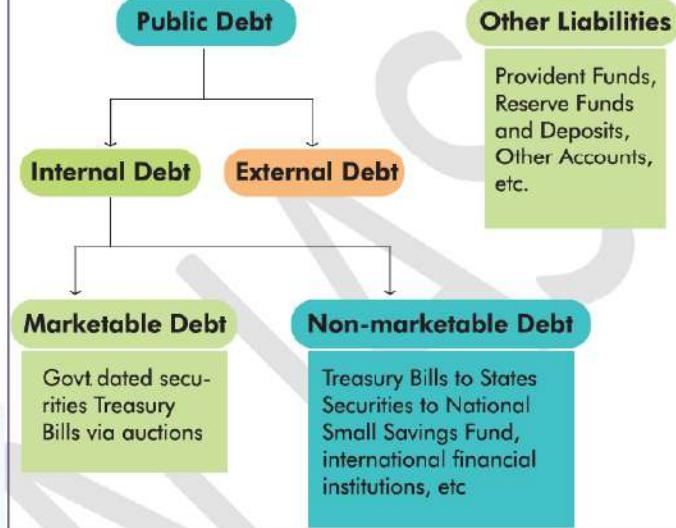


1. Fiscal Policy
Status Paper on Government Debt

- News Context: Government released 9th Edition of Status Paper on Government Debt.
- It contains **Debt Management Strategy (DMS)** of Government for financial years from 2019-20 to 2021-22.
 - Which guides **borrowing plan of Government**.
- It is to **ensure that Government's financing requirements and payment obligations are met at lowest possible cost**.

Important Terms

- Debt to GDP ratio:** It is **ratio of a country's debt to its GDP**.
 - It indicates a **particular country's ability to pay back its debts**.
- Roll over Risk:** It is a **risk associated with refinancing of debt specifically**, that the interest charged for a new loan will be higher than that on the old.
 - Generally, greater shorter-term maturing debt, greater borrower's rollover risk.
- Currency or Foreign Exchange Risk:**
 - It refers to losses that an **international financial transaction** may incur due to **currency fluctuations**.
- Interest payment to revenue receipts (IP-RR):**
 - It is ratio of total interest payments made towards debt to revenue receipts of government.
- Floating Rate Bonds (FRBs):** These are securities issued at **variable coupon rates**.
- Gross Fiscal Deficit (GFD):** It is **excess of total expenditure (including loans net of recovery) over revenue Receipts (including external grants) and non-debt capital receipts**.
- Short-term debt:** It refers to total amount of debt maturing within next 12 months.
 - It includes 14-day intermediate treasury bills, regular treasury bills, dated securities maturing in the ensuing one year and external debt with remaining maturity of less than one year.
- Treasury Bills:** These are discounted instruments which help **Government in managing its short-term cash flow mismatches**.
 - Central Government currently issues treasury bills of tenor of 91, 182, and 364 days.
- 14-day Intermediate Treasury Bills (ITBs):**
 - These are **non-marketable instruments** issued to **State Governments** (and select Central Banks).
 - It is to **enable them to deploy their short-term surplus cash at a fixed interest rate**.

GOVERNMENT DEBT

Cess and Surcharge

- Cess is known as tax on tax.
- It is levied for promoting services like health, education, etc.
- Government often charges cess for development in social sectors.
- It is levied on high income group people.
- Surcharge** is known as **checkout fee**.
- It is an **extra fee charged by a merchant when receiving a payment by cheque, credit card, charge card, debit card (but not cash)**.
 - Which at least covers cost to merchant of accepting that means of payment.
 - Such as merchant service fee imposed by a credit card company.
- Retailers **generally incur higher costs**.
 - When consumers choose to pay by credit card due to higher merchant service fees compared to traditional payment methods such as cash.

Fiscal Responsibility and Budget Management (FRBM) Act

- It establishes **financial discipline** to reduce **Fiscal Deficit**.
 - It requires **Government to limit it to 3% of GDP by March 31st, 2021**.
- A deficit is usually financed through borrowing from either **RBI or raising money from capital markets**.
 - It is done by issuing different instruments like **treasury bills and bonds**.
- States have **their own FRBM Acts**.
 - Which sets 3% of **Gross State Domestic Product cap** on their annual budget deficits.

Empowered Group of Secretaries (EGoS)
Composition: Chairperson: Cabinet Secretary.

Members: CEO of NITI Aayog.

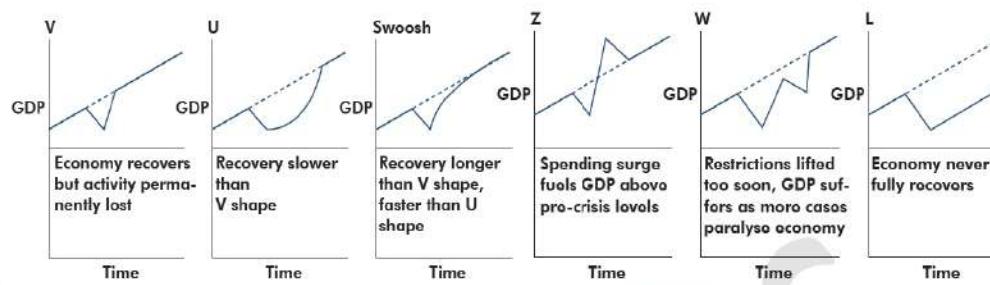
Other members: Secretaries of Department for Promotion of Industry and Internal Trade, Department of Commerce, Revenue, Economic Affairs etc.

Objectives of EGOS:

- To bring synergies between Ministries and among Central and States in investment related policies.
- To attract investment and facilitation to global investors through fast-track Investment Clearance.
- Facilitate investment in targeted manner and maintain policy stability in investment environment.
- Evaluate investments put forward by departments and further provide completion targets to respective departments.

Shape of Recovery

SHAPE OF RECOVERY



Prime Minister's Citizen Assistance and Relief in Emergency Situations (PM CARES) Fund, 2020

- Formed in 2020 amidst COVID-19 outbreak.
- It is to create or upgrade of healthcare or pharmaceutical facilities.
- It will render financial assistance, provide grants of payments.
- Chairman:** Prime Minister.
- Members and Trustees:** Defence, Home, Finance Ministers.
- PM has power to nominate 3 trustees to Board of Trustees from field of Research, Health, Science, Social work, Law, Public Administration etc.
- It accepts donations from individuals and foreign organizations.
- Note:** It will be audited by independent auditors who will be appointed by trustees.

National disaster Relief Fund (NDRF)

- National Calamity Contingency Fund (NCCF) was renamed as NDRF after enactment of NDMA, 2005.
- It is to Meet expenses of emergency response, relief, rehabilitation due to any disaster.
- It helps State Disaster Relief Fund.
- It is financed through:**
 - Levy of a cess on certain items.
 - Chargeable to excise and customs duty.
 - Approved annually through Finance Bill.
- Note:** CAG audits accounts of NDRF.

Transparent Taxation: 'Honouring the Honest' Platform

- It aims at easing tax compliance and rewarding honest taxpayers.

Equalization Levy (Digital Service Tax) On Firms Like Google, Facebook

- News Context:** India adopted a 2% DST (digital services tax) in 2020.
 - It applies only to non-resident companies and covers online sales of goods and services aimed at persons in India.

United States Trade Representative (USTR):

- It has announced that it will start Section 301 investigations against India and 9 other countries.
- For imposing digital service taxes that may affect American companies.
 - Note:** Section 301 of Trade Act, 1974 allows USA to unilaterally impose tariffs or other trade restrictions on foreign countries.

Key Definitions

Discretionary Fiscal Stimulus

- It refers to an increase in fiscal deficit caused by Government policy.
- It is distinct from an increase in fiscal deficit caused by slowing growth.
 - Which is called an Automatic Stabilizer.

Post Devolution Revenue Deficit (PDRD) Grants

- It is a mechanism provided by Finance Commission for compensation of any loss incurred by states from Centre.
 - It forms 2nd largest chunk of Finance Commission transfers after assistance to local rural bodies.
- Other FC Grants:** Grants for rural and urban local bodies, Assistance to State Disaster Relief Funds (SDRF).

Treasury Single Account (TSA)

- It is a unified structure of Government Bank Accounts that gives a consolidated view of Government cash resources.
- It is a bank account or set of linked accounts through which Government transacts all its receipts and payments.
- It ensures effective aggregate control over Government cash balances and minimizing borrowing costs.

Credit to GDP Ratio

- It rises during economic boom and fall during economic downturn.
- Credit-to-GDP gap** (difference between credit-to-GDP ratio and its long-term trend) indicates build-up of excessive credit growth in an economy and system-wide risk as a precursor to crisis.

- Note: Counter Cyclical Capital Buffers (CCCB) aims at strengthening banks' defences against build-up of systemic vulnerabilities.

Inverted Duty Structure

- It refers to taxation of inputs at higher rates than finished products.
 - That results in build-up of credits and cascading costs.

Household Financial Savings (HFS)

- Gross HFS refers to currency, bank deposits, debt securities, mutual funds, pension funds, insurance, investments in small savings schemes.
 - Net HFS = Gross HFS - financial liabilities

Mutual Agreement Procedure (MAP)

- It is an alternative dispute resolution process under tax treaties.
 - Under which competent authorities of 2 countries enter into discussions to resolve tax-related disputes.
- Central Board of Direct Taxes amends Income Tax rules as per which disputes under MAP would be resolved within a timeframe of 24 months.

National Institute of Public Finance and Policy (NIPFP), 1976

- It is a research institute under Finance Ministry, registered under Societies Registration Act, 1860.
- Its mandate includes assisting Central, State, Local Governments in formulating and reforming public policies by providing an analytical base.

Income Distance

- It measures difference between per capita GSDP of a state and per capita GSDP of state with highest per capita income.

Revenue Deficit

- It refers to excess of revenue expenditure over revenue receipts or extent of borrowings used for revenue expenditure.
- It signifies if day-to-day expenditure of Government can be met by its day-to-day income.

Effective Revenue Deficit:

- It is revenue deficit minus grants to states for creation of capital assets.

Effective Revenue Deficit

- It is revenue deficit minus grants to states for creation of capital assets.

Fiscal Deficit

- It is the difference between total expenditure and revenue receipts plus non-debt capital receipts.
- It indicates amount Government has to borrow to meet its annual targets.

Primary Deficit

- It is measured by fiscal deficit less interest payments.

- It shows what Fiscal Deficit would've been for this particular year if no interests were to be paid.
- It ignores loans taken by previous Governments in previous financial years.

Capital Expenditure

- Expenditures which result in creation of physical or financial assets or reduction in financial liabilities.

Revenue Expenditure

- Expenditure incurred for purposes other than creation of physical or financial assets of Government.
- It relates to expenses incurred for normal functioning of Government departments.

Total Factor Productivity (TFP) (Multi Factor Productivity)

- It is ratio of total Output (GDP) and weighted average of inputs (labour and Capital).
 - A higher TFP implies higher growth with same set of labour and capital employed.
- Note: Since 2008, TFP growth has been slower for most nations.

Middle Income Trap

- It refers to countries that experienced rapid growth and quickly reached middle-income status (GNP per capita between \$1,000-\$12,000).
 - But then failed to overcome that income range to further catch up to developed countries and achieve high-income status.
- It is associated with a relatively sustained growth slowdown with both direct effects (Eg. income losses) and indirect effects (Eg. social conflicts).

National Statistical Office (NSO)

- News Context: Government to form NSO under Statistics Ministry by merging:
 - Central Statistical Organisation (CSO).
 - National Sample Survey Office (NSSO).
- Headed by: Director General.
 - It conducts large-scale sample surveys.
 - Primarily Data: Nation-wide household surveys on Socio-economic subjects, Annual Survey of Industries (ASI), etc.
- NSO has 4 Divisions:
 - Survey Design and Research Division (SDRD).
 - Field Operations Division (FOD).
 - Data Processing Division (DPD).
 - Survey Coordination Division (SCD).

Definitions under GST

E-Way Bill

- It is a document required to be carried by a person carrying any consignment of goods of value exceeding Rs. 50,000 for sales beyond 10 km in GST regime.
- It is generated from GST Common Portal by registered persons or transporters before commencement of movement of goods of consignment.

Reverse Charge Mechanism

- GST is paid by supplier of goods and services.**
 - But in some cases, liability to pay tax falls on the buyer.
 - Eg: When a business buys goods or services from a supplier who is not registered to pay GST or in cases of import.

Sabka Vishwas, 2019

- It is to settle pending disputes of Service Tax, Central Excise, which are now subsumed under GST.

2 main components of Schemes:

- Dispute Resolution Component:** It liquidate legacy cases of Central Excise and Service Tax.
 - That are subsumed in GST and are pending in litigation at various forums.
- Amnesty Component:** It is an opportunity to taxpayers to pay outstanding tax and be free of any other consequences under law.

The Direct Tax Code (DTC)

- It is an attempt by Government to simplify direct tax laws in India.
 - It will revise, consolidate, simplify structure of direct tax laws into a single legislation.
- Note:** It will replace Income-tax Act, 1961 (ITA), Wealth Tax Act, 1957 etc.

Corporate Tax Rate Cut

- Domestic and foreign companies** are liable to pay corporate tax under Income-tax Act.
 - While a **domestic company** is taxed on its universal income.
- A **foreign company** is only taxed on income earned within India, i.e. is being accrued or received in India.
- Domestic Company:** Registered under Companies Act of India.
 - A domestic company includes **private and public companies**.
 - It also includes **company registered in foreign countries** having control and management wholly situated in India.

Buyback tax

- It is where a company buys back or repurchases shares issued to shareholders.
- A dividend is a specified amount per share that is paid out to shareholders.
- A buyback offer is optional.
- Only those shareholders who wish to receive money in lieu of their shares may tender their shares in a buyback.
- Note:** At present, it is applicable only for unlisted companies.

Financial Stability & Development Council (FSDC), 2010

- News Context:** Government reconstitutes it to include new members.
- It was constituted in wake of Global Economic Recession.
- It deals with issues related to:

More Free Courses at

www.redefedu.com

- Financial stability, financial sector development.
- Inter-Regulatory coordination, financial literacy.
- Financial inclusion, macro prudential supervision of economy.
- Chairman:** Finance Minister.
- Members:** Minister of State, in charge of Department of Economic Affairs (newly added).
- Secretaries of following departments:**
 - Finance and/or Economic Affairs, Revenue, Finance Services.
- Secretary of following Ministries:**
 - Corporate Affairs, IT (Newly added).
 - Chief Economic Advisor, Finance Ministry.
- RBI Governor
- Chairpersons of SEBI, IRDAI, PFRDA, IBBI.

Government Debt

- It is classified as debt contracted against Consolidated Fund (defined as Public Debt) and liabilities in Public Account.
 - It is called **Other Liabilities**.
- Other Liabilities** include:
 - Liabilities on account of Provident Funds, Reserve Funds and Deposits, Other Accounts, etc.
- Roll-Over Risk:** It is a risk associated with refinancing of debt.
- It is commonly faced by countries and companies when a loan or other debt obligation (like a bond) is about to mature.
 - And it needs to be converted, or rolled over, into new debt.
- If interest rates have risen in meantime.
 - They would have to refinance their debt at a higher rate and incur more interest charges in future.

Government Savings Promotion Act

- News Context:** Government proposed creating it during budget (2018).

Proposed Amendments:

- It will merge **Government Savings Certificates Act, 1959** and **Public Provident Fund (PPF) Act, 1968** with **Government Savings Banks Act, 1873**.
- It is to remove existing ambiguities due to multiple Acts and rules in small saving schemes (SSSs) and add flexibility.
- Amendments provide for:**
 - Provision of premature closure of Small Savings Schemes to deal with medical emergencies, higher education needs.
 - Guardian to invest in SSSs on behalf of minor(s) to promote culture of savings among the children.
 - Provisions of accounts for differently abled persons, which was not clear in aforesaid acts.

Angel Tax, 2012

- News Context:** Government widens definition of start-ups to address angel tax.
 - Earlier, several start-ups were served notices under Section 56 (2) of Income Tax Act.
 - Which provides for taxation of funds received by an entity.
- It is a levy of 30% on unlisted companies that have raised capital through sale of shares at a value above their fair market price.
- This excess capital is treated as income from other sources and is taxed.
- Fair value is a rational and unbiased estimate of potential market price of a good, service, asset.
- It is determined by tax authorities.
- It prevents laundering of illegal wealth, by investing in shares of unlisted start-ups at extraordinary valuations.

New Rules for Angel Tax

- Any company less than 10 years old with turnover less than ₹100 crore are eligible for angel tax exemption.
- Investments upto ₹25 crore are exempt from angel tax.
- Investments made by listed company with a net worth of more than 100 crore or a turnover of more than 250 crore & NRIs will be fully exempt from tax.
- For being eligible for exemption, a start-up should not be investing in:**
 - Immovable property, transport vehicles above Rs 10 Lakh.
 - Loans and advances & capital contribution to other entities.
 - Except in ordinary course of its business.

Advanced Pricing Agreements (APA)

- It is a prospective agreement between a taxpayer and a tax authority.
- It determines transfer pricing methodology and liabilities in case of taxpayers' international transactions to avoid future disputes.
- Taxpayers may enter into APAs with more than 1 tax authority.
 - i.e. Bilateral or multilateral APAs: Through mutual agreement procedure (MAP) included in most income tax treaties.
- Unilateral APAs:** It involves agreements between only taxpayer and one Government.

Economic Advisory Council (EAC)

- It is an independent body to advice on economic and related issues to Government (Specifically to PM).

National Anti - Profiteering Authority (NAA)

- News Context:** GST council approves it to ensure benefits of input tax credit and tax reductions are passed on to the end consumer.
- Profiteering:** It means unfair profit realized by traders by manipulating prices, tax rate, adjustment etc.
 - In context of GST, it means traders do not reduce prices when GST rates are cut.
- Input Tax Credit:** It enables producers to reduce tax he has paid on input and pay balance amount (tax payable on Output).

- If undue benefit cannot be passed on to recipient.
- It can be ordered to be deposited in Consumer Welfare Fund.
- NAA can impose a penalty on defaulting business entity and even order cancellation of its registration under GST.

Consumer Welfare Fund

- It is set up by Department of Revenue.
- It is operated by:
 - Consumer Affairs Ministry.
 - Food & Public Distribution Ministry.
 - Consumer Affairs Department.
- Its objective is to provide financial assistance to promote and protect welfare of consumers and strengthen consumer movement in country.

