

Abhimanu

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NATIONAL ECONOMIC AFFAIRS

RBI to set up Public Credit Registry on all borrowers

- In a major move that could potentially reduce banking frauds and bad loans in India, the High-Level Task Force set by the Reserve Bank of India (RBI) has recommended the creation of a Public Credit Registry (PCR) by the central bank backed by a suitable legal framework.
- RBI has decided to set up PCR after the recommendations of Yeshwant M Deosthalee committee.
- The PCR will be the single point of mandatory reporting for all material events for each loan, notwithstanding any threshold in the loan amount or type of borrower.
- Currently, there are multiple granular credit information repositories in India, with each having somewhat distinct objective and coverage.

Analysis:

- In absence of the repository, the lender may not trust its first right on the collateral and either charge a high cost on the loan or ask for more collateral than necessary to prevent being diluted by other lenders. This leads to, what in economics, is termed as pecuniary externality – in this case, a spillover of one loan contract onto outcomes and terms of other loan contracts
- Furthermore, in the absence of a public credit registry, the ‘good’ borrowers are disadvantaged in not being able to distinguish themselves from the rest in opaque credit markets; they could potentially be subjected to a rent being extracted from their existing lenders who enjoy an information monopoly over them.
- The lenders may also end up picking up fresh clients who have a history of delinquency that is unknown to all lenders and this way face greater overall credit risk, explained Acharya.
- This can help India in three ways. Firstly, it is required to improve the credit culture in our country. It has been demonstrated in the ‘Doing Business 2017’ report that credit information systems impart transparency in the credit market, following which access to credit improves and delinquencies decrease.
- Secondly large borrowers get a preference in credit markets due to their existing credentials in the public space. They have established credit history, brand value, and supply of collateral. In contrast, small and marginal aspirants, start-ups, new entrepreneurs, and small businesses in micro, small and medium enterprises (MSME) sector are disadvantaged as they lack many of those desired qualifications for credit. Transparency of credit information would serve as a “reputational collateral” for such borrowers. This would not only help promote financial inclusion, but also reward the good borrowers thereby imparting credit discipline
- Thirdly, public credit registers in many countries have gone beyond the credit relationship of borrowing entities with financial institutions. They tap other transactional data of borrowers including payments to utilities like power and telecom for retail customers and trade credit data for businesses.
- Public credit registry can have a profound impact for regulatory purposes. In its absence, only fragmented images are available of credit behaviour and indebtedness. PCR will help in getting to a complete picture that is necessary for supervisors and policy makers to assess credit risk of the entire system.

Co-op banks can become small finance banks

- The Reserve Bank of India has decided to allow urban co-operative banks (UCB) to convert into small finance banks (SFB), a move aimed at bringing these entities into mainstream banking. It has been decided to allow voluntary transition of UCBs meeting the prescribed criteria into SFBs.
- UCBs currently face regulation by both the RBI and the respective State governments. By turning into SFBs, they will be regulated only by the RBI.

About Small Finance banks:

- Small finance banks will be allowed to take deposits from customers. And as against payments banks, small finance banks will also be allowed to lend money to people.
- Most of the entities that have received the 'in-principle' nod include micro-finance institutions. Which means, most customers of small finance banks will account for small and medium enterprises and small businesses. These banks will now be able to provide secured and legal loans to MSMEs and SMEs, bringing them under the ambit of the financial system.
- Small finance banks is another step to bring the unbanked under the ambit of the banking system.
- Small finance banks will provide banking products to the unserved and underserved sections of the country, which includes small and marginal farmers, micro and small industries, and other organized sector entities, at an affordable cost.
- Finance Minister Arun Jaitley, in his first budget speech in 2014 had said, RBI will create a framework for licencing small banks and other differentiated banks. Differentiated banks serving niche interests, local area banks, payment banks etc. are contemplated to meet credit and remittance needs of small businesses, unorganized sector, low income households, farmers and migrant work force”.
- In a way there are like commercial banks because both provide the saving and lending facility, however, small banks have to follow stricter regulations as proposed by RBI.

Guidelines for small finance bank:

- Every small finance bank must have the words -- small finance bank -- in its name.
- They cannot set up subsidiaries to undertake non-banking financial service activities.
- 75% of its Adjusted Net Bank Credit (ANBC) should be advanced to the priority sector as categorized by RBI.
- Maximum loan size to a single person cannot exceed 10% of total capital funds; cannot exceed 15% in the case of a group.
- At least 50% of its loans should constitute loans and advances of up to 25 lakh.
- Small banks can undertake financial services like distribution of mutual fund units, insurance products, pension products, and so on, but not without prior approval from the RBI.
- Small finance banks will be subject to all prudential norms and regulations of the RBI as applicable to existing commercial banks. This will include maintaining cash reserve ratio (CRR) or the percentage of deposits that must be kept aside as a reserve; and statutory liquid ratio (SLR) or the percentage of deposits that must be invested in government securities. Minimum paid-up equity capital requirement of Rs 100 crore.
- The promoter's minimum initial contribution to the paid-up equity capital of such small finance bank s all at least be 40% which can be gradually brought down to 26% within 12 years from the date of commencement of operations.
- A small bank can transform into a full-fledged bank, but only after RBI's approval.
- A fundamental requirement is that it must have 25% of its branches set up in unbanked areas.
- The small finance bank will primarily undertake basic banking activities of acceptance of deposits and lending to unserved and underserved sections including small business units, small and marginal farmers, micro and small industries and unorganised sector entities.

