

**CURRENT EVENTS
AND
ANALYSIS
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Editor

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CURRENT EVENTS AND ANALYSIS

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ECONOMY

MACROVIEW OF INDIAN ECONOMY:

Economic Survey 2019-20

The Economic Survey 2019-20 projected India's Gross Domestic Product (GDP) growth at

- **5.0 per cent in 2019-20, the slowest in the last 11 years, and**
- **6.0 to 6.5** per cent in 2020-21.
- Growth has decelerated in 2019-20 due to **decline in investment** in H1 (April-September) of 2019-20 when compared to 2018-19 induced by **a sluggish growth of consumption**.
- stress in the financial sector, particularly Non-Banking Financial Companies, also acted as a drag on economy.
- **Growth is expected to recover** in the H2 (October-March) of 2019-20 due to the following factors
 - a) pick up in the growth of bank credit,
 - b) investments by the Government in infrastructure under National Infrastructure Pipeline,
 - c) speeding up resolutions under the Insolvency and Bankruptcy Code (IBC) which is contributing to reducing the Non Performing Assets (NPA's) of Banks
 - d) rebound in industrial activity which is showing signs of pick up, and
 - e) (Index of Industrial Production (IIP) in November 2019 registered a growth of 1.8 per cent as compared to a contraction by 3.4 per cent in October 2019 and by 4.3 per cent in September 2019.)

Growth of GVA and GDP at constant (2011-12) prices (per cent)

	2017-18	2018-19	2019-20	Percentage points Change in growth in 2019-20 over 2018-19 (increase+)/Decrease (-)
	1 st RE	PE	1 st AE	
GVA at basic prices	6.9	6.6	4.9	-1.7
Agriculture & Allied Sectors	5.0	2.9	2.8	-0.1
Industry	5.9	6.9	2.5	-4.4
Mining & quarrying	5.1	1.3	1.5	0.2
Manufacturing	5.9	6.9	2.0	-5.0
Electricity, Gas, Water supply & other utility services	8.6	7.0	5.4	-1.6
Construction	5.6	8.7	3.2	-5.6
Services	8.1	7.5	6.9	-0.7
Trade, hotel, transport, communication and services related to broadcasting	7.8	6.9	5.9	-1.0
Financial, real estate & professional services	6.2	7.4	6.4	-1.1
Public administration, defence and other services	11.9	8.6	9.1	0.5
GDP at market prices	7.2	6.8	5.0	-1.8

Source: National Statistical Office

Note: RE - Revised Estimates, PE - Provisional Estimates, AE - Advance Estimates

Balance of Payments

(US\$ million)

Sl No	Item	2014	2015	2016	2017	2018	2018- April- Dec	2019- April- Dec
		-15	-16	-17	-18	-19	19	20
I. Current Account								
1)	Exports	3,16,545	2,66,365	2,80,138	3,08,970	3,37,237	1,66,788	1,62,743
2)	Imports	4,61,484	3,96,444	3,92,580	4,69,006	5,17,519	2,62,575	2,47,037
3)	Trade Balance (1-2)	-1,44,940	-1,30,079	-1,12,442	-1,60,036	-1,80,283	-95,788	-84,294
4)	Invisibles (net)	1,18,081	1,07,928	98,026	1,11,319	1,23,026	60,931	63,673
	A. Services	76,529	69,676	68,345	77,562	81,941	38,932	40,474
	B. Income	-24,140	-24,375	-26,302	-28,681	-28,861	-14,363	-14,739
	C. Transfers	65,692	62,627	55,983	62,438	69,946	36,362	37,938
5)	Goods and Services Balance	-68,411	-60,402	-44,098	-82,474	-98,342	-51,240	-43,820
6)	Current Account Balance (3+4)	-26,859	-22,151	-14,417	-48,717	-57,256	-34,857	-20,621
II) Capital Account								
	Capital Account Balance	89,286	41,128	36,447	91,390	54,403	21,391	39,935
i.	External Assistance (net)	1,725	1,505	2,013	2,944	3,413	478	1,913
ii.	External Commercial Borrowings(net)	1,570	-4,529	-6,102	-183	10,416	877	9,767
iii.	Short-term credit	-111	-1,610	6,467	13,900	2,021	1,298	1344
iv.	Banking Capital (net) of which:	11,618	10,630	-16,616	16,190	7,433	10,583	-5,702
	Non-Resident Deposits (net)	14,057	16,052	-12,367	9,676	10,387	6,838	5,034
v.	Foreign Investment (net) of which:	73,456	31,891	43,224	52,401	30,094	9,040	28,646
	A. FDI (net)	31,251	36,021	35,612	30,286	30,712	16,983	21,327
	B. Portfolio (net)	42,205	-4,130	7,612	22,115	-618	-7,943	7,319
vi.	Other Flows (net)	1,028	3,242	7,460	6,138	1,026	-885	3967
III Errors and Omission								
	Omission	-1,021	-1,073	-480	902	-486	259	-211
IV	Overall Balance	61,406	17,905	21,550	43,574	-3,339	-13,206	19102
V	Reserves change	-61,406	-17,905	-21,550	-43,574	3,339	13,206	-19,102
	[increase (-) / Decrease (+)]							

Source: Reserve Bank of India.

Note: P: Preliminary

RECOMMENDATIONS:

The Economic Survey **advocated pursuing pro-market reforms for wealth creation. In this regard, it recommended**

- significant enhancement in the quantity and quality of manpower in regulators (CCI, RBI, SEBI, IBBI) to detect wilful defaults and malpractices such as financial mis-reporting and market manipulation and make financial markets fair and transparent,
- reviewing Government interventions that are undermining the markets,
- encouraging entrepreneurship as it accelerates innovation in the economy and has a significant impact on wealth creation,
- promoting "pro-business" policy that unleashes the power of competitive markets to generate wealth, and wean away from "pro-crony" policy that favour specific private interests,
- creating jobs and promoting growth by specializing to exports in 'network products' (computers, electronic and electrical equipment, telecommunication equipment, road vehicles, etc.),
- improvement in various parameters 'Doing Business' such as Ease of Starting Business (rank 136), Registering Property (rank 154), Paying Taxes (rank 115), and Enforcing Contracts (rank 163),
- use of FinTech (Financial Technology) across all banking functions, and employee stock ownership across all levels to enhance efficiencies in Public Sector Banks (PSBs), and
- aggressive disinvestment, preferably through the route of strategic sale.

Details:

- The Survey stated that the **country has historically been a major wealth creator and a significant contributor to world's GDP. For more than three-fourths of known economic history, India has been the dominant economic power globally. Such dominance manifested by design. Traditional economic thinking** has always emphasized enabling markets and eliminating obstacles to economic activity.
- **Kautilya's Arthashastra**, a treatise on economic policy, was deeply influential in the functioning of the economy in India. It advises the King to "**remove all obstructions to economic activity** as the root of wealth is economic activity and lack of it brings material distress. In the absence of fruitful economic activity, both current prosperity and future growth are in danger of destruction".
- Similarly, the **Thirukural**, a treatise on enriching human life written in the form of couplets by Tamil saint and philosopher **Thiruvalluvar**, advocates '**wealth creation through ethical means**'.
- The Survey noted that **a key contributor to ancient India's prosperity was internal and external trade**. Ports along India's long coastline traded with **Egypt, Rome, Greece, Persia and the Arabs to the west, and with China, Japan and South East Asia to the east**. Much of this trade was **carried out by large corporatized guilds** akin to today's multinationals and were funded by temple-banks. Thus, commerce and the pursuit of prosperity is an **intrinsic part of Indian civilizational ethos**.
- **Despite such a "rich" tradition of emphasizing wealth creation, India deviated from this model for four decades** after independence by adopting Socialism. However, **India returned back to these roots post economic liberalisation in 1991**. The exponential rise in India's GDP and GDP per capita post liberalisation coincides with wealth generation in the stock market.

Becoming a \$5 trillion Economy :

- The Survey stated that at present, **India's aspiration to become a \$5 trillion economy depends critically on strengthening the 'invisible hand' of markets** together with the '**hand of trust**' that can support markets.

(The phrase 'invisible hand' was introduced by Adam Smith in his book 'The Wealth of Nations' (1776). It is a metaphor for the unseen forces that move the free market economy. This approach to the market

means **'through individual self-interest and freedom of production as well as consumption, the best interest of society, as a whole, is fulfilled'**. An economy will comparatively work and function well if the government leaves people alone to buy and sell freely among themselves.)

- The Government needs to focus on the following to realise the ambition of **\$5 trillion economy**.

1. ENHANCING QUALITY OF GOVERNMENT'S SUPERVISION:

- The Survey noted that Government needs to **support** the **'hand of trust'** by being a **good referee of the economy**. The **referee's job** is to **not just report but also detect opportunistic behaviour** if people are not playing by the rules. Like **wilful defaults, malpractices** such as **financial mis-reporting and market manipulation** need to be detected early because these are termites that **eat away investor's faith in financial markets, diminishes portfolio investments, and crowd-out important national investments**.
- **Malpractices scare away scrupulous and law-abiding market participants**. It is a scourge that **drives away investments** and therefore **jobs in the economy**. To fittingly celebrate wealth creators who make wealth ethically, it is of utmost importance that our **financial markets** are **fair and transparent**. In this, the **state's role as a competent referee cannot be overemphasized**.
- The U.S. Federal Trade Commission has one employee for every two listed firms, while the Competition Commission of India has one employee for every 38 listed firms. Securities and Exchange Commission (SEC) has almost one employee for each listed company. In contrast, SEBI has one employee for six listed companies. In fact, in key divisions such as Corporate Finance, SEC has more than fifteen times as many employees as SEBI. This resource deficit needs to be reduced to strengthen government's role as a referee to ensure fair-play for all wealth creators.
- SEC and FTC extensively use Artificial Intelligence and Machine Learning to track and flag market malpractices while none of our regulators do so. As a result of the limited resources at the regulators' disposal in India, **supervision of the market economy suffers badly thereby encouraging market malpractices**. The economy **cannot achieve the ambitious \$5 trillion mark as long as it is plagued by market malpractices and suboptimal supervision**. Therefore, **significant enhancement in the quantity and quality of manpower in our regulators (CCI, RBI, SEBI, IBBI)** together with significant investments in technology and analytics needs to be made. This would **enhance the effectiveness** of the **'hand of trust'** in supporting the invisible hand for greater wealth creation.

2. ENTREPRENEURSHIP:

- **Entrepreneurship accelerates innovation in the economy and has a significant impact on wealth creation**.
- India has the **3rd largest entrepreneurship ecosystem in the world**. While the number of new firms in the formal sector grew at a cumulative annual growth rate of 3.8 per cent from 2006-2014, the growth rate from 2014 to 2018 has been 12.2 per cent. As a result, from about 70,000 new firms created in 2014, the number has grown by about 80 per cent to about 1,24,000 new firms in 2018.
- However, **on a per-capita basis, India has low rates of entrepreneurship in the formal economy**. Between 2006 and 2016, the median number of new firms registered per year per 1000 workers was 0.10 (0.11). In contrast, the mean (median) entrepreneurial intensity for the United Kingdom and the United States was 12.22 (11.84) and 12.12 (11.81) respectively.

3. PROMOTING PRO-BUSINESS POLICY:

- India should **promote "pro-business" policy that unleashes the power of competitive markets to generate wealth, and wean away from "pro-crony" policy that favour specific private interests**.
- The **liberalization of the Indian economy in 1991 unleashed competitive markets and enabled the forces of creative destruction leading to** the rise of new sectors such as financial and information technology. This generated benefits that we still witness today.

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- **Pro-crony policies erode wealth in the economy** as cronyism fosters inefficiencies by inhibiting the process of creative destruction. For instance, discretionary allocation of natural resources provides avenues for rent-seeking and firm owners divert their focus towards tunnelling away these rents rather than furthering productive economic activities.
 - Hence, Government should focus on pro-business policies, for example, those that make it easy to start a business, register property, enforce contracts, obtain credit, bid for natural resources, get permits, and resolve insolvency help firms to function effectively and thereby enable competitive markets.

4. GOVERNMENT INTERVENTION UNDERMINING THE MARKETS:

- The Survey noted that **Government intervention**, sometimes though well intended, **often ends up undermining the ability of the markets to support wealth creation and leads to outcomes opposite to those intended.**
- While **there is a case for Government intervention when markets do not function properly, excessive intervention**, especially when markets can do the job of enhancing citizens' welfare perfectly well, stifles economic freedom. Government can affect markets either through direct participation (as a market maker or as a buyer or supplier of goods and services), or through indirect participation in private markets (for example, through regulation, taxation, subsidy or other influence). Any Government intervention of the first kind, however, **affects** the dynamic interaction of supply and demand in markets and thereby determination of 'equilibrium' market prices.

The survey gave the following examples to explain how Government interventions are undermining the markets.

a) *Essential Commodities Act (ECA):*

- **Frequent and unpredictable imposition of blanket stock limits on commodities** under Essential Commodities Act (ECA) **neither brings down prices nor reduces price volatility.** However, such intervention does enable opportunities for **harassment.**
- When the price of any of these essential commodities rises, the regulator can impose stockholding limits on the commodity, restrict movement of goods, and mandate compulsory purchases under the system of levy. Consequently, all wholesalers, distributors, and retailers dealing in the product must reduce their inventories to comply with the holding limit. The **purported aim** of this Act is to **ensure affordability of essential commodities for the poor by restricting hoarding.**
- The ECA, however, **affects the efficient development of agricultural markets by creating market distortions.** As agriculture is a seasonal activity, it is essential to store produce for the off-season to ensure smoothed availability of a product at stable prices throughout the year. Therefore, producers face an inherent **trade-off** between **building an inventory in the harvest season** and **drawing down inventory in the lean season.** ECA **interferes with this mechanism by disincentivising investments in warehousing and storage facilities due to frequent and unpredictable imposition of stock limits.**
- As stockholding limits apply to the entire agriculture supply chain, including wholesalers, food processing industries and retail food chains, the Act does not distinguish between firms that genuinely need to hold stocks owing to the nature of their operations, and firms that might speculatively hoard stocks. Further, this **reduces the effectiveness of free trade and flow of commodities from surplus areas to markets with higher demand.** ECA also **affects the commodity derivative markets** as traders may not be able to deliver on the exchange platform the promised quantity, owing to stock limits. The **Act distorts markets by increasing uncertainty and discouraging the entry of large private sector players into agricultural-marketing.** These market distortions further aggravate the price volatility in agricultural commodities- the opposite of what it is intended for.
- Thus, in the long term, the **Act disincentivizes development of storage infrastructure** thereby leading to increased volatility in prices following production/ consumption shocks - the opposite of what it is intended for

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- This Act is anachronistic as it was passed in 1955 in an India worried about famines and shortages. It is irrelevant in today's India and must be jettisoned.

b) Drug Prices Control Order:

- The regulation of prices of drugs through the **Drug Prices Control Order (DPCO) 2013**, has led to increase in the price of a regulated pharmaceutical drug vis-à-vis that of a similar drug whose price is not regulated.

c) Foodgrains Procurement by Government:

- Similarly, Government policies in the foodgrain markets has led to **the emergence of Government as the largest procurer and hoarder of foodgrains - adversely affecting competition in these markets.** This has **led to overflowing of buffer stocks with FCI, burgeoning food subsidy burden, divergence** between demand and supply of cereals and acted as a **disincentive towards crop diversification.**
- Government has sought to achieve **food security** while **ensuring remunerative prices to producers** and **safeguarding the interest of consumers** by making supplies available at **affordable prices.** In trying to achieve this, the state controls input prices such as those of fertilizer, water, and electricity, sets output prices, undertakes storage and procurement through an administrative machinery, and distributes cereals across the country through the PDS. The Government has emerged as the single largest procurer and hoarder of foodgrains. Minimum Support Prices (MSPs) that are designed to be indicative prices for producers at the beginning of the sowing season and floor prices as an insurance mechanism for farmers from any fall in prices. But, in practice, market prices do not offer remunerative options for the farmers and MSPs have, in effect, become the maximum prices rather than the floor price – the opposite of the aim it is intended for.
- On the other hand, National Sample Survey (NSS) 73rd round on consumer expenditure shows that the **share of cereals in Monthly Per Capita Expenditure (MPCE)** has fallen by about **33 per cent in rural India, and about 28 per cent in urban India from 2004-05 to 2011-12.**
- There has been a **paradigm shift on food (cereal) front** between the time when FCI was created and today. **India has moved from being a food scarce country to a food surplus country with a substantial increase in production** and has **emerged as a net exporter of cereals.**
- The **Government's policies of assured procurement and distribution** gave the **right incentives to increase production at that time.** The **current foodgrain economy is,** however, riddled with various economic inefficiencies. These policies, therefore, need to move on now to incentivize diversification and environmentally sustainable production.
- The farmers **need to be empowered through direct investment subsidies and cash transfers,** which are crop neutral and do not interfere with the cropping decisions of the farmer. The **coverage of National Food Security Act (NFSA) needs to be restricted to the bottom 20 per cent** and the **issue prices for others could be linked to the procurement prices.** A better alternative would be giving income transfers to consumers through Direct Benefit Transfers (DBT). It may be noted here that internationally, there is a move towards conditional cash transfers (CCTs), aimed at tackling problems of food insecurity and poverty and for nudging people towards improved health and education levels.

5. CREATING JOBS AND GROWTH BY SPECIALIZING TO EXPORTS IN NETWORK PRODUCTS

- The **current environment for international trade presents India an unprecedented opportunity to chart a China-like, labour-intensive, export trajectory** and thereby **create unparalleled job opportunities for our burgeoning youth.** By integrating "**Assemble in India for the world**" into Make in India, India can create **4 crore well-paid jobs by 2025** and **8 crore by 2030.**
- The Survey stated that **India has huge potential to emerge as a major hub for final assembly in a range of products,** referred to as "**network products**". **Examples** of network products include **computers, electronic and electrical equipment, telecommunication equipment, road vehicles, etc.**

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- The Global Value Chains (GVCs) in these industries are controlled by leading **Multi-National Enterprises (MNEs)** such as **Apple, Samsung, Sony, etc.** In general, these products are **not produced from start to finish within a given country**; instead, countries specialize in particular tasks or stages of the good's production sequence. Within the production network, each country specializes in a particular fragment of the production process. This specialization is based on the country's comparative advantage. **Labour abundant countries**, like China, specialize in **low skilled labour-intensive stages of production** such as **assembly** while the **richer countries specialise in capital and skill-intensive stages such as Research and Development (R&D)**. Thus, the **lead firms retain skill and knowledge-intensive stages** of production in high-income headquarters (e.g., the U.S.A, E.U and Japan) but **locate assembly related activities in low wage countries (e.g., China and Vietnam)**.

Why Focus on Assembly Activities ?

- The Survey noted that **post 1991 reforms, India's share in merchandise (goods) exports has grown at 13.2 per cent per annum and our share in world exports has increased from 0.6 per cent in 1991 to 1.7 per cent in 2018**. Yet, even by 2018, **India's world market share remains paltry compared to 12.8 per cent for China**.
- **China's remarkable export performance vis-à-vis India is driven primarily by deliberate specialization at large scale in labour-intensive activities**, especially "**network products**", where production occurs across Global Value Chains (GVCs) operated by multi-national corporations.
- **By importing components and assembling them in China for the world, China created jobs at an unprecedented scale**.
- Similarly, by integrating "Assemble in India for the world" into Make in India, **India can raise its export market share to about 3.5 per cent by 2025 and 6 per cent by 2030**, which is highly feasible. In the process, India would create about 4 crore well-paid jobs by 2025 and about 8 crore by 2030. The incremental value added in the economy from the target level of exports of network products, which is expected to equal \$248 billion in 2025, would make up about one-quarter of the increase required for making India a \$5 trillion economy by 2025.

Why India has as Advantage?

- The **US-China trade war is causing major adjustments in Global Value Chains (GVCs)** and firms are now looking for alternative locations for their operations. Even before the trade war began, **China's image as a low-cost location for final assembly of industrial products was rapidly changing** due to **increases in wages**.
- These developments present India an unprecedented opportunity to chart a similar export trajectory as that pursued by China and create unparalleled job opportunities for its youth. As no other country can match China in the abundance of its labour, we must **grab the space getting vacated in labour-intensive sectors**.
- Hence, India must focus **on a group of industries**, referred to as "**network products**".

World Trade in 'Network Products' :

- The world exports of 'Network Products' increased steadily from US\$ 2.01 Trillion in 2000 to **US\$ 5.41 Trillion in 2018**.
- **Total trade in these 'Network Products' into its two main sub-categories - Parts & Components (P&C) and Assembled End Products (AEP)**.
- On an average, '**Network Products**' (NP) **account for about 42 per cent of world manufactured exports**. The average share of AEP exports in total NP exports increased from about 59 per cent during 2000-2016 to about 72 per cent during the last two years (2017-2018).
- Asia's share in world exports of 'Network Products' increased phenomenally from about 37 per cent in 2000 to 51 per cent in 2018

India in Comparison to East and Southeast Asia:

- 'Network Products' exports account for a very small share (10 per cent in 2018) in India's export basket.
- In contrast, these products account for about one half of the total national exports of China, Japan and Korea. Between 2000 and 2018, the share of NP in the export basket has increased by 41 percentage points for Vietnam and by 18 percentage points for China.
- Among the major Asian countries, **India and Indonesia are the only ones with a trade deficit in 'Network Products'**. India's import basket mostly consists of electronics and electrical machinery, primarily meant for domestic final use.
- Focusing on 'Network Products' can **create significant gains both in employment creation and GDP growth**.

Measures needed to Encourage Assembly Activities of Network Products:

- For a country to become an attractive location for Assembly Activities (of Network Products), it is imperative that **import tariff rates for intermediate inputs are zero or negligible**.
- It is also imperative to create an ecosystem that will result in realignment of India's specialization patterns towards labour-intensive processes and product lines.
- The ongoing reform measures to provide greater flexibility in the labour market should continue.
- A pro-active FDI policy is also critical as MNEs are the leading vehicles for the country's entry into global production networks while local firms play a role as subcontractors and suppliers of intermediate inputs to MNEs.
- Assembly processes require not only trainable low-cost unskilled labour but also a lot of middle-level supervisory manpower. For example, when Apple employed 7,00,000 factory workers in China, it also employed 30,000 engineers on-site to supervise those workers

6. TARGETING EASE OF DOING BUSINESS:

- The Survey noted that **'Ease of Doing Business' is key to entrepreneurship, innovation and wealth creation**.
- India has jumped up 79 positions in World Bank's Doing Business rankings, improving from 142 in 2014 to 63 in 2019. However, it continues to trail in parameters such as
Ease of Starting Business (rank 136),
Registering Property (rank 154),
Paying Taxes (rank 115), and
Enforcing Contracts (rank 163).
These parameters provide a measure of the scope for improvement.
- **Enforcing a contract** in India takes on average 1,445 days in India compared to just 216 days in New Zealand, and 496 days in China. India's performance in contract enforcement is poor even when compared to India's peer nations. While it takes approximately four years to enforce a contract in India, Brazil and Indonesia spend 2.2 and 1.1 years, respectively to do so. With a rank of 163 out of 190 nations in Enforcing Contracts, only a few countries like Afghanistan, Mozambique, and Zimbabwe perform worse than India.
- **Paying taxes** takes up more than 250 hours in India compared to 140 hours in New Zealand, 138 in China and 191 in Indonesia.
- **Registering property** in Delhi and Mumbai takes 49 and 68 days respectively, while it takes 9 days in China and 3.5 days in New Zealand.

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- **Starting a Business:** A major challenge most companies face is the complex architecture of the Indian governance framework including the density of legislation and statutory compliance requirements. Setting up and operating a services or manufacturing business in India faces a maze of laws, rules and regulations. Many of these are local requirements, such as burdensome documentation for police clearance to open a restaurant. This must be cleaned up and rationalized.
 - A total of 36 approvals are required to open a restaurant in Bengaluru, Delhi requires 26, and Mumbai 22. Moreover, Delhi and Kolkata also require a 'Police Eating House License'. The number of documents needed to obtain this license from Delhi Police is 45. Moreover, in India, only the list of licenses and permissions can be obtained from a government portal or information center. On the other hand, in New Zealand, the website of Auckland Council (operated by a private third-party agency) has all detailed guides and stepwise procedures about permissions, fees and timeline to open a restaurant.

7. IMPORTANCE OF BANKING SECTOR

- The Survey noted that **India needs more efficient and bigger Public Sector Banks (PSBs) to adeptly support the nation in its march towards being a \$5 trillion economy.**
- In 2019, India completed the 50th anniversary of bank nationalization which was undertaken in 1969. **Since 1969, India has grown significantly to become the 5th largest economy in the world. Yet, India's banking sector is disproportionately under-developed given the size of its economy.** For instance, **India has only one bank (SBI) in the global top 100** - same as countries that are a fraction of its size: Finland (about 1/11th), Denmark (1/8th), Norway (1/7th), Austria (about 1/7th), and Belgium (about 1/6th). Countries like Sweden (1/6th) and Singapore (1/8th) have thrice the number of global banks. On the other hand, China has 18 banks in the global top 100.
- Thus the **Indian banking system is currently sub-scale compared to the size of the economy.**
- **A large economy needs an efficient banking sector to support its growth.** Historically, in the last 50 years, the top-five economies have always been ably supported by their banks. Should India's banks play a role proportionate to its economic size, India should have six banks in the top 100.
- **As PSBs account for 70 per cent of the market share in Indian banking, the onus of supporting the Indian economy and fostering its economic development falls on them.** Yet, on every performance parameter, PSBs are inefficient compared to their peer groups. Previously, the Narasimhan Committee (1991, 1997), Rajan Committee (2007) and P J Nayak Committee (2014) have provided several suggestions to enhance the efficiency of PSBs.
- The survey **suggested use of FinTech (Financial Technology) across all banking functions, and employee stock ownership across all levels to enhance efficiencies in PSBs.**
- Due to **current flat compensation contracts of employees** and the **pressures from ex-post monitoring by the vigilance agencies, bank employees** of state-owned banks **prefer safety and conservatism over risk-taking and innovation.** Hence, a long-term solution to this problem is enabling employees to own stakes in the PSBs. Part-ownership of PSBs by employees will reduce these agency problems. **Employees who own shares are incentivized to increase market value of equity, since their direct compensation depends on share values.**

Creation of a FinTech Hub for PSBs: The Public Sector Banking Network (PSBN)

- The Survey noted that **FinTech is revolutionising the global financial landscape.** It has radically changed the way information is processed by banks. In corporate lending, for instance, **a huge mass of quantitative data** such as company financials and qualitative data such as company filings and analyst call reports are machine-analysed. Tools such as **Machine Learning (ML), Artificial Intelligence (AI)** as well as **Big Data provide** banks the ability to recognize patterns quickly by analysing vast datasets, an activity that would be virtually impossible for humans, even using conventional information technology. Therefore, PSBs can benefit from the expertise that already resides in India in this area.
- The survey proposes establishment of a GSTN like entity, called **PSBN (PSB Network), to use technology to screen and monitor borrowers comprehensively and at length.**

8. DISINVESTMENT:

- The Survey noted that **recent approval of strategic disinvestment in Bharat Petroleum Corporation Limited (BPCL) led to an increase in value of shareholders' equity of BPCL by Rs. 33,000 crore** when compared to its peer Hindustan Petroleum Corporation Limited (HPCL). This reflects an increase in the overall value from anticipated gains from consequent improvements in the efficiency of BPCL when compared to HPCL which will continue to be under Government control.
- The survey **assessed the performance of 11 CPSEs** that had undergone strategic disinvestment from 1999-2000 to 2003-04 for which data is available both before and after privatization. They were assessed in terms of their **net worth, net profit, return on assets (ROA), return on equity (RoE), gross revenue, net profit margin, sales growth and gross profit per employee** in the post privatization period compared to pre privatization period
- It concluded that **disinvestment improves firm performance and overall productivity, and unlocks their potential to create wealth**. This would have a **multiplier effect on other sectors of the economy**.
- Hence, it **suggested that aggressive disinvestment, preferably through the route of strategic sale**, should be utilized to bring in higher profitability, promote efficiency, increase competitiveness and to promote professionalism in management in CPSEs. The Government can also use the unlocked capital for use elsewhere, especially in public infrastructure like roads, power transmission lines, sewage systems, irrigation systems, railways and urban infrastructure.
- It suggested that the **Government can transfer its stake in the listed CPSEs to a separate corporate entity**. This entity would be managed by an **independent board** and would be mandated to divest the Government stake in these CPSEs over a period of time. This will **lend professionalism and autonomy** to the disinvestment programme which, in turn, would **improve the economic performance of the CPSEs**.

