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## News Analysis (31 Dec, 2018)

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## Sixth National Report to the Convention of Biological Diversity

India submitted its **sixth national report (NR6)** to the **Convention on Biological Diversity (CBD)** during the inaugural session of the meeting of the State Biodiversity Boards (SBBs) organized by the **National Biodiversity Authority (NBA)**.

- The **NR6** highlights the progress India has made in achieving the **12 National Biodiversity Targets (NBT)** set under the convention process.
- With this India is among the **first five countries** in the world, the first in Asia and the first among the biodiversity-rich mega diverse nations, to have submitted Sixth National Report (NR6) to the Convention on Biological Diversity (CBD).
- The submission of national reports is a **mandatory obligation** on parties to international treaties, including the CBD.
- India developed **12 National Biodiversity Targets** in line with **20 global Aichi biodiversity targets**.

## Highlights of Report

- India is one of the few countries where **forest cover is on the rise**, according to the **15<sup>th</sup> India State of Forest Report (ISFR) 2017**.
- While India has **exceeded/overachieved two NBTs**, it is on track to achieve eight NBTs and in respect of the remaining two NBTs also, India is striving to meet the targets by the stipulated time of 2020.
  - More than 20% of India's total geographical area is under biodiversity conservation, India has exceeded the terrestrial component of 17% of **Aichi target 11**.
  - India published the first **internationally recognized certificate of compliance (IRCC)** under the Protocol in 2015, and since then published nearly 75% of the IRCCs. Thereby, achieving target relating to access and benefit sharing (ABS) by operationalising the Nagoya Protocol on ABS.

- The **population of Lion** has **risen** to over 520 in 2015, and elephants to 30,000 in 2015.
- **One-horned Indian Rhino** which was on the brink of extinction during the early 20th century, now number 2400.
- Further, while globally over 0.3 % of total recorded species are critically endangered, **in India only 0.08% of the species** recorded are in this category.
- Measures have been adopted for **sustainable management** of agriculture, fisheries and forests, with a view to provide food and nutritional security to all without destroying the natural resource base while ensuring intergenerational environmental equity.
- Programmes are in place to **maintain genetic diversity** of cultivated plants, farms livestock and their wild relatives, towards minimising genetic erosion and safeguarding their genetic diversity.
- Mechanisms and enabling environment are being created for recognising and protecting the vast heritage of coded and oral **traditional knowledge** relating to biodiversity.

### **Convention on Biological Diversity (CBD)**

- The **Convention on Biological Diversity (CBD)**, a **legally binding treaty** to conserve biodiversity has been in force **since 1993**. It has **3 main objectives**:
  - The **conservation** of biological diversity.
  - The **sustainable use** of the components of biological diversity.
  - The **fair and equitable sharing** of the benefits arising out of the utilization of genetic resources.
- Nearly all countries have ratified it (notably, the US has signed but not ratified).
- The CBD Secretariat is based in **Montreal, Canada** and it operates under the **United Nations Environment Programme**.
- The Parties (Countries) under Convention of Biodiversity (CBD), meet at regular interval and these meetings are **called Conference of Parties (COP)**.
- On 29 January 2000, the Conference of the Parties to the **Convention on Biological Diversity (COP5)** adopted a supplementary agreement to the Convention known as the **Cartagena Protocol on Biosafety**. It came into force on 11 September 2003.
 

The Protocol seeks to **protect biological diversity** from the potential risks posed by living modified organisms resulting from **modern biotechnology**.
- The **Nagoya Protocol** on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization (ABS) to the Convention on Biological Diversity was adopted on **29 October 2010 in Nagoya, Japan at COP10**. It entered into force on 12 October 2014.
  - It provides a transparent legal framework for the effective implementation of one of the three objectives of the CBD: **the fair and equitable sharing of benefits arising out of the utilization of genetic resources**.

