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5th Generation Banking reforms

Context:

- The government recently announced new banking reforms to ease its burden in terms of mobilising additional capital.

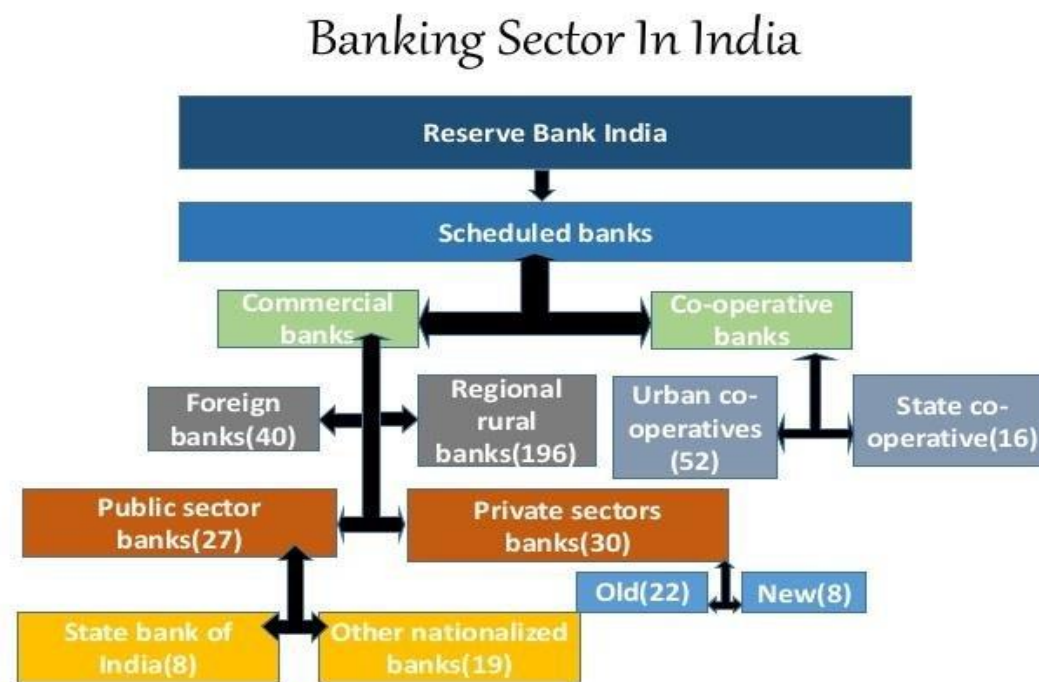
Previous Banking Reforms

First Generation (till 1947):	<ul style="list-style-type: none"> The Swadeshi Movement saw the birth of many small and local banks. Most of them failed mainly due to internal frauds, interconnected lending, and the combining of trading and banking books.
Second generation (1947-1967):	<ul style="list-style-type: none"> Indian banks facilitated concentration of resources (mobilised through retail deposits) in a few business families or groups. They neglected credit flow to agriculture.
Third generation (1967-1991):	<ul style="list-style-type: none"> The Nexus between industry and banks was broken through the nationalisation of 20 major private banks and introduction of priority sector lending. They resulted in the shift from “class banking” to “mass banking” and had a positive impact on: <ol style="list-style-type: none"> the expansion of branch networks across (rural) India, massive mobilisation of public deposits and incremental credit flow to agriculture and allied sectors. However, the banking industry experienced a decline in asset quality, financial soundness, and efficiency during this period as a result of relaxation in credit appraisal standards to meet the priority sector targets.
Fourth Generation (After liberalisation):	<ul style="list-style-type: none"> The Indian economy has diversified and been growing rapidly since 1991, and is getting increasingly integrated with the global economy. It saw landmark reforms such as <ol style="list-style-type: none"> issue of fresh licences to private and foreign banks to infuse competition, introduction of prudential norms; providing operational flexibility coupled with functional autonomy; focus on implementation of best corporate governance practices; and strengthening of capital base as per the Basel norms.
Need of 5th Generation Reform	<ul style="list-style-type: none"> Given the current challenges of a burgeoning population, the ongoing Covid-19 pandemic, and the West’s intention to shift its manufacturing base as well as supply/value chains from China to India and elsewhere, it is essential to move forward with fifth generation banking reforms. This calls for a paradigm shift in the banking sector to improve its resilience and maintain financial stability.

Likely reforms Fifth Generation Reforms

- To promote Niche/Differentiated Banking.
- Niche Banking caters to the specific and varied requirements of different customers and borrowers.
- Essentially, these specialised banks would ease the access to finance in areas such as RAM (retail, agriculture, MSMEs), infrastructure financing, wholesale banking (mid and large corporates) and investment banking (merchant banking and financial advisory services).

- The proposed DFI/niche banks may be established as specialised banks to have access to low-cost public deposits and for better asset-liability management.
- Further, the existing strong local area banks and urban cooperative banks may be converted into RAM banks and be freed from dual control.
- They also may be encouraged to get listed on a recognised stock exchange and adhere to ESG (Environment, Social Responsibility, and Governance) framework to create value for their stakeholders in the long run.
- Government should establish sector-wise regulators and bestow them with more powers to deal effectively with wilful defaulters.



Disinvestment

Context:

- The Union Cabinet gave in-principle approval for strategic disinvestment along with transfer of management control in IDBI Bank.
- The central government and LIC together own more than 94% equity of IDBI Bank.
- LIC, currently the promoter of IDBI Bank with management control, has a 49.2% stake

About Disinvestment

- Divestment or disinvestment means selling a stake in a company, subsidiary or other investments.
- Businesses and governments resort to divestment generally as a way to pare losses from a non-performing asset, exit a particular industry, or raise money.
- The Indian government started divesting its stake in public-sector companies in the wake of economic policy in the early 1990s – 'Liberalisation, Privatisation, Globalisation'.

Policy on Strategic Disinvestment:

- Two fold classification of Sectors to be disinvested :
- **Strategic Sector:** Bare minimum presence of the public sector enterprises and remaining to be privatised or merged or subsidiarized with other CPSEs or closed. Following 4 sectors come under it :
 1. Atomic energy, Space and Defence
 2. Transport and Telecommunications
 3. Power, Petroleum, Coal and other minerals

4. Banking, Insurance and financial services

- **Non- Strategic Sector:** In this sector, CPSEs will be privatised, otherwise they shall be closed.
- **List:** NITI Aayog will come up with the list of Central Public Sector companies that would be taken up for strategic disinvestment.
- **Incentivising states:** For disinvestment of their Public Sector Companies, an incentive package of Central Funds for them will be worked out.
- **Special purpose vehicle:** Using a Special Purpose Vehicle in the form of a company to carry out monetization of idle land. This can either be by way of direct sale or concession or by similar means



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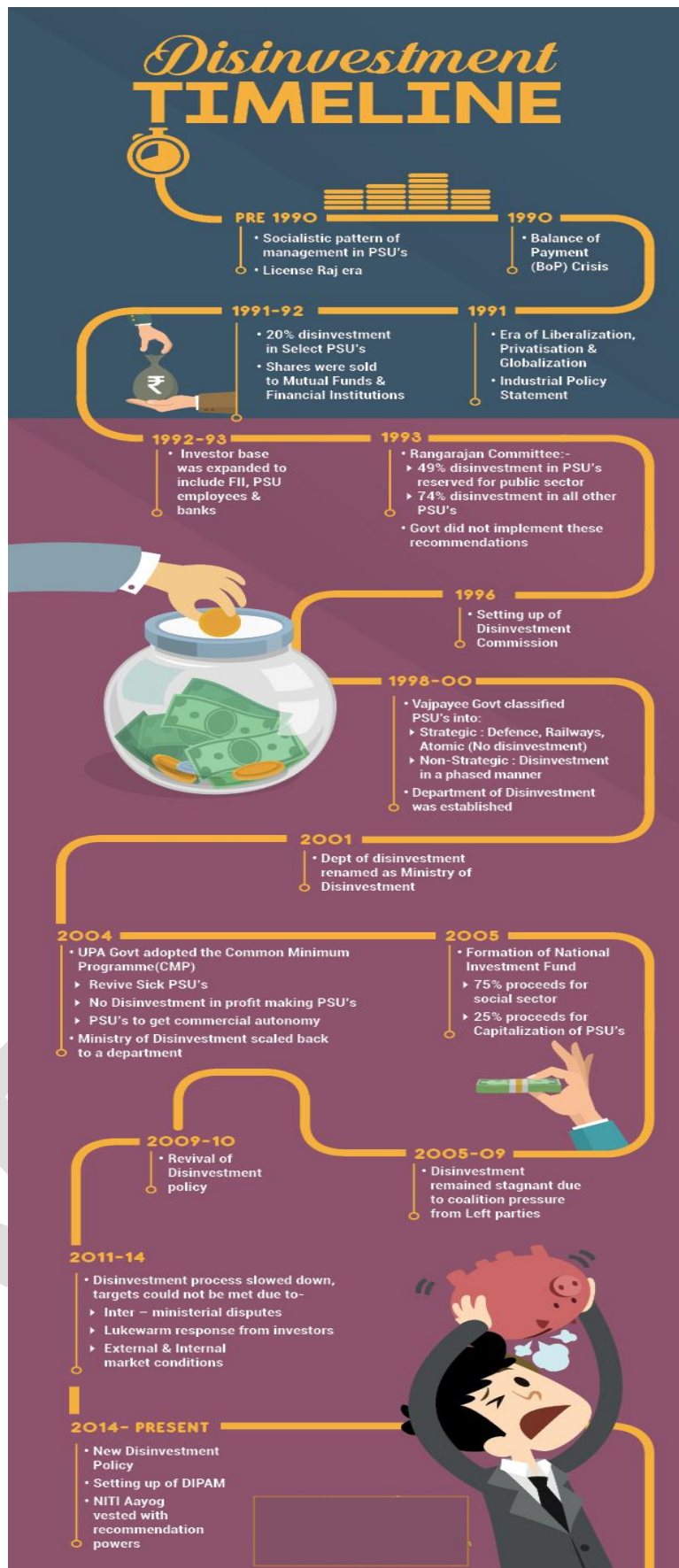
 Renowned
Faculty
Members
from Delhi

 Building
from
Basics

 Personalized
Mentorship
Programme

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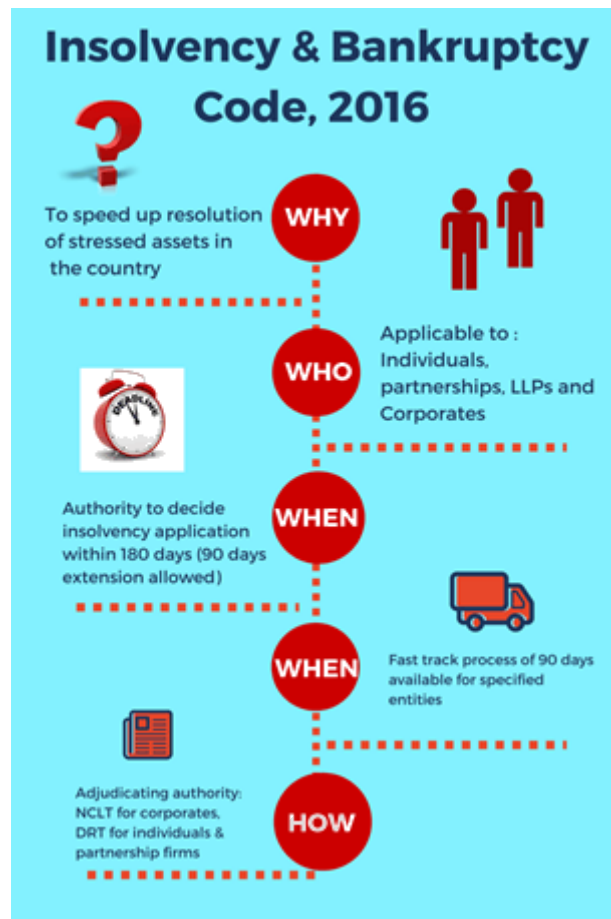
Sl.No	PRIVATISATION	DISINVESTMENT
1.	Change of Ownership	Dilution of Ownership
2.	Govt of India's Share Holding is Less than 50 %	Govt of India's Share Holding is More than 50 %
3.	Overall Management is with Private Share holders	Overall Management is with Govt of India Only
4.	Run on Profit Motive	Run on Non-Profit Motive
5.	NO Govt of India Guarantee	Govt of India's Guarantee Continues
6.	Bonus (Surplus) Sharing may Change	Bonus (Surplus) Sharing may Not Change
7.	Service Charges may Increase	Service Charges always reasonable
8.	Claim Settlement Procedure Tough	Claim Settlement Easy
9.	No Relaxation in Rules	Relaxation depending on Contingencies
10.	More Claim Repudiation	Lesser Claim Repudiation
11.	Complicated Grievance Procedure	Easy Grievance Procedure
12.	Bias in policy holder service	Un-biased policy holder services
13.	Reduction in Bonus Possible	Bonus based on Performance alone
14.	Finance Ministry will Lose direct control	Direct under the control of Ministry of Finance only
15.	Govt has No Accountability	Govt has 100 % Accountability

Insolvency and Bankruptcy Code (IBC) 2016

Context:

- The Supreme Court upheld a government move to allow lenders initiate insolvency proceedings against personal guarantors, who are usually promoters of big business houses, along with the stressed corporate entities for whom they gave guarantee.

Insolvency and Bankruptcy Code, 2016: Salient Features						
Clear & Speedy Process for Early Identification & Resolution of Financial Distress for Corporates & LLPs (if underlying business found viable)	Two Distinct Resolution Processes: (a) Fresh Start; (b) Insolvency Resolution	Adjudicating Authorities: National Company Law Tribunal (NCLT) and Debt Recovery Tribunal	Regulator: Insolvency & Bankruptcy Board of India for IPs, IPAs & Information Utilities	Insolvency Professionals (IPs): To handle commercial aspects of Insolvency Resolution Process	Insolvency Professional Agencies (IPAs): To develop professional standards & code of ethics for insolvency professionals members	Information Utilities: To process financial information to be used in insolvency and bankruptcy proceedings.



Digital Millennium Copyright Act (DMCA)

Context:

- The Union Minister for Electronics and Information Technology and for Law and Justice was locked out of his Twitter account for an hour allegedly over a notice received for violation of the Digital Millennium Copyright Act (DMCA).
- The DMCA oversees the implementation of two 1996 treaties signed by World Intellectual Property Organisation (WIPO) member nations.

About DMCA

- The Digital Millennium Copyright Act, or DMCA, is a 1998 law passed in the US and is among the world's first laws recognising intellectual property on the internet.
- The said protection, accorded by each member state, must not be any less in any way than the one being given to a domestic copyright holder.
- It also obligates that signatories to the treaty ensure ways to prevent circumvention of the technical measures used to protect copyrighted work.
- It also provides the necessary international legal protection to digital content.

Implementation of the DMCA

- Any content creator of any form, who believes that their original content has been copied by a user or a website without authorization can file an application citing their intellectual property has been stolen or violated.
- Users can either approach the website on which the content has been hosted, or third party service providers like DMCA.com, which utilise a team of experts to help take down the stolen content for a small fee.
- In the case of social media intermediaries like Facebook, Instagram or Twitter, content creators can directly approach the platform with a proof of them being original creators.

- Since these companies operate in nations, which are signatories to the WIPO treaty, they are obligated to remove the said content if they receive a valid and legal DMCA takedown notice.
- Platforms, however, also give the other users against whom allegations of content cheating have been made, a chance to reply to the DMCA notice by filing a counter notice.
- The platform shall then decide which party is telling the truth, and shall accordingly, either restore the content or keep it hidden.

Global Minimum Corporate Tax Deal

Context:

- Negotiators from 130 nations and territories have reached a broad agreement on corporate taxation meant to halt a race to the bottom in tax rates and pin down borderless tech giants. The U.S, China and India -- which has rolled out its own digital tax -- were part of the consensus.

What is it?

- The proposed plan calls for a minimum tax rate of at least 15%, an amount pushed for by the U.S. President Joe Biden's administration. At the same time, a new digital tax would target about 100 tech companies that make at least 20 billion euros (\$23.7 billion) in revenue with a profit margin of 10%.
- With a global minimum tax in place, multinational corporations will no longer be able to pit countries against one another in a bid to push tax rates down and protect their profits at the expense of public revenue.
- The 130 countries and jurisdictions represent more than 90% of global gross domestic product

What does it mean for India?

- The higher rate would also have hindered structural corporate tax reforms in countries, including India.
- Corporate tax rate was slashed to 22 per cent in India in 2019 for companies willing to forego all tax incentives or deductions; the rate was set at 15 per cent for new manufacturing companies.
- With the new agreement fixing the global tax rate at 15 per cent, there will be sufficient room for India to move its tax rate lower, if deemed necessary. This proposal seems conducive to India as it will help prevent base erosion to low tax jurisdictions.

About 'Organisation for Economic Cooperation and Development'

- The Organisation for Economic Cooperation and Development (OECD) is a group of 37 member countries that discuss and develop economic and social policy.
- Members of the Organisation for Economic Co-operation and Development (OECD) are typically democratic countries that support free-market economies.
- The stated goal of the Organisation for Economic Co-operation and Development (OECD) is to shape policies that foster prosperity, equality, opportunity and well-being for all.
- The Organisation for Economic Co-operation and Development (OECD) was established on December 14, 1960, by 18 European nations, plus the United States and Canada.
- The organisation is headquartered in the Chateau de la Muette in Paris, France.
- **India is not a member, but a key economic partner.**
- Reports and Indices by OECD -
 1. Government at a Glance report
 2. International Migration Outlook
 3. OECD Better Life Index

Agriculture Infrastructure Fund Scheme

Context:

- The Union Cabinet has given its approval to the several modifications in the Central Sector Scheme of Financing Facility under "Agriculture Infrastructure Fund:.

Modifications:

- Eligibility has now been extended to State Agencies/APMCs, National & State Federations of Cooperatives, Federations of Farmers Producers Organizations (FPOs) and Federations of Self Help Groups (SHGs).
- At present Interest subvention for a loan upto Rs. 2 crore in one location is eligible under the scheme. In case, one eligible entity puts up projects in different locations then all such projects will now be eligible for interest subvention for loan upto Rs. 2 crore. However, for a private sector entity there will be a limit of a maximum of 25 such projects. This limitation of 25 projects will not be applicable to state agencies, national and state federations of cooperatives, federations of FPOs and federation of SHGs. Location will mean the physical boundary of a village or town having a distinct LGD (Local Government Directory) code. Each of such projects should be in a location having a separate LGD code.
- For APMCs, interest subvention for a loan upto Rs. 2 crore will be provided for each project of different infrastructure types e.g. cold storage, sorting, grading and assaying units, silos, et within the same market yard.
- The power has been delegated to Hon'ble Minister of Agriculture & Farmers Welfare to make necessary changes with regard to addition or deletion of beneficiary in such a manner so that basic spirit of the scheme is not altered.
- The period of financial facility has been extended from 4 to 6 years upto 2025-26 and overall period of the scheme has been extended from 10 to 13 upto 2032-33.

Key Features of Agriculture Infrastructure Fund

Size of the fund	Rs. 1 lakh Crore, to be released on FCFS basis; upto 25 projects per individual beneficiary in different locations.
Beneficiaries	Farmers, FPOs, PACS, Entrepreneurs, Startups, SHG, APMCs, Federation etc.
Interest Subvention	3% p.a. up to loan Rs. 2 Cr (NABARD loans for PACS at 1% post subvention) Credit Guarantee – Under CGTMSE scheme for loan up to Rs. 2 Crore
Duration	The duration of the Scheme was from FY2020 to FY2029 (10 years). Now the scheme has been extended to 13 years i.e. FY 2032-33.
Lending Institutions	24 Commercial Banks, 40 Cooperative Banks, NABARD, etc. Convergence - Allowed to dovetail with several schemes (across ministries, state govt.)

Ministry of Cooperation

Context:

- The Union Government has created a separate ministry - Ministry of Cooperation - for strengthening cooperative movement in the country. The separate ministry has been created by PM Narendra Modi-led Central Government for realising the vision of "Sahakar se Samridhhi".

Mandate

- This ministry will provide a separate administrative, legal and policy framework for strengthening cooperative movement in the country.
- The ministry will work to streamline processes for 'ease of doing business' for cooperatives and enable development of multi-state cooperatives (MSCS).
- The creation of a separate ministry also fulfils the announcement made by the Finance Minister in the Union Budget.

Significance

- The new ministry will help deepen cooperatives as a true, people-based movement reaching till the grassroots.
- In the country, a cooperative-based economic development model is very relevant where each member works with a spirit of responsibility.

What is a ‘cooperative society’?

- A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically controlled association.
- The need for profitability is balanced by the needs of the members and the wider interest of the community.
- The cooperative society is formed for the mutual benefit of all the members.
- When they work together they will have better bargaining power for buying and selling raw materials and agricultural output respectively.

What laws govern cooperative societies?

- Cooperative Societies are in the State list (Entry 32), which means that the state governments can govern them.
- A majority of the cooperative societies are governed by laws in their respective states, with a Cooperation Commissioner and the Registrar of Societies as their governing office.
- In 2002, the Centre passed a Multi-State Cooperative Societies Act that allowed for registration of societies with operations in more than one state. These are mostly banks, dairies and sugar mills whose area of operation spreads across states.
- The Central Registrar of Societies is their controlling authority, but on the ground the State Registrar takes actions on his behalf.

Constitutional Provisions

The 97th Constitutional Amendment Act (2011)	Gave constitutional status and protection to cooperative societies.
Fundamental right	Article 19 (1) (c) as ‘Right to form cooperatives’
Directive Principles of State Policy	Article 43-B states that “The state shall endeavour to promote voluntary formation, democratic control, autonomous functioning and professional management of cooperative societies”.
Part IX-B	The Co-operative Societies (Articles 243-ZH to 243-ZT).
State List	State Subject under entry Number 32 (7th Schedule of the Constitution of India)

Project BOLD

Context:


- A unique scientific exercise serving the combined national objectives of reducing desertification and providing livelihood and multi-disciplinary rural industry support has been initiated by Khadi and Village Industries Commission (KVIC).


What is ‘Project BOLD’?

- The project named “Bamboo Oasis on Lands in Drought” (BOLD) is the first of its kind exercise in India which was launched from the tribal village Nichla Mandwa in Udaipur, Rajasthan.
- 5000 saplings of special bamboo species – Bambusa Tulda and Bambusa Polymorpha specially brought from Assam – have been planted over 25 bigha (16 acres approx) of vacant arid Gram Panchayat land.
- KVIC has thus created a world record of planting the highest number of bamboo saplings on a single day at one location.