RC REDDY IAS STUDY CIRCLE

FISCAL POLICY

Union Budget 2020-21

Highlights:

Total Expenditure	:	Rs. 30,42,230 crores
Revenue Receipts	:	Rs. 20,20,926 crores
Capital Receipts	:	Rs. 10,21,304 crores
Non-Debt Receipts	:	Rs. 22,45,893 crores
Fiscal Deficit	:	Rs. 7,96,337 crores (3.5 per cent of GDP)
Revenue Deficit	:	Rs. 6,09,219 crores (2.7 per cent of GDP)

a) Revenue Receipts consist of

- **tax revenue** i.e income tax, corporate tax, wealth tax, customs duties, union excise duties, goods and services tax, etc., and
- **non-tax revenue** i.e. dividends and profits, interest receipts, external grants, etc.

b) Capital Receipts consist of

- **non-debt receipts** (disinvestment receipts, recoveries of loans and advances), and
- **debt receipts** i.e. market borrowings (internal), external borrowings.

c) Non-Debt Receipts: These are obtained after deducting debt receipts from total receipts (Revenue and capital receipts)

Reliefs:

- a new and simplified personal income tax regime for the individual taxpayers who forgo certain deductions and exemptions,
- abolition of Dividend Distribution Tax (DDT) for companies to increase the flow of foreign direct investment,
- extension of the concessional corporate tax rate of 15% given to the newly incorporated domestic companies in the manufacturing sector to new domestic companies engaged in the generation of electricity,
- 100% tax exemption on interest, dividend and capital gains income of Sovereign Wealth Fund' investments in infrastructure and other notified sectors made before 31st March, 2024 with a minimum lock-in period of 3 years,
- extension of concessional 'Withholding Tax Rate' to promote foreign investment upto 30th June, 2023,
- increase in the turnover limit from existing Rs. 25 crore to Rs. 100 crores to Start-ups for availing 100% deduction of its the profits which will enable more Start-ups to avail deduction,

Levies:

- raise in customs duties on import of electric vehicles, and parts of mobiles to incentivize domestic manufacturing,

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- raise in customs duty on items like footwear and furniture to reduce cheap and low-quality imports in labour intensive industries,
 - 5 per cent health cess on the imports of medical equipment which would be used for creating infrastructure for health services in the aspirational districts,

Agriculture:

- expansion of the Pradhan Mantri Kisan Urja Suraksha evam Utthan Mahabhiyan (PM KUSUM) Scheme under which 20 lakh farmers would be provided funds **for setting up stand-alone solar pumps**, another **15 lakh farmers** would be **helped to solarise their grid-connected pump sets** and launching of a scheme to enable farmers to **set up solar power generation capacity on their fallow/barren lands** and **to sell it to the grid**,
- provision of Viability Gap Funding for **setting up efficient warehouses** at the block/taluk level,
- starting of "**Kisan Rail**" , through Public-Private Partnership (PPP) arrangements, to build a **seamless national cold supply chain for perishables, inclusive of milk, meat and fish, etc.** and **Krishi Udaan** (supply through air cargo) to transport perishables to international and national routes.
- **Agriculture credit target of Rs. 15 lakh crore** for the year **2020-21**,
- Dovetailing of Mahatma Gandhi National Rural Employment Guarantee Scheme (MNREGS) to develop fodder farms,

Health:

- Viability Gap funding window for setting up hospitals in Tier-2 (population of 50,000 to 100,000) and Tier-3 (population of 20,000 to 50,000) cities,

Education:

- allowing sourcing of External Commercial Borrowings and Foreign Direct Investment (FDI) for higher quality education,
- starting of **apprenticeship embedded degree/diploma courses by March 2021 in 150 higher educational institutions** to **improve employability of students in the general stream** (non engineering and technology courses)
- launch of degree level **full-fledged online education programme** to provide quality education to students of deprived section of the society as well as those who do not have access to higher education,
- setting up of a National Police University and a National Forensic Science University
- allowing large hospitals with sufficient capacity to offer resident doctors - Diplomate in National Board (DNB), a three year post graduate programme and Fellowship of the National Board (FNB), a two year fellowship, courses to address the shortage of qualified medical doctors, both general practitioners as well as specialists,
- launch of bridge courses to meet the huge demand for teachers, nurses, para-medical staff and caregivers abroad,

Industry:

- Setting up of an Investment Clearance Cell to remove roadblocks to entrepreneurship by providing "end to end" facilitation and support, including pre-investment advisory, information related to land banks and facilitate clearances at Centre and State level,

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- development of five new smart cities in collaboration with States in Public Private Partnership (PPP) mode,
 - a new scheme to encourage electronics manufacturing industry particularly manufacture of mobile phones, electronic equipment and semi-conductor packaging which have immense job creation potential, and
 - launch of 'National Technical Textiles Mission' to reduce India's imports which are worth US\$ 16 billion every year,

Infrastructure:

- Development of 100 more airports by 2024 to support Udaan scheme,
- corporatizing at least one major port and subsequently its listing on the stock exchanges.
- expansion of the national gas grid from the present 16200 km to 27000 km, and
- launch of a policy to enable private sector to build 'Data Centre parks' throughout the country,

Financial Sector:

- Increase in the deposit insurance coverage for a depositor from Rs.one lakh to Rs.five lakh per depositor,
- Amendments to Banking Regulation Act, 1949 to strengthen the governance and oversight Cooperative Banks,
- launch of a scheme to provide subordinated debt for entrepreneurs of MSMEs,
- a new scheme to provide handholding support to promote exports from select industries like pharmaceuticals, auto components, etc.,

Disinvestment:

- Decision to sell a part of its holding in Life Insurance Corporation (LIC) through stock exchange by way of Initial Public Offer (IPO),

Fiscal Deficit:

- Relaxation of fiscal deficit target on account of structural reforms (Goods and Services Tax and lowering of corporate tax to promote investments),

Governance:

- Setting up of a National Recruitment Agency (NRA) as an independent, professional, specialist organisation for conduct of a computer-based online Common Eligibility Test for recruitment to Non-Gazetted posts in governments and public sector banks,

Women:

- Appointment of a task force to review of women's age of marriage as India is progressing and opportunities are opening up for women to pursue higher education and career, and

Culture:

- Setting up of a 'Maritime Museum' at Lothal- the Harrapanage maritime site near Ahmedabad,

are the highlights of the Union Budget 2020-21 presented to the Lok Saha by Union Finance Minister Mrs. Nirmala Seetharaman on February 1, 2020.

The Finance Minister stated that Union Budget 2020-21 is woven around **three prominent themes**:

1. **'Aspirational India'** in which **all sections of the society seek better standards of living**, with **access to health, education and better jobs**.
2. **'Economic development for all'**. This would entail **reforms across swathes of the economy**. Simultaneously, it would mean **yielding more space for the private sector**. Together, they would ensure **higher productivity and greater efficiency**.
3. Ours shall be a **'Caring Society'** that is both **humane and compassionate**.

Budget At A Glance

(In crore of Rupees)

	2018-19 Actuals	2019-20 BE	2019-20 RE	2020-21 BE
1. Revenue Receipts	1552916	1962761	1850101	2020926
2. Tax Revenue (Net to Centre)	1317211	1649582	1504587	1635909
3. Non Tax Revenue	235705	313179	345514	385017
4. Capital Receipts	762197	823588	848451	1021304
5. Recovery of Loans	18052	14828	16605	14967
6. Other Receipts	94727	105000	65000	210000
7. Borrowings and Other Liabilities ¹	649418	703760	766846	796337
8. Total Receipts (1+4)	2315113	2786349	2698552	3042230
9. Total Expenditure (10+13)	2315113	2786349	2698552	3042230
10. On Revenue Account of which	2007399	2447780	2349645	2630145
11. Interest Payments	582648	660471	625105	708203
12. Grants in Aid for creation of capital assests	191781	207333	191737	206500
13. On Capital Account	307714	338569	348907	412085
14. Revenue Deficit (10-1)	454483	485019	499544	609219
	(2.4)	(2.3)	(2.4)	(2.7)
15. Effective Revenue Deficit (14-12)	262702	277686	307807	402719
	(1.4)	(1.3)	(1.5)	(1.8)
16. Fiscal Deficit [9-(1+5+6)]	649418	703760	766846	796337
	(3.4)	(3.3)	(3.8)	(3.5)
17. Primary Deficit (16-11)	66770	43289	141741	88134
	(0.4)	(0.2)	(0.7)	(0.4)

1 Excluding receipts under Market Stabilisation Scheme

Notes:

- (i) GDP for BE 2020-2021 has been projected at `22489420 crore assuming 10.0 % growth over the estimated GDP of `20442233 crore for 2019-2020 (RE).
- (ii) Individual items in this document may not sum up to the totals due to rounding off
- (iii) Figures in parenthesis are as a percentage of GDP

Receipts & Expenditure

Receipts (%)	Expenditure (%)
Tax Revenue :	Share of States in Taxes & Duties 20
Direct Taxes :	Interest Payments 18
Corporation Tax 18	Central Sector Schemes 13
Income Tax 17	Centrally Sponsored Schemes 9
Indirect Taxes :	Defence 8
Goods & Service Tax & Other Taxes 18	Subsidies 6
Excise 7	Finance Commission & Other Transfers 10
Customs 4	Pensions 6
Non-Tax Revenue 10	Other Expenditure 10
Non-Debt Capital Receipts 6	
Borrowings & Other Liabilities 20	
Total 100	Total 100

Outlay on Major Schemes

	2018-2019 Actuals	2019-2020 Budget Estimates	2019-2020 Revised Estimates	(In Rs. crore) 2020-2021 Budget Estimates
(A) Core of the Core Schemes				
1. National Social Assistance Program	8418	9200	9200	9197
2. Mahatma Gandhi National Rural Employment Guarantee Program	61815	60000	71002	61500
3. Umbrella Scheme for Development of Schedule Castes	7574	5445	5568	6242
4. Umbrella Programme for Development of Scheduled Tribes	3781	3810	4194	4191
5. Umbrella Programme for Development of Minorities	886	1590	1709	1820
6. Umbrella Programme for Development of Other Vulnerable Groups	1564	1818	1846	2210
(B) Core Schemes				
7. Green Revolution	11758	12561	9965	13320
8. White Revolution	2422	2240	1799	1805
9. Blue Revolution	485	560	455	570
10. Pradhan Mantri Krishi Sinchai Yojna	8143	9682	7896	11127
11. Pradhan Mantri Gram Sadak Yojna	15414	19000	14070	19500

12. Pradhan Mantri Awas Yojna (PMAY)	25443	25853	25328	27500
13. Jal Jeevan Mission (JJM)	5484	10001	10001	11500
14. Swachh Bharat Mission (Urban)	2462	2650	1300	2300
15. Swachh Bharat Mission (Gramin)	12913	9994	8338	9994
16. National Health Mission	31502	33651	34290	34115
17. National Education Mission	30830	38547	37672	39161
18. National Programme of Mid Day Meal in Schools	9514	11000	9912	11000
19. Umbrella ICDS	21642	27584	24955	28557
20. Mission for Protection and Empowerment for Women	1138	1330	961	1163
21. National Livelihood Mission - Ajeevika	6282	9774	9774	10005
22. Jobs and Skill Development	6126	7260	5749	5372
23. Environment, Forestry and Wildlife	978	886	787	926
24. Urban Rejuvenation Mission: AMRUT and Smart Cities Mission	12085	13750	9842	13750
25. Modernisation of Police Forces	3260	3462	4155	3162
26. Infrastructure Facilities for Judiciary	657	720	990	762
27. Border Area Development Programme	771	825	825	784
28. Shyama Prasad Mukherjee Rurban Mission	433	800	300	600
29. Rashtriya Gram Swaraj Abhiyan (RGSA)	649	822	465	858
30. PMJAY-Ayushman Bharat	2602	6556	3314	6429
(C) Major Central Sector Schemes				
31. Market Intervention Scheme and Price Support Scheme (MIS-PSS)	1400	3000	2010	2000
32. Crop Insurance Scheme	11937	14000	13641	15695
33. Interest Subsidy for Short Term Credit to Farmers	11496	18000	17863	21175
34. Pradhan Mantri Kisan Samman Nidhi (PM-Kisan)	1241	75000	54370	75000
35. Pradhan Mantri Swasthya Suraksha Yojana	3797	4000	4733	6020
36. Metro Projects	14265	17714	17612	17482
37. Higher Education Financing Agency (HEFA)	2263	2100	2100	2200
38. Prime Minister Employment Generation Programme (PMEGP)	2119	2327	2464	2500
39. Kisan Urja Suraksha evam Utthaan Mahabhiyan(KUSUM)	700
40. National Highways Authority of India	39287	36691	36691	42500
41. Space Technology	6383	8408	8991	9762
42. Member of Parliament Local Area Development Scheme (MPLAD)	3950	3960	3960	3960
43. Eklavya Model Residential School (EMRS)	...	0	16	1313

Details:

Agriculture, Irrigation and Rural Development

- Government is committed to the **goal of doubling farmers' incomes by 2022**.
- Prosperity to farmers can be ensured by making farming competitive and profitable. For this, **farm markets need to be liberalised**. Distortions in farm and livestock markets need to be removed. Purchase of farm produce, logistics and agri-services need copious investments. Substantial support and hand-holding of farm-based activities such as livestock, apiary (place where bees are kept), and fisheries need to be provided. Farmers also need integrated solutions covering storage, financing, processing and marketing.

Adopting sustainable cropping patterns and bringing in more technology are integral to Government's plan. All this and more can be achieved through working with and in cooperation with the States.

The Government announced **16 action points** on agriculture.

- **Liberalising Farm Markets:**

Union Government would encourage State governments which undertake implementation of following model laws already issued by the Central government:

- a) Model Agricultural Land Leasing Act, 2016,
- b) Model Agricultural Produce and Livestock Marketing (Promotion and Facilitation) Act, 2017, and
- c) Model Agricultural Produce and Livestock Contract Farming and Services (Promotion and Facilitation) Act, 2018

- **Addressing Water Stress:**

Water stress related issues are now a serious concern across the country. Hence, Government proposed comprehensive measures for **one hundred water stressed districts**.

- **Harnessing Solar Energy:**

- a) The Government would expand the **Pradhan Mantri Kisan Urja Suraksha evam Utthan Mahabhiyan (PM KUSUM)** Scheme under which 20 lakh farmers would be provided funds for setting up stand-alone solar pumps.
- b) Another 15 lakh farmers would be helped to solarise their grid-connected pump sets (i.e. pumpsets using conventional energy through grid supply would be converted into solar pumpsets).
- c) In addition, **a scheme to enable farmers to set up solar power generation capacity on their fallow/barren lands and to sell it to the grid** would be operationalized.

Balanced Use of Fertilizers:

- Government would encourage **balanced use of all kinds of fertilizers** including the **traditional organic** and other innovative fertilizers. This is a necessary step to change the prevailing incentive regime, which encourages excessive use of chemical fertilisers.

Expanding Warehousing and Transporting Facilities:

- India has an estimated capacity of **162 million metric tons of agri-warehousing, cold storage, Refrigerated van facilities** etc. NABARD will undertake an exercise to map and geo-tag them. In addition, the Government would create warehousing, in line with Warehouse Development and Regulatory Authority (WDRA) norms. Government will provide **Viability Gap Funding** for setting up such efficient warehouses at the block/taluk level. This can be achieved, where States can facilitate with land and are on a Public-Private Partnership (PPP) mode. Food Corporation of India (FCI) and Central Warehousing Corporation (CWC) shall undertake such warehouse building on their land too.
- As a backward linkage, a **Village Storage scheme** is proposed to be run by the **Self Help Groups (SHGs)**. This will provide farmers a good holding capacity and reduce their logistics cost.

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- **Kisan Rail:** To build a seamless **national cold supply chain for perishables**, inclusive of **milk, meat and fish**, the Indian Railways will set up a "**Kisan Rail**" - through Public-Private Partnership (PPP) arrangements. **Refrigerated coaches** will be provided in Express and Freight trains as well.
 - **Krishi Udaan** will be launched by the Ministry of Civil Aviation on **international and national routes**. This will immensely help improve value realisation especially in North-East and tribal districts.

Horticulture

- Horticulture sector with its current produce of **311 million MT (Metric Tonnes) exceeds production of food grains**. For better marketing and export, States which focus on "**one product one district**" would be supported.

Rainfed Areas:

- **Integrated farming systems in rainfed areas** would be **expanded**. Multi-tier cropping, bee-keeping, solar pumps, and solar energy production in non-cropping season will be added.
- The portal on "**jaivikkheti**" - **online national organic products market** - will also be strengthened.

Agriculture Credit:

- **Agriculture credit target** for the year 2020-21 has been set at **Rs. 15 lakh crore**. All eligible beneficiaries of PM-KISAN will be covered under the Kisan Credit Card (KCC) scheme.
- Non-Banking Finance Companies (NBFCs) and cooperatives are active in the agriculture credit space. The NABARD re-finance scheme will be further expanded.

Livestock:

- Government would facilitate doubling of milk processing capacity from 53.5 million MT to 108 million MT by 2025.
- **Mahatma Gandhi National Rural Employment Guarantee Scheme (MNREGS)** would be dovetailed to **develop fodder farms**.

Blue Economy:

- Youth in coastal areas benefit through fish processing and marketing. By 2022-23, the Government proposed raising **fish production to 200 lakh tonnes**.
- Government will involve youth in **fishery extension through 3477 Sagar Mitras and 500 Fish Farmer Producer Organisations**. Government hopes to raise **fishery exports to Rs. 1 lakh crore by 2024-25**.

Poverty Alleviation:

- Under Deen Dayal Antyodaya Yojana for alleviation of poverty, 58 lakh Self Help Groups (SHGs) have been mobilised. Government will further expand SHGs.

Wellness, Water and Sanitation:

Wellness:

Viability Gap funding window for setting up hospitals in Tier-2 (population of 50,000 to 100,000) and Tier-3 (population of 20,000 to 50,000) Cities:

- Presently, under PM Jan Arogya Yojana (PMJAY), there are more than 20,000 empanelled hospitals. However, there is need for more hospitals in Tier-2 and Tier-3 cities to enable poorer people avail benefits under this scheme.
- Hence, the Government proposed to set up **Viability Gap funding** window for setting up hospitals in the **Public Private Partnership (PPP) mode**. In the first phase, those **Aspirational Districts** (115 most backward districts in the country identified by NITI Ayog for transformation) will be covered, **where** presently there are **no Ayushman empanelled hospitals**. This would also provide large scale employment opportunities to youth. Proceeds from taxes on medical devices would be used to support this vital health infrastructure

Expanding the Availability of Generic Medicines:

- The Government proposed to expand Jan Aushadhi Kendra Scheme to all districts offering 2000 medicines and 300 surgicals by 2024. Under Jan Aushadhi Kendra Scheme, quality generic medicines are provided at affordable prices.
- The Government provided for the health sector about Rs.69,000 crores that is inclusive of Rs. 6400 crores for Prime Minister Jan ArogyaYojana (PMJAY)

Sanitation:

Open Defecation Free (ODF) Plus Programme:

- Government is committed to ODF Plus in order to sustain ODF behaviour and to ensure that no one is left behind. Now, more needs to be done towards **liquid and grey water** (domestic waste water from baths, sinks, washing machines, and other kitchen appliances) **management**. Focus would also be on **Solid waste collection, source segregation and processing**.
- Total allocation for Swachh Bharat Mission is about **Rs.12,300 crore in 2020-21**.

Water:

- **Jal Jeevan Mission** aims at **providing piped water supply to all households**. Government has approved **Rs.3.60 lakh crore** for this Mission. This scheme also places emphasis on augmenting local water sources, recharging existing sources and will promote water harvesting and de-salination. Cities with over a million population will be encouraged to meeting this objective during the current year itself.
- During the year 2020-21, the scheme would be provided budget of **Rs.11,500 crore**.

EDUCATION AND SKILLS:

'New Education Policy':

- By 2030, India is set to have the **largest working-age population in the world**. **Not only do they need literacy** but they need both **job and life skills**. In this regard, the '**New Education Policy**' will be announced soon.

Allowing Foreign Investment in Education:

- It is felt that our education system needs **greater inflow of finance to attract talented teachers, and build better labs**. Therefore steps would be taken to enable sourcing **External Commercial Borrowings** and **Foreign Direct Investment (FDI)** so as to able to deliver higher quality education.

Improving Employability:

- Students in the general stream (vis-à-vis services or technology stream) need their **employability improved**. About **150 higher educational institutions** will start **apprenticeship embedded** degree/diploma courses by March 2021.
- The government proposes to start a programme whereby **urban local bodies across the country would provide internship opportunities to fresh engineers** for a period up to one year.

Degree Level Full-fledged Online Education Programme.

- In order to **provide quality education to students of deprived sections of the society as well as those who do not have access to higher education**, it is proposed to start **degree level full-fledged online education programme**. This shall be offered only by institutions who are ranked within top 100 in the National Institutional Ranking framework. Initially, only a few such institutions would be asked to offer such programmes.

"Study in India" programme:

- India should be a **preferred destination for higher education**. Hence, under its "**Study in India**" programme, **Ind-SAT exam** is proposed to be held in **Asian and African countries**. It shall be used for benchmarking foreign candidates who receive scholarships for studying in Indian higher education centres.

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- A **National Police University** and a **National Forensic Science University** are being proposed in the domain of policing science, forensic science, cyber-forensics, etc.

Health Education:

- There is a **shortage of qualified medical doctors**, both **general practitioners** as well as **specialists**. In order to meet this requirement, the Government proposed to **attach a medical college to an existing district hospital in Public Private Partnership (PPP) mode**. Those states that fully allow the facilities of the hospital to the medical college and wish to provide land at a concession would be able to receive Viability Gap Funding. Details of the scheme would be worked out.

National Board of Examination imparts PG medical qualifications; Diploma and fellow of National Board (DNB/FNB). The Government will, therefore **encourage large hospitals with sufficient capacity to offer resident doctors DNB/FNB courses under the National Board of Examinations**.

- **Bridge Courses to Meet Global Demand:**

There exists a **huge demand for teachers, nurses, para-medical staff and care-givers abroad**. However, their skill sets, many a time, do not match the employer's standards and therefore need to be improved. The Government proposed that special **bridge courses** be designed by the Ministries of Health, Skill Development together with professional bodies to bring in equivalence. Language requirements of various countries need also to be included. All these should be achieved through **special training packages**.

- Government proposes to provide about **Rs. 99,300 crore for education** sector in 2020-21 and about **Rs. 3,000 crores for skill development**.

ECONOMIC DEVELOPMENT

Industry, Commerce and Investment

- **Entrepreneurship** has always been the **strength of India**. To create more opportunities and remove road-blocks for entrepreneurship, the Government proposed to set up an **Investment Clearance Cell** that will provide "end to end" facilitation and support, including pre-investment advisory, information related to land banks and facilitate clearances at Centre and State level. It will work through a portal.

Developing Five New Smart Cities in Collaboration with States in PPP Mode:

- There is a **case for maximising the benefits of three separately developing economic activities: (1) the upcoming economic corridors; (2) revitalisation of manufacturing activities; and (3) Technology and the demands of aspirational classes**. To benefit from their convergence, the Government proposed to **develop five new smart cities in collaboration with States in PPP mode**. Such sites would be chosen that offer the best choices in terms of afore mentioned principles.

Need for Focus on Networked products:

- India needs to manufacture 'Networked products' i.e products that form part of **global value chains (computers, electronic and electrical equipment, telecommunication equipment, etc.)**. This in turn gets **more investment and generates more employment for our youth**.

New Scheme to Encourage Electronics Manufacturing Industry:

- **Electronics manufacturing industry** is very competitive and **India has shown its cost advantages**. The **potential of this industry in job creation is immense**. India needs to boost domestic manufacturing and attract large investments in the electronics value chain. Here, the Government proposed a scheme focussed on encouraging manufacture of **mobile phones, electronic equipment and semi-conductor packaging**. Details would be announced later.
- With suitable modifications, this scheme can be adapted for **manufacture of medical devices too**.

National Technical Textiles Mission:

India imports significant quantity of technical textiles worth US\$ 16 billion every year. Technical textiles means products and materials manufactured for primarily for their technical and functional

uses rather than than aesthetic or decoration purposed. The **examples of technical textiles** include products in various industries like **Meditech** (Diapers, sanitary napkins, disposables), **Automobile Industry** (Airbags, vehicle seat belts), **Sports** (parachute fabrics, swimwear), etc.

To reverse the trend of importing technical textiles and to position India as a global leader in Technical Textiles, a **National Technical Textiles Mission** is proposed with a four-year implementation period from 2020-21 to 2023-24 at an estimated outlay of Rs. 1480 crore.

Promoting Exports:

- To achieve **higher export credit disbursement, a new scheme, NIRVIK (Niryat Rin Vikas Yojana) is being launched**, which provides for higher insurance coverage, reduction in premium for small exporters and simplified procedure for claim settlements.
- It is proposed to **digitally refund to exporters**, duties and taxes levied at the Central, State and local levels, such as electricity duties and VAT on fuel used for transportation, which are not getting exempted or refunded under any other existing mechanism. This' **Scheme for Reversion of Duties and taxes on Exported Products**' will be launched this year (2020).
- It is the vision of the Prime Minister that each District should develop as an export hub. Efforts of the Centre and State governments are being synergised and institutional mechanisms are being created.
- **Government e-Marketplace (GeM)** is moving ahead for creating a Unified Procurement System in the country for providing a **single platform for procurement of goods, services and works**. It offers a great opportunity for Medium, Small and micro Enterprises (MSMEs). 3.24 lakh vendors are already on this platform. Its proposed to take its turnover to Rs. 3 lakh crores.
- The Government proposed to provide about Rs.27,300 crore for development and promotion of Industry and Commerce for the year 2020-21.

INFRASTRUCTURE

National Infrastructure Pipeline:

- In his Independence Day speech 2019, Prime Minister had highlighted that Rs. 100 lakh crore would be invested on infrastructure over the next 5 years. As a followup measure, the Government had launched the **National Infrastructure Pipeline** on 31st December 2019 of **Rs. 103 lakh crore**. It consists of more than **6500 projects across sectors**.

These **new projects will include** housing, safe drinking water, access to clean and affordable energy, healthcare for all, world-class educational institutes, modern railway stations, airports, bus terminals, metro and railway transportation, logistics and warehousing, irrigation projects, etc. The National Infrastructure Pipeline envisions improving the ease of living for each individual citizen in the country.

Skill Development:

- A huge employment opportunity exists for India's youth in construction, operation and maintenance of infrastructure. National Skill Development Agency will give special thrust to infrastructure-focused skill development opportunities.

