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Recommendations for the Textile Sector

A high-level expert panel constituted by the **Commerce Ministry** has given recommendations to revamp the textile sector. Some of the key recommendations are:

- Review of **free-trade pacts** with countries such as Bangladesh that have zero-duty access to the Indian market.
- Amendment of existing archaic labour laws.
- Fast-track disbursal of subsidies for technology up-gradation.

Textile Sector

- The textile and apparel industry can be broadly divided into two segments - yarn & fibre, and processed fabrics & apparel.
- **Employment generation:** textiles & garments industry is **labour intensive sector** that **employs 45 mn people** in India is second only to the agriculture sector in terms of employment.
- **Tradition and culture:** India's textiles sector is one of the oldest industries in the Indian economy, it not only provides livelihoods to millions of households but is a storehouse and carrier of traditional skills, heritage and culture.
- It can be divided into two segments-
 - The **unorganised sector** is small scale and uses traditional tools and methods. It consists of handloom, handicrafts and sericulture.
 - The **organised sector** uses modern machinery and techniques and consists of spinning, apparel and garments segment.
- **Contribution to the economy:** According to India brand and equity foundation(IBEF), India is among the world's largest producers of textiles and garments. Domestic Textile and apparel industry contributes 2% to India's GDP and accounts for 14% of industrial production, 27% of the country's foreign exchange inflows and 13% of the country's export earnings.

Issues in the Textile Sector

- **Archaic labour laws:** The bone of contention has been the law prescribing that any firm employing 100 or more workers has to seek permission from the Labour Department, with jurisdiction over the firm, before any layoffs or retrenchment.
 - Amendment of labour laws such as the **Industrial Disputes Act, 1947**, to allow flexibility in hiring and firing.
 - The limitations on firm size that need not take permission from the labour department before terminating employment should go and all firms given the flexibility to decide on the matter to encourage efficiency.
- **Free-trade pacts:** like the **South Asia Free Trade Agreement (SAFTA)** have led to **intense competition** from countries like Bangladesh which have zero-duty access to the Indian market. The government should take a re-look at such pacts and try to work out a solution.

The government should aim at driving scale across the textiles value chain by encouraging large investment, consolidation of firms and enlargement of clusters.
- **Impact of recent reforms:** The sector went through a phase of stagnating exports, demonetisation, bank restructuring and implementation of the Goods and Services Tax (GST).

India, which was the second largest exporter of Textile & Clothing between 2014 and 2017 after China, slipped to the fifth place losing its position to Germany, Bangladesh and Vietnam.
- **Dealy in disbursal of subsidies:** Fast-track disbursal of subsidies for **technology up-gradation** under the TUFs scheme to help the industry modernise the operation.

Technology up-gradation fund scheme (TUFs)

It is a credit linked capital investment subsidy under TUFs. The Scheme provides for reimbursement of 5% out of interest actually charged by the lending agencies for facilitating investment in the modernization of Textiles Jute Industries. The scheme is being operated through nodal agencies IDBI, SIDBI, IFCI and major national banks.

South Asian Free Trade Area (SAFTA)

It is the free trade arrangement of the South Asian Association for Regional Cooperation (SAARC). The agreement came into force in 2006, succeeding the 1993 SAARC Preferential Trading Arrangement. SAFTA signatory countries are Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka. SAFTA recognizes the need for special and differential treatment for LDCs in its preamble.

USA Removes India from Currency Watch List

The US Treasury Department has removed **India and Switzerland** from its **currency monitoring watch** list of major trading partners.

Currency Monitoring Watch List

- The US Department of Treasury releases the **semi-annual report** where it has to track developments in international economies and inspect foreign exchange rates.
- India, along with China, Japan, Germany, Switzerland and South Korea, **was placed in the bi-annual currency watch list of countries with potentially questionable foreign exchange policies in October last year.**
- **China** because of its "persistently weak currency" **continues to be in monitoring list.**
- Inclusion in the list does **not subject to any kind of penalty and sanctions** but it deteriorates the global financial image of the country in the financial markets in terms of foreign exchange policies including undervaluation of currencies to gain export advantages.

