Target IAS
Institute for IAS Examination
The Gateway to Success
+91-90000 36699 / 90000 66690
Email: info@sosinclasses.com
H.No. 1-10-196
Ashok Nagar X Road, Hyderabad
Telangana 500020.

DAILY NEWS DIARY

Of

06.09.2021

FOR PRELIMS AND MAINS

Warm Greetings.

- DnD aims to provide every day news analysis in sync with the UPSC pattern.
- It is targeted at UPSC – Prelims & Mains.
- Daily articles are provided in the form of Question and Answers

- To have a bank of mains questions.
- And interesting to read.
- Providing precise information that can be carried straight to the exam, rather than over dumping.

Enjoy reading.

THE HINDU - **TH**
INDIAN EXPRESS - **IE**
BUSINESS LINE - **BL**
ECONOMIC TIMES - **ET**
TIMES OF INDIA - **TOI**

INDEX

Essay Paper

GS 2

GS 3

ESSAY PAPER

Editorial

Q- National Monetisation Plan majorly aims at filling the key infrastructure deficits in the country than rubbing off on the wrong grounds in the long run. Comment?

INTRODUCTION = The government's announcement of the National Monetisation Pipeline (NMP), a scheme to transfer the rights to operate public infrastructure for a fixed period. We need infrastructure not only to speed up growth in a slackened economy but also to lead a dignified life, even after we have seen off the COVID-19 pandemic.

A significant criticism of the NMP is that –

1. The transfer would end up creating monopolies, leading to a rise in price. However, the claim of an inevitable monopolisation is exaggerated as the outcome would differ according to the type of infrastructure.

Monopolisation is inevitable in the case of highways and railway lines, while it is not in the case of warehouses as all the warehouses need not be sold to a single bidder.

2. On the issue of the price, it would be regulated and any increase of it capped in line with inflation when the government signs the contract with the concessionaire.
3. Whether private parties would be open to such an arrangement is a different question. And this really is the point. While the government may have announced its expectation of the proceeds from the monetisation, we are yet to ascertain the private sector's interest in it.

Past Experience of PPP –

India's experience with PPP in infrastructure, enthusiastically pursued by both the United Progressive Alliance (UPA) and the National Democratic Alliance (NDA), has not been impressive.

1. The NITI Aayog has flagged the success of the public-private partnership (PPP) governing the Mumbai-Pune Expressway, but there is also the unhappy experience of a leading infrastructure company opting out of the agreement to run the Delhi Airport Express Rail Link very early on, causing a disruption.
2. **It may actually have contributed to the saddling of the public sector banks with non-performing assets.**

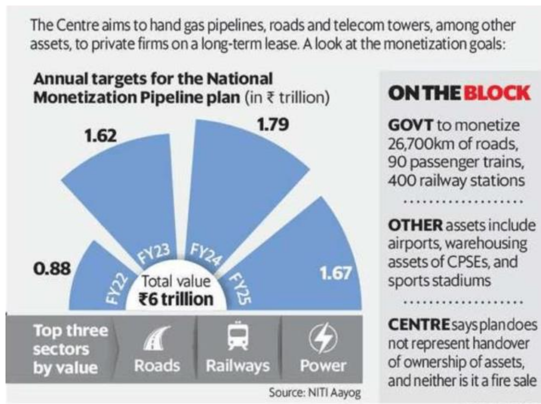
Need for NMP -

Most infrastructure comes in the form of a public good, even when it may not be a natural monopoly. No wonder then that it has been built and managed by the public sector the world over. But the possibility that the price may rise after a transfer of public infrastructure to the private sector is not a good reason to oppose it.

www.sosinclasses.com +91 90000 36699 info@sosinclasses.com

1. **India's infrastructure has not expanded precisely because the assets generate too little revenue for even their maintenance, leave alone upgradation, due to pricing practices in the public sector**. This has held back growth of the economy.

   EX - Moreover, it cannot simply be assumed that monopoly would lead to a higher price. The outcome would depend upon the costs of the concessionaire, which may well be lower than that of the public entities currently managing India's assets. A comparison of the fares of Air India with that of private airlines is enough to see this.
2. **The important consideration in an evaluation of the NMP would be the volume of funds expected to be generated**. The government has announced an indicative value of ₹6 lakh crore accruing over four years.



This is extraordinarily low in relation to two comparators.

a. First, it is only 10% higher than the budgeted capital expenditure of the Government of India actually for 2021-22.
b. Next, see it in relation to the figure of ₹100 lakh crore estimated as the infrastructural investment India needs.

Any claim of the innovativeness of the NMP pales beside this astute estimation made by the government itself. As for the carping by the Opposition, it distracts attention from the severe infrastructural deficit we face and the need to erase it.

