



## Monetary Policy Committee: RBI

**For Prelims:** RBI, Monetary Policy Committee (MPC), Instruments of Monetary Policy, Various Policy Stances of RBI

**For Mains:** Banking Sector & NBFCs, Statutory Bodies, Monetary Policy, Growth & Development, Monetary policy and its instruments

### Why in News?

Recently the [Monetary Policy Committee \(MPC\)](#) of the [Reserve Bank of India's \(RBI\)](#) noted that the central bank's [accommodative policy](#) stance may fail to comply with the Inflation target (upper limit of 6%).

- An **accommodative stance** indicates a willingness on the part of the **central bank to expand money supply and cut interest rates.**
- The MPC fixes the **benchmark interest rate** — or the base or reference rate that is used to set other interest rates — in India.

### What is Monetary policy?

- Monetary policy **refers to the policy of the central bank with regard to the use of monetary instruments** under its control to achieve the goals specified in the Act.
- The primary objective of the RBI's monetary policy is to **maintain price stability while keeping in mind the objective of growth.**
  - Price stability is a necessary precondition to sustainable growth.
- The amended **RBI Act, 1934** also provides for the [inflation target \(4% +-2%\)](#) to be set by the Government of India, in consultation with the Reserve Bank, **once in every five years.**

#### Various Instruments of Monetary Policy

<b>Repo Rate:</b>	<ul style="list-style-type: none"><li>▪ The interest rate at which the Reserve Bank <b>provides overnight liquidity</b> to banks <b>government and other approved securities</b> under the <a href="#">liquidity adjustment facility</a>.</li></ul>
<b>Reverse Repo Rate:</b>	<ul style="list-style-type: none"><li>▪ The interest rate at which the <b>Reserve Bank absorbs liquidity</b>, on an overnight basis <b>of eligible government securities under the LAF.</b></li></ul>
<b>Liquidity Adjustment Facility (LAF):</b>	<ul style="list-style-type: none"><li>▪ The LAF <b>consists of overnight as well as term repo auctions.</b></li><li>▪ The aim of term repo is to help develop the <b>interbank term money market</b>, which benchmarks for pricing of loans and deposits, and hence improve transmission of monetary policy.</li><li>▪ The RBI also conducts variable interest rate reverse repo auctions, as necessitated under the LAF.</li></ul>
<b>Marginal Standing Facility (MSF):</b>	<ul style="list-style-type: none"><li>▪ A facility under which scheduled commercial banks can borrow additional amount of funds from the Reserve Bank by dipping into their Statutory <a href="#">Liquidity Ratio (SLR)</a> portfolio up to a limit at a rate higher than the repo rate.</li><li>▪ This provides a safety valve against unanticipated liquidity shocks to the banking system.</li></ul>
<b>Corridor:</b>	<ul style="list-style-type: none"><li>▪ The MSF rate and reverse repo rate determine the <b>corridor for the daily movement of the money rate.</b></li></ul>
<b>Bank Rate:</b>	<ul style="list-style-type: none"><li>▪ It is the rate at which the RBI is ready to buy or rediscount bills of exchange or other securities.</li></ul>

	<p>published under <b>Section 49 of the RBI Act, 1934.</b></p> <ul style="list-style-type: none"> <li>This rate has been aligned to the MSF rate and, therefore, changes automatically as a alongside policy repo rate changes.</li> </ul>
<b>Cash Reserve Ratio (CRR):</b>	<ul style="list-style-type: none"> <li>The average daily balance that a bank is required to maintain with the Reserve Bank <b>demand and time liabilities (NDTL)</b> that the Reserve Bank may notify from time to time.</li> </ul>
<b>Statutory Liquidity Ratio (SLR):</b>	<ul style="list-style-type: none"> <li>The share of NDTL that a bank is required to maintain in safe and liquid assets, such as <b>securities, cash and gold.</b></li> <li>Changes in SLR often influence the availability of resources in the banking system for credit.</li> </ul>
<b>Open Market Operations (OMOs):</b>	<ul style="list-style-type: none"> <li>These include both, outright purchase and sale of government securities, for injection and withdrawal of funds respectively.</li> </ul>
<b>Market Stabilisation Scheme (MSS):</b>	<ul style="list-style-type: none"> <li>This instrument for monetary management <b>was introduced in 2004.</b></li> <li>Surplus liquidity of a more enduring nature arising from large capital inflows is absorbed by the purchase of government securities and treasury bills.</li> <li>The cash so mobilised is <b>held in a separate government account with the RBI.</b></li> </ul>

## PYQ

With reference to Indian economy, consider the following: (2015)

1. Bank rate
2. Open market operations
3. Public debt
4. Public revenue

Which of the above is/are component/ components of Monetary Policy?

- (a) 1 only
- (b) 2, 3 and 4
- (c) 1 and 2
- (d) 1, 3 and 4

Ans: (c)

## What is the Monetary Policy Committee (MPC)?

- **Origin:** Under **Section 45ZB of the amended (in 2016) RBI Act, 1934**, the central government is empowered to constitute a six-member Monetary Policy Committee (MPC).
- **Objective:** Further, Section 45ZB lays down that “the **Monetary Policy Committee** shall determine the Policy Rate **required to achieve the inflation target**”.
  - The decision of the Monetary Policy Committee shall be binding on the Bank.
- **Composition:** Section 45ZB says the MPC shall consist of **6 members**:
  - **RBI Governor** as its **ex officio chairperson**,
  - Deputy Governor in charge of monetary policy,
  - An officer of the Bank to be nominated by the Central Board,
  - **Three persons** to be **appointed by the central government.**

- This category of appointments must be from “persons of ability, integrity and standing, having knowledge and experience in the field of economics or banking or finance or monetary policy”.

