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1

INDIAN ECONOMY AND ISSUES RELATING TO PLANNING

1. Widening CAD led by rising demand

Context: External factors coupled with higher domestic demand has begun to put pressure on **India's current account deficit**, which is expected to widen further, but it may not be an immediate cause of worry.

What is the Current Account Deficit?

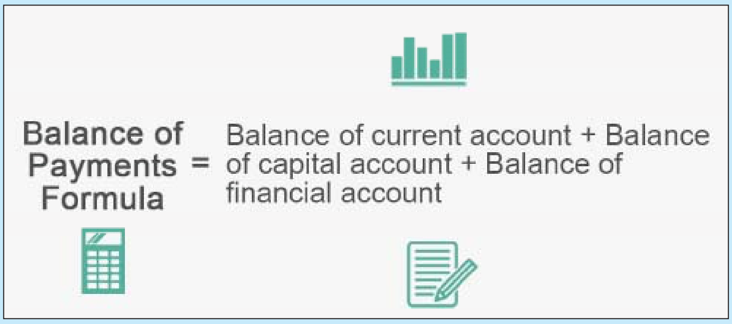
- The current account measures the **flow of goods, services, and investments** into and out of the country.
- A nation's current account maintains a record of the country's transactions with other nations that includes
  - **net income**, including interest and dividends
  - **transfers**, like foreign aid
- It represents a **country's foreign transactions** and, like the capital account, is a component of a country's **Balance of Payments (BOP).**
- There is a **deficit in Current Account** if the value of the goods and services imported exceeds the value of those exported.

Balance of Payment (BOP)

Balance of Payment (BOP) is a statement which records all the monetary transactions made between residents of a country and the rest of the world during any given period. It comprises of mainly three components:

- **Current Account:** The current account is used to monitor the inflow and outflow of goods and services between countries. This account covers all the receipts and payments made with respect to raw materials and manufactured goods.
- **Capital Account:** All capital transactions between the countries are monitored through the capital account. Capital transactions include the purchase and sale of assets (non-financial) like land and properties. There are 3 major elements of a capital account:
  - **Loans and borrowings –** It includes all types of loans from both the private and public sectors located in foreign countries.
  - **Investments** – These are funds invested in the corporate stocks by non-residents.

- **Foreign exchange reserves** – Foreign exchange reserves held by the central bank of a country to monitor and control the exchange rate does impact the capital account.
- **Financial Account:** The flow of funds from and to foreign countries through various investments in real estates, business ventures, foreign direct investments etc is monitored through the financial account.



What does rising CAD indicate?

- A country with rising CAD shows that it has become uncompetitive, and investors may not be willing to invest there.

Measures to reduce CAD

- In India, the Current Account Deficit could be reduced by
  - boosting exports
  - curbing non-essential imports such as gold, mobiles, and electronics

Current Account Deficit and Fiscal Deficit (also known as "budget deficit" is a situation when a nation's expenditure exceeds its revenues) are together known as twin deficits and both often reinforce each other, i.e., a high fiscal deficit leads to higher CAD and vice versa.

Data on India's CAD

- As per the latest RBI data, **India's current account balance posted a deficit of $ 9.6 billion** in the second quarter ended September 2021 (Q2Fy22), forming 1.3 per cent of the country's gross domestic product (GDP) and reflecting a rise in overseas trade.
- The deficit was mainly due to widening of trade gap to $ 44.4 billion from $ 30.7 billion in the preceding quarter and an increase in net outgo of investment income.

2. Battery Swapping Policy

Context: In order to meet its **decarbonization goals**, India will introduce a new policy for **battery swapping** to boost sales of **electric vehicles (EVs).**

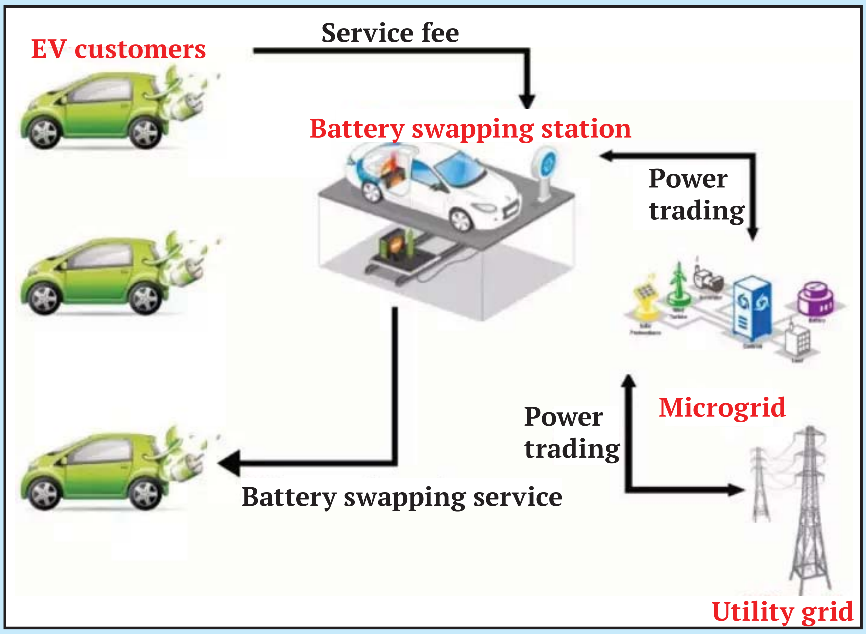
About the Policy

- This was a part of the **2022-23 Union Budget's** focus on sunrise opportunities, energy transition, and climate action.

- **Focus areas:** The policy will focus on creating a comprehensive framework, including regulatory, operational and technical elements, to incentivize battery swapping.
  - It will initially focus on the commercial application of electric two-wheelers and three-wheelers.
- **NITI Aayog** will work with the **Bureau of Indian Standards** and the **department of science and technology (DST)** to develop technical standards for batteries, including interoperability.

What is Battery Swapping?

- With electric vehicles becoming more prominent, especially with the increasing use case in commercial vehicle space, various stakehokders are looking for solutions to make electric vehicles more affordable, easy to charge and economical to operate.
- One such technology that gives all these benefits to fleet operator is **battery swapping.**
- A **battery swapping technology** is a method where user can swap a battery to keep the vehicle running.



3. Rail Kaushal Vikas Yojana

Context: The Ministry of Railways launched **Rail Kaushal Vikas Yojana (RKVY)** under **Pradhan Mantri Kaushal Vikas Yojana (PMKVY).**

What is Rail Kaushal Vikas Yojana (RKVY)?

- This is a **skill development programme**, where training will be provided to youth with a special focus on jobs that are relevant to the Railways.
- **Industry:** The training will be provided in four trades viz.
  - **Electrician**
  - **Welder**
  - **Machinist**

  - **Fitter**
- Other trades will be added by zonal railways and Production units based on regional demands and needs assessment.
- Training will be provided to apprentices under the **Apprentice Act 1961.**
- **Objectives:**
  - To impart training skills to the youth in various trades to bring qualitative improvement.
  - To train 50,000 candidates over the next three years.
- **Eligibility:** Candidates who are 10th passed and between 18-35 years shall be eligible to apply.
- **Significance:** It will not only improve the employability of the youth but also upgrade the skills of employed

Pradhan Mantri Kaushal Vikas Yojana (PMKVY)

- **Launched in:** 2015
- **Ministry:** It is a flagship program of the **Ministry of Skill Development and Entrepreneurship (MSDE).**
- **Aim:** To increase productivity of the youth and align the training and certification to the needs of the country

Key-Components

- **Short Term Training:** Training as per **National Skills Qualification Framework (NSQF)** is provided to those who are either school/college dropouts or unemployed.
- **Recognition of Prior Learning (RPL):** An individual with a certain set of skills or with prior learning experience is assessed and certified under RPL with grade according to the NSQF.
- **Special Projects:** This component ensures training in special areas and premises of government bodies and corporate.
  - It aims to encourage training in vulnerable and marginalized groups of society.
  - **Training Partners (TPs)** are mandated to organize **Kaushal and Rozgar Melas** every six months.

4. Pradhan Mantri Formalization of Micro food processing Enterprises (PMFME)

Context: Recently, the **Ministry of Food Processing Industries and NAFED (National Agricultural Cooperative Marketing Federation of India Limited)** launched six, **One District One Product (ODOP)** brands under the **Pradhan Mantri Formalization of Micro food processing Enterprises (PMF ME) Scheme.**

Key-highlights

- The Ministry has signed an agreement with NAFED for developing 10 brands of selected ODOPs under the branding and marketing component of the PMFME scheme.
- Out of these, six brands are **Amrit Phal, Cori Gold, Kashmiri Mantra, Madhu Mantra, Somdana, and Whole Wheat Cookies of Dilli Bakes.**

What is PM Formalization of Micro Food Processing Enterprises Scheme?

- **Aim:** To provide financial, technical and business support for up gradation of existing micro food processing enterprises.
- **Launched by:** Ministry of Food Processing Industries (MoFPI)
- The **Centrally Sponsored PM Formalisation of Micro food processing Enterprises (PM FME)** scheme is to be implemented over a period of five years from 2020-21 to 2024-25 with an outlay of **Rs 10,000 crore.**
- **Funding pattern:** The expenditure under the scheme would to be shared in
  - **60:40 ratio** between Central and State Governments
  - **90:10 ratio** with North Eastern and Himalayan States
  - **60:40 ratio** with UTs with legislature
  - **100%** by Centre for other UTs

Salient features of the scheme are:

- **ODODP Approach:** The Scheme adopts **One District One Product (ODODP)** approach to reap benefit of scale in terms of procurement of inputs, availing common services and marketing of products.
- **Waste to wealth product:** The Scheme also place focus on waste to wealth products, minor forest products and Aspirational Districts.
- **Special focus on capacity building and research:** Academic and research institutions under MoFPI along with State Level Technical Institutions would be provided support for training of units, product development, appropriate packaging and machinery for micro units

One District One Product (ODODP) approach

The main philosophy behind ODOP is to select, brand and promote one product from each district of India that has a specific characteristic feature or is native to that particular region/ district and to enable profitable trade in that product and generate employment.

5. National Tourism Day 2022

Context: Every year **National Tourism Day** is celebrated on **January 25**, every year, **to create awareness about the** growth aspects of the tourism sector.

About the day

- The day is celebrated in the country to inform people of the growth prospects of the tourism sector and how it impacts India's economic development.
- **Theme:** The theme of National Tourism Day 2022 is **'Rural and Community Centric Tourism'.**

What is National Tourism?

- **It includes activities of** domestic tourism and outbound tourism.
  - Domestic tourism **includes activities of the residents of the country and also the activities of the foreign tourists within India.**
  - Outbound tourism **includes activities of residents of the country in foreign soil.**

- India ranked 34 in the **Travel & Tourism Competitiveness Report 2019** published by the **World Economic Forum.**
- In 2020, the travel & tourism industry's contribution to the GDP was US$ 121.9 billion; this is expected to reach US$ 512 billion by 2028.
- In India, the industry's direct contribution to the GDP is expected to record an annual growth rate of 10.35% between 2019 and 2028.

Background

- **The concept of tourism sector was first introduced in** India in 1948.
- **A tourism committee was formed in** 1948.
- The Government of India **in** 1958 **realised the significance of tourism traffic coming towards India and a separate department of tourism was created in the country.**
- Later in 1958, a separate tourism department **was created under the** Ministry of Tourism and Communication.
- **The objective was to preserve the** cultural heritage and to look after the tourist destinations **to keep their beauty intact while also** making them tourist-friendly.

Important facts about the ancient country

- **India is one of the oldest civilizations in the world and offers** diversity and multiculturalism.
- UNESCO World Heritage Sites: **India is home to 40 UNESCO heritage sites.**
- **The last site to be added to the World Heritage Site list is** Dholavira**, a Harappan city that is located in the city of Gujarat.**
- **The country currently has 32 cultural sites, 7 natural sites, and one mixed property.**
- **Number of wildlife sanctuaries**: The country has a total of 566 wildlife sanctuaries.
- **Ranthambore National Park in Rajasthan is the largest wildlife sanctuary in the country.**
- Highest rail bridge in the world: **India is home to the highest rail bridge in the world.**
- **The** 1,315 m long Chenab bridge **is located in Jammu and Kashmir, and is 35 m higher than the Eiffel Tower.**
- Best tourism village**: Known for its famous hand-woven** Ikat saris, Pochampally **was selected as one of the best tourism villages by the United Nations World Tourism Organisation (UNWTO) in November 2021**

6. One Nation One Ration Card

Context: In order to tackle the problem of food security, the government of India introduced the **One Nation One Ration Card scheme (ONORC).**

What is ONORC Scheme?

- It is an important citizen-centric reform.
- **Objective:** Its implementation ensures the availability of ration to beneficiaries under the **National Food Security Act (NFSA)** and other welfare schemes, especially the migrant workers and their families, at any Fair Price Shop (FPS) across the country.
- **Implementation:** The implementation of the One Nation One Ration Card (ONORC) plan comes under the **Department of Food & Public Distribution, Ministry of Consumer Affairs.**
- **Significance:** It enables the States to better targeting beneficiaries, eliminate bogus/ duplicate/ ineligible cardholders resulting in enhanced welfare and reduced leakage.
- The distribution of highly subsidized food grains is enabled through nation-wide portability of ration cards through the implementation of IT-driven systems by:
  - installation of ePoS devices at FPSs
  - seeding of Aadhaar number of beneficiaries with their ration cards and
  - operationalisation of biometrically authenticated ePoS transactions in the State/UTs

National Food Security Act, (NFSA) 2013

- The **National Food Security Act, (NFSA) 2013** was enacted on July 5, 2013.
- The Act legally entitles up to 75% of the rural population and 50% of the urban population to receive subsidized food grains under **Targeted Public Distribution System.**
- About two thirds of the population therefore is covered under the Act to receive highly subsidised food grains.
- The **National Food Security Act, (NFSA) 2013** is being implemented in all the States/ UTs, on an all India basis.

Key-features of the Scheme

- Existing ration cards will be turned into one nation one ration card. It will be a universal ration card allotted to each beneficiary registered under NFSA.
- Using the ONORC, a beneficiary who migrates from one place to another can buy subsidized food grains from the fair price shop located in the destination city regardless of the origin of the beneficiaries.
- The beneficiaries will be identified through biometric authentication on electronic Point of Sale (ePoS) devices.
  - These devices will be installed at each fair price shop.
- The national portability will work using the:
  - **Integrated Management of Public Distribution System (IM-PDS) portal** – It will provide the technological platform for the ration cards portability.
  - **Annavitran portal –** It will host the data of the food grains distribution through ePoS devices within a state. This will help a beneficiary to access subsidized food grains within a state (inter-district.)
- Aadhar cards will be seeded with ration cards which will help beneficiaries get the ration using the same ration card.

Current Status of the Scheme

- Presently, **thirty-two States and Union territories** have already completed the formalities of the scheme, which include linking beneficiaries' ration cards with their Aadhaar numbers and **installing e-Point of Sale (e-POS) machines in each FPS.**
- The full mobility of food subsidy under the **National Food Security Act (NFSA), 2013** relies on digitalization of the public distribution system (PDS), a network of over 5,00,000 fair-price shops (FPS).
- The **Integrated Management of Public Distribution System (IMPDS) portal** records all purchases made under ONORC.

7. National Program and Project Management Policy Framework (NPMPF)

Context: **NITI Aayog and Quality Council of India (QCI)** has launched the **National Program and Project Management Policy Framework (NPMPF).**

About

- **Aim:** To bring radical reforms in the way infrastructure projects are executed in India.
- **Action Plan**: It has an action plan to:
  - Adopt a program and project management approach to infrastructure development
  - Institutionalize and promote the profession of program and project management and build a workforce of such professionals
  - Enhance institutional capacity and capability of professionals.

Quality Council of India (QCI):

- It was set up in **1997** jointly by the Government of India and the Indian Industry to establish and operate national accreditation structure and promote quality through **National Quality Campaign.**
- **Nodal Ministry:** Department for Promotion of Industry and Internal Trade, Ministry of Commerce & Industry is the nodal department for QCI.
- **Chairman:** The Chairman of QCI is appointed by the Prime Minister on the recommendation of the industry to the government.

8. Zero defect zero effect scheme

Context: According to data shared by **MSME ministry**, nearly 25000 MSME registration has been done under **zero defect, zero effect scheme** launched by **Prime Minister** in October 2016.

MSME Sector in India

- In India, the MSME industries play as a backbone for the Indian economy as it accounts for:
  - **30 percent** of the **Indian GDP**
  - **45 percent of the total industrial employment**
  - **50 percent** of **India's total exports**
  - **95 percent** of **industrial units of the country**
- Almost 6000 types of products are manufactured in the MSME industries.
- **Registration:** These MSMEs need to get themselves registered before establishment. The registration provides the enterprises to avail of financial aid and benefits.
- **Benefits:** The financial aids and benefits include
  - low-interest bank loans without any collateral security
  - Government assistance for the growth of MSME

What is Zero Defect Scheme?

- The scheme is an extensive drive to create proper awareness in MSMEs about **ZED manufacturing** and motivate them for assessment of their enterprise for ZED and support them.
- After ZED assessment, MSMEs can reduce wastages substantially, increase productivity, expand their market as IOPs, become vendors to CPSUs, have more IPRs, develop new products and processes etc.

Aim

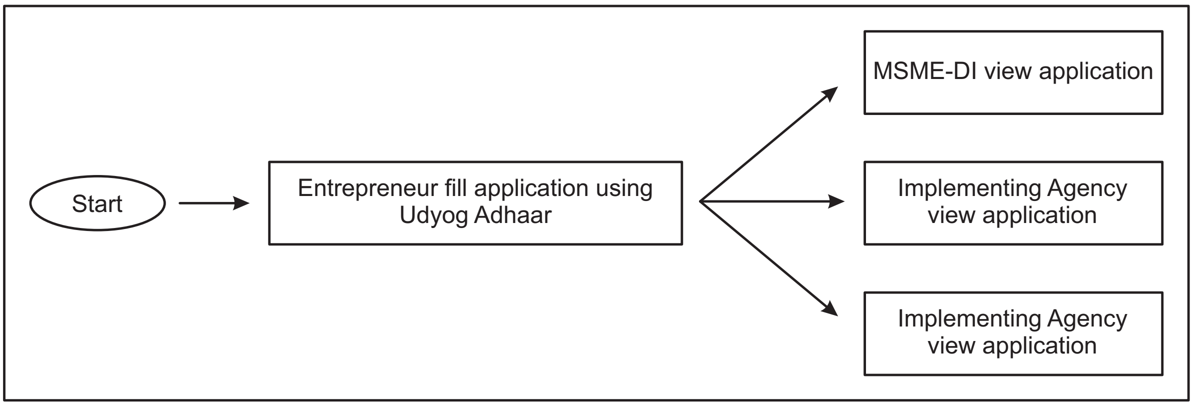
- The MSMEs can be a part of this scheme by manufacturing goods of certain prescribed standards that could be exported outside.
- The major aim behind the compliance with the standards is that the products shall face good response and acceptance in the global markets.
- The other perks are tax rebates and concessions on the exported goods.

Objective

The objective of the scheme for promotion of Zero Defect and Zero Effect (ZED) manufacturing amongst micro, small and medium enterprises (MSMEs) and ZED Assessment for their certification so as to:

- Develop an Ecosystem for Zero Defect Manufacturing in MSMEs.
- Promote adaptation of Quality tools/systems and Energy Efficient manufacturing.
- Enable MSMEs for manufacturing of quality products.
- Encourage MSMEs to constantly upgrade their quality standards in products and processes.
- Drive manufacturing with adoption of Zero Defect production processes and without impacting the environment.
- Support 'Make in India' campaign.
- Develop professionals in the area of ZED manufacturing and certification.

Flow of scheme



Implementing unit

- **Quality Council of India (QCI)** has been appointed as the National Monitoring & Implementing Unit (NMIU) for implementation of ZED.
- QCI has reported that 3217 MSMEs has been registered as on25.07.2017 for ZED Certification.
- The MSME-wise details are
  - **Micro:** 1332
  - **Small:** 1522
  - **Medium:** 363

Revised classification of Enterprises

The revised classification of the enterprises is based on the criteria provided below:

- **Micro-enterprise**: An enterprise shall be called a **micro-enterprise** where the investment in machinery and equipment shall be not more than 1 crore rupees and turnover shall be not more than 5 crore rupees.
- **Small-enterprise:** An enterprise shall be known as a small-enterprise where the investment in machinery and equipment shall be not more than ten crore rupees and the turnover shall not exceed more than fifty crore rupees.
- **Medium-scale enterprise:** An enterprise shall be known as a medium-scale enterprise where the investment in machinery and equipment is not more than fifty crore rupees and the turnover is not more than two-hundred-fifty crore rupees.

9. Production Linked Incentive (PLI) Scheme

Context: The Union cabinet has approved the **Production Linked Incentive (PLI)** scheme for the textile sector.

What is PLI Scheme?

- **Production Linked Incentive or PLI scheme** is a scheme that aims to give companies incentives on incremental sales from products manufactured in domestic units.
- The scheme invites foreign companies to set up units in India.

- However, it also aims to encourage local companies to set up or expand existing manufacturing units and also to generate more employment and cut down the country's reliance on imports from other countries.
- It was launched in April 2020, for **the Large Scale Electronics Manufacturing sector**, but later towards the end of 2020 was introduced for 10 other sectors.
- This scheme was introduced in line with India's **Atmanirbhar Bharat campaign.**

Features of PLI Scheme for Textile Sector

- Aims to promote the production of high value **Man-Made Fibre (MMF) fabrics, garments and technical textiles.**
- Incentives worth Rs 10,683 crore will be provided on production to the sector over a span for 5 years. Incentives to eligible producers in two phases:
  - **First:** Any person or company willing to invest a minimum of Rs 300 crore in plant, machinery, equipment and civil works (excluding land and administrative building cost) to produce products of MMF fabrics, garments and products of technical textiles will be eligible to participate.
  - **Second:** Investors willing to spend a minimum of Rs 100 crore under the same conditions (as in the case of the first phase) shall be eligible to apply.

10. Industrial Relations Code Bill, 2020

Context: The recent versions of three labour codes namely **Industrial Relations Code Bill, 2020, Code on Social Security Bill, 2020 and Occupational Safety, Health and Working Conditions Code Bill, 2020** were introduced.

Three Major Central Laws

It consolidates the provisions of the three major central laws in the country relating to industrial relations, namely,

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

Labour laws

- Labour falls under the **Concurrent List** of the **Constitution.**
- Therefore, both Parliament and state legislatures can make laws regulating labour.
- There are over 100 state and 40 central laws regulating various aspects of labour such as resolution of industrial disputes, working conditions, social security and wages.

Salient features of Industrial Relations Code, 2020

The key changes brought in by the Industrial Relations Code, 2020 can be summed up as follows:-

- **The definition of worker** has been broadened and now includes working journalists as defined in **Section 2(f)** of the **Working Journalists and Other Newspaper Employees (Conditions of Service) and Miscellaneous Provisions Act of 1955** and employees of Sales promotion as defined in **Section 2(d) of the Sales Promotion Employees (Terms of Service) Act 1976.**

  - Persons employed in a supervisory capacity earning less than Rs. 18,000 per month (or any amount notified by the Central Government) is included in the definition of "worker".
- **Fixed-term employment** has a legal basis, unlike the current scheme in which video notifications from various state governments were introduced.
  - It allows employers greater flexibility to hire in line with supply and demand.
  - Fixed-term employees are eligible to receive tips on a pro-rata basis if they serve for one year under their respective employment contracts.
  - They are given equality with permanent employees concerning working conditions, wages, allowances, and other benefits.
- The applicability threshold of the **Labour Disputes (Regulation) Act 1947** under the Labour Relations Bill 2019 had been established in establishments employing 100 or more employees.
  - However, the 2020 Industrial Relations Code has raised this threshold to 300 and has given the "appropriate government" the power to exempt any industrial establishment or class thereof from all or some of the provisions of the Code.
- **Trade Union Law:** Regarding trade union law, the Code establishes that when there is more than one union in an establishment, the status of the only bargaining union will be granted to the one with 51% of the employees as members.
  - This threshold is a marked decrease from the 75% threshold that was established in the 2019 bill.
- **Bargaining Council:** There is also a provision for the establishment of the constitution of a bargaining council where there is not a single union that meets the 51% threshold as mentioned above.
  - In such cases, the council is made up of representatives of the various unions as long as they have at least 20% of employees as members.
- Concerning layoffs and reductions in personnel, Section 65 applies to industrial establishments that are not included in Chapter X of the Code, which is essentially Chapter VB of the **Industrial Dispute Act of 1947.**
  - It applies to industrial establishments in which more than fifty workers are working on average per working day during the previous calendar year.
- Section 77 of Chapter X applies to industrial establishments in which no less than 300 workers or a greater number of workers than may be specified by the corresponding government, were employed on average per working day in the previous 12 months.
  - Therefore, the establishments included in this provision must obtain prior permission from the Government for layoffs, staff reductions and closure.
- **Strikes and lockouts:** The Code forbids strikes and immediate lockouts in all companies and therefore no company can strike contrary to the contract 60 days before the strike or the expiry of a date specified in the strike notification.
  - Strikes are also prohibited while mediation is in progress and within 7 days of the conclusion of such a process.
  - Strikes are also prohibited while proceedings are pending before a labour court or 60 days after they are concluded.
  - The Industrial Disputes Act of 1947 contained similar provisions, but only applied to public utilities.

11. Aiming for Sustainable Habitat: New Initiatives in Building Energy Efficiency 2021

Context: **Union Ministry of Power and New & Renewable Energy** announced various initiatives being taken by the Government of India towards energy efficiency in the building sector, as part of **'Azadi Ka Amrut Mahotsav'.**

About the Building Energy Efficiency initiatives

- The **"Aiming for Sustainable Habitat: New Initiatives in Building Energy Efficiency 2021",** initiative is launched by the **Bureau of Energy Efficiency.**

Bureau of Energy Efficiency (BEE)

- The Government of India has set up the **Bureau of Energy Efficiency (BEE) in 2002** under the provision of the **Energy Conservation Act, 2001.**
- **Mission:** The mission of the Bureau is to assist in developing policies and strategies with a thrust on self-regulation and market principles.
- **Objective:** Its primary objective is to reduce the energy intensity of the Indian economy within the overall framework of the **Energy Conservation Act, 2001.**
  - This will be achieved with the active participation of all stakeholders, resulting in accelerated and sustained adoption of energy efficiency in all sectors.

- It aims to enhance energy efficiency in the economy, especially in the buildings sector.
- The building sector is the second-largest consumer of electricity after industry and it is expected to become the largest energy-consuming sector by 2030.

The launched initiatives include:

- **Code compliance approaches** and minimum energy performance requirements
- **Learning tool:** The web-based platform 'The Handbook of Replicable Designs for Energy Efficient Residential Buildings' as a learning tool.
- **Online Star Rating** tool for Energy Efficient Homes.
- **Training Engineers and Government officials** on Energy Conservation Building Code (ECBC) 2017 and **Eco Niwas Samhita (ENS) 2021)**

Eco-Niwas Samhita (Energy Conservation – New Indian Way for Affordable & Sustainable homes)

- The Eco Niwas Samhita is developed by the **Ministry of Power, New & Renewable Energy.**

- It was developed to set minimum building envelope performance standards to limit heat gains and to limit heat loss to ensure adequate natural ventilation and daylighting.

Energy Conservation Building Code (Code), 2017

- The purpose of the Energy Conservation Building Code (Code) is to provide minimum requirements for the energy-efficient design and construction of buildings.

12. BASEL norms, Basel-III

Context: Banking stocks have broadly reacted positively to the strict capital norms under the **Basel regulations** put in place for domestic banks over an 18-year period, starting October 1998, showed an RBI working paper.

What are BASEL norms?

- Basel norms are **international banking regulations** to coordinate banking regulations across the globe, with the goal of strengthening the international banking system.
- **Issued by:** The **Basel Committee on Banking Supervision (BCBS).**
- **Secretariat:** Its secretariat (administrative office) is located Money at the **Bank of International Settlements (BIS)** headquartered in the city of Basel in **Switzerland.** Hence, the name Basel norms.

Basel III Accord

- **Released in:** 2010
- **Basel III Accord** was developed by the **Basel Committee on Banking Supervision (BCBS).**
- It was developed in response to the shortcomings in financial regulations exposed during the financial crisis of 2007-08.
- **Focus:** It is a set of the agreement by BCBS that focuses on the **risks to banks and the financial system.**
- With the goal of strengthening the international banking system, basel norms put an effort to coordinate banking regulations across the globe.
- **Objective:** The objective of Basel Norms III is to **increase the liquidity of banks and decrease bank leverage.**

Basel Committee on Banking Supervision (BCBS)

- The **Basel Committee on Banking Supervision (BCBS)** consists of representatives from central banks and regulatory authorities of 27 countries (including India).
- It was established by the Central Bank governors of the **Group of Ten countries in 1974.**
- The committee expanded its membership in 2009 and then again in 2014.
- **Membership:** The BCBS now has 45 members from 28 Jurisdictions, consisting of Central Banks and authorities with responsibility of banking regulation.

- It provides a forum for regular cooperation on banking supervisory matters.
- Its objective is to enhance understanding of key supervisory issues and improve the quality of banking supervision worldwide.

13. Electronics Manufacturing Cluster (EMC)

Context: The Centre launched the **Modified Electronics Manufacturing Clusters (EMC 2.0) Scheme** to offset disabilities faced by the sector, and to develop a robust electronics manufacturing ecosystem in the country, and to fortify the linkage between domestic and international market by strengthening supply chain.

The **Union Budget - 2022-23** puts an emphasis on the usage of digital infrastructure for essential services, and a proposal for creation of an expert committee would facilitate investments faster and frictionless in the technology sector.

What is EMC 2.0 Scheme?

- The EMC 2.0 Scheme provides financial assistance for setting up of both **EMC projects** and **Common Facility Centres (CFCs)** across the country.
- The Scheme is open for receipt of applications for a period of 3 years from the date of notification.
- Further period of 5 years is available for disbursement of funds to the approved projects.
- The Scheme will create a robust infrastructure base for electronic industry to attract flow of investment in ESDM sector and lead to greater employment opportunities.
- Following are the expected outputs/outcomes for the Scheme:
  - Availability of ready infrastructure and Plug & Play facility for attracting investment in electronics sector:
    - New investment in electronics sector
    - Jobs created by the manufacturing units;
    - Revenue in the form of taxes paid by the manufacturing units

14. Fully Accessible Route (FAR)

Context: The Reserve Bank of India in consultation with the Government of India has introduced a new channel of investment for the **Non-Residents of India** in specified government securities, called the **Fully Accessible Routes (FAR).**

About the Scheme

Under this scheme, the eligible investors are not subject to any ceilings for investing in specified **government securities (G-secs).**

Government securities (G-secs)

- Government Securities are securities issued by Central Government to borrow from financial market to meet its fiscal deficit.
- Securities are issued for short term as well as long term.

- **No foreign portfolio limits** shall be applicable to the special securities till the time of their maturity under this scheme.
- The scheme shall operate with the two existing schemes –
  - Voluntary Retention Route
  - Medium-Term Framework

15. Cooperative Societies in India

Context: In a historic move, a separate **'Ministry of Co-operation'** has been created by the government for realizing the vision of **'Sahkar se Samriddhi'.**

- This ministry will provide a separate administrative, legal and policy framework for strengthening the cooperative movement in the country.

What is Cooperative Society?

- It is an **autonomous association** of persons united voluntarily to meet their common economic, social and cultural needs and aspiration through jointly owned and democratically controlled enterprises.
- Co-operative societies are **service enterprises** aiming at rendering service to its members.
- In one sentence the philosophy of cooperation can be summed up as **"each for all and all for each".**

Historical Developments for Cooperatives

- **Cooperative Credit Societies Act, 1904:** As its name suggests, the Cooperative Credit Societies Act was restricted to credit cooperatives. By 1911, there were 5,300 societies in existence with a membership of over 3 lakhs
- **Cooperative Societies Act, 1912:** The Act also provided for Federations of cooperatives.
- **Maclagen Committee on Cooperation (1914):** It recommended building up a strong three-tier structure in every province to provide short-term and medium-term finance.
- **Government of India Act, 1919:** Cooperation as a subject was transferred to the provinces. Societies were organized, but most faced difficulties in operation as a result of opposition by private marketing agencies
- **Multi-Unit Cooperative Societies Act, 1942:** delegated the power of the Central Registrar of Cooperatives to the State Registrars for all practical purposes.
- **Model Cooperatives Act, 1990: The** Eighth Five Year Plan (1992-1997) laid emphasis on building up the cooperative movement as a self-managed, self-regulated and self-reliant institutional set-up, by giving it more autonomy and democratizing the movement.
- **Multi-State Cooperative Societies Act, 2002:** The Multi-State Cooperative Societies (MSCS)Act, enacted in 1984, was modified in 2002, in keeping with the spirit of the Model Cooperatives Act, 1990

National Cooperative Policy, 2002:

- The objective of the Policy is to facilitate an all-round development of cooperatives in the country.
- The policy promises to provide cooperatives with the necessary support, encouragement and assistance, to ensure their functioning as autonomous, self-reliant and democratically managed institutions and accountable to their members.

16. India set to be third-largest ethanol market by ’26: Report

Context: India is set to become the **third-largest market for ethanol** in the world after the **US and Brazil** by 2026, a recent report by the **International Energy Agency (IEA).**

- The country has **tripled ethanol demand** to an estimated **3 billion litres between 2017 and 2021.**

What are Biofuels?

- Biofuels are **transportation fuels** such as **ethanol and biomass-based diesel fuel** that are made from **biomass materials.**
- Simply put, a biofuel is any liquid fuel derived from biological material such as trees, agricultural wastes, crops, or grass.
- Biofuel can be produced from any carbon source that can be replenished rapidly, such as **plants.**

Types of Biofuel

- **First Generation Biofuels:** These are produced directly from food crops.
- **Second-generation Biofuels:** Second-generation non-food feedstock includes woody crops and agricultural residues or waste, which are a little more difficult to extract. Advanced conversion technologies are needed in the process, which is also why second-generation biofuels are known as “advanced biofuels.”
- **Third Generation Biofuels:** These are based on improvements in the production of biomass. It takes advantage of specially engineered energy crops such as algae as its energy source.
- **Fourth Generation Fuels:** Fourth-generation technology combines genetically optimized feedstock, which is designed to capture large amounts of carbon, with genomically synthesized microbes, which are made to efficiently make fuels.

