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Quick Digest - 2020

Economics
(Recent Developments)

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Economics

(Recent Developments)

Parts-

A. Development and Planning

B. Agriculture and affirmative supports

C. Infrastructure

D. Inclusion and Liberalism

Table of Content

57. Financial facility under Agriculture Infrastructure Fund
58. SOFI 2020
59. Krishi Megh
60. Arakunomics& Food System Vision Prize 2020

Infrastructure

61. Global Energy Review 2020 by IEA
62. Bharatmala Project
63. PRADHAN MANTRI GRAM SADAK YOJANA-III
64. Airports Economic regulatory authority of India Act- 2019
65. KOSI-MECHI INTERLINKING PROJECT
66. FAME India scheme phase ii
67. 90,000 crore liquidity injection for the fund-starved Discoms
68. Silver Line' project
69. Western Dedicated Freight Corridor
70. National Infrastructure Pipeline (NIP)
71. STATE ENERGY EFFICIENCY INDEX 2019
72. GOVERNMENT OWNED CONTRACTOR OPERATED (GOCO) MODEL
73. Real estate investment trust (REITS) AND INFRASTRUCTURE investment trust (INVITS)
74. Ask Disha App
75. Corporate train model

Inclusion and Liberalism

76. Periodic Labour Force Survey (PLFS)
77. Code on wages act 2019
78. "Angikaar", a campaign for change management.
79. IMD World Talent Ranking Report 2019
80. Guidelines for license to Small Finance Banks
81. Harmonized System of Nomenclature (HSN) code
82. Difference between tax and cess
83. Garib Kalyan RojgarAbhiyaan launched


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PAPER SERIES 'C'

Q.No.	Page No.	Q.No.	Page No.
27	3	66	26
14	5	66	30
22, 29 & 34	6	66	32
35	7	21	34
14, 16, 35	8	42	38
67	9	15, 42 & 46	39
3	12	26	42
18	14	42	44
7	15	70	57
3, 6, 9	16	72	60
77	52	11	66

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Development and Planning

1. SHAPES OF ECONOMIC RECOVERY

Given the weakness of the economy going into the COVID crisis also because the but adequate fiscal stimulus, India is probably going to finish up with an elongated U-shape recovery, although some experts have predicted other shapes of recovery.

About:

Z-shaped recovery: The economy quickly rises after a crash. It quite makes up for lost ground before settling back to the traditional trend-line, thus forming a Z-shaped chart.

V-shaped recovery: The economy quickly recoups lost ground and gets back to the traditional growth trend-line.

U-shaped recovery: The economy, after falling, struggles and muddles around a coffee rate of growth for a few time, before rising gradually to usual levels.

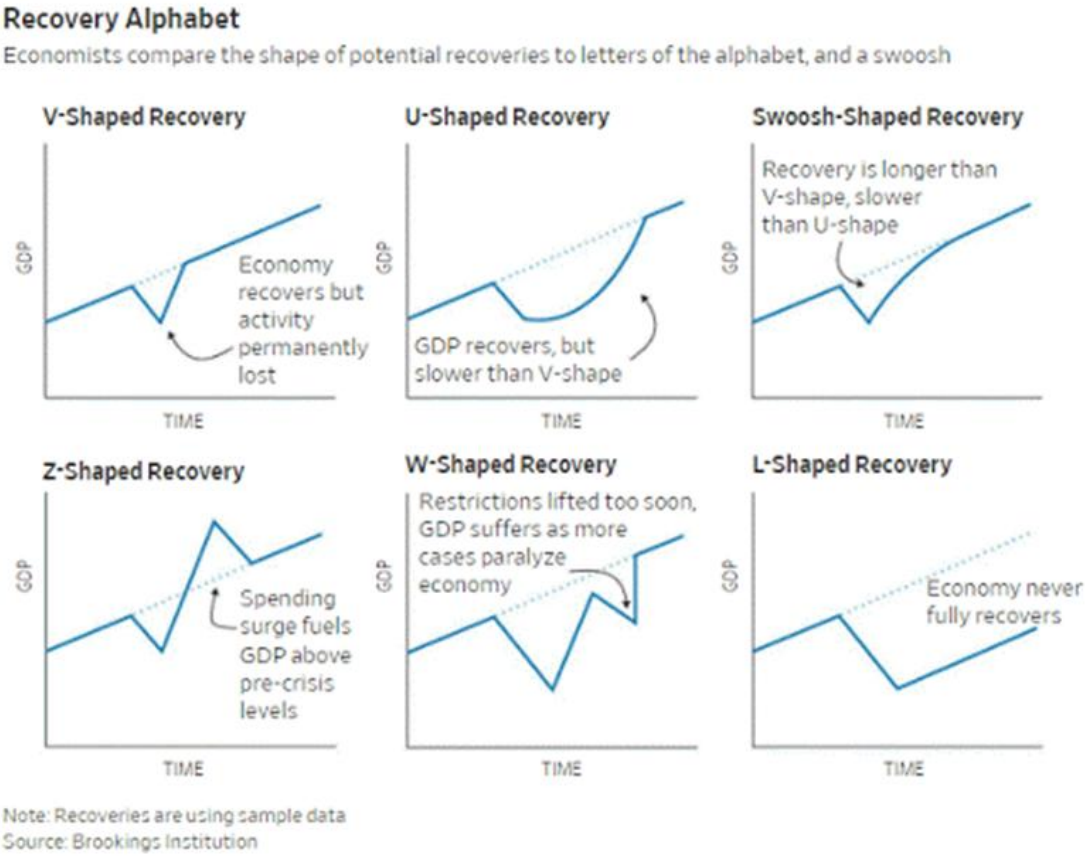
W-shaped recovery: the expansion falls and rises, but falls again before recovering once more , thus forming a W-like chart, depicting a double-dip.

L-shaped recovery: the expansion after falling, stagnates at low levels and doesn't recover for an extended, long time.

J-shaped recovery: the expansion rises sharply from the lows much above the trend-line and stays there.

Swoosh shaped recovery: this is often almost like the Nike logo — in between the V-shape and therefore the U-shape. Here, after falling, growth starts recovering quickly on the other hand, bogged down by obstacles, moves gradually back to the trend-line.

Inverted root shaped recovery: during this scenario, while there could a rebound from rock bottom, the expansion slows and settles a step down.



Indian context:

- The Indian economy was slowing down even before the COVID crisis, and therefore the trouble has now been amplified manifold due to the lockdowns with experts predicting a fall of up to five per cent within the GDP in FY-21.
- Many economists have the unanimous opinion that within the current fiscal year , India's economy will contract with a probable range between minus 4% to minus 14%.
- A section of economists has the opinion that after hitting the lowest this year, the economy will start its recovery within the next fiscal year I .e.2021-22.
- According to a study by the previous Chief Statistician of India India's economy will contract not just this year but also within the fiscal year of 2021-22 with a probable chance of GDP growth at the speed of -8.8% in 2021-22.
- There are expert opinions that with the fragility of the economy thanks to COVID-19 crisis, and a but adequate fiscal stimulus, India is probably going to finish up with an "elongated U-shape" recovery.

In his fifth address to the nation, Prime Minister Narendra Modi announced an economic package totaling Rs 20 lakh crore to bridge over the Covid-19 crisis under 'Atmanirbhar Bharat Abhiyan'.

The Rs 20 lakh crore package includes the government's recent announcements on supporting key sectors and measures by reserve bank of India. PM Modi said the economic package would be around 10 percent of the GDP. this may play a crucial role within the 'Atmanirbhar Bharat Abhiyan'.

What

1. The mega Rs 20 lakh crore stimulus package announced on 12 May 2020 includes previously announced measures to save lots of the lockdown-battered economy, and focuses on tax breaks for small businesses also as incentives for domestic manufacturing.
2. The combined package works bent roughly 10 per cent of the GDP, making it among the foremost substantial within the world after the financial packages announced by the us , which is 13 per cent of its GDP, and by Japan, which is over 21 per cent of its GDP.
3. The Rs 20 lakh crore package includes Rs 1.7 lakh crore package of free foodgrains to poor and cash to poor women and elderly, announced in March, also because the Reserve Bank's liquidity measures and rate of interest cuts.
4. While the March stimulus was 0.8 per cent of GDP, RBI's cut in interest rates and liquidity boosting measures totalled to three .2 per cent of the GDP (about Rs 6.5 lakh crore).
5. The package is seen as a government plan to check the world's fifth-largest economy hurtling towards its first full-year contraction in four decades.
6. consistent with estimates, lockdown may have led to 12.2 crore people losing jobs in April and consumer demand evaporating.
7. As a part of the Rs 1.70 lakh crore Pradhan Mantri Garib Kalyan Package (PMGKP), the govt announced free wheat or rice plus pulses to poor also as a cash payment to women and poor senior citizens and farmers over a period of three months till June.
8. consistent with the newest government data, Rs 34,800 crore financial assistance using digital payment infrastructure were provided to about 39 crore beneficiaries.
9. Under the Pradhan Mantri Garib Kalyan Ann Yojana 67.65 lakh MT of foodgrains are lifted by 36 states/UTs for April 2020. Around 16 LMT of foodgrains are distributed, covering 60.33 crore beneficiaries by 36 states/UTs for April 2020.
10. The special economic package would specialise in land, labour, liquidity and laws, it might benefit labourers, farmers, honest tax payers, MSMEs and industry . minister of finance will announce details of special economic package.
11. The prime minister said the goal of the country would be to become self-reliant, and identified economy and infrastructure as key drivers for it. He said making the country self-reliant was only thanks to make 21st century belong to India.
12. India's self-reliance are going to be supported five pillars — economy, infrastructure, technology driven system, vibrant demography and demand.

The first tranche of Atmanirbhar Bharat Abhiyan – Total Rs 5,94,550 Cr

- Collateral free loans and emergency credit to restart business including MSME – 3,00,000 Cr.
- Subordinate debt for stressed MSMEs – 20,000 Cr
- Fund of Funds for an equity infusion to MSMEs -- 50,000 Cr. it'll also encourage MSMEs to urge listed on the most board of Stock Exchanges.
- Extended EPF support via and government contributions to EPF accounts of eligible establishments – 2800 Cr

- Reduced EPF rates of both employer and employee – 6750 Cr
- Special Liquidity Scheme for NBFCs/HFCs/MFIs – 30,000 Cr
- Partial credit guarantee scheme for liabilities of NBFCs/MFIs – 45,000 Cr
- Liquidity injection for DISCOMs via Power Finance Corp/REC -- 90,000 crore
- Reduction of TCS / TDS rates – 50,000 Cr
- Note: The definition of MSMEs changed by enhancing the bounds to be considered as an MSME.

The second tranche of Atmanirbhar Bharat Abhiyan – Total Rs 3,10,000 Cr

- Free food grains to migrant workers for two months – 3500 Cr
- Interest subvention of MUDRA-Shishu loans – 1500 Cr
- Special credit facility to street vendors – 5000 Cr
- Extension of credit linked subsidy scheme within the housing sector for the middle-income group – 70,000 Cr
- Additional emergency capital for farmers through NABARD – 30,000 Cr
- Additional concessional credit through Kisan Credit Cards – 2,00,000 Cr
- One Nation One card to enable a migrant beneficiary to get grains from any ration shop within the country.
- Affordable housing for migrants and concrete poor via a scheme under PMAY and affordable rental housing complexes (ARHC) under PPP mode.

The third tranche of Atmanirbhar Bharat Abhiyan – Total Rs 1,50,000 Cr

- Agri Infrastructure Fund for farm gate infrastructure including cold chain and post-harvest infrastructure – 1,00,000 Cr
- Food micro-enterprises with a cluster-based approach– 10,000 Cr
- Pradhan Mantri MatsyaSampada Yojana (PMMSY) -- 11,000 Cr for activities in Marine, Inland fisheries and Aquaculture and 9000 Cr for Infrastructure -- Fishing Harbours, Cold chain, Markets, etc.
- Animal Husbandry Infrastructure Development Fund -- 15,000 Cr
- Promotion of Herbal Cultivation -- 4000 Cr
- Extending Operation Greens project from Tomatoes, Onion, and Potatoes (TOP) to all or any fruits and vegetables – 500 Cr
- Beekeeping initiatives – 500 Cr

The fourth and fifth tranches of Atmanirbhar Bharat Abhiyan (combined) – Total Rs 48,100 Cr

- Viability gap funding – 8,100 Cr
- Additional MGNREGA allocation – 40,000 Cr

What did the RBI provide earlier?

- A rough estimate suggests that the RBI's decisions have provided additional liquidity of Rs 5-6 lakh crore since the beginning of the Covid-19 crisis.
- Add this to the Rs 1.7 lakh crore of the primary fiscal relief package announced by the Centre on March 26. Together, the 2 already account for 40 per cent of the Rs 20-lakh crore package.
- That leaves an efficient amount of Rs 12 lakh crore.
- However, if the govt is including RBI's liquidity decisions within the calculation, then the particular fresh spending by the govt might be considerably less than Rs 12 lakh crore.

- That's because RBI has been beginning with future bond-buying operations (long term repo operation or LTRO, to infuse liquidity into the banking system) worth Rs 1 lakh crore at a time.
- If for argument's sake, RBI comes out with another LTRO of Rs 1 lakh crore, then the general fiscal help falls by an equivalent amount.

2. Global Energy Transition index

With moving up to 74th rank, India has shown improvement in key parameters of economic security, economic process , and environmental sustainability.

Key Highlights:

- World Economic Forum in its report stated that as per its study for measuring the readiness for the transition to wash energy, out of 115 economies 94 have shown progress since 2015. But even with the progress, environmental sustainability remains behind.
- Sweden has acquired a top position on the Energy Transition Index (ETI) for the third consecutive year and has been followed by Finland and Switzerland within the top three.
- Out of G20 countries, only France at 8th rank and UK at 7th rank are within the top 10.
- because the emerging centres of demand, India at 74th and China at 78th rank have shown efforts for enabling the improved environment. it's resulted from consumer engagement, political commitments, innovation, and improved infrastructure.
- In China specifically, the pollution problem has resulted in policies of electrify vehicles, controlled emissions, onshore wind plants, and therefore the world's largest capacity for solar photovoltaic (PV).

Improvement in India's ranking in global transition index:

As per WEF, India has become one among the few countries within the world that have shown consistent year on year progress since 2015. This consistency shows the strong positive trajectory that has been driven by enabling environmental sustainability and powerful political commitment.

The improvement in India's ranking within the Global Energy Transition Index has been thanks to the government-mandated renewable energy expansion program, which has now been extended to 275 GW by 2027.

India has also shown significant efforts in energy efficiency through smart meters, bulk procurement of LED bulbs, and programs to label the appliances. an identical sort of measures has also been experimented for driving down the value of electrical vehicles.

The progress in India's position is thanks to the development altogether the three dimensions of the energy triangle- energy access and security, economic development and growth, and environmental sustainability.

Impact of COVID-19 on clean energy transition and what are often done:

As per the world Economic Forum, the COVID-19 pandemic risks the recent progress within the transition to wash energy. The impact are often within the sort of price volatility, unprecedented fall in demand, and therefore the increasing pressure for quickly mitigating the socio-economic costs.

The pandemic has forced the businesses across the industries to adapt to changes in demand and new ways of working, operational disruption while governments have also introduced economic recovery packages to assist in dealing with these effects.

As per WEF, the continued situation offers a chance to think about unorthodox intervention within the energy markets also as encourages global collaboration for the recovery which will accelerate the energy transition once the crisis subsides.

WEF's report in 2020 suggests that roadmaps, policies, and governance frameworks for energy transition at global, regional, and national levels required to be more resilient against the external shocks.

