

News for January 2017

The Crux of The Hindu and PIB

Vol. 29

Important News in the field of :

National

Economy

India and World

International

Science & Environment

Miscellaneous News



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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

Modi thanks people for enduring note ban pain

Prime Minister Narendra Modi unveiled a relief package for farmers, senior citizens, small enterprises, women and the rural poor as a return gift of sorts for enduring the pain caused by the Centre's decision to scrap the legal tender nature of old Rs. 500 and Rs. 1,000 notes. He also acknowledged that crores of citizens had to stand in queues for hours to withdraw their own money.

Linking the surge of black money to the unavailability of affordable housing for the poor and the middle class, Mr. Modi announced a special scheme under the Pradhan Mantri Awaas Yojana to provide an interest subvention of 4 per cent on loans up to Rs. 9 lakh and 3 per cent on loans up to Rs. 12 lakh for urban housing.

A similar scheme would be rolled out for the rural poor to get a house-building loan of up to Rs. 2 lakh at a 3 per cent lower interest rate.

While appreciating the endurance of the people at large in supporting the government's move to replace old currency despite facing genuine hardships, the Prime Minister said, "The lack of cash in the economy is very painful, but an abundance of cash is also problematic. Our attempt is to seek a balance on this front."

Guaranteed interest rate

Promising to convert three crore Kisan credit cards to RuPay cards in the next three months, the Prime Minister flagged the inconvenience posed by Kisan credit cards which require farmers to go to the bank to withdraw cash against their credit limit. With a RuPay card, they will be able to make transactions for farm inputs without visiting the bank, he said.

Mr. Modi also announced a guaranteed 8 per cent return on bank deposits up to Rs. 7.5 lakh made by senior citizens for a period of 10 years.

Farm sector credit

He also announced a virtual doubling in the credit flow to the farm sector via district central co-operative banks and primary societies, with the Centre bearing the interest cost for 60 days on existing loans availed by farmers. This interest subvention will be credited to farmers' accounts and an additional Rs. 30,000 crore is being provided by the Centre to the National Bank for Agriculture

and Rural Development (NABARD), to lend to co-operative banks and societies at a lower interest rate.

BCCI vs. Supreme Court: A timeline

The Board of Control for Cricket in India (BCCI), as we know it, will not exist anymore. The Supreme Court brought down the curtain on its face-off with the BCCI by removing its president Anurag Thakur and secretary Ajay Shirke from their posts for not implementing the Lodha Committee reforms. While asking Thakur and Shirke to step down from their positions, the apex court asked them why they should not be tried for perjury and contempt. Here is a timeline of how the conflict between the world's richest and most influential cricket board and the Supreme Court has panned out since the spot-fixing scandal that broke out during the Indian Premier League (IPL) in 2013.

Year of 2013

May

- Three Rajasthan Royals players—S. Sreesanth, Ankeet Chavan and Ajit Chandila—arrested on spot-fixing charges revealing a deep nexus between franchise members, players and bookies. A follow-up probe led to the arrest of Gurunath Meiyappan, team principal of Chennai Super Kings (CSK).

Year of October

- Supreme Court appoints a committee headed by Justice Mukul Mudgal to look into the spot-fixing scandal.

Year of 2014

November

- The Mudgal Committee found that IPL chief operating officer Sundar Raman, Meiyappan and Rajasthan Royals owner Raj Kundra guilty of betting.

- The Committee's report pointed fingers at BCCI chief N. Srinivasan as well.

Year of 2015

January

- The apex court appoints a panel headed by retired justice R.M. Lodha to suggest reforms for BCCI as well as determine punishments for those guilty in the IPL spot-fixing case.

July

- Justice Lodha panel suspends CSK and Rajasthan Royals for two years and hands a lifetime ban to their owners. The players of the two franchises, however, were allowed to be auctioned for other franchises.

Year of 2016

January

- Lodha panel recommends complete overhaul of



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the BCCI structure. Major recommendations include one-vote-one-state criteria, limiting tenure of office bearers, separate players' associations for men and women, and barring ministers over 70 from holding any position in the board or state associations.

- The panel also gave BCCI time till 31 January to come back with suggestions. No response from the board forces the panel to approach the Supreme Court.

February

- The apex court gives BCCI the deadline of 3 March to respond to Lodha panel suggestions.

March

- BCCI files its response and objections to the report in a 55-page counter-affidavit.

April

- The Supreme Court questions BCCI's method of disbursing funds to state associations.

May

- SC calls BCCI's constitution non-transparent.

September

- In a plea to the Supreme Court, the panel asks for replacing BCCI top bosses. Later, a bench headed by Chief Justice T.S. Thakur slams the board's attitude, saying, "You behave like lords. Fall in line or else we will make you."

October

- In a special general meeting, BCCI deliberates on Lodha panel recommendations but makes no mention of key reforms such as age and tenure and one-state-one-vote policy in its statement.

- Later in the month, Lodha panel asks the banks to stop disbursing money from BCCI accounts to state associations, which puts India-New Zealand test match in Indore in risk.

- The panel changes its stance and clarifies that banks will release funds for daily operations.

- The Supreme Court decides to pass an order on the issue of implementation of directions of the Lodha panel after BCCI declines to give an unconditional undertaking.

- The apex court bars BCCI from releasing any funds to its state affiliates until BCCI gives unconditional undertaking to comply with reforms suggested by the Lodha panel.

- The Supreme Court directs Thakur to file an affidavit and clarify whether he had asked the International Cricket Council (ICC) to write that Lodha panel recommendations amounted to government interference.

- In another special meeting, BCCI remains defi-

ant on implementing key reforms.

November:

- Justice Lodha panel recommends removal of BCCI top brass, including in its state associations, due to continued defiance of the board.

- The panel urges the Supreme Court to appoint former home secretary G.K. Pillai as an observer to guide the board with powers to appoint an auditor.

December

- The Supreme Court says Thakur should go to jail over his attempt to obstruct justice. He had asked the ICC to furnish the BCCI with a letter that indicated the apex court order as government interference.

Union Budget to be presented on February 1

Departing from convention, the Union Budget will be presented in Parliament on February 1, a month earlier than the usual, and the Economic Survey will be tabled on January 31, the same day President Pranab Mukherjee addresses the joint Houses of Parliament.

Presided over by Home Minister Rajnath Singh, the Cabinet Committee on Parliamentary Affairs met morning, and recommended the decision to the President. The first part of the Budget session will run from January 31 to February 9. The Union Cabinet had earlier decided to end the practice of a separate Railway budget.

Senior sources in the government also said that Prime Minister Narendra Modi will hold an all-party meeting just before the session to discuss poll reforms.

"In his address to the nation on December 31, Mr. Modi had said that parties needed to shed the 'holier than thou' attitude when it came to poll reforms and understand the anger of the people with regard to poll funding," a source said.

Indira Gandhi Zoological Park is gearing up to welcome five new exotic species from foreign zoos this year.

To begin with, four zebras (two male and two female) are expected to arrive in the zoo park from Israel by the first week of February. "We have completed the agreement formalities with Israel zoo and will soon begin the process of bringing the animals. Once they arrive, the zebras will be kept under one month quarantine before shifting them to their enclosure for public viewing," zoo curator B. Vijay Kumar told The Hindu .

After a delay of nearly a year, the pigmy hippo and fishing cat will also be brought to Vizag zoo from Colombo zoo soon. "The delay was because any animal being brought



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to the country is required to be vaccinated before they arrive at the port of entry in India. In this case, the vaccine Artiodactilo was not available at Sri Lanka. So we are in the process of procuring it and will be sending it to Colombo after which the animals will be brought here,” curator Mr. Kumar said.

Last year, a team from Czech Republic visited Vizag zoo and evinced interest in an animal exchange programme with Vizag.

Indian relations with the U.S. will not be based on “optics” but on “real action” in the Trump era, says Republican adviser and prominent NRI businessman-politician Shalabh Kumar, describing India’s ties with the Obama administration as “mere symbolism”.

“President Trump will not have a relationship where one day he lights Diyas and celebrates Diwali, but the next day announce F-16s for Pakistan,” Mr. Kumar said .

“We had made good headway in the relationship during President George W, Bush’s tenure, but there wasn’t time to implement it. The Obama administration was just optics, but we didn’t see real action anywhere,” Mr. Kumar added.

In February 2016, the Obama administration had announced its intention to supply eight U.S.-made F-16C fighter jets to Pakistan that had led to an outcry from India. Mr. Kumar, who heads the “Republican Hindu Coalition” that reportedly donated more than a million dollars to the Trump campaign, had been among lobby groups that fought against the F-16 transfer which led to the U.S. government dropping plans to finance the planes.

“We won’t have that kind of relationship any more, I can assure you,” Mr. Kumar said.

When asked how soon President Trump and Prime Minister Narendra Modi would meet, given the record number of meetings Mr. Modi and Mr. Obama have had, Mr Kumar said it was “irrelevant”.

“If trade ties can be improved, and we hope to go from \$100 billion to \$300 billion; if jobs can be increased and if defence trade is improved, then it won’t matter if the political leadership meets or not,” he said, speaking to The Hinduduring a visit to India.

In Delhi, Mr. Kumar, who has been a key interlocutor between the Modi government and the Trump transition team, said he met with Home Minister Rajnath Singh, National Security Advisor Ajit Doval, Finance Minister Arun Jaitley, and Commerce Minister Nirmala Seetharaman to discuss bilateral ties. He also travelled to Mumbai along with his adopted daughter Manasvi, who is a Bollywood actress and former Miss India to organise a “Bol-

lywood performance” for the Trump inaugural concert on January 19.

“We met with the Trump family, including Ivanka and Eric Trump a few weeks ago and discussed our plans. Even though the diaspora makes up just two per cent of the population, all of them are keen to see our culture represented at the show,” Ms. Manasvi said. While she refused to divulge details of the performers she hopes to invite, she said it would have some “Bollywood biggies”. Refuting reports that National Security Advisor Ajit Doval would attend the inauguration or swearing-in ceremony of Mr. Trump on January 20, Mr. Kumar, who has been appointed to the Transition Finance & Inauguration teams of the Trump Administration, said according to the protocol to be followed; only Ambassadors would be invited and Indian envoy to Washington Navtej Sarna would attend.

Mr. Kumar also refused to comment on speculation that he could be Mr. Trump’s choice of the next Ambassador to India, when the current Ambassador Richard Verma, who is a political appointee, demits office. When asked about who the choice may be, Mr. Shalabh Kumar, who is called “Shaili” said, “Mr. Trump likes businessmen who are action oriented. He hasn’t appointed politicians so far.”

Ken-Betwa River linking project faces new hurdle

A new hurdle has come in the way of the marquee Ken-Betwa river interlink project in its terms of financing.

The NITI Aayog (National Institution for Transforming India) has recommended that Madhya Pradesh contribute 40 per cent of the project cost, with the Centre contributing 60 per cent. The Ministry of Water Resources (MoWR) has opposed this and requested that 90 per cent of the funds be routed through the Centre.

Senior officials of the ministry have discussed the matter with the NITI Aayog but a final decision has not been taken yet. “We have made our case to the vice chairperson (Arvind Panagariya) and they have appreciated our view,” said Amarjit Singh, Secretary, MoWR.

A lack of clarity on the funding pattern could mean more delays to the Rs. 10,000-crore project that would be the first ever inter-State river interlinking project.

The project was given a go-ahead by the National Board for Wildlife (NBWL) at a meeting chaired by Minister of State for Environment and Forests, Anil Madhav Dave, last August. An environment clearance panel has, ac-



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According to officials in the water ministry, also cleared the project on 30th December.

A separate committee that determines forest clearance to such projects, is yet to take a call. "The toughest bit was the wildlife clearance...once the funding mechanism is clear, it would take seven years for the project to be ready," said Water Resources Minister Uma Bharti.

This will be the first time that a river project will be located within a tiger reserve.

Submerging tiger habitat

The Rs. 10,000-crore Ken-Betwa project will irrigate the drought-prone Bundelkhand region but, in the process, also submerge about 10 per cent of the Panna Tiger Reserve in Madhya Pradesh, feted as a model tiger conservation reserve.

The main feature of the project is a 230-km long canal and a series of barrages and dams connecting the Ken and Betwa rivers that will irrigate 3.5 lakh hectares in Madhya Pradesh and 14,000 hectares of Uttar Pradesh in Bundelkhand.

J.S. Khehar sworn in as Chief Justice

Justice Jagdish Singh Khehar, the senior-most judge of the Supreme Court, was sworn in as the 44th Chief Justice of India by President Pranab Mukherjee .

Justice Khehar will have a tenure for over seven months till August 28, 2017. He assumed office as a judge of the Supreme Court on September 13, 2011.

On his first day in office, Justice Khehar presided over courtroom 1 with Justices N.V. Ramana and D.Y. Chandrachud flanking him.

Justice Khehar is known for his firm and decisive approach to cases. His appointment comes at a time when the relationship between the government and the judiciary remains tense over an unprecedented number of judicial vacancies (400) in the HCs and eight in the SC.

Even on his last day at work, Justice T.S. Thakur, the current CJ's predecessor, had accused the Centre of letting the Supreme Court Collegium's recommendations of judicial appointments and transfers "languish on somebody's desk."

It will be on Chief Justice Khehar's shoulders now to resolve the differences of opinions about the draft memorandum of procedure (MoP) for judicial appointments with the government.

It was a Constitution Bench led by Justice Khehar which had pushed into motion the exercise of re-drafting the over two-decade-old MoP in a bid to bring in transparen-

cy and accountability into the judicial appointments process. Justice Khehar, whose name is synonymous with the voluminous majority judgment he authored scrapping the government's NJAC law to revive the Collegium, has now to contend with dissent inside the Supreme Court Collegium itself.

Justice Jasti Chelameswar, a member of the Collegium, does not attend its meetings. As the lone dissenting judge on the Constitution Bench which scrapped the NJAC law, Justice Chelameswar's dissent was historic.

SC asked to resolve conflict over 'rape' definition in two laws

A chink in the colonial-era Indian Penal Code (IPC) condoning sexual intercourse and exploitation of a 15-year-old child 'wife' has been brought to the Supreme Court's attention.

An exception to Section 375 (rape) in the IPC allows a man to go scot-free despite having sex with his 15-year-old 'wife'.



This exception ensures that he will not be charged with rape even though child marriage is a crime.

Nobel Peace laureate Kailash Satyarthi, through his organisation Bachpan Bachao Andolan, appealed to the Supreme Court for help to end this "statutorily-backed" crime against children.

In a petition before a Bench led by Chief Justice of India J.S. Khehar, the organisation said an estimated 47 per cent of children in India were married off before they turned 18, according to the United Nations.

The illegal practice was a serious deterrence to the physical, social, psychological and moral well-being of children.

The petition said the IPC condones the rape of a 15-year-old by her husband despite the fact that the more recent Protection of Children from Sexual Offences Act of 2012 qualifies those aged below 18 as 'children'.



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POCSO has specific penal provisions against 'penetrative sexual assault' and 'aggressive penetrative sexual assault' on children below 18.

Section 6 of the Act enunciates the punishment for aggravated penetrative sexual assault as rigorous imprisonment of not less than 10 years to life imprisonment. Mr. Satyarthi wants the apex court to clear the anomaly in law. The IPC terms children as those aged under 15 years while POCSO terms children as those aged under 18.

Status denied

"Despite being a child by definition (under the age of 18), provisions of POCSO are not applied. The benefit of a Special Act (POCSO) is not afforded to children when they are in married relationship but over the age of 15. Therefore, a child's status as a child till she attains the age of 18 is denied to her once she is forcefully or otherwise wed," the BBA contended.

The apex court directed the government to address the issue within four months. The Bench asked Mr. Satyarthi to approach the court on the same grounds for immediate resolution if he is not satisfied with the government's response.

Centre plans to amend Plantation Labour Act

The Centre is planning to amend the Plantation Labour Act (PLA), 1951 in a major way to exclude 'in-kind' components being regarded as wages.

It may be mentioned here that under the PLA 1951, plantation workers get various benefits either subsidised or free. These include rations, housing, education, firewood and medical facilities.

Accordingly, a large section of the mainstream tea industry bears the cost of providing these services. The industry does not pay statutory minimum wages, saying that the monetised value of the facilities provided compensates for this.

Daily pay-out

The tea industry, which is the largest among the plantation sectors (which includes coffee, rubber and spices), pays Rs. 137 in cash in Assam and Rs. 132 in West Bengal, with the industry maintaining that taken with the value of the 'perks', the daily-payout stands between Rs. 272 and Rs. 284.

In 2014, Commerce Minister Nirmala Sitharaman had come down hard on the tea industry for not paying minimum wages.

The proposed amendment is now seeking to "exclude from the definition of wage the in-kind benefits that were being hitherto included," an industry source told The Hindu.

The Central and State governments rolled out a clutch of social sector schemes which can be implemented in the tea estates. This, they felt, would obviate the need for the industry to extend these benefits. The Centre now wants the plantation industry to share this cost with the government under the amended PLA.

Responding to these proposed changes, Azam Monem, chairman of the Consultative Committee of Plantation Associations (CCPA), told The Hindu that it was good that the PLA had been brought to the discussion table.

The Indian industry had long been saying that PLA puts them at a cost-disadvantage vis-a-vis international rivals. A 2009 Report of a Committee on the Cost Competitiveness of India Tea Industry, too had pointed out that the PLA had added to production costs and lowered competitiveness. Bijoy Gopal Chakraborty, Chairman of the Confederation of Small Tea Growers (part of whom are under PLA) said that any additional burden would kill the small growers-cum-owner segment.

"We are happy that the Centre is now discussing the PLA, but we will send in our comments by January 20 to propose that the changes are looked at from the employers' view point too."

The man behind the iconic Mahatma stamp

It was nearly 50 years ago that Suraj Sadan finished the portrait of Mahatma Gandhi with Kasturba that later won him international accolades. To this day, his sketches of the Mahatma continue to impress people.

For the 78-year-old Mr. Sadan, who created the iconic portrait that went on to become the 20 paise stamp released to commemorate the centenary celebrations of Mahatma Gandhi in 1969, spreading awareness about the non-violence principles has been a mission. He has been part of all Pravasi Bharatiya Divas since its inception in 2003.

Twenty of his portraits of the Mahatma displayed at the venue drew inquisitive visitors. Recalling the days of 1968, Mr. Sadan said that since he was passionate about creating portraits of Mahatma Gandhi, he entered into the contest that had been called to select the best portrait for the postal stamp.

"My sketch was finally selected and the same was sent



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to UNESCO, which released the stamp in 10 languages,” said Mr. Sadan, a resident of Montreal, Canada, for over four decades.

His drawing was also featured on the cover of UNESCO magazine.

Mr. Sadan’s interest in portraits of Mahatma Gandhi started as a young boy. His family, along with him, had been displaced from Quetta, now in Pakistan, and were in the post-Independence refugee centre at Kingsway Camp in Delhi when the Mahatma visited it. “ I was around nine years old when he came to the camp and since then I paint his portraits,” he said, adding that he tries to create awareness of Gandhi’s principles.

He has also drawn portraits of former Prime Ministers Jawaharlal Nehru and Indira Gandhi, and former Presidents Rajendra Prasad, S. Radhakrishnan, and V.V. Giri.

BHIM app safer than mobile wallets, says e-security firm

Allaying security concerns over the Centre’s flagship digital payment application BHIM, the CEO of cybersecurity solutions firm Lucideus, said it was currently among the most secure ways to make digital payments.

Saket Modi, CEO of Lucideus, one of the many firms involved in testing the UPI-based application’s safety, said that the increasing adoption of Unified Payments Interface (UPI) payment mechanism would spell doom for mobile wallets, which saw a surge in their usage in the past two months owing to the cash crisis following the demonetisation of high-value currency on November 8.

‘Not in haste’

Comparing the BHIM App’s features with larger apps like Facebook, Mr. Modi said that testing an app for the latter with 200-odd features may take a year, but the BHIM App has only two features so the argument that it was released hastily without appropriate tests doesn’t hold water.

“The security of an application definitely requires a particular time frame, but that isn’t a valid argument. BHIM has only two main features — send or ask for money and see your account balance or previous UPI transactions. Somebody who says this, needs to find a flaw and report it,” he told The Hindu.

“We have been working on UPI for many months. BHIM is only an abstraction layer on top on UPI. UPI common library — a piece of code that NPCI made and gave to every bank to be embedded into their net banking application, was already there,” he said, stressing that this

should quell concerns about the application’s security based on its creation in a short span of time.

The encryption used for the application to communicate with the payments server is the same that is used in Google Wallet or Apple Pay.

While e-wallets use a one-factor authentication mode by default, both net banking and credit or debit cards use two-factor authentication.

“BHIM uses three-factor authentication and hence, is relatively more secure from a consumer point of view. It also combines the convenience of a mobile wallet with the security of net banking,” he said.

When a user opens BHIM application for the first time, the application automatically binds itself to their device ID and phone number — both of which are unique. This means that the same UPI cannot be used from two phones. The BHIM application will also not work on a phone which doesn’t have a SIM card.

“This uniquely identifies not just the device but the active number. If there is some fraud...you have an operational number plus the device ID, which in some cases can be masked, but a combination of both makes it easy to track the cell phone and law enforcement agencies can physically trace the person, if needed.” Mr. Modi said.

“The third factor is the UPI PIN, set by the user, which will be required for every transaction through the application.” No user would be able to do transactions without the UPI PIN, he said.

M-wallets doomed?

“You can send and receive money in real time very conveniently and securely. So you don’t require m-wallets now as UPI and BHIM are there. Once everybody gets a Virtual Payment Address, why would you ever want to upload money into a wallet from your bank when you can pay directly?” he said, pointing out that UPI eliminates the need for a third party wallet.

Once the BHIM App is installed, the user can select her bank out of the 35 listed banks.

The application, which already knows the phone number, runs a check to match the mobile number against the selected bank’s data base to automatically detect the account whose KYC details you have already filled in while opening the bank account.

For consumers, before UPI, there were three popular options of digital payments — net banking, mobile wallets or plastic cards.

Net Banking allows a users to access the bank account without going to the bank, but a third party transfer even within the same bank takes a minimum of 30 minutes.



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“The entire net banking process is lengthy and complex... That is where e-wallets came in. They are far more convenient (don't even ask for a KYC). But convenience always comes at a cost,” Mr. Modi said. “With cards, there is an issue of limited PoS terminals along with the physical logistics of manufacturing and delivering a card,” he explained.

Mr. Modi's firm Lucideus has also been involved in the security of the UPI common library. “We have done the security for the code... which is the heart of UPI.”

SC refuses to intervene in Telangana plea against Krishna tribunal award

The Supreme Court dismissed a Telangana government petition against a decision of the Krishna Water Dispute Tribunal-II to limit the re-allocation of the river water only to the two successor States of Andhra and Telangana, and not dabble with the share of water enjoyed by the other two riparian States — Maharashtra and Karnataka. A Bench of Justices Madan B. Lokur and P.C. Pant categorically refused — without prejudice to any other writ or special leave petitions filed by Telangana in the Supreme Court — to intervene with the decision of the Water Dispute Tribunal-II to confine the question of re-allocation of river water, post bifurcation of erstwhile Andhra Pradesh, to the two successor States of Telangana and Andhra and not all the four riparian States. The tribunal had decided that the details of the re-distribution would be decided as per the Andhra Pradesh Reorganisation Act of 2014 by an apex council headed by top officials. The Bench explicitly told Telangana that it would not want to go into the entire award of the tribunal nor delve into a fresh consideration of the water dispute.

In its petition, Telangana contended that, on its formation, it was confronted with the situation of “inadequate utilization of Krishna water out of the en bloc allocation of 811 TMC of 75 per cent dependable water, made by the Krishna Water Disputes Tribunal-I. “The projects identified and allocations made by the Krishna Water Disputes Tribunal-II in Telangana region of erstwhile A.P. is also woefully inadequate being just 9 tmcft of 448 tmcft of surplus water among the riparian States,” the Telangana contended.

Sky is the limit for investors in India: PM

Prime Minister Narendra Modi said here that India was on the threshold of becoming the world's largest digitised economy offering immense opportunities to global inves-

tors.

Mr. Modi was inaugurating the Vibrant Gujarat Summit. In his 35-minute address in English and Hindi, Mr. Modi highlighted his initiatives that have apparently made the country the preferred destination for Foreign Direct Investment (FDI) and the fastest growing major economy. “India alone offers the opportunities that could rival that of an entire continent. It offers today the possibilities of a full century. And we want to do all this in a cleaner, greener, more sustainable way. We are also committed to protecting the environment. This is what India has stood for since ages,” he told the gathering of captains of Indian industries, CEOs of many MNCs and heads of several states and diplomats.

‘Progressive policies’

“For investment, sky is the limit and our policies are very progressive. India is going to emerge as one of the world's largest construction markets. All this offers unprecedented opportunities for the investment community,” he added, listing the steps his government had taken to improve the country's ease of doing business ranking and making the policies business and investment friendly.

According to him, the government was committed to an India with better opportunities, better purchasing power, better income, better quality of life, and better living standards.

“Creating an enabling environment for business and attracting investments is my top priority,” said the Prime Minister, who also stressed that his government was voted to power on a promise of providing “clean governance”.

‘Democracy can deliver’

Calling ‘democracy’ India's biggest strength, the Prime Minister said: “Some people say democracy cannot deliver effective and fast track governance, but we have seen in the last two and a half years, it is possible to deliver quick results as well.”

“India's strength lies in 3Ds — Demography, Democracy and Demand. Ours is a nation of vibrant youth; the disciplined, dedicated and talented youth of India offers globally unmatched workforce while our middle class offers huge market.”

While seeking investments in industrial sectors, Mr. Modi mentioned his social commitments and said, by 2022, his government would provide a house to every poor family and a job to every person in the country.

He announced that India had become the “sixth largest manufacturing nation, up from 9th” and “the government would ensure that the growth process is inclusive and



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encompasses both rural and urban communities”.

Centre set to unveil scheme for women entrepreneurs

The Centre would shortly introduce an exclusive scheme for women entrepreneurs, a senior official in the Ministry of Micro, Small and Medium Enterprises (MSME) said. “It will be an exclusive scheme for women entrepreneurs,” B. H. Anil Kumar, a Joint Secretary in the Ministry, told reporters here. “We have not yet finalised the contours (of the scheme). Hopefully, we will introduce it before the end of the financial year.”

Earlier, he unveiled myloanassocham.com, a portal. Industry body ASSOCHAM said the site provides MSMEs online access to funds at an affordable rate from a mix of banks and financial institutions.

Mr. Kumar said the figures that the MSME sector contributes 8 per cent to the country’s GDP, 45 per cent of the manufacturing output and 40 per cent of the exports are based on survey reports of 2007. Those survey reports have been extrapolated. It’s a random survey, and it’s not clear how much of that figure is based on hardcore data, according to him.

In this background, the Ministry is in the process of creating an MSME data bank based on which it can project the actual requirements of the sector, he said and asked these enterprises to register themselves.

The Reserve Bank of India, he said, had issued guidelines for the creation of committees for revival and rehabilitation of MSMEs facing stress. Banks were in the process of setting them up at state levels, he added.

Mr. Kumar pitched for putting in place a corporate structure so as to ensure that an enterprise “does not die when an entrepreneur passes away”. — PTI

Nod for additions to Central OBC list

The Union Cabinet approved inclusion/amendments to the Central List of Other Backward Classes notified in respect of Assam, Bihar, Himachal Pradesh, Jharkhand, Maharashtra, Madhya Pradesh, Jammu and Kashmir, and Uttarakhand.

On the recommendation of the National Commission for Backward Classes (NCBC), a total of 2,479 entries for inclusion in the central OBC list have been notified in 25 States and six Union Territories, said a press release.

“Meanwhile, more advices for the inclusion of castes/communities, and corrections in the existing list of OBCs for the State of Assam, Bihar, Himachal Pradesh, Jharkhand, Maharashtra, Madhya Pradesh, Jammu & Kashmir and

Uttarakhand, have been received from NCBC,” it added. “Accordingly, a total of 28 changes recommended by NCBC in respect of 8 States including Jammu and Kashmir (15 new entries, 09 synonyms/sub-castes and 04 corrections) have been notified.”

The changes will enable people belonging to these groups to avail themselves of reservation and other central schemes applicable to OBCs.

The Cabinet also approved Central assistance of Rs. 2,000 crore for 36,384 displaced families from Pakistan-occupied areas of Jammu & Kashmir (POJK) and Chhamb.

India eyes manufacturing podium

The government has set a target for India to emerge as the third-largest manufacturing country in the world from its sixth rank currently.

This would be achieved through various initiatives. The government is also helping the industry to acquire high-end technology and achieve scale to achieve the desired objective, according to a government official. “Manufacturing has emerged as one of the high growth sectors in India. This sector accounts for around 17 per cent of the country’s GDP. The Government in its New Manufacturing Policy (NMP) aims to increase this share to 25 per cent by 2022,” Girish Shankar, Secretary, Ministry of Heavy Industries & Public Enterprises, Department of Heavy Industries said at WIN India 2016, an event organised to promote modern manufacturing.

Governance with hindsight or decision-making at the speed of light?

Ever since Prime Minister Narendra Modi announced the demonetisation of old Rs. 500 and Rs. 1,000 notes on November 8, Ministers and officials have spent much of their waking hours trying to stay one step ahead of black marketeers and tax evaders.

A few senior Cabinet Ministers hung around 7 Lok Kalyan Marg, the Prime Ministerial residence, till nearly midnight on the day Mr. Modi made the momentous declaration, excited about the scale of the decision. But even they did not fully realise the extent to which the government machinery had to prepare for the task ahead.

Soon after Mr. Modi’s return from Japan, a daily review meeting on operational issues started. “After all, just as we hold review meetings, black marketers will also be exchanging notes on just how to subvert systems,” Mr. Modi is reported to have said in a reference to the exercise acquiring an aura of a cops-and-robbers game.



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Core group

Senior officials in the Prime Minister's Office, Finance Minister Arun Jaitley and senior officials from his Ministry form the core of this review set-up. "They meet every day, and feedback is divided into two parts: suggestions and issues. The suggestions are forwarded to Niti Aayog, while the Finance Ministry deal with the issues and forward them to the relevant Ministries," a senior government official said. This feedback could come from anywhere.

For instance, Odisha Chief Minister Naveen Patnaik's suggestion that the State be sent notes of only small denominations to pay beneficiaries of various pension schemes was one of the first to be acceded to, with Rs. 140 crore in small-value notes despatched to the State. Many suggestions have been picked up from the survey done on the NaMo app recently. The recent amendment to the Income Tax Act, providing yet another chance to those with undeclared cash to come clean, seems to have come from one such suggestion.

"In my opinion, we have left too much in the hands of the Income-Tax Department. I feel we should have got the VDS [Voluntary Disclosure Scheme] again along with this move, maybe at a little higher rate of 50-55%. In the current scenario, the tax rate will be around 90-95%, so people don't have any incentive to pay tax. In such a case, either they will try to bribe the Income Tax officer or would not deposit it. So this will increase the corruption, which we are trying to reduce through this move. It would have also reduced the load on the I-T Department significantly and many people with black money in the range of Rs. 5-10 lakh would also have declared that," Manu Goel suggested in a post on the app.

Naveen Chandola, who also responded on the NaMo app, suggested that bankers could be gaming the system by simply using identity proof by unsuspecting citizens multiple times. Something the government seems to be taking seriously now. "I feel bank employees should be kept under tight surveillance because some of them may also help black money hoarders by simply using a ID proof against multiple currency exchange through the counter. In this way, a person whose ID is used for multiple currency exchange will be unaware he is targeted and the beneficiary will be the black money owner," he said. "People can distribute their black money among poor people and deposit in their bank account and later withdraw that money," he added in his suggestion, something the Prime Minister seems to have referred to in his speech in Moradabad.

"The government also pulled back the deadline for the

use of old notes at petrol pumps from December 15 to December 2, after it was found that though Rs. 100 notes had been released at 150 per cent higher levels than before and disbursed through these outlets, there was hoarding of notes. Once these exemptions go, people will start circulating smaller denomination notes again," said a senior source in the Finance Ministry.

Many circulars

From November 8 to 30, no fewer than 27 notifications and circulars were issued by the government with regard to demonetisation, a move that raised the allegation of mismanagement and governance by hindsight. Mr. Jaitley, in a recent press statement, termed it a sign of a "responsive government".

"As remonetisation builds up, you change the conditions that have been imposed, they won't be static during the entire period," he had said.

As India enters the second month of demonetisation, and the 50-day period of suffering in ATM queues (mentioned by Mr. Modi) nears its end, the cops-and-robbers game between black money hoarders and the government should, hopefully, come to some sort of a conclusion too.

B.S. Bhullar to head DGCA

B.S. Bhullar, a 1986-batch IAS officer, has been appointed chief of the Directorate General of Civil Aviation (DGCA) in the latest appointments made in the rank of Additional Secretary in various Union Ministries.

Vaduvendra Mathur, Chairman and Managing Director of Exim Bank, has been shifted to NITI Aayog as Additional Secretary, while Malini Shankar, a 1984-batch IAS officer from the Maharashtra cadre, has been appointed Director-General, Shipping, in the Shipping Ministry.

11 appointments

The Appointments Committee of the Cabinet, headed by Prime Minister Narendra Modi, cleared the appointments of as many as 11 senior-rank officials.

P.V. Ramesh Babu, a 1985-batch officer from Andhra Pradesh, has been appointed Chairman and Managing Director of Rural Electrification Corporation, while another official from the same batch, Rabindra Panwar, has been shifted from the Defence Ministry and appointed Additional Secretary and Financial Adviser in the Home Ministry.

In Health Ministry

R.K. Vats from West Bengal has been brought on Central deputation for appointment as Additional Secretary in the Health and Family Welfare Ministry in place of K.B. Agarwal, a 1985-batch officer from the Jammu and Kashmir



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cadre, who has been returned to his parent cadre.

A 1986-batch officer, Anshu Prakash, has been moved from the Department of Heavy Industries to the Ministry of Rural Development as Additional Secretary and Financial Adviser.

Women's panel

The appointments include an Indian Revenue Service officer, Madhu Mahajan, as Member Secretary of the National Commission for Women, and an Indian Economic Service officer, Nagesh Singh, as Additional Secretary in the Union Ministry of Rural Development.

PSUs sign deal to set up India's biggest oil refinery

Indian Oil Corporation, Bharat Petroleum Corporation and Hindustan Petroleum Corp signed a pact to build India's biggest oil refinery at a cost of \$30 billion on the west coast. The three firms signed the pact for the 60-million tonne a year refinery in Maharashtra with IOC as leader of the consortium, officials said. IOC will hold a 50 per cent stake in the project while BPCL and HPCL will have 25 per cent each. The consortium agreement was signed on the sidelines of the Petrotech conference here. Oil Minister Dharmendra Pradhan said oil majors like Saudi Aramco of Saudi Arabia are interested in taking a stake in the project, but nothing has been finalised as yet. "There are other companies also interested. Let's see how talks progress," he said.

Central team visits SYL canal area in Punjab

A Central team visited the Sutlej-Yamuna Link canal area villages falling under Ropar, Fatehgarh Sahib and Patiala districts.

The Central team was headed by Dalip Kumar, Joint Secretary, Union Home Ministry, and he was accompanied by Chief Engineer of the Central Water Commission Ashok S Goyal.

The Supreme Court had last month ordered status quo on land acquired for the construction of the Sutlej-Yamuna Link canal's stretch in Punjab and appointed the Union Home Secretary, Punjab's Chief Secretary and the Director General of Police as receivers.

The court order came on a plea by the Haryana government that sought status quo ante in the wake of the Punjab government's decision to denotify the acquired land and restoring it to the original owners.

Though the Punjab government tried to restore land to its original owners but the farmers are yet to take possession of the land.

Last time when the Central team visited the same area on March 22 they faced protest by Akali leaders and farmers, while this time SAD leadership was busy in organising a political rally in Moga and telling the people about their "achievement" over the SYL issue on birth anniversary of Punjab Chief Minister Parkash Singh Badal. The same team (Dalip Kumar and Ashok S Goyal) visited the area last time to assess the damage caused by farmers to the Sutlej-Yamuna Link canal (SYL) on March 15 and 16 after the Punjab Assembly had passed the Punjab Sutlej-Yamuna Link Canal Land (Transfer of Property Rights) Bill, 2016.

Last time, the team visited villages falling under Ropar, Fatehgarh Sahib and Patiala districts and started from Kaami village in Patiala where they were shown black flags.

Patiala Range IG Paramraj Singh Umrangal and Bassi Pathana SHO Hari Chand were also present during the team's Fatehgarh Sahib area visit .

Oil pipeline deal signed with Chinese firm

The Bangladeshi government signed an agreement with China Petroleum Pipeline Bureau to build a mooring point and a 220-km pipeline for imported oil.

The new project will have an annual unloading capacity of 9 million tonnes. Under this, a 146-km offshore pipeline and a 74-km onshore pipeline will be built to bring imported oil from deep sea to Eastern Refinery Ltd (ERL) in Chittagong for processing. The project is expected to start operation in December 2018.

The single mooring point with double pipeline aims at unloading imported crude and finished petroleum products easily and at reduced costs and time, help expand Bangladesh's refinery capacity and ensure energy security, according to Bangladesh Petroleum Corporation (BPC). Once the pipeline is installed, it will bring down the unloading time, said Mahmud Reza Khan, chairman of BPC.

Meanwhile, officials of India and Bangladesh held talks in Dhaka to finalise a draft of deals that included the use of Bangladesh's Chittagong and Mongla ports by India.

Talks for finalising the drafts were held on Thursday in which a 16-member Bangladesh team, led by Shipping Secretary Ashok Madhob Roy, and a nine-member



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Indian delegation, led by its Shipping Secretary Rajive Kumar, participated. The final agreement on this is expected during Prime Minister Sheikh Hasina's upcoming visit to India.

Delhi High Court restores copyright suit by publishers

The Delhi High Court restored for trial the issue whether photocopying study material for course packs is a violation of copyright.

It allowed Delhi University's Rameshwari Photocopy Service to continue with preparing course packs for the time being on a condition that it files a record of the same in the suit every six months.

A Bench of Justices Pradeep Nandrajog and Yogesh Khanna held that there were triable issues in the matter while the single judge had dismissed the petition of the publishers holding that there was no such issue involved and there was no copyright violation.

"The appeal is disposed of ... setting aside the impugned judgment and decree [passed by the single judge] holding that no triable issue on fact arises ... The suit is restored for trial," the Bench said.

We declare that the law in India would not warrant an approach to answer the question by looking at whether the course pack has become a textbook, but by considering whether the inclusion of the copyrighted work in the course pack was justified by the purpose of the course pack i.e. for instructional use by the teacher to the class and this would warrant an analysis of the course pack with reference to the objective of the course, the course content and the list of suggested readings given by the teacher to the students. This would require expert evidence...," the Bench said.

The matter will now be listed before another Bench sometime in January 2017.

No interim injunction

While declining to grant any interim injunction against the Rameshwari Photocopy Service from preparing course packs, the Bench directed it to maintain a record of course packs photocopied by it.

On September 16, Justice Rajiv Sahai Endlaw had held that preparing course packs was not a violation of copyright.

The court had declined relief to international publishing houses Oxford University Press; Cambridge University Press, United Kingdom; Cambridge University Press India Pvt. Ltd.; Taylor & Francis Group, U.K.; and Taylor & Francis Books India Pvt. Ltd. against the photocopy shop

at DU's Delhi School of Economics.

T.N. highway projects set to be revived

Tamil Nadu appears set to come on board to sign a state support agreement (SSA) with the Centre to provide formal support to National Highway projects in the State — a move that is set to revive investor sentiment.

The State has also agreed to revive the four-lane elevated road from Chennai Port to Maduravoyal, a big ticket expressway project stalled since March 2012 when the state had raised objections over its alignment. TN Additional Chief Secretary Dr. Rajeev Ranjan wrote to Union Road Transport and Highways Secretary Sanjay Mitra and NHAI Chairman Yudhvir Singh Malik on December 7 requesting the Centre to prepare the SSA for "necessary approval and signing" by the State.

In a separate letter on December 2, Dr. Ranjan asked the Centre to carry out a study on the revised alignment proposed by the State related to construction of the Chennai Port-Maduravoyal Expressway.

All states, except Tamil Nadu, have signed the SSA, an umbrella agreement which, when put in place, ensures timely implementation of highway projects under the public-private-partnership (PPP) model.

State support

For national highway projects, the State government's support is required in land acquisition, providing right of way, removal of encroachments, shifting of utilities, rehabilitation, local law and order and providing assistance to the National Highways Authority of India and the project developers.

Inking SSA

"Tamil Nadu had been hesitant to sign the SSA in the past leading to hurdles related to execution of several national highway projects," said a senior Road Transport and Highways Ministry official, on condition of anonymity. "This move will expedite highways development in the State as it will become signatory in the national highway projects," the official said. Since 2009, the Centre has been sending multiple reminders to the government in Tamil Nadu to sign the agreement for execution of highway projects.

Centre enlists entrepreneurs to promote cashless drive

The Centre has roped in top technology entrepreneurs including Infosys co-founder and billionaire Nandan Nilekani to help get more Indians to adopt digital payments.



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Besides Mr. Nilekani and chief ministers of several states, the committee includes other top technology executives like Rajesh Jain, founder of netCore Solutions and Sharad Sharma, former Yahoo! India R&D head and co-founder of software product think-tank iSPIRT.

'Invitee member'

"I am just an invitee member of this 13-person committee headed by Andhra Pradesh Chief Minister Chandrababu Naidu," said Mr. Nilekani in response to a query.

Mr. Jain, who is also part of the committee, founded India World Communications, which was acquired by Satyam Infoway in 1999 for \$115 million in one of Asia's largest Internet deals.

By enabling broader access and participation in the financial system, the government said that it aimed to reduce income inequality, boost job creation and accelerate consumption.

Mr. Nilekani, who spearheaded the country's unique identification project, Aadhaar, laid out the blueprint for turning India into a cashless economy, in a speech at Carnegie India Global Technology Summit in Bengaluru, this week. He said that solutions such as Aadhaar, micro-ATMs, UPI and digital wallets are already available to turn India into a cashless economy.

"Now there is political will to accelerate digital cashless transactions because of the environment," he said.

He said that India has about 250 million active smartphone users who can make digital payments using cards, mobile wallets and UPI.

About 350 million people use feature phones that may be used to send and receive money through USSD, a global system for mobile communication technology. Mr. Nilekani said another 300 million people in the country don't have a phone at all; many of them live in rural India and are economically challenged. He said that micro-ATMs, which do not require a phone, could be used to help these people access banking services.

"If you have to solve cashless economy, it requires Delhi, Bengaluru and Mumbai to work together."

Railways mull exclusive suburban tracks

Indian Railways may soon build exclusive rail tracks for suburban trains in a bid to ease congestion. The Railways will partner states through a special purpose vehicle (SPV) for suburban train systems, which would be empowered to propose a surcharge on passengers for recovering operating losses and capital costs of such projects.

"Since running suburban services on existing tracks adversely affects the capacity of freight trains and long-distance trains, it would not be possible for Railways to use existing infrastructure for the purpose of suburban services. Exclusive tracks for suburban services shall be considered," according to the draft policy guidelines for taking up new suburban rail systems on Indian Railways dated December 6.

At present, the Railways is running suburban train services in certain sections on the tracks laid primarily for long-distance trains. The Railways has framed the draft guidelines to address the demand for more suburban trains from the state governments.

Suburban railway projects are proposed to be implemented and operated through a special purpose vehicle (SPV) with equal equity participation from the respective state governments and the Railways.

Dedicated fund

According to the draft guidelines, state governments would set up a dedicated urban transport fund through "levy of dedicated taxes, levies, betterment tax, impact fee", among others in the "influence zone of proposed railway station" to finance the capital cost of suburban train projects.

Further, the Indian Railways, on request from the SPV, may restructure fares on suburban trains and impose a surcharge to recover the operating losses and the capital cost "if operating losses are not recovered from the dedicated urban transport fund."

The state governments will be required to conduct feasibility studies of the project at their own cost which will be examined by zonal Railways and subsequently sent to Indian Railways.

States will have to ensure there is no delay in land acquisition and Indian Railways will only contribute its equity share to the SPV once 70 per cent of the land to be acquired is made available by the state government, as per another proposal. States will have to bear the complete cost of land acquisition, leasing of railway land and resettlement and rehabilitation.

Defence Ministry approves measures to address veterans' grievances

In an effort to reduce pendency of grievances in the services, the Ministry of Defence has mandated that grievances redressal officers will respond to all complaints filed by veterans, disabled soldiers and widows within a stipulated time.

The recommendations were made by a six-member ex-



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pert committee constituted by Defence Minister Manohar Parrikar for the review of service and pension matters. The committee had recommended that a mandatory response must be provided by the record offices to all representations and letters within 30 days and senior officers must be designated as grievance officer/ Public Grievance Officer who could be contacted in the event of a lack of response.

“This particular proposal mentioned in Paragraph 7.4 was accorded in-principle approval by Mr. Parrikar. Now the implementation instructions have to be worked out after finalising the modalities,” official sources told The Hindu . This was confirmed by a member on the committee.

The timeline of 30 days or more would be fixed in consultation with the Controller General Defence Accounts (CGDA) and Service headquarters.

“In all, there were 75 recommendations by the committee, out of which 34 stand accepted. The rest are under consultation with other ministries because they involve departments outside the Defence Ministry,” the source said.

The problem right now was that there was no response despite repeated requests, which led to discontent among the officers, veterans and widows, the committee observed in its report. There were many cases where the Record Offices did not care to respond to queries or letters from veterans and families until there was “intervention of senior officers or higher headquarters or the veterans cells.”

The report stated that according to the estimates provided to the committee, a total of 16138 cases related to the uniformed services (Army 14411, Navy 437, Air Force 1241, Coast Guard 49) were pending before various Courts and Tribunals in the country.

FCRA nod for seven NGOs revoked

The Home Ministry continued with its flip-flop over grant of permits to NGOs for accepting foreign funding, reversing permission given to seven more NGOs, even as a group of activists and voluntary sector organisations demanded the abolition of Foreign Contribution Regulation Act (FCRA).

Among the NGOs, who lost the FCRA permits given online earlier, was ANHAD (Act Now For Harmony and Democracy) run by social activist Shabnam Hashmi.

The latest decisions come a day after the Union Home Ministry cancelled similar renewal of FCRA licences granted to Greenpeace India, and two NGOs run by activist Teesta Setalvad. The Ministry has now claimed that

these NGOs were inadvertently granted online renewal by mistake. The Ministry had also ordered the review of the renewals given to over 13,000 NGOs for accepting foreign funds.

, the government crackdown was targeted against ANHAD, Marwar Muslim Education and Welfare Society, Gujarat-based Navsarjan Trust, Rural Development Research Centre (RDRC), Ahmedabad, and three others.

