



## News Analysis (29 Nov, 2019)

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## Supplementary Grants

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### Why in News

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Finance Minister tabled the first batch of Supplementary Demands for Grants for the financial year 2019-20 in both the Houses of Parliament.

### Supplementary Grants

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When the authorised grants fall short of the required expenditure, an estimate is presented before the Parliament for **Supplementary or Additional grants**.

- The **Comptroller and Auditor General** of India bring such excesses to the notice of the Parliament.
- The **Public Accounts Committee** examines these excesses and gives recommendations to the Parliament.
- These grants are presented and passed by the Parliament before the **end of the financial year** (1<sup>st</sup> April to 31<sup>st</sup> March).

### Other Grants

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#### **Additional Grant**

It is granted when a need has arisen during the current financial year for **additional expenditure** upon **some new service** not contemplated in the budget for that year.

E.g.:

The demand for grants for the year 2019-20 also includes allocation of more than Rs 8,000 crore to the newly formed **Union Territories of Jammu and Kashmir and Ladakh** and Rs 20 crore for upkeep of Ayodhya.

#### **Excess Grant**

It is granted when money has been spent on any service during a financial year in excess of the amount granted for that service in the budget for that year.

- It is voted by **the Lok Sabha** after the financial year (since it is regulated by the same procedure which is applicable in the case of a regular budget, i.e. voted by the Lok Sabha).
- Before the demands for excess grants are submitted to the Lok Sabha for voting, they must be approved by the **Public Accounts Committee of Parliament**.

### **Vote of Credit**

It is granted for meeting an **unexpected demand upon resources** of India, when on account of the magnitude or the indefinite character of the service, the demand cannot be stated with the details ordinarily given in a budget.

Hence, it is like a **blank cheque** given to the Executive by the Lok Sabha.

### **Exceptional Grant**

It is granted for a special purpose and forms no part of the current service of any financial year.

### **Token Grant**

- It is granted when funds to meet the proposed expenditure on a new service can be made available by **reappropriation**.
- A demand for the grant of a token sum (of Re 1) is submitted to the vote of the Lok Sabha and if assented, funds are made available.
- **Reappropriation** involves transfer of funds from one head to another. It does not involve any additional expenditure.

### **Votes on Account**

The Constitution has authorised the Lok Sabha to make any **grant in advance** in respect to the estimated expenditure for a part of the financial year, pending the completion of the voting of the demands for grants and the enactment of the appropriation bill. This provision is known as the '**vote on account**'.

It is passed (or granted) after the general discussion on budget is over. It is generally granted for **two months for an amount equivalent to one-sixth** of the total estimation.

**Note:** Supplementary, additional, excess, exceptional grants and vote of credit are regulated by the same procedure which is applicable in the case of a regular budget.

### **Constitutional Provision**

- Supplementary, additional or excess grants and Votes on account, votes of credit and exceptional grants are defined in the Constitution of India 1949.
- Provisions under these Articles are:
  - **Article 115:** Supplementary, additional or excess grants.
  - **Article 116:** Votes on account, votes of credit and exceptional grants.

Source: IE

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## Chit Funds (Amendment) Bill, 2019

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### Why in news

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The Parliament has passed the [Chit Funds \(Amendment\) Bill, 2019](#). It will streamline operations of **collective investment schemes or chit funds**, with the aim to protect investors that primarily comprises economically weaker sections of the society.

### Chit Funds

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- In this, the people agree to pay a certain amount from time to time into a fund. Periodically, one of the subscribers is chosen by drawing a chit to receive the prize amount from the fund.
- Chit funds are **legal and registered** and are different from ponzi schemes as well as unregulated deposits.
- It is used by the poor as it acts as both a source of finance and an avenue for savings.

### Ponzi Scheme

- It is an investment fraud that pays existing investors with funds collected from new investors. Ponzi scheme organizers often promise high returns with little or no risk.
- It leads victims to believe that profits are coming from product sales or other means, and they remain unaware that other investors are the source of funds.

### Need of Amendment

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- **To Protect Investor Interest:** It highlights the crucial role chit funds play in India's rural economy, providing people with access to funds and investment opportunities, especially in regions where banks and financial institutions do not have a presence.
- **To Check Fraud:** The Chit Funds Act of 1982 was amended to incorporate stringent measures to stop alleged fraud.

