

Abhimanu

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Abhimanu's IAS Study Group

Chandigarh

NATIONAL ECONOMIC AFFAIRS

Public Sector Asset Rehabilitation Agency (PARA)

- The Public Sector Asset Rehabilitation Agency (PARA) colloquially called “Bad Bank” is a proposed agency to assume the Non-Performing Assets (NPA) of public sector banks in India and to deal with the recovery of the bad loans.
- This agency has been proposed in Economic Survey 2016-17.

About PARA:

- The Public Sector Asset Rehabilitation Agency or PARA will be an independent entity that will identify the largest and most vexatious NPA accounts held by banks, and then buy these out from them.
- By consolidating problem accounts across banks, the PARA is expected to solve two problems.
- One, it can effect speedier settlements with borrowers by cutting out individual banks. Two, as a single large lender, it can drive a better bargain with borrowers and take more stringent enforcement action against them.
- PARA is expected to raise capital for its buyouts by issuing government securities, tapping the capital markets or receiving a capital infusion from the RBI.
- In short, PARA is just a new version of the ‘bad bank’ idea that has been doing the rounds for some time now.

Analysis:

- The stockpile of bad loans has had several ill-effects on the economy at large.
- **One**, with 16.6 per cent of their loan book tied up in stressed assets (bad and doubtful loans), banks have been fighting shy of new lending. This is constraining new investments in projects that can power the economy. Even if the Government were to infuse fresh capital into public sector banks, there’s worry that this may go to write off older bad loans rather than kick-start lending.
- **Two**, public sector banks, which hold over 70 per cent of all deposits, are the worst hit by the bad loan problem. For some of these banks, the provisions for bad loans have already overtaken operating profits, leaving them short of capital to sustain operations. Three, high NPAs force banks to keep their lending rates high to boost their profits.
- **Finally**, with 40 per cent of the loans stuck with companies who simply do not earn enough profits to service them, simply waiting for the problem to solve itself will not work. This is already telling on private sector investments and GDP growth.
- PARA is expected solve all these problems at one stroke, by relieving the banks of their NPAs and expediting ways for the corporate borrowers to settle their debts.

Centre approves phasing out of 25-year-old FIPB

- Cabinet has decided to abolish Foreign Investment Promotion Board (FIPB).
- This decision is taken by the government because in the last three years 91-95 per cent of foreign funds came via automatic route.
- Now there are only 11 sectors where foreign investments require prior government approval.

- After the abolition of the FIPB, foreign investments in these 11 sectors would be handled by the respective administrative ministries in consultation with the department of industrial policy & promotion (DIPP), ministry of commerce, which will also issue the standard operating procedure (SOP) for processing of applications and decision of the government under the extant FDI policy.
- The proposals in sensitive sectors would require the home ministry's approval.
- The FDI proposals above Rs 5,000 crore would continue to be cleared by the Cabinet Committee on Economic Affairs.
- Foreign investments by non-resident Indians and FDI in retail and export oriented units will be approved by DIPP, FDI in banks will be approved by the Department of Financial Services.

About FIPB:

- FIPB was an inter-ministerial body housed in the finance ministry under the department of economic affairs.
- It comprised secretaries of various ministries who made recommendations on foreign investment applications.
- FIPB was first constituted under the Prime Minister's Office following economic liberalisation in the early 1990s.

Analysis:

- Over 90% of the foreign direct investment (FDI) is coming through automatic route. In such cases FIPB has no significant role.
- The move to phase out the FIPB is aimed at making India a more attractive FDI destination and increasing FDI inflows by providing greater ease of doing business and promoting the 'Maximum Governance and Minimum Government' principle.
- In case of FDI under approval route, FIPB offers a single window clearance. The sectors under automatic route do not require any prior approval from FIPB and are subject to only sectoral laws. Over the years, increasing liberalisation of the country's FDI regime has resulted in more and more FDI through the automatic route.
- The FIPB has lost its erstwhile pre-eminence and the discretionary power with its bureaucrats doesn't inspire much confidence within foreign investors. Hence government wants to abolish it.

Strategic Partnership (SP) model

- The government's ambitious Strategic Partnership (SP) model for promoting Indian private industry participation in defence manufacturing has come into effect.

About Strategic Partnership (SP) model

- Under the "Strategic Partnership" model, the government will shortlist and then pick Indian companies to join forces with foreign firms to supply fighter jets, helicopters, armoured vehicles and submarines. For each platform, one private sector strategic partner will be chosen.
- The strategic partnership model was envisioned in order to bring private industry into the fold of defence manufacturing, but under the auspices of well-defined terms of agreement. Given that development and production of weapons platform is a time-intensive process, the idea was to ensure that long-term, regulated partnership for product development and production could be put in place.

Analysis:

- This model does address several problem areas in the procurement process.
- Most importantly it gives the private sector a chance to truly compete. Capabilities rather than just cost will be taken into consideration. MSMEs have been given a chance to prosper.
- Positive spill overs from the strategic partnerships will help MSMEs to develop capacity and many will hopefully move into the above Rs 500 crore bracket, making them eligible for Group II partnerships.
- Strategic partnership model must be viewed as an arrangement that will provide the private sector the fillip for development.
- Ideally, once private sector manufacturing has taken off and the MSME vendor base has developed, all private sectors must be given an equal chance to partner with MoD for development, not just strategic partners, but that is a bridge that is far away.

- If India is to develop a robust indigenous defence manufacturing base outside of the public sector, the private sector needs this opportunity to do so.
- Strategic partnership model aims to create a vibrant defence manufacturing ecosystem in the country through involvement of both the major Indian corporates as well as the MSME sector.

Paytm Payments Bank

- Paytm has finally rolled out its Payments Bank.
- The digital wallet and e-commerce service provider received the final license from RBI for the bank.
- With the launch, Paytm is transferring all wallets to the new Paytm Payments Bank.
- Under the new banking system, wallets and accounts will be two separate entities. In order to be a part of the banking system, the user will have to open a bank account with Paytm.

