

RAO'S COACHING CENTRE

CURRENT AFFAIRS

FEBRUARY 2018

Persons in News

Chandrashekara Kambara – Noted Kannada writer & Jnanpith award winner elected President of Kendriya Sahitya Academy.

Victor Buso – An amateur astronomer from Argentina captured unique images ever of a star as it exploded into a flash of light and morphed into a supernova (astronomer's call this pivotal moment as shock breakout).(a supernova is a star that suddenly increases greatly in brightness due to a catastrophic explosion).

Avani Chaturvedi – Became the first lady combat pilot in IAF; she flew a MIG Bison in Jamnagar, Gujarat and will join the IAF fighter squadron. Ms. Mohana Singh & Ms. Bhavana will join her later.

Sohini Roy Chowdhury - An eight-year-old Indian-origin school girl has entered the UK's Athletics Hall of Fame, an online mathematics-based competitive tool aimed at primary school pupils.

Neil Harbisson – Visited India, the World's first legally recognized cyborg. Born with achromatopsia, Harbisson can only see his surroundings in black and white. At the age of 21, however, he co-devised and implanted an antenna, which converts colour frequencies to sound, in his head. The device allows him to 'hear' and recognize colour, depending on the frequencies. Harbisson calls the antenna an additional 'organ'. The UK Government has given Harbisson a bionic status (cyborg means a person who has an electronic implant; bionic also means more or less the same (a person who has an electronic driven part (eg: arm).

Places in News

Sunjwan, J & K- in a suspected Jaish-e-Mohd terror attack five army men & 4 militants and a civilian were killed.

Srilanka – A Telugu speaking tribe, the Ahikuntaka was found in Srilanka; they have been living there for centuries (snake catchers).

Manipur – Myanmar dam being built on the Tsuigen River flowing from Manipur has raised concerns of submergence.

Tamil Nadu – Opposition is growing in Bodi West Hills in Theni district to the proposed Indo-US Indian Neutrino observatory (underground physics lab). Tata Institute of Fundamental Research, Indian National Science Academy, Delhi and National Academy of Sciences, Allahabad and Indian Academy of Science, Bengaluru are involved. The INO experiment will lead to the creation of new Inter-Institutional Education & Research Centre

for High Energy Physics at Madurai.(neutrinos are subatomic particles that are neutral and have no mass; they are abundant in nature but hard to detect. Neutrinos are produced in sun and in atomic reactors etc. The study of neutrinos are important because they help us understand the processes that go in the sun, nuclear fusion and structure of matter).

Florida, USA – On 14th February, a gunman (school dropout) shot dead 17 students at the Marjory Stoneman Douglas High School, Parkland, Florida in one of the worst school shoot out in US. The ghastly incident raised the vexed question of liberal gun laws in US (The Constitution guarantees the right to arms). After the incident, the State Legislature did pass a gun control act raising the minimum age for fire arms to 21 and background checks for gun licenses etc. (Republican Party traditionally supports the right to fire arms/guns).

Delhi – (i) Vice-President M. Venkaiah Naidu inaugurated Delhi's first-of-its kind arboretum and a city heritage park developed by the Aga Khan Trust for Culture (AKTC) in a 90-acre area near the Humayun's Tomb.

(ii) Delhi hosted an International Theatre Olympics for the first time, from February 17. Themed "Flag of Friendship", the eighth edition of the 51-day long mega theatre was inaugurated at the Red Fort by Vice President. The fest was held under the aegis of the National School of Drama.

El Ghoutia, Syria - About 500 people died in Govt bombings/attacks on rebel held positions in the town close to the capital Damascus. UN said the situation in Ghoutia was a humanitarian disaster.

Obituaries

Ms. Asma Jehangir – Well known Pakistan human rights activist. She founded the Pakistan Human Rights Commission and was the first lady President of Pakistan Supreme Court Bar Association. She championed human rights & democracy for which she was jailed several times during the rule of Zia-ul-Haq. She won the Magasaysay & Right livelihood awards for her contribution to human rights & freedoms.

Sridevi – Multi lingual film star; (Telugu, Tamil and Hindi); one of Bollywood's most successful star – actor in terms of hits & popularity.

Dr. Billy Graham - One of the most well known preachers who inspired generations of Americans

Bilateral Relations

India – Palestine – PM, Sri. Narendra Modi became the first India PM to visit Palestine. He visited Ramallah, the HQ of Palestine Authority/Govt. India and Palestine (President Mohd. Abbaas) signed MOUs, India will set up a super specialty-hospital at Beit Sahur and a woman's empowerment centre and schools etc. Sri. Modi reached Ramallah via Jordan. Palestine Govt conferred the Grand Collar of the State of Palestine award on Sri. Modi.

India – Canada – Justin Trudeau, Canadian PM was on a weeklong visit; he visited Agra, Gujarat, Punjab and Mumbai before meeting Sri. Narendra Modi, PM at Delhi towards the end of his visit. Six MOU were signed in the areas of energy, S&T, education, intellectual property rights, IT and sports etc., not much progress was made on comprehensive economic cooperation and partnership agreement. Both agreed to jointly combat terrorism.

The media highlighted that the Canadian PM was not extended the due protocol and was in fact, snubbed; only Jr Minister received him nor did CMS of UP, Gujarat & Maharashtra. India believes that Canada has not done enough to tackle Sikh extremism and Sikh radicals in Canada (the largest number of Sikhs outside India live there). A known Sikh separatist Jaspal Aitwal attended the official reception in Mumbai further irking the Govt of India.

India – Oman – Signed 8 deals (Oman Sultan Qabas bin Said), in the areas of health, outerspace, academic cooperation, tourism & military cooperation etc. PM addressed a gathering of Indian workers & professionals at Muscat and prayed at a 125 years old Shiva temple there. Prime Minister Modi and the Sultan of Oman signed an agreement that provides Indian naval vessels with access to the strategically located Duqm port is close to the Gulf of Oman, through which a significant part of India's oil imports pass. Hence Duqm's main value to India lies in its proximity to important sea lanes. A naval presence at Duqm will strengthen India's capacity to monitor and police these sea lanes. Additionally, Duqm port is not too far from the Paksitani port of Gwadar, which is one of the 'pearls' in China's string of pearls' strategy in the Indian Ocean.