### Key Features of the Bill

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- **Names for a Chit Fund:** The Act specifies various names which may be used to refer to a chit fund.
  - These include chit, chit fund, and kuri.
  - It additionally inserts '**fraternity fund**' and '**rotating savings and credit institution**' to this list.
- **Presence of Subscribers through Video-Conferencing:** The Act specifies that a chit will be drawn in the presence of at least two subscribers.
 

The Bill seeks to allow these subscribers to join via video-conferencing.
- **Foreman's Commission:** The 'foreman' is responsible for managing the chit fund. He is entitled to a maximum commission of 5% of the chit amount.
  - The Bill seeks to increase the commission to 7%.
  - Further, the Bill allows the foreman a right to a lien against the credit balance from subscribers.
 

**Lien** is the right of an individual to retain goods and securities in his possession that belongs to another until certain legal debts due to the person retaining the goods are satisfied.
- **Aggregate Amount of Chits:** Under the Act, chits may be conducted by firms, associations or individuals.
 

The Act specifies the maximum amount of chit funds which may be collected. These limits are:

**Currently, one lakh rupees** for chits conducted by individuals, and for every individual in a firm or association with less than four partners, and **Six lakh rupees** for firms with four or more partners. The Bill increases these limits to three lakh rupees and 18 lakh rupees, respectively.
- **Application of the Act:** Currently, the Act does not apply to: (i) any chit started before it was enacted, and (ii) any chit (or multiple chits being managed by the same foreman) where the amount is less than Rs 100.
 

The Bill removes the limit of Rs 100, and allows the state governments to specify the base amount over which the provisions of the Act will apply.

**Source: Live mint**

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## Indian Diaspora Largest in the World: UN Report

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### Why in News

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As per **International Organisation for Migration's (IOM)** latest report, '**Global Migration Report 2020**', India continues to be the largest country of origin of international migrants with a **17.5 million-strong diaspora** across the world.

India also received the **highest remittance of \$78.6 billion** from Indians living abroad.

## Key Points

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### Migrants

- The **total number of international migrants** in 2019 is now estimated at **270 million**.
- This is a very **small percentage of the world's population (at 3.5%)**, that is, the vast majority of people globally (96.5%) are estimated to be residing in the country in which they were born.
- The **top destination country** remained the **United States** (50.7 million international migrants).
- More than half of all international migrants (141 million) live in Europe and North America.
- The top three **countries of origin** of international migrants – **India (17.5 million) > Mexico (11.8 million) > China (10.7 million)**.

### Remittances

- The international remittances increased to \$689 billion in 2018.
- The **top three remittance recipients were India (\$78.6 billion) > China (\$67.4 billion) > Mexico (\$35.7 billion)**.
- The **United States remained the top remittance-sending country** (\$68 billion) followed by the United Arab Emirates (\$44.4 billion) and Saudi Arabia (\$36.1 billion).

### Reasons for migration

- **Economic:** Apart from U.S., other important **migration corridors** from poorer countries to richer nations were France, Russia, the United Arab Emirates and Saudi Arabia.

The Gulf countries have some of the largest numbers of **temporary labour migrants** in the world, including the United Arab Emirates, where they make up almost 90% of the population.

- **Ongoing conflicts and violence** in Central African Republic, the Democratic Republic of the Congo (DRC), Myanmar, South Sudan, Syria and Yemen have led to massive internal displacement in the last two years. A total of 41.3 million people were forced to flee their homes at the end of 2018 — a record since monitoring began in 1998.
- **Syria has the highest internally population of displaced people**, at 6.1 million, followed by Colombia (5.8 million) and the Congo (3.1 million).
- **Impact of climate and weather disasters**, such as Typhoon Mangkhut in the Philippines contributed to 3.8 million displaced people, the largest number globally.

## International Organisation for Migration

- IOM, or as it was first known, the Provisional Intergovernmental Committee for the Movement of Migrants from Europe (PICMME), was born in 1951 out of the chaos and displacement of Western Europe following the Second World War.
- It is the leading inter-governmental organization, working under the mandate of the United Nations, in the field of migration and works closely with governmental, intergovernmental and non-governmental partners.
- With 173 member states, and further 8 states holding observer status, IOM is dedicated to promoting humane and orderly migration for the benefit of all. It does so by providing services and advice to governments and migrants.

