

Abhimanu

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Abhimanu's IAS Study Group

Chandigarh

NATIONAL ECONOMIC AFFAIRS

Financial Stability and Development Council (FSDC)

- The seventeenth Meeting of the Financial Stability and Development Council (FSDC) was recently held in New Delhi under the Chairmanship of the Union Minister of Finance.
- The Council discussed the issues and challenges facing the Indian economy and Members agreed on the need to keep constant vigil and be in a state of preparedness of managing any external and internal vulnerabilities.
- FSDC took note of the developments and progress made in setting up of Computer Emergency Response Team in the Financial Sector (CERT-Fin) and Financial Data Management Centre and discussed measures for time bound implementation of the institution building initiative.

About FSDC:

- Financial sector regulation is a vital service for bringing healthy and efficient financial system in the economy. There are different regulators for various segments of financial sectors, like the RBI for commercial banks and NBFCs, SEBI for capital market etc.
- At the same time, there should be coordination among these financial sector regulators to ensure better efficiency as well as for avoiding overlapping of functions. For this, the Government has formed the Financial Stability and Development Council in December 2010, with the Finance Minister as the Chairman. The immediate impulse for the establishment of the FSDC was the tussle between SEBI and IRDA on the regulation of ULIPs.
- The FSDC was envisaged for performing two sets of core functions. First is to perform as an apex level forum to strengthen and institutionalize the mechanism for maintaining financial stability. Second is for enhancing inter-regulatory coordination and promoting financial sector development in the country.

Composition of FSDC

- The Chairman of the Council is the Finance Minister and its members include the heads of financial sector Regulators (RBI, SEBI, PFRDA, IRDA & FMC {now with SEBI}) Finance Secretary and/or Secretary, Department of Economic Affairs, Secretary, Department of Financial Services, and Chief Economic Adviser. The Council can invite experts to its meeting if required. The FSDC Secretariat is in the Department of Economic Affairs.
- The council will act as a co-ordination agency between the various financial sector regulators- the RBI, SEBI, IRDA and the PFRDA. This Council would monitor macro-prudential supervision of the economy, including the functioning of large financial conglomerates, and address inter-regulatory coordination issues.

Function of the FSDC:

- It will focus on financial literacy and financial inclusion.
- It aims strengthening and institutionalizing the mechanism of financial stability and development.
- It will monitor macro-prudential supervision of the economy. It will assess the functioning of the large financial conglomerates.
- It will address intra regulatory coordination issues.

NITI Aayog's 3-Year Agenda

- NITI Aayog has come out with a detailed plan for reforms in the economy, judiciary, regulatory structure and social sectors, in the three-year document to be implemented from 2017-18 to 2019-20.

Main highlights:

- NITI Aayog's three year action agenda has set stiff economic targets and meeting those would benefit the economy.
- According to the 'Three-Year Action Agenda' India has good prospects of achieving over 8% growth within 2-3 years. Therefore, the chances of massive cut in the poverty rate in the upcoming decade are excellent.
- The action plan suggests a host of reforms to ensure prosperity for all citizens. Some important reforms proposed are as follows:
- Link central government expenditure to future priorities, shifting additional allocations to high-priority sectors which are more likely to promote development.
- Expand expenditures by 2019-20 on education, health, agriculture, rural development, defence, railways, roads and other categories of capital expenditure.
- Facilitate urbanisation in the country and deal with key challenges like affordable housing, infrastructure development, public transport and promotion of Swachh Bharat.
- Eliminate corruption and black money, and increase tax base besides reforms in civil services and electoral process.
- Reform the judicial system by streamlining human resource availability and performance, increasing and strengthening avenues for dispute resolution and extensive use of ICT to improve efficiency.
- On the social sector, bring in changes in segments like education, skill development, health and issues facing specific groups, such as scheduled castes, scheduled tribes and women.
- Strengthen and streamline regulatory structure governing sustainability of environment.

Consolidated FDI policy document

- Department of Industrial Policy & Promotion (DIPP) has released its latest edition of consolidated Foreign Direct Investment Policy incorporating all the changes in rules and procedures notified by the government over the past year.
- The consolidated policy lays down the general conditions on FDI, procedures for government approval and sector specific conditions on FDI.

