demands and to redouble post-quake reconstruction efforts. Given the Nepali political class's track record, there is bound to be cynicism. It is up to the two to prove the cynics wrong

2. One India, one market

<http://www.thehindu.com/opinion/lead/gst-bill-arvind-subramanian-hasmukh-adhia-on-its-importance/article8866693.ece?homepage=true>

Topic: GST

Category: Taxation

Key points:

- It is difficult not to view the Goods and Services Tax (GST) Bill as a game-changing reform for the country; and, when it happens, it would be a historic achievement. Why is GST important? What can be said about its design? How does it compare with similar tax reform in other countries? Consider each question in turn.

Benefits in the offing

- Three major benefits will flow from the GST. First, the GST will increase the resources available for poverty alleviation and development. This will happen indirectly as **the tax base becomes more buoyant and as the overall resources of the Central and State governments increase**. But it will also happen directly because the resources of the poorest States — for example, Uttar Pradesh, Bihar, and Madhya Pradesh — who happen to be large consumers will increase substantially
- Second, the GST will facilitate ‘Make in India’ by making one India. The current tax structure unmakes India, by fragmenting Indian markets along State lines. These distortions are caused by three features of the current system: the Central Sales Tax (CST) on inter-State sales of goods; numerous intra-State taxes; and the extensive nature of countervailing duty exemptions that favours imports over domestic production. In one fell swoop, the GST would rectify all these distortions: the CST would be eliminated; most of the other taxes would be subsumed into the GST; and because the GST would be applied on imports, the negative protection favouring imports and disfavouring domestic manufacturing would be eliminated
- Third, the GST would improve — even substantially — tax governance in two ways. The first relates to the self-policing incentive inherent to a valued-added tax. To claim input tax credit, each dealer has an incentive to request documentation from the dealer behind him in the value-added/tax chain. Provided the chain is not broken through wide-ranging exemptions, especially on intermediate goods, this self-policing feature can work very powerfully in the GST. The second relates to the dual monitoring structure of the GST — one by the States and one by the Centre. Critics and taxpayers have viewed the dual structure with some anxiety, fearing two sources of interface with the tax department and hence two potential sources of harassment. But dual monitoring should also be viewed as creating desirable tax competition and cooperation between State and Central authorities. Even if one set of tax authorities overlooks and/or fails to detect evasion, there is the possibility that the other overseeing authority may not
- Of course, these benefits will only flow through a well-designed GST. The GST should aim at **tax rates that protect revenue, simplify administration, encourage compliance, avoid adding to inflationary pressures, and keep India in the range of countries with reasonable levels of indirect taxes**

The fewest flaws at inception

- The GST should be comprehensive in its coverage, that exemptions from the GST be limited to a few commodities that catered to clear social benefits, and that most commodities be taxed at the standard rate. There is no free lunch here. There is no escaping the fact that the more the exemptions/exclusions, the higher will be the standard rate which could affect poorer consumers

- Some have levelled the charge that the design of the GST is flawed. But the “flawed GST” charge fails to appreciate how reforms actually occur. In no country is the GST — even today after many years of implementation — perfect, and was therefore quite flawed at inception. In complex systems, change is introduced, learning from implementation takes place, leading to further and better change. That is what happened with the implementation of the value-added tax by the States and that is what will happen with the GST. It is far better to start and allow the process of endogenous change to unfold over time than to wait for the best time and the best design before it is introduced
- That said, we must also be realistic about the time frame for assessing the GST. The GST is fiendishly, mind-bogglingly complex to administer. Such complexity and lags in GST implementation require that any evaluation of the GST — and any consequential decisions — should not be undertaken over short horizons (say months) but over longer periods, say one-two years
- In understanding GST systems around the world, we have been struck by how ambitious and how under-flawed the Indian GST is. GST-type taxes in large federal systems are either overly centralised, depriving the sub-federal levels of fiscal autonomy (Australia, Germany, and Austria); or where there is a dual structure, they are either administered independently — creating too many differences in tax bases and rates that weaken compliance and make inter-State transactions difficult to tax (Brazil, Russia and Argentina) — or administered with a modicum of coordination which minimises these disadvantages (Canada and India today) but does not do away with them
- The Indian GST will be a leap forward in creating a much cleaner dual VAT which would minimise the disadvantages of completely independent and completely centralised systems. A common base and common rates (across goods and services) and very similar rates (across States and between Centre and States) will facilitate administration and improve compliance while also rendering manageable the collection of taxes on inter-State sales. At the same time, the exceptions — in the form of permissible additional excise taxes on special goods (petroleum and tobacco for the Centre, petroleum and alcohol for the States) — will provide the requisite fiscal autonomy to the States. Indeed, even if they are brought within the scope of the GST, the States will retain autonomy in being able to levy top-up taxes on these goods
- To have achieved this, in a large and complex federal system of multiparty democracy, with a Centre, 29 States and 2 Union Territories of widely divergent interests via a constitutional amendment requiring broad political consensus, affecting potentially 7.5 million tax entities, and marshalling the latest technology to use and improve tax

implementation capability, is perhaps breathtakingly unprecedented in modern global tax history

- The time is ripe to collectively seize this historic opportunity; not just because the GST will decisively alter the Indian economy for the better but also because the GST symbolises Indian politics and democracy at its cooperative, consensual best

3. How a diagnosis is delayed

(<http://www.thehindu.com/opinion/op-ed/tuberculosis-in-india-how-a-diagnosis-is-delayed/article8866675.ece?homepage=true>)

Topic: Health

Category: Governance

Key points:

- Tuberculosis (TB) patients in India who seek care in the private sector face a delay of as long as two months before they are diagnosed correctly — if at all — according to systematic reviews of Indian studies. This is alarming, as TB patients begin their pathway to care in the private sector before they get treated in the public sector
- One study of 175 practitioners of Indian medicine published in the *Transactions of the Royal Society of Tropical Medicine and Hygiene* in March 2016 involved 400 interviews and 208 hours of observation, and 2,000 observed patient interactions in 10 clinics in Mumbai. One of the highlights of this study was that none of the 175 practitioners exclusively practised their system of training. While allopathic medicines, including antibiotics, were prescribed for acute conditions, the physicians generally prescribed their system of medicine for chronic conditions
- Though all the physicians reported seeing at least one patient with typical TB symptoms for more than two weeks in the preceding year, the patient had to visit a doctor several times before he or she was suspected of having TB. The patients were treated with broad-spectrum antibiotics and other symptomatic drugs during the first few visits. Different antibiotics were prescribed during each visit. This process of experimentation using antibiotics usually lasted 10-14 days
- Though fever is common and not very specific to TB, and more than two weeks of cough is one of the main symptoms of TB, no physician ever asked for lab investigation on the first visit. Instead the focus was in managing symptoms using non-specific therapies

- Though an X-ray should be used as a screening tool and sputum smear or GeneXpert as confirmatory tests, only 31 practitioners asked for sputum smear and only after conducting blood tests and a chest X-ray
- The good news is that 164 of the 175 AYUSH practitioners preferred to refer the TB patients to the public sector or to a chest physician and not treat the patients themselves
- Not treating TB patients could be due to a number of factors including uncertainty about treatment protocol, fear of MDR-TB, stronger messaging by RNTCP, fear of being exposed to TB themselves, and a desire to protect other patients in the waiting room from TB exposure
- The second study was published in April 2016 in the *International Journal of Tuberculosis and Lung Disease*. It found private doctors using fever as a diagnostic criterion for TB due to “ubiquity of cough and paucity of sputum production by patients”. This study of 110 private doctors (MBBS and AYUSH) in Mumbai and Patna involving 143 interviews and 150 clinical observations in seven clinics found doctors from all systems of medicine treating patients symptomatically based on patient history and clinical observation without asking for diagnostic tests
- Patients were asked for a chest X-ray and other lab tests when some doctors suspected TB, but “often after months of fever”
- This empirical approach not only leads to delay in diagnosis and increase in the spread of TB but also exposes the patients to a broad-spectrum of needless antibiotics. Using drugs, particularly quinolones and amoxicillin-clavulanate, as diagnostic tools adds to the delay in diagnosing TB as they tend to temporarily mask symptoms such as cough, fever, or sputum production. **As the patients are poor and need immediate relief, the only way to reduce experimentation with antibiotics is to work to reduce the cost of TB diagnostic tests**
- The study reveals that the uptake of sputum smear testing is low in the private sector because it only confirms what the X-ray already suggests. Moreover, an X-ray presents a broader set of information about what is happening in the patients’ lungs
- The study found three reasons why doctors choose the ‘treat with antibiotics and wait’ approach while dealing with TB patients. First, there is a compulsion to provide rapid symptom relief; there is a risk of losing patients, especially when diagnostic tests are asked for during the first visit; there is the factor of financial capability of patients; and there is an easy availability of antibiotics. Second, there is a lack of clear and unique TB symptoms besides TB’s slow onset and progression. Finally, doctors perceive that many TB patients come without a cough or do not produce sputum
- These studies suggest the urgent need for the Indian TB programme to engage with private providers (allopathic and AYUSH) and change their traditional, empirical

approach to dealing with TB. Ordering a chest X-ray early, a greater use of sputum TB tests (especially GeneXpert), and greater linkages and referrals to the public sector would be key issues for behaviour change management

The Indian Express

1. A strong foundation

[\(http://indianexpress.com/article/opinion/columns/monetary-policy-rbi-finance-ministry-indian-economy-inflation-fdi-gdp-2922155/\)](http://indianexpress.com/article/opinion/columns/monetary-policy-rbi-finance-ministry-indian-economy-inflation-fdi-gdp-2922155/)

Topic: Monetary Policy

Category: Economy

Key points:

- India has unsurprisingly brushed-off any post-Brexit impact. Some of this is because emerging markets, themselves, have come under little stress so far. But a lot of this is because, in a matter of three years, India has gone from being the poster child of emerging market vulnerability to becoming the safe haven in that universe. Inflation has halved, the central government fiscal deficit has narrowed by a third, the current account deficit (CAD) has gone from 5 per cent of the GDP in 2013 to 1 per cent of GDP in 2016, and foreign exchange reserves are at a record high
- There are several proximate causes for the turnaround: Lower oil prices have helped across the board, the government's bold FDI reforms have improved the quantum and quality of capital, and weak investment has narrowed the CAD. All are true at some level. But the bedrock of macroeconomic stability has been provided by sound fiscal and monetary policies post the taper tantrum (slow withdrawal of Quantitative Easing), evidenced by the fact that the macros began to improve well before oil prices fell.
- The question is how institutionalised are these policy frameworks. Can they survive regime changes? Reforms are also about ensuring that they are institutionalised such that future governments find it hard to reverse them for politically expedient reasons. Viewed from this lens, there has been dramatic progress on the new monetary policy framework. Just 30 months ago, monetary policy was still being run via a multiple indicator approach, creating uncertainty about the focus of policy. Inflation? Growth? Financial stability? Exchange rate? What combination thereof? Within inflation, was it CPI or WPI? Headline or core? Little wonder it was hard to anchor expectations

- But things moved rapidly from January 2014. The RBI implemented the Urjit Patel Committee Report — which recommended a decisive pivot to headline CPI targeting and a glide path to 8 per cent, 6 per cent and then 4 per cent with a band of ± 2 per cent in the steady state
- The new government was quickly on board with the FM arguing for a “modern monetary policy framework” in his maiden budget speech in July 2014. By February 2015, the ministry of finance and the RBI had entered into a monetary policy agreement which gave an unambiguous primacy to price stability, and spoke about targeting inflation at 4 per cent with a 2 per cent band on either side for “all subsequent years”
- These may have been small changes in language. But they represented a huge leap in thinking. A public commitment to numerical targets was important to anchor expectations, create significant reputational risk to the RBI for missing targets, and create much-needed incentive-compatibility between fiscal and monetary policy
- All that was left was to formally incorporate this into the RBI Act, which the government did in the Finance Bill of 2016. The language in the Act on the objective of monetary policy is identical to the framework agreement giving primacy to price stability. The inflation target is clearly specified in terms of “Consumer Price Index Combined” — which refers to headline CPI — allaying concerns that the operational target could be changed to core CPI or WPI. Doing so would entail amending the RBI Act. Finally, the Act lays out the formation, structure and processes of a six-member monetary policy committee (MPC) in impressive detail. This allows for a variety of views, and continuity in decision-making across governments
- Perhaps the only quibble is that the broad inflation target range (2-6 per cent) is not in the RBI Act. Instead, the Act mandates that the central government, in consultation with the RBI, determine the inflation target every five years and notify it accordingly. A notification has not been issued thus far and, when it comes, it will supersede the target in the monetary policy agreement. In theory, the government can change the inflation target from what it had agreed to last year. In practice, this is very unlikely
- Authorities will recognise that the essence of inflation targeting is about consistent application to anchor inflation expectations. It’s hard to anchor expectations if we have a moving target. So we would be very surprised if the government having just signed on to a target would reverse that
- This raises the larger question of whether at least the upper (6 per cent) and lower bounds (2 per cent) of the target range should have been hard-coded into the RBI Act? True, very few countries hard-code the numerical target into the Act, but that’s also because they have much tighter bands that constrain policy
- In India’s case, the range is so wide that it would not necessarily constrain responding to shocks. In response, the RBI could always operate at a different point in the band,

commensurate with the shock. Monetary policy would have enough room to manoeuvre

- But hard-coding the upper end (6 per cent) into the RBI Act would have given more confidence to economic agents that inflation would not stay above 6 per cent on a sustained basis, like it did during 2008-14. In the “rules versus discretion” debate, emerging markets are replete with examples of unbounded discretion leading to time-inconsistency problems. Hard-coding the boundaries into the Act would have created bounded-discretion
- In the “rules versus discretion” debate, emerging markets are replete with examples of unbounded discretion leading to time-inconsistency problems. Hard-coding the boundaries into the Act would have created bounded-discretion
- The sovereign could, of course, change the Act at any time. But it would require legislative change with greater reputational consequences. The bar for reversing course would be higher versus the current scenario where the default is the government-of-the-day must pick a target every five years, leading to concerns that targets could be opportunistically tinkered with, down the line
- One could, of course, ask why any sovereign would want to target inflation higher than 6 per cent given the adverse political economy of high inflation? In India’s case, though, the current calendar of choosing the inflation target every five years will not run co-terminus with the political cycle, assuming five-year terms for all future governments. Instead the choice of target will fall in the middle of each future government’s tenure, raising concerns about time-inconsistency
- In just two years, India has seen a remarkable transformation and institutionalisation of its monetary policy framework, for which the government and the RBI deserve credit. The sooner the government notifies the inflation target (with the hope that the goalpost is not changed) the faster the speculation will end, and we can appreciate just how much has been accomplished

PIB

1. .Estimated Generation of E-Waste

Central Pollution Control Board (CPCB) in 2005, estimated 1.46 lakh tonnes of e-waste generation in the country, which was expected to exceed 8 lakh tonnes by 2012. As per the United Nations University report, “The Global E-Waste Monitor 2014”, 17 lakh tonnes of e-waste generation was reported in the country in 2014. No comprehensive State-wise inventorization of e-waste generation in the country has been done.

2. Study on Polluted Rivers

As per the report published by Central Pollution Control Board (CPCB) in February 2015, 302 polluted river stretches have been identified on 275 rivers in the country based on Bio-chemical Oxygen Demand (BOD) levels, a key indicator of organic pollution.

State Governments, apart from their own budgetary allocation, are also accessing financial assistance for creation of sewerage infrastructure, including sewage treatment plants, in various cities/towns under Atal Mission for Rejuvenation and Urban Transformation (AMRUT) programme of Ministry of Urban Development and the NamamiGangeprogramme (under NGRBA) of MoWR,RD&GR.

Central Pollution Control Board (CPCB) has issued directions under Section 18 1(b) of the Water (Prevention and Control of Pollution) Act, 1974 in April, 2015 to the State Pollution Control Board/Pollution Control Committees regarding setting up of sewage treatment plants and utilization of sewage generated in their respective States.

3. Kick off meeting with Mission team from World Bank Group on Doing Business Report 2017

The Doing Business team of the World Bank Group is on a two week mission to India for interacting with various stakeholders and to validate data for the upcoming Doing Business Report (DBR), 2017. A Kick-off meeting, chaired by Additional Secretary (Investment), Department of Economic Affairs to interact with the Doing Business mission team of the World Bank Group was held on July 18, 2016 at New Delhi. The meeting was also attended by the representative from Department of Industrial Policy and Promotion (DIPP).

4. Central Board of Direct Taxes (CBDT) signs seven Unilateral Advance Pricing Agreements (APAs)

The Central Board of Direct Taxes (CBDT) entered into seven (7) Unilateral Advance Pricing Agreements (APAs) today, i.e., 18th July, 2016, with Indian taxpayers. Some of these agreements also have a “Rollback” provision in them.

The APA Scheme was introduced in the Income-tax Act in 2012 and the “Rollback” provisions were introduced in 2014. The scheme endeavours to provide certainty to taxpayers in the domain of transfer pricing by specifying the methods of pricing and setting the prices of international transactions in advance. Since its inception, the APA scheme has attracted

tremendous interest and that has resulted in more than 700 applications (both unilateral and bilateral) having been filed in just four years.

5. Rs 100 crore released towards Government of India co-contribution in Atal Pension Yojana

Atal Pension Yojana is being implemented through the APY Service Providers comprising of Public Sector Banks, Private Sector Banks, Regional Rural Banks, Cooperative Banks and Department of Post both in urban and rural areas across the country. The total number of subscribers registered under APY as on 30th June 2016 has crossed 30 lakh and every day nearly 5000 new subscribers are added.

Atal Pension Yojana, provides minimum guaranteed pension ranging between Rs. 1000/- to Rs. 5000/- per month for the subscriber from the age of 60 years. The Same amount of pension is paid to the spouse in case of subscriber's demise.

6. SWAYAM Prabha-Educational Contents through DTH

Government has approved a project to launch the 'SWAYAM Prabha'-a project for operationalising 32 Direct to Home (DTH) Television Channels for providing high quality educational content to all teachers, students and citizens across the country interested in lifelong learning. There will be new content of four hours every day, which would be telecast six times a day allowing the student to choose the time of his/her convenience.

7. The Ministry of Road Transport and Highways has taken the following steps to tackle the problem of vehicular pollution:

I. Introduction of alternate fuels:-

- a) Flex Fuel ethanol
- b) Bio Diesel
- c) Bio-CNG
- d) Retro fitment of Hybrid Electric Vehicles

II. BS-VI fuel emission norms

The Financial Express:

1. Payment banks: A mobile wallet is a depreciating currency

[\(http://www.financialexpress.com/fe-columnist/payment-banks-a-mobile-wallet-is-a-depreciating-currency/321088/\)](http://www.financialexpress.com/fe-columnist/payment-banks-a-mobile-wallet-is-a-depreciating-currency/321088/)

Topic: Banking

Category: Economy

Key points:

- Entities that were granted an in-principle approval for starting a payments bank were given a year to launch the bank and in turn gain a payments bank license. After eight months, a JV between a group with deep pockets, a bank, and a telecom player decided that it made no economic sense to start and operate a payments bank
- Considering the stringent regulations and restrictions on operations, it seems very likely that more players will drop out of starting small and payments banks in the near future. RBI had engineered a similar fiasco with the local area banks (LABs) in 1997. Of the 10 licensees, only four are in existence at present. The LABs were, similarly, constrained by regulations requiring them to remain in unprofitable rural markets and were allowed to open only one branch in an urban area per district (maximum of three)
- The payments bank model has been envisaged based on the success of M-Pesa in sub-Saharan Africa. A study by Bill and Melinda Gates Foundation identified four reasons why M-Pesa was able to reach a level of penetration that banks did not in Kenya. One, the cost of transferring cash to the villages from cities was extremely high (sometimes 20%). There was also a lack of safety in sending cash. Two, Safaricom, a telecom company, is a highly trusted brand, more so than Kenyan banks. Three, Kenyan banks were restricted from utilising banking correspondents beyond a certain distance, thereby limiting their scope of reach. Four, for nearly five years, Safaricom enjoyed a monopoly because banks did not have branches in remote areas due to high costs and because it made M-Pesa easily available by strategically tying up with those vendors who provided mobile phone services and recharge
- The extent of similarity between India and Kenya is limited to the lack of bank branch networks in remote areas. Indian banks, too, find it unprofitable to have branches in rural areas. But, the cost of transferring money in India is very low. Once bank accounts open under the Pradhan Mantri Jan-DhanYojana, operating bank accounts via mobile or through banking correspondents which include payments, savings and, in limited cases, credit services will neither be hard nor expensive. One wonders if a mobile money system would not be tantamount to a platform which already exists in the banking sector viz. National Payments Corporation of India and Unified Payments Interface

- Under the current regulatory framework, **payments banks are not allowed to lend** so their classification, as banks, in itself is incorrect. Their only purpose is to make payment services ubiquitous, which means, they may be, more appropriately, governed under the Payments and Settlements Act 2007. Payments banks have been mandated to hold 75% of their liabilities in SLR securities (yielding ~6.5%) and the remaining 25% as deposits with other banks (yielding ~7.25%). This means that payment banks have no risk on the asset side of the balance sheet. **Assuming that the cost of funds for these payments banks will be comparable to current scheduled commercial banks, (we are stretching our imagination here), that leaves absolutely no net interest margin for these banks to cover their costs**
- The cost of funds for payments banks (and even small banks) will definitely be higher than full service banks which have better credit as well as access to inter-bank options and RBI for overnight liquidity requirements. To counter this, the balances held with payments banks will give lower returns than the balances held with scheduled commercial banks
- There will be no incentive for customers to hold deposits in these payments banks. This leaves charging for payments as the only possible source of revenue for payments banks. This begs the question as to why anyone would keep any float in a payments or small bank account which presumably would not pay any interest (Paytm wallet, M-Pesa or Airtel money earn no interest currently). Almost all banks in India have implemented a core banking solution and are able to provide payment services via internet banking at almost negligible cost. There is a near zero transaction cost for a consumer (on most platforms) for transfer of money via NEFT or RTGS. Debit cards and ATM machines are also available widely but with an urban bias for now
- The assumption seems to have been that payments banks will leverage technology and have minimal operating costs. Payments business is different from banking. It enables the transfer of funds from a payer to a beneficiary. Banks, payments networks like Visa, MasterCard and cash were the only mode of payments for a very long time. In the last decade, with the advent of technology, banks have faced a challenge to their monopoly on payments by a clutch of technology and telecom companies, most notably; M-Pesa, ApplePay, Google Wallet and the like
- India has been at the forefront of the payments revolution with systems like NEFT, RTGS and ECS, which were promoted by RBI and led to massive improvement in performance and customer services by banks. In the second version of this revolution, companies like Paytm and other digital wallets have garnered a lot of traction with tech-savvy consumers. Payment services like M-Pesa or Airtel money however have not taken off like they did in sub-Saharan Africa

- What the RBI needs to consider is that there are not many telecom or financial companies more trusted than some of the big PSU banks in India. They have a reach and presence that is unmatched by anyone else apart from India Post. A mobile wallet is a depreciating currency as every transaction incurs a transaction fee. Would the poor not prefer to transact via normal banks and not mobile money if similar payment and banking services are provided by banks? It is obvious that because of the restrictions imposed by RBI, payment banks have no business model
- Of all the payment banks licensed, only telecom companies, IT players and retail chains have a different cost structure and technology platform than regular banks. These players were already in the payments business via wallets and mobile money applications. If only these companies had to remain in the fray, RBI need not have gone through the whole licensing charade, instead the RBI could have taken marginal yet effective measures to legitimise and rationalise the operations of existing players in the field

The Business Line:

1. All you wanted to know about One Nation One Rate

(<http://www.thehindubusinessline.com/opinion/all-you-wanted-to-know-about-one-nation-one-rate/article8866539.ece>)

Topic: GST

Category: Taxation

Key points:

- As vegetable prices steam up again, the cut in petrol prices by ₹2.25 per litre in the past week comes as a bit of a breather. But how would you like it if you also had lower taxes and a uniform rate for petrol and diesel across the country? As the Parliament ponders GST, the All India Petroleum Dealers Association has come up with a demand to streamline petrol and diesel prices across India. They've dubbed it "One Nation One Rate"
- What is it?
- Retail prices of petrol and diesel differ from State to State and even vary between city limits and the suburbs. So where does this price differential come from? Well, to understand this, we need to know how fuel prices at the pump are arrived at. To calculate fuel prices, the basic cost of petrol/diesel imported into the country, including

freight, is considered in dollar terms. This is converted into rupees using an average exchange rate. A variety of State-level taxes get added to this - cess, state value added tax (VAT) and State Specific Charges that allow firms to recover entry tax and octroi, before arriving at the final retail price at the pump. Differential tax rates, especially VAT from State to State are the major cause for differences in fuel prices across the country

- According to data from the Ministry of Petroleum and Natural Gas, the effective rate of state taxes levied on petrol in Delhi is 27 per cent where as in Mumbai it is 35.08 per cent. This makes the petrol dearer by almost a ₹5 in Mumbai (₹67.11 per litre, Indian Oil Corporation) compared to Delhi (₹62.51 per litre). The same logic applies for diesel as well. With state-level taxes at 31.56 per cent, diesel is sold at ₹68.44 per litre in Bhopal, which is higher than ₹62.95 per litre in Chandigarh where the effective tax rate is 17.27 per cent
- To put an end to the disparity, over 50,000 fuel pump owners across the country have gotten together and demanded that petroleum products, which have been specifically left out of the GST regime, be swept under it, so that fuel rates can be made uniform. But convincing individual States which currently rake in substantial taxes through VAT to lower their rates may prove an uphill task
- Why is it important?
- Uniform prices may make fuel pricing more transparent and easy to understand for consumers. Plus, it may curb grey market activity. With VAT differentials widening, there has been an increase in grey market fuel movements across State borders
- Reports say that grey market racketeers buy fuel in the 'cheaper' states and sell them in States where they are priced higher. Uniform pricing across the nation can avoid this illegal trade. Also the petrol pump owners association claims that a uniform tax rate will result in an increase in revenues for the government
- Given the way States are resisting even plain vanilla GST, it may not become a reality anytime soon

The Economic Times:

1. Reform tribunals, don't abolish them

(<http://blogs.economictimes.indiatimes.com/et-editorials/reform-tribunals-dont-abolish-them/>)

Topic: Dispute Resolution

Category: Governance

Key points:

- The Prime Minister's Office is reportedly assessing the functioning of tribunals. Tribunals were created to bring expertise and speed to dispute resolution. India has many tribunals that hear pleas against orders by sectoral regulators. Last year, a parliamentary standing committee had voiced concerns over the 'sad state of affairs' in tribunals, saying some of them were dysfunctional due to large-scale vacancies. Scrapping tribunals is not the answer
- The judiciary is already over-burdened. Instead, the government must provide human and financial resources for tribunals to function effectively. A tribunal would serve to sum up the evidence and elucidate the principles and rules needed to evaluate the evidence, even if the tribunal's finding goes for review at a high court or the Supreme Court.
- It makes sense to have a sitting or retired judge of the Supreme Court or a high court on these tribunals, which, ideally should be multi-member bodies that contain domain experts as well. Regulators, whether in the financial sector or in telecom or energy, have wide-ranging powers, and their actions can impose a significant burden on regulated entities
- Rightly, the Financial Sector Legislative Reforms Commission had said the rule of law requires that a clear judicial process be available to persons who seek to challenge regulatory actions. The tribunals offer the first opportunity of appeal. The Securities Appellate Tribunal, for example, hears pleas against orders by the capital market, insurance and pension regulators
- The PMO's energies would be better spent on pushing legislation to make regulators accountable to Parliament, to enable them to function independently. Structured interactions and periodic reporting will enable Parliament to review regulatory actions and raise investor comfort.
- Do tribunals fail to ease the burden on the higher judiciary? The apex court can lighten its burden by refusing to hear cases that do not raise questions of legal principle or of fundamental rights. The high courts can benefit from the tribunals's expert rulings

Quick Bits and News from States**1. Charge sheet against 6 IS operatives**

(<http://www.thehindu.com/news/national/other-states/charge-sheet-against-6-is-operatives/article8867595.ece?homepage=true>)

The National Investigation Agency (NIA) on Monday filed a charge sheet against six suspected operatives of the IS for allegedly conspiring to carry out terror strikes in the Capital and neighbouring regions during the ArdhKumbh *mela* in Haridwar in January. The Agency filed the chargesheet in the court of District Judge Amarnath of the Patiala House district courts under Sections 120 (criminal conspiracy) of the Indian Penal Code and various provisions of the Unlawful Activities (Prevention) Act (UAPA).

2. One lakh transactions under taxmen's watch

<http://www.thehindu.com/business/Economy/one-lakh-transactions-under-taxmens-watch/article8867115.ece?homepage=true>

The Central Board of Direct Taxes (CBDT) said on Monday that it put together a database of about nine lakh high-value transactions, of which nearly one lakh that involve purchases or investments exceeding Rs. 1 crore could come under scrutiny for tax evasion

3. Cheap water treatment device for rural India

<http://www.thehindu.com/news/national/cheap-water-treatment-device-for-rural-india/article8867240.ece?w=alauto>

MIT scientists have developed an inexpensive, solar-powered water treatment system for rural Indian villages, which lack affordable potable water and electricity.

The researchers designed, built and tested their prototype system, and their next step is to implement it in a village outside of Hyderabad.

4. 'Incubator hubs soon to spur Start-up India'

<http://www.thehindu.com/business/Economy/nirmala-sitharaman-on-startup-india-and-incubator-hubs/article8866708.ece?w=alauto>

With its Start-up Policy having drawn only lukewarm response so far, the government is planning a twin-pronged approach to spur the initiative.

In places having no leading centres such as the IITs, the IIMs, or other renowned institutes, colleges would be clubbed to form an incubator hub. Incubators plagued by staff-shortage that impacted their ability to handle numerous applications would be asked to co-opt outside

experts quickly so that no applicant was denied the expertise required to develop and commercialise their ventures.