About Payment banks:

- Payment banks can accept deposits restricted to Rs. 1 lakh per customer, and are allowed to pay customers interest on the money that is being deposited.
- They can be used for either current accounts or savings accounts.
- Unlike a regular bank however, a payment bank can't loan money to people, or issue credit cards. Also, the payment banks are only allowed to invest the money customers deposit into government securities.
- While the payment banks can't issue credit cards, they can issue ATM and debit cards.
- Payment banks can be integrated with your savings bank accounts via IMPS and NEFT transfers.
- Payment banks can't accept NRI deposits, which makes sense considering the goal of financial inclusion.
- The minimum capital requirement would be Rs 100 crore
- Promoter contribution would be at least 40 per cent for the first five years. Excess shareholding should be brought down to 40 per cent by the end of fifth year, to 30 per cent by the end of 10th year and to 26 per cent in 12 years from the date of commencement of business
- Foreign shareholding in these banks will be as per current FDI policy
- Voting rights to be in line with the existing guideline for private banks
- Entities other than promoters will not be permitted to have shareholding in excess of 10 per cent.
- The bank should comply with the corporate governance guidelines, including 'fit and proper' criteria for Directors as issued by RBI

Analysis

- The goal behind creating these payment banks is to bring financial inclusion by making it easier for anyone to get a bank account.
- The payment bank licence will enable to offer a more comprehensive portfolio of banking and financial products and services, accelerating India's journey into a cashless economy.
- The new payment banks will also make people less dependent on cash, even for small sums, and since a mobile wallet could be a bank account soon, this move could, over time, have a big impact on m-commerce.
- But even after launching payment banks, all those who got new license are not so enthusiastic about the future of these banks. Because, these entities can't undertake any lending businesses and the income stream is initially restricted to remittances. Eventually, they can cross-sell banking products through their reach and earn a fee. But neither of these two streams of revenue are high-margin businesses.
- RBI has put in place strict rules on how these banks can deploy the deposits they garner. 75% has to go into government securities. This limits their ability to earn from the deposit base as well. Garnering a strong deposit base in the first place will be a challenge as well. Besides, if these banks want to steal customers away from banks, they may have to offer more than the 4% interest rate that banks do. But to do that, payment banks need to be able to earn enough on deposits as well.

- These banks will make no money on the spread between deposit and investment. Indeed on the deposit side, they will need to pay consistently higher interest to attract deposits.
- So, these banks won't be allowed to lend, depriving them from of the main source of a bank's revenue.
- Over the last few years, large banks, including private lenders, have significantly expanded their networks in rural areas. This means that these markets are no longer wide open for new business with limited competition. Banks are offering most services that payments banks can and hence, for payments banks to offer a new and differentiated proposition will not be easy.

NATIONAL POLITY

Pradhan Mantri Swasthya Suraksha Yojana (PMSSY)

- The Union Cabinet has given its approval for establishment of new AIIMS at Kamrup (North Guwahati Revenue circle).
- The cost of the project is Rs.1123 crore and it will be set up under the Pradhan Mantri Swasthya Suraksha Yojana (PMSSY).
- The establishment of new AIIMS is aimed at serving the dual purpose of providing super speciality health care to the population while also help create a large pool of doctors and other health workers in this region that can be available for primary and secondary level institutions / facilities being created under National Health Mission (NHM).

About Pradhan Mantri Swasthya Suraksha Yojana (PMSSY):

- The Pradhan Mantri Swasthya Suraksha Yojana (PMSSY) was announced in 2003 with objectives of correcting regional imbalances in the availability of affordable/ reliable tertiary healthcare services and also to augment facilities for quality medical education in the country.
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PMSSY has two components:

- Setting up of AIIMS like Institutions
- Upgradation of Government Medical College Institutions.

AIIMS in India:

- Six AIIMS-like institutions, one each in the States of Bihar (Patna), Chhattisgarh (Raipur), Madhya Pradesh (Bhopal), Orissa (Bhubaneswar), Rajasthan (Jodhpur) and Uttaranchal (Rishikesh) have been setup under the PMSSY scheme. Approved cost of each new AIIMS in first phase was 820 crores. Rs. 620 crores towards cost of construction and Rs. 200 crores for procurement of Medical Equipment and modular Operation Theatres.

Prohibition of Child Marriage (Karnataka amendment) Bill, 2016

- President has given his assent to the long-pending Prohibition of Child Marriage (Karnataka amendment) Bill, 2016, giving greater powers to the police and increasing the penalty for child marriage.

Highlights of the bill:

- The state government's amendment to the Karnataka Prohibition of Child Marriage Act, 2006, was based on recommendations made by a 2011 committee headed by former Supreme Court judge Shivaraj V Patil.

- It seeks to ensure zero tolerance towards any child marriage, granting powers to policemen and enhancing penalties for those attending marriage ceremonies of minors.
- While the original legislation does not prescribe a minimum punishment for offenders, the amendment proposes rigorous imprisonment of one year. It also enables any police officer to take cognizance of the offence.
- Karnataka is among many states with a high percentage of child marriage cases in south India
- According to a survey, 23.2 per cent of such cases are reported from the state

India bans sale of unproductive cattle for slaughter

- The Indian government has issued tough new rules to suppress the trade in aged, unproductive livestock for slaughter.