Directorate General of Goods and Service Tax Intelligence (DGGSTI)

- News Context:** Finance Ministry amends Prevention of Money-Laundering (Maintenance of Records) Rules, 2005 (PMLA).
 - To make DGGSTI as regulator with respect to money laundering cases in gems and jewellery sector.
- DGGSTI is new name given to Directorate General of Central Excise Intelligence (DGCEI).
 - Which is apex intelligence organisation functioning under CBEC, Dept of Revenue.
- It will deal in precious metals, stones, high-value goods.
 - Which have an annual turnover of previous year is Rs. 2 crore or more.
- It is mandated to check:**
 - Service tax, Central excise duty evasion.
 - Develop Intelligence, Alert field formations about latest trends in duty or tax evasion.

PMLA

Prevention of Money Laundering Act (PMLA), 2002

- It is to prevent money-laundering and to provide for confiscation of property derived from money laundering.
- It imposes obligation on banking companies, Financial Institutions, intermediaries to verify identity of clients.
 - It maintains records and furnish information in prescribed form to Financial Intelligence Unit – India (FIUIND).

Financial Intelligence Unit-India (FIU-IND), 2004

- It provides quality financial intelligence for safeguarding financial system from abuses of:
 - Money laundering, Terror Financing, other economic offences.
- It is an independent body reporting directly to Economic Intelligence Council (EIC) headed by Finance Minister.

Enforcement Directorate (ED)

- It is a specialized financial investigation agency under Department of Revenue, Finance Ministry.
- It enforces Foreign Exchange Management Act (FEMA), 1999 and certain provisions under PMLA.
 - It undertakes survey, search, seizure, arrest, prosecution action etc. against offender of PMLA offence.

Project Insight

- It is initiated by income tax department.
- It helps in data mining, collection, collation, processing of such information for effective risk management to widen and deepen tax base.
- It monitors high value transactions, curb circulation of black money.
- It will implement Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standard (CRS).

Foreign Account Tax Compliance Act- Inter Governmental Agreement (FATCA-IGA)

- India and USA signed IGA to implement FATCA to Promote Transparency on Tax Matters.
- FATCA obtains information on accounts held by USA taxpayers in other countries.

L 2. Banking and Monetary Policy

Banking License

- According to Banking Regulation Act, 1949:
 - No company in India shall carry on banking business, unless it holds a license issued in that behalf by RBI.
- Suggestions changes by Internal working Group (IWG):
 - Large corporate and industrial houses may be allowed as promoters of banks.
 - Large NBFCs with an asset of Rs 50,000 crore and above may be considered for conversion into banks.
- Other Changes:
 - Small Finance Banks and Payment Banks: Payments banks can convert into small finance banks.
 - Capping of banks' investment in any new or existing entity to 20%.

Banking Regulation (Amendment) Act, 2020

- It replaces Banking Regulation (Amendment) Ordinance, 2020.
- It is to protect depositors of cooperative banks and empower RBI to regulate banking activities of cooperative societies.
- Cooperative Banks
 - They are financial entities established on a co-operative basis and belonging to their members.
 - This means that customers of a co-operative bank are also its owners.
- They are divided into 2 categories: Urban and Rural.

Features of Act:

- Issuance of shares and securities by cooperative banks:
 - To its members or to any other person residing within its area of operation will be subject to prior approval of RBI.
- Power to exempt cooperative banks:
 - RBI may exempt a cooperative bank or a class of cooperative banks from certain provisions of Act through notification.
- Supersession of Board of Directors: RBI may supersede Board of Directors of a multi-state cooperative bank for upto 5 years under certain conditions.
- In case of a co-operative bank registered with Registrar of Co-operative Societies of a state.
- RBI will supersede Board of Directors after consultation with concerned states.
- Act allows central bank to initiate a scheme for reconstruction or amalgamation:
 - Of a bank without placing it under moratorium.
- If central bank imposes moratorium on a bank.
 - Lender cannot grant any loans or make investments in any credit instruments during moratorium tenure.
- Exclusions: Act does not apply to certain cooperative societies. These are:

More Free Courses at

www.redefedu.com

- Primary agricultural credit societies (PACS),
- Cooperative land mortgage banks, and
- Any other cooperative societies (except those specified in the Act).

Regional Rural Banks (RRBS)

- It was set up as state-sponsored, regionally based, rural oriented institutions under RRB Act, 1976.
- It was set up based on recommendations of Narasimham Working Group (1975).
- They are regulated by RBI and are supervised by NABARD.
- They are jointly owned by Centre, concerned states, sponsor banks with issued capital shared in proportion of 50%, 15% and 35%, respectively.

RRBs Mandate:

- To serve credit needs of:
 - Small and marginal farmers, Agricultural labourers.
 - Socio-economically weaker section.
- To reduce regional imbalances and increase rural employment generation activities.
- To develop such measures which could restrict outflow of rural deposits to urban areas.
- Issues faced by RRBs: Inadequate finance, High overdues, poor loan recovery, Lack of technology, Procedural Rigidities etc.
- News Context: RBI allowed RRBs to access Liquidity adjustment facility (LAF), Marginal standing facility (MSF), call or notice money market.
 - At present, RRBs are not permitted to access liquidity windows of RBI as well as call or notice market.

Liquidity Adjustment Facility (LAF)

- It is used in monetary policy.
- Which enables banks to borrow money through repurchase agreements (repo) against collateral of Government securities.
- It includes State Government securities or banks to lend to RBI using reverse repo contracts.

Marginal Standing Facility (MSF)

- It is very short-term borrowing scheme for scheduled commercial banks.
- It was introduced by RBI to reduce volatility in overnight lending rates in inter-bank market.
 - It is to enable smooth monetary transmission in financial system.
- Note: MSF rate is generally higher than Repo rate.

Priority Sector Lending (PSL)

- It increases lending of banks towards few specified sectors and activities in economy.

Features of PSL Methodology:

- Rate of interest on bank loans is as per directives issued by Department of Banking Regulation of RBI, from time to time.
- Priority sector guidelines do not lay down any preferential rate of interest for priority sector loans.

- PSL provisions apply to every Commercial Bank, including:
 - RRB, Small Finance Bank (SFB).
 - Local Area Bank and Primary (Urban) Co-operative Bank (UCB).
 - Other than Salary Earners' Bank licensed to operate in India by RBI.

Small Finance Banks (SFBS)

News Context: Several SFBS are preparing to launch their initial public offerings (IPOs).

- These are **private financial institution for financial inclusion** without any restriction in area of operations.
 - Unlike **RRB or Local Area Banks**.
- **They can provide basic banking services like:**
 - Accepting deposits and lending to unbanked sections, such as;
 - Small farmers, micro business enterprises.
 - Micro and small industries, unorganised sector entities.
- Some of the **operational SFBS** in India include **Ujjivan SFB, Janalakshmi SFB etc.**
- **Note:** They were proposed by Nachiket Mor Committee of RBI.

SARFAESI Act, 2002

- It **addresses problem of NPAs** through different mechanisms.
- It **allows only secured creditors** (lenders whose loans are backed by a security such as mortgage) **to take possession over a collateral security**.
 - If the debtor defaults in repayment.
- It **provides procedure for registration and regulation of asset reconstruction company (ARC)** and allows them to **carry out business of:**
 - Asset Reconstruction: It is activity of converting a NPAs or bad assets into performing assets.
 - ARCs can acquire NPAs from banks and try to recover dues through measures like proper management of business of borrower.
 - By changing or taking over management like:
 - Sale or lease of a part or whole of business.
 - Rescheduling of payment of debts payable etc.
- **Securitization:** It is process of **conversion of existing loans into marketable securities** by ARCs through issue of security receipts.
- **Enforcement of Security interests by lenders without intervention of Court:**
 - After giving a notice period of 60 days to defaulting borrower, banks/financial institutions can take possession of borrower's Assets.
- **Creation of Central Registry:** To register transaction of securitization and reconstruction of financial assets and creation of security interest.

Suspension of Insolvency and Bankruptcy Code (IBC)

- **News Context:** Parliament passed IBC (2nd Amendment) Bill, 2020.
- It is to **provide relief for corporates as pandemic and subsequent lockdown had significantly impacted economic activities.**

Some important features of IBC

- **Covers:** All individuals, companies, Limited Liability Partnerships (LLPs), Partnership firms.
- **Adjudicating Authority:** National Company Law Tribunal (NCLT) for companies and LLPs and Debt Recovery Tribunal (DRT) for individuals and partnership firms.
- **Insolvency resolution process can be initiated by any of stakeholders of firm:** Firm/ Debtors/ creditors/ employees.

Nonbanking Financial Companies (NBFCs)

- It is a **company registered under Companies Act, 1956.**
- It is **engaged in business of:**
 - Loans and advances.
 - Acquisition of shares, stocks, bonds issued by Government or local authority.
- **Characteristics of NBFCs:**
 - It does not include any institution whose principal business is that of:
 - Agriculture activity, Industrial activity.
 - Purchase or sale of any goods (other than securities).
 - Providing any services and sale, purchase immovable property.
- **NBFCs are categorized as:**
 - In terms of type of liabilities into Deposit and Non-Deposit accepting NBFCs.

Monetization of Deficit

- If **Government expenditure exceeds its income.**
 - Government is said to **have incurred a fiscal deficit.**
- This **deficit financing must be done either by borrowing from market or monetisation of deficit** through RBI.
- As a result, **under monetization**, there is **no increase in net (not gross) public debt.**
- It can occur only through:
 - **Direct Monetization (DM):** RBI prints new currency and purchases Government bonds directly from primary market (from Government) using this currency.
 - **Indirect monetization (IM):** Deficits are monetized as Government issues bonds in primary market and RBI purchases an equivalent amount of Government bonds from secondary market in form of Open Market Operations (OMOs).

Financial Stability Report (FSR)

- It is **released by RBI.**
- It reflects risks to financial stability, resilience of financial system in context of development and regulation of financial sector.

Definitions

Voluntary Retention Route (VRR)

- It is an **investment window provided by RBI to Foreign Portfolio Investors.**

- Which provides easier rules in return for a commitment to make higher investments.

Liquidity Trap

- It is a **contradictory economic situation** in which interest rates are very low and savings rates are high.
- It leads to a scenario where any additional **money supply** that is generated in economy get channelized towards savings.
 - Rather than investment thus rendering economy to remain at same liquidity level.

Banking Correspondents

- They are **individuals/entities engaged by a bank in India for providing banking services in unbanked or under-banked geographical territories.**
- They work as an **agent of bank** and substitutes for brick-and-mortar branch of bank.

Steps Taken by Government Towards Banking Reforms

Partial Credit Guarantee Scheme

- It is offered by **Government to Public Sector Banks (PSBs).**
- It is to purchase **high-rated assets** from financially sound NBFCs or Housing Finance Companies (HFCs).
- It is to address **temporary asset liability mismatches** of otherwise solvent NBFCs/HFCs without having to resort to distress sale of their assets for meeting their commitments.

EASE 3.0 (Enhanced Access and Service Excellence)

- It is a reform agenda aims at providing smart, tech-enabled public sector banking to enhance ease of banking in all customer experiences.

Insolvency and Bankruptcy Code (Amendment) Act, 2019

- It is to protect resolution applicants from criminal proceedings against offences committed by previous managements or promoters.

Bank for International Settlements (BIS)

- It is an **international financial institution owned by central banks.**
 - Which fosters international monetary and financial cooperation and serves as a bank for central banks.
- **Head Office:** Basel, Switzerland.
- It supports **international institutions** engaged in **standard setting and financial stability.**
 - One of which is Basel Committee on Banking Supervision (BCBS).

Basel Committee on Banking Supervision (BCBS), 1974

- It is an **international committee** to develop standards for banking regulation.
- It consists of **central bankers from 27 countries and EU.**
- It developed a series of policy recommendations known as **Basel Accords.**

More Free Courses at

www.redefedu.com

- Which suggested **minimum capital requirements** to keep bank solvent during times of financial stress.
- **RBI issues guidelines** based on **Basel III reforms** for Banks operating in India.

Development Bank

- It is **financial institution** that provides **long-term credit** for capital-intensive investments spread over a long period.
- It also **extended useful services** such as:
 - In-house technical expertise, Underwriting new capital issuance.
 - Creating confidence in other lenders.
- They are **supported by Governments or International institutions** in form of tax incentives and administrative mandates for private sector banks.
- Note: Industrial Finance Corporation of India (IFCI) in 1948 was **1st development bank in India.**
 - After 1991, following Narasimham Committee reports on financial sector reforms, **development finance institutions** were disbanded and got converted to commercial banks.

Financial Stability and Development Council, 2010

- It is an **autonomous body constituted to:**
 - Ensure Financial Stability.
- **Regulate entire financial sector** of country and enhance coordination between various financial regulatory bodies.
- **Chairman:** Finance Minister.

Project Sashakt

- It for **resolution of stressed assets** in banking sector.
- It helps banks **retain and recover value of stressed assets** and improve credit culture and capacity in long run.

Amalgamation and Merger of Banks

- **Merger:** 2 or more companies/entities are combined together to form either a new company.
 - Or an existing company absorbing other target companies.
 - Eg: **Consolidation** of 2 entities Tata Steel and UK based Corus Group with resulting entity being **Tata Steel.**
- **Amalgamation:** it is a type of merger in which 2 or more companies combine their businesses to form an entirely new entity/company.
 - Eg: Consolidation of 2 entities Mittal Steel & Arcelor resulting in new entity Arcelor Mittal.

India Post Payment Bank

- It offers **doorstep banking** to customers.
- It is incorporated under **Companies Act, 2013.**
- It is a public **limited company** with **100% Government equity** under **Department of Posts (DoP)** and is **governed by RBI.**
- It provides **banking and financial services** to people in rural areas.

- **Note:** It will not offer any ATM debit card.
 - Instead, it provides a QR Code-based biometric card.
- A payments bank is a differentiated bank, offering a limited range of products.
- It is licensed under Section 22 of Banking Regulation Act 1949.
- It is registered as a public limited company under Companies Act 2013.
- Also, they are given status of scheduled banks under RBI Act 1934.
- **Payment Banks are subject to:**
 - Payment & Settlement Systems Act (2007).
 - Foreign Exchange Management Act (1999).
 - Deposit Insurance and Credit Guarantee Corporation Act (1961).
- Unlike traditional banks, it cannot issue loans and credit cards and will have to deploy their funds in government papers and bank deposits.
- Other payments banks that have started operations are:
 - Airtel Payments Bank Ltd, Paytm Payments Bank Ltd.
 - Fino Payments Bank Ltd.

Public Credit Registry

- It is a database of credit information which is accessible by all stakeholders.
- It will capture all relevant information in one large database on both individual & corporate borrowers.
- It will be managed by a public authority as RBI and lenders will have to mandatorily report the loan details.

Ombudsman Scheme for Digital Transactions (OSDT)

- It is launched by RBI.
- It is launched under Section 18 of Payment and Settlement Systems Act, 2007.
 - Which will provide a complaint redressal mechanism relating to digital transactions conducted through non-bank entities (Mobile wallets or UPI).

Legal Entity Identifier (LEI)

- It is a 20-character global reference number conceived by G20.
- It uniquely identifies every legal entity or structure that is party to a financial transaction, in any jurisdiction.
- Internationally, LEI is implemented and maintained by Global Legal Entity Identifier Foundation.

Recapitalisation Bonds Method

- It refers to using equity money to restructure an institution's debt.
- Bonds can be issued either directly by Government or through a holding company.
- Government will issue bonds to banks for a share of bank's Equity.
- Annual interest on these bonds and principal on redemption will be paid by Government.
- These bonds can be sold off by banks in market when in need of capital.

Implications of Issuance of Recapitalisation Bonds

- Government need not raise immediate tax revenues to fund mounting bill on bank recapitalisation.
 - Which means less burden on taxpayer.
- Borrowing directly from banking system instead of markets.
- Government can avoid crowding out private borrowings or distorting market yields.
- It will improve Bank's asset-debt ratio thereby improving its equity rating in stock market.
 - Which is likely to attract its private shareholders.
- However, with no extra Government borrowing, issuance of recapitalisation bonds is unlikely to be inflationary in nature.

Indradhanush Plan

- It is an umbrella scheme for banking reforms which includes 7 elements:
- Appointment: Separating post of Chairman and Managing Director to bring more professionalism.
- Bank Board Bureau: A body of eminent professionals and officials.
- Functions: Recommending for selection of heads.
 - Helping banks in developing strategies and plans.
 - Advising banks on strategies of consolidation, etc.
- Capitalization: By infusion of equity capital
- De-stressing: Strengthening Asset Reconstruction Companies and Establishment of 6 New debt recovery tribunals (DRCs).
- Empowerment: Non-interference in functioning of public sector banks and encouraging them to take decisions independently.
- Framework for accountability: Through key performance indicators for state-run PSBs.
- Governance reforms: 'Gyan Sangam' a conclave of PSBs and Financial institutions attended by all major stakeholders.

Branch Authorisation Policy

- It brings all branches and fixed business correspondent outlets under definition of banking outlets.
- Banking outlet is a manned service delivery point.
 - Which is open for at least 4 hours a day for at least 5 days a week.
- It should also provide services such as deposits, encashing cheques, cash withdrawal, lending.
- It is mandated that banks open 25% of these outlets in unbanked rural centres (URC).

Financial Resolution and Deposit Insurance (FRDI) Bill, 2017

- It applies to:
 - Banks, Insurance companies, Stock exchanges, Depositories.
 - Payment systems, NBFC and their parent companies.

- It establishes a **Resolution Corporation (RC)** by replacing existing Deposit Insurance and Credit Guarantee Corporation (**DICGC**).
- RC will monitor financial firms against market failure.
 - It also provides deposit insurance up to a certain limit, in case of bank failure.
- It provides resolution instruments such as merger and sale, bail-in, bridge institution, run-off entity for insurance.
- It is also specified that **bail-in clause** will be used only if creditor has given consent for it.
 - There is a provision for compensation in case of failure of adherence to norms.
- **Bail-In Clause:** Under this, RC can internally restructure firm's debt by:
 - Cancelling liabilities that firm owes to its creditors.
 - Converting its liabilities into any other instrument (Eg: converting debt into equity).
- **Note:** It is different from **Bail-out** where public funds are used to inject capital into an ailing company.
- **Bridge institution:** It is a bridge service provider, a company limited by shares, created by corporation for purpose of resolving a specified service provider.
- **Run-off entity:** An insurance entity under resolution is classified as run-off entity to allow present insurance policies to run to their expiration dates.