5. NGT order to impact consumers, benefit auto-makers in short run

<http://www.thehindu.com/business/Industry/ngt-order-to-impact-consumers-benefit-automakers-in-short-run/article8866711.ece?w=alauto>

While the National Green Tribunal's directive to RTOs to de-register diesel vehicles that are over 10 years old in Delhi will adversely affect owners of such vehicles, it is a godsend for the industry as it may boost demand for new vehicles in the short-term. But in the longer run, a piecemeal approach would impact consumer sentiment on the use of diesel cars.

6. Trade Receivables Discounting System expected later this fiscal:

Raghuram Rajan

<http://www.financialexpress.com/economy/trade-receivables-discounting-system-expected-later-fiscal-raghuram-rajan/320903/>

MSMEs get squeezed all the time by their large buyers, who pay after long delays. All would be better off if the MSME could sell its claim on the large buyer in the market. The MSME would get its money quickly, while the market would get a claim on the better rated large buyer instead of holding a claim on the MSME. All this will happen as the three Trade-Receivables Discounting Systems (TReDS) which the RBI has licensed, start later this financial year," the RBI governor said.

F. Concepts-in-News: Related Concepts to Revise/Learn:

- IED
- Naxalism
- Unified Payments Interface
- GST Bill
- TB Symptoms
- Monetary Policy Committee
- Bio chemical Oxygen Demand
- Bio CNG
- Payments Bank

Practice Questions:

1. Which of the following statements is/are correct?

- 1 United Nations Security Council Resolution 47 recommended that a Commission be sent to help the governments of India and Pakistan to prepare for a plebiscite to decide the fate of Kashmir
 - 2 In 2010 the United Nations has removed Jammu and Kashmir from its list of disputed territories
- a) 1 only
b) 2 only
c) Both 1 and 2
d) Neither 1 nor 2

Ans. C

2. Which of the following is/are correct about Unified Payments Interface System?

- 1 A smartphone with the UPI application (app) can make it possible to transact using the UPI system
 - 2 It does not require credit or debit card or internet banking.
- a) 1 only
b) 2 only
c) Both 1 and 2
d) Neither 1 nor 2

Ans. C

3. Which of the following is/are correct about Bio diesel?

1. It is made from vegetable oil or animal fat
 2. It can be used only in fuel converted diesel engines
- a) 1 only
b) 2 only
c) Both 1 and 2
d) Neither 1 nor 2

Ans. A

4. Which of the following methods are used to diagnose TB?

1. Blood Test
2. Sputum Test

- 3. Skin Test
- 4. Gene Probe Test
- a) 1 and 2 only
- b) 2 and 3 only
- c) 1,2 and 3
- d) All the Above

5. Which of the following countries share boundary with Turkey?

- 1. Syria
- 2. Greece
- 3. Iraq
- 4. Iran
- a) 1 and 2 only
- b) 1 and 4 only
- c) 1,2 and 3
- d) All the Above

Ans. D

Useful News Articles

20-7-2016

A. GS1 Related

B. GS2 Related

1. CAG audit nails Centre's claim on LPG subsidy saving

(<http://www.thehindu.com/news/national/cag-audit-nails-centres-claim-on-lpg-subsidy-saving/article8871994.ece?homepage=true>)

Topic: Accountability

Category: Governance

Key points:

- The Centre claims it would end up saving almost Rs. 22,000 crore in the financial years of 2014-15 and 2015-16 since launching its two-pronged approach on cooking gas subsidy — introducing direct bank transfers of the subsidy and asking better off consumers to voluntarily give up theirs
- However, a CAG report to be tabled in Parliament during the ongoing session could seriously puncture the claim, according to reliable sources. The audit has found that the saving from people voluntarily giving up LPG subsidy and direct bank transfers adds up to less than Rs. 2,000 crore. The remaining saving is actually thanks to the dramatic fall in the prices of LPG that India annually imports
- The audit has also found substantial systemic problems with the Direct Benefit Transfer in LPG scheme which is called Pahal by the government. Among them are diversion of domestic subsidy for commercial use and commercial consumption LPG being diverted to domestic use
(FOB (Free on Board) of LPG is weighted average of Saudi Aramco contract price (CP) for Butane (60 per cent) and Propane (40 per cent) for the previous month and also includes daily quotes of premium/discount averaged for the previous month. The price of Butane fell from \$825 per metric tonne (MT) in May 2014 to \$310 per MT in July 2016. The price of Propane fell similarly, from \$810 per MT in May 2014 to \$295 per MT in July 2016)

2. Multiple life term will run concurrently, not consecutively: SC

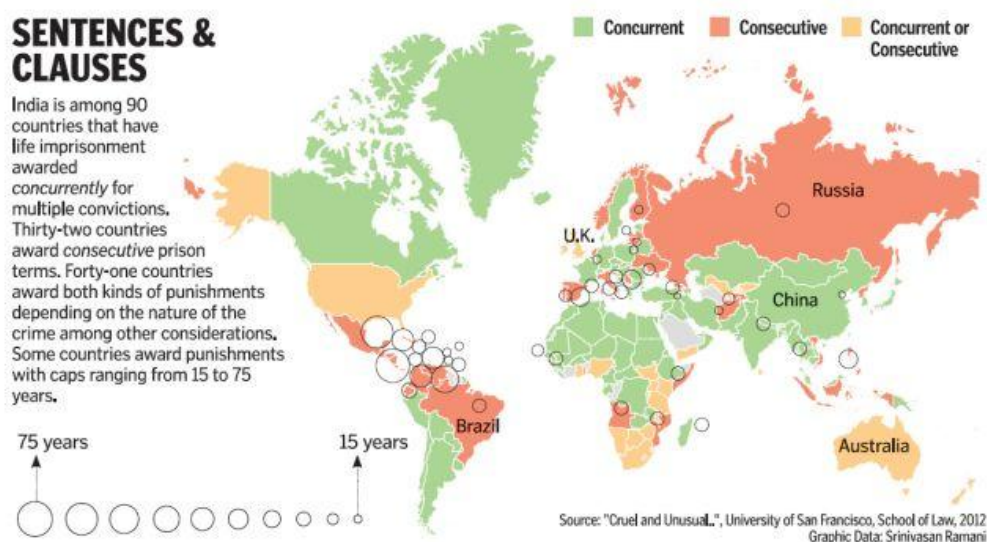
(<http://www.thehindu.com/news/national/multiple-life-terms-to-run-concurrently-not-consecutively-supreme-court/article8870032.ece?homepage=true>)

Topic: Judiciary

Category: Polity

Key points:

- Interpreting Section 31 (sentence in cases of conviction of several offences at one trial) of the Criminal Procedure Code, the Constitution Bench clarified that two or more life sentences have to run concurrently and not consecutively, the latter being an “obvious impossibility”
- The case deals with the appeals filed by convicts accused of a single instance of multiple murders in Tamil Nadu. The trial court had awarded them life sentences for each murder they committed and pronounced them to be served consecutively — that is one after the other
- A Constitution bench of the Supreme Court on Tuesday, pronounced its verdict rejecting multiple life terms for a convict guilty of heinous crimes, on a reference from a three-judge Bench of the apex court
- It further held that the subsequent imprisonment for life awarded to a prisoner can be “superimposed” over the earlier life sentence. That is, if a prisoner twice condemned to life gets remission or his first life sentence is commuted, the second life sentence immediately kicks in and depriving him of the ability to enjoy the benefit of the remission or commutation of the first life sentence



C.GS3 Related

1. Centre lets microbeads off the hook

(<http://www.thehindu.com/sci-tech/health/centre-lets-microbeads-off-the-hook/article8871646.ece?homepage=true>)

Topic: Pollution Control

Category: Environment

Key points:

- On a petition filed by an environment lawyer, requesting a ban on microbeads, also called micro plastics, this March, a National Green Tribunal Bench asked the Ministries of Health, Environment and Water Resources file their response
- The crux of the petition is that these plastics are too small to be caught by sewage treatment and water filtration techniques and they pass unchecked into rivers and seas and contaminated them. They take centuries to degrade and worse, are sometimes eaten by fish and other aquatic animals and could even make their way into human diets
- Microbeads, small pellets of plastic, extensively used in personal care products such as shampoo, baby lotion and face cream and considered toxic to marine life, are being banned internationally, but the Indian government says that no studies have been conducted to ascertain the harm posed to the environment or its potential toxicity

2. Panama agrees to sign tax treaty

(<http://www.thehindu.com/news/national/panama-agrees-to-sign-tax-treaty/article8871649.ece?w=alauto>)

Topic: Taxation

Category: Economy

Key points:

- The Organisation for Economic Cooperation and Development (OECD) on Monday announced that Panama formally communicated to the organisation on July 15 that it had decided to sign the Multilateral Convention on Mutual Administrative Assistance in Tax Matters

- “We very much welcome Panama’s request to join the Convention. Signing and ratifying the Convention will be a very significant step forward in implementing its commitment to tax transparency and effective exchange of information,” said the Director of the OECD’s Centre for Tax Policy and Administration, in a statement. India is among the 98 countries and jurisdictions that have already joined the Convention
- Indian agencies believe it will help them expedite investigations into the “Panama papers” recently made public by the International Consortium of Investigative Journalists

3. Centre injects Rs.22,915 cr into 13 public sector banks

(<http://www.thehindu.com/business/Industry/govt-to-infuse-rs-22915-crore-in-staterun-banks-finance-ministry/article8870259.ece?w=alauto>)

Topic: Banking

Category: Economy

Key points:

- In a bid to boost credit growth in the economy, the Centre announced a sum of Rs.22,915 crore for recapitalisation of 13 public sector banks
- The remaining amount, to be released later, will be linked to performance

CAPITAL CONUNDRUM

Public sector banks (PSBs), which suffered heavy losses in 2015-16 due to a sharp rise in bad loans, have seen their capital erode. Raising fresh capital poses a significant challenge to these banks, as capital is needed not only for business growth, but to also meet requirements of the Basel-III framework by the 2019 deadline



Rs. 1.2 lakh cr.

Capital infusion required in these banks by 2020, according to Moody's, ie, more than Rs.45,000 crore promised by the government in that period

Rs. 70,000 cr.

Capital that the government has committed to invest in state-run banks

2015-16 **Rs. 25,000 cr.**
(completed)

2016-17 **Rs. 25,000 cr.**
(Rs. 22,900 cr. announced Tuesday)

2017-18 **Rs. 10,000 cr.**

2018-19 **Rs. 10,000 cr.**

Rs. 20,200 cr.

Aggregate loss of 11 PSBs* as compared with Rs. 19,200 crore capital infused so far by the government in them

* SBI, PNB, BoB, Canara Bank, IDBI Bank, Central Bank, Union Bank of India, Bank of India, Syndicate Bank, Oriental Bank of Commerce, and Indian Overseas Bank

⊖ In sharp contrast, these 11 banks had posted Rs. 29,100 crore profit in 2014-15

⊖ Infusing more funds goes against spirit of fiscal discipline

⊖ PSBs may face a challenge raising capital from the market as most trade at a discount to their book value

⊖ Their capital position improved in FY16 vs previous year after RBI allowed revaluation of fixed assets.

Rs. 40,000 cr.

Capital unlocked due to asset revaluation; public sector banks gained Rs 35,000 crore

\$ 90 bn. Fitch Ratings' estimate of capital needed by FY19, as per Basel-III norms

Of which

51% as core equity Tier-1 capital

31% as additional Tier-1 (AT-1) capital

The rest as Tier-2 capital

D.GS4 Related

E. Important Editorials:

The Hindu

1. A total clampdown

(<http://www.thehindu.com/opinion/editorial/kashmir-violence-a-total-clampdown/article8871581.ece?homepage=true>)

Topic: Federal Relations

Category: Polity

Key points:

- Normal life in the Kashmir Valley has been disrupted after the killing of Hizbul Mujahideen “commander” Burhan Wani. By the weekend, after curfew, violent clashes, and mobile, cable TV and Internet disruptions, the morning newspaper too disappeared
- In a move as ill-advised as it was vicious, the police prevented the printing and distribution of local newspapers. It highlighted how suffocating the effort to control the narrative has been, cutting off oxygen to all avenues for Kashmiris to voice their anger and to exchange information. The Editors Guild of India issued a statement condemning the clampdown, terming it “a direct assault to the freedom of the press”. The ban was to be reviewed “after July 19” — but the government reacted to the criticism a day earlier, contending that there had been no ban at all, and that it was the result of a “miscommunication”
- This is not the first time the authorities have cut off communication links to thwart collective mobilisation, or to inhibit the circulation of information. And this is not the first time they will shrug off criticism with the familiar justification for the information freeze: to cool the air, to stop impressionable young people from being drawn out on to curfew-bound streets, to counter the signalling from Pakistani TV channels
- What is forgotten is that such a clampdown reinforces the sense of siege that has kept anger in the Valley on a slow boil. The protests after Wani’s death were, by all accounts, spontaneous. Instead of engaging with the range of reasons that drew young Kashmiris out to the streets in the full knowledge that they risked injury, even death, the governments at the Centre and in the State took refuge in platitudes and evasion

- The death toll has crossed 40, thousands are injured, many of them with sight-threatening eye injuries from indiscriminately fired pellets. After days of curfew, residents are running low on essentials, especially food and medicine. To disrupt channels of communication is to turn away inhumanly from the first responsibility of a civil administration — to mobilise resources to rush aid and succour to the ailing and distressed. And to stem the free flow of information and views, even on a “miscommunication”, is to admit something yet more worrying — that the authorities could no longer countenance the prospect of people getting updates on the situation around them

2. Will data do us apart?

(<http://www.thehindu.com/opinion/op-ed/gdp-calculation-will-data-do-us-apart/article8871587.ece?homepage=true>)

Topic: State of Indian Economy

Category: Economy

Key points:

- The scepticism over GDP data has been voiced by government and market economists, academics, and the regulators. But with no real attempt by the statistical authorities to bridge this credibility gap, many of us have learnt to live in two parallel worlds, ironically both based on official data: an India described by the traditional indicators of activity, such as industrial production, imports, auto sales, order books, freight, corporate earnings, and bank credit all compiled by various Ministries and regulators; and another India described by the national account statistics compiled by the Central Statistical Office (CSO)
- Before the shift to the new methodology, there was an accepted narrative based on the old series that tells a story of India where growth averaged 8 per cent over FY 2006-13 before plunging to 4.7 per cent in FY 2014 — the year of reckoning — when persistent high inflation and current account deficit driven by loose monetary and fiscal policies pushed India to the brink of a crisis
- The new GDP series begins in FY 2013 and for FY 2014 records a growth rate of 6.7 per cent, two percentage points higher than in the old series. Subsequently, growth continued to rise to reach 7.6 per cent in FY 2016, hitting nearly 8 per cent in the quarter that ended this March
- In this story, there was no dramatic fallout from the much-maligned macroeconomic policies and dysfunctional decision-making over FY 2012-13. Instead, the FY 2014 crisis

was just an overreaction by foreign investors and India is nearly back on its high growth path

- But we have all seen what economic growth of 8 per cent feels like in the past and whatever is happening now isn't anything like it. Feelings aside, none of the other official data — industrial production, imports, auto sales, order books, freight, corporate earnings, or bank credit — show any resemblance to an economy surging at 8 per cent
- Consider the curious case of industrial production data published by the Ministry of Statistics. Over the period FY 2006-13, industrial production grew at an average of 7.1 per cent, plummeting to - 0.1. per cent in FY 2014, the crisis year. Since then it has recovered to 2.4 per cent in FY 2016, suggesting that things have improved modestly
- The CSO also calculates manufacturing output to estimate overall GDP growth. Under the new series, manufacturing growth in FY 2014 was estimated at 5.7 per cent rising to a whopping 9.3 per cent in FY 2016! If this is a true reflection of India's manufacturing growth, then one should seriously question the management of our listed companies as their sales and earnings have languished since FY 2014
- The CSO growth numbers should also raise serious misgivings about how the government and the Reserve Bank (RBI) are treating Indian banks. Over FY 2006-14, when manufacturing (under the old series) grew at an average of 7.4 per cent, real bank credit to industries (based on data published by the RBI and deflated by wholesale price inflation provided by the Ministry of Commerce) expanded at 16 per cent average. So for every 1 per cent increase in credit, manufacturing grew roughly 0.5 per cent
- Since then, credit growth has fallen to only 6.7 per cent over FY 2014-16. This is now widely cited by policymakers and the market as the key risk to the economy with surging bad loans and declining bank capital quickly becoming binding constraints to growth
- But surprisingly, over FY 2014-16, manufacturing growth averaged 6.8 per cent, so every 1 per cent increase in credit produced 1 per cent manufacturing growth! That's a doubling of banking efficiency! Shouldn't the government and the regulator congratulate banks for achieving this remarkable feat despite being weighed down by bad loans and shackled by falling capital instead of planning to restructure them?
- One can go on with innumerable such disconnections and inexplicable statistical methods used to arrive at these numbers, but it would be unfair not to discuss the parallel narrative. It goes something like this
- The new methodology is based on the annual survey of companies registered with the Ministry of Corporate Affairs (MCA). This survey covers half a million firms, much larger than the world of listed companies and that of the big firms used in estimating, for example, industrial production. Consequently, many of the firms are small and medium-scale enterprises (SMEs), which previously were not directly surveyed. Therefore, the new estimate of manufacturing growth is more comprehensive and provides a truer

picture of the economy. Based on this notion, the argument continues that much of the near double-digit manufacturing growth is now being delivered by SMEs and not by the big listed firms. So it is perfectly consistent to see listed corporates' earnings and sales languishing while industrial growth is surging

- In the same vein, as banks have traditionally not financed SMEs, it is also consistent for manufacturing growth to rise while credit to industries declines. To the extent that credit attributed to "consumers" is often diverted to SMEs, banks are financing industrial growth unknowingly through rising household loans
- Among the many problems with this alternative narrative, two stand out. First, if SME manufacturing is doing so well, why are people worried about employment growth? Second, it is nearly impossible to verify this story as the MCA database still seems to be a state secret! Instead, the data that are publicly available just don't appear to corroborate the parallel growth narrative
- All of this may look like petty squabbling over a bunch of numbers. Eventually, we all wake up to reality. But policies based on the wrong reading of reality almost always end in tears. In a world flush with liquidity and global interest rates near zero, it is unlikely that the awakening will be caused by financial markets, as was the case in 2013. But every society has a tolerance floor for growth and tolerance ceiling for macroeconomic instability. Whenever this floor or ceiling is breached, the political economy reacts badly. Just look around the world

The Indian Express

1. The coming revolution in Indian banking

(<http://indianexpress.com/article/opinion/columns/the-coming-revolution-in-indian-banking-2924534/>)

Topic: Banking

Category: Economy

Key points:

- Once in a while a major disruption or discontinuity happens which has huge consequences. In 2007, the internet and the mobile phone came together in a whole new product called the smartphone. This phone, with its own operating system, such as the iOS or Android, could support over the top (OTT) applications. The messaging solution for the smartphone did not come from the giant telecom or internet

companies. Instead, it came from WhatsApp, a start-up. WhatsApp does 30 billion messages a day, whereas all the telecom companies put together do 20 billion SMS messages per day. Such is the power of disruption!

- Such a “WhatsApp moment” is now upon us in Indian banking. This discontinuity has been caused by several things coming together. Smartphones are growing dramatically and are expected to reach a penetration of 700 million by 2020. Over 1 billion Indian residents now have Aadhaar, an online biometric identity. The government promoting financial inclusion through the Jhan Dhan Yojana has led to over 200 million new bank accounts being opened. With the RBI giving licences to over 20 new banks, including small banks and payment banks, the competitive intensity of the sector is set to increase. One can visualise a future where every adult Indian has an Aadhaar number, a smartphone and a bank account. Already over 280 million Indian residents have an Aadhaar-linked bank account and around 1 billion direct benefit transfer (DBT) transactions have happened, whose value is in the billions of dollars
- On top of this, a set of powerful open and programmable capabilities, that are collectively referred to as the “India Stack” by the think-tank iSPIRT, has been created over the last seven years. Aadhaar provides online authentication using one’s fingerprint or iris, which can be done from anywhere. This can make transactions “presence less”. The e-KYC (know your customer) feature of Aadhaar enables a bank account to be opened instantly, just by using the Aadhaar number and one’s biometric. The e-sign feature enables online documents to be digitally signed with Aadhaar. The “digital locker” system enables the storage of such electronic documents safely and securely. All this can make the entire banking process “paperless”
- **The final two layers of the “India Stack” have great relevance to the future of banking. The Unified Payment Interface (UPI) layer, a product built by the National Payment Corporation of India (NPCI), a non-profit company collectively owned by banks and set up in 2009, will revolutionise payments and accelerate the move towards a “cashless” economy.** So “pushing” or “pulling” money from a smartphone will be as easy as sending or receiving an email. This product from NPCI is the latest in several payment systems that they have developed, from the National Financial Switch, National Automated Clearing House, and RuPay cards, to the Aadhaar Payment Bridge, the Aadhaar-enabled Payment System and IMPS, a real-time payment system
- The move to a “cashless” economy will be accelerated by the Aadhaar-enabled biometric smartphones. So credential checking in banking will move from “proprietary” approaches (debit card and PIN) to “open” approaches (mobile phone and Aadhaar authentication). As such, the holy grail of one-click two-factor authentication, now available only to giants like Apple, will be available to kids in a garage to develop innovative solutions

- **Finally, as India goes from being a data-poor to a data-rich economy in the next two to three years, the electronic consent layer of the “India Stack” will enable consumers and businesses to harness the power of their own data to get fast, convenient and affordable credit.** Such a use of digital footprints will bring millions of consumers and small businesses (who are in the informal sector) to join the formal economy to avail affordable and reliable credit
- **As data becomes the new currency, financial institutions will be willing to forego transaction fees to get rich digital information on their customers. The elimination of these fees will further accelerate the move to a cashless economy as merchant payments will also become digital**
- **This will also shift the business models in banking from low-volume, high-value, high-cost, and high fees, to high-volume, low-value, low-cost, and no fees. This will lead to a dramatic upsurge in accessibility and affordability, and the market force of customer acquisition and the social purpose of mass inclusion will converge**
- These gale winds of disruption and innovation brought upon by technology, regulations and government action, will fundamentally alter the banking industry. Payments, liabilities and assets will undergo a dramatic transformation as switching costs reduce and incumbents are threatened
- As the insightful report from Credit-Suisse has so well explained, there is a \$ 600 billion market capitalisation opportunity waiting to be created in the next 10 years. This will be shared between existing public and private banks, the new banks and new-age NBFCs. It may even go to non-banking platform players, which use the power of data to fine-tune credit risk and pricing, and make money from customer ownership and risk arbitrage
- The public sector banks, which occupy the commanding heights of the economy with a 70 per cent market share, will be particularly challenged. Even as they deal with the inheritance of their losses, they will have to cope with, and master, enormous digital disruption. This will require their owners, the government, to give them the autonomy and freedom to experiment and innovate
- The \$ 600-billion opportunity is here. The WhatsApp revolution went unnoticed by incumbents. Normally such disruptive changes (like bubbles) are only recognised after they have happened. In this case, the forces of change are evident and can be anticipated. The opportunity for the banking sector has been called, and it is equally accessible to incumbents, both in the public and private sector, to the new banks, to the NBFCs and the tech companies. The future will belong to those who show speed, imagination and the boldness to embrace change

2. NSE and NSDL: Institutions that revolutionised Indian bourses

(<http://indianexpress.com/article/explained/manmohan-singh-indian-economy-indian-rupee-devaluation-nse-nsdl-stock-exchange-bombay-stock-exchange-2924639/>)

Topic: Reforms

Category: Economy

Key points:



JULY 23, 1994: Finance Minister Dr Manmohan Singh inaugurates the National Stock Exchange (NSE) by giving a computer command at the Nehru Centre in Bombay

- IN MAY 1992, Finance Minister Manmohan Singh attended a presentation in the conference room on the ground floor of North Block, which houses the Finance Ministry. The presentation was on building a modern new stock exchange for India that would provide competition to the country's other stock exchanges, including the Bombay Stock Exchange (BSE), the biggest and oldest in Asia
- The blueprint for the proposed exchange, the National Stock Exchange (NSE), was laid out — and the concept was finalised after the team chose **the Swedish model of a for-profit exchange, breaking from the prevalent broker model. Other key elements were**

an order-driven system rather than a market driven one — to boost liquidity, and to ensure, so to speak, one order book for the nation

- **To address the concerns about opaque pricing — which was an irritant to many investors across the country — the team also decided to go in for transparent, screen-based trading, which presented further challenges of national telecom connectivity and changes in the rules of governance**
- The plan was approved. The NSE got going by November 1994, promoted by state-owned institutions led by IDBI, LIC and insurance institutions. However, it was decided right at the start that the running of the exchange would be based on private sector practices, and geared towards generating profits
- When it opened, the NSE had only a few members — mostly youngsters, including professionals who had been fobbed off by the closed club of stockbrokers in the country's bigger exchanges. They came on board after NSE asked them for just a deposit, unlike the premium membership cards of the other exchanges. A set of criteria was laid down for membership, including an exam. In the early days of trading, it was only retail investors punching in orders — and with a daily turnover of just Rs 10 crore to Rs 12 crore compared to the Rs 200 crore to Rs 250 crore of the BSE, even the top institutional investors owned by the government weren't ready to participate, saying there was no liquidity
- But the tide turned soon. Volumes started rising, and in eight months, the new stock exchange equalled the daily turnover of its rival, the BSE. By the time the NSE completed a year, it had surpassed the BSE, and after 18 months, its daily turnover had surged to one-and-a-half times that of the older exchange. Those who had blocked the reforms in the BSE joined the new exchange, as did large institutional investors. Liquidity had been built up, and the exchange soon attracted foreign portfolio investors too. Once the NSE took off, it signalled one of the biggest successes of the reforms programme of the 1990s, paving the way for other exchanges to follow suit, and offered a platform for Indian firms to raise capital with the opening up of the economy
- Along with the NSE, the other critical element of reform in India's financial markets and sector starting in the '90s was the building **of the National Securities Depository Ltd or NSDL, a central depository that had been promised in Manmohan Singh's first Budget in 1991**. Investors were often frustrated because of problems of delivery of shares and authentication, with physical certificates getting lost or mutilated — and the government moved faster after a case involving duplicate certificates of one of India's top listed firms, Reliance Industries
- Initially, the plan was to do electronic trading, but maintain the physical share certificates in a huge storehouse of the Stock Holding Corporation of India, which had been given the mandate to promote the depository. But it was decided to opt for

electronic (paperless) certificates or shares, bonds, mutual fund units or debentures after the World Bank pointed out its success in countries including in Scandinavia. But the law in India didn't provide for this — so the government had to introduce one to ensure transferability of shares in electronic form. The reform was pushed through in the form of an ordinance when P Chidambaram was Finance Minister of the United Front government

- By 1996, the NSDL started operations. And helping push this was D R Mehta, the SEBI chairman, who advocated a phased approach to enlisting companies to switch over to shares in electronic form, rather than ram it through by a fiat. By 1998, it was made mandatory for all institutional investors to trade in electronic form, soon to be followed by others. Last year (2015), NSDL achieved a milestone — Rs 100 lakh crore in the value of securities held by the depository, reflecting the dramatic transformation in the Indian securities market landscape and the success of the financial sector reform programme

PIB

1. National Disaster Plan for Animals

After wide ranging consultation and elaborate discussion with different stakeholders such as National Disaster Management Authority, National Disaster Response Force, National Institute of Disaster Management, various State Governments and knowledge Institutions, the Department of Animal Husbandry, Dairying & Fisheries has prepared and launched Disaster Management Plan (DMP) for protecting animals and preventing and mitigating loss of livestock resources during various disasters.

DMP is divided into three parts a) Pre-disaster preparedness, b) Disaster response and c) Post-Disaster Plan. Pre-disaster preparedness includes detailed action plan relating to dissemination of early warning, identification of vulnerability amongst livestock, animal vaccination, feed and fodder supply and capacity building of different stake-holders in disaster management etc. Disaster response component includes strategy/action plan relating to effective and prompt response, rescue of livestock, feed & fodder supply, measures against epidemics and diseases and maintenance of Sanitation etc. Post disaster component include strategy for treatment of sick animals, disease surveillance, disposal of carcass, restoration and restocking of livestock population.

2. Milk Production and per capita Availability of Milk in the County

The total quantum of milk produced in the county during 2015-16 is 155.5 million tonnes and the per-capita availability of milk is 337 grams per day.

The Department of Animal Husbandry, Dairying and Fisheries (DADF) is implementing the following Dairy Development Schemes to increase the production of milk:

- (i) **National Dairy Plan (Phase-I):** The Government of India has approved National Dairy Plan Phase- I (NDP-I) with an outlay of Rs. 2,242 Crore for implementation during 2011-12 to 2018-19 as a Central Sector Scheme in 18 major milk producing states.
- (ii) **National Programme for Dairy Development (NPDD)** under the Central Sector Scheme “National Programme for Bovine Breeding and Dairy Development”.
- (iii) **Dairy Entrepreneurship Development Scheme:** “Dairy Entrepreneurship Development Scheme (DEDS)” is implemented through National Bank for Agriculture and Rural Development (NABARD) across the country.

3. Mango Production likely to Increase of 6% in 2015-16 over the Year 2014-15

According to the information received from the states so far, there is likely to be an increase of 6% in mango production in the year, 2015-16 as compared to the previous year, 2014-15.

Mission for Integrated Development of Horticulture (MIDH), a Centrally Sponsored Scheme is being implemented during XII Plan w.e.f. 2014-15, for holistic growth of the horticulture sector covering all the horticulture crops including fruits and vegetables.

4. Setting up of Ripening Chambers for the Benefit of Farmers and Entrepreneurs

Department of Agriculture, Cooperation and Farmers Welfare (DAC&FW) is implementing Mission for Integrated Development of Horticulture (MIDH) for holistic development of horticulture in the country including creation of post harvest management infrastructure to reduce losses of perishable horticulture produce. Post harvest management component includes establishment of setting up of pack house, pre-cooling, primary processing, cold chain, refrigerated transport, ripening chambers etc.