India – UAE - UAE gave concession to an ONGC led consortium in Zakum oil fields of UAE (exploration/drilling); two countries to hold naval exercise. This entitles India to about 40,000 barrels of oil per day. In addition, India has sealed a deal which allows the Abu Dhabi National Oil Company to store six million litres of crude oil at Padur, near Udupi. In return, India will get first rights to the stored oil in the event of disruption in supplies due to geopolitical conflict or a natural disaster. Having access to such a strategic reserve will go a long way in enhancing India's energy security. PM inaugurated a project for the construction of the first Hindu temple in Abu Dhabi (Swaminarayan Temple).

India – Seychelles – Seychelles allowed India to develop, manage, operate and maintain military facilities on its Assumption Island. Under an agreement signed recently, India will finance and build an airstrip and jetties for use by its navy. The two countries will work together in anti-piracy operations and surveillance of Seychelles' Exclusive Economic Zone to prevent intrusions by potential economic offenders such as poachers and drug and human traffickers. The agreement is a revised version of the one reached in 2015 when Prime Minister Narendra Modi visited Seychelles. This agreement ran into trouble due to objections from Seychelles' opposition parties. It was renegotiated. Valid for 20 years, the agreement provides both parties the right to pull out after giving a year's notice. India's acquisition of naval base facilities in Seychelles marks an important milestone in its efforts to project naval power in distant waters to secure its interests. The Indian Ocean has always been important in India's strategic calculations, especially since much of its sea-trade, especially oil, is carried over its waters.

India – US – US businesses and diplomats are pressing India to cut tariffs following India's decision to increase customs duties on dozens of products to help its flagship 'Make in India'. India announced higher import tax on electronics products such as mobile phones and television sets in December and then on 40 more items in the budget this month. These included goods as varied as sunglasses, juices and auto components. India says the move is aimed at giving local industry the chance to grow and is part of a broader plan to lift the share manufacturing makes up of GDP to a quarter, from around 15% and create the tens of thousands of jobs needed for a young workforce.

National Developments

1. The sex ratio at birth (SRB) saw a decline in 17 out of 21 larger states of the country, with Gujarat recording an alarming dip of 53 points, a Niti Aayog report stated. According to the report, among the 17 states which recorded substantial drop of 10 points or more, in Gujarat the SRB fell to 854 females per 1,000 males born registering a drop of 53 points from 2014-15 (base year) to 2015-16 (reference year). Gujarat is followed by Haryana, which registered a drop of 35 points, Rajasthan (32 points), Uttarkhand (27 points), Maharashtra (18 points), Himachal Pradesh (14 points), Chhattisgarh (drop 12 points) and Karnataka (11 points), the Healthy States, Progressive India report states.
2. The Supreme Court gave its final verdict on sharing of Cauvery water based on the Cauvery tribunal Order (it modified the Tribunal order slightly); the highlights of the judgment are:
 - (i) Karnataka 284.75 Tmc feet (including 14.5 tmc feet for drinking water for Bengaluru and nearby areas)
Tamil Nadu 404.25 Tmc feet (thousand million cubic feet)
Kerala 30 Tmc feet
Puducherry 7 Tmc feet
Environmental Protection
 - (ii) Tamil Nadu to tap at least 10 tmc ft groundwater instead of banking on Cauvery water from Karnataka. Centre should frame a scheme within 6 weeks. The waters of an inter-State river passing through the corridors of the riparian States constitute national asset and cannot be said to be located in any one State. Being in a state of flow, no State can claim exclusive ownership of such waters or assert a prescriptive right so as to deprive the other States of their equitable share to implement tribunal's award, as modified by SC. The tribunal had said the scheme will include a specialist body called the Cauvery Management Board (CMB) to supervise reservoir operations and regulate releases. The CMB will be an interstate forum of technical experts with three whole-time members appointed by the Centre and representatives of the riparian States.

3. More than 40 languages or dialects India are considered to be endangered and are believed to be heading towards extinction as only a few thousand people speak them. According to a report of the Census Directorate, there are 22 scheduled languages and 100 non-scheduled languages in the country, which are spoken by a large number of people – one lakh or more. However, there are 42 languages which are spoken by fewer than 10,000 people. These are considered endangered and may be heading towards extinction. The languages or dialects include 11 from Andaman and Nicobar Islands (Great Andamanese, Jarawa, Lamongse, Luro, Muot, Onge, Pu, Sanenyo, Sentilses, Shompen and Takahanyilang), seven from Manipur (Aimol, Aka, Koiren, Lamgang, Langrong, Purum and Tarao) and four from Himachal Pradesh (Baghati, Handuri, Pangvali and Sirmaudi). The other languages in the endangered category are Manda, Parji and Pengo (Odisha, Koraga and Kuruba (Karnataka), Gadaba and Naiki (AP), Kota and Toda (Tamil Nadu), Mra and Na (Arunachal Pradesh), Tai Nora and Tai Rong (Assam), Bangani (Uttarkhand), Birhor (Jharkhand), Nihali (Maharashtra), Ruga (Mehalaya) and Toto (West Bengal). The Central Institute of Indian Languages, Mysore, has been working for the protection and preservation of endangered languages in the country under a central scheme.
4. In a significant judgment, the Delhi High Court termed “unconstitutional” discrimination in health insurance policies of individuals with genetic disorders and directed insurance companies to cover these ailments as well. The court directed the Insurance Regulatory Development Authority of India to re-look at the exclusionary clauses in insurance contracts and ensure that insurance companies do not reject claims on the basis of exclusions relating to genetic disorders.
5. The information & Broadcasting (I&B) Ministry approved the hiring of 716 social media executives, one for each district of the country. Their primary responsibility will be to analyze local news reports and help the Government adapt the message according to the responses to it.
6. The Supreme Court in a landmark Judgment (PIL filed by an NGO, Lok Prahari) on the matter of income/assets of candidates contesting polls (RS/LS/State Legislature) gave the following directions.
 - (i) Candidates contesting polls have to disclose source of their income & that of spouse/ dependents.
 - (ii) Candidates should also disclose Govt contracts that they/their spouses/dependents are executing.
 - (iii) Non disclosure of the above information amounts to corrupt practice and may lead to disqualification/setting aside the election under the Representation of People’s Act.
 - (iv) Voters have a right to know (i) & (ii) above as a part of the Fundamental Right (Article 19) freedom of speech/expression).