Criteria

US removed India from its currency monitoring list of major trading partners after certain developments and steps were taken by the country to avert concerns surrounding foreign exchange irregularities and due to a significant bilateral surplus with the United States.

Significance of the Move

- This is a positive development for India as it is out of the currency watch list radar, which could have ultimately led to a tag of being a currency manipulator. Countries which indulge in manipulating the currency exchange rate for gaining unfair competitive advantage in international trade often end up with the tag of a currency manipulator.
- Exclusion from the list will certainly pave the way for negotiations in Indo-US bilateral trade relations and can reduce trade related differences, particularly **Generalized System of Preferences (GSP)**.
- Recent move of USA will complement the Indian government's decision to halve the **import tariff on Harley-Davidson motorcycles from 100% to 50%** in reversing the USA's claim on India as "**Tarrif King**" and blame on India that it imposes "tremendously high" tariffs on American products.
- It will also improve India's **global financial image** in the international financial market.

Addressable Market for e-pharmacies

As per the report 'E-pharma: Delivering Healthier Outcomes' by consultancy firm EY, **the addressable medicine market for e-pharmacies in India stands currently at USD 9.3 billion and is estimated to grow at a CAGR of 18.1% to reach US\$18.1 billion by 2023.**

- The **key growth drivers** for e-pharma market in India are **increasing internet penetration and smartphone ownership** along with the **ease of ordering medications through an e-commerce platform.**
- Besides, the **increase in chronic diseases, rising per capita income and resultant healthcare spend** will also aid to its growth.
- At present 35% of domestic pharmaceutical market relates to chronic medications and the remaining 65 per cent to acute medicines. Out of this, e-pharmacies are expected to target 85% of the chronic market and 40% of the acute medicine market by 2023 (up from 25 per cent in 2019).

This expected rise in the acute target market by e-pharmacies, can be attributed to an **improvement in last mile logistics through collaboration with local pharmacies and integrating into existing hyperlocal models.**

- The report also pointed out there is a **lot of cash burn** (describes the rate at which a new company is spending its venture capital to finance overhead before generating positive cash flow from operations) in e-pharma industry, mainly for offering discounts to gain scale. **Discounts have to come down to reasonable levels to achieve break-even and any meaningful profitability.**
- Fintech and healthtech players can look to expand offerings by getting into the e-pharmacy segment. Hyperlocal players (food tech, grocery, delivery only companies) can also add on this segment to their existing portfolio to build efficiency on the delivery side.
- Indian players with deep omni-channel presence especially in emerging tier 2/3 towns, with growing healthcare spends, can make a deep impact in the e-pharma sector.

The Government proposed following rules and guidelines for e-pharmacies in the year 2018:

- It will now be **mandatory for e-pharmacies to register with a central authority.**
- e-pharmacies will be **restricted from selling drugs covered under the categories of the narcotic and psychotropic as referred to in the Narcotic Drugs and Psychotropic Substances Act, 1985** as well as tranquilizers and the drugs as specified in the Schedule X of Drugs and Cosmetics Rules, 1945.
- e-pharmacy registration holders shall have a **customer support facility and grievance redressal** for all stakeholders. The facility shall be available for 12 or more hours each day throughout the week.
- **The premises of e-pharmacies will be inspected every two years.**
- The **information received** by the e-pharmacy registration holder from the customers by way of prescription or in any other manner **shall neither be disclosed** by the e-

pharmacy registration holder for any other purposes nor shall the same be disclosed to any other person – rendering it impossible for them to share data with agencies like life insurance companies to supplement their business. Any violations could lead to either suspension or cancellation of licenses.

- **e-pharmacies are ordered to keep the data localized** i.e., they cannot store it on international servers. They are not allowed to share the patient's data with anyone but the central/state governments.
- e-pharmacies are **prohibited from advertising any drug on radio**, internet, print or any other media for any purpose, thereby **eliminating a possible source of revenue for them**.

