



## News Analysis (08 Jun, 2019)

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### First National Party from North-East

The **National People's Party (NPP)** has been recognised as the **eighth national party** by the Election Commission of India, making it the **first regional party of the north-east** to be accorded the status.

- NPP was given the national party status for fulfilling the **following conditions:**
  - In the general election to the Legislative Assembly of Arunachal, the party polled 14.55% (Polling more than 6% of the total valid votes in the last general election) of the valid votes.
  - The NPP, in addition, won five out of the sixty seats in the Legislative Assembly of Arunachal Pradesh.
  - Based on above mentioned two criteria, the party fulfilled the requirements for recognition as State Party in the State of Arunachal Pradesh.
  - Thereby, after its recognition as State party in Arunachal Pradesh, it has become a recognized State party in four States i.e. Manipur, Meghalaya, Nagaland and Arunachal Pradesh.
  - Thus the Party fulfilled the eligibility condition for being recognized as National Party.
  - Further, as per the request of the Party, the symbol "Book" has been allotted as the reserved symbol for the 'National People's Party'.
- Before NPP's elevation, India **had seven national parties.**  
**Trinamool Congress, led by West Bengal Chief Minister Mamata Banerjee, became the seventh in September 2016.**
- The National People's Party (NPP) was **formed in 2013** by the current Meghalaya Chief Minister Conrad K Sangma's father and former Lok Sabha Speaker, late Purno Agitok Sangma.

Sl.No.	Name of the Party (Abbreviation)	Symbol Reserved
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1.	Bahujan Samaj Party (BSP)	Elephant ( <i>In all States/U.T.s except in Assam</i> )
2.	Bharatiya Janata Party (BJP)	Lotus
3.	Communist Party of India (CPI)	Ears of Corn and Sickle
4.	Communist Party of India (Marxist) (CPM)	Hammer, Sickle and Star
5.	Indian National Congress (INC)	Hand
6.	Nationalist Congress Party (NCP)	Clock
7.	All India Trinamool Congress (AITC)	Flowers and Grass
8.	National People's Party (NPP)	Book

## Recognition of National and State Parties

- The Election Commission registers political parties for the purpose of elections and grants them recognition as national or state parties on the basis of their poll performance.
- The other parties are simply declared as registered unrecognised parties.
- The recognition granted by the Commission to the parties determines their right to certain privileges like allocation of the party symbols, provision of time for political broadcasts on the state-owned television and radio stations and access to electoral rolls.
- Further, the recognized parties need only one proposer for filing the nomination. Also, these parties are allowed to have forty "star campaigners" during the time of elections and the registered-unrecognized parties are allowed to have twenty "star campaigners".

The travel expenses of these star campaigners are not included in the election expenditure of the candidates of their parties.

- Every national party is allotted a symbol exclusively reserved for its use throughout the country.
- Similarly, every state party is allotted a symbol exclusively reserved for its use in the state or states in which it is so recognised. A registered-unrecognised party, on the other hand, can select a symbol from a list of free symbols.
- The national parties and state parties are also known as all-India parties and regional parties respectively.

## Conditions for Recognition as a National Party

A party is recognised as a national party if any of the following conditions is fulfilled:

- If it secures six per cent of valid votes polled in any four or more states at a

- general election to the Lok Sabha or to the legislative assembly; and, in addition, it wins four seats in the Lok Sabha from any state or states; or
- o If it wins two per cent of seats in the Lok Sabha at a general election; and these candidates are elected from three states; or
- o If it is recognised as a state party in four states.

## Conditions for Recognition as a State Party

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A party is recognised as a state party in a state if any of the following conditions is fulfilled:

- o If it secures 6% of the valid votes polled in the state at a general election to the legislative assembly of the state concerned; and, in addition, it wins 2 seats in the assembly of the state concerned; or
- o If it secures 6% of the valid votes polled in the state at a general election to the Lok Sabha from the state concerned; and, in addition, it wins 1 seat in the Lok Sabha from the state concerned; or
- o If it wins 3% of seats in the legislative assembly at a general election to the legislative assembly of the state concerned or 3 seats in the assembly, whichever is more; or
- o If it wins 1 seat in the Lok Sabha for every 25 seats or any fraction thereof allotted to the state at a general election to the Lok Sabha from the state concerned; or
- o If it secures 8% of the total valid votes polled in the state at a General Election to the Lok Sabha from the state or to the legislative assembly of the state. This condition was added in 2011.

