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## **INDIAN POLITY**

### **1. Secularizing the Election**

#### **What was the Issue?**

- The Supreme Court had to interpret the **Section 123(3) of the Representation of the People Act of 1951 in Abhiram Singh v. C.D. Commachen** case.
- **Section 123(3) of the Representation of the People Act** defines a **corrupt electoral practice** as follows: "The appeal by a candidate or his agent or by any other person with the consent of a candidate or his election agent to vote or refrain from voting for any person on the ground of his religion, race, caste, community...."
- Did the underlined word "his" qualify only the electoral candidate (and his agent, or persons speaking with his consent)? Or did it also qualify the person to whom the appeal was addressed (the elector)?
- The section does not specify whether "his" refers to the speaker seeking votes, or the audience from whom votes are being sought.

#### **The majority view**

- The word **"his"** in **Section 123(3)** was to be understood broadly, referring to both the speaker as well as the audience.
- In effect, it prohibited appeals to the prohibited "grounds" (religion, caste etc) during the electoral process.
- In the public sphere, we must participate as rational individuals, deliberating about the public interest, unencumbered by the baggage of our religion, caste, language, or community.
- An election that was fought and decided on these issues was a distortion of democracy because of two reasons.
- One, that for democracy to survive, there must be agreement on certain basic essentials "which could unite and hold citizens together". Religion, language, caste, etc were precisely the kind of divisive markers of identity that threatened this fragile consensus.
- Two, while democracy depended on voters exercising their franchise on the basis of rational thought and action, appeals to religion, language, and caste were inherently emotive and irrational in nature.
- The law was trying to achieve the purity of elections, and that the purity of elections required that appeals to caste, religion, language, and community be kept out of the electoral process.
- Its basic purpose was to "curb communal, fissiparous and separatist tendencies". Therefore, to restrict Section 123(3)'s prohibition only to electoral candidates would be contrary to public interest.

#### **Secularism as basic feature of the Constitution**

- Secularism required the complete exclusion of religion from public life.
- The provision was interpreted in the light of Parliament's intention to prohibit any religious or sectarian appeal for votes.

### Minority View

- The Constitution recognizes the position of religion, caste, language and gender in the social life of the nation.
- Individual histories both of citizens and collective groups in our society are associated through the ages with histories of discrimination and injustice on the basis of these defining characteristics.
- The access to governance is a means of addressing social disparities.
- Social mobilization is a powerful instrument of bringing marginalized groups into the mainstream.
- Human beings are always situated within their social contexts, and in India, these contexts have been characterized by religion, language, caste, and community.
- These are, and have been, the sites of inclusion and exclusion, privilege and oppression, domination and resistance, power, pleasure, discrimination, and suffering.
- Constitutional law could not be oblivious to this history.
- After centuries of structural and institutional discrimination, these markers of identity had acquired a certain social salience — that is, a certain visible significance.
- For all these years, this social salience had been used to arbitrarily exclude and marginalize those who fell on the wrong side of it.
- But now, with the advent of democracy, it was precisely this social salience that allowed the oppressed to organize around the site of their prior oppression, and use that to gain political power.
- It was that which allowed B.R. Ambedkar to form the All India Scheduled Castes Federation, a political party exclusively devoted to Dalit emancipation.
- For this reason, the dissent held that Section 123(3) had to be construed narrowly. The phrase “his religion” referred only to the religion of an electoral candidate, and not the religion of the voter.
- It was also urged that a broad or purposive interpretation might fall a foul of **Article 19 (1) (a)** of the Constitution.

### 2. SC extends judicial review powers

#### Why in News?

- In a blow to **Ordinance Raj**, a Constitution Bench of the **Supreme Court** widened the boundaries of **judicial review** to the extent that it can now examine whether the President or the **State Governor** was spurred by an “**oblique motive**” to bypass the legislature and promulgate an ordinance.
- The apex court was deciding on the constitutionality of seven successive re-promulgations of the **Bihar Non-Government Sanskrit Schools (Taking Over of Management and Control) Ordinance of 1989**.
- The State government had approached the Supreme Court after the **Patna High Court** declared that repeated re-promulgation of the ordinances was unconstitutional.
- Patna High Court relied on the **D.C. Wadhwa judgment** on the dos and don'ts of promulgation of ordinances by another Constitution Bench of the Supreme Court in 1986.

#### Issues

- In case the apex court concludes that the President or the Governor was influenced by ulterior motives to promulgate the ordinance.

- Such an act by the two constitutional authorities would amount to a fraud on their respective powers.
- The **satisfaction of the President** under **Article 123** and of the **Governor** under **Article 213** is not immune from judicial review.

### **3. All's not well in the army**

#### **Why in News?**

- The 'controversial' appointment of the new **Indian Army Chief Lt. Gen. Bipin Rawat** who assumed office on January 1, 2017.
- There remains an urgent need to address the lopsided promotion trends in the Army, rising infighting within the force, and their implications for India's national security.

#### **The issue of merit**

- Those who support Gen. Rawat's appointment arguing that merit was, and should be, the sole criterion for the supersession of two of his seniors fall short on a number of counts.
- But for that the government should have a convincing and compelling reason which it doesn't seem to have.
- The argument of merit is largely redundant at the topmost levels of an organization where all officers are equally competent.
- There are no objective criteria for deciding merit at the senior levels of the Army brass besides previous annual confidential reports and civilian considerations, both of which are subjective.
- The argument that Gen. Rawat has the required experience in certain theatres is again beside the point because the "Chief of the Army Staff" is not an operational commander but a coordinator and chief strategist.
- Non-traditional appointments without a compelling rationale set a bad precedent and could potentially lead to the politicisation of the armed forces.