Differentiated Banks (Niche Banks)

- Banks that serve needs of a certain demographic segment of population.
 - Banks which could be differentiated on account of capital requirement, scope of activities.
- **Note:** Idea of Differentiated Bank was mooted by **Nachiket Mor Committee 2014**, for Financial Inclusion.
- It can be classified as: Payment Banks, Small Finance Banks.
 - Regional Rural Banks, Local Area Banks wholesale.
 - Long-term finance (WLTB) banks etc.
- Wholesale and long-term finance banks focused primarily on lending to infrastructure sector and small, medium and corporate businesses.

Domestic- Systematically Important Banks (DSIBs)

- It is referred to as 'Too Big To Fail' (TBTB) because of their size, cross jurisdictional activities, complexity, lack of substitute, interconnection.
- Banks whose assets cross 2% of GDP are considered DSIBs.
- If these banks fail, they can have a disruptive effect on economy.
- They are closely monitored by central bank to ensure their better functioning.
- They prevent indulgence of such banks in any grey areas such as money laundering etc.
- They are domestically identified by Central Banks of a country and globally by BASEL committee on banking supervision.

Priority Sector

- It refers to those sectors of economy which may not get timely and adequate credit in absence of this special dispensation.
- Categories under Priority Sector:
 - Agriculture, Micro, Small and Medium Enterprises.
 - Export Credit, Education, Housing, Social Infrastructure.
 - Renewable Energy etc.

Priority Sector Lending Norms (PSLCs)

- They are tradable certificates issued against priority sector loans of banks.
 - So as to enable banks to achieve their specified target and sub-targets for priority sector lending in event of a shortfall.
- All Scheduled Commercial Banks (including RRB), Urban Co-operative Banks, Small Finance Banks, Local Area Banks are eligible for PSLC trading.

Public Credit Registry

- It is a database of credit information which is accessible by all stakeholders.
- It generally captures all relevant information in one large database on the borrower.
- It will be managed by a public authority as RBI and lenders will have to mandatorily report the loan details.
- PCR will assist RBI in:
 - Credit assessment and pricing by Bank.
 - Risk-based, countercyclical, dynamic provisioning of bank.
 - Supervision and early intervention by regulator.
 - Understanding the transmission of monetary policy working and its bottlenecks.
 - Restructuring the stressed bank credit.

Peer To Peer (P2P) Lending

- It refers to a crowdfunding platform (mostly online).
- Where people looking to invest and people in need of borrowing come together.
- Till now, P2P companies were registered under Companies Act.
- Such companies follow a reverse auction process that lenders bid for borrower's proposal.
 - Borrower is free to choose whether or not to borrow.
- **RBI Regulation on P2P:**
 - P2P lending will get access to credit bureaus and will have to share loan related data with it.
 - P2P platforms will also have to mandatorily share the borrower's credit information.
 - P2P platforms (being NBFCs) can now pursue cheque bounce (P2P loan recovery works through post-dated cheques) cases in court.
 - It also needs to put a proper grievance mechanism in place and appoint a nodal officer.

Merchant Discount Rate (MDR)

- It is a charge which merchants pay to Bank for accepting payments from customers through debit card in their establishment.
- It compensates card issuing bank for facilitating for point of sale (PoS) transactions and payment gateway such as Mastercard and Visa.
- RBI specifies Maximum MDR charges that can be levied on every card transaction.

Chit Funds (Amendment) Bill, 2018

It amends Chit Funds Act, 1982.

It is to facilitate orderly growth of Chit Funds sector and remove bottlenecks being faced by Chit Funds industry. Thereby enabling greater financial access of people to other financial products.

Chit fund

- It is a type of saving scheme where a specified number of subscribers contribute payments in instalment over a defined period.
- Each subscriber is entitled to a prize amount determined by lot, auction or tender depending on nature of chit fund.
- Typically, prize amount is entire pool of contribution minus a discount.
 - Which is redistributed to subscribers as a dividend.
- Regulation: It comes under Concurrent List.
- Note: RBI does not regulate chit fund business.
 - However, RBI can provide guidance to states on regulatory aspects like creating rules or exempting certain chit funds.
 - SEBI regulates collective investment schemes.
 - However, SEBI Act specifically excludes chit funds.

BASEL III

- It is an international banking regulatory accord released by Basel Committee on Banking Supervision.
- It strengthens global financial system post 2008 crisis.
- It has been designed to improve regulation, supervision, management within banking sector.

Export-Import Bank of India (Exim Bank), 1982

- It is Government owned bank to finance, facilitate, promote foreign trade of India.
- It extends Line of Credit to overseas financial institutions, regional development banks, sovereign governments, other entities abroad.

Employees Provident Fund Organization (EPFO)

- It is a statutory body under Employees Provident Fund and Miscellaneous Provisions Act 1952.
- It administers:
 - Employees Provident Fund scheme
 - Employees' Pension Scheme
 - Employees Deposit linked Insurance scheme for workforce engaged in organized sector in India.
 - It is administered by Central Board of Trustees (Labour Minister).

- News Context: Labour Ministry allows employers to make PF contributions to EPFO through scheduled banks (SCBs) in India including private sector banks.

Demonetization

- It is a financial step where in a currency unit's status as a legal tender is declared invalid.
- It is usually done when old currency notes are to be replaced with new ones.
- Note: It was done in 1978 under High Denomination Bank Note (Demonetisation) Act, 1978.
 - Recent demonetization was done by Government under section 26(2) of RBI Act.
- Note: Amitabh Kant Committee: To identify all possible modes of digital payments, post demonetization.
 - It will identify infrastructural bottlenecks affecting access and utility of digital payment options.

Angel Investors

- They invest in small startups or entrepreneurs.
 - Capital provided by angel investors may be a one-time investment to help business.
- Venture Capitalists: They are professional investors who invest other people's money in high growth potential start-ups and companies.
- They also own shares in company and have a say in its running.

Sovereign Gold Bonds (SGBs)

- They are Government securities denominated in gold.
 - They are substitutes for holding physical gold.
- Investors must pay issue price in cash and bonds will be redeemed in cash on maturity.
- It is issued by RBI on behalf of Government.

Masala Bonds

- They are rupee-denominated bonds sold by Indian entities in overseas market.
- They are being traded at London Stock Exchange.
- They were named by International Finance Corporation (IFC), an arm of World Bank.
- Significance: They can help Indian borrowers tide over exchange rate fluctuations and minimize losses.
 - It will also help put rupee on global map.

Green Bond, 2007

- It is a debt instrument with which an entity raises money from investors.
- Capital for green bond is raised to fund green projects like:
 - Renewable Energy, Emission Reductions etc.
- Note: 1st Green Bond was issued by World Bank.
 - There is no standard definition of green bonds as of now.

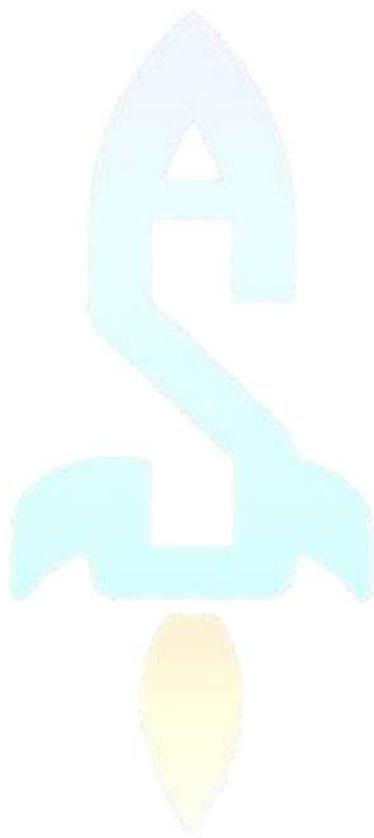
Blue Bonds

- It is a type of green bond.

- Which specifically invests in climate resilient water management and water infrastructure.

Climate Bonds Initiative

- It is an international, investor-focused not-for-profit organization.
 - It is to develop a large and liquid Green and Climate Bonds Market in developed and emerging markets.



L 3. Financial Systems Markets

Financial Stability Report (FSR)

- It is released by RBI.
- It is a bi-annual report reflecting risks to financial stability and resilience of financial system.

National Strategy for Financial Education (NSFE) 2020-25

- RBI 1st released in 2013 for period 2013-18.
- It empowers population to develop knowledge, skills, attitude, behavior.
 - Which is needed to manage their money, to plan for their future.
- It recommends multi-stakeholder-led approach for creating a financially aware and empowered India.
- It is prepared by National Centre for Financial Education (NCFE) in consultation with:
 - All Financial Sector Regulators (RBI, SEBI).
 - Ministries and other stakeholders.

Payments Infrastructure Development Fund

- It is operationalized by RBI.
- 500 crores PIDF will encourage deploy Points of Sale infrastructure for physical and digital modes.
- Contribution in fund will be done by: RBI (50%).
 - Card-issuing banks, card networks operating Organizations (50%).
- It will be governed through an Advisory Council and administered by RBI.
- Note: It was set up on recommendation of Nandan Nilekani Committee.

Payments Infrastructure Development Fund (PIDF) Scheme

- It is to encourage deployment of more digital payments infrastructure with special focus on Northeastern States.
- It will target merchants providing essential services.
 - Such as: Transport and Hospitality, Government Payments, Healthcare Facilities, Kiranas etc.
- PIDF will subsidize banks and non-banks for deploying payment infrastructure based upon specific targets being achieved.

Bilateral Netting

- It is an agreement enabling 2 counterparties in a financial contract to offset claims against each other.
 - It is to determine a single net payment obligation due from one counterparty to other. (OR)
- Netting refers to offsetting of all claims arising from dealings between 2 parties.
 - To determine a net amount payable or receivable from one party to other.
- Multilateral Netting Agreement: It allows counterparties to offset claims against each other through a Central Counterparty (CCP) in a clearing house under Payment and Settlement Systems (Amendment) Act (2015).

More Free Courses at

www.redefedu.com

- Earlier, Indian financial contract laws did not permit bilateral netting.
 - However, they did allow multi-lateral netting.
- Note: In India, Bilateral contracts constitute 40% of total financial contracts.
 - While multilateral contracts constitute 60%.
- Netting is very common in advanced economies.
 - Where settlement is based on net positions in bilateral or multilateral financial arrangements.
 - Rather than by gross positions.
- Major jurisdictions such as: USA, UK, Australia, Canada, Japan, France, Germany, Singapore, Malaysia have legal provisions in place for netting agreements.
- Global regulatory bodies: Financial Stability Board (FSB), Basel Committee on Banking Supervision have supported use of such netting.

Bilateral Netting of Qualified Financial Contracts Act, 2020

- It provides a legal framework for bilateral netting of qualified financial contracts (QFC).
 - Which are over counter derivatives (OTC) contracts.

Act provides:

- Designation of any bilateral agreement or contract or transaction, or type of contract.
 - As qualified financial contract by Government or any of regulatory authorities.
 - Determination of net amount payable under close-out netting in accordance with terms of netting agreement.
 - Imposing of certain limitations on powers of administration practitioner.

Derivatives

- They are defined as type of security in which price of security depends/is derived from price of underlying asset.
 - Common types of derivatives include Options, Futures, Forwards, Warrants and Swaps.

Over the Counter (OTC) Derivatives

- They are contracts traded between 2 parties (bilateral negotiation) without going through an exchange or any other intermediaries.

Qualified Financial Contracts (QFC)

- It is any bilateral contract notified as a QFC between 2 qualified financial market participants.
 - Where at least 1 party is an entity regulated by relevant authority.

International Financial Services Centres Authority (IFSCA)

- It was set up to develop a world class FinTech hub at IFSC at GIFT City in Gandhinagar.
- It promotes FinTech initiatives in financial products and financial services across spectrum of:
 - Banking, Insurance, Securities, Fund management.

Municipal Bonds

- They are debt securities issued by Government or semi-Government institutions who need funding for civic projects.
- They are issued and redeemed at par and carry a fixed interest rate.

There are 2 types of municipal bonds:

- General Obligation Bonds:** They are *issued for enhancing civic amenities* such as water, sanitation, garbage disposal, etc.
 - They generally are not backed by revenue from a specific project.
- Revenue Bonds:** They are issued for a specific purpose such as construction of a toll road or a toll bridge.
- Note:** Bangalore Municipal Corporation was 1st urban local body (ULB) to issue Municipal Bond in India in 1997.

SEBI Guidelines on Municipal Bonds

- A municipality or a Corporate Municipal Entity (CME) to issue Municipal Bonds should meet certain conditions:
 - Urban Local Body should not have negative net worth in any of 3 immediately preceding financial years.
- Non-Default:** Municipality should not have defaulted in repayment of debt securities or loans obtained from banks or financial institutions during last 365 days.
- Municipalities need to contribute** at least 20% of project cost.

Various Other Bonds

Surety Bonds

- It is a 3-party agreement that legally binds together.
 - Principal who purchases bond to guarantee quality of work to be done in future.
 - Obligee who requires principal to purchase a bond to avoid potential financial loss.
 - Surety company that issues bond and financially guarantees the principal's capacity to perform a specific task.
- Surety bonds provide financial guarantee that contracts will be completed according to predefined and mutual terms.

Definitions

Participatory Notes (P-notes)

- They are overseas derivative instrument required by investors to invest in Indian securities without having to register with SEBI.
- They are issued by registered foreign portfolio investors (FPIs).
- The instrument gained popularity as it avoids formalities of registering and provides anonymity.

Social Stock Exchanges (SSE)

- It is an electronic fundraising platform.
- It allows investors to buy shares in a social enterprise that has been vetted by exchange.

Synopsis IAS

207, Apsara Arcade, Karolbagh delhi-5

- Social enterprises include is a revenue-generating business whose primary objective is to achieve a social objective.
 - Eg: Providing healthcare or clean energy.
- Most prominent SSEs in world:** UK, Canada, USA, South Africa, Singapore, Mauritius.

Shell Company

- It is a company without active business operation or significant assets.
- Which in some cases are used for illegal purposes such as tax evasion, money Laundering, Obscuring, Ownership, Benami properties etc.
- However, in India Shell companies are not defined in any law or act.
- Government has undertaken a Special Drive for identification and strike off Shell Companies based on non-filing of Financial Statements (FS) consecutively for 2 years or more.
- Companies removed as per Section 248 of Companies Act, 2013.

Corporate Social Responsibility (CSR)

- It is responsibility of corporations operating within society to contribute towards economic, social, environmental development that creates positive impact on society at large.
- It mandates that:**
- Every company (Private Limited or Public Limited):**
 - Which has a net worth of Rs 500 crore.
 - Or a turnover of Rs 1,000 crore.
 - Or net profit of Rs 5 crore, needs to spend at least 2% of its average net profit for CSR activities.

Corporate Governance

- It is system of rules, practices, processes by which a firm is directed and controlled.
- It deals with ways in which suppliers of capital to corporations, especially faceless, powerless small investors, can assure themselves of getting fair treatment as stakeholders.
- At core of corporate governance practice is **Board of Directors**.
- Which oversees how management serves and protects long-term interests of all stakeholders of Company.
- Committees to reform Corporate Governance:** Kumar Mangalam Birla, Naresh Chandra, Narayana Murthy, JJ Irani Committee.

Government E-Marketplace (GeM), 2016

- It is an online market platform to facilitate procurement of goods and services by Ministries and agencies.
- It was developed by:**
 - Directorate General of Supplies and Disposals (DGS&D).
 - National e-Governance Division (MeitY).

Ponzi Scheme

- It is a fraudulent investing scam promising high rates of return with little risk to investors.

- It generates returns for early investors by acquiring new investors.
- They rely on a constant flow of new investments to continue to provide returns to older investors.
 - When this flow runs out, the scheme falls apart.

Alternate Investment Fund (AIF)

- It is any fund established in India, which is privately pooled investment vehicle.
 - Which collects funds from sophisticated investors.
 - Whether Indian or foreign for investing it in accordance with a defined investment policy for benefit or its investors.

It is categorized under SEBI Regulations as:

- **Category I:** Venture capital funds, SME funds, social venture funds etc.
- **Category II:** Real estate funds, Private equity funds.
 - Funds for distressed assets, etc.
- **Category III:** Hedge funds, PIPE Funds etc.

Treasury Bills (Tbs)

- They are short-term debt instruments used by Government to fulfil its short-term liquidity requirements (upto 364 days).
- At present, 91, 182, 364-day TBs are issued by Government.
- They are zero coupon securities and pay no interest.
- They are issued at a discount and redeemed at face value at maturity.
 - Other than providing short-term cushion to government.
- It also provides short term investment opportunities to banks and financial institutions.
 - Besides functioning as requirements of CRR/SLR of banking institutions.
- **News Context:** RBI allows foreign portfolio investors (FPIs) to invest in Tbs issued by Government.

Exchange Traded Fund (ETF)

- It is a marketable security that tracks a stock index, a commodity, bonds, or a basket of assets.
- Its trading value is based on net asset value of underlying stocks that it represents.
- ETF shareholders are entitled to a proportion of profits.
 - Such as earned interest or dividends paid.
- They may get a residual value in case fund is liquidated.
- **ETF is different from Mutual Fund (MFs)** in a way that it is traded on public stock exchanges.
- Its ownership can be bought, sold, transferred in same way as stocks.
- This is unlike MFs where transaction is done only by fund manager.

Designated Offshore Securities Market (DOSM)

- This status allows sale of securities to US investors through trading venue of BSE without registration of such securities with the US Security Exchange Commission.

- Which eases trades by US investors in India.
- It also enhances attractiveness of Indian Depository Receipts (IDR).
- Only a few exchanges globally enjoy DOSM recognition, such as:
 - London Stock Exchange, Bourse de Luxembourg.
 - Tokyo Stock Exchange, Toronto Stock Exchange.
- **News Context:** Bombay Stock Exchange becomes 1st Indian exchange to be designated as a DOSM by US Securities and Exchange Commission (SEC).

National Financial Reporting Authority (NFRA)

- It is established as an independent regulator to oversee auditing profession and accounting standards
- **Composition:** Chairperson, 3 full time members, a secretary.

NFRA Rules 2018:

- It will oversee auditors of banks, insurers, electricity firms and other entities referred to it by Government.
- **NFRA can investigate auditors of:**
 - Listed entities, unlisted entities with paid-up capital of not less than ₹500 crore or annual turnover of over ₹1,000 crore.
 - Entities having aggregate loans, debentures or deposits of not less than ₹500 crore.

