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Current Affairs

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Inter-Governmental Agreement for Exchange of Country-by-Country

Why in news?

India and the United States of America have today, the 27th March, 2019, signed an Inter-Governmental Agreement for Exchange of Country-by-Country (CbC) Reports.

Highlights:

- This Agreement for Exchange of CbC Reports, alongwith the Bilateral Competent Authority Arrangement between the two Competent Authorities, will enable both the countries to automatically exchange CbC Reports filed by the ultimate parent entities of Multinational Enterprises (“MNEs”) in the respective jurisdictions, pertaining to the years commencing on or after 1st January, 2016.
- It would also obviate the need for Indian subsidiary companies of US MNEs to do local filing of the CbC Reports, thereby reducing the compliance burden.
- India has already signed the Multilateral Competent Authority Agreement (MCAA) for Exchange of CbC Reports, which has enabled exchange of CbC Reports with 62 jurisdictions.
- Filing of CbC Reports by the ultimate parent entity of an MNE group to the prescribed Authority in the jurisdiction in which it is a resident and exchange of such CbC Reports by the Competent Authority of the said jurisdiction with the Competent Authorities of other jurisdictions

in which the group has one or more of its constituent entities, are the minimum standards required under the Action 13 Report of OECD/G20 BEPS Project in which India is an active participant.

- A CbC Report has aggregated country-by-country information relating to the global allocation of income, the taxes paid, and certain other indicators of an MNE group.
 - It also contains a list of all the constituent entities of an MNE group operating in a particular jurisdiction and the nature of the main business activity of each such constituent entity.
 - MNE groups having global consolidated revenue of 750 Million Euros or more (or a local currency equivalent) in a year are required to file CbC Reports in their parent entity's jurisdiction.
 - The INR equivalent of 750 Million Euros has been prescribed as INR 5500 Crore in Indian rules. This information will enable an enhanced level of assessment of tax risk by both tax administrations.
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Special Expenditure Observers

Highlights:

- The Special Observers will be supervising and monitoring the work being done by the electoral machinery and ensure that stringent and effective enforcement action is undertaken based on intelligence inputs and complaints received through C-VIGIL and Voter Helpline 1950 against all persons/entities trying to induce voters by distributing cash, liquor & freebies etc. in order to vitiate the poll process.
- All Observers are essentially the eyes and ears of the Commission, Senior Expenditure Observers are assuming an enormous role given the quantum of money power vitiating the election process.
- Observers of their enormous responsibility to ensure fair, ethical and transparent election process in the field.
- Observers required to be vigilant, impartial and accessible to all stakeholders to reinforce the faith in the minds of the citizen towards the electoral process.

Mission Shakti

Why in news?

Defence Research and Development Organisation (DRDO) today successfully conducted an Anti-Satellite (A-SAT) missile test 'Mission Shakti' from the Dr AP J Abdul Kalam Island in Odisha.

Highlights:

- A DRDO-developed Ballistic Missile Defence (BMD) Interceptor Missile successfully engaged an Indian orbiting target satellite in Low Earth Orbit (LEO) in a 'Hit to Kill' mode.
- The interceptor missile was a three-stage missile with two solid rocket boosters. Tracking data from range sensors has confirmed that the mission met all its objectives.
- The test has demonstrated the Nation's capability to defend its assets in outer space. It is a vindication of the strength and robust nature of DRDO's programmes.
- With this India joins a select group of nations, which have such capability. The test has once again proven the capability of indigenous weapon systems.
- The United States was the first nation to build space warfare capability that it developed in late 1950s. The erstwhile USSR followed the US and had acquired this capability by early 1960s. China was the third country to launch A-SAT. China conducted its first A-SAT test in 2007.
- No country has used an A-SAT against another nation till date. In all the instances, the nations testing anti-satellite missiles have targeted one of their defunct satellites to showcase their space warfare capabilities.

