For Notes, Updates, Test and clearing of Doubt join our Telegram Chennai on 7023213423  http://iasselfstudy.com/ 

3rd RCEP Summit in Thailand- RCEP leaders agree to sign trade pact in 2020. India opted out of RCEP. India said its final decision will depend on “satisfactory resolution” of its outstanding issues. (07-11-2019)

The Regional Comprehensive Economic Partnership is a mega regional free trade agreement being negotiated amongst 16 countries, comprising 10 ASEAN countries (Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam) and six ASEAN FTA partners, namely Australia, China, India, Japan, Korea and New Zealand.

RCEP will be the world's largest economic bloc, covering nearly half of the global economy. In 2017, prospective RCEP member states accounted for a population of 3.4 billion people (almost half of the world's population) with a Gross Domestic Product (GDP, PPP) of 49.5 trillion USD, approximately 39% of the world's GDP, with the combined GDPs of India and China making up more than half that amount.
RCEP Summits
The first RCEP summit was held in November, 2017 in Manila, Philippines
Second RCEP summit held in November 2018 in Singapore
3rd RCEP summit held in November, 2019 in Bangkok, Thailand with 35th ASEAN summit.

RCEP negotiations
RCEP negotiations began in November 2012, in Cambodia during the 21st ASEAN Summit and Related Summits.
The RCEP negotiation includes: trade in goods, trade in services, investment, economic and technical cooperation, intellectual property, competition, dispute settlement, e-commerce, small and medium enterprises (SMEs) and other issues.

Benefits of RCEP Agreement to India
• It is expected to provide market access for India’s goods and services exports and encourage greater investments and technology into India. It would also facilitate India’s MSMEs to effectively integrate into the regional value and supply chains.
• On the other hand, India is not a member of the Asia-Pacific Economic Co-operation (APEC) which is a grouping of twenty-one countries in the Asia Pacific region with an aim to deepen and strengthen economic and technological cooperation amongst APEC member countries.

These countries are: Australia; Brunei; Canada; Chile; China; Hong Kong-China; Indonesia; Japan; Republic of Korea; Malaysia; Mexico; New Zealand; Papua New Guinea; Peru; Philippines; Russia; Singapore; Chinese Taipei; Thailand; USA; Viet Nam.

• India’s ‘Act East Policy’ virtually entails that we should become part of the economic grouping in that region by joining RCEP.

Why India opted out of RCEP
1. Farmers and affiliated organisations wanted agricultural produce and the dairy sector to be kept out of the purview of the RCEP. They fear that joining the RCEP would expose them to large-scale agribusinesses competition from Australia and New Zealand. Agriculture is the most sensitive area for India whenever it engages in trade talks, be it at the RCEP or at the broader World Trade Organisation (WTO), as it employs more than 50 per cent of India’s workforce.

2. India has a bilateral trade deficit with most of the member countries of RCEP. India’s experience with countries with which it has signed free trade agreements till now is not exactly a happy one. Though trade has increased post-FTA but imports have risen faster than exports from India.

3. China is desperate to find newer markets for its products in the backdrop of its trade dispute with the U.S. India runs a massive bilateral trade deficit of $53 billion with China and the fact that China has not taken satisfactory efforts to cut down the deficit certainly were major inputs in India’s decision.

4. India’s request for country-specific tariff schedules was rejected early in the negotiations. Its suggestion of an auto-trigger mechanism to check a sudden surge in imports from particular partner countries was also rejected. Existing safeguards mechanism does not kick in automatically. There is a due process before it can be invoked involving consultations with the country accused of dumping and a thorough investigation to establish serious injury or threat caused by the increased imports.

5. India also argued for stricter rules of origin norms, based on which they get tariff concession, to prevent Chinese goods flooding in India through other RCEP member. But rejected.

6. India also wanted provision for market access in services like Movement of professionals, Easy Visa rules etc but failed.

7. Membership of the RCEP would compel India to cut import duties on products being encouraged to be manufactured at home under the “Make in India” banner.

In short, in this ongoing battle of fixing the severe domestic demand slump, India chose not to further hurt competitiveness of its local industries. This should come as a relief, especially for small- and medium-sized enterprises.

Way Forward
Although India may lose market access to Asian economies at preferential rates, its vulnerable domestic industries would be protected from intense competition and more importantly, Chinese dumping.

With a market of 1.3 billion people, there is bound to be more pressure on India to open its gates. India cannot miss out on being a part of global supply chains. The smart way to handle this is to initiate reforms on the export front, bring down costs in the economy and, simultaneously, increase efficiencies.
35th ASEAN summit

35th ASEAN summit held in November, 2019 in Bangkok, Thailand along with 3rd RCEP summit, 14th East Asia Summit and 16th Asean-India Summit.

E-Invoice System Mandatory in GST from 1st April, 2020 (13-12-2019)

E – invoicing or electronic invoicing does not mean generation of invoices from a central portal of tax department. Taxpayer would continue to use his accounting system/ERP or excel based tools or any such tool for creating the electronic invoice as s/he is using today.

There are hundreds of accounting/billing software which generate invoices but they all use their own formats to store information electronically and data on such invoices can’t be understood by the GST System if reported in their respective formats. Hence a need was felt to standardize the format in which electronic data of an Invoice will be shared with others to ensure there is interoperability of the data.