Main highlights of the guidelines:

- Under the new rules — which have been added to the national prevention of animal cruelty law, those seeking to either sell or buy cattle must provide documentation proving that they are “agriculturalists” and that they own farmland.
- They must also attest to government officials that the animals are not being traded for the purposes of slaughter, but will be used for agricultural purposes.
- According to the notification, a member secretary of an animal market committee will have to ensure that no person brings a young animal to the market.
- The notification banned holding of an animal market within 25 km of any state border and 50 km of any international border to stop smuggling of cattle.
- Under the rules, the district animal market monitoring committee will have to ensure that the market has adequate housing, shade, feeding troughs, water tanks with multiple taps and buckets, lighting, ramps at the appropriate height of vehicles, separate enclosures for sick and infirm animals, among other provisions.
- The notification has described the “animal market” as a place or sale-yard where animals are brought from other places and exposed for sale or auction and includes lair age adjoining a market or a slaughterhouse.

Analysis:

- This will dismay many farmers, for whom cattle is often their most valuable economic asset, even after it ceases to provide milk.
- This new rules will further marginalise the many mostly Muslim rural livestock traders, who buy and transport unwanted or unproductive bovines from rural villages to larger livestock markets, where the animals either find new owners, or are purchased for slaughter.
- India has a cattle population of about 190m, and a further 108m buffaloes. These animals, mostly reared by small and marginal farmers who may own just a few, are prized for their milk, but retain a strong market value even after they can no longer produce, given the demand for meat and animal by products.
- India is a global leader in buffalo meat trade. Exports grew at a compound annual rate of 29 per cent between 2007-08 and 2015-16 to Rs 26,685 crore, from Rs 3,533 crore. The country is also the largest producer of milk, of which over 50 per cent comes from buffaloes

New Definition of Start up in India

- The Department of Industrial Policy and Promotion (DIPP), which is the nodal body for Start-up India, has amended the definition of a start-up.
- As per the new definition, an entity will be considered as a Start-Up if its turnover is less than Rs 25 crore and has not completed seven years from the date of its incorporation/registration.
- In the definition, the change is with respect to the time period which is currently five years. The new definition has increased it to 7 years taking into the consideration the long gestation period involved in establishing start-ups.

- The scope of definition of start-up will also be widened to include scalability of business model with potential of employment generation or wealth creation.
- The process of recognition of an entity as a start-up will be through an online application made over the mobile app/portal set up by the DIPP.
- For the Start-Ups in the biotechnology sector, they will be considered as start-ups for a period of up to 10 years from the date of incorporation/registration.
- Start-ups will not require a letter of recommendation from an incubator or an industry association to get tax benefits under the Start-up India action plan.
- However, the entities should obtain a certificate of an eligible business from an inter- ministerial board of certification as constituted by the DIPP to claim tax benefits.
- An entity will be deemed as a start-up if it is working towards innovation, development or improvement of products/processes/services, or if it is a scalable business model with potential for employment generation or wealth creation.

About start up India Programme:

- Start-up India is a flagship initiative launched by the Government of India on 16th January, 2016 to build a strong eco-system for nurturing innovation and start-ups in the country which will drive economic growth and generate large scale employment opportunities.
- The Government through this initiative aims to empower start-ups to grow through innovation and design.

The salient features of Start-up India are as follows:

Simplification and Handholding

- Simple Compliance Regime for start-ups based on Self-certification
- Launch of Mobile app and Portal for compliance and information exchange
- Start-up India Hub to handhold start-ups during various phases of their development
- Legal support and fast-tracking patent examination at reduced costs
- Relaxed norms of public procurement for start-ups
- Faster exit for start-ups

Funding support and Incentives

- Providing funding support through a Fund of Funds with a corpus of Rupees 10,000 crore
- Credit guarantee fund for start-ups
- Tax exemption on capital gains invested in Fund of Funds
- Tax exemption to start-ups for 3 years

Industry-Academia Partnership and Incubation

- Organizing Start-up Fests to showcase innovations and providing collaboration platforms
- Launch of Atal Innovation Mission (AIM) with Self –Employment and Talent Utilization (SETU) Program of NITI Aayog
- Harnessing private sector expertise for setting up incubators
- Setting up of 7 new research parks modelled on the Research Park at IIT Madras
- Launching of innovation focused programs for students.
- Annual Incubator Grand Challenge to promote good practices among incubators.

Credit Guarantee Fund

- The initiative provides for creating a credit guarantee fund for start-ups through Small Industries Development Bank of India (SIDBI) with a Corpus of Rs.500 crore per year for the next four years.

North Eastern Council

- Meeting of the North Eastern Council was recently held under the chairmanship of Union Minister of State (Independent Charge) for Development of North Eastern Region (DoNER) Dr. Jitendra Singh.

About Zonal councils:

Composition Of Zonal Councils

- In the light of the vision of Pandit Nehru, five Zonal Councils were set up vide Part-III of the States Re-organisation Act, 1956. The present composition of each of these Zonal Councils is as under:
- The Northern Zonal Council, comprising the States of Haryana, Himachal Pradesh, Jammu & Kashmir, Punjab, Rajasthan, National Capital Territory of Delhi and Union Territory of Chandigarh;
- The Central Zonal Council, comprising the States of Chhattisgarh, Uttarakhand, Uttar Pradesh and Madhya Pradesh;
- The Eastern Zonal Council, comprising the States of Bihar, Jharkhand, Orissa, Sikkim and West Bengal;
- The Western Zonal Council, comprising the States of Goa, Gujarat, Maharashtra and the Union Territories of Daman & Diu and Dadra & Nagar Haveli; and
- The Southern Zonal Council, comprising the States of Andhra Pradesh, Karnataka, Kerala, Tamil Nadu and the Union Territory of Puducherry.
- The North Eastern States i.e. (i) Assam (ii) Arunachal Pradesh (iii) Manipur (iv) Tripura (v) Mizoram (vi) Meghalaya and (vii) Nagaland are not included in the Zonal Councils and their special problems are looked after by the North Eastern Council, set up under the North Eastern Council Act, 1972. The State of Sikkim has also been included in the North Eastern Council vide North Eastern Council (Amendment) Act, 2002 notified on 23rd December, 2002. Consequently, action for exclusion of Sikkim as member of Eastern Zonal Council has been initiated by Ministry of Home Affairs.