- (v) SC suggested that a mechanism be set up to scrutinize unusual increase in legislators' assets.
7. The Union Cabinet approved the setting up of a tribunal to settle a row between Odisha and Chhattisgarh on sharing the waters of the Mahanadi River. The Odisha Government had moved the SC in December, 2016 for an order asking Chhattisgarh to stop construction of barrages upstream of Mahanadi. Mahanadi ranks second to the Godavari among peninsular rivers in respect of water potential. The Mahanadi originates in the Sihawa Mountain in the Dhamtari district of Chhattisgarh and terminates in the Bay of Bengal.
8. NITI Aayog released comprehensive Health Index Report, "Healthy States, Progressive India". The report ranks States and Union Territories innovatively on their year-on-year incremental change in health outcomes, as well as, their overall performance. The report was released jointly by the NITI Aayog; Ministry of Health & Family Welfare; and technical assistance from the World Bank and in consultation with the Ministry of Health and Family Welfare (MOHFW).

States and UT's have been ranked in three categories namely, Larger States, Smaller States and Union Territories (UTs), to ensure comparison among similar entities. The Health Index is a weighted composite Index, which for the larger States, is based on indicators in three domains – (a) Health Outcomes (70%) (b) Governance and Information (12%) (c) Key Inputs and Processes (18%), with each domain assigned a weight based on its importance.

Among the Larger States, Kerala, Punjab and Tamil Nadu are at the top in terms of overall performance, while Jharkhand, Jammu & Kashmir and Uttar Pradesh are the top three ranking States in terms of annual incremental performance. Jharkhand, Jammu & Kashmir and Uttar Pradesh showed the maximum gains in improvement of health outcomes from base to reference year in indicators such as Neonatal Mortality Rate (NMR), Under-five Mortality Rate (U5MR), full immunization coverage, institutional deliveries and people living with HIV (PLHIV) on Anti-Retroviral Therapy (ART) (Base year 2014-15; Reference year 2015-16).

Among Smaller States, Mizoram is first followed by Manipur on overall performance, while Manipur followed by Goa were the top ranked States in terms of annual incremental performance. Manipur registered maximum incremental progress on indicators such as ART, first trimester antenatal care (ANC) registration, grading quality parameters of Community Health Centres (CHCs), average occupancy of key State-level officers and good reporting on the Integrated Disease Surveillance Programme (IDSP).

Among UTs, Lakshadweep showed both the best overall performance as well as the highest annual incremental performance. Lakshadweep showed the highest improvement in indicators such as institutional deliveries, tuberculosis (TB) treatment success rate and

transfer of National Health Mission (NHM) funds from State Treasury to implementation agency.

The Health Index Report notes that while States and UTs that start at lower levels of development are generally at an advantage in incremental progress over States with Health Index Scores, it is a challenge for States with High Index Scores to even maintain their performance levels. For example, Kerala ranks on top in terms of overall performance but sees the least incremental change as it had already achieved a low level of Neonatal Mortality Rate (NMR) and Under-five Mortality Rate (U5MR) and replacement level fertility, leaving limited space for any further improvements.

However, the incremental measurement reveals that about one-third of the States have registered a decline in their performance in 2016 as compared to 2015, stressing the need to pursue domain-specific, targeted interventions. Common challenges for most States and UT's include the need to focus on addressing vacancies in key staff, establishment of function district Cardiac Units (CCUs), quality accreditation of public health facilities and institutionalization of Human Resources Management Information System (HRMIS). Additionally, almost all Larger States need to focus on improving the Sex Ratio at Birth (SRB).

The Index was constructed using 23 indicators grouped into three broad domains, namely - (i) health outcome (neonatal mortality rates, under 5-mortality rates, total fertility rates etc.), (ii) Governance & institutions (data integrity, average occupancy of key health personnel in their posts etc.), (iii) key inputs/processes (-proportion of vacant posts in Health dept, type of facilities available at PHCs etc).

9. Karnataka – The 88th Mahamastabisheka (head anointing ceremony) of the giant 58.6 feet Gomateswara statue at Sravanabelagola, Hassan was held from 17 to 25th February 2018. The ceremony is held once in 12 years as per Jain calendar. Gomateswara or Bhagwan Bahubali was the son of Rishaba, the first Jain Teerthankara according to legend. The monolithic rock statute was built by Chauvandaraya, an official of the Ganga Dynasty in 10th Century AD. The majestic statue is in Kyatosarga posture as per Jain belief (supreme power but materially indifferent). The first Mahamastabisheka was supposed to have been held in 981 AD a top the Vindhyagiri Hill where the statue is located. President Sri. Kovind inaugurated the ceremony.
10. Karnataka – The State Forest Department introduced a inverted L-shaped solar fencing in areas bordering forest areas, instead of rails to keep out elephants. Under the new method, there will be live 12-volt wires between two poles. The fence has been designed to face towards the forest. The electricity flow will give elephants only a shock and there is no electrocution.

11. India's indigenous light transport aircraft SARAS was successfully test flown for the second time at Bengaluru. The design and development of the aircraft is by CSRI-National Aerospace Laboratories (NAL).
12. The Department of Atomic Energy (DAE) has approved commercial selling of heavy water – an important nuclear industry material – to a Mumbai-based private company. Heavy Water Board, an industrial unit of the DAE, signed an agreement in Mumbai with Clearsynth to sell 20 tonnes of heavy water (deuterium oxide) to produce several industrial materials. So far, the material produced by the Heavy Water Board were sold within the Government only.
13. Bangalore-based research institute The Jawaharlal Nehru Centre for Advanced Scientific Research (JNCASR) is among the six academic centres selected for receiving brand new supercomputer under the first phase of the National Supercomputer Mission. It will get a 650 teraflop machine, for which the Department of Science and Technology (DST) will issue the tender soon. The five other institutes to get their own supercomputers are IIT-Kanpur, IIT-Karagpur; Indian Institute of Science, Education and Research, Pune; IIT-BHU, Varanasi and the International Institute of Information Technology, Hyderabad.
14. India successfully test-fired indigenously developed nuclear capable Prithvi-II missile as part of a user trial by the Army from a test range in Odisha (Strike range – 350 Km, Payload – 500-1000 Kg).

