



# PIB, THE HINDU Newspaper and Editorial

## Current Affairs

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### 1. **NOTA most popular in Bihar, 8 lakhs shun parties:**

#### **Why in news?**

Bihar registered the maximum None of The Above (NOTA) votes of about 8 lakhs, with the highest share of 5.04% reported from the Gopalganj constituency, according to the Election Commission.

#### **NOTA Trend:**

- In Gopalganj, 51,660 voters rejected all the candidates. Neelanjan Sircar, a Senior Visiting Fellow at the Centre for Policy Research, said the constituency has a large migrant population.
- The high **NOTA percentage was an indicator that people were frustrated with the state of affairs** in their constituency, did not find any of the candidates worthy enough and therefore, even after reaching the polling station, decided to press the NOTA button.
- In 17 constituencies of Bihar, the NOTA vote share was above 2%. While in Paschim Champaran, the figure stood at 4.51%, it was 4.16% in Jamui and 4.73% in Nawada.

#### **Bastar second highest:**

- Constituency wise, the second highest NOTA of 4.56% was reported from Bastar in Chhattisgarh, where 41,667 voters chose to register their indifference or disdain for all the candidates. Three constituencies in the State had NOTA share of more than 2%.
- In Andhra Pradesh, the fourth highest NOTA figure of 4.46%, involving 47,977 voters, was recorded in Araku and in only five constituencies of the State, was it below 1%.
- Gujarat, where the highest of 3% was seen in Dahod, had only eight constituencies where the NOTA share was below 1%; while in Haryana, nine of the 10 seats registered less than 1% voters rejecting all candidates.
- In as many as 23 constituencies of Karnataka, NOTA vote share was again less than 1% and the highest of 1.39% was in Uttara Kannada in the State. In Kerala and Delhi, all the constituencies had below 1% NOTA share.

- Most of the voters in Madhya Pradesh made a choice. In 18 constituencies, less than 1% of the electors did not find any worthy candidate. The highest NOTA figure in the State, of 2.53%, was reported from Ratlam.
- In Maharashtra also, there were only two constituencies — Gadchiroli-Chimur and Palghar — where the figure was above 2%.

### **Below 2%:**

- However, all the constituencies in West Bengal (where 21 seats had less than 1% NOTA share), Tamil Nadu and Telangana had NOTA vote shares below 2%.
- In Uttar Pradesh, 56 constituencies had less than 1% of the voters not opting for any candidate and exercising their right to record their decision.
- In only one constituency, Robertsganj, did NOTA's share rise above 2%.
- The lowest NOTA share of 0.17% was reported from Bidar in Karnataka. In terms of numbers, only 100 NOTA votes were cast in Lakshadweep.

## **2. Raft of foreign policy issues before new government:**

### **Why in news?**

After the flood of congratulatory calls and letters from foreign leaders to Prime Minister Narendra Modi is dealt with, the new government's tasks on the foreign policy front in the next few weeks are quite clearly cut out.

### **Decisions to be made:**

- MEA and Rashtrapati Bhawan officials say no decision has been taken yet on who will be invited to the swearing-in ceremony, expected to be held next week between May 26-30.
- Prime Minister Narendra Modi is understood to have had held a senior level meeting in early May to ask for "creative suggestions" on whom to invite.
- Traditionally, the first bilateral visit by Prime Ministers has been to a country in the SAARC neighbourhood.
- Bhutan and India celebrated their 50th year of diplomatic ties in 2018, and Thimpu has invited Mr. Modi to visit during the year. Bhutan's King Jigme Kesar Namgyel Wangchuk and Prime Minister Dr. Lotay Tshering, both contacted Mr. Modi on Thursday, within hours of his win.

### **SAARC thaw?**

- The big question remains about whether he will finally attend the SAARC summit due to be held in Pakistan, which he had opted out of after the Uri attacks in 2016.
- Much will depend on a possible meeting with Pakistan Prime Minister Imran Khan on the sidelines of the **SCO summit in Bishkek** next month, and progress on the Kartarpur Sahib Gurudwara corridor.

