Economic Stimulus-IV

Why in News

Recently, the Union Finance Minister announced the fourth tranche of Atmanirbhar Bharat Abhiyan targeted towards fast track investments in the eight sectors.

- The fourth tranche focuses on eight sectors namely, coal, minerals, defence production, civil aviation, power distribution, social infrastructure, space and atomic energy.
- The announced measures also form a part of the Rs. 20 lakh crore economic stimulus package to deal with the Covid-19 pandemic.
- The government has already announced the Economic Stimulus-I, the Economic Stimulus-II and the Economic Stimulus-III.

Basis of Policy Reforms for Fast-track Investments

- Fast tracking of investment clearance through the Empowered Group of Secretaries.
- Establishment of Project Development Cell in each Ministry to prepare a list of investable projects and also to coordinate with investors and Central/State Governments.
- Ranking of States on investment attractiveness to compete for new investment.
- Incentive schemes for promotion of new champion sectors such as solar PhotoVoltaic (PV) manufacturing; advanced cell battery storage etc.

Key Points
Coal Sector:

- **Commercial Mining:**
  - The introduction of commercial mining will remove the government monopoly in coal mining. India has the third-largest coal availability within its untapped mines and yet India still imports coal.
  - Commercial mining will be introduced on the basis of a revenue-sharing mechanism. The government will receive a share of the gross revenue from the sale of coal but will not be involved with the cost incurred.

- **Coal Gasification/Liquefaction:**
  - It will be incentivised through rebate (partial refund) in revenue share to lower the environmental impact. It is also expected to assist India in switching to a gas-based economy.

- **Infrastructure Investment:**
  - The infrastructure development worth of Rs. 50,000 crores will be done to achieve the Coal India Limited's (CIL) target of 1 billion tons coal production by 2023-24 plus coal production from private blocks.

- **Coal Bed Methane (CBM) Extraction:**
  - These extraction rights to be auctioned from Coal India Limited's (CIL) coal mines.

- **Mining Plan Simplification:**
  - Ease of Doing Business measures, such as Mining Plan simplification, will be considered. It is expected to increase annual production by 40%.
• Mineral Sector:
  • Exploration-cum-Mining-cum-Production Regime:
    500 mining blocks would be offered through an open and transparent auction process under this composite regime.
  • Joint Auction of Bauxite and Coal Mineral Blocks:
    It aims to enhance the aluminium industry’s competitiveness by reducing the cost of electricity generation.
  • Captive and Non-captive Mines:
    - The government has decided to remove the distinction between captive and non-captive mines to allow the transfer of mining leases and the sale of surplus unused minerals, leading to better efficiency in mining and production.
    - The captive mines are that produce minerals for use by the same company.
• Defence Sector:
  • Revision of FDI Limit:
    The FDI limit in defence manufacturing under automatic route will be raised from 49% to 74%.
  • Project Management Unit:
    The government is expected to begin time-bound defence procurement and faster decision making by setting up a Project Management Unit (PMU) to support contract management.
  • Reduction in Defence Import Bill:
    The government will notify a list of weapons/platforms banned for imports and thus such items can only be purchased from India.
• Civil Aviation:
  • Efficient Airspace Management:
    - The restrictions on the utilisation of Indian airspace will be eased so that the flying of civilian aircraft becomes more efficient. Such utilisation is expected to bring in benefits of nearly Rs 1,000 crore per year.
    - It will also lead to optimal utilization of airspace, reduction in fuel use, time and will have positive environmental impact.
    - Currently, only 60% of India’s airspace is freely available and thus airplanes have been flying to most destinations through longer routes hence more fuel is used in the process and the customers end up paying more.
  • Airports Development through PPP:
    In addition to the existing ones, six more airports will be auctioned under the Public-Private-Partnership (PPP) model for its development.
  • India-a global hub for Aircraft Maintenance, Repair and Overhaul (MRO):
    - The aircraft component repairs and airframe maintenance is intended to increase from Rs 800 crore to Rs 2,000 crore in three years.
    - The convergence between the Defence sector and the civil MROs will be established to bring down the maintenance cost of airlines.
• **Power Distribution Sector:**
  - **Tariff Policy Reforms:**
    The tariff policy reforms will be announced in the future. The reforms are expected to focus on the consumer rights, promotion of industry and sustainability of the sector.
  - **Privatization of Distribution in UTs:**
    - The power departments/utilities in Union Territories will be privatised.
    - It is expected to improve the operational and financial efficiency in Distribution.

