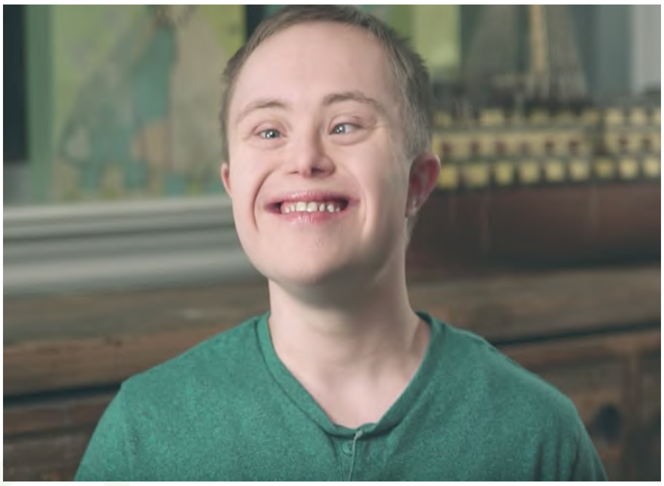
23 MARCH 2019

1.WORLD DOWN SYNDROME DAY



Why in news?

March 21 is observed as the World Down Syndrome Day under the auspices of United Nations.

In Brief:

About DOWN SYNDROME:

It is a genetic disorder associated with delayed physical and mental development.

It is also known as Trisomy 21.

It is due to the presence of all or part of a third copy of chromosome 21.

These extra genes and DNA cause changes in development of the embryo and fetus resulting in physical and mental abnormalities.

There is no cure for Down syndrome. Education and proper care have been shown to improve quality of life.

2.GOVT. EARNS RS. 85,000 CRORE FROM DISINVESTMENT, OVERSHOOTS TARGET

Why In News:

The government has overshot its disinvestment target for the second consecutive year as against a target of Rs. 80,000 crore for disinvestment for the current year, the divestment receipts have touched Rs. 85,000 crore.

In Breif:

Disinvestment policy in India:

Divestment in India is a by-product of the economic reforms initiated in 1991. Although the objective of redefining the role of the government versus the market started in 1991 and there was considerable discussion on the role of PSUs, the process of divestment was formalized only after the Divestment Commission was set up in 1996 to examine and suggest withdrawal from non-strategic sectors

* The department of divestment was formed in December 1999, which later was made the ministry of disinvestment in September 2001. In May 2004, it was shifted to the ministry of finance as one of the departments under it. Now, the department has been renamed as Department of Investment and Public Asset Management (DIPAM)

Note

What was objective of divestment then?

- The main objective of disinvestment is to put national resources and assets to optimal use.
- Through divestment the role of the government versus the market was sought to be redefined and market discipline was sought to be injected in PSUs' decision-making
- Through divestment loss-making public enterprises were also sought to be revived and additional resource needs for containing the fiscal deficit and capital expenditure generated

Current setup for Disinvestment:

- **Department of Disinvestment :** Setup in 1999. Responsible to deal with all matters relating to disinvestment of Central Government equity in Central Public Sector Undertakings. This department now works under the Ministry of Finance.
- **National Investment Fund:** In 2005, the government formed a National Investment Fund or NIF, to which the proceeds of disinvestment were channelled. The mandate of the Fund, managed by professional investment managers, was to utilise 75% of annual funds in social sector schemes to promote education, health and employment. But with the economic slowdown of 2008-09, and later a drought, this was waived for three years — and later, in 2013, restructured to provide flexibility in using the Fund.

It was decided that the NIF would be utilized for the following purposes:

- Subscribing to the shares being issued by the CPSE including PSBs and Public Sector Insurance Companies, on rights basis so as to ensure 51% ownership of the Government in those CPSEs/PSBs/Insurance Companies, is not diluted.
- Preferential allotment of shares of the CPSE to promoters as per SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 so that Government shareholding does not go down below 51% in all cases where the CPSE is going to raise fresh equity to meet its Capex programme.
- Recapitalization of public sector banks and public sector insurance companies.
- Investment by Government in RRBs/IIFCL/NABARD/Exim Bank.
- Equity infusion in various Metro projects.
- Investment in Bhartiya Nabhikiya Vidyut Nigam Limited and Uranium Corporation of India Ltd.
- Investment in Indian Railways towards capital expenditure.

