



# drishti

## News Analysis (17 Oct, 2018)

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### UN Report on FDI

India attracted USD 22 billion of FDI flows in the first half of 2018, according to a UN Conference on Trade and Development (UNCTAD) report- **'Investment Trends Monitor'**.

- The report highlighted that said that in South Asia, India's FDI inflows contributed to the subregion's 13% rise in FDI in the first half of the year.
- The report also states that the global foreign direct investment dropped by 41% in the same period due to tax reforms carried out by the US administration. These reforms have encouraged big firms in the US to bring back earnings from abroad, specially from Western European countries.
- The decline in FDI is happening mainly in wealthy, industrialized nations, especially in North America and Western Europe. The developing economies saw FDI flows declining "only slightly" in the first half of the year by 4%, compared with 2017.
- Other factors that have led to this decline are uncertainty about the detail and impact of tax reform and the potential impact of unresolved international trade disputes; such as the tit-for-tat tariffs imposed by the United States and China.
- In contrast to the overall decline in foreign investment, the report highlights a 42% increase in "greenfield" projects. These initiatives can involve building operations in a foreign country from scratch and they are seen an indicator of future trends.
- China was the largest recipient of FDI, attracting an estimated \$ 70 billion in inflows in the first half of the year, followed by the UK with \$ 65.5 billion, the US with \$ 46.5 billion.

#### United Nations Conference on Trade and Development

- UNCTAD is a permanent intergovernmental body established in 1964.
- It promotes development-friendly integration of developing countries into the world economy.
- Headquarters - Geneva, Switzerland

- Some of the reports published by it are:
  - Trade and Development Report
  - World Investment Report
  - The Least Developed Countries Report
  - Information and Economy Report
  - Technology and Innovation Report
  - Commodities and Development Report
- In its flagship report titled, **Trade and Development Report (TDR 2018)** released in September, 2018 UNCTAD has strongly advocated the need for developing countries to address issues of data sovereignty and design national policies to ensure equitable distribution of gains arising from data which is generated within the national boundaries.

## Foreign Direct Investment

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- Foreign direct investment (FDI) is an investment made by a firm or individual in one country into business interests located in another country.
- The key feature of foreign direct investment is that it establishes either effective control of, or at least substantial influence over, the decision-making of a foreign business.
- This makes it different from portfolio investments in which an investor merely purchases equities of foreign-based companies.
- Foreign Direct Investment is important because it gives countries access to external capital, technology, market access and tax contributions.

- Foreign direct investments are commonly categorized as being horizontal, vertical or conglomerate.
    - A **horizontal direct investment** refers to the investor establishing the same type of business operation in a foreign country as it operates in its home country.
    - A **vertical investment** is one in which different but related business activities from the investor's main business are established or acquired in a foreign country, such as when a manufacturing company acquires an interest in a foreign company that supplies parts or raw materials required for the manufacturing company to make its products.
    - A **conglomerate type** of foreign direct investment is one where a company or individual makes a foreign investment in a business that is unrelated to its existing business in its home country. Since this type of investment involves entering an industry the investor has no previous experience in, it often takes the form of a joint venture with a foreign company already operating in the industry.
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## RBI Allows Interoperability Among Mobile Wallets

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Recently the Reserve Bank of India (RBI) released guidelines to facilitate payments among different mobile wallets, a move aimed at promoting digital transactions.

### Background

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- The government has taken several steps to discourage people from using cash and persuade them to switch to digital transactions. Mobile wallets have shown a huge potential to drive the government's agenda.
- So far, the wallets operate in semi-closed loops and cannot interconnect with each other. For eg. Money from Paytm can't be transferred to MobiKwik.
- As per the road-map laid down in 2017, interoperability of all KYC-compliant Prepaid Payment Instruments (PPIs) was to be enabled in three phases -
  - interoperability of PPIs issued in the form of wallets through Unified Payments Interface (UPI),
  - interoperability between wallets and bank accounts through UPI, and
  - interoperability for PPIs issued in the form of cards through card networks.
- The Reserve Bank of India (RBI) issued consolidated guidelines for enabling all phases in order to prepare better for implementation of interoperability.

## Interoperability

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- Interoperability is the technical compatibility that enables a payment system to be used in conjunction with other payment systems.
- Interoperability allows PPI issuers, system providers and system participants in different systems to undertake, clear and settle payment transactions across systems without participating in multiple systems.

## Implications

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- Now interoperability between PPIs such as wallets and cards will effectively allow users of popular payment wallets such as Paytm, Freecharge, Mobikwik, PhonePe and PayZapp, among others, to transfer money from one wallet to another.
- Further, wallets can implement interoperability through the Unified Payment Interface (UPI).
- The RBI also allowed PPIs to issue cards using authorised card networks such as Mastercard, Visa or Rupay.
- The biggest beneficiaries of interoperability will be the wallet users, who will not have to specifically look for merchants who accept a certain wallet. With interoperability, they can make payments from a wallet to any merchant who accepts digital payments. **This will bring wallets on par with cards**, a symbolic transition with all transactions being accepted at all networks.
- This is progressive move for non-bank players and huge foundations to reach under-banked and unbanked with equally powerful payment product in league of debit/credit cards.
- Different companies, which are otherwise competing with each other for a larger share of the business, will end up sharing resources, and can focus on creating a more distinct value added platform.
- While boosting the e-wallet segment, new guidelines would also ensure the safety and accuracy of the transfer of money by individuals from one wallet to another.