• **Social Infrastructure Projects:**
  - **Investments through Viability Gap Funding:**
    - The government is expected to invest Rs 8,100 crores through Viability Gap Funding (VGF).
    - Currently, most of the projects are supported by centre/states/statutory bodies with 20% as VGF. But the Centre will be increasing its share in VGF to 30% in the future.
    - The above benefits will be provided if the projects will be proposed by Central Ministries/ State Government/ Statutory entities.
    - Viability Gap Funding (VGF) signifies a grant, one-time or deferred, provided to support infrastructure projects that are economically justified but fall short of financial viability. The lack of financial viability usually arises from long gestation periods and the inability to increase user charges to commercial levels.

• **Space Sector:**
  - **Participation of the Private Sector:**
    - The government will be providing a level playing field for private companies in satellites, planetary exploration, outer space travel, launches and space-based services.
    - Such private players will also be allowed to use ISRO’s facilities and other relevant assets to improve their capabilities.
  - **Liberal Geo-spatial Data Policy:**
    - There will also be a liberal geo-spatial data policy for providing remote-sensing data to tech-entrepreneurs.

• **Atomic Energy:**
  - **Research Reactor in PPP Mode:**
    - It will help to produce medical isotopes for affordable treatment of cancer and other diseases.
    - It will also generate facilities to use irradiation technology for food preservation. This will complement agricultural reforms and assist farmers.
  - **Technology Development cum Incubation Centres:**
    - These centres will be set up to act as a link between India’s robust start-up ecosystem to the nuclear sector.

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**Criticism**
• It is considered to be less of a stimulus and more of industrial reforms, which could have been announced at any time.
• It has been also observed that the only direct budgetary cost in this tranche was the Rs. 8,100 crore to be provided as a raised 30% viability gap funding to boost private investment in social sector infrastructure.
• The fourth tranche covered sectors of strategic importance but these policies will be rolled out over a 3-6 month period, and any implication for supporting or reviving the economy as it comes out of lockdown is missing.

Source: IE

Economic Stimulus-V

Why in News

Recently, the Union Finance Minister announced the measures for providing employment and support to businesses, state governments as well sectors such as education and health as part of the fifth and final tranche of Atmanirbhar Bharat Abhiyan.

• The announced measures also form a part of the Rs. 20 lakh crore economic stimulus package to deal with the Covid-19 pandemic.
• Earlier, the Economic Stimulus-I, the Economic Stimulus-II, the Economic Stimulus-III and the Economic Stimulus-IV were announced.

Key Points
Increase in Allocation for MGNREGA
- The Government will allocate an additional Rs.40,000 crore under Mahatma Gandhi National Rural Employment Guarantee Act, 2005 (MGNREGA).
- It will help generate nearly 300 crore person days in total, addressing the need for more work by the migrants who are returning to their hometowns due to the pandemic and lockdown.
- Creation of a larger number of durable and livelihood assets including water conservation assets which will boost the rural economy through higher production.
• **Health Reforms and Initiatives**
  - **Public expenditure** on health will be increased by investing in grass root health institutions and ramping up health and wellness centres in rural and urban areas.
  - **Preparing India for future pandemics:**
    - Setting up of **Infectious Diseases Hospital Blocks** in all districts.
    - Strengthening of lab networks and surveillance (**Integrated Public Health Labs** in all districts and blocks)
    - The **National Institutional Platform for One Health** by **Indian Council of Medical Research** (ICMR) will encourage research.
    - Implementation of **National Digital Health Blueprint** under the **National Digital Health Mission** (NDHM).
      NDHM was recommended to be established as a purely government organization with complete functional autonomy on the lines of **Unique Identification Authority of India** (UIDAI) and **Goods and Services Network GSTN**.
  