Main highlights of the document:

- The Department of Industrial Policy and Promotion (DIPP) included a chapter on start-ups for the first time in its consolidated foreign direct investment (FDI) policy and spelt out "competent authority" for FDI approvals, delegating powers to mainly administrative departments in the absence of the Foreign Investment Promotion Board.
- A start-up company engaged in a sector where foreign investment requires government approval may issue convertible notes to a non-resident only with approval of the government.
- This policy clarified that the restriction of 25 per cent on sales of one vendor through an e-commerce marketplace will be computed on a financial year basis. The period to be considered for compliance was not mentioned earlier.
- It also contains provisions relating to the issue of equity/equity-linked instruments/debt instruments and convertible notes by start-ups.
- Start-ups can issue equity or equity-linked instruments or debt instruments to foreign venture capital investors against receipt of foreign remittance, as per the FEMA Regulation.
- Start-ups can also issue convertible notes to persons resident outside India, albeit with certain conditions, according to the consolidated policy.
- A person resident outside India (other than citizens/entities of Pakistan and Bangladesh) will be permitted to purchase convertible notes issued by an Indian start-up company for an amount of Rs 25 lakh or more in a single tranche.
- While proposals relating to banking, mining, defence, broadcasting, civil aviation, telecoms, pharmaceuticals etc will have to be approved by administrative ministries, the DIPP will be the authority to clear proposals relating to areas including retail (single and multi-brand, and food).

- For proposals relating to financial services activities that are not regulated by any financial sector regulator or where only part of the financial services activity is regulated or where there is doubt regarding the regulatory oversight, the department of economic affairs will clear the proposals.
- The policy simplifies the definition of 'venture capital fund' defined FDI-linked performance conditions without diluting substance. So instead of complex definitions under the earlier FDI regime, 'venture capital fund' is now defined as a fund so registered under the Sebi (Venture Capital Funds) Regulations, 1996, while FDI-linked performance conditions are basically the sector-specific conditions for companies receiving foreign investment.

Spice Digital gets RBI licence to operate under BBPS

- Spice Digital Limited (SDL) has received the final licence from the Reserve Bank of India (RBI), allowing the company to process bill payments as a Bharat Bill Payment Operating Unit (BBPOU) in the Bharat Bill Payment System (BBPS).

What is Bharat Bill Payment System (BBPS)?

- It is a RBI mandated bill payment system which will offer interoperable and integrated bill payment services to customers across geographies with reliability, certainty and safety of transactions through a network of agents enabling multiple payment modes and instant payment confirmation.

BBPS Participants:

- Two primary participants who will be carrying out distinct functions under BBPS are:
- Bharat Bill Payment Central Unit (BBPCU) : It will be a single authorized entity operating the BBPS and will be responsible for setting requisites operational, technical and business standards for the entire system and its participants, will also undertake clearing and settlement activities. National Payments Corporation of India (NPCI) has been authorised to act as BBPCU for the implementation of the BBPS.
- Bharat Bill Payment Operating Units (BBPOUs) : These will be the operational units authorized by RBI to function in adherence with the standards set up by the BBPCU. There will be multiple BBPOUs operating in accordance with the BBPCU. BBPOUs will comprise of Banking as well as Non-banking entities. They will be operating under a tiered structure which will be further strengthened via an agent network through agent institutions. Bharat Bill Payment System participants-stake-holders-pic
- In addition to the above participants there will be more participants connected to the BBPCU through BBPOUs.

These participants may be from the agent side BBPOUs or the biller side BBPOUs and includes the following:

- Agent
- Customer
- Agent Institutions
- Billers
- Sub-Biller
- Sponsor Banks

Remove agriculture from Essential Commodities Act

- NITI Aayog has proposed to remove all agricultural commodities from the Essential Commodities Act.

Why this proposal needed?

- This will lead to shifting towards organised trading by removing stock restrictions. With this, a smaller number of traders with sufficient capital will be able to have an upper-hand in the market. This will help in reduction of costs and prices bring economies of scale and increase returns for farmers.

- With rules and stock limits frequently changing, traders are not incentivised to invest in a better storage infrastructure. Also, stock limits cut functioning of food processing industries. These need to maintain underlying commodities in large quantities in order to operate smoothly.

About Essential Commodities Act:

- The Essential Commodities Act (ECA) was enacted by the Central Government in 1955 to control and regulate trade and prices of commodities declared essential under the Act.
- The Act empowers the Central and state governments concurrently to control production, supply and distribution of certain commodities in view of rising prices.
- The measures that can be taken under the provision of the Act include, among others, licensing, distribution and imposing stock limits.
- The governments also have the power to fix price limits, and selling the particular commodities above the limit will attract penalties.
- Black marketing of essential commodities was a major problem in the past and this has now been controlled to a large extent.
- The Drug Price Control Order (DPCO) and such other orders have been issued under the powers of the ECA.

