# 1

# *Current Issues of National and International Importance Relating to Social, Economic and Industrial Development*

**Topics covered: Issues of National Importance**

**Social:** Women reservation in parliament, Maternity leave, Caste reservation (OBC status by well off castes), Intolerance issue (communal tensions, ban on beef, debate over nationalism), Temple entry movement in Maharashtra,

**Socio-Economic:** Agricultural distress draught in Marathwara, unseasonal rainfall in the north, farmers suicide, PM crop insurance scheme, soil health card scheme, more crop per drop policy, boost to organic farming, unified national e-market, Mother and child health care (sanitation, defecation, Janani Suraksha Yojana (CDS), Dalit capitalism-Stand Up India

**Economic:** Better targeting of subsidies (JAM) after success in LPG move to fertilizers. Reduction of interest rates of some small saving schemes. Chakravyuha challenge (marketism without exit), Bankruptcy laws, Employment generation (Skill India, Start up India, Atal Innovation Mission, SETU, MUDRA scheme), Fiscal deficit target vs infusing capital in market, Banks NPA burden, Monetary policy transmission, Huge Difference in CPI and WPI, Monetary policy committee

**Industry:** Make in India, Start up, Digital India, Ease of doing business,Smart cities, NIIF, Real estate regulation act, housing for all, Bharatmala, Sagarmala project, UDAY, DDU Gram Jyoti Yojana, Smart Grid Mission, Fall in global demand of steel and aluminium, Schemes for promotion and development of MSME, Rural entrepreneurship,100 percent FDI in food processing through automatic route, Mines and minerals (development and regulation) Act 2015, 175GW of non renewable energy by 2022. National solar mission. Railways-dedicated freight corridors, high speed rails, high capacity rolling stock, port connectivity, attracting private and FDI investment. Civil aviation-low cost carriers, green field airports, PPP, FDI in domestic industry, 5:20 rule, Inland water transport development, Bharat net project, Medical tourism

**Issues of International Importance**

**Social:** Refugee crisis, Terrorism in Europe and Muslim youth, Brexit reasons and implications, WOMD race (N Korea recent hydrogen and ICBM test)

**Economic:** AIIB,NDB, IMF Reforms, Global slowdown in demand, Fall in crude oil price, WTO negotiations, Nairobi rounds, Devaluation of currency (need felt for a global umpire).

**Industry:** Low demand in world market, ADD, high ID and CVD imposed, $4^{th}$ industrial revolution, Internet of things.

## 1.1. WOMEN RESERVATION IN PARLIAMENT

While the global average for women in Parliament stands at 22.4%, India is at the 103rd place out of 140 countries with a mere 12% representation. Within Asia, India is at the $13^{th}$ position out of 18 countries. Countries like South Sudan, Saudi Arabia have better women representation in Parliament than India.

Data from the Election Commission of India on the general election to the 16$^{th}$ Lok Sabha in 2014 and the Assembly elections present a dismal picture. Out of the 543 members of the 16$^{th}$ Lok Sabha, only 66 are women—a paltry 12.16 per cent, while women make up half of the country's population. Also distressing is the fact that only 668 women contested for the 543 seats, of whom 206 contested as independent candidates and all of them lost.

Although women's representation has steadily increased over the past seven decades since Independence, the state of affairs in Parliament and State Assemblies is far from encouraging and clearly points to the need for reservation of seats for women in the legislature.

For nearly two decades, the issue of women's reservation in State Assemblies and Parliament has been marred by controversy. The Bill seeking to reserve a third of the seats in the legislature has been introduced and allowed to lapse several times.

Women reservation will increase the number of women members in Parliament and state assemblies.

Due to the nature of vicious cycles, priming, not having mentors and self-fulfilling prophecies women would find it substantially hard to compete with a man of same intellectual capacity. This vicious cycle needs to be broken. Other merits of this will be: More women in Legislatures could serve as a role model for other women which is very important to get more women participating in the society. Without empowering 50% of our population, we can never become a superpower. Issue related to the women's will get much more priority in the Parliament and can be resolved easily. The abusive and bad atmosphere of the Parliament and state assemblies can become better.

Demerits of this Bill be that it takes away the democratic right of 33% of the electorate to elect their representatives as after the implementation of bill it will become compulsory to fill the reserved seats for women. Further this law is raising questions on the abilities of women and perpetuates gender discrimination.It is also not guaranteed that benefits are received by the socially backward and underprivileged women, who really need them. Many ML As and MPs who are already having seats in Parliament and state assemblies will try to bring their own wife's and other relatives.

Women are playing an important part in Indian politics today. This is most evident in the proliferation of women leaders and in the fact that, even though some of them may head parties that are relatively small in the national context like Mamata Banerjee and Jayalalitha, they simply cannot be ignored. If it takes reservation to break the vicious cycle, there may be a reservation. However, a time limit should be set as to when the reservation should expire. It should not become never-ending process like the caste based reservations.

## 1.2. MATERNITY LEAVE

The Maternity Benefit (Amendment) Bill, 2016 am ends the Maternity Benefit Act, 1961. The Act regulates the employment of women during the period of child-birth, and provides maternity benefits. The Act applies to factory, mines, plantations, shops and other establishments. The Bill amends provisions related to the duration and applicability of maternity leave, and other facilities. Four major changes have been made to the law relating to maternity benefits. Firstly, it extends the period of maternity benefit from 12 weeks to 26 weeks but a woman who has two or more surviving children will be entitled to 12 weeks of which not more than six weeks can precede the date of the expected delivery. Secondly, women who legally adopt a child below the age of three months or a "commissioning mother" will be entitled to maternity benefit for 12 weeks from the date on which the child is handed over to her. A commissioning mother is defined as a biological mother who uses her egg to create an embryo implanted in another woman. Thirdly, it gives discretion to employers to allow women to work from home after the period of maternity benefit on mutually agreeable conditions. This would apply if the nature of work assigned to the woman permits her to work from home. Fourthly, it requires establishments having 50 or more employees to have a crèche facility, either separately or along with common facilities. Further, employers should allow the woman to visit the crèche four times a day, which "shall also include the interval for rest allowed to her."

The positive side of Act is that at a time when female participation in Labour Force is way below the parity levels, this bill would go a long way in facilitating female entry in LFPR. It would reduce poverty and income inequality. The increase in maternity leave as mandated by law from 12 weeks to 26 would help new mothers bond with their babies and also to enable them to breastfeed leading to enhanced nutrition and immunity for the child

The Act has drawback that it assumes that only a mother is a parent or primary care giver. It will undoubtedly perpetuate and sustain the gender gap in employment and in pay scales. The Bill weakens the argument of "equal pay for equal work" as it can be argued rationally that work conditions for males and females differ and hence their pay scales should also differ. Adoptive parents are discriminated. It also discriminates against adoptive fathers and transgendered persons who may adopt, as it does not even recognise their right to parental benefits.

## 1.3. CASTE RESERVATION (OBC STATUS BY WELL OFF CASTES)

The proportion of individuals identifying themselves as Other Backward Classes (OBCs) has steadily grown over the years. At present the total proportion eligible for reservation comprises 73% of the Indian population. If new claimants to the OBC category are added to this group, easily 80% of Indians would be eligible for reservation of some kind. This would make it impossible for the government to provide effective benefits to this large a group. Thus, some choices within these categories will inevitably need to be made.

This reservation policy needs to be examined again because of following reasons: Changed external conditions like poverty; Increased popularity of government jobs; Increased competition; Ambiguity in the reservation process; and Lack of Data.

These problems can be addressed by conducting Regular Surveys,periodic re-evaluation of Eligibility of various groups, and ensuring wider reach:

We must also find a way of ensuring a churn in the number of individuals eligible for benefits to ensure that these benefits reach the widest segment of society. Though the creamy layer criteria exist, it has not been very effective.

With the advent of the Aadhar card, one way of ensuring that the same families do not capture all the benefits is to ensure that each time someone uses their reserved category certificate, their Aadhar number is noted down and linked with the certificate.

Further, it may be stipulated that the reserved category certificate can be used only once in 20 years, thus allowing for the benefits to reach even the sections that have hitherto been excluded from their ambit.

The key to dealing with the quota quagmire lies in shuffling people in and out of the eligibility criteria and ensuring that the benefits are not concentrated among certain groups and/or individuals. All these principles are consistent with the democratic ideals and vision of social justice envisaged in India's Constitution. It may be possible to achieve a consensus across the political spectrum for adopting a non-political and pragmatic approach to reservations. If we expect to phase out the reservation policy 100 years after Independence, the time for finding a long-term solution is clearly upon us, and we need to act now.

## 1.4. INTOLERANCE ISSUE (COMMUNAL TENSIONS, BAN ON BEEF, DEBATE OVER NATIONALISM)

India has been a tolerant country. The constitution upholds this idea by embodying equality, freedom of expression, religious freedom and secularism that mirrors respect to diversity. But the recent incidents of communal riots(ex. Muzaffarnagar), honour killings (burning daughters), ban of books and documents, (India's daughter), lynching individuals for their food habits or profession(mob attacks on beef possessors) and as punishment for mistakes (Assam), attack on intellectuals, interstate disputes over resources especially water (ex. Cauvery), demands for new states (ex. Vidharba), protest over decriminalising Sec 377, attack on dalits (Haryana) etc are portraying India's image of becoming intolerant. But if tolerance means existing with harmony and space for dissent then the India is still tolerant. It's because

1. The constitution: The checks and balances embodied always holds the government responsible. The adult suffrage and parliamentary government ensures that government takes note of people's concerns and feelings while forming policies.
2. The free media available to voice the difference of opinion to all. It has been increasingly used as means to reach out to people. It shapes our thinking, attitudes and has been a critic of government. The campaigning over Nirbhaya case has been instrumental in bringing reforms.
3. The judicial review that upholds Constitution is always an option. The separation of power ensures independence of judiciary.
4. The awareness and participation has been increasing among the citizens. Now each group has been bargaining for their rights by forming associations.
5. The statistics shows that violence has been more in those states which have lowest police to citizen ratio. The communal riots have, however been decreasing year by year.

The present time can be viewed as the testing hour that will enable the country to emerge more vibrant.

The incidents raise questions and the answers lie in affirmative action by the executive in the form of 'development' that is inclusive and encompassing.

## 1.5. TEMPLE ENTRY MOVEMENT IN MAHARASHTRA

Debate over Religion Vs Women's Rights is back in focus after the detention of over 350 women by the Police in Maharashtra. Hundreds of women activists were stopped by the police when they attempted to enter the Shani Shingnapur Temple situated in Maharashtra to challenge its 400-year-old tradition of allowing only men to enter its main shrine. After a public outcry of the incident, the Chief Minister of Maharashtra has urged the temple authorities to hold a dialogue with the activists.

Women activists argue that in the 21st century different and progressive thinking is required. However, temple authorities maintain that the men-only tradition has stood for centuries and it would be wrong to change it. On the other hand, opposing this argument, women activists say that practices like sati have ended or changed for the better; hence tradition is no excuse for continuing with regressive practices.

More interestingly, the incident comes at a time when women cutting across religious lines are challenging centuries-old taboos the world over. It is not just about women's right to enter a temple. Muslim women are questioning discriminatory religious laws. Elsewhere, Christians are challenging the Church's rules on abortion and contraception. Supreme Court allowed women into the Haji Ali Dargah. In many places of worship, there are areas that women cannot access for different reasons, prime among them being 'purity'. These are age-old practices and only now are women coming together to challenge it, through on-ground activism, social media campaigns and petitions.

Going a step further in the raging debate over gender discrimination at Shani Shingnapur, and at Sabarimala where women of a certain age group are not allowed, activists say religious trusts must amend such patriarchal practices, built up by gender prejudice rather than any principle of worship being vitiated. But, institutions like Shani Shingnapur and Sabarimala argue that they are defending particular customs of their own. But traditional taboos against women cannot pass constitutional muster, unless the guardians of the tradition demonstrate that discrimination is an "essential practice" for the religion This is an argument that goes beyond even the constitutional rights as enshrined in Articles 14 and 15 and involves a higher natural principle of gender equality, which must be upheld. A huge change in attitude is called for if a genuine change of heart is to take place soon. The chief minister has taken the right call, speaking up for the women and saying that traditions should evolve with time. The fight is now clear: who controls religion? Women across faiths are asking this question. The answer might not be palatable to all. The world has changed and religious institutions need to move with the times and ensure there is no discrimination

The constitution of India allows everyone to follow religion of their choice and also allows anyone not to follow any religion. While the Constitution protects religious freedom, clause 2(b) of Article 25 allows the state to intervene in religious practice. The Untouchability Offences Act threw open temple doors to all castes, and many states passed laws extending those rights to all classes and sections of Hindus. Women activists question; if temples have no right to bar dalits or untouchables, why should they bar women? Hence, it is the responsibility of the government to mediate and try to solve the issue.

## 1.6. AGRICULTURAL DISTRESS

Agriculture in India is distressed because of crop loss, ecological destruction, exploitation of farmers by trader, money lender, banks etc. with debts piling up. It is undergoing a structural change.The relative contribution of agriculture to the GDP has been declining without proportionate decline in workforce dependent on it leading to huge pressure and distress.

**Measures to increase farm income:**

1. Rainfed farming: Agriculture needs to be made climate resilient through initiatives like national missions for sustainable agriculture and making it ecofriendly by aligning cropping pattern with geographic conditions incentivising through diversification of MSP, enhancing efforts for organic farming.
2. Land holdings and irrigation: Enhancing the pace of digitisation of land records through NLRM (national land record modernisation) program, liberalising land lease agreements coupled with avenues for non agriculture employment.

   Enhancing irrigation facilities and allotting fund under NABARD and also enhancing measures to augment micro irrigation-more drop per crop
3. Inputs and credit: making institutional credit accessible, affordable and reducing costs of inputs through extension services like national soil health card, KISAN TV, SMS based extension services
4. Price discovery: To enhance value addition, provision of cold storage, warehousing facilities through food parks, adequate infrastructure in rural areas-PM gram Sadak

Yojana to build forward linkages with urban areas. States should take measures to amend APMC act and align it with centre's vision of national e-market.

5. Social security: To provide a safety net through social security measures like PM Fasal Bima Yojana and enhancing its coverage subsequently

To address agrarian distress a multiprolonged integrated approach is necessary which should not be divorced from rural development initiatives like infrastructure development and development of micro small medium entreprises

## 1.7. DRAUGHT IN MARATHWARA

Drought has been one of the persistent issues that has been affecting India. Depending on the context, 3 types of drought are identified- hydrological, meteorological and agricultural. The prerogative of declaration of droughts has been with the states, while IMD has recently come up with changed terminology on drought.

**Short term measures to tackle this problem are:**

1. Relief measures must be seen in the short term.
2. The proper timely wage payments through MNREGA
3. Implementation of NFSA in the states must be expedited
4. Saving the water resources in this season is important. Instead of recklessly using water for entertainment and sports, the water could be utilised for sustenance purposes.
5. The power plants must judicially utilise water. Eg: Recently Farakka power plant had to reduce consumption of water for attending the sustenance needs.
6. Hoarding, black marketing must be kept in check by using Essential commodities Act

**Long term measures:**

1. The water usage efficiency must be seen in the long term. Construction of Hydroprojects and lift irrigation is a key for many states.
2. Mini irrigation projects, check dams and other water works in the villages.
3. Water usage efficiency especially for agriculture through drip irrigation, etc. Drought resistant varieties through GM crops can also be considered
4. Shifting to other sources of energy like Solar, biogas, etc.
5. Many software Industries have aesthetic constructions with glass walls which follow Western nations. However, these constructions simply are not proper for India as we have high insolation. The green house effect because of glass utilizes high power. So environmentally sustainable construction must be designed based on indigenous materials.
6. Increase the storage facilities through cold storage and food parks as well as other infrastructure facilities.

## 1.8. UNSEASONAL RAINFALL IN THE NORTH

The unseasonable rain and hailstorm across all North India and its connected states caused heavy damage to the crops of the Rabi Harvest in March 2015. Usually, from February, western disturbances tend to subside. But this year, not only were the disturbances more active, they extended up to April. Also, there was an induced low pressure, which pulled moisture both from the Bay of Bengal and the Arabian Sea. This led to heavy and frequent showers in March. In March, 62.5 millimetres of rainfall were recorded, almost 100 percent more than normal (32.1 millimetres) and the highest in the past 100 years (in 1915, it was 78 millimetres).

The showers and hail, which came at a time when the rabi crop was to be harvested, hit about 10 million hectares of the 60 million hectares of sown area. The standing wheat, mustard and chana crops were hit the hardest. Wheat crop in 21 percent of the overall sown area has been completely damaged Approximately 106 lakh hectares harvest was damaged and 80 farmers attempted suicide in March alone. It is recorded as the wettest March in 48 years. The estimated loss to an average farmer affected by rains has been ` 20,000 per acre but the government has announced a relief of just ` 6,800 per hectare for rain fed areas.

Unseasonal rain and hailstorm caused a big loss of harvest, so many farmers attempted suicide because of the failure of the harvest and debt burden. Eighty farmers ended their lives in the month of March alone. The government of India raised the compensation amount for crop damage and made it easier for farmers to claim such compensation after unseasonal rains destroyed standing crops and brought parts of rural India to the brink of crisis. The government decided to increase the amount of compensation to affected farmers by 50 percent over the existing level and also relaxed the norms for obtaining assistance.

## 1.9. FARMERS' SUICIDE

Half of the Indian population depends on the primary sector where most of people are farmers, whereas only 16% accounting for the GDP. Even though Indian economy is fastest growing economy in world, suicides by farmers are also mounting up like our economy which is a big damage to the country.

**There are many social, economical and political causes like**

— Small land holdings: Most of the Indian farm holdings are small, and farmers are not getting even self sufficiency.

— Indebtedness: Discrimination among the farmers by the banks which are not giving sufficient loans which is drawback for their business. So farmers approach the money lenders who are charge high interest rates which are not payable by the poor farmers.

— Monsoonal failure: This is the one the main causes, 70% of the farmers are dependent on the monsoons. Due to monsoonal failures, droughts and famines are experienced. Monsoon burst leads to floods which causes losses.

— Crop failure: Less availability of water, No irrigation facility, and Low soil fertility leads to crop failure.

— Family size: Most of the farmers are from rural areas who are unlettered and having big family where they all are dependent on the small farm land. It leads to the economic burden.

— Dowry: It is a sociological issue. Farmers for marriage of the children have to sell their assets.

— Psychological problems: Love affairs, extra marital affairs, hospitalization, addiction to drugs, property disputes etc cause to economically degrade the farmers.

— Disguised Unemployment.

— Failure in the governmental policies to reach the actual beneficiaries because of middlemen interference.

Thus farmers are the backbone of India. The government should propose good monetary mechanism to check and overcome all these consequences. Bank loans should be wiped in the case of failure of crops in the time. Scientific research should be done on soil and climate, Subsidies should be given for the seeds, fertilizers to the real beneficiaries. Middle man interference should be avoided. Minimum support price should be announced for all the crops.The farmer should be given with technology regarding soil profile and suitable crop and required fertilizer.

## 1.10. PM CROP INSURANCE SCHEME

The highlights of PM crop insurance scheme are as under:

(*i*) There will be a uniform premium of only 2% to be paid by farmers for all Kharif crops and 1.5% for all Rabi crops. In case of annual commercial and horticultural crops, the premium to be paid by farmers will be only 5%. The premium rates to be paid by farmers are very low and balance premium will be paid by the Government to provide full insured amount to the farmers against crop loss on account of natural calamities.

(*ii*) There is no upper limit on Government subsidy. Even if balance premium is 90%, it will be borne by the Government.

(*iii*) Earlier, there was a provision of capping the premium rate which resulted in low claims being paid to farmers. This capping was done to limit Government outgo on the premium subsidy. This capping has now been removed and farmers will get claim against full sum insured without any reduction.

