

Abhimanu

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Abhimanu's IAS Study Group

Chandigarh

Loan Waiver

- In India, farm loan waivers have been announced intermittently by both the central and state governments to provide relief to farmers facing distress due to natural calamities/crop failure. However, according to a recent report by the RBI, farm loan waiver amounting to Rs 88,000 crore likely to be released in 2017-18 by seven states, including Uttar Pradesh and Maharashtra, may push inflation on permanent basis by 0.2%.

Analysis:

- Modern agriculture requires investment in farm machinery and use of purchased inputs like seed, fertiliser, agri-chemicals, diesel and hired labour. Most often, savings generated from unremunerative crop enterprise are inadequate for such investments. Rising expenses on health, education, social ceremonies and non-food items put additional financial demand on farm families. Consequently, majority of the farmers have to take loans from institutional or non-institutional sources or both. The share of institutional loans disbursed during a year to agriculture and allied sectors has risen from 8.9% of the value of output in 2000-01 to 31.4% in 2015-16.
- The amount of short-term institutional loans for agriculture exceeds the total cost of inputs including hired labour at an all-India level and in many States. This indicates that a part of crop loans is likely spent on non-agricultural purposes.
- A more worrisome fact out of NSS surveys on Investment and Debt (NSS-I&D) is that the loans taken by cultivators from non-institutional sources, which involve high interest rate, is rising faster than from institutional sources. These indicators point to a worrying development — much of the growth in household demand in rural India has been debt-ridden and not supported by growth in income.
- Recently a few States like Uttar Pradesh, Maharashtra, Punjab and Karnataka have responded to farm distress by rolling out farm loan waiver schemes as a measure of immediate relief to those farmers who qualify certain criteria. The demand for such measures is spreading to other States too.
- The ultimate goal of farm loan waiver is to lessen the debt burden of distressed and vulnerable farmers and help them qualify for fresh loans. The success of the loan waiver lies on the extent to which the benefits reach the needy farmers. Loan waivers suffer from several drawbacks in this respect. First, it covers only a tiny fraction of farmers. According to 2012-13 NSS-SAS, 48% of the agricultural households did not have any outstanding loan.
- Further, out of the indebted agricultural households, about 39% borrowed only from non-institutional sources. The farmers investing from their own savings and those borrowing from non-institutional sources are equally vulnerable to weather and market risks. But all such households are outside the purview of loan waiver.
- Second, it provides only a partial relief to the indebted farmers as about half of the institutional borrowing of a cultivator is for non-farm purposes.
- Third, in many cases, one household has multiple loans either from different sources or in the name of different family members, which entitles it to multiple loan waiving.
- Fourth, loan waiving excludes agricultural labourers who are even weaker than cultivators in bearing the consequences of economic distress.
- Fifth, it severely erodes the credit culture, with dire long-run consequences to the banking business.

- Sixth, the scheme is prone to serious exclusion and inclusion errors, as evidenced by the Comptroller and Auditor General's (CAG) findings in the Agricultural Debt Waiver and Debt Relief Scheme, 2008.
- It appears that loan waiving can provide a short-term relief to a limited section of farmers; it has a meagre chance of bringing farmers out of the vicious cycle of indebtedness. There is no concrete evidence on reduction in agrarian distress following the first spell of all-India farm loan waiver in 2008. In the longer run, strengthening the repayment capacity of the farmers by improving and stabilising their income is the only way to keep them out of distress.

Payment of Gratuity (Amendment) Bill, 2017

- The Union Cabinet has given its approval for introduction of the Payment of Gratuity (Amendment) Bill, 2017 in the Parliament.
- The Payment of Gratuity Act, 1972 applies to establishments employing 10 or more persons. The main purpose for enacting this Act is to provide social security to workmen after retirement, whether retirement is a result of the rules of superannuation, or physical disablement or impairment of vital part of the body.
- Therefore, the Payment of Gratuity Act, 1972 is an important social security legislation to wage earning population in industries, factories and establishments.
- **Important points:**
- The move aims at providing social security to workmen after retirement, whether it is because of rules of superannuation, or physical disablement or impairment of vital parts of the body.
- The Amendment will increase the maximum limit of gratuity of employees, in the private sector and in Public Sector Undertakings/ Autonomous Organizations under Government who are not covered under CCS (Pension) Rules, at par with Central Government employees. The Union Cabinet chaired by the Prime Minister Shri Narendra Modi has given its approval for introduction of the Payment of Gratuity (Amendment) Bill, 2017 in the Parliament.
- The Amendment will increase the maximum limit of gratuity of employees, in the private sector and in Public Sector Undertakings/ Autonomous Organizations under Government who are not covered under CCS (Pension) Rules, at par with Central Government employees.
- The present upper ceiling on gratuity amount under the Act is Rs. 10 Lakh. The provisions for Central Government employees under Central Civil Services (Pension) Rules, 1972 with regard to gratuity are also similar. Before implementation of 7th Central Pay Commission, the ceiling under CCS (Pension) Rules, 1972 was Rs. 10 Lakh. However, with implementation of 7th Central Pay Commission, in case of Government servants, the ceiling now is Rs. 20 Lakhs effective from 1.1.2016.
- Therefore, considering the inflation and wage increase even in case of employees engaged in private sector, the Government is of the view that the entitlement of gratuity should be revised for employees who are covered under the Payment of Gratuity Act, 1972. Accordingly, the Government initiated the process for amendment to Payment of Gratuity Act, 1972.