Which commodities does it cover?

- Petroleum and its products, including petrol, diesel, kerosene, Naphtha, solvents etc
- Food stuff, including edible oil and seeds, vanaspati, pulses, sugarcane and its products like, khandsari and sugar, rice paddy
- Jute and textiles
- Drugs- prices of essential drugs are still controlled by the DPCO
- Fertilisers- the Fertiliser Control Order prescribes restrictions on transfer and stock of fertilizers apart from prices

Atal Pension Yojana (APY)

- The Pension Fund Regulatory and Development Authority (PFRDA) through its 'One Nation One Pension' Mobilization Campaign has sourced approximately 3.07 lakh APY accounts which led to a total of 62 lakh enrolments under the Atal Pension Yojana (APY) as on date.
- This campaign was organized all over the country by PFRDA from 2nd August to 19th August 2017 in association with the APY Service Provider Banks.
- The objective of PFRDA is to cover the maximum possible population uncovered by any pension scheme under the APY scheme so that India as a nation can move from a pension less to a pensioned society and the citizens can live a life of dignity in their vulnerable years.

About Atal Pension Yojana:

- Atal Pension Yojana (APY), a pension scheme for unorganised sector workers such as personal maids, drivers, gardeners etc, was launched in June 2015 by the government.
- This social security scheme was introduced as a replacement to previous government's Swavalamban Yojana NPS Lite, which wasn't well accepted by people.
- APY aims to help these workers save money for their old age while they are working and guarantees returns post retirement.
- The scheme also promises a co-contribution by Central Government of 50% of the total prescribed contribution by a worker, up to Rs. 1000 per annum, but only to those who joined APY before 31.12.2015. Further, this co-contribution would be made only for 5 years, from FY 2015-16 to 2019-20 in the eligible cases subject to conditions mentioned below.

What is the monthly contribution and mode of payment?

- APY is a periodic contribution based pension plan and promises a fixed pension of Rs 1000/ Rs 2000/ Rs 3000/ Rs 4000 or Rs 5000.

Benefits under APY

- It provides guaranteed pension of Rs 1,000 to Rs 5,000 to the subscribers. The scheme also allows a subscriber to decrease or increase pension amount during the course of accumulation phase, once an year.
- In case of death of subscriber, the spouse of the subscriber shall be entitled for the same amount of pension till his or her death. And after the demise of both spouse and subscriber, the nominee will be entitled to receive the pension money that the subscriber had accumulated till 60 years of age.
- However if the subscriber dies before 60 years, the spouse will have the choice to either exit the scheme and claim the accumulated amount or continue maintaining the account under the subscriber's name for the remaining vested years. The spouse of the subscriber shall be entitled to receive the same pension amount as the subscriber until death of the spouse in the latter case

Memorandum of Understanding (MoU) signed between India and Brazil

- The Union Cabinet recently approved the memorandum of Understanding (MoU) signed between India and Brazil for cooperation in the fields of Zebu Cattle Genomics and Assisted Reproductive Technologies.
- The MoU aims to strengthen the existing friendly relations between India and Brazil and promote development of Genomics and Assistant Reproductive Technologies (ARTs) in Cattle through joint activities to be implemented through mutually agreed procedures.
- An implementation committee shall be created with an equal number of representatives of each party for the purpose of regularly determining the activities and developing work plans and subsequently their evaluation.
- It will be done through joint projects in the fields of Productivity Improvement of cattle and buffaloes, for the purpose of broadening the existing knowledge base on sustainable dairy development and institutional strengthening.

About Zebu cattle:

- Zebu is one of the oldest breeds of cattle in the world. There are 75 different species of zebu that differ from one another by size, color and type of habitat which they inhabit.
- Zebras are the only type of cattle that lives in tropical rainforests. They can be also found in open plains.
- Zebras originate from South Asia, but due to their ability to survive in hot and humid environment, they have been easily introduced to the tropical parts of Africa and South America.
- Besides wild zebras, millions of domesticated zebras can be found on the farms throughout the world. Wild zebras are endangered by habitat loss as a result of deforestation, but they still are not listed as endangered species.
- Zebras are grazers. Their diet mainly consists of grass. Other than that, zebras can consume seeds, leaves and flowers.
- Unlike other types of cattle, zebras are highly resistant to viruses and different types of parasites. This is one of the reasons why people often keep them as domestic animals.