#### **Other issues**

- The issue of promotion-related discrimination within the Army.
- Not only have infantry officers been getting appointed to the coveted positions in the top rungs of the Army, the chiefs often promote officers from their own regiments in a regrettable display of parochial loyalties.
- The disproportionate opportunities for officers from the infantry and artillery wings.
- Officers from other wings, especially the Armoured Corps and Mechanized Infantry, have been publicly voicing their concerns.
- This already existing discrimination is getting even more due to the new promotion policy adopted by the Army.
- The victims of the new policy have been fighting it out in the Supreme Court.

#### **Army's promotion policy**

- The current debate about the **Army's promotion policy** has its genesis in the **Kargil Review Committee report**.
- The committee recommended that promotion to the Colonel and Brigadier levels should be made quicker so that younger officers can command battalions and brigades.

- The **Ajai Vikram Singh Committee (AVSC)** made some important recommendations in **2001** to restructure the officer cadre in the Army.
- It also recommended the implementation of the **Command Exit model (as opposed to the pro rata basis)** for promotion to the colonel level.
- The pro rata basis gave advantage to the infantry and artillery (given their numerical superiority in the Army).
- The Command Exit model, which prescribed differentiated command tenures (that is, the length of the tenures of commanding officers i.e., colonels before promotion to the next level) for various arms, gives even more advantage to the Infantry.
- The **AVSC** fixed the command tenure of Infantry officers at 2.5 years, that of Armoured/Mechanized Infantry and Artillery at three years, and Engineers and Signals at four years.
- This has not only led to quicker promotions for officers from the Infantry but they have also successively managed to corner the Army chief's post as well, including the last four times.
- The last four Army Chiefs, including the current one, have been infantry officers.
- This policy was challenged by serving officers in the **Armed Forces Tribunal**, which squashed the new promotion policy, holding that it violated **Article 14** of the Constitution.
- However, the Supreme Court in February 2016 upheld the policy, at the same time asking the government to create 141 additional posts at the rank of colonel to be granted to officers from Engineers, Signals and Air Defense.
- Late last year around 350 senior Army officers have again approached the Supreme Court seeking a review of its February judgment.

#### **Need for political oversight**

- While politicization of the affairs of the armed forces is indeed harmful, it may also not be a good idea to let the Army handle its own business as it deems fit.
- At present, politicians hardly focus on serious defence matters or inter-service/intra-service tensions.
- Keeping with the commendable tradition of civilian supremacy in the country, it is time to consider civilian oversight of the promotion process at the highest levels of the armed forces.
- high-level appointments should either be vetted by an **empowered Parliamentary Standing committee on Defence** or be decided by a **'bipartisan' Selection Committee** composed along the lines of the one that selects the **Central Bureau of Investigation chief** and the **Chief Vigilance Commissioner**

#### **National Security Implications**

- A military force with sharp internal divisions and discontent in the ranks can pose challenges for the country's national security and the morale and cohesion of the fighting forces.
- Currently there is also a shortage of over 9,000 officers.

#### **4. What is special about special courts?**

##### **Why Special Courts are in News?**

- The legislature has introduced special courts on many occasions through various laws, usually with the intention to enable quick and efficient disposal of cases.
- In a short study by Vidhi Centre for Legal Policy, 764 Central laws enacted and amended between 1950 and 2015.

- These statutes only mentions of '**special**' or '**designated**' courts or judges, that is, courts or judges established to ensure effective trial and that have powers of district or sessions courts.
- Forums like quasi-judicial bodies, tribunals, and commissions were excluded.
- It was found that only three statutes provided for special courts between 1950 and 1981, whereas between 1982 and 2015, 25 statutes mandated the establishment of such courts.

### Setting up and designating special courts

- Laws interchangeably use the terms 'set up' or 'designate' with respect to special courts.
- Setting up a special court may require new infrastructure and facilities.
- Whereas a designated court merely adds additional responsibilities to an existing court.
- Implementation of the law does not necessarily follow this distinction between setting up and designation.
- Despite providing for 'setting up' special courts, State governments have designated courts under most of the legislations.
- The objective of special courts has been unclear. It is not very revealing whether specific legislations which provide for special courts necessarily intend quick disposal of cases.
- The pendency rates in courts for cases filed under **The Scheduled Castes and Scheduled Tribes (Prevention of Atrocities) Act (POA), 1989** are huge.
- While the national average is 84.1 per cent, States like Maharashtra and West Bengal have pegged their respective pendency rates well above the average.

### Limitations

- In most instances where existing courts are designated as special courts, the original intent of speedy disposal of cases seems to have been defeated.
- Questions of pendency have often surfaced, thereby rendering the point of efficiency of the institution moot.
- Absence of rationale in both selective insertion of provision for special courts and actual setting up of courts appears to have rendered the notion of special court superfluous.
- Poor quality or complete absence of data.
- Official websites (for instance, nodal ministries) did not always have the latest updated versions of statutes.
- The status of these laws is difficult to assess as information about the number of courts set up or designated under various laws is not always available.

## 5. Daily hearing on Cauvery appeals from Feb. 7

### Why in News?

- The **Supreme Court** asked **Karnataka** to continue releasing 2000 cusecs of Cauvery water to neighboring State of **Tamil Nadu** while posting appeals filed by Tamil Nadu, Karnataka and **Kerala** against the **Cauvery Water Dispute Tribunal's** decision on water-sharing for day-to-day hearing.
- Back-to-back hearings from February 7 for a period of three weeks.
- The Bench did not find favor with submissions made by Tamil Nadu that an interim order should be passed on the constitution of the **Cauvery Management Board**.