About Indian Ballistic Missile Defence Programme

- The Indian Ballistic Missile Defence Programme is an initiative to develop and deploy a multi-layered ballistic missile defence system to protect from ballistic missile attacks.
 - Introduced in light of the ballistic missile threat from mainly Pakistan, it is a double-tiered system consisting of two land and sea-based interceptor missiles, namely the Prithvi Air Defence (PAD) missile for high altitude interception, and the Advanced Air Defence (AAD) Missile for lower altitude interception. The two-tiered shield should be able to intercept any incoming missile launched from 5,000 kilometres away.
 - The system also includes an overlapping network of early warning and tracking radars, as well as command and control posts.
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CBI report on Saradha case

Why in news?

The Supreme Court asked whether it is expected to close its eyes, “suppose if some very very serious matters” come to light. The court’s observation came after perusing the CBI’s status report on the examination of former Kolkata Police Commissioner Rajeev Kumar in Shillong in connection with the multi-crore Ponzi scam cases, including the Sharadha and Rose Valley scandals.

SC Observations:

- The petition stems from a February 3 incident in which the West Bengal police manhandled a CBI team that went to Mr. Kumar’s Kolkata residence to question him in the Saradha scam case.
- The Supreme Court, while transferring the probe into the ponzi scams to the CBI from the State police, had ordered the latter to fully support the central investigating agency to reach the truth.
- However, what began as a contempt case has now snowballed into the CBI levelling allegations that Mr. Kumar, as the functional head of

the West Bengal government-appointed Special Investigation Team (SIT), actively connived with the high-profile accused in the ponzi scams to tamper with the crucial call data records (CDRs).

- Solicitor-General Tushar Mehta, for the CBI, said the statements made by the contemnors in their affidavits were misleading and demonstrably false.
 - The court asked the CBI to file an application listing the allegations supported by full facts and particulars in the next 10 days.
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Political parties most distrusted, Army, judiciary win people's trust

Why in news?

Ahead of the Lok Sabha election, a public opinion survey in 12 States has found that political parties are the most distrusted political institutions in the country. Also, one in five among those surveyed felt that unemployment was the single biggest issue facing the country today.

Negative net rate:

- The survey, Politics and Society between Elections 2019, found that political parties had a negative net trust rate of -55% (calculated as the percentage of respondent who trust them minus the percentage who do not).
- They are the only institutions with a negative net rate.
- On the other end of the scale, the Army is the most trusted institution in the country, with an effective trust rate of 88%, while the judiciary including the Supreme Court, High Courts and district court enjoys an effective trust rate of more than 60%.
- The report, published jointly by Azim Premji University and Lokniti, surveyed about 24,000 people from 12 States Assam, Jammu and Kashmir, Kerala, Mizoram, Nagaland, Punjab, Tamil Nadu, Tripura, Uttar Pradesh, Uttarakhand, West Bengal and Delhi.

- Each State had about 2,000 respondents. Previous surveys over the past two years had covered 12 more States, and researchers expect to collate all three surveys for a more comprehensive analysis in future.

Electoral process:

- For too long, studies on Indian democracy have focused only on elections, as though our democratic system can be reduced to the electoral process.
- Apart from measuring institutional trust, the survey attempts to provide a glimpse into people's views on governance, sexuality, gender, nationalism, populism, caste and religious identities.
- Researchers also asked respondents what was the single biggest problem facing the country. Almost 20% of those surveyed said unemployment was their biggest concern.
- Among the youth between 18 and 35 years, that figure shot up to 49%.
- Other issues cited include development, growth and poverty (15%) and law, governance and corruption (13%).
- Exploring perceptions about religious nationalism, the survey asked whether the government should punish those who eat beef, engage in religious conversion, do not stand for nationalism or refuse to chant 'Bharat Mata Ki Jai'

Largest support:

- It found differences across States, with people in Uttar Pradesh, Delhi and Uttarakhand being mostly likely to support punishment in such cases.
 - Punishment for beef consumption had the largest support; only Nagaland and Jammu and Kashmir had a higher percentage of respondents who opposed punishment rather than supported it in this case.
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Mankading

Why in news?