India-Israel Industrial R&D and Technological Innovation Fund

- The Union Cabinet has approved a Memorandum of Understanding (MoU) between India and Israel on "India-Israel Industrial R&D and Technological Innovation Fund (I4F)".

About I4F:

- India and Israel will make a contribution of four million US Dollars each for the Fund, both equivalent amounts, annually for five years. The Innovation Fund will be governed by a joint Board which will consist of four members from each country.
- The MoU envisages promotion of bilateral Industrial R&D and Innovation cooperation in the fields of science and technology by extending support to joint projects for innovative or technology-driven new or improved products, services or processes. Such projects will lead to affordable technological innovations in focus areas of mutual interest such as water, agriculture, energy and digital technologies.

- Institutional support in building up consortia including private industry, enterprises and R&D institutions from India and Israel will be enabled through these collaborative projects.
- The activities supported by the Joint Fund would increase the techno-economic collaboration between the two countries by investing in jointly developed technology projects and collaborations based on technological innovation.
- It would leverage the complementary strengths of Israel and India to encourage Israel-Indian joint projects that capitalize on both the national and global marketplace.
- It would provide a comprehensive set of support tools to encourage joint projects that convert "know-how" into "show-how".
- It is expected that this will foster and strengthen the eco-system of innovation and techno-entrepreneurship in India and will contribute directly to the Start-up India programme.

Analysis:

- Economic relations between India and Israel have flourished since the establishment of formal diplomatic ties in 1992.
- Bilateral trade at the time was worth \$200 million and mainly consisted of diamonds. By 2016, that figure had skyrocketed to \$4.16 billion, excluding defense expenditure.
- In 2016, India accounted for 3.3% of Israel's trade, with imports and exports including agriculture, textiles, machinery, and chemical and mineral products.
- Israel has in recent years become an important defense supplier for India. The two countries signed an air and missile defense deal worth almost \$2 billion in April, in what Israel termed the "largest defense contract deal" in its history.
- There has been a focus on defense and counter-terrorism and it is important. This kind of cooperation enhances the confidence that countries have with each other.

NATIONAL POLITY

Supreme Court scraps instant triple talaq

- A five-judge bench of the Supreme Court in a split verdict ruled that the practice of instant triple talaq in the Muslim community is invalid.
- The bench, headed by Chief Justice of India J S Khehar, set aside the practice by a majority of 3:2.

About Judgement:

- CJI Khehar ruled that triple talaq enjoys the status of fundamental rights as it is a part of Muslim personal law. He was in favour of putting the practice aside for a period of six months allowing Parliament to legislate on it.
- Justices Joseph, Nariman and Lalit said that triple talaq must be struck down as it goes against the constitution and is unacceptable.
- Justice Kurian ruled that triple talaq goes against the tenets of the Quran, and hence violates Shariat law.

What is instant triple talaq?

- Instant triple talaq or talaq-e-bidat is a practice that was challenged in the court. It is different from the practice of "talaq-ul-sunnat", which is considered to be the ideal form of dissolution of marriage contract among Muslims.
- Under the latter form, once the husband pronounces talaq, the wife has to observe a three-month iddat period covering three menstrual cycles during which the husband can arbitrate and re-conciliate with the

wife. In case of cohabitation between the couple, during these three months, the talaq is revoked. However, when the period of iddat expires and the husband does not revoke the talaq either expressly or by consummation, the talaq is irrevocable and final.

- In the practice of talaq-e-biddat, when a man pronounces talaq thrice in a sitting, or through phone, or writes in a talaqnama or a text message, the divorce is considered immediate and irrevocable, even if the man later wishes to re-conciliate. The only way for the couple to go back to living together is through a nikah halala, which requires the woman to get remarried, consummate the second marriage, get divorced, observe the three-month iddat period and return to her husband. The practice of talaq-e-biddat has been viewed as abhorrent in theology but upheld as valid by law. Declaring the practice of talaq-e-biddat as “unconstitutional” may not balance out the gender parity among Muslims, because men still reserve the right to talaq without resorting to legal course of action.