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PROJECT BOLD






Why in news?


KVIC has recently inaugurated project BOLD near Udaipur, Rajasthan.





Why Bamboo was chosen?

- It grows fairly quickly and can be harvested in about three years.
- It's also recognized for conserving water and lowering evaporation from the land surface.

About the Project	Significance of Project	KVIC
<ul style="list-style-type: none"> BOLD stands for Bamboo Oasis on Lands in Drought and is launched by Khadi and Village Industries Commission (KVIC). It aims to establish bamboo-based green patches in dry and semi-arid areas. 	<ul style="list-style-type: none"> It would help to minimize desertification and provide a source of income for rural industries. It will also serve as a safe sanctuary for long-term growth and food security. 	<div style="text-align: right;">  </div> <ul style="list-style-type: none"> KVIC functions under the Ministry of Micro, Small, and Medium Enterprises. It is responsible for developing, promoting, organising, and implementing programmes for Khadi development.

UNCTAD Report on FDI Equity Inflows

Context:

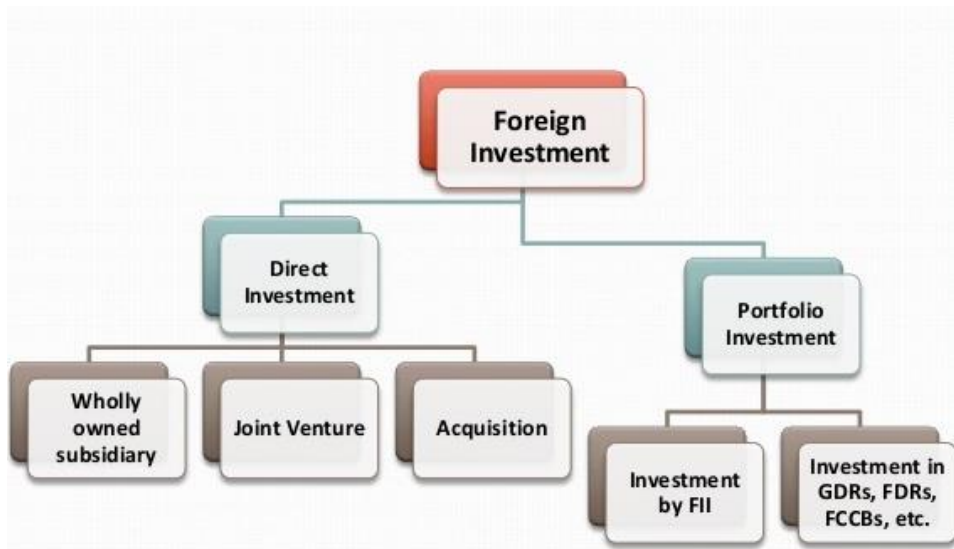
- According to the United Nations Conference on Trade and Development (UNCTAD) report, India is among the countries that have witnessed a positive growth rate in FDI equity inflows in 2020 as compared to 2019.

Key highlights of the report

- While major economies like the USA, Singapore, Germany, Brazil, Canada, UAE have seen a negative trend.
- Mauritius is the top investing country with 24 per cent equity inflows in April. It is followed by Singapore, which continues to be one of the top sources of FDI for India with 21 per cent inflows.
- Japan ranked third with 11 percent of FDI inflows.

India's specific

- India has seen a growth of 25 per cent in 2020 as compared to 2019.
- India is the 5th largest recipient of FDI inflow in the world in 2020. India's FDI inflow increases 38% to \$6.24 billion in April 2021.
- Total FDI comprises equity capital of unincorporated entities, re-investment earnings and other capital.
- As far as the states are concerned, Karnataka is the top recipient state with a 31 per cent share in the total FDI equity inflows during April 2021, followed by Maharashtra at 19 per cent and Delhi at 15 per cent.
- Computer software and hardware remain top sectors for FDI, followed by 23 percent in the service sector and 8 percent in the education sector, respectively.



Distinction between FDI and FPI	
FDI	FPI
1. It is long-term investment	1. It is generally short-term investment
2. Investment in physical assets	2. Investment in financial assets
3. Aim is to increase enterprise capacity or productivity or change management control	3. Aim is to increase capital availability
4. Leads to technology transfer, access to markets and management inputs	4. FPI results in only capital inflows
5. FDI flows into the primary market	5. FPI flows into the secondary market
6. Entry and exit is relatively difficult	6. Entry and exist is relatively easy
7. FDI is eligible for profits of the company	7. FPI is eligible for capital gain
8. Does not tend be speculative	8. Tends to be speculative
9. Direct impact on employment of labour and wages	9. No direct impact on employment of labour and wages
	10. Fleeting interest in mgt.

Sectors in which FDI is prohibited

- FDI is prohibited in:
 1. Lottery Business including Government/private lottery, online lotteries, etc.
 2. Gambling and Betting including casinos etc.
 3. Chit funds
 4. Nidhi company
 5. Trading in Transferable Development Rights (TDRs)
 6. Real Estate Business or Construction of Farm Houses
 7. Manufacturing of cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes
 8. Activities/sectors not open to private sector investment e.g.
- Atomic Energy and
- Railway operations (other than permitted activities).

National Mission for Clean Ganga

Context:

- The National Mission for Clean Ganga (NMCG) in its 36th Executive Committee has approved new projects for rejuvenation of six rivers in Uttarakhand. The projects shall cover the six polluted river stretches in the Kumaon region.

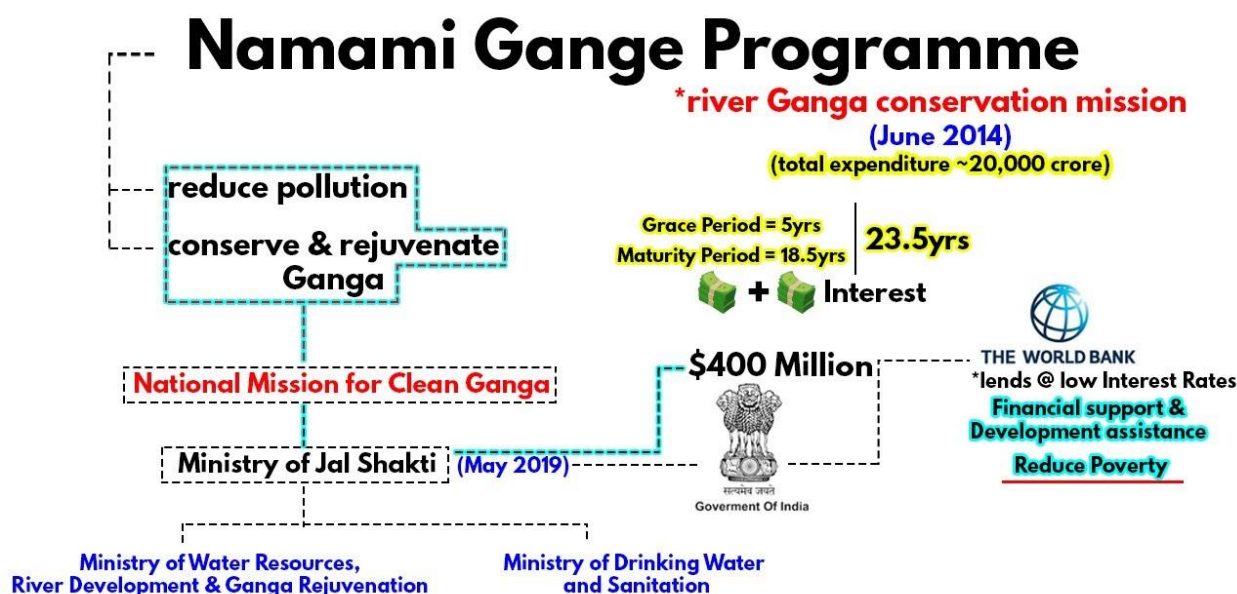
National Mission for Clean Ganga (NMCG)

- It is the implementation wing of the National Council for Rejuvenation, Protection, and Management of River Ganga also known as National Ganga Council (setup in 2016; which replaced the NRGBA).
- NMCG was established in the year 2011 as a registered society.
- It has a two-tier management structure and comprises Governing Council and Executive Committee.

The aims and objectives of NMCG are - To ensure effective control of pollution and rejuvenation of the river Ganga by adopting a river basin approach to promote inter-sectoral coordination for comprehensive planning and management.

National Ganga Council

- The National Ganga Council, also known as the National Council for Rejuvenation, Protection, and Management of River Ganga was set up in 2016. It replaced the National River Ganga Basin Authority (NRGBA).
- It is chaired by the Prime Minister.
- It has been given overall responsibility for the superintendence of pollution prevention and rejuvenation of River Ganga Basin, including Ganga and its tributaries.



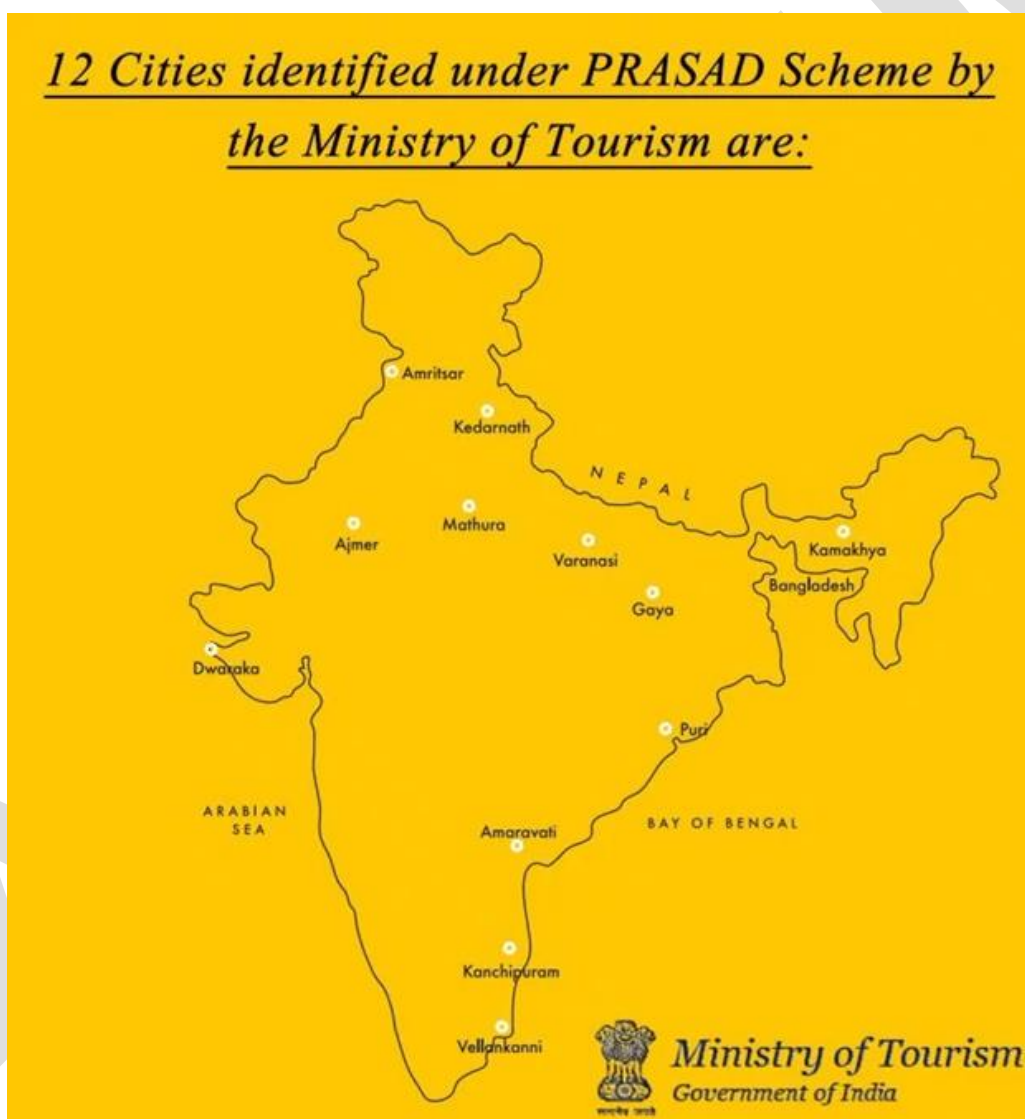
PRASAD Scheme

Context:

- Prime Minister Narendra Modi recently launched PRASAD projects in Varanasi, Uttar Pradesh. The inaugurated projects include a Tourist Facilitation Centre and operation of Cruise Boat from Assi Ghat to RajGhat.

What is the PRASAD Scheme?

- Launched by the Union Ministry of Tourism in 2015 as a Central Sector Scheme, the Pilgrimage Rejuvenation and Spiritual Augmentation Drive aims to identify and develop pilgrimage tourist destinations on the principles of high tourist visits, competitiveness and sustainability in an integrated manner to enrich tourist experience and enhance employment opportunities.
- Under the PRASAD scheme thirteen sites have been identified for development, namely: Amritsar, Ajmer, Dwaraka, Mathura, Varanasi, Gaya, Puri, Amaravati, Kanchipuram, Vellankanni, Kedarnath, Kamakhya and Patna.
- Under the "PRASAD" scheme the focus is on development and beautification of the identified pilgrimage destinations.
- Whereas, in the "Spiritual Circuit" is identified under the Swadesh Darshan scheme, the thrust is on development of a particular thematic circuit consisting of various religious/spiritual destinations in a State and Union Territory.



PRASAD & HRIDAY

- **PRASAD**(Pilgrimage Rejuvenation & Spiritual Augmentation Drive)
- Mint. Of Tourism
- Aim to create spiritual centers for Tourism dev.
- 100% Centrally sponsored
- Selected some cities
- **HRIDAY**(Heritage city dev. & Augmentation Yojana)
- Mint. Of Urban Dev.
- City is chosen for its heritage status
- 100% Centrally funded
- Selected some cities

Inland Vessels Bill, 2021

Context:

- Parliament passed a new law to bring in uniformity in the rules and regulation governing the inland waterways and navigation on them in India. The new law is aimed at developing India's inland waterways as viable, thriving modes of transport, especially for cargo.

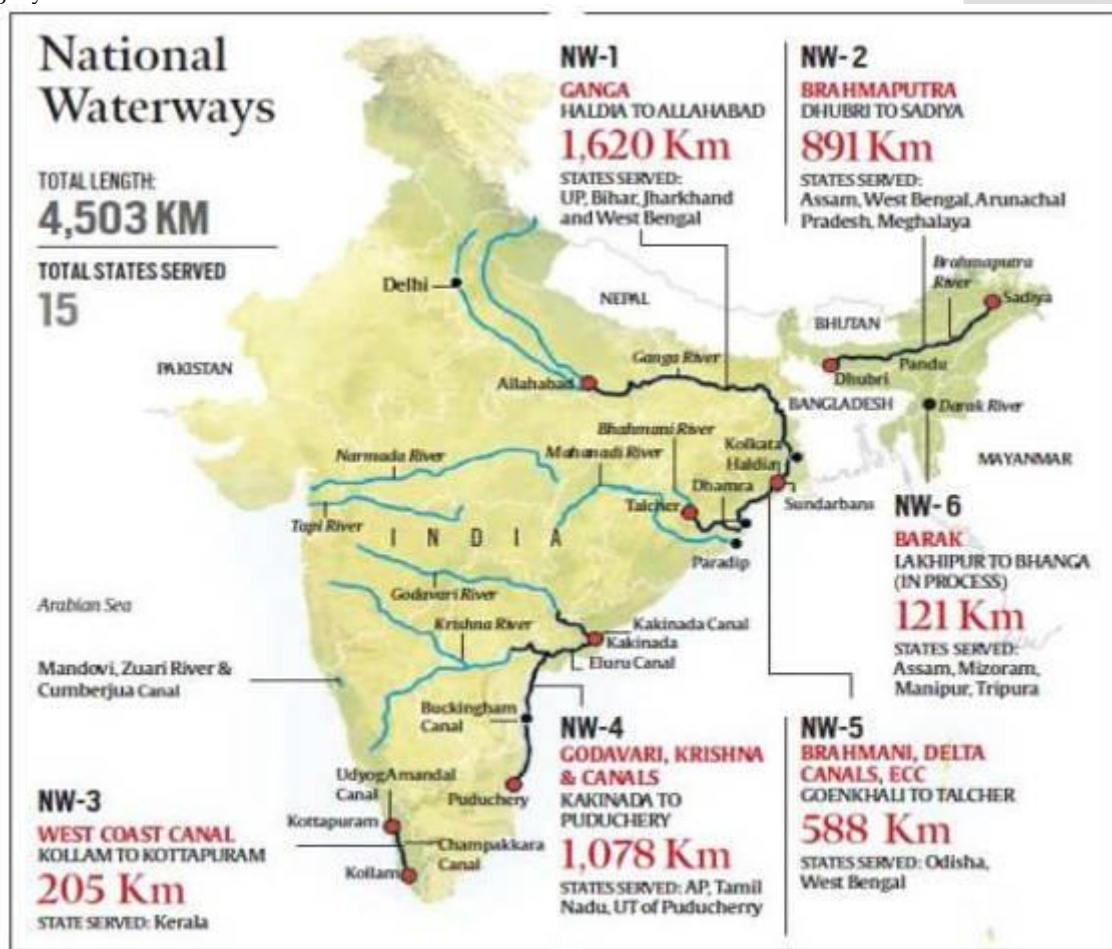
Background

- The Inland Vessels Bill, 2021 replaces the century-old Inland Vessels Act, 1917. One of the key things the new legislation seeks to do is bring all inland waterways in India and movement of vessels on them for any purpose under a central regulatory regime.
- India has close to 15,000 km of inland waterways network comprising rivers, channels, backwaters, creeks etc.
- The government in 2016 notified 111 inland waterways as National Waterways of India under the National Waterways Act, 2016. Of these, 13 National Waterways are operational for shipping and navigation and cargo/passenger vessels are moving on them.

Features of the new Act

- The new law defines mechanically propelled vessels as ships, boats, sailing vessels, container vessels, and ferries. The Centre will frame classification, standards of design, construction, and crew accommodation, and the type and periodicity of surveys, for these vessels.
- Construction or modification of such vessels will require prior approval of a designated authority, as prescribed by the central government. All such vessels are to be registered with respective states or Union Territories. The movement and the identities of the vessels will be logged in a central database.
- The new law passed now prescribes certain dos and don'ts. For example the rules of operations. To operate in inland waters, vessels must have a certificate of survey, and registration. Those with Indian ownership must be registered with the Registrar of Inland Vessels (appointed by the state government). Once registered, it will be valid across India. While the state government will issue the certificate, the form will be prescribed by the Centre, much like in the case of motor vehicles. Like motor vehicles, the vessels must be insured. The certificate will also mention the inland water zones (areas of operation to be demarcated by states) for such vessels.
- The mechanical vessels must adhere to certain specifications for signals and equipment to ensure navigation safety, as specified by the central government.
- The new Act mandates that in case of any distress or SOS signal sent out by the master of a vessel, any other vessel nearby must respond to it— much like maritime custom and rules on sea. If the master of a nearby vessel fails to come for help, he or she will be penalised with a fine up to Rs 10,000 unless they failed to provide such assistance on some specified grounds.
- In case of accidents, the nearest police station is to be involved for inquiry and action. The local District Magistrate may also hold a probe and recommend action.

- The Act says that the Centre will prescribe the minimum number of people that vessels must carry for various roles and what the qualification of the personnel must be. Non-compliance of this will attract a penalty of up to Rs 10,000 for the first offence, and Rs 25,000 for subsequent offences.
- The Act empowers the Central government to prescribe what kind of pollutants and sewage vessels can discharge and how much. Like in the case of motor vehicles, the Act empowers the Centre to prescribe the format in which states can issue pollution-under-control certificates.
- The Bill also envisages maintaining a fund, which will be used for emergency preparedness, checking of pollution and boosting navigation. The fund will source from schemes of the state governments, sale of cargo and wreck and contribution from stakeholders.
- The new law also covers the future developments and technological advancements in vessel construction and usage. Regulating the technologically advanced vessels of the present and future identified as "Special Category Vessels".



Vehicle Scrappage Policy

Context:

- Prime Minister Narendra Modi has launched the vehicle scrappage policy with an aim to phase out old and unfit vehicles in an environment-friendly manner.

What is being changed?

- As per law, a registration certificate for a passenger vehicle is valid for 15 years from date of issue. For a commercial vehicle, it is valid for a period of 10 years.
- The scrappage policy will come into effect after the expiry of this 10 or 15 year period. The vehicle will then have to undergo a mandatory fitness test.
- As per the motor vehicle law, renewal of fitness certificate annually is mandatory for a commercial vehicle once it is older than eight years. For the first eight years, such vehicles will need to undergo the test after every two years.

- If a vehicle passes the fitness test then it will have to repeat the same after every 5 years to keep a check. A valid fitness certificate will be necessary for renewal of registration certificates after 15 years. The renewed certificate will be issued for a period of 5 years in case of private vehicles.

Incentives for scrapping old vehicles

- Firstly, owners of such vehicles will get a scrap value which will be equivalent to 4 per cent to 6 percent of the ex-showroom price of the new vehicle that they would be purchasing.
- Secondly, there will be zero registration fees for new vehicle purchased if the owner shows a certificate of deposit.
- Thirdly, state governments have been asked to offer concessions on motor vehicle tax. The concessions include up to 25 per cent for non-transport vehicles and up to 15 per cent for transport vehicles.
- Fourthly, vehicle manufacturers have been advised to provide a 5 per cent discount on purchase of new vehicles against certificate of deposit.

HOW PROCESS WILL UNFOLD

↓

A vehicle older than 20 years, if found unfit or registration certificate is not renewed, will be de-registered

↓

Registered owners to hand over such vehicles to a Registered Vehicle Scrapping Facility with certificate of the vehicles' registration, their PAN details, and other documents

↓

Scrapper to verify records of the vehicles from database of the stolen vehicles and issue a Certificate of Deposit, mandatory for the owner to avail incentives





↓


The certificate once used will be stamped "Cancelled" by the agency

↓

Government will maintain a database of the vehicles scrapped every year

INCENTIVES FOR VEHICLE OWNERS

 Scrap value: 4-6% of ex-showroom price of new vehicle to be given to the owner by the scrapping centre	 Tax rebate: States may be advised to offer a road tax rebate of up to 25% for personal vehicles and up to 15% for commercial vehicles against	 Discount on new vehicle: Vehicle manufacturers will be advised to give 5% discount on new vehicles against a scrapping certificate	 Fee waiver: Registration fees may also be waived for purchase of new vehicle against the scrapping certificate
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RoDTEP Scheme

Context:

- RoDTEP Scheme Guidelines and Rates (Remission of Duties and Taxes on Exported Products) have been notified by the government. The scheme for zero rating of exports will boost our exports & competitiveness in the global markets. The rates of RoDTEP will cover 8555 tariff lines.

