PIB, THE HINDU Newspaper and Editorial Current Affairs

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PIB

National Security Council

Why in news?

Prime Minister Narendra Modi today chaired a meeting of the National Security Council.

About National Security Council:

- The National Security Council (NSC) of India is an executive government agency tasked with advising the Prime Minister's Office on matters of national security and strategic interest.
- It was established by the Atal Bihari Vajpayee government on 19 November 1998, with Brajesh Mishra as the first National Security Advisor. Prior to the formation of the NSC, these activities were overseen by the Principal Secretary to the Prime Minister.

Members

Besides the National Security Advisor (NSA), The Deputy National Security Advisor (DNSA), The Ministers of Defence, External Affairs, Home, Finance of the Government of India, and the Deputy Chairman of the NITI Aayog are members of the National Security Council. Other members may be invited to attend its monthly meetings, as and when required.

Organisational structure

The NSC is the apex body of the three-tiered structure of the national security management system in India. The other two tiers are the Strategic Policy Group, and the National Security Advisory Board.

Strategic Policy Group

The Strategic Policy Group is the first level of the three tier structure of the National Security Council. It forms the nucleus of the decision-making apparatus of the NSC. Earlier, Cabinet Secretary was its chairman, but now National Security Advisor is the chairman of the group.

Secured overnight financing rate (SOFR)

Originally known as the broad Treasuries financing rate, the secured overnight financing rate is a measure of the cost of borrowing cash on an overnight basis in the US Treasury repo markets. It is the US successor to Libor. The rate includes the tri-party general collateral rate collected by the Bank of New York Mellon, the GCF repo rate from the Depository Trust & Clearing Corporation, and the rate used in bilateral Treasury repo transactions cleared at the Fixed Income Clearing Corporation.

Why do we need a new rate?

- Regulators including Federal Reserve Chairman Jerome Powell are seeking to reduce markets' reliance on Libor due to a decline in loans backing the rate. If the rate stops being published "that has all the potential of being a pretty significant financial stability problem," Powell said in February.
- The ARRC, which selected SOFR as an alternative rate, said in March that Libor underpins $200 trillion in derivatives and loans, more than previously thought, underscoring the necessity of promoting a robust

alternative. Derivatives account for 95 percent of the exposures.

LIBOR:

LIBOR is a benchmark rate that represents the interest rate at which banks offer to lend funds to one another in the international interbank market for short-term loans. LIBOR is an average value of the interest-rate which is calculated from estimates submitted by the leading global banks on a daily basis. It stands for London Interbank Offered Rate and serves as the first step to calculating interest rates on various loans throughout the world.

LIBOR serves as a globally accepted key benchmark interest rate that indicates how much does it costs to the banks to borrow from each other. It is used as the necessary reference rate for transacting in the global markets worth more than $350 trillion and comprises of various financial products that include interest rate swaps, forward rate agreements, mortgages and commerical loans.

Why was there a decline in usage of Libor?

Reforms to banking and money market fund regulations resulted in fewer interbank short-term loans and reduced demand for the bank debt. Also, Libor's reputation was damaged by charges that banks manipulated the rate before and during the 2007-2009 financial crisis, often to book larger profits on derivatives based on the rate. Libor rates are sometimes estimated rather than based on actual transactions.

Will it replace Libor?

- SOFR is intended to work alongside Libor. Over time, regulators hope that more derivatives and loans will be backed by the rate, which will decrease the importance of Libor. The New York Fed's publication of the rate is the first in a series of steps to enable a transition.
- Major dealers and clearing houses that guarantee interest rate swap

- trades are also working to enable swaps based on the new rate.
- The head of Britain's financial markets regulator said last year that a Libor substitute must be in place for banks to use by the end of 2021, and that Libor must be replaced because there are not enough transactions underpinning the rates.

National Investment and Infrastructure Fund of India (NIIF)

Why in news?

Recently EverSource Capital along with National Investment and Infrastructure Fund of India (NIIF) have partnered U.K. government's CDC Group to invest $330 million in Ayana Renewable Power (Ayana).