Share swap

- It is when a company pays for an acquisition or merger by issuing its own shares (used as a currency) to shareholders of target company.
- Number of shares to be issued in lieu of their existing holdings in target company called swap ratio.
- It is determined by valuing target company (based on metrics such as revenues, profits, market price etc.)
- It allows sharing of risks & benefits and cash savings as there is no cash outgo involved for acquirer.

Debentures

- It is a type of bond that is not secured by physical assets or collateral.
- They are backed only by general creditworthiness and reputation of issuer.
- It promises a fixed rate of interest and return of principal at a certain date known as Debenture Redemption.
- Note: Treasury Bills issued by governments are a type of Debentures.

Debenture Redemption Reserve (DRR)

- It is to be funded by company profits every year until at least 25% debentures are redeemed.
- It is to be created out of issuer's profits of until at least 25% of face value of debentures issued.
- Financial institutions such as banks and NBFCs are exempted.
- **DRR protects investors against possibility of default by Company.**

Share Pledging

- It is done to secure loans from bank and non-bank financial institutions.
- For financial institutions, these pledged shares are collateral.
- Banks can sell pledged shares if price of stock falls closer to value agreed in contract between them and company.
- Typically, amount that is lent by banks or NBFCs to promoters is less than market value of shares.
- High pledging levels are typically not considered a good sign by investors.
- As a downturn in market price can lead to selling of shares by lenders and change in management.
- Fear of lenders selling collateral makes investor feel vulnerable which could further trigger distress sales.

Qualified Institutional Placement (QIP)

- It is a capital raising tool.
- Wherein a listed company can issue equity shares, fully and partly convertible debentures, any security (other than warrants).
 - That is convertible to equity shares.
 - It can be classified as a method of private placement, apart from Public issue, Rights issue, Bonus Placement.
- Components of QIP: Mutual funds.
- Domestic financial institutions such as: Banks and Insurance companies.
 - Venture capital funds, Foreign institutional investors.
- Note: A single investor cannot be allotted more than 50% of issue.

Other methods of raising Capital

- **Public Issue:** It is the offer of shares/securities to new investors.

It can be classified into:

- **Initial public offer (IPO):** When an unlisted company makes either a fresh issue of shares or convertible securities or offers;
- Its existing shares or convertible securities for sale or both for 1st time to public.
- **Further public offer (FPO):** When already listed company make fresh issue of security.
- **Right Issue:** When issue of share is only to existing shareholders in proportion to shares held by them.
- **Composite Issue:** Wherein allotment in both public issue and rights issue is proposed to be made simultaneously.
- **Bonus Issue:** It is issued without any consideration based on the number of shares already held by shareholders.
- **Private Placement:** When securities are issued to a select group of persons not exceeding 49.
 - Which is neither a rights issue nor a public issue.
- **It is of 3 types:**
- **Preferential allotment:** when allotment of securities/shares is done on a
 - Preferential basis to a select group of investors.

- **Institutional Placement Programme (IPP):** in which the offer, allocation and allotment of such securities is made only to qualified institutional buyers.
- **Qualified Institutional Placement.**

Market Infrastructure Institutions (MII)

- They are systemically important for country's financial development.
- It serves as infrastructure necessary for securities market.
- They include stock exchanges, depositories, clearing corporations.
- **News Context:** Recently, SEBI constituted a committee under former RBI deputy governor R. Gandhi to review norms for Market Infrastructure Institutions (MII).

Financial Sector Assessment Programme, 1999

- It is a joint program of IMF and World Bank.
- Which undertakes a comprehensive and in-depth analysis of a country's financial sector.
- It was launched in wake of Asian financial crisis.

L 4. External Sector

Customs (Administration of Rules of Origin under Trade Agreements) Rules, 2020 (CAROTAR 2020)

- It is applicable on import of goods into India where importer makes claim of preferential rate of duty in terms of a trade agreements (TAs).
- It is to supplement operational certification procedures related to implementation of Rules of Origin.
- As prescribed under respective TAs of India as:
 - Free Trade Agreement (FTA), Preferential Trade Agreement (PTA).
 - Comprehensive Economic Cooperation Agreement (CECA).
 - Comprehensive Economic Partnership Agreement (CEPA) etc.

Rules of Origin

- These are criteria prescribed to determine national origin of an imported product in a country.
- These are mainly used:
 - To implement measures and instruments of commercial policy such as, anti-dumping duties, safeguard measures.
 - To determine whether imported products shall receive most-favoured-nation (MFN) treatment or preferential treatment.
 - For trade statistics.
 - For labelling and marking requirements.
 - For Government procurement.

About Bilateral Investment Treaty (BIT)

- They are treaties between 2 countries aimed at protecting investments made by investors of both countries.
- Treaties impose conditions on regulatory behaviour of host state and limit interference with rights of foreign investor.

Some conditions include:

- Restricting host state from expropriating (take property from owner) investments, barring for public interest with adequate compensation.
- Imposing obligations on host states to accord Fair and Equitable Treatment to foreign investment.
- Allowing for transfer of funds subject to conditions given in treaty.
- Allowing individual investors to bring cases against host states if latter's sovereign regulatory measures are not consistent with BIT.
- Note: There is International Centre for Settlement of Disputes (ICSID) under investor-state dispute settlement (ISDS) mechanism for dispute redressal between international investors.

Cairns Group, 1986 (Cairns, Australia)

- It is a coalition of 19 agricultural exporting nations lobbying for agricultural trade liberalization.
- Note: It accounts for more than 25% of world's agricultural exports.
 - India is not a member.

Toman

- It is Iran's New Currency, before it was Rial.

Ease of Doing Business (EoDB)

- This index is a ranking system established by World Bank Group.

World Customs Organization (WCO), 1952

- It was established as Customs Co-operation Council (CCC).
- It's an independent intergovernmental body.
 - Whose mission is to enhance effectiveness and efficiency of Customs administrations.
- It's only global organization which defines global standards and procedures for customs clearances at border and their implementation.
- Membership: India became member in 1971.

Export Credit Guarantee Corporation (ECGC)

- It is a company wholly owned by Government.
 - It comes under Commerce Ministry.
- It provides export credit insurance support to Indian exporters.
- Functions:
 - It provides credit risk insurance covers to exporters against loss in export of goods & services.
 - It offers guarantees to banks and financial institutions to enable exporters to obtain better facilities.
 - It provides Overseas Investment Insurance to Indian companies investing in joint ventures abroad in form of equity or loan and advances.

Tax Information Exchange Agreement (TIEA)

- News Context: India notifies a TIEA with Marshall Islands.
- It enables exchange of information.
- It includes banking and ownership information, between 2 countries for tax purposes.
- It was developed by OECD Global Forum Working Group on Effective Exchange of Information.
- It provides for representatives of one country to undertake tax examinations in other country.
- It will help curb tax evasion and tax avoidance.
- It is not binding instruments and can be terminated as stipulated in agreements.

Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (MLI)

- News Context: India has ratified it.
- It is an outcome of OECD / G20 Project to tackle Base Erosion and Profit Shifting (BEPS Project).
 - i.e. Tax planning strategies that exploit gaps and mismatches in tax rules to artificially shift profits to low or no-tax locations.
- Where there is little or no economic activity, resulting in little or no overall corporate tax being paid.

Definitions

Antidumping Duty

- It is imposed when a country or a firm exports an item into country at a price lower than price of product in its domestic market.
- It impacts price of product in importing country, hitting margins and profits of manufacturing firms.
- **Note:** Department of Commerce recommends Anti-dumping duty.
 - Whereas Finance Ministry levies this duty.
- **News Context:** India imposed anti-dumping duty on anti-bacterial drug Ciprofloxacin imported from China.

Non-Tariff Measures (NTMs)

- They are policy measures other than ordinary customs tariffs.
- That can potentially have an economic effect on international trade in goods, changing quantities traded, prices or both.
- They are broadly distinguished into:
 - Technical Measures (SPS measures, TBTs etc.).
 - Non-Technical measures.
- These are further distinguished in:
 - Hard measures (Eg: Price & Quantity control measures).
 - Threat measures (Eg: Anti-dumping duties).
 - Other measures such as: Trade-related finance and Investment Measures.

Countervailing Duty (CVD)

- It is an additional import duty imposed on imported products (by importing country).
 - When such products enjoy benefits like export subsidies and tax concessions in the country of their origin (i.e., where it is produced and exported).
- It is an attempt to ensure fair and market-oriented pricing of imported products and thereby protecting domestic industries and firms.

Current Account Deficit (CAD)

- It means value of imports of goods, services, investment incomes is greater than value of exports.
- It is sometimes referred to as a trade deficit.
- **Note:** Major contributor to India's CAD is imports of Gold and Crude Oil.

Foreign Investment Promotion Board (FIPB)

- It was an inter-ministerial body in Department of Economic Affairs under Finance ministry.
- All those FDI which came through Government route, was processed, recommended by FIPB for approval to Finance Minister (Investment below Rs 3,000 crore).
 - It was approved by Cabinet Committee on Economic Affairs, CCEA (Investment above Rs 3,000 crore).
- **Note:** It is abolished now.

New Development

- Department of Industrial Policy & Promotion (**DIPP**) will issue standard operating procedures for processing FDI applications.
- Individual Government departments are empowered to clear FDI proposals in consultation with DIPP.
- Timeline will be fixed for FDI approval.
- **Note:** Proposals which require security clearances from Home Ministry include investments in:
 - Telecommunication, Satellites, Broadcasting, Security Agencies.

Trade Facilitation Agreement (TFA), 2013

It was agreed at WTO Conference in Bali.

It is to expand movement and clearance of goods.

It includes: Goods in transit, Establishing effective cooperation between customs and other authorities on trade facilitation and customs compliance issues.

National Commission on Trade Facilitation (NCTF)

- It is an inter-ministerial body on trade facilitation.
 - **Chairman:** Cabinet Secretary.
- **It includes:** Secretaries of all key Departments involved in trade issues.
 - Members from major trade associations like FICCI, CII etc.

It will have 3 tier structure:

- **National Committee:** To monitor implementation of TFA.
- **Steering Committee:**
 - To identify nature of required legislative changes for spearheading diagnostic tools needed for assessing our level of compliance to TFA.
- **Ad hoc Working Group of Experts:** To deal with specific trade facilitation issues.

L 5. Labour, Employment, Skill Development and Entrepreneurship

Periodic Labour Force Survey (PLFS)

- It was released by National Sample Survey Office (NSSO).
- It estimates employment and unemployment indicators mainly:
 - Labour Force Participation Rates (LFPR).
 - Worker Population Ratio (WPR).
 - Unemployment Rate (UR).
- It is defined as percentage of persons in labour force (i.e. working or seeking or available for work) in population.
- WPR:** It is percentage of employed persons in population.
- UR:** It is percentage of persons unemployed among persons in labour force.

Code on Industrial Relations, 2020

- It combines features of 3 erstwhile laws:
 - Trade Unions Act 1926.
 - Industrial Employment (Standing Orders) Act, 1946.
 - Industrial Disputes Act, 1947.

Major provisions under code:

- Definition of Worker:** It defines a 'worker' as any person who work for hire or reward.
 - It excludes persons employed in a managerial or administrative capacity.
 - Or in a supervisory capacity with wages exceeding Rs 18,000.
- Standing Orders:** All industrial establishment with 300 workers or more must prepare standing orders on matters relating to:
 - Classification of workers.
 - Manner of informing workers about work hours, holidays, paydays, and wage rates.
 - Termination of employment.
 - Grievance redressal mechanisms for workers.
- Prior permission of Government for closure, Lay-off, Retrenchment:**
 - It is required for an establishment having at least 300 workers to seek prior permission of Government before closure, lay-off or retrenchment.
 - Government is empowered only to allow an increase in threshold through notification.

Negotiating Union and Council

- Sole Negotiating Union:** If there are more than one registered trade union of workers functioning in an establishment.
 - Trade union having more than 51% of workers as members would be recognised as sole negotiating union.
- Negotiation Council:** In case no trade union is eligible as sole negotiating union.
 - Then a negotiating council will be formed with representatives of unions that have at least 20% of workers as members.
- Tribunals for settlement of Disputes:** For settlement of industrial disputes.

Synopsis IAS

207, Apsara Arcade, Karolbagh delhi-5

More Free Courses at

www.redefedu.com

- Each Industrial Tribunal will consist of a Judicial member and an administrative member.
- Re-skilling Fund:** To re-skill those workers who are fired from their jobs.

Code on Social Security, 2020

- It replaces 9 laws related to social security.
- It includes:** Employees' Provident Fund Act, 1952,
 - Maternity Benefit Act, 1961.
 - Unorganised Workers' Social Security Act, 2008.

Major provisions of Code

- Applicability:** Code is applicable to any establishment.
- Social security fund:** Government will set up such a fund for unorganized workers.
- States will also set up and administer separate social security funds for unorganized workers.
- Provisions Aadhaar based registration including self-registration by unorganized workers.**
- National Social Security Board:** Purposes of welfare of above 3 categories of workers and recommend and monitor schemes for them.
- Board will comprise of:**
 - 5 representatives of aggregators, nominated by Government.
 - 5 representatives of gig and platform workers nominated by Government.
 - Director General of ESIC.
 - 5 representatives of States.
- Changes in Definitions:** These include expanding definitions of:
 - 'Employees' to include workers employed through contractors.
 - 'Inter-state Migrant Workers' to include self-employed workers from another state.
 - 'Platform worker' to additional categories of services or activities as may be notified by Government.
- Term of Eligibility for Gratuity for Journalists:**
 - Code reduces gratuity period from 5 to 3 years for working journalists.
- Offences and Penalties:** Code changes penalties for certain offences.
 - Eg: Maximum imprisonment for obstructing an inspector from performing his duty is reduced from 1 year to 6 months.

Code On Occupational Safety, Health and Working Conditions, 2020

- It consolidates 13 existing acts regulating health, safety and working conditions.
- It includes:** Factories Act 1948, Mines Act 1952.
 - Contract Labour (Regulation and Abolition) Act, 1970.
- Major Provisions Under Code:** Threshold for coverage of establishments.
- Factory:** It defines a factory as any premises where manufacturing process is carried out and it employs more than:

www.synopsisias.in/

youtube.com/synopsisias

+91-9620206040

- 20 workers, if process is carried out using power, or
- 40 workers, if it is carried out without using power.
- Establishments engaged in hazardous activity:
- It includes all establishments where any hazardous activity is carried out regardless of number of workers.
- Contract workers: Code will apply to establishments or contractors (including offices of central and state Governments).
- It defines a list of non-core activities comprising 11 works including:
 - Sanitation workers, Security services etc.
- Work hours and employment conditions
- Daily work hour limit: Fixes maximum limit at 8 at hours per day.
- Employment of women: Women will be entitled to be employed in all establishments for all types of work.
- Exemption: Code empowers states to exempt any new factory from provisions.
- Definition of inter-state migrant worker.

Draft Code on Wages (Central) Rules, 2020

- Under this, normal working hours in a day are reduced to 8 hours.
- Code replaces following 4 laws:
 - Payment of Wages Act, 1936.
 - Minimum Wages Act, 1948.
 - Payment of Bonus Act, 1965.
 - Equal Remuneration Act, 1976.
- Code seeks to universalise provisions of minimum wages and timely payment of wages to all employees, irrespective of sector and wage ceiling.
- Minimum wage will aim to ensure a uniform standard of living across country.
- At present, there are differences in minimum wages across states and regions as both central and states set, revise, enforce minimum wages.

YuWaah

- It is a multi-stakeholder platform to prepare young people to transit from education and learning to productive work and active citizenship.
- It is in collaboration with UN in India to develop potential of young people through meaningful engagement and participation in social, civic, community initiatives.

National Start-up Advisory Council (NSAC)

- It builds a strong ecosystem for nurturing innovation and start-ups in country.
- Chairperson: Commerce and Industry Minister.
- Ex-officio members: Nominated by concerned Ministries, not below rank of Joint Secretary to Government.
- Non-official members: Nominated by Government (Term: 2 years).

Periodic Labor Force Survey (PLFS), 2017

- It was launched by NSSO.

- It replaced earlier Employment- Unemployment Survey, where data was available only every 5 years.
- It generates estimates of various labour force indicators on quarterly basis for urban areas and annual basis for both rural and urban areas.
 - At State/UT and all-India level.
- It would supply data not only about formal sector, but also about informal sector.

PM Shram-Yogi Maandhan Yojana (PMSYM)

- It is launched by Labour and Employment Ministry.
- It is pension plan for informal workers.

Voluntary Employment

- It means, if anyone is not employed and is not willing to join workforce.
- It is mostly because people choose not to work below a certain income level after 'investing' in education.
- NSSO defines following 3 broad Activity Status:
 - Working/Employed (engaged in an economic activity)
 - Seeking or available for work i.e. 'Unemployed'
 - Neither seeking nor available for work.

Structural Unemployment

- It is unemployment created by changes that occur in market economies.
- Eg: Demand increases for some job skills, while other job skills become outmoded and are no longer in demand.
 - Like, introduction of new technology leads to job loss for manual work.

Frictional Unemployment

- It is situation that occurs during a period when workers are searching for new employment or transitioning from their old jobs to new jobs.

India BPO Promotion Scheme (IBPS)

- It is approved under Digital India Programme.
- It is to incentivize BPO/IT-ITES operations sector.
- Software Technology Park of India (STPI) is implementing agency of scheme.

Sankalp (Skills Acquisition and Knowledge Awareness for Livelihood Promotion) and Strive (Skill Strengthening for Industrial Value Enhancement) Schemes

- These are Cabinet Committee on Economic Affairs approved schemes with support of World Bank.

SANKALP

- It addresses this need by setting up national bodies for accreditation and certification.
- It shall regulate assessment and certification in both long and short-term vocational education and training (VET).

STRIVE

- It is to modernize 500+ ITIs through outcomes and reform linked funding.

Pradhan Mantri Kaushal Vikas Yojana

- It comes under Skill Development and Entrepreneurship Ministry.
- It involves skill training to 1 crore people over next 4 years (2016-2020).
- Skill training would be done based on National Skill Qualification Framework (NSQF) and industry led standards.

Skill Banks

- It is training centre to improve skills across sectors like:
 - Healthcare, Hospitality, IT, Construction etc.