Home Ministry sources said these licenses were cancelled because an enquiry found that despite them being placed under restricted list based on adverse intelligence input, their FCRA license was renewed online.

‘A draconian law’

A group of activists and organisations condemned the government’s ongoing cancellation of FCRA licences.

“We unequivocally condemn the present use of the FCRA as a tool of repression by the current government. The State is following a systematic and sustained agenda of suppressing those very dissenting voices that have consistently challenged the system,” said a statement signed by Magasaysay award winner and activist Aruna Roy, author and historian Ramchandra Guha, Amnesty International’s India chapter and others.

The signatories said the FCRA was a draconian and repressive law, and must be revoked.

‘Laado Chaupal’ is the latest in Rajasthan’s fight for girl child

A ‘Laado Chaupal’ organised here over the weekend laid emphasis on the strict implementation of the drive to check foetus sex determination tests in order to improve the declining child sex ratio in Rajasthan.

The State government’s ambitious ‘Daughters are precious’ programme for the protection and welfare of girls was also highlighted during the event.

The National Health Mission’s State Director Naveen Jain, who is also the State Appropriate Authority under the Pre-Conception and Pre-Natal Diagnostic Techniques Act, said the campaign for saving the girl child had been taken up in Rajasthan as a mission.

Underlining the need for changing the mindset of giving priority to sons, Mr. Jain said decoy operations, monitoring of sonography machines via GPS (Global Positioning System) and the scheme for informers were being executed efficiently in the State.

‘Painful reality’

Laado Chaupal’s convenor Shipra Mathur said that female foeticide was a “painful reality” at a time when girls



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were scaling new heights in education, science, the humanities and various arts. “The message for saving daughters should be spread far and wide to ensure the protection of girls,” she said. College students attending the event also took part in a quiz for general awareness.

Centre mulls merger of cyber, telecom dispute appeals tribunals

As part of plans to merge some of the tribunals into larger entities to avoid identical functions, the Centre is looking to converge the Cyber Appellate Tribunal (CyAT) and TD-SAT. Government sources said that CyAT was proposed to be merged with the Telecom Disputes Settlement and Appellate Tribunal (TDSAT) and a Cabinet note to this effect would be moved shortly. CyAT adjudicates matters related to information technology and is seen carrying significance at a time when the government is pushing for digital payments. CyAT, however, has been headless since July 2011. IT Minister Ravi Shankar Prasad said the Centre was “working to rationalise tribunals, merge tribunals.”

Central forces rushed to Manipur

The Centre has rushed around 4,000 paramilitary personnel to Manipur in the wake of violence following the economic blockade of the National Highways connecting the State.

While around 1,500 paramilitary personnel were moved to Manipur in the last two days, around 2,500 were dispatched last week, a senior Home Ministry official said. The decision was taken in the wake of violence following the economic blockade imposed by the United Naga Council since November 1 on two National Highways — NH-2 (Imphal-Dimapur) and NH 37 (Imphal-Jiribam) — that serve as lifelines for the landlocked Manipur.

Nagaland CM's appeal

Nagaland Chief Minister T.R. Zeliang has sought the intervention of the Centre and the Manipur government in securing the lives and property of Nagas in the Imphal Valley of Manipur.

Mr. Zeliang wrote to Union Home Minister Rajnath Singh and Manipur Chief Minister Ibobi Singh, drawing their attention to the plight of hundreds of Nagas stranded in the Imphal Valley. He claimed that they were being prevented from proceeding to their villages in the hills. Some valley-based organisations were threatening them, he alleged. Curfew was relaxed in Imphal West and Imphal East dis-

tricts for nine hours morning.

Ibobi calls Cabinet meet

Manipur Chief Minister O. Ibobi Singh has convened a Cabinet meeting to discuss the situation in the State. Earlier, the Cabinet approved the payment of Rs 20 lakh to the families of the three policemen killed during an ambush by hill-based militants on December 15.

The Cabinet also approved to bear the cost of treatment of 14 policemen who were injured in attacks in Lokchao and Bongyang in the newly created Tengenoupal and Noney districts.

The Naga Students Federation, meanwhile, has decided to impose a “total blockade” on all Manipur-bound vehicles, including passenger and goods carriers, in the Naga-inhabited areas till the Manipur government gave an assurance to the Nagas about their safety in the State. Many innocent Naga travellers in Manipur had been assaulted, NSF president Subenthung Kithan alleged. He also warned that anybody travelling from Naga-inhabited areas to Manipur would be doing so at his or her own risk.

SC criticises poor implementation of SC/ST Act

Criticising the government for its “indifferent attitude” towards the implementation of the Scheduled Castes/Scheduled Tribes (Prevention of Atrocities) Act, the Supreme Court has directed the National Legal Services Authority to frame schemes for spreading legal awareness and free consultations to members of the SC/ST communities nationwide.

Equality for all

A Bench, headed by Chief Justice of India T.S. Thakur, asked the authorities to discharge their duties to protect the SCs/STs to attain the constitutional goal of equality for all citizens.

“The constitutional goal of equality for all the citizens can be achieved only when the rights of the Scheduled Castes and Scheduled Tribes are protected. The abundant material on record proves that the authorities are guilty of not enforcing the provisions of the Act,” the Bench, also comprising Justices D.Y. Chandrachud and L. Nageshwara Rao, observed in a recent judgment. It asked the National Legal Services Authority to formulate appropriate schemes to spread awareness and provide free legal aid to SCs and STs.

Centre recasts panel helping Krishna



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Board

The Centre has reconstituted a committee that was tasked with assisting the Krishna River Management Board (KRMB).

The new committee, according to an order available on the ministry's website, will be headed by A.K. Bajaj, former chairman of the Central Water Commission. Others on the board include Gopala Krishnan, R.P. Pandey, Pradeep Kumar Shukla and N.N. Rai.

The committee is tasked with assisting the Krishna River Management Board prepare a manual on how projects, common to Andhra Pradesh and Telangana, ought to be handled. It also has to weigh in on how the Godavari waters ought to be transferred to the Krishna Basin in accordance with the Godavari Water Disputes Tribunal Award.

The Water Resources Ministry had constituted a similar committee of irrigation, hydrology and hydel power experts in September to suggest a "mechanism for facilitating the effective functioning of the KRMB as per the provisions of the A.P. Reorganisation Act, 2014".

The committee's reconstitution comes even as the Board ruled that Krishna water be divided 70:30 between Andhra Pradesh and Telangana for the coming month. The Telangana government has strongly objected to this.

IAF to get one more C-17 aircraft

The Indian Air Force (IAF) will procure one C-17 Globemaster III heavy lift transport aircraft to add to the existing fleet of 10. This was one of the four proposals cleared by the Defence Acquisition Council (DAC).

The other three proposals, worth Rs. 7,184 crore, include protection systems for infantry vehicles, 3-Dimensional air defence radars and maritime surveillance aircraft for the Coast Guard.

The DAC, chaired by Defence Minister Manohar Parrikar, reviewed the current state of capital acquisitions and granted the Acceptance of Necessity (AoN) to the four proposals, defence ministry officials said. AoN is the first stage of approval in the procurement process.

Missed opportunity

In 2011, India purchased 10 C-17s from the U.S. through the Foreign Military Sales (FMS) route in a deal worth \$4.1 billion which had a follow-on clause for six more aircraft. Since induction, the C-17s have become the symbol of India's rapid airlift capability in responding to contingencies across the neighbourhood.

Boeing began shutting down the assembly line due to lack of further orders. In fact, 10 additional aircraft were manufactured and were offered to all existing customers.

A warning was sounded to India for an immediate decision. However, a delay in decision making in the defence ministry meant that the IAF missed out on the opportunity. Of the 10, nine have been picked by existing users of the aircraft and one remains with Boeing. A separate deal will now have to be negotiated with the U.S government due to which officials said the price is yet to be determined. Bharat Electronics Limited (BEL) will supply 1,500 Nuclear, Biological and Chemical (NBC) protection systems for the Army's Infantry Combat Vehicles (ICV) in a deal worth Rs. 1,265 crore.

More radar



Army sources said that these are modern automated systems and will replace the existing manual ones in use. The Army and Air Force will get 55 low level light weight radars for their air defence regiments to replace the 2D radars in use. These 3D radars are indigenously designed by the Defence Research and Development Organisation (DRDO).

The Coast Guard has been given the go ahead to procure six multi-mission maritime aircraft and the suites for them will be designed by DRDO. The deal is expected to cost around Rs. 5,500 crore. The much expected policy guidelines on strategic partnerships was, however, not on the agenda.

Anti-airfield weapon system test-fired

India successfully tested the smart anti-airfield weapon system, capable of engaging ground targets in a range of 100 kms from a fighter aircraft, at the integrated test range here in Chandipur.

SAAW, an indigenously designed and developed 120 kg-class smart weapon, developed by the Defence Research and Development Organisation (DRDO), is a light-weight high precision guided bomb and one of the world class weapons systems, a DRDO statement said. The captive and release trials were tracked by Radar and Telemetry ground stations at ITR during the entire duration of the flight.

The performance of all systems was satisfactory with all the mission objectives achieved, the statement said.



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Agni-V test-fired again from mobile-launcher

The test-firing of India's most formidable ballistic missile, Agni-V, from the Abdul Kalam Island, off the Odisha coast, was an unalloyed success, signalling that India's nuclear deterrence capability has come of age.

This is the fourth success in a row for Agni-V, which can carry a nuclear warhead weighing about 1.5 tonnes over a distance of 5,000 km and plus. "There were no issues at all in the flight," officials of the Defence Research and Development Organisation (DRDO) said. Agni-V is a product of the DRDO.

It was the second time that Agni-V was fired from a canister mounted on a massive TATRA truck parked on the Island. A gas generator at the bottom of the canister kicked out the long-range, three-stage, surface-to-surface missile that weighed 50 tonnes, was 17 metres long and had a two-metre diameter. The previous Agni-V flight from a canister was on January 31, 2015. A missile launched from a canister mounted on a road-mobile launcher gives it operational flexibility. This means it can be fired from a road in a city, after stopping the traffic, giving reduced reaction time. The missile can be made vertical in three minutes and the launch takes a few more minutes. After the lift-off, the truck can speed away.

G. Satheesh Reddy, Director General (Missiles and Strategic Systems), DRDO, said, "Today's Agni-V flight met all the mission objectives and proved many indigenous technologies and capabilities."

The lift-off took place around 11 a.m. As Agni-V vaulted out of the confines of the canister, it rose to a height of 20 metres. Then the first stage motor kicked in and the missile soared to an altitude of 600 km and struck a parabolic path.

The two stages jettisoned and the missile accelerated as it plunged towards the earth. Its re-entry systems worked perfectly. The heat-shield made of carbon-carbon composites and encasing the dummy warhead, withstood a temperature of about 4,000 degrees Celsius. The on-board computer guided the missile towards its impact point in the Indian Ocean. After a 20-minute flight, it fell near the Australian waters.

The bouquets of five Agnis form the bulwark of India's nuclear deterrence capability. While Agni-I has a range of 700 km, Agni-II 2,000 km, and Agni-III 3,000 km, Agni-IV can take out targets 4,000 km away.

Telecom wars to continue, consolidation

seen

"The era of paying for voice calls is ending," RIL Chairman Mukesh Ambani had said while announcing the introduction of Reliance Jio's services in September. While there was no dearth of action in the telecom sector during the year, which saw the biggest spectrum auction, the banning of Facebook's Free Basics and the merger of Reliance Communication and Aircel, Mr. Ambani's long-awaited entry into the segment turned out to be the most significant.

The announcement sent the existing operators in a tizzy, triggering a full-fledged war between the incumbents and the new entrant. It also unleashed a fresh tariff war in the fiercely competitive sector. Telcos, including Bharti Airtel, Vodafone, Idea Cellular and BSNL, were forced to bring out similar offers to combat freebies offered by Jio, which were denting their revenues.

"Reliance Jio demonstrated how a deep-pocketed player can impact the market across the country, even though it is a late entrant. However, it is yet to demonstrate significant market share or force a large movement of customers to Jio," Mahesh Uppal, Director at consultancy firm Com First told The Hindu.

Tussle over connection

The fight to grab a share of the booming telecom market, however, turned ugly over the issue of interconnects points. Reliance Jio had alleged that its subscribers were unable to make calls to other networks as other operators were not providing adequate interconnection points. On the other hand, existing telcos said that Reliance Jio's "under preparedness" and "insufficient" testing efforts were to be blamed for network connectivity issues.

Telecom regulator TRAI, which the Cellular Operators' Association of India had alleged was favouring Reliance Jio, and the Department of Telecom had to step in to broker peace between Jio and the existing operators.

The regulator, in fact, proposed a heavy penalty of Rs. 3,050 crore on the top three telcos, Bharti Airtel, Vodafone and Idea for violating their licence agreement and for denial of interconnection to the new player.

Analysts expected the price war to continue in 2017, bringing data costs down by at least 15 per cent.

"... (expect) at least 15 to 20 per cent decline in data tariffs, which could aid increase in data traffic by 50-60 per cent along with... availability of cheaper 4G-compatible phones. The industry will add at least 5-6 million smartphones each month, with the cheapest 4G phone costing only \$45-60. However, strong traffic growth may not translate into revenue growth due to lower data tariffs," according to a report by Fitch Ratings titled '2017 Outlook: India Telecommunications Services'.



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Mr. Uppal added, "Tariff war will continue at least till April. Jio is an ambitious player and has limited options other than price to compete on. To keep people on their networks, we could see another round of tariff war in the sector."

The year 2016 also saw the Supreme Court strike down TRAI regulation making it mandatory for telcos to compensate subscribers for call drops; Manoj Sinha taking over as the new telecom minister from Ravi Shankar Prasad; and, the merger of Reliance Communications and Aircel, which created the country's fourth-largest phone company in terms of customers and revenue. The year also saw the country's biggest-ever spectrum auction, in which mobile airwaves worth Rs. 5.6 lakh crore were put up for sale, ending in a virtual failure with the government garnering revenues for only Rs. 65,789 crore. "The auction of spectrum and entry of Reliance Jio were the two most important events in the telecommunications sector. There were some interesting lessons in my view. In the spectrum auction, for the first time we saw fairly rational bidding. The operators were unwilling to pay for spectrum that was not readily available for use and overly priced (700 Mhz). The auctions have succeeded in removing the long-felt shortage of spectrum, which will lead to better quality services for customers. This will also help the government better design auctions in the future," Mr. Uppal said.

'Competition to intensify'

According to the report by Fitch Ratings, competition in the sector is to intensify further in 2017. In a report, Fitch said, "Pricing power could be eroded as incumbents retaliate against Reliance Jio's cheaper data tariff and free voice and text.

"The planned merger between Reliance Communications and Aircel India could raise competition as they are likely to offer cheaper data services, given access to the efficient 800MHz spectrum assets."

The agency also pointed out that industry may see more consolidation in 2017 as smaller telcos such as Tata Teleservices and Telenor India could exit or enter into merger deals to strengthen their competitive position, as they lack financial flexibility and 3G/4G spectrum assets.

Sanchit Vir Gogia, Founder & CEO of the research and advisory firm Greyhound Knowledge Group said operators would focus more on the enterprise side to push revenues.

"Revenue is a challenge, particularly in the B2C space; we will see telcos focusing on the enterprise segment (to) move up the value chain. In the enterprise space, too, a

lot of focus will be on cybersecurity. The focus will also be on Internet of Things (IoT)," he said.

Centre invites comments on new redressal body

The Centre has invited public comments on a report for the creation of a Financial Redressal Agency (FRA) to address the grievances of retail consumers against all financial service providers in an easy, transparent and cost-effective manner.

The report, while pointing out substantial inadequacies in the current redressal system, suggested that the design of the FRA offer a simplified resolution process, allowing retail consumers in distant and remote locations to pursue effective remedies without imposing significant costs on them.

The report also calls for a new financial consumer protection and redressal legislation and recommends an initial budget of Rs. 100 crore for the setting up of the FRA.

"The average consumer is put under unnecessary stress when required to approach different redress agencies based on the nature of the product," according to an official statement based on the report. "This stress is further amplified due to varying levels of consumer protection across regulators."

"In some instances, regulated financial service providers (FSPs) are not covered within the scope of the concerned regulator's redress functions," according to the statement. "Further, there is a lack of powers to award compensation in some cases, pushing consumers to courts or consumer forums."

The report also added that there is little room for specialisation as present systems do not have a specialised cadre of redress professionals and it highlighted the possibility of a conflict of roles between the various redressal agencies.

"It (the proposed FRA) will try to resolve all complaints through mediation. Cases where the parties are unable to reach a settlement would be resolved through a light-touch adjudication process. It will discourage court-like processes. The FRA will establish a front-end presence in diverse locations for consumers to submit complaints." Finance Minister Arun Jaitley had in his budget speech of 2015-16 announced the creation a sector-neutral FRA, following the recommendations of the Financial Sector Legislative Reforms Commission (FSLRC), which had, in 2013, recommended an FRA as part of the regulatory framework aimed at fostering customer protection and regulator independence and accountability.



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Inter-State bridge on Godavari opened

The new inter-State bridge across the Godavari was officially opened to the public by Maharashtra Governor Ch. Vidyasagar Rao, Chief Minister Devendra Fadnavis and Union Minister Nithin Gadkari at Sironcha in Maharashtra. Telangana was represented at the inauguration ceremony by the Minister for R&B Tummala Nageshwara Rao. As the area is considered to be a naxalite stronghold, there was heavy deployment of security forces for the function. At the inaugural function, the dignitaries unveiled a plaque and flagged off a Maharashtra State bus service from Gadchiroli to Hyderabad via Kaleshwaram and Karimnagar. On the occasion Governor Ch. Vidyasagar Rao and Mr Fadnavis made an appeal to the naxalites to shun violence and join the mainstream. They also assured complete rehabilitation to the rebels.

The Maharashtra CM said that the Kaleshwaram lift irrigation project at Medigadda taken up by the Telangana government would help the farmers from both the States. While promising adequate compensation to the project oustees, Mr Fadnavis said that Maharashtra farmers would benefit a lot from the Kaleshwaram project as they could take up several lift schemes.

The 1.6-km long inter-State bridge across the Godavari connects the temple town of Kaleshwaram in Telangana with Sironcha of Maharashtra. The bridge was constructed at a cost of Rs 292.20 crore under the Integrated Action Plan (IAP) for left-wing extremist affected region (LWE). The bridge would reduce the distance between Hyderabad and Raipur, the capital of Chhattisgarh. Maharashtra Governor Ch Vidyasagar Rao played a crucial role for the early completion of the bridge.

People living in Gadchiroli and Chandrapur in the Sironcha region speak Telugu though Marathi is the medium of instruction in schools. Likewise, people living in Mahadevpur mandal in Telangana share common ties with neighbouring Maharashtra. With the construction of the bridge, there would be more pilgrim rush to Kaleshwaram temple. It would also help Maharashtra farmers to sell their produce in Telangana. It would also help people in the region to have better medical access from hospitals in Warangal.

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Economy

M&As to be favoured route for foreign investment in 2017

Mergers & acquisitions (M&A) are likely to be the favoured route for foreign direct investment flows into India in the year 2017 as market consolidation is expected in sectors facing a cash crunch, such as e-commerce and telecommunications.

Tax-related worries continue to trouble foreign investors as they look forward to incentives in the forthcoming Union Budget in order to take a call on investments in the country or to forge new ventures.

The 'FDI Report 2016,' prepared by the Financial Times, noted that the biggest change in green-field FDI (for starting new ventures) in 2015 globally was the near tripling of green-field FDI into India, with an estimated \$63 billion pouring in.

For the first time, India was the global leader for FDI in 2015, overtaking the U.S. (which had \$59.6 billion of green-field FDI) and China (\$56.6 billion), the report pointed out.

The UNCTAD-World Investment Report 2016 'FDI overview' showed that (inbound FDI though) cross-border M&A — in terms of 'sales (net)' — in India fell to \$1.4 billion in 2015 from \$7.54 billion in 2014. However, experts said there will be a pickup in cross-border M&A activity in 2017.

The year 2016 saw Russia's state-owned oil giant Rosneft and a consortium led by physical commodities trading group Trafigura entering into a \$13 billion-deal to acquire Essar Oil's refining and retail assets, as well as Vadinar port and related infrastructure. The deal was billed as India's largest inbound foreign direct investment. Dipankar Bandyopadhyay, Partner at the law firm 'Verus' and an M&A expert, said: "An increase in FDI inflows through M&As is likely in stressed sectors such as e-commerce and telecom. Renewable energy sector is likely to see M&A deals, but it could also attract green-field investments." He added that "the new insolvency and bankruptcy regime will also facilitate the sale of distressed assets, thereby a jump in M&A activity."

Among the concerns over taxation is a recent clarification made by the Central Board of Direct Taxes (CBDT) on indirect transfer provisions under the Income Tax Act.

The indirect share transfer norms were brought in following transactions where control over Indian assets and businesses was transferred indirectly through offshore transfers. Pointing out that in 2015 the Government had provided a safe harbour to small investors holding less than five per cent and without any management control, Abhishek Goenka, Tax Partner, PwC, said while this was welcome, most funds and Foreign Portfolio Investors want an extended safe harbour on the premise that as long as investors do not have any control of the fund, the indirect transfer provisions should not apply.

Additionally, if indirect transfer provisions were to apply, in many cases it would result in double taxation, he said, adding that the recent CBDT clarification, however, stated that no further relaxation or exemptions will be provided. "It would be good if the Government can take a pragmatic view and go back to the intent of the legislation and provide relief against possible double taxation where investors exit or are redeemed," Mr. Goenka said.

Make In India

The government data showed that India received a record \$55.4 billion worth FDI in 2015-16.

Commerce & Industry Minister Nirmala Sitharaman had informed Parliament in July that the 'Make In India' (MII) initiative was launched in September, 2014 to promote India as a global manufacturing hub and attract investments.

She added that thereafter, during October, 2014 to May, 2016, the FDI equity inflow increased by 46 per cent — from \$42.31 billion to \$61.58 billion in comparison to the previous 20 months (February, 2013 to September, 2014).

However, a 'policy brief' prepared by K.S. Chalapati Rao, Professor (Retd.), Institute for Studies in Industrial Development, and Biswajit Dhar, Professor, Jawaharlal Nehru University, said: "Our analysis of the (FDI) inflows strongly suggests that, contrary to the optimism expressed by many, the MII programme may not have yet made an impact in terms of attracting FDI into the focus sectors."

"Further, the reported investments should be examined from the points of (i) adding fresh domestic production capacities (including meaningful indigenisation), (ii) net addition to capital instead of round-tripping of funds remitted abroad on one pretext or the other, (iii) the monetary value of all the incentives and exemptions availed and (iv) ...delayed reporting and gross inaccuracies."

'Stocks may fare better in 2017'

The year 2016 was a roller coaster ride for investors in



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Indian equities, with significant gains in the first half followed by losses in the later months.

Foreign investors also reversed their stance, pressing the 'sell' button as the year came to an end.

The benchmark Sensex clocked monthly gains every month from March through August. Thereafter, it was mostly a downward slide, barring October when it managed to post a negligible gain of 64 points.

Foreign investors, meanwhile, bought Indian shares worth almost \$10 billion between March and September and since then have been net sellers at almost \$4.5 billion. India – just like most emerging markets – saw a massive pull out by overseas funds on the back of global factors like the U.S. presidential election, Brexit and the Fed's rate increase.

Demonetisation move

The negative sentiment was compounded in the Indian context after the government's November decision to withdraw high-value banknotes, which led to investors turning bearish on banks and other consumer-oriented sectors.

In 2016, the 30-share Sensex gained 509 points, or 1.95 per cent, to 26,626.46. It touched a 52-week high of 29,077.28 on September 8.

The broader 50-share Nifty gained 239 points, or 3.01 per cent, in 2016 to end at 8,185.80.

Most market participants expect that 2017 would certainly be better than 2016 but add a word of caution to hedge their predictions.

A lot depends on the policy stance of the government, they said.

Swiss financial major UBS is of the view that if there is no significant change on the policy front, then Nifty could test a base-case level of 9,400. Its upside and downside levels for the Nifty are 10,600 and 7,300, respectively. There is an unattractive risk-reward in the near term but a more balanced skew for Nifty from a one-year perspective, according to UBS.

Morgan Stanley, in a recent note, highlighted the fact that the domestic event of demonetisation combined with the overall fall in emerging market equities had caused Indian shares to retrace about 10 per cent from recent highs. "Even as long bond yields are off April 2009 lows of 6.2 per cent, we think the relative valuations of equities to bonds are the best since mid-2013," Morgan Stanley said. "We think this merits an asset allocation shift in favour of equities," according to the note.

The global financial major expects Sensex earnings

growth of 2.5 per cent and 18 per cent year-on-year in 2016-17 and 2017-18, respectively. It has a base-case target of 30,000 for the Sensex with a bull-case target of 39,000 and a bear-case target of 24,000.

Some of market analysts opine that a stock-specific approach would be better than betting on sectors.

"One thing is for sure that in 2017, Indians would buy more equities as both gold and real estate are not looking too great," said Raamdeo Agrawal, co-founder and joint managing director, Motilal Oswal Financial Services.

The brokerage's top picks include Tata Motors, ICICI Bank, APL Apollo Tubes and Canfin Homes.

"It is difficult to predict the market right now as one needs to wait and watch how the government works in the post-demonetisation era," Mr. Agrawal said. "Valuations are reasonable but earnings have stagnated. Investors should look at stock-specific approach. I would peg the Nifty range between 7,000 and 9,000 for the year."

Earnings have been a cause for concern. Prakash Kacholia, Managing Director, Emkay Global Financial Services said the third and fourth quarter results could stay "timid."

"Return from equities is expected to surprise on the positive side over a 1-year period on the back of country's strong economic fundamentals," Mr. Kacholia said. "Sectors like auto, pharma and power utilities are the ones to watch out for in 2017."

Markets will focus on U.S. economic policies as Donald Trump takes office this month. And the February 1 Union Budget's tax proposals will be keenly waited.

Loans to be cheaper as SBI slashes rate

State Bank of India (SBI), the country's largest lender, has reduced its marginal cost of funds based lending rate (MCLR) by a whopping 90 basis points. Among the steepest interest rate cuts in a long time, the move is aimed at boosting loan growth, which has fallen to a multi-decade low.

MCLR is the benchmark rate to which all loans are linked. A percentage point equals 100 basis points (bps).

According to a statement issued by the SBI, its one-year MCLR would be 8 per cent as compared with 8.9 per cent earlier. Home and auto loans of most banks, including SBI, are linked to their respective one-year MCLR.

The rate cut will be applicable to all fresh loans. The effective interest rate for new home loans is likely to be between 8.25 per cent and 8.5 per cent. Existing loans



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linked to the MCLR will be impacted when they are re-priced. MCLR has been in effect from April 1 and had replaced the base rate.

“The decision is prompted by liquidity,” SBI chairman Arundhati Bhattacharya told The Hindu. “We have a lot of deposits in low-cost accounts. Credit growth is very muted. It is important for us to try and jump-start the credit growth,” she said.

Demonetisation alters economy's recovery path'

The Centre's demonetisation move has hurt private consumption and impacted sectors such as real estate, automobiles and FMCG, which in turn has altered the economy's recovery path in the short-term, economists said. But it could yield some benefits in the medium- to long-term, provided follow-up measures are taken and there's no return to an era of inspectors and tax terrorism, according to economists.

“One big reason for the slowdown post-demonetisation is that it came in at a time when the spending cycles should have started, which have now slowed down on account of the shortage of currency, which has affected quite a few industries especially consumer goods, automobiles, real estate, FMCG goods, and textiles,” Madan Sabnavis,



chief economist at Care Ratings told The Hindu.

“Several sectors that rely on household consumption have been affected by demonetisation; therefore, there will be a push-back on the overall growth of industry.”

Mr. Sabnavis added that even spending by the farming community, which was expected to pick up due to the higher kharif output and the stronger monsoon, has been squeezed due to despair sales taking place because of the unavailability of cash and the fact that all mandi transactions are carried out in cash.

Demand hit

“The sector-specific immediate effects of demonetisation have been mostly negative,” Rajiv Kumar, Senior Fellow at the Centre for Policy Research said. “Demand has

taken a hit, whether it is in automobiles, motorcycles, real estate, or construction. Except, of course, as the Finance Minister pointed out, unexpectedly, the airlines have shown improvement.”

In the run-up to the demonetisation announcement on November 8, private sector investment was on the cusp of a recovery on the back of recovering household demand, easing inflation, and the boost to agriculture due to the stronger monsoon. This momentum has since been lost, and will likely begin to return only in the next financial year.

“It looked like consumer spending would continue to improve in October and November and so private investment could pick up,” Mr. Sabnavis said. “But that is something that has gotten thwarted.”

“Private investment prior to demonetisation was subdued, but we were on the precipice of seeing something happening,” Mr. Sabnavis added.

“A major reason investment is not taking place is because we have surplus capacity. We have surplus capacity because there is low demand for products. So if demand picks up then capacity utilisation can improve and that's when you go in for fresh investment.”

Message against graft

Mr. Kumar, however, believed that demonetisation will have medium-to-long term benefits for the economy as an increasing share of economic activity gets formalised, not to mention the message such a policy move will send against corruption and black-money hoarders. “If this move has been successful in capturing a part of the informal, black economy, which is estimated to be 40 per cent of GDP, those numbers will now be reflected in the formal GDP numbers, so that will likely lead to an increase in the growth numbers,” Mr. Kumar said. “So, the effect could be an uptick in the GDP numbers in the third or fourth quarter.”

“However, its success will be dependent on the follow-up measures which have to be persistent and yet not heavy-handed, so that we don't need an emergence of ‘inspector raj’ or tax terrorism in the country,” Mr. Kumar added.

Service charge not mandatory at restaurants and hotels: govt

The next time you dine out, you will be at liberty to not pay service charge if you are not happy with the service. Consumers have the “discretion to pay service charge or not”, the Department of Consumer Affairs (DCA) said , adding that the billing of service charge by restaurants in addition to taxes is optional.

“A number of complaints from consumers have been re-



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ceived that hotels and restaurants are following the practice of charging 'service charge' in the range of 5-20%, in lieu of tips, which a consumer is forced to pay irrespective of the kind of service provided to him," DCA said in a statement.

The National Restaurants Association of India (NRAI), an industry lobby group, is considering its options in response to the government's statement.

"We'll move the courts against this decision," said Riyaz Amlani, president, NRAI and chief executive of Impresario Entertainment and Hospitality Pvt. Ltd, which runs the popular Smoke House Deli restaurants and the Social chain of bars and cafes.

"There are even judicial pronouncements to support that 'service charge' can be charged by hotels and restaurants," NRAI said in a statement which cited previous judgments.

Hotels and restaurants will have to disseminate information through a display system that the 'service charges' are discretionary or voluntary and a consumer dissatisfied with the services can have them waived. DCA also asked states to sensitise companies, hotels and restaurants regarding the provisions of the Consumer Protection Act.

The DCA said the Consumer Protection Act, 1986 provides that a trade practice which, for the purpose of promoting the sale, use or the supply of any goods or for the provision of any service, adopts any unfair method or deceptive practice, is to be treated as an "unfair trade practice".

"A consumer can make a complaint to the appropriate consumer forum established under the Act against such unfair trade practices," it added.

Following consumer complaints in this regard, the department sought a clarification from the Hotel Association of India, a lobby group for hotels in India.

"The service charge is completely discretionary and should a customer be dissatisfied with the dining experience he/she can have it waived off. Therefore, it is deemed to be accepted voluntarily," DCA quoted the industry lobby as saying.

Apart from service charge, restaurants charge 12.5% value added tax and 6% service tax.

Amlani said, "A restaurant or a hotel has every right to charge a fee for the service it provides, and also (decide) the quantum of the fee. A consumer has every choice not to come the next time. Service fee is charged legally and the restaurants pay necessary taxes to the government on the service charges. If it is made optional, and

restaurants decide not to put it in bills, a parallel economy emerges based on tips that waiters may get from consumers and that will always be unaccounted."

"Globally, service charge is very common but known by different names like tip in UK and gratuity in the US. Some restaurants don't levy a service charge. We have always kept it optional and at the consumers' discretion. If a consumer does not like the service and refuses to pay the service charge, we don't force. This decision does not bring much change," said Rahul Singh, founder and CEO of beer chain Beer Cafe.

Opportunity to lower corporate tax rates: CII

The widening of the tax net due to demonetisation will give the Centre an opportunity to lower corporate tax rates, according to the Confederation of Indian Industry. The trade body, in a statement, added that the roll-out of the GST will also be facilitated due to the increasing formalisation of transactions. "With a larger share of the economy captured in the tax net, the government has greater space to lower corporate income tax rates," Chandrajit Banerjee, Director General of CII said.

"In our recommendations for Budget 2017-18, CII has called for reducing the corporate income tax rate to 18 per cent, including all surcharges and cess, along with removal of all tax incentives and concessions."

CII noted that there were 32 incentives applicable on corporate profits before calculating tax, which resulted in an effective tax rate of about 19.8 per cent.

Higher compliance

"Going by experience, it is found that a lower tax rate encourages higher compliance; hence, we believe that lowering the tax rate to 18 per cent and removing all tax exemptions will not negatively impact government revenues on this head," he said.

"The 18 per cent rate will bring India in line with attractive international investment destinations such as Singapore and the U.K."

"Less-cash use implies higher tracking of transactions, which feeds into better and more efficient implementation of GST," he said.

Apart from reducing corporate tax rates, CII also recommended that the government boost its infrastructure investments, quicken disinvestment in public sector enterprises and encourage public-private partnerships.

Innovation fund

CII also recommended the government work towards the creation of better quality jobs in the formal sector, and



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a national technology strategy with a ten-fold increase in public investment in research in higher education institutions. "Public investment in research in the higher education sector is currently 0.04 per cent of GDP and this should be increased to the global average of 0.4 per cent."

Prospects of April 1 GST rollout diminish further

The deliberations of the Goods and Services Tax Council inched forward with the critical issue of cross empowerment not being discussed and Finance Ministers of several States voicing their doubts about meeting the April 1 deadline for the rollout of GST.

The first day of the two-day meeting saw several ministries and industry representatives, including the Ministry of Civil Aviation, Ministry of Commerce, Ministry of Railways, Ministry of Electronics and Information Technology, and industry bodies such as NASSCOM, making presentations to the Council on their expectations from GST. "Dual control was not discussed in today's meeting. I don't think the April 1 deadline is doable," Deputy Chief Minister of Delhi Manish Sisodia said after the meeting. This was reiterated by Kerala Finance Minister Thomas Isaac, who said an April 1 rollout of GST was "definitely not possible".

Haryana Finance Minister Captain Abhimanyu said, "Many constitutional issues of interstate GST were taken up at the GST Council meeting. Dual control may be taken up tomorrow."

Cross empowerment

Following the previous meeting of the GST Council, Union Finance Minister Arun Jaitley had said the majority of the issues surrounding the other draft legislations — the Central GST and State GST — had been solved, and that the only issues remaining had to do with cross empowerment.

The Civil Aviation Ministry in its presentation to the GST Council requested it to keep tax rates on air tickets at the present level to ensure airfares do not rise, Civil Aviation Secretary R.N. Choubey told The Hindu. At present, airlines pay service tax of nine per cent on business class tickets and six per cent on economy class tickets. The Ministry has further asked the Council to ensure that there is no impact of GST on import or leasing of aircraft engine or spare parts, Mr. Choubey said.

Commerce Minister Nirjala Sitharaman said she had sought complete exemption for the leather sector from

GST. She added that the current taxation for cement is very high, and that this needed a review under GST. Regarding GST refunds, Ms. Sitharaman said that calculations showed GST refunds could take up to eight months, and hence had requested that exporters be exempted from paying input tax upfront.

"There are several open issues for the service sector and the industry would hope that these are addressed in the final legislation," Pratik Jain, Partner and Leader, Indirect Tax, PwC India said. "The key issue of 'dual control' was not taken up which is the crux of the contention. Any movement forward would be contingent upon the agreement on this issue."

'Repayment of micro loans hit by note ban'

Demonetisation of high-value currency notes has hit repayments of micro loans, Rating Agency ICRA said. Separately, a CRISIL study showed that 9 per cent of micro enterprises are facing trouble servicing debt and paying salaries and unorganised players are expected to suffer most due to lower growth expectations in the second half of this fiscal.

ICRA in a report said that non-banking financial companies' (NBFCs) inability to accept repayments in old currency, the shortage of valid currency among borrowers, and the disruption in borrowers' regular business resulted in an adverse impact on the collection efficiency in the various retail loan pools securitised by NBFCs.

ICRA pointed out that micro loans, MSME loans and tractor loan pools witnessed sharp decline in collections.

"The collection efficiency in ten pools (of micro loans) dipped to less than 70 per cent... all these pools had sizable share of contracts originated in Uttar Pradesh and Madhya Pradesh, where collections were adversely impacted following political intervention by some local leaders and rumours of loan waivers," according to ICRA.

"While collection in micro loan sector is almost entirely in cash, collections in case of MSME loans of smaller ticket size and tractor loans also largely happens in cash," ICRA said.

"Median monthly collections of micro loan pools declined to 91 per cent from 99.8 per cent till September 2016. Collections of some pools declined to 50-70 per cent levels," it said.

"Collections in MSME loan pools also witnessed a sharp decline to 83 per cent from 95 per cent in the previous month," the research agency said.



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“Due to currency shortage, farmers either faced a loss of income due to reduced off-take (for perishable food items like fruits and vegetables) or delayed realisations (many farmers were forced to deposit their produce with the mandison credit),” according to ICRA.

Debt repayment

According to a CRISIL survey, which covered more than 1,100 MSMEs between November 24 and December 24, demonetisation has had an impact on liquidity of MSMEs. At least 9 per cent of those surveyed, accounting for 6 per cent of outstanding debt of the sample, said they will face issues in debt repayment. Most of these are micro enterprises with revenues below Rs. 2 crore.

Manish Jaiswal, Head-SME Ratings, CRISIL said, “Every fifth MSME surveyed planned to raise additional funding in the coming months, half of it for working capital. Interestingly, with unsecured loans from friends and associates drying up, 3 out of 4 respondents plan to approach banks for loans, while the rest will rely on internal accrual. That opens up a massive opportunity to banks currently awash in liquidity.”

CRISIL said every third MSME was also facing delays in getting receivables from clients, which has curbed their ability to repay creditors on time.

Anti-avoidance tax rule to kick in from April 2017

Tax anti-avoidance rule GAAR will kick in from April 1, 2017, the tax department said.

In its 2016 year-end review, the Central Board of Direct Taxes, which is the apex policy-making body of the I-T department, listed its major achievements.

“Major achievements of CBDT in the current financial year 2016-17 so far include, among others, Enactment of The Benami Transactions (Prohibition) Amendment Act, 2016, Implementation of The Direct Tax Dispute Resolution Scheme, 2016 and of GAAR from Assessment Year 2018-19,” an official statement said.

In May, CBDT had started talks with stakeholders for their views on where they require clarity before GAAR is implemented.

Cisco's Chambers bets on Indian economy

Cisco's Executive Chairman John Chambers said the Indian economy was the only one on which he was willing to bet even as he termed the Centre's demonetisation move a 'bump.'

“There will be a few bumps along the way like demonetisation...If I would be betting on any economy, it would be this economy. A year from now, India's GDP will be stronger dramatically because of the changes,” Mr. Chambers said.

Asked if sudden policy changes like demonetisation would adversely impact foreign firms' views on India, Mr. Chambers answered in the negative. He stressed that India could be the “top ally” for the U.S. in the Asia-Pacific region.

“Does it bother me? It's actually reverse... I know that innovation by definition is disruptive and uncomfortable and there are bumps. I think the country (India) is moving remarkably fast and it's moving with a strategy and vision. There will be a few bumps along the way like demonetisation. But they are just that,” he said.

Mr. Chambers, who is also the Chairman of U.S.-India Business Council, will also be leading one of the largest groups of business representatives attending the 8th Vibrant Gujarat Summit later this week. Mr. Chambers said, “You could argue that very few people in the financial world say this isn't the right thing to do... What it is basically, it builds a foundation for every citizen in this country to participate truly in a digital world...” He also said for India, a GDP growth of 7 per cent was sustainable.

Start-ups may soon be able to access insurance, pension funds

The Centre will soon hold discussions with insurance and pension regulators on a proposal to enable pension funds and insurance companies such as Life Insurance Corporation to invest in start-ups.

Online pharma sales

It also said that online sales of medicines were allowed under the existing law and the Health Ministry would soon issue a clarification in this regard.

Stating that the Department of Industrial Policy and Promotion (DIPP), the nodal agency on the start-up policy, had held “preliminary discussions” on the proposal of insurance and pension funds investing in start-ups, DIPP Secretary Ramesh Abhishek told reporters that further discussions would be held soon with regulators and stakeholders.

“The pension and insurance funds manage their risks in their own way. So, to do that [investing in start-ups], they have to do a reassessment of risks.”

The department convened a meeting with start-ups as well as incubators and accelerators, which was attended by Commerce and Industry Minister Nirmala Sitharaman



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and Mr. Abhishek, among others.

Benefits of demonetisation uncertain in long run: Fitch

Ratings agency Fitch said that short-term pain of the government's demonetisation exercise could outweigh long-term gains that it said were still 'uncertain.'

In a report titled, "Benefits of demonetisation are highly uncertain", the ratings agency said since demonetisation was a one-off event, people in the informal sector would still be able to use the new high-denomination notes and other options, like gold, to store their wealth.

"There are no new incentives for people to avoid cash transactions. The informal sector could soon go back to business as usual."

Fitch had already revised down its GDP growth forecast for the financial year ending March 31, 2017 to 6.9% from 7.4 %.

According to the report, there were uncertainties over the impact on the banking sector as demonetisation could also affect the ability of some borrowers, especially SMEs, to service their loans, with negative effects on bank asset quality.

"Moreover, the positive impact on funding conditions will depend on deposits remaining in banks beyond the next few months. There is nothing to prevent them being withdrawn again," the report said.

"The intentions behind demonetisation were positive and in keeping with broader reform efforts, but the short-term pain might outweigh the uncertain long-term gains."

Moody's outlook

Marie Diron, Associate Managing Director, Sovereign Risk Group, Moody's Investors Service said: "We maintained a positive outlook on India's rating in November 2016 based on our expectation that economic and institutional reforms will support continued robust growth."

"Beyond the short-term negative impact on growth, demonetisation has the potential to raise government revenues and provide some fiscal space to support growth if required," she stated in a report.

Ms. Diron also said that other measures of the government could potentially spur growth as well.

"Measures including relaxation of foreign investment restrictions, passage of the Goods and Services Tax, and advancement of a workable bankruptcy code have potential to stimulate private sector investment, which could lead to stable, balanced growth and gradually lower the government debt burden," Ms. Diron said in the report.

India opposed to inclusion of 'new issues' in WTO

Ahead of a special meeting of trade ministers on the sidelines of the forthcoming World Economic Forum at Davos, India opposed attempts by some developed nations to introduce 'new issues' including e-commerce and investment into the formal agenda of the World Trade Organisation (WTO)-level negotiations on liberalisation of global trade.

"It may be alright to have informal and non-binding discussions (on these 'new issues'). But unless there is a consensus among all the WTO member countries, these issues cannot be made part of the formal agenda. I don't think currently there is any consensus for such a move," Union Commerce and Industry Minister Nirmala Sitharaman told reporters.

India had on earlier occasions too rejected the attempts of the developed world to make such 'new issues' part of the ongoing Doha Round talks saying it will 'dilute' the 'development agenda' of the negotiations. The World Economic Forum is scheduled to take place between January 17 and 20.

Citi India unveils voice biometrics authentication

Citi India introduced voice biometrics authentication that would replace the current practice of interactive voice response for its customers. The technology allows clients to use their voiceprints for authentication rather than having to remember multiple PINs or respond to questions used for verifying identities, Citi South Asia Head (Operations and Technology) Anand Chopra said. The voice biometrics authentication capability uses voiceprint, similar to fingerprint, which is unique for each person. The solution is fast, secure and convenient as verification is completed automatically within 15 seconds while clients speak to the (bank) official when they call CitiPhone Banking.

NITI Aayog projects 8% growth rate

NITI Aayog has estimated a growth rate of 8% for 2016-17 as per a 'cautiously optimistic' prognosis it has laid out in the appraisal document for the Twelfth Five-Year Plan, flagging the lack of reforms in land acquisition, labour and simplification of administrative procedures as impediments to growth.

The review, however, does not take into account the impact of demonetisation.



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The 12th Plan is the last five-year Plan and from 2017-18, the Centre would adopt a three-year action plan and a fifteen-year vision document.

A NITI Aayog official said the new action plan would be finalised in two months' time and will also take into account the impact of demonetisation.

"There are reasons to be cautiously optimistic about the prospects of above 8 per cent growth in 2016-17," the Aayog has said in its review of the 12th Five-Year Plan. Stating that a large number of reforms by the present government over the past two years created a 'strong foundation' for such a growth trajectory, the government think-tank said caution was essential as reforms in areas such as skill development, infrastructure, labour laws and land acquisition are far from complete.



NITI Aayog stated that much needed to be done to spell out tax laws clearly so that future investors can assess their liabilities with reasonable certainty.

"Urgent attention" was needed for simplification of regulatory cum administrative procedures "or what has come to be popularly referred to as ease of doing business," it said.

A key lacuna in the Indian growth story has been slow growth of manufacturers in general and labour-intensive manufacturing in particular. Sectors in which India lags behind are electronics, food processing, leather, and textiles and garments.

Agriculture spurs GDP growth to 7.3%

GDP growth accelerated in the second quarter of this financial year to 7.3 per cent on the back of a stronger performance in the agriculture sector, official data released showed. Gross value added for the second quarter grew by 7.1 per cent.

While GDP growth quickened in the second quarter from the 7.1 per cent seen in the April-June quarter, GVA growth slowed from the 7.3 per cent registered in that period. Both GDP and GVA growth were slower in the

second quarter of this financial year as compared with the same period in the previous year, having registered a growth of 7.6 per cent and 7.3 per cent respectively.

Experts, however, predict that the next two quarters of the year will see subdued growth even as government officials declined to comment on the short-term future citing unavailability of data on the effect of demonetisation on the economy.

Chief Economic Advisor Arvind Subramanian, however, highlighted some cause for optimism.

"Nominal GDP growth picked up a fair amount, accelerating from 10.4 per cent in the first quarter to 12.1 per cent in the second quarter, showing some signs of the underlying strength of the economy," Mr. Subramanian said while speaking to reporters at North Block.

'Two halves'

"Expect this year to be a year of two halves as the drive to demonetise is likely to impart a negative bias to the numbers in the near term," Anis Chakravarty, Lead Economist, Deloitte India said. "Overall, while the high frequency indicators for November still aren't available, we could witness a negative impact on full year GDP of around 30-50 bps from our earlier estimate of 7.6 per cent."