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## World Food Safety Day

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The **first-ever World Food Safety Day** is being celebrated on **June 7**.

- It was adopted by the **United Nations General Assembly in December 2018** in collaboration with the Food and Agriculture Organization.
- The **theme** for 2019 is '**Food safety, everyone's business**'.
- The day aims to create awareness about the importance of maintaining safe food standards and also reduce the burden of deaths due to foodborne diseases.
- The United Nations has designated **two of its agencies** — the **Food and Agriculture Organization (FAO)** and the **World Health Organization (WHO)** — to lead efforts in promoting food safety around the world.
- The UN has developed a guide to discuss why food safety is necessary and how it could be achieved. The guide has **five key points**:
  - o **Governments must ensure** safe and nutritious food for all.

- **Agriculture and food producers** need to adopt good practices.
- **Business operators** must make sure food is safe.
- **All consumers** have a right to safe, healthy and nutritious food.
- Food safety is a **shared responsibility**.
- Safe, nutritious and sufficient food is a key to **promoting health** and **ending hunger**, which are **two of the main aims of the Sustainable Development Goals (SDGs)**.

## Government Initiatives

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- FSSAI has developed the **first State Food Safety Index (SFSI)** to measure the performance of States on **five parameters** of food safety.  
The categories include Human Resources and Institutional Arrangements, Compliance, Food Testing- Infrastructure and Surveillance, Training and Capacity Building and Consumer Empowerment.
  - A new-age, hand-held battery operated device called **'Raman 1.0'** to perform rapid detection (in less than 1 minute) of economically driven adulteration in edible oils, fats and ghee.
  - An innovative solution to take food safety to schools, called the **'Food Safety Magic Box'**. This do-it-yourself food testing kit comprises a manual and equipment to check for food adulterants, which schoolchildren can use in their classroom laboratories.
  - FSSAI has instituted the **'Eat Right Awards'** to recognize the contribution of food companies and individuals to empower citizens to choose safe and healthy food options, which would help improve their health and well-being.
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## Indian Accounting Standards

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The Reserve Bank of India (RBI) is going to align the definition of financial difficulty with the guidelines issued by the **Basel Committee on Banking Supervision**.

The RBI had put out a non-exhaustive indicative list of signs of financial difficulty.

- It has brought the Indian Accounting Standard (IndAS) norms back into play.
- The RBI had indefinitely deferred the IndAS norms which were to come into effect from April 1, 2019, as it would have called for higher capital for bad loan provisioning by banks.
- It was the second such deferred move, banks were to implement IndAS from April 2018, it also needed legislative amendments to make the format of financial statements compatible with IndAS.

## Indian Accounting Standards (Ind AS)

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- These are a set of accounting standards that govern the accounting and recording of

financial transactions as well as the presentation of statements such as profit and loss account and balance sheet of a company.

- The standards were formulated by the **Accounting Standards Board (ASB)**, which was constituted as a body in the year 1977. ASB is a committee under ICAI which consists of representatives from government departments, academicians, other professional bodies viz. ICAI, representatives from ASSOCHAM, CII, FICCI, etc.
- The Ind AS are named and numbered in the same way as the **International Financial Reporting Standards (IFRS)**.

### **International Financial Reporting Standards (IFRS)**

- It is an accounting standard that has been issued by the International Accounting Standards Board (IASB) with the objective of providing a common accounting language to increase transparency in the presentation of financial information.
- IASB is an independent body that was formed in 2001 for establishing the IFRS. It succeeded the International Accounting Standards Committee (IASC), which was earlier given the responsibility of establishing the international accounting standards. It is based in London.

### **Basel Committee**

In December 2010, the Basel Committee on banking supervision published Basel III norms. A global regulatory framework for more resilient banks and banking systems which presents the details of global regulatory standards on bank capital adequacy and liquidity, including a countercyclical capital buffer.

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## **BOT Model**

The Union government will soon re-adopt the Build-Operate-Transfer(BOT) model over the Hybrid Annuity Model (HAM) for executing highway projects.

- HAM was brought in by the government in 2015 to encourage private participation and it served the purpose for a few years till banks red-flagged lending for these projects.
- HAM is a mix of **Engineering, Procurement and Construction (EPC) and BOT formats**.
- **Need to re-adopt:** BOT will see **private investment** coming in upfront, which is expected to benefit the Centre as the exchequer will not have to pump in money in such projects.

