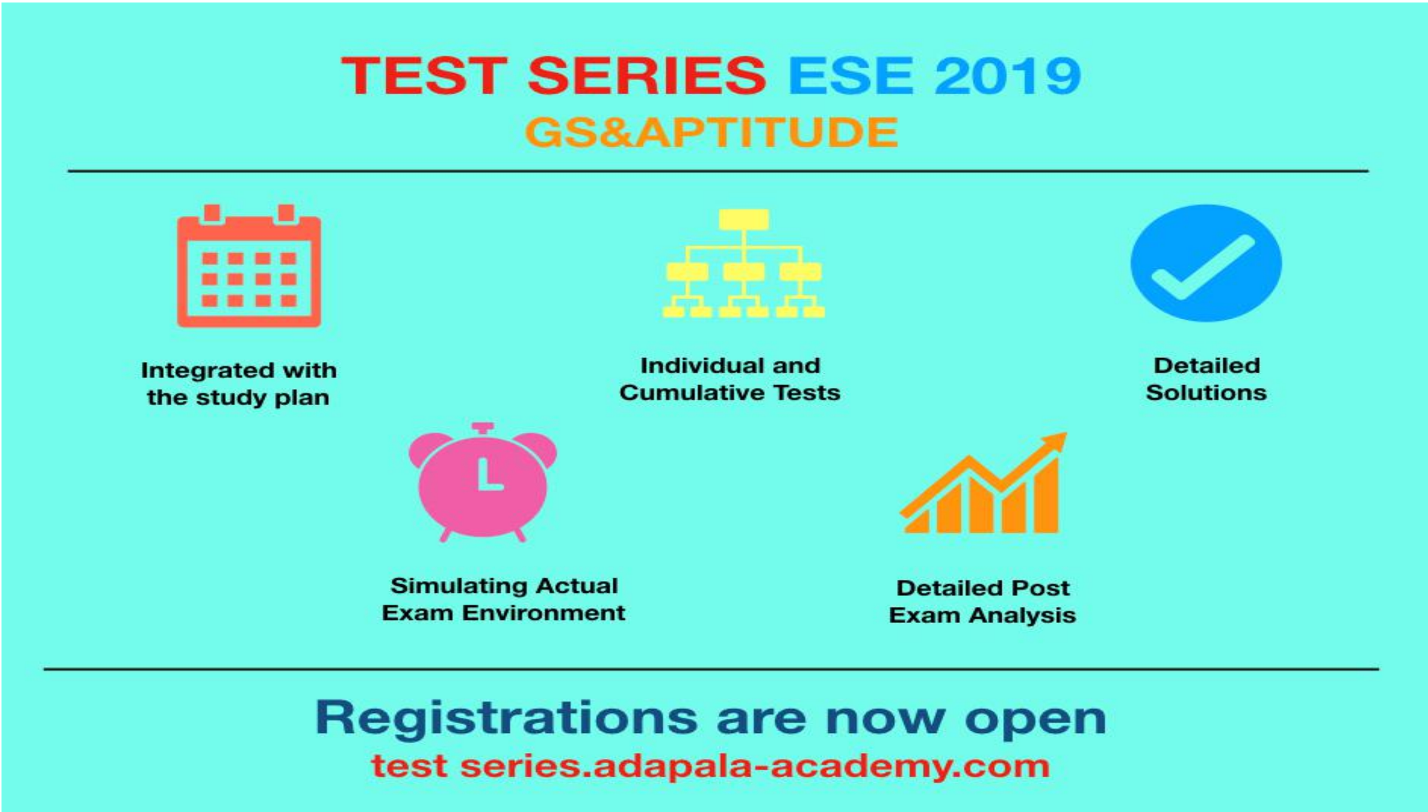
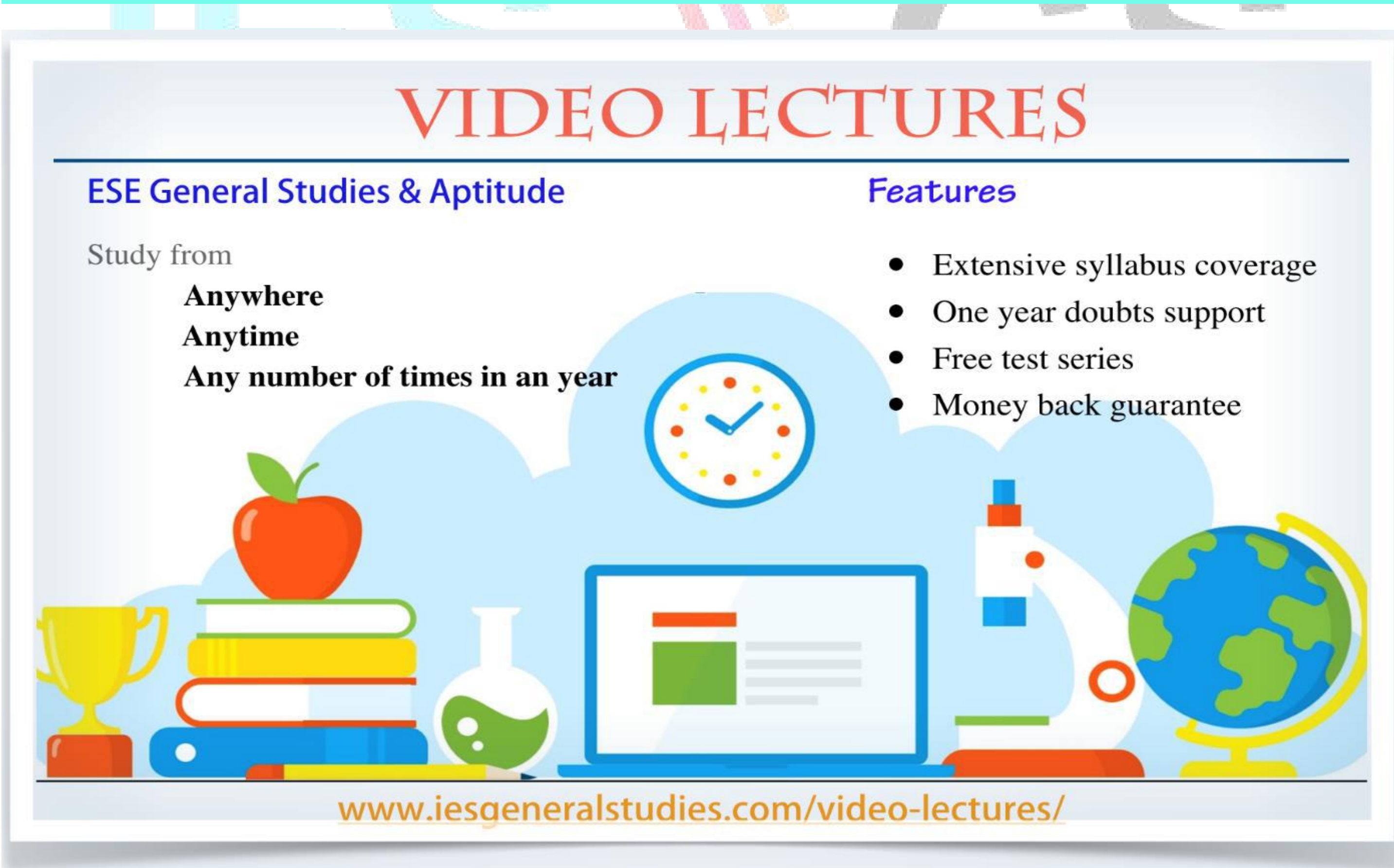
HYPERLOOP 2019

ECONOMIC DEVELOPMENT

CONSOLIDATED CURRENT AFFAIRS FOR ESE 2019

Contents


TEST SERIES ESE 2019
GS&APTITUDE
Integrated with the study plan
Individual and Cumulative Tests
Detailed Solutions
Simulating Actual Exam Environment
Detailed Post Exam Analysis
Registrations are now open
test series.adapala-academy.com


VIDEO LECTURES
ESE General Studies & Aptitude
Features
Study from
Anywhere
Anytime
Any number of times in an year
Extensive syllabus coverage
One year doubts support
Free test series
Money back guarantee
www.iesgeneralstudies.com/video-lectures/

1. BANKING

1.1 Fighting NPAs

1.1.1 Control and resolution of NPAs

The primary reasons for spurt in stressed assets have been observed to be among others

1. aggressive lending practices,
2. wilful default /loan frauds/corruption in some cases,
3. and economic slowdown.