Taxpayers will make invoice on their accounting software as per standard format of GST and convert into JSON format and upload the same to Invoice Registration Portal (IRP) of GST, which in turn will generate a unique Invoice Reference Number (IRN) and digitally sign the e-invoice and also generate a QR code. The QR Code will contain vital parameters of the e-invoice and return the same to the taxpayer who generated the document in first place. The IRP will also send the signed e-invoice to the recipient of the document on the email provided in the e-invoice.

Taxpayer can continue to print his paper Invoice and provide to buyer. E-Invoice mandate the reporting of invoice in Electronic format to IRP.

To help small taxpayers (having turnover below Rs. 1.5 crores) adopt e-invoice system, GSTN has empaneled eight accounting & billing software which provide basic accounting and billing system free of cost to small taxpayers. Those small taxpayers who do not have accounting software today, can use one of the empaneled software products, which come in both flavors, online (cloud based) as well as offline (installed on the computer system of the user).

E-Invoice & QR Code Mandatory

Government, on the recommendations of the GST Council notified that registered person whose aggregate turnover in a financial year exceeds Rs. 100 crore shall prepare E-Invoice in respect of supply of goods or services or both to a registered person. (B2B invoice). This notification is effective from the 1st day of April, 2020.

Further, Government, on the recommendations of the GST Council notified that an invoice issued by a registered person, whose aggregate turnover in a financial year exceeds Rs. 500 crore, to an unregistered person (hereinafter referred to as B2C invoice), shall have Quick Response (QR) code. This notification is effective from the 1st day of April, 2020.

Benefits of E-Invoicing

- The basic aim behind adoption of e-invoice system by tax departments is ability to pre-populate the return and to reduce the reconciliation problems.
- Eliminate the need for manual data entry for filling GST returns as well as generation of E-way bill.
- Helps in data reconciliation of seller and buyer and reduce the mismatch error in input credit verification. When E-Invoice is given a IRN, it is automatically reflected in GST Portal account of Seller (as GST Liability) and Buyer (as GST Input credit).
- Elimination of Fake Invoices. Tax evasion will stop. GST collection will improve.
- Bank/Financial institutions can sanction Instant loans to Industry on the basis of E-Invoicing.
- Lesser survey/audit by tax authorities as compliance will become easier.
Operation Twist by RBI (19-12-2019)

Operation Twist is the monetary policy first adopted by Federal Reserve of United States in which it sells short term government bonds and buys long terms bonds to bring the long term interest rate down in order to stimulate the economy.

On 19th December 2019, Reserve Bank of India decided to conduct its version of ‘Operation Twist’ through simultaneous purchase (Long term bonds) and sale (Short term bonds) of government securities under Open Market Operations (OMOs) for Rs 10,000 crore each on December 23.

Through buying long term bonds and selling short term bonds, the demand for the long term bonds increases than the supply, which drives up the prices of these bonds and yield move down (as interest is fixed and price increases) and vice versa in case of short term bonds.

Hence by creating this combination, The RBI is able to twist the yields curve on long term and short term bonds. And it is able to ease out the economy by lowering the long term interest rate. Operation twist is simply the reducing the gap between long term and short term interest rates.

High-term premia, the difference between the prevailing 10-year government security yield and the repo rate, is an impediment to monetary policy transmission.

The high yields on long-term government borrowings had led to banks pricing their retail loans (vehicle, housing etc) at high rates. These loans can now be expected to get slightly cheaper with Operation Twist. Cheaper retail loans can boost consumption spending.

What is meant by repurchase (buyback) of G- Secs?

Repurchase (buyback) of G- Secs is a process whereby the Government of India and State Governments buy back their existing securities, by redeeming them prematurely, from the holders. The objectives of buyback can be reduction of cost (by buying back high coupon securities), reduction in the number of outstanding securities and improving liquidity in the G- Secs market (by buying back illiquid securities) and infusion of liquidity in the system. The repurchase by the Government of India is also undertaken for effective cash management by utilising the surplus cash balances.

State Governments can also buy-back their high coupon (high cost debt) bearing securities to reduce their interest outflows in the times when interest rates show a falling trend.

Governments make provisions in their budget for buying back of existing securities. Buyback can be done through an auction process (generally if amount is large) or through the secondary market route (if amount is not large).

What are Open Market Operations (OMOs)?

OMOs are the market operations conducted by the RBI by way of sale/purchase of G- Secs to/from the market with an objective to adjust the rupee liquidity conditions in the market on a durable basis.

When the RBI feels that there is excess liquidity in the market, it resorts to sale of securities thereby sucking out the rupee liquidity. Similarly, when the liquidity conditions are tight, RBI may buy securities from the market, thereby releasing liquidity into the market.

How are the G- Secs issued?

G- Secs are issued through auctions conducted by RBI. Auctions are conducted on the electronic platform called the E-Kuber, the Core Banking Solution (CBS) platform of RBI.

An auction may either be yield based or price based.

Yield Based Auction: A yield-based auction is generally conducted when a new G- Sec is issued. Investors bid in yield terms up to two decimal places (e.g., 8.19%, 8.20%, etc.). Bids are arranged in ascending order and the cut-off yield is arrived at the yield corresponding to the notified amount of the auction. The cut-off yield is then fixed as the coupon rate for the security. Successful bidders are those who have bid at or below the cut-off yield. Bids which are higher than the cut-off yield are rejected.