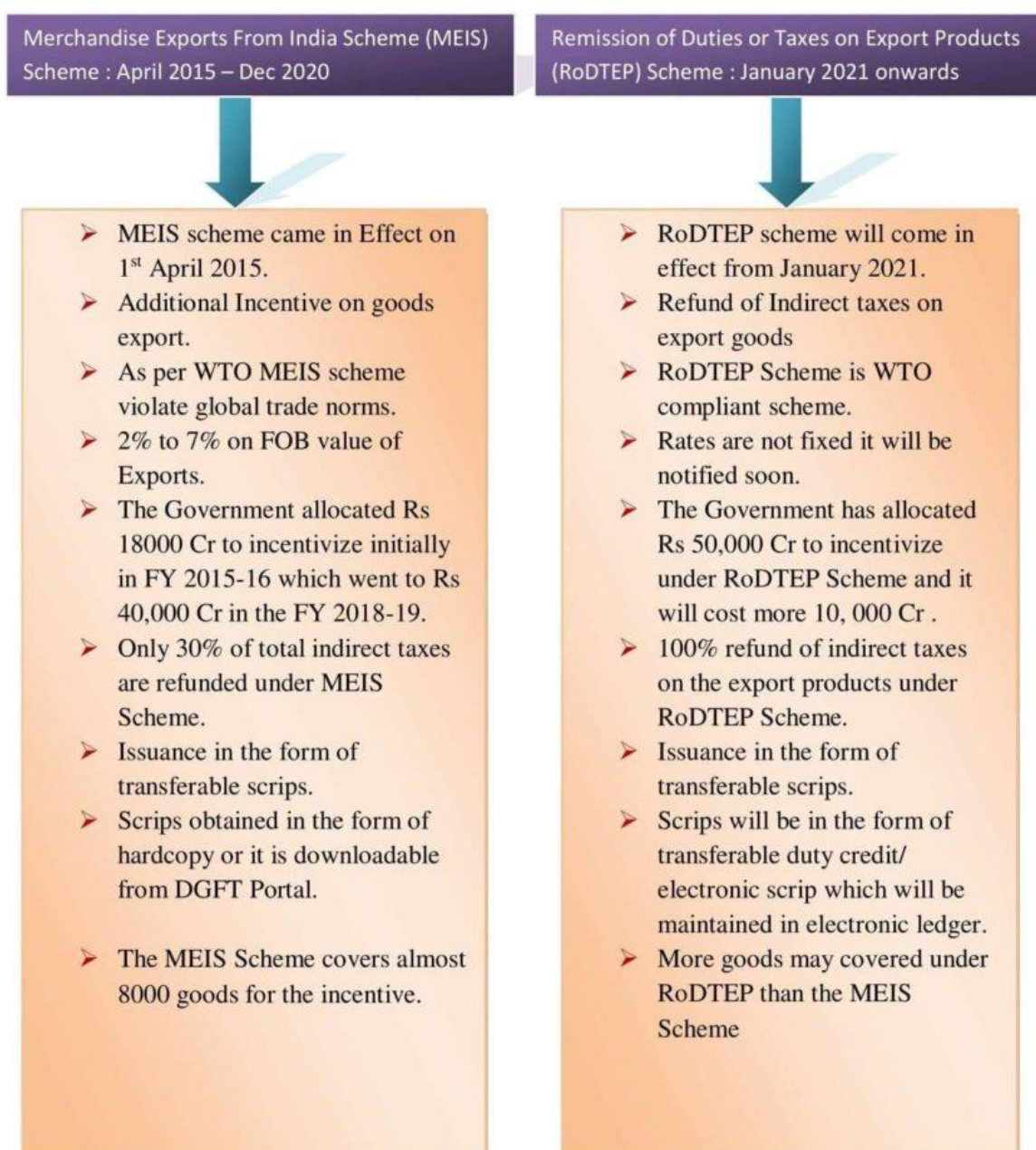
Objective

- Duties/ taxes/ levies, at the Central, State & local level, borne on the exported product, including prior stage cumulative indirect taxes on goods & services used in production of the exported product, and
- Such indirect Duties/ taxes/ levies in respect of distribution of exported products.
- It may be noted that rebate under the Scheme shall not be available in respect of duties and taxes already exempted or remitted or credited.
- RoDEO is going to give a boost to Indian exports by providing a level playing field to domestic industry abroad.

- RoDTEP support will be available to eligible exporters at a notified rate as a percentage of Freight On Board (FOB) value. Rebates on certain export products will also be subject to value cap per unit of the exported product.

How will it be implemented?

- Scheme is to be implemented by Customs through a simplified IT System. Rebates will be issued in the form of a transferable duty credit/electronic scrip (e-scrip) which will be maintained in an electronic ledger by the Central Board of Indirect Taxes & Customs (CBIC).
- Identified export sectors and rates under RoDTEP cover 8555 tariff lines in addition to similar support being extended to apparel and made-ups exports under RoSCTL scheme of Ministry of Textiles.
- Employment Oriented Sectors like Marine, Agriculture, Leather, Gems & Jewellery etc. are covered under the Scheme.
- Other sectors like Automobile, Plastics, Electrical / Electronics, Machinery etc. also get support. The entire value chain of textiles also gets covered through RoDTEP & RoSCTL.



District Mineral Fund

Context:

- Recently, Centre has denied Odisha government to transfer district mineral funds in the non-priority areas. It has asked the State to strictly adhere to the provisions of DMF Rules formulated under the Mines and Minerals (Development and Regulation) Act, 1957.

Background

- The lopsided equation of poverty and social benefits have failed some of India's richest mining districts for decades.
- Mining has benefited mining companies, individual miners and governments, not the communities living there.
- After years of deliberations and negotiations in 2015, the country's central mining law, the Mines and Minerals (Development and Regulation) Act (MMDR) of 1957 was amended and District Mineral Foundation (DMF) was instituted.
- The DMF is a non-profit statutory 'Trust' for every Indian district affected by mining-related operations, which should "work for the interest and benefit of persons, and areas affected by mining-related operations"

Composition and functions

- Composition and Functions of the DMF is prescribed by the State Governments taking guidelines from Article 244 of Indian Constitution, fifth and sixth schedules,
- Funds every mining lease holder of will pay a fraction of royalty, not exceeding one-third of the royalty, to the DMF as per rates prescribed by Central Government.
- This fund will be used for the welfare of the people affected in the mining areas.
- The Pradhan Mantri Khanij Kshetra Kalyan Yojana (PMKKKY) will be implemented by the DMFs of the respective districts using the funds accruing to the DMF.

Pradhan Mantri Khanij Kshetra Kalyan Yojana (PMKKKY)

The overall objective of PMKKKY scheme is

- To implement various developmental and welfare projects/programs in mining affected areas, and these projects/ programs will complement the existing ongoing schemes/projects of the State and Central Government.
- To minimise/mitigate the adverse impacts, during and after mining, on the environment, health and socio-economics of people in mining districts.
- To ensure long-term sustainable livelihoods for the affected people in mining areas.

Sagarmala

Context:

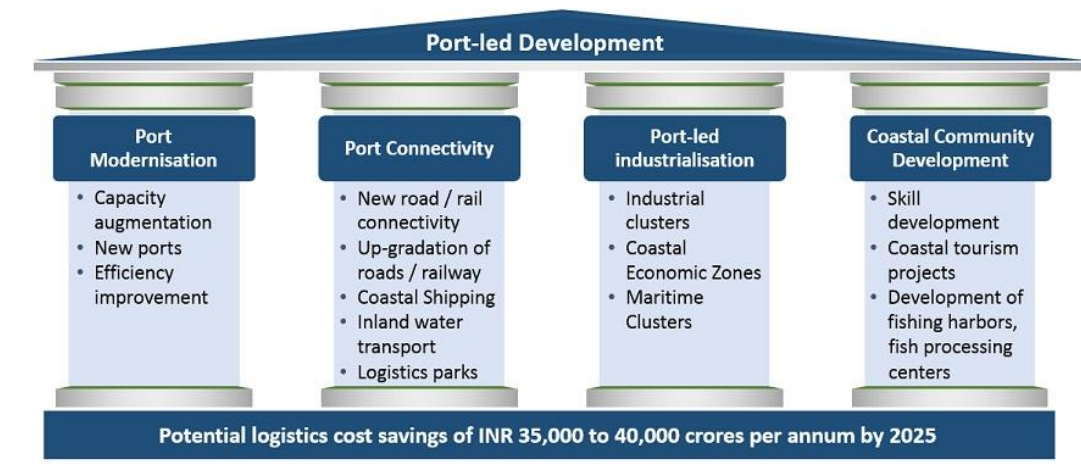
- Ro-Ro & Ro-Pax ferry projects have been taken under Sagarmala Projects.

About Sagarmala Projects

- Sagarmala intends to reduce the logistics costs for foreign and domestic trade, leading to an overall cost savings of INR 35,000 to INR 40,000 crore annually by 2025. It moreover aims to double the share of water transportation in the transportation modal mix

The Sagarmala Programme

“ The reduction of logistics cost for EXIM and domestic trade with minimal infrastructure investment ”



BOT MODEL

Context:

- Modern Bus Terminus are being developed based on Build-operate-transfer and Hybrid annuity model mechanism.

Hybrid Annuity Model

Mode	Construction	O&M	Traffic and toll
EPC	Authority	Authority	Authority
BOT Toll (PPP)	Promoter	Promoter	Promoter
BOT Annuity (PPP)	Promoter	Promoter	Authority
Hybrid Annuity Model (HAM)	Promoter / Authority	Promoter	Authority

Direct Tax


Difference between Direct and Indirect Taxes

Basis	Direct Taxes	Indirect Taxes
1. Meaning	If a tax levied on the income or wealth of a person is paid by that person (or his office) directly to the Government, it is called direct tax.	If tax is levied on the goods or services of a person is collected from the buyers by another person (seller) and paid by him to the Government it is called indirect tax.
2. Incidence and Impact	Falls on the same person. Imposed on the income of a person and paid by the same person.	Falls on different persons. Imposed on the sellers but collected from the consumers and paid by sellers.
3. Burden	More income attracts more income tax. Tax burden is progressive on people.	Rate of tax is flat on all individuals. Therefore more income individuals pay less and lesser portion of their income as tax. Tax burden is regressive.
4. Evasion	Tax evasion is possible.	Tax evasion is more difficult
5. Inflation	Direct tax helps in reducing the inflation.	Indirect tax contributes to inflation.
6. Shiftability	Cannot be shifted to others	Can be shifted to others
7. Examples	Income Tax, Wealth Tax, Capital Gains Tax, Securities Transaction Tax, Perquisites Tax.	GST, Excise Duty.


Different types of direct taxes are

- **Personal Income Tax:** An income tax is a tax which governments impose on individuals within their jurisdiction.
- **Corporate Tax:**
 1. Corporate tax is a tax levied on the net income of the company.
 2. Companies, both private and public which are registered in India under the Companies Act 1956, are liable to pay corporate tax.
- **Dividend Distribution Tax:** The Dividend Distribution Tax is imposed on dividends that a company pays to its shareholders out of its profits.
- **Minimum Alternate Tax :**
 1. Minimum Alternate Tax (MAT) was effectively introduced in India by the Finance Act of 1987. It was introduced to tax the “zero tax companies”. Zero tax companies are such companies which show zero or negligible income to avoid tax nets.
 2. Under MAT, such companies are taxed a certain percentage of their book profit as taxable income.
 3. MAT has been brought in to reduce tax avoidance practices followed by some companies to avoid the income tax, though they had the ability to pay.
 4. MAT is applicable to all corporate entities, whether public or private.
 5. MAT is not applicable to:
 - a. Any income accruing or arising to a company from the life insurance business.
 - b. Shipping income liable to tonnage taxation.
- **Alternate Minimum Tax**
 1. It is a leviable alternative to normal tax.

2. AMT is a tax levied on ‘adjusted total income’ in a FY wherein tax on normal income is lower than AMT on adjusted total income. So, irrespective of normal tax, AMT has to be paid by taxpayers to whom AMT provisions apply.
- **Capital Gain Tax**
 1. Capital gain is any profit that is received through the sale of a capital asset (Land, building, house property etc.).
 2. The tax that is paid on that profit is called capital gains tax.
 3. Capital gain tax can either be long term (individuals own an asset for a duration of more than 36 months) or short term (In case assets are held for a duration of 36 months or less).
 - **Securities Transaction Tax (STT)**
 1. Securities Transaction Tax (STT) is a type of financial transaction tax levied in India on transactions done on the domestic stock exchanges.
 2. The rates of STT are prescribed by the Central/Union Government through its Budget from time to time.
 3. It is categorised as a direct tax.
 - **Commodity Transaction Tax (CTT)**
 1. Commodities transaction tax (CTT) is a tax similar to Securities Transaction Tax (STT), levied in India, on transactions done on the domestic commodity derivatives exchanges.
 2. The concept of CTT was first introduced in the Union Budget 2008-09.
 3. CTT aims at discouraging excessive speculation, which is detrimental to the market.



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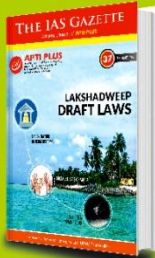


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Skill development

Context

- Government enumerated the steps taken to improve the skill development of the youth.

Details of Schemes for Skill Development of various Ministries/Departments

S.No	Name of Ministries/Department	Name of the Scheme
1.	M/o Skill Development and Entrepreneurship	Pradhan Mantri Kaushal Vikas Yojana (PMKVY)
		Apprenticeship Training Scheme (ATS)
		Craftsmen Training Scheme
		Craftsmen Instructor Training Scheme
		Skill Development Initiative Scheme (SDIS)
2.	M/o Rural Development	Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY)
		Rural Self-Employment Training Institutes (RSETIS)
3.	M/o Housing and Urban Poverty Alleviation	National Urban Livelihoods Mission (NULM)
4.	M/o Textiles	Integrated Skill Development Scheme (ISDS)
5.	M/o Agriculture and Farmers Welfare	National Food Security Mission – Farmers Field School
		Agri-Clinic and Agri-Business Centres Scheme
		Extension Reforms - Farm School
		Krishi Vigyan Kendras (KVKS)
		Skill training to Agri-graduates
		Promotion of farmer to farmer extension
6.	M/o Micro, Small and Medium Enterprises	Entrepreneurship Development Programmes (EDPS)
		Entrepreneurship Skill Development Programmes (ESDPS)
		Management Development Programmes (MDPS)
		Assistance to Training Institutions Scheme (ATI SCHEME)
		Skill Upgradation and Quality Improvement and Mahila Coir Yojana (MCY)
		Tool Rooms
		Central Manufacturing Technology Institute (CMTI)
7.	M/o Tourism and Culture	Scheme of Capacity Building for Service Providers
		Hunar se Rozgarkar Initiative
8.	M/o Human Resource Development	Vocationalization of School Education
		Scheme of Community Development through Polytechnics
		National Institute of Open Schooling Distance Vocational Education Programmes (Practical Learning through Accredited Vocational Institutes (AVI)
		National Apprenticeship Training (NAT) Scheme
		Jan Shikshan Sansthan


GREEN HYDROGEN

Context

- Recently, the government has announced the Green Hydrogen mission where the target is to make the country self-reliant in energy by 2047.


Kinds of Hydrogen

Hydrogen is most likely the energy of the future. However, it takes gobs of energy to produce and the question is what kind of energy is used to produce it.




Brown Hydrogen

Derived from process of coal gasification that produces synthesis gas containing a mixture of carbon dioxide, carbon monoxide, hydrogen, methane and ethylene. A highly polluting substance.




Grey Hydrogen

Obtained from natural gas. It's production generates large amounts of carbon dioxide. It is the cheapest process today but carbon taxes may make it more costly in the near future.



Blue Hydrogen

Also produced by hydrocarbons but the emissions are captured and sequestered in the process. This process is slower and costly but offers promise for the future since it will avoid carbon tax strategies.



Green Hydrogen

It is not created by fossil fuels, instead from the hydrolysis of water by means of electricity obtained from renewable sources like wind and solar. The cost of this hydrogen is dropping at a phenomenal rate and offers promise to make hydrogen the fuel of the near future.

Making Green Hydrogen

- With electrolysis, all you need to produce large amounts of hydrogen is water, a big electrolyzer and plentiful supplies of electricity.

Usage of it

- replace the industrial hydrogen that gets made every year from natural gas
- use it as a precursor for other energy carriers, from ammonia to synthetic hydrocarbons
- directly power fuel cells in cars and ships
- add it to natural gas and burn it in thermal power or district heating plants.

Green Hydrogen Infrastructure in India

- Government has said that the country was focusing on producing blue and green hydrogen along with blended hydrogen in Compressed Natural Gas (CNG) for various purposes, including transport.
- Through technological advancements, India is blending hydrogen with compressed natural gas for use as transportation fuel as well as an industrial input to refineries.
- 50 buses in Delhi are plying on blended hydrogen in Compressed Natural Gas on a pilot basis.
- The Indian Oil Corporation Limited announced it would set up the country's first green hydrogen plant.
- Reliance Energy said that it would invest Rs 600 billion in building factories to produce green hydrogen among other carbon friendly technologies.

National Mission on Edible Oils-Oil Palm (NMEO-OP)

Context

- Centre's palm oil plan enthruses farmers in Kerala.

Why in news?

The union government has announced the National Mission on Edible Oil-Oil Palm (NMEO-OP) to achieve self-sufficiency in edible oil production.

About

- The implementation period will be over 5 years. The government will spend Rs 11,000 crore for the mission.
- North-eastern India and the Andaman and Nicobar Islands are target locations for cultivating palm.

Edible oil economy in India

- India is the fourth largest vegetable oil economy in world after USA, China & Brazil.
- India imports palm oil from Indonesia and Malaysia, soy oil from Argentina and Brazil, and sunflower oil, mainly from Russia and Ukraine.

Important Aspects

- The NMEO-OP will replace the National Mission on Oil Seeds and Oil Palm launched in 2014.
- The import dependency will be cut to 45% from the existing 60% by 2024-25.

Focus of the scheme

- There are two major focus areas of the Scheme -
 1. The oil palm farmers produce Fresh Fruit Bunches (FFBs) from which oil is extracted by the industry. Presently the prices of these FFBs are linked to the international CPO prices fluctuations.
 2. For the first time, the Government of India will give a price assurance to the oil palm farmers for the FFBs. This will be known as the Viability Price (VP). This will protect the farmers from the fluctuations of the international CPO prices and protect him from the volatility. This VP shall be the annual average CPO price of the last 5 years adjusted with the wholesale price index to be multiplied by 14.3 %.
 3. This will be fixed yearly for the oil palm year from 1st November to 31st October. This assurance will inculcate confidence in the Indian oil palm farmers to go for increased area and thereby more production of palm oil.
 4. A Formula price (FP) will also be fixed which will be 14.3% of CPO and will be fixed on a monthly basis. The viability gap funding will be the VP-FP and if the need arises, it would be paid directly to the farmers accounts in the form of DBT.

SonChiraiya

Context

- Union Ministry of Housing and Urban Affairs has launched SonChiraiya (a brand and logo) for marketing of urban Self-Help Group (SHG) products. It will help women to become financially empowered and live a dignified life is one of the priority areas of the Government.

Details

- DAY-NULM, under the aegis of MoHUA, has focussed on equipping the urban poor women with adequate skills and opportunities, and to enable them to promote sustainable micro enterprises. It mobilises women from urban poor households into SHGs and their federations to create a support system for these women.
- Over 5.7 lakh SHGs have been formed across various States/ UTs with almost 60 lakh members. Many of these SHGs are engaged in livelihood activities, producing goods such as handicrafts, textiles, toys, eatables and so on.
- These were being sold primarily in local neighbourhood markets and often faced barriers in achieving visibility and wide market access. To overcome these challenges, the Ministry entered into Memorandum of Understandings (MoUs) with leading e-Commerce Portals viz. Amazon and Flipkart, with an underlying narrative of women empowerment.
- Despite the challenges posed by the COVID-19 pandemic, this partnership has successfully onboarded on the e-Commerce Portal over 2,000 products of nearly 5,000 SHG members across 25 States/ UTs.

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SAMRIDH Scheme

Context

- Minister of Electronics and Information Technology (MeitY) has launched Startup Accelerators of MeitY for product Innovation, Development and growth (SAMRIDH) programme.

About Scheme

- SAMRIDH:** Startup Accelerators of MeitY for Product Innovation, Development and Growth
- Implemented by:** MeitY Start-up Hub (MSH)
- Objectives:** Focus on accelerating the **300 start-ups** by providing customer connect, investor, connect, and international immersion in the next three years.
 - Facilitate equal matching investment by the accelerator/investor.
- Indian start-up growth which has seen the emergence of 63 Unicorns is now the **third-largest Unicorn hub** globally.
- Eligibility:** Accelerators that have been in the incubation business for at least three years.
 - Must also have operations in India



Account Aggregators

Context

- Eight of India's major banks joined the Account Aggregator (AA) network that will enable customers to easily access and share their financial data. The framework, which has been under discussion since 2016 and in the testing phase for some time, will now be open to all customers.