### **Unified Payments Interface (UPI)**

- UPI is a single-window mobile payment system developed by the National Payments Corporation of India (NPCI). The interface is regulated by the Reserve Bank of India (RBI).
- It is a payments system launched by the National Payments Corporation of India in August 2016. It facilitates instant fund transfer between two bank accounts on the mobile platform, without having to provide any detail of the beneficiary's bank account.

- It is a system that powers multiple bank accounts into a single mobile application (of any participating bank), merging several banking features, seamless fund routing & merchant payments into one hood.
- The system is said to be a safe and secure method of transferring money between two parties, and cuts out the need to transact with physical cash or through a bank.
- It also caters to the “Peer to Peer” collect request which can be scheduled and paid as per requirement and convenience.

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## Annapurna Devi of Hindustani Music Passes Away

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Annapurna Devi, prominent artist of classical **Hindustani music**, recently passed away at the age of 92.

- She was the iconic and famously reclusive surbahar (bass sitar) player.
- She was the daughter of Maihar gharana founder Ustad Allauddin Khan.
- She was a recipient of the Padma Bhushan award.

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## Hindustani Music

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- Hindustani classical music is an Indian classical music tradition. It originated in North India around 13th and 14th centuries.
- In contrast to Carnatic music, the other main Indian classical music tradition from South India, the Hindustani classical music was not only influenced by ancient Hindu musical traditions and Vedic philosophy but also by the Persian elements.
- Hindustani music is based on the raga system. The Raga is a melodic scale, comprising of notes from the basic seven- Sa, Re, Ga, Ma Pa, Dha and Ni.
- There is a rich tradition of Gharanas in classical Hindustani music. The music Gharanas are also called styles. These schools or Gharanas have their basis in the traditional mode of musical training and education. Every Gharana has its own distinct features. Popular gharanas are: Gwalior gharana, Agra Gharana, Indore Gharana, Jaipur Gharana.
- Hindustani classical music is primarily vocal-centric. The major vocal forms associated with Hindustani music are the khayal, Ghazal, dhrupad, dhammar, tarana and thumri.
- **Dhrupad** style of singing is traditionally performed by men with a tanpura and pakhawaj. The lyrics sung in Dhrupad are in a medieval form of Hindi and typically heroic in theme, or in praise of a particular deity.
- **Khayal** consists of about 4-8 lines of lyrics set to a tune. The performer uses these few lines as the base for improvisation.
- **Tarana** are songs that are used to convey a feel of joy and are usually performed towards the end of a concert.

- **Thumri** is an informal vocal form of Hindustani classical music and is said to have begun with the court of Nawab Wajid Ali Shah, the Nawab of Oudh.
- Originally, a Persian form of vocal music, **Ghazal** is an important part of Hindustani Classical music. Ghazal exists in multiple variations, including folk and pop forms. The themes of Ghazals range from love, joy and piety.

## Important Facts for Prelims (17th October 2018)

### Oldest Evidence of Animal Life Found

- Researchers have found the oldest clue of animal life in rocks from Oman, Siberia, and India.
- Research suggested that **sea sponges emerged as early as 660 million years ago**, during the Neoproterozoic Era (660-635 million years ago), which is at least 100 million years before the Cambrian Explosion.
- In ancient rocks and oils, **researchers found a steroid compound produced only by sponges, which are among the earliest forms of animal life.**
- **The “Cambrian Explosion” refers to the sudden appearance in the fossil record of complex animals with mineralized skeletal remains 541 million years ago.**
- The biomarker identified by scientists is a steroid compound named 26-methyl stigmastane (26-mes).
- It has a unique structure that is currently only known to be synthesized by certain species of modern sponges called demosponges.
- In September 2018, an international team of researchers claimed to have discovered the world’s oldest fossil—creature known as **Dickinsonia**, which first appeared around 571 million to 541 million years ago.
- Current fossil evidence dates back around 100 million years from **Dickinsonia**.
- Neither study provides traditional fossil evidence such as fossils containing the outlines of bones or soft tissue. Rather, these studies highlight the chemical traces left behind by ancient creatures.
- In the case of Dickinsonia, it was fat molecules; in the case of sea sponges, it’s a steroid compound known as a sterane
- **This finding could help scientists better understand the interaction of geology and biology that triggered the evolution of complex life on Earth.**

### Last Universal Common Ancestor (LUCA)

Charles Darwin proposed the existence of an evolutionary starting point and a primordial organism from which all modern life descended. This organism is termed as LUCA (Last universal common ancestor). Any fossil evidence of LUCA is yet to be discovered.