If the policies are often implemented with future strategies, they will accelerate the transition to wash energy by helping the countries in expanding their efforts towards inclusive and sustainable energy systems.

3. Nationalization of Banks: 50 Years

Why nationalization of banks?

- After independence, the govt of India (GOI) adopted planned economic development for the country.
- Nationalization was in accordance with the national policy of adopting the socialistic pattern of society.
- The actual course came at the top of a troubled decade when India had suffered many economic also as political shocks.

Other reasons

- Social welfare
- Controlling private monopolies
- Expansion of banking to rural areas
- Reducing regional imbalance to curb the urban-rural divide
- Priority Sector Lending
- Mobilization of savings

What benefits can we reap today?

- Banking under government ownership gave the general public implicit faith and immense confidence about the sustainability of the banks.
- Banks were not confined to only metropolitan or cosmopolitan in India. In fact, the Indian banking industry has reached even to the remote corners of the country.
- The present government has reached bent people through banks.
- Assistance for constructing toilets under Swachh Bharat programme, DBT, Crop insurance schemes etc was given through banks.
- The dispensing of Mudra loans to about 20 crore individuals, benefits under PM Kisan scheme for providing cash assistance to shut to fifteen crore farmers annually are only possible through this banks.
- Thus banks became the government's dispenser of goodies thanks to the choice which was taken 50 years ago.

What about Financial Inclusion?

- The All India Debt and Investment Survey reports indicate that the formal sector has been losing ground to the informal sector within the rural indebtedness pie since 2001 onwards.
- This is worrying and indicates that the inclusion agenda is way from achieved.
- Some examples within the public sector banking system—particularly SBI—have shown that it's possible to realize the double bottom line of being within the commercial market while continuing to realize significant targets in inclusion, sectoral, spatial and geographical.

What are the present challenges?

- Today, most public sector banks (PSBs) aren't within the desired position.

- The government has pumped in over Rs 2.5 trillion within the previous couple of years (including Rs 70,000 crore in 2019) and it still might not be enough.
- PSBs still struggle with a better level of non-performing assets.
- Recapitalisation - the govt doesn't have the fiscal space to continuously pump capital into PSBs. Click here to understand more on recapitalisation.
- The idea of using recapitalisation bonds too has its limits because it is increasing the government's liability.
- Technology - The role of technology in banking and finance is rising rapidly.
- PSBs, with their weak balance sheets, aren't within the best position to adapt and compete on this front.
- Naturally, the business will increasingly shift towards private sector banks.
- Reforms - it might be hard to implement the specified reforms in PSBs within the present set-up.
- PSBs, which account for 66% of outstanding credit and 65.7% of deposits, need functional and operational independence.
- With the govt being the bulk shareholder, this may be difficult to achieve .

4. Negative rate policy

- **Context:** Negative rate policy – once considered just for economies with chronically low inflation like Europe and Japan – is becoming a more attractive option for a few other central banks to counter unwelcome rises in their currencies.

How does it work?

- Under a negative rate policy, financial institutions are required to pay interest for parking excess reserves with the central bank.
- That way, central banks penalise financial institutions for holding on to take advantage hope of prompting them to spice up lending.
- The European central bank (ECB) introduced negative rates in June 2014, lowering its deposit rate to -0.1% to stimulate the economy.
- Given rising economic risks, markets expect the ECB to chop the deposit rate, now at -0.4%, in September.
- The Bank of Japan (BOJ) adopted negative rates in January 2016, mostly to debar an unwelcome yen spike from hurting an export-reliant economy.
- It charges 0.1% interest on some of excess reserves financial institutions park with the BOJ.

5. Sebi approves regulatory sandbox for live testing of latest products

Regulatory Sandbox

- A regulatory sandbox usually refers to measure testing of latest products or services during a controlled/test regulatory environment that regulators may permit certain regulatory relaxations for the limited purpose of the testing.
- The objective of the sandbox is to foster responsible innovation in financial services, promote efficiency and convey benefit to consumers.
- It provides a secure environment for fintech firms to experiment with products under supervision of a regulator.
- It is an infrastructure that helps fintech players live test their products or solutions, before getting the required regulatory approvals for a mass launch, saving start-ups time and price .

- The concept of a regulatory sandbox or innovation hub for fintech firms was mooted by a committee headed by then RBI executive Sudarshan Sen.
- The panel submitted its report in Nov 2017 has involved a regulatory sandbox to assist firms experiment with fintech solutions, where the results of failure are often contained and reasons for failure analysed.
- If the merchandise appears to possess the potential to achieve success , it'd be authorised and delivered to the broader market more quickly.

How will it benefit fintech firms?

- These testing grounds are especially relevant within the fintech world, where there's a growing got to develop regulatory frameworks for emerging business models.
- The purpose of the sandbox is to adapt compliance with strict financial regulations to the expansion and pace of the foremost innovative companies, during a way that doesn't smother the fintech sector with rules, but also doesn't diminish consumer protection.
- It allows the regulator, the innovators, the financial service providers (as potential deployers of the technology) and therefore the customers (as final users) to conduct field tests to gather evidence on the advantages and risks of latest financial innovations, while carefully monitoring and containing their risks.

6. BASEL COMMITTEE ON BANKING SUPERVISION

The Basel committee on banking supervision said the reserve bank of India's norms on large exposures for banks are compliant with the Basel requirements.

- Issues associated with prudential outcomes, the resilience of the banking industry or the supervisory effectiveness of the Indian authorities weren't within the scope of this assessment.
- The assessment was conducted by the Regulatory Consistency Assessment Programme (RCAP), a part of the Basel committee.

FINDINGS

- The Basel large exposures framework requires banks to spot third parties which will constitute a further risk factor inherent within the structure itself instead of in underlying assets.
- RBI's implementation of the massive exposures framework requires banks to spot such third parties (like originator, fund manager, liquidity provider, and credit protection provider).
- In cases where there are multiple third parties considered to be potential drivers of additional risk, the bank must assign the exposures resulting from the investment within the structures to every of the third parties.
- The committee also found that Basel's large exposures framework limits the sum of all exposures of a bank to one counterparty to 25% of Tier 1 capital.
- Indian regulations establish the massive exposure limit at 20%. In exceptional cases, banks' boards may allow a further 5% exposure to the bank's available eligible capital base.

BASEL ACCORDS

The Basel Accords ask the banking supervision Accords— Basel I, Basel II and Basel III—issued by the Basel Committee on Banking Supervision (BCBS).

- Basel I published a group of minimum capital requirements for banks and was enforced by law within the Group of Ten (G-10) countries in 1992.

- The Basel II Accord was published initially in June 2004 and was intended to amend international banking standards that controlled what proportion capital banks were required to carry to protect against the financial and operational risks banks face.
- Basel III may be a global, voluntary regulatory framework on bank capital adequacy, stress testing, and market liquidity risk. Basel III was developed in response to the deficiencies in financial regulation revealed by the financial crisis of 2007–08. it's intended to strengthen bank capital requirements by increasing bank liquidity and decreasing bank leverage. These were scheduled to be introduced from 2013 until 2015, implementation was extended repeatedly to 31 March 2019 then again until 1 January 2022.

7. RBI on the transfer of surplus or profits

Reserve Bank of India (RBI) decided to transfer Rs.1,76,051 crore to the Central Government after accepting recommendations of the Bimal Jalan Committee. the quantity of Rs.1,76,051 crore includes the RBI Surplus money of Rs. 1,23,414 crore for the year 2018-19 and Rs. 52,637 crore of excess risk provision as per the revised Economic Capital Framework (ECF) suggested by the Committee.

What is RBI Surplus?

The RBI Surplus is that the net earned by the apex bank after deducting all the expenses. within the year 2018-19, the RBI Surplus stood at Rs 1,23,414 crore, which is now being transferred to the govt . This income is understood as Profit or Dividend incorporate language. the businesses generally distribute the dividend or profit among the shareholders. However, RBI isn't a company; its' profits are considered as income itself.

Transfer of excess funds from RBI to Government

The reserve bank|depository financial institution|bank|bankingconcern|banking company"> Federal Reserve Bank of India (RBI) transfers its surplus profits to the govt of India in terms of the provisions of Section 47 of the Reserve Bank of India Act, 1934 which is as follows:

"After making provision for bad and doubtful debts, depreciation in assets, contributions to staff and superannuation funds and for all matters that provision is to be made by or under this Act or which are usually provided for by bankers, the balance of the profits shall be paid to the Central Government."

8. Advance Pricing Agreements (APAs)

Context: The Central Board of Direct Taxes (CBDT) has entered into 18 Advance Pricing Agreements (APAs) in March this year, including three bilateral APAs.

What are APAs?

An APA is an agreement between a taxpayer and therefore the tax authority determining the Transfer Pricing methodology for pricing the tax payer's international transactions for future years. An APA provides certainty with reference to the tax outcome of the tax payer's international transactions.

An APA are often one among the three types – unilateral, bilateral and multilateral.

1. A Unilateral APA is an APA that involves only the taxpayer and therefore the tax authority of the country where the taxpayer is found.
2. Bilateral APA (BAPA) is an APA that involves the tax payer, associated enterprise (AE) of the taxpayer within the foreign country, tax authority of the country where the taxpayer is found and therefore the foreign tax authority.
3. Multilateral APA (MAPA) is an APA that involves the taxpayer, two or more AEs of the tax payer in several foreign countries, tax authority of the country where the taxpayer is found and therefore the tax authorities of AEs.

9. NIRVIK SCHEME

- Export Credit Guarantee Corporation of India (ECGC) has introduced 'NIRVIK' scheme to ease the lending process and enhance loan availability for exporter

  Ministry: Ministry of Commerce and Industry.

  Objective: the most aim behind introducing the scheme was to reinforce accessibility and affordability of credit for exporters.

Benefits:

- The decision will help make Indian exports competitive and make ECGC procedures exporter friendly, benefiting MSME exporters with a replacement scheme for reimbursing taxes, reduced insurance cost and simple doing business.
- The insurance cover is predicted to bring down the value of credit thanks to capital relief, less provision requirement and liquidity thanks to quick settlement of claims and can ensure timely and adequate capital to the export sector.
- Ministry of Commerce was already running a scheme "Export Credit Insurance Scheme" to supply credit risk insurance through ECGC Ltd at cheaper premium. Under this scheme it had been covering a loss of 60% of Principal and Interest. But within the newly launched scheme "NIRVIK" this coverage has been increased to 90% of the Principal and Interest.
- So, if the exporter took Rs. 100 cr loan and he's unable to receive payment due to any aforementioned reasons. then ECGC can pay 90 crore and exporter will need to pay Rs. 10 crore.
- It was also proposed to subsidise the premium under the Scheme that has got to be paid by exporters of certain key sectors.

10. INDUSTRY 4.0

The Ministry of Railways and Department of Science & Technology have joined hands in partnership with IIT Kanpur for taking over a singular project on 'Industry 4.0' by launching a pilot program for implementation at Modern Coach Factory, Raebareli.

What is 'Industry 4.0'?

- Commonly mentioned as the fourth industrial revolution, it is a name given to the present trend of automation, interconnectivity and data exchange in manufacturing technologies to extend productivity.
- Industry 4.0 may be a complex Cyber-Physical Systems which synergizes production with digital technologies, the web of Things, AI , Big Data & Analytics, Machine Learning and Cloud Computing.

Industrial Revolution 4.0 can help in transforming India by:

1. Alleviating poverty.
2. Better and low-cost healthcare.
3. Enhancing farmer's income.
4. Providing new technology and equipment to farmers.
5. Strengthening infrastructure, improving connectivity.
6. Improve ease of living and ease of doing business.

11. BHIM 2.0

- The IT Ministry unveiled a slew of latest initiatives and programmes, including BHIM 2.0 that packs-in new functionalities, support additional languages and has increased transaction limits.

BHIM 2.0

- BHIM app, a UPI based payment interface developed by National Payments Corporation of India (NPCI) that permits real-time fund transfer, was launched in December 2016.
- Some of the striking features marking BHIM 2.0 include a 'Donation' gateway, increased transaction limits for high-value transactions, linking multiple bank accounts, offers from merchants, the choice of applying in IPO, gifting money etc.
- The remake of BHIM also supports three additional languages — Konkani, Bhojpuri and Haryanvi — over and above the prevailing 13.

12. in-principle merger

Union Cabinet has approved the revival plan of Bharat Sanchar Nigam limited(BSNL) and Mahanagar Telephone Nigam limited(MTNL) and in-principle merger of the 2 .

Why this revival plan:

- BSNL and MTNL are government owned telecommunications company.
- MTNL provides telephony services in Delhi and Mumbai, while BSNL is present within the remainder of the circles within the country.
- The revival package was needed because the two PSUs comes face financial stress thanks to stiff competition and reduction in tariffs.
- The competition within the mobile segment, high employee costs and absence of 4G services has also progressively eroded the competitive strength of BSNL and MTNL.

13. Adjusted Gross Revenue(AGR)

Supreme Court directs telcos to pay AGR dues in 10 years

What is AGR?

Adjusted gross sales (is that the usage and license fee that telecom o perators are charged by the Department of Telecommunications (It is split into spectrum usage charges and licensing fees, pegged between 3 5 percent and eight percent respectively.

How is it calculated and what's the contention?

As per DoT, the charge s are calculated supported all revenues earned by a telco including non telecom related sources like deposit interests and asset sales. Telcos, on their part, insist that AGR should comprise only the revenues generated from telecom services.

14. Core Investment Companies (CICs)

RBI released the report of the working party to review the regulatory and supervisory framework for Core Investment Companies (CICs)

What is a Core Investment Company?

- A Core investment trust may be a non-banking financial company (NBFC) that engages within the business of acquisition of shares and securities.
- It should have a minimum of 90% of its net assets within the sort of investment in equity shares, bonds, debentures, debts or loans in group companies.
- It should even have a minimum of 60% of its assets as investment in equity shares in group companies.

Key recommendations

Considering the above, the working party made the subsequent key recommendations:

- Capital contribution by a CIC during a step-down CIC (a subsidiary of a subsidiary), above 10% of its owned funds, should be deducted from its adjusted net worth, the amount of layers of CICs during a group should be restricted to 2 .
- A step-down CIC might not be permitted to take a position in the other CIC.
- Every group having a CIC should have a group Risk Management Committee.
- Two Board level committees (Audit Committee, and Nomination and Remuneration Committee) should be mandatorily constituted.
- RBI may conduct a periodic onsite inspection of CICs.

15. DEPOSIT INSURANCE

Recently, the failure of the Punjab and Maharashtra Co-operative (PMC) Bank reignited the talk on the low level of insurance against the deposits held by customers in Indian banks

- Currently, just in case of a bank collapse, a depositor can claim an amount up to a maximum of ₹ 5 lakh(earlier 1 lakh) per account because the insurance cover (even if the deposit in their account is bigger than ₹ 5 lakh).
- This amount is termed 'deposit insurance'– the insurance cover against the deposits of a private in banks.
- Banks that come under DICGC scheme- all Commercial Banks + RRBs + cooperative banks (except rural Primary cooperative societies and at the present all co-operative banks of Meghalaya, and therefore the Union Territories of Chandigarh, Lakshadweep and Dadra and Nagar Haveli)
- The insurance cover is provided by the Deposit Insurance and Credit Guarantee Corporation (DICGC).
- Deposit Insurance and Credit Guarantee Corporation
- DICGC came into existence in 1978 with the Deposit Insurance and Credit Guarantee Corporation Act, 1961 by the Parliament.
- It is a deposit insurance and credit guarantee for banks in India.
- It may be a fully owned subsidiary of and is governed by the Federal Reserve Bank of India.
- DICGC charges 12 paise per 100 of deposits held by a bank. This premium is paid by the banks and isn't to be passed on to depositors.