Tejaswini Project

- Tejaswini Socio-Economic Empowerment of Adolescent Girls and Young Women (AGYW) Project aims to:
- Empower adolescent girls and young women (14-24 years) in Jharkhand.
- This agreement was signed between World Bank and Government.
- It has 3 main components:
 - Expanding social, Educational, Economic Opportunities.
 - Intensive service delivery.
 - State capacity-building and implementation support.
- Note: It is 1st World Bank project in India, solely focused on welfare of adolescent girls and young women.

Prime Minister's Employment Generation Programme (PMEGP), 2008-09

- It is made up of merging:
 - Prime Minister's Rozgar Yojana (PMRY).
 - Rural Employment Generation Programme (REGP) schemes.
- It is implemented by MSME Ministry.
- It is to generate employment in micro enterprises in non-farm sector for rural and urban areas.

L 6. Reports and Index

Digital Payments Index (DPI)

- It is released by RBI.
- It comprises of 5 broad parameters to measure digital payments:
 - Payment Enablers.
 - Payment Infrastructure: Demand-side factors.
 - Payment Infrastructure: Supply-side factors.
 - Payment Performance, Consumer Centricity.

Fiscal Performance Index

- It is developed by Confederation of Indian Industry (CII).
- It assesses quality of Budgets presented by Centre and states.
- It uses UNDP's HDI methodology.
- Components: Quality of revenue expenditure.
 - Quality of capital expenditure, Quality of revenue.
 - Degree of fiscal prudence, Debt Index.

India Innovation Index

- It is released by NITI Aayog.
- It is to scrutinize innovation capacities and performance of Indian states and UTs.
- It empowers states/UTs to improve their innovation policies by highlighting their strengths and weaknesses.
- Note: Global Innovation Index (GII) is published by World Intellectual Property Organization (WIPO).

Export Preparedness Index (EPI) 2020

- It was prepared by:
 - NITI Aayog.
 - Institute of Competitiveness.
- It is a data-driven effort to identify core areas crucial for export promotion at sub-national level.
- Primary goals of Index are to inculcate competition among all states in India to:
 - Bring favourable export promotion policies.
 - Ease regulatory framework to prompt subnational promotion of exports.
 - Create necessary infrastructure for exports.
 - Help in identifying strategic recommendations for improving export competitiveness.
- It attempts to provide with an extensive framework for continual assessment of export readiness of Indian States and UTs.
- It intends to serve following purposes:
 - Ranking of states and UTs based on their index score.
 - Examining export preparedness and performance of States.
 - Identification of challenges and opportunities
 - Enhancing effectiveness of government policies.
- Key Findings of the report
- Top 3 states in overall ranking: Gujarat, Maharashtra, Tamil Nadu.

LEADS Index

- It is developed by:
 - Commerce and Industry Ministry.
 - Deloitte.
- Indicators covered are: Quality of Transport & Logistics Infrastructure.
 - Quality of services offered by Logistics Service Providers.
 - Efficiency of regulatory processes.
 - Favourability of operating environment.
 - Ease of arranging logistics at competitive rates.
 - Timeliness of cargo delivery, Safety/Security of cargo movement.
 - Ease of Track & Trace

Indian Skills Report 2020

- It is a joint initiative of:
 - Wheebox (A global talent-assessment company).
 - People Strong and Confederation of Indian Industry (CII).
 - UNDP, AICTE, Association of Indian Universities.
- It provides an overview of supply of talent and demand from industry.

AGRIDEX

- It is country's 1st agriculture futures index called AGRIDEX
- It is announced by National Commodity and Derivatives Exchange (NCDEX).
- It tracks performance of 10 liquid commodities (Kharif and Rabi) traded on NCDEX platform.
- 10 Commodities include: Castor seed, Chana, Coriander, Cotton Seed Oil cake, Guar Gum, Guar Seed, Jeera, Mustard Seed, Refined Soy oil, Soybean.
- No group of related commodities may constitute more than 40% of total weightage in index to ensure diversification.

NCDEX

- It is country's leading agricultural commodity exchange.
- Which offers services across entire value chain of agricultural commodities.
- It offers a wide range of benchmark products across agriculture commodities.
- It brings buyers and sellers together through its electronic trading platform.

Drip (Deficient Rainfall Impact Parameter) Index

- CRISIL released its rainfall parameter index.
- DRIP Index move away from simply measuring rainfall volumetric data.
- It captures interaction between most critical aspect of vulnerability (irrigation) and weather shocks.
- Note: Higher the CRISIL DRIP score, the more adverse impact of deficient rains.

Index of Industrial Production (IIP)

- It is a ratio which measures growth of various sectors in economy.
- It is released by Central Statistics Office (CSO) every month.

Energy Transition Index Report

- It is released by World Economic Forum.
- It is a continuation of annual energy system benchmarking series.
- It was previously published as Energy Architecture Performance Index (EAPI) series from 2013-17.
- ETI framework consists of 2 parts:
 - Current energy system performance.
 - Enabling environment for Energy Transition.

Global Talent Competitiveness Index (GTCI)

- It is released by: INSEAD, Adecco, Google.
- It focuses on Global Talent in age of AI.
- Parameters: Enable, Attract, Grow, Retain, Vocational skills, Global knowledge skills.

Reports by UN Conference on Trade and Development (UNCTAD)
E-Commerce Index

- Parameters: Access to secure internet servers.
 - Reliability of postal services and infrastructure.
 - Portion of their population that uses the internet.

World Economic Situation and Prospects Report (WESP)

- It is an annual UN flagship publication on state of world economy.
- It is viewed through lens of 2030 Agenda for sustainable development.
- It is a joint product of: UN Department of Economic and Social Affairs.
 - UN Conference on Trade and Development (UNCTAD).
 - 5 UN Regional Commissions.

Few Other Reports by UNCTAD:

- Trade and Development Report
- Global Investment Trend Monitor Report
- World Investment Report

Asia-Pacific Trade and Investment Report

- It is released by: UN Economic and Social Commission for Asia and Pacific (ESCAP).
 - UNDP.

Global Gender Gap Report 2020

- It shows countries on progress towards gender parity in 4 dimensions: Economic Participation and Opportunity.
 - Educational Attainment.
 - Health and Survival.
 - Political Empowerment.

Global Risks Report

- It is released by World Economic Forum.

- It is to develop sustainable, integrated solutions to world's most pressing challenges.

- Top 5 global risks in terms of likelihood are all environmental and includes:
 - Extreme weather events
 - Failure of climate-change mitigation and adaptation by governments and businesses.
 - Human-made environmental damage and disasters.
 - Major biodiversity loss and ecosystem collapse (terrestrial or marine).
 - Major natural disasters such as earthquakes, tsunamis etc.

Reports by World Bank

- World Development Report
- Semi-Annual Global Economic Prospects Report

World Employment and Social Outlook

- It is released by: ILO.

World Economic Outlook

It is released by: IMF.

Global Wealth Report

- It is released by: Credit Suisse Group.
- It is Switzerland-based multinational investment bank.
- It tracks growth and distribution of wealth.

OECD Economic Outlook

- It is released by: Organisation for Economic Co-operation and Development (OECD)

World Resources Report

- It is released by: World Bank, UNEP, UNDP.

Trade and Development Report

- It is released by UN Conference on Trade and Development.

Global Financial Stability Report

- It is released by IMF.

Global Competitive Index

- It is released by World Economic Forum.
- It is a composite indicator that assesses a set of factors determining an economy's level of productivity.

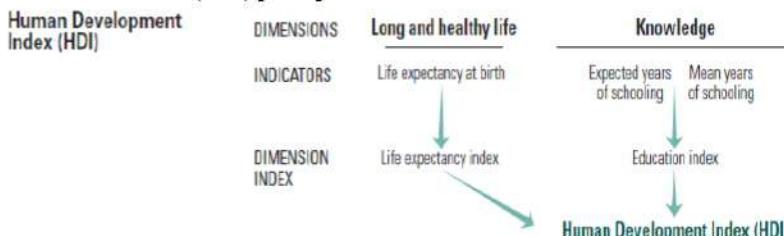
Multidimensional Poverty Index

- It is released by: UNDP and Oxford Poverty and Human Development Initiative
- It measures multiple deprivations in same households in:
 - Education, Health, Living.

Human Development Index

- It is released by UNDP.
- It is calculated by:
 - Health: Life expectancy at birth.

- **Education:** Expected years schooling for school-age children and average years of schooling in adult population.
- **Income:** measured by Gross National Income (GNI) per capita.



Poverty and Shared Prosperity

- It is released by World Bank.

Human Capital Index (HCI)

- It is released by World Bank.
- It is part of World Development Report (WDR).
- Other reports released by WB are:
 - Global Economic Prospect (GEP) report.
 - Global Investment Competitiveness report.

Regulatory Indicators for Sustainable Energy (RISE)

- It is released by World Bank Group.
- It is a global inventory of policies and regulations that support achievement of SDG7:
 - Electricity access, Energy efficiency, Renewable energy, clean cooking.
- RISE indicators have equal weight for 3 areas:
 - Universal access, renewable energy, Energy efficiency.

State Investment Potential Index

- It is released by National Council of Applied Economic Research (NCAER).
- It ranks states on their competitiveness in business and their investment climate.
- It is based on 6 pillars: Labour, Infrastructure, Economic climate.
 - Governance, Political Stability, Perceptions and land.

Consumer Confidence Index Survey

- It is conducted by RBI.
- It shows Current Situation Index (CSI) and Future Expectation Index (FEI).

Sustainable Development Goal Index

- It is launched by:
 - Sustainable Development Solutions Network (SDSN).
 - Bertelsmann Stiftung.
- It tracks SDG progress and ensures accountability by identifying priorities for early action.

Inclusive Development Index

- It was released by World Economic Forum.
- It is based on 12 performance indicators and 3 pillars:
 - Growth and Development.
 - Inclusion and Intergenerational Equity.

India Innovation Index

- It is developed by:
 - World Economic Forum, NITI Aayog.
 - World Intellectual Property Organization, Cornell University.
- It will be 1st of its kind online platform where Global Innovation Index (GII) indicators and India-centric data from various states will be updated periodically.
- It will measure and rank innovation performance of all Indian states.

Asia-Pacific Trade and Investment Report (APТИR)

- It is an annual publication of Trade, Investment, Innovation Division of UNESCAP.
- It helps to understand trends and developments in trade and investment in Asia-Pacific region.

Logistics Performance Index

- It is released by World Bank.
- It is a measure that captures relative ease and efficiency with which products can be moved into and within a country.

L 7. Agriculture

Agricultural Reforms

- Government passed 3 Acts:

- Farmers' Produce Trade and Commerce (Promotion and Facilitation) Act, 2020.
- Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act, 2020.
- Essential Commodities (Amendment) Act, 2020.

The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Act, 2020

- **Trade of Farmers' Produce:** Act allows intra-state and inter-state trade of farmers' produce outside:
- **Physical premises of market yards run by market committees formed under state APMC Acts.**
- Other markets notified under state APMC Acts.
- **Electronic Trading:** It permits electronic trading of scheduled farmers' produce (agricultural produce regulated under any state APMC Act) in specified trade area.
- An electronic trading and transaction platform may be set up to facilitate direct and online buying and selling of such produce through electronic devices and internet.
- Following entities may establish and operate such platforms:
 - Companies, partnership firms, Registered Societies.
 - Having PAN under Income Tax Act, 1961 or any other document notified by Government.
 - A farmer producer organization or agricultural cooperative society.
- **Market fee Abolished:** Act prohibits states from levying any market fee or cess on farmers, traders, electronic trading platforms for trade of farmers' produce conducted in an 'outside trade area'.

Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act, 2020

- **Farming Agreement:** Act provides for a farming agreement between a farmer and a buyer prior to production or rearing of any farm produce.
- Minimum period of an agreement will be 1 crop season or 1 production cycle of livestock.
- Maximum period is 5 years, unless production cycle is more than 5 years.
- **Pricing of Farming Produce:** Price of farming produce should be mentioned in agreement.
- For prices subjected to variation, a guaranteed price for produce and a clear reference for any additional amount above guaranteed price must be specified in agreement.
- Process of price determination must also be mentioned in agreement.
- **Dispute Settlement:** A farming agreement must provide for a conciliation board and a conciliation process for settlement of disputes.

More Free Courses at

www.redefedu.com

- Board should have a fair and balanced representation of parties to agreement.
- All disputes must be referred to board for resolution.
- If dispute remains unresolved by Board after 30 days, parties may approach SDM for resolution.
- Parties will have a right to appeal to an Appellate Authority (presided by collector or additional collector) against decisions of Magistrate.
 - Magistrate or Appellate Authority may impose certain penalties on party contravening agreement.
- Note: No action can be taken against agricultural land of farmer for recovery of any dues.

Essential Commodities (Amendment) Act, 2020

- **Regulation of Food Items:** Act provides that Government may regulate supply of certain food items:
 - Cereals, pulses, potatoes, onions, edible oilseeds, oils, only under extraordinary circumstances.
- **It includes:** War, Famine, Extraordinary price rise, Natural calamity.
- **Essential Commodities Act, 1955** empowered Government to designate certain commodities, such as:
 - Food items, Fertilizers, Petroleum products as essential commodities.
- **Government may regulate or prohibit production, supply, distribution, trade, commerce of such essential commodities.**
- **Stock Limit:** Act requires that imposition of any stock limit on agricultural produce must be based on price rise.
- Stock limit may be imposed only if there is:
- A 100% increase in retail price of horticultural produce.
- A 50% increase in retail price of non-perishable agricultural food items.
- Increase in price will be calculated over price prevailing immediately preceding 12 months.
- Or average retail price of the last 5 years, whichever is lower.

Contract Farming

- It is based on a pre-harvest agreement (forward contracts) between buyers (such as food processing units and exporters) and producers (farmers or farmer organisations).
- Note: It is under Concurrent List.
 - However, Agriculture is under State list.

Soil Health Card (SHC) Scheme

- It is a printed report that a farmer will be handed over for each of his holdings.
- It is provided to all farmers in country at an interval of 2 years.
- It is to enable farmers to apply recommended doses of nutrients based on soil test values.
- It is to realize improved and sustainable soil health and fertility, low costs, higher profits.

- **It is promoted by:**
 - Department of Agriculture.
 - Agriculture Ministry.
 - Respective Department of Agriculture in States & UTs.
- **Soil samples are tested with respect to 12 parameters:**
 - **Macro nutrients:** Nitrogen, Phosphorus, Potassium.
 - **Secondary Nutrient:** Sulphur (S).
 - **Micro-Nutrients:** Zinc, Iron, Copper, Manganese, Boron.
 - **Physical Parameters:** pH, Electrical Conductivity, Organic carbon.

HD-3226 (Pusa Yashasvi)

- It's a new **high-yield wheat variety**.
- It is made by Indian Agricultural Research Institute (IARI) for upcoming rabi crop season.
- It also has **higher content of protein, gluten, zinc**.

Farmer Producer Organizations (FPOS)

- **Producer Organisation (PO) is a legal entity formed by primary producers:**
 - Farmers, milk producers, fishermen, weavers, rural artisans, craftsmen. FPOs is one type of PO where members are farmers.
- **Note:** There are around 5,000 FPOs functional in country.

Operational guidelines

- **Eligibility:** FPO with a **minimum farmer-members' size of 300 in plains, while 100 in North-Eastern and Hilly areas** (Including such other areas of UTs).
- **Formation and promotion of FPO is based on Produce Cluster Area (PCA).**
- PCA is a geographical area where produce of almost similar nature is grown.
- National Project Management Agency will be set up for providing overall project guidance, monitoring etc.
- **Implementing Agencies:** Small Farmers Agri-business Consortium, National Cooperative Development Corporation and NABARD.

BSE E-Agricultural Markets Ltd. (BEAM)

- It is an **electronic spot platform for agriculture commodities launched by Bombay Stock Exchange (BSE)**.
- It will function as a **national, institutionalised, electronic, transparent commodity spot trading platform** in line to create a single market.
- It facilitates **spot agricultural commodities transactions across value chain**, consisting of producers, intermediaries, ancillary services, consumers.
- It will facilitate **risk-free, hassle-free purchase, sale of various agriculture commodities** by leveraging on state-of-the-art technology to offer customized solutions to farmers, traders, and stakeholders.
- With BEAM, farmers in one state will be able to reach out to markets in other states and auction their produce.

- This will not only help farmers and farmer collectives discover best prices for their produce based on the quality.
 - But also offers to build capacity to help intermediaries, processors, exporters procure from states.

Spot Market

- **It is where financial instruments are exchanged for immediate delivery**, such as **commodities, currencies, and securities**.
- **Spot Commodity:** It refers to a **commodity that is being sold (on spot market) with intention of being delivered to buyer fairly immediately either presently or within only a few days**.

Kasturi Cotton

- **India's premium Cotton would be known as Kasturi Cotton** in world cotton Trade.
- **Kasturi Cotton brand** will represent Whiteness, Brightness, Softness, Purity, Luster, Uniqueness and Indianness.
- **India grows all 4 species of cultivated cotton:**
 - Gossypium Arboreum.
 - Herbaceum (Asian cotton).
 - G.barbadense (Egyptian cotton).
 - G. hirsutum (American Upland cotton).
- **Note: Cotton is a Kharif crop and grows well in Black Cotton soil of deccan plateau.**
- **Temperature Requirement:** 20-28 degree Celsius.
- **Rainfall:** 55-110 cm.
- It requires **minimum 180 frost-free days**.
- India is **2nd largest cotton producer and largest consumer of cotton in world**.

Agricultural and Processed Foods Export Promotion Development Authority (APEDA)

- It was established under **Agricultural and Processed Food Products Export Development Authority Act, 1985**.
- It comes under **Commerce and Industry Ministry**.
- It is mandated with **responsibility of export promotion and development of products such as:**
 - Fruits, Vegetables, Meat, Poultry, Dairy Products, Floriculture, Alcoholic and Non-Alcoholic Beverages etc.

Animal Husbandry Infrastructure Development Fund (AHIDF)

- **Objective:**
 - To increase milk and meat processing capacity.
 - To providing greater access to market, promote export, entrepreneurship.
- It would facilitate investments in establishment of infrastructure for dairy and meat processing.
 - Value addition infrastructure and establishment of animal feed plant in private sector.

- Eligible Beneficiaries:** Farmer Producer Organizations, MSMEs, not-for-profit companies, Private Companies, individual entrepreneurs.
 - Loan would not be provided for acquisition of land.
- Eligible entities are responsible** for obtaining statutory clearances.
- Note:** It was announced under AtmaNirbhar Bharat Package.