## Way Forward

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These data are critical for understanding the important role of migrants and migration in the development of both countries of origin and destination. Facilitating orderly, safe, regular and responsible migration and mobility of people will contribute much to achieving **Sustainable Development Goals**.

**Source: TH**

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## International Conference on “Landslides Risk Reduction and Resilience

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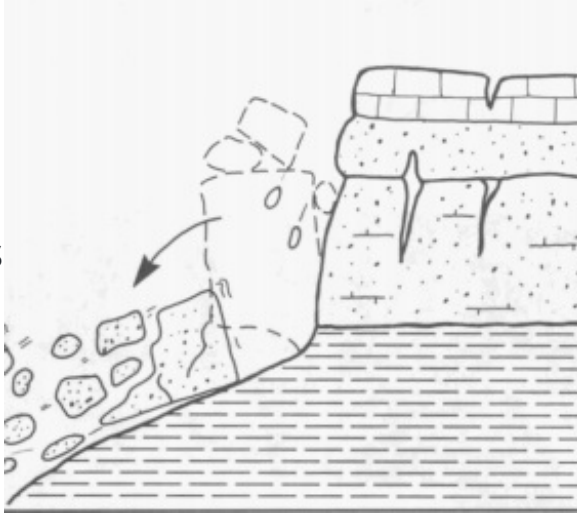
The **National Institute of Disaster Management (NIDM)** organized the **1<sup>st</sup> International Conference on “Landslides Risk Reduction and Resilience”** on 28<sup>th</sup> November, 2019 in New Delhi.

The **aim** was to bring together all stakeholders including relevant ministries, universities, as well as experts to discuss/debate/disseminate practically useful knowledge, experiences, information and innovations for landslides risk reduction and resilience at national and international levels.

### **National Institute of Disaster Management**

- NIDM comes under the **Ministry of Home Affairs** and is located in **New Delhi**.
- Under the **Disaster Management Act 2005**, NIDM has been assigned nodal responsibilities for human resource development, capacity building, training, research, documentation and policy advocacy in the field of disaster management.

## Landslides



- A landslide is defined as the **movement of a mass of rock, debris, or earth down a slope**. Landslides are a **type of "mass wasting (a geomorphic process),"** which denotes any down-slope movement of soil and rock under the **direct influence of gravity**.
- Several things can trigger landslides, including the slow weathering of rocks as well as soil erosion, earthquakes and volcanic activity.
- Loss Due To Landslides
  - Based on **Global Fatal Landslide database 2004-2016**, globally in 4,862 distinct landslide events **55,997 fatalities** were recorded (earthquake triggered landslide events were not taken in account in this study).
  - Continent-wise, Asia suffers the maximum damages / losses due to landslides. Among the Asian countries, South Asian nations are the worst sufferers and **India is one of the worst affected by landslides**.
  - As landslides are frequent and widespread, the **annual cumulative losses** worldwide **amount to tens of billions of USD** in terms of lost property, environmental damage, repair works, and the maintenance of defence measures.
  - As per Geological Survey of India, the window of economic loss due to landslides may reach between 1-2% of the gross national product in many developing countries.

**Source: PIB**

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## U.S. Minimises its Share in NATO Budget

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### Why in News

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The U.S. contribution to the North Atlantic Treaty Organisation's (NATO) operating budget has been cut down at the cost of an increase in Germany's payments to the alliance. This move comes after repeated criticism of European members of the organisation by the U.S.

This will come into effect from 2021, wherein the U.S. and Germany will contribute equally to NATO budget.

## Key Points

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- Under the new agreement, the U.S. will cut its contribution to 16.35% of the total NATO's budget while Germany and other allies' contributions will go up.  
U.S. currently pays 22.1% of the NATO budget and Germany pays 14.8%, under a formula based on each country's gross national income.
- **France has refused to accept the new arrangement** and will keep its contribution the same at 10.5%.
- All allies have agreed on a **new cost-sharing formula** under which cost shares attributed to most European allies and Canada will go up, while the US share will come down.

## Background

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- Earlier at the 2014 summit, NATO allies had agreed to spend 2% of their GDP on defence. However, the US suggested that countries not only meet their commitment of 2% expenditure on defence but also increase it to 4% immediately.  
Till 2019, only **eight of 29 members are able** to spend 2% of their GDP on defence. Germany has also failed to meet this target.
- **Poor coordination between Europe and the U.S. and Turkey's military operation** against the Kurds in northern Syria led to the deteriorating condition of NATO functioning so this is an important move to redefine the dynamics.