### Supreme Court's jurisdiction

- On December 9, the Supreme Court, in a judgment, had refused the Centre's stand that the apex court lacked jurisdiction to hear the Cauvery river dispute.
- It had upheld the constitutional power of the court to hear the appeals filed by the three States against the tribunal award.
- The Centre had argued that the parliamentary law of **Inter-State Water Disputes Act of 1956** coupled with **Article 262 (2)** of the Indian Constitution excluded the Supreme Court from hearing or deciding any appeals against the Cauvery Tribunal's decision. The Centre had claimed the tribunal award was final.
- The Bench however held that the remedy under **Article 136** was a constitutional right and it cannot be taken away by a legislation much less by invoking the **principle of election or estoppel**.
- The jurisdiction exercised by this court under **Article 136** is an **extraordinary jurisdiction** which empowers this court to grant leave to appeal from any judgment, decree or determination in any cause or matter passed or made by any court or tribunal.
- The Bench had held that it was settled law that the Supreme Court could not take cognizance of an original inter-State water dispute, and this alone was the original intent of the Constitution under **Article 262**.
- The court held that once a water dispute, as defined under **Article 262(1)** read with provisions of the **1956 Act**, is adjudicated by the tribunal, it loses the nature of 'original dispute'.

## INTERNATIONAL RELATIONS

### 1. Grateful for shift in India's position, says Israel

- India's decided to abstain from resolutions critical of Israel at the U.N., the United Nations Human Rights Council and UNESCO.
- Traditionally, India has stood unequivocally with the Palestinian cause, voting in favour of all resolutions critical of Israel.
- However in July 2015, India abstained on a vote against Israel at the **U.N. Human Rights Council**.
- India repeated the abstention in 2016, but explained that it was due to a reference to the International Criminal Court, which India doesn't recognize.
- In August 2016, India supported Israeli Ambassador Danny Dannon for the first time to become Chair of the U.N. Legal Committee, a vote opposed by all Arab countries.
- In October 2016, India changed its vote at the UNESCO in Paris to an abstention, on a resolution criticizing Israel for encroachments at the Western Wall and near the Al-Aqsa Mosque.
- India's votes on Israel and Palestine had been "very balanced".
- Since it came to power in 2014, the Modi government has consistently promised better ties with Israel, which it considers an ally on counter-terrorism and defence cooperation.

### 2. India to hold talks on Masood resolution

- India's submission against Azhar was dropped by the **1267 ISIS/Al Qaeda Sanctions committee** after China converted its "**technical hold**" into a **block or veto** of the proposal.

- **India** would consult the **U.S., the U.K. and France**, which had co-sponsored the resolution, as well as Bolivia, Ethiopia, Kazakhstan, and Sweden, which joined the UNSC on January 1, on the next steps to be taken.
- Pakistan had termed India's proposal at the **UNSC committee** politically motivated.

### **3. Diaspora will help improve ties**

- The Indian diaspora, which is well integrated in Portugal, is willing to help improve ties between the two countries, **Portugal Prime Minister Antonio Costa** said at the Pravasi Bharatiya Divas.
- He is the first person of Indian origin to lead a European country.
- He still had relatives in Madgoan (Goa).

## **ECONOMY**

### **1. The rediscovery of urban India**

#### **India to become more urban**

- We need to build new cities besides recasting the landscape of the present 4,041 cities for a better living.

#### **Jawaharlal Nehru Urban Renewal Mission (JNNURM)**

- The **Mission** launched in **2005** was the first concerted effort to make a difference to the urban chaos.
- By the time it was **wound up by the United Progressive Alliance (UPA) government** in March **2014**, the JNNURM fell much short of intentions.
- Out of the total of 1,631 projects sanctioned under this for improving urban infrastructure with central aid of about Rs.39,000 crore, only 710 projects, i.e. 43 per cent, were completed during the 10 years.
- Of the 275 JNNURM projects sanctioned during 2012-14, a huge chunk of 43 per cent went to just one State from where the then Urban Development Minister hailed.

#### **Participatory urban planning**

- Clear and objective ground rules have been laid down.
- Objectivity and transparency in selection of cities and allocation of central resources under new urban missions.
- This is based on urban population and the number of statutory urban local bodies in each State.
- Till 2014, every project needed for a city was being appraised and approved in **Nirman Bhawan in New Delhi**.
- With this '**top-down**' planning, there was no sense of involvement in and ownership of new schemes by city and State governments.
- Consequently, project and investment approvals were being accorded in the last two quarters of a financial year causing implementation delays.
- Citizen participation in urban planning and project prioritisation are now made mandatory.



- About one crore citizens contributed to the making of 'smart city' plans.
- Urban planning is now made '**bottom up**'.

#### **Atal Mission for Rejuvenation and Urban Transformation (AMRUT)**

- Under the **AMRUT** and **Smart Cities Mission** there shall be a comprehensive assessment of infrastructure deficit before drawing up city-level action plans.
- Cities have been empowered to add to their technical capabilities.
- The first priority under **AMRUT** is to ensure water supply connections to the 2.25 crore urban households that are deprived of them.
- Followed by improving sewerage networks, drainage and non-motorised urban transport.
- Developing one park in each city every year is mandatory.
- **The Smart Cities Mission** seeks to ensure core infrastructure, including health care and education, in an identified area.
- Besides improving service delivery across the city through information and communications technology-based solutions.
- The focus has shifted from a project-based approach to area-based outcomes.
- The Ministry of Urban Development has started approving investments for the next three financial years under AMRUT during this year.
- With this, projects for five years of 14 States stand approved and this would be done for the remaining in a month or so.
- This enables city and State governments to realise mission targets by the stipulated time through advance planning.