Insolvency and Bankruptcy Code (Amendment) Ordinance, 2018

- The President today gave assent to promulgate the Insolvency and Bankruptcy Code (Amendment) Ordinance, 2018.

Important Highlights:

- The Ordinance provides significant relief to home buyers by recognizing their status as financial creditors.
- This would give them due representation in the Committee of Creditors and make them an integral part of the decision making process.
- It will also enable home buyers to invoke Section 7 of the Insolvency and Bankruptcy Code (IBC), 2016 against errant developers.
- Another major beneficiary would be Micro, Small and Medium Sector Enterprises (MSME), which form the backbone of the Indian economy as the biggest employer, next only to the agriculture sector.
- Recognizing the importance of MSME Sector in terms of employment generation and economic growth, the Ordinance empowers the Government to provide them with a special dispensation under the Code.
- The immediate benefit it provides is that, it does not disqualify the promoter to bid for his enterprise undergoing Corporate Insolvency Resolution Process (CIRP) provided he is not a willful defaulter and does not attract other disqualifications not related to default.
- It also empowers the Central Government to allow further exemptions or modifications with respect to the MSME Sector, if required, in public interest.
- In order to protect the sanctity of the CIRP, the Ordinance lays down a strict procedure if an applicant wants to withdraw a case after its admission under IBC 2016.
- Henceforth, such withdrawal would be permissible only with the approval of the Committee of Creditors with 90 percent of the voting share.
- Furthermore, such withdrawal will only be permissible before publication of notice inviting Expressions of Interest (EoI).
- In other words, there can be no withdrawal once the commercial process of EoIs and bids commences.
- Separately, the Regulations will bring in further clarity by laying down mandatory timelines, processes and procedures for corporate insolvency resolution process.
- Some of the specific issues that would be addressed include non-entertainment of late bids, no negotiation with the late bidders and a well laid down procedure for maximizing value of assets.
- With a view to encouraging resolution as opposed to liquidation, the voting threshold has been brought down to 66 percent from 75 percent for all major decisions such as approval of resolution plan, extension of CIRP period, etc.
- Further, in order to facilitate the corporate debtor to continue as a going concern during the CIRP, the voting threshold for routine decisions has been reduced to 51%.
- The Ordinance also provides for a mechanism to allow participation of security holders, deposit holders and all other classes of financial creditors that exceed a certain number, in meetings of the Committee of Creditors, through the authorized representation.
- The existing Section 29(A) of the IBC, 2016 has also been fine-tuned to exempt pure play financial entities from being disqualified on account of NPA. Similarly, a resolution application holding an NPA by virtue of acquiring it in the past under the IBC, 2016, has been provided with a three-year cooling-off period, from the date of such acquisition. In other words, such NPA shall not disqualify the resolution application during the currency of the three-year grace period.
- Taking into account the wide range of disqualifications contained in Section 29(A) of the Code, the Ordinance provides that the Resolution Applicant shall submit an affidavit certifying its eligibility to bid. This places the primary onus on the resolution applicant to certify its eligibility.
- The Ordinance provides for a minimum one-year grace period for the successful resolution applicant to fulfill various statutory obligations required under different laws. This would go a long way in enabling the new management to successfully implement the resolution plan.
- The other changes brought about by the Ordinance include non-applicability of moratorium period to enforcement of guarantee; introducing the requirement of special resolution for corporate debtors to themselves trigger insolvency resolution under the Code; liberalizing terms and conditions of interim finance

to facilitate financing of corporate debtor during CIRP period; and giving the IBBI a specific development role along with powers to levy fee in respect of services rendered.

RBI increase its interest rates

- The Monetary Policy Committee (MPC) of the Reserve Bank of India (RBI) has raised the repo rate by 25 basis points.
- This was the first-time interest rates were increased since the NDA government came to power in May 2014, and effectively signalled the end of the rate-easing cycle for now. Rates had been on hold since the last cut in August 2017.

Analysis:

- The rate hike appeared to be a precautionary move against the backdrop of global volatility in crude and elevated commodity inflation worldwide.
- It was contrary to the broader market expectation that the RBI would hold rates while revising its stance from 'neutral' to 'tighten', and came as a reassertion by the bank of its inflation-targeting role, and a signal that it did not want to fall behind the curve on its primary mandate.
- The June hike — which proved wrong the belief that the bank would wait until its August policy review to reset rates — indicated the preference for an early start in dealing with inflationary pressures that are now quite visible.
- The rate hike was clearly prompted by the upside risk to inflation projections on account of (a) sharper-than-expected uptick in both headline inflation and core inflation (inflation excluding food and fuel components), and (b) fresh indicators on the robustness of domestic growth revival.
- The central bank now expects average inflation to be 4.8%-4.9% in the first half of 2018-19, and 4.7% in the second half of the financial year.
- In its previous monetary policy meeting two months ago, the RBI had projected average inflation at 4.7%-5.1% for first half of the current fiscal, and a much lower 4.4% for the second half of the year.
- Another major upside risk is the sharper-than-expected 12% increase in the price of the Indian crude basket (\$ 66 per barrel to \$ 74) since April, alongside the increase in other global commodity prices, pointing to a firming of input cost pressures.
- While the RBI has noted that the impact of the proposed revision in the minimum support price (MSP) formula for kharif crops cannot be assessed "in the absence of adequate details", analysts predict that if the 50% plus MSP is announced, it could increase rice MSP by 18%, adding to the upside risks. The impact of an increase in house rent allowance (HRA) for central government employees has also been factored into the inflation estimates this fiscal.
- With RBI raising the repo rate, banks are likely to pass on the burden to consumers, which means education, home, auto and other loans could get costlier. Earlier this week, banks including SBI, PNB, HDFC Bank and ICICI Bank raised their benchmark lending rates, or MCLR, by up to 10 basis points, making loans costlier.
- The hardening of market interest rates in India mirrors the trend in Asia, where a number of central banks have raised policy rates in response to weaker currencies and tighter global capital flows. Turkey, the Philippines and Indonesia have delivered a preemptive rate hike during the course of the year. In March, China raised a key short-term rate after the US Federal Reserve hiked rates.

Gopabandhu Sambadika Swasthya Bima Yojana and Harishchandra Sahayata Yojana (HSY).

- Odisha government has launched "Gopabandhu Sambadika Swasthya Bima Yojana" for working journalists.
- The health insurance scheme for working journalists will be implemented with effect from June 1, 2018.

About Scheme:

- Under Gopabandhu Sambadika Swasthya Bima Yojana, the state government in the first phase will provide a health insurance coverage of Rs. 1 Lakh to a total number of 3,233 working journalists of the state.

- Under this scheme at least five members of a journalist's family would be covered under the scheme.
- All the scribes will get their Health Insurance Card from the District Information and Public Relations Officer (DIPRO) in their respective districts.

About Harischan Harishchandra Sahayata Yojana (HSY):

- The State Government of Odisha has launched a web portal for Harishchandra Sahayata Yojana (HSY).
- Under this scheme, the Odisha Government will provide financial assistance to the needy and poor people for cremation. After that, all the needy people can then simply perform the last rites.
- The State Government will provide the financial assistance of Rs. 2,000 in Rural Areas and Rs. 3,000 in urban areas.
- Apart from this, the state government has also launched an online application software for the online disbursement of assistance under Harishchandra Sahayata Yojana.

What's next for Air India after failed stake sale?

- The sale of government-owned airline, Air India, is in jeopardy due to a lack of buyer interest. Private airlines such as IndiGo and Jet Airways did evince some enthusiasm but have since opted out of the race.
- This seems to have pushed the Central government to extend the deadline for submitting a bid. The Centre had earlier approved the sale of a 76% stake in Air India.

Analysis:

- The airline's poor financial situation is what makes it largely unappealing. The airline had a debt burden of around ₹48,781 crore as of March 2017, which poses a huge financial risk to a buyer.
- To address this issue, the government has offered to transfer about a third of the debt to a special purpose entity. But a buyer will still have to assume responsibility for debt worth ₹33,392 crore after acquisition – still a significant burden for many. The total current and non-current liabilities of IndiGo, the market leader in terms of domestic market share, for instance, add up to only around ₹14,000 crore.
- Apart from the huge debt burden, Air India has also been losing money for over a decade, with accumulated losses of ₹46,805 crore. In 2016-17, the airline suffered a net loss of ₹5,765 crore. A major reason behind its huge losses is the cost of paying interest on its massive debt.
- Air India may not be worth anything to its buyers as they are unlikely to obtain any free cash flow after paying money to lenders. In fact, they may have to pay money from their own pockets if they assume personal liability for the debt.
- Selling some of Air India's assets to pay back a portion of the debt and renegotiating loans are other options on the table. The buyer could also make use of Air India's accumulated losses to offset tax payments in the future. This will reduce the effective debt burden.
- If no buyer turns up, the government could be forced to either continue running Air India using taxpayer money or just shut it down and sell off its assets.

Centre Forms Cauvery Water Management Authority

- The Centre has taken the formal steps for notifying the Cauvery Water Management Authority (CWMA) for implementation of the Cauvery Water Tribunal Award on sharing of waters between Tamil Nadu, Karnataka, Kerala and Puducherry.
- The Centre's action comes less than a fortnight after the Supreme Court gave its nod for CWMA for the implementation of the 2007 Cauvery Tribunal Award after the government placed the scheme following the completion of assembly elections in Karnataka.

About CWMA:

- This authority will be headquartered in Delhi, would be the sole body to implement the Cauvery Water Disputes Tribunal award—aimed at distribution of Cauvery waters between the party states as modified by the apex court. The Centre would have no say in it except for issuing administrative advisories to it.
- The CWMA will be assisted in the discharge of its functions by a Cauvery Water Regulation Committee (CWRC) located in Bengaluru, mandated to collect daily water levels, inflows and storage position at Hemavathy, Harangi, Krishnarajasagara, Kabini, Mettur, Bhavanisagar, Amaravathy and Banasurasagar reservoirs.
- CWMA would be bound by the contours regarding apportionment of river water in terms of the Award.
- While doing so, the authority is "expected to take into account all factors that may be relevant at the given point of time, including to identify the situation of distress in the basin caused due to identifiable factors before quantifying the water quantity for being released or allotted to the party States/UT for the relevant period".
- The CWMA has been vested with the powers to supervise the storage, apportionment, regulation and control of Cauvery waters; supervision of operation of reservoirs and with regulation of water releases with the assistance of Regulation Committee; and regulated release by Karnataka at the inter-state contact point at Billigundulu gauge and discharge station, located on the border of Karnataka and Tamil Nadu.