The Government proposed to set up a project preparation facility for infrastructure projects. This programme would actively involve **young engineers, management graduates, and economists** from Universities.

National Logistics Policy to be Released:

- A **National Logistics Policy** will be released soon. It will clarify the roles of the Union Government, State Governments and key regulators. It will create a single window **e-logistics market** and focus on **generation of employment, skills and making MSMEs competitive**.

Accelerated Development of Highways:

- **Accelerated development of highways will be undertaken**. This will include development of 2500 Km access control highways, 9000 Km of economic corridors, 2000 Km of coastal and land port roads and 2000 Km of strategic highways.

Railways:

- A proposal is under consideration for setting up a large solar power capacity alongside the rail tracks on the land owned by the railways.
- Four station re-development projects and operation of 150 passenger trains would be done through Public Private Partnership (PPP) mode. The process of inviting private participation is underway.
- High speed train between Mumbai to Ahmedabad would be actively pursued.
- 148 km long Bengaluru Suburban transport project at a cost of Rs. 18600 crore would be taken up. Central Government would provide 20% of equity and facilitate external assistance up to 60% of the project cost.

Ports:

- Government would consider **corporatizing at least one major port and subsequently its listing on the stock exchanges.**

Inland Waterways:

- Inland Waterways received a boost in the last five years. The Jal Vikas Marg on National Waterway-1 will be completed. Further, the 890 Km waterway between Bangladesh border near Dhubri and Sadiya in Assam connectivity will be done by 2022.

Airports:

- Air traffic has been growing rapidly in the country as compared to global average.
- 100 more airports would be developed by 2024 to support Udaan scheme.

Total Investment:

- The Government proposed to provide about **Rs. 1.70 lakh crore for transport Infrastructure in 2020-21.**

Electricity:

- Taking electricity to every household has been a major achievement. However, the distribution sector, particularly the DISCOMS are under financial stress. The Government intends to promote "smart" metering and urged all the States and Union Territories to replace conventional energy meters by prepaid smart meters in the next 3 years.

Renewable Energy:

- The Government proposed to provide about **Rs. 22,000 crore to power and renewable energy sector in 2020-21**

Gas Grid:

- The Government proposed to expand the national gas grid from the present 16200 km to 27000 km.

NEW ECONOMY:

Setting up Data Centre Parks:

- The **new economy is based on innovations that disrupt established business models. Data Analytics, Fintech and Internet of Things (IOT)** are changing the way we deal with our lives. To take advantage of this, the Government would bring out soon a policy to enable private sector to build '**Data Centre parks**' throughout the country.

Support to Knowledge-driven Enterprises:

- There is need to **expand the base for knowledge-driven enterprises. Intellectual property creation and protection** will play an important role. Several measures are proposed in this regard, which will benefit the Start-ups.

A **digital platform would be promoted** that would facilitate seamless application and capture of IPRs. Also, in an Institute of Excellence, a **Centre** would be established that would work on the complexity and innovation in the field of Intellectual Property.

Knowledge Translation Clusters would be set up across different technology sectors including new and emerging areas.

Schemes to Map India's Genetic Landscape:

- **Mapping of India's genetic landscape** is critical for **next generation medicine, agriculture and for bio-diversity management**. To support this development, Government will initiate two new national level Science Schemes, to create a comprehensive database.

Start Ups:

- The government proposes to provide **early life funding, including a seed fund to support ideation and development** of early **stage Start-ups**.

National Mission on Quantum Technologies and Applications:

- **Quantum technology** is opening up new frontiers in **computing, communications, and cyber security** with wide-spread applications. It is expected that lots of commercial applications would emerge from theoretical constructs which are developing in this area.
- The Government proposed to provide an outlay of Rs. 8,000 crore over a period five years for the **National Mission on Quantum Technologies and Applications**.

Digital Connectivity to Public Institutions:

- Government's vision is that **all "public institutions"** at **Gram Panchayat level** such as Anganwadis, health and wellness centres, government schools, PDS outlets, post offices and police stations will be provided with **digital connectivity**. So, **Fibre to the Home (FTTH) connections** through 'Bharatnet' will link **1,00,000 gram panchayats** this year (2020).
- The Government proposed Rs. 6000 crore to Bharatnet programme in 2020-21.

FINANCIAL SECTOR

- A **clean, reliable and robust financial sector is critical to the economy**. In our efforts to achieve the **USD 5 trillion economy**, the financial architecture should keep evolving and move from strength to strength.
- Government had earlier approved **consolidation of 10 banks into four**. In the last few years, Government of India has infused about **Rs. 3,50,000 crore by way of capital into Public Sector Banks** for **regulatory and growth purposes**. Governance reforms would be carried out in these banks, so that they become more competitive.
- A few among them will be **encouraged to approach capital market to raise additional capital**.

Increase in Deposit Insurance Coverage for a depositor to Rs. 5 Lakhs:

- Further, the **Deposit Insurance and Credit Guarantee Corporation (DICGC)** has been permitted to **increase Deposit Insurance Coverage for a depositor**, which is now Rs.one lakh to **Rs.five lakh per depositor**.

Strengthening Cooperative Banks:

- **To strengthen the Cooperative Banks, amendments to the Banking Regulation Act, 1949** are proposed for **increasing professionalism, enabling access to capital and improving governance and oversight** through the RBI for **sound banking**.

Sale of Remaining Government Stake in IDBI:

- The Government proposed to **sell the balance holding of Government of India IDBI Bank** to private, retail and institutional investors through the stock exchange.

Scheme to Provide Subordinated Debt for Entrepreneurs of MSMEs:

- Working capital credit remains a major issue for the **Micro, Small & Medium Enterprises (MSMEs)**. The Government proposed to **introduce a scheme** to provide **subordinated debt for entrepreneurs of MSMEs**. (Subordinated Debts are debts repayable only after all other debts have been paid. Hence, they are more risky for the lender of the money).
- This subordinated debt provided by banks would count as quasi-equity and would be fully **guaranteed through the Credit Guarantee Trust for Medium and Small Entrepreneurs (CGTMSE)**. The corpus of the CGTMSE would accordingly be augmented by the government.

Debt Restructuring:

- More than five lakh MSMEs have benefitted from restructuring of debt permitted by RBI in 2019. The restructuring window is to end on March 31, 2020. Government has asked RBI to consider extending this window till March 31, 2021.

Handholding Support to Promote Exports from Select Industries:

- Many mid-size companies are **successful domestically** but **not in export markets**. For **selected sectors** such as **pharmaceuticals, auto components**, etc., the Government proposed to **extend handholding support** - for **technology upgradations, R&D, business strategy**, etc. A **scheme with Rs. 1000 crore** will be anchored by EXIM Bank (Export-Import Bank of India) together with Small Industrial Development Bank of India (SIDBI).

FINANCIAL MARKETS:

Deepening the Bond Market:

- Certain **specified categories of Government securities** would be opened fully for **non-resident investors**, apart from being available to **domestic investors** as well.
- The **limit for Foreign portfolio investment (FPI) in corporate bonds**, currently at 9% of outstanding stock, will be increased to **15% of the outstanding stock of corporate bonds**.

Debt-based Exchange Traded Fund (ETF) for Government Securities:

- The Debt-based Exchange Traded Fund (ETF) recently floated by the government) to create an additional source of funding for Central Public Sector Enterprises (CPSEs), Central Public Financial Institutions (CPFIs) and other Government organizations was a big success. Now, Government proposed to expand this by floating a new Debt-ETF consisting primarily of **government securities**. This will give retail investors access to government securities as much as giving an attractive investment for pension funds and long-term investors.

Support to Non Banking Financial Companies (NBFC) and Housing Finance Companies (HFCs):

- To address the **liquidity (money flow) constraints** of the **Non Banking Financial Companies (NBFC) and Housing Finance Companies (HFCs)**, post the Union budget 2019-20, the government formulated a **Partial Credit Guarantee scheme** for the NBFCs. To further this support of providing liquidity, a mechanism would be devised.

DISINVESTMENT:

Part of Stake in LIC to be Disinvested:

- The **government** proposed to sell **a part of its holding** in **Life Insurance Corporation (LIC)** through stock exchange by way of **Initial Public Offer (IPO)**.
- Listing of companies on stock exchanges by selling a part of its stake will **discipline a company** and **provides access to financial markets** and **unlocks its value**. It also **gives opportunity for retail investors to participate in the wealth so created**.

FISCAL MANAGEMENT

- Every budget must appropriately address the issue of fiscal deficit. Recently, Government has undertaken very significant tax reforms for boosting investments. However, expected tax buoyancy will take time.

- Government estimates a fiscal deficit of 3.8% in Revised Estimates (RE) 2019-20 and 3.5% for Budget Estimates (BE) 2020-21.
- Section 4 (2) of the FRBM Act provides for a **trigger mechanism for a deviation from the estimated fiscal deficit on account of structural reforms** in the economy with **unanticipated fiscal implications**. Therefore, the Government has taken a deviation of 0.5% both for RE 2019-20 and BE 2020-21.

Accordingly, the revised path for fiscal deficit has been laid before the parliament as a part of Medium Term Fiscal Policy cum Strategy Statement. This fiscal path commits Government to the path of fiscal consolidation without compromising the needs of investment out of public funds.

Fiscal Indicators - Rolling Targets

<u>Indicators</u>	<u>Revised</u>	<u>Budget</u>	<u>(Projections)</u>	
	<u>Estimates</u>	<u>Estimates</u>	<u>2021-2022</u>	<u>2022-2023</u>
	<u>2019-2020</u>	<u>2020-2021</u>		
1. Fiscal Deficit	3.8	3.5	3.3	3.1
2. Revenue Deficit	2.4	2.7	2.3	1.9

CARING SOCIETY

Women & Child, Social Welfare

- "**Beti Bachao Beti Padhao**" (Save Girl Child, Educate Girl Child) campaign has yielded tremendous results. **Gross enrolment ratio of girls across all levels of education is now higher than boys**. At elementary level, it is 94.32 % as against 89.28% for boys. At Secondary level, it is 81.32 % as compared to 78 %, At higher secondary level girls have achieved a level of 59.70 % as compared to 57.54 % for boys.

Nutrition:

- Health of mother and child are closely correlated. Nutrition is the critical component of health. To improve the nutritional status of children (0-6 years), adolescent girls, pregnant women and lactating mothers, Prime Minister launched a "**Poshan Abhiyan**" in 2017-18. More than **six lakh anganwadi workers are equipped with smart phones to upload the nutritional status of more than 10 crore households**.

The Government proposed to provide **Rs.35,600 crore for nutrition-related programmes** for the financial year 2020-21.

In continuing with our government's commitment to the welfare of women, this budget provides for about Rs. 28,600 crore for programs that are specific to women.

Task Force to be Set up to Review of Women's Age of Marriage:

- **Women's age of marriage** was increased from fifteen years to **eighteen years in 1978**, by amending erstwhile Sharda Act of 1929. **As India progresses further, opportunities open up for women to pursue higher education and careers**. There are **imperatives of lowering Maternal Mortality Rate (MMR)** as well as **improvement of nutrition levels**. Entire issue about **age of a girl entering motherhood needs** to be seen in this light. Hence, the Government proposed to appoint a **task force that will present its recommendations in six months' time**.

Financial Support for Adopting Technological Solutions for Cleaning of Sewer Systems or Septic Tanks:

Government is determined that there shall be **no manual cleaning of sewer systems or septic tanks**. **Suitable technologies** for such tasks have been **identified** by the Ministry of Housing and Urban Affairs. Government is working with **urban local bodies for the adoption of these technologies**. The Government will now take this to its logical conclusion through **legislative and institutional changes**. **Financial support for wider acceptance of such technologies will be provided**.

GOVERNANCE:

Setting up of National Recruitment Agency (NRA) for Recruitment to Non-Gazetted Posts:

- The Government intends to introduce major reforms in **recruitment to Non-Gazetted posts in governments and public sector banks**.

At present, candidates have to appear for multiple examinations conducted by multiple agencies at different points of time, for similar posts. This places **enormous burden on time, effort and cost of young people**. To mitigate their hardship faced, it is proposed to set up a **National Recruitment Agency (NRA)** as an **independent, professional, specialist organisation** for conduct of a computer-based online **Common Eligibility Test** for recruitment to Non-Gazetted posts. A test-centre in every district, particularly in the Aspirational Districts would be set up.

Appointments to Tribunals:

- For **speedy disposal of commercial and other disputes**, Government has constituted various Tribunals and specialised bodies. It is proposed to evolve a **robust mechanism for appointment** including direct recruitment to these bodies to **attract best talents and professional experts**.

Modernising Data Collection:

- There is a **growing need for the Indian Statistical system to meet the challenges of real time monitoring of our increasingly complex economy. Data must have strong credibility**. The proposed new '**National Policy on Official Statistics**' would use latest technology including Artificial Intelligence (AI). It would lay down a road-map towards **modernised data collection, integrated information portal, and timely dissemination of information**.

ENVIRONMENT & CLIMATE CHANGE

- In September 2019, the Prime Minister has launched the '**Coalition for Disaster Resilient Infrastructure (CDRI)**' with its **Secretariat in Delhi**. This global partnership is the second such international initiative after the launch of International Solar Alliance in 2015. It will enhance climate change adaptation with a focus on disaster resilient infrastructure
- India submitted its '**Nationally Determined Contribution**', under the Paris Agreement in 2015 on a "best effort" basis, keeping in mind the development imperative of the country. Its implementation effectively begins on 1st January 2021. Our commitments as action will be executed in various sectors by the Departments/Ministries concerned through the normal budgeting process.
There are yet, thermal power plants that are old and their carbon emission levels are high. For such power plants, the Government proposed that utilities running them would be advised to close them, if their emission is above the pre-set norms.
- **In large cities having population above one million, clean air is a matter of concern**. The government proposed to encourage such States that are formulating and implementing plans for ensuring cleaner air in cities above one million. Parameters for the incentives would be notified by the Ministry of Environment, Forests and Climate change.

CULTURE & TOURISM

- Government proposes to establish an '**Indian Institute of Heritage and Conservation**' under Ministry of Culture with the status of a deemed University.
- Acquisition of knowledge in disciplines such as museology and archaeology are essential for collecting and analysing scientific evidence of such findings and for dissemination through high quality museums. Currently lack of trained man-power is a handicap for both these disciplines. This also affects tourism.
- **Five archaeological sites** would be **developed as iconic sites** with on-site Museums. **These are:** Rakhigarhi (Haryana), Hastinapur (Uttar Pradesh), Shivsagar (Assam), Dholavira (Gujarat) and Adichanallur (Tamil Nadu).
- In the historic Old Mint building Kolkata, a '**Museum on Numismatics and Trade**' will also be located. Four more museums from across the country shall be taken up for **renovation and re-curation** so that a world class experience can be offered to visitors.
- Government will also support setting up of a **Tribal Museum** in **Ranchi** (Jharkhand).

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- A '**Maritime Museum**' would be set up at **Lothal**- the Harrapanage maritime site near Ahmedabad, by Ministry of Shipping.

Tourism:

- India has moved up from rank 65 in 2014 to **34 in 2019 in the Travel & Tourism Competitive Index (World Economic Forum)**.
- **Foreign exchange earnings** grew 7.4% to **Rs.1.88 lakh crores** for the period January to November 2019 from Rs.1.75 lakh crores

DIRECT TAXES:

- Countries are competing with each other like never before to become the most attractive destination for doing business. Therefore, **to make sure that India stays globally competitive and a favoured destination for investment**, the Government took a bold historic decision of **reducing the corporate tax rate** for new companies in the manufacturing sector to an unprecedented level of 15%. Similarly, for the existing companies, the rate has also been brought down to just 22%. As a result, **our corporate tax rates are now amongst the lowest in the world**. This will **enable companies to expand their businesses and make fresh investments** in the coming future. Though Government will have to bear loss of substantial revenue due to these measures in the short-run, our economy will reap huge returns in due course (with new investments, new jobs, and consequent raise of tax revenues for the Government).
- In continuation of the reform measures already taken so far, the tax proposals in this budget are aimed at introducing further reforms to stimulate growth, simplifying tax structure, bringing ease of compliance, and reducing litigations.

Personal Income Tax and Simplification of Taxation

- In the interim Budget of 2019, Government exempted individuals having income up to Rs. 5 Lakh from paying any **income tax**.

Present Tax Rates:

Slab (Rs.) Existing Tax Rate

Upto 5 Lakh	Exempt
5 - 10 Lakh	20%
Above 10 Lakh	30%

However, the **Income Tax Act** is currently **riddled with various exemptions and deductions** which makes **compliance** by the **taxpayer** and **administration** of the **Income Tax Act** by the tax authorities a burdensome process. It is almost impossible for a taxpayer to comply with the Income-tax law without taking help from professionals.

In order to provide relief to the individual taxpayers and to simplify the Income-tax law, the Government proposed to bring a **new and simplified personal income tax regime for the individual taxpayers who forgo certain deductions and exemptions**.

Taxable Income

<u>Slab (Rs.)</u>	<u>Existing Tax Rates</u>	<u>New Tax Rates</u>
0 - 2.5 Lakh	Exempt	Exempt
2.5 - 5 Lakh	5%	5%
5 - 7.5 Lakh	20%	10%
7.5 - 10 Lakh	20%	15%
10 - 12.5 Lakh	30%	20%
12.5 - 15 Lakh	30%	25%
Above 15 Lakh	30%	30%

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- In the new tax regime, tax benefit will accrue to a taxpayer **depending upon** exemptions and deductions claimed by him.
 - The **new tax regime shall be optional** for the **taxpayers**. An individual who is **currently availing more deductions & exemption** under the Income Tax Act may choose to avail them and continue to pay tax in the old regime.
 - Government has also initiated measures to prefill the income tax return so that an individual who opts for the new regime would need no assistance from an expert to file his return and pay income tax.

Dividend Distribution Tax:

- Currently, companies are required to pay **Dividend Distribution Tax (DDT)** on the dividend paid to its shareholders at the rate of **15% plus applicable surcharge and cess** in addition to the tax payable by the company on its profits.
- Government has decided to **abolish Dividend Distribution Tax (DDT)** for companies and shift to a globally accepted regime of shareholder taxability for dividends i.e companies would not be required to pay Dividend Distribution Tax (DDT). The dividend will be taxed only in the hands of the recipients at their applicable rate. Abolition of Dividend Distribution Tax (DDT) is expected to increase the flow of Foreign Direct Investment (FDI) into the country.

Concessional Tax Rate for Electricity Generation Companies:

- In order to give boost to the manufacturing sector, new provisions were introduced in September 2019 offering a concessional corporate tax rate of 15% to the newly incorporated domestic companies in the manufacturing sector which start manufacturing by 31st March, 2023.
- In order to attract investment in power sector, the Government proposed to extend the concessional corporate tax rate of 15% to new domestic companies engaged in the generation of electricity.

Tax concession for Foreign Investments:

Tax Exemption to Sovereign Wealth Funds:

- In order to incentivise the investment by the '**Sovereign Wealth Fund**' of **foreign governments** in the priority sectors, the Government proposed to grant **100% tax exemption on their interest, dividend and capital gains income** in respect of investment in **infrastructure and other notified sectors** made before 31st March, 2024 with a minimum lock-in period of 3 years.

A **sovereign wealth fund (SWF)** is a state-owned investment fund which invests in real and financial assets such as stocks, bonds, real estate, precious metals, or in alternative investments such as private equity fund or hedge funds. Several countries like Norway, Japan, China, Canada, Singapore, Saudi Arabia, UAE, Kuwait, etc. have set up Sovereign Wealth Funds. It is set up with proceeds from any of the following: Balance of payments surpluses, Official foreign currency operations, proceeds of privatizations, Fiscal surpluses, receipts resulting from oil exports, etc.

Extention of concessional Withholding Tax Rate:

- Concessional **withholding tax rate** of 5% for **interest payment** to **non-residents** in respect of moneys borrowed and bonds issued has been extended upto 30th June, 2023.
- Lower withholding Tax rate of 5% for **interest payment** to **Foreign Portfolio Investors (FPIs) and Qualified Foreign Investors (QFIs)** in respect of **bonds** issued by **Indian companies and government securities** has been extended up to 30th June, 2023.
- The Government also proposed to extend the **concessional rate of withholding of 5% under section to the interest payment** made on the **Municipal Bonds**.

Withholding Tax: Also known as RetentionTax, it means the obligation of the taxpayer to withhold tax when making payments under specific heads (such as **rent, commission, payment for professional services, salaries, contracts, etc.**) at the rates that have been specified in the current tax regime. In

cases where payments are to be made to Non-Resident Indians, the payer is obligated to deduct at source withholding tax on **Interest, dividends, royalties, technical services**, etc.

Withholding Tax generally between 10 to 20 per cent depending on the type of income.

Start-ups

- **Start-ups** have **emerged as engines of growth for our economy**. Over the past year, Government has taken several measures to hand-hold them and support their growth. During their formative years, Start-ups generally use **Employee Stock Option Plan (ESOP)** to attract and retain highly talented employees. ESOP is a significant component of compensation for these employees. Currently, **ESOPs are taxable as perquisites at the time of exercise (taking ownership of shares)**. This leads to **cash-flow problem for the employees who do not sell the shares immediately and continue to hold the same for the long-term**. In order to give a boost to the start-up ecosystem, the Government proposed to ease the burden of taxation on the employees by **deferring the tax payment by five years or till they leave the company or when they sell their shares, whichever is earliest**.

Increase in the turnover limit to Rs. 100 crores for availing 100 per cent deduction of profits:

- Further, an eligible Start-up having turnover up to 25 crores is allowed **deduction of 100% of its the profits for three consecutive assessment years** out of seven years if the total turnover does not exceed **25 crore rupees**. In order to extend this benefit to larger start-ups, the **Government proposed to increase the turnover limit from existing Rs. 25 crore to Rs. 100 crores**. Moreover, considering the fact that in the initial years, a start-up may not have adequate profit to avail this deduction, the Government proposed to **extend the period of eligibility for claim of deduction from the existing 7 years to 10 years**.

Concessional Tax rate for Co-operatives:

- **Co-operative societies** play an extremely important role in our economy in facilitating **access to credit, procurement of inputs and marketing of products** to their members. These cooperatives are currently taxed at a rate of 30% with surcharge and cess. As a major concession and in order to bring parity between the co-operative societies and corporates, the Government proposed to provide an option to cooperative societies to be taxed at 22% plus 10% surcharge and 4% cess with no exemption/deductions. Further, the Government also proposed to exempt these co-operative societies from Alternative Minimum Tax (AMT) just like companies under the new tax regime are exempted from the Minimum Alternate Tax (MAT).

Medium, Small and Micro Enterprises (MSME)

- Currently, **businesses having turnover of more than one crore rupees** are **required** to get their books of accounts **audited** by an accountant. In order to reduce the compliance burden on small retailers, traders, shopkeepers who comprise the MSME sector, the Government proposed to raise the turnover threshold for audit from the existing Rs. 1 crore to Rs. 5 crore. Further, in order to **boost less cash economy**, the Government proposed that the **increased limit shall apply only to those businesses** which carry out less than 5% of their business transactions in cash.

Affordable Housing :

- For realisation of the goal of 'Housing for All' and affordable housing, in the last budget (2019-20) the Government had announced an additional deduction of up to **one lakh fifty thousand rupees for interest paid on loans taken for purchase of an affordable house**. The deduction was allowed on housing loans sanctioned on or before 31st March, 2020. In order to ensure that more persons avail this benefit and to further incentivise the affordable housing, the Government **proposed to extend the date of loan sanction for availing this additional deduction by one more year i.e March 31, 2021**.

Further, in order to boost the supply of affordable houses in the country, **a tax holiday is provided on the profits earned by developers of affordable housing project approved by 31st March, 2020**. In order to promote the affordable housing projects, the Government proposed to extend the date of approval of affordable housing projects for availing this tax holiday by one more year i.e March 31, 2021.

Concession to Real Estate Transactions:

- Currently, while taxing income from capital gains, business profits and other sources in respect of transactions in real estate, if the **consideration value (price paid by the buyer to the seller of property)** is less than circle rate by more than 5 percent, the difference is counted as income both in the hands of the purchaser and seller. In order to minimize hardship in real estate transaction and provide relief to the sector, the Government proposed to increase the limit of 5% **to 10%**.

Charity Institutions:

- Acknowledging the important role played by the charitable institutions in the society, the income of these institutions is fully exempt from taxation. Further, donation made to these institutions is also allowed as deduction in computing the taxable income of the donor.
- Currently, a taxpayer is required to fill the complete details of the donee in the income tax return for availing deduction.
- In order to ease the process of claiming deduction for donation, it is proposed to pre-fill the donee's information in taxpayer's return on the basis of information of donations furnished by the donee. This would result in hassle-free claim of deduction for the donation made by the taxpayer.
- Further, in order to claim the tax exemption, the **charity institutions have to be registered with the Income Tax Department**. In the past, the process of the registration was completely **manual** and **scattered all over the country**.
- In order **to simplify the compliance for the new and existing charity institutions**, the Government proposed to **make the process of registration completely electronic** under which a **unique registration number (URN)** shall be issued to all new and existing charity institutions. Further, to facilitate the registration of the new charity institution which is yet to start their charitable activities, the Government proposed to allow them provisional registration for three years.

Faceless Appeals:

- Government is committed to bringing in transformational changes so that maximum governance is provided with minimum government. In order to impart greater efficiency, transparency and accountability to the assessment process, a new faceless assessment scheme has already been introduced. Currently, most of the functions of the Income Tax Department starting from the filing of return, processing of returns, issuance of refunds and assessment are performed in the electronic mode without any human interface. In order to take the reforms initiated by the Department to the next level and to eliminate human interface, the Government proposed to amend the Income Tax Act so as to enable Faceless appeal on the lines of Faceless assessment.

No Dispute but Trust Scheme - 'Vivad Se Vishwas' Scheme

- Government has taken several measures to reduce tax litigations. In the last budget, Sabka Vishwas Scheme was brought in to reduce litigation in indirect taxes. It resulted in settling over 1,89,000 cases. Currently, there are 4,83,000 direct tax cases pending in various appellate forums i.e. Commissioner (Appeals), Income Tax Appellate tribunal (ITAT), High Court and Supreme Court. The Government proposed to propose to bring a scheme similar to the indirect tax Sabka Vishwas for **reducing litigations even in the direct taxes**.
- Under the proposed 'Vivad Se Vishwas' scheme, **a taxpayer would be required to pay only the amount of the disputed taxes and will get complete waiver of interest and penalty provided he pays by 31st March, 2020**. Those who avail this scheme after 31st March, 2020 will have to pay some additional amount. The scheme will remain open till 30th June, 2020.

Taxpayers in whose cases appeals are pending at any level can benefit from this scheme.

Taxpayer's Charter

- Any tax system requires **trust between taxpayers and the administration**. This will be possible **only when taxpayer's rights are clearly enumerated**. Towards this end, and with the **objective of enhancing the efficiency of the delivery system** of the Income Tax Department, the Government

proposed to amend the provisions of the Income Tax Act to mandate the Central Board of Direct Taxes (CBDT) to adopt a **Taxpayers' Charter**. The details of the contents of the charter shall be notified soon.

Instant PAN through Aadhaar

- In the last Budget, the Government had introduced the interchangeability of PAN and Aadhaar for which necessary rules were already notified. In order to further ease the process of allotment of PAN, soon Government will launch a system under which PAN shall be instantly allotted online on the basis of Aadhaar without any requirement for filling up of detailed application form.