16. Alternative investment (AIFs)

The Union Cabinet has approved the creation of an alternate Investment Fund (AIF) of Rs. 25,000 crore to supply last-mile funding for stalled affordable and middle-income housing projects across the country.

Definition of AIFs

- In India, alternative investment (AIFs) are defined in Regulation 2(1)(b) of the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.
- It refers to any privately pooled investment fund, (whether from Indian or foreign sources), within the sort of a trust or a corporation or a body corporate or a limited liability Partnership(LLP) which aren't presently covered by any Regulation of SEBI governing fund management (like, Regulations governing mutual fund or Collective Investment Scheme)nor coming under the direct regulation of the other sectoral regulators in India-IRDA, PFRDA, RBI.
- Hence, in India, AIFs are private funds which are otherwise not coming under the jurisdiction of any regulatory authority in India.

Types of AIFs

- Category I: AIFs which invest in start-up or early-stage ventures or social ventures or SMEs or infrastructure or other sectors or areas which the govt or regulators consider as socially or economically desirable and shall include risk capital funds, SME Funds, social venture funds, infrastructure funds and such other Alternative investment as could also be specified
- Category II AIF: AIFs which don't fall in Category I and III and which don't undertake leverage or borrowing aside from to satisfy day-to-day operational requirements and as permitted within the SEBI (Alternative Investment Funds) Regulations, 2012. Various sorts of funds like land funds, private equity funds (PE funds), funds for distressed assets, etc. are registered as Category II AIF
- Category III AIF: AIFs which employ diverse or complex trading strategies and should employ leverage including through investment in listed or unlisted derivatives. Various sorts of funds like hedge funds, PIPE Funds, etc. are registered as Category III AIFs.

17. Merger of 10 PSU Banks into 4 came into effect

Under the consolidation scheme, United Bank of India and Oriental Bank of Commerce are going to be merged into Punjab national bank.

Details of 10 State-Run Banks Amalgamation:

As per the consolidation scheme, the small print of 10 state-run banks into 4 are mentioned below-

- United Bank of India and Oriental Bank of Commerce will merge into Punjab national bank
- Syndicate Bank will merge into Canara Bank
- Allahabad Bank into Indian Bank
- Corporation and Andhra Banks are going to be merged in Union Bank of India

The objective behind the merger:

The major objectives of the merger are:

- to assist India make a USD 5 trillion economy
- Reducing the lending cost
- Enhancing the capacity so as to extend credit
- To bring next-generation technology for the banking sector
- Banks that have strong national and international reach
- to enhance the power to boost market resources.

Background:

The announcement of the mega-merger of the ten big public sector banks (PSBs) into four was made by Union minister of finance Nirmala Sitharaman in August 2019. The merger was under the Bank Consolidation plan among other major initiatives and steps with the aim to spice up India's economic process . The Union Cabinet under the chairmanship of PM Narendra Modi gave its official approval to the merger plan in early March 2020.

18. Rule 36 (4) of the CGST Rules, 2017

Restrictions imposed on the input decrease, employed by business establishments to scale back their liabilities, on inward supplies under the Central Goods and Services Tax Act are challenged within the Rajasthan supreme court with the plea that the amendment made to a rule to introduce the supply had imposed "unreasonable and arbitrary" conditions.

What is Input tax credit (ITC)?

It is the tax that a business pays on a purchase which it can use to scale back its liabilities when it makes a sale.

In simple terms, input credit means at the time of paying tax on output, you'll reduce the tax you've got already paid on inputs and pay the balance amount.

Exceptions: A business under composition scheme cannot avail of input tax credit. ITC can't be claimed for private use or for goods that are exempt.

Concerns over its misuse:

1. There might be possibility of misuse of the supply by unscrupulous businesses by generating fake invoices just to say decrease .
2. the maximum amount as 80% of the entire GST liability is being settled by ITC and only 20% is deposited as cash.
3. Under this dispensation, there's no provision for real time matching of ITC claims with the taxes already paid by suppliers of inputs.
4. The matching is completed on the idea of system generated GSTR-2A, after the credit has been claimed. supported the mismatch highlighted by GSTR-2A and ITC claims, the revenue department sends notices to businesses.
5. Currently there's a time gap between ITC claim and matching them with the taxes paid by suppliers. Hence there's an opportunity of ITC being claimed on the idea of faux invoices.

What's the issue?

The amended Rule 36 (4) of the CGST Rules, 2017, provides that the input decrease are often availed only a supplier of products updates and uploads online the small print of supplies through each of the bills. The petition now contended that the proper to avail of credit couldn't be removed by imposing the restrictions contained within the provisions of Section 43A of the Act, which was yet to be notified, through rules.

19. Bharat Bond ETF

Bharat Bond ETF was launched on December 12th 2019 and closed on 20th of an equivalent month. The ETF was subscribed 12 times and have become an enormous success.

What is an exchange traded fund?

An ETF may be a basket of securities that are traded on a stock market . it's traded a bit like shares within the stock exchange . ETFs are listed on a recognized exchange and their units are often bought and sold directly on the exchange through a stockbroker during the trading hours.

The conventional mutual funds don't have this tradability within the stock market . we will say that ETF is sort of a mutual fund that one can purchase and sell in real time (in the stock exchange), at a price that keeps changing throughout the day.

An ETF holds assets like stocks (shares), bonds, or commodities and trades over the course of the trading day.

Objectives of Bharat Bond ETF

The government floated this debt ETF with the subsequent objectives:

(a) The bond ETF will help deepen the Indian debt markets; at an equivalent time providing opportunity for participation of retail investors.

(b) Additionally, it'll help the underlying PSE companies to boost funding for his or her operations

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What is unique about Bharat Bond?

Bharat Bond ETF is that the first bond ETF within the country getting to be traded within the stock exchanges. it's a brand-new investment product for the investors also.

It is a pure Debt Fund. Its equity counterpart is Bharat 22 Fund. the govt has launched Bharat 22 Fund that contained the stocks of companies few years back. So, if Bharat 22 was an equity fund, Bharat Bond may be a debt fund.

Where does the Bond ETF invest?

The Bharat Bond ETF invests in AAA rated bonds of PSEs like REC, PFC, NHAI, etc.

What is the minimum and maximum amount of investment?

The minimum amount is Rs 1,000 per bond and there's no maximum limit. except for retail investors, there's an upper limit of Rs 2 Lakhs.

20. International Comparison Program (ICP)

Recently, the world Bank released new Purchasing Power Parities (PPPs) for the reference year 2017 under the International Comparison Program (ICP) It adjusts differences within the cost of living across economies of the planet .

Highlights of the report:

Worldwide status- The Purchasing Power Parities (PPPs) of Indian rupee per US$ at Gross Domestic Product (GDP) level is now 20.65 in 2017 from 15.55 in 2011.

- The exchange rate of us Dollar to Indian rupee is now 65.12 from 46.67 during an equivalent period.
- he price index Index (PLI), the ratio of a PPP to its corresponding market rate of exchange is employed to match the worth levels of economies of India is 47.55 in 2017 from 42.99 in 2011.
- In 2017, India retained and consolidated its global position, because the third-largest economy, accounting for six .7 per cent of worldwide Gross Domestic Product (GDP) in terms of PPPs as against China (16.4%) and us (16.3%), respectively.
- India is that the third-largest economy in terms of its PPP-based share in global Actual Individual Consumption and Global Gross Capital Formation.

  Regional Status- Asia Pacific Region- In 2017, India retained its regional position, because the second-largest economy, accounted for 20.83 you look after Regional Gross Domestic Product (GDP) in terms of PPPs where China was at 50.76% (first) and Indonesia at 7.49% (third).
- India is additionally the second-largest economy in terms of its PPP-based share in regional Actual Individual Consumption and regional Gross Capital Formation.
- Among 22 participating economies in Asia-Pacific region, the Purchasing Power Parities (PPPs) of Indian rupee per Hong Kong Dollar (HK$) at Gross Domestic Product (GDP) level is now at 3.43 in 2017 from 2.97 in 2011.
- The rate of exchange of Hong Kong Dollar to Indian rupee is now at 8.36 from 6.00 during an equivalent period. the worth Level Index (PLI of India is now at 64.00 in 2017 from 71.00 in 2011.

21. PAYMENTS INFRASTRUCTURE DEVELOPMENT FUND (PIDF)

The reserve bank of India (RBI) has created a Rs 500-crore Payments Infrastructure Development Fund (PIDF) to encourage acquirers to deploy Points of Sale (PoS) infrastructure — both physical and digital modes — in tier-3 to tier-6 centres and north eastern states.

About:

- Governance: The PIDF are going to be governed through an Advisory Council and managed and administered by RBI.
- Funding:

  RBI will make an initial contribution of ₹ 250 crore to the PIDF, covering half the fund, while the remaining contribution are going to be from card-issuing banks and card networks operating within the country.

  The PIDF also will receive recurring contributions to hide operational expenses from card-issuing banks and card networks. RBI also will contribute to yearly shortfalls, if necessary.
- Background: The fixing of this fund is in line with the recommendations of the report of the committee on deepening of digital payments, chaired by Nandan Nilekani.
- Need of PIDF: Given the high cost of merchant acquisition and merchant terminalisation, most of the POS terminals within the country are concentrated in tier 1 and a couple of cities and towns and other regions are overlooked .

22. Rights issue

Many companies including Reliance Industries Limited, Mahindra finance, Tata Power, Shriram Transport Finance among others decide to raise funds (aggregating to over Rs 10,000 crore) through rights offering amidst the Covid-19 pandemic.

About

- A rights issue may be a mechanism by which companies can raise additional capital from existing shareholders.
- While existing shareholders might not necessarily be ready to participate in other fund-raising mechanisms like QIPs, preferential allotment etc, rights offering may be a more democratic approach to raising funds because it allows the prevailing shareholders the proper to take a position first within the company.

Why rights offering is an 'efficient' option?

- For a rights issue, there's no requirement of shareholders' meeting and an approval from the board of directors is sufficient and adequate.
- Therefore, the turnaround for raising this capital is brief and is far fitted to the present situation unlike other forms that need shareholders' approval and should take a while to fructify.
- Thus the rights issue are a more efficient mechanism of raising capital.

Recent reforms undertaken for rights issue:

- Streamlined process: In November 2019, SEBI streamlined the rights issue process and therefore the timelines for completion was significantly reduced from T+55 days to T+31 days — a 40 per cent cut within the time.
- It has also reduced the advance notice for the record go back seven working days to 3 working days.
- Dematerialised REs framework: during a major move that creates it possible for eligible investors to subscribe and trade their rights entitlement (RE) and also makes it possible for interested investors to subscribe more shares than they're eligible for, Sebi on January 22, 2020, laid down the detailed procedure of the improved rights issue process and therefore the dematerialised REs framework.

23. Sale of Loan Exposures

- RBI has released draft Frameworks for 'Sale of Loan Exposures' and 'Securitisation of ordinary Assets' recently.

Highlights of the draft:

1. Standard assets would be allowed to be sold by lenders through assignment, novation or a participation loan contract (either funded participation or risk participation).
2. Stressed assets would be allowed to be sold only through assignment or novation only. they'll be sold to any entity that's permitted to require on loan exposures by its statutory or regulatory framework.
3. The draft lays down norms purchasable of NPAs to Asset Reconstruction Companies (ARCs) also repurchase of NPAs just in case the ARCs manage to show them into standard assets.
4. The draft also proposes to try to to away with the need of Minimum Retention Requirement (MRR) purchasable of loans by lenders.

Relevance:

- These guidelines are going to be applicable to commercial banks, all financial institutions, non-banking finance companies and little finance banks.

Salient features of draft guidelines:

- Only transactions that end in multiple tranches of securities being issued reflecting different credit risks are going to be treated as securitisation transactions.
- Two capital measurement approaches are proposed: Securitisation External Ratings Based Approach (SEC-ERBA) and Securitisation Standardised Approach (SEC-SA).
- A special case of securitisation, called Simple, Transparent and Comparable (STC) securitisations, has also been prescribed.
- The definition of securitisation has been modified to permit single asset securitisations.
- Securitisation of exposures purchased from other lenders has been allowed.
- Standard Assets would be allowed to be sold by lenders through assignment or a participation loan contract.
- The Stressed Assets, however, would be allowed to be sold only through assignment or novation.
- The guidelines plan to align the regulatory framework with the Basel guidelines on securitisation that have inherit force effective January 1, 2018.
- The revisions also take under consideration the recommendations of the Committee on Development of Housing Finance Securitisation Market in India (Chair: Dr. Harsh Vardhan) and therefore the Task Force on the event of Secondary marketplace for Corporate Loans (Chair: Shri T.N. Manoharan), which were found out by the RBI in May, 2019.

24. Rising forex reserves

What is the issue?

- India's forex reserves crossed $500 billion for the primary time ever within the week ended June 5, 2020.
- However, the character of things contributing thereto and therefore the economic uncertainties posed by the pandemic involve a cautious approach.

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- However, the character of things contributing thereto and therefore the economic uncertainties posed by the pandemic involve a cautious approach.

What are forex reserves?

- Forex reserves are external assets accumulated by India within the sort of -
  i. gold
  ii. SDRs (special drawing rights of the IMF)
  iii. foreign currency assets (capital inflows to the capital markets, FDI and external commercial borrowings)
- These are controlled by the reserve bank of India.

Why is that the present reserves position encouraging?

- The RBI was ready to increase its reserves by $79 billion over the past year (FY19) and by $29 billion since the start of the 2020-21 financial year .
- The $500 billion mark comes as an encouraging development amidst the present gloomy economic scenario, given the COVID-19 pandemic.
- The reserves are going to be useful if global financial conditions deteriorate further, causing turbulence in currency markets.

What were the contributing factors?

- The dollar-rupee swap auctions conducted in March and April 2020 have helped increase reserves to some extent. [Click here to read on swap auction]
- But besides this, there's also a few of other unplanned and a few fortuitous developments also .
- Notable among them are the rising external commercial borrowings (ECB) and an unexpected trade surplus.
- Global central banks are pumping in enormous amount of cash into the worldwide economy and moving interest rates lower.
- With this, Indian companies have found it easier to boost funds overseas at cheaper cost.
- Resultantly, ECBs raised in FY20 were 127% higher compared to FY19.
- In the primary two months of 2020-21 fiscal, corporates had already borrowed over $2 billion.

25. Ways And Means Advances

What is WMA?

The reserve bank of India (RBI) gives temporary loan facilities to the central and state governments. This loan facility is named Ways and Means Advances (WMA).

When managing money, we all know that cash outflows often overshoot inflows. When businesses face this, they approach banks to urge working capital loans. But State governments in India either choose market borrowings by issuing securities or seek short-term funding from the RBI. Such Borrowings through WMA are to be repaid within three months and typically offered at the repo rate.

How WMA works? | Ways and Means Advances Meaning- for UPSC

In that sense, they aren't a source of finance intrinsically , thus not a neighborhood of Fiscal Deficit. Section 17(5) of the RBI Act, 1934 authorises the central bank to lend to the Centre and state governments subject to their being repayable "not later than three months from the date of the making of the advance".

When was WMA introduced?

The Ways and Means Advances scheme was introduced in 1997.

What was the aim of the WMA scheme?

The Ways and Means Advances scheme was introduced to satisfy mismatches within the receipts and payments of the govt .

What is Ways and Means Advances limit?

The limits for tactics and Means Advances are decided by the govt and RBI mutually and revised periodically, usually half-yearly.

There is a State-wise limit for the funds which will be availed via WMA. These limits depend upon many factors, including total expenditure, revenue deficit and monetary position of the State. WMA limits are revised periodically and therefore the previous utilisation rates are considered while determining revised limits.