Analysis:

- India has separate sets of personal laws for each religion governing marriage, divorce, succession, adoption and maintenance. While much of the Hindu law overhaul began in the 1950s and continues, activists have long argued that Muslim personal law has remained mostly unchanged.
- The Supreme Court in June 2016 decided to examine if Islamic laws governing marriage and inheritance violated the fundamental rights of women and take a call on how far it can intervene to modify the existing laws.
- The government, represented by the attorney general, has argued that triple talaq cannot enjoy protection under Constitution’s Article 25 that allows people to practice their faith.
- The All India Muslim Personal Law Board (AIMPLB) defends triple talaq as a matter of faith and it had requested the court to let Muslims find a solution to the issue. It says the practice is protected by the right to religious freedom and courts cannot supplant their interpretations over the text of scriptures.

Mentor India Campaign

- NITI Aayog is all set to launch the Mentor India Campaign, a strategic nation building initiative to engage leaders who can guide and mentor students at more than 900 Atal Tinkering Labs, established across the country as a part of the Atal Innovation Mission.

About Mentor India campaign:

- Under this initiative to promote innovation and entrepreneurship, leaders are expected to dedicate 1 to 2 hours every week in such labs, enabling students from class 6 to 12 to experience, learn and practice future skills such as design and computational thinking.
- The labs are equipped to acquaint students with state-of-the-art equipment such as 3D printers, robotics & electronics development tools, IoT & sensors.
- AIM will establish 2,000 such labs by end of 2017, given 900 labs already being identified.
- The labs are designed to light the spark of creativity, going beyond regular curriculum and text book learning. The labs will let students explore skills of future such as design and computational thinking, adaptive learning and artificial intelligence.
- Mentors are expected to discuss with students the various problems our Indian society is facing across multiple themes, and motivate students to develop solutions to these community problems.
- The deadline for submission of applications to join Mentor India is 30 September.

About Atal innovation mission:

- Atal Innovation Mission (AIM) is a government of India initiative to promote the idea of entrepreneurship and to seed the concept of innovation among the youngsters across the country. This mission provide a platform for the people to showcase their business ideas and to set up new enterprises.

Objective of Atal Innovation Mission

- The main objective of AIMS is to encourage and support innovative start-up plans, challenging entrepreneurship ideas, self-employment activities, and technology driven ideas for businesses. The whole idea of AIMS is to have an India that is full of start-ups, and a country that has more people who are self-employed, thus improving the economy of the country.

Benefits from the schemes

- With the advanced incubation centres available, the start-up companies and entrepreneurs will be able to get the required support and training. Along with the new incubation centres, the adequately developed incubation centres will be able to support and develop new ideas of businesses.

Key features of AIMS

- The main mission of AIMS is to provide complete support to the start-ups by providing the facility of incubation centres. Under this mission financial help will be given to establish new incubation centres and improve and enhance the existing incubation centres.
- In this scheme the people who want to establish an incubation centre or want to re-develop an incubation centre, a maximum amount of Rs.10 crore will be given. This amount will be given in two instalments.
- The scheme benefit will be provided to all kinds of incubation centres including centres of manufacturing, water, health, energy, sanitation, etc.
- The fund will be given for a period of 6 years under this scheme, in the form of a grant. Within this period, the incubation centres should be properly established or re-developed.

Right to privacy

- The Supreme Court has ruled that right to privacy is intrinsic to the entire fundamental rights chapter of the Constitution.
- The court has held that “the right to privacy is protected as intrinsic part of the right to life and personal liberty under Article 21 and as a part of the freedoms guaranteed by Part III of the Constitution”.

What is Privacy?

- A definite legal definition of ‘privacy’ is not available. Some legal experts tend to define privacy as a human right enjoyed by every human being by virtue of his or her existence. It depends on no instrument or charter. Privacy can also extend to other aspects, including bodily integrity, personal autonomy, informational self-determination, protection from state surveillance, dignity, confidentiality, compelled speech and freedom to dissent or move or think. In short, the right to privacy has to be determined on a case-by-case basis.
- Privacy enjoys a robust legal framework internationally.
- Article 12 of the Universal Declaration of Human Rights, 1948 and Article 17 of the International Covenant on Civil and Political Rights (ICCPR), 1966, legally protect persons against “arbitrary interference” with one’s privacy, family, home, correspondence, honour and reputation. India signed and ratified the ICCPR on April 10, 1979, without reservation.
- Article 7 and 8 of the Charter of Fundamental Rights of the European Union, 2012, recognises the respect for private and family life, home and communications.
- Article 8 mandates protection of personal data and its collection for a specified legitimate purpose.