  • **Technology Driven Education with Equity**
  - Government will launch **PM eVIDYA**, a programme for multi-mode access to digital/online education with immediate effect. It consists of:
    - **DIKSHA for school education in States/UTs**: e-content and QR coded Energized Textbooks for all grades (one nation, one digital platform)
    - One earmarked TV channel per class from 1 to 12 (**One class, One channel**)
    - Extensive use of **Radio**, Community radio and Podcasts.
    - Special e-content for visually and hearing impaired.
    - **Top 100 universities** will be permitted to automatically start **online courses** by 30th May, 2020.
  - **Manodarpan**, an initiative for **psycho-social support** for students, teachers and families for mental health and emotional well-being will be launched.
  - **New National Curriculum and Pedagogical framework** for school, early childhood and teachers will be launched.
  - **National Foundational Literacy and Numeracy Mission** for ensuring that every child attains learning levels and outcomes in grade 5 by 2025 will be launched by December 2020.

• **Measures Related to IBC**
  - **Minimum threshold** to initiate insolvency proceedings has been **raised to Rs.1 crore** (from Rs.1 lakh, which largely insulates **Micro, Small and Medium Enterprises**-MSMEs).
  - **Special insolvency resolution framework** for MSMEs under **Section 240A of the Insolvency and Bankruptcy Code** (IBC) will be notified.
  - Suspension of fresh initiation of insolvency proceedings up to one year, depending upon the pandemic.
  - Empowering the Central Government to **exclude Covid-19 related debt** from the definition of “default” under the IBC for the purpose of triggering insolvency proceedings.
• **Measures Related to the Companies Act**
  ○ Decriminalisation of Companies Act, 2013 violations involving minor technical and procedural defaults (shortcomings in Corporate Social Responsibility (CSR) reporting, inadequacies in Board report, filing defaults, etc).
  ○ Majority of the compoundable offences sections to be shifted to Internal Adjudication Mechanism (IAM).
  ○ The amendments will de-clog the criminal courts and National Company Law Tribunal (NCLT).

• **Ease of Doing Business for Corporates**
  **Key reforms include:**
  - Direct listing of securities by Indian public companies in permissible foreign jurisdictions.
  - Private companies which list Non-Convertible Debentures (NCDs) on stock exchanges not to be regarded as listed companies.
  - Including the provisions of Part IXA (Producer Companies) of Companies Act, 1956 in Companies Act, 2013.
  - Power to create additional/specialized benches for National Company Law Appellate Tribunal (NCLAT).
  - Lower penalties for all defaults for Small Companies, One-person Companies, Producer Companies and StartUps.

• **Public Sector Enterprise Policy for a New, Self-reliant India**
  Government will announce a new policy whereby:
  - List of strategic sectors requiring the presence of Public Sector Enterprises (PSEs) in public interest will be notified.
  - In strategic sectors, at least one enterprise will remain in the public sector but private sector will also be allowed.
  - In other sectors, PSEs will be privatized (timing to be based on feasibility etc.).

• **Support to State Governments**
  ○ The Centre has decided to increase borrowing limits of States from 3% to 5% for 2020-21 only which will give States extra resources of Rs.4.28 lakh crore.
  ○ Part of the borrowing will be linked to specific reforms (including recommendations of the Finance Commission).
  ○ Reform linkage will be in four areas:
    - Universalisation of ‘One Nation One Ration card’.
    - Ease of Doing Business.
    - Power distribution.
    - Urban Local Body revenues.
  ○ States can borrow more in the following pattern, notified by the Department of Expenditure:
    - The first 0.5% will be an unconditional increase.
    - Next 1% in 4 tranches of 0.25%, with each tranche linked to clearly specified, measurable and feasible reform actions.
    - The last 0.50% if milestones are achieved in at least three out of four reform areas.
Analysis