National Beekeeping and Honey Mission (NBHM)

- It is to promote and develop scientific beekeeping and honey production.
- It was launched to achieve goal of Sweet Revolution.
- It has 3 components:**
 - Production and productivity improvement of various crops through pollination.
 - Post-harvest management of beehive products
 - Research and Technology generation for different Agro-Climatic and Socio-Economic conditions.
- Note:** India ranks 8th in world in honey production.

Rastriya Kamdhenu Aayog (RKA)

- It will hold a countrywide online examination on 'Gau Vigyan' (cow Science).
- It is a permanent apex advisory body of Department of Animal Husbandry and Dairying, to:**
 - Organize animal husbandry on modern and scientific lines.
 - Take steps for preserving and improving breeds.
 - Prohibit slaughter of cows and calves and other milch and draught cattle.
- It functions as an integral part of Rashtriya Gokul Mission.

Public Distribution System (PDS)

- It facilitates supply of food grains and distribution of essential commodities to poor through network of Fair Price Shops (FPS) at subsidized price.
- Operational responsibility including:**
 - Allocation within State.
 - Identification of beneficiaries.
 - Issue of ration cards.
- Distribution and supervision of food grains through FPS** rests with States.
- To further focus on poor,** Targeted Public Distribution System (TPDS) was launched in 1997.

Agricultural Produce Market Committees (APMCs)

- Government is impressing upon states to dismantle APMCs.**
 - To move towards a better platform by adopting electronic National Agriculture Market (e-NAM) as digital agriculture market at national level.
- It will ensure that farmers get better price for their produce.**
- APMCs are established by states to eliminate incidences exploitation of farmers by intermediaries.**

- Where they are forced to sell their produce at extremely low prices.
- All food produce must be brought to market and sales are made through auction.
- e-NAM is pan-India electronic trading portal for farm produce.
 - Which aims to create unified national market for agricultural commodities by integrating existing APMC markets.

Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement act, 2013

It provided for land acquisition and rehabilitation and resettlement.

It replaced Land Acquisition Act, 1894.

Process for land acquisition involves:

- A Social Impact Assessment survey.
- Preliminary notification stating intent for acquisition.
- A declaration of acquisition.
- Compensation to be given by a certain time.

Note: Compensation must be up to 4 and 2 times of market value in rural and urban areas respectively.

Land Pooling

- It is a land acquisition strategy.
 - Where ownership rights of privately held land parcels are transferred to an appointed agency.
 - With these land parcels being pooled as a result.
- Agency uses some of pooled land for infrastructure development and sale.
 - While rights to new parcels in pooled land are transferred back to original landowners in some proportion to their original property.

Land Leasing

- It means a contract between landowner and cultivator.
 - Who uses landowner's land for agriculture and allied activities for a mutually agreed specified period.

Fisheries and Aquaculture Infrastructure Development Fund (FIDF)

- It is for:**
 - Fisheries infrastructure facilities; both in marine and inland fisheries sectors.
 - To achieve 15 million tonnes Fish production by 2020 under Blue Revolution.

Dairy Processing and Infrastructure Development Fund (DIDF) Scheme.

- Government increased interest subvention or subsidy on loans given to dairy sector from 2 to 2.5%.
 - Repayment period has been extended up to 2030-31.

Livestock Census Report

- It has been conducted periodically since 1919-20.

- Which covers all domesticated animals in rural and urban areas.
- **News Context:** 20th Livestock Census was conducted.
- For 1st time initiative was to collect household level data through online transmission.
- **Highest Livestock Population:** UP, Rajasthan, MP, West Bengal, Bihar, Andhra Pradesh, Maharashtra, Telangana, Karnataka, Gujarat.
- **Highest Cattle Population:** West Bengal, UP, MP, Bihar, Maharashtra.
- **Note:** Census is being conducted every 5 years.

Scientific Utilisation Through Research Augmentation-Prime Products from Indigenous Cows (SUTRA PIC) India Programme

- It is inter-Ministerial funding program to research on 'indigenous' cows.
- **It is planned by:**
 - Science & Technology Ministry.
 - Council of Scientific and Industrial Research.
 - Aayush Ministry.
 - New and Renewable Energy Ministry.
- **Theme:** Uniqueness of Indigenous Cows.
 - Prime products from Indigenous Cows for: Medicine and Health.
 - Agricultural Applications, Food and Nutrition.
 - Prime products from indigenous cows-based utility items.

Micro Irrigation Fund (MIF)

- It is set up to provide states financial assistance on concessional rate of interest.
- It is set up with NABARD under PM Krishi Sinchai Yojana (PMKSY).

Pradhan Mantri Krishi Sinchai Yojana

- It is to extend coverage of irrigation 'Har Khet ko Pani'.
- It is to improve water use efficiency 'More crop per drop'.

Rainfed Agriculture

- A region is classified as rainfed, if it has less than 40% net irrigated area.
- In India, they cover around 180 districts and exist in all agro-climatic regions.
 - But are mostly concentrated in arid and semi-arid area.

Operations Greens

- It is to stabilize supply of Tomato, Onion, Potato crops and to ensure availability of it, without price volatility.
- **Implementing Agency:** National Agricultural Cooperative Marketing Federation of India Ltd (NAFED).

AGMARK

- It is a certification mark that assures conformity of agricultural products to a set of standards.
- It is given by Directorate of Marketing and Inspection under Agriculture Ministry.

Pradhan Mantri Kisan Samman Nidhi (PM-KISAN)

- It provides income support to all Small and Marginal landholding farmer families having cultivable land.
- It ensures proper crop health, appropriate yields, income.
- **Benefits:** Landholder with total cultivable holding upto 2 hectares will be given a benefit of Rs.6000 per annum per family.
 - It is payable in 3 equal instalments, every 4 months.
- Even landholdings, bigger than 10 hectares, will be eligible for benefits under the scheme.

National Agricultural Higher Education Project (NAHEP)

- It will be funded by: Government and World Bank.
- It is to support Agricultural Universities (AUs) and ICAR in providing higher quality education to students.

Krishi Kalyan Abhiyan

- It is to aid and advise farmers to improve their farming techniques and income.
- **Under this:**
 - Distribution of soil health cards to all farmers.
 - 100% coverage vaccination for Foot and Mouth Disease (FMD) in each village.

Agriculture Census

It is conducted at every 5 years to collect data on structural aspects of farm holdings.

Basic statistical unit for data collection is 'Operational Holding'.

Note: 1st census was conducted with reference year of 1970-71.

FAO Future Policy Gold Award

- It is won by Sikkim for becoming world's 1st totally organic agriculture state.

International Rice Research Institute (IRRI), 1960

- It is an independent, nonprofit, research, educational institute.
- HQ: Los Banos, Philippines.
- **Objectives:**
 - To reduce poverty, hunger through rice science.
 - To improve health and welfare of rice farmers and consumers.
 - To protect rice-growing environment for future generations.
- **News Context:** 6th IRRI South Asia Regional Centre (IRRI SARC) launched in Varanasi.

Pokkali Paddy

- It is a saltwater-tolerant paddy in coastal fields of Alappuzha, Ernakulam Thrissur districts of Kerala.
- It is a method of rice-fish rotational cultivation practiced in coastal belts.
- It is a single-season paddy (June-November) followed by a season of fish-farming.
- After harvest, paddy stubble in fields acts as food and shelter for shrimp and small fish.

- Note: IT has got GI Tag.

Pusa Arhar 16

- A high yielding pigeon pea variant

Rashtriya Krishi Vikas Yojana- Remunerative Approaches for Agriculture and Allied sector Rejuvenation (RKVY)- RAFTAAR

- It is to make farming a remunerative economic activity through:
 - Strengthening farmer's effort.
 - Mitigating risk.
 - Promoting entrepreneurship.
- It creates post-harvest infrastructure and promote private investment in farm sector.
- Sub Schemes:
 - Bringing Green Revolution to Eastern India (BGREI).
 - Crop Diversification Program (CDP).
 - Reclamation of Problem Soil (RPS).
 - Foot & Mouth Disease – Control Program (FMDCP).
 - Saffron Mission.
 - Accelerated Fodder Development Programme (AFDP).

Rashtriya Krishi Vikas Yojana (RKVY), 2007

- It was launched on recommendation of National Development Council.
- It is to achieve 4% annual growth in agriculture sector.
- It decentralizes planning for agriculture and allied sectors through:
 - District Agriculture Plans (DAPs), State Agriculture Plan (SAP).
 - Agro-climatic conditions.
 - Availability of appropriate technology and natural resources etc.

Government Initiative for Coir Industry

Coir Udyami Yojana

- It provides subsidies from government, Bank Loans etc.

Coir Vikas Yojana

- It includes skill upgradation and quality improvement of products.
- It includes Mahila Coir Yojana.
 - Which provides self-employment to rural women artisans in coir production.

Coir Board

- It is a statutory body under MSME Ministry.
- Which regulates production and distribution of coir through registration and licensing and fixes standards.

National Bank for Agriculture and Rural Development (NABARD), 1982

It is an apex development bank engaged in agricultural credit and other economic activities in rural areas.

Functions:

To Provide refinancing facilities to bank

To promote rural industries, small scale, cottage industries.
 To provide funds to States for undertaking developmental and promotional activities in rural areas.
 To finance R&D of agricultural and rural industries
 To inspect work of Co-operative banks and RRB.

E-Shakti Initiative of NABARD

- It aims for digitisation of SHGs in 100 districts.
 - To integrate SHG members with National Financial Inclusion agenda.

Long Term Irrigation Fund (LITF), 2016

- It is to implement incomplete major and medium irrigation projects.
- It is under Pradhan Mantri Krishi Sinchayee Yojana.

Pradhan Mantri Krishi Sinchayee Yojana (PMKSY), 2015

- It is to extend coverage of irrigation and improving water use efficiency.

Drip Irrigation Project

News Context: Ramthal Marola Project (Bagalkot district, Karnataka) is largest Drip Irrigation project in Asia.

Drip Irrigation

- It is a method of controlled irrigation.
- Where water is slowly delivered to root system of multiple plants.
- Water is dripped onto soil surface above roots or roots zone.

Types

- **Surface Drip Irrigation:** Water is delivered to surface of soil directly above root.
 - It is mainly used on high value crops.
- **Subsurface Drip Irrigation:** Water is applied directly to root system.
 - It is used in growing row crops.

Initiatives for Fertilizer Sector

Nutrient Based Subsidy scheme 2010

- It is applicable to 22 fertilizers (other than Urea).
 - For which MRP will be decided considering international and domestic prices of fertilizers, exchange rate.

Neem Coated Urea (NCU)

- Benefits of NCU:
 - It slows down dissolution of Urea into soil, resulting into less urea requirement.
 - It stops illegal diversion of urea for non-agricultural usages such as:
 - In chemical industry, Explosives, etc.

Spice Board of India, 1987

- It develops and promotes Indian spices.
- It was constituted under Spices Board Act 1986.
- HQ: Kochi.
 - It is one of 5 statutory boards functioning under Commerce and Industry Ministry namely:

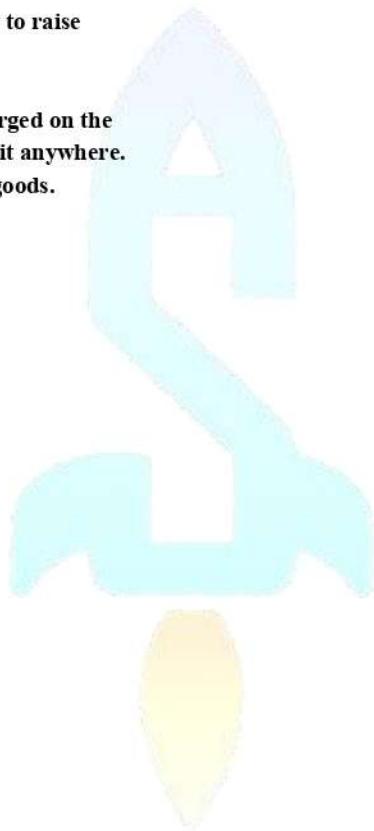
- Coffee board, Rubber board, Tea board,
Tobacco Board.

Codex Alimentarius Commission (CAC)

- It was established by: FAO and WHO.
- It protects health of consumers and ensures fair practices in food trade.
- Members: 180

Krishi Kalyan Cess (KKC)

- It is a **cess applicable on all services**.
- It is **solely used to improve agriculture and farmer welfare**.
- **Tax:** Money that government takes from you for economic activity is tax.
- **Levy:** It is act of charging tax.
- **Cess:** It means tax levied by Government to raise funds for a specific purpose.
- It is also a **tax on tax**.
- **Surcharge:** It is a charge on any tax, charged on the tax already paid. Government can spend it anywhere.
- **Duty:** It is an **on-border tax charged on goods**.



L 8. Industry and Associated Issues

Companies (Amendment) Act, 2020

- It is based on **Company Law Committee (CLC)**.
 - Which was set up under Shri Injeti Srinivas committee in 2019.

Major Amendments:

- **Decriminalizing Offenses:** Removes penalty, imprisonment for 9 offenses.
 - Which relates to non-compliance with orders of National Company Law Tribunal (NCLT).
- **However, there will be no relaxation for serious offences:** Fraud.
 - It extends to all producer companies and start-up companies.
- **Exclusion From Listed Companies:** It empowers Centre in consultation with the SEBI.
- **Corporate Social Responsibility (CSR):** Companies with a CSR liability of up to Rs 50 lakh a year from setting up CSR Committees.
- **Benches of NCLAT:** Established benches of NCLT in New Delhi.

Companies Act 2013

- It regulates incorporation, responsibilities, directors, dissolution of a company.
- It also introduced mandatory CSR contributions for large companies.
- National Financial Reporting Authority (NFRA) and NCLT is established under this act.

Factoring Regulation (Amendment) Bill, 2020

- It amends Factoring Regulation Act, 2011.
- It is to widen scope of entities which can engage in factoring business.
 - It helps MSME by providing additional avenues for credit facility.
- Especially through Trade Receivables Discounting System (TReDS).
- TReDS: It is an electronic platform for facilitating financing and discounting of trade receivables of MSMEs through multiple financiers.

L2Pro India (Learn to Protect, Secure and Maximize Your Innovation)

- It is an e-learning platform, aid and enable to understand IPRs for their ownership and protection.

Harmonized System (HS CODE)

- It is a 6-digit identification code developed by WCO (World Customs Organization).
- It allows participating countries to classify traded goods on a common basis for customs purposes.
- Customs organizations use this code to clear every commodity that enters or crosses any international border.
- Note: India has 8-digit Indian Trade classification (HS) code based on Harmonised System of Coding.

More Free Courses at

www.redefedu.com

- **WCO:** It is an independent intergovernmental body whose mission is to enhance effectiveness and efficiency of Customs administrations.

4th Industrial Revolution

- It refers to combination of digital, biological, physical systems to completely transform interaction between humans and machines and create optimum processes.
- It builds upon 1st three industrial revolutions (steam power and mechanical production; assembly lines and electrification; and electronics and computing) using tools such as:
 - Big Data, AI, Augmented Reality, Internet of Things.
 - Robotics & Additive manufacturing.
 - Eg: Driverless Cars, Smart Robotics, Tougher Materials, 3D printing etc.
- **News Context:** World Economic Forum launched Centre for 4th Industrial Revolution in Mumbai.
 - Centre has selected drones, AI, blockchain as 1st three projects.
 - It is 4th such centre after San Francisco, Tokyo, Beijing.
 - It is developed by Government and NITI Aayog.

National Projects Construction Corporation Limited (NPCC)

- It is a construction company under Water Resources Ministry.
- It creates necessary infrastructure for economic development in core sectors of irrigation, water resources, power, heavy industries.
- **News Context:** NPCC is conferred with status of Miniratna: Category-I.

Miniratna

- Company which has made profits in last 3 years continuously.
- If it has positive net worth.

Navratna, 1997

- **Miniratna Category-I and Schedule A company**, which have obtained excellent or very good rating under MoU system in 3 of last 5 years.
- Boards of Navratna CPSEs have delegated powers in following areas:
 - Capital expenditure
 - Investment in joint ventures / subsidiaries
 - Mergers & acquisition and
 - Human resources management, etc.

Maharatna, 2009

- **Eligibility:** Having Navratna status.
 - Listed on Indian stock exchange with minimum prescribed public shareholding.
 - Annual turnover of more than ₹25,000 crore, during last 3 years.
 - Average annual net worth of more than ₹15,000 crore and net profit after tax of ₹5000 crore, during last 3 years
 - Should have significant global presence.

Specific Relief (Amendment) Act 2018

- It amends provisions of Specific Relief Act, 1963.
- It aims to improve India's ranking in ease of doing business indices.
- It addresses issue of delay in relation to enforceability of contracts by setting up special courts and a defined timeline for cases.

Department For Promotion of Industry and Internal Trade (DPIIT)

- **News Context:** Department of Industrial Policy and Promotion (DIPP) is renamed as DPIIT.
 - It is to deal with matters related to start-ups, facilitating ease of doing business among others.
- DIPP was established in 1955 under Commerce and Industry Ministry.
- It was reconstituted in 2000 with merger of Department of Industrial Development.
- It looked after external and internal trade.
 - It includes: Retail trade, Welfare of Traders, their employees etc.
- Other functions of this body include:
 - Formulation of industrial policy and strategies.
 - Monitoring of industrial growth.
 - Formulation of FDI policy and its regulation.
 - Formulation of policies relating to various IPRs.
 - Coordinates with UN Industrial Development Organization.
- **Administers Laws:** Explosives Act 1884, Salt Cess Act 1953.
 - Patent Act 1970, Boilers Act, 1923 etc.

Public Utility Service

- It is those business undertakings engaged in supplying essential goods and/or services of daily necessity for General public.
- They are also defined as:
 - Any railway services or any service in connection with working of any major port or dock.
 - Any postal, telegraph, telephone services.
 - Any industry which supplies power, light, water to public.

Startup India Hub

- It is a common online platform for all stakeholders of entrepreneurial ecosystem like:
 - Startups, Investors, mentors, Academia etc. to discover, connect, engage with each other.
- It comes under Invest India: Official Investment Promotion and Facilitation Agency of Government.

Start-Up Sangam Initiative

- It was launched by Petroleum and Natural Gas Ministry.
- It is to bring innovations and disruptions in technology in heavy oil and gas industry.
- Selected start-ups will work in various energy fields such as:

Converting waste plastics to petroleum fuels.