Price Based Auction: A price based auction is conducted when Government of India re-issues securities which have already been issued earlier. Bidders quote in terms of price per ₹100 of face value of the security (e.g., ₹102.00, ₹101.00, ₹100.00, ₹99.00, etc., per ₹100/-). Bids are arranged in descending order of price offered and the successful bidders are those who have bid at or above the cut-off price. Bids which are below the cut-off price are rejected.
**Bond**

A bond is a debt instrument in which an investor loans money to an entity (typically corporate or government) which borrows the funds for a defined period of time at a variable or fixed interest rate.

Bonds are used by companies, municipalities, states and sovereign governments to raise money to finance a variety of projects and activities. Owners of bonds are debt holders, or creditors, of the issuer.

**Fixed Rate Bonds** – These are bonds on which the coupon rate is fixed for the entire life (i.e. till maturity) of the bond. Most Government bonds in India are issued as fixed rate bonds.

**Floating Rate Bonds (FRB)** – FRBs are securities which do not have a fixed coupon rate. Instead it has a variable coupon rate which is re-set at pre-announced intervals (say, every six months or one year).

**Relation between interest rates and bond prices**

Interest rates and bond prices are inversely related. Interest rate risk directly affects the values of fixed rate bonds.

When interest rates rise, bond prices fall. When interest rates rise then new bonds with higher yields than older bonds are issued in the market, investors tend to purchase the new bond issues to take advantage of the higher yields. For this reason, the older bonds based on the previous level of interest rate have less value, and so investors and traders sell their old bonds and the price of those bonds decreases.

Conversely, when interest rates fall, bond prices tend to rise. When interest rates fall and new bonds with lower yields than older fixed-income securities are issued in the market, investors are less likely to purchase new issues. Hence, the older bonds that have higher yields tend to increase in price.

**Compulsory implementation of FASTag from 15th December 2019**

In order to save fuel, time and pollution and to ensure seamless movement of traffic, Ministry of Road Transport & Highways and National Highways Authority of India (NHAI) has launched National Electronic Toll Collection program (NETC) which provide for collection of user fee through FASTag based on RFID technology.

Ministry has mandated to declare all lanes of fee plazas on National Highways as “FASTag lanes” by 15th December 2019, while provisioning one lane (extreme left lane in each direction) which would be kept as hybrid lane to accept FASTag as well as other.

FASTag is a device that employs Radio Frequency Identification (RFID) technology for making toll payments directly from the prepaid account linked to it. It is affixed on the windscreen of your vehicle and enables you to drive through toll plazas, without stopping for cash transactions.

It may be noted that as per Government Gazette notification, any vehicle user without a FASTag entering into a “FASTag lane” at a NH fee plaza shall have to pay a fee equivalent to two times of the applicable fees to that category of vehicle.

**Cabinet approves “Partial Credit Guarantee Scheme” for purchase of high-rated pooled assets from financially sound NBFCs/HFCs by PSBs (11-12-2019)**

“Partial Credit Guarantee Scheme”, to be offered by the Government of India (Gol) to Public Sector Banks (PSBs) for purchasing high-rated pooled assets from financially sound Non-Banking Financial Companies (NBFCs) / Housing Finance Companies (HFCs), with the amount of overall guarantee being limited to first loss of up to 10% of fair value of assets being purchased by the banks under the Scheme, or Rs. 10,000 crore, whichever is lower, as agreed by Department of Economic Affairs (DEA).

The scheme would cover NBFCs / HFCs that may have slipped into SMA-0 category (up to 30 days overdue) during the one year period prior to 1.8.2018, and asset pools rated “BBB+” or higher.

The window for one-time partial credit guarantee offered by Gol will remain open till 30th June, 2020 or till such date by which Rs. 1,00,000 crore assets get purchased by the Banks, whichever is earlier. Power has been delegated to the Finance Minister to extend the validity of the Scheme by up to three months taking into account its progress.

**Objective**

The Scheme is offered to Public Sector Banks with the objective that the purchase of pooled assets enabled by Government guarantee support under the Scheme, will help addressing temporary liquidity / cash flow mismatch issues of otherwise solvent NBFCs / HFCs without them having to resort to distress sale of their assets for meeting their commitments.

This will provide liquidity to the NBFC / HFC concerned for financing the credit demand of the economy, and also protect the financial system of the country from any adverse contagion effect that may arise due to the failure of such NBFCs / HFCs.
RBI Framework for Resolution of Stressed Assets (07-06-2019)

Early identification and reporting of stress

1. Lenders shall recognise incipient stress in loan accounts, immediately on default, by classifying such assets as special mention accounts (SMA) as per the following categories:

<table>
<thead>
<tr>
<th>SMA Sub-categories</th>
<th>Basis for classification</th>
</tr>
</thead>
<tbody>
<tr>
<td>SMA-0</td>
<td>Principal or interest payment or any other amount wholly or partially overdue for 1-30 days</td>
</tr>
<tr>
<td>SMA-1</td>
<td>31-60 days</td>
</tr>
<tr>
<td>SMA-2</td>
<td>61-90 days</td>
</tr>
</tbody>
</table>

2. In case of revolving credit facilities like cash credit, the SMA sub-categories will be as follows:

<table>
<thead>
<tr>
<th>SMA Sub-categories</th>
<th>Basis for classification</th>
</tr>
</thead>
<tbody>
<tr>
<td>SMA-1</td>
<td>Outstanding balance remains continuously in excess of the sanctioned limit or drawing power, whichever is lower, for a period of 31-60 days</td>
</tr>
<tr>
<td>SMA-2</td>
<td>61-90 days</td>
</tr>
</tbody>
</table>

Special Mention Account (SMA) is an account which is exhibiting signs of incipient stress resulting in the borrower defaulting in timely servicing of her debt obligations, though the account has not yet been classified as NPA as per the extant RBI guidelines.