Cabinet gets report on interlinking of rivers

- The Union Cabinet was recently apprised of the progress report of Special Committee for Inter-Linking of Rivers.
- The report on interlinking of rivers consists of substantial progress made in three priority links, namely Ken-Betwa Link, Damanganga-Pinjal Link and Para-Tapi-Narmada Link along with status of other Himalayan and Peninsular links identified as per National Perspective Plan of 1980.

Analysis:

- Inter Linking of Rivers refers to inter-basin water transfers between 2 or more rivers through human interventions on natural systems.
- India's National Water Development Agency (NWDA) has suggested the interlinking of rivers of the country. The interlinking of rivers has two components: the Himalayan and the Peninsular. All interlinking schemes are aimed at transferring of water from one river system to another or by lifting across natural basins. The project will build 30 links and close to 3000 storages to connect 37 Himalayan and Peninsular rivers to form a gigantic South Asian water grid.
- Large variation in rainfall and subsequent availability of water resources in space and time. Because of this variability of available water, floods and drought coexist in our country in same time and space. It will most likely lead to Improved and expanded irrigation i.e. the project claims to provide additional irrigation to 35 million hectares in the water-scarce western and peninsular regions.
- The river interlinking project claims to generate total power of 34,000 MW (34 GW) along with recharge of Ground water.

- The inter-link would create a path for aquatic ecosystems to migrate from one river to another, which in turn may support the livelihoods of people who rely on fishery as their income.
- It will contribute to flood and drought hazard mitigation for India
- It also appears to promote national integration and a fair sharing of the country's natural water wealth.
- But on the other side, Interlinking of rivers is a very expensive proposal. It has huge adverse environmental impacts on land, forests, biodiversity, rivers and the livelihood of millions of people.
- It is a socially disruptive proposition. It will not only add to climate change impact (destruction of forests means destruction of carbon sinks, and reservoirs in tropical climate are known sources of methane and carbon dioxide), but will also reduce our capacity to adapt to climate change.
- As far as hydropower is concerned, it is clear that large hydropower projects are no longer a viable option in India. The power minister has repeatedly said in Parliament over the last two years that hydropower projects of over 11,000MW are stuck due to lack of finances and questions over viability. The chief minister of Himachal Pradesh has stated that private developers are exiting the sector as they consider the projects to be non-viable. The situation in Sikkim and Arunachal Pradesh is similar.
- It costs over Rs10 crore to produce one megawatt of hydropower, which in turn produces less than four million units of electricity. This means the per unit cost of power from such projects is in excess of Rs8 per unit, when there are no takers for power that costs even Rs3 per unit. In any case, Interlinking of rivers will be needing more power to lift the water than what it is likely to produce.
- Can the river interlinking project flood-proof the flood-prone river basins? While theoretically, a large reservoir can help moderate floods in the downstream areas, our experience on the ground doesn't inspire as much confidence. For example, heads of government, state officials, and the Comptroller and Auditor General have on numerous occasions pointed out that big dams such as the Ranganadi dam, the Damodar dams, the Farakka and Bansagar dams, and the Hirakud dam have brought avoidable flood disasters to Assam, West Bengal, Bihar and Odisha, respectively.
- The other problem with the river interlinking project is that of storing large quantities of waters. Most of the sites suitable for the big reservoirs are in Nepal, Bhutan and in the North-East—and each one has made clear their opposition to big storage reservoirs.
- If the water cannot be stored in big reservoirs during the monsoon, which is when some rivers are flooded, then the other option is to transfer the water to deficit basins during this time. But when the Brahmaputra is in floods, so is the Ganga and all the rivers through which the water needs to be transferred, including the Subarnarekha, the Mahanadi, the Godavari, the Krishna, the Pennar, and so on. Why should these rivers, that are already facing floods, receive more water?
- There is no doubt that if we can store water during the monsoon, we can make it available in the post monsoon months. But the water resources establishment sees big dams as the only storage option. Yet, the biggest, cheapest, most benign, possibly fastest and most decentralized storage option for India is the groundwater aquifer.
- In other words, what India needs is not interlinking of rivers but something else to achieve water, agriculture and livelihood security.

The Zojila Tunnel

- Last month, Prime Minister Narendra Modi visited Leh to unveil a plaque to mark the commencement of construction of the 14.31 kilometre-long Zojila tunnel in the north-east of Srinagar on Srinagar-Leh section of National Highway 1 in Jammu and Kashmir.
- The tunnel will reduce the travel time from Baltal to Drass drastically.
- It will provide all-weather connectivity between Srinagar, Kargil and Leh, which otherwise remain cut-off from rest of country for several months in the winter due to heavy snow.