- Solar stove, multi-purpose fuel from agricultural waste biomass.
- Leak detectors for liquefied natural gas (LNG) cylinders etc.

- It is expected to reduce fuel import dependence through innovations in alternative fuels.

Rajiv Gandhi Shramik Kalyan Yojana

- It is launched by Employees' State Insurance Corporation.
- It is an unemployment allowance scheme for Insured Persons.
 - Who are rendered jobless due to retrenchment or closure of factory etc.

Ship-Breaking Industry (Beaching, Ship Recycling, dismantling sector)

- Alang in Gujarat is largest shipbreaking site in India.
- It was transferred from Steel Ministry to Shipping Ministry in 2014.

Land Bank

- It is a pool of land which allows government to offer land to investors without waiting for process of land acquisition.
- It is conceived to do away with regulatory process and avoid any land acquisition related issues.
- It helps in Improving Ease of doing business, attracting investment, Preventing distress sales of land by farmers.

TAMRA (Transparency, Auction Monitoring, Resource Augmentation)

- It is a web portal and application launched by Mines Ministry.
- It is to streamline process of various statutory clearances required for mining operations.
- It will display block, state, mineral wise information of blocks to be auctioned.
- It will also host information regarding status of each of clearances.

Titanium Project of India

- 1st Titanium project of India started its test production at Ganjam district, Odisha.
- ISRO started commercial production at Titanium Sponge Plant at Chavara in Kerala.
- Note: India becomes 7th country to produce Titanium sponge commercially.

L 9. Infrastructure Sector

9.1 Roadways

National Highway Authority of India (NHAI)

- It was constituted in 1988 under Road Transport and Highways Ministry.
- It became operational in 1995.
- Composition:**
 - Chairman, maximum 5 full time Members.
 - 4 part time Members appointed by Government.

Infrastructure Investment Trust (INVIT)

- It will be a trust established under Indian Trust Act, 1882 and SEBI (Infrastructure Investment Trusts) Regulations, 2014.
- It is investment scheme like mutual funds.
 - That allows investment from individuals and institutional investors in infrastructure projects to earn a portion of income as return.
- It provides greater flexibility and no need to build an infrastructure project from scratch.

Hybrid Annuity Model (HAM) For National Highways

- It is a hybrid: a mix of EPC (Engineering, Procurement, Construction) and BOT (Build, Operate, Transfer) Annuity models.
- It maximizes quantum of implemented projects within available financial resources of Government and to revive private sector participation in sector.
- Note: Toll fee collection from Highways projects developed under hybrid annuity model is responsibility of Government.

Col Chewang Rinchen Setu

- India's highest altitude all-weather permanent bridge inaugurated in Eastern Ladakh.
- It is 1400 ft long bridge on Shyok River.
- Bridge's superstructure is called 'Extra Wide Bailey Bridge'.

Central Road Fund (CRF)

- It is a non-lapsable fund created under Central Road Fund Act 2000.
- It is credited with cess collected on high-speed diesel oil and petrol.
- Cess is distributed to state development of rural roads, national highways, railway over bridges etc.
 - Government has power to administer fund.

International Road Transports (TIR) Convention

- It is an international transit system under UN Economic Commission for Europe (UNECE).
- It facilitates seamless movement of goods within and amongst parties to Convention.
- It secures customs duties and taxes and provides a robust guaranteed mechanism.
- Thereby reducing trade transaction costs, facilitating higher growth of intra-regional and inter-regional trade.

9.2 Railways

Dedicated Freight Corridors (DFC)

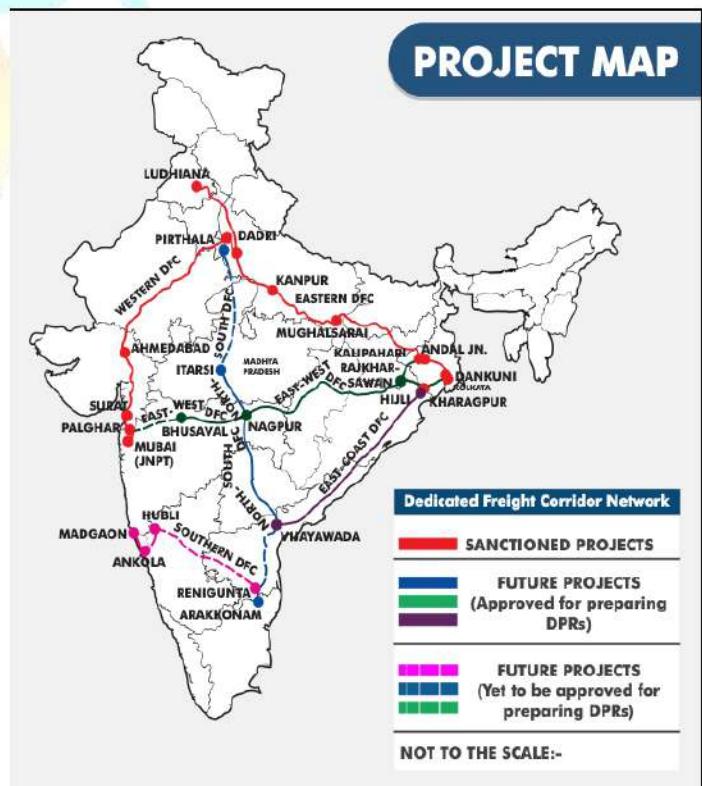
- It is a high-speed and high-capacity railway corridor dedicated for freight movement.
- It consists of 2 arms: Eastern Dedicated Freight Corridor.
- Western Dedicated Freight Corridor.
- 4 more corridors namely:**
 - East Coast (Kharagpur-Vijaywada).
 - East-West (Kolkata-Mumbai).
 - North-South (Delhi-Chennai).
 - Southern (Chennai-Goa) Sub-Corridor.

Eastern Dedicated Freight Corridor (EDFC)

- It will be from Sahnewal in Punjab to Dankuni in West Bengal.

Western Dedicated Freight Corridor (WDFC)

- It will link Dadri in NCR to Jawaharlal Nehru Port (JNPT) in Mumbai.

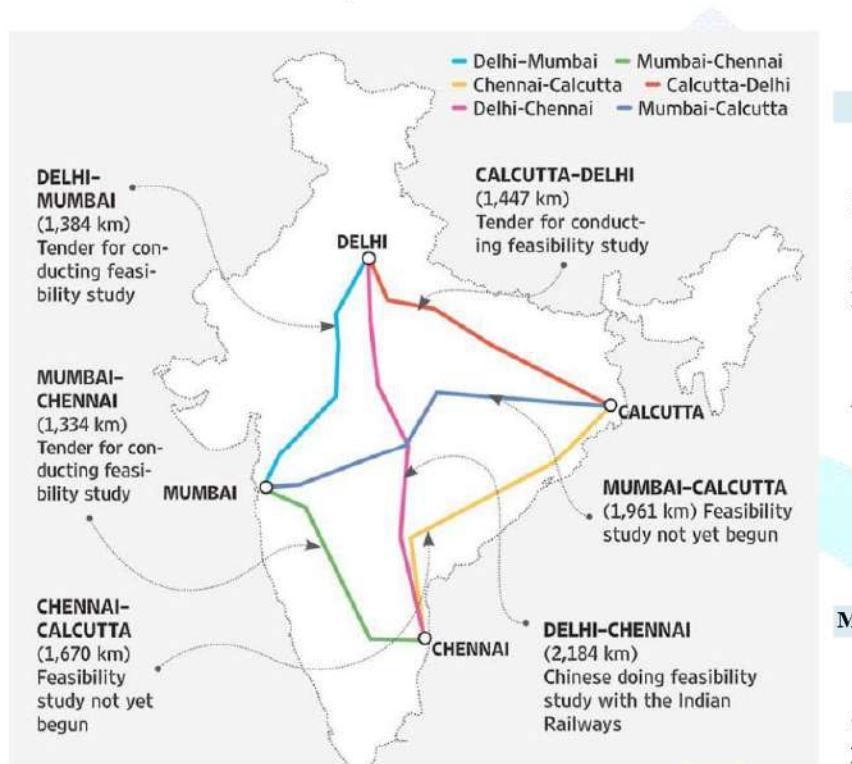


Kisan Rail

- It is launched between Anantpur and New Delhi.
- It is South India's 1st and India's 2nd Kisan Rail.
- Note: 1st Kisan Rail was flagged off between Devlali in Maharashtra and Danapur in Bihar.
- It is to provide priority to farming sector and facilitate transportation of agricultural products to various marketplaces across country.

Diamond Quadrilateral

- It aims to establish high-speed rail network connecting 4 metros.
 - Delhi, Mumbai, Kolkata, Chennai.
- 6 corridors have been identified:
 - Delhi-Mumbai, Mumbai-Chennai.
 - Chennai-Kolkata, Kolkata-Delhi.
 - Delhi-Chennai, Mumbai-Kolkata.


TRI-NETRA (Terrain imaging for diesel drivers Infra-red, Enhanced Optical & Radar Assisted system)

- Railway has initiated a proposal to install TRI-NETRA systems on locomotives.
- It is to enhance vision of Locomotive Pilots in inclement weather.
- It is made up of high-resolution optical video camera, high sensitivity infra-red video camera, additionally a radar-based terrain mapping system.

Mission Raftaar' of Indian Railway

- It targets of doubling average speed of freight trains and increasing average speed of all passenger trains by 25 kmph.
 - It is a part of 7 mission mode activities under Avataran.
- Avataran:**
 - Mission 25 Tonne:** To increase revenue by augmenting carrying capacity.

- Mission Zero Accident:** Elimination of unmanned level crossings.
- Mission PACE:** Procurement and Consumption Efficiency.
- Mission Hundred.**
- Mission Beyond Book-keeping:** To establish an accounting system where outcomes can be tracked to inputs.
- Mission Capacity Utilization.**
- Mission Raftaar.**

National Rail and Transportation University

- It is 1st University in India to be established by Railways Ministry to skill its human resources and build capacity.
- Railways will set up a non-profit company under section 8 of Companies Act, 2013.
 - Which will manage company of proposed University.

9.3 Ports and Shipping

- It will repeal and replace Indian Ports Act, 1908.
- It is to create an enabling environment for growth and sustained development of ports sector in India.
 - Features of bill:
 - Constitution of Maritime Port Regulatory Authority with following functions:
 - To advise Government on matters relating to National Port Policy and Plan.
 - To formulate short-term and perspective plans for development of Port Sector.

Major Port Authorities Bill, 2020

- It will replace Major Port Trusts Act, 1963.
- It provides for regulation, operation, planning of major ports, provides greater autonomy to these ports.
- It decentralizes decision making and to infuse professionalism in governance of major ports.

Major points of Bill:

- Board of Major Port Authority (BPA) would be constituted for each major port.
 - Which will be vested with powers of administration, control, management of such ports.
- These boards will replace existing Board of Port Trusts.
- Role of Tariff Authority for Major Ports has been redefined.
- Composition:** Chairperson and a Deputy Chairperson appointed by Government.
- Other Members:** 1 each from states.
 - Railways Ministry, Defence Ministry, Customs Department.
 - 2-4 independent members.
 - 2 members representing interests of employees.

Ports in News

Vadayan Port, Maharashtra

- It will be set up as a corporate port under Companies Act.

Chidambaranar Port, Tamilnadu

- It was formerly known as Tuticorin Port Trust, is one of 12 major ports in India.



Enayam Port (Colachel, Tamil Nadu)

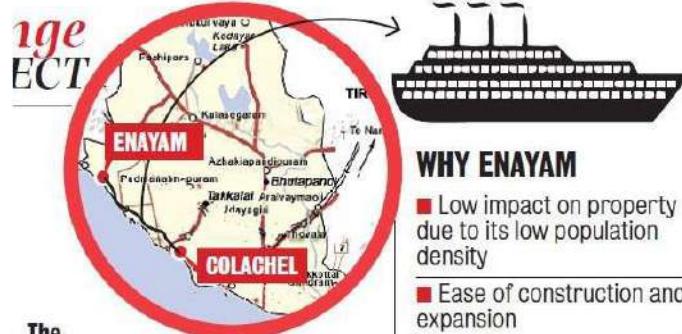
- It is India's 13th Major Port.

Enayam port

- It is to make India a destination on global East-West Trade Route.
- It will reduce logistics cost for exporters and importers in South India.
- Who currently depend on trans-shipment from other foreign ports.

Major Ports

- They are under concurrent list and administered by Shipping Ministry.
- Major ports moving from East to West are:**
 - Haldia, Paradip, Vishakhapatnam, Ennore (private).
 - Chennai, Tuticorin, Enayam, Kochi, Panambur Port (Mangalore).
 - Marmagoa, Nhava Sheva: Maharashtra, Mumbai, Kandla Port.
 - Port Blair: Andaman.
- Note: India has 12 major and 187 non-major ports.**
 - 78% of marine traffic from East coast ports of India is trans-shipped to Colombo, Singapore, Klang (Malaysia).



The Spanish firm involved in the feasibility study said they pinpointed four potential sites — Kanyakumari, Manavalakurichi, Colachel and Enayam

The estimated cost for Phase I of Enayam Port is ₹5,492.35 cr. It is ₹8,359.98 crore for Phase II and ₹5,395.29 crore for Phase III

WHY ENAYAM

- Low impact on property due to its low population density
- Ease of construction and expansion
- Connectivity
- Environmental and social background
- Low impact of tourism
- Less number of houses
- Perceived ease with which it can be expanded beyond Phase III

Sagarmala Programme

- It is to unlock potential of waterways and coastline to minimize infrastructural investments required to meet these targets.
- It will modernize India's existing ports and will develop of 14 Coastal Economic Zones (CEZs) and Coastal Economic Units.
- It will increase port connectivity via road, rail, multi-modal logistics parks, pipelines, waterways etc.
- It will use India's 7,517 km long coastline and 14,500 km of potentially navigable waterways.
- 6 Mega-Ports are planned in Sagarmala project:**
 - Sagar Island: West Bengal.
 - Paradip Outer Harbour: Odisha.
 - Sirkazhi, Kanniyanur: Tamil Nadu.
 - Belikeri: Karnataka.
 - Vadhavan: Maharashtra.



9.4 Aviation

NABH (Nextgen Airports for Bharat) Nirman Initiative

- It is to expand airport capacity more than 5 times to handle a billion trips a year.
- It aims to establish about 100 airports in 15 years.
- Key aspects of NABH Nirman include:**
 - Fair and equitable land acquisition.

- Longterm master plan for airport and regional development.
- Balanced economics for all stakeholders.
- It will help to connect smaller towns and cities and increase tourism and economic activity.

'UDAN' scheme

- It is a **regional airport development and Regional Connectivity Scheme** to making air travel affordable.
 - It is under Civil Aviation Ministry.
- **Implementing Authority:** Airports Authority of India.
- It is a **key component of National Civil Aviation Policy.**

UDAN 3.0 (Ude Desh Ka Aam Naagrik Scheme)

- Inclusion of Tourism Routes with Tourism Ministry.
- Helicopter routes are not considered under UDAN 3 bidding.
- **2 international flights are started from Guwahati under International Air Connectivity Scheme (ICAS-Udan).**

Water Aerodrome

- It is an area of open water that can be used by seaplanes and amphibious aircraft to land and take off.
- It may have a terminal building on shore, where planes can dock, and bays where they can be parked.
- Airports Authority of India has identified 5 states for Aero drums:
 - Odisha, Gujarat, Assam, Maharashtra, Andhra Pradesh.
- **Note:** In its 1st phase, it will be established at Chilika Lake, Sardar Sarovar Dam, Sabarmati River Front.

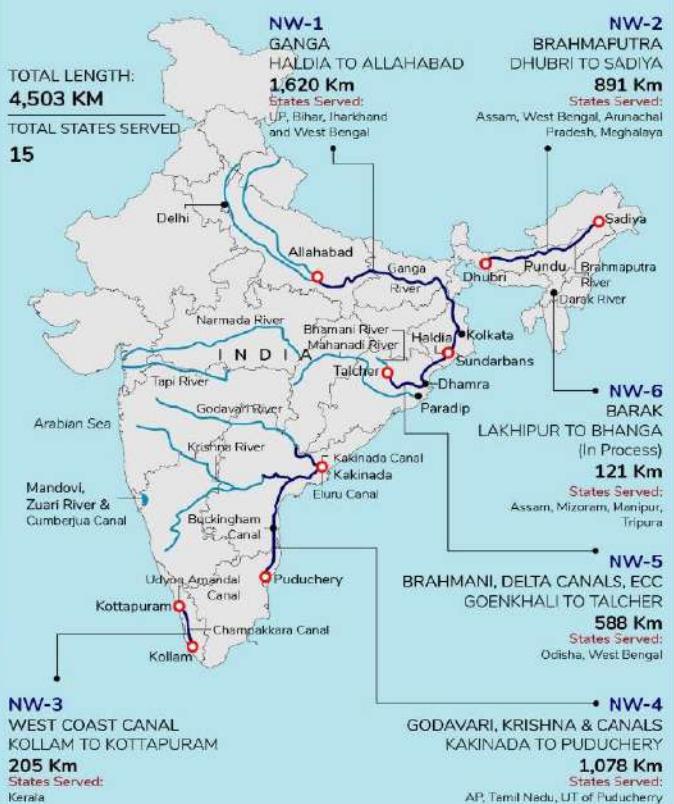
Inland Waterways in India

- Shipping and navigation on inland waterways come under Union List.
- National Waterways Act, 2016 declares a total of 111 National Waterways.
- Nodal Agency: Inland Waterways Authority of India (IWAI)
- **Note:** Jal Marg Vikas Project' on National Waterways-I (NW-I) Ganga is launched between Varanasi and Haldia.

Jal Marg Vikas Project

- It is for development of waterway (Commercial Navigation) between Allahabad and Haldia on Ganga.
- It covers: UP, Bihar, Jharkhand, West Bengal.
- **4 Multi-Modal Terminals are planned on NW1:** Varanasi, Sahibganj, Haldia, Gazipur.

NATIONAL WATERWAYS



River Information System

- It is a form of vessel traffic management system.
- It uses combination of tracking and meteorological equipment with specialized software.
- It is designed to optimize traffic and exchange information real-time between vessels.
- **News Context:** Phase 2 of River Information System on National Waterway-1 (River Ganga) between Farakka and Patna was inaugurated.



