

# XPRELIMS EXPRESS

2021



# Complete Current Affairs Compilation from July 2020 to March 2021

# Vol- II

# ECONOMY

## Content

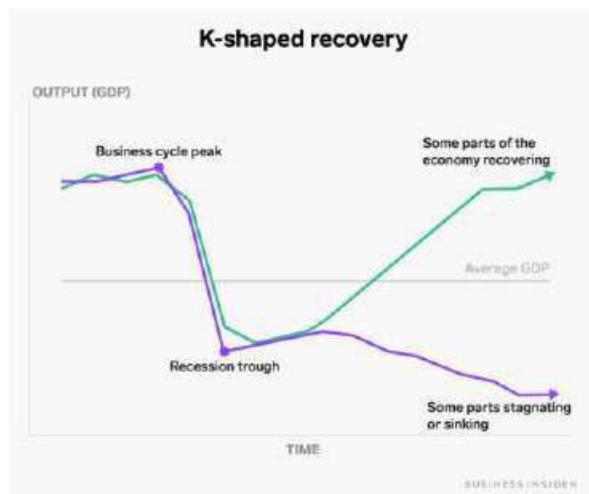
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APTI PLUS

# ECONOMY

## K-shaped recovery

- A K-shaped recovery happens when **different sections** of an economy recover at starkly **different rates**.
- Households at the **top of the pyramid** are likely to have seen their incomes largely **protected**, and savings rates forced up during the lockdown, increasing fuel in the tank' to drive future consumption.
- Meanwhile, **households at the bottom** are likely to have witnessed permanent hits to jobs and incomes.



## RoDTEP Scheme

### Context

- RoDTEP (Remission of Duties or Taxes on Export Products) Scheme will replace MEIS (Merchandise Exports from India) Scheme with effect from 1 January 2021. Benefit of Remission of Duties and Taxes on Exported Products (RoDTEP) scheme will be extended to all export goods.

### Comparison between MEIS and RoDTEP

Detail	MEIS	RoDTEP
Schema of Incentive	Additional Incentive on Exports of goods apart from other refunds and drawbacks available on undertaking the said exports.	Refund of Indirect taxes on Inputs used in the manufacture of exported product which is not being currently reimbursed by any other existing schemes.
WTO Compliance	Non-Compliant with WTO trade norms	Compliant with WTO trade norms
Incentive Percentage	2% to 5% of FOB value of Exports.	Product-based % – Expected to be lesser than the existing MEIS Incentive scheme [To be notified later]
Mode of Issuance	Issuance in the form of transferable scrips (Hard copy/ downloadable)	Issuance in the form of transferable duty credit/ electronic scrip which will be maintained in electronic ledger.

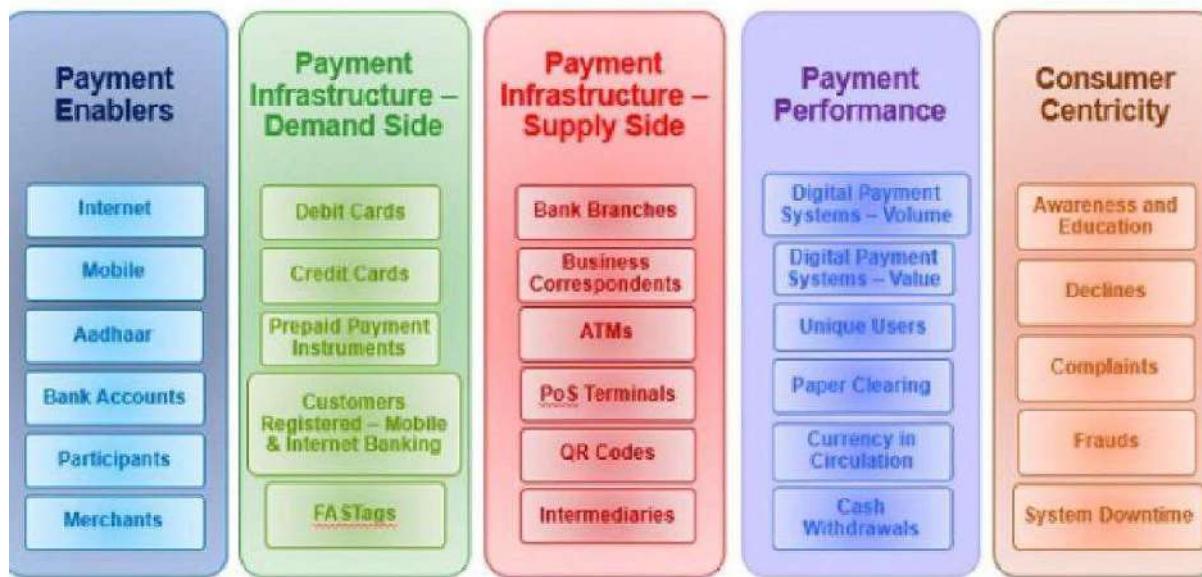
## Digital Payment Index

### Context

- The Reserve Bank of India (RBI) has constructed a composite Digital Payments Index (DPI) to capture the extent of digitization of payments across the country.
- The RBI-DPI has been constructed with **March 2018 as the base period**.
- The DPI for March 2019 and March 2020 work out to 153.47 and 207.84 respectively, indicating appreciable growth.
- The RBI-DPI comprises five broad parameters that enable the measurement of deepening and expansion of digital payments in the country over different time periods.

- These parameters are including **Payment Enablers** (weight 25%), **Payment Infrastructure – Demand-side factors** and (10%), **Payment Infrastructure – Supply-side factors** (15%), **Payment Performance** (45%) and **Consumer Centricity** (5%)

#### Payments Index – Parameters and Sub-parameters

[www.taxguru.in](http://www.taxguru.in)


## Innovation Portal

### Context

- It is an Innovation Portal developed by National Innovation Foundation (NIF).
- It will act as an excellent resource for students, entrepreneurs, MSME's, Technology Business Incubators (TBI's) and common people engaged in a variety of occupations
- The **National Innovation Portal (NIP)** is currently home to about 1.15 lakh innovations scouted from common people of the country, covering Engineering, Agriculture, Veterinary and Human Health.
- Growing importance of outstanding Traditional Knowledge, particularly herbal practices which stem from tribal areas, and is one of the key highlights of the Innovation Portal.
- Innovation Portal will help institutionalize new ideas by common people towards finding solutions to local problems.
- Innovation Portal will create an ecosystem where the Institutions will stand behind all those who can convert their ideas and innovations into entrepreneurship.

## National Innovation Foundation (NIF)

- It is an autonomous body of the Department of Science and Technology (DST), Government of India.
- It is India's national initiative to strengthen the grassroots technological innovations and outstanding traditional knowledge.
- NIF helps grassroots innovators and outstanding traditional knowledge holders get due recognition, respect and reward for their innovations.

## Natural Capital Accounting and Valuation of the Ecosystem Services (NCAVES) India Forum-2021

### Context

- NCAVES India Forum 2021 is being organized by the Ministry of Statistics and Programme Implementation (MoSPI).

### About NCAVES Project

- The NCAVES Project, funded by EU, has been jointly implemented by the

- United Nations Statistics Division (**UNSD**),
- the United Nations Environment Programme (**UNEP**) and
- the Secretariat of the Convention of Biological Diversity (**CBD**).
- India is one of the five countries taking part in this project - the other countries being **Brazil, China, South Africa and Mexico**.
- In India, the NCAVES project is being implemented by the MoSPI in close collaboration with the **Ministry of Environment, Forest and Climate Change** (MoEF&CC) and the **National Remote Sensing Centre** (NRSC).
- Several of these accounts are closely related to the social and economic attributes, making them a useful tool for the Policy.
- Under the NCAVES project, the **India-EVL Tool** is developed, which is essentially a **look-up tool giving a snapshot of the values of various ecosystem services** in the different States of the country, based on about 80 studies conducted across the country.
- An additional benefit of this tool is that it provides a **critical view on the literature that is available** and the **applicability of estimates spatially across India** according to bio-geographical areas.

## India Innovation Index

### Context

- NITI Aayog along with the Institute for Competitiveness Releases Second Edition of India Innovation Index. The report examines the innovation capabilities and performance of the states and union territories.

### Findings of the report

- Overall **Delhi Tops the List**, Chandigarh Major Gainer, Karnataka and Himachal Pradesh Lead in Their Respective Categories.
- In the second edition the index found that the **level of competitiveness** among the states and union territories was **high**.
- In the **Major States**“ category, Karnataka continued to occupy the top position, while Maharashtra moved past Tamil Nadu to reach the second place.
  - Karnataka’s rank is attributable to its substantive number of venture capital deals, registered geographical indicators and information and communications technology exports.
  - Karnataka’s high Foreign Direct Investment (FDI) inflow has also enhanced the innovation capabilities of the state.
- **Four southern states** – Karnataka, Tamil Nadu, Telangana and Kerala – occupied the top five spots under the Major States’ category this year.
- Under the **North-Eastern/Hill States**“ category, **Himachal Pradesh** moved up from the second position to emerge as the top ranker this year, while 2019’s top performer Sikkim, slipped down to the fourth position.

### Parameters of the index

- The innovation inputs were measured through five enabler parameters, and the output through two performance parameters.
- **Human Capital, Investment, Knowledge Workers, Business Environment, Safety and Legal Environment**“ were identified as enabler parameters.
- **Knowledge Output** and **Knowledge Diffusion** were chosen as the performance parameters.

## Prarambh: Startup India International Summit

### Context

- The two day **‘Prarambh’, Startup India International Summit** began in New Delhi today, with members of **BIMSTEC** (Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation) countries participating in the inaugural event.

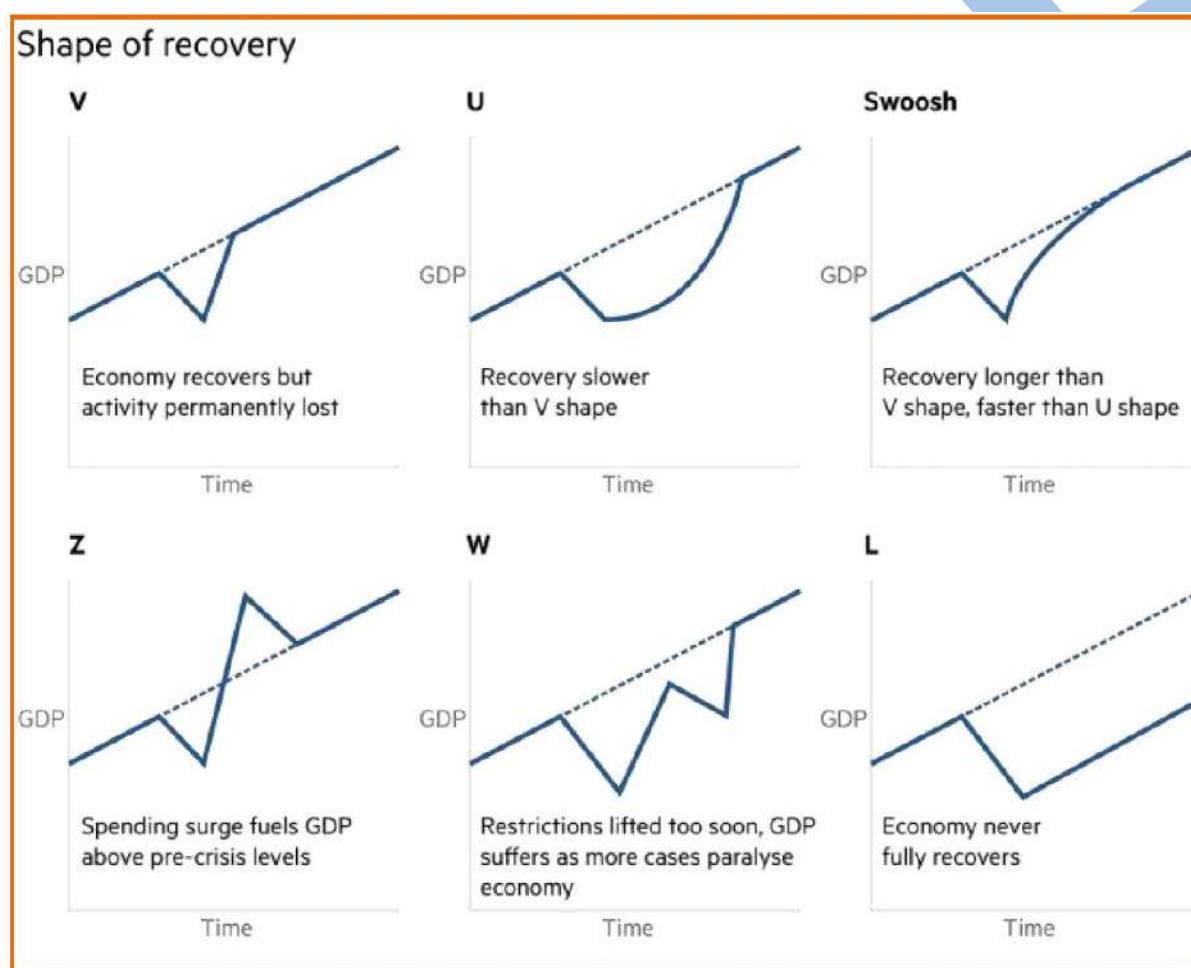
### Details

- The Summit is being organized by the Department for Promotion of Industry and Internal Trade, M/o Commerce & Industry.

- The Summit is a demonstration of neighborhood first policy which will boost partnership among the member countries.
- The partnership among the BIMSTEC countries in the sector will take startups to the forefront of new India, new world, and new neighborhood in the new normal.
- India has over 41,000 startups registered with the Government but there are many more who are working at the grassroots level and doing a good job.

## Purchasing Managers Index (PMI)

- PMI is an indicator of business activity in the manufacturing and services sectors.
- It is a survey-based measure that asks the respondents about changes in their perception about key business variables as compared with the previous month.
- The PMI is usually released at the start of every month.
- It is, therefore, considered a good leading indicator of economic activity.



### Calculation of PMI

It is calculated separately for the manufacturing and services sectors and then a composite index is constructed.

The PMI is a number from 0 to 100.

PMI above 50 represents an expansion when compared to the previous month;

PMI under 50 represents a contraction, and

A reading at 50 indicates no change.

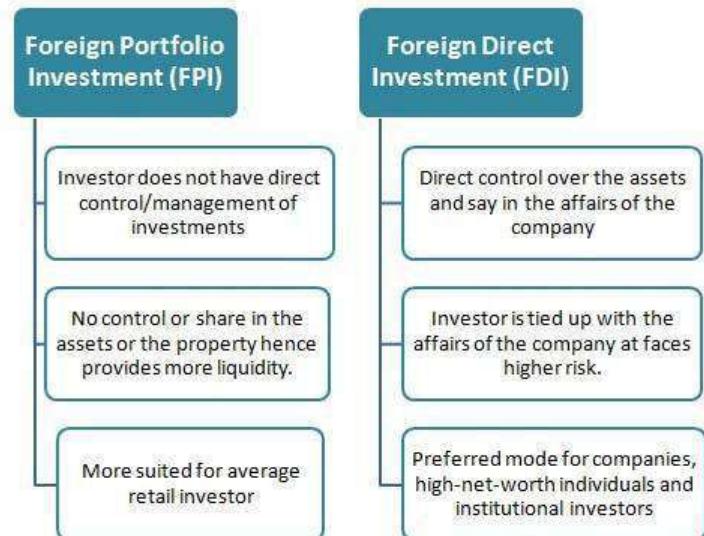
If PMI of the previous month is higher than the PMI of the current month (as is the case mentioned above), it represents that the economy is contracting.

# Foreign Direct Investment (FDI) in direct-to-home (DTH) Context

- The Union Cabinet approved 100% Foreign Direct Investment (FDI) in direct-to-home (DTH) services, extension of the license period from 10 years to 20 and a reduced license fee.

## To increased operations and higher growth

- The Commerce Ministry had already spoken of 100% FDI in the DTH sector but because of the guidelines issued by the Information and Broadcasting [I&B] Ministry, the FDI was limited to 49%.
- The license fee had been reduced in keeping with the rates in the telecom sector.
- The proposed reduction was intended to align the licence fee regime applicable to the telecom sector and would be prospectively applied.
- The difference may also enable DTH service providers to invest for more coverage, leading to increased operations and higher growth and thereby enhanced and regular payment of license fee by them.
- Currently, India has 18 crore television sets.



## Types of foreign investment

- Automatic Route:** Under the Automatic Route, the non-resident investor or the Indian company does not require any approval from the Government of India for the investment.
  - Reserve Bank of India is in charge of the Automatic Route.
- Government Approval Route:** Under the Government Approval Route, prior to investment, approval from the Government of India is required.
- Proposals for foreign direct investment under Government route, are considered by respective Administrative Ministry/ Department.
- Earlier the **Foreign Investment Promotion Board (FIPB)** and **Secretariat for Industrial Assistance (SIA)** was in charge of recommending Foreign Direct Investment (FDI) which does not come under the automatic route.
- However, FIPB was abolished in 2017, and its power was given to the respective Administrative Ministries/ Departments.
- Acquisition of shares and amounts remitted through RBI's NRI Schemes are also considered as FDI.

## Sectors in which FDI is prohibited

### FDI is prohibited in:

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

## Borrowing by States

### Context

- At Rs. 5,55,900 crore, the States whose finances have been ravaged by the pandemic, have snapped up as much as 43.5% more debt from the market during the first nine months of the current fiscal with the conclusion of the last auction when 13 of them borrowed ₹18,900 crore.

### Steep fall

- According to an analysis by rating agency ICRA, States had borrowed ₹3,87,400 crore in the first nine months of FY20.
- But given the steep fall in redemptions to ₹95,400 crore during the first three quarters from ₹1,06,800 crore of FY20, net issuance rose by an even higher 64.1% during the first three quarters of FY21 to ₹4,60,400 crore.

### Centre allows five states to Borrow

- In September, the Centre permitted five States to borrow an additional ₹9,913 crore through open market borrowings to meet expenditure requirements amid falling revenues due to the COVID-19 crisis.
- These States are A.P., Telangana, Goa, Karnataka and Tripura.
- The Centre had, in May, allowed an additional borrowing limit of up to 2% of Gross State Domestic Product to States for FY21 with certain conditions.

### Why do states need the centre's permission while borrowing?

- Article 293(3) of the Constitution requires states to obtain the Centre's consent in order to borrow in case the state is indebted to the Centre over a previous loan.
- This consent can also be granted subject to certain conditions by virtue of Article 293(4).
- In practice, the Centre has been exercising this power in accordance with the recommendations of the Finance Commission.
- Every single state is currently indebted to the Centre and thus, all of them require the Centre's consent in order to borrow.



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## Does the Centre have unfettered power to impose conditions under this provision?

- Neither does the provision itself offer any guidance on this, nor is there any judicial precedent that one could rely on.
- Interestingly, even though this question formed part of the terms of reference of the 15th Finance Commission, it was not addressed in its interim report.
- The Centre can impose conditions only when it gives consent for state borrowing, and it can only give such consent when the state is indebted to the Centre.

## Fiscal Deficit

### Definition

- The difference between total revenue and total expenditure of the government is termed as fiscal deficit.
- It is an indication of the total borrowings needed by the government. While calculating the total revenue, borrowings are not included.

### Description

- The gross fiscal deficit (GFD) is the excess of total expenditure including loans net of recovery over revenue receipts (including external grants) and non-debt capital receipts.
- The net fiscal deficit is the gross fiscal deficit less net lending of the Central government.
- Generally fiscal deficit takes place either due to **revenue deficit or a major hike in capital expenditure**.
- Capital expenditure is incurred to create long-term assets such as factories, buildings and other development.
- A deficit is usually financed through **borrowing from either the central bank of the country or raising money from capital markets** by issuing different instruments like treasury bills and bonds.

Government Revenue Receipts	Government Capital Receipts	Government Expenditure
<ul style="list-style-type: none"> <li>Corporation Tax</li> <li>Income Tax</li> <li>Custom Duties</li> <li>Union Excise Duties</li> <li>GST and taxes of Union territories</li> </ul>	<ul style="list-style-type: none"> <li>Interest Receipts</li> <li>Dividends and Profits</li> <li>External Grants</li> <li>Other non-tax revenues</li> <li>Receipts of union territories</li> </ul>	<ul style="list-style-type: none"> <li>Revenue Expenditure</li> <li>Capital Expenditure</li> <li>Interest Payments</li> <li>Grants-in-aid for creation of capital assets</li> </ul>

### FRBM Act

- The FRBM Act aims to introduce transparency in India's fiscal management systems.
- The Act's long-term objective is for India to achieve fiscal stability and to give the Reserve Bank of India (RBI) flexibility to deal with inflation in India.
- The FRBM Act was enacted to introduce more equitable distribution of India's debt over the years.

### Key features of the FRBM Act

- The FRBM Act made it **mandatory for the government** to place the following along with the Union Budget documents in Parliament annually:
  - Medium Term Fiscal Policy Statement
  - Macroeconomic Framework Statement
  - Fiscal Policy Strategy Statement
- The FRBM Act proposed that revenue deficit, fiscal deficit, tax revenue and the total outstanding liabilities be projected as a percentage of Gross Domestic Product (GDP) in the medium-term fiscal policy statement.

### N K Singh Committee's recommendations were as follows

- Targets:** The committee suggested using debt as the primary target for fiscal policy and that the target must be achieved by 2023.
- Fiscal Council:** The committee proposed to create an autonomous Fiscal Council with a chairperson and two members appointed by the Centre (not employees of the government at the time of appointment)
- Deviations:** The committee suggested that the grounds for the government to deviate from the FRBM Act targets should be clearly specified

- **Borrowings:** According to the suggestions of the committee, the government must not borrow from the RBI, except when
  - a. the Centre has to meet a temporary shortfall in receipts
  - b. RBI subscribes to government securities to finance any deviations
  - c. RBI purchases government securities from the secondary market

## Technical Recession

### Context

- The Reserve Bank of India's (RBI) latest monthly bulletin features an article "An Economic Activity Index for India", which projected that India's GDP (Gross Domestic Product) contracted by 8.6% in the July-September quarter of the financial year ending in March 2021.
- Thus, —India has entered a **technical recession in the first half of 2020-21 for the first time** in its history with Q2:2020-21 likely to record the second successive quarter of GDP contraction.

### What is a technical recession?

- A technical recession is a term used to describe **two consecutive quarters of decline in output**.
- In the case of a nation's economy, the term usually refers to **back-to-back contractions in real GDP**.

### Difference between a technical recession and a recession

- Former term is mainly used to capture the trend in GDP, the latter expression encompasses an appreciably **more broad based decline in economic activity** that covers several economic variables including employment, household and corporate incomes and sales at businesses.
- Another key feature of a technical recession is that **it is most often caused by a one-off event** (in this case, the COVID- 19 pandemic and the lockdowns imposed to combat it) and is **generally shorter in duration**.
- **Economists have pointed out that the business cycle is characterised by four phases or stages in which economies alternate:** (i) Depression (ii) Recovery (iii) Boom (iv) Recessions

## Production Linked Incentive

### Context

- The government aims to expand the ambit of the production-linked incentive (PLI) scheme to include as many as ten more sectors such as food processing and textiles other than the already included mobile phones, allied equipment, pharmaceutical ingredients and medical devices.
- Apart from cutting down on imports, the PLI scheme also looks to capture the growing demand in the domestic market.

### What is the production linked incentive scheme?

- In order to boost domestic manufacturing and cut down on import bills, the central government has introduced a scheme that **aims to give companies incentives on incremental sales from products manufactured in domestic units**.
- Apart from **inviting foreign companies** to set shop in India, the scheme also aims to **encourage local companies to set up or expand existing manufacturing units**.
- So far, the scheme has been rolled out for mobile and allied equipment as well as pharmaceutical ingredients and medical devices manufacturing.
- These sectors are labour intensive and are likely, and the hope is that they would create new jobs for the ballooning employable workforce of India.
- The objective is really to make India more compliant with our WTO (World Trade Organisation) commitments and also make it non-discriminatory and neutral with respect to domestic sales and exports.

### Which sectors currently have the PLI scheme?

- Central government introduced the PLI scheme for mobile manufacturing as well as pharmaceutical ingredients and medical devices.
- As a part of the PLI scheme for mobile and electronic equipment manufacturing, an incentive of 4-6 per cent is planned for electronics companies, which manufacture mobile phones and other electronic components such

as transistors, diodes, thyristors, resistors, capacitors and nano-electronic components such as micro electromechanical systems.

- The PLI scheme for pharmaceutical ingredients and medical devices seeks that applicants will commit a certain amount prescribed by the government as investment to build capacities in these areas.
- The government will pay the companies it selects for the scheme a specific proportion of their turnover from making and selling the bulk drugs or medical devices as an incentive over the next few years.
- The amount of the incentive would decrease as the years go by.
- The PLI scheme for bulk drugs focuses on building economies of scale in over 50 critical active pharmaceutical ingredients, including penicillin G, vitamin B1, dexamethasone, meropenem, atorvastatin and aspirin.

## Goods and Service Tax

### Context

- After Puducherry, Rajasthan became the latest state to opt for a special borrowing window for meeting its compensation shortfall under Goods and Services Tax (GST).
- Kerala, Punjab, West Bengal, Chhattisgarh, Jharkhand – are yet to join any borrowing options floated by central government to resolve the issue of compensation deficit.
- Borrowing has been made very simple for States by keeping the interest rate low.

### Background

- The state's **GST revenue gap in 2020-21** is expected to be about Rs. 3 lakh crore, while cess collections are only projected to reach Rs. 65,000 crore, leaving a **shortfall of Rs. 2.35 lakh crore**.
  - The Centre **distinguished the GST shortfall into two types:**
    - ✓ Due to GST implementation itself.
    - ✓ Caused by the impact of **Covid-19**.
  - The Finance Minister termed the fall of GST revenue due to Covid-19 as an **act of God**. However, the **GST Compensation Act, 2017** did not foresee an act of God.
- The GST Compensation Act, 2017 guaranteed states that they would be compensated for any loss of revenue in the first five years of GST implementation, until 2022, using a cess levied on sin and luxury goods.
- The Centre has been at loggerheads with many states over the compensation issue due to GST shortfall. In August 2020 at GST Council meet, the Centre had proposed two options to states to meet the shortfall:
  - A special window could be provided, in consultation with the Reserve Bank of India (RBI), so that the states can get Rs. 97,000 crore at a reasonable rate of interest, the amount can be repaid after five years (of GST implementation) ending 2022 from cess collection.
  - Another option is that this entire gap of Rs. 2.35 lakh crore can be met by the borrowing by the states in consultation with RBI.

### Goods and Services Tax

- GST, or Goods and Services Tax, is an indirect tax that customers have to bear when they buy any goods or services, such as food, clothes, electronics, items of daily needs, transportation, travel, etc.
- It is levied on the manufacturer or seller goods and the providers of services.
- The sellers usually add the tax expense into their costs, and the price the customers pay is inclusive of GST.

### Benefits of GST in India

- GST was brought in as a revolutionary change and India's biggest tax system overhaul since Independence. GST replaced a plethora of indirect taxes such as states' sales tax, service tax, excise, etc., with a single central tax regime applied uniformly on all products and services.
- However, the biggest benefit of GST was that it opened up entire India as a single unified market allowing for free movement of goods across states' borders, as opposed to the earlier scenario where state borders became barriers.
- GST allowed for faster movement of trucks and led to requirements for fewer warehouses across several states.
- However, GST has multiple tax rate slabs for different categories of products – a fact that still makes it more complicated than many expected.