- On June 13-14, the Prime Minister is due to attend the Shanghai Cooperation Organisation (SCO) summit, along with leaders of Russia, China, Pakistan, Afghanistan and Central Asian countries.
- Later on June 28-29, Mr. Modi will travel to **Osaka, Japan, to attend the G-20 summit**, a forum for the world's top economies.

### **To meet Trump:**

- The Prime Minister will meet U.S. President Donald Trump on the sidelines of the summit, the MEA announced.
- According to a release, the decision was made by the two leaders, when President Trump called Mr. Modi to congratulate him on his electoral win.
- The two leaders agreed to meet at the forthcoming G-20 Summit in Osaka, Japan, to discuss bilateral relations and global matters.
- They also agreed to work together for further enhancing the close and strategic partnership between the two countries," the MEA spokesperson said.
- The Prime Minister has also been invited by French premier **Emmanuel Macron to attend the G-7 summit** on August 24-26, as an invitee.

### **Generalized System of Preferences:**

U.S. trade preference programs such as the **Generalized System of Preferences** (GSP) provide opportunities for many of the world's poorest countries to use trade to grow their economies and climb out of poverty. GSP is the largest and oldest U.S. trade preference program. Established by the Trade Act of 1974, GSP promotes economic development by eliminating duties on thousands of products when imported from one of 120 designated beneficiary countries and territories.

On March 4, President Donald Trump announced that the U.S. intended to terminate India's designations as a beneficiary developing country under the GSP programme. The 60-day notice period ended on May 3.

- Apart from the scheduled travel, action on several potential foreign policy crises that had been put on the back burner until the elections, will demand the Prime Minister's attention.
- During Iranian Foreign Minister Javad Zarif's visit to Delhi last week, the government had said it would announce its decision on U.S. sanctions on oil imports once the election results came in.
- Indian importers have already stopped placing orders for Iranian oil, fearing the sanctions; the rising price of oil and the need for non-expensive alternatives will be a challenge for the new government.
- In addition, Washington could soon announce its withdrawal of **GSP status** to Indian exports, while New Delhi has to decide on retaliatory tariffs if a trade deal between the two countries fails to fructify.

### **3. Higher education to get a boost with Rs. 1.5 lakh crore action plan:**

## Why in news?

In what could be one of the first new initiatives of the second act of the NDA government, the Ministry of Human Resource Development plans to launch an ambitious Rs. 1.5 lakh crore action plan to improve the quality and accessibility of higher education over the next five years.

### EQUIP project:

- This is being described as the implementation plan for the **National Education Policy a 2014** poll promise from the BJP which is also likely to be released in a week's time, after five years of repeated delays and extensions. The last NEP was released in 1986, with a revision in 1992.
- While the country has been in election mode, we have had 80 experts working on the **EQUIP project** over the last two months, to bring transformational change to the system," Higher Education secretary R. Subrahmanyam told.
- EQUIP stands for the **Education Quality Upgradation and Inclusion Programme** and was crafted by ten committees led by experts within the government such as NITI Aayog CEO Amitabh Kant, principal scientific advisor K. Vijay Raghavan and former revenue secretary Hasmukh Adhia, as well as some corporate chiefs.
- The ten committees have drafted strategy to improve access to higher education, especially for underserved communities; improve the gross enrolment ratio; improve teaching and learning processes; build educational infrastructure; improve the quality of research and innovation; use technology and online learning tools; and work on accreditation systems, governance structures and financing.
- It will need substantial investments, to the tune of Rs. 1.5 lakh crore [over five years]," said Mr. Subrahmanyam
- This is the implementation part [of the higher education section] of NEP, which we hope to release by May 31, after the new government is in place." Other officials involved in the preparation of NEP and EQUIP said the release was more likely in early June.

#### 4. **Laws not enough to end scavenging:**

## Why in news?

Stating that just putting in place laws was not enough, National Human Rights Commission (NHRC) **chairperson Justice (retired) H.L. Dattu** said the government needs to tell what it has done to end manual scavenging.

### Serious Concerns:

- While expressing concern over the continuing practice of manual scavenging,

Justice Dattu said at the inauguration of the NHRC's open forum on the issue that merely putting in place laws would not suffice.