International Developments

1. **Germany** – After nearly 6 months of a hung verdict, Ms. Angela Merkel the chancellor and leader of the Christian Democratic Party, the largest party in terms of vote share formed a coalition with the second largest party, the Social Democrats. This is the 4th term for Ms. Markel. Germany is known for coalitions given its proportional representation system (though now part first-past-post also) but observers believe that this coalition may or may not last long.
2. **UK** – One of Britain's most well known and largest charity OXFAM (founded in 1942 as Oxford Committee for Famine Relief), a confederation of several leading charities dedicated to alleviation of global hunger & poverty was embroiled in a scandal after it was reported that its staff exploited sexually survivors of 2010 Haiti earthquake and arranged parties with sex workers.
3. **Sweden** – The head of the Swedish Academy which awards Nobel Prize in literature and another member resigned over allegations of sexual misconduct on the part of the husband of one of the members of the prestigious Academy. The King of Sweden had to intervene in view of the seriousness and the reputation of the Nobel Academy.

4. **Pakistan** – The Financial Action Task Force – Set up by G-7 in 1989 and based in Paris (37 members including India) put Pakistan in ‘Grey List’ for its failure to choke terror funding & crack down on terror groups like LeT and the Haqani network etc. US, UK, France & Germany moved the resolution only Turkey voted against. Interestingly China went along with the majority FATF in an inter-Govt organization that attempts to promote concerted action by members against terrorism and terror funding/finances (Grey List is one step lower than the Black List; under Grey List, only monitoring & caution). However, Pakistan claims that it has been given a three month reprieve by FATF.
5. **Srilanka** – The National Unity Govt of Srilanka between the United National Party of PM Ranil Wikramasinghe & Srilanka Freedom Party of President Sirisena Maitripala has come under increasing strain due to:
 - (i) In the election held to local bodies; both parties fared badly.
 - (ii) A new party floated by former President Mahinda Rajapaiksha, the Srilanka Podujana Peramuna captured the majority of seats. In 2015, Rajapaiksha lost to Sirisena but in the last 2-3 years, the latter has recovered/regained his popularity.
 - (iii) Ranil Wikramasinghe faces allegations of corruption over sale of Govt Bonds.

The tension/strain between PM & President may express itself in reshuffle of ministers/resignations and if things do not get sorted out may even lead to midterm elections.

6. **South Africa** – The African National Congress, the ruling party forced the President Jacob Zuma to step down; Zuma was facing serious allegations of corruption, fund diversion (even the country’s Supreme Court indicated him) and allowing an Indian origin business family (Guptas) to interfere in Govt etc. Cyril Ramaprosa, the Deputy President, Trade Union Leader (African mine workers union), anti apartheid activist and businessman took over as President.
7. **Turkmenistan** – Turkmenistan, Afghanistan, Pakistan and India formally performed a ground breaking ceremony of the 1840 Km TAPI gas pipeline project in Afghanistan (Sherkatabat). The project aims at pumping natural gas from Turkmanistan’s Galkynysh gas field to Afghanistan, Pakistan and India by 2020. The bulk of 33 Billion Cubic mt of gas to be pumped annually will be purchased by Pakistan and India. Interestingly, Taliban has supported to project (22.5 Billion Dollar Project).
8. **China** – Communist Party cleared a third term for President Xi Jinping. the party also proposed that Mr. Xi’s political theory – Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era – be written into Constitution. Xi Jinping has already become the most powerful Chinese leader after Mao. It appears that he may continue even beyond the 3rd term.

9. **Maldives** – President Abdullah Yameen Gayoom declared a state of emergency and even shut the Parliament. The Supreme Court of Maldives had earlier ordered the release of a few opposition leaders from jail. But instead of honoring the court judgment, the President took the extreme step of arresting the SC Chief Justice and another Judge and forced the SC to annul its order. President Yameen Gayoom came to power in 2013 in controversial circumstances by ousting his predecessor Mohd. Nasheed, the first democratically elected President of Maldives (now in exile); after coming to power, he has clamped down on press and the opposition.

India, UN & the West were critical of the President's action and urged restoration of normalcy. The former President Mohd. Nasheed is seen to be close to India and the present Govt of Maldives ties with India are strained.

10. **Nepal** – The Communist Party of Nepal-United Marxist-Leninist (CPN-UML) and the CPN-Maoist Centre reached an agreement on unification. CPN-UML chairperson Khadga Prasad Oli was sworn in as Prime Minister. The CPN-UML and the Maoists had contested the November general elections as a Left Alliance. With the two merging now, Oli's Government will enjoy stability.

Indian Economy

1. The Government has given more power to the Securities and Exchange Board of India (SEBI) to impose monetary penalties on important market intermediaries such as stock exchanges and clearing corporations and also act against newer categories of participants like investment advisers, research analysts, real estate investment trusts (REITs) and infrastructure investment trusts (InvITs). A monetary penalty of at least Rs. 5 Crore on stock exchanges, clearing corporations and depositories for non-compliance with regulatory norms. The amendments also empowered SEBI to act against entities that furnish false or incomplete information to the regulator. Earlier, it could act only if the entity did not furnish any information.
2. The Centre decided to open coal mining for private sector. Till now the private sector was permitted to mine coal only for captive use (coal mined could be utilized only in the industry for which the auction/allocation of the block was done and not for other purposes. Surplus coal need to be sold to Coal India at the notified price). The auction – on an on line transparent platform – will be an ascending forward auction whereby the bid parameter will be the price offer in Rs/tonne, which will be paid to the State government on the actual production of coal. There shall be no restriction on the sale and/or utilization of coal from the mine.
3. RBI gave a fresh directive to Banks on new norms for NPAs and debt resolution, the highlights of which are:
 - (i) Stressed assets (NPA) classified as Special Mention Accounts as below:

Principal and Interest due (days)

SMAO	1-30
SMA1	31-60
SMA2	61-90

- (ii) Banks to report weekly on defaults of over Rs. 5 Crore loans to RBI's Central Repository of Information on large credits.
- (iii) Banks to implement resolution plan if large accounts in default; within 180 days of default.
- (iv) Companies will be deemed to be in default if it fails to repay principal interest within 91 days.
- (v) At least 20% of outstandings has to be paid within one year (principal plus interest) by defaulting account holder to avoid insolvency resolution.
Banks are concerned that the new RBI norms are stringent and may further push up NPAs.
- (vi) All existing debt restructuring schemes like corporate debt and strategic debt restructuring schemes are disbanded.