This season of the Indian Premier League began just three days ago and it has already courted controversy. During a match against Rajasthan Royals at the SawaiMansingh Stadium in Jaipur, Kings XI Punjab captain and bowler Ravichandran Ashwin dismissed Jos Buttler in a run out popularly called 'Mankading'.

What is it?

- Named after legendary Indian bowler Vinoo Mankad, 'Mankading' is a method of run out where a bowler dismisses a non-striker by hitting the bails before bowling when the latter is outside the crease.
- Though this is a legally permissible dismissal, it is considered against the spirit of the game.
- The Laws of Cricket 41.16 states that a Non-striker leaving his/her ground early: If the non-striker is out of his/her ground from the moment the ball comes into play to the instant when the bowler would normally have been expected to release the ball, the bowler is permitted to attempt to run him/her out. Whether the attempt is successful or not, the ball shall not count as one in the over.
- The law also states that if the bowler fails in an attempt to run out the non-striker, the umpire shall call and signal Dead ball as soon as possible.
- The credit for inventing the word 'Mankading' goes to the Australian Press.
- During India's tour of Australia in 1947, Vinoo Mankad had dismissed Bill Brown, not once but twice by removing the bails when he was outside the crease.
- Though the then Australian captain Don Bradman supported Mankad, the Australian Press criticised him for being unsportsmanlike.

Controversy:

- The Laws of Cricket was amended several times after this incident, but it was decided to retain this form of run out to disallow batsmen from stealing runs.
- There have been instances where the bowlers refrained from using this method, like the 1987 World Cup match between Pakistan and West Indies.

- Courtney Walsh refused to run Salim Jaffar out, which resulted in West Indies losing the game to Pakistan.
 - Incidentally, this is not the first time Ashwin tried to dismiss a non-striker. During the 2012 Commonwealth Bank Series in Australia, Ashwin ran Sri Lanka's Lahiru Thirimanne out using the same method.
 - He had even warned Thirimanne earlier. However, captain Virender Sehwag withdrew the appeal and the umpires considered it as a dead ball.
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RBI infuses Rs. 34,500 cr. Liquidity

Why in news?

The first **dollar-rupee buy/sell swap** auction by Reserve Bank of India (RBI), which was **aimed at infusing primary liquidity**, saw aggressive bidding by banks, data released by the central bank showed.

Liquidity Infusion:

- The RBI received \$16.31 billion in bids for the auction for a notified amount of \$5 billion. In turn, RBI infused Rs. 34,561 crore rupee liquidity.
- Market participants said the auction was successful as RBI got bids three times more than what it had intended to purchase, adding that both domestic and foreign banks participated in the auction.
- There was aggressive bidding for the auction, almost three times of what was on offer. Cut-off came in line with the market expectation.

Fewer OMOs:

- There is expectation that RBI would conduct more such auctions as there is an appetite in the market, and reduce dependence on open market purchases of bonds.
- RBI has infused a significant amount of liquidity in the current fiscal through open market operations (OMOs).

- This would be one of the ways RBI would be continuously evaluating. This swap window could be used as and when needed to infuse liquidity.
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Let Finance Commission function the way it does now

Why in news?

The Finance Commission should be allowed to function in the same manner as it is doing currently, according to former Reserve Bank Governor Y.V. Reddy.

Observations:

- Let the Finance Commission do whatever it is supposed to do. There is no need to tamper with the structure, he said in a speech on 'New approaches to fiscal federalism in India' as part of Madras Institute of Development Studies' Founder's Day lecture.
- Asked about various views on the need for, and against, a permanent structure for the Commission, he said, "Currently, the Finance Commission has a five-year term. The system of appointing a Finance Commission once in five years is fine. Let it continue.
- The way forward is to stick to the old approach, new approach is not warranted. What is warranted is to behave more faithfully, with honesty and integrity," he said.
- Pointing out that the proposal for making the Finance Commission a permanent body could evolve in two ways.
- First, the government would abdicate its discretion currently available in designing and implementing the specific purpose transfers.
- Second, it would dilute the neutrality of the Finance Commission between the Union and the States through a process of continuous association with the government.
- Dr. Reddy said that in his view, there was considerable merit in

having one apolitical body that provided stability and predictability primarily to share taxes that ensured fiscal balance and another forum of transfers involving continuous political bargaining with a broader mandate.