- Justice Dattu said that even after the intervention of the Supreme Court in the matter, it appears that the laws to eradicate manual scavenging are lying on the table and may remain so unless implemented proactively," the NHRC said.
- The chairperson added that incidents of people dying while cleaning sewage without protective gear continue to occur in the country, including in the Capital.
- A top secretary said the eradication of manual scavenging was a "very high" priority of the government.

#### 5. **Centre bans terror outfit based out of Bangladesh:**

##### **Why in news?**

Bangladesh based terror outfit- the **Jamaat-ul-Mujahideen Bangladesh** (JMB) was banned by the Centre under the anti-terror law UAPA.

##### **Terror planning in India:**

- JMB allegedly involved in the 2016 terror attack at a cafe in Bangladesh's capital city Dhaka was declared as an unlawful association by the Ministry of Home Affairs.
- A notification issued by MHA said that the outfit was planning to set up permanent bases within ten kilometres along Bangladesh border in several districts of West Bengal, Assam and Tripura.
- The notification said the group planned to spread its network in South India with an overarching motive to establish Caliphate in the Indian subcontinent.
- MHA said the outfit has committed and promoted acts of terrorism and has been engaged in radicalisation and recruitment of youths for terrorist activities in India.
- Therefore, the Jamaat-ul-Mujahideen Bangladesh or Jamaat-ul-Mujahideen India or Jamaat-ul-Mujahideen Hindustan and all its manifestations have been inserted in the First Schedule to the Unlawful Activities (Prevention) Act, 1967," the notification said.

#### 6. **Musa was working to merge Hizb, JeM into mega group:**

##### **Why in news?**

Al Qaeda affiliated Ansar Ghazwat-ul-Hind (AGuH) chief Zakir Rashid Bhat alias Zakir Musa who was killed by security forces in an encounter in South Kashmir's Pulwama, was tasked to put together a group comprising Hizbul Mujahideen and Jaish-e-Mohammad (JeM) terrorists, a top government official told The Hindu .



### Hybrid Group:

- Musa, considered a “mini icon” in the Kashmir Valley after the death of Hizbul Mujahideen commander Burhan Wani in an encounter in July 2016, was active in and around Pulwama.
- We closed in on him almost three-four times in the past couple of months, but had to step back as we were not 100% sure. Creating a hybrid group, by amalgamating the two terror groups Hizbul Mujahideen and Jaish-e-Mohammad (JeM) was a plan of Pakistan. Had it come through, he would have been a nuisance,” said the official. Both the Hizb and JeM have organisational backing from Pakistan.

### Moves to Al-Qaeda:

- In May 2017, Musa split from the Hizb and pledged allegiance to Al Qaeda after he threatened “to decapitate and hang Hurriyat leaders” and warned against “calling Kashmir a political dispute but an Islamic one.” He floated the AGuH and relied on the network built by Wani, the official said.
- He was killed at Dadsara, barely 5-6 kms from Noorpoora, his village in Pulwama’s Tral.
- He barely stepped out of Pulwama this was his base but he was trying to expand and planned attacks in Punjab last year,” said the official.
- Last year, two Kashmiri students enrolled in a college in Punjab’s Jalandhar were arrested for throwing four grenades at a police station in Maqsudan.
- The National Investigation Agency (NIA) in its charge sheet said the conspiracy was hatched by Musa to “**target security installations throughout the country.**”
- NIA said the accused were cadres of AGuH, a “Kashmir based terrorist outfit with a Pan-Islamic ideology.”

### Behind stone-pelting:

- Officials also claimed Musa was instrumental in instigating violent stone pelting incidents in Srinagar's Jama Masjid area after Friday prayers.
- In a major success against terrorism in South Kashmir Security forces eliminated Zakir Musa Chief Commander and Founder of Ansar Gazwat ul Hind; only surviving terrorist of erstwhile Burhan group,” the J&K police tweeted.

### 7. **After failing to deliver Brexit, Theresa May quits:**

### Why in news?

Fighting back tears, British Prime Minister Theresa May said she would quit after failing to deliver Brexit, setting up a contest that will install a new PM who could pursue a cleaner break with the EU.

