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**Free and
Compulsory
Education
(RTE) Act, 2009**

Articles

- » India- Saudi Arabia Relation
- » India- Nepal Relation

HOT TOPICS

- » Foreign Direct Investment in India

Current Affairs, Sports & Awards

Special Package For Indian Economy

April-2010



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In this issue we are providing articles India-Saudi Arabia Relation, Free and Compulsory Education (RTE) Act, 2009 and India- Nepal Relation. In sections of Hot Topics Foreign Direct Investment in India and Current Affairs, Sports, Awards are also given. This month special attraction is Civil Services Pre Examination 2010 -Study Materials for Indian Economy.

Be a winner and change the world, if not, change yourself according to changing world and be a winner. Ultimately you have to fascinate yourself as a winner.
All the very Best...

Best Wishes
Ram Kumar Pandey
& UPSCPORTAL Team.

India- Saudi Arabia Relation

A New Era of Strategic Partnership

By: Ram Kumar Pandey



Prime Minister Manmohan Singh on March 01, 2010 concluded a historic three-day visit to Saudi Arabia during which 10 bilateral agreements were signed and the Riyadh Declaration was issued to strengthen ties between India and the influential oil-rich nation.

In a rare honour accorded to a foreign dignitary, Singh was invited to address the Majlis-ash-Shura, the Saudi parliament, where he not only sought investments from the Islamic kingdom but also pressed the need for Pakistan to "act decisively against terrorism". He said that India would grow at the rate of 9 to 10 percent for the next 25 years. Manmohan Singh said the challenge of terrorism was immense in Afghanistan, where a Taliban suicide attack Friday in Kabul left 17 people dead, including nine Indians.

"The two leaders reiterated their mutual desire to develop as knowledge-based economies based on advances in the areas of information technology, space science and other frontier technologies. They welcomed the agreements signed between the two sides in the field of Research and Education, Information Technology and Services, Science and Technology, and Peaceful Uses of Outer Space."

The prime minister visited the King Saud University where an honorary doctorate was conferred on Manmohan Singh, an economist turned politi-

cian. The prime minister left the Saudi capital for home after attending a function at the Indian embassy where he met representatives of the 1.8 million Indian expatriate community.

This was the first Saudi visit by an Indian prime minister after Indira Gandhi's in 1982, was aimed at forging a strategic relationship with Saudi Arabia.

The prime minister and Saudi King Abdullah Bin Abdul Aziz signed the 'Riyadh Declaration - A New Era of Strategic Partnership' to put their seal on steadily growing ties. This is expected to cover security, economy, defence, technology and political areas as well as ways to combat terrorism.

"The two leaders reviewed the status of implementation of the historic Delhi Declaration signed in 2006, and expressed their satisfaction at the steady expansion of Saudi-India relations since the signing of the Delhi Declaration," the new declaration read. A pathbreaking extradition treaty was signed to enhance the existing security cooperation between the two countries. It will help the authorities in apprehending criminal elements wanted to stand trial in each other's country.

Besides the king, Manmohan Singh also met Saudi Foreign Minister Prince Saud Al-Faisal, Petroleum and Mineral Resources Minister Ali Al-Naimi and Commerce and Industry Minister Zainal Abireza. Another agreement signed by the two countries was to facilitate transfer of sentenced prisoners to their own country. The third agreement was on cultural cooperation between the two ministries of culture.

The fourth memorandum of understanding was on cooperation on the peaceful use of outer space. It was signed between India's Department of Science and Technology (DST) and Saudi Arabia's King Abdulaziz City for Science and Technology (KACST).

Tata Motors has agreed to supply Saudi Arabia's Hotal schoolbuses worth \$80 million. A pact was also signed between the Gulf Bureau of Research and DFL, and another between India's Centre for Development of Advanced Computing (C-DAC) and Saudi Arabia's King Saud University.

The prime minister had arrived to an unprecedented welcome in the Saudi capital when, setting aside protocol, the Saudi crown prince and the entire cabinet turned up at the airport to receive the Indian leader. India is working to develop close relations with Saudi Arabia, which was one of only three countries to back the Taliban regime in Kabul when New Delhi supported the anti-Taliban Northern Alliance. The Saudi approach to Islamists underwent a radical change after 9/11.

Riyadh Declaration

The Custodian of the Two Holy Mosques King Abdullah bin Abdulaziz Al Saud and the Prime Minister of India, Dr. Manmohan Singh held in depth discussions on a wide range of issues in an atmosphere of utmost warmth, cordiality, friendship and transparency. They asserted that strong bilateral ties between the Kingdom of Saudi Arabia and the Republic of India were to the benefit of their peoples and of all humanity.

The two leaders were unanimous that the visit of the Custodian of the Two Holy Mosques King Abdullah bin Abdulaziz Al Saud to India in 2006, and the current visit of the Prime Minister of India, Dr. Manmohan Singh to the Kingdom of Saudi Arabia heralded a new era in Saudi-India relations, that is in keeping with the changing realities and unfolding opportunities of the 21st century. This

would be in accordance with the civilizational, historic and cultural links which bind them and their regions.

The two leaders reviewed the status of implementation of the historic Delhi Declaration signed on 27/12/1426H corresponding to 27 January 2006, and expressed their satisfaction at the steady expansion of Saudi-India relations since the signing of the Delhi Declaration. They re-emphasized the importance of full implementation of the Delhi Declaration through exchange of visits at the ministerial, official, business, academia, media and other levels.

Keeping in view the development of relations between the two countries, and the potential for their further growth, the two leaders decided to raise their cooperation to a strategic partnership covering security, economic, defence and political areas.

The two leaders reiterated their mutual desire to develop as knowledge-based economies based on advances in the areas of information technology, space science and other frontier technologies. They welcomed the agreements signed between the two sides in the field of Research and Education, Information Technology and Services, Science and Technology, and Peaceful Uses of Outer Space.

Both leaders emphasized the importance of developing a broad-based economic partnership that reflects the ongoing transformation of their economies, and the changes such transformation are bringing about in the global economic order, including continuous coordination within the framework of the G-20 process. They welcomed the outcome of the 8th Session of the Joint Commission for Economic, Trade, Scientific, Technical and Cultural Cooperation held in Riyadh in October, 2009.

The two leaders stressed on continuing to work towards strengthening their strategic partnership by meeting the two countries' vast requirements relating to infrastructure, energy and development, by augmenting the flow of their investments into

each other's countries, and enhancing the bilateral trade in accordance with the potential and size of their economies. In this regard, the two leaders invited the private sector in the two countries and the Saudi – India Business Council to increase their efforts to take advantage of the investment opportunities provided by the two countries.

The two leaders further emphasised the importance of strengthening the strategic energy partnership based on complementarity and interdependence, as outlined in the Delhi Declaration, including meeting India's increasing requirement of crude oil supplies, and identifying and implementing specific projects for cooperation including in the areas of new and renewable energy. India invited Saudi Arabia to participate in crude storage facilities in India. They directed the Joint Working Group on Energy to continue adopting all appropriate means to achieve the same.

The two leaders agreed on the role and importance of the youth in consolidating and strengthening the relations between their peoples, and directed the concerned authorities to prepare necessary programmes for activating this role in the framework of Memorandum of Cooperation in the educational field signed between the two countries in 2006, and also providing all necessary facilities to their students studying in both countries.

The two leaders mandated the Saudi-India Joint Commission to continue follow up of the implementation of this Declaration to build this strategic partnership.

The Prime Minister of India expressed his gratitude and appreciation for the excellent efforts made and services provided by the Saudi authorities to the Haj and Umra pilgrims from India.

The two leaders welcomed the level of existing cooperation in defence fields between the concerned authorities in the two countries, and agreed to continue strengthening this cooperation in a way that realizes their common interests.

The two leaders noted that tolerance, religious

harmony and brotherhood, irrespective of faith or ethnic background, were part of the principles and values of both countries. These are the same principles advocated by the initiative of the Custodian of the Two Holy Mosques for dialogue among different faiths and beliefs.

The two leaders renewed condemnation of the phenomena of terrorism, extremism and violence affirming that it is global and threatens all societies and is not linked to any race, color or belief. The international community must, therefore, resolutely combat terrorism. The two sides agreed to enhance cooperation in exchange of information relating to terrorist activities, money laundering, narcotics, arms and human trafficking, and develop joint strategies to combat these threats. They welcomed the signing of the Extradition Treaty and the Agreement for Transfer of Sentenced Persons.

In the course of discussions on regional and international issues, the peace process in the Middle East was high on the agenda. The two leaders reviewed ongoing efforts and the latest developments, and expressed hope for the early resumption of the peace process in accordance with the UN Security Council Resolutions 242 and 338, and the Arab Peace Plan with a view to address all the key issues of the dispute comprehensively and within a definite timeframe leading to the establishment of a sovereign, independent, united and viable Palestinian State, in accordance with the two state solution.

The two leaders emphasized that continued building of settlements by Israel constitutes a fundamental stumbling block for the peace process.

The two leaders emphasized the importance of regional and international efforts focusing on making the Middle East and Gulf Region free of all nuclear weapons and all weapons of mass destruction

The two leaders reiterated their support for ongoing international efforts to resolve the issues relat-

ing to Iran's nuclear programme peacefully through dialogue and called for continuation of these efforts. They encouraged Iran to respond to those efforts in order to remove regional and international doubts about its nuclear programme, especially as these ensure the right of Iran and other countries to peaceful uses of nuclear energy according to the yardsticks and procedures of International Atomic Energy Agency and under its supervision.

The two leaders discussed the situation in Afghanistan and called for the preservation of Afghanistan's sovereignty and independence. They expressed their full support for the efforts aimed at helping Afghanistan to develop its infrastructure and achieve social and economic development. They supported the efforts of the people of Afghanistan to achieve stability and security, protected from exploitation by the terrorist organizations, while upholding the values and principles of the Constitution of Afghanistan.

The two leaders discussed the situation in Iraq and expressed hope that the forthcoming elections will enable the people of Iraq to realize their aspirations by achieving security and stability, strengthening territorial integrity and consolidating its national unity on the principle of equality of rights and obligations among all Iraqis irrespective of their faith and sect.

The Prime Minister of India conveyed his deep gratitude and appreciation to the Custodian of the Two Holy Mosques for the warm and gracious hospitality extended to him and the members of his delegation during his official visit to the Kingdom.

Indo-Saudi Bilateral Relations

India and Saudi Arabia enjoy cordial and friendly relations reflecting the centuries old economic and socio-cultural ties. The establishment of diplomatic relations in 1947 was followed by high-level visits

from both sides:

The visit of King Saud to India in 1955; and the visit of Prime Minister Jawaharlal Nehru to the Kingdom in 1956. The visit of Prime Minister Indira Gandhi to Saudi Arabia in 1982 further boosted the bilateral relations. The following period witnessed steady growth in bilateral relations with several ministerial visits from both sides, including the visit of Finance Minister Dr. Manmohan Singh in December 1994 for the Indo-Saudi Joint Commission Meeting and the visit of External Affairs Minister Jaswant Singh to Saudi Arabia in January 2001.

The landmark visit of King Abdullah bin Abdulaziz to India in January 2006 as the Chief Guest of Republic Day celebrations opened a new chapter in the Indo-Saudi bilateral relations. King Abdullah referred to India as his 'second home' and signed the 'Delhi Declaration', first such bilateral document ever signed by a Saudi King. The 'Delhi Declaration' provides a comprehensive road map for the bilateral relations. Several Agreements/MOUs were signed during the visit including MOU on Combating Crime, Bilateral Investment Protection Agreement and the Double Taxation Avoidance Agreement.

King Abdullah's visit was followed by a period of active engagement between the two leaderships. Saudi Foreign Minister Prince Saud Al Faisal visited India in February 2006 to follow up on King's visit. FM Prince Saud visited India twice thereafter, in February 2008 and December 2008, and interacted with Indian leaders. The other ministerial visits from Saudi side included that of Justice Minister, Minister for Higher Education, Minister of Health, Minister of Commerce & Industry and Petroleum Minister.

Intelligence Chief Prince Muqrin paid two-day visit to India on January 15-16, 2009 and held discussions with then NSA M. K. Narayanan. Saudi Commerce Minister Abdullah Zainal Alireza visited India in August 2009 and met PM Dr. Manmohan Singh in New Delhi to deliver a personal message from King Abdullah. Alireza also

held meetings with EAM S.M. Krishna, Finance Minister Pranab Mukherjee and Commerce and Industry Minister Anand Sharma.



From the Indian side, External Affairs Minister Pranab Mukherjee visited Kingdom in April 2008 and held discussions with King Abdullah and FM Prince Saud Al Faisal. The other

visits from Indian side included the visits of Speaker of Lok Sabha, Minister of Human Resources Development, Minister of Youth Affairs and Sports, Minister of Petroleum and Natural Gas, Minister of State for External Affairs, National Security Adviser. MOS for External Affairs E. Ahamed held discussions with Saudi MOS for Foreign Affairs Nizar bin Obaid Madani in Riyadh on April 20, 2009.

MOS for Railways E. Ahamed visited the Kingdom to attend the inaugural ceremony of King Abdullah University for Science & Technology held in Thuwal (Jeddah) on September 23, 2009. MOS for Tourism Mr Sultan Ahmed led a threemember official delegation to Riyadh to attend the “India Tourism Road Show” held in Riyadh on October 6, 2009 by India Tourism Office, Dubai. Finance Minister Pranab Mukherjee, leading a ten-member official delegation, visited the Kingdom to co-chair the 8th Joint Commission Meeting held in Riyadh on October 31, 2009. During the visit, Finance Minister called on King Abdullah and held meetings with his counterpart Finance Minister Ibrahim Al-Assaf, FM Prince Saud Al Faisal and Commerce & Industry Minister Abdullah Zainal Alireza.

The momentum generated by extensive bilateral interactions after King Abdullah’s visit culminated in the historic visit of Prime Minister Dr. Manmohan Singh to Saudi Arabia from February 27- March 1, 2010. Prime Minister held discussions with King Abdullah and both leaders signed the “Riyadh Declaration” which outlines a “new era of strategic partnership” between the two countries in security, defence, political and economic areas.

King Abdullah felicitated Dr. Manmohan Singh with the King Abdualziz Sash of the First Order. Saudi Foreign Minister Prince Saud Al Faisal, Commerce Minister Zainal Alireza and Petroleum and Mineral Resources Minister Ali Al Naimi called on Prime Minister Dr. Manmohan Singh. Prime Minister addressed the Majlis Al Shura and Council of Saudi Chambers of Commerce and Industry during the visit. Several agreements were signed during the visit including the Extradition Treaty, Agreement on Transfer of Sentenced Persons and agreements for cooperation in Science & Technology and cultural Cooperation. The King Saud University conferred Honorary Doctorate on PM.

Indo-Saudi economic relations have shown remarkable growth with bilateral trade registering three-fold increase in the last five years. India is the 4th largest trade partner of Saudi Arabia and the bilateral trade was \$ 25.03 billion in 2008-09. The import of crude oil by India forms a major component of bilateral trade with Saudi Arabia being India’s largest supplier of crude oil, accounting for almost one-fifth of its needs.

Energy cooperation is an important aspect of bilateral economic ties and both sides are working towards the strategic energy partnership including long term supply of uninterrupted supply of crude oil by Saudi Arabia to India to meet its growing energy needs; cooperation and joint ventures in upstream and downstream oil and gas sectors in India and Saudi Arabia and to set up India-Saudi ventures for gas-based fertilizer plants. The 1.80 million-strong Indian community in Saudi Arabia is the largest expatriate community in the Kingdom and is the ‘most preferred community’ due to their expertise, sense of discipline and their moderate and law abiding nature. Saudi leadership has appreciated the contribution made by Indian community to the development of Saudi Arabia. The Haj pilgrimage is another important component of bilateral relations with 1, 65, 000 Indians performing Haj every year, second largest contingent performing Haj.

Saudi Arabia Overview



Saudi Arabia is the largest Arab country of the Middle East. It is bordered by Jordan and Iraq on the north and northeast, Kuwait, Qatar, Bahrain and the United Arab Emirates on the east, Oman on the southeast, and Yemen on the south. The Persian Gulf lies to the northeast and the Red Sea to its west. It has an estimated population of 28 million, and its size is approximately 2,149,690 square kilometres.

The Kingdom is sometimes called "The Land of the Two Holy Mosques" in reference to Mecca and Medina, the two holiest places in Islam. The two mosques are Masjid al-Haram and Masjid Al-Nabawi. The current Kingdom was founded by Abdul-Aziz bin Saud, whose efforts began in 1902 when he captured the Al-Saud's ancestral home of Riyadh, and culminated in 1932 with the proclamation and recognition of the Kingdom of Saudi Arabia, though its national origins go back as far as 1744 with the establishment of the First Saudi State.

