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1. EMPLOYMENT

1.1 Small scale industries in Independent India
Medium, Small and Micro industries in the country account for nearly 40 per cent of India’s manufacturing and 45 per cent of merchandise exports. Increasing employment in rural India
Cottage industries:
- Cottage industries is key to providing jobs particularly in rural India.
Service sector:
- Services sector arises out of these industries is the key especially in rural India where there is dearth of jobs other than agriculture.
- This will prevent large scale migration to urban areas as well.
- Also allowing 100 per cent FDI in food processing will create more jobs in rural India apart from ensuring minimal wastage of food produce

Mudra Scheme (Fund the Unfunded):
It makes loans accessible to small entrepreneurs
- The Mudra scheme has ensured that several crores of youth got jobs through self-employment.
- The youth of rural India not only get jobs for themselves but also become employers for few others in their start-ups.

1.2 Domestic workers set to get legal status and minimum wages
Ministry of labour and employment is considering to formulate a national policy for domestic workers.
- The policy aims to promote right to fair terms of employment relating to minimum wages, protection from abuse/harassment and violence
- Access to social security benefits such as health insurance, maternity benefits and old age pensions as provided by existing and upcoming schemes of central and state government
- An institutional mechanism will be set up
• Besides, the policy will seek to regulate recruitment and placement agencies to avoid any harassment.

1.3 Workers to get unique numbers in Unorganised sector

• Every worker in the unorganised and organised sector will get a unique identification number
• It will make it easier for them to get benefits under different social schemes.

Challenge:
• It is difficult to allot ID to unorganized workers since there is no information about how many labours exist in unorganised sector exactly.

Measure taken:
• Labour ministry was working towards compressing 44 labour laws into four codes – one each for wages, industrial relations, social security, and one for occupational safety, health, and working conditions.

1.4 The Welfare schemes for Safai karamcharis and Manual Scavengers
National Commission for Safai Karamcharis (NCSK) has suggested to NITI Aayog that some of the welfare schemes for Safai Karamcharis and Manual Scavengers may be brought under its purview.

The commission’s concerns:
- The slow pace of implementation of “The Prohibition of Employment as Manual Scavengers and their Rehabilitation Act, 2013”.
- The slow survey of Manual Scavengers.

The Commission’s Suggestions:
- Empowering the Commission by making it a statutory or constitutional body.
- Some of the welfare schemes for Safai Karamcharis and Manual Scavengers may be brought under its purview.
- The survey of Manual Scavengers done through an independent third party having adequate representation of volunteers/activists from communities traditionally engaged in manual scavenging.

The role of the commission:
- The commission monitors the implementation of the Central Government’s schemes for welfare of Safai Karamcharis and Manual Scavengers.

1.5 Panel to suggest on new jobs

New task force led by NITI Aayog vice-chairman Rajiv Kumar to recommend measures to increase employment by promoting labour-intensive exports.

Key strategy

- Expansion of organised and large enterprises
- Labour intensive sectors - apparel and construction should be promoted.
- New skill sets must be given to labour force entering market to adopt to automation challenge.
1.6 Pradhan Mantri Rojgar Protsahan Yojana (PMRPY)

- Has the objective of promoting employment generation, announced in 2016-17 budget and implemented by the Ministry of Labour and Employment
- The scheme is being The employers would be provided an incentive for enhancing employment by reimbursement of the 8.33% EPS contribution made by the employer in respect of new employment.

1.7 Employment and Enterprise Thrust in Rural Areas

The Department of Rural Development has been making concerted efforts to improve the work availability in rural areas.

- Wage employment is given under MGNREGS
- skilled, semi-skilled and unskilled wage labour is used in rural housing programme, Pradhan Mantri Gramin Awaas Yojana (PMAY-Gramin) and in road construction sector under Pradhan Mantri Gram Sadak Yojana (PMGSY)
- Bank loan linkage for women Self-Help Groups under Deendayal Antyodaya National Rural Livelihoods Mission (DAY-NRLM)
- DAY-NRLM is being used to promote useful enterprises
- The placement-based wage employment skill programmes like Deendayal Upadhyay Gramin Kaushal Yojana(DDU-GKY)
- self-employment programmes through Rural Self Employment Training Institutes (RSETI)

1.8 Skill Development

There is a proposal to develop an extensive rating criterion to benchmark skilled personnel

National Skills Qualification Framework (NSQF)

- NSQF is a quality assurance framework notified in 2013
- organises all qualifications according to levels of knowledge, skills and aptitude

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• Includes formal or informal learning
• Will enable mobility between vocational and general education
• Allow transition from non-formal to organised job market
• A five-year timeline is given to ensure all skills training, government or private, is NSQF-compliant

1.9 Task Force on employment data

India suffers from a lack of reliable, timely data on employment.

Existing Methods
• Data is collected and published by certain agencies including the Labor Bureau, but the coverage is very small.

The Task Force
• Under the chairmanship of the Vice Chairman, NITI Aayog to recommend solutions

1.10 Bharat ke Kaushalzaade

Rural Skills Division, Ministry of Rural Development has organized ‘Bharat ke Kaushalzaade’, an event honouring beneficiaries of its key skilling programmes, on the eve of Antyodaya Diwas 2017.

‘Kaushal Panjee’:

The event also witnessed the mobilization platform launch, branded ‘Kaushal Panjee’ (Skill Register).

• It aims to be citizen centric end-to-end solution to aid mobilization of candidates for RSETIs (Rural Self Employment Training Institutes) and DDU-GKY (Deen Dayal Upadhyaya Grameen Kaushalya Yojana)
• It facilitates mobilization of candidates through Self Help Group members, Gram Panchayat Functionaries, Block Officials, CSCs and directly by the candidate.
● Kaushal Panjee is connected to the Socio Economic Caste Census (SECC 2011).

1.11 MGNREGS - Status

● The scheme has seen a significant demand for wage labour specially for water conservation works
● Now 98% payments are through the electronic Fund Management System (e-FMS)
● About 1.71 crore assets of MGNREGS have been geo-tagged so far
● Independent Social Audit Units have been set up in 24 States

1.12 Sustainable Tourism

2017 is International year of sustainable tourism. The motto of the 2017 World Tourism Day is the respect nature, culture and respects the host.

Status

● The arrival of foreign tourists into India has increased from the last year
● The major factor for increase in arrival of foreign tourist is the policy of introduction of online visa facility that has been extended to more than 180 countries
● The launching of e-ticketing of historical monuments like Taj Mahal, introduction of dedicated tourist trains across India and 24x7 tourist help line has had positive impact on the arrivals of tourists from foreign countries.
● Tourism sector has enormous potential to grow and contribute towards the higher GDP.

Schemes

● Adarsh Smaarak is an innovative scheme launched by Archaeological Survey of India to promote basic tourist facilities in well-known historical sites.
Swadesh Darshan is an important scheme of the Ministry of Tourism to develop theme-based tourist circuits. Under the scheme, 13 thematic circuits have been identified across the country for development.

Under PRASAD Scheme, 25 sites of religious significance have been identified for development in India.

The Ministry of Tourism has adopted code of conduct for safe tourism, containing safe guidelines for both tourists and local residents that assure basic human rights, freedom from exploitation of women and children.

Challenges

- lack of basic infrastructure like roads and providing clean, comfortable accommodation to tourists.

1.13 Why China produces more entrepreneurs than India

The rise of Tencent, Alibaba, Baidu and Xiaomi from zero to billions of revenue in just a few years has no parallel in India. How could an authoritarian state have bigger private enterprise than a democracy?

What are the reasons?

- Recent explosion of private enterprise can be best explained by its crazy internet boom that has pulled a big majority of its people into formal economy.
- SOOT, which stands for scale, openness, official support and technology.
- These factors can be best seen operating together in China's growing digital economy marked by huge people participation, transparency, supportive government policies and, well, technology.
- Share of digital economy in the GDP increased rapidly in China
- Companies such as Tencent came out of nowhere. What they've done using data analytics is that they are serving 300 million people, so participation rate of Chinese in their economy is higher,
- China has poor regions but not as black and white as India.
2. AGRICULTURE AND ALLIED ACTIVITIES

2.1 Govt raises MSP for major crops

The government has raised the minimum support price (MSP) for major crops including wheat, pulses and oilseeds by 6 per cent to 11 per cent.

Recent Changes:

- Current MSP rates saw a small increment for cereals, while promoting a shift towards pulses and oilseeds.
- It is being fixed on 23 necessary crop by Commission for Agricultural Cost and Price (CACP)
- MSP is a psychological comfort to farmers
- The direct beneficiaries of MSP is only 7 per cent to 8 per cent of the farming community

2.2 World Food India 2017

The three-day World Food India 2017 happened in Delhi

Food Processing in India

- The levels of food processing are low today, despite India being the largest producer of dairy, and second-largest producer of several fruits and vegetables, and certain forms of meat
- The sector offers vast growth potential, given India’s population, rising affluence, rapid urbanisation, abundant availability of raw materials and more recently the growth of organised retail.

Reforms

- liberalised policies and reforms for promoting investments
- developing supply chain infrastructure
In 2016, 100% FDI was permitted for retail trading (including through e-commerce) of food products manufactured and/or processed in the country.

- The central food processing scheme, Kisan Sampada Yojana
  - aim to benefit 20 lakh farmers and generate 5.3 lakh jobs by 2020
  - Aim development of food processing and related infrastructure

- capital grants for the development of mega food parks, cold chain infrastructure, preservation facilities and agro-processing clusters.