Dairy Processing & Infrastructure Development Fund

- The Cabinet Committee on Economic Affairs has approved a Dairy Processing & Infrastructure Development Fund" (DIDF) with an outlay of Rs 10,881 crore during the period from 2017-18 to 2028-29.

The major activities of DIDF:

- The project will focus on building an efficient milk procurement system by setting up of chilling infrastructure & installation of electronic milk adulteration testing equipment, creation/modernization/expansion of processing infrastructure and manufacturing faculties for Value Added Products for the Milk Unions/ Milk Producer Companies.

Management of DIDF:

- The project will be implemented by National Dairy Development Board (NDDB) and National Dairy Development Cooperation (NCDC) directly through the End Borrowers such as Milk Unions, State Dairy Federations, Multi-state Milk Cooperatives, Milk Producer Companies and NDDB subsidiaries meeting the

eligibility criteria under the project. An Implementation and Monitoring Cell (IMC) located at NDDB, Anand, will manage the implementation and monitoring of day-to-day project activities.

- The end borrowers will get the loan @ 6.5% per annum. The period of repayment will be 10 years with initial two years moratorium.
- The respective State Government will be the guarantor of loan repayment. Also for the project sanctioned if the end user is not able to contribute its share; State Government will contribute the same.
- Rs 8004 crore shall be loan from NABARD to NDDB/NCDC, Rs 2001 crore shall be end borrowers contribution, Rs 12 crore would be jointly contributed by NDDB/NCDC and Rs 864 crore shall be contributed by DADF towards interest subvention.

Analysis:

- With this investment, 95,00,000 farmers in about 50,000 villages would be benefitted. Additional Milk processing capacity of 126 lakh litre per day, milk drying capacity of 210 MT per day, milk chilling capacity of 140 lakh litre per day, installation of 28000 Bulk Milk Coolers (BMCs) along with electronic milk adulteration testing equipment and value added products manufacturing capacity of 59.78 lakh litre per day of milk equivalent shall be created.
- Initially 39 MUs the Department will start the project with 39 profit making milk unions of 12 States, other Milk Cooperatives which become eligible on the basis of their net worth and profit levels, in subsequent years, to apply for loan under DADF.
- The implementation of DADF scheme will generate direct and indirect employment opportunities for skilled, semi-skilled and unskilled manpower. Direct employment opportunities for about 40,000 people will be created under the scheme through project activities like expansion & modernisation of existing milk processing facilities, setting up of new processing plants, establishment of manufacturing facilities for value added products and setting up of Bulk Milk Coolers (BMCs) at village level.
- About 2 lakh indirect employment opportunities will be created on account of expansion of milk and milk product marketing operations from existing Tier I, II & III to Tier IV, V & VI cities/towns etc. This will lead to deployment of more marketing staff by Milk Cooperatives, appointment of distributors and opening of additional milk booths/retail outlets in urban/rural locations.
- With the increase in milk procurement operations of the Milk Cooperatives, there would be generation of additional manpower employment for supervision of increased milk procurement operations, transportation of milk from villages to processing units, and increased input delivery services like Artificial Insemination (AI) services, Veterinary Services, etc.

RBI is not comfortable with bitcoins

- The Reserve Bank has indicated that it is uncomfortable with “non-fiat” cryptocurrencies like Bitcoin.
- A non-fiat cryptocurrency is “Bitcoin for example. That’s a private cryptocurrency.” Whereas, the fiat cryptocurrency is a digital currency which would be issued by the Reserve Bank of India (RBI) in place of the physical one at present.

About Bitcoins:

- It is a type of digital currency in which encryption techniques are used to regulate the generation of units of currency and verify the transfer of funds, operating independently of a central bank.
- or in other words, Bit coin is a form of digital currency, created and held electronically. No one controls it. Bit coins aren’t printed, like dollars or euros – they’re produced by people, and increasingly businesses, running computers all around the world, using software.
- Bit coin’s most important characteristic that makes it different from conventional money, is that it is decentralized. No single institution controls the bitcoin network. This puts some people at ease, because it means that a large bank can’t control their money.
- A software developer called Satoshi Nakamoto proposed bit coin.

- The idea was to produce a currency independent of any central authority, transferable electronically, more or less instantly, with very low transaction fees.