17. National Productivity Council

Context: **National Productivity Day** is observed every year in India on **February 12.** National Productivity Day also celebrates the formation of the **National Productivity Council.**

- The planning of your time, skills, intelligence, energy, resources, and opportunities to help you achieve your goals is considered to be productivity.

What is National Productivity Council?

- The NPC is an **autonomous organisation** established in 1958 under **Department of Industrial Policy & Promotion (DIPP), Ministry of Commerce & Industry** to promote productivity culture in India.

- It was established as a **registered society** by the Government to stimulate and promote productivity and quality consciousness across all sectors in the country.
  - It is a tripartite **non-profit organisation (NGO)** with equal representation from government, employers and workers' organisations.
- The NPC is a national institution dedicated to **promoting India's productivity culture.**
- It also has representatives from technical and professional institutions including members from local productivity councils and chamber of commerce on its **Governing Body.**
- It also implements the productivity promotion schemes of the Government and carry out programmes of **Tokyo based Asian Productivity Organisation (APO),** an inter-governmental body of which the Government of India is a founder member.
- **Mission:** The NPC's mission is to stimulate and promote productivity and quality awareness in all sectors of the country.

18. Jal Marg Vikas Project

Context: The Indian government has undertaken the ambitious **Jal Marg Vikas Project (JMVP)** with an investment of about Rs 4,600 crore for the capacity augmentation of NW-1 (Ganga) for safe and sustainable movement of vessels of up to 2000 tonnes.

What is Jal Marg Vikas Project?

- The Jal Marg Vikas Project (JMVP) for capacity augmentation of navigation on **National Waterway-1 (NW-1)** is being implemented by the support of **World Bank**
- The states that are being covered under the Project are Uttar Pradesh, Bihar, Jharkhand, West Bengal.
- There are 111 officially notified **Inland National Waterways (NWs)** in India identified for the purposes of inland water transport.

19. GDP Estimation in India

Context: The **World Economic Forum** with its report, Dashboard for a **New Economy Towards a New Compass for the Post-COVID Recovery**, which outlines a framework for macroeconomic metrics that could fill the gaps currently left by **GDP** has attempted to provide a metric that looks beyond a nation's income and considers welfare, the environment and people.

What is GDP?

- Gross domestic product (GDP) by definition, is the **total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period.**
- As a broad measure of overall domestic production, it functions as a comprehensive scorecard of a given country's economic health.
- GDP can be calculated in three ways, using:
  - Expenditures
  - Production

- Incomes
- It can be adjusted for inflation and population to provide deeper insights.

How GDP falls short?

- **No scope of positive or negative effects:** GDP by definition is an aggregate measure that includes the value of goods and services produced in an economy over a certain period of time.
  - There is no scope for the positive or negative effects created in the process of production and development.
- **No focus on environment:** Environmental degradation is a significant externality that the measure of GDP has failed to reflect.
- **No focus on equal distribution:** GDP also fails to capture the distribution of income across society.
- **Disproportionate focus:** Another aspect of modern economies that makes GDP anachronistic is its disproportionate focus on what is produced.

Other measuring elements

- Recent years have seen several extensive and rigorous efforts to identify relevant elements of well-being and tackle different dimensions of the measurement question. These include the:
  - UNDP's Human Development Index (1990-2020)
  - the comprehensive review of well-being dimensions by Stiglitz, Sen and Fitoussi (2009)
  - the OECD's Better Life project (2018, 2020)
  - the Bennett Institute's Wealth Economy Project (2019)
  - the Recoupling Dashboard (2019)
  - the World Economic Forum's Global Competitiveness Index (1979-2019)
  - Inclusive Development Index (2015, 2017)
  - Social Mobility Index (2020)

Prosperity	Planet	People	Institutions
GDP (updated)	Energy mix and intensity, GHG emissions	Human capital: education and skills	Institutional context
Income and wealth inequality social mobility	Distributional issues: impact and mitigation	Human capital: public health	
Financial resilience	Natural resilience	Social resilience	

Dashboard for a new economy (as proposed by the WEF)

20. Need to 'restructure' National Mineral Exploration Trust (NMET)

Context: **Union Minister of Coal, Mines and Parliamentary Affairs** urged the officials of the **Ministry of Mines** to restructure the **National Mineral Exploration Trust (NMET)** as an autonomous body.

About the National Mineral Exploration Trust (NMET)

- The **National Mineral Exploration Trust (NMET)** was in 2015.
- The trust was formed under the **Mines and Minerals (Development and Regulation) Act, 1957.**
- The body is working for realization of mineral potential of the country in terms of mining activity.
- NMET has a two-tier structure.
  - **The apex body** which is the Governing Body is chaired by the Minister of Mines. It holds the overall control of the Trust.
  - **The Executive Committee** which is chaired by the Secretary, Ministry of Mines, administers and manages its activities.
- To implement its activities an NMET Fund has been established.

NMET Fund

- The NMET fund is utilized to
  - undertake studies for mineral development
  - regional and detailed exploration of strategic and critical minerals
  - an aerial geophysical survey of obvious geological potential (OGP) and adjoining areas of India, sustainable mining with advanced scientific and technological practices, and mineral extraction metallurgy.
- It also facilitates exploration activities by the provisions of the Act.

- The holders of the **Mining Lease and Prospecting Licence-cum-Mining Lease** make payments which are equivalent to 2% of royalty, for minerals under the second schedule of the Act.
- The Trust supports the regional and detailed mineral exploration in the country.

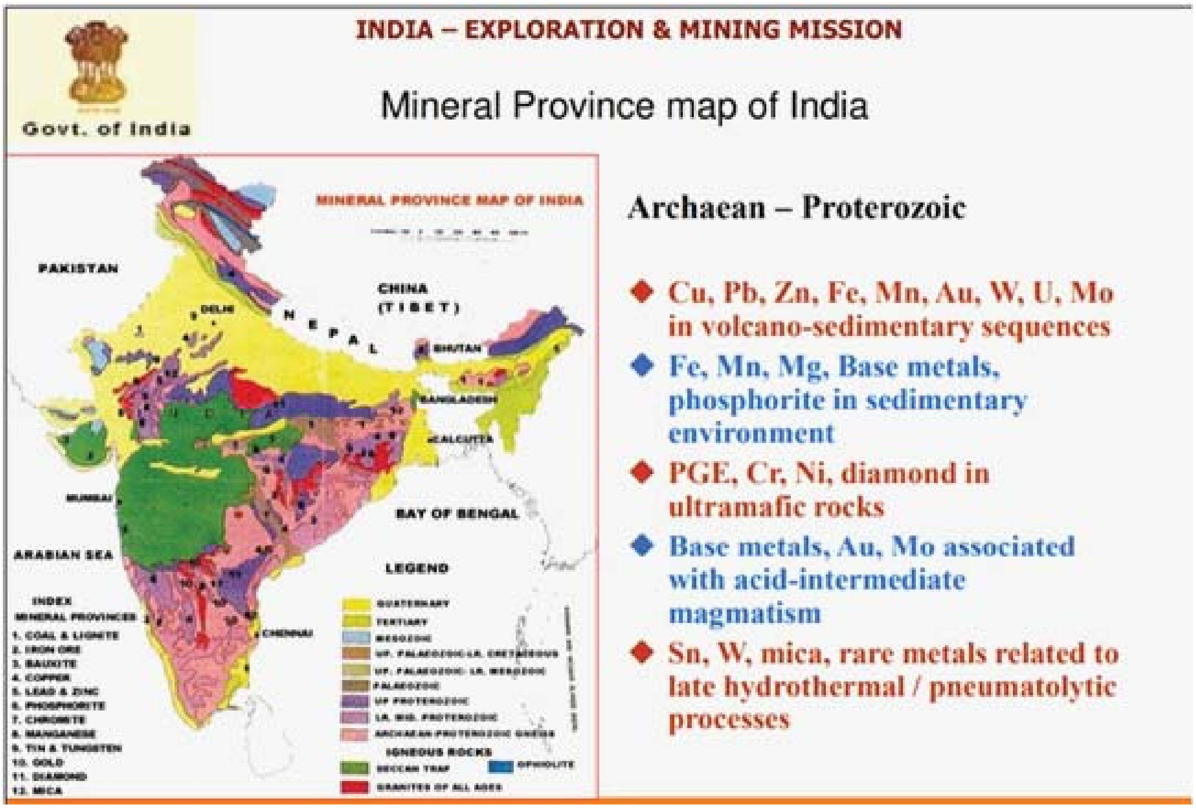
Need for the autonomy

- There is a need to focus on the exploration of gold and rare earth along with other segments of India’s mineral exploration efforts.
- To streamline the system of extending financial assistance to states for enhanced exploration.
- It will create an atmosphere of competition among states to step up exploration.
- This will encourage mining exploration to be more frequent and result-oriented.

Mining in India

- Mining is regulated in India under the **Mines and Minerals (Development and Regulation) Act 1957 (MMDR Act).**
- The MMDR Act was **amended in 2015** with the intention of removing discretion and introducing more transparency in the allocation process.
- A **National Mineral Exploration Policy (NMEP)** was brought out by the Government in 2016 followed by the **National Mineral Policy 2019.**

- The policy supported the encouragement of the private sector to take up exploration and that "exploration should be incentivized to attract private investments as well as state-of-the-art technology, within the ambit of the auction regime, through **Right of First Refusal** at the time of auction.



21. Inland Vessels Bill, 2021

Context: Recently, The Union Cabinet has unveiled the Inland Vessels Bill, 2021, which will replace the Inland Vessels Act, 1917.

Key features of the bill

- This will be the unifying law of the whole world and will replace the different laws made by the Nations
- The registration certificate issued under the proposed law will be deemed to be valid for all countries in the United States and the Union Territories, and there will be no need to seek special permits in the States.
- A total of 4000 kilometers of waterways used.
- According to the bill, a central database will be maintained that will record the details of each vessel such as its registration and personnel, all on an electronic site
- Vessel vessels will be required to register legally, and non-mechanized vessels will also be required to register by region, taluk or pan or valley
- Extends the definition of 'inland water', by including seawater and national waterways declared by Central Government

Objectives of Inland Vessels Bill, 2021

- This Bill will promote economic and safe transportation and trade of inland waterways and bring uniformity in the application of the law
- It will also help in reducing the water pollution caused by these inland vessels as this bill directs the Central Government to designate a list of chemicals, substances, etc. as pollutants

Inland Waterway in India

- India has around 15,000 km of inland waterways network that comprise rivers, channels, backwaters, creeks, etc.
- In 2016, 111 inland waterways were notified as National Waterways of India under the **National Waterways Act, 2016.**
- Of these, 13 National Waterways are operational for shipping and navigation and cargo/passenger vessels are moving on them.
- The Inland Waterways Authority of India which comes under the Ministry of Shipping is developing the National Waterways for commercial navigation, with assistance from World Bank.

22. Open Network for Digital Commerce (ONDC) initiative

Context: India is working on setting up an **Open Network for Digital Commerce (ONDC)** to democratize digital commerce (e-commerce) in India and to provide alternatives to proprietary e-commerce sites.

What is the Open Network for Digital Commerce?

- To provide equal opportunities to all marketplace players, including consumers, the ONDC is envisaged as a **neutral platform** that will set protocols for cataloguing, vendor match, and price discovery in open source on the lines of the **Unified Payments Interface (UPI).**
- Buyers and sellers can transact irrespective of whether they are attached to any specific e-commerce portal.
  - **For instance**, even if a seller X is registered on A platform, while the consumer is registered on B platform, the consumer can directly purchase products of seller X without registering on A platform, once ONDC is implemented.
- ONDC aims at fostering open networks developed on open-sourced methodology, using open specifications and network protocols, and independent of any specific platform.
- The project to integrate e-commerce platforms through a network based open-source technology has been tasked to the **Quality Council of India**, which has established a team of experts for project execution.

Unified Payments Interface (UPI)

- Unified Payments Interface is an instant real-time payment system developed by National Payments Corporation of India facilitating inter-bank peer-to-peer and person-to-merchant transactions.
- NPCI is umbrella organisation for all digital payments.

What does open source mean?

- To make a process or a software open source implies that the technology or code deployed for the process is freely made available for everyone to use, redistribute, and modify.
- For instance, while the operating system of iOS is closed source (it cannot be legally modified or used), the android operating system is open source, making it possible for smartphone manufacturers, such as **Samsung, Nokia, Xiaomi**, etc. to modify it for their hardware.

23. Public Private Partnership for the BharatNet Project

Context: **Bharat Broadband Network Limited (BBNL)** has invited global tender for the **Development (Creation, Upgradation, Operation & Maintenance and Utilisation)** of **BharatNet** through **Public Private Partnership model.**

About the BharatNet project

- BharatNet is the Government of India's flagship project which is considered to be the backbone of **'Digital India'.**
- It aims to reduce the digital divide between urban and rural India.
- The BharatNet infrastructure is a middle mile network which is presently leased to the service providers for providing affordable high-speed broadband to the rural population, individuals, households and the institutions.

What is Bharat Net Public Private Partnership?

- The existing BharatNet was connecting all the **Gram Panchayats (GPs)** of the country by laying of OFC between Block and GPs.

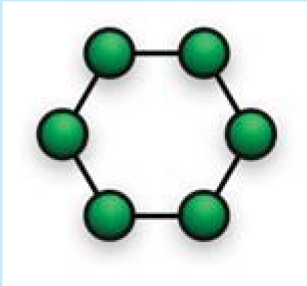
What is OFC (Optical Fibre Cable)?

- A **fiber-optic cable** is composed of very thin strands of glass or plastic which is known as optical fibers.
- One cable can have as few as two strands or as many as several hundreds of them.
- These optical fiber cables carry information between two places using optical or light-based technology.
- A photoelectric cell will be required to turn the pulses of light back into electrical information the computer could understand.

- Now, the scope of **BharatNet** has been enhanced to connect all the Inhabited Villages of the country, approx. 6.43 lakhs.
- The scope of work under BharatNet PPP Project includes:
  - Connecting the remaining unconnected GPs under BharatNet project and all the inhabited Villages beyond the GPs.
  - Upgradation of existing BharatNet Network from Linear to **Ring topology.**
  - **Operation and Maintenance (O&M)** and Utilisation of existing as well as the newly deployed network.

Ring topology

- A **ring network** is a network topology to connect two other nodes every nodes.
- It forms a single continuous pathway for signals through each node, a ring.
- Data travels from node to node and each node along the way handling every packet.



24. NIPUN Bharat Mission launched

Context: The Department of School Education and Literacy, Ministry of Education has launched **National Initiative for Proficiency in Reading with Understanding and Numeracy (NIPUN Bharat).**

About the NIPUN Bharat Mission

- It is among the series of measures taken for implementation of the **National Education Policy 2020.**
- The vision of NIPUN Bharat Mission is to create an enabling environment to ensure the universal acquisition of foundational literacy and numeracy, so that every child achieves the desired learning competencies in reading, writing, and numeracy by the end of Grade 3, by 2026-27.
- **Implementing Agency:** NIPUN Bharat will be implemented by the **Department of School Education and Literacy.**
- It is basically a goal oriented set of targets or lakshyas for foundational literacy and numeracy.
  - The Laskhyas are based on the learning outcomes developed by the NCERT and international research and ORF studies.
- There will be a special emphasis on capacity building of teachers.
- A special package for foundational literacy and Numeracy under **NISHTHA** is being developed by **NCERT** and around 25 lakh teachers teaching at pre-primary to primary grade will be trained this year on FLN.
- A five-tier implementation mechanism will be set up at the National- State- District- Block- School level in all States and UTs, under the aegis of the centrally sponsored scheme of **SamagraShiksha.**

SamagraShiksha Scheme

- It is a **centrally sponsored scheme.**
- **Implementing agency:** Department of School Education and Literacy
- It is a sector-wide development program to help to harmonize the implementation mechanisms and transaction costs at all levels, particularly in using state, district, and sub-district level systems.

- The **Integrated Scheme** envisages the 'school' as a continuum from pre-school, primary, upper primary, secondary to senior secondary levels.
- The vision of the Scheme is to ensure inclusive and equitable quality education from pre-school to senior secondary stage following the Sustainable Development Goal (SDG) for Education.

25. Changes in the rules for e-commerce companies

Context: The government has **proposed changes** to the e-commerce rules under the **Consumer Protection Act, 2019** to make the operation framework more stringent.

Key changes proposed in the e-commerce rules

- The rules are issued by the **Ministry of Consumer Affairs.**
- These rules are proposed to change the **Consumer Protection (e-commerce) Rules 2020.**

e-commerce entity

- An e-commerce entity is a company incorporated under the **Companies Act, 1956 or the Companies Act, 2013.**
- A foreign company covered under **clause (42) of section 2 of the Companies Act, 2013** or an office, branch or agency outside India owned or controlled by a person resident in India under the **Foreign Exchange Management Act, 1999.**

Consumer Protection (e-commerce) Rules 2020

- No e-commerce entity shall adopt any unfair trade practice, whether in the course of business on its platform or otherwise.
- Every e-commerce entity shall establish an adequate grievance redressal mechanism. It shall appoint a grievance officer for consumer grievance redressal.
- Every e-commerce entity shall ensure that the grievance officer acknowledges the receipt of any consumer complaint within forty-eight hours and redresses the complaint within one month from the date of receipt of the complaint.
- No e-commerce entity shall impose cancellation charges on consumers cancelling after confirming purchase unless similar charges are also borne by the e- commerce entity, if they cancel the purchase order unilaterally for any reason.
- No e-commerce entity shall manipulate the price of the goods or services offered on its platform in such a manner as to gain unreasonable profit.

- The rules seek to ban "specific flash sales" by e-commerce entities.
- The specific flash sales limit the consumer choice.
- It prevents a level playing field.
- It does not ban conventional e-commerce flash sales.
- It also introduced the concept of "fall-back liability".

- According to this, e-commerce firms will be held liable in case of loss to the customer.
- It also restricts e-commerce companies from "manipulating search results or search indexes".
- It also protects the personal information of the consumer.
- Any online retailer will first have to register itself with the **Department of Promotion for Industry and Internal Trade (DPIIT).**

Department of Promotion for Industry and Internal Trade (DPIIT).

- The Department for Promotion of Industry and Internal Trade (DPIIT) was established in the year 1995.
- It was reconstituted in the year 2000 with the merger of the **Department of Industrial Development.**
- Earlier, separate Ministries of **Small Scale Industries & Agro and Rural Industries (SSI &ARI) and Heavy Industries and Public Enterprises (HI&PE)** were created in October, 1999.
- The department was earlier called **Department of Industrial Policy & Promotion**; and was renamed as DPIIT in January, 2019.

- Any entity having 10 percent or more common ultimate beneficial ownership will be considered an "associated enterprise" of an e-commerce platform.
- It also mandates e-commerce companies to appoint a grievance officer, a chief compliance officer, and a nodal contact person **"for 24×7 coordination with law enforcement agencies".**
- To share information with a "government agency which is lawfully authorized for investigative or protective or cybersecurity activities.

India's e-commerce Industry

- India e-commerce will reach US$ 99 billion by 2024.
- It is growing at a 27% CAGR over 2019-24.
- Since 2014, the Government of India has announced various initiatives, namely
  - Government eMarketplace (GeM)
  - Open Network for Digital Commerce (ONDC)
  - The Consumer Protection (e-commerce) Rules 2020
  - National Retail Policy
  - Under the Digital India movement, the Government launched various initiatives like **Umang, Start-up India Portal, Bharat Interface for Money (BHIM),etc**
  - FDI in E-commerce marketplace model to up to 100% (in B2B models)

26. Insolvency and Bankruptcy Board of India Regulations, 2016, amended by IBBI

Context: The **Insolvency and Bankruptcy Board of India (IBBI)** amended the **Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) (Second Amendment) Regulations, 2016.**

About

- The amended provisions in the IBBI regulations
- The amendment regulations seek to enhance discipline, transparency, and accountability in corporate insolvency proceedings.

Problems	Amendments
In case of corporate debtor (CD) changed its name or registered office address before commencementofinsolvency.Thestakeholders may find it difficult to relate to the new name or registered office address and consequently fail to participate in the Corporate Insolvency Resolution Process (CIRP).	The amendment requires an insolvency professional (IP) conducting CIRP to disclose all former names and registered office address(es) so changed in the two years preceding the commencement of insolvency along with the current name and registered office address of the CD, in all its communications and records.
The interim resolution professional (IRP) or resolution professional (RP) may appoint any professional, including registered valuers, to assist him in the discharge of his duties in the conduct of the CIRP.	The amendment provides that the IRP/RP may appoint a professional, other than registered valuers if he thinks that the services of such professionals are required and such services are not available with the CD.
	Such appointments shall be made on an arm's length basis following an objective and transparent process. The invoice for the fee shall be raised in the name of the professional and be paid into his bank account.
The value lost in transactions increasing the possibility of re-organisation of the CD through a resolution plan.	The RP is duty-bound to find out if a CD has been subject to avoidance transactions, namely, preferential transactions, undervalued transactions, extortionate credit transactions, fraudulent trading and wrongful trading, and file applications with the Adjudicating Authority seeking appropriate relief.

Insolvency and Bankruptcy Code, 2016 (IBC)

- The **Insolvency and Bankruptcy Code, 2016(IBC)** is the bankruptcy law of India which seeks to consolidate the existing framework by creating a single law for insolvency and bankruptcy.
- The bankruptcy code is a one stop solution for resolving insolvencies which previously was a long process that did not offer an economically viable arrangement.
- The code aims to protect the interests of small investors and make the process of doing business less cumbersome.
- The Code establishes the Insolvency and **Bankruptcy Board of India**, to oversee the insolvency proceedings in the country and regulate the entities registered under it.
- The Board will have 10 members, including representatives from the **Ministries of Finance and Law, and the Reserve Bank of India.**

Insolvency and Bankruptcy Board of India

- It was established in 2016 under the Insolvency and Bankruptcy Code, 2016 (Code).
- It is a key pillar for the implementation of the Code.

27. Committee on Variable Capital Company

Context: The expert committee, headed by **Dr.K.P. Krishnan** on **Variable Capital Company** has submitted its report on the feasibility of Variable Capital Companies in the **International Financial Services Centres** to the **International Financial Services Centres Authority (IFSCA).**

What is Variable Capital Company (VCC)?

- The Variable Capital Company (VCC) is a new corporate entity structure under which several collective investment schemes (whether open-end or closed-end) may be gathered under the umbrella of a single corporate entity and yet remain ring-fenced from each other.
- The new corporate entity structure gives funds an alternative to unit trusts, limited partnerships, limited liability partnerships and companies.
- A key characteristic of the VCC is its **umbrella structure** is that it allows the sub-funds to share a board of directors and have common service providers, such as the same fund manager, custodian, auditor and administrative agent.
- Certain administrative functions, for instance, the holding of general meetings and preparation of prospectuses, can also be consolidated.
- Where a VCC is set up as an umbrella fund with several sub-funds, members may hold shares that are referenced to a particular sub-fund held by the VCC.

About the Committee

In order to ensure India's IFSC is at par with the developments in other parts of the world, IFSCA had set up a Committee of Experts headed by Shri K P Krishnan (IAS-Retd.), for examining the feasibility of the Variable Capital Company (VCC) in India.

Key-recommendations

- The Committee recommended the adoption of a **VCC-like legal structure** for the purpose of conducting **fund management** activity in IFSCs.
- The Committee recognized that the legal framework governing entities that undertake fund management should provide for:
  - certainty and clarity to investors
  - effective segregation and ring-fencing of different pools of asset
  - the ability to issue different classes of shares
  - alterations to the funds' capital structure without regulatory approvals
  - the freedom to choose the appropriate accounting standards applicable to funds with different characteristics

- the ability to wind up quickly

28. Digital Transformation of Tribal Schools

Context: A Memorandum of Understanding (MOU) is signed between the Ministry of Tribal Affairs (MTA) and Microsoft to support the digital transformation of schools

Key highlights of the MOU

- **Target:** The initiative will be implemented in schools under the Ministry such as **Eklavya Model Residential Schools (EMRS)** and **Ashram Schools.**
- **AI skills:** Microsoft will provide AI curriculum to tribal students in both English and Hindi at all EMRS schools under the Ministry to skill educators and students for next-generation technologies including Artificial Intelligence.
- These schools will be equipped with the technology, training and tools that is required to transform them into **Microsoft Showcase School.**

Eklavya Model Residential Schools (EMRS)

- EMRS started in the year 1997-98.
- It was started to impart quality education to ST children in remote areas.
- It will enable them to avail of opportunities in high and professional educational courses and get employment in various sectors.
- By the year 2022, every block with more than 50% ST population and at least 20,000 tribal persons, will have an EMRS.
- Eklavya schools will be on par with Navodaya Vidyalaya.
- They will have special facilities to preserve local art and culture besides providing training in sports and for skill development.

Ashram Schools

- Ministry of Tribal Affairs (MoTA) running a scheme "Establishment of Ashram Schools in Tribal Sub-Plan Areas" under which funds are provided to State Governments for construction of Ashram schools
- The scheme is in operation since **1990-91.**
- The scheme is funded on **50:50 basis by the Central and State government**, 100% funding will be provided to UTs.
- **Scheduled Tribe (ST)** students pursuing primary, middle, secondary and senior secondary education are eligible for the scheme.

Some other initiatives of Ministry of Tribal Affairs (MTA)

- NITI Aayog inaugurated the "Online Performance Dashboard "Empowering Tribals, Transforming India" developed by the Ministry of Tribal Affairs (MoTA) on 10th August, 2020.

- Eklavya Model Residential Schools (EMRS) scheme.
- The joint initiative of the Ministry with Facebook under Going Online as Leaders (GOAL) program.
- TRIFOOD Scheme is a joint initiative of Ministry of Food Processing Industry, Ministry of Tribal Affairs and TRIFED.
- TRIFED spearheads implementation of the Van Dhan programme.

29. Cairn Energy and Air India dispute

Context: Cairn Energy is suing Air India, the wholly owned and extensively controlled by the Indian government, in New York to seize its assets to enforce the $1.2 billion arbitration award it won against the Indian government in a retrospective tax dispute.

What is Retrospective tax?

- It means creating an additional charge or levy of *tax* by way of an amendment from specified date in the past.

About the Cairn Energy-Air India dispute

- A three-member international arbitral tribunal had ruled that the Indian government was "in breach of the guarantee of fair and equitable treatment" which was against the India-UK bilateral treaty and that the breach caused a loss to the **British energy company.**
- It awarded Cairn $1.2 billion in compensation that India was liable to pay.
- To enforce this award, Cairn moved a court in the South District of New York against Air India.
- Because it has located substantial assets that it can recover the compensation from in that jurisdiction.
- Since the arbitration award was delivered in Hague, India has moved an appeal in Netherlands.

The retrospective tax situation in India

- **Supreme Court Ruling in 2012:** In India's tax dispute with Vodafone Plc revolves around its purchase of Hutch Essar in 2007 for $11 billion. The Supreme Court ruled in January that year that Vodafone's transaction was not taxable here.
- **Amendment in Income Tax Act:** In 2012, following the Supreme Court ruled that a similar series of transactions which involves Vodafone did not attract capital gains as the transaction did not amount to transfer of a capital asset within the meaning of Section 2(14) of the Income Tax Act.
- Then the government amended the law retrospectively.
- In the Budget 2012-13, it was proposed to amend the Income Tax Act, 1961 with retrospective effect. The proposal was to allow the country to retrospectively tax cross-border transactions in which the underlying assets are located in India.

- Following are the sections which were amended:
  - **Section 2(14) - This provision defines a "capital asset**
  - **Section 2(47) - This provision defines a "transfer"**
  - **Section 9 - This provision defines when income is deemed to accrue or arise in India.**
- The 2012 amendment clarified that "an asset or a capital asset being any share or interest in a company or entity registered or incorporated outside India shall be deemed to be and shall always be deemed to have been situated in India, if the share or interest derives, directly or indirectly, its value substantially from the assets located in India".

30. Rajasthan ranks 2nd in country in implementing Smart City projects

Context: Rajasthan has stood second among the 36 states and Union territories in the country in implementation of the Smart City projects with four of its cities making the mark in the mission.

About

About the Smart City ranking

- The ranking is released by the **Union ministry of housing and urban affairs.**
- Four Rajasthan cities, Udaipur, Kota, Ajmer and Jaipur have secured the 8th, 11th, 29th and 36th rank among the 100 smart cities of the country.
- Bengaluru is ranked first in the ranking.
- A new method of ranking was adopted for the assessment Work.
- Work completed, tendering process and fund utilisation are among the new parameters.
- The ranking takes into account various factors such as
  - the smart city plan implementation
  - the ongoing work and tendering process
  - the utilisation of funds
  - provision of the utility certificates to the Centre from time to time

Smart Cities Mission

- **Launched:** The Government of India has **launched the Smart Cities Mission on 25 June 2015.**
- **Objective:** The objective is to promote sustainable and inclusive cities that provide core infrastructure and give a decent quality of life to its citizens, a clean and sustainable environment and application of 'Smart' Solutions.
- **Focus:** The focus is on sustainable and inclusive development and the idea is to look at compact areas, create a replicable model which will act like a lighthouse to other aspiring cities.

- **Implementation:** The implementation of the Smart Cities Mission is done by a Special Purpose Vehicle (SPV) to be set up at city level in the form of a limited company under the Companies Act, 2013.
- **Distribution:** It will be promoted by the State/UT and the Urban Local Body (ULB) jointly both having 50:50 equity shareholding.

Other Similar initiative for the development

- **Members of Parliament Local Area Development Scheme (MPLADS)**
- The Members of Parliament Local Area Development Division is entrusted with the responsibility of implementation of the scheme.
- Under the scheme**, each MP has the choice** to suggest to the District Collector for works to the tune of Rs.5 Crores per annum to be taken up in his/her constituency.
  - The **Rajya Sabha Members** of Parliament can recommend works in one or more districts in the State from where he/she has been elected.
  - The **Nominated Members** of the Lok Sabha and Rajya Sabha may select any one or more Districts from any one State in the Country for implementation of their choice of work under the scheme.

31. 'Connected Commerce: Creating a Roadmap for a Digitally Inclusive Bharat'

Context: **NITI Aayog and Mastercard** have released a report, **'Connected Commerce: Creating a Roadmap for a Digitally Inclusive Bharat'.**

Key highlights of the report

- The report identifies the challenges in accelerating digital financial inclusion in India.
- It provides recommendations for making digital services accessible to its 1.3 billion citizens.
- NITI Aayog was a knowledge partner in this endeavour.
- The report highlights key issues and opportunities, with inferences and recommendations on
  - policy and capacity building across agriculture
  - small business (MSMEs)
  - urban mobility
  - cyber security

Steps by government for digitalization

Pradhan Mantri Jan-Dhan Yojana (PMJDY)

- PMJDY is a national mission on financial inclusion encompassing an integrated approach to bring about comprehensive financial inclusion of all the households in the country.

- The plan envisages universal access to banking facilities at least one basic banking account in every household.

Pradhan Mantri Gramin Digital Saksharta Abhiyaan (PMGDISHA)

- PMGDISHA is a scheme to make six crore persons in rural areas, across States/UTs, digitally literate, reaching to around 40% of rural households by covering one member from every eligible household by 31st March, 2019.
- It aims to bridge the digital divide, specifically targetting the rural population including the marginalised sections of society like Scheduled Castes (SC) / Scheduled Tribes (ST), Minorities, Below Poverty Line (BPL), women and differently-abled persons and minorities.

Pahal (DBTL)

- The PAHAL (DBTL) aims to reduce diversion and eliminate duplicate or bogus LPG connections. The scheme was earlier launched in 2013 and was modified in 2015.

NREGA-SOFT

- NREGA-soft envisions implementing e-Governance across State, District and three tiers of Panchayati Raj Institutions.
- It empowers the common man using the information technology as a facilitator.
- NREGA-soft provides information to citizen in compliance with the right to information Act (RTI Act).

Digidhan Abhiyaan

- The initiative plans to enable citizens and merchants to undertake real time digital transactions through the DIGIDHAN Bazaar.
- Through organising DigiDhan Mela's across the country, it aims to handhold users in downloading, installing and using various digital payment systems for carrying out digital transactions.

Aadhaar Enabled Payment System (AEPS)

- AEPS is a bank led model which allows online interoperable financial inclusion transaction at PoS (MicroATM) through the Business correspondent of any bank using the Aadhaar authentication.
- It is a payment service.

32. Production Linked Incentive scheme "National Programme on Advanced Chemistry Cell Battery Storage"

Context: The Cabinet has approved the implementation of the **'National Programme on Advanced Chemistry Cell (ACC) Battery Storage'** that was proposed by the **Department of Heavy Industry.**

About the Production linked Incentive Scheme

- **Production Linked Incentive Scheme (PLI)** is a production linked incentive to boost domestic manufacturing and to attract large investments in mobile phone manufacturing and specified electronic components.
- **Support:** The Scheme would boost the electronics manufacturing landscape and establish India at

the global level in electronics sector.

- **Incentive:** The scheme will provide an incentive of 4% to 6% on incremental sales (over base year) of goods manufactured in India to eligible companies, for a period of five (5) years.
- **Time period:** Support shall be provided for a period of five (5) years subsequent to the base year.
- **Implementation:** The Scheme will be implemented by a Nodal Agency which shall act as Project Management Agency (PMA).
- **The** scheme has been initiated on the efforts of **Ministry of Electronics and Information Technology (MeitY).**
- **Second Round**: After the success of the First Round the proposal for accepting applications under **Second Round of the PLI Scheme** has been approved by the Competent Authority.
- The target segment for the purpose of this round shall be **Specified Electronic Components**.
- **Incentives of 5% to 3%**shall be extended on incremental sales for a period of four (4) years.

About the 'National Programme on Advanced Chemistry Cell (ACC) Battery Storage'

- **Reduce import:** The National Programme on Advanced Chemistry Cell (ACC) Battery Storage will reduce the import dependence.
- All the demand of the ACCs is currently met through imports in India.
- **Bidding process:** ACC battery Storage manufacturers will be selected by a transparent competitive bidding process.

What are Advanced Chemistry Cells (ACCs)?

- This is a new generation of advanced storage technologies.
- It can store electric energy either as electrochemical or as chemical energy and converts back to electric energy when required.