### What are the different types of GST?

- Central GST (CGST): GST paid on each transaction is divided into two equal parts: the part for the Centre is termed as CGST.
- State GST (SGST): The part of a state's share of GST, when a transaction takes place within the state, is called SGST.
- Union territory GST (UGST): When a transaction takes place within a union territory (UT) without a legislature, the part of GST that the UT gets is called UGST.
- Integrated GST (IGST): When a transaction takes place between two states/UTs or between a state/UT and any foreign territory, IGST is levied without any bifurcation on the applicable GST rate.

### What items are not taxed or covered under GST?

There are a few products, which were not under the purview of GST till long after its launch.

- Alcohol for human consumption: On alcohol, the power to tax remains with the states.
- Petroleum products: GST was not imposed on five petroleum products – crude oil, diesel, petrol, natural gas and ATF.
- Tobacco: Along with GST, the Central Government has the power to levy additional excise duty on tobacco products.
- Entertainment tax: The power to decide on entertainment tax levied by local bodies remains with the states.
- Also, there are some exceptions on Indian Railways tickets, where instead of the destination, the origin of the journey is taken into consideration. For example, if Rajdhani Express is registered in Delhi, on the tickets from Delhi, CGST an SGST will be levied, while IGST will be charged when the journey originates at a place other than Delhi.

### GST Council

- The GST council is the key decision-making body that takes all important decisions regarding the GST.
- The GST Council dictates tax rate, tax exemption, the due date of forms, tax laws, and tax deadlines, keeping in mind special rates and provisions for some states.
- The predominant responsibility of the GST Council is to ensure to have one uniform tax rate for goods and services across the nation.

## Index of Eight Core Industries

### Context

- The Office of Economic Adviser, Department for Promotion of Industry and Internal Trade released Index of Eight Core Industries for the Month of October, 2020.
- The combined Index of Eight Core Industries stood at 124.2 in October 2020, which declined by 2. (provisional) per cent as compared to the Index of October, 2019. Its cumulative growth during April to October, 2020-21 has been(-) 13.0%.

### What is IIP data?

- Index of Industrial Production tracks manufacturing activity in different sectors of an economy.
- The IIP number measures the industrial production for the period under review, usually a month, as against the reference period.
- IIP is a key economic indicator of the manufacturing sector of the economy.
- There is a lag of six weeks in the publication of the IIP index data after the reference month ends. IIP index is currently calculated using 2011-2012 as the base year.

### IIP Index Components

- Electricity, crude oil, coal, cement, steel, refinery products, natural gas, and fertilisers are the eight core industries that comprise about 40 percent of the weight of items included in the Index of Industrial Production.

- Mining, manufacturing, and electricity are the three broad sectors in which IIP constituents fall.

### Who releases Index of Industrial Production or IIP data?

- In the case of Index of Industrial Production India, IIP data is compiled and published by CSO every month.
- CSO or Central Statistical Organisation operates under the Ministry of Statistics and Programme Implementation (MoSPI). The IIP index data, once released, is also available on the PIB website.

### Who uses IIP data?

- The factory production data (IIP) is used by various government agencies such as the Ministry of Finance, the Reserve Bank of India (RBI), private firms and analysts, among others for analytical purposes.
- The data is also used to compile the Gross Value Added (GVA) of the manufacturing sector in the Gross Domestic Product (GDP) on a quarterly basis.

### IIP base year change

- The base year was changed to 2011-12 from 2004-05 in the year 2017.
- The earlier base years were 1937, 1946, 1951, 1956, 1960, 1970, 1980-81, 1993-94 and 2004-05.

### Where is IIP data sourced from?

- The CSO uses secondary data to reach the monthly IIP number.
- The data is sourced from various agencies in different ministries or departments of the government.
- The Department of Industrial Policy and Promotion (DIPP) is the source for the major chunk of data for the calculation.



### IIP vs ASI

- IIP is a monthly indicator, the Annual Survey of Industries (ASI) is the prime source of long-term industrial statistics.
- The ASI is used to track the health of the industrial activity in the economy over a longer period.
- The index is compiled out of a much larger sample of industries compared to IIP.

## Labour Reforms

### Context

- India, and the entire world, witnessed the **spectacle of the country's employment precarity pour out on its roads and highways** — men, women and children, in distress of having lost jobs, income and shelter, with no recourse to social security to protect them in those hard days.

### Background

- Between 2004-05 and 2017-18, the share of salaried workers outside agriculture without any written contract increased from 60 per cent to 71 per cent.
- Even in private and public limited companies, this share increased from 59 per cent to 71 per cent.
- The government and the public sector do not offer a different picture with the share of such workers increasing from 27 per cent to 45 per cent over the period.
- Many of the wage jobs in the organised sector came through contractors. In organised manufacturing, the reported share of contract labour increased from 13 per cent in 1995-06 to 36 per cent in 2017-18.
- A policy balm to the exposed blisters of precarity was much needed. The response came in the form the **three revised labour Code Bills** — on **Industrial Relations, Occupational Safety, Health and Working**

**Conditions, and Social Security** – which were introduced in Parliament in the Monsoon Session, and approved without any discussion or debate on September 23.

- These three labour codes, along with the **Code on Wages approved earlier**, touch the lives of every Indian worker, except a tiny stratum of the public sector and managerial employees.
- In the name of codification, the Codes have **implemented radical changes in the nearly century-old edifice of labour laws** in this country.

## Overview of Labour Law Reforms

- The central government proposes to replace 29 existing labour laws with four Codes. The objective is to simplify and modernise labour regulation.
- The major challenge in labour reforms is to facilitate employment growth while protecting workers' rights.
- Key debates relate to the coverage of small firms, deciding thresholds for prior permission for retrenchment, strengthening labour enforcement, allowing flexible forms of labour, and promoting collective bargaining.
- Further, with the passage of time, labour laws need an overhaul to ensure simplification and updation, along with provisions which can capture the needs of emerging forms of labour (e.g., gig work).

## Challenges and the Approaches taken by the four Codes

- **Coverage:** Most labour laws apply to establishments over a certain size (typically 10 or above). Size-based thresholds may help firms in reducing compliance burden. However, one could argue that basic protections related to wages, social security, and working conditions should apply to all establishments. Certain Codes retain such size-based thresholds.
- **Retrenchment:** Establishments hiring 100 or more workers need government permission for closure, layoffs or retrenchments. It has been argued that this has created an exit barrier for firms and affected their ability to adjust workforce to production demands. The Industrial Relations Code raises this to 300, and allows the government to further increase this limit by notification.
- **Labour enforcement:** Multiplicity of labour laws has resulted in distinct compliances, increasing the compliance burden on firms. On the other hand, the labour enforcement machinery has been ineffective because of poor enforcement, inadequate penalties and rent-seeking behaviour of inspectors. The Codes address some of these aspects.
- **Contract labour:** Labour compliances and economic considerations have resulted in increased use of contract labour. However, contract labour have been denied basic protections such as assured wages. The Codes do not address these concerns fully. However, the Industrial Relations Code introduces a new form of short-term labour – fixed term employment.
- **Trade Unions:** There are several registered trade unions but no criteria to 'recognise' unions which can formally negotiate with employers. The Industrial Relations Code creates provisions for recognition of unions.
- **Simplification and updation:** The Codes simplify labour laws to a large extent but fall short in some respects. Further, the Code on Social Security creates enabling provisions to notify schemes for 'gig' and 'platform' workers; however, there is a lack of clarity in these definitions.
- **Delegated Legislation:** The Codes leave several key aspects, such as the applicability of social security schemes, and health and safety standards, to rule-making. The question is whether these questions should be determined by the legislature or be delegated to the government.

## 4 Labour Codes

- In 2019, the Ministry of Labour and Employment introduced four Bills on labour codes to consolidate 29 central laws.
- These Codes regulate:
  - Wages,
  - Industrial Relations,
  - Social Security, and
  - Occupational Safety, Health and Working Conditions.
- While the Code on Wages, 2019 has been passed by Parliament, Bills on the other three areas were referred to the Standing Committee on Labour.

- The Standing Committee submitted its reports on all three Bills. The government has replaced these Bills with new ones in September 2020.

### Code on Wages, 2019

- It seeks to amend and consolidate the laws relating to wages and bonus.
- It subsumes the provisions of the
  - Payment of Wages Act, 1936 ("Payment of Wages Act"),
  - the Minimum Wages Act, 1948 ("Minimum Wages Act"),
  - the Payment of Bonus Act, 1965 ("Payment of Bonus Act") and
  - the Equal Remuneration Act, 1976 ("Equal Remuneration Act").
- Unlike the Payment of Wages Act which is applicable to employees drawing salary below a statutory limit, and the Minimum Wages Act which is applicable to employees engaged in scheduled establishments, the Code envisages uniform applicability of the provisions of timely payment of wages and minimum wages to all employees irrespective of the wage ceiling and sector.

### The Industrial Relations Code, 2020

- The 2019 Bill provided that all industrial establishments with 100 workers or more must prepare standing orders on the matters listed in a Schedule to the Code.

#### These matters relate to:

- classification of workers,
- manner of informing workers about work hours, holidays, paydays, and wage rates,
- termination of employment, and
- grievance redressal mechanisms for workers

#### Laws subsumed:

- The Trade Unions Act, 1926.
- the Industrial Employment (Standing Orders) Act, 1946; and
- the Industrial Disputes Act, 1947.

#### Salient features:

- The definition of —Worker|| has been revised to include persons in supervisory capacity getting wages up to eighteen thousand rupees per month.
- Concept of —Re-skilling fund|| has been introduced.
- Registered trade unions may be recognised by the Centre/State as Centre/State trade unions as per necessity.
- Concept of Negotiating Trade Union and Negotiating Trade Councils has been introduced to streamline negotiations with the employer.
- The definition of —Strike|| includes casual leave taken by more than fifty per cent of the employees on a given day. Trade unions have to give notice of 14 days before going on strike.
- Provisions with respect to Standing Orders apply to Industrial Establishments with more than 300 employees only.
- Establishment with less 300 workmen can be laid-off, retrenched, closed without government approval.
- An industrial disputes can be voluntarily referred to arbitration by the employer as well as the workers

### The Code on Social Security, 2020

- The Code on Social Security, 2020, subsumes eight existing central labour laws.
- These laws are the Employees' Provident Funds and Miscellaneous Provisions Act, 1952; Payment of Gratuity Act, 1972; Employees' Compensation Act, 1923; Maternity Benefit Act, 1961; Employees' State Insurance Act, 1948; Workers Cess Act, 1996; Cine Workers Welfare Fund Act, 1981; Building and Other Construction and Unorganised Workers' Social Security Act, 2008.
- The Code on Social Security, 2020 consists of new rules for contribution to social security and payment of employee benefits, including retirement benefits.
- The law also expands scope to cover fixed-term contract workers who will now be eligible for gratuity; whereas earlier only employees which were permanent were covered.
- Under the Code, gratuity becomes due to an employee upon their termination from employment after a continuous service period of at least five years, which is the same as before.

- The events giving rise to gratuity are superannuation, retirement, resignation, death or disablement due to accident or disease or termination of a contract under fixed-term employment or on the happening of any event notified by the central government.
- A social security fund will be created for paying these benefits to workers and it will be funded by central and state governments and also through CSR funding.
- Aggregators who are digital intermediaries employing gig workers will have to set aside at least around 1-2 percent of their annual turnover (amount not exceeding 5 percent of the amount payable to the workers) for the purpose of this social security fund.
- The Code also provides for the setting up of a ‘National Social Security Board’.

### The Occupational Safety, Health And Working Conditions Code, 2020

- The OSHW Code is applicable to:
  - every establishment where any industry, trade, business, manufacturing or occupation is carried on in which ten or more workers are employed; or
  - a factory, motor transport undertaking, newspaper establishment, audio-video production, building and other construction work or plantation, in which ten or more workers are employed; or
  - a mine or port or vicinity of port where dock work is carried out.
- For effective implementation of the OSHW Code, appointment of Inspector-cum-Facilitators has been prescribed.
- Additionally, National and State Occupational Safety and Health Advisory Boards will be constituted to advise and assist the Government on matters relating to occupational safety and health.
- The employer is responsible for maintaining health, safety and working conditions such as hygiene, cleanliness, ventilation, humidification and providing arrangements for treatment of wastes and events in the establishment.
- Welfare facilities including washing facilities, locker rooms, creche, canteens, sitting arrangements are also to be provided and maintained by an employer in the establishment.
- The working hours of a worker in an establishment have been fixed at 8 hours in a day except in case of mines wherein the Central Government may notify additional working hours.
- Further, for working journalists the Central Government may prescribe a maximum of 144 hours of work during any period of 4 consecutive weeks and a period of not less than 24 consecutive hours of rest during any period of 7 consecutive days.

### Fixed Term Employment

- We might recall that in 2018, the government amended the Standing Orders on Employment Act and introduced the category of “fixed term” worker. That category, which creates a permanent cadre of temporary workers, with no prospects of career growth and job security, will, after codification, be the cornerstone of the emerging employment structure.

## Poverty and Shared Prosperity Report

### Context

- The World Bank’s biennial Poverty and Shared Prosperity Report: Reversals of Fortune was released recently.

### Findings of the report

- For the first time in two decades, global poverty rate would go up due to the novel coronavirus disease (COVID-19) pandemic.
- The multilateral body couldn’t gauge the real poverty situation in the world because India did not have the latest data.
- The report stated —The lack of recent data for India severely hinders the ability to monitor global poverty,
- Extreme poverty: living on less than \$1.90 a day is likely to affect between 9.1% and 9.4% of the world’s population in 2020.

### Poverty in India

- India, along with Nigeria, is considered to have the largest number of the poor in the world.

- India tops the global list in terms of absolute number of poor, going by the last national survey of 2012-13. The country accounted for **139 million of the total 689 million people** living in poverty in 2017.
- India was to release its latest household consumer expenditure survey data by the National Statistical Office (NSO, 75th round) for 2017-18 last year. Consumption expenditure is taken as a proxy for gauging income levels in India.
- But the Union government didn't release this data, citing quality'.
- The latest data on poverty in India is from a survey done in 2011-12, or almost a decade-old. This was based on a household consumption expenditure survey (68th round) done by the NSO, the nodal agency that conducts these surveys.

### About the report

- It is a biennial report of the World Bank.
- It provides a global audience with the latest and most accurate estimates on trends in global poverty and shared prosperity.

## Nobel Prize in Economics

### Context

- The Nobel Prize 2020 in Economic Sciences was awarded to **Paul R. Milgrom and Robert B. Wilson** for improvements to auction theory and inventions of new auction formats.

### About their work

- They **studied how auctions work**. They also used their insights to design new auction formats for goods and services that are difficult to sell in a traditional way, such as radio frequencies.
- They showed why **rational bidders tend to place bids below their own best estimate** of the common value which could mean the item goes for less than it's worth and perhaps not to the buyer who most wants it, neither of which is supposed to happen if the auction is working properly.

## Diversion of CESS of GST

### Context

- The CAG has found that the Union government in the very first two years of the GST implementation wrongly retained Rs 47,272 crore of GST compensation cess that was meant to be used specifically to compensate states for loss of revenue.

### CAG Comment

- It flagged that the amount was to be credited to the non-lapsable GST Compensation Cess collection fund for payment to states for loss of revenue due to implementation of GST since 2017, but the government did not do so, and thus violated the GST law.
- The GST Compensation Cess Act, 2017 provides for levy of cess for the purpose of providing compensation to the states for loss of revenue arising due to implementation of GST for a period specified in the Act.
- CAG said out of the Rs 62,612 crore GST Compensation Cess collected in 2017-18, Rs 56,146 crore was transferred to the non-lapsable fund.
- In the following year (2018-19), Rs 54,275 crore out of Rs 95,081 crore collected was transferred to the fund.

### About CESS

- A cess is an earmarked tax that is collected for a specific purpose and ought to be spent only for that.
- Every cess is collected after Parliament has authorised its creation through an enabling legislation that specifies the purpose for which the funds are being raised.
- Article 270 of the Constitution allows cess to be excluded from the purview of the divisible pool of taxes that the Union government must share with the States.

## CCESS levied by Government

- A report titled Cesses and Surcharges: Concept, Practice and Reforms since 1944, prepared by the Vidhi Centre for Legal Policy in August 2018 pointed to 42 cesses that have been levied at various points in time since 1944.
- Post Independence, the cess taxes were linked initially to the development of a particular industry, including a salt cess and a tea cess in 1953.
- The introduction of the GST in 2017 led to most cesses being done away with and as of August 2018, there were only seven cesses that continued to be levied.

## Role of CESS

- As the Vidhi Centre for Legal Policy report observed, the share of revenue to the Centre's annual tax kitty from cess had risen to 11.88% of the estimated gross tax receipts in 2018-19, from 6.88% in 2012-13.

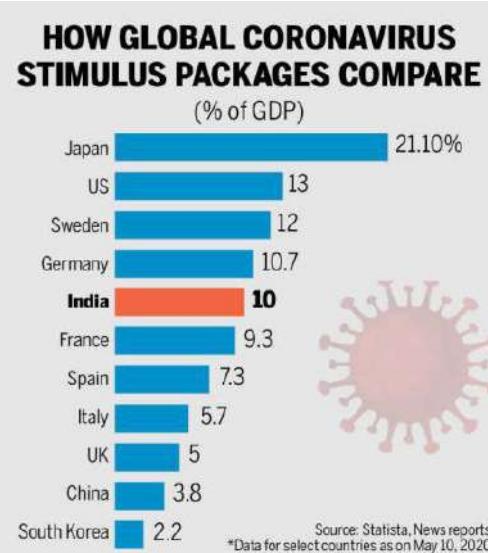
## Selling of G-Secs

### Context

- The Reserve Bank of India (RBI) has announced the simultaneous purchase and sale of Government of India securities (G-secs) for ₹10,000 crores each under the open market operations (OMO).

### About Government of India Securities (G-Sec):

- A Government Security (G-Sec) is a tradeable instrument issued by the Central Government or the State Governments. It acknowledges the Government's debt obligation.
- Such securities are short term (usually called treasury bills, with original maturities of less than one year) or long term (usually called Government bonds or dated securities with an original maturity of one year or more).
- In India, the Central Government issues both, treasury bills and bonds or dated securities.
- The State Governments issue only bonds or dated securities, which are called the State Development Loans (SDLs).
- G-Secs carry practically no risk of default and, hence, are called risk-free gilt-edged instruments.

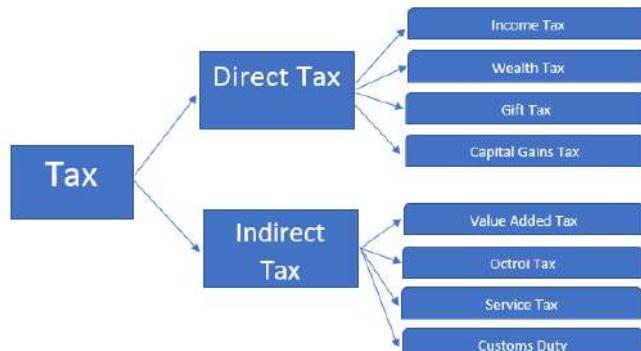


## Transparent Taxation – Honouring the Honest Context

- Launching of the platform “Transparent Taxation – Honouring the Honest”
- It provides faceless assessment, faceless appeal and a taxpayers’ charter.

### About Faceless Assessment

- Random scrutiny of returns of a taxpayer by tax officer
- Do away the need for any face-to-face contact between the taxpayer and tax official



### About Faceless Appeal

- Available to all citizens from September 25 (Deen Dayal Upadhyaya’s birth anniversary)
- Allow the taxpayer to appeal against a tax official’s decision without the need of making a physical representation.

### About Taxpayer's charter

- Outlines the rights and duties of an honest taxpayer.
- Defines the commitment of the tax department and the expectations from the taxpayers

## Atmanirbhar (Self-Reliant) Bharat

### Context

- Prime Minister announced a special economic package and gave a clarion call for *Atmanirbhar (Self-Reliant) Bharat*.

### The Five phases of Atmanirbhar Bharat

- Phase-I: Businesses including MSMEs
- Phase-II: Poor, including migrants and farmers
- Phase-III: Agriculture
- Phase-IV: New Horizons of Growth
- Phase-V: Government Reforms and Enablers

# THE IAS GAZETTE

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Stimulus provided by announcements in Part-3

SN	ITEM	(Rs. Cr.)
1.	Food Micro enterprises	10,000
2.	Pradhan Mantri Matsya Sampada Yojana	20,000
3.	TOP to TOTAL: Operation Greens	500
4.	Agri Infrastructure Fund	1,00,000
5.	Animal Husbandry Infrastructure Development Fund	15,000
6.	Promotion of Herbal Cultivation	4,000
7.	Beekeeping Initiative	500
	Sub-Total	1,50,000

Stimulus provided by announcements in Part-4 and Part-5

SN	ITEM	(Rs. Cr.)
<sup>1</sup>	Viability Gap Funding	8,100
<sup>2</sup>	Additional MGNREGS allocation	40,000
	Sub-Total	48,100

Stimulus provided by announcements in Part-1

SN	ITEM	(Rs. Cr.)
1.	Emergency W/C Facility for Businesses, incl MSMEs	3,00,000
2.	Subordinate Debt for Stressed MSMEs	20,000
3.	Fund of Funds for MSME	50,000
4.	EPF Support for Business & Workers	2800
5.	Reduction in EPF rates	6750
6.	Special Liquidity Scheme for NBFC/HFC/MFIs	30,000
7.	Partial credit guarantee Scheme 2.0 for Liabilities of NBFCs/MFIs	45,000
8.	Liquidity Injection for DISCOMs	90,000
9.	Reduction in TDS/TCS rates	50,000
	Sub Total	5,94,550

Stimulus provided by announcements in Part-2

SN	ITEM	(Rs. Cr.)
1.	Free Food grain Supply to Migrant Workers for 2 months	3500
2.	Interest Subvention for MUDRA Shishu Loans	1500
3.	Special Credit Facility to Street Vendors	5000
4.	Housing CLSS-MIG	70,000
5.	Additional Emergency Working Capital through NABARD	30,000
6.	Additional credit through KCC	2,00,000
	Sub-Total	3,10,000

## Emergency Credit Line Guarantee Scheme

### Context

- The Union Cabinet approved funding of up to Rs. three lakh crores to eligible MSMEs and interested MUDRA borrowers by way of "Emergency Credit Line Guarantee Scheme."

## Funding

- Corpus of Rs. 41,600 crores shall be provided by the Government of India spread over the current and the next three financial years.

## The Emergency Credit Line Guarantee Scheme (ECLGS)

### Aims

- To mitigate the impact of COVID-19 on activities of MSME sector, the Scheme will provide additional funding of up to Rs. 3 lakh crores in the form of a fully guaranteed emergency credit line.

### Objectives

- Provide an incentive to Member Lending Institutions (MLIs), i.e., Banks, Financial Institutions (FIs) and Non-Banking Financial Companies (NBFCs)
- Increase access to lending institutions, and enable the availability of additional funding facility to MSME borrowers.

## The salient features of the Scheme include

- All MSME borrower accounts with outstanding credit of up to Rs. 25 crores as on 29.2.2020 and MSMEs with SMA 0 and SMA 1 accounts and MSMEs with Annual turnover of up to Rs. 100 crores are eligible for GECL funding under the Scheme.
- Total funding (loans) would be up to 20% of their entire outstanding credit up to Rs. 25 crores as on 29th February 2020.
- The entire funding provided under GECL shall be provided with a 100% credit guarantee to lending institutions.
- Tenor of loan under Scheme shall be four years with moratorium period of one year on the principal amount.
- No Guarantee Fee shall be charged by NCGTC from the Member Lending Institutions (MLIs) under the Scheme.
- Interest rates under the Scheme shall be capped at 9.25% for banks and FIs, and at 14% for NBFCs.

## Implementation schedule

- The Scheme would be applicable to all loans sanctioned under GECL during the period from the date of announcement of the Scheme to 31.10.2020, or till an amount of Rs three lakh crores is sanctioned under the GECL, whichever is earlier.

## New Definition of Micro ,Small and Medium Enterprises

### Context

- Definition of MSMEs has been revised. MSMEs were earlier defined in terms of investment in plant and machinery.

### Criticism on this criterion

- This criterion was criticised because credible and precise details of investments were not easily available to authorities.

Earlier and Revised Definition of MSMEs			
Earlier MSME Classification			
<b>Criteria:</b> Investment in Plant & Machinery or Equipment			
Classification	Micro	Small	Medium
Manufacturing Enterprises	Investment < ₹ 25 lac	Investment < ₹ 5 cr.	Investment < ₹ 10 cr.
Services Enterprise	Investment < ₹ 10 lac	Investment < ₹ 2 cr.	Investment < ₹ 5 cr.
Revised MSME Classification			
<b>Composite Criteria:</b> Investment and Annual Turnover			
Classification	Micro	Small	Medium
Manufacturing & Services	Investment < ₹ 1 cr. & Turnover < ₹ 5 cr	Investment < ₹ 10 cr. & Turnover < ₹ 50 cr.	Investment < ₹ 20 cr. & Turnover < ₹ 100 cr.

## New definition

- **Change in criteria:** MSMEs will be defined not based on their investment alone but also their **turnover**.
- **Coverage:** The definition was different for **manufacturing and services**. Now the distinction between manufacturing and services units has been eliminated.
- Unit with up to Rs. 1 crores investment and Rs. 5 crores turnover will qualify as a **micro-unit**.
- Investment up to Rs. 10 crores and turnover up to Rs. 50 crores will qualify as a **small unit**.
- Investment up to Rs. 20 crores and turnover up to Rs. 100 crores will qualify as a **medium enterprise**.

## Significance of this move

- **The demand of industries met:** Industries were demanding to raise the investment level due to inflation over the years.
- **Identify false declarations:** There were units that leverage a small capital to post large revenues. Now such false claims will be difficult.
- **Growth:** Now MSMEs can grow by size and still get government benefits.
- **Improve ease of doing business:** Avoid unnecessary inspections as authorities can verify claims of businesses using the sales data.

**CHART 2: ESTIMATED NUMBER OF MSMEs (IN LAKH)**

Activity category	Rural	Urban	Total	Share
Manufacturing	114.14	82.50	196.65	31%
Trade	108.71	121.64	230.35	36%
Other services	102.00	104.85	206.85	33%
Electricity*	0.03	0.01	0.03	—
<b>All</b>	<b>324.88</b>	<b>309.00</b>	<b>633.88</b>	<b>100%</b>

\*Non-captive electricity generation and transmission

**CHART 3: ESTIMATED EMPLOYMENT IN MSME SECTOR (IN LAKH)**

Broad activity category	Rural	Urban	Total	Share
Manufacturing	186.56	173.86	360.41	32%
Trade	160.64	226.54	387.18	35%
Other services	150.53	211.69	362.22	33%
Electricity*	0.06	0.02	0.07	—
<b>All</b>	<b>497.78</b>	<b>612.10</b>	<b>1109.89</b>	<b>100%</b>

\*Non-captive electricity generation and transmission

## Fuel Pricing in India

### Context

- Despite rapid reductions in fuel prices in the global market, the Indian Government unlikely to cut fuel prices in India.

### How fuel is priced in India

- Historically, the price of petrol and diesel in India was regulated, i.e. the government was involved in deciding the retail price.
- The government deregulated the pricing of petrol in 2010 and diesel in 2014. This allowed oil marketing companies to determine the price of these products.
- Now prices for petrol and diesel are **revised daily**.
- **Taxation: Petroleum** has been kept outside the purview of the Goods and Services Tax
- The central government has the power to tax the production of petroleum products, while states have the power to tax their sale.

### Criticism of the pricing mechanism

#### Consumer always loses

- When the prices of oil in the international market increase, prices have been transferred to the customer.
- When the prices of oil in the international market decrease, governments are increasing the taxes and keeping the oil price high.

### Current situation

- Crude prices reduced from an average of about \$55 per barrel in February to \$35 in early March and then falling to \$20 by the end of March 2020.
- However, there was no change in actual prices in India. As Excise duty on fuels was hiked by the Centre twice. States also increased taxes.