(*iv*) The use of technology will be encouraged to a great extent. Smart phones will be used to capture and upload data of crop cutting to reduce the delays in claim payment to farmers. Remote sensing will be used to reduce the number of crop cutting experiments.

The new Crop Insurance Scheme is in line with One Nation-One Scheme theme. It incorporates the best features of all previous schemes and at the same time, all previous shortcomings/weaknesses have been removed.

## 1.11. SOIL HEALTH CARD SCHEME

Deteriorating soil health has been a cause of concern and that has been leading to sub optimal utilization of farming resources. Soil health needs to be assessed at regular intervals so as to ensure that farmers apply the required nutrients while taking advantages of the nutrients already present in the soil.

A new centrally sponsored nation-wide 'Soil Health Card' scheme has been rolled out for the same and its salient features are:

- Soil Health card will carry crop-wise recommendations of nutrients, fertilizers required for farms of different soil types and will make it possible for farmers to improve productivity through judicious use of inputs. It will list the vital components of a particular patch of land. It will contain detailed information on various minerals present on the land, suitable crops, fertilizers to be used, and also whether the land is acidic or alkaline.
- Thus the card will contain all basic information and recommendations for the farmers which will help in improving productivity by using appropriate inputs. A Soil Health Card also displays soil health indicators and associated descriptive terms. The indicators are typically based on farmers' practical experience and knowledge of local natural resources.
- A computerized system is being developed to allow local agriculture science centers across the country to keep details of soil test results. Soil samples will be collected even from small tract of farm land in remote village.
- All soil samples will be tested in various soil testing labs across the country. After which the experts will analyze the strength and weaknesses (micro-nutrients defi-

ciency) of the soil and suggest measures to deal with it. The result and suggestion will be displayed in the cards.

- The scheme will provide all 145 million farm owners in the country with a soil health card in the next three years. They will be provided assistance by Krishi Vigyan Kendra.
- Imbalanced use of fertilisers, low addition of organic matter and non-replacement of depleted micro and secondary nutrients over the years, has resulted in nutrient deficiencies and decrease in soil fertility in many parts of the country. It is fuelled by a skewed fertilizer policy where urea is heavily subsided, leading to overuse.
- In absence of knowledge about soil health and adequate fertilizer recommendations, farmers often adopt excessive use of nitrogen which not only deteriorates the quality of agricultural products but also enhances nitrate content in ground water and creates several environmental problems.
- It will help the farmers in identifying health of the soil. Thus help in improving productivity through judicious and selective use of fertilizers and water.

## 1.12 MORE CROP PER DROP POLICY

The NDA government has launched the Pradhan Mantri Krishi Sinchayi Yojana, which heavily borrows from the Accelerated Irrigation Benefits Programme; but tries to replace the fragmented approach with an integrated approach aiming at convergence of investments in irrigation. This scheme has amalgamated three ongoing programmes of three different ministries as follows: Accelerated Irrigation Benefit Programme of the Ministry of Water Resources, Integrated Watershed Management Programme of the Ministry of Rural Development, and Farm water management component of the National Mission on Sustainable Agriculture. Thus, with the launch of this scheme, it is believed that various ministries, departments, agencies, financial institutions engaged in creation, use and recycling of water will be brought under one platform to take into account the entire water-cycle and do proper water budgeting for all sectors such as households, agriculture and industries.

More Crop Watershed Development Implementation Critical Comment Allocation: This scheme has an allocation of ` 50,000 Crore for next five years. ` 5,300 crore was allocated in budget for 2015-16. The broad objectives of PMKSY are as follows: Converge investments in irrigation at the farm level and provide end-to-end solution Har Khet ko Pani: Enhance the physical access of water on the farm and expand cultivable area under assured irrigation. Integration of source, distribution, efficient use of water through appropriate technology and practice. Enhance adoption of precision-irrigation and other water saving technologies under More Crop Per Drop. Promotion of micro-irrigation in the form of drips, sprinklers, pivots, rain-guns in the farm (Jal Sinchan). Enhance recharge of aquifers; promote sustainable water conservation.Ensure integrated development of Rainfed areas. Water harvesting, water management and crop alignment, explore feasibility of reusing treated municipal waste water for peri-urban agriculture and attract greater private investments in irrigation.

The PMKSY has following four components: Accelerated Irrigation Benefit Programme (AIBP) This focuses on faster completion of ongoing Major and Medium Irrigation including National Projects. Har Khet ko Pani. This component mainly focuses on creation of new water sources through minor irrigation that includes both surface and groundwater. It also encompasses the repair, restoration and renovation of water bodies; strengthening carrying capacity of traditional water sources, construction rain water harvesting structures under its Jal Sanchay sub-component. Other things included are Command area development with creation of distribution network from source to the farm Ground water development in the areas where it is abundant, so that sink is created to store runoff/ flood water during peak rainy season. At least 10% of the command area to be covered under micro/precision irrigation. Diversion of water from water abundant to nearby water scarce areas.

Per Drop More Crop: This component promotes efficient water conveyance and precision water application devices like drips, sprinklers, pivots, rain-guns in the farm (Jal Sinchan). It also focuses on construction of micro-irrigation and storage systems. Watershed Development component focuses on effective management of runoff water and improved soil & moisture conservation activities such as ridge area treatment, drainage line treatment, rain water harvesting, in-situ moisture conservation and other allied activities on watershed basis.

The PMSKY works on Project mode. The planning and execution is decentralized. The cornerstone of planning and implementation of PMKSY are District Irrigation Plans (DIPs). This DIP will identify the gaps in irrigation infrastructure of a district.

## 1.13. BOOST TO ORGANIC FARMING

Organic farming is a system which avoids the use of synthetic inputs (such as fertilizers, pesticides, hormones, feed additives, etc) and relies upon crop rotations, crop residues, animal manures, organic waste, and biological system of nutrient mobilization. With the increase in population there is a need to stabilize agricultural production

'Green Revolution' with high input use has reached a plateau and is now sustained with diminishing return of falling dividends. A natural balance needs to be maintained at all cost for existence of life and property. Agrochemicals which are produced from fossil fuel and are not renewable and are diminishing in availability which may also cost heavily on our foreign exchange in future.

Productivity, farmers either quit the profession or are forced to end their lives unable to cope with mounting debts.Organic farming can significantly cut down the cost of production

New studies indicate that using the best management practices in organic systems over a long period of time can produce equal yields, or even outdo those of conventional systems. Government is promoting organic farming through various schemes under. National Mission for Sustainable Agriculture (NMSA)/Paramapragat Krishi Vikas Yojana (PKVY).

Organic agriculture is the best insurance policy that India can have with better performance on productivity, environmental impact, economic viability and social well-being.

Focusing only on higher yields at the expense of other sustainability pillars (economics, environment and society) is not the food production system that India needs.

What India needs is an integrated system that gives equal importance to all sustainability dimensions across the value chain and thus helps establish a healthy and well-fed society.

## 1.14. UNIFIED NATIONAL E-MARKET

NAM is an integrated e-market for farmers to sell their produce, aimed at creating a single market for whole country which is accessible to every farmer. With various loopholes and shortcomings in APMC system in every state, NAM seems promising in rationalising prices and augmenting farmers' income.

**Benefits**

— Through this new system, farmers will be free to access any market across the country and not only stipulated APMC market.

— It will reduce demand – supply mis-match across the country and will also moderate prices.

— The move is expected to give choice to farmers to sell the farm produce both in physical mandis or online platform.
— It will provide for electronic auction as a mode for price discovery.
— E-market will also bring transparency in the system.

**Along with that programmes like Digital India (DI) will also help in making NAM successful in following ways**

— DI will empower farmers by providing digital infrastructure and high speed internet as a core utility to every gram panchayats (Bharat Net)
— It will help in educating farmers which will help them in adapting NAM platform.
— With the availability of digital resources in vernacular languages, farmers can learn about new entitlements and schemes on their own.
— New start-ups in agriculture sector will also get a boost.

Hence, NAM can be a win-win method both for farmers and for the agriculture sector which gives employment to more than 50% of working population.

## 1.15. MOTHER AND CHILD HEALTH CARE (SANITAION, DEFECATION, JANANI SURAKSHA YOJANA)

Open defecation is a socially accepted traditional practice. Many households and communities consider toilets unclean and the availability of open defecation fields in rural areas supports the continuation of such a belief. It is common practice to throw faeces out in the open and not ensuring its proper disposal. Construction of toilets is still seen as a government responsibility, rather than a priority that individual households should take responsibility for. People cite reasons like it provides opportunity to take morning walk, socialization, see their fields, have fresh air.

UNICEF's study on eliminating OD: It analyses – construction of toilets should be made a priority for households and that the challenge lies in motivating people to see toilet as fundamental to their social standing, status &well being. Sanitation Quality, Use, Access and Trends (SQUAT) survey in few states of North India shows people has revealed preference for OD.

## 1.16. JANANI SURAKSHA YOJANA

Janani Surkasha Yojana has been started during 2005–06 by Central Government.

**Strategy:**

— Beneficiary must be BPL.
— In case of SC & ST benefit should be to all pregnant women.(*i.e.,* including non BPL).
— The age of registered pregnant mothers should not be less than 19 years.
— The benefit should be given to the beneficiaries up to two living child.
— For home delivery `500/– amount is to be given to the beneficary.
— For Urban area, the beneficiary after delivery in the institution to be paid ` 600/- within 7 days.
— For rural area the beneficiary after delivery in the institution to be paid ` 700/- within 7 days.

Above benefit is given by demand draft to the beneficiaries.

**Service Centers**

The scheme is available at all Sub Centres, Primary Health Centres, Community Health Centres, Rural Hospitals, Sub-District Hospitals, District Hospitals, Accredited Hospitals, Hospitals under Medical Colleges, Municipal Corporation Hospitals, Corporation Hospitals and all Government Granted Hospitals.

## 1.17. DALIT CAPITALISM

The word Dalit mean "oppressed" or "broken"- refer to people who were once known as "untouchables".

Dalit Capitalism refers to Dalits carrying out their own businesses and welcoming the Economic reforms and Globalization with open arms,and getting themselves along with the Capitalist Class and Market Forces.

**Social Problems:**

1. Lack of access to existing business networks, Since most business Houses are from members of one specific Community,
2. Discrimination still persists in India. Caste Stigma is a major Hurdle.

**Economic Problems:**

1. Credit Facilities from Formal Sources is not easily available,due to collateral issues. This leads to serious Finance Crisis.
2. Due to economic weakness, they lack basic education and technological knowledge.

**Political and Administrative Problems:**

1. They face many difficulties in getting clearances Ex. Land at a market location, both due to Political unwillingness and Administrative lacunae.
2. Politics in India is highly influenced by Business Houses, Who do not prefer emergence of Dalits to compete in business.

**How Can Govt. Address these Issues:**

1. Providing Skills, Education, Training to Dalits will enable them to think about being an entrepreneur. NSDC can help in this regard.
2. Provision of Cheap Credits and Collateral Free Loan.
3. Priority Sector Lending by Banks can include special Funds for Dalits.
4. Promoting Cooperatives among Dalits.
5. Political Will and Administrative empathy towards Dalit can act as a moral support to them.
6. Govt. can Rope in well established Private Firms for Dalit upliftment,who can act as Angel Investors and Provide managerial skills.
7. Venture Capital Funds

Only when Dalits are able to directly participate in the Economic activities, they will be able to integrate with the society better and break the Caste stigma attached.We all must assist in their endeavour to break the shackles of traditional hopelessness.

## 1.18. STAND UP INDIA

The scheme aims to promote entrepreneurship among SC/ST and Women entrepreneurs.The Scheme seeks to facilitate at least two such projects per bank branch, on an average one for each category of entrepreneur. It is expected to benefit atleast 2.5 lakh borrowers. The expected date of reaching the target of at least 2.5 lakh approvals is 36 months from the launch of the Scheme.

**Important features of the scheme:** The scheme focuses on handholding support for both SC/ST and Women borrowers. The overall intent of the approval is to leverage the institutional credit structure to reach out to these under-served sectors of the population by facilitating bank loans repayable up to 7 years and between ` 10 lakh to ` 100 lakh for greenfield enterprises in the non farm sector set up by such SC, ST and Women borrowers. Margin money of the composite loan would be up to 25%. Convergence with state schemes is expected to reduce the actual requirement of margin money for a number of borrowers. The loan under the scheme would be appropriately secured and backed by a credit guarantee through a credit guarantee scheme for which Department of Financial Services would be the settler and National Credit Guarantee Trustee Company Ltd. (NCGTC) would be the operating agency.

The Scheme provides for:

Refinance window through Small Industries Development Bank of India (SIDBI) with an initial amount of ` 10,000 crore.

Creation of a credit guarantee mechanism through the National Credit Guarantee Trustee Company (NCGTC).

Handholding support for borrowers both at the pre loan stage and during operations. This would include increasing their familiarity with factoring services, registration with online platforms and e-market places as well as sessions on best practices and problem solving.

## 1.19. BETTER TARGETING OF SUBSIDIES (JAM – JAN DHAN AADHAAR MOBILE) AFTER SUCCESS IN LPG MOVE TO FERTILIZERS

JAM refers to Jan Dhan, Aadhaar and Mobile. There are three ingredients that help policymakers to decide where next to spread JAM. They are:

- The first-mile is identification of beneficiaries.
- The middle-mile is transfer of money to beneficiaries.
- The last-mile is beneficiaries must be able to access their money from banking channel.

**What are the first-mile challenges?**

To identify beneficiaries, the government needs databases of eligible individuals. Beneficiary databases have existed for long before Aadhaar, but their accuracy and legitimacy have been hampered by the administrative and political discretion. Ghost and duplicate names crept into beneficiary lists, leading to leakage. Aadhaar by using technology replaced human discretion, while keeping the system simple enough - fingerprints and iris scans - for citizens to understand. Over 75 percent of the population and nearly 95 percent of the adult population now holds Aadhaar card.

**What are the middle-mile challenges?**

For transfer of money, each beneficiary needs a bank account and the government needs their account numbers. This is being achieved through Jan Dhan Yojana. Nearly 120 million accounts were created in the last year alone under the Jan Dhan Yojana. But the basic savings account penetration in most states is still relatively low.

**What are the last-mile challenges?**

Financial literacy remains a concern. In rural areas, there is a “last-mile” problem of getting money from banks into household’s hands. To help address this problem, the RBI in 2015 licensed 23 new banks-2 universal banks, 11 payment banks and 10 small finance banks. In India, there is high mobile penetration. India should take advantage of its deep mobile penetration and agent networks by making greater use of mobile payments technology.

### JAM and Direct Benefit Transfer of LPG (DBTL) or PAHAL

Before the DBT scheme was introduced, households could buy LPG cylinders at subsidised prices (` 430). Commercial establishments are ineligible for the subsidy and must pay market prices plus central and state taxes of about 30 percent on average. This violation of the One Product One Price principle provides strong incentives for distributors to create 'ghost' household accounts and sell subsidised LPG to businesses in the black market. Now, with DBT in place, the government identifies beneficiaries by linking households' LPG customer numbers with Aadhaar numbers to eliminate 'ghost' and duplicate households from beneficiary roll.

After introduction of Pahal scheme, there is a 27 percent reduction in sale of subsidised cylinders.

**Where next to spread JAM?**

The policymakers should decide where next to JAM based on two considerations:

**Size of leakages**

JAM significantly reduced leakages in LPG and MGNREGS with limited exclusion of the poor. The returns from pursuing JAM in other areas depend on the size of leakages in those sectors. Subsidies with higher leakages have larger returns from introducing JAM.

Central government control: When introducing JAM, policymakers will confront administrative challenges in coordinating central and state government departments, and political challenges in bringing the supply chain interest groups like Fair Price Shops on board with DBT.

**Based on the above considerations, the two sectors which are conducive to JAM are:**

1. Fertiliser sector which is facing huge leakages.
2. Within-government fund transfers where Central government has complete control.

## 1.20. REDUCTION OF INTEREST RATES OF SOME SMALL SAVING SCHEMES

How Small Savings Schemes hinder monetary policy transmission?

Small savings schemes offer high and fixed deposit rates (within year) and compete with banks, it is difficult for banks to reduce their own deposit rates and hence pass on policy rate cuts to consumers in form of lower lending rates. So, high interest rate of small savings scheme is a hindrance in monetary policy transmission.

Recently, the government has reduced rates on some small savings schemes to make them more responsive to market conditions. It will make them a less attractive option and help in monetary policy transmission.

What are the available Small Savings Schemes in India?

— Post Office Savings Account
— Post Office Savings Time Deposit
— Post Office 5-year Time Deposit
— Post Office Monthly Income Account Scheme
— Senior Citizen Savings Scheme
— 5 Years National Savings Certificate
— 10 Years National Savings Certificate
— 15 year Public Provident Fund Account
— Tax Free Bonds

The interest rates on most of these schemes are fixed (for year), but they vary in magnitude and periodicity.

**What is the tax-treatment for Small Savings Schemes?**

Ideally, savings schemes should be taxed according to the "EET principle". The first "E" stands for tax exemption of the contribution, the second E for exemption of interest income, while T stands for taxation of the principal (and interest) when it is withdrawn. But the Small Savings Schemes in India have the following tax treatment: Post Office Savings Account – TTT Post Office Savings Time Deposit – TTT Post Office 5-year Time Deposit – ETE Post Office Monthly Income Account Scheme – TTT Senior Citizen Savings Scheme – ETE 5 Years National Savings Certificate – ETE 10 Years National Savings Certificate – ETE 15 years Public Provident Fund Account – EEE Tax Free Bonds – TET

## 1.21 CHAKRAVYUHA CHALLENGE (MARKETISM WITHOUT EXIT)

Chakravyuha Challenge of the Indian economy: After Libralisation, Privatisation, Globalisation reforms since 1991, entry of firms in Indian economy has become easy. However, a market economy requires not just unrestricted entry of new firms, new ideas, and new technologies but it also requires exit so that resources are forced or enticed away from inefficient and unsustainable uses. In India, there has been less progress in relation to exit. Thus, Indian economy is characterized by "marketism" without exit. This is called Chakravyuha Challenge of the Indian economy.

Focusing on the exit problem does not mean that the challenges of entry have been fully addressed. The Government's reform agenda, including liberalising FDI and launching the Start-up India and Entrepreneurship initiatives are noteworthy endeavours to further facilitate entry.

Sectors facing the Chakravyuha Challenge: The case studies suggest that the Chakravyuha challenge is more a feature of the relatively traditional sectors of the economy. The challenge is not just restricted to the public sector and manufacturing but the private sector and agriculture are also facing the exit challenge.

The lack of exit creates at least three types of costs: fiscal, economic (or opportunity), and political.

Fiscal costs- Due to the exit issue, the government has to support the inefficient firms. This support–in the form of explicit subsidies (for example bailouts) or implicit ones (tariffs, loans from state banks) -represents a cost to the economy. There is interest cost if the government borrows to finance the foregone revenue.

Economic costs: Economic losses result from resources and factors of production not being employed in their most productive uses. In a capital scarce country such as India, misallocation of resources can have significant costs. The other consequence of exit problem is a reduced flow of new investment, dampening medium term growth.

Political costs: The lack of exit can also have considerable political costs for governments attempting to reform the economy. The exit problem often benefits the rich and influential in the form of support for "sick" firms. This can give the impression that governments favour large corporates. Similarly, if wilful defaulters cannot be dealt with appropriately, the legitimacy of a market economy and the regulating institutions can themselves be called into question.

Why Exit Problem? In India, the exit problem arises because of three types of reasons, what might be called the three I's: Interests, Institutions, and and Ideas/Ideology.