## North Atlantic Treaty Organization

- It is a military alliance established by the **North Atlantic Treaty** (also called the **Washington Treaty**) of **April 4, 1949**, by the United States, Canada, and several Western European nations to provide collective security against the Soviet Union.
- It is headquartered at Brussels, Belgium.
- A key provision of the treaty, the so-called **Article 5**, states that if one member of the alliance is attacked in Europe or North America, it is to be considered an attack on all members. That effectively put Western Europe under the "nuclear umbrella" of the US.  
NATO has **only once invoked Article 5**, on September 12, 2001, **following the 9/11 attacks** on the World Trade Center in the US.
- NATO's protection does not extend to members' civil wars or internal coups.



- As of 2019, there are **29 member states**, with **Montenegro** becoming the **latest member** to join the alliance in 2017.

France withdrew from the integrated military command of NATO in 1966 but remained a member of the organization. However, it resumed its position in NATO's military command in 2009.

**Source: TH**

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## Bhopal Gas Tragedy

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### Why in News

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Recently, a research study on congenital deformities in children born to women exposed to the 1984 gas leak in Bhopal was stopped from being published by an expert committee on the grounds of methodological flaws, poor design and inconclusive findings.

### Key Points

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- The study found out that babies born to women exposed to gas were significantly more likely to have “**congenital malformations**” than those born to women unexposed to gas.
- The findings came in response to a question under the Right To Information Act and were made public by an association of activists fighting for those affected by the leak.
- The Supreme Court has admitted a curative petition, which demands more compensation for those affected by the disaster. Data on congenital defects in children were important in bolstering the case for compensation.
- The expert committee consisted of scientists from the **All India Institute of Medical Sciences (AIIMS), Delhi**; the **National Institute for Research in Environmental Health (NIREH), Bhopal**; and the **Indian Council for Medical Research (ICMR)**.

### Congenital Malformations

- These can be defined as structural or functional anomalies that occur during intrauterine (within the uterus) life and can be identified prenatally, at birth, or sometimes may only be detected later in infancy.
- These are also known as birth defects, congenital disorders or congenital anomalies.

### Background

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- Post-midnight on December 3, 1984, **Methyl Isocyanate (MIC) (Chemical formula-CH<sub>3</sub>NCO or C<sub>2</sub>H<sub>3</sub>NO)** leaked from the **pesticide plant of Union Carbide (now Dow Chemicals)**, an **MNC**, in Madhya Pradesh capital Bhopal.
  - It is estimated that about **40 tonnes of gas and other chemicals leaked** from the Union Carbide factory.
  - Methyl isocyanate is **extremely toxic gas** and if its concentration in the air touches **21ppm** (parts per million), it can cause death within minutes of inhaling the gas.
- It is one of the worst chemical disasters globally and still continues to have its ill effects on the people of the affected areas.
- After the tragedy, the government of India enacted a **Public Liability Insurance Act (1991)**, making it mandatory for industries to get insurance the premium for this insurance would contribute to an **Environment Relief Fund** to provide compensation to victims of a Bhopal-like disaster.

Source: TH

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## UNDP's Accelerator Lab

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### Why in News

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The **United Nations Development Programme** (UNDP) has launched its **Accelerator Lab** in India. The project has been launched in collaboration with the government's **Atal Innovation Mission** and will look to solve issues through innovative solutions.

### Objectives

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- This lab will seek to address some of the most pressing issues facing India, such as air pollution, sustainable water management and client-resilient livelihoods through innovation.
- The vision is to make faster progress in meeting the ambitious **Sustainable Development Goals (SDGs)** of the U.N. by 2030.

### Accelerator Lab

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- The Accelerator Lab is an innovative new initiative by the **UNDP, State of Qatar** and the **Federal Republic of Germany** to find 21<sup>st</sup> century solutions to today's complex new challenges.
- India's Accelerator Lab will be part of a network of 60 global labs covering 78 nations, that will test and scale new solutions to global challenges like climate change and inequality.

- These Labs will identify grassroots solutions together with local actors and validate their potential to accelerate development.

**Atal Innovation Mission:** It is a flagship national innovation initiative of the Government of India under the NITI Aayog. It aims to promote a culture of innovation and entrepreneurship.