#### **Other Efforts**

- Cities are now vying for credit rating, which encompasses the entire gamut of urban governance, including the mindset of politicians and the city officials.
- Over 80 big cities have almost completed this exercise.
- **Pune and Ahmedabad** are set to issue **municipal bonds** very soon.
- Release of funds is now linked to progress of mandated governance reforms under all new urban missions including the housing mission.
- **Online integrated single-window clearance for construction** permits is being put in place to improve ease of doing business.
- Cities are now looking at **public-private partnership** and value capture financing with a changed mindset.

#### **Results on the ground**

- Involvement of citizens, increased sense of ownership of new urban missions by city and State governments coupled with delegation of powers are yielding results.
- Under the **Pradhan Mantri Awas Yojana (Urban)**, construction of about 15 lakh affordable houses is being financed as against only about 12.50 lakh during 10 years of UPA rule.
- Under AMRUT, 86 per cent of mission investments stand approved and a large number of projects are off the ground.
- Since the announcement of the first batch of smart cities in January this year, a large number of projects have already come to be implemented.
- Over 500 cities and towns have already become open defecation-free.
- **Andhra Pradesh, Gujarat and Sikkim** have already declared all cities and towns as open defecation-free.

### Resources mobilization

- Investment of over Rs.2.75 lakh crore has been approved in just a year.
- As compared to previous government's Rs.39,000 crore of central assistance for basic urban infrastructure, this government has committed Rs.50,000 crore under AMRUT, Rs.48,000 crore for smart cities and Rs.14,643 crore for making cities clean.
- Besides, Central assistance of Rs.1.50-Rs.2.30 lakh is being given for each house for urban poor under the **Pradhan Mantri Awas Yojana (Urban)**.
- Rs.83,000 crore for urban local bodies under the **14th Finance Commission** recommendations as against only Rs. 27,000 crore earlier.
- States have also been empowered to spend more on cities further to devolution of 42 per cent of divisible resources, a hike of 10 per cent over earlier sharing.

## 2. No concessions likely for Apple's manufacturing unit

### Why in News?

- The Commerce Ministry does not favour granting concessions to U.S. multinational technology major Apple, for establishing a manufacturing unit in India to make its products including iPhones and iPads.

### Reasons

- More than 40 companies are manufacturing mobile phones in the country.
- Other companies have not sought similar concessions and the Centre will not be able to relax rules only for Apple.
- This includes the relaxation of labelling and local sourcing norms as well as excise and import duty reductions, for starting manufacturing in the country.

### India as a Smartphone market

- India is among the largest smartphone markets in the world.
- The **California-headquartered Apple** is looking to expand its market share in the segment in the country from the current level of about two per cent.
- However, Apple only operates in the **premium smartphone category**, where its share is much higher.
- The **Taiwan-headquartered Wistron Corporation**, an original design manufacturer, has initiated plans to establish a manufacturing unit for Apple in **Bengaluru**.
- While setting up a manufacturing plant in India, to cater to the local market and even for exports, will help cut costs given the factors including relatively lower labour costs (than, say, in **China**).
- Duty and other concessions are expected to push up that advantage further for Apple.
- The Centre is keen that Apple does substantial value addition in the country and ensures that local supply chains grow as well.
- Thereby generating employment, increasing manufacturing and exports.

### Current remedies in India

- **An inter-ministerial panel** including officials from the **department of industrial policy and promotion (DIPP)**, commerce, revenue, electronics and information technology and environment & forests are looking into the issue.

- Currently, there is the **Modified Special Incentive Package Scheme** to promote manufacturing of electronic items in India.
- There are incentives for investments in **Special Economic Zones**.

#### **Sourcing norms**

- The Centre is looking into Apple's proposal seeking exemption from 30 per cent local sourcing norms on **FDI in single brand retail**.
- The Commerce Ministry had earlier said that it was not in favour of relaxing rules for Apple to sell refurbished second-hand phones in India.
- Earlier, though a **government panel led by the DIPP secretary** had suggested that Apple could be exempted from local sourcing rules as a pre-condition to set up single brand retail stores in India since its proposal met the definition of '**cutting edge technology**', the Finance Ministry had turned down the panel's decision.
- Apple is learnt to have sought the waiver on the ground that it makes 'cutting-edge technology' items for which it is not possible to source as much from India.

#### **Cutting-edge favour**

- The Centre is looking into whether there is a need for separate guidelines on local sourcing pertaining to the waiver on '**cutting edge technology**' and what constitutes such high-end technology.

### **3. An opportunity to lower corporate taxes**

#### **Why in News?**

- 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**.
- It 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.
- In the recommendations for Budget 2017-18, **CII** has called for reducing the corporate income tax rate to 18 per cent.
- It includes all **surcharges** and **cess**, along with removal of all tax incentives and concessions.
- CII noted that there are 32 incentives applicable on corporate profits before calculating tax, which resulted in an effective tax rate of about 19.8 per cent.

#### **Higher compliance**

- It is found that a lower tax rate encourages higher compliance, hence it will not negatively impact government revenues on this head.
- 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.
- CII also recommended that the government boost its infrastructure investments, quicken disinvestment in public sector enterprises and encourage public-private partnerships.

### National Innovation Fund

- The government should work towards the creation of better quality jobs in the formal sector.
- A national technology strategy with a ten-fold increase in public investment in research in higher education institutions is need of the hour.
- 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.

### 4. New norms likely for top PSU bank posts

#### Why in News?

- The **Banks' Board Bureau** is working to ensure that **leadership roles in state-run banks** would only be given to those with at least **six years of service left**.
- In order to ensure accountability of their actions.
- The public sector bank employees' compensations would become more competitive in 2017-18, with increases in the variable pay component.