These components are demand & entrepreneur driven for which credit linked back ended subsidy is available through respective State Horticulture Missions. An entrepreneur can avail assistance for establishment of ripening chamber @ 35% of admissible project cost in general areas and @ 50% in hilly and schedule area as credit linked and back ended subsidy. The admissible cost for ripening chamber is Rs. 1.00 lakh per MT limited to maximum of 300 MT capacity.

5. Development Of Eco-Friendly Flood Tolerant Seeds

National Agricultural Research System comprising ICAR, central agricultural universities and SAUs are taking adequate steps continuously for developing eco-friendly flood tolerant seeds for protecting the crops in flood prone regions of the various States of the country. The concerted research efforts led to release of 49 different crop varieties tolerant to flood/water logging stresses comprising 22 of rice, 4 of maize, 10 of sugarcane, 10 of jute and 3 of soybean.

During 2013-14, 2014-15, 2015-16 and kharif 2016, 30.2 lakh ton, 30.4 lakh ton, 31.6 lakh ton and 12.0 lakh ton, respectively, of certified/quality seeds of improved varieties of different crops tolerant to flood/drought were made available to the farmers.

The Government of India has launched several central sector crop development schemes viz. **National Food Security Mission (NFSM), Bringing Green Revolution in Eastern India (BGREI), National Mission on Oil Seeds and Oil Palm (NMOOP), Rashtriya Krishi Vikas Yojana (RKVY), Sub-mission on Seeds & Planting Material under National Mission on Agricultural Extension & Technology** and these schemes are under operation in all the states including flood prone states as well.

6. Drone Based Agricultural Technology

The Indian Council of Agricultural Research (ICAR) through the Indian Agricultural Research Institute (IARI) has formulated a collaborative research project entitled “**SENSAGRI: SENSOR based Smart AGRiculture**” involving six partner Institutes (Agriculture & IT) to be funded by Information Technology Research Academy (ITRA), Department of Electronics and Information Technology (DEITY), Ministry of Communication and Information Technology (MCIT), Govt. of India and ICAR. The major objective is to develop indigenous prototype for drone based crop and soil health monitoring system using hyperspectral remote sensing (HRS) sensors. This technology could also be integrated with satellite-based technologies for large scale applications.

7. Steps for Protection and Conservation of Native Breeds of Cattle

In order to complement and supplement the efforts made by the States for protection and conservation of indigenous breeds of cattle Government of India has undertaken following measures:

(i) **Rashtriya Gokul Mission** a new initiative initiated as a part of National Programme for Bovine Breeding and Dairy Development exclusively for development and conservation of indigenous bovine breeds including indigenous breeds of cattle.

(ii) **National Dairy Plan-I** a World Bank assisted project being implemented in 18 major dairy States covering development and conservation of 12 indigenous breeds of cattle and buffaloes namely (i) Gir; (ii) Kankrej; (iii) Tharparkar; (iv) Sahiwal; (v) Rath; and (vi) Haryana cattle breeds and (i) Murrah; (ii) Mehsana; (iii) Pandharpuri; (iv) Jaffarabadi; (v) Banni and (vi) Nili Ravi buffalo breeds.

(iii) Government has also established three subordinate organizations namely (i) Central Cattle Breeding Farms (CCBFs) (ii) Central Herd Registration Scheme and (iii) Central Frozen Semen Production & Training Institute. These organization are also undertaking development and conservation of indigenous breeds namely (i) Tharparkar; (ii) Red Sindhi; (iii) Gir; (iv) Kankrej; (v) Ongole; (vi) Haryana and (vii) Rath breed of cattle and (i) Surti; (ii) Murrah; (iii) Meshsana and (iv) Jaffarabadi breeds of buffaloes.

8. Centre targets to enhancing fish production from 107.95 lakh tonne (provisional) in 2015-16 to 150 lakh tonne by the year 2019-20

Realizing the immense scope for development of fisheries and aquaculture, the Government of India has restructured the Central Plan Scheme under an umbrella of Blue Revolution. The restructured **Central Sector Scheme on Blue Revolution: Integrated Development and Management of Fisheries** approved in December, 2015 by the Government provides for a focused development and management of the fisheries sector to increase both fish production and fish productivity from aquaculture and fisheries resources of the inland and marine fisheries sector including deep sea fishing.

9. Finalisation of purchase of Rafale Jets

As per the India-France Joint Statement issued by the two countries during the Prime Minister's visit to France, Government of India conveyed to the Government of France that in view of the critical operational necessity for Multirole Combat Aircraft for Indian Air Force (IAF), Government of India would like to acquire 36 Rafale jets in fly-away condition. Both the sides

also agreed to conclude an Inter-Governmental Agreement (IGA) for supply of the aircraft. A Negotiating Team has been constituted to negotiate the terms and conditions of the procurement of 36 Rafale jets and recommend a draft agreement. The Negotiations are underway and IGA & Offset Contract are yet to be finalized. The details including transfer of technology through offsets will emerge after the negotiations are completed.

The Rafale aircraft being procured will have advanced features like Advanced Electronically Scanned Array Radar, mid-air refuelling and advanced Electronic Warfare equipment as part of its design.

10. Merger of Nationalised banks

The guiding principle for the consolidation process of banking in India was suggested by **Narasimham Committee**. According to which any initiative with respect to merger of public sector banks has to come from the Boards of the banks concerned, the extant legal framework, keeping in view the synergies and benefits of merger and their commercial judgment. Government's / Reserve Bank of India's role in the merger of banks would be that of a facilitator.

The Cabinet in its meeting on dated 15th June 2016 has approved the proposal of acquisition of assets and liabilities of subsidiary banks i.e. State Banks of Bikaner & Jaipur, State Bank of Hyderabad, State Bank of Mysore, State Bank of Patiala, State Bank of Travancore and Bhartiya Mahila Bank (BMB).

The benefits for attempting the merger of 5 subsidiary banks and BMB with SBI include rationalization of resources, reduction of costs, better profitability, lower cost of funds leading to better rate of interests for public at large, improved productivity and customer services. Merger will also ensure that due to size and scale of economy, SBI will be able to better handle ensuing competition from new Banks.

11. Opening of Bank branches in rural areas

To promote financial inclusion and to extend the banking network in unbanked areas, general permission has been granted by Reserve Bank of India (RBI) to domestic Scheduled Commercial Banks including Public Sector Banks (excluding Regional Rural Banks) to open branches at any place in the country, without seeking prior approval of RBI in each case, subject to at least 25 percent of the total number of branches opened during a financial year being opened in unbanked rural (Tier 5 and Tier 6) centres (population upto 9999). RBI has also specified that the total number of branches opened in Tier 1 centres (population 100000 and above) during

the financial year cannot exceed the total number of branches opened in Tier 2 to Tier 6 centres (population upto 99999) and all centres in the North Eastern States and Sikkim.

12. Review of coastal security

A meeting to review coastal security was held under the Chairmanship of Union Home Minister with Home Ministers, Chief Secretaries and Directors General of Police of all coastal States/Union Territories in Mumbai on 16.06.2016, wherein all stakeholders were requested to take expeditious action for strengthening the coastline of the country. It was also decided to consider the proposal for creation of a **Central Marine Police Force (CMPF) for strengthening coastal security**.

The matter of e-surveillance in major ports is under consideration of the Government.

13. Detection of black money by Government

Recognizing various limitations under the existing legislation [Income-tax Act, 1961, etc.], the Government enacted a new law – ‘The Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015’ – to specifically and effectively tackle the issue of black money stashed away abroad. This has, inter alia, provided for more stringent provisions of penalties and prosecutions in respect of black money stashed away abroad. Further, under this law, for the first time the offence of willful attempt to evade tax, etc. in relation to undisclosed foreign income/assets has been made a Scheduled Offence for the purposes of the Prevention of Money-laundering Act, 2002 (PMLA). This enables attachment and confiscation of the proceeds of crime of willful attempt to evade such tax, etc., eventually leading to recovery of such undisclosed foreign income and assets/black money stashed away abroad. The new law came into force w.e.f. 01.07.2015. Thus, the first assessment year (A.Y.) in respect of the new law is A.Y. 2016-17 which began only on 01.04.2016.

14. NITI Aayog & Intel India Sign Statement of Intent to Kick-off Atal Tinkering Lab Initiative for Young Innovators

NITI Aayog has introduced the Atal Tinkering Laboratories (ATL) initiative as a part of its flagship programme – the Atal Innovation Mission (AIM). As part of a crucial effort to efficiently implement the initiative, NITI Aayog today signed a Statement of Intent (SoI) with Intel India.

The key objectives of setting up Atal Tinkering Laboratories is to build relevant skill sets among youngsters and to provide access to technology that will enable solutions. Intel will co-lead the creation and management of ten ATLs as State Hubs. These laboratories intend to impact 250,000 youth with innovation skills & skills for the future across 500 communities & schools.

The Financial Express:

1. Global trade wheel turns full circle: China demands free trade, US & EU unwilling

(<http://www.financialexpress.com/fe-columnist/global-trade-wheel-turns-full-circle-china-demands-free-trade-us-eu-unwilling/322529/>)

Topic: Global Trade

Category: Economy

Key points:

- The G20 has agreed to come together on reviving global trade for improving global economic growth. The proactive trade agenda was largely pushed by China in the recently concluded G20 Commerce Ministers' meeting. The call to revive trade has come at a time when the G20 is a rather divided house on trade. More specifically, it is a divided house on trade matters with China
- It is ironical that the world's largest socialist economy is calling for the global community to unite on curbing protectionism. And protective barriers are being considered most actively by countries that have traditionally been champions of free trade—the US and EU. In a sense, the global trade wheel has turned full circle where non-market economies like China are harping on free trade; and 'market' economies like the US and EU are unwilling to play ball
- This odd situation can be explained by the current circumstances in one particular industry that has taken global trade by storm: steel. The global steel industry is experiencing turbulent times that are largely responsible for the US and EU turning their backs on China and resorting to protective action. The situation has its roots in the tremendous expansion experienced by the Chinese finished steel industry during the last couple of decades. Fed by huge demand from its growing infrastructure, China began investing in sophisticated modern steel plants with large capacities. The emphasis was on production of finished steel and steel products that went into the huge rail infrastructure that China began building from around the beginning of the current century. Tonnes of steel also fed into the large automobile assembling plants that, practically, all global auto majors had built in China. They also sustained the real estate boom in mainland China, primarily, due to real estate being the only long-term asset capable of yielding appreciating returns in an economy where financial savings and linked instruments languished due to an underdeveloped capital market leaving precious little savings options for households.
- Over time, as domestic infrastructure projects began producing lower and lower returns, and real estate became pricier and moved beyond middle class budgets, steel

plants began developing idle capacities. In order to maintain the economic prospects of its steel industry, China focused attention outward. As outward investments from China increased, it began providing new outlets for Chinese steel, which was cheaper than the steel available in countries where China invested. A high point of this strategy was China's embarking on ambitious regional connectivity projects, none more spectacular than the One-Belt-One-Road (OBOR). The OBOR, apart from its other objectives, is expected to create infrastructure projects that would provide outlets for surplus production from China's steel plants to be absorbed in large quantities

- The tide began turning against China as Europe and American steel industries began pressing their governments for acting against Chinese steel. The former steel industries have indeed been hit hard in recent times. While their stagnation has much to do with their inability to enhance efficiency, they have been able to brand Chinese steel as the main culprit behind their dark days. At a time when industries across the world are cutting costs for protecting shares in shrinking markets, cheap Chinese steel has been a blessing for most industries using steel as raw materials
- The automobile industry is a pertinent example, which has been favouring lightweight steel built in China. This forced the US steel industry to lodge a complaint at the WTO against Chinese steelmakers for stealing the 'trade secret' of making lightweight steel. The situation is pretty similar in Europe where the plight of the domestic steel industry is best evident from the hard days that Tata Steel's overseas facilities are experiencing
- Both Europe and the US have now decided not to grant China 'market economy' status unless China addresses overproduction by its steel industry and stops flooding world markets with cheap steel. By not recognising China as 'market economy', Europe and US retain the flexibility in taking protective measures against Chinese imports, much faster and with less justification than they can against other WTO members
- The US and Europe versus China trade-off puts the G20 promise of reviving global trade on a rather sticky wicket. The US, Europe and China are important members of the G20. The possibility of them agreeing on a common G20 agenda for minimising protection and bringing down trade barriers is remote as that would mean US and Europe not acting against Chinese imports. The current political environment in both continents refrains their legislatures and executives from acting liberally on China. What this means, therefore, is the likelihood of the G20 action plan on reviving trade getting grounded well before it takes off

The BusinessLine:

1. Bank crisis calls for twin-track approach

(<http://www.thehindubusinessline.com/opinion/bank-crisis-calls-for-twintrack-approach/article8871460.ece>)

Topic: Banking

Category: Economy

Key points:

- Public sector banks have done yeoman service to the country by providing timely long-term finance to infrastructure and core sector projects in the last decade. But, when commodity prices crashed internationally, steel and other projects took a big hit, causing huge problems for them
- Similarly, when roads and other infrastructure projects languished, PSBs suffered. This has resulted in two problems: one, the need for massive doses of capital in PSBs and two, the extra cautious approach adopted by PSB officials while considering further finance for revival requests, made by the affected borrowers
- As for the second problem, the “witch hunting” of officials of PSB unleashed by various agencies such as the Central Vigilance Commission and the CBI is largely responsible. The Centre can resolve both issues by taking some pragmatic steps
- Estimates by some rating agencies seem to indicate that by March 2019, PSBs would need additional capital of \$90 billion, while the Government might provide about \$7 billion. Being the majority shareholder in PSBs, the Government is caught in a bind. While its own financial capacity does not allow it to provide even 51 per cent of the additional capital, the existing political environment would not accept dilution of the Government’s share in PSB capital below 51 per cent. (At present, it is more than 55 per cent in all PSBs.)
- The problem could be resolved by any or all of the following methods. One, follow what the legendary investor, Warren Buffett, did when he wanted to attract public money into his company, Berkshire Hathaway, without diluting his control too much. He floated **B-class shares having voting rights equivalent to 1/10,000th voting rights of the then existing A-class shares** owned by him and his associates. Such differential voting rights are now approved under the present Companies Act. Since the Government owns more than 51 per cent in all PSBs, there should be enough room to get public money with, say, 1/10,000th voting right of existing shares. The B-class shareholders could be vested with the same dividend and other rights as A-class shareholders, excepting the restriction on voting in general meetings

- The second option is to declare one share owned by the Government as a **'golden share'** with 51 per cent voting rights. This concept had been bandied about in theory but does not seem to have been put into practice. If this route is adopted, the Government can even get money by off-loading its extra shares to the public, instead of pumping additional money into PSBs
- The third option is to raise capital from the public through redeemable **cumulative preference shares**. These should have a minimum tenure of 15 years to be counted as tier 2 capital. The only hitch could be that according to Reserve Bank of India rules under Basel III, the dividends on these shares are to be treated as interest and debited to the profit and loss account of the bank. This means that although the holder of the shares gets dividends, the amount might not be not tax-free in the hands of the shareholder, even as all other dividends are tax-exempt (A cumulative preferred stock is a type of preferred stock with a provision that stipulates that if any dividends have been omitted in the past, they must be paid out to preferred shareholders first, before common shareholders can receive dividends)
- If and when banks float such shares, they would face an insurmountable problem; while the RBI wants the dividend to be 'interest', income-tax authorities would treat it as dividend and ask banks to pay tax on profit before preference dividend, and also pay dividend distribution tax. The bank concerned cannot recoup the extra tax in the future by putting it as a deferred tax asset. If the preference dividend does become tax-free, there is bound to be a huge demand from the tax-paying public, who presently flock to tax-free bonds of government companies
- Coming to the over-cautious approach adopted by PSB officials, it is an outcome of the prevailing environment. PSB officials have worked under fear for a long time
- This had been highlighted by a World Bank expert committee in 1998. The second (follow-up) committee on banking sector reforms under the chairmanship of M Narasimham, a former governor of the RBI, observed that "the pervasive fear of external vigilance authority has tended to inculcate a 'fear psychosis' among bank personnel". Concluding its views, it said: "The vigilance manual now being used has been designed mainly for use by Government Departments and public sector undertakings. **It may be necessary that a separate vigilance manual which captures the special features of banking should be prepared for exercising vigilance supervision over banks.**"
- Indian PSBs would perhaps be the only banks in the world where the lending decisions of its officers are examined well after some years by government officials who might not have granted a single commercial loan in their entire lives

- On that basis, PSBs are asked to initiate “penal action” against an official whose track record may have been otherwise exemplary. The task of thoroughly revising the vigilance manual of PSBs brooks no delay. And the best way of doing this is to entrust it to the recently constituted high power Bank Board Bureau
- To conclude, a two-pronged approach can make all the difference: additional capital for PSBs can easily be tapped from public without diluting Government majority holding, and the vigilance manual for PSBs should be completely revamped
- Unless these are done, the Centre’s drive for rapid economic growth may run into difficulties

The Economic Times:

1. On to retrospective pollution norms now: Diesel ban violates sense, natural justice

[\(http://blogs.economictimes.indiatimes.com/et-editorials/on-to-retrospective-pollution-norms-now-diesel-ban-violates-sense-natural-justice/\)](http://blogs.economictimes.indiatimes.com/et-editorials/on-to-retrospective-pollution-norms-now-diesel-ban-violates-sense-natural-justice/)

Topic: Pollution Control

Category: Governance

Key points:

- The National Green Tribunal’s outright ban on 10-year or older diesel vehicles in Delhi is illogical and should be challenged. The clamp-down is likely to make little or no difference to pollution levels, but would cause definite distress to people who have borrowed money to earn a livelihood by plying cabs and trucks. Their loans would not be serviced and their lenders would be in trouble. Automobile companies that invested in diesel vehicle manufacture will cry foul. Global investors will add retrospective pollution control to unwelcome Indian traits after retrospective taxation
- The Regional Transport Office, Delhi has now been directed to de-register the vehicles, their numbers running to a few lakh. So diesel taxi owners and drivers who have duly registered and paid road tax upfront now suddenly find their jobs and incomes threatened, for revoking registration really amounts to dumping the vehicles as scrap. And never mind if the transport equipment have useful life and are well-maintained enough to meet the emission norms. This is no way to tackle pollution

- A recent IIT Kanpur study finds pollution caused by vehicular traffic—particularly cars—to account for just 2% of the total, and what we need are holistic solutions and not quick-fixes
- The ban order dubs diesel as a major cause of pollution but the fact is that harmful emissions like particulate matter (PM) are far lower in BS IV fuel supplied in Delhi and adjoining areas. True, heavy vehicles plying in Delhi could carry BS III fuel with sulphur content as high as 350 ppm
- But the way ahead is to speedily move to BS IV fuel nationally, and thereon to BS VI. Anyway, road dust, biomass burning, construction, coal-fired ovens and the like are all far more severe causes of pollution. Inability of state utilities to supply reliable power has made diesel generators huge sources of pollution
- Efficient, predictable public transport would reduce private vehicle use. And India needs modern diesel engines to cut carbon dioxide emissions in transport. What we do not need is judicial knee-jerk

Quick Bits and News from States

1. NHAI to build roads connecting export hubs with ports

(<http://www.thehindu.com/business/Industry/nhai-to-build-roads-connecting-export-hubs-with-ports/article8871643.ece?w=alauto>)

The National Highways Authority of India (NHAI) is identifying highway projects connecting export hubs with port cities. The government has already identified industrial corridor Delhi-Mumbai, Amritsar-Kolkata, Chennai-Visakhapatnam and Chennai-Bengaluru to connect the hinterland with the ports. The freight corridor which passes along the corridor will act as a conveyor belt, as per the plan. In a recent meeting with the banking regulator, the small finance bank representatives have requested the regulator to give them three years to comply with the norms.

2. Rural areas pose hurdle for small finance banks

(<http://www.thehindu.com/business/Industry/rural-areas-pose-hurdle-for-small-finance-banks/article8871597.ece?w=alauto>)

With merely 8 months remaining to start operations, small finance banks are facing headwinds to open 25 per cent of their total branches in unbanked areas as it will impact their profitability. Unbanked rural areas are the centres having a population less than 9,999 as per latest census.

The annual branch expansion plans of the small finance banks for the initial five years would need prior approval of RBI.

3. IMF trims India's GDP to 7.4 per cent for 2016-17

(<http://www.financialexpress.com/economy/imf-trims-indias-gdp-7-4-per-cent-2016-17/322296/>)

The IMF today slightly trimmed India's growth projections to 7.4 per cent for 2016 and 2017, a drop of 0.1 per cent from its previous forecast, attributing it to a more sluggish investment recovery while declaring Brexit as a "spanner" in the global economic recovery.

4. Govt detects nearly Rs 44K crore in undisclosed income

(<http://www.financialexpress.com/economy/govt-detects-nearly-rs-44k-crore-undisclosed-income/322237/>)

Undisclosed income of Rs 43,829 crore, both from domestic and foreign sources, has been detected by government in the last two financial years, Parliament was informed today.

"The amount received under the one-time compliance window, as part of enforcement measures during the last two financial years, searches in 990 groups of assesseees and surveys in 9,457 cases were conducted, resulting in detection of undisclosed income of Rs 43,829 crores," the Minister of State for Finance said in a written reply to Rajya Sabha.

(The Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 enacted on May 26, 2015 provided a one-time compliance window for declaration of undisclosed foreign assets. The window was available from July 1, 2015 to September 30, 2015)

5. Centre approves changes in DAY-NULM guidelines

(<http://www.financialexpress.com/economy/centre-approves-changes-day-nulm-guidelines/322540/>)

The Centre today approved changes in the guidelines of the Deendayal Antyodaya Yojana-National Urban Livelihoods Mission (DAY-NULM). As per the new guidelines, banks can directly accept applications from beneficiaries for extending loans at subsidised interest rates for setting up enterprises under the self-employment component, dispensing with the need for sponsorship by urban local bodies concerned, an official statement said.

One bank will be designated as the nodal agency for each state to coordinate with all other banks to increase banking linkages for loan support under this component.

6. Indian Railways rolls out modern unreserved coach with latest amenities

(<http://www.financialexpress.com/economy/deen-dayalu-indian-railways-rolls-out-modern-unreserved-coach-with-latest-amenities-check-out-features/322415/>)

To improve quality of travelling in general class, Railways today rolled out its first modern unreserved coach 'Deen Dayalu' with facilities like potable drinking water, mobile charging points and bio-toilets among others to be used in mail and express trains.

7. India, US agree to enhance cooperation on hydrocarbons

(<http://www.thehindubusinessline.com/economy/india-us-agree-to-enhance-cooperation-on-hydrocarbons-energy/article8869589.ece>)

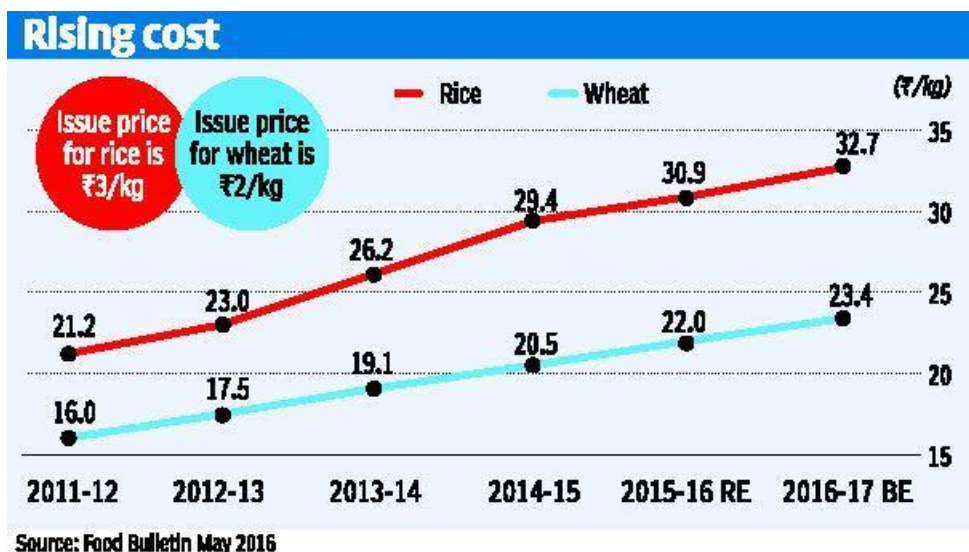
The Minister of State (Independent Charge) for Petroleum and Natural Gas the US Secretary for Energy Ernest Moniz, agreed to enhance technical and institutional cooperation specific to hydrocarbons and energy, according to an official statement.

The two leaders met in Washington DC on Monday and agreed to cooperate on assessment and reassessment of conventional and unconventional hydrocarbon reserves in India, new technologies of bio-fuel and development of petroleum storage.

8. Food subsidy eating into govt finances, but will the Centre act?

(<http://www.thehindubusinessline.com/economy/food-subsidy-eating-into-govt-finances-but-will-the-centre-act/article8866697.ece>)

It's been three years since the National Food Security Act (NFSA), 2013, which provides for foodgrains to be given at subsidised rates for a period of three years, came into force. The Act suggested that the issue price be 'suitably' linked to the Minimum Support Prices (MSP) after three years, to reduce the burden on the exchequer. The food subsidy bill, which also provides for subsidies for pre-existing schemes such as the Antyodaya Anna Yojana, has been climbing over the years; it stood at ₹1,34,919 crore in 2015-16. This is largely due to the widening gap between the economic cost of foodgrains and the price at which it is issued by the Food Corporation of India to the various States.



9. Vadodara to host world power ministers at 'Switch' summit

(<http://www.thehindubusinessline.com/economy/vadodara-to-host-world-power-ministers-at-switch-summit/article8874403.ece>)

Power Ministers from 30-35 countries are likely to congregate at what is termed as the country's largest electrical summit to be held in Vadodara during October 6-10.

Promoted by Gujarat Government, the World Electrical Buyers Summit - named as 'SWITCH' is also likely to host top officials of power utilities from over 90 countries and over 100 Indian power utilities apart from buyers from across the world. This summit will open new avenues for Indian electrical equipment industry in territories like Vietnam, Myanmar and African region, where China predominantly controlled trade. Currently, India's share in global electrical equipment industry is merely 10-11 per cent but we aim to take it to 25 per cent in a decade.

F. Concepts-in-News: Related Concepts to Revise/Learn:

1. CAG
2. Tier 1 capital
3. Tier 2 capital
4. The Black Money (Undisclosed Foreign Income and Assets) and imposition of Tax Act, 2015
5. Basel III Norms
6. GDP data
7. UPI

- 8. NPCI
- 9. NSDL
- 10. Blue Revolution
- 11. Atal Innovation Mission
- 12. Cumulative Preferential Shares
- 13. Small Finance Banks

Practice Questions:

Question1: Which of the following statements is/are correct about Small Finance Banks?

- 1. They provide basic banking service of acceptance of deposits and lending
- 2. 75% of its net credits should be in priority sector lending
- 3. 50% of the loans in its portfolio must in 25 lakh range

a) 1 only b) 1 and 2 only c) 2 and 3 only d) All the Above

Ans d

Question 2: Which of the following statements is/are correct?

- 1. Biochemical oxygen demand is the amount of oxygen required for microbial metabolism of organic compounds in water
- 2. Primary sewage treatment involves physical separation of pollutants to lower the BOD of the untreated water
- 3. Secondary treatment uses microbial degradation to reduce the concentration of organic compounds in water

a) 1 only b) 2 only c) 1 and 2 only d) All the Above

Ans d

Question 3: Which of the following statements is/are correct about Public Accounts Committee(PAC)?

1. The PAC is constituted every year by the Parliament of India with a strength of not more than 22 members

2. Its chief function is to examine the audit report of Comptroller and Auditor General (CAG) after it is laid in the Parliament

a) 1 only b) 2 only c) Both 1 and 2 d) Neither 1 nor 2

Ans c

Question 4: Which of the following statements is/are correct about *Pre-hepaticular* jaundice?

1. *Pre-hepaticular* jaundice is caused by anything which causes an increased rate of break down of blood cells

2. In tropical countries, severe malaria can cause *Pre-hepaticular* jaundice

a) 1 only b) 2 only c) Both 1 and 2 d) Neither 1 nor 2

Ans c

Question 5: Which of the following are correctly matched (variety of Mango- State with notable commercial production)?

