

News for December 2016

The Crux of The Hindu and PIB

Vol. 28

Important News in the field of :

National

Economy

India and World

International

Science & Environment

Miscellaneous News



THE HINDU
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एवं सूचना विभाग, भारत सरकार



Press Information Bureau, Government of India

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AN INITIATIVE BY UPSC ASPIRANTS



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Aspirant Forum is a Community for the UPSC Civil Services (IAS) Aspirants, to discuss and debate the various things related to the exam. We welcome an active participation from the fellow members to enrich the knowledge of all.

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The Crux will be published online for free on 10th of every month. We appreciate the friends and followers for appreciating our effort. For any queries, guidance needs and support, please contact at: aspirantforum@gmail.com You may also follow our website Aspirantforum.com for free on-line coaching and guidance for IAS

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About the 'CRUX'

Introducing a new and convenient product, to help the aspirants for the various public services examinations.

The knowledge of the Current Affairs constitute an indispensable tool for all the recruitment examinations today. However, an aspirant often finds it difficult to read and memorize all the current affairs, from an exam perspective. The Newspapers and magazines are full of information, that may or may not be useful for the exams. Thus, a candidate is forced to spend a substantial amount of his time in selecting and maintaining notes for the current affairs.

Another problem is that it is difficult to get every bit of information, relevant from the exam perspective at one place. Thus, candidates are often found wasting their time in search of current affairs material.

It is with this problem in mind that we have come up with the GIST of The Hindu and Press Information Bureau (PIB).

The whole concept of the CRUX is to provide you with a summary of the important news and current affairs, from an exam point of view. By reading the CRUX, you will be able to save your precious time and effort, as you get all the relevant matter in a summarized and convenient form.

The Crux is particularly helpful for the Civil Services, Banking, SSC and other exams that have a current affairs section.

The material is being provided in such a manner that it is helpful for both- objective and descriptive sections. Our aim is to help the candidates in their effort to get through the examinations. Your efforts and dedication inspire us to keep going. It is our sincere effort to make your journey easier.

Best Wishes
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National

Tata Power counters Cyrus Mistry's allegations on Mundra project

Tata Power said that a change in long-term prediction for coal prices for the Mundra Ultra Mega Power Project (UMPP) could again result in the need for a provision.

The company was responding to allegations made by former Tata Sons Chairman Cyrus Mistry who said wrong business decisions were the main reason for mounting losses at the Mundra UMPP.

In a recent letter to Tata Sons board members, he said "Tata Power aggressively bid for the Mundra project based on low-priced Indonesian coal."

In its stock exchange filing, Tata Power said the board had approved the Mundra bid in December 2006.

"The board also approved a long-term contract for supply of coal on terms mirroring the bid along (with) the acquisition of the Indonesian coal mines and ships to hedge the risk of changes in coal prices."

However in 2010, there was a change in regulations in Indonesia which mandated that coal be sold at prices to be declared by the local government. "This change was unprecedented," it said adding "this adversely impacted Mundra."

The company said the matter had been covered in the annual report and had also been disclosed in the notes to the accounts.

"A provision was built up for impairment eventually aggregating to Rs.2,650 crore. The provision was based on available estimates of future assumptions of all inputs including coal and rupee-dollar rates over the useful life of the assets."

It added that the provision was "written back only when the low coal price prediction made by the company to impair the coal mines investment and provide Rs.2,250 crore.

A change in the long-term prediction can again result in the need for a provision," it said. Further, it added that in the case of the Mundra project the company had disclosed all material facts as required under applicable laws.

IHCL clarifies

Indian Hotels, in response to a query from the stock exchanges, has said its accounts and financial statements

present "true and fair view" of the state of affairs. This follows Mr. Mistry's reference to the company as one of the group's legacy hotspot ripe for write-downs.

'Incredible India': Modi to be mascot

Prime Minister Narendra Modi is set to be the mascot of the "Incredible India" campaign, with the Tourism Ministry deciding not to rope in Bollywood stars for the role which was lying vacant after the ouster of Aamir Khan.

No Bollywood actor will be engaged for the campaign aimed at attracting foreign travellers. Video footage of Mr. Modi during the last two-and-a-half years where he has talked about tourism in India and abroad will be used for the campaign, a senior Ministry official said here.

Trains to clock 160 kmph on way to Delhi from Mumbai, Howrah

After the launch of the high-speed Gatimaan Express, the Railways has undertaken a mammoth exercise to reduce the journey time between Delhi and Howrah and Mumbai by increasing the maximum speed of trains to 160 kmph. The estimated cost of the project is Rs. 10,000 crore.

"We have firmed up an action plan to increase the maximum speed to 160 kmph on the total 9,000-km main trunk routes across the country as part of the Mission Raftaar project. To begin with, we have started work on two major busy routes of Delhi-Mumbai and Delhi-Howrah," said a senior Railway Ministry official involved in the project.

The Railways recently introduced Gatimaan Express between Delhi and Agra that attains a peak speed of 160 kmph.

Strengthening of the track, upgrading of the signalling system and fencing of vulnerable sections along the route are to be undertaken to raise train speeds on the two busy corridors.

While the Delhi-Howrah route is used by about 120 passenger trains and around 100 goods trains every day, some 90 passenger services and an equal number of freight trains run on the Delhi-Mumbai corridor daily.

'Scope for more trains'

"Once these two major routes are upgraded for trains to run at 160 kmph, there will be scope for launching more passenger trains. This will reduce the waiting list of passengers in some of the popular trains as many more such services with similar facilities will be on offer," the official said.

The cost was being calculated and was estimated at about Rs. 10,000 crore for the two sectors.



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All zones involving the two corridors have been instructed to undertake the work as a mission so that trains can move at a maximum speed of 160 kmph in the next three years.

The 1,400-km Delhi-Howrah and the 1,500-km Delhi-Mumbai rail corridors are among the two major busy routes of the Golden Quadrilateral of Indian Railways. Other routes are Howrah-Chennai, Delhi-Chennai and Chennai-Mumbai.

'Corruption, black money & terrorism are festering sores'

Text of Prime Minister's address to the nation:

My dear citizens, I hope you ended the festive season of Diwali with joy and new hope. Today, I will be speaking to you about some critical issues and important decisions. Today, I want to make a special request to all of you. You may recall the economic situation in May 2014 when you entrusted us with an onerous responsibility. In the context of BRICS, it was being said that the "I" in BRICS was shaky. Since then, we had two years of severe drought. Yet, in the last two and a half years, with the support of 125 crore Indians, India has become the "bright spot" in the global economy. It is not just we who are saying this; it is being stated by the International Monetary Fund and the World Bank.

In this effort for development, our motto has been 'Sab ka saath, sab ka vikas': We are with all citizens and for development of all citizens. This government is dedicated to the poor. It will remain dedicated to them. In our fight against poverty, our main thrust has been to empower the poor, and make them active participants in the benefits of economic progress.

The Pradhan Mantri Jan Dhan Yojana, the Jan Suraksha Yojana, the Pradhan Mantri Mudra Yojana for small enterprises, the Stand-up India programme for Dalits, Adivasis and Women, the Pradhan Mantri Ujjwala Scheme for gas connections in the homes of the poor, the Pradhan Mantri Fasal Beema Yojana and the Pradhan Mantri Kisan Sinchai Yojana to protect the income of farmers, the Soil Health Card Scheme to ensure the best possible yield from farmers' fields, and the e-NAM National Market Place scheme to ensure farmers get the right price for their produce — these are all reflections of this approach.

Fighting poverty

In the past decades, the spectre of corruption and black money has grown. It has weakened the effort to remove

poverty. On the one hand, we are now No. 1 in the rate of economic growth. But on the other hand, we were ranked close to 100 in the global corruption perceptions ranking two years back. In spite of many steps taken, we have only been able to reach a ranking of 76 now. Of course, there is improvement. This shows the extent to which corruption and black money have spread their tentacles.

The evil of corruption has been spread by certain sections of society for their selfish interest. They have ignored the poor and cornered benefits. Some people have misused their office for personal gain. On the other hand, honest people have fought against this evil. Crores of common men and women have lived lives of integrity.

We hear about poor auto rickshaw drivers returning gold ornaments left in the vehicles to their rightful owners. We hear about taxi drivers who take pains to locate the owners of cell phones left behind. We hear of vegetable vendors who return excess money given by customers.

Strong & decisive step

There comes a time in the history of a country's development when a need is felt for a strong and decisive step. For years, this country has felt that corruption, black money and terrorism are festering sores, holding us back in the race towards development.

Terrorism is a frightening threat. So many have lost their lives because of it. But have you ever thought about how these terrorists get their money? Enemies from across the border run their operations using fake currency notes. This has been going on for years. Many times, those using fake five hundred and thousand rupee notes have been caught and many such notes have been seized. Brothers and sisters, on the one hand is the problem of terrorism; on the other is the challenge posed by corruption and black money. We began our battle against corruption by setting up an SIT headed by a retired Supreme Court judge, immediately upon taking office.

Since then

- A law was passed in 2015 for disclosure of foreign black money;
- Agreements with many countries, including the U.S., have been made to add provisions for sharing banking information;
- A strict law has come into force from August 2016 to curb benami transactions, which are used to deploy black money earned through corruption;
- A scheme was introduced for declaring black money after paying a stiff penalty.

My dear countrymen,

Through all these efforts, in the last two and a half years,



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we have brought into the open nearly Rs. 1,25,000 crore rupees of black money belonging to the corrupt. Honest citizens want this fight against corruption, black money, benami property, terrorism and counterfeiting to continue. Which honest citizen would not be pained by reports of crores worth of currency notes stashed under the beds of government officers? Or by reports of cash found in gunny bags?

Level of corruption

The magnitude of cash in circulation is directly linked to the level of corruption. Inflation becomes worse through the deployment of cash earned in corrupt ways. The poor have to bear the brunt of this. It has a direct effect on the purchasing power of the poor and the middle class. You may yourself have experienced when buying land or a house, that apart from the amount paid by cheque, a large amount is demanded in cash. This creates problems for an honest person in buying property. The misuse of cash has led to artificial increase in the cost of goods and services like houses, land, and higher education, health care and so on.

High circulation of cash also strengthens the hawala trade, which is directly connected to black money and illegal trade in weapons. A debate on the role of black money in elections has been going on for years.

Brothers and sisters,

To break the grip of corruption and black money, we have decided that the Rs. 500 and Rs. 1,000 currency notes presently in use will no longer be legal tender from midnight tonight, that is November 8, 2016. This means that these notes will not be acceptable for transactions from midnight onwards. The Rs. 500 and Rs. 1,000 notes hoarded by anti-national and anti-social elements will become just worthless pieces of paper. The rights and the interests of honest, hard-working people will be fully protected. Let me assure you that notes of Rs. 100, Rs. 50, Rs. 20, Rs. 10, Rs. 5, Rs. 2 and Re. 1 and all coins will remain legal tender and will not be affected.

This step will strengthen the hands of the common man in the fight against corruption, black money and fake currency. To minimise the difficulties of citizens in the coming days, several steps are being taken.

1. Persons holding old notes of Rs. 500 or Rs. 1,000 can deposit these notes in their bank or post office accounts from November 10 till close of banking hours on December 30, 2016, without any limit.

2. Thus you will have 50 days to deposit your notes, and there is no need for panic.

3. Your money will remain yours. You need have no wor-

ry on this point.

4. After depositing your money in your account, you can draw it when you need it.

5. Keeping in mind the supply of new notes, in the first few days, there will be a limit of Rs. 10,000 per day and Rs. 20,000 per week. This limit will be increased in the coming days.

6. Apart from depositing your notes in your bank account, another facility will also be there.

7. For your immediate needs, you can go to any bank, head post office or sub post office, show your identity proof like Aadhaar card, voter card, ration card, passport, PAN card or other approved proofs, and exchange your old Rs. 500 or Rs. 1,000 notes for new notes.

8. From November 10 till November 24, the limit for such exchange will be Rs. 4,000. From November 25 till December 30, the limit will be increased.

9. There may be some who, for some reason, are not able to deposit their old Rs. 500 or Rs. 1,000 notes by December 30, 2016.

10. They can go to specified offices of the Reserve Bank of India up to March 31, 2017, and deposit the notes after submitting a declaration form.

11. On November 9 and in some places on November 10 also, ATMs will not work. In the first few days, there will be a limit of Rs. 2000 per day per card.

12. This will be raised to Rs. 4,000 later.

13. Rs. 500 and Rs. 1,000 notes will not be legal tender from midnight. However, for humanitarian reasons, to reduce hardship to citizens, some special arrangements have been made for the first 72 hours, that is till midnight on November 11.

14. During this period, government hospitals will continue to accept Rs. 500 and Rs. 1,000 notes for payment.

15. This is for the benefit of those families whose members may be unwell.

16. Pharmacies in government hospitals will also accept these notes for buying medicines with doctors' prescription.

17. For 72 hours, till midnight on November 11, railway ticket booking counters, ticket counters of government buses and airline ticket counters at airports will accept the old notes for purchase of tickets. This is for the benefit of those who may be travelling at this time.

18. For 72 hours, Rs. 500 and Rs. 1,000 notes will be accepted also at

- Petrol, diesel and CNG gas stations authorised by public sector oil companies

- Consumer co-operative stores authorised by the



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State or Central Government

- Milk booths authorised by State governments
- Crematoria and burial grounds.

These outlets will have to keep proper records of stock and collections.

19. Arrangements will be made at international airports for arriving and departing passengers who have Rs. 500 or Rs. 1,000 notes of not more than Rs. 5,000 to exchange them for new notes or other legal tender.

20. Foreign tourists will be able to exchange foreign currency or old notes of not more than Rs. 5,000 into legal tender.

21. One more thing I would like to mention, I want to stress that in this entire exercise, there is no restriction of any kind on non-cash payments by cheques, demand drafts, debit or credit cards and electronic fund transfer.

Temporary hardships

Brothers and sisters,

In spite of all these efforts there may be temporary hardships to be faced by honest citizens. Experience tells us that ordinary citizens are always ready to make sacrifices and face difficulties for the benefit of the nation. I see that spirit when a poor widow gives up her LPG subsidy, when a retired school teacher contributes his pension to the Swacch Bharat mission, when a poor Adivasi mother sells her goats to build a toilet, when a soldier contributes Rs. 57,000 to make his village clean. I have seen that the ordinary citizen has the determination to do anything, if it will lead to the country's progress.

So, in this fight against corruption, black money, fake notes and terrorism, in this movement for purifying our country, will our people not put up with difficulties for some days? I have full confidence that every citizen will stand up and participate in this 'mahayagna'.

My dear countrymen, after the festivity of Diwali, now join the nation and extend your hand in this 'Imandaari ka Utsav', this 'Pramanikta ka Parv', this celebration of integrity, this festival of credibility.

I am sure that all political parties, all governments, social services organizations, the media and indeed all sections of the society will take part in this with enthusiasm and make it a success.

My dear countrymen,

Secrecy was essential for this action. It is only now, as I speak to you, that various agencies like banks, post offices, railways, hospitals and others are being informed. The Reserve Bank, banks and post offices have to make many arrangements at very short notice.

Obviously, time will be needed. Therefore all banks will

be closed to the public on November 9. This may cause some hardship to you. I have full faith that banks and post offices will successfully carry out this great task of national importance. However, I appeal to all of you to help the banks and post offices to meet this challenge with poise and determination.

My dear citizens,

From time to time, based on currency needs, the Reserve Bank, with the approval of the Central Government, brings out new notes of higher value. In 2014, the Reserve Bank sent a recommendation for issue of Rs. 5,000 and Rs. 10,000. After careful consideration, this was not accepted. Now as part of this exercise, RBI's recommendation to issue Rs. 2,000 notes has been accepted. New notes of Rs. 500 and Rs. 2,000, with completely new design will be introduced. Based on past experience, the Reserve Bank will hereafter make arrangements to limit the share of high denomination notes in the total currency in circulation.

Citizens' contribution

In a country's history, there come moments when every person feels he too should be part of that moment that he too should make his contribution to the country's progress. Such moments come but rarely. Now, we again have an opportunity where every citizen can join this mahayagna against the ills of corruption, black money and fake notes. The more help you give in this campaign, the more successful it will be.

It has been a matter of concern for all of us that corruption and black money tend to be accepted as part of life. This type of thinking has afflicted our politics, our administration and our society like an infestation of termites. None of our public institutions is free from these termites. Time and again, I have seen that when the average citizen has to choose between accepting dishonesty and bearing inconvenience, they always choose to put up with inconvenience. They will not support dishonesty.

Once again, let me invite you to make your contribution to this grand sacrifice for cleansing our country, just as you cleaned up your surroundings during Diwali.

- Let us ignore the temporary hardship.
- Let us join this festival of integrity and credibility.
- Let us enable coming generations to live their lives with dignity.
- Let us fight corruption and black money.
- Let us ensure that the nation's wealth benefits the poor.
- Let us enable law-abiding citizens to get their due share.



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• I am confident about the 125 crore people of India, and I am sure the country will get success.

Thank you very much. Thanks a lot.

Namaskar.

Bharat Mata Ki Jai.

In the last two and a half years, India has become the "bright spot" in the global economy. It is not just we who are saying this; it is being stated by World Bank

Have you ever thought how terrorists get their money? Enemies from across the border run operations using fake currency notes. This has been going on for years

In the fight against corruption, black money, fake notes and terrorism, in this moment for purifying our country, will our people not put up with difficulties for some days?

Parliament storm brewing over demonetisation

Demonetisation is set to dominate the winter session of Parliament beginning on November 16, with President Pranab Mukherjee agreeing to hear Opposition delegations, either on Wednesday or Thursday, on the issue.

Lok Sabha Speaker Sumitra Mahajan has called the customary all-party meet.

Bengal Chief Minister Mamata Banerjee spoke to President Mukherjee over phone on the issue, and tweeted that she had briefed him about how common people are suffering because of demonetisation. I thank him for agreeing to meet representatives of political parties on November 16 or 17 when we will brief him in detail over the grim situation."

The Trinamool Congress, Ms. Banerjee's party, seems to have taken the lead in opposing demonetisation, with its Rajya Sabha member Derek O'Brien sending a notice for a discussion on the issue in the Upper House.

She took what is seen as an unprecedented step in calling up arch political rival Communist Party of India (Marxist) general secretary Sitaram Yechury to canvass support.

With the Parliament session set to begin, nearly a week after the decision to demonetise currency notes of the denominations Rs. 500 and Rs. 1000, this is being seen as an important issue on which the Opposition would attempt to corner the government.

The government appeared sanguine at the prospects of a heated winter session.

"The government has no hesitation in discussing any issue that the Opposition may choose to raise," said Minister of State for Parliamentary Affairs Mukhtar Abbas Naq-

vi. He criticised the Trinamool and other parties opposing demonetisation.

"If the government has taken such a strong measure against black money, shouldn't other political parties unite in support of it instead of uniting to oppose it?" he said.

Demonetisation to heat up winter session

The Congress and seven other Opposition parties met — ahead of the Winter Session of Parliament beginning November 16 — to formulate a joint strategy to put the government on the mat on a range of issues including the demonetisation move that has caused great inconvenience to the people, especially the poor .

After the meeting, Congress deputy leader in Rajya Sabha Anand Sharma said, "There is broad consensus that the demonetisation issue should be raised in Parliament." However, with many leaders not available, the Opposition parties will meet again in the afternoon to finalise their plans.

The Samajwadi Party and the Bahujan Samaj Party are busy campaigning for the Uttar Pradesh elections and the DMK, AIADMK, NCP and AAP were unrepresented . Janata Dal(U) leader Sharad Yadav, who was present at the meeting, told The Hindu , "We are hoping to build the sort of opposition unity that we had on the Land Acquisition Act." The cohesion then had forced the Modi government to replace its draft Bill with one that satisfied the Opposition.

, apart from Mr Yadav, others present at the meeting included the CPI(M)'s Sitaram Yechury, the TMC's Sudip Bandopadhyay and Derek O'Brien, the CPI's D. Raja, the RJD's Prem Chand Gupta, the JMM's Sushil Kumar and the YSR Congress's M. Rajamohan Reddy. The Congress was represented by Mr. Sharma and leader in Lok Sabha Mallikarjun Kharge. The leaders also met Leader of Opposition in the Rajya Sabha Ghulam Nabi Azad in Parliament House.

Punjab Cabinet denotifies land acquired for SYL project

The Punjab cabinet decided to return the land acquired for the Sutlej-Yamuna Link (SYL) canal project to its owners by de-notifying the acquired land with immediate effect. The decision came even as the Congress party asked the ruling SAD-BJP government to work towards restoring ownership rights over waters of the Sutlej, Beas and Ravi Sutlej rivers back to the State.

"Punjab Council of Ministers decided in public interest



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that the land acquired for SYL canal project, which is presently vested in the Punjab government, is free from all encumbrances and stands de-notified with immediate effect, and shall forthwith vest in the original land owners or their lineal descendants or legal representatives, free of cost," said Harcharan Bains, Chief Minister's Advisor on National Affairs and Media.

"The decision comes into effect immediately and necessary orders are being passed," he said, adding that the decision was taken at the meeting, which was presided over by Chief Minister Parkash Singh Badal.

The Supreme Court had invalidated the Punjab Termination of Agreements Act, 2004, the law that was passed by Punjab to terminate the Sutlej-Yamuna Link (SYL) canal water sharing agreement with neighbouring states including Haryana, Rajasthan, Delhi, Himachal Pradesh and Jammu and Kashmir.

Only half the measure: Congress

Meanwhile, Punjab Congress Legislature Party chief Charanjit Singh Channi said the government's decision to de-notify land of the SYL canal was only half the measure and the real issue was restoring ownership rights over water of river Sutlej, Beas and Ravi back to the State.

"De-notification was nothing but continuation of the same method resorted to earlier that was stayed by the Supreme Court," he said.

Mr. Channi also slammed the 'Badal' government for not having any agenda for the special session, which scheduled to convene on November 16. "We have not been given any agenda, what the government wants to do in the session. If the SAD-BJP is true to the people of Punjab on SYL, they should fall in line with the Congress legislatures and resign rather than calling and attending the special session," he added.

Posts of 7 SC judges vacant, Collegium yet to recommend names

Despite seven Supreme Court judges having retired since December 31, 2015, the central government is yet to receive any recommendation from the collegium to fill up these vacancies in the top court. This at a time when shortage of judges at all levels has prompted a war of words between the judiciary and the government. Meanwhile, the high court collegium too has not made any recommendation for appointment of judges for least one-fifth of available vacancies, while there are around 5,000 vacant posts in subordinate judiciary.

Amid all this, the Supreme Court Tuesday sought details

of money allocated by the government for improving infrastructure of the judiciary.

A bench led by Chief Justice of India T S Thakur asked for details of money allocated under the 14th Finance Commission for the judiciary over the next five years, commencing April 1, 2015.

It also asked the Centre to give a break-up on how this was to be spent while specifying the mechanism to ensure the earmarked funds will be spent on the judiciary. The bench gave the government 10 days to place the pertinent documents.

According to sources in the government, a sum of Rs 5,400 crore has been allocated for subordinate judiciary between 1993-94 and 2014, when NDA came to power. "This government alone has allocated Rs 2,014 crore in the last two years," added a senior official. There are 16,070 working court halls in the country while another 2,700 court halls are under construction.

At present, there are seven vacancies in the Supreme Court with the first chair falling vacant on December 31, 2015. While it has approved strength of 31 judges, the Supreme Court currently has 24. However, according to the sources in the government, they have not received a single recommendation so far from the Supreme Court collegium regarding these appointments.

A look at statistics on pendency in higher judiciary further demonstrates that there are 430 vacant posts of judges in 24 high courts across the country as against the total approved strength of 1,079 posts.

In high courts, 370 proposals for appointments had been received from the collegium between 2015 and 2016, but no recommendations were made regarding 279 vacant posts. Out of 370 proposals, 290 names were examined by the collegium in the Supreme Court, which rejected 99 names — around 34 per cent of total proposals initiated by high courts.

The SC collegium has recommended 191 names out of which 120 have been appointed in high courts. Appointment of 120 judges in one year, sources said, was the second highest since 1990 and depicted a correct picture when the average appointment in the last 25 years have been 80 judges per year. There are 42 names under consideration of the government whereas 43 others are under scrutiny of the SC collegium. Further, out of a working strength of 16,070, 4,937 vacancies exist in the subordinate courts.

Chief justice T.S. Thakur, law minister



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differ over appointment of judges

Differences between judiciary and government continued to be aired in the open with the chief justice of India T.S. Thakur saying there is shortage of judges in high courts and tribunals requiring government intervention, a view law minister Ravi Shankar Prasad strongly disagreed with.

“500 judge’s posts are vacant in the high courts. They should be working today, but they are not. At present, there are several vacant courtrooms in India but no judges available. A large number of proposals are still pending and hope the government will intervene to end this crisis,” justice Thakur said while addressing an All India Conference of Central Administrative Tribunal (CAT).

Disagreeing with the CJI, the law minister said the government has made 120 appointments this year which were the second highest since 1990. The highest number of appointments of 121 was made in 2013, Prasad said. “We respectfully disagree with him (CJI). This year we have made 120 appointments. The second highest of 121 is of 2013. Since 1990 there have been only 80 appointments. 5,000 vacancies are there in the lower judiciary in which the government of India has no role to play. That is something only for the judiciary to take care.

“As far as infrastructure is concerned, that is a continuous process. Where the larger issue of appointment is concerned, there is a Supreme Court decision of making the Memorandum of Procedure (MoP) more transparent, objective, reasonable, fair and the government stand is pending for the last more than three months and we are yet to hear from the Supreme Court,” he said.

The chief justice said that “manpower deficit” was also present in the tribunals which also faced the problem of lack of infrastructure leading to pendency of cases for five to seven years, apart from making apex court judges averse to heading such quasi-judicial bodies.

“State of affairs in the tribunals is giving me the impression that you (tribunals) are no better. You are suffering from the same kind of deficit, manpower deficit. You cannot set up a tribunal, you cannot set up a bench at so many places because there are no members.”

“If the total strength of this tribunal is 65 and if you have 18 or 20 vacancies then it means that you are short by a large number. The working is going to be affected and that is why you have cases that are more than five years and seven years old,” he said adding “the least that you (government) must do is to ensure that these tribunals run with full strength.”

The CJI also said the tribunals “are not equipped and

are lying empty and today a situation has come that no retired Supreme Court judge wants to head the Tribunal. I am pained to send my retired colleagues there”. “Government is not ready to give proper facilities. Vacancy apart from infrastructure is a major concern for the Tribunal,” he added.

EC pulls up Bedi for model code ‘violation’

The Election Commission (EC) has reprimanded Puducherry Lt. Governor Kiran Bedi for playing fast and loose with the sanctity of the electoral process through acts that gave room for complaints about violation of the model code of conduct that came into effect for the Nellore by-election.

In a missive, R. K. Srivastava, Senior Principal Secretary, said, “All authorities, who are in higher constitutional positions are expected to ensure the sanctity of electoral process, not to engage in any activity or appear to engage in any such activities which disturb or appear to disturb the level playing field of conduct of election or create doubts in the minds of stakeholders about integrity of the electoral process and also follow the Model Code of Conduct in letter and spirit. In some of the alleged matters, it was found to be wanting.”

Earlier, the EC had sought her response to a complaint lodged by T. Murugan of the CPI (M) alleging that she was indulging in activities violative of the model code. Among the complaints were that the Lt. Governor directed officials to implement welfare measures in the name of civic amenities in areas, which included Nellore, opening a re-christened ‘Puducherry Marina Beach’, distributing sweets to large gatherings of police and other department officials and enticing them for political gain.