GS 2

❖ **International Relations**

Q- Explain the components of United Arab Emirates (UAE) major plan to stimulate its economy?
BACKGROUND = The country (UAE) seeks to overhaul its finances and attract visitors and investment by liberalising stringent residency rules for foreigners. The nation's plan to lure foreign talent over the next decades reflects an emerging contrast with the other sheikhdoms of West Asia that are growing increasingly protectionist as they try to diversify their oil-bound economies. UAE's heavyweight neighbour Saudi Arabia has taken a different strategy. In a push to prepare for a post-oil future, the Saudi government has announced illions of dollars of

investments in far-flung tourist projects and tried to diminish the role of expats to get more Saudis working in the private sector.

Now marking its 50th anniversary, the UAE is seeking to accelerate its economic and social reforms to rebrand for a post-pandemic future. Portraying the country as a liberal, bustling trade and finance hub, **the government promised to pour $13.6 billion into the economy in the next year and $150 billion by 2030.** Specific projects have yet to be announced, but $1.36 billion has been earmarked for Emirates Development Bank to support the industrial sector.

"We are building the new 50 years' economy. Buried within the raft of the UAE's flashy economic development initiatives was a far more practical — and drastic — change to the country's visa system that governs the legions of foreign workers.

Two new visa categories — one for freelancers and one for entrepreneurs and skilled workers — will be created to attract and retain foreigners with desirable skills. Foreigners in the UAE usually have renewable visas valid for only a few years tied to employment. The new "green visa" for skilled workers will have more flexibility for sponsoring family members and will allow more time to find a new job after one employment ends.

Snippets

- **Governance**

Q- What is the Ladakh Resident Certificate Order 2021 and how are it's rules different from that of the Jammu and Kashmir?

- The Ladakh administration has decided to issue "Resident Certificate" only to Permanent Resident Certificate holders of the region unlike J&K. According to the Jammu and Kashmir Grant of Domicile Certificate (Procedure) Rules, 2020 issued on May 18, 2020, different categories of non-locals, including non-local government employees, to register for domicile certificates in J&K after meeting a few criteria.
- According to the Ladakh Resident Certificate Order 2021, "any person who possesses a Permanent Resident Certificate (PRC) issued by the competent authority in the districts of Leh and Kargil or belongs to a category of persons who would have been eligible to be issued PRC shall be eligible to receive the 'Resident Certificate'."
- The order, is "to temporarily define 'Resident of Union Territory of Ladakh' for appointment to all the non-gazetted posts in any department or service of administration of Ladakh".
- All tehsildars have been authorised as the competent authority to issue the 'Resident Certificate'.
- The administration also enhanced the upper age limit for entry into government services against all posts. The upper age limit has been enhanced for the reserved category candidates from 43 years to 45 years, for the general category candidates from 40 to 42 years and for the physically challenged candidates from 42 to 44 years.

Ladakh's two main amalgams, the Kargil Democratic Alliance and the Leh Apex Body, have been campaigning for Article 370-like special status for the region, which was carved out as a separate Union Territory from J&K on August 5, 2019. And have opposed the settlement of outsiders in the region.

GS 3

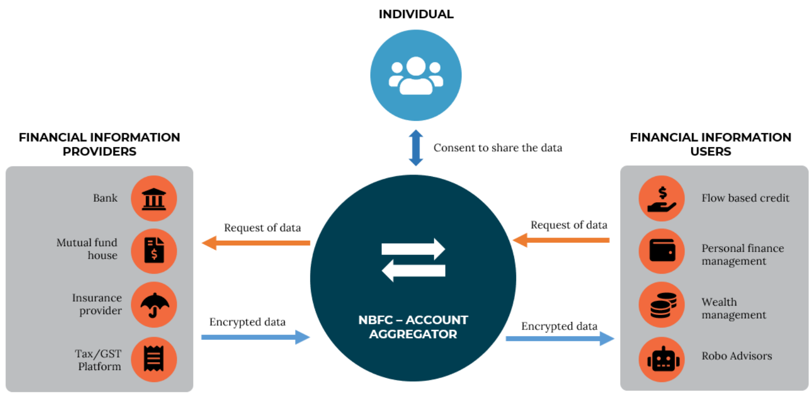
❖ **Economic Development**

Q- What is an Account Aggregator and how does it help share Financial Data?

BACKGROUND = Recently eight of India's major banks — State Bank of India, ICICI Bank, Axis Bank, IDFC First Bank, Kotak Mahindra Bank, HDFC Bank, IndusInd Bank and Federal Bank — joined the Account Aggregator (AA) network that will enable customers to easily access and share their financial data. The framework, which has been under discussion since 2016 and in the testing phase for some time, will now be open to all customers.

What is an AA?