About National Investment and Infrastructure Fund of India (NIIF):

- National Investment and Infrastructure Fund (NIIF) is a fund created by the Government of India for enhancing infrastructure financing in the country.
- NIIF was proposed to be set up as a Trust, to raise debt to invest in the equity of infrastructure finance companies such as Indian Rail Finance Corporation (IRFC) and National Housing Bank (NHB). The idea is that these infrastructure finance
- companies can then leverage this extra equity, manifold. In that sense, NIIF is a banker of the banker of the banker.
- NIIF is envisaged as a fund of funds with the ability to make direct investments as required. As a fund of fund it may invest in other SEBI registered funds.

Objective

The objective of NIIF would be to maximize economic impact mainly through infrastructure development in commercially viable projects, both greenfield and brownfield, including stalled projects. It could also consider other nationally important projects, for example, in manufacturing, if commercially viable.

Functions of NIIF

The functions of NIIF are as follows:

- Fund raising through suitable instruments including off-shore credit enhanced bonds, and attracting anchor investors to participate as partners in NIIF;
- Servicing of the investors of NIIF.
- Considering and approving candidate companies/institutions/ projects (including state entities) for investments and periodic monitoring of investments.
- Investing in the corpus created by Asset Management Companies (AMCs) for investing in private equity.
- Preparing a shelf of infrastructure projects and providing advisory services.

NIIF

- provides equity / quasi-equity support to those Non Banking Financial Companies (NBFCs)/Financial Institutions (FIs) that are engaged mainly in infrastructure financing. These institutions will be able to leverage this equity support and provide debt to the projects selected.
- Invest in funds engaged mainly in infrastructure sectors and managed by Asset Management Companies (AMCs) for equity / quasi-equity funding of listed / unlisted companies.
- provides Equity/ quasi-equity support / debt to projects, to commercially viable projects, both greenfield and brownfield, including stalled projects.

Operational Aspects

- The proposed corpus of NIIF is Rs. 40,000 Crores (around USD 6

Billion). The initial authorized corpus of NIIF would be Rs. 20,000 crore, which may be raised from time to time, as decided by Ministry of Finance.

- Government can provide upto 20000 crore per annum into these funds. Government's contribution/share in the corpus will be 49% in each entity set up as an alternate Investment Fund (AIF) and will neither be increased beyond, nor allowed to fall below, 49%. The whole of 49% would be contributed by Government directly.
- Rest is open for contribution from others. The contribution of Government of India to NIIF would enable it to be seen virtually as a sovereign fund and is expected to attract overseas sovereign/ quasi-sovereign/multilateral/bilateral investors to co-invest in it.
- Cash-rich Central Public Sector Enterprises (PSUs) could contribute to the Fund, which would be over and above the Government's 49%.
- Similarly, domestic pension and provident funds and National Small Savings Fund may also provide funds to the NIIF.
- NIIF may utilize the proceeds of monetized land and other assets of PSUs for infrastructure development. The NIIF will work out these details in consultation with the Ministry of Finance, to match different investors' preferences.

Global Housing Technology Challenge-India

- The challenge (GHTC - India) seeks to obtain best available innovative construction technologies from across the globe through a unique competitive process.
- It aims to transform the eco-system of housing construction sector in the country through lighthouse projects built using advanced proven technologies.
- It will foster the development of domestic technological research, and building platforms for knowledge sharing and networking across the sector.

The challenge has three components viz.

1. Conduct of Grand Expo-cum-Conference

- Grand Expo and Conference on Alternative and Innovative Construction Technologies A Grand Expo and Conference will be organized biennially (once every two years) in India to provide a platform to all stakeholders associated with housing construction.
- The event will have panel discussions, inspiring talks, exhibition of prototypes, the exchange of knowledge and business, provide networking opportunities and the signing of MoUs.
- The first Expo and conference is proposed to be held on 2nd and 3rd March 2019 and is expected to be attended by a wide range of stakeholders such as technology providers, researchers, builders, developers, entrepreneurs, academia, civil society organisations, and public-sector agencies such as housing boards and public works offices.