About tunnel:

- Leh is connected to the rest of the country through two main roads: Jammu-Srinagar-Zojila-Kargil-Leh and the Manali-Sarchu-Leh roads.
- The movement of traffic is limited to around six months on these two routes because of snowfall in the passes and threat of avalanches.
- The Zojila pass on the Srinagar-Leh route is situated at an altitude of 11,587 feet on the Srinagar-Kargil-Leh national highway.
- Due to heavy snowfall during the winters, the highway remains closed from December to April, thereby making air the only mode of connectivity.
- The 14.15 km-long, two-lane bi-directional single tube Zojila tunnel is being constructed along with a 14.20 km long Parallel Escape (egress tunnel).
- It will be India's longest road tunnel and Asia's longest bi-directional tunnel.
- The project is estimated to cost Rs 6,808.69 crore, and the tunnel will be constructed between Baltal near Sonamarg and Manimarg in Drass.
- The Zojila tunnel is the only viable alternative to ensure Ladakh's year-round connectivity. The project will not only enhance the safety of travellers crossing the Zojila Pass but will also make the travel on Srinagar-Kargil-Leh Section of NH-1 free from avalanches.
- The construction of Zojila Tunnel shall bring about all-round economic and socio-cultural integration of these regions, which remain cut-off from the rest of the country during winters due to heavy snowfall for about six months

Analysis:

- The all-weather safe road connectivity is important from the strategic point of view as well.
- Road connectivity is important for defence forces, keeping in view the activities carried out by China and Pakistan along the borders in Ladakh, Gilgit and Baltistan regions.
- This tunnel will help the Leh-based 14 Corps, which is responsible for military developments in areas near the Pakistan and China borders. While Ladakh is connected to Pakistan through the Line of Control (LoC), Line of Actual Control (LAC) connects the region to China.
- For six months, due to the closure of roads, our logistics and supplies are shipped through the air. This tunnel will be helpful to the defence forces. In hostile times, this tunnel would be very helpful because it would ensure continuous logistics and other necessary supplies.
- One of the reasons the project is considered a "modern-day marvel" is because it is the first of its kind in such a tough geography.
- There will be as many as nine curves, and the design speed will be 80 Kmph.
- The Zojila tunnel has been planned as a modern tunnel. It will have the latest safety features including a fully transverse ventilation system, tunnel emergency lighting, and a CCTV monitoring tunnel radio system.
- It will have pedestrian cross-passages at every 250 metres. Also, motorable cross-passages and lay-bys shall be provided at every 750 metres
- But there are some problems also associated with it. Tunnelling through the fragile Zojila formations would throw up geological surprises. This include the challenges including the lack of oxygen, snow accumulation up to 25-30 feet, and peak minimum temperature of -45°C.

Atal Bhujal Yojana (ABHY)

- The World Bank has approved Atal Bhujal Yojana (ABHY), a Rs.6000 crore Central Sector Scheme of the Ministry of Water Resources, River Development and Ganga Rejuvenation.

About Atal Bhujal Yojana:

- Atal Bhujal Yojana has been formulated by the Ministry to address the criticality of ground water resources in a major part of the country.
- The scheme aims to improve ground water management in priority areas in the country through community participation.

- The priority areas identified under the scheme fall in the states of Gujarat, Haryana, Karnataka, Madhya Pradesh, Maharashtra, Rajasthan and Uttar Pradesh.
- These States represent about 25% of the total number of over-exploited, critical and semi-critical blocks in terms of ground water in India.
- They also cover two major types of groundwater systems found in India - alluvial and hard rock aquifers- and have varying degrees of institutional readiness and experience in groundwater management.
- Funds under the scheme will be provided to the states for strengthening the institutions responsible for ground water governance, as well as for encouraging community involvement for improving ground water management to foster behavioural changes that promote conservation and efficient use of water.
- The scheme will also facilitate convergence of ongoing Government schemes in the states by incentivizing their focussed implementation in identified priority areas.
- Implementation of the scheme is expected to benefit nearly 8350 Gram Panchayats in 78 districts in these states.
- Funds under the scheme will be made available to the participating states as Grants.

Analysis:

- Ensuring active community participation in groundwater management is among the major objectives of the scheme.
- The scheme envisages active participation of the communities in various activities such as formation of Water User Associations, monitoring and disseminating ground water data, water budgeting, preparation and implementation of Gram-Panchayat wise water security plans and IEC activities related to sustainable ground water management.
- Community participation is also expected to facilitate bottom-up groundwater planning process to improve the effectiveness of public financing and align implementation of various government programs on groundwater in the participating states.
- The implementation of the scheme is expected to have several positive outcomes like better understanding of the ground water regime, focused and integrated community based approach for addressing issues related to ground water depletion, sustainable ground water management through convergence of on-going and new schemes, adoption of efficient water use practices to reduce ground water use for irrigation and augmentation of ground water resources in targeted areas.

Indecent Representation of Women (Prohibition) Act (IRWA)

- The WCD ministry is set to move a long-pending amendment to the Indecent Representation of Women (Prohibition) Act (IRWA), 1986, that prohibits “indecent representation of women through advertisements or in publications, writings, paintings, figures or in any other manner”.