**PYQ**

Which of the following statements is/are correct regarding the Monetary Policy Committee (MPC)? (2017)

1. It decides the RBI’s benchmark interest rates.
2. It is a 12-member body including the Governor of RBI and is reconstituted every year.
3. It functions under the chairmanship of the Union Finance Minister.

Select the correct answer using the code given below:

- (a) 1 only
- (b) 1 and 2 only
- (c) 3 only
- (d) 2 and 3 only

Ans: (a)

**What is Monetary Policy Framework?**

- **Origin:** In May 2016, the RBI Act was amended to provide a legislative mandate to the central bank to operate the country’s monetary policy framework.
- **Objective:** The framework aims at setting the policy (repo) rate based on an assessment of the current and evolving macroeconomic situation; and modulation of liquidity conditions to anchor money market rates at or around the repo rate.
- **Reason for Repo Rate as Policy Rate:** Repo rate changes transmit through the money market to the entire financial system, which, in turn, influences aggregate demand.
  - Thus, it is a key determinant of inflation and growth
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Various Policy Stances of RBI	
<b>Accommodative :</b>	<ul style="list-style-type: none"> <li>▪ An accommodative stance means <b>the central bank is prepared to expand the m growth.</b></li> <li>▪ The central bank, during an accommodative policy period, is willing to cut the interest rates.</li> <li>▪ The central bank typically <b>adopts an accommodative policy when growth needs the immediate concern.</b></li> </ul>
<b>Neutral:</b>	<ul style="list-style-type: none"> <li>▪ A ‘neutral stance’ suggests that the central bank can <b>either cut rate or increase rate.</b></li> <li>▪ This stance is typically <b>adopted when the policy priority is equal on both inflation and growth.</b></li> <li>▪ The guidance indicates that the market can expect a rate action on either way at any time.</li> </ul>
<b>Hawkish Stance</b>	<ul style="list-style-type: none"> <li>▪ A hawkish stance <b>indicates that the central bank’s top priority is to keep the inflation under control.</b></li> <li>▪ During such a phase, the <b>central bank is willing to hike interest rates to curb money demand.</b></li> <li>▪ A hawkish policy also indicates tight monetary policy.</li> <li>▪ When the central bank increases rates or 'tightens' the monetary policy, banks too increase rates towards end borrowers which, in turn, curbs demand in the financial system.</li> </ul>
<b>Calibrated Tightening:</b>	<ul style="list-style-type: none"> <li>▪ Calibrated tightening means <b>during the current rate cycle, a cut in the repo rate is followed by a rate hike.</b></li> <li>▪ However, the <b>rate hike will happen in a calibrated manner.</b></li> <li>▪ This means the central bank may not go for a rate increase in every policy meeting but may move towards a rate hike.</li> <li>▪ This can happen outside the policy meetings as well if the situation warrants.</li> </ul>

## PYQ

Q. If the RBI decides to adopt an expansionist monetary policy, which of the following would it not do? (2020)

1. Cut and optimise the Statutory Liquidity Ratio
2. Increase the Marginal Standing Facility Rate
3. Cut the Bank Rate and Repo Rate

Select the correct answer using the code given below:

- (a) 1 and 2 only
- (b) 2 only
- (c) 1 and 3 only
- (d) 1, 2 and 3

Ans: (b)

[Source: IE](#)

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## Reforms in FDI Policy ahead of LIC IPO

**For Prelims:** Foreign Direct Investment, Initial Public Offering.

**For Mains:** Significance of increasing FDI upto 20 % in LIC, Disinvestment.

### Why in News?

Recently, the Union Cabinet cleared an amendment to the FDI Policy **to allow [Foreign Direct Investment \(FDI\) up to 20%](#) under the “**automatic route**” in Life Insurance Corporation (LIC) ahead of its **proposed Initial Public Offer (IPO)**.**

- The government **expects to mobilize Rs 63,000-66,000 crore from the proposed share sale to meet its [disinvestment](#) target** of Rs 78,000 crore for FY 2021-22.
- **LIC is fully owned by the government.** It was set up in 1956. It has the biggest share in India's insurance business.
- In most contexts, **disinvestment typically refers to sale from the government, partly or fully, of a government-owned enterprise.** A company or a government organisation will typically disinvest an asset either **as a strategic move for the company, or for raising resources to meet general/specific needs.**

### What are the Key Points?

- At present, the FDI policy **does not prescribe any specific provision for foreign investment in LIC** which is a statutory corporation established under **LIC Act, 1956.**
- The policy permits **FDI in insurance companies and intermediaries or insurance intermediaries** in the insurance sector.

- The **FDI ceiling for public sector banks is 20% on the government approval** route.
  - While the government had last year raised the FDI limit in the insurance sector to 74% from 49%, **it did not cover LIC that is governed by a specific legislation.**
- Since LIC does not fall in any of these categories and no limit is prescribed for foreign investment in LIC under the LIC Act, the government has decided to allow foreign investment up to 20% for LIC and other corporate bodies.
- In order **to expedite the capital raising process**, such FDI has been kept on the automatic route, as is in the case of the rest of the insurance sector.

