

“Times will change for the better when you change.” Maxwell Maltz

NATIONAL

CABINET RELAXES NELP, PRE-NELP PACT RULES

The Union Cabinet approved the policy framework to streamline production sharing contracts signed in the pre-New Exploration Licensing Policy (NELP) and NELP periods.

Key decisions under the framework include increasing the exploration period granted for blocks in the northeast, and easing the sharing of royalties with the developers of the blocks.

Based on recommendations in ‘Hydrocarbon Vision 2030 for North East’, it has extended timelines for exploration and appraisal period in operational blocks of NE region considering geographical, environmental and logistical challenges.

The exploration period has been increased by two years and appraisal period by one year.

The Centre has also allowed marketing, including pricing freedom for natural gas to be produced from discoveries which are yet to commence production as on July 1, 2018.

The government has created an enabling framework for sharing of statutory levies including royalty and cess in proportion to the participating interest of the contractor in Pre-NELP Exploration Blocks, and the same has been made cost recoverable with prospective effect.

New Exploration Licensing Policy (NELP)

New Exploration Licensing Policy (NELP) was conceptualized by the Government of India, during 1997-98 to provide an equal platform to both Public and Private sector companies in exploration and production of hydrocarbons.

It provided for establishment of Directorate General of Hydrocarbons (DGH) as a nodal agency for its implementation.

It was introduced to boost the production of oil and natural gas and providing level playing field for both public and private players.

India has an estimated sedimentary area of 3.14 million km². consisting of 26 sedimentary

basins, of which, 57% (1.79 million km².) area is in deepwater and remaining 43% (1.35 million km².) area is in inland and shallow offshore.

At present 1.06 million km² area is held under Petroleum Exploration Licenses in 18 basins by national oil companies viz. Oil and Natural Gas Corporation Limited (ONGC), OIL India Limited (OIL) and Private/Joint Venture companies.

Before implementation of the New Exploration Licensing Policy (NELP) in 1999, a mere 11% of Indian sedimentary basins were under exploration, which has now increased extensively over the years.

Hydrocarbon Exploration and Licensing Policy (HELP)

It is a policy adopted by Government of India recently indicating the new contractual and fiscal model for award of hydrocarbon acreages towards exploration and production (E&P).

HELP is applicable for all future contracts to be awarded.

HELP replaces the present policy regime for exploration and production of oil and gas, known as New Exploration Licensing Policy (NELP), which has been in existence for 18 years.

Policy category	HELP	Pre-HELP
Types of hydrocarbon	Covers all conventional and unconventional oil and gas	NELP covered only conventional oil and gas; Coal Bed Methane Policy covered coal bed methane
License	A single license for exploration and extraction of all types of oil and gas	Separate license required for conventional oil and gas, coal bed methane, shale oil and gas, and gas hydrates
Revenue model	Revenue-sharing model under which revenue will be shared with the government in the ratio submitted by bidders	Production/profit-sharing model under which government received a share in the profits
Coverage	Open acreage policy under which exploration companies can apply to explore any block not under exploration	Exploration was restricted to blocks opened for bidding by the government
Oil and gas pricing	Companies have the freedom to sell their production domestically without government intervention	Crude oil price was based on import parity; gas price was fixed by the government
Royalty	Concessional royalty for deep water (5 percent) and ultra-deep water (2 percent) areas, which are difficult to explore, and reduction of royalty in shallow waters (from 10 percent to 7.5 percent)	12.5 percent for the onshore areas and 10 percent for offshore areas; 10 percent for coal bed methane

Features of HELP:

Uniform License: It provides for a uniform licensing system to cover all hydrocarbons such as oil, gas, coal bed methane etc. under a single licensing framework, instead of the present system of issuing separate licenses for each kind of hydrocarbons.

Open Acreages: It gives the option to a hydrocarbon company to select the exploration blocks throughout the year without waiting for the formal bid round from the Government.

Revenue Sharing Model: Present fiscal system of production sharing contract (PSC) is replaced by an easy to administer “revenue sharing model”. The earlier contracts were based on the concept of profit sharing where profits are shared between Government and the contractor after recovery of cost.

Marketing and Pricing Freedom: It has been granted, subject to a ceiling price limit, for new gas production from Deepwater, Ultra Deepwater and High Pressure-High Temperature Areas.

IAF PARTICIPATION IN EX PITCH BLACK 2018

The Indian Air Force for the first time is participating with fighter aircraft in Exercise Pitch Black 2018 (PB-18), which is scheduled in Australia.

It would aim to undertake simulated air combat exercises in a controlled environment and mutual exchange of best practices towards enhancing IAF operational capability.

Ex Pitch Black is a biennial multi-national large force employment warfare exercise hosted by the Royal Australian Air Force (RAAF).

The IAF contingent consists of 145 air-warriors including Garud team, 04 X Su-30 MKI, 01 X C-130 and 01 X C-17.

The contingent will assemble at Air Force Station Kalaikunda and depart for the exercise on 19 Jul 2018 from India to Australia via Indonesia.

During the flight from India to Australia and back, Su-30 MKI will carry out air to air refueling with IL-78 tankers.

After completion of the exercise, on its return leg from Darwin to Subang, Su-30 MKI will be refueled in air for the first time by RAAF KC-30A.

Benefits of such exercises:

The exercise will provide unique opportunity for exchange of knowledge and experience with these nations in a dynamic warfare environment.

Participation in multinational air exercise assumes importance in view of the continued engagement of the IAF with friendly foreign countries.