After examining the response submitted by the Secretary to the Lt. Governor, the EC communication (No. 100/PUDU-LA/1/2016/54 dated November 17, 2016) said that “in respect of calling CEO Puducherry and District Collector with field staff, and few other matters, the reply was not found very satisfactory.”

“The Commission expects that in future you would be more circumspect so as not to leave any scope for complaint by anyone,” the EC communication said.

Indus Water Treaty: Will utilise every single drop of water belonging to India,



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says Modi

Prime Minister Narendra Modi said the water that rightfully belongs to India under the Indus Water Treaty cannot be allowed to go to Pakistan and government was working towards a mechanism for optimum utilisation of every single drop of water from Satluj, Ravi and Beas rivers.

“Under the Indus Water Treaty, India has the right over water of Satluj, Beas and Ravi rivers. It rightfully belongs to our farmers, but this water is not reaching the farmer’s field, instead the water is flowing to Pakistan and eventually going to the sea,” said Mr. Modi at the rally at Bathinda in Punjab, where he laid the foundation stone of the All India Institute of Medical Sciences (AIIMS).

“This water is neither being utilised by Pakistan nor does it come in Indian farmers’ destiny. I have set-up a task force. I’m committed to ensure that every single drop of water, which is rightfully ours, under the Indus Water Treaty, is brought to the farmers in Punjab, Jammu and Kashmir, and other parts of the country,” he said.

Mr. Modi said that NDA government was concerned about troubles faced by farmers and would leave no stone unturned to resolve their problems. “Governments came and went in Delhi, but farmers kept suffering as water continued to flow to Pakistan. Not any-more, I will ensure that farmers get what is rightfully theirs,” he said.

Observer needed to guide BCCI: Lodha panel

The Justice R.M. Lodha Committee has recommended that an observer guide the Board of Control for Cricket in India (BCCI) in its administrative responsibilities.

The Committee suggested that former Union Home Secretary G.K. Pillai be given the role.

In its third status report to the Supreme Court on November 18, the Committee said: “While the day to day administration of the BCCI is presently carried out by the CEO and certain managers, there would be a need to appoint an Observer who would guide the BCCI in its administration, particularly with reference to the award of contracts, transparency norms, audit, etc., for domestic, international and IPL cricket to be played hereafter.

“The Committee recommends that Mr. G.K. Pillai, former Union Home Secretary be appointed as the Observer, with a power to appoint Auditor and all necessary secretarial staff, assistance and remuneration as may be determined appropriate by the Committee.”

In its order dated October 21, the Supreme Court had asked the BCCI president and secretary to file an affida-

vit of compliance on or before December 3.

The apex court also set a fresh deadline of December 3 for the BCCI to persuade the State associations and secure their compliance to implement the Lodha Committee recommendations for reforms in cricket.

The Supreme Court will resume hearing the case on December 5.

Centre extends AFSPA to check Naga factions

The Centre has decided to extend the Armed Forces Special Powers Act (AFSPA) in three districts of Arunachal Pradesh. One of the primary reasons cited by the Centre is “extortion and intimidation” by the cadres of National Socialist Council of Nagaland (Isak-Muivah), who are “contriving to dominate areas hitherto occupied by NSCN (Khaplang).”

The notification has been issued even after the NDA government signed a ‘framework agreement’ with NSCN-IM in September 2015 to find a final solution to the six-decade-old Naga issue.

The Home Ministry’s latest notification, issued on November 4, has, for the first time, said the AFSPA was being extended in the districts of Tirap, Changlang and Longding, all bordering Assam, as the NSCN-IM was desperate to regain control from the NSCN-K.

The latter was banned last year after its alleged involvement in an ambush on an Army convoy in Manipur’s Chandel district, resulting in the death of 17 personnel. Its leader S.S. Khaplang is said to be in Myanmar. The previous notification, issued on May 4, did not mention that NSCN-IM was regaining areas from NSCN-K. The Home Ministry revises its notification every six months. The notification further said, “security scenario [in three districts of Arunachal Pradesh] remains vitiated by the spillover of the Naga insurgency.”

After decades of violence, the NSCN-IM had entered into a ceasefire agreement with India in 1997. The largest group representing the Nagas has demanded a “Greater Nagalim” or a contiguous land for the Nagas, across the States of Nagaland, Arunachal Pradesh, Manipur and Mizoram.

When asked about the notification, a senior government official said, “The ceasefire signed with NSCN-IM is only for Nagaland; it does not include Arunachal Pradesh and Manipur. This notification has been issued after much consultation between the security agencies.”

Disturbed area

The order said the three districts were being declared as “disturbed area” under Section 3 of the AFSPA as “Naga



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underground factions including NSCN-IM and NSCN-K continue to indulge in extortion, area domination, recruitment of locals and inter-factional rivalry.”

NSCN-K had unilaterally abrogated the ceasefire in March 2015 but NSCN-IM continues to be in a ceasefire pact with the Government of India.

Entries for Laadli media gender sensitivity awards

Entries for the eighth Laadli Media and Advertising Awards for Gender Sensitivity (LMAAGS) began and will continue till December 15.

LMAAGS will give away awards to those who have done exceptional work in highlighting gender discrimination and gender bias.

Entries from all over India are allowed in 14 languages such as English, Hindi, Urdu, Marathi, Gujarati, and Bengali etc.

The criteria for eligibility involve reports/articles based on governmental policies, programmes, laws, disasters, communal riots, elections, sports, judiciary, economic, social and religious factors etc., from a gender sensitive perspective.

It may also involve entries highlighting awareness against pre-birth sex selection or other acts of gender discrimination or other challenges from a gender view.

Entries written after July 1, 2015 and till June 30, 2016 will be accepted. It is mandatory for applications to include declarations from the editor/direct supervisor/organisation.

Print, electronic media

Entries from print and electronic media both will be allowed.

News reports, features, investigative stories, editorials, columns, advertorial campaigns, e-magazines, blogs, features, radio plays and television reports can be submitted.

Director of Population First Dr. A.L. Sharada said: “There is a problem with the way women are depicted. In addition to her being the ‘victim’ or a ‘happy housewife’, she has many sides. We want to show the world the diversity for which media has helped us.”

A month after entertainment network Viacom 18 extended its unprecedented paid maternal leave policy to 9 months from 3 months, its leading entertainment channel Colors has signed an MoU with non-profit organisation Population First, an advocacy and communication initiative working towards gender sensitivity in its flagship campaign ‘Laadli’.

Population First describes Laadli as a campaign aiming to promote a healthy image of women and girls in society by bringing a change in the stereotypical mindsets that overpower men.

Centre on course to expedite patent filings

The Commerce and Industry Ministry is taking several steps including hiring more people and training them to reduce the time and pendency of patents and trademark applications, an official said.

Big bane

Joint Secretary in the Department of Industrial Policy and Promotion Rajiv Aggarwal said that the “biggest bane of our system” is the time consumed in processing of intellectual property (IP) applications.

“Last year, the first examination of trademark applications was taking almost a year and a half. Today that time has come down to about 4-5 months and by March 2017, it will come down to only one month,” Mr. Aggarwal said here at the CII’s India — United Kingdom Tech Summit. Mr. Aggarwal said that this was happening because the ministry had augmented its manpower and was training them.

Ken-Betwa project hangs on forest nod

The Rs. 9,000-crore Ken-Betwa river-interlinking project, which will partly submerge the Panna tiger reserve, may be delayed after a key Environment Ministry body tasked with giving it forest clearance has deferred it at least until January, two people familiar with the process told The Hindu.

The project will submerge 6,221 hectares of land— 4,141 hectares of it is core forest inside the reserve. The Forest Advisory Committee’s clearance is required for this diversion of forest land.

Depending on whether a project takes over land in wildlife sanctuaries or notified forest land, it requires separate wildlife, forest and environment clearances. “There was a only a 20-minute presentation by the project proponents, which is too little to deliberate on a such a large project,” said a person familiar with the clearance process. “A site visit is required and it should take another month at least.” The main feature of the project is a 230-km canal and a series of barrages and dams connecting the Ken and the Betwa to irrigate 3.5 lakh hectares in Madhya Pradesh and 14,000 hectares in the Bundelkhand region of Uttar Pradesh.



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India begins to drill into the Antarctic ice

An Indo-Norwegian project to understand the response of Antarctic ice shelves to the global warming has begun in the less-studied areas of East Antarctica, especially the Dronning Maud Land (DML), which is characterised by loosely-connected ice shelves along the 2000-km-long coast. Ice shelves of East Antarctica are poorly understood when compared to the West Antarctica region.

Climatologists are increasingly worried about the large uncertainties in the future Antarctic contribution to the global sea-level rise since the Antarctic contribution to the climate changes has increased significantly during the past two decades.

“Under the project, mass-balance, dynamics, and climate of the Dronning Maud Land coast, East Antarctica (MADICE), geophysical field measurements, ice core drilling, ice-sheet modelling and satellite remote sensing-based studies will be conducted to understand the future Antarctic contribution to the global sea-level rise,” said Thamban Meloth, a senior researcher of the National Centre for Antarctic and Ocean Research (NCAOR), Goa, and one of the co-leaders of the team for 2016-17 field campaign.

Under the MADICE, research will be conducted during 2016-17 and 2017-18 Antarctic field seasons.

The scientific programme, jointly funded by the Ministry of Earth Sciences, India and the Research Council, Norway, has NCAOR and the Norwegian Polar Institute (NPI) as the partnering research institutions. The Indian contingent includes C. M. Laluraj, K. Mahalinganathan, Bhanu Pratap, Prashant Redkar of the NCAOR.

The researchers will try to better understand the current status and dynamics of ice shelves in Dronning Maud Land to decipher its response to the future climate change, said a communication.

Studies on the mass balance and long-term evolution of the Antarctic ice rises (grounded ice mass leading to an elevated part of the ice shelf) and assessment of its impact on the Antarctic ice-shelf stability and ice-sheet loss too will be carried out. Attempts will also be made to reconstruct the recent changes in Antarctic climate using ice cores and its possible teleconnections to global climate.

Each field campaign will include over-snow traverse and camping over ice shelves for nearly two months. Maitri, India's Antarctic research station, will serve as the logistic support base, explained Mr. Meloth.

According to Dr. Meloth, since the exploration region is highly crevasse-prone and has never been studied before, the team would use crevasse detecting radar system at hazardous spots.

A call for equality of gender, life without fear

Draped in rainbow colours, hundreds of people marched in the heart of the national capital for the 9th Queer Pride Parade to show solidarity with the LGBT community in making a united call for equality of gender and sexuality and seeking “a life without fear”.

Organised by the Delhi Queer Pride Committee, the march kicked off from the corner of Barakhamba Road and Tolstoy Marg here, and saw members of the community as well as their friends and family members turn out with placards, masks and costumes.

“Pride is an inter-mingling of many movements — feminism, anti-caste movements, for free speech, so this march is important as it is a united call for a prejudice-free India,” one of the participants said, requesting anonymity.

Another participant, Delhi University student Esha, said unlike earlier occasions, it is important for queer people this year to shout back equally louder to combat “noise from homophobic groups and an unfriendly government”.

“I'm not out yet so I tend to keep a low profile at LGBT events, but this year pride is important as a show of strength more than ever because noise from homophobic groups and an unfriendly government seems to have become louder. It is important that we as queer people should shout back equally louder,” Esha said.

Greater participation

One of the organisers, Rituparna Borah, said this year's parade saw a greater participation than the last year, with around 800-1,000 people turning out.

“People from all walks of life took part in the parade that culminated at Jantar Mantar” another organiser said.

The focus of the ‘pride’ has been the repeal of Section 377 that criminalises same-sex unions. — PTI



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Economy

'Give tax breaks for digital payments'

Niti Aayog has proposed giving tax breaks to consumers and merchants for debit or credit card payments. The government think-tank has also suggested levying a surcharge for cash transactions beyond a set limit to encourage electronic transactions.

At a recent meeting with Prime Minister Narendra Modi, Niti Aayog Chief Executive Officer Amitabh Kant pitched for encouraging e-payments for driving online commerce as well as bringing in greater transparency and higher tax collection for the government.

Tax rebates

"In the presentation to the PM, it was suggested that to encourage digital payments, tax rebates be given for such payments — similar to what has been adopted by South Korea. In South Korea, the government promoted electronic payments by providing tax breaks for both shoppers and merchants on card transactions," according to an official aware of the meeting.

At the same time, Niti Aayog has suggested discouraging use of cash by levying a surcharge on cash transactions beyond a certain threshold.

Mobile wallets

"It has also been recommended that mobile wallets be allowed to participate in one of the government's key reforms — Direct Benefit Transfer Scheme — for subsidies, minimum wage payments for various government schemes and other payments, using JanDhan, Aadhaar and Mobile (JAM)," the official said.

In the meeting, Mr. Kant had pointed out that while there was a sharp uptick (50 per cent rise) in e-payments in the past few years, 78 per cent of transactions were still cash-based. The number of transactions in digital channels increased from 1.1 billion in 2012-13 to 1.7 billion in 2013-14 and 2.3 billion in 2014-15.

Growth driver

Stating that e-commerce was a growth driver for the economy, Mr. Kant, during the meeting, observed it contributed about only one per cent to the total retail market as compared to 14 per cent in China, the official said.

"Niti Aayog, in the presentation, pointed out that e-commerce market in China in 2015 was pegged at \$650 billion. This was driven by factors such as liberal payment

guidelines, strong customer protection laws and steep rise in Internet penetration," the official said.

The government think-tank has also pitched for stronger policy for protection of interests of online shoppers.

"It was pointed out that existing legislation does not recognise e-commerce consumers. The Aayog recommended early enactment of Consumer Protection Bill 2005 introduced in Lok Sabha in October 2015 and updating National Consumer Helpline regularly for e-commerce complaints," the official said.

For example, in China, on one hand, online shoppers can return goods within seven days without assigning any reason and on the other, it is mandatory for sellers to be registered and compensate users in case of fraud, among other things.

RBI eases norms to fight cash crunch

Banks to allow 60 days more for repayment of dues before classifying loans as non-performing

With several small business, farmers and home loan borrowers finding it difficult to service debt following the present cash crunch due to the withdrawal of Rs.500 and Rs.1000 denomination currency notes, the Reserve Bank of India (RBI) relaxed asset classification norms for banks, which will allow borrowers more time to repay.

The central bank has given an additional two months of time before lenders need to classify a loan as non-performing, provided the value of the loan is less than Rs.1 crore. In addition, the relaxation is meant for repayments which are due between November 1 and December 31.

"It has been represented to us that consequent upon withdrawal of the legal tender status of the existing Rs.500 and Rs.1,000 notes, small borrowers may need some more time to repay their loan dues," RBI said in a notification.

"It has been decided to provide an additional 60 days beyond what is applicable for the concerned regulated entity (RE) for recognition of a loan account as sub-standard," it added.

Borrowers working capital accounts or crop loans, with any bank where the sanctioned limit whereof is Rs.1 crore or less will be eligible for the relaxation, RBI said. In addition, term loans, either business or personal, including home loans, loans to non-banking companies and micro-lenders by banks, are eligible for the relaxation.

Positive for NBFCs

Both banks and NBFCs will get the additional 60 days before they need to classify the loan as NPA.



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“The above move is positive for NBFCs,” said Parag Jariwala, vice president, Institutional Research, Banking and Financial Services, Religare Capital Markets Limited.

“However, in our view, stakeholders were expecting higher relaxation: For example, relaxation of more than 90 days instead of 60 days, as many industries will take time to get out of the mess,” Mr. Jariwala added.

Importantly, RBI has clarified that the move is a short-term deferment of classification and should not be seen as restructuring of a loan. Banks need to increase provisioning if a loan is restructured.

Separately, RBI has also said holders of overdraft and cash credit accounts, which are operational for the last three months or more, can withdraw up to Rs.50,000 in cash, in a week – in line with current account holders. “Such withdrawals may be disbursed predominantly in Rs.2000 denomination bank notes,” RBI said.

A whopping Rs.5.12 lakh crore has been deposited in the bank accounts between November 10 and November 18, latest data released by the central bank showed, while Rs.33,000 crore has been exchanged during this period. At the same time, Rs.1.03 lakh crore has been withdrawn from the banking system in the period, the central bank said.

Rupee nears record low as foreign investors flee

The Indian rupee closed within striking distance of its 2013 record low against the dollar as investors flee the risk of emerging market assets on expectations of a rate increase next month by the US Federal Reserve. With the Reserve Bank of India (RBI) unlikely to step in to shore up the rupee, given the global risk aversion and volatility, the currency is expected to weaken further.

A clutch of banks have revised their year-end forecasts for the rupee after the events of this month, including Donald Trump’s win in the US presidential race and the demonetization of high-value Indian banknotes. BNP Paribas, for instance, now expects the rupee to end the year at 68 per dollar, against an earlier forecast of 66.5. Deutsche Bank expects the currency to breach 70 by the end of December and 72.5 a year later.

“We think the case for further rupee depreciation remains in place, despite a constructive BoP (balance of payments) position. In our view, the scope of a more active US Federal Reserve in 2017 will help keep the USD (dollar) strengthening narrative intact,” said Deutsche

Bank in a 22 November note.

The rupee closed at 68.57 a dollar, down 0.45% from its previous close of 68.26, as foreign institutional investors (FIIs) switched money from local stocks and bonds to dollar assets. The rupee now is 28 paise, or 0.4%, short of its all-time low of 68.85 to the dollar. It has shed 2.61% in November. So far in November, FIIs have sold a combined \$3.18 billion in local equity and debt, the steepest selling seen in three years.

“This is the joint effect of the demonetization and the (Donald) Trump win in the US elections,” said Anindya Bannerjee, currency analyst at Kotak Securities Ltd.

While Trump’s likely expansionary fiscal policy has reinforced the case for a US interest rate hike in December, demonetization has affected both stocks and bonds. The withdrawal of Rs. 500 and Rs.2,000 bank notes, announced on 8 November, has dented the consumption growth story; consumer stocks were leading the rally till this happened.

FIIs have pulled out of bonds despite a massive bond rally because the yield differential between US and Indian 10-year government securities has fallen to about four percentage points.

“With a weak outlook for the rupee, it doesn’t make sense for foreign investors to invest at this kind of yield differential,” said Bannerjee.

Indeed, the rupee could have fallen more if not for the central bank’s intervention. Bloomberg reported that RBI probably sold dollars via state-run banks at least four times in the last fortnight, citing traders it didn’t name. RBI maintains that it intervenes to only smoothen any sharp volatility in the currency and not to support any particular level of the rupee.

The central bank “won’t prevent nominal depreciation of the rupee, especially when other EM (emerging market) currencies are depreciating”, said the Deutsche Bank note. “Allowing rupee to depreciate in line with other EM currencies will not only help maintain export competitiveness but also lead to a further easing of monetary conditions, which may be seen as necessary to offset risks to growth.”

Currency reform: a risky natural experiment

The popular quip being circulated in social media is on the money: India has seen an exponential increase in the number of economists ever since Prime Minister Narendra Modi announced his decision to withdraw banknotes



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of high value. There has been a gush of commentary on the impact this will have on the economy. Some of the best economists have jumped into the fray. Meanwhile, the hardship borne by ordinary citizens is undeniable.

Professional economists have a good reason to keep a close watch on the evolving situation. The currency reform is a great example of what economists call a natural experiment—albeit risky one. It is a sudden exogenous shock that completely alters the way participants in an economy take decisions. Such natural experiments usually offer rare insights into the economic process. They are analysed using statistical techniques that are not used in more normal times. Hence, how this decision plays out over a longer period of time needs to be watched carefully rather than jumping to quick conclusions.

Here are a few broad issues that deserve immediate attention.

First, the decision to withdraw old banknotes of high value has disrupted the monetary base in India. Currency in circulation accounted for 80% of the reserve money in India on 11 November. Some 86% of this currency in circulation was in notes of Rs500 and Rs1,000. So, the withdrawn notes are around 69% of the monetary base (and not the entire base as some have written). Never before has there been such a deliberate monetary shock to a smoothly functioning economy.



Second, what matters in a modern economy based on bank credit is not the monetary base but some measure of broad money, which includes both cash and bank deposits. It is important to remember that money is not the same as cash, though at least one investment bank seems to have made this rather elementary error in its research report on the impact of the withdrawal of old notes on the economy. A quick look at Indian monetary statistics shows that currency with the public accounted for only 7.3% of the broad money in the economy. So, the impact on broad money is far less severe than the impact on base money. What is happening right now is a shift in the composition of broad money—from cash to bank deposits.

Third, the stock of broad money in India is more than five times the stock of base money. In other words, the money multiplier is around 5.6. This standard analytical tool in monetary economics is determined by three variables—the monetary base, the cash reserve ratio and the ratio of cash to bank deposits (C/D) in an economy. The second is a policy variable which the central bank tinkers with while the third is a behavioural variable. The C/D ratio is normally stable—but the currency reform could change it dramatically. A drop in the C/D ratio (or when people begin to hold more of their money in bank deposits rather than cash) will push up the money multiplier, as long as banks lend out the money pouring in. In other words, the behavioural shift towards bank deposits could lead to an unexpected expansion in money supply, and perhaps provide a cushion against the reduction in the monetary base.

Fourth, the big problem is that a large part of the Indian economy is still outside the banking system. So, the cash shortage will hurt the informal sector that does most of its transactions in cash. The distinction between money and cash hardly matters here. The problems in the informal sector will pinch the formal sector as well. The drop in biscuit sales at the local paanwala will eventually hurt companies that supply these biscuits. If one looks at the structure of employment in India, cash-based activities such as construction, transport, small retail and restaurants account for a big chunk of employment outside farms.

Fifth, one of the intense debates within monetary economics is on the rather technical question of how money is created. Is it created by the central bank through the expansion of its balance sheet? Or is it created through the expansion of bank credit that the central bank then accommodates? Is money exogenous or endogenous? The ongoing natural experiment in which money is first being destroyed and then created could offer some interesting insights into this tricky issue.

The point is that the currency reform is a game-changer in the true sense of the word. It is quite clear that the immediate impact on the economy will be negative. However, the massive expansion of bank deposits will bloat the contribution of financial services to the increase in gross domestic product in the third quarter, a statistical illusion that could downplay the real impact on economic growth. The real puzzle is what this means in the long run. Much depends on whether this exogenous shock alters citizen behaviour—in terms of whether less cash will be used in the future, whether the tax base will expand as more transactions are done through the formal financial sys-



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tem and if other policy measures restrict the creation of fresh black money.

There is a good reason why the attention of economists around the world is focused on India. This is a rare, and perhaps unprecedented, natural experiment whose deeper effects will be known well after the dust settles down.

Sebi board meeting: Start-up funding norms eased; FPIs can invest in unlisted corporate bonds

To boost start-up funding in the country, the Securities and Exchange Board of India (Sebi) eased norms for angel funds, allowing them to invest in up to five year old start-ups.

The regulator has eased the lock-in requirements to one year from three years for angel funds and has cut their minimum investment threshold from Rs 50 lakh to Rs 25 lakh. Sebi has also allowed angel funds to invest in overseas venture capital undertakings up to 25 per cent of their investible corpus in line with other Alternative Investment Funds (AIFs). The regulator has also increased the upper limit of number of angel investors in a scheme from 49 to 200.

Currently, 266 AIFs are registered with Sebi, of which, 84 are registered under Category I, including four angel funds.

Apart from this, Sebi also barred private equity firms and their investee companies from entering into any compensation agreements with the promoters, directors or key officials of listed investee firms without prior approval of board and public shareholders.

PM Narendra Modi Likely To Be Present In Rajya Sabha: What To Expect

“No employee including key managerial personnel, director or promoter of a listed entity shall enter into any agreement for himself or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing unless prior approval has been obtained from the board as well as public shareholders,” said Sebi in a release after the meeting of its board. Sebi said that all such agreements entered during the past three years from the date of notification will need to be communicated to the stock exchanges for public dissemination, including those which may not be currently valid.

The regulator in its board meet also decided to permit foreign portfolio investors (FPIs) to invest in unlisted corporate debt securities and securitised debt instruments

with a ceiling of Rs 35,000 crore with an aim to deepen capital markets. According to the amendment to the FPI regulations, approved by the Sebi board, FPIs will be allowed to invest in unlisted non-convertible debentures and securities debt instruments.

Currently, investment in unlisted debt securities is permitted only in the case of companies in the infrastructure sector.

“Investments in the unlisted corporate debt securities shall subject to minimum residual maturity of three years and end use-restriction on investment in real estate business, capital market and purchase of land. The expression ‘Real Estate Business’ shall have the same meaning as assigned to it in Foreign Exchange Management Regulations...,” said Sebi. Sebi has also permitted FPI investment in securitised debt instruments, including certificate or instrument issued by a special purpose vehicle (SPV) set up for securitisation of asset with banks and other financial institutions and any certificate or instrument issued and listed in compliance of Sebi rules.

Rupee slumps to record low; nears 69/dollar

Reserve Bank of India intervenes by selling dollars through state-run banks, cushioning local currency's drop. The rupee slumped to a record low of 68.87 to a dollar in intraday trading as foreign funds continued to sell local stocks and debt amid a broader flight of capital from emerging market assets.

Firming expectations that the U.S. Federal Reserve will raise interest rates combined with projections that growth in the world's largest economy will gather momentum on the back of policy measures that a Donald Trump administration is expected to unveil have helped the dollar post gains against all major currencies.

The rupee's slide tantalisingly close to the 69 a dollar level prompted the Reserve Bank of India to intervene, helping the currency to pare some of its losses and close at 68.73. The rupee's previous record low of 68.85 was touched on August 28, 2013.

Currency dealers said state-run banks sold dollars on behalf of the RBI.

“I expect volatility to continue till January, till the time policy makers in the U.S. clearly decide what they want to do,” said Madan Sabnavis, chief economist, CARE Ratings. “The U.S. Fed will continue to hike rates, which may get aggressive later since the economy is expected get



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into an expansionary mode.”

Foreign institutional investors (FIIs) have dumped a combined \$4.2 billion of Indian equity and debt so far this month, according to data on the NSDL website. This is the highest monthly sales of local assets by FIIs since June 2013 and almost three times the \$1.5 billion they sold last month.

The rupee is also expected to come under further pressure due to the redemptions of FCNR (B) deposits. Estimates suggest more than half the expected \$25 billion of FCNR redemptions are scheduled for the second half of November.

“We believe that the current weakness will continue over the next few days,” Edelweiss Financial Services Ltd. said in a report to clients. “The pressure is expected to ease once liquidity in the system normalises and FCNR redemption pressure eases.”

The brokerage firm, which expects the rupee to weaken past 69, sees the currency hovering around the 69.50 to 70 levels for the next few weeks before the markets normalise.

The benchmark Sensex index snapped two days of gains to drop 191.64 points, or 0.74 per cent, to 25,860.17. Bank stocks like Axis Bank, ICICI Bank and HDFC Bank were among the top losers shedding 1-3 per cent each. Banks have been under pressure as demonetisation has led to a currency shortage.

GST: Govt releases draft bills for three supporting legislations

Unaccounted deposits to face 50% tax, 4 year lock-in period

The government will propose an amendment to the income-tax law to impose a levy on cash deposits from undisclosed income following the withdrawal of Rs500 and Rs1,000 banknotes, a person familiar with the development said.

According to the twin-penalty structure proposed by the government, cash deposits arising from undeclared income will attract a 50% tax if the person or entity subsequently declares it to tax authorities. One-fourth of these cash deposits will also be locked in for a period of four years, the person said, and requesting anonymity.