Analysis:

- Cryptocurrency could be referred to as digital gold, as it shares many of the characteristics that makes the precious metal a great store of value. Bitcoin shares those same characteristics, both have an extremely limited supply and a relatively inert state. Bitcoin and gold can both be used: for example, gold is used in electronic circuits and bitcoin is used as payment.
- While gold has had a bit of a run in 2016, over the last five year period it's been a terrible performing asset. So people starting to wonder where there are safe havens to store their assets. This might be the main reason why people are making investments in bit coins.
- However, there are some disagreement regarding considering bitcoins as a safe-haven asset. And bitcoin is still very volatile. Bitcoin is still such a new innovation that the economics of its value aren't fully understood, and the price looks likely to remain moderately volatile in the medium term.
- Volatility and the long-term unknowns involved in bitcoin's development stop it from being considered a safe-haven asset like gold. However, because bitcoin is unlinked to any one national currency or macroeconomic factor, it could be a good choice for portfolio diversification.
- The recent rise in value of the digital currency is mainly due to an upcoming change which will see bitcoin miners make less money for each block that they extract. This is likely to tighten the supply of bitcoins as fewer new coins enter the system.
- Another risk is to the security of the bitcoin's network. Part of the concern around the upcoming block award change is that if those miners make less money, then they are less incentivised to throw machinery at the network to secure it.
- Meanwhile, gold remains a popular choice for investors looking for safety. Throughout civilisation gold has been viewed as a well-established safe haven used to store value by all cultures in all ages across the word and has never gone to zero in recorded history. As a physical asset gold cannot default or go bust and is protected by a strong property law which is simple, proven and universally understood.

Corporate debt

- According to a recently released report by Thomson Reuter, India's corporate debt rose to a seven-year high at the end of March.

Highlights of the report:

- More than a fifth of large companies did not earn enough to pay interest on their loans and the pace of new loans fell to the lowest in more than six decades.
- Net debt for 288 companies with a market capitalisation of more than \$500 million, covering most big firms in India, has hit at least a seven-year high of ₹18 trillion (\$281 billion). Soured debt was 12% of total loans held by lenders at the end of March.
- More than a fifth of 513 Indian companies had interest cover of less than 1%. New loans are also hard to come by. On an annual basis, the pace of new loans in the year to the end of March fell to the lowest since the fiscal year ended in March 1954.
- The impact can be seen in the GDP data. Gross capital formation, a gauge of private investment, fell to less than 30% of GDP in the June quarter, from 31% a year earlier and 38% a decade ago.

Analysis:

- A small company is a segment of companies that does not have ready access to capital markets to raise funds nor the ability to withstand long periods of stress, which makes the trend a worrying one.
- To solve the issue of large corporate segment, the most likely answer lies in asset sales. Such sales from distressed firms have certainly picked up in the past year but given that a number of these firms operate in sectors like iron and steel, infrastructure and power, finding buyers has not been easy. Banks that have taken over stressed assets under strategic restructuring schemes will face the same problem.

- For smaller firms, the best case scenario is a pick-up in demand in the economy, which will eventually revive earnings and improve their ability to service and repay their debt.

NATIONAL POLITY

UJALA scheme launched in Melaka, Malaysia

- Energy Efficiency Services Limited (EESL), under Ministry of Power, Government of India has launched UJALA (Unnat Jyoti by Affordable Lighting for All) Scheme in the State of Melaka, Malaysia today.
- Under this scheme, each household in Melaka will get 10 high quality 9-watt LED bulbs at a cost of only Ringgit Malaysia (RM)10, which is a special price and is almost half of what is being offered in the market.
- The distribution of these LED bulbs will take place from 28 numbers of Japerun in the region. These Japerun are a unique community welfare and engagement centers, which are situated across the Melakan State.
- The initiative will have the logistical assistance and facilitation support from Green Growth Asia, which is a not-for-profit organization.
- The price of each bulb will be way lesser than global average price of the LED bulbs, which still swings between 3-5 USD.
- These bulbs sent from India will be of leading brands and manufacturers like Osram, Philips along with other companies of repute.

About UJALA(In India):

- Under the scheme, consumers are entitled to 3 LED bulbs of 9W each at a subsidized rate of Rs.25/, as against a market price of Rs.300-350.
- Under India's commitment to achieving 30-35% reduced carbon emissions, the country has recognized energy efficiency as a key mitigation strategy. Therefore, the government is committed to executing schemes like UJALA.
- State governments are voluntarily adopting this scheme and the scheme is already present in over 13 states.
- EESL would be starting distribution in three more states within a month. The progress of ongoing LED distribution process can be tracked on
- The UJALA scheme has played a significant role in creating awareness about energy efficient lighting. In 2014-15, the total number of LED bulbs that were distributed was mere 30 lakhs. The number of LED bulbs distributed in 2015-16 has crossed 15 crore, where 9 crore LED bulbs were distributed under UJALA and the remaining were contributed by the industry. For this year, the Government of India is confident of distributing an additional 20 crore LED bulbs. Sustained efforts under UJALA, coupled with industry support, will help the government achieve its objective of replacing 77 crore inefficient bulbs by March 2019.
- Efficient domestic lighting is one of the largest contributors to energy savings globally and the distribution of 10 crore LED bulbs in India has led to savings of over 1,298 crore kWh annually. This number has also helped the country avoid capacity of about 2,600 MW. Most importantly, the country has benefitted from reduction of CO2 emission by over 1 crore tonnes annually. The scheme is executed by Energy Efficiency Services Limited (EESL), a joint venture of PSUs under Ministry of Power.