As early recognition of such accounts will enable banks to initiate timely remedial actions to prevent their potential slippages into NPAs.

3. Lenders shall report credit information, including classification of an account as SMA to Central Repository of Information on Large Credits (CRILC), on all borrowers having aggregate exposure of ₹ 50 million and above with them.

RBI has set up the CRILC to collect, store and disseminate data on all borrowers’ credit exposures including Special Mention Accounts (SMA 0, 1 & 2) having aggregate exposure of Rs.50 million and above.

Implementation of Resolution Plan (RP)

All lenders must put in place Board-approved policies for resolution of stressed assets, including the timelines for resolution.

In any case, once a borrower is reported to be in default, lenders shall undertake a prima facie review of the borrower account within thirty days from such default (“Review Period”). During this Review Period of thirty days, lenders may decide on the resolution strategy, including the nature of the RP, the approach for implementation of the RP, etc. The lenders may also choose to initiate legal proceedings for insolvency or recovery.

In cases where RP is to be implemented, all lenders shall enter into an inter-creditor agreement (ICA), during the above-said Review Period, to provide for ground rules for finalisation and implementation of the RP in respect of borrowers with credit facilities from more than one lender. The ICA shall provide that any decision agreed by lenders representing 75% by value of total outstanding credit facilities and 60% of lenders by number shall be binding upon all the lenders.

In respect of accounts with aggregate exposure above a threshold with the lenders, as indicated below, on or after the ‘reference date’, RP shall be implemented within 180 days from the end of Review Period. The Review Period shall commence not later than:

a. The reference date, if in default as on the reference date; or
b. The date of first default after the reference date.

The reference dates for the above purpose shall be as under:

<table>
<thead>
<tr>
<th>Aggregate exposure of the borrower to lenders</th>
<th>Reference date</th>
</tr>
</thead>
<tbody>
<tr>
<td>₹ 20 billion and above</td>
<td>Date of these Directions</td>
</tr>
<tr>
<td>₹ 15 billion and above, but less than ₹ 20 billion</td>
<td>January 1, 2020</td>
</tr>
<tr>
<td>Less than ₹ 15 billion</td>
<td>To be announced in due course</td>
</tr>
</tbody>
</table>

Where a viable RP in respect of a borrower is not implemented within the timelines given below, all lenders shall make additional provisions subject to the total provisions held being capped at 100% of total outstanding as under:

<table>
<thead>
<tr>
<th>Timeline for implementation of viable RP</th>
<th>Additional provisions to be made as a % of total outstanding, if RP not implemented within the timeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>180 days from the end of Review Period</td>
<td>20%</td>
</tr>
<tr>
<td>365 days from the commencement of Review Period</td>
<td>15% (i.e. total additional provisioning of 35%)</td>
</tr>
</tbody>
</table>
Implementation Conditions for RP
RPs involving restructuring / change in ownership in respect of accounts where the aggregate exposure of lenders is ₹ 1 billion and above, shall require independent credit evaluation (ICE) of the residual debt by credit rating agencies (CRAs) specifically authorised by the Reserve Bank for this purpose. While accounts with aggregate exposure of ₹ 5 billion and above shall require two such ICEs, others shall require one ICE.

Supervisory Review
Any action by lenders with an intent to conceal the actual status of accounts or evergreen the stressed accounts, will be subjected to stringent supervisory / enforcement actions as deemed appropriate by the Reserve Bank, including, but not limited to, higher provisioning on such accounts and monetary penalties

Disclosures
Lenders shall make appropriate disclosures in their financial statements, under ‘Notes on Accounts’, relating to RPs implemented.

Prudential Norms Applicable to Restructuring
Restructuring is an act in which a lender, for economic or legal reasons relating to the borrower’s financial difficulty, grants concessions to the borrower. Restructuring may involve modification of terms of the advances / securities, which would generally include, among others, alteration of payment period / payable amount / the amount of instalments / rate of interest; roll over of credit facilities; sanction of additional credit facility/ release of additional funds for an account in default to aid curing of default / enhancement of existing credit limits; compromise settlements where time for payment of settlement amount exceeds three months.

Cabinet approves the Industrial Relations Code Bill, 2019 for introduction in the Parliament (20-11-2019)

Benefits:
- Setting up of two-member tribunal (in place of one member) introducing a concept that some of the important cases will be adjudicated jointly and the rest by a single member resulting speedier disposal of cases.
- To impart flexibility to the exit provisions (relating to retrenchment etc.), for which, the threshold for prior approval of appropriate Government has been kept unchanged at 100 employees, but added a provision for changing ‘such number of employees’ through notification.
- The re-skilling fund is to be utilised for crediting to workers in the manner to be prescribed.
- Definition of Fixed Term Employment and that it would not lead to any notice period and payment of compensation on retrenchment excluded.
- Vesting of powers with the government officers for adjudication of disputes involving penalty as fines thereby lessening the burden on tribunal.