1. **Banganapalli-Andhra Pradesh**

2. **Himsagar-Himachal Pradesh**

3. **Neelum –Tamil Nadu**

4. **Chausa-Uttar Pradesh**

a) 1 and 2 only b) 1 and 4 only c) 1,3 and 4 d) All the Above

Ans c

Useful News Articles

21-7-2016

A. GS1 Related

B. GS2 Related

1. Una issue rocks Parliament, Opposition stages walkout

(<http://www.thehindu.com/news/national/una-issue-rocks-parliament-opposition-stages-walkout/article8876945.ece?homepage=true>)

Topic: Rights Issues

Category: Governance

Key points:

- The issue of attacks on some Dalit men in Una, Gujarat, for allegedly skinning a dead cow rocked Parliament on Wednesday, with the Rajya Sabha being adjourned five times and the Home Minister issuing a statement defending the actions of the Gujarat government in the Lok Sabha. His reply saw the Opposition stage a walkout in protest
- The constitution of a joint parliamentary committee to investigate the incident was demanded by a Congress MP, terming it an “emergency-like” situation

2. Turkey declares 3-month Emergency after failed coup

(<http://www.thehindu.com/news/international/turkey-declares-3month-emergency-after-failed-coup/article8878904.ece?homepage=true>)

Topic: Turkey

Category: International Affairs

Key points:

- Turkey’s President on Wednesday declared a three-month state of Emergency following a failed coup attempt, giving the government sweeping powers to expand a crackdown on individuals and institutions allegedly associated with the coup
- The state of Emergency announcement needs to be published in a state gazette and lawmakers have to approve it for it to take effect
- In an apparent attempt to calm fears that the military’s powers will be increased during the emergency period, the President said the military will be under the government-appointed Governors’ command and work closely with the regional Governors

- Authorities have rounded up about 9,000 people including 115 generals, 350 officers, 4,800 other military personnel and 60 military high school students for alleged involvement in the coup attempt. Turkey's defence ministry has also sacked at least 262 military court judges and prosecutors, according to Turkish media reports
- The government said it has fired nearly 22,000 education ministry workers, mostly teachers, taken steps to revoke the licenses of 21,000 other teachers at private schools and removed or detained half a dozen university presidents in a campaign to root out alleged supporters of a U.S.-based Muslim cleric blamed for the failed insurrection
- In other moves, Turkey demanded the resignations of 1,577 university deans and halted foreign assignments for state-employed academics. A total of 50,000 civil service employees have been fired in the purges, which have reached Turkey's national intelligence service and the prime minister's office

3. Over 260 people are missing, says Bangladesh

(<http://www.thehindu.com/news/international/south-asia/bangladesh-says-over-260-missing-amid-hunt-for-extremists/article8874441.ece?w=alauto>)

Topic: Bangladesh

Category: India's Neighbourhood

Key points:

- Officials on Wednesday announced that at least 261 people across Bangladesh were missing. The country's elite security force, the Rapid Action Battalion (RAB), published the list on Facebook around midnight and called on citizens to report the whereabouts of the missing
- Local media outlets have reported that dozens of people, including doctors, engineers and students from elite universities have travelled to the Middle East to join the IS

4. Ranil urges tri-nation economic convergence

(<http://www.thehindu.com/business/Economy/ranil-urges-trination-economic-convergence/article8877312.ece?w=alauto>)

Topic: Sri Lanka

Category: India's Neighbourhood

Key points:

- Improving on his 2003 idea of converting south India-Sri Lanka sub-region into a single market, Sri Lanka's Prime Minister Ranil Wickremesinghe is now for economic collaboration among his country, Singapore and the five southern States of India

- Describing his proposal as a “vision of convergence that is inextricably interwoven with the future of South Asia as a whole,” he said the proposed arrangement had the potential of enhancing economic cooperation among the three countries which would also have a “positive impact on the Bay of Bengal trade.”
- Presenting his new idea at the South Asian Diaspora Convention a few days ago in Singapore, he reminded the audience that India and Singapore had Comprehensive Economic Cooperation Agreement (CECA) [signed in June 2005]. His country was negotiating a Free Trade Agreement (FTA) with the south-east Asian country
- On Sri Lanka’s efforts to enter into Economic and Technology Cooperation Agreement (ETCA) with India, the Prime Minister expressed the hope that the pact, which would go beyond the present FTA arrangement of trade in goods and include “trade in services, investments and technology cooperation,” would be signed by “the end of this year.”

5. New IT Ministry to have say over UIDAI and NIC

(<http://www.thehindu.com/business/Industry/new-it-ministry-to-have-say-over-uidai-and-nic/article8876807.ece?w=alauto>)

Topic: Executive

Category: Polity

Key points:

- On July 18, the Cabinet Secretariat notified the amendments made by the President to the Government of India (Allocation of Business) Rules, 1961 pertaining to the Ministry of Electronics and Information and the Ministry of Science and Technology and Earth Sciences
- The government has bifurcated the Ministry of Communications and Information Technology to form a new Ministry of Electronics and Information Technology
- The newly formed ministry will have the Department of Electronics and Information Technology under it
- Under the new rules, the Ministry of Electronics and Information Technology will have complete jurisdiction over the Unique Identification Authority of India (UIDAI) and National Informatics Centre
- Significantly, all matters relating to cyber laws, administration of the Information Technology Act, 2000 (21 of 2000) and other IT-related laws would be part of the domain of the new Ministry
- The Electronics and Information Technology Ministry has been entrusted with the task of promotion of the Internet, IT and IT-enabled services, assistance to other

departments in the promotion of e-Governance, e-Commerce, e-Medicine, e-Infrastructure and promotion of IT education and IT-based education

- It would deal with matters relating to promotion and manufacturing of Semiconductor Devices in the country excluding all matters relating to Semiconductor Complex Limited (SCL), Mohali
- Interaction in IT-related matters with international agencies such as Internet for Business Limited (IFB), Institute for Education in Information Society and International Code Council (ICC) would also be under its ambit
- The Ministry would lead the 'Initiative on bridging the Digital Divide: Matters relating to Media Lab Asia', Promotion of Standardisation, Testing and Quality in IT and standardisation of procedure for IT application and Tasks
- Also, with the change, there will be two departments in the Ministry of Communications – Department of Telecommunications and Department of Post

C.GS3 Related

1. No fresh tests for GM mustard

(<http://www.thehindu.com/news/national/no-fresh-tests-for-gm-mustard/article8876919.ece?w=alauto>)

Topic: Biotechnology

Category: S & T

Key points:

- The Environment Ministry is unlikely to prescribe fresh tests to ascertain the safety of genetically-modified (GM) mustard even as environmental activists on Monday alleged that the GM mustard, under scrutiny, contained genes that conferred herbicide tolerance (HT). However, these crops are unlikely to be recommended for release anytime soon
- As part of an ongoing case on GM crops in India, a Supreme Court Technical Expert Committee has already recommended a ban on HT crops
- The GEAC is an expert body of the Environment Ministry tasked with assessing if GM crops posed a health or environmental risk
- The technology used in GM Mustard involves using a complex of genes, sourced from soil bacterium, which makes it easier for seed developers to easily develop hybrid varieties of mustard, generally a self-pollinating plant. Hybrid varieties are generally known to produce greater yields but they necessitate farmers to keep going to seed companies every year to buy fresh seed. The technology, according

to the developer, will contribute to increasing yields of such hybrids by 25% of existing varieties

2. Green signal for setting up Sagarmala Development Company

(<http://www.thehindu.com/business/Industry/green-signal-for-setting-up-sagarmala-development-company/article8876916.ece?w=alauto>)

Topic: Shipping

Category: Economy

Key points:

- The Union government cleared a plan to set up Sagarmala Development Company (SDC) to provide equity support to port-led economic development projects, with an initial authorised share capital of Rs 1,000 crore and a subscribed share capital of Rs.90 crore,” according to an official statement
- The SDC’s role will be to identify port-led development projects and assist special purpose vehicles (SPVs) in project development, bid out projects for private sector participation and put in place suitable risk management measures for strategic projects. Under the administrative control of the Shipping Ministry, it will also be responsible for obtaining the required approvals and clearances for the port projects
- It will prepare detailed master plan for coastal economic zones and work as a nodal agency for coordination and monitoring of all the identified projects

3. Centre puts wage plan for contract workers on hold

(<http://www.thehindu.com/business/Industry/centre-puts-wage-plan-for-contract-workers-on-hold/article8876802.ece?w=alauto>)

Topic: labour

Category: Economy

Key points:

- The Labour Ministry has put on hold its plan to fix minimum wages for all contract workers at Rs.10,000 per month, following objections from industry
- The Labour Ministry received more than 40 objections from industrial groups and companies on its draft notification dated March 30 to amend the Contract Labour (Regulation and Abolition) Central Rules, 1971 taking the minimum monthly income for contract workers to Rs.10,000.

- “The fixation of minimum wages is a state subject and therefore cannot be an identical wage; say of Rs.10,000 for every village or city and industrial town etc. Hence, the proposed amendment will certainly affect the competitiveness of MSMEs,” said Chamber of Small Industry Associations, in its submission to the labour ministry. The Apparel Exporters and Manufacturers Association said the move will “create disharmony” and “result in loss of export of Rs.11,000 crore in a year.”
- Some companies opposed the proposal saying the amendment will “impose a heavy financial burden to the manufacturers” as this will be an “additional liability” on them apart from paying provident fund, gratuity and other contributions. The Federation of Indian Chamber of Commerce and Industries (Ficci) said the move will “reduce product competitiveness with countries such as Bangladesh, Pakistan and Vietnam.”
- Both the Centre of Indian Trade Unions and the Indian National Trade Union Congress had requested the ministry to raise the minimum monthly wage to Rs.15,000

4. ‘Treat NSEL, FTIL as a single entity’

(<http://www.thehindu.com/business/Industry/treat-nsel-ftil-as-a-single-entity/article8876806.ece?w=alauto>)

Topic: Exchanges

Category: Economy

Key points:

- The National Spot Exchange Ltd (NSEL) and Financial Technologies India Ltd (FTIL) must be considered as a single business entity and FTIL’s objections to the merger are “orchestrated,” the Centre told the Mumbai High Court, as the government attempts to push through a merger of both the entities
- The merger would force FTIL to assume all the liabilities of the Mumbai-based spot exchange. It would also make FTIL a party to the ongoing litigations involving NSEL
- Regulatory probes revealed that only a handful of entities were trading in so-called paired contracts and were making money based on the difference between the buy and the sell price (It was discovered after the exchange defaulted on 31 July 2013 that most of the underlying commodities did not exist and the buying and the selling of commodities like steel, paddy, sugar, ferrochrome etc. was being conducted only on paper. In the process, about 13,000 investors are believed to have lost their money

D.GS4 Related

E. Important Editorials:

The Hindu

1. Dangerous vigilantism

(<http://www.thehindu.com/opinion/editorial/una-violence-due-to-cow-protection-dangerous-vigilantism/article8876835.ece?homepage=true>)

Topic: Caste

Category: Society

Key points:

- Even as the reverberations of the violence inflicted on a group of Dalit men by “cow protection” vigilantes near the small Gujarat town of Una are felt in Parliament, the protests continue to spread across the State. Large parts of Saurashtra, the region rocked most by agitations led by Dalit groups, were practically shut down on Wednesday after a bandh call, and different modes of protest have been adopted
- It is a protest that appears to have grown organically in response to the violence the men bore on July 11, a video of which had been posted online by one of the assailants. They were stripped, flogged, bound and paraded on accusations that they had killed a cow for skinning. It is a videographic record of both random and systemic cruelty. The various modes of protest must be seen as a cry for redressal and systemic social change all around
- Some have protested by attempting suicide, and one died after consuming a poisonous substance. Certain protesters have taken to dumping animal carcasses near a district official’s office. There has been mobilisation on the streets across Gujarat, with one policeman succumbing to injuries after stone-pelting by protesters. There are plans for more State-wide protests. This is a rage that needs a comprehensive and holistic response rather than a confrontationist approach relying heavily on firefighting
- Gujarat Chief Minister Anandiben Patel has met the victims. Prime Minister Narendra Modi condemned the atrocity and Union Home Minister Rajnath Singh spoke about the assault in Parliament, terming such acts against Dalits a social evil that everyone must come together to combat
- The victims of the Una assault must be reassured by the authorities seeing to it that their assailants are punished; moreover, the administration must ensure their safety, so that reprisals are not visited upon them. But for this to happen, the Central and State governments need to level with the people
- Cow protection (gau raksha) cannot be a cover for the pursuit of the kind of aggressive vigilantism that has been witnessed in different parts of the country, more often than not as an exercise in communal consolidation. That violence and intimidation in the

name of the cow (or beef) will not be tolerated is a message that needs to go out quickly and unequivocally — not only from the Gujarat government but also from the Centre

2. Many lives in one jail term

(<http://www.thehindu.com/opinion/editorial/sc-on-multiple-life-terms-to-convicts-many-lives-in-one-jail-term/article8876836.ece?homepage=true>)

Topic: Justice

Category: Polity

Key points:

- Consecutive prison terms for those convicted of more than one offence in a single trial are infrequent in India. When those who have attracted great public odium by the enormity of their crimes are found guilty, the judges are seen to have the option of awarding sentences that are ‘consecutive’, to be undergone one after another as opposed to concurrently, where the longest jail term subsumes the shorter ones
- The Supreme Court has now provided clarity on the question of whether two or more sentences of life imprisonment can be made to run one after another. It is basically irrational and anomalous, says the Constitution Bench. As life imprisonment is for the remainder of one’s life, unless ended by remission or commutation, multiple life terms should be counted concurrently. Accordingly, judgments that run contrary to this principle have been overruled. Consecutive sentences are still permissible if one is a fixed term and the other is one of life, provided the term sentence is completed first and the life sentence begins later
- Unbelievably lengthy prison sentences are not common in India, unlike in some jurisdictions in the West. However, most of these countries balance it with a robust system of probation or parole. **On the other hand, the idea of releasing a prisoner under supervised probation after a part of the sentence has been served is still rare in India; both state and society expect convicts to be imprisoned for as long as possible**
- **This highlights an issue that occasionally crops up in judicial discourse: the absence of sentencing guidelines in India.** In theory, sentences can be deterrent, retributive, reformatory or restorative. However, the present sentencing paradigm is judge-centric, leaving much to the court’s discretion. Some believe this may be right because no two offences, or even offenders, are likely to be the same. Circumstances (aggravating or mitigating), motive and nature of the crime are all taken into account by judges in sentencing. For heinous crimes, the ideas of deterrence and retribution inform judicial

discretion, and hence the more popular verdicts are those that award deserved punishment

- **Until sentencing guidelines are framed by the legislature or the superior judiciary, individual judges will have to carry the burden of awarding punishment that befits the crime.** By holding that there shall be no consecutive life terms, the court has offered a ray of hope to even those locked away for life, even if it may not guarantee release. For, justice ultimately cannot be merely retributive

3. How to get the weave right

<http://www.thehindu.com/opinion/op-ed/indias-textile-sector-how-to-get-the-weave-right/article8876826.ece?homepage=true>

Topic: Textiles

Category: Economy

Key points:

- India's textile and apparel industry is all set for an overhaul as the new National Textile Policy will soon be placed before the Cabinet for approval
- The government has already accepted a Rs.60 billion special package for this sector with an aim to create 10 million new jobs in the next three years, attract investments of \$11 billion, as well as generate an additional \$30 billion in exports
- The organised textile industry has been facing a slowdown for quite some time, due to which a large number of mills are reported to have shut. Workers who have been displaced are left with no choice other than to move to the unorganised segment or work on a contractual basis
- It has been reiterated time and again that the stringent labour laws and the cumbersome nature of compliance with labour regulations and norms act as a barrier to growth of the manufacturing sector. The textile industry is affected the most owing to its labour-intensive nature and hence high potential to absorb people
- While the government has agreed to reform the archaic labour laws to generate more employment in this industry, in some cases it may require changes in the legislation, which is a challenge in itself
- The system of labour regulations in India is quite complex, with over 200 labour laws, including 52 Central Acts. Each State has its own way of dealing with the industry and making amendments in the labour laws
- **Among many laws, the biggest challenge is to bring reforms in the Industrial Disputes Act (IDA), 1947, that forms the basis for regulation of job security in the organised manufacturing segment, due to strict dismissal norms laid down under it. As per**

Chapter V-B of the Act, any firm employing 100 or more workers has to seek permission from the labour department, with jurisdiction over the firm, before any layoffs or retrenchment. The concerned labour department rarely gives such permission, even in cases where the unit is unprofitable and on the verge of closure. As a result, the industry may find it advantageous to either employ people on a contractual basis or shift to the unorganised segment

- The restrictive impact of this Act and also other regulations impinge largely upon industries such as textiles majorly employing unskilled or low-skilled workers. The problem becomes more intricate knowing that the textile industry has a significant number of women workers on the rolls, which may require modifications in the existing laws along with new schemes and incentives to retain them
- **Statistics show that India's textile industry is the second largest employer after agriculture, providing direct employment to around 45 million people. The sector also accounts for 14 per cent of India's total industrial production, which is close to 4 per cent of the country's gross domestic product**
- The annual rate of growth in employment in the organised sector has been modest at 2 per cent since 2000-01 with some signs of deceleration, especially from 2007, a period that coincided with the removal of the Multi Fibre Arrangement that governed world trade in textiles and garments with quotas on exports from developing countries to developed countries
- **However, an increase in employment is accompanied by a growing share of contract workers in total workers from 8.42 per cent to 13.45 per cent (see graphic).** The trend in organised manufacturing overall is similar to that observed in the textile sector, where the share of contract workers has risen from 21.3 per cent to 34.6 per cent during this period



Source: Based on annual survey of industry data, MOSPI, CSO

- An increasing informalisation of employment within the formal sector could be explained by the labour market rigidities and growing competition, among other factors. The industry may employ temporary or contract workers in a bid to escape Chapter V-B of the Act despite the contract labour system being more expensive
- Furthermore, the share of contract workers in total workers is much higher in firms employing less than 100 workers, and not falling under the ambit of Chapter V-B of the IDA. The share has significantly gone up in two segments, viz. preparation and spinning of textile fibres and weaving of textiles, from 8.21 per cent to 20.72 per cent and 18.38 per cent to 24.95 per cent in a span of 11 years. It is much higher compared to the firms employing more than 100 workers falling outside the domain of Chapter V-B
- **This clearly indicates that the organised industry could be following an escape route by employing contract workers to replace the regular workers.** Since firms employing less than 100 workers do not fall under the ambit of the Chapter V-B, they have an incentive to remain outside by hiring more contract workers. On the other hand, the firms which have already crossed this threshold of 100 workers have a much lower incentive to hire contract workers
- Such informal arrangements may hamper the industry's growth in productivity and development in the long run. The trend, which has been continuing since the nineties, needs to be reversed
- The Economic Survey 2016 has rightly pointed out that stringent labour regulations act as "regulatory cholesterol", inhibiting the industry from generating employment and hiring regular workers. It is therefore important that as part of the 'textile package' the

government should at least try to reduce, if not remove labour market rigidities for creation of gainful employment

- Provision of better wages to casual workers, along with social security and other benefits, will contribute to higher productivity. The industry would also avoid hiring contract workers, be able to reduce contracting cost and move towards expansion. Some propositions have been in the offing, such as considering fixed-term workers on a par with permanent workers in terms of wages and allowances, providing tax benefits to firms employing permanent workers for at least 150 days, making provident fund contribution by employees earning less than Rs.15,000 per month optional, and the government contributing on behalf of the employer towards Employees' Provident Fund Organisation for the first three years. These initiatives, if implemented, can go a long way in reviving growth and generating gainful employment in the textile industry
- The government must also focus on bringing amendments in the IDA which may otherwise act as a stumbling block. Rajasthan, Gujarat, Madhya Pradesh and Haryana are making some headway in this direction. There are provisions to reform labour laws in the new textile policy. It is hoped that the Ministry of Textiles will get the new National Textile Policy approved and speed up the reforms

4. Governing the Governor

(<http://www.thehindu.com/opinion/lead/governing-the-governor/article8876844.ece?homepage=true>)

Topic: Federal Relations

Category: Polity

Key points:

- The Supreme Court verdict in the Arunachal case leaves no doubt that the Governor is a mere figurehead
- Most recently, the Supreme Court implicitly relied on the “basic structure” laid by it and struck down the unilateral actions of the Governor of Arunachal Pradesh in summoning an Assembly session and sending messages to the Assembly as unconstitutional
- As in most other cases where a facet of the basic structure doctrine has been pressed into service, the ends sought to be achieved in the Arunachal Pradesh judgment were lofty — upholding the rule of law, safeguarding the power of judicial review and circumscribing the role that an unelected Governor could play in determining the future course of State politics. However, in reaching these unarguably desirable results, the judgment contains some troubling reasoning that has potential consequences for the future of government- judiciary relations in India

- In the lead opinion of the SC, three propositions of law are clearly laid down — first, the Governor has no power to unilaterally summon an Assembly session unless the government has, in his view, lost its majority; second, he cannot take steps relating to disqualification of the Speaker; and third, he is barred from unilaterally sending messages to the Assembly on any matter. The underlying justification for each of these is the constitutional role of the Governor as the titular head of the State executive
- According to it, the Governor is bound by the “aid and advice” of the elected Council of Ministers as the default rule. While he has the discretion to act on his own in certain matters, those matters must be specified “by or under the Constitution”. Inviting the leader of the majority party to form a government is an example of such a matter since there is no Council on whose aid and advice the Governor can act. On the contrary, calling an Assembly session, dictating its agenda and sending messages to the House are not
- According to it, this understanding concords with the larger scheme of the Constitution pertaining to the role of Governors. Unelected Governors were never envisaged as wielding significant powers relating to State administration. They merely possessed the formal authority of state and could act as a safety valve in case there was a breakdown of constitutional machinery. This view is correct, albeit partially — discretion being vested in Governors was a thorny issue in discussions in the Constituent Assembly. The analogous power of the colonial Governor had created great disaffection leading to a strong sentiment to remove discretion of the Governor altogether
- However, in a seminal speech in the Constituent Assembly on July 15, 1947, Vallabhbhai Patel attempted to strike a balance. While ministerial responsibility would be the fundamental rule, the Governor could exercise his discretion in a few matters which were either widely accepted or necessary in an emergency. It is telling that summoning and dissolving Assemblies was one such matter
- Equally, it would be remiss to not point out that the same scheme of the Constitution never envisaged judicial review to correct any such actions of the Governor. In fact, Article 163 specifically provides that in determining which matters fall within the discretion of the Governor, the Governor’s decision will be final. A literal interpretation of this clause would mean that were there any doubts in the constitutional scheme as to whether a Governor could act on his own accord in relation to a matter or not, such decision would rest with the Governor as the highest constitutional authority in a State. It would not be the domain of the courts
- However, for the Supreme Court, an appeal to the scheme of the Constitution and the basic structure doctrine was sufficient to deny the Governor such discretion. This view is founded on the baseline assumption that judicial review is all-pervasive, irrespective of what the Constitution actually says. There is little doubt that such creativity in

interpretation was crucial in this case to strike down the actions of the Governor as unconstitutional, which was unquestionably the right result

- However, the bluntness of the tool, combined with the blitheness with which judicial review, a basic feature, was used as an interpretive tool contrary to its original intent, means that larger questions about checks and balances in the constitutional framework must be confronted
- Any reference to theoretical questions pertaining to checks and balances must necessarily be seen in light of the reality of politicised gubernatorial appointments. There is a marked mismatch between the understanding of the Constitution of the Governor as the dignified head of the State executive and the regular turnover of Governors depending on the party in power at the Centre.
- This mismatch earlier manifested itself through regular invocations of President's Rule in States; now that invoking such rule has become onerous owing to strict scrutiny by the Supreme Court, in Arunachal Pradesh the Governor attempted a more direct interference
- The court's response, acutely cognisant of this history, firmly shuts the door on all such actions. It circumscribes the role of the Governor to an extent that no doubts remain that he is a mere figurehead at the apex of the State administration. While political reality demanded such an interpretation, its definitiveness means that what is lost in the process is any possibility of the Governor acting as a bulwark against abuse of power by an elected State government
- The phenomenon of Speakers acting politically, not allowing a no-confidence motion to be tabled and minority governments not summoning the Assembly are not uncommon. In such situations, the Constitution envisaged a restorative power being responsibly exercised by the office of the Governor. However, the propensity of successive governments to hijack such powers for partisan ends trumped this checks and balances function. The Supreme Court, by this judgment, has provided its imprimatur against any such role for the Governor in the future
- In substitution, the court has itself taken on the mantle of checking constitutional infractions by a government whenever and wherever they might occur. There are two simultaneous trends at play here — first, a circumscribing of the powers of the legislature and executive based on a careful reading of the Constitution; second, a creeping extension of judicial power based on a nebulous understanding of the basic structure coupled with an intrinsic belief about the court's own good intentions
- This interplay is not unique to this case. Variants of it are clearly visible in three of recent and seminal constitutional law opinions — striking down the National Tax Tribunal Act for being excessively executive-centric; declaring the National Judicial

Appointments Commission unconstitutional for taking away judicial primacy in appointment of judges; widening powers of contempt of court

- The rigour that justifies these views on why the Constitution ought to be interpreted in a manner that keeps the executive and legislature in check is in sharp contrast to the assertions that justify judicial expansionism
- This dissonant understanding of the Constitution has consequences far beyond the facts of this case. First, it reinforces the truly independent nature of the Indian higher judiciary. That the court can so boldly speak truth to power, unseating Chief Ministers and turning back the clock, is testament to the respect accorded to it by the people and governments
- Second, it causes a subtle shift in perception of the court from an apolitical institution to an intensely political one. This perception has little to do with the rightness or wrongness of its judgment, but is rather an inevitable by-product of a court that takes its functions of checking and balancing political organs of state very seriously
- Third, it adds grist to the clamorous mill demanding greater and more meaningful accountability for judges who exercise such immense power in India's constitutional framework. With judges using both the basic structure doctrine to strike down constitutional amendments and its facets as tools for interpretation of the Constitution, greater public knowledge on diverse aspects pertaining to their appointments, performance and functioning are going to be continually sought
- Taken together, these tectonic shifts pertaining to government-judiciary relations might ultimately be contested at a fundamental level, questioning the legitimacy of the basic structure doctrine that lies at the heart of the Supreme Court's current expansionist avatar

The Indian Express

1. The pliant steward

(<http://indianexpress.com/article/opinion/columns/un-general-assembly-united-nations-secretary-general-election-2926384/>)

Topic: The UNO

Category: International Organisations

Key points:

- The United Nations Security Council (UNSC) will conduct the first straw poll to elect the ninth secretary general of the UN today presided over by Japan

- The UN is facing a severe crisis. Threats to international peace and security are more serious today than at any time since its inception. The “use of force”, with or without the UNSC’s authorisation, and the arming of rebels has resulted in much turmoil. Iraq 2003, Libya 2011, the ongoing crisis in Syria, and Ukraine 2014 constitute, at the very least, a severe indictment of the UN and, at its very core, the functioning of the security council
- The situation has, if anything, gone from bad to worse. A security council hamstrung by the exercise of vetoes even in situations of mass atrocities, member states accused of war crimes buying their way out after being publicly incriminated, and an overall atmosphere of impunity, poses an existential threat to the UN. Unless rectified, the UN runs the risk, not of disappearing — multilateral institutions seldom wither away — but suffering a thousand cuts and ultimately becoming the world’s largest non-governmental organisation. At stake is the unique and unparalleled convening power of the UN, which carries both moral and legal weight
- The election of the new SG will be “business as usual”. The GA will only be left to endorse the choice of the security council. Since the permanent members of the council wield a veto, the candidate finally selected must be acceptable to the US and Russia, two countries that have not hesitated to use the veto in the past. This alone increases the chances of the SG being more secretary and less general
- It is unlikely that any of the twelve candidates will establish a decisive or even a commanding lead in the first straw poll. It is equally conceivable that none of them will meet the “acceptability cut” of the permanent members. A final choice is likely to emerge by October, when Russia will hold the rotating presidency of the council

2. Empowering women through JAM

(<http://indianexpress.com/article/opinion/columns/jan-dhan-aadhaar-mudra-loans-rural-women-empowerment-sbi-2926451/>)

Topic: Social Sector Initiatives

Category: Governance

Key points:

- In the Indian context, studies related to credit accessibility of women show that relative access to institutional credit of rural women may be limited vis-a-vis their urban counterparts. By studying the SBI MUDRA accounts details, we see that there is indeed traction, though limited, across Jan Dhan and Mudra accounts — primarily in the shishu category of loans, that is loans less than Rs 50,000

- 23 per cent of Mudra loan account holders with the SBI are women with an average ticket size of around Rs 55,000. Alternatively, this implies that most of the women account holders have taken loans under the shishu category only. In contrast, 65 per cent of the Mudra loan account holders are men with an average exposure of around Rs 87,000, of which there is a good chunk from the economically backward classes. But the most remarkable finding was that the distribution of the women entrepreneurs across India with 36 per cent of the accounts coming from southern India (Andhra Pradesh, Tamil Nadu and Telangana) and 16 per cent from eastern India (West Bengal, Odisha and Assam). Maharashtra, Gujarat and Madhya Pradesh accounted for another 17 per cent
- Thus, it clearly seems that states that were slow in terms of economic growth in the past are seeing more traction in women entrepreneurship through the Mudra route
- In terms of the average exposure amount for women entrepreneurs across states, results were even more interesting. On an average, in most of the states as mentioned above, activities were related to grocery and kirana stores, retail shops and even public utility services. But in some of the smaller states like Uttarakhand, Jammu and Kashmir, Nagaland, Mizoram, Himachal Pradesh, Arunachal Pradesh and even eastern states like Bihar and Jharkhand, the average exposure was significantly higher than the national average. It is possible that though limited in number, loans may have been availed by women in such states for activities like buying trucks, cars for passenger and freight transport, given the inhospitable terrains which necessitates the need for an efficient transport infrastructure
- In this context of empowering women, an analogy may be drawn directly to the self-help group or SHG-bank linkage programme — often considered as the ultimate benchmark in women's empowerment and socio-economic development. Loans like the ones under the Mudra scheme are analogous to microfinance and remain a powerful tool for development as it brings down the capital and the operating costs and helps women entrepreneurship blossom from mere superficiality to productivity.
- The second major finding: Nearly 35 per cent of the total inward remittances in the SBI sample are also from states with high women literacy rates, of which 25 per cent are below the age group of 45 years. Similarly, 48 per cent of the cash withdrawal — with a larger probability of women withdrawing cash from their accounts compared to their male counterparts — also comes from such states. This clearly indicates that the inward remittances sent by their male counterparts are possibly being put to more productive use by women facilitating independent decision making
- **To sum up, research has confirmed that investing in women's capabilities results in the well-being of the family, especially children. The experience of the successful SHG-**

bank linkage is a case in point in the Indian context. There is no harm in emulating this in the context of better Mudra loan targeting by using the Jan Dhan account interface.

