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Current Affairs

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IMF Extended Fund Facility (EFF)

- When a country faces serious medium-term balance of payments problems because of structural weaknesses that require time to address, the IMF can assist with the adjustment process under an Extended Fund Facility (EFF).
- Compared to assistance provided under the Stand-by Arrangement, assistance under an extended arrangement features longer program engagement—to help countries implement medium-term structural reforms—and a longer repayment period.

What is the EFF designed for?

The EFF was established to provide assistance to countries:

- experiencing serious payments imbalances because of structural impediments; or
- characterized by slow growth and an inherently weak balance of payments position.
- The EFF provides assistance in support of comprehensive programs that include policies of the scope and character required to correct structural imbalances over an extended period.

Longer engagement and repayment period for adjustment to bear fruit

- Given that structural reforms to correct deep-rooted weaknesses often take time to implement and bear fruit, the engagement under an EFF and its repayment period are longer than most Fund arrangements.
- Extended arrangements would normally be approved for periods not

exceeding three years, with a maximum extension of up to one year where appropriate.

- However, a maximum duration of up to four years at approval is also allowed, predicated on, inter alia, the existence of a balance of payments need beyond the three-year period—the prolonged nature of the adjustment required to restore macroeconomic stability—and the presence of adequate assurances about the member's ability and willingness to implement deep and sustained structural reforms.
 - There is also a longer repayment period of between 4½–10 years, with repayments in twelve equal semiannual installments. In contrast, the Stand-by Arrangement (SBA) is of shorter duration, with a repayment period of 3¼–5 years.
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India to decide on Iran crude imports after polls

Why in news?

India will take a call on the purchase of Iranian energy after the general elections, External Affairs Minister Sushma Swaraj told her Iranian counterpart Javad Zarif.

Government stand:

- The discussions come in the backdrop of escalating tensions in the Gulf after the U.S. waivers for supply of Iranian energy ended on May 2, prompting Tehran to declare that it would no longer be bound by the 2015 nuclear deal.
- On purchase of oil from Iran, External Affairs Minister reiterated the position that a decision will be taken after the elections keeping in mind our commercial considerations, energy security and economic interests.

Rising tensions:

- The Indian side said the visit of the Foreign Minister was undertaken

“at his own initiative” to update about the developments in the **Gulf region where tension escalated over the weekend as incidents of sabotage were reported in Saudi Arabia.**

- Tehran, meanwhile, indicated that it would **leave the Joint Comprehensive Plan of Action (JCPOA)** that was agreed upon during the second tenure of U.S. President Barack Obama.
- The visiting minister also informed India that as per the announcement of President Hassan Rouhani, Iran has given a **60-day timeline to the EU-3 and other parties to the nuclear deal for restoring oil and banking channels.**
- As part of the JCPOA, Iran was required to sell its surplus enriched uranium abroad, rather than store it inside the country.
- Mr. Rouhani had declared on May 8 that Iran would not keep this part of the promise after U.S. withdrew from the deal.

Continuing Relations:

- Following meeting, Mr. Zarif had described the talks he held in India and Turkmenistan as “excellent”.
- Those who actually live in our fragile neighbourhood have a real national security interest in promoting peace, stability, cooperation and connectivity.
- Iran remains a most accessible, sustainable and secure partner,” he said in a social media message after meeting Ms. Swaraj.
- Indicating continued energy trade, Mr. Zarif had told reporters that Tehran and New Delhi have devised plans to ensure supply.
- The two sides have designed a **special financial system** to augment trade and economic cooperation,” the Minister said. However, India has not announced any such plans as yet.

India’s Stand on nuclear deal:

- Ms. Swaraj conveyed India’s position on the critical nuclear deal that had restored banking and trade rights to Tehran after decades, and urged the stakeholders to resolve differences peacefully.
- India would like all parties to the agreement to **continue to fulfil their commitments** and all parties should engage constructively and resolve all issues peacefully and through dialogue,” the source said.
- Earlier, Mr Zarif had blamed the U.S. for the current tensions in the Gulf. Unfortunately, the United States is escalating the situation in

the region. We do not seek escalation, but we have always defended ourselves” Mr. Zarif told reporters.