Petroleum exports fuel the Saudi economy. Oil

accounts for more than 90 percent of exports and nearly 75 percent of government revenues, facilitating the creation of a welfare state, which the government has found difficult to fund during periods of low oil prices. Human rights groups such as Amnesty International and Human Rights Watch have repeatedly expressed concern about the state of human rights in Saudi Arabia.

Economy

Saudi Arabia's economy is petroleum-based; roughly 75% of budget revenues and 90% of export earnings come from the oil industry. The oil industry comprises about 45% of Saudi Arabia's gross domestic product, compared with 40% from the private sector (see below). Saudi Arabia officially has about 260 billion barrels (4.1×10^{10} m³) of oil reserves, comprising about 24% of the world's proven total petroleum reserves.

The government is attempting to promote growth in the private sector by privatizing industries such as power and telecommunications. Saudi Arabia announced plans to begin privatizing the electricity companies in 1999, which followed the ongoing privatization of the telecommunications company. Shortages of water and rapid population growth may constrain government efforts to increase self-sufficiency in agricultural products.

In the 1990s, Saudi Arabia experienced a significant contraction of oil revenues combined with a high rate of population growth. Per capita income fell from a high of \$11,700 at the height of the oil boom in 1981 to \$6,300 in 1998. Recent oil price increases have helped boost per capita GDP to \$17,000 in 2007 dollars, or about \$7,400 adjusted for inflation.

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By

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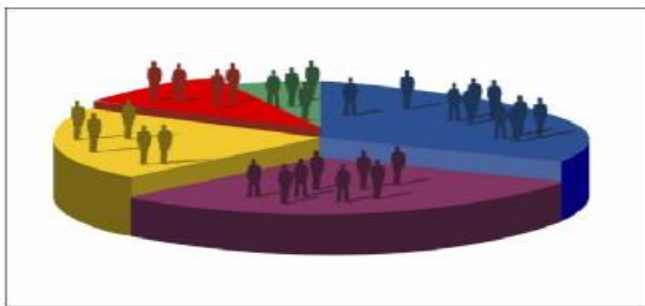
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Oil price increases of 2008-2009 have triggered a second oil boom, pushing Saudi Arabia's budget surplus to \$28 billion (110SR billion) in 2005. Tadawul (the Saudi stock market index) finished 2004 with a massive 76.23% to close at 4437.58 points. Market capitalization was up 110.14% from a year earlier to stand at \$157.3 billion (589.93SR billion), which makes it the biggest stock market in the Middle East.

OPEC (the Organization of Petroleum Exporting Countries) limits its members' oil production based on their "proven reserves." The higher their reserves, the more OPEC allows them to produce. Saudi Arabia's published reserves have shown little change since 1980, with the main exception being an increase of about 100 billion barrels (1.6×10¹⁰ m³) between 1987 and 1988. Matthew Simmons has suggested that Saudi Arabia is greatly exaggerating its reserves and may soon show production declines.

To diversify the economy, Saudi Arabia launched a new city on the western coast with investments exceeding \$26.6 billion. The city, which is named "King Abdullah Economic City", will be built near al-Rabegh industrial city north to Jeddah. The new city, where construction work started in December 2005, includes a port which is the largest port of the kingdom. Extending along a coastline of 35 km, the city will also include petrochemical, pharmaceutical, tourism, finance and education and research areas. Saudi Arabia officially became a World Trade Organization member in December 2005.

Demographics



Saudi Arabia's population as of July 2006 is estimated to be about 27,019,731, including an estimated 5.5 million resident foreigners. Until the 1960s, a majority of the population was nomadic; but presently more than 95% of the population is

settled, due to rapid economic and urban growth. The birth rate is 29.56 births per 1,000 people and the death rate is 2.62 deaths per 1,000 people. Some cities and oases have densities of more than 1,000 people per square kilometer (2,600/sq mi).

About 23% of the population is made up of foreign nationals living in Saudi Arabia, although the actual percentage is not measured in state censuses. Approximately 12% of the population is South Asian or of South Asian ancestry, including Indians, Pakistanis, and Bangladeshis. In addition, there are some citizens of Asian, Northeast African, and Sub-Saharan ancestry. Many Arabs from nearby countries are employed in the kingdom.

There are over eight million migrants from countries all around the world (including non-Muslims): Indian: 1.5 million, Pakistani: 1.1 million, Bangladeshi: 1.0 million, Filipino: 950,000, Egyptian: 900,000, Yemeni: 800,000, Indonesian: 500,000, Sri Lankan: 350,000, Sudanese: 250,000, Syrian: 100,000 and Turkish: 80,000. There are around 100,000 Westerners in Saudi Arabia, most of whom live in compounds or gated communities.

In the 1970s and 1980s, there was also a significant community of South Koreans, numbering in the hundreds of thousands, but most have since returned home. Saudi Arabia expelled 800,000 Yemenis in 1990 and 1991 to punish Yemen for its opposition to the Gulf War against Iraq. An estimated 240,000 Palestinians are living in Saudi Arabia. They are not allowed to hold or even apply for Saudi citizenship, because of Arab League instructions barring the Arab states from granting them citizenship in order "to avoid dissolution of their identity and protect their right to return to their homeland".

Palestinians are the sole foreign group that cannot benefit from a 2004 law passed by Saudi Arabia's Council of Ministers, which entitles expatriates of all nationalities who have resided in the kingdom for ten years to apply for citizenship with priority being given to holders of degrees in various scientific fields. The Articles 12.4 and 14.1 of the Executive Regulation of Saudi Citizenship System can be interpreted as requiring applicants to be Mus-

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Free and Compulsory Education (RTE) Act, 2009

Tool to provide quality education to all children

By: Sant Prasad Gupta



On april 1, 2010 India has reached a historic milestone in country's struggle for children's right to education. The Constitution (86th Amendment) Act, 2002, making elementary education a Fundamental Right, and its consequential legislation, the Right of Children to Free and Compulsory Education (RTE) Act, 2009, comes into force. The enforcement of this right represents a momentous step forward in 100-year struggle for universalising elementary education.

Over the years, the demand for children's education has grown by leaps and bounds everybody, from the poorest of the poor to the well off, acknowledges the value of education in the overall development of children. For many years now, the discourse on elementary education has been conducted at many levels. Administrators focus on enrolment, availability of schools within walking distance, provisioning for infrastructure, and deployment of teachers. Educationists are concerned about whether and how children learn, and the

burden of the syllabi, which is passed on to tuition centres or parents.

Development professionals discuss the impact of the number of years of schooling, for example, on the age of marriage and family size. Economists talk about the economic returns on investment in education. Parents too have expectations from the education system that it should equip their children for gainful employment and economic well-being. The enforcement of the Fundamental Right to Education provides us a unique opportunity to mount a mission encompassing all the above discourses, to fulfil our goal of universal elementary education.

The RTE Act is clear: it provides for children's right to free and compulsory admission, attendance and completion of elementary education. Undoubtedly, much progress has occurred over the last six decades since our Independence, and many more children from very diverse backgrounds are accessing school. Our gross enrolment data reveal that over 100 per cent children are in school; 98 per cent of our habitations have a primary school within one kilometre, and 92 per cent have an upper primary school within three kilometres.

Transition rates from primary to upper primary levels have improved substantially. Yet there are “invisible” children bonded to work with an employer, young boys grazing cattle or working in dhabas, girls working in the fields or as domestic help, or caring for younger siblings, and children being subjected to early marriage. Many of these children are formally enrolled in a school, but have either dropped out or have never been there. Many others, such as migrant and street children, live in extremely vulnerable conditions; denying them education is against the universal nature of human rights.

It is no longer enough for us to talk about providing for universal access. Making available schooling facilities is an essential pre-requisite, but is insufficient to ensure that all children attend school and participate in the learning process. The school may be there, but children may not attend or they may drop out after a few months. Through school and social mapping, we must address the entire gamut of social, economic, cultural, and indeed linguistic and pedagogic issues, factors that prevent children from weaker sections and disadvantaged groups, as also girls, from regularly attending and completing elementary education. The focus must be on the poorest and most vulnerable since these groups are the most disempowered and at the greatest risk of violation or denial of their right to education.

The right to education goes beyond free and compulsory education to include quality education for all. Quality is an integral part of the right to education. If the education process lacks quality, children are being denied their right. The Act lays down that the curriculum should provide for learning through activities, exploration and discovery. This places an obligation on us to change our perception of children as passive receivers of knowledge, and to move beyond the convention of using textbooks as the basis of examinations. The teaching-learning process must become stress-free, and a massive programme for curricular reform be initiated to provide for a child friendly learning system, that is at once relevant and empowering. Teacher accountability systems and processes must

ensure that children are learning, and that their right to learn in a child friendly environment is not violated. Testing and assessment systems must be re-examined and redesigned to ensure that these do not force children to struggle between school and tuition centres, and bypass childhood.

We must view the Act from the perspective of children. It mandates children's right to an education that is free from fear, stress and anxiety. There are several provisions in the Act, including provisions prohibiting corporal punishment, detention and expulsion, which require us to revisit conventional notions of discipline and control, and explore alternative approaches to classroom management, including peer behaviour, teacher-child and teacher-parent relationships.

The direct responsibility to provide schools, infrastructure, trained teachers, curriculum and teaching-learning material, and mid-day meal undoubtedly lies with the Education Departments of the Central and State governments. But the factors that contribute to the achievement of the overall goal of universalising elementary education as a fundamental right requires action on the part of the whole government. A well coordinated mechanism is needed for inter-sectoral collaboration and convergence. The Finance Departments must provide adequate and appropriate financial allocations and timely releases of funds at all levels. The Public Works Departments need to re-conceptualise and re-design school spaces from the pedagogic perspective, and address issues of inclusion for children with disabilities through barrier free access.

The Departments of Science and Technology should provide geo-spatial technologies for school mapping and location to supplement social mapping exercises at the grassroots level. Programmes for water and sanitation must ensure access to adequate and safe drinking water, and accessible and adequate sanitation facilities especially for girls in schools. The RTE Act mandates that every child must be in school; this pre-supposes that child labour will be eliminated. The Labour Departments must align their policies with the RTE Act so that all children participate in the schooling process regularly.

The immense relevance of inclusive education, particularly of disadvantaged groups, demands vibrant partnerships with the departments and organisations concerned with children of the Scheduled Castes, the Scheduled Tribes and educationally backward minorities. We will need to set up systems for equal opportunity for children with special needs. The Rural Development and Panchayati Raj Departments would need to accelerate poverty reduction programmes, so that children are freed from domestic chores and wage-earning responsibilities. State governments must simultaneously ensure that the Panchayati Raj institutions get appropriately involved so that “local authorities” can discharge their functions under the RTE Act. There is need for close cooperation with the NCPCR/SCPCR and the Departments of Women and Child Development to ensure that children get their rights under the RTE Act.

Programmes under the National Rural Health Mission must take up school health programmes, including de-worming and micro-nutrient supplementation, with special attention to vulnerable groups, especially girls approaching adolescence. The Sports Departments would need to build in physical education for the overall physical, social, emotional and mental development of the child. Above all, people's groups, civil society organisations and voluntary agencies will play a crucial role in the implementation of RTE. This will help build a new perspective on inclusiveness, encompassing gender and social inclusion, and ensure that these become integral and cross-cutting concerns informing different aspects like training, curriculum and classroom transaction. A vibrant civil society movement can ensure that the rights of the child are not violated; it can amplify the voice of the disadvantaged and weaker sections of society. It can also improve programme outcomes by contributing local knowledge and technical expertise, and bringing innovative ideas and solutions to the challenges ahead.

The 86th Constitution Amendment and the RTE Act have provided us the tools to provide quality education to all our children. It is now imperative that we, the people of India, join hands to ensure

the implementation of this law in its true spirit. The government is committed to this task though real change will happen only through collective action.

Salient Features

Human Resource Development Minister Kapil Sibal borrowed former prime minister Jawaharlal Nehru's words to describe the Act, to be implemented over a 12-year period, calling it a historic “tryst with destiny”. This tryst, however, is fraught with challenges and will require the concerted efforts of the Centre and states to effect the reforms delineated in the ambitious legislation.

School and social mapping: The RTE Act mandates free and compulsory education for all, and all states have to conduct a school as well as a social mapping exercise to ensure availability of neighbourhood schools. Geospatial mapping has been recommended by the ministry to mark out ‘catchment areas’ of neighbourhood schools.

Catching those out of school: Children who are out of school would need to be enrolled in an age-appropriate class and provided special training to integrate them, emotionally and academically, with the other children. This entails special training in accordance with Section 4 of the Act.

Redeployment of teachers: To maintain prescribed pupil-teacher ratio in each school, redeployment of teachers would have to be effected so that any imbalances are addressed well before the next academic session. The ministry, however, has sought to remind that sensitivity should be shown, considering the domestic responsibilities and special circumstances of teachers.

Filling vacancies: States would have to lift orders putting a freeze on teacher recruitment to fill vacant posts expeditiously and ensure that a school-wise pupil-teacher ratio is maintained. An estimated one million teachers would be needed over the next few years for the implementation of RTE.

Teacher training: The Act mandates that all ‘un-

trained' teachers should acquire professional training with a maximum of five years. The states have been asked to prepare a plan to facilitate this.

Grievance redressal: Each state has also been asked to immediately constitute a State Commission for Protection of Child Rights (SCPCR) as the RTE Act mandates these as redressal forums. In the interregnum, the HRD Ministry has ordered that an authority should be constituted to exercise powers of the SCPCR for monitoring the rights of children under the Act.

The funding: As per an estimate, the government will have to spend Rs 1.71 lakh crore in the next five years for implementing the Act. The ministry has said that resources earmarked for all centrally mandated elementary education schemes, ranging from Sarva Shiksha Abhiyan to Mid-Day Meal, teachers' education and also total sanitation campaign and drinking water mission, will be now factored in for implementation of the RTE Act. In addition, the grants in aid awarded by the 13th Finance Commission for elementary education will also be employed for the RTE. At the Central level, there is an outlay of Rs 15,000 crore for 2010-11 to represent the Centre's share in the 55:45 ratio for SSA. The states have been asked to pitch in with their share.

Indian Education Scenario

In the post-independence period, the pace of educational development was unprecedented by any standards. It has, to a large extent, resulted in bridging the access and enrolment gaps. It is worth noting that our school systems have nearly 1.29 mn schools and 4.4 mn teachers. Some notable achievements made are Increase in literacy rate has from 15.35% in 1961 to 65.38% in 2001. Increase in Gross Enrolment Ratio (GER) from 42.6 in 1950-51 to 109.4 in 2005-06 for primary stage; for upper primary the ratio went up from 12.7 to 71.0 for the same period.

Reduction in the gap in GER between boys and girls from 35.6 in 1950-51 to a low of 7.0 in 2005-06 for primary; from 16 to 8.8 during the same period.

Decline in drop out rate from 64.9% from 1960-61 to 25.67% in 2005-06 in primary whereas for elementary it fell from 78.3% to 48.8% for the same time period. However, the difference between girls (48.98%) and boys' (48.67%) dropout rate for elementary is less than one percentage point in 2005-06.69% of the out of school children in the country were estimated to be in Bihar (23.6%), Uttar Pradesh (22.2%), West Bengal (9%), Madhya Pradesh (8%) and Rajasthan (5.9%).

Huge investments have been made in the infrastructure of schools. To cater to the educational needs of children with varying intelligence levels, alternative forms of education is also fairly widely available. With Right to Education becoming a fundamental right, more could be achieved.

Education Structure

There are broadly five stages of school education in India – Pre-primary, Primary, Upper Primary, Secondary and Higher Secondary. Schooling in India follows the "10+2 pattern". However, there are considerable differences between the various states in terms of the organizational patterns of years of schooling, mainly due to the existence of State Education Boards.

The government is committed to ensuring universal elementary education (primary and upper primary) education for all children aged 6-14 years of age through its flagship programme, Sarva Shiksha Abhiyan (SSA). Primary school includes children of ages six to eleven, organized into classes one through five. Upper Primary school pupils aged eleven through fourteen are organized into classes six through eight. Secondary schooling includes classes nine to ten. Higher Secondary school includes students studying in classes eleven and twelve.

Higher education includes undergraduates and post graduate in which the students get to study their choice of subjects. Under-graduation is right after schooling and the duration of study may vary depending on the subjects chosen. After completing graduation, a student may opt for post graduation followed by M Phil and Ph D.

Constitutional Provisions

The Constitution of India in its mandate has given considerable importance to education. Before 1976, education was the exclusive responsibility of the States. The Constitutional Amendment of 1976, included education in the Concurrent List, which means that both the Centre and the State have jurisdiction over enacting legislations on the subject, and was a far-reaching step.