- **On Increase in Allocation for MGNREGA**
  - The step to allocate more resources to MGNREGA was widely welcomed as it will support rural livelihoods in the time of crisis.
  - However, given that States account for 40% of MGNREGA expenditure, including most upfront costs, they will also have to spend on the scheme.
  - Demand for work under MGNREGA had surged to a nine-year high in 2019-20 as 5.47 crore households availed of the scheme, the highest since 2010-11.

- **On Support to State Governments**
  - The expansion of the fiscal deficit has been welcomed by the states because GSDPs (Gross State Domestic Product) are likely to contract and further shrink the possible borrowing at a time when States are at the frontline of containment and relief operations.
  - However, the conditions on additional loans have been criticised on the grounds that in future, severe conditions may be imposed on even normal loans.
  - The utilisation of additional 2% borrowing by states can be lower because states may settle on borrowing less to avoid undertaking politically difficult reforms.
  - A likely increase in borrowing cost due to the emerging gap between total Public Sector Borrowing Requirement (PSBR) and available resources will also lead to states not opting for the increased borrowing.

- **On Public Sector Enterprise Policy**
  - It was criticised on the grounds that privatising PSUs would find fewer buyers at a time of global recession, while any potential buyer would be spending money which could have gone into fresh investment on a financial transfer instead, effectively contracting demand.

Source: PIB/IE/TH

Afghanistan’s Power Sharing Deal

Why in News

Recently, Afghanistan’s President Ashraf Ghani and his political rival Abdullah Abdullah have signed a power-sharing agreement.

Key Points
• **Power-sharing deal**
  - According to the deal, Mr. Ghani will remain as president while both Mr. Ghani and Mr. Abdullah will choose an equal number of ministers in the cabinet.
  - The deal calls for Abdullah to lead the country's **National Reconciliation High Council**.
    - The **Reconciliation Council** has been given the authority to handle and approve all **affairs related to Afghanistan’s peace process including the peace talks with the Taliban**.

• **Background**
  - The deal has been signed two months **after the presidential election dispute** that arose in September 2020 between Mr. Ghani and Mr. Abdullah.
  - The Election Commission **declared Mr. Ghani to be the winner** of the presidential election, but Mr. Abdullah and the Elections Complaint Commission **charged widespread voting irregularities** in the election.
  - Following which, both declared themselves the winner of the presidential election and have been locked in a power struggle since then.

• **U.S.- Taliban peace deal:**
  - Earlier, a **peace deal between the U.S. Government and the Taliban** was signed on 29 February, 2020.
    - The deal calls for **U.S. and North Atlantic Treaty Organization (NATO) troops to leave Afghanistan**.
  - The U.S.-Taliban peace deal is seen as Afghanistan’s **best chance to come at peace in decades of war**.
  - Since then, the U.S. has been trying to get the **Taliban and the Afghan government to begin intra-Afghan negotiations**, but the political turmoil and personal hostility between Mr. Ghani and Mr. Abdullah has impeded talks.
  - This prompted the U.S. Government to announce that it would cut $1 billion in assistance to Afghanistan if the two weren't able to work out their differences.

• **India’s Stand**
  - India has welcomed the power-sharing deal between President Ashraf Ghani and his rival Abdullah Abdullah.
  - It hope that the **power-sharing deal** will result in renewed efforts for **establishing enduring peace and stability**, and **putting an end to externally-sponsored terrorism** and violence in Afghanistan.

