News Analysis (12 Nov, 2019)

International Seed Treaty

Why in News

The eighth session of the Governing Body of **International Treaty of Plant Genetic Resources for Food and Agriculture** (ITPGRFA) is being held in **Rome, Italy from 11th to 16th November 2019.**

Key Points

- The Governing Body sessions are held **biennially.**
- India highlighted the need for conservation of plant genetic resources and the uniqueness of Indian legislation **Protection of Plant Varieties and Farmers' Rights (PPV&FR) Act** to address the related issues.

International Treaty on Plant Genetic Resources for Food and Agriculture

- It was **adopted** by the 31st session of the Conference of the **Food and Agriculture Organization (FAO) of the United Nations** on **3rd November 2001.**
- **Objective:**
  - **Farmers' Contribution:** To recognize the contribution of farmers to the diversity of crops,
  - **Access and Benefit Sharing:** Establish a global system to provide farmers, plant breeders and scientists with access to plant genetic materials,
  - **Sustainability:** To conserve and sustainably use plant genetic resources for food and agriculture, and **fair and equitable sharing** of the benefits arising out of their use, in harmony with the **Convention on Biological Diversity.**

- It is also known as **Seed Treaty** as it is a comprehensive international agreement for ensuring food security through the conservation, exchange and sustainable use of the world's Plant Genetic Resources for Food and Agriculture (PGRFA).
- India **is a signatory** to the treaty.

Protection of Plant Varieties and Farmers' Rights (PPV&FR) Act, 2001

- It aims to protect **Farmers' and breeder's rights.**
- According to the act, a farmer is entitled to **save, use, sow, resow, exchange, share or sell** his farm produce including seed of a variety protected under the **PPV&FR Act, 2001** except the brand name.
- The Act is compliant to **Article-9 of the Seed Treaty.**
- Under the provisions of this Act, 138 farmers/farming communities have been awarded with the **Plant Genome Saviour Awards** by the **Protection of Plant Varieties and Farmers' Rights Authority.**
    - The award is given annually to the farmers engaged in the conservation of genetic resources of landraces (dynamic populations of a cultivated plant) and wild relatives of economic plants and their improvement.
- A few months back in April 2019, **PepsiCo sued Gujarati farmers** by invoking the provisions of the act.

Source: PIB

Base Year for GDP Calculations

Why in news

The **Ministry of Statistics and Programme Implementation (MOSPI)** is considering changing of **base year** for GDP calculation from **2011-12 to 2017-18.**

Base Year

- The base year of the national accounts is chosen to enable inter-year comparisons. It gives an idea about changes in purchasing power and allows calculation of inflation-adjusted growth estimates.
- The last series has changed the **base to 2011-12 from 2004-05.**

Need for Change

- **Accuracy:** Change of base year to calculate GDP is done in line with the global exercise to **capture economic information accurately.**

- **Globally Aligned:** GDP based on 2011-12 did not reflect the current economic situation correctly. The new series will be in compliant with the **United Nations guidelines in System of National Accounts-2008.**

    Ideally, the base year should be changed after every five years to capture the changing economy.

GDP calculation in India

- **Gross Domestic Product (GDP)** gives the economic output from the consumers' side. It is the sum of private consumption, gross investment in the economy, government investment, government spending and net foreign trade (the difference between exports and imports).

    GDP = private consumption + gross investment + government investment + government spending + (exports-imports)
- In 2015, the **Central Statistics Office (CSO)** did away with GDP at factor cost and adopted the international practice of GDP at market price and the **Gross Value Addition (GVA)** measure to better estimate economic activity.

    GDP at market price = GDP at factor cost + Indirect Taxes – Subsidies

Gross Value Added (GVA)

- **Gross Value Added (GVA)** is a measure of **total output and income in the economy.** It provides the **rupee value** for the number of goods and services produced in an economy after **deducting the cost of inputs and raw materials** that have gone into the production of those goods and services.
- It also gives **sector-specific picture** like what is the growth in an area, industry or sector of an economy.
- At the macro level, from a **national accounting perspective,** GVA is the sum of a country's GDP and net of subsidies and taxes in the economy.

    Gross Value Added = GDP + subsidies on products - taxes on products

Comparison Between GVA and GDP

- While GVA gives a picture of the state of economic activity from the **producers' side or supply side,** the GDP gives the picture from the **consumers' side or demand perspective.**

    Both measures need not match because of the difference in treatment of net taxes.
- GVA is considered a **better gauge of the economy.** GDP fails to gauge real economic scenario because a sharp increase in the output, only due to higher tax collections which could be on account of better compliance or coverage, may distort the real output situation.

- A **sector-wise breakdown** provided by the GVA measure helps policymakers decide which sectors need incentives or stimulus and accordingly formulate sector-specific policies.
    - But GDP is a key measure when it comes to making cross-country analysis and comparing the incomes of different economies.

Source: IE

Conference of Central and State Statistical Organizations

Why in News

The 27th **Conference of Central and State Statistical Organizations (COCSSO)** was inaugurated at Kolkata, West Bengal on 11th November, 2019.