INDIRECT TAX:

Levies:

Levies to Promote MSME's:

- **Labour intensive sectors in MSME** are **critical for employment generation**. **Cheap and low-quality imports** are an impediment to their growth. Special attention has been taken to put measured restraint on import of those items which are being produced by our MSMEs with better quality. Keeping in view the need of this sector, **customs duty** is being **raised on items like footwear and furniture**.

5 Per cent Health Cess on Import of Medical Equipment Manufacturing:

- Government's policy of Make in India has started giving dividends. India is now making world class goods and exporting such products. India has made considerable progress in medical equipment too. Till few years back we were dependent on imports for medical equipment. Now, not only we are manufacturing medical equipment but also exporting them in large quantities. This sector deserves further fillip. Government has also been committed to provide health services to all. Ayushman Bharat has made it possible.

To achieve the **twin objectives** of **giving impetus to the domestic industry** and also to **generate resource for health services**, the Government proposed to impose a **health cess of 5 per cent**, by way of a **duty of customs, on the imports of medical equipment** keeping in view that these goods are now being made significantly in India. The proceed from this cess shall be used for **creating infrastructure for health services** in the **aspirational districts**.

Electronics Equipment and Electric Vehicles:

- Under Make in India initiative, customs duty rates were pre-announced for items like **mobile phones, electric vehicles** and **their components**. This has **ensured gradual increase in domestic value addition capacity in India**. Customs duty rates are being revised on **electric vehicles**, and **parts of mobiles** as part of such carefully conceived Phased Manufacturing Plans.

Tobacco Products:

- **National Calamity Contingent Duty on Cigarettes and other tobacco products** has been increased ranging from Rs. 200 to 735 per thousand, depending upon length of cigarette and on filter/non-filter basis.

Reliefs:

- In other changes, **customs duty is being reduced on certain inputs and raw materials** while it is being revised upward on certain goods which are being made domestically. In the previous budget, basic custom duty of 10% was imposed on the news print and lightweight coated paper. However, since then the Government has received several references that this levy has put additional burden on print media at a time when it is going through a difficult phase. Therefore, the Government proposed to **reduce basic customs duty on imports of news print and light-weight coated paper from 10% to 5%**.
- Chemicals are crucial feed stocks for downstream users. Purified Terephthalic Acid (PTA), for example, is a critical input for **textile fibres** and **yarns**. Its easy availability at competitive prices is desirable to unlock immense potential in textile sector which is a **significant employment generator**. Therefore, in the larger public interest, **anti-dumping duty on PTA is being abolished**.

BANKING:

SBI Launches New Home Loan Scheme with Completion Guarantee to Buyers

- On January 8, 2020, State Bank of India (SBI) launched a new scheme 'Residential Builder Finance with Buyer Guarantee' for home loan customers.

Objectives of the Scheme:

- To build confidence among home-buyers by securing their hard-earned money, and
- to give boost to the real estate sector that is under stress.

About the Scheme:

- Under the scheme, it offers its home loan customers guarantee of the completion of the residential project within the stipulated deadline. If it fails it will refund the entire principal amount paid to the developer.
- The scheme will apply on real estate projects which are solely funded by SBI and where the homebuyer has also taken loan from SBI.
- All reputed real estate builders fulfilling the prescribed criteria, which includes Star ratings and **Credit Information Bureau (India) Limited (CIBIL)** score, can avail of loans between Rs 50 crore and Rs 400 crore under the scheme.
- The time-frame for the completion of the project will be as per the date specified by the respective State government's Real Estate Regulatory Authority (RERA).
- The scheme can be availed for projects where the **maximum home price is up to Rs 2.5 crores**.
- Initially it will be available in seven cities and will be later extended to a total of 10 geographies.
- Under the scheme, SBI has signed its first agreement with Mumbai-based Sunteck Realty Ltd for three projects to be constructed in the Mumbai Metropolitan Region.
- SBI had recently announced that new home loan borrowers can avail loans starting at 7.9% compared with 8.15% earlier after the lender slashed its external benchmark rate by 25 basis points to 7.8%

What is CIBIL?

- **Credit Information Bureau (India) Limited (CIBIL)** is India's leading credit information company and **maintains** the records of all the credit-related activities of companies as well as individuals including credit cards and loans. This information is then used to create Credit Information Reports (CIR) and credit scores which are provided to credit institutions in order to help evaluate and approve loan applications.

INDUSTRY:

Coal:

RC REDDY IAS STUDY CIRCLE

Coal Mining Regulations Relaxed through Ordinance

- On January 11, 2020, the Union Government issued 'Mineral Laws (Amendment) Ordinance 2020', making amendments in the
Mines and Minerals (Development and Regulation) (MMDR) Act, 1957, and
Coal Mines (Special Provisions) Act, 2015.

Objectives of the ordinance are to

- attract investments into coal sector, and
- boost domestic coal production.

The objectives are sought to be achieved through

- easing auction of coal mines, and
- enhancing ease of doing business.

Details:

Provision of composite Prospecting Licence-cum-Mining Lease (PL-cum-ML)

- There was no provision for grant of **Composite Prospecting Licence-cum-Mining Lease (PL-cum-ML)** in respect of coal/ lignite. A coal / lignite block could be either be allocated for Prospecting Licence or for Mining Lease. Prospecting licence is granted for exploring, locating and proving mineral deposits. A mining licence is required finally to extract minerals.

With the present amendments to the acts through the ordinance, **unexplored and partially explored coal blocks** for mining would be offered through **Prospecting License-cum-Mining Lease (PL-cum-ML)**.

Restrictions on Bidders Removed:

- Until now there were restrictions on **who could bid for coal mines** - only those in power, iron and steel and coal washery business could bid for mines - and the bidders needed prior experience of mining in India. This provision effectively limited the potential bidders to a select circle of players and thus limited the value that the government could extract from the bidding.
- Now, Companies which do not possess any prior coal mining experience in India but are financially strong and or have mining experience in other minerals or in other countries can now participate in auction of coal/lignite blocks.

End Use Restrictions Removed:

- Until now, coal mines could only be auctioned to companies that are engaged in specified end use i.e. coal produced from them could be used only for the designated captive purpose only and not traded in the market.
- Now, this provision on end use restrictions on coal mining companies has been scrapped and central government will have flexibility in deciding the end use of coal.

Significance of Amendments:

- The ordinance essentially democratises the coal industry by opening up of coal mining and **effectively ends Coal India's (CIL) monopoly status**.
- **Investments:** The amendments make it **attractive for merchant mining companies**, including multinationals such as BHP and Rio Tinto, to look at India. **Large investments** in mining will **create jobs** and **set off (initiate) demand in critical sectors** such as mining equipment and heavy commercial vehicles.
- **Technology:** The country may also benefit from infusion of sophisticated mining technology, especially for underground mines, if multinationals decide to invest.
- **Domestic coal production** will get a boost. The move was overdue considering that the country spent a huge Rs. 1,71,000 crore on coal imports last year (2018-19) to buy 235 million tonnes. Out of that, 100 million tonnes was not substitutable, as the grade was not available in India, but the balance 135 million tonnes could have been substituted by domestic production had it been available.

Jewellery:

Hallmarking Made Mandatory for Gold Jewellery

- On January 14, 2020, the Union Government announced that jewellers will not be allowed to sell gold jewellery or artefacts without hallmark from the **Bureau of Indian Standards** from January 15, 2021 onwards. In other words, jewellers can sell only hallmark gold jewellery or artefacts.
- Hallmarking will be done for jewellery in 3 categories - 14 carat, 18 carat and 22 carat.

(Carat is a measurement of purity of gold. It is measured on a scale of 0 to 24. 24 carat gold is pure gold. But, it has to be mixed with other metals to make ornaments as pure gold is too soft. Mixing gold with other metals makes it hard and makes ornaments durable. In 22 carat gold, of the 100 per cent, only 91.67 per cent is pure gold and remaining is other metals like silver, zinc, nickel and other alloys. 18K gold is 75 per cent gold mixed with 25 per cent of other metals like copper or silver, etc. Similarly, 14 carat gold is 58.3 per cent gold and the balance is made up of other metals.)

What is Hallmark?

- Hallmarking is the **accurate determination** and **official recording** of the **proportionate content** of precious metal.
- Gold hallmarking is a **purity certification of the precious metal**.
- Gold hallmarking is **voluntary** in nature **at present**.
- The **Bureau of Indian Standards (BIS)** is already running a hallmarking scheme for gold jewellery since April 2000.
- Around 40% of gold jewellery is being hallmarked currently.
- There are only 28849 jewellers so far registered with us. Government does not have an exact estimate of the number of jewellers in the country but estimates them to be around 3 to 4 lakhs.
- Bureau of Indian Standards (BIS) will also be expanding its hallmarking centres. So far there are 892 centres across the country. Each district will now get one.
- Consumers have to watch out for four marks on hallmarked gold jewellery: BIS mark, purity in carat, assay centre's (hallmark providing centres) name and jewellers' identification mark.
- People who want to exchange their old gold jewellery which does not carry a hallmark won't be troubled. This hallmarking is only for jewellers who are selling new gold jewellery.

Why Hallmarking?

- It will bring in transparency and assure the consumers of quality.
- It will also save them from fraud

Penalties for Selling Non hallmark Jewellery:

- If jewellery or artefacts made of 14, 18 and 22 carat gold are sold without a BIS hallmark, then the jeweller could face penalty
- worth five times the cost of the object, and
- imprisonment up to one year.

E-commerce:

Amazon to Create 1 Million New Jobs in India by 2025

- On January 15, 2020, Amazon, US based multinational e-commerce company, announced plans to create **1 million new jobs in India by 2025** through investments in technology, infrastructure and its logistics network.
- These jobs are in **addition to the seven lakh jobs** created by Amazon's investments over the last six years in the country
- Amazon founder and CEO Jeff Bezos said that the new one million jobs which will be created both **directly** and **indirectly**, will be **across industries** such as **information technology, skill development, content creation, retail, logistics, and manufacturing**.
- He stated that Amazon India would also invest **\$1 billion** to **help bring 10 million traders** and micro, small, and medium-sized businesses (MSMEs) across India online, **enabling \$10 billion in cumulative exports by 2025**.

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- The company said the Indian Government had prioritised job creation and skilling initiatives, including the training of more than 400 million people by 2022, in rural and urban areas. Amazon India would complement Government's efforts by creating more opportunities for people in India to find employment, build skills, and expand entrepreneurship opportunities.
 - Since 2014, the Amazon company has grown its employee base more than four times, and last year inaugurated its new campus building in Hyderabad, **Amazon's first fully-owned campus outside the United States and the largest building globally in terms of employees (15,000) and space (9.5 acres).**
 - Jeff Bezos stated that Amazon's operations network has created inclusive job opportunities across the country, including hundreds of associates with hearing and speech impairment at its fulfilment centres, sortation stations, and delivery stations. Amazon also has an all-woman delivery station, along with a pilot internship program for individuals with autism and intellectual disabilities.
 - He said that Amazon India would also add 10,000 electric rickshaws to its electric fleet.

INFRASTRUCTURE:

Oil & Gas:

Rs 5,500 crore Viability Gap Funding for setting up the North East Natural Gas Pipeline Grid

- On January 8, 2020, the Government of India **approved Rs 5,500 crore Viability Gap Funding (VGF)** to North-East gas grid.
- Total cost of the project is of Rs 9,265. Viability Gap Funding (VGF) would be capped at 60% of estimated project cost.
Indradhanush Gas Grid Limited (IGGL), a joint venture company of five CPSEs (IOCL, ONGC, GAIL, OIL and NRL), would develop and operate North East gas grid.

What is Viability Gap Funding (VGF) ?

- Viability Gap Finance (VGF) means a grant (subsidy) given by the Government to support projects that are economically justified but financially unviable.
- The VGF scheme was launched in 2004 to support infrastructure projects undertaken through Public Private Partnerships. It is administered by the Ministry of Finance.
- Viability Gap Funding (VGF) is provided as a capital subsidy to attract the private sector players to participate in Public Private Partnership (PPP) projects. Projects may not be commercially viable without Government financial support because of long gestation period and small revenue flows in future.

About North East Gas Grid:

- Total length of pipeline is 1656 KM.
- **Eight states of the North-Eastern region** i.e. Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura would be benefitted.
- It would meet the needs of various types of consumers viz. Industrial, Piped Natural Gas (Domestic), Compressed Natural Gas (CNG) for Transport, etc.

Benefits :

- Availability of Natural gas across the region is expected to **boost industrial growth** without **impacting the environment.**
- It leads to development of industrial climate in eight states of the north-eastern region i.e. Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura.
- The project would offer better quality of life to the people in general due to the use of cleaner and green fuel.

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- There would be reduction in the usage of kerosene, wood, etc. due to increased usage of environment friendly natural gas thereby improving the environment in the region.
 - It will boost Exploration & Production activities and connect regional gas sources with pipeline network for early monetisation of natural resources in the region.
 - Uninterrupted supply of LPG and other value added products can be ensured in the region which will bring **energy security** to the people in the area.

Environmental Clearance Exemption for Onshore and Offshore Oil and Gas Exploration

- On January 18, 2020, the Union Government exempted oil and gas companies which want to undertake exploration (drilling) activities from the requirement of **Environmental Impact Assessment (EIA)**, and **public consultation** through public hearings.
- The clearance exemption is for both on-shore and offshore drilling explorations.
- Until now, companies seeking to conduct exploratory surveys had to prepare an environment impact assessment plan, which had to be scrutinised by a centrally-constituted committee of experts. Then the proposal had to be subjected to a public hearing involving the local residents of the proposed project site.
- The Union Government has moved Exploration from **category of 'A'** (requiring Environmental Impact Assessment (EIA) and Public hearing) to **category of 'B2'**. This means this process has been decentralised to the states and there is no need for Environmental Impact Assessment (EIA). States can decide whether to hold public hearing or not.
- Companies like Oil and Natural Gas Corporation (ONGC) and Vedanta Ltd would benefit from the decision of the Government.

Vedanta had submitted an application for environmental clearance to carry out exploratory activities covering 4,187 sq. km across the UTs of Pondicherry and Karaikal, and Nagapattinam, Villupuram and Cuddalore districts in the Cauvery delta. Additionally, ONGC has also applied for permission for hydrocarbon exploration in Nagapattinam and Cuddalore. The proposed exploration involves drilling 274 exploratory wells by Vedanta and 40 by ONGC,

What is Environmental Impact Assessment (EIA)?

Environmental impact assessment (EIA) has been developed as a tool to minimize negative impact of human activities on the environment. The purpose of the environmental impact assessment is to

- assess the impact of a proposed activity on the environment before making the decision on whether to carry it out, and
- develop measures to avoid or minimize those impacts if it is decided to carry out the activity.

WORLD ECONOMY - GLOBAL REPORTS:

UNCTAD Report:

India Among Top 10 FDI Recipients with \$49 billion Inflows in 2019: UN Report

- **India** was among the **top 10 recipients of Foreign Direct Investment (FDI) in 2019** with **\$49 billion FDI inflows** according to the '**Global Investment Trend Monitor Report**' released by United Nations Conference on Trade and Development (UNCTAD) on January 20, 2020.
- **India attracted an estimated 49 billion dollars of FDI in 2019**, a 16 per cent increase from the **42 billion dollars recorded in 2018**.

Top 10 FDI Recipients in 2019:

1. United States : \$251 billion
2. China : \$140 billion
3. Singapore : \$110 billion.
4. Brazil : \$75 billion.
5. UK : \$61 billion.
6. Hongkong : \$55 billion.
7. France : \$52 billion.
8. India : \$49 billion.
9. Canada : \$47 billion.
10. Germany : \$40 billion.

Other Highlights of the Report:

- Global foreign direct investment (FDI) remained flat in 2019 at **\$1.39 trillion**. This is despite the weaker macroeconomic performance and policy uncertainty for investors, including trade tensions.
- Developing economies continue to absorb more than half of global FDI flows at \$ 695 billion inflows.
- South Asia recorded a 10 per cent increase in FDI to \$60 billion and this growth was driven by India, with a 16 per cent increase in inflows to an estimated \$49 billion. The majority of FDI into India went into services industries, including information technology. Inflows into Bangladesh and Pakistan declined by 6% and 20%, respectively, to \$3.4 billion and \$1.9 billion.
- The **FDI flows to developed countries** remained at a historically low level, decreasing by a further six per cent to an estimated **\$643 billion**.
- The FDI to the European Union (EU) fell by 15 per cent to \$305 billion.
- United States received \$251 billion FDI in 2019 as compared to \$254 billion in 2018.

Projections for 2020:

UNCTAD expects the FDI flows to rise moderately in 2020 due to

- current projections of improvements in global economy,
- projected rise in global trade
- higher corporate profits, and
- waning trade tensions particularly US-China.

World Bank Report:

'Global Economic Prospects Report' of World Bank Projects 5 Per cent Growth of India

- The World Bank, in its latest '**Global Economic Prospects Report**' released on January 8, 2020, lowered growth estimate for India to 5 per cent for the current fiscal (2019-20) from the earlier projection of 6 per cent.

Global Growth Estimates:

- 2020 : 2.5 per cent
- 2021 : 2.6 per cent
- 2022 : 2.7 per cent

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- Global economic growth is forecast to increase upto 2.5% in 2020 as **investment trade gradually recovers** from last year's (2019) significant weakness.
 - While growth in emerging market and developing economies is expected to accelerate this year to 4.1%, growth among advanced economies as a group is anticipated to slip to 1.4% in 2020 in part due to weaker-than-expected trade and manufacturing activity
 - For the US, the World Bank raised 2020 and 2021 growth estimates to 1.8 per cent and 1.7 per cent respectively after 2.3 per cent forecast for 2019.

Risks to Projections:

- Re-escalation of trade tensions and trade policy uncertainty,
- a sharper-than expected downturn in major economies, and
- financial turmoil in emerging market and developing economies.

Recommendations:

Administered Prices:

- The report stated that there are widespread price controls in Low-Income Countries (LICs).
They are most often imposed on energy products such as petroleum and electricity, and food such as sugar and cereal products.
- **Fiscal and development implications.** In conjunction with distortive subsidies, price controls can have adverse consequences for growth by discouraging competition, hindering investment and productivity, increasing informality, and distorting financial markets. These policies also tend to be inequitable, as wealthier segments of the population benefit disproportionately given their greater consumption of the price-controlled good. Moreover, implementation of these policies- often in conjunction with other distortive policies such as market entry barriers - can create sizeable fiscal burdens.
- **Policy implications:** Replacing price controls with expanded and better targeted social safety nets, coupled with structural reforms to encourage competition and a sound regulatory environment, can be both pro-poor and pro-growth.

Targeting Inflation:

- Inflation in low-income countries has reduced to a median of 3% in mid-2019 from 25% in 1994.
- The decline has been supported by more flexible exchange rate regimes, greater central bank independence, lower government debt, and a more benign external environment.
- **Monetary policy challenges.** However, the level and volatility of inflation in Low Income Countries (LICs) have **remained higher** than in advanced economies and other developing economies over the past two decades. This poses monetary policy challenges particular to LICs arising from higher economic volatility and pervasive use of administered pricing, conflicts among central bank policy objectives, and limited analytical capacity at central banks. Widespread informal sector activity and small financial systems with narrow reach limit monetary policy transmission through the financial sector.

Policy options. Broader policy efforts aimed at strengthening fiscal and monetary policy frameworks, and improving debt management, are therefore required in LICs to safeguard low and stable inflation.

Addressing monetary policy challenges in LICs requires a broader development process and includes: the development of financial markets to provide the central bank with more effective policy instruments; the improvement of systems compiling economic statistics; and capacity development in central banks and economic ministries.

IMF Report:

IMF Cuts India's Growth Estimate to 4.8 Per cent in 2019-20

- International Monetary Fund (IMF), in its update to the 'World Economic Outlook' released on January 14, 2020, reduced India's estimated GDP growth rate to 4.8 per cent for 2019-20, and 5.8 per cent for 2020-21.
- In India GDP growth was revised downwards due to weak **domestic demand** which has **slowed more sharply than expected**, **stress** in the **nonbank financial sector**, and **a decline in credit growth**.
- India's GDP is expected to improve in the next two fiscal years due to likely monetary and fiscal stimulus, and subdued oil prices.

Global Growth Estimates:

- Global growth is estimated at 2.9 percent in 2019, 3.3 percent in 2020, and 3.4 percent in 2021.

Risks to Growth:

- Rising geopolitical tensions, notably between the United States and Iran, could disrupt global oil supply, hurt sentiment, and weaken already tentative business investment.
- Intensifying social unrest across many countries (including in Iraq and Lebanon), and civil war (Libya, Syria, Yemen) could weaken business sentiment and drag growth lower than projected.

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NATIONAL POLITY

Anti-defection Law:

Supreme Court's Verdict on Anti-Defection Law

Highlights of the Supreme Court's judgement on disqualification of elected members for defection under the Anti defection Law (10th Schedule of the Constitution) delivered on January 21, 2019 are the following.

1. Permanent Tribunal for Adjudication of Disputes Suggested:

The Supreme Court suggested that Parliament should amend Constitution to set up a 'Permanent Tribunal' to adjudicate on disqualification petitions under the Tenth Schedule as setting up a **permanent tribunal** which is outside Parliament or the State Legislative Assemblies and Legislative Councils wherever they exist would lead to swift and impartial disqualification of defectors and would give "real teeth" to the Tenth Schedule.

Permanent Tribunal shall be headed by a retired Supreme Court judge or a former High Court Chief Justice or some outside independent mechanism to ensure that such disputes are decided **swiftly** and **impartially**. Such mechanism is vital for the proper functioning of democracy.

Why Permanent Tribunal?

- The Anti-defection Law vests **quasi-judicial powers** with **Speaker** to decide on petitions against defection who often acts on partisan grounds as his or her loyalties are with a particular political party. Hence, the Supreme Court suggested vesting these powers with an impartial 'Permanent Tribunal'.

2. Petitions on Disqualification should be decided within Three Months:

For the present, the Supreme Court stated that Speakers should decide disqualification petitions within a "reasonable period" of three months. What is 'reasonable' would depend on the facts of each case. **Unless there were "exceptional circumstances"**, disqualification petitions under the Tenth Schedule **should be decided by Speakers within three months**. The court noted that this period is 'reasonable', as the **ordinary life of the Lok Sabha or the Legislative Assemblies was merely five years**.

Significance of the Judgement:

- The verdict **puts to an end the freedom of Speaker to remain inactive in disqualification petitions**. As members of the ruling party, the Speakers have been acting to suit the interests of ruling parties and inordinately delaying decisions. There is no specific time frame for taking decisions in the Anti defection Law and the Speaker is the sole Authority to decide these petitions.

Several Speakers (of legislative assemblies of various states) have allowed defectors to increase the strength of ruling parties. Some of them were even sworn-in as Ministers. The Speakers facilitated this by merely refraining from adjudicating on complaints against them.

- Now, Speakers **have to take the decision within three month** unless there are "**exceptional circumstances**".
- The Supreme Court has also ruled it would intervene in cases of unreasonable delay beyond three months.
- Hence, the judgement facilitates enforcement of the law against defection in letter and spirit and contributes to speedy disposal of anti-defection petitions.
- If the Government acts on the suggestion of Supreme Court and sets up 'Permanent Tribunal' to adjudicate disqualification petition, it would also bring in impartiality in the disposal of such petitions and further strengthen the Anti-defection Law.

Background:

- The judgment came on an appeal filed by Congress legislator Keisham Meghchandra Singh against the Manipur Assembly Speaker for not taking any decision on the disqualification of Minister T. Shyamkumar. He contested on the Congress ticket and won. But, he joined BJP and became a Minister in 2017. Nearly dozen petitions have been filed against him since 2017. But, the Speaker did not take any decision on these petitions.
- The court asked the State Assembly Speaker to decide on the disqualification petition in four weeks. The petitioners were given liberty to approach the Supreme Court in case the Speaker failed to comply.

Additional Information:

About Anti-defection Law:

- The 10th Schedule to the Constitution, popularly referred to as the 'Anti-Defection Law,' was inserted by the 52nd Amendment in 1985.
- **Objective** is to **curb the growing tendency of political defections** by parliamentarians and legislators from one party to another after elections.
- It provides for disqualification of elected members.
- A member would incur a disqualification when he "voluntarily gives up his membership of a party" when he/she votes (or abstains from voting) contrary to the directive (also called whip) issued by his or her party.
- While individual acts of defection attract disqualification, Anti-Defection Law recognises splits in political parties.

If one-third of the members of a legislative party broke away and formed a separate group or joined another political party, they could continue as members of the legislature. Individual defections were curbed to check influence of money power and perks of office. Split through one third members was allowed to facilitate "honest dissent" on the grounds of deep ideological or policy differences. But, this one third provision led to bulk defections.

- Hence, this provision that allowed one-third of the parliamentarians/legislators to split from their parent party was repealed in 2003 through **Constitution (Ninety-first Amendment) Act, 2003** and a new provision was added which permitted two-thirds of the members of a parliamentary/legislative party to merge with an existing political party or form a new political party.

Criticism on the Anti-defection Law:

The working of the Anti-defection Law has come under criticism on the following grounds.

1. It has failed to effectively check defections.
2. It has **stifled legislative debate and independent thinking among legislators**. Elected members of political parties cannot freely participate and have their opinion on Bills and policies. A member invariably ends up voting for a bill if he/she is part of ruling party/Alliance and against a bill if he/she is in the Opposition

Parties exercise control over elected members through Whip (power to issue directions). Violation of whip attracts disqualification. Hence, the Anti-defection Law is criticised for curbing freedom of elected members by political parties.

Hence, there is a **suggestion** that the Anti-defection Law should be amended to facilitate elected members freedom to participate and exercise their free will in legislative debates as **legislation** is the **principal function of Parliament** and the party whip should cover only 'No Confidence Motion' against Government.

Election Funding:

Vice President Calls for Effective Laws Against Huge Election Expenditure by Parties and Populist Spending by Governments

Speaking at a conference on 'Indian Democracy at Work', organized to look at the shortcomings in Indian democracy by the Foundation for Democratic Reforms (FDR) in association with Indian School of Business (ISB) and University of Hyderabad (UoH) on January 9, 2020, Vice President of India Mr. M. Venkaiah Naidu called for effective laws against

- a) **huge election expenditure by parties**, and
- b) **populist spending** by Governments.

Details:

- The Vice President stated that **two glaring distortions in democratic polity** need to be addressed by the political system with a sense of urgency and unity. The first is the use of enormous money power-often unaccounted for and illegal- in politics and elections.

The second is the **increasing attempts to entice the voters** (by the governments) with **short term benefits at the cost of long term goals of ensuring basic amenities, infrastructure, quality education and healthcare and growth and job opportunities**.

The Vice President noted that it is a reality that **a millionaire has much better chances of becoming an MP or an MLA at the cost of the honest and more deserving low income Indians**. He stated that 475 members of the present Lok Sabha accounting for 88% of the 533 members are 'crorepatis' (have assets in crores).

Mr. Naidu stated that **unregulated higher election expenses foster corruption and threaten quality of governance** through **compromised policy making and administration besides undermining the fairness of the election process**.

Recommendations:

1. Strict Code of Conduct for the Political Parties :

- The Vice President recommended a **strict code of conduct for the political parties** with regard to the source of funding, expenditure on political training and mobilization of cadres and other political activities, funding of elections and candidates, etc.

He urged the political parties **not to shy away from being financially accountable** in the **interest of transparency of the country's democratic polity**.

He suggested that **Parliament should think of making a law for ensuring transparency** in the polity through appropriate and actionable regulatory measures to make accounts of political parties public.

He stated that **campaign finance needs should be met by the society honestly and transparently**.