Asset Quality Review (AQR) initiated in 2015 for clean and fully provisioned bank balance-sheets revealed high incidence of non-performing assets (NPAs). As per AQR stressed accounts were reclassified as NPAs.

RBI Norms for NPAs

- If the principal or interest is overdue for one day to 30 days, the account is identified as Special Mention Account - 0 (SMA-0) category.
- If it is overdue for 30 to 60 days, it comes under the SMA-1 category
- If it is overdue for more than 60 days, till 90 days, it falls under SMA-2 category.
- If a loan is not repaid for more than 90 days, it is classified as non-performing asset (NPA).

Steps taken to resolve NPAs

- The Insolvency and Bankruptcy Code, 2016 (IBC) has been enacted
  - to create a unified framework for resolving insolvency and bankruptcy matters.
  - Under this, the interim resolution professional takes over management of affairs of corporate debtor.
  - Debarment of wilful defaulters and persons associated with NPA accounts from the resolution process
- The Banking Regulation Act, 1949 has been amended to provide for authorisation to RBI to issue directions to banks to initiate the insolvency resolution process under IBC.
- The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 has been amended to make it more effective.
- Debts Recovery Tribunals have been established to expedite recovery.
- Under the Public Sector Banks (PSBs) Reforms Agenda, PSBs have created stressed asset management verticals for stringent recovery

1.1.2 Financial Resolution and Deposit Insurance Bill

The Financial Resolution and Deposit Insurance Bill, 2017 proposes a comprehensive resolution framework for specified financial sector entities and service providers to deal with bankruptcy in banks, insurance companies and financial sector entities.

Resolution Corporation:

- The Bill establishes a Resolution Corporation to monitor financial firms, anticipate risk of failure, take corrective action, and resolve them in case of such failure.
- The Resolution Corporation will take over the management of a financial firm once it is classified as 'critical'
- Resolution may be undertaken using methods including:
    1) Merger or acquisition
    2) Transferring the assets, liabilities and management to a temporary firm, or
    3) Liquidation

1.1.3 Fugitive Economic Offenders Bill, 2018

The Bill would help in laying down measures to deter economic offenders from evading the process of Indian law by remaining outside the jurisdiction of Indian courts.

Highlights:

- This would also help the banks and other financial institutions to achieve higher recovery from financial defaults.
- A scheduled offence refers to a list of economic offences contained in the Schedule to this Bill

Fugitive Economic offender:

A Fugitive Economic Offender is a person against whom an arrest warrant has been issued in respect of a scheduled offence and who has left India so as to avoid criminal prosecution, or being abroad, refuses to return to India to face criminal prosecution.

Background:

- Lalit modi, Vijay Mallya, Nirav Modi has defaulted on loans.

1.1.4 Bad Bank for cleaning up balance sheets

An asset reconstruction or asset management company(sort of Bad Bank) called Public Sector Asset Rehabilitation Agency to:

- Take on public sector banks' chronic bad loans and focus on their resolution and the extraction of any residual value from the underlying asset.
- This would allow government-owned banks to focus on their core operations of providing credit for fresh investments and economic activity.
- The bad bank will require significant capital to purchase stressed loan accounts from public sector banks.

About Bad Bank:

- A bad bank is one, set up to buy the bad loans of another bank with significant non performing assets at market price.
- By transferring such assets to the bad bank, the original institution may clear its balance sheet.

Balance sheet:

- A balance sheet reports a company's assets, liabilities and shareholders' equity at a specific point in time
- It provides a basis for computing rates of return and evaluating its capital structure.

1.1.5 Public Credit Registry

A public credit registry(PCR) is an information repository that collates all loan information of individuals and corporate borrowers.

Benefits:

- It helps banks distinguish between a bad and a good borrower.
- It can also address the bad loan problem.
- It will help capture all relevant information about a borrower, across different borrowing products in one place.
- It can flag early warnings on asset quality by tracking performance on other credits.

1.1.6 Prompt Corrective Action (PCA) framework

Eleven public sector banks have been brought under the central bank's Prompt Corrective Action (PCA) framework

Highlights

- It aims to check Non Performance Assets
- PCA norms allow the regulator to place certain restrictions such as halting branch expansion and stopping dividend payment.
- It can even cap a bank's lending limit to one entity or sector.
- Other corrective action that can be imposed on banks include special audit, restructuring operations and activation of recovery plan.
- Banks' promoters can be asked to bring in new management, too.

1.2 RBI and its Functions

1.2.1 Reserve Bank tightens ombudsman scheme

The Reserve Bank of India has tightened the banking ombudsman scheme with the objective to strengthen the grievance redressal mechanism for customers.

Highlights:

- All commercial banks having 10 or more banking outlets to have an independent internal ombudsman (IO) to review customer complaints that are either partly or fully rejected by the banks.
- The instructions are not applicable for Regional Rural Banks sponsored by commercial banks.
- The RBI also launched Ombudsman Scheme for non-banking financial companies (NBFC)

Banking Ombudsman:

- Banking ombudsman is *a quasi judicial authority*, created to resolve customer complaints against banks relating to certain services provided by them.
- The Ombudsman is a senior official, who has been appointed by the Reserve Bank of India.

1.2.2 The Monetary Policy Committee (MPC)

Monetary Policy Committee (MPC) which is tasked with framing monetary policy using tools like the repo rate, reverse repo rate, bank rate, cash reserve ratio (CRR).

Composition:

1) The committee will have six members. Of the six members, the government will nominate three.
2) The other three members would be from the RBI with the governor being the ex-officio chairperson.

- Decisions will be taken by majority vote with each member having a vote.
- The RBI Governor will not enjoy a veto power to overrule the other panel members, but will have a casting vote in case of a tie.

1.2.3 Liquidity Adjustment Facility

Liquidity Adjustment Facility (LAF) is the primary instrument of Reserve Bank of India for modulating liquidity and transmitting interest rate signals to the market.

- It refers to the difference between the two key rates viz. repo rate and reverse repo rate.
- Informally, Liquidity Adjustment Facility is also known as Liquidity Corridor.

Repo Rate:

- Repo rate, or repurchase rate, is the rate at which RBI lends to banks for short periods.
- This is done by RBI buying government bonds from banks with an agreement to sell them back at a fixed rate.

Reverse Repo Rate:

- Reverse repo rate is the rate at which the central bank of a country (Reserve Bank of India in case of India) borrows money from commercial banks within the country.
- It can be used to control the money supply in the country.

Marginal Standing Facility (MSF):

- Marginal standing facility (MSF) is a window for banks to borrow from the Reserve Bank of India in an emergency situation when inter-bank liquidity dries up completely.
- Banks borrow from the central bank by pledging government securities at a rate higher than the repo rate under liquidity adjustment facility or LAF in short.
- The MSF rate is pegged 100 basis points or a percentage point above the repo rate.

Statutory Liquidity Ratio:

- The ratio of liquid assets to net demand and time liabilities (NDTL) is called statutory liquidity ratio (SLR).