4. **Oxfam Report** – ‘The Widening Gaps – India Inequality Report 2018. Brief Points

- (i) Inequality in India is on the rise for the last three decades, so much so that the total wealth of Indian Billionaires is 15% of the GDP.
 - (ii) “These inequalities are the result of package of reforms adopted during the big bang liberalization of 1991 and the subsequent policies adopted”.
 - (iii) The richest 1% in India concerned 73% of the wealth generated in the country last year. The survey also showed that the wealth of India richest 1% increased by over Rs. 20.9 Lakh Crore during 2017. On the other hand 67 Crore Indians comprising the population's poorest half saw their wealth rise by just 1%.
5. The cabinet approved proposal to redefine micro, small and medium enterprises, or MSEMs, based on their annual revenue, replacing the current definition that relies on self-declared investments on plants and machinery. According to the new definition, businesses with revenue of as much as Rs. 5 Crore will be called micro enterprises, those with sales of Rs. 5-75 Crore will be deemed small and those with revenue of Rs. 75-250 Crore will be classified medium-sized.
6. The Reserve Bank of India (RBI) has announced plans to introduce an ombudsman scheme for customers of non-banking finance companies (NBFCs). The ombudsman will first be introduced for the deposit-taking NBFCs. “The scheme will cover all deposit-taking NBFCs and those with customer interface having asset-size of Rs. 100 Crore and above (RBI has not yet given details; likely by March 2018)
7. The Union cabinet approved the creation of a Rs. 6,000 Crore National Urban Housing Fund to finance the Government's Housing for All programme, which aims to build 12 million affordable housing units in urban areas by 2022. The newly created fund will be placed under the aegis of the Building Materials and Technology Promotion Council, an

autonomous body under the ministry of housing and urban affairs, whose primary task is the mainstreaming of new construction technologies. The fund will be raised from non-budgetary sources and could tap into existing Government entities such as the Housing and Urban Development Corporation (HUDCO).

S & T

1. Space X (Elon Musk) launched The Falcon Heavy, the World's first space sports car (launched from Florida). It is designed to cruise towards the asteroid between Mars & Jupiter. Falcon heavy is supposed to be the most powerful rocket ever.
2. The Defence Research and Development Organisation (DRDO) carried out a test-flight of the unmanned aerial vehicle Rustom-2. The flight was conducted at its Aeronautical Test Range in Chitradurga of Karnataka. Rustom-2 belongs to a family of UAVs under development, besides Rustom-1 and Rustom-H. It is a medium-altitude long-endurance drone (MALE) and will fill a critical capability gap in the inventory of the armed forces. It can fly up to an altitude of 22,000 feet and has an endurance of over 20 hours. It is capable of carrying payloads for electronic and signal intelligence missions.
3. Scientists have developed a new type of malleable, self-healing and fully, recyclable "electronic skin" that can be used in biomedical devices like artificial limbs and prosthetics. It contains a novel type of polymer called polyamine. The polyamine has been laced with silver nanoparticles to provide better mechanical strength, chemical stability and electrical conductivity.
4. Oral Polio Vaccine (OPV) Campaign 2018 resumed in January 2018 covering 17 Crore under 5 children. Why should India continue to focus on polio, through it became polio free by 2014? This is because the threat of resurgence is real and can happen in two ways. As of today, two countries – Pakistan and Afghanistan – still have circulating polio. And the polio virus can cross border easily through adults who show no symptoms. The second risk of resurgence comes, ironically, from OPV itself. In rare cases, this vaccine, which contains weakened but live polio virus, can cause paralytic polio. Also, because the vaccine-virus is excreted by immunized children, it can move from one person to another. This makes OPV a double-edged sword. On the one hand, a vaccinated person protects unvaccinated people he/she comes in contact with spreading immunity through faeces. But on the other such circulation allows the virus to stick around and mutate to a more virulent form, raising the spectre of vaccine-derived poliovirus (VDPV). VDPV, like imported wild polio, can cause out-breaks in under-immunized population. It is for this reason that the eradication of polio worldwide requires OPV to be stopped and replaced with the Inactivated Polio Vaccine (IPV). IPV does not cause VDPV but protects children equally well against polio.