2. Identifying Proven Demonstrable Technologies from across the globe

- Identifying and Mainstreaming Proven Demonstrable Technologies for the Construction of Lighthouse Projects Proven Technologies that are innovative and established are to be identified and mainstreamed from around the world for use in the Indian context.
- Such technologies will be invited to apply through a global online Express of Interest (EoI), which in turn will be rigorously screened by an eminent Technical Evaluation Committee constituted at the Ministry of Housing and Urban Affairs.
- Suitability for the different regions of India will be established, and these technologies will be further invited to design and build lighthouse projects of approximately 1,000 housing units each at six places in the country.
- These projects will demonstrate the merits of the selected technologies and serve as live laboratories for research, testing, technology transfer, increasing mass awareness and for mainstreaming them in the country.

3. Promoting Potential Technologies through the establishment of Affordable Sustainable Housing Accelerators- India (ASHA-I) for incubation and accelerator support.

- Identifying Potential Future Technologies for Incubation and Acceleration Support through ASHA - India (Affordable Sustainable Housing Accelerators) Potential Future Technologies from India that are applicable to the housing sector will be supported and encouraged through the ASHA India program.
- It will invite applications from local researchers and technology developers whose products are not yet market ready or are market ready and are yet to achieve scale.
- Promising solutions will be identified by an eminent Technical Evaluation Committee for Incubation and Acceleration support.
- Four eminent IITs will provide incubational facilities and support such as product development, mentoring and monitoring, prototyping, company incorporation, patent guidance and business model assistance.
- Accelerator workshops will be organised by leading institutions to enable a better eco-system familiarity for start-ups through master classes with funders, industry leaders, and sector experts. At least one accelerator workshop will be organized each year.

THE HINDU

AK-203 rifles

Why in news?

The AK-203/103 rifle, which will soon be manufactured in Amethi after Prime minister laid foundation stone for manufacturing unit, is the latest derivative of the legendary AK-47 rifle.

New Weapons:

- The project, in collaboration with Russia, will be undertaken at the Korwa ordnance factory, which was established in 2010. Around 7.5 lakh units of the latest version of AK-47 will be manufactured in the new unit.

- The rifles will progressively **replace the Army's in-service INSAS and AK-47 rifles.** The 200-series of AK rifles represents the next generation and evolution of the 100-series of AKs.
- The 200-series Kalashnikov rifles have same basic design, layout and major features (including famous reliability and durability), but **feature improved ergonomics and modern accessory interfaces.**
- The AK103 has plastic folding buttstock that ensures convenience on the march, during transportation and landing operations. The weapon can fire with buttstock folded. The AK103 can carry a 40-mm under-barrel grenade launcher or a knife-bayonet, according to the Kalashnikov website.
- Favoured by the military around the world and operational in all conditions, the AK-47 rifles is much in demand because of their reliability and operational ease, with Army personnel of over 100 countries reportedly equipped with it.
- The new joint venture between India and Russia comes after last year's signing of the $5.43 billion deal for **S-400 Triumf air defence missile systems.**
- After the rifles are supplied to the defence forces, the government, in the next phase, would provide them to paramilitary and the state police forces, ANI reported.
- Last week, the Defence Ministry signed a contract with American firm Sig Sauer for the supply of 73,000 assault rifles, which will be used by troops deployed along the nearly 3,600-km border with China.

Trans-boundary Elephant conservation

Why in news?

A herd of six female elephants surviving under severe anthropogenic stress may be helped by trans-boundary conservation, say scientists.

Conservation Efforts:

- For several years now, the beleaguered group has been negotiating the international border between India and Bangladesh, ranging from the western side of the Karimganj district of Assam to the eastern side to the Sylhet district of Bangladesh.
- In a publication titled "The importance of trans-boundary conservation of the Asiatic Elephant Elephas maximus in **Patharia Hills Reserve** Forest, north-eastern India.
- Scientists have called for "joint conservation activities" for the protection of the herd. The paper was published in the *Journal of Threatened Taxa*.
- Researchers said that its last male elephant died almost five years ago, causing the population to stagnate. Electrocution caused the death of a female elephant in 2017.

