Weekly Current Affairs

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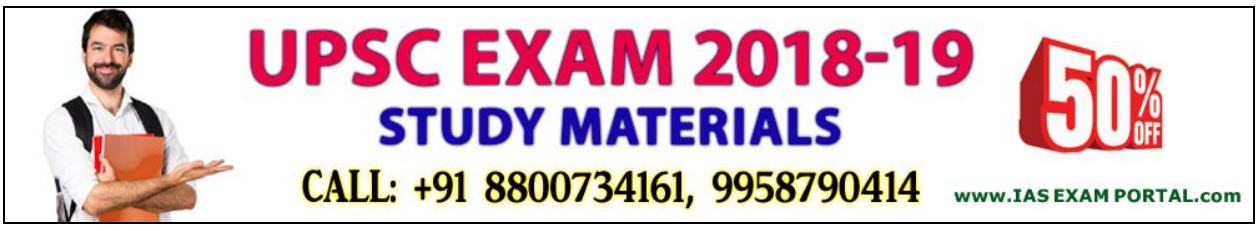

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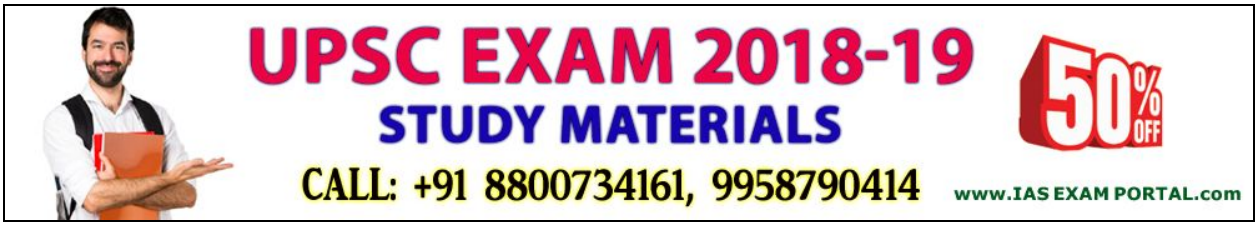

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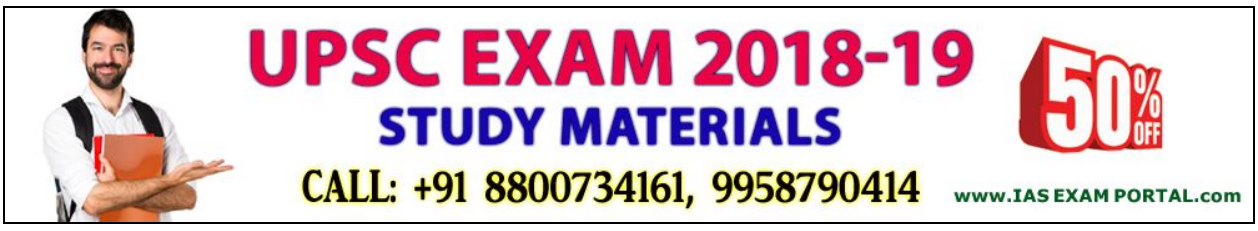

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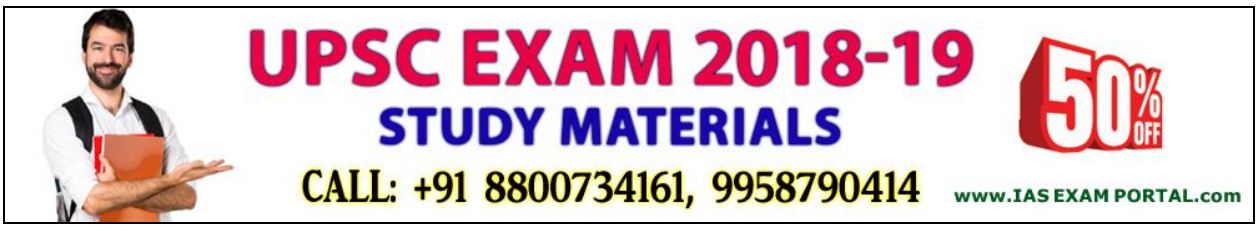
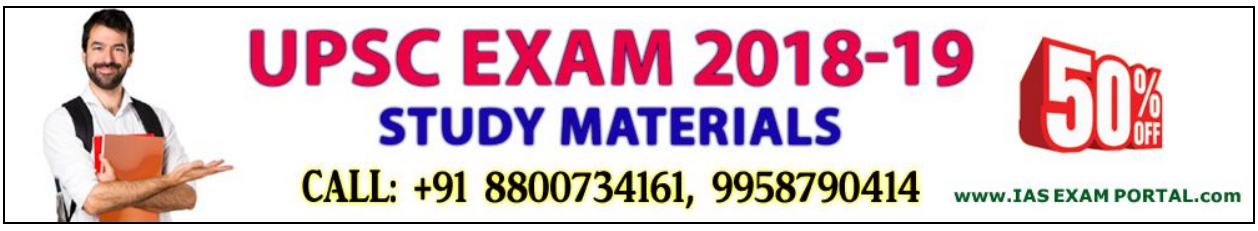


NATIONAL

India & Iran on transit and trade:

- Iran on Saturday joined hands with India to promote connectivity through the port of Chabahar and asked the United States to respect territorial sovereignty.
- Welcoming the Iranian President Hassan Rouhani, Prime Minister Narendra Modi urged for closer cooperation in the fields of energy, banking and countering terrorism.
- "On important bilateral and international issues, we have no divergence. We discussed our agreements and the future course of action on Chabahar and India's contribution to the Chabahar-Zahedan railways," said President Rouhani in his speech at the end of bilateral talks with Prime Minister Modi and official delegates.
- Both sides agreed on making transit and trade the core of bilateral ties and emphasised the role of Chabahar in serving as a door to the landlocked Afghanistan.
- Mr. Modi described Chabahar as the "golden gateway to Afghanistan and the Central Asian region."
- Expressing a common resolve to go ahead with developing the area around the port of Chabahar, a joint statement at the end of the visit said, "The Iranian side welcomed the investment of the Indian side in setting up plants in sectors such as fertilizers, petrochemicals and metallurgy in the Chabahar FTZ."
- "Might is not the criterion to be right as there are other criteria also. Our destiny was in the hands of the U.S. for a long period of time," said President Rouhani, addressing the Observer Research Foundation. "The U.S. made a promise to us and they have broken it. If it violates this agreement (n-deal), you will see it will regret it," he added.

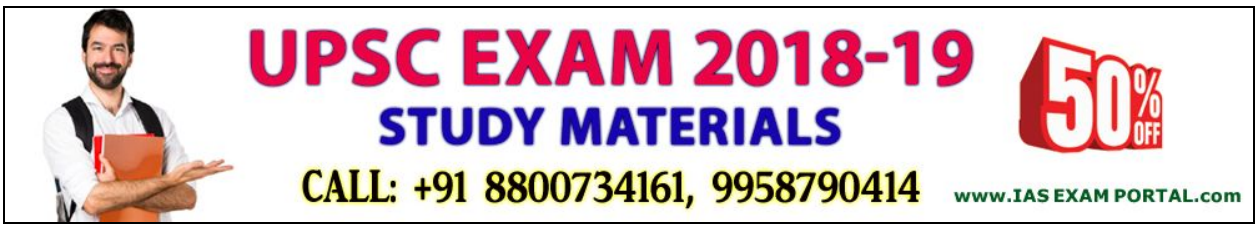


Sex Ratio at birth: NITI Aayog Report

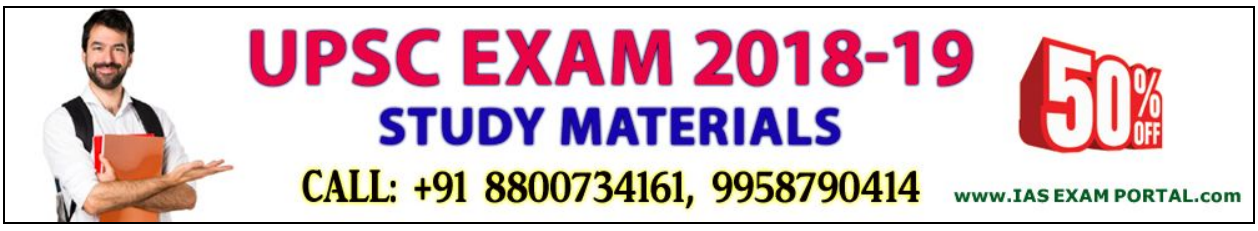
- The sex ratio at birth (SRB) saw a decline in 17 out of 21 large states of the country.
- Gujarat recording an alarming dip of 53 points, a Niti Aayog report stated and stressed on the need to check sex-selective abortion.
- According to the report, among the 17 states which recorded substantial drop of 10 points or more.
- In Gujarat the SRB fell to 854 females from 907 females per 1,000 males born registering a drop of 53 points from 2014-15 (base year) to 2015-16 (reference year).
- Gujarat is followed by Haryana, which registered a drop of 35 points, Rajasthan (32 points), Uttarakhand (27 points), Maharashtra (18 points), Himachal Pradesh (14 points), Chhattisgarh (drop of 12 points), and Karnataka (11 points), the Healthy States, Progressive India report states.
- "There is a clear need for States to effectively implement the Pre-Conception and Pre-Natal Diagnostic Techniques (PCPNDT) Act, 1994 and take adequate measures to promote the value of the girl child," the report stated.

The India State Forest Report(SFR)

- The India State of Forest Report (SFR) 2017 published recently has revealed that the mangrove cover in the country has increased by 181 sq. km.
- But the Indian Sundarbans that comprise almost 43% of total mangrove cover have shown only a marginal rise of 8 sq. km., at 2,114 sq. km. from 2,106 sq.km. in the 2015 SFR report.
- This is in spite of large scale planting of mangroves by the State Forest department and NGOs over many years.
- The latest figures raise the question of whether enhanced human pressures on the only mangrove forest that harbours a healthy tiger population is affecting the ecosystem.
- Unlike the rest of the country, large areas of mangrove forest in the Indian Sundarbans fall under the Sunderban Tiger Reserve where human activities are prohibited.
- The Indian part of the Sundarbans covers 4,263 sq. km.out of which 2,584 sq. km.is core and buffer area of the tiger reserve.
- A detailed understanding of the threat to the mangroves of Indian Sundarbans has been highlighted in a 'State of Art Report on Biodiversity in Indian Sundarbans' published by World Wide Fund for Nature, India (WWF).
- The publication reveals that along with climate change, the mangroves are threatened by habitat degradation due to industrial pollution and human disturbance, fuel-wood collection and lack of any high elevation spaces for the mangrove species to regenerate and thrive.
- The report states that it is a matter of concern that if the present rates of change prevail, the Sundarbans mangroves could disappear as the sea level rises.



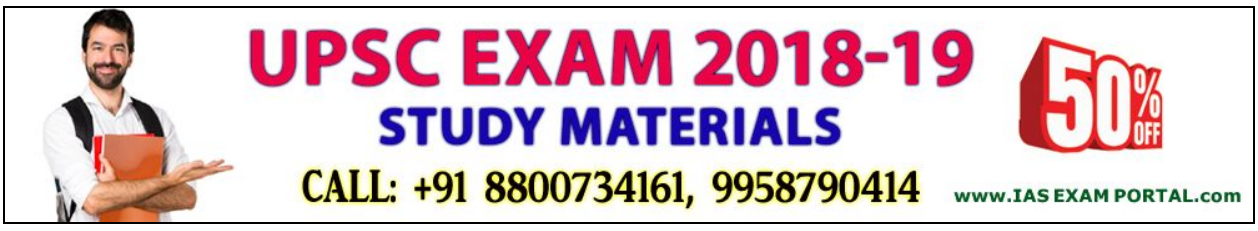
- This is because the forest's natural response to retreat further inland is blocked by geographical features and man-made obstructions.
- Authors of the chapter on Mangroves & Associated Flora put the number of mangrove and associated flora species in the region at 180.
- The authors have suggested a "rehabilitation of former mangrove areas and creation of new mangrove habitations through intensified afforestation programmes."
- Ratul Saha of the WWF, one of the authors of the publication, pointed out that the threat to each mangrove species varies in magnitude and it is important to fill these knowledge gaps through more research.
- Of the 180 mangrove and associated species or halophytes (plants adapted to growing in saline conditions), 34 are true mangroves, of which 19 are major mangroves and 15, minor mangroves.
- The species diversity of halophytes of Indian Sundarbans is recorded as 71 mangrove associates, 30 back mangroves, six species of epiphytes and parasites, 23 grass and sedges, four ferns and 12 herbaceous plants.
- Mangroves are classified as plants having salt tolerance mechanisms like salt glands, aerial roots in the form of pneumatophores and viviparous germination (germinating before detaching from parent).
- They grow mostly in the intertidal spaces and are dispersed by water buyout propagules (seeds or spores).
- There are several prominent mangrove species.
- Heritiera fomes or Sundari trees from which the Sundarbans draws its name, has a very restricted distribution in South Asia and is classified as Endangered in the IUCN Red list.
- The publication lists five species of mangroves whose status, as per the IUCN Red List, ranges from Near Threatened to Critically Endangered.
- Sonneratia griffithii , one of the tallest trees of the Sundarbans referred to as Keora by locals is critically endangered while Ceriops decandra (Goran) is Near Threatened.
- C. decandra and Avicennia (locally known as Bain) are gathered in violation of law for supplementing fuel wood requirements by the residents.
- Species like Xylocarpus granatum , which has a traditional medicinal use in treatment of cholera, diarrhoea and fever is also one of the species which faces threat due to illegal felling.
- Among the many associates of mangrove, which grow as climbers and shrubs, some are used for firewood.
- The other category of flora, back mangroves, are not found in intertidal areas colonised by true mangroves. Excoecaria agallocha , commonly called Goria found towards the mainland along the small canal is one common example.



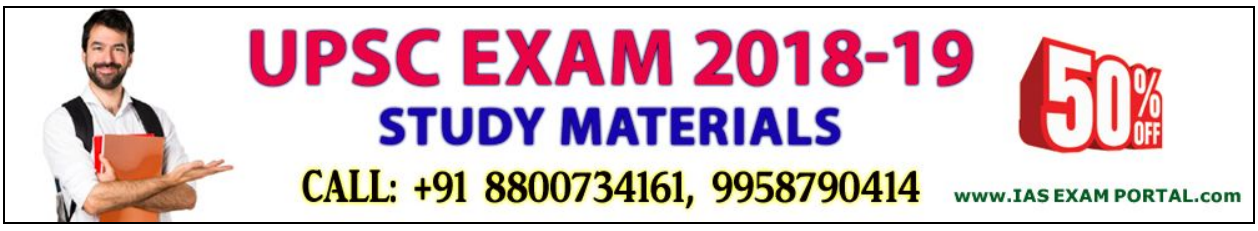
- Among the salt marshes of Sundarbans, Sesuvium portulacastrum, with thick, fleshy leaves borne on succulent, reddish-green stems is a pioneer species. Salt marshes are found hosting the mangrove fern Acrostichum aureum .
- The WWF publication points that among the twelve orchid species reported in the past from Sundarbans, most can no longer be found.
- Climate change is being attributed to the decline of mangrove species worldwide.
- The authors emphasise the importance of involving the local population in conservation, keeping in mind the limited livelihood options and the extreme climate events that they have to grapple with.
- The population density of the Indian Sundarbans outside the Tiger Reserve area is 1,000 people per sq. km., and there is high malnourishment reported from here.
- Illegal clearing of forests for fisheries has turned out to be a major issue over the past few years.
- Nationally, the SFR 2017 report estimates the maximum increase of mangrove cover from three States, Maharashtra, Andhra Pradesh and Gujarat.
- While the maximum increase of 82 sq. km. has been recorded in Maharashtra, where Thane district alone has witnessed an increase of 31 sq. km., Raigarh has 29 sq. km. and Mumbai Suburban, 16 sq. km..
- Andhra Pradesh has seen a rise of 37 sq. km. in the SFR survey, done every two years, with districts like Guntur and Krishna contributing the most.
- Gujarat's tally rose by 33 sq. km. in Bhavnagar, Junagarh, Kutch and Jamnagar districts.
- In all three States, the increase has been attributed to plantation and regeneration.
- Tamil Nadu found an increase of 2 sq. km. of mangroves, taking the extent of such forests to 49 sq km, as recorded in the FSR report.
- Among the striking features of Tamil Nadu's efforts is that Nagapattinam district recorded a decrease of 16 sq. km.while Tiruvarur district posted a rise of 16 sq. km.
- Districts like Cuddalore, Pudukkottai and Thoothukudi also have recorded a small increase of 1 sq. km. of mangrove cover each, compared to 2015.
- Ramanathapuram district found its cover decreasing by one sq. km.

Dam on Twigem River in Myanmar

- A dam being constructed by Myanmar across a river close to the boundary with India has stoked fears of submergence and water scarcity among border villagers in Kengjoi subdivison of Manipur's Chandel district.
- Last week, residents of Khangtung village reported to district officials about the dam being built by Myanmar authorities barely 100 metres from the zero line separating the two countries.
- International rules warrant border countries to check activities in No Man's Land – a 150-metre strip on either side of the boundary line.



- The dam, called Tuidimjang, is on the Twigem river flowing into Myanmar from Manipur. Khangtung, inhabited by the Thadou tribe, is 137 km south of Manipur capital Imphal.
- Houkholen Haokip, secretary of the Chandel unit of the Thadou Students' Association (TSA), did not rule out the possibility of China assisting Myanmar in building the dam.
- The topography of the area is such that Khangtung and other Indian villages will be submerged if the dam comes up.
- The villagers, dependent on the river, are already facing water scarcity.
- Efforts to get in touch with officials and contractors in Myanmar have been in vain.
- The TSA has written to Manipur Chief Minister Nongthombam Biren, requesting intervention.
- When the dam is completed, the entire Kwangtung village will be inundated and the villagers will face untold miseries and require relocation and rehabilitation.
- This project will have huge negative social, cultural and economic impact on the residents of Kwangtung and other Indian villages.
- Manipur has had issues with internal dams too.
- In June 2015, a tribal village named Chadong in Ukhrul district was submerged by the Mapithel dam on river Thoubal.
- Construction of the Mapithel dam, initially known as Thoubal Multipurpose Project that aimed to produce 7.5MW of power, irrigate 21,862 hectares of land and provide 10 million gallons of drinking water, began in 1989 amid protests from people downstream.
- Elders of Chadong village had inked an understanding with the State government in 1996 for an alternative settlement, but the 800-odd villagers stayed put during the submergence 19 years later as the government had failed to provide a proper relocation site.
- The Khuga dam south of Manipur's Churachandpur town has hit turbulence too.
- Taken up in 1980, the project lay dormant until 2002 leading to cost escalation from the initial Rs. 15 crore to Rs. 381.29 crore in 2009.
- The project sanction by the Planning Commission was said to have inherent flaws, as a result of which the power component of 1.5MW incorporated in the initial design was scrapped despite near-completion of a powerhouse.
- Controversy has also dogged Tipaimukh, the mega hydroelectric project proposed on river Barak in Manipur 35 years ago. Dhaka is against the project, as Barak flows into Bangladesh from Manipur through southern Assam and feeds the Surma and Kushiara rivers in the country.
- At least three anti-dam organisations in Manipur and downstream Assam have been protesting against the Tipaimukh project to be built by the National Hydroelectric Power Corporation Ltd. Apart from large-scale submergence, they fear ecological degradation, if the dam is built.

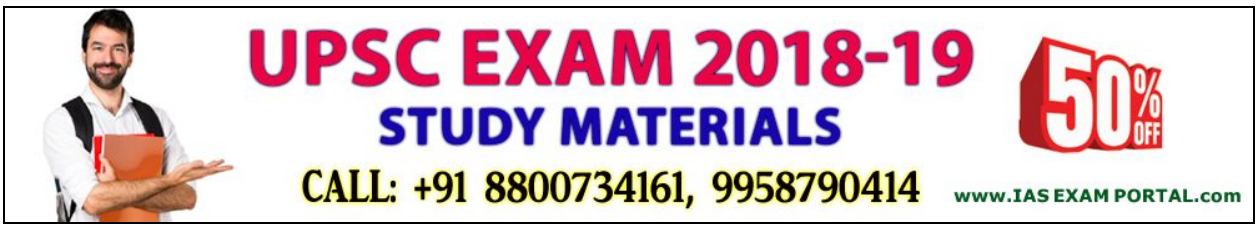


Navi Mumbai International Airport in Limbo

- Prime Minister Narendra Modi said on Sunday that projects worth Rs. 10 lakh crore were in a state of limbo when he took office in May 2014 and his government had broken the impasse on such investments during its tenure so far.
- On a day-long tour to Mumbai, Mr. Modi unveiled the foundation plaque at the ground breaking ceremony for the Navi Mumbai International Airport.
- He dedicated the fourth container terminal at Jawaharlal Nehru Port Trust (JNPT) to the nation.
- Inaugurated the Magnetic Maharashtra investment summit.
- He also launched a new centre for artificial intelligence.
- "The first promise of this airport was made in 1997, during the government of Atal Bihari Vajpayee and since then there were only promises which remained on paper. When I took over, I went over the papers. I took a detailed report of it and the work started. Now people will come to claim credit saying it was our project, but you now know what has happened," said Mr. Modi.
- The airport is likely to cost Rs. 16,704 crore and is estimated to attract at least 10 million passengers per annum, once its first phase is operational.
- Since Independence, only 450 airplanes were in the sky including both from government and private sectors, and now companies have ordered 900 planes in just one year, Mr. Modi said, highlighting the growth that has taken place under his government's watch.

42 Indian Languages at extinction: UNESCO

- More than 40 languages or dialects in India are considered to be endangered and are believed to be heading towards extinction as only a few thousand people speak them, officials said.
- According to a report of the Census Directorate, there are 22 scheduled languages and 100 non-scheduled languages in the country, which are spoken by a large number of people — one lakh or more.
- However, there are 42 languages which are spoken by fewer than 10,000 people.
- These are considered endangered and may be heading towards extinction, a Home Ministry official said.
- A list prepared by UNESCO has also mentioned about the 42 languages or dialects in India that are endangered and they may be heading towards extinction, the official said.
- The languages or dialects which are considered endangered, include:
    a) 11 from Andaman and Nicobar Islands (Great Andamanese, Jarawa, Lamongse, Luro, Muot, Onge, Pu, Sanyo, Sentinelese, Shompen and Takahanyilang),
    b) seven from Manipur (Aimol, Aka, Koiren, Lamgang, Langrong, Purum and Tarao),
    c) four from Himachal Pradesh (Bagati, Handuri, Pangvali and Sirmaudi).
- The other languages in the endangered category are Manda, Parji and Pengo (Odisha), Koraga and Kuruba (Karnataka), Gadaba and Naiki (AP), Kota and Toda (Tamil Nadu), Mra and Na (Arunachal



Pradesh), Tai Nora and Tai Rong (Assam), Bangani (Uttarakhand), Birhor (Jharkhand), Nihali (Maharashtra), Ruga (Meghalaya) and Toto (West Bengal).

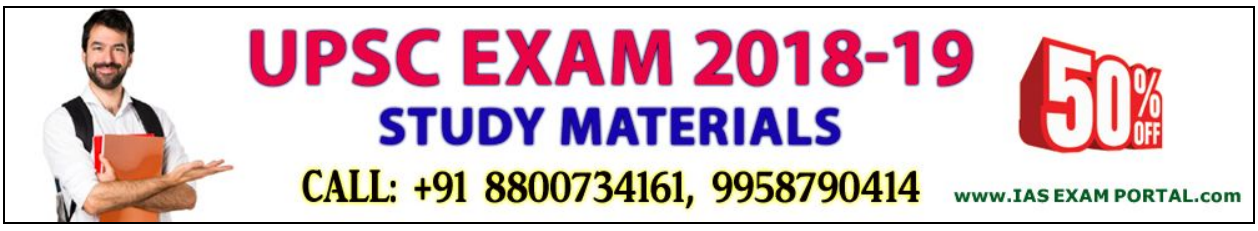
- The Central Institute of Indian Languages, Mysore, has been working for the protection and preservation of endangered languages in the country, under a central scheme, another official said.

Hopes still alive in nuclear deal with WH: NPCIL

- India is confident of concluding the nuclear deal with reactor-maker Westinghouse Electric very soon as it expects the company to come out of bankruptcy very soon, said Satish Sharma, Chairman and Managing Director (CMD) of Nuclear Power Corporation of India Ltd (NPCIL).
- "The discussions are happening and they are of a very complex nature. Any progress will happen only after bankruptcy which is likely to happen very soon. That is why we are continuing the discussions," Mr. Sharma said.
- Some officials said they were hopeful that Toshiba, which had acquired the U.S.-based Westinghouse in 2006, was too big to fail and would be bankrolled either by the Japanese government or the Japanese Development Bank.
- Following the Indo-U.S. nuclear deal, India has been in discussion with Westinghouse since 2005 to build six AP1000 nuclear reactors.
- After protracted negotiations and concerns on the nuclear liability, NPCIL and Westinghouse had agreed to "work toward finalising the contractual arrangements by June 2017."
- However, the process was stalled after Toshiba Corp declared bankruptcy and decided to move out of reactor-building business.
- Meanwhile, the second site for constructing additional Russian reactors in Andhra Pradesh is yet to be finalised.
- Stating that the process is under way, the official said that various factors such as land type, earthquake potential, availability of water should all be factored in.

New Weapons to fight poachers in Assam

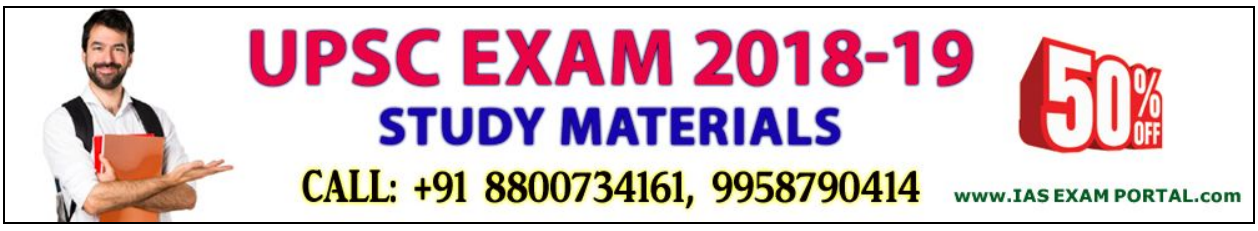
- Chief Minister Sarbananda Sonowal said for the first time in the country, 10 wildlife fast-track courts have been set up to exclusively deal with poaching and other related crimes against wild animals.
- "We have put protection of wildlife in high priority. Accordingly, we have today launched a new programme - modernisation of arms and equipment for protection, rescue and rehabilitation of rhinos, tigers and other wildlife," he said.
- According to the plan, forest guards were given 954 SLRs, 272 INSAS rifles, 133 rifles of .12 bore, 20 of 9MM pistols and 91 Ghatak rifles.
- The Chief Minister said ever since the BJP came to power in Assam nearly two years ago, 197 poachers have been arrested and eight have been killed by security guards, while as many as 59 poachers have been convicted for crimes against wildlife.



- Mr. Sonowal said wildlife fast-track courts have been set up in 10 districts and such courts have been set up for the first time in the country.
- "We hope that speedy trial and conviction of poachers will go a long way in protecting wildlife in the State," he said.
- Assam has five national parks and 19 wildlife sanctuaries.
- It is home to more than 91% of Indian rhinos (2,431 rhinos as per 2015 census).
- It is also home to 167 tigers, 248 leopards, 1,169 swamp deer besides a large number of wild buffaloes, different varieties of deer and other animals.
- According to an estimate tabled in the Assembly this month, altogether 74 rhinos have been killed by poachers since 2015 and 316 poachers arrested during 2015-17.

CBI-Rotomac

- The Central Bureau of Investigation (CBI) has booked Kanpur-based firm Rotomac Global Private Limited and its directors Vikram Kothari, his wife and son in an alleged Rs. 3,695 crore "wilful" loan default case.
- The Enforcement Directorate is also launching a money laundering probe into fund-diversion charges against the accused.
- While the Kotharis are being questioned, officials of the seven public sector banks that have lent to the firm have also come under the scanner.
- The FIR was registered days after alleged fraudulent transactions worth Rs. 11,500 crore were detected in the Punjab National Bank.
- The Rotomac pen case was registered late on Sunday night after the Bank of Baroda lodged a complaint with the CBI alleging cheating, fraud and corruption.
- The officials of the CBI raided the Kanpur premises of Mr. Kothari, his wife Sadhana and son Rahul Kothari. The company's Delhi office was sealed.
- Since 2008-09, Rotomac and other associated companies had taken a loan of Rs. 2,919 crore from a consortium of banks led by the Bank of India.
- The other lenders are Bank of Baroda, Indian Overseas Bank, Union Bank of India, Allahabad Bank, Bank of Maharashtra and the Oriental Bank of Commerce.
- However, it is alleged that the directors cheated the banks by siphoning off the funds, in conspiracy with certain bank officials.
- The agency also alleged that the company had submitted forged and false documents to get the credit facilities from banks.