### Highest tax in the world

- Before the increase in excise duty (in February 2020), the government, center plus states was collecting around 107 percent taxes, (Excise Duty and VAT) on the base price of petrol and 69 percent in the case of diesel.
- With the second revision in excise duty in May, the government is collecting around 260 percent taxes, (Excise Duty and VAT) on the base price of petrol and 256 percent in the case of diesel (as on 6th May 2020)
- In comparison, taxes on fuels as a percentage of pump prices were around 65 percent of the retail price in Germany and Italy, 62 percent in the UK, 45 percent in Japan, and under 20 percent in the US.

## Excise duty

### Context

- The government recently hiked excise duty by a record Rs.10 per liter on petrol and Rs. 13 per liter

### Details

- Excise duty is a form of tax imposed on goods for their production, licensing and sale.
- It is an **indirect tax** paid to the Government of India by producers of goods.
- Excise duty is the **opposite of Customs duty** in that it applies to goods manufactured domestically in the country, while Customs is levied on those coming from outside of the country.
- At the central level, excise duty earlier used to be levied as Central Excise Duty, Additional Excise Duty, etc. However, the Goods and Services Tax (GST), introduction in July 2017, subsumed many types of excise duty. Today, **excise duty applies only on petroleum and liquor**.
- Excise duty was levied on manufactured goods and levied at the time of removal of goods, while GST is levied on the supply of goods and services.
- After GST was introduced, excise duty was replaced by central GST because excise was levied by the central government. The revenue generated from CGST goes to the central government.

## Global Multidimensional Poverty Index (MPI)

### Context

- It was released by the United Nations Development Programme (UNDP) and the Oxford Poverty and Human Development Initiative (OPHI).

### Findings of the report

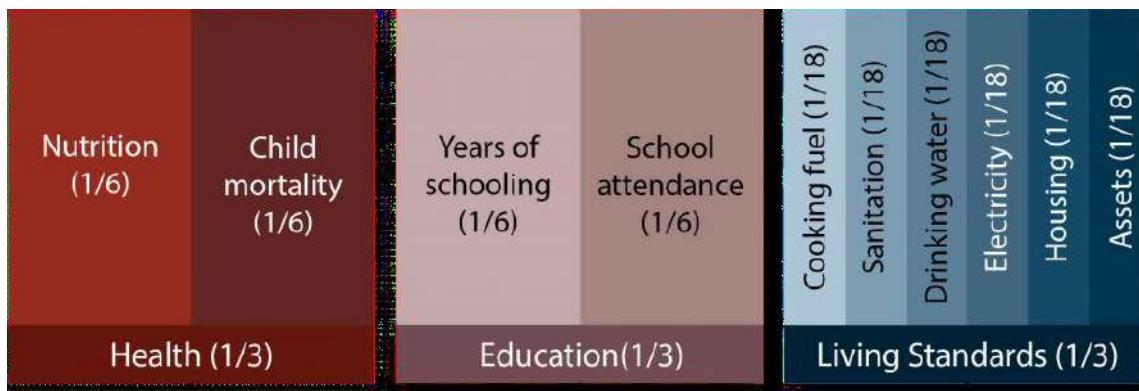
- It shows that 65 out of 75 countries studied significantly reduced their multidimensional poverty levels between 2000 and 2019.
- Sierra Leone made the fastest progress in reducing their global MPI value. It is one of seven Sub-Saharan African countries in the top ten fastest-moving countries, alongside Côte D'Ivoire, Guinea, Liberia, Mauritania, Rwanda, Sao Tome and Principe.
- India saw the most people moving out of multidimensional poverty – some 270 million people between 2005/6 and 2015/16. 70 million people in China left multidimensional poverty between 2010 and 2014. In Bangladesh, numbers declined by 19 million between 2014 and 2019.

### Effect of COVID

- COVID-19 is having a profound impact on the development landscape. But this data - from before the pandemic - is a message of hope. Past success stories on how to tackle the many ways people experience poverty in their daily lives, can show how to build back better and improve the lives of millions.
- While data is not yet available to measure the rise of global multidimensional poverty after the pandemic, simulations for 70 countries in the developing world suggests how much impact the crisis could have unless it is addressed.

## About the index

- The global Multidimensional Poverty Index (MPI) is an international measure of acute multidimensional poverty covering over 100 developing countries.
- It complements traditional monetary poverty measures by capturing the acute deprivations in health, education, and living standards that a person faces simultaneously.



## Periodic Labour Force Survey

### Context

- Periodic Labour Force Survey (PLFS), released by the Ministry of Statistics and Programme Implementation.

### What is PLFS?

- PLFS is India's first computer-based survey, which gives estimates of key employment and unemployment indicators like the labour force participation rate, worker population ratio, proportion unemployed and unemployment rate in **rural households annually** and on a **quarterly basis for the urban households**.
- The PLFS also gives the distribution of educated and unemployed people, which can be used as a basis for skilling of youth to make them more employable by industry.
- The labour force is defined as people, who are working, or seeking work or available for work. Its participation rate is the percentage of the labour force in the population.
- The unemployment rate is the percentage of people without work within the labour force.

### Key Findings

- India's unemployment rate fell between July 2018 and June 2019 to 5.8% from 6.1% during the same period of 2017-18, even as the labour force participation rate rose to 37.5% from 36.9%.
- The worker population ratio also increased, to 35.3% as against 34.7% in the 2017-18.
- Urban unemployment rate reduced to 7.7% in 2018-19 from 7.8% and in rural India to 5% from 5.3%.
- Female participation rate improved in both urban and rural India during the period under review, going up to 18.6% in 2018-19 from 17.5% the year before.

### Challenges

- To retain the falling trend in unemployment rate in 2019-20, which has witnessed a long nationwide lockdown between March and June to prevent the spread of Covid-19, resulting in job losses across sectors.

## BANKING

### Bad bank

- A bad bank conveys the impression that it will **function as a bank** but has **bad assets to start with**.
- Technically, a bad bank is an **asset reconstruction company (ARC)** or an asset management company that **takes over the bad loans of commercial banks, manages them and finally recovers the money over a period of time**.
- The bad bank is **not involved in lending and taking deposits**, but helps commercial banks clean up their **balance sheets and resolve bad loans**.

- The takeover of bad loans is **normally below the book value** of the loan and the bad bank tries to recover as much as possible subsequently.

Categories of NPA	Criteria
Non-Performing Assets	Principle or Interest remained overdue for 90 days
Substandard Assets	Assets as NPAs for 12 months or less
Doubtful Assets	Substandard assets for 12 months or less
Loss Assets	Loss identified by the bank or the RBI, loan has not been completely written off

## NPA

- Non-Performing assets (NPAs) are recorded on a bank's balance sheet after a prolonged period of non-payment by the borrower.
- NPAs place financial burden on the lender; a significant number of NPAs over a period of time may indicate to regulators that the financial health of the bank is in jeopardy.
- NPAs can be classified as a substandard asset, doubtful asset, or loss asset, depending on the length of time overdue and probability of repayment.

## Bank Investment Company (BIC)

### Context

- With the RBI raising concern over the issuance of zero coupon bonds for recapitalization of public sector banks (PSBs), the Finance Ministry is examining other avenues for affordable capital infusion including setting up of a Bank Investment Company (BIC).

### Details

- Setting up a BIC as a holding company or a core investment company was **suggested by the PJ Nayak Committee** in its report on '**Governance of Boards of Banks in India**'.
- The report recommended **transferring shares of the government in the banks to the BIC** which would become the **parent holding company** of all these banks, as a result of this, all the PSBs would become 'limited' banks.
- BIC will be **autonomous** and it will have the **power to appoint the board of directors** and make other policy decisions about subsidiaries.
- The idea of BIC, which will serve as a **super holding company**, was also discussed at the first **Gyan Sangam bankers' retreat organized in 2014**.
- It would also look at **alternative ways of raising capital** such as the sale of non-voting shares in a bid to garner affordable capital.

## EBITDA

### Context

- BSNL & MTNL turns EBITDA positive within 1 year of approval of revival plan by Union Cabinet. Both organizations expect to reduce their losses by 50% when compared to 2019-20.

### About EBITDA

- EBITDA, or earnings before interest, taxes, depreciation, and amortization, is a measure of a company's overall financial performance and is used as an alternative to net income in some circumstances.
- EBITDA is essentially net income (or earnings) with interest, taxes, depreciation, and amortization added back.
- EBITDA can be used to analyze and compare profitability among companies and industries, as it eliminates the effects of financing and capital expenditures.
- EBITDA is often used in valuation ratios and can be compared to enterprise value and revenue.
- $EBITDA = \text{Net Income} + \text{Interest} + \text{Taxes} + D + A$  where: D=Depreciation A=Amortization.

## Section 32A of the Insolvency and Bankruptcy Code (IBC)

### Context

- The Supreme Court in its judgment upholds the validity of Section 32 A of the Insolvency and Bankruptcy Code (IBC).

## Supreme Court Judgment

- The Supreme Court held that the successful bidders for a corporate debtor under the Insolvency and Bankruptcy Code (IBC) would be **immune from any investigations being conducted either by any investigating agencies** such as the Enforcement Directorate (ED) or other statutory bodies such as Securities and Exchange Board of India (SEBI).
- In its judgment, the apex court, while upholding the validity of Section 32 A of IBC, said it was **important for the IBC to attract bidders who would offer reasonable and fair value for the corporate debtor** to ensure the timely completion of corporate insolvency resolution process (CIRP).
- The extinguishment of the criminal liability of the corporate debtor is apparently important to the new management to make a clean break with the past and start on a clean slate.

## Legal Entity Identifier (LEI) System

### Context

- The **Reserve Bank of India (RBI)** has decided to introduce the Legal Entity Identifier (LEI) system for **all payment transactions of value ₹50 crore and above** undertaken by entities using the Reserve Bank-run Centralised Payment Systems with effect from April 1.

### About Legal Entity Identifier (LEI) system

- LEI is a 20-digit number used to uniquely identify parties to financial transactions worldwide.
- It was conceived as a key measure to improve the quality and accuracy of financial data systems for better risk management post the global financial crisis.
- RBI has asked member banks participating in Real Time Gross Settlement (RTGS) and National Electronic Funds Transfer (NEFT) to advise entities who undertake large value transactions (₹50 crore and above) to obtain LEI in time.
- Member banks should include remitter and beneficiary LEI information in RTGS and NEFT payment messages.
- Entities can obtain LEI from any of the Local Operating Units (LOUs) accredited by the Global Legal Entity Identifier Foundation (GLEIF), the body tasked to support the implementation and use of LEI.
- In India, LEI can be obtained from Legal Entity Identifier India Ltd. (LEIL), which is also recognised as an issuer of LEI by the Reserve Bank under the Payment and Settlement Systems Act, 2007.

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## Payment infra development fund Scheme

### Context

- The Reserve Bank of India (RBI) announced the operationalization of the **payment infrastructure development fund (PIDF) scheme**, which is intended to subsidies deployment of payment acceptance infrastructure in **tier-3 to tier-6 centers**, with a special focus on the north-eastern states of the country.

### Details

- The fund will be operational for **three years** effective from **January 1, 2021** and may be extended for two more years.
- The PIDF presently has a **corpus of Rs 345 crore**, with Rs 250 crore contributed by the RBI and Rs 95 crore by the major authorised card networks in the country.
- The authorised card networks shall contribute in all **Rs 100 crore**.
- The **card issuing banks shall also contribute** to the corpus based on the card issuance volume — covering both debit and credit cards — at the rate of `1 and `3 per debit and credit card issued by them, respectively.
- PIDF shall also receive **annual contributions from card networks and card issuing banks**.
- As the cost structure of acceptance devices vary, subsidy amounts shall accordingly differ by the type of payment acceptance device deployed.

## Targeted long-term repo operation (TLTRO)

### Context

- RBI will conduct **'on-tap'** targeted long-term repo operation (TLTRO) for a total amount of up to **₹ 1 lakh crore** can help push up credit growth, according to experts.
- This will open up more investment opportunities for banks, according to State Bank of India's research report —Ecowrap.
- The TLTRO will be for up to three years and for a total amount of up to Rs 1 trillion at a floating rate linked to the policy repo rate for banks.
- The sectors which could benefit from this move include construction, real estate, and microfinance. RBI will provide these funds under on-tap targeted long-term repo operations (TLTRO) at a floating rate linked to the policy rate for up to three years. At present, the repo rate is 4 percent.

### Importance for the economy

- LTROs provide banks with access to cheaper capital from the RBI. This, in turn, encourages them to lend more and spur economic activity.
- They can also invest these long-term funds in assets that yield better returns to improve profitability.
- As banks provide government securities as collateral, the demand for such government bonds increases and helps in lowering yield.

### About LTRO

- LTRO lets banks borrow one to three-year funds from the central bank at the repo rate, by providing government securities with similar or higher tenure as collateral.
- Targeted Long-Term Repo Operations (TLTRO), banks can invest in specific sectors through debt instruments (corporate bonds, commercial papers, and non-convertible debentures (NCDs)) to push the credit flow in the economy.
- It is called 'Targeted' LTRO as in this case, the central bank wants banks opting for funds under this option to be specifically invested in investment-grade corporate debt.
- This helps banks get funds for a longer duration as compared to the short-term (up to 28 days) liquidity provided by the RBI through other tools such as liquidity adjustment facility (LAF) and marginal standing facility (MSF).

## Kamath Panel Report

### Context

- The Supreme Court asked the Union government and the Reserve Bank of India (RBI) about the steps taken to implement the K.V. Kamath Committee report on recommendations to bail out sectors affected by the COVID-19 stress.

### About the report

- The Kamath committee has recommended to take into account five specific financial ratios and sector-specific thresholds for each ratio in respect of 26 sectors while finalising the resolution plans.
- The RBI-appointed committee suggested that lenders consider at least five financial parameters before taking a decision on restructuring.
  - Total outside liabilities / adjusted tangible net worth
  - Total debt/Ebitda Current ratio
  - Current Ratio
  - Debt service coverage ratio
  - Average debt service coverage ratio

## Additional Tier-1 Bonds

### Context

- Market regulator Securities and Exchange Board of India (SEBI) tightened its regulations of additional tier-1 bonds or AT-1 bonds and ensured that these risky instruments are less accessible to retail investors.

### About the regulations

- It was done by ensuring that banks can issue these bonds only on electronic platforms, only institutional investors could subscribe to them, and introduced a minimum allotment size and trading lot size of ₹ 1 crore.
- This change in the regulation comes after several mutual funds and retail investors were caught on the wrong foot while investing in additional tier-1 bonds of Yes Bank.
- SEBI stated that issuing AT1 bonds must be done compulsorily on the electronic book provider platform.
- Issuers and stock exchanges have to ensure that only qualified institutional buyers are issued these bonds.
- Minimum allotment and trading lot size shall be Rs 1 crore.
- AT1 Bonds:
  - Also known as perpetual non-cumulative preference shares, innovative perpetual debt instruments, and perpetual debt instruments. Typically, these are issued by banks to augment their capital base.
- Need:
  - In March, several investors were caught off guard after the Reserve Bank of India (RBI) proposed writing down AT1 bonds issued by the troubled YES Bank, forcing bondholders to take a 100-per cent haircut and leading to losses of over Rs 10,000 crore.

### About SEBI

- The Securities and Exchange Board of India (SEBI) is the regulator of the securities and commodity market in India owned by the Government of India.
- It was established on 12 April 1988 and given Statutory Powers on 30 January 1992 through the SEBI Act, 1992.
- SEBI has to be responsive to the needs of three groups, which constitute the market:
  - issuers of securities
  - investors
  - market intermediaries
- SEBI has three functions rolled into one body: quasi-legislative, quasi-judicial and quasi-executive.
- SEBI has been vested with the following powers:
  - to approve by-laws of Securities exchanges.
  - to require the Securities exchange to amend their by-laws.
  - inspect the books of accounts and call for periodical returns from recognised Securities exchanges.
  - inspect the books of accounts of financial intermediaries.

- compel certain companies to list their shares in one or more Securities exchanges.
- registration of Brokers and sub-brokers

## Doorstep Banking Services and EASE 2.0 Index Results

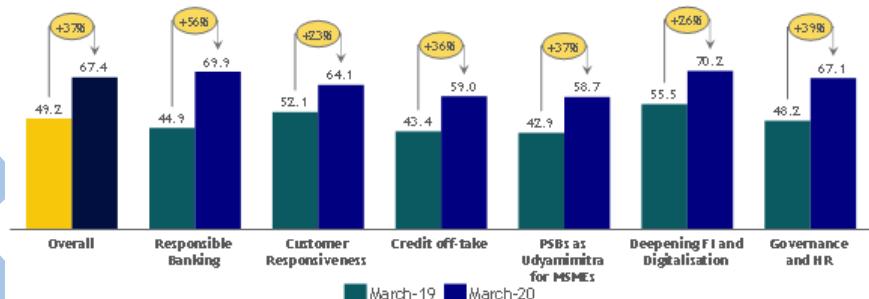
### Doorstep Banking Services by PSBs

- As part of the EASE Reforms, Doorstep Banking Services is envisaged to provide the convenience of banking services to the customers at their doorstep through the universal touchpoints of Call Centre, Web Portal or Mobile App.
- The services shall be rendered by the Doorstep Banking Agents deployed by the selected Service Providers at 100 centres across the country.
- At present only non-financial services are available to customers.
- The services shall benefit all customers, particularly Senior Citizens and Divyans who would find it at ease to avail these services.

### Performance of PSB on Enhanced Access and Service Excellence 2.0 Index

- EASE Agenda is aimed at institutionalizing clean and smart banking.
- It was launched in January 2018.
- The overall score of PSBs increased by 37% between March-2019 and March-2020, with the average EASE index score improving from 49.2 to 67.4 out of 100.
- Significant progress is seen across six themes of the Reforms Agenda, with the highest improvement seen in the themes of 'Responsible Banking', 'Governance and HR', 'PSBs as Udyammitra for MSMEs', and 'Credit off-take'.
- Bank of Baroda, State Bank of India, and erstwhile Oriental Bank of Commerce were felicitated for being the top three in the 'Top Performing Banks' category.
- **Bank of Maharashtra, Central Bank of India & erstwhile Corporation Bank were awarded in the 'Top Improvers' category basis EASE 2.0 Index.**
- Punjab National Bank, Union Bank of India, and Canara Bank were also recognized for outstanding performance in select themes.
- **The Index measures the performance of each PSB on 120+objective metrics across six themes.**
- It provides all PSBs with a comparative evaluation showing where banks stand vis-à-vis benchmarks and peers on the Reforms Agenda.
- The Index follows a fully transparent scoring methodology, which enables banks to identify precisely their strengths as well as areas for improvement.
- The goal is to continue driving change by spurring healthy competition among PSBs and by encouraging them to learn from each other.

**Strong progress across themes**



Note: Average scores out of 100. Mar-19 baseline scores revised to ensure comparability

## Pradhan Mantri Jan-Dhan Yojana

### Context

- Pradhan Mantri Jan-Dhan Yojana (National Mission for Financial Inclusion, completes six years of successful implementation.

### Basic tenets of the scheme

- **Banking the unbanked** - Opening of basic savings bank deposit (BSBD) account with minimal paperwork, relaxed KYC, e-KYC, account opening in camp mode, zero balance & zero charges

- **Securing the unsecured** - Issuance of Indigenous Debit cards for cash withdrawals & payments at merchant locations, with free accident insurance coverage of Rs. 2 lakh
- **Funding the unfunded** - Other financial products like micro-insurance, overdraft for consumption, micro-pension & micro-credit

### Initial Features

The scheme was launched based upon the following 6 pillars:

- Universal access to banking services – Branch and BC
- Basic savings bank accounts with overdraft facility of Rs. 10,000/- to every household
- Financial Literacy Program- Promoting savings, use of ATMs, getting ready for credit, availing insurance and pensions, using basic mobile phones for banking
- Creation of Credit Guarantee Fund – To provide banks some guarantee against defaults
- Insurance – Accident cover up to Rs. 1,00,000 and life cover of Rs. 30,000 on account opened between 15 Aug 2014 to 31 January 2015
- Pension scheme for Unorganized sector

### Extension of PMJDY with New features

- The Government decided to extend the comprehensive PMJDY program beyond 28.8.2018 with some modifications
- **Focus shift from 'Every Household' to Every Unbanked Adult'**
- **RuPay Card Insurance** - Free accidental insurance cover on RuPay cards increased from Rs. 1 lakh to Rs. 2 lakh for PMJDY accounts opened after 28.8.2018.
- Enhancement in overdraft facilities - OD limit doubled from Rs 5,000/- to Rs 10,000/-; OD upto Rs 2,000/- (without conditions).
- Increase in upper age limit for OD from 60 to 65 years

### Achievements:

Bank Name / Type	Number of Beneficiaries at rural/semi-urban centre bank branches	Number of Beneficiaries at urban metro centre bank branches	Number of Total Beneficiaries	Deposits in Accounts(In Crore)
Public Sector Banks	18.54	13.06	31.60	101916.67
Regional Rural Banks	6.08	0.89	6.96	25640.91
Private Sector Banks	0.69	0.57	1.26	4018.50
<b>Grand Total</b>	<b>25.31</b>	<b>14.52</b>	<b>39.82</b>	<b>131576.08</b>

- More than 40.35 crore beneficiaries banked under PMJDY since inception, amounting to Rs. 1.31 lakh crore.
- 63.6% Rural PMJDY accounts; 55.2% Women PMJDY account.
- **Under PM Garib Kalyan Yojana, a total of Rs. 30,705 crore** have been credited in accounts of women PMJDY account holders during April-June, 2020.
- **About 8 crore PMJDY accountholders receive Direct Benefit Transfer (DBT)** from the Government under various schemes.

### About Priority Sector Lending

- Development of Key sectors on priority basis for the development of the basic needs of the country.

### Guidelines of Priority Sector Lending

- 40% of total credit – Priority Sector
- 10% - Weaker Section
- 18% - Marginal and Small Farmers
- 5% - Micro Enterprises

- Included Categories under Priority Sector: Agriculture , Micro, Small and Medium Enterprises (MSME) , Export Credit , Education , Housing , Social Infrastructure , Renewable Energy , Others.

### Priority Sector Lending Certificates:

- Mechanism to enable banks to achieve the priority sector lending target and sub-targets by purchase of these instruments in the event of shortfall.
- Incentivizes surplus banks as it allows them to sell their excess achievement over targets.

### About Monetary Policy Committee

About	<ul style="list-style-type: none"> <li>Statutory in nature</li> <li>Created in 2016 by Amendment in RBI act-1934.</li> </ul>
Objective	<ul style="list-style-type: none"> <li>Price Stability</li> <li>Mind the Objective of Growth</li> </ul>
Task	<ul style="list-style-type: none"> <li>Fixes the Repo rate</li> <li>Maintain inflation level within 4+- 2%.</li> </ul>
Meeting	<ul style="list-style-type: none"> <li>Six Times in a Year</li> </ul>
Composition	<ul style="list-style-type: none"> <li>Total 6 Members</li> <li>3 Nominated by the Government</li> <li>3 From RBI</li> </ul>
Chairperson	<ul style="list-style-type: none"> <li>RBI Governor</li> </ul>
Term	<ul style="list-style-type: none"> <li>4 years</li> </ul>
Remarks	<ul style="list-style-type: none"> <li>No Government official can be member of it.</li> <li>No Veto Power with RBI Governor</li> <li>Will Have the casting vote in case of tie</li> </ul>
Available Tools	<ul style="list-style-type: none"> <li><b>Quantitative:</b> Open Market Operations, Bank Rate, Repo Rate, Reverse Repo Rate, Cash Reserve Ratio, Statutory Liquidity Ratio, Marginal standing facility and Liquidity Adjustment Facility (LAF)</li> <li><b>Qualitative:</b> refer to direct action, change in the margin money and moral suasion</li> </ul>

## Insolvency & Bankruptcy Board of India (IBBI) Amendments Context

- The Insolvency and Bankruptcy Board of India (IBBI) notified the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) (Fourth Amendment) Regulations, 2020.

### Proposed Amendment

- After evaluation of all compliant resolution plans as per evaluation matrix, the committee of creditors shall vote on all compliant resolution plans simultaneously.
- The resolution plan, which receives the highest votes, but not less than sixty-six percent of voting share, shall be considered as approved.

### About IBC code

Year of Enactment	2016
Regulator	<ul style="list-style-type: none"> <li>Insolvency and Bankruptcy Board of India</li> <li>10 Member Board</li> <li>Has RBI and Government representation</li> </ul>
Entities created	<ul style="list-style-type: none"> <li>Insolvency Professional Agencies (IPAs); Insolvency</li> <li>Resolution Professionals (IRPs);</li> <li>Information Utilities</li> </ul>
Adjudicators	<ul style="list-style-type: none"> <li>National Company law tribunal for                             <ul style="list-style-type: none"> <li>Corporate entities and LLP etc.</li> </ul> </li> <li>Debt Recovery Tribunal for                             <ul style="list-style-type: none"> <li>For non-corporate entities such as individuals, partnership funds etc.</li> </ul> </li> </ul>

Required Time	<ul style="list-style-type: none"> <li>180 days to resolve insolvency</li> <li>270 days in specific circumstances</li> </ul>
Due Sharing ( Sharing of the Proceeds received after liquidation with the different claimants)	<ul style="list-style-type: none"> <li>Cost of Insolvency Process</li> <li>Workers, Secured Creditors</li> <li>Employee Wages</li> <li>Unsecured Creditors</li> <li>Government due</li> <li>Any other remaining debt</li> </ul> <p>(This remains the order of Priority)</p>
About the Different Entities	
Information Utilities	<ul style="list-style-type: none"> <li>Process the financial information needed for the bankruptcy process</li> </ul>
Insolvency Professional	<ul style="list-style-type: none"> <li>To handle and proceed the bankruptcy process</li> </ul>
Insolvency Professional Agencies	<ul style="list-style-type: none"> <li>Provide code of conduct and rules to be followed by Insolvency Professional</li> </ul>

### Achievement of the Code

- Admission of the 1322 cases by the National Company Law Tribunal
- Disposition of the more than 4500 cases at pre-admission stage.
- Fear in the debtor of proceeding at National Company Law Tribunal leading to timely payment of debt
- Transparent procedure of the successful completion of debt resolution
- Enhanced the ease of doing business rank of India
- Average time taken for the resolution is within 270 days which is significant improvement from 3-4 years taken in earlier days.
- Improvement in the recovery rates for financial creditors
- 2017 amendment had allowed the treatment of homebuyers at par with financial creditors thus protecting the interest of homebuyers.

## Atal Pension Yojana

### Context

- Atal Pension Yojana (APY) has completed five years of successful implementation.

### APY Key Features

- Guaranteed monthly pension for subscribers, ranging from Rs. 1,000 to Rs. 5,000 per month.

### Government contribution

- The government of India (GoI) will also co-contribute 50% of the subscriber's contributions or Rs. 1,000 per annum, whichever is lower to each eligible subscriber, for a period of 5 years who joins the scheme in the period June 1 to December 31, 2015.
- The Government co-contribution is available for those who are **not covered** by any Statutory Social Security Schemes and is **not an Income Taxpayer**
- The benefit of five years of Government co-contribution under APY would not exceed 5 years for all subscribers including migrated Swavalamban beneficiaries.

### Benefits of APY

- Fixed pension for the subscribers ranging between Rs.1000 to Rs. 5000.
- The same pension is payable to Spouse after death of Subscriber.
- Contributions to APY are eligible for tax benefits similar to the **National Pension System (NPS)**.

### Eligibility for APY

- Indian citizen between 18 and 40 years of age having a valid bank account.
- Not members of any statutory social security scheme.
- Aadhaar number or undergo enrolment under Aadhaar authentication.