The first and perhaps most powerful reason for lack of exit is the power of vested interests. One good example of interest groups blocking reform comes from introducing JAM for MGNREGA expenditure. In the case of administrative schemes, vested interests often create a market of their own, planning their actions to benefit from it.

In India, the problem arises from a combination of both weak and strong institutions.

Examples of weak institutions are legal procedures that increase the costs—time and financial costs–of exit. One example of weak institutions is simply the inability to punish wilful defaulters: if demonstrable wrongdoing goes unpunished, the legitimacy of all institutions is called into question.

All around the world, it is very difficult to phase out entitlements. Democracy favours redistribution for the numerous poor. Once the programs and policies have been put in place, it is very difficult to reverse them. For example, Minimum support prices (MSPs) were envisioned as an insurance mechanism for farmers, but have become price floors instead, favoring some regions at the expense of others.

There are at least five possible ways to address the exit problem :Firstly, by promoting competition via private sector entry rather than change of ownership from public to private. For example, liberal entry of more banks and different types of banks and entry into capital markets is an option to reduce the role of inefficient public sector banks.

Secondly, Direct policy action through better laws like the Insolvency and Bankruptcy Code 2015, reforming the Prevention of Corruption Act. Institutions need to be made stronger but flexible by empowering bureaucrats and reducing their vulnerability.

Thirdly, Use of technology to remove persistent distortions by bringing down human discretion and layers of intermediaries. JAM and DBT are examples for using technology to solve exit problem. Fourthly, Increasing transparency and highlighting social costs and benefits of various schemes and entitlements.

Fifthly, Showcasing exit as an opportunity towards a newer and better tomorrow.

## 1.22. BANKRUPTCY LAWS

Problems in existing laws:

1. Exit: Investors wants to exit when the company becomes bankrupt and current laws can take the exit time even upto 4-5 years and this makes investment impossible.
2. Solvency of the assets: The asset managers require around 4-5 years for recovering the debt from selling the asset of the debtor, and during this time the net value of the asset erodes.
3. Banks and Law: Due to current situation the banks do not easily fund a project, that is, the capital investment required is not fulfilled, which is of utmost importance in India.

Insolvency and Bankruptcy Code Bill 2016 attempts to address these issues.The code seeks to ensure time-bound settlement of insolvency, faster turnaround of businesses and create a unified data base of serial defaulters.

**Key facts**

- The Code will consolidate and amend existing laws related to insolvency resolution and reorganization of corporate persons, partnership firms and individuals in a time bound manner.
- It provides for setting up Insolvency and Bankruptcy Board of India (IBBI) to regulate professionals, agencies and information utilities (IUs) engaged in resolution of insolvencies of companies.

- It also provides for establishment of National Companies Law Tribunal (NCLT) and Debt Recovery Tribunals (DRT) as nodal adjudicating authorities for resolution of insolvency, liquidation and bankruptcy.
- As per the code, in case of insolvency the interest of the workers must be fully protected and they should be given dues for 24 months.
- The code seeks to give a push to the ease of doing business in the country.

## 1.23. EMPLOYMENT GENERATION (SKILL INDIA, START UP INDIA, ATAL INNOVATION MISSION, SETU, MUDRA SCHEME)

Skill India is a campaign launched by Prime Minister Sh. Narendra Modi on 15 July 2015 with an aim to train over 40 crore (400 million) people in India in different skills by 2022. The initiatives include:

— National Skill Development Mission

— National Policy for Skill Development and Entrepreneurship, 2015

— Pradhan Mantri Kaushal Vikas Yojana (PMKVY)

— Skill Loan scheme

— Rural India Skill

**Partnership concept:** UK has entered into a partnership with India under this programme. Virtual partnerships will be initiated at the school level to enable young people of either country to experience the school system of the other country and develop an understanding of the culture, traditions and social and family systems. A commitment to achieve mutual recognition of UK and Indian qualifications was made.

Start up India: Startup India campaign is based on an action plan aimed at promoting bank financing for start-up ventures to boost entrepreneurship and encourage start ups with jobs creation. The campaign was first announced by Prime Minister Sh. Narendra Modi in his 15 August 2015 address from the Red Fort. It is focused on to restrict role of States in policy domain and to get rid of "license raj" and hindrances like in land permissions, foreign investment proposal, environmental clearances. It was organized by Department of Industrial Policy and Promotion (DIPP).

A startup is an entity that is headquartered in India which was opened less than five years ago and has an annual turnover less than `25 crore (US$3.7 million). [3] The government has already launched iMADE, an app development platform aimed at producing 1,000,000 apps and PMMY, the MUDRA Bank, a new institution set up for development and refinancing activities relating to micro units with a refinance Fund of `200 billion (US$3.0 billion).

The Standup India initiative is also aimed at promoting entrepreneurship among SCs/STs, women communities. Rural India's version of Startup India was named the Deen Dayal Upadhyay Swaniyojan Yojana.

Atal Innovation Mission: Atal Innovation Mission (AIM) is a flagship Innovation Promotion Platform of NITI Aayog, the think tank of Union Government for promotion of innovation and entrepreneurship in India. It involves academics, entrepreneurs and researchers from national and international levels to foster a culture of innovation, R&D and scientific research in India.

**SETU:** SETU or Self Employment and Talent Utilization Scheme has been specifically launched to boost breakthrough technical start-ups by bringing their ideas into real-time business.

It will be set-up as a techno-financial, incubation and facilitation programme to give support and encouragement to young start-ups and other self-employment technology-intensive ideas.

The prime motive is to engage the young population-the largest demographic segment in India, in meaningful work which will be able to put their ideas into motion and gradually convert them into scalable businesses.

This will spell an all inclusive growth. The ministry aims to make the Indian business environment more liberal and provide ease of operations like raising capital, seed-capital funding, especially for start-ups.

This will also promote India on a global scale as a preferred innovation destination of the world. At present India has fourth largest start-up ecosystem in the world after US, UK and Israel. The government has also reduced royalty and related taxes to 10% from 25 %, especially for technology start-ups. It aims to create around 100,000 jobs through start-ups

**MUDRA Scheme:** In the Budget of 2015-16, the government proposed creation of a Micro Units Development Refinance Agency titled MUDRA Bank

The bank will be built with a corpus of ` 20,000 crores and a credit guarantee corpus of ` 3,000 crore. Mudra will refinance MFIs (microfinance institutions) through the Pradhan Mantri Mudra Yojana, and a new law will be enacted to enable its functioning. The objective behind the establishment of Mudra is to ease the availability of credit facilities to micro, small and medium enterprises (MSME) in India. The Bank will focus of SC/ST entrepreneurs and priority will be given to them in terms of lending. Mudra will indirectly fund entrepreneurs through different credit institutions that will function under it. Other than financing, Mudra will also play a regulatory role by registering and exercising oversight over all small business finance institutions. Mudra will work with co-ordinators at the national, state and regionals. Additionally, it will also work with last mile financiers (LMFs) of micro businesses at the regional level.

Need for Mudra Bank: There are 57.7 million small business units in India providing jobs to 128 million people. However, only 4% of such units have access to institutional finance. This leaves such businesses at the mercy of informal lenders who charge exorbitant rates of interest MSMEs account for 40% of India's exports, and hence, greater access to funds will help propel the growth of exports Demand for loans is approximately $80 billion in excess to the available supply of loans in this sector Mudra will boost granting of loans for and cut the borrowing costs for small businesses. Hence, it will encourage the growth of the MSME sector Though MFIs have increased lending, and have massive funds at their disposal, they target poor individuals and not small businesses. Additionally, MFIs can lend a maximum of only ` 50,000 to a single borrower, thus severely limiting their capacity to assist businesses Mainstream banks, on the other hand, stay away from small businesses because it could potentially increase their already piling share of bad debts, and as lending to the MSME is not economically viable By providing access to loans to MSMEs and to SC/ST, Mudra furthers the cause of inclusive growth The Mudra Bank model requires micro businesses to register with it, before it can avail of any credit. This will help in organisation and inclusion in the national records of approximately 70% of micro businesses that are unregistered By providing finance in a formal and organised manner to the informal sector, Mudra will help businesses in the informal economy transition to the formal economy Mudra as a model takes into account of the unique nature of the Indian economy, and what would best serve the businesses in India. Hence, the indigenisation of the banking model makes it highly relevant and beneficial to businesses.

## 1.24. FISCAL DEFICIT TARGET VS INFUSING CAPITAL IN MARKET

What is fiscal deficit: The difference between total revenue and total expenditure of the government is termed as fiscal deficit. It is an indication of the total borrowings needed by the government. While calculating the total revenue, borrowings are not included.

**FRBM Act:** The Fiscal Responsibility and Budget Management Act was enacted by Parliament in 2003 and the FRBM Rules were notified in July 2004. The FRBM Rules impose limits on fiscal and revenue deficit. Hence, it will be the duty of the Union government to stick to the deficit targets. It also empowers RBI for taking measures to control Inflation. The Act also provides exception to government in case of natural calamity and national security.

As per the initial targets, revenue deficit, which is revenue expenditure minus revenue receipts, have to be reduced to nil in five years beginning 2004-05. Each year, the government is required to reduce the revenue deficit by 0.5% of the GDP. The fiscal deficit is required to be reduced to 3% of the GDP by 2008-09. It would mean reduction of fiscal deficit by 0.3 % of GDP every year. The implementation of Act was put on hold in year 2007-08 due to global financial crisis and the need for fiscal stimulus. In 2012 FRBM Act was amended and it was decided that the FRBM would target effective revenue deficit in place of revenue deficit.

The Rules have mid-year targets for fiscal and revenue deficits. The Rules required the government to restrict fiscal and revenue deficit to 45% of budget estimates at the end of September (first half of the financial year).

## 1.25. BANKS' NPA BURDEN

NPA is any asset of a bank which is not producing any income. On a bank's balance sheet, loans made to customers are listed as assets. The biggest risk to a bank is when customers who take out loans stop making their payments, causing the value of the loan assets to decline.

Banks usually classify as nonperforming assets any commercial loans which are more than 90 days overdue and any consumer loans which are more than 180 days overdue.

For agricultural loans, if the interest and/or the instalment or principal remains overdue for two harvest seasons; it is declared as NPAs. But, this period should not exceed two years. After two years any unpaid loan/instalment will be classified as NPA.

**Categories of NPA:**

1. **Sub-standard:** When the NPAs have aged < = 12 months.
2. **Doubtful:** When the NPAs have aged > 12 months.
3. **Loss assets:** When the bank or its auditors have identified the loss, but it has not been written off.

**Causes for NPA:**

**Default:** One of the main reason behind NPA is default by borrowers.

**Economic conditions:** Economic condition of a region effected by natural calamities or any other reason may cause NPA.

No more proper risk management- Speculation is one of the major reason behind default. Sometimes banks provide loans to borrowers with bad credit history. There is high probability of default in these cases.

**Mis-management:** Often ill-minded borrowers bribe bank officials to get loans with an intention of default.

**Diversion of funds:** Many times borrowers divert the borrowed funds to purposes other than mentioned in loan documents. It is very hard to recover from these kind of borrowers.

**Impact of NPAs on Banks:**

NPA leads to banks having lesser capital to deploy, shareholders losing money and banks finding it tough to survive in the market.

If banks do not classify an asset as NPA, they naturally have more money to advance to earn interest income on. If large NPAs goes unreported, the bank could reach a situation, where it has advanced more money than it has available leading to a situation of technical bankcruptcy.

In light of attaining the Bessel norms, the burden on maintaining Capital Adequacy Ratio increases.

It also affects the competitive position of banks.

Rising of NPAs will lead to a crisis of confidence in the market. The price of loans, i.e., the interest rates will shoot up. Shooting of interest rates will directly impact the investors who wish to take loans for setting up infrastructural, industrial projects etc.

It will also impact the retail consumers like us, who will have to shell out a higher interest rate for a loan.

This will hurt the overall demand in the Indian economy which will lead to lower growth rates and of course higher inflation because of the higher cost of capital.

**Laws relating to NPA and Bankcruptcy:**

SARFAESI: The Act empowers Banks/Financial Institutions to recover their NPAs without the intervention of the court, through acquiring and disposing secured assets without the intervention of the court in case of outstanding amounts greater than 1 lakh. SARFAESI, it is accused, has been used only against the small borrowers primarily from MSME sector.

Recovery of Debts Due to Banks and Financial Institutions (DRT) Act: The Act provides setting up of Debt Recovery Tribunals (DRTs) and Debt Recovery Appellate Tribunals (DRATs) for expeditious and exclusive disposal of suits filed by banks / FIs for recovery of their dues in NPA accounts with outstanding amount of ` 10 lac and above. DRTs are overburdened leading to slow disposal of cases.

Lok Adalats: Section 89 of the Civil Procedure Code provides resolution of disputes through ADR methods such as Arbitration, Conciliation, Lok Adalats and Mediation. Lok Adalat mechanism offers expeditious, in-expensive and mutually acceptable way of settlement of dispute.

Under banking regulation act 1949, RBI is empowered to monitor the asset quality of banks by inspecting record books.

**Solutions proposed by RBI:**

Restructured standard account provisioning has been increased to 5% making it easier for banks to go for restructuring. On the flip side, this has the potential to enhance tendency of evergreening of loans.

RBI has directed banks to give loans by looking at CIBIL score and is encouraging banks to start sharing information amongst themselves. This is to deal with cases of information asymmetry. RBI has directed banks to report to Central Repository of Information on Large Credit (CRILC) when principle/interest payment not paid between 61-90 days.

RBI has asked banks to conduct sector wise/activity wise analysis of NPA.

SEBI has eased norms for banks to convert debt of distressed borrowers into equity 5/25 scheme.

For existing and new projects greater than 500 crores and also for existing projects which have been classified as bad debt or stressed asset, bank can provide longer amortization periods of 25 years with the option of restructuring loans every 5 or 7 years

The advantage of this scheme is that it provides for longer lending period with inbuilt flexibility. Shorter lending periods leads to companies stretching their balance sheet to pay back loans

From bank's point of view it is helpful as freshly restructured asset is considered as bad debt and requires 15% provisioning by banks against such loans leading to erosion of profitability for banks

### Strategic Debt Restructuring Scheme

This scheme provides for an alternative to restructuring. Wherever restructuring has not helped, banks can convert existing loans into equity. The scheme provides for creation of Joint Lenders Forum which is to be given additional powers with respect to

**Management change in company getting restructured**

Sale of non core assets in case company has diversified into sectors other than for which loans were guaranteed

Decision by JLF on debt restructuring by a majority of 75% by value and 60% by number

Scheme for sustainable structuring of stressed assets – This allows banks to split the stressed account into two heads – a sustainable portion that the bank deems that the borrower can pay on existing terms and the remaining portion that the borrower is unable to pay(unsustainable). The latter can be converted into equity or convertible debt giving lenders a chance to eventually recover funds if the borrower is unable to pay. The Scheme will help those projects which have started commercial operations and have outstanding loan of over ` 500crore. Banks will also need to set aside higher provisions if they choose to follow this route.

**Measures announced by government:**

Government has announced recapitalization of the bank to the tune of 70000 crore.

Finance Minister has recently mentioned setting up of stressed asset fund in association with banks that can provide equity or debt capital

## 1.26. MONETARY POLICY TRANSMISSION

Monetary transmission is the passing on of Monetary policy changes made by the RBI to companies and households through financial markets and banks.

In India, policy rate changes by RBI are not reflected in the base rates of banks regularly. While rate hikes are passed on immediately, rate cuts are not.

**Some reasons that result in a lag in monetary transmission in India are:**

1. Pressure on banks due to locking of funds in government securities (SLR) and cash reserves (CRR). As some funds are already locked in these, banks find it difficult to remain profitable while passing on rate cut benefits.
2. Increasing NPAs in bank balance sheets are one more reason why they cannot quickly pass on rate cuts to users.
3. Just as CRR increases coupled with increase in repo rate reduces liquidity, a decrease in repo rate has to be coupled by decrease in CRR also by RBI, to incentivize banks to increase liquidity in economy.
4. Administered interest rates in some instruments like savings schemes, PPF, etc. distorts the financial markets.

5. Lack of developed bond markets ensures that most public savings are in Bank deposits, reducing the banks' dependency on repo rate. This in turn reduces the repo rate's effectiveness in influencing monetary transmission.

**The RBI can address this issue by measures to**

1. Reduce CRR to induce liquidity in banks
2. Improve bond markets by reducing conditions on banks to purchase govt. bonds, and making the govt. bond market more open.
3. Reduce constraints on bank lending through Priority sector norms. Discouraging 'administered interest rate' savings schemes by the government.

## 1.27. CPI VS WPI

Whole-sale price index (WPI) and Consumer price index (CPI) are the two primary measures of inflation.

An index figure reflects the change in a set of associated variables over a time period and in a particular direction. Thus, price index is reflective of the total change in price level paid by a producer or consumer. In the Indian context, 5 national indices are accounted for inflation measure that include WPI and other four CPI indices.

WPI index reflects average price changes of goods that are bought and sold in the whole-sale market. WPI in India is published by the Office of Economic Adviser, Ministry of Commerce and Industry. Further, the data for WPI is monitored and updated on a weekly basis taking into account all the 676 items that form the index. The various commodities taken into consideration for computing the WPI can be categorized into primary article, fuel and power, and manufactured goods. Primary articles included for the computation of WPI include food articles, non-food articles and minerals. In the fuel, power, light and lubricants, electricity, coal mining and mineral oil are included. The manufactured goods category encompasses food products; beverages, tobacco, and tobacco products; wood and wood products, textiles; paper and paper products; basic metals and alloys; rubber and rubber products and many others. An, important point to take note of is the whole sale price index (WPI) does not includes the cost of services. Further, as WPI accounts for changes in general price level of goods at whole-sale level, it fails to communicate actual burden borne by the end consumer. WPI is the primary measure that is used by the Indian central government for ascertaining inflation as WPI in contrast to CPI accounts for changes in price at an early distribution stage.

CPI is computed by executing a weighted average on a particular set of goods and services. The computation of CPI takes into account price changes and the actual inflation that affects the end consumer. CPI is thus a reflection of changes in the retail prices of specified goods and services over a time period which are traded by particular consumer group.

Does RBI use WPI or CPI Inflation to manage monetary policy?

While earlier the Reserve Bank of India used WPI inflation to manage monetary policy expectations, it is now the CPI inflation which is largely taken into account. The RBI highlights its inflation expectations based on the CPI inflation data that comes in. For example, it sets targets on CPI Inflation and monitors it accordingly. Many analysts for long had suggested that the RBI should move to the CPI data vs the WPI data, which had now happened in the last couple of years.

## 1.28. MONETARY POLICY COMMITTEE

The Monetary Policy Committee (MPC) is a committee of the central bank— Reserve Bank of India, headed by its Governor. It was set up by amending the RBI Act after the government and RBI agreed to task RBI with the responsibility for price stability and inflation targeting. The RBI and the government signed the Monetary Policy Framework Agreement on February 20, 2015.

The MPC is entrusted with the task of fixing the benchmark policy interest rate (repo rate) to contain inflation within the target level. The government may, if it considers necessary, convey its views, in writing, to the MPC from time to time. RBI is mandated to furnish necessary information to the MPC to facilitate their decision making.

The MPC has six members. Three each nominated by the government and the RBI and each member has one vote. While the majority voice of the committee is final in deciding the interest rates and the RBI has to accept the verdict, the governor gets a casting vote in case of tie.

Before this, a technical advisory committee constituted by the RBI, which consisted central bank's top brass including the deputy governor and the governor and external advisors, gave their opinion and suggestions on what the RBI should do. But the governor's word was final on the rates and the advice of the technical advisors was not binding on the RBI.

## 1.29. MAKE IN INDIA

Make in India is an initiative launched by the Government of India to encourage multi-national, as well as national companies to manufacture their products in India. It was launched by Prime Minister Narendra Modi on 25 September 2014. India emerged, after initiation of the programme in 2015 as the top destination globally for foreign direct investment, surpassing the United States of America as well as the People's Republic of China.