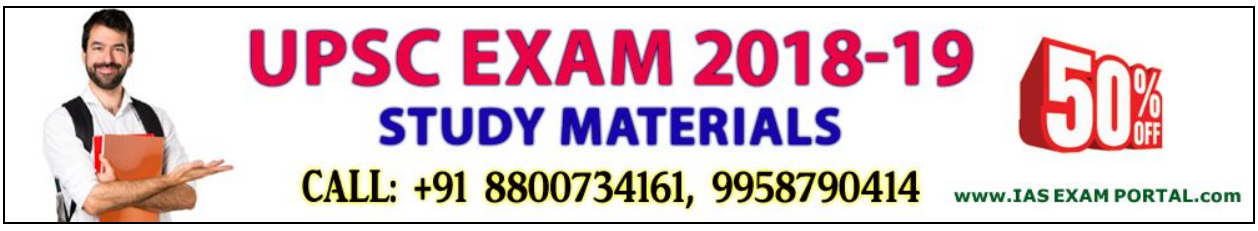


Banking control & Rules: CEA

- Chief Economic Adviser Arvind Subramanian said that there had been a breakdown of internal controls and external regulatory systems in public sector banks, as had been evident in the latest Rs. 11,500-crore Punjab National Bank fraud.
- "The problem has been festering for a long time and it is not just the PNB alone, there are issues with the Bank of Baroda and State Bank of India, too. We have to look at how to improve internal controls and consider whether it has anything to do with the ownership," he said.
- Scams "do not happen in public sector banks alone as most scams worldwide had happened in what were considered the best of private sector banks, but here we have the PSBs," he said, addressing a gathering at a talk organised by Manthan, a public discourse forum.
- Although he spoke mostly on the 'universal basic income' (UBI) idea which he had unveiled in the last year's Economic Survey, he did not hesitate to give his take on the raging controversy when a question was posed to him on the PNB scam.
- "It reflects very badly on the auditors and the CAs. Self-regulation, I think, is equal to self-praise," he said and questioned the role of the external regulator.
- Mr. Subramanian was sure that the magnitude of bad assets (non-performing assets) of various banks could easily be 25% to 35% more of what had been disclosed in public.
- "External controls should be reviewed as the banking regulator has not been up to the job. We need to assess how to go about it, all of them need to be reviewed," he said.
- At the same time, he said, a lot of progress had been made in recent years in coming to grips with regard to NPAs, taking up recapitalisation, the Bankruptcy Act, and so on.
- With regard to UBI, the CEA said he was glad that the governments of Telangana and Karnataka had resolved to take up what he called a 'quasi' UBI of cash entitlements to farmers even though he had propounded a basic income for all citizens.

TB infections in adolescents can be treated with vaccine

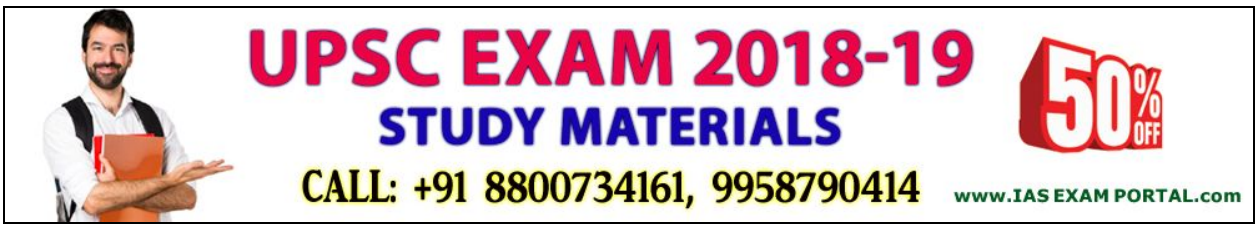
- A clinical trial has provided encouraging new evidence that TB vaccines can prevent sustained infections in high-risk adolescents.
- The results will be announced at the 5th Global Forum on TB Vaccines in New Delhi.
- In the Phase 2 trial conducted in South Africa, revaccination with the Bacille Calmette-Guerin (BCG) vaccine significantly reduced sustained TB infections in adolescents.
- An experimental vaccine candidate, H4:IC31, also reduced sustained infections, although not at statistically significant levels.
- However, the trend observed for H4:IC31 is the first time a subunit vaccine has shown any indication of ability to protect against TB infection.

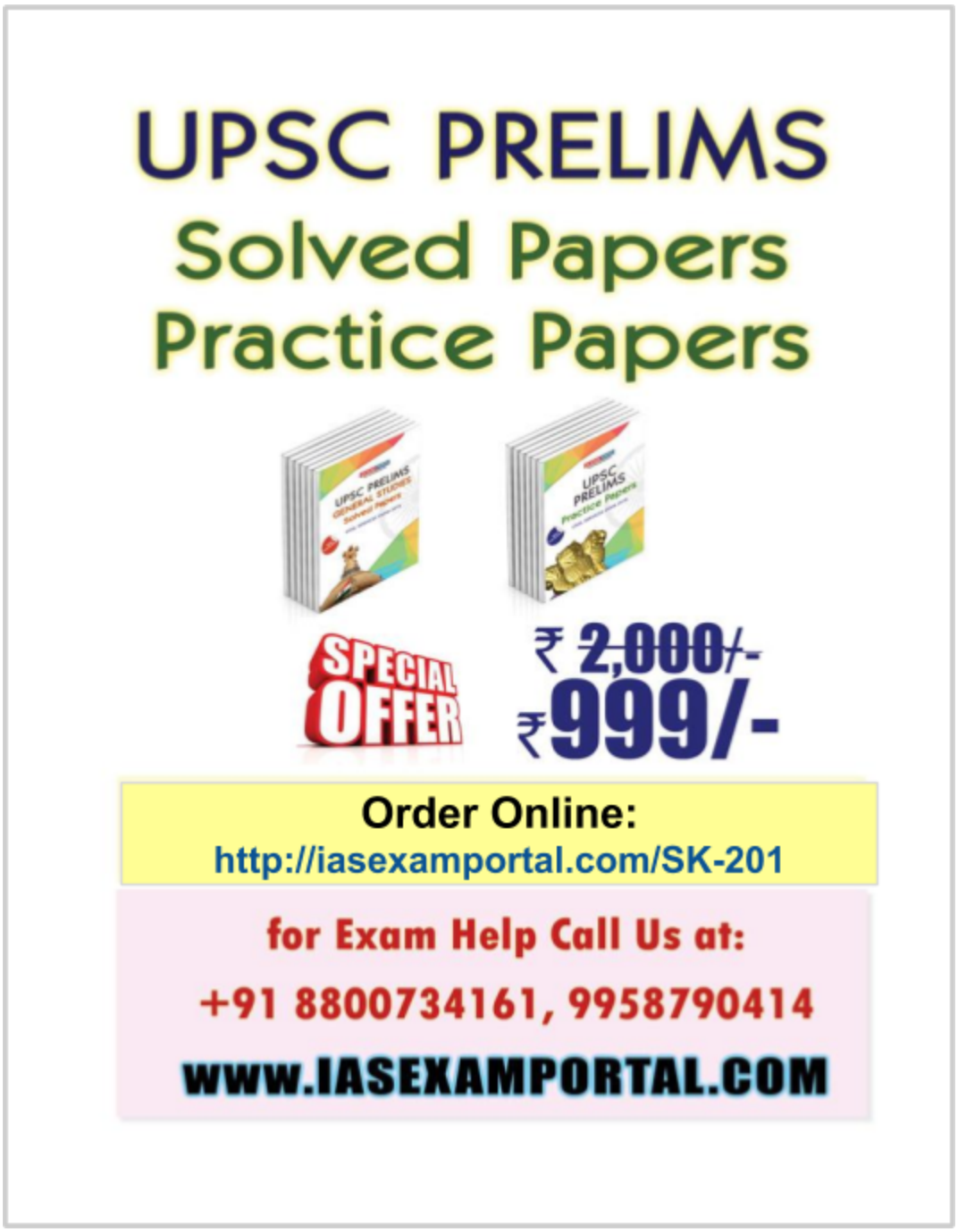


- The study was conducted to evaluate the safety and immunogenicity of the vaccine regimens, as well as their ability to prevent initial and sustained TB infections among healthy adolescents in the Western Cape Province of South Africa.
- According to the World Health Organisation, about one-third of the world's population has latent TB infection, which means people have been infected by TB bacteria but are not (yet) ill with the disease and cannot transmit the disease.
- People infected with TB bacteria have a lifetime risk of falling ill with TB of 10%. People ill with TB can infect 10-15 other people through close contact over the course of a year.
- Without proper treatment, 45% of HIV-negative people with TB on average and nearly all HIV-positive people with TB will die.

Vision document on Nutrition- Rajasthan

- The NNM, approved by the Union Cabinet, will be implemented in 24 of the 33 districts in Rajasthan.
- A multi-sectoral State consultation, "Nourishing Rajasthan-2022", here on Monday threw light on the strategies for addressing the issue of undernutrition and stunting.
- National Technical Board on Nutrition's member M.K. Bhan said the policies should be brought in sync with the changing needs of the society, while a lot more needed to be done on the quality front.
- "Women and children belonging to vulnerable sections need a direct intervention, for which new strategies should be adopted under the NNM," he said.
- Rajasthan Chief Secretary N.C. Goel said the NNM framework would come handy for State officials to ensure proper development of human capital, which was earlier considered a burden.
- He laid emphasis on convergence among various departments, while affirming that the NNM's guidelines would enable the functionaries to formulate plans of action.
- More than 10 crore people in the country are expected to benefit from the NNM, which has set the target to reduce stunting from 38.4% as per the National Family Health Survey-4 to 25% by 2022.
- It will cover 235 districts in 2018-19 and the remaining districts in the next two years.
- UNICEF-Rajasthan chief Isabelle Bardem said the UN body would extend help and render assistance at all levels to make NNM a success.
- The 24 districts in the State have been selected on the basis of their previous track record and a number of indicators as well as empirical evidence which depicts a high degree of malnutrition among women and children.
- The nutrition-specific and nutrition-sensitive interventions will be made in Rajasthan in the realms of women and child development, health, food and public distribution, sanitation, drinking water, rural development, livelihoods, education and agriculture.
- State Women and Child Development Secretary Roli Singh said some of the key system-level barriers in the State were lack of knowledge among the frontline health workers, poor use of communication and counselling aids and limited efforts for complementary feeding to newborn babies.





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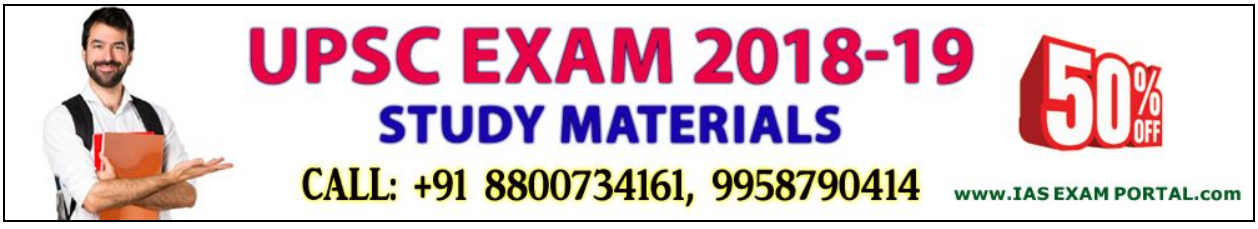


Budget session curtailed in Goa

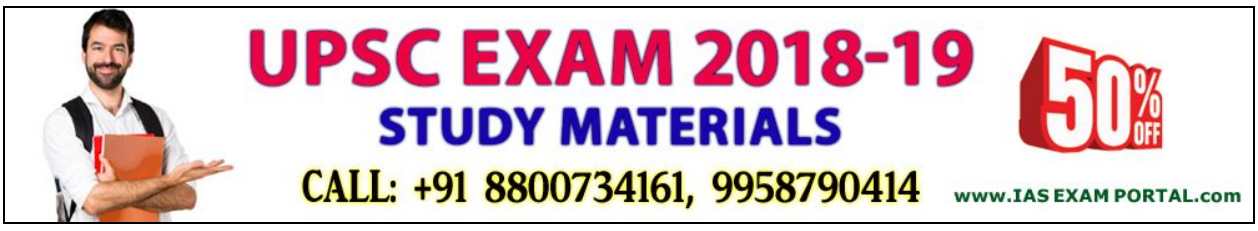
- The scheduled 33-day budget session of the Goa Assembly has been curtailed to four days due to Chief Minister Manohar Parrikar's ill health, Speaker of the Assembly Pramod Sawant announced
- The Speaker made this announcement after a meeting of the Business Advisory Committee.
- The leader of the alliance partner, three-member Maharashtrawadi Gomantak Party and Minister for Public Works Sudin Dhavalikar, has been chosen the leader of the House in the absence of the Chief Minister, who is currently being treated in a Mumbai hospital for a pancreas-related ailment.
- Mr. Dhavalikar later told the press that he would table the budget, but it would not be read.
- He said the House would also take a vote-on- account to allow the government to spend money for five months of the new fiscal. The budget would be passed in the monsoon session.
- "Party MLA Francis D'Souza has been chosen leader of the BJP MLAs in Assembly," State party chief Vinay Tendulkar told press persons on Monday after a BJP legislative party meeting.
- The Congress, however, said that this amounts to derailment of public interest. "Government is a continuous process. It is incorrect to curtail the session.
- It is not the first time such a situation has arisen. Governments always run on alternative options.
- We have full sympathies and concerns for health of Manohar Parrikar and sending good, healthy vibes for a speedy recovery," Congress spokesperson and AICC secretary Girish Chodankar tweeted.

Private sector in Coal Mining

- The Cabinet Committee on Economic Affairs to Open up commercial coal mining for Indian and foreign companies in the private sector.
- It approved the methodology for auction of coal mines/blocks for sale of the commodity.
- The government described the move as the most ambitious reform of the sector since its nationalisation in 1973.
- Coal accounts for around 70% of the country's power generation, and the move for energy security through assured coal supply is expected to garner attention from majors including Rio Tinto, BHP, Vedanta, Anglo American, Glencore and Adani Group.
- The private sector was permitted to mine the fossil fuel only for captive use.

Kerala New Health Policy

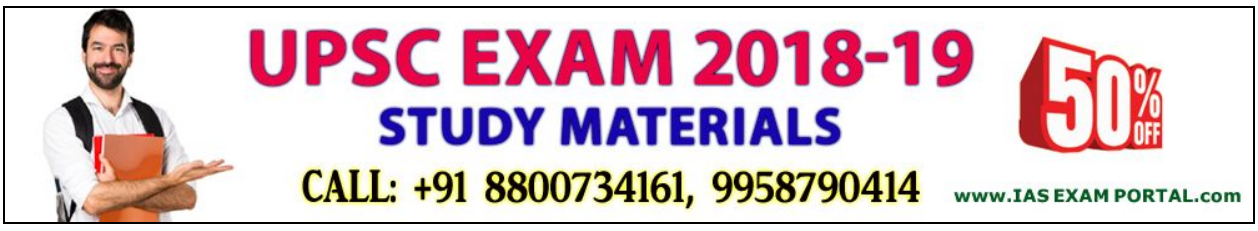
- Kerala's new health policy focuses on improving and equipping the public health system to deliver affordable, accessible and quality care to the public at primary, secondary and tertiary levels.
- This will bring down the huge out-of-pocket (OOP) expenditure on health in the State.
- It lays accent not just on increasing human resource (HR) in health but also improving the quality of HR and steadily increasing the investment in public health on one hand.



- While at the same time aggressively reducing disease prevalence, morbidity and mortality amongst the population.
- The government will thus aim at raising its current expenditure on health from the current 0.6% of the Gross State Domestic Product to at least 5% and strive at increasing it by 1% every year.
- The draft of the new policy, brought out by a 17-member committee of doctors and public health experts, with B. Ekbal, member of the State Planning Board, as chairperson, and K. P. Aravindan, public health activist, as convener, was approved by the Cabinet.
- The policy document identifies the rapidly rising out-of-pocket expenditure, pushing people into impoverishment, as the most important public health problem in the State .
- One of the main recommendations of the policy, of focussing on developing a comprehensive primary care system and introducing the concept of family doctor through PHCs.
- This was already being implemented by the government through the Aardram Mission.
- Another major recommendation in the policy, that of regulating the private sector through a Clinical Establishments Bill had also been initiated by the Government.
- The policy recommends that a three-tier policy be followed in the health system, maintaining medical college hospitals strictly as referral centres.
- It also advocates “better organic linkages” between medical colleges and health services hospitals.
- It recommends the division of the Health Department into two streams, Director General of Health (Modern Medicine) and Director General Health (Ayush) and the setting up of three directorates – Public Health, Clinical Services and Medical Education – under the DGH (MM).
- A Public Health Cadre will be created in the Health Services by including doctors who have qualifications in public health.
- A multidisciplinary working group will be constituted to estimate the State’s requirement of human resource in health for the next 25 years and to prepare a roadmap to achieve the target.
- No new institution will be established in the government or private sector without assessment of needs and formulation of an HR policy for the health sector.
- The policy recommends that full functional autonomy be given to government medical colleges to improve the functional efficiency of these institutions.
- The Dr. Ekbal committee points out that constant transfers were discouraging doctors from taking up a career in medical education and that it impeded long-term projects.
- The policy lays stress on the importance of vaccination.
- It recommends that every child be issued an immunisation card and that full vaccination status be made mandatory for school admission.

Mahanadi tribunal by Centre

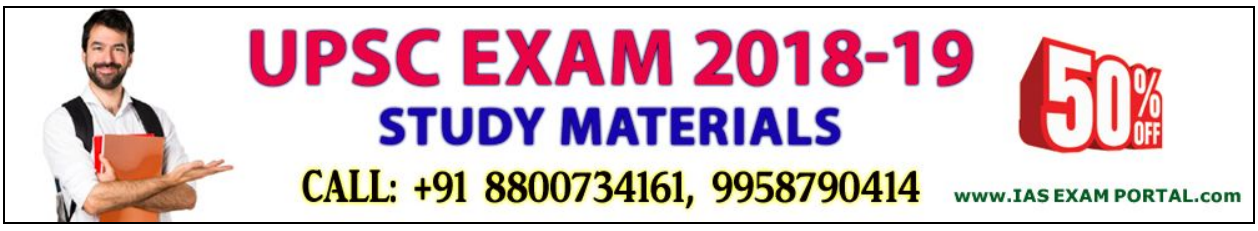
- The Union Cabinet approved the setting up of a tribunal to settle a row between Odisha and Chhattisgarh on sharing the waters of the Mahanadi river.



- This is in keeping with a Supreme Court order last month directing the Centre to set up a tribunal in response to a plea by the Odisha government to stop the Chhattisgarh government from constructing several weirs on the river.
- The tribunal is expected to determine water sharing among basin States on the basis of the overall availability of water in the complete Mahanadi basin.
- The contribution of each State, the present utilisation of water resource in each State and the potential for future development, official sources said.
- The order on constituting a new tribunal comes even as the government plans to introduce a new bill that would have a single tribunal to replace all existing water tribunals.
- The driving motive for such a tribunal was, according to senior official in the Water Ministry, that tribunals had a decades-long history of being "extremely inefficient" at settling disputes quickly and fairly.
- The bill, called the Inter-State River Disputes (Amendment) Bill, was introduced in the Lok Sabha by former Water Resources Minister, Uma Bharti, last March but is yet to be debated.
- It is expected to be placed in Parliament after it reconvenes after the recess of the Budget session.
- Were such a Bill to become law, it could affect the composition of the members of various tribunals. Currently, all tribunals are staffed by members of the judiciary, nominated by the Chief Justice.
- The proposed Bill has provisions for members, even a chairperson, outside the judiciary.
- Over the last year, Uma Bharti as well as the incumbent Minister Nitin Gadkari had asked the governments of Chhattisgarh and Odisha to settle their differences over water sharing and avoid the setting up of a tribunal, a long-standing demand of the Odisha government.
- Odisha had moved the court in December, 2016, for an order asking Chhattisgarh to stop its construction work in projects on the upstream of Mahanadi, saying it affected the river flow in the State.
- According to the provisions of the Inter-State River Water Disputes (ISRWD) Act, 1956, the tribunal is required to submit its report and decision within a period of three years, which can be extended for a period not exceeding two years.
- Only three out of eight tribunals have given awards accepted by the States.
- Tribunals for Cauvery and Ravi Beas have been in existence for several decades.

Olive ridley turtles gets protection from nature on Odisha Coast

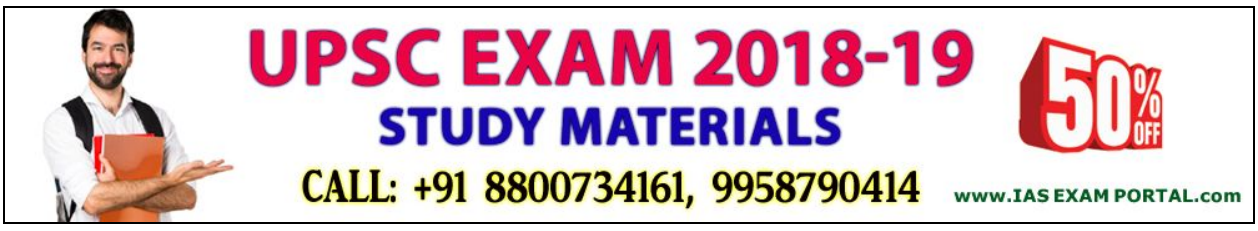
- Sea waves and winds have widened a portion of the beach near Rushikulya rookery on Odisha coast, boosting the prospects of increased mass nesting of the endangered olive ridley turtles this year.
- A sandbar near Podampeta village has been completely eroded and its sand has deposited on the coast. Because of it, a stretch of the beach has widened and its height has also increased.
- "This will surely protect several nests and eggs of olive ridleys near the sea from getting destroyed during high tides," said Berhampur Divisional Forest Officer Ashis Behera.
- He termed it a "gift of mother nature" to the olive ridleys this year.



- Another sandbar at the meeting point of the river and the sea still exists. It would be the safest place for nesting of the marine turtles as there would be no chance of intervention from predators or humans.
- Mass nesting of olive ridleys is expected to start in a day or two as thousands of them have congregated in the sea near the rookery.
- Sporadic nesting of the turtles has already started at this major mass nesting site on the Indian coast.
- According to forest officials, the number of turtles coming out to the coast to lay eggs during the pre-mass nesting period has increased in the last three days.
- On February 17, nine olive ridleys had laid eggs on this coast.
- The number increased to 40 the next night and on February 19, 131 olive ridleys laid eggs on the beach.
- Eggs from sporadic nesting sites are being brought to temporary hatcheries of the Forest Department for monitored hatchings.
- All arrangements are in place for the protection of olive ridleys and their eggs during the 45-day-long gestation period.
- The length of temporary fencing has been increased from 3.5 km to over 5 km to include areas where the turtles had nested last year.
- Patrolling in the sea is continuing to check entry of fishing trawlers to the olive ridley congregation zone where mechanised fishing is banned.

TB, a National crisis: Experts

- Stating that tuberculosis (TB) has become a national crisis in India, the Health Ministry assured the TB community that eliminating the disease by 2025 had the 'highest level of commitment from the Prime Minister Narendra Modi's office.'
- Senior Health Ministry official Sunil Khaparde, who heads the TB programme voiced the assurance at the opening day of the 5th Global Forum on TB Vaccines in New Delhi.
- Nearly 4.2 lakh Indians die of TB every year.
- Out of the 10 million cases globally, India shoulders the maximum burden with 2.8 million cases.
- According to Health Ministry data, only 63% of the patients infected with the airborne disease are currently under treatment.
- Further, 1,47,000 patients are resistant to first and second line TB medicines.
- At the current rate of progress, global targets to eliminate TB by 2030 will be missed by a 150 years.
- Against this backdrop, Dr Soumya Swaminathan, deputy director general of the World Health Organisation (WHO) said that globally, governments need to invest more in TB research and development to meet the global targets.
- WHO representative to India Hendrick Bekedam added that TB vaccine was a global public health good, which meant governments need to invest if they want to own it later.

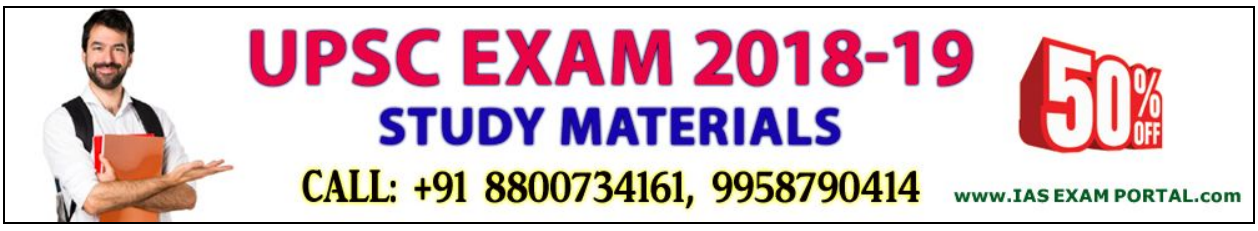


SC asks Centre's stand on MP's Salary revision

- The Supreme Court asked the Union government to take a "categorical stand" on establishing an independent body to review the salaries and allowances of Members of Parliament and, possibly, scrap their post-retirement benefits and perks.
- A Bench, led by Justice Jasti Chelameswar, said the time had come for the government to make clear its position on the issue which had been publicly debated since 2006.
- The petition, filed by NGO Lok Prahari, said the pension and perks given to MPs, after they demitted office, were contrary to Article 14 (right to equality) of the Constitution.
- It said Parliament had no power to provide benefits to lawmakers without making any law. It argued that there were no guidelines for granting allowances.
- The NGO highlighted how a person in his mid-twenties, a one-time MP, was eligible for pension for the rest of his life, and such an expenditure was a drain on the exchequer.
- Mr. Sinha sought a week to file a detailed response. In a preliminary submission, he said the establishment of an independent commission to review the salaries and allowances of MPs was still under consideration.
- "Irrespective of the government in power, this is a matter of concern. How long should it remain pending?" the Bench observed.

Saras fast-tracked

- The government will fast-track the revived light transport plane Saras towards production.
- Will also begin the feasibility study for a 70-seater regional transport aircraft RTA-70, Science and Technology Minister Harsh Vardhan said.
- The improved 19-seater would be first produced for the Indian Air Force by Hindustan Aeronautics Ltd. The IAF has offered to buy 15 of them.
- A civil variant would be later manufactured by a private partner at 75% cost of similar imported small planes.
- Saras would be a good fit for regional travel under the subsidised UDAN scheme, the Minister said. "Its successful development will be one of the game changers in the history of civil aviation in India," he told a news conference.
- Dr. Vardhan said the National Aerospace Laboratories (NAL) has also begun a feasibility study for the ambitious 70-seater regional transport aircraft RTA-70.
- It would be in a tie-up with a foreign manufacturer. In the morning, the modified PT1N version flew for 20 minutes at the HAL airport and was witnessed by the Minister, CSIR Director-General Girish Sahni and NAL Director Jitendra Jadhav and the developer team.
- Saras had been grounded in 2009 after an earlier prototype crashed and killed three crew members near Bengaluru.

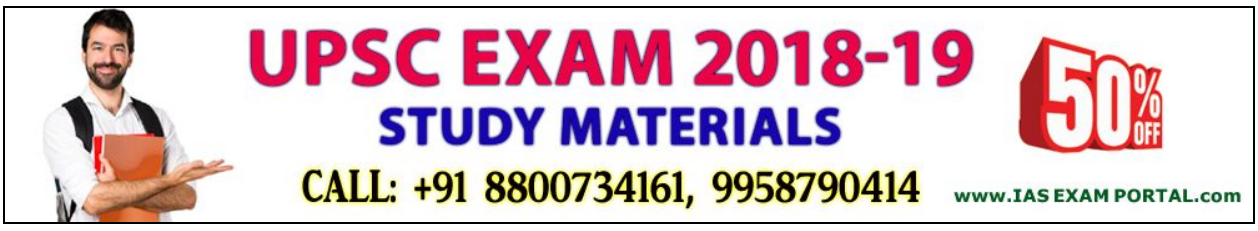


UP Investors Summit

- Reliance Industries chairman Mukesh Ambani pledged he would invest Rs. 10,000 crore in Uttar Pradesh through his telecom venture Jio in the next three years.
- Jio would reach every village in the State by December 2018.
- Around two crore Jio smartphones would also be made available over the next two months on a priority basis, said Mr. Ambani.
- Jio had already invested over Rs. 20,000 crore in U.P. providing "highest quality data and the lowest price" to 2 crore citizens of the State.
- The two-day event, inaugurated by Mr. Modi, is being held to attract big investment to U.P. Around 5,000 delegates and over 100 speakers are slated to attend it.
- The focus areas of the State government at the summit are civil aviation, IT, dairy, tourism, electronic manufacturing, films, MSME, textiles and handloom, agro and food processing and renewable energy.
- Chief Minister Yogi Adityanath informed that 100 'Fortune 500' companies were present at the summit and that 1,045 MoUs, worth Rs. 4.28 lakh crore, had already been signed.
- Like Mr. Ambani, many other top business houses of the country vowed to increase investment and job creation in U.P.
- Chairman of the Adani Group, Gautam Adani, promised to invest Rs. 35,000 crore in the next five years in a multi-modal logistics park, metro rail projects, food processing, power transmission, road building, warehousing, cold storage and setting up a multidisciplinary university. "Your leadership style is what U.P. needs today," Mr. Adani said referring to the Chief Minister.
- Chairman of Aditya Birla Group, Kumar Mangalam Birla, said his company planned to invest Rs. 25,000 crore in the next five years covering sectors like cement, chemicals and telecom.
- N. Chandrasekaran, chairman of Tata Sons, assured that Tata Consultancy Services would continue to function out of Lucknow and that the company would expand operations in U.P. across sectors apart from coming up with a new 30,000-capacity campus.
- Anand Mahindra, chairman of the Mahindra Group, promised to set up an electric vehicle manufacturing plant in U.P. and also execute an MoU of Rs. 200 crore with the State government for setting up a resort in Varanasi.
- Mr. Modi announced that one of the two defence industrial corridors mentioned in the Union Budget would be set up in U.P.'s Bundelkhand region, bringing an investment of Rs. 20,000 crore and generating employment opportunities for 2,50,000 people.
- The summit would be concluded by President Ram Nath Kovind.