- As our results show, even as women entrepreneurs, specifically the rural ones, are somehow using the Mudra route, we must encourage them even more. This can be achieved by better targeting using big data analytics. For example, states with high literacy across women may be specifically targeted for more of Mudra loans. Simultaneously, the government must think seriously about creating a database of women entrepreneurs across states pursuing similar activities. This will create a successful Mudra-bank linkage. After all, as the SHG example shows, women save more, repay on time and promptly attend the SHG meetings. This is all we need for making women a visible part of Indian growth story

3. A barometer of performance

Topic: Accountability

Category: Governance

Key points:

- Resolving citizen grievances is a job for the department of administrative reforms and public grievances (DARPG). The DARPG has a public grievance portal. For 94 central government ministries and departments, citizens can write in with their complaints. The awareness that this portal exists is evidently increasing. There were 132,751 complaints between May 2014 and September 2014. Between May 2015 and September 2015, that number increased to 466,406
- In gauging citizen evaluation of the Union government, this database can be used with three sampling biases. First, not everyone knows this portal exists. Second, citizens write in when there is a grievance. A satisfied citizen doesn't necessarily bother. Third, everyone doesn't have access to the internet nor does everyone with a grievance write in
- Data analysed was for a longer period — January 2012 to September 2015. Seventy-three per cent of the grievances concerned just 20 ministries/departments. In descending order of importance, they are: Department of telecom, the Railways, financial services, home ministry, central board of direct taxes, higher education, ministry of external affairs, department of posts, health & family welfare, petroleum & natural gas, labour & employment, defence, school education & literacy, personnel and training, road transport & highways, urban development, department of justice, central board of excise and customs, department of revenue, and the department of ex-servicemen welfare

- In the list of the top-20 ministries/departments, the Railways is second. Number one is the department of telecommunications (DoT). Ostensibly, these grievances are about the DoT. As is perhaps natural, grievances are mostly about service providers, not quite the DoT proper. Therefore, inevitably, having analysed grievances, there is not much the DoT can do, except track and redirect complaints better. Corrective action is quite different from that for the Railways. That's true for financial services as well since most complaints are about banks
- Despite obvious sampling biases, one could use these as rough indicators of how citizens perceive the government (at least the Union government) and to track improvements over time. Interpreted thus, priorities are telecom, the Railways, banking, home ministry, income taxes and higher education. Improvements in these will improve citizen perceptions substantially

To Read: Why the govt's new income declaration schemes are different from the amnesties of earlier times

[\(http://indianexpress.com/article/explained/black-money-declarants-income-declaration-scheme-dispute-resolution-scheme-amnesty-schemes-pm-modi-2926436/\)](http://indianexpress.com/article/explained/black-money-declarants-income-declaration-scheme-dispute-resolution-scheme-amnesty-schemes-pm-modi-2926436/)

PIB

1. Cabinet approves amendment in the Benami Transactions (Prohibition) amendment Bill, 2015

The Union Cabinet has given its approval for introducing amendments to the Benami Transactions (Prohibition) (Amendment) Bill, 2015 in Parliament.

It empowers the Government to confiscate benami property by following due procedure. It therefore promotes equity across all citizens. However, those who declare their benami properties under income declaration scheme will get immunity under the Benami Act.

2. Cabinet approves a MoU signed between India and the Swiss Confederation for cooperation in skill development

The Union Cabinet chaired by the Prime Minister Shri Narendra Modi has given its ex-post-facto approval for a Memorandum of Understanding (MoU) signed between India and the State Secretariat for Education, Research and Innovation of the Swiss Confederation for cooperation in skill development. The MoU was signed on 22.6.2016 during the visit of a delegation led by the Minister of State (Independent Charge) for Skill Development and Entrepreneurship to Switzerland from 20th – 22nd June, 2016.

The MoU broadly focuses on capacity building and exchange of best practices in the area of skill development. The MoU envisions the establishment of Joint Working Group (JWG) to create, monitor and review the implementation framework for the MoU. The MoU will establish a framework for bilateral cooperation between the two countries in the area of skill development and will formalise and deepen this partnership.

3. Cabinet approves signing of Air Services Agreement between India and Mozambique

The Union Cabinet has approved signing of the Air Services Agreement between India and Mozambique.

This agreement allows designated airlines of either countries to establish offices in the territory of other country for the promotion and sale of air services.

4. MoU between India and Tunisia for strengthening bilateral cooperation in the field of Information and Communications Technology and Digital Economy

The Union Cabinet has been apprised of a Memorandum of Understanding (MoU) signed between India and Tunisia on 2nd June 2016 for strengthening bilateral cooperation in the field of Information and Communications Technology (ICT) and Digital Economy.

The MoU intends to foster active cooperation and exchange between private entities, Governments, institutions involved in enhancing capacity building and other public and private organisations of the two countries in the field of ICT and Digital Economy.

5. Cabinet approves the Transgender Persons (Protection of Rights) Bill 2016

The Union Cabinet has approved The Transgender Persons (Protection of Rights) Bill 2016.

Through this Bill the Government has evolved a mechanism for their social, economic and educational empowerment. The Bill will benefit a large number of transgender persons, mitigate the stigma, discrimination and abuse against this marginalized section and bring them into the mainstream of society. It will lead to greater inclusiveness and will make the transgender persons productive members of the society.

6. Uranium Reserve

Consequent upon Civil Nuclear Cooperation, the Department of Atomic Energy (DAE) has been importing Uranium Ore to meet the Fuel requirements of Safeguarded Nuclear Power Plants. Agreements for import of uranium have been signed with M/s. JSC TVEL Corporation, Russia; M/s. JSC NAC Kazatomprom, Kazakhstan, and M/s. CAMECO, Canada.

Russia, Kazakhstan and Canada are the countries supplying uranium as on date for creating uranium reserve.

7. Nuclear Power Projects at Mithi Viridi

The sites at Chhaya Mithi Viridi in Gujarat and Kovvada in Andhra Pradesh were accorded 'In Principle' approval and designated for setting up nuclear power plants in technical cooperation with United States of America (USA). In this regard, discussions were in progress with two US companies, Westinghouse Electric Company (WEC) and GE Hitachi Nuclear Energy (GEH).

8. Privatisation of PSLV

In order to step up the launch capacity within the country, ISRO is in the process of exploring the possibility of involving Indian industry in a greater role to meet the increased national requirements and possible commercial demand for launch services. Discussions are being held with the Indian industry towards formulating a plan & strategy to enhance the capacity and capability of managing the Polar Satellite Launch Vehicle (PSLV) programme on an end to end basis.

9. ECI Launches "National Electoral Roll Purification" (NERP) 2016 to Improve health of Electoral Rolls and Optimize the Polling Station location and Area

The Election Commission of India (ECI) gives utmost importance to enrolment of all eligible citizens and to assist electors to reach and cast their votes in a hassle-free way by establishing Polling stations (PSs) at a conveniently located building. **"No voter to be left behind"** is the **motto of ECI for year 2016**. National Electoral Roll Purification" (NERP) programme has been launched this week across the country with intensive verification by the Commissions' field functionaries and stakeholders interaction, to enhance the purity and fidelity of Electoral Rolls (ERs) and to standardization of PS for electors convenience and facilitate electors' reach his PS with ease.

10. Sagar Purvi

The Government of India has deployed the Coastal Research Vessel [CRV] Sagar Purvi to study about ocean parameters along the coastal waters of India.

CRV Sagar Purvi was deployed for implementing various programmes of Ministry of Earth Sciences such as Monitoring of marine pollution levels and conservation and management of coastal resources including coral reef

11. Revision of Civil Services recruitment system

An Expert Committee has been constituted by Union Public Service Commission (UPSC) under the chairmanship of Shri B. S. Baswan to comprehensively examine the various issues, raised from time to time regarding the Civil Service Examination, with respect to the eligibility, syllabus, scheme and pattern of the Examination vide notice dated 12.8.2015. The committee has been given extension of time till August 2016 to submit its report.

Imparting training to the officers is a continuous process. The course content of the training is modified regularly as per the requirement.

The Financial Express:

1. 25 years of reforms: Paradigm shift in disclosure requirements

(<http://www.financialexpress.com/fe-columnist/25-years-of-reforms-paradigm-shift-in-disclosure-requirements/323820/>)

Topic: Reforms

Category: Economy

Key points:

- In order to deal with risks in relation to investments in capital markets and with a view to protect investors, regulatory bodies have been constituted all over the world as watchdogs to the gateway of the securities world.
- Prior to the nineties, the Controller of Capital Issues (CCI) set up under the Capital Issues (Control) Act, 1947 was in charge of regulating capital issuances in India. **The price, quantity and type of capital issuance was to be approved by the CCI ahead of an issuance**
- **Accordingly, this legislation provided for an arbitrary system in which all issuances were ultimately left to the CCI to decide. In order to liberalise the process of issuance of securities, amongst other things, the Act was repealed in 1992, which paved the way for the Sebi Act, 1992**
- The Sebi Act, 1992 established the Securities and Exchange Board of India (Sebi) to protect the interests of investors in securities, and to promote the development of and to regulate the securities market. Thereafter, by separate amendments, the power to adjudicate upon lapses of securities laws was provided to Sebi, with statutory appeals

from such adjudication lying with **the securities appellate tribunal (SAT)** set up for this specific purpose

- Following through with liberalisation of the process for issuance of securities, and for setting up a transparent regime for the listing of securities at prices determined by market forces, **the Sebi (Disclosure and Investor Protection) Guidelines, 2000 were enacted**
- This allowed for book built issues along with a definite disclosure regime akin to international securities offerings. For the first time, Sebi specified the disclosures that would be required in a prospectus in order for a person to make a well informed investment decision in securities
- These guidelines, not only **led to evolution of disclosure regime**, but detailed rules with respect to the advertising of issuances and regulating the distribution of research material were also formulated. In other words, **the whole of the offering process in an initial or a follow-on public offering was, for the first time, set in stone**; a far departure from the arbitrary system under the CCI
- Separately, though the stock exchanges were in operation, there was no legislation for their regulation. Under the constitution which came into force in 1950, stock exchanges and forward markets came under the exclusive authority of the central government
- **The Securities Contract Regulation Act was enacted in 1956 to provide for direct and indirect control of virtually all aspects of securities trading and the running of stock exchanges, and to prevent undesirable transactions in securities. While it has undergone several modifications since its enactment in 1950, it is still the central legislation for regulating stock exchanges**
- From the securities laws regulations point, India has seen extensive changes in the last 20 years. Sebi has become particularly active in both regulating capital issuances and takeovers of listed companies, and the adjudication of offences pertaining to securities laws
- The regulations in relation to capital markets disclosures have also evolved significantly, as have the laws on takeovers. The enactment of the Sebi (Issuance of Capital and Disclosure Requirements) Regulations, 2009, the successor law in relation to public offerings and private placements, has paved the way for further evolution of the disclosure laws in India
- While law making is an evolving process, and securities laws are being enacted/modified continuously to combat the mischiefs that the regulator is faced with, Sebi has ensured that the securities market functions in a transparent manner. For instance, Satyam and Sahara examples have led to multiple changes in securities laws in relation to corporate governance and public offers. However, Sebi continues to provide a stable securities

laws regime that ensures that the stakeholders receive their dues and market sentiments are not buoyed by scams and instances of corruption

2. Worrying for growth: Gross capital formation contracts first time in seven years

Topic: State of Indian Economy

Category: Economy

Key points:

- While the International Monetary Fund's July World Economic Outlook shows India remains the fastest growing economy since last year, the investment cycle in the country is still sluggish. Weak demand—both external and domestic—has led to low capacity utilisation, inconsistent factory output and all-time low industrial credit growth. The balance sheet of companies also remains stressed
- Gross fixed capital formation, an indicator of new capacity addition by companies, contracted 1.5% in the three months to March this year, for the first time in seven years. At 26.9% of GDP in the January-March quarter, capital formation is the lowest ever (in base year 2004-05 and 2011-12), highlighting the muted trend in private sector investments; it also raises concerns about the quality of growth
- Private corporate capex has been on a weak footing for the last four years. Using the old series (2004-05) of national accounts, private corporate capex has declined from 12.8% of GDP in FY11 to 7% in FY16, according to Morgan Stanley research. However, public capex, which accounts for about 25% of overall investments, has held up better than private capex in the last 12 months, which is especially visible in road construction
- While the government did take some major steps to revive investments, the green shoots are yet to take root. Capacity utilisation in factories, according to RBI's OBICUS, has been range-bound at 71-72% for the past two years, clearly indicating excess capacity in manufacturing sector
- Some high frequency indicators too show that growth is wobbly. Production of capital goods, which is a reflection of the industrial and investment activity in the country, has shrunk for seven successive months. Import of capital goods has contracted since August last year, barring the month of March. The growth of eight core industries, which have 38% weight in the Index of Industrial Production, slowed to a five-month low of 2.8% in May. Credit to industry grew 0.9% in May 2016—second successive month of below 1% growth as bank lending dropped significantly in sectors such as infrastructure, food processing and transport equipment
- Cost and time overruns and slower-than-expected growth in the economy have made many capital-intensive projects financially unviable and companies are reluctant to

invest. Banks are no longer lending aggressively to large projects, especially in stressed capital-intensive sectors such as power, metals and mining, which account for more than 60% of the overall corporate capex

- Stressed advances in the banking system rose to 11.5% of total advances in March 2016, from 9.2% in March 2013, according to the latest Financial Stability Report of RBI. Corporate debt and leverage are sticky issues and will take time to resolve. Public sector banks are rationing credit due to mounting losses and capital constraints. A study done by India Ratings & Research shows that nearly half of the top-500 corporate borrowers hold 42% of the total outstanding debt of R28 lakh crore. Of this, R5 lakh crore is stressed and R6.7 lakh crore falls in the elevated risk of refinancing (ERR), raising concerns of financial stress for India Inc. It shows that already R4.6 lakh crore of the R6.7 lakh crore in the ERR category may have become delinquent. Incremental stress is likely to emanate from the remaining R2.1 lakh crore and refinancing could be a challenge for ERR entities whose interest cover ratio is below one
- A pick up in investments can come from an uptick in private consumption. Much of the consumption spending push can come from the Pay Panel bonanza as the government will be spending an additional R84,900 crore on pay and pensions in FY17. Of this, the Union Budget will bear R60,600 crore, while the Railways will bear R24,300 crore
- An increase in private spending will push up demand for consumer durables and automobiles. The boost to private consumption stimulus would be around R46,800 crore, or 30 basis points (bps) of GDP, according to an analysis done by Kotak Economic Research. The government will get an additional tax revenue of R13,000 crore and households would be able to save R25,000 crore. Moreover, a normal monsoon will also drive consumption spending, especially in rural India
- The revival of private investment, however, will be a slow process, and the cracks in the private investment cycle are likely to continue this fiscal. While the government has made efforts to improve the business environment by strengthening public-private partnership through dispute resolution mechanism in the Budget, policy-related issues will have to be resolved at the earliest so that companies step up investment and create employment opportunities

To Read: Reforms: Narendra Modi govt moves swiftly from GST, kerosene to disinvestment

(<http://www.financialexpress.com/fe-columnist/reforms-narendra-modi-govt-moves-swiftly-from-gst-kerosene-to-disinvestment/323815/>)

The Business Line:

1. Dog in the manger

(<http://www.thehindubusinessline.com/opinion/editorial/dog-in-the-manger/article8876716.ece>)

Topic: Railways

Category: Governance

Key points:

- Indian Railways is looking to drive down its power cost through purchase agreements with independent power producers. That is a smart move. Any commercially run organisation, irrespective of whether or not it has social obligations, should seek to cut out wasteful expenditure and seek lower cost suppliers in order to become competitive
- The Railways, like every service funded by taxpayers' money, needs to become more efficient, improve its operating margin and generate enough resources to replace ageing assets and invest in expansion
- It is unfortunate that this effort on the part of the Railways is sought to be scuttled by State governments that are seeking to protect the earnings of the electricity utilities they run
- The delay on the part of States such as Odisha, Bihar, Uttar Pradesh, Haryana, Punjab, Delhi, Rajasthan, Chhattisgarh and West Bengal to issue no-objection certificates to independent power producers to wheel electricity into the grid is preventing the Railways from procuring cheap power. The Railways procures power for traction at an average rate of ₹6.7 a unit. In comparison, power from independent producers is available at tariffs between ₹3.69 and ₹5.5 a unit
- Indian Railways consumes 2,100 MW for traction and 400 MW for non-traction purposes and this demand is only set to increase as more tracks are electrified and train trips increase. That will also lead to ballooning of the Railways' electricity bill, which is already ₹12,000 crore a year. The Railways estimates it can save up to ₹5,000 crore annually if all its plans to procure power from non-State utilities materialise
- If independent power producers are able to drive down tariffs to about half of that charged by State utilities, it reflects tellingly on the efficiency levels at which State generating companies operate. The State electricity utilities may not always be able to match the tariff levels offered by new producers for reasons such as technology and choice of feedstock. However, there is no denying that the costs and losses of State utilities can be brought down and earnings improved. Making procurement of feedstock and power generation more efficient is one part of the solution. Earnings will also improve by reducing what is euphemistically referred to as transmission and distribution

losses — that is, theft and under-payment for power consumed. Unfortunately, State utilities have been slow to address this problem

- The Railways is not the only organisation seeking to buy cheaper power from non-State players. Many industries are doing so too. Rather than block free market in power trading, State governments need to push utilities to continuously reform. Transmission lines, like toll roads, should be available to anyone willing to pay the charges. State governments should not be allowed to hold consumers to ransom by denying or delaying access of private producers to transmission lines. Rather, competition should spur reforms within State utilities

The Economic Times:

1. 25 years of reforms: Why mere physical capital will not yield prosperity

(<http://blogs.economictimes.indiatimes.com/et-editorials/25-years-of-reforms-why-mere-physical-capital-will-not-yield-prosperity/>)

Topic: Reforms

Category: Governance/Polity

Key points:

- A quarter century of reform has transformed India in ways Indians used to the Hindu rate of growth could not have imagined. What would happen a quarter century hence, as India continues to reform and grow? India would have overtaken China in population, have a \$20 trillion-plus economy and the world's largest middle class and experience an explosive growth in the number of people growing old
- Africa would have the youngest population on Earth, and Indian and Singaporean universities would compete with Chinese and American ones to set up educational institutions in the countries of that continent. Indian multinationals would throng the world's cities and Indian food, apart from Indian film, song and dance, would be mainstream fare across the globe
- Such a scenario is not wishful thinking, but extrapolation of existing trends, which could well be disrupted by technology, disease or natural or manmade calamities. Artificial intelligence, robotics, solar power and new materials are poised to change the world as we know it. The ongoing major US project to study the human brain will supplement the understanding of the human genome achieved by a previous US project, to yield new cures and disease prevention
- India has to act now to emerge among the winners, as chaotic change churns the present. This would mean investing in human creativity as never before. Public

health, nutrition, pre-school nourishment of the mind and the body, a new culture of questioning and creativity in education at all levels, readiness to dump rather than venerate old orthodoxies — these would be imperative

- Of course, India will need to continue to invest in physical infrastructure. Without that, human beings cannot be productive. But policymakers will have to reorient themselves to appreciate that building large scale human capital calls for inclusive social policy as well. Peace and social harmony can arise only from respecting the rights of individuals and groups, and aligning them for mutual reinforcement. And that calls for a new kind of politics, not just more economic reforms

Quick Bits and News from States

1. CRPF sticks to pellet guns ‘for now’

<http://www.thehindu.com/news/national/crpf-sticks-to-pellet-guns-for-now/article8876923.ece?homepage=true>

The Central Reserve Police Force (CRPF), which has seen an unusually high number of injuries in its ranks as it battled crowds staging agitation over the past several days, says for now there is no concrete alternative to the ‘pellet’ guns, known as ‘pump-action guns’ in defence parlance. In fact, it had said last year that as “pellet guns, a non-lethal weapon, are causing injuries”, they were looking for an alternative that “would be less harmful and also help our men to disperse the protesters.” However, a year later this is yet to happen.

2. India will never sign NPT, says Sushma Swaraj

<http://www.thehindu.com/news/national/india-will-never-sign-npt-says-sushma-swaraj/article8876914.ece?w=alauto>

Announcing a significant continuation of national policy on the Nuclear Non-Proliferation Treaty (NPT), the government on Wednesday told the Lok Sabha that it will never sign into the treaty which was regarded by previous governments as “discriminatory.”

3. Australia defends visa denial to IIT student

<http://www.thehindu.com/news/national/australia-defends-visa-denial-to-iit-student/article8877468.ece?w=alauto>

A day after the Australian Foreign Ministry cited proliferation concerns while rejecting an Indian engineer’s visa application to study in Australia, the country said that the “specific” case should not be used to examine its support to India’s outreach for hi-tech. The Department of Immigration and Border Protection had rejected the application of a student of IIT-Kharagpur

saying that his planned research in high tech (“fluid dynamics”) was against the foreign policy objectives of Australia.

4. ‘Thiruvalluvar statue to be installed in Mela Bhavan’

(<http://www.thehindu.com/news/national/other-states/thiruvalluvar-statue-to-be-installed-in-mela-bhavan/article8877467.ece?homepage=true>)

After protests from organisations of priests and saints who had raised objections to placing Tamil savant Thiruvalluvar’s statue on either the banks of the Ganga in *Har Ki Pauri* or near the statue of Adi Sankara in Haridwar’s Shankaracharya Chowk, Uttarakhand Chief Minister Harish Rawat has now given instructions for the statue to be placed on the premises of Haridwar’s Mela Bhavan.

F. Concepts-in-News: Related Concepts to Revise/Learn:

The department of administrative reforms and public grievances (DARPG)

GEAC

GM Crops

GM Mustard

Sagarmala Development Company

NSEL

The Industrial Disputes Act, 1947

The UNO

MUDRA Scheme

SAT

SEBI

Thiruvalluvar

Practice Questions:

1. **Which of the following statements is/are correct?**

1. Sagar Purvi is a Coastal Research Vessel deployed by the government of India to study about ocean parameters along the coastal waters of India
2. Sagar Purvi was deployed for monitoring marine pollution levels and conservation and management of coastal resources including coral reef

- a) 1 only
- b) 2 only
- c) Both 1 and 2
- d) Neither 1 nor 2

Ans. C

2. **Which of the following statements is/are correct?**

1. **Thiruvalluvar is a celebrated Tamil poet and philosopher of the Sangam age**
2. **Thiruvalluvar's greatest contribution to Tamil literature is the *Thirukkural*, a work on ethics**

- a) 1 only
- b) 2 only
- c) 1 and 2 only
- d) All the Above

Ans. C

3. **Which of the following are considered part of the Basic Structure of the constitution?**

1. **Secularism**
2. Principle of Separation of Powers
3. Parliamentary system of government
4. The objectives specified in the Preamble

- a) 1 and 2 only
- b) 2 and 3 only
- c) 1 and 4 only
- d) All the Above

Ans. D

4. **Which of the following statements is/are correct?**

1. The UNO was founded in 1945 after World War II in order to prevent another such conflict

2. While other organs of the United Nations can only make "recommendations" to member states, the Security Council has the power to make binding decisions that member states have agreed to carry out, under the terms of the UN Charter

- a) 1 only
- b) 2 only
- c) Both 1 and 2
- d) Neither 1 nor 2

Ans. C

5. **Which of the following statements is/are correct?**

- 1. The technology used in GM Mustard involves using a complex of genes, sourced from soil bacterium
- 2. GM mustard contains genes that confers herbicide tolerance (HT) to the crops

- a) 1 only
- b) 2 only
- c) Both 1 and 2
- d) Neither 1 nor 2

Ans. C

Useful News Articles

22-7-2016

A. GS1 Related

B. GS2 Related

1. CID given 60-day deadline to file charge sheet on Una incident, says Rajnath

(<http://www.thehindu.com/news/national/live-monsoon-session-of-parliament-day-4/article8879883.ece?w=spa>)

Topic: Rights Issues

Category: Governance

Key points:

- We have given the Gujarat CID a 60-day deadline to file charge sheet on the Una incident, said the home minister in the Rajya Sabha. And we have told the government to bring the perpetrators to justice within six months, he added
- What development are we envisaging by alienating 40 per cent of the population, comprising Dalits, minorities and tribals, said MP Ghulam Nabhi Azad

2. Stop inciting violence: India to Pakistan

(<http://www.thehindu.com/news/national/stop-inciting-violence-india-to-pakistan/article8883118.ece?w=alauto>)

Topic: Pakistan

Category: India's Neighbourhood

Key points:

- India on Thursday attacked Pakistan for a series of statements on Kashmir, and its decision to mark a "Black Day" over the killing of Hizbul Mujahideen commander Burhan Wani and the subsequent violence in Jammu and Kashmir
- The MEA also rejected elections held on Thursday in Pakistan-occupied Kashmir, calling them a "meaningless exercise" meant to mislead the international community
- What has also upset New Delhi is that street protests have been mobilised by LeT chief and 26/11 mastermind Hafiz Saeed as well as other terror group leaders, who are taking a "caravan" march from Lahore to PoK

3. A struggle for control in the Valley

<http://www.thehindu.com/news/national/other-states/a-struggle-for-control-in-the-valley/article8882345.ece?w=alauto>

Topic: Federal Relations

Category: Polity

Key points:

- With the turmoil entering the 13th day on Thursday, the Kashmir Valley witnessed a direct tug of war between separatists and the authorities over whose writ runs large
- The government is making desperate attempts to stop the cycle of violence and counter the separatists' shutdown calendars, which is evoking significant support from the people for the past two weeks
- The authorities have decided to reopen schools in a few districts in the Valley under curfew. The move comes as separatists issued elaborate protest calendars wherein nocturnal protests, blackouts and daylong shutdowns are being organised

4. Chinese, Pakistani troops launch 1st joint border patrols near Xinjiang

<http://www.thehindu.com/news/international/pak-troops-launch-1st-joint-border-patrols-near-xinjiang/article8881541.ece?w=alauto>

Topic: China and Pakistan

Category: India's Neighbourhood

Key points:

- Chinese and Pakistan border troops have for the first time launched joint patrolling of the border connecting PoK with Xinjiang province amid reports that over 100 Uighurs have fled the restive region to join ISIS
- U.S. think-tank New America Foundation on Wednesday said tough religious restrictions on Muslim minorities in China's far west may have driven 114 Uighurs to join the ISIS but found that the recruits had no prior experience with jihad, raising questions about China's official narrative of radicalisation in Xinjiang by the East Turkistan Islamic Movement (ETIM)

5. Plan to close down Jaffna's IDP camps next month

<http://www.thehindu.com/news/international/plan-to-close-down-jaffnas-idp-camps-next-month/article8882111.ece?w=alauto>

Topic: Sri Lanka

Category: India's Neighbourhood

Key points:

- In an ambitious move, the Sri Lanka government is contemplating closing down all 31 camps of internally displaced persons (IDPs) in the Jaffna district of the Northern Province and completing resettlement of 971 IDP families by August 15
- C.V. Wigneswaran, Chief Minister of the Northern Province, addressing the Provincial Council on Thursday, blamed the Centre for not taking into confidence the provincial administration on matters concerning resettlement

C.GS3 Related

1. Will explore options to pellet guns: Govt.

(<http://www.thehindu.com/news/national/will-explore-options-to-pellet-guns-govt/article8882375.ece?homepage=true>)

Topic: Riot Control

Category: Security

Key points:

- The Home Minister said that an expert committee will be formed to recommend non-lethal alternatives of crowd control after many members of Parliament expressed concern over the loss of lives and injuries in Jammu and Kashmir due to the use of pellet guns. The Committee would be asked to submit its report within 2 months
- Referring to concerns over the use of pellet guns, he said one person had died due to injuries caused by these weapons, while 53 had suffered eye injuries
- According to him, this was not the first time that these guns, categorized as non-lethal, had been used in Kashmir. They had been used earlier in 2010, when six people were killed by these and 98 had sustained eye injuries, with five suffering complete blindness

2. Brexit dents global economic outlook

(<http://www.thehindu.com/business/Economy/brexit-dents-global-economic-outlook/article8882241.ece?homepage=true>)

Topic: Global economy

Category: Economy

Key points:

- Confidence in prospects for the global economy has been dented following Britain's vote to leave the European Union, with a growing view that monetary policy is a fading force and many governments now need to borrow and spend
- Broad worries about political risks are also on the rise everywhere and not restricted just to Brexit's repercussions and a failed coup in Turkey. The U.S. is entering a period of heightened uncertainty too, leading up to November elections
- The overarching worry is this more dangerous phase is coming at an unwelcome time, when central bankers don't have anywhere near the clout they had after the collapse of Lehman Brothers to deal with another major economic or financial downturn
- The Group of 20 finance ministers and central bankers will meet in China this weekend, with repercussions from Brexit and dwindling policy options expected to dominate talks. Concerns about the inability of major economies to generate any amount of inflation have driven financial markets through wild gyrations over the past year. The expectations for further easing are likely to reinforce the existing trend toward higher equity and bond prices as the extra cash has to go somewhere

D.GS4 Related

E. Important Editorials:

The Hindu

1. Get on with the GST

<http://www.thehindu.com/opinion/editorial/get-on-with-the-gst/article8882251.ece?homepage=true>

Topic: Taxation

Category: Economy

Key points:

- Another session of Parliament has begun with the government expressing its determination to ensure the adoption of the Constitution amendment bill to usher in the long-delayed Goods and Services Tax. Prime Minister Narendra Modi has invested significant political capital in wresting a favourable outcome. Addressing an all-party

meet on the eve of the session, Mr. Modi appealed to members to give primacy to “the national interest” while urging bipartisan support for the GST bill

- The Centre has, by all indications, agreed to drop the proposed additional 1 per cent levy on inter-State sales over and above the GST rate, as sought by the Congress. The differences over the dispute-resolution mechanism have also narrowed. The remaining bone of contention involves the question of an explicit cap on the GST rate and whether it ought to be made a part of the amendment bill itself
- Whatever the rate, capped or uncapped, it is obvious that the GST regime will boost economic activity. It will subsume multiple indirect taxes, including State-level sales tax, octroi and other levies, that make doing business in India a compliance as well as logistical nightmare. Seamless movement across States is critical for a truly national common market, and for incentivising producers of goods and services to scale up investment and create jobs
- A more efficient system for collecting indirect taxes, a far larger contributor to the exchequer than direct taxes, could also create room for higher public investment in areas such as education and health
- Certainly, the challenge of warding off incipient inflationary pressures in the early stages of the tax’s implementation will require enlightened policies. For the BJP and the Congress, the next couple of weeks will be a real test of political sagacity in pulling together and delivering on a reform they have both advocated. No party may, for now, get the GST regime entirely of its liking — but it is better to initiate change on the basis of a reasonable consensus rather than wait for that elusive perfect agreement

2. Lengthening shadow over South Asia

(<http://www.thehindu.com/opinion/lead/terror-attacks-in-bangladesh-lengthening-shadow-over-south-asia/article8882258.ece?homepage=true>)