The substantive, financial and administrative implication required a new sharing of responsibility between the Union Government and the States. While the role and responsibility of the States in education remained largely unchanged, the Union Government accepted a larger responsibility of reinforcing the national and integrated character of education, maintaining quality and standards including those of the teaching profession at all levels, and the study and monitoring of the educational requirements of the country.

Part IV: Directive Principles of State Policy

Article 45 - The State shall endeavour to provide early childhood care and education for all children until they complete the age of six and fourteen years.

Part IVA: Fundamental Duties 51A. Fundamental Duties.-

It shall be the duty of every citizens of India -

(k) who is a parent or a guardian to provide opportunities for education to his child or as the case may be, ward between the age of six and fourteen years.

Special provisions for socially disadvantaged sections of the society

Article 46 of the Constitution states that, "The State shall promote, with special care, the education and economic interests of the weaker sections of the people, and, in particular of the Scheduled Castes and Scheduled Tribes, and shall protect them from social injustice and all forms of social exploitation". Articles 330, 332, 335, 338 to 342 and the entire Fifth and Sixth Schedules of the Constitution deal with special provisions for implementation of the objectives set forth in Article 46. These provisions need to be fully utilised for the benefit of these weaker sections in our society.

Right to Education – the 93rd amendment to the Constitution made Right to education a fundamental right thus forcing the states to work out mechanisms for providing free education for all children up to 14 years of age.

National Policies

There have so far been mainly two comprehensive statements of the National Policy on Education, viz. those of 1968 and 1986. The former contained decisions of the Central Government on the recommendations of the National Commission on Education, 1964-66. The latter was a result of the renewed priority assigned to Education by the government during 1984-89. The 1986 policy was reviewed by a Committee constituted in 1990 under the chairmanship of Acharya Ramamurti. On the basis of the recommendations of this Committee, certain provisions of the 1986 policy were modified in 1992.

Thus, in all, the following three comprehensive national policy statements exist on Education:

- » National Policy on Education, 1968
- » National Policy on Education, 1986
- » National Policy on Education, 1986 as modified in 1992 (also known as Plan of Action, 1992)

Literacy

Spectacular achievement yet conspicuous failure. At the same time, perhaps, the policy focus and public intervention in the provisioning of educational services was not adequately focused or, even misplaced, to the extent that even after over five decades of planned effort in the sector, nearly one-third of the population or close to 300 million persons in age-group 7 years and above are illiterate.

The overall literacy rate in India has improved from around 17 percent during the time of Independence to 65 percent in 2001. The sharpest increase came during the decade of 1971 – 1981, when literacy rates increased at around 4 percentage points every year of the decade. Since then, the growth rate of literacy levels has reduced to 2 percent per year. However good these achievements look, they pale in comparison to other countries of the world where the literacy levels have soared from about the same levels during the 1950s to over 85 percent.

There are still 13 states that are below the national average; lowest being Bihar with 47.53%. Difference between the highest literate State, Kerala (90.92%) and lowest, Bihar (47.53%) is almost as high as 43 percentage points..

Among the NE states, Arunachal Pradesh has the lowest (54.74%); though Meghalaya (63.31%) and Assam (64.28%) are also below national average, the difference is less than 2 percentage points..

Among the southern states, Andhra Pradesh (61.11%) ranks low in literacy rate. Even among the other three, variations are quite high, with Kerala topping the list (90.92%) followed by Tamil Nadu (73.47%) and Karnataka (67.04%). The lowest literate district is Dantewada in Chattisgarh (30.01%) and highest is Aizawl in Mizoram (96.64%).

Though female literacy has grown from 15.35% in 1961 to 54.16% in 2001, rural literacy remains low

at 46.7%. Mizoram has the lowest gender gap in literacy among states of 4.56 and Rajasthan highest with 32.21. Kerala ranks third in gender gap with 6.34. Though Meghalaya's overall rate is below national average, it ranks second in gender gap with 5.73 points.

Female literacy rates of marginalized group (SC) is shockingly low in the states of Bihar (15.58%), Jharkhand (22.55%) and relatively better in Uttar Pradesh (30.50%) and Rajasthan (33.87%).

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India- Nepal Relation

Need to New Dimension of Friendship

By: Avadhesh Kumar Pandey



The Minister of External Affairs of India, H.E. Mr. S.M. Krishna paid an official visit to Nepal from January 15 – 17, 2010 at the invitation of Hon'ble Ms. Sujata Koirala,

Deputy Prime Minister and Minister of Foreign Affairs of Nepal.

During his visit, the Minister of External Affairs of India called on Rt. Hon. Dr. Ram Baran Yadav, President of Nepal and Rt. Hon'ble Mr. Madhav Kumar Nepal, Prime Minister of Nepal. He conveyed to them the greetings of the Indian leadership and reiterated that India attaches the highest priority to its relations with Nepal. The Minister of External Affairs said that a warm welcome awaits the President of Nepal during his forthcoming State Visit to India. The Prime Minister of Nepal expressed his deep appreciation for India's consistent support and assistance to Nepal and at the progress made on the decisions taken during his visit to India in August 2009. He reiterated his invitation to the Prime Minister of India to visit Nepal at an early date.

The Minister of External Affairs of India called on Rt. Hon'ble Mr. Subas Chandra Nembang, Chairman of the Constituent Assembly and held an interactive discussion with Parliamentarians representing the different political parties in the Constituent Assembly. He also met senior political leaders representing various political parties of Nepal.

During his visit the Minister of External Affairs of India held official talks with the Deputy Prime Minister and Minister for Foreign Affairs of Nepal on all aspects of bilateral relations and issues of mutual interest. The Deputy Prime Minister and Minister of Foreign Affairs of Nepal hosted a banquet in honour of the Minister of External Affairs of India.

The Deputy Prime Minister and Minister for Foreign Affairs of Nepal extended a warm welcome to the Minister of External Affairs of India. The two Ministers warmly recalled their previous meetings and expressed their satisfaction regarding the age-old, multifaceted relations that exist between Nepal and India and agreed to expand these further. The talks were held in an atmosphere of utmost cordiality and warmth.

The two Ministers recalled the official visit of Rt. Hon. Mr. Madhav Kumar Nepal, Prime Minister of Nepal to India in August 2009. The two Ministers reiterated the importance of regular high level bilateral interactions in imparting further impetus to the relationship between the two countries.

The two Ministers reviewed the implementation of the decisions taken during the official visit of the Prime Minister of Nepal, Rt. Hon. Madhav Kumar Nepal to India from 18 – 22 August 2009. They noted with satisfaction that several key decisions had been implemented, inter alia:

The Civil Aviation talks were held on 8-9 September 2009, between the Civil Aviation Secretaries

of India and Nepal in which both the sides agreed for the expansion of the air services between the two countries.

The revised Trade Treaty and Agreement on Co-operation to Control Unauthorized Trade were signed by the Commerce Ministers of India and Nepal in Kathmandu on 27 October 2009. These will create new opportunities for enhancing bilateral trade and commercial relations.

The meeting of Home Secretaries of the two countries in Kathmandu on 6 – 7 November, 2009 which agreed on further steps to enhance cooperation to address matters of mutual interest including shared security concerns.

The Joint Committee on Water Resources at the Secretary-level met in Pokhara on 20-22 November 2009 and discussed all aspects of bilateral cooperation in the field of water resources for the mutual benefit of both the countries. The meeting also finalized the Terms of Reference for the Pancheshwar Development Authority.

The 7th Meeting of Bilateral Consultative Group on Security Issues held in Kathmandu on 4 – 7 December 2009 reviewed all aspects of India-Nepal cooperation on defence matters.

In response to the request from the Nepalese side, teams of experts from India have visited Nepal to study the National Museum and Bagmati civilization projects and their reports have been presented.

Both Ministers agreed that the recent meetings of the bilateral institutional mechanisms had reinvigorated the bilateral relationship in key areas. The two Ministers agreed that all decisions taken in the framework of these mechanisms should be implemented in a timely manner. They also decided that the other institutional mechanisms should meet as soon as possible.

The Government of Nepal expressed its gratitude for the continued assistance from Government of India for development of infrastructure in Nepal. An MoU for construction of Terai roads with In-

dian assistance at an estimated cost of IRs. 805 Crores was signed by the Minister of External Affairs of India and Deputy Prime Minister and Foreign Minister of Nepal.

The two sides expressed satisfaction at bilateral cooperation for human resources development in Nepal. An MoU for construction of a Science Learning Centre with Government of India assistance of IRs 16.6 Crores was signed by the Foreign Secretary of India, the Finance Secretary of Government of Nepal and the Vice-Chancellor of National Academy of Science & Technology.

At the request of the Government of Nepal, the Government of India has agreed to provide technical assistance for establishment of a Central Depository System (CDS) in Nepal for development of financial markets in Nepal. An MoU between Nepal Stock Exchange Limited (NEPSE) and Central Depository Services (India) Ltd. (CDSIL), India was signed to implement the project at an estimated cost of IRs. 9.2 Crores.

As part of India's continued assistance for growth and development in Nepal at grassroots level, MoUs for electrification of five different VDCs in Nepal at a total cost of IRs. 6.3 Crores were signed.

Both Ministers reaffirmed their commitment to promote bilateral cooperation in the hydro-power sector so as to create a win-win situation for the mutual benefit of both countries.

The two Ministers discussed security concerns of their respective countries and agreed that terrorism and extremism were a threat to both countries. They agreed to cooperate closely to end this menace. The two Ministers also discussed ways to enhance bilateral security cooperation to control cross border crimes such as smuggling of fake Indian currency, human trafficking and arms smuggling. The Minister of External Affairs of India conveyed the assurance that India was willing to provide all possible assistance to Nepalese security agencies as per the request of the Government of Nepal. The two Ministers agreed to expedite the

finalization of MoU for the construction of the Nepal Police Academy at Panauti with Government of India assistance.

The Deputy Prime Minister and Minister for Foreign Affairs of Nepal reiterated that the Government of Nepal will not allow Nepalese territory to be used for any activity against India. Both sides agreed to take all necessary action to preserve law and order and maintain peace and tranquility along the India-Nepal border.

The two Ministers directed the Foreign Secretaries to discuss and review the 1950 Treaty of Peace and Friendship with a view to further strengthen bilateral relations.

The Indian side reiterated its commitment to assist Nepal for strengthening peace, stability and democratic institutions and for economic development of Nepal.

The two Ministers expressed satisfaction at the growing commercial relations between the two countries and agreed on the need for early conclusion of the Agreement on Avoidance of Double Taxation and Bilateral Investment Promotion and Protection Agreement.

The Minister of External Affairs of India pointed out that concerns remain about the business environment in Nepal affecting Indian investment and joint ventures. He requested that these issues be addressed urgently and effectively. The Nepalese side reiterated the commitment of the Government of Nepal to take necessary measures for the promotion of an investor-friendly business environment to encourage Indian public and private sector investments in Nepal.

The Minister of External Affairs of India visited the sacred Pashupatinath Temple. He met with the Indian priests who represent an age-old religious and cultural tradition that links the Nepalese and Indian peoples.

Bilateral Relation

Relations between India and Nepal are close yet fraught with difficulties stemming from geography, economics, the problems inherent in big power-small power relations, and common ethnic, linguistic and cultural identities that overlap the two countries' borders. New Delhi and Kathmandu initiated their intertwined relationship with the 1950 Indo-Nepal Treaty of Peace and Friendship and accompanying letters that defined security relations between the two countries, and an agreement governing both bilateral trade and trade transiting Indian soil.

The 1950 treaty and letters stated that "neither government shall tolerate any threat to the security of the other by a foreign aggressor" and obligated both sides "to inform each other of any serious friction or misunderstanding with any neighboring state likely to cause any breach in the friendly relations subsisting between the two governments." These accords cemented a "special relationship" between India and Nepal that granted Nepal preferential economic treatment and provided Nepalese in India the same economic and educational opportunities as Indian citizens.

In the 1950s, Nepal welcomed close relations with India, but as the number of Nepalese living and working in India increased and the involvement of India in Nepal's economy deepened in the 1960s and after, so too did Nepalese discomfort with the special relationship. Tensions came to a head in the mid-1970s, when Nepal pressed for substantial amendments in its favor in the trade and transit treaty and openly criticized India's 1975 annexation of Sikkim which was considered as part of Greater Nepal.

In 1975 King Birendra Bir Bikram Shah Dev proposed that Nepal be recognized internationally as a zone of peace; he received support from China and Pakistan. In New Delhi's view, if the king's proposal did not contradict the 1950 treaty on extension of nonalignment, it was unnecessary; if it

was a repudiation of the special relationship, it represented a possible threat to India's security and could not be endorsed. In 1984 Nepal repeated the proposal, but there was no reaction from India. Nepal continually promoted the proposal in international forums, with Chinese support; by 1990 it had won the support of 112 countries.

In 1978 India agreed to separate trade and transit treaties, satisfying a long-term Nepalese demand. In 1988, when the two treaties were up for renewal, Nepal's refusal to accommodate India's wishes on the transit treaty caused India to call for a single trade and transit treaty. Thereafter, Nepal took a hard-line position that led to a serious crisis in India-Nepal relations. After two extensions, the two treaties expired on March 23, 1989, resulting in a virtual Indian economic blockade of Nepal that lasted until late April 1990.

Although economic issues were a major factor in the two countries' confrontation, Indian dissatisfaction with Nepal's 1988 acquisition of Chinese weaponry played an important role. Treaties and letters exchanged in 1959 and 1965, which included Nepal in India's security zone and precluded arms purchases without India's approval. India linked security with economic relations and insisted on reviewing India-Nepal relations as a whole. Nepal had to back down after worsening economic conditions led to a change in Nepal's political system, in which the king was forced to institute a parliamentary democracy. The new government sought quick restoration of amicable relations with India. The special security relationship between New Delhi and Kathmandu was reestablished during the June 1990 New Delhi meeting of Nepal's prime minister Krishna Prasad Bhattarai and Indian prime minister V.P. Singh. During the December 1991 visit to India by Nepalese prime minister Girija Prasad Koirala, the two countries signed new, separate trade and transit treaties and other economic agreements designed to accord Nepal additional economic benefits.

Indian-Nepali relations appeared to be undergoing still more reassessment when Nepal's prime

minister Man Mohan Adhikary visited New Delhi in April 1995 and insisted on a major review of the 1950 peace and friendship treaty. In the face of benign statements by his Indian hosts relating to the treaty, Adhikary sought greater economic independence for his landlocked nation while simultaneously striving to improve ties with China.

In 2005, after King Gyanendra took over, Nepalese relations with India soured. However, after the restoration of democracy, in 2008, Prachanda, the Prime Minister of Nepal, visited India, in September 2008. He spoke about a new dawn, in the bilateral relations, between the two countries. He said, "I am going back to Nepal as a satisfied person. I will tell Nepali citizens back home that a new era has dawned. Time has come to effect a revolutionary change in bilateral relations. On behalf of the new government, I assure you that we are committed to make a fresh start." He met Indian Prime minister, Manmohan Singh, and Foreign Minister, Pranab Mukherjee. He asked India to help Nepal frame a new constitution, and to invest in Nepal's infrastructure, and its tourism industry.

In 2008, Indo-Nepali ties got a further boost with an agreement to resume water talks after a 4 year hiatus. The Nepalese Water Resources Secretary Shanker Prasad Koirala said the Nepal-India Joint Committee on Water Resources meet decided to start the reconstruction of breached Kosi embankment after the water level goes down. During the Nepal PM's visit to New Delhi in September the two Prime Ministers expressed satisfaction at the age-old close, cordial and extensive relationships between their states and expressed their support and cooperation to further consolidate the relationship.

The two issued a 22-point statement highlighting the need to review, adjust and update the 1950 Treaty of Peace and Friendship, amongst other agreements. India would also provide a credit line of up to 150 crore rupees to Nepal to ensure uninterrupted supplies of petroleum products, as well as lift bans on the export of rice, wheat, maize, sugar and sucrose for quantities agreed to with

Nepal. India would also provide 20 crore as immediate flood relief.

In return, Nepal will take measures for the "promotion of investor friendly, enabling business environment to encourage Indian...investments in Nepal."

Furthermore, a three-tier mechanism at the level of ministerial, secretary and technical levels will be built to push forward discussions on the development of water resources between the two sides. Politically, India acknowledged a willingness to promote efforts towards peace in Nepal. Indian External affairs minister Pranab Mukherjee promised the Nepali Prime Minister Prachanda that he would "extend all possible help for peace and development."

In 2008, the Bollywood film *Chandni Chowk to China* was banned in Nepal, because of a scene suggesting the Gautama Buddha was born in India. Some protesters called for commercial boycott of all Indian films.