Hyperlocal Model

- The term '**hyperlocal**' refers to '**a small area**' or '**a very specific demography**'. **Hyperlocal on-demand delivery model is defined as a business model in which the service provider acquires requested product(s) locally and delivers the same to the customer in the same geographical area.**
- **The aggregator drives the entire system and earns a commission for the role it plays.**
- The model is applied to products as well as services like plumber, electrician, beautician etc. **Examples of the hyperlocal on-demand business model are UberEATS, Zomato, BigBasket, Postmates etc.**

India Ranks 43 in World Competitiveness Index

As per **2019 edition of the IMD World Competitiveness Rankings** India is 43rd most competitive economy in the world.

- **Singapore, Hong Kong SAR and USA** are top three Economies in terms of competitiveness.
- For the first time **UAE** ranked among top **5 economies**.
- India's improved ranking by one place in past one year to 43rd, can be attributed to:
 - Robust rate of growth in **real GDP**
 - Improvements in **business legislation**
 - Increase in **public expenditure on education**
- In the 2019 rankings, India has scored well on several **economic parameters and tax policies** but has lagged in terms of public finance, societal framework, education infrastructure, health and environment.
- **Challenges before India remain:**
 - Maintaining high growth with **employment generation**,
 - **Digital literacy** and internet bandwidth in rural areas,
 - Managing **fiscal discipline**,

- Issues related to the implementation of **Goods and Services Tax**,
- **Resource mobilisation** for infrastructure development.

About World Competitiveness Ranking

- The list is compiled by the **Switzerland-based International Institute for Management and Development (IMD)**'s World Competitiveness Center (WCC).
- The IMD measures how well countries manage all their resources and competencies in order to facilitate **long-term value creation**.
- It takes into account a wide range of statistics such as **unemployment, GDP** and government spending on **health and education**, as well as data from an executive **opinion survey** covering topics such as social cohesion, globalisation and corruption.

National Company Law Appellate Tribunal (NCLAT)

The National Company Law Appellate Tribunal (NCLAT) on Wednesday allowed the board of Infrastructure Leasing & Financial Services (IL&FS) declare **'amber' companies as 'green'** companies.

- The new board at IL&FS had classified IL&FS group companies into three categories, namely **'green'**, **'amber'** and **'red'** based on their financial health and ability to service debt obligations to secured and unsecured creditors.
 - **Red Companies:** are those with no cash and not in a position to pay any creditor.
 - **Amber companies:** are those with enough to pay secured creditors but not unsecured creditors.
 - **Green companies:** are those firms which have enough money to service all their debts, to the secured as well as unsecured creditors.
- So far, 55 companies have been placed under the green category and 13 have been placed under the amber category. A total of 82 companies have been placed under the red category, while 11 are yet to be classified.
- NCLAT has allowed the board of IL&FS to declare 'amber' companies or those able to partially pay off their loans as 'green' companies or those that can continue to meet all their payment obligations.

National Company Law Appellate Tribunal (NCLAT)

- It was constituted under **Section 410 of the Companies Act, 2013** for hearing appeals against the orders of National Company Law Tribunal.
 - NCLAT is also the Appellate Tribunal for hearing appeals against the orders passed by NCLT(s) under Section 61 of the **Insolvency and Bankruptcy Code, 2016 (IBC)**.

- NCLAT is also the Appellate Tribunal for hearing appeals against the orders passed by Insolvency and Bankruptcy Board of India under **Section 202 and Section 211 of IBC**.
 - NCLAT is also the Appellate Tribunal to hear and dispose of appeals against any direction issued or decision made or order passed by the **Competition Commission of India (CCI)**.
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National Consumer Disputes Redressal Commission (NCDRC)

Haryana farmers have been granted compensation of almost ₹5 lakh from **Indian Farmers Fertiliser Cooperative Limited (IFFCO)**, which sold them defective guar seeds that led to 70% crop failure. The farmers won their case at the **National Consumer Disputes Redressal Commission (NCDRC)**.