The agriculture sector buoyed overall growth, registering a 3.3 per cent GVA growth rate in Q2 of this financial year as compared with 1.8 per cent in the previous quarter and 2 per cent in Q2 of 2015-16.

Sown area

"Agriculture did a little better than last year, largely due to the improved monsoon," Chief Statistician TCA Anant said while announcing the data. "Sown area has improved and therefore the first advance estimate for agriculture has led to a rise in the second quarter estimate of GDP."

The manufacturing sector saw a significant slowdown in the growth of its gross value added, registering a growth of 7.1 per cent in Q2 of this financial year as compared with 9.1 per cent in the first quarter, and 9.2 per cent in Q2 of 2015-16.

Manufacturing slowdown

"Manufacturing has shown a slowdown in growth," Mr. Anant said. "This is in large measure because at this stage in GDP computation, the only indicators which are available to compute GVA and GDP in manufacturing are the IIP and the quarterly estimates filed by small number of companies which file advance estimates. Both of these sets of indicators show slower growth."

"Within manufacturing, the poor performance of the IIP is due to very poor performance in fabricated metal prod-



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ucts, furniture manufacturing, and apparel, all of which play a major role in the informal manufacturing sector," he added.

The mining and quarrying sector contracted by 1.5 per cent in Q2 compared with a contraction of 0.4 per cent in the first quarter and a growth of 5 per cent in Q2 of 2015-16. The contraction this year was mostly due to the base effect, Mr. Anant said.

Mining contraction

"Mining and quarrying has come in worse than last year and this has been shown in the IIP figures," he said. "Throughout, mining and quarrying has come in negative. Please understand this is on the back of a very sharp increase in mining and quarrying activity in 2015-16."

There were, however, some downsides to the data, Mr. Subramanian pointed out.

"Private investment is down substantially, which needs to be watched," he said. "And some of the growth in GDP is on the strength of government spending."

Gross fixed capital formation, a proxy for private sector investment, was only 29 per cent of GDP in Q2 of this financial year as compared with 32.9 per cent in the same quarter of 2015-16. Government final consumption expenditure, on the other hand, was 13 per cent of GDP in the second quarter of this financial year compared with 12.1 per cent in the previous year.

"Growth continues to be driven by consumption expenditure and higher spending by the government to aid recovery," Mr. Chakravarty of Deloitte India added. "That said, given the latest move to demonetise along with limited room for government spending, the outlook for the current year seems grim."

Fiscal deficit

A separate data release by the government showed that the fiscal deficit in October stood at 79.3 per cent of Budget Estimates down from 83.9 per cent in September. Total revenue receipts as of October accounted for 50.7 per cent of Budget Estimates for the full year, up from 41.2 per cent in September. Total expenditure as of October accounted for 58.2 per cent of Budget Estimates up from 52 per cent in September.

"Both tax and non-tax revenue collections jumped during the month of October," Richa Gupta, Senior Economist, Deloitte India said.

"It is important to note that the government has not fallen back on expenditure and has a higher level of planned expenditure as compared to the same period last year," Mr. Gupta said.

impact

The auto industry is bracing for 'short term headwinds' due to 'immediate disruption and uncertainty' brought in by demonetisation, even as some carmakers posted double digit growth in domestic sales during November. Significantly, these figures reflect only the wholesale figures for the industry and not the retail sales reported by dealers.

While players such as Maruti, Toyota and Volkswagen saw robust growth, automakers such as Mahindra, Ford and Honda saw their sales drop during the month.

Market leader Maruti Suzuki said it sold more than 1.26 lakh units in the country last month, up 14.2 per cent from the same period last year.

Domestic sales for Toyota Kirloskar Motor (TKM) rose 10.03 per cent to 11,309 units in November. N Raja, Director & Sr. VP(Sales & Marketing) at TKM said the firm had received more than 6,200 bookings for the new Fortuner, while Innova Crysta has clocked more than 50,000 units within six months of its launch.

'Affected walk-ins'

"However, demonetisation has had its impact on our sales as it has affected customer walk-ins at dealerships, order bookings and timely deliveries. This will pose as a major challenge in the coming days as customers are still dealing with the effects of demonetisation," Mr. Raja added.

Likewise, domestic sales for homegrown auto major Tata Motors' grew 22 per cent to 12,736 units, driven by strong demand for the Tata Tiago. "The limitation on cash availability due to the recent demonetisation has affected retails in the auto industry, this month," said Mayank Parrek, President, Passenger Vehicle Business, Tata Motors.

Volkswagen India reported a more than two-fold increase in sales to 4,014 units in November, while Renault posted 23 per cent rise in sales to 9,604 units.

Mahindra & Mahindra said domestic sales in November declined 24.29 per cent to 29,814 units. "While we expected an improved auto industry performance on the back of the festive season and other positive parameters such as rural demand and interest rates softening, the sudden announcement of demonetisation has brought in disruption and uncertainty." He added that this was significant as "the automotive industry had just started experiencing stability post a long and tough period of uncertainty," Mr Shah said.

Similarly, Anurag Mehrotra, Executive Director (Marketing, Sales & Service) Ford India, which saw domestic sales fall 21.62 per cent to 6,876 units, said, "While the



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macro-economic indicators continue to be positive, the auto industry does face short-term headwinds given the recent demonetisation drive." The sales for Honda Cars India fell 45.42 per cent to 8,029 units. Its President and CEO Yoichiro Ueno said, "Consumer sentiment was low and footfalls and enquiries at the dealerships also slowed down during the month."

Among two-wheeler firms, India Yamaha Motor reported a 20 per cent increase in domestic sales at 51,106 units, while Honda Motorcycle and Scooter India's sales growth was flat at 3.25 lakh units in and Royal Enfield's domestic sales rose 39 per cent to 55,843 units.

Wholesale figures

Abdul Majeed, Partner at PwCsaid, "Demonetisation will have significant negative impact at least in the next two to three months especially (for) two-wheelers, SUVs, luxury and commercial vehicles." He added that November sales do not reflect the ground reality of retail sales as manufacturers give out wholesale numbers.

Budget boost for global event promoting 'swadeshi science'

The India International Science Festival (IISF), organised by Vijnana Bharti, a social organisation committed to promoting 'swadeshi science' and affiliated to the Rashtriya Swayamsevak Sangh, has received a 200% increase in its budget this year from the Union Ministry of Science and Technology.

The festival was first held last year at the Indian Institute of Technology, Delhi, and will be held next week at the National Physical Laboratory, a Council of Scientific and Industrial Research (CSIR) institute.

Nearly 5,000 scientists, technology demonstrators and students, including at least 1,000 specially-selected children from villages, spanning 200 Lok Sabha constituencies, are expected to attend the four-day event beginning on December 7.

'On a bigger scale'

"The budget for this year is Rs. 12 crore. Last year, it was around Rs. 4 crore," Science Minister Harsh Vardhan said at a press conference. "It's at a bigger scale this year and we want everyone in the country to know what kind of science and technology development is happening across the country."

The IISF will also attempt to break a 'Guinness World Book Record,' of having the largest number of people dressed up as physicist, Albert Einstein, said A. Jayakumar, secretary-general, Vijnana Bharti.

"We will have officials from the organisations to confirm

this just like last year when we set a record for the maximum number of students performing a science experiment," he told The Hindu.

Bitcoin firm opens blockchain incubator in India

The team behind bitcoin company, GBMiners, said that it has started South Asia's first Blockchain incubator called Satoshi Studios.

Named after Satoshi Nakamoto, the mysterious creator of bitcoin, the incubator is inviting applications from entrepreneurs working in South East Asia region.

The incubator will offer a three-month intensive residency programme for entrepreneurs in New Delhi. The entrepreneurs will also be able to interact with GBMiners team, other blockchain start-ups and top bitcoin industry experts. The incubator will give entrepreneurs \$50,000 in funding for an 8-15 per cent equity in the company.

"Our vision is to build New Delhi as the blockchain knowledge hub of Southeast Asia," said Amit Bhardwaj, co-founder of GBMiners in a statement.

Blockchain is a kind of distributed database that keeps a permanent and tamper-proof ledger of transaction data. It is commonly associated with bitcoin which is a digital currency that is not supported by any country's government or central bank.

Also known as crypto-currency, bitcoin can be traded for services or goods with sellers who accept bitcoins as payment. Mr. Bhardwaj said that South East Asia and bitcoin adoption will be a very symbiotic relationship.

He said the region is world's largest inward remittance market and also has the world's largest un-banked population. "The times could not be better for bitcoin adoption especially with Indian economy's biggest currency notes being demonetised recently."

Parallel economy to become mainstream

Anuradha Rao, Managing Director and Chief Executive Officer of SBI Mutual Fund, has a wealth of experience in handling a retail portfolio from her tenure at SBI, the country's largest lender. Her insights into retail investor behaviour have been handy for the mutual fund manager at a time when investors are grappling with the impact of demonetisation. Ms.Rao, in an interview, opines that demonetisation will, in the long run, have a positive impact on retail investors.

What is your view on the recent government move to de-



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monetise the Rs.500 and Rs.1,000 notes? How would it impact the economy in the short-term and medium- to long-term?

I believe this is a big positive for savings being channelised into investments, an opportunity to work towards a cashless economy with the use of digital mode of banking.

The parallel economy will merge into the mainstream and this again will help in growth and build a more efficient economy.

Though there may be some short-term pain, the positive impact demonetisation would have on the entire economy will be immense.

Banks are expected to receive deposits of about Rs.10 trillion due to demonetisation. There are expectations that MF industry would garner about 10 percent of this. What is SBI MF doing to get a share of this pie?

We are fortunate to have the SBI parentage and at a time when the maximum deposits will come into SBI, we are confident we would be able to get a healthy share of allocations. At SBI MF we are positioning our funds in the liquid / cash category as an alternative to bank savings. Demonetisation has brought in new account holders into the banking system and, in turn, a large number of first time tax payers. ELSS (equity linked saving schemes) funds could be a good option for them to save on their taxes and at the same time invest to create wealth through equity.

We are ensuring all our digital assets like our investor app, SBI Savings Fund app are effectively used so that we are able to reach out better and make convenient investing possible for potential investors.

After demonetisation, it is expected that there would be a huge surge in the number of first-time tax payers. Considering that most of these depositors are new to the investment world, what is your advice to them?

As mentioned, most of the depositors would be getting introduced to basic savings bank accounts and for the first time, actually realise and experience its inherent advantage. They would also recognise the big difference of money lying idle at home and how, just by depositing it in a bank, they can get returns. With this, they would also become first time tax payers.

ELSS funds can help them in not only tax savings but also in wealth creation. The SBI Magnum Tax Gain scheme incidentally is one of the oldest ELSS schemes in the industry. First time tax payers would do well to plan their taxes with ELSS mutual funds so that their liabilities get reduced.

Mutual Fund industry AUM (assets under management)

which currently stands at Rs.16.5 trillion is expected to double over the next three years. How would SBIMF grow?

SBI MF has outperformed industry growth in the last few years.

We have a great team and our focussed efforts should ensure that this outperformance continues. The MF industry has indeed come a long way and has slowly but surely made itself popular and relevant for large and small investors alike. Changes in regulation will continue to be the critical factor which will bring unique challenges for the industry. Increase in awareness of mutual funds, participation in these MF avenues beyond the metros and the use of technology to create better efficiencies in products and services will be key drivers going forward. Following recent developments like Mr. Donald

Trump's victory in the U.S Presidential elections and demonetisation, the Indian equities markets have become more volatile. What is your advice to the retail investors? Volatility is a part and parcel of capital markets. Yes, these two events, particularly demonetisation, have made markets volatile but retail investors should use this opportunity to participate in the equity markets.

At the moment, markets, I feel, are fairly valued. Equity mutual funds are a great way to participate in equities. Professional fund managers, with their expertise, can handle volatility efficiently. Also, one should look at debt mutual funds which are an attractive proposition in a falling interest rates scenario like we are in today. Those with existing SIPs (systematic investment plans) should continue and use facilities like top-up SIPs to increase their allocations during these times. The principle, as always, is to stay invested for a long period of time.

Indians have great affinity towards traditional investments like fixed deposits, gold and real estate and low awareness about the long-term benefits of equity investments. What could change this?

It is already changing. The whole economy, including financial products, is in a resetting phase. Mutual funds have seen growth in new folios and SIP registrations. Gold ETFs and gold funds are gaining popularity over physical gold and investors are evaluating liquid/FMP mutual funds over traditional FDs due to their higher returns and tax efficiency.

Due to sustained investor awareness, efforts taken by mutual fund houses, AMFI and SEBI, there is growing retail participation. Concepts like long-term investing and tax efficiency offered by MFs are now better understood by a majority of potential investors and this will make them move out of traditional investment options and opt



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for mutual funds. Financial advisers are moving to solution-based selling to their clients and here the role of equity becomes very important. All of this augurs well for equity investing.

Increasingly, both investors and mutual fund houses are going digital. What are the digital initiatives taken by SBI MF?

The world is becoming digital and SBIMF is taking big strides in providing digital solutions to investors and partners. Our InvestTap app provides our investors the convenience to manage their investments on the go. Our SBI Savings Fund app is the first fund-specific app in the industry which can be used by investors to park their idle money at just click of a button. The SBIMF Partner app is helping our partners take proper control of their business and grow it further.

We have introduced our new website with focus on customer engagement. We will also be introducing many more digital initiatives which will enhance customer experience.

Idle EPF accounts may still get no interest

About 9 crore employees' provident fund accounts, lying inoperative due to lack of contributions for three consecutive years, will not get any interest for the last five years as the Centre's decision to rollback a 2011 rule relating to interest on these inoperative accounts set stiff preconditions.

These EPF accounts, which hold Rs.44,000 crore worth of savings in them, will prospectively be credited with interest only if the concerned employee approaches the PF office to transfer or close such accounts.

"The interest on inoperative accounts will be credited only when somebody comes to us for either transferring or closing the account," Central Provident Fund Commissioner V. P. Joy told The Hindu. "Only a particular class of inoperative account holders, such as those who apply for transfer or closure, will be eligible and the other classes will remain inoperative only."

Centre's notification

According to a November 11 notification issued by the Union Labour Ministry, a person's EPF account will continue to earn interest till she turns 58 years of age. While the directive reverses a decision taken by the Unprevi-ous government in 2011 — to suspend interest credits on inoperative EPF accounts — the notification comes into effect only from November 11, 2016.

"This means there will be no interest credit in the inopera-

tive EPF accounts for the last five years since 2011 and in this financial year, till November 11," said Prasanna Deokar, Vice President at India Life Capital, an investment advisory firm.

Out of the total 15 crore EPF accounts, 9.23 crore are inoperative with about Rs.44,000 crore deposits in them. The EPFO has been earning money from the funds in these inoperative accounts. While it has paid an interest rate of between 8.25 to 8.8 per cent since 2011-12 to its active members, Mr. Joy said no decision had been taken on utilising the interest amount earned by the EPFO on the funds from inoperative accounts over the past five years.

Lacking details

Mr. Joy said the EPF office doesn't have "crucial details" such as date of birth of many account holders.

"So, till we are able to figure out who is eligible, we will not be able to credit interest on all inoperative accounts," he said, adding that the process of crediting interest on an inoperative account will only begin once a member approaches the PF department.

The decision to credit interest in inoperative EPF accounts was first announced by Labour Minister Bandaru Dattatreya in March.

However, according to the notification, inoperative EPF accounts of employees who settle abroad permanently and fail to withdraw their account balance within 36 months will not accrue any interest.

"The Labour Minister is clearly going back on his words," All India Trade Union Congress Secretary D.L. Sachdev said. "He had promised crediting interest on all inoperative accounts. The interest accrued on unclaimed EPF money since last five years has not been utilised for any purpose."

Mr. Sachdev said that the EPFO had invested the money of inoperative account members since 2011 to earn interest and it should be credited back to the workers.

"We have taken a pro-worker decision...We have now decided to credit interest even to inoperative accounts," Mr. Dattatreya had said after taking the decision in the EPFO's central board of trustees meeting chaired by him in March.

ESIC increases wage limit to net more workers

In a bid to bring more workers from unorganised sector under the health insurance scheme, the Employees State Insurance Corporation has increased the monthly wage limit to Rs 21,000, Labour Minister Bandaru Dat-



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tatreya said.

“Earlier coverage under ESIC scheme was enhanced to Rs.15,000 in 2010. Now, government has taken a decision to hike the coverage from Rs.15,000 to Rs.21,000,” he told PTI.

He said that the government is also strengthening the health infrastructure for the benefit of workers.

The upward increase in revision would add about 35 lakh new members to the ESIC pool, Dattatreya said.

At present, 2.14 crore persons are enrolled under this scheme.

A notification in this regard has been issued on October 6, 2016 and invites suggestions and objections from all stakeholders.

Demonetisation chapter in Economic Survey

The Economic Survey of 2016-17 could include a special chapter on demonetisation and its implications on the economy, a top government official told The Hindu, adding that it could address concerns being expressed about the move amounting to expropriation of private wealth by the government.

“Every year in the first volume of the Economic Survey, there are eight special chapters. Demonetisation will be one of the 11-12 chapters likely this time,” the top government official said, requesting anonymity.

While he agreed with the assessment of several economists and rating agencies that demonetisation would hit consumption in the short run, the official stressed that private consumption would bounce back soon.

When asked if the increase in bank deposits due to demonetisation will allow for greater lending again for infrastructure projects and boost private investment, he said this was unlikely.

“Demonetisation does not address the private sector’s issues,” the official explained.

“You have to address the non-performing assets issue, and the fact that private sector balance sheets are shot. Unless you do that, private investment will not come.”

The official suggested that the best way to utilise the surplus generated due to demonetisation would be to deploy it for creating fresh capacity and assets.

“A good practice if you have a wealth gain is to use it for capital purposes and not to try and convert a wealth gain into an income gain,” he said. “Essentially, you don’t want to spend out of this gain. You want to create assets. You can recapitalize the banks.”

Banks to bear liability in case of online security breach

The Reserve Bank of India (RBI) relaxed additional factor authentication (AFA) norms for online transactions up to Rs. 2,000 in a move to save time for customers amid the government’s push for digitization of payments.

Banks have to bear the full liability in the event of any security breach or compromise in the authorised card network, according to the RBI.

Banks issuing the cards will offer the ‘payment authentication solutions’ of the respective card networks to their customers on an optional basis. Customers opting for this facility will go through a one-time registration process requiring entry of card details and additional factor authentication by the issuing bank.

“Thereafter, the registered customers will not be required to re-enter the card details for every transaction at merchant locations that offer this solution and thereby save time and effort.”

The card details already registered would be the first factor while the credentials used to login to the solution would be the additional factor of authentication.

“The AFA requirement for transactions up to Rs.2,000 for online card not present transactions for the ‘payment authentication solutions’ provided by authorised card networks with the participation of respective card issuing and acquiring banks is being relaxed,” the RBI said.

RBI clarified that only authorised card networks will be offering such payment authentication solutions with participation of card issuing and acquiring banks, and customer’s consent will have to be taken while making this solution available to them.

What to look out for in RBI monetary policy statement today

Donald Trump’s US presidential victory has spurred safe-haven buying of physical gold in Europe, but traditional bullion holders in the United States are standing pat. After all, many of them are optimistic after voting for Trump.

The contrast in reactions to Trump’s surprise victory shows a wide difference in how investors in the two markets evaluate risk. For many outside the United States, Trump’s pledge to rewrite the play book on trade and international relations prompted defensive gold buying. US investors were more likely to be dumping gold in favor of stocks and bonds.

US precious metals investors “view a Trump victory as a good thing and, therefore, there’s not a tremendous amount of panic,” said Tarek Saab, chief operating officer and co-founder of Texas Precious Metals. Saab was a finalist in Trump’s reality TV show “The Apprentice” in



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2006, and has golfed and dined with him.

"Since the majority of our client base were Trump supporters ... that's the reason we've seen a bit of slowness in the industry."

Texas Precious Metals' sales have tapered off around 20 percent in November from pre-election sales in October, the highest selling month of 2016 so far, Saab said. Gold is a traditional safe haven commodity that people buy in times of uncertainty, what some call a "fear trade."

Holdings of the world's largest gold-backed exchange-traded fund, SPDR Gold Trust, which trades on NYSE Arca in the United States as well as other exchanges, have slid 4.8 percent since rising the day after the election. That was the biggest eight-day drop since April 2013. Spot gold prices soared nearly 5 percent above \$1,337 an ounce after the election, but have swooned since then to a 5-1/2-month low near \$1,200.

"I feel as though Trump is generally positive for the economy and I am hopeful that a Trump presidency will help reignite our sluggish economics," said Saab.

November gold sales at Dillon Gage, a large bullion dealer in Dallas, Texas, are also down slightly from October so far. They are, however, up from a year ago after seeing a 50 percent spike during the election week then falling around 20 percent the week that followed, according to the company.



"I think during the Obama years, there was a lot of angst in the country and that leads people to buy gold," said Stephen Miller, chief executive of Dillon Gage.

Trump's victory lessened what Miller called the "angst factor" among U.S. gold holders. Dealers who sell gold coins and bars in Europe, however, have been busy.

"Users have now added well over half a tonne since end-October (652 kg). That already makes November the strongest month for net inflows since December 2012 (702 kg) with almost 10 days still to go," said Adrian Ash, head of research for BullionVault in London, referring to the online gold trading platform's clients.

"New US interest has quieted since before the election. November's first-time U.S. buyers (are) now up 35 percent above 12-month average (daily basis), just behind the Eurozone (up 39 percent) and U.K. (up 56 percent)." In the United States, investors took a risk-on approach, lifting Wall Street's three main stock indexes to record highs and the U.S. dollar to a 13-1/2-year peak on expectations that markets would benefit from Trump's policies. "What a Trump victory implies for Europe, combined with the Brexit vote, means established politics-as-usual may not win at the end of the day," said Joe Foster, portfolio manager and strategist of VanEck International Investors Gold Fund in New York. "A lot of the people who invest in gold and silver are probably Trump supporters. They tend to be people that live in the heartland; be it more conservative, traditional-type people who use gold and silver more as a store of wealth."

IT sector wants steps for ease of doing business, boosting industry

IT hardware and software industries sought measures to promote ease of doing business and incentives to boost domestic manufacturing.

During pre-budget consultations with Finance Minister Arun Jaitely, IT hardware manufacturers' body MAIT sought extension of duty differential scheme for laptops, notebooks and servers as well as rebate for consumer buying made in India products to push local manufacturing.

"One of our major demands was extension of duty differential scheme to include computers, laptops and servers to provide protection against imports. Also, we need to create a component trading hub. We have also proposed five-year tax holiday for electronic manufacturing," MAIT Vice President Nitin Kunkolienker told The Hindu.

MAIT has also proposed that consumers be given a rebate of up to Rs.10,000 or 25 per cent (whichever lower) on made in India products.

Mr. R.Chandrashekhar, president of the software industry body, Nasscom, said, "Our main focus is on ease of doing business and level playing field.

"Important backdrop of our suggestion was that the industry does face headwinds globally because of protectionism and anti-globalisation forces in different countries," he said. In its pre-Budget memorandum, Nasscom pushed for removing constraints in funding and taxation of start-ups and addressing ambiguities in e-commerce taxation as also the issues of dual levy of VAT and service tax on delivery charges of goods.



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Centre to finance digital discounts

The Centre has decided to bear the burden imposed on public sector firms on account of the many discounts and incentives offered to promote digital payments.

The plan is to create a new expenditure head in the exchequer's accounts that will absorb the costs of such measures.

Public sector insurers, oil-marketing firms and others will thus not take a hit on their books for the Centre's cashless push.

The government has offered many discounts on transaction charges and merchant discount rates that accompany payments using cards or online last week.

More measures

A senior source in the Prime Minister's Office (PMO) told The Hindu that this and other measures were being put in place to enable a cashless transactions ecosystem. "Going forward, all government organisations, public sector undertakings and authorities have been advised to review rules and regulations to support digital payments, adopt payment-related solutions and absorb transaction fees and activate payments facility through the 'Pay Gov India' if they have such a facility," said a senior official in the government involved in the exercise.

Most important, however, "all geographical areas across the country have been mapped with banks/bank mitras and 'dark/grey spots' (where there are no banks or even banking correspondents) identified. We are also looking at the possibility of providing connectivity through VSAT and other means on a priority basis," the official said.

Non-tax receipt portal

A non-tax receipt portal, bharakosh.gov.in, has been developed to enable users to make non-tax payments to the government for 237 categories including spectrum charges, RTI application fees, and purchase forms online, without going to either a bank or a government office.

"Mobile banking through interoperable automatic teller machines (ATM) has been launched, 81,000 ATMs or 12 banks are already live and another 15,000 machines are expected to go live shortly," the government official said. A jump of 1.1 million in the deployment of PoS/mobile PoS machines (from 14 lakh to 25 lakh) is expected to take place by March 2017.

PoS machines

"All 5.5 lakh fair price shops run by the government are being equipped with micro ATMs/PoS terminals, which will enable them to undertake digital payment transactions or even be banking correspondents," the source said.

"A standardised, interoperable multi-purpose, multimodal National Common Mobility card is being developed for smart cities and is ready for testing on a pilot basis," added the government official.

While many of these measures had been announced by Finance Minister Arun Jaitley last week, more formalisation of, or structures around, a cashless ecosystem seems to be taking place within the government machinery.

IBSA meet may see pact to boost trade

The proposal for a Comprehensive Economic Partnership Agreement (CEPA) between India and the two separate customs unions involving Brazil and South Africa – MERCOSUR and SACU respectively – to boost trade and investment ties, is set to get a leg up with New Delhi likely to accord it priority at the forthcoming IBSA Summit. Also topping the agenda at the sixth IBSA (India, Brazil, South Africa) Summit – likely to be held in India in mid-2017 – would be the three IBSA members enhancing contribution to the 'IBSA Fund' to support more developmental projects across the world. The summit could also see the three major emerging market economies strengthening trilateral cooperation on renewable energy projects, sources said.

On trade, India has a Preferential Trade Agreement (PTA) with MERCOSUR (a trading bloc and customs union of Latin American nations, including Brazil) and both the sides are looking to expand its coverage. India is also negotiating a PTA with Southern African Customs Union (SACU) that includes South Africa — though only five rounds of negotiations had been held so far, with the fifth round having been held back in October 2010. A PTA between MERCOSUR and SACU had become operational from April this year.

Expanding scope

In the backdrop of these PTAs, the proposal for an India – MERCOSUR – SACU CEPA is to expand the scope of the PTAs from just trade in goods and then convert them into a comprehensive agreement that will also cover investments, trade in services and areas including intellectual property rights and competition laws among others. "With the Indian Government planning to promote the IBSA grouping in a big way, efforts should be made to bring the proposal for an India-MERCOSUR-SACU CEPA to the level of an IBSA Joint Study Group. The CEPA can help boost intra-IBSA trade and investment ties," said Sachin Chaturvedi, Director General of the New Delhi-based think-tank RIS. Intra-IBSA trade (export and import) in 2012 was about \$50.5 billion, which was



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only 3.4 per cent of their total trade with the rest of the world. Though the CEPA proposal was mooted in 2007, talks on it have not yet taken off.

IBSA Fund

On the IBSA Fund, the three IBSA member-nations had in March 2005 agreed that each of them will pitch in with an annual contribution of \$1 million to the Fund.

Though operational from 2006, the Fund had received contributions of only about \$18 million, sources said, adding that the aim was to enhance it soon to \$40 million to assist 25 projects every year, especially in least developed countries.

The Fund, managed by the UN office for South-South cooperation in the UN Development Programme (UNDP), is however sector- and region-agnostic.

According to an RIS report, there is a need for national development cooperation agencies of the three IBSA member nations to assume a larger role in development cooperation through IBSA.

"Instead of over-reliance on UNDP, the ABC of Brazil, DPA of India and SADPA (of South Africa) can jointly manage the Fund and the projects," it added.

The projects completed by the IBSA Fund include those in Burundi (combating HIV/AIDS), Palestine (sports promotion and rehabilitation of cultural/hospital centre), Sierra Leone (human development and poverty reduction), Cape Verde (health care infrastructure, drinking water), Guinea-Bissau (agriculture development), Haiti (solid waste collection), Cambodia (empowering people with special needs) and Vietnam (rice production).

The IBSA Fund also supported Laos in the formulation of projects and Timor-Leste through a technical exchange.

Omidyar invests \$10 mn. in Indifi

Indifi Technologies, a fintech start-up, said that it had raised \$10 million (Rs.67 crore) in a Series B investment round led by Omidyar Network, the philanthropic investing firm of billionaire eBay founder, Pierre Omidyar. Existing investors Accel Partners and Elevor Equity also participated in the round. The firm, which enables debt-financing for small businesses using technology, said it intended to use investments to further its products.

Alok Mittal, chief executive and co-founder of Indifi Technologies, said that the company has a validated vertical approach to financing and is now present across travel, e-commerce, retail, and hotel segments.

According to Smita Aggarwal, director, investments, Omidyar Network, this investment strengthens the fund's commitment of backing innovative business models "that increase access to credit by underserved segments in

India."

Funding Of Business

Another Gurgaon-based company, OfBusiness, an on-line marketplace for small and medium-sized enterprises, said that it had raised Rs.75 crore in its Series B funding round led by Zodius Technology Opportunities Fund. Existing investor Matrix Partners also participated in this round.

"We intend to build the largest SME network in India," said Asish Mohapatra, co-founder, OfBusiness.

Vikram Vaidyanathan, MD, Matrix India, said that SMEs are adopting technology at a rapid pace and are ready to transact online.

Include real estate sales and electricity charges in GST: CEA

The sale of land and real estate should be included in the Goods and Services Tax structure, Chief Economic Adviser Arvind Subramanian said, adding that rates should be lower rather than higher as this would help the fight against black money.

The CEA, however, did not reply to questions regarding the government's decision to demonetise high-value currency notes, only saying that the issue of how to manage the situation over the next few weeks and months would be challenging.



"The passage of the GST Constitutional Amendment Bill was the mother of all achievements," Dr. Subramanian said while speaking at an Assocham event. "We should aspire to simple, clean rates that are lower rather than higher. The sale of land and real estate needs to be part of GST. That way the input tax credits can enter the system." Dr. Subramanian added that electricity charges should also be included in GST.

"The other challenge is to keep an eye on the currency situation in South East Asia and in China," he said. "The third international challenge is that if we need strong growth, then exports have to grow 15-20 per cent every year. But the question is, can advanced economies buy our exports? Can they handle our service exports?"



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The CEA also highlighted two challenges the Indian economy would have to face domestically. "One will be how to manage demonetisation over the next weeks and months until remonetisation is done fully," he said. "And the other is the 'twin balance sheet problem' of the corporates and banks."

Dr. Subramanian said that the Indian economy was very stable, with both retail and wholesale price inflation having fallen from double-digit levels, the current account deficit being low and fiscal deficit consistently reducing.

Aadhaar to be pivot of payments

"We are going to promote an Aadhaar-enabled payment system (AEPS) in coordination with the Finance Ministry. About 40 crore bank accounts have been linked to Aadhaar," Electronics, Information Technology, Law and Justice Minister Ravi Shankar Prasad said here.

Mr. Prasad said 99 per cent of the adult population had Aadhaar numbers at present, and moves were afoot to connect the rest of the bank accounts with the Aadhaar numbers.

Must requirement

The Minister said AEPS was required because around 30 crore people still did not have mobile/smartphones and could not do online transactions or use mobile wallets or e-wallets at any point in time. India had the digitisation infrastructure required to leverage the Jan Dhan-Aadhaar-Mobile (JAM) trinity, NITI Aayog CEO Amitabh Kant said in an address to the annual general meeting of industry body FICCI, stressing that if the country was to aspire to grow to a \$10 trillion economy, it would have to be prepared for disruption.

Biggest disruptor

"Aadhaar-enabled payments are the biggest disruption in India," Mr. Kant said.

"Nearly 30 crore people in India without mobile connections can use Aadhaar and thumb impression or iris scans for digital payments. In the next 6-7 months, every smartphone user will be able to make Aadhaar-based payments and even will allow each phone to act as an ATM using a device that can attach to the phone and scan fingerprints," he said.

RBI opposes proposal to set up separate payments regulator

The Reserve Bank of India (RBI) has opposed a move to establish a separate entity to regulate payments and settlements, a function that is currently under the central

bank's purview.

In September, the Centre had set up a 11-member committee on Digital Payments headed by Finance Secretary Ratan Watal, and including the RBI's former deputy governor H.R. Khan and Executive Director Chandan Sinha as its members.

One of the panel's terms of reference was to study and recommend changes in the regulatory mechanism under various acts such as the Payments and Settlement Act, the RBI Act, and the Information Technology Act among others.

"The recommendation is that the RBI will be the regulator for SIPS (systemically important payment system) and a separate board (Payments Regulatory Board) for retail payments will be created under RBI," the central bank said in a note to the committee's members, opining on the proposal for making regulation of payments independent of the functioning of central banking.

The committee had suggested that the PRB be an independent body. The committee's report, which also contains the RBI's views, was submitted to Finance Minister Arun Jaitley earlier this month. The report comes at a time when the Centre is pushing to boost digital payments in the wake of the withdrawal of high-value currency notes.

"The global experience, by and large, has been that both the SIPS and retail payment systems are under the central bank for a variety of reasons including issues of inter-connectivity between the systems and the role of the central bank as the lender of last resort (LOLR)," the RBI observed. The panel was to have laid out a roadmap for digital payments, which at present stand at 20 per cent of all transactions. A key goal is to halve India's cash-to-GDP ratio to six per cent.

"There is no need to create confusion by artificially bifurcating payment systems for bringing them fewer than two sets of regulators," Mr. Khan wrote to the committee.

He added that the case for an independent regulator, ignoring the inherent advantages of the RBI's regulatory remit, had not been made out adequately. "The idea of segregating retail payments from wholesale/systemically important payments system does not jell with the increasing global recognition of importance of retail payments system," Mr. Khan said. The RBI has mooted a monetary-policy-committee-style structure for the PRB, where outcomes are decided independently, but implementation remains with the banking regulator.

Remonetisation won't take 'very long': FM



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Finance Minister Arun Jaitley said the government had taken a “somewhat courageous step” by withdrawing high value banknotes and going in for a large scale currency swap, adding that the remonetisation of the economy with fresh currency notes was not going to take “a very long time.”

“The fact that India today has the capacity to take and enforce these decisions, and experiment boldly even at a time when the world is looking inwards, marks an exception as far as India is concerned,” Mr. Jaitley said, adding that one needed clarity, courage, broad shoulders and the stamina to carry out such decisions.

Once the remonetisation process was complete, which the minister said had made substantial headway; it would mark the creation of a new normal for India.

‘Unacceptable normal’

“The 70 years of ‘normal’ we saw before is unacceptable,” he said. “It had become a way of life, not merely that you had a lot more cash currency as part of your GDP, but the adverse socio-economic consequences of that including aberrations such as not getting into banking system, escaping the tax net and using cash for collateral purposes including crimes.”

“Only...a section of the Parliament seems to be unaware of what is happening... In 2000, people would have laughed at the suggestion of every poor person having a mobile phone. But that became a reality in a few years. The same principle applies today,” he said, referring to the drive toward a less-cash economy through the propagation of digital payments.

There were more than 75 crore debit and credit cards, different types of e-wallets being experimented and increases in the range of 100 per cent to 1000 per cent in the use of each digital mode of payments, the minister pointed out.

“The whole process of remonetisation is not going to take a very long time. I am sure very soon, the RBI, by injecting currency daily into the banking and postal system would be able to complete it,” he said.

Exuding confidence about building a consensus with States on the legislations to implement the new Goods and Services Tax regime, he said that 10 important decisions had already been taken with complete consensus of the Council.

“One major issue, which is in fact a very small issue in the larger scheme of things, is the issue of cross-empowering Centre and States on assessment of taxpayers. We are trying to resolve this.”

Ideally, Mr. Jaitley said, common taxation had to lead to

a federal bureaucracy and the new indirect tax regime ought to begin in a new financial year, so April 1, 2017, was still a target.

However, “since it is a transaction tax and not an income tax, it can start in any part of the year. The earlier we do it, the better it is for us to switch over to the new system as the curtains will come down on existing indirect tax system from September 16, 2017.”

Citing the Brexit vote as a surprise for most observers, he said, even the U.S. elections saw a lot of cynicism. “The Republican party, whose candidate has won, was traditionally regarded as a trade-friendly party than the Democrats and the global situation, as also the U.S. situation, is moving towards” excessively protectionist positions

Rs.10,000-crore fund planned for infra finance

The country’s infrastructure sector, requiring investments of more than \$1.5 trillion in the coming ten years, is set to get a boost with a dedicated fund of Rs.10,000 crore to provide credit enhancement for commercially viable projects.

The fund — through ‘unconditional and irrevocable partial credit guarantee’ — will help enhance the credit rating of bonds issued by infrastructure firms so that they, in turn, can attract long-term investments especially from global insurance, pension and sovereign wealth funds.

Prior to the setting up of the dedicated fund, the Reserve Bank of India is expected to bring out a comprehensive regulatory framework for credit enhancement to infrastructure projects and Non-Banking Finance Companies (NBFC) keen on the business. The central bank’s norms for credit enhancement products will include capital requirement and bad loans or asset classification.

SPV route

The dedicated fund will be in the form of a Special Purpose Vehicle (SPV) and will be categorised an NBFC-Infrastructure Finance Company. Its promoters are likely to include Life Insurance Corporation of India (LIC), General Insurance Corporation of India, State Bank of India, Bank of Baroda, Power Finance Corporation, Indian Renewable Energy Development Agency and India Infrastructure Finance Company Ltd (IIFCL).

The government is keen on roping in international financial institutions such as Asian Development Bank, Asian Infrastructure Investment Bank, New Development Bank (formerly BRICS Development Bank), International Finance Corporation (World Bank Group), and talks are on in this regard, sources close to the development said.



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Also, other Indian public sector insurance companies, large state-owned banks and the National Investment & Infrastructure Fund (NIIF) are expected to contribute to the fund that will have an authorised capital of Rs.10,000 crore.

The initial minimum paid-up capital will be Rs.500 crore, which will be quickly scaled up with regular capital infusion to Rs.10,000 crore.

Bond market

The development follows the announcement in the Budget 2016-17 on the proposed measures to deepen the corporate bond market. It had been proposed in the FY17 Budget that the LIC would establish a dedicated fund to provide credit enhancement to infrastructure projects. However, the LIC was not keen as it did not have the needed expertise in credit enhancement.

The government then asked the state-owned IIFCL, which already has a credit enhancement scheme and is in the infrastructure finance business, to work on the fund and provide inputs to the RBI for firming up a regulatory framework after studying the prevailing credit enhancement facilities in countries such as the U.S., Canada and even Indonesia.

Vinayak Chatterjee, Chairman, Feedback Infra, said: "Globally, most infrastructure projects have used a variety of credit enhancement products.

"Credit enhancement measures can help reduce interest rate costs by almost two per cent, which is very significant."

EPF rate slashed to seven-year low

In a move that will impact about 17 crore workers, the Central Board of Trustees of the Employees Provident Fund Organisation (EPFO) reduced the interest rate payable on their PF savings for this financial year to 8.65 per cent, as against 8.8 per cent in 2015-16. This is the lowest return on EPF savings in the last seven years.

"The decision to recommend this interest rate was made keeping in mind the overall economic scenario where interest rates are coming down," said Bandaru Dattatreya, Minister of State for Labour who chairs the EPF board.

The Minister cited the lower surplus from the previous year as another factor for the rate cut. The surplus from the previous year was Rs. 410 crore, in contrast to a surplus of Rs. 1,604 crore added to last year's income from the year before it.

Fixing the interest rate at 8.65 per cent will result in a surplus of about Rs. 269 crore for the next year, the Minister said. "Even at 8.65 per cent, EPF will deliver better returns than other savings instruments such as Public Provident

Fund, GPF and post office term deposit schemes," he said. According to him, the EPFO Trust corpus stood at Rs. 7.48 lakh as on March 31, 2016. As per the official estimates of EPFO's return on investments this year, retaining the EPF rate at 8.8 per cent would have led to a deficit of Rs. 384 crore. At a lower interest rate of 8.5 per cent, the projected surplus was Rs. 975 crore.

In the meeting, Mr. Dattatreya initially proposed an interest rate of 8.6 per cent that would have created a surplus of Rs. 522 crore. However, after trade union representatives voiced their protest, the interest rate was kept at 8.65 per cent.

Employee representatives were still unhappy, though. D.L. Sachdev, Secretary, All India Trade Union Congress, and a member of the EPF board, said the reduction of interest rate reflected the "anti-labour attitude" of the Union government.

"After returning to New Delhi, representatives of all trade unions will meet and discuss the issue threadbare before deciding on the future course of action," he said. Another board member K.N. Umesh, state secretary of the Centre of Indian Trade Unions (CITU) Working Committee, blamed the EPFO's decision to invest in the stock market through exchange-traded funds as a reason for the decline in its income.

The RSS-affiliated Bharatiya Mazdoor Sangh (BMS) was the only union that "appreciated the decision of CBT" to lower the interest rate saying "in the present scenario the interest [rate] on other various deposit schemes is much lower, as fixed deposit is offering interest at seven per cent only."

"It is to be noted that interest earned upon various deposit schemes is taxable, whereas the interest on EPF is exempted from tax. Compounding the 1.65 per cent plus tax exemption comes to 12 per cent," the union said in an official statement.

Central Provident Fund Commissioner V.P. Joy said that roughly 17 crore EPF subscribers' accounts would be updated with this interest rate upon acceptance by the government.

I-T Act change to help small firms move to e-payment

The Centre will amend the Income Tax Act in Budget 2017 to reduce the rate of deemed profit from 8 to 6 per cent for small firms with a turnover of less than Rs.2 crore who receive their payments electronically, the Finance Ministry announced in a move which will promote digital payments.

While this should encourage the adoption of electronic



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payments, it could lead to some operational difficulties for companies that conduct their business both electronically and in cash, according to experts.

“In order to achieve the government’s mission of moving towards a less cash economy and to incentivise small traders/businesses to proactively accept payments by digital means, it has been decided to reduce the existing rate of deemed profit of eight per cent under section 44AD of the Act to six per cent in respect of the amount of total turnover or gross receipts received through banking channel/digital means for the financial year 2016-17,” an official statement said.

“Under the existing provisions of section 44AD of the Income-tax Act, 1961, in case of certain assesseees (i.e. an individual, HUF or a partnership firm other than LLP) carrying on any business (other than transportation, agency, brokerage and commission) and having a turnover of Rs.2 crore or less, the profit is deemed to be eight per cent of the total turnover,” the statement said.

“There is a provision under the Income Tax Act for small business and service providers,” Amit Maheshwari, Managing Partner, Ashok Maheshwari and Associates told The Hindu. “If a business has a turnover of less than Rs.2 crore, it is not required to maintain books of account. In such cases, the Income Tax Department takes into account a deemed profit of eight per cent for tax purposes. The tax is computed on this eight per cent. This change does not apply to service providers.”

Electronic transactions

The statement clarified that this reduction in the rate of deemed profit would apply only to the revenue generated from electronic transactions with the rate remaining unchanged for revenue from cash receipts.

“This is a welcome measure to encourage a movement towards a digital economy and cashless transactions,” said Surendra Prakash Singh, Senior Director, Deloitte India. “This will not only incentivise businesses to disclose their true income but will also reduce the compliance costs for some small businesses.”

“If you receive your income in electronic form, then the rate of deemed income becomes six per cent from eight per cent,” Mr. Maheshwari said. “But what about people who have both cash income and electronic income? The Department will have to apply two different percentages on these companies.”

The government said the legislative amendment to make the required changes to the Income Tax Act will be carried out through the Finance Bill 2017.

Credit costs hinder cashless economy

On November 18, Reserve Bank of India (RBI) issued a circular asking banks to waive charges levied on transactions by merchant establishments using point of sale (PoS) terminals. “Customer charges, if any, being levied on all such transactions (are) waived till December 30, 2016, subject to review,” the banking regulator had said. Customer charges, in this case, are known as the Merchant Discount Rate (MDR) in banking parlance. Despite the circular, many banks, particularly the private sector ones, had been reluctant to waive the charges. However, these banks started falling in line after Economic Affairs Secretary Shaktikanta Das reiterated the same during a press conference in New Delhi.

“To promote greater use of debit cards, public sector banks and some of the private sector banks have decided to waive the MDR charges till 31.12.2016. Other private sector banks are expected to do likewise,” Mr. Das reported on November 23.

After that, private sector lenders like the ICICI Bank, Axis Bank and YES Bank issued statements saying they have waived MDR transaction fees on debit card usage until the end of December.

Merchants benefit

The move, however, benefited merchants but not the consumer. Merchants have not reduced their prices, even though they ended up not paying the charge.

Why is there reluctance on the part of the banks to waive the fee, even if it is meant for a limited period?

MDR for debit cards has been capped by the banking regulator at 1 per cent per transaction while for credit cards — where there is no cap — the rate could go up to 2.5 per cent.

The charge is borne by the merchant and goes to the issuer bank (the bank that has issued the card), the acquirer banks (the bank that installed the PoS terminal) and payment gateways such as Mastercard, Visa and Rupay. The issuer bank gets the maximum share of the MDR.

First, let us take the case of debit cards. Debit cards are issued to customers who have a savings bank account and the money from that account gets debited immediately after the card is swiped for a transaction.

When a depositor keeps the funds in the savings account for which she earns 4 per cent, the bank, in turn, lends that money which can earn it at least 6.5 per cent, a risk-free rate.

Cost savings

Issuing a debit card to the customers saves cost for the bank. RBI studies have found that if a customer visits a



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bank branch for a transaction, the cost incurred by the bank is in the range of Rs.30-32, but when the customer visits automated teller machines, the cost comes down to Rs.14-15 per transaction.

Now the question arises: Why does a bank need to charge a merchant for debit card transactions; a charge that acts as a disincentive for the merchant to install the machine?

“Credit cost, imposed indirectly on the merchants is, in turn, passed on to all customers through increased selling price of goods and services,” according to a report titled ‘Sanitizing distortions in digital payments’ jointly written by Ashish Das, professor at Indian Institute of Technology, Bombay and Praggya Das, director in the monetary policy department at RBI.

“Thus, credit-less digital payments cross-subsidise the hidden cost of credit embedded in the payment system.” Banks earn by lending the deposits made by their customers. So such a charge to the merchants acts as a disincentive for them to install PoS terminals.

So far as credit cards are concerned, banks charge merchants a fee ranging from 1.5 per cent to as high as 2.5 per cent. In the case of credit card — which is a credit product — the charges should be borne only by the person who is availing the credit and not by any other party.

PoS growth

Following the demonetisation exercise, installation of PoS terminals has seen an exponential growth.