Human settlement:

- The elephants are now divided into two small herds with three in each group, and one herd always follows the other.
- They stay on both sides of the forest, that is, the sections in India as well as Bangladesh, and cross the border frequently.
- They have broken border fences to use their migratory corridor.
- The researchers said a greater part of the elephants' habitat lies in southern **Assam's Patharia Hills Reserve Forest**, where a lot of illegal settlements have come up in the recent decades.
- The publication points out that "if conservation action is not taken up, the Reserve Forest (RF) will be a dense human settlement area without any trace of wildlife in the near future."
- During the summer, from April to July, the elephants stay in Bangladesh, while in the winter, from November to December, they prefer to remain in the forest patches and tea estates of the Indian side.
- The authors of the paper said that the elephants' **shifting pattern of migration may be due to the food shortage** on both sides as anthropogenic activities have increased.

Human-Elephant Conflict:

- India has the largest number of wild Asian Elephants, estimated at 27,312 according to 2017 census by Project Elephant, i.e. about 55% of the species' global population.

- Research shows more the forest habitat is degraded, the farther an elephant herd has to roam in search of food, water as well as space.
- As elephants are forced to range farther and farther afield, this brings them into conflict with humans.
- Human-Elephant Conflict (HEC) is a very serious issue in India today. Over 400 humans are killed in encounters with elephants annually, and crops and property worth millions are damaged.
- In contrast, many elephants are also killed (about 1500 in the last 15 years) by human greed and indifference, and in retaliation due to conflict: through train-hits, poaching, poisonings, and electrocutions.

Elephant Corridors of India:

- **Wildlife Trust of India**, in its 2017 publication 'Right of Passage: Elephant Corridors of India' has identified **101 elephant corridors** across India of which Jharkhand has seven corridors and four and three interstate ones with West Bengal, and Odisha respectively, facilitating movement of about 680 elephants.
- Between 2000-2016 around 156 elephant deaths were recorded. To tackle such conflicts and avoid losses on both sides, it is important to strengthen the human-elephant coexistence through sensitization and generating awareness in local communities of forest fringe areas.
- To address this, one of the key ways adopted by the organization is to partner with a network of grass-roots individuals and organizations, since no conservation initiative can achieve long-term success without the support of local stakeholders.
- '**Green Corridor Champions**' (GCCs), working in tandem with WTI and concerned state forest departments, they sensitize local communities about the importance of elephant corridors and, with the judicious and appropriate use of social, economic and technical interventions, and the vital support of local governments, help in ensuring the safe passage for elephants through the corridor and avoiding human-elephant conflict.

CPSE's non-core assets formonetisation

Why in news?

Niti Aayog has been tasked with drawing up a list of non-core assets of various CPSEs, both healthy and sick ones, as the first step towards finance ministry's plan to monetise such assets and unlock value to shareholders.

About the Plan:

- This is part of the overall plans of the government to lay down procedure and mechanism for monetisation of non-core assets of central public sector undertakings (CPSEs), which include mainly land and building.
- Niti Aayog will draw up the list of non-core assets owned by CPSEs which can be sold separately after discussion with a consultative group comprising officials from administrative ministries, Department of Economic Affairs, Department of Investment and Public Asset Management (DIPAM).
- The process would take about six months' time. The report of Niti Aayog will be taken up by the alternative mechanism on disinvestment, following which the CPSE and the respective administrative ministry will further proceed with the monetisation process.
- So far, the disinvestment process was confined to the corporate level. Now, it will go one step down and monetise non-core assets of CPSEs to unlock wealth and generate value on equity for shareholders.
- It is pertinent to mention here that in 2016 Niti Aayog was also asked to draw up a list of CPSEs which could go in for a strategic sale. It has already identified about 35 CPSEs which could go in for outright sale.

Strategic disinvestment:

- The Union Cabinet had last week approved laying down of the institutional framework for monetisation of identified non-core assets of the CPSEs under strategic disinvestment and assets relating to immovable enemy property under the custody of Custodian of Enemy Property for India (CEPI).