The Food Safety and Standards Authority of India (FSSAI)

- Aligned itself with Codex Alimentarius, the international food standards
- initiatives to promote ease of doing business in India, including online applications for registration and licensing of food businesses, single-window clearances for imported food products
- organising training for food safety professionals
- implementation of IT interfaces to minimise visits of food business operators to FSSAI offices

2.3 Government to build agri-value chain in PPP mode

The government is building agri-value system in collaboration with private players

How it works?

- Producers, manufacturers, wholesalers, retailers, storehouses and packaging houses representing private sector can partner with government at district level
- District level integrated value chain systems can partner state-level production systems
Vertically integrated supply chain management will be facilitated by agri-logistics in terms of storage, transportation, handling.

2.4 Zebu Cattle Genomics

Memorandum of Understanding (MoU) signed between India and Brazil for cooperation in the fields of Zebu Cattle Genomics and Assisted Reproductive Technologies. The MoU was signed in October, 2016.

Highlights of the MoU

- Joint projects in the fields of Productivity Improvement of cattle and buffaloes, for the purpose of broadening the existing knowledge base on sustainable dairy development and institutional strengthening.

Application of MoU through

- Application of genomic in Zebu Cattle and their crosses and buffaloes.
- Application of assisted reproductive technologies (ARTs) in cattle and buffaloes.
- Capacity building in genomic and assisted reproductive technology.

Related research and development in Genomics and ART in accordance with the respective laws and regulations of the two countries and is covered.

2.5 Embryo transfer programme

To conserve indigenous cattle breeds, the government has rolled out a nine-day program to carry out 440 embryo transfer of higher genetic merit indigenous bovines into surrogate cows.

- Embryos of indigenous breeds such as Sahiwal, Gir, Red Sindhi, Ongole, Deoni and Vechur
- A farmer can get a 5-6 fold increase in number of offsprings
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- The calves so born will be of high genetic merit and the offsprings born will be free from diseases.
- Will result in rapid propagation of high genetic merit indigenous cattle
- The program is implemented with the objective of conservation and development of indigenous breeds

**Embryo Transfer Technology (ETT):**
- Embryo Transfer Technology (ETT) is a technique by which embryos are collected from a donor female of superior genetics and are transferred in recipient females, which serve as surrogate mothers.

2.6 India becomes second largest fish producing country in the world

The scheme ‘Blue Revolution’ has been launched with the outlay of Rs. 300 crore for the integrated development of the fisheries sector in the country.

As a result,
- Overall fish production has registered an increase of about 18.86% in comparison to the last three years.
- Whereas inland fish production has registered a growth of more than 26%.
- About 1.5 crore people in the country are employed in the fisheries sector for their livelihood.
- The World Fisheries Day is celebrated on 21st November.
- The theme of this year is “2022 ka hai sapnaa...... kisan ki aay ho duguna – Sankalp se siddhi”.
- The vast aquatic resources present in the country provide more opportunities and potential for further development in fisheries sector.

**Blue Revolution Scheme:**

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Main aim of Blue Revolution Scheme is to increase the fish production and productivity to up to 8% annual growth rate and to produce 15 million tonnes of fish by 2020.

This scheme will contribute significantly to achieving the targets of doubling the income of farmers and fishermen by 2022.

3. INFRASTRUCTURE

3.1 Real Estate Regulation Act (RERA)

Banks, in consultation with the Reserve Bank of India, have decided not to extend loans to those projects which have not been registered under RERA.

- The government enacted RERA and all the sections of the Act have come into force with effect from May 1 this year
- Under this law, a developer will have to maintain 70% money collected from homebuyers in a separate account, to avoid diversion of funds
- Aims to improve transparency in real estate sector
- Builders are expected to disclose project-related information, including project plan, layout and government approvals-related information to prospective customers.
- Any major changes in the project can only be done after receiving the consent of two-thirds of homebuyers in that project.

3.2 Kishanganga, Ratle projects get World Bank nod

The World Bank permitted India to construct hydroelectric projects on Jhelum and Chenab rivers subject to constraints specified in the Indus Waters Treaty (IWT).

- Disagreement was over the technical design features
IWT designates these two rivers as well as the Indus as the "Western Rivers" to which Pakistan has unrestricted use.

3.3 Logistics gets infrastructure status

The government has granted infrastructure status to the logistics sector, including multi-modal logistics parks and cold chains, enabling the industry to access funds at a cheaper rate.

Benefits

- The cost of funding could come down by up to 50 basis points.
- Those going for external commercial borrowing could get it even cheaper.
- Better access to funds and consequent rise in investments for industrial parks, warehouses and transportation.

Multi-modal logistics parks granted infrastructure status are:

- An inland container depot with minimum investment of Rs 50 crore and minimum area of 10 acres.
- Cold chain facilities with minimum investment of Rs 15 crore and minimum area of 20,000 sq ft.
• Warehousing facilities with a minimum investment of Rs 25 crore and minimum area of 100,000 sq ft.

3.4 Ports and Waterways

3.4.1 Chabahar Port

The first phase of the Chabahar port on the Gulf of Oman was inaugurated in December 2017.

• It is located in the strategically significant Sistan-Balochistan province in Iran, lies outside the Persian Gulf and is easily accessed from India's western coast
• Talks are on for building railways and roads through Chabahar till Afghanistan and then to Russia
• The trilateral pact between India, Iran and Afghanistan envisages establishment of Transit and Transport Corridor in the three countries

3.4.2 Cruise tourism in the country

India has a huge potential of hosting cruise tourists and is expected to create many jobs directly and indirectly

Bottlenecks:

• Absence of world class infrastructure
• Lack of defined procedures for various government departments/agencies for dealing with cruise vessels and tourists

Initiatives to address this problem:

• A task force comprising all relevant agencies like port, immigration, customs, port health authorities and security agencies was formed to study the present environment and procedures.
• A global consultant was hired to bring about a holistic approach and suggest the way forward.
• Allowing foreign flag vessels carrying passengers to call at Indian ports without obtaining license from DG (Shipping)
• Uniformity in port charges for cruise vessels at all Major Ports.

3.4.3 Water Highways

As acquisition of land for national and State highways becomes costly, the government is exploring using water as a means of public transportation.

Waterways development:
• With the enactment of the National Waterways Act, 2016, the total number of national waterways is now 111.
• Providing infrastructure such as jetties, terminals, and navigational channels continues to pose a challenge.
• Sustainable source to fund waterways is essential.

3.4.4 National waterway 4

The first phase involves development of a water channel from Muktyala to Vijayawada on Krishna river along with four floating terminals and three fixed terminals to handle cargo operations.

• The NW-4 runs along the Coromandal Coast through Kakinada, Eluru, Commanur, Buckingham Canals and also through part of Krishna and Godavari rivers
3.4.5 The Buckingham Canal
The Inland Waterways Authority of India (IWAI) aims revive this canal which is a part of National Waterway-4.
- The project comprises of various canals in Andra pradesh, Tamilnadu and Puducherry
- North Buckingham Canal is partly tidal
- The special purpose vehicle for the project involves the Visakhapatnam Port Trust also

3.4.6 RO- RO ferry service launch in Gujarat
The Prime Minister inaugurated Phase 1 of the RO RO (Roll on, Roll off) ferry service between Gogha and Dahej
- Ferry service shall reduce the travel time between Ghogha in Saurashtra, and Dahej in South Gujarat, from about seven or eight hours, to just over an hour
- The Government’s stress on the blue economy, which is integral to the vision of a new India.

3.5 Road Sector

3.5.1 Value Engineering Programme in highways projects
Objective:
- To use innovative technology, materials and equipment to reduce the cost of projects and make them more environment friendly
- ensuring that the roads or bridges and other assets get constructed much faster, are structurally stronger and more durable.

The Value Engineering Programme is expected to:
- Increase speed of construction
- Reduce construction cost
3.5.2 TOT - ‘toll-operate-transfer’- Model

- The pension funds and Private Equity firms are allowed to lease government-owned national highways for 30 years
- The lessee, in turn, gets the right to collect the toll, operate, manage and maintain the highway stretch.
- The National Highways Authority of India (NHAI) is likely to provide a risk cover to the lessee for any unforeseen circumstances such as a rapid fall in toll collection and any structural or engineering fault on the highway.

3.5.3 Bharatmala Pariyojana

Bharatmala Pariyojana is an umbrella program for the highways sector

- Bharatmala will give the country 50 national corridors as opposed to the 6 we have at present. With this, 70 – 80 percent of freight will move along NH as against the 40 percent at present.
- The programme will help to connect 550 Districts in the country through NH linkages
- Envisages improving the efficiency of the National Corridors by decongesting its choke points through lane expansion, construction of ring roads, bypasses/ elevated corridors and logistics parks at identified points.
- The corridors have been mapped as per traffic density and economic relevance of the cities.
- The project is aimed at speeding up cargo movement and the development of multimodal logistics hubs and parks on the periphery of major commercial centres.
- Around 80% of Bharatmala will be based on a government funding, engineering procurement and construction (EPC) model while the rest will be a hybrid-annuity public private partnership.
• Also envisages building 3300 kms of Border Roads of strategic importance along international boundaries and 2000 km of International Connectivity roads to promote trade with Nepal, Bhutan, Bangladesh and Myanmar

3.5.4 NHAI to get power to speed up Bharatmala programme

The National Highways Authority of India (NHAI) is set to get the power to approve projects with a construction cost of more than Rs 1,000 crore to ensure faster implementation of the Bharatmala programme.