Organisational Structure Of Zonal Councils

- Chairman - The Union Home Minister is the Chairman of each of these Councils.
- Vice Chairman - The Chief Ministers of the States included in each zone act as Vice-Chairman of the Zonal Council for that zone by rotation, each holding office for a period of one year at a time.
- Members- Chief Minister and two other Ministers as nominated by the Governor from each of the States and two members from Union Territories included in the zone.
- Advisers- One person nominated by the Planning Commission for each of the Zonal Councils, Chief Secretaries and another officer/Development Commissioner nominated by each of the States included in the Zone
- Union Ministers are also invited to participate in the meetings of Zonal Councils depending upon necessity.

Functions Of The Councils

- Each Zonal Council is an advisory body and may discuss any matter in which some or all of the States represented in that Council, or the Union and one or more of the States represented in that Council, have a common interest and advise the Central Government and the Government of each State concerned as to the action to be taken on any such matter. In particular, a Zonal Council may discuss, and make recommendations with regard to:
 - any matter of common interest in the field of economic and social planning;
 - any matter concerning border disputes, linguistic minorities or inter-State transport; and
 - any matter connected with, or arising out of, the re-organisation of the States under the States Reorganisation Act.

Analysis

- The Zonal Councils provide an excellent forum where irritants between Centre and States and amongst States can be resolved through free and frank discussions and consultations.
- Being advisory bodies, there is full scope for free and frank exchange of views in their meetings. Though there are a large number of other fora like the National Development Council, Inter State Council, Governor's/Chief Minister's Conferences and other periodical high level conferences held under the auspices of the Union Government, the Zonal Councils are different, both in content and character. They are regional fora of cooperative endeavour for States linked with each other economically, politically and culturally.
- Being compact high level bodies, specially meant for looking after the interests of respective zones, they are capable of focusing attention on specific issues taking into account regional factors, while keeping the national perspective in view.

INTERNATIONAL AFFAIRS

Annual Meeting of African Development Bank

- The 52nd Annual Meetings of the African Development bank are being held in Gandhinagar.
- This is the first time that the Annual Meetings of AfDB are being held in India.
- This annual Meetings provide a unique forum for representatives of government, business, civil society, think-tanks, academia and the media – from Africa and beyond – to debate key issues on Africa’s development, and to discuss the Bank’s performance in delivering on its mandate.

About African development bank:

- The Agreement establishing the African Development Bank was adopted and opened for signature at the Khartoum, Sudan, conference on August 4, 1963.
- This agreement entered into force on September 10, 1964. The Bank began effective operations on July 1, 1966. Its major role is to contribute to the economic and social progress of its regional member countries - individually and collectively.
- African Development Bank’s authorized capital is subscribed to by 78 member countries made up of 53 independent African countries (regional members) and 25 non-African countries (non-regional members).
- The voting power on the Board is split according to the size of each member’s share, currently 60%-40% between African (or “regional”) countries and “non-regional” member countries (“donors”). The largest African Development Bank shareholder is Nigeria with nearly 9% of the vote.

Analysis:

- India joined the African Development Bank (AfDB) in 1983.
- This meeting is important for India for more than one reason. After India’s boycott of China’s Belt and Road forum, there will be a keenness to understand the Indian government’s approach to its own connectivity, infrastructure and developmental projects, particularly in geographies where it competes with Beijing.
- Indian private sector presence in Africa is significant. Investments amount to US\$ 35 billion and range from automobile manufacture to drugs and pharmaceuticals, textiles to IT services, water treatment to petroleum refining.
- Africa remains a manufacturing frontier. Unlike China, Indian state agencies are more open to building local capacities in Africa. As an example, India’s Exim Bank has helped incubate similar institutions in five countries.
- Africa is crucial to the India-fostered International Solar Alliance (ISA). Over a dozen of the ISA’s 24 members are from Africa, the continental powerhouse of solar energy.

Global Platform for Disaster Risk Reduction

- The 2017 Global Platform for Disaster Risk Reduction is being held in Cancun, Mexico.
- The Global Platform is the most important international forum dedicated to the disaster risk reduction agenda, and this will be the first time it has been staged outside Geneva.
- The 2017 Global Platform will mark the first opportunity for the international community to review global progress on the implementation of the Sendai Framework for Disaster Risk Reduction, which was adopted in Japan in 2015. More than 5,000 participants are expected, including policy makers and disaster risk managers.

About Sendai Framework:

- The Sendai Framework is a 15-year; voluntary, non-binding agreement which recognizes that the State has the primary role to reduce disaster risk but that responsibility should be shared with other stakeholders including local government, the private sector and other stakeholders.

It aims for the following outcome:

- The substantial reduction of disaster risk and losses in lives, livelihoods and health and in the economic, physical, social, cultural and environmental assets of persons, businesses, communities and countries.
- The Sendai Framework is the successor instrument to the Hyogo Framework for Action (HFA) 2005-2015: Building the Resilience of Nations and Communities to Disasters. It is the outcome of stakeholder consultations initiated in March 2012 and inter-governmental negotiations held from July 2014 to March 2015, which were supported by the UNISDR upon the request of the UN General Assembly.

The Seven Global Targets

- Substantially reduce global disaster mortality by 2030, aiming to lower average per 100,000 global mortality rate in the decade 2020-2030 compared to the period 2005-2015.
- Substantially reduce the number of affected people globally by 2030, aiming to lower average global figure per 100,000 in the decade 2020 -2030 compared to the period 2005-2015.
- Reduce direct disaster economic loss in relation to global gross domestic product (GDP) by 2030.
- Substantially reduce disaster damage to critical infrastructure and disruption of basic services, among them health and educational facilities, including through developing their resilience by 2030.
- Substantially increase the number of countries with national and local disaster risk reduction strategies by 2020.
- Substantially enhance international cooperation to developing countries through adequate and sustainable support to complement their national actions for implementation of this Framework by 2030.
- Substantially increase the availability of and access to multi-hazard early warning systems and disaster risk information and assessments to the people by 2030.