## **Models of Public-Private Partnership (PPP)**

- Commonly adopted model of PPPs include:
  - Build-Operate-Transfer (BOT).
  - Build-Own-Operate (BOO)
  - Build-Operate-Lease-Transfer (BOLT)
  - Design-Build-Operate-Transfer (DBFOT)
  - Lease-Develop-Operate (LDO)
  - Operate-Maintain-Transfer (OMT), etc.
- These models are different on the level of **investment, ownership control, risk sharing, technical collaboration, duration, financing** etc.
- **BOT**: It is conventional PPP model in which private partner is responsible to design, build, operate (during the contracted period) and transfer back the facility to the public sector.  
Private sector partner has to bring the finance for the project and take the responsibility to construct and maintain it.  
The public sector will allow private sector partner to collect revenue from the users. The national highway projects contracted out by NHAI under PPP mode is a major example for the BOT model.
- **BOO**: In this model ownership of the newly built facility will rest with the private party. On mutually agreed terms and conditions, public sector partner agrees to 'purchase' the goods and services produced by the project.
- **BOOT**: In this variant of BOT, after the negotiated period of time, the project is transferred to the government or to the private operator.  
BOOT model is used for the development of highways and ports.
- **BOLT**: In this approach, the government gives a concession to a private entity to build a facility (and possibly design it as well), own the facility, lease the facility to the public sector and then at the end of the lease period transfer the ownership of the facility to the government.
- **DBFO**: In this model, the entire responsibility for the design, construction, finance, and operation of the project for the period of concession lies with the private party.
- **LDO**: In this type of investment model either the government or the public sector entity retains ownership of the newly created infrastructure facility and receives payments in terms of a lease agreement with the private promoter. It is mostly followed in the development of airport facilities.
- **Hybrid Annuity Model (HAM)** the central government bears 40% of the project cost and the remaining amount is arranged by the developer.

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## River Linking Project

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The National Green Tribunal(NGT) has stayed the Godavari-Penna river interlinking projects due to lack of environmental clearance.

- The NGT has said that the project falls under the purview of **Environment (Protection) Act, 1986**.
- The river valley projects require environmental clearance and consent under the Water (Prevention and Control of Pollution) Act, 1974 and the **Air (Prevention and Control of Pollution) Act, 1981**.

## Godavari-Penna interlinking project

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This project is part of the Godavari-Krishna linkage project and it is to be completed in five phases. In the first phase, 8,500 cusecs of water from **Pattiseema** and 6,870 cusecs of water from **Chintalapudi lift** would be taken to Prakasam barrage on Krishna at Vijayawada.

From Prakasam barrage, 7,000 cusecs of water will be carried to Nagarjuna Sagar right main canal in five phases by laying 10.25 km of pipeline from the Krishna river and gravity canal at a stretch of 56.35 km and using five lifts.

## Penna river

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- The Penna river is also known as Pennar. It rises in **Nandi Hills in Chikballapur District** of Karnataka and runs north and east through the states of Karnataka and Andhra Pradesh to empty into the Bay of Bengal.
- It is 597 kilometres long, with a drainage basin covering 55,213 km<sup>2</sup> in Karnataka and Andhra Pradesh.
- This is a seasonal river, the main source of the water is from rain. The river basin lies in the **rain shadow region of Eastern Ghats** and receives 500 mm average rainfall annually.
- The **major tributaries** of the Penna are the **Jayamangali, Kunderu and Sagileru from the north**, and **Chitravathi, Papagni and Cheyyeru from the south**.

## Godavari river

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- The Godavari is India's second longest river after the Ganga. Its source is in **Trimbakeshwar, Maharashtra**.
  - It flows east for 1,465 kilometres, draining the states of **Maharashtra, Telangana, Andhra Pradesh, Chhattisgarh, Odisha, and Karnataka**, ultimately emptying into the Bay of Bengal through its extensive network of tributaries.
  - The river has a **religious significance**, it is also known as the **Vridha Ganga**.
  - The major tributaries of the river are classified as the **left bank tributaries** which include the **Purna, Pranhita, Indravati and Sabari river** and the **right bank tributaries** are **Pravara, Manjira, Manair**.
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# National Testing Agency

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**The National Testing Agency (NTA)** has announced the results of the National Eligibility Cum Entrance Test (undergraduate medical entrance exam).

National Testing Agency is responsible for **conducting competitive entrance exams** like NEET, JEE, CTET, GATE, GPAT, GMAT, CAT, UGC NET, etc.

