



Daily Current Affairs

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Government of India and the Asian Development Bank

Why in News?

The Asian Development Bank (ADB) and the Government of India signed here today in national capital a \$300 million Loan Agreement to support lending by India Infrastructure Finance Company Limited (IIFCL).

Importance of Agreement:

Ministry of Finance signed the loan agreement on behalf of Government of India.

- The Project will enhance availability of long-term finance for PPP projects, improve operational capacity of IIFCL.
- Expand the portfolio of infrastructure financing instruments available to IIFCL.
- loan is expected to compliment Government's infrastructure building efforts.
- ADB funding is expected to fund at least 13 sub-projects through IIFCL, involving roads and renewable power generation, under the last tranche.
- The Project supports the renewed effort of the Government of India in accelerating infrastructure growth through increased Private Sector investment.
- The Project is relevant and responsive to the constraints to bank based infrastructure financing, fiscal space creation,

and repercussions on GDP growth.

- The \$300 million ADB loan is expected to help catalyze the financial closing of \$2.4 billion in investments.
- In addition, the attached technical assistance will support IIFCL capacity development and will focus on IIFCL's financial management and social and environmental safeguards.

About ADB:

- The Asian Development Bank (ADB) is a regional development bank established in 1966, which is headquartered in Manila, Philippines.
- ADB's major aim is to promote social and economic development in Asia.
- The bank admits the members of the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) and non-regional developed countries.
- The ADB was modeled closely on the World Bank, and has a similar weighted voting system where votes are distributed in proportion with members' capital subscriptions.
- ADB is an official United Nations Observer.
- As of 31 December 2016, Japan and United States hold the largest proportion of shares at 15.607%. China holds 6.444%, India holds 6.331%, and Australia holds 5.786%.

Aim and Objectives:

- The ADB defines itself as a social development organization that is dedicated to reducing poverty in Asia and the Pacific through inclusive economic growth, environmentally sustainable growth, and regional integration.
- This is carried out through investments - in the form of loans, grants and information sharing - in infrastructure, health care services, financial and public administration systems, helping nations prepare for the impact of climate

change or better manage their natural resources, as well as other areas.

SIMBEX-2018 - 25 Glorious Years and Counting

Why in news?

India - Singapore Navy exercise reached 25 fruitful years in strategic arena in Indo-Pacific area.

Highlights:

- In what could be termed an unprecedented level of interoperability between the two navies - ships, submarines and aircraft of India and Singapore - undertook multi-dimensional exercises at sea with perhaps very high degree of complexity.
- Since 1994, navies of India and Singapore would transform into one of the most high level maritime exercises in the years to come and sustain itself for quarter of a century - a milestone like no other.
- SIMBEX marked its 25th anniversary and is currently underway. This year, the exercises are being conducted in four phases, two each in harbour at Port Blair and Visakhapatnam and two sea phases in the Bay of Bengal.

About SIMBEX:

- **Singapore India Maritime Bilateral Exercise (SIMBEX)** is an annual bilateral naval exercise conducted by the Indian Navy and the Republic of Singapore Navy (RSN).
- The exercise has been held annually since 1994. Over the years, SIMBEX has progressed beyond its original emphasis

on anti-submarine warfare to include elements of maritime security, anti-air and anti-surface warfare.

Maternity Leave Incentive Scheme

Why in news?

Ministry of Labour & Employment has clarified Maternity Leave Incentive Scheme procedures and parameters that applied for organizations and companies.

About Maternity Leave Incentive Scheme:

- The Maternity Benefit Act, 1961 applies to establishments employing 10 or more than 10 persons in Factories, Mines, Plantation, Shops & Establishments and other entities.
- The main purpose of this Act is to regulate the employment of women in certain establishments for certain period before and after child birth and to provide maternity benefit and certain other benefits.
- The Act was amended through the Maternity Benefit (Amendment) Act, 2017 which, inter alia, has increased the paid maternity leave to women employees from 12 weeks to 26 weeks.

Present Problems:

- While the implementation of the provision is good in Public Sector, there are reports that it is not good in Private Sector and in contract jobs.
- There is also a wide perception that private entities are not encouraging women employees because if they are employed, they may have to provide maternity benefit to

them, particularly 26 weeks of paid holiday.

- In addition, women employee is in the family way or applies for maternity leave, the contracts are terminated on some flimsy grounds.
- There have been several representations before the Labour Ministry on how the extended maternity leave has become a deterrent for female employees who are asked to quit or retrenched on flimsy grounds before they go on maternity leave.

Government Actions:

- The Ministry of Labour & Employment is working on an incentive scheme wherein 7 weeks' wages would be reimbursed to employers who employ women workers with wage ceiling upto Rs. 15000/- and provide the maternity benefit of 26 weeks paid leave, subject to certain conditions.
- It is estimated that approximately an amount of Rs. 400 crores would be the financial implication for Government of India, Ministry of Labour & Employment for implementing the proposed incentive scheme.

Major Impact:

- The proposed Scheme, if approved and implemented shall ensure the women in this country an equal access to employment and other approved benefits along with adequate safety and secure environment.
 - The women shall continue to bear the major share of household work as well as child care.
 - The work places will be more and more responsive to the family needs of the working women.
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RCEP and India's stake

Why in news?

Members of RCEP has envisioned that conclusion of RCEP treaty should be at earliest face to defend globalization.

About RCEP:

- Regional Comprehensive Economic Partnership (RCEP) is a proposed free trade agreement (FTA) between the ten member states of the ASEAN (Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, Vietnam) and the six Asia-Pacific states with which ASEAN has existing free trade agreements (Australia, China, India, Japan, South Korea and New Zealand).
- It is reported that a broad agreement is likely to be reached in November 2019.
- RCEP is viewed as an alternative to the Trans-Pacific Partnership (TPP), a proposed trade agreement which includes several Asian and American nations but excludes China and India.
- In 2017, prospective RCEP member states accounted for a population of 3.4 billion people with a total Gross Domestic Product (GDP, PPP) of \$49.5 trillion, approximately 39 percent of the world's GDP, with the combined GDPs of China and India making up more than half that amount.
- RCEP is the world's largest economic bloc, covering nearly half of the global economy.
- According to estimates by PwC, the Gross Domestic Product (GDP, PPP) of RCEP member states is likely to amount to nearly \$250 trillion by 2050, or a quarter of a quadrillion dollars, with the combined GDPs of China and India making up more than 75% of the amount.

Why RCEP is important for India's Economy?

- India is 130 crore strong population and more service oriented

economy.

- With conclusion of RCEP, India has chance to diversify it's service sector from west to east and helps movement of labour in these countries.
 - Bilateral mechanism within RCEP allows India to work with China to reduce massive trade deficit and improve its exports in Rice, Basmati and other manufactured goods.
 - Thus, the government must take into account the deeper strategic pitfalls of either slowing down India's RCEP engagement or walking out of the talks at this stage.
 - Doing so would cut India out of the rules-making process for the RCEP and give China further space in the regional trade and security architecture.
 - At a time when the U.S. has broken from the global concord on multilateral trade agreements, an Indian walkout would endanger the united message that RCEP countries, which represent 40% of the global GDP, would wish to send out. It would also be a sharp departure from India's "Act East" slogan and its extended outreach to ASEAN.
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