In case the deposits are not declared and a person uses other people to legalize his black money, then the tax and penalty could be as high as 90% of the amount.

In the second case, provisions of the Benami Transactions (Prohibition) Act, which has provisions for a jail term of as many as seven years for the tax evader as well as the person helping to launder illegal wealth, may also apply.

The government’s decision to introduce the amendments comes in the wake of large-scale reports of tax evaders trying to use the bank accounts of the less well-off to legalize their money.

The amendments will provide certainty to the cash depositors, said Rahul Garg, leader of the direct tax practice at consulting firm PricewaterhouseCoopers.

“People will now know how these cash deposits will be dealt with and make an informed decision. People should ideally opt for the voluntary compliance, declare the cash deposits from their undisclosed income in their tax returns, pay the tax and escape protracted litigation,” he said

The surge in cash deposits in the Jan Dhan accounts—opened over the last two years for those who were not part of the formal banking system—has also added to the fear of misuse. According to government estimates, around Rs21,000 crore was deposited in Jan Dhan accounts in the two weeks after 8 November, when Prime Minister Narendra Modi announced the demonetization of high-value notes to clamp down on black money, counterfeit currency and terror financing.

Though the move was widely welcomed, the government has since faced criticism for its shoddy implementation as people, especially in rural areas, face severe difficulties because of inadequate cash in banks and ATMs.

The amendments cleared by the cabinet late Thursday are expected to be tabled in Parliament next week after the President’s assent. Given that the changes are to the income-tax Act, the bill is expected to be tabled as a money bill, ensuring its smooth passage through Parliament. A money bill can only be introduced in the Lok Sabha, in which the ruling National Democratic Alliance (NDA) has a majority. The Rajya Sabha, where the NDA is outnumbered by opposition parties, cannot make amendments to a money bill passed by the Lok Sabha and can only make recommendations.

The government will also bring in a new law to invalidate the old currency, the person cited above added.

The government does not expect the entire Rs16 trillion of the Rs500 and Rs1,000 notes in circulation to come back into the banking system. This could mean some reduction in the liability of the Reserve Bank of India.



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Tata to sell U.K. speciality steels unit

Tata Steel signs LoI with Liberty House to negotiate potential sale of assets valued at £ 100 million

Tata Steel U.K. has signed a Letter of Intent (LoI) with Liberty House Group, the metals company run by tycoon Sanjeev Gupta, to enter into exclusive negotiations for the potential sale of its Speciality Steels business for an enterprise value of £100 million.

The LoI covers several South Yorkshire-based assets including the Rotherham electric arc steelworks, the steel purifying facility in Stocksbridge and a mill in Brinsworth as well as service centres in Bolton and Wednesbury, U.K., and in Suzhou and Xi'an, China, said the statement adding that the speciality steels business employed about 1,700 people making steel for the aerospace, automotive and the oil & gas industries.

This year, Liberty acquired significant assets in South Wales, the West Midlands, Scotland and Kent from Tata Steel.

It is believed that Tata Steel aims to retain the rest of its U.K. businesses and is in talks with German firm ThyssenKrupp to merge their European steel operations, potentially giving the combined entity 40 per cent market share. Tata Steel is pursuing a transformation plan to create a sustainable future for its U.K. strip products business. The success of this plan is likely to influence decisions on future investments, said the company statement.

"The Speciality Steels business is independent of the pan-European strip products supply chain and today's announcement is in line with the overall restructuring strategy of the U.K. portfolio. We will continue to work closely with trade unions and will communicate any material news on this issue to the employees on an ongoing basis," Tata Steel U.K. CEO Bimlendra Jha.

A Tata Steel spokesperson said, "The speciality business currently has 1,700 employees and if the transaction completes, Tata Steel Europe will continue to employ 8,000 people in its U.K. operations".

Tata Steel U.K. has invested £1.5 billion in the last 9 years.

Sanjeev Gupta, executive chairman of the Liberty House Group said: "We look forward to working with Tata Steel over the coming weeks to complete this hugely important milestone transaction."

Unions react

Workers' unions welcomed the move while demanding an independent audit of the proposals. Community, the steelworkers' union, said in a statement that it had spent the last year "campaigning to save the business, after Tata announced in March that it planned to sell its U.K. assets welcome the development."

"After months of uncertainty and delay from Tata, this will be welcome news for... steelworkers whose jobs depend on the success of this business," said Community's general secretary Roy Rickhuss, adding that the number one priority for Community will be ensuring that Liberty has a plan to protect jobs and provide long-term investments. Unite, the U.K.'s largest union, has called for an independent audit of the sale process. "Of course, the devil is very much in the detail which is why we will be asking Tata Steel to ensure that we can conduct independent due diligence on its proposals," said Unite national officer for metals Harish Patel. Liberty House and Tata Steel expect to close the deal early in the first quarter of 2017.

RBI rate cut likely in December monetary policy review

The fifth review of monetary policy by the Reserve Bank of India in early December will be made in a "once in a lifetime" macroeconomic environment. Banks are flooded with liquidity, there is uncertainty about near-term growth in India, the global system seems on the cusp of a change in the nature of monetary and fiscal policies, capital flows have become volatile and emerging market currencies have begun to wobble.

Analysts have already factored in a repo rate cut, some as much as 0.5%, and it is likely that a cut will indeed happen, given the expected impact on the breadth, depth and duration of an economic slowdown in India, and a drop in inflation, however transient. We at Axis Bank think that the impact of the slowdown in Q3 and Q4 is likely to bring FY2017 growth down from the earlier expected 7.5% to a range of 6% to 6.5%.

However, in the process of decisioning on the drivers of the monetary policy stance, there are many reasons for caution. Start with global uncertainty, the foremost of this being the impending rate hike by the US Federal Reserve. Although markets have priced in a 100% probability, thereby limiting the extent of market volatility, the tenor of the Fed statement might result in a fresh round of speculation on the extent of rate hikes in 2017. The Fed might have to hike more to counter an expansionary fiscal policy. The resulting rebalancing of global portfolios among the developed countries—based on prospective



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tapering of quantitative easing in Europe and Japan—and to emerging markets might result in further moves in exchange rates.

Commodities prices—particularly metals—have moved up in the past six months, and are expected to rise further in the wake of expected increases in fiscal stimuli in the US, and to a lesser extent in other countries, and with excess capacities in various sectors now coming down, and inventories progressively depleted. How this will impact India remains unclear, but a further weakening of the rupee might amplify the transmission into Indian costs of imports.



Post the withdrawal of legal tender character of high-value notes in India, wholesale price index (WPI) and consumer price index (CPI) inflation is certainly likely to fall over the next couple of months, but the view thereafter remains fuzzy. A structural reduction in costs and prices with the onset of the goods and services tax (GST) next year will take some time to play out.

A constellation of economic metrics in India, which economists call “financial conditions”, has eased significantly in November. First, despite the extraction of some of the surplus through an incremental cash reserve ratio (CRR) hike, there is still surplus liquidity in the banking system, which has brought interest rates down across the yield curve, for bank term deposits, market rates, T-bills and longer-tenor sovereign and corporate debt. The drops are anywhere between 0.1% and 0.45%. This will inevitably bring down bank lending rates, and the costs of market borrowing have already dropped.

However, the first reading on credit growth post the currency switch shows a drop in credit growth from the earlier 9.2% to 8.3%, with some credit balances being reduced with early partial redemptions. A big lever for boosting credit offtake might be to induce a deeper cut in the lending rate. Over the past couple of months, the rupee has weakened from 66.5 to the dollar to 68.66 at the time of writing. Excess liquidity and a weaker domestic currency are considered de facto expansionary policy.

As is inevitably the case, all policy decisions have to balance various objectives, in this case, the lower costs of borrowing versus the impact of lower rates on savings. Although the impact of lower savings in the near future is likely to be low, given weak credit demand, a behavioural change might constrain robust credit offtake, with recourse to high external debt.

Second is a potential adverse impact on the rupee. Sure, the impact might be transient if portfolio debt stocks are rebalanced out of India, but short-term volatility needs to be managed. The gap between Indian 10-year government securities yields and US Treasuries has shrunk by almost one percentage point in the past month and more over the previous quarter. This gap is likely to further increase over the next few months. Foreign portfolio debt outflows have been more than \$2 billion in November alone.

Overall, depending on how domestic conditions play out in the country, the Reserve Bank of India will have room for deeper rate cuts than we had deemed feasible a month ago, but the extent will depend on how the system and policy evolves over the next few quarters.

‘Bitcoin adoption in India sees surge’

Unocoin, an Indian bitcoin start-up, has unveiled a new app for Apple’s mobile operating system iOS and Google’s Android platform. According to the firm, the app will allow consumers to buy, sell, send, receive and store bitcoins, all in one place, from any remote device. Unocoin said the implementation is timely because bitcoin adoption is rapidly ascending in India, coupled with the government’s decision to demonetise Rs.500 and Rs.1,000 notes.

“We built this app from the ground up, using our very own public application programming interface, to ensure security and ease of use,” said Abhinand Kaseti, co-founder of Unocoin.

Bitcoin is a digital currency that is not supported by any country’s government or central bank. Also known as crypto-currency, it can be traded for services or goods with sellers who accept bitcoins as payment.

Unocoin said it has become the first company in the country to offer a full-featured mobile bitcoin app. This includes 24/7 access to real-time bitcoin market prices and instantaneous trading transactions.

Experts say the demand for bitcoins will increase as there are more than one billion Indians using mobile phones. More than 300 million Indians use their phones regularly



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for accessing the Internet.

This trend is expected to go up by 56 per cent per year, according to Unocoin. “We wanted to provide an even more convenient way for users to access and manage their digital currency portfolio when a home or work computer is out of reach,” said Mr. Kaseti. The company has also unveiled a point of sale app to enable physical stores to accept bitcoin as a mode of payment.

Increase investments to sustain 7-7.5% GDP growth: Manmohan Singh

Days after he criticized the Narendra Modi government for poor implementation of the demonetisation scheme, former prime minister Manmohan Singh said economic policies need to be designed in a manner that the redistribution process does not feed off the public finances.

“Economic policies need to be designed in a manner that the redistribution process does not feed off the public finances and the growth process itself is not hampered,” said Singh while speaking at the 111th annual general meeting of the PHD Chamber of Commerce and Industry “To achieve this objective, inclusive development needs to be combined with consolidation of public finances, financial stability, employment generation and economic growth and protection of environment,” he added.

Singh also said that sustaining 7-7.5% gross domestic product (GDP) growth will require significant increase in investments, particularly in infrastructure, and revitalising external trade.

The former prime minister further said that the “role of Indian States has become critical to ensure adequate growth enhancing expenditure, to press ahead with fiscal consolidation process and to push further India’s growth story.”

The otherwise reticent Singh had thrust himself in the middle of the contentious debate on monetisation by making an uncharacteristically harsh speech in the Rajya Sabha—with Prime Minister Narendra Modi looking on from the treasury benches.

Describing demonetisation as an “organized loot, legalized plunder and monumental mismanagement”, Singh had claimed that the scheme could cost the country as the GDP will fall by 2 percentage points.

Singh also said that India has to adopt a multipronged strategy that included rapid growth for reducing poverty and creating employment opportunities, improving access to essential services in health and education especially for the weaker sections, empowerment through ed-

ucation and skill development and creating employment opportunities.

“I believe that in line with the ongoing talks on ease of doing business in our country it is important to provide a conducive atmosphere for industry and businesses to create a win-win situation for both the workforce and industry,” he added.

Paytm resumes PoS service: CEO Vijay Shekhar Sharma

Online payments company Paytm has gone live with its point-of-sale (PoS) offering again, founder and chief executive Vijay Shekhar Sharma said, two days after taking the service off due to security concerns.

Sharma also hinted he will not join an interest rate war with its payments bank offering, which is likely to be launched next month. “You would be surprised, it is back in the App stores,” he told reporters on the sidelines of the ‘Ascent’ conclave for entrepreneurs, launched by Marico chairman Harsh Mariwala for start-ups.

Sharma replied in the affirmative when asked to confirm again if the facility is indeed live. He asserted that the security risks which the PoS offering poses are the same as the card’s use at a physical merchant where the card details can be copied. Sharma said the company had to introduce a “few more features” before relaunching the service, which is aimed at eliminating the need to have a swipe machine and can operate only with a mobile phone.

“After our launch, we have had several discussions with stakeholders on how we can make this process even more secure. Based on some suggestions from the industry, we have decided to add additional certifications and features before making it available to merchants,” the company had said at the time of withdrawing the facility. “We will re-launch this product as soon as we update it. We are working closely with everyone in the cards ecosystem,” it had added.

Stating that the launch was in line with Paytm’s focus on an infrastructure-light, simple, scalable and affordable model, it had clarified the company did not store any card details on the app or on its servers. According to some reports, entering of card details into the merchant’s phone and existing norms on ‘card present’ transactions were two of the most critical concerns.

Sharma said his company launched the product looking at the opportunity to scale up because Paytm has only 16 crore users as against 55 crore card holders. Meanwhile,



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on the payments bank, he said application for the final licence has already been submitted to Reserve Bank of India and the company hopes to go live before the year-end.

“We have had interactions with the regulator and are hopeful it should come really soon,” he said, adding the company wants to seize the opportunity created by the demonetisation exercise. “We probably have synced up on most of the topics. Logically, it should not be many more things,” he said. Sharma, however, said the company will not join the rate war, after Airtel’s 7.25% interest rate offering for account holders.

RBI takes surprise action to soak up liquidity

The Reserve Bank of India (RBI) unexpectedly ordered banks to deposit their extra cash with it, in a bid to absorb excess liquidity generated by a government ban on larger banknotes.

Many Indians deposited their old notes with their banks after the ban on Rs500 and Rs1,000 notes on 8 November, which is aimed at tax evaders and counterfeiting.

Banks had put some of this cash into government bonds, sparking a rally that saw the benchmark 10-year bond yield fall more than 50 basis points to its lowest in more than 7-1/2 years.

The central bank said banks would need to transfer 100% of their cash under the RBI’s cash reserve ratio from deposits generated between 16 September and 11 November, saying it was a temporary measure that would be reviewed on or before 9 December.

Traders called it a drastic move intended to dent the rally in bond markets, adding that the RBI could have opted for more modest measures such as sucking out some of the liquidity through sales of market stabilisation bonds or telling banks to park funds under reverse repos.

The action could also temper market expectations that the central bank would cut interest rates by 25 basis points at its next policy review scheduled for 7 December, after already easing them by the same amount at its last review in October.

“The move is more of a ham-handed one than the finesse expected from the RBI,” said Shaktie Shukla, founder of boutique investment advisory firm Kaithora Capital.

“The liquidity sweep will definitely halt the down move in (bond) yields,” he added. “It will also temper the euphoria pre- RBI policy.”

The move is likely to drain over Rs3.24 trillion from the banks, according to Reuters estimates.

Traders said bond market yields could rise 8-10 bps, given that the RBI move would deprive the key source of funding seen in the past two weeks, while banking shares would likely take a hit.

Bond investors had also bet India’s demonetisation action would dent economic growth as consumers held back on purchases, raising the prospect of a rate cut by the RBI.

At the same time the bond rally had increased hopes it would lower borrowing costs in the economy and allow banks to reduce some of their lending rates.

The central bank also relaxed its liquidity auction rules by expanding its basket of securities that it accepts as collateral.

GST: Govt releases draft bills for three supporting legislations

The Union government released the drafts of the three supporting legislations for the goods and services tax (GST).

The three draft laws—the central GST law, the integrated GST law and the compensation law—will be discussed in the next meeting of the GST Council on 2-3 December.

Once the council gives its nod, the bills will be tabled in Parliament in the ongoing winter session. Passage of the bills in the upcoming winter session will be crucial for the government to meet its 1 April implementation deadline.

As per the provisions of the draft GST (Compensation To The States For Loss Of Revenue) Bill, 2016, states will be compensated for five years for any losses arising from a transition to this new indirect tax regime. The base year for calculating the compensation figure will be 2015-16. A uniform growth rate of 14% for all states will be assumed for calculating the revenue due to states and the shortfall, if any, from a transition to GST. The compensation will be paid quarterly to the states based on provisional calculations.





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Besides all the indirect tax collections of the states including the value added tax, luxury tax and the entertainment tax, the taxable base will also include the revenue from the 2% central sales tax.

For special category states and the North-Eastern states, the revenue foregone by these states on account of exemptions given by them to specific entities will be included in their revenues while computing compensation. The bill also provides for imposition of a cess on certain specified items the proceeds of which will go to a GST compensation fund.

At the end of five years, it has been proposed that 50% of the unutilized funds in the GST Compensation Fund will be transferred to the consolidated fund of India, and will be distributed between the centre and the states as per the formula of the fourteenth finance commission. The remaining 50% will be distributed among the states in the ratio of their total revenues from SGST in the last year of the transition period.

The draft GST law lays out the process by which CGST and SGST will be levied and collected, the resolution of disputes and the process of registration and refunds. The draft empowers the central government to empower an existing authority or creating a new authority to ensure that the reduction in the tax rate of items are passed on to the consumers by a commensurate reduction in the price of that particular good and services supplied by him. The authority will be empowered to impose a penalty in case the lower taxes are not passed on to the consumers.

The draft also retains the provision of imposing a 1% tax collected at source on e-commerce companies. E-commerce companies will have to collect this amount from their supplier and file corresponding returns. The law also requires service tax assesses to register in every state they operate—a provision strongly opposed by telecom, banking and insurance companies as it will increase their compliance requirements.

“Provisions relating to anti profiteering, while aimed at protecting the consumers, might be difficult to implement. Many concerns of the services sector, particularly with respect to single centralized registration and clarity in terms of place of supply rules, have not been adequately addressed,” said Pratik Jain, leader, indirect tax at PwC India, in a note.

The draft IGST law provides for the way inter-state sales will be taxed. The draft says that the IGST rate cannot be more than 28%—the highest tax slab agreed by the GST council. Yielding to demand from states, the draft law also proposes to empower state government tax of-

ficials in certain cases to act as administrators of the act, besides central tax authorities.

The draft also has provisions to allow exports of goods and services and supply of goods and services to a special economic zone to be classified as zero rated supply—situations in which the tax on input supplies is nil.

Centre releases Rs. 1,093 crore

The Centre released Rs. 1,093.34 crore as Special Assistance for Jammu and Kashmir for repair and permanent restoration of damaged public buildings, including schools, colleges, hospitals, bus stations and other “critical” public infrastructure.

The disbursement was made under the Rs. 80,068-crore Prime Minister Reconstruction Plan first announced on November 7, 2015 for providing post-flood relief and restoration and long-term rehabilitation and development of the State, according to an official release.

This is the first instalment from the total sum of Rs. 2,000 crore earmarked for Permanent Restoration of Damaged Infrastructure under the Plan for the State announced by Prime Minister Narendra Modi.

The Union government also released Rs. 500 crore for restoration of damaged horticulture areas in the State.

‘Amendments to Tata Sons’ Articles of Association inconsistent with Companies Act’

With the the Tata imbroglio escalating by the day, top legal circles do not rule out the possibility of the 2012 amendment to the Articles of Association of Tata Sons being challenged by minority shareholders.

The change in Article 118 of the Articles of Association of Tata Sons gave directors nominated by Tata Trusts greater powers in the selection committee that deals with the appointment and removal of Chairman. The change also saw the definition of ‘quorum’ of the selection committee tweaked to benefit Tata Trusts.

According to top corporate lawyers, the Companies Act of 1956 (Section 9 read in tandem with Section 287) merely prescribed the threshold limit for a quorum but not the methodology of arriving at a quorum. Section 6 read in tandem with Section 174 of the Companies Act 2013, too, reiterates this position, they said.

“The 2012 amendment to the Articles of Association of Tata Sons seems to have clearly gone beyond the process of Section 9 of the Companies Act of 1956,” another corporate lawyer said. Legal sources pointed out that the Companies Act is clear in stating that any provision of Ar-



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Articles of Association of a public limited company “cannot be inconsistent with the Companies Act.”

Sources in legal circles argued that the amendment to the Article 118 of the Articles of Association (AoA) of Tata Sons in December 2012 “is restrictive”. According to these sources, any clause that “restricts or mandates a particular group of persons to control the appointment is inconsistent with the Companies Act - of 1956 as well as of 2013”. Quoting precedents to the case, these sources argued that “restrictions in regard to rights of parties not provided in the Act cannot be provided in the Articles of Association of any company.”

Mistry, a beneficiary

Since he was himself a beneficiary of this change in the AoA, Mr. Cyrus Mistry may find himself on a sticky wicket while challenging this. Yet, according to these sources, any group of shareholders holding 10 per cent in equity shares of the company or 100 shareholders or 10 per cent of the shareholders can step in to challenge this. Using the argument, they can even question the very legality of the selection committee and its selection of Chairman, they point out.

However, according to sources, anyone who had participated in the amendment to the AoA in 2012 would have no “easy right to challenge it.”

Faster security clearances on anvil for foreign investors, to help FDI flow

The Industry and Home Affairs Ministries are working to expedite the grant of security clearances for foreign investors that often delay or even scuttle inflows of foreign direct investment as well as mergers and acquisitions.

“Our view is that (when) you ask for whatever clearance you need, if it doesn’t come within a particular time, it should be presumed that there is nothing wrong. That is the way it has to work everywhere, but (in) security (it) is still a challenge,” said Ramesh Abhishek, Secretary in the Department of Industrial Policy and Promotion.

“There is a need for everything to be time-bound with a reasonable time period and we face this challenge too as we administer industrial licences for explosives manufacturing. We have been working with the Ministry of Home Affairs to expedite this and have said that clearances should be time-bound and fast-tracked,” he said.

Tax refund

On delays in tax refunds, Mr. Abhishek said in an ideal scenario such taxes shouldn’t be collected at all instead of being collected and then refunded after two or three years.

“There is a state that owes Rs.3,000 crore refund to one company alone. We are talking to states to see how this can be fast-tracked... as otherwise, the cost of capital for doing business goes up,” he said.

The Union government is also working with state administrations to deal with incentives and refunds promised to investors under the proposed Goods and Services Tax Regime.

“Improving the ease of doing business in the country has not been easy for the past two years and won’t be easy in the coming years as it requires dismantling of several legacy systems including physical touch points for clearances... we want to get into the top 50 ranks of the World Bank’s index for ease of doing business but also want to do so many reforms that are not covered by the Bank,” Mr. Abhishek said.

Industry voices concern over GST rate complexity, cess uncertainty

Industry bodies and business leaders have expressed their concerns about the complexity of the final rate structure of the Goods and Services Tax as announced by Finance Minister Arun Jaitley.

The main issues of concern seem to be the complexity brought on by the multiple rates of 5 per cent, 12 per cent, 18 per cent, and 28 per cent, and the uncertainty about the additional cess that will be levied on luxury goods and tobacco products.

“While the goods will have a multiple rate structure, no clarity is provided on rates applicable to services,” Prashant Deshpande, Partner at Deloitte Haskins & Sells LLP said. “Hopefully there will be a single rate structure.”

Gold rates

The uncertainty on rates for gold is not warranted as gold is a key determinant of the rate structure, Mr. Deshpande added.

The Confederation of Indian Industry (CII) stated the importance of the bulk of goods and services falling within the standard rate of 18 per cent and a higher rate of 28 per cent must be an exception.

“The cess needs to be levied only at the final product and total tax including cess on demerit goods should be kept within the present overall indirect tax incidence.”

Industry also voiced some functional problems regarding the time it will take to comply with the new tax rules.

“We hope sufficient time is given to companies to comply with the tax after the rules are finalised and made public and that the levy of cess would not lead to inflationary pressures,” G.P. Hinduja, Global Co-Chairman of the Hin-



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duja Group said.

The consensus among experts, however, is that since the rates have been finalised, the government must move quickly to classify which goods fall under which rate.

“The rate of 28 per cent was a surprise,” Anita Rastogi, Partner - Indirect Tax, PwC India said.

“The levy of cess could have been avoided as it is a clear distortion to the GST scheme. Now the next step is the classification of goods under each of the tax rate.”

Another area of concern is the requirement for multiple registrations in each state for the supply of goods and services. “This has the potential to result in huge burden of complexity as companies operate in many different states,” said Naushad Forbes, President of CII.

Anti-dumping duty on met coke bane to steel industry

The Indian Steel Association, the apex body of the steel industry in India, has asked the government not to impose any anti-dumping duty on metallurgical coke (met coke) fearing cost escalation of their products.

The Ministry of Commerce had last year initiated anti-dumping investigation on import of low ash met coke from Australia and China and this has resulted in the sharp increase in the price of this key raw material.

Metallurgical coke is one of the most important and critical raw materials for the steel industry.

Cost-push effect

“A levy of anti-dumping duty will have a cost-push effect on the steel sector. The imposition of any anti dumping duty will result in an increase in the cost of finished steel by Rs.700 to Rs.1500 per tonne,” the Indian Steel Association said in separate representations to the Commerce Ministry, Steel Ministry and the Prime Minister’s Office.

Commenting on this Shivram Krishnan, Director, Commercial, Essar Steel said: “Met coke prices have nearly tripled since January this year since the time the case was initiated and is currently ruling around \$350 per tonne, with no signs of abating.”

“It is a critical input for steel making and any levy of anti-dumping duty at this stage will only fuel further the cost of steel making. Incidentally steel industry was exempted from anti-dumping duty on met coke in similar investigations carried out in 1997,” Mr. Krishnan said.

The Indian Steel Association in the letter said that imported met coke is needed as the domestic met coke producers are unable to supply the raw material in the specification required by the steel industry, especially with regard to ash content.

Furnace efficiency

“The steel industry in India especially with large blast furnaces of more than 1,200 cubic meters necessarily requires met coke with high ash content and moisture content of less than 5 per cent.

“Additionally, such coke must have low phosphorous and low sulphur content. This is required to ensure that blast furnaces run efficiently,” the letter said.

The Indian steel industry is passing through challenging times.

Unbridled imports from countries such as Japan, South Korea, Russia and China at predatory prices are causing irreparable damage to the domestic industry,, according to the Indian Steel Association.

Rs. 500, Rs. 1,000 notes no longer legal tender

Five hundred and 1,000 rupee notes will cease to be legal tender from midnight, Prime Minister Narendra Modi announced in a surprise address to the nation. He said the decision was taken to root out the menace of black money and corruption.

Notes of 100, 50, 20, 10, five, two and one rupee remain legal tender and will be unaffected by the decision, the Prime Minister said, adding that all banks and ATMs will be closed and ATMs in some places as well.

Mr. Modi announced that existing Rs. 500 or Rs. 1,000 notes can be deposited in an individual’s bank or post office accounts between November 10 and December 30. Currency value of up to Rs. 4,000 can be exchanged from any bank or post office per day till November 24 by showing a government identity card.

However, for 72 hours, government hospitals, railway, air and government bus ticket booking counters will continue to accept the old notes. Old notes will also be accepted till November 11 at petrol, diesel and gas stations authorised by public sector oil companies, consumer co-operative stores authorised by State or Central government, milk booths authorised by States as well as crematoriums.

The Reserve Bank of India will issue new Rs. 500 and Rs. 2,000 notes starting from November 10. The new Rs. 500 note will feature the Red Fort and the new Rs. 2,000 note will feature Mangalyaan, Economic Affairs Secretary Shaktikanta Das said at a media briefing late night. These notes will become available from November 10.