26. Long-term repo operations (LTROs)

Recently, the reserve bank of India (RBI) decided to introduce long-term repo operations (LTRO) and revised its liquidity management framework to facilitate the transmission of monetary policy actions and flow of credit to the economy.

What is LTRO or TLTRO?

- LTRO may be a tool that permits banks to borrow one to 3 years of funds from the Central Bank at the Repo rate.
- It is named 'Targeted' LTRO if the financial institution wants banks choosing funds under this feature to be specifically invested in investment-grade corporate debt.

How is it different from LAF and MSF?

- While the RBI's current windows of liquidity adjustment facility (LAF) and marginal standing facility (MSF) offer banks money for his or her immediate needs starting from 1-28 days, the LTRO supplies them with liquidity for his or her 1- to 3-year needs.

History of LTRO:

- LTRO was first introduced by the european central bank (ECB) during its sovereign debt crisis that began in 2008.
- The term LTRO was coined by the ECB that stood for "long-term refinancing operations".

What prompted RBI to introduce it in India?

- COVID-19 has triggered large sell-offs within the domestic equity, bond and forex markets.
- This led to a surge in liquidity premium on instruments like corporate bonds, cash equivalent and debentures.
- It became difficult for these instruments to access capital through bank credit.
- To counter the economic impact and pressure on cash flows, the financial institution decided to conduct auctions of Targeted Term Repos of up to 3 years tenure.

Objectives of LTRO:

- LTRO helped RBI make sure that banks reduce their incremental cost of funds-based lending rate, without reducing policy rates.
- LTRO also showed the market that RBI won't only believe revising repo rates and conducting open market operations for its monetary policy but also use new tools to realize its intended objectives.

Potential effects of the LTRO:

- This will enhance liquidity within the banking industry .
- Since the rate of interest is relatively low, there'll be downward pressure on short term lending rates.
- It will end in a rather easy Monetary Policy.

Significance:

- This will help banks to urge funds for a extended duration as compared to the short-term liquidity.
- Short-term liquidity is provided by the RBI through tools like Liquidity Adjustment Facility(LAF) and therefore the Marginal Standing Facility (MSF).
- Banks can avail one year and three-year loans at an equivalent rate of interest of the overnight repo.
- Usually, loans with higher maturity period have higher interest rates compared to short term (repo) loans.
- there'll be a transparent pressure on banks to scale back their lending rates.

27. Helicopter money

Various monetary policy tools are being considered to spice up consumer demand within the economy which is suffering from the coronavirus pandemic. Helicopter Money is one such tool.

What is Helicopter Money?

What is Helicopter Money?

- This is an unconventional monetary policy tool aimed toward bringing a flagging economy back on target .
- It involves printing large sums of cash and distributing it to the general public . American economist Friedman coined this term.
- It basically denotes a helicopter dropping money from the sky.
- Friedman used the term to suggest “unexpectedly dumping money onto a struggling economy with the intention to shock it out of a deep slump.”
- Under such a policy, a central bank “directly increases the cash supply and, via the govt , distributes the new cash to the population with the aim of boosting demand and inflation.”

Is helicopter money an equivalent as quantitative easing? Quantitative easing also involves the utilization of printed money by central banks to shop for government bonds. But not everyone views the cash utilized in QE as helicopter money. It sure means printing money to monetise government deficits, but the govt. has got to pay back for the assets that the central bank buys. it isn't an equivalent as bond-buying by central banks "in which bank-owned assets are swapped for brand spanking new central bank reserves."

Pros and cons of helicopter money

Pros

- Helicopter money doesn't believe increased borrowing to fuel the economy, which suggests that it doesn’t create more debt and interest rates can remain unchanged.
- Generally, helicopter money boosts spending and economic growth more effectively than quantitative easing because it increases aggregate demand – the demand for goods and services – immediately.
- While government money drops that come from debt won't boost consumer spending, thanks to the debt wanting to be repaid, it's often thought that ‘money finance’ will stimulate the economy.

Cons

- Unlike quantitative easing, using helicopter money as a tactic isn't reversible, and lots of argue that it’s not a feasible solution to revive the economy.
- A country’s central bank sets its interest rates to succeed in economic process targets.
- However, a helicopter drop means a central bank cannot use interest rates to recover any costs, because the cash isn't linked to a borrowed asset (loan).

- Instead, the cash is given on to the general public . this might cause over-inflation and cause damage to the central bank's financials.
- One of the most risks related to helicopter money is that it could lead on to a big devaluation of the currency on the exchange market.
- As extra money is printed and provide increases, the worth of the domestic currency could significantly decrease.
- It could also discourage speculators from buying the currency because it is a smaller amount likely to perform well.

RBI'S Antidote to Pandemic

28. Operation Twist

The reserve bank of India (RBI) has announced simultaneous purchase and sale of government bonds during a bid to melt long-term yields under its Operation Twist.

About

- The Federal Reserve Bank of India (RBI) announced simultaneous sale and buy of state bonds. RBI will sell short-term bonds of ?10,000 crore, it'll also purchase long-term securities of an equivalent value.
- Operation Twist of United States: RBI's move resembles the 2011 Operation Twist of the US federal reserve Bank. it had been intended to form long-term borrowing cheaper and spur bank lending. The Fed had swapped short-term bonds for longer-term debt.
- Difference with the US version: US version of the Operation Twist had started mid-2011 and lasted till late-2012. just in case of RBI it's not clear if this is often a one-time exercise or a part of continuing operations.
- Aim: The hope is that with yields coming down, banks will cut lending rates as long as lending to the govt is deemed to be the safest, and if that comes down, so should the remaining rates also .

29. Voluntary Retention Route (VRR)

Voluntary Retention Route: Voluntary Retention Route (VRR) may be a channel introduced by the reserve bank of India (RBI) to enable FPIs to take a position in debt markets in India.

In a big relief to the capital markets, whilst the coronavirus pandemic continues to hit economies and markets worldwide, foreign portfolio investors (FPIs) significantly reduced the pace of outflows in April, after a record net outflow of Rs 1,18,203 crore in March 2020. In April, FPIs pulled out a net of Rs 14,858 crore from equity and debt markets.

They were, however, net positive investors in debt voluntary retention route (VRR) scheme. They invested a net of Rs 4,032 crore in debt VRR schemes in April.

What is VRR?

Voluntary Retention Route (VRR) may be a channel introduced by the reserve bank of India (RBI) to enable FPIs to take a position in debt markets in India. All the investments made through this channel are freed from the macro-prudential and other regulatory prescriptions applicable to FPI investments in debt markets. However, FPIs must voluntarily plan to retaining a required minimum percentage of their investments in India for a period of their choice.

What is the aim of VRR?

The main aim of the Voluntary Retention Route (VRR) is to draw in long-term and stable FPI investments in India's debt markets while providing FPIs with operational flexibility to manage their investments.

Who are eligible under VRR?

Any entity registered as an FPI with SEBI is eligible to take a position through this channel.

When was VRR introduced?

VRR was introduced in March 2019, by the reserve bank of India as a separate channel to enable FPIs to take a position in debt markets in India when Indian rupee was depreciating against the US Dollars.

Agriculture and affirmative supports

30. The three New Farm Bills

What are the new Farm bills?

Bill 1

- Farmers' Produce Trade and Commerce (Promotion and Facilitation) Bill, 2020

This bill 2020 let the intra and interstate farmers produce even outside the premises of APMC markets without paying any extra market free, cess or levy as State governments are prohibited from levying any of these .

How does it help?

- Removal of barriers for Intra/ inter-state business of agricultural products.
- Farmers can sell their product to anyone coming from anywhere.
- Seamless electronic trade is supported here.
- Encourages ending the monopoly of traders.
- Increased competition among consumers or buyers.
- Farmers recover and return thus increasing income rate.
- Free movement of agro products from surplus to deficit regions.
- This bill 2020 creates a national market.
- End consumer gets better items at cheaper prices.

Bill 2

- Farmers (Empowerment and Protection) Agreement of Price Assurance and Farm Services Bill 2020

  This farmers bill 2020 aims for framing contractual farming between a buyer and farmer, through an agreement. this could be done before the assembly of any agro product. Three-tier dispute settlement framework is provided here – Sub-Divisional Magistrate, the conciliation board and Appellate Authority.

How does it help?

- This agriculture reform bill opens the window for farmers to enter into agreements with large buyers, retailers and exporters.
- Farmers get to understand the worth before starting sowing.
- The market risk gets transferred to sponsor from farmers.
- High-quality seeds, pesticides and fertilisers are often availed by the farmers.
- Private investors are going to be curious about farming.
- A door to the worldwide market.

Bill 3

- The Essential Commodities (Amendment) Bill

This agriculture ordinance 2020 empowers the govt of India to regulate the availability of particular agro-food products under unusual situations like war. just in case of a steep hike of price, stock limits are often applied on farm products.

How does it help?

- Many agro foods like pulses, onion, potatoes, oilseeds, cereals, and edible oils are faraway from the essential commodities list by this bill 2020.
- Except under unusual circumstances, this newly passed agriculture bill does away with the imposition of stock limit.
- Business and traders get obviate harassment.
- With the development of storage facilities, the wastage rate is probably going to urge reduced.
- This latest agriculture policy aims for a stable price which can eventually help in raising farm incomes.

Why are these bills being opposed?

1. Against the Spirit of Cooperative federalism
2. End of MSP
3. No mechanism for price fixation
4. Food security undermined

31. PRIORITY SECTOR LENDING to incorporate START-UPS

Context- The reserve bank of India (RBI) has revised the Priority sector lending (PSL) guidelines.

About:

- The changes include broadening the scope of PSL to incorporate start-ups, increasing the bounds for renewable energy, including solar energy and compressed biogas plants and increasing the targets for lending to small and marginal farmers and weaker sections under the PSL.
- To address the regional disparities within the flow of priority sector credit, an incentive framework has been put in situ for banks.
- While higher weight are going to be assigned for incremental priority sector credit within the identified districts where credit flow is relatively lower, a lower weight would be assigned to incremental priority sector credit in identified districts where the credit flow is relatively higher.

32. BT Crops- Event 142

Experts have slammed a recent move of the genetic engineering Appraisal Committee (GEAC) giving its greenlight for biosafety research-level-II (BRL-II) field trials for Event 142, a replacement sort of genetically modified brinjal (Bt brinjal).

News- Farmers in Haryana, inspired by the movement in Maharashtra, have now decided to sow the unauthorised Herbicide Tolerant (HT) cotton seeds

HT Bt Cotton

- Herbicide Tolerant Bt cotton in an innovation within the Bt cotton.
- It offers the dual advantage of bollworm resistance and herbicide tolerance.
- In comparison, the approved Bt variety (Bollgard I and Bollgard II) is merely bollworm-resistant.
- It takes care of the weeds problem at a way lower cost than the labour farmers engaging for weeding.

GEAC

- The genetic engineering Appraisal Committee (GEAC) functions within the Ministry of Environment, Forest and climate change.
- It is liable for appraisal of proposals concerning release of genetically engineered (GE) organisms and products into the environment including experimental field trials.

Impact Assessment

- Before extending GM technology to extend food crop yield it's mandatory to assess its impact.
- Indian government in 2010 had imposed a moratorium, leaving Bt Cotton because the only genetically modified crop permitted for cultivation within the country.

33. To meet the capital needs of small and marginal farmers in fisheries and animals husbandry sector, the govt has extended the power of Kisan Credit Cards (KCC) to the sector.

Why in News?

- The Government of India has extended the power of Kisan credit card (KCC) to fisheries and farming farmers to assist them meet their capital needs.

About

More on news

- The extension of KCC will include both inland and marine fisheries.
- Banks are instructed to increase credit facilities to individual fishermen, fishermen groups, self-help groups and ladies self-help groups engaged in inland and marine fisheries.
- The District-Level Technical Committee would fix the size of finance and therefore the banks would fix the repayment period.

Purpose

- The KCC facility will meet the short-term credit requirements of rearing of animals, birds, fish, shrimp, other aquatic organisms, capture of fish'
- It will prevent fishermen from taking loans from local moneylenders at exorbitant interest rates.

KCC Scheme

- KCC scheme was prepared by national bank for Agriculture and Rural Development (NABARD) on the advice of R.V. Gupta committee in 1998-99 to fulfil the financial requirements of the farmers at various stages of farming through institutional credit.

34. Mukhya Mantri Krishi Ashirwad Yojana

Highlights:

- Under the scheme, all the small and marginal farmers of the state, who have arable finish up to a maximum of 5 acres, are going to be given a grant-in-aid at the speed of Rs. 5000 / – per acre per annum , which can also reduce their dependence on loans.
- This amount would tend in two instalments through Direct Benefit Transfer to the beneficiary's checking account .
- This is additionally to PM Kisan Nidhi Yojana under which each small & marginal farmer's family having combined landholding/ ownership of up to 2 hectares is paid Rs. 6,000 per annum .
- Direct Benefit Transfer would eliminate middlemen and make sure that every penny of the financial assistance given by the govt reaches the beneficiaries.
- Government of India has taken a firm resolve to double the income of farmers by 2022.

Eligibility:

- Farmers holding land of an acre or less would be eligible for receiving Rs 5,000.
- Farmers with five acres of land would be eligible to receive Rs 25,000.

Need:

- According to an assessment done by the state Department of Agriculture , more than 83 per cent state farmers have less than or adequate to two acres of land.
- Out of this, 65 per cent of farmers has but one acre of land registered in their names.

35. 'Uber for tractors':

Benefits

1. Farmers save precious groundwater and increase productivity by 10 to fifteen .
2. Provide farmers to possess affordable access to cutting-edge technology
3. There are now more than 38,000 custom hiring centres (CHCs) across the country, which hire out 2.5 lakh pieces of farm equipment per annum . The app connects farmers with these CHCs.
4. The app also will create a useful database for policy-makers, who can track the utilization and price of kit

36. ONE NATION-ONE ration card

News- Four more States and Union Territories (UTs) have joined the One nation, one ration card' scheme, taking the entire number of States and UTs enrolled under the scheme to 24.

What is a Ration Card?

- A card may be a document issued under an order or authority of the government , as per the general public Distribution System, for the purchase of essential commodities from fair price shops.
- It depends on the amount of members during a family and therefore the financial status of the applicant.

Under the National Food Security Act, all state governments in India need to identify households that are eligible for purchasing subsidized food grain from the general public Distribution System and supply them with ration cards.

What is the 'One Nation, One Ration Card' system?

- Under this, a beneficiary are going to be ready to buy subsidised foodgrains from any FPS across the country.
- Based on a technological solution, a beneficiary are going to be identified through biometric identification .
- This are going to be through with the electronic Point of Sale (ePoS) devices installed at the FPSs.
- The person can buy the quantity of foodgrains to which she is entitled under the NFSA.

How will 'ration card portability' work?

- Ration card portability is aimed toward providing intra-state also as inter-state portability of ration cards.
- The Integrated Management of PDS (IM-PDS) portal would offer the technological platform for the inter-state portability of ration cards.
- This would enable a migrant worker to shop for foodgrains from any FPS across the country.
- The other portal (annavitran.nic.in) hosts the info of distribution of foodgrains through E-PoS devices within a state.

- The Annavitran portal enables a migrant worker or his family to avail the advantages of PDS outside their district but within their state.
- A person can purchase her share of food grains as per her entitlement under the NFSA, wherever she is predicated .
- And, the remainder of her family members can buy subsidised food grains from their ration dealer back home.

37. Seeds Certification

Key Facts:

- Indian Parliament recently decided to mandate uniform certification by pushing through a replacement to the Seeds Act, 1966.
- The new Bill aims to manage the quality of all seeds sold within the country, also as exported and imported seeds.