Nepal Overview



Nepal officially the Federal Democratic Republic of Nepal, is a landlocked country in South Asia and, as of 2010, the world's most recent nation to become a republic. It is bordered to the north by the People's Republic of China, and to the south, east, and west by the Republic of India. With an area of 147,181 square kilometres (56,827 sq mi) and a population of approximately 30 million, Nepal is the world's 93rd largest country by land mass and the 41st most populous country. Kathmandu is the nation's capital and the country's largest metropolitan city.

Nepal is a country of highly diverse and rich geography, culture, and religions. The mountainous north has eight of the world's ten highest mountains, including the highest, Sagarmatha, known in English as Mount Everest. The fertile and humid south is heavily urbanized. It contains over 240 peaks more than 20,000 ft (6,096 metres) above sea level.

By some measures, Hinduism is practised by a larger majority of people in Nepal than in any other nation.[8] Buddhism, though a minority faith in the country, is linked historically with Nepal as the birthplace of Siddhartha Gautama, who as the Gautam Buddha gave birth to the Buddhist tradition. About half of the population live below the international poverty line of US\$1.25 a day.

A monarchy throughout most of its history, Nepal was ruled by the Shah dynasty of kings from 1768, when Prithvi Narayan Shah unified its many small kingdoms. In 2006, however, decade-long People's Revolution by the Communist Party of Nepal (Maoist) along with several weeks of mass protests by all major political parties of Nepal culminated in a peace accord, and the ensuing elections for the constituent assembly voted overwhelmingly in favor of the abdication of the last Nepali monarch Gyanendra Shah and the establishment of a federal democratic republic in May 28, 2008. The first President of Nepal, Ram Baran Yadav, was sworn in on 23 July 2008.

Etymology

The word "Nepal" is believed by scholars to be derived from the word "Nepa:" which refers to the Newar Kingdom, the present day Kathmandu Valley. With Sanskritization, the Newar word Nepa became Nepal. The Newars of present day Nepal, refer to all the inhabitants of Kathmandu valley and its peripheries (called "Nepa:") before the advent of Shah dynasty.

History and local traditions say that a Hindu sage named "Ne" established himself at the valley of Kathmandu during prehistoric times and that the

word "Nepal" came into existence as the place protected ("pala" in Sanskrit) by the sage "Ne". The etymology of the name Nepal means, "the country looked after by Ne".

He used to perform religious ceremonies at Teku, the confluence of the Bagmati and Bishnumati rivers. He is said by legend to have selected a pious cowherd to be the first of the many kings of the Gopala Dynasty. These rulers are said to have ruled Nepal for over 500 years. He selected Bhuktaman to be the first king in the line of the Gopal (Cowherd) Dynasty. The Gopal dynasty ruled for 621 years. Yakshya Gupta was the last king of this dynasty.

According to Skanda Purana, a rishi called "Ne" or "Nemuni" used to live in Himalaya. In the Pashupati Purana, he is mentioned as a saint and a protector. He is said to have practiced penance at the Bagmati and Kesavati rivers and to have taught his doctrines there too Languages.

Nepal's diverse linguistic heritage evolved from four major language groups: Indo-Aryan, Tibeto-Burman, Mongolian and various indigenous language isolates. The major languages of Nepal (percent spoken as mother tongue) are Nepali (48.61%), Maithili (12.30%), Bhojpuri (7.53%), Tharu (5.86%), Tamang (5.19%), Newari/Nepal Bhasa (3.63%), Magar (3.39%), Awadhi (2.47%), Rai (2.79%), Limbu (1.47%), and Bajjika (1.05%).

Derived from Sanskrit, Nepali has roots in Sanskrit and is written in Devanagari script. Nepali is the official national language and serves as lingua franca among Nepalis of different ethnolinguistic groups. Hindi and related regional dialects Awadhi, Bhojpuri and Maithili are spoken in the southern Terai Region. Hindi is also widely understood by the many Nepalis who have lived in India. Many Nepalis in government and business speak English as well. Dialects of Tibetan are spoken in and north of the higher Himalaya where standard literary Tibetan is widely understood by those with religious education. Local dialects in the Terai and hills are mostly unwritten with efforts underway to

develop systems for writing many in Devanagari or the Roman alphabet.

Government And Politics

Nepal has seen rapid political changes during the last two decades. Until 1990, Nepal was a monarchy running under the executive control of the king. Faced with a Communist movement against the absolute monarchy, King Birendra, in 1990, agreed to large-scale political reforms by creating a parliamentary monarchy with the king as the head of state and a prime minister as the head of the government.

Nepal has also been noted for its recent speed of development, such as being one of the few countries in Asia to abolish the death penalty and the first country in Asia to rule in favor of same-sex marriage, which the government has a seven-person committee studying after a November 2008 ruling by the nation's Supreme Court, which ordered full rights for LGBT individuals, including the right to marry.

Nepal's legislature was bicameral, consisting of a House of Representatives called the Pratinidhi Sabha and a National Council called the Rastriya Sabha. The House of Representatives consisted of 205 members directly elected by the people. The National Council had 60 members: ten nominated by the king, 35 elected by the House of Representatives, and the remaining 15 elected by an electoral college made up of chairs of villages and towns. The legislature had a five-year term but was dissolvable by the king before its term could end. All Nepali citizens 18 years and older became eligible to vote.

The executive comprised the King and the Council of Ministers (the Cabinet). The leader of the coalition or party securing the maximum seats in an election was appointed as the Prime Minister. The Cabinet was appointed by the king on the recommendation of the Prime Minister. Governments

in Nepal tended to be highly unstable, falling either through internal collapse or parliamentary dissolution by the monarch, on the recommendation of the prime minister, according to the constitution; no government has survived for more than two years since 1991.

The movement in April 2006 brought about a change in the nation's governance: an interim constitution was promulgated, with the King giving up power, and an interim House of Representatives was formed with Maoist members after the new government held peace talks with the Maoist rebels. The number of parliamentary seats was also increased to 330. In April 2007, the Communist Party of Nepal (Maoist) joined the interim government of Nepal.

On April 10, 2008, the first election in Nepal for the constitution assembly took place. The Maoist party led the poll results but failed to gain a simple majority in the parliament.

On December 10, 2007, the interim parliament passed a bill that would make Nepal a federal republic, with the Prime Minister becoming head of state. On May 28, 2008, lawmakers in Nepal legally abolished the monarchy and declared the country a republic, ending 239 years of royal rule in the Himalayan nation. The newly elected assembly, led by the former communist rebels, adopted the resolution at its first meeting by an overwhelming majority. King Gyanendra was given 15 days to leave the former Royal Palace in central Kathmandu by the Nepalese Constituent Assembly. He left the former Royal Palace on June 11.

On June 26, 2008, Prime Minister Girija Prasad Koirala tendered his resignation to the Nepalese Constituent Assembly, which is also functioning as the Nepalese Parliament; however, a new Prime Minister has yet to be elected by the Nepalese Constituent Assembly.

On July 19, 2008, the first round of voting for the election of the country's president and vice president took place in the Constituent Assembly. Parmanand Jha became the first vice president of

Nepal. However, the two presidential frontrunners, Dr. Ram Baran Yadav of Nepali Congress and the Maoist-backed candidate Ram Raja Prasad Singh, both failed to gain the minimum 298 votes needed to be elected, with Yadav receiving 283 votes and Singh receiving 270. 578 out of 594 CA members registered in the voter list had cast their votes, of which 24 were invalid.

On July 21, 2008, the second round of voting was held. Yadav received 308 of the 590 votes cast, securing his election as president.

On August 15, 2008, Maoist leader Prachanda (Pushpa Kamal Dahal) was elected Prime Minister of Nepal, the first since the country's transition from a monarchy to a republic. On May 4, 2009, Mr. Pushpa Kamal Dahal resigned over on-going conflicts over sacking of the Army chief.

Economy

Nepal's gross domestic product (GDP) for the year 2008 was estimated at over US\$12 billion (adjusted to Nominal GDP), making it the 115th-largest economy in the world. Agriculture accounts for about 40% of Nepal's GDP, services comprise 41% and industry 22%. Agriculture employs 76% of the workforce, services 18% and manufacturing/craft-based industry 6%. Agricultural produce mostly grown in the Terai region bordering India includes tea, rice, corn, wheat, sugarcane, root crops, milk, and water buffalo meat. Industry mainly involves the processing of agricultural produce, including jute, sugarcane, tobacco, and grain.

Its workforce of about 10 million suffers from a severe shortage of skilled labour. The spectacular landscape and diverse, exotic cultures of Nepal represent considerable potential for tourism, but growth in this hospitality industry has been stifled by recent political events. The rate of unemployment and underemployment approaches half of the working-age population.

Thus many Nepali citizens move to India in search

of work; the Gulf countries and Malaysia being new sources of work. Nepal receives US\$50 million a year through the Gurkha soldiers who serve in the Indian and British armies and are highly esteemed for their skill and bravery. The total remittance value is worth around US\$1 billion, including money sent from the Persian Gulf and Malaysia, who combined employ around 700,000 Nepali citizens.

A long-standing economic agreement underpins a close relationship with India. The country receives foreign aid from India, Japan, the United Kingdom, the United States, the European Union, China, Switzerland, and Scandinavian countries. Poverty is acute; per-capita income is less than US\$470. The distribution of wealth among the Nepalis is consistent with that in many developed and developing countries: the highest 10% of households control 39.1% of the national wealth and the lowest 10% control only 2.6%.

The government's budget is about US\$1.153 billion, with expenditures of \$1.789 billion (FY05/06). The Nepalese rupee has been tied to the Indian Rupee at an exchange rate of 1.6 for many years. Since the loosening of exchange rate controls in the early 1990s, the black market for foreign exchange has all but disappeared. The inflation rate has dropped to 2.9% after a period of higher inflation during the 1990s.

Nepal's exports of mainly carpets, clothing, leather goods, jute goods and grain total \$822 million. Import commodities of mainly gold, machinery and equipment, petroleum products and fertilizer total US\$2 bn. India (53.7%), the US (17.4%), and Germany (7.1%) are its main export partners. Nepal's import partners include India (47.5%), the United Arab Emirates (11.2%), China (10.7%), Saudi Arabia (4.9%), and Singapore (4%).

Nepal remains isolated from the world's major land, air and sea transport routes although, within the country, aviation is in a better state, with 48 airports, ten of them with paved runways; flights are frequent and support a sizable traffic. The hilly and

mountainous terrain in the northern two-thirds of the country has made the building of roads and other infrastructure difficult and expensive. There were just over 8,500 km of paved roads, and one 59-km railway line in the south in 2003.

There is only one reliable road route from India to the Kathmandu Valley. The only practical seaport of entry for goods bound for Kathmandu is Calcutta in India. Internally, the poor state of development of the road system (22 of 75 administrative districts lack road links) makes volume distribution unrealistic. Besides having landlocked, rugged geography, few tangible natural resources and poor infrastructure, the long-running civil war is also a factor in stunting the economic growth.

There is less than one telephone per 19 people. Landline telephone services are not adequate nationwide but are concentrated in cities and district headquarters. Mobile telephony is in a reasonable state in most parts of the country with increased accessibility and affordability; there were around 175,000 Internet connections in 2005. After the imposition of the "state of emergency", intermittent losses of service-signals were reported, but uninterrupted Internet connections have resumed after Nepal's second major people's revolution to overthrow the King's absolute power.

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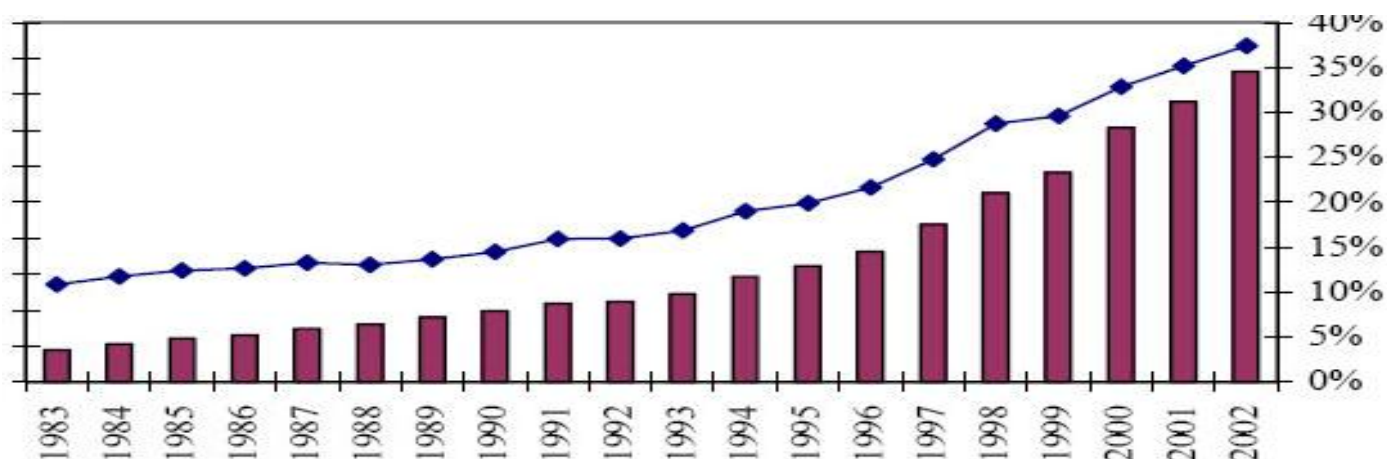
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Foreign Direct Investment in India

Single Policy Platform For FDI



Union Commerce and Industry Minister Anand Sharma on March 31, 2010 released the final document of FDI Policy Framework that would now comprise the single document on FDI policy and mark the inception of a whole new chapter on FDI policy.

Mr. Sharma said the current exercise had been initiated with the aim of integration of all prior regulations on FDI, contained in Foreign Exchange Management Act (FEMA), RBI circulars, and various Press Notes into one consolidated document, so as to reflect the current regulatory framework. Having a single policy platform would also ease the regulatory burden for Government. The intention of this exercise is not to make changes in the extant guidelines, but to deal with them comprehensively.

Limit in LLP firms

The government said it was considering allowing FDI in limited liability partnership (LLP) firms and also to clearly define whether shares and bonds issued to overseas investors could be treated as foreign direct investment.

The government may also do away with Schedule IV of the FEMA that deals with sale and purchase of shares and debentures by NRIs and overseas corporate bodies on non-repatriable basis, Mr. Sharma said.

“There are many issues related with FDI policies that are currently under discussion in the government,” he said after releasing a compendium. LLP, the fast emerging form of business structure, is a hybrid of companies and partnership firms, which allows unlimited number of partners in an entity but their liability is restricted to the extent of the stake held by them.

FDI Inflows Touch US \$ 1.72 Billion During February 2010

The Minister said that such consolidation would ensure all information on FDI policy is available at one place, which is expected to lead to: simplification of the policy; greater clarity of understanding of foreign investment rules among foreign investors and sectoral regulators, as also predictability of policy. “Having a single policy platform would also ease the regulatory burden for Government. Updation of this document will be carried out after every 6 months. This consolidated Press Note will be superseded by a Press Note to be issued on September 30, 2010, ensure that the framework document on FDI policy is kept updated”, Shri Sharma said.

Earlier, the draft document was released on 24 December, 2009 and was open for comments until the 31st of January, 2010. The response to the draft document has been excellent. Comments from 60 stakeholder organizations (including various Government Departments, Reserve Bank of India, Law Firms, consultancy firms, Chambers of Commerce and private companies) have been received. All comments, received until date, have been considered, before preparation of the final document. Even after receiving the responses, we held another round of discussions on the document with a number of consultancy firms that had offered comments on the draft, as also with the Reserve Bank of India and the Department of Economic Affairs.

There are a number of issues related to FDI policy that are currently under discussion in the Government, such as foreign investment in Limited Liability Partnerships (LLPs), policy on issuance of partly paid shares/warrants, rescinding Schedule IV of FEMA, clarifications on issues related to Press Notes 2, 3 & 4 of 2009 and on Press Note 2 of 2005, as also certain definitional issues etc. When a decision on these is taken, the Government decision would be announced and thereafter incorporated into the Consolidated Press Note subsequently.

Foreign Direct Investment into India is a capital account transaction under the Foreign Exchange Management Act (FEMA), 1999. The Government of India and the Reserve Bank of India (RBI) regulate such transactions. The Government comes up with new regulations or amends/changes the existing ones, keeping in view the requirements that may exist at a particular point in time. Various aspects of FDI policy are, accordingly, pronounced/notified through Press Notes issued by DIPP, RBI circulars, Acts and changes in regulations. DIPP itself has issued about 177 Press Notes since 1991, covering various aspects of FDI policy, including cross border investment, policy liberalisation, policy rationalization and foreign technology collaborations, Industrial Policy etc.