Topic: Terrorism

Category: Security

Key points:

- Two terrorist attacks in Bangladesh during July confirm what has long been suspected, viz. the deep inroads radical Islamist and Salafist elements have made into South Asia. There is reluctance to mention the word IS (Islamic State) — the government of Bangladesh remains in denial even now, despite the many attacks that have occurred
- Neighbouring India cannot, however, afford to adopt this ‘ostrich-like’ stance, and must acknowledge that India, along with Bangladesh, is a vital target for the IS. In the

expanded state of Khorasan, Kashmir, Gujarat, north-west India and Greater Bengal (West Bengal and Bangladesh) figure prominently

- The situation today is very different from the 1980s and 1990s, when India could claim that the Afghan jihad had little appeal for Indian Muslims. Today, Salafist ideas have deeply penetrated the psyche of many younger Muslims otherwise well-integrated into Indian society. It is well-known that Islam has five pillars, but it is said that the IS has a sixth pillar — a virulent form of nihilistic fanaticism which it projects as 'jihadism'. The truth is that the IS today has the largest appeal for, and is perhaps the fastest-growing militant force among Muslim youth
- The discovery in June this year of an IS module in the heart of Hyderabad city, engaged in experimenting with preparation of TATP (triacetone triperoxide) explosives, is clearly a dangerous portent
- Western propaganda about a decline and possible demise of the IS can be highly misleading. Concerns regarding 'lone wolf' attacks by IS 'returnees' are genuine. However, the IS has also graduated to a higher level, and now boasts of possessing a mature 'clandestine network' to carry out its agenda. These networks can work independently or under 'advice', and accelerate attacks globally. Intelligence agencies believe that IS ' sleeper cells ' now exist in several countries of Europe, including France, Belgium, Germany, the U.K. and Italy, and in many Asian countries including Afghanistan, Pakistan, Bangladesh and India
- The real threat posed by the IS is not so much its capacity to engage in violence, but in its pervasive appeal to Muslim youth. As 'true fighters' committed to the 'supremacy of the faith', they are succeeding in their effort to penetrate the minds of Muslim youth. The IS is able to attract an ever-increasing number of recruits, and several come from highly educated and even elite backgrounds
- Social dynamics and manipulation of social media have also brought about certain sociological consequences. This, together with online propaganda and media projection, is producing an entirely different type of radicalised youth. The holy grail remains the Caliphate, which has ignited the imagination of Muslim youth. Many more nuances can, however, be seen in the big picture that the IS projects today
- The IS has its own version of the Islamic State of Khorasan. It, however, tends to see the battle not in geopolitical terms but one of winning and securing the minds and hearts of Islamic youth, specially the more educated ones. Countries with large educated Muslim populations like Bangladesh and India are, hence, at risk
- Inadequate understanding of the true nature of the IS does pose a major challenge, including to security authorities. The IS is a distinctly different type of terrorist organisation. Existing methods to counter radicalisation are unlikely to succeed. The

attraction of IS notions of 'spiritual purity' can prove irresistible. For a country like India, with a large pool of educated Muslim youth, the threat is thus real

- If IS activities proliferate, an increase in both bigotry and sectarian violence can be expected. If such attitudes gain ground, both majority and minority populations would be at risk. Increased sectarian tensions, and violence due to misplaced IS propaganda, will almost certainly disturb the equilibrium that currently exists among Muslim communities here, as also the peace and equanimity that exists among all sections of the population. India has thus every reason to feel concerned at the rise of the IS. If Bangladesh and India do not see the writing on the wall, then woe befall the two nations whose combined Muslim population could be far larger than that in any other nation on earth

3. Living in a warmer country

(<http://www.thehindu.com/opinion/op-ed/global-warming-india-needs-strategies-at-state-level/article8882254.ece?homepage=true>)

Topic: Tackling climate change

Category: Environment

Key points:

- In 2007, the Indian government established the Prime Minister's Council on Climate Change, out of which emerged the National Action Plan on Climate Change (NAPCC). Each of the States then developed State-level climate action plans, which are currently being implemented. The NAPCC also rolled out a fair number of programmes and strategies under its eight missions. The State-level studies and plans have also in effect alerted the States to begin the task of incorporating climate change into their planning
- The NAPCC essentially announced to the world that India was willing to act on its global responsibility to limit GHG emissions. This was despite the fact that the country has low per capita emissions (less than 2 tonnes per capita, which is lower than the world average) and has historically often taken the lead in calling for equity in international climate policy and the allocation of a fair carbon budget.
- **At COP-21, India proposed that it would reduce the emissions intensity of its GDP (GHG emissions per unit of GDP) by about a third compared with its 2005 levels, and has committed itself to depending on non-fossil fuel sources for 40 per cent of its generation capacity by 2030.** Adaptation was also mentioned in India's Nationally Determined Contribution (NDC) along with several details in different sectors. The Paris

Agreement calls for comprehensive reviews, regular “global stocktaking” and ratcheting up of targets periodically

- Given these pressures and commitments that have been made, India now needs to reimagine and develop a new approach, or national strategy — a set of policies that lay out its action plans for reaching its targets, and not just for reducing emissions. With the close monitoring that is expected of the announced NDC targets, there is a lot that India needs to be prepared with. The country’s overall strategies would have to include a number of different aspects such as an integration of mitigation, adaptation and inclusive low-carbon development, and considerations and clarity on implementation, along with an understanding of which programmes would be undertaken by the Central government, which ones by the States, and how these would all add up to fulfilling our commitments
- Each State faces a distinctive set of challenges regarding the impact of warming, but also offers its own set of opportunities for reducing emissions depending on its natural resources. **For example, coastal States need to take action to protect their shores from sea level rise, districts that are drier need to prepare for variable monsoon precipitation, Himalayan regions have their own unique challenges, and selected parts of peninsular India and offshore areas offer great opportunities for harnessing wind power.** These various aspects need to be considered in fulfilling the Paris Agreement now, but also for developing clear and sustainable goals for the future
- Although ratification of the Paris Agreement is already being considered, the deliverables on adaptation are far from clear. In fact, there are no agreed-upon adaptation goals at the global level. It would therefore be interesting and useful for India to formulate adaptation strategies at State levels and demonstrate if and how these could be meaningful for the country as a whole
- We know that India will experience severe effects of global warming. The recent floods in Jammu and Kashmir and Tamil Nadu, and severe drought in many districts, are probably just an indication of the harsh implications for the future
- Decisions on development, for example large-scale infrastructure investments, have implications for GHG emissions now and in the future. Infrastructure and institutional mechanisms that have implications for the long term are referred to as “lock-ins”. This implies that countries need to think in terms of targets well beyond 2030 for emissions and adaptation
- Thus, fundamental decisions on growth and development need to go well beyond the goals for a high GDP and consider surviving extreme events, living in a warmer world, and inclusivity, especially with hundreds of millions who are poor, which is fundamental to countries like India. The linkages among development trajectories, GHG emissions reduction targets and adaptation strategies perhaps need to be made more explicit by

researchers and scientists, so that decision makers can understand the medium- and long-term implications of virtually all their choices

- With the challenges that India faces and the need to provide human services in a sustainable manner to its vast underserved population, the country requires social and economic transformation at a scale that has not been attempted before. An acknowledgement that these kinds of changes need to happen would be a good beginning followed by perhaps a wide and open national conversation on what such transformational processes would look like and what the policies and associated social changes would be

Must Read: **All you need to know about benami transactions Bill**

(<http://www.thehindu.com/news/national/all-you-need-to-know-about-benami-transactions-bill/article8880604.ece?w=spa>)

The Indian Express

1. Why simultaneous elections make sense

(<http://indianexpress.com/article/opinion/columns/simultaneous-elections-lok-sabha-narendra-modi-save-money-stable-government-2928409/>)

Topic: Elections

Category: Polity

Key points:

- Recently the Prime Minister floated a very pertinent idea of having simultaneous elections for the Lok Sabha and state assemblies. If the elections to the local bodies are included there is no year without some elections taking place. This vicious circle of continuous elections needs to be broken. It affects stability and without it, there can neither be economic development nor a satisfactory law and order situation.
- What is more, efficient governance is the first casualty when winning elections is the first priority of all politicians and understandably so. As a result, running an administration and attending to people's grievances take a back-seat and the bureaucracy rules the roost. In addition, because of the enforcement of the moral code of conduct during elections, the pace of economic development is hampered. If all elections are held in one particular year, it will give a clear four years to the political parties to focus on good governance
- We have a parliamentary democracy with a federal set up. This system worked fairly well with the Congress dominating the political scenario for the first two decades since

Independence. But with the collapse of the Congress' dominance, there emerged strong national and regional parties, each ruling some states with substantial strength in Parliament. How can stable and efficient governance be brought about in a multi-party parliamentary system like the one that exists in India?

- Fortunately, the normal duration of elected bodies is five years. Article 83 (2), which speaks about the duration, states that the Lok Sabha "unless sooner dissolved, shall continue for five years..." Same phraseology is applied for state assemblies vide Article 172. The rider "unless sooner dissolved " is an exception
- However, earlier dissolution, which breaches the principle of simultaneous elections, is brought about by several methods. First, the PM or CM advises the president or the governor, as the case may be, to prematurely dissolve the Lok Sabha or state assembly and force snap elections to gain electoral advantage. In such a case, the president or the governor should decline such advice as it denies a level-playing field to the opposition, and such a refusal is also in tune with the principle of simultaneous elections. Secondly, by passing the no-confidence motion against a government or defeating the government's confidence motion. In either case, the president/governor invites the opposition leader to form the government. If no government is formed, the president/governor dissolves the house and orders midterm elections as the last resort.
- Before dealing with how such a situation can be avoided, it may be noted that often the central government has misused its powers under Article 356 by imposing the president's rule in states ruled by opposition parties and dissolving assemblies resulting in premature elections
- The Supreme Court in S.R. Bommai held that there should be floor test before the assembly is dissolved. Similarly, after the landslide victory of the Janta Party in 1977, president's rule was imposed in Congress-ruled states of Rajasthan, Punjab, Bihar, Orissa, Himachal Pradesh and Madhya Pradesh. Similarly, state governments have often taken over the administration of the local bodies and dissolved them prematurely for political reasons. The combined effect has resulted in staggered elections
- To avoid frequent elections it is necessary to have stable elected bodies. It is pertinent to note that a no-confidence motion is not mentioned in the Constitution or any law, for that matter. It finds place in Rule 198 of the Rules and Conduct of Business of the Lok Sabha, which states that 50 or more members can move a no-confidence motion. If it succeeds, the government has to resign and if no other party or parties can form the government, premature elections follow
- **The Law Commission of India in its report of 1999 has dealt with the problem of premature and frequent elections. It had recommended an amendment of this rule on the lines of the German Constitution, which provides that the leader of the party who wants to replace the chancellor has to move the no-confidence motion along with the**

confidence motion. If the motions succeed, the president appoints him as the chancellor. If such an amendment to Rule 198 is made, the Lok Sabha would avoid premature dissolution without diluting the cardinal principle of democracy, that is a government with the consent of the peoples' representatives with periodical elections. It will also be consistent with the notion of collective responsibility of the government to the House as mentioned in Article 75 (3) of the Constitution.

- This proposal has several advantages. The country will always have a government which enjoys the confidence of the Lok Sabha. People will know in advance who is going to be the next PM and avoid the uncertainty as to who will lead the government. It will help ensure Lok Sabha complete its normal term of five years, as contemplated in the Constitution. If this proposal is applied to the states and local bodies, we can have simultaneous elections.
- After all, the ultimate sovereign, the people of India, having elected their representatives, have no choice but to keep quiet for five years. Why should their representative be given a choice to inflict premature and expensive elections on the country?

2. Client state's dilemma

[\(http://indianexpress.com/article/opinion/columns/saudi-arabia-pakistan-relations-islamic-state-attacks-medina-peshawar-riyadh-muslim-countries-usa-2928389/\)](http://indianexpress.com/article/opinion/columns/saudi-arabia-pakistan-relations-islamic-state-attacks-medina-peshawar-riyadh-muslim-countries-usa-2928389/)

Topic: Pakistan

Category: India's Neighbourhood

Key points:

- Earlier this month, Saudi Arabia experienced a series of devastating terrorist operations that have been attributed to the ISIS
- The author of the last blast was a 35-year old Pakistani who had migrated from the "land of the pure" with his family 12 years ago. Twelve of the 19 people arrested after the attacks were Pakistanis, echoing a common view that **South Asian migrants get imbued with a fundamentalist form of Islam in Saudi Arabia and the Gulf nations, one likely to translate into affinities with jihadism — and they may bring this back home**
- This suspicion is reinforced by the way Saudi notables fund madrassas in South Asia in order to propagate Salafi creeds. Pakistan is a case in point. In 2009, a secret memo, signed by then US secretary of state Hillary Clinton, noted: "Donors in Saudi Arabia constitute the most significant source of funding to Sunni terrorist groups worldwide"
- After the 2014 Peshawar tragedy, Pakistan's minister for inter-provincial coordination, Riaz Hussain Pirzada accused the Saudi government of creating instability across the

Muslim world by the distribution of money to promote its ideology. Pakistan's National Action Plan (NAP) spelt out soon after the Peshawar mass killings noted the commitment to control such foreign influence

- The state's control over the madrassas will partly be a function of the degree of independence Islamabad can, or wants to, regain vis-à-vis the Saudis. In 2015, Pakistan refused to support Saudi Arabia militarily against the Iran-supported Houthis. Lately, Islamabad has probably provided some unofficial support to Riyadh in Yemen — like in Bahrain before
- Pakistan has also joined a Saudi-led coalition against terror set up to not only fight the ISIS but also to contain the Iranian influence. Islamabad has also agreed to take part in the Saudi-led “most important military manoeuvres” ever staged in the region. Pakistan's relations with Saudi Arabia are evident from the aborted attempt at mediating between the kingdom and Iran. Riyadh denied that any such endeavour had been undertaken, and that was the end of the story
- Pakistan's lack of political independence vis-à-vis Saudi Arabia largely reflects economic considerations. Riyadh has repeatedly supported Islamabad financially — it gave \$ 1.5 billion in 2014, for instance — and almost five million Pakistanis work in the Gulf countries, including Saudi Arabia and some of its closest allies. They send home a large proportion of the remittances. Last but not the least, the Saudis can rely on deeply entrenched actors of the Pakistani political system. Nawaz Sharif established a close relation with the House of Saud, during his exile in the kingdom — where he also developed business interests — and Riyadh can get the support of parties like the JUI and movements like Jamaat-ud- Dawa (and its main branch, Lashkar-e-Taiba) which have orchestrated several demonstrations in favour of the Pakistani military in Yemen
- Lately, these movements have been selectively targeted by the army, but in early July, Sartaj Aziz, Nawaz Sharif's foreign affairs adviser, told a US congressional delegation that terrorists would hit back if the repression intensified — and this is definitely true of some of the groups close to the Gulf countries, including the Haqqani network. Last year, Wikileaks revealed that in February 2012, Nasiruddin Haqqani, then chief financier of the network, met the Saudi ambassador in Islamabad to convey his father's request for treatment at a Saudi hospital. Jalaluddin, the founder of the network, carries a Saudi passport
- The ball is in the court of Riyadh if Pakistan, as a true client state, is not prepared to fight Saudi-related militant groups. The growing influence of Iran in the region has led Saudi Arabia to diversify its security partnerships by relating to countries like India. In February 2014, both countries signed an agreement on defence cooperation in New Delhi and Narendra Modi's visit to Riyadh in April was dominated by security issues

- Will the rise of the ISIS persuade Riyadh and Islamabad to fight Islamism? The fact that the ISIS elements claimed responsibility for the Karachi bus shooting in May 2015, in which 45 Ismailis were killed, has reinforced Pakistan's will to eradicate an organisation that had already become a target after it attracted TTP commanders from the Federally Administered Tribal Areas -FATA. But it doesn't mean the attitude of Islamabad (and Rawalpindi) will change regarding groups that are still considered potentially "useful" vis-à-vis Afghanistan and India
- Riyadh will certainly take new security measures after the recent attacks. But much more needs to be done, from the point of view of Muslims in general (after all Islamists kill more Muslims than non-Muslims) and South Asians in particular. What the Saudis may never acknowledge is the link that exists between the promotion of Wahhabism and militant Islamism. This relation is far from direct . But this brand of Salafism fosters anti-Shia feelings and hostility to popular forms of Islam in South Asia — a hostility that may result in terrorist attacks against dargahs and other shrines. Such violence is undermining a civilisation known for its openness, directly as well as indirectly by fostering the fear of Islam, even Islamophobia

3. To Read: Jammu-Kashmir's 'non-lethal' pellet guns, and the injuries, blindness they cause

[\(http://indianexpress.com/article/explained/kashmir-protests-burhan-wani-death-pellet-guns-rajnath-singh-2928387/\)](http://indianexpress.com/article/explained/kashmir-protests-burhan-wani-death-pellet-guns-rajnath-singh-2928387/)

PIB

1. Joint dedication of the Petrapole Integrated Check Post (ICP)

The Prime Minister, Shri Narendra Modi and the Prime Minister of Bangladesh, Sheikh Hasina today jointly inaugurated the Petrapole Integrated Check Post through video-conferencing. Chief Minister of West Bengal, Mamata Banerjee also participated from Kolkata in the video-conference.

Petrapole-Benapole is an important land border crossing for India-Bangladesh trade. More than 50 per cent of the India-Bangladesh trade passes through Petrapole. Trade worth more than Rs. 15000 Crore takes place through the Petrapole ICP, which is more than all the other Indian Land Ports and Land Customs Stations put together. Approximately 15 lakh people and 150,000 trucks cross Petrapole-Benapole every year.

The Petrapole ICP will provide better facilities for effective and efficient discharge of functions such as security, immigration, customs, quarantine, etc. while also providing support facilities

for smooth cross-border movement of persons, goods and transport.

2. Civil Nuclear Deal with UK

An Agreement between the Government of India and the Government of the United Kingdom of Great Britain and Northern Ireland for Cooperation in the Peaceful Uses of Nuclear Energy was signed on 13 November 2015, during the visit of the Prime Minister to U.K. The scope of cooperation inter alia covers the supply of nuclear material, non-nuclear material, equipment, components or technology, training of personnel and transfer of technology, for peaceful uses of nuclear energy.

3. Development of Data Satellite by NASA and ISRO

ISRO and Jet Propulsion Laboratory (JPL)/NASA are jointly working on the development of Dual Frequency (L&S band) Synthetic Aperture Radar Imaging Satellite named as NASA-ISRO Synthetic Aperture Radar (NISAR).

The L & S band microwave data obtained from this satellite will be useful for variety of applications, which include natural resources mapping & monitoring; estimating agricultural biomass over full duration of crop cycle; assessing soil moisture; monitoring of floods and oil slicks; coastal erosion, coastline changes and variation of winds in coastal waters; assessment of mangroves; surface deformation studies etc.

4. National Waterways Projects

As per The National Waterways Act, 2016, 111 waterways have been declared as National Waterways (NWs) including the five existing NWs. Out of the 111 NWs, NW-1, 2, & 3 are already operational. Cargo as well as passenger / cruise vessels are plying on these waterways. Detailed Project Report- DPR for development of NW-4 & 5 were completed in 2010. The DPR of NW 5 was updated in 2014. For the newly declared 106 NWs, techno-economic feasibility studies have been initiated.

5. Online Medical Report Facility

Online Registration System (ORS) is being implemented in various hospitals in States/UTs to provide online registration, online appointment services to citizens along with online viewing of medical test report on ORS portal by citizens. So far, it has been implemented in 43 hospitals. However, the module for online viewing of reports has been started only in four hospitals (viz. AIIMS, New Delhi; RML, New Delhi; NIMHANS, Bengaluru; and PGIMER, Chandigarh) through this Portal (http://ors.gov.in/copp/lab_report_gate.jsp)

The Financial Express:

1. IMF forecast: 40 bps cut in global trade growth worrying

(<http://www.financialexpress.com/fe-columnist/imf-forecast-40-bps-cut-in-global-trade-growth-worrying/325053/>)

Topic: Global Economy

Category: Economy

Key points:

- Given the IMF's record in lowering its growth projections each time it makes a new forecast—the 2016 global GDP growth forecast of 3.8% in April 2015 was lowered to 3.2% in April—it was hardly surprising it has done this again, lowering the 2016 projection to 3.1%. More so since, though global markets have recovered from their manic phase immediately after the Brexit vote, as the World Economic Outlook says, there is no way of knowing how markets will react once Brexit actually happens and whether the damage will be contained
- In the perfect scenario where the fallout is restricted to the UK losing large parts of its financial sector to Europe, all that happens is that the UK's growth forecast for next year gets cut by around one percentage point, or maybe more with successive IMF forecasts
- But were Europe's unresolved banking crisis to unravel with more countries wanting to exit—especially the ones with the weaker banks whose bonds are largely held by Germany—the resultant stress would be much larger as well as widespread
- IMF's severe stress situation sees global growth in 2017 slowing from around 3.4% to 3.1%—while the IMF says it looks less likely right now, the fact is no one knows just where the stresses will show up
- More worrying is the fact that in even the IMF's benign scenario, global trade volumes are seen as slowing 40bps from the projected 3.1%—in the case of emerging and developing markets, the growth estimates are cut by 50bps. The resultant growth is still higher than that in 2015, and may be some relief for India's exports which has been declining for over a year, but it was unlikely India could sustain even an 8% growth without a very significant exports performance
- The IMF's 2017 trade forecast of a 3.9% growth for emerging economies looks encouraging, but this is well below the 9-10% levels of the glory days of 2003-07 as a result of which India's exports could grow at 24%+ levels. Couple this with the fact that gross fixed capital formation has contracted 1.5% in the three months to March this

year, for the first time in seven years, and the picture starts looking that much less reassuring—though the government is trying to spend more in capital formation, there is just that much it can do

2. Climate change: Cities are key to cutting greenhouse gas emissions

(Global Economy <http://www.financialexpress.com/fe-columnist/climate-change-cities-are-key-to-cutting-greenhouse-gas-emissions/325050/>)

Topic: Climate Change

Category: Environment

Key points:

- Whether or not the record temperatures are directly linked with greenhouse gas emissions, most scientists agree that climate change will make extreme weather more likely. Climate change was a crucial topic at the recent World Cities Summit in Singapore. It is one of the world's biggest challenges. On one hand, population growth and rising standards of living are generating a bigger demand for energy, on the other there is a need to reduce greenhouse gas emissions. And cities are at the heart of the solution
- The global population is growing—from over 7 billion today, it will reach an estimated 10 billion by the end of the century. With this, the growth of cities will accelerate. Over half of the global population already lives in cities. By 2050, the proportion will be around three-quarters, with half of this growth happening in Asia alone.
- Also, cities consume two-thirds of the energy the world produces; by 2040, they would use almost 80%. Even with heroic efficiency efforts, the amount of energy the world is consuming by the end of the century is likely to double compared to today
- One of the major challenges we face is how to halt the accumulation of greenhouse gases like carbon dioxide in the atmosphere?
- A world where emissions of carbon dioxide are at net zero levels would be possible if the emissions that remain are offset, or captured and stored below ground
- Cities, and how we plan them, will be central to achieving this. They have a huge opportunity to become more energy-efficient: through building standards; by using waste heat from power generation to warm homes; by encouraging high-density living to reduce travel and encourage smaller electric or hydrogen-powered cars; by building high-capacity public transport systems

- The evolving energy mix will be vital too. Natural gas, for example, produces half the carbon dioxide and one-tenth of the air pollution as compared to coal when burnt for power. Gas power stations also partner well with renewables, providing reliable electricity when there is no sun or wind. Here, adding carbon capture and storage (CCS) technology to power stations and industrial complexes will be critical to reduce emissions enough to reach net zero
- Renewables will, of course, continue to grow rapidly as part of the mix, but mainly produce electricity
- Today, electricity accounts for less than one-fifth of the total energy used in the world. For renewables to have a major impact, our scenario shows the share of electricity in the energy mix will need to grow to at least 50%
- This means people must meet the costs of, for example, electric or hydrogen-electric cars. Households and businesses not supplied with waste heat must be warmed with electricity. Food processing and light manufacturing must also go electric
- However, even with all these changes, the greenhouse gas emissions will continue to enter the atmosphere for the foreseeable future
- The production of chemicals used in so many of the things we take for granted will continue to rely on oil and gas. Where very high temperatures or dense energy storage are required—such as in the manufacturing of iron, steel and cement, or in heavy freight and air transport—we will almost certainly see continued use of hydrocarbon fuels
- There will also be regions that switch to low-carbon energy at different speeds, for political, economic or demographic reasons
- Continuing emissions will have to be offset. We can plant forests and use agricultural practices that raise the carbon content of the soil, such as ploughing partly burned biomass into fields. We can also burn biomass for power, coupled with CCS. Plants can suck carbon dioxide from the atmosphere. Using CCS will make sure it never goes back to the atmosphere
- Whether in cities or beyond, none of this will be easy. However, all of it is possible. Only if the world starts working towards it right now

The BusinessLine:

1. Missing pieces

(<http://www.thehindubusinessline.com/opinion/editorial/missing-pieces/article8882122.ece>)

Topic: Banking

Category: Economy

Key points:

- With bank credit growth slumping below 10 per cent early this year and not rising since, concerns are mounting about how economic revival can be sustained without adequate credit flow to industry. This seems to be a key reason for the Centre's decision on Tuesday to set aside ₹22,915 crore, 92 per cent of its targeted allocation for FY17, towards capital infusion into public sector banks. It is welcome that the recapitalisation package has come at the beginning of this fiscal year instead of the fag end, and that 75 per cent is to be released immediately
- With accelerated bad loan clean-ups forcing banks to report sharply higher non-performing assets (NPAs) in recent quarters, this pre-emptive infusion may help reinforce both depositor and investor confidence in state-owned banks. With deposit growth at multi-year lows and stock prices of most PSBs languishing below book value, a confidence booster is quite badly needed
- But what is puzzling is the manner in which the Centre has selected the banks that qualify for this recapitalisation exercise. Whilst announcing its Indradhanush revamp package for PSBs in August 2015, it had clearly specified a game-plan of allocating 40 per cent of the funds to the top six banks which 'play a vital role in the economy' and the rest based on performance parameters. But recent recapitalisation packages seem to have strayed from this. This year's plan for instance, leaves out Bank of Baroda and IDBI Bank from the top six, while sweeping in the smaller Central Bank, UCO Bank, Syndicate Bank and United Bank. Sizeable capital has been allocated both to strong banks such as State Bank of India (better placed on NPAs and tier 1 ratio), and beleaguered ones such as Punjab National Bank and Central Bank, whose GNPA ratios top 10 per cent. Some distressed banks find no mention. It would be unfortunate if the Centre has diluted its performance accountability norms in its urgency to shore up public confidence. Having deployed much of its recapitalisation kitty for the year, the Centre should now tighten the screws on performance
- This is critical because, even according to the Government's own estimates, this recapitalisation package will take care of just ₹70,000 crore of the estimated ₹1.8 lakh crore needed until FY19, to meet Basel III norms. Private researchers peg the sum at over ₹2.5 lakh crore. This suggests that most PSBs will need to aggressively tap the markets for capital over the next three years
- While stronger banks may face no problems, investors may not readily sink capital into deeply distressed banks. This means the Centre needs a plan B on recapitalisation. Here, a variety of alternatives have been suggested, ranging from recapitalisation bonds to

preference shares and shares with differential voting rights, which must be seriously examined. Governance reforms at PSBs, spearheaded by the new Bank Boards Bureau, also brooks no delay

The Economic Times:

1. Why democracy must inform state-citizen engagement

[\(http://blogs.economictimes.indiatimes.com/et-editorials/why-democracy-must-inform-state-citizen-engagement/\)](http://blogs.economictimes.indiatimes.com/et-editorials/why-democracy-must-inform-state-citizen-engagement/)

Topic: Law

Category: Governance

Key points:

- Better late than never. The home minister has said that the government will set up an expert committee to come up with non-lethal methods of crowd control. There are two parts to the challenge. One is in the realm of tools and technology. Tasers that provide electric shock but do no permanent damage and stink bombs that make it impossible for people to continue to stay on the vicinity are obvious examples of the instrumentalist part of the solution. But the more important part is political. It is about democracy, primarily
- After the British transferred power to Indians in 1947 —Indians did not quite knock down the colonial power structure and build something new on their own — many things changed. But the manner in which the police views the citizenry has not. A pre-modern sensibility mediates the citizen-state relationship. Those favoured by patronage can bend the arms of the state at will while ordinary people are treated as subjects, whose rights can be enforced only with great difficulty, if ever, after a legal or political battle following oppressive engagement
- This is the sad reality across India. Sad becomes tragic in a place like Kashmir, where security forces are, to a large extent, derived from outside the state and enjoy statutory immunity from being subjected to the norms of justice and civil conduct democracy enjoins on security personnel. If crowd control in Kashmir has to be just that and not a forcible display of the Indian state's might meant to clobber dissent, the Armed Forces Special Powers Act must be scrapped
- Security forces must confront crowds with at least the restraint and accountability they have elsewhere.
- This, in turn, is contingent on political engagement with the people of Kashmir. PM Modi has offered to engage within a framework of kashmiriyat, democracy and

humanity. The framework is spot on. The trouble is, killing and maiming scores of Kashmiris fails every one of those three principles. The political process in the state is stuck. The Centre must intervene, with democracy as its central guide

Quick Bits and News from States

1. HIV activists voice concern over crackdown on NGOs

(<http://www.thehindu.com/news/international/world/hiv-activists-voice-concern-over-crackdown-on-ngos/article8883329.ece?w=alauto>)

Worried about the shrinking space for civil society organisations in India, HIV activists from around the world protested outside the Indian embassy in Durban, South Africa. Humanitarian aid organisations have expressed concern over the Indian government's crackdown on non-governmental organisations (NGOs), particularly Lawyers Collective, stating that it will have a direct impact on India's HIV response. In June, the government suspended the legal aid organisation's registration under the Foreign Contribution Regulation Act (FCRA) for 6 months, meaning it could no longer receive any donations from abroad. The Lawyer's Collective has been instrumental in drafting the HIV/AIDS Bill, 2014 — a landmark anti-discrimination legislation.