#### Instilling accountability

- appointment of a whole time **Director or a CEO** (chief executive officer) at an age where he has got a minimum of six years more to go in the institution so that he can be held accountable for the decision.
- The former Comptroller General of Accounts said that the main principle behind banking management should be transparency in the accounting process and transparency in the decision making process.
- Much cannot be done about the fixed component but attempts can be made to change the variable component.
- From the next financial year, attempts will be made to introduce **bonuses, E-sops, and performance linked packages**.
- The idea is to provide monetary and non-monetary incentives to attract professionals.
- These incentives would apply to positions across all levels, not just to the middle and senior management.

#### Filling up vacancies

- The Banks Board Bureau is in the process of filling up vacancies in the top management of the public sector banks.
- Attempt is to collate people who are from different walks of life and who will be willing to join boards of PSBs.

#### Corporate debt

- The **Corporate Debt Restructuring Cell** was created with noble intentions in the early 2000s, but it soon found itself unable to cope with the high volume of stressed assets in the system.
- There were innumerable cases where project reports were inflated, balance sheets were manipulated and funds siphoned off.
- There was an equal number of cases where irresponsible or lazy lending took place, where due diligence was not performed and supervision was perfunctory.

## **5. BHIM a ready reconer**

- At a **Digi Dhan programme**, Prime Minister Narendra Modi launched mobile payment app **BHIM (Bharat Interface for Money)**.

### **Following are highlights:**

- Developed by the **National Payments Corporation of India (NPCI)**, BHIM is an aggregator for all **UPI**-based services offered by banks.
- **UPI, or Unified Payment Interface**, is a payment system that allows money transfer between any two bank accounts by using a smartphone.
- UPI allows a customer to pay directly from a bank account to different merchants, both online and offline, without the hassle of typing credit card details, IFSC code, or net banking/wallet passwords.
- Two initiatives, **Lucky Grahak Yojana** and **Digi Dhan Vyapar Yojana** are a gift to the nation.
- All transactions will soon happen through the BHIM app, which is named after **Dr. Bhim Rao Ambedkar**.
- The BHIM app will have strong security features.
- Transactions can be made using one's fingerprint.

### **Benefits**

- Fingerprints will now be your bank, identity and business.
- The Prime Minister exhorted citizens to do at least five digital transactions daily from January 1 to promote cashless economy.
- India is a young nation where 65 per cent of the population is below 35 years of age.
- If all of them shift to digital transactions, it will be historic and change the face of India.
- The BHIM app will empower the poor, Dalits, farmers and tribals.
- Stock market transactions in India have been happening through the digital mode for a long time.
- Now money will come into the system and in poor people's bank accounts.

## **6. Export infrastructure on the anvil**

### **TIES**

- The Centre will tie up with the States to soon roll-out a new scheme called '**TIES**' — or **Trade Infrastructure for Export Scheme**.

### **Objectives**

- To boost export infrastructure.
- States must set up common facilities for testing, certification, trace-back, packaging and labeling.
- Provide financial support and supplement the efforts of States to create export infrastructure.

### **Road quality**

- Indian roads carry nearly 65 per cent cargo against the global trend where railway is the major contributor.
- Therefore the States should focus on improving the last mile connectivity of major exporting hubs to **Inland Container Depot/Ports**.

- Quality of roads including their load bearing capacity may be upgraded for smooth transit of export goods.

### Other Objectives

- **Sanitary & Phyto-Sanitary (SPS) measures** (or norms on food safety and animal & plant health standards) and **Technical Barriers to Trade (TBT) notifications** (including mandatory and voluntary standards) were being issued by **World Trade Organisation** member countries each month.
- Around 50-60 per cent of these measures have the potential to impact India's trade.
- So far only 17 States (of the 29 States and seven Union Territories in the country) have prepared their export strategy.
- Centre has decided to soon bring out a **Logistics Performance Index** to rank states on steps taken to facilitate trade and improve logistics.
- Measures in the pipeline include expediting the proposal for a **north east corridor** to improve connectivity with **south east Asian** countries and exports to that region.

### Service sector

- **IT and ITeS** had an overwhelming predominance in India's services exports but were largely restricted to the **U.S.** and **EU** markets.
- There is a need to diversify services exports.
- Areas like medical tourism, nursing and healthcare, education, audio-visual media have an excellent potential that can be harnessed.
- For this, need is to develop the right competencies like language skills for the East and North East Asian markets.

## 7. Centre plans to amend Plantation labour Act

### Why in News?

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

### Reasons

- Under the **PLA 1951**, plantation workers get various benefits either subsidized or free.
- These include rations, housing, education, firewood and medical facilities.
- 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 monetized 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.

### The proposed amendment

- The proposed amendment is now seeking to **“exclude from the definition of wage the in-kind benefits that were being hitherto included,”**
- The Central and State governments rolled out a clutch of social sector schemes which can be implemented in the tea estates.
- This 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.
- 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.

## 8. Looking towards a greener future

### Green bonds

- Finance environmentally friendly businesses and assets; have emerged as one of the key financing mechanisms driving the global economy's transition to a greener future.

### Growth of green bond market

- **Issuance of the first green bond in 2007** by two multilateral development banks, **World Bank and European Investment Bank**.
- It has grown exponentially and is currently pegged at over \$180 billion in cumulative issuance.
- Penetrating markets across developed and emerging economies, extensive participation from corporate and financial institutions, including sovereign and municipal bodies.
- Global markets witnessed currency green bonds and innovative structuring along with maiden green bond issuance in a number of countries.
- The green bond market was further strengthened with issuance doubling to \$81 billion in 2016 from \$42 billion in 2015.
- Supported by market-driven state policies and marked by a rapid growth in green bond issuance in **India and China**, the **Asian market** has emerged as a frontrunner in the green bonds space.