India emerged, after initiation of the programme in 2015 as the top destination globally for foreign direct investment, surpassing the United States of America as well as the People's Republic of China.

With the demand for electronic hardware expected to rise rapidly to US$400 billion by 2020, India has the potential to become an electronic manufacturing hub. The government is targeting to achieve net zero imports of electronics by 2020 by creating a level playing field and providing an enabling environment.

**Make in India focuses on the following twenty-five sectors of the economy:**

— Automobiles
— Automobile Components
— Aviation
— Biotechnology
— Chemicals
— Construction
— Defence manufacturing
— Electrical Machinery
— Electronic systems
— Food Processing

**Information Technology and Business Process Management**

— Leather
— Media and Entertainment
— Mining
— Oil and Gas
— Pharmaceuticals
— Ports and Shipping
— Railways
— Renewable Energy
— Roads and Highways
— Space and astronomy
— Textiles and Garments
— Thermal Power
— Tourism and Hospitality
— Wellness

As per the new Govt. Policy 100% FDI is permitted in all the above sectors, except for space (74%), defence (49%) and news media (26%).

## 1.30. DIGITAL INDIA

Digital India is a campaign launched by the Government of India to ensure that Government services are made available to citizens electronically by improving online infrastructure and by increasing Internet connectivity or by making the country digitally empowered in the field of technology.

It was launched on 1 July 2015 by Prime Minister Sh. Narendra Modi. The initiative includes plans to connect rural areas with high-speed internet networks. Digital India consists of three core components. These include: The creation of digital infrastructure; Delivery of services digitally; and Digital literacy

Pillars:The Government of India hopes to achieve growth on multiple fronts with the Digital India Programme. Specifically, the government aims to target nine, *viz.*,

— Broadband Highways
— Universal Access to Mobile Connectivity
— Public Internet Access Programme
— e-Governance – Reforming Government through Technology
— eKranti – Electronic delivery of services
— Information for All
— Electronics Manufacturing
— Digital or IT for Jobs
— Early Harvest Programmes

**Services:** Some of the facilities which will be provided through this initiative are Digital Locker, e-education, e-health, e-sign and national scholarship portal. As the part of Digital India, Indian government planned to launch Botnet cleaning centers.

**DigiLocker:** Digital Locker facility will help citizens to digitally store their important documents like PAN card, passport, mark sheets and degree certificates. Digital Locker will provide secure access to Government issued documents. It uses authenticity services provided by Aadhaar. It is aimed at eliminating the use of physical documents and enables sharing of verified electronic documents across government agencies. Three key stakeholders of DigiLocker are Citizen, Issuer and requester.

**Attendance.gov.in:** Attendance.gov.in is a website, launched by PM Narendra Modi on 1 July 2015 [1] to keep a record of the attendance of Government employees on a real-time basis. [19] This initiative started with implementation of a common Biometric Attendance System (BAS) in the central government offices located in Delhi.

**MyGov.in:** MyGov.in is a platform to share inputs and ideas on matters of policy and governance. [21] It is a platform for citizen engagement in governance, through a "Discuss", "Do" and "Disseminate" approach.

**SBM Mobile app:** Swachh Bharat Mission (SBM) Mobile app is being used by people and Government organisations for achieving the goals of Swachh Bharat Mission.

**eSign framework:** eSign framework allows citizens to digitally sign a document online using Aadhaar authentication.

**e-Hospital:** The eHospital application provides important services such as online registration, payment of fees and appointment, online diagnostic reports, enquiring availability of blood online etc.

**National Scholarship Portal:** National Scholarship Portal is a one stop solution for end to end scholarship process right from submission of student application, verification, sanction and disbursal to end beneficiary for all the scholarships provided by the Government of India.

## 1.31. EASE OF DOING BUSINESS INDEX

The ease of doing business index is an index created by the World Bank Group. Higher rankings (a low numerical value) indicate better, usually simpler, regulations for businesses and stronger protections of property rights. Empirical research funded by the World Bank to justify their work show that the economic growth impact of improving these regulations is strong.

India ranks 130th out of 189 countries in the World Bank's 2017 ease of doing business index, covering the period from June 2015 to June 2016. India was ranked 131$^{st}$ in 2016 index and 134$^{th}$ in 2015 index.

## 1.32. SMART CITIES

A 'smart city' is an urban region that is highly advanced in terms of overall infrastructure, sustainable real estate, communications and market viability. It is a city where information technology is the principal infrastructure and the basis for providing essential services to residents. There are many technological platforms involved, including but not limited to automated sensor networks and data centres.

According to the documents released on the Smart Cities website, the core infrastructure in a smart city would include:

— Adequate water supply
— Assured electricity supply
— Sanitation, including solid waste management
— Efficient urban mobility and public transport
— Affordable housing, especially for the poor
— Robust IT connectivity and digitalisation
— Good governance, especially e-Governance and citizen participation
— Sustainable environment
— Safety and security of citizens, particularly women, children and the elderly
— Health and education

In a smart city, economic development and activity is sustainable and rationally incremental by virtue of being based on success-oriented market drivers such as supply and demand. They benefit everybody, including citizens, businesses, the government and the environment.

The concept of smart cities originated at the time when the entire world was facing one of the worst economic crises. In 2008, IBM began work on a 'smarter cities' concept as part of its Smarter Planet initiative. By the beginning of 2009, the concept had captivated the imagination of various nations across the globe.

Smart solutions: In the approach of the Smart Cities Mission, the objective is to promote cities that provide core infrastructure and give a decent quality of life to its citizens, a clean and sustainable environment and application of 'Smart' Solutions.

## 1.33. NIIF

The National Investment and Infrastructure Fund (NIIF) was proposed in Union Budget 2015. In the last week of December, the government has set up this ` 40000 crore fund to provide long term capital for infrastructure projects.

http://www.gktoday.in/blog/national-investment-and-infrastructure-fund/

The objective of NIIF is to maximise economic impact through infrastructure development in viable projects both greenfield and brownfield, including stalled projects, mainly in the core infra sector. NIIF has been structured as a fund of funds and set up as Category II Alternate Investment Fund (AIF) under the Securities and Exchange Board of India (SEBI) Regulations. Total corpus of the fund is ` 40000 Crore. The government will invest ` 20,000 crores into it from budget while the remaining ` 20,000 crores are expected to come from private investors. Government stake has been fixed at 49%. This stake structure (49% government, 51% private) will help NIIF to be seen with characters of both sovereign fund as well as private sector. NIIF is a fund of funds. This implies that there would be multiple alternative investment funds underneath the main fund. Examples of such funds include stressed-assets fund, renewable energy fund, brownfield projects fund etc. NIIF has been set up as a Trust registered under the Indian Trust Act. The activities of NIIF will be overseen by a Governing Council, which is to be headed by Finance Minister and which has been formed to oversee the activities of NIIF. Further, there are five members of this council as follows: Secretary, Department of Economic Affairs Secretary, Financial Services Ms Arundhati Bhattacharya (Current Chairman of SBI) Hemendra Kothari (Investment Banker) V. Mohandas Pai (former Infosys Director).

The mandate of the Council is approval of guidelines for investment of Trust property/ Corpus of NIIF and parameters for appointment and performance of investment managers/ advisors. Further, India Infrastructure Finance Company Limited (IIFCL) has been appointed as the investment advisor to NIIF for a six-month period, while IDBI Capital Market Services has been selected as advisor to NIIF Trustee for a period of one year.

Functions of NIIF : NIIF will raise funds from investors and markets and would invest the same in companies, institutions and infrastructure projects. It will also provide advisory services. Source of Funds The sources of funds for NIIF are as follows: Government budgetary funds to each AIF set up under NIIF. These funds will be provided every year as required. Private investors. The fund will solicit equity participation from strategic anchor partners. It is also expected to attract overseas investors, PSUs, domestic pension, provident funds and NSSF (National small savings fund) also.

## 1.34. REAL ESTATE (REGULATION AND DEVELOPMENT) ACT, 2016

**Background :** The real estate sector comprises activities of sale, purchase and development of land for commercial, residential and industrial purposes.

Need for the act India falls in the 'semi-transparent' category as per the Global Real Estate Transparency Index. There is a lack of trust and confidence between the buyers and sellers in this sector. The need for the reforms has been underlined by various commissions and committees in the past.

**Salient Features of the Act are:**

**Regulatory authorities:** Under this act, it is mandatory for all the states and union territories to establish state level regulatory authorities called Real Estate regulatory authorities (RERAs) within a year of the act coming in to force. It is provided that two or more states can establish a common RERA and each state/UT can also establish more than one RERA. Each RERA should consist of a chairperson and at least two full time members with experience in sectors such as urban development, real estate, law and commerce. Functions of a RERA include: ensuring registration of residential projects and ensuring the availability of relevant details on the RERA website ensuring that all the stakeholders such as buyers, sellers, and agents comply with obligations under the Act advising the government on matters pertaining to the development of real estate.

Regulatory authorities have to draft regulations within 3 months of establishment. They shall promote a single window system of clearances, grade projects and promoters and ensure digitization of land records.

**Appellate tribunals:** To hear appeals against the decisions of RERAs, each state/UT has to establish one or more Real Estate Appellate Tribunals. Each Tribunal will consist of a chairperson and two members (one with a judicial background and one with a technical background). An issue impacting competition may be referred to the Competition Commission by RERA. Appellate tribunals must adjudicate cases within 60 days and regulatory authorities must dispose of complaints within 60 days.

**Central advisory council:** Under this bill, a Central Advisory Council is to be constituted to advise the central government on major questions of policy and protection of consumer interests. The council will have representatives from union ministries, state governments, RERAs and representatives of the real estate industry, consumers, and labourers.

**Registration of projects and agents:** All the residential projects are to be registered under this act. Without registration, the promoters cannot book or sell the projects. However, registration is not required for the projects: Where the area of land does not exceed five hundred square meters or the number of apartments does not exceed eight inclusive of all phases. Involve renovation/repair/re-development without re-allotment or marketing. Also, the state governments can prescribe the lower limits for exemption. Real estate agents must also register with a RERA in order to facilitate the sale or purchase of property in registered real estate projects.

**Duties of the promoter:** Promoters should make site and layout plans for the project and upload all the relevant details of the project on the website of RERA. They should also update quarterly updates on status of the project. In case, if a buyer wishes to withdraw from the project due to loss incurred by him because of a false advertising, then the promoter must return the amount collected with interest to the buyer. Promoters must deposit at least 70% of their funds, including land cost, in a separate escrow account to be used for construction purpose only. However, state governments can change this amount below 70%. Promoters should not accept more than 10% of the total cost of the property as advance without a written agreement. Promoters should help in providing essential services till the association of buyers takes over the maintenance activities. Promoters should obtain a completion certificate from the relevant authority. In case, if a promoter is unable to give possession of the property, then the money received for the property along with interest has to be returned to the buyer. Promoters are responsible for fixing structural defects for five years after transferring the property to a buyer.

**Duties of buyer:** The buyer has to make the required payments as per the agreement signed with the promoter. If there is a delay in payment, then the buyer will be liable to pay interest for the delayed period.

Significance of the Bill: The bill will ensure transparency and accountability in the real estate sector. It will enhance the consumer confidence and will benefit the whole sector. It will help to attract more investments into the real estate sector and may also open gates for FDI.

**Major concerns:** Since Land comes under the state list, some states have enacted their own laws to regulate the real estate sector. With this act, real challenge would be in the implementation front and would depend upon how the states implement this legislation. At the same time, the contracts and transfer of property fall under the concurrent list; so provisions of the state laws will be overridden by the central law in case of inconsistencies.

## 1.35. HOUSING FOR ALL

Pradhan Mantri Awas Yojana (Urban) is a vision of Prime Minister Sh. Narendra Modi of India where all facilities will provide in a place. The government has identified 305 cities and towns have been identified in 9 states for beginning construction of houses for urban poor.

Pradhan Mantri Awaas Yojana was launched in June 2015 with an aim to provide affordable housing to urban poor. Ministry of Urban Development is the nodal ministry for it.

Under PMAY, it is proposed to build 2 crore houses for urban poor including Economically Weaker Sections and Low Income Groups in urban areas by the year 2022 through a financial assistance of 2 trillion (US$30 billion) from central government. This Mission has four components viz., In-situ Slum Redevelopment with private sector participation using land as resource, Affordable Housing through Credit Linked Subsidy, Affordable Housing in Partnership with private and public sector and Beneficiary led house construction/enhancement.

**Features:** The government will provide an interest subsidy of 6.5% on housing loans availed by the beneficiaries for a period of 15 years from the start of a loan,The houses under Pradhan Mantri Awas Yojana would be constructed through a technology that is eco-friendly,While allotting ground floors in any housing scheme under PMAY, preference will be given to differently abled and older persons.

## 1.36. BHARAT MALA

Bharat mala is a name given to ambitious road and highways project of Modi Government. [1] The project will start from Gujarat and Rajasthan, move to Punjab and then cover the entire string of Himalayan states - Jammu and Kashmir, Himachal Pradesh, Uttarakhand - and then portions of borders of Uttar Pradesh and Bihar alongside Terai, and move to Sikkim, Assam, Arunachal Pradesh, and right up to the Indo-Myanmar border in Manipur and Mizoram.

Ministry of Road Transport and Highways is the nodal ministry for it.

## 1.37. SAGAR MALA

Sagar Mala project is a strategic and customer-oriented initiative of the Government of India to modernize India's Ports so that port-led development can be augmented and coastlines can be developed to contribute in India's growth. It looks towards "transforming the existing Ports into modern world class Ports and integrate the development of the Ports, the Industrial clusters and hinterland and efficient evacuation systems through road, rail, inland and coastal waterways resulting in Ports becoming the drivers of economic activity in coastal areas.Ministry of Shipping is the nodal ministry for it.

**Proposed Ports**

Six megaports are planned in Sagarmala project.

| State | Place | Port |
|---|---|---|
| Kerala | Vizhinjam | Vizhinjam International Seaport |
| Tamil Nadu | Colachel | Colachel Seaport |
| Maharashtra | Vadhavan(near Dahanu) | Vadhavan Port |
| Karnataka | Tadadi | Tadadi port |
| Andhra Pradesh | Machilipatnam | Machilipatnam Port |
| West Bengal | Sagar Island | Sagar Island Port |

## 1.38. UDAY (UJJWAL DISCOM ASSURANCE YOJANA)

UDAY is basically a scheme of financial turnaround of state owned distribution companies. This objective is mainly to be achieved via phased takeover of the debts of the discoms by state governments. The states which join this scheme (this implies that scheme is optional for states) would sign an MoU and will take over the 75% of Discom debts as follows:

— 50% in Financial Year 2016

— 25% in Financial Year 2017

Once the state government has taken over this debt, it would issue bonds backed by state government guarantee. The outcome of this would be saving on interest. How? Currently Discom debts are on a much higher interest rates (14-15%) borrowed from banks. If the state government takes over these debts, they would pay lesser interest (8-9%) to the state governments. However, states might face financial crunch due to this debt take over. This issue is to be solved by two means: States will issue bonds with coupon rates (coupon rate means interest rate) at around 3% less than the average existing interest rate. These loans taken over by the states will NOT be counted in the fiscal calculations of the state (so that it does not affect their fiscal standing in terms of finance commission recommendations). Thus, this will mainly benefit both the discoms as well as the state in the form of savings in interest rates. Side by side, the scheme would incentivise the states for improving the operational efficiencies also by two means: Reduction in cost of power purchase Enforcing financial discipline on Discoms through alignment with state finances The target is to reduce the average AT&C loss from around 22% to 15% and eliminate the gap between average revenue realized & average cost of supply by 2018-19. It will be achieved by improving operation efficiency through compulsory smart metering, upgradation of transformers, meters etc. and energy efficiency measures like efficient LED bulbs, agricultural pumps, fans & air-conditioners etc. Reduction in cost of power It would be achieved by increased supply of cheaper domestic coal, coal linkage rationalization, liberal coal swaps from inefficient to efficient plants, coal price rationalization based on Gross Calorific Value, supply of washed and crushed coal, and faster completion of transmission lines. Enforcing financial discipline on discoms through alignment with State finances The balance 25% of discom debt may be issued in the form of discom bonds backed by state government guarantees. States also shall take over and fund at least 50% of the future losses (if any) of discoms in a graded manner. Other Notable Points for the scheme UDAY is optional for all States. States accepting UDAY and performing as per operational milestones will be given additional/priority funding through Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY), Integrated Power Development Scheme (IPDS), Power Sector Development Fund (PSDF) or other such schemes of Ministry of Power and Ministry of New and Renewable Energy. States failing to meet the operational milestones will be liable to forfeit their claim on IPDS and DDUGJY grants. Government of India will not include the loans of discoms taken over by the state governments in calculation of the state's deficit till 2016-17.

## 1.39. DDU GRAM JYOTI YOJANA

The DDUGJY is one of the flagship programmes of the Ministry of Power and will facilitate 24 × 7 supply of power.

1. Background: The rural agricultural and non-Agriculture consumers (domestic and non-domestic load) of the country are generally serviced through the local distribution network. Many rural areas of the country face insufficient electricity supply, consequently the distribution utilities are forced to resort to load shedding, thus affecting the power supply to both Agriculture and non-Agriculture consumers.

- The demand of power in rural areas is increasing day by day due to changing consumer base, improving living standards for which augmentation of rural infrastructure needs to be regularly undertaken
- The investment in the distribution network is low due to bad financial health of the distribution companies. Therefore in order to augment the reliability and quality of supply distribution network needs to be strengthened.

2. Objectives:
(*i*) To provide electrification to all villages;
(*ii*) Feeder separation to ensure sufficient power to farmers and regular supply to other consumers
(*iii*) Improvement of Sub-transmission and distribution network to improve the quality and reliability of the supply
(*iv*) Metering to reduce the losses
3. Benefits from the scheme
- All villages and households shall be electrified
- Increase in agriculture yield
- Business of Small and household enterprises shall grow resulting into new avenues for employment
- Improvement in Health, Education, Banking (ATM) services
- Improvement in accessibility to radio, telephone, television, internet and mobile etc
- Betterment in social security due to availability of electricity
- Accessibility of electricity to schools, panchayats, hospitals and police stations etc
- Rural areas shall get increased opportunities for comprehensive development

## 1.40. NATIONAL SMART GRID MISSION(NSGM)

It is an institutional mechanism for planning, monitoring and implementation of policies and programs related to Smart Grid activities.

NSGM has three tier structure:
- At the apex level, NSGM has a Governing Council headed by the Minister of Power. Members of the Governing Council are Secretary level officers of concerned Ministries and departments. Role of Governing Council is to approve all policies and programme for smart grid implementation.
- At the second level, the NSGM has an Empowered Committee headed by Secretary (Power). Members of the Empowered Committee are Joint Secretary level officers of concerned Ministries and departments. Role of Empowered Committee is to provide policy input to Governing Council and approve, monitor, review specific smart grid projects, guidelines /procedures etc.
- In a supportive role, NSGM has a Technical Committee headed by Chairperson (CEA). Members of the Technical Committee are Director level officers of concerned Ministries and departments, representatives from industries and academia. Role of Technical Committee is to support the Empowered Committee on technical aspect, standards development, technology selection guidelines etc.
- For day-to-day operations, NSGM has a NSGM Project Management Unit (NPMU) headed by the Director NPMU. Director NPMU is a Member of the Governing Council and Empowered Committee, and Member Secretary of Technical Committee. NPMU is the implementing agency for operationalizing the Smart Grid activities in the country under the guidance of Governing Council and Empowered Committee.
- Grant up-to 30% of the project cost is available from NSGM budget. For selected components such as training and capacity building, consumer engagement etc, 100% grant is available.