India extends U.S. retaliatory tariff deadline

Why in news?

The government again extended its deadline to impose retaliatory import duties on 29 U.S. products, including almond, walnut and pulses, till June 16.

Further extension:

- A notification of the Finance Ministry said that the implementation of increased customs duty on specified imports originating in the U.S. had been postponed from May 16 to June 16 this year.
- This extension by the government comes in the backdrop of the U.S.’ decision to withdraw export incentives being provided to Indian exporters under the **Generalised System of Preferences programme**, which is expected to impact India’s exports to the U.S. worth \$5.6 billion under this scheme.

India finds OECD index for services trade faulty

Why in news?

India has found problems with the current method under which the Organisation for Economic Cooperation and Development (**OECD**) ranks countries based on their services trade policies, indicating the outcomes are biased and counter-intuitive.

Issues with the Index:

- Launched in **2014**, the **Services Trade Restrictiveness Index** (STRI), computed by the OECD, is now available for 2018 for a total of 45 economies (36 OECD and the rest non-OECD) and 22 sectors.
- The OECD index has a large number of problems associated with it, including some significant design issues that render it impractical for use, a study commissioned by the Commerce Ministry found.
- For example, **the index seems to show the Indian services sector as one of the most restrictive**, particularly in policy areas like foreign entry," the study said.
- This seems surprising as since 1991, the one area that has seen maximum liberalisation in India is FDI.

Liberalisation of FDI:

- The Ministry said it seems funny that India's foreign entry restrictions are being classified as being the most restrictive when we know that since 1991, if anything has been liberalised, it's foreign investment," said Manoj Pant, director, Indian Institute of Foreign Trade and the author of the study.
- Initial work suggests that there are both **theoretical and empirical inconsistencies** in the OECD methodology," the report added.
- For example, change in regulatory measures in one policy area can lead to dramatic changes in the STRI in another policy area which is not very useful for policy purposes.
- In addition, the data seems to have been generated by rather arbitrary procedures and reflects a developed country bias," the report concluded.
- In order to rectify this, Mr. Pant and his team of **econometricians designed a new way of measuring restrictiveness** in the services trade that would be more robust and would not have a bias either for developed or developing countries.

Building consensus:

- India has approached several developing countries during the recently-concluded World Trade Organization talks in New Delhi to try to build consensus around **the new method of measuring trade**

restrictiveness in the services sector.

- We have currently approached China, Brazil, Indonesia, Turkey, and South Africa,” Mr. Pant said. We had also planned on Malaysia, but they have not come.
 - The manufacturing trade has a well-documented system of classification of commodities through which you can tell exactly what the commodity is and also what the applied tariffs and effective tariffs are, and, hence, see how restrictive any country’s policies are,” Mr. Pant explained.
 - The problem in services, he explained, is that for a long time there wasn’t any way to know whether a country’s policies were restrictive.
 - Even if you could ascertain that, one didn’t know what to do about it since services trade is usually regulated by domestic regulations and not border tariffs.
 - There have been surprisingly few attempts at quantifying the restrictiveness of the services trade,” Mr. Pant said.
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U.S. updates military plans against Iran

Why in news?

At a meeting of President Donald Trump’s top national security aides last Thursday, acting Defense Secretary Patrick Shanahan presented an updated military plan that envisions sending as many as **1,20,000 troops to West Asia** should Iran attack U.S. forces or accelerate work on nuclear weapons, administration officials said.

Led by hardliner:

- The revisions were ordered by hard-liners led by John R. Bolton, Mr. Trump’s National Security Adviser.
- It does not call for a land invasion of Iran, which would require vastly more troops, officials said.
- The development reflects the influence of Mr. Bolton, one of the

administration's most virulent Iran hawks, whose push for confrontation with Tehran was ignored more than a decade ago by President George W. Bush.