### Growth of green bond in India

- India's green bond market has witnessed a number of critical milestones following **Yes Bank's and India's first green infrastructure bonds issued in February 2015**.
- India witnessed its award-winning first **green masala bond** (rupee-denominated bond), with the **International Financial Corporation** raising an off-shore rupee bond on **London Stock Exchange** for investing in Yes Bank's green bond.
- Green bond issuance witnessed a 30 per cent year-on-year increase in 2016, cumulatively amounting to about Rs.18,131 crore (equivalent to \$2.7 billion) and making **India the seventh largest green bond market globally**.
- Crucial in increasing financing to sunrise sectors like renewable energy, thus contributing to India's sustainable growth.
- The **Climate Bond Initiative**, in its India update, indicated that about 62 per cent of the green bond proceeds have been allocated to renewable energy projects.

- Followed by the low carbon transport sector and low carbon buildings accounting for 17.5 per cent and 14 per cent of the proceeds, respectively.
- At 2.2 per cent for each, the allocation of green bond proceeds towards water management and waste management has been somewhat limited owing to perceived sector-specific issues as well as due to projects being smaller in size and geographically dispersed.
- In January 2016, the **Securities and Exchange Board (SEBI)** of India published its official green bond guidelines and requirements for Indian issuers.
- It placed India amongst a select set of pioneering countries that have developed national level guidelines.
- The **Reserve Bank of India** passed regulatory reforms aimed at strengthening and expanding India's corporate bond market.
- The extent of partial credit enhancement provided by banks has been increased to 50 per cent from 20 per cent of the bond issue size, while also permitting banks to issue **masala bonds**.

### Expectations from 2017 and beyond

- The full potential of India's green bond market remains untapped, with only a limited number of issuers so far.
- There is a need for developing a formal definition of 'green' to ensure understanding across sectors.
- A more descriptive and exhaustive classification from Indian regulators and policymakers would be crucial in expanding the green bond market further.

### Blue Bond

- The upcoming year is poised to witness the first '**Blue bond**' issuance (bonds used to specifically finance water infrastructure) in India.
- Globally blue bond issuances have crossed \$10 billion, with India yet to enter the market.
- Given the rising financing gap in India's water sector, it is imperative to utilise such innovative mechanisms for water infrastructure augmentation as well.

### Other innovative mechanisms

- There is a scope for other innovative mechanisms such as **securitization**.
- Many standalone green projects such as roof top solar, energy efficiency and rural water supply still remain unattractive to institutional investors owing to the smaller scale and vast geographical spread.
- Aggregation and securitization of such projects could be a welcome move in providing mainstream debt to small-scale green projects.
- The recent drive by the Prime Minister to **resuscitate the municipal bond market** for water supply projects in cities such as **Pune** and **Hyderabad**.
- The Indian government's ambitious push for smart cities, may be suitable for private sector participation and may soon culminate into India's first **green muni bond**.

### Paris accord at the COP22, 2017

- The formalization of the **Paris accord at the COP22, 2017** promises to deliver on some of the commitments undertaken globally for green financing.



- With developed countries reaffirming their \$100 billion mobilization goal per year by 2020 to support climate action in emerging nations.
- Utilization of green bonds as an effective vehicle to tap into climate funds is anticipated to grow.
- Collective participation of regulators, policymakers, corporate and financial institutions is going to be crucial.

## **9. The slowing economy**

### **Key Datas**

- Advance **GDP** estimates and **gross value added (GVA)** for the current fiscal year from the **Central Statistics Office**.
- While **GDP growth** is now pegged at 7.1 per cent, compared with a 7.6 per cent pace in 2015-16.
- **GVA** is forecast to expand at 7 per cent this year, easing from the 7.2 per cent posted 12 months earlier.
- These projections were based solely on data from the first seven months through October and do not factor in the impact from the withdrawal of high-value banknotes and the consequent cash crunch.
- A closer look at the sectoral GVA projections throws into relief the areas of concern.
- **Mining and quarrying** is estimated to shrink 1.8 per cent this year after expanding 7.4 per cent a year earlier.
- While **electricity, gas, water supply** and other utility services collectively an indicator of broader economic activity is slowing to 6.5 per cent from 6.6 per cent.
- The seven-month numbers establish that two key engines of the economy, **manufacturing and services**, are losing momentum faster than was anticipated.
- Demonetization led to short-run disruptions in economic activity in cash-intensive sectors such as retail trade, hotels & restaurants and transportation, and in the unorganized sector" and "aggregate demand compression associated with adverse wealth effects.

### **A silver lining in the CSO data**

- Finance Minister projected that growth could accelerate this year to 8 per cent to 8.5 per cent subject to a '**normal**' monsoon.
- Preliminary reports from the States show the total area sown under the rabi crop as on January 6 stood at 602.75 lakh ha, up 6.5 per cent from last year.
- If farmers countrywide can tide over the acute cash shortage resulting from **demonetization** and ensure that the sowing translates to strong growth in output, rural consumption will provide some cushioning from the slowdown.

## **SCIENCE TECHNOLOGY**

### **1. The year of personal genomics**

#### **What is Genome and Genomics?**

- A Genome is a complete set of DNA within a single cell of an organism.
- Genomics is a branch of molecular biology concerned with the structure, function, evolution, and mapping of genomes.

### Scenario of genome testing services in India

- It is possible to request online a test that can tell you your propensity to diabetes, autism, spondylitis and coronary heart disease.
- The tests can also provide information on global clinical drug trials and advise on the efficacy or toxicity of chemotherapy and/or radiotherapy.
- The bulk of genome testing services however still require that patients scan their genes only after being recommended by a doctor.
- Countries such as the **U.S., Qatar, U.K.** have announced plans to undertake large projects to map genomes.
- The Indian government doesn't yet have any major initiative.
- There are also very few studies on the kind of genetic variants, unique to Indians.
- More databases needed to capture India's unique genomic peculiarities.