Corresponding to the NSGM, State Level Mission chaired by the Power Secretary of the State has also been proposed. Support for training and capacity building to State Level Project Monitoring Units (SLPMUs) for smart grid activities is provided by NSGM.

The major activities envisaged under NSGM are development of smart grid, development of micro grids, consumer engagements and training and capacity building etc. NSGM entails implementation of a smart electrical grid based on state-of-the art technology in the fields of automation, communication and IT systems that can monitor and control power flows from points of generation to points of consumption.

## 1.41 FALL IN GLOBAL DEMAND OF STEEL AND ALUMINIUM

Problems of steel industry**:**

India's Iron and Steel Industry: Availability of iron ore and coal in the country, Low labour wage rates Abundance of quality manpower, Mature production base,Supportive Government Polices.

**Weaknesses:** Unscientific mining, Low productivity Coking coal, import dependence, Low R&D investments, High cost of debt, Inadequate infrastructure

**Opportunities:** Unexplored rural market, Growing domestic demand, Exports Consolidation.

**Threats:** China becoming net exporter, so threat in export market. Falling global prices due to dumping by China. Protectionism in the West hinders the Growth of exports, Dumping by competitors

**Problems of aluminium industry:**

**Causes of fall in demand:** Global economic slowdown and Availability of synthetic substitutes

There are two stages in the process of aluminum production which determine the location of aluminum industry, besides labor availability and connectivity.

1. **Conversion of Bauxite to alumina (involves 50% weight loss):** Hence, this is done in proximity to raw material to avoid transportation cost.

   In India Bauxite ores are located at Korba in Chhattisgarh, Jharsuguda and Niyamgiri hills in Odisha.
2. Conversion of alumina to aluminum is done in aluminum smelting plants, that involve the process of "electrolysis". Since a considerable amount of electricity is required, smelting plants are located near power plants.

   In India, Smelting plants are located in Renukoot, UP and Hirakud in Odisha, because of proximity of bauxite ores and cheap electricity available from Rihand dam and Hirakud Dam.

**Problems faced:**

1. Currently, there is a slump in global aluminum prices, because of a supply glut created by over-production in China.
2. The domestic industry is likely to get hurt because of dumping of aluminum by China. Imports account for 56% of aluminum consumption in India.
3. Domestic issues : Production in India is facing obstacles such as resistance by the Dongria kondh tribes in Niyamgiri hills and environment clearances.

**Prospects:**

1. Rich reserves of coal and bauxite, the essential inputs in aluminum industry.

2. Has potential to develop states like Odisha and Andhra, providing employment opportunities to local tribal population.
3. Aluminum is a green metal and hence production is concordant with Government's increasing shift towards sustainable development and Make in India campaign.

To exploit the potential, existing projects should be cleared, however, interests of tribal communities such as the Dongria Kondh have to be taken into account. Also, import duty should be hiked in order to protect the domestic industry from cheap imports.

## 1.42. SCHEMES FOR PROMOTION AND DEVELOPMENT OF MSME

Khadi Reform and Development Programme (ADB Assistance): Department of Economic Affairs, Ministry of Finance has tied up financial aid from Asian Development Bank (ADB) amounting to US$150 million over a period of three years for implementing a comprehensive Khadi Reform Programme to revitalize the Khadi sector with enhanced sustainability of Khadi, increased incomes and employment to artisans, increased artisans welfare and to enable KVIC to stand on its own with gradually decreasing dependence on Government Grants. A KVI Programme has also been launched in the Hill, Border and Left Wing Extremism (LWE) affected areas.

**Scheme of Fund for Regeneration of Traditional Industries (SFURTI):**

Govt. of India announced setting up of a fund for regeneration of traditional industries, with an initial allocation of ` 100 crore. Pursuant to this announcement, a Central Sector Scheme titled the "Scheme of Fund for Regeneration of Traditional Industries (SFURTI)" was approved at a total cost of ` 97.25 crore. The Scheme was implemented by the Ministry of MSME and its organizations (Khadi and Village Industries Commission-KVIC and Coir Board), in collaboration with State Governments, their organizations and non-governmental organizations. Coir Vikas Yojana Coir Board, a statutory body established under the Coir Industry Act, 1953 takes up many activities for promoting overall development of the coir industry and improving the living condition of the workers engaged in this traditional industry. The activities include undertaking scientific, technological and economic research and development activities; developing new products and designs; and marketing of coir and coir products in India and abroad.

**Coir Udyami Yojana:**

The Ministry through Coir Board is implementing a central sector Scheme of Rejuvenation, Modernization and Technology Upgradation of Coir Industry (REMOT). Under this scheme, financial assistance is provided for replacement of outdated ratts/looms and for construction of worksheds so as to increase productivity/production and earnings of workers.

**A Scheme For Promotion of Innovation, Rural Industry and Entrepreneurship (ASPIRE)**

The Ministry of Micro, Small and Medium Enterprises has launched a new scheme namely, ASPIRE (A Scheme for Promoting Innovation, Rural Industry and Entrepreneurship) on 18.3.2015 to accelerate entrepreneurship and to promote start-ups for innovation and entrepreneurship in agro-industry. Under ASPIRE, 80 Livelihood Business Incubation (LBI) centres are to be set up in which a total of 104000 incubates will be trained and 30 (10 new and 20 existing) Technology Business Incubation (TBI) centres

**National Manufacturing Competitiveness Programme (NMCP)**

The programme covers Credit Linked Capital Subsidy Schemes, ISO 9000/14001 reimbursement schemes, ZED Maturity Model (ZMM), schemes of National Manufacturing Competitiveness Programme (six Schemes) viz. Lean Manufacturing Scheme, Promotion of ICT

Tools, Quality Management Standards and Quality Technology Tools, Technology Upgradation Quality Certification (TEQUP), Incubation Centre, Intellectual Property Rights (IPR) and Bar Code.

**Prime Ministers Employment Generation Programme (PMEGP)**

A credit linked subsidy scheme titled Prime Ministers Employment Generation Programme (PMEGP) was launched in 2008-09 through merger of the erstwhile schemes of Prime Ministers Rozgar Yojana (PMRY) and Rural Employment Generation Programme (REGP).

**Interest Subsidy Eligibility Certificate for Khadi and Polyvastra (ISEC)**

ISEC scheme is the major source of funding for Khadi programme introduced in May 1977 to mobilize funds from banking institutions to fill the gap in the actual fund requirement and its availability from budgetary sources. Under the ISEC Scheme, credit at the concessional rate of interest is made available as per the requirement of the institutions. The institution is required to pay only 4%. Any interest charged by banks over 4% will be paid by Central Government through KVIC. All khadi institutions registered with the KVIC/State Khadi and Village Industries Boards (KVIBs) can avail of financing under the ISEC scheme.

**Credit Support Programme**

This Programme cover two schemes namely Credit Guarantee Scheme and India Inclusive Innovation Fund. The Credit Guarantee Scheme for Micro Small and Enterprises is operational and through this scheme, the guarantee cover is provided for collateral free credit facility extended by Member Lending Institutions (MLIs) to the new as well as existing Micro and Small enterprises on loans up to ` 100 lakh. In another component of Portfolio Risk Fund (PRF) under this programme, Government of India provides funds for Micro Finance Programme to SIDBI is used for security deposit requirement of the loan amount from the MFIs/NGOs

**India Inclusive Innovation Fund**

The India Inclusive Innovation Fund Ministry of MSME has proposed to set up a dedicated fund in the name of India Inclusive Innovation Fund for promoting grass-root innovations with social returns as well as modest economic returns. The fund would operate as a for-profit entity with a social investment focus. The India Inclusive Innovation Fund would back enterprises developing innovative solutions preliminarily for citizens who lie in the lower half of India s economic pyramid.

**Performance and Credit Rating Scheme**

The scheme is being implemented through National Small Industries Corporation Limited (NSIC), a PSU under this Ministry. Under this scheme, Micro and Small enterprises are subsidized by the Government to the extent of 75% (upto a maximum of. ` 40000) for getting themselves rated for performance as well as creditworthiness by one of the empanelled accredited credit rating agency.

**Marketing Assistance Scheme**

The scheme is being implemented through National Small Industries Corporation Limited (NSIC), a PSU under this Ministry. Under this scheme, MSMEs are provided support to market their products in the domestic as well as international markets by way of organizing/participating in various domestic and international exhibitions/trade fairs, buyer seller meets, intensive-campaigns and other marketing events.

**International Cooperation Scheme**

International cooperation also known as Promoting International Cooperation among Micro, Small and Medium Enterprises (MSMEs). It aims to promote International cooperation between Indian MSMEs and enterprises abroad with a view to technology infusion and/or

Upgradation of Indian Micro, Small and Medium Enterprises, their modernization and promotion of exports.

## 1.43. RURAL ENTREPRENEURSHIP

*Challenges for Rural Entrepreneurs:*

— Growth of Mall Culture
— Power Failure
— Capacity Utilization
— Opportunities for Rural Entrepreneur
— Food for Work Program
— Poor Assistance
— Lack of Technical know how
— Infrastructure Sickness Lack of funds
— Crashed Scheme for Rural Development
— National Rural Employment Program
— Regional Rural Development Centers
— Entrepreneurship Development Institute of India
— Bank of Technology
— Rural Innovation Funding
— Social Rural Entrepreneurship

## 1.44. HUNDRED PERCENT FDI IN FOOD PROCESSING THROUGH AUTOMATIC ROUTE

India is ranked amongst the top exporters of food and processed food products in the world. Despite the global economic meltdown, India, as an exception has achieved a continuous growth of 0.73% in the number of new food processing units registered in the country. Further the Ministry of Food Processing Industries has set up an "Investors' Help Desk" in association with "Invest India" for offering necessary support and guidance to both domestic and foreign investors in food processing sector.

Foreign Direct Investment (FDI) Policy: The government has approved 100 % FDI under automatic route for all foreign investments in food processing industries and 100% FDI through approval route for carrying out trade including e-commerce in food products manufactured and/or produced in India. The FDI limit for Micro, Small and Medium Enterprises is 24% under automatic route and beyond 24% through the approval route only.

Also, the Government of India has set up Foreign Investment Implementation Authority (FIIA) to ease the entire process of Foreign Direct Investment (FDI). The objective of the Authority is to assist foreign investors in implementation of their investment proposals, provide clarity and assistance in obtaining necessary approvals and sort out and provide solutions to operational issues that are faced by foreign investors. Indian legal system does not discriminate between a domestically held company and a company with foreign investment and foreign investors are free to set up a wholly owned subsidiary company or a joint venture with an Indian/foreign company in India.

FDI is also permitted in Limited Liability Partnerships (LLPs) and FDI policy for companies and LLPs is the same. A foreign company can also establish a liaison office for making an effective representation essential for its trade promotions for which it may obtain necessary approvals from Reserve Bank of India. A foreign company may also conduct business by setting up a branch office or a project office with the prior approval of the Reserve Bank of India.

Also a foreign company has the option of entering into various arrangements for sale and/or distribution of its products in India, including through franchise, agency or distributorship.

## 1.45. MINES AND MINERALS (DEVELOPMENT AND REGULATION) ACT, 2016

The Mines and Minerals (Development and Regulation) Amendment Bill, 2016 was introduced in Lok Sabha on March 16, 2016. The Bill amends the Mines and Minerals (Development and Regulation) Act, 1957. The Mines and Minerals (Development and Regulation) Act, 1957 regulates the mining sector in India and specifies the requirement for obtaining and granting leases for mining operations.

Transfer of mining leases: The Act allows for the transfer of mining leases which have been granted through an auction process. The holder of these mining leases may transfer the lease to any eligible person, with the approval of the state government, and as specified by the central government. If the state government does not convey its approval within 90 days of receiving the notice, the transfer shall be considered as approved. No transfer shall take place if the state government communicates, in writing, that the transferee is not eligible.

The Bill allows for the transfer of mining leases which have been granted through procedures other than auction, and where the minerals are used for captive purpose. Captive purpose has been defined as the use of the entire quantity of mineral extracted in the lessee's own manufacturing unit. Such lease transfers will be subject to terms and conditions, and transfer charges as prescribed by the central government. These transfers will be in addition to the existing transfers that are allowed.

According to the Statement of Objects and Reasons of the Bill, this provision will allow for merger and acquisition of companies with captive mining leases.

Leased area: The Bill adds a definition of leased area, as the area within which mining operations can be undertaken. This will also include the non-mineralised area required for the activities defined under mine in the Mines Act, 1952. The 1952 Act, defines mine as any excavation where any operation for searching or obtaining of minerals is being carried out. It includes (*i*) borings, bore wells, and oil wells, (*ii*) all opencast workings, (*iii*) all workshops and stores within the precinct of a mine, and (*iv*) any premises being used for depositing waste from a mine or where any operations in connection with such waste is being carried out.

## 1.46. PROPOSAL TO ADD 175 GW OF NON RENEWABLE ENERGY BY 2022

Renewable energy in India comes under the purview of the Ministry of New and Renewable Energy (MNRE). Newer renewable electricity sources are targeted to grow massively by 2022, including a more than doubling of India's large wind power capacity and an almost 15 fold increase in solar power from April 2016 levels. Such ambitious targets would place India amongst the world leaders in renewable energy use and place India at the centre of its International Solar Alliance project promoting the growth and development of solar power internationally to over 120 countries.

India was the first country in the world to set up a ministry of non-conventional energy resources, in early 1980s. As of 30th April 2016 India's cumulative grid interactive or grid tied renewable energy capacity (excluding large hydro) reached about 42.85 GW, surpassing the installed capacity of large scale hydroelectric power in India for the first time in Indian history. 63% of the renewable power came from wind, while solar contributed nearly 16%.Large hydro installed capacity was 42.78 GW as of 30 April 2016 and is administered separately by the Ministry of Power and not included in MNRE targets.

From 2015 onwards the MNRE began laying down actionable plans for the renewable energy sector under its ambit to make a quantum jump, building on strong foundations already established in the country. MNRE renewable electrictricity targets have been upscaled to grow from just under 43 GW in April 2016 to 175 GW by the year 2022, including 100 GW from solar power, 60 GW from wind power, 10 GW from bio power and 5 GW from small hydro power. The ambitious targets would see India quickly becoming one of the leading green energy producers in the world and surpassing numerous developed countries. The government intends to achieve 40% cumulative electric power capacity from non fossil fuel sources by 2030.

## 1.47. NATIONAL SOLAR MISSION

Also known as Jawaharlal Nehru National Solar Mission was approved by Government of India on 11 January 2010. The Solar Mission was initiated with an aim to achieve long term Energy and Ecology security which was planned to implement in three stages to install 20-GW capacity solar grids and 2-GW capacity off-grid solar applications by the end of the 13th Five Year Plan in 2022.

The three stages are as follows

| | | | |
|---|---|---|---|
| Stage-I | 2010-2013 | target | 1,000-2,000 MW. |
| Stage-II | 2013-2017 | target | 4,000-10,000 MW. |
| Stage-III | 2017-2022 | target | 20,000 MW. |

Prime Minister Narendra Modi gave his approval for increasing the national solar mission capacity from the 22 gigawatt (GW) to 100 GW by 2022.

Large public-sector companies, independent power producers and state governments will have to contribute to achieve the ambitious target of 100 MW capacity addition.

The Centre also plans to leverage bilateral and international donors, including Green Climate Fund under the United Nations Framework Convention on Climate Change (UNFCCC), as 100 GW of solar power would replace coal-based power plants and reduce $CO_2$ emissions.

## 1.48. DEDICATED FREIGHT CORRIDORS

For high GDP growth, we need lot of electricity, and for this purpose lot of coal need to be transported from mines to thermal power stations.

For infrastructure (bridges, roads, buildings), there is need for fast transport of cement, steel, machinery.

Because of growing international trade via sea lanes, there is need to quickly transport products from factories to ports.

This has led to birth of Dedicated Freight Corridors along the Eastern and Western Routes in 2005.

| | **Eastern Corridor** | **Western Corridor** |
|---|---|---|
| Start | Ludhiana in Punjab | Dadri in Uttar Pradesh |
| Via | Haryana, Uttar Pradesh, Bihar, | Rajasthan, Gujarat and Maharashtra |
| End | Dankuni in West Bengal | Jawaharlal Nehru Port Trust near Mumbai. |

**Benefits of Dedicated Freight Corridor?**

The existing rail network, runs on a combination of diesel and electrical trains.

The Dedicated freight corridor will operate entirely on electric trains, less greenhouse gases.

After Dedicated freight corridor, the passenger traffic and freight (goods) traffic will be separated, leading to faster speeds and efficiency.

## 1.49. HIGH SPEED RAIL CORRIDORS

Under the High Speed Railway corridors (HSR) plan, the Railways intend to run trains at the speed of 160 km to 200 km per hour.

**Ministry of Railways has selected following six corridors**

— Delhi-Chandigarh-Amritsar

— Pune-Mumbai-Ahmedabad

— Hyderabad-Dornakal-Vijaywada-Chennai

— Chennai-Bangalore-Coimbatore-Ernakulam

— Howrah-Haldia

— Delhi-Agra-Lucknow-Varanasi-Patna

**Benefits:** A high-speed rail moving at speeds of 300 km/hr would take just about 2 hours to reach from New Delhi to Lucknow. Currently, it takes six hours for the fastest train on the route to cover the same distance.

The benefits of high-speed rail are immense vis-a-vis road and airlines. These rail systems have 30% less land requirement in comparison to expressways for same carrying capacity.

High-speed railways would directly compete with economy class tickets of an airline.

These trains are highly fuel-efficient as their energy consumption is one third less than private cars and 5 times less than airplanes.

**Problem:** Railways is more interested in constructing the Ahmedabad-Mumbai project first.

But Planning Commission recommended that Delhi-Agra corridor should be constructed first. Because it is shorter and cheaper than A'bad-Mumbai project.

## 1.50. HIGH CAPACITY ROLLING STOCK

RITES(Public Sector Enterprise under Union Ministry of Railways) is planning to augment its export of rolling stock manufactured at Railway Production Units especially in South East Asian markets. 100% FDI is permitted under this sector. An MoC(Memorandum of Cooperation) was signed between Ministry of Railways and MLIT, Japan on technological cooperation in various areas including rolling stock.

**Port connectivity:** Ministry of Railways will take up 21 port-rail connectivity projects, at an estimated cost of ` 20,000 crore, under the government's Sagarmala project to strengthen evacuation network and boost last-mile connectivity to the country's ports.These projects will enhance port connectivity to the hinterland and help in reducing logistics costs and time for cargo movement making Indian trade more competitive.

**Mechanism:** FDI in rail infrastructure up to 100% will be cleared through automatic route, which means no approval from the Foreign Investment Promotion Board would be required. However, proposals involving FDI beyond 49% in sensitive areas from a security point of view would have to be brought by the Ministry of Railways before the Cabinet Committee on Security for consideration on a case to case basis.

**Analysis:** Allowing FDI in railways is a much debated topic. Proponents of FDI argues that present infrastructure of Indian Railways is inadequate to cope up with the rising demands. The immediate requirement is to enhance the capacities on railways to decongest the routes and vertical expansion in cities towards upgrading the infrastructure. To meet the funding requirements of railways, allowing substantial foreign direct investments is critical.

However keeping in view the present fiscal constraints, Railways has to explore all possible means both within and outside the country to mobilize resources to develop a high class infrastructure to cater to the future needs. But it is necessary that Indian Railways needs investments both financial and technological so that domestic capacity could also be enhanced. Therefore Indian Railways has now no option but to take the FDI route to become more competitive. But the success of the FDI story will depend on how much freedom the private players get to fix tariffs and market their products Therefore, FDI liberalization in the sector would help in modernisation and expansion of the railway projects but the govt. has to move cautiously because of the security risk involved although various concerns have already been taken into account by placing strict approvals of govt. for FDI in strategic areas.