## What is the Significance of this Move?

- The reform in the FDI policy will **facilitate foreign investment in LIC and other corporate bodies**, for which the government may have a requirement for disinvestment purposes.
- The change in the FDI policy for LIC will ensure that **foreign investors do not face any hurdles** while subscribing for the public offer.
- The reform will also **facilitate ease of doing business and lead to greater FDI inflows**, and at the same time, ensure alignment with the overall intent or objective of FDI policy.
- Increased FDI inflows **will supplement domestic capital, technology transfer, skill development for accelerated economic growth** and development across sectors, to support the implementation of **Atmanirbhar Bharat**.
- Allowing FDI will **ensure that foreign portfolio investors are able to purchase shares in the secondary market**. It also sends a positive signal to investors.

## What is the Status of FDI Inflows in India?

- FDI inflows in India stood at USD 45.15 billion in 2014-2015 and have increased to USD 81.97 billion during the financial year 2020-21, despite **Covid 19 pandemic**, which is 10% higher than USD 74.39 billion compared to the previous financial year 2019-20.

## PYQ

With reference to Foreign Direct Investment in India, which one of the following is considered its major characteristic? (2020)

- It is the investment through capital instruments essentially in a listed company.
- It is a largely non-debt creating capital flow.
- It is the investment which involves debt-servicing.
- It is the investment made by foreign institutional investors in the Government securities.

Ans: (b)

## What is FDI and its Routes?

- **About FDI:**
  - FDI is the process **whereby residents of one country (the home country) acquire ownership of assets for the purpose of controlling the production, distribution and other activities of a firm in another country** (the host country).
    - It is **different from Foreign Portfolio Investment** where the foreign entity merely buys stocks and bonds of a company. FPI does not provide the investor with control over the business.
  - Flows of FDI comprise **capital provided (either directly or through other related enterprises) by a foreign direct investor** to an enterprise.
  - FDI has three components, viz., **equity capital, reinvested earnings and intra-company loans**.
    - Equity capital is the foreign direct investor's purchase of shares of an enterprise in

a country other than its own.

- Reinvested earnings comprise the direct investors' share (in proportion to direct equity participation) of earnings not distributed as dividends by affiliates, or earnings not remitted to the direct investor. Such retained profits by affiliates are reinvested.
- Intra-company loans or intra-company debt transactions refer to short- or long-term borrowing and lending of funds between direct investors (or enterprises) and affiliate enterprises.

▪ **Routes through which India gets FDI:**

- **Automatic Route:** In this, the foreign entity does not require the prior approval of the government or the RBI.
- **Government route:** In this, the foreign entity has to take the approval of the government.
  - The Foreign Investment Facilitation Portal (FIFP) facilitates the single window clearance of applications which are through approval route.

## PYQ

Which of the following would include Foreign Direct Investment in India? (2012)

1. Subsidiaries of foreign companies in India.
2. Majority foreign equity holding in Indian companies.
3. Companies exclusively financed by foreign companies.
4. Portfolio investment.

Select the correct answer using the codes given below:

- (a) 1, 2, 3 and 4
- (b) 2 and 4 only
- (c) 1 and 3 only
- (d) 1, 2 and 3 only

Ans: (d)

[Source: TH](#)

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## Defence Acquisition Procedure

**For Prelims:** Defense Acquisition Procedure, Initiatives to Boost Domestic Production.

**For Mains:** Significance of Defence Acquisition Procedure in Indigenisation of Defence.

## Why in News?

The Ministry of Defence approved projects that will involve design and development of the military

hardware covering [light tanks](#), [airborne stand-off jammers](#), communication equipment and simulators under [Defence Acquisition Procedure \(DAP\)](#).

- The defense ministry has cleared nine such projects: four under the 'Make-I' and five under the 'Make-2' categories of the DAP 2020.
- In the [Union Budget 2022](#), India earmarked Rs 84,598 crore - **68% of the military's capital acquisition budget --- for purchasing locally produced weapons** and systems to boost self-reliance in the defence sector, **besides setting aside 25% of the defence R&D budget for private industry**, startups and academia to encourage them to pursue design and development of military platforms.

## What is the 'Make' Category?

- The 'Make' category of capital acquisition is **the cornerstone of the [Make in India initiative](#)** that seeks to build indigenous capabilities through the involvement of both public and private sector.
- **'Make-I'** refers to government-funded projects while **'Make-II'** covers industry-funded programmes.
  - **Make-I** involved in development of **big-ticket platforms such as light tank and communication equipment** with Indian security protocols.
  - Make-II category involves **prototype development of military hardware** or its upgrade for import substitution for which no government funding is provided.
    - The five projects approved under the industry-funded Make-II procedure are simulators for [Apache attacks helicopters and Chinook multi-mission choppers](#), wearable robotic equipment for aircraft maintenance, autonomous combat vehicle and integrated surveillance and targeting system for mechanised forces.
- Another sub-category under **'Make'** is **'Make-III'** that covers **military hardware that may not be designed and developed indigenously, but can be manufactured in the country for import substitution**, and Indian firms may manufacture these in collaboration with foreign partners.