### Focus of APY

- Mainly targeted at unorganized sector workers.
- Enrollment and Subscriber Payment
- All bank account holders under the eligible category may join APY with auto-debit facility to accounts, leading to a reduction in contribution collection charges.

### Operational Framework of APY

- It is administered by the Pension Fund Regulatory and Development Authority (PFRDA).
- The Institutional Architecture of NPS would be utilized to enroll subscribers under APY.

### Funding of APY

- The government would provide a fixed pension guarantee for the subscribers.
- The government would also reimburse the promotional and development activities including an incentive to the contribution collection agencies to encourage people to join the APY.

### Achievements of the scheme

- The scheme has been implemented comprehensively across the country covering all states and Union Territories
- **Gender balance:** 43% female participation
- **Coverage:** total enrolment under the scheme stood at 2.23 crores

## Partial Credit Guarantee Scheme

### Context

- The Cabinet relaxed the norms of the Partial Credit Guarantee Scheme.

### About the scheme

- Partial Credit Guarantee Scheme to be offered by the Government of India (GoI) to Public Sector Banks (PSBs) for purchasing high-rated pooled assets from financially sound Non-Banking Financial Companies (NBFCs) / Housing Finance Companies (HFCs).
- Amount of overall guarantee being limited to first loss of up to 10 percent of fair value of assets being purchased by the banks under the Scheme, or Rs. 10,000 crores.
- The scheme would cover NBFCs/HFCs that may have slipped into Special Mention Accounts (SMA-0 category) during the one year prior to 1.8.2018, and asset pools rated "BBB+" or higher.
- The window for one-time partial credit guarantee offered by GoI will remain open till 30th June, 2020 or till such date by which Rs. 1,00,000 crores assets get purchased by the Banks, whichever is earlier.
- The scheme was announced **to address temporary liquidity/cash flow mismatch issues of otherwise solvent NBFCs/HFCs without them having to resort to distress sale of their assets for meeting their commitments.**
- The scheme would cover NBFCs/HFCs that may have slipped into SMA-0 category during the one year period prior to August 1, 2018, and asset pools rated "BBB+" or higher.

### Special Mention Accounts

- Special Mention Accounts are those assets/accounts that show symptoms of bad asset quality in the first 90 days itself or before it being identified as Non-Performing Asset.
- A SMA loan — divided into three baskets (0, 1 and 2) — is a classification brought in by the RBI

SMA Sub categories	Basis for classification
SMA-0	Principal or interest payment not overdue for more than 30 days but account showing signs of stress.
SMA-1	Principal or interest payment overdue between 31-60 Days.
SMA-2	Principal or interest payment overdue between 61-90 Days.

### Credit Rating

- It is an estimate of the ability of a person or organization to fulfill their financial commitments, based on previous dealings.

- Credit ratings convey the risk associated with buying a certain bond.
- Designations such as A, B, C. Higher grades are intended to represent a lower probability of default.
- "AAA" and "AA" (high credit quality) and "A" and "BBB" (medium credit quality) are considered investment grade. Credit ratings for bonds **below** these designations ("BB," "B," "CCC," etc.) are considered low credit quality, and are commonly referred to as "**junk bonds**."

## Marginal Cost of funds based Lending Rate (MCLR)

### Context

- Bank of India has decided to reduce MCLR by 25 bps across all tenors.

### Details

- It is the minimum interest rate that a bank can lend at.
- MCLR is **determined internally by the bank depending on the period left for the repayment of a loan**.
- Calculated based on four components:
  - Marginal cost of funds
  - Negative carry on account of cash reserve ratio
  - Operating costs and
  - Tenor premium.
- The Reserve Bank of India introduced the MCLR methodology for fixing interest rates from 1 April 2016. It replaced the base rate structure, which had been in place since July 2010.
- Under the MCLR regime, banks are free to offer all categories of loans on fixed or floating interest rates. The actual lending rates for loans of different categories and tenors are determined by adding the components of spread to MCLR.
- Banks review and publish MCLR of different maturities every month.

## P. K. Mohanty Committee

### Context

- The Reserve Bank of India (RBI) has constituted a five-member Internal Working Group to review extant ownership guidelines and corporate structure for Indian Private Sector Banks.

### About

- RBI Central Board Director P K Mohanty will head the committee, which will submit its report by 30th September, 2020.
- The panel has been asked
  - To review the extant licensing guidelines and regulations relating to ownership and control in Indian private sector banks and suggest appropriate norms;
  - To examine and review the eligibility criteria for individuals/ entities to apply for banking license;
  - To study the current regulations on holding of financial subsidiaries through non operative financial holding company (NOFHC) and suggest the manner of migrating all banks to a



- uniform regulation in the matter; and
- To examine the norms for promoter shareholding at the initial/licensing stage and subsequently, along with the timelines for dilution of the shareholding.

### Report Suggestions

- Recommended the guarded entry of corporates into the banking space.
- Conversion of big NBFCs into banks and hike in promoters' stake to 26 per cent from 15 per cent.
- The group also proposed a hike in minimum capital for new banks from Rs 500 crore to Rs 1,000 crore.
- The cap on promoters' stake in the long run – 15 years – may be raised from the current level of 15 per cent to 26 per cent of the paid-up voting equity share capital of the bank.

## Payments Infrastructure Development Fund

### Context

- The RBI has created a Payments Infrastructure Development Fund (PIDF)

### Aim

- To encourage acquirers to deploy Points of Sale (PoS) infrastructure – both physical and digital modes – in tier 3 to tier 6 centres and north-eastern states.

### More about the fund

- The RBI has made an initial contribution of Rs 250 crores covering half the fund. The remaining will come from the card issuing banks and card networks operating in the country.
- The fund will be governed through an advisory council but it will be managed and administered by the RBI.

### Need of the fund

- Over the years, payments ecosystem in the country has evolved with a wide range of options such as bank accounts, mobile phones, cards, etc. Hence, to provide further impetus to digitisation of payment systems, it is necessary to give impetus to acceptance infrastructure across the country, more so in underserved areas.
- The fund is also in line with the measures proposed by the vision document on payment and settlement systems in India 2019-2021.
- The enhanced ability of PoS infrastructure is supposed to reduce demand of cash over time. By 2021, there will be around 5 million active PoS by 2021.

## INFRASTRUCTURE

## SAATHEE Portal

### Context

- BEE launched the SAATHEE (State-wise Actions on Annual Targets and Headways on Energy Efficiency) portal.

### About the Portal

- It is a portal for the State Designated Agency (SDA) for state level activities in the energy conservation sphere.
- BEE developed the Management Information System (MIS) portal, with the main objectives of the web-portal being:
  - It will be useful in capturing the physical and financial status/ progress of Energy Efficiency activities being implemented by States/ UTs across the country.
  - It will facilitate real-time monitoring of the progress of implementation of all the Energy Efficiency and Energy Conservation endeavors.

### About BEE

- The Bureau of Energy Efficiency is an agency under the Ministry of Power under the provisions of the nation's 2001 Energy Conservation Act.
- The agency's function is to develop programs which will increase the conservation and efficient use of energy in India.

- It will also help in **decision making, coordination, control, analysis**, and implementation and enforcement of the compliance process for various energy consumers at the pan India level.
- This MIS portal would present the **physical and financial progress of SDAs** in the form of multiple reports and provide tracking of progress made by the SDAs

## Single-window clearance for coal

### Context

- The Union government has announced a new online single window clearance portal for the coal sector to **speed up the operationalization of coal mines**.

### Details

- A single window clearance portal is aimed at allowing **successful bidders for coal blocks to be able to obtain all required clearances**, including environmental and forest clearances, from a single portal with progress monitoring, instead of having to go to multiple authorities.
- The portal should allow successful bidders to **operationalize coal mines more quickly**.
- Presently, about **19 major approvals**, or clearances are required before starting the coal mine in the country.
- **Parivesh mechanism for forest and environment** related clearances would likely be merged into the single window clearance mechanism.

## Railways business development portal

### Context

- Railway Minister launched the freight business development portal.

### About the portal

- It is designed to **replace physical processes with online ones** to minimize the need of human-to-human interaction.
- For customers new to rail, the business development portal guides them to **search the most suitable terminal with detail** of various terminal facilities and logistics services available, assisting them to choose the right wagon, presenting the expected charges and estimated time for their planned freight transportation.
- Customers also get to know about **discount schemes, diversion, rebooking, and demurrage** and wharf age waivers, stacking permissions.
- They can also get to know about **rake allotments and pendency or maturity** of indents at various freight terminals.
- The website also has **specific pages for commodities** such as coal, minerals, food grain, flour and pulses, cement and clinker, chemical manure, iron and steel, petroleum products, container services and automobile, according to the official release.

## New Iron Ore Policy

### Context

- The Ministry of Railways rolled out a new iron ore policy governing allocation of rakes and transportation of iron ore.

### Details

- The Policy aims to attune it to the **present day needs of customers** and to meet the complete **requirement of transportation** of iron ore customers.
- It will provide total logistics support to the steel industry to meet the competitive challenges. The new policy has been named as **Iron-ore Policy 2021** and will come into effect from **10th February this year**.
- Iron-ore is the **second most important stream of traffic of Railways** and along with steel accounts for nearly **17 per cent of the total** one thousand 210 million tonne freight loading in 2019-20.
- The new policy is expected to have a positive impact on the steel industry, provide powerful impetus to the core sector of the economy and boost the country's economic growth.

## New Portal For Freight Transportation

### Context

- In a bid to provide a one-stop cargo solution for the transportation of goods, Indian Railways has launched a freight business development portal.

### Details

- According to a statement released by the Railway Ministry, the dedicated freight portal will ensure that **all operations stay customer-centric**, reduce the costs for logistics providers, provide the **online tracking facility for suppliers** and also **simplify the process of goods transportation**.
- The portal has been designed to **replace the physical process with an online way**, in order to minimize human interaction.
- A startup defined as an entity that is **headquartered in India**, which was opened **less than 10 years ago**, and has an **annual turnover less than Rs. 100 crore** (US\$14 million).
- The government has launched the **I-MADE program**, to help Indian entrepreneurs build **10 lakh (1 million) mobile app start-ups**, and the **MUDRA Bank's scheme** (Pradhan Mantri Mudra Yojana), an initiative which aims to provide micro-finance, **low-interest rate loans** to entrepreneurs from low socio economic backgrounds.
- Initial capital of **Rs. 20,000 crore** (equivalent to Rs. 230 billion or US\$3.2 billion in 2019) has been allocated for Startup India.
- It offers customer-centric incentive schemes to facilitate **logistic requirements, scheduled timetables movement** of cargo over Indian Railways network, live tracking, and monitoring of parcels.
- It also offers **investment opportunities for wagons**.

## Sagarmala Seaplane Services (SSPS)

### Context

- Ministry of Ports, Shipping and Waterways is initiating the process of commencing operations of the Seaplane services, on the select routes, under a Special Purpose Vehicle (SPV) framework through prospective airline operators.

### Details

- The project execution and implementation would be through **Sagarmala Development Company Ltd (SDCL)**, which is under the administrative control of the Ministry.
- Several destinations are envisaged for seaplane operations.
- The seaplanes services will be a game-changer providing a **supplementary means of faster and comfortable transportation** across the nation.
- Apart from providing air connectivity to various **remote religious/tourist places**, it will boost tourism for **domestic and international holidaymakers**.
- It will **save travel time and stimulate localized short distance** travelling especially in the hilly regions or across the rivers/lakes etc.

### Sagarmala Project:

- The Sagarmala Programme is an initiative by the government of India to **enhance the performance of the country's logistics sector**.
- The programme envisages **unlocking the potential of waterways and the coastline to minimize**
- infrastructural investments** required to meet these targets.
- It entails investing Rs. 8.5 trillion (2018) to set up new mega ports, modernizing India's existing ports, developing of 14 Coastal Economic Zones (CEZs) and Coastal Economic Units, enhancing port connectivity via road, rail, multi-modal logistics parks, pipelines & waterways and promoting coastal community development.

## India's first Lithium refinery

### Context

- India's first Lithium refinery which will process Lithium ore to produce battery-grade material will be set up in Gujarat.

## Details

- **Manikaran Power Limited**, one of the country's largest power trading and renewable energy companies will be investing over **Rs 1,000 crore to set up this refinery**.
- Last year, Manikaran Power had collaborated with Australian firm Neometals to tap the **Mount Marion Lithium mine in Western Australia**.
- The proposed project is expected to help Gujarat secure the raw material supply for **domestic manufacturing of Lithium batteries** as it looks to promote **electric vehicles**.
- India currently imports most of the Lithium needed. According to data tabled in the Parliament in February 2020, the **import of Lithium-ion batteries quadrupled to 712 million batteries in 2018** from 175 million in 2016.
- **China, Hong Kong and Vietnam** were the leading sources of imports.

## Central Sector Scheme for Industrial Development of Jammu & Kashmir

### Context

- The Cabinet Committee on Economic Affairs approved the proposal of the Department for Promotion of Industry and Internal Trade for the Central Sector Scheme for Industrial Development of Jammu & Kashmir. The scheme is approved with a **total outlay of Rs. 28,400 crore upto the year 2037**.

### Details

- Government of India has formulated **New Industrial Development Scheme** for Jammu & Kashmir (J&K IDS, 2021) as **Central Sector Scheme** for the development of Industries in the UT of Jammu & Kashmir.
- The main purpose of the scheme is to **generate employment** which directly leads to the socio economic development of the area.
- The following incentives would be available under the scheme:
  - **Capital Investment Incentive** at the rate of 30% in Zone A and 50% in Zone B on investment made in Plant & Machinery (in manufacturing) or construction of buildings and other durable physical assets (in service sector) is available.
  - **Capital Interest subvention:** At the annual rate of 6% for maximum 7 years on loan amount up to Rs. 500 crore for investment in plant and machinery (in manufacturing) or construction of building and all other durable physical assets (in service sector).
  - **GST Linked Incentive:** 300% of the eligible value of actual investment made in plant and machinery (in manufacturing) or construction in building and all other durable physical assets (in service sector) for 10 years.
  - **Working Capital Interest Incentive:** All existing units at the annual rate of 5% for maximum 5 years.

## Gas Infrastructure

### Context

- The government had planned a **\$60-billion investment** for creating **gas infrastructure** in the country till **2024**, and that gas's share in the **energy mix is expected** to rise to **15% by 2030**.
- Currently, gas accounts for 6% in the country's total energy mix.

### First automated national-level gas trading platform

- India's first automated national-level gas trading platform was unveiled in June this year to promote and sustain an efficient and robust gas market and foster gas trading in the country.
- Coverage of CGD projects is being expanded to 232 geographical areas spread over 400 districts, with potential to cover about **53% of the country's geography and 70% of population**.
- The government is adopting clean mobility solutions with greater use of LNG (liquefied natural gas) as a transportation fuel, including long-haul trucking.
- The plan is to have **1,000 LNG fuel stations across the country**.
- This year, the country was able to fully fill all petroleum reserves with a capacity of 5.33 million tonnes constructed at Visakhapatnam, Mangalore and Padur.

## New pipeline projects being implemented by Government are as under

- **Pradhan Mantri Urja Ganga Project** (Jagdishpur - Haldia and Bokaro - Dhamra Pipeline Project): It will cater to the energy requirements of five states, namely Uttar Pradesh, Bihar, Jharkhand, Odisha and West Bengal.
- **Barauni to Guwahati Pipeline**: It is being implemented as an integral part of JHBDPL project to connect North East Region (NER) with the National Gas Grid.
- **North East Gas Grid**: A joint venture of five oil and gas enterprises (GAIL, IOCL, OIL, ONGC and NRL) named as "Indradhanush Gas Grid Ltd" (IGGL) has been entrusted for the development of Natural Gas Pipeline Grid in North-East, i.e. North East Gas Grid (NEGG).
- **Kochi-Koottanad- Bangalore-Mangalore Pipeline Project** (KKBML): The efforts are underway for development of pipeline projects and providing accessibility of natural gas sources (domestic and imported both) to southern cities.

## Mission Purvodaya

### Context

- Mission Purvodaya will drive eastern India towards self-reliance and contribute to making of an Aatmanirbhar Bharat.

### Mission Purvodaya

- Purvodaya-Accelerated Development of **Eastern Region** through an Integrated Steel hub, in line with Prime Minister's Vision for focused development of the Eastern States.
- The proposed Integrated Steel Hub, encompassing **Odisha, Jharkhand, Chhattisgarh, West Bengal and Northern Andhra Pradesh**, would serve as a torchbearer for socio-economic growth of Eastern India.
- The objective of this hub would be **to enable swift capacity addition and improve overall competitiveness of steel producers both in terms of cost and quality**.
- In addition to increased steel capacity, this hub would also help enhance best-in-class value addition capabilities. The Integrated Steel Hub would focus on 3 key elements:
- **Capacity addition** through easing the setup of green field steel plants
- Development of **steel clusters** near integrated steel plants as well as demand centres
- **Transformation of logistics and utilities infrastructure** which would change the socio-economic landscape in the East
- These elements would be supported through additional enablers such as ensured availability of raw materials, presence of supporting industries such as capital goods and well-established avenues for skill development.

## Natural Gas under GST

### Context

- Experts have argued that bringing natural gas under the GST would **lead to a reduction in the cascading impact of taxes** on industries such as power and steel, which used natural gas as an input.
- The inclusion of natural gas under the GST regime would **do away with the central excise duty and different value added taxes imposed by states**.
- Currently petrol, diesel, aviation turbine fuel, natural gas and crude oil fall **outside India's Goods and Services Tax (GST) regime**.

### Why is it important to bring natural gas under the GST regime?

- Experts have argued that bringing natural gas under the GST would **lead to a reduction in the cascading impact of taxes on industries such as power and steel**, which used natural gas as an input.
- The inclusion of natural gas under the GST regime **would do away with the central excise duty and different value added taxes imposed by states**.
- This would lead to an **increase in the adoption of natural gas** in line with the government's stated goal to increase the share of natural gas in the country's energy basket from 6.3% to 15%.
- The **energy consumption per capita in India is just 30 percent** of the world average. There is a **huge potential** with a very dynamic young population and that is a key priority of the Indian government.

## Fly Ash

### Context

- NTPC Ltd. has started to collaborate with cement manufacturers across the country to supply fly ash as part of its endeavour to achieve 100% utilisation of the by-product produced during power generation.
- The power producer is leveraging Indian Railways' sprawling network to transport fly ash in an economical and environment friendly manner.

### About Fly Ash

- Fly ash is a fine powder that is a by product of burning pulverized coal in electric generation power plants.
- Fly ash is a pozzolan, a substance containing aluminous and siliceous material that forms cement in the presence of water.
- When mixed with lime and water, fly ash forms a compound similar to Portland cement. This makes fly ash suitable as a prime material in blended cement, mosaic tiles, and hollow blocks, among other building materials.

### Applications for Fly Ash

- Fly ash can be used as prime material in many **cement-based products**, such as poured concrete, concrete block, and brick.
- One of the most common uses of fly ash is in **Portland cement concrete pavement or PCC pavement**.
- **Road construction projects** using PCC can use a great deal of concrete, and substituting fly ash provides significant economic benefits.
- Fly ash has also been used as **embankment and mine fill**, and it has increasingly gained acceptance by the Federal Highway Administration.

### Benefits

- Fly ash can be a **cost-effective substitute** for Portland cement in many markets.
- Fly ash is also recognized as an **environmentally friendly material** because it is a by product and has low embodied energy, the measure of how much energy is consumed in producing and shipping a building material.
- Fly ash requires **less water than Portland cement** and is easier to use in cold weather.
- Other benefits include Produces various set times, Cold weather resistance, High strength gains, Considered a non-shrink material, Produces dense concrete with a smooth surface and sharp detail, Great workability, Reduces crack problems, permeability, and bleeding, Reduces heat of hydration.



## India Energy Modelling Forum

### Context

- It was jointly launched by **NITI Aayog** and **United States Agency for International Development (USAID)** under the US-India Strategic Energy Partnership. NITI Aayog has recently announced its governing structure.

## About the forum

- It is part of the Sustainable Growth pillar of the US-India Strategic Energy Partnership (SEP).
- It aims to engage Indian researchers, knowledge partners, think tanks and national and international government agencies and departments for modelling and long-term energy planning.
- The governing structure of IEMF will consist of an inter-ministerial and a steering committee.
- The inter-ministerial committee will be convened by NITI Aayog and headed by its CEO, and comprise senior officials from the ministries of petroleum and natural gas; power; new and renewable energy; coal; environment, forest and climate change; and department of science and technology.
- This committee will review the studies/modelling activities and provide directions and new areas of research.
- The steering committee will comprise representatives of the Government, Industry Associations (FICCI and CII), Academia (IIT Bombay, Ahmedabad, and Delhi), Policy research organizations, think tanks and funding agencies.
- This committee will shortlist policy issues to be taken up for study and might form various task forces depending on the specific studies/modelling exercises to be carried out.

## Natural Gas Marketing Reforms

### Context

- The Cabinet Committee on Economic Affairs recently approved natural gas marketing reforms' with an aim to standardize the procedure to discover the price of gas sold in the market.

### Details

- The policy has also permitted affiliate companies to participate in the bidding process in view of the open, transparent and electronic bidding. This will facilitate and promote more competition in marketing of gas.
- Rebidding would be needed in case only affiliates participated, and that there were no other bidders.
- The policy would bring uniformity to the bidding process across various contractual regimes and policies to avoid ambiguity and contribute towards ease of doing business.
- The policy will also grant marketing freedom to Field Development Plans of those Blocks in which Production Sharing Contracts already provide pricing freedom.
- The government expects the move to spur production of, infrastructure for and marketing of natural gas, while also creating jobs in gas-consuming sectors, including in MSMEs.



## SAROD-Ports

### Context

- Union Ministry for Shipping launched 'SAROD-Ports' (Society for Affordable Redressal of Disputes - Ports).

## Details

- SAROD-Ports is established under the Societies Registration Act, 1860 with the following objectives:
  - **Affordable and timely resolution of disputes in a fair manner**
  - **Enrichment of Dispute Resolution Mechanism with the panel of technical experts as arbitrators.**
- SAROD-Ports consists of members from the Indian Ports Association (IPA) and Indian Private Ports and Terminals Association (IPTTA).
- SAROD-Ports will advise and assist in settlement of disputes through arbitrations in the maritime sector, including ports and shipping sector in Major Port Trusts, Non-major Ports, including private ports, jetties, terminals and harbours.
- It will also cover disputes between granting authority and Licensee/Concessionaire /Contractor and also disputes between Licensee/Concessionaire and their contractors arising out of and during the execution of various contracts.
- 'SAROD-Ports' is similar to provision available in Highway Sector in the form of SAROD-Roads constituted by NHAI.
- The Union Cabinet had approved amendments in the Model Concession Agreement (MCA) in 2018.
- The amendments in the MCA envisaged constitution SAROD-PORTS as a dispute resolution mechanism for PPP Projects in the Major Ports.

## iRAD App

- The Ministry of Road Transport & Highways is in the process of implementing 'Integrated Road Accident Database Project (iRAD)' which will be applicable across the country.
- In the first instance, it has been decided to implement the proposal in six States, viz. Maharashtra, Karnataka, Madhya Pradesh, Rajasthan, Uttar Pradesh and Tamil Nadu.
- The development and implementation of iRAD have been entrusted to IIT Madras and National Informatics Centre Services Inc.
- The App when developed and functional, will enable the stakeholders such as the Police, Transport, Health, etc to use their mobile phones to collect accident data on the spot.
- This project is proposed on IT-based system for capturing the spot accident data using mobile app configured for this purpose.
- This data can then be utilized for various purposes like finding the causes of the accidents and remedial measures to improve the road infrastructure, to record the accidents data for the use of police, health services and other concerned departments.

## Bharatmala Pariyojna

### Context

- The National Highways Authority of India (NHAI) told the Supreme Court that the □10,000 crores Salem-Chennai eight-lane green corridor road project was of —national importance|| and did not require environmental clearance prior to land acquisition.

### About the project

- The ambitious 277.3-km-long eight-lane Greenfield project connecting Salem and Chennai under the Centre's Bharatmala Pariyojana' scheme aims to cut travel time between the two cities by half to about two hours and 15 minutes.
- However, it has been facing opposition from a section of locals, including farmers, over fears of losing their land, besides environmentalists who are against felling trees for it. The project runs through reserve forest and water bodies.

### About Bharatmala Pariyojana

- Bharatmala Pariyojana (Project) is a centrally-sponsored and funded Road and Highways project of the Government of India.
- It is the single largest outlay for a government road construction scheme (as of December 2017).
- Special emphasis will be given on providing connectivity to far-flung border and rural areas including the tribal and backward areas.

- Bharatmala Project will interconnect 550 District Headquarters through a minimum 4-lane highway by raising the number of corridors to 50 and move 80% freight traffic to National Highways by interconnecting 24 logistics parks and 7 north east Multi-Modal waterway ports.
- The ambitious umbrella programme will subsume all existing Highway Projects including the flagship National Highways Development Project (NHDP).

## Indian Gas Exchange

### Context

- India's first gas exchange — the Indian Gas Exchange (IGX) launched. The exchange is expected to facilitate transparent price discovery in natural gas, and facilitate the growth of the share of natural gas in India's energy basket.

### How will this exchange work?

- The IGX is a digital trading platform that will allow buyers and sellers of natural gas to trade both in the spot market and in the forward market for imported natural gas across three hubs — Dahej and Hazira in Gujarat, and Kakinada in Andhra Pradesh.
- Imported Liquefied Natural Gas (LNG) will be re-gassified and sold to buyers through the exchange, removing the requirement for buyers and sellers to find each other.
- The exchange also allows much shorter contracts — for delivery on the next day, and up to a month while ordinarily contracts for natural gas supply are as long as six months to a year. This, experts say, will allow buyers and sellers greater flexibility.

### Will domestically produced natural gas also be bought and sold on the exchange?

- No. The price of domestically produced natural gas is decided by the government. It will not be sold on the gas exchange.
- However, following appeals by domestic producers that the prices set by the government are not viable given the cost of exploration and production in India, Petroleum Minister Dharmendra Pradhan has indicated that a new gas policy will include reforms in domestic gas pricing, and will move towards more market-oriented pricing.
- IGX officials said that a highly liquid gas exchange, which prices gas fairly, might lead to the government stepping away from pricing domestically produced gas.

### Will this make India more import dependent?

- Domestic production of gas has been falling over the past two fiscals as current sources of natural gas have become less productive. Domestically produced natural gas currently accounts for less than half the country's natural gas consumption; imported LNG accounts for the other half.
- LNG imports are set to become a larger proportion of domestic gas consumption as India moves to increase the proportion of natural gas in the energy basket from 6.2% in 2018 to 15% by 2030.

### What regulatory change is required?

- Currently, the pipeline infrastructure necessary for the transportation of natural gas is controlled by the companies that own the network. State-owned GAIL owns and operates India's largest gas pipeline network, spanning over 12,000 km.
- Mediratta of IGX said an independent system operator for natural gas pipelines would help ensure transparent allocation of pipeline usage, and build confidence in the minds of buyers and sellers about neutrality in the allocation of pipeline capacity.
- Experts have also called for natural gas to be included in the Goods and Services Tax (GST) regime to avoid buyers having to deal with different levies such as VAT across states, when purchasing natural gas from the exchange.

# GOVERNMENT REPORTS, SCHEMES & MISCELLANEOUS

## International Financial Services Centres Authority (IFSCA)

### Context

- The International Financial Services Centres Authority (IFSCA) has become an Associate Member of the International Organization of Securities Commissions (IOSCO).
- The IOSCO's membership is a significant milestone in **connecting IFSCA with the regulators of securities markets globally** and would contribute immensely towards the development and regulation of the financial products, financial services and financial institutions at the Gujarat International Finance Tec-City International Financial Services Centre.