## 1.51. CIVIL AVIATION

**Low cost carriers:** A low-cost carrier or low-cost airline (also known as no-frills, discount or budget carrier or airline, or LCC) is an airline that generally has lower fares and fewer comforts. To make up for revenue lost in decreased ticket prices, the airline may charge for extras like food, priority boarding, seat allocating, and baggage etc. Currently the world's largest low-cost carrier is Southwest Airlines, which operates in the United States and some surrounding areas.

Some airlines actively advertise themselves as low-cost, budget, or discount airlines while maintaining products usually associated with traditional mainline carrier's services–which can increase operational complexity. These products include preferred or assigned seating, catering other items rather than basic beverages, differentiated premium cabins, satellite or ground-based Wi-Fi internet, and in-flight audio and video entertainment. In Iry useful.ndia, especially for regional connectivity, low cost airlines and airports can be very helpful.

Greenfield airports: Greenfield airport is a new airport which is constructed on an undeveloped site. As per the Government of India's Policy on Airport Infrastructures issued in December, 1999, No Greenfield airport will normally be allowed within a distance of 150 kms from the nearest existing airport. Greenfield airports like Hyderabad and Bangalore. Recently center approved the project of four green field airport in 28$^{th}$ Dec 2015 one in Gujarat at Dholera, three in Andhra Pradesh at Bogapuram,Kurnool, Nellore.

Civil Aviation Policy 2016 also encouraged the development of greenfield airports.

100% Foreign Direct Investment (FDI) is permitted for Greenfield airport projects under the automatic route.

PPP in aviation: Inadequate infrastructure capacity to meet growing demand at the time-In the early 90's the government and Airport Authority of India (AAI) had invested substantial resources in the development of airport and navigation services infrastructure. However, this was a significant strain on Government finances, more so as the aviation sector had not taken off. This gap in supply-demand necessitated the influx of private capital to build capacity and drive traffic.

The benefits are now percolating down to airports in smaller cities across India.

High growth in aviation, and market will be expanded considerably by the year 2030 (IATA projections).

This high growth will be propelled by the immense demand from developing nations.

Hence, aviation sector investments have become a global phenomenon rather than a local subject.

Keeping this in mind, ICAO(International Civil Aviation Organization) should bring out norms for PPP projects to further promote and de-risk investments into infrastructure development while achieving the primary objective of safe and secure environment in the industry worldwide. This would reduce regulatory ambiguity and encourage the globally reputed players to invest in the much needed airport infrastructure across the globe, particularly in emerging countries.

**Hybrid Till:** While ICAO currently recognises the significance of hybrid till as part of its guideline on regulatory mechanism, the current guidelines leave this key decision for each State.

**FDI in domestic industry:** Foreign direct investment (FDI ) limit in scheduled commercial airlines has recently been raised to 100 percent from 49 per cent. Foreign airlines, though, are barred from holding equity stake in Indian carriers above 49 percent. foreign investors can pick up 100 percent FDI in existing airports under the 'automatic route'– a change from present regime where foreigners needed government approval if they wanted to raise equity stake in airport projects from 74 per cent to 100 percent.

As per the present FDI policy, foreign investment up to 49 percent is allowed under automatic route in scheduled air transport service/domestic scheduled passenger airline and regional air transport service. It has now been decided to raise this limit to 100 percent, with FDI up to 49 percent permitted under automatic route and FDI beyond 49 percent through government approval

FDI policy for airports has been relaxed to aid their modernisation. With a view to aid in modernisation of the existing airports to establish a high standard and help ease the pressure on the existing airports, it has been decided to permit 100 percent FDI under automatic route in brownfield airport projects 5:20 rule says that before an airline is allowed to fly abroad, it must be at least 5 year-old and must have at least 20 aircraft in its fleet. This implies that a domestic airline needs to have a fleet of 20 aircraft and operational experience of 5 years to start international operations.

**Rationale behind 5/20 rule:** This rule is in India only and the logic behind having such rule was that the domestic airlines must attain enough maturity and capability before they go international.

**Implications:** Because of this policy, the government allowed any foreign carrier to offer services here while younger domestic carriers were denied permission to fly overseas. Thus, it did not allow to create a genuinely competitive environment within the country. Despite having bilateral air services agreements with more than 100 countries, India was unable to utilize its full potential. So there was a demand from new players to scrap this rule. However, the incumbent airlines supported this rule to avoid competition from new players.

Change: In Civil Aviation Policy 2016, it was changed to 0:20 *i.e.,* an airline is allowed to fly abroad, only if it has at least 20 aircraft in its fleet.

## 1.52. INLAND WATET TRANSPORT DEVELOPMENT

Inland water transport (IWT) represents a significant resource for India. The total length of navigable waterways in India is about 14,500 kms of which 5,700 kms are navigable by mechanically propelled vessels. The country has about 6,000 kms of coastline dotted with a number of minor and major ports. The major benefits of IWT are: cheaper mode of transport, safe and energy efficient, more environmentally friendly and causes least $CO_2$ emission. Diversion of a part of the cargo from road to IWT will decongest the roads, reduce accidents and substantially reduce the line cost, transportation and fuel cost.

The Inland Waterways Authority of India (IWAI), created in 1986 is responsible for development and regulation of inland waterways for shipping and navigation. The Inland Waterways Authority of India Act, 1985 empowers the Government to declare waterways with potential for development of shipping and navigation as National Waterways and develop such waterways for efficient shipping and navigation. Five national waterways have been declared so far.

Constraints in development of IWT

**Diversion of river water for irrigation:** Volume of water in the rivers has lessened on account of construction of canals for irrigation purposes.

Deforestation of hill ranges leading to erosion, accumulation of silt in rivers.

Insufficient depths throughout the stretch of navigable waters. For example, the peninsular rivers depend on rainfall for their volume of water. During dry season, navigation is difficult.

Most of the large rivers of the country enter the sea through shallow sand choked delta channels. Thus navigation is hampered unless dredging is done.

Non availability of adequate navigational aids resulting in unsafe passage and high travel time.

Lack of adequate terminal facilities at the loading and unloading points.

Lack of investment for the creation of infrastructure, modernization and lack of efficient operators.

Fuel cost is another factor. The barges run on high-speed diesel, the same fuel used by trucks. If diesel prices soar, it will be disadvantageous.

Environmentalists have criticized the move to construct dams for promoting IWT as it will have an adverse impact on the ecology

**Suggestions to develop IWT:**

There is a need to give adequate financial support for operationalising these waterways. 12th FYP allocated only 1500 cr. Government should come out with comprehensive projects for development of IWT and fund allocations for the same should be made accordingly.

In Budget 2014-15 the following proposal was made:– There should be development of inland waterways to improve the capacity for the transportation of goods. A project on the river Ganga called 'Jal Marg Vikas' (National Waterways-I) will be developed between Allahabad and Haldia to cover a distance of 1620 kms, which will enable commercial navigation of at least 1500 tonne vessels. The project will be completed over a period of six years at an estimated cost of ` 4,200 crore.

Interlinking waterways and ports with coastal shipping – for example Ganga– Brahmaputra – Sunderbans river system can be integrated with Haldia and Kolkata ports. This will have a domino effect of development of that area, and also relieve pressure on the land based modes.

Increasing the role of private sector in development of infrastructure and services in IWT sector on PPP basis. 12th FYP mentions that there should be an increased investment from private sector in the IWT sector. Private sector can increase involvement in operations of vessels for cargo and passenger movement, construction and operation of terminals, fairways and river ports, setting of IWT training institutions.

Container mode of transport should be promoted in the area using multi-modal transit route through Bangladesh, which may ease the transport of essential commodities to the North Eastern states. An inland water transport transit and trade protocol already exists between India and Bangladesh for NW-II. The government should strive further to promote connectivity with Bangladesh.

## 1.53. BHARAT NET PROJECT

National optical fiber Network (NoFN) has been renamed as Bharat NET. National Optical Fibre Network (NOFN) is an ambitious initiative to trigger a broadband revolution in rural areas. NOFN was envisaged as an information super-highway through the creation of a robust middle-mile infrastructure for reaching broadband connectivity to Gram Panchayats

Vision of BharatNet: Broadband is the infrastructure of the future. The aspirations of a rising India led by its demographic dividend require a robust and reliable backbone of broadband across India. In a country which is transiting from backwardness to progress on social and economic fronts,affordability of broadband to serve the needs of all is a central policy objective

**History of NOFN:** The concept note for NOFN was first considered by the Telecom Commission on June 16, 2011. The Government approved the proposal for NOFN on October 25, 2011. NOFN was conceived as a project for connecting Block Headquarters (BHQs) to GPs by using existing fibre of Central Public Sector Undertakings (CPSUs) – Bharat Sanchar Nigam Limited (BSNL), RailTel Corporation Limited (RailTel) and Power Grid Corporation of India Limited (PGCIL) and laying incremental fibre to bridge the connectivity gap up to the Gram Panchayats (GP).

The incremental OFC so laid was to be owned by the Government and the ownership of the existing fibre was to be continued to be vested with the current owners.

**Challenges and issue in NOFN:** The network was supposed to be commissioned in 2 years It has reached only around 5000 GPs.

Costs of implementation has gone up significantly.

There are lots of design and technology challenges.

## 1.54. MEDICAL TOURISM

Medical tourism is defined as travel by an ill person to another country for medical care and well-being, rehabilitation and recuperation. This has been growing rapidly since the year 2000 when the hospitals in Far East -Thailand and Singapore - started to aggressively market their services. This segment is fast becoming a worldwide, billion dollar industry.

**Potential in India:** Traditionally patients from neighbouring countries in SAARC region have always been coming to India and in 1980s patients from Middle East frequented hospitals in Mumbai, but the large inflow of patients from Africa and even the developed world like Europe, Canada, UK and USA has picked up only in the last five years. Medical tourism, especially in India has various fields of medicine. They are classified as follows:

**Modern/Allopathy Medicine:** In addition to oral medication, it includes surgeries like -joint replacements, organ transplants, diagnostic tests, cosmetic surgeries, multi-specialty care and treatment of Infertility, Hematology or diseases related to blood and blood vessels. Furthermore, it also encompasses, dental implants and orthodontic care, laser hair removal, hair transplant and lastly, spa and beauty treatments.

**Ayurveda:** Ayurveda has been a unique health care system indigenous to the country since 600 BC. Ayurveda is a branch of medicine, completely based on a “naturalistic system”, depending on the diagnosis of the body’s ailments to achieve the right balance.

**Yoga:** It is a physiological and spiritual discipline, comprising of a secular and scientific methodology to experience the integration of the mind-body-spirit. India is known as the country where Yoga and Meditation are a way of life.

Other Alternative Medicines includes Homeopathy, Naturopathy, Meditation and Music Therapy, Aroma Therapy, Pranic Healing and Reiki.

**Current Scenario of Medical Tourism in India:** India receives medical tourists from across the globe, however developing and underdeveloped countries form a major portion of the pie.

Bangladesh accounts for the highest number of medical tourists owing to the lack of quality healthcare infrastructure and unavailability of skilled manpower in their country.

The leading destinations of medical tourism in the country are Andhra Pradesh, Karnataka, New Delhi, Kerala, Tamil Nadu, and Maharashtra. Due to the establishment of some of the earliest medical schools in the southern states of India, healthcare infrastructure available here is of high standards. This also resulted in the creation of a pool of clinical schools and entrepreneurial skills made available to the medical tourism industry to help facilitate growth at a faster pace than the rest of the states.

India is poised to become the hub for medical tourism because

(*a*) Today India has world class hospitals that have the latest technologies which match with those found in hospitals of developed economies. Further, top-of the-line medical and diagnostic equipment from global international conglomerates is available at many Indian hospitals.

(*b*) Indian physicians and surgeons are highly skilled and are amongst the best in the world.

(*c*) The cost of treatment is a fraction of the cost in the West.

(*d*) Quality nursing care. v. Minimal waiting period for patients for undergoing various procedures.

(*e*) As the number of uninsured people and those with high deductibles continues to go up, many of them opt to be treated outside their native land, where they can manage to pay for the treatments. Medical Tourism in India offers low cost, or cost effective medical treatment with no waiting lists and accessibility of skilled and renowned medical experts, allowing medical tourists from all over the world an easy access.

**Benefit of Medical Tourism to India: Foreign Earning:** Growth of Medical Tourism is likely to help India earn valuable foreign exchange and create a large number of new jobs in the healthcare sector. The companions who accompany the overseas patients also spend money on tourism and wellness services in India, which helps the economy to grow. Other benefits include:

— Cost advantage in tariff over the developed countries
— Strategic alliances with business partners within and outside the country.
— Technology and knowledge transfer
— Employment opportunities in the industry
— Scope for Research and Development to offer comprehensive medical solutions
— International acceptance of country as a global healthcare provider
— Brand image of nation as a world class healthcare destination
— Social and cross cultural experience and International customer relations
— Increase in efficiency of patient care process, cutting edge treatment
— Better coordination among the partners *i.e.* hospital and hospitality industry

An assessment done by IMTA has estimated that the patient arrival to India is presently growing at greater than 30% annually i.e., an estimated 4.5 lakh patients come to India every year for medical treatment. About 60 top Indian private hospitals in 10 cities of India which have international air/flight connectivity attract international patients.

**Challenges of Medical Tourism Sector:**

— Low coordination between various players in the industry–airline operators, hotels and hospitals.

— Strong competitions from many other players.

— Lack of uniform pricing policies across hospitals

— Lack of insurance policies for this sector.

— Customer perception as an unhygienic country

— Low investments in health infrastructure.

— Middle men with little or no knowledge and training to manage patient are playing havoc.

**Government Support for Medical Tourism:**

India's National Health Policy declares that treatment of foreign patients is legally an "export" and deemed "eligible for all fiscal incentives extended to export earnings."

Benefits under the market development assistance scheme: Medical tourism service providers, who are approved by the Ministry of Tourism, receive fiscal support under the Market Development Assistance Scheme (MDA)

**Separate category of visa:** In order to attract a large quantum of medical tourists, the government has introduced a separate category of medical visa: M-visa.This visa can be extended for additional 12 months beyond the one year issue period. A no-hindrance-clearance has been provided for medical tourists at the airports

**Improving the quality of services:** For the accreditation of hospitals, the Ministry of Health and Family Welfare has set up a National Accreditation Board for Hospitals, under the Ministry of Commerce

**Tourism circuits:** The new government's manifesto includes plans to build 50 tourism circuits, along with a medical circuit connecting hubs of modern medicine and ayurveda

**Way Forward:**

I. India should position itself as one of the best providers of high end treatments like cardiac surgery, orthopaedic, spinal work and cancer care.. Need exists to undertake aggressive and focused overseas marketing to make the potential market aware of the unmatched cost and quality offered by Indian healthcare.

II. Specific road shows be organised in potential markets in association with the hospitals and local operators promoting medical tourism.

III. The Medical Visa Scheme and the immigration process which is cumbersome and inconvenient to patients coming to India for treatment, needs to be streamlined for this category of travellers.

IV. To focus on language training for select countries from where tourists are coming in larger numbers.

V. Enhance competitive advantage with lesser waiting time for treatment.

VI. To provide for brighter prospects for the industry, the hospitals can also acquire international accreditation, integrate traditional and clinical treatments and offer end-to-end value added services.

## 1.55. REFUGEE CRISIS

**UNHCR's annual Global Trends Report:** World at War, released recently said that worldwide displacement was at the highest level ever recorded.

The number of people forcibly displaced at the end of 2014 had risen to a staggering 59.5 million compared to 51.2 million a year earlier and 37.5 million a decade ago.

Globally, one in every 122 humans is now either a refugee, internally displaced, or seeking asylum.

**Reasons:** Since early 2011, the main reason for the acceleration has been the war in Syria, now the world's single-largest driver of displacement.

Meanwhile, decades-old instability and conflict in Afghanistan, Somalia and elsewhere means that millions of people remain on the move or stranded for years on the edge of society as long-term internally displaced or refugees.

One of the most recent and highly visible consequences of the world's conflicts and the terrible suffering they cause has been the dramatic growth in the numbers of refugees seeking safety through dangerous sea journeys, including on the Mediterranean, in the Gulf of Aden and Red Sea, and in Southeast Asia.

Syria is the world's biggest producer of both internally displaced people and refugees

Afghanistan and Somalia are the next biggest refugee source countries.

Almost 9 out of every 10 refugees (86 percent) are in regions and countries considered economically less developed.

In the EU, the biggest volume of asylum applications was in Germany and Sweden. The largest proportion of migrants are Syrians in Turkey and Ukrainians in the Russian Federation.

Iran and Pakistan remained two of the world's top four refugee hosting countries.

Americas also saw a rise in forced displacement.

**Consequences of Refugee Crisis:**

People fleeing their countries land in the hands of trafficking gangs and smugglers for transportation in the absence of safe passage in neighboring countries.

Refugees attempting to cross oceans are drowned in hundreds and die.

Infrastructure and administration in neighbouring countries is falling apart in the absence of any humanitarian aid.

In case of Lebanon and Jordan, the economies are suffering due to influx of migration. Unemployment rates have soured in all surrounding region. It resulted in hostile attitude towards refugees.

**Response to the Crisis:**

Powerful nations, which often send bombers to poorer countries to "solve" their domestic problems, as the North Atlantic Treaty Organization did in Libya in 2011, are not as forthcoming when they face refugee crises and poverty.

The international community's response to the crisis remains dismal: only 23% of the UN humanitarian appeal for Syria's refugees was funded as of June 2015. As a result of this funding shortage,aid agencies have repeatedly had to reduce financial assistance to refugees.

The Regional Refugee and Resilience Plan 2015-2016 (3RP),issued at the end of 2014, is a regional strategy that brings together host Governments and around 200 humanitarian and development partners to support nationally-led response plans for the five main Syrian refugee host countries.

**Solutions:**

An international summit on the global refugee crisis focused on increasing international responsibility and burden-sharing;

— Global ratification of the Refugee Convention
— Develop robust domestic refugee systems
— Combat trafficking

## 1.56. TERRORISM IN EUROPE AND MUSLIM YOUTH

Terrorists are targeting European countries very frequently. *e.g* Recent terror strike in Brussels and France by muslim youth.

**Challenges faced by the EU:**

1. EU is facing challenge of Islamic terrorism especially from isis in recent times.
2. **Migration:** Recent refugee crisis bas made EU vulnerable to these attacks which EU as a whole failed to sort out.
3. **Economic condition:** Poverty is creating fertile ground for the recruitments in terror organisations faced both by EU. Inequality is rising and unfortunately Muslims are facing more of it.
4. **Social factor:** resentment in Muslims is increasing due to ongoing war in Arab world and also due to discrimination they faced in day to day life. It is seen for the first time that highly educated youth, school children are crossing over to Syria and Iraq from all over the world and participating in war.
5. **Global scenario:** When isis has become the largest terror organisations now it is easier for country specific terrorist organisations to unite and carry out the attacks.

## 1.57. BREXIT(BRITAIN'S EXIT FROM EUROPEAN UNION) REASONS AND IMPLICATIONS

The European Union - often known as the EU-is an economic and political partnership involving 28 European countries (click here if you want to see the full list). It began after World War Two to foster economic co-operation, with the idea that countries which trade together are more likely to avoid going to war with each other.

It has since grown to become a "single market" allowing goods and people to move around, basically as if the member states were one country. It has its own currency, the euro, which is used by 19 of the member countries, its own parliament and it now sets rules in a wide range of areas - including on the environment, transport, consumer rights and even things such as mobile phone charges.

**Why is Britain leaving the European Union?**

One of the major concerns of British people is immigration leading to economic and social issues.

Britons felt less benefitted as compared to other European citizens.

A referendum-a vote in which everyone (or nearly everyone) of voting age can take part - was held on Thursday 23 June, to decide whether the UK should leave or remain in the European Union. Leave won by 52% to 48%.