- Apart from Cash Reserve Ratio (CRR), banks have to maintain a stipulated proportion of their net demand and time liabilities in the form of liquid assets like cash, gold and unencumbered securities.
- Treasury bills, dated securities issued under market borrowing programme and market stabilisation schemes (MSS), etc also form part of the SLR.

Cash Reserve Ratio:

- Cash Reserve Ratio (CRR) is a specified minimum fraction of the total deposits of customers, which commercial banks have to hold as reserves either in cash or as deposits with the central bank.
- CRR is set according to the guidelines of the central bank of a country

Base Rate:

- Base rate is the minimum rate set by the Reserve Bank of India below which banks are not allowed to lend to its customers.
- Base rate is decided in order to enhance transparency in the credit market.
- Loan pricing will be done by adding base rate and a suitable spread depending on the credit risk premium.

MCLR:

- Marginal Cost of Funds based Lending Rate (MCLR) is the minimum interest rate, below which a bank is not permitted to lend, barring a few exceptional cases as permitted by the Reserve Bank of India (RBI).
- MCLR is more sensitive to policy rate signals
- It has been decided to link the base rate to the MCLR.
- MCLR replaced the existing base rate system from 1 April 2016

1.2.4 Linking of SWIFT to the Core Banking System

RBI has mandated banks to implement the prescribed measures for strengthening the SWIFT operating environment in banks within the stipulated deadlines.

About SWIFT

- SWIFT, or the Society for Worldwide Interbank Financial Telecommunication, is the world's largest electronic payment messaging system.
- SWIFT is basically just a bank-to-bank messaging system.
- It supplies a standardized language that institutions use to communicate payment instructions and other info to each other.
- SWIFT messages are programmed in a language known as FIN. A sample of FIN language is shown at right.

1.2.5 NBFCs Ind AS implementation

RBI has mandated the implementation of Ind AS for NBFCs from April 1, 2018.

- Ind AS is a global accounting practice
- It may lead to initial credit losses.
- The practice is on a par with the International Financial Reporting Standard (IFRS) 9.

1.2.6 Issues with Direct Benefit Transfer

The Reserve Bank of India (RBI) has advised States that are planning to shift to direct cash transfer to be cautious.

Problems outlined:

- Inadequacy of transfers to maintain the requirement
- Insufficiency of last-mile delivery mechanisms
- A weak grievance redressal system

The pre-conditions for DBT:

- Complete digitisation of the beneficiary database
- De-duplication of the beneficiary database
- Seeding of bank account details
- Seeding Aadhaar numbers in the digitised database

1.2.7 RBI bars banks from dealing with virtual currencies

The Reserve Bank of India (RBI) has asked banks to stop providing service to any entity dealing with virtual currencies, with immediate effect.

Highlights

- RBI recognise that the blockchain technology or distributed ledger technology that lies beneath the virtual currencies has a potential benefit for financial inclusion

Virtual Currency

- Virtual currency, also known as virtual money, is a type of unregulated, digital money, which is issued and usually controlled by its developers (Bitcoin is an exception), and used and accepted among the members of a specific virtual community.
- Unlike regular money, it is relying on a system of trust and not issued by a central bank or other banking authority.

1.3 Banks

1.3.1 Co-op banks can become small finance banks

The Reserve Bank of India has decided to allow urban co-operative banks (UCB) to convert into small finance banks (SFB).

Highlights:

- UCBs currently face regulation by both the RBI and the respective State governments. By turning into SFBs, they will be regulated only by the RBI.

About UCB:

- The term Urban Co-operative Banks (UCBs) refers to primary cooperative banks located in urban and semi-urban areas.
- They essentially lent to small borrowers and businesses.
- Today, their scope of operations has widened considerably.

1.3.2 Regional Rural Banks

- RRBs were set up with the objective to provide credit and other facilities, especially to the small and marginal farmers, agricultural labourers, artisans and small entrepreneurs in rural areas for development of agriculture, trade, commerce, industry and other productive activities.
- RRBs are jointly owned by Government of India, the concerned State Government and Sponsor Banks with the issued capital shared in the proportion of 50%, 15% and 35% respectively.

Scheme of Recapitalisation of Regional Rural Banks

- It will enable the RRBs to maintain the minimum prescribed Capital to Risk Weighted Assets Ratio (CRAR).
- It will ensure financial stability of RRBs
- It will enable them to play a greater role in financial inclusion
- It will help them in meeting the credit requirements of rural areas.

Capital to Risk Weighted Assets Ratio:

- Is also known as Capital Adequacy Ratio (CAR)
- Is a measure of a bank's available capital expressed as a percentage of a bank's risk-weighted credit exposures.

Consolidation of Regional Rural Banks (RRBs)

The roadmap has been prepared in consultation with NABARD.

Objectives:

- To minimize their overhead expenses
- Optimize the use of technology
- Enhance the capital base and area of operation
- Increase their exposure

Benefits:

- Better scale-efficiency
- Higher productivity
- Robust financial health of RRBs
- Improved financial inclusion

- Greater credit flow to rural areas.

1.3.3 CSC as Banking Correspondents

CSC SPV has entered into agreement with HDFC Bank to enable the Village Level Entrepreneurs (VLEs) as Banking Correspondents of HDFC Bank.

- CSC SPV is a Special Purpose Vehicle under the Ministry of Electronics & IT
- VLEs are those who are managing the Common Services Centers

Highlights:

- VLEs as Banking Correspondents will make banking services more accessible in rural areas
- Will assist to promote financial inclusion
- It would help in Government's Direct Benefit Transfer (DBT) of various schemes.
- It will facilitate withdrawal and deposit of government entitlements such as payments under MGNREGA, social welfare schemes like widow pension, handicapped and old age pension, etc.

Common Service Center:

- The Common Service Center (CSC) Scheme is an integral part of "Digital India" initiative of Ministry of Electronics and Information Technology (MeitY), Government of India
- They facilities for delivering Government of India e-Services to rural and remote locations where availability of computers and Internet was negligible or mostly absent.
- They are multiple-services-single-point model for providing facilities for multiple transactions at a single geographical location.

1.3.4 The India Post Payment Bank

- It would provide banking services like saving accounts, payment and remittance services
- It would not offer loans or credit cards.
- The main purpose of the payment banks is to promote cashless transactions and provide efficient banking services to rural areas.
- Account holders could have a deposit up to ₹1 lakh and they need not maintain any minimum balance in their savings accounts.
- Customers would be able to make QR code-based payments through mobile payment applications.
- Besides doorstep services, these payment banks will also allow direct benefit transfer to customers through their bank accounts
- accounts would be linked to Aadhaar

1.4 Finance

1.4.1 FSDC reconstituted

The government has reconstituted the Financial Stability and Development Council (FSDC), the apex body of financial sector regulators

Highlights:

- The council, headed by the finance minister
- It will now include the minister of state responsible for the Department of Economic Affairs (DEA)
- The secretary of Department of Electronics and Information Technology also becomes a member, given the importance the government gives to digital transactions and issues of data privacy.
- The reconstituted FSDC will include the chairperson of the Insolvency and Bankruptcy Board of India (IBBI) and the revenue secretary.
- Other members of the FSDC, which was constituted in December 2010, are the governor of the Reserve Bank of India, chief of Securities and Exchange Board of India, finance secretary, Department of Economic Affairs, secretary, financial services, secretary, chief economic adviser and chairpersons of the Insurance Regulatory and Development Authority of India and Pension Fund Regulatory and Development Authority.