New Delhi on Male's move

- Expressing its disappointment over the Maldives government's decision to extend the state of Emergency for another month despite India's objections, New Delhi issued another statement.
- It called the move unconstitutional, words that could lead to a face-off with the Yameen government.
- "We are deeply dismayed that the government of Maldives has extended the state of Emergency for a further 30 days. The manner in which the extension of the state of Emergency was approved by the

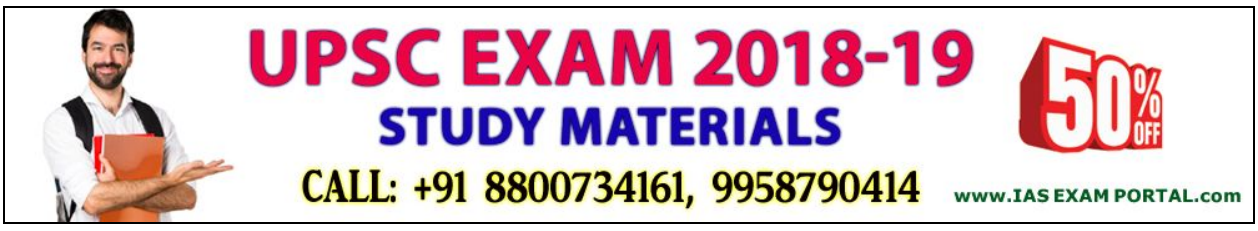


Majlis in contravention of the Constitution of Maldives is also a matter of concern," the External Affairs Ministry said in a statement.

- It referred to the passage of the Emergency extension resolution in Parliament on Tuesday despite there not being the requisite quorum of 43 members.
- The Maldivian Ambassador to India, Mohamed Ahmed, denied the accusation that the move was unconstitutional.
- Asked if the decision meant that ties between India and the Maldives had broken down, Mr. Ahmed said, "Channels of communication" remained open and Indian Ambassador to Male Akhilesh Mishra met with Maldivian Foreign Secretary Ahmed Sareer on Wednesday.
- A statement from the Maldivian Foreign Ministry said the two officials had "discussed the ongoing political developments and reiterated the government of Maldives's firm commitment to work with international partners, including India."
- The Ministry declined to comment on the meeting.
- India has issued a series of statements of concern over the Maldives Emergency declared by President Yameen on February 5.
- Also after the Maldivian Supreme Court overturned the imprisonment of nine political rivals, including former President Mohamed Nasheed.
- Since then, the Yameen government has put more leaders in prison and arrested the Chief Justice of the Supreme Court and other judges. India rejected an offer by President Yameen to send an envoy to explain the circumstances, saying that democracy must be restored first.
- In a significant move, the government allowed Mr. Nasheed to travel to India for a conference organised by The Hindu last week, where he called for India to compel Mr. Yameen to reverse the Emergency.
- However, India is yet to spell out what the consequences of not heeding its word will be to the government in Male.
- In Washington, the U.S. State Department issued a statement of concern, while the European Union is expected to hold a meeting of senior Ministers on Monday to discuss the situation in the Maldives.

New Law and past breaches

- Mere absence of a law can be cured by subsequently enacting one with a retroactive effect.
- But this new law cannot cure "breaches" that occurred prior to it, Justice D.Y. Chandrachud observed orally during a Constitution Bench hearing in the Aadhaar challenge.
- The judge, who is a part of the Constitution Bench led by Chief Justice Dipak Misra, was referring to the mass collection of personal data from citizens during the pre-Aadhaar Act years from 2009 to 2016.
- The Aadhaar law came into existence in 2016.
- The judge was responding to submissions made by senior advocate Gopal Subramanium, for petitioners, that the subsequent enactment of Aadhaar Act in 2016 cannot cure the "complete invasion of privacy" which occurred in the pre-statute years of the Aadhaar scheme.
- "There is no embargo on the government to cure the deficiency of absence of law by enacting a legislation subsequently. A breach because of the absence of law can be cured by enacting a law. But,



on the other hand, if there are other breaches on fundamental rights, we have to see whether this curative law (Aadhaar Act) can cure those breaches," Justice Chandrachud addressed Mr. Subramaniam.

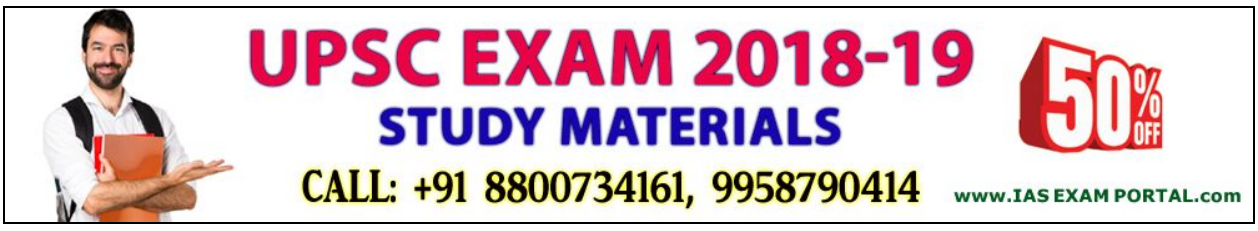
- He said the abrogation of fundamental rights which occurred during the collection of personal information during the pre-Aadhaar Act years was a "choate act" in itself.
- "There was no voluntariness on the part of the citizen in its true sense, all the purposes for the collection and use of the personal information was not conveyed to him, the information was open to be shared among other entities, including private parties. All this made the collection of data unlawful," Mr. Subramaniam argued.
- He claimed that the Aadhaar Act itself was "violative of fundamental rights". "No Act can retroactively protect fundamental right.
- There cannot be a retroactive assertion of substantial and procedural reasonableness... That is, the Act cannot ratify anything illegal," Mr. Subramaniam submitted.
- "The enactment of 2016 cannot cure the breaches that happened prior to it," Justice Chandrachud observed.

Mass Nesting begins

- Starting the mass nesting this year, more than 3,100 female olive ridley turtles came out of the sea to the sandy beach of the Rushikulya rookery coast in Ganjam district of Odisha.
- The Rushikulya coast is considered to be a major nesting site in the world and lakhs of olive ridleys come here every year to lay eggs.
- Congregation of mother turtles in sea near the rookery is quite high this year.
- In 2017, over 3,85,000 turtles had reached the Rushikulya rookery coast to lay eggs.
- The mass nesting process is expected to continue for around a week.
- The Forest Department has erected temporary fences on a stretch of 4.5 km to prevent predators from damaging the nests and the eggs in them.
- To monitor the endangered marine reptiles, the department has established five control rooms near the Rushikulya rookery.
- A data interpretation centre has also been started.

Canadian PM with Punjab CM

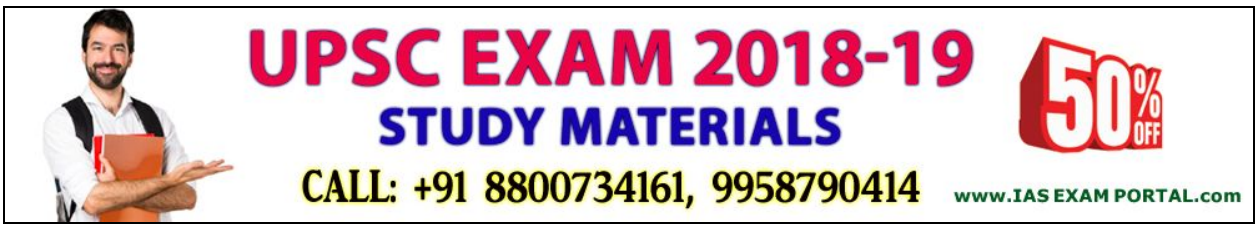
- Canadian Prime Minister Justin Trudeau asserted that his country believed in a united India and assured the Punjab government that it would not support any separatist movement in India.
- During the meeting, Capt. Singh sought the Canadian Prime Minister's cooperation in cracking down on separatism and hate crime by a fringe element, constituting a minuscule percentage of Canada's population.
- In response Mr. Trudeau assured Capt. Singh that "his country did not support any separatist movement in India or elsewhere."



- An official spokesperson said that while citing the separatist movement in Quebec, Mr. Trudeau said he had dealt with such threats all his life and was fully aware of the dangers of violence, which he had always pushed back with all his might.
- Capt. Singh handed over a list of nine Category 'A' Canada-based operatives alleged to be involved in hate crimes in Punjab by financing and supplying weapons for terrorist activities, and also engaged in trying to radicalise youth and children in Punjab.
- At the meeting, in which Canadian Defence Minister Harjit Sajjan and Punjab Local Government Minister Navjot Singh Sidhu were also present.
- Capt. Singh also raised the issue of Indo-Canadians believed to be involved in targeted killings in Punjab, urging him to initiate stern action against such elements.
- Earlier amid tight security, Mr. Trudeau, along with his wife and children, visited the Golden Temple.
- In the visitors' book, Mr. Trudeau wrote: "What an honour to be well received at such a beautiful, meaningful place. We are filled with grace and humility."

BioAsia 2018 focused on Life Sciences sector

- BioAsia 2018, a part of the prestigious, annual series focused on life sciences sector, got under way.
- The Telangana government reaffirming its commitment to growth of the sector with multiple initiatives, including expansion of Genome Valley, setting up an incubator focused on vaccine development and activating an infrastructure fund.
- With 800 companies, the life sciences ecosystem is valued at $50 billion in the State.
- "Our aim is to double the figure to $100 billion in the next 10 years," Industries and IT Minister K.T.Rama Rao said, inaugurating the 3-day event.
- Sharing the State's vision, he said the goal is to leverage "our existing strength in Life science sector and make it an economic growth engine to create 4 lakh jobs," with most of them in manufacturing," he declared.
- A new Life Sciences policy, with the framework encouraging established companies to partner with incubatees and help create an innovation exchange, is also on the anvil.
- On the Genome Valley Cluster, located on city outskirts and among the largest such in Asia, he said the government would strengthen its dominant position.
- It would immediately initiate formulation of an integrated master plan for the cluster's expansion, "marking the beginning of Genome Valley 2.0."
- Noting that the State produced about 33% of global vaccines dosages, he said the government is also committed to see at least one new vaccine being launched from companies in the State every year.
- To support this, "we are contemplating various initiatives and support infrastructure, including a first of its kind incubator focused on vaccine development in Genome Valley."
- Significant progress, he added, had been made on the Life Sciences Infrastructure Fund.
- The State government was keen to establish an institute focused on emerging areas like Immunotherapy, personalised medicine and nanomedicine.

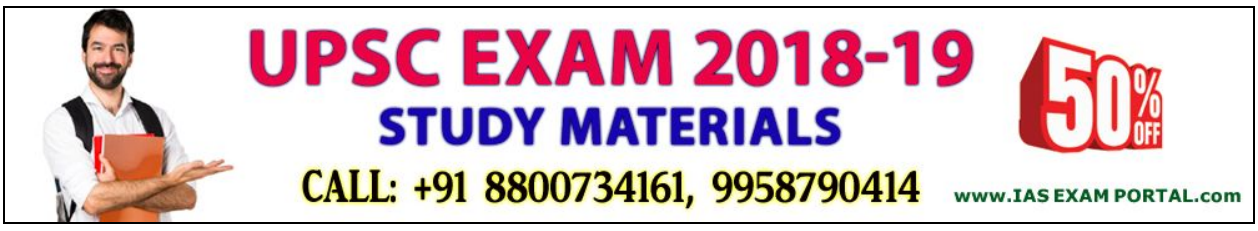


SC on adult marriages

- Courts cannot annul marriages between two consenting adults or resort to a "roving enquiry" on whether the married relationship between a man and a woman is based on consent, the Supreme Court said.
- A Bench, led by Chief Justice Dipak Misra, defined the limits of the court's jurisdiction in the Hadiya case.
- Ms. Hadiya, a 26-year-old homoeopathy student, had converted to Islam and then married a Muslim.
- "Can a court say a marriage is not genuine or whether the relationship is not genuine? Can a court say she [Hadiya] did not marry the right person? She came to us and told us that she married of her own accord," Justice D.Y. Chandrachud observed.
- The Kerala High Court had annulled Ms. Hadiya's marriage to Shafin Jahan.
- Her father, Asokan K.M., alleged that she had been indoctrinated by a "well-oiled network," involved in recruiting Indian citizens and trafficking them abroad to strife-prone countries like Syria to work as "sex slaves".
- "She said on the telephone to her father that she wants to go to Syria to rear sheep. There may be fathers who receive such news with calm and fortitude, but this father was alarmed," senior advocate Shyam Divan, for Asokan, addressed the Bench. Mr. Divan said Hadiya was a victim of an "enormous trafficking exercise".
- Justice D.Y. Chandrachud countered that if there was trafficking of citizens involved, the govt. had the power to stop it on the basis of credible information.
- If citizens were travelling abroad to be part of a manifest illegality, then too, the government had the authority to stop them.
- "But in personal law, we cannot annul marriages because she did not marry the right person," he asked Mr. Divan.

UIDAI says Biometrics in state hubs destroyed

- A statement was made in the Supreme Court on the instructions of the UIDAI chief that all biometrics stored in State Resident Data Hubs have been "destroyed".
- Appearing before a Constitution Bench, led by Chief Justice Dipak Misra, senior advocate Rakesh Dwivedi made the statement on behalf of the UIDAI's top officer, who was present in the courtroom.
- Mr. Dwivedi submitted that biometrics were now stored in the Aadhaar central database or the Central ID Repository.
- Mr. Dwivedi said the Aadhaar Act of 2016 does not allow biometrics to be stored with State-level authorities. This is a precaution to prevent leakages, he said.
- Meanwhile, petitioners challenging the Aadhaar Act sought an extension of the deadline for Aadhaar linkage from March 31.



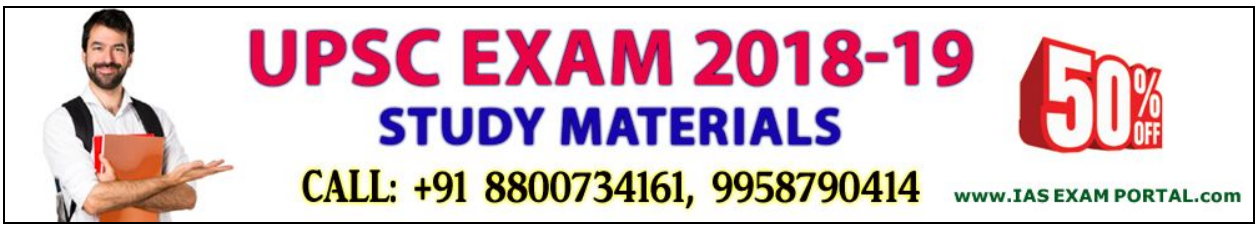
- Senior advocate Gopal Subramanium and Shyam Divan said appropriate interim orders to extend the deadline, considering the fact that the Supreme Court is still hearing the question of Aadhaar validity, should be passed in order to avoid a "last-minute scramble".

Canadian PM on bilateral trade

- Canadian Prime Minister Justin Trudeau said while the focus of his country's relations with India has shifted from aid in the 1950s to trade today.
- It was important to ensure that greater bilateral trade and investment benefits all, especially the poor.
- Speaking at the India Canada Business Session organised by the industry body CII along with the Canada-India Business Council and the Indo-Canadian Business Chamber, Mr. Trudeau pointed out that so far "too many people" have not been beneficiaries of trade and investment.
- He emphasised that "economic growth must benefit all...trade and investment must benefit the poor."
- Terming democracy and diversity as common factors for India and Canada, he said, "If you want to progress as a community, you should not just tolerate diversity but champion it."
- "Diversity, including of religion and gender, enriches us, make our communities stronger and more resilient," he said, adding that diversity opens societies to new ways of thinking and spurs innovation.
- In this regard, the Prime Minister cited Toronto in Canada and Bengaluru in India as examples of multicultural cities that are also hi-tech hubs.
- He said Canada and India need to capitalise on people-to-people ties, and leverage business and knowledge networks.
- This week alone saw business deals of over $1billion between companies of both nations that will in turn create many good jobs, he said.
- To improve business ties, he also referred to the benefits of Canada's 'startup visa program' to start businesses in Canada, and its 'global skills strategy' to help firms recruit and bring talent to Canada at short notice.

PNB Scam

- The Enforcement Directorate (ED) seized property worth around Rs. 100 crore belonging to Nirav Modi and Mehul Choksi in connection with the alleged Letter of Undertaking fraud unearthed in the Punjab National Bank earlier this month.
- The ED had on February 14 registered an offence against diamond trader Mr. Modi, his wife Ami, brother Nishal and uncle Mr. Choksi, along with two officials of the PNB.
- This happened after the CBI booked them for issuing fraudulent LoUs worth Rs. 280 crore.
- The value of the fraud, subsequent investigations revealed rose to Rs. 11,500 crore.
- The ED seized nine cars belonging to the Nirav Modi group, along with shares and mutual funds owned by Mr. Modi and Mr .Choksi even as the CBI continued to question PNB officials in Mumbai and Delhi.



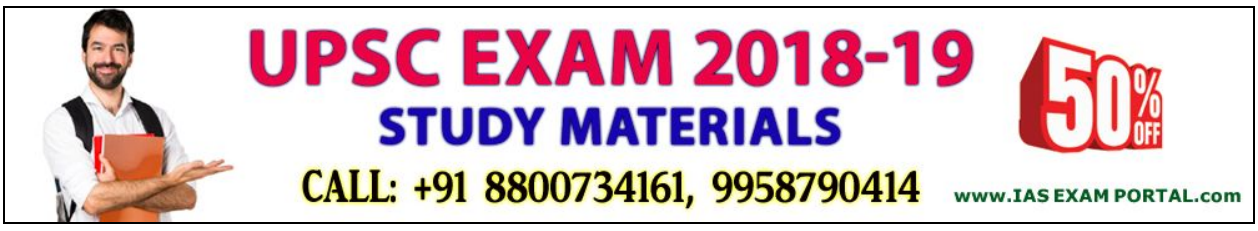
- The ED has so far seized assets worth Rs. 5,716 crore from scores of properties owned by Mr. Modi and Mr. Choksi firms.
- It has also started the process of tracing the trail of money involved in the case.
- Investigating officers said inquiries have indicated that Mr. Modi and Mr. Choksi availed of LoUs from multiple banks to pay off previous liabilities.
- Income-Tax Department officials said property worth Rs. 1,200 crore of the Gitanjali Group located in Special Economic Zone (SEZ) in Hyderabad has been attached in a fresh action.

India-Canada-Khalistan

- Visiting Canadian Prime Minister Justin Trudeau's office and the Modi government faced a major embarrassment after it emerged that a convicted terrorist and Khalistan activist from Canada.
- He had been part of the delegation's events in Mumbai and was personally invited to a reception by the Canadian High Commission in Delhi.
- At multiple events
- The controversy surfaced after photographs of the invitation to the event in honour of Mr. Trudeau at "Canada House" in Delhi as well as the event in Mumbai appeared in Canadian media.
- The Canadian High Commission said it had "rescinded" the invitation to Jaspal Atwal, an Indian-origin businessman, and former member of the banned International Sikh Youth Federation (ISYF), thought to be responsible, along with the Babbar Khalsa, for the 1985 mid-air bombing of Air India flight 182, killing 329 persons.
- Mr. Atwal was one of four men convicted for shooting Punjab Minister Malkiat Singh Sidhu in 1986 during a private visit to Canada.
- Though the verdict was overturned, Mr. Atwal admitted to the parole board that he was the shooter that day, Canadian media reported.
- Calling the invitation a mistake, Mr. Trudeau said it had been sent by a member of the Canadian parliament.
- The Ministry of External Affairs said it was inquiring into how the Indian High Commission in Canada had issued Mr. Atwal a visa.

Pre-lake 2018 Conference

- An unplanned development path adopted by "unscrupulous decision-makers" is threatening the ecologically sensitive regions in the Netravathi river basin in the State.
- This is according to a study report released by a team of researchers from the Indian Institute of Science (IISc), Bengaluru.
- The report titled "Carrying capacity of Netravati river basin based on the ecological sensitiveness" was released by Energy and Wetlands Research Group (EWRG), Centre for Ecological Sciences (CES), IISc, at

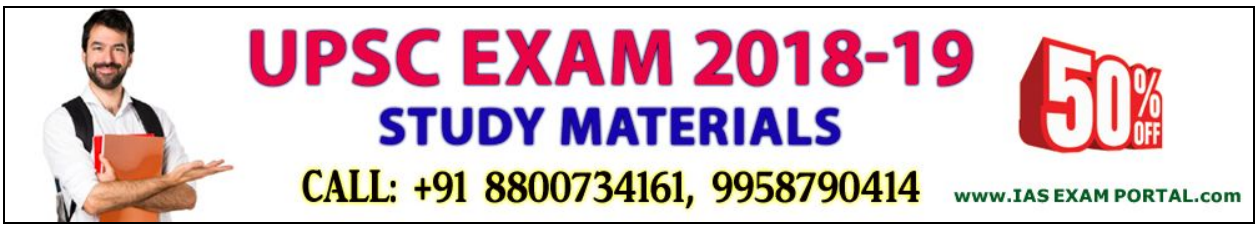


Alva's College during the pre-lake 2018 conference jointly organised by the IISc and Alva's Education Foundation.

- It said that river diversions, hydro electric projects, coastal reservoirs, commercial plantations, unscientific tourism, etc., would cause irreplaceable loss of rich biodiversity in the river basin.
- Referring to the river basin, it said that Netravathi having a catchment area of 4,409 sq km covers 11 taluks in Chikmagalur, Hassan, Kodagu, Dakshina Kannada and Udupi districts.
- It originates in Bangrabalige valley, Yelaneeru Ghat of Kudremukh in Chikmagalur district.
- The basin is part of the ecologically fragile Western Ghats, one among the 35 global hotspots of biodiversity.
- "It is the lifeline of Dakshina Kannada region supporting the enormous population with rich resource base and diverse cultures," it said.
- The 203-page report from T.V. Ramachandra, co-ordinator, EWRG-CES, Bharath Setturu and Vinay S., researchers, said that rivers/streams in the ecologically sensitive regions should not be diverted or manipulated as that would affect the water retention capability of the catchment area and ground recharge potential.
- It would affect the sustenance of water in the streams and affect the downstream users' right to adequate freshwater.
- The report assumes significance in view of the ongoing Yettinahole diversion project in the Netravathi basin.
- Earlier, a group of researchers from IISc, led by Mr. Ramachandra, had, in a report, questioned the State government's estimation of the project yielding 24 tmcft of water for diversion to parched districts.
- The group said that only 0.85 tmcft of water could be diverted from the project.
- The group had warned that the project would lead to water scarcity in Hassan and Dakshina Kannada and would not benefit Chikkaballapur, Kolar and Tumkur districts.

Meeting on Lokpal on March 1

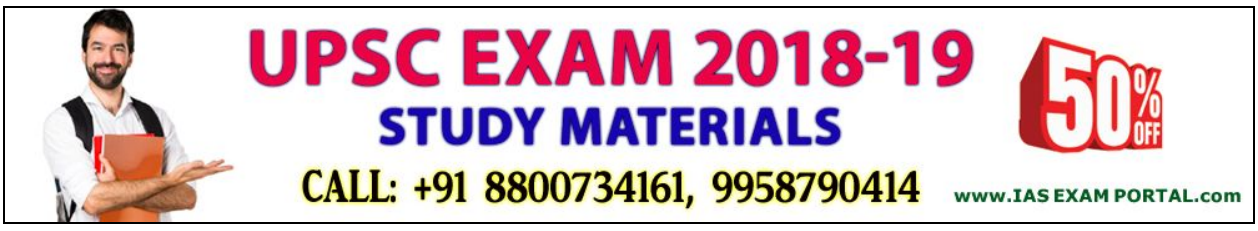
- In a turnaround from its earlier position, the government will invite the leader of the single largest Opposition party to attend a meeting scheduled for March 1.
- It will discuss the long-pending appointments to the anti-corruption ombudsman, Lokpal.
- At a brief hearing before a Bench led by Justice Ranjan Gogoi, Attorney-General K.K. Venugopal said the meeting would have the Prime Minister, the Lok Sabha Speaker, the Chief Justice of India and the leader of the single largest Opposition party in attendance.
- Advocate Prashant Bhushan, appearing for petitioner NGO Common Cause, said the single largest Opposition party leader was attending as a "special invitee."
- Justice Gogoi asked the government to update the court in an affidavit on March 5.
- This is a significant development as the government has for years taken the position that Lokpal appointments could be made only after amending the law to replace the Leader of the Opposition with the single largest party Opposition leader on the high-level selection committee.
- The Bench posted the next hearing for March 6.



- Under the Lokpal and Lokayukta Act of 2013, the high-level selection committee for appointments to Lokpal comprises the Prime Minister, Lok Sabha Speaker, the LoP, the Chief Justice of India and an eminent jurist chosen by them.
- The 16th Lok Sabha does not have an LoP as the Congress party failed to get the required 10 per cent membership in the Lok Sabha post the 2014 parliamentary elections.
- However, an April 2017 judgment by the Supreme Court did not buy the government's argument that an amendment in the provisions to replace the LoP with the single largest Opposition party leader was necessary to get on with the Lokpal appointments.
- The judgment authored by Justice Gogoi called the Lokpal Act of 2013 an "eminently workable legislation" in its present form itself.
- He observed that the 2013 Act provided enough room for the appointment of Lokpal chairperson and members even in the absence of a recognised LoP.

Against Financial fraud: PM

- Breaking his silence over the Rs. 11,500-crore fraud at the country's second-largest public sector bank, Prime Minister Narendra Modi warned of stringent action against those involved in financial irregularities and said
- Speaking at the Global Business Summit organised by a financial daily , Mr. Modi asked the managements of financial institutions and supervisory bodies to do their job diligently to check such frauds.
- "I want to make it clear that this government has been taking strict action against financial irregularities and will continue to take strict action," the Prime Minister said.
- Without naming the alleged kingpin of the fraud or the Punjab National Bank, the Prime Minister said the managements of financial institutions, auditors and regulators should perform their duty earnestly.
- "I want to make an appeal to those who have been entrusted with the job of framing rules and policies and maintaining ethics to do their job faithfully and diligently," Mr. Modi said.
- He added this should specially be followed by those who have been given the responsibility of supervision and monitoring.
- Mr. Modi lauded his government's economic agenda which he said was "job-oriented" and aimed at bringing "people-centric growth."
- He also mentioned the announcements made in his government's last full-year Budget, including pro-agriculture steps such as paying farmers a price that is 50% more than the cost of production.
- "Some economists are speculating about price rise [because of this decision]. These economists must also consider about our duty towards our annadata [referring to farmers]," he said.
- "I feel we should support every decision taken to increase farmer's income."
- Industry should contribute to the decisions taken by the government, Mr Modi said.
- 'Speed, scale, and sensitivity' were needed for policies to reach people, he said. "In the past four years, the government has stressed job-centric, people-centric growth [and focussed on] an economy which gives poor financial inclusion and takes care of middle-class aspirations."

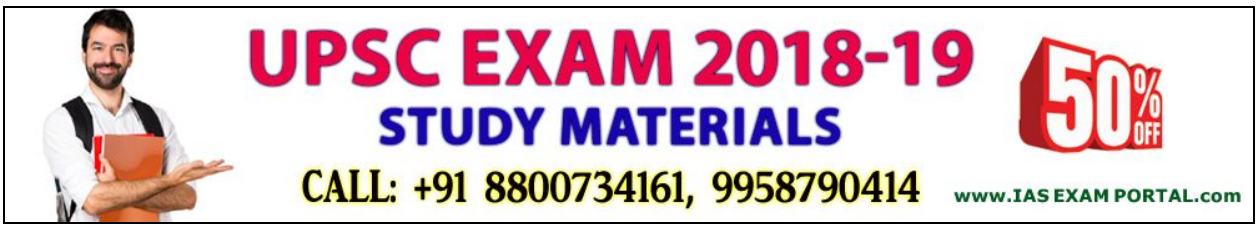


Trudeau hints probe

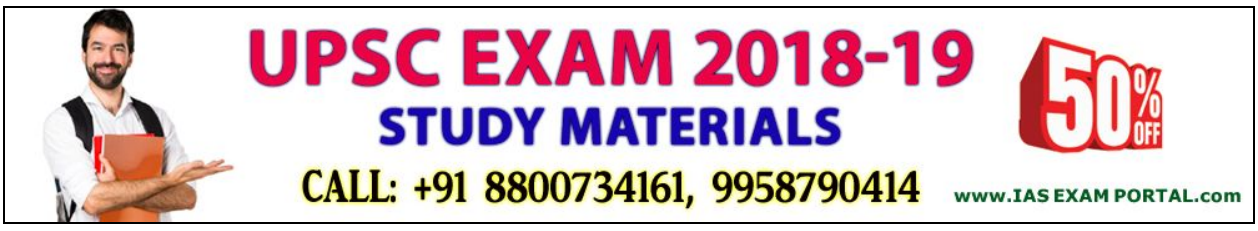
- Canadian Prime Minister Justin Trudeau indicated that he would hold officials accountable for the embarrassment caused by the presence of an extremist Sikh sympathiser at events organised in his honour in India.
- Addressing a select group of international media here, Mr. Trudeau said his meeting with Prime Minister Narendra Modi was "great", and said he had assured the Punjab government of security cooperation.
- Jaspal Atwal, a Canadian businessman of Indian origin, known for his proximity to the separatist International Sikh Youth Federation and arrested for an attack on a Punjab Minister in 1986.
- He has been part of Mr. Trudeau's delegation at official events over the last couple of days.
- "Obviously, it was not acceptable to me that the concerned gentleman was present here. I will have a conversation on this," Mr. Trudeau said.
- This hinting that he might order an official inquiry into how Mr. Atwal attended events with him.