- It is highly uncertain whether Mr. Trump, who has sought to disentangle the U.S. from Afghanistan and Syria, ultimately would send so many U.S. forces back to West Asia.
- It is also unclear whether the President has been briefed on the number of troops or other details in the plans.
- However, according to an AFP report, President Trump on Monday rejected that he was considering sending 1,20,000 troops to counter Iran, but didn't rule out deploying a hell of a lot more soldiers in the future.

Sharp divisions:

- There are sharp divisions in the administration over how to respond to Iran at a time when tensions are rising about Iran's nuclear policy and its intentions in the region.
- Some senior officials said the plans, even at a very preliminary stage, show how dangerous the threat from Iran has become.
- Others, who are urging a diplomatic resolution to the current tensions, said it amounts to a scare tactic to warn Iran against new aggressions.
- European allies who met with Secretary of State Mike Pompeo said they worry that tensions between Washington and Tehran could boil over, possibly inadvertently.
- More than a half-dozen U.S. national security officials who have been briefed on details of the updated plans agreed to discuss them with The New York Times on the condition of anonymity.
- The size of the force involved has shocked some who have been briefed on them. It would approach the size of the U.S. force that invaded Iraq in 2003.

More targets to strike:

- Deploying such a robust air, land and naval force would give Tehran more targets to strike, and potentially more reason to do so, risking entangling the U.S. in a drawn-out conflict.
- It also would reverse years of retrenching by the U.S. military in West Asia that began with President Barack Obama's withdrawal of troops

from Iraq in 2011.

- But two of the U.S. national security officials said Mr. Trump's announced drawdown in December of American forces in Syria, and the diminished naval presence in the region, appear to have emboldened some leaders in Tehran and convinced the Islamic Revolutionary Guards Corps that the U.S. has no appetite for a fight with Iran.
 - Several oil tankers were attacked or sabotaged off the coast of the UAE over the weekend, raising fears that shipping lanes in the Gulf could become flashpoints.
 - Emirati officials are investigating the apparent sabotage, and U.S. officials suspect that Iran was involved.
 - An Iranian Foreign Ministry spokesman called it a "regretful incident," according to a state news agency.
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India moots 'unbiased' assessment of trade policies

Why in news?

India is trying to rally the support of other developing countries in the World Trade Organisation to reform the "biased" system of assessing a country's services trade policies, according to an official closely associated with the development.

Issues with the present system:

- The existing system, developed by the Organisation for Economic Co-operation and Development (OECD), has **significant quantitative and qualitative flaws**, said Manoj Pant, Director of the Indian Institute of Foreign Trade, and author of the study commissioned by the Ministry of Commerce. Further, it is biased towards developed countries, he said.
- The study also found that the OECD method resulted in several counter-intuitive results as compared with the real policies

implemented by the countries in question, such as ranking India very high in terms of restrictiveness.

Reliable mechanism:

- India has come up with a “better and more reliable” mechanism to measure restrictiveness in the services trade, and has approached China, Brazil, Indonesia, Turkey and South Africa to highlight the importance of the new system.
 - Representatives of all these countries were in New Delhi May 13 and 14 for a WTO meeting.
 - Not only does the alternative indicator satisfy all the statistical properties, but it is also shown to be correct for most of the limitations of the OECD methodology, and hence, can be used as a better indicator of the true [policy] position of an economy,” the study said.
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SW monsoon likely to touch Kerala on June 4

Why in news?

The monsoon is likely to arrive in Kerala on June 4, but is poised to make a “sluggish” progress thereafter, according to an assessment by private weather forecasting agency Skymet.

Journey of winds:

- It is expected to reach Andaman and Nicobar Islands by May 22 and, when it reaches Kerala, it will also make a simultaneous onset over parts of northeastern India, the agency said in a statement.
- All the four regions are going to witness less than normal rainfall, this season.
- East and Northeast India and Central parts will be poorer than Northwest India and South Peninsula.
- Onset of Monsoon will be around June 4.
- It seems that initial advancement of monsoon over peninsular India is going to be slow,” Skymet, said in a statement.