Analysis:

- By linking privacy with human dignity and preservation of personal intimacies, the apex court has laid the legal ground for a fresh interpretation of controversial issues such as decriminalization of homosexuality.
- This judgement has included a woman’s freedom of choice to bear a child or abort the pregnancy, freedom to choose to work or not and the right to travel freely as falling within the right to privacy.
- The laws interfering with privacy will have to not only be just, fair and reasonable but also have to be based on the grounds enunciated in Part III. This expands the scope of judicial review of such laws and raises the burden on governments to ensure the constitutionality of laws.
- The implications of this judgment go far above and beyond just the question of whether the Aadhaar scheme and law are valid.

- Though after the mid-seventies, several judgments by the benches of strength of two or three judges had held that right to privacy was fundamental but it was the judgment of 1954 and 1962 by the larger benches that holds the ground. The judgments of 1954 and 1962 had held that the right to privacy was not a fundamental right.
- The Centre had also termed privacy as a “vague and amorphous” right which cannot be granted primacy to deprive poor people of their rights to life, food and shelter.
- The Unique Identification Authority of India, too, said privacy was not a fundamental right and there were sufficient safeguards to protect data collected from the people — their iris scan and finger prints.
- The attorney general had contended that right to privacy cannot fall in the bracket of fundamental rights as there were binding decisions of larger benches that it was only a common law right evolved through judicial decisions.

Gobindobhog rice gets geographical indication status

- Gobindobhog rice, a speciality from Burdwan district of West Bengal, has got the geographical indication (GI) status.

About Gobindobhog rice:

- This variety of rice is primarily cultivated in east Burdwan district - in the southern basin of the Damodar river.
- The south Damodar belt has been the traditional area of Gobindobhog rice cultivation. The rice has several advantages. It is cultivated late and therefore not much affected by rains. It is less prone to pests as well. The productivity per area is high and farmers get better prices for Gobindobhog rice.
- It derives its name from its usage as the principal ingredient in the preparation of the offerings to Govindajiu, the family deity of the Setts of Kolkata.
- The region of Burdwan (now divided into the districts of east and west Burdwan) is known as the rice bowl of Bengal. As a result of getting the GI tag rice from other regions or rice of other varieties cannot be branded as ‘Gobindobhog’. Hence, the marketability of the rice would be strengthened, for the local, national and international markets.

About Geographical indicators:

- GI (Geographical Indications) are signs used on goods that have a specific geographical origin and possess qualities or a reputation that are due to that place of origin.
- Agricultural products typically have qualities that derive from their place of production and are influenced by specific local factors, such as climate and soil. They may also highlight specific qualities of a product, which are due to human factors that can be found in the place of origin of the products, such as specific manufacturing skills and traditions.
- A geographical indication points to a specific place or region of production that determines the characteristic qualities of the product that originates therein. It is important that the product derives its qualities and reputation from that place.
- Place of origin may be a village or town, a region or a country. It is an exclusive right given to a particular community hence the benefits of its registration are shared by the all members of the community.
- Keeping in view the large diversity of traditional products spread all over the country, the registration under GI will be very important in future growth of the tribes / communities / skilled artisans associated in developing such products.

Lessons from Pradhan Mantri Jan Dhan Yojana

- This month marks the completion of the third anniversary of the launch of the Pradhan Mantri Jan Dhan Yojana (PMJDY), the financial inclusion scheme.

Achievement of this programme:

- Till the mid of August, there were 295.2 million beneficiaries or account holders, with a total bank balance in their accounts of Rs658.45 billion (a little over \$10 billion).
- 70% of the accounts migrate out of dormancy into active use.

- Activity levels in PMJDY accounts increase over time, a pattern not necessarily seen in non-PMJDY accounts.
- Active accounts experience significant increases in cash balances. Government direct benefits transfer aids but does not fully explain usage.
- The average account balance of PMJDY accounts more than doubled in the same period.
- Increase in ATM usage among PMJDY account holders surpassed those without such accounts.
- Beyond enabling account ownership and the use of financial services, the PMJDY also facilitated financial inclusion for a variety of demographics.
- Women, low-income individuals, rural residents, and the less educated enjoyed greater account ownership following the PMJDY.