- **Manufacturing facility**: It would have to be commissioned within a period of two years.
- **Time period:** The incentive will be disbursed over a period of five years.
- **Incentive amount:** It will increase with increased specific energy density & cycles and increased local value addition.
- **Capacity Target**: Each ACC manufacturing facility should be of minimum five (5) GWh capacity and should ensure a minimum 60% domestic value addition at the Project level within five years.
- The beneficiary firms have to achieve a domestic value addition of atleast 25% and incur the mandatory investment Rs.225 crore /GWh within 2 Years and raise it to 60% domestic value addition within 5 Years, either at Mother Unit, in-case of an Integrated Unit, or at the Project Level, in-case of "Hub & Spoke" structure.
- **Support:** It will also support the Atmanirbhar Bharat initiative.

33. Sovereign Gold Bond Scheme 2021-22

Context: The Government has decided to issue Sovereign Gold Bonds from May 2021 to September 2021 after the consultation with RBI.

What are Sovereign Gold Bonds?

- **Government security**: Sovereign Gold Bonds (SGBs) are government securities that are denominated in grams of gold.
- **Substitute:** They are substitutes of holding physical gold.
- **Cash redeem:** Investors have to pay the issue price in cash form and the bonds will be redeemed in the cash on maturity.
- **Issue authority:** The Bond is issued by Reserve Bank on behalf of the Government of India.
- **Advantage:** It offers a superior alternative to hold gold in physical form.
  - The risks and costs of storage are eliminated.
  - Investors are assured of market value of gold at the time of maturity and periodical interest.
- **Sold through**: The Bonds will be sold through
  - **Scheduled Commercial banks (**except Small Finance Banks and Payment Banks)
  - **Stock Holding Corporation of India Limited (SHCIL)**
  - **designated post offices**
  - **recognised stock exchanges** *viz*.,
    - National Stock Exchange of India Limited
    - Bombay Stock Exchange Limited

Features of the Sovereign Gold Bond Scheme 2021-22

- To be **issued by Reserve Bank of India** on behalf of the Government of India.
- The Bonds will be restricted **for sale to resident individuals, HUFs, Trusts, Universities and Charitable Institutions.**
- The Bonds will be **denominated in multiples of gram(s) of** gold with a **basic unit of 1 gram.**
- The tenor of the Bond will be **for a period of 8 years** with exit option after5th year to be exercised on the next interest payment dates.
- **Minimum permissible** investment will be **1 gram of gold.**
- The **maximum limit of subscription** shall be 4 KG for individual, 4 Kg for HUF and 20 Kg for trusts and similar entities per fiscal (April-March) notified by the Government from time to time.
- In case of **joint holding,** the investment limit of 4 KG will be applied to the first applicant only.
- **Price of Bond** will be fixed in Indian Rupees on the basis of simple average of closing price of gold of 999 purity, published by the India Bullion and Jewellers Association Limited for the last 3 working days of the week preceding the subscription period.
- **Payment for the Bonds** will be through cash payment (upto a maximum of `20,000) or demand draft or cheque or electronic banking.
- The **Gold Bonds will be issued as** Government of India Stock under GS Act, 2006.
- The investors will be issued a Holding Certificate for the same.
- The **Bonds are eligible** for conversion into demat form.
- Bonds will be sold through Commercial banks, Stock Holding Corporation of India Limited (SHCIL), designated post offices (as may be notified) and recognised stock exchanges *viz*., National Stock Exchange of India Limited and Bombay Stock Exchange, either directly or through agents.
- The **investors will be compensated** at a fixed rate of 2.50 percent per annum payable semi-annually on the nominal value.

- **Bonds can be used as collateral** for loans. The loan-to-value (LTV) ratio is to be set equal to ordinary gold loan mandated by the Reserve Bank from time to time.
- Bonds will be **tradable on stock exchanges** within a fortnight of the issuance on a date as notified by the RBI.
- Bonds acquired by the banks through the process of invoking lien/hypothecation/pledge alone, shall be counted towards **Statutory Liquidity Ratio.**

34. 'Large Area Certification' (LAC) scheme

Context: The Government of India has certified **14,491 ha** of **Traditional Organic Areas** under **Car Nicobar and Nancowry group of islands in UT of A&N Islands**. This area becomes the first large contiguous territory to be conferred with organic certification under the **'Large Area Certification' (LAC) scheme.**

What is Large Area Certification (LAC) Scheme?

- The organic certification has been given under the **Large Area Certification (LAC) Scheme** of the **PGS-India (Participatory Guarantee System) certification programme.**
- Under LAC, each village in the area is considered as one cluster/group.
- All farmers with their farmland and livestock need to adhere to the standard requirements and on being verified get certified enmass without the need to go under conversion period.
- Certification is renewed on annual basis through verification by a process of peer appraisals as per the process of PGS-India.

About the certified Islands

- **Car Nicobar and Nancowry group of Islands** have been traditionally organic for ages.
- The administration has also banned the sale, purchase and usage of any chemical inputs of GMO seeds in these islands.

How was it done?

- The administration of UT in collaboration with local communities prepared the island-wise and farmer wise database of land holding, practices being adopted, input usage history etc.
- An expert committee has verified their organic status and recommended for declaration of the area as certified organic under the PGS-India certification programme.
- Based on these reports, the Government of India certified 14,491 ha area under Car Nicobar and Nancowry group of islands in UT of A&N Islands.

Which other areas can be certified organic?

- Besides these islands, agriculture areas in States like **Himachal, Uttarakhand, North Eastern states** and tribal belts of **Jharkhand and Chhattisgarh,** desert districts of **Rajasthan** which are essentially free from the use of chemical inputs can be transformed to certified organic.
- **Department of Agriculture, Cooperation and Farmers Welfare (DAC&FW)** in consultation with states is working to identify such areas, transform them to certified organic and facilitate the marketing of area-specific niche products through branding and labelling.

Schemes promoting organic/natural farming

- Paramparagat Krishi Vikas Yojana
- Organic Mission in North East

35. Startup India Seed Fund Scheme

Context: As many as 34 incubators will get a grant of Rs 135 crore under the Startup India Seed Fund Scheme, the skills development ministry said in response to a question in Lok Sabha.

What is Startup India Seed Fund Scheme (SISFS)?

- The **Startup India Seed Fund Scheme (SISFS)** has been implemented from **April 1, 2021.**
- Under the scheme, a corpus of Rs 945 crore will be spent over the next four years for providing seed funding to eligible startups through eligible incubators across India.
- **Startup India Seed Fund Scheme (SISFS)** aims to provide financial assistance to startups for proof of concept, prototype development, product trials, market entry and commercialization.
- This would enable these startups to graduate to a level where they will be able to raise investments from angel investors or venture capitalists or seek loans from commercial banks or financial institutions.

36. Finetuning of inflation-forecasting model

Context: India's central bank has revised its inflation-forecasting model to better capture how fiscal and monetary policy interact with real-economy elements just after days the RBI won approval from the government to retain the inflation target in between 2%-6% range for the next five years.

The new Model or quarterly Projection Model 2.0

- The Quarterly Projection Model 2.0 is an inflation forecasting model.
- The new framework is a forward-looking, open economy, calibrated, new-Keynesian gap model.
- The previous version was often criticized for over-estimating upside risks to inflation.
- Under the new model the adjustments incorporate fiscal-monetary dynamics, which include
- India's unique and often chaotic fuel pricing regime
- exchange-rate fluctuations and their impact on balance of payments
- The new model is differentiated into three blocks:
  - **First or fiscal block**: It decomposes the government's primary deficit into structural and cyclical components.
  - **Second, or fuel block**: It takes into account India's complex system of pricing.
  - **Third or balance of payments block**: It recognizes the costs associated with spurts in volatility in the exchange rate.

Inflation

- It refers to the rise in the prices of most goods and services of daily or common use, such as food, clothing, housing, recreation, transport, consumer staples, etc.
- **Inflation** measures the average price change in a basket of commodities and services over time.

37. Pre-pack under Insolvency and Bankruptcy Code

Context: The central government has promulgated an ordinance that allows the pre-packs to be used as an insolvency resolution mechanism for **Micro, Small and Medium Enterprises (MSMEs)** having defaults up to Rs 1 crore under the Insolvency and Bankruptcy Code.

What are pre-packs?

- A pre-pack is the **process of debt resolution** of a distressed company by an agreement between secured creditors and investors instead of a public bidding process.
- Under this resolution, the company's **business is negotiated with a buyer before the appointment of an insolvency professional.**
- Pre-pack is a **corporate rescue method** with both informal (out-of-court) and formal (judicial) insolvency proceedings.
- It is a **hybrid framework**, as it empowers stakeholders to resolve the debt issue with the minimum assistance of the State.
- Under this system, the financial creditors seek approval from the National Company Law Tribunal (NCLT) regarding the resolution plan.
- NCLT may accept or reject any application
- The plan has to be approved by a **minimum of 66 percent of unrelated financial creditors** to the corporate is required before a plan is sent to NCLT.
- The pre-pack mechanism **permits the Swiss challenge** for any resolution plans which proved less than full recovery of dues for operational creditors.
- It will be **implemented in parallel to the Corporate Insolvency Resolution Process (CIRP).**
- This system of insolvency proceedings is a popular mechanism for insolvency resolution in the **UK and Europe.**

Swiss challenge mechanism

- Under this mechanism, **any third party will be permitted** to submit the resolution plan for the distressed company.
- The original applicant would have to either match the improved resolution plan or forego the investment.

What was the earlier process?

- Corporate Insolvency Resolution Process (CIRP) is a **recovery mechanism** for creditors under the IBC, 2016.

- If a corporation becomes insolvent, in this case,a financial creditor, an operational creditor, or the corporate itself may initiate CIRP.

Insolvency and Bankruptcy Code, 2016 (IBC)

It is a bankruptcy law of India that seeks to create a single law for insolvency and bankruptcy.

Key Features

Insolvency Resolution

- The Code outlines separate insolvency resolution processes for individuals, companies, and partnership firms.
- The process may be initiated by either the debtor or the creditors.

Time limit-

- **For companies:** 180 days, which may be extended by 90 days
- For start-ups, small companies, and other companies (with asset less than Rs. 1 crore): 90 days of initiation of request which may be extended by 45 days

Insolvency regulator

- The Insolvency and Bankruptcy Board of India will oversee the insolvency proceedings in the country.
- The Board will have 10 members with representatives from the Ministries of Finance and Law, and the Reserve Bank of India.

Insolvency professionals

- The licensed professionals will manage the insolvency process.

Adjudicator:

- **National Company Law Tribunal for Companies and Limited Liability Partnership firms.**
- **Debt Recovery Tribunal for individuals and partnerships.**

38. RODTEP Scheme

Context: The notification of benefit rates payable to exporters under the Remission of Duties and Taxes on Export Products (RODTEP) scheme is expected to take more time as it is facing ‘teething issues.

About

- RoDTEP stands for **Remission of Duties and Taxes on Export Products.**
- It is formed to **replace the existing MEIS (Merchandise Exports from India Scheme).**
- The scheme will ensure that the exporters **receive the refunds** on the embedded taxes and duties previously non-recoverable.
- The scheme was brought about with the **intention to boost exports** which were relatively poor in volume previously.

What is the need for the RoDTEP Scheme?

The following were some of the export subsidy programmes recommended to be withdrawn:

- Merchandise Exports from India Scheme
- Export Oriented Units Scheme
- Electronics Hardware Technology Parks Scheme
- Bio-Technology Parks Scheme
- Export Promotion Capital Goods Scheme
- Special Economic Zones (SEZ) Scheme
- Duty-Free Imports for Exporters Scheme

- The US had challenged **India's key export subsidy schemes** in the **WTO (World Trade Organisation),** claiming them to harm the American workers.
- A dispute panel in the WTO ruled against India, stating that the export subsidy programmes that were provided by the Government of India violated the provisions of the trade body's norms.
- The panel further recommended that the export subsidy programmes be withdrawn.
- This led to the birth of the RoDTEP Scheme, so as to ensure that India stays WTO-compliant.

Key Features of the scheme

- **Refund of the previously non-refundable duties and taxes**: Mandi tax, VAT, Coal cess, Central Excise duty on fuel etc. will now be refunded under this particular scheme. All the items under the MEIS and the RoSTCL (Rebate of State and Central Taxes and Levies) are now under the purview of the RoDTEP Scheme.
- **Automated system of credit:** The refund will be issued in the form of transferable electronic scrips. These duty credits will be maintained and tracked through an electronic ledger.
- **Quick verification through digitisation:** Through the introduction of the digital platform, the clearance happens at a much faster rate. Verification of the records of the exporters will be done with the help of an IT-based risk management system to ensure speed and accuracy of transaction processing.
- **Multi-sector scheme:** Under RoDTEP, all sectors, including the textiles sector, are covered, so as to ensure uniformity across all areas.

Who all can avail benefits of the RoDTEP Scheme?

- **All sectors, including the textiles sector**, may enjoy the benefits of the RoDTEP Scheme.
- **Labor-intensive sectors** that enjoy benefits under the MEIS Scheme will be given a priority.
- Manufacturer exporters and merchant exporters (traders) are **both eligible** for the benefits of this scheme.
- There is **no particular turnover threshold** to claim the RoDTEP.
- **Re-exported products** are **not eligible** under this scheme.
- To be eligible to avail the benefits of this scheme, the exported products need to have the **country of origin as India.**
- **Special Economic Zone Units and Export Oriented Units are also eligible** to claim the benefits under this scheme.

- Where goods have been **exported via courier through e-commerce platforms**, RoDTEP scheme applies to them as well.

MEIS	RoDTEP
Incentives available on the export of goods	Refund of duties and taxes that are currently not being reimbursed by any other schemes.
Not compliant with the WTO norms.	Compliant with the WTO norms.
2%-5% of the FOB (Free On Board) value of exports.	Product based % is yet to be notified
Issued in the form of physical transferable scrips.	Issued in the form of transferable duty credit or electronic scrips which will be maintained via an electronic ledger.

39. India's biggest floating solar plant to be commissioned

Context: The country's biggest floating solar power plant to date being developed at Ramagundam in Peddapalli district of Telangana is set to be commissioned in next few months.

About the Solar plant

- **Renewable energy plant:** It is the biggest solar power plant developed in India to date.
- **Capacity:** It is a 100-megawatt plant which is the biggest in terms of generation capacity.
- **Developing entity:** It would be one of the renewable (solar) energy plants being developed by NTPC with an installed capacity of 447MW in the Southern Region.
- **FGDs construction:** Flu gas de-sulphurization (FGD) capacity will be installed on the developing solar plants to abide by the environmental protection norms.

Significance:

- No need for land acquisition
- Low-cost energy production
- Promotion of renewable energy resources

Some other to be commissioned power plants

- The renewable energy plants that are likely to be commissioned in the next three months are:
- 25MW floating solar plant at Simhadri thermal power plant near Visakhapatnam
- 92MW floating solar plant at Kayamkulam in Kerala
- 100MW plant at Ramagundam.

Flue-gas desulfurization (FGD)

- It is a set of technologies used to **remove sulfur dioxide (SO2) from exhaust flue gases** of fossil-fuel power plants.
- It also removes emissions of other sulfur oxide emitting processes such as **waste incineration.**
- **flue-gas desulfurization (FGD)** may **remove 90 percent or** more of the SO2 in the flue gases

Common methods used for FGD

- **Wet scrubbing** using a slurry of alkaline sorbent, usually limestone or lime, or seawater to scrub gases
- **Spray-dry scrubbin**g using similar sorbent slurries
- **Wet sulfuric acid proces**s recovering sulfur in the form of commercial quality sulfuric acid
- **SNOX Flue gas desulfurization** removes sulfur dioxide, nitrogen oxides, and particulates from flue gases
- **Dry sorbent injection systems** that introduce powdered hydrated lime (or other sorbent material) into exhaust ducts to eliminate SO2 and SO3 from process emissions

40. Mission Indradhanush 4.0

Context: In February 2022, the Government of India launched the Intensified Mission Indradhanush 4.0

What is Intensified Indradhanush Mission?

- Mission Indradhanush 4.0 that aims to protect children and pregnant women from life-threatening diseases.
- The programme aims at covering children who had missed the vaccination or were partially vaccinated against 10 vaccine-preventable diseases, including diphtheria, whooping cough, tetanus, polio, childhood tuberculosis, measles, rubella, Japanese encephalitis and hepatitis B.
- The mission Indradhanush 4.0 will have three rounds and will be conducted in 416 districts across 33 states and UTs, the health ministry said in a statement.

Universal Immunisation Programme.

The government is implementing the largest inoculation drive globally where annually over 3 crore pregnant women and 2.6 crore children are covered through the Universal Immunisation Programme.

Mission Indradhanush

- With the aim to increase the full immunisation coverage, the prime minister launched Mission Indradhanush in December 2014.
- **Aim:** to cover the partially and unvaccinated pregnant women and children in pockets of low immunization coverage, high-risk and hard-to-reach areas and protect them from vaccine-preventable diseases.

Intensified Indradhanush Mission (IMI)

- Intensified Indradhanush Mission (IMI) was launched in 2017.
- **Aim:** To reach each and every child up to two years of age and all those pregnant women who have been left uncovered under the routine immunisation programme."
- The program was to further intensify the existing **Mission Indradhanush**, which the government launched in December 2014.

41. National Urban Digital Mission

Context: Indian Central government recently launched '**National Urban Digital Mission'** to establish digital infrastructure for cities.

What is National Urban Digital Mission (NUDM)?

- The National Urban Digital Mission (NUDM) has been launched by the **Ministry of Housing and Urban Affairs** along with the **Ministry of Electronics and Information Technology.**
- It will institutionalize a citizen-centric and ecosystem-driven approach to urban governance and service delivery in 2022 cities by 2022, and across all cities and towns in India by 2024.
- It will help in supplementing **Digital India initiative along with Smart Cities Mission.**
- **Objective:** The mission will create a shared digital infrastructure for urban India, working across the three pillars of people, process, and platform to provide holistic support to cities and towns.

Key- features of the mission

- NUDM is **citizen-centric, ecosystem-driven, and principles-based** in both design and implementation.
- NUDM has **articulated a set of governing principles.**
- It inherits **the technology design principles** of the National Urban Innovation Stack (NUIS).

Other major initiatives

- Several other digital initiatives of MoHUA- India Urban Data Exchange (IUDX), SmartCode, Smart Cities 2.0 website, and Geospatial Management Information System (GMIS) were also launched.
- **India Urban Data Exchange (IUDX):** IUDX is an open-source software platform which facilitates the secure, authenticated, and managed exchange of data amongst various data platforms.
  - **Partnership program:** The India Urban Data Exchange has been developed in partnership between the Smart Cities Mission and the Indian Institute of Science (IISc), Bengaluru.
- **SmartCode Platform:** SmartCode is a platform designed to address the challenges that ULBs face in the development and deployment of digital applications.

42. G-SAP 1.0: Securities acquisition plan to boost the market

Context: The RBI has announced its calendar for purchasing G-secs. It is **Government Securities Acquisition Programme** or **G-SAP 1.0**, aimed at providing more comfort to the bond market.

What are government securities, or g-secs?

- The government borrows through the issue of government securities called **G-secs and Treasury Bills or Gilt-edged securities.**
- It is a loan taken by the government and falls under capital receipts.
- It is the total amount of money that a government borrows to fund its spending on public services and benefits.

- When the tax revenue falls short in financing the government's spending programme, the government announces an annual borrowing programme in the Budget.
- It is **debt instruments** *(it's a liability and one has to pay interest for it)* issued by the government to borrow money. The two key categories are:
  - **Treasury bills** are short-term financial instruments that mature in 91 days, 182 days, or 364 days, and
  - **Dated securities** are long-term financial instruments, which mature anywhere between 5 years and 40 years.
- The G-secs are not tax-free.

How is G-SAP different from the regular Open Market Operations (OMOs)?

- The RBI intermittently purchase Government bonds from the market through Open Market Operations (OMOs).
- **The G-SAP is in a way an OMO but there is a commitment by the central bank to the markets that it is certainly going to purchase bonds worth a specific amount**.
- The intention is to give comfort to the bond markets. In other words, it can be said that **G-SAP is an OMO with a 'distinct character'.**

> **Open market operations (OMO)**: It is an act by the central bank of buying or selling short-term Treasury's and other securities in the open market to keep a check on the money supply, thus affecting the **short-term interest rates.**

- The RBI has said that the **positive externalities** of G-SAP 1.0 operations can be looked at in the backdrop of those segments of the financial markets that rely on the G-Sec yield curve as a pricing benchmark.

> **Definition of Positive Externality:** This occurs when the consumption or production of good results in a benefit to a third party. Ex: When one consumes education, it gets a private benefit. But in the whole process, there are also benefits to the rest of society.

> ### What Is a Secondary Market?
>
> It is a place where the investors **buy and sell securities from other investors**. Examples of popular secondary markets are the National Stock Exchange (NSE), the New York Stock Exchange (NYSE), the NASDAQ, National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE).

> The **TLTRO or Targeted Long Term Repo Operation**, allows banks to borrow money from the RBI at the repo rate to lend to companies **(targeted sectors)** and NBFCs.

43. Government clears projects under National Technical Textiles Mission

Context: The textiles ministry cleared 20 strategic projects worth Rs 30 crore in the areas of speciality fibres and geo-textiles under the National Technical Textiles Mission.

The Strategic Projects

- The 16 projects of speciality fibres approved include:
  - five in healthcare
  - four in industrial and protective
  - three projects each in energy storage and textile waste recycling
  - one project in agriculture
  - four projects in geo-textiles (infrastructure)

About the Mission

- The Ministry of Textiles has launched the National Technical Textiles Mission to increase the penetration level of technical textiles in India while leveraging the extraordinary growth rate of the sector.
- The aim of the mission is to position India as a global leader in Technical Textiles.
- It also supports the 'Make in India' initiative promoting domestic manufacturing of related machinery and equipment.
- The mission comprises of the following four components:
  - Research, Innovation and Development
  - Promotion and Market Development
  - Export Promotion
  - Education, Training, Skill Development

Technical Textiles

- Technical Textiles are textile products which are manufactured primarily for their functionality and use rather than the aesthetic appeal.
- This includes functional fabrics which find application in civil engineering, construction, defence, healthcare and automobile among other industries.

44. Indian Railways announces 'Bharat Gaurav' scheme to increase tourism

Context:

- Recently, the Indian Railways has announced the new scheme 'Bharat Gaurav' to tap the huge potential of tourism.
- Under which, theme-based tourist circuit trains, on the lines of the Ramayana Express, can be run either by private or State-owned operators.

About Bharat Gaurav Scheme

- The Bharat Gaurav Scheme liberalises the leasing the trains for special tour packages.
- Eligibility: Any player, private or otherwise, can approach the Indian Railways to run theme-based train circuits.

- Duration: The arrangement will last for a minimum of two years.
- The operators will also be able to decorate the trains, interior and exterior, sell advertising space, and name the circuit and the train

Role of Railways

- Indian Railways will essentially remain in charge of running the trains themselves.
- It will provide the staff for running the train, the guards for providing security, and maintenance staff for providing services to the train.
- Indian Railways will also provide the essential infrastructure to run the trains, also routing them through in priority.

What are the others related schemes?

- SWADESH Darshan Scheme
- PRASHAD Scheme
- Buddhist Enclave
- Dekho Apna Desh initiative

45. Power Finance Corporation acquires status of 'Maharatna'

Context: The Centre awarded the prestigious 'Maharatna' position to Power Finance Corporation Ltd.

About Power Finance Corporation

- PFC was incorporated in **1986** and comes under the jurisdiction of the **Union Power Ministry.**
- It is India's largest company NBFC and the largest financial finance company.
- According to the Department of Public Enterprises Survey of FY 2017-18, PFC is the 8th most profitable Central Public Sector Enterprise (CPSE).

Significance of the award for PFC

- PFC has become the 11th public sector business to secure the position of 'Maharatna' in the country.
- The awarding of the 'Maharatna' status will provide advanced powers to the PFC Board while making financial decisions.
- PFC is now joining other companies such as ONGC, Steel Authority of India Limited (SAIL), BHEL and Indian Oil Corporation.

Which company gets Maharatna Status?

- Maharatna status is given to a company that has recorded a profit of more than 5,000 crore for three consecutive years or an annual turnover of 25,000 crore for three years.
- To qualify for a position, a company must have an annual budget of Rs 15,000 for three years. Companies must also have global or operational measures.

Different status

Maharatna

- The average annual profit for a company over the past 3 years is more than Rs. 25,000 Crore.
- The average annual income over the past 3 years is more than Rs. 15,000 crores.
- The average annual income after tax for the past 3 years is more than Rs. 5,000 crore.
- This company must have a large global presence or international operation.

Navratna

- The Navratna status allows companies to invest up to Rs 1000 crore or 15 percent of the value of one project or 30 percent of their total annual value (not exceeding Rs 1000 crores).

Miniratna I and II Category:

- **Category I:** These have made a profit over the past three years or have earned a full profit of Rs. 30 crore or more in one of these three years. There are 60 such companies.
- **Category II:** These companies have made a profit continuously for the last three years and should make a good profit. There are 15 such companies in this category.

46. Coal Fall in India

Context: Coal will continue to be the mainstay of India's power generation till at least 2030, but efforts must made to ensure it is used efficiently to reduce greenhouse gas (GHG) emissions, according to CSE.

How big is India's coal sector?

India produces over **85 minerals** including **coal, lignite, bauxite, chromite, copper ore and concentrates, iron ore, lead and zinc concentrates, manganese ore, silver, diamond, limestone, phosphorite etc.**

- **Production and import:** India is the second-largest producer and importer of coal in the world.
- **CO2 emission:** India's coal-based thermal power sector is one of the country's biggest emitters of carbon dioxide (CO2).
- **GHG emission:** It spews out 1.1 gigatonne of CO2 every year; this is 2.5 per cent of global GHG emissions, one-third of India's GHG emissions, and around 50 percent of India's fuel-related CO2 emissions.
- **Ash content:** Indian coal is known to contain 30-50% ash, meaning that for every two units of coal burned, one unit of ash could be produced.
- Besides the creation of poisonous landfills in the ground, the burning of poor quality coal increases carbon emissions and air pollution, a danger to public health.

47. Pandora's leaky papers

Context: The secret deals and hidden assets of some of the world's richest and most powerful people have been revealed in the biggest trove of leaked offshore data in history.

About

- Branded the Pandora papers, the cache includes 11.9m files from companies hired by wealthy clients to create offshore structures and trusts in tax havens such as Panama, Dubai, Monaco, Switzerland and the Cayman Islands.
- They expose the secret offshore affairs of 35 world leaders, including current and former presidents, prime ministers and heads of state.
- They also shine a light on the secret finances of more than 300 other public officials such as government ministers, judges, mayors and military generals in more than 90 countries.
- The files include disclosures about major donors to the Conservative party, raising difficult questions for Boris Johnson as his party meets for its annual conference.

48. SPIN Scheme: Khadi and Village Industries Commission (KVIC)

Context: Recently, the Khadi and Village Industries Commission (KVIC) launched the SPIN (Strengthening the Potential of India) scheme to make potters self-sustainable under SFURTI Scheme.

About SPIN scheme

- Under SPIN, KVIC will facilitate potters to get easy loans from banks that will help the potters to diversify their activities and enhance their income.
- It is aimed at sustainable development by creating local self-employment which is aligned with the Prime Minister's commitment of "Job to Every Hand" (Har Hath Me Kaam).
- Under this scheme, there will be no financial burden on the exchequer and the loan will be repaid by the potter in easy instalments.
    - The SPIN scheme, thus, aims at infusing self-sustainability in the Indian pottery sector.
- KVIC facilitates potters to get bank loans under **Pradhan Mantri Shishu Mudra Yojana.**
- It will reduce their dependence on government subsidy and thus make potters self-reliant.

Khadi and Village Industries Commission

The Khadi and Village Industries Commission (KVIC) is a statutory body established by an Act of Parliament in 1956.

Other related schemes

- Kumhar Sashaktikaran Yojana
- Terracotta Grinder
- Prime Minister's Employment Generation Programme

Pradhan Mantri Shishu Mudra Yojana

Under the aegis of Pradhan Mantri Mudra Yojana (PMMY), MUDRA has created products/ schemes. The interventions have been named 'Shishu', 'Kishore' and 'Tarun' to signify the stage of growth / development and funding needs of the beneficiary micro unit / entrepreneur and also provide a reference point for the next phase of graduation / growth to look forward to:

- **Shishu :** covering loans upto 50,000/-
- **Kishor :** covering loans above 50,000/- and upto 5 lakh
- **Tarun :** covering loans above 5 lakh and upto 10 lakh

49. Connect Karo 2021 - Towards Equitable, Sustainable Indian Cities'

Context: Minister of Housing and Urban Affairs and Petroleum and Natural Gas Shri Hardeep Singh Puri addressed the inaugural session of **'Connect Karo 2021 - Towards Equitable, Sustainable Indian Cities'** event.

About the event

- The five day (from 13-17th September, 2021) event is being organized by the World Resources Institute (WRI) through video conferencing.
  - WRI India is an independent charity, legally registered as the India Resources Trust.

Why do urban areas matter?

- India's urban areas will drive the economy in the coming years.
- By 2030, cities will contribute to 70% of India's GDP.
- The best performing cities globally contribute five times more to the national GDP of their respective countries.

Government initiatives for urban areas

- Pradhan Mantri Awas Yojana (PMAY)
- Jal Jeevan Mission (Urban)
- Swachh Bharat Mission (Urban)
- Atal Mission for Rejuvenation and Urban Transformation (AMRUT Mission)
- Climate Smart Cities Assessment Framework
- Urban Transport scheme

50. Ease 4.0 launched

Context: The government launched the EASE 4.0 reforms

What is Ease 4.0?

- Ease 4.0 is a reform for the Public Sector Banks to ensure smart banking.
- It was presented by the finance minister to be implemented by the Indian Banks' Association (IBA)
- The key issues touched upon in the EASE 4.0 reforms are co-lending with non-banking firms, digital, agriculture financing, and technological resilience for 24x7 banking.
- A huge focus has been given to data analytics, automation, and digitization.

- Ease 4.0 is a continuation and further improvement of the Ease 3.0 initiative.
- The EASE 3.0 was a success as the PSB's reported healthy profits. These banks reported a profit of INR 31,817 crore in FY21 as compared to a loss of INR 26,016 crore in FY20.

51. Ujjwala 2.0, launched

Context: Prime Minister Narendra Modi launched Ujjwala 2.0 that provides free cooking gas connections to poor families by handling over domestic LPG cylinder connections at Mahoba in Uttar Pradesh.

What is Ujjwala?

- The scheme, launched on 1 May 2016, aims to safeguard the health of women and children and lays the basis for a fundamental material transformation at the bottom of the pyramid by covering 715 districts.
- A cash assistance is given to the beneficiaries to get a deposit-free new connection thereby helping improve energy access.
- Also, the connections are given in the name of the women heads of the households.

India has 28.74 crore LPG consumers as on 1 January 2021, with the Pradhan Mantri Ujjwala Yojana, a government programme that aims to provide free cooking gas connections to poor families increasing India' LPG coverage to 99.5% on 1 January this year from 61.9 % as on 1 April 2016.

Ujjwala 2.0

- **Ujjwala 2.0** now aims to cover 10 million more beneficiaries in the second phase of the scheme.
- In the Union Budget for the financial year 2021-22, provision for an additional 10 million LPG connections under the PMUY scheme was announced.
- Under Ujjwala 2.0, migrant workers can avail a free cooking gas connection on the basis of a self-declaration without any need for documents like address proof.
- Ujjwala 2.0 aims to provide deposit-free LPG connections to low-income families who could not be covered under the first phase of **PMUY**.
  - Along with deposit-free access to LPG supplies, the beneficiaries will also be provided with a stove (hotplate) free of cost. Under the scheme, the first gas cylinder is free worth over Rs 800, but consumers need to pay for subsequent cylinders.
- Cash assistance worth Rs 1,600 for a PMUY connection is provided by the government.
  - The cash assistance covers a security deposit of cylinder, pressure regulator, LPG hose, domestic gas consumer card, and inspection/installation/demonstration charges.

52. TRIFED's 34th Foundation Day

Context: The **34th Foundation Day** is being celebrated by **TRIFED** along with the announcement of the **Van Dhan Awards.**

About TRIFED

- It was established in August 1987 under the **Multi-State Cooperative Societies Act, 1984.**
- This is a National level Cooperative body under the administrative control of the **Ministry of Tribal Affairs.**
- It is the mandate of bringing about socio-economic development of tribals of the country by institutionalizing the trade of **Minor Forest Produce (MFP)** & **Surplus Agricultural Produce (SAP)** collected/ cultivated by them.

Initiatives of TRIFED

- ‘Mechanism for Marketing of Minor Forest Produce (MFP) through Minimum Support Price (MSP)
  - The Ministry of Tribal Affairs and TRIFED has advised the States Governments to undertake procurement under MSP for the MFP scheme.
  - An additional 23 MFP items have been included in the list of MSP for the MFP Scheme.
- Launches the tribal livelihoods initiative, “Sankalp Se Siddhi – Mission Van Dhan”
- Development of Value Chain for MFP
- Van Dhan tribal start-ups
- Van DhanVikas Kendra Clusters (VDVKCs)
- “Tech for Tribal” project

53. India’s first Lithium refinery

Context: **Manikaran Lithium Private Limited**, an arm of New Delhi-headquartered power trading company Manikaran Power Limited, has signed a memorandum of understanding (MoU) with the government of Gujarat to set up India’s first lithium refinery in the State.

What is Lithium?

- Lithium is a **metal** of utmost importance. It is everywhere today.
- Lithium is a key element for new technologies and finds its use in ceramics, glass, telecommunication and aerospace industries.
- The well-known uses of lithium are in lithium ion batteries, lubricating grease, high energy additives to rocket propellants, optical modulators for mobile phones and as a converter to tritium used as a raw material for thermonuclear reactions i.e. fusion.
- It’s the juice that powers our smartphones, tablets, cameras, laptops and even cars. This element is the driver of the technology age. And it could dictate the future of civilization.

The survey was done on surface and limited subsurface in the pegmatites of Marlagalla - Allapatna area by Atomic Minerals Directorate for Exploration and Research (AMD), a constituent unit of Department of Atomic Energy.

Important facts

- The growing demand for Lithium in India is driven by the goal of Indian government to become one of the largest electric vehicle markets world over.
- NITI Ayog has set an ambitious target to increase the number of electric vehicles by 30 percent by 2030.