2. Simultaneous Polls:

- The Vice President stated that simultaneous polls could also significantly bring down the cost of holding elections by the Election Commission of India and also the expenditure by the political parties besides other advantages. Hence, he urged upon the political parties to seriously consider the option of simultaneous polls and evolve a consensus.

3. Wider Participation of Society Needed:

- The Vice President stated that money power in politics cannot be controlled by the Election Commission alone. Besides political parties, **civil society, the corporate and organizations** working for electoral reforms have a larger role to play in countering this.

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- More importantly, it is the **citizen-voter who should take the lead in preventing the abuse of money power**. Voters should realize that selling vote for a few thousand is the **highest form of moral compromise** that militates against democratic ethics. **If a citizen sells his vote, he forfeits the right to take the government** he voted for to task in case of the failure to deliver on the promises. Effective campaigns need to be undertaken to educate the voters about the virtue and the power of their votes and the adverse implications of compromised voting.
 - The Vice President stated that **democracy has stabilized in the country by taking deep roots over the last 70 years, but** that it is however, **afflicted** by 'quality deficit' which needs to be addressed by eradicating **identity based voting** and **voting for cash**.

He urged the citizens to chose their representatives based on 'Character, Conduct, Calibre and Capacity' and not to be guided by 'Cash, Caste, Community and Criminal prowess' of the candidates.

4. Balancing Populist Schemes and Long term interests of the Society:

- The Vice President also stated that **short term benefits offered by the governments in the form of populist schemes for electoral advantage** are **at the cost of their ability to perform main functions** besides **adversely impacting the long term interests of the poor and the middle class**.
- He **urged the economists, social scientists, media and civil society to evolve mechanisms** to find a **reasonable balance between short term income boosting and long term development and poverty eradication objectives**.
- The Vice President stated that perhaps, time has come to **consider a suitable legislation on the lines of FRBM (Fiscal Responsibility and Budget Management Act that puts a cap on Fiscal Deficit)**. **If a cap is introduced on the proportion of budgetary resources** that can be deployed for short term benefits by law, then perhaps, all political parties will have a level playing field and reckless and unsustainable populist measures can be kept under check.

Republic Day:

President's Address on the Eve of Republic Day

- President of India Mr. Ram Nath Kovind addressed the Nation the eve of the 71st Republic Day of India on January 25, 2020.

Highlights:

- The President stated that our Constitution gave us rights as citizens of a free democratic nation, but also placed on us the responsibility to always adhere to the central tenets of our democracy – justice, liberty, equality and fraternity.

Successful Implementation of Welfare Schemes :

- The President stated that the Government has **launched a number of welfare schemes and campaigns** and citizens have voluntarily turned them into popular movements. He stated that the '**Swachhh Bharat Abhiyan**' has achieved astounding success in such a short time. The same spirit can be seen in other endeavours. Be it giving up cooking fuel subsidy or pushing digital payments, the common man has made the government programmes his own, making them truly effective. The success of the '**Pradhan Mantri Ujjwala Yojana**' is a matter of pride as the target of 8 crore beneficiaries has been achieved.

Similarly, under '**Pradhanmantri Kisan Samman Nidhi**', more than 14 crore farmer families have become entitled to receive minimum income support of Rs. 6,000 per year. This has enabled the farmers who feed us to live a life of dignity.

To effectively meet the challenge of the increasing water crisis, the Ministry of Jalshakti has been created. Water conservation and water management are being given top priority. He expressed confidence that like 'Swachhh Bharat Abhiyan', '**Jal Jeevan Mission**' too will take the form of a popular movement.

Other Policy Initiatives:

- The President stated that along with the welfare of those most in need, Government has also initiated various other policy initiatives.

The roll-out of the **Goods and Services Tax (GST)** has realised Government's vision of 'One country, One tax, One market'. It is being complemented by the **e-NAM (electronic National Agricultural Market)** scheme, which is strengthening the process of creating 'one market for one nation' and will benefit farmers.

He stated that there is a consistent effort by the government to ensure overall development of each and every part of the country - be it Jammu-Kashmir and Ladakh, the states in the North-East or our Islands in the Indian Ocean.

Health and Education:

- The President stated that **access to health and education** are often **considered the foundation of good governance**. In both these sectors, we have come a long way in the seven decades. The Government has rightly focused its attention on the health sector, with its ambitious initiatives. Starting with the **Pradhan Mantri Jan Arogya Yojana**, and expanding to the **Ayushman Bharat**, which is the world's largest publicly funded universal healthcare programme, the Government has shown its care and concern for the well-being of the poor. Quality of healthcare has improved, so has its reach. The **Jan Aushadhi Yojana** has brought down the healthcare budget of common people in the country by providing quality generic medicines at affordable prices.
- The President stated that the foundations of a sound education system were built in ancient times, with the setting up of great universities like Nalanda and Takshashila. And in India, knowledge has always been considered more valuable than power, fame or riches. In our tradition, educational institutions are respected as temples of learning. When our land was pushed into backwardness after the long colonial rule, it was education that emerged as a path to empowerment. Even though the development of our educational institutions commenced soon after Independence, in an environment of scarcity of resources, our achievements in the field of education have followed a remarkable trajectory. Government's endeavour is to **ensure that no child or youth is denied education**.

Democracy Index:

India Ranked 51 out of 167 Countries in the 'Democracy Index'

- India, the world's biggest democracy, was ranked **51 out of 165 countries** in the 2019 'Democracy Index' released on January 22, 2020 by 'The Economist Intelligence Unit' of the 'The Economist magazine'. This records how global democracy fared every year.

Norway was ranked 1 while North Korea was ranked last at 167.

- India's rank slipped from 41 in 2018 to 51 in 2019 due to "an **erosion of civil liberties** in the country", according to the Index Report.
- **Civil liberties** include
freedom of the press,
freedom to protest,
unrestricted access to the Internet,
an independent judiciary,
religious tolerance,
equal treatment of all citizens, and basic security.

The report stated that Indian government has restricted internet access on many occasions, **repealed provisions of Article 370** of the Indian Constitution which provided special status to the Jammu and Kashmir, imposed various other security measures in the State by deploying a large number of troops and placed local leaders under house arrest.

The **National Register of Citizens (NRC)** exercise in Assam also excluded 1.9 million people from the final list, and that “the vast majority of people excluded from the NRC are Muslims.

The **new citizenship law** has enraged the large Muslim population, stoked communal tensions and generated large protests in major cities.

India categorised under “flawed democracies”:

- The Index also categorised India under “flawed democracies” i.e. countries that hold free and fair elections and where basic civil liberties are respected, **but have significant weaknesses in aspects of democracy**, such as **problems in governance, an underdeveloped political culture and low levels of political participation.**

About the Democracy Index:

- The overall democracy index is a combination of five categories. Each is graded on a scale of 1 (worst) to 10 (best).
 1. Electoral Pluralism (free and fair elections, universal adult suffrage, equal campaigning opportunities, etc.),
 2. Governance,
 3. Political Participation,
 4. Political Culture, and
 5. Civil Liberties.

India’s Performance:

- India’s overall score fell from 7.23 to 6.9, on a scale of 0-10, within a year (2018 to 2019).
- The following table shows **India’s index value in 2019** and the number of countries that rank better or worse than India. Countries that have the same index value as India were ignored.

<u>Index</u> <u>India</u>	<u>Value</u>	<u>Nations Better than India</u>	<u>Nations Worse than</u>
1. Electoral Pluralism	8.67	64	102
2. Governance	6.79	39	123
3. Political Participation	6.67	26	119
4. Political Culture	5.63	57	80
5. Civil Liberties	6.76	69	94
Overall Democracy Index	6.90	50	116

Explanations of above Terms:

- **Electoral Pluralism** refers to free and fair elections, universal adult suffrage, equal campaigning opportunities, etc.
- **Governance** refers to influence of elected representatives in determining government policy, supremacy of the legislature, etc.
- **Political participation** takes into consideration voter turnout, share of women parliamentarians, etc.
- **Political culture** refers to popular support for democracy, a strong tradition of separation of Religion and State, etc.
- **Civil liberties** include freedom of the press, freedom to protest, unrestricted access to the Internet, an independent judiciary, religious tolerance, equal treatment of all citizens, and basic security.

Top Five Countries in the Democracy Index are

1. Norway
2. Iceland
3. Sweden
4. New Zealand
5. Denmark

Other Highlights of the Report:

Countries have been classified into one of four types of regime:

1. **Full democracies:** scores greater than 8
2. **Flawed democracies:** scores greater than 6, and less than or equal to 8
3. **Hybrid regimes:** scores greater than 4, and less than or equal to 6
4. **Authoritarian regimes:** scores less than or equal to 4

- According to the report, there are only **22 “full democracies”**.
- Only 5.7% reside in a “full democracy”.
- Almost one-half (48.4%) of the world’s population live in a democracy of some sort (full democracy or flawed democracy).
- More than one-third of the world’s population live under authoritarian rule, with a large share being in China.

<u>Type of Democracy</u>	<u>No. of countries</u>	<u>% of countries</u>	<u>% of world population</u>
Full democracies	22	13.2	5.7
Flawed democracies	54	32.3	42.7
Hybrid regimes	37	22.2	16.0
Authoritarian regimes	54	32.3	35.6

Explanation:

Full democracies:

- Countries in which **not only basic political freedoms and civil liberties are respected**, but which also tend to be underpinned by **a political culture conducive to the flourishing of democracy**. The functioning of government is satisfactory. Media are independent and diverse. There is an effective system of checks and balances. The judiciary is independent and judicial decisions are enforced. There are only limited problems in the functioning of democracies.

Flawed democracies:

- These countries also **have free and fair elections** and, even if there are problems (such as infringements on media freedom), basic civil liberties are respected. However, there are **significant weaknesses** in other aspects of democracy, including problems in **governance, an underdeveloped political culture and low levels of political participation**.

Hybrid regimes:

- **Elections** have **substantial irregularities** that often prevent them from being both free and fair. Government pressure on opposition parties and candidates may be common. Serious weaknesses are more prevalent than in flawed democracies - in political culture, functioning of government and political participation. Corruption tends to be widespread and the rule of law is weak.

Civil society is weak. Typically, there is harassment of and pressure on journalists, and the judiciary is not independent.

Authoritarian regimes:

- In these states, state political pluralism is absent or heavily circumscribed.

Many countries in this category are **outright dictatorships**. Some formal institutions of democracy may exist, but these have little substance. Elections, if they do occur, are not free and fair. There is disregard for abuses and infringements of civil liberties. Media are typically state-owned or controlled by groups connected to the ruling regime. There is repression of criticism of the government and pervasive censorship. There is no independent judiciary.

SOCIAL SECTOR

Education:

ASER Survey 2019 Recommends Focussing on Cognitive Skills to Improve Learning Outcomes in Children

Findings of the 'Annual Status of Education Report (ASER) 2019', released by Non-Governmental Organization (NGO) 'Pratham' on January 14, 2020 are given below. (The report is based on a survey of 37,000 children between 4 and 8 years conducted in 26 districts across 24 states).

- Education system is failing kids in 4 to 8 age group.
- Only 37.4% of kids below six are able to recognize at least letters and only 25.6% can do additions.
- At least **25% of school children** in the **four-eight age group** do not have age-appropriate cognitive and numeracy skills. The lack of age-appropriate skills in the early years is **alarming** as this can impact the entire education system in India
- Just 37.4% of children below six are able to recognize at least letters and only 25.6% can do additions.
- **Class 1:** Only 16% of children can read text at the prescribed level, while almost 40% cannot even recognise letters.
- Similarly, only 34.8% of children in **Class II** can read a text meant for the level below.
- At **Class III**, only 50.8% can read texts meant for their juniors two levels below.

Importance of Focussing on Cognitive Skills:

- Focussing on **cognitive skills rather than subject learning** in the early years can make a big difference to basic literacy and numeracy abilities of rural students.

Experiment:

- During the survey each child was asked to do a variety of tasks testing cognitive skills - sort images by colour and size, recognise patterns, fit together a four-piece animal puzzle - as well as simple literacy and numeracy tests.
- Social and emotional development was tracked through activities using cards with faces showing happiness, sadness, anger and fear.

Findings:

- The survey shows that among Class 1 children about 14% could read words, while 19% could do single digit addition. However, of those children who could correctly do all three cognitive tasks, 52% could read words, and 63% could solve the addition problem.

Thus the ASER data showed that children's performance on tasks requiring cognitive skills is strongly related to their ability to do early language and numeracy tasks.

- This suggests that focussing on **play-based activities** that **build memory, reasoning and problem-solving abilities** is **more productive than an early focus on content knowledge**.

Importance of Quality of Early Childhood Education:

- Global research shows that **90% of brain growth occurs by age 5.**
- **Hence, quality of early childhood education has a crucial impact on the development and long-term schooling of a child.**

Determinants of Early Childhood Education:

- A large number of factors determine the quality of education received at this stage, including the child's home background, especially the mother's education level; the type of school, whether anganwadis, government schools or private pre-schools; and child's age in Class 1.

Other Findings of the Survey:

Dominance of Private Preschools:

- The government-run preschool system is losing out to private schools in terms of enrolment.

Private schools Performing Better:

- Of six-year olds in Class 1, 41.5% of those in private schools could read words in comparison to only 19% from government schools.
- Similarly, 28% of those in government schools could do simple addition as against 47% in private schools.
- This gap is further exacerbated by a **gender divide: only 39% of girls aged 6-8 are enrolled in private schools in comparison to almost 48% of boys.**

The report also found that a classroom could include students from a range of age-groups, skewing towards younger children in government schools.

Underage Children in Government Schools:

- More than a quarter of Class 1 students in government schools are only 4 or 5 years old, younger than the recommended age. These younger children struggle more than others in all skills.
- Permitting underage children into primary grades puts them at a learning disadvantage which is difficult to overcome.

Enrolment on the Basis of Gender :

- More girls are enrolled in government institutions and more boys in private institutions.
- Among four-five year-old children, 56.8% of girls and 50.4% of boys were enrolled in government schools or preschools, whereas 43.2% of girls and 49.6% of boys were enrolled in private preschools or schools.
- The gap in enrolment between boys and girls is larger among 6 to 8 year olds, with 61.1% of all girls versus 52.1% of all boys in this age group going to a government institution.

Impact of Educated Parents:

- Better education level among mothers can lead to better outcomes among children in preschools and early schools.

Numeracy skills among Class III children of illiterate mothers are much lower than those whose mothers had studied till Class XI or above. Only 29.2% of Class III children of illiterate mothers can do a two-digit addition. This rises to 64% for the same student cohort of mothers, who have studied at the level of senior secondary or above.

About 'Pratham' Education Foundation:

- It was set up by **Dr. Madhav Chavan**, who did his Ph. D. in Chemistry in the United States and shifted to work improving on basic literacy, and **Farida Lambay**, a social activist with vast experience in education.

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- It is **working to find solutions** to the problems with **pre-primary** and **primary education in India**. It believes that improving learning outcomes in the **pre-primary** and **primary education** level is important as 70 per cent of the brain develops by the age of five and lack of age-appropriate skills in the early years impacts learning outcome in the entire later stages of education.
 - 'Pratham' Education Foundation has been releasing the 'Annual Status of Education Report' (ASER), the largest non-governmental household survey undertaken in rural India, since 2006.

SOCIAL ISSUES:

Women:

Upper Limit for Abortion to Be Increased to 24 weeks

- On January 29, 2020, the Union Government decided to amend the Medical Termination of Pregnancy Act, 1971 to increase the upper limit for termination of a pregnancy from 20 weeks to 24 weeks of gestational age for special categories of women like survivors of rape, victims of incest and other vulnerable women like differently-abled women, minors, etc.

Gestational age is the duration of time a fetus grows inside the mother's uterus.

Need for Amendments:

The present abortion law (Medical Termination of Pregnancy Act, 1971) is about five decades old and allows abortion up to a **maximum gestation period of 20 weeks for abortion**. Since then, there have been many advances in medical technology offering access to safe abortion services for women.

2 Demands for Amendments:

Recently, courts had received several petitions seeking permission to abort pregnancies at a gestational age beyond the present permissible limit (20 weeks), on the grounds of **foetal abnormalities** or **pregnancies caused by sexual violence**.

Hence, there have been demands to make amendments to the Act to suit the present conditions.

2. Reduction of Maternal Mortality:

In some cases, either due to failure of contraceptives and in cases of consensual relations before marriage, women recognise pregnancy after 20 weeks. As abortion is legally not allowed after 20 weeks, these women resort to informal channels, unsafe Medical Termination of Pregnancies (MTPs) and thus leading to maternal mortality.

3. Global Practices:

Globally, pregnancies are aborted even at 32 weeks in case there are substantial foetal abnormalities.

Amendments:

The Medical Termination of Pregnancy (Amendment) Bill, 2020 to amend the Medical Termination of Pregnancy Act, 1971 provides the following.

1. Upper limit for termination of a pregnancy will be **increased from 20 weeks to 24 weeks gestational age for special categories** of women like survivors of rape, victims of incest, and other vulnerable women like differently-abled women, minors, etc.
2. **Relaxation for Substantial Foetal Abnormality:**
 - **In cases of substantial foetal abnormalities**, revised upper gestation limit of 24 weeks can be **further relaxed**. But, a Medical Board should diagnose and certify the substantial foetal abnormalities. This relaxation has been provided as substantial foetal abnormalities are diagnosed after 24 weeks and also in developed countries abortions are allowed upto 32 weeks in case of substantial foetal abnormalities. Allowing termination (abortion) for substantial foetal abnormalities would save the pregnant women from grave injury to mental health.

The composition, functions and other details of Medical Board would be prescribed subsequently in Rules under the Amended Act.

3. For unmarried women:

The Bill seeks to relax the contraceptive-failure condition for “any woman or her partner” from the present provision for “only married woman or her husband”, allowing them to medically terminate the pregnancy.

4. Confidentiality:

Name and other particulars of a woman whose pregnancy has been terminated shall not be revealed except to a person authorized in any law for the time being in force

Significance of the Amendments:

The amendments

- provide greater reproductive rights to women as abortion is considered an important aspect of the reproductive health of women, and
- bring the provisions of the Act on par with global practices.

Additional Information:

Medical Termination of Pregnancy Act, 1971:

- It permits abortion up to a maximum foetal gestation period of 20 weeks. It has two options for termination (abortion) of pregnancy

1. where the length of the pregnancy **does not exceed twelve weeks, and**
- 2.. where the length of the pregnancy exceeds twelve weeks but **does not exceed twenty weeks**

The following two conditions are needed to exercise above two options.

- a) the continuance of the pregnancy would involve a risk to the life of the pregnant woman or of grave injury physical or mental health (this should be confirmed by a medical doctor) ; or
 - b) there is a substantial risk that if the child were born, it would suffer from such physical or mental abnormalities as to be seriously handicapped (this should be confirmed by at least two medical doctors).
- The anguish caused by **rape** has been considered as a **grave injury to the mental health** of the pregnant woman.
 - Similarly, in case of **failure of any device or method used by any married woman or her husband** for the purpose of limiting the number of children, the anguish caused by such unwanted pregnancy may be presumed to constitute a **grave injury to the mental health of the pregnant woman.**

Corruption:

India Ranked 80th in the Corruption Perception Index 2019

- India was ranked 80th in the **Corruption Perceptions Index (CPI) - 2019** released on January 23, 2020 by the **Transparency International**, a global civil society organisation leading the fight against corruption based in Berlin, Germany.
- The **2019 Corruption Perceptions Index (CPI) index ranked 180 countries** by their perceived levels of public sector corruption, according to experts and business people.
- It used a scale of **zero to 100**, where **zero is highly corrupt** and **100 is very clean**.
- More than two-thirds of countries scored below 50 on this year's CPI, with an global average score of just 43.
- **Majority of countries are showing little to no improvement in tackling corruption.**

India's Performance:

- India's rank slipped by two places from 78 in 2018 to 80 in 2019.
- The report stated that in India, control of corruption has become difficult due to

unfair and opaque political financing, and undue influence in decision-making and lobbying by powerful corporate interest groups.

Focus on Money Power in Politics:

- The 2019 Report highlighted the relationship between **politics, money and corruption.**
- Corruption is **more pervasive in countries where big money can flow freely into electoral campaigns** and where governments listen only to the **voices of wealthy or well-connected individuals.**
- **Unregulated flows of big money in politics** make **public policy vulnerable to undue influence.**
- Countries with stronger enforcement of campaign finance regulations have lower levels of corruption, as measured by the CPI.
- Countries where campaign finance regulations are comprehensive and systematically enforced have an average score of 70 on the CPI, whereas countries where such regulations either do not exist or are poorly enforced score an average of just 34 and 35 respectively.
- To **end corruption and restore trust in politics**, it is **imperative to prevent opportunities for political corruption** and to **foster the integrity of political systems.**
- Governments must strengthen checks and balances, limit the influence of big money in politics and ensure broad input in political decision-making. Public policies and resources should not be determined by economic power or political influence, but by fair consultation and impartial budget allocation.

Details of Recommendations:

1. Control Political Financing:

In order to prevent excessive influence of money in politics, governments should improve and properly enforce campaign finance regulations. **Political parties should also disclose** their sources of income, assets and loans, and governments should empower oversight agencies with stronger mandates and appropriate resources.

2. Strengthen Electoral Integrity:

For democracy to be effective against corruption, **governments must ensure that elections are free and fair. Preventing and sanctioning vote-buying and misinformation campaigns** are essential to rebuilding trust in government and ensuring that citizens can use their vote to punish corrupt politicians.

3. Regulate Lobbying Activities:

Governments should promote **open and meaningful access to decision-making and consult a wider range of groups**, beyond well-resourced lobbyists and a few private interests. Lobbying activities should be public and easily accessible.

4. Manage Conflicts of Interest:

Governments should **reduce the risk of undue influence in policy-making** by tightening controls over **financial and other interests of government officials.** Governments should also address "revolving doors" by establishing cooling-off periods for former officials and ensure rules are properly enforced and sanctioned.

"Revolving doors mean movement of high-level employees from public sector jobs to private sector jobs and vice versa. This is common in developed countries where higher positions are filled through political appointments by party in power (example: USA). After quitting, these officials join private sector and become lobbyists and consultants for the industries they once regulated. Similarly, some private industry heads or lobbyists receive government appointments that relate to their former private posts.

5. Tackle Preferential Treatment:

Governments should create mechanisms to ensure that **service delivery and public resource allocation are not driven by personal connections** or are **biased towards special interest groups** at the **expense** of the overall public good

6. Empower Citizens:

Governments should **protect civil liberties and political rights**, including freedom of speech, expression and association. Governments should engage civil society and protect citizens, activists, whistleblowers and journalists in monitoring and exposing corruption.

7. Reinforce Checks And Balances:

Governments must promote the separation of powers, strengthen judicial independence and preserve checks and balances.

Additional Information:

Top 5 countries (with least corruption):

Rank	Country	Score
1.	Denmark	87/100
1.	New Zealand	87/100
3.	Finland	86/100
4.	Singapore	85/100
4.	Sweden	85/100
4.	Switzerland	85/100

Bottom 5 countries(with high corruption):

Rank	Country	Score
176	Venezuela	16/100
177	Yemen	15/100
178	Syria	13/100
179	South Sudan	12/100
180	Somalia	9/100

Ranking of India and Neighbouring Countries:

Country	Rank	Score
Bhutan	25	68/100
India	80	41/100
China	80	41/100
Sri Lanka	93	38/100
Nepal	113	34/100
Pakistan	120	32/100
Myanmar	130	29/100
Bangladesh	146	26/100

BRICS Countries:

Country	Rank	Score
South Africa	70	44/100
India	80	41/100
China	80	41/100
Brazil	106	35/100
Russia	137	28/100

Crime:

Crime in India 2018 Report Released

Major statistics of the 'Crime in India-2018' Report released by the National Crime Records Bureau (NCRB) on January 9, 2020.

- On an average, everyday 80 murders, 91 rapes and 289 kidnappings were reported in 2018. In **absolute numbers**, 29,017 murders, 33,356 rapes and 1,05,734 kidnappings were reported in 2018.

Total Crimes:

- A total of 50.74 lakh crimes were registered in 2018. Though it shows an increase of 1.3% in registration of cases over 2017 (50,07,044 cases).
- However, crime rate per lakh population was down to 383.5 in 2018 from 388.6 in 2017.

Crime Against Women:

- 3,78,277 cases of crime reported against women in 2018. Uttar Pradesh registered most crimes against women, at 59,445.

Majority of cases under crimes against women, out of total IPC crimes against women, were registered under 'Cruelty by Husband or His Relatives' (31.9%) followed by 'Assault on Women with Intent to Outrage her Modesty' (27.6%), 'Kidnapping & Abduction of Women' (22.5%) and, 'Rape' (10.3%). The crime rate per lakh women population is 58.8 in 2018 in comparison with 57.9 in 2017.

- The overall number of crimes against women has risen steadily from 322,929 in 2016, to 345,989 in 2017, and around 378,277 in 2018.

Rapes:

- Rape cases increased marginally from 32,559 cases in 2017 to 32,632 in 2018.
- In 93.7% of the cases, rapists were people known to the rape victim.
- Madhya Pradesh registered the maximum number of rapes at 5,450, nearly 15 a day.

Conviction Rate:

- **Conviction rate** in rape cases is abysmally low at **27.2 per cent**

Kidnapping and Abductions:

- A total of 1.05 lakh cases of kidnapping and abduction across the country was registered in 2018, showing an increase of 10.3% over 95,893 such cases in 2017.

Murders:

- A total of 29,017 cases of murder were registered during 2018, showing an increase of 1.3% over 2017 (28,653 cases).
- Disputes were reported as the motive of the highest number of murder cases (9,623) followed by personal vendetta and enmity (3,875) and gain (2,995).

Accidental Deaths:

- Accidental deaths have also seen a rise to 4,11,824 in 2018 from 3,96,584 in 2017 - a rise to 31.1% from 30.3% in 2017.

Suicide:

- The total number of people who committed suicide in 2018 was 1,34,516, an increase of 3.6% from 2017 when 1,29,887 cases were reported.
- The highest number of suicide victims were daily wagers - 26,589, comprising 22.4% of such deaths.

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- 5,763 farmers/cultivators and 4,586 agricultural labourers committed suicide.
 - The majority of the suicides were reported in Maharashtra (17,972) followed by Tamil Nadu (13,896), West Bengal (13,255), Madhya Pradesh (11,775) and Karnataka (11,561)

Cyber Crimes :

- 27,248 cases of cyber crimes were registered in 2018, up from 21796 cases in 2017.
- During 2018, 55.2% of cyber-crime cases registered were for the motive of fraud (15,051 out of 27,248 cases) followed by sexual exploitation with 7.5% (2,030 cases) and causing disrepute with 4.4% (1,212 cases).

Cybercrime:

Indian Cyber Crime Coordination Centre (I4C) Inaugurated

- **Indian Cyber Crime Coordination Centre (I4C)** was inaugurated by Union Home Minister Mr. Amit Shah on January 10, 2020,

About Indian Cyber Crime Coordination Centre (I4C):

- The Government approved the project in October 2018 at an estimated cost of Rs. 415.86 crore as high penetration of internet has increased cybercrimes in the country like financial frauds, transmission of obscene content, online stalking, bullying, etc.
- **Objective** is to **deal with all types of cybercrimes** in a comprehensive manner by improving coordination amongst the law enforcement agencies of different States, districts and police stations for dealing with cyber crimes in a coordinated and effective manner.
- It has **seven** components viz.,
 - National Cyber Crime Reporting Portal,
 - National Cyber Crime Threat Analytics Unit,
 - National Cyber Crime Training Centre,
 - Cyber Crime Ecosystem Management Unit,
 - National Cyber Crime Research and Innovation Centre,
 - National Cyber Crime Forensic Laboratory Ecosystem, and
 - Platform for Joint Cyber Crime Investigation Team.
- At the initiative of Union Ministry for Home Affairs (MHA), 15 States and UTs have given their consent to set up Regional Cyber Crime Coordination Centres at respective States/UTs.