## What is DAP 2020?

- It enables the **notification of a [List of Weapons or Platforms that will be banned](#)** for import.
- It focuses on [Foreign Direct Investment \(FDI\) in defence manufacturing](#) and indigenization of the manufacturing prices.
- It also introduces **several new ideas such as the need to incorporate artificial intelligence in platforms and systems**, use of indigenous software in defence equipment and 'innovation' by [Start-ups](#) and [MSMEs \(Micro, Small and Medium Enterprises\)](#) as a new category of defence acquisition.
- **It includes following procurement categories:** Buy (Indian - Indigenously Designed Developed and Manufactured), Buy (Indian), Buy and Make (Indian), Buy (Global - Manufacture in India) and Buy (Global).
  - It **increases the Indigenous Content (IC) requirement for all projects** from 40% to 50% earlier, depending on the category, to 50% to 60%.
  - Only under procurement through Buy (Global), **foreign vendors can have 30% IC** from Indian companies.

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## Category wise IC Requirement

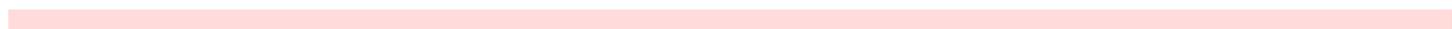
Category	Vendors eligible to participate	Indigenous Content
Buy (IDDM)	Indian	Indigenous design and $\geq 50\%$
Buy (Indian)	Indian	In case of indigenous design $\geq 50\%$ , otherwise $\geq 60\%$
Buy and Make (Indian) (Buy portion may be nil)	Indian	$\geq 50\%$ of the 'Make' portion and transfer of critical technologies from the foreign vendors as per the specified range, depth and scope
Buy (Global - Manufacture in India)	Foreign and Indian	$\geq 50\%$
Buy (Global)	Foreign and Indian	Foreign Vendor - Nil Indian Vendor $\geq 30\%$

### What are the other Initiatives to Boost Domestic Production of Defence Equipment?

- Increased Capital Acquisition Budget (CAB) for Domestic Sector
- [Defence Industrial Corridors.](#)
- [Corporatization of the Ordnance Factory Boards](#)
- [Defence India Startup Challenge](#)
- SRIJAN Portal
- [Draft Defence Production and Export Promotion Policy 2020](#)
- [Innovations for Defence Excellence \(iDEX\)](#)
- [Mission Raksha Gyan Shakti](#)

[Source: BS](#)

### Iran Nuclear Deal



**For Prelims:** Joint Comprehensive Plan of Action, Iran and the surrounding countries.

**For Mains:** Groupings & Agreements Involving India and/or Affecting India's Interests, JCPOA and its Significance.

## Why in News?

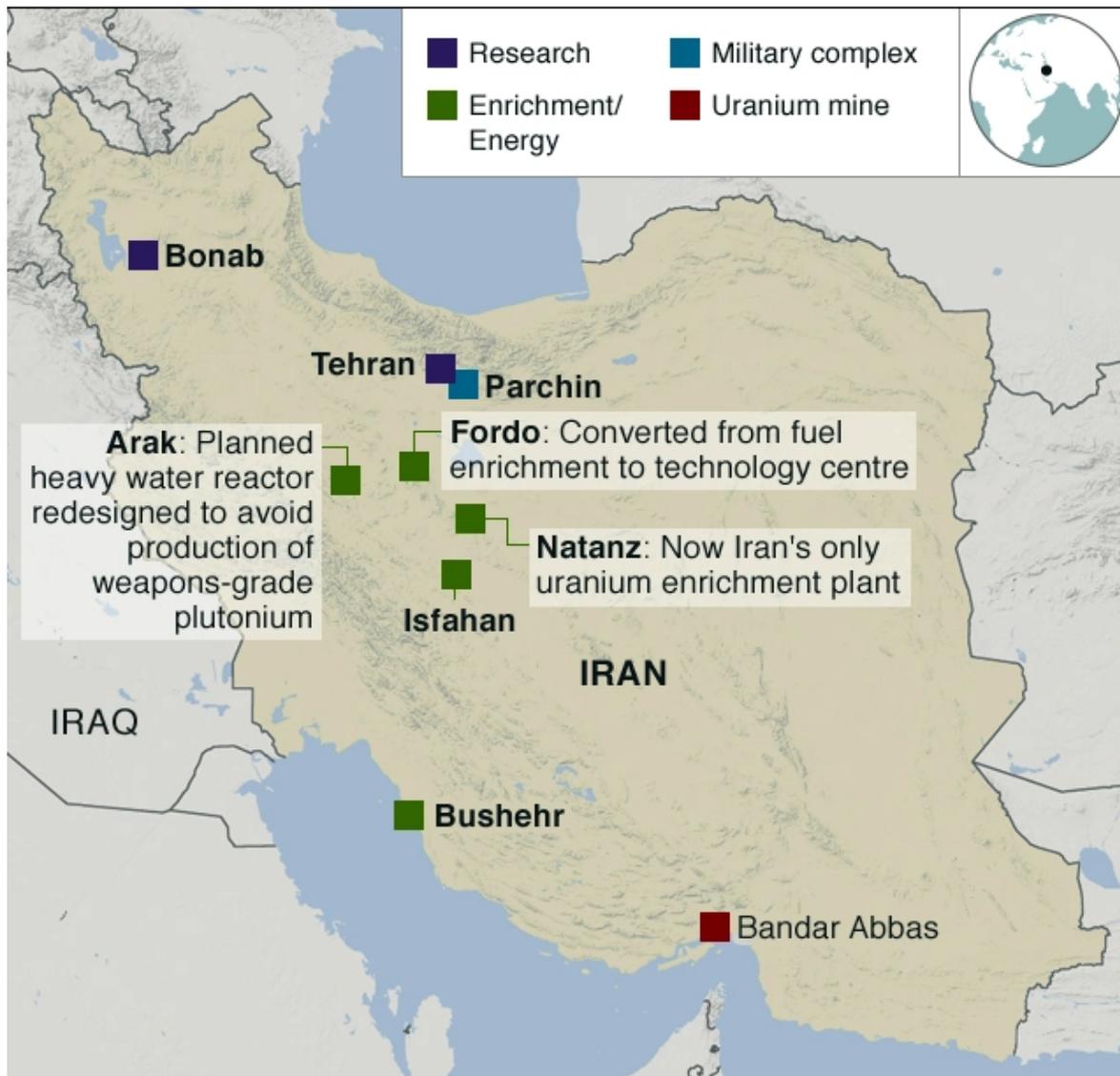
Recently, the **diplomats from Iran and world powers reconvened in Vienna (Austria) to seek a deal reviving Iran's (Tehran's) 2015 Nuclear Accord.**