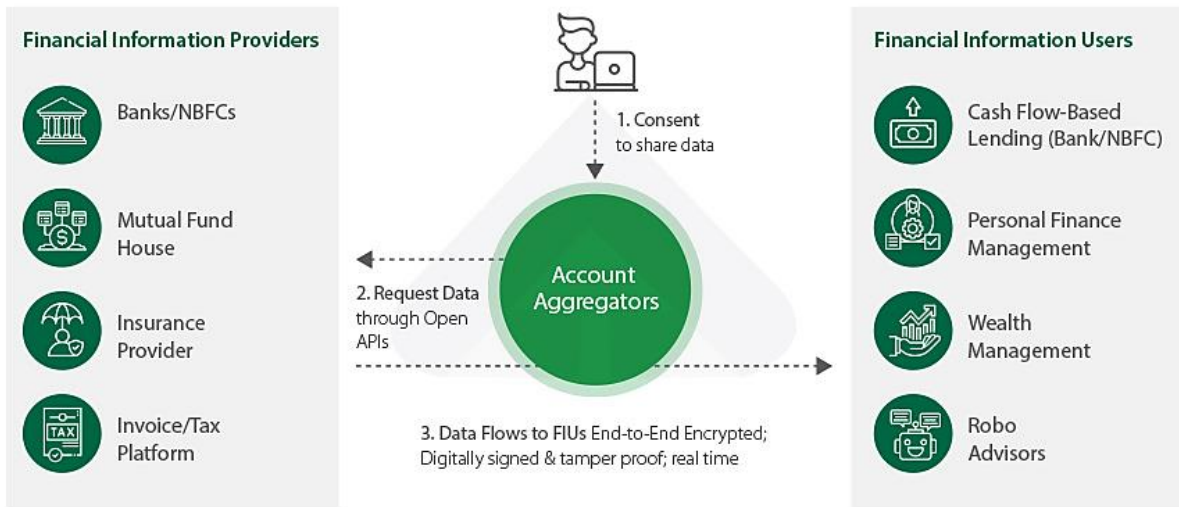
What is an 'account aggregator'?

- An Account Aggregator is a non-banking financial company engaged in the business of providing, under a contract, the service of retrieving or collecting financial information pertaining to its customer.
- It is also engaged in consolidating, organising and presenting such information to the customer or any other financial information user as may be specified by the bank.
- The licence for AAs is issued by the RBI, and the financial sector will have many AAs.

Benefit to consumer

- The AA framework allows customers to avail various financial services from a host of providers on a single portal based on a consent method, under which the consumers can choose what financial data to share and with which entity.
- It reduces the need for individuals to wait in long bank queues, use Internet banking portals, share their passwords, or seek out physical notarisation to access and share their financial documents.

Account Aggregator Framework



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Financial Stability and Development Council

Context

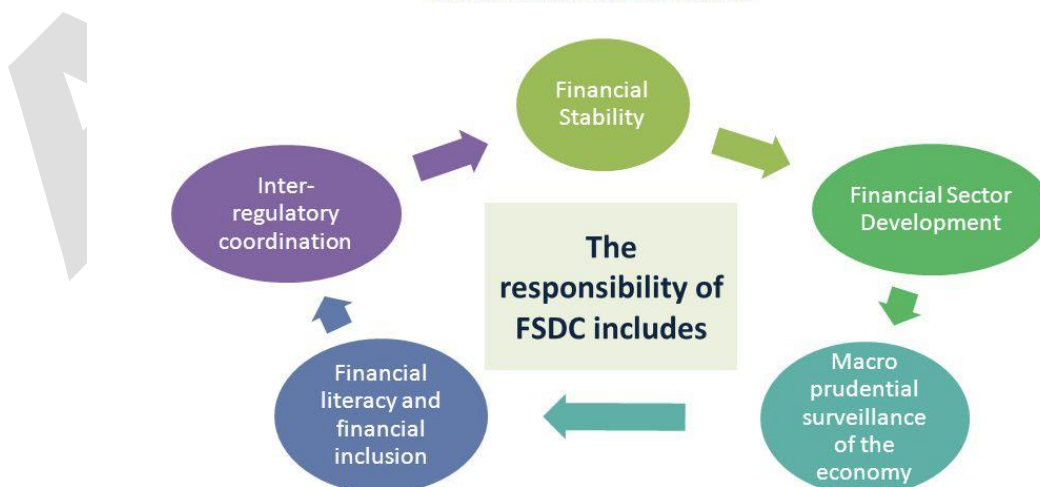
- The 24th meeting of the Financial Stability and Development Council (FSDC) was held recently.

Details

- The 24th meeting deliberated on various mandates of the FSDC such as financial stability, financial sector development, inter-regulatory coordination, financial literacy, financial inclusion, and macro prudential supervision of the economy including the functioning of large financial conglomerates.

Financial Stability and Development Council

The FSDC, set up in 2010, is a body consisting all regulators and the Ministry of Finance. It is the highest forum in matters relating to financial stability. The Council is chaired by the Union Finance Minister



PLI Scheme for textiles

Context:

- The Union Cabinet has approved the PLI Scheme for Textiles for Man-Made Fibre (MMF) Apparel, MMF Fabrics and 10 segments/ products of Technical Textiles with a budgetary outlay of Rs. 10,683 crore.

What is the PLI Scheme?

- PLIs are provided by the Central government to identified sectors, in order to encourage manufacturing in India. Companies registered in India and having one or more manufacturing locations in the country are eligible for the scheme.
- These companies receive an incentive in the form of a cash subsidy on the new sales of goods manufactured in India for about five years from the base year. The incentive is tied to incremental investments made during the period.
- For mobile phone and large-scale electronics for instance, the PLI will be 4-6 percent of incremental sales and will require a minimum investment of ₹100 crore/₹200 crore/₹1,000 crore by the entities.
- Beginning with mobile phones and large-scale electronics, PLI is eventually planned to be extended to 13 sectors including automobiles, pharma, telecom, food products, ACC battery, solar PV modules, textiles, other electronic/technology products, speciality steel and white goods.
- The total outlay for all the PLI schemes is ₹1.97 lakh crore over a five-year period.

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PLI Scheme for Textiles

Why in news?

The Production Linked Incentive Scheme for Textiles has been authorized by the Union Government.



Benefits Offered

- Textiles will benefit from the PLI scheme, which will encourage the manufacture of high-value MMF fabrics, garments, and technical textiles in the country.
- The Textile PLI scheme intends to promote the manufacture of high-value Man-Made Fibre fabrics.

PLI Scheme

The scheme provides incentives to enterprises for strengthening their domestic manufacturing.



India's Textile Sector

After agriculture, the textile industry in India has traditionally been the sole industry that has created significant employment for both skilled and unskilled labor.



Criteria

The achievement of a minimum level of cumulative incremental investment is required to be eligible for telecom units.

What are Technical Textiles?

Conventional Textiles	Technical Textiles
<ul style="list-style-type: none"> • Manufactured primarily for aesthetic or decorative purpose • Fiber (natural or synthetic) is usually first Spun into Yarn and then Yarn is Woven / Knit into Fabric 	<ul style="list-style-type: none"> • Manufactured primarily for performance or function rather than aesthetics • May be both woven and non woven, and is made out of primarily synthetic and some natural fibers

National Asset Reconstruction Company Limited

Context


- The Union Cabinet has approved the central government guarantee of Rs. 30,600 crore to back Security Receipts issued by National Asset Reconstruction Company Limited (NARCL) for acquiring stressed loan assets.

Details

- NARCL proposes to acquire stressed assets of about Rs. 2 Lakh crore in phases within extant regulations of RBI.
- It intends to acquire these through 15% Cash and 85% in Security Receipts (SRs).







What is a "bad bank"?




- A bad bank is a financial entity set up to buy non-performing assets (NPAs), or bad loans, from banks.
- The aim of setting up a bad bank is to help ease the burden on banks by taking bad loans off their balance sheets and get them to lend again to customers without constraints.
- After the purchase of a bad loan from a bank, the bad bank may later try to restructure and sell the NPA to investors who might be interested in purchasing it.
- A bad bank makes a profit in its operations if it manages to sell the loan at a price higher than what it paid to acquire the loan from a commercial bank.
- However, generating profits is usually not the primary purpose of a bad bank – the objective is to ease the burden on banks, holding a large pile of stressed assets, and to get them to lend more actively.



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Why in news?

The Union cabinet has given nod for the formation of NARCL.



Need for Bad Banks

The stability of the whole economy will be under threat if NPA and stressed assets increase.

What is NARCL?

The NARCL is set up under Companies Act and along with India Debt Resolution Company Ltd (IDRCL) make up the "Bad Bank".



Concerns	Working	Significance
Bad Bank is funded from the pockets of tax payers. A permanent solution can be achieved by improving lending operation in PSBs.	<ul style="list-style-type: none"> The stressed assets will be bought by NARCL by paying 15% of the cost. If the Bad bank is unable to sell the bad asset at the initial cost, the difference amount will be paid by government. 	<ul style="list-style-type: none"> Capital will be freed up from bad assets. Stagnant economic growth can be reversed if capital reaches public.

T+1 Settlement

Context

- If stock market exchanges agree to the proposal for the T+1 settlement system made by the Securities and Exchange Board of India (SEBI), investors will get money for shares they sold or bought in their accounts faster, and in a safer and risk-free environment.

How does it work?

- If an investor sells shares on Tuesday, settlement of the trade takes place in two working days (T+2). The broker who handles the trade will get the money on Thursday, but will credit the amount in the investor's account only by Friday. In effect, the investor will get the money only after three days.
- In T+1, settlement of the trade takes place in one working day and the investor will get the money on the following day. The move to T+1 will not require large operational or technical changes by market participants, nor will it cause fragmentation and risk to the core clearance and settlement ecosystem.
- In April 2002, stock exchanges had introduced a T+3 rolling settlement cycle. This was shortened to T+2 from April 1, 2003.

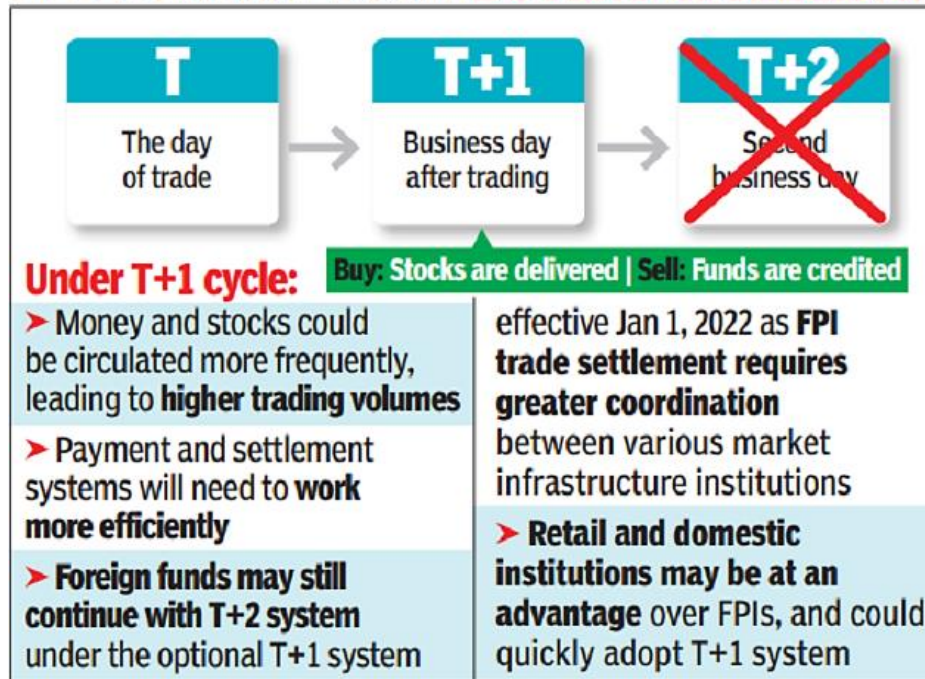
What has SEBI allowed?

- Recently, the SEBI allowed stock exchanges to start the T+1 system as an option in place of T+2. If it opts for the T+1 settlement cycle for a scrip, the stock exchange will have to mandatorily continue with it for a minimum 6 months.
- Thereafter, if it intends to switch back to T+2, it will do so by giving one month's advance notice to the market.
- Any subsequent switch (from T+1 to T+2 or vice versa) will be subject to a minimum period.

Why T+1 settlement?

- According to a SEBI paper, a shortened cycle not only reduces settlement time but also reduces and frees up the capital required to collateralise that risk.
- T+1 also reduces the number of outstanding unsettled trades at any instant, and thus decreases the unsettled exposure to Clearing Corporation by 50%. The narrower the settlement cycle, the narrower the time window for a counterparty insolvency/bankruptcy to impact the settlement of a trade.

SPEEDING UP BOTH BUYING & SELLING



Transport and Marketing Assistance Scheme

Context

- Government of India has revised "Transport and Marketing Assistance" (TMA) scheme for Specified Agriculture Products.

Background

- In February 2019, the Department of Commerce had introduced "Transport and Marketing Assistance (TMA) for Specified Agriculture Products Scheme " to provide assistance for the international component of freight, to mitigate the disadvantage of higher freight costs faced by the Indian exporters of agriculture products.
- The scheme was initially applicable for exports affected during the period from 01.03.2019 to 31.03.2020 and was later extended for exports affected up to 31.03.2021.
- Now the Department has notified "Revised Transport and Marketing Assistance (TMA) for Specified Agriculture Products Scheme" for exports affected on or after 01.04.2021 up to 31.03.2022.

Changes

- Dairy products, which were not covered under the earlier scheme, will be eligible for assistance under the revised scheme.
- Rates of assistance have been increased, by 50% for exports by sea and by 100% for exports by air.
- The Directorate General of Foreign Trade (DGFT) will notify the procedure for availing assistance under the revised scheme.

Gilt-edged securities

Context

- Government of India has decided to raise Rs 5.03 lakh crore through gilts in October 2021 - March 2022 period.

What are 'government securities'?

- Government securities are instruments issued by the government to borrow money from the market. They are also known as gilts or gilt edged securities.
- "Government security" means a security created and issued by the Government for the purpose of raising a public loan or for any other purpose as may be notified by the Government in the Official Gazette and having one of the forms mentioned in the Government Securities Act, 2006.

Types

- Depending upon the expiry date, government securities are divided into short term and long term securities.
- Short term government securities are Treasury bills. They have a maturity of less than one year. There are three main treasury bills in India - 91 day, 182 day and 364 day.
- Long term government securities are known as government bonds or dated securities. They have a maturity period of five years, ten years, fifteen years etc.

Why are they called 'gilt-edged securities'?

- These instruments got their names because the certificates were printed on paper stock with gilded edges.

Features

- Government securities are popular investment assets for most of the financial institutions, especially commercial banks. They prefer government securities because of many features unique to them.
- Since financial institutions are bulk dealers of investable resources, government securities simultaneously provide the advantages of safety, liquidity and bulk investment opportunity. They thus possess the three unbelievably good qualities for a financial asset. Following features of government securities earned them the name of gilt edged securities.
 1. They have zero income default
 2. There is high rate of return

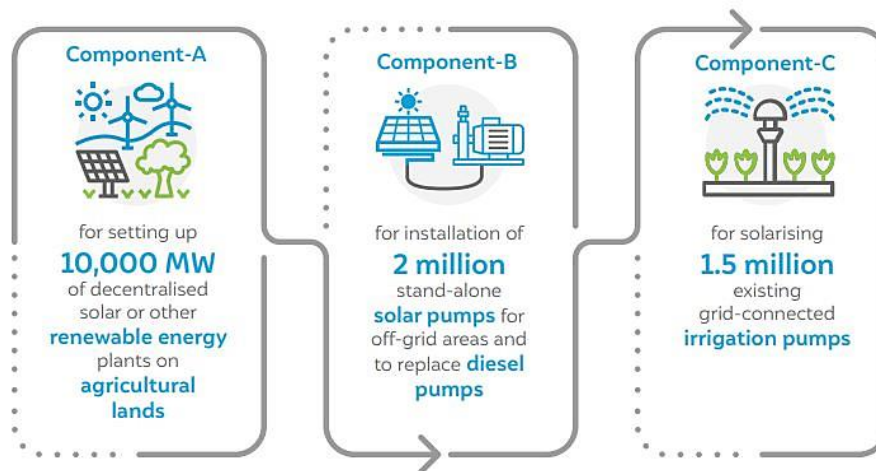
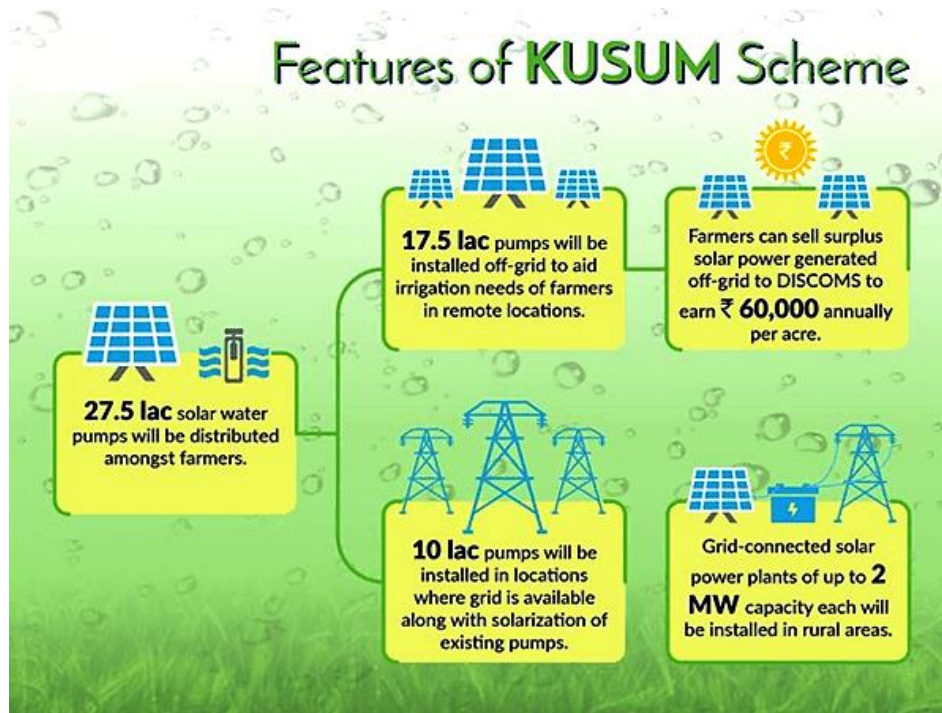
PM-KUSUM scheme

Context

- Recently, the government reviewed the progress of the PM-KUSUM scheme and reaffirmed the government's commitment to accelerating solar pump adoption.

About PM Kusum

- The Ministry of New and Renewable Energy (MNRE) has launched the Pradhan Mantri Kisan Urja Suraksha evem Uthhan Mahabhiyan (PM KUSUM) Scheme for farmers for installation of solar pumps and grid connected solar and other renewable power plants in the country.
- The scheme aims to add solar and other renewable capacity of 25,750 MW by 2022 with total central financial support of Rs. 34,422 Crore including service charges to the implementing agencies.





Renewable Energy Certificates

Context

- Union Minister of Power and New & Renewable Energy has given his assent to amendments in the existing Renewable Energy Certificate (REC) mechanism.


Renewable Energy Certificate (REC) Mechanism

<h3 style="text-align: center;">About REC</h3> <ul style="list-style-type: none"> • REC are a policy tool for accelerating renewable energy development. • It is a market-based approach that will assist states in meeting their regulatory obligations by overcoming geographic limits on current renewable potential. 	<h3 style="text-align: center;">REC Mechanism</h3> <p>REC mechanism is a market-based tool for promoting renewable energy and making renewable purchase commitments easier to meet (RPO).</p> 	<h3 style="text-align: center;">Types of RECs</h3> <ul style="list-style-type: none"> • Solar RECs are certificates that may be used to generate power using solar energy. • Non-solar RECs are awarded to qualified entities for electricity generation using renewable energy
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Benefits from proposed REC mechanism

The proposed changes will provide some flexibility to the players, additional avenues, rationalization and also addressing the RECs validity period uncertainty issues.



What are the new changes?

- Validity of REC would be perpetual, i.e., until it is sold.
- Floor and forbearance prices are not required to be specified.
- Central Electricity Regulatory Commission (CERC) to have a monitoring and surveillance mechanism to ensure that there is no hoarding of RECs.
- The RE generators who are eligible for REC, will be eligible for issuance of RECs for the period of PPA as per the prevailing guidelines. The existing RE projects that are eligible for REC would continue to get RECs for 25 years.
- RECs can be issued to obligated entities (including DISCOMs and open access consumers) which purchase RE Power beyond their RPO compliance notified by the Central Government.
- The changes proposed in the revamped REC mechanism will be implemented by CERC through a regulatory process.

UDAN (UdeDeshkaAamNagrik)

Context

- Government has written to Chief Ministers of Manipur and Haryana, Lieutenant Governors of Union Territories of Andaman & Nicobar Islands and Jammu & Kashmir and Administrator of Union Territory of Dadra and Nagar Haveli, for their personal intervention in expediting aviation infrastructure under Regional Connectivity Scheme (RCS) – UDAN (UdeDeshkaAamNagrik).

About UDAAN Initiative:

- UdeDeshKaAamNaagrik (UDAN) was launched as a regional connectivity scheme under the Ministry of Civil Aviation in 2016
- It is an innovative scheme to develop the regional aviation market
- It aims to create affordable yet economically viable and profitable flights on regional routes so that flying becomes affordable to the common man even in small towns

- The scheme envisages providing connectivity to un-served and underserved airports of the country through the revival of existing airstrips and airports. The scheme is operational for a period of 10 years
- Under-served airports are those which do not have more than one flight a day, while unserved airports are those where there are no operations.

Viability Gap Funding (VGF)

- It signifies a grant, one-time or deferred, provided to support infrastructure projects that are economically justified but fall short of financial viability.
- This scheme entails making the routes financially viable, without insisting on the financial viability of the regional airports, by lowering the cost of flight operations and through financial support in the form of VGF will be available to flight operators on specific routes for the first 3 years of operation.

Previous Phases of UDAN

UDAN 1.0	<ul style="list-style-type: none"> • Under this phase, 5 airline companies were awarded 128 flight routes to 70 airports (including 36 newly made operational airports).
UDAN 2.0	<ul style="list-style-type: none"> • In 2018, the Ministry of Civil Aviation announced 73 underserved and unserved airports. • For the first time, helipads were also connected under phase 2 of the UDAN scheme.
UDAN 3.0	<ul style="list-style-type: none"> • Inclusion of Tourism Routes under UDAN 3 in coordination with the Ministry of Tourism • Inclusion of Seaplanes for Connecting Water Aerodromes • Bringing in a number of routes in the North-East Region under the ambit of UDAN.
UDAN 4.0	<ul style="list-style-type: none"> • The operation of helicopters and seaplanes has also been incorporated • It is in line with the Act East Policy of the Central Government

Captive Mines

Context

- Ministry of Coal has notified rules for 50% sales of coal from captive mines.

What are 'captive mines'?