As far as FDI policy is concerned, it had been felt, through interaction with various investors, coun-

terpart government organizations and other stakeholders, that there is a need for further simplification and consolidation of the FDI policy framework, so as to make it more comprehensible to all investors and stakeholders. The Prime Minister, in his remarks at the World Economic Forum in December, 2008, had also announced that, "Our policy will be guided by the desire to make India even more attractive for Foreign Direct Investment. We are particularly keen to rationalize and simplify procedures so as to create an investor friendly environment". The present exercise was a step in the above direction.

FDI Inflows

FDI equity inflows for the month of February, 2010 have been US \$ 1.72 billion, which represents an increase of 15%, in US \$ terms, over the inflows received in February 2009 (which were of the order of US \$ 1.49 billion). FDI equity inflows for current the financial year (i.e. April, 2009 to February, 2010) have been around US \$ 24.68 billion. These are comparable to the FDI equity inflows for the comparable period of the previous year, which were around US \$ 25.39 billion.

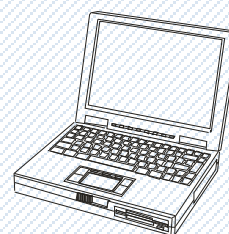
FDI inflows for almost all months in the current financial year, from June onwards (excepting September, 2009 and January, 2010) have shown an increasing trend over the FDI inflows of the same months in the previous financial year (2008-09). The pace of inflows, therefore, is stable.

Accordingly, it is likely that the total inflows in the current financial year (2009-10) are comparable to the total inflows received during the last financial year (2008-09). This is despite the fact that the UNCTAD World Investment Report, 2009, had noted a fall of global FDI inflows, from a historic high of 1.979 billion in 2007 to 1.697 billion in 2008, a decline of 14%. UNCTAD had subsequently predicted a fall in global FDI investment flows by 30%, from US \$ 1.7 trillion in 2008 to US \$ 1.2 trillion in 2009.

It is relevant to note that the Organisation for Economic Cooperation and Development (OECD), in its latest report on investment, released in March, 2010, has noted a significant stagnation in the global investment activity. It has noted that: The average monthly Merger & Acquisition (M&A) activity in the past 12 months was just under US \$ 50 billion. The last time monthly M&A activity fell below US\$50 billion was in April 2006. Year-on-year, global M&A activity is now at its lowest level since the beginning of the global economic crisis, at around 35% of the levels reached two years ago (March, 2007 through February, 2008).

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Current Affairs



» Physicists smashed sub-atomic particles into each other with record energy, creating thousands of mini-Big Bangs like the primeval explosion that gave birth to the universe 13.7 billion years ago.

Scientists and engineers in control rooms across the sprawling European Centre for Nuclear Research (CERN) near Geneva burst into applause as the \$9.4 billion project to probe the origins of the cosmos scored its first big success.

"This opens the door to a totally new era of discovery," said CERN's director of research Sergio Bertolucci. "It is a step into the unknown where we will find things we thought were there and perhaps things we didn't know existed."

"It just shows what we can do in pushing knowledge forward on where we came from, how the early universe evolved," CERN Director-General Rolf Heuer said, speaking, like Bertolucci, on a video relay from Tokyo.

Colourful images of the collisions, at the centre of the Large Hadron Collider (LHC) project which will continue for over a decade, were flashed onto screens across CERN.

CERN scientists say the images reflect what happened a fraction of a second after the Big Bang as matter and energy was spewed out, leading to the formation of galaxies stars and planets, and eventually the appearance of life.

Over the coming months and years some 10,000 researchers in laboratories around the globe, as well

as at CERN, will analyse the huge volumes of data that will be produced from billions of LHC particle collisions to see how that happened.

Among stuff of the universe they hope to track down are invisible dark material making up 25 percent of the cosmos, a particle dubbed the Higgs boson that gives mass to matter, and perhaps new dimensions to add to the four already known.

Soon after 1100 GMT on Tuesday, and after two efforts earlier in the day were aborted due to technical glitches, the LHC slammed beams of particles together at a collision energy of 7 TeV, or 7 million million electron volts.

This was three and a half times more than ever achieved in a particle accelerator. The particle beams were travelling at a fraction under the speed of light when they hit each other in a tunnel 100 metres (330 feet) under the Swiss-French border. Oliver Buchmueller, a German physicist on the project, said hard information on what the many billions of collisions over the coming years reveal would emerge only slowly.

"But by the end of 2010 we think we will find evidence of dark material," he added. The Higgs boson was likely to prove more elusive, and perhaps appear only after 2013, when the collider is boosted to collision energy of 14 TeV.

The boson is named after Scottish physicist Peter Higgs, who proposed it three decades ago to explain how the disparate matter produced by the Big Bang was converted to mass.

The earlier delays were due to problems with the power supply and an over-sensitive magnet safety

system. This led the physicists to suspend the mega-power particle collisions.

CERN officials insisted it was not a repeat of a major incident in September 2008 that seriously damaged parts of the LHC and delayed the full launch of the project until now.

They also dismissed suggestions from some outside scientists -- echoed by doomsday theorists -- that the fleeting mini-black holes that the project is likely to produce could sooner or later swallow up the Earth.



» Prime Minister Manmohan Singh on March 01, 2010 concluded a historic three-day visit to Saudi Arabia during which 10 bilateral agreements were signed and the Riyadh Declaration was issued to strengthen ties between

India and the influential oil-rich nation.

In a rare honour accorded to a foreign dignitary, Singh was invited to address the Majlis-ash-Shura, the Saudi parliament, where he not only sought investments from the Islamic kingdom but also pressed the need for Pakistan to "act decisively against terrorism". He said that India would grow at the rate of 9 to 10 percent for the next 25 years. Manmohan Singh said the challenge of terrorism was immense in Afghanistan, where a Taliban suicide attack Friday in Kabul left 17 people dead, including nine Indians.

The prime minister visited the King Saud University where an honorary doctorate was conferred on Manmohan Singh, an economist turned politician. The prime minister left the Saudi capital for home after attending a function at the Indian embassy where he met representatives of the 1.8 million Indian expatriate community.

This was the first Saudi visit by an Indian prime minister after Indira Gandhi's in 1982, was aimed at forging a strategic relationship with Saudi Arabia.

The prime minister and Saudi King Abdullah Bin Abdul Aziz signed the 'Riyadh Declaration - A New Era of Strategic Partnership' to put their seal on steadily growing ties. This is expected to cover security, economy, defence, technology and political areas as well as ways to combat terrorism.



» Bharti Airtel clinched a deal to buy most of the African operations of Kuwait's Zain for \$9 billion, making it the No.2 cellular firm on the African continent and setting India's biggest carrier a tough financial and management challenge.

The two companies, which entered exclusive talks in mid-February, signed a legally binding definitive agreement in Amsterdam, where Zain's Africa subsidiary is based, Bharti said in a statement. Bharti said the acquisition -- the second biggest overseas purchase by an Indian company after Tata Steel's \$13 billion purchase of Corus in 2007 -- would make it the world's fifth-largest wireless company with operations across 18 countries and with a total customer base of about 179 million. Zain said in a separate statement that it intended to distribute a large proportion of the upfront net proceeds from the deal to shareholders in the form of dividends, subject to approval and the repayment of its \$4 billion revolving credit facility.

The transaction allows Zain to focus on its highly cash generative operations in the Middle East and to substantially improve its balance sheet.

Bharti, which is 32 percent owned by Singapore Telecommunications, selected Zain as its second choice for building a major presence in Africa after it twice failed to finalise tie-ups with South Africa's MTN, the continent's biggest operator. The Indian company is facing ferocious competition at home and betting that the opportunities in Africa are worth the risks of operating there and is paying what many regard as a full price, at 10 times enterprise value to earnings before interest, tax, depreciation and amortisation (EBITDA) as a cost of entry.

The deal will give Bharti 42 million subscribers in 15 African countries, but still needs regulatory clearances.

In a sign of the challenges Bharti may face, the government of the small central African nation of Gabon on Monday weighed in against the deal, saying Zain Gabon had not complied with regulations and that it reserved the right to take "all necessary measures".

South Africa-based Econet Wireless Holdings, which owns 5 percent of Zain's Nigerian assets, is seeking to overturn a 2006 deal by Zain -- then called Celltel -- in which it bought a majority stake in Nigerian mobile operator Vee Networks Ltd, now called Zain Nigeria.



» The Supreme Court has ruled that a citizen has no fundamental right to engage in the sale of liquor as government alone has the right to regulate the business in public interest.

A bench of Justices R V Raveendran and Surinder Singh Nijjar said the government also has the right to consider grant of licenses as per the rules in force and not at the time when the applications are made for running the business.

"Having regard to the fact that the state has exclusive privilege to manufacture and sale of liquor and no citizen has a fundamental right to carry on trade or business in liquor, the applicant did not have a vested right to get a license.

The apex court passed the order while dismissing a bunch of appeals filed by resort and hotel owners in Kerala challenging the state government's decision not to grant them licenses for sale of liquor.

The state had refused to grant the licenses as the applicants did not conform to the stipulations of at least being a two-star hotels as per the tourism policy evolved by the government.



» BSNL on 27 Feb, 2010 commercially launched the country's first mobile broadband fourth generation Internet access network--

Mobile WiMAX in Kerala. Union minister of state for Agriculture and Consumer Affairs K V Thomas, launched the facility. BSNL is also the first operator in the country to launch the service, for which technology has been provided by AVIAT, formerly Harris Stratex.

WiMAX (Worldwide Interoperability for Microwave Access) technology, can provide a speed of up to 37 mbps. It is being deployed in Kerala with 900 BTS (Base Transmitting Stations) to cover the entire state. In the first phase, 450 BTS would be set up to cover all major cities, district headquarters and important towns at a project cost of about Rs 100 crore.

In the second phase, another 450 BTS would be commissioned to cover the remaining towns. The technology will provide access to broadband at a cost performance ratio that is far better than any other technology. It provides features like high speed broad band connectivity anywhere, anytime for devices like Desktop, Laptop on wireless.

It has two tariff plans - Home Plan with a fixed monthly charge of Rs 999 while the Business plan is Rs 1,999 for a band width 512 to 2 mbps.

» Faced with vehement protests by farmer groups and the green lobby, as also some States, the Union government has decided to freeze the introduction of Bt Brinjal in the country till independent scientific studies established health and environment safety of the product to the satisfaction of both public and experts.

Although India's biotechnology regulator, the Genetic Engineering Approval Committee (GEAC), has cleared Bt brinjal for regular agriculture purposes, the detractors say that the variety may have passed the yield test and the pest-resistance analy-

sis, but its edibility is yet to be confirmed.

Three major brinjal producing States, West Bengal, Bihar and Orissa, which account for nearly 60 per cent of the produce, have also refused to endorse the product. The governments of Madhya Pradesh and Chhattisgarh also specified that they would not have Bt Brinjal in their States.

The variety has been developed by Maharashtra Hybrid Seeds. It has been created by inserting gene from the soil bacterium *bacillus thuringiensis* into brinjal, which is said to give the plant resistance against insect pests.



» On april 1, 2010 India has reached a historic milestone in country's struggle for

children's right to education. The Constitution (86th Amendment) Act, 2002, making elementary education a Fundamental Right, and its consequential legislation, the Right of Children to Free and Compulsory Education (RTE) Act, 2009, comes into force. The enforcement of this right represents a momentous step forward in 100-year struggle for universalising elementary education.

Over the years, the demand for children's education has grown by leaps and bounds everybody, from the poorest of the poor to the well off, acknowledges the value of education in the overall development of children. For many years now, the discourse on elementary education has been conducted at many levels. Administrators focus on enrolment, availability of schools within walking distance, provisioning for infrastructure, and deployment of teachers. Educationists are concerned about whether and how children learn, and the burden of the syllabi, which is passed on to tuition centres or parents.

Development professionals discuss the impact of the number of years of schooling, for example, on the age of marriage and family size. Economists

talk about the economic returns on investment in education. Parents too have expectations from the education system that it should equip their children for gainful employment and economic well-being. The enforcement of the Fundamental Right to Education provides us a unique opportunity to mount a mission encompassing all the above discourses, to fulfil our goal of universal elementary education.



» There is a shift in RBI's monetary policy stance to managing the revival of the economy from managing the crisis. In its review on January 29, 2010, the central bank has accepted a

7.5% growth with 8.5% inflation.

RBI is worried about the high inflation rate but its governor D. Subbarao pointed out that it is mainly on account of supply side constraints. The condition could further deteriorate. "With growth accelerating in the second half of 2009-10 and expected to gain momentum over the next year, capacity constraints could potentially reinforce supply side inflationary pressure," the review document said.

Therefore, the Reserve Bank's new shift in the policy stance from managing the risk to managing the recovery made it to take a relatively milder action to increase the cash reserve ratio by 0.75 percentage point to take out Rs 36,000 crore from the system. Besides that, it did not take any harsh measure.

On the food inflation front, the central bank pinned its hope on good rabi crop and good monsoon in 2010. Assuming a normal monsoon, it expected inflation to moderate from July 2010 onward.

At the same time, RBI expressed its worry over the industrial growth, as it is not broad based, and underlined the need for consolidating it. The RBI's document on macro-economic development showed that while industries like food products,

beverages, tobacco and related products showed a negative growth, industries like basic metals & alloys and paper & paper products were still decelerating. On the other hand, the RBI document showed industries like transport equipment, rubber, petroleum, textile products and a host of other industries were growing.



» The Minister of External Affairs of India, H.E. Mr. S.M. Krishna paid an official visit to Nepal from January 15 – 17, 2010 at the invitation of Hon'ble Ms. Sujata Koirala, Deputy Prime Minister and Minister of Foreign Affairs of Nepal.

During his visit, the Minister of External Affairs of India called on Rt. Hon. Dr. Ram Baran Yadav, President of Nepal and Rt. Hon'ble Mr. Madhav Kumar Nepal, Prime Minister of Nepal. He conveyed to them the greetings of the Indian leadership and reiterated that India attaches the highest priority to its relations with Nepal. The Minister of External Affairs said that a warm welcome awaits the President of Nepal during his forthcoming State Visit to India. The Prime Minister of Nepal expressed his deep appreciation for India's consistent support and assistance to Nepal and at the progress made on the decisions taken during his visit to India in August 2009. He reiterated his invitation to the Prime Minister of India to visit Nepal at an early date.

The Minister of External Affairs of India called on Rt. Hon'ble Mr. Subas Chandra Nembang, Chairman of the Constituent Assembly and held an interactive discussion with Parliamentarians representing the different political parties in the Constituent Assembly. He also met senior political leaders representing various political parties of Nepal.

During his visit the Minister of External Affairs of India held official talks with the Deputy Prime Minister and Minister for Foreign Affairs of Nepal on all aspects of bilateral relations and issues of mutual interest. The Deputy Prime Minister and

Minister of Foreign Affairs of Nepal hosted a banquet in honour of the Minister of External Affairs of India.



» Agriculture sector in India continues to suffer, save for sharp growth in some years. The expert group to review the methodology for estimation of poverty, chaired by Suresh Tendulkar, has now

suggested that the poverty ratio at the all India level was actually 37.2% in 2004-05.

Rural poverty was projected at 41.8% and urban at 25.7% by the committee, as against official estimates of 28.3% and 25.7% for rural and urban population, respectively.

In the past, the poverty line was defined in terms of per capita consumer expenditure at 1973-74 market prices and adjusted over time and across States for changes in prices keeping unchanged the original 1973-74 reference poverty line baskets of goods and services. The all-India rural and urban poverty line baskets were derived separately, assuming per capita daily calorie intake of 2,400 for rural people and 2,100 for urban population.

The Tendulkar panel has made four major departures from the past practices. It moved away from the calorie intake criteria for determining poverty line. Instead, it tests for adequacy of actual food expenditure near the poverty line to ensure aggregate nutrition, rather than just calories.

Two, it has recommended adoption of uniform PLB for the urban and rural population, breaking away from the past practice of two separate baskets. This has been done to get rid of the problem of outdated PLB, a major criticism of the existing poverty line.

Three, it has suggested a new price adjustment procedure based in the same data set as the one used for poverty estimation, rejecting the earlier

practice of using price indices that are generated externally, specific to population segments and were outdated.

And four, it incorporates explicit provision in the price expenditure on health and education, which in any case has been rising. The official poverty estimate, in contrast, assumes basic health care and education services would be provided by the State, and although the 1973-74 base takes note of the private expenditure on these items, it does not take into account the increase in the proportion for total expenditure over the years.