State Bank of India (SBI), for example, saw 3.75 lakh transactions everyday in the PoS terminals before November 9 amounting to Rs.94 crore per day. After demonetisation the number increased to 16.43 lakh transactions amounting to Rs.324 crore per day, said Rajnish Kumar, managing director, SBI. “In the last financial year, we had installed 1 lakh PoS terminals which comes to a daily average of about 300 terminals. Post demonetisation the daily average installation has gone up to 1,000,” Mr. Kumar said.

The Centre has asked the banks to beef up installation of PoS terminals and has given them an ambitious target of installing 3 lakh terminals over three months, following the demonetisation.

Would waiving off the charge completely prove optimal?

According to a top central banking source, while there is scope for further rationalising the charges, waiving them off completely could be detrimental to decisions on further investments by banks.

Mr. Kumar said, “There are costs to it, there are investments. The issuer bank has to pay the acquirer bank and

the payment gateway.”

Optimal rates

RBI had recently lowered the MDR cap for debit cards from January 1 to 0.25 per cent for transactions up to Rs.1,000 and 0.5 per cent for transactions between Rs.1,000 and Rs.2,000. This limit is applicable until March 31.

The committee, set up to present a roadmap for digital payments, headed by finance secretary Ratan Watal, said in its report that the MDR rate should be at an optimal level.

“The MDR must be low enough to ensure that merchants adopt the payment method, and encourage customers to use such payment methods. At the same time, the MDR must be high enough to cover costs, and incentivise issuers and acquirers to keep acquiring greater number of merchants,” the report, which was recently submitted to Finance Minister Arun Jaitley, observed.

The Watal Committee further said that regulatory caps placed upon MDR may ultimately hamper the growth of the payments industry. “Accordingly, the Committee believes that regulatory intervention with regard to pricing should be minimal, and that regulation should focus upon removal of entry barriers, and ensuring greater competition in the markets.

The committee has recommended that the setting of MDR should be market-driven. However, the interchange fees may be regulated on an evidence-based approach.

The vision of the committee was to present a roadmap for digital payments to grow significantly from the present level of twenty per cent of all transactions over the next three years.

The country’s cash to Gross Domestic Product (GDP) ratio, which is among the highest in the world, was envisioned to be reduced from about 12 per cent to six per cent.

Banks asked to lower charges on digital transactions above Rs. 1,000

In order to further incentivise electronic transactions, the government announced that it has directed all public sector banks to lower the fees they charge for various forms of digital transactions up to March 31, 2017.

“In order to further promote digital and card payments, the Department of Financial Services, Ministry of Finance has issued a direction in public interest to all public sector banks, in accordance with which these banks shall not charge fees for transactions settled on Immediate Payment Service (IMPS) and Unified Payments Interface



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(UPI) in excess of rates charged for National Electronic Funds Transfer (NEFT) for transactions above Rs 1,000, with service tax being charged at actuals,” the government said in a statement.

“For Unstructured Supplementary Service Data (USSD) transactions above Rs. 1,000, a further discount of fifty paise on these rates shall apply,” the statement added. NEFT transfers of up to Rs 10,000 attract a fee of Rs 2.5 per transaction.

Transactions between Rs. 10,000 and less than Rs. 1 lakh attract a fee of Rs. 5, those between Rs. 1 lakh and Rs. 2 lakh attract a fee of Rs. 15, and the fee for transactions above Rs. 2 lakh is Rs. 25. Service tax is charged on top of this. This follows the RBI’s notification last Friday in which it instructed banks to remove all charges on customers for transactions up to Rs.1,000 settled on IMPS, USSD or UPI systems between January 1, 2017 and March 31, 2017.

Zicom bags contract for securing 6,000 ATMs

Banks are securing their automated teller machines (ATMs) with e-surveillance systems, a shift from the practice of deploying guards, for enhanced safety, reliability as well as reduced costs. In the first phase, 20,000 ATMs have been taken up by both private and public sector banks, including SBI, HDFC, Axis, ICICI and PNB. The contracts for provision of e-surveillance architecture have been awarded to a few firms specialising in security systems, said Pramoud V Rao, Managing Director of Zicom Electronic Security Systems Ltd. The Mumbai-based firm has got orders for 6,000 facilities and expects more business from Vijaya Bank and Canara Bank.

Withdrawal of notes will boost credit flow: CII

A day after Finance Minister Arun Jaitley said demonetisation was turning informal savings into formal ones, the country’s top trade body, Confederation of Indian Industry said the move would also enable banks to channel these to productive assets and offer differentiated interest rates to borrowers while lowering the risk of bad loans in the future.

To achieve this, CII has recommended the creation of an inter-linked digital database that could be accessed by financiers.

“The data for small and medium enterprises as well as

corporates is present in the system, though the ownership is with different government bodies.

“It is possible to thread these data points together for a well-connected digital infrastructure that can enable banks to lend to credible borrowers,” said CII director general Chandrajit Banerjee in a statement.

Union Bank of India chairman and managing director Arun Tiwari said that a comprehensive digital data infrastructure would provide banks the ability to identify fraud and data manipulation or stress early, while helping corporates to access cheaper credit.

Banks to benefit

All enterprises have some sort of identification and activity data available with different authorities, such as the revenue department, Registrar of Companies, Employees Provident Fund Organisation, property tax department and utility providers. If made available seamlessly, banks would benefit from authentic financial and other data to accurately identify the right customers and they may choose to offer loans at varied interest rates depending on the strength of the data of the customer, according to the CII.

“A robust credit data infrastructure will allow banks to better analyse financial data by way of triangulation of information and also provide greater industry insights... it would also lower costs and potentially ease the flow of credit to MSME segment,” said Axis Bank managing director and CEO Shikha Sharma who chairs CII’s National Banking Committee.

Demonetisation, protectionism cause worry to Indian exporters

The main concerns of India’s exporters, as they brace themselves for yet another tumultuous year in international trade, are the problems locally due to the demonetisation-triggered cash crunch, as well as the rising support for protectionism in Europe and the U.S. owing to the backlash against globalisation.

Goods exports to the U.S. and the European Union nations — that are India’s traditional and main markets for its shipments — had accounted for 16 per cent and 17 per cent respectively of India’s total goods exports of \$263 billion in 2015-16. However, in what could hurt India’s exports, the incoming administration in the U.S. is widely expected to announce protectionist policies given President-elect Donald Trump’s statements that America’s manufacturing sector has been severely hit by their policies and trade agreements promoting free-trade. In Europe, the Netherlands, France and Germany are going



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in for general / presidential elections in 2017, and parties and politicians backing policies that are protectionist and anti-immigration are gaining mileage. Then, there is the negotiation of the terms and conditions of Britain's exit from the European Union to watch out for. "The outcome of Brexit negotiations and polls in EU countries, especially Germany, will have a bearing on the overall sentiments on global trade. If the EU disintegrates, it will add to the uncertainties in global trade, impacting India's trade as well," said Ajay Sahai, director general and chief executive officer, Federation of Indian Export Organisations – the apex body for Indian exporters. Also, if there are more rate hikes by the U.S. Federal Reserve in 2017, it will lead to a flight of capital from emerging market economies (other than India) and weaken their currencies, in turn hitting the competitiveness of India's exports, he added.

Weak recovery

Plagued by the lingering feeble external demand, India's goods exports had contracted from December 2014 to May 2016, but then registered positive growth for the first time in 18 months with a 1.97 per cent year-on-year growth in June. However, it immediately fell back into negative growth territory in July and August before recovering to post positive growth from September onwards. The 2.29 per cent growth in November was, however, less than 8.22 per cent growth in October.

Japanese financial major Nomura, in a recent report, had said demonetisation has hit export volumes much more than imports, and that the cash crunch induced by demonetisation has hurt cash-intensive export sectors such as gems & jewellery and textiles. Ashok Rajani, Chairman, and Apparel Export Promotion Council, said: "While demonetisation is a step in the right direction, exporters (in the textiles sector that employs many workers on a temporary or seasonal basis) are a troubled lot as of now with several workers finding it difficult to open bank accounts (to get their wages on a non-cash basis)." Pointing out that many migrant workers in Delhi, Tirupur (Tamil Nadu) and Karnataka are returning to their villages, he hoped the government would take measures soon to provide relief. Small and medium firms, including those catering to overseas markets, are facing difficulties in raising working capital with the cash crunch hitting their informal sources of finance. Turning to the scheduled commercial banks for working capital would not only be a difficult proposition given their small size, but would also increase their cost of funds when compared to cheaper funds from informal sources.

While the demonetisation became effective November 9, trade data for the month showed that exports grew at a much slower pace than imports (2.29 per cent growth versus 10.44 per cent) leading to a trade deficit of \$13 billion, the highest since \$13.08 billion in July 2015. The Centre is slated to hold a meeting with the state governments early January on measures to boost exports and then follow it up soon with a meeting of the Board of Trade (the government-industry body for providing suggestions on trade policy measures). The impact of demonetisation, especially on the labour-intensive export sectors, is likely to top the agenda. The government will also seek a response on whether the \$900 billion goods and services export target set to be achieved by 2019-20 will be feasible given the slowdown in global trade, and if the target should be lowered to a more realistic level.

Polavaram project gets Central funds

The Centre released Rs. 1,981.54 crore, through the National Bank for Agricultural and Rural Development (Nabard), for Andhra Pradesh's ambitious Rs. 16,000-crore Polavaram irrigation project along the Godavari river.

Releasing the amount, Finance Minister Arun Jaitley said this should quell any sense of distrust that the people of the State had developed towards the Centre over funding for the project.

Stressing that returns on investments in irrigation projects for agriculture can be visible by next season as opposed to investments in sectors such as manufacturing, where returns take a 'reasonably long period' to register, the Finance Minister said that such projects also lead to social satisfaction and economic prosperity.

He was speaking at an event attended by Andhra Pradesh Chief Minister Chandrababu Naidu, Union Water Resources Minister Uma Bharti, where funding was also disbursed for 99 irrigation projects in Gujarat and Maharashtra under the Long Term Irrigation Fund announced in Budget 2016-17.

"Using water resources to its optimal level is one of our prime goals and it is important that a very large part of funding goes to this," Mr. Jaitley said.

Stating that the people of Andhra Pradesh had been nursing a feeling of economic discrimination and unfair treatment since the division of the State, Mr. Jaitley said it was due to the BJP's efforts that the UPA government made some commitments, though without any financial allocation.

"The responsibility of fulfilling what we had said, fell on us. There are obviously challenges, but we were clear



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from the very first day that every promise we had made in the form of assistance would be satisfied,” Mr. Jaitley said.

Terming the issue of water in the State’s dry regions as very sensitive, he said that it took some time for the Centre to find a way to fund the Polavaram project, but it had finally done it.

‘Restoring trust’

“Not only is today’s event a launch pad for a great project in Andhra Pradesh, it is also restoring a sense of confidence and trust in the people of AP.”

Referring to the lessons from Gujarat and Maharashtra, which he said had taken significant strides on the irrigation front, Mr. Jaitley said: “If you remember, Gujarat was virtually dry in regions such as Saurashtra, Rajkot, Kutch, but they worked ahead of time and over the last 15 years, its agricultural growth showed substantial enhancement.”

ED crackdown on money laundering

The Enforcement Directorate (ED) has launched over 400 inquiries and registered 22 cases of money laundering against bank officials, businessmen and middlemen in connection with the allegations of illegal exchange of demonetised notes.

The latest case under the Prevention of Money Laundering Act has been registered against Kishorebhai Bhajiwala, his eight family members, and Pankaj Bhatt, Senior Manager of Surat Peoples Cooperative Bank, based on an FIR lodged by the Central Bureau of Investigation about a week ago. The family is primarily into money-lending business.

I-T Dept. complaint

According to the Income-Tax Department, on whose complaint the CBI registered a case, the total seizure from the Bhajiwalas stands at Rs. 1.02 crore in new notes. An initial search on the residence of the accused had led to the unearthing of Rs. 14.67 lakh in cash, including new notes, from his shop.

Benami lockers

Further investigations revealed that another accused, Jignesh Bhajiwala, was operating several “benami” lockers in the cooperative bank. The investigators seized Rs. 97.84 lakh in new notes from one such locker.

The agency found that the accused had used identification documents of 212 people to get the old notes exchanged between November 12 and 14.

Officials of other banks are also under the scanner on suspicion that they helped the accused convert old notes. Among the significant cases is also the one involving a Kolkata-based businessman, Paras Mal Lodha, who is

suspected to have recycled at least Rs. 25 crore of old notes.

The agency arrested him from Mumbai in connection with the seizure of huge sums of cash from sand-mining baron J. Sekhar Reddy in Chennai and Delhi-based lawyer Rohit Tandon.

Premises searched

While more arrests in the case are likely soon, the ED conducted searches on two Kolkata premises of Mr. Lodha.

Some bank officials are also under the scanner for their alleged role in exchanging the demonetised currency.

Besides, the directorate has been investigating the suspected role of several jewellers in converting cash to bullion. The agency has registered at least two cases involving use of bank accounts opened in the name of shell companies to deposit cash.

About 100 shell companies are currently under investigation.

Post-demonetisation, the ED has conducted raids against suspect foreign exchange operators and is learnt to have launched over 150 inquiries under the Foreign Exchange Management Act.

Verification exercises are also being conducted in banks on the basis of the inputs shared by the Financial Investigation Unit.

SEBI eases trading norms for equity derivatives contract

With an aim to ease trading requirements, markets regulator SEBI relaxed the combined futures and options position limit of stock brokers, FPIs and mutual funds in equity derivatives to 20 per cent of the applicable Market Wide Position Limit (MWPL).

The decision has been taken in consultation with SEBI’s Secondary Market Advisory Committee.



Currently, stocks having market-wise position limit of Rs. 500 crore or more, the combined Futures & Options position limit is 20 per cent of the MWPL or Rs. 300 crore, whichever is lower and within which stock futures posi-



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tion cannot exceed 10 per cent of applicable MWPL or Rs. 150 crore, whichever is lower.

In case of stocks having market-wise position limit less than Rs. 500 crore, the combined futures and options position limit is 20 per cent of the MWPL and futures position cannot exceed 20 per cent of the MWPL or Rs. 50 crore whichever is lower.

Market Wide Position Limit (MWPL) is one of the key parameters in analysis of stocks that trade in the derivative segment.

CCEA approves road project for Maoist areas

The Cabinet Committee on Economic Affairs approved a Rs. 11,700-crore project to improve rural road connectivity in the worst-affected left-wing extremism (LWE) districts.

The scheme, named Road Connectivity Project for LWE Affected Areas, will be implemented under the Pradhan Mantri Gram Sadak Yojana (PMGSY) in 44 districts.

“Under the project, construction or upgradation of 5,411.81 km road and 126 bridges or Cross Drainage works will be taken up at an estimated cost of Rs. 11,724.53 crore,” an official release said, adding the roads will be operable throughout the year irrespective of weather conditions.

The Centre will fund 60 per cent of the road project and the rest will come from States. However, in the north-east, Jammu and Kashmir, Himachal Pradesh and Uttarakhand, the Centre will provide 90 per cent funding.

NSE files draft prospectus for IPO

The National Stock Exchange of India (NSE), the country's largest bourse in terms of market share, has filed a draft prospectus for its proposed initial public offer (IPO). According to the draft prospectus, the exchange intends to offer 111.42 million shares representing 22.5 per cent of the post-offer paid up equity capital of the company. Media reports suggest that the issue size could be as large as Rs. 10,000 crore.

This assumes significance as many large shareholders of NSE, including the State Bank of India and other public sector banks, were seeking the public listing of the exchange for quite some time now.

In the past, shareholders have even written to the board and senior management of the exchange to expedite the listing process so that there would be greater transparency in pricing of shares and exits could be facilitated on the stock exchange platform.

Interestingly, the development comes close on the heels

of the exit of its high-profile chief executive officer (CEO) Chitra Ramakrishna, who was also a part of the founding team of the exchange.

According to the draft document, some of the bigger shareholders including Tiger Global, Aranda Investments, Citigroup Strategic Holdings, IDBI Bank, SBI, SAIF Investments, GS Strategic Investments and Norwest Venture Partners would offer their shares for sale as part of the public issue.

Global ranking

In a report released, HDFC Securities highlighted the fact that Indian exchanges were ranked among the top 15 globally in terms of cash and derivatives turnover. It had cited a report by Oliver Wyman, an international consulting firm.

According to the report, NSE was ranked fourth by the World Federation of Exchanges (WFE) in 2015 in terms of equity trading volume. Within the equity segment in India, NSE commanded a substantial 85 per cent share in fiscal 2016, as per the Oliver Wyman report, according to the note by HDFC Securities.

“There is always a premium attached to the valuation of an exchange, which can be called a shadow to the overall economy,” said Deven Choksey, managing director, K R Choksey Securities.

“If the economy is doing well than exchanges also do well. But a lot depends on how NSE plans its business going ahead. It has grown a lot through the derivative segment. If the other exchanges are able to take a more balanced approach, then there would be more premium attached,” Mr. Choksey said.

Incidentally, it was widely reported that NSE was not comfortable to list on its rival exchange BSE and wanted the regulator to allow self-listing — or listing the shares on its own platform. Current regulations do not allow self-listing of exchanges in India.

Rival's filing

NSE's competitor BSE, which is Asia's oldest stock exchange, has already filed its draft document with SEBI and is in the process to list its shares. Currently, Multi Commodity Exchange of India (MCX) is the only listed bourse in the country.

BSE and NSE compete with each other in almost all the segments of capital markets, including equity & equity derivatives, currency derivatives and a trading platform for small and medium enterprises (SMEs).

While NSE is the leader in most segments, BSE has managed to corner a larger share in the SME space.

The investment bankers managing the NSE IPO are Citi, JM Financial, Kotak Mahindra Capital, Morgan Stanley,



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HDFC Bank, ICICI Securities, IDFC and IIFL.

Overseas listing

At a meeting held on June 23, the NSE board had expressed its desire to file the draft red herring prospectus by January 2017. The board had also advised the management to file for overseas listing by April 2017.

Interestingly, current regulatory guidelines do not allow overseas listing of Indian exchanges.

At a recent capital market summit, SEBI Chairman U.K. Sinha had highlighted the issue when his views were sought on whether Indian exchanges should look at listing overseas as well.

Centre names NYU academic Acharya as RBI Dy. Governor

The Centre appointed Viral V. Acharya, Professor of Economics at the New York University (NYU) – Stern School of Business, as a Deputy Governor of the Reserve Bank of India (RBI) for a three-year term.

Dr. Acharya's appointment, approved by the Appointments Committee of the Cabinet, fills the vacancy that was created following Ujrit Patel's elevation to the post of Governor in early September.

Dr. Acharya, 42, will oversee Monetary Policy and Research at the central bank and will assume office on January 20, 2017, the RBI said in a statement on its website. The C.V. Starr Professor of Economics in the Department of Finance at the New York University Stern School of Business, Dr. Acharya is an alumnus of the Indian Institute of Technology, Mumbai, where he obtained a Bachelor of Technology degree in Computer Science and Engineering.

With his research interests including the regulation of banks and financial institutions, corporate finance, credit risk and valuation of corporate debt and asset pricing with a focus on the effects of liquidity risk, Dr. Acharya has co-authored a few research papers with former RBI Governor Raghuram Rajan.

Dr. Acharya was chosen from more than 100 candidates as the government, for the first time, advertised for the post of a Deputy Governor of the central bank.

The RBI has four deputy governors, of which two are traditionally promoted from within the ranks of the central bank. Of the other two, one is a commercial banker while the other is an economist.

A former member of the Advisory Committee of Financial Sector Legislative Reforms Commission (FSLRC) of India, Dr. Acharya is also on the International Advisory Board of the SEBI.

A strong votary of central bank independence, Dr. Acharya's appointment comes at a time when the RBI's autonomy has been in the spotlight over the Centre's decision to withdraw legal tender status for high denomination banknotes and the subsequent implementation of the demonetisation.

Commenting on a government proposal to dip into the central bank's emergency funds to recapitalise commercial lenders burdened with bad loans, Dr. Acharya had, in a June interview to Bloomberg, panned the idea as 'opaque'.

Dr. Acharya was quoted by Bloomberg as having said at the time: "Setting a precedent to compromise central bank risk management for public-sector bank recapitalization could lead to repeat and more devious interventions that over time could be perceived as an attack on central bank independence."

Real estate heads for subdued start

The year 2016 was significant for the real estate sector due to the number of reforms that were initiated in the period. These include the Goods & Services Tax (GST), clearance for Real Estate Investment Trusts (REITs), relaxation of foreign investment norms and the implementation of the Real Estate (Regulation and Development) Act (RERA) that are all expected to augur well for the sector in the coming year, according to analysts and developers.

"RERA, GST, REITs and the latest demonetisation drive will bring in transparency in the sector and will boost the confidence of consumers, developers and investors in 2017 and coming years," said Anshuman Magazine, Chairman India and South East Asia at the international real estate services firm CBRE Group Inc.

While demonetisation would help enhance transparency and pave the way for increased global institutional capital, a timely implementation of GST would help address ambiguities around taxation and benefit sectors such as warehousing, Mr. Magazine said.

Despite several positive policy initiatives, a few issues, however, still continue to act as a deterrent to the sector's growth, he said.

Capital inflows

"Capital inflows are still low due to banks remaining wary of investing in real estate," Mr. Magazine said. "From a policy perspective, ambiguity in land acquisition laws and state specific RERA laws and its implementation are slowing down development of the real estate market," he said.

"All this aside, India will continue to retain its position as



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a bright spot in the global economy, with better growth prospects expected to support commercial space leasing in 2017," Mr. Magazine said.

Cash crunch

However, with global disruptions and the cash crunch that had ensued in the wake of demonetisation impacting the real estate sector, the year 2017 was headed for a subdued beginning, according to industry observers.

With enquiries, walk-ins and sales drying up as a fall-out of demonetisation, the first two quarters of the coming year were likely to witness a substantial slowdown in sales, said Shishir Bajjal, Chairman and Managing Director (CMD), Knight Frank (India) Pvt. Ltd.

"In the first half of 2017, the sector is expected to be largely muted and there would be pressure on prices. With consumers in a wait and watch mode, demand could be subdued due to a mindset that property prices could undergo reduction along with a substantial lowering of home loan interest rates," Mr. Bajjal said.

The office market is expected to face challenges to maintain the prevailing pace of growth in the coming year. This could be due to the geopolitical risk of a probable reduction in outsourcing from the U.S., structural changes in the domestic economy and top technology companies reducing their growth targets, Mr. Bajjal said.

On the positive side, the implementation of RERA by May 2017 coupled with legislations like the GST bill and Benami Act would further increase transparency and reliability within the sector. "This will also see a boost in institutional funds flowing into the sector at competitive rates which will enable the sector to come out of the woods," Mr. Bajjal said.

'Ideal year'

Real estate developer Surendra Hiranandani, CMD, House of Hiranandani said 2017 would be an ideal year to buy a house as borrowing rates would taper given the huge influx of money into the banking system post demonetisation. "This can set off a cycle, wherein lower rates of interest will prompt borrowers to avail more loans at attractive interest rates," he said.

Mr. Hiranandani said home buyers could now get good deals in the market as the industry had just begun to adjust to the new rules. "This holds true especially for the first quarter of the year as most developers will look to sell existing inventory, so consumers should make the most of this opportunity and purchase property at attractive prices," he said.

The approval process, however, still remained a major impediment to real estate development, according to him. "While the government has done a lot to ease the func-

tioning of the real estate sector and protect the consumers, it must get the statutory authorities responsible for clearing the projects within the purview of law. Administrative reforms should be made to facilitate quicker approval process which will help developers complete and handover projects on time," Mr. Hiranandani said.

'Promising potential'

Brotin Banerjee, Managing Director and CEO of Tata Housing said the long-term potential of the industry looks promising and the policy changes had set the base for developers to capitalise on.

"However, the industry will get a boost when it is granted crucial infrastructural and economic necessities from the government. So, the year ahead is pivotal for completing the process of structural reform that is presently underway," Mr. Banerjee said.

The affordable housing segment would likely get a big boost in the coming year, according to Mudhit Gupta, CMD, Emgee Group which is into developing affordable housing projects.

"Affordable housing segment will benefit the most especially with a mandate from the Prime Minister and government with housing for all 2022 and through grant of various incentives like no service tax, VAT and interest subsidy of Rs. 2.2 lakh under Pradhan Mantri Awas Yojna (PMAY)," Mudhit Gupta said.

Financial data management body mooted

A committee set up under the Department of Economic Affairs has recommended the creation of a statutory body that will standardise data from all financial sector regulators in a single database and provide analytical insights based on the data.

The report of the committee to study the financial data management legal framework in India, made public, suggests the passage of a Bill in Parliament — the Financial Data Management Centre Bill 2016 — to create the statutory body, as recommended by Finance Minister Arun Jaitley.

"Subject to the provisions of this Act, or any other law for the time being in force, it shall be the duty of the Data Centre to take measures to standardise data from regulators in consultation with the regulators, enable financial service providers to submit data in a standardised electronic format, analyse the data and maintain a financial system database," according to the proposed Act.

The powers of the Financial Data Management Centre (FDMC) will include the establishment, operation and



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maintenance of the financial system database along with collecting financial regulatory data and providing access to it. The body will also provide analytical support to the Financial Stability and Development Council (FSDC) on issues relating to financial stability.

In 2015, when the FSDC first suggested the creation of such a body, the Reserve Bank had objected to sharing company-specific data with the body as it was not statutory in nature, and sharing such data would be a breach of confidentiality.

“In the absence of any statutory or other legal basis which empowers FDMC to compel furnishing of confidential information to it, disclosure of any such information by Reserve Bank may not be justified as it may not fall within the recognised exception of compulsion of law,” the banking regulator had said at the time.

Even the Department of Legal Affairs said that the “majority of the financial sector regulators being statutory in nature, it is not clear from the proposal how the non-statutory FDMC will collect data from such regulators.”

Keeping these concerns in mind, the Department of Economic Affairs re-examined the issue and obtained the Finance Minister’s approval to establish a statutory FDMC, following which a committee was formed to recommend the way forward.

Note ban trips economic momentum

The Centre’s decision to withdraw high value banknotes couldn’t have come at a worse time for the recovering Indian economy as the cash crunch that resulted from the sudden demonetisation crimped all-round demand and tripped up the economic momentum that had steadily gathered through 2016, according to economists.

Starting 2016 on a relatively weak base — with gross value added (GVA) growth at 6.9 per cent and gross domestic product (GDP) growth at 7.2 per cent in December 2015 — economic momentum recovered towards the middle of the year. GDP growth in March accelerated to 7.9 per cent and GVA growth rose to 7.4 per cent.

Although the upsurge hit a hurdle in June, with GDP growth for the second quarter of FY17 falling to its slowest rate in six quarters at 7.1 per cent, a good monsoon and an imminent pick-up in demand seemed to have placed the economy in a sweet spot for higher growth, investments and, possibly, job creation.

‘On the verge’

“We were on the verge of seeing a revival in consumer spending, which was already witnessed in September and October in particular, where the festival season demand had picked up,” Madan Sabnavis, Chief Economist

at Care Ratings said. “Overall, the Indian economy was poised to move towards the eight per cent growth rate mark.”

The Centre’s move to withdraw high value currency notes in November altered that script, though the government is confident that deferred consumption will still spur growth once the initial shock of the move is absorbed.

Mr. Sabnavis said that the policy environment had been positive leading up to the demonetisation announcement with the Centre sticking to its infrastructure spending target and the Reserve Bank of India expected to reduce interest rates due to the expectation of easing inflation. However, since demonetisation, consumption demand has slumped, which has halted the expected recovery in private investment.

“Post demonetisation, there have been distortions that have been caused,” he said. “Even though the effect will be temporary, it will still be a dampening effect on the economy over the rest of the year. Even though we have low interest rates, that basic pick-up in demand for investment, which had been expected, has been deferred by another two quarters. Therefore, there will be a slow-down in the economy in Q3 and Q4.”

On the infrastructure side, the main sticking point — non-performing assets — remains a problem independent of the effect of demonetisation, with banks not willing to lend for such projects.

“So, that probably wouldn’t have taken off, but definitely investment from the manufacturing side should have taken off,” Mr. Sabnavis said.

IIP index

The index of industrial production on average contracted by 0.1 per cent over the January-to-October period, with private investment faring very poorly and any growth in the index being mostly driven by consumption. The index reached its lowest level in the year in July, when it contracted 2.55 per cent. The best performance was in the preceding month, when the index grew 2.18 per cent. “The IIP will likely contract in the first quarter of calendar year 2017,” said D.K. Srivastava, Chief Policy Adviser, EY India.

“Such a contraction has been happening in investment demand, and now post demonetisation, it is visible in consumption demand as well. This would require a major fiscal stimulus on the part of the central government early next year, as soon as possible.”

Inflation slows

Retail inflation slowed significantly over the year, while the contraction in wholesale prices reversed. This meant that the growth rates of the Consumer Price Index and



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the Wholesale Price Index converged — coming the closest to each other in November, when the CPI grew at 3.6 per cent and the WPI at 3.15 per cent.

“Inflation will be trending downwards in 2017, especially since the demonetisation effect will hit consumption demand, and hence prices,” Mr. Srivastava said. “The effect will be seen in sectors as far and wide as food articles and real estate. This will give the RBI room to reduce its policy rates, and will also give banks room to pass these rate cuts on to the customers.”

GVA growth

Growth in gross value added has been slowing since the fourth quarter of the previous financial year (quarter ended March 2016), when it was 7.4 per cent.

GVA growth for the second quarter of this financial year was 7.1 per cent, which is the lowest it has been since the quarter ended December 2015. That was before the demonetisation announcement, which economists said would dampen growth in the last two quarters of the fiscal.

“The gross value added in the next year will come in even lower, as it will be hit by the demonetisation process,” said EY India’s Mr. Srivastava. “GVA growth, since it is the output side, will respond with a little lag. It would probably for the year as a whole be limited to about 7 per cent, but demand as a whole will fall so GDP will be lower than GVA and will be about 6.8 per cent or so.”

Current Account Deficit

The current account deficit has contracted sharply over the last two years, with the amount touching \$3.4 billion in September 2016, down from \$10.9 billion in September 2014.

The CAD touched a more than two-year low in the quarters ended March and June, coming in at just \$300 million.

“The current account deficit will be very comfortable. Although exports have started recovering, the growth is near zero, and imports have fallen quite sharply and therefore there will be balance or near-balance in the current account deficit,” Mr. Srivastava said.

‘Cash may still be king post-demonetisation’

A surge in non-cash transactions through digital options such as mobile wallets and debit cards is a clear sign that India is embracing the cashless economy, but it remains to be seen if this will continue when new currency notes come into circulation, the Centre and company officials said.

Finance Minister Arun Jaitley assured people that a large part of the currency that was in circulation on November 8, when the old Rs. 500 and Rs. 1,000 notes were rendered illegal tender, had been replaced and more Rs. 500 notes were being injected into the system. Paytm, which is adding half a million or 5 lakh customers everyday currently, is optimistic that the trend of preference towards cashless options won’t change much.

“Our growth numbers are still strong, there is no difference,” Vijay Shekhar Sharma, CEO of Paytm told The Hindu.

“I believe that while cash will come back into the system in due course, the convenience factor will remain... consumers and merchants are making efforts to learn and use modes of digital payments.”

He added that the switch to cashless mode will persist. “I don’t think we will even need to incentivise them in the short-term.”

Cash dependence

MobiKwik co-founder Upasana Taku said the firm had expected cash-liquidity situation to become stable at some point, but found a paradigm shift in the approach to cash both on the buyer and seller side. “There has been a large-scale mind set shift, both on the consumer side as well as retailer side. People have realised that more things will come. While they are not sure what they might be, it is clear that there will be more action in this space. So nobody wants to depend on cash 100 per cent,” Ms. Taku said.

“What will happen because of this change... digital payments in India before (demonetisation) were about 12-14 percent? We believe this momentum will remain and digital payments will become at least 30-35 per cent over the next 6-9 months,” she said.

Paytm’s Mr. Sharma also pointed out that a clearer picture of how much of the push to digital payments was driven by demonetisation alone would emerge next month.

“Our peaks are coming in these few days. But we also need to keep in mind that this is a festive time, year-end... and people tend to spend more, so spike can also be because of that. We will get a clearer idea of the impact of push due to demonetisation by mid-January,” he said.

No slowdown

Mobikwik has also not seen any slowdown in the pace of acquisition of customers and merchants.

“We are still not finding situation across the country to be very stable, may be in some metros... but on a pan-India basis, cash is not easily available,” Ms. Taku said.



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Russian hackers penetrated U.S. electricity grid: report

A code connected to Russian hacking efforts has been discovered within a utility system in Vermont, which could point to vulnerabilities in the U.S. electrical grid, The Washington Post reported .

The code detected in the northeastern State's system did not disrupt its operations, the paper cited U.S. officials as saying.

The code was associated with the Russian hacking efforts that U.S. officials have dubbed "Grizzly Steppe."

U.S. authorities have not yet pinpointed why the Russians targeted the grid, according to the Post, but that it "may have been designed to disrupt the utility's operations or as a test by the Russians to see whether they could penetrate a portion of the grid."

Ukraine blackout

In December 2015, a power failure that plunged parts of western Ukraine into the dark was found to be caused by a cyberattack.

The Russians were accused of causing the blackout, an allegation they have denied.

A U.S. federal law enforcement report released this week showed that Russian intelligence agencies over the last two years blanketed Democratic Party targets with malicious emails and have likely continued such efforts after November's elections.

The report's release followed an array of measures unveiled by Washington as retribution for what American officials have described as Moscow's malicious efforts to tip the vote in favour of President-elect Donald Trump by stealing embarrassing information from Democratic Party operations and senior party members before releasing it to the news media. — AFP

'We will control our borders after Brexit'

Prime Minister Theresa May insisted that Britain will have "control over our borders" after Brexit, suggesting that she would be prepared to quit Europe's trading zone to achieve it.

"The referendum vote was a vote for us to... bring control into our immigration system. I'm clear that is part of what we need to deliver," she told Sky News in an interview. "We will be able to have control over our borders, of our

laws."

Merkel's warning

German leader Angela Merkel has warned Britain will not be able to remain in the EU's single market while "cherry picking" the terms — including over the free movement of labour.

Ms. May appeared to suggest she would be willing to quit the trade zone.

Scotland's First Minister Nicola Sturgeon said the prospect of a second independence referendum for her nation was not mere bluster if Britain left the single market. Experts say a "hard Brexit" would mean Britain withdrawing entirely from Europe's single market and negotiating new trade arrangements in order to impose strict immigration controls.

'Taiwan call could damage U.S.-China ties'

Any wavering on the U.S.'s 'One-China' policy could undermine the progress made in bilateral relations in recent decades, the Obama administration said .

Amid reports that President-elect Donald Trump's telephone conversation with Taiwanese President Tsai Ing-wen last week was part of a deliberate strategy to recalibrate U.S.'s relationship with China under the incoming administration, White House spokesperson Josh Earnest said: "...the Chinese government in Beijing places an enormous priority on this situation and it's a sensitive matter ['One-China policy']. And some of the progress that we have made in our relationship with China could be undermined by this issue flaring up."

'One-China policy'

Mr. Earnest pointed out that this policy has been in place for almost four decades, under Republican and Democratic administrations, but he was unsure of whether Mr. Trump would continue with it. Chinese officials have been in touch with the White House following Mr. Trump's call with the Taiwanese leader and the Obama administration told them that there was no change in the U.S. policy.

Asked whether the administration expressed confidence to the Chinese interlocutors that the policy would continue, Mr. Earnest said: "Well, it's the President-elect and his team who can speak to what sort of policy they intend to pursue after January 20th." Mr. Earnest said senior officials of the administration have also been in touch with other allies in Asia, but refused to divulge details.

"The Chinese government and senior officials in the Chinese government are sophisticated enough to under-



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stand the complexities of the U.S. political system and they understand that President Obama's ability to set our policy towards this region of the world expires on January 20, and someone else will take over," Mr. Earnest said.

Responding to reports that the Taiwan call was a strategic move by the President-elect, Mr. Earnest said: "It is unclear exactly what the strategic effort is, what the aim of the strategic effort is, and it's unclear exactly what potential benefit could be experienced by the United States, China or Taiwan." He said he would leave that to the transition team to explain.

The Obama administration is of the view that the existing policy has served well the interests of the U.S. "both in terms of advancing our relationship with China, but also in terms of the interests of the people of Taiwan, who happen to be the ninth-largest trading partner of the United States... So there are significant economic consequences here as well," Mr. Earnest said.

Though Vice-President-elect Mike Pence sought to clarify that Mr. Trump's conversation with the Taiwanese leader was only a courtesy of accepting a congratulatory call, it remains the most significant foreign policy signal yet from the President-elect.

Mr. Trump subsequently taunted China on Twitter and received support from far-Right Republicans. "I would much rather have Donald Trump talking to President Tsai than to Cuba's Raul Castro or Iran's Hasan Rouhani," Senator Ted Cruz tweeted .

But this may not help Taiwan, Mr. Earnest said. "The response from the Chinese government in the aftermath of this call has primarily been to ratchet up the rhetoric against Taiwan.

"And it's unclear to me how that kind of consequence benefits the people of Taiwan or benefits the ninth-largest trading partner of the U.S. So these are significant issues and worthy of careful consideration."

In a message to Trump, China defends Iran deal

China said it was opposed to any breach of the Iran nuclear deal, opening up another possible avenue of friction with the U.S. once President-elect Donald Trump enters the White House.

"Maintaining the deal's continued, comprehensive and effective implementation is the responsibility and common interest of all parties, and should not be impacted by changes in the internal situation of each country," Chinese Foreign Minister Wang Yi said during a visit to Bei-

jing by his Iranian counterpart, Javad Zarif.

Positions in sync

Mr. Wang did not name any particular country, but his observations contradict comments made by Mr. Trump during the campaign trail. In the run-up to the elections, Mr. Trump had pledged to scrap the deal, though a more formalised position on Iran is yet to emerge.

Iran's Tasnim news agency quoted Mr. Zarif as saying the Chinese and Iranian positions on the nuclear deal were in sync. "The Joint Comprehensive Plan of Action (JCPOA) is a multilateral agreement and all parties should respect it. Iran and China have the same stance on this," he observed.

Separately in a speech at Tehran University, Iranian President Hassan Rouhani told his audience that none of Mr. Trump's actions "would affect us". He added: "Do you think he can rip up the JCPOA? Do you think we and our nation will let him do that?"

Spiraling tensions

Tensions between Iran and the U.S. are spiralling following the U.S. Senate vote which extended the Iran Sanctions Act by another 10 years.

The Chinese Foreign Ministry also said the two ministers discussed greater cooperation on energy, trade and infrastructure under China's new Silk Road initiative.

The state-run flagship China Central Television has reported that Mr. Zarif had arrived in Beijing with a large business delegation.

China's ties with the Trump administration in-waiting have been jolted after the President-elect crossed a Beijing imposed redline by holding a telephonic conversation with Tsai Ing-wen, the President of Taiwan.

This was followed by a string of tweets by Mr. Trump that have evoked adverse comment by the Chinese state media.

, an op-ed posted on the website of People's Daily , China's official newspaper, noted that Mr. Trump's tweets on China after the Taiwan call further upset "the most important bilateral relationship for America".

The newspaper warned that Washington could not and should not attempt to "dictate the policy of another sovereign state", referring to Mr. Trump's accusation that China manipulated currency.

U.S. lawmakers urge India to ease curbs on Christian charity

U.S. lawmakers from Republican and Democratic parties urged the Indian government to ease strictures on



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American Christian charity Compassion International (CI), even as the stand-off between the U.S. and India over the Colorado-based NGO that has worked in India since 1968 continued.

According to the NGO's counsel at a Foreign Affairs Committee hearing, CI will shut its India operations "within three weeks" if the Ministry of Home Affairs (MHA) doesn't lift funding restrictions, which would put "145,000 Indian children" in peril. The NGO also denied it was involved in conversions.

The Committee met in Washington for a session titled, "American Compassion in India: Government Obstacles", hearing testimonies critical of the MHA actions from CI and Human Rights Watch.

Republican Chairman Ed Royce began the hearing by praising Prime Minister Narendra Modi for his vision, but then went on to blame the "Indian bureaucracy" for being "dogmatic". "We have spent nine months and hundreds of hours dealing with the Indian bureaucracy on this, and it looks like the bureaucracy is trying to run out the clock." Mr. Royce, who is also the head of the India Caucus, said he and Secretary of State John Kerry had been negotiating the issue of CI with Indian officials. In August, The Hindu had reported that Mr. Kerry had even raised the NGO's treatment with External Affairs Minister Sushma Swaraj during their Strategic Dialogue in Delhi. Subsequently, the government had agreed to lift funding restrictions on 10 of about 350 NGOs that Compassion wants to fund.

Mr. Royce said it was a "rumour" and a "myth" that CI was involved in conversions, adding that he had a personal interest in the matter as his Chief of Staff Amy Porter was a donor to children helped by the NGO.

Letter to MHA

Sources told The Hindu that the charity and the U.S. Embassy have written another letter to the MHA demanding "proof" that NGOs funded by CI were involved in Christian conversions. In the letter, CI asked for evidence of the "number of people who converted to Christianity with the help of foreign funds sent by them", a senior government official said. The Hindu spoke to Indian and U.S. officials in Delhi and Washington on the issue. While the Ministry of External Affairs declined comment, an official said the high-profile Congressional hearing was "avoidable" and the witnesses misrepresented several facts pertaining to the situation. Of a total of 3 million NGOs in India, "there are more than 30,000 NGOs that have FCRA (Foreign Contribution Regulation Act) clearance, and only 20 of them are in the prior clearance category. To portray this as a clampdown on civil society is a misrepresentation of

facts," he said.

Troubling development

The hearing also included critical comments on issues other than the Compassion issue. Referring to the arrest of JNU Student leader Kanhaiya Kumar earlier this year for a speech, Democrat Eliot L. Engel, Ranking Member of the Committee and another old-India hand, said: "It's troubling that a country with such a long tradition of an empowered and active civil society might be going down this path."

Others at the hearing brought up issues over Greenpeace, National Endowment for Democracy and Ford Foundation, and what Human Rights Watch official John Sifton referred to as "attacks on Christians" and the 2002 Gujarat riots in India.

EU, Cuba sign deal to normalise ties

The European Union (EU) and Cuba signed a deal to normalise ties that had been blocked for decades by human rights concerns.

Cuba was the only Latin American country not to have a "dialogue and cooperation" deals with the 28-nation EU covering issues such as trade, human rights and migration. But EU Ministers last week dropped a policy in place since 1996 which stated that Cuba first had to improve its human rights record before getting closer links with the bloc.

Monday's accord was signed by Cuban Foreign Minister Bruno Rodriguez Parrilla, EU Foreign Affairs Chief Federica Mogherini and representatives from the EU member states at a Brussels ceremony capping years of difficult negotiations.

Rodriguez Parrilla said "we have had a few differences on the way but the removal of the [1996 EU] common position re-establishes normal relations based on mutual respect".

Asked what impact Donald Trump's election might have on U.S. policy, he noted angrily that despite easing tensions, Washington had kept its economic embargo against Cuba. "EU-Cuba relations do not go via Washington," he added.

Ms. Mogherini said she saw no reason for concern although Mr. Trump's shock election victory has stoked doubts in Europe about Washington's global stance and its crucial security guarantee.

Malaysia calls for ASEAN-led probe into Rohingya issue

Malaysia's Foreign Minister turned the screws on Aung



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San Suu Kyi at emergency talks in Myanmar, warning that an Army crackdown on the Rohingya minority could spark a regional migrant crisis.

More than 27,000 Muslim Rohingya have fled northwestern Myanmar for Bangladesh since the start of November to escape a military counter-insurgency operation. Myanmar's Army says it is hunting militants behind deadly raids on police posts in October.

But Rohingya survivors have described rape, murder and arson at the hands of soldiers—accounts that have raised global alarm and galvanised protests around Southeast Asia. ASEAN Foreign Ministers held talks in Yangon on the crisis.

Malaysia called for an independent ASEAN-led investigation into the allegations of Army abuse.

Foreign Minister Anifah Aman also urged full humanitarian access to the locked-down area, where more than 130,000 people have been without aid for two months.

He warned the crackdown could trigger a repeat of last year's boat crisis, when thousands of starving Rohingya were abandoned at sea by traffickers as they tried to flee southwards to Malaysia.

Amnesty International joined the condemnation of Myanmar, saying the Army's "widespread and systematic attack on a civilian population" may amount to crimes against humanity.

China for 'strategic balance' in S. Asia

China called for "preserving the strategic balance and stability in South Asia", following India's successful test of the Agni-V ballistic missile.

"China always maintains that preserving the strategic balance and stability in South Asia is conducive to peace and prosperity of regional countries and beyond," said Chinese Foreign Ministry spokesperson Hua Chunying, without mentioning Pakistan.

UN restrictions on India

In her regular press briefing, Ms. Hua also signalled that there are restrictions imposed by the UN Security Council on India for developing nuclear-capable missiles. "We have noted reports on India's test-fire of Agni-V ballistic missile. The UN Security Council has explicit regulations on whether India can develop ballistic missiles capable of carrying nuclear weapons," she observed.

The successful test of the Agni-V inaugurates India's entry into the small club of nations that have developed Intercontinental Ballistic Missiles (ICBM).

The missile, with a range above 5,000 km, can carry a payload of 1.5 tonnes, three times the minimum weight of an atomic warhead. It is also more survivable to a

counterstrike, as it is mounted on a TATRA truck, which imparts mobility to the weapon-system. Nuclear missiles launched from fixed silos can be more easily targeted.

The spokesperson stressed that India and China, as emerging economies, were not rivals but partners. "We also notice reports, including some from India and Japan, speculating whether India made this move to counter China. They need to ask the Indian side for their intention behind the move. On the Chinese part, China and India have reached an important consensus that the two countries are not rivals for competition but partners for cooperation as two significant developing countries and emerging economies," she observed.

Ms. Hua pointed out: "China is willing to work alongside regional countries, including India, to maintain the long-lasting peace, stability and prosperity of the region."

She added: "We also hope that relevant media can report in an objective and sensible manner and do more things to contribute to the mutual trust between China and India and regional peace and stability."

Responding to China's statement, Vikas Swarup, spokesperson at the Ministry of External Affairs, said: "India's strategic capabilities are not targeted against any particular country. India abides by all the applicable international obligations and hopes that all others do the same. India's strategic autonomy and growing engagement contributes to strategic stability."

Syria truce deal signed, says Putin

Russia President Vladimir Putin announced a nationwide ceasefire deal to come into effect across Syria from midnight and that the warring parties had agreed to sit down for peace talks.

The deal brokered by Russia and Turkey could represent a major breakthrough in nearly six years of war in Syria and comes a week after rebel resistance was crushed in the second city of Aleppo.