• **Importance of Afghanistan for India:**
  - Afghanistan's main advantage is its geography.
  - Anyone who controls Afghanistan controls the land routes between the Indian subcontinent, Iran, and resource-rich Central Asia.
  - Economically, it is a gateway to the oil and mineral-rich Central Asian republics.
  - Afghanistan has become the second-largest recipient of Indian foreign aid over the last five years.
  - India has become more and more popular in Afghanistan, not only because of its soft power, but also by setting up infrastructure, including hospitals, roads and dams, and contributing to the fabric of a democratic nation-state.
Push for Probe into Covid-19 Origin

Why in News

Recently, India joined 61 countries that have moved a proposal at the World Health Assembly to identify the zoonotic source of the coronavirus.

- The World Health Assembly is the decision making body of the World Health Organisation (WHO).
- Zoonotic refers to diseases that can be passed from animals to humans.

Key Points
The Proposal:
- It is a part of a seven-page draft resolution moved by 35 countries and the 27-member European Union.
- It asks the WHO chief to work with the World Organisation for Animal Health to conduct scientific and collaborative field missions and the route of introduction to the human population (novel coronavirus), including the possible role of intermediate hosts.
- The countries also demanded an “impartial, independent and comprehensive evaluation” of the World Health Organization's (WHO) response to Covid-19. Earlier, the WHO was slammed for accepting the findings given by China on face-value. The US has even suspended funding to the body.

Signatories of the Proposal:
- The resolution is supported by three of the five permanent members of the UN Security Council — UK, Russia and France — along with Japan, Australia, South Korea, New Zealand, South Africa and Turkey.
- From the South Asian Association for Regional Cooperation (SAARC) nations, only India, Bangladesh and Bhutan have signed up.

India's stand:
- This is the first time India has taken a position in an international forum on the origin of the virus and the need for an independent evaluation of WHO’s response to the crisis.
- Earlier, India had maintained that it is engaged in the fight against Covid-19, and will revisit the issue after the crisis is over. But Prime Minister Modi did indicate India’s stand at the G20 summit in March where he backed WHO reform and referred to the need for transparency and accountability.
- The virus has cost loss of livelihoods, poverty increase and economic crisis in each sector of India.

Role of China and its Response:
- The virus is widely believed to have originated from China's Wuhan, where the first case of Covid-19 was reported.
- China is accused of concealing crucial information in relation to its spread and clinical diagnosis.
- China had stated in its defence that it may support a review “at an appropriate time”, but criticised the politicisation of the virus's origin by the US and some other countries, and an inquiry “based on the presumption of guilt”.
- It said that Wuhan city has first reported Covid-19 cases, but that does not mean the virus originated in Wuhan.

Source:IE

Cyclone Amphan
Why in News

Recently, the National Crisis Management Committee reviewed the preparedness for the impending cyclone Amphan.

At the national level, Cabinet Committee on Security (CCS) and National Crisis Management Committee (NCMC) are the key committees involved in the top-level decision-making related to Disaster Management.

Key Points

- Cyclone Amphan (pronounced as UM-PUN) is a tropical cyclone formed over Bay of Bengal that has intensified and likely to turn into a “super cyclonic storm (maximum wind speed is 120 knots)”.
- According to the India Meteorological Department forecast, it will make landfall as a very severe cyclone between the Sagar islands of West Bengal and the Hatiya islands of Bangladesh.
- It has been named by Thailand.
- Affected Regions: West Bengal, Odisha and Bangladesh.
- Amphan is the second pre-monsoon cyclone to form in the Bay of Bengal in two years. The first one was Cyclone Fani.
  The pre-monsoon period is generally considered to be unsupportive for the formation of tropical cyclones.

National Migrant Information System

Why in News

Recently, the National Disaster Management Authority (NDMA) has developed an online dashboard called ‘National Migrant Information System (NMIS)’.

Key Points

- The online portal (NMIS) would maintain a central repository of migrant workers and help in speedy inter-state communication to facilitate the smooth movement of migrant workers to their native places.
- The key data pertaining to the persons migrating has been standardized for uploading such as name, age, mobile no., originating and destination district, date of travel etc.
- States will be able to visualize how many people are going out from where and how many are reaching their destination States.
• It has additional advantages like **contact tracing**, which may be useful in overall Covid-19 response work.
  ○ The mobile numbers of people can be used for contact tracing and movement monitoring during **Covid-19**.
  ○ **Contact tracing** is the process of identification of persons who may have come into contact with an infected person and subsequent collection of further information about these contacts.
• The Government of India has allowed the movement of migrant workers by buses and **‘Shramik’ special trains** to enable them to travel to their native places.