The Tendulkar panel has also recommended that 365-day mixed reference period be used to collect data instead of the past practice of using 30-day uniform reference period. The advantage of using MRP is that data integrity is better when respondents are asked about their expenditure in the 365 days prior to the survey, particularly on items of low frequency consumption such as clothes, footwear and durables, than when they are questioned on expenditure on the preceding 30 days.



» The Union government has approved the Nutrient Based Fertiliser Subsidy (NBS) plan with effect from April 1, 2010. This is likely to have positive sentimental impact on share prices of fertiliser companies. Under the new policy, the companies can fix retail fertiliser prices. However the urea prices will be increased by Rs 483 per tonne or 10 per cent.

“The hike in urea prices is not going to impact the bottom-line or EPS of fertiliser companies as extra 10 per cent will go from farmer’s pocket directly. However, looking at the shift in policy, it’s a big positive for the industry,” said an analyst.

Fertilisers are sold at government-fixed prices, which are lower than their costs of production or import. The difference is met through subsidy. The NBS does away with maximum retail price. It pro-

poses to replace the current system of giving subsidy to the industry with direct assistance to farmers.



» Prime Minister Manmohan Singh launched India’s Solar Energy Mission (named Jawaharlal Nehru National Solar Mission) on January 11, 2010. The main aim of the mission is to help generate 20,000 MW of solar power by 2022.

The Prime Minister urged the industry to create ‘Solar Valleys’ on the lines of Silicon Valleys and asked business houses to view the Solar Energy Mission as a business opportunity. He added that the success of the mission had the potential of transforming India’s energy prospects while contributing to national and global efforts to combat climate change.

The solar mission assumes important because it holds the centre-stage of the country’s activities to combat climate change. The mission is an important part of the country’s National Action Plan on Climate Change and is trying to establish the country as a global leader in solar energy, not just in terms of solar power generation but also in solar manufacturing and generation of this technology.

The mission targets 1,100 MW grid solar power, 7 million sq meter solar collectors and 200 MW off grid solar applications in first phase by 2013, and 20,000 MW grid solar power, 20 million sq m solar collectors and 2,000 MW off grid solar applications by the year 2022.

» The Union government has chosen 19 States to start adult literacy classes under the all-new Sakshar Bharat Mission, which the Prime Minister launched in September 2009.

The mission, with a whopping budgetary support of \$1 billion, seeks to educate 70 million illiterates by 2012; 60 million being women. Its first phase

began on January 15, 2010 in 167 districts of 19 States, which have, in the past, displayed commitment to adult literacy.

The selected States are the ones that continued to stress adult literacy even after the old National Literacy Mission (NLM) was disbanded. Some States like Punjab and Himachal neglected the sector, with none having any ongoing adult literacy component or programme.

The mission aims to achieve 100 per cent literacy in 365 low literacy districts where adult female literacy rate is 50 per cent less as per the 2001 census. The final goal, however, is to take national literacy level from 64 per cent to 80 per cent by 2017, and reduce the gender gap from 21 to 10 per cent. In the first phase, Rajasthan has clinched the maximum number of projects for 31 districts. Close behind is Uttar Pradesh with projects for 26 districts, Andhra Pradesh 18, Gujarat 13 and Uttarakhand five.

The focus will be on learning beyond reading, writing and arithmetic to include life skills and employment as part of adult literacy. The idea is to retain learners and not lose them to lack of post-literacy avenues.

Another thing that sets the Sakshar Bharat Mission apart from the NLM is its complete ownership with the Gram Panchayat. The past programme was controlled by districts, which used to get certificates for compliance. Now the programme will be run and monitored by Panchayats and learners will be the king.



» With over 40 per cent of people in India still living on less than \$1.25 (around Rs 60) a day, India now stands third in terms of the highest proportion of extremely poor people in South Asia, next only to Nepal and Bangladesh, with corresponding percentages at 54.7 and 50.5, respectively. The latest UN Report on the World Social Situation 2010, places India below Pakistan, Myanmar and Sri Lanka in terms of extreme poverty. Pakistan is

the only nation in the sector to have achieved the Millennium Development Goal (MDG) of cutting poverty by half between 1990 and 2015. It had 73 per cent of the people in 'extreme poverty' 15 years ago; it now has 22.6 per cent as against its MDG target of 29.3 per cent.

India is lagging on the front, and must have an annual poverty reduction rate of 4.7 per cent (between 2005 and 2015) against 1.4 between 1990 and 2005 if it wants to meet the MDG target of 27 per cent; so far it has touched only 41.6 per cent. Rural India has 43.8 per cent of the people in extreme poverty as against 36.2 per cent in urban areas.

This underlines the need for inclusive growth in India, as stated by the UN report, which credits China, and to some extent India, for reduced global poverty in the past two decades when the number of people living on less than \$1.25 a day came down from 1.9 billion to 1.4 billion.



» The HRD Ministry has decided to de-recognize as many as 44 "Deemed Universities", spelling uncertainty for nearly two lakh students who are enrolled with them. The Ministry's decision amounts to an acknowledgement of irregularities in conferring the "deemed" tag to these institutions under the first UPA government in which Arjun Singh was the HRD minister.

These deemed Universities were found deficient on many grounds—ranging from lack of infrastructure to lack of evidence of expertise in disciplines they claim to specialize in.

The HRD Ministry emphasized that the affected students would be taken care of. The Ministry's task force has recommended that institutions not found fit for deemed University status "revert to status quo ante as an affiliated college of the State University of jurisdiction so that students would be able to complete their ongoing courses and obtain degree from the affiliating University." Simi-

larly, medical and dental colleges not found suitable can affiliate to State University or State medical University.

In case, the institution is unable to obtain affiliation, efforts would be made to facilitate the migration/re-enrolment of the affected students in other institutions. Doctoral students will have to re-register in affiliating Universities and those in distance education should either go to IGNOU or State open Universities. While these safeguards have been recommended, the students are nonetheless likely to go through a phase of uncertainty as they move from one University to another.

Tamil Nadu has the distinction of having 16 of the 44 de-recognized deemed Universities, 15 of them private and one government-sponsored.

Karnataka has six de-recognized deemed Universities; Uttar Pradesh four; Haryana, Uttarakhand, Rajasthan and Maharashtra three each; Gujarat, Orissa, Andhra Pradesh, Delhi, Bihar, one each. The three government-run institutions to be de-recognized are: Nava Nalanda Mahavira in Bihar, Rajiv Gandhi National Institute of Youth Development, Tamil Nadu, and National Museum Institute of the History of Art, Conservation and Musicology, New Delhi.



» The Union government has approved the setting up of a National Knowledge Network (NKN) that will connect all major educational institutions like the IITs, the IIMs and top universities for exchange of information and research.

One of the important recommendations of the National Knowledge Commission (NKC) is to inter-connect all knowledge institutions through high speed data communication network. This would encourage sharing of knowledge, specialised resources and collaborative research. The government's decision to set up such a network was announced in 2008-09 and an initial amount of Rs.100 crore was allocated to the Department

of Information Technology, Ministry of Communications and IT for this.

The architecture of the NKN will be scalable and the network will consist of an ultra-high speed core (multiples of 10Gbps and upwards) to provide a nationwide ultra high-speed data-network highway. The IT mesh will connect around 1,500 institutions and the setting up of core network is expected to be completed in a span of two years.

The network will enable scientists, researches and students from diverse spheres across the country to work together for advancing human development in critical and emerging areas.

Health, education, grid computing, agriculture and e-governance are the main applications identified for implementation and delivery on NKN.

» On January 30, 2010, the Union government approved model rules for the Right to Education Act 2009, which requires State governments to make free and compulsory elementary education a right of every child between 6 and 14 years of age.

The model rules, list priorities for States, which would have to conform to the standards under the Act within three years of its commencement; non-conformation could bring de-recognition. The Act, passed by the Parliament in August 2009, is yet to be officially notified though.

To begin with, the rules ask school management committees or the local authorities to identify children, who have never been to school or not managed to complete elementary education, and arrange for their special training in appropriate classes so that they can ultimately be integrated into the system. Any child above 6 years of age will be entitled to free special training either at school or residential facility, before he/she is ready to enter school at a convenient level. Such children would be allowed to complete elementary education even after they have attained 14 years, for the obvious reasons that they enter the school late.

At least one primary school (class I to V) must be located within a km of walking distance of the neighbourhood; for schools with classes VI to VIII, this distance would be three km. States need to provide more neighbourhood schools in highly populated areas and ensure safety of students in areas with tough terrains.

But before a school comes up, the States would have to undertake a mapping to identify all children in remote areas, including those from disadvantaged groups. This must be done in a year and the data updated every year.

For the first time, the law mandates maintenance of records of all children from birth to 14 years of age through a household survey to be updated every year. The rules further prescribe strict norms for non-segregation of students and safe transport for disabled children to ensure that they attend school.

Also, there is flexibility on birth certificate for admission. If formal birth record is not available, an affidavit would suffice, so would a hospital/ANM or anganwari record.

Adequate qualification for teachers has been stressed upon, with the academic authority (to be set up under the Act) to enlist the qualifications for teachers, who would get five years to upgrade their skills. An important part of the rules pertains to specifications on recognition of elementary level schools. The Act will, for the first time, mandates recognition of such schools within three years of the commencement.



» On January 30, 2010, India submitted its proposed emission intensity cut targets by 20-25 per cent by 2020 to the UN, a day before the world body's January 31 deadline for submitting the climate change mitigation steps under the Copenhagen Accord.

However, it made it clear to the Secretariat of the United Nations Framework Convention on Climate

Change (UNFCCC) that all its domestic mitigation actions were entirely voluntary in nature and not legally binding, a position India had maintained at Copenhagen Summit in Denmark.

Though agriculture sector contributes around 14 per cent of the total GHG emissions, India has kept it out of the purview of the mitigations actions in its blueprint submitted to the UN to ensure food security.

» In an unusual display of checks and balances within the judiciary, the Delhi High Court, on January 12, 2010, rejected the contention of the Supreme Court that the office of the Chief Justice of India was beyond the ambit of the Right to Information Act.

A full bench of the High Court, comprising Chief Justice A.P. Shah, Justice Vikramjit Sen and Justice S. Muralidhar, unanimously dispelled the fear raised by the apex court that the extension of RTI to the CJ's office would undermine judicial independence.

Referring to a resolution adopted by Supreme Court judges in 1997, a resolution adopted by a conference of Chief Justices in 1999 and the UN-sponsored 2001 Bangalore principles of judicial conduct, the HC said, "Well defined and publicly known standards and procedures complement, rather than diminish, the notion of judicial independence."

The HC verdict came in the context of the prolonged controversy over whether the declarations of assets made by judges should be put in the public domain.



» In a significant ruling, a three-judge bench of the Bombay High Court has held that in India criticism of any religion—be it Islam, Hinduism, Christianity or any other—is permissible under the fundamental right to freedom of speech and that a book cannot be banned on those grounds alone.

However, the criticism must be bona fide or academic, said the Court, as it upheld a ban issued in 2007 by the Maharashtra government on a book titled "Islam—A Concept of Political World Invasion by Muslims." The book contained an "aggravated form of criticism made with a malicious and deliberate intention" to outrage the feelings of Muslims, the Court said.

Delivering the landmark verdict, the Court upheld the State's ban on a book but at the same time brought joy to civil rights activists when it held that, "in our country, everything is open to criticism and religion is no exception. Freedom of expression covers criticism of religion and no person can be sensitive about it."

The Court also found "totally unacceptable" the author's argument that banning the book in the age of the internet is passe and pointless.



» The Union government has notified the rules to operationalise the India-ASEAN free trade agreement, which came into effect from January 1, 2010. The rules specify that products having more than 35 per cent of local content will get preferential tax treatment under the free-trade treaty.

The rules also specify the methodology for calculation of the cost of products to be traded between India and the Association of South East Asian Nations (ASEAN).

New Delhi had signed the an agreement on August 13, 2009, in Seoul with ASEAN for duty-free import and export of as many as 4,000 products ranging from steel to apparel to sugar and tobacco over a period of eight years.

While the pact opens the 1.7-billion consumer market to each other, it also eliminates duties on 80 per cent of goods traded between the two regions by 2016.

» Indian External Affairs Minister S.M. Krishna visited Kathmandu on January 15, 2010. During his meetings with his counterpart Sujata Koirala he gave positive gesture to Nepal to the latter's long-standing proposal to review the Nepal-India Peace and Friendship Treaty-1950.

In return, Nepal sought to address India's concerns with regard to fake currency being smuggled from here, pledging that it would not allow its territory to be used against its neighbour.

India and Nepal also agreed to "cooperate closely" to end the menace of terrorism and extremism, including human trafficking, smuggling of arms and fake Indian currency.

During the meeting, Nepal raised serious concerns over the highly controversial issues on border encroachment from the Indian side whereas the Indian officials urged Nepal to cooperate with India by signing the much-awaited Extradition Treaty that Nepal had been dilly dallying to sign.

Five MoUs regarding the construction of Terai roads with Indian assistance at an estimated cost of Rs 805 crore, a project worth Rs 9.2 crore for the Nepal Stock Exchange Ltd and Central Depository Services (India) Ltd, Rs 6.3-crore electrification project, and construction of a Science Learning Centre with India's assistance of Rs 16.6 crore, were signed during the visit.

During his meeting with Unified Communist Party of Nepal-Maoists chairman Pushpa Kamal Dahal, alias Prachanda, Mr Krishna expressed disappointment on their ongoing anti-India movement.

However, just a day after he met with Krishna when he had said he received positive response from him to address their concerns, Prachanda, in his address to party cadres in Khotang district, criticised India and said it has played negative role by backing up other political parties to uphold civilian supremacy in Nepal.

• The 20th Commonwealth Speakers' Conference was held in New Delhi from January 5, 2010. It was inaugurated by Prime Minister Manmohan Singh.

Describing the growth of regional parties as a challenge for governance and conduct of parliamentary democracy, Mr Manmohan Singh said: "Though the aspirations of smaller parties may often be anchored in narrow considerations, they carry great weight for their constituents. In the end, democracy must respond to everyday concerns of the common man and Parliament should be the forum to address such concerns." The remark was in obvious reference to the growing influence of sub-regional parties in coalition politics and Parliament.

Presiding officers from 42 Commonwealth nations were present (some in traditional Speaker robes). The Conference discussed, among other things, the Speaker's role as a mediator and administrator of Parliament and use of technology in disseminating information on Parliamentary proceedings.

The forum also saw India voicing the aspirations of developing nations on climate change.

» A one-day international conference on Afghanistan was held on January 27, 2010 in London. Seventy Foreign Ministers and officials of international organisations attended the convention at the 185-year-old Lancaster House.



British Prime Minister
Gordon Brown

British Prime Minister Gordon Brown, hosting the conference with Afghan President Hamid Karzai and UN Secretary General Ban Ki Moon, announced in his opening address the establishment of a \$500 million 'trust fund' to buy "peace and integration" with warriors who are engaged in violence for economic rather than ideological reasons. A whopping \$140 million has been pledged already for 2010.

During his pre-conference discussion with the British Foreign Secretary David Miliband, External Affairs Minister of India, S.M. Krishna, specifically said, "there should be no distinction between a good Taliban and a bad Taliban." But this clearly fell on deaf ears. The participants rejected India's argument that there were no degrees of Talibanism.

It was also unclear whether remnants of Afghanistan's Northern Alliance, once cultivated by India, would be accommodated in any way. There was also no reference to the erstwhile Foreign Minister, Abdullah Abdullah, who put up a spirited fight in the first round of the recent controversial Presidential election and exposed fraud before withdrawing from the contest.

Pakistan supports a differentiation between Taliban segments, including being generally soft towards the Afghan Taliban, which was sponsored by the Pakistani Army's Inter-Services Intelligence.

As a goodwill gesture, the conference was preceded by a lifting of United Nations sanctions on five leaders of the obscurantist Taliban regime, which was ousted by armed forces led by the United States after the 9/11 attack on New York by the Afghanistan-based Al Qaida. Among the beneficiaries is a former foreign minister Wakil Ahmad Muttawakil.

In keeping with United States President Barack Obama's plan to start withdrawing American troops in a little over 18 months, Brown also declared that to fill the breach the strength of the Afghan army would be increased to 134,000 by October 2010 and to 171,600 by October 2011. Corresponding enlargements would also occur in respect of the Afghan police. The template for Afghanistan is similar to the one utilised in Iraq.

The Taliban central leadership rejected the London declaration on Afghanistan while several top Pakistani leaders said they support dialogue with the Taliban to end the conflict.

The statement by the Leadership Council of the Islamic Emirate of Afghanistan issued in Pashto

said: "The US and its allies should have freed all prisoners from jails in Guantanamo Bay, Afghanistan, Pakistan and elsewhere, removed the names of all Taliban members from the UN 'blacklist' and refrained from sending more troops if they really meant to take the proper steps for ending the Afghan conflict."