3.5.5 Mandatory automatic toll-deduction device

FASTag is mandatory for all new 4-wheelers from December 1, Road ministry declared.

**Highlights:**

- FASTag devices should be fixed on front windscreens by automobile manufacturers or authorised dealers.
- The FASTag can be used across all toll plazas under the National Electronic Toll Collection (NETC) programme.
About FASTag:
• FASTag is a device that employs Radio Frequency Identification (RFID) technology for making toll payments directly from the prepaid or savings account linked to it
• It enables the commuter to drive through toll plazas, without stopping for cash transactions.

3.5.6 The Automotive Mission Plan 2016-26 (AMP 2026)
It is the collective vision of Government of India (Government) and the Indian Automotive Industry
• India has become a fastest growing auto-hub within a short span
• India is the fifth largest automobile manufacturing country in the world.
• Auto sector contribute to 7 per cent to the GDP and nearly 49 per cent to the manufacturing GDP.

The world is still largely dependent on fossil fuels for transportation. Electric mobility is seen as the way forward.

Electric mobility Has multiple options which include
• pure electric vehicles (BEVs) that use energy stored in batteries obtained from the grid
• hybrid electric vehicles (HEVs)
• plug-in hybrid electric vehicles (PHEVs) and
• fuel cell vehicles (FCVs)

The policies suggested are
• lower taxes for BEVs
• investments for the establishment of charging infrastructure
• facilitation of battery-swapping business models
• setting up of advanced lithium ion battery manufacturing facilities

Technology-neutral approach
• It is based on the fact that HEVs and PHEVs do not compete but rather complement and support faster adoption of BEVs.
• That is because all these technologies have similar components that can together create necessary volumes to bring down the prices of these components.

3.6 Railways

3.6.1 Railway tracks over utilization
The recent accident near Khatauli station U.P, is a reminder of the dangers of the excessive over-utilisation of the lines.

• According to the latest data, utilisation exceeds the capacity of 65 per cent of busy routes
• Indian Railways kept deferring the last mile works that are needed to unlock the full potential of an upgraded network.

Recent Developments
Indian Railways will undertake its largest track renewal exercise in the next three months to reduce train derailments

• Old tracks and those heavy traffic to be changed within deadline
• Target to renew nearly 2000 KM of tracks by December

Dedicated Freight Corridors (DFCs)

• DFCs are ‘freight-only’ corridors which will make it cheaper, faster, and more reliable to move goods between industrial heartlands in the North and ports on the Eastern and Western coasts.
• Two are already built, three more to come in the future.
3.6.2 Ultra-luxury Anubhuti coaches for Shatabdi trains

- 'Anubhuti', an ambitious initiative by the railways to target the fast-growing affluent class by offering comforts and amenities
- The railways plan to attach an Anubhuti coach on select routes of the Shatabdi and the Rajdhani

3.6.3 Making Tracks Towards China

The Railways is undertaking final location surveys for four strategic railway lines near the India-China border.

Proposed routes:
1. Bilaspur (HP)-Manali (HP)-Leh (J&K)
2. Missamari (Assam)-Tenga (Arunachal Pradesh)-Tawang (Arunachal)
3. Pasighat (Arunachal)-Tezu (Arunachal)-Rupai (Assam)
4. North Lakhimpur (Assam)-Bame (in Along, Arunachal)-Silapathar (Assam)

The Challenges:
- The proposed railway line is expected to cross some high passes
- There can be no work on the ground during the five winter months
- The proposed line falls in Seismic Zones 4 and 5
Some of the passes are avalanche-prone
Hot springs in Manikaran in Himachal Pradesh provide a natural challenge to the proposed alignment

3.6.4 Bullet Train Project

Prime Ministers Narendra Modi and Shinzo Abe laid the foundation stone of the Mumbai-Ahmedabad High Speed Rail (MAHSR) project.

- High speed rail or HSR, which basically means trains running on dedicated lines at 250 km/h.
- The first such system began operations in Japan in 1964 and was widely known as the bullet train.

About the Project:

- Total length of corridor – 508 kms
- Maximum design speed of 350 kmph and operating speed of 320 kmph
- Total Project cost is estimated to be ₹ 97,636 crore
- 81% of the project cost funded by Government of Japan loan for 50 years at 0.1% per annum interest with 15 years moratorium period.
- State Governments of Maharashtra and Gujarat have been requested to participate in the equity of the SPV

Does India need bullet trains?

India does not have any railways classified as high-speed rail (HSR). The fastest train in India is the Gatimaan Express with a top speed of 160 km/hr, which runs between Delhi and Agra.

HSR advantages:

- alternative to present systems
- Energy-efficient and environment friendly.
- A stimulus for the development of satellite towns, helping alleviate migration to metropolises.
- Gives easy access to tier-II and tier-III cities.

**Arguments against HSR:**
- Very expensive
- Land acquisition problem for dedicated and elevated tracks

### 3.6.5 Monorail

A monorail project for Cyberabad as part of the Telangana State government’s plan to improve connectivity and cut down commute time in the IT hub of Hyderabad is taking shape.

**What is a monorail?**
- Monorail, in simple terms, is an electric-powered bus that runs on an elevated concrete beam.
- The Mumbai Monorail, which is the only such system that is currently under construction in India, is a four-car train, with a capacity of 140 passengers per car.
- For cities that have a population of less than three million, monorail is the ideal mode of transport.
- For denser cities, monorail can ideally serve as the feeder line that brings passengers in and takes them out of the Metro network.”

**Comparison between Mono and Metro rail**
- Capacity-to-cost ratio is better for a Metro system, even though the per kilometre construction cost is more.
- Monorail is ideal for building a regional network.
- Within the city, the monorail system will reach its capacity very fast.
- Monorail is much better solution for the rapidly expanding suburbs of the city.
3.7 Air Transport

3.7.1 Rules for Gyroplanes

Government coming out with a draft policy to regulate the operations of gyroplanes.

What is a gyroplane?

- Aircraft that combine the features of an aeroplane and a helicopter.
- In India, gyroplanes are set to debut as a mode of personal transport rather than an air taxi.
- It can travel up to 600 km on a single tankful of petrol.

Rules

- Will not be allowed to fly at night
- Cannot fly higher than 2,000 feet above ground level or enter controlled airspace without a valid radiotelephony operator's licence.
- Pilots will need a licence and a certificate of airworthiness.
- Will not be allowed to operate when flight or surface visibility falls below 5,000 metres.

3.7.2 India's first Aadhaar-enabled airport - KIA

Bengaluru's Kempegowda International Airport (KIA) is all set to be become country's first Aadhaar-enabled airport by 2018.

Airport of the future

- Aadhaar-enabled entry and biometric boarding system
- The process enables a passenger to be verified in less than five seconds at every checkpoint right up to the boarding gate.
- Enhance security and speed up clearance and alleviate delays at the airport.
3.8 Regional Development

3.8.1 Border area projects

- Broader areas need special attention for development.
- The Border Infrastructure include - Border Roads, flood lights, Border Outposts (BOPs) and Integrated Check Posts (ICPs)
- Technological solutions will involve networking of equipments like High Resolution Cameras, Radars, Unattended Ground Sensors, Optical Fibres, Infra Red Sensors, Aerostats and Hand-held Thermal Imagers etc.
- Necessary assistance is required in the field of education, health and other basic necessities also.

3.8.2 Development of border roads

The BRO has planned to construct 17 highway tunnels about 100 km in length along the entire LAC, including some which are already under construction. This is carried out by Border Roads Organisation (BRO).

**Advantages of tunnels over roads**

- Tunnels unlike roads will ensure that the distance to the LAC is drastically reduced and there is all-weather connectivity.
- This will lead to troops and adequate supplies- even during heavy snowfall that block important roads quickly reaching strategic locations in case of a Doklam like standoff or a future conflict.
- A major hurdle to the construction of border roads is land acquisition and forest clearances, which for tunnels is being considered a relatively smaller issue.

Due to the restricted mobility and in view of the Dokalam standoff, India is quickly moving towards the construction of its 73 ICBRs along the LAC. These roads will also ensure development of the border regions.
3.8.3 BRO builds world's highest motorable road in Ladakh

The Border Roads Organisation (BRO) has constructed the world's highest motorable road in Ladakh region of Jammu and Kashmir, passing through Umlingla Top at a height of over 19,300 feet.

Key facts:

- The feat was achieved under 'Project Himank' of the organisation.
- constructing the road at the altitude of over 19,300 feet was filled with life threatening challenges.

3.8.4 Japan to help Northeastern infrastructure development

Historic connection

- Japan has a historic connection to the Northeast and cooperated with a variety of development projects
- Ranging from connectivity infrastructure such as roads and electricity, water supply and sewage, to forest resource management and biodiversity.

Enhance connectivity

www.iesgeneralstudies.com   www.gatemech.com
Japan will extend a loan to various infrastructure projects in Northeast region.

This is part of Indo-Japan corridor conceived last year for the Indo-Pacific region

It also extends to Eastern Africa under Asia Africa Growth Corridor, an initiative that would provide an alternative to OBOR.