PIB to have DD & AIR officials to work

- In an unprecedented order, the Information and Broadcasting Ministry posted 15 officials from Doordarshan and 16 from All India Radio (AIR) as publicity officers for various Ministries.
- The attempt is to strengthen the government's severely short-staffed publicity arm, the Press Information Bureau (PIB), say senior officials of the I&B Ministry.
- However, the latest reshuffle of the 31 Indian Information Service (IIS) officers from the state broadcasters is likely to lead to confusion and a conflict of interest, sources said.
- Autonomy issue
- The officers' primary charge will be to handle the publicity of the Ministries. They will, however, additionally continue their work in Doordarshan and AIR.
- Prasar Bharati officials say the issue has not yet been discussed.
- The IIS officials say that more than a conflict of interest, the order is not workable.
- The nature of jobs are very different.
- Both DD and AIR follow a 24X7 cycle and a publicity official's job can be equally tricky — he has to be available at the beck and call of the Minister whenever required.
- The reason for such a mass reshuffle of the IIS officials, according to few PIB officials, can be traced to an event last October.
- It is when Doordarshan missed reporting the upgrade of India's position in the ease of doing business rankings of the World Bank.
- Shortage of hands
- Ms. Irani called for a meeting of all publicity officials and pulled them up for not alerting the public broadcaster.
- The publicity officials, in turn, told her of the severe manpower shortage in the PIB.
- To this, Ms. Irani is said to have promised to strengthen the ranks of the PIB.



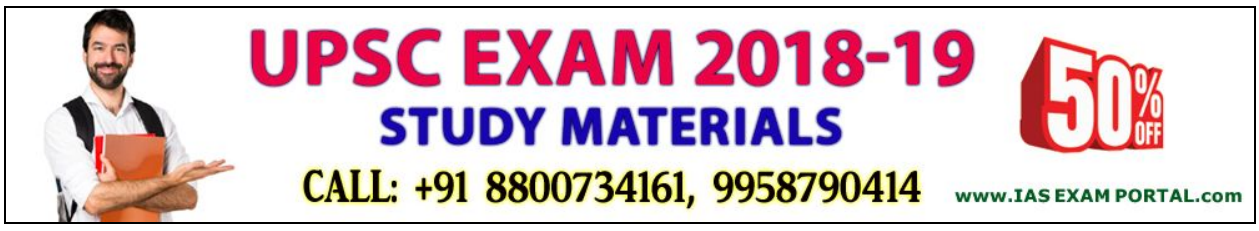
- Recently, the association of IIS officers wrote to the Prime Minister's Office, drawing attention to mass transfers, which they alleged have been carried out in contravention of rules.



INTERNATIONAL

Post-Brexit security deal with EU: May

- British Prime Minister Theresa May pleaded on Saturday for an urgent deal with the EU on post-Brexit security cooperation, warning that citizens' lives were at stake.
- In a speech at the Munich Security Conference, she acknowledged that no deal currently exists between the EU and a third country "that captures the full depth and breadth of our existing relationship".
- 'Cannot delay'
- But she said there was no reason both sides could not come up with practical ways to create a "deep and special partnership" on security.
- "We cannot delay discussions on this," Ms. May said. She also warned European partners not to put politics above cooperation against crime and terrorism.
- "This cannot be a time when any of us allow competition between partners, rigid institutional restrictions or deep-seated ideology to inhibit our cooperation and jeopardise the security of our citizens," Ms. May told the audience.
- She cautioned that if there was no special deal on security by the time Britain leaves the bloc in March 2019, speedy extraditions under the European Arrest Warrant "would cease".
- And if the U.K. were no longer part of Europol, the EU's law enforcement agency, information sharing would be hampered — undermining the fight against terrorism, organised crime and cyberattacks.

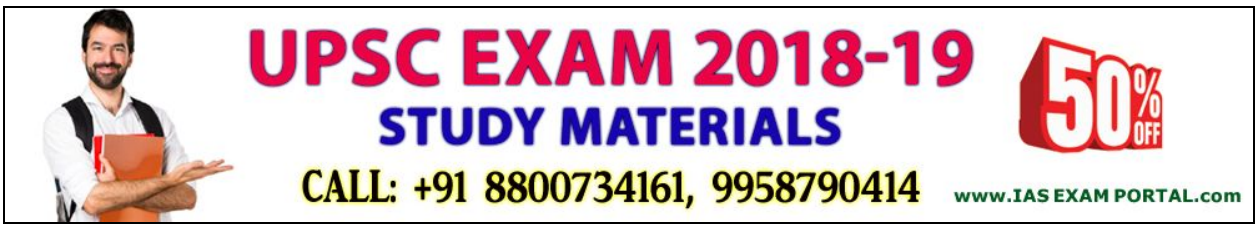


Canadian PM to India

- Canadian Prime Minister Justin Trudeau's much-anticipated trip to India began amid uncertainties over his meeting with Punjab Chief Minister Amarinder Singh.
- Mr. Trudeau took his family to the Taj Mahal on Sunday and is scheduled to tour the Golden Temple in Amritsar during the week-long visit.
- Asked about Mr. Trudeau's meeting with Capt. Singh, a source familiar with the Canadian side, said that "uncertainties prevail" on this.
- The Canadian leader's problems with the Punjab Chief Minister stems from the latter's criticism of alleged pro-Khalistan sentiments of Canadian Defence Minister Harjit Singh Sajjan.
- During the April 2017 India visit of Mr. Sajjan, a prominent Sikh member and Defence Minister of the Canadian government, the Chief Minister described him and other Sikh Cabinet members of Canada as sympathetic to Sikh separatist groups or the Khalistanis.
- Mr. Sajjan is accompanying Mr. Trudeau on this trip along with other Sikh Cabinet colleagues, Amarjeet Sohi and Navdeep Singh Bains.
- On reaching India, in a social media message, the Canadian Defence Minister posted a photograph of him with other Indian-origin Ministers and said, "Looking forward to spending the next few days here to further strengthen Canada and India's strong cultural and economic ties."
- Problems over the meeting with the Chief Minister came while the External Affairs Ministry indicated that "all issues of bilateral interest" would be discussed with Mr. Trudeau.
- In response to a question over the growing Khalistan-related activities in Canada, the External Affairs Ministry spokesperson said, "I can tell you that all issues that are of interest to us, which are of bilateral interest will be up on the agenda between the two sides."
- Earlier, media reports from Canada had indicated that the Chief Minister was expected to accompany Mr. Trudeau during his Amritsar trip, but the programme was not firmed up.
- The visit by Mr. Trudeau was anticipated since 2014 but did not materialise even though other Cabinet colleagues had come here during the past four years.

Iran Aviation hit by Sanctions

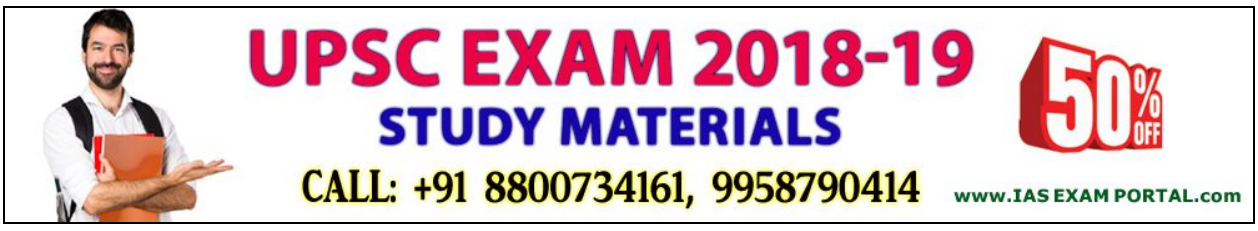
- The Aseman Airlines-owned ATR-72 that crashed had been built in 1993, its CEO Ali Abedzadeh told state TV.
- The airline's fleet includes at least three ATR-72s that date back to the early 1990s, according to the IRNA news agency.
- Decades of international isolation have left Iran's airlines with ageing fleets of planes which they have struggled to maintain and modernise.



- Lifting sanctions on aviation purchases was a key clause in the nuclear deal Iran signed with world powers in 2015.
- Following the deal, Aseman Airlines finalised an agreement to buy 30 Boeing 737 MAX jets for $3 billion last June, with an option to buy 30 more.
- However, the sale could be scuppered if U.S. President Donald Trump chooses to reimpose sanctions.
- The U.S. Treasury Department, which must approve aviation sales to Iran, has done so for 80 Boeing jets and 100 Airbus planes for Iran Air.
- The first few Airbus jets have already arrived in Tehran.
- Meanwhile, officials said rescue teams would work through the night, battling blizzard conditions to find the plane that disappeared.
- Red Crescent said the search was being hampered by the weather.

Khalistan-Trudeau visit

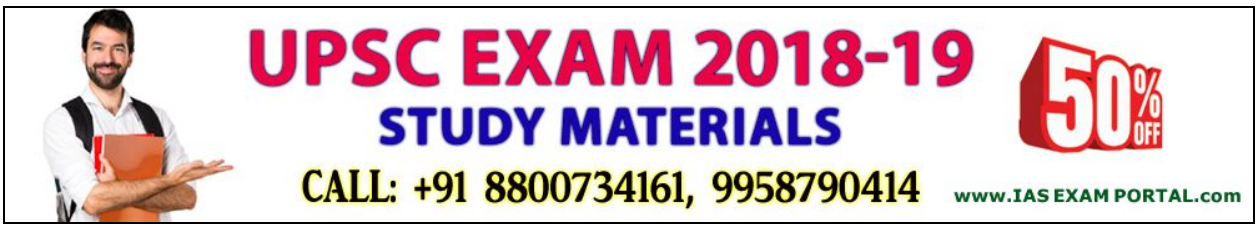
- Former diplomats say the seeds for the current tensions have been sown since Mr. Trudeau came to power in 2015, receiving widespread support from some of the most extreme Khalistani political groups.
- Has repeatedly failed to take into account the sensitivities in India over the past when Sikh terror groups received support from elements in Canada.
- A major breaking point came last April when Mr. Trudeau attended a “Khalsa day” parade organised by one of the more radical gurudwaras in Toronto.
- At the time, the Ministry of External Affairs (MEA) made it clear that India’s protest had been taken up with the Canadian government.
- Among other disturbing issues was the felicitation at the parade of a politician responsible for a resolution in the Ontario assembly that accused India of “genocide” during the 1984 anti-Sikh riots, a vote that India had also protested strongly.
- In addition, floats at the parade depicted Sikh militant leaders Jarnail Singh Bhindranwale, Amreek Singh and former General Shahbeg Singh — who were killed in the siege of the Golden Temple and Operation Bluestar in June 1984 — as heroes.
- Issues over the growth of Sikh extremist groups, especially those seeking a “referendum 2020” for the worldwide Sikh diaspora to vote on an “Independent Khalistan”, have been raised several times in the past few years,officials told.
- It,including when former Defence Minister Arun Jaitley met with Canadian Defence Minister Harjit Singh Sajjan.
- Mr. Modi is understood to have spoken to Mr. Trudeau on the issue when the leaders met at the G-20 summit in Hamburg in July 2017, and in Manila on the sidelines of the East Asia summit.
- To add to the tensions, 16 Canadian gurudwaras announced a “ban” last month on the entry of Indian elected officials, consular officials, RSS and Shiv Sena members.



- The Trudeau government took no action in response to the decision. When asked, officials cited "freedom of expression" issues.
- Another sore point on the current visit has been Mr. Trudeau's insistence on including Ministers in his cabinet accused of sympathising with the Khalistan movement — Mr. Sajjan and Navdeep Singh Bains — on his visit to Amritsar.
- Last year, Chief Minister Amarinder Singh had refused to meet these ministers calling them "Khalistanis".

Maldives crisis

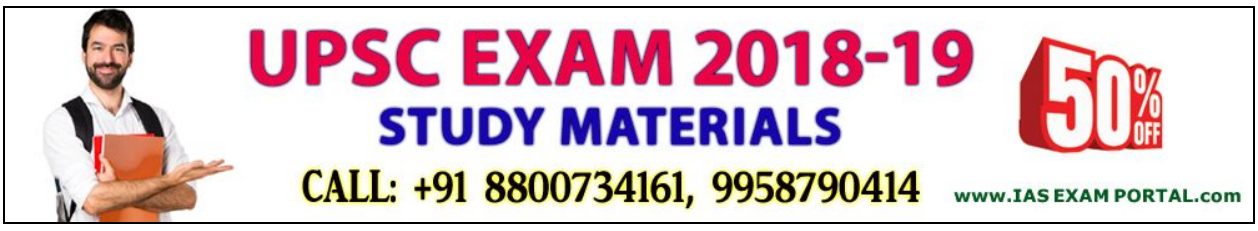
- The Maldives looked set for a collision course with India, as the Majlis (Parliament) cleared an extension of the current state of emergency by 30 days, defying India's expectation conveyed hours earlier.
- According to an official statement from President Abdulla Yameen office, the Parliament's National Security Committee approved the extension with additional amendments.
- These included one stating that the emergency rule would apply only to those "alleged to have carried out illegal activities", and not to "law abiding residents of, or visitors".
- On February 5, Mr. Yameen declared a state of emergency for 15 days, citing threats to "national security".
- The move came after his government refused to implement a dramatic Supreme Court ruling delivered on February 1, which ordered the release of nine jailed Opposition leaders, including exiled former President Mohamed Nasheed, and the reinstatement of 12 expelled legislators.
- Releasing a statement earlier, the Ministry of External Affairs said: "It is our expectation that the government of Maldives will not be seeking extension of the state of emergency so that the political process in Maldives can resume with immediate effect."
- The Opposition has termed the move illegal.
- Mr. Nasheed said the government cannot legally extend the state of emergency because it does not have the 43 legislators in the Majlis that must vote in favour of it.
- "The Constitution states that 43 MPs must be present during a vote on a matter of public compliance and a state of emergency is a matter of public compliance."
- By implication, Mr. Nasheed said, the emergency, or any extension to it, is illegal.
- "It also means that any actions taken by the government or security forces using emergency powers are illegal.
- "President Yameen is ruling down the barrel of a gun. There is zero legitimacy to anything he is doing," said Mr. Nasheed, who had earlier sought Indian military intervention to resolve the problem in Male.
- However, in an official tweet evening, the President's office said: "It is unconstitutional to say that the state of emergency cannot be declared."

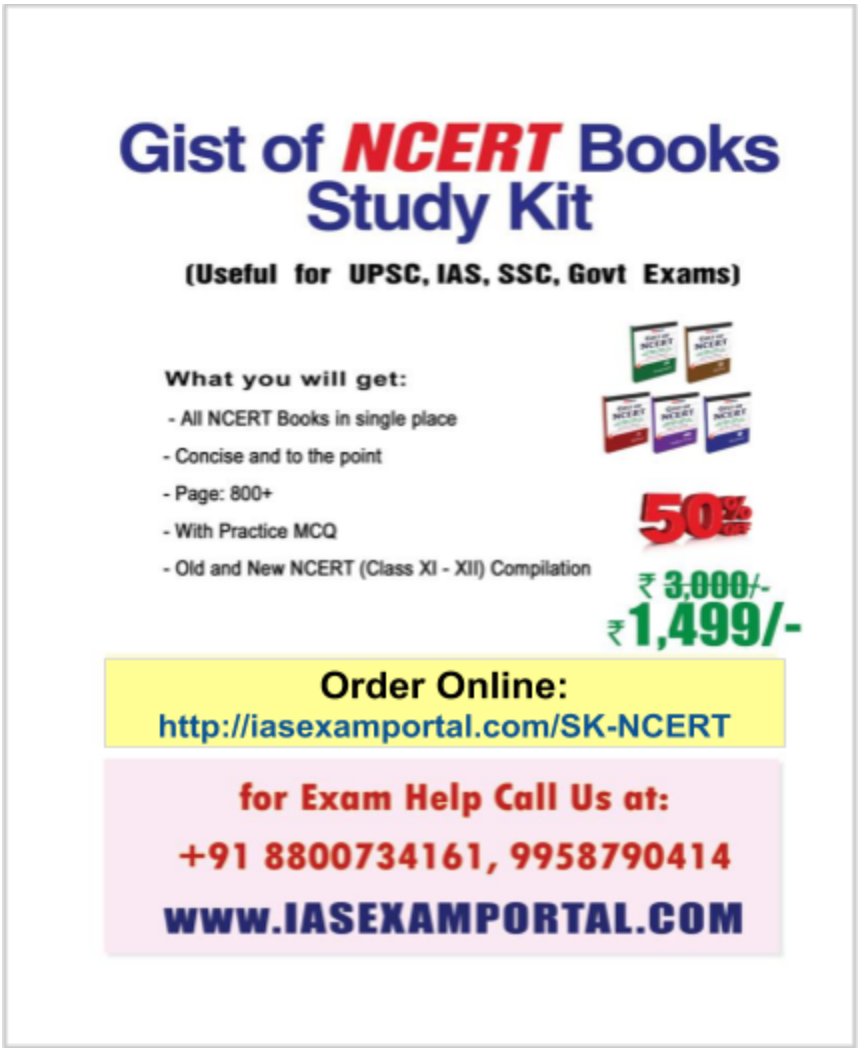


- While India is yet to indicate its strategy in responding to the ongoing political and constitutional crisis in its neighbourhood.
- New Delhi reiterated its earlier position and urged the Maldives to implement the SC ruling.
- "It is important that Maldives quickly returns to the path of democracy and the rule of law so that the aspirations of Maldivian people are met and the concerns of the international community are assuaged," it said in a statement.
- The UN, the U.S., the U.K., the European Union, Australia and Canada, among others, earlier asked Mr. Yameen to comply with the ruling and ensure that rule of law prevails.
- Many nations have issued travel advisories directing citizens to avoid travelling to the Maldives.

Bloodshed in Syria

- Residents of Syria's Eastern Ghouta district said they were waiting their "turn to die" on Wednesday, amid one of the most intense bombardments of the war by pro-government forces on the besieged, rebel-held enclave near Damascus.
- At least 38 people died on Wednesday. At least 310 people have been killed in the district since Sunday night and more than 1,550 injured, the U.K.-based Syrian Observatory for Human Rights war monitor said.
- A massive escalation in bombardment, including rocket fire, shelling, air strikes and helicopter-dropped barrel bombs, since Sunday has become one of the deadliest of the Syrian civil war, now entering its eighth year.
- An air strike warning system run by the Syrian Civil Defence, a rescue service in opposition areas, was by Wednesday afternoon sending alerts every few minutes, triggered when warplanes are spotted taking off from air bases.
- The United Nations has denounced the bombardment, which has struck hospitals and other civilian infrastructure, saying such attacks could be war crimes.
- UN Secretary-General Antonio Guterres appealed on Wednesday for an "immediate suspension of all war activities in Eastern Ghouta".
- Speaking to the UN Security Council Guterres said residents were living in "hell on earth".
- Mr. Guterres expressed support for a Swedish and Kuwaiti push for the 15-member council to demand a 30-day ceasefire in Syria.
- Diplomats said that the council could vote on a draft resolution in the coming days. But Mr. Assad's veto-wielding ally Russia has called the proposal "not realistic".
- Kremlin spokesman Dmitry Peskov on Wednesday described as "groundless" accusations that Russia bears some of the blame for civilian deaths in Eastern Ghouta.
- A commander in the coalition fighting on behalf of Mr. Assad's government said that the bombing aims to prevent the rebels from targeting the eastern neighbourhoods of Damascus with mortars.
- It may be followed by a ground campaign.





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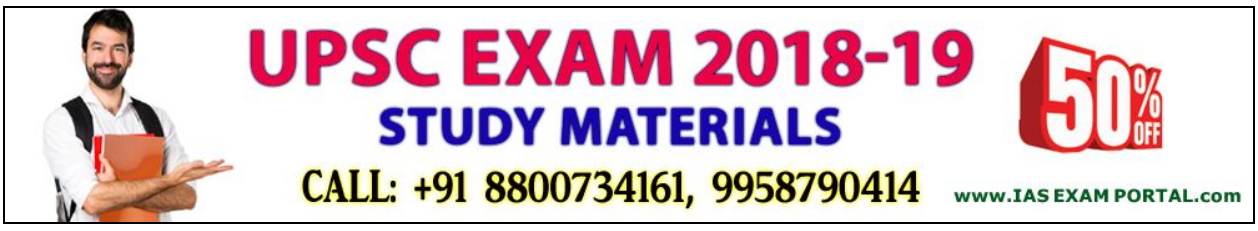
Halt National Register Plan: Hasina

- The ongoing process of compiling the National Register of Citizens in Assam may trigger an exodus of Bengalis.
- It will create one more Rohingya-like refugee crisis for Bangladesh, senior officials of Prime Minister Sheikh Hasina's government said.
- Addressing visiting Indian journalists, they said the process in Assam is threatening India-Bangladesh ties and will be exploited by anti-India elements and Islamic fundamentalists who are challenging the Awami League rule.



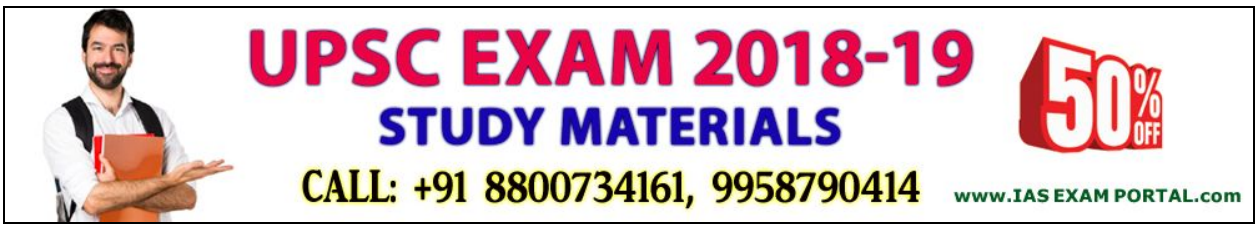
- Bangladeshi policymakers are unanimous that the failure to conclude the Teesta water sharing agreement between New Delhi and Dhaka has been disappointing and the ongoing process in Assam will complicate the situation further.
- These observations have gained significance as a section of the ruling Awami League believes that India has not reciprocated Ms. Hasina's support on counter-insurgency steps in the northeastern states.

Maldives: Distorted facts by India

- India's public statements regarding the suspension of democracy in the Maldives have ignored facts and ground realities, the government of President Abdulla Yameen said.
- The statement, which came a day after India's sharp comments against the extension of emergency rule in the country, urged cooperation from the international community.
- "..the public statements issued by the Government of India.. ignore the facts and ground realities with regard to the ongoing political developments in the Maldives. The assertion by India that the extension of the state of Emergency by the People's Majlis was unconstitutional is a clear distortion of facts which ignore the Constitution and Laws of the Maldives," stated a press release from Male.
- The Government of Maldives said the declaration of Emergency was backed by Article 253 of the Constitution, which empowers the President of the nation to protect national security with suspension of democracy.
- "The Supreme Court had cleared the validity of the Emergency in its ruling on 21 February, 2018," said the statement.
- The exchange comes days after former President Mohamed Nasheed called upon India to intervene to restore democracy.

Trump at Survivors meet

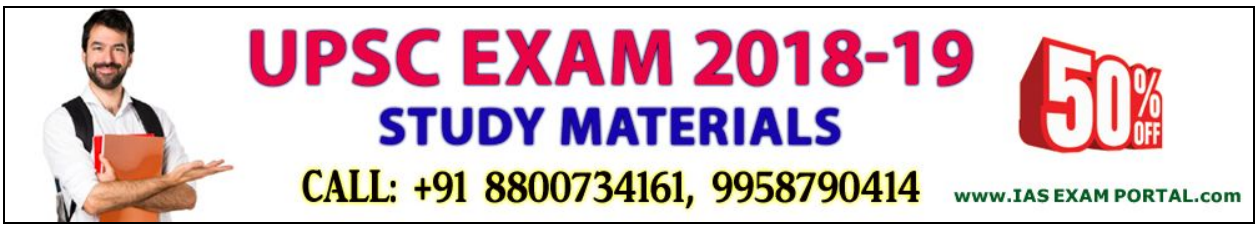
- Spilling out wrenching tales of lost lives and stolen security, students and parents appealed to President Donald Trump to set politics aside and protect America's school children from the scourge of gun violence.
- Mr. Trump listened intently to the raw emotion and pledged action, including the possibility of arming teachers.
- Mr. Trump promised to be "very strong on background checks."
- And he suggested he supported allowing some teachers and other school employees to carry concealed weapons to be ready for intruders.
- But largely he listened on Wednesday, holding handwritten notes bearing his message to the families. "I hear you" was written in black marker.



- The President had invited the teen survivors of school violence and parents of murdered children in a show of his resolve against gun violence in the wake of last week's shootings at Marjory Stoneman Douglas High School in Parkland, Florida.
- Mr. Trump asked his guests to suggest solutions and solicited feedback.
- He did not fully endorse any specific policy solution, but pledged to take action. Besides, he said he planned to go "very strongly into age, age of purchase."
- And he said he was committed to improving background checks and working on mental health. Most in the group were quiet and polite.

New tariffs a concern: US official

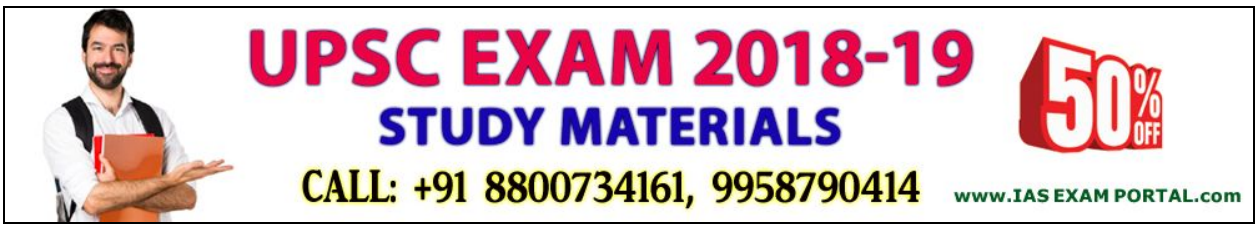
- The Donald Trump administration has moved the U.S. closer to India than any previous administration on strategic issues, but disagreements on commercial issues remain challenging, according to a senior administration official.
- The recent union budget might "make it more challenging".
- The economic relationship has been a bit more difficult than the strategic area of the relationship.
- This administration is very interested in having fair and reciprocal trade relations with India.
- The President has committed to opening market access for U.S. companies, obviously India also has investments in the U.S. We would like to see trade increase.
- Mr. Trump mentioned high tariffs on high-end motorcycles in India recently.
- Trade figures in the last quarters has reported a reduction in the imbalance, which is likely because of the energy import by India from the U.S.
- The official said trade issues would be discussed during the trade policy forum in June between the two countries.
- According to the official, these commercial disagreements are playing up at a time when the strategic cooperation between the two countries has reached an unprecedented level.
- The official pointed out that no other country finds as many position mentions as India does in the Trump administration's National Security Strategy (NSS), on dealing with South Asia and Indo-Pacific.
- The official said the administration has taken a long-term view on China, and this will not be susceptible to any short-term compromises.
- "The NSS is very clear on this administration's view on China, which is a long-term view. It is clear about how we assert values that we share with India — freedom of navigation, rule of law, transparency, financing of infrastructure projects, resolution of disputes, etc. It is a long-term vision and the U.S. has been forthright in asserting that vision," the official said, noting that the recent revival of the Quad dialogue is a tangle outcome of this approach.
- "The U.S. is very clear-eyed in dealing with China, and the U.S. sees India playing an important role in that... this idea that the U.S. might be making any short-term changes to its strategy [is not true] — it is a long-term vision."
- Defence cooperation is a very important part of the relationship, and the administration is "looking to move forward on Sea Guardian" drone negotiations, the official said. The U.S. is willing to do much



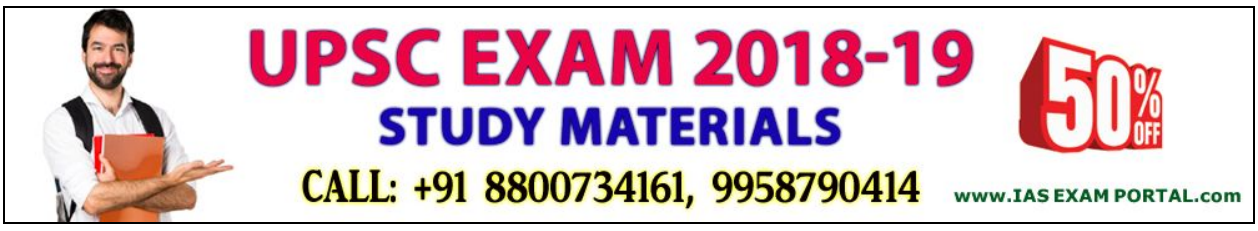
more with India on defence, the official said, seeking more cooperation from India. "….to do that we need India to cooperate. Of course we have to protect our highest technologies. So there has to be a cooperative arrangement between the two countries," the official added

Brexit: soft? Or hard?

- Hopes that Britain could have a "softer" exit from the EU have risen this week, amid expectations that the Labour Party will shift its policy stance and back remaining in a customs union.
- This after a Cabinet meeting, at which attempts to reconcile different positions within the ruling Conservative Party, took place.
- British Prime Minister Theresa May is set to give another speech on the government's Brexit strategy next week.
- Officially the government remains committed to exiting the customs union — the system under which the EU operates as a single trading bloc, with common external tariffs and customs barriers, and must negotiate joint trade deals with non-EU states.
- In January last year, in a key speech at Lancaster House, Prime Minister May outlined the central tenets of the government's exit strategy which included leaving the customs union.
- Nevertheless, hopes remain high ahead of a key speech due to be given by Labour leader Jeremy Corbyn in which he is expected to clarify the party's stance on Brexit by pushing for Britain to remain in the customs union.
- A change in the Labour stance could have a significant impact – allowing for the possibility of pro-Brexit rebels with the Conservative party allying with the Labour Party and Liberal Democrats on key legislation.
- Last month, Mr. Hammond faced anger from some within his party after telling delegates in Davos that the government would pursue just "modest" changes to its relationship with Europe.
- Speaking on the BBC following the meeting, Mr. Hunt said Britain would be pushing to adhere to EU rules and regulations on a "voluntary" basis, pointing to the auto industry, whose supply chain was heavily integrated with Europe.
- However, the plan — which appears to have been thrashed out at the Cabinet meeting — is likely to face a muted response in Brussels, which has repeatedly stressed that Britain would not be able to "cherry pick' the deal it struck with Europe.
- Business groups have also continued to lobby for customs union membership.
- A customs union was the "practical, real world answer" that solved some of the toughest questions, including over the future of the Irish border, and challenges faced by business, Carolyn Fairbairn, head of the Confederation of British Industry, said in January.
- Alongside the debate on the customs union, the question of a second referendum continues to surface, with commentators across the political spectrum arguing that the hugely divergent positions on the precise character of Brexit, necessitated a second vote.
- Best for Britain, an anti-Brexit campaign group has continued to build support, raising over £200,000, with billionaire investor George Soros donating £400,000 to the group and pledging further matching funding.