The statement argued that the 'Mujahideen' were not fighting for money or to grab power. Describing as baseless that most Taliban fighters were not ideologically committed, it claimed that nobody compelled the 'Mujahideen' to take up arms and fight the invaders.



» On January 27, 2010, Mahinda Rajapaksa emerged victorious in the bitterly-fought first post-LTTE era Presidential elections. He won fighting against former army chief Sarath Fonseka, securing nearly 60 per cent of the total votes polled.

On 59-year-old Fonseka's charges of poll rigging, the sources said it was "absolutely untrue" and pointed out that even former Prime Minister and opposition UNP chief Ranil Wicremasinghe had given a clean chit on the issue.

» An international protocol on biodiversity has become the new bone of contention between the developed and developing countries. The rich countries are opposing an international legal framework for use of biological resources.

The agreement will deal with the issue of bio-piracy, which is a cause of concern for countries like India. Negotiations are on to finalise the protocol that is expected to be adopted at Nagoya, Japan, in October 2010.

India and other developing countries are pushing for a protocol on access and benefit sharing (ABS). Bio-piracy is an important issue for India, which is keen on the adoption of the Nagoya Protocol.

The Convention on Biological Diversity, adopted at the Earth Summit in Rio de Janeiro in 1992, is the first comprehensive global agreement addressing all aspects of biodiversity. The convention reaffirms sovereign rights of nations over their biological resources. It has three main goals — the conservation of biological diversity, sustainable use of its components and fair and equitable sharing of the benefits from the use of genetic resources.

While an international legal framework appears to be a distant possibility, India has been taking steps at the national and bilateral level to protect its biodiversity. Besides the Biological Diversity Act, 2002, and the national Biodiversity Authority, India has also put in place a traditional knowledge database — the Traditional Knowledge Digital Library (TKDL). Managed by the CSIR, TKDL is a computerised database of documented information available in Indian texts, relating to Indian systems of medicine. Over 10 years, more than 2 lakh formulations of Ayurveda, Siddha, Unani and Yoga have been documented under the TKDL.



» The United Nations climate science panel, Intergovernmental Panel on Climate Change (IPCC), faces a new controversy for wrongly linking global warming to a rise in natural disasters such as hurricanes and floods. It based the claims on an unpublished report that had not been subjected to routine scientific scrutiny and ignored warnings from scientific advisers. The report's author later withdrew the claim because the evidence was too weak.

The link was central to demands at Copenhagen climate summit by African nations for compensation of \$100 billion from the rich nations blamed for creating the most emissions. According to The Sunday Times the IPCC knew in 2008 that the link could not be proved but did not alert world leaders.

The latest criticism came less than a week after

IPCC was forced to retract claims that the Himalayan glaciers would be largely melted by 2035. It turned out the claim had been lifted from a news report published in 1999 by New Scientist magazine.

Two scientific reviewers who checked drafts of the IPCC report urged greater caution in proposing a link between climate change and disaster impacts, but were ignored.

The paper at the centre of the latest questions was written in 2006 by Robert Muir-Wood, head of research at Risk Management Solutions, a London consultancy, who became a contributing author on the IPCC report on climate change impacts. In the research, Muir-Wood looked at a wide range of hazards, including tropical cyclones, floods and hurricanes. He found from 1950 to 2005 there was no increase in the impact of disasters once growth was accounted for. For 1970 to 2005 he found a 2% annual increase that "corresponded with a period of rising global temperatures," but said almost all of it was due to strong hurricane seasons in 2004 and 2005. Despite such caveats, the IPCC report used the study in its section on disasters and hazards, but cited only the 1970-2005 results.



» On January 13, 2010, Google threatened to shut down its operations in China after uncovering "highly sophisticated" hacking attempts into e-mail accounts of Chinese human rights activists.

"These attacks and the surveillance they have uncovered, combined with the attempts over the past year to further limit free speech on the web, have led us to conclude that we should review the feasibility of our business operations in China," David Drummond, senior V-P of corporate development and chief legal officer, said in a blog post.

"We have decided we are no longer willing to continue censoring our results on Google.cn, and so over the next few weeks we will be discussing with

the Chinese government the basis on which we could operate an unfiltered search engine within the law, if at all," he said.

Evidence indicated that the attackers were trying to get access to mail accounts of Chinese human rights activists, according to Drummond. At least 20 other large companies, including finance, Internet, media and technology were similarly attacked, according to Google.



» A northwest Pakistani village that tried to resist Taliban infiltration mourned on January 2, 2010 the victims of an apparent revenge suicide bombing that killed 96 residents during a volleyball game. The attack on the outskirts of Lakki Marwat city was one of the deadliest in recent Pakistani history and sent a bloody New Year's message to Pakistanis who dare take on the armed Islamic extremists.

Lakki Marwat district is near South Waziristan, a tribal region where the army has been battling the Pakistani Taliban since October 2009.

Across Pakistan's north-west, where the police force is thin, underpaid and under-equipped, various tribes have taken security into their own hands over the past two years by setting up citizen militias to fend off the Taliban. The government has encouraged such "lashkars", and in some areas they have proven to be a key to reducing militant activity. Still, tribal leaders who face off with the militants do so at high personal risk. Several suicide attacks have targeted meetings of anti-Taliban elders, and militants also often go after individuals. One reason militancy has spread in Pakistan's semi-autonomous tribal belt is because insurgents have slain dozens of tribal elders and filled a power vacuum.

» In a candid assessment of the fragile relationship of USA with Pakistan, a US State department policy paper has admitted that there is a degree of

mistrust between Washington and Islamabad, but democratic rule in Pakistan has created a window of opportunity. The report makes a point of noting that while the US military presence in the region is not open-ended, its non-military commitment would be a long-term one.

Secretary of State Hillary Clinton unveiled the Obama administration's strategy to stabilise Pakistan and Afghanistan, noting that the challenge in both countries is immense.

US officials have expressed concern over Pakistan's selective war on extremists within its borders, noting the Pakistani army's offensive ignores deadly terrorist groups such as the Haqqani network, responsible for attacks against US troops in Afghanistan.

The State department report outlines US objectives in Pakistan and Afghanistan. "While our combat mission in Afghanistan is not open-ended, we will remain politically, diplomatically and economically engaged in Afghanistan and Pakistan for the long-term to protect our enduring interests in the region," it says. On Pakistan, it lays out the intention of USA to lead the international community in helping Pakistan overcome the political, economic and security challenges that threaten its stability, and in turn undermine regional stability. "And we seek to build a long-term partnership with Pakistan based on common interests, including a recognition that we cannot tolerate, a safe haven for terrorists whose location is known and whose intentions are clear," it added.

"Achieving progress will require continued sacrifice not only by our military personnel, but also by more than the 1,500 US government civilians serving in Afghanistan and Pakistan," Clinton said, pointing out that for the first time since this conflict began, the US has a true whole-of-government approach. She said the Obama administration's policy, rather than being an exercise in nation-building, was aimed to achieve realistic progress in critical areas, and that Afghan and Pakistani governments had endorsed this strategy.

» On January 1, 2010, China and 10 South-east Asian nations ushered in the world's third-largest free-trade area. While many industries are eager for tariffs to fall on things as diverse as textiles, rubber, vegetable oils and steel, a few are nervously waiting to see whether the agreement will mean boom or bust for their businesses.

Trade between China and the 10 countries that make up the Association of Southeast Asian Nations, also known as ASEAN, has soared to \$192.5 billion in 2008, from \$59.6 billion in 2003. The new free-trade zone, which will remove tariffs on 90% of traded goods, is expected to increase that commerce still more.

The zone ranks behind only the European Economic Area and the North American Free Trade Area (NAFTA) in volume. It encompasses 1.9 billion people. The free-trade area is expected to help ASEAN countries increase exports, particularly those with commodities that resource-hungry China desperately wants.

The China-ASEAN free trade area has faced less vocal opposition than the European and North American zones, perhaps because tariffs were already low and because it was unlikely to alter commerce patterns radically. However, some manufacturers in Southeast Asia are concerned that cheap Chinese goods may flood their markets, once import taxes are removed, making it more difficult for them to retain or increase local market shares.

» Decline in oilseeds production, appreciation of rupee against dollar and zero import duties during most of 2009 has made India the largest edible oil importer in 2009, a slot it took surpassing China. Import of crude edible oil to India saw a huge jump of 35% to a record 8.4 million tonne (mt) in 2009. India's edible oil imports comprise almost 80% of palm oil.

» Reserve Bank of India, along with the Securities and Exchange Board of India (SEBI) has al-

lowed recognised stock exchanges to launch futures currency trading in euro-rupee, pound sterling-rupee and yen-rupee. Futures trading in dollars-rupee was already allowed.

» With an economic freedom score of 53.8, India has been rated the 124th freest economy in the world, according to the 16th Annual Index of Economic Freedom, released by The Heritage Foundation and The Wall Street Journal. Hong Kong and Singapore finished 1st and 2nd in the rankings for the 16th straight year. With Australia in 3rd place and New Zealand moving up to number 4, the Asia-Pacific region boasts a clean sweep at the top. Europe registered three top 10 placements: Ireland, Denmark and Switzerland. The United Kingdom dropped out of the top 10 for the first time in Index history. The United States also dropped significantly, to 8th place.

» The fiscal deficit for 2009-10 was budgeted at a 16-year high of 6.8% of GDP. The high fiscal deficit is blamed on the measures the government took to address the demand slump that followed the global financial crisis. The high fiscal deficit is a concern as high government borrowing to meet the expenditure in excess of revenues creates competition for funds and interest rates going up due to this. High interest rates hurt rate sensitive sectors such as autos, real estate and consumer goods. Investment activity also then slows down, depressing the overall economy. At macro level, inflation goes up, currency weakens and growth is depressed. Increased interest payments leave less money with the government to make productive expenditure.

» The International Lunar Geographic Society, a New York-based organization devoted to the study of the moon, has declared that a lunar crater in the moon's Sea of Tranquillity has been christened after Shah Rukh Khan. This has been approved by the International Astronomical Union, which has a final say with regard to the naming of craters on the moon. With a crater named after him, Shah

Rukh now joins the ranks of eminent personalities like Nobel laureate C.V. Raman, father of the Indian space programme Vikram Sarabhai, father of the Indian nuclear programme Homi Bhabha and other luminaries like Meghnad Saha after whom craters have been named.



» India and China rank 123rd and 121st in pollution control, respectively, reflecting the strain rapid economic growth imposes on the environment, according to the 2010 Environmental Performance Index (EPI). Iceland leads the world in addressing pollution control and natural resource management challenges, according to the index produced by a team of environmental experts at Yale University and Columbia University. The EPI ranks 163 countries on their performance across 25 metrics aggregated into ten categories including environmental health, air quality, water resource management, biodiversity and habitat, forestry, fisheries, agriculture, and climate change. Occupying the bottom five positions are Togo, Angola, Mauritania, the Central African Republic, and Sierra Leone—countries that lack basic environmental amenities and policy capacity. The US ranks 61st, significantly behind other industrialised nations like Britain (14th), Germany (17th), and Japan (20th).

» Recovery from the global economic downturn is faster in India compared with other countries in the world as consumers here are more willing to spend, according to the Nielsen Global Consumer Confidence survey. India ranked second with 117 points in the fourth quarter of 2009, behind Indonesia, which has 119 points. Globally consumer confidence has remained stable at 87 per cent. Apart from India and Indonesia, Hong Kong, China, Singapore and Brazil are where recovery is accelerating. About 17 per cent Indians think that job prospects in the country would be 'excellent' and 66 per cent think that it would be 'good' in the next 12 months.

» Jawaharlal Nehru National Solar mission has been set-up to create an enabling policy framework for the deployment of 20,000 MW of solar power in 2020. The other objectives are: (a) Promote programmes for off-grid applications, reaching 1000 MW by 2017 and 2000 MW by 2020; (b) to create favourable conditions for solar manufacturing capability for indigenous production and market leadership; (c) to achieve 15 million sq metres solar thermal collector area by 2017 and 20 million by 2022; (d) to deploy 20 million solar lighting systems for rural areas by 2022.

» India's human and gender development record is improving, with the latest government report showing a significant increase in country's position on human (HDI) and gender related development indices. India's HDI, which was 0.530 in 1996, rose to 0.605 in 2006, while GDI score improved from 0.514 in 1996 to 0.590 a decade later. A concern, however, is the country's Gender Empowerment Measure (GEM) score, which judges women's participation in politics and decision-making, their representation in Parliament and legislatures and their control over economic resources. Gendering Human Development Index in India, released by Women and Child Development Ministry, claims GEM score of 0.497 in 2006 against 0.416 in 1996. Delhi has the highest GEM score and Nagaland the lowest. The highest GEM scorers in India are Andaman and Nicobar, Puducherry, Goa, Andhra and Himachal. The best performers on political participation of women are Punjab, Andaman and Nicobar, Himachal and Haryana. On economic empowerment of women, Chandigarh, Goa, Delhi and Punjab are the best, but in terms of control of economic resources, Meghalaya stands on top.



» The Indian School of Business (ISB) is the only one from India to find a place on the list of top 20 B-schools in the world, published by the Financial Times. ISB has improved its position to

bag the 12th spot on the list of top 100 B-Schools across the globe in 2010. The London School of Business topped the list, followed by the University of Pennsylvania and Harvard Business School. Stanford University GSB and Insead have been ranked at the fourth and fifth positions, respectively.

» The revised estimates of the national income that took into account 2004-05 prices have calculated the per capita income of India at Rs 40,14,1 in 2008-09. The old method of income calculation had pegged per capita at 37,490 for 2008-09. On an annual basis the new per capita income rose 13.3 per cent compared to the previous year (2007-08). The new series of calculating the national income changed the base year to 2004-05 from 1999-2000 earlier.

» Google has introduced a mandatory secure encryption for all users of its free email service Gmail, which will make it more difficult for hackers to break into the email accounts.

Gmail will now be accessible through what is known as the hypertext transfer protocol secure or HTTPS on internet, instead of the HTTP protocol which it was using earlier.

Under the new protocol, email data travelling between a user's browser and Google computer server will be encrypted, making it tougher for the hackers sitting on unprotected Wi-Fi to break into the user's accounts.

For users, the new encryption would result in higher level of security, similar to an online banking transaction. Hackers would also find it more challenging to steal credit card and bank statements stored by Gmail users in their mailboxes.

Thousands of users in the government departments and corporate sector across the world use Gmail for transferring official emails or storing bank confidential information. With this enablement, loss of such information or hacking of Orkut or Gmail

accounts is likely to become less frequent. Many government of India documents also get exchanged through Gmail. The ministry of external affairs has, however, banned use of such private email providers for official use.

» India is set to buy 10 C-17 Globemaster-III giant strategic aircraft, each of which comes for about \$220 million. The four-engine C-17 is capable of carrying payload of up to 78 tonnes, transport tanks and air-drop more than 100 combat-ready paratroopers directly into a battle-zone.

It can cover 2,400 nautical miles at a stretch and with mid-air refueling it can go even longer distances. The plane has the capability to take off and land on 3,000 feet or less runway, as also on a semi-prepared runway.

» On January 11, 2010, an Indian team set sail on the first Southern Ocean expedition after the Copenhagen meet — the fourth to be taken up by the National Centre for Antarctic & Ocean Research (NCAOR), Goa — to study, among other things, climate change and its impact on life.

It will also be the first time Indian scientists will be crossing the 55 degrees South latitude to go almost up to the polar region on an Indian vessel.

Sagar Nidhi, the only Indian vessel that can cut through ice, left Goa with 25 scientists for Mauritius and head farther southwards on a voyage that will last till April 2010.

The scientists will take up about 20 studies in the ocean between 35 and 66 degrees South latitudes. Prominent among them would be paleo-climatic studies that involve collecting samples from the ocean bed at a depth of up to six kilometres.

Changes in sediment formation, water mass and other parameters would be compared with previous data to ascertain the impact of climate change.



» V. K. Murthy is the first cinematographer, and second Kannadiga after Kannada movie icon Dr Raj Kumar, to get the Dada Saheb Phalke award for his contribution to the film industry.

He is known for his work in most Guru Dutt films like Sahib Biwi Aur Ghulam, Kaagaz Ke Phool and Pyaasa.

Besides Guru Dutt, Murthy also worked with Pramod Chakravorthy (Naya Zamana, Jugnu), Kamal Amrohi (Pakeezah) and Shyam Benegal (Bharat Ke Khoj, a television series).

He also shot India's first cinema-scope movies, Kagaz ke Phool and is also one of the pioneers of colour cinematography.