The two countries have decided to seek synergy between India’s ‘Act East’ Policy and Japan’s ‘Expanded Partnership for Quality Infrastructure’

4. BANKING & FINANCE

4.1 RBI reduces the Policy repo rate

The 25 basis points cut is taken by Monetary Policy Committee’s majority decision

• There is significant slowdown over the past three months in core inflation (retail price inflation excluding those for food and fuel)

What is Repo rate?

• Also known as the benchmark interest rate

• Is the rate at which the RBI lends money to the banks for a short term against securities

• Repo rate is used to control inflation

• When the repo rate increases, borrowing from RBI becomes more expensive and if RBI wants to make it cheaper for banks to borrow money it reduces the repo rate

Monetary Policy Committee

• Entrusted with the task of fixing the benchmark policy rate (repo rate)

• Inflation Target: Four per cent. Upper tolerance level: Six per cent. Lower tolerance level: Two per cent.

• The meetings of the Monetary Policy Committee shall be held at least 4 times a year
Three Members will be from the RBI and the other three Members of MPC will be appointed by the Central Government.

The Members of the Monetary Policy Committee appointed by the Central Government shall hold office for a period of four years.

### 4.2 Banking Regulation (Amendment) Bill, 2017

It seeks to amend the Banking Regulation Act, 1949 to insert provisions for handling cases related to stressed assets.

**Salient features:**

- **Initiating insolvency proceedings:** Now on RBI authorised to issue directions to banks for initiating proceedings in case of a default in loan repayment.

- **Issuing directions on stressed assets:** The RBI may, from time to time, issue directions to banks for resolution of stressed assets.

- **Committee to advise banks:** The RBI may specify authorities or committees to advise banks on resolution of stressed assets.

- It will also be applicable to the State Bank of India, its subsidiaries, and Regional Rural Banks.

**Need for the bill:**

A majority of NPAs (88%) are in public sector banks. This new amendment gives RBI additional powers to direct banks to initiate recovery proceedings under the Insolvency and Bankruptcy Code, 2016.

### 4.3 The Revolution in Banking Sector Technology

- The JAM (Jan Dhan-Aadhar-Mobile) technology trinity enabled by payments through the Unified Payments Interface (UPI), has made mobile banking simple.
  - India is within the reach of '1 billion-1 billion-1 billion' vision of financial inclusion. That is 1 billion unique Aadhaar numbers linked to 1 billion bank accounts and 1 billion mobile phones.
○ **JAM** has brought together financial inclusion (PMJDY), biometric identification (Aadhaar) and mobile telecommunications

○ **Advantages of the scheme:** Allow poor to become part of digital mainstream and can transfer resources to citizens faster and more reliably and with less leakage

- Clearances using the National Electronics Transfer of Funds (NEFT), Real Time Gross Settlements (RTGS), Immediate Payment Service (IMPS) and Electronic Clearing System (ECS) are rapidly integrating into the mainstream banking sector activities.
- Fintech – the short form financial and technology has come to dominate the real world of banking.
- The Reserve Bank of India’s medium term plan for financial inclusion by 2021

### 4.4 NPAs: challenge is to avoid delays

- The central bank has asked banks to file bankruptcy cases with the National Companies Law Tribunal (NCLT) within June 30.
- The RBI had also advised banks to make higher provisions for these accounts to be referred to the Tribunal under the Insolvency and Bankruptcy Code (IBC).
- The move was intended to improve bank provision coverage ratios and
- To ensure that banks are fully protected against likely losses in the resolution process.

The NCLT was constituted on June 1, 2016 with 10 benches and one principal bench. A plea for insolvency is submitted to the adjudicating authority (NCLT in case of corporate debtors) by financial or operation creditors.

### 4.5 Banks Consolidation
At the bankers’ retreat, known as Gyan Sangam, the idea of consolidation was first floated.

**Need for consolidation:**
- Large-sized banks to fund the huge infrastructure requirements of the country
- To Compete with global lenders

**Opportunities for Consolidation:**
- The present asset quality crisis.
- Many banks are not in a position to raise equity from the market. Shares of most of them trade at a discount to their book value.
- Investor appetite for PSU bank shares has been typically low
- Banks would also need capital for complying with Basel-III norms
- Supporting business growth

**How does it works?**
- A framework had been conceived in which a bank’s board would first clear the decision to merge and then send the proposal to the ‘Alternative Mechanism’ for its in-principle approval
- After the in-principle approval comes through, the bank will take steps in accordance with law and SEBI’s requirements
- The final scheme will be notified by the government in consultation with the Reserve Bank of India (RBI).

### 4.6 Indian Household Finance

In a recent report, the Reserve Bank of India's (RBI) household finance committee found the average Indian household keeps just 5% of its wealth in financial assets. Most is held in real estate and gold

**Barriers to participating in the formal financial system:**
- cultural, such as low trust in financial institutions
- Supply-side frictions.
Banks’ “one-size-fits-all” products
Transaction costs are high

**Regulatory barriers to innovation**
- Regulators need to keep pace with the brand-new business models that are rapidly emerging in fintech
- A “regulatory sandbox” can help innovators to test new products and services in a controlled, yet live, environment.

The RBI has been proactive in developing new regulations:
- Differentiated licences for new categories of banks
- Conducting pilot tests before stipulating new limits on digital transactions
- Publishing a white paper on blockchain technology in banking

### 4.7 RBI’s strict KYC norms to keep e-wallets safe
- RBI hiked the initial net worth requirement for firms offering prepaid payment instruments to Rs 5 crore, from Rs 2 crore now.
- RBI also asked the firms to ensure KYC compliance of existing users by year-end.
- No credit facility can be provided without ‘full KYC’.
- Many players say the new KYC (know your customer) norms will increase the cost of doing business.

### 4.8 Basel III norms
India could slightly delay the implementation of global risk norms Basel III as the banking sector is already under stress due to demonetisation and the GST roll out.
- As per the Reserve Bank direction, the Basel III capital regulation is being implemented from April 1, 2013 in India in phases, and it will be fully adopted as on March 31, 2019.
- The country has witnessed three important structural reforms: demonetisation, Goods and Services Tax (GST), Real Estate Regulatory Authority (RERA).
• Banking sector is currently going through challenging times due to low credit growth, deterioration in asset quality and low profitability
• Indian banking sector need to concentrate on issues related to financial inclusion, asset quality and credit growth.

About Basel norms:
• Basel in Switzerland is the headquarters of Bureau of International Settlement (BIS).
• BIS fosters cooperation among central banks with a common goal of financial stability and common standards of banking regulations.
• The set of the agreement by the BCBS (BASEL COMMITTEE ON BANKING SUPERVISION), which mainly focuses on risks to banks and the financial system are called Basel accord

4.9 Mudra Promotion Campaign

The promotion campaigns will be launched by the department of financial services and state level banking committee (SLBC) of different states.
• Education on different categories of loans that could be availed of through Pradhan Mantri Mudra Yojana
• Startup India scheme under which loans above ₹10 lakh and upto ₹1 crore could be obtained without collateral.
• It would create awareness among the visitors on digital transactions.
• coverage of merchants with Bharat QR coding and downloading BHIM Aadhaar pay app.

MUDRA Yojana:

• The PMMY (Pradhan Mantri Mudra Yojna) Scheme was launched in April, 2015.
• The scheme’s objective is to refinance collateral-free loans given by the lenders to small borrowers.
4.10 India Post Payments Bank

Government is working on setting up 650 India Post Payments Bank

**India Posts**

- So far 57 Post Offices are providing Passport Seva and in coming days 93 more will be added
- launched International Tracked Packet Service designed specially to meet the cross border requirements of e-Commerce sector in Asia-Pacific Region
- launched e-IPO (Indian Postal Order) as a pilot project

4.11 North East Small Finance Bank starts operations

North East Small Finance Bank Limited has commenced operations as a small finance bank

**Small finance Bank**

- A small finance bank primarily undertake basic banking activities
- Acceptance of deposits and lending to unserved and underserved sections including small business units, small and marginal farmers, micro and small industries and unorganised sector entities.

4.12 Fiscal Stimulus

NITI Aayog Vice Chairman Rajiv Kumar has pitched for fiscal stimulus to boost growth.

- Stimulus money should be used on increasing investment, increasing demand and improving physical and rural infrastructure

*Economic Advisory Council:*

- It wants the government to stick to its fiscal consolidation road map and has suggested that stimulus to the industry should not be at the cost of fiscal prudence.

*RBI stand:*

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It cautioned the Centre against a stimulus package, arguing that breaching the fiscal deficit target will fire up inflation and hurt long-term macroeconomic stability.

5. CAPITAL MARKET & INVESTMENT

5.1 Exchange Traded Fund (ETF) "BHARAT 22"
Government is using ETF as a vehicle for further disinvestment of shares in PSUs

What is an ETF?
- Are Index Funds that are listed and traded on exchanges like stocks
- An index fund is a type of mutual fund
- Like a mutual fund, an ETF pools the assets of its investors and uses professional managers to invest the money
- ETFs can be bought and sold on a stock exchange throughout the trading day

BHARAT 22
- Bharat 22 consists of 22 stocks of CPSE's, PSB's & strategic holding of SUUTI (Specified Undertaking of UTI)
- Is a well-Diversified portfolio with 6 sectors (Basic Materials, Energy, Finance, FMCG, Industrials & Utilities)

5.2 Aadhaar for financial transactions
- Capital market regulator Sebi has plan to make Aadhaar compulsory for stock trading
• Already, large financial transactions are tagged to the tax department’s Permanent Account Number (PAN).
• To weed out duplicate PANs, the government has mandated linking PAN with Aadhaar.
• Aadhaar should become the single identifier that should be tagged to all financial transactions.
• The tax deduction and collection number, or TAN, is mandatory for legal entities responsible for deducting or collecting tax.