Important points of proposed Amendments:

- Bringing the Act in tune with the Information Technology Act, 2000, it expands the existing Section 4 of the Act which prohibits publication or sending by post books and pamphlets with such indecent representation.
- It will now include ‘any material’ that is published or cause to be distributed.
- This would bring into the purview of the legislation social media platforms and digital means communication such as WhatsApp, Skype, Viber, Snapchat, Instagram.
- The ministry has proposed to expand the meaning of the word ‘advertisement’ to include its various ‘digital and electronic forms or SMS, MMS’.
- A Centralised Authority, headed by member secretary of National Commission of Women, with members from Press Council of India, Advertising Standards Council of India, Ministry of Information and Broadcasting and a gender expert, will investigate all complaints relating to such indecent representation of women.

Analysis:

- Reforms have been proposed keeping in mind the recent technological advancements. The need was felt to widen the scope of the law so as to cover such forms of media on one hand and to strengthen the existing safeguards to prevent indecent representation of women through any media form on the other.
- Hence, the Indecent Representation of Women (Prohibition) Amendment Bill, 2012 was introduced in Rajya Sabha December, 2012 which referred the Bill to Department related Parliament Standing Committee for consideration.

Janaushadhi Suvidha

- The government has launched the 'JANAUSHADHI SUVIDHA', the Oxo-biodegradable Sanitary Napkin, under the Pradhan Mantri Bhartiya Janaushadhi Pariyojana (PMBJP).
- The affordable sanitary napkins will now become available at over 3600 Janaushadhi Kendras functional in 33 States/UTs across India.

About Pradhan Mantri Bhartiya Janaushadhi Pariyojana:

- 'Pradhan Mantri Bhartiya Janaushadhi Pariyojana' is a campaign launched by the Department of Pharmaceuticals, Govt. Of India, to provide quality medicines at affordable prices to the masses through special kendra's known as Pradhan Mantri Bhartiya Jan Aushadhi Kendra.
- Pradhan Mantri Bhartiya Jan Aushadhi Kendra (PMBJK) have been set up to provide generic drugs, which are available at lesser prices but are equivalent in quality and efficacy as expensive branded drugs.
- Jan Aushadhi stores can be located within Government hospital premises as well as Private hospital premises or anywhere outside.
- In addition to medicines and surgical items supplied by BPPI(Bureau of Pharma Public Sector Undertakings of India), Jan Aushadhi stores will be allowed to sell allied medical products commonly sold in chemist shops so as to improve the viability of running the Jan Aushadhi store.
- BPPI shall source the medicines both from Pharma PSUs as well as from Private companies. However, PSUs would have the first right to supply the products that they manufacture in their plants.
- BPPI shall ensure that private manufactures are only reputed organisations by incorporating strict terms and conditions in the tender specifications.

About Generic Medicine:

- Generic medicines are unbranded medicines which are equally safe and having the same efficacy as that of branded medicines in terms of their therapeutic value. The prices of generic medicines are much cheaper than their branded equivalent.

Badshahi Ashoorkhana

- Telangana government and Aga Khan Trust are working to restore Hyderabad's 17th century Badshahi Ashoorkhana.

History of Badshahi Ashoorkhana:

- The crescent moon of Muharram marks the beginning of New Year in Hijri calendar followed by Muslims.
- In Hyderabad, which was founded at the beginning of the Islamic millennium of 1/1/1000 which would be October 19 1591, Muharram is the time to remember the Battle of Karbala where 72 people held off the might of the Ummayad Caliph Yezid before being slaughtered.
- Muhammad Quli Qutb Shah, the founder of Hyderabad, identified himself as a Shia and turned Muharram into a state symbol of piety and mourning.
- Though Charminar and the Charkaman archways are well known as having been built to by Muhammad Quli, a much more stunning example of the king's contribution to the city is the Ashoorkhana called Badshahi Ashoorkhana near Madina area of the city.
- Ashoora or tenth day of Muharram is when the key battle of Karbala took place. People wearing black robes, vegetarianism, fasting and recitation of marsiahs (elegies) show a slice of faith in precincts around Purani

Haveli, Hussaini Alam and Dabeerpura during the month. But when it was built, the Badshahi Ashoorkhana was the hub of mourning for the Shia community.

- The number of mules and horses bringing toddy from the surrounding areas of the city were turned away. Even chewing of paan was prohibited. Muhammad Quli who was known for his love of good life shunned even wine. In the evening, he would walk barefoot to the Ashoorkhana and light 10,000 lamps on each day. On the tenth day of Muharram, one lakh lamps would be lit around the Ashoorkhana creating a magical twilight.
- According to chroniclers, the lamps would be installed in the niches in the walls around the complex. Sadly, only a few arched niches survive to this day. How they might have looked can be guessed from the existing ones at the Ashoorkhana near Hayat Bakshi Begum Masjid in Hayatnagar.
- Muhi-ud-Din Muhammad, also known as Aurangzeb, conquered Hyderabad and renamed the city Dar-ul-Jihad ('House of war') but during one of his walks in the city he asked why the streets were not lit. He was told that it would be easier to build another city rather than lighting up the existing city.
- Hyderabad which is much older than either of the two cities remains immune to the celebration of its founding though the millennium album in British Museum links it to the grand celebration of second millennium of Hijri calendar.
- The niches are gone and the oil lamps have been replaced with electric lights, but the magical western wall remains intact to a fair degree.
- The aubergine, blue, green, yellow, black and white tiles are a success story of mastery over chemistry. Built in 1611, the western wall's haft rang tiles were created around the same time as the tiles of Imam Masjid in Isfahan and the tiles of Marium Us Zamani Begum in Lahore. Most of the tiles have survived while the chipped portions have been painted over to look like the original. Along with the vegetal patterns and geometrical lines, the tiles incorporate the tree of plenty theme which is a common occurrence in many temples in Hyderabad including that of Jham Singh Temple in Karwan and Sita Ram Bagh Temple near Goshamahal.
- During one of his visits to the city, traveller and gem trader Jean Baptiste Tavernier wrote about walking into the Qutb Shahi tombs complex where carpets were laid out and whoever walked in was served pulao. A similar scene plays out at the Ashoorkhana during the observance of Muharram with visitors being served food irrespective of the religion or community from which they hail.