> **The projected market**
>
> While electric cars in India remain a small segment, with an estimated 3,000 sold in 2018 compared with the 3.4 million fossil fuel-powered cars in the same year, the nation is forecast become the fourth-largest market for EVs by 2040, when the segment will comprise nearly a third of all vehicles sales.

- India's first Lithium plant has been set up at Gujarat in 2021, where Manikaran Power Limited will invest Rs 1000 crore to set up this refinery.
- The refinery will use Lithium ore to produce base battery material.

> Karnataka's Marlagalla-Allapatna area, along the Nagamangala Schist Belt, is being seen as among the most promising geological domains for potential exploration for lithium and other rare metals.

- Bolivia is the leading producer with 2.10 crore tonnes lithium reserves, and Argentina has 1.70 crore tonnes of Lithium.
- Chile has around 8.6 Mn tonnes, Australia has 2.8 Mn tonnes, and even Portugal has around 60K tonnes of lithium deposits.

> In 2020, India, signed an agreement with an Argentinian firm to jointly prospect lithium in the South American country that has the third largest reserves of the metal in the world.

54. Single Window System for Investors

Context: In a bid to improve **Ease of Doing Business (EoDB),** the Commerce and Industry Ministry launched the **National Single Window System (NSWS)**.

What is NSWS?

- The single window portal is going to be a one-stop-shop for investors for approvals and clearances.
- Department for Promotion of Industry and Internal Trade (DPIIT) along with Invest India initiated the process of developing the portal as a **National Single Window System (NSWS).**
- **DPIIT** comes under the **Ministry of Commerce and Industry.**
- **Invest India** is the **National Investment Promotion and Facilitation Agency** of India and acts as the first point of reference for investors in India.

The need

- The NSWS would "usher in Azadi" from legacy of running to government offices, from paperwork, duplication and information asymmetry
- The **National Single Window System** is envisioned to address
- information asymmetry
- duplication of information submitted across platforms and authorities
- in-efficient tracking of approvals and registration faced by
- Launch of the National Single Window System is a giant leap towards making **India Atma Nirbhar [self-reliance].**

55. The Mines and Minerals (Development and Regulation) Amendment Bill, 2021

Context: Lok Sabha passes the bill to amend the **Mines and Mineral (Development and Regulation) Act.**

About

The bill is to streamline the renewal of the auction process for minerals and coal mining rights.

Major Amendments

- **Removal of restriction on end-use of minerals**: The Act empowers the central government to reserve any to be leased through an auction for a particular end-use. Such mines are known as captive mines. The Bill provides that no mine will be reserved for particular end-use.
- **Sale of minerals by captive mines:** The Bill provides that captive mines may sell up to 50% of their annual mineral production in the open market after meeting their own needs. The central government may increase this threshold through a notification.
- **Auction by the central government in certain cases**: Under the Act, states conduct the auction of mineral concessions. Mineral concessions include mining lease and prospecting license-cum-mining lease. The Bill empowers the central government to specify a period for completion of the auction process in consultation with the state government.
- **Transfer of statutory clearances**: The Bill replaces the provision to require or obtain fresh clearances within two years and instead provides that transferred statutory clearances will be valid throughout the lease period of the new lessee.
- **Allocation of mines with expired leases**: The Bill adds that, whose lease has expired, may be allocated to a government company in certain cases. The state government may grant a lease for such a mine to a government company for a period of up to 10 years or until the selection of a new lessee, whichever is earlier.
- **Extension of leases to government companies**: The Bill provides that the period of mining leases of government companies may be extended on payment of additional amount prescribed in the Bill.
- **Non-exclusive reconnaissance permit**: The Act provides for a non-exclusive reconnaissance permit. Reconnaissance means preliminary prospecting of a mineral through certain surveys. The Bill removes the provision for this permit.

Conditions for lapse of mining lease

The Act provides that a mining lease will lapse if the lessee:

- Is not able to start mining operations within two years of the grant of a lease, or

- Has discontinued mining operations for two years.
- However, the lease will not lapse at the end of this period if a concession is provided by the state government upon an application by the lessee.

56. Ombudsman Scheme for Digital Transactions (OSDT)

Context: Customer complaints against NBFCs are on the rise but banking-related complaints form 90 per cent of total; disposal rate also up.

What is OSDT?

- The Ombudsman Scheme for Non-Banking Financial Companies (OSNBFC) was introduced in 2018, for enabling the resolution of complaints regarding NBFCs registered with the Reserve Bank of India (RBI).
- The Ombudsman Scheme for Digital Transactions (OSDT), was introduced in 2019, to facilitate the settlement of complaints regarding digital transactions of customers of System Participants.
- System participant implies any person 'other than a bank' participating in payment under Payment and Settlement System Act, 2007.
- Even these two schemes are part of the RBI's recently launched Integrated Ombudsman Scheme 2021 (RB-IOS).

Double Tax Avoidance Agreements (DTAA)

NRIs can avoid paying double tax as per the Double Tax Avoidance Agreement (DTAA).

What is DTAA?

- The **Double Tax Avoidance Agreement (DTAA)** is a tax treaty signed between two or more countries to help taxpayers avoid paying double taxes on the same income.
- A DTAA becomes applicable in cases where an individual is a resident of one nation, but earns income in another.
- DTAAs can be either be comprehensive, encapsulating all income sources, or limited to certain areas, which means taxing of income from shipping, inheritance, air transport, etc.
- India presently has DTAA with 80+ countries, with plans to sign such treaties with more countries in the years to come.
  - Some of the countries with which it has comprehensive agreements include **Australia, Canada, the United Arab Emirates, Germany, Mauritius, Singapore, the United Kingdom and the United States of America.**
- DTAA are specified under Section 90, 90A and 91 of the Income Tax Act, 1961

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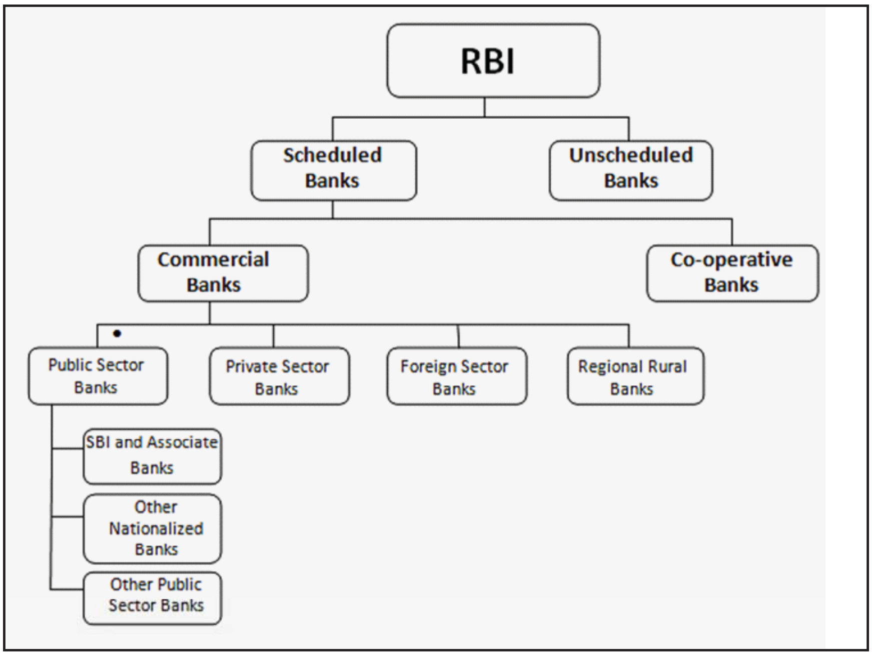
2 MONEY & BANKING

01 Indian Banking Structure (Introduction)

Reserve Bank of India is the central bank of the country and regulates the banking system of India.

- Established in **1911**, Central Bank of India was the first Indian commercial bank which was wholly owned and managed by Indians.
- The establishment of the Bank was the ultimate realisation of the dream of **Sir Sorabji Pochkhanawala**, founder of the Bank.
- **Sir Pherozesha Mehta** was the **first Chairman of a truly 'Swadeshi Bank'.**

- The structure of the banking system of India can be broadly divided into
  - Scheduled banks- Commercial Banks and Cooperative Banks
  - Non-scheduled banks
  - Development banks



The structure of the banking system of India can be broadly divided into following categories:

Commercial Banks:

- They are regulated under the Banking Regulation Act, 1949. Their primary function is to accept deposits and grant loans to the general public, corporate and government. Commercial banks can be divided into-
  - **Public sector banks:** These are the nationalised banks. (g.- Central Bank of India, SBI)
  - **Private sector banks**: Major stake or equity is held by private shareholders. (g.- Axis Bank)
  - **Foreign banks**: Its headquarters in a foreign country but operates in India as a private entity. (e.g- HSBC, Citibank)
  - **Regional Rural Banks (RRB):** These are also scheduled commercial banks but they are established with the main objective of providing credit to weaker sections of the society like agricultural labourers, marginal farmers and small enterprises. (g.- Sarva Haryana Gramin Bank (sponsored by Punjab National Bank)
  - **Small Finance Banks:** This banking segment is aimed to provide financial inclusion to sections of the society that are not served by other banks. (g.- Au Small Finance Bank Ltd.)
  - **Payments Banks:** It is a new model of bank, conceptualised by the RBI to accept a restricted deposit. (e.g.- Airtel Payment Bank)

Co-operative Banks:

- Registered under the **Cooperative Societies Act, 1912**, they are run by an elected managing committee.
- Cooperative Society is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspiration through jointly owned and democratically controlled enterprises.
- These are service enterprises aiming at rendering service to its members. They are of two type:
  - Urban Co-operative Banks
  - Rural Co-operative Banks

Development Banks

- Financial institutions that provide long-term credit in order to support capital-intensive investments spread over a long period and yielding low rates of return with considerable social benefits are known as **Development Banks**. The major development banks in India are:
  - Industrial Finance Corporation of India (IFCI Ltd), 1948
  - Industrial Development Bank of India' (IDBI) 1964
  - Export-Import Banks of India (EXIM) 1982
  - Small Industries Development Bank Of India (SIDBI) 1989
  - National Bank for Agriculture and Rural Development (NABARD) 1982

02 Asset reconstruction companies (ARCs)

Context: The establishment of National Asset Reconstruction Company Ltd (NARCL), or bad bank, will help in reducing financial stress on banks and kick-start the credit cycle.

What is Asset Reconstruction Company?

- An asset reconstruction company is a special type of financial institution that buys the debtors of the bank at a mutually agreed value and attempts to recover the debts or associated securities by itself.

- The asset reconstruction companies or ARCs are registered under the RBI and regulated under the **Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002 (SARFAESI Act, 2002).**
- The ARCs take over a portion of the debts of the bank that qualify to be recognised as Non-Performing Assets.
- Thus ARCs are engaged in the business of asset reconstruction or securitisation or both.
- All the rights that were held by the lender (the bank) in respect of the debt would be transferred to the ARC.
- The required funds to purchase such such debts can be raised from Qualified Buyers.

03 Frozen by uncertainty: On RBI and its mandate to ensure price stability

Context: The **RBI's Monetary Policy Committee (MPC)** kept key interest rates unchanged and retained the accommodative stance in its first policy meeting after **Union Budget 2022.**

Status-quo:

- The **six-member Monetary Policy Committee (MPC)**, headed by **Governor Shanktikanta Das**, decided to keep the **policy Repo Rate** unchanged at 4.0%.
- The **Reverse Repo Rate** was also kept unchanged at 3.35%.
- **Marginal Standing Facility Rate** and **Bank Rate** are at 4.25%.

Rationale behind Keeping Policy Rate unchanged:

- **Accommodative stance of RBI:**
  - It means RBI aims to make interest rates low enough.
  - It will spur strong enough economic growth to reduce unemployment or to prevent unemployment from rising.
- RBI is aiming to **revive and sustain growth on a durable basis.**
- It may help in neutralising the adverse **impact of COVID-19** on the economy.
  - While ensuring that inflation remains within the target, going forward.

About Monetary Policy:

- Monetary policy can be defined as a process of managing a nation's money supply to contain/control the inflation, achieving higher growth rates and achieving full employment.
- Generally, all across the globe, monetary policy is announced by the central banking body of the country, for example the RBI announces it in India.

Objectives of Monetary Policy:

In India, as defined by former **RBI governor C. Rangarajan**, broad objectives of monetary policy are:

- To regulate monetary expansion so as to maintain a reasonable degree of price stability; and
- To ensure adequate expansion in credit to assist economic growth

Further the objectives of Monetary Policy are:

- **It leads to economic growth:** The monetary policy can influence economic growth by controlling real interest rates and its resultant impact on the investment.
- **Price Stability:** Inflation and deflation both are not suitable for an economy.
- **Exchange Rate Stability:** Monetary policy aims at maintaining the relative stability in the exchange rate.
- **It generates employment:** If the monetary policy is expansionary then credit supply can be encouraged. It would thus help in creating more jobs in different sector of the economy.

Monetary Policy Tools:

- **Cash Reserve Ratio (CRR):** Banks are required to set aside this portion in cash with the RBI. The bank can neither lend it to anyone nor can it earn any interest rate or profit on CRR.
- **Statutory Liquidity Ratio (SLR):** Banks are required to set aside this portion in liquid assets such as gold or RBI approved securities such as government securities. Banks are allowed to earn interest on these securities.
- **Open Market Operations (OMO):** In order to control money supply, the RBI buys and sells government securities in the open market. These operations conducted by the Central Bank in the open market are referred to as Open Market Operations.
- **Bank rate:** The interest rate at which RBI lends long term funds to banks is referred to as the bank rate.
- **Liquidity Adjustment Facility (LAF):** RBI uses LAF as an instrument to adjust liquidity and money supply. The following types of LAF are:
    - **Repo rate:** Repo rate is the rate at which banks borrow from RBI on a short-term basis against a repurchase agreement. Under this policy, banks are required to provide government securities as collateral and later buy them back after a pre-defined time.
    - **Reverse Repo rate:** It is the reverse of repo rate, i.e., this is the rate RBI pays to banks in order to keep additional funds in RBI. It is linked to repo rate in the following way:
    - **Marginal Standing Facility (MSF) Rate:** MSF Rate is the penal rate at which the Central Bank lends money to banks, over the rate available under the rep policy. Banks availing MSF Rate can use a maximum of 1% of SLR securities.

04 Special Drawing Rights (SDR)

Context: The IMF recently created $650bn worth of new SDRs, which has the potential to greatly support the global recovery, if used effectively.

About

- The **Special Drawing Rights (SDR)** is an international reserve asset, created by the International Monetary Fund in 1969 to supplement its member countries' official reserves.
- The SDR serves as the unit of account of the IMF and some other international organizations.
- The SDR is neither a currency nor a claim on the IMF. Rather, it is a potential claim on the freely usable currencies of IMF members. SDRs can be exchanged for these currencies.
- The value of the SDR is based on a basket of five currencies:
    - the U.S. dollar
    - the euro
    - the Chinese renminbi

- the Japanese yen
- the British pound sterling

The SDR interest rate (SDRi):

- The SDRi provides the basis for calculating the interest rate charged to members on their non-concessional borrowing from the IMF and paid to members for their remunerated creditor positions in the IMF.
- It is also the interest paid to members on their SDR holdings and charged on their SDR allocation.

Background:

- The SDR was created as a supplementary international reserve asset in the context of the Bretton Woods fixed exchange rate system.
- The collapse of Bretton Woods system in 1973 and the shift of major currencies to floating exchange rate regimes lessened the reliance on the SDR as a global reserve asset.
- Nonetheless, SDR allocations can play a role in providing liquidity and supplementing member countries' official reserves, as was the case amid the global financial crisis.

About IMF

- The International Monetary Fund (IMF) was conceived in July 1944 at the United Nations Bretton Woods Conference in New Hampshire, United States.
- The IMF promotes international financial stability and monetary cooperation.
- It also facilitates international trade, promotes employment and sustainable economic growth, and helps to reduce global poverty.
- The IMF is governed by and accountable to its 189 member countries. It is accountable to its member country governments.

05 Digital Lending

Context: The **Reserve Bank of India (RBI)** has constituted a working group on digital lending including online platforms and mobile apps to study all aspects of digital lending activities in the regulated financial sector as well as by unregulated players.

What is Digital lending?

- Digital lending is the use of online technology to originate and renew loans in order to deliver faster and more efficient decisions.
- This mode of lending includes different type of lenders.

Significance of Digital Lending

- It has potential to make access to financial products and services more fair, efficient and inclusive.
- It enhances the financial inclusion.
- It improves the design, pricing and delivery of financial products and services.

06 RBI Regulatory Sandbox

Context: The Reserve Bank of India announced the opening of third cohort under the Regulatory Sandbox (RS) with MSME Lending as its theme.

What is RBI Regulatory Sandbox?

- RS usually refers to **live testing of new products or services in a controlled/test regulatory environment for which regulators may (or may not) permit certain regulatory relaxations for the limited purpose of the testing**.
- RBI has come up with Regulatory Sandbox with the objective to foster responsible innovation in financial services, promote efficiency and bringing benefit to consumers.

Thematic Cohorts

- **The RBI Sandbox is based on thematic cohorts.**
  - In the first cohort with Retail Payments as its theme, six entities have successfully exited the sandbox with a range of products like feature phone-based offline payments using voice, innovative use of Near Field Communication (NFC) in payments, voice-based UPI payment solution and offline payment solution using SIM overlay smartcard.
  - In the Second Cohort on Cross Border Payments, eight entities have been selected for Testing with products covering Blockchain-based Cross border payment system, digitisation of documentation and processing of cross border payments, cross border platform to facilitate the purchase of assets listed on foreign exchanges and aggregation platform of cross-border payment providers.

07 Account Aggregator System

Context: Recently, **State Bank of India, ICICI Bank, Axis Bank, IDFC First Bank, Kotak Mahindra Bank, HDFC Bank, IndusInd Bank and Federal Bank** have joined the **Aggregator Account (AA) network** which will enable customers to easily access and share their financial information.

What is an Account Aggregator (AA)?

- AA is a framework that facilitates the distribution of financial information in real time and blindly (AA data flow encrypted) between regulated entities (Banks and NBFCs).
- The **RBI (Reserve Bank of India)** in 2016 approved the AA as a new component of NBFC (Non-Banking Financial Companies), whose main responsibility is to facilitate the transfer of user financial data with their explicit consent.
- AAs enable data flow between **financial information providers (FIPs)** and **financial information users (FIUs).**
- The structure of AA is based on the **Data Empowerment and Protection Architecture (DEPA) framework.**
- DEPA is an organization that allows users to securely access their data and share it with third-party users.

Issues with India's current financial system

India's financial system today involves many hassles for consumers –

- sharing physical signed and scanned copies of bank statements

- running around to get documents notarized or stamped
- having to share personal username and password to give a financial history to a third party

How is AA different from Aadhaar eKYC data sharing, and other platforms?

- Aadhaar eKYC and CKYC allow sharing of four 'identity' data fields only for KYC purposes (such as name, address, gender, etc.).
- Similarly, credit bureau data only show loan history and credit score.
- The AA network allows sharing of transaction data or bank details from savings/deposit/current accounts.

08 T+1 (Trade plus 1 day) settlement cycle

Context: Recently, **Securities and Exchange Board of India (SEBI)** allowed stock exchanges to start the T+1 system as an option in place of **T+2** for completion of share transactions.

What is T+1 settlement cycle?

- If the stock exchange opts for the T+1 settlement cycle for a scrip (a substitute or alternative to the legal tender), it will have to mandatorily continue with it for a minimum 6 months.
- A scrip is a substitute or alternative to legal tender that entitles the bearer to receive something in return.
- Thereafter, if it intends to switch back to T+2, it will do so by giving one month's advance notice to the market.'

Reason for introduction

- It has been introduced on an optional basis in a move to enhance liquidity.
- If T+1, settlement of the trade takes place in one working day and the investor will get the money on the following day.
- The move to T+1 will not require large operational or technical changes by market participants, nor will it cause fragmentation and risk to the core clearance and settlement ecosystem.

Benefits

- Reduced Settlement Time
- Reduction in Unsettled Trade
- Reduction in Blocked Capital
- Reduction in Systemic Risks

09 Open Market Operation

Context: In 2020, the Reserve Bank adjusted its **open market operations (OMO)** in response to changing conditions in money markets, including those brought about by the Bank's monetary policy actions. It is now time to make further changes to OMO to ensure that the benefits of these operations are preserved as conditions evolve over time.

What is Open Market Operation?

- **Open market operations** are conducted by the RBI by way of sale or purchase of government securities (g-secs) to adjust money supply conditions.

- The central bank sells g-secs to suck out liquidity from the system and buys back g-secs to infuse liquidity into the system.
- These operations are often conducted on a day-to-day basis in a manner that balances inflation while helping banks continue to lend.
- The RBI uses OMO along with other monetary policy tools such as repo rate, cash reserve ratio and statutory liquidity ratio to adjust the quantum and price of money in the system.
- The Reserve Bank reserves the right to decide-
  - on the quantum of purchase/sale of individual securities
  - accept bids/offers for less than the aggregate amount
  - purchase/sell marginally higher/lower than the aggregate amount due to rounding-off
  - accept or reject any or all the bid/offers either wholly or partially without assigning any reasons.

06 RBI Update its List of Scheduled Banks

Context: **The Reserve Bank of India (RBI)** has announced the inclusion of **Airtel Payments Bank Ltd.** in the **Second Schedule to the Reserve Bank of India Act, 1934.**

What are Scheduled Banks?

- Any bank which is listed in the **2nd schedule of the Reserve Bank of India Act, 1934** is considered a **scheduled bank.**
- "Banks which have been included in **the second schedule of the RBI Act, 1934".** The banks included in this category should fulfil two conditions-
  - The paid up capital and collected fund of the bank should not be less than Rs. 5 lac.
  - Any activity of the bank will not adversely affect the interests of the depositors.
- The Schedule consists of those banks which **satisfy various parameters, criteria under clause 42 of this act.**
- The list includes-
  - **The State Bank of India and its subsidiaries (like State Bank of Travancore)**
  - **All nationalised banks (Bank of Baroda, Bank of India etc)**
  - **Regional rural banks (RRBs)**
  - **Foreign banks (HSBC Holdings Plc, Citibank NA)**
  - **Some co-operative banks**
- These also include **private sector banks, both classified as old (Karur Vysya Bank) and new (HDFC Bank Ltd).**
- To qualify as a scheduled bank, **the paid-up capital and collected funds of the bank must not be less than Rs5 lakh.**
- Scheduled banks are e**ligible for loans from the Reserve Bank of India at bank rate,** and are given membership to clearing-houses.
- Scheduled Commercial Banks in India are categorised in **5 different groups according to their ownership / nature of operation.** These bank groups are:

- State Bank of India
- Nationalised Banks
- Regional Rural Banks
- Foreign Banks
- Other Indian Scheduled Commercial Banks (in the private sector).

About Airtel Payments Bank

- It is among the **fastest-growing digital banks in the country, with a base of 115 million users.**
- It offers a suite of **digital solutions through the Airtel Thanks app** and a retail network of **over 500,000 neighbourhood banking points.**

What are Payment Banks?

- **Payment banks** were established to **promote financial inclusion** by offering; **'modest savings accounts and payments/remittance services** to **migratory labour workforce, low-income households, small enterprises, other unorganised sector entities, and other users.'**
- These banks can accept a **restricted deposit, which is now capped at Rs 200,000 per person** but could be raised in the future.
- These banks are **unable to provide loans or credit cards.** Banks of this type can **handle both current and savings accounts.**
- Payments banks can **provide ATM and debit cards, as well as online and mobile banking.**
- They will not lend to customers and will have to deploy their funds in government papers and bank deposits.

07 Participatory Notes

Context: The budget proposal exempting taxes on hybrid derivative instruments such as **participatory notes (p-notes)** issued from the **Gujarat International Finance Tec-City (Gift City)** could boost the popularity of these instruments there.

What are Participatory notes?

- **Participatory Notes or P-Notes (PNs) are financial instruments** issued by a **registered foreign institutional investor (FII)** to an overseas investor who wishes to invest in Indian stock markets without registering themselves with the market regulator**, the Securities and Exchange Board of India (SEBI).**
- **P-Notes are Offshore Derivative Investments (ODIs)** with equity shares or debt securities as underlying assets.
- **They provide liquidity to the investors as** they can transfer the ownership by endorsement and delivery.
- **While the FIIs have to report all** such investments each quarter to SEBI, they need not disclose the identity of the actual investors.
- **The primary reason why P-Notes are worrying is** because of the anonymous nature of the instrument as these investors could be beyond the reach of Indian regulators.

08 Base erosion and profit shifting (BEPS)

Context : Vietnam recently joined the **Multilateral Convention** to **Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (MLI)** as its 99th member.

Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (MLI)

- The MLI, or multilateral instrument, covers over 1,800 bilateral tax agreements.
- It was formed following the initiative of the OECD and G20 countries on the formation of a project on base erosion and profit shifting (BEPS) prevention.
- It helps synchronise and promote the effectiveness of nearly 3,000 bilateral tax agreements of member countries and territories.

Base Erosion and Profit Shifting (BEPS):

- The **(OECD)'s Base Erosion and Profit Shifting (BEPS)** initiative seeks to close gaps in international taxation for companies that allegedly avoid taxation or reduce tax burden in their home country by engaging in tax inversions (moving operations) or by migrating intangibles to lower tax jurisdictions.
- The OECD has issued 15 Action Items to address the main areas where they feel companies have been most aggressively accomplishing this shifting of profit — addressing the digital economy, treaty abuse, transfer pricing documentation, and more.
- BEPS Action Item 13, in particular, aims to transform transfer pricing documentation, forcing multinational corporations to reconsider how transfer pricing details are reported to local tax authorities as well as worldwide with country-by-country reporting.

Organization for Economic Cooperation and Development (OECD):

- OECD is a unique forum where the governments of 36 member states with market economies work with each other, as well as with more than 70 non-member economies to promote economic growth, prosperity, and sustainable development.
- The Organization provides a setting where governments can compare policy experiences, seek answers to common problems, identify good practice and coordinate domestic and international policies.
- Today, OECD member countries account for 63 percent of world GDP, three-quarters of world trade, 95 percent of world official development assistance, over half of the world's energy consumption, and 18 percent of the world's population.

09 Regulation of Cryptocurrency

Context: China has added cryptocurrency mining to a draft list of industries in which investment is restricted or prohibited, although it reduced the number of sectors on the list overall.

What is Cryptocurrency?

- Cryptocurrency is decentralized digital money, based on blockchain technology.
- A cryptocurrency is a medium of exchange that is digital, encrypted and decentralized.
- Unlike the U.S. Dollar or the Euro, there is no central authority that manages and maintains the value of a cryptocurrency.
- Instead, these tasks are broadly distributed among a cryptocurrency's users via the internet.
- **Bitcoin** was the first cryptocurrency, first outlined in principle by Satoshi Nakamoto in a 2008 paper titled "Bitcoin: A Peer-to-Peer Electronic Cash System."
- That cryptographic proof comes in the form of transactions that are verified and recorded in a form of program called a

Blockchain

- A blockchain is an open, distributed ledger that records transactions in code.
- In practice, it's a little like a checkbook that's distributed across countless computers around the world.
- Transactions are recorded in "blocks" that are then linked together on a "chain" of previous cryptocurrency transactions.

10 RBI commits to Support Greening India's Financial System- NGFS

The **Reserve Bank of India (RBI)** published its '**Statement of Commitment to Support Greening India's Financial System – NGFS**', coinciding with the **2021 United Nations Climate Change Conference (COP26).**

What is NGFS?

- Launched at the **Paris One Planet Summit** on December 12, 2017, NGFS is a group of central banks and supervisors willing to share best practices and contribute to the development of environment and climate risk management in the financial sector while mobilising mainstream finance to support the transition towards a sustainable economy.
- The Network's purpose is to:
  - help strengthening the global response required to meet the goals of the Paris agreement
  - to enhance the role of the financial system to manage risks
  - to mobilize capital for green and low-carbon investments in the broader context of environmentally sustainable development

RBI's integrating towards 'green solutions'

- RBI is committed to integrating **climate-related risks** into financial stability monitoring as well as exploring use of climate scenario exercises to identify vulnerabilities in the central bank-supervised entities.
- The apex bank joined the **Central Banks and Supervisors Network for Greening the Financial System (NGFS)** as a Member in April this year, and aims to learn from as well as contribute to global efforts on green finance.

- NGFS has reiterated its willingness to contribute to the global response required to meet the objectives of the **Paris Agreement**, and, to that end, NGFS will expand and strengthen the collective efforts towards greening the financial system.

11 Prompt Corrective Action (PCA) Framework for Scheduled Commercial Bank

Context: The Reserve Bank of India has revised **Prompt Corrective Action (PCA) framework** for **Scheduled Commercial Banks** which will be effective form Jan, 2021.

What is PCA framework?

- Prompt Corrective Action (PCA) Framework refers to the central bank's watchlist of weak banks.
- The regulator imposes restrictions like curbs on lending on such banks.
- The PCA Framework applies only to commercial banks and does not cover cooperative banks and non-banking financial companies.
- The objective of the PCA Framework is to enable Supervisory intervention at appropriate time and require the Supervised Entity to initiate and implement remedial measures in a timely manner, so as to restore its financial health.
- **Applicability:** The PCA framework would apply to all banks operating in India including foreign banks operating through branches or subsidiaries based on breach of risk thresholds of identified indicators.
- Capital, asset quality and leverage of the banks are some of key areas that will be taken into consideration for monitoring.
- The indicators that will be tracked for capital, asset quality and leverage would be CRAR/ common equity tier I ratio 2, net NPA ratio 3 and tier I leverage ratio 4 respectively.

12 RBI to put in place a "PRISM" to strengthen compliance by lendersC

Context: The Reserve Bank of India is putting in place a **Platform for Regulated Entities for Integrated Supervision and Monitoring (PRISM)** to strengthen compliance by supervised entities (SEs)**.**

About

About PRISM

- PRISM is a web-based end-to-end workflow automation system.
- The focus of its new approach to 'continuous supervision' is on early identification of risks and conduct of supervisory actions.
- This is aimed at helping supervised entities to strengthen their internal defences and resilience.
- The focus of its new approach is to bring focus on '**root cause analysis (RCA)**'.
- PRISM will have various functionalities with:
  - Built-in remediation workflows
  - Time tracking
  - Notifications and alerts
  - Management information system (MIS) reports and dashboards

Entities in India regulated by RBI

- RBI regulates and supervises various entities in India.
- Entities regulated by the RBI include-
- Banks
- All India Financial Institutions
- Non-Banking Financial Company (NBFC)
- All payment system providers

RBI's annual report (2020-21) on supervisory framework

- In its latest annual report (2020-21), RBI said it has been working towards strengthening the supervisory framework for both banking and non-banking sectors.
- During the year, initiatives were taken towards:
  - integration of supervisory functions meant for different supervised entities
  - specialisation and reinforcement of supervision through both vertical and horizontal risk assessments
  - setting up a dedicated College of Supervisors for capacity development
  - harnessing SupTech (supervisory technology)

13 "e-RUPI", an electronic voucher-based digital payment system, is launched

Context: Prime Minister Narendra Modi launched digital payment solution e-RUPI, a cashless and contactless instrument for digital payment

What is e-RUPI?

- **e-RUPI** is a **cashless and contactless mode of digital payments medium,** which will be delivered to beneficiaries' mobile phones in form of an SMS string or a QR code.
- This has been developed by the **National Payments Corporation of India (NPCI), the Department of Financial Services, the Ministry of Health and Family Welfare, and the National Health Authority.**
- The payment system will be a person-specific and purpose-specific system.
- This will be like a prepaid gift voucher that will be redeemable without any credit or debit card, a mobile app, or internet banking at specific accepting centers.
- Any corporate or government agency will approach the partner banks, either private or public-sector lenders, with the details of specific persons and the purpose for which payments have to be made.
- The beneficiaries will be identified by their mobile number and a voucher will be allocated by a bank to the service provider.

Who developed it?

- The **National Payments Corporation of India (NPCI),** which oversees the digital payments ecosystem in India, has launched **e-RUPI**, a voucher-based payments system to promote cashless transactions.

- It has been developed in collaboration with the **Department of Financial Services, Ministry of Health & Family Welfare and National Health Authority.**

Digital Payment Methods

- The Digital India programme envisions for transforming India into a digitally empowered society and knowledge economy.
- "Faceless, Paperless, Cashless" is one of professed role of Digital India.
- As part of promoting cashless transactions and to convert India into less-cash society, various modes of digital payments are available.

These mode are:

- Banking cards, Unstructured Supplementary Service Data (USSD) , Aadhaar Enabled Payment System (AEPS), Unified Payments Interface (UPI), Mobile Wallets, Banks Pre-paid Cards, Point of sale, Internet banking (NEFT, RTGS or IMPS), Mobile banking and Micro ATMs etc.

14 RBI plans for the 'Phased Introduction' of digital currency

Context: The RBI is working for the phased introduction of Central Bank Digital Currency (CBDC).

About the Central Bank Digital Currency (CBDC)

- A CBDC is a legal tender that is issued by a central bank in a digital form.
- It is similar to fiat currency and is exchangeable one-to-one with the fiat currency.
- Amendments would be required in the following acts:
  - Coinage Act
  - Foreign Exchange Management Act (FEMA)
  - Information Technology Act
- The finance ministry had set up a high-level inter-ministerial committee, in 2017, to examine the policy and legal framework for the regulation of virtual/crypto currencies.
- The committee recommended the introduction of CBDCs as a digital form of fiat money in India.

Digital currency

- Digital currency is a currency, money, or money-like asset which is managed, stored or exchanged on digital computer systems, over the internet.
- Types of digital currencies include the crypto-currency, virtual currency and central bank digital currency.

Significance of the CBDC

- The development of a domestic CBDC could provide with uses that any private virtual currency (VC) offers.

- It could also protect the public from the abnormal level of volatility from the private **virtual currency (VC).**
- Introduction can reduce dependency on cash, **higher seigniorage (profit made by a government by issuing currency)** due to lower transaction costs and the reduced settlement risk.
- CBDC would lead to a more robust, trusted, efficient, regulated, and legal tender-based payments option.
- Several countries have already implemented specific purpose Central Bank Digital Currencies (CBDCs) for the wholesale and retail segments.