DISHA: Driving Improvement in Service and Hospitality at Airports

- **It is to improve:**
 - Customer service, Hospitality at Airports, Navigation
 - Food and Beverages.
- **It will be implemented at 10 airports:**

- Kolkata, Chennai, Lucknow, Varanasi,
 Bhubaneswar, Pune, Goa, Guwahati,
 Coimbatore, Thiruvananthapuram.

Under Sea Cable to Link Andaman

- It is to connect Andaman & Nicobar with Chennai via an undersea optical Fibre cable.



L 10. Energy

10.1 Electricity

Bundling Scheme for Round-The-Clock (RTC) Power Supply

- It is a **plan to sell renewable energy and thermal power in a bundle.**
 - So that end users can get uninterrupted supply of power.
- **1st phase of National Solar Mission** provided for such a scheme to facilitate grid connected solar power.
- It will facilitate renewable capacity addition and fulfillment of **Renewable Purchase Obligation (RPO)** requirement of DISCOMs.
- It will enable procurement of power at competitive prices in consumer interest, improve bankability of projects, ensure reasonable returns to investors.

Renewable Purchase Obligation (RPO)

- It is a **mechanism by which obligated entities are obliged to purchase certain % of electricity from Renewable Energy sources.**
 - As a % of total consumption of electricity.
- It is categorized as Solar and Non-Solar RPO.
- They are provided under Electricity Act 2003 and National Tariff Policy 2006.

Real Time Market in Electricity

- It is an **organized market platform enabling buyers and sellers to meet their energy requirement closer to real time operation.**
- **It became operational on 2 Platforms:**
 - Indian Energy Exchange (IEX).
 - Power Exchange India Limited (PXIL).
- Power System Operation Corporation Limited (**POSOCO**) will route electricity from supply sources to consumption point.

Power System Operation Corporation Limited (POSOCO)

- It comes under Power Ministry.
- It facilitates competitive and efficient wholesale electricity markets and administer settlement systems.

Indian Energy Exchange (IEX)

- It is **1st and largest energy exchange in India.**
- It provides **automated trading platform for physical delivery of electricity, Renewable Energy Certificates and Energy Saving Certificates.**
- It is regulated by **Central Electricity Regulatory Commission (CERC).**
- **IEX is one of 2 power exchanges in India.**
 - Other being **Power Exchange India Ltd (PXIL).**

Electricity (Rights of Consumers) Rules, 2020

- It gives **rights to consumers to get reliable services and quality electricity.**
- These rules are **framed under Electricity Act, 2003.**
 - Which has a consumer charter.

More Free Courses at

www.redefedu.com

- These rules empower consumers of electricity by allowing consumers in India to access continuous supply of quality, reliable electricity.
- It lay down rights that make distribution companies (DISCOMs) more accountable to consumers.
- **These rights will:**
 - Empower consumers of electricity and ensure improved standard of living.

Smart Meters

- They are **part of advanced metering infrastructure solution.**
- It measures and records electricity use at different times of day and send this information to energy supplier.
- They allow **2-way communication**, between energy providers and consumers of electricity.
- It reduces **operational costs of energy companies by improved billing.**

10.2 Energy Efficiency

Bureau of Energy Efficiency (BEE)

- It is a **statutory body under Power Ministry setup under Energy Conservation Act, 2001.**
- Its mission is to assist in developing policies and strategies with a thrust on self-regulation and market principles.
- **Energy Intensity** is measured by quantity of energy required per unit output or activity.

10.3 Coal

Commercial Coal Mining

- **News Context:** A new online single window clearance portal was launched to speed up operationalization of coal mines.
- It includes **1st tranche of coal blocks to be auctioned for commercial use.**

Background:

- **Coal Mining Nationalization (CMN) Act, 1973** handed all coal mines to **Coal India Limited.**
- Before 1970s, coal sector consisted mostly of private coal mines.
- Note: **Coal Mines (Special Provisions) Act, 2015** was passed for captive coal mining through auction.
 - **Mineral Laws (Amendment) Act, 2020** was enacted for amendments in **Mines & Mineral (Development and Regulation) Act 1957.**
 - **Coal Mines (Special Provisions) Act, 2015** to end captive coal regime and clearing path for commercial coal mining.

Coal in India

- India has **5th largest reserves of coal.**
 - Yet it is **2nd largest importer.**
- **Coal reserves in India:** Jharkhand, Odisha, Chhattisgarh, West Bengal, MP, Telangana, Maharashtra.
- **Indian coal reserves are majorly of Lignite and Bituminous types.**
 - Other 2 types are Peat and Anthracite.

Mineral Laws (Amendment) Ordinance 2020

- It amends:
 - Mines and Minerals (Development and Regulation) (MMDR) Act 1957.
 - Coal Mines (Special Provisions) Act 2015.
 - Which provided captive mining with end-use restrictions for coal.
- It lifted end-use restrictions for coal mines to end captive mining regime.
- It allowed private entry when blocks are auctioned for commercial coal mining.
- It allows any India-registered company to bid and develop coal blocks. Earlier it was limited only to companies engaged in iron and steel, power, coal washing sectors.

Patratu Super Thermal Power Project, Jharkhand

- Super Thermal Power Plants are a series of thermal power plants with a capacity of 1000MW & above.
- Ultra-Megawatt Power Projects are power projects that have capacity of 4000MW or more.

10.4 Gas and Oil

Indian Gas Exchange (IGX)

It is India's 1st Gas Exchange.

It is a digital trading platform to allow buyers and sellers of natural gas to trade in spot market.

It would be done in 3 Hubs: Dahej, Hazira: Gujarat.

Kakinada: Andhra Pradesh.

Imported Liquified Natural Gas (LNG) will be sold to buyers through exchange.

Note: Price of domestically produced natural gas is decided by Government and it will not be sold on Gas exchange.

Hence, IGX encourages trading in imported LNG.

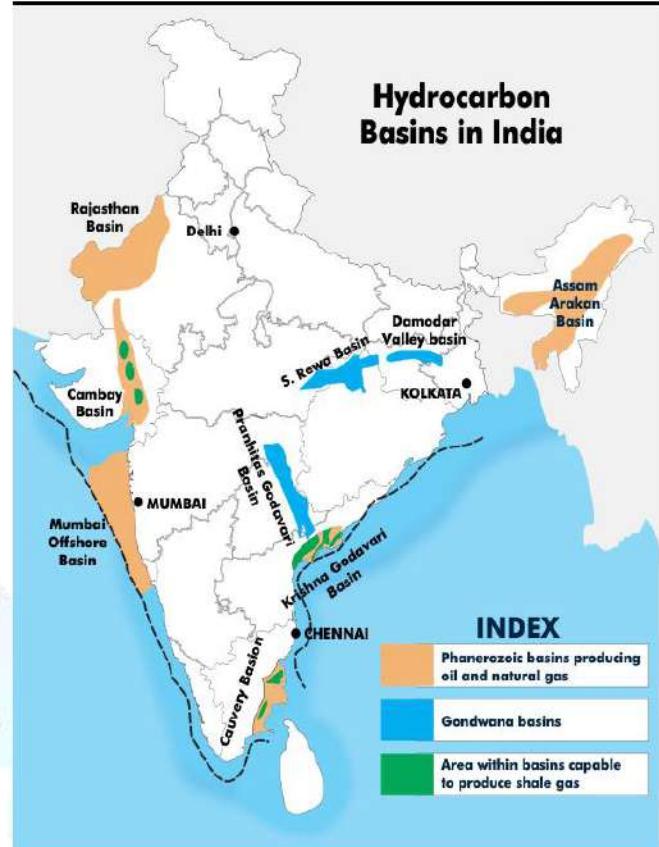
Spot and Forward Market

- It is a public financial market in which financial instruments or commodities are traded for immediate delivery.
- A forward market is an over-the-counter marketplace that sets price of a financial instrument or asset for future delivery.

India's 8th Hydrocarbon Producing Basin

- Bengal basin is India's 8th producing basin.
- Other Basins are: Krishna-Godavari (KG), Mumbai Offshore.
 - Assam Shelf, Rajasthan, Cauvery.
 - Assam-Arakan Fold Belt, Cambay.

Viability Gap Funding (VGF)



Viability Gap Funding (VGF)

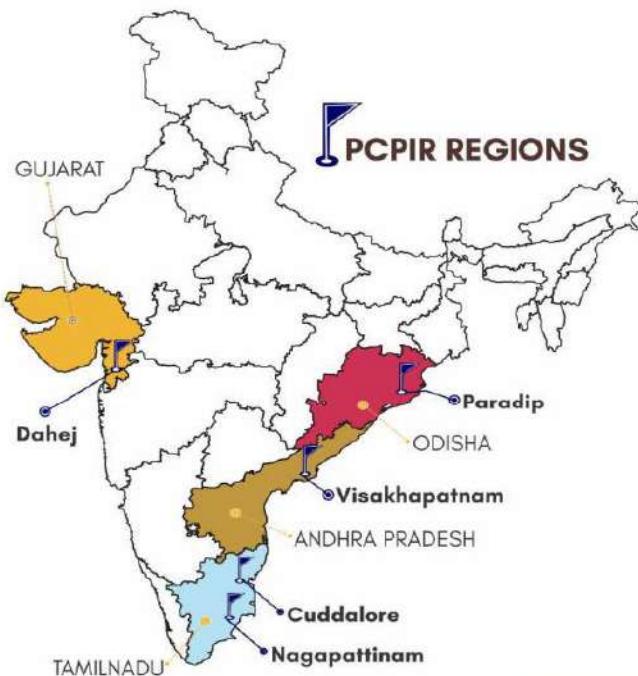
- It provides financial support in form of grants to infrastructure projects undertaken through PPPs.
- Cabinet approved VGF to build 1,656 km Northeast Gas Grid (NEGG) project.
- It is implemented by Indradhanush Gas Grid Limited (IGGL).
- It will cover 8 states of the North-Eastern region.
- It will enhance availability of natural gas in Northeast and ensure uninterrupted supply of natural gas to industries etc.
- It is a part of 'Hydrocarbon Vision 2030 for North-East India'.
 - Which outlines steps to leverage Hydrocarbon sector for social and economic development of north-east region.

New Definition of Petroleum

- **Petroleum:** It means:
 - Naturally occurring hydrocarbon in form of natural gas.
 - Or in a liquid, viscous, solid form, or a mixture thereof.
 - But does not include coal, lignite, helium occurring in association with petroleum or coal or shale.
- Old definition contained the phrase:
 - Free state, which prevented private players to explore shale, which was reserved for only government-owned entities like ONGC.
 - By removing the word free, it now allows hydrocarbons in absorbed state like shale to be exploited.

Petroleum, Chemicals, Petrochemical Investment Region (PCPIR)

- It is cluster-based development model for setting up manufacturing facilities for both:
 - Domestic consumption.
 - Exports in Petroleum, Chemicals, Petrochemicals.
- Cluster is combination of:
 - Production units, Logistics Handling.
 - Environmental protection mechanism, social infrastructure.



Pradhan Mantri Urja Ganga Project (Jagdishpur-Haldia & Bokaro Dhamra Natural Gas Pipeline), 2016

- It provides clean energy in Eastern India.
- Gas pipeline will pass through 50 districts of UP, Bihar, Jharkhand, Odisha, West Bengal.
- It will supply CNG to Automobiles, Cooking Gas, Industries.

Strategic Oil Reserve

- It is a storage of crude oil.
- Crude oil storages are constructed in underground rock caverns and are located on East and West coast of India.
 - It is maintained by Indian Strategic Petroleum Reserves Limited.
- India's strategic reserves: Visakhapatnam (Andhra Pradesh).
 - Mangalore (Karnataka), Padur (Kerala).
- Note: Project of 3 additional reserves is in pipeline:
 - Chandikhol (Odisha), Bikaner (Rajasthan), Rajkot (Gujarat).

Hydrocarbons Exploration and Licensing Policy (HELP)

- It replaces New Exploration Licensing Policy (NELP).
- It will govern exploration of oil and gas resources.
- It will make India, business and investor friendly by reducing restrictions.

10.5 Energy Misc.

10.6 Renewable Energy

Renewable Energy Industry Promotion and Facilitation Board (REIPFB)

- It comes under New and Renewable Energy (MNRE) Ministry.
- It will deal with challenges and issues being faced by Renewable Energy (RE) sector due to:
 - Payment delays by state distribution companies.
 - Increasing curtailment of projects.
 - Renegotiation of power purchase agreements (PPAs) by states.
 - Difficulties in land procurement and transmission connectivity.

Kisan Urja Suraksha E�am Utthaan Mahaabhiyan (KUSUM)

- It is to incentivize farmers to run solar farm water pumps and use barren land for generating solar power to have extra income.

Nuclear Power Corporation of India Ltd (NPCIL)

- It is a Public Sector Enterprise under Atomic Energy Department.
- It operates atomic power plants and implement atomic power projects for electricity generation.

Suryamitras

- They are skilled technicians who can install, operate, repair, maintain, solar panels, plants, equipment.

11. MISCELLANEOUS

Nobel Prize in Economics, 2020

- It is awarded to Paul Milgrom and Robert Wilson for their works on auction theory.
- They created new auction formats to be applied to selling of goods and services (such as radio frequencies).
- That are difficult to sell through traditional auction formats.

Auction Theory

- It is a concept of transparent allocation of resources or items of business in a free market to best bidder for optimum utilization.
- It is a branch of applied economics and prescribes different sets of rules or designs for transactions.
- Essentially, it is about how auctions lead to discovery of price of a commodity.
- Auction theory studies:**
 - Auction designing, Governing rules, Bidders' behavior, Outcomes achieved, Individuals contributions.

National Statistical Commission (NSC), 2005

- It was set up on recommendation of Dr. C. Rangarajan committee.
- It serves as a nodal organization for all core statistical activities:
 - Evolving, Monitoring, Enforcing statistical standards.
 - Ensuring statistical co-ordination among agencies.
- Organization:** 1 part-time Chairperson, 4 part-time Members.
 - CEO of NITI Aayog as ex-officio member.

Swayatt & Start-Up Runway

- It is an initiative to promote Start-ups, Women, Youth Advantage through e- Transactions on Government e Marketplace.

VidyaLakshmi Portal

- It is IT-based mechanism under PM Vidya Lakshmi Karyakram.
- It provides students a single window electronic platform for scholarships and educational loans.
- It enables all poor and middle-class students to pursue higher education of their choice without any constraint of funds.

Data Localization

- It is a concept that personal data of a country's residents should be processed and stored in that country.
- Some directives may restrict flow entirely.
 - While others more leniently allow for conditional data sharing or data mirroring.
 - In which only a copy must be stored in country.

More Free Courses at

www.redefedu.com

- It is considered important for securing citizen's data, data privacy, data sovereignty, national security, economic development.
- Draft E-Commerce Policy also contained a provision for data localization.

Consumer Protection Bill, 2018

- It replaces Consumer Protection Act (CPA), 1986.
- It follows revised UN guidelines on consumer protection.
- CPA 1986 provides:**
 - Right of Safety, Right be informed, Right to choose.
 - Right to be heard. Right to seek redressal.
 - Right to Consumer Education.
- Grievance Mechanism:** 3 tier complaint redressal mechanisms such as:
 - District, State, Nation Consumer Dispute Redressal Mechanism is set-up.

Features of 2018 Bill:

- Central Consumer Protection Authority:**
 - It will act as a national authority to regulate and prevent violation of consumer rights.

Bureau Of Indian Standards (BIS) Act, 2016

- It repeals BIS Act, 1986.
- It establishes BIS as National Standards Body.
- It is to formulate, implement, certify certain standards of quality for goods, services, articles, processes, systems.
- It allows Government to notify certain goods, articles, etc.
 - Which will need to compulsorily carry a standard mark in interest of public interest, safety of environment, prevention of unfair trade practices, national security etc.

Indian Labour Conference (ILC) (Labour Parliament)

- It is tripartite (Trade Union, Employer, Government) consultative committee under Labour Ministry.
- It advises Government on issues concerning working class of country.
- Members of ILC:**
 - All 12 Central Trade Union Organisations.
 - Central Organisations of employers.
 - All State Governments, Union Territories.
 - Central Ministries/Departments.
- Note:** 1st ILC (Then, Tripartite National Labour Conference) was held in 1942.
 - It brought workers' and employers' representatives together to help in WWII allied efforts.

DARPAN (Digital Advancement of Rural Post Office for a New India)

- It is an IT modernization project.
- It offers core banking services to account holders.
- It is to provide low power technology solution to each branch postmaster (BPM).

Bhartiya Nirdeshak Dravya (BND4201)

- It is a gold bar, weighing 20 grams, to verify purity of gold sold in India.
- In 2016, India Government Mint (A unit of Security Printing and Minting Corp of India Ltd) signed an agreement with BARC and CSIR National Physical Laboratory (NPL) to develop 1st gold standard.
- NPL is repository of standard units: kg, second, cm.

South Asia Training and Technical Assistance Centre (SARTTAC)

- India and IMF established it for capacity development through training and technical assistance.
- It would train in:
 - Macroeconomic and Fiscal management.
 - Monetary Operations, Financial sector regulation and supervision.
 - Macroeconomic statistics.

Think20 Task Force

- It comprises of think tanks and academia that will offer recommendations to strengthen digital economies and manage digitalization of traditional sectors.
- It would help articulate rules of economic operation for businesses, governments and users transacting on Internet.
- It would also focus upon Affordable and inclusive Cyber security.

Nidhi Apke Nikat Programme

- It is a public outreach programme of Employee Provident Fund Organisation (EPFO).
- It is to bring all different stakeholders (employers/employees) on same platform.
- Various new initiatives in interest of employees/employers taken up by organisation are explained during this programme.
- It invites feedback and suggestion through this programme.

Digilocker

- It is to achieve paperless governance.
- It is a platform for issuance and verification of documents and certificates online.
- Citizens can upload digital/scanned copies of their documents for safe storage.
 - Documents can also be e-signed.

BEPS (BASE EROSION AND PROFIT SHIFTING)

- It is a technical term referring to negative effect of multinational companies' tax avoidance strategies on national tax bases.
- It can be achieved through use of transfer pricing.
- BEPS package from OECD (Organization for Economic Cooperation and Development) includes 15 actions.
 - That equip government with domestic and international instruments needed to tackle BEPS.
- Inclusive framework has tools to ensure that profits are taxed where economic activities generating profit are performed and where value is created.

Festival of Innovation (Foin) Initiative

- It is an initiative of President to recognize, respect, reward grassroots innovations and foster a supportive ecosystem.

