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B. GS2 Related

Category: **POLITY**

1. [Supreme Court seeks Centre's reply on validity of special status to J&K](#)

In News

- The Supreme Court sought response from the Centre on a plea against a Delhi High Court order by which it had rejected a petition **challenging validity of Article 370** of the Constitution giving **special status** to Jammu and Kashmir.
- **Petitioner contention:**
- Article 370 was a temporary provision that had lapsed with the dissolution of the state's Constituent Assembly in 1957.
- The continuance of the temporary provision of Article 370 even after dissolution of the state's Constituent Assembly and its Constitution which has never got the assent of the President of India or Parliament or the Government of India, "amounts to fraud on the basic structure of our Constitution".
- **Previously:** In July 2014, the Supreme Court had dismissed a plea challenging the special status granted to Jammu and Kashmir and had asked the petitioner to move the High Court.

Basic Information:

Article 370

- Under the **Part XXI of the Constitution of India**, which deals with "Temporary, Transitional and Special provisions", Article 370 is a temporary provision granting special autonomous status to Jammu and Kashmir
- Article 370 specifies that except for Defence, Foreign Affairs, Finance and Communication the Indian Parliament needs the State Government's concurrence for applying all other laws
- The Jurisdiction of the Parliament of India in relation to Jammu and Kashmir is confined to the matters enumerated in the Union List, and also the concurrent list. There is no State list for the State of Jammu and Kashmir.
- At the same time, while in relation to the other States, the residuary power of legislation belongs to Parliament, in the case of Jammu and Kashmir, the residuary powers belong to the Legislature of the State, except certain matters to which Parliament has exclusive powers such as preventing the activities relating to cession or secession, or disrupting the sovereignty or integrity of India.
- No preventive detention law made in India extends to Jammu & Kashmir.

B. GS3 Related

Category: **ECONOMY**

1. [Loan-pricing systems: For better transmission, RBI in search of yet another benchmark](#)

Context

- In 1994 Reserve Bank of India (RBI), announced a landmark decision to fully deregulate interest rates on advances above Rs 2 lakh.
- Since then, the RBI has introduced four benchmark lending rates for proper pricing of loans and transmission of rates. However, these rate structures have been found to be ineffective for various reasons.
- The RBI has now formed a committee to formulate market-determined benchmarks to ensure a better transmission of interest rates.

What is Monetary transmission?

- Monetary transmission refers to the process by which a central bank's monetary policy decisions are passed on, through financial markets, to businesses and households.

Base rate system

- It included all those elements of the lending rate that are common across all categories of borrowers.
- Banks are allowed to determine their actual lending rates on loans and advances with reference to the base rate and by including such other customer-specific charges as considered appropriate.
- While all categories of loans are required to be priced only with reference to the base rate, transmission of the RBI rate cuts moved at snail's pace
- Banks and markets also briefly experimented with the Mumbai inter-bank offer rate (Mibor) on the lines of London's Libor

Mumbai inter-bank offer rate (Mibor)

- It is a major global interest rate indicator
- In June 1998, the National Stock Exchange had developed and launched the Mumbai inter-bank bid (Mibid) rate and Mibor for the overnight money market.
- However, banks found it difficult to use external benchmarks for pricing their loan products, as the available external market benchmarks (Mibor, G-Sec) are mainly driven by liquidity conditions in the market, and do not reflect the cost of funds of the banks
- MCLR was experiment which was kicked off when Raghuram Rajan was the RBI Governor.

MCLR System

- RBI Governor Urjit Patel said experience with the MCLR system, introduced in April 2016 for improving the monetary policy transmission, has not been entirely satisfactory
- Banks have been selective in their rate cuts in aggressive segments such as home and auto loans, but in many other segments, borrowers are still tied to the base rate, where they can ease more.
- RBI's rate cuts have not been passed on to borrowers in many segments of the economy.
- The base rate of some banks after the introduction of MCLR has moved significantly less than MCLR.
- The RBI says that the rigidity of the base rate is a matter of concern for an efficient transmission of monetary policy to the real economy
- MCLR failed to bring any cheers to old customers who were stuck with BPLR or base rate-linked rates.
- The RBI is likely to come up with another benchmark lending rate for borrowers, speeding up the transmission of rate cuts to the customers.

2. [ATM expansion slows due to note ban](#)

Expansion of ATMs

- Cash crunch following demonetisation, have led to commercial banks cutting down on the number of automated teller machines (ATMs)
- According to Reserve Bank of India (RBI), there were 98,092 off-site ATMs in June 2017 against 99,989 in the same month last year
- However, on-site (located within a branch) ATMs rose to 110,385 from 101,346 in the same period
- According to bankers, demonetisation was one of the factors that impacted ATM expansion

Category: AGRICULTURE

1. [Food security: SC raps Centre, States](#)

Implementation of Food Security Act in different states

- According to SC judgement, the State Food Commission set up under the National Food Security Act in Haryana, has been sitting "jobless" and "without proper infrastructure"
- **Reason:** Due to the state government's dull response to the Act

Other observations

- The judgment also listed nine other States viz. Madhya Pradesh, Karnataka, Andhra Pradesh, Telangana, Maharashtra, Gujarat, Jharkhand, Bihar and Chhattisgarh
- Reason: Due to their dull response to the food security law meant to help those living below the poverty line

Directions from SC

- The SC directed the government to frame rules and designate independent officials for a grievance redressal mechanism under the Act within a year

- It directed the states to set up State Food Commissions and vigilance committees in every state by the end of the year and set up a social audit machinery.