- LED bulbs consume half the energy as that of CFLs and one tenth as that of incandescent bulbs.
- UJALA is the largest non-subsidised LED programme in the world.

Analysis:

- India's zero-subsidy UJALA programme has paved the way for a brighter future and has now travelled to other countries. This will not only benefit the environment, but will also foster new avenues of economic growth in the region.
- This programme will further improve the quality of life of the people residing in the region. With an aim to reduce the annual household electricity bills by approximately 10.22 million RM every year, households will be able to make significant monetary savings in their electricity bills.
- UJALA's impact in Malaysia will bring about clean energy, contribute to climate change targets and save the already dwindling energy resources.
- This scheme will help reduce the subsidy burdens of the State Government. The concept of energy efficiency has strongly overcome many bottlenecks and this adoption by a Malaysian State is yet another achievement towards furthering the idea of energy efficiency to conserve the resources, money and environment.

TRAI recommends delicensing of some spectrum for M2M services

- In order to facilitate the smooth roll-out of machine-to-machine (M2M) communications utilising licence exempt airwaves, sectoral regulator Telecom Regulatory Authority of India (Trai) has recommended delicensing of a chunk of spectrum in a few bands.

What is M2M?

- Machine-to-Machine is where "Machines" use network resources to communicate with remote application infrastructure for the purposes of monitoring and control, either of the "machine" itself, or the surrounding environment.
- The machine-to-machine (M2M) communication is expected to be the norm among households to control consumer durables like TV, washing machine, air conditioner and the like with the help of mobile phones from a remote location. Under this, the devices will be fitted with SIM or universal integrated circuit card (eUICC).
- The ecosystem of M2M is also developing in the automobile segment, highway tolls, public transport and surveillance, among others.
- M2M can impact various industry verticals like smart city, smart grid, smart water, smart transportation, smart health etc.
- The government has also recognized the potential of M2M and emphasized the same in National Telecom Policy 2012.

Important recommendations made:

- Companies offering M2M services using unlicensed spectrum like the one used for wifi should be covered under licence through a new permit to be called Unified Licence (UL) (M2M). Companies willing to opt for licence for M2M services should pay one-time entry fee in the range of Rs20,000 to Rs30 lakh, depending on the area they wish to cover.
- The UL (M2M) permit holder should be allowed to bid for licensed spectrum if it is keen to provide M2M services in the licensed band.
- The regulator recommended that the basic services licensees (landline services) and Internet service providers need to be allowed to provide M2M connectivity, including in unlicensed band, within the area of their existing authorisations, barring M2M cellular services.
- There is no need to separately allocate spectrum band for such services. Requirement of additional licensed spectrum for access services to meet the projected influx of connected devices due to M2M communication will be revisited by the authority after WRC-19.
- The regulator has recommended smooth rollout of M2M services utilising the licence exempt spectrum, adding that the government should consider delicensing of 1 Mhz of spectrum from 867-868 Mhz and a chunk of 6 Mhz of spectrum at 915-935 Mhz.

Government unveils rules to tackle on-board disruptive and unruly behaviour by passengers

- The Ministry of Civil Aviation has unveiled rules to tackle on-board disruptive and unruly behaviour by passengers.
- New rules will allow for the formation of a national, No Fly List of such unruly passengers.
- Concept of the No-Fly List is based on the concern for safety of passengers, crew and the aircraft, and not just on security threat.
- The revision has been done in accordance with the provisions of Tokyo Convention 1963.

Main points of the rules:

- The revised CAR (Civil Aviation Requirement) will be applicable for all Indian operators engaged in scheduled and non-scheduled air transport services, both domestic and international carriage of passengers.
- The revised CAR defines three categories of unruly behavior - Level 1 refers to behaviour that is verbally unruly, and calls for debarment upto 3 months; Level 2 indicates physical unruliness and can lead to the passenger being debarred from flying for upto 6 months and Level 3 indicates life-threatening behaviour where the debarment would be for a minimum of 2 years.
- The complaint of unruly behavior would need to be filed by the pilot-in-command. These complaints will be probed by an internal committee to be set up by the airline.
- The internal committee will have retired District & Sessions Judge as Chairman and representatives from a different scheduled airline, passengers' association/consumer association/retired officer of Consumer Dispute Redressal Forum as Members.
- As per the CAR provisions, the internal committee will have to decide the matter within 30 days, and also specify the duration of ban on the unruly passenger.
- During the period of pendency of the enquiry the concerned airline may impose a ban on the said passenger. For every subsequent offence, the ban will be twice the period of previous ban.
- The airlines will be required to share the No-Fly list, and the same will be available on DGCA website.
- The other airlines will not be bound by the No-Fly list of an airline. The No Fly Lists will have two components - unruly passengers banned for a certain period based on examination of the case by the internal committee; and those persons perceived to be national security risk by the Ministry of Home Affairs. The latter component will, however, not be displayed on the DGCA website.
- The revised CAR also contains appeal provisions against the ban. Aggrieved persons (other than those identified as security threat by MHA) may appeal within 60 days from the date of issue of order to the Appellate Committee constituted by MoCA comprising of retired Judge of a High Court of India as Chairman and representatives of passengers association/consumer association/retired officer of Consumer Dispute Redressal Forum and airlines as Members.