### **Wait for new leader:**

- Ms. May's departure deepens the Brexit crisis as a new leader, who should be in place by the end of July, is likely to want a more decisive split, raising the chances of a confrontation with the EU and potentially a snap parliamentary election.
- Former Foreign Minister Boris Johnson, the favourite to replace Ms. May, was first out of the blocks, saying Britain should be prepared to leave the EU without a deal to force the bloc to offer a "good deal".
- Current Foreign Minister Jeremy Hunt also confirmed he would run for the leadership just hours after Ms. May said she would resign as Conservative Party leader, June 7, setting up a contest to succeed her.
- "I will shortly leave the job that has been the honour of my life to hold," Ms. May said outside her Downing Street official residence with her husband, Philip, looking on.
- "I do so with no ill will but with enormous and enduring gratitude to have had the opportunity to serve the country I love," she said.
- "It is, and will always remain, a matter of deep regret to me that I have not been able to deliver Brexit," Ms. May said.

### **Brexit became a trap for Theresa May:**

- An iconic image of Theresa May appeared this week, as Britain readied for the news that she would step down.
- It showed her in the back of her car, her face pale and sheened with sweat, her eyes red-rimmed and watery.
- The image resonated because it was nearly identical to one taken of Margaret Thatcher in November of 1990, as a car whisked her away from her own resignation. "Tears in the Back Seat," read the Daily Mirror's headline, on both days.
- The tears were notable because they were out of the ordinary. In two years and 10 months as Prime Minister, Ms. May has made toughness into a personal brand, ploughing forward even as her hopes of delivering Brexit faded.
- It became one of the central mysteries of British politics: What exactly would it take for Ms. May to give up?
- On Friday She said she would stand aside as leader of the Conservative Party on June 7, but remain as Prime Minister until a successor was chosen.

### **Abandoned by allies:**

- Contemplating a fourth humiliating defeat in Parliament, abandoned by the last of her allies, Ms. May at last concluded that she had exhausted every possible pathway to success.
- Her Brexit strategy has left the country in dire straits: Its populace is poisonously divided; its two venerable parties are gravely damaged and her likely successors pushing the hard-line fantasy of a no-deal exit.

- She has to date served 1,044 days in office, one of the shortest tenures of any postwar Prime Minister, and her government has passed fewer pieces of legislation than any other in the last three decades.
- As Ms. May steps down in comprehensive defeat, it is in large part because she was slow to adjust to the political realities of Brexit.
- Though she ultimately made clear that she was not willing to lead the country into a no-deal exit, she did so only this spring, at the tail end of the process.
- Though she finally reached out beyond her own party, in hopes of cobbling together a coalition with Labour centrists, she did so tentatively, and too late.

#### 8. **SEBI panel moots changes to FPI rules:**

##### **Why in news?**

As part of its attempts to streamline the regulations to encourage foreign inflows in the Indian market, the Securities and Exchange Board of India (SEBI) has proposed fast track on-boarding procedure for such investors, apart from a simplified registration process.

##### **Recommendations:**

- The capital markets regulator released the report of the working group formed under the **chairmanship of former RBI deputy governor HR Khan** last year.
- As a key source of capital to the Indian economy, it is important to ensure a harmonised and hassle-free investment experience for international investors and improve transparency as economic regulations evolve," stated the report released
- Against this background, the group's primary objectives were **consolidation, simplification, rationalisation and liberalisation**," it added.
- Among other things, the group has also recommended **pension funds to be considered for Category I FPIs registration**, removal of opaque structure and the review of broad-based conditions for appropriately regulated entities.
- The committee has further proposed a **liberalised investment cap** under a review of prohibited sectors for foreign investment for FPIs, restriction on Sovereign Wealth Funds (SWFs) for investment in corporate debt securities, and permitting FPIs for off-market transactions.
- The committee has also proposed alignment of regulations for FPIs and **Alternate Investment Funds (AIFs)** and the harmonisation between investment restrictions in FPI regulations and **Foreign Exchange Management Act (FEMA)**.