About FSDC:

- The FSDC was set up to create an institutional structure and mechanism for financial stability, financial sector development and inter-regulatory coordination.
- It is charged with financial literacy, financial inclusion and macro prudential supervision of the economy, including the functioning of large financial conglomerates

1.4.2 Sovereign Gold Bond Scheme

Highlights:

- Sovereign Gold Bonds (SGBs) are government securities denominated in grams of gold
- The bonds are to be issued by RBI.
- They will be restricted for sale to resident Indian entities including individuals, HUFs, Trusts, Universities and Charitable Institutions.
- They will be denominated in multiples of gram(s) of gold with a basic unit of 1 gram.
- The tenor of the bond will be for a period of 8 years
- The interest on Gold Bonds shall be taxable.
- The capital gains tax is exempted.
- Bonds can be used as collateral for loans and are eligible for Statutory Liquidity Ratio purposes in Banks.
- Bonds will be tradable on stock exchanges.

Advantages:

- Absolute safety
- Extra income
- Indexation benefit

- Tradability
- Collateral

1.4.3 Electoral Bond Scheme 2018

Government of India has notified the Electoral Bond Scheme 2018.

Provisions of the scheme:

- Electoral Bonds may be purchased by a person, who is a citizen of India or incorporated or established in India.
- A person can buy Electoral Bonds either singly or jointly with other individuals.
- Only the Political Parties registered under Section 29A of the Representation of the People Act, 1951 and which secured not less than one per cent of the votes polled in the last General Election to the House of the People or the Legislative Assembly of the State, shall be eligible to receive the Electoral Bonds.
- The Electoral Bonds shall be encashed by an eligible Political Party only through a Bank account.
- State Bank of India has been authorised to issue and encash Electoral Bonds.
- Electoral Bonds shall be valid for fifteen calendar days from the date of issue.

Benefits:

- Transparency in electoral funding
- Cashless transactions
- Easy and Quick medium of electoral donations
- Accountability by political parties
- Reduces illegal donations to political parties

1.5 International

1.5.1 UN model on cross-border insolvency

The Insolvency Law Committee (ILC) has recommended the adoption of the United Nations Commission on International Trade Law (UNCITRAL) Model Law of Cross Border Insolvency,1997

Highlights:

- To ensure that there is no inconsistency between the domestic insolvency framework and the proposed cross border insolvency framework.

Benefits:

- Enhance ease of doing business
- Mechanism of cooperation between countries and
- Protect creditors in the global scenario.

Principles of UNCITRAL Model Law:

1. Direct access to foreign insolvency professionals and foreign creditors to participate in or commence domestic insolvency proceedings against a defaulting debtor.
2. Cooperation between domestic and foreign courts & domestic and foreign insolvency practitioners.
3. Coordination between two or more concurrent insolvency proceedings in different countries.

1.5.2 IMF

About IMF:

- The International Monetary Fund (IMF) is an organization of 189 countries
- It is working to foster

1. Global monetary cooperation
2. Secure financial stability
3. Facilitate international trade
4. Promote high employment and sustainable economic growth, and
5. reduce poverty around the world.

- The IMF is governed by and accountable to all the member countries.

IMF quota

- An individual member country's quota broadly reflects its relative position in the world economy.
- Quotas are denominated in Special Drawing Rights (SDRs), a unit of currency account.

Multiple roles of quotas:

- Quotas determine the maximum amount of financial resources a member is obliged to provide to the IMF.
- Quotas are a key determinant of the voting power in IMF decisions. Votes comprise one vote per SDR 100,000 of quota plus basic votes (same for all members).
- Access to Financing-The maximum amount of financing a member can obtain from the IMF under normal access is based on its quota.
- SDR Allocations-Quotas determine a member's share in a general allocation of SDRs.

Quota reviews:

- The IMF's Board of Governors conducts general quota reviews at regular intervals (no more than five years).
- Any changes in quotas must be approved by an 85% majority of the total voting power, and a member's own quota cannot be changed without its consent.
- Two main issues addressed in a general quota review are:

1. The size of an overall quota increase and

2. The distribution of the increase among the members.

1.5.3 India to join multilateral lender EBRD

India has got the go-ahead to join the European Bank of Reconstruction and Development (EBRD)

Highlights:

- India becoming its 69th member of EBRD
- It enabling Indian companies to undertake joint investments in regions in which the EBRD operates.

About EBRD:

- Set up in 1991, based on a proposal by former French President Francois Mitterand, the bank's initial focus was helping central and Eastern European nations reconstruct their economies in the post-Cold War era.
- It remains committed to furthering the development of market-oriented economies and the promotion of private and entrepreneurial initiative.
- The EBRD's largest shareholder is currently the U.S., while other G7 nations also hold significant stakes.

2. DIGITAL ECONOMY

2.1 Research and Development

2.1.1 Development of digital economy by Exim Bank

Background:

- The Xiamen Declaration on digital economy by the BRICS leaders
- The BRICS nations could leverage the thriving and dynamic digital economy
- Export-Import Bank of India (Exim Bank) has signed a multilateral agreement to cooperate with New Development Bank (NDB) along with other member development banks of BRICS nations under the BRICS Interbank Cooperation Mechanism
- New Development Bank (NDB) is promoted by the BRICS nations
- Exim Bank promotes India's international trade through competitive financing
- Accordingly, a Memorandum of Understanding (MoU) on Collaborative Research on Distributed Ledger and Blockchain Technology was suggested.

Collaborative Research on Distributed Ledger and Blockchain Technology

- Distributed Ledger/Blockchain technology holds potential for solutions to various challenges being faced in the financial sector space of the BRICS nations.
- Blockchain is a digitised, decentralised ledger to record real-time transactions across borders.
- Distributed ledger is a database held and updated independently by each participant in a large network across multiple sites, institutions or geographies.

2.1.2 NPCI plans international remittance on UPI platform

National Payments Corporation of India (NPCI) is planning to open up UPI as a mode of transaction for international inward.

- The settlements that were happening with the beneficiary bank account through IMPS or NEFT can now also happen through UPI.
- The Virtual Payments Address (VPA) of the consumer is connected to an underlying bank account, therefore inward international remittance transfers can now also be settled through UPI
- the next version of UPI is expected to come with collect mandate for consumers who will now be able to pay their recurring payments through UPI.
- NPCI is still awaiting the final RBI approval for the new version of UPI.

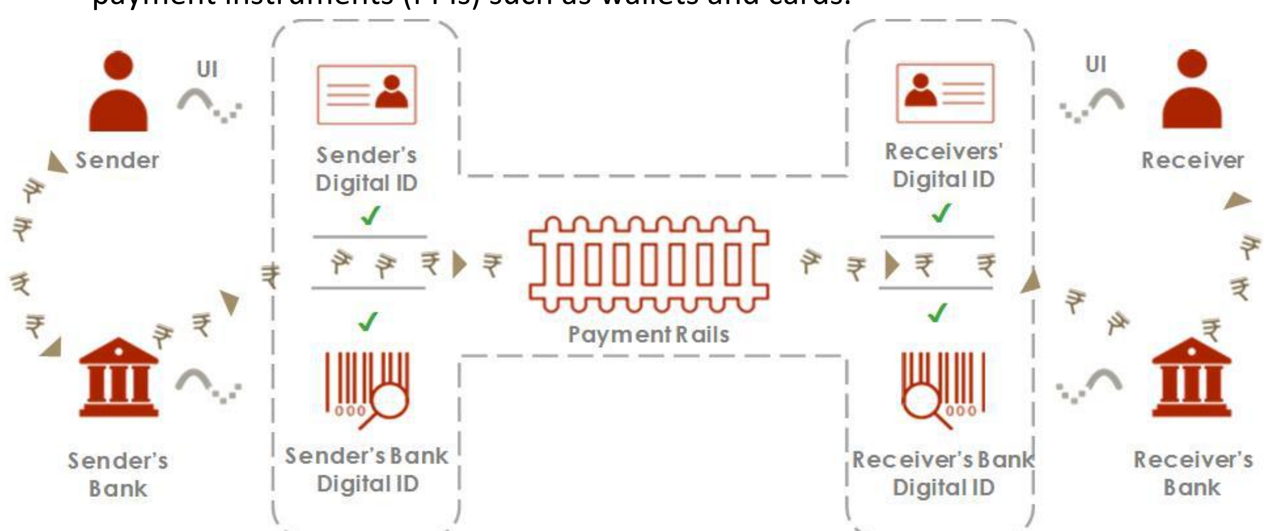
2.1.3 NPCI unveils 'more secure' UPI with overdraft facility

The National Payments Corporation of India (NPCI) has upgraded the unified payments interface (UPI) with enhanced security features and overdraft facilities.