Context

- More than half all seeds sold in India aren't certified by any proper testing agency, and are often of poor quality.

Features:

- The Bill authorizes the Central government to reconstitute a Central Seed Committee.
- All sorts of seeds purchasable need to be registered and are required to satisfy certain prescribed minimum standards. as an example , for transgenic sorts of seeds, registration is to be obtained under the Environment (Protection) Act, 1986.
- Farmers are exempted from obtaining registration for varieties developed by them. But if the farmer sells such seeds for a monetary consideration, then that sale must be registered.
- Farmers are allowed to sow, exchange or sell their farm seeds and planting material without having to evolve to the prescribed minimum limits of germination, physical purity and genetic purity. However, farmers cannot sell any seed under a name .
- The bill has proposed a differentiation between the seed producer, seed processor and seed dealer for the aim of licensing. However, there's no recognition of National Level Integrated Seed Companies with R&D capabilities.
- The Bill insists on compulsory registration of seeds. (Currently, an outsized percentage of seed is sold under a self-certification programme called Truthfully Labelled (TL) seeds).
- Licences/ registration of fruit nurseries.
- Bill empowers the govt to repair prices of selected varieties just in case of “emergent situations” like seed shortage, abnormal increase in price, monopolistic pricing, profiteering etc…
- Consumer Protection Act, 1986 to be wont to affect complaints associated with the non-performance of seed.
- Bill differentiates the agronomic performance of the seed, its physical quality and therefore the supply of spurious seed and consequently penalizes the offences and prescribes punishment.

38. National animal disease Control Programme

Context

Prime Minister has launched National animal disease Control Programme and National AI Programme.

About

- National animal disease Control Programme (NADCP) has been launched for eradicating the foot and mouth disease and brucellosis in livestock.
- It aims to regulate the livestock diseases by 2025 and eradicate these by 2030.
- It aims at vaccinating over 500 million livestock including cattle, buffalo, sheep, goats and pigs against the FMD.
- It also aims at vaccinating 36 million female bovine calves annually in its fight against the brucellosis disease.

Funding: it's a 100% centrally funded programme for a period from 2019 to 2024.

39. Prime Minister Narendra Modi launched the National disease Control Programme (NADCP) and therefore the National AI Programme at Mathura.

National disease Control Programme (NADCP):

- Prime Minister Narendra Modi launched the National disease Control Programme (NADCP) for eradicating the Foot and Mouth Disease (FMD) and Brucellosis amongst the livestock within the country.
- With 100 percent funding from the Central Government, of Rs 12,652 Crores for a period of 5 years till 2024, the programme aims at vaccinating over 500 Million Livestock including cattle, buffalo, sheep, goats and pigs against the FMD.
- The programme also aims at vaccinating 36 Million Female Bovine Calves annually in its fight against the Brucellosis disease.
- The Programme has two components – to regulate the diseases by 2025 and eradication by 2030.

National artificial insemination Programme?

- He also launched the National artificial insemination Programme and a rustic wide workshop altogether the Krishi Vigyan Kendras (KVKs) altogether the 687 Districts of the country on vaccination and disease management, artificial insemination and Productivity.

Can Humans be affected?

- Humans are often infected with foot-and-mouth disease through contact with infected animals, but this is often extremely rare. Some cases were caused by laboratory accidents. Because the virus that causes FMD is sensitive to stomach acid, it cannot spread to humans via consumption of infected meat, except within the mouth before the meat is swallowed. Symptoms of FMD in humans include malaise, fever, vomiting, red ulcerative lesions (surface-eroding damaged spots) of the oral tissues, and sometimes vesicular lesions (small blisters) of the skin.

40. What is FAW? fall armyworm

- Fall armyworm attack on the standing crops in various states of Bihar and Assam etc. has been reported recently.

Fall armyworm

- Fall Armyworm (Spodoptera frugiperda) is an insect.
- It is cosmopolitan in Eastern and Central North America and in South America.
- It has spread across the planet due to trade and its strong flying ability.
- India’s tropical climate could allow the pest to thrive and spread further.
- If not well managed, it can cause significant damage to crops in its larva stage .
- It can affect large sort of species of crops, primarily maize.

- It are often controlled with:
- insecticides (like lambda-cyhalothrin)
- through natural predators (such as coccinellid beetles
- by inter-cropping.

Why FAW are more dangerous?

- Both oriental armyworm and FAW are polyphagous; their larvae prey on a variety of host crop plants.
- The former, though, doesn't spread in no time , which is why the damage from it in 2017 and even 2018 was largely confined to Karnataka.
- The adult FAW moth, in contrast, can fly up to 100 km distance nightly , allowing it to invade new geographies very quickly.
- Besides, an adult female can lay 1,500-2,000 eggs during her entire life cycle of 45 days, as against 100-200 eggs by the oriental armyworm.

41. Central government had announced on September that NAFED (the National Agricultural Produce Marketing Federation) would procure apples within the Valley (J&K).

Context- Fruit and vegetable farmers face major losses thanks to obstacles in harvesting and marketing their perishable produce.

The Centre has now directed all the States and UTs to implement the Market Intervention Scheme to make sure remunerative prices for perishable crops.

What is the Market Intervention Price Scheme?

- Market Intervention Scheme (MIS) may be a subsidy mechanism implemented on the request of State Governments.
- The scheme aims for procurement of perishable and horticultural commodities within the event of a fall in market prices.
- MIS is implemented by the Department of Agriculture &Cooperation, Government of India.
- The Scheme is implemented when there's a minimum of 10% increase in production or 10% decrease within the ruling rates over the previous normal year.
- The objective of MIS is to guard the growers of those horticultural or agricultural commodities from making distress sale within the event of bumper crop during the height arrival period when prices fall to a really low level.

42. News- Why in News?

- Chairperson of the Food Safety and Standards Authority of India (FSSAI) said on the sidelines of a function of Food and Agriculture Organisation (FAO) and therefore the World Health Organisation's (WHO's) Coordinating Committee for Asia (CCASIA) in Panaji that she expects the Union Agriculture Ministry's Participatory Guarantee Scheme (PGS) to incentivise more farmers to grow organic food.

What is PGS, the guts of the organic food production industry?

Participatory Guarantee System (PGS):

- PGS may be a process of certifying organic products, which ensures that their production takes place in accordance with laid-down quality standards.
- The certification is within the sort of a documented logo or a statement.
- The PGS brings together coevals of farmers and therefore the costs are low.

Four pillars of PGS:

- Participatory approach: Stakeholders like producers, consumers, retailers, traders, NGOs, Gram Panchayats, and government organisations and agencies are collectively liable for designing, operating, and decision-making.
- Shared vision: Collective responsibility for implementation and deciding is driven by a standard shared vision. Each stakeholder organisation or PGS group can adopt its own vision conforming to the general vision and standards of the PGS-India programme.
- Transparency: transparency is maintained through the active participation of producers within the organic guarantee process, which may include information-sharing at meetings and workshops, peer reviews, and involvement in deciding .
- Trust: A fundamental premise of PGS is that the concept producers are often trusted, which the organic guarantee system are often an expression and verification of this trust.

Topic-

Context

The Ministry of Fisheries, animal husbandry & Dairying has released the 20th livestock census.

- Livestock census provides headcount data of domesticated animals within the country in each 5 years.
- India has been conducting livestock censuses periodically since 1919-20.
- Animals and birds counted in livestock census include domesticated animals (cattle, buffalo, mithun, yak, sheep, goat, pig, horse, pony, rabbit and elephant) and poultry birds (fowl, duck, emu, turkeys, quail and other poultry birds).
- For the primary time, livestock data has been collected online through tablet computers procured under NMBP Scheme.

20th Livestock Census

1. Compared to the info of Livestock Census 2012, 20th Livestock Census showed 4.6 percent increase within the total livestock population
2. one percent increase has been noticed within the bovine population.

Bovine Population of 302.79 million includes:

Cattle

Buffalo, Mithun, Yak

3. Cattle showed 0.8 percent increase in its population. the entire population is 192.49 million

   An 18 percent increase has been witnessed within the cow population. the entire population of cows stands at 145.12 million.

   Population of exotic or crossbred cattle is 50.42 million (An increase of 26.9 percent within the population) Population of indigenous/non descript cattle declined by the 6 percent
4. Buffaloes' population increased by 1 percent where the entire population of buffaloes in India stands at 108.95 million
5. Six percent increase has been seen within the population of milch animals (in-milk & dry)

   Milch Animals – Milk producing animals are called milch animals
6. Sheep population increased by 14.1 percent and goat population increased by 10.1 percent
7. Pigs population declined by 12.03 percent
8. 16.8 percent increase was registered in total number of poultry Backyard Poultry registered a rise of around 46 percent Total commercial poultry saw a rise of 4.5 percent

9. Tablet computers were wont to collect data on livestock within the 20th Livestock Census and also a mobile application developed by National Informatics Centre (NIC) was wont to collect data and disseminate it to the NIC server.
10. 27 crores household were sampled during this survey and data from these were collated by the Department of farming

43. National Milk Sample Safety Quality Survey

Context- National milk sample safety quality survey was released by the Food Safety and Standard Authority of India (FSSAI).

- Milk samples from Telangana, followed by Madhya Pradesh and Kerala, accounted for the very best number of cases of adulteration.
- The processed milk, including that of major brands, did not meet the prescribed quality norm in 37.7% of the entire samples tested.
- In safety parameters, 10.4% of the processed milk samples were non-compliant.
- In case of milk , non-compliance was at a good higher rate of 47% of the entire samples.
- It shows the presence of contaminants like fats, Maltodextrin and sugar were above permissible limits.
- The presence of Aflatoxin-M1 is more dominant in processed milk than milk .

Aflatoxins (AFs)

- Aflatoxins (AFs) are mycotoxins produced by some species of Aspergillus (fungus).
- A mycotoxin may be a toxic produced by organisms of the fungus kingdom and is capable of causing disease and death in both humans and other animals.
- Aflatoxin-M1 comes within the milk through feed and fodder that are currently not regulated within the country
- This is that the first-of-its-kind comprehensive survey FSSAI has conducted through a third-party agency.
- It covered both organised (retailers and processors) also as non-organised (local dairy farms, milk vendors and milk mandis) sectors.

44. 'Feed Our Future

UN launches 'Feed Our Future' cinema advertising campaign in India.

What is 'Feed Our Future' campaign?

- It is an ad campaign launched by the planet Food Program against hunger and malnutrition.
- The ad shows the truth that many people facing across the planet .
- WFP and UFO movies have already worked together on social awareness campaigns.
- ‘Feed Our Future’ focuses on the urgent attention for the critical issue of hunger and malnutrition within the country.

45. Farmer Connect Portal

Context- 800 FPOs registered on Farmer Connect Portal of APEDA

News: Recently,800 Farmer Producer Organisations(FPOs) have registered on Farmer Connect Portal of Agricultural and Processed Food Products Export Development Authority(APEDA).

About Farmer Connect Portal:

- Farmer Connect Portal has been established by Agricultural and Processed Food Products Export Development Authority(APEDA) on it’s website.

- The portal provides a platform for Farmer Producer Organisations (FPOs) and Farmer Producer Companies(FPCs) to interact with exporters.

Market Intelligence Cell:

- A Market intelligence cell has also been found out by the Agricultural and Processed Food Products Export Development Authority(APEDA)
- The cell aims to supply e-market intelligence reports comprising detailed marketing research , international trade issues, current scenario of the interest to Indian exporters in important markets and statistical information.

46. Yellow Rust

- In India, yellow rust may be a major disease within the Northern Hill Zone and the North-Western Plain Zone
- It spreads easily during the onset of cool weather and when wind conditions are favourable. Rain, dew and fog favour the disease's development.

Yellow Rust

- Yellow Rust disease appears as yellow stripes of powder or dust on leaves and leaf sheaths of the wheat crop.
- This yellow powder comes out on clothing or fingers when touched.
- This occurs when the rust colonies within the leaves drain the carbohydrates from the plant and reduce the green leaf area.
- Last year, a replacement sort of wheat called HD-3226 or PusaYashasvi was released by the Indian Agricultural Research Institute, which had higher levels of resistance against major rust fungi like the yellow/stripe, brown/leaf and black/stem.

Impact of the disease

- The disease can spread rapidly under congenial conditions and affects crop development, and eventually the yield.
- Yield thanks to the disease can suffering from between 5 and 30 per cent.
- According to the IIWBR advisory, if farmers observe yellow rust in patches in their wheat fields, they ought to spray fungicides.

47. Locust attack

News- The Food and Agriculture Organisation (FAO) of the United Nations has currently identified three hotspots of threatening locust activity, where things has been called "extremely alarming" — the Horn of Africa, the Red Sea area, and southwest Asia.

1. The Horn of Africa has been called the worst-affected area, where the FAO has said there's "an unprecedented threat to food security and livelihoods".
2. Locust swarms from Ethiopia and Somalia have travelled south to Kenya and 14 other countries within the continent.
3. within the Red Sea area, locusts have struck in Saudi Arabia , Oman, and Yemen.
4. In southwest Asia, locusts swarms have caused damage in Iran, India, and Pakistan.

Locust attacks declared natural disaster, states asked to undertake relief operations.

Swarms of locusts are being sighted early in India and in areas not historically related to such sightings.

- In India, locusts are normally sighted during July- October along the Pakistan border.

- Their early arrival are often attributed to the subsequent factors:
  - ✓ Cyclonic storms Mekunu and Luban that had struck Oman and Yemen respectively in 2018 had turned large deserts tracts into lakes which facilitated locust breeding.
  - ✓ Swarms attacking crops in East Africa reached peak populations from November 2019.
  - ✓ The population increased in southern Iran and Pakistan since the start of 2020.
  - ✓ Heavy rains in East Africa in March-April enabled further breeding.
  - ✓ The swarms were aided by high-speed wind and thus they made their thanks to such urban areas.
- Their growth are often controlled by spraying insecticide on locusts' night resting places like trees.
- Till date, the Locust Warning Organisation (LWO) has administered spraying operations in Rajasthan.

Locust Warning Organisation (LWO)

- It comes under the Ministry of Agriculture & Farmers Welfare.
- It is liable for monitoring, survey and control of Desert Locust in Scheduled Desert Areas mainly within the States of Rajasthan and Gujarat.

Locust facts

- From grasshopper family: Locusts are a gaggle of short-horned grasshoppers. The word "locust" springs from the Vulgar Latin locusta, meaning grasshopper.
- Polyphagous feeder: Locusts can eat an outsized sort of plants. alittle swarm of the desert locust, which contains about 40 million insects, can eat average the maximum amount food in at some point as about 10 elephants, 25 camels or 2,500 people.
- Migratory: Adult locust swarms can fly up to 150 km each day with the wind. They migrate long distances in destructive swarms.
- High breeding: Under suitable conditions of drought followed by rapid vegetation growth, serotonin in their brains triggers a dramatic set of changes and that they start to breed abundantly.
  - ✓ Each locust lays about 150 eggs. They multiply in numbers, and that they lay eggs only in moist soil.
  - ✓ They form bands of wingless nymphs which later become swarms of winged adults.
- Origin: The swarms usually originate within the Arabian Peninsula and therefore the Horn of Africa.
- Indian locusts: Only four species of locusts are found in India.
  - ✓ Desert locust (Schistocerca gregaria) - considered the foremost important in India also as internationally.
  - ✓ Migratory locust (Locusta migratoria)
  - ✓ Bombay Locust (Nomadacrissuccincta)
  - ✓ Tree locust (Anacridium sp.)

48. Farmer Producer Organisation (FPO)

Why in news?