5. The Health Ministry launched ‘Viral load testing for all people living with HIV/AIDS (PLHIV)’ on treatment and the newly launched scheme will provide viral load testing free of cost, “at least once a year”.
6. The Environment Ministry had made it mandatory for companies seeking environment clearance to ensure that they put in place a dust mitigation plan. The requirements, specified say that roads leading to or at construction sites must be paved and black-topped. There can be no soil excavation without adequate dust mitigation measures in place. No loose soil and construction waste can be left uncovered. A water sprinkling system is mandatory and the measures taken should be prominently displayed at the construction site. Moreover, the grinding and cutting of building materials in open area is prohibited and no uncovered vehicles carrying construction materials and waste are permitted.
7. Tropical forests in different continents ancestry, according to a team of more than 100 researchers, including several Indian scientists are related. Incorporating genetic information of these species, the team led by scientist Ferry Slik (Universiti Brunei Darussalam) built a family tree to see how these trees are related to each other through millions of years of evolution. With this, they identified five major forest regions in the tropics – the Indo-Pacific, Subtropical, African, American and Dry Forests. According to their results, tropical forests in Africa and South America are closely related, with most of the differences between them occurring within the last 100 million years. Another finding is that dry forests found in India, America, Africa and Madagascar are also closely related to each other.
8. Highlights of India State of Forest Report 2017 prepared by Forest Survey of India (once in 2 years) (first started in 1987)
 - (i) India ranks 10th in the World in terms of forest cover
 - (ii) Total forest cover of the country 24.39% (of the geographical area)(target 33%)
 - (iii) There is an increase of 0.94% in forest cover in the last 2 years
 - (iv) Madhya Pradesh, Arunachal, Chhattisgarh, Odisha and Maharashtra are top 5 states in terms of forest cover area, as a percentage to states geographical area, Lakshadweep, Mizoram, A & N Island, Arunachal & Manipur are the top
 - (v) Mangrove cover is 4921 sq km
 - (vi) Andhra Pradesh, Karnataka, Kerala, Odisha and Telagana have reported highest increase in forest cover
 - (vii) Forest cover declined in Mizoram, Nagaland & Arunachal most
 - (viii) Increase is noticed in dense forest

2018-2019 Budget

Finance Minister Sri. Arun Jaitley presented the 2018 Budget in the Lok Sabha on 1st February. The focus of this year's Budget was on farmers, rural India, health care and education. The sector wise highlights/summary is given below:

Agriculture and Rural Economy

- Minimum support price MSP for all announced kharif crops atleast one and half times of their production cost (same for the majority for rabi crops).
- Fisheries and Aqua Culture Infrastructure Development Fund (FAIDF) for fisheries sector and an Animal Husbandry Infrastructure Development Fund (AHIDF) for financing infrastructure requirement of animal husbandry sector with a total corpus of Rs. 10,000 Crore for the two new funds.
- A new Scheme "Operation Greens" with an outlay of Rs. 500 Crore to address the challenge of price volatility of perishable commodities like tomato, onion and potato with the satisfaction of both the farmers and consumers.
- Upgrade existing 22,000 rural haats into Gramin Agricultural Markets (GRAMS) to take care of the interest of more than 86% small and marginal farmers. These GRAMs, electronically linked to e-NAM and exempted from regulations of APMCs, will provide farmers facility to make direct sale to consumers and bulk purchasers.
- Agri-Market Infrastructure Fund with a corpus of Rs. 2000 Crore will be setup for developing and upgrading agricultural marketing infrastructure in the 22000 Gramin Agricultural Markets (GRAMS) and 585 APMCs.
- Rs. 200 Crore for organized cultivation of highly specialized medicinal and aromatic plants organic farming by Farmer Producer Organizations (FPOs) and Village Producers' Organizations (VPOs) in large clusters, preferably of 1000 hectares each will be encouraged.
- A Re-structure National Bamboo Mission with an outlay of Rs. 1290 Crore to promote bamboo sector in a holistic manner.
- The Centre will work with the State Governments to facilitate farmers for installing solar water pumps to irrigate their fields. (Kisan Urja Suraksha evan Utthan Mahabhiyan (KUSUM)).
- To extend the facility of Kisan Credit Cards to fisheries and animal husbandry farmers to help them meet their working capital needs.
- To setup state-of-the-art testing facilities in all the forty two Mega Food Parks.
- Special Scheme to support the efforts of the Governments of Haryana, Punjab, Uttar Pradesh and the NCT of Delhi to address air pollution in the Delhi-NCR region by subsidizing machinery required for in-situ management of crop residue.
- Focus of the Government next year will be on providing maximum livelihood opportunities in the rural areas by spending more on livelihood, agriculture and allied activities and construction of rural infrastructure.

Education, Health and Social Protection

- Setting up of Ekalavya Model Residential School on part with Navodaya Vidyalayas to provide the best quality education to the tribal children in their own environment by 2022 in every block with more than 50% ST population and at least 20,000 tribal persons with special facilities for preserving local art and culture besides providing training in sports and skill development.
- To set up investments in research and related infrastructure in premier educational institutions, including health institutions, a major initiative named “Revitalising Infrastructure and Systems in Education (RISE) by 2022” with a total investment of Rs. 1,00,000 Crore in next four years.
- To improve the quality of teachers an integrated B.Ed. programme for teachers will be initiated.
- The Government would launch the “Prime Minister’s Research Fellows (PMRF)” Scheme this year. Under this, 1,000 best B.Tech students will be identified each year from premier institutions and provide them facilities to do Ph.D in IITs and IISc, with a handsome fellowship.
- The Finance Minister announced the World’s largest Government funded health care programme titled National Health Protection Scheme (Ayushman Bharat) to cover over 10 Crore poor and vulnerable families (approximately 50 Crore beneficiaries providing coverage upto 5 Lakh Rupees per family per year for secondary and tertiary care hospitalization.
- Rs. 1200 Crore for the National Health Policy, 2017, which with 1.5 Lakh Health and Wellness Centres will bring health care system closer to the homes of people (the second component of Ayushman Bharat).
- The Government also decided to allocate additional Rs. 600 Crore to provide the nutritional support to all TB patients at the rate of Rs. 500 per month for the duration of their treatment.
- Setting up 24 new Government Medical Colleges and Hospitals by upgrading existing district hospitals in the country.

Medium, Small and Micro Enterprises (MSMEs) and Employment

- The Budget has given a big thrust to Medium, Small and Micro Enterprises (MSMEs) to boost employment and economic growth.
- A sum of Rs. 3794 Crore has been provided for giving credit support, capital and interest subsidy and for innovations.

Employment Generation

- Government will contribute 12% of the wages of new employees in the EPF for all the sectors for next three years. Govt to make amendments in the Employees Provident Fund and Miscellaneous Provisions Act, 1952 to reduce women employees’ contribution to 8% for first three years of their employment against existing rate of 12% or 10% with no change in employer’s contribution.

Infrastructure and Financial Sector Development

- Budget proposes to develop ten prominent tourist sites into Iconic Tourism destinations by following a holistic approach involving infrastructure and skill development, development of technology, attracting private investment, branding and marketing.