- The **2015 Iran nuclear deal, signed under President Barack Obama, and dismantled in 2018 by President Donald Trump.**
- The US said it will rejoin the agreement if Iran complies with the terms of the original deal, and if it addresses other issues related to alleged ballistic missile stockpiles and the proxy conflicts that it backs across the region.

## What was the 2015 Iran nuclear deal?

- The deal, formally known as **Joint Comprehensive Plan of Action (JCPOA).**
- The JCPOA was the result of **prolonged negotiations from 2013 and 2015 between Iran and P5+1** (China, France, Russia, the United Kingdom, the United States + Germany).
- Under the deal, **Iran agreed to significantly cut its stores of centrifuges, enriched uranium and heavy-water,** all key components for nuclear weapons.
- Iran also agreed to implement a protocol that would allow inspectors from the **International Atomic Energy Agency (IAEA) to access its nuclear sites** to ensure Iran would not be able to develop nuclear weapons in secret.
- While the **West agreed to lift sanctions related to Iran's nuclear proliferation,** other sanctions addressing alleged abuses of human rights and Iran's ballistic missile programme remained in place.
- The **US committed to lifting sanctions on oil exports, but continued to restrict financial transactions,** which have deterred international trade with Iran.
- Nonetheless, Iran's economy, after suffering years of recessions, currency depreciation, and inflation, **stabilized significantly after the deal took effect,** and its exports skyrocketed.
- **Israel, America's closest ally in the Middle East, strongly rejected the deal,** and other countries like Iran's great regional rival **Saudi Arabia, complained that they were not involved in the negotiations** even though Iran's nuclear programme posed security risks for every country in the region.
- After Trump abandoned the deal and reinstated banking and oil sanctions, **Iran ramped up its nuclear programme in earnest,** returning to approximately 97% of its pre-2015 nuclear capabilities.

# Changes agreed under Iran deal to limit nuclear programme



## What happened after the US pulled out of the deal?

- In April 2020 the US announced **its intention to snap back sanctions**. However, the **other partners objected to the move**, stating that since the US was no longer part of the deal, it could not unilaterally reimpose sanctions.
- Initially following the withdrawal, several countries continued to import Iranian oil under waivers granted by the Trump administration. **A year later, the US ended the waivers to much international criticism** and, by doing so, significantly **curbed Iran's oil exports**.
- The other powers, in an attempt to keep the deal alive, **launched a barter system known as INSTEX** to facilitate transactions with Iran outside the US banking system. **However, INSTEX only covered food and medicine**, which were already exempt from US sanctions.
- In January 2020, after the **US assassinated the top Iranian general Qasem Soleimani**, Iran announced that it would no longer limit its uranium enrichment.

## What are the Challenges to the Restoration of JCPOA?

- The regional cold war **between Saudi Arabia and Iran is a major hurdle** to the restoration.
- The US and Saudi Arabia **have strengthened their relationship per US's Middle East policy** and to counter Iran as well.
- The traditional **Shia vs Sunni conflict between these countries has made it difficult to**

negotiate peace in the region.

- Iran is currently **in violation of several of its important commitments**, such as the limits on stockpiles of enriched uranium, and the farther it goes, the more challenging the deal becomes.
- Iran is blaming **US sanctions for its economic losses** due to the Trump administration's pullout from the deal and imposing sanctions again.

## What is the Significance of JCPOA for India?

- **Boost to Regional Connectivity:**
  - Removing sanctions may revive **India's interest in the Chabahar port**, Bandar Abbas port, and other plans for regional connectivity.
  - This would **further help India to neutralize the Chinese presence in Gwadar port**, Pakistan.
  - Apart from Chabahar, **India's interest in the [International North-South Transit Corridor \(INSTC\)](#)**, which runs through Iran, which will improve connectivity with five Central Asian republics, may also get a boost.
- **Energy Security:**
  - Due to the pressure linked to the **US' Countering America's Adversaries Through Sanctions Act (CAATSA)**, **India has to bring down oil imports to zero.**
  - Restoration of ties between the US and Iran will **help India to procure cheap Iranian oil and aid in energy security.**

## Way Forward

- The US would have to factor in not only Iran's nuclear programme but also its increasingly hostile behavior in the region. It would also have to take into consideration the reality of the **new multipolar world, in which its unilateral leadership is no longer guaranteed.**
- Iran would have to consider **the rapidly changing dynamics in the Middle East**, given that Israel has recalibrated its relations with several Middle Eastern Arab countries in recent years.