- In addition to current and savings accounts, customers can link their overdraft account to UPI
- For ensuring adequate importance to cybersecurity

2.1.4 Unified Payment Interface

- UPI is a path-breaking innovation that is unprecedented globally.
- Its high volume, low cost and highly scalable architecture built on an open source platform is key to India's transformation to a digital payment economy
- It integrates multiple bank accounts into a single mobile application (of any participating bank), merging several banking features, seamless fund routing & merchant payments into one hood
- Developed by NPCI
- The interface is regulated by the Reserve Bank of India
- The Reserve Bank of India has released the guidelines for interoperability between prepaid payment instruments (PPIs) such as wallets and cards.



How is it unique?

- Immediate money transfer through mobile device round the clock 24*7 and 365 days.

- Single mobile application for accessing different bank accounts.
- Single Click 2 Factor Authentication
- Virtual address of the customer for Pull & Push provides for incremental security with the customer not required to enter the details such as Card no, Account number; IFSC etc.
- Bill Sharing with friends.
- Merchant Payment with Single Application or In-App Payments.
- Utility Bill Payments, Over the Counter Payments, Barcode (Scan and Pay) based payments.

Participants in UPI:

- Payer PSP
- Payee PSP
- Remitter Bank
- Beneficiary Bank
- NPCI
- Bank Account holders
- Merchants

UPI - Benefits to the Ecosystem participants

Benefits for banks:

- Single click Two Factor authentication
- Universal Application for transaction
- Leveraging existing infrastructure
- Safer, Secured and Innovative
- Payment basis Single/ Unique Identifier
- Enable seamless merchant transactions

Benefits for end Customers:

- Round the clock availability
- Single Application for accessing different bank accounts
- Use of Virtual ID is more secure, no credential sharing
- Single click authentication
- Raise Complaint from Mobile App directly

Benefits for Merchants:

- Seamless fund collection from customers - single identifiers
- No risk of storing customer's virtual address like in Cards
- Tap customers not having credit/debit cards
- Suitable for e-Com & m-Com transaction

- Resolves the COD collection problem
- Single click 2FA facility to the customer - seamless Pull
- In-App Payments (IAP)

About BHIM

- Bharat Interface for Money (BHIM) is an initiative to enable fast, secure, reliable cashless payments through your mobile phone.
- BHIM is interoperable with other Unified Payment Interface (UPI) applications, & bank accounts for quick money transfers online.
- BHIM is developed by the National Payment Corporation of India (NPCI) as a part of the Digital India initiative

2.2 Regulation

2.2.1 National e-commerce regulator

- The regulator will ensure consumer protection and compliance with foreign investment caps in e-commerce.
- To mitigate the policy vacuum on key issues related to the sector
- To effectively respond to a proposal for multilateral discipline in e-commerce at the World Trade Organization (WTO) as various government departments have contradictory views on the matter
- The goods and services tax (GST) procedures for e-commerce be simplified by allowing centralized registration instead of local registration.
- To follow inventory-based models for selling locally produced goods through an online platform.

Benefits:

- Ensures growth of e-commerce
- Encourage FDI in e-commerce
- The government is expecting strong growth in the domestic e-commerce market and is preparing accordingly.
- Services are almost two-third of the economy they will continue to be a growth engine of the economy.

2.2.2 Public Financial Management System (PFMS)

The Public Financial Management System (PFMS),earlier known as Central Plan Schemes Monitoring System (CPSMS), is a web-based online software application developed and implemented by the Office of Controller General of Accounts (CGA).

Objectives

- The primary objective of PFMS is to facilitate sound Public Financial Management System for Government of India (GoI) by establishing an efficient fund flow system as well as a payment cum accounting network.
- PFMS provides various stakeholders with a real time, reliable and meaningful management information system and an effective decision support system, as part of the Digital India initiative of GoI

3. TAXATION

3.1 GST

3.1.1 One Year of GST

- GST is a single tax on the supply of goods and services
- Rolled out from July 1,2017
- 4 Tax Rates- 5%, 12%, 18%, 28%
- Reduction in overall taxes on goods, estimated to be 25-30%
- Lead to ease of doing business and increase in tax revenue collections.
- It is considered to be a destination based tax as it is applied on goods and services at the place where final/actual consumption happens
- GST is applied to all goods other than crude petroleum, motor spirit, diesel, aviation turbine fuel and natural gas and alcohol for human consumption
- Dual GST model
- Central GST (CGST) levied by Centre
- State GST (SGST) levied by State
- Integrated GST (IGST) –levied by Central Government on inter-State supply of goods and services.
- UTGST – Union territory GST, collected by union territory government

Benefits of GST

Decrease in Inflation due to

- Reduction in Cascading effect of Taxes
- Overall Reduction in Prices

Ease of Doing Business due to

- Common National Market
- Benefits to Small Taxpayers

Decrease in "Black" Transactions due to

- Self-Regulating on line Tax System
- Non-Intrusive and transparent Tax System

More informed consumer due to

- Simplified Tax Regime
- Reduction in Multiplicity of Taxes

Poorer States to gain due to

- GST being a destination based Tax
- Consumer States to benefit the most
- Abolition of CST

Make in India boost due to

- Exports to be Zero Rated
- Protection of Domestic Industry - IGST

3.1.2 National Anti-profiteering Authority

The National Anti-profiteering Authority (NAA) has been constituted under section 171 of the Central Goods and Services Tax.

Powers and functions

- If NAA finds that company has not passed on benefits of tax reduction, it can direct entity to pass on benefits to consumers along with interest from the date of collection of the higher amount till date of return of such amount.
- If the beneficiary cannot be identified, NAA can ask company to transfer the to the 'Consumer Welfare Fund', as provided under Section 57 of CGST Act.
- In extreme cases NAA can impose a penalty on defaulting business entity and even order cancellation of its registration under GST.
- NAA also has power to cancel registration of any entity or business if it fails to pass on benefit of lower taxes under GST regime to consumers, and empowers consumers to approach it in case of any complaint

3.1.3 E-waybills

The countrywide e-waybill system for the inter-State movement of goods was rolled out

- The rules are largely similar for the inter- and intra-State movement of goods, there are relaxations available if the journey is of shorter distances.
- Trade and industry will be further facilitated insofar as the transport of goods is concerned, thereby eventually paving the way for a nation-wide single e-waybill system

3.1.4 Change in the shareholding pattern of GSTN

The Goods and Services Tax Network - Special Purpose Vehicle (GSTN-SPV) was created as a private limited, not-for-profit company under Section 25 of the Companies Act, 1956 (Section 8 of the Companies Act, 2013) by Govt. of India on 28th March, 2013 with an objective to provide shared IT infrastructure and services to Centre and States Governments, tax payers and other stakeholders for implementation of Goods and Services Tax (GST) in the country.

Highlights:

- Presently, the Central Government and State Government are holding 24.5% equity shares respectively and the remaining 51% are held by non-Governmental institutions.
- Majority of the GST processes including registration, filing of returns, payment of taxes, processing of refunds is IT driven and GSTN is handling large-scale invoice level data of lakhs of business entities including data relating to exports and imports.