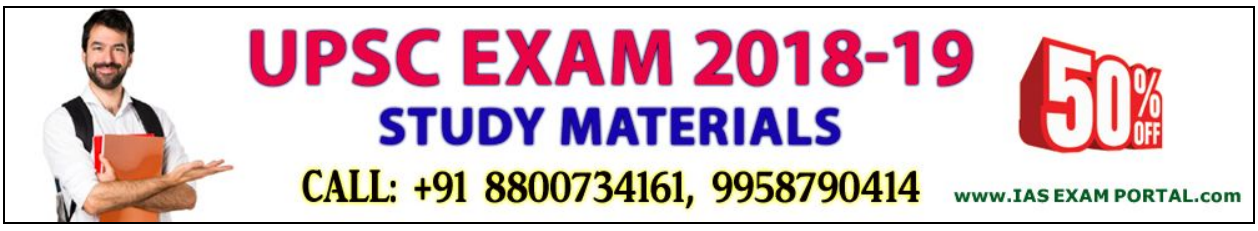
- It is set to roll out a campaign across the U.K. in coming weeks.



BUSINESS AND ECONOMY

CEA on PSBs

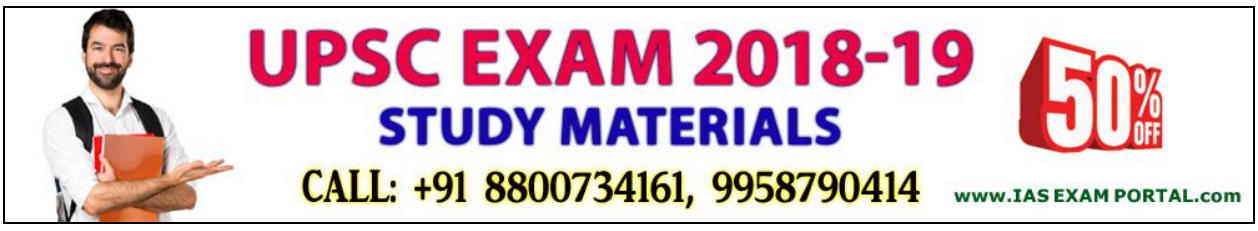
- Strong cases have emerged to seek increased regulation and private sector participation in public sector banks in the wake of recent episodes, including the Punjab National Bank scam, said Chief Economic Adviser Arvind Subramanian.
- Citing recent incidents in the Indian banking system such as the Punjab National Bank loan fraud, Bank of Baroda's South Africa exit plan and SBI's higher provisioning for bad debts.
- Mr. Subramanian said that the key was how to take advantage of these events and make policies to ensure that these did not happen again.
- Mr. Subramanian was delivering the inaugural address at the Madras Management Association Annual convention 2018.
- Mr. Subramanian said that the possibility of allowing a much greater majority private sector participation in the public sector banks must be seriously considered.
- Taxpayers' money was used to recapitalise the public sector banks, which had been facing the high non- performing assets problem.
- "The question is, are we getting enough value for this taxpayer money and will this taxpayer money be better protected in the current government ownership structure or will it require a different policy structure?" Mr. Subramanian said.
- "The government also realises that some banks are unviable and need to be shrunk. There are three strong cases which have emerged for private participation in public sector banks. I am not saying all public sector banks should be privatised," he said.



- The CEA said some people had suggested that the public sector banks' governance practices should be reformed first before looking at private participation.
- "But we have been at it for 30-40 years. What is the guarantee that what is recommended now will be implemented more effectively than in the past?" he asked.
- One of the strong cases for private participation in public sector banks was that they were "handicapped" in terms of recruitment procedures and HR procedures due to their ownership, when compared with their private sector peers.
- Decision making in the Indian government was paralysed by the fear of four Cs — Court, CBI, CVC and CAG, he said.
- "These are four overhanging fruits over honest decision making, affected by the government structure," the CEA said.
- One of the problems was that during the boom period it was PSBs that had financed the infrastructure sector and got into trouble. They are now finding it difficult to get out of the situation, he added.

PSU banks behind audit firms

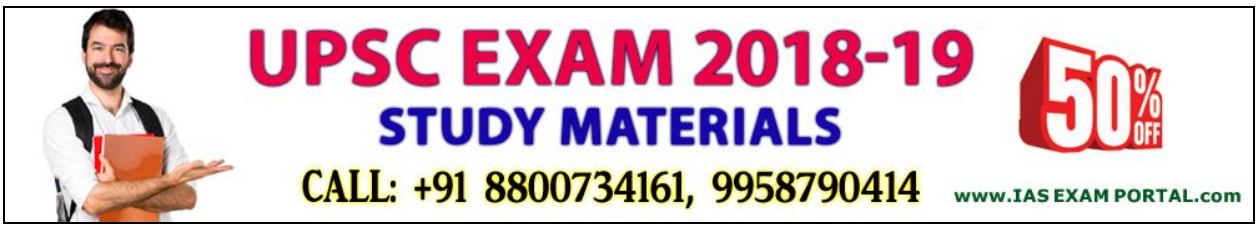
- Public sector banks (PSBs) are aggressively reaching out to the big four audit firms to get their systems assessed for risk in the wake of the fraud committed at the Punjab National Bank (PNB), according to audit professionals at these firms.
- While PSBs often tended to keep away from broadening forensic data analytical capabilities beyond traditional anti-fraud and compliance functions, they were now preparing to scale up risk management capabilities, they said.
- Audit professionals at the big four (Deloitte, KPMG, PwC and EY) said in the past, they tried reaching out to PSBs, including the PNB but faced a rigid approach when convincing bank officials of possible system anomalies.
- PSBs are always restricted by either budgetary constraints or a mindset for keeping control physical and not fixing responsibility for compliance, they said.
- Now, as many as four PSBs had enquired with KPMG this week alone to enlist their audit and advisory services. These banks were the same entities that had featured in the ongoing crisis at the PNB.
- The PNB had invited a Request for Proposal (RFP) to carry out the forensic auditing of their systems in 2016 but did not show interest in spending more than ₹15 lakh for the work.
- Most of these firms had opted out of participating at such a cost, the professionals said.
- Security experts, who had done digital forensic testing for PSBs, said these banks were far too lethargic in decision-making and suffered from a general fatigue.



- "The risk officer in a PSU bank is convinced he will not be thrown out if something goes wrong in the system," said Sachin Dedhia of Skynet Secure Solutions which does digital forensic testing for PSBs in Mumbai.

RBI-PNB-Other Banks

- Banks are planning to approach the Reserve Bank of India (RBI) to break the impasse with the fraud-hit Punjab National Bank (PNB).
- The PNB is declining to pay them the dues till investigations into the Rs. 11,500-crore LoU scam are completed, according to an official who attended a meeting of major lenders on the issue.
- The banks have decided to approach the central bank through the Indian Banks' Association (IBA).
- The state-run lender informed the stock exchanges about the detection of $1.77 billion (Rs. 11,500 crore)-worth unauthorised transactions where fraudulent letters of undertaking (LoUs) were issued from a branch in Mumbai to secure overseas credit.
- Bankers, at the meeting, pointed out that LoUs were issued by PNB for buyers' credit.
- Since the other banks had extended loans to PNB (the amount was credited to PNB's NOSTRO account) which, in turn, gave the funds to firms involved in the fraud, the state-run lender was liable to pay the other lenders.
- Allahabad Bank, for example, had an exposure of $366.87 million and State Bank of India $212 million to PNB.
- If PNB did not pay them, these lenders would have to classify the loans (given to PNB) as NPAs.
- In that case, the total loan impairment arising out of this particular case could rise to Rs. 20,000 crore, banking industry sources said.
- Public sector banks, already reeling under huge non-performing assets (NPAs), do not want to their books to be impaired further by this issue which, they said they believed, is not of their making.
- As a result, they now want the regulator to break the deadlock as soon as possible.
- "They (RBI) have already issued a guideline in 2015 for similar kinds of cases. They have to just reiterate the guideline which covers all these kinds of scenarios," said another banker.
- RBI had pointed out to the failure of internal control of PNB as being the main reason for the fraud taking place.
- It said it was assessing the situation and would take appropriate supervisory action.
- It may be recalled that the banking regulator had already undertaken a supervisory assessment of control systems in PNB.
- Some of the banks that had exposure to the companies of Nirav Modi and Mehul Choksi — the main accused in this fraud — said their loans were backed by the assets of companies such as Gitanjali Gems.



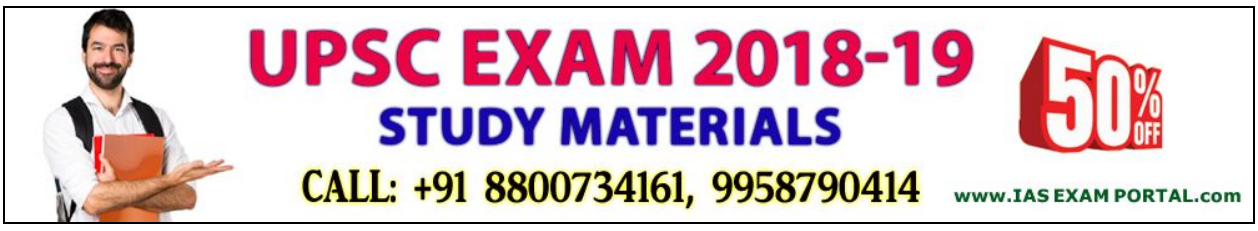
- The Enforcement Directorate had conducted searches at several properties belonging to Mr. Modi and reportedly seized diamond and gold jewellery worth more than Rs. 5,000 crore.

Financial Conditions Index

- The Confederation of Indian Industry (CII)-Indian Banks' Association (IBA) Financial Conditions Index, a key indicator in assessing short-term financial conditions in the Indian economy.
- The ongoing fourth quarter of 2017-18 registered 53.2, an improvement of five points year-on-year.
- However, it marked a significant fall of 12.1 over the third quarter of this fiscal.
- There has been also been a major compression in two sub-indices — the Cost of Funds Index (22.8 in Q4 FY'18 versus 55.6 in Q3 FY'18) and Funding Liquidity Index (60.3 in Q4 versus 85.9 in Q3).
- Two other sub-indices, viz. the External Financial Linkages Index (67.2 in Q4 versus 64.5 in Q3) and Economic Activity Index (62.5 in Q4 versus 55.2 in Q3) have shown an improvement in the Q4 FY 2017-18 quarter vis-à -vis the last quarter.
- "Industrial activity and consequent linkages to financial sector are contingent on intervention in fiscal, sectoral and monetary policy space," said Chandrajit Banerjee, director general, CII.
- "There is a clear acknowledgement of actions that have been taken by the government in fiscal and sectoral space," the director general said.

DMIC attracts 4 nations

- The Delhi Mumbai Industrial Corridor (DMIC), a mega infrastructure project with an estimated investment of $100 billion, has attracted interest from companies based out of Canada, the U.S., Singapore and Taiwan.
- Representatives of Canadian Commercial Corporation, GIC Singapore, Taiwanese securities industry major Yuanta Securities, as well as executives of some American firms, held talks separately with officials of the DMIC Development Corporation, according to official sources.
- Canadian Commercial Corporation is a Canada government corporation that aims to boost Canadian trade by helping exporters from that country access government procurement markets in other nations via government-to-government contracting, while GIC Singapore is the Singapore government's sovereign wealth fund with assets of around $360 billion.
- The DMIC Development Corporation is a special purpose company incorporated for the development of the DMIC project.
- The focus areas included defence as well as Maintenance, Repair and Overhaul (MRO). Discussions also revolved around proposals to set up units to manufacture aerospace and defence equipment in DMIC smart cities.



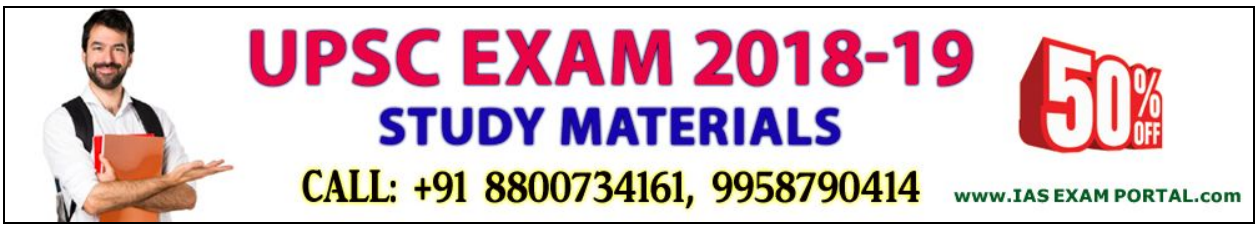
- It is learnt that Singapore-based water companies are keen on participating in the DMIC project and one such firm had even held discussions on taking up a feasibility study regarding water supply in the Manesar-Bawal Investment Region (MBIR).
- The first phase of the DMIC Project will cover five Investment Regions and three Industrial Areas.
- As per the government, the Investment Regions include the Ahmedabad–Dholera Special IR in Gujarat, Dadri-Noida-Ghaziabad IR in Uttar Pradesh, MBIR in Haryana Khushkhera-Bhiwadi-Neemrana IR in Rajasthan and Pithampur-Dhar-Mhow IR in Madhya Pradesh.
- The IAs include Shendra-Bidkin IA in Maharashtra, Dighi Port IA in Maharashtra and Jodhpur-Pali-Marwar IA in Rajasthan.
- South Korean industrial conglomerate Hyosung Corporation is reportedly set to invest about Rs. 3,400 crore to establish a textile manufacturing facility in the Shendra-Bidkin IA.
- Meanwhile, talks are on to develop the Ahmedabad–Dholera Special IR into an MRO hub for aerospace and defence firms.

FCCI on Privatisation of PSB

- Industry body FICCI has called for privatisation of public sector banks (PSBs), saying that the recapitalisation efforts by the government have had little effect on improving their health.
- "Given the continuous pressure on the government finances on account of the weak performance of the banks, the government should consider privatisation of PSBs," FICCI president Rashesh Shah said in a statement.
- This would reduce the drain on the exchequer and the money saved could be used for developmental schemes and programmes of the government."
- "A dynamic banking sector is the need of the hour and we should examine if there is at all a case for public sector domination in the banking sector," he added.
- "FICCI firmly believes that the recapitalisation of PSBs alone is not a permanent solution and will not be effective unless the inherent issues related to governance, productivity, risk management, talent, customer service, etc. are resolved."
- Mr. Shah's statement follows the government announcement last October of a Rs. 2.11 lakh crore recapitalisation plan for PSBs, of which Rs. 88,000 crore is scheduled for this financial year.
- Of this, Rs. 80,000 crore is to come through bonds and a little more than Rs. 8,000 crore through budgetary support this financial year.

BBB uncertain future

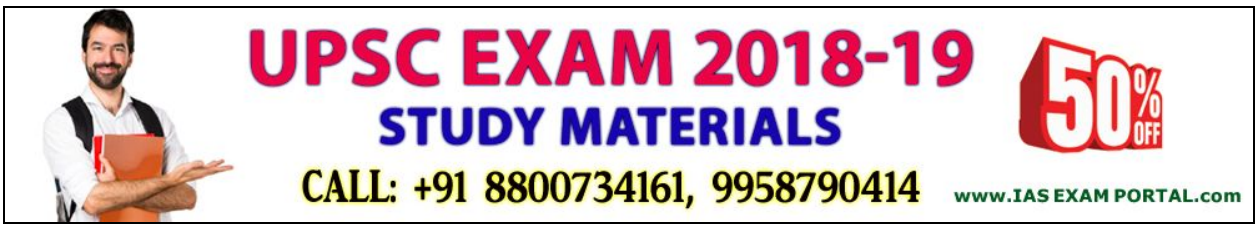
- The Banks Board Bureau (BBB) is facing an uncertain future with the tenure of its members coming to an end on March 31, 2018.
- "The term of all the members will come to end on 31 March. The government is yet to communicate if the terms will be extended or a new board will be formed," said a person familiar with the development.



- The BBB was set up under the government's Indradanush programme to reform public sector banks. It started operations in April 2016.
- The BBB was conceived by the PJ Nayak committee and was seen as a step taken towards reforming the boards of public sector banks.
- The committee, in its report, had recommended that the government should distance itself from the appointment process of top management and board members of PSBs — a function that could be performed by the BBB.
- However, in practise it never happened. While the BBB was involved in shortlisting and interviewing candidates — the final appointment was always made by the government.
- There were instances of delays in appointment by the government despite the BBB recommending it.
- The issue of governance and role of the board in public sector banks came to the fore again after the Rs. 11,500 crore PNB scam broke out last week.
- "As part of its mandate, and guided by a spirit of collaboration, the bureau is engaging with various stakeholders.
- The objective of such engagement being to help prepare the banks in the public sector universe to take on the competition…
- The bureau is also engaging with the public sector banks (PSBs) to help build capacity to attract, retain and nurture both talent and technology — the two key differentiators of business competencies in the days to come," the BBB said on its website, referring to its task.
- Headed by former Comptroller and Auditor General Vinod Rai, BBB has representatives from government and RBI apart from independent banking professionals.

A Centre Of Excellence (COE) - TS & Nasscom

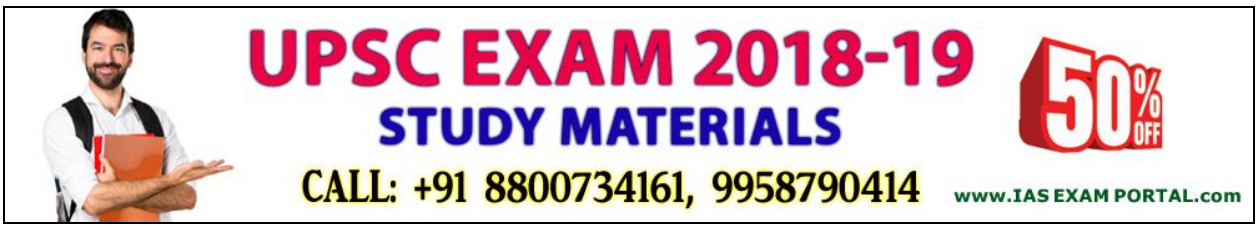
- A Centre of Excellence (CoE) for Data Science and Artificial Intelligence to support product development, research in the areas as well as mine tonnes of government data to aid in policy making will come up in the city soon.
- One of its kind, the facility on a public-private partnership model took the first step towards becoming a reality with Telangana government and the National Association of Software & Services Companies (Nasscom) signing an MoU for it.
- Nasscom president R. Chandrashekhar, who exchanged the documents with IT Secretary Jayesh Ranjan in the presence of IT Minister K.T.Rama Rao, said the CoE – DS & AI would promote growth of start-ups and encourage more entrepreneurs to build products and solutions using these technologies.
- The idea is to support them through mentorship, access to funding, international connects and connections with large companies.
- The CoE, which he expected would be established within a couple of months, would also connect with various resources, be it academic or research institutions.
- The initial, joint investment is to be Rs. 40 crore.



- Mr.Ranjan, who described the MoU as a milestone, said initially the facility is to be based out of IIIT-Hyderabad. Eventually, it would be shifted to the upcoming IT park in Budhwar that the government is developing.
- The MoU was signed on the sidelines of Nasscom India Leadership Forum being held in the city.
- Data science and AI industry in India is estimated to be $16 billion by 2025, said Mr. Rama Rao. A release from Nasscom said it is likely to spur an additional employment of 150,000 professionals in the country.
- Mr.Chandrashekhar said Nasscom is also looking at Hyderabad for the proposed CoE on Cyber Security.
- The immediate task of the CoE – DS & AI promoters would be identify a CEO for the facility.

Nasscom on IT exports

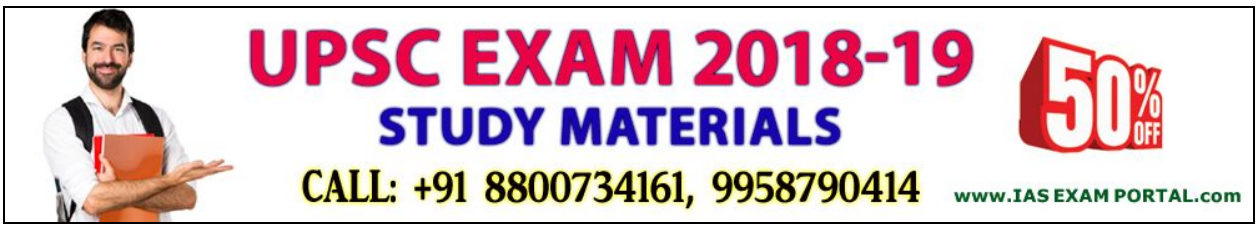
- Software and services exports, the mainstay of the Indian IT industry, will grow 7-9%, according to a key projection by Nasscom for 2018-19.
- This comes in the backdrop of continuing turbulence for the industry.
- A trajectory not entirely different from the 7.8% export revenue growth estimated in the current fiscal.
- The industry body's projection recognises the up tick in the global economy and technology spend, as well as the challenges impacting the overall positive sentiment.
- In FY16 and FY-17, the exports were $108 billion and $116 billion.
- The industry, as per Nasscom guidance, will further expand its digital footprint with a growth of 7-9% for technology services and 10-12% for domestic technology.
- The current outlook, Mr. Chandrashekhar added, was one of cautious optimism, given that 2017 started in the backdrop of uncertainties across protectionism, Brexit and slowdown in technology spend decision making.
- Mr. Chandrashekhar and Nasscom leaders in Hyderabad, where the World Congress on IT and Nasscom India Leadership Forum are underway, said that the IT industry export revenues would be about $135-137 billion in FY-19 as against $126 billion in current fiscal.
- Domestic revenues were projected to grow 10-12% to $28-29 billion ($26 billion).
- Overall, the industry is expected to add $14-16 billion in revenue next fiscal.
- Beginning on a muted note, 2017-18 was driven by a better growth in the second half and expected to clock revenues of $167 billion.
- On the hiring front, he said the industry would add 1,00,000 new jobs next fiscal, something similar to FY 2018.
- Technology jobs in non-technology sectors are expected to grow faster.
- Overall, the economic growth, rapid technology adoption and progressive policies would remain the key to accelerate job creation in the country.

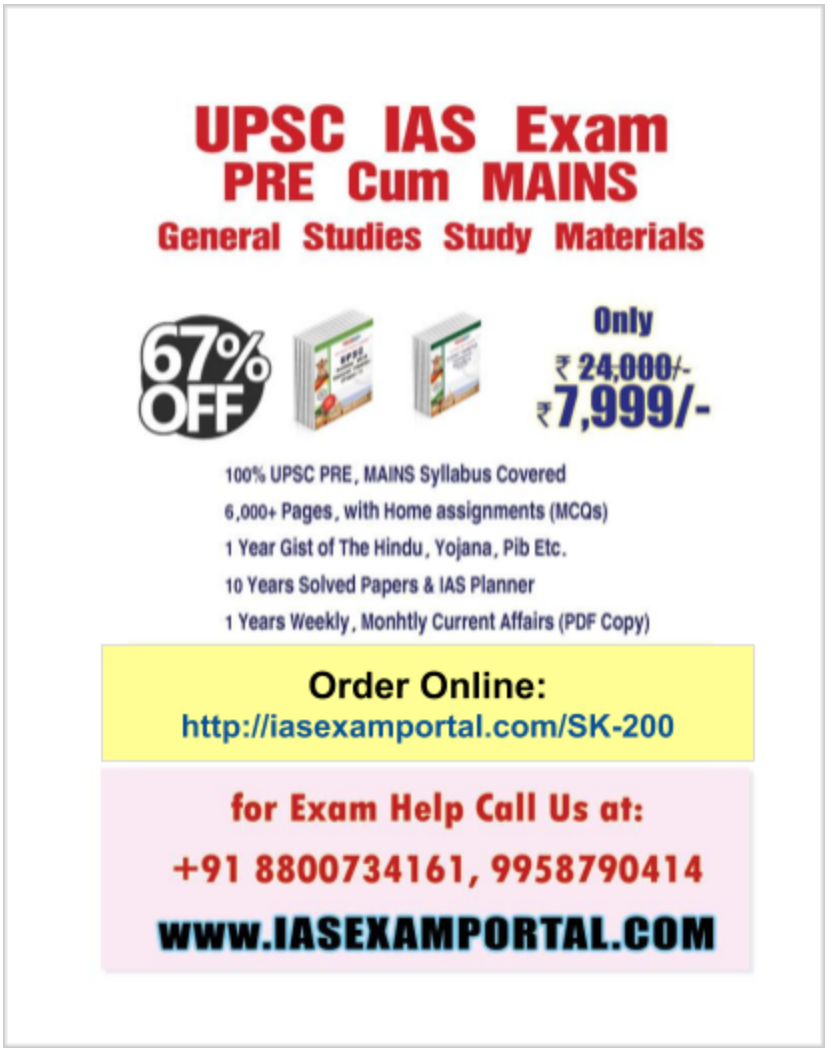


- Chairman Raman Roy said that the software and services sector had crossed $ 150 billion, thereby tripling in size in less than a decade.

Bankers and Auditors are to be blamed: Jaitley

- Breaking his silence on the Rs. 11,500-crore fraud at Punjab National Bank (PNB), Finance Minister Arun Jaitley squarely laid the blame on the country's bankers and auditors, observing that they had both abdicated their responsibilities.
- "The Prime Minister himself had announced that we want you [public sector banks] to be autonomous," Mr. Jaitley said, addressing a meeting of the Association of Development Financing Institutions in Asia and the Pacific.
- "None of us is going to call you up and therefore [you] take your own decisions. When authority is given to the managements, you are expected to use that authority effectively and in the right manner.
- "Therefore a question for the management is, were they found lacking? And on the face of it the answer seems 'yes' they were," Mr. Jaitley added.
- "They were also found lacking in being able to check who among them were the delinquents."
- The Finance Minister also took financial auditors to task, suggesting that the regulatory body for chartered accountants should introspect on what possible action could be taken in the wake of the fraud.
- "What are our auditors doing? Both internal and external auditors have either looked the other way or failed to detect," Mr. Jaitley said.
- "I am sure the profession of chartered accountants and those who control the discipline of the profession will start introspecting and see what are the legitimate actions which are to be taken."
- The Institute of Chartered Accountants of India last week said it would review the fraud to probe whether there were lapses on the part of auditors and has sought information from investigation agencies as well as from the markets regulator SEBI.
- "And, of course, there is also an important challenge where the supervisory agencies have now to introspect what are the additional mechanisms they have to put in place to make sure that stray cases don't become a pattern and it is nipped in the bud," he added.
- Mr. Jaitley said that these kinds of developments have a cost to the country and to the tax payers.
- "It has a direct cost and it has an indirect cost, which impinges upon the bank's capacity as a lending institution, and therefore it obviously impinges upon development finance," he said.
- On perpetrators, Mr. Jaitley asserted: "With regard to lack of ethics that a faction of Indian business follows, it is incumbent on us as a state, till the last legitimate capacity of the state, to chase these people to the last possible conclusion to make sure that the country is not cheated."





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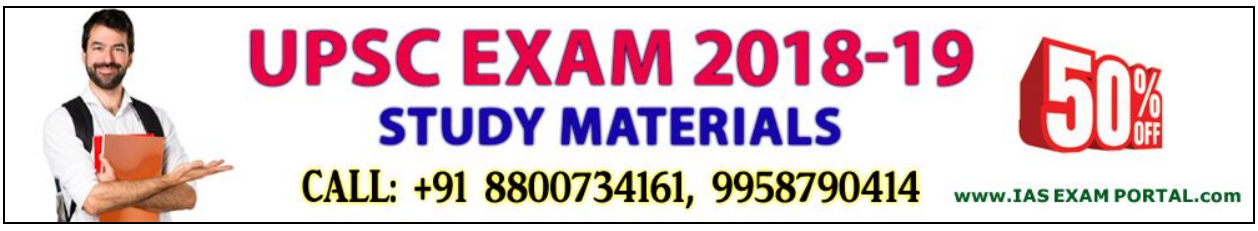
RBI on inflation

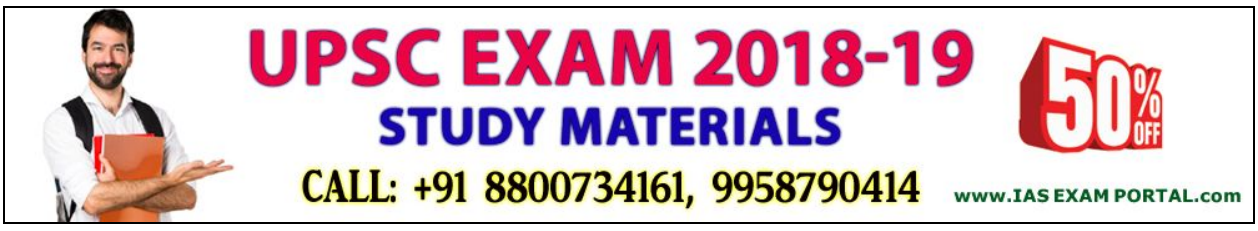
- The Monetary Policy Committee of the Reserve Bank of India (RBI) could shift from its current 'neutral' policy stance to a 'withdrawal of accommodation' stance.
- This may happen if headline inflation projection for the year ahead remained well above the target, the minutes of the central bank's interest rate setting panel's last meeting show.
- RBI, which has a mandate with keep retail inflation between 2% and 6%, decided at its sixth bi monthly policy review on February 7 to keep interest rates unchanged, while maintaining a neutral stance.