- Explaining the process, the official said the Cabinet approval for asset management framework would be applicable in four cases the sale of non-core assets of CPSEs identified for strategic disinvestment, the sale of immovable enemy property land which is not under litigation.
- Enemy property refers to the assets which were left behind by people who migrated to Pakistan or China and are no longer citizens of India.
- It includes the sale of non-core assets of any other CPSE after approval of competent authority or the administrative ministry and sale of such assets of sick or loss-making CPSE.
- With regard to those CPSEs which are candidates for strategic disinvestment, the official said such companies would have to first list out the non-core assets which are to be hived off separately before the strategic disinvestment process starts.
- The enlistment of the land assets would have to happen first before the strategic disinvestment process starts. Once the non-core assets are carved out, the sale of such assets and strategic disinvestment process can go on simultaneously.
- DIPAM, after consulting ministries and CPSEs, has already identified a huge tract of land and other assets of nine state-owned companies which will be hived off before they are put on the block for strategic sale.
- In the current financial year, the government has set a disinvestment target of Rs 80,000 crore, which includes strategic and minority stake sale in CPSEs.
- The government already had already given in-principle approval for the strategic sale of 24 state-owned companies.
- The independent external monitor set up for strategic disinvestment shall oversee the process of asset monetisation.
- The approved framework shall be reviewed after two years for instituting any change including delegations on financial limits.
- So far this fiscal, the government has raised over Rs 56,064 crore by divesting stakes in state-owned companies.

Hailstorm kills over thousand birds

Why in news?

A hailstorm in the buffer zone of Pench Tiger Reserve in **Madhya Pradesh** on the intervening night of Saturday-Sunday has killed 1,102 birds.

Egrets and parrots

- The dead birds comprise 590 egrets, 360 parrots and 152 crows.
- They were killed in the hail that struck Khamarpani and Kanhar villages in Chhindwara district.
- After the dead birds were examined as per the Wildlife Protection Act, they were disposed of, he added.
- The hailstorm lashed Khamarpani and Kanhar villages in Chhindwara district, over 60 kilometres from here.

Deepening slowdown in Indian economy

Why in news?

India's economy is inarguably slowing, and the latest estimates from the Central Statistics Office disconcertingly point to a deepening slowdown.

Recent Projections:

- **GDP growth is projected to have eased to 6.6%** in the October-December period. With the CSO now forecasting the full-year expansion at 7%, fiscal fourth-quarter growth is implicitly pegged at an even slower 6.5%.
- At that level, growth would have slowed to a seven-quarter low, giving the incumbent NDA government its slowest pace of annual growth.
- The data clearly reflect the pain points in the real economy that have been evident for some time now.
- For one, the farm sector continues to remain in trouble with GVA

(gross value added) growth in agriculture, forestry and fishing having slowed sharply to 2.7% in the last quarter, from a 4.2% pace in July-September and 4.6% a year earlier.

Agri Sector:

- With rabi sowing showing a shortfall across most crops after a deficient north-east monsoon, and the abiding structural issues that have pushed a multitude of farmers into acute distress nowhere near resolution, it is hard to foresee an early revival in this crucial primary sector.

Manufacturing:

- This, in turn, continues to dog demand in the hinterland for manufactured products, from two-wheelers to tractors, and is evident in the consumption spending data.
- Growth in private final consumption expenditure eased appreciably to 8.4%, from the second quarter's pace of 9.8%. Manufacturing is another source of concern.
- The estimates for growth in GVA for the sector put the pace at 6.7%, weaker than the 6.9% posted in the second quarter and a rapid deceleration from the April-June period's 12.4%.

IIP:

- The latest Index of Industrial Production (IIP) figures also give little cause for optimism as manufacturing expansion in December slowed to 2.7%, from 8.7% 12 months earlier.
- RBI Governor had in fact pointedly cited how "high-frequency and survey-based indicators for the manufacturing and services sectors" suggested a slowdown in the pace of activity, to help justify his vote last month for an interest rate cut to bolster growth.
- That most of the sectors comprising the broader services basket remain becalmed adds to the sense of disquiet.
- It remains to be seen if the RBI's reduction in borrowing costs helps check the demand slowdown in the fourth quarter, an improvement in investment activity notwithstanding.

Gross fixed capital formation:

- Gross fixed capital formation, the key metric for investment demand, expanded by a healthy 10.6%, building on the second quarter's 10.2% increase.

Military Tensions:

- Still, with military tensions with Pakistan on the boil, a long campaign for the general election ahead, uncertainties looming on the global trade and growth horizons, and little fiscal leeway to tease back momentum through increased spending, the economy appears headed for a period of uncertainty at least till the next government is in place.