National Cyber Crime Reporting Portal:

- National Cyber Crime Reporting Portal (www.cybercrime.gov.in) will enable citizens online filing of cyber crimes like **financial frauds**, transmission of obscene and sexually explicit content, **social media** related crimes like **stalking, cyber bullying**, etc.
- All these complaints will be accessed by the concerned law enforcement agencies in the States and Union Territories for taking action as per law.
- So far, more than 700 police districts and more than 3,900 police stations have been connected with this portal.
- The portal will provide for chatbot for automated interactive assistance system to the public for guidance on cybercrime prevention and how to report incidents on the portal.

STATES:

Jammu & Kashmir:

Supreme Court's Verdict on Restrictions in Jammu & Kashmir

On January 10, 2020, the Supreme Court delivered its verdict on the legality of restrictions imposed in Jammu and Kashmir.

Highlights of the Judgement:

On imposition of :

1. The power under Section 144, Cr.P.C cannot be used to **suppress legitimate expression of opinion or grievance or exercise of any democratic rights.**
2. **Repetitive orders under Section 144, Cr.P.C.** would be an **abuse of power:**
3. While exercising the power under Section 144, Cr.P.C., the Magistrate is duty bound to **balance the rights and restrictions** based on the **principles of proportionality** and thereafter, apply the **least intrusive measure.**
4. An order passed under Section 144, Cr.P.C. should **state the material facts to enable judicial review** of the same as orders passed under Section 144, Cr.P.C. have **direct consequences upon the fundamental rights of the public in general.** Such a power, if used in a casual and cavalier manner, would result in severe illegality. This power should be used responsibly, only as a measure to preserve law and order. The order is open to judicial review, so that any person aggrieved by such an action can always approach the appropriate forum and challenge the same. Judicial review will stand crippled if the order is unreasoned or unnotified.
5. The Government should **review forthwith the need for continuance of existing orders** passed under Section 144, Cr.P.C in accordance with law laid down above.

On Internet Ban:

- Internet was banned as there is possibility that inflammatory material and speeches, circulation of fake news, morphed images and videos would spread on social media.
- But these restriction hit 70 lakh people in Kashmir as banking, healthcare, trade and business activities suffered.

Supreme Court Verdict:

1. **Use of Internet has constitutional protection under** Article 19(1)(a) i.e freedom of speech and expression and Article 19(1)(g) i.e. freedom to practise any profession, or to carry on any occupation, trade or business.

The restriction upon such fundamental rights should be in consonance with the mandate under Article 19 (2) and (6) of the Constitution, inclusive of the test of proportionality.

2. An order suspending internet services **indefinitely is impermissible.** The Government banned internet under the Temporary Suspension of Telecom Services (Public Emergency or Public Service) Rules, 2017. Suspension can be utilized for **temporary duration only.**

Any order suspending internet issued under the Suspension Rules, must adhere to the **principle of proportionality** and must **not extend beyond necessary duration.**

3. Any order suspending internet under the Suspension Rules is subject to **judicial review.**

4. **Review all orders suspending internet services forthwith:**

The existing Suspension Rules **neither provide for a periodic review nor a time limitation for an order** issued under the Suspension Rules. Till this gap is filled, the Supreme Court directed that the Review Committee constituted under Rule 2(5) of the Suspension Rules must conduct a periodic review within seven working days of the previous review.

- The Government should direct the competent authorities to review all orders suspending internet services forthwith.

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- Orders not in accordance with the law laid down above, must be revoked. Further, in future, if there is a necessity to pass fresh orders, the law laid down above must be followed.

Immediate Restoration of Internet Services:

- The State/concerned authorities should consider forthwith allowing **government websites, localized/limited ebanking facilities, hospitals services and other essential services**, in those regions, where the internet services are not likely to be restored immediately.

Background:

- On August 5, 2019, the Union Government repealed the provisions of Article 370 of the Indian Constitution which provided special status to Jammu and Kashmir and bifurcated the state into two Union Territories namely: Union Territory of Jammu and Kashmir and Union Territory of Ladakh.
- In anticipation of threat to public order, the Government
 1. **imposed restrictions on the movement of people** under section 144 of the Code Of Criminal Procedure, 1973, and
 2. **banned on communication networks** (mobiles, landlines and internet).
- The above restrictions were challenged in the Supreme Court on the grounds that these were unreasonable restrictions on fundamental rights of the citizens. Anuradha Bhasin, Editor of newspaper 'The Kashmir Times' and Ghulam Nabi Azad, senior congress party leader, filed writ petitions (under Article 32 of the Indian Constitution) in the the Supreme Court on these restrictions.

What is section 144 of the Code Of Criminal Procedure:

- In simple terms, it empowers the Government **to impose restrictions on personal liberties in the interest of public order.**
- It confers upon executive officers (District Magistrate, a Sub- divisional Magistrate or any other Executive Magistrate specially empowered by the State Government in this behalf) **powers to issue orders imposing restrictions on fundamental rights** (peaceful assembly provided under Article 19) to **tackle urgent cases of "nuisance" or "apprehended danger"** that may arise in their territorial jurisdiction. Such orders are meant to "prevent or are likely to prevent" damage to **life and property** and **disturbance of the public tranquillity.**
- The orders can be passed on a particular individual, or to persons residing in a particular place or area, or on the public generally when frequenting or visiting a particular place or area.
- The orders under section 144 can remain in force for more than two months but can be extended upto six months by notification if the State Government considers it necessary to do so for preventing danger to human life, health or safety or for preventing a riot.
- Violation of Section 144 is liable for **punishment upto three years in jail.**

Problem with Section 144 of Criminal Procedure Code?

- It gives unbridled powers to the executive as the conditions for its imposition are too general and there is no explicit mentioning of details. Though there are certain conditions that the affected parties should be heard before such imposition and material facts should be stated in writing, these conditions need not be followed if there is emergency to take the decision.
- As a result it is being used to restrain personal liberties en masse.

Assam:

Bodo Tribal Outfits Drop Demand for a Separate State

- On January 27, 2020, Government of India, Government of Assam and representatives of various Bodo tribal groups signed a tripartite agreement under which they agreed to give up demand for a separate state of Bodoland (by dividing the state of Assam) and accept the more legislative, executive, administrative and financial powers.

This is the third Bodo accord to be signed in the last 27 years but it is seen as historic as representatives of nearly all Bodo outfits namely Bodoland Territorial Council (BTC), All Bodo Students Union (ABSU), United Boro People Organization (UBPO), National Democratic Front of Bodoland (NDFB) factions of Gobinda Basumatary, Dharendra Boro, Ranjan Daimary, and B. Saoraigwra became parties to the agreement. Only NDFB, led by IK Songbijit is not a signatory to this pact

Highlights of the Agreement:

Bodoland Territorial Region (BTR):

- **Bodoland Territorial Area District (BTAD)** in Assam, currently spread over four districts of **Kokrajhar, Chirang, Baksa and Udalguri**, would be renamed as Bodoland Territorial Region (BTR) and it will have administrative, legislative and financial powers.
- Villages dominated by Bodos that were presently outside the BTAD would be included and those with non-Bodo population would be excluded.

Increase in Seats:

- The existing structure of the Bodoland Territorial Council (BTC) will be strengthened with more powers and its seats will be expanded from 40 to 60.

Surrender of Armed Cadre:

- Around 1500 cadres of National Democratic Front of Bodoland (NDFB) factions: NDFB(P), NDFB(RD) and NDFB(S) who are waging armed struggle will surrender. They will be rehabilitated by Centre and Assam Government. Criminal cases registered against members of the NDFB factions for "non-heinous" crimes shall be withdrawn by the Assam government and in cases of heinous crimes it will be reviewed.

Financial Assistance:

- A Rs 5-lakh compensation would be paid to the families of those killed during the Bodo movement. The surrendered armed cadres will also get a rehabilitation package.

Bodo as Official Language:

- The Assam government will also notify Bodo language as an associate official language in the state and will set up a separate directorate for Bodo medium schools.

Special Development Package:

- A Special Development Package of Rs. 1500 crores over three years will be given by the Union Government to undertake specific projects for the development of Bodo areas.

Background:

- Bodos are the largest plains tribe in the northeast who consider themselves to be the indigenous people of Assam. They have been leading movement demanding a separate state for them since 1972. The movement has claimed nearly 4,000 lives.
- The **first tripartite** Bodo Accord was signed in **1993** with All Bodo Students Union (ABSU) which **led to the setting up** of **Bodoland Autonomous Council** (BAC) with limited political powers.
- The **second tripartite Bodo Accord** was signed in **2003** with **Boro Liberation Tigers**, a rebel group, which led to setting up **Bodoland Territorial Council** to administer four districts of Assam - Kokrajhar, Chirang, Baksa and Udalguri - called Bodoland Territorial Area District (BTAD).
- Both the agreements failed to meet the political aspirations of the movement's leadership with demands for more powers.

Tripura:

Bru Refugees from Mizoram to be Settled in Tripura

- On January 16, 2020, a quadripartite pact was signed by Union Ministry of Home affairs (MHA) with the State governments of Tripura, Mizoram and leaders of Bru (also called Reang) community.

Highlights of the Pact:

- The pact provides for permanent settlement of 34,000 Bru refugees who are currently languishing in six relief camps in Tripura since October 1997.
- The **Centre** would provide around Rs. 600 crore as a rehabilitation package to facilitate permanent settlement of Bru refugees in Tripura.
- The Tripura Government would identify land to settle the Bru refugees.
- Bru community members would also get a onetime assistance of **Rs. 4 lakh** as fixed deposit.
- A 40/30 feet plot of land, an aid of Rs. 5,000/month for the next two years, free ration and Rs.1.5 lakh to build houses will be given to them.
- Brus would also get voting rights in Tripura and also “tribal status.”

Background:

- The Bru community, also referred to as Reangs, resides in Mizoram, Tripura, and parts of southern Assam, and is ethnically distinct from the Mizos.
- Conflict between the Mizos and Brus emerged in Mizoram in 1995 when Mizo organisations - the Young Mizo Association and the Mizo Students' Association - demanded that Brus be left out of the state's electoral rolls as they were not an indigenous tribe.
- The Brus retaliated by forming an armed organisation, Bru National Liberation Front, and a political body, Bru National Union. The two **demand**ed more political autonomy for Mizoram's Brus and a **Bru Autonomous District Council** under the Sixth Schedule of the Constitution.
- Ethnic tensions between the Brus and Mizos intensified in 1997 when Bru militant outfit abducted and killed a Mizo youth working at the forest department the Dampa Tiger Reserve. Mizos started setting the Bru settlement afire, following which many Bru families fled to Tripura. Around 5,000 families comprising over 30,000 Bru tribals were forced to flee the state and seek shelter in Tripura, where they were housed in temporary camps at Kanchanpur.
- Since 2010, the Government of India has been making sustained efforts, with as many as nine attempts, to permanently rehabilitate these refugees. Over the years, around 1,622 Bru families returned to Mizoram in several batches, but many others continued to stay in Tripura as they “**feared for their security**”.
- Hence, the Union Government sought to resolve the issue by rehabilitating the Bru refugees unwilling to return to Mizoram in Tripura itself as they were living in sub human conditions. They are living in makeshift bamboo thatched huts, without permanent power supply, safe drinking water, proper healthcare services and schools.
- With permanent settlement in Tripura, these people would get all the rights that normal residents of the States get and they would now be able to enjoy the benefits of social welfare schemes of Centre and State governments.

FOREIGN RELATIONS

Indo-Malaysia:

Import of Palm Oil Shifted to 'Restricted Category'

- On January 8, 2020, India moved the import of palmolein oil imports from "Free imports" to 'restricted imports' category. Now, palmolein oil importers have to obtain an Authorisation from the offices of Director General of Foreign Trade (DGFT) for imports.
- The Commerce Ministry officials in a meeting with edible oil industry stakeholders also informally urged traders to stop importing palmolein oil from Malaysia which is India's largest exporter. In India, **palmolein** oil is **cheap alternative cooking oil** to other oils like groundnut oil, soyabean oil, sunflower oil, etc.

India, the **world's largest importer of vegetable oils**, buys nearly 15 million tonnes annually. Of this, palm oil comprises 9 million tonnes and the rest 6 million tonnes is soyabean oil and sunflower oil.

Reasons for shifting to 'Restricted' category:

- India's decision is aimed at curbing imports from **Malaysia** as it has been **critical of India in recent times**.
- Prime Minister of Malaysia, Mr. Mahathir Mohamad, has criticised India's recent actions like scrapping of special status to Jammu and Kashmir Citizenship Amendment Act which gives citizenship to non-Muslims and excludes Muslims, and proposed National Register of Citizens (NRC).

Significance of Palm Oil exports for Malaysia:

- **Malaysia** is the **world's second largest producer and exporter** of palm oil after **Indonesia**. Malaysia produces 19 million tonnes of palm oil in a year, while Indonesia produces 43 million tonnes.
- **India** was **Malaysia's biggest buyer of palm oil in 2019**, with 4.4 million tonnes of purchases.

Impact of India's Decision on Malaysia:

- Palm oil is crucial for the Malaysian economy as it **accounts for 2.8 per cent of gross domestic product** and **4.5 per cent of total exports**.
- State-owned and private Malaysian refineries will likely have to find new buyers for their refined product.
- Malaysia is trying to sell more to Pakistan, the Philippines, Myanmar, Vietnam, Ethiopia, Saudi Arabia, Egypt, Algeria and Jordan. But replacing the top buyer may not be easy.

Indo-Pakistan:

India-Pakistan Trade Freeze Hits Livelihoods of Thousands: Report

- **Around 50,000 people** in **Punjab** and **Kashmir** were **directly impacted by the shutdown of trade** between **India and Pakistan** according to the report "**Unilateral Decisions, Bilateral Losses**" released by the Bureau of Research on Industry and Economic Fundamentals (BRIEF) in January 2020.
- Trade across the Wagah-Attari border and the Line of Control (LoC) Salamabad-Chakhan da Bagh routes was shutdown in 2019 after the Pulwama terror attack.
- After the February 14, 2019 Pulwama terror attack, **India** cancelled MFN (most favoured nation) status to Pakistan and closed all the trade routes' **Pakistan's** resorted to counter-measures, including an airspace ban and suspension of trade relations.
- Cross-LoC trade before the suspension order in April 2019 was about \$95 million for that year. In the suspension order, the Ministry of Home Affairs (MHA) said trade would be resumed after "putting into place a stricter regulatory regime" in order to block misuse of the route for "weapons, narcotics and currency," but nine months later, there are no signs of resumption of LoC trade.

Impact:

- These actions by India and Pakistan resulted in **losses in billions of dollars and hundreds of job days.**
- **Livelihoods** of traders, custom house agents, truck drivers and helpers, those working at tyre and mechanic stores, local dhabas and motels were affected.

The closure of Line of Control (LoC) trading points in Jammu and Kashmir has put **small trade, handicrafts sellers, truckers, labourers, and hotel owners near the LoC in Baramulla and Poonch out of business.**

The **losses do not account for the much larger impact of restrictions on trade and tourism** imposed after the August 5, 2019 decision on nullifying the provisions of Article 370, which the Kashmir Chamber of Commerce and Industry had estimated at approximately **Rs 10,000 crore (\$1.4 billion) by October 2019.**

Human costs: Pradeep Sehgal, a trader from Amritsar who has been engaged in India-Pakistan trade for decades, said “when you put names and faces to these numbers (trade opportunity losses) , the picture is clearer”. “Think of the porter who has had to take his children out of school or the weigh-bridge worker whose wedding was called off because he lost his job, and one will realise the real cost,” he added.

Impact of Ban on Oil Imports from Iran:

- Traders from Amritsar said another decision taken by the Centre in 2019 had affected local traders. **India stopped oil imports from Iran due to U.S. sanctions.** As a result, **Iran had cut its reciprocal imports of Basmati rice**, which has led to a 30% drop in its prices. This had added to the other losses over trade with Pakistan, said Punjab Rice Millers and Exporters Association Director Ashok Sethi.

Hope for Compensation:

- The **traders and truckers** said they hoped the governments at the **Centre and in Punjab and Jammu Kashmir would consider compensating them for the losses and finding alternative trading markets internally** so that those affected were not put out of business permanently. Mr. Pradeep Sehgal, a trader from Amritsar, said that trade can be switched off with one stroke of a pen, but it cannot be switched on again easily if the government wants to in the future as trust takes time.

Indo-Brazil:

President of Brazil Visits India

- President of Brazil to India Mr. Jair Bolsonaro visited India from January 25 to 27 January 2020 at the invitation of Prime Minister Narendra Modi. He was the Chief Guest at India's Republic Day Parade on January 26, 2020.
- During the visit, both the countries signed agreements for cooperation in various sectors like oil and natural gas, bio-energy, investment cooperation and facilitation, mutual legal assistance in criminal matters, cyber security, geology and mining, healthcare, agriculture, animal husbandry, cultural exchanges, etc.

Both the countries

- adopted the 'Action Plan' to strengthen the Strategic Partnership between Brazil and India,
- set a bilateral trade target of USD 15 billion by 2022,
- noted that there is significant potential for further strengthening the energy partnership taking into account that India is one of the leading countries in global oil demand growth and that Brazil is expected to sharply increase its oil production in the next decade,
- agreed to promote reciprocal investments in renewable energy,
- expressed the desire to strengthen cooperation in Space research in areas such as remote sensing, data sharing, small satellites and weather forecasting,
- underscored their shared commitments to nuclear disarmament and non-proliferation and reaffirmed the right to the peaceful uses of nuclear energy,

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- reaffirmed their commitment to the reform of the United Nations (UN), particularly the Security Council (UNSC), through its expansion in the permanent and non-permanent categories, and
 - called for early adoption of Comprehensive Convention on International Terrorism,

Prime Minister Narendra Modi

- thanked President Bolsonaro for reiterating Brazil's support to India's membership to the Nuclear Suppliers Group (NSG),
- called upon the Brazilian industry to explore business opportunities in India in the infrastructure, food processing, biofuels and other renewable energy sources, animal husbandry and agro sectors,
- appreciated the initiatives taken by Brazil to promote Yoga and Ayurveda in Brazil, and

Brazilian President Mr. Jair Bolsonaro

- called upon Indian industry to identify business opportunities, including in Brazil's automotive, leather, oil & gas, including oil refining, Pharmaceutical, electricity and chemical sectors.

Details:

Strengthening the Strategic Partnership:

- Both the countries **committed to strengthen the close and longstanding strategic relationship** which is based on shared democratic ideals, and a commitment to foster economic growth of the two countries.
- Both the countries adopted the Action Plan to Strengthen the Strategic Partnership between Brazil and India. The Action Plan is a comprehensive and forward looking document that outlines action in all spheres of cooperation, including (a) Political and Strategic Coordination; (b) Trade & Commerce, Investments, Agriculture, Civil Aviation and Energy; (c) Science, Technology and Innovation; Space Cooperation; Environment and Technical Cooperation; Health; (d) Defence and Security; (e) Culture and Education; and (f) Consular Issues, Social Security and Legal Cooperation.

Boosting Economic cooperation through Trade and Investment:

- The two leaders **committed to work in a result-oriented and mutually beneficial manner** by injecting a renewed momentum into the broad-based economic engagement between the two countries and expressed confidence that a realistic bilateral trade target of **USD 15 billion could be set for 2022 by both countries.**
- Prime Minister Modi called upon the **Brazilian industry to explore business opportunities in India** in the **infrastructure, food processing, biofuels and other renewable energy sources, animal husbandry and agro sectors.**
- President Bolsonaro also called upon **Indian industry to identify business opportunities, including in Brazil's automotive, leather, oil & gas, including oil refining, Pharmaceutical, electricity and chemical sectors.**

India-MERCOSUR:

- **India and Brazil underscored the importance of diversification of trade** between the two countries and reiterated the interest of both countries in the **expansion of India-MERCOSUR Preferential Trade Agreement towards a more comprehensive and encompassing agreement.**

The **Southern Common Market (MERCOSUR** for its Spanish initials) is a Latin American regional trade block formed in 1991, initially by **Argentina, Brazil, Paraguay and Uruguay.** Subsequently joined by **Venezuela and Bolivia.**

India signed Preferential Trade Agreement (PTA) with **MERCOSUR** in January 2004 and it came into effect from 2009.

Towards a more robust partnership in Oil & Gas, Bioenergy and other Renewable Energy Sources:

- Both countries have an important role to play in one another's **energy security. Oil and oil products** have been the main item of the bilateral trade both ways.

Oil and Natural Gas:

- There is significant potential for further strengthening the energy partnership taking into account that **India is one of the leading countries in global oil demand growth and that Brazil is expected to sharply increase its oil production in the next decade**, becoming one of the top exporters of the commodity and thus contributing to global energy security. The leaders **committed, therefore, to explore ways of deepening bilateral relations in the energy field. In this regard, both the countries signed 'MoU on Cooperation in the field of Oil & Natural Gas'**.
- Both sides will **encourage their companies to explore ways for promoting investments and cooperation in the upstream (exploration and extraction), midstream (storing, transporting) and downstream areas (refineries which convert oil and gas into the finished products)**, through technical cooperation, sharing of experience and technical know-how, technology transfer, including through applied research and joint development activities, in oil & gas projects in India, Brazil and also in joint projects in third countries.
- Brazilian oil & gas sector offers investment opportunities to Indian companies **due to the liberalization of public policies as well as the divestment programme of Petrobras** in gas transport and distribution and oil refining. Similarly, Indian oil & gas sector offers investment opportunities to Brazilian companies in exploration and licensing of upcoming fields, operationalization of already discovered fields and related projects.

Bio-energy:

- Recognizing that **biofuels** can play a **strategic role in reducing dependence on fossil fuels and diversifying our energy mix**, and the **importance of promoting renewable energies in energy security and efficiency**, both the countries signed **'MoU on Bio-energy Cooperation'**.
- Both the leaders announced that an MOU would be signed between R & D Centre of Indian Oil Corporation Ltd and Centro Nacional de Pesquisa em Energia e Materiais - CNPEM of Brazil for establishing a nodal agency in India to **carry out research in bioenergy**.
- The two sides also **acknowledged the importance of bilateral cooperation in the bioenergy sector** in achieving the **economic, energy and environmental goals of India and Brazil**. To that effect, they noted the great potential for increased **ethanol production and uptake in India's fuel mix** and looked forward to further collaboration between the two countries in this matter, including through the "Sustainable Mobility: Ethanol Talks" conference to be held in Delhi in February 2020.

Renewable Energy:

- Recognizing the **importance of renewable energy in their energy mix and its contribution to sustainable development and energy security**, both countries **agreed to promote reciprocal investments** in order to meet their respective renewable energy targets and conveyed their commitment to strengthen the International Solar Alliance and the Biofuture Platform. Welcoming the signature of **International Solar Alliance (ISA)** framework agreement, India looked forward to Brazil's ratification of the instrument.

Mining:

- Both the Leaders expressed their desire to **promote bilateral cooperation in development of geological knowledge, research and exploration in mineral resources**.
- They agreed that **mining activities and investments offered a significant potential** for enhancing bilateral cooperation in this sector. Both the countries signed an MOU on cooperation in the field of Geology and Mineral resources between the Geological Survey of India and the Geological Survey of Brazil (CPRM).

Agriculture, Animal Husbandry and Food Processing:

- Both leaders expressed interest in enhancing cooperation for **mutually beneficial partnerships in the areas of agriculture, animal husbandry and allied sectors**.
- They underscored the importance of deepening cooperation in agriculture research between the Indian Council of Agricultural Research (ICAR) and the Brazilian Agricultural Research Corporation (EMBRAPA). Noting the agreed areas of **coconut, milk, buffalo, sugarcane and pulses for joint research activities under the MoU for Cooperation in Agricultural Research signed in 2016**, the leaders called for an **early conclusion** of the work plan on Agriculture research.

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- Both the countries signed 'Joint Declaration of Intent to strengthen bilateral cooperation in the field of Animal Husbandry and Dairying'.
 - Both the Leaders also welcomed the plans to establish a '**Centre of Excellence in Cattle Genomics**' at Kalsi, Uttarakhand in India in collaboration with a Brazilian institute.
 - The leaders encouraged **cooperation in setting up of cold chains and terminal markets for fruits, vegetables and other perishables with state of art facilities in India** with Brazilian collaboration.
 - Both leaders welcomed the **opening of the Indian market for sesame from Brazil** and the **opening of the Brazilian market for maize seeds from India**. Both parties agreed to continue to work towards expeditious **market access in avocado, citrus and ipe wood from Brazil, and pearl millet, sorghum, rape seed and cotton from India**.

Science, Technology and Innovation :

- The leaders agreed that as two large emerging economies India and Brazil could work together in areas of emerging technologies through sharing of best practices and undertaking joint research in areas of mutual interest as identified in the Programme of Cooperation in S&T. Both the countries signed 'Programme of Cooperation in Science and Technology (2020-2023)'.
- The leaders recognized the importance of increasing the resilience of infrastructures, both in urban and rural contexts, and of adopting comprehensive approaches to protect lives and livelihoods and to reduce disaster related economic losses. Brazil welcomed India's efforts to launch the **Coalition for Disaster Resilient Infrastructure (CDRI) partnership**.

Health and Traditional Medicine

- The leaders agreed that the health sector also presented a significant potential for further cooperation. In this context, both the countries signed MoU on cooperation in the field of Health and Medicine.
- PM Narendra Modi **appreciated the initiatives taken by Brazil to promote Yoga and Ayurveda in Brazil**. Both the countries also signed MoU on cooperation in the field of Traditional Systems of Medicine and Homeopathy.

People-to-People Exchanges, Visa and other Consular Issues

- Emphasising the centrality of people in bilateral relations between India and Brazil, the two leaders encouraged people-to-people exchanges through cooperation and exchanges in the fields of **sports, youth, films, culture, education and tourism**.

Culture:

- Both leaders expressed satisfaction at the growing cultural exchanges between India and Brazil and welcomed the signing of the Cultural Exchange Programme for the period 2020-24, which aims to further promote these bilateral exchanges.

Reforming United Nations:

- Both leaders reiterated mutual support for their countries' aspiration to permanent membership in an expanded UNSC.
- They **reaffirmed their commitment to the reform of the United Nations (UN), particularly the Security Council (UNSC), through its expansion in the permanent and non-permanent categories, with increased representation of developing countries in both, in order to improve its representativeness, effectiveness, efficiency and legitimacy, and for it to better meet the contemporary challenges faced by the international community**.
- India and Brazil will **continue to work closely together in the framework of G-4** (Brazil, Germany, India, and Japan) in order to realize their aspirations to serve as permanent members on a reformed and expanded UNSC so as to **make the world body more democratic, representative and reflective of the changed world order**.
- Prime Minister Modi thanked President Bolsonaro for reiterating Brazil's support to India's membership to the **Nuclear Suppliers Group (NSG)**.
- Both leaders underscored their shared **commitments to nuclear disarmament and non-proliferation** and reaffirmed the right to the **peaceful uses of nuclear energy**.

Unlocking the potential in Space cooperation:

- Both leaders **expressed the desire to strengthen cooperation in Space research** in areas such as **remote sensing, data sharing, small satellites and weather forecasting.**

Combating Crime, Terrorism and Cyber Security Cooperation:

- Both the leaders expressed confidence in early conclusion of the Agreement in Combating International Terrorism and Transnational crimes to enhance bilateral security cooperation in **combating international terrorism, trans-national organized crimes and trafficking in illicit drugs and narcotics.**

Terrorism:

- The leaders reaffirmed that **international terrorism constitutes one of the most serious threats to peace and security** and emphasized the need for concerted and coordinated action by the international community, with the ultimate objective of eradicating terrorism including cross border terrorism.