Railways

- Focus on
- Track renewal, capacity creation
- Redevelopment of 600 major railway stations
- Double line tracks for Mumbai's local train network
- Electrified rail network
- A suburban network of approximately 160 kilometers at an estimated cost of Rs. 17,000 Crore to cater to the growth of the Bengaluru metropolis.

Air Transport

- Expand the airport capacity more than five times to handle a billion trips a year under a new initiative – NABH Nirman.

Finance

- The Government will establish a unified authority for regulating all financial services in International Finance Service Centre (IFSCs) in India.

Digital Economy

- NITI Aayog will initiate a National Program to direct efforts in artificial intelligence
- Department of Science & Technology will launch a Mission on Cyber Physical Systems to support establishment of centres of excellence for research, training and skilling in robotics, artificial intelligence, digital manufacturing, big data analysis, quantum communication and internet of things.
- The Government proposes to set up five lakh wi-fi hotspots to provide net connectivity to five crore rural citizens.
 - (i) Development of two defence industrial production corridors
 - (ii) Private investment in a defence production opened up including liberalizing foreign direct investment
 - (iii) Industry friendly Defence Production Policy 2018 to be brought out to promote domestic production by public sector, private sector and MSMEs

Disinvestment

- Three Public Sector Insurance Companies – National Insurance Co. Ltd., United India Assurance Co. Ltd., and Oriental Insurance Co. Ltd., will be merged into a single insurance entity.
- A comprehensive Gold Policy will be formulated to develop gold as an asset class. The Government will also establish a system of consumer friendly and trade efficient system of regulated gold exchanges in the country. Gold Monetization Scheme will be revamped to enable people to open a hassle-free Gold Deposit Account.

Direct Tax Proposals

No changes in income tax slabs rates:

– A Standard Deduction of Rs. 40,000 in place of the present exemption allowed for transport allowance and reimbursement of miscellaneous medical expenses. However, transport allowance at enhanced rate is proposed to be continued for differently abled persons. Further, it is also proposed to continue medical reimbursement benefits in case of hospitalization etc., for all employees. The proposed Standard Deduction will help middle class employees even further in reducing their tax liabilities. It will also significantly benefit pensioners, who normally do not enjoy any allowance for transport and medical expenses.

– Relief to Senior Citizens. The proposals are:

- (a) Exemption of interest income on deposits with banks and post offices are proposed to be increased from Rs. 10,000 to Rs. 50,000. Benefit will also be available for interest from all fixed deposit schemes and recurring deposit schemes.
 - (b) Hike in deduction limit for health insurance premium and/or medical expenditure from Rs. 30,000 to Rs. 50,000 under section 80D.
 - (c) Increase in deduction limit for medical expenditure for certain critical illness from Rs. 60,000 (in case of senior citizens) and from Rs. 80,000 (in case of very senior citizens) to Rs. 1 Lakh for all senior citizens.
 - (d) It is also proposed to extend the Pradhan Mantri Vaya Vandana Yojana up to March 2020. The current investment limit is also proposed to be (8% interest) increased to Rs. 1.5 Lakh from the existing limit of Rs. 7.5 Lakh per senior citizen.
- Payments exceeding Rs. 10,000 in cash made by trusts and institutions shall be disallowed and would be subject to tax.
 - Long Term Capital Gains exceeding Rs. 1 Lakh to be taxed at the rate of 10 percent, without allowing any indexation benefit. However, all gains up to 31st January, 2018 will be grandfathered.(exempted)
 - A tax on distributed income by equity oriented mutual funds at the rate of 10 percent, to provide a level field across growth oriented funds and dividend distributing funds.
 - In order to take care of the education and health care needs of Below Poverty Line (BPL) and rural families, The Budget proposes to increase the cess on personal income tax and corporation tax to 4 percent from the present 3 percent. The new cess will be called the “Health and Education Cess”.

- To roll out E-assessment across the country to almost eliminate person to person contact leading to greater efficiency and transparency in direct tax collection.

Corporation tax

1. No changes in corporation tax; however for firms with an annual revenues upto Rs. 250 Crores, tax rate brought down from 30% to 25% (mostly micro, small & medium enterprises)
2. 100 percent deduction to companies registered as Farmer Producer Companies with an annual turnover upto Rs. 100 Crore on profit derived from such activities, for a period of five years from financial year 2018-19.
3. In order to encourage creation of new employment, the deduction of 30 percent in corporation tax that is now allowed for apparel industry for every person employed for a minimum of 150 days has been proposed to be extended to the footwear and leather industry.

Indirect Taxes

1. On the indirect taxes side, this being the first budget after the roll out of Goods and Services Tax (GST), the budget proposals are mainly on the customs side. The Finance Minister has proposed changes in customs duty to promote creation of more jobs in the country and also to incentivize domestic value addition and Make in India in sectors such as food processing, electronics, mobiles, auto components, footwear and furniture.
2. It is also proposed to abolish the Education Cess and Secondary and Higher Education Cess on imported goods. In its place it is proposed to impose a Social Welfare Surcharge at the rate of 10 percent of aggregate duties of Customs, on imported goods, to provide for social welfare Schemes of the Government.
3. With the roll of GST, the Budget also proposes to change the name of the Central Board of Excise and Customs (CBEC) to the Central Board of Indirect Taxes and Customs (CBIC)

Some Highlights

- Growth for 2018-19 is forecast at 7.4 percent by IMF
- Exports are expected to grow at 15 percent in 2017-18
- Fiscal deficit target for 2018-19 is set at 3.3 percent of the GDP

Fiscal Management

- Central Government's debt to GDP ratio will be brought down to 40 percent, as per the recommendations of the Fiscal Reform and Budget Management Committee.
- Number of effective tax payers increased to 8.27 Million by 2016-17 end from 60.47 Million in 2015-16 end.