About PMJDY:

- The primary aim of this scheme is to provide poor people access to bank accounts.
- This scheme was launched by the Prime Minister Narendra Modi on 28 August 2014.
- This scheme is run by Department of Financial Services, Ministry of Finance
- Account holders will be provided zero-balance bank account with RuPay debit card, in addition to accidental insurance cover of 1 lakh rupees (to be given by 'HDFC Ergo',).
- Those who open accounts by 26 January 2015 over and above the 1 lakh rupees accident claim will also be given life insurance cover of 30,000 rupees (to be given by LIC).
- After Six months of opening of the bank account, holders can avail 5,000 overdraft from the bank
- With the introduction of new technology introduced by National Payments Corporation of India (NPCI), a person can transfer funds, check balance through a normal phone which was earlier limited only to smart phones so far.
- Mobile banking for the poor would be available through National Unified USSD Platform (NUUP) for which all banks and mobile companies have come together

Analysis:

- Scheme like PMJDY was required after five decades of public sector banking is testimony to the fact that the poorer sections of society were not able to access financial services adequately from the organized financial system.
- The PMJDY is a success story. It is a rare case of a popular policy that delivers political and long-term economic benefits. Hence, the government applied itself to the task. It needs to repeat the formula for economically pragmatic decisions.

INTERNATIONAL AFFAIRS

USA's new Afghanistan policy

- Donald Trump's new Afghanistan policy marks a distinct shift from the past. USA has openly embraced India as a partner in the project to stabilise Afghanistan. This is a radical departure from the previous administration's policies.

Main points of the policy:

- The biggest military change US announced was to relax US authorities to attack the Taliban and other terrorist groups in Afghanistan. The Obama administration placed restrictions on US offensive operations in Afghanistan after the Afghan forces took the lead on fighting the Taliban, a move that frequently frustrated commanders in the field.

- The end-goal of Trump's plan in Afghanistan was to bring the Taliban to the negotiating table to find a political solution to the Afghan war.
- Trump echoed comments from his predecessors in their desire to get Pakistan to change its terrorist-harboring ways. Pakistan's role in providing a safe haven for the Haqqani network has frequently been a thorn in the side of the US military. Trump threatened to cut off US aid to Pakistan to persuade them to help fight terrorism in Afghanistan.
- This policy commits troops in Afghanistan for an open-ended period of time. The policy also sets the stage for a new wave of U.S. offensive against Islamist forces in Afghanistan and Pakistan.

Analysis:

- A greater role of India in Afghanistan where it is already playing a big part in its reconstruction, will not only give India strategic advantage over its traditional rivals like Pakistan and China, but would also mean greater access to the oil and mineral rich Central Asian nations and opportunity for its industry to gain a larger share in the whole Afghanistan rebuilding business.
- A stable Afghanistan, which is fiercely against Pakistan, can in fact give India strategic advantage by providing a valuable military base in future, overlooking both Pakistan and China.
- In July 2015, Prime Minister Narendra Modi made a historic visit of five Central Asian nations, Kazakhstan, Kyrgyzstan, Uzbekistan, Turkmenistan and Tajikistan and the main objective was ensuring India's future energy security. For India, Afghanistan is the gateway to Central Asia and a stable Afghanistan with greater access will go a long way in fulfilling India's objective.
- Also, a wider presence in Afghanistan will give India greater leverage in dealing with the terror groups like Al Qaeda and the Islamic State which are trying to establish their Indian footprint. These groups are currently using restive regions of Pakistan and Afghanistan as their gateway opportunity to the Indian Subcontinent.
- Afghanistan in future can also emerge as a big push for Make in India initiative for India's nascent defence industry as the country would need a sustained military supply to handle not only its internal terror threats but also to secure its contentious borders with Pakistan, a terror exporter that has been destabilising Afghanistan for the past four decades.

Trade deficit with ASEAN

- India's trade deficit with ASEAN has decreased due to imports of essential commodities and there is need for India to seek better market access for its products and services with the 10-nation bloc.

Analysis:

- Overall impact on the FTA on boosting the trade relation between the two partners has been only marginal. Though the overall figures are impressive with total trade surging from \$ 43.9 billion in 2009-10 to \$ 65 billion in 2015-16 the relative gains does not seem too significant.
- This is because number show that though India's exports to ASEAN went up significantly in the initial years from \$ 18.1 billion in 2009-10 \$ 33.1 billion in 2013-14 it swiftly fell back to \$ 25.1 billion in 2015-16, a little lower than the exports level achieved after the first year of the free trade treaty. In percentage terms also the numbers show that the share of Indians export to ASEAN went up from 10.1% in 2009-10 to 16.9% by 2012-13 it has subsequently slipped to 9.5% by 2015-16, a level lower than at the start of the FTA.
- In order to address this issue, India must seek better market access for goods where India has an edge over ASEAN nations, like leather goods and pharmaceuticals, to improve the trade balance.
- Cheap import of poor quality processed food products should be looked into. Appropriate quality norms may be fixed for import of such products from ASEAN as well as other regions of the world.
- The government must ensure reciprocity in the reduction of tariffs in products like steel. Efforts should also be there to improve India's access to services trade in ASEAN, with a focus on increasing the footprint of Indian banks and financial institutions in the region.

