30-AUGUST-2019

ANALYSIS

Those will get a window of 10 months

Police officials in Assam brace for ‘crisis’ ahead of publication of register

RAHUL KARMARKAR
GUWAHATI

Those excluded from the final National Register of Citizens (NRC) to be published on August 31 will get a window of 10 months to prove their citizenship before being sent to detention.
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*C – Chennai; B – Bengaluru; D – Delhi ; T – Thiruvananthapuram
News:

⇒ Alarming increasing in cases of Oral Cancer in Kuppam District, Andhra Pradesh
⇒ Frequency higher among women
⇒ Reason → dependence on manual labour leading to tobacco addiction

Cancer:

⇒ Group of diseases characterised by uncontrolled cell division leading to abnormal tissue growth (Tumour)
⇒ Not all tumours are cancerous
⇒ Malignant tumours - cancerous cells that can invade and destroy surrounding healthy tissue, through lymphatic system / bloodstream
Benign tumours → do not grow uncontrollably, do not invade tissues, do not spread throughout body

**Oral Cancer:**

* Mouth Cancer - Cancerous tissues grow in Oral Cavity
  - floor of mouth
  - Check lining
  - gingiva (gums)
  - lips
  - Palate (roof of mouth)

* Can also occur

* Most Oral Cancers → Squamous Cell Carcinoma

**Causes:**

* Smoking and Alcohol → Carcinogenic
  - increase in risk
  - heavy smoker
  - of mouth cancer

* Betel Nuts - mildly additive seeds
  - widely used in many Southeast Asian communities

* Smokeless Tobacco - Chewing tobacco
  - Snuff
  - Snus
Causes (Contd.)

* Smoking Cannabis → Higher levels of tar

* Human Papilloma Virus (HPV)
  - Causes abnormal tissue growth

* Poor Oral Hygiene
  - tooth decay
  - gum disease
  - not brushing regularly
  - ill-fitted dentures
Lack of demand is hobbling the economy's animal spirits, says RBI

Central bank stresses need to revive investment

The Reserve Bank of India (RBI), in its annual report for 2018-19, has said the lack of domestic demand is holding structural slowdown.

"Nonetheless, there are still structural issues in land, labour, agricultural marketing and the like, which need to be addressed." the report

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Part A—Preliminary Examination

Paper I - (200 marks)

- Current events of national and international importance
- Economic and Social Development, Sustainable Development, Poverty, Inclusion, Demographics, Social Sector Initiatives, etc.

Part B—Main Examination

PAPER-IV

General Studies-III: Technology, Economic Development, Biodiversity, Environment, Security and Disaster Management

- Indian Economy and issues relating to planning, mobilization, of resources, growth, development and employment.
- Land reforms in India.
- Effects of liberalization on the economy, changes in industrial policy and their effects on industrial growth.

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⇒ 'Animal Spirits'

- Psychological and emotional urge of investors and consumers to get into more economic activities
- Coined by John Maynard Keynes, in "The General Theory of Employment, Interest and Money"

⇒ What ails the animal spirits?

- Poor domestic demand
- Deep structural slowdown or a 'soft patch' mutating into a cyclical downswing
- Soft patch - period of economic slowdown despite a larger trend of economic growth
- 'Downswing' - downward turn in the level of economic or business activity
What has to be done?
(Highest Priority - 2019-20)
1. Revive the domestic consumption demand
2. Revive private investments
Policy focus to remain on improving ‘ease of doing business’

Sectors to be affected because of ‘complex’ cyclical downturn / downswing:
- Manufacturing
- Trade
- Hotels
- Transport
- Communications & Broadcasting
- Construction
- Agriculture

Moderation of growth trend since 2016-17
mainly because of ‘Services sector’
- Trade
- Hotels
- Transport
- Communication & Broadcasting
- Financial Services
- Real Estate and Professional Services

Sectors facing ‘structural issues’
- Land
- Labour
- Agricultural Marketing
Reforms required

- Factors of production - land and labour
- Faster implementation of capital expenditure by public authorities
- Labour laws:
  2. The Code on Industrial Relations
  3. The Code on Social Security
  4. The Code on Occupational Safety, Health and Working Conditions
- Taxation

Banking Sector

- Decline in Gross Non-Performing Assets ratio
- Decline in new accumulation of NPAs (fresh slippages)
- Improvement in Provisioning Coverage Ratio - from 50% to 60.9%
Dindigul lock, Kandangi saree get GI tag