[Source: TH](#)

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## State of India's Environment Report 2022: CSE

**For Prelims:** State of India's Environment Report, Sustainable Development Goals, United Nation, Manual Scavenging, India's National Targets, SDG Rankings.

**For Mains:** Environmental Pollution & Degradation, India's SDG targets and its achievements.

## Why in News?

Recently, the [Centre for Science and Environment \(CSE\)](#), released the [State of India's Environment Report 2022](#).

- The report is the **annual publication of the Centre for Science and Environment, and Down To Earth** (magazine).
- The report **focuses on climate change**, migration, health and food systems. It also covers biodiversity, forest and wildlife, energy, industry, habitat, pollution, waste, agriculture and rural development.

- **CSE** is a **public interest research and advocacy organisation** based in New Delhi.

## Where does India Stand on Achieving its National Targets?

- **Economy:** The target for the economy is to raise the [Gross Domestic Product \(GDP\)](#) to nearly USD 4 trillion by 2022-23. **But by 2020, the economy has grown only to USD 2.48 trillion.**
  - The economy has largely shrunk during the [Covid-19 pandemic](#), making it even more difficult to meet the deadline.
- **Employment:** The target is to increase the **female [labour force participation](#)** rate to at least 30% by 2022-23.
  - **It stood at 17.3% in January-March 2020.**
- **Housing:** The targets are to construct 29.5 million housing units under [Pradhan Mantri Awas Yojana](#) (PMAY)-Rural and 12 million units under PMAY-Urban.
  - **Only about 46.8% and 38% respectively of the targets under 'Housing for All' have been achieved.**
- **Drinking Water:** The target is to provide safe piped drinking water to all by 2022-23.
  - **Only 45% of the target has been achieved.**
- **Agriculture:** The target is to [double farmers' income by 2022](#). While the average monthly income of an agricultural household has increased to Rs 10,218 from Rs 6,426, this increase is largely due to increase in wages and income from farming animals.
  - The share of income from crop production in the average monthly income of an agricultural household has, in fact, dropped — to **37.2% in 2018-19, from 48% in 2012-13.**
- **Digitisation of Land Records:** Another target is to [digitise all land records by 2022](#). While states like Madhya Pradesh, West Bengal and Odisha have made good progress, states like **Jammu and Kashmir, Ladakh and Sikkim languish at 5%, 2% and 8.8%** digitisation of land records, respectively.
  - Overall, **the target is unlikely to be met, particularly because 14 states have witnessed deterioration in the quality of land records** since 2019-20.
- **Air Pollution:** The target is to bring down [Particulate Matter \(PM\) 2.5](#) levels in Indian cities to less than 50 micrograms per cubic metre ( $\mu\text{g}/\text{m}^3$ ). In 2020, when vehicular movement was restricted due to the pandemic, **23 of the 121 cities monitored for PM2.5 exceeded 50  $\mu\text{g}/\text{m}^3$ .**
- **Solid Waste Management:** The target is to achieve 100% source segregation in all households.
  - The overall progress is 78%; and while states like Kerala and Union territories like Puducherry have achieved the target, others like West Bengal and Delhi are woefully behind.
  - [Manual scavenging](#) is targeted for eradication, but **India still has 66,692 manual scavengers.**
- **Forest Cover:** The target is to increase it to 33.3% of the geographical area, as envisaged in the [National Forest Policy, 1988](#).
  - **By 2019, 21.6% of India was under forest cover.**
- **Energy:** The target is to achieve [175 GW of renewable energy](#) generation capacity by 2022.
  - **Only 56% of this target has been achieved thus far.**

## What was India's Performance on Sustainable Development Goals?

- India has **slipped three spots to rank 120** on the 17 [Sustainable Development Goals](#) (SDG) adopted as a part of the 2030 agenda by 192 [United Nations](#) member states in 2015.
  - **In 2021 India ranked 117 among 192 nations.**
  - India's overall **SDG score was 66 out of 100.**
- India's **rank dropped primarily because of major challenges in 11 SDGs** including zero hunger, good health and wellbeing, gender equality and sustainable cities and communities.
- India also **performed poorly in dealing with quality education and life on land aspects.**
  - In 2021, India had suffered on the fronts of ending hunger and achieving food security, achieving gender equality and building resilient infrastructure, promoting inclusive and sustainable industrialisation and fostering innovation.

## How did the Indian States Perform?

- **Jharkhand and Bihar are the least prepared to meet** the SDGs by the target year 2030.
- **Kerala ranked first**, followed by Tamil Nadu and Himachal Pradesh in the second position.
- The **third position was shared by Goa, Karnataka, Andhra Pradesh and Uttarakhand**.
- Among the Union Territories, **Chandigarh was ranked first**, followed by Delhi, Lakshadweep and Puducherry in the second place and the Andaman and Nicobar Islands on the third



## PYQ

Q. Consider the following statements: (2016)

1. The Sustainable Development Goals were first proposed in 1972 by a global think tank called the 'Club of Rome'.
2. The Sustainable Development Goals have to be achieved by 2030.