Although on opposing sides in the conflict, Turkey and Russia have been working intensively to find a ceasefire after the fall of Aleppo, in a process that conspicuously does not include the United States.

Peace talks to begin

Mr. Putin said in televised comments that Damascus and the "main forces of the armed opposition" had inked the truce agreement and a document expressing a readiness to start peace talks.

"Several hours ago, the event occurred that we have not only been waiting for but been working so much to hasten," Mr. Putin said in a meeting with his Defence and Foreign Ministers.



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After the Kremlin announcement, Syria's Army said it would halt all military operations from midnight, and the opposition National Coalition also said it backed the truce. Mr. Putin also said he would reduce Moscow's military contingent in Syria, which has been flying a bombing campaign in support of President Bashar Al-Assad since last year. Mr. Putin, however, said that Russia would continue to fight "terrorism" in the war-torn country and maintain its support for the government in Damascus.

Turkish President Recep Tayyip Erdogan said the truce was a "historic opportunity" to end the Syrian conflict, saying it was a chance that could not be wasted. "This chance absolutely should not be lost. This is a historic opportunity," he told a news conference in Ankara.

Russian Defence Minister Sergei Shoigu said that the seven opposition groups, including the powerful Ahrar al-Sham, that have signed up to the agreements after months of talks comprise some 62,000 fighters and control a large portion of territory in central and northern Syria. He warned that any groups that did not abide by the ceasefire would be considered "terrorists" alongside the Islamic State group and the former Al-Qaeda affiliate previously known as al-Nusra Front, now rebranded the Fateh al-Sham Front.

Syria's political opposition and rebels confirmed their backing for the truce, saying it applied to all parts of the country. "The agreement is for all of Syria and contains no exceptions or preconditions," said Osama Abou Zeid, a legal adviser to rebel groups fighting under the Free Syrian Army banner.

The United States called the ceasefire deal a "positive development", saying it hoped it would lead to fresh talks on the country's political future.

Putin rejects tit-for-tat response to U.S. measures

Russian President Vladimir Putin overruled his Foreign Ministry's recommendation to immediately expel U.S. diplomats in response to Washington's measures against Moscow.

Mr. Putin, whose approval was awaited for the expulsion of 35 U.S. diplomats, said in a statement: "We reserve the right to retaliate... We will take further moves... based on the policies... of President-elect Donald Trump.."

U.S. President Barack Obama had announced a raft of retaliatory measures against Russia, including expulsion of 35 of its diplomats, for its alleged interference in the recent U.S. elections.

'Queering the pitch'

Russia said Mr. Obama was queering the pitch for his successor Donald Trump who wants to better relations between the countries and held back on countermeasures.

Mr. Trump, who will assume office in three weeks, has been dismissive of the Obama administration's conclusion that Russia interfered in the election that he won. Russia has termed the allegations "groundless" and Mr. Trump said America must "move on to bigger and better things".

Mr. Obama's strident steps against Russia found instant approval from Republican veterans, which could preempt a new beginning with Moscow that Mr. Trump has planned.

The move against Russia is the second instance in seven days in which Mr. Obama and Mr. Trump appear to be at loggerheads with each other on critical foreign policy questions. The Obama administration's refusal to veto a UN resolution that chided Israel last week for construction in occupied territories railed Mr. Trump, who has selected David Friedman, a supporter of settlements, as his Ambassador to Israel.

While Mr. Obama's move on Israel divided his own Democratic Party, his action against Russia has pitched the Republicans against the incoming President who could find himself cornered on the issue as soon as he steps into office.

"All Americans should be alarmed by Russia's actions. In October, my administration publicised our assessment that Russia took actions intended to interfere with the U.S. election process.... Moreover, our diplomats have experienced an unacceptable level of harassment in Moscow by Russian security services and police over the last year. Such activities have consequences," Mr. Obama said, announcing the measures. He said the alleged hacking of American computer networks by Russian agents would not have happened without approval from the "highest levels", linking Mr. Putin to the controversy.

Trump's cryptic statement

Mr. Trump issued a cryptic statement evening: "It's time for our country to move on to bigger and better things. Nevertheless, in the interest of our country and its great people, I will meet with leaders of the intelligence community next week in order to be updated on the facts of this situation."

Mr. Trump's key adviser Kellyanne Conway said Mr. Obama was trying to "box in" Mr. Trump, a view shared by Russia. Maria Zakharova, Russian Foreign Ministry spokesperson, said Mr. Obama was trying to "create problems for the incoming Trump administration and



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complicate its relations on the international stage, as well as to force it to adopt an anti-Russia policy". Once in office, Mr. Trump can overturn the measures but that will not be as easy as his plans for Israel. Republican Speaker of the U.S. House of Representatives Paul Ryan said Mr. Obama's steps were "overdue" and "an appropriate way to end eight years of failed policy with Russia". "Russia does not share America's interests," he said, accusing it of "sowing dangerous instability around the world". Republican Senators John McCain and Lindsey Graham said in a joint statement that they would lead "the effort in the new Congress to impose stronger sanctions on Russia". "The retaliatory measures announced by the Obama administration today are long overdue," they said. Congressional leaders of both parties share the view that Russia is an enemy of America, a view that Mr. Trump wants to amend.

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India and The World

'It is a trilateral partnership of India, U.S. and Israel'

The optics of the U.S.-Israel relations will change for the better under the incoming Donald Trump administration and this will have a positive impact on India's relations with both, said a senior functionary of the American Jewish Committee (AJC), an influential advocacy group.

Jason Isaacson, AJC's Director of International Affairs, who recently returned from Israel, said he expected Indian and Israeli Prime Ministers to exchange visits in 2017. Describing President Pranab Mukherjee's visit to Israel last year as India's "coming out of the closet" on ties with Israel, Mr. Isaacson said: "There is less hesitation in India on embracing Israel. It started before Mr. (Narendra) Modi, and it is a bipartisan position in India, but it is more public under Mr. Modi that Israel is a natural ally of India and there are mutual benefits."

Talking to The Hindu at the 110-year old organisation's headquarters in Washington, Mr. Isaacson, who is an advocate of increasing cooperation between Indian and Jewish diasporas across the world, described the ties among India, Israel and the U.S. as a trilateral relationship. "We will work together, to demonstrate the benefits of what is really a trilateral relationship, between India, Israel, and the U.S.," he said, about AJC's attempts to coordinate with the Indian Americans. The AJC had pulled its weight in support of the India-U.S. civil nuclear deal.

Political voice

A regular visitor to India, Mr. Isaacson said Indian Americans and Jewish Americans "could do a lot more together". Asked about the ambition of several Indian-American initiatives that try with limited success to emulate the Jewish model of intervention in American politics, Mr. Isaacson said: "The way you can be effective in this society is — gather people together, make an agenda, raise funds, hire staff. If you are going to have a community that has a political voice, it has to be treated as a business. America is welcoming to that kind of political activity. But you will have to take that job seriously."

Asked about India's relations with Iran and how this may impact its ties with Israel and the U.S., Mr. Isaacson said

the AJC "would like to see the energy partnership [between India and Iran] diminished over time."

"In meetings that I have had with Indian officials in Delhi, in New York and in Washington, Iran has come up, and I will not hide from you the concerns that AJC and our community have regarding Iran and its ambitions. We also recognise that Iran is India's neighbour and an important trading partner and energy supplier... We also hope that India can use its relationship with Iran to influence its behaviour — regarding Israel, their Gulf neighbours and their support for terrorism. Iranians should feel some heat from their trading partner, India."

Mr. Isaacson said while the incoming Trump administration has given clear signals regarding its Israel policy, several other questions remain open, particularly the way forward on the Syrian civil war.

India is all set to become the first country in the world where polished diamonds will be traded on a commodity exchange. The Indian Commodity Exchange Ltd (ICEX) is in the final stages of unveiling diamond contracts that will allow even individuals to trade in the precious stone in a transparent manner.

According to senior exchange officials, the final approval from the Securities and Exchange Board of India (SEBI) is expected soon and a formal start is likely by March. The exchange has already received the in-principle approval from the regulatory body for the introduction of diamond contracts.

The Reliance Capital-promoted exchange, which has MMTC, Indiabulls Housing Finance and IDFC Bank as major shareholders, has been able to get on board about 50 members and has even conducted mock trading to test the systems.

It has also tied up with International Institute of Diamond Grading and Research (IIDGR), a 100 per cent subsidiary of global major De Beers, for grading and packing of the diamonds.

"There are around 80 diamond site-owners globally and we have got 20 of those on our exchange," Sanjit Prasad, MD and CEO of ICEX told The Hindu. Site-owners refer to entities that source rough diamonds from De Beers and resell them — rough or polished — to companies across the globe.

Investment option

"Our mock trading saw participation from around 100 people. Once diamond saw contracts start trading on an exchange, it will become a financial investment product. Diamond has never been able to become an investment product due to low transparency in pricing," he added.



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There is no current global benchmark price for diamond, making the stone less attractive than gold or silver as an investment option. While India is the third-largest consumer of diamond after the U.S. and China, it has the largest share in diamond-cutting and polishing.

India's dominance

"Out of every 13 diamonds, 12 are either cut or polished in India. So, we should set the benchmark price as well. We import prices of all commodities currently traded in India. It is time we exported a benchmark price as well," said Mr. Prasad, who was earlier with Multi Commodity Exchange of India (MCX) and Metropolitan Stock Exchange of India (MSEI).

Interestingly, the exchange is designing the diamond contracts such that individuals would be able to trade at a very low cost. While one lot size representing one cent would cost Rs. 1,500, investors effectively will be able to trade with just five per cent margin money.

The exchange has, however, kept the minimum physical delivery lot at one carat (1 carat equals 100 cents). It means that if someone buys a contract for a 1-carat diamond, he or she would get the physical delivery of the stone too. Individuals investing in smaller lot sizes would be able to trade in electronic units representing the value of the diamond. In September, the Centre added 6 new commodities that were allowed to be traded on exchange platforms including diamonds, tea, eggs, cocoa, pig iron and brass.

China's stance on terror self-defeating: India

India said that China is following "double standard" on terrorism and asked Beijing to support its campaign to blacklist Pakistan-based terror mastermind Masood Azhar.

Addressing the mid-term press conference of the MEA to mark two-and-a-half years of the government of Prime Minister Narendra Modi, Minister of State for External Affairs M.J. Akbar said China's block at the 1267 committee of the UN Security Council that prevented India from blacklisting the terror boss was "self-defeating".

'Listen to world's voice'

"China should listen to the voice of the world and we hope that Beijing can be persuaded to see the evil of the menace," said Mr. Akbar and added, "as a responsible and mature nation, China will understand the double standards of this self-defeating purpose," said Mr. Akbar. Reiterating the government's position on terror, Mr. Akbar

said India had zero tolerance for terrorism. "Talks and terror do not, cannot go together," he said, emphasizing that the government would consider dialogue with Pakistan only after cross-border terror ends.

The press conference, led by both Ministers of State for External Affairs, V.K. Singh, and Mr. Akbar projected the diplomatic trajectory of the Modi government since May 2014 and acknowledged that despite tranquillity on India-China border, there remained "divergences" in bilateral ties, including China's stand on Pakistan-based terror outfits such as Jaish-e-Mohammed (JeM).

Mr. Akbar's was the first Minister-level response from India after China blocked India's New Year eve bid to blacklist Masood Azhar under the counter-terror 1267 committee of the UN Security Council. Following the block, Pakistan had criticised India's move as "politically motivated".

Surgical strike, a message

India, however, was not in favour of stalling dialogue with Pakistan on the need to stop cross-border terrorism as it had delivered the necessary message to Pakistan and the world, with the surgical strike of September 28, Mr. Akbar said.

"You can see the situation in our neighbouring country. It is a regrettable situation," said Mr. Akbar, referring to Pakistan.

Mr. Singh also highlighted that the surgical strike of September 28, ten days after the Uri attack, had delivered the expected results.

"The aim of the surgical strike was — we have sent a message to the whole world that terrorism will not be acceptable as the new normal," said Mr. Singh.

The press conference highlighted the government's campaigns at the UN, and the Nuclear Suppliers Group (NSG) and stated that it remains focused on the smooth implementation of the "neighbourhood first" policy to ensure better ties with Nepal, Bangladesh, Sri Lanka and other members of the region.

China firm on Masood, refutes India's charges

China dismissed as "untrue" allegations of "double standards" by India for blocking its bid to list Pakistan-based JeM leader Masood Azhar as a global terrorist by the U.N., claiming that it had adopted a "just, objective and professional" attitude in deciding the issue.

"With regard to the listing matter of the Security Council 1267 committee the so-called double standards adopted



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by China on this relevant issue is not true. We take action based on solid evidence. That is the standard upheld by us," Chinese Foreign Ministry spokesman Geng Shuang said.

Responding to remarks made by Minister of State for External Affairs M.J. Akbar on Azhar's issue, Mr. Geng said, "We have taken a responsible and constructive part in relevant discussion in a professional and objective way".

Technical hold

"Relevant members differed on this issue. The purpose of China to put forward technical hold on that issue is to create enough time for the committee and relevant parties to consult with each other on the relevant issue," he said. Mr. Akbar had said, "We really do expect China to hear the voice of the world, not just voice of India on terrorism."

Referring to Pakistan's support to terror, India also hoped that as a "responsible and a mature" nation, China will understand the "double standards" and "simply self-defeating and suicidal" approach of Islamabad to terrorism. China was the only country among the 15-member 1267 counter terrorism committee of the UNSC which has objected to India's application to list Azhar who is accused of masterminding the Pathankot terror attack.

China had put two technical holds on India's move, first for six months followed by a second one for a period of three months ending December 31, after which India has to file a fresh application. — PTI

To foster long-term relationships among young leaders across the globe and to create a dialogue among students on issues related to India, the third annual Harvard U.S.-India Conference will be held on January 7 and 8 in Mumbai.

Critical issues

The meet is managed by a team comprising students from Harvard College as well as other colleges in the United States and India.

As many as 375 delegates will attend the conference. The organising team is also collaborating with students from Ashoka University to present two panels on the effects of political leadership on State governance and financial inclusion in rural India. The conference will have panels which will enable students to participate in discussions about critical issues as well as essay competitions, case competitions, and networking events.

Key speakers

Delegates will discuss the responsibilities of journalism as the fourth pillar of democracy, demonetisation and how technology can increase healthcare access, among other topics.

Speakers at the conference include Minister for Human Resource Development Prakash Javadekar; actor Amitabh Bachchan; State Bank of India Chairperson Arundhati Bhattacharya; Managing Director and CEO of ICICI Bank Chanda Kochhar and Managing Director and CEO of Axis Bank Shikha Sharma, among others.

Stop India from fuelling terror, Pak urges U.N.

Pakistan's Ambassador to the United Nations Maleeha Lodhi submitted a dossier asking the world body to restrain India from interfering in and undertaking activities aimed at destabilising the country.

"Pakistan's Permanent Representative to the United Nations Ambassador Maleeha Lodhi today delivered a dossier on India's interference and terrorism in Pakistan to the United Nations Secretary-General Antonio Guterres along with a letter from Adviser to the Prime Minister on Foreign Affairs Sartaj Aziz," a Foreign Ministry statement stated.

The Ambassador claimed that the dossier contains proof of India and its agency, RAW's interference in Pakistan and involvement in terrorism, particularly in Balochistan, FATA and Karachi. "This is a follow-up to the three dossiers, which were shared with the United Nations in October 2015," Foreign Office said.

In the covering letter sent with the dossier, Mr. Aziz said the arrest of Indian RAW agent Kulbhushan Yadav from Balochistan and his confessional statement, admitting involvement in activities aimed at destabilising Pakistan, and support to terrorist elements, vindicated Pakistan's long-standing allegation on India's involvement in such activities.

He stated that India was carrying out these activities in clear contravention of the U.N. Charter and the resolutions of the U.N. Security Council on counter-terrorism and international conventions. India's hostile intentions towards Pakistan were also borne out by recent statements of its leadership, the letter said.

India, Kazakhstan agree to amend tax treaty

India and Kazakhstan signed an agreement to amend the two-decade old bilateral tax treaty under which information exchanged between the two can be shared with other law enforcement agencies. The protocol to amend the existing Double Taxation Avoidance Convention (DTAC) between the two countries provides internationally-ac-



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cepted standards for effective exchange of information on tax matters, an official statement said.

Indian-American engineer bags Oscar for technical achievement

Indian-American Parag Havaldar, a computer engineer from IIT-Kharagpur, is part of the Academy Awards' list of winners for Technical achievement.

The list of 18 achievements was recently announced by the Academy of Motion Picture Arts and Sciences for its 2017 Scientific and Technical awards.

Mr. Havaldar is being honoured for the development of expression-based facial performance-capture technology at Sony Pictures Imageworks.

"This pioneering system enabled large-scale use of animation rig-based facial performance-capture for motion pictures, combining solutions for tracking, stabilisation, solving and animator-controllable curve editing," a release from the Academy said.

To be given on Feb. 11

The awards will be handed out on February 11 in Beverly Hills, ahead of the main Oscar ceremony to held on February 26.

Mr. Havaldar had done his BTech in computer science and engineering in 1991 from IIT and went on to do a PhD in computer vision and graphics from the University of Southern California in 1996.

Currently, he is a software supervisor at Sony Pictures Imageworks, where he leads the company's proprietary efforts in the area of performance capture.

The technology developed by him and his group has been used to create stylised and realistic character animations in a variety of movies, including Alice in Wonderland, Monster House, Hancock and Spiderman. — PTI

Diaspora will help improve ties, says Portuguese PM

The Indian diaspora, which is well integrated in Portugal and contributing to the nation's development, is willing to help improve ties between the two countries, Portugal Prime Minister Antonio Costa said at the Pravasi Bharatiya Divas.

Soon after he started his speech, Mr. Costa surprised the audience when he revealed that he was of Indian origin and proud of it. "It is true. Officially, I am a person with roots in India."

"I'm doing my part and contributing to the development of

both Portugal and India," said Mr. Costa, who traces his roots to Madgaon in Goa.

"Members of the diaspora in Portugal are willing to contribute and support this cause."

Mr. Costa said Portugal received everyone with open arms — whether they were coming to invest, work, and study or to simply live there.

He said the contribution of Indians to the Portuguese society was highly valued and the diaspora too was contributing to the Indian society. "Portugal and India have a centuries-old relationship — historical, cultural and personal."

"Maybe, it is not by chance that I am the first person of Indian origin to lead a European country. Ability to interact with people from outside the country, culture or religion is part of the Portuguese DNA," he said.

Later, recalling his Indian connection, Mr. Costa said he still had relatives in Madgaon. "Madgaon is the place where my father spent his childhood and had a home. I will visit my relatives."

Blood ties matter, not colour of passport, Modi tells global Indians

Assuring non-resident Indians (NRIs) and Persons of Indian Origin (PIO) of continued support from the Indian government, Prime Minister Narendra Modi said the government did not look at the "colour of the passport but only the blood relationship".

"Security and safety of Indian nationals abroad is of utmost importance to us," said the Prime Minister at the Pravasi Bharatiya Divas convention.

In the past two years, he said, the government had facilitated repatriation of nearly 90,000 Indians working in 54 countries and assisted 80,000 Indians who were caught in dangerous situations.

Quick steps

The ecosystem of administrative organisation had been strengthened to address issues such as loss of passport and need for legal advice, medical emergency, shelter and transportation.

"Indian embassies have been directed to be proactive to address the problems quickly. Our response is driven by accessibility, sensitivity, speed and preparedness," he said adding that strict action was being taken against illegal recruitment agents in India to ensure migrant Indian workers were not misled.

As a result of the systematic engagement with the Indian diaspora, Mr. Modi said they were keen on connecting



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deeply with India's social and economic transformation. "Achievements made by the PIOs in their respective countries is a great inspiration. I am confident that brain drain can be converted into brain gain."

Pact to bring chartered tourists from Ukraine

Kerala Tourism signed an agreement with a Kochi-based prominent tour operator handling chartered tourists from the Commonwealth of Independent States (CIS) countries to operate chartered flights from Ukraine to God's Own Country.

The agreement was signed by Director of Kerala Tourism U.V. Jose and Managing Director of the Concorde Exotica Voyager James Kodianthara at the Secretariat here in the presence of Minister for Tourism Kadakampally Surendran.

EoI invited

The tour operator was selected by Kerala Tourism on the basis of the response to expression of interest (EoI) floated by it. Under this, seats will be earmarked for the chartered tourists in regular flights from January to May this year in the Ukraine-Kerala sector.

First phase

The selected tour company will take care of the travel, accommodation and travel in the State. In the first phase, the authorities expect 500 chartered tourists to reach here.

The Tourism Minister said Kerala Tourism would come up with a special scheme to attract holidaymakers from Ukraine, an emerging market for Kerala. The step to rope in chartered tourists is the first step towards doubling the foreign tourists to the State in the next five years, Mr. Surendran said.

The ultimate goal is to bring direct flights from Ukraine to the State and revive charter operations.

Funds sanctioned

The government has allocated Rs. 3.5 crore for the operation of chartered flights.

Of the amount, Rs. 2 crore is for marketing campaigns in target countries, and the remaining for 30 per cent guarantee to be given to the operators for unfilled seats.

The department has restricted the guarantee to be given to the charter operator to 20 per cent.

A tourism official said the tour operator is already operating daily flight from CIS countries to Goa and was the first to bring charter flights from Russia to the State.

The promotion of the destination in Ukraine has com-

menced and the attempt is to yield positive results this season itself, he said.

Kenya for enhanced ties with India

Kenya staked claim for Africa at the proposed expanded UN Security Council, even as it supported India's campaign for U.N. reform.

Speaking at Hyderabad House following delegation-level talks, the President of the Republic of Kenya, Uhuru Kenyatta, urged India to intensify multilateral cooperation and sought investment in agriculture, security and health sectors of Kenya. "Our cooperation extends to multilateral level where we shall collaborate on issues that affect our two countries. For example, we are both committed to reforming and strengthening the United Nations Security Council. We will continue to work together on other issues that affect us," Mr. Kenyatta told presspersons.

The comments are significant since Nairobi in recent months has highlighted that Africa, despite its enormous size and complexity, has not secured a permanent seat in the Security Council. Kenya is a member of the 10-member committee from the African Union that has been demanding UN reform.

Solar alliance

Strengthening India-Kenya ties on the multilateral front, Mr. Kenyatta invited India to engage more intensely at COMESA (Common Market for Eastern and Southern Africa). Reciprocating, India invited Kenya to participate in the International Solar Alliance and both sides expressed willingness to finalise an agreement on blue economy.

Mr. Kenyatta, who came to Delhi after attending the Vibrant Gujarat summit in Gandhinagar, sought a common strategy with India to deal with international security threats and money laundering.

Both sides sealed two agreements on cooperation in the agriculture sector and on a Line of Credit of \$100 million for agricultural mechanisation.

Prime Minister Narendra Modi said the agricultural mechanisation project would open a new dimension of opportunities for bilateral ties. "Long-term arrangement for production and import of pulses is being discussed. We will be happy to share best practices in organic farming."

India to firm up defence ties with Bangladesh

In the first visit by an Indian Defence Minister to Bangladesh in the last 45 years, Union Defence Minister Manoj



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har Parrikar arrived here on a two-day visit to strengthen defence cooperation between the two neighbours.

An Indian Air Force plane carrying Mr. Parrikar and an 11-member high-powered delegation reached the Bangladesh Air Force Base in Kurmitola morning.

Mr. Parrikar is visiting Bangladesh to bolster defence cooperation initiatives ahead of Prime Minister Sheikh Hasina's visit to India in December, say diplomatic sources. He would discuss with the government leaders to firm up a proposed framework of bilateral defence cooperation deal, likely to be signed during Ms. Hasina's visit.

Another key focus during Ms. Hasina's visit would be to present awards and financial assistance to families of the Indian soldiers who were killed during the Bangladesh's Liberation War in 1971.

Mr. Parrikar and his entourage were greeted by Bangladesh Defence Forces' Principal Staff Officer Lt-Gen. Mohammed Mahfuzur Rahman and top government officials.

To meet Hasina

An Inter-Service Public relation (ISPR) press release said Mr. Parrikar would meet Bangladesh President Abdul Hamid and Ms. Hasina, who is also the Defence Minister. Besides, he and his team will meet the PM's Security Adviser Major General Tarique Ahmed Siddique (retd) to discuss matters relating to bilateral issues.

U.S. for closer defence ties with India

The National Defence Authorisation Act (NDAA), 2017, scheduled to be passed by the U.S. Congress next week, seeks executive action to "recognise India's status as a major defence partner of the United States".

The draft bill, released, also said technology transfer to India and defence cooperation must be "consistent with United States' conventional arms transfer policy".

A move supported by a pro-India group to designate India a 'major non-NATO ally' in the bill was abandoned earlier this year after it failed to garner enough support in Congress. The U.S. recognised India as a "major defence partner" in June, during Prime Minister Narendra Modi's visit, but the implications of it remains undefined. "...we would be treated at a level similar to the closest allies and partners of the U.S. and that it sort of allows for better, higher quality, faster technology access on the defence side and also more liberal access to the dual technology side," Foreign Secretary S. Jaishankar had said then.

Recently, Peter Lavoy, Senior Director for South Asia at the National Security Council, said requests for high

technology from India are considered these days with a "presumption of approval" compared to the "presumption of rejection" that used to exist.

The 3,000-page text of the NDAA, which authorises defence expenditures for 2017, has nearly 700 words under the topic, 'enhancing defence and security cooperation with India'. It mandates to "designate an individual within the executive branch who has experience in defence acquisition and technology" to ensure the success of bilateral defence ties and "to help resolve remaining issues impeding" them.

It also calls for "strengthening the effectiveness of the U.S.-India Defense Trade and Technology Initiative and the durability of the Department of Defense's 'India Rapid Reaction Cell'," a special unit that reviews ties with India. The defence bill enhances India-U.S. defence ties, said Vivek Lall, Chief Executive, U.S. and International Strategic Development, General Atomics, manufacturers of unmanned aerial vehicles. "Convergence of national security priorities of the world's two great democracies is being matched by an institutionalization of defence cooperation in recent years and I believe we can fully expect the strong positive trend to continue."

Pressure on Pakistan

The new law will tighten the screws on Pakistan to take more credible action against the Haqqani network. It proposes to tie \$400 million of the total \$900 million in coalition support funds for Pakistan for 2017 to a certification by the Secretary of Defense.

In 2016, the amount was \$300 million, which was not released after Secretary Ash Carter refused to certify in favour of Pakistan. The law will require the Secretary to certify, among other things, that "Pakistan has taken steps to demonstrate its commitment to prevent the Haqqani Network from using any Pakistani territory as a safe haven".

U.S. to hold hearing on India's curbs on NGO

The U.S. House of Representatives Foreign Affairs Committee will next week hold a hearing on restrictions imposed by the Indian government on American charity Compassion International (CI).

India had in March 2016 stopped the flow of funds from CI to around 250 organisations it wanted to support in the country. The government partially lifted the restrictions in October, allowing 10 organisations to receive funds, after



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Secretary of State John Kerry took up the matter with External Affairs Minister Sushma Swaraj.

Indian security agencies say the funds were being used for religious conversions. The hearing will bring into sharp focus an issue that has upset the Obama administration and several members of Congress.

Ed Royce, Republican chairman of the House Foreign Affairs Committee, had written to Prime Minister Narendra Modi, seeking a review of the curbs.

The partial relaxation has not satisfied the administration and members of Congress. The State Department then said it would continue to push for a "more welcoming environment for NGOs".

Mr. Royce, who is considered a strong supporter of India in Congress, and several other members support the Christian charity that raises funds mostly through small monthly donations. The CI supports local NGOs that work among children in several countries.

The issue continuously comes up in Indian interactions with U.S. interlocutors, according to sources familiar with the situation. The hearing, titled 'American Compassion in India: Government Obstacles', will take place on December 6.

India keen on investments in Qatar, says Modi

Prime Minister Narendra Modi expressed India's keenness to invest in hydrocarbon projects in Qatar, during talks with his counterpart, Sheikh Abdullah bin Nasser bin Khalifa Al Thani, on issues of energy, trade and security. Mr. Modi and the Qatari Prime Minister discussed enhancing cooperation in defence and security, in particular in cybersecurity and agreed on joint action to tackle money laundering and terrorist financing.

After the talks, the two sides inked five pacts, including in the field of visas, cyberspace and investments.

The two leaders acknowledged that the current level of trade and investment was below potential, External Affairs Ministry spokesperson Vikas Swarup said.

On energy cooperation, Mr. Modi said, "We should go beyond the buyer-seller relationship to include Joint Ventures, Joint Research and Development and Joint Exploration.

"Indian companies were ready to invest in both upstream and downstream projects."

The South Central Railway, that was the first to take to blending of high speed diesel for its locomotives with 5 per cent of bio-diesel on June 5, 2015, hopes to save foreign exchange to the tune of Rs. 85 crore annually.

Rail engines or locomotives in the SCR, numbering 599, consume 1.64 litres of high speed diesel (HSD) to lug a goods load of 1,000 tonnes per kilometre, while one that takes the load of passenger-carrying coaches will guzzle 2.69 litres of HSD for the same tonnage.

Normally, a goods train carries around 6,000 tonnes, while a passenger carrying train load is much less. The Indian railway has 5,356 diesel locomotives in its fleet.

Fuel tank capacity

On an average, most locomotives have a fuel tank capacity of 5,000 litres. SCR established bio-diesel units at Kacheguda and then at Sanatnagar in 2015.

Field trials

It was after research and extensive field trials that the Research Design and Standards Organisation (RDSO), an ISO 9001 R&D agency under the Ministry of Railways, gave the nod for Indian Railways to take to blending of 5 per cent.

Just a few days ago, former General Manager-SCR, Ravindra Gupta, unveiled a new facility at Kacheguda that allowed for ratio blending that is more advanced and ideal when compared to the earlier system of sequential blending, said a senior officer.

Blending facility

The state-of-the-art, first-of-its-kind, inline blending facility across the Indian Railway at Kacheguda was established by the Indian Oil Corporation at an estimated cost of Rs.22 lakh.

Simple though it may sound, in terms of cost, the blending is perfect, averred the officer.

From two different pipelines, bio-diesel and regular HSD flow into what is described as a batch controller and into the fuel tank of the locomotive in the perfect, recommended ratio.

"If and when the RDSO asks us to increase the blend from the 5 per cent, it is easy for us to just change the settings and the configuration in the locomotives," said another officer.

Plan for expansion

The SCR is working to expand the number of bio-diesel blending units from two locations to six. Kacheguda and Sanatnagar apart, the new units will come up in Adilabad, Gooty (Kurnool district), Nallapadu near Guntur and Vijayawada.

Army going great guns with deal for U.S. howitzers

India's deal with the U.S. for 145 M777 ultra-light howitzers (ULH) finally breaks a long-running jinx for the Army,



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which has failed to induct any new artillery gun in the three decades since the Bofors scandal erupted in the late-1980s. Deals for several other types of artillery guns are in various stages of procurement.

The Army's Field Artillery Rationalisation Plan (FARP) of 1999 envisages inducting nearly 3,000 guns of various types to equip the 220 artillery regiments.

Last week, the government signed the Letter of Agreement and Acceptance (LoA) with the U.S. government under the Foreign Military Sales (FMS) programme in a deal worth \$737 million.

In 21 months

"First payment will be made within five weeks after the the LoA is signed. Deliveries will begin 21 months after the initial payment," a defence source said.

BAE Systems, which manufactures the guns, said "the company anticipates signing a contract in the coming weeks with the U.S. Department of Defence".

After that, the company will conclude an offset agreement estimated at about \$200 million with the India.

Of the 145 guns, 25 will be imported and the remaining 120 assembled in India. BAE Systems has already selected the Mahindra group as the local offset partner to set up an integrated assembly, integration and test (AIT) facility. Several other companies will be selected to execute the offset obligations.

The number of guns is expected to go up further as the Army's requirement is massive.

The Army is close to inducting the Dhanush guns manufactured by the Ordnance Factory Board (OFB). Dhanush is an upgraded version of the Swedish Bofors guns.

80% indigenous

The Board says the 155-mm, 45-calibre gun, with a maximum effective range of 38 km, is 80 per cent indigenous. The Army has already placed an order for 114 guns expected to cost about Rs. 1,600 crore and expressed interest for 300 more.

In November 2014, the Defence Acquisition Council had approved the tender for 814 155-mm, 52-calibre mounted long-range artillery guns to be built in India with technology transfer.

ATAGS weapon

The Defence Research and Development Organisation (DRDO) has indigenously developed a new 155, 52 calibre gun under the Advanced Towed Artillery Gun System (ATAGS) with a maximum range of 40 km.

This weapon was recently tested successfully.

[India to train Vietnam's Sukhoi fighter](#)

pilots

In a further boost to its growing defence ties with Vietnam, India has agreed to train the southeast nation's Sukhoi-30 fighter pilots.

The agreement was reached during bilateral discussions between Defence Minister Manohar Parrikar and his Vietnamese counterpart, General Ngo Xuan Lich, here .

Details under discussion

India and Vietnam have been steadily stepping up their cooperation, especially in the defence sector, against the backdrop of the growing assertiveness of China in the region.

Bilateral ties recently received a further fillip when Prime Minister Narendra Modi visited Vietnam in September, on his way to the G-20 Summit in Guangzhou.

Both India and Vietnam operate Russian Su-30 jets and the two countries' models differ slightly in their configuration.

India already trains Vietnamese sailors in operating Kilo class submarines, which Hanoi had begun inducting since January 2014. India operates over 200 Su-30MKI fighters and nine Kilo-class diesel electric submarines.

"Details are being worked out. Their pilots will be trained here. The two Air Forces will now sit and work out the numbers and scope. It should start fairly quickly," a defence source said.

The cost of training is being worked out. However, it will not be paid through the \$500 million Line of Credit (LoC) extended by Delhi to Hanoi for defence procurements.

"The terms and conditions of the LoC have been agreed upon. Vietnam has sought some concessions, to which we agreed. Some of it will be for modernisation of the existing equipment and the rest for new platforms," sources said. An agreement would soon be signed by Exim Bank, after which the projects would be identified.

MoU signed

A programme for cooperation between the Air Forces was also signed. A senior official said that it covered a cross-section of activities, including training of pilots and exchange of experts. "Vietnam is interested in our experiences in repair and maintenance," the official said.

A memorandum of understanding was signed on peace-keeping as well as exchange of delegations. Mr. Parrikar offered "India's partnership as a reliable player in terms of transfer of technology and building a local defence industry". The two Ministers were learnt to have discussed the regional situation and taken note of their converging interests.

Officials said Gen. Lich was positive on the progress



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made following Mr. Parrikar's visit to Hanoi in June. Underscoring the importance of the visit, the Minister is being accompanied by a 30-member delegation, the largest so far to have accompanied him on a foreign visit. It includes the chiefs of the Air Force and the Navy and the Deputy Chief of General Staff.

India, U.S. talk defence partnership

India and the U.S. finalised the specifications for designating India a 'Major Defence Partner' of the U.S.

This status puts India on a par with the closest allies and partners of the U.S. The agreement was reached between Defence Minister Manohar Parrikar and U.S. Secretary of Defence Ashton Carter in Delhi.

India was accorded this status during Prime Minister Narendra Modi's visit to Washington in June.

"The designation as a 'Major Defence Partner' is a status unique to India and institutionalizes the progress made to facilitate defence trade and technology sharing with India to a level at par with that of the United States' closest allies and partners, and ensures enduring cooperation into the future," a joint statement issued after the talks said.

The finalisation reached pertains to U.S. licensing rules and stipulations on which non-papers were exchanged by both sides. This status is bestowed upon the North Atlantic Treaty Organisation (NATO) countries and the U.S. treaty allies such as Australia, New Zealand, the Philippines, Japan and South Korea.

In his opening remarks, Mr. Carter said this was his seventh meeting with Mr. Parrikar. "He is a Defence Minister with whom I have met the maximum number of times," he said.

Both sides reviewed the progress in defence ties in recent years, and welcomed the "tremendous progress" achieved under the Defence Technology and Trade Initiative (DTTI) intended to promote opportunities for co-production and co-development of weapon systems and platforms.

Boost for 'Make in India'

"The DTTI will strengthen India's 'Make in India' initiative and both sides committed to convening all new DTTI working groups prior to the next DTTI Group meeting anticipated for February 2017," the statement said.

In the past two years, some major agreements were signed, including the Defence Framework Agreement in 2015, which laid a blueprint for collaboration between the defence establishments and the logistics support agreement Logistics Exchange Memorandum of Agreement (LEMOA).

Both sides also exchanged views on regional security issues including the threat posed by terrorism and "underscored the need to ensure that terror groups receive no patronage from any State."

Mr. Carter later called on Mr. Modi and briefed him on the progress in taking forward the decisions and understandings reached during his visit to the U.S. in June.

Mr. Modi appreciated the contribution made by Mr. Carter in strengthening the defence cooperation between India and the U.S.

India set to become key defence partner of U.S.

The U.S. Congress has cleared the decks for India to become a "major defence partner," with the Senate overwhelmingly passing the \$618-billion American defence budget for 2017 by 92 to 7 votes.

The budget was passed earlier by the House of Representatives by 375-34 votes.

"I applaud the inclusion of forward-leaning provisions designed to strengthen bilateral defence cooperation with India, including expanded military-to-military engagement, increased defence trade, and greater cooperation on technological development," Senator Mark Warner, co-chair of the Senate India Caucus, said after the Senate passed the bill.

Vietnam invites India to explore energy in South China Sea

Highlighting India's importance as a regional power, Vietnam has urged New Delhi to intensify economic engagement with Southeast Asia.

Nguyen Thi Kim Ngan, Chairwoman of National Assembly of Vietnam and member of Standing Committee of Politburo, Communist Party of Vietnam, extended invitation to India to explore energy in South China Sea and supported India's multilateral membership plans.

"Vietnam supports 'Act East' policy of India which is aimed at energising India's ties with Southeast Asia. In this context, Vietnam can serve as India's bridge to Southeast Asia," Ms. Ngan said. "India is welcome to invest in the energy sector of Vietnam and conduct joint exploration in South China Sea." The comment from Ms. Ngan, who is the first woman head of the National Assembly of Vietnam, is significant as South China Sea has been at the centre of a protracted international dispute involving China and several countries of Southeast Asia,



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including Vietnam.

The Permanent Court of Arbitration (PCA) on July 12 had given a verdict that demanded freedom of navigation should be upheld in the region.

Ms. Ngan enthusiastically supported India's campaign for a permanent membership of the Security Council.

Ms. Ngan's visit witnessed conclusion of several bilateral agreements such as the civil nuclear agreement.

India offers tsunami alert system to SCS countries

As part of a soft-diplomacy effort, India is looking to have South China Sea countries such as Vietnam, Malaysia and Philippines use the tsunami early warning-system developed by India. China, too has been approached, said a senior official in the Ministry of Earth Sciences (MoES), but a deal is unlikely yet.

Since a deadly tsunami struck Tamil Nadu in 2004, India has put in place its own tsunami-alert system over the years that immediately warn concerned authorities in India of any large earthquake in the Indian Ocean and the threat it poses.

However, because of limited data on the historical occurrence of tsunamis, scientists at the Indian National Centre for Ocean Information Services (INCOIS) have developed a technique that uses mathematical modeling to estimate if an earthquake, in India's oceanic neighborhood, will result in a tsunami.

The system is also designed to send out a series of graded warnings to warn officials of danger. "There are also sensors lodged on the ocean floor that will measure actual earthquake signals and based on that we can revise our warnings," said Satheesh Shenoi, Director, INCOIS, "we've expanded our modeling capabilities to include countries in the South China sea and so it can be useful to them too."

India isn't expecting a commercial deal to result but "fame and leadership" from the effort. "This could help with broader government efforts," said Mr. Shenoi. The South China Sea is a controversial region with China exerting territorial rights over a large part. Some of these territorial claims have been challenged by Vietnam, Malaysia and the Philippines.

India so far has only said that all countries must abide by the United Nations Convention on the Law of the Sea (UNCLOS), which governs how countries must respect international waters and the ocean boundaries of countries. China too is a signatory to this convention.

Another official in the MoES told The Hindu that talks

were held with China last year to use India's early warning system.

"A cooperation agreement was signed last year but it hasn't moved much," he added. India already provides earthquake and tsunami-warning alerts to several countries in the Indian Ocean neighbourhood, as do Australia and Japan.

India, Indonesia resolve to fight terror

Asked whether India raised the issue of its national Gurdeep Singh facing the death sentence in Indonesia on drug charges, officials did not give a direct reply, but said the matter was under the judicial process in that country. A joint statement said the two leaders condemned terrorism in all forms, saying there must be "zero tolerance" of acts of terror. It said all states must deal with transnational terrorism emanating from their territory through effective criminal justice response. "Both leaders discussed the threat from global terrorism and other transnational crimes and resolved to significantly enhance bilateral cooperation in combating terrorism, terror-financing, money laundering, arms smuggling, trafficking in human beings and cybercrime," it said.



Mr. Modi and Mr. Widodo called upon all countries to implement the United Nations Security Council Resolution 1267 (banning militant groups and their leaders) and other resolutions designating terrorist entities. This is seen as an apparent reference to China blocking India's move to get Jaish-e-Mohammed chief Masood Azhar designated as a global terrorist.

In what is seen as a message to Pakistan, the two leaders also asked all nations to work towards eliminating terrorist safe havens and infrastructure, disrupting terror networks and their financing channels and stopping cross-border terrorism.

Underscoring the need to improve connectivity and encourage people-to-people contacts, the two leaders welcomed the Indonesian airline Garuda starting direct flights from Jakarta to Mumbai.

Referring to the South China Sea dispute, in which Indonesia is a party, the two leaders called for resolving it



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through peaceful means and in accordance with international law, including the United Nations Convention on the Law of the Sea (UNCLOS). "...they urged all parties to resolve disputes through peaceful means, without resorting to threat or use of force and exercise self-restraint in the conduct of activities, and avoid unilateral actions that raise tensions," the statement said.

Both leaders favoured reforms to the U.N. and its principal organs, including the Security Council, with a view to making the global body more democratic, transparent and efficient.

On boosting defence ties, the two leaders wanted early convening of the Defence Ministers' Dialogue and the Joint Defence Cooperation Committee (JDCC) meetings to upgrade the agreement on defence to a bilateral defence cooperation agreement. Pointing to the successful completion of the talks between the Staff of the Armies and Navies, they agreed to hold the Air Force Staff talks at an early date. "They also tasked the two defence ministers with exploring collaboration between defence industries for joint production of equipment with technology transfer, technical assistance, and capacity-building," the statement said.

No direct impact on U.S.-India ties :Experts

U.S. President-elect Donald Trump's choice for Secretary of State is unlikely to have much "direct impact" on relations with India, says experts and former diplomats, although Rex Tillerson's close dealings in the oil industry, stance on visas, climate change, and with Russia in particular could have an impact on the broader future scenario.

According to former Ambassador Neelam Deo, now with Gateway House, the Indian leadership would have no issue dealing with a businessman-diplomat or for that matter the U.S.'s businessman-President.

"PM [Narendra] Modi is himself quite comfortable dealing with businessmen, and is seen as a dealmaker and risk-taker. I don't see that he would have any trouble hitting it off with Mr. Trump or Mr. Tillerson. Despite their obvious differences in temperament, he and President [Barack] Obama were extremely close, remember."

Mr. Tillerson, with close business ties with Moscow, is expected to improve ties between Washington and Moscow. "Better U.S.-Russia ties are to India's benefit. India has been worried about the strategic nightmare if there is a formal alliance between Russia and China, given how important Russia is to India on military and energy

supplies," says Russia-expert at the Observer Research Foundation, Nandan Unnikrishnan. "Any easing of tensions between the U.S. and Russia will also make things easier for India," he told The Hindu.

On energy, one aspect of concern could be the new administration's attitude to climate change and the Paris accord in particular, which India ratified on October 2, and was subsequently adopted by the UN. "More than just India and China, there will be a global impact if the Paris accord is jeopardised," explained former Ambassador and special envoy on energy, Rakesh Sood.

Another worry is Mr. Trump's recent reiteration that he would curtail 'H-1B visas', which allows U.S. companies to temporarily employ foreigners. While his moves on immigration and work visas will be watched closely, experts say India-U.S. relations were otherwise protected by "bi-partisan support" in Congress, and that would ensure no major shift in the considerable progress they have made. In addition, says Ms. Deo, the greater strides made during the Obama administration were in the field of defence, which are more long-term, and unlikely to be reversed by the new appointees. "Even in the Obama administration, Mr. Kerry was preoccupied by Iran and Syria among other issues, but it was the Pentagon that drove the relationship to its new heights."

India signals peace on Indus water issue

Signalling a step back from tensions in the past month over the Indus Water Treaty with Pakistan, India said there was "no reason" the two countries could not sort out their differences as they have in the past.

"Given the will to address these matters through the appropriate mechanisms provided for in the Indus Waters Treaty, there is no reason why the technical design parameters on which Pakistan has raised objections cannot be sorted out by professional, technical experts from both sides," Ministry of External Affairs spokesperson Vikas Swarup said .

WB concession

India's statement comes after the World Bank acceded to its wishes and halted the two processes for mediation and arbitration that it had put into place over Pakistan's objections to 'design features' in the Kishanganga and Ratle hydroelectric power projects in Jammu and Kashmir.

"It is a matter of satisfaction that [India's] point has now been recognised by the World Bank. We believe that these consultations should be given adequate time," the



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spokesperson said.

India had objected to the World Bank's earlier decision as it said the acceptance of Pakistan's appeal for an arbitration process under article IX was "illegal", accusing the World Bank of "favouring Pakistan". The strong language of the statement appeared to have weighed with the World Bank, and on December 12, the day its President Jim Yong Kim was due to announce the names chosen for the arbitration panel and as mediator, he instead said he was suspending the entire process at least till the end of January 2017.

South Korea looks to expand trade in India

Impacted by global recession, South Korea is making a strong bid to further expand in the Indian market, where it sees vast opportunity for growth. The country is planning to broadbase its product offerings and introduces a range of household goods, beauty and fashion items as well as wellness and medical products in India. Korea is also exploring the possibility of 'Make in India' opportunities to enhance its base in the Indian market, a top official said. Korea Trade Investment Promotion Agency is spearheading these initiatives and organising a major trade show in Mumbai to get Korean companies in direct contact with prospective business partners in India.

BRICS roots for affordable medicines

Union Health Minister J.P. Nadda has pressed for public health targets to be placed above trade deals. "Trade regimes are important, but must be seen as being subservient to the shared international public health goals," he said at the two-day meeting of the Health Ministers of Brazil, Russia, India, China and South Africa (BRICS), which concluded here.

Access to affordable medicines was yet again a key subject discussed at the meeting.