Once the ATMs start functioning, there will be a withdrawal limit of Rs. 2,000 per debit card, which will be increased to Rs. 4,000 later, Mr. Modi said in a 40-minute



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televised address to the nation. There will, however, be an overall limit on withdrawal from banks of Rs. 10,000 per day and Rs. 20,000 per week, which will be increased in the coming days.

Mr. Modi said there will be no restriction of any kind on non-cash payments by cheques, demand drafts, debit or credit cards and electronic fund transfer.

Without naming Pakistan, the Prime Minister made a pointed reference to cross-border terror which was being funded by forged currency notes. "In the country's history of development, there comes a moment where powerful and decisive decisions are needed," Mr. Modi said.

"Your money will be your money. You don't have to worry about this. We have made arrangements to ensure that citizens suffer the least possible difficulty," he said.

'Surprise essential'

Justifying the last-minute announcement to demonetise the currency notes, a government official said that the move was necessary to stop terrorists and drug cartels "in their tracks." "An element of surprise is essential, or else they would have made necessary arrangements," he said. The official described the action as a "surgery since the tumour had to be removed to prevent recurrence." He claimed that this will result in a reduction of inflation as conspicuous consumption will come down. According to him the "tumour of corruption could not be fought through tried, tested and failed methods" and it was time to employ new methods to defeat the enemies of India. Till March 2016, Rs. 14 lakh crore out of Rs. 16 lakh crore worth currency issued by RBI were in denominations of Rs. 500 and Rs. 1,000, as per the central bank's official data.

'Demonetisation to hit terror financing hard'

The government has said one of the reasons to demonetise currency notes of Rs. 500 and Rs. 1,000 was to curb the circulation of fake currency notes, but there seems to be no definite account of the amount of such notes in circulation.

As per a study done by the Indian Statistical Institute, Kolkata, in 2015, the only concrete work done on the subject, at any given point of time Rs. 400 crore worth of fake currency notes were in circulation in the economy. This is merely 0.025 per cent of the total budget outlay of Rs. 19.7 lakh crore as announced this fiscal.

Different agencies have their own estimates based on the recoveries made by them.

According to the National Crime Records Bureau

(NCRB), in 2015, various law enforcement agencies seized 1,78,022 pieces of fake Rs. 1,000 currency notes. This means Rs. 17 crore fake notes which were in circulation could be calculated as they could be seized.

Similarly, in 2015 as many as 2,99,524 pieces of Rs. 500 fake notes were seized by the agencies.

Spread of counterfeits

The Indian Statistical Institute, Kolkata study was done on the behalf of the National Investigation Agency (NIA) and it also said that Rs. 70 crore fake notes were pumped into the economy every year.

Officials in the security establishment were upbeat about the demonetisation scheme as they expected that crimes like terror financing would be severely hit by the move.

Cases registered

"The fake currency notes can only be detected when they have entered the banking system. If it is in circulation in the open market, then it's hard to calculate the number. In the past two years, we registered 25 cases of fake currency notes and 26 accused persons were convicted in three cases, the remaining cases are still on trial," said Alok Mittal, Inspector General, NIA.

Another official said that in 90 per cent cases, the fake currency had been pumped in through the land route from Bangladesh. "The fake notes are manufactured in Pakistan and they reach Bangladesh through air and sea route. An organised group then pushes the money into India through the porous border areas," said the official.

Security features

On being asked on how the yet to be launched Rs. 2,000 notes would be deterrent to the resurgence of the fake currency notes, an official said, "It is difficult to say and we can only assume that Pakistan or the elements involved in it would not be able to compromise the security features. It is true that certain security features of Rs. 500 and Rs. 1,000 notes had been compromised. The supplier of raw currency notes, the ink and the silver thread is same for India and Pakistan and we have been asking the the countries like the U.K, the U.S. and Germany, where these are manufactured to stop the sale to Pakistan."

D.C Pathak, former IB chief said, "While removing black money, in the process it [demonetisation] will definitely address the problem areas of terror financing and fake currency. There is illegal money behind terrorist funding. The channel through which the adversary sends in militants and arms is also used to send fake currency."

An official said the demonetisation would impact the terror financing, particularly in Jammu and Kashmir. He said



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terrorist outfits like HizbulMujahideen collect donations in Pakistan and then route the money into the State through hawala operators. "The terror funding module in place right now, will be affected as the terrorist operatives always store money in the form of big currency notes. That money has become a piece of paper now," said the official.

JayadevaRanade, distinguished fellow, Centre for Air Power Studies said, "It will be a blow to the main sponsors of fake currency, Pakistan and Wahabi groups. I don't expect them to stop but it will take some time. It is a good move, hits them on many prongs. Many of their operators and sleeper cells here have fake currency. It will be a severe blow and for a few years we will get relief from this."

Deposits not matching with tax returns to attract 200% fine

If you plan to deposit more than Rs.10 lakh in your bank account in the Rs.500, Rs.1000 denominations, then it should be commensurate with your income tax returns. Else, you will have to pay tax and a 200 per cent penalty on the amount, Revenue Secretary HasmukhAdhia tweeted .

"If cash amount of above Rs.10 lakh is deposited in a bank A/C, not matching with declared income, same will be treated as tax evasion," the Finance Ministry tweeted, attributing it to Mr. Adhia.

"In such a case, tax amount plus a penalty of 200 per cent of the tax payable would be levied as per Section 270(A) of the Income Tax Act. This is in keeping with the provisions of Section 270(A), which deals with the penalty for under reporting and misreporting of income.

"...where under-reported income is in consequence of any misreporting thereof by any person, the penalty referred... shall be equal to two hundred per cent of the amount of tax payable on under-reported income Section 270(A)."

The Finance Ministry will be getting reports of all cash deposited during the November 10 to December 30 window above the threshold of Rs.2.5 lakh in each account, the tweets added. This will be matched against the income tax returns linked to that account.

Demonetisation could cut inflation, says Panagariya

The Centre's demonetisation drive will help lower inflation, NITI Aayog vice chairman Arvind Panagariya said. "All these make me believe that there could be some

moderation in inflation in the short-term," Mr. Panagariya said at the Economic Editors' Conference. "Yields on sovereign bonds softened after the government announced that the present Rs. 500 and Rs. 1,000 currency notes will not be a legal tender from November 9."

He also said that eradication of black money from circulation will have some impact on money supply.

"As the black money goes out of the system, the money supply will shrink to some degree. This will reduce the inflation rate in the absence of any open market operations by the RBI," Mr. Panagariya said.

Savings growth

Banks will see healthy growth in savings account deposits due to this exercise, he said.

"Savings that were kept in different forms particularly in the form of currency notes, they will now move into bank deposits. So we will see some surge in bank deposits," Mr. Panagariya added.

Separately, Bibek Debroy, member of NITI Aayog dismissed that the demonetisation will have any impact on economic growth.

"Real estate prices were already impacted due to several measures that government had taken in the past," Mr. Debroy said.

He said black money was never in the calculation of GDP figures, hence the present demonetisation drive will not impact growth.

RBI urges public to adopt 'digital' as ATMs run dry

Amid long queues at bank branches to trade in old Rs. 500 and Rs.1,000 notes and as automated teller machines ran out of cash, the Reserve Bank of India (RBI) urged citizens to switch to alternative modes of payment such as pre-paid, credit and debit cards, mobile banking, and Internet banking.

"Such usage will alleviate the pressure on the physical currency and also enhance the experience of living in the digital world," the central bank said in a statement , as it joined the Finance Minister in trying to calm the public amid a nationwide scramble to exchange the currency denominations that were withdrawn this week.

The government had on November 8 cancelled the legal tender status of existing currency notes of Rs.500 and Rs.1,000 denomination and said at the time that such notes could be exchanged at bank branches and post offices till December 30.

Recalibration challenge

Following the announcement, ATMs were closed for two



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days. Each and every ATM in the country (estimated to number more than two lakhs) had to be recalibrated in those 2 days so that they did not dispense any Rs.500 or Rs.1,000 notes.

ATMs, restarted, were only disbursing Rs.100 notes. A few of them, however, were also disbursing Rs.50 notes. A new Rs.2,000 denomination note has been issued but that is only available in bank branches. Further, each ATM needs to be recalibrated so that the new Rs.500 and Rs.1,000 notes, which are of smaller size, can be processed by the cash dispensing machines.

RBI admitted that it was a huge responsibility for the banking system to swiftly withdraw those notes in a smooth and non-disruptive way.

"It entailed swift withdrawal of specified bank notes from the ATMs within a few hours of the announcement, recalibrating these for issuance of other legal tender notes, re-loading them in a matter of two days and providing the exchange facility for members of public at all bank branches all over the country, just a day after the announcement," the RBI said. Bankers said the new Rs.500 and Rs.1,000 notes, as and when they come into circulation, would initially be dispensed by bank branches. Recalibrating them for the ATMs would take some time, they added.

The central bank maintained that adequate stocks of notes were kept ready in currency chests located at more than 4,000 places across the country.

Additional counters

"To minimise the inconvenience to public the branches of banks and all RBI offices have been working well beyond normal business hours, with additional counters opened to cater to the huge turnout of public," the RBI said. "On 10th Nov 2016, about 10 crore exchange transactions have been reported. Further, banks and RBI are kept open and Sunday to meet the urgent requirements of public and to ease the situation," it added.

Close monitoring

Even as efforts are on for a smoother exchange of currencies, the RBI asserted that a detailed reporting system for banks had been put in place to track the exchange of Rs.500 and Rs.1,000 currency notes. The RBI said it was also closely monitoring the situation to prevent any misuse of the facility.

"With a view to preventing misuse of the facility, the authorities are closely monitoring the information received through these reports about exchange and deposits of the specified bank notes by the public with the banks, including co-operative banks," the RBI said.

Move to cashless economy a key motive

behind notes ban

The withdrawal of 500 and 1,000 rupee notes may have come as a bolt from the blue. But it appears to be a part of a calculated process set in motion way back in January 2014.

The fulcrum of that larger process revolves around addressing the twin menace afflicting the decision-making exercise of the economy managers.

The unaccounted pockets of the economy and illegal notes together combine to render policy initiatives ineffective and redundant.

The Raghuram Rajan-led Reserve Bank of India had sought to crack the whip on this way back in January 2014 by deciding to withdraw completely from circulation all bank notes issued prior to 2005. It provided enough time-window for the public to exchange these currencies. The apex bank had said then that these notes were legal tender but must be exchanged for new ones from banks. The idea then was to replace the older notes with new ones with hugely beefed-up security features. By withdrawing these notes, the RBI, it was pointed out, wanted to weed out fake notes in the system if any and also ensure that faking becomes difficult and costly by introducing new notes with tighter security features.

The withdrawal of notes issued prior to 2005 clearly aimed at ending the fake note menace which had far greater implications from security point of view of a nation. The recent demonetisation of Rs. 500 and Rs. 1,000 notes must be read as a continuation of this larger process, sources said.

"It is not about how much black money government could catch. It is about how much unaccounted money this could bring into the system," pointed out a monetary policy watcher, who declined to be quoted. This move also must be read in tandem with several other initiatives of the authorities - both monetary and fiscal - to force people to come on board and embrace the formal system.

Series efforts to have a connected web by linking Aadhar number, PAN number and bank account and the like have all been carefully calibrated to push a steady movement towards an organized system.

The prevalence of a vast space outside the organised sector, it is pointed out, is making things difficult for the policy planners to offer precisely workable prescriptions. On many an occasion, the RBI bosses have stressed this limiting factor.

Given all these, the de-monetisation cannot be treated as an isolated exercise but must be viewed as a larger effort to push the society into a cashless one.

Viewed from a holistic perspective, the latest move should



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be judged by the efficacy or otherwise of the system to capture all sorts of financial transactions – small and big ones alike. Hopefully, this could help bring in a sense of fairness and equity in the economy. At the same time, one expects this to facilitate policy formulators arriving at reasonably accurate diagnosis for the ills of the economy in a dynamic situation.

Short-term pains in the transition process have already thrown up a host of logistical imponderables, pushing the BJP Government at the Centre in a tight corner. Notwithstanding the transitory political risks in the move, the long-term gains are bound to bring about a major metamorphosis in the way the financial affairs are managed in India.

Economists see 'short-term pain, long-term gain'

While the government's demonetisation drive will likely negatively impact the economy in the short term, it could help over the longer term propel economic growth into double-digit levels as more of the informal economy becomes formal and the Goods and Services Tax comes into effect, according to economists.

Another benefit from the drastic currency step could be a reduction of banks' non-performing assets, a critical constraint that is holding up the flow of bank credit for private sector investment in the country.

"To the extent that there is shrinkage of money supply, conventional economics says that that should be deflationary," said Ajit Ranade, Chief Economist of the Aditya Birla Group.

"It will lead to a contraction of output as well in the short run, so there will be an impact on GDP."

"However, in the long run, say within two years, this move combined with the Goods & Services Tax legislation will help in a pick-up, and take the country's growth to double-digit levels," said Girish Vanvari, Partner and Head, Tax, KPMG in India.

"The NPAs of banks will go down as the cash coming in will lead to higher CASA (current account, savings account), in turn declogging the system. Foreign investors have welcomed this as a bold move, and in the right direction."

"More savings will enter the formal financial economy," Mr. Ranade added. "India has a fairly high savings rate, but the financial part of that is low, so that is likely to go up. Then the exponential increase in all the cashless mechanisms like cashless wallets and online banking may also help in the formal part of the economy."

Looking a little deeper at the sectoral impact, the view is

that the demonetisation move will hurt growth in cash-heavy sectors like real estate, gold and jewellery.

"Interest rates will come down because the money will go to the banks and to some extent some of it will go to the government as taxes," Indranil Sengupta, India Chief Economist at Bank of America Merrill Lynch, said. "Also, there is going to be a short-run demand shock. But a lower interest rate will cushion this to some extent. Once the RBI's currency liability shrinks, we think they will have lower open market operations."

Kotak Institutional Equities was of the view that the consumption of high-value items like jewellery or real estate will get impacted as these have been popular with those having unaccounted income or wealth.

"We believe small businessmen and self-employed professionals would make attempts to become a part of the formal economy over time by reporting higher income and paying full income and indirect taxes," Kotak Equities wrote in a report.

Rate cuts

"We believe that additional measures like monetary stimulus in the form of rate cuts and liquidity infusion in the formal system will aid the economy in handling this situation in an appropriate manner," according to Nimesh Shah, MD and CEO, ICICI Prudential Mutual Fund.

"As consumption will be hurt, there will be pressure on the repaying capacity of producers/sellers," Motilal Oswal Financial Services wrote in a note to clients.

According to Anand Rathi Securities, demonetisation will be a logistical nightmare in the short term leading to a slowdown in consumer spending and likely decline in GDP over the next two quarters. However, the subsequent two years would see the gross domestic product register a sharp "hockey stick" revival, the securities firm wrote in a note.

The overall economic impact would include a likely appreciation of the rupee, a sharp slowing in inflation, the banking system getting a boost and real estate prices falling about 20-25 per cent before stabilising, according to the domestic brokerage. Stocks would benefit the most due to the gradual shift from physical assets to financial assets, it added.

NBFCs urge RBI to allow them to accept old currency notes

The Finance Industry Development Council (FIDC) has written to the Reserve Bank of India to allow non-banking finance companies (NBFCs) to accept the old Rs.500 and Rs. 1,000 notes in the same way as banks are allowed to do so as there is a real danger of deterioration



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of asset quality.

"The current demonetisation has introduced significant uncertainty in the minds of our customers as well as among the NBFCs on how loans would be serviced until the currency situation stabilises," Raman Aggarwal, Chairman of the FIDC wrote in his letter.

"We therefore request that NBFCs should also be permitted to accept the old notes till December 30, 2016, subject to the following: (i) the amount so collected should only be credited to the loan accounts of the borrowers and (ii) strict adherence to CTR/STR (cash transaction report/suspicious transaction report) and other obligations under the Prevention of Money Laundering Act."

A large part of NBFC loans to segments such as transport operators, farmers, equipment hirers, and small traders get repaid on a routine basis through cash collections, the letter added. "Transport operators for example, return to their home towns after several days in their road trips with cash."

Since the borrowers' businesses have been impacted due to the dip in money circulation, this has affected their ability to repay the NBFCs.

"If we don't collect the available cash from the borrowers, it is most likely to roll forward to the next month, making it more difficult for them to repay," the letter added. "This may lead to loan defaults thereby adding stress to the overall asset quality."

Demonetisation hits NBFC stocks

Stocks of non-banking finance companies fell as a government bid to replace high denomination currencies from the system affected small businesses, which are mostly financed by the NBFCs.

While the broader indices fell by about two per cent, the fall in NBFC shares was much sharper. Mortgage financier Can Fin Homes stock slumped 20 per cent while Manappuram Finance stock declined 16.6 per cent from their previous close.

Some of the other NBFCs like Capital First (-13.6%) Edelweiss Financial (-9.5%), LIC Housing Finance (-7.7%), also felt the impact.

A substantial number of NBFC customers are from semi-urban and rural areas, and the borrowers are transport operators, farmers, equipment hirers, small and medium enterprises and small traders, among others who mostly deal in cash.

"The current round of demonetisation is likely to disrupt the small business ecosystem in the near term, as the segment operates largely in cash," Kotak Securities said in a report. "We see challenging times for real estate, small businesses and CV finance."

ATM recalibration

Last week, the Centre banned Rs.500 and Rs.1000 denomination bank notes in a move to curb black money and said such notes can be exchanged at bank branches and post office before December 30.

The process of exchange and withdrawal of legal tenders have been slow with automated teller machines requiring re-calibration.

NBFCs have also requested the Centre to allow them to accept such notes will December 30.

"The borrowers' business has been affected with no money circulation," Finance Industry Development Council – the industry body for asset finance NBFCs said in a statement. "Because of the very nature of their trade and credit behaviour, if we don't collect the available cash from the borrowers, it is most likely to roll forward to the next month, making it more difficult for them to repay. This may lead to loan defaults thereby adding stress to the overall asset quality."

Sensex sinks

The benchmark Sensex fell 514.19 points, or 1.92 per cent, to 26,304.63.

The losses in the benchmark index were led by Tata Motors and the banking majors like Axis Bank, ICICI Bank and HDFC Bank.

The broader Nifty of the National Stock Exchange (NSE) closed at 8,108.45, down 2.26 per cent or 187.85 points. Market participants attribute the fall to global cues along with concerns of an interim domestic slowdown on account of the Centre's demonetisation move. The overall market was in the red with 2,354 declines as against only 346 gainers on BSE. All the sectoral indices - barring BSE IT - ended the day in negative territory.

Is demonetisation safe in law?

Provision only empowers Centre to scrap "series" of bank notes and not the "entire existing currency," says petitioner

The legal provision under which the Reserve Bank of India's (RBI) demonetisation notification of November 8 was issued empowers the Union government only to scrap a "series" of bank notes and not the "entire existing currency" of Rs. 500 and Rs. 1,000 denomination.

Section 26 (2) of the Reserve Bank of India (RBI) Act of 1934 allows the Centre to declare that "any series of bank notes of any denomination ceases to be legal tender".

The argument, pressed before a Bench of Chief Justice of India T.S. Thakur and Justice D.Y. Chandrachud, remains to be addressed by the Supreme Court.

"We are on the constitutional validity of the November



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8 notification. Under what diktat have all series of Rs. 500 and Rs. 1000 notes become black money? Does this mean any note of Rs. 500 is black money,” Kapil Sibal, counsel for the petitioner Adil Alvi, submitted.

The court was informed of how the government had insisted on identity cards for people coming to exchange the demonetised notes. Section 26 (2) poses no such requirements.

Even the use of the indelible ink mark to prevent repeat exchanges is not found in the legal provisions.

The court was asked to adjudicate on the authority of the notification to restrict a citizen’s right to withdraw money from his own bank account.

“Payment by the bank is a guaranteed act under the law. Banks are only trustees of a person’s money. I can withdraw any amount of money. Under what law can you restrict my right to withdrawal,” Mr. Sibal had asked.

Another legal question placed before the court was on what basis the notification categorising Rs. 500 currency as “high denomination” was made in this time of inflation. “We have to see at some point of time what they took into account for reaching this conclusion,” Mr. Sibal submitted.

First demonetisation

Section 26A of the 1934 Act records the first demonetisation which took place in 1956 when the government of that time scrapped all Rs. 500, Rs. 1,000 and Rs. 10,000 bank notes minted before January 13, 1946.

In 1978, demonetisation happened again, but the bank notes frozen then formed only two per cent of the currency value in circulation.

E-commerce firms see 30% decline in cash on delivery orders post demonetisation

E-commerce companies, including Snapdeal and Shopclues, have seen up to 30 per cent decline in cash on delivery (CoD) orders post the announcement to demonetise Rs.500 and Rs.1,000 denomination notes.

However, they believe that demonetisation and the push for digital payments will boost the sector in the long run, especially since CoD orders being returned is one of their biggest “pain-points.”

As per industry estimates, the cost for CoD returns is about Rs.20 in urban areas and about Rs.75 for non-urban locations.

Snapdeal co-founder Kunal Bahl said CoD orders on its platform had come down to 30 per cent of the overall

sales. “After the announcement, COD orders have declined to 30 per cent of our sales from 50 per cent,” he said at an event by Digital India Foundation.

Mr.Bahl said that higher adoption of digital payments would help improve unit economics for e-commerce companies in the long run. “From an economics perspective, it is positive for e-commerce firms, as CoD returns are a big pain point from an economic and logistics perspective. That will also get significantly mitigated going forward as more payments move to digital,” he pointed out. The surge in digital payments will come down once cash comes into the system, but the “equilibrium will settle at higher level than when we entered the demonetisation phase,” he said.

Shopclues co-founder and CEO Sanjay Sethi said in the first four days the company saw a decline of about 15 per cent. “Overall, we saw a decline of about 7 per cent for our orders,” he said. Flipkart co-founder Sachin Bansal, who attended the event via video call, said, “There was a drop in sales when the announcement was made. There were cancellations of CoD orders but it’s recovering now.” Following the demonetisation, some companies like Amazon had temporarily halted CoD facility, while others like Flipkart and Snapdeal had put a cap on the value of orders that could be delivered through the service.

Now, Gates has ‘no opinion’ on demonetisation

A day after he described Prime Minister Narendra Modi’s November 8 decision to withdraw 500 and 1,000 rupee notes from circulation as a “bold move”, billionaire businessman and philanthropist Bill Gates said he had “no opinion” on the issue.

In a NITI Aayog lecture, Mr. Gates described Mr. Modi’s decision as an “important step” to move away from a “shadow economy to an even more transparent economy”.

To a specific question from The Hindu at a select media roundtable on whether he supported demonetisation, Mr. Gates stated that he had “no opinion” on the issue.

Mr. Gates, however, predicted that India would go digital very rapidly and pointed to the process in countries like Kenya, where his foundation had worked. Government payments alone justified the digital path in India, he stressed. When a reporter pointed out that India was a cash dependent economy, Mr. Gates responded: “That’s true”.

He also felt that the Aadhaar, or India’s identity card system, was a “fantastic thing”.



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In his Wednesday lecture, Mr. Gates said digital transactions would rise dramatically in India. "I think in the next several years India will become the most digitised economy. Not just by size but percentage as well."

Mr. Gates was of the view that Aadhaar had not been attempted anywhere in the world, including in rich countries. "But now you have something that is going to underlie all your digital systems, whether it's banking, tax payments, tracking healthcare records."

On the reported decline in healthcare spending by the government, Mr. Gates said the spending had been flat. Advocating an increase in healthcare spending, he said in the end this was a political question and he was not a voter in India.

Will demonetisation turn farmers into defaulters?

With the Union government barring all credit cooperative societies from accepting demonetised Rs. 1,000 and Rs. 500 currency notes, lakhs of farmers who have taken crop loans and other loans are facing the danger of being termed defaulters and paying penal interest of 14 per cent.

The Reserve Bank of India has barred district central cooperative banks which have thousands of credit cooperative societies attached to them from accepting the demonetised notes, a move which has been criticised strongly by many cooperative leaders and farmers.

While the immediate impact of the decision is that the societies have become cash-starved because of non availability of cash with farmers, the worst affected among the farmers will be those who have neared the deadline for repaying their crop loans.

"Farmers have taken annual crop loans ranging from Rs. 10,000 to Rs. 3 lakh. If they do not return them in 365 days, they will lose interest incentive and will be termed defaulters. Most of them want to repay loans in old currency, but we are helpless," chairman of the Bidar District Central Cooperative Bank Umakanth Nagamarapalli said.

Karnataka Central Cooperative Bank of Dharwad, which has 550 credit cooperative societies with 1.5 lakh farmers under it, has already felt the pinch. "Even a day's delay will make them defaulters and they have to pay 14 per cent interest. The RBI has said nothing about it in its directions," said the bank's chairman I.S. Patil. "We have to function as per the RBI guidelines. This is a blow to cooperative societies that take care of farmers," Mr. Patil said.

India to levy tax on Cyprus investments

from April

India and Cyprus signed the revised bilateral tax treaty under which capital gains tax will be levied on sale of shares on investments made after April 1, 2017, bringing the island nation on a par with Mauritius in terms of tax treatment. The new agreement also provides for exchange of banking details and allows the use of such information for purposes other than taxation with prior approval of competent authorities of the country. "The new DTAA provides for source-based taxation of capital gains arising from alienation of shares, instead of residence-based taxation provided under the existing DTAA. However, a grandfathering clause has been provided for investments made prior to April 1, 2017, in respect of which capital gains would continue to be taxed in the country of which taxpayer is a resident," a Finance Ministry statement said.

Rupee weakens past 68; demonetisation adds pressure

The rupee weakened past the psychologically important 68 to a U.S. dollar level for the first time since June as expectations that the Federal Reserve will raise interest rates next.

"The rupee is likely to touch 69 per U.S. dollar by January-February," said K. N. Dey, Executive Director, Mecklai Financial Services Pvt. Ltd. "After the announcement of demonetisation, coupled with the victory of Trump, the rupee has come under pressure." The rupee touched its lowest on February 25, 2016 at about 68.89 per U.S. dollar.

Persistent pressure

"The Indian currency will remain under pressure for some time," Mr. Dey said.

While the RBI stepped in to ease volatility in the foreign exchange market by selling dollars through select state-run banks, dealers said it did not protect any particular rate in keeping with its policy of not targeting a specific exchange rate and only intervening to curb volatility.

"The probability of the U.S. Fed hiking interest rates in December meeting is very high," said N. S. Venkatesh, Executive Director, Lakshmi Vilas Bank. "This has made the dollar stronger against all major currencies."

FCNR redemptions

Redemptions of foreign currency non-resident (FCNR) deposits were also adding to the pressure, Mr. Dey said. "FCNR outflow is also abetting the depreciation. This may also put pressure on the rupee, which was steady for almost ten months," he said.



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“Huge FCNR outflow is likely to be witnessed in the second half of November,” said Abhishek Goenka, CEO, IFA Global, a leading forex advisory firm. “This will impact the rupee.”

Mr. Dey said there would be weakness in the home currency on account of slower growth due to the impact of demonetisation.

Ambit Capital in a report almost halved its forecast for GDP growth for the current fiscal year ending March 31, 2017, to 3.5 per cent, from an earlier projection of 6.8 per cent citing the impact that demonetisation would have on the availability of cash.

“After demonetisation, CASA (current account, savings account) has increased and the banks are flush with funds. This may also help credit offtake at reduced interest rates,” said Mr. Goenka. Banks have already cut deposit rates. According to Mr. Goenka, the rupee is likely to touch 68.50 to 69 levels by December 2016 - January 2017

Did an RBI circular on the Rs.100 note portend the demonetisation?