Current Policy:

The current Government policy on disinvestment envisages people's ownership of CPSEs while ensuring that the Government equity does not fall below 51% and Government retains management control. Keeping this objective in view of disinvestment policy, the Government has adopted the following approach to disinvestment:

- Already listed profitable CPSEs (not meeting mandatory shareholding of 10%) are to be made compliant by 'Offer for Sale' (OFS) by Government or by the CPSEs through issue of fresh shares or a combination of both.
- Unlisted CPSEs with no accumulated losses and having earned net profit in three preceding consecutive years are to be listed.
- Follow-on public offers (FPO) would be considered in respect of profitable CPSEs having 10% or higher public ownership, taking into consideration the needs for capital investment of CPSE, on a case by case basis and Government could simultaneously or independently offer a portion of its equity shareholding in conjunction.
- Since each CPSE has different equity structure; financial strength; fund requirement; sector of operation etc., factors that do not permit a uniform pattern of disinvestment, disinvestment will be considered on merits and on a case-by-case basis.
- CPSEs are permitted to use their surplus cash to buy-back their shares; one CPSE may buy the shares of other CPSEs from the Government

Note

Why a relook at divestment policy is necessary now?

Over the years, the policy of divestment has increasingly become a tool to raise resources to cover the fiscal deficit with little focus on market discipline or strategic objective.

Why divestment is good?

- Reduces financial burden on the Government.
- Improves public finances.
- Introduces competition and market discipline.
- Funds growth.
- Encourages wider share of ownership.
- Depoliticizes non-essential services.

Why divestment is not so good?

- Government's dividend income will decline and hence fiscal deficit will increase.
- If government's role is reduced, the goal of equal distribution of resources for all classes cannot be achieved.
- In future, this might also lead to private monopolies

What is the NEW approach of current government?

Government's roadmap – 3 pronged approach:

- First, a plan for winding up loss-making units, including rules for the disposal of their assets and land. Passage of the new bankruptcy code will aid these sales.
- Second, profitable PSUs will be listed on stock exchanges through public sales of shares. The government's shareholding in enterprises already listed will be pared down through public offers to the minimum level depending on the sector and "in line with government policy."
- The third category will be that of strategic sales of high-value and big-size companies such as BHEL, and the oil and defence sector PSUs.

But we need changes at policy level so that more broader changes can be made.

What policy changes are necessary now?

- Define the priority sectors for the government based on its strategic interests.
- Investment in PSUs have to serve social/strategic purposes and not only financial purpose.
- Government ownership is required for sectors with strategic relevance such as defence, natural resources etc. The government should, therefore, exit non-strategic sectors such as hotels, soaps, airlines, travel agencies and the manufacture and sale of alcohol.
- The outlook towards strategic divestment should move from the current policy of emphasizing on public ownership and retaining majority shareholding to looking at the strategic interest. As per the current divestment policy, government has to retain majority shareholding, i.e., at least 51% and management control of the PSUs. The policy thereby limits the scope to create divestments that would allow easy exit for the government from non-strategic sectors. Allowing ownership of less than 51% will be the first step in the right direction. Eventually, the objective of divestment should be to limit the government ownership to strategic sectors.

Note

- It is important to realize that ownership is not a substitute for regulation. Therefore, instead of creating PSUs in non-priority sectors, the government should look into strengthening the regulatory framework that ensures efficient market conditions. The regulations should also ensure that the basic necessities of the consumers are met

Land Bank of loss making PSUs

- The government is looking at creating a bank from the land available at loss-making state-run enterprises as part of its efforts to sell these entities and push the overall disinvestment programme. The idea is to create a special purpose vehicle (SPV) which will hold all the land resources from loss-making public sector enterprises. The SPV then can give the land for other projects which may come up.