- It not only applies to genetic resources that are covered by the CBD, and to the benefits arising from their utilization **but also covers traditional knowledge (TK)** associated with genetic resources that are covered by the CBD and the benefits arising from its utilization.
- Along with Nagoya Protocol on Genetic Resources, the COP-10 **also adopted a ten-year framework** for action by all countries to save biodiversity.
- Officially known as **“Strategic Plan for Biodiversity 2011-2020”**, provide a set of **20 ambitious yet achievable targets (divided into 5 sections: A to E), collectively known as the Aichi Targets for biodiversity.**
- The Aichi Biodiversity Targets are:
  - **Strategic Goal A:** Address the underlying causes of biodiversity loss by mainstreaming biodiversity across government and society
  - **Strategic Goal B:** Reduce the direct pressures on biodiversity and promote sustainable use.
  - **Strategic Goal C:** To improve the status of biodiversity by safeguarding ecosystems, species and genetic diversity
  - **Strategic Goal D:** Enhance the benefits to all from biodiversity and ecosystem services
  - **Strategic Goal E:** Enhance implementation through participatory planning, knowledge management and capacity building.
- India enacted **Biological Diversity Act in 2002** for giving effect to the provisions of the CBD.
- The National Biodiversity Authority is a **statutory body**, which was established by the Central Government in 2003 to implement India’s Biological Diversity Act (2002).
  - It performs facilitative, regulatory and advisory functions for the Government of India on issues of conservation, sustainable use of biological resources and fair and equitable sharing of benefits arising out of the use of biological resources.
  - The NBA is headquartered in **Chennai, Tamil Nadu.**
- **International Biological Diversity Day is observed on 22 May.** Theme for 2018: **“Celebrating 25 Years of Action for Biodiversity”.**
- United Nations General Assembly had declared the period 2011-2020 to be the **“United Nations Decade on Biodiversity”.**

## Bimal Jalan Panel On Economic Capital Framework

The Reserve Bank of India (RBI), in consultation with the government, has set up a **six-member committee** headed by the former RBI Governor Bimal Jalan to review the economic capital framework of the Reserve Bank of India.

- Composition:
  - Former RBI Governor Bimal Jalan (Chairman)

- Former Deputy Governor of RBI Rakesh Mohan (deputy chairman)
- Economic Affairs Secretary Subash Chandra Garg (member),
- RBI Deputy Governor N.S. Vishwanathan (member)
- RBI board member Bharat Doshi (member)
- RBI board member Sudhir Mankad (member)
- The committee would submit its report **within 90 days** from the date of its first meeting.
- The mandate of Committee:
  - Review status, need and justification of various provisions, **reserves and buffers presently provided for by the RBI.**
  - To review **best practices followed by the central banks globally** in making assessment and provisions for risks, to which central bank balance sheets are subjected.
  - Suggest an **adequate level of risk provisioning** that the RBI needs to maintain, and to determine whether it is holding provisions, reserves and buffers in surplus or deficit of the required level.
  - Propose a **suitable profit distribution policy** taking into account all the likely situations of the RBI, including holding more provisions than required and the RBI holding less provisions than required.

## Background

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- The government and the central bank have been at loggerheads over issues including **relaxation of prompt corrective action norms on weak banks, special liquidity window for Non-Banking Financial Companies (NBFC), and the transfer of surplus reserves to the government.**
- The government has been insisting that the central bank hand over its **surplus reserves amid a shortfall in revenue collections.**
- This will allow the government to meet **deficit targets, infuse capital into weak banks to boost lending and fund welfare programmes.**
- There are two components to **RBI's reserves:**
  - A **Contingency Fund** of Rs 2.5 lakh crore.
  - A **Currency and Gold Revaluation Reserve** of Rs 6.91 lakh crore.
- The core reserve —contingency fund—is only **around 7% of its total assets** and the rest of it is largely in revaluation reserves, which fluctuate with corresponding changes in currency and gold valuations. In 2017-18, the central bank's contingency funds and revaluation reserves stood at ₹2.32 trillion and ₹6.92 trillion respectively.
- The transfer from the unrealised gains in the currency and gold revaluation reserve is not possible without a sale of gold or foreign currency assets.
- Hence, the debate is centered around whether the **central bank is holding excess contingency reserves** and whether it should transfer any more funds to it in the future.

- The **RBI Act** makes it clear that **all the profits of the Reserve Bank** must be **transferred to the government**. However, the issue is **what are the profits** based on the accounting method used.
  - It can be noted that earlier in 2013-14 RBI had referred the same issue (to review the level and adequacy of internal reserves and surplus distribution policy of the RBI) to a technical committee headed **by Mr. Y H Malegam**.
    - Following this, the draft Economic Capital Framework was formulated which highlighted the reasons why the RBI needs resources.
    - The needs included-
      - **market intervention** operations,
      - carrying out the functioning of the **lender of last resort**,
      - to **de-risk the financial system**.
    - It also highlighted the fact that if the central banks suffer losses and do not have adequate buffers they would have to **depend on the government for recapitalization**.
    - This dependence had **implications on the autonomy** of the Central Bank as well as the concern that the government **might not have the fiscal space in a crisis situation**.
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## Bhutan's PM Visits India

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Recently, Prime Minister of Bhutan Lotay Tshering came to India on a state visit.