**National Disaster Management Authority**

• The National Disaster Management Authority (NDMA) is the **apex statutory body for disaster management in India**.
• It was constituted in accordance with the **Disaster Management Act, 2005** with the **Prime Minister as its Chairperson** and nine other members, and one such member to be designated as Vice-Chairperson.
• **Mandate**: Its primary purpose is to coordinate response to natural or man-made disasters and for capacity-building in disaster resiliency and crisis response.
  It is also the **apex body to lay down policies, plans and guidelines for Disaster Management** to ensure timely and effective response to disasters.
• **Vision**: To build a safer and disaster resilient India by a holistic, proactive, technology driven and sustainable development strategy that involves all stakeholders and fosters a culture of prevention, preparedness and mitigation.

**Source**: PIB

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**Statehood Day of Sikkim**

**Why in News**

On the **Statehood Day of Sikkim** (16th May), the Prime Minister greeted the people of the state and praised the traditions and culture of the state highlighting its contributions to the national progress.

**Key Points**

• Sikkim is located in the **northeastern part** of the country, in the **eastern Himalayas** and is **one of the smallest states** in India.
• It derives its name from the **Limbu** (a tribe) **words su him**, meaning ‘new house’.
• **Capital**: Gangtok.
- **Borders:**
  - Tibet Autonomous Region of China to the north and northeast, Bhutan to the southeast, Indian state of West Bengal to the south and Nepal to the west.
  - Sikkim is of **great political and strategic importance** for India because of its location along several international boundaries.

- **History:**
  - Sikkim became a **protectorate of India in 1950** following the Indo-Sikkimese Treaty, with India assuming responsibility for the external relations, defense and strategic communications of Sikkim.
  - Sikkim became the **22nd state** of India on **16th May 1975**, following a statehood demand from the political leaders.
  - The **Namgyal dynasty** ruled Sikkim until 1975.

- **Geography:**
  - **Mount Kanchenjunga**, India’s highest peak and the world’s third highest mountain lies in Sikkim.
    - The **Kanchenjunga National Park** (KNP) (established in 1977), near the peak is among the largest of India’s high-elevation conservation areas.
    - KNP was designated a **World Heritage Site** in **2016** under the ‘mixed’ category (sites containing elements of both natural and cultural significance).
  - Sikkim is drained by the **Teesta river and its tributaries** such as the Rangit, Lhonak, Talung and Lachung.
    - **Teesta river water conflict** is one of the most contentious issues between India and Bangladesh.
    - Teesta river is a **tributary of Brahmaputra river**.
Challenge Covid-19 Competition (C3)

Why in News

The National Innovation Foundation – India (NIF) has identified several Science and Tech based innovative solutions through the Challenge Covid-19 Competition (C3) to tackle Covid-19 pandemic.

The campaign ran from 31st March to 10th May 2020.

Key Points

- Challenge Covid-19 Competition (C3) was intented for engaging innovative citizens to come up with ideas and innovations to manage pandemic and its consequences.
- Under the campaign, NIF provided incubation and mentoring support for further dissemination to the generator of the ideas. It also supported the value addition in the innovations.
- A foot-operated device for hand sanitization and an innovative sprayer for sanitization are the two recently supported innovations under the campaign.

National Innovation Foundation

- The National Innovation Foundation (NIF) - India was set up in 2000 with the assistance of the Department of Science and Technology.
- It is India's national initiative to strengthen the grassroots technological innovations and outstanding traditional knowledge.
- Its mission is to help India become a creative and knowledge-based society by expanding policy and institutional space for grassroots technological innovators.

Source: PIB