INTERNATIONAL AFFAIRS

Global Peace Index 2018

- According to recently released report by Australian think tank, Institute of Economics and Peace(IEP), India has moved up four places to the 137th rank among 163 countries on the 2018 Global Peace Index.

Important highlights:

- The index is topped by Iceland, followed by New Zealand, Portugal, Austria and Denmark, whereas war-torn Syria remains the least peaceful country in the world, followed by Afghanistan, Iraq, South Sudan, and Yemen.
- India has improved by four positions in the overall ranking from 141st to 137th.

- This has largely been due to a reduction in level of violent crime, driven by increased law enforcement. Meanwhile, unrest in Kashmir raised tensions between India and Pakistan, with the number of deaths from external conflict increasing in both countries.
- India was also among the countries with the biggest decreases in the number of deaths, along with Sri Lanka, Chad, Colombia, and Uganda.
- The report provides a comprehensive analysis on the state of world peace. It said that amid continuing social and political turmoil, the world continues to spend enormous resources on creating and containing violence but very little on peace.
- The countries that displayed the most significant growth in heavy weapons capabilities over the last 30 years are primarily in unstable regions where there are high tensions with neighbouring countries. These include Egypt, India, Iran, Pakistan, South Korea, and Syria, it said.
- The greatest increase in the number of deaths occurred in Syria, followed by Mexico, Afghanistan, Iraq, and Yemen.
- The results of the 2018 Global Peace Index (GPI) show that the global level of peace has deteriorated by 0.27 per cent in the last year, marking the fourth successive year of deteriorations. Ninety-two countries deteriorated, while 71 countries improved.
- The 2018 GPI reveals a world in which the tensions, conflicts, and crises that emerged in the past decade remain unresolved, especially in the Middle East, resulting in a gradual, sustained fall in peacefulness. Underlying the fall in peacefulness, six of the nine regions in the world deteriorated in the last year.
- The four most peaceful regions - Europe, North America, Asia-Pacific, and South America - all recorded deteriorations, with the largest overall deterioration occurring in South America, owing to falls in the safety and security domain, mainly due to increases in the incarceration rate and impact of terrorism

About Global Peace Index:

- The Global Peace Index (GPI) is an attempt to measure the relative position of nations' and regions' peacefulness.
- It is the product of the Institute for Economics and Peace (IEP) and developed in consultation with an international panel of peace experts from peace institutes and think tanks with data collected and collated by the Economist Intelligence Unit. The list was launched in May 2007
- The index gauges global peace using three broad themes: the level of safety and security in society, the extent of domestic and international conflict, and the degree of militarization. Factors are both internal such as levels of violence and crime within the country and external such as military expenditure and wars.
- The GPI is criticized for not including indicators specifically relating to violence against women and children.

Agni-5 Ballistic Missile

- India has successfully tested Agni-V, validating the long range surface-to-surface ballistic missile's reliability.
- This was the fifth test of the missile and the third consecutive one from a canister on a road mobile launcher. All the five missions have been successful.
- Agni-V, with a range of over 5,000 km, is India's longest range ballistic missile and can reach most parts of China, making it the mainstay of India's triad to deliver nuclear weapons.
- The user associate test-flight of the missile has further boosted indigenous missile capabilities and deterrence strength of the country.
- Agni-V is the most advanced missile in the Agni series with new technologies incorporated in it in terms of navigation and guidance, warhead and engine.
- The missile is so programmed that after reaching the peak of its trajectory, it will turn towards the Earth to continue its journey towards the intended target with an increased speed due to the attraction of the Earth's gravitational pull, he said.
- Its path is precisely directed by the advanced on-board computer and inertial navigation system, the official added.

About Other Agni project:

Agni-I short-range ballistic missile

- The Agni-I is a short or intermediate-range ballistic missile. It was first tested at the interim test range in Chandipur off the coast of Orissa, India, in May 1989.
- The missile consists of a single engine. In March 2010, a nuclear-capable Agni-I was test fired from the integrated test range at Wheeler Island off the Orissa coast.
- The missile can carry a conventional payload of 1,000kg or a nuclear warhead and has a range between 700km and 800km. These are transported by rail and road, and powered by solid propellants.