The Four Priorities for Action

- **Priority 1: Understanding disaster risk:** Disaster risk management should be based on an understanding of disaster risk in all its dimensions of vulnerability, capacity, exposure of persons and assets, hazard characteristics and the environment. Such knowledge can be used for risk assessment, prevention, mitigation, preparedness and response.
- **Priority 2: Strengthening disaster risk governance to manage disaster risk:** Disaster risk governance at the national, regional and global levels is very important for prevention, mitigation, preparedness, response, recovery, and rehabilitation. It fosters collaboration and partnership.
- **Priority 3: Investing in disaster risk reduction for resilience:** Public and private investment in disaster risk prevention and reduction through structural and non-structural measures are essential to enhance the economic, social, health and cultural resilience of persons, communities, countries and their assets, as well as the environment.
- **Priority 4:** Enhancing disaster preparedness for effective response and to “Build Back Better” in recovery, rehabilitation and reconstruction

G7 summit

- The 43rd G7 summit was held in the picturesque mountain-side town of Taormina in Sicily, Italy.

Who are the members of G7?

- The Group of Seven (G7) is an informal bloc of industrialized democracies—Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States—that meets annually to discuss issues such as global economic governance, international security, and energy policy.

- This forum promotes collective decision making, but critics note that it often lacks follow-through and excludes important emerging powers.
- Russia belonged to the forum from 1998 through 2014—then the Group of Eight (G8)—but was suspended after its annexation of Crimea in March of that year.

Highlights of the summit:

Foreign policy

- Regarding the Syrian war, leaders called for an end of the conflict through an inclusive Syrian-led political process under the auspices of the UN. They committed to increase their efforts to defeat international terrorism in Syria, in particular ISIS/ISIL/Da'esh and al Qaeda.
- The G7 addressed the situation in Libya, urging to advance on the path of political dialogue and national reconciliation.
- In addition, leaders condemned North Korea's nuclear tests and ballistic missile launches. They called on North Korea to abandon all nuclear and ballistic missile programs in a complete, verifiable and irreversible manner.
- Leaders also focused on the situation in Ukraine, calling for the full implementation of the Minsk agreements. They recalled that the duration of existing sanctions is clearly linked to Russia's complete implementation of these agreements and its respect for Ukraine's sovereignty.

Global economy

- The G7's top priority is to raise global growth to deliver higher living standards and quality jobs. Leaders reaffirmed their commitment to use all policy tools, including monetary, fiscal and structural, to achieve strong, sustainable, balanced and inclusive growth.

Reduction of inequalities

- Leaders acknowledged that inequalities undermine confidence and limit future growth potential. They agreed to strengthen the capabilities and resilience of economies and communities to adjust to the pace of change, so that the global economy works for everyone.
- The G7 recalled that promoting gender equality is crucial contribution to progress towards sustainable development. Leaders adopted the G7 roadmap for a gender-responsive economic environment with a view to foster the economic empowerment of women and girls.

Trade

- Leaders reiterated their commitment to keep markets open and to fight protectionism, while standing firm against all unfair trade practices. They committed to adopting appropriate policies so that all firms and citizens can make the most of opportunities offered by the global economy.
- The G7 called for the removal of all trade-distorting practices so as to foster a truly level playing field. Leaders also stressed the importance of the rules-based multilateral trading system, and they committed to working together to improve the functioning of the WTO.

Migration

- Leaders called for coordinated efforts at the national and international level to address the large-scale movement of migrants and refugees. They agreed to establish partnerships to help countries create the conditions within their own borders that address the drivers of migration.
- They also acknowledged the right of states to control their own borders and to establish policies in their own national interest.

eMigrate

- The United Arab Emirates, one of the largest employers of Indians in the Gulf, has raised a red flag with the Ministry of External Affairs over the government's flagship eMigrate programme over what it terms as "sovereignty issues."

About eMigrate

- eMigrate project is a transformational initiative of the Overseas Employment Division of MEA, Government of India, to automate the current emigration processes and eco-system.

Current Affairs

- The ministry has undertaken this transformational e-governance program with a vision to transform emigration into a simple, transparent, orderly and humane process.
- The eMigrate system fully automates the operations of offices of Protector of Emigrants (PoE) and Protector General of Emigrants (PGoE).
- Also all key stakeholders in the emigration lifecycle like Indian Missions, PGoE, PoE, Employers, Project Exporter, Recruiting Agents, Emigrants and Insurance Agencies are electronically linked on a common platform.

The key highlights of this system are:

- The public website is for the general public to access the services offered by Overseas Employment Division of MEA. It is meant to be accessed by general public. Prospective Recruiting Agents (RA) can apply for registration. Prospective Employers and Project Exporters (PE) can apply for accreditation. Emigrant can also apply for direct Emigrant registration. In addition Emigrant grievance and Information about an Emigrant eventuality can be submitted on this website.
- Restricted Website: The Restricted Website is for all the Internal Users (PoE offices PGoE office, Indian Missions, Consulates, OWRC) and Partners (Registered Recruiting Agents, Project Exporters and Foreign Employers).
- The partners raise applications online for various services. The internal users process the applications received from partners through this website.
- Integration with Passport System for validation of Emigrant's passport details
- Online payment of application processing fee, if applicable
- Integration with Insurance Companies Systems for validation of Pravasi Bhartiya Bima Yojna (PBBY) policy details
- Use of Digital Signatures for ensuring source authentication, data integrity and ensuring non-repudiation of digitally signed documents
- Electronic Emigration Clearance
- Integration with Bureau of Immigration (BoI) system for validation of Emigrant's Emigration Clearance status at International Airport
- Helpline to provide support to various users

Analysis:

- This collection of data is being termed as violation of sovereignty by the UAE. The concerns are not restricted to India's database of foreign employers in that country, but includes the eMigrate programme's mandate to inspect premises of UAE companies, which they want stopped immediately.
- Other Gulf countries, including Saudi Arabia, had also raised issues with the eMigrate system as soon as it was launched in July 2015.
- According to a World Bank study on emigrants and remittances worldwide, published in April 2017, while India retained the top position as a recipient of remittances, it saw the biggest year-on-year decline of 8.9% in 2016. In 2014 India received \$69.6 billion in remittances, which dipped to \$68.9 billion in 2015 and fell to \$62.7 billion last year.