The RBI has now introduced the legal entity identifier, a global reference number that uniquely identifies every legal entity or structure that is party to a financial transaction in any jurisdiction.

5.3 Stricter Rules for Credit Rating Agencies

The Securities and Exchange Board of India (Sebi) has proposed a slew of stricter measures for credit rating agencies.

What Sebi Wants?
• Minimum net worth should be `50 crore to be eligible for registration as a rating agency
• A credit rating agency cannot hold more than 10% stake, voting rights in another rating agency
• Financial results disclosure requirements for issuers of listed debt should be brought in line with that of listed equity
• Activities besides rating of financial instruments, economic/financial research should be hived off to a separate entity

5.4 Masala Bonds Move Out of Corp Bond Investment Cap

The Reserve Bank of India has removed masala bonds, or rupee-denominated debt securities sold abroad, from the corporate bond investment limit that remains almost full amid strong overseas investor interest.
• The move will release additional space for yield-hungry foreign portfolio investors (FPI), who can now invest up to another 44,000 crore in domestic
debt securities of companies like Housing Development Finance Corporation and NTPC.

- Bringing masala bonds under the ECB framework will ensure better monitoring framework, especially on sources and the purpose of investment.
- The revised limit is expected to result in higher FPI flows and a likely

**What is Masala Bond?**

- The term is used to refer to rupee-denominated borrowings by Indian entities in overseas markets.
- The International Finance Corporation (IFC), the investment arm of the World Bank, last November, issued a ₹1,000 crore bond to fund infrastructure projects in India.
- These bonds were listed on the London Stock Exchange (LSE).
- IFC then named them Masala bonds to give a local flavour by calling to mind Indian culture and cuisine.

**5.5 Graded Surveillance Measure by SEBI**

The BSE (Bombay Stock Exchange) website mentions a list of more than 900 companies that are monitored under the Graded Surveillance Measure, designed by market regulator Securities and Exchange Board of India (SEBI).

**Graded Surveillance Measure**

- SEBI introduced the measure to keep a tab on securities that witness an abnormal price rise that is not commensurate with financial health and fundamentals of the company.
- To alert and protect investors trading in a security (tradable financial asset), which is seeing abnormal price movements.
- SEBI may put shares of companies under the measure for suspected price rigging or under the ambit of “shell companies”
5.6 GIFT City bourses to offer oil contracts

The Securities and Exchange Board of India (SEBI) has allowed exchanges established in GIFT City to introduce crude oil futures contracts.

Advantages

- Exchanges in the IFSC offer trading facilities for 22 hours.
- There is a lot of demand for crude oil contracts globally.
- Crude oil is the highest traded commodity on Multi Commodity Exchange of India (MCX), the country’s largest commodity bourse in terms of market share.

What is GIFT City?

- GIFT is being developed as a global financial and IT Services hub, a first of its kind in India, designed to be at or above par with globally benchmarked financial centres.
- GIFT’s Master Plan facilitates Multi Services SEZ with International Financial Services Centre (IFSC) status, Domestic Finance Centre and the associated Social infrastructure.

5.7 Investment

5.7.1 Bilateral Investment Treaty dispute management strategy

The government had mandated a high-level committee chaired by Justice B.N. Srikrishna to focus on arbitrations involving the Union of India, and specifically bilateral investment treaties (BIT) arbitrations.

Recommendations

- Creation of the post of an international law adviser (ILA) with the rank of additional solicitor general
- Creation of a five-member permanent inter-ministerial committee (IMC)
- The designation of the Department of Economic Affairs (DEA) as the nodal agency for receiving correspondences in existing BITs
● The government must establish a clear channel of communication for investors with grievances by notifying a nodal agency and a single point of contact

5.7.2 Intellectual Property Rights in India

Background
● When the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) embodied an international regulatory regime many nations, which have since then promoted excessive protection of private investor interests through bilateral trade agreements, often at the expense of wider public interests.
● To pursue bilateral agreements with individual countries one by one to ensure stronger IP protection across markets, by sidestepping the multilateral regime.

Gaming the system
● A large IP portfolio, engages in extensive litigation on patent issues, and thrives on licensing revenues.
● A large number of countries have already foregone many degrees of policy freedom by signing up to ‘TRIPS-Plus’ standards of protection.
● Profits neatly split up between large corporations and new kinds of non-innovator firms that simply amass patents speculatively in upcoming, promising technologies for spurious returns.

Challenge for India
● Supporting IP standards that simply follow a ‘winner takes all’ ideology without emphasis on technological advancement and competitive markets will be a regrettable mistake.

5.7.3 FDI into India
India is now the most liberalised country for Foreign Direct Investment (FDI) inflows. 98% FDI comes via the automatic route.
Invest India

- Was set up in 2010 as a Department of Industrial Policy & Promotion (DIPP) - The Federation of Indian Chambers of Commerce and Industry (FICCI) collaboration
- Is a dedicated field agency to target foreign companies and pursue them to invest in India.
- It’s being reported that a large proportion of the recent FDI is buying into stressed assets, at distress prices

Status of FDI flows into India
India is now ranked amongst top 3 FDI destinations (World Investment Report 2016, Unctad) and ninth in the FDI Confidence Index in 2016

What the FDI inflow do for the economy?
- In principle, FDI—as against foreign portfolio investment which flows into the secondary capital market—brings in long-term fixed investments, technology and managerial expertise, together with foreign firms’ managerial control.

If the proposed industrial policy is serious about realizing the vision of Make In India, it needs to look elsewhere, not at FDI.
5.7.4 Commercial papers as a source of funds

Commercial papers have become one of the popular routes for corporates to raise funds when compared with loans from banks in recent times

What is a commercial paper?

- A commercial Paper (CP) is an unsecured loan raised by firms in money markets through instruments issued in the form of a promissory note.
- CPs can be issued for maturities between a minimum of 7 days and a maximum of up to one year from the date of issue.
- Short-term borrowing rates in money markets have significantly declined post demonetisation

Advantages of CP:

- Cheaper source of funds
- It helps meet funding requirements relatively quickly for better-rated corporates.

Challenges of CP:

- CP is an unsecured loan
- Vulnerable to liquidity conditions.

5.7.5 Government floats Series-III of Sovereign Gold Bonds
Government of India, in consultation with the Reserve Bank of India (RBI), had floated Series III of Sovereign Gold Bonds 2017-18.

- The Bonds will be issued on the succeeding Monday after each subscription period.
- The issue price shall be Rs 2,961 (Rupees Two thousand Nine hundred Sixty one only) – per gram with Settlement on December 4, 2017

What is Sovereign Gold Bond (SGB)?

- SGBs are government securities denominated in grams of gold.
- They are substitutes for holding physical gold. Investors have to pay the issue price in cash and the bonds will be redeemed in cash on maturity.

Who is the issuer?

- The Bond is issued by Reserve Bank on behalf of Government of India.

Sovereign Gold Bond (SGB) Benefits:

- **Hassle free**: Bond Ownership of gold without ant physical possession (No risk and no cost of storage).
• **Tax Treatment:** The capital gain tax arising on redemption of SGB to an individual has been exempted. The indexation benefits will be provided to long term capital gains arising to an person on transfer of bond.

• **Tradability:** The Bonds will be tradable on stock exchanges within a fortnight of the issuance on a date as notified by the RBI.

• **Transferability:** Bonds shall be transferable by execution of an Instrument of transfer in accordance with the provision of the Government Securities Act.

6. **TAXATION**

6.1 **Subsuming of environment related cesses under GST**

This is a Constitution (122nd Amendment) Bill, 2014.(For more details, refer to GST article in www.iesgeneralstudies.com)

**Background:**

The Goods and Services Tax subsumed a variety of existing Central and State levies. Among them were three environment-related cesses: the high-profile Swachh Bharat Cess and Clean Energy Cess levied on all taxable services since 2015 and on coal since 2010, and the historical Water Cess chargeable since 1977 on water consumption by industry and local authorities.

**What are the subsumed cesses?**

GST subsumed several central & state cesses levies under it. Environment cesses subsumed- Water Cess, Clean Energy Cess and Swachh Bharat Cess.

- **Water Cess** was levied on water consumption by industry and local authorities. It was used to augment the resources of the Central and State pollution control boards to address water pollution.

- **Clean Energy Cess**, a kind of carbon tax was levied on coal produced in India or imported coal at the rate of Rs. 400/tonne in 2016, to finance clean environment initiatives.
Swachh Bharat Cess was levied on all taxable services, to be used for financing Swachh Bharat initiative.

Issues in subsuming the cesses

- The water cess is the second most important source of revenue for State pollution control boards after consent fees.
- The loss of this revenue will be a huge setback for boards which already suffer from poor technical capacity and autonomy.
- The channelling of money through State budgets will make the boards even more vulnerable to the discretion of State governments, which have a dismal track record of empowering the pollution watchdogs.

A new levy called the GST Compensation Cess has been introduced to make good apprehended losses to States in the first five years of GST implementation.