Referring to the World Health Organisation's recent decision to drop the term "counterfeit" and use "falsified" instead to describe medicines of inferior quality, Mr. Nadda said he was "happy" that the WHO member-states arrived at a consensus on doing so as the word "counterfeit" usually referred to intellectual property rights violations.

On excluding any consideration of patents/trademark or other intellectual property issues while defining 'falsified' medical products, he said: "This, I believe, would go a long way towards promoting access to medicines, including through the full use of TRIPS flexibilities and defending our policy space against TRIPS-plus provisions and

other measures that impede access to medicines. Such measures are necessary not only for the BRICS but for the entire world."

For years, the BRICS Health Ministers have sought to share national experiences for the continued use of local production and compulsory licensing and to push back bilateral agreements forcing TRIPS-plus conditions so as to maintain access to affordable medicines.

"Affordable medicines are no longer a necessity of the poor countries alone. Regulatory capacities need to be strengthened to enforce appropriate quality standards and check the entry of spurious medicines. I am happy to note that at the BRICS workshop on drugs and medical devices in Goa in November 2016, the BRICS regulators agreed on a draft memorandum of understanding (MoU) on regulatory collaboration with a view to improving the standards, certification and regulatory mechanisms for drugs and pharmaceuticals and promoting the availability of safe, efficacious, affordable and quality medicines," he said.

The BRICS nations are considering signing an MoU to work on mutual recognition, sharing information and accelerating regulatory approvals in case of international and national health emergencies.

'Trump open to selling advanced arms to India'

The incoming administration of Donald Trump hopes to break new ground in selling advanced weapons systems to India, news that would likely be "music to the ears" of the government in Delhi, according to a close associate of the President-elect.

Along with a sharp focus on increasing the quantity and quality of weapons procurement from the U.S. by India, Washington would also hope to lift bilateral trade from a little over \$100 billion to at least \$300 billion during Mr. Trump's first term and even up to \$1 trillion by the end of his second term, said Shalabh Kumar, founder and president of the Republican Hindu Coalition (RHC), and a community organiser for Mr. Trump's campaign.

Speaking to The Hindu, Mr. Kumar, who met Mr. Trump at his Manhattan residence, said the October 15 event, at which Mr. Trump addressed supporters from the RHC and made the 'Ab ki baar Trump Sarkar' advertisement, said the impact of Hindu-Americans on the campaign was recognised.

When asked on specifics about the weapons systems that the U.S. might sell India, specifically whether the proposal might include armed drones, Mr. Kumar said he



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was not a military expert and hence could not comment on that subject.

However, he said discussions on this subject would focus on “the procurement of advanced military weaponry for the defence of [India]. [Mr. Trump] is very much for that. This is the second time when he affirmed [this]. The first time [was] when we had apprised him of the situation which does not allow U.S. companies to sell advanced weaponry to India. He had expressed the opinion that that should be changed.”

New legislation

Mr. Kumar added: “As soon as we could manage to get [new] legislation through Congress, which is controlled by Republicans, it should be no problem at all. We should have that legislation in a pretty short time.” On a different note, in his conversation with Mr. Trump, Mr. Kumar had cited data from Zee News in the U.S., showing that while 16 per cent of Hindu Americans voted Republican in 2012, a whopping 65 per cent voted for Mr. Trump on November 8 this year.

He said the President-elect wanted to thank the RHC for its contribution in the campaign.

Mr. Kumar added Thursday’s meeting was a broader gathering between his and Mr. Trump’s family, as Mr. Kumar’s daughter, Bollywood actor Manasvi Mamgai, had also attended, as did Mr. Trump’s children Ivanka, and Eric.

In response to a question on what to make of the reportedly affirmatory conversation between Mr. Trump and Pakistani Prime Minister Nawaz Sharif on November 30, Mr. Kumar said that “nothing has changed from the October 15 statement where [Mr. Trump] said he loves Hindus, India and... [He intends to have a] very solid, great relationship with the Hindu-American community and India.” This weekend, Mr. Kumar and his daughter would again be accompanying Mr. Trump to Orlando, Florida, to speak further about the contributions of RHC to his campaigns and possibly touch upon policy issues relating to India.

After Mongolian incident, Chinese daily counsels India on Dalai Lama

In tune with an assurance China has received from Mongolia that it will no longer welcome the Dalai Lama, the Global Times newspaper, affiliated with the Communist Party of China (CPC), has counselled India not to leverage the Tibetan spiritual leader to undermine Beijing’s core interests.

An op-ed in the daily noted that the “Mongolian Foreign Minister Tsend Munkh-Orgil said Tuesday that Mongolia

will not allow the Dalai Lama to visit the country, even in the name of religion, thus settling a one-month stand-off between Mongolia and China.”

Chinese Foreign Ministry spokesperson also stated that the “Chinese side sets store by the explicit statement made by the Mongolian Foreign Minister.”

“Tibet-related issues concern China’s sovereignty and territorial integrity, and bear on China’s core interests. China’s position on Tibet-related issues is resolute and clear. It is hoped that the Mongolian side will learn lessons from this issue, truly respect China’s core interests, honour its commitment and strive to improve China-Mongolia relations,” it added.

The Global Times article sought to link the Mongolia’s subsequent problems with Beijing, following the visit to Ulan Bator, with the presence of the Dalai Lama at a function in Rashtrapati Bhavan earlier this month.

“Indian President Pranab Mukherjee met with the Tibetan separatist in exile in India this month, probably as moral support to Mongolia, which mired itself in diplomatic trouble after receiving the Dalai Lama in November.”

‘Shortsighted vision’

The op-ed slammed India for not recognising “the gap between its ambition and its strength”. “Sometimes, India behaves like a spoiled kid, carried away by the lofty crown of being ‘the biggest democracy in the world’. India has the potential to be a great nation, but the country’s vision is short-sighted.”

India-U.S. interests are aligned in Bangladesh, says Ambassador

The U.S. is not concerned about China’s growing economic role in Bangladesh as infrastructure development is a “good thing”, the U.S. Ambassador in Dhaka, Marcia Stephens Bloom Bernicat, has said. Ms. Bernicat, who recently visited Kolkata spoke to The Hindu on a wide range of issues from Bangladesh’s elections to ties with India. Excerpts:

The Bangladesh government has taken strong action following the July Gulshan attack. What do you think about the government’s action?

Prime Minister [Sheikh Hasina] has acted on her policy of zero tolerance towards terrorists from the time she came to office. She has worked very closely with the government of India and we are finding her and her government excellent partners in the fight against terror.

Bangladesh was threatened by al-Qaeda and ISIL (Islamic State) who publicly declared that... [They] want to attack foreigners, government officials and bloggers.



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Bangladesh has responded to those earlier killings and now... there were strong actions, a new city unit has come up, various services ordered to work closely... and Bangladesh's friends — India and the U.S. — and many countries stepped forward [to help]. There is a team arriving soon in Bangladesh [from U.S.] to look into what more we can do... in terms of training and material.

The national election is in 2019. Is the U.S. hopeful that it would be fully participatory, unlike in 2014? Is the U.S. engaged in any kind of effort to initiate a dialogue between the two main parties?

We are hopeful that the elections will be inclusive. Much more important is that the Prime Minister herself, at the end of AL's [Awami League] Party Council, said she intended to see elections in 2019. To ask the question about dialogue between the two parties is too limiting. Yes these [AL and Bangladesh Nationalist Party] are the two main political parties by every account... but there are lots of other parties in Bangladesh.

I think, holding credible elections will be dependent in part on having a countrywide discussion, not just among parties but also with the citizens. Bangladesh has a strong Electoral Commission. The very first tangible sign to have a good election will be how the new Commission is formed.

Is the U.S. concerned about India's growing influence in Bangladesh?

Our interests are really well-aligned. We define our interest and our well-being based on security and prosperity of Bangladesh. I think we both suffer from various historical memories that at times have made the Bangladeshis — if not the government, although different governments have behaved in different ways — sceptical about our influence and our interests.

Bangladeshis are fiercely independent and any time either of our countries, the government, the businesses or the key individual players appeared to be trying to unduly influence their ability to make their own decisions we do it to our own peril.

Huge Chinese investments are proposed in Bangladesh recently. Does that worry the United States?

What is the most expensive development work — infrastructure. I say and the U.S. says, if China wants to be part of that solution, it's a good thing. What we ask of every player around the world, whether we are talking of AIIB [Asian Infrastructure Investment Bank] or the Chinese government, please be a responsible player. Recognise that over time the World Bank, Asian Development Bank and other banks have built up a system that

meant to be transparent, meant to be efficient, meant to be inclusive and that if you offer opportunities — respect those international norms — everyone would be stronger as a result.

China open to India joining economic corridor

China signalled that it was ready to consider India's participation in the China Pakistan Economic Corridor (CPEC) after a Pakistani general counselled New Delhi to shed enmity and join the project.

"I have also seen relevant reports. I wonder what is India's take on this proposal by Pakistan; whether this is a good sign from the Pakistan side. On China's part, we view the China Pakistan Economic Corridor as a cooperation framework, and we hope that this programme will not only serve the interest of China and Pakistan but also of Asia and the region as a whole," said Hua Chunying, China's Foreign Ministry spokesperson, in response to a question.

"This programme (the CPEC) is an important part of China's Belt and Road initiative and it is an open proposal, and we are willing to work with Pakistan to discuss the participation of any third country, (on the) principle of wide consultation and joint contribution," she added.

The CPEC links the Pakistani port of Gwadar with Kashgar in China's Xinjiang province.

\$46-billion project

Pakistan's Southern Army Commander, Lieutenant General Aamir Riaz, based in Quetta, said India should "shun enmity" with Pakistan and join the \$46-billion CPEC along with Iran, Afghanistan and other Central Asian countries and enjoy its benefits. "India should share the fruits of future development by shelving the anti-Pakistan activities and subversion," Gen. Riaz said. Asked whether China had held talks with Pakistan on India's participation in the CPEC, Ms. Hua said: "I have nothing to offer on this."

But she stressed that the CPEC programme "is a very important part of the Belt and Road initiative and China holds an open attitude toward such cooperation".

"We have also seen reports about other countries who are willing to join this programme, and we want to discuss this on the basis of wide consultation and consensus," she observed.

Chinese academics are also actively debating on how to prevent the emergence of rivalry between India-supported port of Chabahar in Iran and Gwadar, which is a short distance away.

"In the long run, Chabahar and Gwadar should be sister



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ports and we should work towards that end,” Li Xiguang, head of the Tsinghua-Pakistan Culture and Communication Center at Tsinghua University, told The Hindu .

Ms. Hua’s remarks followed two articles that appeared in the Global Times , affiliated with the Communist Party of China, which advocated that India should reciprocate the gesture from Pakistan.

Olive branch from Pak.

“New Delhi should consider accepting the olive branch Pakistan has extended in a bid to participate in the China-Pakistan Economic Corridor,” one of the write-ups said.

The commentary stressed that the promise of economic gains from the project should persuade India to override its concerns regarding the passage of the corridor through Pakistan-occupied Kashmir.

The second article was more specific in highlighting that China wants India to become part of the CPEC. “China believes that India should be part of the project and actively persuade Pakistan to accept it,” it observed.

However, without naming India, the article warned that China would reject any attempt to discredit Pakistan as a supporter of terrorism.

Japan drags India to WTO on steel imports issue

Japan has dragged India to the World Trade Organisation (WTO) against certain measures taken by New Delhi on imports of iron and steel products.

“On December 20, Japan notified the WTO Secretariat that it had requested dispute consultations with India in the dispute ‘India—Certain Measures on Imports of Iron and Steel Products’,” the WTO has said. India has imposed minimum import price (MIP) on imports of certain iron and steel products. In February, India imposed MIP of 173 products for six months, which was later extended twice for two months. Earlier this month, the government extended MIP on 19 products till February 4, 2017. According to the ministry sources; WTO-compliant measures like anti-dumping duty should be used to overcome the issue of cheap imports of commodities.

‘Soft border approach can bring India into CPEC’

A focus on establishing “soft borders” between India and Pakistan, rather than a final settlement of boundaries in Kashmir, can lead to New Delhi’s rapid integration into an expanded China-Pakistan Economic Corridor (CPEC),

says a top Chinese academic.

In an interview with The Hindu , Tsinghua University Professor, Li Xiguang said the concept of “soft borders”, one that avoids a “hard” settlement of disputed boundaries, offers a way forward for regional cooperation.

Earlier this month, Prof. Li was in Gwadar to participate in an international maritime conference on CPEC. The conclave, sponsored by the Pakistani Navy, included participants from China, Pakistan, Iran and the German Marshall Fund.

An endorsement of “soft borders” by New Delhi and Islamabad would address India’s core objection to the CPEC — its passage through Pakistan-occupied Kashmir (PoK).

Endorsed by Manmohan

The concept of “soft borders” as a pragmatic solution to the Kashmir dispute is not new. In 2005, shortly after a bus service from Srinagar and Muzaffarabad had started, Pakistan’s former President Pervez Musharraf had called the opening of cross-border transport routes as “the first step towards converting [the Line of Control] into a soft border”. His remarks followed similar observations by former Prime Minister Manmohan Singh. “Short of secession, short of re-drawing boundaries, the Indian establishment can live with anything,” he told columnist Jonathan Power in a 2004 interview. He added that “we need soft borders — [as] then borders are not so important. People on both sides of the border should be able to move freely.”

However, Prof. Li has extended the idea of “soft borders” to both Kashmir and Afghanistan in order to impart regional inclusiveness to China’s ‘Belt and Road’ connectivity project, manifested in the CPEC.

“If Kashmir has a ‘soft border’, I think CPEC could unlock Kashmir and make it a part of a much grander regional transportation network, with Srinagar as one of its important nodes. Remember, in earlier times Kashmir used to be the terminal of the Silk Road — it was part of the route pursued by diplomats, connecting Central Asia, Kashgar, Ladakh and Delhi.”

Prof. Li also highlighted that Pakistan and Afghanistan should accept ‘soft borders’ as the touchstone for resolving their differences along the Durand Line.

The Chinese scholar stressed that Afghanistan is the “heart of Asia”. “We already have trains running from China to Uzbekistan and then across the Amu Darya into Afghanistan. In the future, we can connect Afghanistan with Balochistan.” He also strongly advocated a common initiative by China and India to impart stability to Afghani-



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stan.

Instead of developing as rival hubs, Prof. Li “strongly supported” the Iranian port of Chabahar, and Gwadar as “sister-ports”. Chabahar, which is being jointly developed by Iran, India and Afghanistan, and Gwadar, are separated from each other by only around 100 km.

Asked whether it would be unrealistic to expect India to support the idea of “sister-ports”, in view of apprehensions that China may build a military base in Gwadar as part of its perceived consolidation in the Indian Ocean, Prof. Li said: “During my stay in Gwadar, ... [n]ot once did I hear any proposal about establishing a Chinese naval base in Gwadar. No one talked about it. On the contrary there is much talk, especially from businessmen about developing Gwadar on the Dubai model, which would be inclusive and open. That is why Gwadar port will be an international hub not only for China and Pakistan, but also for Central Asia, Iran and Russia, which has historically felt the need for warm water ports.”

India's iron exports under scrutiny by EU, S. Korea

India's exports of certain iron items to the European Union (EU) and shipments of ferro alloys to South Korea have come under the scanner of local authorities in those jurisdictions.

The European Commission (EC) has initiated an investigation into certain items of grey iron and ductile cast iron from India on allegations that they were being ‘dumped’ (or sold below the price charged in the home market or below production cost) into the EU region.

This, the EC probe suggests, is adversely affecting local industry as these articles are used to cover and, or give access to ground or sub-surface systems.

Seven EU producers of the item including Saint-Gobain, together representing more than a quarter of the total EU production of certain cast iron items, lodged a complaint with the EC on October 31 that imports of such articles from India and China are being dumped causing material injury to them.

The complainants also provided ‘evidence’ of increase in imports (to the EU) of these items in absolute terms and in terms of their market share in the EU.

Investigation period

“Having determined... that there is sufficient evidence to justify the initiation of the proceeding, the EC hereby initiates an investigation...” the EC said in a notice on December 10. The investigation will cover the period from October 1, 2015 to September 30, 2016. The examina-

tion of trends relevant for the assessment of injury will cover the period from January 1, 2013 to September 30, 2016.

The EC said “if the conclusions are affirmative, the investigation will examine whether the imposition of anti-dumping measures would not be against the EU’s interest.”

Due to the potentially large number of exporters of these items from India and China and a similarly large number of producers in the EU, the EC said it may limit the investigation to a limited sample of such exporters and producers so that the probe can be completed within the statutory time limits.

It asked all interested parties to provide information regarding the sample selection.

The EC had earlier imposed countervailing (anti-subsidy) duty and anti-dumping duty on imports of tubes and pipes of ductile cast iron from India.

Iron, steel and their related articles have been among India’s main exports to Europe.

However, shipments of iron, steel and their related items to Europe had fallen from \$3.86 billion in FY15 to \$3.07 billion in FY16. In the period between April and September this fiscal, exports of these products were worth \$1.82 billion.

Probe into ‘dumping’

Meanwhile, South Korean authorities have decided to initiate investigation into dumping of ferro-silico-manganese (used in the steel industry) from India, Vietnam and Ukraine into South Korea, thereby allegedly causing injury to their domestic industry.

This was based on an application by local producers on November 18, 2016. The investigation period on dumping is from July 1, 2015 to June 30, 2016, while the investigation period on injury to the domestic industry is from January 1, 2013 to June 30, 2016.

India’s exports of ferro-silico-manganese to South Korea had fallen from \$46 million in FY13 to \$34.1 million in FY14 and further to \$32.3 million in FY15 and then down to \$19.5 million in FY16, according to data from the Indian commerce ministry.

India journeys from multilateral to bilateral

Donald Trump’s win in the U.S. presidential elections, Britain’s Brexit vote, Russia’s successes in Syria, Chinese actions in South China Sea and North Korea’s testing of H-bomb parts — in the uncertainty that 2016’s most dramatic moments unleashed on the world, Indian



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foreign policy took a decided step away from multilateral platforms to focus on bilateral relations to shore up its place in the world.

From the United Nations (U.N.), to the Non-Aligned Movement (NAM), to the Nuclear Suppliers Group (NSG) to BRICS, SAARC, SCO and others, the Modi government seemed to make limited headway. This has led officials to argue that it was India's bilateral engagements that were propelling it forward, as with the U.S., West Asia, or Japan; or holding it back, as with China and Pakistan.

"Global blocs and alliances are less relevant today and the world is moving towards a loosely arranged order," said Foreign Secretary S. Jaishankar in an address to the press this year, shortly before India announced that Prime Minister Narendra Modi was going to drop out of attending the Non-Aligned Summit in Venezuela.

The decision was significant: except for one occasion in 1979, an Indian Prime Minister has always attended the NAM summit, which it helped found. The decision seemed not just bound by the decision to move away from the bloc that has been seen as less relevant in the post-Cold War era but also not to upset India's partnership with the Obama administration that was at odds with Venezuelan President Maduro. At the previous summit in Teheran in 2012, the UPA government had chosen to ignore pressure from the United States to give NAM a miss.

Blocked at world bodies

With the U.N., the government has felt "frustration" at its inability to move on issues important for India. No headway was made on India's bid for a permanent Security Council seat, on the Comprehensive Convention on International Terrorism, or on specific requests to ban Pakistan-based terror group chief Masood Azhar, leading India's envoy to the U.N. Syed Akbaruddin to say the world body suffers from a "mix of ad hocism, scrambling and political paralysis".

Similar frustration was felt when India's bid to join the Nuclear Suppliers Group was scotched not once but twice in the year, due to China's objections. Despite making the NSG membership the centre-point of all of Mr. Modi's high-profile summits with countries ranging from Brazil, South Africa, Mexico and Switzerland to New Zealand and other members of the 48-nation body, the government will have to wait for next June to take its request forward.

In an unusually direct statement, the MEA blamed the failure on "one country" that created "persistent procedural hurdles" to India's ambitions.

Meanwhile, India's attempts to introduce Pakistan-specif-

ic anti-terror strictures into the the BRICS declaration at the Goa summit came a cropper too, bringing into sharp light India's limited options when it comes to multilateral organisations such as BRICS, RIC (Russia-India-China) and the Shanghai Cooperation Organisation, which are dominated by the growing Sino-Russian partnership.

Bright spots

The bright spots for Indian foreign policy, instead, came from its strengthened bilateral relationships: most notably with the U.S., that saw the Prime Minister's address to the U.S. Congress, the signing of the Logistics Agreement, and India's agreement to join the Climate Change convention.

As the year drew to a close, President Obama signed the Defence Bill that names India a "major defence partner" — a designation that seems most akin to a strategic ally without being one. Another leap forward came from Gulf countries such as Saudi Arabia, Qatar, and the UAE, which are forging closer ties with India despite their OIC reservations, and from Iran and Afghanistan.

Russia remains ambiguous, as 2016 saw it draw closer to Pakistan with military exercises and an interest in the China-Pakistan economic corridor.

India, Kyrgyzstan seek a global pact against terror

India and Kyrgyzstan finalised plans for joint military exercises in the New Year and reiterated the need for a global convention against terrorism. Visiting President Almazbek Atambaev highlighted the common historical heritage and sought cooperation to deal with current global challenges like terrorism.

"Kyrgyzstan is home to the great Mughals of India and Emperor Babur came from the city Osh and even in his memoir the Baburnama, he refers to his place of origin in the mountains near Osh," said Mr. Atambaev, referring to the shared heritage and values between his country and India and laid out a common plan to deal with emerging contemporary challenges.

Following a bilateral summit at the Hyderabad House, the delegations finalised plans to hold the annual joint military exercises named "Khanjar-IV" in February-March 2017. The Khanjar-II exercises were held in March 2015 in Kyrgyzstan and "Khanjar-III" in March-April 2016 in Gwalior. A joint statement which marked the end of the visit took note of the IT support that India had provided to the Kyrgyz military institutions including building three IT centres in the last two years.

It also noted the high altitude Kyrgyz-Indian Mountain



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Training Centre being built in the city of Balykchi which will be used to train Indian military personnel. The visiting delegation also welcomed India's proposal for training Kyrgyz forces for U.N. peacekeeping assignments. Addressing the media, Prime Minister Narendra Modi said, "The understandings concluded today [Tuesday] will support our thrust in these directions. In a first with the Central Asian region, we had initiated tele-medicine links with Kyrgyz Republic last year. We are taking steps to expand this project to other regions of the Kyrgyz Republic." Both sides also reiterated the demand for global counter-terror norms to fight terrorism in the Asiatic continent and called for the adoption by the United Nations of the draft Comprehensive Convention on Combating International Terrorism. Mr. Atambaev appreciated India's support to building the transport network in Iran and Afghanistan and said, "This will increase regional connectivity and help connect Kyrgyzstan with Iran, Afghanistan and beyond." Mr. Atambaev who completed a four-day visit to India also sealed agreements on foreign office consultations, sports, broadcast cooperation and bilateral investment.

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Science, Tech. and Environment

Are scientists responsible for communicating their work to the general public?

After getting totally frustrated in a Twitter exchange (@GautamDesiraju) on this question, I decided to put my thoughts down in the more conventional form of an article, a means of communication with which scientists are far more comfortable.

One of my Twitter followers even said that one cannot say much in 140 characters, and this matter needs a bit more than that. Do scientists in publicly funded institutions need to communicate the gist of their work to the general taxpaying public? Are they morally bound to do it?

Does an increased awareness of science among lay persons increase its acceptability, and eventually create a better sense of its requirement, so that the public continues to pay for what some might even consider a luxury? On the other hand, is it easy to communicate high science to the public? Is there a difference in communicating the hard and soft sciences to non-specialists? In simplifying scientific matters for the sake of explaining it to lay people, does one lose the essential thread of the work? That there are many questions and no easy answers is what I found.

It's easy to quote Rutherford who said a good physicist is one who is able to explain what he is doing to the cleaning lady who comes every morning to tidy his laboratory. He got the important point here in that some kind of reality check on what one is doing is required for any scientist, but I really wonder if Rutherford meant this literally.

What is science?

Science is all about details, precision, accuracy, and it is indeed 99 per cent perspiration. The beauty and joy in doing science lies in those rare moments when the pieces of a puzzle magically come together. To adapt from Shelley, the shadow indeed becomes more important

than the substance. I suppose one could put some of this together and disseminate a simplified, sanitised version to the public but in the end, science is a highly individualistic, personal affair. Most honest scientists will tell you that they are ever so grateful that they are being paid by their governments to do something that they would have done anyhow for free.

Does this make academic scientists parasitical, irresponsible, ivory-tower people, uncaring, cold and selfish? No! A resounding no! Many good scientists are often ill at ease in dealing with daily life situations. Scientists do communicate their work to non-specialists, especially in matters of obtaining funding or seeking promotions and awards. In many of these cases, the evaluation committees cannot consist only of people who are highly knowledgeable about the particular scientist and his/her area of work, but they are all scientists.

To ask scientists to actually "sell" their work to purely lay audiences in the name of increasing its "acceptability" would be taking them way beyond their comfort regions. Scientists are fully aware of their responsibilities. In universities and research institutes, their primary responsibility is to train the next generation of students through the expedient of conducting high-calibre research. In this research, their goal is absolute quality, ideally without any concern for possible practical applications.

This whole business of research outreach is fraught with problems. The standard sequence for scientific work should be patent, refereed publication, newspaper, with the first and third steps wholly optional in an academic institution. The danger in encouraging "communication" too much is that there would be a temptation to reverse the order and make it newspaper, mostly no publication (or controversial publication), and certainly no patent. This is already happening in some CSIR and DBT/DST laboratories today, sadly even from some IITs.

This is of course an extreme situation. My main problem with a scientist trying to disseminate his or her work to the general public is that the detail that is lost in communicating with the public is not a superfluous extra. The detail is the whole work. Without this detail, there would be no point in the work. Details are hard to understand and appreciate. Many breakthrough discoveries are incredibly hard to envisage, carry out and understand.

I finally come to the question of whether it is easier to "communicate" research findings in soft sciences like ecology, sociology and economics in contrast to hard sciences like physics, chemistry and biology. It is of course easier for a lay person to understand some very simple concepts in the soft sciences. Many of us would claim



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to say we understand something about climate change, body language or inflation as opposed to say hadrons, the Mannich reaction or epigenetics. So, while the soft sciences might “appear” to be more easily understandable than the hard sciences, I am sure that it is just as difficult for a practitioner to communicate the concepts and principles of these soft sciences to a general audience. But in the end, does a lay person understand even soft science which is easier to communicate?

What is lacking in India is a critically large mass of science communication experts, who on the one hand can talk with scientists and on the other can disseminate essential aspects of the science to the public. This tribe is found in several foreign countries but in India the activity is non-coordinated and sub-critical.

Newspapers are definitely doing something, and The Hindu is a notable example. There should be a lot more of this in TV, which regrettably is interested in other things today. Our science academies are doing something but once again the activity is really sub-critical to make any real impact.

Some practising scientists have tried to get into science communication seriously. Whether their science suffered as a result is a moot point. Over the years, I have attempted my share of communicating scientific thoughts with the general public, perhaps a lot more than some of my contemporaries, but my considered opinion is that a practising scientist is not duty bound to communicate his or her work to the general public.

NASA's Curiosity rover finds purple rocks on Red Planet

Recent photographs taken by NASA's Curiosity rover have revealed purple rocks on the surface of Mars. NASA officials have said this may suggest a greater degree of diversity in the geological composition of the region.

Discovering new drugs that bind to G Protein-Coupled Receptors (GPCRs), which are central to almost every physiological process in our body such as vision, taste, immune response and cardiovascular regulation, has become easier, thanks to research by a team led by Dr. Arun K. Shukla from the Department of Biological Sciences and Bioengineering, Indian Institute of Technology (IIT) Kanpur.

Nearly 50 per cent of prescription drugs currently available in the market for the treatment of blood pressure, heart failure, diabetes, obesity, cancer and many other human diseases target GPCR receptors. All these drugs bind to their respective receptors and either activate or

stop their signalling. The work by Dr. Shukla's team has shown that the regulation of these receptors by these drugs can be simpler than generally thought — it can be mediated by engaging only the end of the receptor, which is called the tail of the receptor.

The results were published in the journal Nature Communications.

Receptors found on the cell surface receive signals and transmit them to inside the cells. A part of the receptor is embedded in the cell membrane and the other part protrudes outside the membrane and inside of the cell. The part of the receptor that protrudes outside the membrane changes its shape whenever a stimulus in the body binds to it. In response to this change in the outside part of the receptor, a corresponding change happens in the shape of the receptor that is positioned inside the cell. This change in the shape of the receptor positioned inside the cell allows it bind to other proteins called effectors. These effectors cause specific effects in the cell, referred to as cell signaling, which leads to physiological changes in our body.

For example, a hormone in the blood called angiotensin binds to its receptor and activates the effector protein inside the cell causing an increase in blood pressure.

The mechanism

In people with normal blood pressure, a specific type of proteins called arrestins, which are effectors proteins of GPCRs, bind to the receptor and pull it inside the cell (a process called receptor endocytosis). This prevents the angiotensin from binding to the receptor, thereby help in controlling the blood pressure.

In the case of people with high blood pressure, the prescribed drug binds to the receptor. So even if angiotensin is present on the surface of the cell, it cannot bind to the receptor and start the signaling process that increases blood pressure.

New approach

“We were interested in understanding how different receptors interact with effectors and how the receptors recognise the stimuli,” says Dr. Shukla. “We looked at the interaction of a receptor, which is a target for heart failure drugs, with its specific effectors, namely arrestins. When arrestins bind to the receptor, they arrest or disrupt the receptor signaling.”

“The text book understanding is that arrestins have to simultaneously bind at two sites — the tail of the receptor and the core of the receptor — for the drug to become effective in pulling the receptor inside the cell [to prevent the stimuli from binding to the receptor and start signal-



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ing],” says Dr. Shukla.

“Through specific engineering of the receptor we basically disrupted one of the two binding sites, namely the core of receptor. We found that even without the second site, the arrestin was able to pull the receptor inside the cell by binding just to the tail of the receptor [which is the other binding site],” he says.

There is a key region in the core which the team genetically deleted thereby making the core of the receptor ineffective.

“Whenever researchers are designing a drug to stop GPCR signaling, they look for a drug that simultaneously triggers the binding of arrestins to both the sites in the receptor. Our work changes the way people will look at drug discovery for GPCR signaling,” he says. “The drug has to trigger binding of arrestin to just at the tail of the receptor to arrest the signaling. Researchers can now design simple drugs to accomplish this.”

‘Leap second’ syncs Indian time with Earth’s spin

A ‘leap second’ was added to the Indian clock at 5:29.59 hours to synchronise with the Earth’s rotational clock. As the atomic clock at the National Physical Laboratory (NPL) here struck 23:59:59 last night, it was programmed to add an extra second to 2017 to compensate for a slow-down in the Earth’s rotation.

Adding a second barely has an impact on the daily life, but it does matter in the fields of satellite navigation, astronomy and communication. “The Earth and rotation around its own axis is not regular, as sometimes it speeds up and sometimes it slows down due to various factors, including earthquakes and moon’s gravitational forces. As a result, astronomical time (UT1) gradually falls out of sync with atomic time (UTC), and, as and when the difference between UTC and UT1 approaches 0.9 seconds, a leap second is added to UTC through atomic clocks worldwide,” D. K. Aswal, Director of NPL, said.

Extreme precision

Adding the leap second to the Indian clock is done by the NPL under the Council for Scientific and Industrial Research. The NPL, one of the oldest laboratories in the country, has five atomic clocks and nearly 300 such pieces exist across the globe.

Atomic clocks are so precise that the margin of error in its functioning is just of a second in 100 million years.

“The leap second adjustment is not so relevant for normal everyday life. However, this shift is critical for applications requiring time accuracies in the nanosecond, which

are critical in the fields of astronomy, satellite navigation, communication networks,” Mr. Aswal added. — PTI

The Centre will meet its fiscal deficit target of 3.5 per cent of the gross domestic product (GDP) for 2016-17 despite a slew of sops announced by Prime Minister Narendra Modi last week, Railway Minister Suresh Prabhu said.

“The voluntary income disclosure scheme has already given us some revenue and this (demonetisation) scheme will also bring in some revenue so we will be able to meet the (fiscal deficit) target. The Prime Minister’s announcement will be definitely honoured in terms of ensuring fiscal adherence to all our commitments as well as fiscal prudence,” Mr. Prabhu informed the media while elaborating on the government’s anti-corruption measures days after the deadline to deposit old Rs. 500 and Rs. 1,000 currency notes in banks ended.

Relief package

Mr. Modi announced a package for farmers, senior citizens, small entrepreneurs, women and the rural poor along with a housing scheme for the poor and the middle-class in a bid to provide relief from the impact of demonetisation of high-value currency notes which he had announced on November 8. “The government has exercised the highest form of fiscal prudence. We have met each one of our fiscal deficit targets so far,” the Minister said.

Widening deficit

The Centre’s fiscal deficit remained high at Rs. 4.6 lakh crore, which was 85.8 per cent of the budget estimates for the entire financial year, till the end of November this fiscal year. Till October, the deficit was slightly lower at 79.3 per cent of the full fiscal deficit target. The Union Budget had estimated fiscal deficit at Rs. 5.33 lakh crore for 2016-17 which works out to 3.5 per cent of the GDP. The fiscal deficit widened in November mainly due to muted gross tax revenues.

The Minister also said that high bank deposits due to demonetisation would lead to more savings that would in turn lead to higher investments. “Much of the money coming in (to) the banking system will enable banks to lend more. When money comes into the banking system, the savings rate of the economy will increase and more money will be spent on infrastructure. China has seen high economic growth because of good savings rate,” he said.

Natco Pharma launches Hepatitis C drug in Nepal

Natco Pharma has unveiled a generic version of Sofos-



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buvir 400mg/Velpatasvir 100mg fixed dose combination in Nepal. It will market the product under the VELPANAT brand name and priced at Rs.25,000 equivalent for a bottle of 28 tablets in Nepal. The exercise is under a non-exclusive licensing agreement that Natco has with Gilead Sciences Inc. to make and sell generic versions of the latter's chronic hepatitis C medicines in 101 developing countries. The fixed dose combination is sold by Gilead Sciences Inc. under the Eplusa brand name.

A sneak peek into a 'star factory' at work in massive Milky Way nebula

The European Space Agency released stunning images of baby stars taking shape inside the Milky Way's Orion nebula.

The massive Orion A molecular cloud is the "star factory" closest to Earth, and has given astronomers a front-row seat to observe how stellar objects come into being.

A nebula is a widely scattered cloud of interstellar gas and dust.



1,350 light years away

Also known as Messier 42, the Orion nebula is some 1,350 light years from Earth, and has a mass 2,000 times greater than the Sun.

Very young stars cannot be seen in the visible light spectrum.

But European Southern Observatory's VISTA telescope in Chile — the largest in the world dedicated to surveying the heavens — pierced the dust that shrouds them by zeroing in on infra-red wavelengths.

The new image survey "allows the earliest evolutionary phases of young stars within nearby molecular clouds to be systematically studied," the European Southern Observatory said in a statement.

The project has so far identified nearly 8,00,000 new stars, young "stellar objects" and distant galaxies.

The Orion nebula, visible with the naked eye in the night

sky, was first scientifically described in the early 17th century.

In 1789, British astronomer William Herschel — using a home-made two-metre telescope — prophetically described nebula such as Orion as "the chaotic material of future Suns." — AFP

Centre lifts 'green tape' threat on new mines

With more than 300 proposed mines facing the prospect of becoming non-starters due to their inability to secure environmental clearances before a January 11, 2017, deadline to register mining leases, the Centre has stepped in to give a fresh lease of life for such mines by allowing States to grant such leases irrespective of the status of the environmental clearance.

However, miners have been prohibited from initiating operations at such mines till the time they secure the requisite green clearances, as per an order notified by the Mines Ministry.

Letter of Intent

Since the Mines and Mineral (Development and Regulation) Act of 2015 requires all mining rights to be auctioned, all miners who had secured a Letter of Intent for operating a mine from a State government before January 12, 2015, were given a two-year window to execute and register their mining leases.

A novel electrode for lithium batteries

A team of researchers at the Indian Institute of Technology (IIT) Madras have been able to enhance the capacity retention of anode material in lithium ion batteries four-fold compared to commercially available lithium batteries. The team was able to develop a novel composite that can deliver specific capacity retention of 1,120 mAh/g after 10,000 cycles, and work at high current density (ability to draw more current from a cell within a short time) with long cycle life by combining two types of lithium ion storage mechanisms. The results were published in the Journal of Materials Chemistry A.

Compared with graphite, carbon nanotube (CNT) has several advantages as an anode material. However, the efficiency (or irreversible capacity) of carbon nanotube anode is an issue. Also, the lithium ions that get inserted into the carbon nanotube during charging do not fully come out during discharge. So not all lithium ions inserted into carbon nanotube comes out to contribute to the useful capacity.

"We overcame this by using carbon nanotubes with a few layers unzipped, which can be called as partially exfoli-



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ated carbon nanotubes,” says Sripada Raghu from the Department of Physics, IIT Madras and one of the authors of the paper. The unzipping does not affect the core of the CNT structure, which renders very good electrical conductivity, while the partially exfoliated out layers have very good ability to store lithium ions.

“The outer layers of partially exfoliated carbon nanotubes are quite similar to a few-layered graphene,” says Mr. Raghu. To enhance the capacity even further, the researchers incorporated sulphur in the exfoliated layers. The theoretical capacity of sulphur is very high (1,675 mAh/g). So the team wanted to take advantage of this property of sulphur.

Mechanisms clubbed

Besides getting inserted into the layers of exfoliated carbon nanotube, the lithium ions interact with sulphur in a chain of reactions, leading to the formation of lithium polysulphides. Higher-order polysulphides are initially formed and later the stable lower-order polysulphides are formed.

“The lower-order polysulphides are desirable,” says Ananya Gangadharan from the Department of Physics, IIT Madras and the first author of the paper.

“We have clubbed the two storage mechanisms — lithium ion insertion reaction from the lithium ion battery and sulphur redox reaction from the lithium sulphur battery — in one battery. That’s why we are able to achieve high capacity retention even after 10,000 cycles at high current density,” says Ms. Gangadharan.

“We have already patented our anode material. We are now trying to combine the anode with suitable cathodes and test the enhancement in efficiency and capacity retention so we can replace the commercial anodes with ours,” says Prof. Sundara Ramaprabhu from the Department of Physics, IIT Madras and the corresponding author of the paper.

“Work is currently on to further enhance the capacity and use the material as an electrode in both lithium ion and lithium sulphur batteries,” he said.

Tweaking photosynthesis for a better crop yield

We depend on plants for much of our food, clothing and shelter. Plants depend on the material in the soil and earth below, water, air and sunshine for their growth. Sunlight is thus an essential raw material for the growth of plants. Using sunlight, water and carbon dioxide present in air, plants synthesis what is needed for much of their own

metabolic needs (and thus our needs). This process, known as photosynthesis, is carried out largely by the leaves (and similar appendages) in plants. Humans and many animals are dependent on the efficiency with which plants photosynthesis, grow and multiply.

As human population increases, we would need more of crops in order to cater to the global demands for food. It thus becomes important to study ways in which plant productivity can be increased. One way of approaching this is to find ways in which photosynthesis can be improved. An international team of researchers, led by Dr Stephen P. Long of the University of Illinois and Dr Krishna K. Niyogi of the University of California, Berkeley, USA has focused on this problem. Their paper, titled “Improving photosynthesis and crop productivity by accelerating recovery from photo-protection,” has appeared in the 18 November 2016 issue of the journal Science.

Energy from sunlight is captured by the green pigment called chlorophyll in the leaves in order to conduct these chemical reactions. But this energy can also damage the leaves (recall how sunbathers in beaches can get sunburnt). Plants protect themselves from such light-induced damage by releasing heat (but we use sun-tan lotions or dark glasses for protection). Now, such “quenching” of excess solar energy must be quick. If it takes too long (often as long as half an hour) to “relax” and resume the cycle, it may be thought of as a “waste of time.” If only we can hasten this process (termed non-photochemical quenching, abbreviated as NPQ) of recovery safely, argues this research team, we may be able to improve crop productivity.

Quick fix

The team studied how plants “fix” or adjust their photosynthetic cycle as their leaves experience light and shade- as in a natural environment. In full sunlight, NPQ is activated so as not to harm the chlorophyll too much. But as clouds shade the sunlight, in such a low-light situation, NPQ is reduced. Hastening the NPQ process, argues the team, could increase the efficiency of the photosynthesis cycle by anywhere between 8 per cent and 30 per cent. This, in turn, could be a promising strategy for improving crop yield.

Such a switching of NPQ levels is governed in plants by the action of three proteins. One protein abbreviated as ZEP speeds up the NPQ rate. A second one, termed VDE, balances ZEP activity, acting as a moderator, while a third one called PSBS adjusts the NPQ level. If one can play with the levels of the three proteins, one can in turn adjust the efficiency of photosynthesis and hence



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the crop yield.

To this end, the group inserted the genes for VDE, PSBS and ZEP and obtained a genetically engineered plant of tobacco as the proof-of-principle plant. Why tobacco? When this question was posed by the science writer Hannah Martin Lawrenz, Dr Long is reported to have responded: "Because it is easy to transform [genetically], and it is a crop, so it produces the layers of leaves we needed. [Also] because the process is the same in rice, soybeans, wheat, and cowpea, we have strong confidence that this should work for food crops. But the next step is making the same changes in those crops, which are much more difficult to transform".

Plants with all the 3 genes VDE, PSBS and ZEP were named VPZ plants and their performance compared with normal, unmodified (scientists call such controls "wild type" or WT) tobacco plants. The VPZ plants displayed faster relaxation of NPQ and they were seen to recover and engage in photosynthesis sooner. The researchers next made the light falling on the plants fluctuate, so as to mimic light and shade (or day and night), and compared the performance of VPZ with that of WT. Here again, the genetically engineered VPZ plants performed better in low light than WT.

And then, in order check the productivity in the field as crops, they planted both types of tobacco plants in the university field. Plants from VPZ had higher leaf area (better for photosynthesis), increased leaf, stem and root weights and anywhere between 14 per cent and 20 per cent more dry weight per plant than the unmodified plants. These findings, the researchers write, provide proof of concept for a route to obtain a sustainable increase in productivity for food crops and a much-needed yield jump. Yes, the plants are genetically modified. But note, the genes are already plant-based and not foreign to the plant kingdom. So, there should be far less, if any at all, objection or opposition from anti-GM activists.

TB institute warns against use of new drug

Uncertainty continues to shroud the fate of 18-year-old girl suffering from extensively drug-resistant tuberculosis (XDR TB) who is waiting for the drug Bedaquiline (BDQ). The National Institute of Tuberculosis & Respiratory Diseases (NITRD) told the Delhi High Court that the drug could not be administered without proper tests as it might lead to the TB-causing bacteria becoming further drug resistant and may spread to the community and have catastrophic effects.

The Institute said, "It is wrong to suggest that conducting Drug Susceptibility Testing and waiting for its results is merely a bureaucratic requirement. It is absolutely essential to study the drug resistance of the bacteria in the patient's case so as to formulate the right BDQ containing regimen lest the bacteria become BDQ resistant and spread in the community."

The Centre, meanwhile, sought two more days to file its affidavit.

The NITRD's statement was filed before Justice Sanjeev Sachdeva, hearing the plea of the girl's father, who claimed that BDQ, manufactured by U.S. pharma major, Janssen Pharmaceutica, was the only option to save his daughter.

Limited availability

The court had asked the NITRD whether the patient could be administered BDQ without further tests. BDQ is available through limited sources in India, one of which is the NITRD in Delhi.

While the petitioner had relied upon the opinion of Dr. Jennifer Furin, PhD Lecturer in Global Health, who claims to be an international expert in the field of HIV and TB, to say that the girl satisfies the requirement for administration of BDQ, the NITRD has contradicted the claim.

Contradicting Dr Furin's claim that administering BDQ would curb the potential spread of XDR TB, the NITRD said: "If BDQ is given with an inefficient backbone regimen, the patient is likely to fail the treatment and develop an additional and fatal resistance to BDQ which may spread to the community and have catastrophic effects."

Efficacy and effects

On the petitioner's concerns about delayed rollout of BDQ in India, the Institute said: "It is a new drug discovered after five decades of research on TB treatment and its efficacy and effects are still being evaluated and therefore, it is being rolled out in a phased manner to avoid its misuse, development and spread of fatal BDQ resistant bacteria in the community."

The Institute said the girl cannot be simply provided BDQ as the same is provided to the Institute from the government bodies.

New species of gibbon found in China

Scientists have discovered a new species of gibbon living in south-west China's rainforests.

Although scientists had been studying the primate for some time, new research has revealed that it is in fact a different species. It has been named the 'Skywalker hoolock gibbon' by its discoverers, who are Star Wars



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fans. The name is also a nod to the fact that the Chinese characters of its scientific name, Hoolock tianxing, and mean "Heaven's movement".

Dr. Sam Turvey, from the Zoological Society of London, who was part of the team studying the apes, told BBC News: "In this area, so many species have declined or gone extinct because of habitat loss, hunting and general human overpopulation.

"So it's an absolute privilege to see something as special and as rare as a gibbon in a canopy in a Chinese rain-forest, and especially when it turns out that the gibbons are actually a new species previously unrecognised by science."

The research team, led by Fan Peng-Fei from the Sun Yat-sen University in China, first suspected that the gibbons that they were studying in Gaoligongshan nature reserve in Yunnan Province might be different because of subtle differences in the typical facial markings of white eyebrows and beards.

Gibbons are renowned for their loud song, which they use to mark territory, and this also sounded unusual.

200 living in China

A full genetic and physical comparison with other gibbons then confirmed that they had found a new species. The scientists estimate that about 200 Skywalker gibbons are living in China and also potentially in neighbouring Myanmar, but say the species should already be classified as endangered. Habitat loss and fragmentation is putting the gibbons at risk of extinction.

In the Gaoligongshan nature reserve, where the gibbons were discovered, scientists had to trek up to 2,500 metres to find suitable habitat as "everywhere below there has been logged", Dr. Turvey told the BBC.

Travel search engine KAYAK enters India

Global travel search engine KAYAK officially announced its entry into the Indian market, providing innovative travel tools to help people search, plan and manage their travel. Having pioneered the category globally, the company helps travellers get the information they need before they book and offers tools and features to assist them throughout their trip, KAYAK Director Southeast Asia and India Imbert Fung told PTI here. He said the website and mobile app search hundreds of travel sites at once so that travellers have the information they need to make the best decisions. KAYAK will help travellers to search and compare prices with ease, he said.