Akash missiles

- The Defence Ministry has decided to cancel the Army's global contest for Short Range Surface to Air Missile (SR-SAM) systems and instead procure two additional regiments of the indigenously developed Akash missile systems.

About Akash missile:

- Akash is a supersonic short range surface-to-air missile capable of neutralising aerial threats.
- The asset of this missile system is its capability to neutralise multiple aerial targets coming from different directions at the same time.
- The maximum range of this missile is 25 kilometres and can neutralise targets at a maximum altitude of 20 kilometres. It is meant for neutralising medium range air targets flying at low or medium height.
- An Akash missile regiment has six launchers with three missiles each. This defence system consists of surveillance and tracking radars, control centres and ground support systems. This all-weather missile system can work from both static and mobile platforms.
- Akash has been indigenously built. It is a result of 96% indigenisation, with the design being developed by the Defence Research and Development Organisation and built by Bharat Dynamics Limited along with the involvement of Bharat Electronics Limited.

Indian researchers develop 3D bio printed cartilage

- Indian researchers have been able to achieve a measure of success in developing cartilages that are molecularly similar to the ones seen in human knees. Scientists have printed cartilage using bioink.
- The bioink has high concentration of bone-marrow derived cartilage stem cells, silk proteins and a few factors.
- The chemical composition of the bioink supports cell growth and long-term survival of the cells. The cartilage developed in the lab has remained physically stable for up to six weeks. The results of the study were published in the journal Bio printing.
- The silk protein has different amino acids that closely resemble the amino acids present in human tissues. Just like cells are surrounded by proteins inside our body, the cells in the engineered cartilage are also surrounded by bio ink that has a similar composition.
- Cartilage found in the knee is an articular cartilage that is typically sponge-like and has a huge load-bearing capacity, the ones produced in the lab so far are of a different kind — transient cartilage.
- Unlike articular cartilage, transient cartilage becomes bone cells and, therefore, brittle within a short time.
- As a result, the engineered cartilage loses its capacity to bear huge load that is typically encountered in the knee.
- But the 3D bio printing approach adopted by the team allows the high concentration of bone-marrow derived cartilage stem cells present in the bio ink to gradually convert to chondrocyte-like cells (specialised cells which produce and maintain the extracellular matrix of cartilage).

Analysis:

- 3D printing or additive manufacturing is a process of making three-dimensional solid objects from a digital file. The creation of a 3D printed object is achieved using additive processes. In an additive process an object is created by laying down successive layers of material until the entire object is created. Each of these layers can be seen as a thinly sliced horizontal cross-section of the eventual object.
- 3D printing has been used to create car parts, smartphone cases, fashion accessories, medical equipment and artificial organs. Charles "Chuck" Hull created the first functional 3D printer in 1984 and the technology has come a long way ever since then.

- Manufacturing corporations and aerospace organizations have saved billions of dollars by using 3D printing for building parts.
- 3D printing has also helped save lives. 3D printing has been applied in medicine since the early 2000s, when the technology was first used to make dental implants and custom prosthetics. Since then, the medical applications for 3D printing have evolved considerably. Recently there is use of 3D printing to produce bones, ears, exoskeletons, windpipes, a jaw bone, eyeglasses, cell cultures, stem cells, blood vessels, vascular networks, tissues, and organs, as well as novel dosage forms and drug delivery devices. The current medical uses of 3D printing can be organized into several broad categories: tissue and organ fabrication; creating prosthetics, implants, and anatomical models; and pharmaceutical research concerning drug discovery, delivery, and dosage forms.

'See-through' frog

- A new glass frog species with transparent skin through which its beating heart is visible has been discovered by scientists who warn that the amphibian may already be at threat of extinction.

About see through frog:

- The frog (*Hyalinobatrachium yaku*), discovered in the Amazonian lowlands of Ecuador has unique physical and behavioural traits.
- The dark green spots on its back and its reproductive behaviour mark it out as different from known frogs.
- Males guard the eggs, which are attached below a tree's leaves, until they hatch and fall on the below water stream
- Not all glass frogs have hearts that are visible through the chest. In some, the heart itself is white, so you don't see the red blood
- Amphibians are the most threatened vertebrate class on the planet
- Glass frogs need pristine streams to breed in, researchers said.
- **Risk of extinction:**
- **Drying and polluting streams:** If the stream dries up, or becomes polluted, the frogs can't survive, and other more resilient creatures may be next.
- Habitat is rapidly disappearing. Oil production has expanded greatly in this species' range and road building is rampant.

Cyclone Mora

- Cyclone Mora has formed in the east-central part of Bay of Bengal and it is expected to move towards the north-east part of India.
- According to the Indian Meteorological Department, it is expected to intensify into a 'severe cyclonic storm'.
- According to the IMD, wind speeds will be in the range of 100-150 kilometres per hour.

How are cyclones named?