Miscellaneous

- The Budget proposed to revise emoluments to Rs. 5 Lakhs for the President, Rs. 4 Lakhs for the Vice President and Rs. 3.5 Lakhs per month to Governor.
- With regard to the emoluments paid to the Members of Parliament, the Finance Minister proposed necessary changes to refix the salary and allowances with effect from April 1, 2018. He said the law will also provide for automatic revision of emoluments every five years indexed to inflation.
- Subsidies account for 11.99% of budget expenditure – food, fertilizer and petroleum subsidies are the three largest of subsidies in that order.
- In terms of outlays (expenditure) the following are major items – interest payments, defence, food subsidies, pension, transfer to States, rural development, transport, tax administration, home affairs, education, petroleum subsidy, agriculture, social welfare, urban development & social welfare etc.
- No additional tax will be payable by the sellers and buyers if the difference between the ‘actual sale price of property’ and its circle rate is not more than 5%. A circle rate is the minimum property rate defined by the Government for specified areas.

Annexure

Punjab National Bank Fraud – In what may be one of the biggest scams to hit banking sector in the country, PNB reported it discovered fraud amounting to Rs. 11394 Crores involving Nirav Modi & Chauksi; diamond companies (Gitanjali Group),. The scam took place, according to PNB, over a period of 7 years (the amount may be much higher). How did this happen? We present below a brief summary of the modus operandi of Nirav Modi involving PNB.

Nirav Modi’s companies approached PNB for letter of understanding (LOU) for imposing diamonds; LOU is like a bank guarantee that allows customers to raise money from another bank’s overseas branch for a short term. It enables the payment of customer’s offshore suppliers in foreign currency. If the importer fails to make the payment on the due date, the bank honours the commitment.

LOU are issued against bank guarantee or cash margins of 100% but in this case LOU were issued without any margin/guarantee. RBI guidelines clearly lay down that buyer’s credit for import of gems should not exceed 90 days. Even this was ignored and hundreds of LOU were issued over 7 years (that means LOU were rolled over repeatedly). According to PNB Nirav Modi companies did not pay back LOU amounts to PNB. Only PNB ended up paying to foreign branches of Indian Banks (PNB has not paid all amounts due; as a result, other banks also have taken a hit). Having used the imported stones for his business, strictly Nirav Modi should have sold his diamonds and paid back due to PNB but that did not happen. Overseas bank remitted funds to Nostro account of PNB, backed by the LOU. What is a N.O.S.T.R.O account? Banks maintain foreign currency stocks in the form of bank accounts with their overseas branches; these are called Nostro accounts.

PNB officials in Mumbai branch issued LOUs and sent messages to foreign banks through SWIFT messages. What is SWIFT? It stands for Society for Worldwide Interbank Financial

telecommunication based in Lahulpe, Belgium. It provides secure and reliable network for interbank transactions (international).

Here also PNB branch officials did not record the LOU issued in the Core Banking System (CBS) in the rule; there was no synchronization between SWIFT and CBS. PNB's failure to this account allowed stand alone messages to be sent out without matching entries in the CBS. It is clear that officials of PNB's Mumbai branches colluded with Nirav Modi.

The scam came to light in February/late January when Geetanjali Gems approached PNB, Mumbai branch for LOU again. The new officials asked for guarantees/margins. Nirav Modi's officially told that they did not give any margins/guarantees in the past for LOUs – that is when the scheme came to light & PNB informed RBI/SEBI and filed FIR. In January 2018, Nirav Modi and Choksi fled India.

What has been the Govt/RBI response?

- (i) RBI appointed a committee (H.Y. Malegaon Committee) to probe into systematic facilities to recommend preventive action.
- (ii) The Govt/Centre, apart from the usual actions like revoking passports of Modi & Chouski, attachment of properties/assets, nonbailable asset warrants/ initiating cases under IPC/Prevention of Money Laundering and arresting the colluding officials working in PNB (Brady House, Mumbai), introduced a fugitive economic offenders Bill in the Parliament (covering Rs. 100 Crores and more fraud in respect of offenders fleeing the country, attachment of their properties) and proposed setting up of National Financial Reporting Authority (provided in the companies act) for investigation into Chartered Accountants associated with listed/unlisted companies.

The PNB scam raises issues like the role of internal auditors, the role of top management, the regulatory/supervisory role of RBI etc.

Sports

23rd Winter Olympics 9-25th February Pyeongchang, South Korea

92 Nations including India participated; (15 sports; 102 events). Motto – Passion connected. Mascot. Soohorang (white Tiger) top 5 countries in Medals tally – Norway, Germany, Canada, USA & Netherlands. Russia was banned by the International Olympic Committee from participating in Winter Olympics 2018 because of doping scandals; however, Russian athletes untainted were allowed to compete as Olympic Athletes from Russia. The two Korean, South & North, played under one banner in ice hockey (women).

Under – 19 Cricket World Cup – played in Newzealand .winner – India beat Australia in the final played at Mount Maunganui (India's captain – Prithvishaw; man of the match in the final – Manoj Karla (hit a century); player of the tournament – Shubam Gile) This is the 4th W-19 little for India; Coach – Rahul Dravid.

Australian Open (January 2018)

106th Edition; Melbourne (hard court/flexicushion)

Winners

Singles

Men – Roger Federer beat Marin Cilic
(Switzerland) (Croatia)

Women – Caroline Wozniacki beat Simona Halep
(Denmark) (Romania)

Doubles

Men – Oliver Marach & Mate Pavic
(Austria) (Croatia)

Women – Tímea Babos & Kristina Mladenovic
(Hungary) (France)

Mixed – Mate Pavic & Gabriela Dabrowski
(Canada)

Ms Aruna Budda Reddy became the first Indian woman to win a medal (bronze) at the World Gymnastic events at Melbourne.

Supplement

Davos Summit 23-26, January

The 48th Summit of the World Economic Forum was held at Davos – Klosters, Switzerland. PM Sri. Narendra Modi addressed the Summit on 23rd (after 20 years, an Indian PM was invited). He stated that terrorism, climate change anti globalisation were the three main challenges facing the World.

The theme of this year's summit was creating a shared Future in a Fractured World. The summit sessions were all chaired by women for the first time. Ms. Chetana Sinha, founder CEO of the micro finance institution Mann Deshi Mahila Sahakari Bank, Maharashtra (Satara district, Dhayari village), the first rural woman finance cooperative, was invited to chair a session. She became the first Indian woman to chair a WEF Session.