



News Analysis (06 Mar, 2019)

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US Withdraws GSP for India

The US has announced that it will terminate India's designation as a beneficiary of its **Generalized System of Preferences (GSP)**.

Apart from India, US has also decided to withdraw Turkey from the list of GSP beneficiaries.

What is GSP?

- **The idea of granting developing countries preferential tariff rates in the markets of industrialized countries was originally presented at the first UNCTAD conference in 1964.**
- The GSP was adopted at UNCTAD in New Delhi in 1968 and was instituted in 1971.
- There are currently 13 national GSP schemes notified to the UNCTAD secretariat.
- **The following countries grant GSP preferences: Australia, Belarus, Canada, the European Union, Iceland, Japan, Kazakhstan, New Zealand, Norway, the Russian Federation, Switzerland, Turkey and the United States of America.**
- **GSP is the largest and oldest U.S. trade preference program. Established by the Trade Act of 1974**, GSP promotes economic development by eliminating duties on thousands of products when imported from one of 120 designated beneficiary countries and territories.

Impact of GSP Withdrawal

- **India has been the biggest beneficiary of the GSP regime.**
- Exports to the US from India under GSP — at \$5.58 billion — were over 12% of India's total goods exports of \$45.2 billion to the US in 2017.
- However, India has said that **the impact is "minimal", given that Indian exporters were only receiving duty-free benefits of \$190 million on the country's overall GSP-related trade of \$5.6 billion.**

- But this move **could hit Indian exporters** if it gives an edge to competitors in its top export categories to the US.
- This could impact India's competitiveness in items groups such as raw materials in the organic chemicals sector and intermediary goods in the US market, alongside items such as iron or steel, furniture, aluminum and electrical machinery.
- The **impact on small industries in the country could be significant** such industries would lose their market share in the U.S. without fiscal support to help them maintain their edge.

Why GSP was Revoked?

Due to a series of decisions taken by the Indian government has led to trade friction between two countries:

- India's **new e-commerce rules** — which have impacted American companies like Amazon and Walmart (majority owner of Flipkart).
- **Price controls on medical devices (cardiac stents)**
- **Tariffs on products like smart watches** and high-end mobile phones and
- **Lack of greater market access for the U.S. dairy industry.**

Generalized System of Preference

National Rural Economic Transformation Project

The government of India and World Bank have signed \$250 Million Agreement for the **National Rural Economic Transformation Project (NRETP) under the Deendayal Antyodaya Yojana National Rural Livelihoods Mission (DAY-NRLM).**

- A key focus of the project will be **to promote women-owned and women-led farm and non-farm enterprises across value chains; enable them to build businesses that help them access finance, markets and networks; and generate employment.**
- The other key component of the project includes **developing financial products using digital financial services** to help small producer collectives scale-up and engage with the market.
- It will also support **youth skills development**, in coordination with the Deen Dayal Upadhyaya Grameen Kaushalya Yojana.
- **Peer-to-peer learning across states** and across communities was a successful strategy under the NRLP and will also continue to be used in this project.

Deendayal Antyodaya Yojana - National Livelihoods Mission (NRLM)

- **Deendayal Antyodaya Yojana - National Livelihoods Mission (NRLM) was**

launched by the Ministry of Rural Development (MoRD), Government of India in 2011.

- The Mission aims at creating **efficient and effective institutional platforms of the rural poor enabling them to increase household income** through sustainable livelihood enhancements and improved access to financial services.
- **Salient features**
 - DAY-NRLM lays **special emphasis on targeting the poorest of the poor** and the most vulnerable communities and their financial inclusion.
 - Innovative projects are to be undertaken under NRETP to pilot alternate channels of financial inclusion, creating value chains around rural products, introduce innovative models in livelihoods promotion and access to finance and scale-up initiatives on digital finance and livelihoods interventions.
 - **DAY-NRLM provides for mutually beneficial working relationship** and formal platforms for consultations between Panchayati Raj Institutions (PRIs) and Community Based Organizations (CBOs).
 - **NRLM has also developed activity map to facilitate convergence in different areas of interventions where NRLM** institutions and PRIs could work together which has been disseminated to all state Rural Livelihood Missions.
- **Benefits**
 - The technical assistance provided by NRETP and the higher level interventions facilitated by the project
 - enhances the livelihoods promotion and access to finance, and
 - scales-up initiatives on digital finance and livelihood interventions.
 - develops financial products using digital financial services to help small producer collectives scale-up and engage with the market.
 - gives technical assistance, skills building and investment support to strengthen women-owned and women-led producer collectives diversify into high value farm and non-farm commodities such as commercial crops and livestock products, and fisheries.