Category: ENVIRONMENTAL SCIENCE AND ECOLOGY

1. [A gathering crisis: the need for groundwater regulation](#)

Context

- Urgent measures are necessary to address the water crisis in India
- While the crisis is often discussed, law and policy measures to address it remain insufficient

Why?

- Primary source of domestic water and irrigation is groundwater but the media and policymakers still focussing on surface water.
- This needs to change as water tables have been falling rapidly in many parts of the country, and use exceeds replenishment.

Reasons for excessive use of groundwater

- Legal framework governing access to the resource
- Landowner have the right to access groundwater found under their land, and they see groundwater as their own and as a resource they can exploit without considering the need to protect and replenish it since there are no immediate consequences for over-exploiting it.
- Access to a source of groundwater has become a source of power and economic gain
- With the propagation of mechanical pumps, big landowners to sell water to others for economic gain

Problems with the current framework:

- Mechanical pumping led to the situation that recharge could not keep pace with use.
- 1970 model Bill focused on State-level control over new, additional uses of groundwater but did not address the iniquitous regime giving landowners unlimited control over groundwater.
- The States that have groundwater legislation based on the model Bill, 1970 failed to address the problem of falling water tables due to increasing use
- There is no provision to protect and conserve groundwater at the aquifer level.
- It fails to give gram sabhas and panchayats a prevailing say in the regulation and the framework remains mostly top-down and is incapable of addressing local situations adequately.
- Planning Commission and Ministry of Water Resources, River Development & Ganga Rejuvenation recognised that present legal regime has failed to address the ground water crisis.
- The result is the Groundwater (Sustainable Management) Bill, 2017

Groundwater (Sustainable Management) Bill, 2017

- Proposes a different regulatory framework
- Based on the recognition of the unitary nature of water, the need for decentralised control over groundwater and the necessity to protect it at aquifer level
- Recognition that water is a public trust (groundwater is a common pool resource), the recognition of the fundamental right to water and the introduction of protection principles, including the precautionary principle, that are currently absent from water legislation.
- Builds on the decentralisation mandate that is already enshrined in general legislation but has not been implemented effectively as far as groundwater is concerned and
- Seeks to give regulatory control over groundwater to local users.

B. GS4 Related

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E. Concepts-in-News: Related Concepts to Revise/Learn

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F. Bills/Acts/Schemes/Orgs inÂ News

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G. Practice Questions for UPSC Prelims Exam

Question 1. The Sakewa Festival was recently celebrated in which state?

Question 2. The Navegaon National Park is located in which state?

Question 3. Which of the following parts of constitution explicitly mentions that India is a secular state?

Question 5. Mushroom rocks or Rock pedestals or Zeugen are one of the most striking manifestations of __?

G. UPSC Mains Practice Questions

GS Paper II

1. What is a quasi-judicial body? Explain with the help of concrete examples.
2. “Demographic Dividend in India will remain only theoretical unless our manpower becomes more educated, aware, skilled and creative.” What measures have been taken by the government to enhance the capacity of our population to be more productive and employable?

GS Paper III

1. The frequency of earthquakes appears to have increased in the Indian subcontinent. However, India’s preparedness for mitigating their impact has significant gaps. Discuss various aspects.

GS Paper IV

1. Human beings should always be treated as ‘ends’ in themselves and never as merely ‘means’. Explain the meaning and significance of this statement, giving its implications in the modern techno-economic society.
2. Rameshwar successfully cleared the prestigious civil services examination and was excited about the opportunity that he would get through the civil services to serve the country. However, soon after joining the services, he realized that things are not as rosy as he had imagined. He found a number of malpractices prevailing in the department assigned to him. For example, funds under various schemes and grants were being misappropriated. The official facilities were frequently being used for personal needs by the officers and staff. After some time, he noticed that the process of recruiting the staff was also not up to the mark. Prospective candidates were required to write an examination in which a lot of cheating was going on. Some candidates were provided external help in the examination. Rameshwar brought these incidents to the notice of his seniors. However, he was advised to keep his eyes, ears and mouth shut and ignores all these things which were taking place with the connivance of the higher-ups. Rameshwar felt highly disillusioned and uncomfortable. He comes to you seeking your advice. Indicate various options that you think are available in this situation. How would you help him to evaluate these options and choose the most appropriate path to be adopted? 250 words.