Technoference' is affecting sleep, productivity

Why in news?

Excessive use of mobile phones is making people lose sleep and become less productive, according to an Australian study that found a jump in 'Technoference' over the past 13 years.

Findings of the Survey:

- Researchers from Queensland University of Technology (QUT) in Australia surveyed 709 mobile phone users across Australia aged 18 to 83 in 2018, using questions replicated from a similar survey back in 2005.
- They then compared the findings and discovered significant increases in people blaming their phones for losing sleep, becoming less productive, taking more risks while driving and even getting more aches and pains.
- When we talk about Technoference, we're referring to the everyday intrusions and interruptions that people experience due to mobile phones and their usage.
- The survey found Technoference had increased among men and women, across all ages.
- For example, self-reports relating to loss of sleep and productivity showed that these negative outcomes had significantly increased during the last 13 years.
- The findings, published in the journal *Frontiers in Psychiatry*, suggest that mobile phones are potentially increasingly affecting aspects of daytime functioning due to lack of sleep and increasing dereliction of

responsibilities.

Impacts of Excessive use of Mobile Phones:

- According to the survey, one in five women (19.5%) and one in eight men (11.8%) now lose sleep due to the time they spend on their mobile phone.
- About 12.6% of the men said their productivity decreased as a direct result of the time they spend on their mobile compared to none in 2005 and 14% of women have also noticed a productivity decline.
- Over 54% of women believe their friends will find it hard to get in touch with them if they do not have a mobile (up from 28.8%), and 41.6% of men thought this. About 8.4% of women and 7.9% of men have aches and pains they attribute to mobile phone use, researchers said.
- The survey results also indicated that phones were being used as a coping strategy, with one in four women and one in six men saying they would rather use their phone than deal with more pressing issues.
- Rapid technological innovations over the past few years have led to dramatic changes in today's mobile phone technology which can improve the quality of life for phone users but also result in some negative outcomes.
- These include anxiety and, in some cases, engagement in unsafe behaviours with serious health and safety implications such as mobile phone distracted driving.
- Self-reports relating to loss of sleep and productivity showed that these had significantly increased in the past 13 years.

SC to hear plea seeking stay on electoral bonds

Why in news?

The Supreme Court has agreed to hear on April 2 a petition to stay the Electoral Bond Scheme, 2018, under which bonds are being sold right before the Lok Sabha election.

PIL to stay bonds:

- A Bench agreed to examine the plea by the Association for Democratic Reforms.
- It said 95% of the bonds sold so far had been in favour of one political party, that is the ruling party, which are definitely in the form of kickbacks before polls.
- Most bonds purchased since 2018 were in the denominations of Rs. 10 lakh and Rs. 1 crore, which indicate that it is not common citizens but corporates that have been buying the bonds.

What is an Electoral Bond?

- In order to “cleanse the system of political funding in the country” and in keeping with the government’s desire to move to a cashless economy, Union Finance Minister expanded on some of the details of the electoral bonds scheme.
- The scheme, announced during the 2017 Budget, aims to account the donations made to all major political parties.
- An electoral bond is designed to be a **bearer instrument like a Promissory Note** in effect, it will be similar to a bank note that is payable to the bearer on demand and **free of interest**.
- It can be **purchased by any citizen of India or a body incorporated** in India.
- The bonds will be issued in multiples of ₹1,000, ₹10,000, ₹1 lakh, ₹10 lakh and ₹1 crore and will be available at specified branches of State Bank of India.
- They can be bought by the donor with a KYC-compliant account. Donors can donate the bonds to their party of choice which can then be cashed in via the party's verified account within 15 days.