## National Testing Agency

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- National Testing Agency (NTA) was established as a Society registered under the **Indian Societies Registration Act, 1860**.
- It is an **autonomous** and **self-sustained testing organization** to conduct entrance examinations for admission/fellowship in **higher educational institutions**.

## Objectives

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To conduct **efficient, transparent** and **international standards tests** in order to assess the competency of candidates for admission and recruitment purposes.

## Functions

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- To **identify partner institutions** with adequate infrastructure from the existing schools and higher education institutions which would facilitate the **conduct of online examinations** without adversely impacting their academic routine.
- To create a **question bank** for all subjects using modern techniques.
- To establish a **strong R&D culture** as well as a pool of experts in different aspects of testing.
- To provide **training and advisory services** to the institutions in India.
- To **collaborate with international organizations** like ETS (Educational Testing Services).
- To undertake **any other examination** that is **entrusted to it by the Ministries/Departments** of Government of India/State Governments.
- To **undertake the reforms** and training of school boards as well as other bodies where the testing standards should be comparable with the entrance examinations.

## Governance

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- NTA is chaired by an **eminent educationist** appointed by the **Ministry of Human Resource Development**.
- The **Chief Executive Officer** (CEO) will be the Director-General to be appointed by the Government.



- There will be a **Board of Governors** comprising members from user institutions.

## Significance

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- Establishment of a specialized testing body like NTA has **relieved the agencies such as CBSE, AICTE** of their responsibilities of conducting Entrance examinations.
  - Examinations are conducted by NTA in the **online mode at least twice a year**, in order to give enough opportunities to candidates and to bring out the best in them.
  - In order to **increase the accessibility** and meet the requirements of the rural students, it will locate centers at **sub-district and district level**.
  - National Testing Agency (NTA) has launched a **'mobile app'** and **Test Practice Centres** (TPC's) through which students can practice or take mock tests on their own computers or smartphones.
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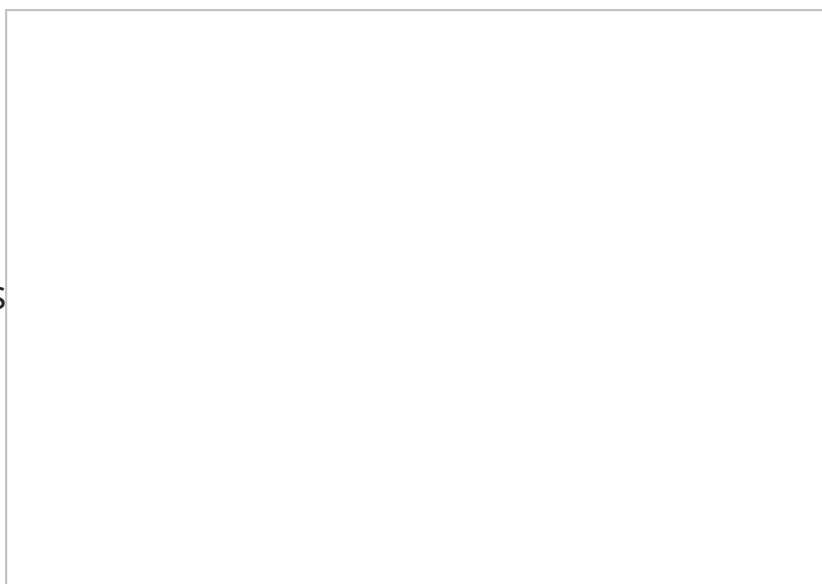
## RBI's Debt Resolution Norms

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The Reserve Bank of India has issued a new set of norms for dealing with stressed or **Non Performing Assets** (NPA's) assets in the banking sector.

- Resolution Plans like **corporate debt restructuring scheme, strategic debt restructuring** scheme, change in ownership outside SDR, **sustainable structuring of stressed assets**, joint lenders forum and flexible structuring of existing long-term project loans are withdrawn.
- Apart from banks, new norms are also applicable for **Non Banking Financial Companies, Small Finance Banks** and other **Financial Institutions**.

Revised Norms



- Lenders will get a **30 day review period** to frame a resolution strategy, unlike previous norms that compelled lenders to start a resolution strategy even if there was

a one day default.