Government e-Market portal

- Uttar Pradesh has joined central Government's e-Market portal. It will now be making all its procurements of goods and services through the central portal.

About GeM:

- GeM is a one stop Government eMarketplace (GeM) to facilitate online procurement of common use Goods & Services required by various Government Departments / Organizations / PSUs.
- GeM aims to enhance transparency, efficiency and speed in public procurement.
- It provides the tools of e-bidding, reverse e-auction and demand aggregation to facilitate the government users achieve the best value for their money.
- GeM SPV took appropriate actions to align the existing rules to cater to GeM including swift payment to Suppliers / Sellers after successful delivery of Goods & Services.

GeM Advantages for Buyers

- Offers rich listing of products for individual categories of Goods/Services
- Makes available search, compare, select and buy facility
- Enables buying Goods and Services online, as and when required.
- Provides transparency and ease of buying
- Ensures continuous vendor rating system
- Up-to-date user-friendly dashboard for buying, monitoring supplies and payments
- Provision of easy return policy

GeM Advantages for Sellers

- Direct access to all Government departments.
- One-stop shop for marketing with minimal efforts
- One-stop shop for bids / reverse auction on products / services
- New Product Suggestion facility available to Sellers
- Dynamic pricing: Price can be changed based on market conditions
- Seller friendly dashboard for selling, and monitoring of supplies and payments
- Consistent and uniform purchase procedures

Ocean forecasting system

- The Indian National Centre for Ocean Information Services (INCOIS) of the Ministry of Earth Sciences inaugurated the Ocean Forecasting System for Comoros, Madagascar, and Mozambique at the third Ministerial Meeting of Regional Integrated Multi-Hazard Early Warning System for Asia and Africa (RIMES), held recently at Port Moresby, Papua New Guinea.
- The ocean forecast and early warning information on high wave, currents, winds, tides, sub-surface ocean conditions cater to users like fishermen, coastal population, tourism sector, coastal defence officials, marine police, port authorities, research institutions and offshore industries of these countries. These ocean services are aimed towards safety at the sea.
- The system would offer oil spill advisory services, high wave alerts, port warnings, forecast along the ship routes in addition to tsunami and storm surge warnings and help in search and rescue operations.
- The INCOIS has already been providing these operational services to the Maldives, Sri Lanka and Seychelles.

About Indian National Centre for Ocean Information Services (INCOIS) :

Current Affairs

- INCOIS is an autonomous organization of the Union Government, under the Ministry of Earth Sciences is a unit of the Earth System Science Organization (ESSO). It was established in 1999 and is headquartered in Pragathi Nagar, Hyderabad.
- Its mandated is to provide the best possible ocean information and advisory services to government agencies, society, industry and the scientific community through sustained ocean observations and constant improvements through systematic and focussed research.

Analysis:

- The Ocean Forecast System developed for the Indian Ocean countries and the real-time data from their territories also help to improve the ocean forecast and early warning system for the Indian coast too.
- Wave surge and coastal flooding that occurred from July 28 to August 3 in 2016 along Kerala and West Bengal were well predicted and real-time data from Seychelles were highly beneficial for predicting these incidents, as many of these remotely forced waves originated from the southern and western Indian Ocean.
- The ocean forecast and early warning services were most essential for safe navigation and operations at sea and the blue economic growth of many of these Indian Ocean rim countries and island nations.

QUICK FACTS

- Shanghai Cooperation Organization (SCO) meeting held at : **Choplon Ata in Kyrgyz Republic.**
- According to Forbes magazine, Asia's Richest Man is : **Jack Ma**
- International Military Music Festival held in : **Moscow**
- Two-Day Indian Ocean Conference held in: **Colombo**
- New Home Secretary of India : **Rajiv Gauba**
- New Railway Board Chairman: **Ashwani Lohani**
- New Chief Justice of India: **Dipak Misra**
- New CEO of Uber: **Dara Khosrowshahi**
- 'I Do What I Do' book is written by: **Raghuram Rajan**