Andhra Pradesh to get India's first Hyperloop

- The government of Andhra Pradesh has signed a Memorandum of Understanding (MoU) with California-based Hyperloop Transportation Technologies (HTT) to develop India's first Hyperloop route in the state.
- The proposed route for the Hyperloop between the city centers of Vijaywada and Amaravati could potentially turn a trip of more than one hour into a 6 minute ride.
- The project will use a Public Private Partnership (PPP) model with funding primarily from private investors.

What is the Hyperloop?

- The Hyperloop is a concept proposed by billionaire inventor Elon Musk, CEO the aerospace firm SpaceX.
- Musk's Hyperloop consists of two massive tubes. Pods carrying passengers would travel through the tubes at speeds topping out over 700 mph. For propulsion, magnetic accelerators will be planted along the length of the tube, propelling the pods forward. The tubes would house a low pressure environment, surrounding the

pod with a cushion of air that permits the pod to move safely at such high speeds, like a puck gliding over an air hockey table.

- Musk's design recommends an air compressor on the front of the pod that will move air from the front to the tail, keeping it aloft and preventing pressure building up due to air displacement.

Analysis:

- Conventional means of transportation (road, water, air, and rail) tend to be some mix of expensive, slow, and environmentally harmful. Road travel is particularly problematic, given carbon emissions and the fluctuating price of oil. As the environmental dangers of energy consumption continue to worsen, mass transit will be crucial in the years to come.
- Rail travel is relatively energy efficient and offers the most environmentally friendly option, but is too slow and expensive to be massively adopted. At distances less than 900 miles, supersonic travel is unfeasible, as most of the journey would be spent ascending and descending (the slowest parts of a flight.) Given these issues, the Hyperloop aims to make a cost-effective, high speed transportation system for use at moderate distances.
- The Hyperloop tubes would have solar panels installed on the roof, allowing for a clean and self-powering system.
- There are of course some drawbacks in this system. Most notably, moving through a tube at such high speeds precludes large turns or changes in elevation. As a result, the system is optimal for straightforward trips across relatively level terrain.

Realistically, the most important problem in getting any project off the ground is money. Even if one can produce an impressive blueprint, there are still issues of public approval, legislation, regulations, and contractors to worry about.

Refugees go to SC against Article 35A

- Some refugees from West Pakistan, who had migrated to India during Partition, have moved the Supreme Court challenging Article 35A of the Constitution relating to special rights and privileges of permanent residents of Jammu and Kashmir.
- Nearly 1.25 lakh WPRs, who migrated from the then West Pakistan after partition of the country in 1947 to settle in Kathua, Samba and Jammu districts of the state, are seeking citizenship rights, employment rights and right to vote and contest the state assembly polls for the past 70 years.
- According to official data 5,764 families comprising 47,915 persons had migrated from West Pakistan in 1947 and settled in the three districts of the state. Today their population increased to nearly 1.25 lakh.
- These refugees are not considered permanent residents of the state, cannot vote in assembly polls and cannot do state government jobs even though they are living in the state for generations. However, they can vote in parliamentary elections.

About Article 35A:

- Article 35A empowers the state legislature of Jammu and Kashmir to define 'permanent residents' of the state. These residents are then eligible for special rights and privileges which the legislature can provide.
- Further, the laws made under Article 35A cannot be challenged on the ground that they affect the Fundamental Rights of other Indian citizens.

The right of the state legislature is not, however, unlimited. They can give these special rights and privileges only in the following four categories:

- Employment under the state government;
- Acquisition of immovable property in the state;
- Settlement in the state; or
- Right to scholarships and such other forms of aid as the state government may provide
- The actual rights and privileges

Analysis:

- The Article has been discriminatory among its own population, hence has come under questioning. A resident woman marrying outside the state is no longer considered a permanent resident, thus she and her children lose their status. The same is not applicable to male members, who may marry outside the state. Further, residents of the state since Independence, having migrated from Pakistan, are non-residents, while those who immigrated to Pakistan are.
- Legally, the Article can be questioned as it denies residents their basic rights under the Constitution. The Articles of the Constitution which are violated are Article 14 concerning equality, Article 15 concerning discrimination on basis of place of birth, Article 16 dealing with equality of opportunity in matters of public employment and reservations and Article 19, which is right to free speech and right of life and liberty.
- In local parties there is a fear that it would lead to further erosion of J&K's autonomy and trigger demographic change in Muslim majority valley. Political parties say Kashmir resolution lies in greater autonomy; separatists fan paranoia against possibility of Hindus 'flooding' the valley.
- Article 35A remains as one of the most divisive provisions in the Constitution as mere talk of any alteration to it provokes sharp reactions from parties across the aisle.