Key issues with the implementation

- Scope of CBDCs
- Underlying technology
- Validation mechanism
- Distribution architecture

15 SEBI proposes framework for gold exchange

Context: Sebi has proposed a framework for setting up a gold exchange where the yellow metal will be traded in the form of **electronic gold receipts.**

About SEBI's proposal

- Setting up a gold exchange will help in having a transparent domestic spot price discovery mechanism.
- **Denomination:** The proposed denominations of Electronic Gold Receipts (EGRs) are 1 kilogram, 100 grams, 50 grams and subject to conditions, those can also be even for 5 and 10 grams
- **Gold ecosystem**: The proposed gold exchange is extremely necessary to create a vibrant gold ecosystem in India which is commensurate with its large share of global gold consumption.
- **Regulation:** In the Budget for 2021-22, it was said that Sebi will be the regulator for gold exchange and **Warehousing Development and Regulatory Authority (WDRA)** will be strengthened to set up the commodity market ecosystem.
- **Instrument**: The regulator has suggested that the instrument to be traded on the bourse can be termed as an **'Electronic Gold Receipt' (EGR).**

SEBI

- The Securities and Exchange Board of India was **established on April 12, 1992.**
- It was set up in accordance with the **provisions of the Securities and Exchange Board of India Act, 1992.**
- It **aims** to protect the interests of investors in securities and to promote the development of, and to regulate the securities market and for matters connected therewith or incidental thereto.

Exchange rate system

- An exchange rate system is also called a currency system.

- It establishes the way in which the exchange rate is determined, i.e., the value of the domestic currency with respect to other currencies.

Gold Trading Hub

- The three most important gold trading centres are the
  - London OTC market
  - the he US futures market
  - the Shanghai Gold Exchange (SGE)
- These markets comprise more than 90% of global trading volumes and are complemented by smaller secondary market centres around the world (both OTC and exchange-traded).

Warehousing Development and Regulatory Authority (WDRA)

- The mission of **Warehousing Development and Regulatory Authority (WDRA)** is to regulate and ensure implementation of the provisions of the **Warehousing (Development and Regulation) Act, 2007.**
- It acts for the development and regulation of warehouses, Regulations of Negotiability of Warehouse Receipts and promote orderly growth of the warehousing business.

16 RBI not in favor of supervising NUEs

Context: The **Reserve Bank of India (RBI)** is looking for outsourcing direct and supervisory control over the **New Umbrella Entities (NUE).** It is suggesting for **National Payments Corporation of India (NPCI)** or any other independent entity for its supervision.

About New Umbrella Entities (NUEs)

- New Umbrella Entities will be non-profit entities.
- It shall be a Company incorporated in India under the **Companies Act, 2013.**
- The umbrella entity shall be a Company authorized by the **Reserve Bank of India (RBI)** under **Section 4 of the PSS Act, 2007.**
- As per the RBI rules, no single promoter can have over 40 percent stake in the NUE. Further, the percent of stake has to be reduced to less than 25 percent within five years of operation.
- Foreign investment is allowed in NUEs as long as they comply with the existing guidelines.
- Entities which are owned and controlled by Indian citizens with at least three years of experience in the payments sector can become promoters of NUEs.

Key-functions

- It will be a pan-India umbrella entity that would focus on retail payment systems.
- It will help in setting up and management of a new payment system.
- It will work especially for retail such as ATMs, white-label PoS, Aadhaar-based payments, and remittance services.
- NUEs will develop new payment methods, standards, and technologies for the operation and clearance of settlement systems.

The previous structure

- Earlier, NPCI was working as the umbrella entity for providing retail payments system.
- But due to its task burden, it was decided to set up new umbrella entities for retail payment.

NPCI

- NPCI is an umbrella organization for retail payments and settlement systems in India.
- It is an initiative of the Reserve Bank of India (RBI) and Indian Banks' Association (IBA) under the provisions of the Payment and Settlement Systems Act, 2007.
- It has been incorporated as a "Not for Profit" Company under the provisions of Section 25 of Companies Act 1956 (now Section 8 of Companies Act 2013).

Some initiatives of NPCI

- **RuPay:** RuPay is an Indigenously developed Payment System.
- **IMPS:** With the help of Immediate Payment Service (IMPS), India has become one of the leading countries in the world in real-time payments in the retail sector.
- **NACH:** National Automated Clearing House (NACH) is an offline web-based system for bulk push and pull transactions.
- **ABPS:** Aadhaar Payment Bridge (APB) System is helping the Government and Government agencies in making the Direct Benefit Transfers in various Central as well as State sponsored schemes.
- **AePS:** To access the funds at the door step & drive financial inclusion in India, the Aadhaar enabled **NFS:** National Financial Switch (NFS) is the largest network of shared Automated Teller Machines (ATMs) in India that facilitates interoperable cash withdrawal, card to card funds transfer, and interoperable cash deposit transactions among other value-added services in the country.
- **UPI:** Unified Payments Interface (UPI) has been termed as the revolutionary product in thepayment system.
- **Bharat Bill Payment System:** Bharat Bill Payment System is offering a one-stop bill payment solution.
- **NETC:** National Payments Corporation of India (NPCI) has developed the National Electronic Toll Collection (NETC) program for meeting the electronic tolling requirements of the Indian market.

17 SEBI moots introduction of 'accredited investor' concept

Context: Regulator Sebi sought comments on the proposal to introduce the concept of "accredited investors" in the Indian securities market.

Who are 'accredited investors'?

- Accredited investors, also called **qualified investors** or **professional investors**, are those who have an understanding of various financial products and the risks and returns associated with them.
- They are able to take informed decisions regarding their investments.
- They are recognized by many securities and financial market regulators around the globe.

Eligibility criteria

While proposing a framework for accredited investors, Sebi laid out eligibility criteria for both Indian and non-resident Indians and foreign entities.

- For **Indian individuals, Hindu Undivided Families (HUFs) and Family Trusts**, Sebi proposed an annual income of over or equal to Rs 2 crore or net worth over or equal to Rs 7.5 crore with not less than Rs 3.75 crore of financial assets.
- Alternatively, such entities with an annual income above or over Rs 1 crore besides net worth higher or equal than Rs 5 crore with not less than Rs 2.5 crore of financial assets may also be eligible.
- For **trusts and body corporates**, proposed asset under management (AUM) and net worth, respectively, is equal to higher than Rs 50 crore.
- For **NRI and foreign individuals and family trusts**, Sebi proposed an annual income of over or equal to USD 3 lakh or net worth over or equal to USD 1 million with not less than USD 5 lakh of financial assets.
- Besides, **multilateral agencies, sovereign wealth funds, international financial institutions and Category-I foreign portfolio investors** may also be eligible. The regulator said the accreditation once granted shall be valid for one year from the date of accreditation.

Significance of the concept

- The accredited investor concept may offer benefits to investors and financial product/service providers, such as:
    - flexibility in minimum investment amount
    - flexibility and relaxation in regulatory requirements
    - access to products/ services offered exclusively to accredited investors

18 'RBI gives retail investors direct access to Government 'Gilt bonds"

Context: In a major move aimed at encouraging small investors to become direct investors in government bonds, the Reserve Bank has proposed to allow them to directly buy government debt, also called "gilt bonds", making India the first Asian country to do so and among a handful globally.

What are Gilt Funds?

- Gilt funds are **debt funds** that invest in **government securities**. The government bonds used to be issued in **golden-edged certificates**.
- The nickname gilt comes from **gilded edge certificates**.
- **Types:** There are two kinds of gilt funds.
- One, gilt funds that invest mostly in government securities across maturities.
- Two, gilt funds with constant maturity of 10 years – these funds must invest at least 80% of their assets in government securities with a maturity of 10 years.

G-Secs

- G-Secs are tradeable investment instruments issued by the Central or state governments and are the most risk-free sovereign-backed bonds available in the country.
- They can broadly be classified into four categories, namely **Treasury Bills (T-bills), Cash Management Bills (CMBs), dated G-Secs,** and **State Development Loans (SDLs).**
- These securities are available in both short-term and long-term tenures — ranging from three months to 30 years — with an annual yield starting from 3.37 per cent.
- Although government securities do not carry credit risk, they are not a risk-free instrument. They are subject to interest rate risk.

Impact of the decision

- **Regularisation:** The decision will encourage formalisation, digitisation, and financialisation of savings with low yield non-financial assets expected to move to better yield and secure instruments.
- **Secure and fixed income:** Besides opening a near **endless demand source**, it will also provide the retail investors a highly **secure - sovereign-guarantee rated - fixed income investment avenue.**
- **Denationalisation of banks:** If most risk-averse depositors could be persuaded to shift to the G-Secs, the government could go ahead with the denationalisation of banks at a faster pace.

Challenges/Issues

- **Less interest rate**
- **Poor liquidity**
- **Huge investment required**

19 Off-Budget Borrowing

Context: In order to restrict the fiscal deficit to a respectable number, "off-budget borrowing" is the easiest resort for the government.

What are 'Off-Budget Borrowings'?

- Off-budget borrowings are loans that are taken not by the Centre directly, but by another public institution which borrows on the directions of the central government.
- Such borrowings are used to fulfil the government's expenditure needs.
- But since the liability of the loan is not formally on the Centre, the loan is not included in the national fiscal deficit.
- This helps keep the country's fiscal deficit within acceptable limits.

CAG Report, 2019

- A **Comptroller and Auditor General report of 2019** points out, this route of financing puts major sources of funds outside the control of Parliament.
- Such off-budget financing is not part of the calculation of the fiscal indicators despite fiscal implications.

How are off-budget borrowings raised?

- **Implementing agencies:** The government can ask an **implementing agency** to raise the required funds from the market through loans or by issuing bonds.
- **For example**, food subsidy is one of the major expenditures of the Centre.
- In the **Budget presentation for 2020-21**, the government paid only half the amount budgeted for the food subsidy bill to the **Food Corporation of India**.
- The shortfall was met through a loan from the **National Small Savings Fund**. This allowed the Centre to halve its food subsidy bill from Rs 1,51,000 crore to Rs 77,892 crore in 2020-21.
- **Other PSUs:** Other public sector undertakings have also borrowed for the government.
- **For instance**, public sector oil marketing companies were asked to pay for subsidised gas cylinders for **Pradhan Mantri Ujjwala Yojana** beneficiaries in the past.
- **PSBs:** Public sector banks are also used to fund off-budget expenses.
- **For example**, loans from PSU banks were used to make up for the shortfall in the release of fertiliser subsidy.

20 Zero Coupon Bonds

Context: The government has used financial innovation to recapitalise Punjab & Sind Bank by issuing the lender Rs 5,500-crore worth of non-interest bearing bonds valued at par.

About

- A zero coupon bond is a type of fixed income security that does not pay any interest to the bondholder. It is also known as a discount bond.

Coupon

- A coupon is an interest the bond issuer pays the bondholder.
- Coupon payments happen periodically from the time of issuance of the bond until its maturity.

They are long term debt instruments.

- These bonds come with 10-15 years maturity. At the time of maturity, the investor is paid the face value or par value.
- These bonds are issued at a discount to the face value. In other words, it trades at a deep discount.
- The return an investor earns is the principal amount plus interest amount. The interest gets compounded semi-annually.

Price of Zero Coupon Bond calculated annually

Face Value / (1 + r) n = price of bond

- **Face value =** Future value or maturity value of the bond
- **r =** Required rate of return or interest rate
- **n =** Number of years until maturity

Who can invest?

- These recapitalisation bonds are special types of bonds issued by the Central government specifically to a particular institution.
- Only those banks, whosoever is specified, can invest in them, nobody else. It is not tradable, it is not transferable.

Advantages of investing

- Significant returns on maturity
- Fixed interest
- Long investment horizon

Limitations of investing

- No regular income
- Interest rate risk
- Illiquidity in the secondary market
- Duration risk

21 Privatization of Banks

Context: Recently NITI Aayog released its last round of consolidation plans. In that, the NITI Aayog listed 6 banks for the privatization plan.

What are the reasons for the privatization of banks?

- **Degrading Financial Position of Public Sector Banks**
- **Issue of Dual Control: At present PSBs are under the dual control of RBI and Dept. of Financial Services of Min of Finance.**
  - The RBI handles the governance side of the PSBs under the RBI Act, 1934
  - On the other hand, the Dept of Financial Services under the Finance Ministry maintains the regulation of PSBs under the Banking Regulation Act, 1949.
- **Reduced performance**

What was the Contribution of PSBs so far?

- According to RBI data, there were only 1,833 bank branches in rural areas in the country in 1969. But after the nationalization in the 1970s, the rural branches increased to 33,004 by 1995 and continued to grow over the next decades. This provided various benefits to economic development. Such as,
- **Agricultural growth**: PSBs expanded agricultural credit, short-term agricultural credit ('crop loans'). According to an estimate, the PSBs in 2017-18 account for a total of Rs 622,685 crores of Agricultural credit.
  - Further, The PSBs also played a huge role in making the country self-sufficient by supporting the **green, blue, and dairy revolutions.**
- **Priority sectors:** The PSBs pioneered the concept of 'priority sector lending. This provided credit to certain priority sectors which were earlier deprived of credit such as housing, etc.
- **Solution for poorest:** The **Differential Rate of Interest (DRI)** loans are the brainchild of public sector banking. Under this poorest section of people will receive the loan at a very marginal interest

rate.

- **Women empowerment:** The PSBs extended loans to women's self-help groups under various programs. This contributed to women's empowerment in India.
- **Rural growth:** PSBs also funded rural infrastructure projects through the Rural Infrastructure Development Fund.

Views against the Privatization of PSBs

The supporters of PSBs provide many arguments against the privatization of PSBs. Such as,

- **Credibility of Private Sector Banks:** The Private sector bank is not always efficient. On a global level, many private banks have failed, thus challenging the idea of private banks are efficient. For example, the recent YES Bank problem in India.
- **Reason for NPA's:** The present NPA problem lies majorly with the PSBs. But the NPA's increased due to the credit provided to the private corporate entities. So the private corporate entities have to be regulated and not the PSBs.
- **Against inclusive banking:** The Private Sector focussed on profit motive might restrict the credit to rural, agricultural, women, poor sections of society, etc. Thus, after Privatised PSBs the remaining PSBs have to take care of all of such credits. This might stress the remaining PSBs also.
- **Governance and policy issue of RBI:** Restructuring schemes such as strategic debt restructuring and schemes for sustainable structuring of stressed assets, initiated by RBI, are the major reasons for delayed recognition of bad loans from banks. This applies to all banks irrespective of ownership (public as well as private) of the banks.

Important Committee

- **Recommendation of PJ Nayak Committee:**
  - Though the government approved the Bank Board Bureau, the government has to provide enough support for proper functioning.
  - The government can split the Chairman and Managing Director roles. Further, the state can allow them a fixed tenure of 3 to 5 years.
- **Recommendations of Narashimham committee**
  - The government can review the **Banking Regulation Acts.**
  - India can explore the concept of Narrow Banking. Under this weak PSBs will be allowed to place their funds only in the short term and risk-free assets. This will improve the performance of PSBs.
  - Apart from that, the government has to create strong recovery laws and taking criminal action against wilful defaulters.
  - The government has to rectify the challenges in the Insolvency and Bankruptcy Code. This will provide a faster resolution process.
  - In the meantime, the government can explore alternate steps such as the concept of Bad Banks.

22 Reverse Repo Normalization

Context: In a recent report, **State Bank of India,** the largest public sector bank in the country, has called for a reverse repo normalization.

Reverse Repo Normalization

- The Reserve Bank of India keeps tweaking the total amount of money in the economy to ensure smooth functioning.

Loose monetary policy

- As such, when the RBI wants to boost economic activity it adopts a so-called **"loose monetary policy".**
- Thus the RBI lowers the interest rate it charges banks when it lends money to them; this rate is called the **repo rate.**
- **Banks:** By lowering the interest rate at which it lends money to commercial banks, the RBI hopes that the commercial banks (and the rest of the banking system), in turn, will feel incentivized to lower interest rates.
- **Economy:** Lower interest rates and more liquidity, together, are expected to boost both consumption and production in the economy.
- **Consumer:** For a consumer, it would now pay less to keep the money in the bank — thus it incentivizes current consumption.
- **Firms:** For firms and entrepreneurs, it would make more sense to borrow money to start a new enterprise because interest rates are lower.

Tight Money Policy

- The reverse of a loose monetary policy is a "tight monetary policy" and it involves the RBI raising interest rates and sucking liquidity out of the economy by selling bonds (and taking money out of the system).
- The **reverse repo** is the interest rate that the RBI pays to the commercial banks when they park their excess "liquidity" (money) with the RBI. The reverse repo, thus, is the exact opposite of the repo rate.
- The **reverse repo** had become the benchmark rate in India since the start of the COVID pandemic.
- In short, the RBI had widened the gap between repo rate and reverse repo rate in order to make it less attractive for banks to simply park their funds at the RBI.
- A lower reverse repo rate pushed banks to extend more fresh loans in the economy.
- **Reverse repo normalization** means the reverse repo rates will go up.

23 Non-Fungible Tokens

Context: With the advent of technology and the constant-evolving digital space, Hindustan Times is foraying into **web 3.0** by launching **NFTs (non-fungible tokens)** that will include digitised versions of original historic creatives which were published in HT through the decades under the banner of "HT Timeless Tokens".

What is Non-Fungible Tokens (NFT)?

- A fungible asset, in economics, is something with units that can be readily interchanged - like money.
- If something is non-fungible, this is impossible - so it cannot be interchanged with something else.

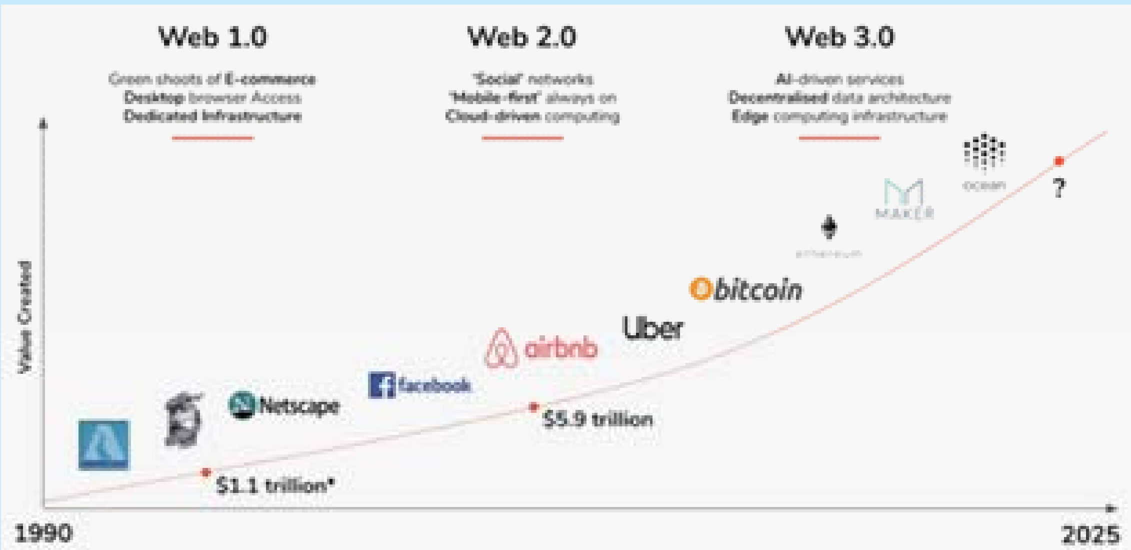
- A non-fungible token or NFT is unique digital asset that cannot be interchanged.
- Most NFTs are part of the Ethereum blockchain. However, other blockchains can have their own versions of NFTs.
- NFTs can really be anything digital like drawings, music etc. but a lot of the current excitement is around using the tech to sell digital art.
  - NFTs, can help artwork in getting "tokenized" thus creating a digital certificate of ownership that can be bought and sold.
  - NFTs may also contain smart contracts that can give the artist, for example, a cut of any future sale of the token.
- However NFT's does not prevent people from copying the digital art.

NFT vs. Cryptocurrency

- **Non-Fungible:** NFT is generally built using the same kind of programming as cryptocurrency, like Bitcoin or Ethereum, but that's where the similarity ends.
- **Fungible:** Physical money and cryptocurrencies are "fungible," meaning they can be traded or exchanged for one another.
- They are also equal in value—one dollar is always worth another dollar; one Bitcoin is always equal to another Bitcoin. Crypto's fungibility makes it a trusted means of conducting transactions on the blockchain.
- NFTs are different. Each has a digital signature that makes it impossible for NFTs to be exchanged for or equal to one another (hence, non-fungible). One NBA Top Shot clip, for example, is not equal to EVERYDAYS simply because they're both NFTs. (One NBA Top Shot clip isn't even necessarily equal to another NBA Top Shot clip, for that matter.)

Web 3.0

- Web 3.0 is the upcoming third generation of the internet where websites and apps will be able to process information in a smart human-like way through technologies like machine learning (ML), Big Data, decentralized ledger technology (DLT), etc.



24 Unified Payments Interface (UPI)

Context: Nepal is set to be the first country to adopt **India's UPI system**, which will play a pivotal role in transforming the digital economy of the neighbouring country.

Key-highlights

- NPCI International Payments Ltd (NIPL), the international arm of NPCI, has joined hands with Gateway Payments Service (GPS) and Manam Infotech to provide the services in Nepal.
- GPS is the authorised payment system operator in Nepal and Manam Infotech will deploy Unified Payments Interface (UPI) in that country.

> - In June, 2021, **Bhutan became the first country**, in India's immediate neighbourhood, to use the **BHIM app** for mobile-based payments and "to adopt UPI standards for its QR deployment".
> - **BHIM UPI, the Indian government's digital payment app**, was launched in Bhutan.

What is Unified Payments Interface (UPI)

> In 2021, UPI enabled 3,900 crore financial transactions valuing USD 940 billion, which is equivalent to approximately 31 per cent of India's GDP.

- UPI is amongst the most successful real-time payments (RTP) systems globally, providing – simplicity, safety, and security in P2P and P2M transactions in India.
- Unified Payments Interface (UPI) is an immediate **real-time payment system** that helps in instantly transferring the funds between the two bank accounts through a mobile platform.
- Hence, UPI is a concept that allows multiple bank accounts to get into a **single mobile application.**
- This idea was developed by the **National Payments Corporation of India** and is controlled by the **RBI and IBA (Indian Bank Association).**
- NPCI is the firm that handles RuPay payments infrastructure, i.e. similar to Visa and MasterCard.
- It allows different banks to interconnect and transfer funds.
- **Immediate Payments Service (IMPS)** is also an initiative of NPCI. UPI is considered as the advanced version of IMPS.
- UPI service has created a significant positive impact in India in terms of the country's digital payment transformation.

> ### UPI ID & UPI PIN
>
> - **UPI ID:** A UPI ID is a unique identification for a bank account that can be used to send and receive funds.
> - **UPI PIN**: UPI PIN is a 4-digit personal identification number that must be entered to authorise the transfer of money via UPI. The PIN can be chosen by the account holder.

Transact365 Brings Cross-Border Payments to India

- In January, U.K.-based FinTech Transact365 added cross-border payments for merchants to and from India to its suite of services through two local solutions: **Unified Payments Interface (UPI),** a real-time payments system that allows inter-bank, peer-to-peer (P2P) and person-to-merchant transactions through mobile devices; and **NetBanking,** which uses the Transact365 gateway and completes the transaction in real time using the local currency.

- Transact365 also launched local payment distribution, which allows merchants to pay their clients in India in real time with application programming interface (API) connectivity.

25 RBI to suspend the GSAP system

Context: The Reserve Bank of India has decided to suspend the **Government Securities Acquisition Programme (G-SAP).**

What is GSAP?

- GSAP is a dedicated cash-generating window where RBI buys large amounts of paper to invest in a banking system.
- It also sold paper under the window to maintain the balance of the goods in the system.

G-Sec Market

- Globally, the G-Sec market is the majority of the institutional market, where major stakeholders are banks and long-term investors, including investment funds, insurance funds, retirement funds.
- The RBI's multi-faceted role as a monetary policy authority, manager of systemic liquidity, government debt manager, a regulator of interest rate and foreign exchange markets, a regulator of payment and settlement system, and overseer of financial stability makes the G-Sec market critical for the effective discharge of these responsibilities.

26 RBI opens up RTGS, NEFT to non-banks in phases

Context: The **Reserve Bank of India (RBI)** allowed authorized non-bank **payment system providers (PSPs) to participate in centralized payment systems (CPS),** such as **real-time gross settlement (RTGS)** and **national electronic fund transfer (NEFT),** as direct members.

What is PSPs?

- PSPs include **prepaid payment instrument (PPI) issuers**, card networks, **white label ATM (WLA)** operators and trade receivables discounting system (TReDS) platforms.

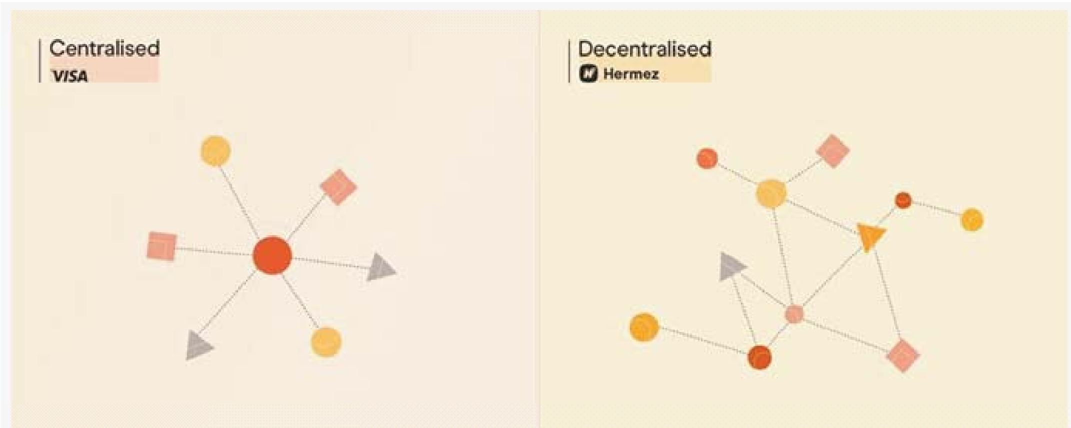
What is centralized payment system (CPS)?

- It means that a central authority is in control of the data and functions of the said platform.
- **Component:** Real Time Gross Settlement (RTGS) and National Electronic Funds Transfer (NEFT) system.
  - Both owned and operated by the Reserve Bank.

Decentralized Payment Network

- A decentralized payment network refers to a system where users, customers and vendors can exchange money without having to trust any third party to keep the network secure and operational.

	Centralized	Decentralized
Third-Party Involvement	Yes	No
Control	Full control stays with the central authority	Control stays with the user itself
Hackable	More prone to hacks and data leaks	Less prone to hacks and data leaks as no single point of failure
Single Point of failure	Yes	No
Ease of use	Intuitive and easy to use	Not easy to use
Exchange fees	Higher fees	Less fees
Anonymous	Users are not anonymous	Offers anonymity



27 Taxing Virutal Currency

Context: The Finance Ministry recently proposed instituting an 18% goods and services tax (GST) on crypto trading. Though it's not clear whether such a proposal will become law, but the government appears serious about pushing it.

What are Virtual Currencies and Cryptocurrencies?

- A virtual currency is a digital representation of value that can be digitally traded and functions as:
  - a medium of exchange, and/ or
  - a unit of account and/or
  - a store of value, but does not have a legal tender status
- It fulfils the above functions **only by agreement** within the community of users of the virtual currency.
- It is **not issued nor guaranteed by any jurisdiction.**
- **Cryptocurrency** is a type of virtual currency that uses cryptography to secure transactions that are digitally recorded on a distributed ledger, such as a blockchain.
- A transaction involving cryptocurrency that is recorded on a distributed ledger is referred to as an "on-chain" transaction; a transaction that is not recorded on the distributed ledger is referred to

as an "off-chain" transaction.

Financial Action Task Force (FATF) on Cryptocurrencies

- Another vital definition given legal sanction in Indian laws by virtue of this judgment is that of Cryptocurrencies as defined by the FATF.
- Cryptocurrency, according to FATF, is a math-based, decentralized convertible virtual currency protected by cryptography by relying on public and private keys to transfer value from one person to another and signed cryptographically each time it is transferred.

How is virtually currency regulated in India?

- Currently, the regulatory mechanisms to govern virtual currencies are almost non-existent in India.
- Although bitcoins are not legal as yet, they have not been outrightly declared illegal either.
- Being a relatively unregulated form of currency, there is not much jurisprudence available which discusses the ability of the citizens in India to transact through bitcoins.

Taxation of cryptocurrencies

- The power to levy taxes is prescribed under **Article 246** which grants power to the Parliament as well as state legislatures to impose taxes.
- **Article 265** provides that no tax can be imposed or collected without the authority of law.
- By virtue of **Constitution (One Hundred and First Amendment) Act, 2016**, the Parliament made several amendments with respect to the imposition of **Goods and Services Tax ('GST')** including **Article 246A**, wherein exclusive power was given to the Parliament to make laws with regard to interstate trade and commerce.
- Furthermore, **Schedule VII** lists the subject matters where Parliament and state legislatures can impose taxes.
- Broadly speaking, any transaction involving virtual currency could be analysed from two viewpoints – income and expenditure.
- Depending upon the nature and parties to the transaction, it may be taxable under
  - the Income Tax Act, 1961 ('ITA') (in case of income), or
  - Central Goods and Services Tax Act, 2017 ('Act') and
  - other laws (in case of expenditure)
- Since the regulatory framework regarding cryptocurrencies is uncertain, the taxation (or non-taxation) can be analyzed by considering them as both goods and currency.
- With this, two major approaches currently prevalent across the world.

1. **Treatment under Indirect Tax:**
   - GST was implemented with effect from July 1, 2017, across India. GST subsumes most of the indirect taxes, barring few.
   - Treatment of cryptocurrencies as goods/property would mean that supply of bitcoins is a 'taxable supply' and hence subject to GST.
2. **Treatment under Direct Tax:**
   - The treatment of cryptocurrencies under direct tax regime is mainly governed by the ITA in India.

- Till date, the Income Tax Department ('ITD') has neither issued any guidance regarding taxation of digital currencies nor do any disclosure requirements exist in relation to such income earned.
- bitcoins are considered as 'currency', they would not be susceptible to tax under ITA.

- The European Court of Justice ruled in 2015 that trades involving cryptoassets should be exempt from GST (also known as VAT in certain jurisdictions), while nations like Singapore have in fact reversed previous laws where exchanges involving crypto were subject to GST/ VAT.

International Practices

- **United States:** The USA FinCEN (Financial Crimes Enforcement Network), being at the forefront of regulation of cryptocurrencies, issued a guidance on regulating decentralised virtual currencies bringing them within the ambit of the Bank Secrecy Act, 1970.
  - As per the US Internal Revenue Service ('IRS'), cryptocurrencies are treated as property for the purpose of federal tax.
- **Germany:** Germany formally recognised bitcoins as units of account allowing them to be used for tax and private trading purposes throughout the country.
- **United Kingdom:** In the United Kingdom (UK), they are classified as an asset or private money, on which capital gains tax is applicable, but VAT is exempted.
- **Australia:** In Australia, digital currencies were previously considered 'intangible property' and were therefore subject to GST.
- **China:** Although no regulation governs cryptocurrency in China, the Government has taken an aggressive stance towards digital currencies. Recently, the People's Bank of China conducted on-site inspections of bitcoin exchanges and plans to impose penalties on these exchanges for violating upgraded norms related to anti-money laundering.

Important Banking Terms

Bank Rate: The rate at which banks borrow money from the RBI without any sale of securities is called the Bank rate.

Repo Rate: When the banks need money to meet their day-to-day obligations, they approach RBI to borrow required money. Repo rate is a rate at which banks borrow money from RBI against the sale of government securities. Repo rate is an abbreviation of **Repurchase Rate.**

Reverse Repo Rate: It is the rate offered by RBI when banks deposit their excess funds with the RBI for short term.

Cash reserve ratio (CRR): CRR is the percentage of a bank's total deposits that it needs to maintain as liquid cash. This is an RBI requirement, and the cash reserve is kept with the RBI.

Statutory Liquidity Ratio (SLR): Besides CRR, Banks are required to invest a particular percentage of their deposits in specified financial securities such as **Gold, Cash or State Government / Central Government securities.** This percentage is called as Statutory Liquidity Ratio (SLR).

Base Rate: Base rate is the minimum rate set by the RBI below which banks are not permitted to lend to their customers except for some cases as allowed by RBI.

Marginal Standing Facility (MSF): Marginal Standing Facility (MSF) is a very short term borrowing facility available to the scheduled commercial banks. MSF rate is the rate at which the banks can borrow funds overnight from RBI against government securities.

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3 FOREIGN TRADE & INTERNATIONAL ORGANISATIONS

1. India risks being left out of TRIPS waiver

Context : India runs the risk of being excluded from a proposal it co-authored at **WTO negotiations, in 2020**, to "temporarily waive" IPR held, by primarily Western countries, on vaccines, therapeutics and diagnostics for covid-19.

Idea Behind proposal:

- The core idea behind the proposal is that intellectual property (IP) rights such as patents should not become a barrier in scaling up the production of medical products like vaccines, diagnostics and therapeutics essential to combat Covid-19.

TRIPS — Trade-Related Aspects of Intellectual Property Rights:

- The TRIPS Agreement, which came into effect in 1995, is to date the most comprehensive multilateral agreement on intellectual property (IP).
- It plays a **central role in facilitating trade in knowledge and creativity**, in resolving trade disputes over IP, and in assuring WTO members the latitude to achieve their domestic policy objectives.
- It frames the IP system in terms of **innovation, technology transfer and public welfare.**
- The Agreement is a **legal recognition** of the significance of links between IP and trade and the need for a balanced IP system.
- **The three main features of the Agreement are:**
- **Standards:** In respect of each of the main areas of intellectual property covered by the TRIPS Agreement, the Agreement sets out the minimum standards of protection to be provided by each Member.
- **Enforcement:** The second main set of provisions deals with domestic procedures and remedies for the enforcement of intellectual property rights.
- **Dispute settlement:** The Agreement makes disputes between WTO Members about the respect of the TRIPS obligations subject to the WTO's dispute settlement procedures.

TRIPS And Indian Patent laws:

- The WTO adopted the **Doha Declaration in 2001**, which clarified that in the event of a public health emergency, governments could compel companies to license their patents to manufacturers even if they did not think the offered price was acceptable.

- This provision, commonly known as "**compulsory licensing**," was already included in the TRIPS Agreement and the Doha Declaration only clarified its use.