Recently, Agriculture Minister released new operational guidelines for fixing and promotion of 10,000 FPOs within the country.

What is a Farmer Producer Organisation (FPO)?

- A Producer Organisation (PO) may be a legal entity formed by primary producers, viz. farmers, milk producers, fishermen, weavers, rural artisans, craftsmen.
- A PO are often a producer company, a cooperative society or the other legal form which provides for sharing of profits/benefits among the members.

- In some forms like producer companies, institutions of primary producers also can become member of PO.
- FPO is one sort of PO where the members are farmers. Small Farmers' Agribusiness Consortium (SFAC) is providing support forthe promotion of FPOs.

What are the Centre's guidelines?

- The Centre's guidelines came after the 2019-20 Budget's announcement to line up 10,000 new FPOs over five years.
- These guidelines emphasize on creating 'cluster-based business organisations', or a pool of managerial expertise for FPOs.
- As per the rules , an FPO should have a minimum of 300 farmers as members, with a minimum of half comprising of small and marginal farmers.
- The Centre has earmarked a credit requirement of ₹ 18 lakh and an equity grant of ₹ 15 lakh for every genuine FPO.
- The guidelines leave a manager and accountant with a salary.
- By allowing this, the Centre has enabled the FPOs to draw up proposals that banks and formal entities require.
- This facility will boost the FPOs' negotiating power, save them from red-tapism and permit them access to bank credit.
- Now, FPOs are entirely hooked in to Non-Banking Financial Companies (NBFCs), with their higher cost of capital.

49. SUTRA PIC or Scientific Utilisation Through Research Augmentation-Prime Products from Indigenous Cows

1. Five themes: Uniqueness of Indigenous Cows,
2. Prime-products from Indigenous Cows for Medicine and Health,
3. Prime-products from Indigenous Cows for Agricultural Applications,
4. Prime-products from Indigenous Cows for Food and Nutrition,
5. Prime-products from indigenous cows-based utility items,

- To be funded by multiple scientific ministries, the initiative, SUTRA PIC, is led by the Department of Science and Technology (DST).
- It has the Department of Biotechnology, the CSIR, the Ministry for AYUSH (Ayurveda, Unani, Siddha, Homoeopathy) among others and therefore the Indian Council of Medical Research as partners.

Aims and objectives

The proposals under this theme aim to:

- perform scientific research on the entire characterization of milk and milk products derived from Indian indigenous cows;
- scientific research on nutritional and therapeutic properties of curd and ghee prepared from indigenous breeds of cows by traditional methods;
- development of standards for traditionally processed dairy products of Indian-origin cow

50. On the occasion of National Panchayati Raj Day 2020 (April 24), PM Modi launched Swamitva Scheme.

About

- 'Swamitva Yojana' or Ownership Scheme aims to map residential land ownership within the rural sector using modern technology just like the use of drones.
- It will create property ownership record of land in villages and empower rural population with grant of legal document confirming their ownership of land titles.
- Measurement: The residential land in villages are going to be measured using drones to make a non-disputable record. it's the newest technology for surveying and measuring of land.
  - ✓ Drones will draw a digital map of each property falling within the geographical limits of a village and demarcate the boundaries of each revenue area.
- The scheme are going to be administered in close coordination with the Central Panchayati Raj ministry, Survey of India, Panchayati Raj departments and Revenue departments of varied states.
- Property card: Property card for each property within the village are going to be prepared by states using accurate measurements delivered by drone-mapping.
  - ✓ These cards are going to be given to property owners and can be recognised by the land revenue records department.
- The scheme is piloted by the Panchayati Raj ministry of the Union government.
- The property records for a village also will be maintained at the Panchayat level, allowing the gathering of associated taxes from the owners.
- The money generated from these local taxes are going to be wont to build rural infrastructure and facilities.

Topic-

Context: National Rural Infrastructure Development Agency (NRIDA) has announced that coir geo textiles are going to be used for construction of rural roads under the Pradhan Mantri Gram Sadak Yojana (PMGSY-III).

- This would provides a boost to the Coir industry hit thanks to Covid-19 pandemic.
- NRIDA is workplace under the Ministry of Rural Development.

Geo-Textiles

- Geo-textile is defined as any permeable textile material that's used with foundation, soil, rock earth to extend stability and reduce wind and water erosion
- Have been used from Pharaoh's time during construction of roads
- Made of synthetic polymer (polypropylene, polyester, polyethylene and polyamides) or natural-synthetic composite polymer.

Applications

- Civil engineering applications-Roads, airfields, railroads, embankments, retaining structures, reservoirs, canals etc.
- Sand Dune Armoring- Geo-textile sand filled units to guard upland coastal properties from storm surge, wave action and floods.
- Geo-textiles are wont to protect hominid footprint fossils of Lateoli, Tanzania from erosion, rain and tree roots.
- Stabilization of slopes when quickly establishing vegetation isn't possible.

- Natural geo-textiles of coir and jute are often wont to establish vegetation, since these degrade into humus and supply erosion blanket of 2-3 and 1-2 years respectively
- Coir and jute are especially useful in containing wind erosion. are often utilized in Chambal badlands, Thar etc.

51. Odisha Promotes Contract Farming

Why in News

Recently, the Odisha government has promulgated an ordinance allowing investors and farmers to enter into an agreement for contract farming.

- The contract farming has been allowed in sight of the continuing uncertainties thanks to the Covid-19 pandemic.

What is Contract farming?

The concept of Contract Farming (CF) refers to a system of farming, during which bulk purchasers including agro-processing/exporting or trading units enter into a contract with farmer(s), to get a specified quantity of any agricultural commodity at a pre-agreed price.

Highlights:

- The ordinance aims at developing interdependent and efficient contract farming system between sponsors and farmers.
- Contract farming will improve the assembly and marketing of agri-produce and livestock during a more efficient manner resulting in farmers welfare and increased income.
- The loans and advances given by the sponsor to the producer are often recovered from the sale proceeds of the produce. It can't be realised by way of sale or mortgage or lease of the land in respect of which the agreement has been entered into.
- It has clear provisions that no title rights or ownership of land are going to be transferred to sponsors.

Regulations:

- In India, contract farming is regulated under the Indian Contract Act, 1872.
- In addition, the Model APMC (Agricultural Produce Market Committee) Act, 2003 provides specific provisions for contract farming, like compulsory registration of contract farming sponsors and dispute settlement.
- Since agriculture may be a state list subject, therefore contract farming isn't uniform.

52. Sweet Revolution and AtmaNirbhar Bharat

The webinar was conducted by the National Cooperative Development Corporation (NCDC) on the theme “Sweet Revolution and AtmaNirbhar Bharat” in partnership with the National Bee Board, the govt of West Bengal , the govt of Uttarakhand and therefore the Sher-e- Kashmir University of Agriculture Sciences and Technology, Kashmir.

Objective

The objective was to popularize scientific beekeeping as source of livelihood for landless rural poor, small and marginal famers to supplement agricultural income, as also as tool to reinforce agriculture and horticulture production.

Participation It attracted participation of beekeepers, honey processors, marketing and branding professionals, research scholars, academicians, cooperators from major honey producing states, representatives of State and Union Governments, international organizations like FAO and NEDAC, Bangkok.

- Issues before beekeepers like promotion of scientific beekeeping, quality assurance, minimum support price, transport of bee colonies, processing, packaging, branding, testing, organic certification of honey and different beehive products were discussed.

National Beekeeping & Honey Mission (NBHM) are going to be implemented through National Bee Board (NBB) as a Central Sector (100% funded by Central Government) component under the prevailing vertical "Mission on Integrated Development of Horticulture (MIDH)", as a part of the Centrally Sponsored Scheme "Green Revolution".

53. Scheme for Formalization of Micro food processing Enterprises (FME)

Context- The Ministry for Food Processing Industries (MoFPI) has launched the PM Formalization of Micro Food Processing Enterprises (PM FME) as a part of "Atmanirbhar Bharat Abhiyan".

About the Scheme:

- It is an all India "Centrally Sponsored scheme" to be implemented over a period of 5 years from 2020-21 to 2024-25 with an outlay of Rs 10,000 crore.
- The expenditure under the scheme would be shared in 60:40 ratio between Central and State Governments, in 90:10 ratio with North Eastern and the Himalayan States, 60:40 ratio with UTs with the legislature and 100% by Centre for other UTs.
- It will provide financial, technical and business support for up-gradation of existing micro food processing enterprises.
- Under the PM FME scheme, micro-enterprises will get 35% subsidy on eligible project cost, with a maximum ceiling of Rs.10 lakh per unit.
- Support for marketing & branding would be provided to develop brands for micro-units and groups with 50% grant at State or regional level which may benefit large numbers micro-units in clusters

Significance– The Scheme would generate a complete investment of Rs 35,000 crore and generate 9 lakh skilled and semi-skilled employment and benefit 8 lakh units through access to information, training, better exposure and formalization.

- It will reduce food wastage, increase farmers' income, push for investments within the food processing sector and make employment opportunities.

Features of the scheme

- The Scheme adopts One District One Product (ODODP) approach to reap the advantage of scale in terms of procurement of inputs, availing common services and marketing of products.
- The States would identify food product for a district keeping in sight the prevailing clusters and availability of staple .
- The ODOP product might be a perishable produce-based product or cereal-based products or a food product widely produced during a district and their allied sectors.
- An illustrative list of such products includes mango, potato, litchi, tomato, tapioca, kinnu, bhujia, petha, papad, pickle, millet-based products, fisheries, poultry, meat also as animal feed among others.
- The Scheme also place specialise in waste to wealth products, minor forest products and Aspirational Districts.

54. Direct seeding of rice (DSR) technique

In News:

- Punjab farmers planted paddy using the direct seeding of rice (DSR) technique within the kharif season, instead of traditional transplanting.

What is Direct Seeding of Rice (DSR)?

Here, the pre-germinated seeds are directly drilled into the sector by a tractor-powered machine.

There is no nursery preparation or transplantation involved during this method. Farmers need to only level their land and provides one pre-sowing irrigation.

How is it different from conventional method?

In transplanting paddy, farmers prepare nurseries where the paddy seeds are first sown and raised into young plants.

The nursery seed bed is 5-10% of the world to be transplanted. These seedlings are then uprooted and replanted 25-35 days later within the puddled field.

Benefits of direct seeding of rice (DSR) technique

- Handling crop residue after harvest is straightforward .
- Large scale use of DSR to plant paddy could solve the staggering problem of stubble burning.
- Decreases pollution .
- Direct seeding (both wet and dry) avoids nursery raising, seedling uprooting, and transplanting, and thus reduces the labor requirement.
- Direct seeded plants tend to possess better root growth and are therefore more prepared for climatic extremes
- More plants may germinate within the years following sowing

55. SAHAKAR MITRA SCHEME

Context- Union Agriculture Minister launched Sahakar Mitra: Scheme on Internship Programme (SIP).

About:

- Objective: to assist cooperative institutions access innovative ideas of young professionals while the interns will gain experience of working within the field to be self-reliant.
- Bodies involved: The scheme is an initiative by National Cooperative Development Corporation (NCDC), the cooperative sector development finance organization.
- Eligibility under scheme: Professional graduates in disciplines like Agriculture and allied areas, IT etc. are going to be eligible for internship. Professionals who are pursuing or have completed their MBA degrees in Agri-business, Cooperation, Finance, International Trade, Forestry, Rural Development, Project Management etc. also will be eligible.
- Stipend: Each intern will get support over a 4 months internship period.

56. Animal Husbandry Infrastructure Development Fund (AHIDF)

More about the Fund

- The fund would facilitate incentivisation of investments in establishment of infrastructure for dairy and meat processing and value addition infrastructure and establishment of animal feed plant within the private sector.
- Size of the fund is 15000 crore.
- The eligible beneficiaries under the Scheme would be;

- ✓ Farmer Producer Organizations (FPOs)
- ✓ MSMEs
- ✓ Section 8 Companies(Company that's licensed under Section 8 of the companies Act, 2013)
- ✓ Private Companies
- ✓ Individual entrepreneurs

- With minimum 10% margin money contribution by eligible beneficiaries, the balance 90% would be the loan component to be made available by scheduled banks.
- Government will provide 3% interest subvention and a couple of years moratorium period for principal loan amount with 6 years repayment period.

Credit Guarantee Fund

- Government would also found out Credit Guarantee Fund of Rs. 750 crore to be managed by NABARD.
- Credit guarantee would be provided to those sanctioned projects which are covered under MSME defined ceilings.
- Guarantee Coverage would be up to 25% of Credit facility of borrower.

57. Financial facility under Agriculture Infrastructure Fund

Context:

- PM Modi launched a new Central Sector Scheme of financing facility under the Agriculture Infrastructure Fund of Rs. 1 Lakh Crore.
- The scheme shall provide a medium - long term debt financing facility for investment in viable projects for post-harvest management Infrastructure and community farming assets through interest subvention and support .
- The duration of the Scheme shall be from FY2020 to FY2029 (10 years).

About:

- The scheme shall provide a medium - long term debt financing facility for investment in viable projects for post-harvest management Infrastructure and community farming assets through interest subvention and support .
- Under the scheme, Rs. One Lakh Crore are going to be provided by banks and financial institutions as loans to Primary Agricultural Credit Societies (PACS), Marketing Cooperative Societies, FPOs, SHGs, Farmers, Joint Liability Groups (JLG), Multipurpose Cooperative Societies, Startups etc.
- Loans are going to be disbursed in four years starting with sanction of Rs. 10,000 crore within the current year and Rs. 30,000 crore each in next three financial years.
- All loans under this financing facility will have interest subvention of three once a year up to a limit of Rs. 2 crore. This subvention are going to be available for a maximum period of seven years.
- Agri Infra fund are going to be managed and monitored through a web Management information system (MIS) platform.
- The National, State and District level Monitoring Committees are going to be found out to make sure real-time monitoring and effective feed-back.
- The duration of the Scheme shall be from FY2020 to FY2029 (10 years).

58. SOFI 2020

The State of Food Security and Nutrition within the World is an annual flagship report jointly prepared by:

1. Food and Agriculture Organization.
2. International Fund for Agricultural Development.

3. United Nations Children's Fund.
4. World Food Programme.
5. World Health Organization.

- Its first edition was brought call at 2017.

Key highlights of the report:

- The world isn't on track to satisfy the goal of zero hunger by 2030 i.e. SDG2.
- Between 8.3 crore and 13 crore people globally are likely to travel hungry this year due to the economic recession triggered by COVID-19.
- Hunger continues to get on the increase since 2014 and therefore the global prevalence of undernourishment, or overall percentage of hungry people, is 8.9%. Almost 69 crore people went hungry in 2019 — up by 1 crore in 2018
- Asia remains home to the greatest number of undernourished (38 crore). Africa is second (25 crore), followed by Latin America and therefore the Caribbean (4.8 crore).
- In 2019, 21.3% (14.4.crore) of youngsters under 5 years were stunted, 6.9% (4.7 crore) wasted and 5.6% (3.8 million) overweight.
- A healthy diet costs quite ₹ 143 (or $1.90/ day), which is that the international poverty threshold. the amount of individuals globally who can't afford a healthy diet is at 300 crore people, or quite the combined population of China and India.

59. Krishi Megh

Why in news?

Union Minister of Agriculture & Farmers' Welfare virtually launched the Krishi Megh (National Agricultural Research & Education System -Cloud Infrastructure and Services) along side the KVC ALUNET (Krishi Vishwavidyalaya Chhatr Alumni Network) and Online Accreditation System for Higher Agricultural Educational Institutions (HEI).