- Tropical cyclones passing over the northern part of the Indian Ocean are named by eight countries in the region, namely India, Pakistan, Bangladesh, Sri Lanka, Maldives, Myanmar, Oman and Thailand.
- The process only began in 2004, four years after World Meteorological Organization agreed in principle to allow them to name cyclones originating in the Bay of Bengal and Arabian Sea.
- The alphabet system is used to designate the name of a cyclone, which means the name of the year's first cyclone begins with A. Previously, till 1979, cyclones were only given female names. Male names were only introduced in the same year.
- World Meteorological Organization (WMO) maintains the database of cyclone/hurricane/typhoon names. There are six lists of names used in rotation and they are recycled every six years. The names are picked from

this pre-designated list and are usually familiar with the people living in the region. India has so far contributed the following names: Agni, Bijli, Akash, Jal, Lehar, Megh, Sagar and Vayu.

Why are cyclones given names?

- The practice first began to help people easily remember them instead of identifying a storm with a specific number based on its latitude-longitude.
- Also it is easy to issue alerts, and for the media to report the developments. This simultaneously increases the community preparedness and heightens interest in the event, according to WMO. Names are ideally retired in case there is massive damage to property and loss of human lives.

Zika Virus

- The Union Health Ministry has confirmed that three cases of Zika were reported from Ahmedabad in January.

About ZIKA virus

- Zika virus is a member of the virus family Flaviviridae and the genus Flavivirus.
- It is spread by daytime-active Aedes mosquitoes, such as *A. aegypti* and *A. albopictus*.
- Zika virus is transmitted by the same type of mosquito that carries dengue fever, yellow fever, and chikungunya virus.
- Zika is related to the dengue, yellow fever, Japanese encephalitis, and West Nile viruses. Like other flaviviruses, Zika virus is enveloped and icosahedral and has a nonsegmented, single-stranded, positive-sense RNA genome.
- A mosquito bites an infected person and then passes those viruses to other people it bites.

Treatment

- While there is no specific treatment, paracetamol (acetaminophen) and rest may help with the

Symptoms

- The infection, known as Zika fever or Zika virus disease, often causes no or only mild symptoms, similar to a very mild form of dengue fever.
- In rare cases, Zika has been associated with Guillain-Barre syndrome, a disorder that can cause partial or complete paralysis, usually starting in the legs, most often temporary.
- As of 2016, the illness cannot be prevented by medications or vaccines.

Cobra Lily

- Two species of genus *Arisaema*, or cobra lily, have been spotted in the wild after 84 years.
- One species was found in Thia Shola, the other was spotted in the Pennant Valley forest area.
- A few hundred plants of the genus can be found within a small area in the Nilgiris.

About Cobra Lilly:

- The cobra lily (*Darlingtonia californica*) is a predatory plant native to Northern California and Southern Oregon.
- Also called the California pitcher plant, it has evolved an astonishing set of adaptations that allow it to trap, kill and digest its animal prey using highly modified pitcher-shaped leaves.
- The plants entice insects into their pitcher-shaped traps with an offering of sugary nectar on their long leafy fangs. Insects that land on the plants gorge on the nectar, which leads them to the cobra lilies' downward facing openings.
- Carnivorous plants like the cobra lily still collect energy from the sun. But plants also require nutrients, and not all habitats have ideal nutrients in the soil.
- Carnivorous plants have evolved an alternative method of absorbing the essential nutrients. Instead of depending entirely on their roots to draw nitrogen and phosphorus up from the soil, carnivorous plants can supplement their input by absorbing the nutrients from the carcasses of their insect prey.

Neglected tropical diseases (NTDs)

- Around the world, nearly 1.6 billion people are affected by a group of diseases which is called neglected tropical diseases (NTDs).

About Neglected tropical diseases (NTDs)

- Neglected tropical diseases (NTDs) are a diverse group of communicable diseases that prevail in tropical and subtropical conditions in 149 countries and affect more than one billion people, costing developing economies billions of dollars every year.
- They mainly affect populations living in poverty, without adequate sanitation and in close contact with infectious vectors and domestic animals and livestock.
- Effective control against NTDs can be achieved when several public health approaches are combined.
- Interventions are therefore guided by local epidemiology and availability of appropriate detection, prevention and control measures that can be delivered locally.
- Implementation of appropriate measures with high coverage will lead to achieving the WHO NTD Roadmap targets resulting in the elimination of many diseases and the eradication of at least two by 2020.
- In May 2013, the 66th World Health Assembly adopted resolution which calls on Member States to intensify and integrate measures and plan investments to improve the health and social well-being of affected populations.
- On 28 May 2016, the 69th World Health Assembly approved a resolution recognizing mycetoma as a neglected tropical disease.
- The resolution also provides for a systematic, technically-driven process for evaluation and potential inclusion of additional diseases among the neglected tropical diseases.
- This is in recognition of the fact that there are still many tropical, poverty-related diseases or conditions that remain neglected and for which advocacy, awareness and research are required to develop better diagnostic methods, treatments and control strategies.

Analysis:

- Neglected tropical diseases (NTDs) affect over 1.5 billion of the world's most impoverished people, including 875 million children.
- They cause severe pain, long-term disability, and are the cause of death for over 170,000 people per year.
- Amongst children, infection leads to malnutrition, cognitive impairment, stunted growth, and the inability to attend school.
- Adults suffer from social isolation and are unable to work, and anaemia caused by NTDs increases the risk of maternal mortality.
- The Indian government has set itself the target of eliminating kala-azar and filariasis by 2017, and leprosy by 2018.
- With such ambitious targets, sustained research must remain an integral component of disease elimination programmes. Besides basic research — the discovery of new facts about a disease, vaccines and drugs — new strategies are needed to make an impact.
- For programmes to succeed, it is important to maintain constant vigilance through robust surveillance and reporting mechanisms.
- Partnerships with diverse stakeholders including the private sector, community-based organisations, and community leaders are specifically useful in creating awareness, improving case detection, treatment completion and, most importantly, managing stigma associated with these diseases.
- While tackling NTDs, it will be important to remember that along with timely diagnosis and treatment access in unreached areas, focussing on the fundamentals of preventive interventions, nutrition, safe drinking water, sanitation and hygiene are essential in fast-tracking the ultimate goal of elimination.