India Key Hub for Illicit Drug Trade: UNODC

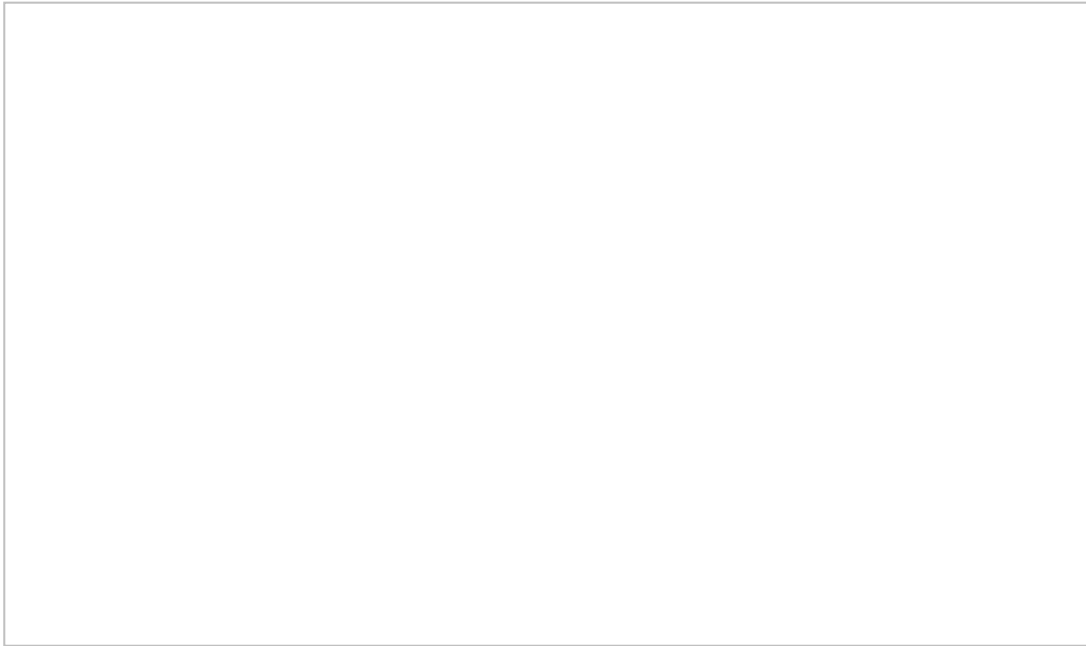
According to a report by United Nation Office on Drugs and Crime (UNODC), India is one of the major hubs of illicit drug trade ranging from age-old cannabis to newer prescription drugs like tramadol, and designer drugs like methamphetamine.

- Report also says that the global trend of purchasing drugs over the internet, particularly on darknet trading platforms using cryptocurrencies has already spread across South Asia, it is particularly rampant in India.
- India is also a transit point for opiates produced illegally, in particular heroine.
- The report has identified more than 1,000 drug listings from India published across 50

online crypto-market platforms.

- **Drug Trafficking Routes**

India is in the middle of two major illicit opium production region in the world the Golden Crescent (Iran-Afghanistan-Pakistan) in the west and the Golden Triangle (South-East Asia) in the east.



Magnitude of Substance use in India

- Recently, National Drug Dependence Treatment Centre (NDDTC) of the All India Institute of Medical Sciences (AIIMS), New Delhi submitted its Report “Magnitude of Substance Use in India”.
- Substance categories studied were: **Alcohol, Cannabis** (Bhang and Ganja/Charas), **Opioids** (Opium, Heroin and Pharmaceutical Opioids), **Cocaine, Amphetamine Type Stimulants** (ATS), **Sedatives, Inhalants and Hallucinogens**.