### GUARDIAN

- A network of doctors across the country to help map individuals and families afflicted with rare diseases that may have a strong genetic component.
- Organised by **Vinod Scaria** and his colleague **Sridhar Sivasubbu** at the **Delhi-based CSIR-Institute of Genomics and Integrative Biology**
- The idea is that over time new genes or variations of known genes are discovered that will be useful to design better drugs or sometimes use known drugs in new ways.

## 2. Agni IV a grand success

### Sixth success

- Agni-IV has already been deployed by the **Army**.
- It is 20 metres long and weighs 17 tonnes.
- Solid propellants power its two stages.
- It had been flight-tested five times earlier — in 2011, 2012, twice in 2014 and in 2015.
- All the five missions were successful. This is the sixth success in a row.

### Launching of Agni-IV

- The **Strategic Forces Command (SFC)** was entrusted with the launching of nuclear weapon delivery systems.
- It fired the missile from a road-mobile launcher positioned on the **Abdul Kalam Island, off Damra village on the Odisha coast**.
- The two-stage, **surface-to-surface** Agni-IV can carry a nuclear warhead weighing **one tonne** over a distance of **more than 4,000 km**.
- But the SFC fired it for a range of about **3,100 km only**. The missile impacted in the Indian Ocean.
- Agni-IV had been tested twice earlier for ranges between 3,000 and 3,500 km instead of its full range of more than 4,000 km.
- The **DRDO** conceived, designed and developed the Agni-IV.

### Lesser range

- The SFC had its own requirements and they will fire the missile according to the requirements.

- Besides, the SFC would like to test Agni-IV for its capability.

### Normal explosives

- The missile carried normal explosives to test the sequence of the flight. Radars and range systems tracked it.

### Agni-V

- The **Agni-V Mission** on December 26, 2016 was also a success.
- It confirmed India's nuclear deterrence capability for, both the missiles can cover the entire area on the other side of the border.
- Agni-V can carry a nuclear warhead weighing **1.5 tonnes** over a **distance of 5,000 km and plus**.

## 3. MINI GRID can power rural economic activity

### What is MINI GRID?

- A mini grid, also sometimes referred to as a "micro grid or isolated grid", can be defined as a set of electricity generators and possibly energy storage systems interconnected to a distribution network that supplies electricity to a localized group of customers."
- They involve small-scale electricity generation (10 kW to 10MW) which serves a limited number of consumers via a distribution grid that can operate in isolation from national electricity transmission networks.

### Key Features

- A mini grid is an **off-grid power system** with a generation capacity of between **10 KW and 500 KW**.
- Mini grids can spur economic activity in rural areas and accelerate the process of expanding mobile phone network.
- This happens due to their large capacities and the ability to connect to the national grid.
- It can be used for various purposes such as a solar lantern, a solar home solution, or even a community solution like a micro grid.
- Good in moving households away from kerosene and providing them with reliable and clean energy.
- The power generated from a mini grid can be seamlessly transferred to the national grid.
- Since it is already going through a charge controller which manages the flow of energy and an inverter which converts the electricity from DC to AC.
- It also has a storage facility to meet night demand as well.
- The power that comes out is regular and standard with no fluctuations.

### Limitations

- They do not provide the energy required to fuel enterprise or commercial activity. and thus will not be able to power equipment, motors, etc.
- A mini grid is a larger system that converts **direct current (DC)** to **alternating current (AC)** and it provides safety as per **REC** and **CEA** standards.
- Usually, the power coming from the smaller off-grid solutions is **DC energy**.
- While it is good for lighting, it does not satisfy the community's requirement to run any sort of business.

- A large part of the demand for mini grids came from telecom service providers for powering mobile towers.
- They (mobile towers) have a presence across rural India and all of them suffer from inadequate power and so have to use diesel.
- There is a national mandate to green 50–60 per cent of the telecom towers.
- The cost of using diesel is very high and it (the risk) includes diesel theft and It also cause pollution.
- The power demand of a telecom tower is 24/7.
- Like a telecom tower, petrol pump, school or bank – that could make up a significant portion of the energy demand from the mini grid.

### Business potential

- The selection of the village is very important.
- The number of households and the potential of existing commercial activity and the future potential demand are looked upon.
- There should be a threshold amount of economic activity.
- And the other important criterion is the presence of an **anchor-load customer**, a single customer who can guarantee at least 25-30 per cent of the demand.
- A combination of flexible regulation by the government and erratic power supply from the national grid has meant that mini grids can compete directly with the national grid.
- Where the grid has reached, the power is inadequate, erratic and not able to meet the energy requirements of the village.
- In fact, of the 95 mini grids operational today, technically, almost 80-90 per cent of the villages are electrified as per government standards.

## SOCIAL ISSUES

### 1. Nothing new in PM's scheme for women

#### Why in News?

- The **Rajasthan Rozi Roti Adhikar Abhiyan** and the **People's Union for Civil Liberties (PUCL)** said a universal maternity entitlement of at least Rs. 6,000 has been available as a right to all pregnant and lactating women in the country since 2013 with the passing of the **National Food Security Act**.

#### Issues

- The civil rights groups have also questioned the eligibility criteria, saying its restriction to only the first two births would defeat its purpose.
- Central government, in "complete violation" of the Act, had continued with the pilot **Indira Gandhi Matritva Sahyog Yojana (IGMSY)** in just 53 districts of the country.
- Despite repeated demands by women across the country, civil society groups as well as the Supreme Court asking for an explanation for the delay in its implementation.

## **2. SC ask to resolve conflict over rape definition in two laws**

### **Why in News?**

- 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.

### **Issues**

- 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.
- 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'.
- **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.
- 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 apex court directed the government to address the issue within four months.