**Implications**

PM David Cameroon resigned and Theresa May became the new PM.

The UK economy appears to have weathered the initial shock of the Brexit vote, although the value of the pound remains near a 30-year low, but opinion is sharply divided over the long-term effects of leaving the EU.

Britain also lost its top AAA credit rating, meaning the cost of government borrowing will be higher. But share prices have recovered from a dramatic slump in value.

**When will Britain actually leave it?**

For the UK to leave the EU it has to invoke an agreement called Article 50 of the Lisbon Treaty which gives the two sides two years to agree the terms of the split. Theresa May has said she intends to trigger this process by the end of March 2017, meaning the UK will be expected to have left by the summer of 2019, depending on the precise timetable agreed during the negotiations.

## 1.58. WOMD RACE (N. KOREA RECENT HYDROGEN AND ICBM TEST)

North Korea's internationally isolated regime is a heavily militarized state with a huge standing army of 1.2 million active soldiers and 7.7 million reservists.

But its conventional weaponry is dated, with limited effectiveness, and it has looked to developing its nuclear capabilities to project power internationally.

The country declared it had nuclear weapons in 2003, and conducted nuclear tests in 2006, 2009 and 2013.

In May last year, it said it had the ability to miniaturize nuclear weapons, a development that would allow it to deploy nuclear weapons on missiles.

North Korea says it has successfully carried out a hydrogen bomb test.

It has tested a number of ballistic missiles, including some launched from a submarine and three more launched from land.

Previous Security Council resolutions prohibit North Korea from conducting nuclear tests and launching ballistic missiles. After North Korea's test in January, the council imposed a round of sanctions two months later.

The sanctions included banning Pyongyang from exporting most of its natural resources, prohibiting the supply of aviation fuel and the sale of small arms to North Korea, and requiring the inspection of all North Korean planes and ships carrying cargo abroad.

South Korea is negotiating an expected deployment of a US missile defense system.

## 1.59. AIIB

The Asian Infrastructure Investment Bank (AIIB) is an international financial institution that aims to support the building of infrastructure in the Asia-Pacific region. The bank has 57 member states (all "Founding Members") and was proposed as an initiative by the government of China.The initiative gained support from 37 regional and 20 non-regional Prospective Founding Members (PFM), all of which have signed the Articles of Agreement that form the legal basis for the bank. The bank started operation after the agreement entered into force on 25 December 2015.

The capital of the bank is $100 billion, equivalent to 2/3 of the capital of the Asian Development Bank and about half that of the World Bank.

The bank was proposed by China in 2013 and the initiative was launched at a ceremony in Beijing in October 2014.

The bank's governance structure is composed of the Board of Governors as the top-level and highest decision-making body. It is composed of one governor for each member state of the bank and in principle meets once a year. The board of directors, composed of 12 governors, each representing one or more member is responsible for daily operations and tasks delegated to it by the board of governors. Nine of those members are from within the Asia-Pacific region and three representing members outside the region.

Of the non-regional directors, 1 constituency is made up of EU member states having the Euro as their currency, and 1 from other European countries.

**Objectives:**

The real motives of China behind setting up Asian Infrastructure Investment Bank (AIIB) are as follows:

1. **Making huge amount of profit:** China has a huge amount of forex reserves. Since China is contributing around 50 percent in the total capital base of the bank, it will receive corresponding share in the total interest income earned by the bank on the investments made by it.
2. **Help in Maritime Silk Policy:** AIIB will finance rail-road-ports infrastructure along the ancient silk route.

   Thus, itll help Chinas maritime Silk policy.
3. **Countering US-Japan dominated IMF and ADB:** Chinese voting power in IMF is only 1/3$^{rd}$ of that of USA. In ADB too, its share is low. So AIIB will help popularise Yuan.

## 1.60. NDB

The New Development Bank (NDB), formerly referred to as the BRICS Development Bank, is a multilateral development bank established by the BRICS states (Brazil, Russia, India, China and South Africa). According to the Agreement on the NDB, "the Bank shall support public or private projects through loans, guarantees, equity participation and other financial instruments." Moreover, the NDB "shall cooperate with international organizations and other financial entities, and provide technical assistance for projects to be supported by the Bank."

The Agreement on the NDB specifies that the voting power of each member will be equal to the number of its subscribed shares in the capital stock of the bank.

The bank is headquartered in Shanghai, China. The first regional office of the NDB will be opened in Johannesburg, South Africa.

Main objectives of the NDB can be summarized as follows:

Promote infrastructure and sustainable development projects with a significant development impact in member countries.

Establish an extensive network of global partnerships with other multilateral development institutions and national development banks.

Build a balanced project portfolio giving a proper respect to their geographic location, financing requirements and other factors.

The BRICS New Development Bank is planning to give a priority to projects aimed at developing renewable energy sources. The Bank wants to cooperate with other institutions in accelerating 'green' financing expansion and promoting environment protection. NDB is planning to finance one project from each member state with the money raised via its first bond issue.

The NDB has expressed interest in funding projects that conform to high environmental standards, including those in the field of infrastructure, such as energy, railways and highways in the future. At the same time, one of the key strategies of the bank will be financing profitable projects (bankable) with return on capital.

## 1.61. IMF REFORMS

International Monetary Fund's (IMF's) long-pending 2010 Quota and Governance Reforms have finally become effective. These reforms are the biggest change in the governance of the

IMF (lender of last resort) since it was established after World War II in 1945 after the Bretton Woods Conference. Key facts : Gives boost the representation of emerging economies like India, China, Brazil, Russia and increases their power and greater say in IMF. India's voting rights increased by 0.3% from the current 2.3% to 2.6%. China's voting rights increased by 2.2% from current 3.8% to 6 %. These reforms shifted more than 6% of the quota shares to emerging and developing countries from the US and European countries. Russia and Brazil also have gained from the reforms. The combined quotas or the capital resources of IMF also have doubled due to reforms to $659 billion from current $329 billion. The doubling of quotas means that the shares (roles) of advanced European and Gulf countries have been reduced and that of emerging nations particularly China has been increased. China will have the 3rd largest IMF quota and voting share after the US and Japan. While, India, Russia and Brazil will also be among the top 10 members of the IMF. The voting power and quota shares of IMF's poorest member countries will be protected. Under the reform, for the first time IMF's Executive Board will consist entirely of elected Executive Directors and it ends category of appointed Executive Directors.

**Earlier Scenario:** Currently, US, Japan, France, Germany, Italy, United Kingdom, Canada and Saudi Arabia are among the top ten members of the IMF. While, the member countries with the 5 largest quotas appoint an Executive Director.

**Background:** The reforms were agreed upon by the 188 members of the IMF in 2010 in the aftermath of the global financial meltdown. However, there implementations were delayed due to the time taken by the US Congress to approve the changes. But, were finally approved by the US Congress in December 2015.

## 1.62 GLOBAL SLOWDOWN IN DEMAND

The World Bank in its report on global economic prospects has cut global growth forecast to 2.4% in 2016 and at 2.8% in 2017.

**Causes:**

1. **China factor:** The global manufacturing hub is facing slowdown as it is moving towards second pahse of development i.e export oriented to consumer led.
2. **EU Crisis:** Eu have been facing crisis due to Greek bailout and high inequality within EU.
3. **Middle east:** It could have been potent market but it embroiled in instability.
4. **International conflict:** Iran have been facing sanctions thus affecting trade of other countries.
5. **WTO talks:** Ffailed WTO talks for free trade has not been able to link surplus and deficit region.
6. **Rise of 2nd cold war:** Russia has been facing embargo, china - U.S rivalry is on rise hence countries influencing restricting other countries like Russia still have major control in central Asia policies.
7. **Internal structural problem:** Countries like India (17% population) have internal problem where rate cur is failing to reach household due to bank reluctance, hence demand is not increasing.
8. Fall in oil prices → contractory policy → weakening demand.
9. **De-Indutralization:** Devloped countries are focussing on capital intensive techincs hence the employment in labour intensive industries is decreasing.

## 1.63 FALL IN CRUDE OIL PRICE

The main reasons behind the fall in global oil prices are:

- Weak demand in many countries such as Eurozone, Japan and China due to low economic growth, increased efficiency, and a growing switch away from oil to other fuels.
- The shale and fracking induced boom in the U.S. has pushed crude oil production to a 27-year high. U.S. dependence on petroleum imports has decreased by half since 2005. This has added to the market surplus.
- Organisation of Petroleum Exporting Countries (OPEC), which accounts for about 40 per cent of global oil output, is determined not to cut production as a way to prop up prices. Oil output is rising on account of the US shale boom. OPEC members are apprehensive that US will take over their market share. So keep US out of competition, they are deliberately keeping the oil prices low by not cutting the production.
- Turmoil in Iraq and Libya, two big oil producers, has not affected their output.

**Global Impact of Falling Crude Oil prices:**

- Low oil prices are a problem for oil producers like Russia and Venezuela which are in turmoil and their economies are in deep trouble.
- Large oil consumers such as US, China, Japan and India are being benefitted in the form of large savings from falling oil prices.
- Saudi Arabia and the middle-east producers will probably see sizeable deficit in revenues from oil, which could drain their forex reserves substantially. This will result in economic slowdown in these countries.
- Geopolitical importance of Middle East countries would reduce if the fall in oil prices continues. There can be domestic political instability in these countries.

**Positive Impact on India**

- Lower oil prices reduce pressure on the consumer who can spend the savings elsewhere, spurring the demand side of the economy.
- India, which is the fourth largest consumer of oil, is a big beneficiary of falling oil prices. The reduced prices will not only lower the import bill but also help save foreign exchange.
- It will reduce current account deficit (CAD) and if handled well it can be translated into economic growth.
- The subsidy burden for the government of India will decline significantly because of fall in crude oil prices, which will help contain fiscal deficit.
- Falling oil prices also helped the government decontrol diesel prices.
- Falling oil prices will cut down production cost of other essential items and thus will bring down overall inflation in the economy. This in turn would result in lower interest rates and greater investments.

**Negative Impact on India:**

- India's exports to oil producing economies could get impacted when the growth rates of those economies take a dip due to low oil prices.
- Apart from being the fourth largest oil importer, India is also the world's sixth largest petroleum product exporter. Fall in oil prices would hurt this segment of economy.
- There is a huge non-resident Indian presence in the Gulf. Their incomes could be affected if these oil-producing countries are hit. This will depress remittances from them to India.

- Lower oil prices may cause higher fuel consumption which in turn would worsen commuter woes as well as cause increased urban pollution.

## 1.64 WTO NEGOTIATIONS NAIROBI ROUNDS

The Tenth Ministerial Conference of the WTO was held in Nairobi, Kenya during 15-19 December 2015. This was the first such meeting to be hosted by an African nation. The agenda of this meeting was to take forward issues that were unresolved during last ministerial conference in Bali in 2013.

**The Nairobi Package:** After five days negotiations, a "Nairobi Package" was defined which contained a series of six ministerial decisions on agriculture, cotton and issues related to LDCs. These include a commitment to abolish export subsidies for farm exports". As per this package: Developed countries such as United States will need to eliminate the farm export subsidies immediately, except on a handful of agriculture products. The developing countries were allowed to end these export subsidies by 2018. The Developing countries were given flexibility to cover marketing and transport costs for agriculture exports until the end of 2023. Additional time was given to the poorest and food importing countries. This simply implied that India will not be able to offer export subsidies for sugar and other farm products after eight years. No final decision was taken on public stock-holding as well as Special Safeguard Mechanisms (SSM). The countries struck a deal on IT trade whereby, they would eliminate the tariffs on 201 IT products per year. The idea is to make all IT products duty-free by 2019.

**India's Concerns with Nairobi Package and Current Status:** India wanted public food procurement to be exempted from subsidy reduction deals under WTO norms, which say public stockholding must not exceed 10 percent of the value of food grains produced. India's argument was that it should have permanent freedom instead of a temporary peace clause to use its food reserves to feed its poor without the threat of violating any international obligations. This issue remains unresolved so far. Further, India wanted to get the Doha Development Agenda reaffirmed. Towards this, India also had given a written submission to Director General WTP and chair of 10th ministerial conference. But WTO seemed to leave it where it was and move on. This was a setback for India.

In line with economic slowdown in China, the People's Banks of China devalued yuan by 2 per cent against the US dollar. Devaluation was done based on a new way of managing the exchange rate that better reflected market forces which differs greatest from the one introduced at the start of 1994. Devaluation was done with an aim:

To encourage export through devalued yuan. To support domestic demand and to help Chinese firms to borrow and invest abroad. To encourage foreign firms and governments to make greater use of the currency.

**Immediate Reason of Devaluation:** Exports tumbled due to weaker demand from its trading partners. Steep drop in the Shanghai and Shenzhen stock markets were witnessed in late June and early July due to weaker consumer demand within China and drop in sales in Automobile sector.

**Impact on other economies:** Following Yuan devaluation, a number of emerging market (EM) currencies, including the rupee, fell and their stock markets came under severe strain. This devaluation has exposed the vulnerability of a number of the Asian economies that had built up massive stocks of foreign currency debt or had seen their domestic bonds being lapped up by investors in the Western world stuck with extremely low interest rates. The sharp fall in yuan has also raised fears of cheaper Chinese goods hurting the sales of domestically manufactured products in many countries.

India's export sectors that could be affected include textiles and garments, where China has been losing competitiveness over the years. Then there is an impact on Indian firms with a China exposure. Shares of Indian metal companies have fallen sharply on concerns over cheaper Chinese imports. This devaluation is expected to make Indian exports expensive and widen the trade deficit with the neighbouring nation. There could be concerns for banking sector stocks.

**Way forward:**

There is a need for a global panel to keep a check on such fluctuations that affect the global market.

Some limits should be placed on all the nations so that they don't play with the international market because of their own concern.

## 1.65. ADD

An anti-Dumping duty (ADD) is a tariff that a country uses to protect its domestic producers from cheap imports. This situation occurs when in domestic market any item imports at price less than even cost of production. Government imposes ADD on foreign Imports under the Multilateral World Trade Organization (WTO).

Anti dumping measures do not provide protection to the domestic industry. It only serves the purpose of providing remedy to the domestic industry against the injury caused by the unfair trade practice of dumping. In fact, anti dumping is a trade remedial measure to counteract the trade distortion caused by dumping and the consequential injury to the domestic industry e.g., Indian government imposed an anti-dumping duty of equal to $149 on N-Butyl from five countries like Malaysia, European Union, Singapore and the U.S.

Anti-dumping duti1es were imposed by Indian government on imported Chinese auto parts used in commercial vehicles.

The Union Government has extended anti-dumping duty on import of certain Chinese products, used in garment, toys and footwear manufacturing, for another five years i.e., till 2021.

**High ID and CVD imposed:**

Countervailing Duty (CVD) or anti-subsidy duties are trade import duties imposed under World Trade Organization (WTO) rules to neutralize the negative effects of subsidies. They are imposed after an investigation finds that a foreign country subsidizes its exports, injuring domestic producers in the importing country. According to World Trade Organization rules, a country can launch its own investigation and decide to charge extra duties, provided such additional duties are in accordance with the GATT Article VI and the GATT Agreement on Subsidies and Countervailing Measures. e.g., In 2013, US Department of Commerce started investigating a countervailing duty (CVD) investigation against India and six other countries on export of shrimp. Because the (domestic) American shrimp industry had complained that Indian Government provides lot of incentives, subsidies and tax reliefs to Indian shrimp exporters, so US Government should impose a CVD on the shrimps imported from India.

Import duty (ID) is a tax imposed on imported/exported goods; collected by the union govt.

Subsidies have been provided widely throughout the world as a tool for realizing government policies, in such forms as grants (normal subsidies), tax exemptions, low-interest financing, investments and export credits.

**Subsidies as barriers to Trade:** Although governments articulate ostensibly legitimate goals for their subsidy programmes, it is widely perceived that government subsidies may give excessive protection to domestic industries. In such cases, subsidies act as a barrier to trade, by distorting the competitive relationships that develop naturally in a free trading system. Exports of subsidized products may injure the domestic industry producing the same product in the importing country. Similarly, subsidized products may gain artificial advantages in third-country markets and impede other countries' exports to those markets.

## 1.66. FOURTH INDUSTRIAL REVOLUTION

As described by the founder and executive chairman of WEF, Klaus Schwab, "the fourth industrial revolution is a technological revolution that will fundamentally alter the way we live, work and relate to one another".

Background: $1^{st}$ industrial revolution: The first Industrial Revolution began in Britain in the last quarter of the $18^{th}$ century with the mechanisation of the textile industry, harnessing of steam power, and birth of the modern factory. $2^{nd}$ industrial revolution: The Second Industrial Revolution, from the last third of the nineteenth century to the outbreak of World War I, was powered by developments in electricity, transportation, chemicals, steel, and mass production and consumption. Industrialization spread even further – to Japan after the Meiji Restoration and deep into Russia, which was booming at the outset of World War I. During this era, factories could produce countless numbers of identical products quickly and cheaply. $3^{rd}$ industrial revolution: The third industrial revolution, beginning 1970, was digital — and applied electronics and information technology to processes of production. Mass customisation and additive manufacturing — the so-called '3D printing' — are its key concepts, and its applications, yet to be imagined fully, are quite mind-boggling.

**How different will be the $4^{th}$ industrial revolution?**

There are three reasons why today's transformations represent not merely a prolongation of the Third Industrial Revolution but rather the arrival of a Fourth and distinct one: velocity, scope, and systems impact.

The speed of current breakthroughs has no historical precedent. When compared with previous industrial revolutions, the Fourth is evolving at an exponential rate rather than at linear pace.

Moreover, it is disrupting almost every industry in every country. And the breadth and depth of these changes herald the transformation of entire systems of production, management, and governance.

The $4^{th}$ revolution will be characterized by the advent of cyber-physical systems which, while being reliant on the technologies and infrastructure of the third industrial revolution, represent entirely new ways in which technology becomes embedded within societies and even our human bodies. Examples include genome editing, new forms of machine intelligence, and breakthrough approaches to governance that rely on cryptographic methods such as block chain.

Hence, it can be said that the $4^{th}$ industrial revolution is conceptualised as an upgrade on the third revolution and is marked by a fusion of technologies straddling the physical, digital and biological worlds.

**How does mankind benefit from this?**

Like the revolutions that preceded it, the Fourth Industrial Revolution has the potential to raise global income levels and improve the quality of life for populations around the world.

By gaining access to the digital world, consumers will be benefited in several ways. With the advent of new technology, we get to more and more efficient products.

In the future, technological innovation will also lead to a supply-side miracle, with long-term gains in efficiency and productivity.

Transportation and communication costs will drop, logistics and global supply chains will become more effective, and the cost of trade will diminish, all of which will open new markets and drive economic growth.

**Challenges posed by this revolution:**

Economists have pointed out that the 4th revolution could yield greater inequality, particularly in its potential to disrupt labour markets.

As automation substitutes for labour across the entire economy, the net displacement of workers by machines might exacerbate the gap between returns to capital and returns to labour.

With this revolution, it is also possible that in the future, talent, more than capital, will represent the critical factor of production. This will give rise to a job market increasingly segregated into "low-skill/low-pay" and "high-skill/high-pay" segments, which in turn will lead to an increase in social tensions.

In addition to being a key economic concern, inequality represents the greatest societal concern associated with the Fourth Industrial Revolution. The largest beneficiaries of innovation tend to be the providers of intellectual and physical capital—the innovators, shareholders, and investors—which explains the rising gap in wealth between those dependent on capital versus labour.

**What will be the impact on the government?**

As the physical, digital, and biological worlds continue to converge, new technologies and platforms will increasingly enable citizens to engage with governments, voice their opinions, coordinate their efforts, and even circumvent the supervision of public authorities.