They **called for early adoption of Comprehensive Convention on International Terrorism.** They also **called upon all countries to work towards rooting out** terrorist safe heavens and infrastructure, disrupting terrorist networks and financing channels and halting cross border movement of terrorists. They underlined the need for all countries to ensure that their territory is not used to launch terrorist attacks on other countries.

They emphasized the need for stronger international partnership in countering terrorism and violent extremism, including through increased sharing of timely, actionable and complete information and intelligence.

- The leaders underlined that it is important to both sides to **encourage tourism, facilitate business ties and enhance people-to-people contacts between the two countries.** Brazil will implement mechanisms to facilitate visa-free entry of Indian tourists and short-term business travellers.
- Both the countries also signed 'Agreement on Mutual Legal Assistance in Criminal Matters'.

Eurasia Group Report:

Government's Policies Hampering India's Economic Growth, Foreign Policy: Eurasia Group

- India has been **ranked the 5th highest "Geopolitical Risk" in 2020**, according to a list of 10 global risks in the year ahead, compiled by the **Eurasia Group, a leading global political risk management consultancy**, in January 2020.

(Ian Arthur Bremmer, an American political scientist, is the founder and president of the Eurasia Group. The report was prepared by Ian Arthur Bremmer and Cliff Kupchan, an American political analyst and former government official.)

Major Observations in the Report:

- In its second term, the **Narendra Modi-led NDA government's "social" policies** (scrapping of Jammu and Kashmir's special status, the Supreme Court-monitored citizenship verification drive (NRC) in Assam and the 2019 amendment to the Citizenship Act) were affecting India's **economic agenda and foreign policy image.**
- Prime Minister Narendra Modi has spent much of his second term **promoting controversial social policies at the expense of an economic agenda.** The impacts will be felt in 2020.
- **Sectarian and religious conflict** will grow in the country.
- The Government actions in Jammu and Kashmir will provoke still more demonstrations. Political leaders are still under arrest and internet access cut off.
- This focus on the **social agenda will also have harmful effects for India's foreign policy.** Its **actions on human rights** will be under closer scrutiny by many nations, and its reputation will take a hit.
- On the other hand, **India's fiscal situation is also precarious**, as the government faces a widening fiscal deficit, marked by the underperformance of the goods and services tax. GDP growth is also at a six-year low.

INTERNATIONAL POLITY

UK:

U.K Leaves European Union (E.U)

- On January 31, 2020, United Kingdom (U.K) - which consists of England, Wales, Scotland, and Northern Ireland - officially left the European Union (E.U).

Brief History of European Union (EU):

Frequent and bloody wars between neighbouring countries in Europe culminated in the Second World War. Hence, European countries wanted to end wars and **build a peaceful, united and prosperous Europe.**

Initially, six founding countries France, Germany, Belgium, Italy, Luxembourg and the Netherlands, set up European Coal and Steel Community to foster economic cooperation. In 1957, the Treaty of Rome created the European Economic Community (EEC), or 'Common Market.'

United Kingdom joined the 'Common Market' in 1973 along with Denmark and Ireland. This 'Common Market' became **European Union under the 'The Maastricht Treaty' signed in 1993. Under the 'Maastricht Treaty'**

- a) European citizenship was created, allowing citizens to reside in and move freely between Member States
- b) a common foreign and security policy was established
- c) closer cooperation between police and the judiciary in criminal matters was agreed.

The Maastricht Treaty also paved the way for the creation of a single European currency - the euro.

The **Lisbon treaty (2009)** increased the ability of the EU and its Parliament to act and deliver. It **extended Parliament's full legislative power to more than 40 fields**, including agriculture, energy security, immigration, justice, etc.

Why U.K Left European Union?

There are two major reasons for UK opting for Brexit.

1. **Unsustainable influx of immigrants into UK** and
2. **erosion of UK's sovereignty due to expansion of EU law making powers**

Immigrants:

- EU **started expanding in 2004 to include mostly post-communist countries in central and Eastern Europe** which are **relatively poor**. This led to influx immigrants into Britain. The UK absorbed 3,33,000 new people in 2015 i.e. an year before referendum in 2016.
- Flood of immigrants from Southern and Eastern Europe **depressed the wages** of native-born British workers.
- Immigrants also put **pressure on social infrastructure** such as health, education and housing.

U.K Sovereignty:

- Political intelligentsia hold the view that **EU is becoming a threat to the sovereignty of British parliament.**
- A series of EU treaties have shifted the law making power from individual member states to EU parliament. On subjects where the EU has been granted authority like competition policy, agriculture, and copyright and patent law, EU rules override national laws.

Referendum:

- Due to above problems, a referendum was held on June 23, 2016, to decide whether the **United Kingdom** should 'Leave' or 'Remain' in the European Union (EU).
- 52 per cent voted for 'Leave' option and 48 per cent voted for 'Remain' option.

During the referendum, the term 'Brexit' became popular. It referred to exit of Britain from European Union. The word comes by merging the words **Britain** and **exit** to get **Brexit**.

- Since, the majority of people favoured exit from E.U, the U.K Government initiated the process of leaving European Union which became a reality on January 31, 2020.

Road Ahead?

- The UK left the EU on January 31, 2020 and has now entered an 11-month transition period i.e. until 31 December 2020..
- During this transition period, the UK **effectively remains in the EU's customs union and single market** and **continues to obey EU rules**.
- However, U.K is **no longer part of the political institutions i.e** European Parliament, European Commission (executive body), Council of the European Union (Political decision making body. For example, there are no longer any British MEPs in the European Parliament.
- Prime Minister Boris Johnson's government would try to negotiate in the transition timeframe, **a free trade agreement with European Union**. The UK wants as much access as possible for its goods and services to the EU. If no trade deal has been agreed and ratified by the end of the year, then the UK faces the prospect of tariffs on exports to the EU.
- Aside from trade, many other aspects of the future UK-EU relationship have to be decided. For example: Law enforcement, Data sharing and security; Aviation standards and safety; Access to fishing waters; Supplies of electricity and gas; Licensing and regulation of medicines, etc.

China-US:

China, U.S. Sign Initial Trade Pact

- On January 31, 2020, United States and China signed **first phase of a trade deal** to defuse 18-month trade war between the two largest economies of the world. Under the deal,
- China will boost purchases of U.S. farm products and other goods and services by \$200 billion over two years.
- In particular, China's commitments include \$54 billion in additional energy purchases, \$78 billion in additional manufacturing purchases, \$32 billion more in farm products, and \$38 billion in services
- In exchange, the **US** has dropped plans to impose tariffs on an additional \$160 billion in Chinese imports, and reduced the existing tariffs on \$120 billion of goods from China by half from 15 % to 7.5 per cent.
- **U.S also stated that China has made substantial and enforceable commitment** to Intellectual Property (IP) Protection, ending forced technology transfer, removing barriers to American financial services, and ending currency manipulation.

Forced technology transfer is a practice under which China forces foreign businesses which want access to the Chinese market (the second largest economy in the world) to share their technology with Chinese domestic companies by setting up joint ventures. China puts limits on Foreign Direct Investment (FDI) and forces foreign companies to set up joint venture companies. Even in officially open sectors (where 100 per cent FDI is allowed), foreign firms must obtain approval from relevant regulators in a process that lacks transparency and is subject to political influence - foreign firms are often quietly pressured to transfer technology to local firms in order to obtain these necessary approvals.

Iran:

Top Iranian General, Qasem Soleimani, Killed by US in Drone Strike

- Gen Qassem Soleimani, the head of Iran's elite **Quds Force**, was killed in a US-led Drone strike at Baghdad's international airport on January 3, 2020. After getting precise intelligence inputs about the movements of Gen Qassem Soleimani, US drone fired missiles on the vehicle carrying him after he left from the Baghdad Airport in Iraq.
- 'Quds Force' is an elite unit of Iran Revolutionary Army (IRA) and is involved in **extending Iran's regional influence by meddling in affairs of countries** such as **Yemen, Iraq and Syria**.

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- Gen Qassem Soleiman orchestrated covert operations, involving many proxy militias, across the region. Under the leadership Gen Qassem Soleiman, Iran had bolstered Hezbollah, a Shia militant group, in Lebanon and other pro-Iranian militant groups, expanded its military presence in Iraq and Syria and orchestrated Syria's offensive against rebel groups in the country's long civil war.
 - He also commanded political influence inside Iran and was regarded as second only to Iran's all-powerful Supreme Leader Ayatollah Ali Khamenei.

Why did U.S Kill Gen Qassem Soleimani?

- The strike was a retaliation for the attack on the US embassy in Baghdad, which was carried out by Iran-backed militias.

The U.S stated that it has killed **Gen Qassem Soleimani**

- as he was preparing plans to attack American diplomats and service members in Iraq and throughout the region, and
- to deter Iranian aggression in the region, including the use of proxy fighters to destabilise its neighbours.

Taiwan Elections:

Tsai Ing-Wen Wins Second Term in Taiwan Elections

- On January 18, 2020, Taiwan's President Tsai Ing-wen who heads Democratic Progressive Party (DPP) got re-elected with 57 per cent votes in the Taiwan's Presidential elections. She defeated Han Kuo-yu of the Kuomintang party which promotes closer ties with China.
- **Fears of Chinese interference in Taiwan's politics and an improvement in the economy** have helped Tsai regain an edge after an electoral setback for her Democratic Progressive Party in the local elections in November 2019.
- Opposition to Beijing's one-country two-systems policy has long been the attitude of the ruling Democratic Progressive Party (DPP).
- **China and Taiwan got separated after the civil war in 1949.** Communist Party led by Mao Zedong defeated the Kuomintang (Chinese Nationalist Party (CNP) led by **Chiang Kai-shek** in a civil war. **Chiang Kai-shek** retreated to Taiwan, creating two rival Chinese states - the People's Republic on the mainland and the Republic of China based on Taiwan.
- **But, Beijing still claims sovereignty over the island and threatens to use force if necessary to reunite the island with mainland China.** China's President Xi Jinping, who, in October 2019, presided over the 70th anniversary of the revolution has declared his intention to use force to unify Taiwan with the mainland.
- Over the years, while **Taiwan adopted market economy and democracy, China adopted a model of state-managed economy and one-party rule.**
- China has been using its economic clout to isolate Taiwan internationally. China insists that nations cannot have official relations with both China and Taiwan. As a result, Taiwan has formal diplomatic ties with only a few countries.
- Despite its diplomatic isolation, Taiwan has become one of Asia's major economic players, and one of the world's top producers of computer technology.

Taiwan in Brief:

Official Name : Republic of China (ROC)

Capital : Taipei

Population : 23,3 million

Area : 36,188 sq km (13,972 sq miles)

Major languages : Mandarin Chinese (official), Min Nan Chinese (Taiwanese), Hakka

Major religions : Taoism, Buddhism, Christianity

Life expectancy : 76,2 years (men), 82,7 years (women)

Currency : New Taiwan dollar

SCIENCE AND TECHNOLOGY

HEALTH:

The Outbreak of Novel Coronavirus (2019-nCoV)

On **December 31, 2019** China alerted WHO (World Health Organization) that several cases of **pneumonia** were reported in the **port city of Wuhan** of 11 million people in the central Hubei province in China.

Timeline of Novel Coronavirus(2019-nCoV) Pandemic worldwide spread: (A Pandemic is a disease that spread over several countries or continents, affecting a large number of people).

Date	Event
January 1, 2020	The Huanan Seafood Wholesale Market in Wuhan, China was shut down as all the cases originated in people who visited the market.
January 1 to January 6, 2020	The virus did not match any known viruses in the Corona virus family like common cold, SARS (Severe Acute Respiratory Syndrome)and MERS (Middle East Respiratory Syndrome).
January 5, 2020	Officials in China ruled out the possibility of recurrence of SARS which originated in China and killed 813 people worldwide in 2003
January 7, 2020	China announced that they identified a new virus and named it Novel Coronavirus(2019-nCoV) .
January 11, 2020	China announced its first death of a 61 year old man who visited the Huanan Seafood market
January 13, 2020	WHO reported first case in Thailand
January 16, 2020	Japan's Health Ministry reported first case in Japan.
January 16-January 20, 2020	More confirmed cases reported in France, Hong Kong, Thailand Singapore, US, Taiwan, Macao, Malaysia, Nepal, Japan, Vietnam, South Korea.
January 20, 2020	Officials confirm virus can be passed directly between humans
January 23, 2020	The epicentre of the disease outbreak the city of Wuhan on quarantine , followed by 13 other Chinese cities affecting 36 million people.
January 23, 2020	WHO convened a Emergency Committee meeting and announced that 2019-nCoV is not yet a PHEIC (Public Health Emergency of International Concern) because of limited number of cases reported outside of China.
January 30, 2020	- Death toll in Mainland China rose to 180 with more than 7700 confirmed cases of 2019-nCoV. - A sudden increase of more than 2000 cases from the day before. - WHO reconvenes Emergency Committee meeting and declared 2019-nCoV as a PHEIC (Public Health Emergency of International Concern).
February 2, 2020	A man in Philippines dies due to 2019-nCoV-first outside Mainland China.
Feb 7, 2020 and Feb 10 2020	- A Chinese doctor Dr. Lee Wenliang who was the first to warn against the virus died. - The death toll in China(more than 1000) surpassed the number SARS killed worldwide(800) on Feb 10 2020.

What is Coronavirus?

- Coronavirus is a family of viruses like the common cold and viruses such as SARS(Severe Acute Respiratory Syndrome) and MERS(Middle East Respiratory Syndrome).
- Coronaviruses transmit between animals and some of them are able to transmit between animals and humans.

What are the symptoms of person affected by Coronavirus?

- Symptoms of 2019-nCoV include headache, runny nose, fever, difficulty in breathing, impaired liver and kidney function, kidney failure, severe cough or sore throat, muscle pain, Pneumonia.

What are the preventive measures to contain the disease?

- Wash your hands often with soap and water for at least 20 seconds. Use an alcohol-based hand sanitizer that contains at least 60% alcohol if soap and water are not available.
- Avoid touching your eyes, nose, and mouth with unwashed hands.
- Avoid close contact with people who are sick.
- Stay home when you are sick.
- Cover your cough or sneeze with a tissue, then throw the tissue in the trash.
- Clean and disinfect frequently touched objects and surfaces

What is the treatment for 2019-nCoV?

- There is no specific antiviral treatment recommended for 2019-nCoV infection.
- Studies among SARS-CoV patients shows that the combination of lopinavir and ritonavir shows some possible clinical benefit.
- People infected with 2019-nCoV should receive supportive care to help relieve symptoms.
- For severe cases, treatment should include care to support vital organ functions.

What constitutes a disease to be declared as PHEIC by WHO?

- **PHEIC (Public Health Emergency of International Concern) is defined in the IHR (International Health Regulations) (2005) as an extraordinary event which is determined as a public health risk to all countries through the international spread of disease** apart from the primary country affected by the disease; and that which **requires a coordinated international response.**
- An **Emergency Committee** appointed by the **Director General of WHO** determines the **temporary recommendations which include health measures to be implemented by the State Party experiencing the PHEIC, or by other States Parties**, to prevent or reduce the international spread of disease and avoid unnecessary interference with international traffic.

Major steps taken by China to contain the virus:

- China **locked down the city of Wuhan on January 23, 2020** to stop the virus from spreading.
- It also **imposed a ban on trade in wild animals temporarily** to contain the spread of the virus.
- On **January 28,2020 officials in China announced the suspension of long-distance buses** in the eastern province of Shandong of 100 million people, Beijing and Shanghai.
- The Chinese government has also **closed a number of places of worship, the Forbidden City and part of the Great Wall.**
- An expert from the Chinese National Health Commission (NHC) has said it could take 10 more days from 30th January 2020 for the outbreak to peak but the peak is yet to be seen with the continued rise in the number of positive 2019-nCov cases so far.
- China has **built 2 brand new hospitals in less than a week in Wuhan** to treat the 2019-nCoV suspected and infected patients.

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- China has also sequenced the genome of the virus quickly and is working to develop vaccines and medications to prevent the virus from getting stronger but getting a vaccine ready is a time taking process which could take 2-3 years.
 - WHO has asked China and the international scientist community to track down the source of the disease to prevent unknown contamination. Bats are believed to be the source of 2019-nCoV according to some scientists.

Measures taken by World nations to contain the virus:

- Hong Kong and Eastern Russian have closed most of their borders with mainland China.
- United states and other nations has started screening travellers and have airlifted their citizens from Wuhan followed by health check-ups and quarantines.
- Australia, Japan, the US and EU nations are bringing back their citizens from Wuhan, and quarantine measures will be imposed for those who return.
- Some major European,American and Asian airlines have suspended their flight operations to some or all Chinese cities fully or partially to contain the virus.

Measures taken by India to be prepared to handle the virus:

- India has advised its citizens against travel to China on January 17 2020.

Kerala's response to contain 2019-nCoV:

- India has seen its **first 2019-nCoV case in Kerala on January 30,2019** and Kerala has declared 2019-nCoV as '**State Calamity**' on **February 3, 2020** after **3rd case 2019-nCoV positive** was detected in the state. It **lifted the state calamity alert on February 7,2020** as **no new cases were reported** but is still taking precautions to detect and quarantine any new case.
- Kerala used **unique community based isolation methods to contain 2019-nCoV** developed during Nipah virus outbreak in the state in 2019. It has **also traced hundreds of contacts to the three persons who tested positive** to the virus and **notified them to Integrated Disease Surveillance Program for monitoring.**
- **Kerala's model of monitoring with District Collector as the administrative unit has been shared as best practice to the rest of the states.**

Monitoring at the borders, airports and ports:

- India has put the **Indo-Nepal border on high alert** to contain the virus after Nepal reported first case of 2019-nCoV.
- Indigo and Air India have suspended most of their flights to China.
- Union Health Ministry Special Secretary Sanjeeva Kumar has met Health Secretaries of the states with **21 identified airports with inbound flights from China** and the secretaries of states that border Nepal(namely Uttarakhand, Uttar Pradesh, Bihar, West Bengal and Sikkim) to monitor the measures taken to handle screening for the virus. **Thermal entry screening of passengers from China is being used in these 21 airports.**
- **Universal checking at major aerobridges with flights from China, Hongkong, Singapore and Thailand is being carried out.**
- **Isolation wards** have been identified to handle potential cases of 2019-nCoV.
- **The Union Ministry of Shipping** has asked the state governments **to put 204 minor and major ports in the country on quarantine mode.**

Sample collection and diagnostics:

- Timely collection and testing of samples from suspected patients to **NIV(National Institute of Virology), Pune** is being monitored. **Indian Council of Medical Research (ICMR)** made **NIV(National Institute**

of Virology), Pune as the designated place to test samples, and 14 Viral Research and Diagnostic Labs have been upgraded to test for 2019-nCoV.

- **National Centre for Disease Control opened a 24x7 helpline.**

Wuhan airlift by India:

- The **External Affairs Ministry of India airlifted 645 Indians**, mostly students from Wuhan, working in co-ordination with Chinese diplomats and they were quarantined and checked for symptoms by the medical team provided by the **Health and Family Welfare Ministry**.
- **Special camps for health check-ups and quarantines** were set up by the **Armed Forces Medical Services in Manesar, Haryana** and the **Indo-Tibetan Border Police facility in Delhi**. All 645 airlifted people tested negative.

India's help to neighbouring countries:

- India helped in airlifting 7 Maldivian nationals from Wuhan according to its Neighbours First Policy.
- It also extended technical assistance to several countries to setup 2019-nCoV diagnostic facilities.

How is the spread of 2019-nCoV affecting the global economy?

- Economists feel that it is not feasible to measure the economic impact of 2019-nCoV without **comparing it with the 2003 SARS(Severe Acute Respiratory Syndrome)** pandemic which killed more than 800 people worldwide.
- The growth rate in China dipped to 1.8% in April-June 2020 during the SARS outbreak from an average of 2.8% .
- **Due to 2019-nCoV ,8 key regions and two cities in China are subject to closure of non-essential business until at least 9th February 2020. Hence, the significance of the epidemic will be evident in the first quarter of 2020.**
- Zhang Ming, an economist at the Chinese Academy of Social Sciences (part of Beijing's state council), predicted that China's annual growth rate could drop below an annualised 5% in the January-March 2020 quarter which would be a sharp slowdown compared with 6% annualised growth in the previous quarter.

WHO Decides to Continue to Declare Polioas Public Health Emergency of International Concern (PHEIC)

WHO (World Health Organization) announced on January 7, 2020 that **Polio will continue to remain a Public Health Emergency of International concern (PHEIC) for the next three months** because of increase in the number of **WPV(Wild Polio Virus) type 1 cases from 28 in 2018 to 156 as of December 2019.**

- Polio has continued to be Public Health Emergency of International Concern **since 2014** when it was first declared as PHEIC.
- The spread of the WPV(Wild Polio Virus) type 1 is at its highest point in 2019 since 2014 when it was first declared as PHEIC.
- **Pakistan accounted for 128 WPV type 1 cases** while **Afghanistan accounted for 28** among the 156 WPV type 1 cases as of December 2019.
- The reasons for the increase are **continuous refusal to accept vaccination by individuals and communities in Pakistan** and **instability in Afghanistan** making vaccination inaccessible to children.
- **WPV type 1 has not been detected in Nigeria** for the past three years which fulfills the requirement for a country to be certified as polio virus free.

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- A surge in Circulating Vaccine Derived Poliovirus(cVDPV) has been observed in Africa, the Eastern Mediterranean, South-East Asia and the Western Pacific regions, the reasons for which are still unknown as per WHO statement.
 - Circulating Vaccine Derived Poliovirus (cVDPV) is caused due to the spread of weakened virus present in Oral Polio vaccine which is intended to help the body to create antibodies to fight the disease when a person is vaccinated. However, this weakened virus can spread through feces in areas where there is poor sanitation and turn into circulating vaccine derived poliovirus(cVDPV).

What is Polio and how is it contagious?

- Polio also known as **Poliomyelitis** is a **contagious viral disease**.
- It **affects the nervous system** and **causes complete paralysis** which **does not have cure** once infected. **Children below 5 years are the worst affected** and **can be protected from polio through vaccination**.
- **The virus enters through the mouth, multiplies in the intestines and spreads through feces in the environment. Communities with poor sanitation are worst affected.**

What are the various types of polio viruses?

- There are **three types of Wild Polioviruses-type 1,2 and 3**.
- All three WPVs (Wild Polio Viruses) are immunologically and virologically (the makeup of the virus) different and need to be eliminated separately.
- **WPV type 2 was officially declared eradicated in September 2015** as it was not detected since 1999.
- Since **WPV type 3 has not been detected since November 2012, it has been declared eradicated on World Polio Day on October 24,2019.**
- **Wild poliovirus type-1 is the last of the three types of polioviruses that needs to be eliminated.**

SPACE:

Training of Four Astronauts Shortlisted for Gaganyaan Mission

Training of the four astronauts shortlisted for the Gaganyaan mission, India's first manned spaceflight will start in January 2020, in Russia for 11 months, followed by training in India, as per the announcement of the Minister of State for Atomic Energy and Space, Mr. Jitendra Singh, on 15th January 2020.

- The shortlisted astronauts are from the Indian Airforce, whose names have not been revealed.
- The four shortlisted astronauts underwent a series of tests including physical exercise tests, clinical and radiological tests, lab investigations, psychological evaluation, etc.,

Training in India:

The shortlisted astronauts will undergo a module-specific training in India where the astronauts will be trained to operate the orbital module designed by ISRO.

- **Gaganyaan Mission** is India's first crewed spaceflight mission to send three Indian astronauts to space for 7 days in an orbital spacecraft.
- It is expected to be launched in 2022 (the year of India's 75th year of Independence)
- Bahubali GSLV Mark-III, India's heaviest launch vehicle, will launch the crewed orbital spacecraft into space.
- The space agency is aiming at testing a rocket with an unmanned crew module and a humanoid on board by 2021, ahead of the Gaganyaan human spaceflight mission planned for 2022.
- Gaganyaan Mission costs 10,000 crores.

ISRO's Half-Humanoid Robot 'Vyommitra' to Fly in the Gaganyaan Test Flights

On 22 January 2020, at the Human Space Flight and Exploration symposium in Bengaluru, ISRO unveiled a half-humanoid robot named 'Vyommitra' that will be sent to space to simulate human crew operations on Gaganyaan test flights.

- One test flight would be conducted at the end of the year 2020 and the other in 2021, ahead of sending three Indian astronauts into space in 2022.
- **A humanoid robot is a robot that resembles a human being.** Vyommitra is a half-humanoid as it ends at the torso and does not have legs.
- Vyommitra was developed at ISRO Inertial Systems Unit in Thiruvananthapuram.
- In "Vyommitra," "vyom" means "space," and "mitra" means "friend."

What can the Vyommitra do?

Vyommitra can

- monitor crew module parameters,
- perform ECLSS (Environmental Control and Life Support Systems function),
- mimic crew operations like switch panel operations,
- perform experiments,
- recognize and communicate with astronauts, and
- communicate with the ground crew

ENVIRONMENT:

10 more Wetlands in India Declared as Ramsar Sites

Ministry of Environment, Forest and Climate Change has announced on January 28, 2020 that Ramsar convention has **decided to add 10 more wetlands as Ramsar sites to the existing 27 Ramsar sites in India.**

The following are the 10 new Ramsar sites in India:

- Maharashtra

Maharashtra gets its first Ramsar site

i. Nandur Madhameshwar Bird sanctuary

- is located in Nashik district
- also known as Bharatpur of Maharashtra

- Punjab

Punjab gets 3 additional Ramsar sites adding to the existing 3(Hariker lake, Kanjli lake and Ropar lake Ramsar sites)

i. Keshopur-Miani Community Reserve

- is located in Gurudaspur, and
- lies amidst Ravi and Beas rivers,
- it is the first notified community reserve of India as it is jointly managed by locals and forest department which has led to better conservation.

ii. Beas Conservation Reserve

- is spread across 185km stretch along the Beas river from Hariker lake to Talwara conservation reserve.
- it is well-known for successful Gharials or crocodiles reintroduction.

iii. Nangal Wildlife Sanctuary

- located in Roopnagar district near Sutlej river

- Uttar Pradesh

UP gets 6 additional Ramsar sites adding to the existing 1 Ramsar site(Upper Ganga river Ramsar Site)

i. Nawabganj Bird Sanctuary

- is located in Unnao district, and
- also Known as Chandrasekhar Azad Bird Sanctuary

ii. Parvati Aranga Bird Sanctuary

- located in Gonda district

iii. Saman Bird Sanctuary

- located in Bhogav,Mainpuri district

iv. Samaspur Bird Sanctuary

- located in Raebareli district

v. Sandi Bird Sanctuary

- It is Hardoi district

vi. SarsaiNawar Lake

- is in Etawah district

What is a Wetland?

- A wetland is **an ecosystem where water covers land throughout the year** or through varying periods of the year.
- It is home to **aquatic plants or hydrophytes** that have adapted to the unique hydric soil of wetlands and also to a **variety of animal and bird species**.
- Wetlands are found in every continent on earth except Antarctica.
- Wetlands can have saltwater, freshwater or brackish water.
- There are two types of wetlands
 - Coastal or tidal wetlands** - are close to the estuaries where river water meets the sea. Coastal wetlands are mainly mangroves in India(A Mangrove is a tree or shrub that has a tangled root system that helps the plants sustain in salty water and protect the coastal areas from flooding, soil erosion, waves and hurricane winds.
 - Inland or non-tidal wetlands** - are close to the flood plains of rivers and streams and along the margins of lakes and ponds.