##### **Global Concerns:**

- Keeping in view the emerging global concerns on the integrity and identity of cross-border investors, it is considered important to continue to focus on sound and stable market polices, with robust anti-money laundering rules, while at the



same time ensuring investor-friendly measures to attract and retain long term capital,” the report read.

- Interestingly, in terms of restrictions on FPI investments in mutual funds, the group said that there was a need for further deliberations on whether such restrictions should be there.
- **FPIs are currently not permitted to invest in liquid and money market mutual fund schemes.**

#### 9. **RBI to infuse Rs. 15,000 cr. in June via OMO:**

##### **Why in news?**

The Reserve Bank of India said it would inject Rs. 15,000 crores into the financial system next month through purchase of government bonds via the auction route.

##### **Open market operations:**

- The government securities will be bought under open market operations (OMO).
- The decision has been taken in view of the evolving liquidity situation, the central bank said in a statement.
- Based on a review of the evolving liquidity conditions and assessment of the durable liquidity needs going forward, the RBI has decided to conduct purchase of government securities under OMO for Rs. 150 billion on June 13, 2019,” the RBI said.

##### **What are open market operations?**

- Open market operations are the **sale and purchase of government securities** and treasury bills **by RBI** or the central bank of the country.
- The objective of OMO is to **regulate the money supply in the economy**.
- When the RBI wants to increase the money supply in the economy, it purchases the government securities from the market and it sells government securities to suck out liquidity from the system.
- RBI carries out the OMO through commercial banks and **does not directly deal with the public**.
- OMO is one of the tools that RBI uses to smoothen the liquidity conditions through the year and minimise its impact on the interest rate and inflation rate levels.

#### 10. **RBI plans liquidity buffer at shadow banks:**

##### **Why in news?**

The Reserve Bank of India (RBI) proposed introducing a **liquidity coverage ratio**

(LCR) for large non-banking finance companies (NBFC) to help tackle liquidity problems in the sector.

- The central bank said it planned to implement LCR, a liquidity buffer, "in a calibrated manner" over four years starting from April 2020.
- The LCR is proposed for all deposit taking NBFCs, and non-deposit taking NBFCs with an asset size of 50 billion rupees (\$720 million) and above.
- NBFCs will have to **maintain minimum high-quality liquid assets** of 100% of total net cash outflows over the following 30 calendar days.
- Sources told Reuters this week that the central bank was concerned about **liquidity issues facing some of the so-called shadow banks** such as mortgage or auto lenders and wants to ensure the problems do not become a systemic issue.
- The collapse of the Infrastructure Leasing and Financial Services (IL&FS) last year triggered a series of defaults across the shadow banking sector, as borrowing costs for the sector surged.

### **What is shadow banking system:**

- The shadow banking system (or shadow financial system) is a network of financial institutions comprised of non-depository banks e.g., investment banks, structured investment vehicles (SIVs), conduits, hedge funds, non-bank financial institutions and money market funds.

### **How it works?**

- Shadow banking institutions generally serve as intermediaries between investors and borrowers, providing credit and capital for investors, institutional investors, and corporations, and profiting from fees and/or from the arbitrage in interest rates.
- Because shadow banking institutions don't receive traditional deposits like a depository bank, they have escaped most regulatory limits and laws imposed on the traditional banking system.
- Members are able to operate without being subject to regulatory oversight for unregulated activities. An example of an unregulated activity is a credit default swap (CDS).
- Before the market collapse in 2008, one of the classic strategies employed by shadow institutions was borrowing via short-term, liquid markets -- typically commercial paper markets -- and using these short-term funds to invest in longer-term, less liquid assets like securitized mortgages.
- When the housing market melted in 2008, resulting in waves of foreclosures, these shadow banking institutions could no longer borrow sufficient funds to operate.
- Short-term lending dried up almost overnight because lenders were afraid of who or what was a credit risk; at the same time, shadow institutions couldn't get funds from their collapsing investments in mortgage-backed securities because

no one would buy the "toxic assets."

- This "perfect storm" of financial woes precipitated the 2008 bankruptcy of the once powerful shadow banking institutions, Bear Stearns and Lehman Brothers -- leading to the subsequent market panic, economic recession and global credit crunch.



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