Findings

- The survey found that, at the national level, about 14.6% of people (among 10-75 year old) are current users of alcohol.
- About 2.8% of Indians report having used any cannabis product within past 12 months.
- About 1.08% of 10-75 year old Indians are current users of sedatives (non-medical, non- prescription use).
- **Availability of Treatment**
 - The report finds that, access to treatment services for people affected by substance use disorders is grossly inadequate.
 - Just about one in 38 people with alcohol dependence report getting any treatment.

- Only about one in 180 people with alcohol dependence report getting inpatient treatment / hospitalization for help with alcohol problems.
- Among people suffering from dependence on illicit drugs, one among 20 people has ever received inpatient treatment/ hospitalization for help with drug problems.

United Nations Office on Drugs and Crime

- The United Nations Office on Drugs and Crime is a United Nations office that was established in 1997.
- It acts as the Office for Drug Control and Crime Prevention by combining the United Nations International Drug Control Program (UNDCP) and the Crime Prevention and Criminal Justice Division in the United Nations Office at Vienna.
- It was named the United Nations Office on Drugs and Crime in 2002.
- UNODC also publishes World Drug Report.

Important Fact For Prelims (6th March 2019)

AL-NAGAH III 2019

- Exercise Al Nagah III is the bilateral joint exercise between **India and Oman**.
- The third in the series of the joint exercise will be held from 12 to 25 March 2019 at **Jabal Al Akhdar Mountains in Oman**.
- The exercise will see both the armies exchanging expertise and experience in tactics, weapon handling and firing, with an aim to enhance interoperability in counter terrorist operations in semi urban mountainous terrain.
- **Exercise Al Nagah III follows the first two joint exercises that were held in Oman in January 2015 and India in March 2017 respectively.**

Nostro Accounts

Reserve Bank of India has fined Allahabad Bank for non-compliance of directions with regard to Nostro accounts.

- Nostros, a term derived from the Latin word for "ours," are frequently used to facilitate foreign exchange and trade transactions.
- **A nostro account is a bank account held in a foreign country by a domestic bank, denominated in the currency of that country.**

Capital Adequacy Ratio (CAR)

National Housing Bank has proposed to increase the Capital Adequacy Ratio of

Housing Financing Companies (HFCs) to 15% as a precautionary measure against liquidity risk.

- The CAR is a measure of a bank's available capital expressed as a percentage of a bank's risk-weighted credit exposures.
- The Capital Adequacy Ratio, also known as capital-to-risk weighted assets ratio (CRAR), is used to protect depositors and promote the stability and efficiency of financial systems around the world.

London Patient

Recently a person suffering from HIV has been treated in London called as 'London Patient'.

- He becomes the **second person to be free of the HIV virus** after a bone marrow transplant.
- He has been cured with **CCR5-delta 32 technique**, which is based on a stem cell transplant involving CCR5-delta 32 homozygous donor cells.

The Berlin Patient

- Timothy Ray Brown is considered to be the first person cured of HIV.
- He was treated in Berlin and to preserve his identity, later he came to be known as "**The Berlin Patient**".

China's Artificial Sun

China coming up with artificial sun made of electrons and ions by year end

Artificial Sun

- HL-2M Tokamak device is used in it to replicate the nuclear fusion process that occurs naturally in the sun.
 - The artificial sun's plasma is mainly composed of electrons and ions, and the existing Tokamak devices have achieved an electron temperature of over 100 million degrees Celsius in its core plasma, and an ion temperature of 50 million degrees Celsius, and it is the ion that generates energy in the device.
 - **Challenges**
 - Achieving an ion temperature above 100 million degrees Celsius is one challenge to reach the goal of harnessing the nuclear fusion.
 - The other two challenges are containing the fusion within a limited space in the long term, and providing a sufficiently high-density profile.
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