Cess purpose

- A cess is a levy for a specific purpose.
- Under Article 270 of the Constitution, a cess tax has special privilege as the proceeds can be retained exclusively by the Union and need not be shared with States.

Dilution of characteristics

- Once the money is transferred to State governments, it can be used to fund just about any scheme and may even be used merely to adjust the respective State government’s fiscal deficit.
- There is no relation between the persons contributing to the cess and the recipients, the State governments.
- There is no provision in the Amendment Act for an additional tax to compensate the States for apprehended losses from GST implementation.

6.2 Effect of GST on Business

GST reform is

- to catalyse conformity in every part of the business chain
- to expand the tax base in a transparent and efficient manner.
GST tax reforms will have the most far-reaching ramifications in logistics sector

Supply chain efficiency:
- Measured using the ratio - ‘logistics costs as a percentage of national GDP.’
- This percentage for India is as high as 14% compared with 8% in developed nations.

Impact of GST on Supply Chain:
- Interstate movement of goods has become easier with reduced procedures and restrictions at state borders
- Dismantling of check posts at state borders have reduced transit times
- Presently the forms run on legacy supply chain models designed for optimising tax payouts, now they can opt for other models

6.3 Breaking the network of shell companies
The Ministry of Corporate Affairs (MoCA) has identified 1.06 lakh directors of 'shell companies' for disqualification under the relevant provisions of the Companies Act, 2013

Benefits
- Fights against black money and money laundering as many shell companies are used for tax avoidance and money laundering
- Helps to create a faith and confidence in system paving the way for ease of doing business.

6.4 New Income Tax law to simplify tax slabs
The central government's decision to set up a seven-member committee (Task force) to overhaul Direct Tax Code (DTC).

**Why New Tax Law?**
- The direct taxes have been in force in the country since 1961.
- The present direct tax law not in consonance with economic need of the country.
- PM Narendra Modi made comments during the annual conference of tax officers in September that the Income-tax Act, 1961, was drafted more than 50 years ago and it needed to be redrafted.

To review the Act and to draft a new direct tax law in consonance with economic needs of the country, the Government has constituted a task force.

**Composition of Task Force:**
- The task force is headed by Arbind Modi, Member (legislation), CBDT.
- Arvind Subramanian, Chief Economic Adviser, will be a permanent special invitee in the Task Force.
- Four other members will be part of the task force.

**Task force aim:**
- The task force would draft direct tax laws in line with tax laws prevalent in other countries. Incorporating international best practices, keeping in mind the economic needs of the country.
- The task force would submit its report to the government within six months.
7. BUDGETING & ECONOMIC GROWTH

7.1 Economic growth: an alternative view

India’s decelerating GDP growth rate in the past five quarters has generated panic.

A silver lining?

- It can bring significant economic welfare through improvements in environmental quality.
- Economists concerned about sustainable development advocate low levels of economic growth since with large expansions in national income come negative environmental consequences such as pollution.

Environmental Kuznets Curve (EKC)

- Almost all our development policies, which are directed towards pushing double-digit income growth has little concern for environmental capital.
- It suggests that during the initial period of economic development, where per capita income is low, deterioration of environmental quality caused by rapid industrialisation and urbanisation is inevitable.

The Indian context
● World Bank study highlighted that in India, a higher level of economic growth maintained in the past has caused environmental damage, which is equivalent to 5.7% of the country’s GDP at 2009 prices.
● India’s air pollution alone caused welfare loss equivalent to 7.69% of its GDP in 2013.

**Green GDP**
● The current method of GDP estimation treats environmental damage costs as income.
● A proper assessment of environmental social benefits and social costs of income growth.

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**8. EXTERNAL SECTOR AND INSTITUTIONS**

**8.1 50 years of ASEAN**
● The Association of Southeast Asian Nations is a regional intergovernmental organization comprising ten Southeast Asian states.
● Since its formation on 8 August 1967 by Indonesia, Malaysia, the Philippines, Singapore, and Thailand, the organization’s membership has expanded to include Brunei, Cambodia, Laos, Myanmar, and Vietnam.

**India and ASEAN**
● India’s search for economic space resulted in the ‘Look East Policy’.
● The Look East Policy has today matured into a dynamic and action oriented ‘Act East Policy’.
● Relationship with ASEAN is a key pillar of India's foreign policy and the foundation of the Act East Policy.
● The India- ASEAN relationship was upgraded to a Strategic Partnership in 2012.
8.2 BRICS Agriculture Research Platform

The Union Cabinet has given approval for establishment of the BRICS Agriculture Research Platform (BRICS-ARP)

Aims:

- Promote sustainable agricultural development and poverty alleviation
- To provide food security in the BRICS member countries
- A natural global platform for science-led agriculture-based sustainable development for addressing the issues of world hunger, under-nutrition, poverty and inequality
- Enhancing agricultural trade, bio-security and climate resilient agriculture

8.3 TAPI Pipeline

India will host the next steering committee meeting of the proposed 1,814 kilometre-long Turkmenistan-Afghanistan-Pakistan-India (TAPI) natural gas pipeline

- first proposed in 1995, had its ground-breaking ceremony in December 2015
- to tap Turkmenistan’s Galkynysh gasfields, which are the fourth largest in the world.
- being developed by the Asian Development Bank.
- In Afghanistan, TAPI pipeline will be constructed alongside the Kandahar–Herat Highway
- Passes via Quetta and Multan in Pakistan
- The final destination of the pipeline will be the Indian town of Fazilka, near the border between Pakistan and India
8.4 India-EFTA pact

Free Trade Agreement (FTA) between India and European Free Trade Association (EFTA) as well as an investment protection framework would boost economic ties between the two sides.

**EFTA members**
Switzerland, Iceland, Norway and Liechtenstein

**Focus areas**
Intellectual property rights (IPR), Data security issues

**Key facts**

- The proposed agreement covers trade in goods and services, investments, trade facilitation, Customs cooperation, protection of intellectual property and public procurement.
- Under an FTA, trading partners give market access to each other with a view to promoting bilateral trade in goods and services, besides investments.
- India is negotiating similar pacts with several other countries, including Australia, New Zealand, Israel and Canada.
- It has implemented FTAs with Singapore, South Korea, Japan and Asean, among others.

8.5 Services talks at RCEP (Regional Comprehensive Economic Partnership)

- India will raise concerns regarding the ‘slow’ pace of negotiations on services trade liberalisation at RCEP ministerial-level meeting.
- Opposed to ‘higher priority’ being accorded to commitments to open up goods trade in the region at the proposed Free Trade Agreement (FTA) involving 16 Asia-Pacific nations.

**Members of RCEP**

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The 10-ASEAN countries (Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam) and Six Free Trade Agreements (FTAs) partners, viz. Australia, New Zealand, Japan, China, Korea and India.

India’s concerns
- Other RCEP nations seem to be focused more on “extracting as much (binding commitments) as possible on eliminating tariffs to open up goods trade
- India wants sticking to the RCEP ‘Guiding Principles and Objectives’

8.6 Globalization is not ending, it’s changing

Globalization isn’t ending, it’s changing. What we are witnessing is the emergence of a new global economy, an economy without borders propelled by digital rocket boosters.

Protectionism and nationalism on rise
- Economic nationalism (and protectionism) are growing.
- WTO data indicates that India and the US rank among the countries with the most number of trade restrictive measures in recent years.

Set in motion by various digital technologies
- Companies that have learnt to thrive in this increasingly connected world have built large global businesses at astonishing speeds.
- Netflix launched its streaming service in 2010, and has expanded to more than 190 countries in less than seven years.
- Pokémon Go was being played in over 125 countries and generated nearly $1 billion in revenue just six months after its launch.
- Dominant role of the multilateral financial institutions that traditionally have provided global capital appears to be receding.

While this is taking place, the global market has been expanding in ways never before imagined.
8.7 SEZ for only Indian companies in Tashkent

Uzbekistan is setting up an SEZ exclusively for Indian companies
- To attract Indian investments in a big way
- India occupy the 20th place among its trading partners

8.8 India’s Membership for European Bank for Reconstruction & Development

European Bank for Reconstruction and Development

The Union Cabinet has approved India’s Membership for European Bank for Reconstruction & Development (EBRD). Department of Economic Affairs, Ministry of Finance will take necessary steps to acquire the membership of the EBRD.

Benefits
- The membership of EBRD will enhance India’s international profile and promote its economic interests.
- It will give India access to EBRD’s Countries of Operation and sector knowledge.
• It will boost India’s investment opportunities and also improve investment climate in the country.
• The membership of EBRD will help to increase the scope of cooperation between India and EBRD through co-financing opportunities in manufacturing, services.
• The membership would help India leverage the technical assistance and sectoral knowledge of the bank for the benefit of development of the private sector.
• Increased economic activities would have the employment generating potential.
• It would also enable Indian nationals to get the employment opportunity in the Bank.

So far, India is a member of the World Bank, Asian Development Bank, and African Development Bank. It has also joined the Asian Infrastructure Investment Bank (AIIB) and New Development Bank (NDB).

8.9 (WTO’s) Ministerial Conference in Buenos Aires, Argentina

India will hold firm on its position against the inclusion of new issues such as ‘e-commerce’ and ‘investment facilitation’ into the ongoing round of multilateral trade negotiations, without first resolving the outstanding ones including food security, commerce minister stated.