Background

- The government has accelerated efforts to wind up several loss-making state-run firms and the NITI Aayog is drawing up a strategy on the issue. Land available with state-run firms is seen as an asset and several defunct PSUs have huge tracts of land available with them. Latest data shows there are 77 CPSEs which incurred a loss of Rs 27,360 crore in 2014-15.
- Vijay Kelkar panel in 2012 had also suggested this.

NITI Ayog's recommendations:

The NITI Aayog has submitted two sets of recommendations to the Centre for strategic disinvestment of State-owned companies.

Its recommendations:

1.NITI Aayog has submitted a list of recommendations on each of the sick and loss-making government-owned companies. Of 74 such companies, it has recommended closure of 25 companies in which revival plans were attempted but had failed. After the closure their assets, especially land holdings, could be disposed off and employees be offered voluntary retirement.

2.In the remaining cases, either mergers with other public sector units or strategic disinvestment is recommended. In some companies, the Aayog preferred to let revival plans run their course, before taking a call on their future.

3.In another set of suggestions, it has recommended strategic disinvestment on priority in 15 PSUs. This list has been submitted to the Department of Investment and Public Asset management in the Finance Ministry.

3.CENTRE BANS JKLF UNDER UAPA

Why in news:

In the wake of a series of crackdowns following the Pulwama attack, the Centre, on Friday, banned Hurriyat leader Yasin Malik's Jammu Kashmir Liberation Front (JKLF) under section 3 of the anti-terror law, Unlawful Activities (Prevention) Act, 1967 (UAPA).

In brief:

The moves comes nearly a month after a major crackdown on separatists in the valley was launched on 24 February where 130 separatists from the Jamaat-e-Islami (Kashmir) and the Hurriyat Conference were arrested, including JKLF Chief Yasin Malik and Jamaat-e-Islami chief Abdul Hamid Fayaz.

The ban under the UAPA, 1967 is on the grounds that JKLF had

Note

spearheaded separatist ideology in Kashmir and triggered the exodus of Kashmiri Pandits by murdering members of the minority community in the late eighties.

According to the Home Ministry the activities of the outfit pose a serious threat to the security of the country and the organisation has been actively and continuously encouraging, feelings of enmity and hatred against the lawfully established Government.

This organisation is also responsible for illegal funnelling of funds for fomenting terrorism, actively involved in raising of funds and its distribution to Hurriyat cadres and stone-pelters to fuel unrest in the Kashmir Valley as well as for subversive activities

About JKLF:

The JKLF was founded by Pakistani national Amanullah Khan in mid-1970 at Birmingham in the United Kingdom and came into prominence in 1971 when its member hijacked an Indian Airlines plane flying from Srinagar to Jammu.

It is part of the Joint Resistance Leadership which includes the S.A.S. Geelaniled Hurriyat Conference.It was the first outfit to pick up arms in the Valley but joined the dialogue process in 2000with the Centre.

JKLF's original charter of demand was to carve out a separate and independent state of Kashmir comprising both PoK and Kashmir Valley.

In 2013, Malik had travelled to Islamabad for "talks" with Hafiz Saeedand attend the funeral prayers for hanged Parliament attack convict Mohammad Afzal Guru.

Malik is at present lodged in KotBalwal jail in Jammu, and is likely to face trial in the three-decade-old case of kidnapping of RubayaSayeed, the daughter of then Union home minister Mufti Mohammed Sayeed, and gunning down of four IAF personnel in Srinagar.

Note

4.DRAFT SENT TO KEY STATE FOREST OFFICERS FOR COMMENTS; NOT MADE PUBLIC YET

Why in News?