2. India ranks 110th on Sustainable Development index

(<http://www.financialexpress.com/economy/india-ranks-110th-on-sustainable-development-index/325158/>)

India has ranked a low 110 out of 149 nations assessed on where they stand with regard to achieving the Sustainable Development Goals, according to a new index which is topped by Sweden and shows all countries face major challenges in achieving these ambitious goals.

The Sustainable Development Solutions Network (SDSN) and the Bertelsmann Stiftung launched a new Sustainable Development Goal Index and Dashboard to provide a report card for tracking Sustainable Development Goals (SDG) progress and ensuring accountability.

3. 'India's external debt of \$474 billion forms 16% of APAC borrowing'

(http://economictimes.indiatimes.com/articleshow/53322020.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)

India added up the second largest pile of external debt between 2010 and 2015, says a Moody's report. "The country had \$474 billion in external debt as of 2015, representing 16 per cent of the Asia Pacific region's total debt," it said. Additionally, the country's external debt to GDP

ratio has risen from 17 per cent in 2005 to 23 per cent in 2015, Moody's said, adding that it is still one of the lowest globally.

4. India tops chart in financial inclusion progress: BCG

(http://economictimes.indiatimes.com/articleshow/53322439.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)

India has topped the chart denoting the progress made by countries on the financial inclusion front as around 20 crore people have "gained access" to financial services, according to a report by global consultancy firm BCG.

However, the report said India and several other countries are not effectively converting their economic growth into well-being improvements for their citizens.

F. Concepts-in-News: Related Concepts to Revise/Learn:

CID

Pellet guns

Brexit

GST

IS

NAPCC

UNFCCC COP-21

Salafism

NISAR

Petrapole Integrated Check Post

Practice Questions:

Question1: Which of the following statements is/are correct?

1. Salafism is an ultra-conservative reform movement within Sunni Islam which advocates return to the puritanical Islamic traditions

2. Sufism is a mystical Islamic belief and practice in which Muslims seek to find the truth of divine love and knowledge through direct personal experience of God

a) 1 only b) 2 only c) Both 1 and 2 d) Neither 1 nor 2

Ans c

Question 2: Which of the following can be categorised as disadvantages of introducing a single regional currency across nations?

1. The introduction of a single world currency may affect national sovereignty to a large extent
2. A common monetary policy may be inappropriate for regions which are growing much faster or much slower
3. It would impede the movement of goods and services

a) 1 only b) 2 only c) 1 and 2 only d) All the Above

Ans c

Question 3: Which of the following taxes will be subsumed under the GST according to the proposed bill?

1. CENVAT
2. Sales Tax
3. Service Tax
4. Toll Tax

a) 1 and 2 only b) 2 and 3 only c) 1, 2 and 3 only d) All the Above

Ans c

Question 4: Which of the following statements is/are correct about The NASA-ISRO Synthetic Aperture Radar, or NISAR satellite?

1. It is designed to observe and take measurements of some of the planet's most complex processes, including ecosystem disturbances, ice-sheet collapse, and natural hazards such as earthquakes, tsunamis, volcanoes and landslides
2. NASA will provide the mission's L-band synthetic aperture radar (SAR) and ISRO will provide the S band synthetic aperture radar

a) 1 only b) 2 only c) Both 1 and 2 d) Neither 1 nor 2

Ans c

Question 5: Which of the following is/are part of the 8 core missions of the National Action Plan on Climate Change?

1.National Solar Mission

2.National Mission for Enhanced Energy Efficiency

3.National Water Mission

4.National Mission for Sustainable Agriculture

a) 1 and 2 only b)1 and 3 only c) Both 1,2 and 3 d)All the Above

Ans d

Useful News Articles

23-7-2016

A. GS1 Related

B. GS2 Related

1. Civilian killed in fresh J&K clashes

(<http://www.thehindu.com/news/national/civilian-killed-in-fresh-jk-clashes/article8887743.ece?homepage=true>)

Topic: Federal Relations

Category: Polity

Key points:

- In a fresh flare-up a protester was killed and five were injured in Kashmir Valley, with curfew entering the fourteenth day on Friday
- Meanwhile, an injured civilian from Kokernag area died of his injuries on Friday morning, taking the death toll to 47

2. Select Committee on anti-graft amendment Bill gets extension

(<http://www.thehindu.com/news/national/select-committee-on-antigraft-amendment-bill-gets-extension/article8886325.ece?w=spa>)

Topic: Accountability

Category: Governance

Key points:

- The term of the Rajya Sabha Committee, which was to submit its report on the Prevention of Corruption (Amendment) Bill 2013 during the current session, was extended till the Winter Session
- The proposed legislation has a provision that “no police officer shall conduct investigation into any offence alleged to have been committed by a public servant” under the Prevention of Corruption Act, where the alleged offence is relatable to any recommendation made or decision taken by such public servant in the discharge of his

official function or duties without the previous approval of Lokpal (for central government staff) and Lokayuktas (for those working under state governments)

- The Centre is yet to set up the institution of Lokpal and Lokayuktas — as mandated under the Lokpal and Lokayuktas Act
- The Bill was introduced in Rajya Sabha on December 1 last year and moved for consideration two days later when members raised objections over certain clauses in it, arguing these overlapped with provisions of the Lokpal Act and more clarity was needed on them
- The Bill, pending before the Rajya Sabha for long, provides for more stringent punishment for offences of bribery, both for the bribe giver and the bribe taker, by amending the Prevention of Corruption Act, 1988
- It also seeks speedy disposal of corruption-related cases providing that trial should be completed within 2 years
- It proposes to extend **the protection of prior sanction** for prosecution to public servants who cease to hold office after retirement or resignation

3. Ministry overruled panel to allow contract hiring at FCI

(<http://www.thehindu.com/business/Industry/ministry-overruled-panel-to-allow-contract-hiring-at-fci/article8887658.ece?w=alauto>)

Topic: Labour Issues

Category: Governance

Key points:

- A workers' union has moved the Delhi High Court against a Labour Ministry notification allowing the Food Corporation of India (FCI) to hire contract workers
- The Labour Ministry's July 6 notification allowing the hiring of contract workers by FCI for two years had been taken after the ministry overruled the recommendations of its own advisory board(the Central Advisory Contract Labour Board (CACLB), constituted under the Contract Labour (Rehabilitation and Abolition) Act of 1970) twice
- As per the law, the government can grant an exemption from the Contract Labour Act of 1970 to an establishment only in case of an emergency and only for a fixed period of time
- As per the plan, FCI wants to engage only contract labour in place of a four-tier system: regular employees, direct pay system (those getting minimum wage), no work no pay (those who get paid only when there is work) and contract labour system in a bid to save about Rs.2,000 crore a year

- Expressing shock at high-income levels of regular employees, a Supreme Court bench had said in January that these were an example of the “malpractices” in FCI. “How can a labourer carrying sacks earn Rs. 4.5 lakh per month?” the Bench had observed

4. States to get sops based on Aadhaar’s DBT platform

(<http://www.thehindu.com/business/Economy/states-to-get-sops-based-on-aadhaars-dbt-platform/article8887650.ece?w=alauto>)

Topic: Social Sector Initiatives

Category: Governance

Key points:

- The Centre is considering special incentives for States that take the lead in embracing the Aadhaar-based direct benefit transfer platform for delivering subsidies to the poor and succeed in saving taxpayer money by eliminating leakages
- So far, the government has transferred Rs.1.02 lakh crore under 74 central schemes to about 30 crore beneficiaries through the direct benefit transfer or DBT system, resulting in huge savings, the Union Electronics and Information Technology Minister said
- “We have been able to save Rs.36,500 crore of State and Central government funds that was sought to be pilfered or taken away by those that were not entitled for it,” said the minister
- The government is considering special incentives for those states that have done good work in terms of eliminating leakages and maximising savings through the use of Aadhaar-based DBT across schemes. Thus, a good part of the savings accruing from DBT implementation would be shared with the States that do well
- The Centre has requested States and union territories to set up DBT cells and set a deadline for union territories to dovetail their schemes with the DBT platform by September 30
- States have been requested to adopt the DBT platform completely by March 2017. A national DBT portal, which will be an aggregator for all DBT schemes is also being unveiled

5. Despite hype, only one firm qualified for Startup India

(<http://www.thehindu.com/news/national/despite-hype-only-one-firm-qualified-for-startup-india/article8887747.ece?homepage=true>)

Topic: Financial Inclusion

Category: Economy

Key points:

- Of a total of 728 applications received under Startup India till Monday, the government has recommended only one for tax benefits. The record for StandUp India is slightly better. Of the total Rs 1360.11 crore disbursed in loans till July 15, Rs 179.15 crore, or 13.17 per cent were given to Scheduled Castes (Dalits). The rest went to women and Scheduled Tribes, the other target beneficiary groups
- The Finance Act provided income tax exemption for 3 years in a block of 5 years for the startups (Companies and LLPs) incorporated between April 1, 2016 and March 31, 2019 and certified as eligible by the Inter-Ministerial Board
- The StandUp India scheme, launched on April 5, 2016 by the prime minister aims to facilitate bank loans of Rs.10 lakh-Rs.1 crore to at least one Scheduled Caste (SC) or Scheduled Tribe (ST) and one woman beneficiary per bank branch for setting up a greenfield enterprise in trading, services or manufacturing sector

C.GS3 Related

1. Shooting at Munich shopping centre: German police

(<http://www.thehindu.com/news/international/world/latest-updates-shooting-at-munich-shopping-centre-german-police/article8887646.ece?homepage=true>)

Topic: Terrorism

Category: Security

Key points:

- Gunmen attacked a busy mall in the German city of Munich on Friday evening, killing at least eight people and sending shoppers running for their lives in what police said was a terrorist attack

- A police spokesman said three gunmen were on the run after the initial shooting subsided. The city was placed under a state of emergency as police hunted for them

2. IAF plane goes missing over Bay of Bengal

<http://www.thehindu.com/news/national/iaf-plane-goes-missing-over-bay-of-bengal/article8886277.ece?homepage=true>

Topic: Search and Rescue

Category: Crisis Management

Key points:

- An AN-32 transport aircraft of the Indian Air Force has gone missing over the Bay of Bengal at 9:00 a.m. on Friday. Efforts are on to locate it
- The aircraft that took off from the Tambaram Air Force base (Chennai) at 8:30 a.m. with 29 persons on board, including its crew, was due to land at Port Blair at 11.30 a.m. at INS Utkrosh naval air station in Port Blair, sources in the Air Force said
- The Navy has pressed 12 ships, two P-8I long range patrol aircraft and two Dornier aircraft for Full SAR efforts



D.GS4 Related

E. Important Editorials:

The Hindu

1. Reaching out to the Valley

(<http://www.thehindu.com/opinion/editorial/editorial-on-violence-in-kashmir-and-govts-response/article8887617.ece?homepage=true>)

Topic: Federal Relations

Category: Polity

Key points:

- Two weeks after protests in the Kashmir Valley caught the authorities by surprise, a semblance of calm has been restored. It is a tenuous one, built on extended curfews, and it has come at a huge price. Even as the government faces difficult questions about the blunt tactics employed to disperse crowds of stone-pelters across Kashmir, there is an evident effort at political outreach

- Speaking in the Lok Sabha, the Home Minister sought an all-party meeting to address the problem. The Jammu and Kashmir Chief Minister chaired another such meeting in Srinagar that asked Delhi to engage in a larger political dialogue with all stakeholders, “including separatists”. These are important, necessary steps
- But given the record of outreach in the Valley, the Centre needs to get its framework for a political conversation right. If the proposal to include stakeholders in a larger process is to be credible, the idiom must be genuine. Regrettably, far too much of the vocabulary on Jammu and Kashmir is platitude and hollow cliché
- The challenge before the government is to demonstrate that it is not reaching out as an automatic response learnt from some worn-out troubleshooting manual — but to show it has acknowledged the outrage, weariness, and distress in the Valley. That it cares enough to be open to being nudged out of its certitudes
- The former Home Minister’s suggestion this week that India assure the people of Kashmir that it is conscious of the spirit of the grand bargain promised at accession almost 70 years ago has invited a rebuttal from a senior Minister at the Centre
- But if national politics means to respond to the cries of agony from the Valley this month, it must adopt Mr. Chidambaram’s touchstone — that the issue in the Valley is not about land but about people. Former Prime Minister Atal Bihari Vajpayee had forged a way forward by seeking talks within the framework of “humanity”, thereby sidestepping the issue of allegiance to the Constitution
- The gains of that breakthrough have long since been dissipated. Mr. Chidambaram’s appeal that India accept an “asymmetric devolution of powers” for J&K, which it has recommended for the Tamil provinces in Sri Lanka, is one such idea that could open a route forward. It should not be reflexively dismissed

2. We need a Nutrition Mission

(<http://www.thehindu.com/opinion/lead/on-indias-slow-progress-in-the-malnutrition-front/article8887622.ece?homepage=true>)

Topic: Health

Category: Governance

Key points:

- The “Global Nutrition Report 2016” once again demonstrates India’s slow overall progress in addressing chronic malnutrition, manifest in stunting (low weight for age), wasting (low weight for height), micronutrient deficiencies and over-weight. Our track record in reducing the proportion of undernourished children over the past decade has

been modest at best, and lags what other countries with comparable socio-economic indicators have achieved

- In a ranking of countries from lowest to highest on stunting, India ranks 114 out of 132 countries, with the incidence of stunting at 38.7 per cent, compared with Germany and Chile at 1.3 per cent and 1.8 per cent, respectively. Even Bangladesh and Nepal rank marginally higher than India. On wasting, India ranks 120 out of 130 countries, at 15.1 per cent, compared with Australia and Chile at number 1 and 2, with 0 per cent and 0.3 per cent, and South Sudan at 130 with 22.7 per cent. On the prevalence of anaemia in women of reproductive age, India ranks 170 out of 185 countries at 48.1 per cent, compared with Senegal which is the worst at 57.5 per cent and the U.S. which is the best at 11.9 per cent
- Aggregate levels of undernutrition in India remain shockingly high, despite the impressive reduction in stunting in the last decade. **The segments most at risk continue to be adolescent girls, women and children, and among them Scheduled Castes and Tribes are the worst off, reflecting the insidious economic and sociocultural deprivation so prevalent in India.** According to the most recent United Nations Population Fund (UNFPA) report, nearly 50 per cent of women in India are married before they turn 18, in violation of the law
- The poor nutritional status of adolescent girls, combined with child marriage and multiple pregnancies even before becoming an adult, lead to another dismal fact, that 30 per cent of all children are born with low birth weight. So we add approximately seven million, potentially wasted and stunted, to our population every year! For India to be healthy and break the inter-generational cycle of malnutrition, we have to focus on the health, nutrition and social status of children, adolescent girls and women as a priority
- Undernutrition — both protein energy malnutrition and micronutrient deficiencies like iron deficiency anaemia — among nearly 70 per cent of school-going children challenges the capacity for physical growth and cognitive development
- The past decade has seen a steady build-up of momentum around nutrition with the setting up of the SUN (Scaling Up Nutrition) secretariat in the UN; the World Health Assembly adoption (in 2012) of the 2025 global targets for maternal, infant and young children's nutrition, and the 2015 Sustainable Development Goals which centre-stage the ending of all forms of malnutrition for all people by 2030, to name a few. India's progress clearly lags behind what is needed to eliminate malnutrition by 2030
- Maharashtra was the first State in India to launch a nutrition mission, in 2005, followed by five other States, Madhya Pradesh, Uttar Pradesh, Odisha, Gujarat and Karnataka, covering a total population of 300 million. In all six States the focus of the nutrition mission is inter-sectoral coordination to improve child nutrition in the first 1000 days

- The problem and solution framework are correctly identified, but there are hardly any targets or financial commitments or concrete and specific programmes and processes to accomplish this goal. Systemic development is a long process that requires continuity, consistency, excellence in execution and a measurement of process, output and outcome/impact metrics, and so far at least, much of this seems to be missing for converting intent to action
- One of the reasons for persistent undernutrition in India, despite the creation of Integrated Child Development Services (ICDS) in 1975 and national coverage of the mid-day meal scheme in 1995, is that there is no structure for multi-sectoral coordination which is essential to address the inter-generational and multifaceted nature of malnutrition. The announcement therefore from the Ministry of Women and Child Development last week of plans to overhaul the ICDS is welcome and much needed
- The need to systemically address underlying causes of malnutrition in India is an urgency that cannot be postponed for the following reasons: One, poor nutrition is poor economics. The World Bank estimates that India loses 2-3 per cent of its annual GDP by way of lower productivity, the underlying cause of which is malnutrition
- The Ministry of Finance in its Economic Survey 2015-16 says, "Imagine the government were an investor trying to maximise India's long-run economic growth. Given constraints on fiscal space and the state's capacity to deliver public services, where would it invest? This chapter argues that some of the highest economic returns to public investment in human capital in India lie in maternal and early-life health and nutrition interventions."
- The Copenhagen Consensus has identified twice several nutrition interventions as some of the most high-yielding of all possible development assessments
- Two, poor nutrition will fracture the dreams and aspirations of India to become a global player in manufacturing and other industries. The human dividend on which we are banking is actually a huge liability given that one out of every three children is born underweight and unable to realise the full potential for physical growth and cognitive development, leading to lower levels of productivity
- Three, poor nutrition is poor humanity. Article 47 of the Constitution mentions the "duty of the state to raise the level of nutrition and the standard of living and to improve public health. The state shall regard the raising of the level of nutrition and the standard of living of its people and the improvement of public health as among its primary duties." We cannot have this broken promise nearly six decades after the Constitution was written
- Right now there is a confluence of positive factors that must be harnessed for impactful and positive transformation. Several programmes already announced by the government like Swachh Bharat, 'Beti Bachao, Beti Pado', etc. are critical nutrition-

sensitive factors that address hygiene, sanitation and education. For the nutrition-specific areas, India already has the infrastructure and mechanism for reaching people most at risk. These have to be urgently revamped and made more effective

- The three structures that must be prioritised are: the ICDS, which caters to the needs of pregnant and nursing mothers and children under the age of six; the mid-day meal scheme, which directly feeds approximately 120 million schoolchildren every day; and the public distribution system, which makes available subsistence rations to above and below poverty line families. All three are also excellent platforms for public-private partnerships to improve the level and quality of service and could be considered as specific areas for collaboration in CSR programmes
- Of these, the intent to revamp the ICDS has already been announced and must move into action mode quickly. This must include streamlining the work in the 1.34 million anganwadi centres by investing in training the 2.5 million workers and helpers at these centres, standardising the nutrition component of the supplementary food offered and focussing on the overall dissemination of information and education to pregnant and nursing mothers on healthy eating habits, hygiene and sanitation, etc
- CARE India has recently created a “job aid” which is a piloted mobile application that helps anganwadi workers plan, schedule and better coordinate their work. This and other relevant applications must be disseminated quickly to enhance the productivity and effectiveness of the anganwadi workers
- Similarly, the mid-day meal is an excellent structure to reach 120 million children with continuity and regularity. A single intervention in that scheme to focus on nutrition in addition to food will make a critical difference. This can easily be accomplished by the addition of micronutrients to cooked food or by adding universally liked and accepted products such as milk, biscuits, etc. fortified with micronutrients as a mid-morning or afternoon snack
- There is compelling evidence from around the world that large-scale food fortification is one of the best ways to address micronutrient deficiency. The standards of the cooked meal could be changed to using only fortified flour, fortified oil and iodised salt. A large number of children suffer from both insufficient calories and inadequate micronutrients. The most compelling argument for focusing on this group is that it is targeted, there is continuity and regularity and the impact of any intervention is measurable over a period of time
- Borrowing from best practice in countries that have made quick and significant progress in combating malnutrition, it is recommended that a Nutrition Mission be created to orchestrate and sequence the work both in nutrition-specific and nutrition-sensitive areas so that the impact from each of these is embedded in positive and productive

outcomes. There is enough evidence from other countries, especially those which have adopted a multi-sectoral framework, that the results are tangible and specific

- There are other proven interventions like large-scale food fortification (flour, oil, milk, etc. in addition to salt) that are inexpensive and effective and must be mandated into food standards
- The immediate actions to step change nutrition outcomes could be summarised as follows:
 - **One, create a Nutrition Secretariat as part of the Prime Minister's Office with responsibility for ensuring multi-sectoral alignment on priorities, sequencing and timelines.** This would include both nutrition-specific and nutrition-sensitive initiatives. Agree on a dashboard of nutrition metrics to be tracked, just as we track economic metrics
 - **Two, make the nodal Ministries accountable for revamping the ICDS, MDM, PDS with clear goals, timelines and resources. Open these up for public-private partnerships and make these CSR-eligible**
 - **Three, extend large-scale food fortification beyond salt to other staples like flour, oil, dairy, etc. and establish mandatory standards by category**
 - **Four, invest in information and education about good nutrition practices, extending from a diverse diet to deworming, breastfeeding, hygiene and sanitation, etc. Nutrition is complex and therefore needs to be simplified in behavioural terms**
 - **India must convert its young population to a competitive advantage, and nutrition and health are foundational to that outcome**

The Indian Express

PIB

1. Doubling the Income of Farmers

To achieve the target of doubling of income of farmers by 2022, a Committee has been constituted under the Chairmanship of Additional Secretary, Department of Agriculture, Cooperation and Farmers Welfare for the following aspects:-

- i) To study the current income level of farmers/agricultural labourers
- ii) To measure the historical growth rate of the current income level
- iii) To determine the needed growth rate to double the income of farmers/agricultural labourers by the year 2021-22

- iv) To consider and recommend various strategies to be adopted to accomplish (iii) above
- v) To recommend an institutional mechanism to review and monitor implementation to realise the goal
- vi) To examine any other related issue.

2. Implementation of National Horticulture Mission

A total of three hundred and eighty four (384) districts under National Horticulture Mission (NHM) are covered in 23 States/UTs.

While finalizing/identifying districts for inclusion under NHM, a cluster approach for developing potential horticultural crops while ensuring backward and forwarded linkages was adopted. The selection of the district was decided on the comparative advantage of crops based on agro climatic conditions, potential for developing marketing opportunities were taken into consideration.

There is a provision under NHM scheme for setting up of infrastructure units relating to post harvest management, marketing and other project based activities in non NHM districts, provided there is a clear linkage of the units with the horticulture produce. Apart from this, activities for development of horticulture in non-NHM districts can be carried out under other Government schemes like Rashtriya Krishi Vikas Yojana (RKVY), Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), Paramparagat Krishi Vikas Yojana (PKVY) etc.

3. PM salutes Indian revolutionary Chandra Shekhar Azad, on his birth anniversary

The Prime Minister, Shri Narendra Modi has saluted Indian revolutionary Chandra Shekhar Azad, on his birth anniversary

"I salute the courageous Chandra Shekhar Azad, who won the admiration of countless Indians due to his valour, on his birth anniversary", the Prime Minister said.

4. Dr. Harsh Vardhan launches the 'Solar Power Tree' – an Innovation aimed at utilizing minimum land to harness maximum Solar Energy

Union Minister for Science & Technology and Earth Sciences, Dr. Harsh Vardhan, launched the 'Solar Power Tree' today in New Delhi. It has been developed by the CSIR-Central Mechanical Engineering Research Institute (CSIR-CMERI), a constituent laboratory of Council of Scientific and Industrial Research (CSIR).

The Solar Power Tree harnesses solar energy for producing electricity with an innovative vertical arrangement of solar cells. It thus reduces the requirement of land as compared to conventional Solar Photovoltaic layout, on one hand, while keeping the land character intact on the other. Even the cultivable land can be utilized for solar energy harnessing along with farming at the same time. The innovation finds its viability both in rural and urban areas.

The Salient Features of the Solar Power Tree are:

- It takes only 4 square feet of land for a 5 KW Solar Power tree, whereas in a conventional layout, it requires 400 square feet of land.
- By holding the photovoltaic panels at a higher height, on an average it gets more sunrays for one hour in a day. As a result, it is possible to harness 10-15% more power in comparison to a conventional layout on ground.
- It has a battery back-up of 2 hours on full load, hence giving light even after sunset.

- It is facilitated with water sprinkler at the top for self-cleaning of panels, that increases the efficiency of the solar panels.
- The estimated cost of the device is around Rs. 5 Lakh for a 5 KW specification.

As a future prospect, the Solar Power Tree would be developed in a rotatable module, which would have a motorized mechanism to align itself with the movement of the Sun during the day. Hence, it would be possible to harness 10-15% more power over and above the current capacity.

5. Committee Constituted to Prepare Guidelines for Desiltation of River Ganga asked to Submit its Report within Three Months

Ministry of Water Resources, River Development and Ganga Rejuvenation has constituted a committee to prepare guidelines for desiltation of river Ganga from Bhimgauda (Uttarakhand) to Farakka (West Bengal). Shri Madhav Chitale (Expert Member, National Ganga River Basin Authority-NGRBA) has been appointed as Chairman of the committee. The other members of the committee are : Secretary, Ministry of Water Resources, River Development & Ganga Rejuvenation, Secretary, Ministry of Environment, Forests & Climate Change and Dr. Mukesh Sinha, Director, Central Water and Power Research Station, Pune.

The committee has also been asked to establish difference between desilting and sand mining and also to establish need for desilting for ecology and e-flow of the river Ganga. The tenure of the committee would be for a period of three months.

6. Committee Constituted to Prepare Draft Ganga Act Asked to Submit its Report Within Three Months

Ministry of Water Resources, River Development and Ganga Rejuvenation has constituted a committee to prepare draft Ganga Act. Justice Shri Girdhar Malviya (Retd.) is the Chairman of the committee. Other members of the committee are : Shri V.K.Bhasin, Ex-Secretary, Legislative Department, Govt of India, Prof. A.K. Gosain, IIT Delhi and Prof. Nayan Sharma, IIT Roorkee. Shri Sundeep, Director, National Mission for Clean Ganga is the Member Secretary.

The Committee has been asked to prepare a Draft Act on Ganga ensuring wholesomeness of the

River. The Act should have provisions to ensure cleanliness (Nirmalta) and uninterrupted e-flow (avirlta)) of Ganga. The Committee may take into consideration any other issue which it may deem fit in the drafting of the Act. The tenure of the Committee would be for a period of three months which may be extended by another three months, if required.

The Financial Express:

1. Data usage in India up, realisation down

(<http://www.financialexpress.com/fe-columnist/data-usage-in-india-up-realisation-down/326064/>)

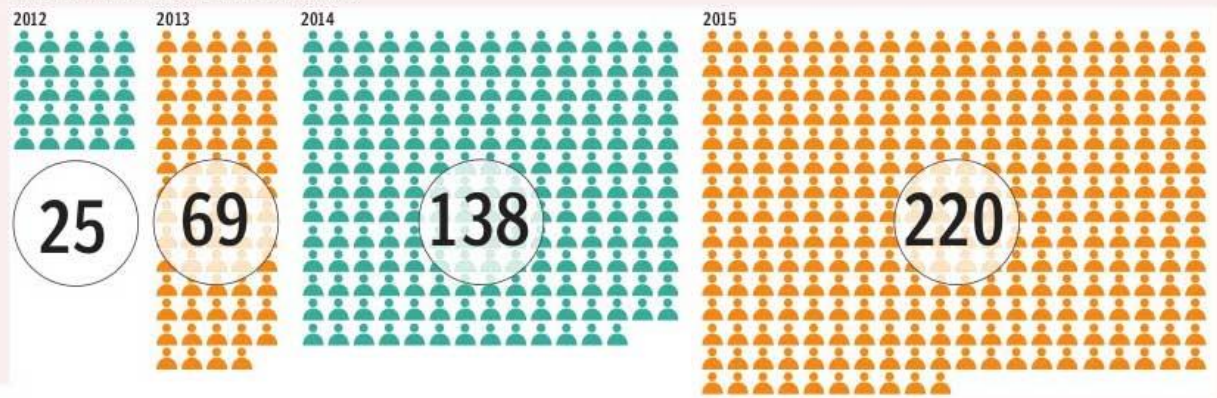
Topic: Internet Penetration

Category: Economy

Key points:

- As mobile operators roll-out 3G and now 4G services, subscribers have been shifting to smartphones. India now has the largest smartphone base (220 million) globally after China. Yet, smartphone penetration is in the region of 20%. As device prices fall, demand for data services is expected to rise. Though voice still accounts for 76% of operator revenues, the share of data has doubled for operators over the last two fiscals
- That number will rise once Reliance Jio rolls-out an array of data services later this year. While data consumption has been rising, data realisation has been falling. However, once 4G takes off and data consumption rises further, operators could be offering a suite of data services that includes music, video and gaming

Expanding smartphone base (in million)



Rising data usage per subscriber (in MB)



Mobile net subscribers (in million)

	Mobile net subscribers	Mobile subs	% share
2014 Mar	233.09	904.51	25.77
Jun	240.6	914.92	26.30
Oct	235.7	930.2	25.34
Dec	248.53	943.97	26.33
2015 Mar	283.29	969.89	29.21
Jun	300.22	980.81	30.61
Sep	305.35	996.66	30.64
Dec	311.69	1,010.89	30.83



2. Make villages smart for Smart Cities success; migration a problem

(<http://www.financialexpress.com/fe-columnist/make-villages-smart-for-smart-cities-success-migration-a-problem/326061/>)

Topic: Rural Development

Category: Governance

Key points:

- Almost after a year of the announcement of the Smart Cities scheme, PM Narendra Modi has launched 84 'quick-win' projects for the first 20 cities, costing Rs 1,770 crore. These include development of robust water supply, sewage treatment plants, solid-waste management, development of green and open spaces under AMRUT, housing projects under Pradhan Mantri Awas Yojana and technology-based pan-city solutions, installation of roof-top solar plants, pedestrian walkways, development of

information system through apps and website and Wi-Fi connectivity depending upon the requirements of the city.