Was a November 2 notification from the Reserve Bank of India (RBI) a harbinger of the demonetisation that followed within a week? With the benefit of hindsight, one can argue that there was a calibrated method in the sudden ban on high denomination currency notes announced by the Government.

The November 2 circular on ‘Dispensation of Rs.100 denomination bank notes through exclusive ATMs’ said:

“A review of steps taken by banks for installing ATMs (automated teller machines) dispensing lower denomination bank notes was conducted and found that very few banks had taken initiatives in setting up ATMs dispensing lower denomination notes, including Rs.100 denomination bank notes.”

“In keeping with the objectives of the Clean Note Policy and to ensure that the genuine requirement of members of the public for Rs. 100 denomination bank notes are met, the banks should increase dispensation of Rs.100 bank notes through ATMs,” the RBI circular advised bank heads.

The RBI informed bank chiefs of the decision to conduct a pilot project wherein 10 per cent of the ATMs in the country would be calibrated to dispense Rs.100 bank notes exclusively. “You are, therefore, advised to configure/calibrate 10 per cent of your ATMs to facilitate this arrangement,” the circular went on to say.

“As the process involved in configuring the requisite number of machines is not complex, the banks are required to complete the exercise within 15 days.” Banks were to pick branches across a “relatively large number of centres/states” and report compliance.

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International

New U.K. visa policy to affect non-EU nationals

In a crackdown to curb its soaring immigration figures, United Kingdom government has announced changes to its visa policy for non-European Union nationals, which will affect a large number of Indians, especially IT professionals.

Under the new visa rules announced last evening by the UK Home Office, anyone applying after November 24 under the Tier 2 intra-company transfer (ICT) category would be required to meet a higher salary threshold requirement of £30,000 from the earlier £20,800.

The ICT route is largely used by Indian IT companies in Britain and the U.K.'s Migration Advisory Committee had found earlier this year that Indian IT workers accounted for nearly 90 per cent of visas issued under this route.

The changes come just days before British Prime Minister Theresa May lands in India on Sunday for her three-day visit.

Brexit ruling brings hope, anger and uncertainty

If the British government had hoped to present the world with a clear vision of what was on offer in post-Brexit Britain when Prime Minister Theresa May visits India at the weekend, it will be sorely disappointed, following the historic ruling of three high court judges that upheld the sovereignty of Parliament when it comes to triggering Brexit. The ruling raises many more questions than it answers — leaving the certainty of whether Brexit will take place, its shape and timeline hanging in the balance.

The first major hurdle will be faced in early December, when the government is expected to have its appeal heard by the Supreme Court. Ahead of the hearing, the government is maintaining a confident stance, insisting that it does not expect the ruling to scupper its timetable for Brexit, which would involve triggering Article 50 in March.

While Gina Miller, the investment manager who brought the legal challenge is a vocal supporter of Britain remaining in the EU, it remains to be seen if the High Court ruling will scupper Brexit.

Some Conservative parliamentarians have been unhappy about the lack of parliamentary involvement in the pro-

cess, but they are unlikely to take the momentous step of voting against Article 50 entirely. Labour leader Jeremy Corbyn has stressed his party's respect for the "decision of the British people" and is focusing on pushing for the government to swiftly present its plans to Parliament rather than derailing Brexit itself.



Even Labour parliamentarians outside Mr. Corbyn's camp, particularly those with constituencies that voted heavily in favour of leaving the EU, may struggle with going against the perceived "will of the people."

"It's unlikely that at the end of the day either House is going to say Article 50 should not be invoked, the question is what procedures it insists on and how much extra scrutiny it brings," says John Curtice, professor of politics at the University of Strathclyde.

Tories unhappy

Still, there is deep unhappiness within the Conservative party about both the slapdash treatment of Parliament. On Friday, Stephen Phillips, a Conservative MP who had voted to leave the EU resigned, citing "irreconcilable policy differences" with the government.

The House of Lords will also be a major obstacle, even if it doesn't go against constitutional protocol and block Brexit entirely.

The uncertainty over potential stumbling blocks has also raised questions about an early general election, with polls suggesting the Conservatives could increase their parliamentary majority, giving Article 50 legislation a smoother ride.

The pound's surge has suggested the market is hopeful of a softer Brexit, involving free market access, but Prof. Curtice says it's too early to draw conclusions.

"The crucial decision is where the government will draw the line on freedom of movement of people and if it is different to that of the House of Commons. It was the crucial issue for the public in the referendum and its difficult to see how the U.K. can sign up to full freedom of movement, so the question becomes what price you are willing



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to pay to achieve free market access.”

While the ruling leaves questions over the future of Brexit, one thing is certain: it has further exacerbated already-high social and political tensions within the U.K. Remain campaigners celebrated the ruling and mulled options for lobbying members of Parliament, while a Daily Mail headline roared “Enemies of the People.” The Sun excoriated the efforts of the “metropolitan elite” to scupper Brexit.

New administration takes shape in U.S.

President-elect Donald Trump is moving ahead with filling key posts in his administration, picking Alabama Sen. Jeff Sessions for the job of attorney general and Rep. Mike Pompeo as head of the CIA.

The announcements came on the heels of Mr. Trump’s decision to tap former military intelligence chief Michael Flynn as national security adviser. A Trump official did not say whether Sen. Sessions or Mr. Flynn had accepted the job, leaving open the possibility that those two arrangements were not finalised.

Sen. Sessions and Rep. Pompeo would both require Senate confirmation before assuming their designated roles; Mr. Flynn would not.

There could be some hurdles for Sessions, even with Republicans in control of the chamber. When Mr. Sessions was nominated to be a federal judge in 1986, he was dogged by racist comments he was accused of making while serving as U.S. attorney in Alabama.

“Mr. Sessions is a throwback to a shameful era, which I know both black and white Americans thought was in our past,” the late Massachusetts Democrat, Edward Kennedy, said during the 1986 confirmation hearing. “It is inconceivable to me that a person of this attitude is qualified to be a U.S. attorney, let alone a U.S. federal judge.” Mr. Sessions later withdrew from consideration, though he went on to become State Attorney General and won election to the Senate in 1996. Rep. Pompeo is a conservative Republican and a fierce critic of President Barack Obama’s nuclear deal with Iran.

Mr. Flynn was a fierce critic of President Barack Obama’s military and foreign policy long before he began advising Trump on national security issues during the presidential campaign. While the position of National Security Adviser doesn’t require Senate confirmation, Mr. Flynn would work in the West Wing and have frequent access to the President.

Straight talker

Mr. Flynn, who turns 58 next month, had built a reputation

as an astute intelligence professional and straight talker when he became the director of the Defense Intelligence Agency in 2012. After retiring two years later, he made clear he took issue with the Obama administration’s approach to global affairs and fighting Islamic State militants. Mr. Flynn has called for Washington to work more closely with Moscow, echoing similar statements from Mr. Trump. But his warmth toward Russia has worried some national security experts.

Mr. Flynn travelled last year to Moscow, where he joined Russian President Vladimir Putin and other officials in a celebration of RT, a television channel funded by the Russian government. He later explained that he had been paid for taking part in the event, but brushed aside concerns that he was aiding a Russian propaganda effort.

Mr. Trump is a foreign policy novice and his early moves on national security are being closely watched both in the U.S. and overseas. He’s said to be considering a range of officials with varying degrees of experience to lead the State Department and Pentagon.

Mr. Trump has also consulted with former Secretary of State Henry Kissinger and sat down with South Carolina Governor Nikki Haley, a potential contender to lead the State Department. In a gesture of reconciliation with establishment Republicans, Mr. Trump planned to meet with 2012 Republican presidential nominee Mitt Romney.

Dalai Lama visits Mongolia despite China’s objections

The Dalai Lama met with Buddhist worshippers on Saturday during a four-day visit to Mongolia, despite Beijing’s strident demand that he be barred from entering the country.

China is “firmly opposed to the anti-China separatist activities by the Dalai Lama in any country, in any name, and in any capacity”, Foreign Ministry spokesman Geng Shuang told reporters on Friday. The People’s Republic further demanded that Mongolia “not allow the visit by the Dalai Lama and do not promote any facilitation for the separatist activities by the Dalai clique.”

Home to devout Buddhists but heavily dependent on trade with China, Mongolia has tried to avoid angering its giant neighbour, which views the Nobel Peace Prize winner as a devious separatist bent on breaking apart China. But the spiritual leader has pressed more for Tibetan autonomy rather than outright independence.

Mongolia’s Minister of Foreign Affairs Tsendiin Munkh-Orgil said on Friday that the Dalai Lama’s visit had no



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connection with the government.

The exiled Tibetan spiritual leader arrived in the landlocked nation's capital of Ulan Bator on Friday and will stay until November 22.

'Unique relationship'

At the airport, he said Mongolia and Tibet have "a unique and ancient relationship" like that of a master and a student. "I want Mongolians to use new-era education and scientific achievements in their life to develop their country while keeping their beautiful ethical traditions such as respecting elders and being humane to each other," he said. Hundreds of monks and worshippers waited hours on Saturday in biting temperatures for a glimpse of the 81-year-old Tibetan.

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India and The World

World Bank to soon rank cities on 'ease of living'

The World Bank Group will soon bring out an "ease of living" index that will rank cities globally, even as it is looking at tweaking the methodology used in its country-wise "ease of doing" business rankings to better capture reforms being carried out in large and diverse nations such as India.

The decision comes at a time when India has launched a mission to develop over 100 smart cities.

On the World Bank Group's Doing Business index, India had suggested that reforms undertaken across the country and not just in Mumbai and Delhi be considered.



THE WORLD BANK

On the proposed 'ease of living' index to rank cities worldwide, Junaid Ahmad, World Bank Country Director, India, said, "One of the moot questions is that as you move more into high income [category], urban centres become extremely important, [including for] accommodation and so on. For cities to actually generate growth, the ease of living there has got to be very important."

"We [the World Bank] have been working on it ['ease of living' index for cities] for several years now," Mr. Ahmad said.

He said the methodology for the city-based index could be better than the Bank's "ease of doing" business rankings.

The index could include categories on social inclusion, cost of living, public transport, housing, education, health, environment-friendliness, crime/safety, governance and corruption.

On the criticism regarding the World Bank Doing Business Report this year ranking India a lowly 130th despite

several reforms being carried out by the government, Mr. Ahmad said the rankings did not capture important reforms including the laws on the Goods and Services Tax (GST) and insolvency and bankruptcy as they did not come before the cut-off date.

Agreeing that the existing methodology could be tweaked to better capture reforms in big countries such as India, he said, "Everything is dynamic, you learn, you change, you shift. There is no one fixed approach. It is always a challenge for any bureaucracy including ours to learn and to adjust."

Mr. Ahmad said when reforms such as the GST and those on bankruptcy and insolvency were included in next year's rankings, India's rank would improve vastly.

'Brazil, Russia keen to learn from India'

The World Bank's new Country Director for India, Junaid Ahmad, said that other large nations such as Brazil and Russia had also moved from a focus at the Central level to a sub-national level, as India had.

Mr. Ahmad was speaking on the occasion of the announcement of the State and Union Territory-wise "ease of doing" business rankings for India.

Brazil and Russia have requested more exchanges with India to learn about the best practices, he added.

Commenting on the sub-national rankings, Commerce and Industry Minister Nirmala Sitharaman said: "While last year only seven States implemented over 50 per cent of the total reform points and no State had an implementation percentage of over 75 per cent, this year saw 17 States crossing the 50 per cent implementation mark and 16 States having an implementation percentage of over 75 per cent."

The national implementation average stands at 48.93 per cent, significantly higher than last year's national average of 32 per cent, according to a DIPP statement.

This demonstrates the great progress made by States this year, said the statement.

Ms. Sitharaman said, "There is a healthy competition among States on ease of doing business. This exercise is an important aspect in the government's agenda to transform India. We are now looking at broad-basing the reform drive."

India, Nepal to decide on open skies

India is set to hold bilateral talks with its neighbouring Nepal under its new civil aviation policy to allow unlimited flight services with SAARC countries.

"Nepal has agreed to hold bilateral talks with us," Civil



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Aviation secretary R.N. Choubey told The Hindu. "As a part of our new civil aviation policy, the Centre had written to all countries with which India has a bilateral air services agreement informing them about the plans to open up our skies," he said.

Airlines from India and Nepal are allowed to operate 30,000 seats from each side at present. While airlines from Nepal have utilised only eight per cent of the seat entitlements as of June this year, Indian counterparts have used 23 per cent of the seat entitlements.

Besides Nepal, India will also hold bilateral negotiations to open up the skies with two European countries — Netherlands and Sweden.

Under the new National Civil Aviation Policy, India has plans to enter into 'open sky' air service agreements (ASA) with SAARC countries and with countries beyond the 5,000-km radius from Delhi. Recently, India had inked a memorandum of understanding with Greece for open skies, allowing airlines from Greece to operate unlimited flights to six Indian metropolitan airports. Countries sign ASAs through bilateral negotiations to decide on the number of flights that airlines can fly into each other's countries.

India, Bangladesh joint exercise from tomorrow

Bangladesh and India will hold a 14-day joint military exercise, code-named "Sampriti-7", from Saturday to practise counter-terrorism and disaster-management operations.

The bilateral defence cooperation endeavour, hosted alternately by both countries, is into its seventh edition, an inter-services press release said here .

The exercise will be held at Shaheed Salauddin Cantonment in Bangladesh's Ghatail, Tangail, when the two neighbours will engage each other in counter-insurgency and counter-terrorism operations.

The joint exercise will simulate a scenario where both nations are working together in a counter-insurgency and counter-terrorism environment under the U.N. Charter.

An Indian Army release said personnel from both countries would be "familiarised" with each other's organisational structure and tactical drills.

The first exercise in this series was held at Jorhat in Assam in 2010.

India opens IITs to Nepal students

Reaching out to the younger generation of Nepal, India

announced that from next year, Nepalese students would be able to compete for seats in IITs.

Announcing the new opportunity for the students of Nepal, President Pranab Mukherjee said academic and student exchange programmes had been part of the "long tradition" in bilateral ties and India would continue to help Nepal with developing its human resources. "I am very happy to announce that from 2017 onwards Nepalese students will have the opportunity to pursue graduate and postgraduate courses in Indian Institutes of Technology on a regular basis. For this, our Institutes of Technology will open their entrance examinations to Nepalese students," said President Mukherjee during his speech at an event jointly organised by the think tanks of India and Nepal.

More opportunities

President Mukherjee said the youths of South Asia should not remain hostage to "baggage of history," and urged that they should have more opportunities in education, health, and technology and employment generation. "[IIT] aspirants would have the option to write these examinations in Kathmandu," he said, drawing applause from the crowd that had several former prime ministers and Foreign Minister of Nepal Prakash Sharan Mahat. Arguing for more focus in educational and academic ties between the two neighbours, President Mukherjee said, "Our commitment is reflected in the grant of around 3,000 scholarships to Nepalese students every year, providing opportunities to study in Nepal and in India. We offer more than 250 scholarships annually for Government and non-Government employees of Nepal for training in technical institutes in India."

President Mukherjee also met with a broad spectrum of political and civil society figures in the evening and reminded Nepal that India remained committed to its "neighborhood first" foreign policy.

India, China discuss steps to improve ties

National Security Adviser Ajit Doval and his Chinese counterpart met in Hyderabad for a day-long discussion on improving bilateral ties, especially on the issue of India's entry into the NSG (Nuclear Suppliers Group) and U.N. ban on terrorist Masood Azhar.

The meeting between Mr. Doval and Yang Jiechi is part of efforts to improve high-level interaction to deal with issues of mutual interest and concern. A former Foreign Minister, Mr. Yang was elevated to the rank of State



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Councillor over three years ago.

Bilateral ties between the two sides have been facing challenges, ranging from China's blocking of India's entry into the NSG to the recent boycott in India against Chinese goods.

Despite India's efforts, China is yet to relent on its opposition to New Delhi's entry into the 48-member NSG. China has opposed the entry, saying India has not signed the Nuclear Non-Proliferation Treaty, while suggesting that the NSG should have common criteria for entry of non-NSG members, putting India and Pakistan at the same level.

Turkey wants India to start free trade pact talks soon

Turkey wants India to start talks on a proposed Free Trade Agreement (FTA) soon and said the ongoing political turmoil will not impact foreign investment flows.

Though there is an India-Turkey Joint Study Group report on "the feasibility and possibility of concluding a Comprehensive Economic Partnership Agreement" (CEPA or, in other words, a FTA), no dates have been fixed for starting FTA negotiations.

In an interview to The Hindu, Turkey's Development Minister Lutfi Elvan said: "We (Turkey) are ready to start FTA negotiations. But we are waiting for the Indian side to move ahead. We are expecting an official Indian delegation to come to Turkey soon in this regard."

He said Turkish companies want to make India a gateway for improving business ties in South Asia. Indian companies can use Turkey as a hub to expand operations in the European Union (with which Turkey has a Customs Union agreement), the Middle East and Africa.

Shrinking trade

In FY'16, India-Turkey trade had shrunk nearly 28 per cent year-on-year to \$4.91 billion of which India's exports to Turkey were \$4.14 billion (contraction of 22.7 per cent) while Turkey's exports to India fell 47 per cent to \$776 million.

Asked if Turkey is planning special measures to protect investors from losses due to political unrest, Mr. Elvan said: "Investors have been coming even after the (failed) July coup attempt. The month following the coup, there was \$1 billion worth of capital flows into Turkey.

"So, there is no risk at all for investments in Turkey.

"Turkey is a safe haven for investors and has a stable environment for (foreign) trade. Turkey has many French, British and German companies, and more Europeans are coming in to do business. So, we don't feel there is any

need for it (political risk cover or other special investment protection measures)."

However, he said while there was a standardised general incentive policy for investors, Turkey now had 'tailor-made' incentives for investments that help Turkey meet its economic development plans.

India-China border talks slated for next year

National Security Adviser Ajit Doval and his Chinese counterpart agreed to hold the next round of border talks in India next year at a daylong meeting held in Hyderabad. The meeting came against the backdrop of a series of dampeners appearing prominently in the bilateral ties, including the recent stand-off between the two Armies at the border.

Mr. Doval and China's State Councillor Yang Jiechi discussed a gamut of issues covering bilateral, regional and international issues of mutual interest, the Ministry of External Affairs spokesperson said.

No mention of NSG, Azhar

However, his statement did not carry any reference to the two key issues of India's concern vis-a-vis China — India's entry to the Nuclear Suppliers Group and the U.N. ban on Jaish-e-Mohammed chief Masood Azhar. Both are held up because of China's tough positioning.

This was Mr. Yang's third visit to India in the last two months. "The discussions, conducted in a cordial environment, covered a wide agenda spanning bilateral, regional and international issues of mutual interest. The two sides appreciated that 2016 is an important year for bilateral engagement, with President Xi Jinping's visit to India for the BRICS Summit and Prime Minister Narendra Modi's visit to China for the G-20 Summit being the major highlights of high-level exchanges," he said.

Both sides agreed to hold the 20th round of Special Representatives talks on the border question in India next year.

The 19th round was held in Beijing, where they agreed to continue the negotiations to reach a "fair, reasonable and mutually acceptable solution." Both Mr. Doval and Mr. Yang are the Special Representatives for the border talks.

India to raise work permit issue with Canada, U.K.

India will raise its concerns over restrictions on the movement of foreign skilled workers for short-term duration



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work with Britain and Canada, as these curbs are affecting the Indian IT industry.

Canada, the U.K., the U.S, Germany and Switzerland are the top five markets for Indian IT firms. The annual revenue of Indian IT firms from the U.K. and Canadian markets is about \$18 billion and \$3 billion respectively, according to industry body Nasscom's estimates.

Separate bilateral talks are slated for November 7, with Canada and Britain, on various issues, and workers' movement is one among them.

Visiting Canadian Minister of Immigration, Refugees and Citizenship, John McCallum is slated to meet External Affairs Minister Sushma Swaraj, Minister of State for Home Affairs Kiren Rijiju, and representatives of Nasscom, the IT trade body.

The Commerce Ministry has also been briefed about the IT sector's concerns. Mr. McCallum is likely to be joined by Laura Albanese, Minister of Citizenship and Immigration, Ontario, and Lena Diab, Minister of Immigration, Nova Scotia.

Discussions with the U.K. will be at the level of the India-U.K. CEO Forum and other official meetings on the sidelines of the talks between Prime Minister Narendra Modi and visiting British Prime Minister Theresa May. The Centre and Nasscom are expected to take up the issue of Canada's plan to introduce a new short-duration work permit exemption for inter- and intra-company transferees and experts, among others, for work up to 30 days annually.

The IT industry feels this 30-day limit does not serve a purpose as it is "too short a time frame" for the sector.

On the U.K. government's recently announced changes in visa policy towards curbing immigration, India is likely to take up its concerns on the higher minimum salary threshold for intra-company transfers.

Nasscom welcomed the Canadian government's plans to bring down visa and work permit processing time to two weeks from 3-4 weeks as part of the 'Global Skills Strategy' to attract foreign talent.

However, it said the processing time in itself was not a major concern.

During the November 7 discussions, Nasscom will seek clarity from Canadian government officials on when the new plan will come into effect and whether Canada will be able to incorporate their demands in the Skills Strategy.

Assessment exemption

Under the 'specialised knowledge' category to avail exemption from Labour Market Impact Assessment (LMIA)

in Canada, the employer will have to demonstrate that the employee (foreign worker) has the specialised skill and the requisite proprietary knowledge to carry out a certain task.

However, getting an LMIA exemption is difficult as about 20 per cent of applications are usually rejected.

Gagan Sabharwal, director, Global Trade Development, Nasscom, said: "We feel a lot more needs to be done (by Canada) to realise the full potential by setting a clear and objective criteria around 'specialised knowledge' in the 'LMIA exempt category' that has seen rejection rate rise since these guidelines were introduced a couple of years ago."

He said the introduction of measures will help Canadian businesses and their customers plan with confidence to fill local skill shortages.

India, U.K. join hands to combat terror

The bilateral meeting between Prime Minister Narendra Modi and his U.K. counterpart Theresa May focused on greater cooperation to counter illegal activities and terrorism. "Our two countries understand the increasingly transnational challenge of terrorism which demands multilateral as well as bilateral cooperation," said a joint statement issued at the end of bilateral discussion.

India and Britain also agreed to hold annual strategic dialogue at the level of Union Home Secretary to jointly deal with issues like terrorism, organised crimes, visa and immigration matters.

The security and extradition-related issues came up for discussion during the summit-level meeting in Hyderabad House, where both the delegations signed two MoUs on ease of doing business and intellectual property related issue. However a major difference remained unresolved as Ms May refused to commit on increasing visas for Indian professionals unconditionally.

No change in stand on India's NSG bid, says China

Ahead of this week's Nuclear Suppliers Group (NSG) meet in Vienna, China stuck to its guns, saying there was "no change" in its stand on India's membership bid which, it has indicated, would be considered only after rules for the entry of non-Nuclear Proliferation Treaty countries are finalised by the elite group.

"This Friday in Vienna a plenary session of the NSG will be held. Our position is subject to no change as of date," Lu Kang, spokesman of the Chinese Foreign Ministry, told a media briefing here.



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Referring to the November 4 meeting of the National Security Advisers (NSAs) of India and China in Hyderabad, Mr. Lu said China was in close contact with the relevant parties, including India, and has been having constructive dialogue and coordination on this issue.

India's NSA Ajit Doval had held talks with his Chinese counterpart and State Councillor Yang Jiechi in Hyderabad, during which the issue had reportedly figured. The talks were held ahead of the meeting of the 48-member NSG in Vienna on November 11-12, where according to media reports, the group could discuss the two-stage process to admit new members who have not signed the nuclear non-proliferation treaty.

India and Pakistan, which have applied for NSG membership, have not signed the NPT.

Last week, China, after the second round of talks with India on its entry into the NSG, had said that it would first seek a solution to admit all countries who have not signed the NPT and then discuss India's application. "On India's accession to the NSG, I can tell you that China's position is very clear and consistent," Chinese Foreign Ministry spokesperson Hua Chunying had said. "We will seek a solution that applies to all non-NPT countries and then we will discuss the specific application of the relevant non-NPT country," she had said.

The issue had also been discussed between Joint Secretary (Disarmament and International Security) Amandeep Singh Gill and his Chinese counterpart Wang Qun on October 31.

IT bodies in India, U.K. pitch for 'review' of proposed visa changes

IT industry bodies of India and the U.K. urged visiting British Prime Minister Theresa May to "review" the changes proposed in the visa regime that will affect skilled IT migration and consequently the U.K.'s ability to attract best skills and talent from across the globe.

"Given the high levels of business uncertainty for our sector caused by the decision of the U.K. to leave the EU, we would ask that the further changes planned for April next year, including the increase in salary thresholds for Tier 2 ICT visas and the introduction of the Immigration Skills Levy, be subject to fresh, considered review," Nasscom and techUK said in a letter addressed to Ms. May and Prime Minister Narendra Modi.

Business uncertainties

They said they were ready to work with government officials in both countries to ensure that any future changes

remain justified in the new context, "given the significant business uncertainty we currently face".

India makes fresh push to gain NSG entry

India's bid for membership of the Nuclear Suppliers Group will be centre-stage again this week as the group meets for the Consultative Group technical meeting on September 9-10, followed by the Plenary session in Vienna.

The government hopes its application will be considered again, five months after the last unsuccessful round.



Diplomatic engagements

A flurry of diplomatic activity since then has focused on all the countries, including China, that didn't back India's bid.

While a slew of leaders from New Zealand, Turkey, Brazil and South Africa, all NSG countries that have hardline positions, have been invited to India in the past month, India's nuclear negotiators have travelled to other countries, who are still unconvinced about the issue of non-signatories to the Non Proliferations Treaty (NPT) — like India — being made members of the nuclear club.

Chinese hurdle

Earlier this week, Amandeep Singh Gill, joint secretary (Disarmament) travelled to Dublin to soften Ireland's position, and also met with Chinese nuclear negotiator Wang Qun in Beijing on October 31. Other contacts have been made by MEA officials and missions abroad in the 48 member countries of the NSG.

However, with China making it clear that its position hasn't changed, and little movement in the objections of other countries on the issue of the NPT, officials are calling it a "long haul", given that the NSG works by consensus.

"This Friday, in Vienna, a plenary session of the NSG will be held. Our position is subject to no change as of date," Lu Kang, spokesman of the Chinese Foreign Ministry, told a media briefing in Beijing, dashing India's hopes of a clear path to its membership this week.

Process may begin

At best, said one diplomatic source, India will hope that a process will be set into motion to define criteria for non signatories to the NPT, but that the criteria will broadly fit



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India's credentials as a non-proliferator. India, Pakistan, Israel and South Sudan are all non-signatories of NPT, of which India and Pakistan have both applied for NSG membership this year.

Meanwhile, India has been working with its support base that includes the U.S., Japan, Australia and South Korea, that has been exerting its influence as the new Chairperson of the NSG to push for India's case.

India also hopes Prime Minister Modi's visit to Tokyo on November 11, which coincides with the NSG Plenary session, will boost India's non-proliferation image, as India and Japan are expected to announce their civil nuclear accord.

The U.S., that has backed India, said it remained optimistic about India's chances of NSG membership by the year-end.

India slams World Bank process on Indus Treaty

India lashed out at the World Bank over its decision to favour Pakistan on the Indus Water Treaty dispute process over the Kishenganga and Ratle dam and hydropower projects. While India had asked for a neutral expert to be appointed over Pakistan's objections to the projects first, Pakistan appealed directly for a Court of Arbitration (CoA) to be set up as it claims India has violated the 1960 treaty.