National Consumer Disputes Redressal Commission

- It was established to provide inexpensive, speedy and summary redressal of consumer disputes.
 - It is a quasi-judicial commission in India which was set up in 1988 under the **Consumer Protection Act of 1986**.
 - The commission is headed by a sitting or **retired judge of the Supreme Court of India**.
 - **Provisions of the act:**
 - Section 21 of the Consumer Protection Act, 1986 provides that the NCDRC shall have jurisdiction:
 - To entertain a complaint valued **more than one crore** and also have appellate and revisional jurisdiction from the orders of State Commissions or the District fora as the case may be.
 - **Section 23 of Consumer Protection Act, 1986**, provides that any person aggrieved by an order of NCDRC may prefer an appeal against such order to the Supreme Court of India within a period of 30 days.
 - The provisions of this Act cover '**goods**' as well as '**services**'.
 - **Appellate authority:** If a consumer is not satisfied by the decision of a District Forum, he can appeal to the State Commission. Against the order of the State Commission, a consumer can come to the National Commission.
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The 17th Lok Sabha has the Highest Number of Women MPs

The 17th Lok Sabha will see the highest number of women parliamentarians, 78 in all.

- Women's representation has steadily increased in the Lok Sabha. In the first-ever election, only 5% of the House consisted of women. Now, that has increased to 14%.
- This is still a low number given that it is not near proportional representation. The U.S. has 32% lawmakers, while neighbouring Bangladesh has 21%.

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Important Facts For Prelims (30th May 2019)

New Species of Wasp found in Goa

A new species of wasp from the **genus *Kudakrumia*** has been recently identified by scientists in **Goa**.

- The wasp, ***Kudakrumia rangnekari***, was named after **Goa-based researcher Parag Rangnekar**.
- In India, the wasp is found in **Goa and Kerala** and outside the country it is also found in neighbouring **Sri Lanka**.
- In past also researchers have discovered tribe of **five wasp species named "adikeshavus"** which in Sanskrit means "first one to have long hairs".

Significance of Wasps

- Wasps play a crucial role in ecosystems as pollinators.
- Almost 100 species of **orchids are solely reliant on the action of wasps** for pollination.
- A chemical found in the venom of the tropical social wasp *Polybia paulista*, has been shown to selectively **destroy various types of cancerous cells**.
- Many social wasps are **generalist predators too**, which means they control populations of a wide range of species, That makes them extremely useful, for minimising the need for toxic pesticides.

Mount Agung volcano erupts in Indonesia

Active volcano **Mount Agung erupted** on the Indonesian island of Bali.

- Mount Agung, also known as **Gunung Agung**, is an **active volcano** located on the island of Bali in Indonesia **island arc**.
- It is the **highest point** on the island of Bali.
- Mount Agung is a **stratovolcano built** by a long history of recurrent eruptions.

About Stratovolcano

- A stratovolcano is a tall, conical volcano composed of one layer of hardened lava, tephra, and volcanic ash.
 - These volcanoes are characterized by a steep profile and periodic, explosive eruptions.
 - The lava that flows from them is highly viscous, and cools and hardens before spreading very far.

 - Volcanic activity is common to Indonesia, as the country is situated on the **Pacific Ocean's "Ring of Fire"** where tectonic plates collide and move often, causing frequent seismic and volcanic activity.
 - 75% of volcanoes, or more than 750, are located along the **Ring of Fire** and 90% of Earth's earthquakes occur along the plates.
 - The volcanoes of Java, Bali, and many other Indonesian islands have been formed by interactions between the **Australia and Sunda tectonic plates**.
 - At the Sunda-Java Trench, the **Australia Plate subducts beneath the Sunda Plate** and begins its descent into the mantle.
 - **The Australia Plate begins to melt** when it reaches a depth of about 100 miles, and hot and molten materials then begin rising towards the surface and erupt to form the **volcanoes of the Indonesian volcanic arc**.
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