- All this is very heartening, indeed. But while we do it in the right earnest, we must think hard over the fact that most of our cities are bursting at the seams because of migration from villages in search of employment. These migrants are permanently temporary workers who live in cities while maintaining their base in villages; a large part of their income is sent there. Given they form a large chunk of the urban population (about 40% in some cities), the pressure on existing infrastructure has led to cities becoming too cramped and congested
- Despite realising this, the government has done precious little to check migration. To achieve the objective, we should look at making our villages also smart
- First, we should develop labour-intensive manufacturing units under Make-in-India so that villagers find suitable employment locally. Such units should be established in small-scale and cottage industries. Also, some industries should be reserved for small-scale units to avoid competition from bigger units. For this, skills of village labour through Skill India needs to happen
- Second, wherever relevant, rural and semi-urban areas should be well-connected with nearby tourist spots—enabling villagers to sell their products directly to tourists for better prices
- Third, we need to provide suitable ICT network in and around villages under Digital India, so that villagers are informed in real time about the prices of produce—both in agricultural sector as well as industrial. Farmers are already sharing and utilising necessary information delivered via TV and mobile phones to their advantage
- Fourth, the government must provide good sanitation facilities under Swachh Bharat Abhiyan. We also need to provide other necessary infrastructure such as efficient medical centres, potable water supply, housing and electricity for all, and power for industry, preferably from sources such as solar or wind, or even biomass
- The Centre and states are together spending a lot of money to set up 100 smart cities in the next 5-7 years. In addition, the private sector is expected to invest in cities of their interest
- As per a 2016 study done jointly by IESE Business School of the University of Navarra, Spain, and Centre for Globalisation and Strategy, India's smart cities may take up to 15 years to reach global standards. This is because our four top cities—Mumbai, New Delhi, Bangalore and Kolkata—were ranked 167, 174, 176 and 179, respectively, out of 181 cities, based on the parameters of economy, human capital, technology, environment, international outreach, governance, planning, public management, social cohesion, mobility and transportation

- In comparison, the extra expenditure to be incurred by the government in making villages smart would be a minuscule fraction. Here, we should not go by the sheer number of villages in India as they could be developed in clusters and the requirements in terms of infrastructure are moderate
- By developing smart villages, the poor would no longer remain a problem—rather, they would become a part of the solutions to various problems faced by cities. If the influx from rural India is not checked, smart cities would again be flooded with various problems in the course of time and the scarce resources and valuable time spent on making them smart would amount to nothing. Our cities have to be environmentally-sustainable and liveable, in consonance with UN Sustainable Development Goals, to attract foreign investment and drive future economic growth. So, developing smart villages is the crux
- Since the launch of the ‘Community Development Programmes’ on October 2, 1952, governments have been working on several rural development schemes but, alas, development has not been commensurate with the huge spending because of well-known reasons
- Rampant corruption in implementation and lack of efficient monitoring, disjointed and fragmented planning by the concerned ministries and departments and the erstwhile Planning Commission are the factors responsible
- As a lesson from past experience, the NITI Aayog or the Union ministry of rural development should work as a single, powerful coordinating authority to sort out various implementation issues arising from time to time. We should also reduce the number of these schemes, to the extent possible, to avoid duplication of efforts and for the ease of correct monitoring of implementation

The BusinessLine:

1. The name’s bond, Gold Bond

<http://www.thehindubusinessline.com/opinion/columns/the-names-bond-gold-bond/article8882123.ece>

Topic: Monetisation

Category: Economy

Key points:

- GoI 's Gold Bond which provides sovereign guarantee and exempts capital gains from tax and pays (nominal) interest has delivered a 20 per cent return to investors who were lucky enough to acquire the first tranche
- The bonds, which were issued at ₹2,684 a gram in November 2015, today change hands at ₹3,218 on the exchanges, a return of 20 per cent in the last eight months. The only problem is that hardly anyone seems to be aware of them as an investment option
- Dreamed up by the government as an instrument to wean Indian households away from their jewellery fetish, the fourth tranche of the Sovereign Gold Bond scheme is presently open to the public. The five-day offer is set to close today
- The first three tranches of these bonds have come and gone without making waves among retail investors. In all, the three offers from November 2015 to March 2016 have received just 4.4 lakh applications for bonds worth ₹1,320 crore. This suggests that the bonds have failed to make any material inroads into the booming market for bullion
- While the cumulative demand for Sovereign Gold Bonds adds up to less than 5 tonnes of gold, Indian buyers lap up an estimated 850-900 tonnes of gold in jewellery, bar and coin forms every year
- This is really hard to fathom, because, except for shoppers who buy ornamental gold that they actually plan to wear, the Sovereign Gold Bond makes better sense for every other kind of gold buyer
- For those accumulating gold for a wedding in the far future, this bond scores over jewellery on many counts
- One, you needn't worry about purity because the bonds are denominated in gold of 99.9 per cent purity
- Two, you can be assured of a fair price because the issue price for each tranche is decided by the Reserve Bank of India, based on official rates from the bullion association. The bonds will also be redeemed at official market prices and you need not suffer arbitrary deductions for wastage and losses
- Three, you need not worry about theft or shell out hefty locker charges, as the bonds can be held in electronic certificate or demat form. Four, you need not resign yourself to losses if you seek liquidity, either. Though these bonds come with an 8-year term, they can be sold prematurely from the fifth year onwards, or used as collateral for loans. They are listed on the stock exchanges for secondary exit too
- These bonds offer a pretty good alternative to investors in gold exchange traded funds (ETFs) as they offer an annual interest payment of 2.75 per cent, while ETFs charge you a management fee
- To top it all off, Sovereign Gold Bonds are exempt from capital gains tax if you sell them at maturity, while every other form of gold investment suffers this tax

- But if Sovereign Gold Bonds are such a hot idea, why have households been so cool to them?
- Both, the lack of investor awareness and access issues seem to be holding back retail response to the offers
- Here are three specific fixes that the Centre must consider to have investors sit up and take notice of these bonds
- Savvy advertising: Egg yolk sarkari ads for Sovereign Gold Bonds are splashed all across newspapers and hoardings. But missing in these ads are the one key element that will get investors to pay attention — returns
- With the ads merely mentioning the ‘fixed interest of 2.75 per cent’, most savers are wont to dismiss the bonds as earning less than a savings bank account
- But as the 20 per cent price appreciation from the first tranche of bonds shows, the larger lure for investors is the prospect of capital gains if gold prices shoot through the roof over the next 5 to 8 years. Highlighting the returns on the first tranche (with due disclaimers on past performance) may drive home the point that the 2.75 per cent interest is only the icing on the cake. The cake is gold price appreciation
- On-tap availability: Indian gold buyers get a thrill out of timing their purchases by keeping an eagle eye on daily gold rates and jumping in to buy on dips. But the Sovereign Gold Bond deprives buyers of this thrill because it is offered for limited periods of less than a week and are at a dated gold price
- Many savers complain that the last few tranches of bond issues have come and gone even before they could scrounge up the cash to buy them. Making these bonds available on tap, like small savings schemes, and pricing based on prevailing gold rates may help up the interest quotient
- If the worry is that the RBI will get swamped with too much demand for gold bonds and will end up having to import too much gold to back them, the problem is easily solved by capping the purchases per investor, à la small savings schemes
- Wider distribution: Unlike PSU share sales which need to be marketed only to the tiny constituency of equity investors, Sovereign Gold Bonds need to reach out to the vast Indian middle-class which has a penchant for gold. It is, therefore, necessary to think beyond conventional distribution channels
- The initial tranches of gold bonds were sold only through banks and designated post offices. Stock exchanges have recently been added to this list. But these intermediaries are unlikely to be enthusiastic marketers. Brokers are likely to be loath to move investors away from the high-transaction equities to passive gold bonds. Banks are hardly likely to push products that can lure away their precious CASA (current accounts savings accounts) and dent demand for their pricey lockers. In this situation, India Post, with its network of over 1.5 lakh branches reaching deep into Bharat, offers the best

distribution bet for these bonds. Incentivising postal staff to inform and educate small savers about these bonds may work wonders in generating mass appeal for this excellent investment avenue

The Economic Times:

1. Compensatory Afforestation Fund Bill: Sense on regrowing degraded forests

[\(http://blogs.economictimes.indiatimes.com/et-editorials/compensatory-afforestation-fund-bill-sense-on-regrowing-degraded-forests/\)](http://blogs.economictimes.indiatimes.com/et-editorials/compensatory-afforestation-fund-bill-sense-on-regrowing-degraded-forests/)

Topic: Environment

Category: Governance

Key points:

- As part of the global effort to tackle climate change, India has committed to create an additional carbon sink for 2.5-3 billion tonnes of carbon dioxide equivalent via additional forest and tree cover by 2030. The Compensatory Afforestation Fund Bill is central to achieving this. Central and state agencies will spend the money, collected from project developers, to create new forests in lieu of those cleared for things like mines. Forests comprise 21.34% of India's land mass, but 43% of this cover is degraded. Degenerating degraded forests is vital, to meet the climate target
- Heavily forested states find it difficult to find non-forest (revenue) land for compensatory afforestation. While the government has taken this on board, it has failed to factor in the Forest Rights Act (FRA), which gives forest dwellers heritable rights, which must be protected during regeneration of degraded forests. The Congress, which moved an amendment requiring gram sabha consent for afforestation projects on forest and revenue lands, appears to have accepted the government's assurance that this lacuna will be addressed in the Act's rules
- The government must do three things. One, make it clear to the project developer that settling all claims under FRA is a prerequisite for afforestation in degraded areas. Two, direct the tribal affairs ministry and the states to prioritise settling of community and individual claims in degraded forest areas. Three, involve scientists and local representatives in preparing and implementing afforestation projects

- These measures would bring harmony — social as well as between existing and new forests. The Compensatory Afforestation Fund Bill accords an opportunity to augment the quality of India's natural capital. It must not be squandered away

2. Legitimate political funding holds key to stemming generation of black money

[\(http://blogs.economictimes.indiatimes.com/et-editorials/legitimate-political-funding-holds-key-to-stemming-generation-of-black-money/\)](http://blogs.economictimes.indiatimes.com/et-editorials/legitimate-political-funding-holds-key-to-stemming-generation-of-black-money/)

Topic: Prevention of money laundering

Category: Governance

Key points:

- The Centre's reported move to send notices to 7 lakh individuals, spotted as having made high-value transactions without furnishing their permanent account number (PAN), serves more a political purpose than to collect more taxes or stem the generation of black money. The annual information returns, which identify potential taxpayers by examining their spending patterns, are useful to track down high net worth individuals evading taxes. However, audit trails snap when transactions reported via the tax information network lack PAN, as was the case with about 1.4 million transactions. Taxmen should make intelligent use of technology to nab evaders, rather than blunt instruments in law enforcement. This is eminently feasible if every large financial transaction is tagged with a unique identifier — PAN or Aadhaar
- About 250 million PANs have been issued, and four times as many Aadhaar numbers. Furnishing a unique identifier should be mandatory for all high-value financial transactions
- Tax evasion is rife in real estate. Property registrars should require a unique identifier for both the seller and the buyer. India should adopt the Torrens system of registering land — wherein the owner's name for any plot of land is directly entered into a registry, maintained and guaranteed by the government — to check benami land deals. The unorganised sector will come under the net when the goods and services tax is adopted and IT systems get interconnected. Audit trails will make available a unified database of tax potential on direct and indirect taxes
- The income-tax base must be widened, given that less than 4% of people file tax returns; and just a few thousand admit to having incomes higher than Rs 1 crore a year. This, of course, must change

- The mother-of-all-reforms is to clean up political funding. Every political party should disclose its spending and sources of financing those expenses. These claims can be contested by other parties and watchdog bodies, with the Election Commission making the final verification. Legitimate political funding holds the key to stemming the generation of black money

Quick Bits and News from States

1. SC directs Centre to take possession of Adarsh Society

(<http://www.thehindu.com/news/national/sc-directs-centre-to-take-possession-of-adarsh-society/article8886376.ece?w=alauto>)

The Supreme Court on Friday asked the Centre to take possession and secure the 31-storey controversial Adarsh apartments in Mumbai and issued notices to various stakeholders on pleas challenging the Bombay High Court order asking civic bodies to demolish it.

(The Adarsh Housing Society is a posh, 31-storey building constructed on prime real estate in Colaba, Mumbai, for the welfare of war widows and personnel of India's Ministry of Defence. Over a period of several years, politicians, bureaucrats and military officers allegedly conspired to bend several rules concerning land ownership, zoning, floor space index and membership get themselves flats allotted in this cooperative society at below-market rates.)

2. Modi lays foundation for AIIMS hospital

(<http://www.thehindu.com/news/national/modi-lays-foundation-for-aiims-hospital-and-key-fertilizer-plant/article8886227.ece?w=alauto>)

Prime Minister Narendra Modi lays foundation for AIIMS hospital and a key fertilizer plant, which was defunct for few decades, in Gorakhpur in east UP. In the last 30 years, over 50,000 children have died due to diseases like Japanese encephalitis in the region, Gorakhpur says, hailing the new AIIMS.

Post Brexit, U.K. economy shrinking at fastest pace since 2009

(<http://www.thehindu.com/news/international/postbrexit-uk-economy-shrinking-at-fastest-pace-since-2009/article8886575.ece?w=alauto>)

Britain's economy is contracting at its steepest pace since early 2009 as a result of the vote to leave the European Union, according to a survey published on Friday.

The so-called purchasing managers' survey, a gauge of business activity conducted by IHS Markit, shows its composite output index fell to 47.7 points in July from 52.4 in June, an 87-month low. The survey is one of the first indicators of the country's economic health following the vote as the data was collected July 12-21.

4. IMF chief Lagarde to stand trial in arbitration deal

<http://www.thehindu.com/news/international/world/imf-chief-lagarde-to-stand-trial-in-arbitration-deal/article8888354.ece?w=alauto>)

France's top court has ruled that International Monetary Fund chief Christine Lagarde must stand trial in France over a 2008 arbitration ruling that handed €400 million to a politically-connected business magnate.

Ms. Lagarde, who was French Finance Minister at the time of the deal in favour of tycoon Bernard Tapie, is accused of negligence in the case. She has denied wrongdoing.

5. Public investments up 21% in FY'16

<http://www.thehindubusinessline.com/economy/public-investments-up-21-in-fy16/article8887004.ece>)

Public investments in India rose 21 per cent last fiscal while private sector funding, which forms 75 per cent of overall investor demand, contracted, making the overall trends "uninspiring", says an HSBC report.

Public investments by central, state, local government and PSEs saw 21 per cent rise in 2015-16, record growth in last two decades, while private investments (households and corporate) contracted 1.4 per cent year-on-year, the worst performance.

"Since private sector forms 75 per cent of India's investment demand, overall investment growth remained sluggish at 4 per cent year-on-year (compared to the two-decade average of 8 per cent)," HSBC said in a research note today.

6. 23 mandis in 8 states integrated with e- agriculture market so far

http://economictimes.indiatimes.com/articleshow/53340191.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)

"Proposals from 12 states for integration of 365 mandis with e-NAM have been approved, of which 23 mandis have been integrated with e-NAM," the Minister of State for Agriculture said in a written reply to the Rajya Sabha. The target is to integrate 200 mandis by September this year and a total of 585 by March 2018, he said.

F. Concepts-in-News: Related Concepts to Revise/Learn:

The Prevention of Corruption Act, 1988

The Lokpal and Lokayukta Acts

DBT

Start Up India

Stand Up India

Global Nutrition Report

ICDS

MDM

Copenhagen Consensus

NFSM

PDS

National Horticulture Mission

Chandrashekhar Azad

Smart Cities mission

Gold Monetisation Scheme

Compensatory Afforestation Fund

Tags

The Prevention of Corruption Act, 1988

The Lokpal and Lokayukta Acts

DBT

Start Up India

Stand Up India

Global Nutrition Report

ICDS

MDM

Copenhagen Consensus

NFSM

PDS

National Horticulture Mission

Chandrashekhar Azad

Solar Power Tree

Smart Cities mission

Gold Monetisation Scheme

Compensatory Afforestation Fund

Practice Questions:

Question1: Which of the following statements is/are correct?

1. Chandrashekhar Azad was a revolutionary freedom fighter who wanted to build a new India based on socialist principles
2. Chandrashekhar Azad was involved in the Kakori Train Robbery of 1925

a) 1 only b) 2 only c) Both 1 and 2 d) Neither 1 nor 2

Ans c

Question 2: Which of the following statements is/are correct?

1. **Compensatory Afforestation Fund bill, 2015 seeks to establish setting up of a National Compensatory Afforestation Fund and also a State Compensatory Afforestation Fund**
2. **The national fund will receive 10 percent of the fund set aside for afforestation, and the states will receive the remaining 90 percent of the fund**

a) 1 only b) 2 only c) 1 and 2 only d) All the Above

Ans c

Question 3: Which of the following is/are correct about Sovereign Gold Bonds issued by the government of India?

1. **The bonds would carry a fixed rate of interest**
2. **The bonds would be redeemable in terms of the face value of the gold, at the time of redemption by the holder of the bond**

- a) 1 only b) 2 only c) Both 1 and 2 d) All the Above

Ans c

Question 4: Which of the following statements is/are correct?

1. The Start Up India Scheme provides income tax exemption for 3 years in a block of 5 years for the startups incorporated between April 1, 2016 and March 31, 2019 and certified as eligible by an Inter-Ministerial Board
2. The Stand Up India scheme aims to facilitate bank loans of Rs.10 lakh-Rs.1 crore to at least one Scheduled Caste (SC) or Scheduled Tribe (ST) and one woman beneficiary per bank branch for setting up a greenfield enterprise in trading, services or manufacturing sector

- a) 1 only b) 2 only c) Both 1 and 2 d) Neither 1 nor 2

Ans c

Question 5: Which of the following is/are correct about Solar Power Tree?

1. It is efficient in terms of land area usage for solar power production
2. By holding the photovoltaic panels at a higher height, on an average it gets more sunrays for one hour in a day
3. It has a battery back-up of 2 hours on full load, hence giving light even after sunset
4. It is facilitated with water sprinkler at the top for self-cleaning of panels, that increases the efficiency of the solar panels.

- a) 1 and 2 only b) 1 and 3 only c) Both 1,2 and 3 d) All the Above

Ans d

Useful News Articles

24-7-2016

A. GS1 Related:

Nothing here today folks! ☺

B. GS2 Related:

Sushma thanks Afghan govt., Indian envoy

<http://www.thehindu.com/todays-paper/tp-national/sushma-thanks-afghan-govt-indian-envoy/article8892620.ece>

Category: International Relations

Topic: Bilateral agreements involving India, Indian Diaspora

Location: The Hindu

Key points:

- External Affairs Minister Sushma Swaraj on Saturday lauded the efforts of India's Ambassador to Afghanistan.
- The Ambassador's efforts were largely instrumental in securing the release of Judith D'Souza, an Indian aid worker.
- Sushma Swaraj also thanked the Afghan government for ensuring her safe release.
- The Centre had deployed all its resources to secure her release.

Tags: Afghan government, Judith D'Souza

Govt. to assess Model Village Scheme running out of steam

<http://www.thehindu.com/news/national/govt-to-assess-model-village-scheme-running-out-of-steam/article8891519.ece>

Category: Polity and Governance

Topic: Government policies and interventions for development

Location: The Hindu

Key points:

- The government is gearing up to assess the efficacy of one the Sansad Adarsh Gram Yojana (SAGY).
- Less than 100 MPs have adopted a second village under the programme.
- SAGY was launched in October 2014
- Prime Minister Modi, himself first adopted the village, Jayapur and later the village Nagepur in his Lok Sabha constituency of Varanasi.

Under the Scheme:

- Under the scheme MPs were to be responsible for developing the socio-economic and physical infrastructure of one Adarsh Gram, or model village, by 2016, two more by 2019, and one in each of the following five years.

Reasons for not taking off

- A common complaint has been the fact that no separate funds have been made available for programmes undertaken under the SAGY.
- Government departments such as health and human resource development have not been able to provide money for specific schemes.
- MPs have been asked to use money allocated to 21 schemes including Indira Awaas Yojana for rural housing, Pradhan Mantri Gram Sadak Yojana and Beti Bachao, Beti Padhao.
- The two primary areas in which villages are still lagging behind are school infrastructure and drinking water facilities.

Tags: Sansad Adarsh Gram Yojana (SAGY), Indira Awaas Yojana, Pradhan Mantri Gram Sadak Yojana, Beti Bachao, Beti Padhao

India, U.S. to train African troops for U.N. peacekeeping

<http://www.thehindu.com/news/national/india-us-to-train-african-troops-for-un-peacekeeping/article8891542.ece>

Category: International Relations

Topic: Bilateral agreements involving India

Location: The Hindu

Key points:

- India and the U.S. will jointly train troops from African countries in the entire gamut of the United Nations Peace Keeping (UNPK) operations.
- This move is seen as yet another joint effort as part of the growing bilateral relations.
- It will be jointly undertaken by India's Centre for United Nations Peace Keeping (CUNPK) and the Global Peace Operations Initiative of the US.
- It is a pilot project between India, the U.S. and Africa. It is a three dimensional one concerning India's long standing ties with Africa, growing India-U.S. cooperation and India's commitment to peacekeeping.
- The countries chosen are those African nations contributing maximum troops to the U.N. and the 21-day training programme has been modelled on the lines of the U.N.
- There are about 40 officers from eight countries and a contingent from the African Union.
- The instructors mostly from India and some from the U.S. will train officers from African countries as trainers who in turn would train soldiers back home in their respective countries.
- India has so far as participated in 42 missions and sent about 1,80,000 personnel.
- The U.S. on the other hand has never contributed ground troops but has been the major source of funds for the U.N. peace keeping missions.

C. GS3 Related:

Feather in the cap: India home to 12% of world's bird species

<http://www.thehindu.com/sci-tech/energy-and-environment/feather-in-the-cap-india-home-to-12-of-worlds-bird-species/article8891555.ece>

Category: Environment and Ecology

Topic: Biodiversity

Location: The Hindu

Key points:

- A group of ornithologists have come up with the first definitive checklist of Indian birds, putting the number of species across the country at 1,263.
- Among the 1,263 species, Himalayan Forest Thrush (*Zoothera salimalii*) is the newest species discovered to science, while White-browed Crake (*Amaurornis cinerea*) is the latest entry to the country's bird list.
- Though Indian ornithology is 300 years old, we still do not know how many species of birds are exactly known to occur in India.

Tags: Himalayan Forest Thrush, White-browed Crake

ISRO ready for air-breathing propulsion experiment

<http://www.thehindu.com/news/national/isro-ready-for-airbreathing-propulsion-experiment/article8891367.ece>

Category: Science and Technology

Topic: Science and Technology- developments, Space

Location: The Hindu

Key points:

- ISRO is looking forward to performing “an experiment” before July-end aboard its RH-560 rocket.
- This rocket would be fitted with a supersonic combustion ramjet (scramjet) engine for demonstrating air-breathing propulsion technology.
- At three tonnes, the two-stage RH-560, christened Advanced Technology Vehicle (ATV), is the heaviest sounding rocket built by the ISRO.
- The Vikram Sarabhai Space Centre (VSSC), Thiruvananthapuram, has developed the engine.

Future Prospects

- The scramjet bid is a move towards faster, cheaper, better rockets; if it works, an eventual launch vehicle using a scramjet engine can be very reliable compared to conventional rocket systems that use liquid or cryogenic systems.
- If the experiment is successful, it will be a stepping stone for the ISRO to achieve low-cost access to space.

- It means reducing the cost per kg of payload when a launch vehicle is used to put a satellite into orbit.
- The current cost is in the range of \$15,000-\$25,000 for a kg of a satellite.
- Air-breathing engines will bring down this cost drastically.

How are Air-breathing engines different?

- Air-breathing rocket systems use the atmospheric oxygen from their surroundings and burn it with the stored on-board fuel for producing the forward thrust in contrast to the conventional chemical rocket systems which carry both the oxygen and the fuel onboard.
- As a result, the air-breathing systems become much lighter and more efficient, leading to reduced overall costs.
- A limitation however is that air-breathing engines can operate only during the atmospheric flight phase.

Tags: ISRO, Scramjet

Ministry asks operators not to levy extra charge on containers

<http://www.thehindu.com/business/Industry/ministry-asks-operators-not-to-levy-extra-charge-on-containers/article8891387.ece>



Category: Economy

Topic: Infrastructure: Energy, Ports

Location: The Hindu

Key points:

As per regulation of the International Maritime Organisation (IMO) and notification by the DG Shipping, Ministry of Shipping concerning the Verified Gross Mass (VGM) of containers, it has been made mandatory from July 1, 2016 for all shippers to declare the weight of the containerised consignment.

Why this regulation?

- This is to ensure that containers are not overloaded and to prevent accidents while loading, unloading and during transit on sea and road routes.
- Earlier, in the absence of any such rule, exporters used to overload containers resulting in fatal accidents, including sinking of ships.
- As the new rule was imposed, two private terminals by APM Terminal and DP World started weighing all containers. They even levied extra charges on containers which were found to be overloaded or underweight than the declared number.
- Since this 'weighment' caused widespread resentment among the exporters and shipping lines, the DG Shipping stepped in to clarify its notification which was allegedly misinterpreted by the private terminal operators to levy the extra fee.

Tags: International Maritime Organisation (IMO), Verified Gross Mass (VGM)

G20 nations pledge to bolster defences against Brexit headwinds

<http://www.thehindu.com/business/Economy/g20-nations-pledge-to-bolster-defences-against-brexit-headwinds/article8891416.ece>



Category: Economy

Topic: International Trade

Location: The Hindu

- Top policymakers said that the world's leading economies will do more to lift global growth and share the benefits more broadly.
- This comment comes in light with their efforts to deal with the fallout from Britain's Brexit vote and counter dissatisfaction with globalisation.

Important Statements Made

- U.S. Treasury Secretary Jack Lew said it was important for G20 countries to boost shared growth using all policy tools, including monetary and fiscal policies as well as structural reforms, to boost efficiency.
- Chinese Finance Minister Lou Jiwei called for more coordination to promote sustainable growth, as fiscal and monetary tools were becoming less effective.
- German Finance Minister Wolfgang Schaeuble said it should not fall to other countries to spend more to try to cushion the blow of Britain's exit.

Tags: Brexit, G20

D. GS4 Related:

Nothing here today folks! ☺

E. Important Editorials: A Quick Glance

Nothing here today folks! ☺

F. Concepts-in-News: Related Concepts to Revise/Learn:

- International Maritime Organisation (IMO)
- Scramjet
- G20
- Brexi
- Himalayan Forest Thrush
- White-browed Crake

Practice Questions

Date: 24th July, 2016

Category: International Relations

Topic: Important International Institutions

Source: The Hindu

Difficulty level: Moderate

Type: Factual

1] Consider the following statements regarding "International Maritime Organization",

1. Its main role is to create a regulatory framework for the shipping industry that is fair and effective, universally adopted and universally implemented.

2. IMO currently has 171 Member States and three Associate Members.

Which of the above are correct?

- (a) 1 Only (b) 2 Only
(c) Both 1 and 2 (d) Neither 1 nor 2

Ans) c)

Date: 24th July, 2016

Category: International Relations

Topic: Important International Institutions

Source: The Hindu

Difficulty level: Moderate

Type: Factual

2] Consider the following statements, regarding "G20",

1. G20 was initiated in 1999 and consists of Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Republic of Korea, Russia, Saudi Arabia, South Africa, Turkey, the United Kingdom, the United States and the European Union (EU).

2. The Headquarters of the G20 is in Cancún, Mexico.

Which of the above are correct?

(a) 1 Only

(b) 2 Only

(c) Both 1 and 2

(d) Neither 1 nor 2

Ans) c)

Date: 24th July, 2016

Category: Science & Technology

Topic: Space

Source: The Hindu

Difficulty level: Moderate

Type: Factual

3] Consider the following statements regarding 'Scramjet' engine,

1) The 'Scramjet' engine can help move towards faster, cheaper, better rockets.

2) The current cost is in the range of \$15,000-\$25,000 for a kg of a satellite. Air-breathing engines will bring down this cost drastically.

3) An eventual launch vehicle using a scramjet engine can be very reliable compared to conventional rocket systems that use liquid or cryogenic systems.

Which of the above statement(s) is/are correct?

(a) 1 and 2 only

(b) 2 and 3 Only

(c) All, 1, 2 and 3

(d) Neither 1 nor 2 nor 3

Ans) c)

Date: 24th July, 2016

Category: Polity and Governance

Topic: Government policies and interventions for development

Source: The Hindu

Difficulty level: Moderate

Type: Factual

4] Consider the following statements regarding, "Indira Awaas Yojana",

1. Aim of Indira Awaas Yojana is to provide financial assistance to the rural poor living Below the Poverty Line (BPL) for construction of a house.
2. BPL rural households of Scheduled Castes, Scheduled Tribes, nonScheduled Castes & non-Scheduled Tribes, Ex-servicemen of the armed & paramilitary forces killed in action, physically & mentally challenged persons, freed bonded labourers & Minorities are eligible to get assistance under Indira Aawas Yojana.

Which of the above statement(s) is/are correct?

- | | |
|------------------|---------------------|
| (a) 1 Only | (b) 2 Only |
| (c) Both 1 and 2 | (d) Neither 1 nor 2 |

Ans) c)

Date: 24th July, 2016

Category: Environment and Ecology

Topic: Biodiversity

Source: The Hindu

Difficulty level: Moderate

Type: Factual

5] Consider the following statements,

1. A group of ornithologists have come up with the first definitive checklist of Indian birds, putting the number of species across the country at 1,263.
2. Among the 1,263 species, Himalayan Forest Thrush (*Zoothera salimalii*) is the newest species discovered to science, while White-browed Crake (*Amaurornis cinerea*) is the latest entry to the country's bird list.
3. Though Indian ornithology is 300 years old, we still do not know how many species of birds are exactly known to occur in India.

Which of the statements is/are correct?

- | | |
|--------------------|-------------------|
| (a) 1 only | (b) 2 and 3 only |
| (c) All 1, 2 and 3 | (d) None of these |

Ans) c)