

GEOGRAPHY

Kalapani Territory

In the recently released political map of India, after the bifurcation of the state of Jammu and Kashmir (J&K) into the Union Territories of J&K and Ladakh, the Kalapani territory became the bone of contention between India and Nepal.

Key Points

- In the latest political map of India, India reiterated its claims on the region that Nepal considers its own territory in Darchula district.
- According to India, the historic Kalapani region forms part of the state of Uttarakhand.
- Background: Kalapani is a valley that is administered by India as a part of the Pithoragarh district of Uttarakhand. It is situated on the Kailash Mansarovar route.
- The Kali River in the Kalapani region demarcates the border between India and Nepal.
- The Treaty of Sugauli signed by the Kingdom of Nepal and British India (after Anglo-Nepalese War) in 1816 located the Kali River as Nepal's western boundary with India. The discrepancy in locating the source of the river led to boundary disputes between India and Nepal, with each country producing maps supporting their own claims.
- In the recent map issued by the Indian government, the Pakistan-occupied Kashmir forms the part of the newly-created Union Territory of Jammu and Kashmir, while Gilgit-Baltistan is located in the Union Territory of Ladakh.

Kali River

- It is also known as Sharda river or Kali Ganga in Uttarakhand.
- It joins Ghagra river in Uttar Pradesh, which is a tributary of Ganga.
- River Projects: Tanakpur hydro-electric project, Chameliya hydro-electric project, Sharda Barrage.

Cyclone Bulbul

The India Meteorological Department (IMD) has issued an orange alert in Indian states of West Bengal and Odisha over Cyclone Bulbul in the Bay of Bengal.

About:

- The depression over the east-central and southeast Bay of Bengal and North Andaman Sea has turned into a severe cyclonic storm.
- The landfall of the cyclone is expected between Sagar Islands (West Bengal) and Khepupara (Bangladesh).
- The cyclone has been named by Pakistan.

| Stage of Warning | Color Code |
|-----------------------|------------|
| Cyclone Alert | Yellow |
| Cyclone Warning | Orange |
| Post Landfall Outlook | Red |

CONSTITUTION AND POLITY

The India Justice Report 2019

The India Justice Report 2019 was released by the Tata Trusts in collaboration with Centre for Social Justice, Common Cause, and Commonwealth Human Rights Initiative, among others.

About:

- This is the first-ever ranking of Indian States on justice delivery.
- The report is based on publicly available data from different government entities on the four pillars of justice delivery — police, judiciary, prisons and legal aid.

Key findings of report:

- Maharashtra has topped the list of 18 large-medium States in the overall justice delivery, followed by Kerala, Tamil Nadu, Punjab and Haryana. In this category, Jharkhand, Bihar and Uttar Pradesh are at the bottom. Among seven smaller States, Goa leads the group.
- Even the best performing States scored less than 60% in their performance on capacity across the police, judiciary, prisons and legal aid.

- The country has about 18,200 judges with about 23% sanctioned posts vacant. Women are poorly represented in these pillars, constituting just 7% of the police.
- Prisons are over-occupied at 114%, where 68% are undertrials awaiting investigation, inquiry or trial.
- Most States are not able to fully utilise the budgets allocated to them by the Centre, while the increase in spending on the police, prisons and judiciary does not keep pace with the overall increase in State expenditure.
- Some pillars also remain affected by low budgets. For instance, India's per capita expenditure on free legal aid is 75 paise per annum.

INTERNATIONAL AFFAIRS- BILATERAL, GROUPINGS, ORGANISATIONS

'No Money For Terror' Ministerial Conference

The Minister of State for Home Affairs attended 'No Money For Terror' Ministerial Conference on 7th November 2019 in Melbourne, Australia.

- This was the second conference of its kind, dedicated to the fight against terror financing. The first such meeting held in Paris in 2018.
- The Conference is organised by Financial Intelligence Units (FIUs) of over 100 countries, jointly called The Egmont Group.
- 65 nations participated in the 2019 conference.
- India will host the next 'No Money For Terror' Conference in 2020.

India's Stand at the Conference

Zero - Tolerance Approach Towards Terror:

- India called for a united global effort against all those who support terror or help generate finances for terror.
- India pointed out how terror groups are active on social media and that undermines any ban the United Nations (UN) might have.

Proposed Points for Inclusion in the Resolution:

- Terrorism is the single biggest threat to peace, security and development.
- Nations must expedite the finalisation of a Comprehensive Convention on International Terrorism under the United Nations (UN).
- The Financial Action Task Force (FATF) Standards must be effectively enforced and UN listings / FATF should not be politicised.
- Initiate discussion on 'Countering Financing of Radicalisation (CFR)', which would prevent radicalisation - an essential prerequisite of terrorism.