Details and Highlights

- The Government of India and world bank funded the National Agricultural higher education Project.
- The National Agricultural higher education Project is meant for strengthening the national agricultural education system within the country with the general objective to supply more relevant and high-quality education to the agricultural university students that's in tune with the New Education Policy – 2020.

Key Features of Krishi Megh

- The existing Data Centre (ICAR-DC) built shall be strengthened with cloud computing infrastructure. this may cater to the services and infrastructure needs of Digital Agriculture of National Agricultural Research and Education System (NARES).
- Deployment of mission critical applications like e-Office, ICAR-ERP, Education Portal, KVK Portal and mobile apps etc., will meet the growing IT needs of NARES by NARES-Cloud Infrastructure and Services with its constituents ICAR-DC and ICAR-KrishMegh.
- Under NAHEP, the out-reach of existing ICAR Data Center is broadened to hide the Agriculture Universities.
- This new Centre has latest AI/Deep learning software/tools kits for building and deploying of deep learning based applications like disease and pest identification using image analysis, detection of maturity and ripening of fruits through image analysis, disease identification in livestock etc.

60. Arakunomics& Food System Vision Prize 2020

In News- Recently, Rockefeller Foundation selected Naandi Foundation together of the 'Top 10 Visionaries' within the world for the Food Vision 2050 Prize.

- The recognition fetches Naandi prize of $200,000.

Key Points:

- The award recognised the appliance of Arakunomics model in regions of Araku, Wardha and New Delhi .
- It is resulting in the Food Vision 2050 that follows an "ABCDEFGH" framework centring on: Agriculture, Biology, Compost, Decentralised decision-making, Entrepreneurs, Families, Global Markets, and 'Headstands', or turning current approaches on their head.
- Naandi competed with over 1,300 entries during a two-level contest that was cover almost a year.
- Naandi's vision titled "Arakunomics" was supported work with tribal farmers in Araku for nearly 20 years.

What is Arakunomics?

- It may be a new integrated economic model that ensures Profits for farmers, Quality for consumers through Regenerative Agriculture (PQR).
- The economic model may be a tribute to the tribal farmers of Araku region for the world-class coffee produced and launched in Paris in 2017, also as for the high carbon landscape transformation they did in over 955 villages thereby planting 25 million trees.
- Arakunomics success in Araku led to Naandi replicating the model to support the livelihoods of farming communities within the villages of Wardha infamous for agrarian distress, also as later in New Delhi , as a part of an Urban Farms Co programme.

Infrastructure

61. Global Energy Review 2020 by IEA

- The International Energy Agency (IEA) has recently released Global Energy Review:2020 report which also includes the impact of the Covid-19 crisis on Global Energy demand and CO2 Emissions.

Key Points:

- Energy Demands round the World:
  - ✓ In full lockdown, countries experiencing a mean decline of 25% in energy demand per week, while in those with a partial lockdown, the autumn in energy demand is about 18% per week.
- Global Energy Demand declined by 3.8% within the first quarter of 2020 compared to the primary quarter of 2019.
- It is predicted that the impact of Covid 19 on energy demand would be quite seven times larger than the impact of the 2008 financial crisis on global energy demand.

Global Demand of varied Energy Sources:

- Coal: it's been declined by 8% compared with the primary quarter of 2019. the explanations for such decline include, China – a coal-based economy – was the country hardest hit by Covid 19 within the half-moon and cheap gas and continued growth in renewables elsewhere challenged coal.
- Oil: it's declined by 5% within the first quarter, majorly thanks to curtailment in mobility and aviation, which account for nearly 60% of worldwide oil demand. It also estimates that the worldwide demand for oil could further drop in 9% on the average in 2020, which can return oil consumption to 2012 levels.
- Gas: The impact of the pandemic on gas demand has been moderate, at around 2%, as gas-based economies weren't strongly affected within the first quarter of 2020.
- Electricity: it's been declined by 20% during times of full lockdown in several countries. The residential demand is outweighed by reductions in commercial and industrial operations.

Demand for Renewables Energy Resources:

- It is that the only source that has registered a growth in demand, driven by larger installed capacity.
- It is predicted to rise by 1% by 2020 due to low operating costs and preferential access for several power systems.
- Covid-19 and CO2 Emissions: the general emissions decline in 2020 might be 8% less than in 2019, which might be rock bottom level of emissions since 2010.
- It is additionally the most important level of emission reduction — sixfold larger than witnessed during the 2009 financial crisis, and twice as large because the combined total of all reductions witnessed since war II.

About India's Energy Demands:

- India is one among the IEA association countries, which has experienced a discount in its energy demands by 30% as a results of the nation-wide lockdown.
- The economic growth and power production are slowing significantly, the demand for coal is predicted to say no steeply.
- China and India are the most important and third-largest electricity users within the world respectively, and coal use is dominant in both these countries shaping the worldwide demand for this Fuel.

62. Bharatmala Project

What is Bharatmala Pariyojana?

- Bharat Mala Project is an ambitious road development initiative under the Ministry of RoadTransport and Highways.
- It has been envisaged as an umbrella program which will subsume unfinished projects of National Highways Development Project (NHDP) launched in 1998and also specialise in new initiatives like development of roads for better connectivity.
- It was approved by the Union Cabinet on October 25, 2017.

What does the project consist of?

- The project will expand approximately 83,000 km of roads at an investment of Rs 6.9 lakh crore by 2022.
- It includes economic corridors of around 9,000 km, inter-corridor and feeder roots of around 6,000 km, 5,000 km roads under the National Corridors Efficiency Program, border and international connectivity roads of around 2,000 km, coastal and port connectivity roads of around 2,000 km, expressways of around 800 km and 10,000 km of balance NHDP roads.
- Bharatmala will give the country 50 national corridors as against the 6 we've at the present .
- With this, 70 – 80 percent of freight will move along NH as against the 40 percent at the present .
- It envisages building 3300 kms of Border Roads of strategic importance along international boundaries and 2000 km of International Connectivity roads to market trade with Nepal, Bhutan, Bangladesh and Myanmar.

How funding are going to be done?

- More than 70% of the works are going to be through government funding.
- The funding are going to be done via several routes including debt funds, budgetary allocation,private investment, toll operator transfer model etc.
- About one-third of the investment will come from fuel cess, over one-fourth from market borrowing and therefore the rest from budgetary support, private investment and auctioning of completed highways.
- 2.09 lakh crore are going to be raised as debt from the market and ₹ 1.06 lakh crore are going to be mobilised through public-private partnership (PPP).
- The remaining ₹ 2.19 lakh crore will be due accruals of the Central Road Funds and toll projects.

63. PRADHAN MANTRI GRAM SADAK YOJANA-III

Recently, the third phase of PMGSY was approved by the central government.

What is this program all about?

- Rural Road Connectivity isn't only a key component of Rural Development by promoting access to economic and social services and thereby generating increased agricultural incomes and productive employment opportunities in India, it's also as a result, a key ingredient in ensuring sustainable poverty reduction.
- Hence, Government launched the Pradhan Mantri Gram Sadak Yojana on 25th December, 2000 to supply all-weather access to unconnected habitations. The Ministry of Rural Development along side state governments is liable for the implementation of PMGSY.

Phase-II of PMGSY:

- The phase ii of PMGSY was approved during May 2013.

- While the continued PMGSY – I continued, under PMGSY phase ii, the roads already built for village connectivity was to be upgraded to reinforce rural infrastructure.
- For the 12th Five Year Plan period a target of fifty ,000 Km length under PMGSY-II.

PMGSY – Phase III:

- The phase iii was approved by the cupboard in July 2019.
- It involves consolidation of Through Routes and Major Rural Links connecting habitations to Gramin Agricultural Markets (GrAMs), Higher Secondary Schools and Hospitals.
- The duration of the scheme is 2019-20 to 2024-25.

Road Connectivity Project for left Extremism Area (RCPLWEA)

- Government launched Road Connectivity Project for left Extremism affected Areas within the year 2016 as a separate vertical under PMGSY to supply all-weather road connectivity with necessary culverts and cross-drainage structures in 44 districts (35 are worst LWE affected districts and 09 are adjoining districts), which are critical from security and communication point of view.
- Under the project, construction/upgrade of roads and bridges/Cross Drainage works was targeted to be haunted within the above districts.
- The fund sharing pattern of LWE road project is within the ratio of 60:40 between the Centre and States for all States apart from eight North Eastern and three Himalayan States (Jammu & Kashmir, Himachal Pradesh & Uttarakhand) that it's 90:10.

64. Airports Economic regulatory authority of India Act- 2019

Parliament passes Airports Economic regulatory authority of India, (Amendment) Bill – 2019

Parliament has passed the Airports Economic regulatory authority of India, AERA (Amendment) Bill- 2019. The bill increases the edge of annual passenger traffic for major airports from 15 lakh to over 35 lakh passengers.

Earlier, the Airports Economic regulatory authority of India Act, 2008 defines a serious airport together with annual passenger traffic over 15 lakh, or the other airports as notified by the central government.

As per the supply of the bill, the Authority won't determine the tariff, tariff structures, or the event fees, in cases where these amounts were a neighborhood of the bid document on the idea of which the airport operations were awarded.

What is Negative Rate Policy:

- A negative interest rate policy (NIRP) is an unconventional monetary policy tool employed by a financial institution whereby nominal target interest rates are set with a negative value, below the theoretical boundary of zero percent.
- A NIRP may be a relatively new development (since the 1990s) in monetary policy wont to mitigate a financial crisis.

65. KOSI-MECHI INTERLINKING PROJECT

Centre approves Rs 4,900-crore project to link Kosi, Mechi Rivers.

About the news:

- Kosi-Mechi river interlinking project, providing a serious lease of life to Bihar's Seemanchal region.
- It is that the second major river interlinking project within the country to be approved after the Ken-Betwa project in Madhya Pradesh.
- The project is aimed toward alleviating hardships of the people resulting from the floods and has the potential to inaugurate a revolution in Seemanchal region.

- The interlinking project envisages diversion of a part of surplus water of Kosi river through existing Hanuman Nagar barrage to the Mahananda basin.
- Mechi is a crucial tributary of Mahananda River.
- Its basin however remains mostly deficient in providing adequate water for irrigation.
- It won't only relieve large swathes of north Bihar from the menace of recurring floods but also provide irrigation for a whooping over 2.14 lakh hectares of command areas spread across the districts of Araria, Kishanganj, Purnia and Katihar in north Bihar.

66. FAME India scheme phase ii

Faster Adoption and Manufacturing of Hybrid and Electric Vehicles may be a scheme launched by Government of India to offer a lift to development of electrical Vehicles.

What were the Objectives of the fame I Scheme?

1. Creation of demand
2. Provide a platform for technology
3. consider pilot projects
4. Work on Charging Infrastructure.

What are the Key Features of the fame II Scheme?

Some of the key features of the fame II scheme are given below.

1. Allocation of Rs 10,000 crores for a period of three years from 2019 to 2022.
2. Rs 1,000 crores has been put aside for fixing charging stations for electric vehicles. it's given a proposal of providing 1 slow charging unit for each electric bus and 1 fast charging station for 10 electric buses.
3. The Central Government will incentivize the acquisition of roughly 5 lakh three wheelers, 7000 electric buses and 35,000 four wheelers.

67. 90,000 crore liquidity injection for the fund-starved Discoms

Context: As a part of its strategy to bring India's battered economy back on target , India will provide 90,000 crore liquidity injection for the fund-starved electricity distribution companies (discoms).

This is a part of the primary tranche to combat the economic disruption from the coronavirus lockdown, that has worsened the already precarious finances of power discoms.

How this works?

State-owned Power Finance Corporation (PFC) and Rural Electrification Corporation (REC) will infuse the liquidity by raising an amount of about ₹ 90,000 crore from the market gainst the receivables of discoms. The state governments will provide a guarantee.

This one-time time liquidity infusion are going to be wont to pay the central public sector power generation companies, transmission companies, independent power producers and renewable energy generators.

68. Silver Line' project

The Ministry of Railways has granted in-principle approval for the 'Silver Line' project, a proposal of the Kerala government.

- It involves laying of semi high-speed trains between the 2 corners of the state of Kerala.
- it's 532- km long. The corridor are going to be built faraway from the prevailing line between Thiruvananthapuram and Thrissur.

- It aims to attach major districts and towns with semi high-speed trains which will run on their own tracks.
- The Kerala Rail Development Corporation (K-Rail), a joint venture between the Ministry of Railways and therefore the Kerala government to execute projects on a cost-sharing basis, are going to be the nodal agency.

69. Western Dedicated Freight Corridor

Dedicated Freight Corridors (DFC) may be a high speed and high capacity railway corridor that's exclusively meant for the transportation of freight or in other words goods and commodities. DFC involves the seamless integration of higher infrastructure and state of the art technology. this text shares the economic benefits of the Dedicated Freight Corridor and therefore the Public Sector Undertaking (PSU) established in 2006 to oversee its development.

Dedicated Freight Corridor Corporation of India Ltd (DFCCIL) – Introduction

1. it's headquartered in New Delhi and may be a Public Sector Undertaking (PSU).
2. The Dedicated Freight Corridor Corporation of India Limited (DFCCIL) is a business establishment operated by the Railways Ministry of the govt of India.
3. It engages within the planning and development, deployment of monetary resources, building, upkeep, and therefore the operation of the DFCs.
4. The organisation was incorporated under the businesses Act, 1956 on 30th October 2006.
5. DFCCIL has been assigned the status of 'special purpose vehicle' by the Indian government.

Dedicated Freight Corridor – Benefits

Freight Transportation is that the fulcrum within the growth of the Indian Economy. A nation like India can benefit within the following areas thanks to Dedicated Freight Corridors.

1. Logistics costs are going to be reduced.
2. Higher energy efficiency.
3. Faster movement of products
4. it's Environment friendly
5. Helps in generating more employment.
6. Boost for land Sector.

70. National Infrastructure Pipeline (NIP)

The task force headed by Atanu Chakraborty on National Infrastructure Pipeline (NIP) has submitted its final report back to the minister of finance .

Important recommendations and observations made:

1. Investment needed: ₹ 111 lakh crore over subsequent five years (2020-2025) to create infrastructure projects and drive economic process .
2. Energy, roads, railways and concrete projects are estimated to account for the majority of projects (around 70%).
3. The centre (39 percent) and state (40 percent) are expected to possess an almost equal share in implementing the projects, while the private sector has 21 percent share.
4. Aggressive push towards asset sales.
5. Monetisation of infrastructure assets.
6. fixing of development finance institutions.
7. Strengthening the bond market.

What is the National Infrastructure Pipeline (NIP)?

- NIP includes economic and social infrastructure projects.
- During the fiscals 2020 to 2025, sectors like Energy (24%), Roads (19%), Urban (16%), and Railways (13%) amount to around 70% of the projected cost in infrastructure in India.
- It has outlined plans to take a position quite ₹ 100 lakh crore on infrastructure projects by 2024-25, with the Centre, States and therefore the private sector to share the cost during a 39:39:22 formula.

Need of National Infrastructure Pipeline (NIP):

1. $5 trillion goal: to realize the GDP of $5 trillion by 2024-25, India must spend about $1.4 trillion (Rs. 100 lakh crore) over these years on infrastructure. This challenge is to be tackled by National Infrastructure Pipeline in order that lack of infrastructure doesn't become a binding constraint on the expansion of the Indian economy.
2. Inclusive growth: Availability of quality infrastructure may be a prerequisite to realize broad-based and inclusive growth on a sustainable basis.
3. Poor infrastructure: India's growth potential has not been achieved mainly thanks to poor infrastructure in various sectors. National Infrastructure Pipeline would help in Improving the infrastructure and realising the expansion potential.
4. Investment: India can't achieve high growth without investment. NIP will build investor confidence as identified projects are likely to be better prepared, exposures less likely to suffer stress given active project monitoring, thereby less likelihood of NPAs.