Over the last decade, IAF has been actively participating in operational exercises hosted by various countries, wherein collaborative engagements undertaken with the best air forces in the world.

WCD MINISTRY SET TO MOVE CABINET TO MAKE CHILD MARRIAGES INVALID

The WCD Ministry official said a draft cabinet note has been circulated that proposes to make child marriages “void ab initio” (invalid from the outset).

The proposal of the ministry, if approved, would amend the law that allows child marriages to continue, despite an October 2017 Supreme Court ruling that “sexual intercourse with a minor wife amounts to rape, as under no circumstance can a child below 18 years give consent, express or implied, for sexual intercourse”.

Currently, child marriages are valid in India, but can be annulled if a case is filed in a district court by either of the two contracting parties within two years of becoming an adult, or through a guardian in case of minors.

The ministry seeks to amend section 3 of the Prohibition of Child Marriage Act, under which a child marriage is only voidable at the option of the contracting parties.

Current Scenario of Marriages:

The legal age for marriage in India is 18 for a woman and 21 for a man.

According to a study based on Census 2011, there are 2.3 crore child brides in the country.

The National Family Health Survey (NFHS) 2015-16 also showed that 26.8 per cent women were married off before they turned 18.

According to the NFHS 2015-16, nearly eight per cent girls in the 15-19 age group had already become mothers or pregnant at the time of the survey.

The WHO in a report dealing with the issue of child brides, found that though 11 per cent of the births worldwide are among adolescents, they account for 23 per cent of the overall burden of diseases.

Therefore, a child bride is more than doubly prone to health problems than a grown up woman.

GOVT DECIDES TO WITHDRAW CONTENTIOUS FRDI BILL

The government has decided to withdraw the contentious Financial Resolution and Deposit Insurance Bill 2017, or FRDI Bill to avoid controversial legislation ahead of the 2019 general election.

It was tabled in the Lok Sabha in August, following which it was referred to the joint parliamentary committee. The panel is due to submit its report on the last day of the ongoing monsoon session.

The bill aims to limit the fallout of the failure of institutions such as banks, insurance companies, non-banking financial companies, pension funds and stock exchanges.

However, some of its provisions have been termed anti-people and anti-poor by the opposition parties who have pointed out that people's money will be used to bail out banks that make bad lending decisions through a corresponding reduction in the claims of depositors.

'Bail in' clause:

A bail-in is rescuing a financial institution on the brink of failure by making its creditors and depositors take a loss on their holdings.

A bail-in is the opposite of a bail-out, which involves the rescue of a financial institution by external parties, typically governments using taxpayer's money.

The bill has been criticized for some of its controversial provisions, including a "bail-in" clause, which suggests that depositor money could be used by failing financial institutions to stay afloat.

The lack of clarity over protecting existing levels of deposit insurance for smaller deposits also led to a lot of criticism.

At present, deposit insurance is available for all deposits of up to Rs1 lakh but there was no clarity on whether it will be continued in the bill.

The decision to withdraw the bill comes as a surprise because the government has been vociferously defending the provisions of the bill by pointing out that the bail-in clause will not adversely impact depositors.

The government had maintained that the implicit sovereign guarantee for state-run banks remains unaffected.

INFLATION RAISED TO HIGH

The latest data of the Wholesale Price Index show a sharp surge in wholesale inflation in June.

The data, show a 54-months high of 5.77%, are a cause of concern.

The reasons for high inflation are given below:

- Rising crude oil prices
- Inflation in the fuel and power group has quickened every month since February to June.
- Inflation in food articles, especially vegetables.
- Manufacturing products are also worrying wider inflationary trend.

Higher WPI inflation will have following implications:

- It will add pressure on the RBI to raise interest rates.
- Undermine the pace of GDP growth.

The WPI is not primary focus in the RBI's inflation targeting approach to monetary policy formulation now.

The role of consumer price index remains economically significant.

The measure of wholesale price gains is the key deflator in computing the index of industrial production.

Wholesale price index is also used to deflate gross domestic product at current prices.

ACTIVISTS OPPOSE DRAFT ANTI-TRAFFICKING BILL

The Anti-trafficking Bill likely to be tabled in Parliament during monsoon session.

Key features of the draft Bill:

- The Bill deals with trafficking and aggravated forms of trafficking.
- The trafficking category of crimes carry a jail term of seven to 10 years, while the aggravated form of trafficking carry a punishment of 10 years in jail to life imprisonment.
- Aggravated offences include trafficking for the purpose of forced labour, begging, trafficking by administering chemical substance or hormones on a person for the purpose of early sexual maturity, or where a survivor contracts HIV.

However, the activists and sex workers critising the Bill on the following grounds:

- It treats victims of human trafficking on par with adult persons in sex work
- It would lead to increase in violence against sex workers.
- If a sex worker is violated, she won't be able to go to court because she will be immediately understood as exploited, trafficked and sent to rehabilitation.

- Failed to assure dignity to consenting adult sex workers.
- Forceful rehabilitation would deprive women of their source of livelihood.
- LGBTQ rights activist said "When a law prescribes life imprisonment for trafficking leading to AIDS or begging or injecting of hormones, it will ultimately lead to criminalization of trans-identities."
- The Bill went against the basic tenets of rehabilitation as it did not distinguish between trafficking and sex work.
- It would be a roadblock in HIV prevention.
- Certain clauses in the Bill endanger freedom of expression.

Sex workers and activists demanding that the Bill should explicitly state that consenting adult workers will not be penalized under the new law.