- Captive mines are the mines that are owned by companies. The coal or mineral produced from these mines is for the exclusive use of the owner company of the mines. The company cannot sell coal or minerals outside. Some electricity generation companies used to have captive mines.
- Non-captive Mines are mines from which the produced coals of minerals could be used for its own consumption and as well as for selling it.

New rules

- The Ministry of Coal has amended Mineral Concession Rules, 1960 with a view to allowing sale of coal or lignite, on payment of additional amount, by the lessee of a captive mine up to 50 percent of the total coal or lignite produced in a financial year, after meeting the requirement of the end use plant linked with the mine.
- Earlier this year, the Mines and Minerals (Development & Regulation) Amendment Act had been amended to this effect. This is applicable for both the private and public sector captive mines.

Geospatial Energy Map of India

Context:

- Geospatial Energy Map of India was launched by the Vice Chairman of NITI Aayog and Chairman of ISRO along with the Secretary Department of Space.

About the map

- NITI Aayog in collaboration with Indian Space Research Organisation (ISRO) has developed a comprehensive Geographic Information System (GIS) Energy Map of India with the support of Energy Ministries of Government of India.
- The GIS map provides a holistic picture of all energy resources of the country which enables visualisation of energy installations such as conventional power plants, oil and gas wells, petroleum refineries, coal fields and coal blocks, district-wise data on renewable energy power plants and renewable energy resource potential, etc through 27 thematic layers.
- The map attempts to identify and locate all primary and secondary sources of energy and their transportation/transmission networks to provide a comprehensive view of energy production and distribution in a country.
- It is a unique effort aimed at integrating energy data scattered across multiple organisations and to present it in a consolidated, visually appealing graphical manner.
- It leverages the latest advancements in web-GIS technology and open-source software to make it interactive and user friendly.

Significance

- The Geospatial Energy Map of India will be useful in planning and making investment decisions.
- It will also aid in disaster management using available energy assets.
- It will be useful for ensuring real-time and integrated planning of the energy sector of India, given its large geographical distribution and interdependence.

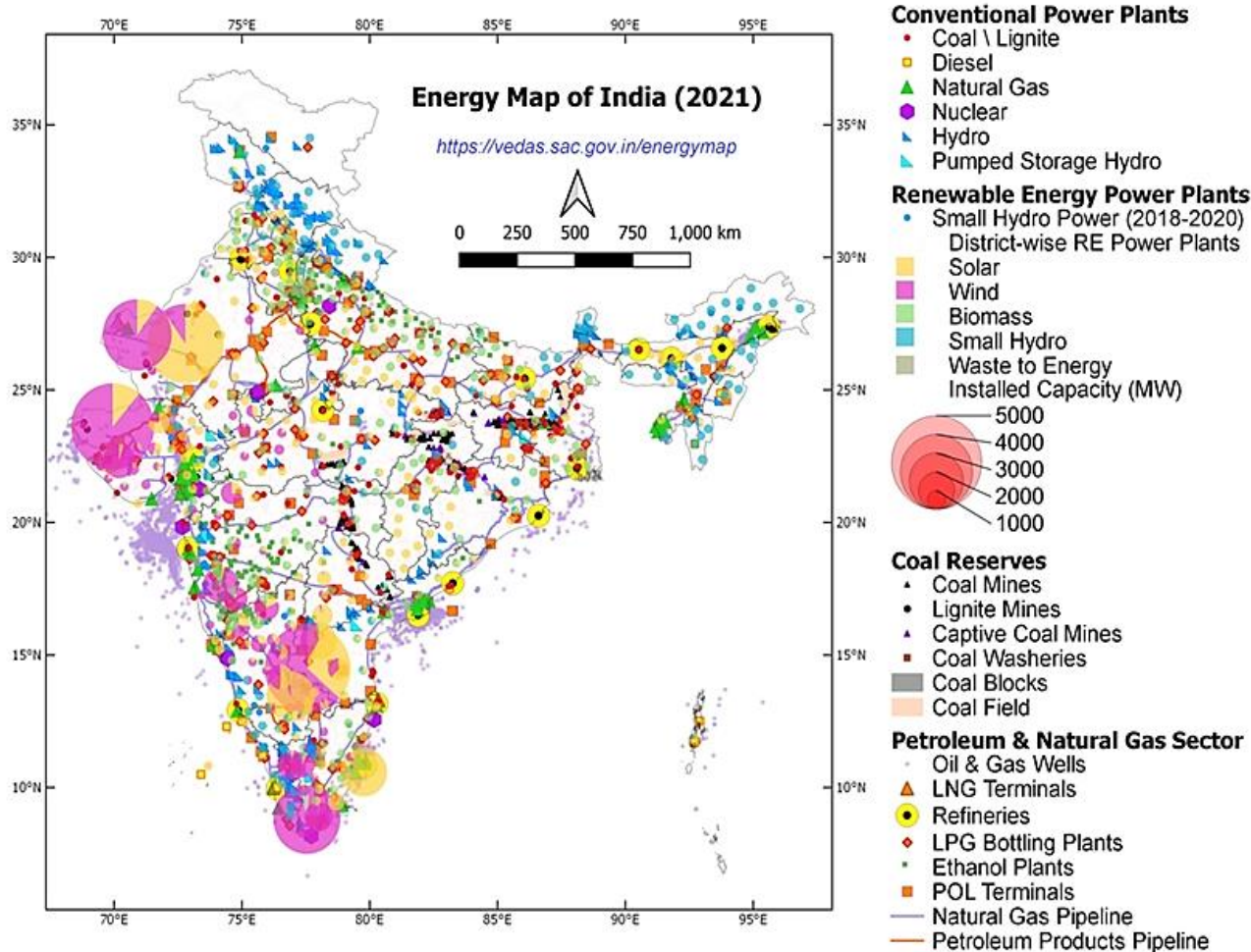
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Specialty Steel

Context

- The Union Cabinet has approved the Production-Linked Incentive Scheme for Specialty Steel.

What is 'specialty steel'?

- Specialty steel is value added steel wherein normal finished steel is worked upon by way of coating, plating, heat treatment, etc to convert it into high value added steel which can be used in various strategic applications like - Defence, Space, Power, apart from the automobile sector, specialised capital goods etc.
- The five categories of specialty steel which have been chosen in the PLI Scheme are -
 - Coated/Plated Steel Products
 - High Strength/Wear resistant Steel
 - Specialty Rails
 - Alloy Steel Products and Steel wires
 - Electrical Steel

Impact

- The benefit of this scheme will accrue to both big players i.e. integrated steel plants and to the smaller players (secondary steel players).
- It is expected that the speciality steel production will become 42 million tonnes by the end of 2026-27. This will ensure that approximately 2.5 lakh crores worth of speciality steel will be produced and consumed in the country which would otherwise have been imported.
- Similarly, the export of specialty steel will become around 5.5 million tonnes as against the current 1.7 million tonnes of specialty steel getting FOREX of Rs 33,000 crore.

PLI scheme for specialty steel

- **Objective:** Production of high grade steel, enhance exports, minimise dependence on imports
- **Incentives:** Rs 6,322 crore to be provided over 5 years;
- Eligible manufacturers to get 4%-12% incentive on incremental production
- **Benefit:** Steel industry to grow in terms of technology and move up the value chain
- Potential for generating 5.25 lakh jobs
- Investment potential of about Rs 40,000 crore



Free Trade Agreement

Context

- India will most likely conclude the free trade agreement with UAE by March.

About the Free Trade Agreement :

- A Free Trade Agreement is an agreement between countries to reduce or eliminate barriers to trade. Trade barriers include tariff barriers like taxes and nontariff barriers like regulatory laws.
- Trade barriers include tariff barriers like taxes and nontariff barriers like regulatory laws.

India and FTA

- FTAs were put on hold for India after it opted out of the Regional Comprehensive Economic Partnership (RCEP), a 15-member FTA grouping that includes Japan, China, and Australia, in November 2019.
- India is negotiating bilateral free trade agreements with the United Arab Emirates, the United Kingdom, Australia, and Canada.
- The agreement with the UAE was 'close to finalisation,' while the FTA with Australia was 'very advanced.'

G7

Context

- Recently, the Group of Seven (G7) wealthy nations agreed on a joint set of principles to govern cross-border data use and digital trade.
- The deal is a first step in reducing trade barriers, and could lead to a common rulebook of digital trade. Earlier, India attended the 47th G7 Summit as a guest country.



Samudrayaan

Context

- Union Minister Dr Jitendra Singh launched India's First Manned Ocean Mission Samudrayan at Chennai.

What is it?

- With the launch of this Unique Ocean Mission, India joins the elite club of nations such as the USA, Russia, Japan, France and China to have such underwater vehicles for carrying out subsea activities.
- This niche technology shall facilitate Ministry of Earth Sciences, MoES in carrying out deep ocean exploration of the non-living resources such as polymetallic manganese nodules, gas hydrates, hydro-thermal sulphides and cobalt crusts, located at a depth between 1000 and 5500 metres.
- The preliminary design of the manned submersible MATSYA 6000 is completed and realisation of the vehicle is started with various organisations including ISRO, IITM and DRDO roped-in to support the development.
- Sea trials of 500 metre rated shallow water version of the manned submersible are expected to take place in the last quarter of 2022 and the MATSYA 6000, the deep water manned submersible will be ready for trials by the second quarter of 2024.
- With the advancing subsea technologies, the recent Fendouzhe manned submersible developed by China in 2020 has touched 11000m water depths.

Samudrayaan

"India's own crawler to walk the Ocean bed"

AIM:
Exploration of polymetallic nodules (also known as manganese nodules) from Ocean.

ABOUT:

It is a part of the Ministry of Earth Sciences' pilot project for deep ocean mining for rare minerals.

It proposes to carry three persons in a submersible vehicle to a depth of 6,000 metres for 72 hours under sea.

The project is expected to become a reality by 2021-22.

The project has been undertaken by the National Institute of Ocean Technology (NIOT).

mtg

DEEP OCEAN MISSION

<ul style="list-style-type: none"> ➤ Deep Sea Mining through 'Underwater Vehicles' and 'Underwater Robotics' ➤ Asserting exclusive rights to explore polymetallic nodules from seabed over 75,000 sq km of areas in international water ➤ Estimated polymetallic nodules resource potential: 380 million tonnes (MT) ➤ Development of ocean climate change advisory services ➤ Technology for sustainable utilisation of marine bio-resources 	<p>THESE POLYMETALLIC NODULES CONTAIN</p> <p>Manganese 92.6 MT</p> <p>Nickel 4.7</p> <p>Copper 4.3</p> <p>Cobalt 1</p> <p>(*figures are rounded off)</p> <ul style="list-style-type: none"> ➤ Deep ocean survey and exploration ➤ Energy from the ocean and offshore-based desalination ➤ Krill fishery from southern ocean
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Namda Craft

Context

- Ministry of Skill Development & Entrepreneurship has launched two project-
 1. Revival of Namda craft of Kashmir as a special pilot project under Pradhan Mantri Kaushal Vikas Yojana (PMKVY) 3.0 and
 2. Upskilling of artisans and weavers of Kashmir under Recognition of Prior Learning (RPL), a component of PMKVY.

Details

- The objective of these projects is to boost and preserve the traditional Namda craft of Kashmir and upskill the local weavers and artisans to enhance their productivity through RPL assessment and certification.
- The Namda project will benefit 2,250 people of 30 Namda Clusters from 6 districts of Kashmir (Srinagar, Baramulla, Ganderbal, Bandipora, Budgam and Anantnag) and RPL initiative targets to upskill 10,900 artisans and weavers of Jammu and Kashmir.

Need

- Namda craft is a rug made of sheep wool through a felting technique instead of the normal weaving process.
- Due to low availability of raw material, lack of skilled manpower and marketing techniques, the export of this craft has declined almost 100 percent between 1998 and 2008.
- Therefore, through this special project under PMKVY, the Ministry of Skill Development and Entrepreneurship (MSDE) has designed a short-term training curriculum to preserve this endangered craft. The project will be implemented in 25 batches in 3 cycles of training.
- Each training program will be of approximately three and half months, which results in the cycles being completed in approximately 14 - 16 months.

Real Estate (Development and Regulation) Act, 2016

Context

- Recently, the Supreme Court affirmed that the provisions of the Real Estate (Regulation and Development) Act, 2016 (RERA) are applicable to projects that were ongoing and for whom completion certificates were not obtained at the time of the enactment of the law, in effect interpreting that the law is retroactive.

Details

- The court also held that the amount invested by the allottees, along with interest as quantified by the regulatory authority or the adjudicating officer, can be recovered as arrears of land revenue from the builders.

About the RERA

- The Act came into force on 1st May 2016 with 59 of 92 sections notified. Remaining provisions came into force on 1st May 2017.
- The Act establishes a Real Estate Regulatory Authority (RERA) in each state for regulation of the real estate sector and also acts as an adjudicating body for speedy dispute resolution.
- The Central and state governments are liable to notify the Rules under the Act within a statutory period of six months.
- Act which seeks to protect home-buyers as well as help boost investments in the real estate industry.

Provisions

- **Establishment of state level regulatory authorities** - Real Estate Regulatory Authority (RERA) - The Act provides for State governments to establish more than one regulatory authority with the following mandate -
- Register and maintain a database of real estate projects; publish it on its website for public viewing,
- Protection of interest of promoters, buyers and real estate agents,
- Development of sustainable and affordable housing,
- Render advice to the government and ensure compliance with its Regulations and the Act.
- **Establishment of Real Estate Appellate Tribunal** - Decisions of RERAs can be appealed in these tribunals.
- **Mandatory Registration** - All projects with a plot size of minimum 500 sq. mt or eight apartments need to be registered with Regulatory Authorities.
- **Deposits** - Depositing 70% of the funds collected from buyers in a separate escrow bank account for construction of that project only.
- **Liability** - Developer's liability to repair structural defects for five years.
- **Penal interest in case of default** - Both promoter and buyer are liable to pay an equal rate of interest in case of any default from either side.
- **Cap on Advance Payments** - A promoter cannot accept more than 10% of the cost of the plot, apartment or building as an advance payment or an application fee from a person without first entering into an agreement for sale.
- **Defines Carpet Area** as net usable floor area of flat. Buyers will be charged for the carpet area and not the super built-up area.
- **Punishment** - Imprisonment of up to three years for developers and up to one year in case of agents and buyers for violation of orders of Appellate Tribunals and Regulatory Authorities.

Bharat Gaurav Trains

Context

- Union Minister of Railways has announced the introduction of theme-based tourist circuit trains 'Bharat Gaurav Trains'.

Details

- Private tour operators can now take trains on lease from the railways and run them on any circuit of their choice, with the freedom to decide routes, fares and quality of services under a new scheme called Bharat Gaurav.

- The railways has earmarked 3,033 ICF coaches for this purpose, roughly translating to 150 trains. Anyone, from societies, trusts, consortia and even state governments can apply to take these trains and run them on special tourism circuits based on a theme.

Process

- Any interested party can apply online by registering with a one-time fee of Rs 1 lakh.
- The parameters of the scheme are that the operator has to offer sightseeing, food, local transport (taxi etc), hotels at stopover places, onboard entertainment and such things.
- The arrangement can be for two to 10 years.
- Operators have to give a security deposit of Rs 1 crore per rake.
- The size of each train would be 14-20 coaches, including two guard vans. The railways will just take haulage charges and a Right to Use fee.

Scope

- Service Providers would be free to decide themes like Guru Kripa trains for covering important places of Sikh culture, Ramayana trains for places connected with Lord Shri Ram etc.
- Service Provider to offer all inclusive packages to tourists including rail travel, hotel accommodation, sightseeing arrangement, visit to historical/heritage sites, tour guides etc.
- Full flexibility to decide package cost based on level of services being offered.
- Choice of coaches suiting the clientele, different segments like luxury, budget etc. • Free to design/furnish interior of the coaches based on the theme.
- Branding and advertisement permitted both inside and outside of train.
- Train composition will be of 14 to 20 coaches including 2 SLRs(Guard Vans).



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BHARAT GAURAV SCHEME

Why in news?

The Bharat Gaurav trains have been announced by the Indian Railways to promote tourism across the country.



Features

- The operator can decide the route, the halts, the type of services given and also the tariffs.
- Branding and business tie up can be carried out by operators.
- Modifications that do not hamper safety can be carried out.

About

- The trains will operate on theme-based circuits and will be run by private players.
- This is the first time that the railways has allowed players apart from IRCTC.

#UPSC #CSE



Functions of operators

The operators should take care of end-to-end, service like local transport, sightseeing, food, local stays, etc. along with operating the trains.

Objective

Operators are given freedom to run and develop a business model in which railways physically runs the trains, maintains them and charges a fee.

Strategic Petroleum Reserves

Context

- India has agreed to release 5 million barrels of crude oil from its Strategic Petroleum Reserves. This release will happen in parallel and in consultation with other major global energy consumers including the USA, People's Republic of China, Japan and the Republic of Korea.

About the 'Strategic Petroleum Reserves' in India

- The concept of dedicated strategic reserves was first mooted in 1973 in the US, after the OPEC oil crisis.
- Strategic petroleum reserves are huge stockpiles of crude oil to deal with any crude oil related crisis like the risk of supply disruption from natural disasters, war, or other calamities.
- According to the agreement of the International Energy Programme (IEP), each International Energy Agency (IEA) country has an obligation to hold emergency oil stocks equivalent to at least 90 days of net oil imports.
 1. In case of a severe oil supply disruption, IEA members may decide to release these stocks to the market as part of collective action.
 2. India became an associate member of the International Energy Agency in 2017.
- India's strategic crude oil storage is currently located at Visakhapatnam (Andhra Pradesh), Mangaluru (Karnataka), and Padur (Karnataka).
- The government has also given approval for setting up of two additional facilities at Chandikhol (Odisha) and Padur (Karnataka).

- Underground storage is, by far, the most economical method of storing petroleum products because the underground facility rules out the requirement of large swathes of land, ensures less evaporation and, since the caverns are built much below the sea level, it is easy to discharge crude into them from ships.
- The construction of the Strategic Crude Oil Storage facilities in India is being managed by Indian Strategic Petroleum Reserves Limited (ISPRL). ISPRL is a wholly-owned subsidiary of the Oil Industry Development Board (OIDB) under the Ministry of Petroleum & Natural Gas.



National Apprenticeship Training Scheme

Context

- The Cabinet Committee on Economic Affairs has accorded its approval for stipendiary support of Rs. 3,054 crore to apprentices who undergo apprenticeship training under National Apprenticeship Training Scheme (NATS) of Ministry of Education for the period from 2021-22 to 2025-26 (upto 31-03-2026).

Details

- Approximately 9 lakhs apprentices will be trained by industry and commercial organisations.
- NATS is a well-established scheme of Government of India which has demonstrated to enhance the employability of students who have successfully completed the apprenticeship training.
- The apprentices who have completed graduate and diploma programmes in Engineering, Humanities, Science and Commerce will be given stipends of Rs. 9,000/- and Rs. 8,000/- per month respectively.

What is 'apprenticeship'?

- Apprenticeship is an agreement between a person (an apprentice) who wants to learn a skill and an employer who needs a skilled worker.
- The Apprentices are taught the latest applications, processes and methodologies in their respective fields of work from some of the most renowned organisations in India.
- This also acts as a transition phase for a school/college student from a classroom to a working background.

- The Apprentice also learns soft skills, work culture, ethics and organisational behaviour while undergoing training.

What is the 'National Apprenticeship Training Scheme'?

- There are 126 subject fields for graduate / diploma students for which training is provided.
- National Scheme for providing skill training to Fresh Graduates, Diploma Holders in Engineering and Technology and +2 Vocational pass outs.
- National Apprenticeship Training Scheme (NATS) is instituted by the Board of Apprenticeship Training/Practical Training, Ministry of Education.
- It is a 1 year programme equipping technically qualified youth with practical knowledge and skills required in their field of work. • During the period of Apprenticeship, the apprentices are paid a stipend amount, 50% of which is reimbursable to the employer from the Government of India.
- At the end of the training period, the Apprentices are issued a Certificate of Proficiency by the Government of India which can be registered at all employment exchanges across India as valid employment experience.
- The apprentices are placed for training at Central, State and Private organisations which have excellent training facilities.

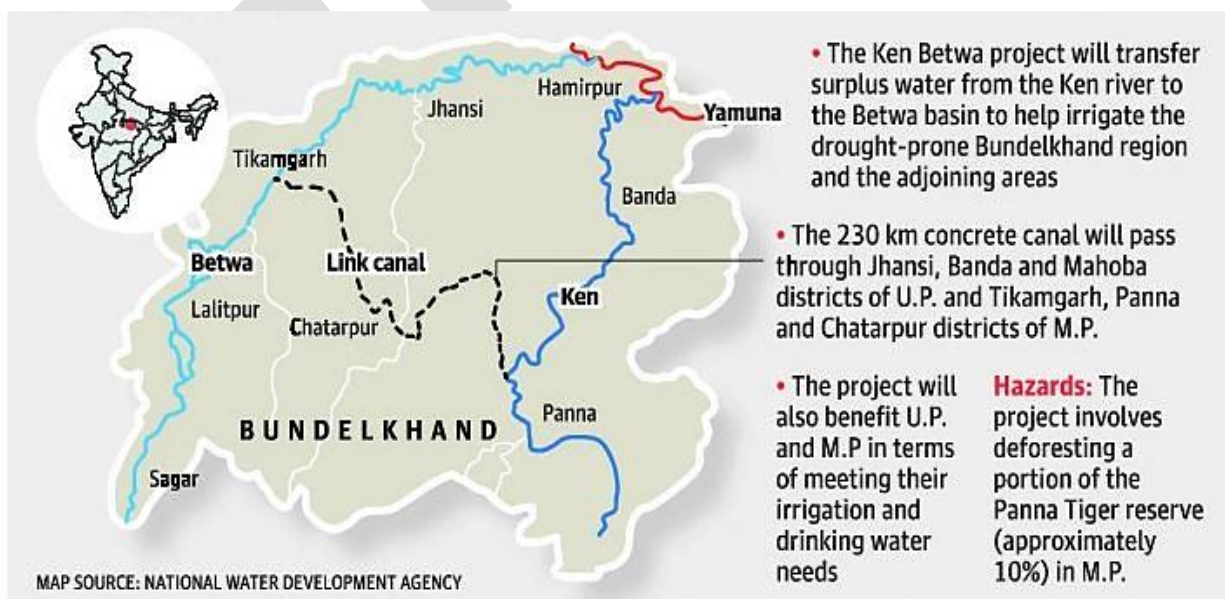
Ken-Betwa Interlinking Project

Context

- The Union Cabinet has approved the funding and implementation of Ken-Betwa inter-linking of rivers project.