### About IFSCA

- The International Financial Services Centres Authority (IFSCA) was established on April 27, 2020 under the **International Financial Services Centres Authority Act, 2019**. It is headquartered at **GIFT City, Gandhinagar in Gujarat**.
- The IFSCA is a unified authority for the **development and regulation of financial products, financial services and financial institutions** in the International Financial Services Centre (IFSC) in India.

### About IOSCO

- The IOSCO is the international organization that brings together the **world's securities regulators**, covering more than **95% of the world's securities markets**, and is the global standard setter for the securities sector.
- IOSCO works closely with the **G20** [Grab your reader's attention with a great quote from the document or use this space to emphasize a key point. To place this text box anywhere on the page, just drag it.] and the **Financial Stability Board (FSB)** in setting up the standards for strengthening the securities markets.
- The IOSCO Objectives and Principles of Securities Regulation have been **endorsed by FSB as one of the key standards for sound financial systems**.
- The membership of IOSCO would provide IFSCA the platform to **exchange information at the global level and regional level** on areas of common interests.
- Further, the IOSCO platform would **enable IFSCA to learn from the experiences** and best practices of the regulators of other well established financial centres.

## E20 Fuel

### Context

- The government proposed the adoption of **E20 fuel - a blend of 20% of ethanol and gasoline** - as an automobile fuel in order to reduce vehicular emissions as well as the country's oil import bill.
- The Ministry of Road Transport and Highways has published a draft notification and invited comments from the public for adoption of the fuel.

### Permissible level of blending

- The current permissible level of blending is 10% of ethanol through India reached only 5.6% of blending in 2019.
- The notification facilitates the development of E20-compliant vehicles.
- It will also help in reducing emissions of carbon dioxide, hydrocarbons, etc.
- It will help reduce the oil import bill, thereby saving foreign exchange and boosting energy security.

### Biofuels

- Any hydrocarbon fuel that is produced from an organic matter (living or once living material) in a short period of time (days, weeks, or even months) is considered a biofuel.
- These can be used to replace or can be used in addition to diesel, petrol or other fossil fuels for transport, stationary, portable and other applications. Also, they can be used to generate heat and electricity.
- Some of the main reasons for shifting to biofuels are the rising prices of oil, emission of the greenhouse gases from fossil fuels and the interest for obtaining fuel from agricultural crops for the benefit of farmers.

## Libra

### Context

- Facebook's **Libra cryptocurrency** is readying to launch as early as January.
- The Geneva-based Libra Association that will issue and govern Libra plans to launch a single digital coin backed by the dollar.
- Libra, unveiled by Facebook Inc last year, was re-launched in slimmed-down form after regulators and central banks across the world raised concerns it could upset financial stability and erode mainstream power over money.

### What is a Cryptocurrency?

- A cryptocurrency is a **new form of digital asset based on a network** that is distributed across a large number of computers.
- This **decentralized structure** allows them to exist outside the control of governments and central authorities.
- Blockchains**, which are organizational methods for ensuring the integrity of transactional data, is an essential component of many cryptocurrencies.
- Many experts believe that blockchain and related technology will disrupt many industries, including finance and law.
- Cryptocurrencies **face criticism** for a number of reasons, including their use for illegal activities, exchange rate volatility, and vulnerabilities of the infrastructure underlying them. However, they also have been praised for their portability, divisibility, inflation resistance, and transparency.

### What is Cryptocurrency?



Cryptocurrency is digital money created from code.



The cryptocurrency economy is monitored by a peer-to-peer internet protocol.



Cryptocurrency is an encrypted string of data or a hash, encoded to signify one unit of currency.

### Examples of Cryptocurrency



Bitcoin Market Cap  
\$127,331,758,431



Ethereum Market Cap  
\$24,383,863,767



XRP Market Cap  
\$18,187,690,567

## Powergrid

### Context

- Power Grid Corporation of India Ltd. (POWERGRID) has signed a Memorandum of Understanding (MoU) with the Ministry of Power, Govt. of India.
- The MoU includes targets related to various parameters such as Financial, Physical, Project execution, etc. to be achieved by POWERGRID during the FY 2020-21.

### About Powergrid

- The Power Grid Corporation of India Limited (POWERGRID), is an Indian state-owned Maharatna company headquartered in Gurugram, India.
- It is engaged mainly in Transmission of Power. POWERGRID transmits about 50% of the total power generated in India on its transmission network.
- POWERGRID also operates a telecom business under the name POWERTEL.

## Insurance Ombudsman

### Context

- The Insurance Regulatory and Development Authority of India (IRDAI) has advised public sector general insurers to appoint a nodal officer each for the 17 insurance ombudsman offices to ensure proper and timely disposal of complaints.

### Details

- This follows the ombudsman citing difficulties in dealing with cases of these insurers in the absence of any responsible officer who can liaison with their offices.
- It will be responsible for placing self-contained notes before the Ombudsman within the timeline and ensuring all information/documents called for are submitted in a timely manner.
- The nodal officers have to ensure compliance with the recommendation or award of the Ombudsman within the specified timeline.

### About IRDAI

- The IRDAI is an autonomous, statutory body tasked with regulating and promoting the insurance and reinsurance industries in India.
- It was constituted by the Insurance Regulatory and Development Authority Act, 1999.
- The agency's headquarters are in Hyderabad, Telangana, where it moved from Delhi in 2001.

## Framework for Regulatory Sandbox

### Context

- IFSCA has introduced a framework for —Regulatory Sandbox.

### About the framework

- Under this Sandbox framework, entities operating in the capital market, banking, and insurance and financial services space shall be **granted certain facilities and flexibilities to experiment with innovative FinTech solutions** in a live environment with a limited set of real customers for a limited time frame.
- These features shall be **fortified with necessary safeguards** for investor protection and risk mitigation.
- The Regulatory Sandbox shall operate **within the IFSC located at GIFT City**.
- IFSCA has proposed the creation of an —**Innovation Sandbox**, which will be a testing environment where FinTech firms can test their solutions in isolation from the live market, based on market related data made available by the Market Infrastructure Institutions (MIIs) operating in the IFSC.

## State Ease of Doing Business

### Context

- The release of the States' ease of doing business rankings.

### About the State ease of Doing Business

- Ranking of States based on the implementation of Business Reform Action Plan started in the year 2015.
- Till date, **State Rankings have been released for the years 2015, 2016 and 2017-18**.
- The Business Reform Action Plan 2018-19 includes 180 reform points covering 12 business regulatory areas** such as Access to Information, Single Window System, Labour, Environment, etc.
- The ranking this time gives full weightage to the feedback from over thirty thousand respondents at the ground level**, who gave their opinion about the effectiveness of the reforms.
- It is released by the the Department for Promotion of Industry and Internal Trade (DPIIT) under Ministry of Commerce & Industry.**

### Objective & Methodology

- The objective of DPIIT's reform exercise is to provide a business-friendly environment, for which the regulations in a state have to be made simpler.

- DPIIT provides a set of recommendations meant to reduce the time and effort spent by businesses on compliance with regulation called the Business Reform Action Plan (BRAP).
- The reforms are grouped into 12 broad areas like land administration, labour regulation, obtaining electricity and water supply permits, environment regulation, etc.
- States are required to submit proof of implementing each reform on the DPIIT's EoDB portal and submit a list of users of these reforms.

Results:

TABLE 1: EASE OF DOING BUSINESS RANKS, TOP 10 IN 2019					TABLE 2: REFORMS, APPLICABLE/IMPLEMENTED			TABLE 3: SHARE (%) IN NEW INVESTMENTS ANNOUNCED		
State	2015	2016	2017	2019	State	Applicable	Implemented	State	2017-18	2018-19
Andhra Pradesh	2	1	1	1	Andhra	187	187	Andhra	6.56	16.29
Uttar Pradesh	10	14	12	2	UP	186	184	Haryana	3.37	15.74
Telangana	13	1	2	3	Telangana	186	184	Tamil Nadu	4.01	9.32
Madhya Pradesh	5	5	7	4	MP	187	187	Gujarat	6.76	7.74
Jharkhand	3	7	4	5	Jharkhand	187	186	Maharashtra	18.09	6.32
Chhattisgarh	4	4	6	6	Chhattisgarh	187	186	Karnataka	3.32	6.08
Himachal	17	17	16	7	Himachal	185	175	Rajasthan	2.01	3.04
Rajasthan	6	8	9	8	Rajasthan	186	183	MP	2.87	2.73
West Bengal	11	15	10	9	W Bengal	187	187	Odisha	8.25	2.43
Gujarat	1	3	5	10	Gujarat	187	187	NCT Delhi	1.38	1.76

Source: DPIIT

Source: DPIIT

Source: CMIE

- Andhra Pradesh secured the top spot for the third time since the ranking was first released in 2015 (Table 1).
- UP jumped ten spots to number two and Telangana slipped to three.

## Second edition of startup ranking of States and Union Territories

### Context

- The Department for Promotion of Industry and Internal Trade (DPIIT) conducted the second edition of the States' Startup Ranking Exercise.

### Objective of the Ranking

- to foster competitiveness and propel States and Union Territories to work proactively towards uplifting the startup ecosystem.
- a capacity development exercise to encourage mutual learning among all states and to provide support in policy formulation and implementation.

### Parameters of Ranking

- The States' Startup Ranking Framework 2019 has 7 broad reform area, consisting of 30 action points.
  - Institutional Support,
  - Easing Compliances,
  - Relaxation in Public Procurement norms,
  - Incubation support,
  - Seed Funding Support,
  - Venture Funding Support,
  - Awareness & Outreach



## Methodology

- To establish uniformity and ensure standardization in the ranking process, States and UTs have been divided into two groups.
- Evaluation Committees comprising independent experts carried out a detailed assessment of responses across various parameters.
- For the purposes of Ranking, States are classified into 5 Categories: Best Performers, Top Performers, Leaders, Aspiring Leaders and Emerging Startup Ecosystems.

### Challenges in building state-level startup ecosystems

- Attracting startups and investors to base out of state that's not already a major hub
- Building robust and interconnected infrastructure to support startups
- Nurturing active angel investor and venture capital community to back startups
- Creating differentiated branding for state on the basis of its startup culture
- Promoting startups to uplift local industries such as tourism, agriculture or food processing
- Nurturing local startup evangelists who can influence state policies, provide key inputs

### How DIPP is ranking states on startup policies

- Hand-holding startups and easing compliance with regulations
- Infrastructure, R&D and human capital development support
- Assistance in fundraising, through fiscal incentives
- Providing marketing support and international exposure
- Number of key incubation centres
- Size of mentor network



## BharatNet

### Context

- The timeline for the second phase of BharatNet project has been extended from August 2021.

### Objective of the Project

- It was launched in 2011 to provide connectivity to 2.5 lakh Gram Panchayats (GPs) through optical fibre.
- It is a highly scalable network infrastructure accessible on a non-discriminatory basis, to provide on demand, affordable broadband connectivity of 2 Mbps to 20 Mbps for all households.
- It aims to realise the vision of Digital India, in partnership with States and the private sector.
- The objective is to facilitate the delivery of e-governance, e-health, e-education, e-banking, Internet and other services to the rural India.
- The entire project is being funded by Universal service Obligation Fund (USOF).

### Implementation

- The project is a Centre-State collaborative project, with the States contributing free Rights of Way for establishing the Optical Fibre Network.
- It involves completion in three phases.
- The first phase envisages providing one lakh gram panchayats with broadband connectivity by laying underground optic fibre cable (OFC) lines by December 2017.
- The second phase will provide connectivity to all 2,50,500 gram panchayats in the country using an optimal mix of underground fiber, fiber over power lines, radio and satellite media.
- Second Phase involves laying of OFC over electricity poles.
- In the third phase from 2019 to 2023, state-of-the-art, future-proof network, including fiber between districts and blocks, with ring topology to provide redundancy would be created.

# THE IAS GAZETTE

A Journal that stands apart!



## Rural Self Employment Training Institutes

### Context

- E-Foundation stone laid for National Training Academy for Rural Self Employment Training Institutes in Bengaluru.

### Rural Self Employment Training Institutes (RSETIs)

- They are an initiative of the Ministry of Rural Development.
- These institutes engage in imparting training and skill up-gradation of rural youth geared towards entrepreneurship development.
- RSETIs are managed by banks with active cooperation from the Government of India and State Governments.
- Under these, rural BPL youth will be identified and trained for self-employment.
- The training offered will be demand-driven.
- The area in which training will be provided to the trainee will be decided after assessing the candidate's aptitude.
- Hand-holding support will be provided for assured credit linkage with banks.
- Escort services will be provided for at least two years to ensure the sustainability of micro-enterprise trainees.
- The trainees will be provided with intensive short-term residential self-employment training programmes with free food and accommodation.

HOW THEY PERFORMED			
TOP 5		BOTTOM 5	
Rank	State/UT	Rank	State/UT
1	Gujarat (Coastal)	32	Manipur (Himalayan)
2	Maharashtra (Coastal)	33	Andaman & Nicobar (UT)
3	Tamil Nadu (Coastal)	34	Daman and Diu (UT)
4	Rajasthan (Landlocked)	35	Lakshadweep (UT)
5	Odisha (Coastal)	36	J&K (Landlocked)

## Export Preparedness Index 2020

### Context

- NITI Aayog in partnership with the Institute of Competitiveness released the Export Preparedness Index (EPI) 2020.

### Related Information

- First Such Report
- Data Driven report

### Parameters of Ranking

#### 4 Pillars:

- Policy
- Business Ecosystem
- Export Ecosystem
- Export Performance

#### 11 Sub Pillars

- Export Promotion Policy; Institutional Framework; Business Environment; Infrastructure; Transport Connectivity; Access to Finance; Export Infrastructure; Trade Support; R&D Infrastructure; Export Diversification; and Growth Orientation.

### Objective

- Examine export preparedness and performance of Indian states
- Identify challenges and opportunities
- Enhance the effectiveness of government policies
- Encourage a facilitative regulatory framework.

### Finding of the Report

- Most Indian states performed well on average across the sub-pillars of Exports Diversification, Transport Connectivity, and Infrastructure.
- Overall, most of the Coastal States are the best performers.

- **Gujarat, Maharashtra and Tamil Nadu occupy the top three ranks, respectively.**
- In the **landlocked states, Rajasthan** has performed the best, followed by Telangana and Haryana.
- **Among the Himalayan states, Uttarakhand** is the highest, followed by Tripura and Himachal Pradesh.
- **Across the Union Territories, Delhi** has performed the best, followed by Goa and Chandigarh.
- At present, **70 per cent of India's export has been dominated by five states - Maharashtra, Gujarat, Karnataka, Tamil Nadu and Telangana.**
- Many north eastern states were able to export more by focusing on their indigenous product baskets.
- **Focused development of such baskets (like spices) can drive exports on one hand and also improve farmer incomes on the other in these states.**

### Benefits

- Identify the core areas crucial for export promotion at the sub-national level.
- Helpful guide for the state governments to benchmark regional performance with respect to export promotion
- Make States active participants in country's exports efforts.
- Will deliver key policy insights on how to improve and enhance the exports.

## Financial Stability and Development Council (FSDC)

### Context

- Finance Minister called the meeting of the Financial Stability and Development Council (FSDC)

### Financial Stability and Development Council (FSDC)

- It is an apex-level body constituted by the government of India. It is non-statutory organization.
- This autonomous body deals with macro prudential and financial regularities in the entire financial sector of India.

### Composition

- **Chairperson:** The Union Finance Minister of India
- **Members:**
  - Governor Reserve Bank of India (RBI),
  - Finance Secretary and/ or Secretary, Department of Economic Affairs (DEA),
  - Secretary, Department of Financial Services (DFS),
  - Secretary, Ministry of Corporate Affairs,
  - Secretary, Ministry of Electronics and Information Technology,
  - Chief Economic Advisor, Ministry of Finance,
  - Chairman, Securities and Exchange Board of India (**SEBI**),
  - Chairman, Insurance Regulatory and Development Authority (IRDA),
  - Chairman, Pension Fund Regulatory and Development Authority (**PFRDA**),
  - Chairman, Insolvency and Bankruptcy Board of India (**IBBI**),
  - Additional Secretary, Ministry of Finance, DEA, will be the Secretary of the Council,
  - The Chairperson may invite any person whose presence is deemed necessary for any of its meeting

### Responsibilities

- Financial Stability and Financial Sector Development
- Financial Literacy and Financial Inclusion
- Macro prudential supervision of the economy including the functioning of large financial conglomerates.
- Inter-Regulatory Coordination and Coordinating India's international interface with financial sector bodies like the Financial Action Task Force (FATF), Financial Stability Board (FSB)and any such body as may be decided by the Finance Minister from time to time.

## Lifeline Udan

- The Ministry of Civil Aviation has launched —Lifeline Udan|| initiative, for the movement of essential and medical supplies across the nation.

## UDAN (Ude Desh ka Aam Naagrik)

- UDAN (Ude Desh ka Aam Naagrik) is a regional airport development and "Regional Connectivity Scheme" (RCS) of Government of India.
- **Objective:** Letting the common citizen of the country fly.
- **Aim:** Making air travel affordable and widespread, to boost inclusive national economic development, job growth and air transport infrastructure development of all regions and states of India.

## Vande Bharat Express

### Context

- Manufacturing of Vande Bharat Express trains may be delayed.

### Details

- Vande Bharat Express, also known as Train 18, is an Indian semi-high speed intercity electric train.
- It was designed and built by Integral Coach Factory (ICF) at Perambur, Chennai.
- Indian government's Make in India initiative built over the short span of 18 months.

## CHAMPIONS portal

- The CHAMPIONS stands here for the **Creation and Harmonious Application of Modern Processes for Increasing the Output and National Strength.**
- As the name suggests, the portal is making the smaller units big by solving their grievances, encouraging, supporting, helping, and handholding.
- CHAMPIONS portal, a Technology-driven Control Room-Cum-Management Information System.
- It is a one-stop-shop solution of the Union Ministry of MSME. It is a technology-packed control room-cum-management information system. In addition to ICT tools including telephone, internet, and video conference, the system is enabled by Artificial Intelligence, Data Analytics, and Machine Learning.
- It is also fully integrated on a real-time basis with GOI's main grievances portal CPGRAMS and MSME Ministry's own other web-based mechanisms.
- The entire ICT architecture is created in house with the help of NIC at no cost. Similarly, the physical infrastructure is created in one of the ministry's dumping rooms in record time.

## Bharat market

- It is a national e-commerce marketplace.
- Launched by Confederation of All India Traders (CAIT), supported and guided by the Ministry of Commerce and Industry.
- The marketplace will integrate the capabilities of various technology companies to provide end-to-end services in the logistics and supply chains from manufacturers to end consumers, including deliveries at home.
- The portal includes nationwide participation by retailers.
- It aims to bring 95 percent of retail traders onboard the platform, who will be the shareholders, and the portal will be run exclusively by the traders.

## Pre Pack

### Context

- The Ministry of Corporate Affairs (MCA) has set up a committee to look into the possibility of including —pre-packs|| under the current insolvency regime to offer faster insolvency resolution under the Insolvency and Bankruptcy Code (IBC).

### Need

- Slow progress in the resolution of distressed companies has been one of the key issues raised by creditors regarding the Corporate Insolvency Resolution Process (CIRP) under the IBC.
- 738 of 2,170 ongoing insolvency resolution processes have already taken more than 270 days at the end of March.

- Under the IBC, stakeholders are required to complete the CIRP within 330 days of the initiation of insolvency proceedings.

### What is a pre-pack?

- A pre-pack is an agreement for the resolution of the debt of a distressed company through an agreement between secured creditors and investors instead of a public bidding process.
- This system of insolvency proceedings has become an increasingly popular mechanism for insolvency resolution in the UK and Europe over the past decade.
- In India's case, such a system would likely require that financial creditors agree on terms with potential investors and seek approval of the resolution plan from the National Company Law Tribunal (NCLT).
- This process would likely be completed much faster than the traditional CIRP, which requires that the creditors of the distressed company allow for an open auction for qualified investors to bid for the distressed company.
- In the case of pre-packs, the incumbent management retains control of the company until a final agreement is reached.

## India's first public Electric Vehicle charging plaza

### Context

- Union Minister for Power, New and Renewable Energy, RK Singh, inaugurated India's first public Electric Vehicle (EV) charging plaza at Chelmsford Club in the national capital.

### Details

- The charging plaza has been set up with a focus on **enhancing energy efficiency and promoting e-mobility**. This plaza will host 5 EV chargers of different specifications.
- The EV charging plaza is a new avenue for making e-mobility ubiquitous and convenient in India. Such innovative initiatives are imperative for the creation of a robust e-mobility ecosystem in the country.
- The Minister also launched **retrofit of air-conditioning to improve indoor air quality for safety and efficiency (RAISE)**- a joint initiative of Energy Efficiency Services Limited (EESL) and United States Agency for International Development (USAID).
- It can potentially alleviate the issue of bad air quality in workspaces across the nation and pioneer ways to make them healthier and greener.
- EESL has undertaken a retrofit of its office air-conditioning and ventilation system. This is a part of the larger initiative to "Retrofit of Air-conditioning to improve Indoor air quality for Safety and Efficiency" developed for healthy and energy-efficient buildings, in partnership with USAID's MAITREE programme.
- The Market Integration and Transformation Program for Energy Efficiency (MAITREE) is a part of the US-India bilateral Partnership between the Ministry of Power and USAID and is aimed at accelerating the adoption of cost-effective energy efficiency as a standard practice within buildings, and specifically focuses on cooling.

### Energy Efficiency Services Limited (EESL)

- Energy Efficiency Services Limited (EESL) is an energy service company (ESCO) of the Government of India and is the world's largest public ESCO.
- It is **100% government-owned, a joint venture of state-owned NTPC Limited, Power Finance Corporation, REC Limited and POWERGRID**.
- EESL was formed under India's Ministry of Power to facilitate energy efficiency projects.
- Innovative business and implementation models can significantly reduce consumption and costs.
- EESL also acts as the resource center for capacity building of state electricity distribution companies, electricity regulatory commissions (ERCs), state-designated agencies (SDAs), upcoming ESCOs, financial institutions, etc.

### United States Agency for International Development (USAID)

- The United States Agency for International Development (USAID) is an independent agency of the United States federal government that is primarily responsible for administering civilian foreign aid and development assistance.

- With a budget of over \$27 billion, USAID is one of the largest official aid agencies in the world, and accounts for more than half of all U.S. foreign assistance – the highest in the world in absolute dollar terms.
- USAID's decentralized network of resident field missions is drawn on to manage U.S. Government (USG) programs in low-income countries for a range of purposes.
  - Disaster relief
  - Poverty relief
  - Technical cooperation on global issues, including the environment
  - U.S. bilateral interests
  - Socio Economic development

## Kumhar Sashaktikaran Yojana

- Kumhar Sashaktikaran Program is an initiative of the **Khadi and Village Industries Commission (KVIC)** for empowerment of the potter's community in the remotest of locations in the country.
- **Target beneficiaries:** The program reaches out to the potters in U.P., M.P., Maharashtra, J&K, Haryana, Rajasthan, West Bengal, Assam, Gujarat, Tamil Nadu, Odisha, Telangana and Bihar.
- **Benefits provided**
  - Training for advanced pottery products
  - Latest, new technology pottery equipments like the electric Chaak
  - Market linkages and visibility through KVIC exhibitions

### Outcomes

- More production with less hours of work.
- Less noise and better health benefits
- Less power consumption with smooth transition to higher speeds

### Khadi and Village Industries Commission

- It is a statutory body formed in April 1957 by the Government of India, under the Act of Parliament, 'Khadi and Village Industries Commission Act of 1956'.
- It is an apex organisation under the Ministry of Micro, Small and Medium Enterprises.
- The Commission has three main objectives which guide its functioning. These are:
  - The Social Objective - Providing employment in rural areas
  - The Economic Objective - Providing saleable articles
  - The Wider Objective - Creating self-reliance amongst people and building up a strong rural community spirit.

## Vallarpadam Container Terminal

### Context

- Various issues cropped up at the DP World-run Vallarpadam Container Terminal. Government is keen to actualize the vision to make it the transhipment hub of India and a pioneer hub in South Asia will be chalked out soon.

### Details

- Transshipment facility is being built on the Indian port to ensure that the Indian cargo trans-ship through Indian port.
- Transshipment hub is the terminal at the port, which handles containers, stores them temporarily and transfers them to other ships heading to onward destinations.
- The **Kochi International Container Transshipment Terminal (ICTT), locally known as the Vallarpadam Terminal**, is located strategically on the Indian coastline. It successfully fulfills all the criteria, which are needed to develop it as a transhipment hub.
- Some of the advantages the Vallarpadam Terminal have are
  - It is best positioned Indian port with regard to proximity to international sea routes,
  - It is located at the least average nautical distance from all feeder ports,

- It entails connectivity, which has multiple weekly feeder connections to all ports on the West and East Coast of India from Mundra to Kolkata
- It has proximity to key hinterland markets of India, and
- It has the infrastructure to manage large ships and capacity to scale it up as per requirement.

## ASEEM portal

### Context

- The Ministry of Skill Development and Entrepreneurship (MSDE) launched ‘Atma Nirbhar Skilled Employee Employer Mapping’ (ASEEM) portal to help skilled people find sustainable livelihood opportunities.

### Details

- The ASEEM portal has been envisioned to give a huge impetus to our persistent efforts to bridge the demand-supply gap for skilled workforce across sectors, bringing limitless and infinite opportunities for the nation’s youth.
- The initiative aims to accelerate India’s journey towards recovery by mapping skilled workforce and connecting them with relevant livelihood opportunities in their local communities, especially in the post Covid era.
- With the increasing use of technology and e-management systems, which assist in bringing in processes and intelligent tools for demand-driven and outcome-based skill development programmes, this platform, will ensure we bring in close convergence and coordination across various schemes and programmes operating in the skill ecosystem.
- The Artificial Intelligence-based ASEEM will provide employers a platform to assess the availability of skilled workforce and formulate their hiring plans.
- ASEEM refers to all the data, trends and analytics, which describe the workforce market and will map demand of skilled workforce to supply.
- ASEEM also available as an APP, is developed and managed by **National Skill Development Corporation (NSDC)** in collaboration with Bengaluru-based company Better place specialising in blue-collar employee management.

## National Skill Development Corporation (NSDC)

- It is a **not-for-profit public limited company** incorporated under section 25 of the Companies Act, 1956.
- NSDC was set up by the **Ministry of Finance** as a Public Private Partnership (PPP) model.
- The Government of India through the Ministry of Skill Development & Entrepreneurship (MSDE) holds 49% of the share capital of NSDC, while the private sector has the balance 51% of the share capital.
- NSDC aims to promote skill development by catalyzing creation of large, quality and for-profit vocational institutions.
- Further, the organisation provides funding to build scalable and profitable vocational training initiatives.
- Its mandate is also to enable a support system which focuses on quality assurance, information systems and train the trainer academies either directly or through partnerships.
- NSDC acts as a catalyst in skill development by providing funding to enterprises, companies and organizations that provide skill training.

## ASPIRE

### Context

- International Centre for Automotive Technology (ICAT) is developing a technology platform for the automotive industry called ASPIRES - Automotive Solutions Portal for Industry, Research and Education.

### Details

- The key objective of this portal is to facilitate the Indian Automotive Industry to become self-reliant by assisting in innovation and adoption of global technological advancements by bringing together the stakeholders from various associated avenues.
- The activities would include Research and Development, Product Technology Development, Technological Innovations, Technical and Quality Problem Resolution for the industry, Manufacturing and Process

Technology Development, hosting Challenges for Technology Development and also conducting Market Research and Technology Surveys for identifying the trends in the Indian auto industry.