Simultaneously, governments will gain new technological powers to increase their control over populations, based on pervasive surveillance systems and the ability to control digital infrastructure.

On the whole, however, governments will increasingly face pressure to change their current approach to public engagement and policymaking, as their central role of conducting policy diminishes owing to new sources of competition and the redistribution and decentralization of power that new technologies make possible.

Ultimately, the ability of government systems and public authorities to adapt will determine their survival. If they prove capable of embracing a world of disruptive change, subjecting their structures to the levels of transparency and efficiency that will enable them to maintain their competitive edge, they will endure. If they cannot evolve, they will face increasing trouble.

**Impacts on national and international security:**

The Fourth Industrial Revolution will also profoundly impact the nature of national and international security, affecting both the probability and the nature of conflict.

The history of warfare and international security is the history of technological innovation, and today is no exception.

Modern conflicts involving states are increasingly hybrid in nature, combining traditional battlefield techniques with elements previously associated with non state actors.

As new technologies such as autonomous or biological weapons become easier to use, individuals and small groups will increasingly join states in being capable of causing mass harm.

This new vulnerability will lead to new fears. But at the same time, advances in technology will create the potential to reduce the scale or impact of violence, through the development of new modes of protection or greater precision in targeting.

The impact on people:

The Fourth Industrial Revolution will change not only what we do but also who we are. It will affect our identity and all the issues associated with it: our sense of privacy, our notions of ownership, our consumption patterns, the time we devote to work and leisure, and how we develop our careers, cultivate our skills, meet people, and nurture relationships.

Also, the revolutions occurring in biotechnology, which are redefining what it means to be human by pushing back the current thresholds of life span, health, cognition, and capabilities, will compel us to redefine our moral and ethical boundaries too.

How can we be prepared for the Fourth Industrial Revolution?

By providing universal access to affordable education and job training.

By continuing to ensure basic protection for workers as the changes take place. Governments have, along with the private sector, an obligation to strengthen these core protections.

By modernizing infrastructure. Governments have fundamental responsibilities to build roads, bridges, railways, ports, broadband. And all of this can have profound impact on economic growth, generating well-paying jobs and bringing opportunity to areas where it does not exist.

By having a more progressive tax code.

By expanding access to capital. Existing capital and the tools that support entrepreneurship should be made widely available to people who haven't had access to it before.

## 1.67. INTERNET OF THINGS (IOT)

Internet of Things (IOTs) is the next step in the evolution of the internet. It may be defined as a seamlessly connected network of intelligent systems developed by the interplay of software, telecom and electronic hardware without any human intervention. The IoTs will enable more 'things' or 'devices' or 'sensors' to be connected to the internet and will enhance consumer and business experience. IoT can be said to involved in three distinct stages:

(*a*) Sensors which collect data,

(*b*) Application which collects and analyses this data for further consolidation and,

(*c*) Transmission of data to the decision-making server.

Initially, a device was fixed with a Radio-frequency identification (RFID) chip that became its identifier in a network space just like an IP address for a computer on the Internet. Objects and people equipped with RFID identifiers, they could be managed and inventoried by computers. Later, the "tagging" of things was achieved through such technologies as barcodes, QR codes and digital watermarking. The next stage in the evolution of the Internet of Things is called the Web of Things. It is a technology in which objects are connected using the existing World Wide Web (WWW). While the Internet of Things uses technologies such as RFID, Zigbee, Bluetooth or 6 LoWPAN to connect objects together, the Web of things uses already well-accepted Web standards such as URI, HTTP, HTML 5, REST, Web feeds, Javascript etc. Although these technologies were created for desktop computers, the increase in speed and processing power of embedded devices makes this possible for use in various other devices. More recently the focus has shifted towards research in what is being called "chirp networks" which are networks of devices that use low-power radio to connect to the Internet. This is better because low power radios do not need to use Wi-Fi or Bluetooth and cost less.

**In India, the IoTs solutions can be used to address the following unique challenges:**

(*a*) Creation of smart cities characterised by intelligent systems including- Smart traffic management systems, smart grids, waste management systems, transport systems etc. like Songdo in South Korea where everything will be connected to everything else.

(*b*) Smart Water- setting up tools to (*a*) detect the quality of water (*b*) provide real time information on leakages (*c*) monitor water level variation in rivers and dams for more proactive disaster management

(*c*) Smart Environment- setting up tools for monitoring $CO_2$ emissions by factories/cars

(*d*) Smart Waste Management- setting up tool to assist the 'SWACH BHARAT' initiative such as systems which inform the municipal workers when trash containers are full.

(*e*) Smart Agriculture- setting up tools including systems for monitoring of soil moisture, earth density and pests and create an online update mechanism for farmers to enable precision farming operations.

(*f*) Smart Safety- setup tools such as wearable device for women, child and old people to ensure safety in public.

**Criticism:**

However, scholars and social observers have some reservations and doubts about approaching ubiquitous computing revolution. They claim that technology already influences our moral decision making, which in turn affects human agency, privacy and autonomy and caution against viewing technology merely as a human tool and advocates instead considering it as an active agent. Another criticism is that the Internet of Things is being developed rapidly without appropriate consideration of the profound security challenges involved and the regulatory changes that might be necessary. As the Internet of Things spreads widely, cyber attacks are likely to become an increasingly physical (rather than simply virtual) threat. Others fear that the IoT has the ability to erode people's control over their own lives.

## MULTIPLE CHOICE QUESTIONS

**1.** How much FDI is allowed in the airlines now?

(*a*) 49% (*b*) 51%

(*c*) 78% (*d*) 100%

**2.** What Indian bank ia allowed to tie up with the BRICS promoted New Development Bank (NDB)?

(*a*) Yes bank (*b*) Kotak bank

(*c*) ICICI bank (*d*) Axis bank

**3.** GeM (Government e Marketplace) will be used by government buyers

(*a*) for online purchases of ` 50,000 or less

(*b*) for disposal of scrap

(*c*) for raising bonds

(*d*) to oversee operation of NSE

**4.** What is the latest repo rate as per RBI for the year 2016-17

(*a*) 5.5% (*b*) 6.25%

(*c*) 6.25% (*d*) 7.25%

**5.** Name of Indian elected as a Member of International Law Commission of UN in 2016?

(*a*) Aniruddha Rajput (*b*) Tejaswin Shawha

(*c*) Ishaat Hussain (*d*) Bideshwar Pathak

**6.** Who was first Indian to win the Nobel Prize?
(*a*) Pt. Jawaharlal Nehru (*b*) Rabindra Nath Tagore
(*c*) CV Raman (*d*) Mother Teresa

**7.** Number of Indian citizens who have won the Nobel prize?
(*a*) 3 (*b*) 4
(*c*) 5 (*d*) 7

**8.** Cleanest tourist destination in India?
(*a*) Gangtok (*b*) New Delhi
(*c*) Slillong (*d*) Ooti

**9.** On which day International yoga day is celebrated?
(*a*) 20th May (*b*) 21st June
(*c*) 15th July (*d*) 21st August

**10.** When was the first World Tsunami Awareness Day observed across the world?
(*a*) 5.11.2016 (*b*) 20.7.2016
(*c*) 11.2.2016 (*d*) 1.1.2016

**11.** CAF Bill stands for
(*a*) Compensatory Afforestation Fund Bill
(*b*) Central Agricultural Finance Bill
(*c*) Complimentary Afforestation Finance Bill
(*d*) Casual Ability Financing Bill

**12.** Which state Chief Minister was confered 'Sustainable Development Leadership Award' by President of India
(*a*) Karnataka (*b*) Maharashtra
(*c*) Tamil Nadu (*d*) Sikkim

**13.** After Sikkim which state was declared "open Defecation Free" in 2016
(*a*) Punjab (*b*) Kerala
(*c*) Maharashtra (*d*) Himachal Pradesh

**14.** Which company in India is World's biggest telecom company in terms of data tarift?
(*a*) Reliance Jio (*b*) Airtel
(*c*) Vodafone (*d*) Idea

**15.** What is the target set an or renewable energy generation capacity by 2022?
(*a*) 100 GW (*b*) 150 GW
(*c*) 175 GW (*d*) 200 GW

**16.** Naval ship which saw an incident of gas leak
(*a*) INS Vikrant (*b*) INS Sidhu
(*c*) INS Vikramaditya (*d*) INS Sulabh

**17.** How many slabs have been decided by GST Council under the GST regime?
(*a*) 2 (*b*) 3
(*c*) 4 (*d*) 5

**18.** Which state will observe 2017 as Garib Kalyan Varsh?
(*a*) Haryana (*b*) Himachal Pradesh
(*c*) Bihar (*d*) Punjab

**19.** PSLV is related with

(*a*) Airlines training institute (*b*) Rocket launching site

(*c*) Navy ships repair centre (*d*) Financial set ups

**20.** Which was first Airlines to create world record for longest non-stop flight of 14.5 hours?

(*a*) Lufthansa (*b*) Korean Airlines

(*c*) Air India (*d*) Jet Airways

**21.** World's first hydrogen powered passenger train was unveiled by which country?

(*a*) Germany (*b*) France

(*c*) USA (*d*) Japan

**22.** ISRO plans to launch ............ satellites into the orbit on a single rocket in 2017.

(*a*) 5 (*b*) 13

(*c*) 42 (*d*) 83

**23.** On which day is observed as 'International Day of the Girl Child'?

(*a*) 11th October (*b*) 20th November

(*c*) 1st January (*d*) 14th November

**24.** Ambitious project planned to improve internet penetration in rural area

(*a*) Bharat Net (*b*) Future proof network

(*c*) Natural oftical Fibre Network (*d*) Gramin Net

**25.** First Indian Company to get RBI approval for debt recast under RBI's new scheme for sustainable structuring of stressed assets (S4A)?

(*a*) JP Associates (*b*) Hindustan Construction Company

(*c*) Birla Corporation (*d*) Jindal Power and Steel Limited

**26.** Date of celebration of World Food Day?

(*a*) 16th Oct. (*b*) 16th Nov.

(*c*) 16th Dec. (*d*) 16th Jan.

**27.** Word 'Mhadei' is in connection with

(*a*) Indian Navy Sailing Vessel (*b*) Air force fighter plane

(*c*) Kabaddi Player (*d*) Superfast bullet train

**28.** India's first LNG driven bus launched in which state?

(*a*) Maharashtra (*b*) Mysore

(*c*) Kerala (*d*) Tamil Nadu

**29.** Under which scheme Union Government plan to launch budget regional flights for small towns with low favour upto ` 2500.

(*a*) UDAN (*b*) Vayudoot

(*c*) CHIALI (*d*) HIMANSH

**30.** Ebola virus outbreak in 2013 occurred in ............

(*a*) West Africa (*b*) Mexico

(*c*) Guana (*d*) West Indies

**31.** Climate change conference ($COP_{20}$) in 2014 look place in

(*a*) Paris (*b*) Lima, Peru

(*c*) Pretoria (SA) (*d*) Los Angeles

**32.** The Flipkart–owned company which recently acquired Jabong frone Global Fashion group

(*a*) Lenovo (*b*) IBM

(*c*) Myntra (*d*) AN-32

**33.** Name of locally produced light combat aircraft inducted in IAF

(*a*) Tejas (*b*) Jeet

(*c*) Vayuyan (*d*) Vayuvahan

**34.** Name of indigenously-built heavy weight anti-sub marine torpedo formally handed over to Indian Navy

(*a*) Tejas (*b*) Varunastra

(*c*) Prashikshak (*d*) Jalpari

**35.** Name of operation aimed at evacuating 500 Indians stuck in South Sudan

(*a*) Sankat Mochan (*b*) Sudan Dahan

(*c*) Ram Rajya (*d*) Pawan Mochan

**36.** NW1 (National Wateryway) from Varanasi Kolkatta for Cargo transport will be

(*a*) 1000 km long (*b*) 1200 km long

(*c*) 1500 km long (*d*) 1620 km long

**37.** UPI operated by National Payments Corporation of India (NPCI) stands for

(*a*) Unified Payments Interface (*b*) United Payments Intracorporation

(*c*) Union Payments of India (*d*) Unit Paid Interface.

**38.** Expense limit set by Election Commission for each candidate for the Lok Sabha elections

(*a*) 20 lakhs (*b*) 28 lakhs

(*c*) 54 lakhs (*d*) 70 lakhs

**39.** As per World Economic Forum, rank of India on a Worldwide Human Capital Index is

(*a*) 57st (*b*) 71st

(*c*) 105th (*d*) 124th

**40.** Name of the Teacher Education Portal (TEP)

(*a*) Prashikshak (*b*) DIET

(*c*) CSSTE (*d*) DAR

**41.** Name of first modern unreserved coach rolled out recently by Railways

(*a*) Deeb Dayalu (*b*) Garib Rath

(*c*) Deen Sukh Rath (*d*) Mast Dayalu

**42.** Name of instruments through which Indian entities can raise fund in rupees by accessing overseas capital markets

(*a*) Spice bonds (*b*) Masala bonds

(*c*) Rupee bonds (*d*) Indian rupee bonds

**43.** NEET is connected with

(*a*) Admissions to MBBS/BDS courses

(*b*) Jobs for public sector undertakings

(*c*) Purchase of commonly used goods and services by Government

(*d*) skill training

**44.** A flagship scheme of Ministry of Skill Development and Entrepreneurship

(*a*) PMKVY (*b*) NEET

(*c*) NSQF (*d*) RPL

**45.** National IPR policy is related with

(*a*) Safeguard of trademark identities and promote creativity

(*b*) Enforcing hygiene standards

(*c*) Right to reputation (*d*) Skill development

**46.** Which is the wrong statement about India to become the hub for medical tourism

(*a*) Today India has world class hospitals with latest technologies

(*b*) Indian physicians and surgeons are highly skilled and are amongst the best in the world.

(*c*) The cost of treatment is a fraction of the cost in the West and qualilty of nursing care is superb

(*d*) High coordination between air lines, hotels and hospitals.

**47.** Pick up wrong statement in correction with Bharat Net Project

(*a*) National optical fiber Network (NOFN) has been renamed as Bharat NET

(*b*) National Optical Fibre Network (NOFN) is an ambitious initiative to trigger a broadband revolution in rural areas

(*c*) NOFN was envisaged as an information super-highway through the creation of a robust middle-mile infrastructure for reaching broadband connectivity to Gram Panchayatas

(*d*) Totally new optical fibre cable will be laid for this purpose.

**48.** Pick up wrong statement in correction with Global Impact of Falling Crude Oil prices:

(*a*) Low oil prices are a problem for oil producers like Russia and Venezuela which are in turmoil and their economies are in deep trouble.

(*b*) Saudi Arabia and the middle-east producers will probably see sizeable deficit in revenues from oil

(*c*) Geopolitical importance of Middle East countries would increase

(*d*) Lower oil prices reduce pressure on the consumer

**49.** Pick up wrong statement is connection with Internet of Things (IoT)

(*a*) Internet of Things (IoT) may be defined as a seamlessly connected network of intelligent systems developedd by the interplay of software, telecom and electronic hardware without any human intervention

(*b*) The loTs will enable more 'things' or 'devices' or 'sensors' to be connected to the internet and will enhance consumer and business experience

(*c*) IoT can be said to be involved in four distinct stages

(*d*) As Internet of Things spreads widely, cyber attacks are likely to become an increasingly physical threat.

**50.** Pick up wrong statement about fourth industrial revolution

(*a*) The fourth industrial revolution is a technological revolution

(*b*) It will fundamentally alter the way we live, work and relate to one another

(*c*) It will be characterised by advent of cyber–physical system

(*d*) It has nothing to do with third industrial revolution.

**51.** Pick up wrong statement about organic farming

(*a*) Organic farming avoids the use of synthetic inputs (such as fertilizers, pesticides, hormones, feed additives, etc)

(*b*) It relies upon crop rotations, crop residues, animal manures, organic waste, and biological system of nutrient mobilization

(*c*) With the increase in population there is a need to stabilize agriculture prodution

(*d*) 'Green Revolution' with high input use has reached a plateau and is now sustained with increasing return of rising dividends.

**52.** Pick up correct statement as per PM Crop Insurance Scheme

(*a*) There will be a uniform premium of only 2% to be paid by farmers for all Kharif crops and 1.5% for all Rabi crops.

(*b*) In case of annual commerical and horticulture crops, the premium to be paid by farmers will be only 3%.

(*c*) There is an upper limit on Government subsidy.

(*d*) Use of technology can continue.

**53.** The indigenously developed nuclear capable missile fired successfully

(*a*) Prithvi-II (*b*) Agni-II

(*c*) Vikrant (*d*) RLV-TD

**54.** FFS stands for

(*a*) Fund of Funds for starts ups (*b*) First Foreign secretariat

(*c*) Frequent Funding for Security (*d*) Foreign Funding Setup

**55.** Examine statements A and B below and answer correct choice

**Statement-A.** The constitution upholds idea of being tolerant by embodying equality, freedom of expression, religious freedom and secularism that mirrors respect to diversity.

**Statement-B.** The free media available to voice the difference of opinion shapes our thinking, attitudes and has been a critic of Government.

(*a*) S-A and S-B are true (*b*) S-A is true and S-B is false

(*c*) S-B is true and S-A is false (*d*) Both are false

**56.** Examine 3 statement below and pick up correct choice from 4 options

**Statement-A.** Agriculture in India is distressed because of crop loss, ecological destruction, exploitation of farmers by traders, money lenders etc.

**Statement-B.** Relative contribution of agriculture to the GDP has been declining with proportionate decline in workforce dependent on it.

**Statement-C.** Few rural development initiatives are: infrastructure development, development of micro small medium enterprises, national e-market

(*a*) S-A and S-B are true and S-C is false

(*b*) S-A and S-C are true and S-B is false

(*c*) S-B and S-C are true and S-A is false

(*d*) All are true.

**57.** Examine 2 statements relating to soil health card scheme and find right answer.

**Statement-A.** Soil Healt card will carry crop-wise recommendation of nutrients, fertilizers required for farms of different soil types and will make it possible for farmers to improve productivity through judicious use of inputs.

**Statement-B.** In absence of knowledge about soil health and adequate fertilizers recommendations, farmers often adopt excessive use of nitrogen which creates several environmental problems.

(*a*) S-A is true and S-B is false (*b*) S-B is true and S-A is false

(*c*) Both are true (*d*) Both are false

## Answer for Multiple Choice Questions

| | | | | | |
|---|---|---|---|---|---|
| **1.** (*d*) | **2.** (*c*) | **3.** (*a*) | **4.** (*b*) | **5.** (*a*) | **6.** (*b*) |
| **7.** (*c*) | **8.** (*a*) | **9.** (*b*) | **10.** (*a*) | **11.** (*a*) | **12.** (*d*) |
| **13.** (*d*) | **14.** (*a*) | **15.** (*c*) | **16.** (*c*) | **17.** (*c*) | **18.** (*a*) |
| **19.** (*b*) | **20.** (*c*) | **21.** (*a*) | **22.** (*d*) | **23.** (*a*) | **24.** (*a*) |
| **25.** (*b*) | **26.** (*a*) | **27.** (*a*) | **28.** (*c*) | **29.** (*a*) | **30.** (*a*) |
| **31.** (*b*) | **32.** (*c*) | **33.** (*a*) | **34.** (*b*) | **35.** (*a*) | **36.** (*d*) |
| **37.** (*a*) | **38.** (*d*) | **39.** (*c*) | **40.** (*a*) | **41.** (*a*) | **42.** (*b*) |
| **43.** (*a*) | **44.** (*a*) | **45.** (*a*) | **46.** (*d*) | **47.** (*d*) | **48.** (*c*) |
| **49.** (*c*) | **50.** (*d*) | **51.** (*d*) | **52.** (*a*) | **53.** (*a*) | **54.** (*a*) |
| **55.** (*a*) | **56.** (*b*) | **57.** (*c*) | | | |