## **UNDP**

- The United Nations Development Programme (UNDP) is the UN's global development network. It provides expert advice, training and grants support to developing countries, with increasing emphasis on assistance to the least developed.
- **UNDP India's** country programme for 2018-2022 has three major focus areas:
  - Inclusive growth
  - Environment and energy
  - Strengthening systems and institutions countries.

**Source: TH**

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## Defence Acquisition Council

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### Why in News

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The **Defence Acquisition Council (DAC)** has approved the **procurement of weapons and equipment** worth ₹22,800 crore.

The focus was on '**Make in India**' initiative i.e. on indigenous design, development and manufacturing of weapons and equipment.

### Weapons and Equipment Approved

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- **Thermal Imaging Night Sights for Assault Rifles:** These would enable troops to undertake long range accurate engagements in dark and all weather conditions thereby enhancing the night fighting capabilities.

- **Airborne Warning and Control System (AWACS) aircraft for the Indian Air Force (IAF).**
  - These platforms would provide on-board command & control and 'early warning' which would assist the Indian Air Force (IAF) in achieving effective air space dominance in the least possible time.
  - Induction of these aircraft will greatly enhance both the Air defence and offensive capabilities of the IAF.
  - The **shortage** of such force multipliers was felt during the aerial engagement with the Pakistan Air Force, **a day after the Balakot air strike** in February, 2019.
- **P8I long range patrol aircraft for the Indian Navy:** These aircraft would greatly strengthen the Navy's capabilities for maritime surveillance, Anti-Submarine Warfare (ASW) and Anti-Surface Vessel (ASV) strike. These **would be procured from the United States.**
- **Twin Engine Heavy Helicopters (TEHH) for the Indian Coast Guard:** These aircraft would enable the Coast Guard to undertake missions to prevent maritime terrorism, infiltration of terrorists by sea routes as well as search & rescue operations.

### Defence Acquisition Council

- The Defence Acquisition Council is the **highest decision-making body** in the Defence Ministry for deciding on new policies and capital acquisitions for the three services (Army, Navy and Air Force) and the Indian Coast Guard.
- The **Minister of Defence** is the **Chairman** of the Council.
- It was formed, after the Group of Ministers recommendations on 'Reforming the National Security System', in **2001, post Kargil War (1999).**

Source: TH

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## Shadow Banking

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Shadow banking is a term used to describe **bank-like activities (mainly lending)** that take place **outside the traditional banking sector.**

- It is also referred as **non-bank financial intermediation** or **market-based finance.**
- Generally, it is not regulated in the same way as traditional bank lending.
- The term 'shadow bank' was **coined by Paul McCulley in 2007.**
- **Examples** of shadow lenders include Special Purpose Entities, Non Banking Financial Companies (NBFCs), Hedge Funds etc.

- These institutions **function as intermediaries between the investors and the borrowers**, providing credit, thus, leading to financial inclusion and hence generate liquidity in the system.
  - However, **the 2008 financial crisis has shown that shadow banking can be a source of systemic risk to the banking system**. The risks can be transmitted directly and through the interconnectedness of partially-regulated entities with the banking system.
  - After the financial crisis, central banks including that of USA, Britain and the European Union (EU) have introduced many strong measures to control shadow banking.
- In India, the crisis of the NBFCs that was triggered by the **liquidity problems of IL&FS** in 2018, has brought back the attention to shadow banking sector.

**Source: BS**

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## Defence Industrial Corridors

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### Why in News

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The Government has set up defence industrial corridors in **Uttar Pradesh** and **Tamil Nadu**.

- These defence corridors will facilitate a well-planned and efficient industrial base that will lead to **increased defence production** in the country.

According to data released by the Stockholm International Peace Research Institute (SIPRI), India topped the list of arms importer accounting for 13% of the trade in weapons platform between 2012-2018.
- The corridors overlap with existing defence public sector companies, and aim to ensure **connectivity among various defence industrial units**.

### Note:

- Connecting Cities in **Uttar Pradesh Defence Industrial Corridor (6)**: Lucknow, Kanpur, Agra, Aligarh, Chitrakoot and Jhansi.
  - Connecting Cities in **Tamil Nadu Defence Industrial Corridor (5)**: Chennai, Hosur, Salem, Coimbatore and Tiruchirappalli.
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