## Kolkata GPO marks 150 years

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- Recently Kolkata's General Post Office (GPO) completed its 150 years. The Heritage building with Corinthian columns was opened to the public on October 2, 1868.
- It is not only an iconic building of the city but also the biggest working post office of the Kolkata Circle.
- An extension of the postal museum, housed in the building has been inaugurated. The museum displayed an exhibition of illustrations depicting postmen carrying letters.
- Other exhibits in the museum include badges used by postmen, weighing machines and the first postage stamps, printed at the Survey of India office in 1854 and a Post Office Map of provinces of Bengal, Behar, and Orissa and Arracan dating back to 1854.
- It is still a matter of speculation whether the Old Fort, where the **GPO stands today is the site of the "Black Hole Tragedy" of 1756**. Researchers of the Archaeological Survey of India are working to ascertain whether this is a site of the alleged incident.
- **According to historians, the "Black Hole Tragedy" refers to the time when several English prisoners died as a result of incarceration in a cramped prison by Nawab of Bengal Siraj Ud-Daulah after he attacked Calcutta.**

## From Bihar to Assam via Bangladesh

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- Recently the cargo ship carrying fly ash on the pilot basis from Bihar reached its destination in Guwahati. This has rekindled hope for an inland waterway transport system that had virtually ended with Partition in 1947.
- This has been one of the biggest voyages in recent history covering 2,085 km from Kahalgaon in Bihar to Pandu in Guwahati.
- This voyage has demonstrated that the inland waterways, both National Waterway 1, or Ganga, and National Waterway 2, that is the Brahmaputra, are technically feasible for transportation of cargo ships of 1,500-2,000 tonnes through India-Bangladesh Protocol route.
- The voyage of the ships marked one of the longest hauls in the inland water sector movement in the country.
- Around Independence, Assam's per capita income was very high owing to access of its tea, timber, coal and oil industries to seaports via the Brahmaputra and Barak river systems. The scenario changed after the river routes were cut off and rail and road through the Chicken's Neck (a narrow strip in West Bengal), became costlier alternatives.

## NASA's Chandra X-ray Observatory

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- NASA's Chandra X-ray Observatory went into safe mode after a gyroscope problem. During safe mode, spacecraft's instruments are all turned off and only the most fundamental systems are kept on.

- Gyroscopes help spacecraft maintain proper orientation.

## **Chandra X- Ray Observatory**

- Launched: July 23, 1999
- Goal: Detect X-ray emission from very hot regions of the Universe such as exploded stars, clusters of galaxies, and matter around black holes.
- Chandra is part of NASA's Great Observatories Program, which launched four powerful space telescopes from 1990 to 2003:
  - The Hubble Space Telescope in 1990
  - The Compton Gamma Ray Observatory (CGRO) in 1991
  - The Spitzer Space Telescope in 2003
- CGRO was intentionally deorbited in 2000 after a gyroscope failure.
- Chandra is active well beyond the original design lifetime of 5 years. In 2001, NASA extended its lifetime to 10 years. It is now into its extended mission.

## **World Food Day**

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- Every year, World Food Day is celebrated on October 16 to commemorate the founding of the Food and Agriculture Organisation (FAO) of United Nations in the year 1945.
- This year's theme is 'Zero Hunger' which means working together to ensure everyone, everywhere, has access to the safe, healthy and nutritious food they need. To achieve it, we must adopt a more sustainable lifestyle, work with others, share our knowledge and be willing to help change the world – for the better.
- The Sustainable Development Goal (SDG-2) also aims to “End hunger, achieve food security and improved nutrition and promote sustainable agriculture” by 2030.

## **Roshni- Centre of Women Collectives led Social Action**

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- Deendayal Antyodaya Yojana – National Rural Livelihood Mission (DAY-NRLM), Ministry of Rural Development (MoRD) and Lady Irwin College have signed a Memorandum of Understanding (MoU) for establishing ROSHNI – Centre of Women Collectives led Social Action.
- ROSHNI is technically and financially supported by UNICEF India serving as a technical support unit at national level for DAY-NRLM and is embedded in the Department of Development Communication and Extension, Lady Irwin College, New Delhi.
- Roshni aims to work with women collectives for social action on Food, Health, Nutrition and WASH (FHNW) interventions in alignment with DAY-NRLM.
- Roshni will incorporate learnings from Swabhimaan and similar models, and extend support to DAY-NRLM for expanding the scope of FHNW interventions.



- The Centre will lead knowledge creation, capacity building for scale-up of convergent action plan, learning and re- learning in Swabhimaan sites and provide policy guidance to DAY-NRLM on POSHAN Abhiyan initiatives.

Swabhimaan is initiative of the Union Government and the Indian Banks' Association to bridge economic gap between rural and urban India. This campaign is a step towards socio-economic equality by bringing the underprivileged segments of Indian population into the formal banking fold.

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