"Inexplicably, the World Bank has decided to continue to proceed with these two parallel mechanisms simultaneously. India cannot be party to actions which are not in accordance with the Indus Waters Treaty," said a statement issued by the MEA spokesperson from Tokyo, shortly after Prime Minister Narendra Modi landed there. When asked if the strong language in the statement indicated India would consider cancelling the Indus Water Treaty arbitration process, or even, as it had threatened after the Uri attacks, would consider abrogating the Treaty itself, a government source said, "The World Bank's illegal action has brought into question the workability of the Indus Water Treaty."

Dispute internationalised

The MEA statement came just hours before the World Bank was due to draw lots by which it selects "umpires" for the Court of Arbitration. , Pakistan's Water and Power secretary Mohammad Dagher had informed its Senate that the World Bank had begun the process requested by Islamabad under Arbitration Article IX of the Indus Water

Treaty rather than India's appeal for the Permanent Indus Commission (PIC) or at most a neutral expert to mediate on what India called "technical issues" with Pakistan. Officials said the World Bank's action of going ahead with Pakistan's claim had escalated the differences into an international dispute. The Hindu has learnt that Mr PM Modi held a high level meeting on the issue last week, where several senior officials proposed that India should pull out of the arbitration entirely unless the World Bank changes what one official referred to as its "legally untenable" stance on Pakistan "intransigence".

The World Bank country director Junaid Ahmad, an official of Bangladeshi origin is expected to speed up efforts at reconciling the matter in the next few days. "This is a matter of worry for us all," a diplomat from a third country told The Hindu, indicating that the current military tensions between India and Pakistan were adding to the urgency.

Modi in Japan, all eyes on nuclear deal

As Prime Minister Narendra Modi and Japanese Prime Minister Shinzo Abe prepare to discuss the conclusion of the civil nuclear cooperation agreement after their talks , all eyes will be on whether India will accept a "nullification" or "termination" clause.

The deal, which will open up access for India to cutting edge nuclear energy technology, reactors and critical parts, has been held up for years over the clause, which stipulates that it would be cancelled if India were to conduct a nuclear test.

The Prime Minister landed in Tokyo evening for the India-Japan annual summit meeting after a brief stopover in Thailand where he paid respects to the late King Bhumibol Adulyadej. Along with the \$1.5-billion deal for U-2 amphibious aircraft, the civil nuclear agreement will be the highlight of the talks between Mr. Modi and Mr. Abe, which will follow business meetings and a call on Emperor Akihito.

"If India conducts a nuclear test, Japan shall stop its cooperation for India," Yasuhisa Kawamura, Press Secretary of the Japanese Foreign Ministry, told The Hindu in written comments, adding that "Prime Minister Abe told PM Modi last December that Japan will cease its cooperation for India if India conducts nuclear test."

Voluntary moratorium

India maintains a voluntary moratorium on nuclear testing, but has thus far refused to sign on to the Non Proliferation Treaty (NPT), the Comprehensive Test Ban Trea-



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ty (CTBT) or given any other undertaking outside of its commitments at the International Atomic Energy Agency (IAEA). However, analysts concede that Japan, the only country to have suffered a nuclear attack, has special sensitivities that India may need to make an exception for, despite India's insistence on nuclear sovereignty.

"Given Japan's history, one can understand its insistence on a nullification clause," explains nuclear law expert Arghya Sengupta. "However, this would send an unfortunate signal to others that the IAEA safeguards are insufficient in ensuring that Indian nuclear energy facilities are used for peaceful purposes alone." he added.

Report fuels speculation

Adding to the speculation is an article in the Yomiuri Shimbun newspaper on November 6 that confirmed that Mr. Modi and Mr. Abe will hold a signing ceremony for the nuclear deal during the visit, adding that the contentious cancellation clause will now be part of a separate document, while India would give an assurance that its cooperation with Japan would be "limited to peaceful purposes."

MEA officials refused to comment on the report, saying only that the "text will speak for itself."

India hopes for fair resolution on U.S. work visa issue

India will take up the IT industry's concerns regarding curbs on the non-immigrant temporary work visas as well as the absence of a bilateral social security pact, once U.S. President-elect Donald Trump takes charge in mid-January 2017, Commerce Minister Nirmala Sitharaman said.

"We will continue our negotiations ... At the earliest available moment, we will brief (the Trump administration) about the Indian (IT) industry's contribution to the U.S. economy. We hope the new President will deal with the issues in a fair manner," Ms. Sitharaman told the media. She was responding to a question on the impact of Mr. Trump's promises, among other things, to put an end to outsourcing business and take steps to curb immigration. Meanwhile, the U.S.-India Business Council (USIBC) in a statement said the Trump administration must expedite talks on the proposed India-US Bilateral Investment Treaty.

USIBC president Mukesh Aghi stated that according to the USIBC's more than 350 member companies, both American and Indian, the Trump administration must support India's entry into the Asia Pacific Economic Co-operation Forum, work to boost defence trade with India and engage with its government to enhance Intellectual Property protection in India.

The USIBC said the U.S. should also take up market access barriers faced by American companies in India. This includes tariff increases on the importation of Information & Communications Technology products, foreign direct investment (FDI) barriers in insurance – especially with respect to ownership and control, inequitable FDI restriction in tobacco, and price controls in the pharmaceutical and medical device industry.

Unfair tax

The members of the USIBC, an advocacy organisation for boosting economic and commercial ties between both the nations, also wanted the government led by Mr. Trump "to eliminate outdated and unfair tax for Indian workers by concluding an executive agreement with India on social security (totalisation agreement)."

The USIBC said about "five lakh U.S.-based Indian workers pay the 6.2 per cent Federal Insurance Contributions Act payroll tax on an ongoing basis.

Despite their contributions, which add up to \$1 billion per year, they will never receive the benefits because they return to India before having worked for at least 40 quarters (approximately 10 years)."

Following the Obama administration's move to increase the fees for H1-B and L-1 visas (employment-based non-immigrant visas used mostly by the Indian IT sector for moving skilled workers to the US for short-duration work), industry body Nasscom had said the move will result in the IT sector taking a hit of over \$400 million annually.

Expiry of investment pacts will hurt FDI: EU

India's separate Bilateral Investment Treaties (BIT) with 23 European Union (EU) member countries will soon expire one after the other and the absence of an investment protection pact will hurt Foreign Direct Investment (FDI) from EU to India, European Commission Vice President, Jyrki Katainen said.

The European Commission, therefore, wants India to agree to extend the expiry date of these BITs till an India-EU investment treaty is in place.

Pointing out that the expiry of these investment treaties will begin with the one with the Netherlands in a fortnight, Mr. Katainen said such a situation will create a 'legal vacuum' — something that is troubling European companies looking to make huge investments in India.

India and Ukraine to close gap in ties

After a gap of four years, India and Ukraine are set to begin a new phase of exchanges which is likely to warm



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up political, military and diplomatic ties.

Speaking to The Hindu, senior Ukrainian diplomatic sources confirmed that Foreign Minister Pavlo Klimkin is likely to visit India soon even as the Heavy Industries Minister Anant Geete undertook a visit to the country last week.

“Mr. Geete, who was accompanied by representatives of Bharat Heavy Electricals Limited, Heavy Engineering Corporation Ltd., Hindustan Machine Tools, held wideranging talks covering trade, economic, investment and industrial cooperation,” the diplomat said.

The visit of the Indian Minister breaks a gap in bilateral exchanges that had formed due to the ongoing violence in eastern Ukraine. India had evacuated citizens from Ukraine in 2014 as the disturbance intensified in the region.

The last major visit from Ukraine was by President Viktor Yanukovich who visited Delhi and met Prime Minister Manmohan Singh in 2012. However, another problem in bilateral ties was Ukraine’s military ties with Pakistan. Despite the hurdles, an initial dialogue was held in June when Ukraine’s First Deputy Secretary of the Council for National Security and Defence met with senior officials on the sidelines of March 28-31 “DefExpo-India 2016” in Goa.

Military modernisation

The diplomat said the ongoing round of exchanges were explored during the visit of Secretary (West) Sujata Mehta who was in Kyiv in June.

Ukraine’s diplomatic importance had been growing also due to the rising profile of the country in multilateral platforms. Ukraine is a member of the Nuclear Suppliers Group (NSG) and a non-permanent member with two-year term at the U.N. Security Council.

The diplomat indicated that Ukraine is interested in supporting India’s military modernisation plans and the visit of Mr. Klimkin is likely to take up several key projects in aviation and space research.

India, Japan differ on nuclear tests

In signing the civil nuclear agreement with India, Japan made a major exception for a non-signatory to the Non-Proliferation Treaty (NPT), based on India’s impeccable nuclear record.

But sources say India, too, may have given exceptional commitments on its nuclear sovereignty and right to conduct nuclear tests in order to bag the deal.

According to officials, while the Nuclear Cooperation Agreement (NCA) signed in the presence of Prime Min-

ister Narendra Modi and Prime Minister Shinzo Abe followed the template set in the India-U.S. civilian nuclear agreement of 2008, a text signed in addition to it is a departure from the past.

In the additional document, called the “Note on Views and Understanding” signed by Indian and Japanese nuclear negotiators after the meeting, Article I (iii) says: “The representative of the Japanese delegation stated that an Indian action in violation of the September 5 statement could be viewed as a serious departure from the prevailing situation. In that situation, reprocessing of nuclear material subject to the Agreement will be suspended in accordance with paragraph 9 of Article 14 of the Agreement,” invoking a section on emergency suspension of nuclear parts or fuel supply. (The reference to the ‘September 5’ statement was India’s voluntary moratorium on nuclear testing made for the Nuclear Suppliers Group in 2008.)

Binding provisions

When contacted by The Hindu, Indian and Japanese officials seemed to differ on how binding the additional note actually was. A senior MEA official privy to the negotiations said that the only “binding provisions are in the bilateral agreement (NCA).” However, in written replies to The Hindu, Japan’s Foreign Ministry Press secretary Yasuhisa Kawamura said Japan had made its intentions clear. “[If India conducts a nuclear test] Japan will give notice notify India of its intension of termination of the treaty and will cease its cooperation based on the treaty. India also understands this, which is confirmed in the official document, “Note on Views and Understanding”, attached to the Treaty,” he said.

According to officials present at the bilateral meetings in Tokyo, Mr. Abe went further, saying frankly that Japan’s cooperation with India was “on the premise that India maintains its commitment to the unilateral and voluntary moratorium on nuclear test,” and urged India to sign the Non- Proliferation Treaty (NPT) and the Comprehensive Nuclear-Test-Ban Treaty (CTBT), that India has resisted for decades.

Striking similarities

At a press conference in Tokyo, Foreign Secretary S.Jaishankar said there were “striking similarities” in the Japan deal with those of other countries.

However, former nuclear envoys say the text signifies India has gone “much further” in commitments to Japan than ever before. In the past, India had rejected direct references to nuclear tests as a trigger for cancelling the deal from the U.S., Canada, and Australia, amongst



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a dozen countries India has signed nuclear agreements with.

Next, India has allowed Japan to include the “emergency suspension” clause, which could mean a major shut-down of its nuclear power capabilities given that Japanese companies and spare parts are expected to be a crucial part of all future reactors in India. With the exception of Russian reactors, all the suppliers in negotiation with India at present: GE, Westinghouse and Areva have considerable ownership by Japanese companies Hitachi, Toshiba and Mitsubishi.

Finally, the additional note states that Japan can contest the claims by India for compensation if it suspends its nuclear cooperation with India. “Japan reserves the right to contest India’s claim of compensation for the adverse impact on the Indian economy due to disruption in electricity generation and loss on account of disruption of contractual obligations through the consultations provided for in paragraph 9 of Article 14 of the Agreement,” reads Article I(iv) of the document, available on the Japanese Foreign Ministry website.

The difference in perceptions between the MEA and Ministry of Foreign Affairs in Japan will be significant, given that the Japanese Parliament, Diet, is yet to approve the nuclear cooperation Agreement. In India, the debate over nuclear sovereignty will be key.

India, Japan wrangle over N-deal note

Officials also explained that it had been included to help the Japanese government clear the deal in early 2017 through the Parliament or Diet, where it is already under fire for making an exception for India that has not signed the Non-Proliferation Treaty (NPT). “No, repeat no, additional commitments have been made by India,” the sources insisted.

However, when contacted by The Hindu, a Japanese government official was equally emphatic that their understanding was that the clauses contained in the note were views shared by both sides, and not individual views.

“It is signed by Amandeep Singh Gill and the Japanese counterpart official, and is legally binding as article II (on page 2) of the Note says ‘It is understood the above constitutes an accurate reflection of the views of the two sides’”, the official said.

“It is clear from Article 14 that Japan has the right to terminate its cooperation and other engagements stipulated under the Treaty. It has also been clearly confirmed between the two governments that Japan could do this in

case India conducts a nuclear test,” he added. The Japanese official, who was privy to the negotiations, also differed from the MEA’s reasoning for adding the note as an exception for Japan. “It is commonly practised among nations that they produce a separate document to record the understanding concerning their treaty implementation,” he said.

The wrangling over the Indo-Japan deal, which was hailed as a landmark agreement, casts a shadow similar to the controversy over the Indo-U.S. nuclear deal in January 2015.

At the time, despite Prime Minister Modi and President Obama announcing a breakthrough in negotiations on civil nuclear liability, U.S. companies refused to accept the Indian government’s assurances on limited liability, until months of discussions between the two sides convinced Westinghouse to go ahead with a plan for six nuclear reactors in Andhra Pradesh.

However, those reactors, and several others on the anvil, now await clearance of the deal with Japan that has run into rough weather over the legality of the additional text.

U.K., France back UNSC permanent seat for India

India’s bid for a permanent seat in a reformed U.N. Security Council has received a strong support from many U.N. member-states, including the U.K. and France.

More than 50 speakers shared their suggestions and concerns over reform of the 15-nation UNSC during a General Assembly session here last week.

Among the large number of nations supporting a permanent seat for India and other emerging powers like Brazil and Germany were two veto-wielding permanent members of the Council, the United Kingdom and France.

German Ambassador to the U.N. Harald Braun said the Council reform was an urgent matter.

India’s Ambassador to the U.N. Syed Akbaruddin lamented the “never-ending carousel of discussions” on UNSC reforms saying “it is time to break the impasse” to urgently reform the U.N. body that is “unresponsive” to the current global situation.

China insists on NPT for NSG entry

China obliquely criticised the India-Japan agreement on nuclear energy, pointing out that all countries were entitled to peaceful use of atomic energy so long as they followed “the international nuclear non-proliferation regime.”



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“With regard to the nuclear agreement signed between India and Japan..., we believe that under the promise of absorbing the international obligation of nuclear non-proliferation, all countries are entitled to the peaceful use of nuclear energy,” Chinese Foreign Ministry spokesman Geng Shuang said at his regular briefing. “At the same time, the relevant cooperation should be conducive to safeguarding the authority and effectiveness of the international nuclear non-proliferation regime.”

China maintains the Nuclear Non-Proliferation Treaty (NPT), which India has not signed, is essential to prevent the spread of atomic weapons.

In a separate statement, the Foreign Ministry commented on the November 11 meeting of the Nuclear Suppliers Group (NSG) in Vienna. The meeting, which discussed the two-step intergovernmental process to address the issue of non-NPT states’ participation, follows India’s bid to become a full member of the 48-nation NSG. China has so far opposed India’s membership, citing the need for common criteria for all non-members, including Pakistan.

The statement said the Vienna meeting was held to discuss the “technical, legal and political aspects of non-NPT states’ participation in the NSG,” in accordance with the mandate adopted in June during the grouping’s meeting in Seoul. The meeting was a maiden attempt since the NSG’s inception in 1975 to formally take up non-NPT states’ participation “in an open and transparent manner.” However, the statement reiterated China’s insistence on linking NSG membership to the NPT — a formulation that rules out India’s membership. “China maintains that any formula [for membership] worked out should be non-discriminatory and applicable to all non-NPT states; without prejudice to the core value of the NSG and the effectiveness, authority and integrity of the international non-proliferation regime with the NPT as its cornerstone; and without contradicting the customary international law in the field of non-proliferation.”

India has underscored that NPT membership is not essential for joining the NSG, as was the case with France. Highly placed sources said that at the talks with the Chinese, India insisted that the NSG was not a non-proliferation, but an “export control,” mechanism. Therefore, India’s NSG bid should be de-linked from the criterion of NPT membership.

‘Good beginning’

The Foreign Ministry said: “The meeting marks a good beginning of the two-step inter-governmental process launched by the Group.” It added that the first step for membership was the evolution of a “formula,” which

would be followed by a second step which would be “country-specific.”

“China supports the continuation of this open and transparent inter-governmental process, in accordance with the relevant rules of the Group, and to ensure a solid first step taken towards an early formula on the...issue so that the Group can proceed to the second step of taking up country-specific membership application by non-NPT states at an early date.”

India, Israel to scale up counter-terror cooperation

India and Israel agreed to intensify counter-terror efforts to deal with “constant” security threats posed by terrorism.

Welcoming visiting Israeli President Reuven Rivlin, Prime Minister Narendra Modi said that both sides would work to counter terrorism, radicalism and extremism even as they agreed to work together in areas such as agriculture and water resource management.

“Our people are constantly threatened by forces of terrorism and extremism. We recognise that terrorism is a global challenge, knows no boundaries,” Mr. Modi said. Mr Rivlin recollected the 26/11 attacks which claimed the lives of Israeli citizens.



“We recognise that terrorism is a global challenge, knows no boundaries and has extensive links with other forms of organised crime. We stand together defending our people.”

The declarations came even as both leaders referred to the twenty-fifth anniversary of formal diplomatic ties between two countries that have turned out to be “broad-based.”

Mr. Modi also thanked Israel for supporting India in multi-lateral diplomacy and said: “India is also grateful to Israel for its clear support to India’s permanent candidature in a reformed UN Security Council.”

Pacts signed



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Earlier, Mr. Rivlin received a ceremonial welcome at the forecourt of the Rashtrapati Bhavan and met President Pranab Mukherjee and Vice-President Hamid Ansari. Later, he held bilateral discussions with the Indian delegation at Hyderabad House. Both sides signed agreements to firm up cooperation on agriculture and water resource management.

Both sides agreed to take “practical and specific” measures such as cyber-security cooperation and agreed to expand defence ties. “I wish to say that, Israel is ready to make in India and make with India,” said Mr. Rivlin, highlighting possible manufacturing and production partnerships in the defence sector.

The Israeli President is accompanied by a delegation of representatives of the country’s defence sector, leading academics and technology solution providers. He is also scheduled to travel to Agra, Chandigarh, and Karnal to highlight the impact of technological solutions to improve water supply and agriculture scenario in India.

India, Bangladesh inspect disputed land in Tripura

A team from the Ministry of External Affairs (MEA) inspected the disputed Muhuri Char in south Tripura ahead of a bilateral dialogue at Dhaka to resolve an old impasse over the land. Joint Secretary in the MEA Sripriya Ranganathan also held a meeting with officials from Bangladesh at a camp of the Border Guards Bangladesh.

The 140-acre Muhuri Char, 150 km south of Agartala, is a piece of land that surfaced due to a change in the course of the Muhuri river. Nearly 90 per cent of the land in India’s control, but Bangladesh has been staking claim over it for a long time.

India is ‘non-committal’ on market economy tag for China

India is not inclined to automatically grant the coveted ‘Market Economy Status’ (MES) to China this December under World Trade Organisation (WTO) norms, highly placed official sources said.

Citing the provisions in the ‘Protocol on the accession of China to the WTO’ in 2001, Beijing has said WTO member countries must fulfil their promise to deem China a ‘market economy’ from December 2016.

However, granting MES to China will severely curb the ability of nations including India to impose anti-dumping duties on “unfairly priced” Chinese imports. The matter was discussed recently by the Ministries of Commerce &

External Affairs, with the Centre for WTO Studies (at the Indian Institute of Foreign Trade).

Of the 535 cases where anti-dumping duties were imposed by India during 1994 to 2014, a maximum of 134 has been on goods from China.

To refuse China the ‘MES’, India has taken sides with the U.S. and European Union in stating that unlike in ‘market economies’ where prices of items are market determined (based on demand & supply conditions), there is still a significant government influence in the Chinese market.

China subsidies

In this regard, they have referred to the Chinese government subsidies for various sectors, currency ‘manipulation’ and the related ‘price fixing’, ‘absence of transparency’ in lending rates and bad loans of banks as well as in minimum wages & property rights besides the ‘lack of proper business accounting standards – all of which in turn cause distortions in global trade, the sources said.

As of now, India is “non-committal” on according MES to China, the sources said, adding that “ultimately it will be a political call after considering the stance of other countries and India’s relations with China.

“The intention will be to ensure India’s manufacturing sector is not hit by unfairly priced Chinese goods.” The sources said decision to “wait-and-watch and to further study the matter” has been conveyed to the Permanent Mission of India to the WTO at its headquarters in Geneva.

There is a clause in the 2001 Protocol, according to which countries need to grant the MES only after China has established that it is a ‘market economy’ “under the national law of the importing WTO Member” — something that allows a country to contend that China might be able to establish itself as a market economy only in the case of some goods, and not all, sources said.

The sources said several nations that have a strong manufacturing base are concerned about according MES to China, while nations including in Africa and Latin America — dependant on Chinese investments to boost manufacturing — are inclined to grant Market Economy Status to China.

NSG membership for India seems unlikely this year

India’s hopes of a membership at the Nuclear Suppliers Group this year were virtually dashed after the NSG meeting in Vienna ended inconclusively, even as experts said the process would continue in 2017. India and the U.S. had been keen to make progress on the applica-



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tion before the end of President Barack Obama's tenure, and senior State Department officials had expressed optimism that it would be done by "year-end."

According to diplomatic sources, the meeting of the NSG Consultative group in Vienna on November 11 ended much like the Seoul plenary in June this year without making headway on India's application for membership. However, China's push for a two-step process, to first identify the criteria for non-signatories to the Non Proliferation Treaty (NPT) as both India and Pakistan are, was considered by the 48-nation group.

Pakistan's Ministry of Foreign Affairs spokesperson Nafees Zakaria claimed the outcome was in line with its position, indicating that the decision had gone against India's wishes. "At the November 11 meeting of the NSG, majority of the members supported a two-step process involving i) agreement on objective and non-discriminatory criteria and ii) consideration of applications membership for non-NPT states, the position that resonated Pakistan's stance on the issue, vis-à-vis some of member countries' desire to the contrary," he said.

The Ministry of External Affairs declined to comment on the workings of the "closed-door" meeting of the NSG, which works by quiet consensus. However, an official said India would prefer to wait until "more details were known" while adding that it was impossible to comment on Pakistan's statement as it "was not in the room" during the meeting.

India's hopes of a membership had been raised after the Seoul meeting in June over the NSG chair's decision to mandate Argentine diplomat Rafael Grossi with working on a consensus amongst members on India's application. However, the "Grossi process" as it was called faltered after China refused to recognise it.

India, which has repeatedly called China the "one country" blocking its ambitions, then, softened its stand, conducting two rounds of talks between China's nuclear negotiator Wang Qun and India's Joint Secretary for Disarmament Amandeep Singh Gill on September 13 and October 31. However, China is yet to yield on India's appeal to treat it as a special case on the basis of its unblemished nuclear record and adherence to all nuclear safeguards.

China's stance

In a statement on November 15, China's Foreign Ministry said that "any formula [for membership] worked out should be non-discriminatory and applicable to all non-NPT states; without prejudice to core value of the NSG," indicating its position had not changed.

'India-U.S. clean energy cooperation will go on'

The change in the United States administration will not have any impact on India-U.S. cooperation in the field of renewable energy, a high-ranking official in the Obama administration has said.

Amos J. Hochstein, Special Envoy, Bureau of Energy Resources at the Department of State, said coal is being discarded by power manufacturers not because of government regulations but due to the changes in technology. President-elect Donald Trump has promised to revive coal mining in the U.S. and leave the Paris climate agreement. "Very little will change. Coal is not coming back in the U.S. regardless of what Republicans say," Mr. Hochstein said.

"Coal will remain a major part of India's energy mix, which is true when Obama is President, which will be true when Donald Trump will be President. But it was not President Obama who set the target of 175 GW of renewable energy for India, it was PM Modi. I don't see that changing," he said.

"People are not using coal not only because they are concerned about climate change, but also because of the same reason why they don't use VCRs any longer," he said, speaking at the launch of the Centre for Strategic and International Studies-led U.S.-India State and Urban Initiative that aims at coordinating interactions between the two countries.

"There is tremendous demand but no natural way of accessing them. Because there is not one India, there are many States and other regional factors. Conversely, there is not one U.S. There is such a diversity of experience; of models....India- U.S. relations will have to move beyond government to government. India-U.S. relations are global, but it should also be local," said Nisha Biswal, Assistant Secretary, South and Central Asian Affairs, who spoke at the event.

Post G-20, China sees India as partner to boost global economy

Taking cue from the G-20 summit in Hangzhou, China is advocating greater participation of the Global South and the emerging countries in the world economy, including closer ties between Beijing and New Delhi.

At a major brainstorming exercise marshalled by the Communist Party of China (CPC), several speakers recognised that western economies were avoiding structural reforms, which were necessary to revive an anaemic



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global economy.

The two-day intensive exercise in Chongqing, a booming city on banks of the Yangtze river, included invitees from major national and international think-tanks, as well as political parties across a wide cross-section of the globe. Two separate sessions focussed on Africa and countries along the Mekong River, signalling China's intent to include the Global South in its blueprint to lift the global economy.

Many participants proposed a pervasive economic engagement between China and India to help bring about a global turnaround.

"If you look at the economic perspective, China and India are complementary to each other. There is immense scope to enhance cooperation," observed Lin Yifu, former Vice-President of the World Bank.

Quick revival unlikely

Aware of the headwinds, Mr. Lin was bearish about a quick revival of major western economies, citing their fear of structural reforms. "I am more on the pessimistic side. It is very hard for the major economies to carry out the necessary structural reforms because it means short-term constrictions, slowdown in the economy and increase in unemployment," said the former multilateral banker.

Amar Bhattacharya, a senior fellow with the Brookings Institution also concurred. He told The Hindu that once the no-go areas were clarified, there was immense scope for scaling up the India-China economic partnership.

"Please do not forget the big picture that by 2050 they [China] will be the first and we [India] will be the second largest economies in the world, with very complementary type of demographic and supply chain structures," he said.

However, Dr. Bhattacharya stressed that India should insist on a long-haul relationship with China, focussed on joint ventures, allowing India's "smart engineers" to absorb advanced technology.

"The biggest thing India can learn from China is in the arena of infrastructure. They [the Chinese] are a powerhouse of infrastructure," he said, adding that construction and high-speed railways should become flagships for tie-ups in the infra sector.

"These are two countries to learn from in the construction industry — Turkey and China. South Korea has already moved to a higher league," he said.

The U.S.-based academic highlighted that collaboration in high-speed railways was promising as it would not be hampered by the availability of land — a chronic problem confronting foreign investors seeking avenues in India's

manufacturing sector.

Dr. Bhattacharya also said that India should build solid economic foundations with China, which, he said, would reinforce strong mutual interest. "That would also help us manage our differences. Pakistan as a factor in Sino-Indian ties would gradually recede to the background".

Integrated supply chain

Gopal Krishna Agarwal, a BJP national executive member, praised the integrated supply chain China had established, based on seamless connectivity. "China has integrated its highways railways, metros and airways. The resulting fast supply chain is China's strength from which we can learn," he observed.