Combustible ice

- China has become the first country in the world to have extracted combustible ice from the bottom of the South China Sea.
- For the Chinese, it can be a breakthrough indeed, because this is the first time when they have extracted methane hydrate in the South China Sea.
- However, it was Japan that conducted the first experimental extraction of this fuel in March 2013.
- Moreover, methane hydrate was discovered in the north of the Soviet Union in 1963.

About Combustible ice:

- Combustible ice is a frozen mixture of water and concentrated natural gas. Technically known as methane hydrate, it can be lit on fire in its frozen state and is believed to comprise one of the world's most abundant fossil fuels.

Analysis:

- South China Sea has become a focal point of regional political tensions as China has claimed huge swaths of disputed territory as its own.
- Previous sea oil exploration efforts by China met resistance, especially from Vietnam, but its methane hydrate operation was described as being outside the most hotly contested areas.
- Methane hydrate has been found beneath seafloors and buried inside Arctic permafrost and beneath Antarctic ice. The United States and India also have research programs pursuing technologies to capture the fuel.
- Estimates of worldwide reserves range from 280 trillion cubic meters (10,000 trillion cubic feet) up to 2,800 trillion cubic meters (100,000 trillion cubic feet).
- By comparison, total worldwide production of natural gas was 3.5 billion cubic meters (124 billion cubic feet) in 2015, the most recent year available.
- That means methane hydrate reserves could meet global gas demands for 80 to 800 years at current consumption rates. Yet efforts to successfully extract the fuel at a profit have eluded private and state-owned energy companies for decades.
- That's in part because of the high cost of extraction techniques, which can use large amounts of water or carbon dioxide to flood methane hydrate reserves so the fuel can be released and brought to the surface.

International Comparison Programme (ICP)

- India is participating in the current phase of International Comparison Programme (ICP) with reference to 2017.
- It is a global statistical initiative that supports inter-country comparisons of Gross Domestic Product (GDP) and its components, using Purchasing Power Parity.

About International Comparison Programme

- The ICP is a worldwide statistical initiative led by the World Bank under the auspices of the United Nations Statistical Commission, with the main objective of providing comparable price and volume measures of gross domestic product (GDP) and its expenditure aggregates among countries within and across regions.
- Through a partnership with international, regional, sub-regional and national agencies, the ICP collects and compares price data and GDP expenditures to estimate and publish purchasing power parities (PPPs) of the world's economies.

Purchasing Power Parities (PPPs)

- PPPs measure the total amount of goods and services that a single unit of a country's currency can buy in another country.
- The PPP between countries A and B measures the number of units of country A's currency required to purchase a basket of goods or services in country A as compared to one unit of country B's currency to purchase a similar basket of goods in country B.

- PPPs can thus be used to convert the cost of a basket of goods and service into a common currency while eliminating price level differences across countries. In other words, PPPs equalize the purchasing power of currencies.
- Due to large differences in price levels across economies, market exchange rate- converted GDP does not accurately measure the relative sizes of economies and the levels of material well-being.
- PPPs make it possible to compare the output of economies and the welfare of their inhabitants in 'real' terms, thus controlling for price level differences across countries.
- Please also refer to our leaflet Fundamentals of Purchasing Power Parities on the basics of PPPs.

Uses of PPPs

- PPPs are widely used to convert national accounts data, like GDP, into a common currency, while also eliminating the effect of price level differences between countries. Since the demand for comparable volume aggregates is high, PPPs play a key role in the analyses carried out by policymakers, multilateral institutions, and private sector actors, among others.

Global warming and local urban heating

- According to a recently released report, because of dual onslaught of global warming and localised urban heating, some of the world's cities may be as much as 8C (14.4F) warmer by 2100.
- For some nearly 5C of the total would be attributed to average global warming.
- The rest would be due to "urban heat island" effect, which occurs when parks, dams and lakes, which have a cooling effect, are replaced by concrete and asphalt – making cities warmer than their surround.

Highlights of the study:

- This projection is based on the worst-case-scenario assumption that emissions of planet-warming greenhouse gases continue to rise throughout the 21st century.
- The top quarter of most populated cities, in this scenario, could see the mercury rise 7 degrees Celsius or more by century's end, said a study in the journal Nature Climate Change.
- Cities, which often set more ambitious goals for themselves than governments to tackle climate change, could limit much of the damage themselves with measures such as lighter-coloured asphalt or more trees. New York, for instance, has a "cool roofs" plan to coat rooftops with a white reflective surface. Black rooftops can reach temperatures of up to 190 degrees Fahrenheit (88° Celsius) on days when air temperatures are 100°F (38°C).
- UHI(Urban heat island) "significantly" increases city temperatures and economic losses from global warming.
- This meant that local actions to reduce UHI — such as planting more trees or cooling roofs and pavements, can make a big difference in limiting warming and minimising costs.
- Cities cover only about 1% of the earth's surface but produce about 80% of gross world product and account for around 78% of energy consumed worldwide, said the researchers.
- They produce more than 60% of global carbon dioxide emissions from burning coal, oil and gas for fuel.

QUICK FACTS

- International Museum Day is observed on - **18 May**
- Arctic Energy Summit, 2017 will be hosted by - **Finland**

- Second largest steel producer in world after China - **India**
- G7 Summit held in - **Italy**
- International Day of United Nations Peacekeepers was observed on - **29 May**
- 5th India Morocco Joint Commission Meeting (JCM) held in - **Rabat**
- Dholra-Sadiya bridge named after - **Bhupen Hazarika**
- WHO confirms India's 1st Zika virus cases in- **Ahmedabad**
- Next Ambassador of India to Philippines- **Jaideep Mazumdar**
- Next Ambassador of India to Finland- **Vani Sarraju Rao**