According to **Section 92 of the Indian Patents Act of 1970**, the central government has the power to issue compulsory licenses at any time in the case of a national emergency or extreme urgency.

Why India's economic diplomacy failed?

- During the entire pandemic, **India rarely made use of the existing flexibilities** under the Indian Patent Act, such as compulsory licences (CL), which are consistent with the TRIPS agreement, to increase the supply of Covid-19 medical products despite being nudged by the judiciary to do so.
- The central government, during peak of second wave, filed an affidavit in the Supreme Court stating that the **main constraint in boosting the production of key drugs is the unavailability of raw materials**, not IP-related legal hurdles.
- India **did not proactively develop a national strategy to implement the TRIPS waiver** as and when it is adopted.
- India, as a country leading the TRIPS waiver battle internationally, should have developed a draft model law enunciating how it would implement the waiver.
- This would have not only fortified India's position internationally but would have also acted as a pressure point to influence the negotiations.
- The government **failed to get the Indian pharmaceutical industry on board**.
- India is one of the few countries that have successfully developed a fully indigenous Covid-19 vaccine, Covaxin.
- While **technology transfer agreements** for Covaxin have been inked with domestic companies, making the vaccine technology available to anyone interested globally, at a minimal price, would have exhibited India's resolve to walk the talk on the TRIPS waiver.

2. Bangladesh status changed to a developing nation

Context : The country Bangladesh has transitioned from a **less-developed** country (LDC) **to a developing nation status.**

What is LDC?

- The LDC classification was introduced by the UN in 1971 to identify countries that are "deemed highly disadvantaged in their development process, for structural, historical and also geographical reasons".
- LDCs are thus specially designated as those that "are in need of the highest degree of attention from the international community" as they represent the members of the international community that face the "risk of deeper poverty and remaining in a situation of underdevelopment".
- The LDC category identifies countries faced with crushing developmental challenges.

What are developing countries?

- There are no WTO definitions of "developed" and "developing" countries.
- Members announce for themselves whether they are "developed" or "developing" countries.

- However, other members can challenge the decision of a member to make use of provisions available to developing countries.
- A developing country is also known as a **low and middle income country (LMIC).**
- It is less developed than countries classified as "developed countries" but these nations are ranked higher than "less economically developed countries."

Characteristics of developing countries

- These countries are characterized by:
  - being less developed industrially
  - widespread poverty
  - low education and literacy levels
  - government corruption
  - a lower Human Development Index when compared to other countries
  - health risks such as having low access to safe water, as well as sanitation and hygiene problems

3. US announces oil release from Strategic Petroleum Reserve

Context : The Biden administration has asked some of the world's largest oil consuming nations - including China, India and Japan - to consider releasing crude stockpiles in a coordinated effort to lower global energy prices.

What is Strategic Petroleum Reserve?

- The Strategic Petroleum Reserve is an emergency stockpile to preserve access to oil in case of natural disasters, national security issues and other events.
- Maintained by the Energy Department, the reserves are stored in caverns created in salt domes along the Texas and Louisiana Gulf Coasts.
- The massive 60 underground salt domes or caverns are found at four different sites along the coastlines of Louisiana and Texas
- The **Bryan Mound** site is just outside of Freeport, Texas
- The **Big Hill site** is approximately 26 miles outside of Beaumont, Texas
- The **West Hackberry site** is about half an hour from Lake Charles, Louisiana
- The **Bayou Choctaw site** is about 10 minutes away from Baton Rouge, Louisiana

Origin of SPR

- The United States created the SPR in 1975 after the Arab oil embargo spiked gasoline prices and damaged the U.S. economy.
- Presidents have tapped the stockpile to calm oil markets during war or when hurricanes hit oil infrastructure along the U.S. Gulf of Mexico.

Current Capacity of SPR

- The reserve currently holds about 606 million barrels in dozens of caverns in four heavily guarded locations on the Louisiana and Texas coasts. That's enough oil to meet U.S. demand for more than a month.

- The country also maintains small heating oil and gasoline reserves in the U.S. Northeast.

Which countries have SPR?

- Besides the United States, the other 29 member countries in the International Energy Agency, including the United Kingdom, Germany, Japan and Australia, are required to hold oil in emergency reserves equivalent to 90 days of net oil imports. Japan has one of the largest reserves after China and the United States.
- China, an associate member of the IEA and the world's second-leading oil consumer, created its SPR 15 years ago and held its first oil reserve auction in September.
- Another IEA associate member, India, the third-biggest oil importer and consumer, also maintains a reserve.
- Overall, OECD governments held more than 1.5 billion barrels of crude as of September.

Strategic petroleum reserves in India

- India has three strategic petroleum reserves with combined storage capacity of 5.33 million tonnes (about 38 million barrels), sufficient to meet country's crude oil requirements for about 9.5 days.
- The three operational crude oil storage facilities are located in
  - Vishakhapatnam (1.33 million tonnes)
  - Mangalore (1.5 million tonnes)
  - Padur (2.5 million tonnes)
- These facilities are operated by the State-run Indian Strategic Petroleum Reserve Limited.

4. World Bank to stop 'ease of doing business' report

Context : World Bank to stop its famous and fought-over 'ease of doing business' report after an internal audit found "undue pressure" by top bank officials to manipulate data had resulted in country rankings changed to favour China.

What is Ease of Doing Business Index?

- The Ease of Doing Business (EoDB) index is a ranking system established by the **World Bank Group.**
- **Published by**: World Bank
- It is an aggregate figure that includes different parameters which define the ease of doing business in a country.
- **Indicators:** The quantitative indicators ranged from
  - dealing with construction permits
  - getting electricity
  - getting credit
  - protecting minority investors
  - paying taxes
  - trading across borders

- However, it does not directly measure more general conditions such as a nation's proximity to large markets, quality of infrastructure, inflation, or crime.
- **Ranking:** ranges from 1 to 190.
- The rankings on the Ease of Doing Business Report help in assessing the "absolute level of regulatory performance over time".
- The 2020 report was the 17th in the series of annual studies.

5. Transition from LIBOR

Context : The RBI advised banks and financial institutions need to cease entering into **new financial contracts** that reference **LIBOR** as a benchmark and instead use any widely accepted **alternative reference rate (ARR),** as soon as practicable and in any case by December 31, 2021.

What is LIBOR?

- The London Interbank Offered Rate (LIBOR) is a benchmark **interest rate** at which major global banks lend to one another in the international interbank market for **short-term loans.**
- LIBOR serves as a globally accepted key benchmark interest rate that indicates borrowing costs between banks.
- The rate is calculated and will continue to be published each day by the **Intercontinental Exchange (ICE)**, but due to recent scandals and questions around its validity as a benchmark rate, it is being phased out.
- According to the Federal Reserve and regulators in the UK, LIBOR will be phased out by June 30, 2023, and will be replaced by the **Secured Overnight Financing Rate (SOFR).**

What is a reference rate?

- A reference rate is a benchmark interest rate used to determine other interest rates. For example, LIBOR provides an indication of the average rates at which LIBOR panel banks could obtain wholesale, unsecured funding for set periods in particular currencies. Lenders then use this rate to determine interest rates for a variety debt instruments - such as mortgages and commercial loans - and financial products like derivatives.
- The need for benchmarks to be based on transparent, arms-length transactions has been reinforced by global regulators, including The Financial Stability Board and the International Organization of Securities Commissions.
- In response, industry has started to utilize a raft of alternative reference rates, and from the AONIA (Australian Interbank Overnight Cash Rate) to SARON (Swiss Average Rate Overnight) strategies are in place to embrace new benchmark.

6. India joins OECD/G20 Inclusive Framework tax deal

Context : India with some other members of **OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS)** adopted a high-level statement containing an outline of a consensus solution to address the tax challenges arising from the digitalization of the economy.

About the Base erosion and profit shifting (BEPS)

- **Base erosion and profit shifting (BEPS)** refers to tax planning strategies used by multinational enterprises that exploit gaps and mismatches in tax rules to avoid paying tax.
- This undermines the fairness and integrity of tax systems because businesses that operate across borders can use BEPS to gain a competitive advantage over enterprises that operate at a domestic level.
- Developing countries' higher reliance on corporate income tax means they suffer from BEPS disproportionately.
- BEPS practices cost countries USD 100-240 billion in lost revenue annually.

The OECD/G20 Inclusive Framework on BEPS

- Working together within **OECD/G20 Inclusive Framework on BEPS**, 139 countries and jurisdictions are collaborating on the implementation of 15 measures to tackle tax avoidance, improve the coherence of international tax rules and ensure a more transparent tax environment.
- **The tax deal:** The deal consists of two components
- **Pillar One**, which is about reallocation of an additional share of profit to the market jurisdictions
- **Pillar Two**, consisting of minimum tax and subject to tax rules
- Some significant issues including share of profit allocation and scope of subject to tax rules, remain open and need to be addressed.

7. What the G7 corporate tax deal means for India

Context : Advanced economies making up the G7 grouping have reached a "historic" deal on taxing multinational companies and to ratify a **global minimum corporate tax rate** to counter the possibility of countries undercutting each other to attract investments.

About the agreement

- The first decision is to force multinationals to pay taxes where they operate.
- The second decision in the agreement commits states to a global minimum corporate tax rate of 15% to avoid countries undercutting each other.
- The agreement will now be discussed in detail at a meeting of G20 financial ministers and central bank governors in July.

Challenges and problems

- Getting all major nations on the same page due to right of the sovereign to decide the nation's tax policy.
- A global minimum rate would essentially take away a tool that countries use to push policies that suit them.
- Also, a global minimum tax rate will do little to tackle tax evasion.

Where does India stand?

- India already had announced a sharp cut in corporate taxes for domestic companies to 22% and for new domestic manufacturing companies to 15%, broadly at par with the average 23% rate in Asian countries.
- Also, existing domestic companies opting for the concessional taxation regime will not be required to pay any Minimum Alternate Tax.

- The effective tax rate, inclusive of surcharge and cess, for Indian domestic companies is around 25.17%.
- The economic division will look into the pros and cons of the new proposal and then will decide.

About G7

- The **G7 (Group of Seven)** is an organisation made up of the world's seven largest so-called advanced economies. They are Canada, France, Germany, Italy, Japan, the UK and the United States.
- Russia joined in 1998, creating the **"G8",** but was excluded in 2014 for its takeover of Crimea.
- China has never been a member, despite its large economy, as its relatively low level of wealth per person is not seen as an advanced economy in the way the G7 members are.
- Representatives from the European Union are usually present and India, South Korea and Australia have been invited this year.
- The UK holds the G7 presidency for 2021

8. El Salvador's decision to use Bitcoin as legal tender

Context : El Salvador is declaring the Bitcoin cryptocurrency as a legal tender in the Central American country.

- If that happens, El Salvador would become the first country in the world to formally adopt the virtual currency.

About the adoption of Bitcoin by El Salvador

- It depends heavily on remittances sent by Salvadorians from abroad.
- Around a quarter of the country's citizens live in the US, and in 2020 they sent home more than $6 billion in remittances i.e. more than 20% of the GDP.
- A big chunk of those 6 billion dollars is lost to intermediaries. By using Bitcoin, the amount received by more than a million low income families will increase in the equivalent of billions of dollars every year.
- Also, Bitcoin will help increase financial inclusion in El Salvador, where 70% of the population does not have a bank account and relies on the informal economy.

Attitude of governments towards cryptocurrencies

- Governments around the world are now looking to launch their own virtual tokens, called central bank digital currencies (CBDCs).
- US has taken a decisive step towards issuing its own CBDC.
- In India too, the government has floated **The Cryptocurrency and Regulation of Official Digital Currency Bill, 2021.**
- It will prohibit all private cryptocurrencies and lay down the regulatory framework for the launch of an "official digital currency".

About CBDC

- A central bank digital currency (CBDC) utilizes technology to represent a country's official currency in digital form.
- Unlike decentralized cryptocurrency projects like Bitcoin, a CBDC would be centralized and regulated by a country's monetary authority.

9. Global minimum corporate tax rate

Context : America's treasury secretary Janet Yellen called on other countries to join Washington in setting a **global minimum corporate tax rate** for the Biden administration's released plan to invest $2 trillion+ to revamp infra and boost clean energy products.

About the Global minimum corporate tax rate

- **Non-binding**: It is a nonbinding global minimum corporate tax.
- **Recommended**: A UN Panel, which is the High-Level Panel on International Financial Accountability, Transparency, and Integrity for Achieving the 2030 Agenda (FACTI), recommended a **global minimum corporate tax** of between 20% and 30%.
- **Reduction in tax competition**: This corporate tax could help in reducing the tax competition for the US and other nations.
- It is aimed to provide a level playing field and to create equitable growth.
- It will help in the reduction of the race of taxes and corporate tax base erosion.
- **First of its kind**: This is the first attempt of its kind attempted by the US as the world has not agreed to set a minimum level of the corporate tax rate.

Significance for America

- **Hike in tax rates**: The plan seeks to increase the US corporate tax rate to 28 percent from 21 percent. The ex-US President had reduced the corporate tax rates from 35 percent to 21 percent.
- **Revitalization**: It aims to revitalize the transportation infrastructure, water systems with other goals.
- An increase in the tax rate and other measures to prevent the offshoring of profits will fund it.
- **More cooperation:** It will support integration instead of isolationism.
- **Tax evasion**: The plan will stop firms from shifting profits to tax haven countries.
- **Stability:** The bill aims to stabilize tax systems to raise enough revenue to invest in public welfare.

Expected Negative impact on American Economy

- If not agreed as a global minimum rate, the US rates would be higher than other major economies which will make US address unattractive for firms.
- This would make foreign businesses overseas more profitable than US businesses.
- In G7 countries, the average rate is 24 percent and even lower in some countries.

Other similar attempts

- U.S. is also trying to push for a multilateral agreement for digital taxation at OECD.

- The Organization for Economic Cooperation and Development (OECD) is also working on a fresh set of cross-border tax rules.
- These rules would also include a global minimum tax rate for MNCs.

Importance for other countries

- The International Monetary Fund has long favored the adoption of a global minimum tax on corporate profits as it would help in the reduction of current disparities in the national corporate tax rate.
- It would largely help in reducing tax shifting and tax avoidance.
- It would reduce the tax base on which governments could collect revenues for funding economic and social spending.

10. Suez Canal 'traffic jam': hitting the trade

Context : In March 2021, the Suez Canal got blocked by a large cargo-ship that stuck sideways across the canal.

About Suez Canal

- The **Suez Canal** is a sea-level water channel in Egypt.
- It is **an artificial** route **commissioned in 1869.**
- The Suez Canal is a critical shipping route that connects the **Mediterranean and Red Seas through Egypt.**
- It provides a direct route between the **North Atlantic and northern Indian oceans.**
- **Connecting Ports:** The canal extends from the northern terminus of Port Said to the Southern end of Port Tewfik at the city of Suez.
- **Control**: The Canal was initially controlled by the British and French, however was nationalized in 1956 by Egypt's leader Gamal Abdel Nasser.

- **Economic Significance**: It is one of the world's most extensively used shipping routes which carry more than 12% of the world trade by volume.

The reason behind the Suez Canal blocked

- **The Ship is expected to be stuck by a Sandstorm which is a frequent occurrence at this point in the Sinai Peninsula.**

Khamsin (Sandstorm) in Egypt

- It is locally known as Khamsin or Khamseen, in Egypt.
- It is a hot, dry,and sandy local wind which affects Egypt and the Levant.
- These dry, sand-filled storms blow sporadically in the spring season in Egypt over fifty days.
  - In Egypt, the khamsin arrives in April but occasionally can occur between March and May.
- It carries a good quantityof sand and dust from the deserts.
- It comes with a speed up to 140 kilometers per hour and shows a rise of temperatures as much as 20 °C in two hours.

Some other similar winds

- Bad-i-sad-o-bistroz - Iran and Afghanistan
- Haboob - Sudan
- Aajej - Southern Morocco
- Ghibli - Tunis
- Africo – Italy
- Sirocco -Middle East

11. Digital green certificate proposed by EU

Context : The European Commission proposed to create a Digital Green Certificate to facilitate the safe and free movement of citizens within the European Union (EU) amid the COVID-19 pandemic.

About

- A Digital Green Certificate is proof that a person has either been vaccinated against COVID-19, has received a negative test result, or has recovered from COVID-19.

Key Features of this proposal

- **Digital or paper format**: The key features of the certificate are that it will be in digital or paper format complete with a QR code and will be free of charge.
- **Multiple authorities**: The certificate can be issued by authorities, including hospitals, testing centers, and health authorities.
- **Accepted in all EU countries**: Once the proposal for digital certificates is finalized, it will be accepted in all EU countries and will help to ensure that the restrictions imposed in different areas within the EU can be lifted in a coordinated manner.

- **For third-country nationals too**: All EU citizens or third-country nationals who are legally staying in the EU will be able to use these digital certificates and thereby will be exempted from free movement restrictions.
- **Notification**: In case an EU member country requires a person to quarantine or undergo a test, it will have to notify the Commission and all other member states justifying its decision.
- **Brand**: Significantly, the brand or kind of anti-COVID vaccine received does not matter for the certificate to be issued.

Need for this reform

> **World Health Organisation (WHO) says on this matter :**
>
> - World Health Organisation (WHO) had advised against using such certificates becuase of lack of evidence that a person infected with Covid-19 could not get the infection again.

- In the EU and across the world, the tourism industry has been severely impacted due to the spread of the disease.
- **Israel** became the first country to issue certificates called **"vaccine passports"** that will allow vaccinated individuals to use some facilities and attend events.
- **Denmark** also said that it was in the process of rolling out digital passports that would act as proof for those individuals who have been vaccinated.

Chile had proposed **"release certificates"** meant for those who had recovered from COVID-19.

> **The European Union (EU)**
>
> - The European Union (EU) is a political and economic union of 27 member states that are located primarily in Europe.
> - The EU has developed an internal single market through a standardized system of laws that apply in all member states in those matters, and only those matters, where members have agreed to act as one.
> - EU policies aim to ensure the free movement of people, goods, services, and capital within the internal market.
> - The EU and European citizenship were established when the Maastricht Treaty came into force in 1993.

12. WCO recognises CRCL as regional customs laboratory for Asia Pacific

Context : In a positive development, the **World Customs Organisation (WCO)** recognised **Central Revenues Control Laboratory CRCL**, as a regional customs laboratory for Asia Pacific.

What is CRCL?

- The CRCL is working under the **Central Board of Indirect Taxes and Customs, CBIC.**
- Established in 1939, CRCL is the headquarters of 14 Revenue Laboratories, including 2 laboratories working at Government Opium and Alkaloid Works, Ghazipur and Neemuch.

- These laboratories have been upgraded extensively in the past 3 years and new state-of-art equipment costing about 80 crore rupees have been installed.
- With the introduction of instrument based testing, Revenue Laboratories are, now, facilitating faster clearances, without compromising on law enforcement and thereby playing a vital role in trade facilitation.
- With its recognition as RCL, CRCL joins a select group of Customs Laboratories in the region like those in Japan & Korea.

World Customs Organization

- The World Customs Organization is an intergovernmental organization headquartered in Brussels, Belgium.
- It was set up to make customs administrations around the world more efficient, coordinated and effective.

13. IFSCA becomes associate member of the global lobby group IOSCO

Context : **International Financial Services Centres Authority (IFSCA)** has become an associate member of the **International Organization of Securities Commissions (IOSCO).**

What is IOSCO?

- The International Organization of Securities Commissions (IOSCO) is the international body that brings together the **world's securities regulators.**
- IOSCO was established in 1983.
- It is recognized as the **global standard setter** for the securities sector.
- IOSCO develops, implements and promotes adherence to internationally recognized standards for securities regulation.
- It works intensively with the G20 and the **Financial Stability Board (FSB)** on the global regulatory reform agenda.
- India is a member of the IOSCO Board.

About IFSCA

- The first International Financial Services Centre (IFSC) in the country has been set up at the Gujarat International Finance Tec-City (GIFT) in Gandhinagar.
- To regulate such institutions, the government established IFSCA in 2019 with its head office in Gandhinagar.
- It is a **statutory unified regulatory** body under the **Department of Economic Affairs, Ministry of Finance**
- IFSCA has been established as a **unified regulator** with a holistic vision in order to promote ease of doing business in IFSC and provide world class regulatory environment.
- **Objective:** The main objectives are:

- To develop a strong global connect and focus on the needs of the Indian economy
- To serve as an international financial platform for the entire region and the global economy as a whole.

14. India launches FTA with UK

Context : Recently, India has launched the Free Trade Agreement negotiations with the United Kingdom.

Free Trade Agreements (FTAs)

- FTAs are arrangements between two or more countries or trading blocs that primarily agree to reduce or eliminate customs tariff and non-tariff barriers on substantial trade between them.
- FTAs normally cover trade in goods (such as agricultural or industrial products) or trade in services (such as banking, construction, trading etc.).
- FTAs can also cover other areas such as intellectual property rights (IPRs), investment, government procurement and competition policy, etc.
- **Article 1 of GATT (General Agreement on Tariffs and Trade)** which enunciates the most favored nation (MFN) principle of WTO states that "any advantage, favor, privilege, or immunity granted by any contracting party to any product originating in or destined for any other country shall be accorded immediately and unconditionally to the like product originating in or destined for the territories of all other contracting parties."
- However, derogations from this MFN principle are permitted for forming FTAs under specific conditions as per the following provisions of the WTO Agreements:
    - Article XXIV of GATT for goods
    - Article V of GATS (General Agreement on Trade in Services) for services.
- The specific conditions under Article XXIV of the GATT permitting FTAs, are:
    - FTA members shall not erect higher or more restrictive tariff or non-tariff barriers on trade with non-members than existed prior to the formation of the FTA.
    - Elimination of tariffs and other trade restrictions be applied to "substantially all the trade between the constituent territories in products originating in such territories."
    - Elimination of duties and other trade restrictions on trade within the FTA to be accomplished "within a reasonable length of time," meaning a period of no longer than 10 years.

What is a Preferential Trade Agreement (PTA)?

- In a Preferential Trade Agreement (PTA), two or more partners agree to reduce tariffs on an agreed number of tariff lines.
- The list of products on which the partners agree to reduce duty is called a positive list. However, in general PTAs do not cover substantially all trade.
- In FTAs, tariffs on items covering substantial bilateral trade are eliminated between the partner countries; however, each maintains an individual tariff structure for non-members.
- The key difference between an FTA and a PTA is that while in a PTA there is a positive list of products on which duty is to be reduced; in an FTA there is a negative list on which duty is not reduced or eliminated.

- Thus, compared to a PTA, FTAs are generally more ambitious in coverage of tariff lines (products) on which duty is to be reduced.

Important International Organizations			
Organization	Established in	Headquarters	Objective
Asian Infrastructure Investment Bank	2016	Beijing, China	To improve economic and social outcomes in Asia.
New Development Bank (BRICS Development Bank)	2014	Shanghai, China	To support public or private projects through loans, guarantees, equity participation and other financial instruments.
Asian Development Bank	1966	Manila, Philippines	To promote social and economic development in Asia.
International Monetary Fund (IMF)	1944	Washington DC, US	To promote international financial stability and monetary cooperation. It also facilitates international trade, promotes employment and sustainable economic growth, and helps to reduce global poverty
World Bank	1944	Washington DC, US	• To end extreme poverty, by reducing the share of the global population that lives in extreme poverty to 3% by 2030. • To promote shared prosperity, by increasing the incomes of the poorest 40% of people in every country.
United Nations Populations Fund (UNFPA)	1969	New York, US	To improve reproductive and maternal health worldwide
United Nations Conference on Trade & Development (UNCTAD)	1964	Geneva, Switzerland	To promote the interests of developing states in world trade. UNCTAD is the part of the United Nations Secretariat dealing with trade, investment, and development issues.
World Economic Forum	1971	Switzerland	To engages the foremost political, business, cultural and other leaders of society to shape global, regional and industry agendas.

International Labor Organization	1919	Geneva, Switzerland	To advance social and economic justice through setting international labour standards
World Trade Organization	1995	Geneva, Switzerland	To regulate and facilitate international trade between nations.
World Intellectual Property Organization	1967	Geneva, Switzerland	To lead the development of a balanced and effective international IP system that enables innovation and creativity for the benefit of all
Organization for Economic Cooperation & Development (OECD)	1961	Paris, France	To stimulate economic progress and world trade
United Nations Industrial Development Organization (UNIDO)	1966	Vienna, Austria	To assist countries in economic and industrial development.
Organization of Petroleum Exporting Countries (OPEC)	1960	Vienna, Austria	To coordinate and unify the petroleum policies of its Member Countries and ensure the stabilization of oil markets in order to secure an efficient, economic and regular supply of petroleum to consumers
Asia Pacific Economic Cooperation (APEC)	1989	Singapore	To promote free trade throughout the Asia-Pacific region
Food & Agricultural Organization (FAO)	1945	Rome, Italy	To achieve food security for all and make sure that people have regular access to enough high-quality food to lead active, healthy lives.

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4 INFRASTRUCTURE

01 Payments Infrastructure Development Fund (PIDF)

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

What is PIDF?

- The Payment Infrastructure Development Fund (PIDF) has been created to encourage acquirers to deploy **Point of Sale (PoS)** infrastructure, both physical and digital, in **tier-3 to tier-6 centres** and **north eastern states.**
- Given the high cost of merchant acquisition and merchant terminalisation, most of the POS terminals in the country are concentrated in tier 1 and 2 cities and towns and other regions have been left out.
- The dedicated fund for deepening digital payments infrastructure will receive recurring contributions to cover operational expenses from card issuing banks and card networks and the central bank will also contribute to yearly shortfalls, if necessary.
- RBI will make an initial contribution of Rs 250 crore to the PIDF, covering half of the fund, while the remaining contribution will be from card-issuing banks and card networks operating in the country.
- This is in line with the measures proposed by the vision document on **payment and settlement systems in India 2019-2021.**

Payment and Settlement Systems in India: Vision 2019 - 2021

- Aiming at a 'cash-lite' society, the Reserve Bank of India (RBI) released a vision document for ensuring a safe, secure, convenient, quick and affordable e-payment system in 219.
- The '**Payment and Settlement Systems in India: Vision 2019 - 2021**', with its core theme of 'Empowering Exceptional (E) payment Experience', envisages to achieve "a highly digital and cash-lite society" through the goal posts of competition, cost effectiveness, convenience and confidence (4Cs).

- **Administration & management:** The fund will be governed through an advisory council but it will be managed and administered by the
- The whole premise of this fund is to make it easier for small merchants to accept digital payments across the country. This fund will subsidise the cost of a PoS device.

How this idea originated?

- The idea of a PIDF or an Acceptance Development Fund was first proposed in March 2016, when the RBI published a concept paper aimed at expanding the card acceptance infrastructure in the country.

02 An Infrastructure Investment Trust (InvITs)

Context: Capital markets regulator **SEBI** came out with a framework for conversion of a private listed Infrastructure Investment Trust (InvIT) into a public InvIT. In addition, the regulator has issued guidelines for converting a private unlisted InvIT into a private listed one.

What is Infrastructure Investment Trust (InvIT)?

- An infrastructure investment trust, simply put, is a pooled investment vehicle like a mutual fund.
- While mutual funds invest the sum received in financial securities, an InvIT invests the same in real infrastructure assets like roads, power plants, transmission lines, pipelines etc.

How do InvITs work?

- InvIT is a business trust (like REIT), registered with the market regulator, that owns, operates, and manages operational infrastructure assets.
- These long-term revenue-generating infrastructure assets, in turn generate cash flows, which are then distributed to the unitholders periodically.
- InvITs are a hybrid between equity and debt investment, i.e., it has features of both equity and debt.
- While the operating business model helps provide stable, predictable, and relatively low-risk cash flows like debt, there is growth potential like equity as the returns are not fixed with a scope of change in the unit price.

03 Atal Tunnel makes it to World Book of Records

Context: **Recently, Atal Tunnel** has officially been certified by the **World Book of Records as the 'World's Longest Highway Tunnel above 10,000 Feet',** during a landmark ceremony in New Delhi.

About Atal tunnel

- **Length:** 9.02 km
- **Connecting:** Manali to **Lahaul-Spiti valley**
- **Constructed by: Border Roads Organisation (BRO).**
- **It is a 9.02 Km long tunnel** which connects **Manali to Lahaul-Spiti valley** throughout the year.
- Earlier the valley was cut off for about **6 months each year owing to heavy snowfall.**
- It is at an **altitude of 3000 Mtrs (10,000 Feet) from the Mean Sea Level (MSL).**
- The tunnel reduces the road distance by **46 Kms between Manali and Leh and the time by about 4 to 5 hours.**
- **The South Portal (SP) of Atal Tunnel** is located at a distance of **25 Km from Manali at an altitude of 3060 Mtrs.**

- **The North Portal (NP) of the tunnel** is located near village **Teling, Sissu, in Lahaul Valley at an altitude of 3071 Mtrs.**

About Border Roads Organisation (BRO)

- **BRO is a modern and transnational construction organisation** that is committed to meeting the **strategic requirements of the Indian armed forces.**
- The organisation plays a vital role in **upscaling infrastructural development.**
- Initially, BRO was functional under the **Ministry of Road Transport and Highways.**
  - **But since 2015,** it is being managed and is functional under **the Ministry of Defence.**
- **BRO is operational in 21 Indian states and 1 union territory.**
  - But also, **functional in our friendly countries** like neighboring countries **such as Afghanistan, Bhutan, Myanmar, and Sri Lanka**
- **The Organisation was formed on May 7, 1960,** to **maintain and develop the Indian remote areas of north and northeast situated near the borders.**
- **The BRO Raising Day is celebrated on May 7, every year.**
- The composition of this organization comprises **Officers and troops who are selected from the Indian Army's Corps of Engineers, Army Service Corps, Military Police, and other personnel.**

04 Dedicated Rail Freight Corridor project

Context: Concerned about the incessant delays and cost escalations in its ambitious Dedicated Rail Freight Corridor project, the government has sought a list of all components of the project which have been delayed due to various orders given by judiciary as well as the National Green Tribunal (NGT).

About the Project

- The project entails separate corridors for movement of freight trains exclusively.
- The freight corridor project basically consists of two alignments,
  - **One** is the 1,875 km long eastern dedicated freight corridor which will connect Ludhiana in Punjab with Dankuni in West Bengal.
  - **The other alignment** is the 1,506 km long western freight corridor, which will connect Dadri in Uttar Pradesh with Mumbai's Jawaharlal Nehru Port Trust.
- The total cost of the project is ₽ 95,238 crore and is being funded by the World Bank and Japan International Cooperation Agency known as JICA.

What is Dedicated freight corridor (DFC)?

- Dedicated freight corridor (DFC) is meant to create a safe and efficient freight transportation system in the country.
- Currently, the Western DFC connecting Haryana and Maharashtra and the Eastern DFC connecting Punjab and West Bengal are under construction.

- The combined length of the Western and Eastern DFCs is approximately 3360 route km.
  - The following DFCs are being planned:
    - **North-South** (Delhi-Tamil Nadu)
    - **East-West** (West Bengal-Maharashtra)
    - **East-South** (West Bengal-Andhra Pradesh)
    - **South-South** (Tamil Nadu-Goa)
  - The Dedicated Freight Corridor Corporation of India Limited (DFCCIL) is carrying out the construction of eastern and western DFC for the movement of freight trains.

05 Gas based Economy

Context: In 2016, India has set up ambitious targets for expansion of natural gas capacity and utilization. However, five years down the line, the target looks unrealistic, and unachievable. There is a need to evaluate the present status, challenges and way ahead to move towards a gas based economy.

Background

- The idea of making India 'a gas-based economy' was initiated in 2016, when the dream of a golden age of gas was fresh and promising.
- The quantitative task under this narrative was to increase the share of gas in India's primary energy basket from about 6 percent in 2016 to 15 percent by 2030.

IEA's dream of golden age

- In 2011, the International Energy Agency (IEA) brought out a special report titled "Are we entering a golden age of natural gas?"

- The IEA's expectation of a golden age of natural gas, though cautious as captured by a question mark, was based on assumptions of
  - an increase in gas use in China
  - greater use of natural gas in transportation
  - slower growth in nuclear power capacity, and most importantly
  - an optimistic outlook for gas supply from unconventional gas resources at relatively low cost
- That year, natural gas production from the United States at 617.4 billion cubic meters (BCM) exceeded natural gas production from the Russian Federation (616.8 BCM), until then the world's largest gas producer.

What is Gas based economy?

- A gas based economy refers to the economy, in which natural gas is the major constituent in energy mix of the country.

Current state of gas based economy

- According to central government, at present, about a 16,788 kilometre-long natural gas pipeline is operational and is expected to double over the next few years to exceed 32,000 km.
- At present, city gas distribution (CGD) currently supplies to 7 million customers.
- Share of natural gas in India's energy basket is ~ 6% as against the world's average share of 23%

06 Energy Transition Index (ETI)

The World Economic Forum (WEF) has released the annual rankings of the global Energy Transition Index.

What is global Energy Transition Index?

- The ETI is a fact-based ranking intended to enable policy-makers and businesses to plot the course for a successful energy transition.
- The benchmarking of energy systems is carried out annually across countries.
- Part of the World Economic Forum's Fostering Effective Energy Transition initiative, it builds on its predecessor, the Energy Architecture Performance Index.
- The ETI is a tool for energy decision-makers that strive to be a comprehensive, global index that tracks the performance of energy systems at the country level.
- It also incorporates macroeconomic, institutional, social, and geopolitical considerations that provide enabling conditions for an effective energy transition.

07 Kushinagar International Airport to provide seamless connectivity

Context: The Kushinagar Airport in Uttar Pradesh is the latest entrant in India's list of international Airports. The airport is expected to provide seamless connectivity to people from **Southeast and East Asian countries for Buddhist Pilgrimage Tourism.**

Important Facts on Kushinagar (death- place of Lord Buddha)

- Kushinagar is a historical place located in the north-eastern marginal area of ??Uttar Pradesh.
- It is located on National Highway 28, about 50 km east of Gorakhpur.
- This is a Buddhist pilgrimage where **Gautam Buddha** had
- It is one of the four sacred places of Lord Buddha.
- Buddha delivered his last sermon, attained **Mahaparinirvana (salvation) in 483 BC** and was cremated at **Rambhar Stupa.**
- The reclining nirvana statue of Lord Buddha inside the temple is 6.10 mt. long and is made of monolith red-sand stone of the **5th century A.D.**
- It represents the '**Dieing-Buddha'** reclining on his right side with his face towards the west.
- Being the **death- place of Lord Buddha**, it is holy place for pilgrimage.