Why are Wetlands important?

- Wetlands are home to a huge variety of plant and animal species comparable to the rainforests and coral reefs.
- They provide **natural water quality improvement, flood protection and shoreline erosion control**
- Scientists have recently found that wetlands **store carbon within their plant community and soil instead of releasing carbon-di-oxide into the environment and therefore help in controlling global climate change**.

What is a Ramsar site?

- Ramsar site is a wetland site of international prominence under the Ramsar convention.

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- Ramsar convention is a 1971 UNESCO intergovernmental environmental treaty signed by 171 countries called as parties.
 - It was put in place to establish national action and international co-operation to conserve wetlands.
 - Every three years COP(Conference of Contracting Parties), the decision making organ of the convention, meets to improve how the parties are able to implement their objectives.
 - COP13 was held in Dubai in October 2018.

What are the latest efforts of the Ministry of Environment ,Forest and Climate Change to protect and restore wetlands?

- It has adopted a four pronged approach to protect and restore wetlands and also improve the groundwater table of water under the Jalnal Yojana:
- preparing baseline data about the conditions of the wetlands,
- creating Wetland Health Cards,
- enlisting Wetland Mitras and
- preparing targeted Integrated Management plans

Forest Advisory Committee Approves Scheme to Trade in Forests

Forest Advisory Committee of the Ministry of Environment, Forest and Climate Change has approved the '**Green Credit Scheme**' on January 9,2020 that **would allow forests to be traded as a commodity.**

Under this **scheme the Forest department's responsibility of re-growing forests felled for industrial purposes will be outsourced to non-governmental agencies.**

How does the 'Green Credit Scheme' work?

- The **non-governmental agencies** such as **village communities** or **private companies** are permitted to **identify land and begin growing plantations.**
- After 3 years,if the land meets the criteria of the forest department, it could be considered as compensatory forest land.
- If an industry that razed forests needs to buy such compensatory forest land, they could buy parcels of such land instead of contiguous land as required currently and transfer it to the forest department to be recorded as forest land.

What is the current scheme? why did the need arise to replace it?

- **Forest Advisory Committee** is tasked with the responsibility of **adjudicating requests from industries** that intend **to use forest land for industrial purposes such as mining, hydel projects.**
- However, in the current system **industries need to find contiguous land to regrow the forest** that was felled for industrial purposes as compensatory land.
- **Industrialists** are finding it **difficult to find such contiguous pieces of land.**
- Currently **Industries are also required to pay the state forest departments 'Net Present Value'** which is **equivalent to the current economic value of the goods and services that the razed forest land would have provided.**
- The economic value of the razed forest land is calculated based on the value of timber, bamboo, firewood, carbon sequestration (carbon sinks that provide long-term carbon storage such as forests and mangroves), soil conservation, water recharge, and seed dispersal provided by the forest.
- According to the Ministry of Environment, Forests and Climate Change, the funds collected from industries over many decades were brought under **CAMPA (Compensatory Afforestation Fund Management and Planning Authority) initially in 2006.** Later **Compensatory Afforestation Fund (CAF) Act 2016 came into force** and **CAF rules were created in 2018.** In **January 2019 Supreme Court gave approval** to bring **54,685 cr from CAMPA under the central government.**

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- Following the **directives of Supreme court of India**, the fund was finally distributed to **27 states for afforestation in August 2019** which is **yet to be utilized for the said purpose**.
 - The 27 states which have received the funds are Odisha, Chhattisgarh, Madhya Pradesh, Jharkhand, Maharashtra, Telangana, Uttarakhand, Uttar Pradesh, Rajasthan, Andhra Pradesh, Himachal Pradesh, Arunachal Pradesh, Gujarat, Karnataka, Haryana, Punjab, Assam, Bihar, Sikkim, Manipur, Goa, West Bengal, Mizoram, Tripura, Meghalaya, Tamil Nadu and Kerala.

What is CAF (Compensatory Afforestation Fund)?

- **Compensatory Afforestation Fund** is a **nationally constituted authority that administers corpus fund of over 60,000 cr collected over many decades which is to be allocated for afforestation purpose to the states**.
- It came into force after the Compensatory Afforestation Fund Act was passed by the Indian Parliament in 2016 and CAF rules were formulated in 2018.
- According to the CAF rules the funds under CAF need to be used for Compensatory Afforestation, Catchment Area Treatment, Wildlife Management, Assisted Natural Regeneration, Forest Fire Prevention and Control Operations, Soil and Moisture Conservation Works in the forest, Improvement of Wildlife Habitat, Management of Biological Diversity and Biological Resources, Research in Forestry and Monitoring of CAMPA works, etc.

What are some of the problems with Green Credit Scheme?

- **Under Green India Mission**, India aims at combating climate change through **afforestation by bringing down 2.523 billion tons of carbon in the environment by 2020-30**, a target set by India as part of the Nationally Determined Contributions set at the Paris agreement. In order to achieve the above said target, India **needs to add 30 million hectares of forests to the existing forest area of India**.
- The **efficient use of the CAF funds** allocated to the states in August 2019 plays a vital role in achieving the above said target.
- **Centre for Policy Research which investigates forest rights** believes that the **Green Credit Scheme does not solve the core problems of compensatory afforestation by privatizing multi-use forest areas as monoculture plantation plots because of the following reasons:**
- **Forests have multiple uses such as** timber, bamboo, firewood, carbon sequestration (carbon sinks that provide long-term carbon storage such as forests and mangroves), soil conservation, water recharge, and seed dispersal.
- **Monoculture plantations do not replace these multi-use features of forest land that was razed for industrial purposes**.
- The scheme reduces forests to a mere commodity without taking into consideration their **social and ecological importance**. The **Social aspect** being **protecting tribal rights** living in these forest areas and the **ecological importance** being **maintaining the variety of the different species of trees and animals living in the forests that are razed for industrial purposes**.

PERSONS, AWARDS & SPORTS

International Persons

Qaboos bin Said Al Said (79), Sultan of Oman, passed away on January 11, 2020. The sultan deposed his father in a bloodless coup in 1970 with British support and has been ruling Oman since then. Qaboos had no children and had not publicly appointed a successor. His cousin Haitham bin Tariq became the country's new ruler.

Major General Qasem Soleimani, the commander of Quds Force, an elite unit of Iran Revolutionary Guards, was killed in a U.S. air strike in Baghdad on January 3, 2020.

Sebastian Kurz (33) was sworn in as Austria's chancellor by President Alexander Van der Bellen on January 7, 2020. He heads a new alliance between his People's Party and Greens Party.

Khagendra Thapa Magar, the world's shortest man who measured 2 feet 2.41 inches as verified by Guinness World Records, died at a hospital in Nepal on January 17, 2020. Magar was an official face of Nepal's tourism campaign, which featured him as the smallest man in a country that is home to the world's highest peak, Mount Everest.

Kobe Bryant (41), US Basketball icon, died in a helicopter crash in Southern California on January 26, 2020. Bryant is a five-time NBA (National Basketball Association) champion and two-time Olympic gold medallist and is widely regarded as one of the greatest basketball players in history.

National Persons

Akbar Padamsee (91), celebrated painter, sculptor, photographer, and filmmaker, passed away in Coimbatore, Tamil Nadu, on January 6, 2020. Akbar Padamsee was awarded the Padma Bhushan in 2010 and was also awarded Fellowships by the Lalit Kala Akademi and the JD Rockefeller Foundation apart from recognition by several global art bodies.

Manmohan Mahapatra (69), renowned Odia filmmaker and winner of eight consecutive national awards, passed away in Bhubaneswar on January 13, 2020. An alumnus of the Film and Television Institute of India (FTII), he had carved a niche for himself in parallel cinema. His film, Seeta Raati, had won the Rajat Kamal in the National Film Awards, 1982.

Sports Persons

Bapu Nadkarni (86), former Indian all-rounder in cricket, died in Mumbai on January 17, 2020. Nadkarni played 41 Tests during the 50s and 60s. He was considered one of the most economical bowlers in the game, as he conceded just 1.67 runs per over in his Test career.

International Awards

Tyler Prize for Environmental Achievement :

The '2020 Tyler Prize for Environmental Achievement' - often described as the 'Nobel Prize for the Environment' - was awarded to conservation biologist **Gretchen C. Daily**, and environmental economist **Pavan Sukhdev**, both pioneers in illuminating and quantifying the economic value of our natural environment.

About the Award:

- The 'Tyler Prize for Environmental Achievement' is an annual award for environmental science, environmental health, and energy.
- Tyler Laureates receive a \$200,000 cash prize and a medallion.
- The prize is administered by the University of Southern California and was established by John and Alice Tyler in 1973.

77th Golden Globe Awards :

77th Golden Globe Awards, which are given in recognition of excellence in film (both American and International) and the American television, were announced in Los Angeles, California on January 5, 2020.

Winners:

- Best Picture : Drama: 1917
Best Actress - drama : Renée Zellweger - Judy
Best Actor - drama : Joaquin Phoenix - Joker
Best Director : Sam Mendes - 1917
Best Actor in a supporting role : Brad Pitt - Once Upon a Time in Hollywood
Best Screenplay : Quentin Tarantino - Once Upon a Time In Hollywood
Best Original Music Score : Joker - Hildur Gudnadottir
Best Original Song : I'm Gonna Love Me Again - Rocketman
Best Picture - Foreign language : Parasite
Best Picture - Musical or Comedy : Once Upon a Time In Hollywood
Best Actress - Musical or Comedy : Awkwafina - The Farewell
Best Actor Musical or Comedy : Taron Egerton - Rocketman
Best Picture - Animated : Missing Link
Best Television Series : Succession (HBO)
Best Actress in Television : Olivia Colman (The Crown)
Best Actor in Television : Brian Cox (Succession)

National Awards

Padma Awards 2020:

- The Union Government announced the 2020 Padma Awards on January 25, 2020
- **Padma Awards**, one of the highest civilian Awards of the country, are conferred in three categories, namely,
Padma Vibhushan for **exceptional and distinguished service**,
Padma Bhushan for **distinguished service of high order**, and
Padma Shri for **distinguished service in any field**.
- The Awards are given in various disciplines/ fields of activities, viz. art, social work, public affairs, science and engineering, trade and industry, medicine, literature and education, sports, civil service, etc.
- The awards are announced on the occasion of Republic Day every year.
- These awards are conferred by the President of India at ceremonial functions which are held at Rashtrapati Bhawan usually around March/ April every year.
- This year (2020), the President of India approved conferment of **141 Padma Awards** comprising of **7 Padma Vibhushan, 16 Padma Bhushan and 118 Padma Shri Awards**.
The list included 4 duo cases. In a duo case, the Award is given to two people jointly for their contribution but counted as one. The contribution of two people can be in the same field or different fields. Mostly, the recipients of Duo awards are related family members i.e. husband and wife, sisters, father and daughter, etc. In 2020, duo awards were given to the following.
C. Saroja and C. Lalitha (sisters) - Carnatic Music (Tamil Nadu)
Sheik Mahaboob Subhani and Kaleeshabi Mahaboob (Husband and Wife) - Nadaswaram exponents (Tamil Nadu)
Radha Mohan and Sabarmatee (Father and Daughter) - Agriculture (for transforming a degraded piece of land into a vast "food forest" using only organic techniques). (Odisha)
K.V. Sampath Kumar and Vidushi K.S. Jayalakshmi (Husband and Wife) - Literature and Education (Journalism). They run world's only Sanskrit newspaper called 'Sudharma' in Karnataka. This two page newspaper has the circulation of over 3,500 copies and is sold for Rs. 1.50.

The paper was launched in 1970 by Mr. Kumar's father, Pandit K.N. Varadaraja Iyengar not for profit, but to disseminate news in Sanskrit to keep the "language" alive and conserve Indian culture.

33 of the awardees are women and the list also includes **18 persons from the category of Foreigners/NRI/PIO/OCI** and **12 Posthumous awardees**.

The following is the list of details of 2020 Padma Awards.

Padma Vibhushan

SN	Name	Field	State/Country
1.	Shri George Fernandes (Posthumous)	Public Affairs	Bihar
2.	Shri Arun Jaitley (Posthumous)	Public Affairs	Delhi
3.	Sir Anerood Jugnauth	GCSK Public Affairs	Mauritius
4.	Smt. M. C. Mary Kom	Sports	Manipur
5.	Shri Chhannulal Mishra	Art	Uttar Pradesh
6.	Smt. Sushma Swaraj (Posthumous)	Public Affairs	Delhi
7.	Sri Vishveshateertha Swamiji Sri Pejavara Adhokhaja Matha Udupi (Posthumous)	Others-Spiritualism	Karnataka

Padma Bhushan

SN	Name	Field	State/Country
8.	Shri M. Mumtaz Ali (Sri M)	Others-Spiritualism	Kerala
9.	Shri Syed Muazzem Ali (Posthumous)	Public Affairs	Bangladesh
10.	Shri Muzaffar Hussain Baig	Public Affairs	Jammu and Kashmir
11.	Shri Ajoy Chakravorty	Art	West Bengal
12.	Shri Manoj Das	Literature and Education	Puducherry
13.	Shri Balkrishna Doshi	Others-Architecture	Gujarat
14.	Ms. Krishnammal Jagannathan	Social Work	Tamil Nadu
15.	Shri S. C. Jamir	Public Affairs	Nagaland
16.	Shri Anil Prakash Joshi	Social Work	Uttarakhand
17.	Dr. Tsering Landol	Medicine	Ladakh
18.	Shri Anand Mahindra	Trade and Industry	Maharashtra
19.	Shri Neelakanta Ramakrishna Madhava Menon (Posthumous)	Public Affairs	Kerala
20.	Shri Manohar Gopalkrishna Prabhu Parrikar (Posthumous)	Public Affairs	Goa
21.	Prof. Jagdish Sheth	Literature and Education	USA
22.	Ms. P. V. Sindhu	Sports	Telangana
23.	Shri Venu Srinivasan	Trade and Industry	Tamil Nadu

Padma Shri

SN	Name	Field	State/Country
24.	Guru Shashadhar Acharya	Art	Jharkhand
25.	Dr. Yogi Aeron	Medicine	Uttarakhand
26.	Shri Jai Prakash Agarwal	Trade and Industry	Delhi

27.	Shri Jagdish Lal Ahuja	Social Work	Punjab
28.	Kazi Masum Akhtar	Literature and Education	West Bengal
29.	Ms. Gloria Arieira	Literature and Education	Brazil
30.	Khan Zaheerkhan Bakhtiyarkhan	Sports	Maharashtra
31.	Dr. Padmavathy Bandopadhyay	Medicine	Uttar Pradesh
32.	Dr. Sushovan Banerjee	Medicine	West Bengal
33.	Dr. Digambar Behera	Medicine	Chandigarh
34.	Dr. Damayanti Beshra	Literature and Education	Odisha
35.	Shri Pawar Popatrao Bhaguji	Social Work	Maharashtra
36.	Shri Himmata Ram Bhambhu	Social Work	Rajasthan
37.	Shri Sanjeev Bikhchandani	Trade and Industry	Uttar Pradesh
38.	Shri Gafurbhai M. Bilakhia	Trade and Industry	Gujarat
39.	Shri Bob Blackman	Public Affairs	United Kingdom
40.	Ms. Indira P. P. Bora	Art	Assam
41.	Shri Madan Singh Chauhan	Art	Chhattisgarh
42.	Ms. Usha Chaumar	Social Work	Rajasthan
43.	Shri Lil Bahadur Chettri	Literature and Education	Assam
44.	Ms. Lalitha & Ms. Saroja Chidambaram (Duo)*	Art	Tamil Nadu
45.	Dr. Vajira Chitrasena	Art	Sri Lanka
46.	Dr. Purushottam Dadheech	Art	Madhya Pradesh
47.	Shri Utsav Charan Das	Art	Odisha
48.	Prof. Indra Dassanayake (Posthumous)	Literature and Education	Sri Lanka
49.	Shri H. M. Desai	Literature and Education	Gujarat
50.	Shri Manohar Devadoss	Art	Tamil Nadu
51.	Ms. Oinam Bembem Devi	Sports	Manipur
52.	Ms. Lia Diskin	Social Work	Brazil
53.	Shri M. P. Ganesh	Sports	Karnataka
54.	Dr. Bangalore Gangadhar	Medicine	Karnataka
55.	Dr. Raman Gangakhedkar	Science and Engineering	Maharashtra
56.	Shri Barry Gardiner	Public Affairs	United Kingdom
57.	Shri Chewang Motup Goba	Trade and Industry	Ladakh
58.	Shri Bharat Goenka	Trade and Industry	Karnataka
59.	Shri Yadla Gopal Rao	Art	Andhra Pradesh
60.	Shri Mitrabhanu Gountia	Art	Odisha
61.	Ms. Tulasi Gowda	Social Work	Karnataka
62.	Shri Sujoy K. Guha	Science and Engineering	Bihar
63.	Shri Harekala Hajabba	Social Work	Karnataka
64.	Shri Enamul Haque	Others-Archaeology	Bangladesh
65.	Shri Madhu Mansuri Hasmukh	Art	Jharkhand
66.	Shri Abdul Jabbar (Posthumous)	Social Work	Madhya Pradesh

67.	Shri Bimal Kumar Jain	Social Work	Bihar
68.	Ms. Meenakshi Jain	Literature and Education	Delhi
69.	Shri Nemnath Jain	Trade and Industry	Madhya Pradesh
70.	Ms. Shanti Jain	Art	Bihar
71.	Shri Sudhir Jain	Science and Engineering	Gujarat
72.	Shri Benichandra Jamatia	Literature and Education	Tripura
73.	Shri K. V. Sampath Kumar & Ms. Vidushi Jayalakshmi K.S. (Duo)*	Literature and Education Journalism	Karnataka
74.	Shri Karan Johar	Art	Maharashtra
75.	Dr. Leela Joshi	Medicine	Madhya Pradesh
76.	Ms. Sarita Joshi	Art	Maharashtra
77.	Shri C. Kamlova	Literature and Education	Mizoram
78.	Dr. Ravi Kannan R.	Medicine	Assam
79.	Ms. Ekta Kapoor	Art	Maharashtra
80.	Shri Yazdi Naoshirwan Karanjia	Art	Gujarat
81.	Shri Narayan J. Joshi Karayal	Literature and Education	Gujarat
82.	Dr. Narindar Nath Khanna	Medicine	Uttar Pradesh
83.	Shri Naveen Khanna	Science and Engineering	Delhi
84.	Shri S. P. Kothari	Literature and Education	USA
85.	Shri V. K. Munusamy Krishnapakthar	Art	Puducherry
86.	Shri M. K. Kunjol	Social Work	Kerala
87.	Shri Manmohan Mahapatra (Posthumous)	Art	Odisha
88.	Ustad Anwar Khan Mangniyar	Art	Rajasthan
89.	Shri Kattungal Subramaniam Manilal	Science and Engineering	Kerala
90.	Shri Munna Master	Art	Rajasthan
91.	Prof. Abhiraj Rajendra Mishra	Literature and Education	Himachal Pradesh
92.	Ms. Binapani Mohanty	Literature and Education	Odisha
93.	Dr. Arunoday Mondal	Medicine	West Bengal
94.	Dr. Prithwindra Mukherjee	Literature and Education	France
95.	Shri Sathyanarayan Mundayoor	Social Work	Arunachal Pradesh
96.	Shri Manilal Nag	Art	West Bengal
97.	Shri N. Chandrasekharan Nair	Literature and Education	Kerala
98.	Dr. Tetsu Nakamura (Posthumous)	Social Work	Afghanistan
99.	Shri Shiv Datt Nirmohi	Literature and Education	Jammu and Kashmir
100.	Shri Pu Lalbiakthanga Pachuau	Literature and Education Journalism	Mizoram
101.	Ms. Moozhikkal Pankajakshi	Art	Kerala
102.	Dr. Prasanta Kumar Pattanaik	Literature and Education	USA
103.	Shri Jogendra Nath Phukan	Literature and Education	Assam
104.	Ms. Rahibai Soma Popere	Others-Agriculture	Maharashtra
105.	Shri Yogesh Praveen	Literature and Education	Uttar Pradesh

106.	Shri Jitu Rai	Sports	Uttar Pradesh
107.	Shri Tarundeep Rai	Sports	Sikkim
108.	Shri S. Ramakrishnan	Social Work	Tamil Nadu
109.	Ms. Rani Rampal	Sports	Haryana
110.	Ms. Kangana Ranaut	Art	Maharashtra
111.	Shri Dalavai Chalapathi Rao	Art	Andhra Pradesh
112.	Shri Shahbuddin Rathod	Literature and Education	Gujarat
113.	Shri Kalyan Singh Rawat	Social Work	Uttarakhand
114.	Shri Chintala Venkat Reddy	Others-Agriculture	Telangana
115.	Smt. (Dr.) Shanti Roy	Medicine	Bihar
116.	Shri Radhammohan & Ms. Sabarmatee (Duo)*	Others-Agriculture	Odisha
117.	Shri Batakrushna Sahoo	Others-Animal Husbandry	Odisha
118.	Ms. Trinity Saioo Others	Agriculture	Meghalaya
119.	Shri Adnan Sami	Art	Maharashtra
120.	Shri Vijay Sankeshwar	Trade and Industry	Karnataka
121.	Dr. Kushal Konwar Sarma	Medicine	Assam
122.	Shri Sayed Mehboob Shah Qadri alias Sayedbhai	Social Work	Maharashtra
123.	Shri Mohammed Sharif	Social Work	Uttar Pradesh
124.	Shri Shyam Sunder Sharma	Art	Bihar
125.	Dr. Gurdip Singh	Medicine	Gujarat
126.	Shri Ramjee Singh	Social Work	Bihar
127.	Shri Vashishtha Narayan Singh (Posthumous)	Science and Engineering	Bihar
128.	Shri Daya Prakash Sinha	Art	Uttar Pradesh
129.	Dr. Sandra Desa Souza	Medicine	Maharashtra
130.	Shri Vijayasarithi Sribhashyam	Literature and Education	Telangana
131.	Smt. Kalee Shabi Mahaboob & Shri Sheik Mahaboob Subani (Duo)*	Art	Tamil Nadu
132.	Shri Javed Ahmad Tak	Social Work	Jammu & Kashmir
133.	Shri Pradeep Thalappil	Science and Engineering	Tamil Nadu
134.	Shri Yeshe Dorjee Thongchi	Literature and Education	Arunachal Pradesh
135.	Shri Robert Thurman	Literature and Education	USA
136.	Shri Agus Indra Udayana	Social Work	Indonesia
137.	Shri Harish Chandra Verma	Science and Engineering	Uttar Pradesh
138.	Shri Sundaram Verma	Social Work	Rajasthan
139.	Dr. Romesh Tekchand Wadhvani	Trade and Industry	USA
140.	Shri Suresh Wadkar	Art	Maharashtra
141.	Shri Prem Watsa	Trade and Industry	Canada

Pradhan Mantri Rashtriya Bal Puraskar 2020:

- 'The Pradhan Mantri Rashtriya Bal Puraskar 2020' was conferred on 49 children under various categories by President Ram Nath Kovind at the Rashtrapati Bhavan on January 22, 2020.
- The awards are given to children in the age group of **five to 18** for achievements in the fields of **innovation, social service, scholastic, sports, art and culture and bravery**. The award carries a medal, a cash prize of Rs. 1 lakh, a certificate and a citation.
- Ishaan Sharma, who saved a Russian tourist from two robbers, Omkar Singh, who holds the world record for the youngest theoretical author, and Gauri Mishra, youngest pianist in India, were among those who were given the Bal Shakti Puraskar 2020.

Subhash Chandra Bose Aapda Prabandhan Puraskar:

- '**Disaster Mitigation and Management Centre**' in Uttarakhand (in the institution category), and **Kumar Munnan Singh**, former IPS officer, (individual category) were selected on January 23, 2020 for the '**Subhash Chandra Bose Aapda Prabandhan Puraskar**' for their contribution in the field of disaster management.

About the Award:

- Government has instituted an annual award titled Subhash Chandra Bose Aapda Prabandhan Puraskar **to recognise the excellent work** done by **individuals** and **institutions** in India in the field of **disaster management**.
- The award is announced every year on 23rd January, the birth anniversary of Netaji Subhash Chandra Bose.
- Prize Money :

For Institution : a cash prize of Rs. 51 lakh which shall be utilized by the winning institution for Disaster Management related activities only.

For Individual : A cash prize of Rs. 5 lakhs and a certificate.

Work of 2020 Winners:

Individual Category:

Mr. Kumar Munnan Singh was appointed as a **founder Member** of the **National Disaster Management Authority** in 2005 following his commendable work during 2004 Indian Ocean Tsunami.

In NDMA, Mr. Singh envisioned and had taken painstaking efforts to establish, one of its kind specialist response force, the '**National Disaster Response Force**' (NDRF) from **scratch to today's strong force of 14,000 personnel** comprising of 12 battalions. Under the superintendence and directions of Shri Singh, NDRF delivered commendable response in its nascent phase itself during devastating Kosi floods, 2008.

Mr. Singh also propounded and implemented the concept of '**Community Capacity Building**' by the NDRF as a force multiplier and as a result NDRF so far has **trained** around **60 lakh people** who are the **first responders amongst their community**.

Singh also formulated the concept and **curriculum for training of response forces and veterinarians for management of livestock during disasters** as they directly related to **livelihoods of rural population**. With comprehensive training and techniques, response forces have been able to timely evacuate and protect livestock during disasters.

Institution Category:

Disaster Mitigation and Management Centre (DMMC), Uttarakhand, discharges the functions of State Disaster Management Authority under the Government of Uttarakhand. Since its establishment in 2006, it has coordinated various post disaster functions.

DMMC has been organizing **mock exercises at state, district and tehsil level with the support of NDMA** and has trained State Government officials in Incident Response System (IRS) and organized incidence response trainings (IRTs) till tehsil level.

The DMMC has extended research facilities to students and has published more than 50 papers in peer reviewed scientific journals.

It has developed rich audio-visual and print Information, Education, and Communication campaign (IEC) material that is **one of the best in the country**, particularly in Hindi and includes a Censor Board certified popular film 'THE SILENT HEROES' that was released on 11th December, 2015 in more than 200 theatres of 100 cities across the nation. This film highlights the importance of preparation and capacity building and carries the message of social inclusion.

The work done by DMMC is innovative and original and ranges from **pre-disaster preparation and capacity building to post-disaster response and rehabilitation.**

SPORTS

TENNIS

Qatar Open (Doha, 2020 January)

Men's Singles:

A.Rublev (Russia) - Winner

C.Moutet (France) - Runner

Men Doubles:

Rohan Bopanna (India) and Wesley Koolhof (Dutch) - Winner

Luke Bambridge (Great Britain) and Santiago Gonzalez (Mex) - Runner

ATP Cup Team Event (Sydney, 2020 January)

Serbia - Winner

Spain - Runner

WTA Hobart International (Hobart, Australia, 2020 January)

Women's Singles:

Elena Rybakina (Kazakhstan) - Winner

S. Zhang (China) - Runner

Women's Doubles:

Nadiia Kichenok (Ukraine), Sania Mirza (India) - Winner

Shuai Peng, Shuai Zhang (China) - Runner

CHESS

Delhi International Open (New Delhi, 2020 January)

Abhijeet Gupta - Winner

Aleksej Aleksandrov - Runner

BILLIARDS

National Billiards Championship (Pune, 2020 January)

Pankaj Advani - Winner

Sourav Kothari - Runner