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

Ans: b

[Source: DTE](#)

## World Wildlife Day

**For Prelims:** World Wildlife Day, Convention on International Trade in Endangered Species, Sustainable Development Goals, Wildlife (Protection) Act, 1972, Environment Protection Act, 1986, The Biological Diversity Act, 2002

## Why in News?

World Wildlife Day has been **celebrated every year** on the **3<sup>rd</sup> of March since 2013**.

- The date chosen coincides with the day of the [Convention on International Trade in Endangered Species of Wild Fauna and Flora \(CITES\)](#) which was signed in 1973.
- The **UNGA (General Assembly) resolution also designated the CITES Secretariat** as the facilitator for the global observance of this special day for wildlife on the [UN \(United Nations\)](#) calendar.

## What is the theme of 2022?

- Theme: **Recovering key species for ecosystem restoration.**
- This theme is chosen as a way to draw attention to the conservation status of some of the most critically endangered species of wild fauna and flora.

## What is the Significance of the Day?

- This aligns with UN [Sustainable Development Goals 1, 12, 14 and 15](#), and their wide-ranging commitments on alleviating [poverty](#), ensuring sustainable use of resources, and on conserving life both on land and below water to halt biodiversity loss.
- Our planet is currently facing the urgent challenge that is the loss of biodiversity and up to a million species could disappear in the coming decades if unsustainable human activity, [climate change](#) and habitat degradation are left unchecked.

## What about the Status of Species of Fauna and Flora?

- Around more than **8000 species of wild fauna and flora are endangered** and close to 30,000 more are known to be on the verge of getting extinct or vulnerable.
- It is also estimated that **around a million species are extinct.**
- India accounts for **7-8% of all recorded species**, including over **45,000 species of plants and 91,000 species of animals.**
- India is one of the **most biodiverse regions of the world**, home to three biodiversity hotspots - **the [Western Ghats](#), the [Eastern Himalayas](#), and the Indo-Burma hotspot.**
- The country has **seven natural [World Heritage Sites](#), eleven [Biosphere Reserves](#) and forty nine [Ramsar sites](#).**
- India is home to a **number of wildlife conservation parks and sanctuaries**, notable among those are [Jim Corbett National Park](#) in Uttarakhand, [Ranthambore National Park](#) in Rajasthan, [Gir National Park](#) in Gujarat, Bannerghatta Biological Park in Karnataka, [Periyar National Park](#) in Kerala, Hemis National Park in Ladakh, [The Great Himalayan National Park](#) in Himachal Pradesh.
- The main factors that **contribute to the extinction of species** include **human activities such as habitat loss due to urbanisation, overexploitation, moving species from their natural habitat**, global pollution and climate change.
  - **Illegal wildlife trade** is also unsustainable, harming wild populations of animals and plants and pushing endangered species toward extinction. It also brings several public health consequences, such as the spreading of [zoonotic pathogens](#).

## Diminishing funds for wildlife conservation schemes

47% decrease in funds released under the Development of Wildlife Habitat (implemented in 34 states/UTs)

2018-19 ₹165cr  
2019-20 ₹124.5cr  
2020-21 ₹87.6cr



40% decrease in funds released under the Project Tiger (implemented in 19 states with tiger ranges)

2018-19 ₹323.2cr  
2019-20 ₹281.8cr  
2020-21 ₹194.5cr



16% decrease in funds released under the Project Elephant (implemented in 22 states)

2018-19 ₹29.1cr  
2019-20 ₹28cr  
2020-21 ₹24.5cr



## What about India's Domestic Legal Framework for Wildlife Conservation?

### ▪ Constitutional Provisions for Wildlife:

- By the [42<sup>nd</sup> Amendment Act 1976](#) of the Constitution "Forests" was added as Entry 17A in the Concurrent List and the "protection of wild animals and birds" was added as Entry 17B.
- **Article 51 A (g)** of the Constitution states that it shall be the **fundamental duty** of every citizen to protect and improve the natural environment including forests and Wildlife.
- **Article 48 A** in the **Directive Principles of State policy**, mandates that the State shall endeavor to protect and improve the environment and to safeguard the forests and wildlife of the country.

### ▪ Legal Framework:

- [Wildlife \(Protection\) Act, 1972](#)
- [Environment Protection Act, 1986](#)
- [The Biological Diversity Act, 2002](#)

### ▪ India's Collaboration With Global Wildlife Conservation Efforts:

- [Convention on International Trade in Endangered Species of Wild Fauna and Flora \(CITES\)](#)
- [Convention on the Conservation of Migratory Species of Wild Animals \(CMS\)](#)
- [Convention on Biological Diversity \(CBD\)](#)
- [World Heritage Convention](#)
- [Ramsar Convention](#)
- [The Wildlife Trade Monitoring Network \(TRAFFIC\)](#)
- [United Nations Forum on Forests \(UNFF\)](#)
- [International Whaling Commission \(IWC\)](#)
- [International Union for Conservation of Nature \(IUCN\)](#)
- [Global Tiger Forum \(GTF\)](#)

## PYQ

The most important strategy for the conservation of biodiversity together with traditional human life is the establishment of (2014)

- (a) biosphere reserves
- (b) botanical gardens
- (c) national parks
- (d) wildlife sanctuaries

Ans: (a)

Source: DTE

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## Kavach: Automatic Train Protection System