"Fixed term employment" means the engagement of a worker on the basis of a written contract of employment for a fixed period: Provided that—
(a) his hours of work, wages, allowances and other benefits shall not be less than that of a permanent workman doing the same work or work of similar nature; and
(b) he shall be eligible for all statutory benefits available to a permanent workman proportionately according to the period of service rendered by him even if his period of employment does not extend to the qualifying period of employment required in the statute;

Existing Laws
The draft code on Industrial Relations has been prepared after amalgamating, simplifying and rationalizing the relevant provisions of following three Central Labour Acts:
The Trade Unions Act, 1926
The Industrial Employment (Standing Orders) Act, 1946
The Industrial Disputes Act, 1947

After the enactment of the Code, all these Acts being subsumed in the Code will be repealed.

Background
In line with the recommendations of the Second National Commission on Labour, the Ministry of Labour & Employment has taken steps for drafting four Labour Codes i.e. the Code on Wages; the Code on Industrial Relations, the Code on Occupational Safety, Health & Working Conditions & the Code on Social Security by simplifying, amalgamating and rationalizing the relevant provisions of the existing Central Labour Laws.

Out of these 4 Labour Codes, the Code on Wages, 2019, has been notified on 8th August, 2019 in the Gazette of India. Other three are pending.
The proposed codification will also make the existing labour laws in sync with the emerging economic scenario; reduce the complexity by providing uniform definitions and reduction in multiple authorities under various Acts and bring transparency and accountability in enforcement of labour laws. This in turn would lead to ease of compliance, catalyzing the setting up of manufacturing units including boosting Labour intensive industries such as agriculture and manufacturing exports. This would lead to enhancement in employment opportunities as well as its formalization along with ensuring safety, social security and welfare of workers.

**Cabinet approves the Code on Social Security, 2019 for introduction in the Parliament (04-12-2019)**

**Code on Social Security, 2019** has been prepared by amalgamating, simplifying and rationalizing the relevant provisions of the existing Nine Central Labour Acts relating to social security for organised and unorganised sector workers which aims towards expansion of coverage of social security.

1. The Employees’ Compensation Act, 1923;
2. The Employees’ State Insurance Act, 1948;
3. The Employees’ Provident Funds and Miscellaneous Provisions Act, 1952;
4. The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959;
5. The Maternity Benefit Act, 1961;
6. The Payment of Gratuity Act, 1972;
8. The Building and Other Construction Workers’ Welfare Cess Act, 1996;


The New Code has been drafted after amalgamation, simplification and rationalisation of the relevant provisions of the 13 Central Labour Acts:

- The Factories Act, 1948;
- The Mines Act, 1952; The Dock Workers (Safety, Health and Welfare) Act, 1986;
- The Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996;
- The Plantations Labour Act, 1951;
- The Contract Labour (Regulation and Abolition) Act, 1970;
- The Inter-State Migrant workmen (Regulation of Employment and Conditions of Service) Act, 1979;
- The Working Journalist and other Newspaper Employees (Conditions of Service and Misc. Provision) Act, 1955;
- The Working Journalist (Fixation of rates of wages) Act, 1958;
- The Motor Transport Workers Act, 1961;
- Sales Promotion Employees (Condition of Service) Act, 1976;
- The Beedi and Cigar Workers (Conditions of Employment) Act, 1966; and
- The Cine Workers and Cinema Theatre Workers Act, 1981.

After the enactment of the Code, all these Acts being subsumed in the Code will be repealed.

**Benefits**

Safety, Health, welfare and improved Working Conditions are pre-requisite for well-being of the worker and also for economic growth of the country as healthy workforce of the country would be more productive and occurrence of less accidents and unforeseen incidents would be economically beneficial to the employers also.

With the ultimate aim of extending the safety and healthy working conditions to all workforce of the country, the Code enhances the ambit of provisions of safety, health, welfare and working conditions from existing about 9 major sectors to all establishments having 10 or more employees.

**Indian Banks Auctions Mortgaged Properties Information (IBAPI) portal or eबँकक्रय (28-12-2019)**

to enable online auction by banks of attached assets transparently and cleanly for improved realisation of value, eबँकक्रय, a common e-auction platform was launched by the Finance Minister.

Indian Banks Auctions Mortgaged Properties Information (IBAPI) portal is an initiative of Indian Banks Association (IBA) under the overarching policy of the Department of Financial Services (DFS), Ministry of Finance to provide a common platform to display details of mortgaged properties to be auctioned online by Banks, starting with Public Sector Banks.

Prospective buyers may use this portal to search and view details of properties and participate in the auction process.
**NCLAT restores Cyrus Mistry as Chairman of Tata Sons (18-12-2019)**

National Company Law Appellate Tribunal (NCLAT) ordered the Tata Group to reinstate Cyrus Mistry as executive chairman.

The appellate tribunal also declared the appointment of former Tata Consultancy Services head N Chandrasekaran as Tata Group’s Executive Chairman and the conversion of Tata Sons from a public company to private company as “illegal”.

Tata Sons appealed the Supreme Court against NCLAT’s decision.

**Background:**

The Tata Sons Board voted to remove Mistry from the Chairmanship of Tata Sons on 24 October 2016.

Mistry’s removal was due to trust deficit between Mistry, the board and the Tata Trusts, the majority shareholders, which own two-thirds of the holding company.

Cyrus Mistry had challenged his sudden removal before the NCLT, but lost the case in July 2018. He then appealed in NCLAT.

He had taken over as the chairman in 2012 after Ratan Tata announced his retirement.

Mistry family is the single largest non-promoter shareholders of the Tata Group with over 18.3 per cent stake, which the family had been holding since the past five decades or so.