Lupin to market Eli Lilly's new insulin in India

Lupin Ltd. has entered into an agreement with Eli Lilly and Co. (India) Pvt. Ltd. to market and sell Eglucent, a new brand of Lilly's rapid-acting insulin analog Lispro, through its own field force in India. Lilly will be responsible for manufacturing and import. As per the agreement, Lilly will continue to sell Lispro under the brand name Humalog, through its existing channels. Lupin, in July 2011, collaborated with Lilly to promote and distribute Lilly's Huminsulin products in India and Nepal. Eglucent is indicated for treating patients with diabetes mellitus. It is an injectable medication designed to improve blood sugar control in patients with type 1 and 2 diabetes.

Now, a cheap way to produce nuclear fuel using electricity

Scientists in Russia have developed a unique, low-cost method for producing high-quality nuclear fuel using electricity.

The main type of fuel for nuclear power reactors is the uranium oxide pellet composition, said Ivan Tananaev, from the Far Eastern Federal University School of Natural Sciences. It is produced from a powder by granulation, pressing, and sintering (coalescing into a solid or porous mass by heating) with the subsequent control of the quality and size of the pellets.

Powder metallurgy

The new technology allows one to obtain products that are of high quality and to reduce the number of production stages without increasing the cost.

The researchers have proposed an alternative mode of production, which forms the basis of powder metallurgy: electric pulse sintering under pressure.

"The key idea of our method is heating by an electric current passing through the mould with the powder placed in it," said Mr. Tananaev.

Influence of orography on tropical rain physics

The size of rain drops influences natural events such as soil erosion and landslides. Larger drops could cause more soil erosion that may serve as triggering factors for landslides. The size of rain drops is influenced by the orography (topographic features of mountains) of places when the rain rate is high, says a study carried out by R. Harikumar, a scientist of the Indian National Centre for Ocean Information Services, Hyderabad. The size of rain



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drops has a significant effect on soil erosion and landslides. Larger drops could cause more soil erosion that may serve as triggering factors for landslides, In a paper published in Atmospheric Science Letters, Dr. Harikumar found that rainfall in the Western Ghats region has larger drops compared with those in plain lands when the rain rate is high.

The study was carried out by comparing the rain drop size distribution characteristics at coastal and high altitude tropical stations. Rain data were collected from Kochi, Sriharikota, Munnar and Thiruvananthapuram.

Rainfall at Munnar consists of less number of bigger drops than in Kochi, Sriharikota, and even than Thiruvananthapuram. The rain in the Ghat region was dominated by bigger drops, which could account for more incidents of soil erosion, the paper concluded.

The drop size distribution characteristics at Munnar were very different from other stations. The only difference that Munnar possessed when compared to other stations was that, topographically, it was a hill-station situated on the Indian Western Ghats, it said.

The rain in Munnar was found to be made up of fewer but larger drops compared with any other stations in the plains, especially when it rained heavily. Even when it rained heavily in Kochi and SHAR, it is made up of more number of smaller drops compared to Thiruvananthapuram. Such a difference for Thiruvananthapuram also is attributed to the difference in orography at Thiruvananthapuram compared to Kochi and SHAR, the paper concluded.

The rain physics at Thiruvananthapuram and Munnar were comparable. Thiruvananthapuram has an orographic similarity with Munnar as it closer to the foothills. Kochi is quite far from the foot hills of the Western Ghats, and hence, orographically, so different from Thiruvananthapuram.

Environment Ministry postpones forest policy indefinitely

The Environment Ministry has indefinitely postponed an ambitious plan to update India's forest policy.

It has also decided to abstain from committing to a timeframe by which it would have a third of India's land under forest or tree cover, a key promise of the forest policy.

The Ministry of Environment, Forest and Climate Change (MoEFCC) has not set up any timeframe for formulation of the new forest policy and, as of now, the draft version of the policy is not ready," Anil Madhav Dave, Union Minister for Environment, Forests and Climate Change, said

in a written reply to the Lok Sabha.

"The national goal is to have a minimum of one-third of the total land area of the country under forest or tree cover. However, no time limit has been prescribed to achieve this target," the Minister wrote.

The MoEFCC had tasked the Bhopal-based Indian Institute of Forest Management (IIFM), an affiliated organisation, with reviewing and revising the existing forest policy. This was the first time that the policy was being re-looked since 1988 as it wanted to update the several changes in the forest laws and provide a forward-looking policy that talked about increasing India's forest cover and tackling the effects of climate change.

The organisation had submitted its report and was available on the Environment Ministry's website, as a "Draft National Policy."

However, on June 22, the Ministry rejected the report and claimed it had "inadvertently" uploaded the draft policy and claimed it to be so, when it was only a "study" by the IIFM.

The draft policy, as The Hindu reported on June 22, made several suggestions including promoting the commercial use of wood, a greater role for industry in forest management and time-bound reviews of the progress being made in effectively managing forests. It, however, had not explicitly mentioned the role of tribals in forest management and the protections accorded by the Forest Rights Act.

As India goes digital, hacking targets multiply

Congress Vice President Rahul Gandhi's Twitter account was hacked and some expletives-laden tweets were posted. A day later, Congress Party's official Twitter account got breached.

"In either of the case I am certain there is more data in the hands of the hackers than just account access that might be released in due course of time," said Saket Modi, co-founder of cybersecurity start-up, Lucideus Tech.

At a time when an increasing number of Indians are going digital and doing transactions online, these hacking incidents expose the country's cybersecurity vulnerabilities.

In India, there has been a surge of about 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.

Mr. Modi of Lucideus said the hacking of the social media networks of Mr. Gandhi and Congress Party can be a



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potential backdoor malware being present on a computer system on which both the accounts might have been simultaneously accessed. He said this can also be a long persistent and targeted attack called 'spear phishing'. It is an e-mail spoofing fraud attempt that targets a specific organisation or individual. It seeks unauthorised access to confidential data.

Spoofing banks

Researchers in India at cyber security company Fire Eye discovered phishing websites created by cybercriminals that spoof 26 Indian banks in order to steal personal information from customers. Fire Eye said that it has notified the Indian Computer Emergency Response Team.

"Criminals follow the money, and as more Indians embrace online banking, criminals followed them online," said Vishak Raman, Senior Director for India and SAARC at Fire Eye in a statement. He said as the digital economy grows, consumers should be aware of the risks that accompany the convenience. He said the ease of online payments opens new avenues for criminals to trick consumers into divulging their own sensitive banking information.



For instance, Fire Eye said that it has identified a new domain (csecurepay.com) registered in October this year, that appears to be an online payment gateway. But it is actually a phishing website that leads to the capturing of customer information from 26 banks operating in India. The company said that in this phishing attack, victims are asked to enter their account number, mobile number, email address, one-time password and other details. Once the information is collected, the website displays a fake failed login message to the victim. The phishing site served fake logins from 26 banks, including large banks such as ICICI, HDFC and State Bank of India, according to Fire Eye.

Using the registration details of this domain, Fire Eye security researchers identified a second domain (nsecurepay.com) registered by the same attacker in August. This

domain appears to be created to steal credit and debit card information including ICICI, Citibank, Visa and MasterCard and SBI debit card details. But it was observed to be producing errors at the time of discovery, according to Fire Eye.

Google accounts

Experts are also seeing a shift in the strategy of hackers, who are now targeting mobile devices in order to obtain the sensitive information that is stored on them. Israeli cyber security firm Checkpoint said that its security researchers have revealed a new variant of Android malware, breaching the security of more than one million Google accounts.

The new malware campaign, named Gooligan, roots Android devices and steals email addresses and authentication tokens stored on them. With this information, attackers can access users' sensitive data from Gmail, Google Photos, Google Docs, Google Play and Google Drive, according to Check Point.

"This theft of over a million Google account details is very alarming and represents the next stage of cyber-attacks," said Michael Shaulov, Check Point's head of mobile products in a statement.

Check Point's Mobile Research Team first encountered Gooligan's code in the malicious SnapPea app last year. In August 2016, the malware reappeared with a new variant and has since infected at least 13,000 devices per day. About 40 per cent of these devices are located in Asia and about 12 per cent are in Europe.

Infected app

The infection begins when a user downloads and installs a Gooligan-infected app on a vulnerable Android device, or by clicking on malicious links in phishing attack text messages.

"As part of our ongoing efforts to protect users from the Ghost Push family of malware, we've taken numerous steps to protect our users and improve the security of the Android ecosystem overall," said Adrian Ludwig, Google's director of Android security. Google said it contacted affected users and revoked their tokens, removed apps associated with the Ghost Push family from Google Play, and added new protections to its verify Apps technology.

Indian researchers adopt novel approach to drug discovery

Researchers from the International Centre for Genetic Engineering and Biotechnology (ICGEB), Delhi have found a novel route to discover new drug targets and



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potential drugs for parasites such as *Loa loa* nematode (roundworm) and *Schistosoma mansoni* platyhelminths (flatworm) that cause several diseases. The results were published in the journal PLOS Neglected Tropical Diseases.

Both these parasites are the cause of major health burden, particularly in African countries. There are limited treatment options and there is the threat of drug resistance. There also little interest in developing drugs for these diseases by pharmaceutical companies as they do not stand to benefit much commercially.

Genetic codes

Instead of blindly screening molecules, which takes a long time and is expensive, a team led by Dr. Amit Sharma from the Molecular Medicine Group at ICGEB looked at Aminoacyl-tRNA synthetases (aaRSs) of the two parasites.

The aaRSs are vital enzymes that decode genetic information and enable protein translation. "The reason why we chose the tRNA synthetase enzyme family is because it is highly conserved [genomic similarity] in malaria and other parasites, including *L. loa* and *S. mansoni*," said Dr. Sharma, the corresponding author of the paper.

The novel approach of looking at the conserved region of the parasites is direct, quicker and cheaper. The aaRSs enzyme family has 20 members and each one of the enzymes contributes to protein synthesis. Even if one of the 20 enzymes is missing then protein synthesis cannot happen.

"We have elaborated all the critical aaRS enzymes that contribute to protein synthesis," he said.

In a next step, the team picked up one of the enzymes and validated it as a drugable target. For that purpose, the enzymes were recombinantly produced and their activities were studied.

"Cladosporin, a very potent compound that targets the malaria parasite in both blood and liver stages, seems to inhibit the enzymes of the *L. loa* and *S. mansoni* with high potency," Dr. Sharma said.

The researchers studied the crystal structure of the enzyme with cladosporin. This revealed how tightly the drug binds within the active site of the enzyme.

The researchers could understand the active sites of the enzyme and how the drug inhibits their enzyme activity.

The researchers found the drug compound to be a "very potent inhibitor" of essential enzymes in *L. loa* and *S. mansoni*.

It is also possible to use the compound to target the tRNA synthetase enzyme family of other parasitic worm dis-

eases.

Nod for uranium exploration proposal in Amrabad tiger reserve

A proposal for uranium exploration in the Amrabad Tiger Reserve has been cleared by the Telangana State Board for Wildlife, paving the way for mining of the subterranean element used in nuclear reactors and in production of nuclear weapons.

Proposal for exploration of the element in Amrabad reserve was tabled for discussion in the first ever meeting of the Board, which was chaired by Forest Minister Jogu Ramanna, here. The proposal was cleared unanimously by the Board, with not much opposition even from the independent members, sources informed. However, it was agreed that the exploration should be preceded by a visit by team from the National Tiger Conservation Authority (NTCA). The Board met for the first time in two years after it was reconstituted, post the bifurcation.

The proposal by the Regional Director of South Central Region of the Department of Atomic Energy (DAE) sought permission for uranium exploration survey over 83 square kilometres of the forest area falling in Amrabad Tiger Reserve which is spread over Amrabad and Udumilila in Mahabubnagar district and Narayanpur in Nalgonda district. Uranium exploration in the reserve has been a contentious issue right since early this millennium, when the same was proposed by the DAE. Environmentalists rose up against the mining proposal, resulting in the State Pollution Control Board vetoing it despite approval from the National Board of Wildlife.

The issue resurfaced when aerial reconnaissance was conducted a few years ago, to locate the uranium-rich regions in the reserve, giving rise to vocal protests by adivasis and environmentalists. After approval by the State Board, the proposal will now be sent to the National Board of Wildlife (NBW). Another major proposal that was cleared at the meeting was to allow movement of heavy vehicles through Kawal Tiger Reserve during day time.

Other proposals included notification of the nesting and breeding area of Long Billed Vultures in Bejjur range of Kagaznagar division as conservation reserve, and diversion of forest areas for Mission Bhageeratha project.

'Earth's day lengthens by two milliseconds a century'

Astronomers who compiled nearly 3,000 years of celestial records have found that with every passing century,



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the day on Earth lengthens by two milliseconds as the planet's rotation gradually winds down.

The split second gained since World War I may not seem much, but the time it takes for a sunbeam to travel 600km towards Earth can cost an Olympic gold medal, as the American Tim McKee found out when he lost to Sweden's Gunnar Larsson in 1972.

For those holding out for a whole extra hour a day, be prepared for a long wait. Barring any change in the rate of slowing down, an Earth day will not last 25 hours for about two million centuries more.

Researchers at Durham University and the U.K.'s Nautical Almanac Office gathered historical accounts of eclipses and other celestial events from 720 BCE to 2015. The oldest records came from Babylonian clay tablets written in cuneiform, with more added from ancient Greek texts, such as Ptolemy's 2nd century *Almagest*, and scripts from China, mediaeval Europe and the Arab dominions.

The ancient records captured the times and places that people witnessed various stages of solar and lunar eclipses.

To find out how the Earth's rotation has varied over the 2,735-year-long period, the researchers compared the historical records with a computer model that calculated where and when people would have seen past events if Earth's spin had remained constant.

"Even though the observations are crude, we can see a consistent discrepancy between the calculations and where and when the eclipses were actually seen," said Leslie Morrison, an astronomer on the team. "It means the Earth has been varying in its state of rotation." Astronomers have long known that Earth's spin is slowing down. The main braking effect comes from tides caused by the moon's gravity.

Changes in the world's sea levels and electromagnetic forces between Earth's core and its rocky mantle had effects on Earth's spin too, according to the scientists' report in *Proceedings of the Royal Society*. The different forces seem to drive cycles in the Earth's rotation spanning decades to centuries, with one cycle repeating every 1500 years. — Guardian News and Media Ltd.

Resourcesat-2A joins the observation deck

Remote sensing satellite Resourcesat-2A was launched from Sriharikota at 10.24 a.m. . It was the only passenger flown aboard the PSLV-C36 rocket.

"It was a perfect launch," declared A.S. Kiran Kumar, chairman of the Indian Space Research Organisation, after confirmation came 18 minutes later that the satellite

had been deployed at 824 km from Earth.

"We have put one more operational [Earth observation] satellite in orbit," he said in an address from the launch complex, the Satish Dhawan Space Centre in coastal Andhra Pradesh.

The 1,235-kg spacecraft now orbits in a pole-to-pole sun-synchronous path close to the intended position, inclined 98.7 degrees to the equator. The orbit will be adjusted slightly in the coming days by the ISRO Telemetry, Tracking and Command Network in Bengaluru.

What it means

Resourcesat-2A is follow-on to two predecessor spacecraft for the observation of Earth from space. For at least the next five years, it ensures continuous three-tier remote-sensing data. Resourcesat-1 was put in space in October 2003 and Resourcesat-2 in April 2011, each with a planned life of five years.

The first images are expected from December 15. Once its orbit is stabilised and it is paired with Resourcesat-2, the new spacecraft will start giving improved and more frequent data, said satellite director S.K. Nagesh.

The satellite's three cameras of different resolutions will soon start giving regular micro and macro information about the land and waterbodies below, farmlands, their crop area and production estimation, forests, soil mapping, drought, mineral deposits, and rural and urban spreads, besides guiding in disaster management, ISRO said.

According to an ISRO official, the AWiFS (Advanced Wide Field Sensor) provides images of 56-metre resolution, which would be useful at the State level. The LISS-3 (Linear Imaging Self-scanning Sensor) of 23.5-metre resolution can take pictures at the district level, while LISS-4 (5.6 metres) can provide taluk-level information.

Success streak

In 2016, nine missions have taken off successfully from the Satish Dhawan Space Centre, including the more powerful GSLV, said launch centre director P. Kunhikrishnan. For the light-lifting PSLV, it was the 37th straight successful flight. It was configured in the extended XL version that has six small strap-on motors. ISRO's old reliable vehicle has launched 122 spacecraft since 1994, of which 43 are Indian.

Camera on PSLV filmed launch

Even as PSLV-C36 was coursing up its path, a video camera attached to it was filming the flight and sending down the images in real time.

The camera on the vehicle was among the few new parts the Indian Space Research Organisation tested



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in Wednesday's otherwise routine mission. "The [video] camera put on the launch vehicle showed us the deployment of [Resourcesat-2A] as well as the deployment of the solar panels," said A.S. Kiran Kumar, ISRO chairman. According to the director of launch centre Satish Dhawan Space Centre, P. Kunhikrishnan, and rocket complex Vikram Sarabhai Space Centre director S. Sivan, a few more new devices were tried out, including a remote fuel-filling system for the rocket's fourth stage, which cuts the countdown by a day and makes it safe for engineers working with propellants; a navigation processor and receiver based on the NAVIC navigation fleet guided the PSLV; a high performance avionics system and an indigenous Vikram processor; and an indigenous lithium ion power system for the first time in a PSLV.

GSLV-Mk3 to fly on Jan. 20

GSLV-Mark 3, the country's most powerful launch vehicle built to lift the heaviest Indian communications satellites to space, is set for its first full-fledged flight on January 20, two ISRO directors announced.

Mk III can loft satellites weighing 4,000 kg to space, double the weight the current GSLV-Mk II can lift. "We are working to have the maiden test of GSLV-Mk3 flight on January 20," said S. Sivan of the Vikram Sarabhai Space Centre after the launch of Resourcesat-2A at Sriharikota. The vehicle will put the GSAT-19E communication satellite into orbit. when functional in a few years, Mk III will also enable ISRO to launch from India communications spacecraft to geostationary orbits of 36,000 km. Because of the absence of a powerful launcher, ISRO currently launches satellites above 2,000 kg on European rockets for a big fee. Mk III was partially tested in a 150-km 'sub-orbital' flight in December 2014, without the cryo engine. The smaller and now operational GSLV-Mk II will have its second flight soon. It will put GSAT-9 communications satellite into orbit.

'Declare India country with FGM prevalence'

As many as 30 women from the Dawoodi Bohra community have petitioned the United Nations demanding that India be recognised as a country where Female Genital Mutilation (FGM) or Female Genital Cutting (FGC) is practised.

The petition put up by the group called 'Speak Out on FGM' states that due to the secrecy around it, the act is ignored by the government and there is no data on FGM from India.

'Practice continues'

"We have been raising our voices for long but the practice continues. There has been barely any change on the ground level as the government has not responded to our pleas in any way. If the U.N. stands with us, the government will automatically take note," said Masooma Ranalvi, a 50-year-old publisher from Delhi and a member of Speak Out on FGM. "Many African countries have stopped the practice after U.N. intervention. We hope to have the similar change in our country," she added.

The World Health Organization defines FGM or Female Circumcision as all procedures that involve partial or total removal of the external female genitalia, or other injury to the female genital organs for non-medical reasons. Termed as khatna or khafz in India, it is commonly practised among the two million strong Dawoodi Bohra community.

"For hundreds of years, this practice is being continued under a shroud of secrecy and silence. No one outside of the Bohra community even knew of its existence. Even today young Bohra girls aged 7 or even younger sometimes are taken secretly and subjected to FGM/C," the petition states.

"At least 80 per cent of the Bohra girls are subjected to this act of violence. Unless the government stands behind us, the brutal act will continue," said Ms Ranalvi, who was subjected to FGM at a very young age. But she ensured that her daughter, 22, was not put under the knife.

Since the group of like-minded women got together in 2015 under 'Speak Out on FGM,' they have taken up several campaigns to reach out to the community.

They started with the very first petition which was named after their group that received 80,000 signatures.

Another campaign called 'Not My Daughter' started in April this year had over 150 Bohra mothers and fathers pledging that they will not put their daughter through the suffering.

A recent campaign called 'Each One Reach One,' along with another group called Sahiyo, aimed at reaching out to at least one Bohra woman to have a conversation about khatna. The group has also reached out to the clergy in the community including its religious head Syedna Mufaddal Saifuddin.

'Extremely uncouth'

"I feel that the parents have absolutely no right to tamper with their children's body. Male circumcision is a common practice but there is some evidence to show its medical benefit. In females, there is absolutely no benefit. In fact the act of female cutting is carried out with an idea of



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reducing sexual pleasure or reducing libido in women,” said Ahmedabad based gynecologist Sheroo Zamindar who was cut at an early age.

“I still can’t forget that dark dingy room where I and my sister were taken,” said Dr Zamindar adding that the procedure is carried out in an extremely uncouth manner and in a non-sterile environment. “If I had a daughter, I would have not done it for her,” she said adding that many of her patients approach her to cut their daughters but she refuses.

The WHO also emphasises that the procedure has no health benefits for women. In India, the commonly practised form of cutting is clitoridectomy that involves partial removal of the clitoris, specifically the clitoral hood that is made of erectile tissue and protects the glans.

Bohra women fighting against the practice say that clitoral unhooding is also a form of genital cutting and violation of human rights.

“If we are declared as a FGM state by the U.N., there will be focus on our country,” said Dr. Zamindar.

Plastic notes will help beat counterfeiting

The government informed Parliament that it has been decided to print banknotes based on a plastic or polymer substrate in order to make counterfeiting them more difficult.

“It has been decided to print banknotes based on plastic/polymer substrate,” Minister of State for Finance Arjun Ram Meghwal told Parliament .

“The process of procurement has been initiated.”

The Minister also added that the government has initiated various steps to popularise cashless transactions following its announcement to demonetise high value currency notes from November 8 onwards.

‘Various steps taken’

“Various steps have already been taken in order to popularise cashless transactions viz., waiving the MDR (Merchant Discount Rate) charges till December 31, 2016 by the banks to promote greater use of debit cards, reducing the USSD (Unstructured Supplementary Service Data) charges by TRAI from the current Rs. 1.50 per session to Rs. 0.50 per session for transactions relating to banking and payments, and waiver of the same by the telecom companies until December 31, 2016,” Mr. Meghwal told the Parliament.

‘Nanoceramic’ material for safer, cheap-

er nuclear reactors

Scientists, including one of Indian origin, have created a nanoceramic material, which may be used in next-generation nuclear reactors that will operate at higher temperatures and radiation fields, producing energy more efficiently and economically.

Tougher under radiation

The material can not only withstand the harsh effects of radiation, but also becomes tougher under radiation, researchers said.

Traditionally, water has been used as the primary coolant in reactors, absorbing the heat released from fission reactions.

Though water poses fewer risks of corrosion damage to materials, there are also limits to the temperatures up to which water-cooled reactors can operate — and in advanced reactors, increasing their temperature is the best way to increase energy production.

New coolants, such as liquid metals like sodium and lead, are effective at much higher temperatures, but also are much more corrosive to the materials from which a nuclear reactor is made. “There is a preferred use of metallic materials for structural components, but many of these materials cannot withstand high-temperature corrosion in advanced reactors,” said Kumar Sridharan, professor at the University of Wisconsin-Madison in the U.S.

The research was published in the journal Scientific Reports.

ISRO signs deal for first privately built satellite

The Indian Space Research Organisation has roped in a consortium of six companies to deliver the country’s first industry-built spacecraft by late 2017.

The contract signed includes assembly, integration and testing (AIT) of two spare navigation satellites consecutively in around 18 months. It was signed between M. Annadurai, Director of ISRO Satellite Centre (ISAC), and the consortium lead; Alpha Design Technologies P Ltd. ISAC assembles the country’s satellites for communication, remote sensing and navigation.

From the third year, Indian industry could expect competitive bids for a new lot of spacecraft of 300-500-kg class, perhaps five a year, for both ISRO and for export, Col. H.S. Shankar (retd), CMD of Alpha Design, told The Hindu. This is the first time that ISRO has outsourced an entire satellite to industry, said Col. Shankar .

Alpha is a defence manufacturing contractor while the others are small and medium-sized vendors that already



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supply components to ISRO. The others in the consortium are Newtech Solutions, Aidin Technologies and DCX Cables of Bengaluru, Vinyas Technologies of Mysuru and Avantel Systems of Hyderabad.

The work will start around January and the first spacecraft will be brought out in around nine months.

India has just what hyperloop needs

When Bibop Gresta, chairman and co-founder of Hyperloop Transportation Technologies, Inc. (HTT) met Union minister of road transport and highways Nitin Gadkari in the Silicon Valley, Mr. Gadkari mistook him for Tesla Motors Inc.'s founder Elon Musk. Mr. Gresta clarified his identity and now his California-based start-up is in talks with the transport ministry to build the hyperloop transportation system in India. HTT's system is based on the hyperloop concept, which was envisioned by Elon Musk. It is a new mode of passenger transportation that pushes a pod-like vehicle through a near-vacuum tube at airline speeds. According to Mr. Gresta, India needed such system. He has experienced the country's transportation problem first-hand when he landed in Bengaluru this month and had to travel by car from the airport. "Oh my God, it was crazy, I took forever. You guys drive like there is no tomorrow," he said. Edited excerpts.

Why do you want to set up the hyperloop system in India?

India has amazing potentialities right now because it has the right density, the lack of infrastructure and the political willingness to change. This combination of factors could be disruptive in a country that we know would be leading the world in the next few decades. India has everything in terms of the resources and minds. It is a responsibility to embrace innovation because it is the only way to actually fix the problem.

Have you discussed it with the government?

I actually met Mr. Modi (the Prime Minister) in the Silicon Valley and Mr. Gadkari (Union minister of transport and highways). Mr. Gadkari demonstrated a big interest for hyperloop and he also said it publicly. We have had a proposal on his table for a couple of weeks. We had a very long commercial conversation with Mr. Gadkari. He said he wants to do it. He said that he is ready to give us land. So, we have to see if he wants to do it or not.

Considering infrastructure challenges, can it happen in India?

It needs to happen, this is the country that needs it more. How can you fix the problem? It is not building other roads. This system is broken in every possible way. The

rails are not a viable way to fix the problem as you see it. They are too expensive and are not profitable and are subsidised by the state. We need a system that can be profitable which is efficient and fast and that is hyperloop and we are ready to build it.

We have read about such systems in science fiction books, how far is it from reality?

We have the technology. We are the only company that owns the trademark hyperloop in 20 countries, including India. We are the only company that has licensed technology tested by the Lawrence Livermore National Laboratory. We have the vacuums made by a labelled company that is the inventor of the vacuum pumps. We have all the elements to build hyperloop. We are not inventing anything new. We are putting together technology that already exists. We are doing it in a very smart and efficient way. We can actually build it right now. There is criticism that you will never be able to build it right away. Well, I have bad news for these naysayers. Hyperloop can be built on top of existing infrastructure like rail, highway and can be built (alongside). For example a highway between Pune and Mumbai... Give us the land and we will build.

Globally over a million people die each year as a result of road traffic crashes, can this system save lives?

You have to understand 80 percent of the fatalities are caused by human error. We are completely managed by computers and supervised by humans. Our system implements what we call 'swarm intelligence' like the ants or the bees. The ants are capable of forming a line and with antennas and pheromones; they are able to communicate almost at the speed of sound. We are using a similar system. The first capsule analyses the tube and communicates to the next one. It is not only capable of controlling the systems through sensors and the mother-ship but in the case of lost communications, the capsules are intelligent (enough) to react, slow down and stop. You are always able to stop the capsule and evacuate the people safely.

But don't you think high-speed trains like in Japan and China make more sense?

You have to imagine, in our system, you don't need an electrified truck on the ground like the high-speed rail that uses too much energy. It costs too much because you have to bring the system to superconductivity. The hyperloop is a very simple system. Imagine you have a capsule full of people and you put it inside a tube. You evacuate the tube from the air so there is no resistance.

Now you can move the capsule at the speed of sound



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with very less energy. We are using a combination of renewable energy to produce electricity with the solar panel, the wind and the capsule also generates electricity while moving.

Could you give the cost comparison?

We should talk about where you are building it. Are you building it in Switzerland with mountains, bridges and tunnels or you are building it in a desert? But on average you can talk about \$40 million per kilometre compared to high-speed train which costs two times (as much) when we are lucky or six times when we are unlucky like in California.

Are you working with any partners in India on hyperloop technology?

We have 25 people working from India as part of our contribution programme. Besides our own employees, we also have a crowdsourcing approach. We have a community of almost 800 people. We have a programme called the hyperloop academy. We want to launch it in India to allow students to join our team and compete on developing and solving tasks related to the real hyperloop.

'It is time to leave the history of coal behind'

Strict emission standards, an enabling regulatory framework, and a high price on carbon are some of the key ways India can boost its natural gas sector, according to the International Gas Union, a non-profit organisation comprising natural gas majors from around the world.

"There is a role for the government in enabling the right regulatory regime to allow the construction of the pipelines that transport gas from where it is produced to where the markets are," David Carroll, President of the International Gas Union (IGU) told The Hindu in an interview. "In addition, the regulation must also allow third-party access in the way one does with power lines or telecom lines to ensure that buyers, sellers and transporters can ensure that the product can move freely without undue barriers." The more than 140 members of the IGU are associations and corporations of the gas industry representing more than 95 per cent of the global gas market, and they work together to help countries, such as India, move towards a higher share of natural gas in their energy mix.

"Another important area to work on is emission standards," Menelaos Ydreos, Executive Director of Public Affairs at IGU added during the interview. "Be stricter on those so you have to innovate to meet those standards. If coal can innovate to meet them, then more power to them. To the extent that gas can innovate, more power

to gas.

"But that way you are not picking a winner or loser. You are letting the market respond to the requirements. However, the most efficient instrument is to put a price on carbon."

"Gas is 50 per cent cleaner than coal on carbon emissions, significantly cleaner on sulphur oxides and nitrogen oxides, and has virtually non-existent PM 2.5 emissions, which is the big issue with respect to air quality," Mr. Ydreos added. "And this holds whether you burn imported gas or domestically produced gas."

Coal conundrum

India's reliance on coal as a source of energy is normal for a developing economy, Mr. Carroll said, but the need to balance economic growth with environmental concerns means that there are significant opportunities in the gas sector.

"Like much of the developing world, you have a reliance on coal," he said. "Even well-developed economies still have coal as a sizeable part of their portfolios, but it has diminished over time. These economies, it's all they did, burn coal and wood.



"It's an evolution, societies tend to decarbonise as they progress."

"But if you couple that challenge with tremendous economic growth, population growth, urbanisation... it creates challenges but also opportunities," he added. "And it certainly creates an environment where a 6.5 per cent to 15 per cent jump is not only achievable but also desirable due to the economic benefits that gas can provide and also the environmental benefits.

Mr. Carroll was referring to the Indian government's commitment to increase the share of gas in the energy mix from the current 6.5 per cent to 15 per cent. The global average share of gas in the energy mix is 24 per cent.

"Domestic production used to meet domestic demand," Mr. Ydreos explained. "While demand has steadily increased, domestic production of gas has declined. And that's why now India has become an importer of LNG.



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I think it was largely a mentality of 'we have a growing economy, we have domestic resources such as coal, and so we'll use those as we grow our economy'. The difficulty with that is to continue like that is counter to some of the climate change aspirations and environmental issues in India. It is a historical reason why coal has been preferred, but now it is time that history is left behind," he said.

However, despite gas' low share in India's energy mix compared with developed countries, this aspect is comparable with the energy situation in other developing countries, especially China.

"China is in the same range as India is right now, with a target to reach 10 per cent gas by 2020 and 12 per cent by 2030," Mr. Carroll said.

Renewable push

The Indian government has strongly committed to its targets of reducing emissions by 33 per cent by 2030, as set out during the COP21 summit in Paris, and towards this it has initiated a strong push towards a gas-based economy and has also invested heavily in renewable energy. The business opportunities this presents has not been lost on the international business community, according to Mr. Carroll. However, he also warned against investing too heavily in renewable energy at a time when the technology is not yet ready.

"You have to bring renewables at the right time so you aren't trying to bring them to market before they are actually ready," Mr. Carroll said. "In which case, you are left with inefficient and costly subsidies for technologies that may be irrelevant in the near future."

"India has a tremendous potential for solar energy," he added. "We all realise that we have to stop burning dead dinosaurs to get our fuel. But certain renewables are still going through their cost curves and learning curves to get the required amount of output and to jump into it too big too soon leads to inefficient subsidies."

"There is tremendous interest in the opportunities for natural gas in India," Mr. Carroll said. "There are opportunities wherever we are seeing a growing population and the vast movement of people into urban environments, and raising standards of living, and the ensuing huge increase in energy consumption. But with that you need to keep in mind the environmental challenges, so natural gas is definitely one of the fuels there, and so are renewables."

However, despite the sector-specific regulatory hurdles the government can remove, the key to encouraging foreign investment is stability, according to Mr. Ydreos.

"Nothing encourages investment more than a regulatory

environment that is predictable and is stable and ensures that there is an appropriate risk-reward for the investor," he said. "If you want to attract large investments into India, that's a precondition. That's what the investment community needs to see."

Cost accounting

Overall, while coal is cheaper than gas to produce, it works out to be significantly more expensive when externalities like health costs and environmental costs are worked into the equation.

"If you have two existing plants, a combined cycle gas plant and a coal plant, the coal plant on a marginal cost basis is cheaper," Mr. Ydreos said. "Once you include the externalities, though, such as healthcare costs and climate change impacts, then gas is the more affordable option. In new construction, gas fares better than coal. You can construct much faster, get approvals easier, and the initial capital is less than coal."

However, even if India ramps up its production of natural gas, it will still need to import gas for the foreseeable future, Mr. Carroll said, warning that this must not become an over-reliance on imports.

"You will need to import," Mr. Carroll said. "But I was listening to Prime Minister Modi speaking at the Petrotech conference and he was talking about the strategies for energy."

He did talk about plans for enhanced development of India's gas resources, both conventional, offshore, and potential for shale gas development. There was some early-stage development in shale gas, that, if it took off, could be a rapidly developing source. "At the same time, there is development on your import capabilities both in terms of on-land terminals and floating terminals," he added.

"But clearly work needs to be done on the domestic production side to keep pace, so that you don't become overly reliant on imports."

Private investment in the domestic natural gas market is set to increase in the future due to the pegging of the price of natural gas to the international market, Mr. Ydreos said.

"The biggest disincentive for domestic production was price," he said. "That was what kept it suppressed. Now that we have a new pricing scheme in India, you will see domestic production pick up."

Urbanising India needs sustainable solutions: Otis

Otis India, the subsidiary of Otis Elevator Company, the world's leading manufacturer of elevators, escalators and



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walkways, has entered the high-volume elevators market for affordable housing by introducing energy-efficient elevators in the Indian market.

Called Gen2 Core, these elevators can attain a speed of 0.7 metres per second and provides options of machine room or machine-less room arrangements. They are designed for low-rise residential buildings with a height of seven floors.

Affordable homes make up almost 90 per cent of the demand for homes in India and this has become one of the focus areas for Otis, a top official said.

Otis already had been deploying Gen2 technology in elevators for high-rise buildings since 2010 and the Gen2 Core elevators are built on this technology platform.

This product is an upgrade from traditional rope-gear systems to the permanent magnet (PM) gearless-belted technology ensuring energy-saving.

"The Gen2 Core uses Otis's patented, flexible polyurethane-coated steel belts, the ReGen regenerative drive, which captures energy that is normally wasted during braking and feeds it back into the building's electric grid, compact gearless machine and pulse monitoring system," said Sebi Joseph, President, Otis India.

The Gen2 Core, he said, offered the affordable housing segment an elevator that is 'environmentally responsible'. As India continued to urbanise, it needed sustainable solutions, he said, adding, "The Gen2 offers just that through its energy-saving and space conservation features."

The Gen2 Core will be manufactured in India at Otis' facility in Bengaluru with a delivery schedule of five weeks.

Affordable Housing

The current housing deficit in India stands at 19 million units and 95 per cent of this deficit is around the Economically Weaker Sections and Low Income Group segments. This segment is likely to get a boost as the government is aiming to provide housing for all by 2022.

"Affordable homes do not just mean the cost accessibility of the home but also lower operational and maintenance costs. Sustainable features are key to any affordable housing project. This product will help us to penetrate across the country especially into tier-1 and -2 cities," Mr. Joseph said.

Gen2 Core would cost approximately 15 per cent more compared with products with similar speeds in the market.

India's new elevator market is estimated at 48,000 units per year and overall, the market is growing by 7 to 8 per cent.

However, Otis India, with a market share in the 'mid-

teens,' has reported 20 per cent growth in its order book so far this year.

This year the firm bagged new orders from Mantri Developers and Indiabulls, out-bidding rivals. Otis will supply 1,000 elevators and escalators to Mantri Developers for its projects and 37 high-speed elevators, including 18 SkyRise elevators to the Indiabulls BLU Project in Mumbai.

A discovery makes a curator's heart pound

It is an auctioneer's jackpot dream. A man walks in off the street, opens a portfolio of drawings, and there, mixed in with the jumble of routine low-value items, is a long-lost work by Leonardo da Vinci.

And that, more or less, is what happened to Thaddée Prate, director of old master pictures at the Tajan auction house in Paris, which is to announce Monday the discovery of a drawing that a curator at the Metropolitan Museum of Art says is by Leonardo, the Renaissance genius and master draftsman. Tajan values the work at €15 million.

"In a bit of a rush"

this reporter was ushered into Tajan's private viewing room, where the drawing, of the martyred St. Sebastian, about 7½ inches by 5 inches, stood resplendent in an Italian Renaissance gold frame on an old wooden easel. In March, Mr. Prate recalled being "in a bit of a rush" when a retired doctor visited Tajan with 14 unframed drawings that had been collected by his bibliophile father. Mr. Prate spotted a vigorous pen-and-ink study of St. Sebastian tied to a tree, inscribed on the mount "Michelange" (Michelangelo). "I had a sense that it was an interesting 16th-century drawing that required more work," said the elegantly suited Mr. Prate, speaking in the boardroom of Tajan's art deco premises. Mr. Prate, 55, asked for a second opinion from Patrick de Bayser, an independent dealer and adviser in old master drawings, who examined the St. Sebastian in Paris.

Mr. De Bayser asked: "Have you seen the drawing is by a left-handed artist?" (Leonardo was left-handed.) He also discovered two smaller scientific drawings on the back of the sheet. These diagrammatic studies of candlelight were accompanied by notes written in a minute, Italian Renaissance right-to-left hand. The two men looked at each other. "I said, 'You can't believe this is by Leonardo?'" Mr. Prate recalls. "But that would have been so incredible."

Tajan reached out to New York for a third, definitive view



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from Carmen C. Bambach, a curator of Italian and Spanish drawings at the Metropolitan Museum of Art. Bambach was an organiser of the Met's 2003 exhibition "Leonardo da Vinci, Master Draftsman," the first in the United States to take a comprehensive chronological overview of the artist's works on paper. That show included two studies, from museums in Hamburg, Germany, and Bayonne, France, that related to the "eight St. Sebastians" listed by Leonardo in his "Codex Atlanticus" sketch and notebooks, preserved in the Biblioteca Ambrosiana in Milan.

"Exciting discovery"

"My eyes jumped out of their sockets," Ms. Bambach said in a telephone interview, remembering her first sight of the drawing in Paris with de Bayser on the last day of March. "It exactly complemented the Hamburg St. Sebastian," she added, referring to how that pen-and-ink study of the saint tied to a tree also included inscribed optical studies on the reverse side, and to how the handwriting of the inscription was consistent in both double-sided drawings. "What we have here is an open-and-shut case. It's an exciting discovery."

In her view, the newly discovered drawing is the most highly developed and attractive of the three known studies associated with what may have been a lost painting of St. Sebastian. "My heart will always pound when I think about that drawing," she said.

Ms. Bambach estimates the drawing's date at 1482-85, during the early phase of Leonardo's period in Milan, when he painted his first version of The Virgin of the Rocks, now in the Louvre.

Why shouldn't diesel buses be barred from entering Delhi: NGT

Six neighbouring States of Delhi have been asked by the National Green Tribunal why they should not be directed to completely stop the operation of diesel buses coming to the national capital.

Noting that ambient air quality was poor during winters, a bench headed by NGT Chairperson Justice Swatanter Kumar asked the States of Rajasthan, Uttar Pradesh, Uttarakhand, Punjab, Himachal Pradesh and Haryana to take clear decision on switching to CNG vehicles and buy buses with additional fuel cylinders to resolve the issue of providing sufficient fuel in these buses. "It is contended before us that ambient air quality is much poorer compared to the prescribed standards and there is serious environmental and public health issues arising from the pollution. It is so more particularly in the areas of Anand Vihar, Patparganj and Sahibabad.

"Counsel appearing for the State of Uttarakhand, UP, Rajasthan, Haryana, Punjab and Himachal Pradesh to take clear instructions from their governments as to why they should not be directed to stop operating diesel buses destined to Delhi or passing via Delhi and instead operate CNG buses....," the Bench said.

The NGT also directed Delhi Pollution Control Committee and UP Pollution Control Board to provide complete details in regard to the air pollution resulting from the industries in Patparganj, Sahibabad and Anand Vihar within a week.

It asked them to find out what pollutants are discharged by industrial units in these areas and steps that are required to be taken by them.

The matter was listed for next hearing on December 23. In October, the green panel had rapped the states for not being clear on their policy for CNG vehicles and warned of halting state transport if they did not introduce CNG, saying most particulate matters in the air inhaled by Delhiites emanated from there.

The Bench was hearing a plea filed by Kaushambi Apartments Residents Welfare Association (KARWA). In its petition, KARWA had highlighted how the presence of two bus terminuses within 200 metre of each other in Kaushambi has exacerbated air pollution in the area and sought to relocate the Kaushambi bus stand.

Goat with superfine wool cloned in China

The world's first cloned goat bearing superfine Cashmere wool was born in north China's Inner Mongolia Autonomous Region, local government said .

The goat will be raised in a base for animal husbandry research conducted by experts from agricultural universities in Inner Mongolia and southwest China's Yunnan Province, the Bayannur city government said.

The Cashmere fibre from the goat is less than 13.8 micrometres thick, much finer than the average of 15.8 micrometres of the famous Erlang Mountain goats in Inner Mongolia.

Cashmere wool is obtained from Cashmere goats and a few other types of goat.

Newly discovered snake has rainbow-hued head

A rainbow-headed snake, a tiny frog and a lizard with dragon-like horns are among more than 150 new species confirmed by scientists last year in the ecologically diverse but threatened Mekong region, researchers said . Winding its way from the Tibetan plateau through the mountains and jungles of Southeast Asia, the Mekong



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river helps sustain one of the most diverse regions on the planet. Each year scientists announce new species, after an often lengthy identification process, highlighting how much more there is to learn about the region. But there are fears many species may die out before even being discovered in an area of the world that is rapidly developing, where rule of law is notoriously shaky and wildlife smuggling rampant.

“The Greater Mekong region is a magnet for the world’s conservation scientists because of the incredible diversity of species that continue to be discovered here,” Jimmy Borah, from WWF’s Greater Mekong team said.

The Greater Mekong region — which includes south-western China, Vietnam, Cambodia, Laos, Thailand and Myanmar — is under intense pressure from dam and road building as well as a thriving illegal wildlife trade.

“Many collectors are willing to pay thousands of dollars or more for the rarest, most unique and most endangered species,” Mr. Borah said. In total, scientists described 163 new species in 2015 including nine amphibians, three mammals, 11 fish, 14 reptiles and 126 plants.

Among the most eye-catching are Parafimbrios lao , a snake found in the limestone karsts of northern Laos whose scales reflect rainbow-like colours around its head. On the Thai tourist island of Phuket, which has seen huge development in recent decades, scientists found a lizard (Acanthosaura phuketensis) with a fearsome-looking ridge of horns down its head and back.

And in the country’s northern Chiang Rai province researchers found a newt (Tylostrotion anguliceps) with dazzling red and black markings that they likened to a Klingon’s head from the Star Trek franchise.

In Cambodia and Vietnam, a new frog species that could fit on a finger tip was also discovered. At 3cm long, Lep-tolalax isos , can fit on a finger tip.

Robot provides rare glimpse of world under Antarctic sea ice

An underwater robot has captured a rare glimpse beneath the Antarctic sea ice, revealing a colourful world filled with coconut-shaped sponges, dandelion-like worms, pink algae and spidery starfish.

The Australian Antarctic Division (AAD) took footage on a camera attached to a Remotely Operated Vehicle sent down by scientists through a small hole drilled in the ice as they recorded the acidity, oxygen, salinity and temperature of the seawater. “When you think of the Antarctic coastal marine environment, the iconic species such as penguins, seals and whales usually steal the show,” AAD

biologist Glenn Johnstone said .

“This footage reveals a habitat that is productive, colourful, dynamic and full of a wide variety of biodiversity, including sponges, sea spiders, urchins, sea cucumbers and sea stars.”

These species, recorded near Australia’s Casey research station, live in water that is -1.5 degrees Celsius year round and covered in 1.5 metres of sea ice for 10 months of the year.

“Occasionally an iceberg may move around and wipe out an unlucky community, but mostly the sea ice provides protection from the storms that rage above, making it a relatively stable environment in which biodiversity can flourish,” he said.

Ocean acidification

Scientists in Antarctica are working on better understanding of the impact of acidification on Southern Ocean sea-floor communities under increasing carbon dioxide emissions.

Project leader Johnny Stark said a quarter of the carbon dioxide emitted into the atmosphere was absorbed by the ocean, which increases its acidity.

“Carbon dioxide is more soluble in cold water and polar waters are acidifying at twice the rate of tropical or temperate regions. These ecosystems are expected to be among the first impacted from ocean acidification,” he said.

“Research shows the pink encrusting algae, known as crustose coralline algae, may decrease in extent in a more acidic future ocean, as it incorporates calcium into its structure, and this becomes harder for organisms to obtain as the acidity of the seawater increases,” he added.

NASA spots spider-shaped troughs on Mars

For the first time, scientists using data from NASA’s Mars orbiter have imaged the growth of erosion-carved troughs that may be infant versions of Martian ‘spiders’ — radially patterned surface features found in the south polar region of the red planet.

Researchers using NASA’s Mars Reconnaissance Orbiter (MRO) report the first detection of cumulative growth, from one Martian spring to another of channels resulting from the same thawing carbon-dioxide process believed to form the spider-like features.

The spiders range in size from tens to hundreds of metres. Multiple channels typically converge at a central pit, resembling the legs and body of a spider.



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"We have seen for the first time these smaller features that survive and extend from year to year, and this is how the larger spiders get started," said Ganna Portyankina of the University of Colorado, Boulder in the U.S.

"These are sand dune areas, so we don't know whether they will keep getting bigger or will disappear under the moving sand," Mr. Ganna said.

Dunes appear to be a factor in how the baby spiders form, but they may also keep many from persisting through the centuries needed to become full-scale spiders.

The amount of erosion needed to sculpt a typical spider, at the rate determined from observing active growth of these smaller troughs, would require more than a thousand Martian years.

One Martian year lasts about 1.9 Earth years.