### **Kailash Satyarthi's Efforts**

- 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.
- 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.

## MISCELLANEOUS

### 1. Packing food, drugs at a blistering pace

#### Technology upgradation

- More than \$25 billion Indian packaging industry, growing at a rate of about 10 per cent, is initiating major steps to develop innovative packaging for all segments.
- But mainly for pharmaceutical and food products.
- These efforts are aimed at reducing the import of packaging materials and to produce those materials in India.
- India imports packaging materials of more than 360 crore per year for packaging of pharmaceutical products alone.
- Developed countries use, and demand, advanced packaging for pharmaceuticals to keep products safe.
- These are done through **cold-form blister packaging**. Currently, 80 percent of cold-form blister packaging is imported.
- India is now beginning to adopt such packaging techniques in a major way.
- In packaging, India has traditionally looked to post-World War II **Japan** for inspiration.
- While the industry there derived from western packaging methods, they were integrated with the traditional Japanese concept of packaging called **Tsutsumi** - which is described as the concept of gentle concealment.
- Similarly, the Indian packaging industry started manufacturing cold-form packaging material for pharmaceuticals, tablets and capsules in India.

#### Import substitution

- The product [**laminate**] that is being made has **biaxial oriented nylon** on one side and **Polyvinyl Chloride (PVC)** fills on the other. Both these are imported.
- To avoid importing it, India developed packaging using **isotropic polyester film** on both sides.

#### Modified atmosphere packaging

- India is one of the largest producers of agriculture products.
- Mainly fruits and vegetables, maximum emphasis is now given to increase the shelf life of these products and to reduce wastage through innovative packaging.
- Up to 40 per cent of such produce gets wasted at farms due to lack of appropriate logistics and a cold chain.
- To deal with this problem, the packaging industry has developed **modified atmosphere packaging**.
- Each fruit and vegetable has a certain respiratory rate.
- If a set of fruits is packed using modified atmosphere packaging, which in turn uses **Nano technology**, its shelf life gets extended.
- Equipment will measure the respiratory rate of each item and accordingly the Nano percolation test will be done.
- The same is with **floriculture** where India has already made a name in the international market.

- The **Flexible Packaging Association (FPA)** of America regarded as top in the field of packaging, awarded India a gold medal for modified atmosphere packaging.

#### Higher standards soon

- India has its own packaging standard in the form of **BIS certification** which is voluntary in nature.
- A far higher standard, at par with the developed world is in the works and would be made mandatory for packaging of products for the export markets.
- The Union Commerce Ministry has constituted an expert committee comprising importers, players from the packaging industry and other experts to review existing standards and formulate new standards which will be implemented within a couple of years.

#### Importance of higher standards

- Products will have demand in the international market.
- International trade will increase and our balance of payments will come down. Exports will see a quantum jump.
- Packaging helps in enhancing the value and life span of a product.
- Worldwide packaging is a \$975 billion industry and is expected to reach close to \$1000 billion this year.
- The Indian packaging industry is estimated at \$25 billion and is set to grow to \$30 billion by 2020.
- The objective is to grab a pie of the global market.
- The industry has also scope for providing large scale employment.

#### Longer shelf life

- The primary objective of packaging is to enhance the value of the product and to ensure quality standards.
- The broader objective is to increase the shelf lives of products through affordable packaging.
- And this gets well with the '**Make in India**' initiative of the government.

## 2. Wheat growers anxious as mercury on the rise

#### Why in News?

- Unusual warm winters coupled with incidence of yellow rust disease spotted on the wheat crop in Punjab have raised anxiety among growers.
- The yield of wheat, a temperature-sensitive crop, could see a dip if the warm weather conditions continue to prevail in January.

#### Yellow rust disease

- Prolonged spell of warm weather could result in spread of yellow rust disease as well,
- It can cause severe losses in crop yield, if not checked on time. However, at this stage it's not threatening.
- Yellow rust has been reported on wheat crop in Anandpur Sahib.
- Yellow rust is a **fungal disease** which turns leaves yellowish and stops the photosynthesis.
- Though the disease has recurred over the years in **HD 2967** variety of wheat, farmers in Punjab predominantly go for this variety of wheat as it's a high-yielding variety.

### **3. TRAI issues paper on net neutrality**

#### **Consultation Paper**

- The regulator had decided to undertake a two-stage consultation process.
- The earlier issued pre-consultation, released in May 2016, was an attempt to identify the relevant issues in all the areas on which the **Department of Telecom** had sought TRAI's recommendations.
- In the next stage, the Authority has considered all the relevant issues identified during the pre-consultation process and the preliminary inputs gathered from stakeholders on those issues.
- The purpose of this second stage of consultation is to proceed towards the formulation of final views on policy or regulatory interventions, where required, on the subject of net neutrality.

#### **Measures adopted by TRAI**

- TRAI has sought comments on what the principles for ensuring non-discriminatory access to content on the Internet could be in the Indian context.
- And as to how Internet traffic and providers of Internet services should be understood in the context of net neutrality.
- It has also raised the issue of traffic management practices.
- Seeking comments on approaches that would be preferable, defining what constitutes reasonable traffic management practices or identifying a negative list of non-reasonable practices.
- **Traffic management** practice refers to techniques used by the service providers to manage the safety, security and efficiency of their networks.
- The consultation paper also questioned if certain services such as emergency situations and restrictions on unlawful content be treated as exceptions to any regulation on traffic management practice.
- Further, TRAI has sought comments on defining practices such as blocking and throttling, and also tests to detect their deployment to check for preferential treatment of a particular application.
- On the legal and policy front, the paper has sought opinion on issues such as which body should be responsible for monitoring and supervision and what actions should such body be empowered to take in case of any detected violation, among others.