- While five MPC members voted to preserve the status quo, one of them recommended a 25 basis points rate increase.
- RBI Governor Urjit Patel observed that consumer price inflation — the main yardstick to determine policy rates — had accelerated for a six consecutive month in December and said inflation was getting generalised with rising input prices.
- Dr. Patel also said that since the economic recovery was at a nascent stage, a cautious approach was needed at this juncture.

Blockchain tech to prevent frauds

- The adoption of blockchain by India's banks could help avert frauds such as the one at Punjab National Bank.
- The disaggregated and transparent nature of the technology, which updates information across all users simultaneously, would have ensured that various officials would have instantly been alerted to the creation of the letters of undertaking (LoUs), according to bankers and blockchain specialists.
- Blockchain, a distributed ledger technology originally developed as an accounting system for the cryptocurrency Bitcoin.
- It is being researched across the banking and financial services industries for the potential benefits it may offer in an increasingly digitised business environment.
- Central banks including the U.S. Federal Reserve and the Reserve Bank of India have been examining the technology to understand the regulatory challenges it may pose.
- SBI was convinced of blockchain's utility, especially its potential to improve internal fraud monitoring, and had already implemented it in its reconciliation systems and in several cross-country payment gateways, according to Mr. Mahapatra.
- "In blockchain, from the source system it will try to match the transactions, so one can immediately verify any transaction using blockchain."
- However, Mr. Mahapatra pointed out that simply depending on technology to prevent frauds is fraught, since they take place at the human level, where an official with the correct authentication can misuse the system.
- "The modus operandi of the fraud as it appears right now is that somebody used all the authentication methods and it was compromised at the user level," Mr. Mahapatra said.
- "If that is the case, then any technology can be hoodwinked. Here, what was given into the system is not in doubt, the one who gave it into the system is in doubt."
- Still, blockchain's technology is such that even human error can be greatly mitigated, Kartik Mandaville, CEO of SpringRole, a blockchain solutions company said. "Blockchain can fix this by having everything linked to the same database."

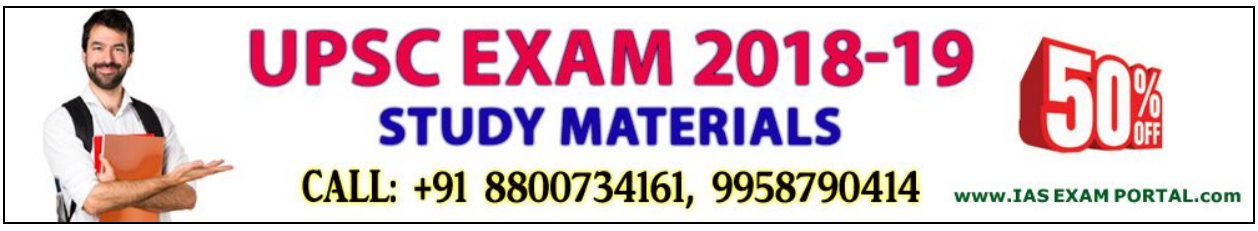


DoT strategic plan

- The government unveiled a 'strategic plan' to enable seven state-owned companies under the Department of Telecom (DoT) to work closely with an aim of promoting greater operational synergy among them.
- It includes pooling in of resources and effective utilisation of human resources as well as land and buildings.
- The action plan covers MTNL, BSNL, Indian Telephone Industries (ITI), Centre for Development of Telematics (CDOT), Telecommunications Consultants India Ltd. (TCIL), Testing and Certification of Telecom Equipments (TEC) and BharatNet (BBNL).
- "Under the plan, we have identified specific areas where our teams will work on including manpower, settlement of legal issues and utilisation of vacant space," Telecom Minster Manoj Sinha said.
- He, however, added there were no plans to merge BSNL and MTNL for now.
- Work for the strategic plan began in January 2016 when a core committee of senior officers was formed to look into "the whole issue of synergy in totality and prepare a comprehensive plan covering various issues affecting the functioning of different organisations."
- The strategic plan, finalised after several discussions between all stakeholders, entails effective utilisation of human resources, optimum use of vacant space and promoting 'Make in India', among other things.
- Some units have excess manpower whereas others face a shortage, the minister explained.
- Under the plan, the Centre intended to train and redeploy manpower, he said.
- Also, telecom PSUs will refrain from going to court against one another and, instead, first approach DoT for resolution of disputes.
- The strategic roadmap will also cover other areas such as standards and certification, and preparing to tap opportunities in areas like 5G and Internet of Things.

Payment Bank norm will delay Jio Bank

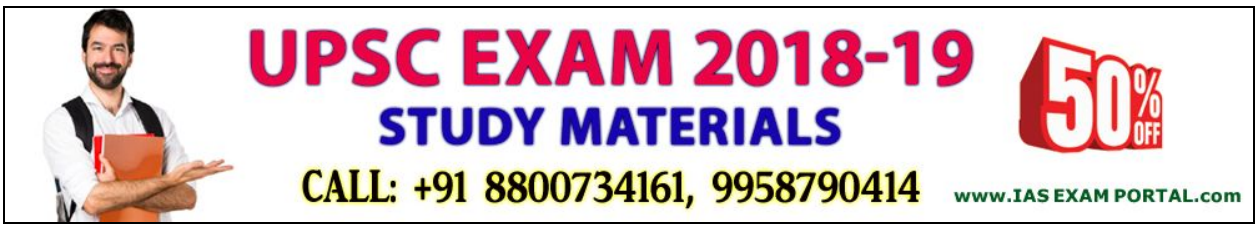
- Reliance Jio, which was planning to unveil a payments bank, would have to wait following a new diktat by the Reserve Bank of India (RBI).
- It said the know your customer (KYC) process would have to be done by third party entities and not by telecommunication firms.
- "Telecom companies, being not included in the 'reporting entities' in terms of the PML (Prevention of Money Laundering) Act, are not subject to requirements of the said Act," the RBI said in a letter to the chief executive officers of payments banks
- "Therefore, reliance on KYC done by telecom companies is not permissible," it said in the letter, a copy of which was made available.
- According to RBI's operating guidelines, payments banks have to complete KYC verification independently through third parties.



- The move would also impact Bharti Airtel, Idea Cellular and Vodafone payments banks as well.
- Reliance Jio, which was planning to unveil a payments bank in association with India's largest lender, State Bank of India (SBI), was banking on the e-kyc done using Aadhar for enrolling Jio customers for the new entity.
- "We want to ensure that everything is in place before we launch our payments bank," a senior Reliance Jio official said during the announcement of results.
- Reliance Jio has more than 160 million customers as on December 31, 2017.
- A mail sent to Reliance Jio seeking response remained unanswered till the time of going to print. Bharti Airtel unveiled its payments bank in November 2016.
- It has more than 25 million customers out of its 280 million subscribers. When asked for comments, Bharti Airtel Payments Bank spokesperson told The Hindu , "whatever the changes in guidelines are, we will fully comply.
- Meanwhile, Jio Money said it would suspend all personal and bank transfers for its customers from wallet from 27 February.
- As per RBI guidelines, personal and bank transfers from wallet will be suspended from 27.02.2018.
- To address the inconvenience, a one-time bank transfer without any charges is permitted till 26.02.2018.
- Reliance Jio is in process of seeking its customers' consent to move them from Jio Money to the proposed Jio Payments Bank in existing capacity, it said.

Search for RBI Dy.Governor

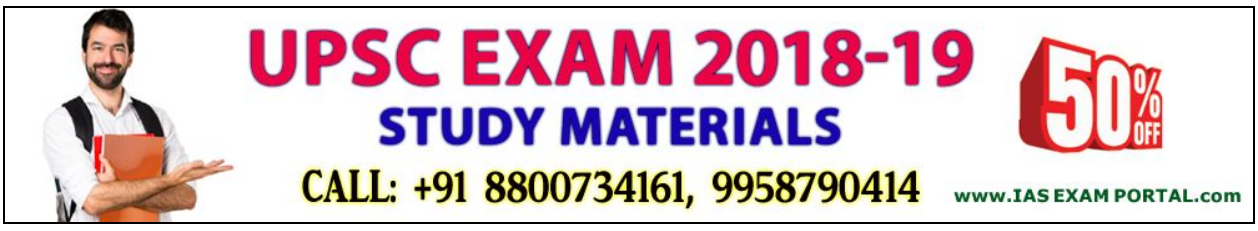
- The Centre has resumed the process of looking for a suitable candidate to appoint as the fourth deputy governor at the Reserve Bank of India (RBI) — a post which has been lying vacant for almost seven months now.
- Deputy Governor S.S. Mundra, who was looking after banking supervision, retired on July 31.
- Though the Centre had initiated the search for a replacement in May last year, the process appeared to have stalled for unknown reasons.
- The Finance Ministry issued a fresh newspaper advertisement inviting applications for the central bank deputy governor's post.
- The latest move comes in the wake of the Rs. 11,500-crore fraud at Punjab National Bank, which has thrown the spotlight on internal oversight failures at the state-owned bank and drawn criticism about possible audit and regulatory lapses.
- The latest advertisement specifies the eligibility criteria for candidates — these include a minimum 15 years of experience in banking and financial sector with an understanding of supervision and compliance.
- A candidate's age should not exceed 60 years as on July 31, 2017, the ministry said, adding the criteria could, however, be relaxed for deserving candidates.
- The tenure of appointment would be three years and could be extended.
- Similar to last time, the post is open to candidates from the private sector.



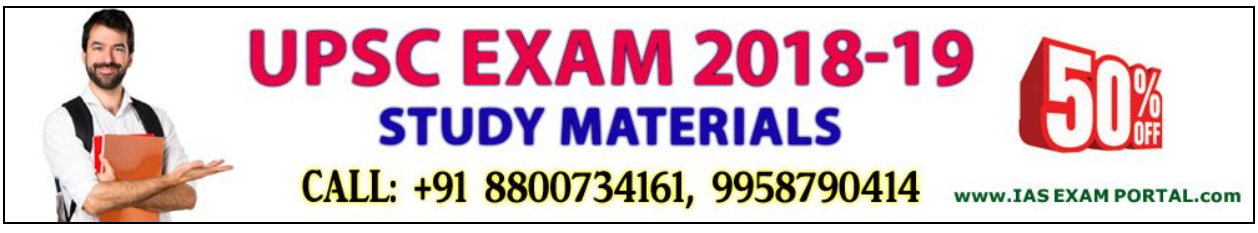
- Also, the criterion that a candidate must have served as a bank CEO has been dropped and anyone with board experience is eligible to apply.
- Out of the four Deputy Governors, two are promoted from within the RBI and one is an economist.
- The fourth is typically a commercial banker.
- In the past, only the CEO of a public sector bank — like Mr. Mundra of Bank of Baroda or his predecessor K.C. Chakrabarty of Punjab National Bank — was selected as Deputy Governor.
- Candidates who had applied in response to the earlier advertisement in May would not need to apply afresh.
- The last date for submitting applications is March 14, 2018.
- The Financial Sector Regulatory Appointments Search Committee (FSRASC) would shortlist and interview the candidates.
- However, the FSRASC can recommend a candidate's name even if he/she had not applied.
- The FSRASC "is free to identify and recommend any other person also, based on merit," the ministry said.

US visa norms to increase paperwork burden

- A decision by the U.S. government to curb H-1B visas to protect the interests of American workers is at odds with the administration's bid to cut regulation and red tape, according to Nasscom, India's top software body.
- Nasscom is assessing the potential impact and will have more to say as we gather more information.
- However, initial perusal suggests that it applies to all third-party placements and not just those involving Indian or dependent companies.
- Nasscom member companies are in the business of providing solutions to client companies and have demonstrated time and time again in routine audits that as sponsoring employers.
- They clearly maintain control over and relationship with their visa holders, and that the person remains a specialty occupation worker as is routinely demonstrated by the fact that extensions are granted.
- Ultimately, this action seems to be at odds with the administration's effort to reduce regulation and red tape.
- Indian firms such as Infosys, Wipro and Cognizant rely on H-1B visas to get third-party work done at on-shore sites.
- As per the new policy, companies will have to prove that their H-1B employee at a third-party site has specific and non-qualifying speculative assignments in a speciality occupation.
- Now on, H-1B visas would be valid only for the period for which the employee has work at a third-party site.
- Earlier, it was valid for three years at a time and this move comes ahead of H-1B visa filing, which starts on April 2.
- Companies would have to submit evidence of actual work assignments, technical documentation, marketing analysis, funding documents, and cost-benefit analysis.



- Information on specialised duties which the employee will perform, the employees' qualifications, and who their supervisor is also needs to be filed, according to a statement on the United States Citizenship and Immigration Services (USCIS) website.
- It added the new guidance "aligns with President Trump's Buy American and Hire American Executive Order and the directive to protect the interests of U.S. workers."
- Infosys spokeswoman did not reply to an email seeking comment.
- Phone calls to a Wipro spokesperson went unanswered. Mindtree, Cognizant and Tech Mahindra declined to comment.
- Apurva Prasad, analyst at HDFC Securities, who tracks IT stocks, said many onsite workers who apply for H-1B visa "were task- and project-specific."
- "I do not think it will have a significant impact. Also, the bench strength in the U.S. is not high. The overall H-1B count has come down by about 50-60% over the last three years," he said.
- Vivek Tandon, founder and CEO, EB5 BRICS, said the new norms would directly impact business models of Indian IT services firms.
- Without a trade pact between India and the U.S., he said the best option for Indian firms was to "strongly lobby U.S. lawmakers to influence USCIS so that their policies are more business- and trade-friendly while at the same time promote the... agenda of 'Buy American and Hire American'.
- Rogelio Caceres, co-founder and chief commercial officer, LCR Capital Partners, said, "Indian IT firms could rely on the L-1A and L-1B visas.
- Given the Trump administration's focus on American jobs, even the L-visa program is under scrutiny."



SCIENCE AND TECHNOLOGY

Ancient Climate Change vs Rare forest owlet

- Between four and six million years ago, long before humans evolved, drastic climatic changes in the Indian subcontinent led to the evolution of a new bird: central India's now-endangered and rare forest owlet.
- Scientists have also found that it belongs to the same genus as the commonly-seen spotted owlet, finally settling a century-old debate on its genetic relationship with other Indian owlets.
- The taxonomy of the forest owlet (Heteroglaux blewitti), which resembles the spotted owlet Athene brama, has always been a mystery.
- Taxonomists placed it in a separate genus Heteroglaux and sometimes in Athene; others saw it as more closely related to another species, the jungle owlet.
- For the first time, a team of scientists obtained permits to carefully take some feathers from forest, spotted and jungle owlets in the states of Madhya Pradesh, Maharashtra, Gujarat and Chhattisgarh.
- From the feathers, they extracted DNA (of five genes, both mitochondrial and nuclear) and built a genetic tree to reveal the relationship between the birds.
- Their results show that the forest owlet belongs to the same genus (Athene) as the spotted owlet, thus settling a century-old debate about its taxonomy.
- According to their paper published in PLoS ONE, the bird can now be known as Athene blewitti.
- Using dated fossil records of ancient owls on this genetic tree, the team estimated the time at which the forest owlet diverged from its nearest relatives, the process by which new species evolve.
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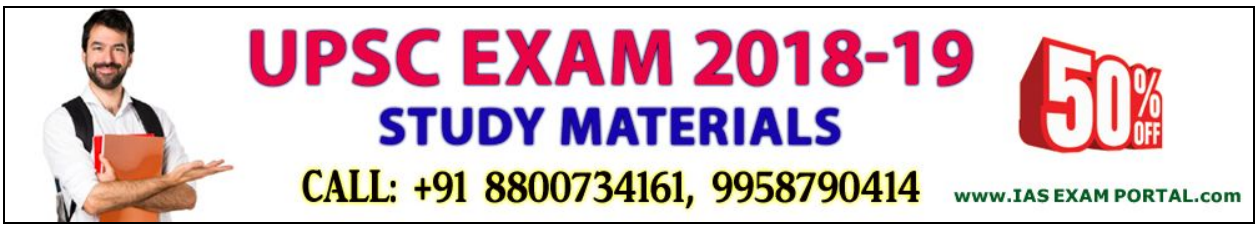

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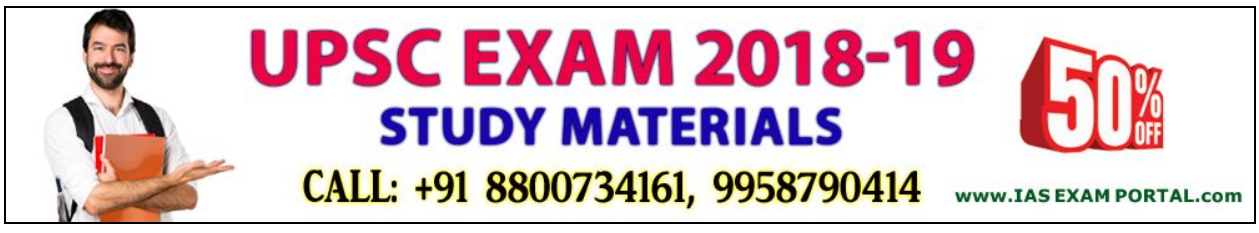
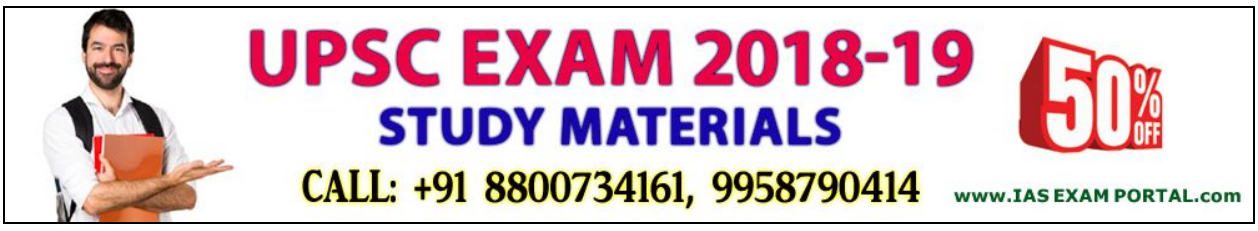
- Their results show that the forest and spotted owlets split as different species between 4.3 and 5.7 million years ago, when drastic climatic changes occurred in the Indian subcontinent.
- “Multiple cycles of wet and dry climes characterised the Indian subcontinent then,” says lead author Pankaj Koparde (Salim Ali Centre for Ornithology and Natural History). “Independent research shows that this period, the Plio-Pleistocene, also saw the speciation of several other high-altitude birds in the Western Ghats.”



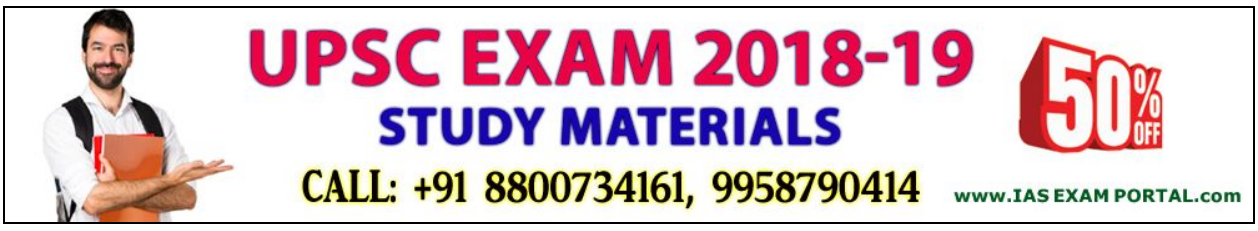
- This means that climate played a major role in the speciation of the owlets, says Koparde. With climate change being a concern now, it would be important to study how new weather events affect the forest owlet, he adds.
- This would be crucial to conserve the species, which is rare and found in a severely fragmented habitat threatened by the activities of humans, a species that came into being a few million years after they did.

Air Pollution from Petroleum-based chemicals used in perfumes

- The deodorants, perfumes and soaps that keep us smelling good are fouling the air with a harmful type of pollution — at levels as high as emissions from today's cars and trucks.
- That's the surprising finding of a study published last week in the journal Science.
- Researchers found that petroleum-based chemicals used in perfumes, paints and other consumer products can, taken together, emit as much air pollution in the form of volatile organic compounds, or VOCs, as motor vehicles do.
- The VOCs interact with other particles in the air to create the building blocks of smog, namely ozone, which can trigger asthma and permanently scar the lungs, and another type of pollution known as PM2.5, fine particles that are linked to heart attacks, strokes and lung cancer.
- Smog is generally associated with cars, but since the 1970s regulators have pushed automakers to invest in technologies that have substantially reduced VOC emissions from automobiles.
- So the rising share of air pollution caused by things like pesticides and hair products is partly an effect of cars getting cleaner.
- But that breathing room has helped scientists see the invisible pollutants that arise from a spray of deodorant or a dollop of body lotion.
- The researchers said their study was inspired by earlier measurements of VOCs in Los Angeles that showed concentrations of petroleum-based compounds at levels higher than could be predicted from fossil-fuel sources alone. Concentrations of ethanol, for example, were some five times higher than expected. And those levels were increasing over time.
- Those carbon dioxide emissions are not smog-forming VOCs, though they are a major driver of human-caused climate change.
- Forty per cent of the chemicals added to consumer products wind up in the air, the researchers found.
- To make their calculations, the study's authors constructed a computer model that simulated air quality in Los Angeles, weaving in data from the chemical composition of consumer goods and tailpipe emissions.
- Using the model, they could see the fingerprints of the chemical compounds coming from personal care products and also estimate how many VOCs from paints and finishes inside buildings were being released to the outside world.
- Roughly half of the VOCs in Los Angeles air could be attributed to consumer products, the authors found.



- Concerned consumers may be tempted to turn to “natural” products, though the researchers say that isn’t a cure-all. For example, one class of compounds called terpenes gives many cleaning products a pine or citrus smell.
- These terpenes can be produced synthetically, or naturally from oranges.
- Galina Churkina, a research fellow at the Yale School of Forestry and Environmental Studies who was not involved in the study, noted that the study did not consider emissions related to biological sources like trees and animals.
- But the authors said their study was not the end of this line of research.
- There are tens of thousands of chemicals in consumer products, and researchers have not yet pinpointed which chemicals are most likely to form ozone or PM2.5 particles.
- Notably, some of the VOCs used in consumer products were replacements for chlorofluorocarbons, or CFCs.



IMPORTANT ARTICLES FROM VARIOUS NEWSPAPERS

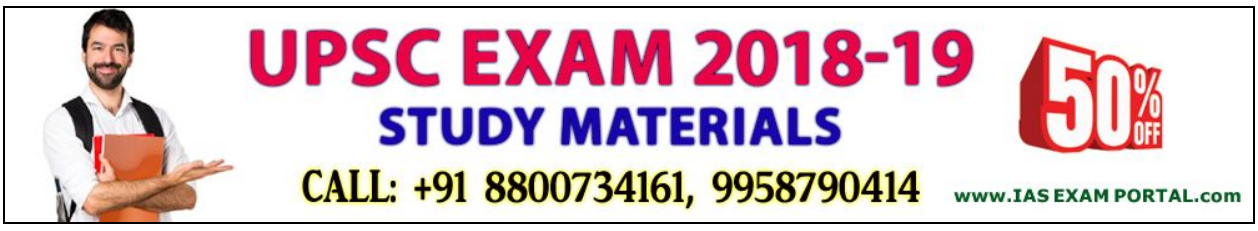
THE HINDU

Doctors for rural India

Nearly 600 million people in India, mostly in the rural areas, have little or no access to health care. A widespread disregard for norms, a perpetual failure to reach targets, and an air of utter helplessness are what mark the state of rural health care today. One can add to this another fact: the country is short of nearly five lakh doctors.

Among the range of measures that have been suggested in the past decade is a rather promising proposal which has been sidelined. If properly implemented, it may provide rural India with a lasting pool of primary care physicians. A few years ago, the Union Health Ministry drew flak when it put forth a proposal to train a new cadre of health professionals. Under this plan, these professionals, after undergoing a short term, 3-3.5 year course in modern medicine, were to serve the health needs of the rural population, with a focus on primary care.

Such short-term courses aren't new in the Indian healthcare scenario. In the 1940s, primary care physicians — who were trained under short-term courses, and broadly termed Licentiate Medical Practitioners (LMPs) — would deliver quality services in the rural sector until the Bhore Committee (1946) recommended abolishing them in the idea that India would produce enough MBBS doctors.



The committee made certain laudable recommendations in connection with the public health system. Back then, however, nobody could have anticipated the country's miserable failure in achieving most of the targets prescribed by the committee, even years after Independence. While a profit-driven, private health-care sector continued to denude the public health system of its qualified physicians, its medical education system kept losing touch with the actual health needs of the country.

Starting a short-term course in modern medicine can provide an opportunity to design a medical curriculum that is much more relevant to the nation's needs. Its entry requirements could be based less on sheer merit and more on an aptitude for medical service and preference should be given to applicants from within the community. Further, a provision for learning in the vernacular languages can be made.

Not quacks Short-term courses in modern medicine have been consistently equated with producing "cheaply made, poor quality doctors". However, one begs to differ with this. LMPs cannot be called quacks if they be adequately trained in their field (primary care) and have a well-defined role in health care. The present MBBS curriculum includes a good amount of superfluous detail, including subjects such as forensic medicine, that is of little relevance to primary care physicians. Here, we should also note that even though nurse practitioners and pharmacist medical practitioners may be capable of serving the same functions as LMPs, they cannot be expected to make up a lasting pool of dedicated grass-root level physicians.

Another concern is that the rural population would be made to feel like second class citizens by appointing a lower tier doctor to treat them. This can be put to rest by not letting LMPs replace MBBS doctors but instead work in a subordinate capacity.

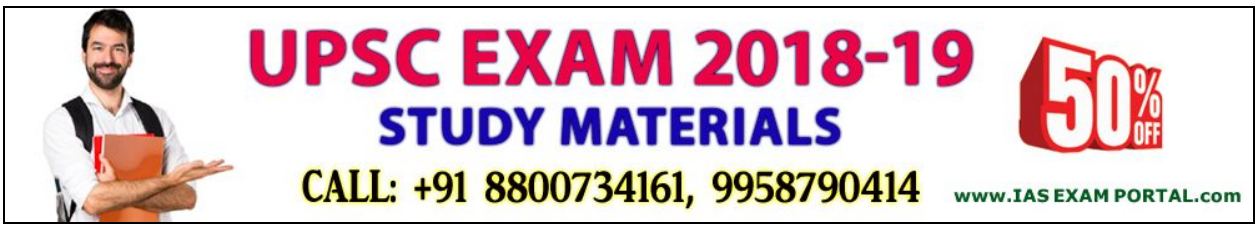
A few changes in the public health system can be envisioned here: LMPs be employed in sub-centres where they perform both clinical and administrative functions at the sub-centre level. This would also allow easier access to primary and emergency care and keep the post of medical officer for MBBS doctors, thereby deterring any competition between the two cadres of physicians.

Medical officers (MBBS) could be employed in primary health centres (PHC), and new recruits imparted mandatory further training of a sufficient duration in basic clinical specialties. Also, inpatient facilities at PHCs can be scaled up. PHCs should deal with cases referred to them by sub-centre LMPs and also supervise their work.

Some spin-offs

This has many advantages. With LMPs working at the grass-root level, a single PHC would be able to handle a bigger population, allowing for more resources to be concentrated on individual PHCs for manpower and infrastructure development and also for increasing the remuneration of medical officers.

Ancillary responsibilities can be taken off an MBBS doctor and their skills put to better use. Quality emergency and inpatient attention can be made available at the PHC-level. Today, less than a handful of PHCs provide



inpatient care of significance. Concerns about the clinical and administrative incompetence of fresh MBBS graduates appointed as bonded medical officers can be put to rest.

LMPs could be allowed to take up a postgraduate course in primary care as an option to study further. Those with a postgraduate qualification could choose to move higher up in the public health system, establish their own practice, find positions in hospitals, or serve as faculty in medical colleges training LMPs.

Therefore, reviving LMPs can help address the dearth of trained primary care physicians in rural India. The logistical entailments of implementing this idea would require separate deliberation.

For India, it should be neighbourhood first

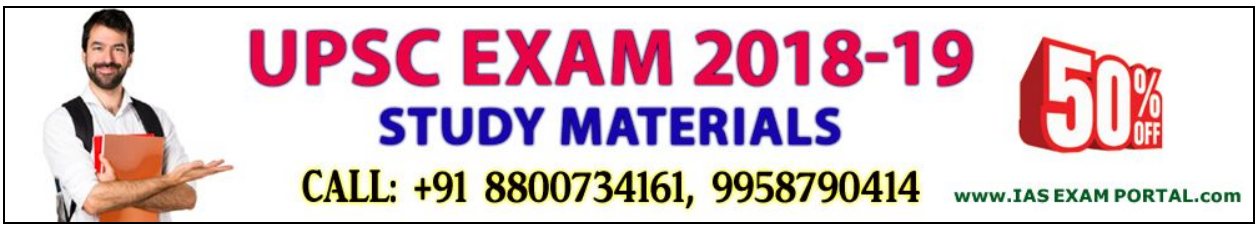
As India's salience in global matters grows — amply demonstrated recently by the presence of 10 leaders from the Association of Southeast Asian Nations (ASEAN) at India's Republic Day celebrations, the visit of Israeli Prime Minister Benjamin Netanyahu to India, and Prime Minister Narendra Modi's latest forays to the United Arab Emirates (UAE), Oman and Palestine — its leaders also need to contemplate and reflect deeply on what is happening in India's immediate neighbourhood.