What is the Ken Betwa Link Project?

- The Ken-Betwa Link Project is the first project under the National Perspective Plan for interlinking of rivers. Under this project, water from the Ken river will be transferred to the Betwa river. Both these rivers are tributaries of river Yamuna.
- The Ken-Betwa Link Project has two phases. Under Phase-I, one of the components – Daudhan dam complex and its appurtenances like Low Level Tunnel, High Level Tunnel, KenBetwa link canal and Power houses – will be completed. In Phase-II, three components – Lower Orr dam, Bina complex project and Kotha barrage – will be constructed.
- According to the Union Jal Shakti Ministry, the project is expected to provide annual irrigation of 10.62 lakh hectares, drinking water supply to about 62 lakh people and also generate 103 MW of hydropower.



Which region will get the benefits of the KBLP?

- The Ken-Betwa Link Project lies in Bundelkhand, a drought-prone region, which spreads across 13 districts of Uttar Pradesh and Madhya Pradesh.
- According to the Jal Shakti Ministry, the project will be of immense benefit to the water starved region of Bundelkhand, especially in the districts of Panna, Tikamgarh, Chhatarpur, Sagar, Damoh, Datia, Vidisha, Shivpuri and Raisen of Madhya Pradesh and Banda, Mahoba, Jhansi and Lalitpur of Uttar Pradesh.

Will the project affect the Panna tiger reserve?

- According to a written reply given by Minister of State for Jal Shakti Rattan Lal Kataria, out of the 6,017 ha of forest area coming under submergence of Daudhan dam of Ken Betwa Link Project, 4,206 ha of area lies within the core tiger habitat of Panna Tiger Reserve.

Are there previous examples of river-linking in India?

- In the past, several river linking projects have been taken up. For instance, under the Periyar Project, transfer of water from Periyar basin to Vaigai basin was envisaged. It was commissioned in 1895. Similarly, other projects such as Parambikulam Aliyar, Kurnool Cuddapah Canal, Telugu Ganga Project, and Ravi-Beas-Sutlej were undertaken.

FL-2027

Context

- Two years after PepsiCo India provoked outrage by suing nine Gujarati farmers for allegedly infringing patent rights by growing its registered potato variety, the company's registration of the variety has been revoked by the Protection of Plant Varieties and Farmers Rights Authority (PPV&FRA).

Details

- This judgement is a historic victory for the farmers of India. It should also prevent any other seed or food corporation from transgressing legally granted farmers' seed freedoms in India.
- The PPV&FRA questioned the documentation produced by PepsiCo claiming it was the owner of the variety, and thus could be considered the Registered Breeder under the law.
- Several farmers have been put to hardship including the looming possibility of having to pay a huge penalty on the purported infringement they were supposed to have been committing. This violates public interest," added the order from PPV&FRA.

What was the issue?

- The FL-2027 variety of potatoes, used in Lays potato chips, came to the limelight in April 2019, when it became the centrepiece for a fight in the potato belt of northern Gujarat.
- The potato was grown by about 12,000 farmers with whom the company had an exclusive contract to sell seeds and buy back their produce.
- In 2016, the company registered the variety under the PPV&FR Act, 2001. Alleging that farmers who were not part of its "collaborative farming programme" were also growing and selling this variety in Gujarat, PepsiCo had filed rights infringement cases against nine farmers.

About the act

- The PPVFR Act of 2001 was enacted to provide for
 1. The establishment of an effective system for protection of plant varieties, the rights of farmers and plant breeders, and
 2. To encourage the development and cultivation of new varieties of plants.

Rights under the Act

- **Breeder's Rights** - Breeders will have exclusive rights to produce, sell, market, distribute, import or export the protected variety.
- **Researcher's Rights** - Researcher can use any of the registered varieties under the Act for conducting experiment or research.

- **Farmer's Rights** - A farmer can save, use, sow, re-sow, exchange, share or sell his farm produce including seed of a variety protected under the PPV&FR Act, 2001 in the same manner as he was entitled before the coming into force of this Act provided farmer shall not be entitled to sell branded seed of a variety protected under the PPV&FR Act, 2001.

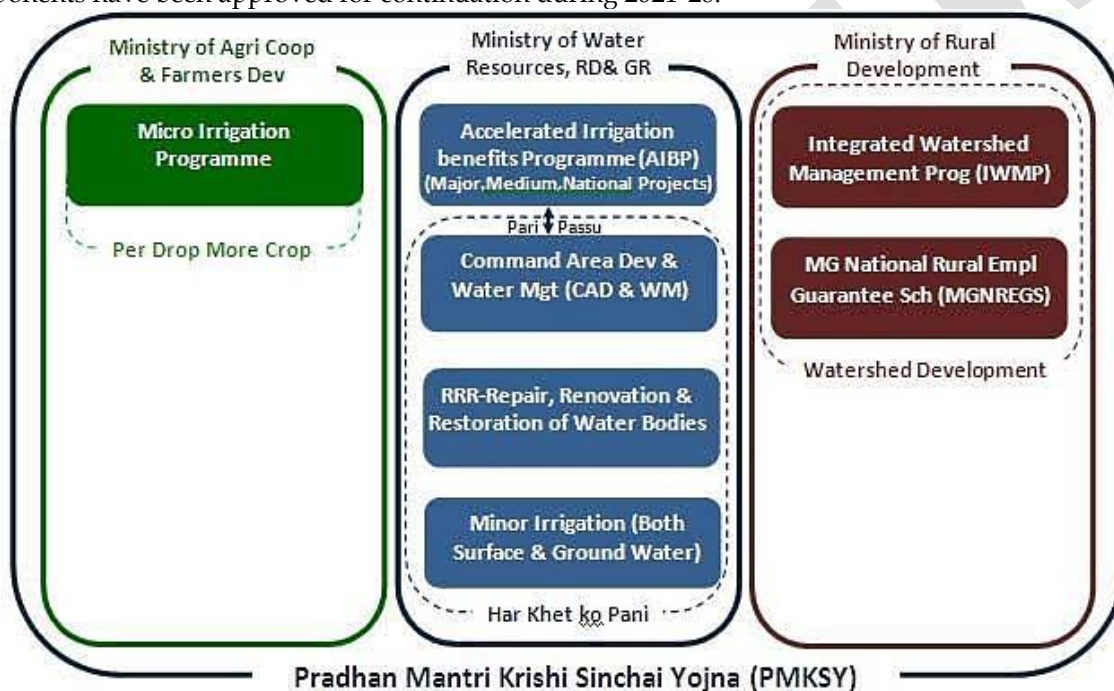
Pradhan Mantri Krishi Sinchayee Yojana

Context

- The Cabinet Committee on Economic Affairs has approved implementation of Pradhan Mantri Krishi Sinchayee Yojana (PMKSY) for 2021-26 with an outlay of Rs 93,068 crore.

Details

- The CCEA has approved central support of Rs.37,454 crore to States and Rs.20,434.56 crore of debt servicing for loan availed by Government of India for irrigation development during PMKSY 2016-21.
- Accelerated Irrigation Benefit Programme (AIBP), Har Khet ko Paani (HKKP) and Watershed Development components have been approved for continuation during 2021-26.



About the 'Accelerated Irrigation Benefit Programme'

- It is a flagship programme of Government of India aims for financial support to irrigation projects.
- It was launched to give loan assistance to the States to help them complete some of the incomplete major/medium irrigation projects which were at an advanced stage of completion and to create additional irrigation potential in the country.
- The ratio of CLA to State's share is 2:1 for General Category States while for Special Category States, it is 3:1.
- Later, Central Loan Assistance under AIBP could also be extended to minor surface irrigation projects of special category states.
- The assistance provided was entirely in the form of a loan in the beginning but later a grant component was also added.

About the 'Har Khet Ko Pani (HKKP)' programme

- It aims for enhancement of physical access on the farm and expansion of cultivable area under assured irrigation.
- Under HKKP, surface minor irrigation and repair-renovation-restoration of water bodies component of PMKSY is targeted to provide additional 4.5 lakh hectare irrigation.

- In view of the importance of rejuvenation of water bodies, the Cabinet has approved a paradigm shift in funding of their rejuvenation in both urban and rural areas, with significant expansion of their inclusion criteria, and enhancement of central assistance from 25% to 60% in general area.

About the 'Watershed Development' programme -

- It focuses on development of rainfed areas towards soil and water conservation, regeneration of groundwater, arresting runoff and promoting extension activities related to water harvesting and management.
- The approved Watershed Development component of Department of Land Resources envisages completion of sanctioned projects covering 49.5 lakh hectare rainfed/ degraded lands to bring additional 2.5 lakh hectare under protective irrigation, during 2021-26.
- A specific provision for development of springsheds has been included in the program

Cooperative Societies are not Banks

Context

- Reserve Bank of India (RBI) has cautioned people against co-operative societies which are using the word "bank" in their titles and accepting deposits from non-members.

Details

- Post the amendment in the Banking Regulation Act, 1949, which became effective from September 29, 2020, co-operative societies cannot use the words "bank", "banker" or "banking" as part of their names, except as permitted under the provisions or by the RBI.
- The insurance cover from Deposit Insurance and Credit Guarantee Corporation (DICGC) is also not available for deposits placed with these societies.

About Cooperative Bank

- A Co-operative bank is a financial entity which belongs to its members, who are at the same time the owners and the customers of their bank.
- Co-operative banks in India are registered under the States Cooperative Societies Act. The Co-operative banks are also regulated by the Reserve Bank of India (RBI) and governed by the
 1. Banking Regulations Act 1949
 2. Banking Laws (Co-operative Societies) Act, 1955.

Vernacular Innovation Programme

Context

- Atal Innovation Mission (AIM), NITI Aayog has come up with a first of its kind Vernacular Innovation Program (VIP), which will enable innovators and entrepreneurs in India to have access to the innovation ecosystem in 22 scheduled languages by the Government of India.

Details

- To build the necessary capacity for the VIP, AIM has identified and will be training a Vernacular Task Force (VTF) in each of the 22 scheduled languages.
- Each task force comprises vernacular language teachers, subject experts, technical writers, and the leadership of regional Atal Incubation Centres (AICs).
- To get the program rolling, AIM NITI Aayog is launching a train-the-trainer program where it will collaborate with the Design Department of IIT Delhi to coach the VTF in design thinking and entrepreneurship and the adaptation of these subjects in the 22 languages and cultures.
- Furthermore, industry mentors have joined hands to lend design thinking expertise, and CSR sponsors have agreed to generously support the program. Upon training the task force over the period of December 2021 to April 2022, the ecosystem will be opened to vernacular innovators.

Need of this platform

- According to the 2011 census, only 10.4% of Indians speak English, most as their second, third, or fourth language. Not surprisingly, only 0.02% of Indians spoke English as their first language.
- Thus, India should create equal opportunity for the vernacular innovators who represent the staggering 90% of our population.

Consumer Protection (Direct Selling) Rules, 2021

Context

- Central Government in exercise of the powers conferred by clause (zg) of sub-section (2) of section 101 read with section 94 of the Consumer Protection Act, 2019 has notified the Consumer Protection (Direct Selling) Rules, 2021.

Upon whom do these rules apply?

- These Rules shall apply to all goods and services bought or sold through direct selling, all models of direct selling, all direct selling entities offering goods and services to consumers in India, all forms of unfair trade practices across all models of direct selling.
- These Rules shall also apply to a direct selling entity which is not established in India, but offers goods or services to consumers in India.
- Existing direct selling entities need to comply with these rules within ninety days from the date of publication of these rules in the Official Gazette.
- The direct sellers as well as the direct selling entities using e-commerce platforms for sale shall comply with the requirements of the Consumer Protection (e-Commerce) Rules, 2020.

In Consumer Interest

WHAT NEW RULES SAY

Direct selling cos, agents on ecomm platforms need to comply with new rules in 90 days

Cos need to put a grievance redressal system for customers in place

Direct sellers' identity has to be verified; cos must issue ID cards

Firms will have to give details of their goods & services, prices, credit terms

Policies related to refund, return and exchange have to be specified

States to have a mechanism to monitor direct sellers



What are these rules?

- Both direct selling entities and direct sellers are prohibited from promoting the Pyramid Scheme or money circulation scheme.
- The State Government must set up a mechanism to monitor or supervise the activities of direct sellers and direct selling entities.
- Direct selling entities will be liable for the grievances arising out of the sale of goods or services by its direct sellers.

Consumer Protection Direct Selling Rules, 2021	Direct Selling Guidelines, 2016
Both direct selling businesses and direct sellers utilising e-commerce platforms for sale must comply with the new Consumer Protection (Direct Selling) Rules, 2021.	Under this, only the Direct Selling Entity intending to carry out direct selling business were required to comply with the guidelines.
Every direct selling business must develop a system for consumers to file complaints with its offices, branches, or direct salespeople, either in person, by mail, telephone, e-mail, or through a website.	No such requirement was provided under the guidelines.

Developing Country Status

Context

- China's status as a developing country at the World Trade Organisation (WTO) has become a contentious issue with a number of countries raising concerns over the upper middle-income nation deriving benefits reserved for developing countries under WTO norms.

What are the benefits of "developing country's tag"?

- Certain WTO agreements give developing countries special rights through "special and differential treatment" (S&DT) provisions, which can grant developing countries longer timeframes to implement the agreements and even commitments to raise trading opportunities for such countries.
- WTO pacts are often aimed at reduction in government support to certain industries over time and set more lenient targets for developing nations and grant them more time to achieve these targets compared to developed ones.
- The classification also allows other countries to offer preferential treatment.
- In a similar vein, India has self-designated itself as a developing nation.

How is a "developing country" decided?

- The WTO has not defined "developed" and developing countries and therefore member countries are free to announce whether they are "developed" or "developing".

Matter of choice

WTO allows member countries to classify themselves as "developed" or "developing". However, other members can challenge the decision of a country to be classified as "developing". Only the "least-developed countries" status is designated by the UN. Countries in the three lists:

Developing	Developed	Least-developed countries
India	U.S.	Afghanistan
China	European Union	Bangladesh
Russia	Japan	Bhutan
Brazil	Canada	Myanmar
South Africa	Australia	Nepal
South Korea	New Zealand	South Sudan

DLI for Semiconductor Manufacturing

Context

- With an overall vision to create a vibrant ecosystem for Semiconductor Chip Design in the country, the Ministry of Electronics and Information (MeitY) is seeking applications from 100 domestic companies, start-ups and MSMEs under its Design Linked Incentive (DLI) Scheme.

Background

- The DLI Scheme was announced by the Ministry of Electronics and Information (MeitY) as a part of ₹76,000 crore (\$10 billion) package that the government announced in December 2021.

What is the scheme?

- Under it, financial incentives and design infrastructure support will be extended to domestic companies, startups and MSMEs across various stages of development and deployment of semiconductor design for Integrated Circuits (ICs), Chipsets, System on Chips (SoCs), Systems & IP Cores and semiconductor linked design for over a period of 5 years.

Objective

- The scheme aims to nurture at least 20 domestic companies involved in semiconductor design and facilitate them to achieve turnover of more than ₹1500 Crore in the next 5 years.
- C-DAC (Centre for Development of Advanced Computing), a scientific society operating under MeitY, will serve as the nodal agency for implementation of the DLI scheme.
- The scheme has three components -
 1. Chip Design infrastructure support,
 2. Product Design Linked Incentive

DESIGN LINKED INCENTIVE (DLI) SCHEME **NOTIFIED**

- Fiscal support from Government of India:**
 - Product Design Linked Incentive - Reimbursement of up to 50% of the eligible expenditure subject to a ceiling of ₹15 Crore per application
 - Deployment Linked Incentive - Incentive of 6% to 4% of net sales turnover over 5 years subject to a ceiling of ₹30 Crore per application will be provided to approved applicants
- C-DAC to establish the semiconductor design infrastructure under the scheme and make available to the supported companies**
- Tenure of Scheme:**
5 years starting from 01.01.2022
- Beneficiaries:**
100 Domestic semiconductor design companies

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Open Acreage Licensing Programme (OALP) Bid

Context

- The central government has launched the Open Acreage Licensing Programme (OALP) Bid Round-VII for International Competitive Bidding.

About Hydrocarbon Production Licensing Policy (HELP)

Policy category	HELP	Pre-HELP
Types of hydrocarbon	Covers all conventional and unconventional oil and gas	NELP covered only conventional oil and gas; Coal Bed Methane Policy covered coal bed methane
License	A single license for exploration and extraction of all types of oil and gas	Separate license required for conventional oil and gas, coal bed methane, shale oil and gas, and gas hydrates
Revenue model	Revenue-sharing model under which revenue will be shared with the government in the ratio submitted by bidders	Production/profit-sharing model under which government received a share in the profits
Coverage	Open acreage policy under which exploration companies can apply to explore any block not under exploration	Exploration was restricted to blocks opened for bidding by the government
Oil and gas pricing	Companies have the freedom to sell their production domestically without government intervention	Crude oil price was based on import parity; gas price was fixed by the government
Royalty	Concessional royalty for deep water (5 percent) and ultra-deep water (2 percent) areas, which are difficult to explore, and reduction of royalty in shallow waters (from 10 percent to 7.5 percent)	12.5 percent for the onshore areas and 10 percent for offshore areas; 10 percent for coal bed methane

About Open Acreage Licensing Policy-OALP

- A critical part of the Hydrocarbon Exploration and Licensing Policy.
- Provides uniform licences for exploration and production of all forms of hydrocarbons, enabling contractors to explore conventional as well as unconventional oil and gas resources.
- Fields are offered under a revenue-sharing model and throw up marketing and pricing freedom for crude oil and natural gas produced.
- Under OALP, companies are allowed to carve out areas they want to explore oil and gas in. Once an explorer selects areas after evaluating the National Data Repository (NDR) and submits the expression of Interest, it is put up for competitive bidding

Nuclear Power

Context

- There is some progress in the Jaitapur nuclear power project in Maharashtra with the French company EDF and Nuclear Power Corporation of India Limited (NPCIL).

About the project

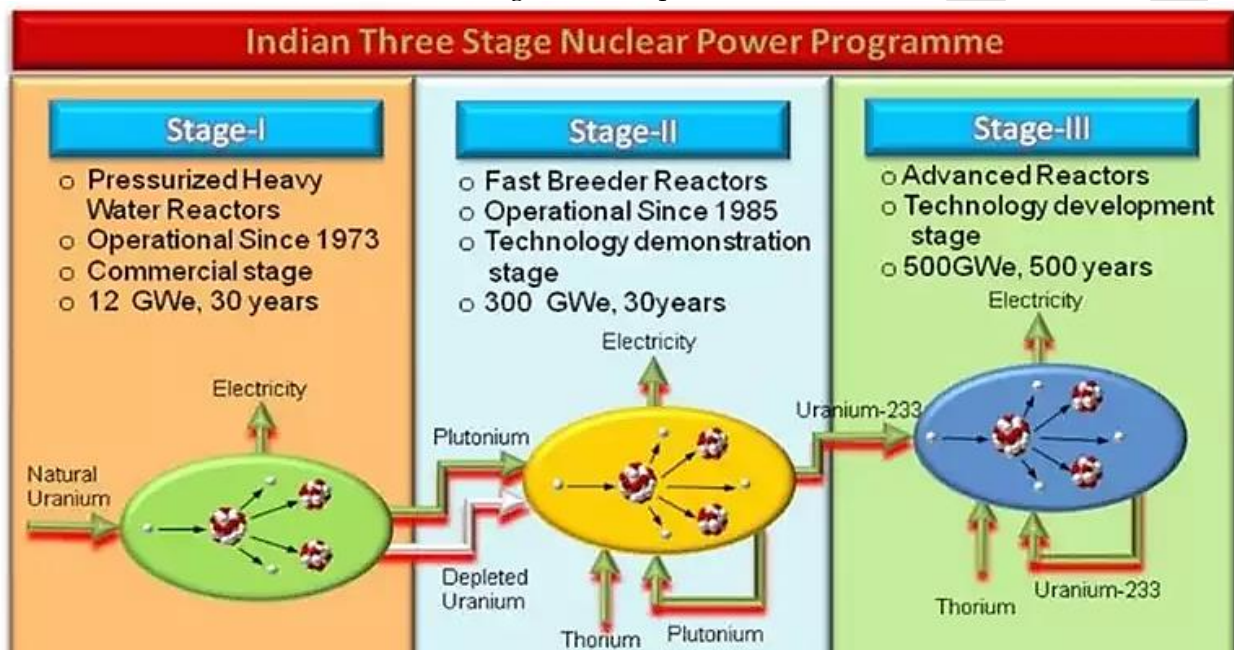
- Jaitapur would be the world's most powerful nuclear power plant.
- There would be six state-of-the-art EPR reactors with an installed capacity of 9.6 GWe that will produce low carbon electricity.
- It would provide electricity to seven crore households.

India's Nuclear Share

- The share of nuclear power in the total electricity generation in the country is about 1 percent in 2020-21 – Ministry of Science and Technology.

Nuclear Power in India

- Genesis: India's nuclear programme can trace its origins to 1944 and its efforts in 3 stage technology were established by Homi J. Bhabha when he founded the nuclear research centre, the Tata Institute of Fundamental Research.
- Today, India has 23 nuclear reactors in operation in 7 nuclear power plants, with a total installed capacity of 7,480 MW.
- Nuclear power produced a total of 43 TWh in 2020-21, contributing 3.11% of total power generation in India (1,382 TWh).
- Kudankulam Nuclear Power Plant is the largest nuclear power station in India, situated in Tamil Nadu.



BAD BANK

Context

- Leading banks have made a pitch for setting up an Asset Reconstruction Company specifically to deal with collections and recovery of farm loans.

Need of the Asset Reconstruction Company

- At present, there is not a unified mechanism to tackle Non-Performing Assets (NPAs) in the farm sector.
- There is not a single law that deals with enforcement of mortgages created on agricultural land.
- Agriculture being a state subject, the recovery laws – wherever agricultural land is offered as collateral – varies from state to state.
- Agriculture markets are scattered in India, different banks have to make efforts to capture and connect to these markets.
- Enforcement of provisions on mortgaged farm land is generally done through the Revenue Recovery Act of states, Recovery of Debt and Bankruptcy Act, 1993, among other state-specific regulations. These are often time consuming and in some states revenue recovery laws covering bank loans have not been enacted.