Will granting the Geographical Indication (GI) tag to two iconic, but dying products from Tamil Nadu be able to revive them? The products – the Dindigul lock and the Kandangi saree – were given the GI tag by the Geographical Indications Registry in Chennai on Thursday. While the applaud

News:

⇒ GI Tag granted for Dindigul lock and Kandangi Saree
  ↓ Was losing Sheen in the market
  → GI Tag will revive it

Dindigul Locks:

★ Manufactured in Dindigul City, Tamil Nadu
★ Known throughout the world - Superior quality and durability
★ Dindigul city → ‘Lock City’
  ↓ Abundance of iron → growth of lock-making industry
**Uniqueness:**
- Hand-made
- Unique in design & system
- Unique key code → each lock

**Used in prisons, godowns, hospitals & temples**

**Kandangi Saree:**
- Manufactured in Karaikudi, Sivaganga District, Tamil Nadu
- Hand-woven Cotton sarees

**Uniqueness**
- Made of thick, coarse cotton → withstands toughest washes
- Use natural dyes - extracted from vegetables

**Definitive design - checked or striped with vivid colours**
- Made in hues of mustard, earthy red, orange, brown & chrome

**GI Tag:**
- Originating from a particular region
- TRIPS Agreement → “Indications which identify a good or product as originating in the territory of a country..... given quality, reputation & other characteristic of good is essentially attributable to its geographical origin.”
Geographical Indications of Goods (Registration & Protection) Act of 1999

- Governing GI's of goods in country to protect the interests of producers of such goods
- To exclude unauthorised persons from misusing GI & protect consumers from deception
- To promote goods bearing Indian GI in the export market

GI - An indication
- Originates from a definite geographical territory

- Used to identify agricultural, natural or manufactured goods (produced, processed or prepared)
- Special quality / reputation / other characteristics
- Handicrafts / industry / foodstuff also

Benefit of GI registration
- Confers legal protection
- Prevents unauthorised use of registered GIs
- Provides legal protection to Indian GI - boost exports
- Promotes economic prosperity

Validity - 10 years
Tinkering for optics

The latest FDI rule changes may not be enough to draw a rush of investments

On the face of it, the Centre’s announcement on Foreign Direct Investment (FDI) norms on Wednesday appears to be one more push to make India a more attractive destination to overseas investors, especially those keen on entering the market for the long haul. From extending the available 100% FDI under the automatic route in the coal mining sector (till now permitted only for captive consumption) to include those companies seeking to commercially sell the commodity, to distinctly including contract manufacturing under the automatic 100% route and easing local sourcing norms for overseas investors in the Single Brand Retail Trading (SBRT) business, the changes in investment guidelines approved by the Cabinet have been touted as “FDI policy reform”. The government, clearly concerned by the economic slowdown and persistently weak investment activity, has sought to provide a policy fillip to attract more foreign capital into sectors that it sees as having a multiplier effect particularly in terms of job creation. One must also consider the pressing contexts. Earlier this month, the RBI pointed out that net FDI flows had moderated to $6.8 billion over the first two months of the current fiscal year, from $7.9 billion in April-May 2018. And with Prime Minister Narendra Modi having set a goal of ensuring India becomes a $5 trillion economy within the next five years, the overall consumptive capacity needs to be raised manifold to undergird demand growth. To that end, the act of widening reforms in coal mining, manufacturing...
Cabinet approved - FDI reforms - 4 Sectors

Aim: Liberalising and Simplifying FDI policies - India an attractive destination - overseas investors

4 Sectors:

1) eased sourcing norms - Single brand retail trade
   * 30% domestic sourcing norm for entity with FDI > 51% → Counts procurement in India - either for exports or sale in domestic market
   * to commence e-commerce operations - physical stores in next 2 years
   * ↑ online and physical stores in India
   ↑ employment, ↑ income

2) 100% FDI - automatic route - Contract manufacturing
   * ↑ domestic manufacturing
   * foreign electronics and pharma companies to India
   * boost to Make in India

3) 100% FDI - automatic route - coal mining industry
   * At present 100% FDI - for captive Consumption,
     now extended to Companies for sale & export of coal
   * ↓ monopoly of Coal India Ltd
   * ↑ domestic supply of coal, ↓ imports
4) FDI Cap - 26% via govt route - digital media companies on par with print medias