In the vicinity

Far more than East, South-east Asia, or West Asia, it is India's immediate neighbourhood that directly impacts it geopolitically, geo-strategically and geo economically. Whatever be the ambit of India's reach elsewhere, India's principal focus, hence, will need to be on this neighbourhood.

India can afford to live with demands such as the one made at the recently concluded ASEAN-India Commemorative Summit, where it was urged to play a proactive role in the Asia-Pacific region, without needing to take hard decisions. It possibly also does not have to answer questions as to whether ASEAN nations fully back India's membership of the Quadrilateral (Australia, Japan, the United States and India), even as most of them back China's Belt and Road Initiative. India can even afford to skirt the issue as to whether ASEAN-India relations are all embracing in nature or limited only to specific aspects.

In West Asia, India still possesses enough leeway to engage in skilful manoeuvre around contentious issues without having to take a stand. India could, thus, successfully handle an Israeli Prime Minister's visit to India just prior to Mr. Modi's visit to Palestine, and yet avoid a negative fallout. It could also separate the technological "blush" of Mr. Netanyahu's visit without having to take a clear stand on the issue of Jerusalem. Likewise, Mr. Modi, during his Palestine visit could conclude as many as six agreements and express the hope that Palestine would soon emerge as a sovereign independent country in a peaceful manner without having to specifically refer to a "united" and "viable" Palestine.



With the UAE and Oman, things have been easier. With the former, trade and economic ties as also counter-terror aspects have been on a growth curve. With the latter, an established friend, the option of closer naval co-operation and of reaching an agreement to give the Indian Navy access to Duqm port did not prove difficult.

It is in South Asia where troubles are mounting, where India cannot succeed without looking at some hard options. For instance, how to deal with a new government in Nepal (comprising the Left Alliance of the CPN-UML led by Oli and the CPN-Maoist Centre led by Prachanda) with few pretensions as to where its sympathies lie. India also needs to now contemplate the prospect of prolonged unrest and possibly violence, both communal and terror-related, in neighbouring Bangladesh, prior to scheduled elections in 2019. This follows the conviction by a special court in Dhaka of Bangladesh Nationalist Party leader and three-time Prime Minister Khaleda Zia on corruption charges. Dealing with both Nepal and Bangladesh will need more than fine gestures; they will need far more closer monitoring.

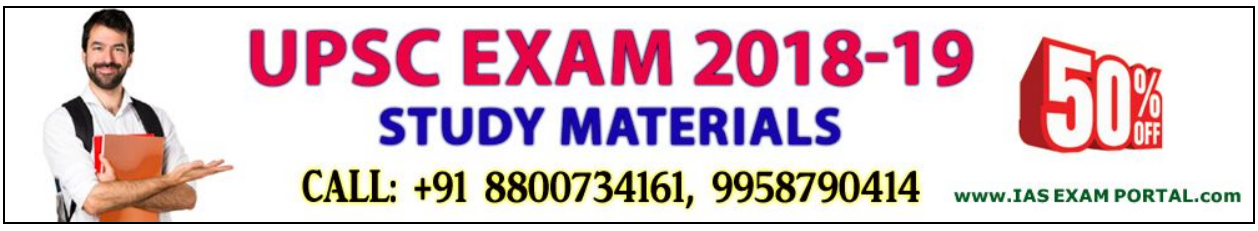
Troubled hotspot

Another and a more imminent challenge for India is to sort out the imbroglio in the Maldives which is threatening to spill out of control. No amount of dissimulation will help. India cannot afford not to be directly engaged in finding a proper solution.

Relations between India and the Maldives have undergone significant changes since the days of former President Maumoon Abdul Gayoom. After the Maldivian Democratic Party, headed by former President Mohamed Nasheed, came to power, for the first time anti-Indian forces within the Maldives (including radical Islamist groups sponsored by Pakistan and Saudi Arabia) could muster some support. It was also Mr. Nasheed's initial overtures to China that set the stage for Maldivian-China relations. Under the current President, Abdulla Yameen Abdul Gayoom, anti-Indian tendencies have steadily increased and there has been a pronounced tilt in favour of China. The free trade agreement that the Maldives signed recently with China has been the proverbial thin end of the wedge, providing China with an excellent opportunity to enhance its influence and retain de facto possession of the Southern Atolls in the Maldivian archipelago.

Straddling a strategic part of the Western Indian Ocean, the Maldives today occupies a crucial position along the main shipping lanes in the Indian Ocean. The Southern Maldives has long remained an object of interest to the major powers. With the U.S. taking a step back, China has begun to display a great deal of interest in the area; this coincides with its current outreach into the Indian Ocean Region as also its ongoing plans to take control of Gwadar port (Pakistan) and establish a naval base in Djibouti in the Horn of Africa.

India cannot, hence, afford to remain idle and must come up with an answer soon enough that is consistent with its strategic interests. A muscular reaction would be ill-advised, despite the entreaties of Mr. Nasheed, as the international community is likely to react adversely to any military adventure. China is, meanwhile, playing its cards carefully, calling for "home-grown solutions" and "warning against any military intervention". The



critical need is to find a solution early — one that takes into account India's geostrategic and geopolitical interests in the region. Else, it would have far-reaching consequences as far as India's quest for regional power status is concerned.

Across the border

Two other issues, viz., Pakistan and Afghanistan, similarly demand our focussed attention, and that India acts with a sense of responsibility expected of a regional superpower.

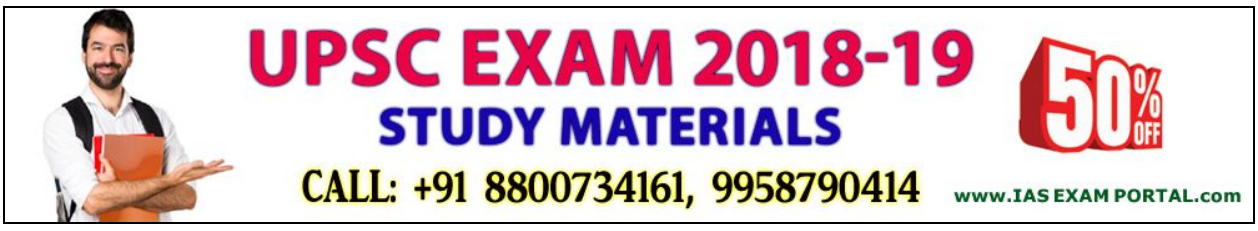
The virtual collapse of a Pakistan policy seems to affect Pakistan less and India more. The latter is facing a daily haemorrhaging of human lives due to cross border firing and terrorist violence from Pakistan. In spite of its internal political crisis, and U.S. President Donald Trump's fusillade threatening Pakistan with dire consequences if it failed to amend its ways, Pakistan shows no sign of altering its anti-India trajectory. Democratic India can hardly afford to remain as blasé and let things slide, without effectively trying to find ways and means to change a situation which is certainly not to our advantage.

Equally vital for India is to try and find a way out of the Afghan morass. The daily massacre of innocents, men, women and children, civilian officials and military personnel, experts from several countries and diplomats, marks the start of the complete collapse of a system of governance.

Despite periodic optimistic forecasts of the Taliban being in retreat, terrorists under check, and that the Afghan government is still in charge, Afghanistan's position today is the worst ever since the 1970s. This January, the capital city of Kabul witnessed one of the worst ever incidents of violence anywhere, in which over 100 civilians were killed following a series of terror strikes. This happened despite the presence of foreign troops, elements of the Afghan military and also of the Afghan police. Notwithstanding the omnipresent Pakistan hand in the violence in Afghanistan, this kind of "engineered chaos" over a prolonged period of time effectively demonstrates that the Afghan state has virtually disintegrated.

The collapse of the Afghan state does have severe consequences for India and nations in the vicinity. As a regional power, India has significant stakes in Afghanistan. Apart from the human cost and the fact that New Delhi has spent over $2 billion in providing humanitarian assistance to Afghanistan, India's true stake lies in sustaining the future of the Afghan state. Its "shrivelling" or "demise" and any premature end to the attempt to restore peace in Afghanistan will only revive memories of the worst days of the Afghan jihad in the 1980s and 1990s, and India has every reason to feel concerned about the fallout. Of no less consequence is the fact that if Afghanistan were to cease to exist, its civilisational links with India would also evaporate. For a variety of reasons, therefore, India cannot allow Afghanistan to collapse or cease to exist as a state in the modern sense. This is something that demands India's critical attention, and specially for a display of its leadership skills.

For all these reasons, and apart from those currently at the helm of affairs in India, the leaderships of parties and States across the spectrum must try and achieve a unanimity of purpose in regard to our foreign policy priorities. Today, the focus needs to be on our immediate neighbourhood. The outcome of the Israel-Palestine



conflict, the turmoil in the East and South China Seas, or other big-ticket issues across the world are important, but it is South Asia and the neighbourhood that demands our concentrated attention. If India is not seen to be actively involved in ensuring that the region is at peace and functions in conformity with its world view, any claims to leadership would amount to little more than treading water.

How regulation widens inequality

While a few large business corporations earn billions of rupees in profits each year, millions of smaller businesses struggle for their survival. Seeing such massive inequality in the fortunes of businesses, many go on to believe that government regulation is a must to end the domination of big businesses and encourage the growth of smaller ones. Such sentiments are common when it comes to the tech industry which is dominated by just a few large companies.

A recent paper, however, warns that regulators may actually be widening, instead of narrowing, the gap between big and small businesses through their rules.

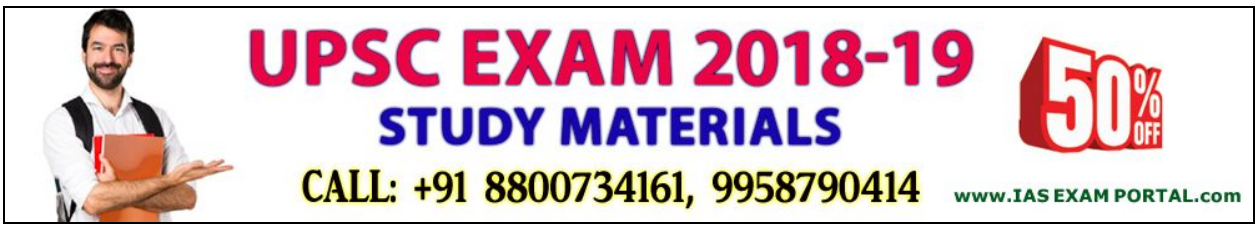
In "Barriers to prosperity: the harmful impact of entry regulations on income inequality", published in Public Choice , Dustin Chambers, Patrick McLaughlin and Laura Stanley study the impact that entry regulations have on income inequality. The authors use World Bank data regarding entry regulations in different countries and compare it to various measures of inequality to gauge the relationship between the variables. They find that countries with greater barriers against the entry of new businesses also witness greater levels of inequality. In terms of numbers, one standard deviation increase in the number of procedures to start a business causes an increase of 7.2% in the share of income that accrues to the top decile of income earners and a 12.9% increase in the country's Gini coefficient.

The findings seem logical after one becomes aware of the unintended effects of government regulation. Entry regulations like licensing requirements, which are usually justified as necessary to uphold the common good, can make it harder for new businesses that are smaller in size to enter and compete against incumbent giants. This drastically reduces the number of opportunities available for the less fortunate to climb up the economic ladder by competing against existing large companies.

Conversely, entry regulations also make it easier for rich businessmen to stay on top for longer than they would otherwise. With the help of regulations, large businesses can afford to be complacent about the threat of new companies challenging their position of dominance. Thus, big businesses that are keen to avoid the threat of competition from smaller players are generally supportive of the idea of the government regulating the entry of new players into their industry.

The value of life

After decades of campaigning to bring about common-sense gun control in the U.S., it appears that a group of children may succeed where even Presidents have failed. Following Friday's deadly school shooting in

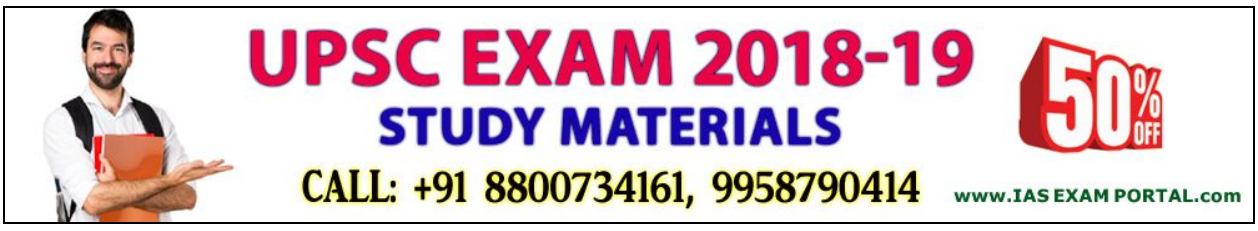


Parkland, Florida, in which 17 people including 14 students were killed, survivors took to the streets in a relatively rare show of anger directed at President Donald Trump and Congress for not doing more to promote gun control. Their courage is to be doubly applauded, for they appear undaunted by the depressing history of America's 227-year-old lethal love affair with guns, built on the constitutional right to bear arms, overlaid with a myriad state-level laws that make gun ownership easy. After the devastating school shooting in Newtown, Connecticut, in December 2012, a tearful Barack Obama, then President, mooted legislation to tighten the regulation of gun ownership. That was speedily seen off by conservative lawmakers. With the failure of all 17 of his attempts to bring common-sense gun control to the floor of Congress, his parting gift to the incoming Trump administration was to close loopholes in gun laws through executive actions that would expand background checks for gun ownership and boost funding for federal enforcement agencies. Mr. Trump nullified those actions in February 2017, as he had promised to do during his election campaign.

The fact that school shootings do not lead to gun control reform shows how powerful the gun lobby is. The National Rifle Association contributes over $4 million each year to lawmakers in Washington to ensure their agenda is prioritised, and sizeable dark flows of pro-gun money likely reach Congress under cover of the Citizens United campaign finance law of 2010. But that is a drop in the ocean for most Congressmen and Senators, whose individual coffers can exceed $10 million. The immense pressure for gun rights thus goes beyond funding. It stems in greater measure from the pro-gun lobbies' ability to mobilise large numbers of voters, who feel strongly about the Second Amendment, whether for personal security, to defend themselves from the "tyranny of government" or to hunt wildlife. This ingrained "gun culture" is exacerbated by the light-touch regulation of gun ownership, which leads to more mass shootings. While the U.S. has 270 million guns — more than 112 per 100 people — and has had 90 mass shooters during 1966-2012, no other country has more than 46 million guns or 18 mass shooters. A 2015 study found that across countries, after controlling for mental health, racial diversity, video game playing and baseline levels of societal violence, it was the extent of gun ownership that determined the odds of mass shootings. At its heart, the U.S. debate on gun laws will only turn on the fundamental value attributed to human life. At the present juncture, it is clear what that value is.

For cleaner, fairer elections

Electoral reforms in the hands of politicians is a classic example of a fox guarding the henhouse. While there are many policies that both major parties disagree with each other on, they form a remarkable tag team when it comes to electoral reforms. Unsurprisingly, the Supreme Court, over the last few decades, has readily stepped in to introduce electoral reforms. However, most of these interventions are directed at candidates, and rarely at the parties. The Supreme Court's recent decision on information disclosure (Lok Prahari v. Union of India) paves a way for future constitutional interventions in India's party funding regime, including the scheme of electoral bonds.



In 2002, the Supreme Court, in a landmark decision in Association for Democratic Reforms v. Union of India (ADR) , mandated the disclosure of information relating to criminal antecedents, educational qualification, and personal assets of a candidate contesting elections. Sixteen years later, the court has extended the disclosure obligation to further include information relating to sources of income of candidates and their "associates", and government contracts where candidates or their associates have direct or indirect interests.

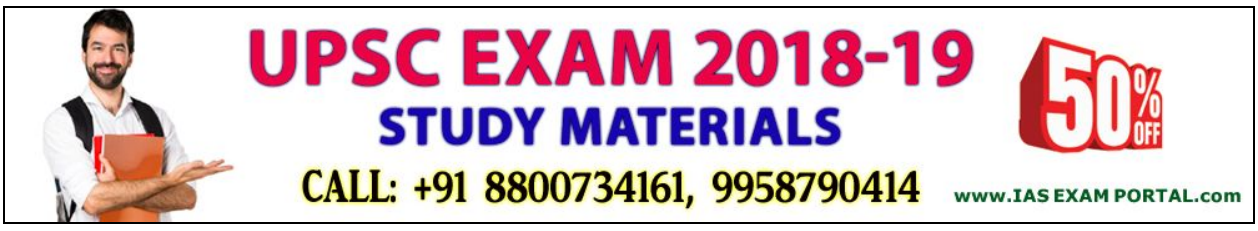
The principled basis of the court's decision is that voters' right to know about their candidate is an extension of their freedom of expression; voters cannot be said to have freely expressed themselves (by voting) without having appropriate information about the candidates. They should have the opportunity of receiving relevant information "to make an appropriate choice of his representative in the Legislature". What Lok Prahari does is that it extends the ADR decision to include information about the candidate's "associates"; relevant information for voters is no more limited to the candidate's personal information. What does this decision tell us about party funding?

If there is one piece of information that a voter is most deprived of in India, it is that about party funding. While the scheme of electoral bonds has received much attention, another significant facilitator of opacity is an obscure, yet significant provision of the Representation of the People Act, 1951: Section 29C(1)(a). The provision exempts political parties from disclosing the source of any contribution below Rs. 20,000. This gives political parties a convenient loophole to hide their funding sources by breaking contributions into smaller sums, even Rs. 19,999 each. As a result, a vast majority of donations to political parties come from sources unknown to voters. The new scheme of electoral bonds takes away even the facade of disclosure requirements that used to exist in earlier law.

Is the information about party funding relevant for a voter in choosing a candidate? Upholding the constitutionality of disclosure requirements for funding sources in Buckley v. Valeo , the U.S. Supreme Court held, "The sources of a candidate's financial support also alert the voter to the interests to which a candidate is most likely to be responsive." Therefore, it is essential for voters to know the funding sources of their candidates. Parties in India play at least two crucial roles in the election of candidates, namely financial support to candidates, and, more importantly, setting the agenda. Not much needs to be said about direct and indirect ways in which parties financially support their candidates.

Another point for disclosure

However, even if one assumes that parties do not fund their candidates, there is another rationale for disclosure of party-funding sources. Parties occupy a special space in India when it comes to agenda setting. By virtue of a strong anti-defection law in India, all elected legislators are bound by their party agenda. If an elected legislator refuses to toe the party line, she can be disqualified. In Kihoto Hollohan v. Zachillhu And Others , the Supreme Court, upholding the anti-defection amendment, noted: "A person who gets elected as a candidate set up by a political party is so elected on the basis of the programme of that political party." Parties



cannot lay claim to the representation of a candidate, and at the same time argue that information about party funding is not relevant for voters. In short, you cannot have your cake and eat it too.

As a matter of policy, one may argue that strict transparency norms may not always be desirable. However, as a matter of legal principle, the court's recent judgment in Lok Prahari , read along with our constitutional structure, strikes a blow against the provisions discouraging transparency in party funding. If the court's jurisprudence is consistently applied, the scheme of electoral bonds could be declared unconstitutional.

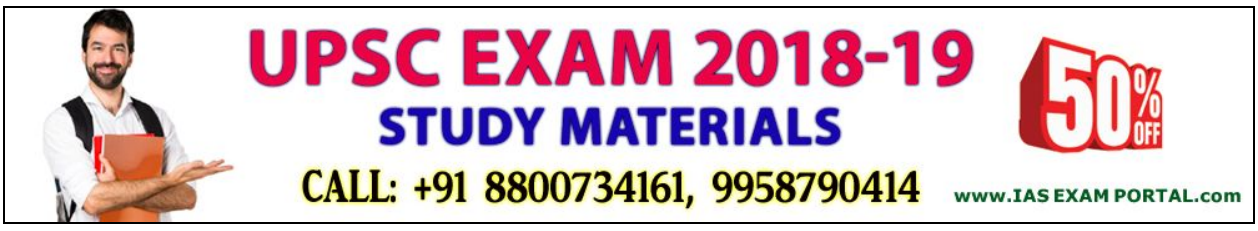
The nuts and bolts of a fraud

Diamond merchant Nirav Modi has been accused of siphoning off funds worth about Rs. 11,500 crore from the public sector bank, PNB. A key element of the scam is the Society for Worldwide Interbank Financial Telecommunication (SWIFT), a messaging network that connects banks and other financial institutions across the world. Among other things, a bank that is part of SWIFT can use the system to convey credit instruments called letters of undertaking (LoUs) to other banks located overseas. An LoU is simply a request made to another bank in the SWIFT network to loan money to a client. The bank that issues the LoU essentially guarantees the bank that receives the LoU request that it stands by the creditworthiness of the borrower. That is, in case of a default, the bank that issued the LoU stands liable to compensate the bank that made the loan to the borrower. PNB alleges that employees at one of its branches in Mumbai issued fraudulent LoUs that were not authorised by its management. This allegedly allowed Mr. Modi's companies to obtain loans from the overseas branches of various Indian banks.

PNB's internal information systems were not seamlessly linked to SWIFT. It is claimed that the huge fund transfers made via SWIFT to Mr. Modi's companies by a few PNB employees went undetected for many years. Many critics, however, contend that the fraud is not simply a matter of the failure of PNB's internal control system. Instead, they blame flaws in the ownership of public sector banks. In fact, the PNB scam came to light only after a whistle-blower exposed it. No. SWIFT has been gamed by miscreants on a number of occasions. In 2016, there was a cyber-heist of $81 million from Bangladesh's central bank. Russia's central bank recently reported that $6 million was stolen from a Russian bank last year by exploiting the SWIFT system. Even the Reserve Bank of India stated this week that it had privately warned Indian banks about the prospect of misuse of SWIFT at least three times since August 2016.

Learning from Cauvery

The long-awaited judgment of the Supreme Court on the Cauvery dispute, by and large caused hardly any disruption to life in the river's principal basin-States, Tamil Nadu and Karnataka. This situation is refreshingly different from what was witnessed during many judicial pronouncements since the 1990s, leading to strikes, farmers' agitations, vandalism and the loss of human life.



The judgment has, however, brought joy in Karnataka, and discomfiture in certain sections of Tamil Nadu. The reason is not far to seek. The overall allocation of Karnataka was increased by 14.75 thousand million cubic feet (tmc ft) at the cost of Tamil Nadu. The enhanced allocation includes 4.75 tmc ft exclusively for drinking water requirements of Bengaluru. The increase and decrease have been worked out, keeping the Cauvery Water Disputes Tribunal final order of 2007 as the reference point. On the eve of the verdict, a senior Karnataka Minister said that his government was hopeful of getting 30-40 tmc ft more than what was awarded by the tribunal.

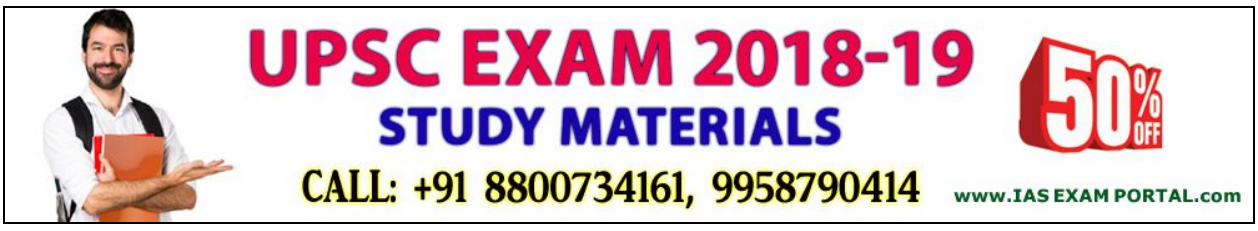
Except this modification, the verdict has essentially stuck to the final order. It neither disturbed the allocations for Kerala and Puducherry, the other constituents of the Cauvery basin, nor the basis for apportioning river water or the extent of irrigated areas for the two principal States. In fact, to the relief of Tamil Nadu, the court was unequivocal on the formulation of a scheme to implement the modified final order, and it asked the Centre to draft the scheme in six weeks. The scheme entails the creation of an implementation mechanism, called the Cauvery Management Board (CMB). Regardless of the Centre using the same nomenclature or not, what looks certain is the establishment of a mechanism.

Already, doubts have been expressed in Tamil Nadu on whether the Central government will see to it that the scheme is put in place within the given period as Karnataka goes to Assembly elections in a few months. This has been complemented with Karnataka Chief Minister Siddaramaiah's reiterating his opposition to the idea of the CMB. On this count, other political parties in Karnataka are also echoing the stand of the Chief Minister. Meanwhile, even though there exists only a limited scope for serious objections to the court's judgment, the Tamil Nadu government, now devoid of a strong leader like Jayalalithaa, is being pulled up by its political adversaries for not having done enough to protect interests of the State.

Such reactions are not surprising as political leaders of both States are, unfortunately, under the impression that their position on the Cauvery dispute would determine their respective electoral fortunes. But, the reality is somewhat different. Otherwise, how would one explain the success of the Congress in the 2013 Karnataka Assembly elections despite facilitating the notification of the final order in the gazette of the Central government barely three months before the polls? The day before the publication of the order on February 19, 2013, the then Chief Minister of Karnataka, Jagadish Shettar of the Bharatiya Janata Party, led an all-party delegation and urged Manmohan Singh, who then headed the Congress-led United Progressive Alliance government at the Centre, not to do so.

Earlier, in October 2002, S.M. Krishna, who was then Chief Minister of Karnataka and still in the Congress, adopted a confrontationist path by organising a nine-day march from Bangalore to Mandya in the name of protecting farmers' interests. But, when the Assembly elections took place in May 2004, the Congress, which had won 132 seats in the 1999 elections, could win in just 65 constituencies.

Competitive politics on matters concerning water are not confined only to Karnataka or Tamil Nadu politicians. The situation is the same in other parts of the country. Sadly, these leaders do not realise that their strident



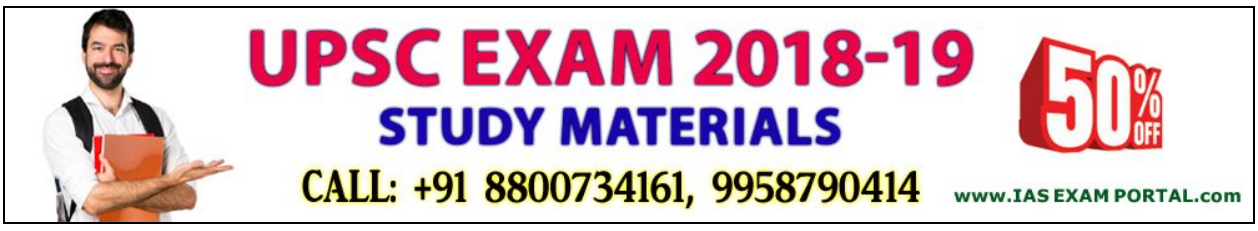
position on water does not guarantee victory. In July 2004, when faced with a Supreme Court direction to the Centre to ensure completion of the Sutlej-Yamuna Link (SYL) Canal, Amarinder Singh, then Punjab Chief Minister, got a bill passed by the State Assembly and cleared by Governor O.P. Verma at lightning speed, terminating all previous agreements and accords on the Ravi and Beas river waters. But, his act of unilateralism did not ensure the victory of his party – the Congress – in the 2007 Assembly polls in Punjab. Capt. Singh had to wait for 10 years to return to power.

It should be obvious to the political class that electoral outcomes are shaped by a combination of complex factors. It is time that water issues are de-politicised and political parties learn to see reason and respect the rule of law without getting carried away by electoral considerations. The BJP-led Central government has got a golden opportunity on Cauvery to set a new, healthy trend.

Saving lives

A new country-wise ranking of neonatal mortality rates — the number of babies dying in their first month for every thousand live births — gives India cause for both hope and shame. Shame, because the report, produced by the United Nations Children's Fund (Unicef), ranks India behind poorer countries such as Bangladesh, Nepal and Rwanda. Hope, because the ranking shows that financial resources are not the biggest constraint in improving this health indicator; political will is. According to the report, titled "Every Child Alive", while average newborn mortality in low-income nations is nine times that of high-income ones, several countries buck the trend, showing a way forward for India. For example, Sri Lanka and Ukraine, which like India are categorised as lower-middle income economies, had a neonatal mortality of around 5/1000 in 2016. In comparison, the U.S., a high-income economy, did only slightly better with a rate of 3.7/1000. Meanwhile, Rwanda, which falls in the lowest income group of less than $1,005 per capita, has brought down its mortality rates from 41/1000 in the 1990s to 16.5 through programmes targeted at poor and vulnerable mothers. Money matters, but intent matters more.

India saw the 31st highest newborn-mortality rate, at 25.4 deaths per 1000 in 2016, while Pakistan had the highest. Coming in after 30 countries is no comfort, however, because a small mortality rate can translate to numerous deaths when the birth-rate is high. This means India lost 640,000 babies in 2016, more than any other country. How can we chip away at this staggering number? The report points out that the most powerful solutions are not necessarily the most expensive. The 10 critical products that hospitals must stock to save newborns include a piece of cloth to keep a baby warm and close to the mother to encourage breastfeeding. The list also includes antibiotics and disinfectants, the use of which can stave off killers like sepsis and meningitis. But other solutions will need greater investment. The biggest cause of death is premature birth, while the second is complications like asphyxia during delivery. Preventing these would mean paying attention to the mother's health during pregnancy and ensuring she delivers in a hospital attended by trained doctors or midwives. India has programmes such as the Janani Suraksha Yojana for this, but must expand its reach in laggard States like Uttar Pradesh and Madhya Pradesh. Then there are factors outside the healthcare system,



like female literacy rates, that make a big difference to healthcare-seeking behaviour. But changes in education levels will come slowly. Despite these challenges, progress is within reach. States like Kerala and Tamil Nadu show that by focussing on these factors, newborn deaths can be brought to fewer than 15 per 1000 in Indian settings. It's time for the rest of India to follow suit.