New Pattern:

- Acquisition of entire 51% of equity held by the Non-Governmental Institutions in GSTN amounting to Rs. 5.1 crore, equally by the Centre and the States governments and allow GSTN Board to initiate process for acquisition of equity held by the private Companies

3.1.5 Centralised Authority for Advance Rulings

India is looking at creating a centralised Authority for Advance Rulings (AAR) for the goods and services tax (GST).

Highlights:

- The AAR is a quasi-judicial body that allows assessees to get guidance on their potential tax liabilities relating to any transaction beforehand.
- The previous indirect tax regime had a centralised body ensuring consistency in orders.

3.1.6 Long term capital gains

Income Tax Act that would give the government the power to specify the applicability of the long term capital gains tax and the security transaction tax.

Highlights:

- The Finance Act 2018 had introduced Section 112A in the Income Tax Act, to provide that long term capital gains arising from the transfer of a long term capital asset can be taxed
- It shall apply to the capital gains arising from a transfer of long-term capital asset being an equity share in a company, only if securities transaction tax (STT) has been paid on the acquisition and transfer of such capital asset

Security Transaction Tax(STT)

- STT is a type of direct tax payable on the value of taxable securities transaction done through a recognized stock exchange in the country.
- It is applicable are shares, bonds, debentures, derivatives, units issued by any collective investment scheme, equity based government rights or interests in securities and equity mutual funds.

4. TRADE AND COMMERCE

4.1 International Trade

4.1.1 CAD to widen to 2.5% of GDP

India's current account deficit (CAD) will widen to 2.5% of the GDP in the current fiscal due to the higher oil prices that has been accentuated by rupee depreciation.

Reasons:

- The rupee depreciation against dollar
- The higher oil prices
- The strong non-oil import demand
- A number of economic crises in large emerging markets including Argentina, Venezuela and Turkey have made global investors more cautious about emerging markets' currencies and equities

About CAD:

- The current account deficit is a measurement of a country's trade where the value of the goods and services it imports exceeds the value of the goods and services it exports.
- The current account includes net income, such as interest and dividends, and transfers, such as foreign aid.
- Like the capital account, is a component of a country's balance of payments.

4.1.2 Creation of Directorate General of Trade Remedies

Department of Commerce formally issued notification for creation of Directorate General of Trade Remedies (DGTR) in the Ministry of Commerce and Industry

Highlights:

- DGTR will be the apex National Authority for administering all trade remedial measures including anti-dumping, countervailing duties and safeguard measures.
- The DGTR will bring Directorate General of Anti-dumping and Allied duties (DGAD), Directorate General of Safeguards (DGS) and Safeguards (QR) functions of DGFT into its fold by merging them into one single national entity.
- It will also provide trade defence support to our domestic industry and exporters in dealing with increasing instances of trade remedy investigations instituted against them by other countries.

Anti-dumping duty:

- Anti-dumping duties are levied to provide a level playing field to local industry by guarding against cheap below-cost imports.
- Imposition of anti-dumping duty is permissible under the World Trade Organisation(WTO) regime

- The duty is aimed at ensuring fair trading practices and creating a level-playing field for domestic producers vis-a-vis foreign producers and exporters.

About safeguard duty:

- The safeguard duty is to ensure that imports in excessive quantities do not harm the domestic industry.
- It is temporary measure undertaken by government in defence of the domestic industry which is harmed or has potential threat getting hard due to sudden cheap surge in imports.

4.2 Dispute Resolution

4.2.1 Mandatory pre-litigation mediation in commercial disputes

The Mandatory pre-litigation mediation in commercial disputes has been introduced by the recent Commercial Courts, Commercial Division and Commercial Appellate Division of High Courts (Amendment) Ordinance, 2018, which amends the Commercial Courts Act of 2015.

Highlights:

- Mandatory pre-litigation mediation puts the ball in the court of the parties involved, rather than looking at external agencies like courts, and urges them to engage with and resolve disputes.
- The Commercial Courts Act was legislated to improve the enforcement of contracts, as part of improving the ease of doing business.
- The law makes changes for reduction of timelines, tightening processes and designating special commercial courts and commercial divisions.
- Any settlement arrived at through mediation will have the status of an arbitral award on agreed terms and be enforceable like a decree of court.

4.2.2 New Consumer Protection Bill 2018

Highlights:

- Establishment of an executive agency to be known as the Central Consumer Protection Authority (CCPA) to promote, protect and enforce the rights of the consumers and will be empowered to investigate, recall, refund and impose penalties;
- Provision for product liability action in cases of personal injury, death, or property damage caused by or resulting from any product
- Provision for mediation as an Alternate Dispute Resolution (ADR) making the process of dispute adjudication simpler and quicker and simplification of the process of adjudication by the Consumer For a

National Consumer Disputes Redressal Commission (NCDRC)

- The National Consumer Disputes Redressal Commission (NCDRC), India is a quasi-judicial commission in India which was set up in 1988 under the Consumer Protection Act of 1986.
- The commission is headed by a sitting or retired judge of the Supreme Court of India along with eight members.
- It provides for a 3-tier structure of the National and State Commissions and District Forums for speedy resolution of consumer disputes.
- The provisions of this Act cover 'goods' as well as 'services'.

4.2.3 National Strategy for Standardization

Indian National Strategy for Standardization (INSS) reports were released.

- INSS is the result of the combined efforts of Ministry of Commerce and Industry, Ministry of Consumer Affairs and industry stakeholders.
- It provides a vision for the country to achieve the highest quality standards in production and distribution of goods and services in an attempt to reclaim Brand India.
- The INSS report addresses four broad pillars of Quality Ecosystem:
  (i) Standards Development
  (ii) Conformity Assessment and Accreditation
  (iii) Technical Regulations and SPS Measures

(iv) Awareness and Education.

4.3 Trade Treaties

4.3.1 WIPO Copyright Treaty and WIPO Performance and Phonograms Treaty

WIPO Copyright Treaty:

- Is a Special agreement under Berne Convention (for protection of literary and artistic works).
- It has provisions to extend the protection of copyrights contained therein to the digital environment.

WIPO Performances and Phonograms Treaty:

- WPPT deals with rights of two kinds of beneficiaries, particularly in digital environment - (i) Performers (actors, singers, musicians etc.) (ii) Producers of Phonograms (Sound recordings).
- The treaty empowers right owners in their negotiations with new digital platforms and distributors.
- It recognizes moral rights of the performers for the first time & provides exclusive economic rights to them.

4.3.2 East Asia Summit and 15th India-ASEAN Economic Ministers Meeting

East Asia Summit:

- The East Asia Summit (EAS) is a forum held annually by leaders of, initially, 16 countries in the East Asian, Southeast Asian and South Asian regions.
- Membership expanded to 18 countries including the United States and Russia.
- EAS meetings are held after annual ASEAN leaders' meetings

India-ASEAN:

- The ASEAN–India Free Trade Area (AIFTA) is a free trade area among the ten member states of the Association of Southeast Asian Nations (ASEAN) and India

5. PUBLIC AND PRIVATE SECTOR COMPANIES

5.1 Corporate Governance

5.1.1 SEBI tightens rules on corporate governance

The Securities and Exchange Board of India (SEBI) has tightened the corporate governance norms for listed companies

- Has accepted most of the recommendations of the Kotak Committee
- Strengthening the regulations for derivatives and algorithmic trading.
- To reduce the maximum number of directorships to seven from 10 in a phased manner while expanding the eligibility criteria for directors.
- It enhanced the roles of the audit committee along with those of the nomination and remuneration committee and the risk management committee at companies.
- The new norms relating to the number of independent directors, appointment of at least one independent woman director and time limit for holding annual general meetings.
- To freeze the shareholding of the promoter and promoter group for non-compliance

5.1.2 Corporate Social Responsibility

- Corporate social responsibility (CSR) is a self-regulating business model that helps a company be socially accountable
- Under the Companies Act, 2013, certain class of entities are required to spend at least two per cent of their three-year average net profit towards Corporate Social Responsibility (CSR) activities.
- Section 135 of the Companies Act provides the threshold limit for applicability of the CSR to a Company
- CSR are not only applicable to Indian companies, but also applicable to branch and project offices of a foreign company in India.
- The activities that can be done by the company to achieve its CSR obligations include eradicating extreme hunger and poverty, promotion of education, promoting gender equality and empowering women, reducing child mortality and improving maternal health etc

- The ministry has established Centralised Scrutiny and Prosecution Mechanism (CSPM) in April, 2018 for the financial year 2015-16 onwards on pilot basis for enforcement of CSR provisions.