Carbon-dioxide ice, better known as "dry ice," does not occur naturally on Earth. On Mars, sheets of dry-ice cover the ground during winter in areas near both poles, including the south-polar regions with spidery terrain. Dark fans appear in these areas each spring.

NGT bans open waste burning

The National Green Tribunal (NGT) imposed a complete ban on burning of waste in open places and announced a fine of Rs. 25,000 on each incident of bulk waste burning. "We direct that there shall be complete prohibition on open burning of waste on lands, including at landfill sites. "For each such incident, violators, including project proponent, concessionaire, any person or body responsible for such burning, shall be liable to pay environmental compensation of Rs. 5,000 in case of simple burning, while Rs. 25,000 in case of bulk waste burning," a Bench headed by NGT Chairperson Justice Swatanter Kumar said.

Ban on PVC

While directing every State and Union Territory to enforce and implement Solid Waste Management Rules, 2016, the green panel also asked the Environment Ministry and all States to pass appropriate directions in relation to the ban on short-life Polyvinyl Chloride (PVC) and chlorinated plastics within a period of six months.

"All State governments and Union Territories shall prepare an action plan in terms of the Rules of 2016 and the directions in this judgment within four weeks from the date of pronouncement. The action plan would relate to the management and disposal of waste in the entire State. The steps are required to be taken in a time-bound manner.

"Plants for processing and disposal of waste and selection and specifications of landfill sites which have to be

constructed, be prepared and maintained strictly in accordance with the Rules of 2016," the NGT said.

Waste segregation

It further held that non-biodegradable waste and non-recyclable plastic should be segregated from the landfill sites and used for construction of roads and embankments in all road projects.

Newly discovered fish named after Obama

After a trapdoor spider, a speckled freshwater darter (fish), a parasitic hairworm and an extinct lizard, outgoing U.S. President Barack Obama now has a new species bearing his name.

Scientists have named pink-and-yellow coral-reef fish — found exclusively within the protected area in Hawaii — in honour of Mr. Obama. The fish now bears the formal scientific name *Tosanoides obama*.

The fish was discovered during a June 2016 National Oceanic and Atmospheric Administration expedition to Papahānaumokuākea Marine National Monument in the Hawaiian Islands.

On August 26, at the urging of the Hawaii Democrat Senator Brian Schatz, and various conservationists and marine scientists, Mr. Obama had expanded the Papahānaumokuākea Marine National Monument. At 15,08,870 sq.km, it is the largest permanent marine protected area on Earth.

"We decided to name this fish after President Obama to recognise his efforts to protect and preserve the natural habitat, including its expansion," said lead author Richard Pyle, Bishop Museum scientist.

Last great wilderness

"The expansion of Papahānaumokuākea adds a layer of protection to one of the last great wilderness areas on Earth," Mr. Pyle added. Male *Tosanoides obama* have a distinctive spot on the dorsal fin near the tail, which is blue around the edge and red with yellow stripes in the centre.

"It is reminiscent of President Obama's campaign logo so seemed especially appropriate for the fish to be named in honour of the President," Mr. Pyle said. The species was first collected on a dive of 91 metres depth at Kure Atoll, 1,930 kilometres northwest of Honolulu.

It is special because it is the only known species of coral reef fish endemic to the Monument.

Scans unveil secrets of world's oldest



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mummies

The world's oldest mummies have just had an unusual check-up.

More than 7,000 years after they were embalmed by the Chinchorro people, an ancient civilization in modern-day Chile and Peru, 15 mummies were taken to a Santiago clinic last week to undergo DNA analysis and computerized tomography scans.

The Chinchorro were a hunting and fishing people who lived from 10,000 to 3,400 B.C. on the Pacific coast of South America, at the edge of the Atacama desert. They were among the first people in the world to mummify their dead. Their mummies date back some 7,400 years — at least 2,000 years older than Egypt's.

Now, researchers are hoping to use modern medical technology to reconstruct what they looked like in life, decode their genes and better understand the mysteries of this ancient civilisation.

The 15 Chinchorro mummies, mostly children and unborn babies, were put through a CT scanner at the Los Condes clinic in the Chilean capital.

"We collected thousands of images with a precision of less than one millimetre," said chief radiologist Marcelo Galvez.

"The next phase is to try to dissect these bodies virtually, without touching them, which will help us preserve them for another 500,000 years." Using high-tech computer processing, researchers are busy reconstructing the mummies' muscles and facial features. "We want to see what they physically looked like, to reconstruct them and bring to life someone who died thousands of years ago," said Mr. Galvez. Researchers are also hoping to learn more about how the Chinchorro mummified their dead.

Careful reconstruction

The Chinchorro, who apparently had a complex understanding of human anatomy, would carefully remove the skin and muscles of the deceased. Using wood, plants and clay, they reconstructed the body around the remaining skeleton, then sewed the original skin back on, adding a mouth, eyes and hair. A mask was then placed over the face.

The result looks like something in between a statue and a person — eerily lifelike even after thousands of years. Mummification was an intimate process for the Chinchorro, said Veronica Silva, the head of the anthropology department at Chile's National Museum of Natural History. "The family itself would make the mummy," she said.

The earliest mummies were unborn fetuses and newborns, she said.

The mummies were all made using the same basic pro-

cess, but each one shows unique "technological and artistic innovations," she said. It was a process that evolved over time. The newest mummies are the most elaborate. Some 180 Chinchorro mummies have been discovered since 1903.

All were found outdoors, placed near the beach. The Chinchorro apparently did not build pyramids or any other structures to house them.

In fact, the Chinchorro civilization left no trace besides its mummies. "We are effectively talking about the oldest artificially mummified bodies in the world," said Silva.

"The Chinchorro mummies date to 7,400 years ago. That is to say, this system... existed 2,000 years before the first mummifications even began in Egypt."

Surprises have already begun to emerge from the CT scanner.

The smallest mummy, it turns out, was not a mummy at all. "There was no bone structure inside. It was just a figurine, possibly a representation of an individual who could not be mummified," said Ms. Silva.

Researchers also took skin and hair samples from the mummies to analyse their DNA, in hopes of identifying genetic links with the modern-day population. "We want to better understand their way of life — from their diet to whether we Chileans still carry their genes," said Ms. Silva.

Centre's safety body warns against use of mobile wallets, PoS devices at fuel stations

The Petroleum and Explosives Safety Organisation (PESO) has urged the Centre to warn retailers against using mobile wallets and point of sale devices at petrol pumps.

"We have told the petroleum ministry that the use of mobile wallets and swipe machines for debit cards should be avoided while a vehicle is being fuelled and a hazardous area around the fuel dispensing area must be clearly and prominently marked out," a senior industry ministry official told The Hindu.

Explosives Act

The PESO, entrusted with the administration of the Explosives Act of 1884 and the Petroleum Act of 1934, reports to the Department of Industrial Policy and Promotion in the Ministry of Commerce and Industry. The official said it was now the petroleum ministry's role to communicate these safety instructions to retail outlets for petroleum products.

"There would be no objection for the use of point of sale



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unit/mobile e-wallet beyond the hazardous area around the petroleum dispenser in petroleum retail outlets licensed under the Petroleum Rules, 2002,” Joint Chief Controller of Explosives N.T. Shahu wrote in a missive to the oil and industry ministries on December 19.

Hazardous zones

As per the norms regarding electrical appliances’ use around fuel pumps, there are two hazardous zones. Zone 1, which is most hazardous covers the area 1.2 metres vertically above the base of the fuel pump and 45 centimetres away horizontally in all directions.

Zone 2 includes the area between 45 cms and six metres of the cabinet enclosing the fuel pump, extending 45 cms vertically above the floor level.

Public safety

National Disaster Management Authority’s previous vice-chairman M. Shashidhar Reddy wrote to Cabinet Secretary P.K. Sinha and called for urgent steps to ensure that these conditions laid out by the Petroleum and Explosives Safety Organisation are meticulously followed to prevent any untoward incidents.

“I request you to immediately direct the Petroleum & Natural Gas ministry and chief secretaries of all States to take necessary steps to comply with the advisory from PESO in a time bound manner,” Mr. Reddy said.

“This is extremely important from the point of view of public safety consequent to their being pushed to the use of digital payment platforms post demonetisation.”

IIT scientists develop irrigation maps of India

For the first time, high-resolution maps of irrigated areas of India from 2000-2015 have been prepared using remote sensing data. The maps were validated with ground-based survey data. High-resolution irrigated water maps are essential for estimation of irrigation water demand and consumption on a spatial scale, crop productivity assessments and hydrologic modelling.

The maps were developed by a team led by Dr. Vimal Mishra from the Civil Engineering Department, Indian Institute of Technology, Gandhinagar, and Gujarat. The results were published in *Scientific Data*, a journal from the Nature group.

While the irrigation maps developed by the Food and Agriculture Organisation (FAO) are of low resolution, the high-resolution maps of International Water Management Institute (IWMI) are available for just one year and do not cover the entire country.

“So we developed annual irrigated area maps at a reso-

lution of 250 metres for the period 2000-2015 covering all the agroecological zones of India,” says Dr. Mishra. “We used the remote sensed vegetation index data from MODIS [Moderate Resolution Imaging Spectroradiometer] and high resolution (56 metre) land use/land cover data from the National Remote Sensing Center (NRSC) to prepare the maps.”

In the case of some States the maps tend to overestimate the irrigated areas while in others it underestimates. “Generally, humid areas lead to overestimation of the irrigated areas because of less variation in peak vegetation index, which is used as a threshold to identify irrigated and non-irrigated areas.

Also, the resolution of remotely sensed vegetation index data may not be able to fully capture irrigated areas of small land holdings in India. And, a 250-metre pixel is considered fully irrigated even if there is partial irrigation in a small field within a pixel,” he says. However, the maps have better accuracy in the case of arid and semi-arid regions as vegetation is restricted to areas that are irrigated and therefore the vegetation index truly reflects the vegetation health. “For most States we found our estimates of irrigated area are better in accuracy than the maps developed by IWMI,” he says.

“Since a majority of agroecological zones of India fall in water-limited conditions, we assume that our method is effective for India,” they write. The developed dataset showed better accuracy against the ground-based survey than previously available datasets.

The estimation of irrigated area can be further improved if vegetation index data is available at higher spatial (to resolve small land holdings) and temporal resolution (to accurately capture crop growth cycle, which is essential to differentiate crops that are irrigated and not irrigated).

“We have plans to update the repository every year. By February 2017 we will upload the irrigated area data [in the form of maps] for 2016,” Dr. Mishra assures. The irrigation maps from 2000 to 2015 for the entire country are available in a Geotiff format in a repository and can be freely accessed by researchers and others.

To highlight the trend and response of irrigation to rainfall variations, the authors chose the Indo-Gangetic Plain, which had witnessed severe drought in 2002 and 2015. To understand how unusual the 2015 drought was, the authors looked at the magnitude of deficit in 2015 monsoon rainfall and also looked at the long-time data from IMD.

“When we analysed the data, two regions — Indo-Gangetic Plain and Marathwada regions — were very



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distinct. These two regions faced very severe monsoon rainfall deficit in 2015,” he says. “We hypothesised that single monsoon deficit alone cannot result in a severe water shortage in these regions that was witnessed in the post-monsoon season of 2015 and summer of 2016.” The GRACE satellite data showed an alarming depletion of groundwater in the post monsoon season of 2015. The combined depletion of surface and groundwater resources was caused by the two consecutive droughts over the Indo-Gangetic Plain region.

“The deficit for two consecutive years 2014 and 2015 was 51 per cent. The drought in the Indo-Gangetic plain based on two consecutive monsoon rainfall deficits was ranked one during the period of 1906-2015. Statistical analysis showed that the two-year drought was unprecedented and had a return period of more than 500 years. It means low probability of two consecutive years being drought years,” says Dr. Mishra.

Clean tech enthusiasts rework genetic codes for industrial use

A decade ago, a group of biologists, venture capitalists and computer whizzes in the U.S. gathered under the name “clean tech.” They hoped to overturn polluting industries with microorganisms cheerily recycling industrial chemicals through the miracle of reprogramming nature’s genetic code.

The idea lost billions of dollars. Genes may indeed be programmable code, akin to computer software, but it turned out nature was more complex than first believed. Now, with less fanfare, a few clean-tech companies are aiming for a comeback. And the big idea has not changed much: Create cheap, safe and natural materials for fuel, cosmetics and other goods, much the way yeast ferments sugars into alcohol.

This time around, they believe they have better tools for editing genetic codes, measuring results and automating how chemicals are produced at a large scale. They have also set their sights lower, for now targeting just a few chemicals, not remaking how the world powers cars.

“This is like agile programming, but for biology,” said Eric Steen, a co-founder of Lygos, a California start-up creating yeasts that make malonic acid, an ingredient in fragrances commonly derived from cyanide. “Evolution is the most powerful algorithm ever, but you have to figure out how to stack it in your favour.”

In computer-based agile programming, small teams reinforce positive signals about the way their code is working online. The Lygos version of this is to rapidly measure the

performance of a novel yeast strain and quickly build on those results with gene-editing tools that are 100 times faster than when Mr. Steen was in graduate school, 15 years ago.

Big data

“It’s a big data problem,” he said, echoing one of the trendiest terms in computing. “There are 2,000 genes in this yeast, and each gene may use 300 amino acids. There’s well over a million variants. Our first successful strain had just a tiny poop of malonic acid as a byproduct, but we seized on that, and kept building on it.”

The company, which Mr. Steen and others spun out of the University of California, Berkeley, in 2011 with a \$150,000 grant from the U.S. Energy Department, recently secured \$13 million, on top of \$8 million it got from the government and a few private investors over the years.

It is natural to look at genetic engineering and think of H.G. Wells’ Dr. Moreau, creating an island of miserable and dangerous freaks. At the same time, altering genes is what mankind has done for millennia, breeding wolves into Chihuahuas and cobs of loose-podded maize into big, uniform ears of corn.

What is different, and troubling to some, are the tools and the time scale. By directly altering the genetic make-up of plants and animals, the creations happen a thousand or more times as fast.

Lygos and other contemporary bio-based manufacturers benefit in particular from a tool called Crispr, which can snip into a sequence of DNA and insert desired features, like a propensity to create malonic acid. The process underlying Crispr was first observed in bacterial behaviour and then experimentally demonstrated in 2007, too late for the first bio-based chemical companies.

This capability, commonly spoken of as the genetic version of cutting and pasting in a word-processing program, bypasses the slow adjustments to a complex ecosystem that happen when nature brings forth a new species.

Nature’s complexity is one reason clean tech fell short. Amyris, a clean-tech pioneer in Emeryville, California, first worked on anti-malarial drugs with backing from Bill Gates, then set out to make bio-fuels. Amyris found that organisms created in a California lab behaved differently in a Brazilian factory. The company spent \$250 million trying to figure out the problem while regular oil prices fell.

“It turned out, we had to track every part of the process and automate as many things as possible,” Peter Denardo, a company spokesman, said. “We’ve hired a lot more software and analytics people.”



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At least some big producers agree that these new tools and styles of genetic coding are reviving the clean-tech field. “We have better tools, better computational biology,” said Markus Pompejus, who runs a biotechnology program for BASF, the German chemical giant. “The whole thing is very real. It’s already getting big.”

Cabinet’s gives nod for International Solar Alliance pact

The Union Cabinet gave its ex-post facto approval to the proposal of the Ministry of New & Renewable Energy for the ratification of the International Solar Alliance’s framework agreement by India. The ISA was unveiled jointly by Prime Minister Narendra Modi and French President Francois Hollande in 2015 at Paris on the sidelines of the COP 21 meeting of the UN Framework Convention on Climate Change.

New data recovery centre of NTPC launched

A new data recovery centre of the National Thermal Power Corporation (NTPC) was inaugurated in the corporation’s Southern region headquarters at Secunderabad, as an alternative IT back up facility for ERP system of the company. Corporation Chairman and Managing Director Gurdeep Singh inaugurated the facility spread over 2,000 square feet server farm area and embedded with Integrated Intelligent Building Management System (IBMS) and Data Centre Infrastructure Management (DCIM) Systems.

Mr. Singh said that the NTPC is the first public sector unit in India which has adopted complete change in the SAP hardware for migration to a new platform, and appreciated the engineers for the same.

He emphasized the need for extending the existing DRC facility even to joint ventures and other subsidiaries of the company.

Centre to review IT Act to bolster cybersecurity

The government is mulling a review of the more than 15-year-old Information Technology (IT), Act to strengthen cybersecurity infrastructure, following the push for digital payments post-demonetisation.

“The IT Act came out in 2000. Since then, it has by and large served us well. Now, as we move towards a digital economy, we are reviewing if there is a need to re-look at the IT Act architecture to make it more of a deterrent for cyber criminals,” Minister for Electronics and IT Ravi Shankar Prasad said.

A “closed group”, under IT Secretary Aruna Sundarajan, has been set up to look into various aspects of the Act in line with the changing times.

The Ministry of Electronics and IT (MeitY), which will soon issue advisories to all digital payment agencies including banks and e-wallets providers “to harden security walls”, has also set up a separate ‘digital payments’ division under Indian Computer Emergency Response Team (CERT-In) — its cyber security arm — to monitor and strengthen cashless transactions. “All digital payments agencies have been asked to report to CERT-In any unusual activity that they see on their platforms,” Mr. Prasad said. The division was set up after the November 8 announcement withdraws old Rs.500 and Rs.1000 notes from circulation.

The Minister said, “We are taking several measures to ensure a resilient system. We will audit IT infra of NPCI... have formed crack teams at CERT-In for immediate response ... There are CIOs who have been appointed in every ministry and govt department... We are undertaking massive program to create awareness among administrators, judges etc.”

To strengthen cyber security, the IT ministry had recently approved 26 new posts in CERT-In and five State CERTs.

The Minister also met senior representatives of the RBI as well as public and private sector banks, and NPCI. While asking banks to incentivise digital payments and transactions, Mr. Prasad said, to address concerns of cyber security, the IT ministry would soon conduct a security drill both for the banks and NPCI.



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Google's experiments with virtually real art

In 1949, a Life magazine photographer named Gjon Mili made a pilgrimage to the French Riviera to see Pablo Picasso. Mili had come up with a way to photograph trails of light, and he wanted to shoot Picasso "drawing" in mid-air with a light pen — a process that would leave no trace except on film. Picasso loved it.

The result, published in Life and exhibited at the Museum of Modern Art, was Picasso's celebrated series of "light drawings" of bulls and centaurs and the like — photographs that captured him in the act of creating the ultimate in ephemeral art.

Picasso is long gone. But some 68 years later, Google has been calling on dozens of artists, animators and illustrators with a high-tech update of Mili's concept — a virtual reality set-up that enables people to paint with light that actually stays where you put it, at least for viewers wearing a virtual reality headset. In place of Gjon Mili are Drew Skillman and Patrick Hackett, a pair of video game developers turned virtual reality enthusiasts who live in San Francisco.

ssss They were trying to build a 3-D chess application one night a couple of years ago when they discovered it had an unexpected side effect: As you moved the chess pieces around in virtual space, they left trails of light behind. Sensing that their bug was in fact a feature, the two dropped the chess project immediately and hurled themselves at the light trails, hoping to develop a tool for drawing in three dimensions.

In April 2015, seven months after they had cobbled together a rudimentary system they called Tilt Brush, Google bought their company for an undisclosed sum — which is how Skillman and Hackett have come to be ensconced in the company's offices near the downtown waterfront here. With Google's support, Tilt Brush has attracted a team of developers and evolved into a sophisticated tool for drawing, painting, even sculpting in space.

It was released in April as a free add-on to the new HTC Vive, an \$800 virtual reality system produced by the Taiwanese manufacturer HTC in partnership with Valve,

a U.S. video game developer. Reviewers immediately dubbed it the Vive's killer app.

This is hardly the kind of reception the two inventors were expecting when they started working on it in Skillman's apartment, a 400-square-foot studio in South Park, the little neighbourhood that has been a hub for San Francisco's digerati since the 1990s.

Tilt Brush got its name because in its earliest versions, you would draw or paint on a two-dimensional surface that could be tilted in any direction in virtual space. But because the HTC Vive includes not just a virtual reality headset but also a pair of hand-held controllers and two tracking sensors that map your movement in space, the program was revamped to enable you to paint or draw anywhere within a room-sized area — no surface required.

Google's investment in virtual reality pales beside Facebook's \$2 billion purchase of the VR pioneer Oculus. Still, Tilt Brush is part of a growing effort, one that began with the introduction in 2014 of supercheap cardboard headsets that work with smartphones, and continues with the recent release of a stunning virtual reality version of Google Earth as a free download for Vive owners.

India lacks plan for global rescue: Study

The government's plans for conducting emergency large-scale international evacuation is "ad hoc" and depends on "quick-fix solutions", a major think tank paper has stated. The paper authored for Carnegie India has revealed that despite conducting nearly 30 international evacuations, South Block does not have a standard operating procedure (SOP) for such missions and continues to depend on individual sacrifices from civil aviation, military and diplomatic services.

"As more than 11 million Indians now reside abroad, and more than 20 million now travel abroad each year, the government will no longer be able to rely on heroic, ad hoc efforts and quick fix solutions," said the author of the paper Constantino Xavier, pointing out the urgent need to craft an SOP on emergency evacuation.

Mr. Xavier's paper which coincided with the Pravasi Bharatiya Divas (7-9 January, Bengaluru), stated that the U.S., the U.K., and the NATO have institutionalised non-combatant evacuation operations (NEO) doctrine. Among the developing countries, Brazil too has institutionalised an SOP. However, India is yet to do the needful even as public scrutiny increases on international crisis situations.



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“When the lives and assets of Indians are at risk abroad, civil society organisations mobilise and lobby elected representatives and regional authorities to pressure the Central government to take a more proactive stance, which may hinder quiet diplomacy efforts ... further endanger the safety of overseas Indians,” the paper said, cautioning that public scrutiny of ad hoc plans could jeopardise missions.

The paper has suggested that the government consider setting up quick reaction teams.

Data could be the next tech hot button for regulators

Wealth and influence in the technology business have always been about gaining the upper hand in software or the machines that software ran on.

Now data — gathered in those immense pools of information that are at the heart of everything from artificial intelligence to online shopping recommendations — is increasingly a focus of technology competition.

And academics and some policy-makers, especially in Europe, are considering whether big internet companies like Google and Facebook might use their data resources as a barrier to new entrants and innovation.

In recent years, Google, Facebook, Apple, Amazon and Microsoft have all been targets of tax evasion, privacy or antitrust investigations. But in the coming years, who controls what data could be the next worldwide regulatory focus as governments strain to understand and sometimes rein in U.S. tech giants.

The European Commission and the British House of Lords both issued reports last year on digital “platform” companies that highlighted the essential role that data collection, analysis and distribution play in creating and shaping markets. And the Organization for Economic Cooperation and Development held a meeting in November to explore the subject, “Big Data: Bringing Competition Policy to the Digital Era.”

As government regulators dig into this new era of data competition, they may find that standard antitrust arguments are not so easy to make. Using more and more data to improve a service for users and more accurately target ads for merchants is a clear benefit, for example. And higher prices for consumers are not present with free internet services.

“You certainly don’t want to punish companies because of what they might do,” said Annabelle Gawer, a professor of the digital economy at the University of Surrey in England, who made a presentation at the Organization

for Economic Cooperation and Development meeting. “But you do need to be vigilant. It’s clear that enormous power is in the hands of a few companies.”

Maurice Stucke, a former Justice Department antitrust official and a professor at the University Of Tennessee College Of Law, who also spoke at the gathering, said one danger was that consumers might be afforded less privacy than they would choose in a more competitive market.

The competition concerns echo those that gradually emerged in the 1990s about software and Microsoft. The worry is that as the big internet companies attract more users and advertisers, and gather more data, a powerful “network effect” effectively prevents users and advertisers from moving away from a dominant digital platform, like Google in search or Facebook in consumer social networks.

Rising importance

Evidence of the rising importance of data can be seen from the frontiers of artificial intelligence to mainstream business software. And certain data sets can be remarkably valuable for companies working on those technologies.

A prime example is Microsoft’s purchase of LinkedIn, the business social network, for \$26.2 billion last year. LinkedIn has about 467 million members, and it houses their profiles and maps their connections.

Microsoft is betting LinkedIn, combined with data on how hundreds of millions of workers use its Office 365 online software, and consumer data from search behaviour on Bing, will “power a set of insights that we think is unprecedented,” said James Phillips, vice president for business applications at Microsoft.

IBM has also bet heavily on data for its future. Its acquisitions have tended to be in specific industries, like its \$2.6 billion purchase last year of Truven Health, which has data on the cost and treatment of more than 200 million patients, or its \$2 billion acquisition of the digital assets of Weather Co.

IBM estimates that 70 per cent of the world’s data is not out on the public web, but in private databases, often to protect privacy or trade secrets. IBM’s strategy is to take the data it has acquired, add customer data and use that to train its Watson artificial intelligence software to pursue such tasks as helping medical researchers discover novel disease therapies, or flagging suspect financial transactions for independent auditors.

At Google, the company’s drive into cloud-delivered business software is fuelled by data, building on years of



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work done on its search and other consumer services, and its recent advances in image identification, speech recognition and language translation. For example, a new Google business offering — still in the test, or alpha, stage — is a software service to improve job finding and recruiting. Its data includes more than 17 million online job postings and the public profiles and résumés of more than 200 million people.

Cuban rumba and Ugandan music now on UNESCO's heritage list

Cuba's sensual rumba dance and Belgium's thriving beer culture brought new effervescence to UNESCO's coveted list of "intangible" heritage.

Meeting in the Ethiopian capital Addis Ababa, the U.N. body gave the nod to the rumba, which it said evokes "grace, sensuality and joy", while it said "making and appreciating beer is part of the living heritage... throughout Belgium". The Cuban delegation to the Addis Ababa meeting dedicated the rumba's selection to longtime leader Fidel Castro, who died aged 90.

UNESCO noted that Belgium produces some 1,500 types of beer, while in Cuba because the rumba sprang from poor communities the dance is an enduring "expression of resistance and self-esteem".

Staying on the festive theme, the World Heritage Committee also enshrined the March 21 new year's celebrations of 12 countries stretching from Turkey to India, as well as Bangladesh's April 14 new year's festival.

The list of "intangible" cultural treasures was created 10 years ago, mainly to increase awareness about them, while UNESCO also sometimes offers financial or technical support to countries struggling to protect them.

The U.N. body designated Ugandan traditional music, which is dying out partly because it requires materials from endangered species, as intangible heritage "in urgent need of safeguarding".

Uganda's Ma'di Bowl Lyre music and dance is one of the oldest cultural practices of the Madi people of Uganda.

It is still performed at some weddings and to celebrate harvests but is at risk "due to it being considered old-fashioned by younger generations" and because it requires materials from plants and animals now endangered.

Reviving interest

A black pottery manufacturing process from the Portuguese village of Bisalhaes was also added to the UNESCO list. Designed for decorative and cooking purposes, it features on the village's coat of arms but the pottery

is suffering from "waning interest from younger generations and popular demand for industrial alternatives", the U.N.'s cultural, scientific and educational arm said in a statement.



The third cultural gem added to the list is Cossack songs from Ukraine's Dnipropetrovsk region, which tell stories about the tragedy of war and personal relationships of Cossack soldiers. This art form is also in danger as its participant's age, UNESCO said.

The committee winds up its review of nominations to the Intangible Cultural Heritage of Humanity list.

Anthem redux: How it came back in play

On November 30, the Supreme Court ruled that all cinemas in the country must play the national anthem prior to the screening of a film, with all doors closed. The order has become a talking point among millions of cinema-goers who visit thousands of theatres that dot India's landscape where numerous films are screened every day. The Hindu breaks down the verdict and its implications for the benefit of this population that spends money and time at the movies ever so often:

In light of the interim order by the Supreme Court making it mandatory for cinemas to play the national anthem before the screening of a film, which are the States that have already made it compulsory for theatres to do so? Maharashtra, Chhattisgarh and Goa are among the States that have passed orders to this effect.

Under what law did these States make it mandatory?

The States have done this under the Prevention of Insults to National Honour Act, 1971. The Act got presidential assent on December 23, 1971. It has been amended twice since then.

What does this Act entail?

The Act, which addresses insults to the Constitution, the national flag and the national anthem, has its genesis in Article 51 (a) of the Constitution, which enjoins a duty on every citizen of India to abide by the Constitution and re-



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spect its ideals and institutions, the national flag and the national anthem. The Act states that whoever intentionally prevents the singing of the national anthem or causes disturbances to any assembly engaged in such singing, shall be punished with imprisonment for a term, which may extend to three years, or with fine, or with both.

Why was the Act given punitive provisions?

The objects and reasons for this Act said that cases involving deliberate disrespect to these national symbols were discussed in both Houses of Parliament and members urged the government to prevent the recurrence of such incidents.

How was the national anthem played in theatres before? Yes, it was a practice to play the national anthem after a film ended. But with people walking out even as the anthem was playing, the practice was discontinued.

In Tamil Nadu for instance, the anthem was played in all theatres until about 30 years ago. Even now a few theatres do. Given that people were not standing in attention as it played, the practice was given up.

A petitioner went to the Madurai Bench of the Madras High Court last year asking for a ban as people were moving about when the anthem is played. The court dismissed the petition.

Can the recent interim order of the Supreme Court be reviewed?

Yes, those aggrieved can file a modification application to address the omissions and contradictions in the recent Supreme Court Order.

Who can file the interventions?

The Cinema Owners Exhibitors' Association of India can, for instance, plead that the order is in contradiction of an earlier Supreme Court order ordering cinema theatres to keep their doors open, after a fire killed 59 people in Uphar Theatre in 1997. Differently abled groups can seek exemptions from the order.

Advisory firms differ on TCS' move to oust Mistry as director

Two proxy advisory firms have given divergent recommendations to minority shareholders of Tata Consultancy Services (TCS) in the run-up to its Extra-Ordinary General Meeting (EGM) in which the company will seek shareholder approval to remove former Tata Sons chairman Cyrus Mistry as director.

Stakeholders Empowerment Services (SES), in a report, said "The performance of TCS has been agnostic to different persons occupying the post of Chairman. TCS appears to be a company having matured, well-settled

processes and systems and a competent work force and management team. Therefore, removal of Mr. Mistry as a director is not likely to impact the company's performance."

Since there was 'high probability' that the continuance of Mr. Mistry could lead to a 'divided board', thus destroying value, "SES recommends that shareholders should vote for the resolution," J.N. Gupta, MD, SES said.

'Oppose' recommendation

Meanwhile, advisory firm ISS has asked shareholders to oppose the resolution.

"...neither Tata Sons nor the board of TCS has provided unaffiliated shareholders, who may be primarily concerned with Mr. Mistry's impact at the company level rather than at the group level, with compelling evidence that the proposal to remove him will be beneficial for TCS or that his continued presence on the board is expected to have a material negative effect on the board governance or future performance; and, therefore support for the proposal is not considered warranted," ISS said in its report. After removing Mr. Mistry as chairman of TCS, Tata Sons had asked the company to convene an EGM, schedule for December 13, to remove him from the board.

Nobel Prize a 'tremendous push' for Colombia peace, says Santos

Colombian President Juan Manuel Santos said the Nobel Peace Prize was a "gift from heaven" and gave a "tremendous push" to reach a new agreement with FARC (Revolutionary Armed Forces of Colombia) rebels.

Speaking at a news conference in Oslo on the eve of the prize ceremony, Mr. Santos said the prestigious award "came like a gift from heaven because it gave us a tremendous push" to achieve a new peace deal with FARC after Colombian voters narrowly rejected an initial agreement in an October referendum.

"People in Colombia interpreted it as a mandate from the international community to persevere, to continue striving to achieve a peace agreement," Mr. Santos said.

The accord, signed with pens made from bullet casings on September 26 after nearly four years of talks, was supposed to be ratified in an October 2 referendum. But voters rejected it, leaving Colombia teetering between war and peace.

Five days later, Santos was announced as the 2016 Nobel Peace Prize laureate.

His government and the Marxist FARC rebels then signed a renegotiated peace accord on November 24.

The country's five-decade conflict has killed more than



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260,000 people, left 45,000 missing and forced nearly seven million to flee their homes. Mr. Santos brought no members of the leftist FARC rebel group to Oslo for the Nobel Peace Prize ceremony because he didn't want to "create a problem" for the Norwegian government. "They will be here in heart and spirit," Mr. Santos said of the rebel group, with whom he recently reached a peace agreement.

Mr. Santos will collect the Nobel Peace Prize. The prize went to him alone and not the FARC, which is still designated as a terrorist group by many countries. The FARC leadership is unable to travel outside of Colombia because they face international arrest orders by the U.S. on drug-trafficking charges. Mr. Santos said procedures are underway in Colombia "in order for them to be completely free to go around the world."

Santos accepts Nobel, calls Colombia peace deal a model

Colombia's peace deal between the government and the Marxist FARC rebels is a model for war-torn countries like Syria, Colombian President Juan Manuel Santos said as he accepted the Nobel Peace Prize.

The peace accord, which was signed on November 24 to end five decades of conflict, is a "model for the resolution of armed conflicts that have yet to be resolved around the world."

"It proves that what, at first, seems impossible, through perseverance may become possible even in Syria or Yemen or South Sudan," Mr. Santos said during a lavish ceremony at Oslo's City Hall, decked out in red, orange and white roses and carnations imported from Colombia for the occasion.

After a first peace deal was rejected in a popular vote on October 2, the rebels and government negotiated a new accord to end the conflict, which has killed more than 2,60,000 people, left 45,000 missing and forced nearly seven million to flee their homes.

"The Colombian peace agreement is a ray of hope in a world troubled by so many conflicts and so much intolerance," he said.

Yet, in an interview just hours before Saturday's prize ceremony, Mr. Santos acknowledged that the hardest part of the country's peace process was yet to come. The period ahead "is a more difficult phase than the [negotiation] process itself, and will require a lot of effort, perseverance and humility," he said. "A lot of coordination efforts will also be needed... to bring the benefits of peace to the regions that have suffered the most in the conflict,"

he added.

Dylan's snub

Later, another ceremony was set to be held in Stockholm where the Nobel laureates in the sciences, economics and literature would be honoured — a ceremony marked by the notable absence of this year's literature laureate, Bob Dylan. The first songwriter to win the prestigious award, he has declined to attend the glittering ceremony due to "pre-existing commitments."

The no-show has created a stir in Sweden, where it has been perceived as a slight towards the Swedish Academy that awards the literature prize and the Nobel Foundation.

Announced as the winner on October 14, Dylan waited almost two weeks to publicly acknowledge the accolade, a silence one Academy member termed "impolite and arrogant." Dylan did ultimately say he was honoured to win, but then informed the Academy in mid-November that he would not be travelling to Stockholm to accept his prize.

"A slap in the face," remarked editorialist Lena Mellin at one of Sweden's biggest dailies, Aftonbladet.

The singer-songwriter has sent a thank-you speech to be read at the gala banquet at Stockholm's City Hall, attended by around 1,300 guests and the Swedish royal family. And just before that, American rock star Patti Smith will sing Dylan's A Hard Rain's A-Gonna Fall during the formal prize ceremony at Stockholm's Concert Hall.

According to the Nobel Foundation, his prize should be presented to him in person sometime in 2017, either in Sweden or abroad.

Two paintings taken by Nazis returned

Two valuable paintings by former Dutch masters, despoiled by the Nazis in the late 1930s, were returned to the beneficiaries of a German-Jewish art dealer exiled to Canada, the Max Stern Foundation said.

The paintings, "Ships in Distress on a Stormy Sea," by the marine artist Jan Porcellis (1584-1632), and "Landscape with Goats" by the animal painter Willem Buytewech the Younger (1625-1670), were recovered from an auction in Germany, which facilitated their restitution.

They were presented to the Max Stern Foundation and its three beneficiary institutions, Concordia and McGill universities in Montreal and the Hebrew University of Jerusalem.

These are "little jewels," Clarence Epstein, director of the Max Stern Foundation at Concordia University, told AFP. For 14 years Epstein, an art historian, has been fighting to seek justice for Max Stern, a German Jew forced by the Nazis in 1937 to close his art gallery in Dusseldorf



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and sell at low prices more than 400 paintings in order to be allowed to flee to England and then to Canada.

These are the 14th and 15th paintings to be returned to the foundation, whose mission retrieving artwork looted by the Nazis is “the most important of its kind in the world,” according to Epstein.

The Porcellis painting had been placed with the Metz auction house in Heidelberg in southwest Germany, while the Buytewech was deposited at the Stahl house in Hamburg. The owners, who had acquired them well after the Second World War, were unaware that they had been sold under duress, Epstein said.

Sonu Nigam named goodwill ambassador for Fight Hunger Foundation

Singer Sonu Nigam has been announced as the Goodwill Ambassador for Indian NGO Fight Hunger Foundation. He has also released a song to help raise awareness of the cause. The song, titled Hope in the Future, was released. Sonu said: “I can no longer just stand by, while millions of children in India die of hunger. My new song is dedicated to Fight Hunger Foundation. They fight everyday so that one day, no child in India will die of hunger. I know that if we come together to fight hunger, this day will come soon.” Fight Hunger Foundation is active in three Indian states — Rajasthan, Maharashtra and Madhya Pradesh, where its expert teams diagnose and treat malnourished children.

To be, or not to be, an independent director

The tussle between Ratan Tata and Cyrus Mistry, which started on October 24 and has snowballed into a full-blown corporate war, has brought to the fore the issue of independence of independent directors.

Slowly and steadily, the noise is getting louder for the need to review the process of appointment and removal of independent directors. The debate is over the actual control that promoters have over the appointment, and removal, of independent directors.

Last week, a group of investors filed a petition in the Bombay High Court seeking a change in the manner independent directors is removed by the shareholders of the company.

The petition has made Ministry of Corporate Affairs, Ministry of Law, Securities and Exchange Board of India (SEBI) along with Tata Chemicals, Tata Steel and Tata

Motors parties to the case. The petition pleaded that promoters should not be allowed to vote on resolutions seeking the removal of independent directors.

The court has declined to grant any interim relief and has allowed the Tata Group companies to hold their respective extraordinary general meetings (EGMs) for the removal of Mr. Mistry as the chairman and Nusli Wadia as the independent director in the case of Tata Motors, Tata Chemicals and Tata Steel.

On December 16, the court had, however, directed the companies to keep a director’s position vacant till the time the case was heard and a verdict passed. This means that while all shareholders can vote on the resolution seeking the removal of Mr. Wadia as an independent director, no new director can be appointed in his place. Meanwhile, popular opinion has it that mandatory voting by institutional investors could help maintain the independence of independent directors.

Institutional investors

Incidentally, while SEBI had made it mandatory for mutual funds to disclose their voting decisions and the reasons thereof, there is no such obligation on the part of insurance firms, which include the country’s largest domestic institutional investor — LIC.

“Independent director is a myth,” said Prithvi Haldea, Founder-Chairman of Prime Database that maintains comprehensive data on independent directors. “It is a very fine line as promoters will not like to have total strangers on board while known persons might not act independently,” he says.

A recent analysis by Prime Database showed that between January 2015 and December 2016, 1,300 independent directors resigned and most of them just cited “personal” as the reason for leaving even though norms require them to state the reason, for their resignation, in detail.

“Institutional investors need to be more active. If you have a large stake in the company then you should be required to cast your view. Also, proxy advisory reports should be made available to all shareholders, institutional and retail, so that they can be better informed and vote.

“It will lead to promoters becoming more responsible in introducing resolutions,” said Mr. Haldea.

SEBI disinclined

Interestingly, the capital market regulator is not inclined to review the norms for independent directors at this juncture for the lack of any “compelling reason”.

“Whether there is a need to review (norms for independent directors), there is always a need to review but at this stage I do not foresee a compelling reason to review



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that,” SEBI chairman U.K. Sinha had said at a capital market seminar recently.

“If independent directors are not performing the duty enshrined on them, then action can be taken. Independent directors have to take care of all stakeholders. If there are any violations, law will take its course,” Mr. Sinha had said.

Sandeep Parekh, Founder, Finsec Law Advisors said that opposing an independent director for taking an independent view would be against the very institution of independent directors.

“In Satyam, independent directors got hit because they didn’t stand up for what was right for the company, here (in the case of Tatas) they are being hit because they are standing up for what they believe is right for the company. It probably will call for a review by the regulator and old calls for an independent appointment and removal of independent directors would be renewed,” said Mr. Parekh, who has earlier served as an executive director in the legal department of SEBI, the market regulator.

But, there is a section that believes that policy formulation should not be done in a knee-jerk manner and a better approach would be wait before acting.

‘Knee-jerk reaction’

Sumit Agrawal, founder of Suvan Law Advisors and a former legal officer of SEBI, was of the view that a policy review by the regulator at this stage may just be a knee-jerk reaction and a better approach would be to wait for some time to understand the wider implications going forward. “The Tata-Mistry episode has once again brought (the) focus on regulatory roles and responsibilities of independent directors. They need to take a stand unambiguously whether, in their opinion, exuberance and aspirations of promoters or majority shareholders expose the company to unwarranted risks as a going-concern. Regulatory role requires them to be clinical while businesses expect them to be sympathetic or practical, that’s the tight rope they walk on,” said Mr. Agrawal.

Mistry initiates legal action against Tata Sons for ‘mismanagement’

Cyrus Mistry, the ousted chairman of Tata Sons, initiated legal action against Tata Sons, its interim chairman Ratan Tata, board members of Tata Sons, Tata Trusts and the Trustees of Tata Trusts to protect Tata Sons from alleged “oppression and mismanagement.”

Cyrus Investments and Sterling Investment Corporation, the two investment companies of Mr. Mistry’s family that owns 18.4 per cent stake in Tata Sons filed the petition

under sections 241 and 242 of the Companies Act in the Mumbai bench of the National Company Law Tribunal (NCLT).

These sections enable ratification and interdiction of the oppressive acts and the grounds for intervention address two points raised by Mr. Mistry, i.e. governance breakdown at Tata Sons and regaining lost ethical ground.

The petition alleged that Mr. Tata “abused the powers vested in him as the erstwhile chairman of the Tata Group in respect of the various ventures that he has entered into,” some of which include the acquisition of Corus, the Nano car project, Tata Teleservices, AirAsia, dealings with C. Sivasankaran and M Pallonji & Co, it added.

It also alleges that the Articles of Association (AoA) of Tata Sons were altered for the “exclusive interest” of the trust and Mr. Tata.

Mr. Tata, along with the trustees and some of the board members, “has been acting in a manner that is against the ethics and fiduciary duty that they were supposed to showcase.”

The petition has been filed as “the act of oppression and mismanagement still continues,” it stated. Mr. Mistry resigned as director from six Tata firms.

“The entire episode is a classic” situation for litigation, Sumit Agrawal, founder, Suvan Law Advisors and former legal officer at SEBI, told The Hindu.

“According to the provisions of Companies Act, 2013, a shareholder holding more than 10 per cent shares has the right to file a petition before the NCLT, alleging oppression or mismanagement, seeking appropriate relief including seeking an injunction against holding meetings to take any new decisions except routine matters or change of management.”

Contest petition

Tata Sons in a statement acknowledged the petition. The holding company said that it was in consultation with its lawyers and would contest the allegations therein.

“The case may include angles of allegations of violation of corporate governance, insider trading, unfair conduct of influencing independent directors, irregular processes in board meetings, oppression and mismanagement, non-disclosures or misleading disclosures to stock exchanges, compliance with Articles of Association and failure to protect minority shareholders,” Mr. Agrawal added.

‘Urban planning kept the peace in Harappa’

Ensuring efficient water supply and sewerage for every



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city can reduce conflicts, says Indus Valley Civilisation expert Jonathan Mark Kenoyer, who believes the strategy is an important lesson to be learnt from the Harappans.

"If every city has a good water system and proper sewage treatment and good drainage, then there will be less conflict. That is what the Harappans did," Mr. Kenoyer said. He was at the Indian Museum for a lecture on recent research on the Indus Valley Civilisation.

He displayed photographs of sump pots and latrines built one above the other at Harappa to show the importance of urban planning in the ancient cities that flourished from 2600 BCE to 1900 BCE.

"The concept of cleanliness and wells and drains is not so much about hygiene but conflict avoidance. So this is a strategy (of the Harappans) to keep people from fighting each other. So if everybody has clean, proper toilets and drainage, then people won't be fighting about these kind of things," he added.

9 Nobel winners to attend Vibrant Gujarat Summit

As part of the Vibrant Gujarat Global Investment Summit, the Gujarat government will be holding a Nobel Prize Series Exhibition, in which nine Nobel laureates have confirmed their participation. They will be interacting with students, scientists, industry leaders and policy makers during the session.

The five week-long exhibition, which is aimed at spreading knowledge about the achievements of the Nobel laureates and their inspirational stories, will be unveiled by Prime Minister Narendra Modi on January 9th at the Science City in Ahmedabad. "So far, nine Nobel laureates have confirmed their participation for the summit," Gujarat Chief Secretary J N Singh told media persons. Indian-born scientist Venkatraman Ramakrishnan, who was awarded the Nobel Prize for chemistry in 2009, is one among the participants.

According to Mr. Singh, this will be the first time that Nobel prize winners from across the world will converge in Gujarat to share their knowledge and insights with students and industry leaders. The 8th edition of the biennial investor event will be held at Mahatma Mandir in Gandhinagar from January 10 to 13. "The Vibrant Gujarat Global Summit has become a platform for not only making investments announcements but also for sharing knowledge and ideas for betterment of humankind," Mr. Singh added.

The Nobel laureates will be here for three days, starting January 9.

"On January 10, Mr. Modi will inaugurate the summit. After the inauguration, the laureates will take part in the 'Nobel Laureate Dialogue' at Mahatma Mandir," said Dhananjay Dwivedi, Secretary, Department of Science and Technology.

Triple talaq over phone valid, says Deoband fatwa

Amid an ongoing debate, the Islamic seminary in Deoband has issued a fatwa endorsing triple talaq (divorce by uttering the word talaq thrice in quick succession) over the phone.

Responding to a question from Naseem Ahmad, a resident of Haryana, the Darul Uloom Deoband Zakaria said talaq pronounced by a man to his wife over the phone would be valid and legal from the Islamic point of view. While giving the fatwa, Maulana Arshad Farooqui of the Fatwa Department of the seminary, however, said it would be valid only if the husband pronounced it while he was "in all his senses". Farooqui held that a man could divorce his wife through a letter, message or an email in this age of technology, provided it was verified that the message and the letter was from the husband.

The fatwa is only an opinion, and it is not mandatory for Muslims to follow it. But it becomes important amid the debate over triple talaq when the issue provoked a country-wide reaction and its constitutional validity is being examined by the Supreme Court. The Narendra Modi government had submitted in the court that triple talaq is illegal. Women's groups such as the Bharatiya Muslim Mahila Andolan rejected the fatwa. Zakia Soman from the group said the Deoband fatwa was illegal.