- The e-portal will act as a one-stop solution providing a technology platform, which will help to bring together the various stakeholders from the Indian auto industry, providing the necessary impetus for ushering the industry into future with combined efforts.
- The first phase will include connecting the users and experts on the portal for functionality assessment.
- Phase II of the portal, which is expected by August 15, 2020, will include the posting of domain specific challenges, team formation and finalizing the milestones for the execution of projects for the said challenges and industry problems.

## MSME's Emergency Response Programme

### Context

- The World Bank signed a 750 million dollar agreement with the government for the MSME Emergency Response Programme to support the increased flow of finance into the hands of MSMEs severely impacted by the Covid-19 crisis.

### Details

- The programme will address immediate liquidity and credit needs of nearly 15 lakh viable MSMEs to help them withstand the impact of the current shock and protect millions of jobs.
- This is the first step among a broader set of reforms that are needed to propel the MSME sector over time.
- Covid-19 pandemic has severely impacted the MSME sector leading to loss of livelihoods and jobs.
- The government is focused on ensuring that abundant financial sector liquidity available flows to non-banking finance companies (NBFCs) and that banks which have turned extremely risk-averse continue taking exposures in the economy.
- The project will support the government in providing targeted guarantees to incentivise NBFCs and banks to continue lending to viable MSMEs to help sustain them through the crisis.

## Pradhan Mantri Ujjwala Yojana

### Context

- The Union cabinet approved the extension for availing free cooking gas cylinders under the Pradhan Mantri Ujjwala Yojana (PMUY) to September-end.

### Details

- The cabinet decision will benefit PMUY beneficiaries, who have received the advance for buying a cylinder, but have not been able to purchase the refill, as part of the earlier announced Pradhan Mantri Garib Kalyan Yojana (PMGKY) package.
- According to the scheme, women members of 83 million **below poverty line (BPL)** families could avail **free cooking gas cylinders** for three months till June.
- This will benefit those PMUY beneficiaries who have been credited with the advance for buying the cylinders, but have not been able to purchase the refill.
- Thus, the beneficiaries who already have the advance transferred to their account can now take the free refill delivery till 30 September.

### About the scheme

- Need:** There are serious health hazards associated with cooking based on fossil fuels. According to WHO estimates, about 5 lakh deaths in India alone due to unclean cooking fuels.
- Targeted beneficiaries:** Under the scheme, an **adult woman belonging to a poor family not having LPG connection in her household, is an eligible beneficiary** under the expanded scheme. Release of LPG connection under this Scheme shall be in the name of the women belonging to the BPL family.
- The Scheme provides a financial support of Rs 1600 for each LPG connection to the BPL households, interest free loan to purchase stove and refill by Oil Marketing Companies.
- Benefits under Pradhan Mantri Ujjwala Yojana have been extended to people of all Hilly States including North Eastern States by treating them as **'Priority States'**.

## 750 MW Madhya Pradesh Solar Project

### Context

- Prime Minister inaugurated 750 MW solar power project at Rewa in Madhya Pradesh via video conferencing.

### Details

- According to the government, the project will reduce emissions up to 15 lakh tonnes of carbon dioxide every year.
- Apart from Rewa, work is underway on solar power plants in Shajapur, Neemuch and Chhatarpur.
- The project is a step towards India's commitment to set up 175GW solar power capacity by 2022.
- Twenty-four per cent of the solar power produced by the project will be used in the Delhi Metro and the remaining 76 per cent by discoms of Madhya Pradesh.

## Solar Power in India

- The country's solar installed capacity reached 35.12 GW as of 30 June 2020. India has the lowest capital cost per MW globally of installing solar power plants.
- The Indian government had an initial target of 20 GW capacity for 2022, which was achieved four years ahead of schedule.
- In 2015 the target was raised to 100 GW of solar capacity (including 40 GW from rooftop solar) by 2022, targeting an investment of US\$100 billion.
- India has established nearly 42 solar parks to make land available to the promoters of solar plants.
- Rooftop solar power accounts for 2.1 GW, of which 70% is industrial or commercial.
- The **International Solar Alliance (ISA)**, proposed by India as a founder member, is headquartered in India. India has also put forward the concept of "**One Sun One World one Grid**" and "**World Solar Bank**" to harness abundant solar power on a global scale.

## India Digitization Fund

### Context

- Google announced —Google for India Digitization Fund|| worth \$10 billion (Rs 75,000 crores), which the technology giant would invest in India over the next 5-7 years.

### Details

- The investment will be done through a mix of equity investments, partnerships, and operational, infrastructure and ecosystem investments.
- Google for India Digitization Fund will invest nearly \$ 10 billion in India over 5-7 years. Investments will focus on four areas important to India's digitisation:
  - **Enabling affordable access and information** to every Indian in their own language, whether it's Hindi, Tamil, Punjabi or any other.
  - **Building new products and services** that are deeply relevant to India's unique needs.
  - **Empowering businesses** as they continue or embark on their digital transformation.
  - **Leveraging technology and Artificial Intelligence** for social good, in areas like health, education, and agriculture.

## Equalization Levy

### Context

- The government is not considering extending the deadline for payment of Equalisation Levy by non-resident e-commerce players. A majority of them are yet to deposit the first installment of the tax.

### About equalisation levy

- **Applicability of Equalisation Levy:** Equalisation Levy is a **direct tax**, which is withheld at the time of payment by the service recipient.
- The two conditions to be met to be liable to equalisation levy:
  - The payment should be made to a **non-resident service provider**;

- The annual payment made to one service provider **exceeds Rs. 1,00,000** in one financial year.
- **Services Covered Under Equalisation Levy:** Online advertisement; Any provision for digital advertising space or facilities/ service for the purpose of online advertisement;
- The tax would be levied on consideration received by e-commerce operators from online supply of goods or services.
- The tax applies on e-commerce transactions on websites such as Amazon.com. Google in particular has been worried as the tax applies on advertising revenue earned overseas, if those ads target customers in India.
- Non-payment could result in a penalty equal to the amount of equalisation levy, along with interest.
- Equalisation levy at 6% has been in force since 2016 on payment exceeding Rs. 1 lakh a year to a non-resident service provider for online advertisements.
- It is now applicable for **e-commerce companies that are sourcing revenue from Indian customers without having tangible presence here in the country.**

## Rental Housing Scheme

### Context

- An affordable rental housing scheme for migrants who went back to their home states during the lockdown has been approved by the Cabinet.

### About the scheme

- It is a **sub-scheme of the Pradhan Mantri Awas Yojana-Urban**. About 1.03 lakh completed government-funded houses across cities that were yet to be allotted to beneficiaries under existing schemes would be converted into the rental housing complexes.
- The vacant housing complexes would be converted through 25-year concession agreements. The concessionaire would repair or retrofit the homes, maintain the rooms and address any pending infrastructure needs like water, sewerage, roads etc.
- The States and Union Territories would invite bids to select concessionaires. The complexes would go back to the local body after 25 years.
- **Special Incentives:** Special incentives like use permission, 50% additional FAR/FSI [floor area ratio and floor space index], concessional loan at priority sector lending rate, tax reliefs at par with affordable housing etc. will be offered to private/public entities to develop ARHCs on their own available vacant land for 25 years.
- **Targeted Beneficiaries:** Targeted beneficiaries of the scheme would be workers, who come from rural areas or towns to work in manufacturing, hospitality, health, construction, etc. Approximately, 3 lakh beneficiaries will be covered initially.
- **Envisaged Expenditure:** An expenditure of ₹600 crores is estimated in the form of **technology innovation grant**, which will be released for projects using identified innovative technologies for construction.

## National Financial Reporting Authority (NFRA)

### Context

- The audit regulator, National Financial Reporting Authority (NFRA), has constituted a Technical Advisory Committee (TAC) under the Chairmanship of R Narayanaswamy.

### About the committee

- The TAC, which comprises seven members, including the Chairman, would, among other things, aid and advise the Executive Body of the NFRA on issues related to the drafts of accounting standards and auditing standards.
- It will also provide inputs from the perspectives of users, preparers and auditors of financial statements.
- The terms of reference of TAC include advice on development of measures of audit quality; advice on suitable methods for promoting awareness
  - (a) relating to compliance with accounting and auditing standards and
  - (b) role of the NFRA in protecting investors through independent auditor regulation.

## About the authority

- National Financial Reporting Authority (NFRA) is an independent regulator to oversee the auditing profession and accounting standards in India under Companies Act 2013.
- It came into existence in October 2018.
- NFRA is responsible for recommending accounting and auditing policies and standards in the country, undertaking investigations, and imposing sanctions against defaulting auditors and audit firms in the form of monetary penalties and debarment from practice for up to 10 years.

## Open Credit Enablement Network (OCEN) Protocol

### Context

- Open Credit Enablement Network (OCEN), the new credit protocol infrastructure announced by Nandan Nilekani, co-founder and non-executive chairman of Infosys Ltd will be launched through an app called **Sahay**.

### Details

- The release of 'SAHAY' app is also similar to the launch of BHIM UPI, which was an app to further the use-case of Unified Payments Interface (UPI) in the country.
- Under these new credit rails, OCEN will act as a common language, connecting lenders and marketplaces to utilise and create innovative, financial credit products at scale.
- Under this new credit paradigm, Account Aggregators which will be using these APIs (Application Programming Interface) to embed credit offerings in their applications will be called 'Loan Service Providers'.
- An organisation by the name **CredAll** has also been set up to ensure the implementation of the OCEN, and will look at giving access of this new protocol to industry participants.

## Small Savings Schemes

### Context

- In order to strengthen its network and postal operations in rural areas and provide facilities of small savings schemes to the vast majority in villages, the Department of Posts has now extended all small savings schemes upto the Branch Post Office level.

### Details

- The new order has allowed Branch Post Offices to offer facilities of Public Provident Fund, Monthly Income Scheme, National Savings Certificate, Kisan Vikas Patra and Senior Citizen Savings Schemes also. People living in villages will now be able to get the same Post Office Savings Bank facilities which people in urban areas have been availing.
- They will be able to deposit their savings into these popular schemes through the post office in their village itself.
- This is another step taken by the Department to empower Rural India by bringing all Post Office Savings schemes to their doorsteps.

### About Small Saving Schemes

- Small Saving Schemes are an important source of household savings in India.
- Different small saving schemes have mobilized money from households and channelized it to the government so that the centre and states can finance a part of their expenditure.
- The Central Government operates Small Savings Schemes (SSS) through the nationwide network of about 1.5 lakh post offices, more than 8,000 branches of the Public-Sector Banks and select private sector banks and more than 5 lakh small savings agents.
- The Small Savings Schemes can be grouped under three:
  - Post office Deposits:** Post Office Savings Account, Post Office Time Deposits (1,2,3 and 5 years), Post Office Recurring Deposits, Post Office Monthly Account,
  - Savings Certificates:** National Savings Certificate (VIII Issue) and Kisan Vikas Patra (iii) Social Security Schemes: Public Provident Fund, Senior Citizens Savings Scheme, and Sukanya Samridhi Account.

## National Small Savings Fund (NSF)

- National Small Savings Fund (NSF) was established in 1999 within the Public Account of India for pooling the money from different SSSs.
- Collections from all small savings schemes are credited to the NSF. Similarly, withdrawals under small savings schemes by the depositors are made out of this Fund.
- The money in the account is used by the centre and states to finance their fiscal deficit.
- The balance in the Fund is invested in Central and State Government Securities. Pattern of utilization of the fund among the centre and states is decided from time to time by the Government of India.

## Currency-swap-facility

### Context

- The Reserve Bank of India has signed an agreement for extending a \$400-million currency swap facility to Sri Lanka to boost the foreign reserves and ensure financial stability of the country, which is badly hit by the COVID-19 pandemic.

### About swap agreement

- In the swap arrangement, a country provides dollars to a foreign central bank, which, at the same time, provides the equivalent funds in its currency to the former, based on the market exchange rate at the time of the transaction.
- The parties agree to swap back these quantities of their two currencies at a specified date in the future, which could be the next day or even two years later, using the same exchange rate as in the first transaction.
- The RBI also offers similar swap lines to central banks in the SAARC region within a total corpus of \$2 billion. Under the framework for 2019-22, the RBI will continue to offer a swap arrangement within the overall corpus of \$2 billion.
- Other countries can withdraw funds in the US dollar, the euro, or the Indian rupee.
- These swap operations carry no exchange rate or other market risks, as transaction terms are set in advance. The absence of an exchange rate risk is the major benefit of such a facility.
- This facility provides the country, which is getting the dollars, with the flexibility to use these reserves at any time in order to maintain an appropriate level of balance of payments or short-term liquidity.

## Gig Economy

### Context

- There is need to make some reforms or changes in the gig economy after the pandemic.

### What is gig economy?

- The word —gig includes in its current parlance all freelancers, disconnected from the workplace.
- Example: drivers of Uber, delivery boys of Zomato, plumbers and electricians of Urban Clap. The gig economy is not confined to low-skilled jobs.
- Skilled professionals are also part of it.

### Four focus areas of gig economy

#### 1. National database: A missing link

- National database of job seekers and job creators can connect firms with qualified candidates.
- A prospective employee would need access to a job database, sorted by skill, geography, duration and emoluments.
- Companies should be able to dip into the

GIG, A NEW-AGE ECONOMY		
BENEFITS	DOWNSIDE	CHALLENGES FOR GOVT
<ul style="list-style-type: none"> <li>■ Creation of jobs on mass scale</li> <li>■ Freedom and flexibility of work</li> <li>■ Easy access to services</li> <li>■ Price advantage for consumers</li> </ul>	<ul style="list-style-type: none"> <li>■ Inconsistency in services</li> <li>■ Partners arm-twisted by service providers</li> <li>■ Difficult to trust a service provider without a recommendation from someone you trust</li> </ul>	<ul style="list-style-type: none"> <li>■ Highly unregulated</li> <li>■ Lack of policies on job structure, tax, privacy</li> <li>■ Exponential growth</li> </ul>
		 <b>FEW KEY PLAYERS</b> UBER, OLA, ZOMATO, FOODPANDA, SWIGGY, AIRBNB, UPWORK
		 <b>FOR OLA, UBER DRIVERS</b> <ul style="list-style-type: none"> <li>■ Drivers hit downhill road as Ola, Uber gained market share</li> <li>■ Incentives became unattractive</li> <li>■ Needed more trips to meet targets, had to face growing traffic</li> <li>■ Crimes on passengers compounded problems</li> </ul>

data pool of talent, experience, location, qualification and expectation.

- Currently, both data sets are fragmented and stored in silos. Thus, the government could play the role of a facilitator, in partnership with the private sector.

## 2. Regulatory protection to gig workforce

- The gig economy increases employee vulnerability.
- This segment of the economy so far has been outside the ambit of regulatory labour policies.
- Social protection like wage protection, health benefits and safety assurance should be made available to gig workers.

## 3. Prepare college students for freelancing

- Apart from regular campus placements, the placement cells need to reorient and focus on preparing students for freelancing opportunities.
- For the newly graduated youth, this could be the first step towards entrepreneurship.

## 4. Gender equality

- Gender is another crucial dimension of the digital labour markets.
- The **low enrolment of girls for higher education** in science, technology, engineering and math would constrict their opportunity in the gig world.
- Going ahead, this would need **greater policy attention to ensure gender parity**.

# Global Prospects Report

## Context

- The World Bank released its Global Economic Prospects (GEP) 2020 report.

## Key Highlights

- The COVID-19 pandemic is expected to have —severe short and long-term effects on economic growth.
- Sixty million people could be pushed into extreme poverty this year.
- Policy choices made today — including greater debt transparency to invite new investment, faster advances in digital connectivity, and a major expansion of cash safety nets for the poor — will help in limiting the damage and building a stronger recovery.



# Central Employment Guarantee Council

## Context

- Union Minister of Rural Development chaired the 21st meeting of Central Employment Guarantee Council. During the Financial Year 2020-21, Rs.61,500 crores has been allocated for MGNREGA programme, which is an all-time high. Additional provision of Rs.40,000 crores has been made under the Atmanirbhar Bharat Abhiyan to provide employment to the needy workers during this difficult period arising of COVID-19.

## About

- The Central Employment Guarantee Council was constituted under Section 10 of the Mahatma Gandhi National Rural Employment Guarantee Act (Mahatma Gandhi NREGA), 2005.

- Its functions:
  - Establish a central evaluation and monitoring system.
  - Advise the Central Government on all matters concerning the implementation of the Act.
  - Review the monitoring and redressal mechanism from time to time and recommend improvements required.
  - Promote the widest possible dissemination of information about the Schemes.
  - Preparation of annual reports to be laid before Parliament by the Central Government on the implementation of this Act.

## Rights issue

### Context

- Many companies including Reliance Industries Limited, Mahindra finance, Tata Power among others plan to raise funds through rights issue amidst the Covid-19 pandemic.

### What is rights issue?

- It is an offering of shares made to existing shareholders in proportion to their existing shareholding.
- Companies often offer shares in a rights issue at a discount on the market price.
- Rights issues are used by companies seeking to raise capital without increasing debt.
- Shareholders are not obliged to purchase shares offered in a rights issue.

### Why are companies going for rights issue in current times?

- For a rights issue, there is no requirement of shareholders' meeting and an approval from the board of directors is sufficient and adequate.
- Therefore, the turnaround time for raising this capital is short and is much suited for the current situation.

### What were the temporary relaxations provided in the wake of Covid-19 by SEBI?

- Securities and Exchange Board of India (SEBI) reduced the eligibility requirement of average market capitalisation of public shareholding from Rs. 250 crores to Rs. 100 crores for a fast track rights issuance.
- It also reduced the minimum subscription requirement from 90 per cent to 75 per cent of the issue size.
- Also, listed entities raising funds up to Rs 25 crores (erstwhile limit was Rs 10 crores) through a rights issue are now not required to file draft offer document with SEBI.

## Housing Finance Companies

### Context

- The Reserve Bank of India (RBI) has proposed stringent norms for housing finance companies.

### Proposed norms

- At least 50% of net assets should be in the nature of 'qualifying assets' for HFCs, of which at least 75% should be towards individual housing loans.
- Such HFCs, which do not fulfil the criteria, will be treated as NBFC – Investment and Credit Companies (NBFC-ICCs) and will be required to approach the RBI for conversion of their Certificate of Registration from HFC to NBFC-ICC.
- The NBFC-ICCs, which want to continue as HFCs, would have to follow a roadmap to make 75% of their assets individual housing loans.
- The target has been set at 60% by March 31, 2022, 70% by March 31, 2023, and 75% by March 31, 2024.
- It has also proposed a minimum net-owned fund (NOF) of Rs. 20 crores as compared to Rs. 10 crores now. Existing HFCs would have to reach Rs. 15 crores within a year and Rs. 20 crores within two years.

### What are qualifying assets?

- The RBI defined 'qualifying assets' as loans to individuals or a group of individuals, including co-operative societies, for construction/purchase of new dwelling units, loans to individuals for renovation of existing dwelling units, lending to builders for construction of residential dwelling units.

## Non-banking financial company

- A housing finance company is considered a non-banking financial company (NBFC) under the RBI's regulations.
- A company is treated as an NBFC if its financial assets are more than 50% of its total assets and income from financial assets is more than 50% of the gross income.

## PM SVANidhi

### Context

- The Ministry of Housing and Urban Affairs has signed MoU with Small Industries Development Bank of India (SIDBI) in order to engage SIDBI as the Implementation Agency for PM Street Vendor's Atma Nirbhar Nidhi (PM SVANidhi) - a Special Micro-Credit Facility for Street Vendors.

### About the scheme

- It is a special micro-credit facility plan to provide affordable loan of up to ₹10,000 to more than 50 lakh street vendors, who had their businesses operational on or before 24 March.
- The scheme is valid until March 2022.
- Eligibility: The scheme is applicable to vendors, hawkers, thelewalas, rehriwalas, theliphadwalas in different areas/contexts, who supply goods and services. Street vendors belonging to the surrounding peri-urban/rural areas are also included.
- SIDBI is the technical partner for implementation of this scheme and will manage the credit guarantee to the lending institutions through Credit Guarantee Fund Trust for Micro and Small Enterprises.

### Loans under the scheme

- Under the scheme, vendors can avail working capital loan of up to ₹10,000, which is repayable in monthly instalments within one year.
- On timely/early repayment of the loan, an interest subsidy of 7% per annum will be credited to the bank accounts of beneficiaries through Direct Benefit Transfer (DBT) on six-month basis.
- There will be no penalty on early repayment of loan.

### What is the role of SIDBI?

- SIDBI will manage the credit guarantee to the lending institutions through Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE).
- It will develop and maintain a customized and integrated IT Platform providing end-to-end solutions to ensure engagement and information flow between Urban Local Bodies (ULBs), Lending Institutions, Digital Payment Aggregators and other stakeholders.

## Garib Kalyan Rozgar Abhiyaan

### Context

- Prime Minister launched the mega 'Garib Kalyan Rojgar Abhiyaan' aimed to boost livelihood opportunities in rural India amid the ongoing Covid-19 crisis.

### Features of the scheme

- The first priority of the scheme is to meet the immediate requirement of workers who have gone back to their districts by providing them with livelihood opportunities.
- It is a focused campaign of 125 days across 116 districts in six states to work in mission mode.
- Public works worth 50,000 crores rupees to be carried out through 25 different types of work to provide employment and to create durable infrastructure.
- The villages will join this programme through the common service centres and Krishi Vigyan Kendras.

### Implementing agency

- The scheme will be a coordinated effort by 12 different ministries including rural development, Panchayati Raj, Road transport and highways, mines, drinking water and sanitation, environment, railways, petroleum and natural gas, new and renewable energy, border Roads, Telecom and agriculture.

## Significance of this scheme

- Will enable proper utilisation of the strength and skill of people during COVID crisis.
- Will contribute towards creation of modern facilities, such as internet connectivity, laying of optic fibre cables, to increase internet speed in villages, so that children in villages are able to study and learn like those in cities.

## International Comparison Program

### Context

- The World Bank has released new Purchasing Power Parities (PPPs) for reference year 2017, under International Comparison Program (ICP).

### What is ICP?

- It is the largest worldwide data-collection initiative, under the guidance of UN Statistical Commission (UNSC). Globally 176 economies participated in 2017 cycle of ICP.
- Goal: To produce Purchasing Power Parities (PPPs), which are vital for converting measures of economic activities to be comparable across economies.
- It also produces Price Level Indices (PLI) and other regionally comparable aggregates of GDP expenditure.
- The next ICP comparison will be conducted for reference year 2021.

### What is PPP?

- The rate at which the currency of one country would have to be converted into that of another country to buy the same amount of goods and services in each country.

### India and the ICP

- India has participated in almost all ICP rounds since its inception in 1970.
- The Ministry of Statistics and Programme Implementation is National Implementing Agency (NIA) for India, which has the responsibility of planning, coordinating and implementing national ICP activities.
- India has also been a co-Chair of the ICP Governing Board along with Statistics Austria for the ICP 2017 cycle.

### Global status

- Purchasing Power Parities (PPPs) of Indian Rupee per US\$ at Gross Domestic Product (GDP) level is now 20.65 in 2017 from 15.55 in 2011.
- Exchange Rate of US Dollar to Indian Rupee is now 65.12 from 46.67 during same period.
- Price Level Index (PLI) – the ratio of a PPP to its corresponding market exchange rate – is used to compare the price levels of economies, of India is 47.55 in 2017 from 42.99 in 2011.

### India's position

- In 2017, India retained and consolidated its global position, as the third largest economy, accounted for 6.7 percent (\$8,051 billion out of World total of \$119,547 billion) of global Gross Domestic Product (GDP) in terms of PPPs.
- India is also third largest economy in terms of its PPP-based share in global Actual Individual Consumption and Global Gross Capital Formation.

### Regional status: Asia-pacific region

- In 2017, India retained its regional position, as the second largest economy, accounted for 20.83 % of Regional Gross Domestic Product (GDP) in terms of PPPs.
- India is also second largest economy in terms of its PPP-based share in regional Actual Individual Consumption and regional Gross Capital Formation.

## Credit Guarantee Scheme for Sub-Ordinate Debt (CGSSD)

### Context

- The scheme was announced by the Finance Minister as part of the Atmanirbhar Bharat Abhiyan. It is also called as –Distressed Assets Fund–Sub-ordinate Debt for MSMEs.

## Significance

- The scheme would provide much-required support to around 2 lakh MSMEs and will help in reviving the economic activity in and through this sector.
- It will also help in protecting the livelihoods and jobs of millions of people who depend on them.

## More about the scheme

- It is a scheme for the distressed MSME sector.
- Aim: To extend support to the promoter(s) of the operational MSMEs, which are stressed and have become NPAs as on 30th April, 2020.
- As per the Scheme, guarantee cover worth Rs. 20,000 crores will be provided to the promoters, who can take debt from the banks to further invest in their stressed MSMEs as equity.
- It will be operational through Credit Guarantee Fund Trust for MSEs (CGTMSE).

## Implementation Mechanism

- Promoter(s) of the MSMEs will be given credit equal to 15% of their stake (equity plus debt) or Rs. 75 lakh whichever is lower.
- Promoter(s) in turn will infuse this amount in the MSME unit as equity and thereby enhance the liquidity and maintain the debt-equity ratio.
- 90% guarantee coverage for this sub-debt will be given under the Scheme and 10% would come from the concerned promoters.
- There will be a moratorium of 7 years on payment of principal whereas the maximum tenor for repayment will be 10 years.

## Real-Time Electricity Market (RTM)

### Context

- The country's two power exchanges – Indian Energy Exchange (IEX) and Power Exchange India (PXIL) – commenced real-time electricity market (RTM) on their platforms.

### About

- The RTM enables consumers, including distribution companies (discoms) and captive users, to buy power on exchanges just an hour before delivery.
- RTM will help consumers purchase electricity just an hour in advance.
- With RTM, both sellers and buyers now get an opportunity to continuously manage their portfolio optimally through a transparent and efficient marketplace.
- In December 2019, the Central Electricity Regulatory Commission (CERC) approved the framework for RTM trading by power exchanges. Till now, the exchanges had day-ahead, week-ahead, and season-ahead markets, as well as renewable energy certificates trading.
- There are two energy exchanges in India -- IEX and PXIL -- where electricity is traded.

## Liberalised Remittance Scheme

### Context

- The Reserve Bank of India (RBI) has narrowed the definition of relatives under Liberalised Remittance Scheme to check the flow of funds. The Liberalised Remittance Scheme (LRS) of the Reserve Bank of India (RBI) allows resident individuals to remit a certain amount of money during a financial year to another country for investment and expenditure.

### Key Highlights

- Concerned over funds sent abroad under the Liberalised Remittance Scheme (LRS), the RBI has narrowed the definition of close relative to mean only immediate relatives such as parents, spouses, children and their spouses.
- This is done by aligning the definition of 'relative' with the definition given in Companies Act, 2013 instead of Companies Act, 1956.
- It aims to prevent the misuse of the LRS for commercial purpose which is not its objective.

- Besides, RBI has introduced a system for daily reporting of individual transactions under the LRS by banks.

# AGRICULTURE

## Trifood Parks

### Context

- A Memorandum of Understanding (MoU) was exchanged between the two organisations on January 3, 2021 to work together for setting up of **TRIFOOD Parks** in **5 districts in Madhya Pradesh**.

### Details

- TRIFED has decided to explore convergence and build a partnership with **Akhil Bhartiya Vanvasi Kalyan Kendra**, a pioneering organization that has been working for the welfare of tribals in Madhya Pradesh, Chhattisgarh and Jharkhand since 1952.
- The two organizations will work together by undertaking various initiatives all aimed at **improving the livelihood of tribal people** and **implementation of the Van Dhan Yojana** through the mobilization of Self Help Groups (SHGs) / Van DhanVikas Kendra (VDVKs) / VPCs / TRIFOOD Parks.
- With TRIFED as the mentoring organization, it has been agreed that Vanvasi Kalyan Ashram **would form new Van Dhan Kendras** in tribal areas.