**Fifth Bi-monthly Monetary Policy Statement, 2019-20 of RBI (05-12-2019)**

On the basis of an assessment of the current and evolving macroeconomic situation, the Monetary Policy Committee (MPC) at its meeting decided to keep the policy repo rate under the liquidity adjustment facility (LAF) unchanged at 5.15 per cent.

The MPC also decided to continue with the accommodative stance as long as it is necessary to revive growth, while ensuring that inflation remains within the target.

**Cabinet approves strategic disinvestment of CPSEs. (20-11-2019)**

The Cabinet Committee on Economic Affairs, chaired by Prime Minister Shri Narendra Modi has accorded 'In-principle' approval for strategic disinvestment in following select CPSEs:

1. Bharat Petroleum Corporation Ltd. (BPCL) to a strategic buyer.
2. Shipping Corporation of India Ltd. (SCI) to a strategic buyer.
3. Container Corporation of India Ltd. (CONCOR) to a strategic buyer.
4. Tehri Hydro Development Corporation India Limited (THDCIL) to NTPC.
5. North Eastern Electric Power Corporation Limited (NEEPCO) to NTPC.

The resources unlocked by the strategic disinvestment of these CPSEs would be used to finance the social sector/developmental programmes of the Government benefiting the public. The unlocked resources would form part of the budget and the usage would come to scrutiny of the public. It is expected that the strategic buyer/ acquirer may bring in new management/technology/investment for the growth of these companies and may use innovative methods for their development.

**Waiver of Charges – National Electronic Funds Transfer (NEFT) System (16-12-2019)**

In order to give further impetus to digital retail payments, RBI notified that member banks shall not levy any charges from their savings bank account holders for funds transfers done through NEFT system which are initiated online (viz. internet banking and/or mobile apps of the banks).

RBI also notified that National Electronic Funds Transfer (NEFT) System will be available on 24x7 basis from December 16, 2019. Member banks are advised to initiate necessary action and ensure availability of all necessary infrastructural requirements at their end for providing seamless NEFT 24x7 facility to their customers.
RBI announces the Framework on Currency Swap Arrangement for SAARC countries for the period 2019 to 2022 (26-11-2019)

To further financial stability and economic cooperation within the SAARC region, the Reserve Bank of India, with the concurrence of the Government of India, has decided to put in place a revised Framework on Currency Swap Arrangement for SAARC countries 2019-2022. The Framework is valid from November 14, 2019 to November 13, 2022.

Based on the terms and conditions of the Framework, the RBI would enter into bilateral swap agreements with SAARC central banks, who want to avail swap facility. It may be recalled that the SAARC Currency Swap Facility came into operation on November 15, 2012 with an intention to provide a backstop line of funding for short term foreign exchange liquidity requirements or balance of payment crises till longer term arrangements are made.

Under the Framework for 2019-22, RBI will continue to offer swap arrangement within the overall corpus of US $ Two billion. The drawings can be made in US Dollar, Euro or Indian Rupee. The Framework provides certain concessions for swap drawings in Indian Rupee.

The Currency Swap Facility will be available to all SAARC member countries, subject to their signing the bilateral swap agreements.

Appellate Body of the WTO becomes dysfunctional

On 10 December 2019, the Appellate Body was reduced to one member after the second terms for two of the remaining three members expired. Normally composed of seven members, the Appellate Body no longer has the minimum three members needed to hear new appeals.

Any WTO member can block the adoption of a WTO panel decision rendered against it by simply filing an appeal that cannot be heard.

US has blocked the appointment of new judges. Their argument is that the WTO has treated the United States unfairly. US said that the Appellate Body is not respecting the current, clear language of the WTO's Dispute Settlement Understanding.

Inverted Tax Structure in the GST regime

Inverted Tax Structure refers to a situation where GST rate on inputs supplies (Purchase) is more than the GST rate on output supplies (Sales). In this case A registered person may claim a refund of unutilized input credit.

Cabinet approves launch of Bharat Bond Exchange Traded Fund (04-12-2019)

The Cabinet Committee on Economic Affairs, chaired by Prime Minister Shri Narendra Modi has given its approval for creation and launch of Bharat Bond Exchange Traded Fund (ETF) to create an additional source of funding for Central Public Sector Undertakings (CPSUs), Central Public Sector Enterprises (CPSEs), Central Public Financial Institutions (CPFIs) and other Government organizations. Bharat Bond ETF would be the first corporate Bond ETF in the country.

Features of Bharat Bond ETF:
ETF will be a basket of bonds issued by CPSE/CPSU/CPF/any other Government organization Bonds (Initially, all AAA rated bonds)
• Tradable on exchange
• Small unit size Rs 1,000
• Transparent NAV (Periodic live NAV during the day)
• Transparent Portfolio (Daily disclosure on website)
• Low cost (0.0005%)

Bharat Bond ETF Structure:
• Each ETF will have a fixed maturity date
• The ETF will track the underlying Index on risk replication basis, i.e. matching Credit Quality and Average Maturity of the Index
• Will invest in a portfolio of bonds of CPSE, CPSU, CPF or any other Government organizations that matures on or before the maturity date of the ETF
• As of now, it will have 2 maturity series - 3 and 10 years. Each series will have a separate index of the same maturity series.
Index Methodology:
- Index will be constructed by an independent index provider – National Sock Exchange
- Different indices tracking specific maturity years - 3 and 10 years

Benefits of Bharat Bond ETF to investors:
- Bond ETF will provide safety (underlying bonds are issued by CPSEs and other Government owned entities), liquidity (tradability on exchange) and predictable tax efficient returns (target maturity structure).
- It will also provide access to retail investors to invest in bonds with smaller amount (as low as Rs. 1,000) thereby providing easy and low-cost access to bond markets.
- This will increase participation of retail investors who are currently not participating in bond markets due to liquidity and accessibility constraints.
- Tax efficiency compared to Bonds as coupons from the Bonds are taxed at marginal rates. Bond ETFs are taxed with the benefit of indexation which significantly reduces the tax on capital gains for investor.