Agricultural Debt

- As per data from the Situation Assessment of Agricultural Households and Land Holdings of Households in Rural India, 2019, even as the percentage of agricultural households indebted has come down from 52% in 2013 to 50.2% in 2019, the average debt has jumped by more than 57% from Rs 47,000 in 2013 to Rs 74,121 in 2019.
- The survey data shows that 69.6 % of the outstanding loans by agricultural households were taken from institutional sources such as banks, cooperative societies, and other government agencies.
- The survey is conducted by the National Statistical Office's (NSO).

About Bad Bank

- It's an entity where all the bad loans from all the banks can be parked – thus, relieving the commercial banks of their “stressed assets” and allowing them to focus on resuming normal banking operations, especially lending.
- While commercial banks resume lending, the so-called bad bank, or a bank of bad loans, would try to sell these “assets” in the market.
- The bad bank structure will assist in consolidation of debt, currently fragmented across various lenders, thus leading to faster, single-point decision making, including through Insolvency and Bankruptcy Code (IBC) processes.

Cage Culture in Aquaculture

Context

- Ministry of Fisheries, Animal Husbandry and Dairying, Government of India organised a webinar on “Cage aquaculture in Reservoir: Sleeping Giants” today as a part of “Azadi Ka Amrit Mahotsav”.

About Cage Culture:

- It involves the growing of fishes in existing water resources while being enclosed in a net cage which allows free flow of water.
- It is an aquaculture production system made of a floating frame, net materials and mooring system (with rope, buoy, anchor etc.) with a round or square shaped floating net to hold and culture large numbers of fishes and can be installed in reservoir, river, lake or sea. A catwalk and handrail is built around a battery of floating cages
- Economically speaking, cage culture is a low impact farming practice with high returns and least carbon emission activity.
- Farming of fish in an existing water body removes one of the biggest constraints of fish farming on land, i.e., the need for a constant flow of clean, oxygenated water.
- Cage farms are positioned in such a way to utilise natural currents, which provide the fish with oxygen and other appropriate natural conditions.

Formulation of the Budget

Context

- The Budget is tabled in Parliament by the Finance Minister on 1st February every year.
- The list of Budget documents presented to the Parliament, besides the Finance Minister's Budget Speech, is given below:
 1. Annual Financial Statement (AFS)
 2. Demands for Grants (DG)
 3. Finance Bill
 4. Fiscal Policy Statements mandated under Fiscal Responsibility and Budget Management Act, 2003:
 - a. Macro-Economic Framework Statement
 - b. Medium-Term Fiscal Policy cum Fiscal Policy Strategy Statement
 5. Expenditure Budget
 6. Receipt Budget
 7. Expenditure Profile
 8. Budget at a Glance

9. Memorandum Explaining the Provisions in the Finance Bill
10. Output Outcome Monitoring Framework
11. Key Features of Budget 2022-23
12. Implementation of Budget Announcements, 2021-2022

Budget/Annual Financial Statement (AFS) (Article 112 of the Constitution)

When budget is presented	On such a date as fixed by the President. In practice, The Union Budget of India is presented each year on the first working day of February by the Finance Minister of India in Parliament.
Where presented	before both the houses of parliament. First in Lok Sabha by the Minister of Finance then in Rajya Sabha at the conclusion of the speech of the Finance Minister in Lok Sabha.
Responsibility of budget presentation	President
Details of AFS	It shows: Budgeted Estimates of receipts and expenditure of the Govt of India for Next year 2022- 23. Budgeted and revised estimates for Current year 2021-22. Actual expenditure for the year Previous year 2020-21
Three parts	The receipts and disbursements are shown under three parts in which Government Accounts are kept viz., Consolidated Fund, Contingency Fund and Public Account.
Separation of Revenue expenditure	The Annual Financial Statement distinguishes the expenditure on revenue accounts from the expenditure on other accounts, as is mandated in the Constitution of India. The Revenue and the Capital sections together, therefore make the Union Budget.
Budget of a State/Union Territory under President's Rule	Budget of a State under President's rule is presented to Lok Sabha

Revenue Budget:

Definition	The Revenue Budget consists of the revenue receipts of the Government and the expenditure met from these revenues
Revenue receipts	Tax revenues: taxes and other duties levied by the Union, Taxes of Union Territories Non Tax revenues: interest and dividend on investments made by the Govt, fees and other receipts for services rendered by the Govt, External Grants, Receipts of Union Territories
Revenue expenditure	Expenditure which does not result in creation of assets for the Govt of India, is treated as revenue expenditure like normal running of Government departments and for rendering of various services, making interest payments on debt, meeting subsidies, grants in aid, etc.
Grants to the State Governments/Union Territories	All grants given to the State Governments/Union Territories and other parties are also treated as revenue expenditure even though some of the grants may be used for creation of capital assets.

Capital Budget:

Definition	Capital receipts and capital payments together constitute the Capital Budget
Capital receipts	Loans raised by the Govt from the public (termed as market loans), Borrowings by the Govt through the sale of Treasury Bills, Loans received from foreign Govts and bodies, Disinvestment receipts and Recoveries of loans from State/Union Territory Govts and other parties
Capital payments	Acquisition of assets like land, buildings, machinery, equipment etc. Investments in shares, etc., and Loans and advances granted to the State/Union Territory Govts, Govt companies, Corporations and other parties

Finance Bill:

- At the time of presentation of the Annual Financial Statement before Parliament, a Finance Bill is also presented detailing the imposition, abolition, remission, alteration or regulation of taxes proposed in the Budget. It also contains other provisions relating to the Budget that could be classified as Money Bill. A Finance Bill is a Money Bill as defined in Article 110 of the Constitution.

Economic Survey 2021-22

Context

- Presented after two waves of Covid and a still unfolding third, one can't fault the Economic Survey 2021-22 for making a determined effort to strike an optimistic note and to focus on silver linings amid the clouded macro environment. But in the process it seems to miss out on opportunities to offer prescriptions to problems that may need redress.

What is an 'Economic Survey'?

- The Economic Survey is an annual report card of the economy, which is presented a day before the budget and examines the performance of each and every sector and then suggests future moves.
- The Economic Survey was de-linked from the Budget in 1964 and unveiled in advance in order to provide a context of the latter.

Why is it significant?

- It reviews the economic development in India over the past financial year by analysing and providing detailed statistical data of all the sectors-industrial, agricultural, industrial production, employment, prices, exports, among others.
- The survey also helps in giving a better understanding of the Union Budget by comprehending the country's priority for the next financial year and what sectors would need more emphasis.

Who prepares the survey?

- It is prepared by the Economics Division of the Department of Economic Affairs of the Finance Ministry under the overall guidance of the Chief Economic Adviser (CEA).
- This year, the survey is being prepared by the Principal Economic Advisor and other officials in absence of the CEA.

What does the Survey point out?

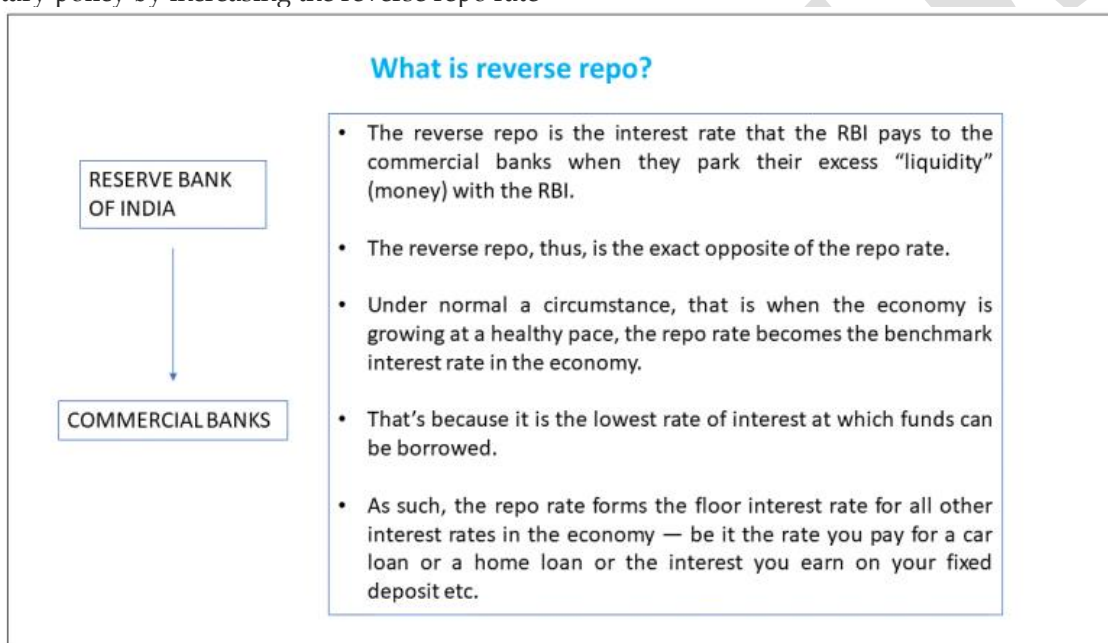
- The Survey reckons that, with a 9.2 percent real GDP growth, India's economic output would surpass pre-pandemic levels this year.
- Agriculture (at 108 percent of FY20 levels), utilities (110 per cent), public administration (106 per cent) and industry (104 per cent) will be main drivers of this rebound, while services lag (99 percent).

- But it suggests that high-contact services such as trade and hospitality will automatically pick up once mobility restrictions are lifted, which is at odds with the distress signals being sent out by these sectors on Budget eve.
- It highlights that exports and fixed investment are more than making up for tepid consumption.
- It attributes weak consumption more to supply-side issues such as the chip shortage than to dented consumer confidence, which would call for demand-side stimulus.
- The Survey finds that government capex has been driving investment and expects the private sector to join the party on its own, helped by well-capitalised banks, record corporate profits and strong IPO mobilisation. But with bank credit growth lagging GDP, the private sector hoarding cash and the bulk of IPO proceeds going to pad up the pockets of private investors, this seems optimistic.

Reverse Repo Normalisation

Context

- The Reserve Bank of India (RBI) is expected to start the process of normalisation of the accommodative monetary policy by increasing the reverse repo rate



Difference between the Repo and Reverse repo rates:

BASIS FOR COMPARISON	REPO RATE	REVERSE REPO RATE
Meaning	Repo rate is the rate at which the Central bank of India grants loan to the commercial banks for a short period against government securities.	Reverse repo rate is the rate at which the commercial banks grant loan to the Central Bank of India.
Purpose	To fulfil the deficiency of funds.	To ensure liquidity in the economy.
Rate	High	Comparatively less.
Controls	Inflation	Money supply in the economy.
Charged on	Repurchase Agreement	Reverse Repurchase Agreement

Virtual Digital Asset

Context

- Union Budget's taxation proposals for 2022-23 is the introduction of a taxation regime for virtual digital assets

Details

- The Union Finance Minister in her budget speech has announced a 30 per cent tax on income from virtual digital assets.
- No deduction in respect of any expenditure or allowance shall be allowed while computing such income except the cost of acquisition.
- Additionally, it has also been proposed that a TDS on payment made in relation to the transfer of virtual digital assets at 1 per cent above a monetary threshold.

What are virtual digital assets and how are they different from digital currency?

- A currency is a currency only when it is issued by the central bank, even if it is a crypto. But anything which is outside of that loosely all of us refer to it to be cryptocurrency but they are not currencies.
- What the RBI issues in the next fiscal will be the digital currency and everything else apart from that are digital assets being created by individuals and the government will be taxing the profit which are made during transactions of such assets at 30 per cent.

Digital Rupee

- A digital rupee will be like banknotes, but minus the ATMs. Users will be able to transfer purchasing power from their deposit accounts into their smartphone wallets in the form of online tokens, which will be a direct liability of the Reserve Bank of India- just like cash.



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16 TESTS

Surety Bonds


Context

- To reduce indirect cost for suppliers and work-contractors, the use of surety bonds as a substitute for bank guarantee will be made acceptable in government procurements as per the Budget 2022-2023




What is a

SURETY BOND




A surety bond is a three-party contract where the surety company assures financial guarantee to an interested party (Obligee) that the contract will be completed by the named person or business (Principal) as per the contract document.



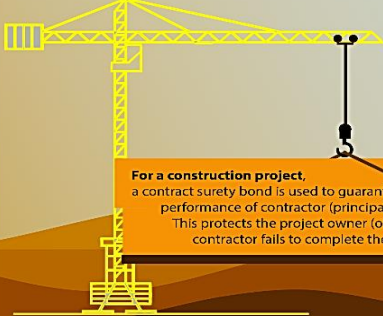
The three parties involved are:


 Principal The person or entity which is performing a service and is required to purchase and file the bond	 Surety company The entity that provides financial guarantee that the principal will perform as agreed in the bond	 Obligee The government agency or entity who needs the bond or for whom the service is being done
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How it works:

- 1
 The Surety Company provides the Obligee with a financial guarantee that the principal will perform the obligation stated in the bond
 
- 2
 If principal fails to perform obligation, the Obligee files a claim with the surety for financial damages. Surety is then responsible for making payment to the Obligee.
 
- 3
 Principal is responsible for their actions and required by law to reimburse the Surety Company for any payments made under the bond
 

Why need a surety bond?





Surety bonds offer assurance that the contractor is capable of completing the contract on time, within budget and according to contract's specifications

For a construction project, a contract surety bond is used to guarantee performance of contractor (principal). This protects the project owner (obligee) if the contractor fails to complete the specified work

Vande Bharat Train

Context

- In her Budget speech, Finance Minister Nirmala Sitharaman announced that 400 Vande Bharat trains will be manufactured in the next three years.

Details

- It comes in addition to the current plan to be able to run 75 Vande Bharat trains across India by Independence Day in 2023.

What is the 'Vande Bharat' train?

- Vande Bharat is a semi-high speed train set, each of 16 coaches, and self-propelled – they do not require an engine. This is called a distributed traction power system, which is increasingly becoming the norm the world over for passenger operations.
- Distributed power gives the train higher acceleration and deceleration compared to loco hauled trains, which take a much longer time to reach top speed or to gradually come to a halt.
- Introduced in 2019, the Vande Bharat semi-high speed trains have been a novelty so far. Two Vande Bharat trains (originally called Train 18) are currently running, both from Delhi – to Varanasi and Katra.

Parvatmala project

Context

- Union Finance Minister in the Budget for 2022-23 has announced the National Ropeways Development Programme – “Parvatmala”.

Details:

- It will be taken up in PPP mode.
- It will be a preferred ecologically sustainable alternative in place of conventional roads in difficult hilly areas
- The idea is to improve connectivity and convenience for commuters, besides promoting tourism.
- It will also cover congested urban areas, where a conventional mass transit system is not feasible.
- The scheme is being presently started in regions like Uttarakhand, Himachal Pradesh, Manipur, Jammu & Kashmir and the other North Eastern states.

Nodal Ministry:

- The Ministry of Road Transport and Highways (MORTH) will be the nodal ministry.

SVAMITVA Scheme

Context

- India is planning to prepare digital maps of all its 6,00,000 villages and pan-India 3D maps will be prepared for 100 cities.

About SVAMITVA Scheme

- SVAMITVA is a Central Sector Scheme of the Ministry of Panchayati Raj, which was launched by the Prime Minister on National Panchayati Raj Day, 24th April 2020. The scheme aims to provide the "record of rights" to village household owners in rural areas and issue Property Cards.
- The Scheme is being implemented across the country in a phased manner over a period of four years (2020-2024) and would eventually cover around 6.62 lakh villages of the country.
- About 1 lakh villages in the States of Uttar Pradesh, Haryana, Maharashtra, Madhya Pradesh, Uttarakhand and Karnataka, and few border villages of Punjab & Rajasthan, along with establishment of Continuous Operating System (CORS) stations network across Punjab & Rajasthan, are being covered in the Pilot phase (2020-21).
- All these six States have signed MoU with Survey of India for drone survey of rural areas and implementation of the scheme. These States have finalised the digital property card format and the villages to be covered for drone-based survey.

- States of Punjab and Rajasthan have signed MoU with Survey of India for establishment of CORS network to assist in future drone flying activities.
- Different States have different nomenclature for the Property Cards viz. 'Title deed' in Haryana, 'Rural Property Ownership Records (RPOR)' in Karnataka, 'Adhikar Abhilekh' in Madhya Pradesh, 'Sannad' in Maharashtra, 'Svomitva Abhilekh' in Uttarakhand, 'Gharauni' in Uttar Pradesh.

Angadias

Context

- An FIR has been registered against three Mumbai Police officials for allegedly threatening Angadias and extorting money from them in south Mumbai.

Who are Angadias?

- The Angadia system is a century-old parallel banking system in the country where traders send cash generally from one state to another through a person called Angadia that stands for courier.
- It is by and large used in the jewellery business with Mumbai – Surat being the most popular route as they are two ends of the diamond trade.
- The cash involved is huge and it is the responsibility of Angadia to transfer cash from one state to another for which they charge a nominal fee.
- Generally, it is the Gujarati, Marwari and Malbari community that are involved in the business.

How does the system work?

- The Angadia system works completely on trust as large sums, at times in crores, are involved. Generally, traders have the same Angadias for decades together.

Is the system legal?

- While the Angadia system per se is legal, there hangs a cloud over the activity as it is suspected that a lot of times it is used to transfer unaccounted money. Since the business deals in cash and there is no account maintained for the same, there have been suspicions that it is also used for transfer of black money like the hawala transaction which is generally used across countries.

E-Mandis

Context:

- Since 31st March 2018, 415 new mandis have been integrated on the National Agriculture Market (eNAM) platform.

Details

- As on 31st December 2021, 1000 mandis of 18 States and 03 Union Territories have been integrated with the e-NAM platform. More than 1.72 Crore farmers and 2 lakh traders have registered themselves on e-NAM platform.

What is the support provided to mandis?

- Government provides following support under e-NAM scheme
 1. e-NAM software is provided to States/UTs free of cost.
 2. Department gives grant as one-time fixed cost to the States/UTs up to Rs. 75.00 lakh per mandi, for purchase of hardware, internet connection, assaying equipment and related infrastructure including cleaning, grading and packaging facilities and Bio-compost unit, to make the mandi ready for integration with e-NAM platform.
 3. A trained staff (Mandi Analyst) is deputed at each mandi, for an initial period of one year to provide day to day hand holding support to stakeholders and train other mandi staff.
 4. Helpdesk support: A toll free number and email support is available to enable stakeholders to raise their query. • Online tutorials are available on www.enam.gov.in

- Regular training of stakeholders (Farmers, Traders, FPOs, Mandi staff etc) are conducted to create awareness and handholding regarding e-NAM portal.

What is e-NAM?

- The National Agriculture Market (NAM) is a pan-India electronic trading portal, which links the existing Agricultural Produce Market Committee (APMC) mandis across the country to form a unified national market for agricultural commodities.
- The NAM portal is a single window service for any information and services related to APMC that includes -
 - Commodity arrivals and prices
 - Buy and sell trade offers
 - Provision to respond to trade offers, among other services
- The NAM reduces the transaction costs and information irregularity even when the agricultural produce continues to flow through the mandis.
- The states can administer agriculture marketing as per their agri-marketing regulations, under which, the State is divided into various market areas and each market area is administered by a separate APMC which will impose its own marketing regulation that include fees.

Comprehensive economic partnership agreement (CEPA) Between India and Bangladesh

Context

- India is looking to advance the Comprehensive Economic Partnership Agreement (CEPA) with Bangladesh.

Details:

- The two countries have been making endeavours to deepen trade ties
- the two sides also discussed other issues of mutual interest, including development of railway and port infrastructure, border haats (markets), regional connectivity through multimodal transportation and harmonisation of standards
- Bangladesh is India's biggest trade partner in South Asia.
- "Bilateral trade between India and Bangladesh has grown steadily over the last decade and the exports of Bangladesh have tripled over the last decade to cross \$1 billion in 2018-19.
- The two nations have approved a detailed project proposal (DPP) for development of rail and road based inland container depot at Ishwardi and plan to open border markets that were closed due to Covid restrictions

The Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Shri Piyush Goyal listed four focus areas for strengthening India-Bangladesh relationship:

- Uninterrupted Supply chain is the need of the hour:** Improving this connectivity further is imperative for expansion of our bilateral trade and realisation of the investment potential of Bangladesh and eastern India.
- Need to give more impetus to Joint Production of Defence Equipment: As the defence cooperation has not progressed.**
- Explore potential areas of investments, like Textiles, Jute products, Leather & Footwear, APIs for Pharmaceuticals, Medical Equipment, Digital Health & Education Services, Agribusiness, Electronics, Renewable Energy, etc.
- India and Bangladesh can become 'Pharmacy of the world':** During COVID-19, vaccines produced in India, - Covaxin & Covershield created a niche for themselves as safe vaccines. Time has now come for joint manufacturing of vaccines and other medicines!

Types of Trade Agreements

Table: Levels of Integration and Restrictions on Sovereignty

Integration Level	Goal	Case	MS of Case	Restrictions on Sovereignty (little, medium, high)
Free Trade Agreement	Eliminate tariffs and quotas	North American Free Trade Agreement	Canada, Mexico, United States	Low
Custom Union	FTA + common external tariffs	Southern Common Market	Argentina, Brazil, Paraguay, Uruguay, Venezuela	Low
Common Market	Custom Union + freedom of movement	European Free Trade Association	Iceland, Liechtenstein, Norway, Switzerland	Medium
Monetary Union	Common Market + common currency	Economic and Monetary Community of Central Africa	Cameroon, Central African Republic, Chad, Republic of Congo, Equatorial Guinea, Gabon ³	Medium
Economic Union	Monetary Union + entity institutions, primarily economic ones	Caribbean Single Market and Economy	12 countries in the Caribbean, Central & South America ⁴	High
Political Union	Economic Union + entity government	European Union	28 countries in Europe ⁵	High ⁶

Strengthening of pharmaceutical industry (SPI) scheme

Context

- Department of Pharmaceuticals, Ministry of Chemicals and Fertilisers has released the guidelines for the scheme "Strengthening of Pharmaceutical Industry (SPI)", with a total financial outlay of Rs.500 Cr for the period from FY 21-22 to FY 25-26

Aim:

- The scheme will address the rising demand in terms of support required to existing Pharma clusters and MSMEs across the country to improve their productivity, quality and sustainability

Objective:

- The objectives of the scheme "Strengthening of Pharmaceutical Industry (SPI) are to strengthen the existing infrastructure facilities in order to make India a global leader in the Pharma Sector.