Supreme Court suggests Mandela rules for treatment with prisoners

- The Supreme Court has asked the chief justices of high courts to institute acts on its own cognizance on PILs in their respective courts and clean up jails.
- These orders from the Supreme Court after the plea from the Sanjay Datt, who recently spent 5 years in a Maharashtra jail for possession of arms in the Mumbai blasts case. Sanjay had pleaded that a need for reformation in the jail administration was required and termed the Indian jails as a university for grooming criminals.

Main points of Supreme Court order:

- Supreme Court has issued orders to improve the living conditions in the jails for the prisoners. The bench has also demanded more open air jails in India.
- Open air jails are jails where the prisoners sever their sentence with minimum interference and supervision. They are not locked up in prison cells and there is less of perimeter security and are part of the rehabilitation plans for the criminals.
- The Court has urged the Centre and the States to treat the prisoners in as humanely way as possible. Just because they are criminals, they cannot be denied their fundamental rights to life and liberty.
- The Supreme court also said that the Central and the State governments need to understand that the criminals cannot be treated as chattel and they need to practice the true meaning of the Fundamental Right to life and liberty postulated by Article 21 of the Constitution (guaranteeing the right to life and liberty).
- Court has suggested that the number of visits from the family members and phone calls should be increased to reduce isolation and improve mental stability. The bench also referred the adoption of the Mandela rules on minimum treatment of prisoners, which is even followed by the UN General Assembly.

About Mandela Rules:

- The Mandela rules state that good principle and practice in the treatment of prisoners and the management of penal institutions should be adopted.
- It also includes a minimum standard of accommodation, personal hygiene, clothing, bedding, food, exercise, medical health services, contact to the outside world, availability of books, religion, retention of prisoners, notification of death, illness, transfer, removal of prisoners, quality and training of prisoner personnel, prison inspections.

Analysis:

- NHRC figures show that prisoners cut off from family and friends had a 50% more chance of committing suicide than those outside. The average suicide rate among the general public for this period is 11 (per 100,000) whereas the average suicide rate in prison is 16.9 (per 100,000). In other words, the average suicide rate in prisons is over 50% more than in normal conditions.

- Indian prisons face three long-standing structural constraints: overcrowding, understaffing and underfunding. The inevitable outcome is sub-human living conditions, poor hygiene, and violent clashes between the inmates and jail authorities
- Besides, while 33% of the total requirement of prison officials still lies vacant, almost 36% of vacancy for supervising officers is still unfulfilled. In the absence of adequate prison staff, overcrowding of prisons leads to rampant violence and other criminal activities inside the jails.
- Indian jails have often been dubbed as a university for grooming criminals due to pathetic and inhumane conditions. In the absence of a robust Whistleblower Protection Act and structural changes to address the issues of overcrowding and understaffing, India's prisons will continue to be heaven for politically connected criminals and hell for socio-economically disadvantaged undertrials, some regular media uproars notwithstanding.

INTERNATIONAL AFFAIRS

Global Human Capital Index

- The Global Human Capital Index sees India finish 103rd among 130 countries, behind Sri Lanka and Nepal, and just ahead of Bangladesh and Pakistan.
- The Global Human Capital Index for the year 2017 has been released by WEF.

Highlight of the index:

- The index is led by Norway, Finland and Switzerland, followed by large economies such as the US and Germany.
- In South Asia, the race is led by Sri Lanka at rank 70 and Nepal at 98, while India has only a performs slightly better than Bangladesh (111) and Pakistan (125).
- India ranks 110th in primary education attainment among 25-54 age group, 118th in labour force participation in the same age group, 111th in vocation education enrolment rate, 120th in medium-skilled employment. However, the most dubious distinction for the country is that it ranks dead last across all age groups in the employment gender gap.
- The report observes that although India's "current educational attainment rate has improved markedly over past generations, its youth literacy rate is still only 89 per cent, well behind the rates of other leading emerging markets, as well as the lower-middle income group's average. India also ranks poorly in labour force participation, due in part to one of the world's largest employment gender gaps".
- With the gender gap a clear factor pulling India down, the remedy lies in bridging it.
- A primary avenue for realising a greater share of the nation's human capital potential consists in creating a virtuous cycle by increasing inclusivity and expanding access to its numerous learning and employment opportunities.
- There are, however, signs that India is slowly moving in the right direction, despite the huge challenges it faces. The country scores well on the 'know-how' parameter that measures the use of specialised skills at work – India ranks 42nd in terms of economic complexity, 47th in availability of skilled employees, and 89th in high-skilled employment share.
- The other markers are that India ranks well on are its improving education system (27th), skill diversity of graduates (58th) and high-skilled employment share (89th).