Bharat Bond ETF Benefits for CPSEs:
- Bond ETF would offer CPSEs, CPSUs, CPFIs and other Government organizations an additional source of meeting their borrowing requirements apart from bank financing.
- It will expand their investor base through retail and HNI participation which can increase demand for their bonds.
  With increase in demand for their bonds, these issuers may be able to borrow at reduced cost thereby reducing their cost of borrowing over a period of time.
- Further, Bond ETF trading on the exchange will help in better price discovery of the underlying bonds.
- Since a broad debt calendar to assess the borrowing needs of the CPSEs would be prepared and approved each year, it would inculcate borrowing discipline in the CPSEs at least to the extent of this investment.


Human Development index Ranking

Very High Human Development
Russia- 49

High Human Development
Sri Lanka-71
Brazil- 79
China-85
Maldives-104
South Africa- 113

Medium Human Development
India-129 (Last Year 130)
Bhutan-134
Bangladesh-135
Myanmar-145
Nepal-147
Pakistan-152
Afghanistan- 170

Human Development Index (HDI): A composite index measuring average achievement in three basic dimensions of human development—a long and healthy life, knowledge and a decent standard of living.
**Good Governance Index’ launched by MoS (PP) Dr Jitendra Singh on ‘Good Governance Day (25-12-2019)**

The Good Governance Day is observed on the birth anniversary of former Prime Minister Shri Atal Bihari Vajpayee.

The Good Governance Index is a uniform tool across States to assess the Status of Governance and impact of various interventions taken up by the State Government and UTs.

The objectives of GGI are to provide quantifiable data to compare the state of governance in all states and UTs, enable states and UTs to formulate and implement suitable strategies for improving governance and shift to result oriented approaches and administration.


These ten Governance Sectors are measured on total 50 indicators. Difference indicators are given different weightage under one Governance Sector to calculate the value.

The states and UTs are divided into three groups: a). Big States, b). North-East & Hill States and c). UTs.

**Ranking**

In the “Big States” category Tamilnadu got 1st Rank.
In “North-East & Hill States” category Himachal Pradesh got 1st Rank.
In “UTs” category Pondicherry got 1st rank.

---

**NITI Aayog Releases SDG India Index and Dashboard 2019 (30-12-2019)**

India is the first country in the world with a government-led, sub-national measure of progress on Sustainable Development Goals.

Sustainable Development Goals (SDG) India Index, comprehensively documents the progress made by India's States and Union Territories towards achieving the 2030 SDG targets.

The SDG India Index—which has been developed in collaboration with the Ministry of Statistics and Programme Implementation (MoSPI), United Nations in India, and Global Green Growth Institute—was launched by NITI Aayog.

India’s composite score has improved from 57 in 2018 to 60 in 2019, thereby showing noticeable progress. The maximum gains been made in Goals 6 (clean water and sanitation), 9 (industry, innovation, and infrastructure) and 7 (affordable and clean energy).

**Kerala achieved the first rank** in the composite SDG Index with a score of 70, followed by Himachal Pradesh at 69. Andhra Pradesh, Telangana, and Tamil Nadu ranked at the third position with the score of 67. The biggest improvers since 2018 are UP (which has moved from the 29th position to the 23rd), Orissa (23rd to 15th), and Sikkim (15th to 7th). While Bihar improved its score from 48 in 2018 to 50 in 2019, it still has a long way to go in achieving the targets.

The world is now in the fifth year of the SDG era. India’s National Development Agenda is mirrored in the SDGs. India’s progress in the global Goals is crucial for the world as the country is home to about one-sixth of the world’s population. The SDG India Index 2019 tracks progress of all States and UTs on 100 indicators drawn from the MoSPI’s National Indicator Framework (NIF).

The Index spans 16 out of 17 SDGs with a qualitative assessment on Goal 17.

**Classification criteria based on SDG India Index score is as follows:**

- Aspirant: 0–49
- Performer: 50–64
- Front Runner: 65–99
- Achiever: 100

If a State/UT achieves a score of 100, it signifies it has achieved the 2030 national targets. The higher the score of a State/UT, the closer it is towards achieving the targets.

NITI Aayog has the twin mandate to oversee the implementation of SDGs in the country and promote competitive and cooperative federalism among States and UTs. The SDG India Index acts as a bridge between these mandates, aligning the SDGs with the Hon’ble Prime Minister's clarion call of Sabka Saath, Sabka Vikas, Sabka Vishwas, which embodies the five Ps of the global SDG movement: people, planet, prosperity, partnership and peace.

The SDG India Index 2019 will also help highlight crucial gaps related to monitoring SDGs and the need for improving statistical systems at the National/State/UT levels.
Shareholding- ADB’s five largest shareholders are Japan and the United States (each with 15.6% of total shares), the People’s Republic of China (6.4%), India (6.3%), and Australia (5.8%).