- This was the first overseas visit by Bhutanese PM after assuming the office in November 2018.
- 2018 marks 50 years of the diplomatic relations between India and Bhutan.

## India-Bhutan Relations

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- Diplomatic relations between India and Bhutan were established in 1968.
- The basic framework of India- Bhutan bilateral relations are defined by the **Treaty of Friendship and Cooperation** which was **signed in 1949 and was revised in 2007**.
- **Military Relations**
  - **India is largely responsible for the military security of Bhutan**.
  - As per the 2007 India-Bhutan Friendship Treaty, the two nations cooperate closely on issues relating to each other's national interests and neither government should allow the use of its territory for activities harmful to the national security and interest of the other.
- **Cooperation in Hydro Power projects** is an important component of India-Bhutan relations.
  - Hydropower sector is covered under the Protocol to the 2006 agreement on

Cooperation in Hydropower which was signed in March 2009.

- Under this Protocol, Government of India has agreed to assist Bhutan in developing a minimum of 10,000 MW of hydropower and import the surplus electricity from this to India by the year 2020.

- **Bilateral Trade**

- India is Bhutan's largest trading partner. In 2016, total bilateral trade between the two countries stood at more than rupees eight thousand crores with total imports around rupees five thousand crores (80% of Bhutan's total imports) and exports rupees around three thousand crores including electricity (90% of Bhutan's total exports).
- The trade between the two countries is governed by the **India-Bhutan Trade and Transit Agreement 1972** which was last renewed in November 2016. The Agreement established a **free-trade regime between the two countries**.
- The trade between the two countries is **transacted in Bhutanese Ngultrums and Indian Rupees**. The Agreement also provides for **dutyfree transit of Bhutanese exports to third countries**.

## Importance of Bhutan

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- Bhutan and India have historical and cultural linkages.
- Bhutan is central to India's '**Neighbourhood First**' policy. Being a long time partner, India is firmly committed to partner Bhutan's development and economic prosperity.
- Bhutan is of great geopolitical importance to India for its location as a landlocked country between India and China.
- In the Doklam standoff at the tri-junction near Sikkim in 2017, Bhutan took a pro-India stand on the issue and called the infringement of the border as direct violation of border agreement between Bhutan and China.
- Bhutan is the only country in South Asia apart from India which refused to participate in China's One Belt One Road initiative.

## Highlights of the Visit

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- **ISRO Ground Station**

Indian Space and Research Organization (ISRO) will build a ground-station in Bhutan to help Bhutan reap the benefits of the South Asian Satellite- weather information, telemedicine, and disaster relief.

- **Financial and Developmental Assistance**

- India has decided to give grant assistance of rupees 4500 Crore to Bhutan's 12th Five Year Plan for the period of 2018 to 2023.
- A transitional Trade Support Facility of rupees 400 Crore over a period of five years is also established to strengthen bilateral trade and economic linkage.

- **Hydro Power Cooperation**

- Both countries reiterated their commitment to jointly develop 10,000 MWs of hydropower generating capacity in Bhutan.
- Both countries agreed to commission 720 MW Mangdechhu hydro-power project in Bhutan as early as possible.
- Bhutan Government has taken the decision to launch the RuPay Cards.

## Way Forward

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- Bhutan PM's visit is based on Bhutan's **'India First' policy** like the Maldives. The visit signals India's pivotal position in South Asia.
  - Bhutan is trying to convert the relationship with India from the traditional "donor and aid recipient" to that of investment and trade. India should try to seize the moment and move from being Bhutan's largest developmental partner to Bhutan's largest investor and business partner.
  - Bhutan is looking to expand and diversify its revenue basket. India can play an important role in helping Bhutanese private sector both manufacturing and services to build their capacities.
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## New Ecommerce Norms

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The government has issued new rules regarding Foreign Direct Investment (FDI) in e-commerce.

The Department of Industrial Policy & Promotion (DIPP) issued a clarification to the existing rules pertaining to FDI in e-commerce companies.