What are the other conditions?

- Every party that is registered under section 29A of the Representation of the Peoples Act, 1951 (43 of 1951) and has secured at least one per cent of the votes polled in the most recent Lok Sabha or State election will be allotted a verified account by the Election Commission of India.
- Electoral bond transactions can be made only via this account.

- The bonds will be available for purchase for a period of 10 days each in the beginning of every quarter, i.e. in January, April, July and October as specified by the Central Government.
- An additional period of 30 days shall be specified by the Central Government in the year of Lok Sabha elections.
- The electoral bonds will not bear the name of the donor.
- In essence, the donor and the party details will be available with the bank, but the political party might not be aware of who the donor is.
- The intention is to ensure that all the donations made to a party will be accounted for in the balance sheets without exposing the donor details to the public.

Will it be tax deductible?

- During the Budget presentation in February 2017, the Finance Minister had proposed that the maximum amount of cash donation that a political party can receive be capped at ₹2,000 and that parties be entitled to receive donations by cheque or digital mode, in addition to electoral bonds.
 - In a press conference that followed, he had added that donations would be tax deductible. "A donor will get a deduction and the recipient, or the political party, will get tax exemption, provided returns are filed by the political party."
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India's carbon dioxide emissions up 5%

Why in news?

India emitted 2,299 million tonnes of carbon dioxide in 2018, a 4.8% rise from last year, according to a report by the International Energy Agency (IEA).

Findings of the Report:

- India's emissions growth this year was higher than that of the United

States and China the two biggest emitters in the world and this was primarily due to a rise in coal consumption.

- China, the United States, and India together accounted for nearly 70% of the rise in energy demand.
- India's per capita emissions were about 40% of the global average and contributed 7% to the global carbon dioxide burden. The United States, the largest emitter, was responsible for 14%.
- As per its commitments to the **United Nations Framework Convention on Climate Change**, India has promised to reduce the emissions intensity of its economy by 2030, compared to 2005 levels.
- It has also committed to having **40% of its energy from renewable sources by 2030** and, as part of this, install 100 GW of solar power by 2022.
- However, the IEA report showed that India's energy intensity improvement declined 3% from last year even as its renewable energy installations increased 10.6% from last year.

Global energy consumption:

- Global energy consumption in 2018 increased at nearly twice the average rate of growth since 2010, driven by a robust global economy and higher heating and cooling needs in some parts of the world.
- Demand for all fuels increased, led by natural gas, even as solar and wind posted double digit growth.
- Higher electricity demand was responsible for over half of the growth in energy needs. Energy efficiency saw lacklustre improvement.
- As a result of higher energy consumption, carbon dioxide emissions rose 1.7% last year and hit a new record, the authors of the report said in a press statement.
- The United States had the largest increase in oil and gas demand worldwide. Gas consumption jumped 10% from the previous year, the fastest increase since the beginning of IEA records in 1971.
- India says it will cost at least \$2.5trillion (Rs. 150 trillion approx.) to implement its climate pledge, around 71% of the combined required spending for all developing country pledges.

New rules for drugs, clinical trials

Why in news?

The Union Health Ministry has notified the **Drugs and Clinical Trials Rules, 2019**, with the government stating that the move is aimed at promoting clinical research in the country.

About New Rules:

- The rules will apply to all new drugs, investigational new drugs for human use, clinical trials, bio-equivalence studies and ethics committees.
- The highlights of the notification include reduction in time for approving applications, which has now come down to 30 days for drugs manufactured in India and 90 days for those developed outside the country.
- Also, in case of no communication from Drugs Controller General of India, the application will be deemed to have been approved
- As per the new rule, the requirement of a local clinical trial may be waived for approval of a new drug if it is approved and marketed in any of the countries (EU, U.K., Australia, Japan and U.S.) specified by the Drugs Controller General with the approval of the government.
- The new rules will ensure patient safety and an ethics committee will monitor the trials and decide on the amount of compensation in cases of adverse events.