Agni-II medium-range ballistic missile

- The Agni-II is a medium-range ballistic missile equipped with two solid fuel stages. It was test fired in April 1999 from the IC-4 pad. The nuclear-capable Agni-II was tested by a special strategic command force in May 2010. The missile has a range of more than 2,000km and can reach most of the western, central and southern parts of China. A tank missile with top-attack, fire and forget capability was also inducted into service.

Agni-III intermediate range ballistic missile

- The Agni-III was test fired in July 2006 from Wheeler Island, but failed to reach its target. It was successfully test fired in April 2007. A third test in May 2008 proved the operational readiness of the missile. With a circular error probable under a 40m range, the missile is considered one of the most accurate strategic ballistic missiles of its range class in the world.

Agni-IV intermediate range ballistic missile

- Agni-IV is a two-stage nuclear-capable intermediate range ballistic missile. The missile was first tested in November 2011 from Wheeler Island. It rose to an altitude of 900km during the test. It was successfully test-fired again in September 2012. It reached an altitude of 850km during its third test in January 2014. The missile was also successfully test-fired in January 2017.
- The Agni-IV has a length of 20m and weight of 17t. It can carry a payload of 800kg. The maximum range of the missile is 4,000km.

'Blue Flag' tag

- The Chandrabhaga beach on the Konark coast of Odisha will be the first in Asia to get the Blue Flag certification — the tag given to environment-friendly and clean beaches, equipped with amenities of international standards for tourists.

About Blue flag project:

- The standards were established by the Copenhagen-based Foundation for Environmental Education (FEE) in 1985. And in India, the Environment Ministry embarked on the Blue Flag project in December 2017.
- According to the Blue Flag standards, a beach must strictly comply with 33 environment and tourist-related conditions. The initiative began in Paris, and quickly spread through Europe, and even to South Africa.
- 13 beaches across India, have been chosen for this Blue Flag certification, and the Chandrabhaga beach, on Odisha's coast, was incidentally the first to complete the tag certification process.
- The Blue Flag certification is an attempt to promote sustainable tourism.
- The Society of Integrated Coastal Management (SICoM) is facilitating the blue flag certification process by way of developing required infrastructure on the beaches. An integrated coastal management scheme, referred as Beach Management Service (BeaMS) has also been introduced to reduce existing pollutants on beaches and achieve such high international standards.
- In order to maintain the standard, facilities like container based bio-toilet blocks, container based changing rooms and shower panels in bamboo houses, grey water treatment plant for conservation of water, renewable energy through off grid mini solar power plant and purified drinking water facility free of cost will be set up at Chandrabhaga, which has the best water quality in the country.

- Similarly, stainless steel litter bins, seating benches, solid waste management through composting unit and mechanical raking of sand, sit-out umbrella thatch with recliner chairs, LED street lights in beach area, outdoor fitness equipment for recreational activities, amphibian wheel chair for disabled tourists and pathways/jogging track for recreational activities will also be developed.

Polar Satellite Launch Vehicle

- In a big boost to the country's space programme, the Union Cabinet has given the financial approval of Rs 10,911 crore for the launch of 30 PSLV and 10 GSLV Mk III rockets in the next four years.

About PSLV:

- Polar Satellite Launch Vehicle (PSLV) is the third generation launch vehicle of India. It is the first Indian launch vehicle to be equipped with liquid stages.
- After its first successful launch in October 1994, PSLV emerged as the reliable and versatile workhorse launch vehicle of India with 39 consecutively successful missions by June 2017. During 1994-2017 period, the vehicle has launched 48 Indian satellites and 209 satellites for customers from abroad.
- Besides, the vehicle successfully launched two spacecraft – Chandrayaan-1 in 2008 and Mars Orbiter Spacecraft in 2013 – that later traveled to Moon and Mars respectively.

Analysis:

- PSLV is one of the most successful Space launch vehicle of the world till date, with only one failure in its maiden flight on 20th September 1993. With its variant configurations, PSLV has proved its multi-payload, multi-mission capability in a single launch and its geosynchronous launch capability.
- PSLV has held a record of launching 104 satellites in a single launch in 2017. Till date there have been 43 launches of PSLV with only two full failure and one partial failure.
- PSLV has become a part in launching of India's GPS namely NAVIC for ensuring precise navigation, national security, disaster management, sustainable agriculture and infrastructure development.
- The significance of PSLV series is that it has launched India's exclusive Meteorology satellite, which will help the country in constantly tracking the movement of cyclones. The extraordinary success in the Lunar unmanned missions (Chandrayaan 1) and putting a satellite in the orbit of Mars, Mangalayaan (Mars Orbiter Mission 1) are the achievement of PSLV.
- Thus, PSLV has strengthened India's capabilities and status in space technology and its possible military, commercial & civilian applications. With the increase in payload capacity and credibility of the PSLV and ISRO in the commercial circles, the day is not far when ISRO will stand as equal or may be better than the world's best space agencies.

QUICK FACTS

- First Prime Minister of Spain to lose a vote of no confidence in Parliament: **Mariano Rajoy**
- Which country has named Exotic Orchid After Indian PM: **Singapore**
- World Environment Day is observed on: **5 June**
- New State bird of Andhra Pradesh: **Rama Chiluka**
- New State flower of Andhra Pradesh: **Jasmine**
- Asia's 1st 'Blue Flag' Beaches To Be Developed in : **India**

Current Affairs