### Van Dhan Scheme

- The Van Dhan Scheme is an initiative of the **Ministry of Tribal Affairs and TRIFED**.
- It was launched on **14th April, 2018** and seeks to **improve tribal incomes** through value addition of tribal products.
- The scheme will be implemented through the **Ministry of Tribal Affairs as Nodal Department at the Central Level** and **TRIFED as Nodal Agency at the National Level**.
- At State level, the **State Nodal Agency for MFPs** and the District collectors are envisaged to play a pivotal role in scheme implementation at grass root level.
- Locally the Kendras are proposed to be managed by a **Managing Committee (an SHG)** consisting of representatives of Van Dhan SHGs in the cluster.

### Vanavasi Kalyan Ashram

- It is an Indian social welfare organization based in **Jashpur, in the Chhattisgarh state of India**.
- It focuses on the **welfare activities of Scheduled Tribes** in remote areas of India.
- These branches focus on **agriculture, healthcare, child education, and sports**.
- It also works to create **cultural awareness** among janjatis thereby facilitating the **idea of preservation of their tradition and customs** followed in different groups.
- The organization is a constituent of the Sangh Parivar, the family of organizations affiliated with **Rashtriya Swayamsevak Sangh (RSS)**.

### Minor Forest Produce (MFP)

- It is a major source of livelihood for tribals living in forest areas.
- The importance of MFPs for this section of the society can be gauged from the fact that around **100 million forest dwellers depend on MFPs** for food, shelter, medicines and cash income.
- It provides them **critical subsistence during the lean seasons**, particularly for primitive tribal groups such as hunter gatherers, and the landless.
- Tribals derive **20-40% of their annual income from MFP** on which they spend a major portion of their time.

## Ayush Exports

### Context

- Citing the rise in exports of Ayurveda-related products since the beginning of the COVID-19 pandemic, the government has decided to **set up an export promotion council** for AYUSH (Ayurveda, Yoga & Naturopathy, Unani, Siddha and Homoeopathy) products.
- The **Ministries of Finance, Commerce and Industry, and AYUSH** will work together to facilitate more exports of such products, by standardizing their HS (Harmonised System) codes for global trade.

## Set up an export promotion council

- The decision to set up an export promotion council **to boost AYUSH exports** was taken at a joint review meeting of the sector by the Commerce and Industry Minister and AYUSH Minister.
- There was a growing global interest in AYUSH-based solutions for disease resistance and treatment amid the pandemic and players in the sector needed to upscale quickly in order to meet overseas and domestic demand.

## National AYUSH Mission

- It was launched by the Department of AYUSH under the Ministry of Health and Family Welfare, during the 12th Plan for implementation through States/UTs.

## Objectives

- To promote AYUSH medical systems through cost effective AYUSH services.
- To strengthen the educational systems.
- To facilitate the enforcement of quality control of Ayurveda, Siddha, Unani and Homoeopathy (ASU&H) drugs and sustainable availability of the raw-materials needed in them.
- It envisages flexibility of implementation of the programmes which will lead to substantial participation of the State Governments/UT.

## Elements of the National AYUSH Mission

- Obligatory Components
  - AYUSH Educational Institutions.
  - AYUSH Services.
  - Medicinal Plants Quality Control of ASU&H Drugs.
- Flexible Components
  - AYUSH Wellness Centres comprising Yoga and Naturopathy.
  - Tele-medicine
  - The recent spurt in exports of AYUSH products was a direct reflection of their **growing popularity in many countries**.
  - The minister urged the industry to spruce up their quality standards and cost-competitiveness.
  - The **Bureau of Indian Standards** will be roped in to help **develop international standards** for AYUSH products and services.

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## Sugar Industry

### Context

- The sugar industry has welcomed the Centre's decision on the export plan for 2020-2021 season.
- According to the Indian Sugar Mills Association (ISMA), the industry should be able to fulfil the export target of six million tonnes in 2020-2021 sugar season.
- Several large importing countries have been enquiring about Indian sugar this season.
- With a **drop in production in Thailand**, there is an opportunity for India to export to traditional markets such as Indonesia and Malaysia.

### Sugar Industry in India

- India is the **world's largest producer** of sugarcane and second largest producer of sugar after Cuba.
- The sugar industry contributes significantly to socio-economic development of the rural population.
- This industry remains highly regulated and is a source of livelihood for **50 million farmers** and their families; and provides direct employment to over 5 lakh skilled and semi-skilled labour in sugar mills and allied industries across the country.

## Minor Irrigation Through Subsurface Porous Vessels (SSPV)

### Context

- A new model of minor irrigation through subsurface porous vessels (SSPV) being developed here is set to benefit the farmers with small land holdings in the villages of the Thar desert.
- Experiments have indicated a higher yield of farm produce and improvement in the nutrient value of soil after the installation of frustum-shaped vessels at the mounds formed on land.

### To address the issues of non-availability of food material

- The initiative, supported by **Indian Institute of Technology-Delhi's Rural Technology Action Group**, was taken up earlier this year, after the COVID-19 lockdown was announced, to address the issues of non-availability of food material, malnutrition among children and the villagers' inability to earn livelihood in the cities.
- The model has effectively **modified watering by pitchers** and competes with drip irrigation.
- At the small Mokalwas village in Jodhpur district, the vegetable farming through SSPV has started on the campus of **Arna Jharna**, which functions as the desert museum showcasing the arid landscape.
- The local villagers have created heaped piles of earth and are growing vegetables such as brinjal, tomato, spinach and lady's fingers with the new model.
- A **SSPV is made of location-specific clay and sawdust**, mixed in a proportion to suit the desert sand, press formed to the frustum shape and baked at a temperature of 750-800 degree Celsius with the addition of a carbon layer in its structure.
- A team of local potters has been identified in Jodhpur for manufacturing the vessels in the open-hearth furnaces at their households.
- Jodhpur-based Rupayan Sansthan**, entrusted with the task of knowledge dissemination of the irrigation model, has obtained technical assistance from the experts of IIT Jodhpur for manufacturing the vessels with the porosity required for different locations to suit the farming of vegetables and fruits.

## Interest Subvention For Ethanol Production

### Context

- The Union Cabinet approved a **modified scheme** for interest subvention for ethanol production, expanding the scheme to **include grain-based distilleries** and not just molasses-based ones.
- The decision would encourage ethanol production from grains like barley, maize, corn and rice.

### Interest subvention for five years

- The expenditure on the scheme would be ₹8,470 crore, of which ₹4,573 crore was approved.
- The scheme would boost production and distillation capacity to 1,000 crore litres and help in meeting the goal of 20% ethanol blending with petrol by 2030.

- The government would bear interest subvention for five years including one-year moratorium against the loan availed by project proponents from banks @ 6% per annum or 50% of the rate of interest charged by banks whichever is lower.

### Bioethanol Blending of Petrol

- The government has set targets of 10% bioethanol blending of petrol by 2022 and to raise it to 20% by 2030 under the Ethanol Blended Programme (EBP).
- The EBP was launched in line with the National Biofuels Policy, 2018.
- Many countries, including India, have adopted ethanol blending in petrol in order to reduce vehicle exhaust emissions and also to reduce the import burden on account of crude petroleum.

### Pradhan Mantri JI-VAN (Jaiv Indhan- Vatavaran Anukool fasal awashesh Nivaran) Yojana

- Recently, the Cabinet Committee on Economic Affairs (CCEA) has approved Pradhan Mantri JI-VAN (Jaiv Indhan- Vatavaran Anukool fasal awashesh Nivaran) Yojana to create an ecosystem for setting up commercial projects and boost to Research and Development in 2G Ethanol sector.
- 1G bioethanol plants utilise sugarcane juice and molasses, by products in the production of sugar, as raw material, while 2G plants utilise surplus biomass and agricultural waste to produce bioethanol.
- This scheme is promoting Second Generation (2G) Biofuels Technology moving away from food crops used in First Generation(1G) to feed stocks, nonfood crops agricultural residues or waste.
- The three public OMCs Indian Oil Corporation Ltd. Bharat Petroleum Corporation Ltd. and Hindustan Petroleum Corporation Ltd. are currently in the process of setting up 2G bioethanol plants.
- India celebrated World Biofuel Day on 10th August 2020 with the theme "Biofuels towards Atmanirbhar Bharat".
- Currently, the bioethanol blending in petrol stands at 5%. Reasons for Ethanol Blending
- It is estimated that a 5% blending can result in replacement of around 1.8 million Barrels of crude oil.
- As the **ethanol molecule contains oxygen, it allows the engine to more completely combust** the fuel, resulting in fewer emissions and thereby reducing the occurrence of environmental pollution.
- The renewable ethanol content, which is a **by-product of the sugar industry**, is expected to result in a net reduction in the emission of carbon dioxide, carbon monoxide (CO) and hydrocarbons (HC).

## Agriculture Exports

### Context

- India's agricultural exports are up 4.6% year-on-year in dollar terms during April-September.
- This comes even as the country's overall merchandise exports for the same period have registered a 21.2% annual decline.
- It also mirrors a larger trend – of the **farm sector doing reasonably well** amid an economy likely to contract by 9.5% in 2020-21 (April-March).

### The broader trend

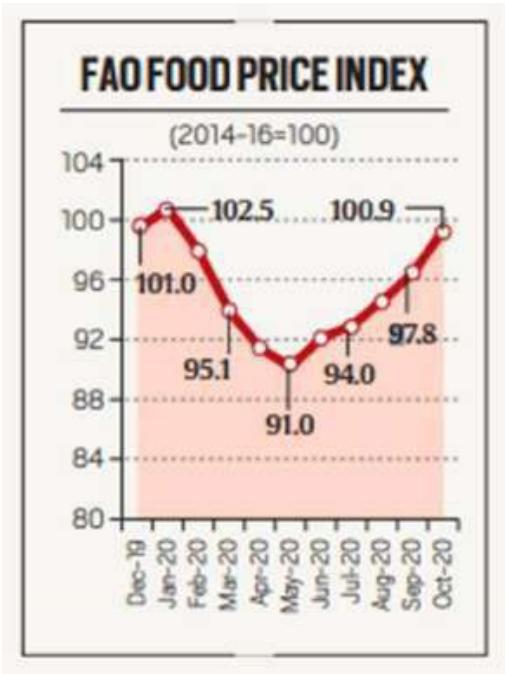
- The general story in most agri-commodities is that world prices, which were hardening in the months just before the pandemic and then crashed with lockdown measures imposed by most countries, have since resumed their earlier trajectory.
- This is captured by the **UN Food and Agriculture Organization's (FAO) Food Price Index** (base year: 2014-16=100), which rose from 93.3 points in September 2019 to a 61-month-high of 102.5 in January 2020.
- The recovery in global prices – a combination of demand revival from
  - unlockdowns continuing supply chain disruptions (including from a shortage of shipping containers),
  - Chinese stockpiling (in anticipation of a fresh corona outbreak during the winter) and
  - dry weather in producer countries such as Thailand, Argentina, Brazil and Ukraine – isn't bad news for Indian farmers.
- The overall agri-trade surplus has widened from \$ 6.1 billion in April-September 2019 to \$8.6 billion in April-September 2020.

### Food and Agriculture Organisation:

- The Food and Agriculture Organization (FAO) is a specialized agency of the United Nations that leads international efforts to defeat hunger.
- Objective:** The goal of FAO is to achieve food security for all and make sure that people have regular access to enough high-quality food to lead active, healthy lives.
- With over 194 member states, FAO works in over 130 countries worldwide.

### FAO Food Price Index

- The FAO Food Price Index (FFPI) is a measure of the monthly change in international prices of a basket of food commodities.
- It consists of the average of five commodity group price indices weighted by the average export shares of each of the groups over 2014-2016.



## Honey FPOS Programme

### Context

- The Honey FPO Programme of National Agricultural Cooperative Marketing Federation of India Limited. (NAFED) inaugurated by Minister of Agriculture and Farmers' Welfare.

### FPO scheme

- Promotion & Formation of FPOs is the first step for converting Krishi into Atmanirbhar Krishi.
- It is a **Central Sector Scheme for Formation & Promotion** of new 10,000 FPOs.
- Under the new FPO scheme, so far **National Level Project Management Advisory and Fund Sanctioning Committee(N-PMAFSC)** had allocated 2200 FPO clusters for 2020-21 to all Implementing agencies.
- National Agricultural Cooperative Marketing Federation of India Limited(NAFED) has been appointed as the 4th National **Implementing Agency** other than SFAC, NABARD and NCDC for the creation of 10,000 FPOs by the Department of Agriculture, Cooperation & Farmers' Welfare (DAC&FW).
- NAFED has recently taken over the national level Federation of Indian FPOs and Aggregators (FIFA) with the aim of creating sustainable small holder institutions to enhance collective capacities, shortening of agri produce value chains for equitable returns to all stakeholders and leveraging technology for enhanced transparency, scale and seamless agri. produce trading.

### Farmers Producer Organisations (FPOs)

- It is a **Producer Organisation (PO)** where the members are farmers who manage their activities together in the organization to get better access to technology, input, finance and market for faster enhancement of their income.
- It helps in the collectivization of such small, marginal and landless farmers in order to give them the **collective strength to deal with such issues**.

### Significance of FPOs

- Nearly 86% of farmers are small and marginal with average land holdings in the country being less than 1.1 hectares.
- These small, marginal and landless farmers face tremendous challenges during agriculture production phase such as for access to technology, quality seed, fertilizers and pesticides including requisite finances.
- They also face tremendous challenges in marketing their produce due to lack of economic strength.
- FPOs help in the collectivization of such small, marginal and landless farmers in order to give them the collective strength to deal with such issues.

## Government scheme

- The government has launched a new dedicated Central Sector Scheme titled "**Formation and Promotion of Farmer Producer Organizations (FPOs)**" with a clear strategy and committed resources to form and promote 10,000 new FPOs.

## PM-FME Scheme

### Context

- Union Minister for Food Processing Industries inaugurated the capacity building component of the **Pradhan Mantri Formalisation of Micro food processing Enterprises scheme (PM-FME Scheme)**
- Under the PM-FME scheme, **capacity building** is an important component.
- The scheme envisages **imparting training** to food processing entrepreneurs, various groups, viz., SHGs / FPOs / Cooperatives, workers, and other stakeholders associated with the implementation of the scheme.
- The training of Master Trainers aims to benefit nearly 8 Lakhs beneficiaries from micro-enterprises including members of Farmer Producer Organizations, Self-Help Groups, Cooperatives, Tribal communities, and others.
- Under the PM-FME scheme, **states have identified the food products of districts**, keeping in view the availability of existing clusters and raw materials.

### About the PM-FME Scheme

- Launched under the **Aatmanirbhar Bharat Abhiyan**, the Pradhan Mantri Formalisation of Micro food processing Enterprises(PM-FME) Scheme is a **centrally sponsored scheme**
- Aims** to enhance the competitiveness of existing individual micro-enterprises in the unorganized segment of the food processing industry and promote formalization of the sector and provide support to Farmer Producer Organizations, SelfHelp Groups, and Producers Cooperatives along their entire value chain.
- With an outlay of **10,000 crore over a period of five years from 2020-21 to 2024-25**, the scheme envisions to directly assist the **2,00,000 micro food processing units** for providing financial, technical, and business support for upgradation existing micro food processing enterprises.

## Fertiliser Subsidy

### Context

- The government proposes to **limit the amount of fertilisers each farmer can get** during a cropping season.
- Farmers buy **fertilisers at MRPs (maximum retail price)** below their normal supply-and-demand-based market rates or what it costs to produce/import them.

### How fertiliser subsidy is given?

- Farmers buy fertilisers at MRPs (maximum retail price) below their normal supply-and-demand-based market rates or what it costs to produce/import them.
- The difference, which varies according to plant-wise production cost and import price, is footed by the Centre as subsidy.
- The MRPs of non-urea fertilisers are decontrolled or fixed by the companies.
- Decontrolled fertilisers, thus, retail way above urea, while they also attract lower subsidy.
- The subsidy goes to fertiliser companies, although its ultimate beneficiary is the farmer who pays MRPs less than the market-determined rates.
- Companies, until recently, were paid after their bagged material had been dispatched and received at a district's railhead point or approved godown.
- From March 2018, a new so-called direct benefit transfer (DBT) system was introduced, wherein subsidy payment to the companies would happen only after actual sales to farmers by retailers.
- Each retailer now has a point-of-sale (PoS) machine linked to the Department of Fertilisers' e-Urvarak DBT portal.
- Anybody buying subsidised fertilisers is required to furnish his/her Aadhaar unique identity or Kisan Credit Card number.
- Only upon the sale getting registered on the e-Urvarak platform can a company claim subsidy, with these being processed on a weekly basis and payments remitted electronically to its bank account.

## World Cotton Day

### Context

- Union Minister of Textiles and Women & Child Development launched the 1st ever Brand & Logo for Indian Cotton on 2nd World Cotton Day on 7th October, 2020.
- India's premium Cotton would be known as 'Kasturi Cotton' in the world cotton Trade. The Kasturi Cotton brand will represent Whiteness, Brightness, Softness, Purity, Luster, Uniqueness and Indianness.
- Inaugural session of the webinar organised by TEXPROCIL and CITI on the theme of -NEW-LOOK COTTON|| to facilitate exchange of ideas on the emerging scenarios in cotton usage and application.

### About cotton

- Successful cultivation of cotton requires a long frost-free period, plenty of sunshine, and a moderate rainfall, usually from 60 to 120 cm.
- Soils usually need to be fairly heavy, although the level of nutrients does not need to be exceptional.
- These conditions are met within the seasonally dry tropics and subtropics in the Northern and Southern hemispheres.
- Production of the crop for a given year usually starts soon after harvesting the preceding autumn.

### Cotton and India

- Cotton is one of the principal commercial crops of India and it provides livelihood to about 6.00 million cotton farmers.
- India is the 2nd largest cotton producer and the largest consumer of cotton in the world.
- India produces about 6.00 Million tons of cotton every year which is about 23% of the world cotton.
- India produces about 51% of the total organic cotton production of the world, which demonstrates India's effort towards sustainability.
- Cotton Corporation of India (CCI) made ever highest Minimum Support Price (MSP) operation of cotton and hopeful that during the new cotton season, the procurement under MSP will be increased.
- Leveraging the technology, a mobile app, -Cott-Ally|| has been developed by CCI for providing latest news regarding weather conditions, Crop situation and best farm practices.
- Discount of Rs.300/- per candy is being offered by CCI in its regular sale to MSME mills, Khadi and Village industry, Cooperative sector mills to enhance their competitiveness and efficiency.

## Rashtriya Kamdhenu Aayog (RKA)

### Context

- Describing cow dung as -anti-radiation||, Rashtriya Kamdhenu Aayog (RKA) chairman unveiled a -chip|| made of cow dung and claimed that it reduces radiation from mobile handsets significantly.
- The -chip, named Gausatva Kavach, is manufactured by Rajkot-based Shrijee Gaushala.

### About RKA

- It comes under the Ministry of Fisheries, Animal Husbandry & Dairying.
- It was established by the Centre on February 6, 2019.
- It is aimed at -conservation, protection and development of cows and their progeny||. It was announced in the Union Budget 2019-20.

## Farm Bills

### The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Bill, 2020

#### Main provisions

- The new legislation will create an ecosystem where the farmers and traders will enjoy freedom of choice of sale and purchase of agri-produce.
- It will also promote barrier-free inter-state and intra-state trade and commerce outside the physical premises of markets notified under State Agricultural Produce Marketing legislations.
- The farmers will not be charged any cess or levy for sale of their produce and will not have to bear transport costs.

- The Bill also proposes an electronic trading in transaction platform for ensuring a seamless trade electronically.
- In addition to mandis, freedom to do trading at farmgate, cold storage, warehouse, processing units etc.
- Farmers will be able to engage in direct marketing thereby eliminating intermediaries resulting in full realization of price.

#### Doubts

- Procurement at Minimum Support Price will stop
- If farm produce is sold outside APMC mandis, these will stop functioning
- What will be the future of government electronic trading portal like e-NAM

#### Clarification

- Procurement at Minimum Support Price will continue, farmers can sell their produce at MSP rates, the MSP for Rabi season will be announced next week**
- Mandis will not stop functioning, trading will continue here as before.** Under the new system, farmers will have the option to sell their produce at other places in addition to the mandis
- The e-NAM trading system will also continue in the mandis**
- Trading in farm produce will increase on electronic platforms. It will result in greater transparency and time saving

## The Farmers (Empowerment and Protection) Agreement of Price Assurance and Farm Services Bill, 2020

#### Main provisions

- The new legislation will empower farmers for engaging with processors, wholesalers, aggregators, wholesalers, large retailers, exporters etc., on a level playing field. Price assurance to farmers even before sowing of crops. In case of higher market price, farmers will be entitled to this price over and above the minimum price.
- It will transfer the risk of market unpredictability from the farmer to the sponsor. Due to prior price determination, farmers will be shielded from the rise and fall of market prices.
- It will also enable the farmer to access modern technology, better seed and other inputs.
- It will reduce cost of marketing and improve income of farmers.
- Effective dispute resolution mechanism has been provided for with clear time lines for redressal.
- Impetus to research and new technology in agriculture sector.

#### Doubts

- Under contract farming, farmers will be under pressure and they will not be able to determine prices
- How will small farmers be able to practice contract farming, sponsors will shy away from them
- The new system will be a problem for farmers
- In case of dispute, big companies will be at an advantage

#### Clarification

- The farmer will have full power in the contract to fix a sale price of his choice for the produce. They will receive payment within maximum 3 days.
- 10000 Farmer Producer organizations are being formed throughout the country. These FPOs will bring together small farmers and work to ensure remunerative pricing for farm produce
- After signing contract, farmer will not have seek out traders. The purchasing consumer will pick up the produce directly from the farm
- In case of dispute, there will be no need to go to court repeatedly. There will be local dispute redressal mechanism.

## The Essential Commodities (Amendment) Bill, 2020

#### About Essential Commodity Act-1955

- It empowers the central government to designate certain commodities (such as food items, fertilizers, and petroleum products) as essential commodities.
- The central government may regulate or prohibit the production, supply, distribution, trade, and commerce of such essential commodities.

### Provisions of the amendment

- **Regulation of food items:** Bill provides that the central government may regulate the supply of certain food items including cereals, pulses, potatoes, onions, edible oilseeds, and oils, only under extraordinary circumstances. These include: (i) war, (ii) famine, (iii) extraordinary price rise and (iv) natural calamity of grave nature.
- **Stock limit:** The Bill requires that imposition of any stock limit on agricultural produce must be based on price rise.
- **A stock limit may be imposed only if there is:** (i) a 100% increase in retail price of horticultural produce; and (ii) a 50% increase in the retail price of non-perishable agricultural food items.
- The increase will be calculated over the price prevailing immediately preceding twelve months, or the average retail price of the last five years, whichever is lower.

### Objective

- remove fears of private investors of excessive regulatory interference in their business operations.
- The freedom to produce, hold, move, distribute and supply will lead to harnessing of economies of scale
- It will attract private sector/foreign direct investment into agriculture sector. It will help drive up investment in cold storages and modernization of food supply chain.

## Fishery Sector

### Context

- Recently, Government launched Rs 20,050 crore-Pradhan Mantri Matsya Sampada Yojana (PMMSY) to boost production and exports in the fisheries sector as part of the government's aim to double farmers' income.

### Objective of the Scheme

- It aims at augmenting fish production and productivity at a sustained average annual growth rate of about 9% to achieve a target of 22 million tonne by FY25 through sustainable and responsible fishing practices.
- The scheme will also help improve availability of certified quality fish seed and feed, traceability in fish and including effective aquatic health management.
- Creation of critical infrastructure including modernisation and strengthening of value chain will also be a major focus under it.
- The total investment will comprise of Centre's share of Rs 9,407 crore, states' share of Rs 4,880 crore and beneficiaries' share of Rs 5,763 crore.
- The scheme, to be implemented between FY21 to FY25, targets creating additional direct employment of 15 lakh fishers, fish farmers, fish workers, fish vendors in fishing and allied activities and 45 lakh indirect employment.
- Under social security, accidental insurance of fishers should be enhanced from Rs 2 lakh to Rs 5 lakh.

### Implementation

- The PMMSY will be implemented with two separate components – Central Sector Scheme (100% grant by Centre) and Centrally Sponsored Scheme (60:40 between Centre and State).
- Any project approved under the Centrally Sponsored Scheme, the beneficiary will have to invest 60% while the Centre and the state together will contribute 40% remaining costs.
- In case of SC/ST/woman beneficiary, the government's grant will be 60%.
- Fish markets –both wholesale and retail –need to be modernised and Safal-type (Mother Dairy's fruits and vegetable stores) retail outlets could be opened up in cities.
- about 42% of the total estimated investment of the PMMSY is earmarked for creation and upgradation of fisheries infrastructure facilities.
- Focus areas include Fishing Harbours and Landing Centers, Post-harvest and Cold Chain Infrastructure, Fish Markets and Marketing Infrastructure, Integrated Modern Coastal Fishing Villages and Development of Deep-sea Fishing.
- The scheme plans to reduce post-harvest losses from the present high of 25% to about 10% by modernizing and strengthening value chain.

- Under the Swath Sagar plan, activities envisaged with a view to modernize the fisheries sector include promotion of Bio-toilets, Insurance coverage for fishing vessels, Fisheries Management Plans, E-Trading/Marketing, Fishers and resources survey and creation of National IT-based databases.

### Other Government Steps

- Creation of a separate Ministry of Fisheries, Animal Husbandry and Dairying in the Union Government,
- Setting up a new and dedicated Department of Fisheries with independent administrative structure,
- Implementation of the Centrally Sponsored Scheme on Blue Revolution: Integrated Development and Management of Fisheries during the period 2015-16 to 2019-20 with a central outlay of Rs. 3,000 crore,
- Creation of Fisheries and Aquaculture Infrastructure Development Fund (FIDF) during 2018-19 with a fund size of Rs. 7,522.48 crore.
- The Marine Products Export Development Authority (MPEDA) also provides financial assistance to develop fisheries infrastructure facilities to maintain the quality standards of aquaculture products for export to overseas markets.
- The introduction of cage culture in reservoirs and other open water bodies has led to an increase in output. This new practice gives freedom to fishermen from the risk of traversing dangerous rivers and restricted reservoirs.
- Regular stocking of reservoirs and other water bodies has resulted in a marked increase in catch.

### Fishery Sector in India

- India is the world's second-largest fish producer with exports worth more than Rs 47,000 crore.
- Fisheries are the country's single-largest agriculture export, with a growth rate of 6 to 10 per cent in the past five years.
- Fisheries alone has employed 145 million people and contributed to 1.07% of the GDP.

## Minimum Support Price

### Context

- Government has declared the Minimum Support Price for the Rabi crops.

### About it

- It is only a government policy that is part of administrative decision-making. The government declares MSPs for crops, but there's no law mandating their implementation.
- The government can procure at the MSPs if it wants to.
- There is no legal compulsion. Nor can it force others (private traders, organised retailers, processors or exporters) to pay.
- The only crop where MSP payment has some statutory element is sugarcane.
- This is due to its pricing being governed by the Sugarcane (Control) Order, 1966 issued under the Essential Commodities Act.
- That order, in turn, provides for the fixation of a 'fair and remunerative price' (FRP) for cane during every sugar year (October-September).
- The responsibility to make FRP payment to farmers within 14 days of cane purchase lies solely with the sugar mills.