- The Conference is organized by the **Ministry of Statistics and Programme Implementation (MoSPI),** Government of India **every year.** The **theme** for 2019 is the **"Sustainable Development Goals (SDGs)".**
    - It is a major national forum for **coordination between the Central and State Statistical Agencies** with the objectives of putting in **coordinated efforts** for making available reliable and timely statistics to planners and policy makers.

Background

- The Conference of Central and State Statistical Organisations (COCSSO) was organized for the **first time in the year 1971.**
- In September 2016, MoSPI developed a **National Indicator Framework (NIF)** which is a consolidated list of possible national indicators. It consists of 306 statistical indicators to serve as a backbone for monitoring of SDGs.
    - First of its kind **'SDG India Index'** has been developed in collaboration with the **Ministry of Statistics & Programme Implementation (MoSPI), Global Green Growth Institute, United Nations in India, and NITI Aayog.**
        - NITI Aayog has prepared the SDG India Index spanning across 13 out of 17 SDGs (leaving out Goals 12, 13, 14 and 17.
- The discussion at the conference will be centred around the enabling of the State Governments to develop their **State Indicator Frameworks** in line with the NIF and to strengthen the statistical system of the country.

Objectives

- To provide an overall perspective to the **development of the statistical system** and to **make recommendations/suggestions** on issues having bearing on the development of the statistical system;
- To solve the **technical issues** relating to statistics;
- To set up **Working Groups** on specific issues/tasks relating to official statistics;
- To **provide guidelines** in the collection of statistics and maintenance of statistical standards and quality, besides uniformity in statistical standards;
- To consider the **Action Taken Report** of the follow-up action on the recommendations of the previous meetings(s) of COCSSO; and
- To **review the role of the Statistical Advisers** in the Central and States/UT Governments.

Source: PIB

Policy on Credit Rating for MSMEs

Why in News

The government is in the process of **formulating a policy on credit ratings** for **micro, small and medium enterprises (MSMEs)** to help investors and other players take an informed decision.

> The government plans to start **digital data-based credit system.**

Key Points

- **Challenges with the current system-**
  - **Under-served:** MSMEs have remained largely **under-served by Financial Institutions** despite their contribution to the economy.
  - **Creditworthiness:** It is a **difficult task** for banks and financial institutions **to assess the creditworthiness, choosing enterprises with good CIBIL score, detailed audited financial statements or have assets to offer as collateral.**
  - **Availability of Finance: Service-oriented SMEs** are **unable to mortgage their equipment against loans** like the manufacturing sector, posing a challenge for them to avail finance.
  - **Credit Flow:** There is a **gap in the availability of funds to the SMEs and the government's focus on increasing credit flow** to this segment which needs to be filled up.

- **How will the digital data-based credit system help the sector?**
  - Alternative credit scoring based on digital data gives the lender a **more holistic view of a borrower's creditworthiness and associated risks for credit underwriting.**
  - New sources such as **transaction data and surrogate data like utility payments, bill payments** give a **detailed view of the business.**
  - **Deploying credit underwriting mechanisms** powered by advanced technologies such as **Artificial Intelligence (AI), machine learning and data analytics** can provide **useful insights.**
  - Each of the **data points can be treated as variables for credit appraisal** and can be **assigned specific weightage depending on the nature of the businesses** within the overall MSME segment.

Source: TH

Def Connect 2019

The Ministry of Defence had organised the inaugural session of **'Def Connect 2019'** to showcase the accomplishments of the Innovation for Defence Excellence (iDEX) initiative in New Delhi.

> iDEX portal and Defence India Start-up Challenge (DISC)-III was also launched.

Innovation for Defence Ecosystem (iDEX)

- iDEX, launched in 2018, is an ecosystem to foster innovation & technology development in Defence and Aerospace by engaging innovators & entrepreneurs to deliver technologically advanced solutions for modernizing Indian Military.
- **Core Objectives:**
  - **Indigenization:** Rapid development of new, indigenized and innovative technology.
  - **Innovation:** Creates a culture of engagement with innovative startups to encourage co-creation.
- It provides funding/grants to MSMEs, start-ups, individual innovator, R&D institutes and academia to carry out research and development.
- iDEX is funded and managed by **"Defence Innovation Organisation".**
- iDEX portal was launched to provide wider publicity and better visibility of iDEX activities and enable more efficient running of future challenges through better information management.

Defence Innovation Organisation (DIO)

- DIO is a **not for profit organisation** formed under section 8 of the **Companies Act 2013.**
- It is funded by **Hindustan Aeronautics Limited (HAL) and Bharat Electronics Limited (BEL).**
- It provides high level policy guidance to iDEX.

Defence India Startup Challenge (DISC)

- DISC aimed at supporting Startups/MSMEs/Innovators to create prototypes and/or commercialize products/solutions in the area of National Defence and Security.
- It has been launched by the Ministry of Defence in partnership with **Atal Innovation Mission.**
- The vision of the DISC is two-fold:
    - **Prototyping:** Help create functional prototypes of products/technologies relevant for national security, and spur fast-moving innovation in Indian defence sector.
    - **Commercialization:** Help new tech products/technologies find a market and early customer in the form of the Indian Defence Establishment.
- Under **DISC-III,** three challenges from the ARMY, Navy and Air Force were thrown open to prospective start-ups.
- Under the program, the start-ups, Indian companies and individual innovators (includes research & academic institutions) can participate.

Source: PIB