- On an average, the world has developed only 62 per cent of its human capital. Across the index, there are only 25 nations that have tapped 70 per cent of their human capital or more, while 14 countries remain below 50 per cent.
- The overall average score for South Asia is 54.10 — behind the Middle East and North Africa and ahead of Sub-Saharan Africa.
- China performs strongly, finishing 34th in the rankings. The report says it does best on the deployment sub-index, and also performs relatively well across the development and know-how sub-indices. China is well ahead of the other BRICS nations except Russia, which the former's rapid expansion of educational attainment across its younger generations poised to be an asset in preparing its future workforce

About GHC Index:

- The Global Human Capital Index 2017 ranks 130 countries on how well they are developing their human capital on a scale from 0 (worst) to 100 (best) across four thematic dimensions and five distinct age groups to capture the full human capital potential profile of a country. It aims to be used as a tool to assess progress within countries and point to opportunities for cross-country learning and exchange.
- The list compiled by Geneva-based World Economic Forum (WEF) takes into account “the knowledge and skills people possess that enable them to create value in the global economic system” to measure the ‘human capital’ rank of a country.
- The report measures 130 countries against four key areas of human capital development; Capacity (determined by past investment in formal education), Deployment (accumulation of skills through work), Development (continued upskilling and reskilling of existing workers) and Know-how (specialised skills-use at work).

Prime Minister of Japan Visited India

- Prime Minister of Japan visited India. This was the fourth Annual Summit between Prime Minister Modi and Prime Minister Shinzo Abe. The two leaders reviewed the recent progress in the multifaceted cooperation between India and Japan under the framework of their 'Special Strategic and Global Partnership'.

Highlights of the visit:

- Japan has promised to give \$35 billion to India through public and private funding over the next 5 years for developmental projects, including building of smart cities and cleanup of river Ganges.
- Both sides have signed five pacts covering defence exchanges, cooperation in clean energy, roads and highways, healthcare and women while vowing to take their relationship from strategic partnership to a special strategic partnership.
- Japan has lifted the ban on six Indian entities including Hindustan Aeronautics Limited (HAL) which was imposed in the aftermath of 1998 nuclear tests.
- The two sides agreed to enhance their defence and strategic cooperation to a new level and also decided to speed up negotiations on a civil nuclear deal that could not be concluded now.
- In Kyoto, a pact was signed under which Modi's Lok Sabha constituency Varanasi will be developed on the pattern of Kyoto 'smart city' with the help of Japan.
- Tokyo will help India in providing financial, technical and operational support to introduce Bullet trains, a project that Modi has been actively pursuing.
- Prime Minister Modi has asked NRIs to visit India at least once a year to boost tourism.
- Both sides have signed a MoU for cooperation in heritage conservation, city modernisation and cooperation in the fields of art, culture and academics.
- Both countries have decided to build a strong, deep and strategic relationship under the India-Japan Cooperation framework.
- India has decided to set up a Special Management Team directly under the PMO to facilitate proposals from Japan.

Analysis:

- Historically, ties between India and Japan go back a long way, but have been marked as increasingly friendly in the past decade.
- The major focus of bilateral relations between the two Asian countries has been cultural, economic and infrastructural ties.
- Cultural exchanges revolving around Buddhism and notable literary collaborations such as that of Nobel laureate Rabindranath Tagore marks the history of the two nations.
- India also plays host to factories of several Japanese car makers such as Toyota and Suzuki, the latter of which has partnered up with largest Indian car maker in the form of Maruti Suzuki.

UN Security Council Unanimously Steps Up Sanctions against North Korea

- The United Nations Security Council unanimously stepped up sanctions against North Korea on Monday over the country's sixth and most powerful nuclear test on Sept. 3, imposing a ban on the country's textile exports and capping imports of crude oil.
- It was the ninth sanctions resolution unanimously adopted by the 15-member council since 2006 over North Korea's ballistic missile and nuclear programs.

About Resolution

- The resolution is designed to accomplish six major goals: cap North Korea's oil imports, ban textile exports, end additional overseas laborer contracts, suppress smuggling efforts, stop joint ventures with other nations and sanction designated North Korean government entities, according to a US official familiar with negotiations.
- A full oil import ban and sanctions on Kim Jong Un himself were dropped at the last minute, in a possible attempt by the US to gain the support of Russia and China.

Analysis:

- This resolution will result in a 30% decrease in total oil imports by cutting off over 55% of refined petroleum products going to North Korea.
- It will also ban the export of all textiles noting that in 2016, the North Korean regime earned \$760 million through those sales -- making it the largest economic sector that UN Security Council had not yet touched.
- Additionally, the new measures will prevent overseas workers from earning wages that finance the North Korean regime -- over \$500 million each year -- in addition to cutting off foreign investments, technology transfers and other economic cooperation, according to a statement from the US mission to the UN.
- These additional measures were also included to limit North Korea's ability to smuggle products like coal and iron -- particularly on the high seas.
- North Korea has long maintained it wants nuclear weapons and long-range missiles to deter the United States from attempting to overthrow the regime of Kim Jong Un.
- Pyongyang looks at states such as Iraq -- where Saddam Hussein was overthrown by the United States, and Libya -- its late leader, Moammar Gadhafi, gave up his nuclear ambitions for sanctions relief and aid, only to be toppled and killed after the United States intervened in his country's civil unrest -- and believes that only being able to threaten the US mainland with a retaliatory nuclear strike can stop American military intervention.