The next innovation

Blockchain could be the least elucidated among the disruptive technologies rapidly transforming the world around us. It is widely known that some of the most valuable companies of our times, such as Uber and Airbnb, are effective aggregators of resources, including cars and apartments. They are using the Internet to reach out, and match the supply and demand in a global market.

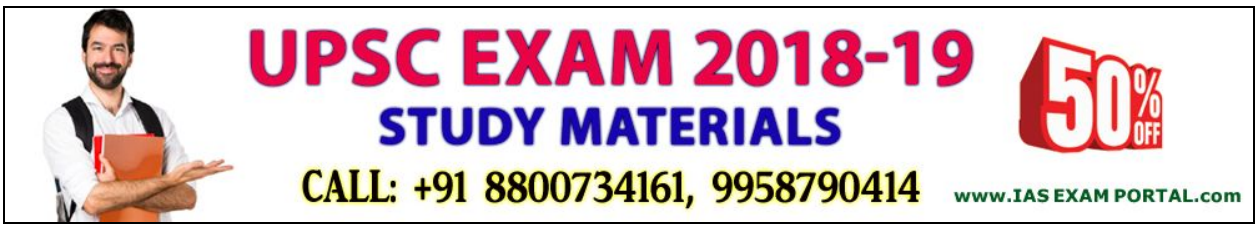
Although the architecture of the blockchain is far more complex than these aggregators, the underlying principle is not that different. It can be described as a way for people to share the extra space and computational power in their computers to create a global super-computer that is accessible to everyone. The blockchain lets people who are part of this supercomputer perform functions such as verification of transactions and contracts, and the updating and maintenance of these records in the form of trustworthy ledgers, tasks that are normally reserved for established intermediary organisations such as banks and legal firms, and be rewarded for it. This core feature of the blockchain creates a space for trusted transactions in the digital space that have never been possible before.

The cryptocurrency Bitcoin is the first successful application of this technology. Even though there are mixed standpoints regarding the credibility, scalability and practicality of digital currencies, the core technology behind them, blockchain, undoubtedly has tremendous value. Annual global economic output is over $90 trillion, with almost 3% of the amount going to various financial toll collectors such as banks, and credit card platforms.

Blockchain technology could drastically cut down, or even eliminate, these transaction charges by replacing the intermediaries, thereby creating hundreds of billions, or even trillions, of yearly savings. This is a significant amount that could be used for other economically and socially productive purposes. Understanding this cost-saving potential, several international banks and state-owned banks in Russia, Saudi Arabia and the UAE have started working on blockchain-powered financial solutions. The Indian government and Finance Ministry's lackadaisical approach towards this technology could make our banks less competitive in the long run, when compared to their international counterparts.

Blockchain applications could be further extended to sectors such as insurance, law, real estate and digital art, and could be used to further strengthen our national institutions, including the judiciary and the Election Commission.

The potential of blockchain to bring about substantial economic transformation is the mirror image of the way the Internet revolutionised commerce, media and advertising in the previous decade. India should effectively



channel its technical human capital surplus to position itself as one of the pioneers during this upcoming wave of innovation.

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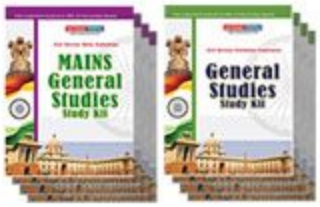

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Planning for electric mobility

There are multiple reasons for India's deteriorating air quality. In urban India, emissions from motor vehicles are among the prime reasons. Acknowledging the challenge of rising vehicular pollution in Indian cities, Piyush Goyal, then Union Minister for Power, said that from 2030, India would completely shift to using electric vehicles (EVs). The push for electric mobility was backed by the government think-tank, NITI Aayog, which has estimated that the nation can save up to Rs. 4 lakh crore by rapidly adopting EVs.

While transitioning from an internal combustion engine (ICE)-based regime to an EV-based one is expected to be a painful process, the long-term benefits could outweigh the hardships significantly in the wake of India's ambitious renewable energy plans.

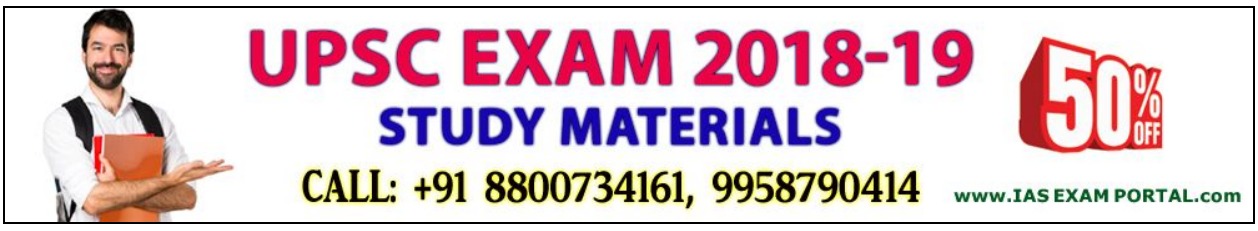
Today, as the NITI Aayog lays stress on the need for a robust action plan to move towards electric mobility by 2030, India needs to address five fundamental issues immediately.

The first is about who will take the lead. EVs, unlike ICE vehicles, involve several actors at the national, State and city levels, respectively. In the first, it needs multiple ministries such as Road Transport and Highways, Housing and Urban Affairs, Heavy Industries, Power, New and Renewable Energy, External Affairs as well as national institutes such as NITI Aayog. Also, since the initial EV revolution would predominantly be an urban one, State and city-level players need to be involved so as to address several technical and infrastructural needs. Coordination between all three is crucial in driving the EV agenda.

The second is figuring out the best mode forward. China has focussed on the use of electric buses as a catalyst for EV penetration. It is the largest electric bus manufacturer in the world, with most in use in the country. In 2016 alone, about 80,000 electric buses were added to China's roads. The Netherlands, on the other hand, has captured the EV market using a simple yet well-crafted strategy of creating charging infrastructure and encouraging investment in charging technology by providing incentives to EV buyers. Today, it has the densest charging infrastructure in the world and is a major exporter of this technology.

These two case studies show that sustained growth is possible only due to positive economic impacts of EVs. India is today the largest manufacturer and exporter of two-wheelers and auto-rickshaws. Could these vehicles pave the way for an EV revolution?

The third is the battery conundrum. The assumption that anyone who controls the battery will control electric mobility rings true in the current scenario. India does not produce lithium-ion (Li-ion) batteries currently, and



companies making battery packs are dependent almost exclusively on imports from China. This is a cost-saving strategy as setting up a cell manufacturing unit in India would be expensive. Accelerating EV use in India should be linked to the "Make in India" goal and domestic battery production. Investment is required for research and development in battery-making and exploring alternative technologies.

The fourth is about charging infrastructure. EV charging is more than just using electricity. It involves exchange of information requiring a communication protocol. There is no unique or single-charging technology for EVs. The three major EV users, China, Japan and the European Union, have their own charging technologies which are often conflicting and not interchangeable.

The absence of a standard global infrastructure is a major deterrent for EV penetration in India, as creating infrastructure can be cost-intensive. For this, the government needs to select or develop appropriate charging technology that avoids multiplicity and reduces the cost of infrastructure, while making it convenient and safe for users.

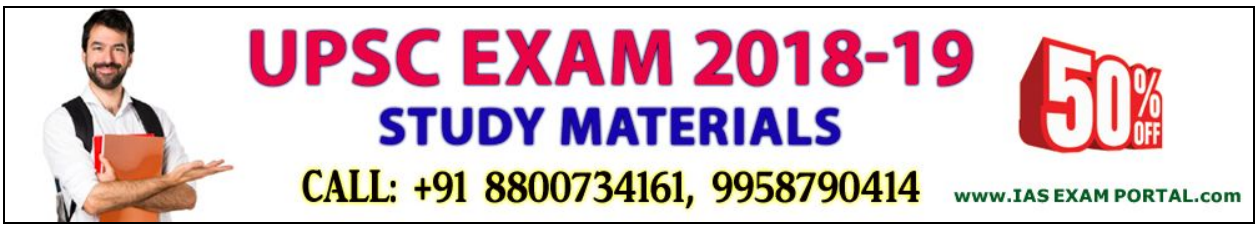
The final point is about jobs and the economic impact. India is the world's fourth largest fifth auto market, where over 25 million motor vehicles are produced. The sector is estimated to provide direct and indirect employment to about three crore people and accounts for 7.1% of the nation's GDP. The industry is estimated to grow to $300 billion in annual revenue by 2026, creating 65 million additional jobs, and contributing over 12% to the GDP.

A thorough qualitative and quantitative estimation of the new jobs the EV sector will create would go a long way in negating apprehensions and securing the pathway for EV technology and use. EVs have the potential to disrupt the mobility ecosystem, and, if implemented well, could have a positive impact on the economy as well as the urban environment. India, however, needs a road map, with timelines, processes, well-researched impact studies, bold initiatives and robust investments in technological research to turn its EV dream into reality.

INDIAN EXPRESS

The golden gateway

The agreement to lease a part of Iran's Chabahar port, signed during the visit of President Hassan Rouhani's visit to Delhi, marks an important advance in India's efforts to expand connectivity with the neighbourhood and beyond. That transport corridors through Chabahar will change the region's geography has never been in doubt. With Pakistan blocking India's overland access to landlocked Afghanistan and Central Asia, Iran was Delhi's natural alternative. But it has taken a while to realise an idea that was first mooted when President Mohammad Khatami came to Delhi as an honoured guest at India's Republic Day celebrations in January 2003.



As China rapidly developed Gwadar port, barely 70 km east of Chabahar on Pakistan's Makran coast, India struggled to develop cooperation on connectivity with Iran during the UPA years. Prime Minister Narendra Modi and Union Minister for Transport and Shipping Nitin Gadkari get much credit for clearing the many bureaucratic obstacles in New Delhi and intensifying the political dialogue with Tehran to clinch the deal on Chabahar.

The economic and strategic potential of Chabahar came into view when Iran facilitated the shipment of wheat from India to Afghanistan through the port last December. As India prepares to ramp up operations at Chabahar, it has promised to fast track the effort to build a railway line to Zahedan where Iran's frontiers meet with those of Pakistan and Afghanistan. Rouhani has welcomed Indian commercial entities to invest in the Chabahar special economic zone that Iran has been developing for many years.

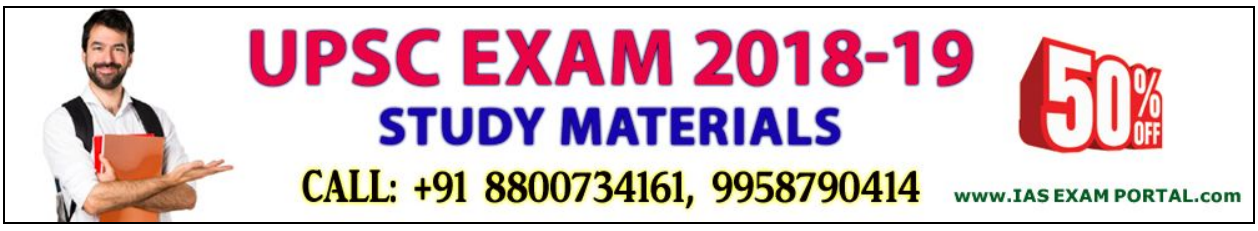
Tehran, Delhi and Kabul signed a trilateral transit agreement during Modi's visit to Iran in 2016. Delhi and Tehran hope to integrate Chabahar into the larger International North South Corridor (INSTC) that connects India to Central Asia, the Caucasus, Russia and Europe. No wonder Modi called Chabahar India's "golden gateway" to inner Asia. While Delhi celebrates the breakthrough on connectivity with Tehran, it is not unaware of the many difficulties looming over the horizon. The renewed tensions between the US and Iran under the Trump Administration and threat of expanding sanctions cast a shadow over India's plans for commercial cooperation with Iran. During the Rouhani visit, Delhi rightly supported the full implementation of the US-Iran nuclear deal that the Republican Congress and the Trump Administration are trying to undermine. Equally problematic are Tehran's multiple conflicts with its Sunni Arab neighbours and Israel that are now closer than ever before to India.

Even in Afghanistan, where Delhi and Tehran have a long tradition of collaboration, there are questions about Iran's support for the Taliban. The Middle East has never been an easy place to deal with. But like all other major powers, Delhi is beginning to learn the arts of realpolitik in the Middle East.

Players and others

Sport does not lend itself well to the esoteric or the mysterious. It is out there, with athletes baring sinews and muscles and vulnerabilities and triumphs in front of gawking audiences. A gold, silver or bronze at the Olympics is as revealing a performance appraisal as it can get. Now India's sports ministry has decided it will toss into the mix a few fun and games of its own for the (safari) suits. National Sports Federations (NSFs) administrators, high on self-importance and low on accountability, will have a ranking race of their own: Who's the best NSF of them all?

Judged on undefined concepts of administrative capability, transparency, talent-spotting ability and medal count of athletes, the NSFs will be assigned rankings each year to "promote healthy competition between sports bodies."



Just why badminton governing body should grapple with wrestling's chieftains, instead of looking at crash courses for its coaches to look after the burgeoning crop of shuttlers, or why hockey satraps should go head to head with athletics' suits, instead of fast-tracking India's return to the Olympics podium in which the country boasted eight gold medals 40 years ago, remains unclear. How will hockey, with only two medals, compete with shooting which had 45 at Rio? India had two medals to show at the last Games, and failed to resolve a simple question like who should represent the country in the 74 kg category of wrestling after a protracted controversy. Four tennis players with 37 Grand Slams between them have not figured out over five Olympics how to bring back one doubles medal.

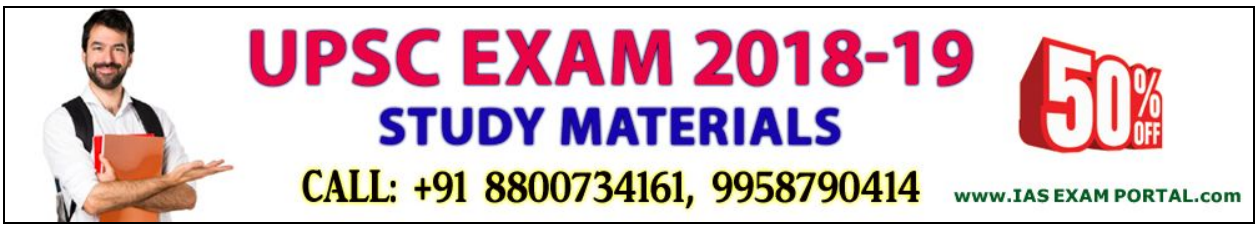
Solutions to India's sporting problems must prioritise sporting needs, not HR mandated KRAs for administrators. Success stories of effective sports administrations don't need spreadsheets and ranking charts. India's poor sports administration and its inability to build a system must be addressed. But NSF rankings is not an idea in that direction.

Line of control

Speaking at a seminar on 'North East Region of India — Bridging Gaps and Securing Borders' in Delhi on Wednesday, Army Chief General Bipin Rawat ventured into sensitive political territory by comparing the rate of growth of Maulana Badruddin Ajmal's All India United Democratic Front (AIUDF) in Assam with the rise of the BJP since the Bharatiya Jana Sangh days. Commenting on the political implications of what he termed as "population inversion", he referred to the rise in the Muslim population in states of the Northeast, particularly Assam. "Finally, what will be the state of Assam, we will have to take a call," the general said. His remarks are significant, and disturbing. In independent India, a line has been drawn, and respected, between the domestic political arena and serving military officers. This tradition of separation has served this country well, and it has not struck roots in many other developing countries to their detriment. Coming in the midst of the ongoing process of the compiling of the National Register of Citizens in Assam, these public pronouncements by the Army Chief can potentially sharpen anxieties and insecurities. Although General Rawat spoke about amalgamating "all the kind of people that are living there", his statements, taken together, have the effect of narrowing the options available to the government in an already fraught scenario.

At the seminar, the Army Chief did not just tread perilous ground on domestic issues. Immigration from Bangladesh, the general claimed, was due to proxy warfare undertaken by Pakistan and supported by China. India's relations with all three countries are precariously balanced and utmost discretion needs to be exercised by the government in addressing diplomatic issues pertaining to them — now the Army Chief's statements threaten to hurt the balance, undo the gains. Specifically, General Rawat's use of the German word "lebensraum" in the context of Bangladeshi immigration is problematic given its close association with Nazi policies in Eastern Europe in the 20th century.

The latest comments by General Rawat seem to hold up an unfortunate pattern — they follow his earlier publicly aired controversial views on Kashmir politics and its education system, and opinion on India's



diplomatic stance towards China in the Indian Ocean region. The Army has an important role to play in the external defence of the country, besides supporting the security forces in stabilising the internal security situation when called upon to do so. As the head of an important institution, the Army Chief is bound to have views on matters that directly affect the employment and well-being of his men. But those views must be shared with government officials or the political leadership behind closed doors, not announced publicly. The apolitical nature of the army and its chief is essential to the character of Indian democracy, and any shift in the balance of civil-military relations would be disorienting. While General Rawat must reflect upon his tendency to make sensitive public pronouncements, it is equally imperative for the political leadership to counsel restraint.

Fuel for reform

The government's decision to open up the coal mining sector to private companies is a long-overdue reform. It will end the 41-year-old near monopoly of Coal India Limited over commercial mining. Though the state-run miner's production has increased by more than 100 million tonnes in the past five years, it has consistently missed government targets. CIL's provisional figures for the April-December 2017 period show that it fell short of the government's production target of 406.5 million tonnes by six per cent.

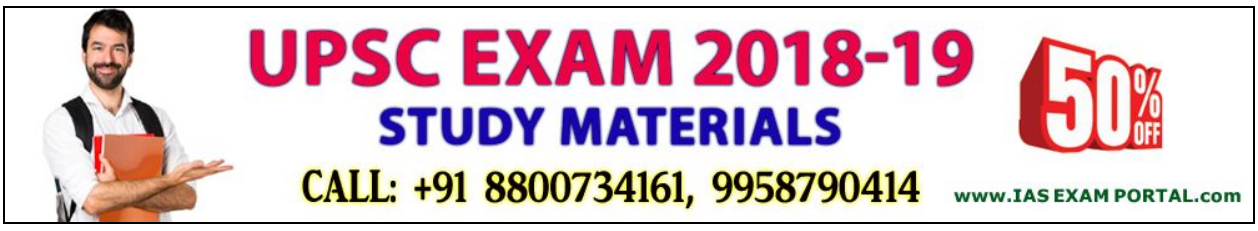
The premier miner's lacklustre performance is one reason for the country having to import coal despite being the world's third-largest producer of the fossil fuel.

In November last year, the Indian Captive Power Producers Association wrote a worried letter to CIL about coal shortage in its plants. These companies, which produce electricity for their own use, "are being pushed towards costlier imports because they are getting barely half the supplies contracted from CIL," it said.

In the same month, the Aluminium Association of India wrote to the Prime Minister's Office: "An investment of Rs 1.2 lakh crore in the aluminium sector is holding a debt of Rs 70,000 crore and the employment of 7.5 lakh people is at a very critical risk because of the coal shortage." And in December last year, the Competition Commission of India penalised CIL "for imposing unfair/discriminatory conditions in fuel supply agreements with power producers for supply of non-coking coal".

CIL's monopoly has also reflected on the quality of coal produced in the country. Indian coal has an average ash content of about 45 per cent — far higher than the 25-30 per cent that ensures efficient power generation. The efficiency of the country's thermal power plants has also been compromised because they have to contend with stones and boulders in the coal they procure from CIL. While geological factors are the main reason for the poor quality of Indian coal, the country's premier miner should also take a large measure of the blame.

Introduction of competition in mining could take care of some of these concerns. Given, however, that a significant proportion of India's coal resources lies under lands that require forest and environment clearances, the government should ensure that private coal miners are transparent about adhering to these regulations.



Betraying a promise

The Aam Aadmi Party's big victory in 2015 in Delhi had held out a promise — that democracy in India can still allow new players to step in, enlarge the space. The exchange of accusations between Delhi's elected government and its chief secretary mirrors a reneging on those possibilities. Clashing accounts of what transpired at the midnight meeting in the Delhi Chief Minister's residence paint either Chief Secretary Anshu Prakash or AAP MLAs as the villain.

No matter which version is true, however, the stature of both the AAP and the bureaucracy in Delhi stands severely diminished.

The capital's unique position under Article 239AA — it has an elected government but without many of the powers other state governments enjoy — makes its government far more dependent on the Centre's cooperation. This special position demands, therefore, that Delhi's government shows both the willingness and the skill to negotiate, especially with a seemingly unfriendly Centre.

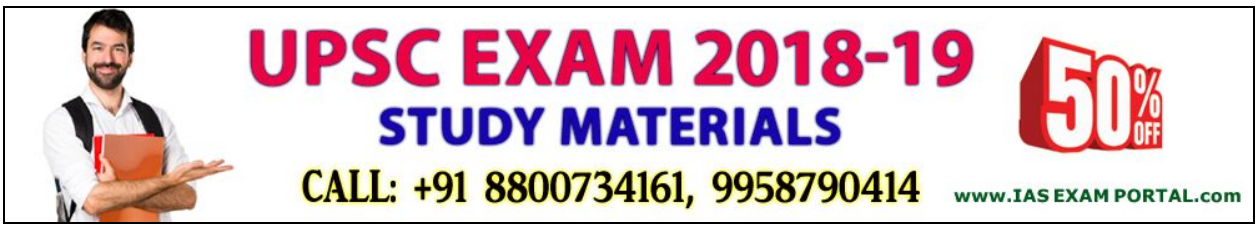
AAP appears to have flagged off a sorry sequence of events with a Tughlaq firman — it summoned Prakash at midnight to Chief Minister Arvind Kejriwal's residence. The AAP claims its MLAs wanted to discuss "non-disbursal of rations" — yet Food and Civil Supplies Minister Imran Hussain was not present.

In Prakash's version, the meeting was held to discuss the government's publicity programme on its achievements in three years. Subsequently, while the chief secretary alleges he was insulted and assaulted, the AAP contends he used casteist slurs against its MLAs. The next day, even as staff members of the Delhi Secretariat allegedly heckled and assaulted Hussain, the bureaucracy said it will work only on written orders, and the IAS Association took out a candle-light protest march at Rajghat.

If the AAP can be accused of an undimmed confrontationalism that does not behove a party that has completed three years of its term, the bureaucracy's response renews allegations of political partisanship — the Centre has long been charged with using bureaucrats and the office of the LG to shrink the elected government's room for manoeuvre. Certainly, the marching IAS Association does its own cause immense disservice.

In the last three years, the AAP government has had numerous stand-offs with the bureaucracy and the Centre, over the appointment of officials, over state government decisions being overruled and on the alleged misuse of investigative agencies. Recently, the party faced a political crisis after 20 of its MLAs were disqualified for holding "offices of profit". Since the departure of former Lieutenant-Governor Najeeb Jung, however, a relative calm had set in.

Now, the accusations of assault and abuse announce the end of the welcome lull. Instead of concentrating on governance in general and health and education in particular, two areas in which it has had some success, the



bureaucracy and government of Delhi is engaged in a destructive conflict. Both must pause and consider the consequences of the vitriol that has been unleashed, a betrayal of their responsibility to the people of Delhi.

Pulling together

It is rare for the results of a local election to threaten the survival of the central government. But the fault lines in Sri Lanka's National Unity Government at its birth in August 2015 were too deep, and have become exposed at the first opportunity. President Maithripala Sirisena and Prime Minister Ranil Wickremesinghe were voted to power within eight months of each other with a mandate that rejected the authoritarianism, nepotism, corruption and cronyism of the Mahinda Rajapaksa years.

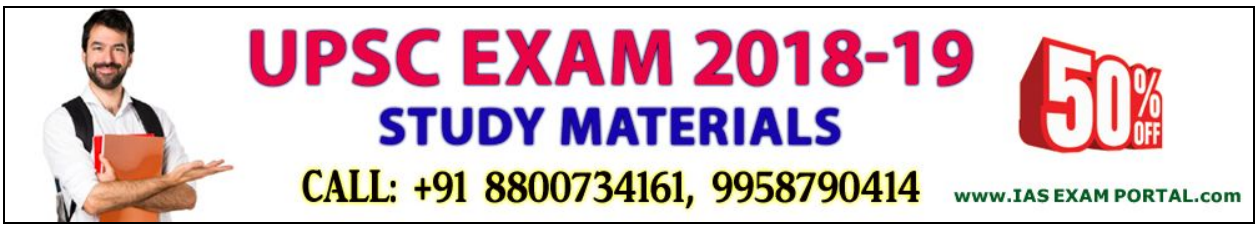
The partnership of Sirisena and Wickremesinghe was meant to be the coming together of the two main rival parties, the Sri Lanka Freedom Party, and the United National Party, at the helm of a multi-party effort for the sake of good governance and a just post-conflict order. But the failures on the economic front and apparent unwillingness to show zero-tolerance on corruption became all too glaring.

As the President and Prime Minister drifted apart, Rajapaksa acted as the magnet for disgruntled elements from the SLFP who began gravitating towards him. The UNP and the SLFP decided to contest the February 10 election to 340 municipal, urban and divisional councils independently. All three sides were looking at this as the semi-final for the 2020 parliamentary election.

An insecure Sirisena thought he could distance himself from incumbency and devoted his campaign to running down the UNP, the party heading his own government. But he brought himself no benefits either. Rajapaksa ended up sweeping the election through his proxy group, the Sri Lanka Podujana Party, and is now trying to force an early parliamentary election.

It is unfortunate that after the results, President Sirisena jumped the gun to make it clear that he did not want to work with Wickremesinghe anymore. Though both have now agreed to continue the present arrangement, it would serve no purpose — not even their own political ambitions, as the local election results have made all too clear — if their cohabitation became a platform for mutual acrimony. It is in Sri Lanka's best interests for both leaders to reaffirm their commitment to the ideals for which they came together to form the National Unity government — governance with accountability, transparency, and post-war reconciliation with justice and a settlement for Tamil demands.

The turmoil in Sri Lanka adds to the churn in the Indian Ocean region, with an authoritarian regime in the Maldives determined to hang on to power. Delhi's geopolitical interests arguably lie in the continuance of the present arrangement in Colombo and a change in Male. But trying to influence political outcomes in other countries in pursuit of strategic objectives is fraught with risk. It would be far better to inspire by example.



The way forward

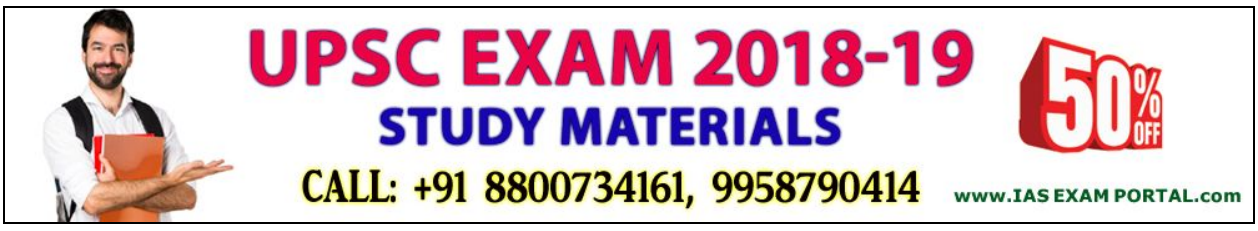
Till l'affaire Nirav Modi broke out, the worst appeared to be over for India's banking sector. The Narendra Modi government had announced a capital infusion of Rs 88,139 crore into public sector banks (PSBs) as the first tranche of a Rs 2.11 lakh crore package to strengthen their balance sheets.

That, along with the "resolution" process in some 40 defaulting companies being taken up under the new Insolvency and Bankruptcy Code, was seen to go some way in addressing their massive bad loans problem. With the broader economy, too, gradually recovering from the disruptions of demonetisation and the GST, the stage was set for PSBs to make adequate provisions against non-performing asset accounts and resume lending. Or, so it seemed.

That hope has been dealt a severe setback. Last week's revelations of fraudulent transactions involving the Punjab National Bank (PNB) and firms linked to Nirav Modi and the Gitanjali Gems group belonging to the fugitive diamond billionaire's uncle, Mehul Choksi, could prolong the banking industry's woes.

Currently, there is no clarity over the exact exposure, not only of PNB, but even other banks, to these companies, whether through direct loans or guarantees. Either way, the earlier assumption that the ratio of PSBs' stressed loans to their total advances had peaked at 16.2 per cent in end-September 2017 may well have to be discarded. If that entails additional provisioning, it means continued low or even negative profits for the current and next quarter as well.

But more significant is the potential dent to confidence. If the PNB-Modi-Choksi fraud leads to banks turning overcautious — including losing faith in letters of undertaking and guarantees issued by one another — it could affect credit flow to sectors beyond just gems and jewelry. This is where the role of the government and the Reserve Bank of India (RBI) comes in.

The RBI cannot wash its hands off the PNB mess by simply blaming it on "failure of internal controls" or "delinquent behaviour" by some employees. Nor do the ongoing raids by enforcement agencies on the offices and showrooms of the Nirav Modi/Gitanjali groups, along with seizure of diamonds and jewelry, make for a pretty picture. The nefarious actions of promoters should be separated from the establishments being managed by them.

If these are running businesses, which they appear to be, no purpose is served by attaching or seizing their assets. There is, after all, today an established insolvency and liquidation process for recovering money due to creditors. The government can probably learn from the Satyam scandal of 2009, the conviction of the IT services firm's erstwhile promoter, its merger and subsequent turnaround under a new management.