Saved 8300 MW with LED lights

Why in news?

Energy Efficiency Services Limited (EESL), one of the world's largest public energy services companies, has Saved 8300 MW with LED lights.

Energy saving efforts so far:

- In the last four years, EESL has grown its topline from ₹70 crore to ₹2,000 crore this year.
- At the group level, it is expecting to close this year with ₹2,800 crore as we have a subsidiary in the U.K. that we acquired.
- Last year,profit after tax was ₹50 crore and this year almost doubling it to about ₹100 crore.
- The gross margins for the first six months was 25%. So, say if we reach ₹2,000 crore in revenue, our earnings before interest, depreciation, tax and amortisation will be around ₹ 500 crore.

Rapid growth:

- It has been a very rapid growth both in terms of value and volume and also in terms of diversification. Four years ago, we were just into a couple of verticals like LED lighting for domestic and public [uses].

- But now, there are many initiatives that we have started. While lighting remains a strong portfolio, we have got into buildings, electric mobility, smart meters and decentralised solar plants.
- PFC is going to acquire majority stake in REC. Both are your promoters. It is not a merger of PFC and REC.
- PFC is buying out the government's holding in REC. So, theoretically and legally, both will remain separate legal entities.
- Today, its shareholding pattern is 36% each with NTPC and PFC, 23% is with REC and the remaining is with Power Grid. So, for us, the ownership structures will not change per se unless there is something else to the contrary as and when the transaction gets completed.

Achievement so far:

- Ujala was the LED bulbs programme. When it started the programme in 2014, a seven-watt LED bulb cost ₹310.
- Today, it is procuring a far more efficient nine-watt bulb for ₹40. It has distributed 32 crore bulbs over the last four years, giving LEDs at ₹72. 116 crore bulbs is done by the private sector.
- EESL has done market transformation in the lighting sector by saving 8,300 MW of power capacity by LED lighting.

Street lighting:

- When the plan started, the total number of street lights with urban local bodies was about 1.4 crore and EESL replaced nearly 81.5 lakh street lights till now.
- Its investment till now in energy efficiency and energy efficiency products already deployed and committed is ₹10,000 crore.
- A large part of this is done by industry on its own. For example, there is a scheme called Perform Achieve and Trade, a regulatory scheme of the Bureau of Energy Efficiency (BEE).
- In the first cycle, the industry had invested ₹25,000 crore to reduce their energy consumption. In the second, the expected investment is ₹35,000 crore. Most players do it for themselves but we do it for others.

Electric vehicles:

- The role of government will be that of an enabler. The Power Ministry has come out with two guidelines that charging is not sale or resale of power but a service.

- It has capped what a distribution company can charge an EV charging station, and it has also clarified what kind of charging infrastructure need to have in a charging station.
- With this, the basic policy framework is there. EESL has started setting up public charging infrastructure in the New Delhi municipal area.
- Some other entities are also seen tying up with discoms and municipal bodies for public charging. In India, besides Tatas and Mahindra and three OEMs Hyundai, Nissan and Kia Motors are coming out with their electric vehicles.

FPI net inflows in stocks

Why in news?

Foreign investors poured in close to Rs 17,220 crore on a net basis into Indian equities in February this year, the highest since November 2017, amid clarity on government spending plans and positive sentiments.

FPI Rise:

- Foreign portfolio investors had pumped in a net amount of around Rs 19,728 crore in Indian stocks in November 2017.
- According to the latest data from the depositories, foreign investors pumped in Rs 1,17,899.79 crore into][piyrequities and pulled out Rs 1,00,680.17 crore in February.
- In the previous month (January 2019), however, foreign portfolio investment (FPI) outflows from equities stood at Rs 5,263.85 crore.
- Foreign investors have turned net buyers in February, mainly on account of clarity on government spending post-budget and value buying in several pockets.
- Inflows into the equity market can be attributed to a positive view on the Budget and a dovish stance taken by the central bank.
- The Reserve Bank’s decision to change its stance to neutral from

calibrated tightening, while cutting the repo rate by 25 basis points has cemented the belief that bringing growth back is on the top of its agenda.