Lenders should initiate the process of implementing a resolution plan (RP) **even before a default.**

- Lenders shall recognise incipient stress in loan accounts, immediately on default, by classifying such assets as special mention accounts (SMA).
  - **SMA-0** categories will be treated as default case fit for insolvency resolution if they fail to pay the principal or interest due on them within **0-30 days**.
  - **SMA-1** defaulters will be taken for **Insolvency and Bankruptcy Code** (IBC) if they don't pay between **31-60 days**.
  - **SMA-3** firms will be treated for **National Company Law Tribunal** (NCLT) in case of no payment of dues within **61-90 days**.
- Resolution plan involving restructuring/change in ownership of accounts where the aggregate exposure of lenders is **Rs 100 crore and above**, will require **independent credit evaluation** (ICE) of the residual debt by **credit rating agencies** (CRAs) specifically authorised by the Reserve Bank for this purpose.

Accounts with aggregate exposure of **Rs 500 crore and above** shall require two such ICEs, others shall require one ICE.
- Lenders will have to submit a **weekly report to the RBI** on defaults by borrowers with exposure of **₹5 crore and above**.
- **System of disincentives** in the form of **additional provisioning** for **delay** in implementation of resolution plan or initiation of insolvency proceedings.
  - Additional provisions will have to be made by the banks as a percentage of total outstanding.
  - There will be **20 provisions** if the resolution is not implemented in **180 days** from the end of the review period.
  - Banks will have to make **another 15% provision** (total additional provisioning of 35 per cent) if the resolution is not done in **365 days**.
- Any action by lenders with an intent to **hide the actual status of accounts or evergreen the stressed accounts**, will be subjected to stringent supervisory or enforcement actions, including **higher provisioning** on such accounts and **monetary penalties**.
- In order to implement resolution plan, lenders will have to sign **inter creditor agreement** (ICA), within the review period,(ICA will provide ground rules for finalisation and implementation of the resolution plan.)

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## IndSpaceEx

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- India is planning to conduct its **first-ever simulated space warfare exercise** in the last week of July, 2019.
- **Named 'IndSpaceEx'**, the exercise will basically be a **'table-top war-game'**, with all stakeholders from the military and scientific community taking part in it.

- The **main aim** of the exercise, to be held under the aegis of the Integrated Defence Staff of the Defence Ministry, is **to assess the requisite space and counter-space capabilities that are needed by India to protect its national security interests** in the final frontier of warfare i.e. the outer space.
  - **China**, after testing an A-Sat missile against a weather satellite in January 2007, **has set a scorching pace in developing military capabilities in space in terms of both kinetic** (direct ascent missiles, co-orbital kill satellites) **as well as non-kinetic** (lasers, electromagnetic pulse) weapons.
 

IndSpaceEx underlines the seriousness with which India is taking the need to counter likely threats to its space assets from countries like China.
  - **India took the first step towards developing a credible counter-space capability under 'Mission Shakti'** when it launched a 19-tonne interceptor missile to destroy the 740-kg Microsat-R satellite, at an altitude of 283 km in a 'hit-to-kill mode' on 27th March, 2019.
  - Since then, **a new Defence Space Agency has begun to take shape**, by amalgamating the Defence Imagery Processing and Analysis Centre (Delhi) and the Defence Satellite Control Centre (Bhopal), with a two-star IAF general to be soon appointed to head it. The agency is **expected to eventually grow into a full-fledged Space Command** in the years ahead.
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## Serious Fraud Investigation Office (SFIO)

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- SFIO is a **multi-disciplinary organization under the Ministry of Corporate Affairs**, consisting of experts in the field of accountancy, forensic auditing, law, information technology, investigation, company law, capital market and taxation **for detecting and prosecuting or recommending for prosecution white-collar crimes/frauds.**
- It has its **head office in New Delhi**. The **Computer Forensic and Data Mining Laboratory (CFDML)** was set up in 2013 **to provide support and service to the officers of SFIO** in their investigations.
- Serious Fraud investigation (SFIO) was initially set up by the Government of India by way of a resolution dated 2nd July, 2003. At that time SFIO did not enjoy a formal legal status.
- **Section 211 of the Companies Act, 2013, has accorded statutory status to the Serious Fraud Investigation Office (SFIO).**

**SFIO also has powers to arrest people for the violation of the Company law.**
- An investigation into the affairs of a company can be initiated by the Central Government and entrusted to the Serious Fraud Investigation Office under the following circumstances:
  - on receipt of a report of the Registrar or inspector under section 208 (Report on Inspection made) of the Companies Act, 2013.
  - on intimation of a special resolution passed by a company that its affairs are

required to be investigated.

- in public interest.
  - on request from any Department of the Central Government or a State Government.
-