Permanent solution
• Highest priority for India was to ensure that a ‘permanent solution’ on the issue of public stockholding for food security purposes.
• Without a permanent solution, public stockholding programmes in India and other developing countries will be hampered by the present ceiling on domestic support which is pegged at 10% of the value of production, and is wrongly considered as trade-distorting subsidy to farmers under existing WTO rules.

Peace Clause
Currently, an interim mechanism called the ‘Peace Clause’ is available for developing nations including India, according to which they cannot be challenged at the WTO Dispute Settlement Mechanism (DSM) even if they breach the cap of the product-specific domestic support (10% of the value of production).

WTO

The World Trade Organization (WTO) is the only global international organization dealing with the rules of trade between nations.
At its heart are the WTO agreements, negotiated and signed by the bulk of the world’s trading nations and ratified in their parliaments.
Unlike in other organizations, every country carries equal vote
8.10 Different Reports by World Organizations
<table>
<thead>
<tr>
<th>Organisations</th>
<th>Reports or Indices</th>
</tr>
</thead>
</table>
| WB(World Bank)                    | World Development Report  
                                 Ease of Doing Business Index  
                                 Global Economic Prospectus  
                                 Ease of Living Index        |
| IMF(International Monetary Fund)  | World Economic Outlook  
                                 Global Financial Stability Report |
| WEF(World Economic Forum)         | Global Environment Performance Index  
                                 Global Information Technology Report  
                                 Global Energy Architecture Performance Index  
                                 Human Capital Index  
                                 Global Gender Gap Index  
                                 Inclusive Development Report  
                                 Global Risks Report  
                                 Global Competitiveness Report |
| UNCTAD(United Nations Conference on Trade and Development) | World Investment Report  
                                 The Trade and development Report  
                                 The Technology and Innovation Report |
| UNDP(United Nations Development Programme) | Human Development Report and Index  
                                 Gender Inequality Index |
| UNEP(United Nations Environment Programme) | Global Environment Outlook  
                                 Emission Gap Report |
| WHO(World Health Organisation)    | World Health Statistics  
                                 Ambient Air Pollution report |
| WWF(World Wide Fund for nature)   | The Living Planet Report  
                                 The Energy Report |
| Transparency International         | Corruption Perception Index |
| WIPO(World Intellectual Property Organisation) | Global Innovation Index(along with Cornell University and INSEAD) |
| IFPRI(International Food Policy Research Institute) | Global Hunger Index |
| UN-SDSN(UN Sustainable Development Solutions Network) | World Happiness Report |
| FATF(Financial Action Task Force)  | Global Money Laundering Report |
9. CURRENCY

9.1 Cryptocurrencies

Since the start of the year, the cryptocurrency has achieved the incredible feat of increasing more than 1,000 per cent in value.

Why value increased?

- Bitcoin’s surging popularity, demand and growing awareness of the crypto market has all contributed to its unprecedented rise.
- The token is a store of value used to exchange for goods and services. Bitcoin is not regulated nor is it a legal tender – but it is popular and in high demand which drives prices.

Fiat cryptocurrency

The fiat cryptocurrency was a digital currency which would be issued by the Reserve Bank of India (RBI) in place of the physical one at present.

Non Fiat cryptocurrency

A type of digital currency in which encryption techniques are used to regulate the generation of units of currency and verify the transfer of funds, operating independently of a central bank.

Bitcoin

- Bitcoin, the first virtual currency, was born seven years back.
- Bitcoin offers the promise of lower transaction fees than traditional online payment mechanisms and is operated by a decentralized authority, unlike government issued currencies.
- There are no physical Bitcoins, only balances associated with public and private keys.

Bitcoin Cash

- The bitcoin block chain is forced to split in two.
- This creates two separate digital assets: the original Bitcoin and Bitcoin Cash.
Why split?
- To solve the scaling issue.
- Core developers want to keep the blocks limited in their size to protect against hacks.
- The miners want to increase the size of blocks to make the network faster.

What is Virtual Currency?
It is a type of unregulated, digital money, which is issued and usually controlled by its developers, and used and accepted among the members of a specific virtual community.

What is a block chain?
- It is a distributed database
- used to maintain a continuously growing list of records, called blocks.
- Each block contains a timestamp and a link to a previous block.
- By design, blockchains are inherently resistant to modification of the data.
- Once recorded, the data in any given block cannot be altered retroactively without the alteration of all subsequent blocks
- The blockchain thus stands as a tamper-proof record of all transactions on the network, accessible to all participants.

Ethereum
Ethereum is not just a platform but also a programming language (Turing complete) running on a blockchain, helping developers to build and publish distributed applications.
Ether is used broadly for two purposes:
- It is traded as a digital currency exchange like other cryptocurrencies and
- It is used inside Ethereum to run applications and even to monetize work.
According to Ethereum, it can be used to “codify, decentralize, secure and trade just about anything.

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<tr>
<th>Programming</th>
<th>Bitcoins</th>
<th>Ethereum</th>
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<td></td>
<td>Stack based</td>
<td>Turning complete</td>
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Benefits Of Cryptocurrency:

- Cryptocurrencies make it easier to transfer funds between two parties in a transaction.
- Cryptocurrency give Access to Everyone.
- Decentralization: A global network of computers uses blockchain technology to jointly manage the database that records transactions.
- People can’t steal your information from merchants, impossible to counterfeit and recognition at universal level.

Disadvantages of crypto currencies:

- Irreversible payment there’s no center point in payment processing.
- Not widely accepted.
- Cryptocurrencies are not completely immune to the threat of hacking.

9.2 Aadhaar - BHIM Integration

Govt looking at increasing usage of BHIM app by integrating it with Aadhaar for transactions.

- Payments through the Bharat Interface for Money (BHIM) app by simply entering the 12-digit Aadhaar number.
- Currently , there are five payment options on the BHIM app -namely mobile number, bank account or IFSC code, among others.
10. GOVERNMENT SCHEMES & LAWS

10.1 Insolvency and Bankruptcy Code

The Insolvency and Bankruptcy Code was enacted in 2016.
- The Code aims to smoothen the insolvency process and to make it clear and certain.
- Bankruptcy is the status of a person who is legally declared as *incapable of paying their dues and obligations* (insolvency)

**The Insolvency and Bankruptcy Board of India**
- is the insolvency regulatory body in India

**Insolvency professionals**
- Such professionals sit at the heart of the insolvency system.
- Non-availability of adequate number of skilled and trained insolvency professionals is fast becoming a matter of concern.

**UNCITRAL Model Law on Cross-Border Insolvency**
- Is a model law issued by the secretariat of The United Nations Commission on International Trade Law (UNCITRAL)
- Aims to assist states in relation to the regulation of corporate insolvency and financial distress involving companies which have assets or creditors in more than one nation.

10.2 The Financial Resolution and Deposit Insurance Bill, 2017

**Objectives of the Bill**
- The Bill seeks to provide for the resolution of certain categories of financial service providers in distress.
- The deposit insurance to consumers of certain categories of financial services.
- Designation of systemically important financial institutions.
● Establishment of a Resolution Corporation for protection of consumers of specified service providers
● Public funds for ensuring the stability and resilience of the financial system and for matters connected therewith or incidental thereto.

10.3 Guarantee Fund for Startups
● The government will use the fund to stand guarantee for loans given to startups.
● A credit guarantee fund for budding entrepreneurs managed by Department of Industrial Policy and Promotion.

Aim:
● The idea behind the fund was to leverage the institutional credit structure to reach out to underserved sectors, including SC/ST and women entrepreneurs

10.4 Crop Insurance Scheme Set for Revamp
The government’s farm insurance scheme is in for a revamp just about one year after launch by Lowering the average premium and Widening the scope of cover to include losses due to natural disasters.

10.5 Internshala launches ‘India Employed’

Goals
● Internship and online training platform Internshala has rolled out an initiative ‘India Employed’ to help graduates build their career.
● Aiming to tackle the problems of unemployability and skill gap.
● While the government of India has identified skill building as a top national priority, pledge to help graduates through the platform can play a pivotal role in solving this and make a real impact
Government of India promulgated an ordinance to amend the Insolvency and Bankruptcy Code, 2016 (the Code).

**Highlights:**

- The amendments seek to strengthen IBC by explicitly preventing certain persons including
  - Wilful defaulters
  - Those who have indulged in fraudulent transactions.
  - Disqualified directors
  - Habitually non-compliant
  - Promoters whose account is classified as non-performing assets (NPA), beyond a prescribed duration
- The Amendment also provides such check by specifying that the Committee of Creditors ensure the viability and feasibility of the resolution plan before approving it.
○ The Insolvency and Bankruptcy Board of India (IBBI) has also been given additional powers.

Other steps towards improving compliances are
○ Actions against defaulting companies to prevent misuse of corporate structures for diversion of funds
○ Reforms in the banking sector
○ Weeding-out of unscrupulous elements from the resolution process

These would help strengthen the formal economy and encourage honest businesses and budding entrepreneurs to work in a trustworthy, predictable regulatory environment.

10.7 Indian Arbitration Council

The International Centre for Alternative Disputes Resolution was set up in 1995 with the objective of promoting alternative dispute resolution mechanism and providing facilities for the same. The government will establish an Indian Arbitration Council via an Act, lending muscle to efforts to establish India as a global hub for institutional arbitration. Indian Arbitration Council is conceived as a flagship institution to conduct international and domestic arbitration.