**For Prelims:** Train Collision Avoidance System, Kavach Technology, Radio Frequency Identification.

**For Mains:** Infrastructure, Mobilisation of Resources, Significance of Train Collision Avoidance System.

### Why in News?

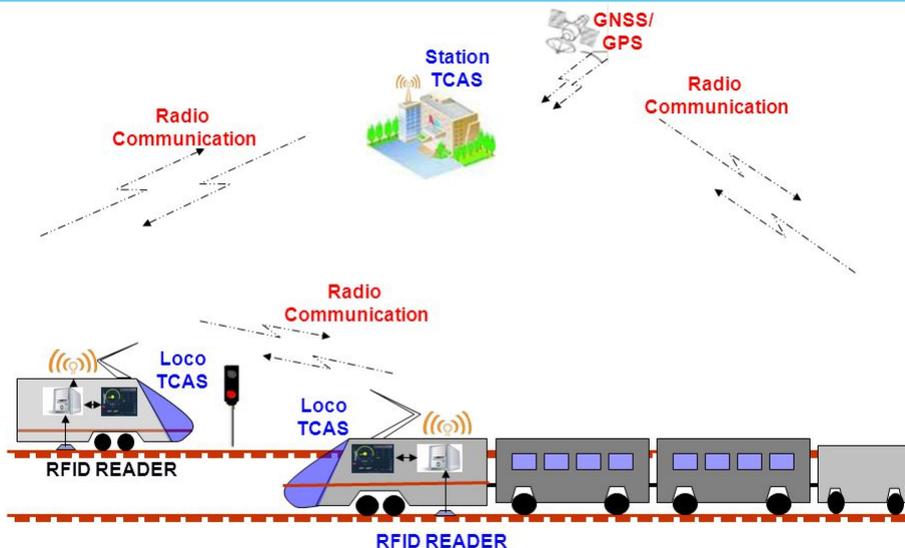
Recently, the Indian Railways tested '**Kavach**'-Automatic Train Protection System by making two trains move towards each other at full speed.

- The Kavach system was announced in the [2022 Union Budget](#) as a part of the [Atmanirbhar Bharat initiative](#). Around 2,000 km of rail network is planned to be brought under the indigenous system **to enable safety and capacity augmentation** in 2022-23.

### What is Kavach?

- It is India's own **automatic protection system**, which is in development since 2012, under the name **Train Collision Avoidance System (TCAS)**, which got rechristened **Kavach or "armour"**.
- It is a set of **electronic devices and [Radio Frequency Identification \(RFID\)](#) devices** installed in locomotives, in the signalling system as well as the tracks.
- They connect to each other **using ultra high radio frequencies to control the brakes** of trains and also alert drivers, all **based on the logic programmed into them**.
  - TCAS or Kavach **includes the key elements from already existing, and tried and tested systems** like the European Train Protection and Warning System, and the indigenous Anti Collision Device.
  - It will also carry features of the **high-tech European Train Control System Level-2 in future**.
- The current form of Kavach adheres to the highest level of safety and reliability standard called **Safety Integrity Level (SIL)4**.
  - **SIL** comes from two voluntary standards used by plant owners/operators **to quantify safety performance requirements for hazardous operations**.
  - There are four SIL Levels (1-4). A higher SIL Level means **a greater process hazard and a higher level of protection required**.
- In the **new avatar, India wants to position Kavach as an exportable system**, a cheaper alternative to the European systems in vogue across the world.
- While now Kavach uses **Ultra High Frequency**, work is on to make it compatible with [4G Long Term Evolution \(LTE\)](#) technology and make the product for global markets.
- Work is on to make the system such that it can be compatible with other already installed systems globally.

# TCAS - System configuration



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## What is the Significance?

- **Safety:**
  - The Kavach system will help **prevent accidents on rail tracks like collision of trains.**
  - Once the system is activated, all trains within a 5-km range will halt to **provide protection for trains on adjacent tracks.**
    - Currently, the loco-pilots or assistant loco-pilots have to look out for caution signs and signals.
- **Cost:**
  - It will only cost Rs 50 lakh per kilometre to operate in comparison to about Rs 2 crore worldwide.
- **Communication:**
  - It will also include stationary equipment to gather signalling inputs and relay them to a central system to **enable seamless communication with the train crew and stations.**

## What are the Initiatives Related to Railways?

- [Overhead Traction System](#)
- [Railway Energy Management Company Limited](#)
- [Transit Oriented Development](#)
- [National Rail Transportation Institute](#)

[Source: IE](#)

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**DefExpo-2022**

**Why in News?**

Recently, the [Defense Expo 2022](#) has been postponed, due to logistics problems being experienced by participants.

## What are the Key Points?

- It were to be the **12<sup>th</sup> edition of DefExpo** held in Gandhinagar, Gujarat in March 2022.
  - The 11<sup>th</sup> edition of DefExpo was held at Lucknow (Uttar Pradesh) in 2020.
- DefExpo is **a flagship biennial event of the Ministry of Defence**, showcasing the land, naval, air as well as homeland security systems.
- Spread over 1 lakh sq m., **this year's defexpo was to be the largest** since its inception in 1996.
- The event is expected to help boost investment, expand manufacturing capacities and capabilities, discover avenues for technology absorption and thus, contribute to furthering the target of USD 5 billion defense export by 2024 under ['Atmanirbharta' in defence](#).

[Source: IE](#)

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