Indirect Taxes subsumed under GST

(i) taxes levied and collected by the Centre:
   a. Central Excise duty
   b. Duties of Excise (Medicinal and Toilet Preparations)
   c. Additional Duties of Excise (Goods of Special Importance)
   d. Additional Duties of Excise (Textiles and Textile Products)
   e. Additional Duties of Customs (commonly known as CVD)
   f. Special Additional Duty of Customs (SAD)
   g. Service Tax
   h. Central Surcharges and Cesses so far as they relate to supply of goods and services

(ii) State taxes:
   a. State VAT
   b. Central Sales Tax
   c. Luxury Tax
   d. Entry Tax (all forms)
   e. Entertainment and Amusement Tax (except when levied by the local bodies)
   f. Taxes on advertisements
   g. Purchase Tax
   h. Taxes on lotteries, betting and gambling
   i. State Surcharges and Cesses so far as they relate to supply of goods and services

Miscellaneous

1. Quad is a Quadrilateral Security Dialogue between India, US, Japan and Australia to discuss ways to balance China’s growing ambitions in the Indo-Pacific region. They reiterated their firm support for ASEAN-Centrality and ASEAN-led mechanisms in the regional architecture for the Indo-Pacific during 35th ASEAN summit held in November, 2019 in Bangkok, Thailand.


4. Paris based Organisation for Economic Co-operation and Development (OECD) has released Economic Survey of India (December 2019). India is one of the OECD’s five Key Partners, with Brazil, China, Indonesia and South Africa.

5. The Ministry of Commerce and Industry has notified the setting up of the first ever Special Economic Zone (SEZ) in Tripura on December 16, 2019. It will be a Sector Specific Economic Zone for Agro-Based Food Processing.

6. Union Home Minister Shri Amit Shah launched the the first Winter-Grade Diesel outlet for Ladakh region, which will help to address the problem faced by people due to loss of fluidity in Diesel fuel during extreme winter conditions. Winter grade diesel produced by Panipat Refinery for the first time has a pour point of – 33degree Celsius and does not lose its fluidity function even in the extreme winter weather of the region. (17-11-2019)

7. India has filed an appeal against the World Trade Organisation (WTO) panel report regarding India’s export promotion incentives. India lost the case against the United States on 31-10-2019. (19-11-2019).

8. 11th BRICS Summit held in Brasilia, Brazil on 13th - 14th November 2019. The theme of the BRICS Summit was "Economic Growth for an Innovative Future". 12th BRICS Summit to be held in Saint Petersburg, Russia in 2020.

NDA 2019
SAMARTH is a flagship skill development scheme of which one of the following Ministries?
(a) Ministry of Textiles
(b) Ministry of Agriculture and Farmers Welfare
(c) Ministry of Skill Development and Entrepreneurship
(d) Ministry of Human Resource Development

Objective of “Samarth-Scheme for Capacity Building in Textile Sector (SCBTS)” is to skill the youth for gainful and sustainable employment in the textile sector covering the entire value chain of textiles, excluding spinning and weaving.
What is TADF?
(a) Technology Acquired Desired Firm
(b) Technologically Advanced Direct Fund
(c) Technologically Accomplished Direct Fund
(d) Technology Acquisition and Development Fund

Technology Acquisition and Development Fund (TADF) was launched on 18.11.2015 under National Manufacturing Policy being implemented by Department of Industrial Policy & Promotion (DIPP). TADF is a new scheme to facilitate acquisition of Clean, Green & Energy Efficient Technologies, in form of Technology / Customised Products / Specialised Services / Patents / Industrial Design available in the market available in India or globally, by Micro, Small & Medium Enterprises (MSMEs). Scheme would facilitate acquisition of clean & green technologies by micro, small and medium units across the sectors and thus, bridge the technological gap at an affordable cost.

Which one of the following is a measure of sustainable income level that can be secured without decreasing the stock of natural assets?
(a) Natural Capital Stock
(b) Environmental Value
(c) Green Accounting
(d) Social Discount Rate

Which one of the following control policies leaves no freedom to private enterprise to buy plant, machinery, raw materials from the country of its choice?
(a) Import control
(b) Export control
(c) Exchange control
(d) Physical control

Which of the following are the main functions of WTO?
1. To organize meetings of member countries to arrive at trade agreements covering international trade.
2. To ensure that member countries conduct trade practices as per agreements agreed upon and signed by the member countries.
3. To provide a platform to negotiate and settle disputes related to international trade between and among member countries.
(a) 1 and 2 only
(b) 1 and 3 only
(c) 2 and 3 only
(d) 1, 2 and 3

Angel funds encourage entrepreneurship in the country by financing small startups at a stage where such start-ups find it difficult to obtain funds from traditional sources of finance such as banks, financial institutions, etc. Further, such funds provide mentoring to the entrepreneurs as well as access to their own business networks.

Angel investors bring both experience and capital to new ventures.

Angel investors provide the initial support and sometimes mentorship to startups. They are usually experienced entrepreneurs and typically use their own money.

As per Income Tax Act, Any consideration received by a company (startup) from a resident, against issue of shares, exceeds the fair market value of such shares; such excess consideration will be taxable in the hands of the startup, as an income

An individual investor who invests in the e-project usually during an early stage is
(a) corporate strategic investor
(b) founder capital
(c) angel investor
(d) venture capital