⇒ Reasons:
- Economic slowdown + weak investment
- Fillip to FDI in sectors - multiplier effect
- RBI: FDI in Apr-May 2019 - $6.8 billion; while FDI in Apr-May 2018 - $7.9 billion
- PM: India to be a $5 trillion economy in 5 years

⇒ Concerns:
- Environmental cost associated
- Need - large contiguous coal fields + minimal bureaucratic restraints
- Financial stress in power sector

Results in Uncertainty in FDI flow
Digital media firms say FDI norms are ‘restrictive’

They feel existing and new platforms will be affected.

Companies operating news portals expressed disappointment on Thursday with the government’s new Foreign Direct Investment (FDI) policy capping the investment in digital media at 26%, saying that the move...

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Govt: Cap FDI in digital media at 26%:
- At present - FDI caps,
  - Print media - 26%
  - News broadcasting companies - 49%

Existing digital medias - more than 26% FDI:
- Operate with 50% to 100% FDI
- divest foreign shares to domestic
- Reluctant Indian investors
- Less capital availability
- Cannot scaleup operations
- regressive & repressive

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Part A—Preliminary Examination

Paper I - (200 marks)
- Current events of national and international importance.

Part B—Main Examination

PAPER-III
General Studies-II: Governance, Constitution, Polity, Social Justice and International relations.
- Government policies and interventions for development in various sectors and issues arising out of their design and implementation.

PAPER-IV
General Studies-III: Technology, Economic Development, Biodiversity, Environment, Security and Disaster Management
- Effects of liberalization on the economy, changes in industrial policy and their effects on industrial growth.
UN warns of rising seas, storm surges
Draft report says rising global ocean waterline could displace 250 million people by year 2000

Part A—Preliminary Examination

Paper I - (200 marks)

• Current events of national and international importance.
  Part B—Main Examination

PAPER-II

General Studies-I: Indian Heritage and Culture, History and Geography of the World and Society.

- Important Geophysical phenomena such as earthquakes, Tsunami, Volcanic activity, cyclone etc., geographical features and their location-changes in critical geographical features (including water-bodies and ice-caps) and in flora and fauna and the effects of such changes.

PAPER-IV


• Disaster and disaster management.
⇒ IPCC Special report on oceans and cryosphere
* challenges on marine environment
  - carbon pollution and global warming
* melting of glaciers - first, floods, then, drought
* ↓ fish stock
* ↑ damages by superstorms
* ↑ millions getting displaced
  - ↑ sea level

⇒ Need: ↓ manmade emissions

Atleast 30% surface permafrost in Northern Hemisphere
↓
Melts permafrost
↓
Large carbon reservoirs
↓
billions of tonnes of carbon release
↓
Increase in global warming
4 UN Reports

* humanity
* Overall production and consumption
* decreasing ravages of climate change
* Environmental degradation

Optimistic emission reduction → still extreme sealevel events - low lying megacities and small island nations - by 2050

Cap global warming at 2°C - still rise in ocean waterline - displacement of > 250 million people
₹2,000 notes in circulation fall

₹500 notes comprised more than 50% in value terms as at end March 2019: RBI

SPECIAL CORRESPONDENT

The ₹2,000 currency notes introduced during the demonetisation exercise of 2016 have dropped in circulation in the last one year ended in March 2019.

According to data in the Reserve Bank of India's annual report, there were 3,363 million pieces of such notes in circulation as at end March 2018, which was 3.3% of the total currency in circulation. In terms of volume, the ₹2,000 notes' share in total currency circulation was 37.3%.

The number of pieces dropped to 3,291 million in the year ended March 2019, which was 3% in terms of volume and 31.2% in value of total circulation. At the same time, the number of ₹500 notes significantly increased to 21,586 million pieces from 15,469 million pieces during the period under review.

The ₹500 notes, as at end March 2019, was 19.8% of the total circulation in volume (as compared to 15.1%) and 5% in terms of value (as compared to 42.9% in end March 2018).

So, in value terms, the ₹500 notes are more than half of the currency in circulation.

“In value terms, the share of ₹500 and ₹2,000 banknotes, which had together accounted for 80.2% of the total value of banknotes in circulation at end-March 2018, increased to 82.2% at end-March 2019.