- According to the Reserve Bank of India, an Account Aggregator is a non-banking financial company engaged in the business of providing, under a contract, the service of retrieving or collecting financial information pertaining to its customer.
- It is also engaged in consolidating, organising and presenting such information to the customer or any other financial information user as may be specified by the bank.
- The AA framework was created through an inter-regulatory decision by RBI and other regulators including Securities and Exchange Board of India, Insurance Regulatory and Development Authority, and Pension Fund Regulatory and Development Authority (PFRDA) through and initiative of the Financial Stability and Development Council (FSDC).
- The licence for AAs is issued by the RBI, and the financial sector will have many AAs.
- The AA framework allows customers to avail various financial services from a host of providers on a single portal based on a consent method, under which the consumers can choose what financial data to share and with which entity.



What does an AA do?

Account Aggregators are an exciting addition to India's digital infrastructure as it will allow banks to access consented data flows and verified data

1. It reduces the need for individuals to wait in long bank queues, use Internet banking portals, share their passwords, or seek out physical notarisation to access and share their financial documents.
2. An Account Aggregator is a financial utility for secure flow of data controlled by the individual.
3. This will help banks reduce transaction costs, which will enable us to offer lower ticket size loans and more tailored products and services to our customers. It will also help banks reduce frauds and comply with upcoming privacy laws.
4. Sumit Gwalani, cofounder of the financial app Fi (Epifi), said, "We know that users have multiple bank accounts, so when they leverage a feature like Ask.Fi, and ask for example how much they've spent, or how much they've saved, Fi can now give them an answer that scans all their accounts, in milliseconds. This is a big step towards a connected financial ecosystem.

AAs with an operating licence include CAMSFinServ, Cookiejar Technologies (FinVu), FinSec AA Solutions (OneMoney) and NESL Asset Data Limited. AAs with in-principle approval include Perfios Account Aggregation Services, PhonePe Technology Services and Yodlee Finsoft.

How does it work?

It has a three-tier structure: Account Aggregator, FIP (Financial Information Provider) and FIU (Financial Information User).

An FIP is the data fiduciary, which holds customers' data. It can be a bank, NBFC, mutual fund, insurance repository or pension fund repository.

An FIU consumes the data from an FIP to provide various services to the consumer. An FIU is a lending bank that wants access to the borrower's data to determine if the borrower qualifies for a loan. Banks play a dual role – as an FIP and as an FIU.

An AA should not support transactions by customers but should ensure appropriate mechanisms for proper customer identification.

An AA should share information only with the customer to whom it relates, or any other financial information user as authorised by the customer.
AAs enable secure, consented data flows while protecting user privacy. In conjunction with other platforms like the UPI, Account Aggregator creates in India the most cutting edge digital financial infrastructure in the world.

What purpose does it serve?

- AA creates secure, digital access to personal data at a time when Covid-19 has led to restrictions on physical interaction.
- It reduces the fraud associated with physical data by introducing secure digital signatures and end-to-end encryption for data sharing.
- These capabilities in turn open up many possibilities. For instance, whereas physical collateral is usually required for an MSME loan, with secure data sharing via AA, 'information collateral' (or data on future MSME income) can be used to access a small formal loan.

HDFC Bank and Axis Bank have been using AA for auto loans, Lending Kart for MSME loans, and IndusInd Bank for personal finance management.

What data can be shared?

An Account Aggregator allows a customer to transfer his financial information pertaining to **various accounts such as banks deposits, equity, mutual fund and pension funds to any entity requiring access to such information.**
There are 19 categories of information that fall under 'financial information', besides various other categories relating to banking and investments.

Can an AA see or store data?

Data transmitted through the AA is encrypted. AAs are not allowed to store, process and sell the customer's data. No financial information accessed by the AA from an FIP should reside with the AA.

It should not use the services of a third-party service provider for undertaking the business of account aggregation.

User authentication credentials of customers relating to accounts with various FIPs shall not be accessed by the AA.

Q- Consider the following pairs of leaders of 1857 Revolt along with their associated regions: Which of the pairs given above is/are correctly matched?

Leaders	**Regions**
1. Bakht Khan	Bareilly
2. Kunwar Singh	Bhojpur
3. Ahmadullah Shah	Faizaba

a. 1 only

b. 2 only

c. 3 only

d. 1, 2 and 3

Q) Which of the following is the international border between Afghanistan and Pakistan?

a) Radcliff line
b) Durand line
c) McMahon line
d) Maginot line

Ans: b

Explanation: Durand Line is the 2,670-kilometre-long international land border between Afghanistan and Pakistan. The agreement demarcating the Durand Line was signed on November 12, 1893, between the British civil servant Sir Henry Mortimer Durand and Amir Abdur Rahman, then the Afghan ruler. The line stretches from the Afghanistan's border with China to Afghanistan's border with Iran. With independence in 1947, Pakistan inherited the Durand Line.