Other participants, including Liu Yunshan, a member of the powerful Politburo of CPC Standing Committee, said geo-political and related factors were also dragging down the global economy. He cited the "refugee crisis, climate change and terrorism" as some of the factors undermining growth.

Consequently, the Chongqing conclave called for re-defining the rules of economic governance, which, should equally focus on non-economic factors hampering revival. "Usually, when we say global governance, we refer to global economic governance, which is also the focus of this dialogue. I believe, however, effective global governance can't be founded on economics alone," said Song Tao, head of the International Department of the CPC.

He said the international system must now aim at "comprehensive governance" that focussed on "cooperative and sustainable security" that would yield lasting political stability.

India, China reiterate call to maintain border peace

The Chief of Army Staff, General Dalbir Singh, who is on a visit to China, and top Chinese military officials have reiterated their call to maintain peace and tranquillity along the India-China border, and to keep up the momentum of high-level military exchanges between the two countries. General Singh called on General Xu Qiliang, Vice-Chairman of the powerful Central Military Commission (CMC). General Singh had been earlier welcomed by General Li Zuocheng, Commander PLA Army, with a Guard of Honour.

"During the call-on, both of them reiterated their desire to keep up the momentum of defence exchanges and the need to keep the borders tranquil and peaceful," said a press statement from the Indian embassy in Beijing.

During talks with Gen. Li, both sides welcomed the ongo-



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ing sixth India-China Joint Training Exercise 'Hand-in-Hand' 2016, in India. They also agreed to further expand defence exchanges between the two armies.

China has revamped the CMC on the watch of President Xi Jinping, who also heads the organisation. Fan Changlong, who had invited Gen. Singh and Gen. Xu are Vice Chairmen of the CMC.

Military reforms

China's military reforms have also included formation of combat-focused theatre commands, capable of projecting force over longer distances, using integrated assets on land, sea, air and space.

General Singh, and four senior army officers accompanying him, will also visit Xian and Nanjing, where an interaction with General Liu Yuejun, Commander of the Eastern Theatre Command is planned. He will also visit other key military installations.

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Science, Tech. and Environment

Breakthrough in orange fish seed production

The orange spotted grouper fish (*Epinephelus coioides*) has the potential to emerge as an alternative to Vannamei, an exotic whiteleg shrimp, as a major breakthrough has been made by scientists at the Central Marine Fisheries Research Institute (CMFRI) here in mass production of the seed of the fish.

The orange spotted grouper fish has high demand in India and the export markets of Middle East and South East Asia. It grows from one kg to 10 kg. It is now sold at Rs.500 per kg in India and Rs.1,500 in overseas market. The fish lives in rocky areas due to which its number has been fast dwindling. The fish is in demand for its yummy taste and fatty and amino acids. The orange spotted grouper is a commercially important carnivorous fish. The CMFRI's Visakhapatnam Regional Centre was able to achieve high survival rate.

Manufacturing PMI at 22-month high

India's factory activity rose for the tenth consecutive month to a 22-month high in October bolstered by a sharp increase in new orders, purchasing activity and output, a private sector survey showed.

The Manufacturing Purchasing Managers' Index, compiled by Nikkei and Markit, reported a value of 54.4 in October, up from 52.1 in September. A value of more than 50 shows expansion, while one below 50 implies contraction.

"Rising from 52.1 in September to 54.4, the latest reading was indicative of a robust improvement in manufacturing business conditions that was in line with the long-run series average," the index report said.

"The amount of new work received by manufacturers grew markedly during October, with anecdotal evidence linking the latest rise to improved underlying demand," according to the report. "In fact, the rate of expansion

was at a 22-month high."

Consumer goods producers outperformed their intermediate and investment goods counterparts, registering stronger rates of expansion for both output and new orders.

"The breadth of the upturn in manufacturing should assist in its sustainability," Pollyanna De Lima, economist at Markit and author of the report said. "Although the consumer goods sector again outperformed its intermediate and investment goods peers, all three sectors reported strong and accelerated growth in October. The domestic market was the prime source of new business gains."

Researchers aim to scoop out marine oil spills

Recovering marine oil spills may soon become simple, efficient and cost-effective, thanks to a compound (gelator) developed by researchers at the Indian Institute of Science Education and Research (IISER) Thiruvananthapuram.

A team led by Dr. Kana M. Sureshan from the School of Chemistry used glucose as a starting material and through several chemical reactions produced compounds (gelators) that selectively congeal oil, including crude oil, from an oil-water mixture.

Unlike other alternatives, the gelators, which are in a powder form, can be easily applied over oil-water mixture and do not cause any environmental damage.

The results based on laboratory studies were published recently in the journal *Angewandte Chemie*.

"Unlike current methods, our gelator can recover oil from oil-water mixture and the gelator can be reused several times," says Dr. Sureshan. "But in the case of crude oil, the gelator can't be recycled. So our aim is to make the gelator cheaper and more efficient."

The gelator molecule is partly hydrophobic and partly hydrophilic.

While the hydrophilic part helps in self-assembling to form gelator fibres, the hydrophobic part is responsible for its diffusion into the oil layer.

Since the outer part of the fibre is hydrophobic, oil tends to get into the spongy network made of fibres.

Strong gel

Once inside the fibre network, oil loses fluidity and becomes a gel. As the self-assembly is strong, the gel maintains its structure and rigidity even under pressure. When the researchers applied the compound on a benzene-water mixture and diesel-water mixture, it was able to congeal all the benzene and diesel within a short span



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of time.

“The gel was strong enough to be scooped with a spatula,” says Dr. Sureshan. In the case of crude oil, it took a longer time for the compound to form a gel that was strong enough to be scooped off.

“The crude oil is a mixture of several low- and high-boiling and polar and non-polar fractions. So the efficiency to form a gel is less in the case of crude oil,” he explains

Lupin gets nod from USFDA for birth control pill

Drug firm Lupin has received final approval from the U.S. health regulator for marketing Norgestimate and Ethinyl Estradiol tablets, used for prevention of pregnancy, in the U.S. market. “The company has received final approval from the United States Food and Drug Administration (USFDA) to market its Norgestimate and Ethinyl Estradiol tablets USP, 0.25 mg/0.035 mg,” Lupin said in a filing to the BSE. The company’s product is a generic version of Janssen Pharmaceuticals Inc’s Ortho-Cyclen 28 tablets, it added. “The approved product will be manufactured at Lupin’s Pithampur facility,” a statement said. Ortho-Cyclen tablets had U.S. sales of \$178.2 million as per IMS MAT June 2016 data, it added.

NASA builds telescope 100 times more powerful than Hubble

Engineers have finished assembling the telescope that will succeed Hubble.

The huge new observatory known as James Webb is on track to be launched in exactly two years from now.

It will go into space on a European Ariane rocket from French Guiana, but before that is possible the delicate hardware must be tested to ensure it will survive the ride. This work will begin in the coming weeks at the US space agency’s Goddard space centre in Maryland.

“We have to shake it as it will be shaken by the rocket,” explained senior project scientist John Mather.

“Number two: we have to put loud noises on it, as it will feel the loud noises on launch —150 decibels or something.

“From here we go down to [the Johnson space centre in Texas] and prove that it focuses. That was the number one challenge: how do you know it will focus in space, especially after we learned that Hubble was not quite in focus when we launched? “We’ve learned how to do that.” The James Webb Space Telescope (JWST) is a cooperative venture between NASA and its European and

Canadian counterparts. When the contributions from all the parties are included, the value of this next-generation science facility is close to \$10bn.

Webb will carry technologies capable of detecting the light from the first stars to shine in the Universe. It will also reveal in unprecedented detail the chemistry and behaviour of planets far beyond our Solar System.



Main mirror complete

To help achieve this, it is fitted with a mirror that has a diameter of 6.5m — roughly seven times the light-collecting area of Hubble’s main mirror. This reflector is so big in fact that it must be capable of folding. Only by turning the edges inwards will the beryllium/gold segments fit inside the enclosure atop the Ariane.

After years of development, the past 12 months have finally seen the telescope take on a recognisable form.

“We’re on schedule and on cost,” said Nasa Administrator Charles Bolden. Only the optical parts of the observatory — its mirrors and instruments — are finished.

Mcr-1 isolated in India, a further chapter in antibiotic resistance

Indian researchers have isolated a strain of E.Coli bacteria, carrying a new gene (mcr -1), described previously as ‘truly pan-drug resistant’. It is resistant to the last mile antibiotic the human race currently has access to — colistin. While colistin resistance had already been detected in India, it existed thus far only as mutations in the chromosomal/genetic path. Now, mutations do not spread from patient to patient. With mcr-1, however, the gene is found in the plasmid medium, a small DNA molecule outside of the chromosomal DNA, meaning the infection can spread in hospitals, and the community.

In a letter published in the Clinical Infectious Diseases, in the Oxford Journals group, the authors Mohit Kumar (of Shiv Astha Hospital, Haryana) et al , note: “The emergence of plasmid-mediated colistin resistance heralds the breach of the last group of antibiotics, polymyxins.”



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“This is an important turning point in the country. While we have already recorded colistin resistance, mcr-1 is an entirely different story altogether. It is not self limiting, and can spread in the community,” says Abdul Ghafur, Coordinator, and Chennai Declaration, which attempted to set a road map to tackle antimicrobial resistance in the country.

NDM1 superbug

To explain further the implications, Dr. Ghafur draws a parallel with the NDM1 superbug that was identified in an article in the Lancet in 2010. “At that point, it was estimated to be present between two and three per cent in the bacterial population. Now it has grown exponentially.” KarthikeyanKumaraswamy, the researcher whose publication on NDM1 unleashed a virtual storm in the health sector, agrees with Dr. Ghafur about the growth of the NDM1: “We identified the NDM1 from a sewage sample, but today we are seeing so many patients presenting with NDM1 literally on a daily basis.” However, he adds that no plasmid-mediated colistin resistance has emerged in his research as yet. Mcr-1 has already been reported in half a dozen countries, and the indications are the same as colistin resistance, as is the treatment protocol.

“The thing is we must realise that clinical practice depends on colistin. The next antibiotic will probably be ready in a couple of years, and that is of concern to us,” he adds.

V. Ramasubramaniam, consultant, Infectious Diseases, Apollo Hospitals, takes a pragmatic approach. “Whenever an antibiotic is used/overused/ misused, resistance develops. A mix of bacteria enters the sewage, contaminates drinking water and enters the gut of a healthy individual, making him/her resistant to those bugs. This resistance moves from one level to another. Mcr-1 is therefore, inevitable.”

Monitoring use

While time and money have been put into the discovery of new compounds and antibiotics, it is also important to keenly regulate and monitor the way antibiotics are currently used. The key, he says, is to ensure the proper use of antibiotics on patients, monitor the level of antibiotics used in humans and in poultry and fish, ensuring hygiene and sanitation and clean drinking water, and regulating the disposal of antibiotics-stained substances.

‘Zebrafish offers hope for spinal cord repair’

The Zebrafish, which can completely regenerate its sev-

ered spinal cord, might hold promise for research into tissue repair in humans, researchers said.

Scientists are looking at one protein in particular that is key to this accomplishment in the fish, the researchers said.

“This is one of nature’s most remarkable feats of regeneration,” said the study’s senior investigator Kenneth Poss, a professor of cell biology at Duke University.

“Given the limited number of successful therapies available today for repairing lost tissues, we need to look to animals like zebrafish for new clues about how to stimulate regeneration,” said Prof. Poss, whose study was published in the journal Science.

When the severed spinal cord of the zebrafish undergoes regeneration, a bridge forms.

Nerve cells follow and within eight weeks new nerve tissue has plugged the gap, allowing the fish to reverse their paralysis completely, the Poss team reported.

To figure out what is going on, scientists searched for all of the genes whose activity abruptly changed after spinal cord injury. Seven of these were found to code for proteins secreted from cells.

One of these proteins, called CTGF — connective tissue growth factor — was intriguing because its levels rose in supporting cells that formed the bridge in the first two weeks following injury.

When the protein was deleted genetically, those fish failed to regenerate.

People and zebrafish share many genes, and human CTGF protein is nearly 90 percent similar in its amino acid components to that of zebra fish.

Inserting human CTGF into the injury site in fish helped the regeneration process. “The fish go from paralysed to swimming in the tank. The effect of the protein is striking,” said MayssaMokalled, a postdoctoral fellow in Prof. Poss’s group.

But CTGF alone is probably not enough for people to regenerate their spinal cords, the team said. The process is more complex in mammals, in part because scar tissue forms around an injury.

NASA’s MMS breaks Guinness record

NASA’s Magnetospheric Multiscale mission (MMS) has set the Guinness world record for highest altitude fix of a GPS signal at 70,000 kilometres above the surface of the Earth. Operating in a highly elliptical orbit around Earth, the four MMS spacecraft incorporate Global Positioning System (GPS) measurements into their precise tracking systems, which require extremely sensitive position and



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orbit calculations to guide tight flying formations. Earlier this year, MMS achieved the closest flying separation of a multi-spacecraft formation with only 7.2 km between the four satellites. When the satellites are closest to Earth, they move at up to 35,405 km per hour, making them the fastest known operational use of a GPS receiver. Still in the first year of its prime mission, MMS is giving scientists new insight into Earth's magnetosphere. The mission uses four individual satellites that fly in a pyramid formation to map magnetic reconnection - a process that occurs as the sun and Earth's magnetic fields interact.

Two new planets seen

Brazilian astronomers have discovered two new planets around a star similar to the sun known as HIP 68468. The two new planets, dubbed "super Neptune" and "super Earth", are the first to be discovered by Brazilian astronomers since the discovery in 2015 of a planet similar to Jupiter, according to Brazil's G1 news website. Astronomer Jorge Melendez, of the Institute of Astronomy, Geophysics and Atmospheric Sciences, University of Sao Paulo, and head researcher, said that one of their objectives was to compare the solar system with other planetary systems, Xinhua news agency reported. The planetary environment around HIP 68468 is quite different from the system that includes Earth, he said. While the mass of the newly discovered planets was similar to that of Earth's and Neptune's, the planets rotate very close to their star, which suggests they may have migrated from a more exterior to a more interior region of their planetary system. Super Earth, or HIP 68468b, has a mass that is three times larger than Earth's, and its orbit is barely 3 percent of the distance from Earth to the Sun.

'Blindly trying to protect something does not help the ecosystem'

Mridula Srinivasan is a marine biologist, presently, she is chief of Protected Species Science Branch at National Oceanic and Atmospheric Association, USA. At NOAA, she advocates for and provides scientific advice on issues related to protected species such as dolphins, whales, corals, sea turtles and sea birds. In this interview, she speaks of the importance of the scientific approach in conserving marine mammals such as dolphins and how it may be implemented in India. Since your PhD in 2009, you have studied marine mammals in detail. What are the most significant aspects of

your study?
I am interested in predator-prey interaction... and how climate variability affects dolphin distribution and demographics.
Also, my colleague in the US is leading the effort to develop suction-cup non-invasive tags to track dolphins. We have done a few trials in New Zealand on dusky dolphins. It's very promising but there is a long way to go. The state of the science is that we are unable to non-invasively track dolphins.
We do agree that preservation of marine mammals is important, but at which point does the science come in and how?

Ultimately animal conservation is about managing people; as for the animals, you cannot really manage them, only their habitats. There are various tradeoffs. So, conservation is a challenge. But to get to that point where you start talking about conservation, you still need to do the science. You need to know where your animals are, how many of them and what impacts them, isolate the most critical threats against the smaller ones. The science is in trying to understand the animal's environment, behaviour, biology. If you don't know that, it's very difficult to propose solutions. So you need to know the biology of how these animals behave. Once you know the baseline, how they react to impacts, then you can propose mitigative solutions.

You have specialised in behavioural ecology and studied the dusky dolphin and its preservation. What has been the takeaway, in terms of conserving marine life?

Conservation is really about economics. If there is some development that needs to happen, conservation is the first thing that's compromised. This is true all over the world. But in the US, at least there is still the science-based conservation. You have to enforce the rules and regulations, but you have to be practical about them.

In India and other countries where you're trying to develop things, make sure standard of living is uplifted, conservation takes a back seat.

When you seek to preserve a species, or a habitat, or solve a problem – are you getting all the information you need to do this? I think that's lacking in India at the moment.

Are you working with organisations in India on conservation efforts? You speak of the importance of handling stranding animals, would you explain this?

We are trying [to work in India]. We do work with some of the organisations at ministry level.

We are seeing if we can help support a national structure



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for stranding response. It is important having some best practices, because you want everyone following consistent guidelines. It goes back to this point: When you see an animal on the beach – dead or alive – and you collect some data and push it back, you are just taking care of the immediate problem. What you are not addressing is why that animal is on the beach in the first place... This has an impact – it is an indicator of ocean health. Often-times, you may not know what the cause of death is, but you get some clues, and you want to collect as much data from the animal as possible... Data is just the step to asking more questions. It is important to put together a picture about the animal and then talk about conservation.

If you try to protect something blindly, then you are not helping the animal, the habitat or the ecosystem. You have to make sure the right people are on the table, getting the data, processing and publishing the data.

New material may help reduce paper waste

Scientists have developed a low-cost, environmentally friendly way to create printed materials with rewritable paper that can considerably reduce paper wastage. Researchers Ting Wang, Dairong Chen and colleagues from Shandong University in China made the new material out of tungsten oxide and a common polymer used in medicines and food.

Even in the present digital age, the world still relies on paper and ink, most of which ends up in landfills or recycling centres.

The researchers created a film by mixing low-toxicity tungsten oxide with polyvinyl pyrrolidone.

To “print” on it, they exposed the material to ultraviolet light for 30 seconds or more, and it changed from white to a deep blue.

To make pictures or words, a stencil can be used so that only the exposed parts turn blue. To erase them, the material can simply sit in ambient conditions for a day or two. To speed up the erasing, the researchers added heat to make the colour disappear in 30 minutes. The study was published in the journal ACS Applied Materials & Interfaces.

Tobacco farmers up in arms as COP7 meet kicks off

Tobacco farmers from various States staged a protest at

a World Health Organisation global conference venue in Greater Noida. They were opposing the ‘undemocratic way’ of framing anti-tobacco policies.

India is hosting the Seventh Session of the Conference of Parties (COP7) of the WHO Framework Convention on Tobacco Control (FCTC).

The conference, which began, is being attended by countries that are signatories to the FCTC, NGOs and anti-tobacco activists who will deliberate on tobacco control policies and regulations that countries should adopt.

‘The hidden agenda’

B.V. Javare Gowda, president, Federation of All India Farmer Associations (FAIFA), said, “We pledge to fight against the non-transparent machinery of WHO FCTC. We appeal to the policymakers to probe the hidden agenda of global organisations that, under the garb of development and welfare, are silently working towards destroying local markets and livelihoods in developing economies, which is against their own guiding principles.” Farmer leaders said ad hoc decisions on tobacco control in WHO FCTC meetings would affect the livelihood of millions of tobacco farmers and farm labourers involved in tobacco cultivation.

Appeal to PM

MuraliBabu, FAIFA general secretary, said, “We appeal to the PM to recognise the hardships that confront crores of Indian farmers as global representatives... destroy our future. Tobacco control measures need to be more inclusive and should not be decided only by... officials and activists.”

NGT for Central, State panels to monitor pollution

In an attempt to tackle pollution in the national Capital, the National Green Tribunal (NGT) has asked the Uttar Pradesh, Punjab, Haryana and Rajasthan governments to consider banning 10-year-old diesel vehicles.

The green court has also directed the setting-up of centralised and State level monitoring committees to prepare action plans to combat pollution. A Bench, headed by NGT chairperson Justice Swatanter Kumar, said every State committee, at its first meeting, should notify one district where land use of agriculture is high and make it a model district for implementing orders to stop stubble burning.

“When air pollution reaches alarming or severe levels, immediate steps are required to be taken as environmental emergency. According to experts, when PM 10 and



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PM 2.5 are above 431 and 251 micrograms per cubic metre respectively then it is a situation of severe emergency," the Bench said.

In such a case, the tribunal said, helicopters should be used to sprinkle water in Delhi-NCR, especially in areas where pollution levels are in excess of the prescribed limits.

Earlier the court had come down heavily on States for not acting against farmers burning farm residues. The NGT had asked neighbouring States, particularly Punjab, to consider withdrawal of incentives - including free power - to farmers burning crops waste.



The court explained that in case of such an emergency, States should immediately provide Happy Seeders or other such machines to farmers to help them remove agriculture residue.

INS Vikramaditya completes its first dry-dock refit in Kochi

The aircraft carrier, INS Vikramaditya, has successfully completed its first routine maintenance, a 43-day short refit, at the Cochin Shipyard.

It is at a high level of operational competence and preparedness, according to the ship's Commanding Officer Captain Krishna Swaminathan.

The maiden dry-docking of the vessel after its induction into the Navy in November 2013, had put to rest apprehensions about the feasibility of carrying out its first cycle of underwater maintenance within India, he told the media on board INS Vikramaditya.

The ship arrived in Kochi in early September, and was dry-docked at the Cochin Shipyard on September 23. INS Vikramaditya was docked after the undocking of the soon-to-be-retired aircraft carrier INS Viraat.

"After the first cycle of preventive maintenance, which involved a thorough inspection of the carrier's underwater package, was over, the vessel was undocked on November 5. Vikramaditya, a steamship, has a large number of pipes and underwater openings. The hull plates that are

in contact with the corrosive medium of seawater – all got inspected," said Capt. Swaminathan.

The vessel added a great national capability, enhancing the image of the Navy.

Capt. Swaminathan said there were initial apprehensions about dry-docking the vessel in Kochi as there were technical challenges posed by the depth of the channel, which was eventually dredged to a desired level, and the length of the carrier overshoot the yard's dry-dock. "We had to do a lot of calculations and the Cochin Shipyard has done a good job."

Centre unveils steps to boost cyber security

The Centre announced a slew of measures, including one that requires all organisations having a significant IT infrastructure to appoint cyber security officers, in an attempt to strengthen cybersecurity in India.

The Minister for Electronics and IT Ravi Shankar Prasad, speaking at the Economic Editors' conference here, also said that efforts are being made to strengthen CERT-In, the governments' cybersecurity arm.

"CERT-In is being strengthened. The ministry has approved 26 new posts," he said.

"State Certs are being planned by Maharashtra, Tamil Nadu, Telangana, Kerala and Jharkhand. Also, three sectoral Certs in power sector — generation, transmission and distribution, have been set up, in addition to the banking one."



India still losing fight against child pneumonia, diarrhoea epidemics

It is World Pneumonia Day 2016, and India stands pretty much where it stood last year — right on top of the charts with a total of 2,96,279 deaths from pneumonia and diarrhoea, the tally being just short of last year's figure of 2,97,114 deaths, and the nation desperately needs to reduce those numbers.



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The Pneumonia and Diarrhoea Progress Report published annually by the International Vaccine Access Center (IVAC) at the Johns Hopkins Bloomberg School of Public Health, puts India at the top of the list of 15 nations, as it did last year, and the years before.

The report, however, does indicate some consolation can be found in the fact that India is among the 12 nations that have improved their Global Action Plan for the Prevention and Control of Pneumonia and Diarrhoea (GAPD) score this year.

The report says: "The rate of all-cause mortality in this age group has been cut by more than half worldwide since 1990, from 91 deaths per 1,000 live births to 43 in 2015. Although this is an enormous achievement, pneumonia and diarrhoea's contribution to under-5 deaths remains stubbornly high.

In 2015, these two diseases together were responsible for nearly one of every four deaths that occurred in children under five."

Nearly 15 years after the introduction of the pneumococcal conjugate vaccines in 2000, five countries among those with the highest pneumonia burden — India, Indonesia, Chad, China and Somalia — are still not using the vaccine in their routine immunisation programmes, the report noted.

Partial introduction

India recently announced a partial introduction of the vaccine in five states (Bihar, Uttar Pradesh, Rajasthan and Madhya Pradesh and Himachal Pradesh) from 2017.

Union Health Minister J.P. Nadda, speaking earlier this week, said: "Adding life-saving vaccines such as PCV (pneumococcal conjugate) and rotavirus to our immunisation programme will not only improve the health of our children but will also reduce hospitalisation and other conditions associated with diarrhoea and pneumonia, such as malnutrition and delayed physical and mental development among children."

India introduced rotavirus vaccines in four States in 2015. In addition to thinking of vaccines, the report points out other simple proven interventions in order to prevent these deaths, including antibiotics, exclusive breastfeeding, and access to treatment and care.

Also urging nations to go beyond business as usual, it chronicles innovations that help speed up the process and better chase the goal of cutting down the number of preventable child deaths.

Tiger reserve to be hit

The key components are the Makodia and the Dhaudhan dams, the latter expected to be 77 metres high, which will submerge 5,803 hectares of tiger habitat in the tiger reserve.

Chhatarpur, Panna, Tikamgarh, Raisen, and Vidisha districts of Madhya Pradesh and Mahoba, Jhansi and Banda districts of Uttar Pradesh will benefit from irrigation, domestic and industrial water supply and power generation, says a project report of the Water Ministry. On the other hand, 6,388 people will be affected as water from the Daudhan reservoir will submerge 10 villages and 13,499 in 28 villages will be affected by submergence caused by the Makodia reservoir.

Seventeen lakh residents of nearby towns and villages in both States will benefit from improved drinking water supply and irrigation, the report added.

New light on dark matter

Dark matter is as mysterious as it sounds – very little is known about it, save that it makes up about 85 per cent of all the matter in the universe. Now, German and Hungarian scientists have thrown some light on a type of dark matter particle that has been postulated, known as the axion. They have established that axions can have a mass between 50 and 1500 micro electron volts, making them some ten billion times lighter than the electron. This computation has been published in the journal Nature. An interesting fact is that these calculations were done numerically using a (Bluegen/Q) super computer, JuQueen, housed in the Julich Supercomputer Centre in Germany. Dark matter is so known because it interacts weakly with matter and so is notoriously difficult to detect. Yet, indirect proof of its existence comes from observation of rapidly rotating galaxies, which cannot be held together merely by the gravitational pull of the matter they contain – there has to be a lot of invisible stuff known as "dark matter" to prevent them from flying apart with the force of their own energies. Such inferences imply that nearly 85 per cent of the universe is made of dark matter; the known matter only contributes 15 per cent.

Several candidate particles have been postulated that may constitute dark matter – both highly massive and lightweight – but none of the experiments have detected any such particle so far, directly. Axions are particles proposed by extending quantum chromodynamics (QCD) the theory that describes "strong interactions," the way quarks and gluons bond to form matter particles such as protons, neutrons etc. Though they have been proposed and there are experiments to study them (for instance, the Axion Dark Matter Experiment, ADMX), there has been no real handle on these until now. The present work sets a mass bound on the axions, between 50 and 1500 micro electron volts, as mentioned earlier. This would require that there exist ten million such particles for every



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cubic centimetre of the universe. Also, because dark matter is not evenly spread out, but occurs in clumps, there should be nearly a trillion axions per cubic centimetre in the Milky Way – our galaxy.

Knowing the expected mass range of the axion not only gives a better understanding of the particle itself, but also can serve as a guideline for doing experiments. Instead of firing in the dark, ADMX, for instance, now has a definite range to study keenly.

Paving the way to backpack-sized gravimetry

A high degree of precision in measuring gravity comes in useful in many contexts — from minute measurements of plate tectonics and seismology to searching for minerals underground. Gravimeters, which are used for this purpose, are often bulky.