Details:

- Under the Scheme, financial assistance to pharma clusters will be provided for creation of Common Facilities.
- This will not only improve the quality but also ensure the sustainable growth of clusters.
- Further, in order to upgrade the production facilities of SMEs and MSMEs so as to meet national and international regulatory standards (WHO-GMP or Schedule-M), interest subvention or capital subsidy on their capital loans will be provided, which will further facilitate the growth in volumes as well as in quality.

Components

- The scheme has 3 components/sub-schemes. These are
- 1. Assistance to Pharmaceutical Industry for Common Facilities (APICF), to strengthen the existing pharmaceutical clusters' capacity for their sustained growth by creating common facilities;
- 2. Pharmaceutical Technology Upgradation Assistance Scheme (PTUAS) to facilitate Micro, Small and Medium Pharma Enterprises (MSMEs) of a proven track record to meet national and international regulatory standards;
- 3. Pharmaceutical & Medical Devices Promotion and Development Scheme (PMPDS) to facilitate growth and development of Pharmaceutical and Medical Devices Sectors through study/survey reports, awareness programs, creation of databases, and promotion of industry.

Details

- Under the **API-CF sub-scheme**, support for clusters for creation of common facilities with the focus on R&D Labs, Testing Laboratories, Effluent Treatment Plants, Logistic Centres and Training Centres in this order of priority with an outlay of 178 Cr for the scheme period of five years is proposed.
- Under the **PTUAS sub-scheme**, support for SME Industries is proposed, either through up to a maximum of 5% per annum (6% in case of units owned and managed by SC/STs) of interest subvention or through Credit linked Capital subsidy of 10%. In both the cases, the loan supported under this is to a limit of 10 Crores and the eligible components of the loan have been listed out in the scheme guidelines. An outlay of 300 Cr has been earmarked for sub scheme for the scheme period of five years.
- Under the **PMPDS sub-scheme**, knowledge and awareness about the Pharmaceutical and MedTech Industry will be promoted. This will be done by undertaking studies, building databases and bringing industry leaders, academia and policy makers together to share their knowledge and experience for overall development of the Pharma and Medical Devices sector. An outlay of 21.5 Cr has been earmarked for the sub scheme for the scheme period of five years.

Significance

- It is expected that the units supported under this scheme will act as Demonstration Firms for the pharma clusters and MSE Pharma Industries, to develop on quality and technology upgradation fronts.

National financial reporting authority

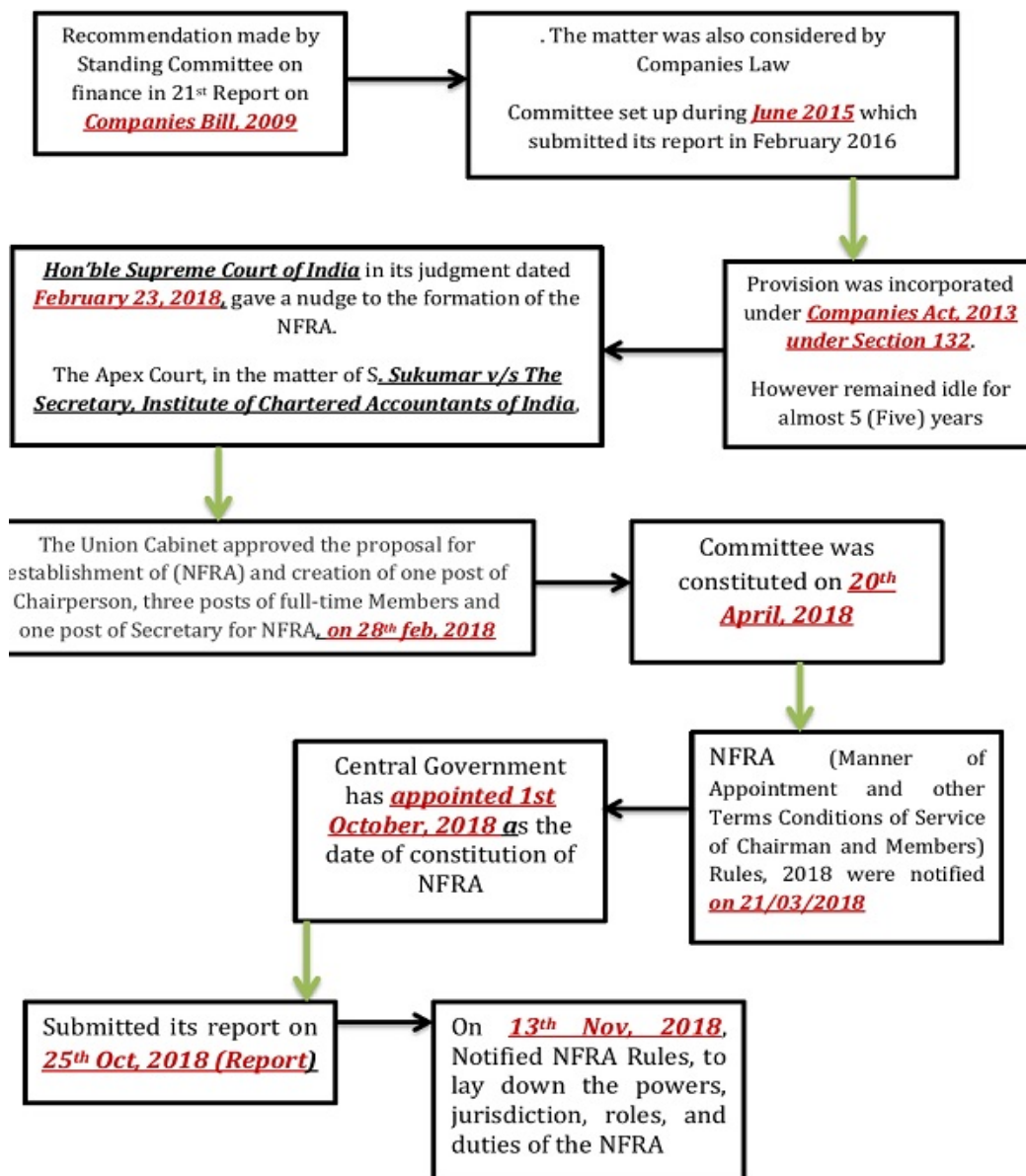
Context:

- The government has appointed former finance secretary Ajay Bhushan Pandey as chairman of the National Financial Reporting Authority (NFRA) for a period of three years.

About:

- The NFRA acts as an independent regulator for the auditing profession. The body has powers to review financial statements of companies, can seek explanations and probe irregularities with respect to accounting and auditing issues.

Roadmap of NFRA:



National Financial Reporting Authority (NFRA)

- The National Financial Reporting Authority (NFRA) is administered by the Ministry of Corporate Affairs under the Government of India to regulate the auditing standards in the country.
- Technical Advisory Committee (TAC) has been constituted by NFRA
- TAC has 7 members including the chairperson.

Primarily, it has two functions:

- Aid and advise the Executive Body of the NFRA on issues related to the drafts of accounting standards and auditing standards.
- Provide inputs from the perspectives of users, preparers and auditors of financial statements.

Responsibilities:

- According to the Companies Act of 2013, the National Financial Reporting Authority (NFRA) is responsible for making recommendations in accounting and auditing standards. It also oversees the Quality of Service provided by the accounting and audit professions.
- It has also been given the power to investigate matters of professional misconduct by chartered accountants or CA firms, impose a penalty and debar the CA or firm for up to 10 years.

- It is stated in the Act that “no other institute or body shall initiate or continue any proceedings in such matters of misconduct where the NFRA has initiated an investigation.”
- It is expected that the NFRA’s functioning would result in improved domestic and foreign investments, improved economic growth, assistance in the development of the audit profession and supporting the globalisation of business through compliance with international practices.

NFRA Members

- The NFRA is composed of one Chairperson, three full-time Members and one Secretary. The chairperson shall be a person of eminence and having expertise in accountancy, auditing, finance or law to be appointed by the Central Government.

National Financial Reporting Authority (NFRA) Jurisdiction

- The jurisdiction of NFRA for investigation of CAs and their firms under Section 132 of the Companies Act would extend to large public companies that are not listed (threshold prescribed in the rules) and listed companies.
- It is at the discretion of the Central Government to refer such other entities for investigation, involving public interest.
- Under the provision of the Chartered Accountant Act of 1949, the essential role of ICAI (Institute of Chartered Accountants of India) will continue in respect of its members in general and explicitly concerning audits about private limited companies, and public unlisted companies below the threshold limit to be notified in the rules.
- ICAI would continue playing the advisory role with respect to accounting and auditing standards and policies through recommendations to the NFRA.
- Quality audit with respect to public companies that are not listed and are below the prescribed threshold, private companies that are listed and those companies delegated by the NFRA would be continued to be done by the Quality Review Board (QRB).

NFRA Benefits

- India gains eligibility for IFIAR (International Forum of Independent Audit Regulators), which was denied earlier, resulting in enhancing the confidence of Foreign/Domestic investors and India’s position on a global scale.
- Increase in foreign/domestic investors.
- IFIAR eligibility proves our international standards of business, further supporting globalisation.
- Further development of the auditing profession.
- Establishment of NFRA will free resources for the ICAI to work on developing new and complex skills needed in the uncertain world of technology.

UPI123Pay

Context:

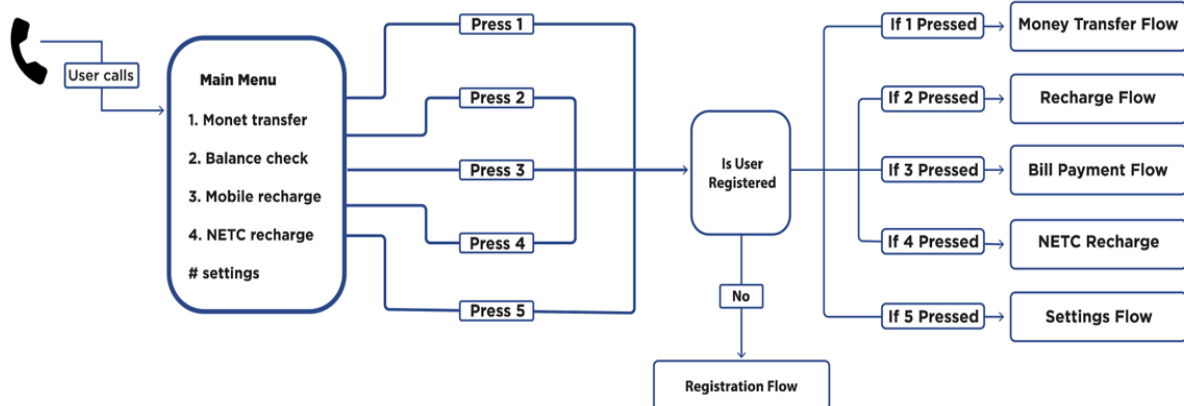
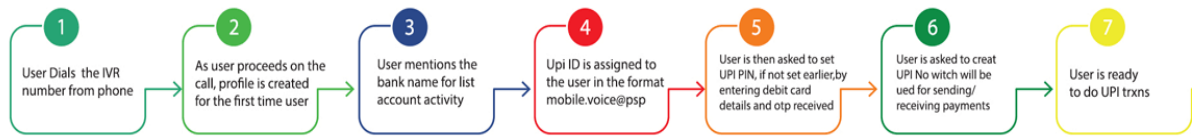
- Recently, the Reserve Bank of India has launched a new Unified Payments Interface (UPI) payments solution for feature phone users dubbed ‘UPI123Pay’.

Details

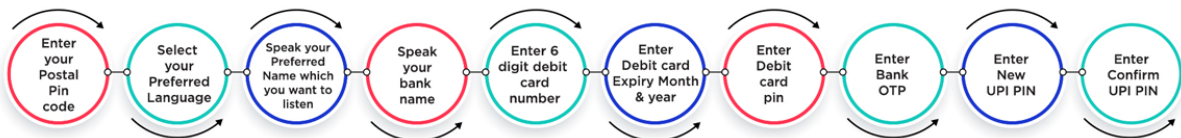
- The new UPI-based service is designed to bring the digital payments platform closer to a significant number of feature phone mobile subscribers in the country, which is estimated to be more than 40 crore.
- The new UPI payments system offers users four options to make payments without internet connectivity:
 1. Interactive Voice Response (IVR),
 2. app-based functionality,
 3. missed call facility and
 4. proximity sound-based payments.

What are these facilities?

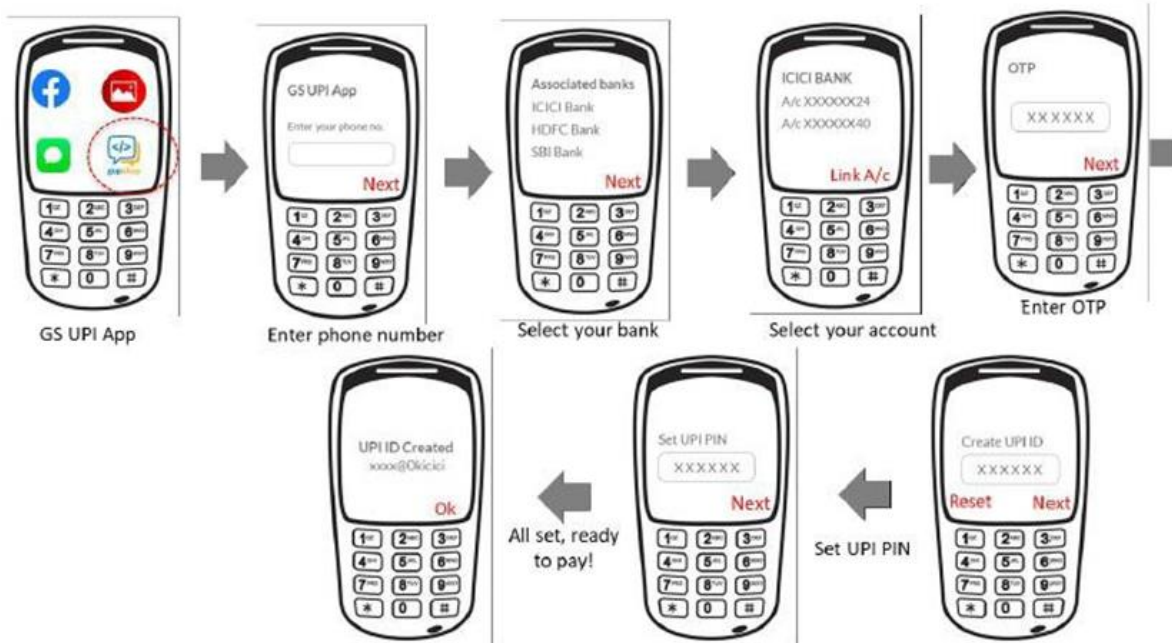
- Using the IVR option, users would be required to initiate a secured call from their feature phones to a predetermined IVR number and complete UPI on-boarding formalities to be able to start making financial transactions like money transfer, mobile recharge, EMI repayment, balance check, among others.



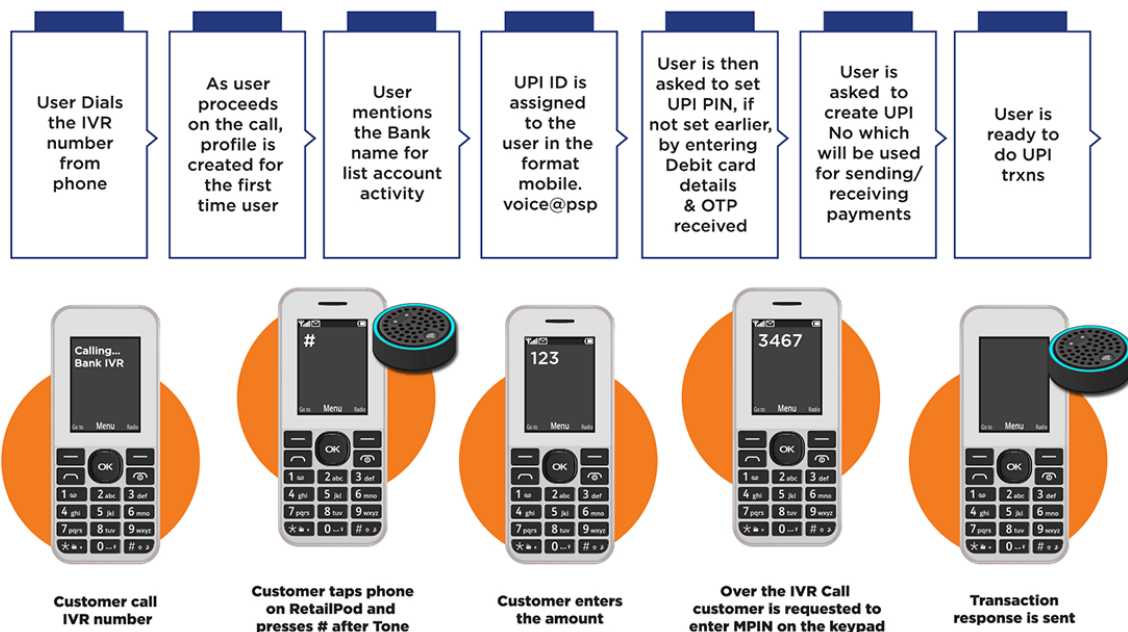
- The missed call facility will allow users to access their bank account and perform routine transactions such as receiving, transferring funds, regular purchases, bill payments, etc., by giving a missed call on the number displayed at the merchant outlet. The customer will receive an incoming call to authenticate the transaction by entering UPI PIN.



- They could also install an app on their feature phone through which several UPI functions, available on smartphones, will be available on their feature phone, except scan and pay feature which is currently not available.

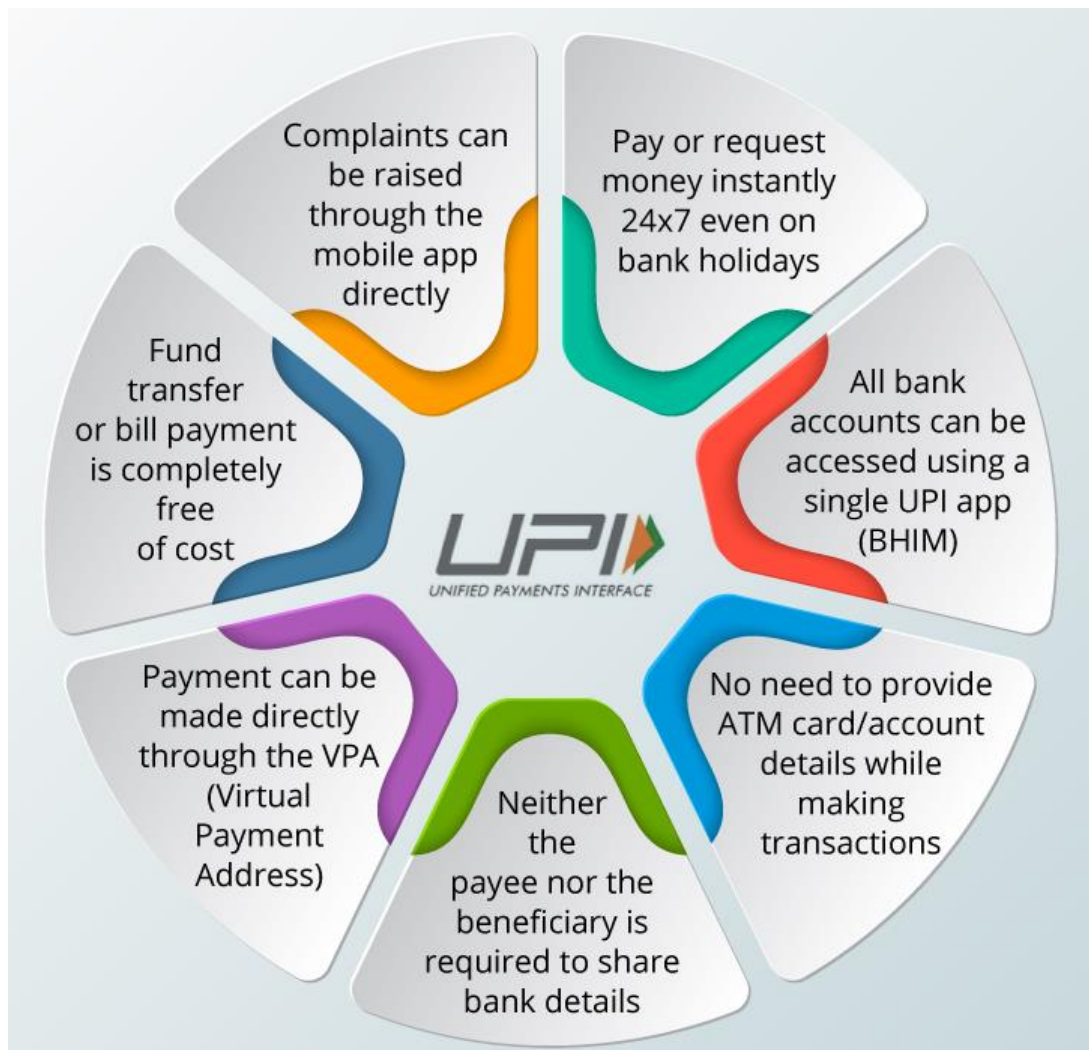


- Finally, they could utilise the proximity sound-based payments option, which uses sound waves to enable contactless, offline, and proximity data communication on any device.



What is UPI?

- Unified Payments Interface (UPI) is a system that powers multiple bank accounts into a single mobile application (of any participating bank), merging several banking features, seamless fund routing and merchant payments into one hood.
- It also caters to the “Peer to Peer” collect request which can be scheduled and paid as per requirement and convenience.
- Each Bank provides its own UPI App for mobile platforms.



About 'National Payments Corporation of India'

- It is an umbrella organisation for operating retail payments and settlement systems in India.
- It is an initiative of the Reserve Bank of India (RBI) and Indian Bank's Association (IBA) under the provisions of the Payment and Settlement Systems Act, 2007.
- It has been incorporated as a "Not for Profit" Company under the provisions of Section 25 of Companies Act 1956 (now Section 8 of Companies Act 2013).
- The ten core promoter banks are State Bank of India, Punjab National Bank, Canara Bank, Bank of Baroda, Union Bank of India, Bank of India, ICICI Bank, HDFC Bank, Citibank and HSBC.
- In 2016 the shareholding was broad-based to 56 member banks to include more banks representing all sectors.

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