Historical perspective

- The Kushinagar's history dates back to centuries back and in those times it was dubbed as **Kushavati (Jatakas).**
- It has its mention in Ramayana and it is said that the town got its name from the son of Lord Rama, Kusha.
- Besides this, it was a famed place of the **Malla Empire** of ancient India.

Kushinagar International Airport

- The airport, built at an estimated cost of Rs 260 crore, will boost economy of the region.
- The Kushinagar airport project will connect the region associated with different phases of Lord Buddha's life such as Kushinagar, Sarnath, Bodh Gaya and Kapilvastu to the rest of the world.
- The project will not only provide better connectivity to followers of Buddhism in India but also to those in countries such as **Sri Lanka, Thailand, Singapore, Cambodia, Japan, South Korea and others.**
- The opening of Kushinagar International Airport is expected to be a milestone in **India-Sri Lanka relations.**
- During the opening of the Airport, Sri Lanka presented India pictures of two murals paintings:
  - One Mural Painting depicts **Arahat Bhikkhu 'Mahinda, son of Emperor Ashoka** delivering a Buddha message to King Devanampiyatissa of Sri Lanka.
  - One shows the arrival of **'The hero Bhikkhuni' Sanghamitta, the daughter of the Emperor, Sri Lanka,** holding a small stem of the **'sacred tree of Bodhi' which Siddhartha Gautama** is believed to have received enlightenment under.
- The **Buddhist circuit** shows the use of soft power in India's foreign policy.
- Further, **the Buddhist faith,** due to its emphasis on peaceful co-existence and its wide pan-Asian presence, lends itself well to soft-power diplomacy.

About the Buddhist Circuit

- In 2014-15, the Department of Tourism launched the **Swadesh Darshan program** to develop theme-based tourism circuits in terms of high tourism value.
  - The Department has identified the **Buddhist Circuit** as one of the fifteen **thematic circuits for** development under this program.

- The Buddhist circuit is the path that follows the footsteps of the Buddha from **Lumbini in Nepal to Kushinagar in Uttar Pradesh India,** where he died.
  - Buddhist pilgrims look to Kushinagar as a shrine, believing that Gautama Buddha delivered his **last sermon** and received the **'Mahaparinirvana' or salvation.**
- Investing in the **Buddhist Circuit** is the result of the first partnership between
  - **The Government of India's Ministry of Tourism**
  - **The State Governments of Bihar and Uttar Pradesh**
  - **The private sector**
  - **Buddhist monasteries and sects**
  - **The World Bank Group**

08 Coal based Hydrogen Production

Context: Recently, a **Task Force** and an **Expert Committee** have been constituted by the **Ministry of Coal** to prepare the **roadmap for coal-based hydrogen production**.

About Task Force on coal-based hydrogen production

- It is constituted under the **Chairmanship** of Additional Secretary Coal **Shri Vinod Kumar Tiwari**.
- The **broad terms of reference** of the Task Force are as follows:
  - Identification of role to be played by each stakeholder Ministry
  - Coordination with Stakeholder Ministries
  - Monitoring of activities towards achieving coal based Hydrogen production and usage
  - Setting up sub committees to achieve the objective
  - To coordinate with Coal Gasification Mission and NITI Aayog

About Expert Committee on coal-based hydrogen production

- The Expert Committee is set up under the **chairmanship of Shri R.K. Malhotra**.
- The **broad terms of reference** of Expert Committee are as follows:
  - Identifying experts in India and co-opting as members
  - Desk based review of progress in hydrogen technology and also review ongoing research projects in Hydrogen technology
  - Coordinate with various national/international technology institutions in hydrogen
  - Prepare a road map for coal based Hydrogen production and usage including economic viability, environmental sustainability and policy enablers required
  - Identifying activities for implementation of coal based hydrogen production and usage
  - Assisting Task force in implementation of Coal based Hydrogen production and usage

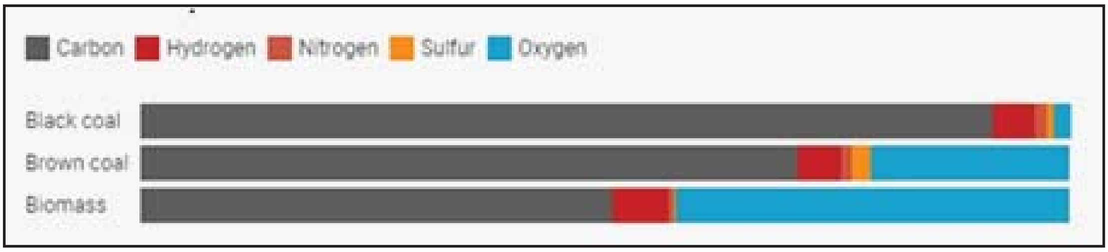
Need for Coal-based Hydrogen Production

- Coal is an important source of **hydrogen making (brown hydrogen)** along with the production of **natural gas (grey hydrogen)** and **renewable energy (green hydrogen)** through electrolysis.

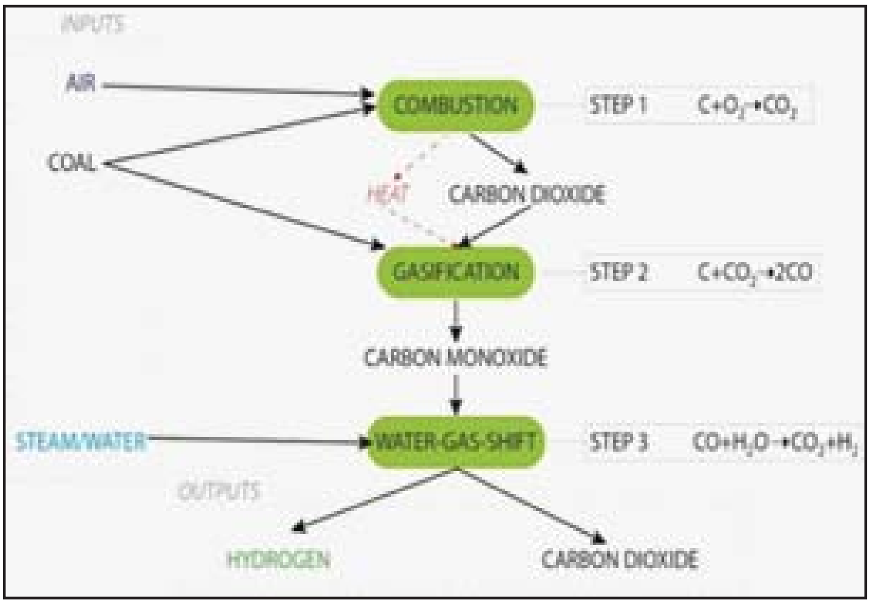
- The **surplus solar power is used to electrolyze water** into hydrogen and oxygen in case of renewable energy (green hydrogen).
- Globally, 73 MT Hydrogen is used for **refining, ammonia making** and other pure use and about 42 MT is used for **Methanol, steel making** and other mixed uses.
- The experts believe that the **cost of hydrogen produced from coal can be cheaper and less sensitive to imports** when compared with hydrogen production through electrolysis and Natural Gas respectively.
- The Indian Coal Reserve could become a **great source of hydrogen** when the carbon monoxide and carbon dioxide formed during coal to hydrogen process are trapped and stored in an environmentally sustainable manner (CCS and CCUS).

Composition of Coal

- It is a mixture of two components i.e.
- **Carbon-based matter** (the decayed remains of prehistoric vegetation); and
- **Mineral matter** (which comes from the ground from which the coal is dug).
- The carbon-based matter is composed of five main elements i.e. carbon, hydrogen, oxygen, nitrogen and sulfur.



Process involved in production in coal-based hydrogen



- The process of coal-based production of hydrogen starts with **partial oxidation** which implies that some air is added to the coal, which generates carbon dioxide gas through traditional combustion.
- The air is added to coal to make some heat for the **gasification reaction and the partial oxidation** also makes its own gasification agent i.e. carbon dioxide.
- **Carbon dioxide** reacts with the rest of the carbon in the coal to **form carbon monoxide** which is an **endothermic gasification** reaction but no hydrogen is produced yet.
- **Carbon monoxide** in the gas stream is now further reacted with steam and results in **generation of hydrogen and carbon dioxide.**

The hydrogen can then be run through an on-site fuel cell to generate high-efficiency electricity.

Why Brown Coal is preferred for gasification?

- The main reason for giving preference to brown coals for gasification over black coals is its **high oxygen content** which makes it **chemically stable** and therefore **easier to break apart** during the gasification reaction.

What is Carbon Capture and Storage?

- It involves the **capture of carbon dioxide (CO2) emissions** from industrial processes, such as steel and cement production, or from the burning of fossil fuels in power generation.
- It is then **transported from where it was produced**, via ship or in a pipeline, and stored deep underground in geological formations.
- There are **three steps** to the CCS process:
- **Capture:** the CO2 is separated from other gases produced in industrial processes, such as those at coal and natural-gas-fired power generation plants or steel or cement factories.
- **Transport:** the CO2 is then compressed and transported via pipelines, road transport or ships to a site for storage.
- **Storage:** finally, the CO2 is injected into rock formations deep underground for permanent storage.

What is Carbon Capture, Utilization, and Storage (CCUS)?

- It encompasses methods and technologies to **remove CO2 from the flue gas** and from the atmosphere.
- It is followed by **recycling the CO2 for utilization** and determining safe and permanent storage options.
- It involves the **capture of CO2 from large point sources**, including power generation or industrial facilities that use either fossil fuels or biomass for fuel.

09 National Monetisation Pipeline

Context: The government unveiled a four-year **National Monetisation Pipeline (NMP)** worth an estimated Rs 6 lakh crore.

Key Features

- NMP aims to unlock value in Brownfield projects by engaging the private sector, transferring to them revenue rights and not ownership in the projects.
- Ownership of the Brownfield assets to remain with the government.
- The generated funds will be used for infrastructure creation across the country.

What is brownfield project India?

- A brownfield is an investment when a company or government entity purchases or leases existing production facilities to launch a new production activity.

Objective of the programme:

- To unlock the value of investments in Brownfield public sector assets by tapping institutional and long-term capital, which can thereafter be leveraged for public investments.
- To enable 'Infrastructure Creation through Monetization' wherein the public and private sector collaborate, each excelling in their core areas of competence, so as to deliver socio-economic growth.

Major sectors

- Roads, railways and power to be priority sectors.
- Roads, railways and power sector assets will comprise over 66% of the total estimated value of the assets to be monetised, with the remaining upcoming sectors including:
  - telecom
  - mining
  - aviation
  - ports
  - natural gas and petroleum product pipelines
  - warehouses
  - stadiums

Estimated fund allocation

- NMP is indicatively valued at Rs 6.0 lakhcrore for 4 years for FY 2022-2025.

10 PM Gati Shakti Master Plan

Context: On India's 75th Independence Day, 'PM Gati Shakti Master Plan', was launched, with a

Rs. 100 lakh-crore project for developing 'holistic infrastructure'.

What is the Gati Shakti Master Plan?

- PM Gati Shakti Plan is a national infrastructure master plan.
- Aim: To make a foundation for holistic infrastructure and give an integrated pathway to the economy.

Focus area of the project:

- **Employment opportunity:** To act as a source of employment opportunities for the youth in future.
- **Leveling up local manufacturers:** To help raise the global profile of local manufacturers and help them compete with their counterparts worldwide.
- **Economic zones:** To raise possibilities of new future economic zones.
- **Infrastructure development:** Infrastructure development has the ability to create a multiplier effect with every rupee invested, yielding much higher returns.

Infrastructure sector

- Infrastructure is a major sector that propels overall development of the Indian economy.
- As per Indian Infrastructure Sector in India Industry Report, India plans to spend US$ 1.4 trillion on infrastructure between 2019 to 2023, which is predicted to boost the expansive growth of the sector.

11 Inauguration of country's First Private LNG Facility plant at Nagpur

Context: The Government inaugurated the **country's first Liquefied Natural Gas (LNG)** facility plant at Nagpur.

About the new terminal

- The LNG facility plant aims to reduce the dependence on import of petrol diesel and petroleum products which is a big challenge.
- Furthermore, it will encourage development of imports substitute cost effective pollution free and indigenous ethanol, bio CNG, LNG and hydrogen fuels.

What is Natural Gas?

- Natural gas is the lightest hydrocarbon, with **one carbon atom** for **4 hydrogen atoms (CH_4).**
- Its combustion does not emit soot, dust or fumes.
- It generates 30% less carbon dioxide (CO_2) than fuel oil and 45% less than coal, with a twofold reduction in **nitrogen oxide (N0x) emissions** and very low **sulphur dioxide (SO_2) emissions.**

Key-facts about LNG

- Liquefied natural gas (LNG) is **natural gas** that has been **cooled to a liquid state**, at about -260° Fahrenheit, for shipping and storage.
- The volume of natural gas in its **liquid state** is about 600 times smaller than its volume in its gaseous state.

- This **liquefaction process** (developed in the 19th century), makes it possible to transport natural gas to places natural gas pipelines do not reach and to use natural gas as a transportation fuel.

Clean Energy status in India

- Indian renewable energy sector is the fourth most attractive renewable energy market in the world1. India was ranked fifth in wind power, fifth in solar power and fourth in renewable power installed capacity, as of 2019.
- The government is aiming to achieve 227 GW of renewable energy capacity (including 114 GW of solar capacity addition and 67 GW of wind power capacity) by 2022, more than its 175 GW target as per the Paris Agreement. The government plans to establish renewable energy capacity of 523 GW (including 73 GW from Hydro) by 2030.

12 Green Hydrogen Mobility Project in India

Context: NTPC, Maharatna PSU under Ministry of Power has signed an MoU with UT of Ladakh and LAHDC to setup the country's first Green Hydrogen Mobility project.

About the MoU of the Green Hydrogen Mobility Project

- It is a step to ensure a carbon-free economy based on renewable sources and green hydrogen.
- Leh is soon to become India's first city to implement a green hydrogen-based mobility project with zero-emission.
- MoU will enable NTPC to help Ladakh develop a carbon-free economy based on renewable sources and green hydrogen.
- The signing of the MoU was also marked with the inauguration of NTPC's first solar installations in Leh in form of solar trees and a solar carport.
- NTPC has planned to ply 5 hydrogen buses, to start with, in the region and the company will be setting up a solar plant and a green hydrogen generation unit in Leh towards this end.
- This would be zero-emission mobility in the true sense.

Green Hydrogen

- '**Green hydrogen**' is pure **hydrogen** produced using renewable energy sources such as wind or solar power.
- There are no natural hydrogen deposits on earth, it has to be extracted from other compounds by a chemical process.
- If renewable energy (e.g. from Solar panels) is used to generate electricity for the electrolysis of water then the green hydrogen can be generated without any harmful emissions.

NTPC role in green hydrogen project

- NTPC has been aggressively pushing for greening its portfolio and the green hydrogen project is another step towards achieving a low carbon footprint.
- NTPC has also been promoting the usage of green hydrogen-based solutions in sectors like mobility, energy, chemical, fertilizer, steel, etc.
- NTPC has recently revised its target of achieving 60GW renewables capacity by 2032, almost doubling the earlier target.

- NTPC has commissioned India's largest floating solar project of 10MW at Vishakhapatnam.
- NTPC Ltd, India's largest energy integrated company aims to build 60 GW Renewable Energy Capacity by 2032.
- Currently, the state-owned power major has an installed capacity of 66 GW across 70 power projects with an additional 18 GW under construction.

13 Sardar Sarovar Dam

Context: Sardar Sarovar Dam released about 1.3 Million Acre Feet (MAF) water for irrigation between April 1 and May 31 in its command area of 21.29 lakh hectares.

- It is called the 'lifeline of Gujarat'. Usually it does not release water during summer for irrigation.

Important details on Sardar Sarovar Dam

- It is a terminal dam built on Narmada at **Kevadia** in Gujarat's Narmada district.
- **States:** Maharashtra, Madhya Pradesh, Gujarat and Rajasthan.
- A vision of Sardar Vallabhbhai Patel, the foundation stone of the project was laid out by Pandit Jawaharlal Nehru on April 5, 1961.
- A **Narmada Water Dispute Tribunal (NWDT)** was created in 1969 to decide the fate of the project which gave its verdict in 1979.
- Accordingly, the 35 billion cubic metres of water available for consumption from the dam, Madhya Pradesh would receive 65 percent, Gujarat 32 percent and Rajasthan and Maharashtra would be eligible for the remaining 3 percent.
- The Planning Commission finally approved the project in 1988.

Narmada

- The Narmada, the largest west flowing river of the Peninsula, rises near Amarkantak range of mountains in Madhya Pradesh.
- It is the fifth largest river in the country and the largest one in Gujarat.
- It traverses Madhya Pradesh, Maharashtra and Gujarat and meets the Gulf of Cambay.
- The total length of the river from source to sea is 1312 kilometers while the length up to dam site is 1163 kilometers.

Narmada Basin

- The total basin area of the river is 97,410 square kilometer comprising-
  - 85,858 square kilometer in Madhya Pradesh
  - 1658 square kilometer in Maharashtra
  - 9894 square kilometer in Gujarat
- The drainage area up to dam site is 88,000 square kilometer.
- The mean annual rainfall in the basin is 112 centimeters.

14 India to set up development finance institution to fund infra projects

Context: India's cabinet approved the establishment of a development financial institution (DFI) with a fund worth 200 billion rupees ($2.8 billion) to boost investment in infrastructure projects.

About the Development Finance Institution (DFI)

- The Development Finance Institution (DFI) are **organizations that are either owned by the government or by charitable institutions to finance infrastructure projects that are of national importance but may or may not meet commercial return standards.**
- **Types of Finances by DFIs:**
  - **Medium**(1-5 years)
  - **Long term**(>5 years)
- **DFIs Categories:**
  - **National Development Banks** such as IDBI, SIDBI, ICICI, IFCI, IRBI, and IDFC.
  - **Sector-specific financial institutions** such as TFCI, EXIM Bank, NABARD, HDFC, and NHB.
  - **Investment Institutions**such as LIC, GIC, and UTI.
  - **State-level institutions** such as State Finance Corporations and SIDCs.

Significance of the initiative

- **Fundraising:** The DFI would seek to raise funds from the global pension and insurance sectors.
- **Long-term financing:** It will help in raising funds for the length which is a must for the infrastructure sector.
- **Tax benefits:** It will help for investment in new projects with certain tax benefits.
- **Boost GDP:** It will help to cut logistics costs of GDP.
- **Saving of companies cost**: It will help hundreds of companies save on transport costs and boost sales once demand picks up.

15 Hydrogen: The next clean energy frontier

Context: Researchers from the Indian Institute of Technology, Delhi have come up with a way to generate **clean fuel hydrogen** from water at a low-cost, which is a significant step towards efforts across the globe that are being made to look for cleaner and greener energy sources.

> A fuel cell works much like an electric battery, converting chemical energy into electrical energy.

What is hydrogen?

- Hydrogen is a clean alternative to methane, also known as natural gas.

- It's the most abundant chemical element, estimated to contribute 75% of the mass of the universe.

Key-highlights of the research

- The researchers have successfully split water by a process known as **Sulphur-Iodine (SI) thermochemical hydrogen cycle** to generate low-cost, clean hydrogen fuel for industrial consumption.
- The thermo-chemical hydrogen cycle for splitting water offers a practical means of generating hydrogen as a fuel and also oxygen as a byproduct.
- Hence, it can be considered favourably for the commercial production of hydrogen on a large scale, in the near future.

Sulphur-Iodine (SI) thermochemical hydrogen cycle

- The S–I cycle is a pure thermochemical water splitting process consisting of three steps. The three steps are as follows:

$I_2 + SO_2 + 2\ H_2O$ heat→ $2\ HI + H_2SO_4$ (120 °C)

The HI is then separated by distillation or liquid/liquid gravitic separation.

$2H_2SO_4$ heat→ $2\ SO_2 + 2\ H_2O + O_2$ (830 °C (1,530 °F))

The water, SO2 and residual H2SO4 must be separated from the oxygen byproduct by condensation.

$2HI \rightarrow I_2 + H_2$ (450 °C)

Iodine and any accompanying water or SO2 are separated by condensation, and the hydrogen product remains as a gas.

Net reaction: 2 H2O → 2 H2 + O2

16 BRO constructs the highest motorable road in the world in Eastern Ladakh

Context: The Border Roads Organisation (BRO) has constructed the **highest motorable road in the world** at the height of 19,300 ft at **Umlingla Pass** in **Eastern Ladakh**. It created a record in high-altitude road construction.

Key Highlights about the road

- The road is blacktopped with **bituminous material** at an altitude of 19,300 ft at **Umlingla Pass.**
- It is a 52-km long tarmac road through Umlingla Pass.
- **Aim:** To enhance the socio-economic condition and to promote tourism in Ladakh.
- The road connects the important towns in the Chumar sector of Eastern Ladakh.
- It will provide an alternate direct route to connect Chisumle and Demchok from Leh.

Famous passes in Ladakh

- Khardung La, Chang La, Taglang La, Fotu La, Lachulung La, Namika La, Zoji La and Baralacha La.

About Border Road Organization

- This is a road construction executive force in India.
- The BRO was formed in 1960 to secure India's borders and to develop infrastructure in remote areas of the north and northeast states.
- BRO develops and maintains road networks in India's border areas and friendly neighboring countries.
- In a bid to boost border connectivity, BRO was entirely brought under the Ministry of Defence in 2015.

Vision

BRO is committed to meet the strategic needs of the armed force. It plays a role in socio-economic development by its large-scale contribution toinfrastructure development.

Mission

- To support the armed forces
- To achieve international levels of quality excellence and time consciousness
- Optimize potential and expertise
- To attain leadership in the development, adoption, assimilation, and use of state-of-the-art technology.
- To help enrich the quality of life of the community and ensure all-around growth.

Role of the BRO

- **In Peace**
  - Develop & Maintain Operational Road Infrastructure of General Staff in the Border Areas.
  - Contribute to the Socio-Economic Development of Border States.
- **In War**
  - To Develop & Maintain Roads to Keep Line of Control
  - To Execute Additional Tasks as laid down by the Govtwhich contribute to the War Effort.

17 NATRAX- the High-Speed Track (HST) launched in India

Context: The Ministry of Heavy Industries and Public Enterprises inaugurated NATRAX- the High-Speed Track (HST) in Indore which is the longest such track in Asia.

About the NATRAX- the High-Speed Track (HST)

- It is an **11.3 km High-Speed Track** and developed in an area of 1000 acres of land.
- It is a one-stop solution for all sorts of high-speed performance tests for the widest categories of vehicles from 2 wheelers to heavy tractor-trailers, being the largest in the world.
- It is **Asia's longest and world's fifth-longest High-Speed Track for automobiles.**
- The NATRAX centre has multiple test capabilities like measurements of maximum speed, acceleration, constant speed fuel consumption, emission tests through real road driving simulation, high-speed handling and stability evaluation during manoeuvred such as lane change, high-speed durability testing, etc. and is a Centre of excellence for Vehicle Dynamics.
- HST is used for measuring the maximum speed capability of high-end cars like BMW, Mercedes, Audi, Ferrari, Lamborghini, Tesla, and so forth which cannot be measured on any of the Indian test tracks.
- The vehicle can achieve a max speed of 375 Kmph on curves with steering control and it has less banking on ovals making it also one of the safest test tracks globally.

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5 INDEX/REPORT/ OTHERS

01 World Employment and Social Outlook – Trends 2022 report

Context: Global unemployment is expected to remain above pre-Covid-19 levels until at least 2023 and is estimated at 207 million this year, almost 21 million more than in 2019, according to a report from the International Labour Organisation that gives assessments on how labour market recovery has unfolded worldwide.

About

Key-highlights of the Report

- The Geneva-based United Nations agency has downgraded its forecast for labour market recovery in 2022, projecting a deficit in hours worked globally equivalent to 52 million full-time jobs, relative to the fourth quarter of 2019.
- The previous full-year estimate in May 2021 projected a deficit of 26 million full-time equivalent jobs.
- While this latest projection is an improvement on the situation in 2021, it remains almost two per cent below the number of global hours worked pre-pandemic, according to the ILO World Employment and Social Outlook Trends 2022 report.
- The report warns of slow and uncertain recovery as the pandemic continues to have a significant impact on global labour markets.
- Global unemployment is expected to remain above pre-Covid-19 levels until at least 2023.
- The 2022 level is estimated at 207 million, compared to 186 million in 2019, the report said.
- It also cautions that the overall impact on employment is significantly greater than represented in these figures because many people have left the labour force.

Impact of low access to vaccines

- Many low and middle-income countries have low access to vaccines and limited scope to expand government budgets to address the crisis.
- Thus, these countries are struggling more than high-income ones to get back to pre-pandemic levels of employment and job quality.
- Key labour market indicators in all regions — Africa, the Americas, the Arab States, Asia and the Pacific, and Europe and Central Asia — have yet to return to pre-pandemic levels.
- All regions face severe downside risks to their labour market recovery that stem from the ongoing impact of the pandemic. The outlook is the most negative for Latin America and the Caribbean and

for southeast Asia.

Reason behind the downgrade

- The downgrade in the 2022 forecast reflects, to some extent, the impact that recent variants of Covid-19, such as Delta and Omicron, are having on the world of work, as well as significant uncertainty regarding the future course of the pandemic.

Who has been hit hard?

- Some sectors, such as travel and tourism have been particularly hard hit, while other sectors such as those related to information technology have thrived.
- Women have been worse hit by the labour market crisis than men and this is likely to continue. The closing of education and training institutions will have long-term implications for young people, particularly those without internet access.
- Many temporary workers lost their jobs at the start of the crisis. However, many new temporary jobs have also been created since.

02 Global Energy Transition Index

India has been ranked at the 87th position among 115 countries in the **Energy Transition Index (ETI)** that tracks nations on the current performance of their energy systems across various aspects.

About the Index

- The **Energy Transition Index (ETI)** is a fact-based ranking intended to enable policy-makers and businesses to plot the course for a successful energy transition.
- The report is released by the **World Economic Forum (WEF)** and prepared in collaboration with **Accenture** also draws on insights from **ETI.**
- The index benchmarks 115 countries on the current performance of their energy systems across three dimensions —
  - economic development and growth
  - environmental sustainability
  - energy security
- It access indicators — and their readiness to transition to secure, sustainable, affordable, and inclusive energy systems.

03 Global Multidimensional Poverty Index

Context: According to **Global Multidimensional Poverty Index 2021**, India's rank is 66 out of 109 countries.

What is Global Multidimensional Poverty Index 2021?

- **Earlier published by:** Earlier, the Global Multidimensional Poverty Index 2021 was released by the United Nations Development Program (UNDP) and the Oxford Poverty & Human Development Initiative (OPHI).
- **Aim:** MPI aims to measure poverty in all its many aspects and actually complements existing poverty statistics based on individual spending expenditures.
- **Global MPI:** According to the Global MPI 2021, the Indian standard is 66 out of 109 countries.

National MPI aims to eliminate the global MPI and create a global-oriented MPI for India to design broad-based Transformation Programs with the ultimate goal of improving India's position at Global MPI levels.

- **Dimension:** It has three equal dimensions - health, education and standard of living.

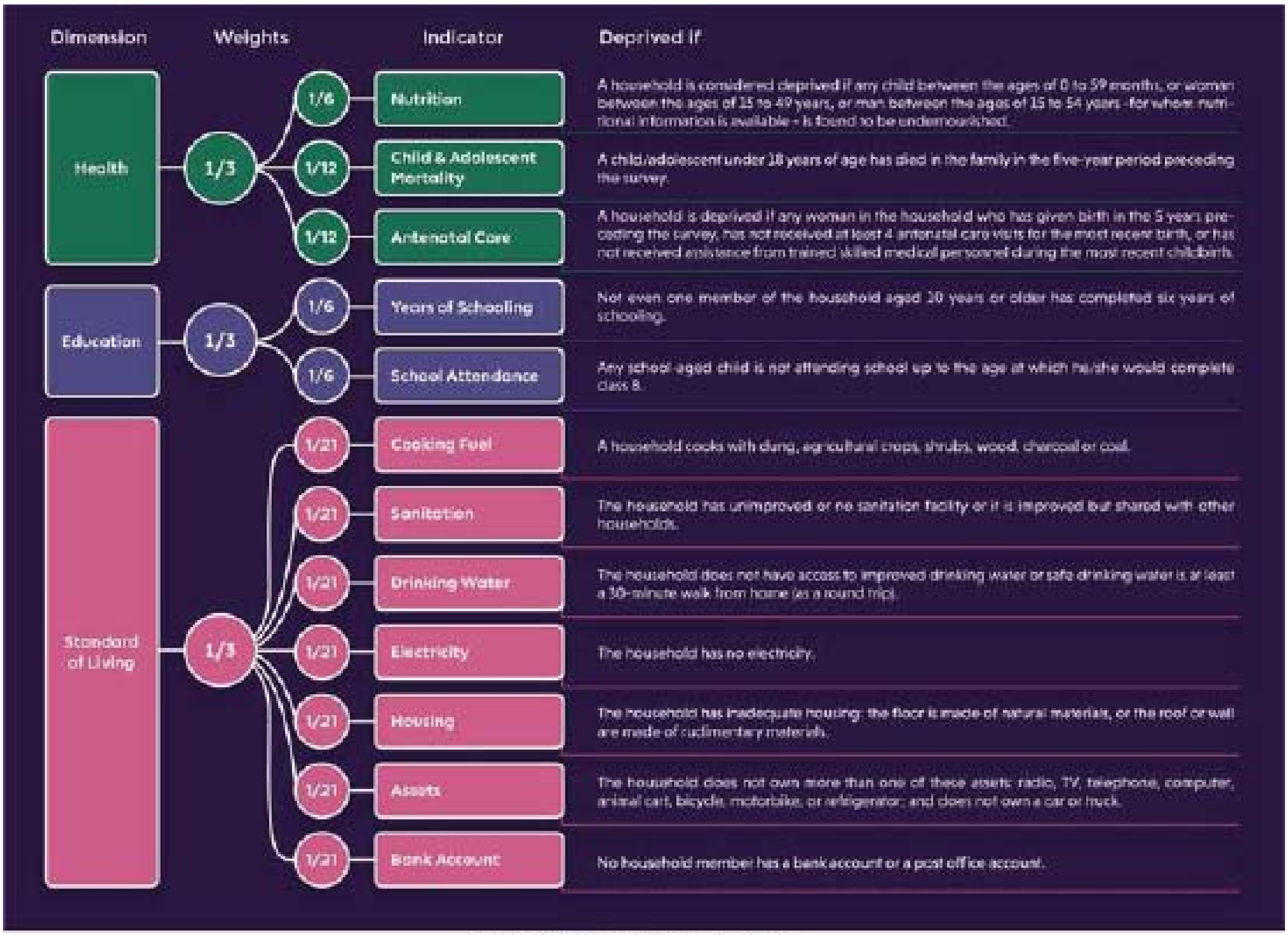

FIGURE 1: INDICATORS IN INDIA'S NATIONAL MPI

- **Categories:** These three categories are represented by 12 indicators such as food, schooling, schooling years, drinking water, sanitation, housing, bank accounts among others.
- **Approach:** The national MPI scale uses an internationally accepted and dynamic approach developed by the Oxford Poverty and Human Development Initiative (OPHI) and UNDP.
- **Base year:** This basic report of the national MPI rating is based on the 2015-16 National Family Health Survey (NFHS-4).
- **Why NFHS-4:** NFHS-4 data was used to identify the concept of various basic poverty to determine the situation before the full introduction of centralized government programs.
- **Indicators:** NFHS-4 preceded the full implementation of programs (of central government) affecting housing, drinking water, sanitation, electricity, cooking oil, investment, and other major efforts to improve schooling, nutrition, maternal and child health, etc.
- **Suggestion:** However, it should be noted here that NFHS-5 data suggests improvements in access to clean cooking fuel, sanitation, and electricity which means a reduction in demand.

Key-Findings of the Index:

- **Poverty Levels:**
  - Bihar has the highest number of people in the country followed by Jharkhand and Uttar Pradesh

who are poor in terms of rank.

- Kerala has registered the poorest poverty rates, followed by Pondicherry, Lakshadweep, Goa and Sikkim.
- **Malnourished People:** Bihar also has the highest number of malnourished people, followed by Jharkhand, Madhya Pradesh, Uttar Pradesh, and Chhattisgarh.

India's performance

- Under the Cabinet Secretary's **Global Indices for Reforms and Growth (GIRG)** initiative, the country's performance is being monitored across 29 global indices including
  - Human Development Index (HDI)
  - Global Hunger Index (GHI)
  - Global Competitiveness Index (GCI)
  - Human Capital Index (HCI)
  - Global Innovation Index (GII), among others
- This exercise is aimed at leveraging the monitoring mechanism of important social, economic, and other internationally recognised indices, enabling the utilisation of these indices as tools for bringing about reforms to improve outcomes and correspondingly reflect them in India's performance in these indices globally.
- **NITI Aayog** is the nodal Ministry for the Multidimensional Poverty Index (MPI). According to Global MPI 2021, India's rank is 66 out of 109 countries.

04 Logistics Ease Across Different States (LEADS) index 2021

Context: Recently, t**he Ministry of Commerce and Industry r**eleased the **Logistics Ease Across Different States (LEADS)** Report (Index) 2021.

About LEADS Report

- The **LEADS report** is aimed at gauging the **logistics performance of states and Union Territories (UT)** and identifying areas where they can improve logistics performance.
- It was launched in the year 2018.
- States are ranked based on the quality and strength of key infrastructures such as roads, railways, and warehouses and the convenience of goods including the security of goods, speed of terminal services, and law enforcement.
- The report is structured in conjunction with the three dimensions which collectively influence logistics ease--**Infrastructure, Services, and Operating and Regulatory Environment** which are further divided into 17 parameters.

Why does India need that?

- India's transportation costs are estimated at 13-14 percent of GDP, compared to 7-8 percent in developed countries.
- The government aims to reduce logistics costs by 5 percent over the next five years.
- The average cost of transportation in India is currently about 14%, which is very high compared to 8-10% globally.
- **Efficient logistics** was pivotal to bringing **ease and empowerment to businesses** as well as citizens.
- Logistics contributed immensely to our fight against **Covid-19** by taking essential supplies

including **liquid Medical Oxygen throughout the country during the 2nd wave.**

States / UTs Ranking

- **Gujarat, Haryana, and Punjab** emerged as the top performers in the LEADS 2021 index respectively.
  - For the third year in a row, Gujarat remains top in rank.
- **Delhi** is at the top of the list among other UTs.
- In the **North-East states and the Himalayan Region, Jammu and Kashmir** are the highest positions followed by Sikkim and Meghalaya.