INDIAN ECONOMY

Compensation Rules For Private Bank Chiefs

The Reserve Bank of India has issued compensation guidelines for whole-time directors and chief executives of foreign, private, small finance, payments banks and local area banks. The new guidelines will be applicable from the next financial year for pay cycles starting from April 1, 2020.

Key points from the central bank's notification:

- A minimum of 50 percent of the salary of a chief executive officer (CEO) must be variable pay that is linked to performance.
- If the variable pay exceeds 200 percent, then 67 percent of the compensation will have to be in the form of non-cash instruments. If the figure is up to 200 percent, then the requirement is 50 percent.
- The total variable pay for bank chiefs is now capped at 300 percent of the fixed salary.
- In case of "subdued or negative financial performance of the bank", deferred compensation must be subject to malus/clawback arrangements
- The clawback clause will also apply if the provision for non-performing assets or divergence in bad loan classification exceeds the stipulated threshold
- For senior executives including WTDs, at least 60 percent of the total variable pay must be under deferral arrangements.
- Guaranteed bonus should not be a part of the compensation plan and should only be given in the context of joining/sign-on bonus.

Documentation Identification Number (DIN)

The Documentation Identification Number (DIN) system of Central Board of Indirect Taxes (CBIC) will come into existence from 8th November 2019.

About:

- Any communication from GST or Custom or Central Excise department without a computer generated DIN, would be treated as invalid. No communication would be issued by CBIC without DIN except only if it is in the specified exceptional circumstances.
- To begin with, the DIN would be used for search authorisation, summons, arrest memo, inspection notices and letters issued in the course of any enquiry. The DIN system would be extended to other communications by the end of next month.
- The step is to further the Government's objectives of bringing transparency and accountability in the indirect tax administration also through widespread use of information technology. It will provide the taxpayer a digital facility to verify any communications.
- The Government has already executed the DIN system in the direct tax administration.

SCIENCE AND TECHNOLOGY- EVERYDAY SCIENCE, SPACE, NUCLEAR, DEFENCE ETC**India Internet 2019**

The Internet And Mobile Association of India (IAMAI) recently released a report, titled 'India Internet 2019.'

Key highlights of the report:

- Kerala's Internet penetration rate is the second highest in the country (54%), next only to Delhi NCR with 69% penetration.
- The Internet penetration rate (defined as number of individuals aged above 12 per 100 population who accessed the Internet in the last month; survey period January-March 2019) was the lowest in Odisha (25), Jharkhand (26) and Bihar (28).
- Kerala, Tamil Nadu and Delhi have the highest proportion of female Internet users.

Related Info:

Kerala government recently announced that the Kerala Fibre Optic Network project, pegged at Rs. 1,548 crore, would provide Internet to every household in the State. For 20 lakh BPL households it will be free. The project is slated for completion by December 2020.

ODISHA DEVELOPMENT**Centre Unlikely To Consider Odisha's Demand On Coal Royalty**

The Centre is unlikely to consider the Odisha government's demand for revision of coal royalty as Union Coal and Mines Minister said that it is linked to the power tariff.

- During the meeting, the Chief Minister reiterated the demand of the state government that the rates of royalty should be increased and the state should get a share from the Cess collected on coal by the Central government.
- With the mining leases of over 300 mines lapsing by March 31, 2020, the government has decided to ensure raw material through Public Sector Undertakings (PSUs) and some other arrangements.
- The government will ensure that there is no shortage of minerals for the industries in the country.
- The Minister informed that they discussed increasing the production at Mahanadi Coalfields Ltd (MCL), land issues and law and order problems at the coal site.
- During the meeting, the state government requested to transfer a coal mine allocated to Odisha Mining Corporation (MOC) to Odisha Thermal Power Corporation Limited (OTPC), said sources.

QUOTE OF THE DAY

The mistake repeated is not a mistake anymore. It's a choice.

DAILY ANSWER WRITING PRACTICE

Qns: How are cooperative banks different from scheduled commercial banks? Examine the advantages, challenges of cooperative banks, along with suggestions for their better performance.

Difference between Cooperative Banks and Scheduled Commercial Banks:

| | Cooperative Banks | Scheduled Commercial Banks |
|----|--|---|
| 1. | Provide finance to agriculturists, rural industries and to trade and industry of urban areas. | Banking services to individuals and business |
| 2. | They are owned and operated by members, who are its customers. | They include public and private sector banks, with respective government and private ownership. |
| 3. | Dual-regulation of Urban Co-operatives: State Registrars of Co-operative Societies (RCS) – for single state banks; Central Registrar of Co-operative Societies (CRCS) for multi state banks RBI under Banking Regulations Act 1949 and Banking Laws (Co-operative Societies) Act, 1955. | Regulated by RBI under Banking Regulation Act, 1949. |
| 4. | Operates on the principles of cooperation, such as open membership, democratic decision making and mutual help. | Operates with profit motives. |
| 5. | Slightly higher interest rates. | Interest rate on deposits is less. |