5.1.3 Shell Companies

The government is looking to put in place a proper definition for 'shell companies' to avoid financial irregularities.

Highlights:

- A shell company is that formally registered, incorporated or otherwise legally organised in an economy but which does not conduct any operations in that economy.
- They are generally used for financial manoeuvrings only or are kept dormant for some future use which leads to financial irregularities and avoids prosecution in the court of law
- These companies generally exist only on paper.

5.2 Public Sector Units

5.2.1 Oil PSUs merger

Indian Oil Corp (IOC) and Bharat Petroleum Corp Ltd (BPCL) to buy 26 per cent stake each in gas utility GAIL India Ltd to become integrated energy firms

Highlights:

- The government is not looking at actual merger of oil companies but only transfer of its ownership
- GAIL will become their subsidiary and will continue to operate as a listed company with an independent board.
- Oil firms already has a fledgling gas business in under-construction liquefied natural gas terminals, city gas distribution projects and gas marketing.
- GAIL is the nation's biggest gas transporter and marketing company, would complement that.

5.2.2 Sick PSUs' revival

A Parliamentary panel has recommended the earmarking of a defined portion of proceeds from the divestment of State-owned enterprises for funding revival, restructuring and modernisation proposals of sick public sector undertakings (PSUs) that have the potential to turn around.

Highlights:

- The government had set a target of raising Rs. 80,000 crore in 2018-19 by selling stakes in the State-owned firms, with strategic divestment of 24 CPSEs (central public sector undertakings) on the cards and privatisation of Air India on track.
- NITI Aayog is preparing another list of sick PSUs that can be privatized

6. CAPITAL MARKET

6.1 Foreign Investments

6.1.1 Sebi eases market access for foreign investors

- In segregated nominee account structure, orders of foreign investors will be routed through eligible segregated nominee account providers for trading on stock exchanges in International Financial Services Centre (IFSC).
- The exchanges in IFSC will have to ensure that the provisions of Prevention of Money Laundering Act (PMLA) and including those relating to capturing the KYC information for sharing with the central KYC Registry are adhered by providers for their end-clients.

About IFSC:

- An IFSC caters to customers outside the jurisdiction of the domestic economy.
- Such centres deal with flows of finance, financial products and services across borders
- Gujarat International Finance Tec-City (GIFT) has been set up by the state government as India's first IFSC that brings together world class infrastructure, connectivity, people and technology on a single platform for businesses across the world.

6.1.2 Mauritius tops India's FDI charts

Mauritius remained the top source of foreign direct investment (FDI) into India in 2017-18 followed by Singapore.

Key Facts:

- FDI from Mauritius totalled $13.41 billion
- FDI into the manufacturing sector witnessed a substantial decline .
- FDI into communication services rose .

About FDI:

- Foreign direct investment (FDI) is an investment made by a firm or individual in one country into business interests located in another country.
- FDI takes place when an investor establishes foreign business operations or acquires foreign business assets, including establishing ownership or controlling interest in a foreign company

6.1.3 World's first sovereign Blue Bond

Seychelles issues world's 1st 'Blue Bond,' a 10-year fund to finance ocean-based projects.

Highlights:

- The bond demonstrates the potential for countries to harness capital markets for financing the sustainable use of marine resources.
- The Seychelles blue bond is partially guaranteed by World Bank (IBRD) and Global Environment Facility (GEF)
- Proceeds from the bond will be utilised for the expansion of marine protected areas, improved governance of priority fisheries and the development of the Seychelles' blue economy.

6.1.4 Extension of Concessional Financing Scheme (CFS)

To support Indian Entities bidding for strategically important infrastructure projects abroad.

Key Facts:

- Under the Scheme, EXIM Bank extends credit at a rate not exceeding LIBOR (avg. of six months) + 100 bps.
- The repayment of the loan is guaranteed by the foreign govt.
- The CFS enables India to generate substantial backward linkage induced jobs, demand for material and machinery in India and also a lot of goodwill for India.

6.2 Others

6.2.1 Commodity market

A commodity market is a physical or virtual marketplace for buying, selling and trading raw or primary products.

- Commodities are split into two types: hard and soft commodities.
- Hard commodities are typically natural resources that must be mined or extracted (such as gold, rubber and oil), whereas soft commodities are agricultural products or livestock

Futures contract

- A futures contract obligates the holder to buy or sell a commodity at a predetermined price on a delivery date in the future.

Derivatives

- A derivative is a contract between two or more parties whose value is based on an agreed-upon underlying financial asset (like a security) or set of assets (like an index).
- Common underlying instruments include bonds, commodities, currencies, interest_rates, market indexes and stocks

Physical settlement:

- A SEBI committee is looking into the issue of physical settlement for commodity derivative contracts.
- Physical settlement refers to the system where the contract on the day of expiry is settled through the delivery of the underlying commodity instead of the current practice of cash.
- The regulator will have to first frame the warehousing guidelines for non-agriculture commodities

6.2.2 Averting Ponzi schemes

The Banning of Unregulated Deposit Schemes Bill, 2018 to provide comprehensive legislation to deal with illicit deposit schemes in the country.

Highlights:

- It provides for deterrent punishment for promoting or operating an unregulated deposit taking scheme

- Stringent punishment for fraudulent default in repayment to depositors
- Designation of a competent authority by the State government to ensure repayment of deposits in the event of default by a deposit taking establishment
- Powers and functions of the competent authority including attachment of assets of a defaulting establishment
- Designation of courts to oversee repayment of depositors and to try offences under the Act

About Ponzi schemes:

- It is an investment system where the investment profits are paid with the money from other investors, and those who experience profit believe the profits come from non-investors such as business activities, or the earnings and growth of a company.

6.2.3 Share buyback

- A buyback is a mechanism through which a listed company buys back shares from the market
- A buyback can be done either through open market purchases or through the tender offer route.
- Buybacks are typically done when a company has a significant cash reserve and feels that the shares are not fairly valued at the current market price

Open market mechanism:

- The company buys back the shares from the secondary market

Tender offer route:

- The shareholders can tender their shares during the buyback offer

7. GROWTH AND DEVELOPMENT

7.1 Status of Economy

7.1.1 Rising Inflation

- The Wholesale Price Index (WPI) accelerated in June.
- The real upward push in wholesale inflation came from the crude petroleum and natural gas segment, which saw inflation surging to 48.7%

About Inflation:

- Inflation is the rate at which the general level of prices for goods and services is rising and, consequently, the purchasing power of currency is falling.

Wholesale price Index:

- The wholesale price index is an index that measures and tracks the changes in the price of goods in the stages before the retail level.

GDP deflator

- The GDP deflator, also called implicit price deflator, is a measure of inflation.

- It is the ratio of the value of goods and services an economy produces in a particular year at current prices to that of prices that prevailed during the base year.
- This ratio helps show the extent to which the increase in gross domestic product has happened on account of higher prices rather than increase in output.
- It is seen as a more comprehensive measure of inflation.
- GDP price deflator = (nominal GDP ÷ real GDP) x 100

7.1.2 Depreciation of rupee

The rupee recently weakened past Rs. 70 to a dollar.