Related Initiatives

- PM Gati Shakti Master Plan
- Sagarmala Project
- Dedicated Freight Corridor (DFC)
- Bharatmala Pariyojana
- E-Way Bill Integration with FASTag, RFID

05 World Sustainable Development Summit 2022

Context: Recently, Prime Minister Narendra Modi delivered the inaugural address at **The Energy and Resources Institute's (TERI) World Sustainable Development Summit through video conferencing.**

About World Sustainable Development Summit (WSDS):

- The World Sustainable Development Summit (WSDS) is the annual **flagship initiative of The Energy and Resources Institute (TERI).**
- It was instituted in
- Over the years, the Summit platform has brought together thought leaders, heads of state and government, scholars, corporates, youth groups, and civil society representatives from across the world.
- The Summit series has established itself as a responsible and an **effective platform for mobilizing opinion-makers** to identify and advance pioneering actions to address some of the most relevant issues concerning sustainable development.
- The **Twenty First Edition (2022**) held in a virtual format.
- The Summit deliberations will be focus on the umbrella **theme: "Towards a Resilient Planet: Ensuring a Sustainable and Equitable Future".**

Sustainable Development:

- "Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs".
- This most widely accepted definition of Sustainable Development was given by the **Brundtland Commission** in its report 'Our Common Future' (1987).

Theme

- The World Sustainable Development Summit 2022 Theme is **'Towards a Resilient Planet: Ensuring a Sustainable and Equitable Future'.**
- The theme of the 2021 Summit was **'Redefining our common future: Safe and secure environment for all'.**

About TERI:

- TERI is a non-profit research institute, established in 1974.
- It conducts research work in the fields of energy, environment and sustainable development for India and the Global South.
- TERI's work across sectors is focused on:
- Promoting efficient use of resources
- Increasing access and uptake of sustainable inputs and practices
- Reducing negative impact on environment and climate
- Headquartered in New Delhi, TERI has regional centres and campuses in Gurugram, Bengaluru, Guwahati, Mumbai, Panaji, and Nainital.

Highlights of PM Speech:

Energy:

- **Energy needs:** India's energy needs are expected to double in the next 20 years and denying people this energy would be the equivalent of denying life to millions.
- India's **non-fossil energy capacity** will reach 500GW by 2030, meeting 50% of the country's energy requirements by then.
- **Equitable energy access** to the poor has been a cornerstone of India's environmental policy.
- Through **Ujjwala Yojana**, more than 90 million households have been provided access to clean cooking fuel.
- India's **LED bulb distribution scheme**, that has been running for over seven years, and has helped save more than 220 billion units of electricity, and reduced 180 billion tonnes of carbon dioxide emissions per year.
- **Financing:** Successful climate action also needs adequate financing. For this developed countries need to fulfil their commitments on finance and technology transfer.
- **Conservation:**
- India is a **mega-diverse country**. With 2.4% of the world's land area, it accounts for nearly 8% of the world's species.
- The Aravali Biodiversity Park in Gurugram was recognised an "**other effective area-based conservation measures (OECM) site**" for effective conservation of biodiversity by IUCN.

Combating climate crisis:

- India will **reduce its total projected carbon emissions by one billion tonnes by 2030**, reduce the carbon intensity of its economy by 45% by 2030, over 2005 levels, and achieve **net-zero emissions by 2070**.
- India has initiated the **Coalition for Disaster Resilient Infrastructure (CDRI)** which aims to build strong infrastructure in areas prone to frequent natural disasters.
- On the sidelines of CoP26, India also launched an initiative called "**Infrastructure for Resilient Island States**" for vulnerable island nations.
- **Launched LIFE - LIfestyle For Environment Initiative:**
- LIFE is about making lifestyle choices to improve our planet. LIFE will be a coalition of like-minded people across the world who will promote sustainable lifestyles.
- They will be called 3Ps - Pro Planet People. This global movement is the Coalition for LIFE.

06 Global Competitiveness Index 4.0

Context: India maintained 43rd rank on an annual World Competitiveness Index compiled by the Institute for Management Development (IMD) that examined the impact of COVID-19 on economies around the world this year.

Key-highlights of the Index

- The 64-nation list was led by **Switzerland**, while **Sweden** has moved up to the second position (from sixth last year), **Denmark** has lost one place to rank third, the **Netherlands** has retained its fourth place and Singapore has slipped to the **fifth place (from first in 2020).**
- At eighth, **Taiwan** reached the top-10 for the first time since the ranking began **33 years ago (moving up from 11th last year).**
- The **UAE** and the **USA** remain in their same spots as **last year (9th and 10th, respectively).**
- The top-performing Asian economies are, in order, **Singapore (fifth), Hong Kong (seventh), Taiwan (eighth) and China (16th).**

07 Quality of Life for Elderly Index

Context: Recently, the Economic Advisory Council to the Prime Minister (EAC-PM) released the Quality of Life for Elderly Index.

About the Quality of Life for Elderly Index

- The Index was created by the Institute for Competitiveness at the request of EAC-PM. Index sheds light on issues which often not mentioned- problems faced by the elderly.
- The Index framework has four pillars:
- Financial Well-being
- Social Well-being
- Health System
- Income Security
- Index also includes sub-pillars namely: Economic Empowerment, Educational Attainment & Employment, Social Status, Physical Security, Basic Health, Psychological Wellbeing, Social Security and Enabling Environment.
- This index broadens the way to understand the needs and opportunities of elderly population in

India.

- It goes far beyond the income support that often narrows policy thinking and debate about the needs of this age group.
- The index highlights to investing in health, education and employment for young people today.

Key Highlights from the Report:

- The share of elders, as a percentage of the total population in the country, is expected to increase from around 7.5% in 2001 to almost 12.5% by 2026, and surpass 19.5% by 2050.
- **State-wise ranking**: Rajasthan and Himachal Pradesh are the top-scoring regions in Aged and Relatively Aged States, respectively. The Aged States refer to States with an elderly population of more than 5 million, whereas Relatively Aged States refer to States with an Elderly population of less than 5 million.
- Chandigarh and Mizoram are the top-scoring regions in UTs and North-East States category.
- **Smart work with pillars:**The Health System pillar ranks the highest in the country, 66.97 in the whole of India, followed by 62.34 in Social Well-being.
- Financial well-being looks at 44.7 points, which is reduced by the low performance of 21 countries across the Education Attainment & Employment pillar, reflecting the scope of improvement.
- Countries have done very poorly in the Income Security column because more than half of countries have points below the national average in Income Security, which is the lowest base of all pillars.

Global Ways:

- **Ten Years of Healthy Aging (2020-2030):** Ten years of healthy aging have been approved by the 73rd World Health Assembly (2020 World Health Organization) decision-making body.
- **The 2030 Agenda for Sustainable Development** wants no one left behind and ensure that the goals of the Sustainable Development Goals (SDGs) are met at all levels of society, at all ages, with a particular focus on the most vulnerable - including the elderly.

08 NITI Aayog Releases SDG India Index and Dashboard 2020–21

Context: The third edition of the SDG India Index and Dashboard 2020–21 has been released by NITI Aayog.

What is SDG India Index?

- The SDG India Index & Dashboard measures the progress at the national and sub-national levels in our journey towards meeting the Global Goals and targets.
- **Design and developed by:** Designed and developed by NITI Aayog, in collaboration with the United Nations in India. It has also been successful as an advocacy tool to propagate the messages of sustainability, resilience, and partnerships.
- **Launched in:** 2018
- **Coverage:** From covering 13 Goals, 39 targets, and 62 indicators in its first edition in 2018, this third edition of the Index covers all 17 Goals, 70 targets, and 115 indicators.

Methodology

- States and Union Territories are classified as below based on their SDG India Index score:
  - **Aspirant:** 0–49
  - **Performer:** 50–64
  - **Front-Runner:** 65–99
  - **Achiever:** 100

Overall Results and Findings

- The country's overall SDG score improved by 6 points—from 60 in 2019 to 66 in 2020–21.
- This positive stride towards achieving the targets is largely driven by exemplary country-wide performance in Goal 6 (Clean Water and Sanitation) and Goal 7 (Affordable and Clean Energy), where the composite Goal scores are 83 and 92, respectively.
- Mizoram, Haryana, and Uttarakhand are the top gainers in 2020–21in terms of improvement in score from 2019, with an increase of 12, 10 and 8 points, respectively.

09 India ranked 40th on International Intellectual Property Index

India is ranked 40 among 53 economies through the latest annual edition of the International Intellectual Property (IP) Index.

Context: India is ranked 40 among 53 economies through the latest annual edition of the International Intellectual Property (IP) Index.

About

- **What is the IIP Index?**
  - It is released annually by the US Chamber of Commerce Global Innovation Policy Centre (GIPC).
  - The Index aims to evaluate Intellectual Property rights in 53 global economies through-
    - patent and copyright policies
    - commercialization of IP assets
    - ratification of international treaties

International Intellectual Property Index 2020

- India is ranked 40th in 2021, by scoring 38.4 out of 100. India has shown real improvement over the past few years.
- **Top Countries:** The United States, Japan, and Europe are at the top of the intellectual property rankings.
- **Improvement:** The overall global IP environment has been improved in 2020, with the positive score increasing in 32 of the 53 economies measured by the IP Index.

10 Food waste Index Report

Context: According to the Food Waste Index Report 2021, 17% of all food available at consumer levels was wasted in 2019.

About

- **The Report**
  - The report is released by **United Nation Environment Programme (UNEP)** and partner organisation WRAP.
  - The index was prepared by using data from 54 countries and then extrapolated to the remaining countries.
  - United Nations Environment Programme (UNEP) revealed that food waste was a global problem and not that of just the developed world.

Key-highlights of the Report

- Around 931 million tonnes of food waste was generated in 2019, sixty-one per cent of which came from households, 26 per cent from food service and 13 per cent from retail.
- 17 per cent of total global food production may be wasted.
- On an average, 74 kilograms of food was wasted per capita at the household level.
- Some countries like Austria and South Africa produce very low amounts of waste at 39 kg per capita per year and 40 kg per capita per year respectively.
- Nigeria and Rwanda are producing waste at 189 kg per capita per year and 164 kg per capita per year respectively.

India's Ranking-

- In India, the household food waste estimate is 50 kg per capita per year, or 68,760,163 tonnes a year.
- The household food waste estimate in the US is 59 kg per capita per year, or 19,359,951 tonnes a year, while for China these estimates are 64 kg per capita per year or 91,646,213 tonnes a year.

11 Global Unicorn Index 2021 released

Context

- **Recently, the Hurun Research Institute** released the **Global Unicorn Index 2021**, a ranking of the **world's start-ups founded in the 2000s**, worth at least a billion dollars and not yet listed on a public exchange.
- **Hurun Research** has been tracking unicorns in China since 2017 and the world since 2019.

Key-findings of the Index

> A unicorn is a term used in the **venture capital industry** to describe a **startup company with a value of over $1 billion.**

- **Hurun Research** founded **1,058 unicorns in the world,** based in **42 countries and 221 cities.**
- There were **673 'new faces'** and **201 drop-offs.** Of the **drop-offs, 28% or 162 were 'promoted'** out of the unicorn list, after going public or being acquired, whilst 7% or 39 were 'demoted', after their valuations dropped below US$1bn.
- Of last year's list, 175 unicorns saw their valuations rise, whilst 13 saw their valuations drop.

- Mexico, Netherland, Bahamas, Belgium, Chile, the Czech Republic, Denmark, Norway, Senegal, Thailand, Turkey, the United Arab Emirates, and Vietnam are among the **thirteen countries that have produced unicorns for the first time**.

India and Unicorns

- **India** has a total of **54 Unicorns.** It is ranked **third** in the world, after the **United States and China.**
- India has added **33 Unicorns in a single year**. This has helped **India overtake the UK in the number of Unicorns.**
- However, the US and China are way ahead of India in the number of Unicorns.
  - The **US has added 254 unicorns and now totals 487 companies**, while **China added 74 to take its tally to 301 Unicorns.** These top-two occupants are home to **74% of the unicorn universe.**
  - **ByteDance is the most valuable company in the world,** valued at **$350 billion**, followed by **Ant Group at $150 billion, SpaceX at $100 billion.**
  - In the US, **SaaS and Fintech** made up a third of their unicorns, whilst in China, **E-commerce, HealthTech and AI** made up a third.

12 Wage Rate Index (WRI) revised

Context: **Ministry of Labour** released a new series of **Wage Rate Index (WRI)** with base year 2016, being compiled and maintained by the **Labour Bureau**, an attached office of the ministry.

What is Wage Rate Index (WRI)?

- WRI is **compiled and maintained by the Labour Bureau,** an attached office of the Ministry of Labour & Employment (MoL&E).

The new series of WRI

- The new series of WRI with base 2016=100 will replace the old series with base 1963-65.
- **Compilation:** The new WRI series would be compiled twice a year on point-to-point half-yearly basis, as on January 1 and July 1 of every year.
- **Coverage:** Total 37 industries have been covered in the new WRI basket as against 21 industries in the 1963-65 series.
- The selected 37 industries in the new series are categorized as
  - 30 industries from the manufacturing sector
  - 4 industries from the mining sector
  - 3 industries from the plantation sector
- The earlier series had 14 industries from the manufacturing sector, 4 from the mining sector and 3 from the plantation sector.
- In the new WRI basket, the current wage data has been collected from 2,881 units under 37 selected industries as against 1,256 units under 21 industries in the old series.

How is it done?

- The government **periodically revises the base year** for major economic indicators to reflect the changes in the economy and to capture the wage pattern of workers.
- Thus, as per the recommendations of **International Labour Organization, National Statistical Commission** etc, the base year of WRI numbers has been revised from 1963-65 to 2016 by the

Labour Bureau to enhance the coverage and to make index more representative.

13 SACRED Portal for senior citizens

Context: Recently, the Government has come up with an online employment exchange platform to cater to senior citizens seeking job opportunities.

Key highlights

- The portal**, Senior Able Citizens for Re-Employment in Dignity (SACRED),** aims to ensure Senior Citizens live healthy, happy, empowered, dignified and self-reliant life.
- **Developed by:** Ministry of Social Justice and Empowerment.
- **Eligibility:** Citizens above 60 years of age can register on the portal and find jobs and work opportunities.
- It will serve not only the senior citizens seeking employment, but also the senior citizens gaining skills, the employers, the Self Help Groups (SHGs), and other agencies or individuals.
- The portal is developed on the recommendations of the Empowered Expert Committee (EEC) report on startups for the elderly.

Who is a Senior Citizen?

- An individual resident between the age group of 60 to 80 years, as on the last day of the previous financial year.
- **A Very Senior Citizen:** An individual resident who is above 80 years, as on the last day of the previous financial year.

14 Udyam Portal

Context: Zero-cost Micro, Small & Medium Enterprises (MSME) registration Udyam portal Registration has crossed 50 lakh registrations in nearly 15 months.

About Udyam portal

- Udyam Portal was launched on 1 July 2020.
- It is a user-friendly portal.
- This is the only one portal of Government of India and Government's Single Window System.
  - Apart from that, there is no other private online or offline system, service, agency or person that is authorized or entitled to do MSME Registration or undertake any of the activity related with the process.
- It is an official portal to register a new MSME or to re-register already registered EM-II (Entrepreneurs PART- II) or UAM Udyog Aadhaar Memorandum (UAM)

What is Micro, Small & Medium Enterprises (MSME)?

- **Micro**: In micro enterprise, the investment (in plant and machinery or equipment) value does not exceed **1 crore rupees** and turnover does not exceed five crore rupees.
- **Small:** A small enterprise is that where the investment (in plant and machinery or equipment) value does not exceed **10 crore rupees** and turnover does not exceed fifty crore rupees.

- **Medium:** A medium enterprise, where the investment (in plant and machinery or equipment) does not exceed **50 crore rupees** and turnover does not exceed two hundred and fifty crore rupees.

15 Global Innovation Index by WIPO

Context: India has improved its ranking in the latest Global Innovation Index (GII), moving up two positions to 46.

Key-highlights of the Findings

- **Overall**
  - Switzerland topped the league table, followed by Sweden, the US and the UK.
  - Among Asian economies, South Korea jumped to the fifth position, up from 10 last year.
  - China was in the 12th position.
- **India**
  - The country's rank has been consistently rising in the last few years. From 81 in 2015, it has moved to 46 in 2021.

TOP THREE INNOVATION ECONOMIES BY INCOME GROUP

Incomes	Countries (top three)
High income	Switzerland, Sweden, USA
Upper middle income	China, Bulgaria, Malaysia
Lower middle income	Vietnam, India, Ukraine
Low income	Rwanda, Tajikistan, Malawi

Source: Global Innovation Index 2021 by World Intellectual Property Organization

Factors responsible for India's growth

- immense knowledge capital
- vibrant start-up ecosystem
- work done by the public and the private research organizations

World Intellectual Property Organization (WIPO)

- The GII report is published by **World Intellectual Property Organization (WIPO).**
- It is an annual ranking of countries by their capacity for, and success in, innovation.
- The GII is the fulcrum for the governments – across the world – to assess the social and the economic changes in their respective countries.

16 'PM-DAKSH' Portal and 'PM-DAKSH' Mobile App launched

Context:

- 'PM-DAKSH' Portal and mobile application are launched to make all information related to skill development programs, which are provided under the Pradhan Mantri Dakshta Aur Kushalta

Sampann Hitgrahi (PM-DAKSH) Yojana, to be available at one place for Scheduled Castes, Backward Classes, and Safai Karamcharis.

- The portal and appare developed by the **Ministry of Social Justice and Empowerment, with the National e-Governance Division (NeGD).**

About PM-DAKSH Yojana

- The scheme was started under a National Action Plan for the marginalized persons of SC, OBC, EBC, DNT, Sanitation workers including transgenders, waste pickers, manual scavengers and other similar categories.
- This scheme is proposed to improve the all-round competency and adeptness of and10 lakh persons over the next four years.
- This scheme is being implemented by the Ministry of Social Justice and Empowerment from the year 2020-21.
- Under the scheme, the eligible target group are provided skill development training programmes on-
  - Up-skilling/Re-skilling
  - Short Term Training Programme
  - Long Term Training Programme
  - Entrepreneurship Development Program (EDP)

17 Government launches e-SHRAM portal

The government of India unveiled the **e-SHRAM portal** for better execution of various social security schemes for the unorganised sector workers.

Key facts about e-SHRAM

- The government will provide e-SHRAM cards to workers with the help of which they can register on the e-SHRAM portal.
- All the e-SHRAM cards will have a unique **Universal Account Number (UAN)** and the workers can avail various benefits of the social security schemes via this card anytime, anywhere.
- The **12-digit UAN number** in the e-SHRAM card is valid throughout the country.
- There are approximately 40 crore workers in the informal sector, including 2-3 crore migrant workers.
- e-SHRAM scheme covers almost all unorganised workers of the country, comprising construction workers, migrant workers, domestic workers, street vendors, truck drivers, fishermen, agricultural workers.
- All the unorganised workers registered under the scheme will be given accidental Insurance Coverage under **Pradhan Mantri Suraksha Bima Yojana (PMSBY)** for 365 days.
  - It will build a comprehensive database of the unorganised workforce.
  - It will also help in delivering social security schemes implemented by the Central and state governments.

18 SAKSHAM (Shramik Shakti Manch)

Context: Technology Information, Forecasting, and Assessment Council (TIFAC) announced **SAKSHAM (Shramik Shakti Manch),** a dynamic job portal.

What is SAKSHAM?

- It is a dynamic portal for jobs/ mapping the skills of Shramiks according to the requirements of MSMEs and other industries.
- The portal with the demand and supply data uses algorithms and Artificial Intelligence (AI) tools.

Key Features of SAKSHAM:

- **A dynamic job portal - an opportunity for Shramiks and MSMEs**
- **Facilitate the creation of 10 lakh blue-collar jobs**
- **Direct connect between Shramiks and MSMEs, no middleman in between**
- **Minimise migration of Shramiks – job opportunity in proximate MSMEs**

TIFAC

- It is an autonomous organization set up in **1988.**
- It works under the **Department of Science & Technology.**
- **Aim:** It aims to look ahead in the technology domain, assess the technology trajectories, and support innovation by networked actions in select areas of national importance.
- Rani Lakshmibai Award (Nari Shakti Puraskar 2015) was conferred upon TIFAC for its scheme KIRAN-IPR that is empowering women in R&D through training on Intellectual Property Rights (IPR).

19 National Statistics Day 2021

Context: June 29 has been designated as the National Statistics Day at national level in recognition of Mahalonobis' invaluable contribution in establishing the **National Statistical System.**

About National Statistics Day

- National Statistics Day is celebrated on June 29 on the birth anniversary of late Professor **Prasanta Chandra Mahalanobis.**
- PC Mahalanobis gave a statistical measure known as **Mahalanobis distance.**
  - The formula is used to find the distance between a point and a distribution, based on measurements in multiple dimensions.
  - It is widely used in the field of cluster analysis and classification.
- **The theme of 2021 National Statistics Day:** End Hunger, Achieve Food Security and Improved Nutrition and Promote Sustainable Agriculture is the theme of this year's National Statistics Day.
  - Sustainable Development Goal (SDG 2) corresponds with the theme.
- Goal 2 seeks "sustainable solutions to end hunger in all its forms by 2030 and to achieve food security."

Prasanta Chandra Mahalanobis

- Mahalanobis, was born on June 29, 1893, in Calcutta (now Kolkata), West Bengal.
- He is referred to as the ‘father of Indian statistics.
- He was also one of the members of the first Planning Commission of India.
- He founded the Indian Statistical Institute (ISI) and contributed to the design of large-scale sample surveys.

Importance of statistics

- Formulation of economic plans and policies.
- Presentation of facts in a precise and definitive form.
- Significant role in the health field and helps conduct social surveys.
- Essential part of Mathematics.

20 ‘Anamaya’, the tribal health collaboration launched

Context: In a positive development, the Government launched the **Tribal Health Collaborative ‘Anamaya’.**

About

- Anamaya aims at enhancing the health and nutrition eco-system of the tribal communities of India.
- It further aims to build a sustainable, high-performing health eco-system to address the key health challenges faced by the tribal population of India.
- **Nodal Ministry:**It is a multi-stakeholder initiative which is launched by the **Union Health Ministry** in collaboration with the **Union Minister of Tribal Affairs.**
- The other collaborative includes the Bill and **Melinda Gates Foundation (BMFG) and Piramal Foundation.**

Implementation:

- The **National Council on Tribal Health** along with the **Tribal Health Cell** will be set up to monitor healthcare needs in the tribal areas as well as implement the **Tribal Health Action Plan.**

Need of such initiative

- Despite the improvement over the years, the tribal population disproportionately shares the burden of poverty, death, and diseases compared to their non-tribal counterparts and faces a myriad of obstacles when accessing public health systems.
- These include the
- lack of health facilities in indigenous communities
- cultural differences with the health care providers
- human resource shortages
- poor treatment-seeking behavior
- difficult terrain
- infrequent transport

Other similar initiatives

- **Tribal Tuberculosis** Initiative was launched by both the Ministries to fulfill the goal of **'TB Mukt Bharat'** by 2025, five years ahead of the global deadline.

21 Dindigul lock and the Kandangi Saree

Both of these are GI tagged products from the state of Tamil Nadu.

Dindigul lock

- The locks are made of iron and brass and are entirely handmade. It is unique as each is designed with different lever pattern.
  - These lock manufacturing units are in and around Dindigul only.
- It is so famous that even the city is called Lock City. The abundance of iron in the region is the main reason for the growth of the lock-making industry.
- There are over 50 varieties of locks including mango lock, trick lock, door lock, and bell lock among others.
- The most interesting ones are the Kolaikaran Pootu (burglar lock) which is designed in a manner that a knife would come out if a wrong key is inserted.
- The lock is known throughout the world for its superior quality and durability.
- It is made from the highly quality cotton from Coimbatore. The main characteristic of the saree is its bright colours that hold strong.

Kandangi Saree

- The original Kandangi saree is manually made using a winding machine, loom, shuttle and bobbin. It is a team effort of the families from the town of Karaikudi taluk in Sivaganga district.
- The Kandangi sarees, which are usually around 5.10 meters – 5.60 meters in length, are characterised by the large contrast borders.

22 GI Tag to Assam's Judima Wine Rice

Context: Judima, a home-made rice wine of **Assam's Dimasa tribe** has become the first traditional brew in all of northeast to bag a **Geographical Indication (GI) tag.**

Key -points about Judima

- Judima is a rice wine made from sticky rice, which is steamed and mixed with traditional herbs called Thembra (Acacia pennata).
- The wine is a specialty of the **Dimasa tribe** of the state and has a distinct sweet taste.
- It takes around one week to prepare.
- It can be stored for years.
- It is a local traditional drink, the citizens wanted to brand it and ensure its preservation for the

future and that's why they formed a group and applied for the GI tag.

Other Recent GI Tagged Products from Assam

- Chokuwa Rice of Assam (2019)
- KajiNemu (a type of lemon) (2020)

23 GI certified Gholvad Sapota (chikoo) from Maharashtra to UK

Context: With the purpose of boosting exports of Geographical Indication (GI) certified products, a consignment of Dahanu Gholvad Sapota from Palghar district of Maharashtra was sent to United Kingdom.

About

About the GI Dahanu Gholvad Sapota

- GI certification of Ghovad Sapota is held by Maharashtra.
- It is a variety of locally known as Chiku.
- The fruit is known for its sweet and unique taste.
- The unique taste is derived from calcium rich soil.
- GI products with its uniqueness, intrinsic value and practically no competition from outsiders, offers good potential for export.
- APEDA has been thrust on promotion of exports of GI products.

What is about the Geographical Indication?

- A geographical indication is a sign that is used on products having a specific geographical origin and possess qualities or a reputation that are due to that origin.
- Geographical Indication is granted to agricultural, natural, manufactured, handicraft which originates from a definite geographical territory.
- India, as a member of the WTO, enacted the **Geographical Indications of Goods (Registration & Protection) Act, 1999** that came into force with effect from 15th September 2003.
  - Under the Paris Convention for the **Protection of Industrial Property, the geographical indications are covered as an element of IPRs.**
  - They are also covered under the **Trade Related Aspects of Intellectual Property Rights (TRIPS) Agreement.**
- Issuing Authority: The tag is issued by **the Controller General of Patents, Designs and Trade Marks (Geographical Indication Registry).**
  - The Geographical Indication Registry works under under the **Department of Industry Promotion and Internal Trade (DIPP), Ministry of Commerce and Industry.**
- **Time duration:** A GI is registered for an initial period of ten years, which may be renewed from time to time.
- Karnataka is leading in filing of Geographical Indications registered followed by Tamil Nadu and Kerala.
- **Darjeeling tea** became the **first GI tagged product in India**, in 2004–2005.

Some of the recent GI products of India (2021)	
Kodaikanal Malai Poondu	Tamil Nadu
Pawndum	Mizoram
Ngotekherh	Mizoram
Hmaram	Mizoram
Palani Panchamirtham	Tamil Nadu
Tawlhlohpuan	Mizoram
Mizo Puanchei	Mizoram
Gulbarga Tur Dal	Karnataka
Tirur Betel Leaf (Tirur Vettila)	Kerala
Khola Chilli	Goa
Idu Mishmi Textiles	Arunachal Pradesh
Dindigul Locks	Tamil Nadu
Kandangi Saree	Tamil Nadu
Srivilliputtur Palkova	Tamil Nadu
Kaji Nemu	Assam

•

24 GI tag sought for India's costliest mushroom

Context: A geographical indication (GI) tag has been sought for one of the costliest mushrooms in the world that grows in Jammu and Kashmir's Doda district.

About

- Also known as **Morel Mushrooms or Morchella Esculenta** scientifically, these mushrooms command a huge demand despite their high price tag. It is a forest produce collected by local farmers and tribals.
- Locally called Gucchi, the mushroom is priced at over Rs 20,000 a kg.
- **Family:** Gucchi mushroom is a species of fungus belonging to the **family Morchellaceae.**
- They are pale yellow in color with large ridges and pits on their cap. They are raised on a large white stem.
- **Region:** The mushroom grows in conifer forests across temperate regions, and the cool foothills of the **Himalayas,** in **Himachal, Uttaranchal** and **Jammu & Kashmir** are ideal territory for them.
- **Soil type:** The Gucchi mushrooms prefer soil with limestone base. They also grow in acid soils.
- **Cultivation:** The Guchhi mushrooms cannot be cultivated commercially for their nature of

germination.

- They germinate and grow in low temperature soil. They usually appear after fires.
- The fruiting of Gucchi mushrooms require alkaline conditions produced by wood ash mixed with water.

Last June, saffron from the State (**Kashmiri saffron**, also known as '**Zafran**' in Urdu,) had been granted a GI tag.

Properties

- The spongy, edible fungus is said to have medicinal and anti-inflammatory properties.
- The mushrooms are cherished for their **antioxidant and antimicrobial properties**. They are also considered a rich source of **protein, carbohydrates and Vitamin B.**

GI Tag

- India, as a member of the WTO, introduced the **Geographical Indications of Goods Registration & Protection Act, 1999**, with effect from September 15, 2003.
- A GI certification prevents misuse by a third party, whose products do not conform to the applicable standards.

Important facts

- India has about **370 GI-certified products** across various categories.
- **Geographical indications** are generally used for agricultural commodities and handicrafts and the government is working on ways to have more products GI tagged to appraise their value in exports.
- Recent data released by the commerce ministry states that India's exports rose 48.34% to US$ 32.5 billion from May 2020 to June 2021 because of healthy growth in shipments of petroleum products, gems & jewellery and chemicals.
- This was straight seven month recorded growth.
- Exports stood at US$ 22 billion in June 2020 and US$ 25 billion for June 2019.

41 India Energy Modelling Forum

- India Energy Modelling Forum (IEMF) was launched on **July 2, 2020.**
- It was established by the joint working group meeting of the **Sustainable Growth Pillar.**
- **Sustainable Growth Pillar** is an important pillar of India–US Strategic Energy Partnership co-chaired by **NITI Aayog and USAID**.
- The SG pillar entails energy data management, energy modelling and collaboration on low carbon technologies as three key activities.
- The forum would include knowledge partners, data agencies and concerned government ministries.
- NITI Aayog will initially coordinate the activities of the forum and finalizing its governing structure.

42 Indian Gas Exchange (IGX)

- The Indian Gas Exchange 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
  - Kakinadain Andhra Pradesh
- Imported Liquified Natural Gas (LNG) will be regassified and sold to buyers through the exchange, removing the requirement for buyers and sellers to find each other.
- Indian Energy Exchange, the country's largest electricity trading platform, is the parent of the gas exchange.

Quick facts on Natural gas

- Natural gas is the earth's cleanest burning hydrocarbon.
- **Residue**: It's combustion does not produce ash residues, sulphur oxides, and only negligible nitrogen.
- **Formation:** Natural gas forms organically over millions of years from decomposing plant and animal matter that is buried in sedimentary rock layers.
  - Once formed the gas tends to migrate through the pore spaces, fractures, and fissures in the sediment and rocks.
- **Component:** Methane, or CH4, is the primary component of natural gas.
- When it is found in nature, raw natural gas may also contain some mixture of butane, propane, and pentane gasses, as well as some nitrogen, carbon dioxide, and water vapour.
- India is the biggest emitter of greenhouse gases after the US and China.

What about domestically produced natural gas?

- The price of domestically produced natural gas is decided by the government.
- It will not be sold on the gas exchange.

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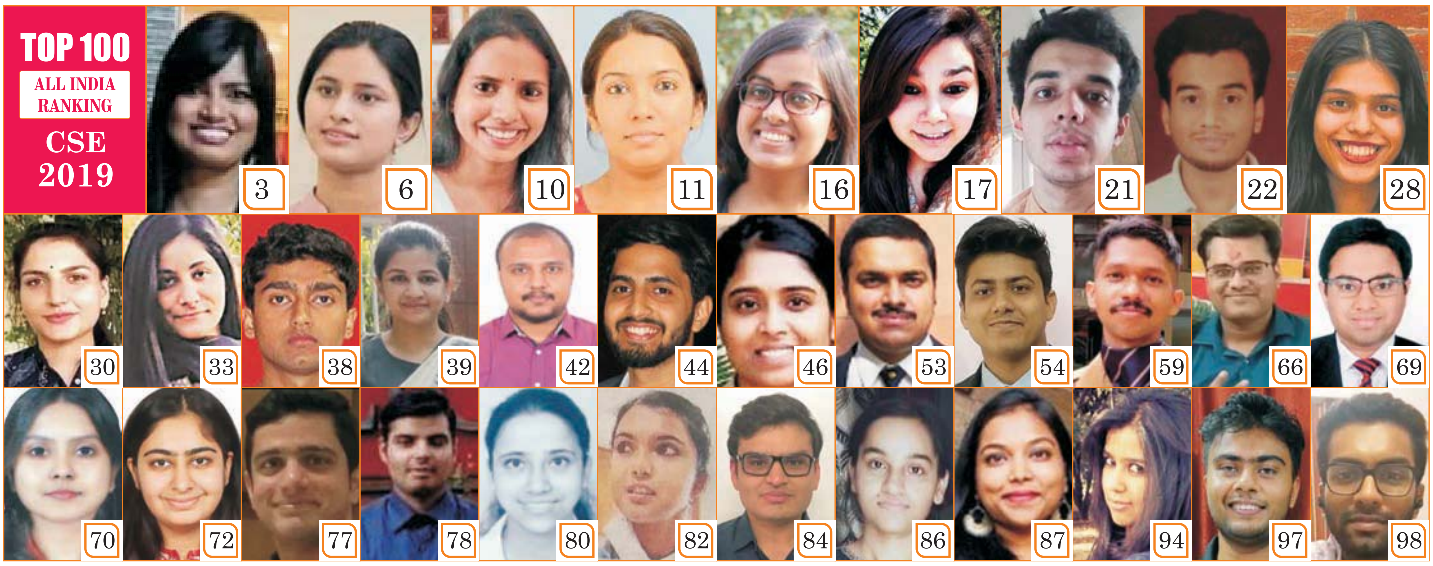

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