### WHAT'S MSP

It is a "minimum price" for any crop that the government considers as remunerative for farmers and hence deserving of "support". It's also the price that government agencies pay whenever they procure the particular crop. The government now fixes MSPs for 23 crops, but is NOT legally bound to pay these even if open market rates for the said produce are ruling below their announced floor prices

### Determination of MSP

- The Centre currently fixes MSPs for 23 farm commodities
  - 7 cereals (paddy, wheat, maize, bajra, jowar, ragi and barley),
  - 5 pulses (chana, arhar/tur, urad, moong and masur),
  - 7 oilseeds (rapeseed-mustard, groundnut, soyabean, sunflower, sesamum, safflower and nigerseed)
  - 4 commercial crops (cotton, sugarcane, copra and raw jute) — based on the CACP's recommendations.

- The CACP considers various factors such as the cost of cultivation and production, productivity of crops, and market prices for the determination of MSPs.

**EXPRESS explained. | HOW ARE MSPs DETERMINED?**

The Centre fixes MSPs for every kharif and rabi cropping season based on recommendations of the Commission for Agricultural Costs and Prices (CACP)

- When a farmer grows a crop, he incurs costs, some of it explicit and some implicit or unpaid. The CACP considers the following costs:

1 <b>A2</b>	2 <b>A2+FL</b>	3 <b>C2</b>
Covers all cash and in kind expenses incurred by farmers on seeds, fertilisers, chemicals, hired labour, fuel, irrigation, etc	Actual costs plus an imputed value of unpaid family labour	Includes 'A2+FL' along with revenues forgone on owned land (rent) and fixed capital assets (interest)

#QUIXPLAINED

**EXPRESS explained. | A BIT OF THE PAST**

MSP was introduced in the mid-sixties when India was food-deficit. The government was keen to boost domestic production through Green Revolution technologies, but realised farmers wouldn't plant input-intensive high-yielding wheat or paddy varieties unless guaranteed a minimum price

**MSP WAS FIRST FIXED FOR WHEAT IN 1966-67 AT ₹54/quintal**

WHEAT	COMMON PADDY
₹76* 1970-71 ₹1,975 2020-21	₹51 1970-71 ₹1,868 2020-21

\*per quintal

#QUIXPLAINED

### About CACP

- But the CACP itself is not any statutory body set up through an Act of Parliament.
- The CACP, as its website states, is just "an attached office of the Ministry of Agriculture and Farmers Welfare, Government of India".
- It can recommend MSPs, but the decision on fixing (or even not fixing) and enforcement rests finally with the government.

## Centralized Farm Machinery Performance Testing Portal

### Context

- Union Agriculture Ministry launched the Centralized Farm Machinery Performance Testing Portal in the public domain.
- The portal has been developed by the Department of Agriculture, Cooperation and Farmers' Welfare.
- It is seen as a step to improve the services of farm machinery testing institutions and bringing out transparency in the entire process of testing and evaluation of machines.
- The portal will facilitate manufacturers in applying, communicating and monitoring the progress of testing of their machines seamlessly as it is easily accessible from any location and any device connected to the Internet.
- It will improve the efficiency of the testing institutes thereby reducing testing time for various agricultural machines and equipment.

### This portal offers the following benefits to the users:

- This would facilitate applying for testing of machinery online.
- Ensure Transparency in the entire processes of testing.
- Faster Feedback
- Help in Reducing testing Time
- Reduced Business Expenses of Agricultural Manufacturers
- Testing Efficiency Improvement
- Thoroughness in Testing
- Flexible Access – Officers concerned at Ministry and manufacturers can monitor testing activities from anywhere with internet access.

## Krishi Megh

### Context

- Ministry of Agriculture & Farmers' Welfare launched the Krishi Megh (National Agricultural Research & Education System -Cloud Infrastructure and Services)

### About Krishi Megh

- Data Recovery Centre of ICAR (Indian Council of Agriculture Research)
- Set up under National Agriculture Higher Education Project (NAHEP).

### Features

- Equipped with the latest artificial intelligence and deep learning software.

### Envisaged Benefits

- Enhance the quality, availability and accessibility of e-governance, research, extension and education in the field of agriculture in India.
- Deployment of deep learning-based applications through image analysis, disease identification in livestock, etc.
- Update farmers, researchers, students and policymakers with latest information regarding agriculture and research.

### About National Agricultural Higher Education Project (NAHEP)

- Launched by ICAR.
- Aims to attract talent and strengthen higher agricultural education in India.
- Funded by World Bank and Government of India on 50:50 basis.

### Objective

- Support participating agricultural universities (AU) and ICAR.
- A four-year degree in Agriculture, Horticulture, Fisheries and Forestry has been declared a professional degree.

### Components

- Institutional Development Plans (IDPs):** provide Institutional Development Grants to selected participating AUs.
- Centre of Advanced Agricultural science & Technology (CAAST):** CAAST Grants will be provided to selected participating AUs to establish multidisciplinary centers for teaching, research and extension
- Innovation Grants to selected participating AUs** to make AUs reform ready.
- Continuous Monitoring:** ICAR would establish a Monitoring and Evaluation (M&E) Cell to oversee the progress of activities across all NAHEP components.

### About Indian Council of Agriculture Research (ICAR)

- Established on 16 July 1929** as a registered society under the Societies Registration Act, 1860.
- Autonomous organisation under the Department of Agricultural Research and Education (DARE), Ministry of Agriculture and Farmers Welfare, Government of India.**
- President: Union Agriculture Minister**
- Largest network of agricultural research and education institutes in the world.

### Functions

- Provides accreditation to agriculture universities**, colleges and programmes, through its accreditation unit, National Agricultural Education Accreditation Board (NAEAB).
- Published an Integrated Mobile App called KISAAN** (Krishi Integrated Solution for Agri Apps Navigation) for Farmers in 2019.

## Khadi Agarbatti Aatmanirbhar Mission

### Context

- Make India Aatmanirbhar in Agarbatti production.

### Objective

- creating employment for unemployed migrant workers in different parts of the country
- increasing domestic Agarbatti production substantially
- Help private Agarbatti manufacturers to scale up Agarbatti production without any capital investment
- Support Make in India Initiative

### Ministry

- Ministry for MSME
- Proposed by Khadi and Village Industries Commission (KVIC)

### Features

- On PPP Mode
- KVIC will provide Automatic Agarbatti making machines and powder mixing machines to the artisans.
- Procure only locally made machines by Indian manufacturers
- will provide 25% subsidy on the cost of the machines and will recover the remaining 75% of the cost from the artisans in easy installments every month.
- Private Player will provide the raw material to the artisans for making Agarbatti will pay them wages on job work basis..
- Cost of artisans' training will be shared between KVIC and the private business partner.
- The wages to the artisans will be provided by the business partners on weekly basis directly in their accounts through DBT only.

### Current Status of Agarbatti Production in India

- Consumption: 1490 MT Per Day
- Production: 760 MT per day
- Huge gap between Demand and Supply

### About Khadi and Village Industries (KVIC)

- Statutory body established under Khadi and Village Industries Commission Act of 1956.
- Organisation under the Ministry of Micro, Small and Medium Enterprises

### Functions

- plan, promote, facilitate, organise and assist in the establishment and development of khadi and village industries in the rural areas in coordination with other agencies engaged.
- Provide employment in rural areas
- Provide salable articles.
- Create self-reliance amongst people and building up a strong rural community spirit.

## Agriculture Infrastructure Fund

### Context

- Government has launched a new pan India Central Sector Scheme-Agriculture Infrastructure Fund.

### Objective

- Finance will be to develop cold chain storage, processing facilities and other post-harvest management infrastructure at the farm gate and aggregation points.

## Features

- One Lakh Crore will be provided by banks and financial institutions as loans to Primary Agricultural Credit Societies (PACS), Marketing Cooperative Societies, Farmer Producers Organizations (FPOs), Self Help Group (SHG) etc.
- Disbursement of loans in four years.
- Interest subvention of 3% per annum up to a limit of Rs. 2 crore.
- Availability of credit guarantee for eligible borrowers.
- Total budgetary support: 10,736 crore.
- Will be managed and monitored through an online Management Information System (MIS) platform.
- The duration of the Scheme shall be from FY2020 to FY2029 (10 years).
- Government will bear the cost of interest subvention.
- Will be managed by the National Bank for Agriculture and Rural Development (NABARD) in association with the Ministry of Agriculture and Farmers' Welfare.

## Significance

- Provide an impetus to the creation of post-harvest management infrastructure and assets such as cold storage, collection centres, processing units, etc.
- Avoid distress selling by Farmers
- Better Price discovery by Farmers
- Cold Storage facility will help in reducing the wastage.
- Ensure uniform availability of raw material throughout the season thus tackling the persistent food inflation.
- Support to food processing units as raw material will be available throughout the year.
- Create numerous job opportunities in rural areas.

## Organic Farming

### Data

- India ranks first in number of organic farmers.
- Ninth in terms of area under organic farming.
- Major organic exports from India are flax seeds, sesame, soybean, tea, medicinal plants, rice and pulse.
- Sikkim became the first State in the world to become fully organic.
- Tripura and Uttarakhand have set similar targets.
- India exports around 1.35 million MTs of certified organic food

### Government Schemes

#### 1. Paramparagat Krishi Vikas Yojana (PKVY)

##### About The Scheme

- Elaborated component of Soil Health Management (SHM) of major project National Mission of Sustainable Agriculture (NMSA).
- Promotion of Organic farming through adoption of organic village by cluster approach and PGS certification.

##### Objective

- Promotion of commercial organic production through certified organic farming.
- The produce will be pesticide residue free and will contribute to improve the health of consumer.
- It will raise farmer's income and create potential market for traders.
- It will motivate the farmers for natural resource mobilization for input production.

##### Implementation So Far

- Assistance to 40000 clusters.
- Coverage of area of about 7 Lakh Ha.

##### Exports of Organic Production

##### National Programme for Organic Production (NPOP):

- Launched during 2001 laid the foundation for systematic development of organic agriculture sector in the country.

- Being managed by Agricultural and Processed Food Products Export Development Authority (APEDA) under the Ministry of Commerce and Industry.
- Main stay for quality assurance for organic agriculture products in India operated through 28 accredited certification bodies.
- All types of agriculture, horticulture and non-food crops are grown under organic certification process.
- Livestock, aquaculture, animal feed processing and handling, mushroom production, sea weeds, aquatic plants and green house crop production have also come under the ambit of organic certification.
- TRACENET is an on-line application tool managed by APEDA under NPOP for management of entire organic certification system in the country.

#### Achievement:

- More than 4.45 million ha area is under organic certification, comprising 1.44 million ha under cultivation and 3.0 million ha under wild harvest collection.
- Producing wide range of crops under organic management with total production of 1180105 MTs which majorly covers Oilseeds, Sugarcane, and Cereal & Millets etc.
- Export kitty for organic food products is about US\$ 369.8 million
- The major export destinations are EU, USA, Canada, Switzerland, Pakistan, New Zealand and Australia.

#### Organic Farming Regulatory System:

- Food Safety and Standards Authority of India (FSSAI) regulates organic food in the domestic market and Imports.
- Organic foods are also required to comply with the requirements of labelling of FSSAI in addition to that of NPOP or PGS-India.

#### Existing Certification:

1. National Programme for Organic Production (NPOP):
  - Provide certificate through third party assessment
  - Implemented by Agricultural and Processed Food Products Export Development Authority (APEDA), Ministry of Commerce and Industry.
  - Recognized by the European Commission, Switzerland and USA as equivalent to their respective accreditation systems.
2. Participatory Guarantee System for India (PGS)
  - Implemented by the Ministry of Agriculture and Farmers' Welfare.
  - Emphasize the participation of stakeholders, including producers and consumers
  - Operate outside the framework of third-party certification.
  - The government's 2015 PGS manual underlines that the system in India is based on "participatory approach, a shared vision, transparency and trust".





### Other Government Steps to Promote Organic Farming

- Promotion of Contract Farming
- Encourage to concept of market led one district - One product.
- Development of more clusters in the vicinity of bigger towns
- Promotion through strengthening of organic e-commerce platform [www.jaivikkheti.in](http://www.jaivikkheti.in).
- Focus on infrastructure development like cold storage for better price realisation by farmers.

### About Agricultural and Processed Food Products Export Development Authority (APEDA)

- Statutory body established under the Agricultural and Processed Food Products Export Development Authority Act 1985.
- Under the Ministry of Commerce and Industries.
- Promotes export of agricultural and processed food products from India.
- Chairman is appointed by the Central Government.

### About Food Safety and Standards Authority of India (FSSAI)

- Autonomous statutory body established under the Food Safety and Standards Act, 2006 (FSS Act).
- Under Ministry of Health & Family Welfare

### Objective of FSSAI

- Lay down science-based standards for articles of food
- To regulate manufacture, storage, distribution, import and sale of food
- To facilitate safety of food

## E-NAM Context

- Many Mandis are joining the e-NAM platform for marketing of Agricultural produce.

### National Agriculture Market (eNAM)

- National Agriculture Market (eNAM) is a pan-India online trading portal.
- It connects the existing Agricultural Produce Market Committee (APMC) mandis to create a unified national market for agricultural commodities.
- Implementing agency: Small Farmers Agribusiness Consortium (SFAC).
- Responsible Ministry: Ministry of Agriculture and Farmers' Welfare, Government of India.

### Objectives

- To integrate markets first at the level of the States and eventually across the country.
- To streamline marketing/transaction procedures and make them uniform across all markets.
- To promote better marketing opportunities for farmers/sellers through online access.

- To establish quality assaying systems for quality assurance to promote informed bidding by buyers.
- To promote stable prices and availability of quality products to consumers.

### Vision

- Removing information asymmetry between buyers and sellers.
- Promoting real-time price discovery based on actual demand and supply.

**Pre-requisites for e-NAM** There are three basic criteria for a state to propose Mandis for "Plug-In" to e-NAM:

- The state APMC Act must have a specific provision for e-auction/electronic Trading as a mode of price discovery.
- There must be one single trading license to be valid across the state/UT.
- A single point levy of market fee across the State/UT.

### Scheme Components

- **The selection of APMCs** is undertaken after mandatory reforms in their APMC/RMC Acts of the respective state as prescribed in the Scheme.
- **Provision of e-NAM software** to States/UTs free of cost.
- **Financial assistance**
  - Financial assistance will be provided to State/UT for selected APMCs upto a maximum of Rs.30.00 lakh per market.
  - State Government/UT and their agencies would bear balance fund requirements, if any, for arranging electronic trading in proposed markets.
- **Technical Assistance:** SFAC will depute at all APMCs free of cost one Mandi Analyst at each market, for a period of one year to provide day to day handholding support to stakeholders for its successful implementation.
- **Capacity building:** Orientation of APMC/RMC line staff, awareness to farmers through Market talk, Gram Sabha, Print & Electronic media would be undertaken with the support of a strategic partner.

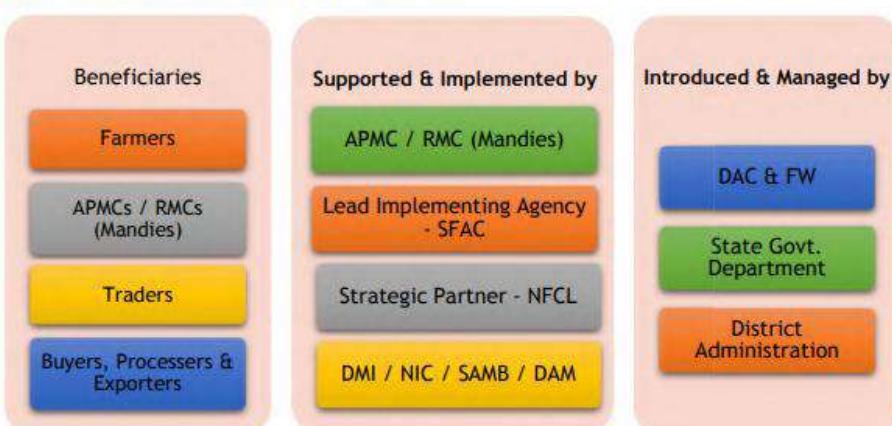
### Agricultural Produce Market Committee

- Agricultural Produce Market Committee (APMC) is a statutory market committee constituted by a State Government as per the Agricultural Produce Market Committee Act
- APMCs trade certain notified agricultural or horticultural or livestock products, listed by the state governments.

APMCs are intended to be responsible for:

- Ensuring transparency in pricing system and transactions taking place in the market area;
- Providing market-led extension services to farmers;
- Ensuring payment for agricultural produce sold by farmers on the same day;
- Promoting agricultural processing including activities for value addition in agricultural produce;
- Publicizing data on arrivals and rates of agricultural produce brought into the market area for sale; and
- Setup and promote public-private partnerships in the management of agricultural markets.

The different stakeholders of the scheme are:



## One Nation One Card

### Context

- Finance Minister announced the national rollout of a „One Nation, One Ration Card” system in all states and Union Territories by March 2021.

## What is the present system?

- Under the National Food Security Act, 2013, about 81 crores persons are entitled to buy subsidized food grains. Designated Fair Price Shops provides the rice at Rs 3/kg, wheat at Rs 2/kg, and coarse grains at Re 1/kg for the beneficiaries.

### Ration card:

- Ration cards** are an official document issued by **state governments** in India to households that are eligible to purchase subsidized food grain from the Public Distribution System.

## There are two types of ration cards under NFSA:

- Priority ration card** - priority ration cards are issued to households that meet the eligibility criteria set by their state government. Each priority household is entitled to 5 kilograms of food grain per member per month.
- Antyodaya (AAY) ration cards** are issued to the "poorest of poor" households. Each AAY household is entitled to 35 kilograms of food grain per month.

## Shortcomings of the current system

- Localized benefits:** In the present system, a ration cardholder can buy foodgrains only from an FPS that has been assigned to her in the locality in which she lives.
- The difficulty for migrants:** The present system is not beneficial to migrant families or a person of the family relocated to another state.
- Family-based:** If a person of the family relocated, the present system doesn't have any provision to provide food grains.
- Leakages:** There is a possibility to misuse the benefits of those who are in authority.

## New system

### Technological platform:

- The new system (based on a technological solution) will identify a beneficiary through biometric authentication on electronic Point of Sale (ePoS) devices installed at the FPSs.
- It enables that person to purchase the number of food grains to which he/she is entitled under the NFSA.

### Annavitran portal

- It enables a migrant worker or his family to avail of the benefits of PDS outside their district but within their state.
- While a person can buy his/her share of food grains as per her entitlement under the NFSA, wherever he/she is based, the rest of her family members can purchase subsidized food grains from their ration dealer back home.

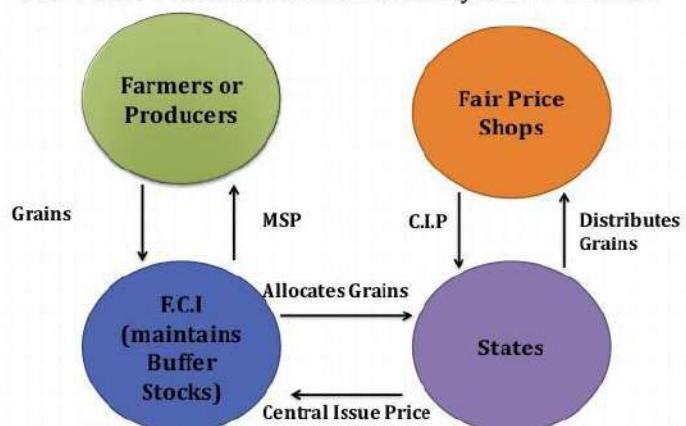
## Format of 'one nation, one ration card'

- A standard format for the ration card has been prepared after taking into account the format used by different states.
- Language:** For national portability, the state governments have been asked to issue the ration card in the bilingual format. Besides the local language, the other language could be Hindi or English.

### Number format:

- The states have also been told to have a **10-digit** standard ration card number.
- The first two digits** will be state code and the next two digits will be running ration card numbers.
- Besides this, a set of other two digits will be appended with ration card number to create unique member IDs for each member of the household in a ration card.

## How the Public Distribution System works:



## Benefits

- Plug leakages:** The PDS system was marred

with inefficiency leading to leakages in the system. The new system helps to reduce leakages.

- **Technological solution:** The new system uses advanced technologies to ensure the smooth execution of the system.
- **It helps migrants** in need as they travel to different parts of the country.
- **Individual focus:** Earlier system was family-based. Now if an individual migrates from the place also can avail the benefits.
- **Accountability:** Improves accountability by building pool proof system and reducing the discretion available to powerful people.
- **National unity and integrity:** Now the benefits can be accessed throughout the country in the true sense. New system helps the person to move and stay in any part of the country as enshrined in our constitution.
- **Generates data for future use:** System generates the data of effectiveness of PDS in micro and macro level. Analysis of the data can help to further improvise the PDS.

### The Public Distribution System (PDS)

- It is a system of management of scarcity through the distribution of food grains at affordable prices.
- PDS is supplemental in nature. It is not intended to make available the entire requirement of any of the commodities.

#### Responsibility

- PDS is operated under the joint responsibility of the **Central and the State Governments.**

- **The Central Government**, through Food Corporation of India (FCI), has assumed the responsibility for procurement, storage, transportation, and bulk allocation of food grains to the State Governments.
- **State Governments:** The operational responsibility including allocation within State, identification of eligible families, issue of Ration Cards and supervision of the functioning of Fair Price Shops (FPSs), etc.
  - Under the PDS, presently the commodities namely wheat, rice, sugar and kerosene are being allocated to the States/UTs for distribution.
  - Some states/UTs also distribute additional items of mass consumption through PDS outlets such as pulses, edible oils, iodized salt, spices, etc

## Kisan Sabha App

### Context

- It is an app to connect farmers to supply chain and freight transportation management system.
- **Developed by:** CSIR-Central Road Research Institute (CSIR-CRRI)

### Details

- **Stakeholders connection:** The portal connects the farmers, transporters, Service providers (like pesticides/fertilizer/dealers, cold store and warehouse owner), mandi dealers, customers (like big retail outlets, online stores, institutional buyers).
- **Modules:** Kisan Sabha has 6 major modules taking care of

I. Farmers

II. Mandi Dealers

III. Transporters

IV. Mandi Board Members

V. Service Providers

VI. Consumers

### Benefits

- Single stop solution
  - The portal acts as a **single stop for every entity related to agriculture.**
  - Be they a farmer who needs better price for the crops or mandi dealer who wants to connect to more farmers or truckers who invariably go empty from the mandis.

### Central Road Research Institute

- **Central Road Research Institute** or **CRRI** established in 1950, as a constituent laboratory of India's Council of Scientific and Industrial Research.
- It conducts research and development in the areas of design, construction, maintenance, and management of roads and airport runways. It also works in the area of traffic and surface transportation planning

- **Easy reaching out to farmers:** Kisan Sabha also works for people in agriculture services sector such as dealers of fertilizers/ pesticides, who can reach out to more farmers for their services.
- **Storage facility linkages:** It would also prove to be useful for those associated with cold store(s) or godown(s).
- **Direct procurement:** Provides a platform for people who want to buy directly from the farmers.
- **Optimized solutions:** Provide the most economical and timely logistics support to the farmers and increase their profit margins by minimizing interference of middlemen and directly connecting with the institutional buyers.
- **Better price realization:** Providing best market rates of crops by comparing nearest mandis, booking of freight vehicle at cheapest cost thereby giving maximum benefit to the farmers.

## Minor Forest Produce

### Context

- The government revised the Minimum Support Price (MSP) for MFP of 49 items.

### Details

- MSP for MFPs is revised once every 3 years by the **Pricing Cell** constituted under the Ministry of Tribal Affairs, Government of India.
- Due to COVID-19 pandemic, the authority has decided to relax the existing provisions in the scheme guidelines and effect revision of MSP in respect of the MFP items currently covered under the scheme.
- **Tribal Cooperative Marketing Development Federation of India (TRIFED)** to monitor the implementation of the revised MSP in states

### Significance of this move

- Provide an immediate momentum to the procurement of MFPs in atleast 20 States.
- Will provide tribals adequate money for essentials
- Tribals can sell the MFPs in village marketplaces. If the market prices fall below MSP, the state government agencies move in to procure the produce.

## Minor Forest Produce

- Minor Forest Produce (MFP) is a subset of forest produce. It is defined under the **Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006** as all non-timber forest produce of plant origin.
- Minor Forest Produce includes bamboo, brushwood, stumps, canes, Tusser, cocoon, honey, waxes, Lac, tendu/kendu leaves, medicinal plants and herbs, roots, tuber and the like.

### Tribal Cooperative Marketing Development Federation of India

- Established in 1987, it **works under** Ministry of Tribal Affairs, Govt. of India.

### Objectives

- **Socio-economic development of tribal people** in the country by way of marketing development of the tribal products.
- **Capacity building of the tribal people** through sensitization, formation of Self Help Groups (SHGs) and imparting training to them for undertaking a particular activity, exploring marketing possibilities in national as well as international markets, creating opportunities for marketing tribal products on a sustainable basis, creating a brand and providing other services.

### Functions

- Minor Forest Product development to ensure better living of Tribal people.
- Retail marketing of tribal products through various outlets.

## The Scheduled Tribes and Other Traditional Forest Dwellers Act, 2006

- It is popularly known as the Forests Rights Act (FRA) it recognizes individual forest-dwellers with forest rights to live in and cultivate forest land that was occupied before 13 December 2005
- It grants community forest rights to manage, protect and regenerate the forest.
- It defines forest rights as inclusive of Right of ownership, access to collect, use and dispose of minor forest produce which has traditionally been collected within or outside village boundaries”.

- Individuals, communities and Gram Sabha having rights under this particular section of the Act will have rights of ownership over MFPs.
- This goes beyond the Provisions of the Panchayats (Extension to the Scheduled Areas) Act, 1996 (PESA Act) which had authorized states to entrust Panchayats and Gram Sabha as the owners of MFP.

## Animal Husbandry Startup Grand Challenge

### Context

- Animal Husbandry Startup Grand Challenge was launched.

### Details

- **Responsible Agency:** The Department of Animal Husbandry and Dairying, in partnership with Startup India.
- **Objective:** Build innovative and commercially viable solutions to address the problems faced by the Animal Husbandry and Dairy sector.
- The challenge was open for application to all startups with unique solutions for six problem statements that were identified as below:
- **Value-added products:** introduce value-added dairy products viz. cheese, smoothies, flavored milk and other ethnic Indian products using innovative techniques for smaller domestic as well as export markets
- **Single-use plastic alternatives:** using environment-friendly alternatives to replace single-use polythene in the dairy sector
- **Eliminate milk adulteration:** tackling milk adulteration in the dairy sector
- **Breed improvement and animal nutrition:** use of innovative technologies for quick genetic gain among Indian breeds of cattle and buffalos, and new varieties of green fodder and enriched animal feed
- **E-commerce solutions:** encouraging innovations to provide modern digital infrastructure and advisory services across the country
- **Product traceability:** using technologies to track the journey of dairy products from farm to fork

## Animal Husbandry Infrastructure Development Fund (AHIDF)

### Context

- Animal Husbandry Infrastructure Development Fund approved by Cabinet in pursuance of recently announced Atma Nirbhar Bharat Abhiyan stimulus package.

### More about the fund

- Size of the fund is 15000 crore.
- This Fund will incentivise infrastructure investments in dairy, meat processing and animal feed plants.
- Eligible- Farmer Producer Organizations (FPOs), MSMEs, Section 8 Companies, Private Companies and individual entrepreneur with only 10% margin money contribution by them.
- Rest of the Funds: The balance 90% would be the loan component to be made available to them by scheduled banks.
- GOI will provide 3% interest subvention to eligible beneficiaries.
- There will be 2 years moratorium period for repayment of the loan with 6 years repayment period thereafter.
- Government of India would also set up a Credit Guarantee Fund of Rs. 750 crore. It is to be managed by NABARD which would provide credit guarantee to the projects which are covered under the MSME defined ceilings.