- Central India, the country's rice bowl, is expected to see the lowest rainfall in the region, with seasonal rains at 91% of its Long Period Average.
- Odisha and Chhattisgarh are likely to be the rainiest of all, while Vidarbha, Marathwada, west Madhya Pradesh and Gujarat will be poorer than normal," the forecast added.
- **Last month, Skymet forecast 'below normal' rains to the tune of 93%** (with an error margin of +/- 5%) of the long period average (LPA) of 89 cm.

IMD assessment:

- The India Meteorological Department is expected to make public its own assessment of the monsoon onset over Kerala on Wednesday.
- The agency's forecasters say the **monsoon over Kerala would likely be "delayed" beyond the normal date of June 1.**
- There's likely to be a delay, the El Nino is one of the factors. Moreover, temperatures in the Bay of Bengal are still quite high (a factor that delays the monsoon onset over Kerala)," said a meteorologist.
- The meteorologist underlined that the **monsoon's onset bore no relation to its performance.**
- Since 1971, only thrice has the monsoon arrived in Kerala exactly on June 1.
- The onset has been as early as May 18 in 2004, and as late as June 18, in 1972, according to Skymet.

Floods result of rampant construction

Why in news?

Unbridled construction activities in eco-sensitive areas with natural water flow have a devastating effect and lead to natural calamities like those seen in the recent floods in Tamil Nadu, Kerala and Uttarakhand, the Supreme Court warned.

Uncontrolled construction activities:

- Expert opinions suggest that the devastated floods faced by Uttarakhand in recent years and Tamil Nadu this year are **immediate result of uncontrolled construction activities on river shores and unscrupulous trespass into the natural path of backwaters,**” a Bench of Justices Arun Mishra and Navin Sinha observed in a recent order.
- The observations are part of its direction to the authorities in Kerala to demolish certain apartment blocks situated in **ecologically sensitive areas** in Maradu panchayat within a month.
- In a detailed order published lately, the court declared the permission given by the panchayat authorities for their construction as illegal and void.
- We take judicial notice of recent devastation in Kerala which had taken place due to such **unbridled construction activities resulting into colossal loss of human life and property,**” the Supreme Court observed.
- It said the area in which the construction was carried out was part of tidal influenced water body and strictly restricted under the provisions of the **Coastal Regulation Zone notifications.**
- Uncontrolled construction activities in these areas would have devastating effects on the natural water flow that may ultimately result in severe natural calamities,” the Bench said in the order.

Prior permission must:

- The **Coastal Zone Management Plan (CZMP)** has been prepared to check these types of activities and construction activities of all types in the notified areas.
- Under **Section 3 of the Environment Protection Act, 1986**, the authority is empowered to deal with the environmental issues relating to the notified Coastal Regulations Zones.
- Construction activities in the notified CRZ areas can be permitted only in consultation with and concurrence of the authority.
- It is the binding duty of the local self-governments, the competent authority issuing building permits to forward application for building permission to the authority along with the relevant records,” the

court said.

- The significance of CRZ notifications in the interest of **protecting environment and ecology in the coastal areas** and the construction raised in violation of the regulations cannot be lightly condoned, the Bench quoted from past judgments on the issue.
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Odisha fishermen in a fix

Why in news?

The traditional fishermen of Odisha are in a fix as they **have lost their boats and nets** in cyclone Fani and face the diminished scope of professional employment in other coastal States during the summer months.

Mass Migration:

- A large number of the cyclone-devastated fishermen may be forced to become menial migrant labourers during the next two months.
- The Phailin cyclone of 2013 that had its landfall near Gopalpur in Ganjam district had led to large scale migration of fishermen looking for work outside the State.
- But Phailin occurred in October, when the scope of employment in the marine fishery sector was high in other coastal States.

Migration for jobs:

- During the summer months fishing activity is low in States of the eastern coast, which will reduce the employment scope for Odisha fishermen.
- It is expected that some of them may migrate to the western coast looking for fishing sector jobs in Maharashtra, Gujarat, and Goa.
- Others may be compelled to earn a living as menial workers in other sectors.
- According to initial government assessment, 6,389 traditional marine

fishing boats, 7,240 nets, 2,524 fish ponds of area 587-hectare, three fishing harbours, six fish landing centres, and five fish farms have been damaged by Fani in Odisha.