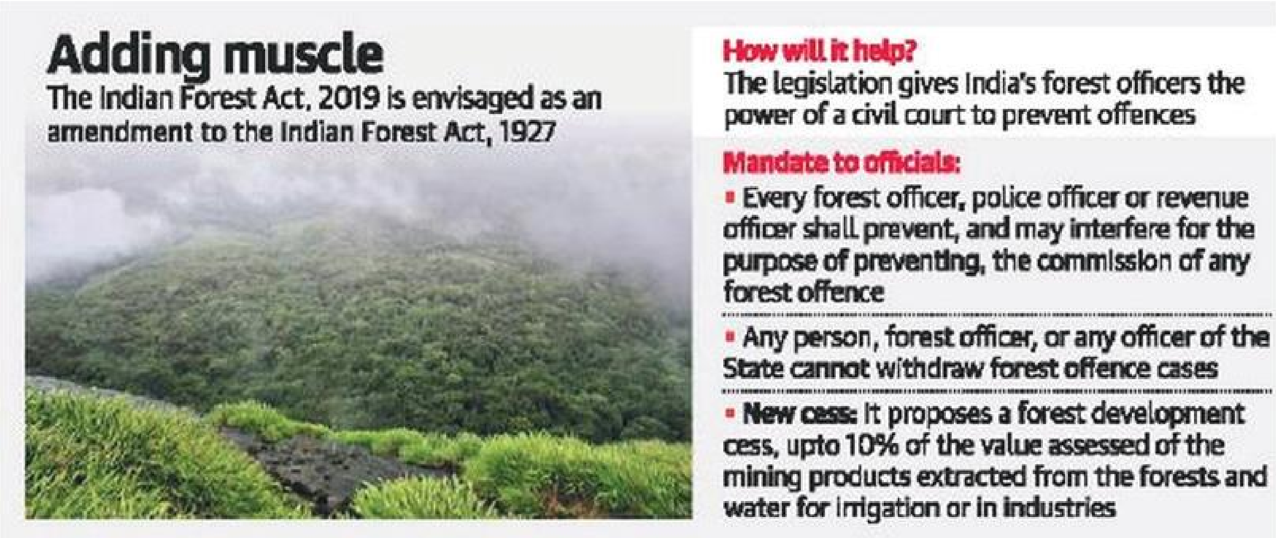
A proposed legislation accords significant powers to India's forest officers —including the power issue search warrants, enter and investigate lands within their jurisdictions, and to provide indemnity (immunity) to forest officers using arms to prevent forest-related offences.

In Brief:

The Indian Forest Act, 2019 is envisaged as an amendment to the Indian Forest Act, 1927 and is an attempt to address contemporary challenges to India's forests.

The draft law has been sent to key forest officers in the States for soliciting comments and objections until June 7.

"…Any Forest-officer not below the rank of a Forester may, at any time enter and inspect any land within his area of jurisdiction…"



Environment ministry's Opinion on the draft:

1. Officials at the Union Environment Ministry said that the draft was "preliminary," "extremely pro-people" and explicitly provided for traditional forest dwellers to jointly manage forests with officers.

2. "Several of these provisions exist in the State Forest Acts…however, we need a strong law to increase our forest cover from about **24% now to 33% [a stated directive of government policy],"**

3. "Village forests", according to the proposed Act, may be forestland or wasteland, which is the property of the government and would be jointly managed by the community through the Joint Forest Management Committee or Gram Sabha.

For Further Reference:

https://www.thehindu.com/todays-paper/tp-national/coming-a-law-to-empower-forest-staff/article26615065.ece

Prelims titbits: Also read

1. Forest Rights Act, 2006

https://www.thehindu.com/sci-tech/energy-and-environment/what-is-forest-rights-act/article26419298.ece

Note

5.EU GIVES UK NEW BREXIT DEADLINE

Why in News ?

Brexit will be delayed after European leaders agreed to a modified plan.

In Brief :

- Britian exits from European union is simply termed as Brexit.
- A long delay might let Britain to enjoy the full rights of membership despite their efforts to have the club.
- European union gives Teresa may another 2 weeks to decide & to avoid a no deal Brexit.

European Union :

- It is an economic & political partnership consisting of 28 members countries. The capital of EU is located in Brussals, Belgium.
- Why Britain voted for Brexit ?
- Migration of peoples from both within & outside EU heightened the fear of losing jobs & benefits among the Britain.

How it affects India :

- India & UK trade will get a boost since the regerse regulation of EU can be done away with the exit.
- India may find difficult to access single market because we cannot use UK as a gateway to EU.
- With weakening of pound tourism sector may affected .
- It will affect flow of FDI over the short-longer & medium term periods.

Note