## New Rules by DIPP

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- The vendors that have any stake owned by an e-commerce company (equity stake) cannot sell their products on that e-commerce company's portal.
- Any vendor who purchases 25% or more of its inventory from an e-commerce group company will be considered to be controlled by that e-commerce company, and thereby barred from selling on its portal.
- The policy mandates that no seller can sell its products exclusively on any marketplace platform and that all vendors on the e-commerce platform should be provided services in a "fair and non-discriminatory manner". Services include fulfillment, logistics, warehousing, advertisement, payments, and financing among others.

## Why New Rules?

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- Large e-commerce companies such as Amazon and Flipkart, while not owning inventory themselves, have been providing a platform for their group companies such

as CloudTail and WS Retail respectively.

- E-commerce companies with foreign investments can only operate under the marketplace model, and not under the inventory model, which has allowed them to sell products much cheaper than independent sellers.
- Some see this as skewing the playing field, especially as these vendors enjoyed special incentives from the e-commerce firm, over others.

## Impact of DIPP Norms

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- The DIPP policy is directed at protecting small vendors on e-commerce websites. It seeks to ensure small players selling on the portals are not discriminated against in favor of vendors in which e-commerce companies have a stake.
- Smaller marketplaces that do not have a stake in any vendors will also be able to now compete with the big firms. It can also boost the Start-Up India initiative of the government.

### **e-Commerce in India**

- It is a type of business model, or segment of a larger business model, that enables a firm or individual to conduct business over an electronic network, typically the internet.
- In India, there are three types of e-commerce business model:
  - Inventory base model of e-commerce
  - Marketplace base model of e-commerce
  - The hybrid model of inventory based and marketplace model.

### **Marketplace and Inventory-Based Model**

- Marketplace based model of e-commerce means providing an information technology platform by an e-commerce entity on a digital & electronic network to act as a facilitator between the buyer and seller.
- In a marketplace model, the e-commerce firm is not allowed to directly or indirectly influence the sale price of goods or services and is required to offer a level playing field to all vendors.
- Inventory based model of e-commerce means an e-commerce activity where the inventory of goods and services is owned by e-commerce entity and is sold to the consumers directly.

### **FDI guidelines for e-Commerce**

DIPP has issued guidelines for FDI in e-commerce:

- In India 100% FDI is permitted in B2B e-commerce, however, No FDI is permitted in B2C e-commerce.



- 100% FDI under automatic route is permitted in the marketplace model of e-commerce, while FDI is not permitted in inventory based model of e-commerce.
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## Important Facts for Prelims (31st December 2018)

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### M-STrIPES

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- There has been an increase in the number of poachers arrested by forest officials in past one year.
- The mobile app, M-STrIPES, used for surveillance and patrolling of tiger-populated areas has played a major role in this.
- **M-STrIPES (Monitoring System For Tigers-Intensive Protection and Ecological Status)**
  - This app was **developed by the National Tiger Conservation Authority and the Wildlife Institute of India in 2010.**
  - M-STrIPES allows patrol teams to keep a better tab on suspicious activity while also mapping the patrolling, location, routes and timings of forest officials.
  - The App was also used in the All India-Tiger Estimation.
- **Dudhwa Tiger Reserve**
  - The Dudhwa Tiger Reserve is a protected area in Uttar Pradesh that stretches mainly across the Lakhimpur Kheri and Bahraich districts.
  - It comprises of the Dudhwa National Park, Kishanpur Wildlife Sanctuary and Katarniaghat Wildlife Sanctuary.
  - Dudhwa is home to a number of wildlife species, including the Bengal Tiger, Gangetic dolphin, rhinoceros, leopard, hispid hare, sambhar, swamp deer, hog deer, cheetah, sloth bear, elephant and over 450 species of birds.

### One District One Product (ODOP)

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- Prime Minister of India recently attended a regional summit of ODOP scheme in Varanasi.
  - ODOP Scheme was launched by the **Uttar Pradesh Government** to give a boost to **traditional industries, synonymous with the respective state's districts.**
  - Through this scheme, the state government wants to **help local handicraft industries and products to gain national and international recognition** through branding, marketing support, and easy credit.
  - Under the scheme, the state government of Uttar Pradesh has set a goal of providing employment to 25 lakh people in five years through the financial assistance of Rs. 25,000 crores.
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