- According to OTFWU, the number of damaged boats and nets will be higher as information is yet to reach it from several areas.
 - The demand for marine fish, prawn and crab has again started to rise in the Odisha markets. But the fishermen of Ganjam, who were least affected by Fani are not able to gain from it.
 - The catch is not sufficient to get good income, although demand is high as fishing is almost nil in the Fani-devastated coastal districts.
 - With fall in fish catch, **women of the marine fisherman community** have also lost their livelihood.
 - They are no more able to process and trade marine products. Samudram, a federation of Women Self Help Groups , is doubtful about producing 500 kg of processed marine products per month in the coming days.
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Quick, cheap diagnostic test for Haemophilia A

Why in news?

The Indian Council of Medical Research (ICMR)'s National Institute of Immunohematology, Mumbai, has developed a cost-effective **Point-of-Care (POC) diagnostic test** for severe Haemophilia A and Von Willebrand Disease (VWD), a genetic disorder caused by missing or defective Von Willebrand factor (VWF), a clotting protein.

About the new test:

- This is the first in the world POC test for specific diagnosis of any common bleeding disorder.
- Working cost of these kits is less than Rs. 50 in comparison to existing conventional test for the diseases that costs around Rs. 4,000 to Rs. 1,0000," an ICMR release said.
- The diagnosis can be done within 30 minutes of blood sample collection.

- Patients with severe Haemophilia A or VWD can have life threatening spontaneous or post-traumatic bleeding like brain haemorrhage and gastrointestinal bleeding or they may have bleeding into joints or superficial bleeding from the nose or gums.
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Wayanad Wildlife Sanctuary is tiger kingdom of the State

Why in news?

A monitoring programme of the Forest Department for 2017-18 has found that the Wayanad Wildlife Sanctuary (WWS), a biodiversity hotspot in the Nilgiris Biosphere Reserve, holds the largest tiger population in the State. The study was organised in association with the **Parambikulam and Periyar Tiger** Conservation Foundations.

75 in sanctuary:

- Of the total 176 tigers in the State, 75 were identified from the WWS, which is part of a large forest complex holding the single largest population of tigers in India.
- Nine tigers had also been captured by camera stations set up at the North and South Wayanad forest divisions.

Periyar, Parambikulam:

- The Periyar and Parambikulam tiger reserves followed suit, where 25 tigers each were captured in camera traps.
- There are no tigers in the **Idukki Wildlife Sanctuary** and the adjoining Kottayam and Kothamangalam forest divisions as the landscape is cut off from the adjacent mainland (Munnar and Malayattoor forest divisions).

In the forest:

- The Kasaragod forest division is highly fragmented and degraded and does not show tiger evidence.

- Camera traps, where tigers are identified from photographs based on unique stripe patterns, were used to count the tiger population.
- The forest area in the State was divided into 10 landscapes and 1,640 camera traps were set up.
- It took nearly a year-and-a-half to complete the project. Close to 500 trained front line forest staff participated in the endeavour.
- The Nilambur North and South forest divisions were excluded from the study as camera traps could not be set up in the forests due to Maoist issues. These areas are expected to support a good tiger population.
- Demographic simulation suggests that cubs (below one year) may comprise roughly 25% of a healthy tiger population. However, cubs are not included in the data as they have to reach three years of age (mortality rate of cubs is high).
- Thus, the forests are home to about 250 individuals that may or may not be part of home ranges within the Kerala forests.

Potential for reserve:

- As the WWS and the adjoining tiger reserves in Karnataka and Tamil Nadu constitute a major tiger habitat in the country, the sanctuary has the potential to get the status of a tiger reserve. Such an initiative needs the support of the public,” says Chief Wildlife Warden Surendra Kumar.
- Such a move would help **get more funds to effectively implement projects** to mitigate man-animal conflict in the area, he said.