Reasons:

- The rise in international crude oil prices
- The rise in global trade tensions amidst the ongoing trade war
- Investors attracted by higher yields in the United States have been pulling their capital out of India
- Steep fall in Indian bond prices.
- Reduction in foreign investment
- Persistent current account deficit (CAD)

Negative impacts:

- Imports become more expensive
- Higher current account deficit
- Increase the oil import bill
- Higher inflation
- Affects infrastructural projects

Positive Impacts:

- Export competitiveness
- Improve export oriented IT/IT services companies
- Low foreign currency debt

- Debt maturity minimize exposures

Measures :

- Reserve Bank of India, has recently raised domestic interest rates in response to rising external economic risks.
- India's current account deficit has to be minimised
- Measures to curb the foreign fund outflow

7.1.3 India highest recipient of remittances

India retained the top position as a recipient of remittances says the World Bank.

Highlights:

- India continued to top in terms of receiving remittance, and was followed by China .
- The rebound in remittances, when valued in U.S. dollars, was helped by higher oil prices and a strengthening of the Euro and the Ruble

7.1.4 India regains status as fastest growing major economy

India regained its status as the world's fastest growing major economy in the October-December quarter.

Concerns:

- Bad loans in banks and inflationary risks arising from high food and crude prices pose risks to growth.
- Rising fiscal deficit and the possibility of interest rates rising further
- Creating jobs for near one million youth entering the market every month has been a key challenge
- Raised import tax on near 50 items this month to support domestic manufacturers.

7.2 Measurements

7.2.1 Financial Inclusion Index

The Department of Financial Services (DFS), Ministry of Finance, released the Financial Inclusion Index.

Highlights:

- It is a measure of access and usage of a basket of formal financial products and services that includes savings, remittances, credit, insurance and pension products.
- The index will have three measurement dimensions;
    1) Access to financial services
    2) Usage of financial services and
    3) Quality
- The various components of the index will help to measure financial services
- Financial Inclusion Index can be used directly as a composite measure in development indicators.
- It enables fulfilment of G20 Financial Inclusion Indicators requirements.

7.2.2 BRICS Rating Agency

The need is felt by the emerging markets and developing economies for a rating methodology that takes into account the country circumstances of these economies.

- The BRICS Rating Agency will be based on market-oriented principles
- It will assist BRICS and other countries to rate infrastructure and sustainable projects in the emerging economies.

Why new rating agency?

- The three leading global agencies (S&P, Fitch, Moody's) are based in western countries.
- Emerging economies have concerns over methodologies of the these agencies.

About BRICS:

- BRICS is an acronym for Brazil, Russia, India, China and South Africa and is an association of these countries.
- They have been identified as the fastest growing economies in the world.
- The group has a bank called as the New Development Bank whose primary focus remains lending money for infrastructure development among the countries.
- Relations among the members are mainly on the basis of non-interference, equality and mutual benefit.

7.2.3 Global Competitiveness Index for 2018

The World Economic Forum has released Global Competitiveness Index for 2018.

India's performance:

- India was ranked as the 58th most competitive economy with a score of 62.0 on the Global Competitiveness Index 2018.
- India ranked highest among South Asian countries.
- India leads the region in all other areas of competitiveness except for health, education and skills.
- India's greatest competitive advantages include its market size and innovation.

Areas that India needs to improve:

- Labour market (in particular workers rights)
- Product market (in particular trade tariffs) and
- Skills (in particular pupil-teacher ratio)

Global performance:

- The United States topped the list with a score of 85.6.
- Among the BRICS economies, China topped the list at 28th place.

About Global Competitiveness Index:

- The World Economic Forum's Global Competitiveness Index is a composite indicator that assesses the set of factors that determine an economy's level of productivity - widely considered as the most important determinant of long-term growth.
- The GCI 4.0 framework is built around 12 main drivers of productivity - Institutions, Infrastructure; Technological readiness; Macroeconomic context; Health; Education and skills; Product market; Labour market; Financial system; Market size; Business dynamism; and Innovation.

7.2.4 Index of Industrial Production

- The Index of Industrial Production (IIP) is an index which shows the growth rates in different industry groups of the economy in a stipulated period of time.
- The IIP index is computed and published by the Central Statistical Organisation (CSO) on a monthly basis.
- The current base year for the IIP series in India is 2011-12#

A Base Year

- A base year is the first of a **series** of years in an economic or financial index.
- It is typically set to an arbitrary level of 100.

Classification:

1)Sectoral classification:

- Industrial production for the purpose of IIP is divided into three sectors, i.e, Mining, Manufacturing and Electricity.
- The relative weights of Manufacturing, Mining and Electricity are 75.5%, 14.2% and 10.3% respectively.

2) Use-based classification:

- Basic goods, capital goods, intermediate goods, consumer durables and consumer nondurables.
- The relative weights of Basic Goods, Capital Goods, intermediate goods and Consumer Goods are 45.68%, 8.83%, 15.68 and 29.81% respectively.

7.2.5 Doing Business Report 2019

The World Bank released its latest Doing Business Report(DBR, 2019).

India's Performance:

- India has recorded a jump of 23 positions against its rank of 100 in 2017 to be placed now at 77th rank among 190 countries.
- India has improved its rank in 6 out of 10 indicators and has moved closer to international best practices (Distance to Frontier score) on 7 out of the 10 indicators.
- The most dramatic improvements have been registered in the indicators related to 'Construction Permits' and 'Trading across Borders'.

The important features of India's performance:

- The World Bank has recognized India as one of the top improvers for the year.
- This is the second consecutive year for which India has been recognized as one of the top improvers.
- India is now placed at first position among South Asian countries as against 6th in 2014.

The Report:

- The Doing Business assessment provides objective measures of business regulations and their enforcement across 190 economies on ten parameters affecting a business through its life cycle.
- The DBR ranks countries on the basis of Distance to Frontier (DTF), a score that shows the gap of an economy to the global best practice.
- The parameters include starting a business, construction permits, getting electricity, getting credit, paying taxes, trade across borders, enforcing contracts, and resolving insolvency.

7.2.6 Andhra Pradesh tops the list in ease of doing business

- For second year in a row, Andhra Pradesh has topped the list in ease of doing business among all states and UTs.
- The states have been divided into: Top Achievers, Achievers, Fast Movers and Aspirers.

Here's is the list of top ten states

1. Andhra Pradesh

2. Telangana
3. Haryana
4. Jharkhand
5. Gujarat
6. Chhattisgarh
7. Madhya Pradesh
8. Karnataka
9. Rajasthan
10. West Bengal

Meghalaya was ranked last at 36th position and appeared as the worst performing state.

About the Ranking

- This is the third edition of the rankings
- Conducted by DIPP(Department of Industrial Policy & Promotion) in collaboration with the World Bank
- Done annually under the Business Reform Action Plan (BRAP)
- The parameters include areas such as construction permit, labour regulation, environmental registration, access to information, land availability, and single window system.

7.2.7 Greener growth could add $26 trillion to world economy

Strong action to combat climate change could cumulatively add at least $26 trillion to the world economy by 2030, according to a study by the Global Commission on the Economy and Climate.

Highlights of Study:

- Bold climate action could deliver in net cumulative benefits from now until 2030 compared with business as usual
- Smarter investments in cleaner energy, cities, food and land use, water and industry could generate 65 million new jobs in 2030.
- A shift from fossil fuels to cleaner energies such as wind and solar power would avoid 700,000 premature deaths from air pollution in 2030

Recommendations:

- High prices on carbon dioxide emissions.
- Subsidy reforms in the energy sector.


IES GS Video Lectures
Study from anywhere anytime
Extensive syllabus coverage
One year doubts support
Money back guarantee
Free online test series
more details at www.iesgeneralstudies.com