Advantages of Cooperative Banking:

- Effective alternative to unregulated banking: Cooperative Banking provides effective alternative to the traditional defective credit system of the village money lender.
- Easy availability of credit: It provides cheap credit to masses in rural areas. Cooperatives Banks offers higher interest rate on deposits.
- Encouraged the culture of savings and investments: Instead of hoarding money, rural people tend to deposit their savings in the cooperative or other banking institutions.
- Improved agricultural practices: Cooperative societies have also greatly helped in the introduction of better agricultural methods. Cooperative credit is available for purchasing improved seeds, chemical fertilizers, modern implements, etc

Challenges of Cooperative Banks:

- Organizational and financial limitations of the primary credit societies considerably reduce their ability to provide adequate credit to the rural population.

- Transparency issues: Banks show inadequate governance and financial irregularities which have multidimensional impacts.
- For ex: financial irregularities, failure of internal control and system, and underreporting of exposures in case of PMC Bank issue.
- Resource constraints: Raising working capital has been a major hurdle in their effective functioning. Also, large amounts of overdues restrict the recycling of the funds and adversely affect the lending and borrowing capacity of the cooperative.
- Competition from other banks: With faster adaptability of technology and customer friendly services, people prefer taking credit from Scheduled Commercial Banks, Payments Banks, and Small-Finance Banks.
- Regional Disparities: Cooperatives in other states are not as well developed as the ones in Maharashtra and Gujarat. There is a lot of friction due to competition between different states which affects the working of cooperatives.

Suggestions for their better performance:

Countering dual-regulation problem:

- Setting up of an independent regulator for Urban Cooperative Banks.
 - Setting up a board of management of eligible and proper persons as opposed to elected Directors. (H Malegam committee)
 - Merging and converting some of the Co-operative Banks to Small Finance Banks (R. Gandhi Committee) as is being implemented under the voluntary transition scheme of RBI.
- Resolving capital issues by forming a Joint Stock Company: An umbrella organization should be promoted by the banks themselves to raise the capital from the market.
- Empowering RBI: RBI should be empowered to implement resolution techniques such as winding-up and liquidating banks, without involving other regulators under the cooperative societies' laws.
- Regular scientific audit system: State governments should regularly conduct a forensic audit of the loan portfolios & purchases of a representative sample of cooperative banks. Accountability for erroneous audit along with penal action should also be ensured through appropriate statute.

Conclusion: Hence, the RBI must ensure that Cooperative Banks adopt more professionalism in order to retain people's confidence in the banking sector.

DAILY CURRENT AFFAIRS MCQs

1. With reference to the Documentation Identification Number (DIN), consider the following statements:
 1. Any communication from GST or Custom or Central Excise department without a computer generated DIN, would be treated as invalid.
 2. The Government has already executed the DIN system in the direct tax administration. Which of the statements given above is/are correct?
 - (a) 1 only
 - (b) 2 only
 - (c) **Both 1 and 2**
 - (d) Neither 1 nor 2
2. With reference to the compensation rules for private bank chiefs, consider the following statements:
 1. A minimum of 25 percent of the salary of a chief executive officer (CEO) must be variable pay that is linked to performance.
 2. The total variable pay for bank chiefs is now capped at 300 percent of the fixed salary. Which of the statements given above is/are correct?
 - (a) 1 only
 - (b) **2 only**
 - (c) Both 1 and 2
 - (d) Neither 1 nor 2
3. With reference to the India Justice Report 2019, consider the following statements:
 1. It was released by NITI Aayog.
 2. Kerala has topped the list of 18 large-medium States in the overall justice delivery. Which of the statements given above is/are correct?
 - (a) 1 only
 - (b) 2 only
 - (c) Both 1 and 2
 - (d) **Neither 1 nor 2**
4. With reference to the 'India Internet 2019', consider the following statements:
 1. It was recently by the Federation of Indian Chambers of Commerce and Industry (FICCI).
 2. Kerala's Internet penetration rate is the second highest in the country. Which of the statements given above is/are correct?
 - (a) 1 only
 - (b) **2 only**
 - (c) Both 1 and 2
 - (d) Neither 1 nor 2
5. Consider the following pairs:

| | | |
|------------------------|---|---------------|
| Hydro-electric Project | | Located on |
| 1. Tanakpur | - | Kali River |
| 2. Bhakra-Nangal Dam | - | Sutlej River |
| 3. Sardar Sarovar Dam | - | Narmada River |

Which of the pairs given above is/are correct?
 - (a) 1 and 2 only
 - (b) 2 only
 - (c) 3 only
 - (d) **1, 2 and 3**