Highlights
● The Indian Arbitration Council will be declared as an institution of “national importance.”
● The Council will be headquartered in New Delhi with branches in other places in the country.
● Dispute resolution has a huge impact on the Indian economy and global perception on doing business in our country.
● The chairperson of the body will either be a retired Supreme Court or High Court Judge or an eminent person with special knowledge and experience in the conduct or administration of arbitration. The chairperson will be appointed by the central government in consultation with the chief justice of India.
● Other members will include “two eminent persons” having substantial knowledge and experience in institutional arbitration, both domestic and international, nominated by the central government in consultation with the chairperson.
10.8 Draft Regulation of CAR on Civil Use of Drones

The Directorate General of Civil Aviation announced draft regulations on civil use of Remotely Piloted Aircraft Systems, commonly known as Drones.

Draft regulations

- All commercial categories of drones except those in the Nano category and those operated by government security agencies will have to be registered by DGCA as per ICAO proposed policy, in the form of Unique Identification Number (UIN)
The Mini and above categories will require Unmanned Aircraft Operator Permit (UAOP)
The model aircraft up to maximum takeoff weight of 2 Kgs flown below 200 feet inside educational institution premises will not require UIN/UAOP
It mandates remote pilots to undergo requisite training, except for Nano and micro categories
The Micro and above category drones will have to be equipped with radio frequency identification/Subscriber Identification Module (RFID/SIM) return to home option and anti-collision lights.

11. INDUSTRY RELATED ISSUES

11.1 Revamping Make in India
From 25 focus sectors presently, the government is selecting four or five as priority with emphasis likely on labour-intensive and high-potential sectors such as leather, textiles and garments, engineering, pharmaceuticals and automobiles.

Automobile Sector
- To push global automotive companies to engineer vehicles in India and not just assemble them here
- Invest India, the government’s investment promotion arm, has proposed several ideas for the auto sector.

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11.2 Core Sector Growth

The year-on-year growth of the core sector has slowed this quarter

What is core sector?
- Consists of the eight core industries - **Electricity**, **Steel**, **Refinery products**, **Crude oil**, **Coal**, **Cement**, **Natural gas** and **Fertilisers**
- Comprise 40.27% of the weight of items included in the *Index of Industrial Production (IIP)*

What is IIP?
- It is compiled and published monthly by the Central Statistical Organisation (CSO)
- Measures growth of various sectors in an economy
- Shows the status of production in the industrial sector for a given period of time as compared to a reference period of time.
- The items included in IIP fall into three sectors - mining, manufacturing and electricity sectors.
- Maximum weightage is of Manufacturing items followed by Mining and Electricity

11.3 Troubled Indian Manufacturing

A NITI Aayog and IDFC Institute’s ‘Ease of Doing Business’ report notes the manufacturing sector’s problems.

1. Relation between Economic Performance and Reforms
- A higher level of economic activity in state sees a better performance on a range of doing business indicators
- Firms located in high-growth states also report 25% less power shortages, compared to firms in low-growth states

2. Improvements over time
Newer and younger firms including startups established after 2014 report a more favorable business environment

3. Informational gaps
   - There is low awareness among enterprises of the steps being undertaken by states to improve ease of doing business

4. Labor regulations are a bigger constraint for labor intensive firms
   - Finding a skilled and a contract worker is still a problem.
   - Firms lose a greater number of days due to strikes and lockouts.

5. Barriers to growth
   - The experience of firms with fewer employees is different from that of larger firms
   - Firms with more than 100 employees took significantly longer to get necessary approvals than smaller firms with less than 10 employees.

11.4 Maersk Line India aims to expand supply chain
The India unit of Maersk Line, the world’s largest container shipping company, is expanding its cargo-shipping role in the country to establish itself as a provider of end-to-end supply chain solutions that would include doorstep delivery.

Comprehensive approach

- Maersk is going the extra mile in delivering to inland container depots or even the customers promises.
- Next step would be more regions in more corridors in India.
- It had introduced a direct rail route between India’s Visakhapatnam port and the Birgunj Inland Container Depot in Nepal.

11.5 New Electronic policy

Background
- The government had first unveiled an Electronics Manufacturing Policy in the year 2012
● Included schemes such as M-SIPS, electronic clusters, electronic development fund.

New policy focus
● The new policy will also relook at the incentives which are offered by the government under the existing policy which expires next year.
● Upcoming area is manufacturing of medical electronics.
● The new electronics policy will also help in realising the government’s goal of ‘Net Zero imports’ in electronics by 2020.

11.6 Centre to aid offshore e-commerce

Background
● The e-commerce economy is currently pegged at $30 billion, and the government expects it to grow at $150 billion by 2024-25.
● To generate employment for about 30 million people by 2024-25
● The e-commerce economy should cross borders and capitalise on foreign markets
● focus on expansion within and outside India

Data Protection Act
● The Data Protection Act will provide a policy framework on digital economy, which will be helpful for e-commerce operations.
● A security framework for mobile devices and the mobile application ecosystem will be ready by March 2018.

11.7 Bureau of Indian Standard

A new Bureau of Indian standards (BIS) Act 2016 was notified and brought into force with effect from 12th October, 2017

Important Provisions
● Enabling provisions for the Government to bring under compulsory certification regime any goods or article of any scheduled industry, process, system or service.
● Making hallmarking of the precious metal articles mandatory.
● Self-declaration of conformity against a standard and manufacturers to adhere to the standards and get certificate of conformity.
● Enables the Central Government to appoint any authority/agency, in addition to the BIS, to verify the conformity of products and services to a standard and issue certificate of conformity.
● Provision for repair or recall, including product liability of the products bearing Standard Mark but not conforming to the relevant Indian Standard.

11.8 Deep-sea crawler to help mine minerals

The technology will help mine polymetallic nodules some 6,000km from the country's shoreline at a depth of 6km in the Central Indian Ocean Basin.

● India had conducted a survey covering an area of 1.5 million sq km in the Central Indian Ocean Basin
● The data is submitted to The International Seabed Authority (ISA)
11.9 India is paving the way for an electric future

The government wants only electric vehicle to ply on India’s roads by 2030 as part of its climate change commitment and to reduce spending on oil imports.
Actions

- Energy Efficiency Services Ltd (EESL) awarded an order in September to Tata Motors Ltd to supply 10,000 electric cars to replace the petrol and diesel cars used by the government and its agencies.
- The next tender will be for e-rickshaws and e-autos under the faster adoption and manufacturing of electric vehicles in India (FAME) scheme.
- The government would bear up to 60% of research and development (R&D) of cost in developing indigenous low cost electric technology.
- A corpus of Rs14,000 crore has been set aside under the National Electric Mobility Mission Plan (NEMMP)

11.10 ISRO aims to make India a global hub for satellite building

Indian Space Research Organisation (ISRO) has floated tender inviting private firms to bid and build 30 satellites.
- The space agency has lined up 60 satellite launches over the next five years, including a mission to the moon with a rover.
- The ISRO would identify four to five private players by February for building satellites.
- The tender also allows private firms to absorb technology from foreign firms.
- Each satellite would cost Rs 150-400 crore.
- The space agency has already started forming a private consortium with Godrej, Larsen & Toubro, Hindustan Aeronautics Ltd and its commercial arm, Antrix Corp.
- Private consortium will assemble its first PSLV rocket by 2020.
For satellites, ISRO has already selected a consortium, led by Bengaluru-based aerospace firm Alpha Design Technologies.

The IRNSS-1H, or the backup navigation satellite Navic with a new atomic clock, was the first of the two satellites built by the consortium.

12. MISCELLANEOUS

12.1 Innovate in India (i3)

Is launched under the National Biopharma Mission

- It is the first ever Industry-Academia mission to accelerate biopharmaceutical development in India
- The program will witness an investment of USD 250 million
- India has been an active player in the pharmaceutical industry and has contributed globally towards making life saving drugs and low cost pharmaceutical products.
- The mission is to be implemented by Biotechnology Industry Research Assistance Council (BIRAC), a Public Sector Undertaking of Department of Biotechnology

Aims

- To develop India’s technological and product development capabilities in biopharmaceuticals
- To strengthen and support the entire product development value chain for accelerating the research

12.2 Active Pharmaceutical Ingredient (API)

An active ingredient (AI) is the ingredient in a pharmaceutical drug that is biologically active.
Production of APIs has traditionally been done by the pharmaceutical companies themselves in their home countries.

Why in the news

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India imports about 84% of the APIs it needs, China alone accounted for 65.3% of the total. This included ingredients for essential antibiotics.

- Tensions over the border issue, can hit pharma sector and it is worrying because we do not even have the API capacity to manufacture a paracetamol

The Drug Controller General of India (DCGI) has got local drugmakers to draw up an emergency plan on dealing with any blockade

12.3 S&P retains India’s Sovereign rating at BBB-/A-3

New York-based credit rating agency Standard & Poor (S&P) (S&P) retained India's ratings at BBB-/A-3.

- Stable outlook reflects that growth will remain strong over the next two years.

The reforms, as asserted by the S&P Report, include:

- Comprehensive tax reforms through introduction of GST to replace complex and distortive domestic indirect taxes.
- Bankruptcy code
- Non-performing loan resolution framework
- Recapitalisation of state owned banks
- Simplification of regulations and strengthening the business climate
- Reforms in the energy sector
- Improvement in contract enforcement & trade