71. STATE ENERGY EFFICIENCY INDEX 2019

About:

- The index tracks the progress of Energy Efficiency initiatives in 36 States and Union Territories based on 97 significant indicators.
- The index is developed by Bureau of Energy Efficiency (BEE) in association with Alliance for an Energy Efficient Economy (AEEE).
- The first such Index was launched on August, 2018.
- The index this year incorporates qualitative, quantitative and outcome-based indicators to assess energy efficiency initiatives, programs and outcomes in five distinct sectors – buildings, industry, municipalities, transport, agriculture, and DISCOMs.
- New indicators for this year include adoption of Energy Conservation code (ECBC) 2017, energy efficiency in MSME clusters, etc.
- For rational comparison, States/UTs are categorised as 'Front Runner', 'Achiever', 'Contender' and 'Aspirant' based on aggregated Total Primary Energy Supply (TPES) required to satisfy the state's actual energy demand (electricity, coal, oil, gas, etc.) across sectors.
- The top performing states within the State EE Index 2019 - Haryana, Kerala and Karnataka - are within the 'Achiever' category. There isn't any 'front runner' state.

72. GOVERNMENT OWNED CONTRACTOR OPERATED (GOCO) MODEL

The military has initiated the method of identifying potential industry partners to implement the govt Owned Contractor Operated (GOCO) model for its base workshops and ordnance depots intended to enhance operational efficiency.

- Under the proposed Government-Owned Contractor-Operated (GOCO) model, private contractors were to work the army's base workshops that repair and overhaul equipment from guns and vehicles to tanks and helicopters.
- The GOCO model was one among the recommendations of the Lt. Gen. DB Shekatkar (Retd.) committee to "enhance combat capability and re-balancing defence expenditure."
- Based on the recommendations, the govt has "decided to disband two advance base workshops, one static workshop and 4 ordnance depots" and eight ABWs are recommended to be corporatised on GOCO model.
- The selected Service Provider will take over present infrastructure and related services on "as-it-is-and-where-it-is basis".
- Maintenance of complete infrastructure are going to be thereafter the responsibility of the service provider.
- The service provider should be an Indian registered company with a minimum of 10 years of working experience in related domains and have a mean annual turnover of ₹ 50 crore for every of the last three financial years.

73. Real estate investment trust (REITS) AND INFRASTRUCTURE investment trust (INVITS)

What are Infrastructure Investment Trusts (InvIT) ?

What are real estate Investment Trusts (REIT) ?

- A land investment trust (REITs) may be a trust registered under the Indian Trusts Act 1882
- These manage a fund/corpus where the funds are invested in land property.
- REITs pool small sums of cash from a mess of individual investors then thereupon money purchase big land projects like commercial projects.
- Individuals with less investment capacity cannot invest/purchase big commercial land projects individually/directly but through REITS it's been made possible.
- REITs also will help the important estate industry which is currently plagued with problems like weak demand, cash constraints, finished inventory etc. Now the developers are going to be ready to sell their property to REITs and advance to the execution of latest projects.
- Infrastructure investment trust (InvITs) is strictly almost like REITS, but InvITs are for general infrastructure projects.
- Both are regulated by SEBI

74. Ask Disha App

About

- The chatbot is special computer programme designed to simulate conversation with users, especially over the web .
- Users can ask inquiries to the AI chatbot by visiting the IRCTC website. As soon because the users start typing their queries, the AI chatbot automatically starts showing some options supported the typed phrases. Users can then either pick one among the queries from the displayed options or type within the complete question if their query isn't being displayed on the screen.
- The AskDisha is live now and can be voice enabled, supporting several regional languages.
- The essential features of AskDisha include ability to quickly answer to customer queries, provide round-the-clock customer support, multitask, and 0 waiting time for query to urge answered.

75. Corporate train model

The Kashi Mahakal Express is that the country's third 'corporate' train after the 2 Tejas Express trains between Delhi-Lucknow and Mumbai-Ahmedabad started over the past few months.

What is this corporate model?

- This may be a new model being actively pushed by Indian Railways.
- In this model, the running of normal passenger trains are going to be outsourced to the Indian Railway Catering and Tourism Corporation (IRCTC).
- Around 100 routes are going to be leased bent private players to run 150 trains, something that's within the works.
- This is that the same model that was utilized in the 2 Tejas Express trains running between Delhi-Lucknow and Mumbai-Ahmedabad.

How does the model work?

- In this model, the corporation takes all the choices of running the service - fare, food, onboard facilities, complaints etc.
- Indian Railways is free from these encumbrances and gets to earn from IRCTC a pre-decided amount, being the owner of the network.
- This amount has three components- haulage, lease and custody.

How these components are worked out?

- Haulage - The haulage charge is to be paid by IRCTC.
- This includes use of the fixed infrastructure like tracks, signalling, driver, traction and just about everything needed to physically move the rake.
- Lease - IRCTC has got to pay the lease charges on the rake as Indian Railways coaches.
- This is so because the coaches are leased to its financing arm, the Indian Railway Finance Corporation (IRFC).
- Custody - there's a per-day custody charge, of keeping the rake safe and sound while it's within the custody of the PSU.
- IRCTC has got to pay Indian Railways a sum of those three charges for the trains' runs during a day then think about a profit over and above this.
- This money is payable albeit the occupancy is below expectation and therefore the train isn't doing good business.

What powers does IRCTC have?

- Being a corporate entity with a Board of Directors and investors, IRCTC insists that the coaches it gets from Railways are new and not during a run-down condition, as is seen in many trains.
- The quality of the coaches features a direct pertaining to its business.
- In this model, IRCTC has full flexibility to make a decision the service parameters and even alter them without having to travel to Railway ministry or its policies.
- To that end, the business of running trains are often run with the independence needed to run a business with profit motive.
- This, policymakers believe creates the environment for enhanced service quality and user experience for the passengers.
- IRCTC gets the liberty to make a decision even the amount of stoppages it wants to afford on a route, counting on the requirements of its business model.

What is Indian Railways' enjoy this model?

- The silver lining for Indian Railways is that it doesn't need to suffer the losses related to running these trains because of under-recovery of cost thanks to low fares and its own hefty overheads.
- The lease on its coaches is additionally taken care of.

Inclusion and Liberalism

76. Periodic Labour Force Survey (PLFS)

Recently, the Ministry of Statistics and Programme Implementation released the Periodic Labour Force Survey (PLFS) during which India's unemployment rate improved from the 45-year high of 6.1% in 2017-18 to 5.8% in 2018-19.

Key Highlights of the Survey-

- The improvement within the job situation, consistent with the PLFS, was witnessed in both urban and rural areas also as among men and ladies .
- The labour force participation rate also improved marginally, from 36.9% in 2017-18 to 37.5% in 2018-19.
- Women's unemployment fell from 5.7% to 5.2%, while male unemployment fell marginally from 6.2% to 6%.
- Urban unemployment was still at a high of seven .7% in 2018-19, a marginal drop from 7.8% in 2017-18, while rural unemployment fell from 5.3% to 5%.
- India's percentage fell between July 2018 and June 2019 to five .8% from 6.1%.
- The Worker Population Ratio also increased to 35.3% as against 34.7% within the past.
- The female participation rate improved in both urban and rural India during the amount under review, rising to 18.6% in 2018-19 from 17.5% the year before.

77. Code on wages act 2019

- The Union Labour and Employment Ministry published the draft rules framed for the implementation of the Code on Wages Act, 2019, that guarantees minimum wages to all or any , defines how the wages are going to be calculated and prescribes a national floor wage for all States.
- The Code on Wages was the primary of the four codes proposed by the govt as a neighborhood of its labour law reforms that was gone by Parliament in August 2019.
- It subsumes the Payment of Wages Act, 1936, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965 and therefore the Equal Remuneration Act, 1976.
- According to the draft rules, the idea for calculating the wage would be a typical labor family of 1 earning worker, a spouse and two children, a net intake of two ,700 calories per day each, 66 metres of fabric per annum , rent expenditure adequate to 10% of the food and clothing expenditure, fuel, electricity and other miscellaneous expenses of 20% of wage and expenditure on children's education, medical aid , recreation and contingencies amounting to 25% of wage .

Background

- One of the most important issues faced by employers in India is that the number of laws governing the employer-employee relationship. This issue has been on the government's radar for a really long period of your time .
- The government is within the process of introducing four codes that might subsume 44 labour laws with certain amendments like (i) industrial relations, (ii) wages, (iii) Social Security , (iv) safety, welfare and dealing conditions. this is able to also leave uniformity within the coverage of varied labour laws that are effective .
- Notably, the Centre started notifying a consistent national floor level minimum wage from 1996, which is non-binding on states.
- The national floor level was last revised by 10% to Rs 176 each day in July 2017.

- The Government has recently introduced The Code on Wages Bill ,2017 , which is considered the many step towards reduction in number of labour laws in India.
- It will codify relevant provisions of 4 existing laws just like the Minimum Wages Act, 1948, Payment of Wages Act 1936, Payment of Bonus Act, 1965 and Equal Remuneration Act 1976. After the enactment of the Code on Wages, of these four Acts will get repealed.
- The bill is predicted to profit over 50 crores employees across the country.

78. "Angikaar", a campaign for change management.

About:

- The campaign are going to be unrolled altogether Pradhan Mantri Awas Yojana (Urban) [PMAY (U)] cities.
- It are going to be initiated altogether target cities on 2nd October 2019 and culminate on the occasion of Human Rights Day, 10th December, 2019.
- Angikaar has been launched for social behaviour change, that specialize in issues like water & energy conservation, waste management, health, tree plantation, sanitation and hygiene for beneficiaries of completed houses under PMAY (U), through community mobilisation.
- For this purpose, the campaign will converge with schemes/services of varied urban missions and other central ministries handling these subjects.
- The convergence would especially specialise in Ujjwala for gas connection and Ayushman Bharat for insurance to the beneficiaries of PMAY (U).

79. IMD World Talent Ranking Report 2019

India ranks 59 on IMD World Talent Ranking Report; Switzerland first

About/Major Highlights of the report

- Swiss-based International Institute for Management Development (IMD) recently released its World Talent Ranking for 2019.
- The ranking involved 63 countries from around the world, including five ASEAN member countries (Indonesia, Malaysia, the Philippines, Singapore and Thailand).
- The ranking, which is based on the performance in three main categories -- investment and development, appeal and readiness
- India has slipped 6 places to 59 rank on a worldwide annual list thanks to low quality of life and expenditure on education.
- India is additionally lagging behind fellow BRICs countries - China ranked 42nd on the list, Russia (47th) and South Africa (50th).
- India also witnessed one among the sharpest declines among Asian economies due to low quality of life, negative impact of drain , and therefore the low priority of its economy on attracting and retaining talents.
- The Top 10 was completed by Switzerland (1), Austria (4th), Luxembourg (5th), Norway (6th), Iceland (7th), Finland (8th), Netherlands (9th) and Singapore (10th)
- Denmark was placed second and Sweden, was within the third place.
- The countries at the highest of the rankings share strong levels of investment in education and a high quality of life.
- In Asia, Singapore, along side Hong Kong SAR (15th) and Taiwan (20th) lead in terms of talent competitiveness thanks to the readiness of talent pool.

- Most leading economies emphasize long-term talent development by that specialize in investment and development. This emphasis, however, goes beyond purely academic aspects to encompass the effective implementation of apprenticeships and employee training. Such an approach ensures a uniform alignment between talent demand and provide .

80. Guidelines for license to Small Finance Banks

Recently, the reserve bank of India has released final norms for 'on-tap' licensing of Small Finance Banks.

Guidelines on licensing:

- RBI issued the ultimate guidelines for licensing the tiny Finance banks throughout the year on the idea of performance.
- The bar has been raised for brand spanking new entrants in terms of higher capital requirements — Rs 200 crore from Rs 100 crore earlier.
- The minimum paid-up voting equity capital / net worth requirement shall be ₹ 200 crores.
- SFBs are going to be given scheduled bank status immediately upon commencement of operations.
- SFBs will have general permission to open banking outlets from the date of commencement of operations.
- Payments Banks can apply for conversion into SFB after five years of operations if they're otherwise eligible as per these guidelines.

81. Harmonized System of Nomenclature (HSN) code

No imports are going to be allowed without HSN code into the country.

What does the HS code mean?

- HS codes are used by Customs authorities, statistical agencies, and other government regulatory bodies, to watch and control the import and export of commodities.
- The Harmonised System may be a six-digit identification code.
- It is developed by the world Customs Organization (WCO).
- It is understood as "universal economic language" for goods.
- It may be a multipurpose international product nomenclature.

Why more strict regulations regarding product quality necessary for India?

- Commerce and Industry Minister said that it's an unfortunate reality for India that the trade Agreements (FTAs) with other countries has not led to the expansion of India's trade and business due to the poor quality of the products and services that get restricted with non-tariff barriers when exported.
- He further elaborated on now with the amount of Technical Barriers to Trade (TBT) in countries like US (8000), Brazil (3879), China (2872) and India with only 439 TBTs.
- This illustrates the very fact on the way during which India and remainder of the planet are watching the concept of quality in products and services.

82. Difference between tax and cess

The union government has asked all states to read the ₹ 52,000 crore Construction Cess fund to offer financial and allied benefits to the construction workers through direct benefit transfer (DBT).

What is a cess?

- A cess is levied on the tax payable and not on the taxable income. during a sense, for the taxpayer, it's like a surcharge on tax.

- A cess are often levied on both direct and indirect taxes. The revenue obtained from tax , corporation tax, and indirect taxes are often allocated for various purposes.
- The proceeds of all taxes and cesses are credited within the Consolidated Fund of India (CFI), an account of the govt of India.

Difference between tax and cess?

Unlike a tax, a cess is levied to satisfy a selected purpose; its proceeds can't be spent on any quite government expenditure. While the tax proceeds are shared with the States and Union Territories consistent with the rules by the Finance Commission, the cess proceeds needn't be shared with them.

Recent samples of cess are: infrastructure cess on automobiles , clean environment cess, Krishi Kalyan cess (for the development of agriculture and welfare of farmers), and education cess.

83. Garib Kalyan RojgarAbhiyaan launched

Prime Minister Narendra Modi launched the mega 'Garib Kalyan RojgarAbhiyaan' aimed to spice up livelihood opportunities in rural India amid the continued Covid-19 crisis.

Highlights of the scheme:

- the primary priority of the scheme is to satisfy the immediate requirement of workers who have gone back to their districts by providing them with livelihood opportunities.
- the main target is additionally on rural citizens.
- it's a focused campaign of 125 days across 116 districts in six states to figure in mission mode.
- structure worth 50,000 crore rupees to be administered under the scheme.
- It includes focused implementation of 25 differing types of labor to supply employment and to make durable infrastructure.
- The villages will join this programme through the common service centres and Krishi Vigyan Kendras.

Implementation of the scheme:

The scheme are going to be a coordinated effort by 12 different ministries including rural development, Panchayati Raj, Road transport and highways, mines, beverage and sanitation, environment, railways, petroleum and gas , new and renewable energy, border Roads, Telecom and agriculture.

With Courtesy :

Indian express, The Hindu, Wikipedia, The Economist, The Jagran Josh, The down to earth, Web pages of various ministry, Blogs of Shashi tharoor, Civil daily, Next IAS, Raja Mandala, J. Sai Deepak, Indiakanoon.com, InsightsonindiaIAS, The Frontline, Byjus, Indiatoday, VajiramandavaliIAS, Rajya Sabha tv, Lok Sabha tv, IASbaba, Gsscore, India yearbook, NextIAS