Nag missile successfully Test Fired

- India's indigenously developed third generation anti-tank guided missile (ATGM) Nag has been successfully flight tested by premier defence research organisation DRDO in deserts of Rajasthan, marking completion of development trials.
- DRDO has been trying to ramp up country's military capability in sync changing security dynamics in the region. With the two successful flights, and the flight test conducted earlier in June in the peak of summer, the complete functionality of Nag ATGM along with launcher system NAMICA has been established, and marks the successful completion of development trials of Nag Missile.

About Nag missile:

- The Nag missile is indigenously developed under the Indian Ministry of Defence's integrated guided missile development programme (IGMDP), which also involved the development of four other missiles that are Agni, Akash, Trishul and Prithvi.
- Bharat Dynamics (BDL) produced imaging infrared seekers for the weapon.
- The first test of Nag was conducted in November 1990.
- User trials of the Nag anti-tank missile against static and moving targets were conducted in 2007 and 2008 respectively, while the development tests were concluded in August 2008.
- The Nag anti-armour guided weapon's airframe is built with lightweight and high-strength composite materials. The missile features top-attack capability and has high immunity to countermeasures.
- The missile is equipped with four foldable wings and has a length of 1.85m, diameter of 0.20m, wing span of 0.4m and weight of 43kg.
- A real-time image processor with fast and efficient algorithms is installed next to the guidance section to provide automatic target detection and tracking capabilities. The digital autopilot offers guidance, stability and control for the missile during the flight.
- Nag is also outfitted with an electric actuation system for flight control.
- A passive imaging infrared (IIR) homing seeker guides the missile to the target after its launch in all lighting conditions. The missile can be optionally offered with a millimetre wave active radar seeker.

Mouse deer

- Telangana State Forest Department has re-introduced the endangered 'mouse deer' into the forests of Nallamalla in Amrabad Tiger Reserve.
- The release of these mouse deer into the protected enclosure of 2.4 hectares is aimed at improving the biodiversity. The Amrabad Tiger Reserve was chosen because these animals were earlier wandering in this area.

About Mouse deer:

- The Indian Spotted Chevrotain (*Moschiola meminna*) is often referred to as the Mouse Deer.
- This diminutive animal is nocturnal in habit, making it very difficult to see one in daylight.
- Occasionally a chevrotain may be seen late in the evening or early in the morning if it ventures out into the open like the one in this image, photographed one foggy morning near the Kabini backwaters in Nagarahole.
- The mottled markings on their body provide them excellent camouflage, helping them to hide in their environment, especially if the animal stays immobile.
- The Indian Spotted Chevrotain is a denizen of evergreen and deciduous forests of India and may be partial to well-watered areas.

- Adults are mostly solitary except at the time of courtship. During the day, chevrotains stay concealed in dens that may be in hollows at the base of trees or in rocky crevices.
- Being ruminants, they have a four-chambered stomach like other deer though it is not considered to be a true deer.
- They also have many characters that are more pig-like. They lack antlers that most true deer sport and instead possess well developed canine teeth, which are probably used in fights.

Astra Missile

- The indigenously developed Beyond Visual Range Air-to-Air Missile (BVRAAM) — Astra — underwent a series of successful trials for four days over the Bay of Bengal, marking completion of its development phase.
- The final development flight trials of Astra BVRAAM were successfully conducted over the Bay of Bengal, off the coast of Chandipur in Odisha.
- A total of seven trials were conducted against pilotless target aircraft successfully
- The successful trial of the Beyond Visual Range Air to Air Missile (BVRAAM) paves way for its induction into the Indian Air Force (IAF).

About Astra:

- Astra is designed to be capable of engaging targets at varying range and altitudes allowing for engagement of both short-range targets (up to 20 km) and long-range targets (up to 80 km) using alternative propulsion modes.
- The Astra is a Beyond Visual Range (BVR) missile capable of being launched from India's Sukhoi-30 MKI twin-jet air superiority fighter.
- The Indian Air Force currently operates roughly 200 total Su-30 MKI, but plans to eventually operate around 270.
- The Astra is 149 inches in length, making it the most compact missile developed indigenously in India capable of supersonic speeds.
- The all-weather, radar homing missile has high manoeuvrability and capability to engage and destroy aerial targets at supersonic speeds.
- The missile complex at Hyderabad and several DRDO laboratories in partnership with the Hindustan Aeronautics Limited and the Indian Air Force developed Astra.

QUICK FACTS

- “YudhAbhyas 2017” is the joint military exercise between India and- **USA**
- World Congress of Optometry held in - **Hyderabad**
- Third Eastern Economic Forum held in - **Russia**
- New PSU to get the status of Maharatna - **Bharat Petroleum**
- New Chairman of PTI - **Viveck Goenka**
- First woman President of Singapore- **Halimah Yacob**