Now, scientists from Germany, Canada and the U.S. have demonstrated an atom-chip, quantum device which paves the way to developing gravimeters that can fit into a backpack.

Also, the newly proposed device would improve by a factor of ten the accuracy of measurement attributed to currently available gravimeters.

The research has been reported recently in Physical Review Letters.

The device uses a cloud of ultracold atoms which are trapped in a centimetre-size chip using lasers and magnets.

This cloud of atoms is allowed to fall and, using lasers, is split into two and routed through different paths. When the two parts recombine, the interference pattern gives a measure of the gravitational field on them.

Using atomic interferometry to measure gravity is not new and has been around for a while. In this method, atoms are cooled to a temperature near absolute zero when their quantum nature is dominant.

They are then made to traverse different paths using lasers, and the interference pattern is observed. Measurements using this process can be made more precise if the atoms are first squeezed together to form a so-called Bose-Einstein condensate.

Bose Einstein condensate

This is a state of matter where all the atoms of the substance occupy the same quantum level – in other words, they coalesce into a blob and can be described by a single wave function.

Using a Bose-Einstein Condensate (BEC) instead of independent atoms contributes to the aim of miniaturisa-

tion – the BEC has a diameter which is about a hundred times smaller than a non-BEC atom cloud.

The BEC atoms are trapped near the surface of a chip using atom-chip technology.

Using lasers and magnetic fields, about 10,000 atoms are compressed to form the condensate, within about 15 seconds, which lies just below the surface of the centimetre-sized chip.

The laser is then made to “kick” the BEC and it connects with a fifty per cent probability. This results in the cloud being split, and a part of it is kicked and shoots up while the other falls without feeling the kick. The two pieces are made to follow slightly different paths, with the part that was kicked having followed a longer path.

When they eventually meet and interfere, they give a measure of the gravitational field. The researchers suggest that further miniaturisation should be possible with some modifications and that this demonstration will pave the way for small high-precision backpack-sized gravimeters to help in geodetic earth observation and exploration.

What is Frankenfixation?

Frankenfixation refers to the use of genetic modification to fix carbon dioxide into the soil. It derives from term popularised by critics of genetically modified foods, ‘Frankenfoods’. The U.S. Department of Energy’s Joint Genome Institute recently oversaw an effort to piece together an artificial metabolism from the bits and pieces of biosynthetic pathways that were once scattered across the three kingdoms of life.

What they found was a novel pathway based on a new CO₂-fixing enzyme that is nearly 20 times faster than the most prevalent enzyme in nature responsible for capturing CO₂ in plants by using sunlight as energy. Were such pathways to be perfected, new species of plants, trees or entirely new organisms, could be grown that are specifically designed to take in carbon dioxide from the atmosphere and hold off the looming crisis of rising global temperatures.

The thrill of saving India from cybercrime

Saket Modi loves long flights. The 26-year-old hacker likes to do most of his reasoning while criss-crossing the world. It was on one such flight from the United States to India that the co-founder of cybersecurity start-up Lucideus Tech read about India’s largest data security breaches. While surfing the in-flight Internet he came to know that the security of about 3.2 million debit cards had been compromised.

“I was not surprised but I started thinking about how it



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would have happened. What was the 'exploit' used, how long was it there," said Mr. Modi. Soon after reaching New Delhi, he received multiple requests from several banks and organisations to protect them from the hacking incident, which is just one of the thousands of cyber-crimes that the country is facing.

In India, there has been a surge of approximately 350 per cent of cybercrime cases registered under the Information Technology (IT) Act, 2000 from the year of 2011 to 2014, according to a joint study by The Associated Chambers of Commerce and Industry of India and consulting firm PricewaterhouseCoopers. The Indian Computer Emergency Response Team (CERT-In) has also reported a surge in the number of incidents handled by it, with close to 50,000 security incidents in 2015, noted the ASSOCHAM-PwC joint study.

Ethical hackers

Mr. Modi is among a new breed of ethical hackers-turned-entrepreneurs who are betting big on this opportunity. An ethical hacker is a computer expert who hacks into a computer network on the behalf of its owner in order to test or evaluate its security, rather than with malicious or criminal intent.

"You cannot live in a world where you think that you can't be hacked. It doesn't matter who you are," said Mr. Modi who cofounded Lucideus four years ago. The company clocked revenues of Rs.4 crore in the last fiscal. This compares with the Rs.2.5 lakh revenues in the first year. The New Delhi-based firm now counts Reserve Bank of India, Ministry of Defence and Standard Chartered among its top clients.

Mr. Modi, who is also a pianist, discovered his skills for hacking into secure computer systems while preparing for his board exams. He hacked into his school computer and stole the chemistry question paper, after realising that he would not be able to clear the test conducted by his school. However, a guilty conscience compelled him to confess to his teacher who permitted him to still take the test. The incident transformed him to use his skills to protect and not misuse them. This year, Lucideus was hired by National Payments Corporation of India (NPCI) along with other information security specialists to protect its most ambitious project, the Unified Payment Interface (UPI) platform, from cyber attacks. UPI aims to bring digital banking to 1.2 billion people in the country. Lucideus has a team of 70 people mostly fresh college graduates who do hacking with authorisation.

"The reason behind choosing Lucideus was their young, energetic and knowledgeable team," said Bhavesh

Lakhani, chief technology officer of DSP BlackRock, one of the premier asset management companies. Mr. Lakhani said that India is currently the epicentre of financial and technological advancements which make it a probable target of cyber-attacks.

Hacking lifeline

Indeed, a new breed of cyber criminals has emerged, whose main aim is not just financial gains but also cause disruption and chaos to businesses in particular and the nation at large, according to the ASSOCHAM-PwC study. Attackers can gain control of vital systems such as nuclear plants, railways, transportation and hospitals. This can subsequently lead to dire consequences such as power failures, water pollution or floods, disruption of transportation systems and loss of life, noted the study.

"The hacker doesn't care whether he is attacking an Indian or a U.S. company. It is bread and butter for him and he wants to eat it wherever he gets it from," said Trishneet Arora, a 22-year-old ethical hacker. In an office tucked away in Mohali, a commercial hub lying adjacent to the city of Chandigarh in Punjab, Mr.Arora fights these cyberattacks on a daily basis to protect his clients. His start-up TAC Security provides an emergency service to customers who have been hacked or are anticipating a cyberattack. It alerted a hospital in the U.S. after detecting vulnerabilities in their computer network.

Mr.Arora said that the hackers could have easily shut down the intensive care unit which was connected to it and remotely killed the patients. TAC said the data server of a bank in the UAE containing critical information got hacked recently. The bank also lost access to the server. TAC said that it not only helped the organisation to get back access to the server but also traced the hacker's identity.

A school dropout, Mr.Arora founded TAC three years ago. But he initially found it tough to convince enterprises about his special skills. "I was a backbencher in the classroom and not good in studies, but I loved playing video games and hacking," he said. He conducted workshops on hacking and provided his expertise to law enforcement agencies such as the Central Bureau of Investigation and various State police departments. His firm now provides its services to customers such as Reliance Industries, dairy brand Amul and tractor manufacturer Sonalika.

"We were surprised by their expertise," said R.S. Sodhi, managing director of Amul. "We wanted to be sure that the company's vital IT infrastructure is in the right hands – the big question was, 'Who can that be?' In TAC, we found that team."



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TAC expects to cross revenues of \$5 million (Rs.33 crore) and employ about 100 ethical hackers by next year.

Budget woes

Security watchers such as Sunil Abraham, executive director of Bengaluru-based think tank Centre for Internet and Society said that India's cybersecurity budget is woefully inadequate when compared to the spending by other countries. In 2014-15, the government doubled its cybersecurity budget by earmarking Rs.116 crore. "We require a budget of \$1 billion per annum or every two years to build the cybersecurity infrastructure. The current cyber security policy has no such budget," said Mr. Abraham.

According to Data Security Council of India (DSCI), India's cybersecurity market is expected to grow nine-fold to \$35 billion by 2025, from about \$4 billion. This would mainly be driven by an ecosystem to promote the growth of indigenous security product and services start-up companies.

The Cyber Security Task Force (CSTF) set up by DSCI and industry body Nasscom expects to create a trained base of one million certified and skilled cybersecurity professionals. It also aims to build more than 100 successful security product companies from India. Investors who normally focus on e-commerce ventures or public markets are now taking note of this opportunity and are betting on such ventures. Amit Choudhary, director, MotilalOswal Private Equity and an investor in Lucideus, said he saw tremendous opportunity in the cybersecurity market as hackers are shifting their focus from developed countries to emerging countries like India.

"There is a huge opportunity. The recent security breaches of a few Indian banks are an example," said Vijay Kedia an ace stock picker and an investor in TAC Security. He said that organisations are still unaware of the widespread damage that can be caused by hackers. "The next war will be a 'cyberwar'," he said.

Scientists tweak photosynthesis to up crop yield

Scientists have successfully tweaked the process of photosynthesis to make it more efficient and increase plant productivity by raising the level of three proteins involved in the process.

Many years of computational analysis and laboratory and field experiments led to the selection of the proteins targeted in the study. Researchers used tobacco plants as they can be easily modified.

"We do not know for certain if this approach will work in other crops, but because we are targeting a universal

process that is the same in all crops, we are pretty sure it will," said Stephen Long, professor at the University of Illinois at Urbana-Champaign in the U.S. The researchers targeted a process plants use to shield themselves from excessive solar energy.

"Crop leaves exposed to full sunlight absorb more light than they can use. If they cannot get rid of this extra energy, it will actually bleach the leaf," said Mr. Long. Plants protect themselves by making changes within the leaf that dissipate the excess energy as heat, he said. This process is called non-photochemical quenching (NPQ).

"However, when a cloud crosses the sun, or a leaf goes into the shade of another, it can take up to half an hour for that NPQ process to relax. In the shade, the lack of light limits photosynthesis, and NPQ is also wasting light as heat," Mr. Long said.

Researchers used a supercomputer to predict how much the slow recovery from NPQ reduces crop productivity over the course of a day.

These calculations showed "surprisingly high losses" of 7.5 per cent to 30 per cent, depending on the plant type and prevailing temperature, Mr. Long said.

Researchers suggested that boosting levels of three proteins might speed up the recovery process.

To test this concept, they inserted a "cassette" of the three genes — taken from the model plant *Arabidopsis* — into tobacco.

The researchers grew seedlings from multiple experiments.

A fluorescence imaging technique allowed the team to determine which of the transformed plants recovered more quickly upon transfer to shade.

The researchers selected the three best performers and tested them in several field plots alongside plots of the unchanged tobacco.

Two of the modified plant lines consistently showed 20 per cent higher productivity and the third was 14 per cent higher than the unaltered tobacco plants.

Demystifying Science

What are Yamanaka genes?

They are the four essential genes that can reprogramme the cells in our body and, in principle, be used to regenerate old cells or grow new organs. Collectively known as OSKM (for the initials of the genes, Oct4, Sox2, Klf4 and Myc), these Yamanaka genes are named after Japanese scientist Shinya Yamanaka. He won the Nobel Prize in Physiology or Medicine in 2012, along with Sir John B. Gurdon for pioneering a technique to use these genes



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for reprogramming cells. In the years since, it's been found that while necessary, the genes are not very efficient at reversing cell-ageing. Worse, they may also induce a particular type of tumour (known as teratoma) that makes cell reprogramming incompatible with its potential clinical use. This week, however, another set of scientists have found a 'stress factor,' a pro-inflammatory molecule called interleukin-6 (IL6), that may be responsible for reducing the efficiency of the OSKM genes. If this can be better understood, the Yamanaka genes may finally result in practical therapy.

Mining lease: NGT 'no' to direct MoEF to finish public hearing

The Southern Bench of the National Green Tribunal has refused to direct the Ministry of Environment, Forest and Climate Change (MoEF & CC) to complete a public consultation process in a case relating to the grant of a mining lease near a reserve forest in Andhra Pradesh, as the matter is sub-judice at the State's High Court.

The applicant, Soban Babu, had applied for a mining lease in 134 acres in Avelthi Village, Sankavaram mandal, East Godavari district, in 2008 for a period of 20 years. The proposed mining area is in an area adjoining the Sarlanka Reserve Forest. He was granted the lease for extraction of laterite in 2009.

Following this, he had sought a public consultation for the project. The State Pollution Control Board, after notifying a public hearing, however, postponed it indefinitely without any reason. He then approached the Andhra Pradesh High Court seeking a direction to complete the public hearing and consideration of the application for environmental clearance within a fixed period. The court issued a direction to complete the process of public hearing within three months.

However, it was found that the NOC for the mining project was issued by the Tehsildar without joint inspection with forest department officials. It was observed that the approach road to the proposed project passed through the Sarlanka Reserve Forest. Hence the NOC was cancelled. However, the court, by an interim order, suspended the cancellation of the NOC. Meanwhile, the State Pollution Control Board filed a review petition, which is pending before the High Court. The jurisdictional Superintendent of Police told the State Pollution Control Board that the public hearing cannot be conducted due to a law and order problem. There were instances of illegal transport of laterite, violating the conditions of the lease granted to the applicant, the SP observed. On its part, the MoEF submitted that due to serious allegations of malpractices

by the leaseholder, an enquiry had been ordered for cancelling the mining lease and hence environmental clearance cannot be granted. By this time, the Terms of Reference (TOR) of the project expired.

New drug limits, repairs brain damage in stroke

Researchers have discovered a potential new drug that reduces the number of brain cells destroyed by stroke and then helps to repair the damage.

A reduction in blood flow to the brain caused by stroke is a major cause of death and disability and there are few effective treatments, researchers said.

Scientists at University of Manchester in the U.K. have now found that a potential new stroke drug not only works in rodents by limiting the death of existing brain cells but also by promoting the birth of new neurones (so-called neurogenesis).



This finding provides further support for the development of this anti-inflammatory drug, interleukin-1 receptor antagonist (IL-1Ra), as a new treatment for stroke.

The drug is already licensed for use in humans for some conditions, including rheumatoid arthritis. — PTI

Solar tariffs at a new low with Amplus Energy bid

Amplus Energy Solutions Pvt. Ltd has won a bid to install 14.5 megawatts (MW) of solar rooftop plants across 10 states, offering power from these plants at tariffs starting at Rs3 per unit, the lowest ever in the country.

The firm, backed by US private equity firm I Squared Capital, has won bids to install plants in Maharashtra (3MW), Rajasthan (2MW), Punjab (2MW), Karnataka (2MW), Haryana (2MW), Himachal Pradesh (1MW), Madhya Pradesh (1MW), Uttarakhand (0.5MW), Puducherry (0.5MW) and Chandigarh (0.5MW).

The record low tariff of Rs3 per unit has been offered in Uttarakhand, Himachal Pradesh and Puducherry. Karn



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taka, Madhya Pradesh and Maharashtra will get solar power at Rs5.56 per unit, Rajasthan at Rs5.38, Haryana at Rs5.76 and Punjab at Rs6.20 per unit. The tariffs have been fixed for 25 years.

“The Rs 3 per unit tariff is unprecedented in Indian rooftop solar sector that has drastically reduced pricing dynamics. This is the lowest bid anyone has ever made in India. Even if you include subsidy that is given for solar rooftop projects, this is the lowest tariff ever quoted,” said Sanjeev Aggarwal, managing director and chief executive of Amplus Energy. In January, solar power tariffs in India had fallen to Rs4.34 per unit when Fortum Finnsurya Energy Pvt. Ltd of Finland won the contract for a 70-MW plant in Rajasthan.

Amplus, which in June acquired US solar power developer SunEdison Inc.'s roof-top solar power assets in India, won the bid under the 500MW rooftop grid connected scheme in different states floated by Solar Energy Corp. of India (SECI), a public sector unit dedicated to the solar energy sector.

“Solar rooftop plants will be identified and installed on buildings of NGOs, educational institutes, hospitals, trusts and not-for-profit firms in these states,” Amplus said. The company will invest Rs70 crore in the projects and install, operate and maintain them for a period of 25 years.

The projects will make possible carbon dioxide savings of 500,250 million tonnes or reduce consumption by 36,97,500 barrels of crude oil over a 25-year period, which is equivalent to planting 623,500 trees.

Prime Minister Narendra Modi led National Democratic Alliance (NDA) government has increased India's solar power target from 20,000MW to 100,000MW by 2022. Of this, solar rooftop power is expected to contribute 40,000MW. While the offer of low tariffs is a significant development, the viability of such low rates for rooftop solar power is uncertain.

“There is no question of loss. The project is viable. Also, when a new project is offered at low prices, it encourages people to adopt it faster,” Sanjeev Aggarwal said.

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One-minute guide: Are you ready for a robo-advisor

There are about 45 robo-advisors in India. More are expected to come up. Many new distributors are finding out that, compared to traditional set-ups, technology provides better and cheaper ways of reach out to new and potential clients—especially amidst the tighter distribution regulations that have reduced the distributors' commissions. At the same time, young investors are spending more and more time on the internet.

Enter robo-advisors. These are internet-based distributors that do away with direct human intervention. These are, essentially, computer programmes designed to assess your risk profile and goals, and then suggest an appropriate basket of financial products.

You can also buy and sell online through them, after they complete your analysis. After that, the robo-advisor monitors your progress and suggests asset re-allocation. But keep these things in mind before going to a robo-advisor.

Human intervention

A robo-advisor is a computer programme. You cannot speak to it like you can with a human adviser. Although US-based robo-advisors are free of human interactions, in India some robo-advisors have call centres to help with opening accounts. Some of these call centres also give some guidance over the phone about basic concepts like what a mutual fund is, but don't expect anyone to speak to you on a continuous basis. The robo-advisor's usual modes of communication are emails and text messages. To be able to use a robo-advisor, you need to be computer and internet savvy.

Robo-advisors require you to be online savvy because when they make a suggestion to you, you need to be able to research them a bit on your own, on the internet.

In fact, choosing one robo-advisor over another, too, requires you to be able to do some online research.

The limitations

At present, most robo-advisors offer just mutual funds in terms of products. They don't offer direct equities. Typically, robo-advisors even in the US are offering only mutual funds for now. Over time, they are likely to start offer-

ing more products.

But, be aware of the limitations of the products that your robo-advisor offers. For instance, they may not suggest a Public Provident Fund (PPF) to you.

Mangalampalli Balamuralikrishna (1930-2016): 'Scholar, singer, guru... a game changer'

In the 1960s and '70s, fans queued outside concert halls, mostly in Chennai, to listen to Paluke Bangaaramaayena, a 14th century krithi in praise of Lord Ram. In Mangalampalli Balamuralikrishna's voice, the piece lifted from being just an ode in raag Anandbhairavi and Adi tala to a conversation with one's soul. With the gamakas in place, the soft yet throaty alaaps finding chemistry with the tanpura, new historical dimensions were being found and etched. But it was on the morning of August 15, 1988, that people in other parts of the country began to tune in, humming 'Isaindhal namm, iruvarin suramum, namadhakum', the Tamil section of Lok Seva Sanchar Parishad's famous milestone 'Mile sur mera tumhara', telecast on Doordarshan. The endearing M Balamuralikrishna, who sang this part along the Bay of Bengal, became a household name. , a voice that invoked the purity of the swara, wasn't bound by conservative classical traditions, that traversed three octaves with remarkable ease, went back to the ocean it came from. Balamuralikrishna died at his Chennai residence. He was 86.

"There are musicians who flow along the current of the wave that music is. But there are those who create a change in the wave.

Balamuraliji was the latter. By far," said veena player and Lalgudi Jayaraman's niece Jayanthi Kumaresh.

She calls him "a prolific scholar, singer, guru, but most of all a game changer" for bringing the difference in the way people looked at Carnatic music. Balamuralikrishna threw light on voice culture and pronunciation and didn't go by the beaten path of singing the already composed krithis. He created his own compositions and sang them. "There is classical music, and then there is the Balamurali music. He had his stamp on every syllable he created," Kumaresh said.

Carnatic vocalist Aruna Sairam was always awed by the krithis created in unknown ragas, sometimes his own ragas. "His was a free mind — his music wasn't pocketed into any particular set-up. Also, he was aware of the knowledge he was sitting on. It was because there was his childlike approach that made everything sound ef-



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fortless. Carnatic music has lost a pillar, a giant,” Sairam said.

Born in Sankaraguptam in Andhra Pradesh to parents who were musicians, Balamuralikrishna began learning Carnatic classical music under Parupalli Ramakrishnayya Pantulu. He was soon declared a child prodigy after his concert at the age of seven at Thyagaraja Aradhana, Vijayawada. He turned composer at 14 and knew all the 72 melakarta ragas, which form the backbone of Carnatic classical system. And thus began a journey which reached a point where even the common man could appreciate his music.

Kuchipudi legend Raja Reddy, who has danced to a host of thillanas by Balamuralikrishna, said that it is difficult to come to terms with losing such a scholar. “It was enriching to dance to his thillanas — an artiste contributed so beautifully to my art form,” he said.

What was interesting about Balamuralikrishna was that he approached music beyond the externally constructed limitations. Tradition was merely the grammar of music and not something that constrained him. One could not box his music into a Hindustani music or Carnatic music. Which is why he recorded Tagore in Bengali, sang in French, tried jazz and did regular jugalbandis with Kishori Amonkar and Hariprasad Chaurasia?

Then there was the iconic jugalbandi with Bhimsen Joshi. While Joshi was a fast-cars fanatic, Balamuralikrishna enjoyed casinos. Musically, there was more common ground. The two knew they were geniuses. “His was a life dedicated to music. He was a genius in the true sense of the word. Today, we apply the word genius far too easily. But he was one of those few who deserved the nomenclature,” says Sairam.

Bharatanatyam exponent Yamini Krishnamurthy remembers her friend fondly. “He came to my place in Adiyar and we spoke for hours. I even performed to some of his compositions. The music came to him with great force.”

NBT to launch series of Sanskrit books

The National Book Trust has set the ball rolling to bring out a dozen books in Sanskrit next year, beginning with a book on Mahatma Gandhi that will hit the stands within months.

“We have decided to make a beginning with a dozen books in Sanskrit in 2017. We do publish in Indian languages. We need to pick up publication in Sanskrit. A long time back, we had brought out a children’s book in Sanskrit,” an official of NBT, an autonomous institution under the Human Resource Development Ministry, told

The Hindu .

This children’s book was the Bal Geetam by Shashipal Sharma, officials recall.

Gandhi TattvaShatakam , a book on Mahatma Gandhi that is in advanced stages of publication, will be the first in the Sanskrit series.

Translation

Authored by Sanskrit scholar and economist Mangesh Venkat Nadkarni, the book is in the form of 108 Sanskrit verses dedicated to the Mahatma’s life and thought, with their translations in English.

The last verse, an official said, is Albert Einstein’s famous quote on Gandhi’s death: “Generations to come will scarce believe that such a one as this ever in flesh and blood walked upon this earth”.

Padma Shri awardee and Sanskrit scholar Ravindra Nagar has reviewed the manuscript and okayed it for publication, with a suggestion that the meaning of the verses may also be provided in Hindi, apart from English.

‘Mother of Indian languages’

Saying that he had modelled his work on the ancient Sanskrit poet Bhartrihari — who wrote shatakams or six-fold verses on ethics, erotics and renunciation — Mr. Nadkarni says in his preface to the book: “The Shatakam... has the purpose of introducing Gandhian philosophy in a simple way in most of its dimensions taken together to the young as also the old.”

Asserting that he chose Sanskrit, the “mother” or “at least a foster mother” of Indian languages because of his love for it, Mr. Nadkarni added, “My ‘Shatakam’ is not addressed to scholars already well-accomplished in the study of either Sanskrit or Gandhi, but to those who want to read something simple in Sanskrit, yet express contemporary thinking.”

China to be theme country at Kolkata film festival

Notwithstanding the recent dip in bilateral ties, China will feature as the ‘Focus Country’ in the 22nd edition of the Kolkata International Film Festival (KIFF), beginning here on November 11.

Actor Amitabh Bachchan will inaugurate the festival for the fifth time in a row. Celebrities Jaya Bachchan, Sanjay Dutt and Kajol will also participate in the inaugural ceremony.

KIFF officials told The Hindu that seven Chinese films would be screened at the festival. One Chinese film will be part of international competition for women directors. “This is an international film festival. There is nothing po-



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litical about it. It is all about good cinema,” director-general of the festival and Principal Secretary, Information and Cultural Affairs, Government of West Bengal, Atri Bhattacharya, said. The Chinese films that are to be screened at the festival are Xuan Zang , American Dreams in China , Black Coal Thin Ice , The Monster Hunt , To The Fore , Wolf Totem and Go Away Mr Tumor . A eight-member delegation from the Chinese film industry is likely to be present at the KIFF. The city is home to the largest Chinese-Indian community in the country.

The organisers are making last-ditch efforts to screen Pakistani film Jago Hua Savera , a 1959 classic, at the festival. Eminent director and festival chairperson Gautam Ghose told The Hindu that there is no confirmation from the distributors if the film would be available for screening. Earlier, the film which has a number of Bengali actors and artists was pulled out of the Mumbai Film Festival.

Along with the competition for women directors, the organisers have included a separate international contest titled Innovation of Moving Images, where nine films from seven countries will be shown.

Biopic on filmmakers

A total of 155 films from 65 countries will be screened at the festival. Another addition to the festival is a biopic on filmmakers, where films such as Kenji Mizoguchi: The Life of a Film Director , 76 minutes 15 seconds with Abbas Kiarostami, Ray: Life and Work of Satyajit Ray will be screened.

The regional focus for this year's festival is Marathi film where national award-winning Marathi work Court will be screened along with films like Turtle and Disha .

Weak pound will make imports pricier

Sanjeev Gupta's Liberty House re-opened a Welsh steel works it had acquired along with other steel products assets of the Caparo Group last year. The Tredegar plant will produce steel structural hollow sections and tubes largely for the construction industry, creating around 70 new jobs. Virinder Bahadur Garg , CEO of Libery Steel Newport and Liberty Steel Tredegar spoke to The Hindu about his ambitions for the plant, and his expectations that it will be relatively immune to both Brexit and the dumping of Chinese products on the European market.

You have re-invested 3.7 million pounds into the plant - what is this going into?

To restart a facility that was not operating for more than a year since it went into administration, and was not running to a good level. Before that we had to do a lot of re-equipping, revamp the IT systems, do market studies and look at what is viable. We can't go to the market with the same product portfolio, so have had to improve the product mix and efficiencies in the mill.

What products will you be focusing on?

We are looking at 100 per cent of import substitution. At the moment, most of the steel comes from Italy and Turkey. We will be catering 100 per cent to the U.K. market, and 100 per cent of the raw materials will be coming from Newport. Does that mean you are relatively immune to the weakening of the pound, which followed Brexit?

In the short term, the weakness of the pound will make imports non-competitive, which is good from our perspective.

Have you noticed an increased demand for local products?

Customers do want local products and another company that was producing a similar one has shut production, which is another move in our favour.

What is the outlook for demand in the construction sector, which you supply?

The consumption pattern is stable with positive growth of around 2 per cent. I don't see a big reason for concern. In fact, what we have seen in the last 8 months is that prices have gone up 50 per cent, driven by demand and raw material prices and costs.

To what extent are you impacted by the dumping of products from outside the EU that is proving such a headache for the wider EU steel sector?

Competition for this product has been from Turkey and Italy — this is a low volume product, catering to the end-user market, and customers want a mix, so it doesn't come from deep-sea destinations.

What is your ambition for the plant?

Before it went into administration, it was producing around 10,000 tonnes a year. We would be starting at around 30,000 next year with an ambition to reach 100,000 tonnes a year.