There was a sharp increase in the value of ₹500 banknotes in circulation — from 42.9% to 51.0% over the year,” the report said.
<table>
<thead>
<tr>
<th>Denomination (₹)</th>
<th>Volume (million pieces)</th>
<th>Value (₹ billion)</th>
</tr>
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<tr>
<td>2 and 5</td>
<td>11,557</td>
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<td>(11.5)</td>
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<td>10</td>
<td>36,929</td>
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<td>50</td>
<td>7,113</td>
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<td>100</td>
<td>25,280</td>
<td>22,215</td>
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<td>5,882</td>
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<td>2000</td>
<td>3,285</td>
<td>3,363</td>
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<tr>
<td></td>
<td>(3.3)</td>
<td>(3.3)</td>
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<tr>
<td>Total</td>
<td>102,293</td>
<td>102,395</td>
</tr>
<tr>
<td></td>
<td>(100.0)</td>
<td>(100.0)</td>
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- : Not applicable.  ... : Negligible.

Note: Figures in parentheses represent the percentage share in total volume/value.

Source: RBI.

⇒ In 2019, 50% of value in C1C is in terms of Rs. 500 denomination notes  
  - followed by ₹ 2000 note (31.2%)
  - together - 82.2%

⇒ Currency Management  
  ↪ function of RBI
  ↪ Preamble of RBI Act, 1934
  - To regulate the issue of Bank notes
  - To keep the reserves to secure monetary stability in India
  - To operate currency and credit system of the country to its advantage

⇒ ensuring adequate supply of clean banknotes of various denominations
Currency Management infrastructure of RBI
- Issuance of currency and management - through - its issue offices, currency chests, small coin depots

March 2019
- Highest share of currency chests - SBI (63%)
- Nationalised banks - 31%

Application used for currency management
- Integrated Computerised Currency Operations and Management Systems (ICCOMs)
  - being replaced by an improved currency management module - integration of currency management functions with e-Kuber

E-Kuber - Core Banking Solution Platform of RBI
- Core Banking Solution
  - Customer-centric services - anywhere 24x7 basis from a single location - retail and corporate banking activities
Mahatma Gandhi (New) Series:
- launched in 2016
- highlights
  - Cultural heritage
  - Scientific achievements of the Country
Practice Question – Prelims

Q1. Consider the following pairs.

**Geographical Indication** | **State**
--- | ---
A. Banglar Rasogolla | 1. Andhra Pradesh
B. Kandangi Saree | 2. Assam
C. Araku Valley Arabica Coffee | 3. West Bengal
D. Muga Silk | 4. Tamil Nadu

Select the correct answer using the code given below.

a) A1, B2, C3, D4  
b) A1, D4, C3, B2  
c) A3, B4, C1, D2  
d) A3, B2, C1, D4

Practice Question – Prelims

Q2. Consider the following statements.

1. Currency management is one of the important functions of RBI.
2. e-Kuber is the Core Banking Solution of State Bank of India.

Which of the above statements is/are correct?

a) 1 only  
b) 2 only  
c) Both 1 and 2  
d) Neither 1 nor 2
Q3. Consider the following statements with reference to the ‘Mahatma Gandhi (New) Series of Banknotes.

1. Banknotes under the Mahatma Gandhi (New) Series were launched in 2015.

2. ‘Chandrayaan-1’ of India is one of the motifs used in the currency notes.

Which of the above statements is/are correct?

a) 1 only
b) 2 only
c) Both 1 and 2
d) Neither 1 nor 2

Q4. Which of the following best describes ‘Provisioning Coverage Ratio’?

a) The portion of funds which banks are required to maintain in the form of cash, gold reserves, the government approved securities before providing credit to the customers.
b) Specified minimum fraction of the total deposits of customers, which commercial banks have to hold as reserves with the central bank.
c) Ratio of provisioning to gross non-performing assets and indicates the extent of funds a bank has kept aside to cover loan losses.
d) None of the above
Q. Discuss the impact of relaxation of FDI norms on Indian economy and concerns associated with it.

Answer for Practice Question – Prelims

1. Option (c) - A3, B4, C1, D2
2. Option (a) - 1 only
3. Option (d) – Neither 1 nor 2
4. Option (c) - Ratio of provisioning to gross non-performing assets and indicates the extent of funds a bank has kept aside to cover loan losses.