» Gen Vijay Kumar Singh has been appointed as the chief of Indian Army. He was born on May 10, 1951, in Bapada village of Haryana. His grandfather—Mukh Ram—was also a soldier, who rose to the

rank of Risaldar Major. His father Jagat Singh also joined the Army and retired as a Colonel.

Gen V.K. Singh, an infantry man, was commissioned into the Rajput Regiment in 1970. During his long career he has participated in the 1971 operations against Pakistan and the IPKF operations in Sri Lanka in 1988. His last posting before taking over as army chief was as the Eastern Army Commander, Kolkata. Prior to that, he commanded vital Ambala-based 2 Strike Corps of the Army.

He is also an honours graduate of the US Army Infantry School, Georgia. He studied at the Defence Services Staff College, the Army War College and the US Army War College, Carlisle.



» Burj Khalifa on January 4, 2010, blazing fireworks and dazzling lights marked the opening of the world's tallest tower, Burj Khalifa, formerly known as Burj Dubai. The \$1.5 billion, 818 metres (2,684 feet) high structure is an “unprecedented” engineering marvel.

Burj Khalifa has been designed to be the centrepiece of a large-scale, mixed-use development that will include 30,000 homes, nine hotels, 7.4 acres of parkland, at least 19 residential towers, the Dubai Mall, and the 30-acre man-made Burj Khalifa Lake.

With more than 160 stories, Burj Khalifa holds the following records:

- » Tallest building in the world
- » Tallest free-standing structure in the world
- » Highest number of stories in the world
- » Highest occupied floor in the world
- » Highest outdoor observation deck in the world
- » Elevator with the longest travel distance in the world
- » Tallest service elevator in the world

Not only is Burj Khalifa the world's tallest building, it has also broken two other impressive records: tallest structure, previously held by the KVLV-TV mast in Blanchard, North Dakota, and tallest free-standing structure, previously held by Toronto's CN Tower. The Chicago-based Council on Tall Buildings and Urban Habitat (CTBUH) has established three criteria to determine what makes a tall building tall. Burj Khalifa wins by far in all three categories.

The building has returned the location of Earth's tallest free-standing structure to the Middle East — where the Great Pyramid of Giza claimed this achievement for almost four millennia before be-

ing surpassed in 1311 by Lincoln Cathedral in England.

» In a breakthrough, Australian scientists have developed a drug that prepares the immune system to effectively fight all cold and flu infections, including swine flu virus. The Veldona lozenge, which tastes like a sweet and dissolves in the mouth, prepares the immune system to attack every cold and flu virus.

The drug, that could be taken once a day before breakfast, would prevent everyday sniffles in otherwise healthy people and life-threatening infections in the elderly.



» NASA has published the first images from its Wide-field Infrared Survey Explorer, or WISE, which has been scanning the skies since January 2010.

The images include a comet, a "star factory" 20,000 light years away in our Milky Way galaxy and our nearest large neighbour, the Andromeda spiral galaxy.

Wise will search on until October when its supplies of frozen coolant for chilling instruments will run out.

The Wide-field Infrared Survey Explorer (Wise) had blasted off from Vandenberg Air Force Base in December 2009. The probe is expected to uncover objects that have never seen before, including some of the coolest stars and the most luminous galaxies.

The \$320m mission will do this by scanning the entire sky in infrared light with sensitivity hundreds of times greater than ever before.

» Human habitation or a permanent base on the Moon could soon be a reality. After the discovery of water, scientists analysing the data of

Chandrayaan-I have now found a large cave on the lunar surface, which could possibly act as a natural shelter for humans.

This is an empty volcanic tube, measuring about two kilometre in length and 360 meters in width. Such wide tunnels could sustain underground lunar outposts, while the ceilings could help protect astronauts from space radiation, meteoroid impacts and wild temperature fluctuations (up 300 degree centigrade) that is commonplace on the lunar surface.

There are similar lava tubes on Earth. They are formed when molten rock, flowing from a volcanic eruption, cools and hardens on top while the lava underneath continues to flow. If the lava drains completely, a cavern is left. Scientists had long suspected that such rock formations existed on the moon, but lacked evidence until now.

The findings happened while the data from the TMC (Terrain Mapping Camera) was being analysed. The TMC was one of the five Indian payload that was on-board Chandrayaan-I.

» The rising number of brokerages with algorithm, or computer programme-driven trading, may turn out to be a second turning point in Indian markets after the introduction of electronic trading a decade-and-a-half ago, which closed about 20 stock exchanges and many local brokerages, but expanded the trading community and volumes by leaps and bounds.

The National Stock Exchange, which controls more than three-fourths of the trading volumes, has approved applications of 200 of its members, roughly a fourth, to trade using algorithms.

Algorithmic trading refers to automated trades executed through software programs which do not require humans to place orders. There could be thousands of programs written to buy or sell a security, currency or commodity at a particular level when one or more factors emerge. Those programs are so fast that people who look at various devel-

opments and decide trade would be left way behind because a machine has done it in milliseconds.

For example, a program could be to sell the stock futures of a particular company and buy the stock if the futures price is x% higher than the stock price. Also, it could be to compare a set of variables—if rupee is more than 45 to the dollar, and crude oil is less than \$60 per barrel—then the software would sell Infosys futures and buy HPCL shares.

Other than investors who buy for a long term and traders who buy and sell on a daily basis to profit from minor movements, there's a section, called arbitrageurs, which looks to benefit from distortions in prices despite public information.

Profits from arbitrage have slumped in the past decade as investors across the country have access to same stock prices unlike in the past where various cities had different prices at a given time for the same share. Also, the common trading cycles between the National Stock Exchange and the Bombay Stock Exchange shrank arbitrage.

Now, with software programs taking over trading, it may well just disappear.

While trading volumes could surge as fat-cat brokerages hire maths wizards from the best of institutions, it could lead to severe disturbances in the market as was the case during the credit crisis. Some experts have said the credit crisis was accentuated by algorithmic trading which triggered millions of trades due to fast-evolving developments. However, some like Goldman Sachs and JPMorgan, with superior programs, have reportedly benefited through trading even during the crisis.

Algorithmic trading can create a class conflict too between haves and have-nots of technology. There could be charges of discrimination if two members of the same exchange are not on an equal footing. Even some US legislators are planning to restrict high-speed trading.

In India it may not immediately lead to a surge in volumes since Indian markets still don't have the depth of the western markets and related markets, such as commodities and currency are controlled.



» On January 28, 2010, Vishal Mehta announced the Infibeam Pi, an e-book reader that looks like the Amazon Kindle, has the same e-Ink screen that the Kindle sports, and has a rights architecture that is more open than the Kindle. The Infibeam

Pi, which can be ordered online and is priced at Rs 10,000. The Amazon Kindle, when shipped to India, costs about Rs 18,000. The Pi reader has no wireless connectivity, however.

The Pi supports 13 Indian languages and has a micro USB port to connect to a PC. Users will need to create an account with Infibeam.com, register the device and then download the ebooks. The ebooks can be read on the PC as well as on the Pi.

The Pi can also be used to read any document (word or pdf, for instance). It can store about 600 ebooks in its internal memory. It also has space for a 4GB card—that means about 3,000 ebooks can be carried around. Pi can play music as well.

» Reinventing the wheel was not exactly what Myshkin Ingawale had in mind when he set out from NIT-Bhopal towards MIT-Massachusetts, with a stop-over at IIM Calcutta. The 27-year-old's Copenhagen Wheel, named after the Danish capital after it was unveiled during the climate summit in December 2008, could be about to do just that.

A smart disc that can be retrofitted on any bicycle, the device can boost the cycle's power and can also keep track of friends, fitness, smog and traffic. And if someone tries to steal the bike while its owner happens to be away, the device will send out an alert via a text message.

The Danish capital is set to embrace it wholeheartedly in its attempt to become the world's first carbon-neutral capital city by 2025.

Ingawale began working on the device in 2003, when he started fitting bicycles with electric motors. An early version of the device was made during his time at the National Institute of Technology campus in Bhopal, where he studied for a B.Tech in electrical engineering.

The big leap for the device and Ingawale came about when he got in touch with a team from the prestigious Massachusetts Institute of Technology (MIT) in the US, which was working on ways to make bikes efficient and green.

"From the days of the horse-drawn carriage, all we have done is replaced the horse with a beast of a different kind. Can we be creative, can we make something that radically improves things for the better? This was the motivation and thought process of the team," he says.



» Naveen Jindal, MP from Kurukshetra who fought a long legal battle to ensure that individuals can hoist the national flag too, will put up monumental flag poles with flags about 3,500 square feet in size and hoisted on 206-foot-high steel poles—all across the country.

After putting up five monumental flag poles in his own constituency, Jindal now has plans to set up many more to create awareness and generate respect for the national flag in every Indian.

Jindal's Flag Foundation of India, set up after he won the legal battle in 2005 against the government diktat that only institutions can hoist the national flag, will work with local bodies to set up these poles. He has even had the government amend the Flag Code to allow these massive flags to fly even at night, with proper illumination.

The first monumental flag pole outside Kurukshetra will come up in Angul, a tribal district in Orissa, followed by Hyderabad, Mumbai and Kanyakumari. Each project will cost Rs 40 lakh, with the pole, made of high tension steel, weighing 12.5 tonnes, and the flag, made of knitted polyester, weighing 28 kg and costing Rs 60,000.



» Sixty years after it became a Republic, India is about to share with its people the first authenticated list of martyrs, who helped it realise the dream of freedom. The list would, for the first time, cover the martyrs of 1857, recognised now as the watershed in the struggle for India's Independence.

Also, the list's focus would be the nation to avoid accusations that the existing works on martyrs are heavily tilted in favour of the North.

Till date the country had no National Register of Martyrs which could be taken as the basis of future historical research on the subject. Names that do exist in scattered works, including "Who's Who of Indian Martyrs" published by the Education Ministry in 1969, are the ones that figured in the national movements of the late 19th and 20th centuries.

However, the existing names of martyrs lacked historical referencing and could be dismissed as claims unless proved otherwise by evidence in primary sources like judicial records and jail files.

But now, thanks to experts under the Indian Council of Historical Research which is in charge of the project, India will soon have its first historically-tested list of martyrs.

» Narnaul, a non-descript village located in the backwaters of Haryana has got India's first aero sports centre, which was inaugurated by Chief Minister Bhupinder Singh Hooda, at the local air-strip on January 31, 2010. The centre, named after the late Prime Minister Rajiv Gandhi, has been set

up by the Department of Civil Aviation, Haryana, in collaboration with the Aero Club of India.



» Union Commerce and Industry Minister Anand Sharma on March 31, 2010 released the final document of FDI Policy Framework that would now comprise the single document on FDI policy and mark the inception of a whole new chapter on FDI policy.

Mr. Sharma said the current exercise had been initiated with the aim of integration of all prior regulations on FDI, contained in Foreign Exchange Management Act (FEMA), RBI circulars, and various Press Notes into one consolidated document, so as to reflect the current regulatory framework. Having a single policy platform would also ease the regulatory burden for Government. The intention of this exercise is not to make changes in the extant guidelines, but to deal with them comprehensively.



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Sports



» Sandeep Singh scored from two penalty corners as India beat fierce rival Pakistan 4-1 at the men's field hockey World Cup on 28 Feb, 2010, and European champion England had an upset 3-2 win over Australia.

In another Pool B match on the opening day, Olympic silver medalist Spain recovered from a slow start to beat South Africa 4-2.

Indian field hockey player Gurwinder Singh Chandi (L) fights for the ball with Pakistani player Sohail Abbas during their World Cup 2010 match at the Major Dhyan Chand Stadium in New Delhi. Shivendra Singh gave India the lead in the 25th minute after capitalizing on a penalty corner rebound, and Sandeep Singh made it 2-0 just before halftime with a low shot.

Prabhjot Singh struck in open play in the 37th after a pass from Arjun Halappa, and Sandeep Singh scored with a drag-flick in the 56th. Pakistan pulled one back through a penalty corner conversion by Sohail Abbas three minutes later.

It was India's first victory against Pakistan at a World Cup since 1975.

» A day after outclassing arch-rivals Pakistan, India's Hockey World Cup campaign received a setback on March 01, 2010 with centre forward Shivendra Singh being slapped a three-match sus-

pension for "deliberately hitting" Pakistan's Fareed Ahmed during the match.

The Indian team management has appealed against the punishment meted out to Shivendra, who scored the first goal in India's 4-1 triumph over Pakistan at the Major Dhyan Chand National Stadium here.

Announcing the suspension, tournament director Ken Read said Shivendra deserved a four-match ban but he reduced it to three matches.



» In 74th Senior National Badminton Championship, Chetan Anand claimed his fourth national title while Trupti Murgunde clinched her maiden one by winning the men's and women's singles finals. There was more joy for Chetan as his wife Jwala Gutta claimed a double by winning both the women's and mixed doubles finals.

» In 60th National Senior Championship BASKETBALL, Indian Railways squeezed past hosts Punjab in men's section to retain the men's title. The women's title was also won by Indian Railways who defeated Delhi in final to retain the title.

» In World CHESS Team championship Russia won the gold with 24 points. India trounced Brazil in the ninth and last round to earn a bronze. The championship was held at Bursa, Turkey.



» In Under-19 World Cup CRICKET Australia have become the first team to win the under-19 world cup thrice. They defeated Pakistan by 25 runs to win the 2010 edition. The tournament was hosted by New Zealand.

Defending champions India finished sixth after being humbled by South Africa in the fifth place play-off match.

» In Ranji Trophy, 2010 defending champions Mumbai pulled off a thrilling six-run win over Karnataka to clinch the coveted trophy for the 39th time.

» In Polly Umrigar Trophy Delhi's Vidya Jain Public School has claimed the trophy, symbol of supremacy in school cricket, defeating Presidency School, Bangalore by 54 runs.

» Sri Lanka defeated India by four wickets to win the triangular one-day series final. India had made 245 batting first and Sri Lanka surpassed the target with nine balls to spare.

» In Bangladesh-India Test series India clinched the first Test with an emphatic 113-run victory to take 1-0 lead in the two-Test series.

» In South Africa-England Test series England's last pair of Graeme Swann and Graham Onions survived 17 balls to salvage a thrilling draw in the third Test against South Africa and keep their side 1-0 ahead in the series.

South Africa won the fourth and final Test at Johannesburg by an innings and 74 runs to level the series 1-1.

» In Australia-Pakistan Test series Australia completed a remarkable Test victory over Pakistan, coming from 206 runs behind in the first innings

to win the second Test at SCG by 36 runs. Needing 176 for its first victory in Australia in 14 years, Pakistan was bundled out for 139 runs.

Australia defeated Pakistan by 231 runs in the third Test, to win the three-Test series 3-0. This was a record-equalling 12th successive win against Pakistan. The sequence, which began in November 1999, equals the longest victory string against a team in Test history. Shane Watson was declared the Man of the series.

» In Australia-Pakistan One Day series Australia completed a series whitewash after defeating Pakistan by two wickets in the fifth and final match, amid allegations of ball tampering by Shahid Afridi. Afridi was subsequently banned for two T20 matches after pleading guilty to the charges.

» Rahul Dravid is the first player ever to take 100 catches overseas for India. His overall tally of 193 catches in 139 Tests is a world record.

» In Federation Cup FOOTBALL West Bengal clinched the title by over-coming giant-killer Lajong FC of Shillong. The final was held at Guwahati, Assam.

» In Royal Trophy GOLF Europe survived a dramatic fight-back to beat holders Asia and win the Royal trophy for the third time.

» In Australian Open TENNIS, 2010 Serena Williams defeated Belgium's Justine Henin to win the women's singles title for the fifth time and her 12th Grand Slam title. With this win she drew level with Billie Jean King's record of 12 Grand Slam wins.

Roger Federer beat Andy Murray to win his fourth Australian open men's title, taking his own Grand Slam titles record to 16.

Leander Paes, with partner Cara Black, won the mixed doubles title. This was his 11th Grand Slam

title, equalling Mahesh Bhupathi's record of most wins by an Indian.

Mike and Bob Bryan won the men's doubles title. The women's doubles title was won by Serena and Venus Williams.

» In Chennai Open, 2010 defending champion Marin Cilic of Croatia retained the title with a victory over Switzerland's Stanislas Wawrinka.

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AWARDS

People Choice Awards 2010



Winner of Favorite Female Artist is Taylor Swift. Taylor has been a favorite in awards in 2009 and it seems she is still on top in 2010.

Winner of Favorite Pop Artist is Lady Gaga. Lady Gaga also won the Favorite Breakout Music Artist. Eminem/Keith Urban received the award for Favorite Male Artist. Favorite Rock Band was awarded to Paramore. Carrie Underwood won the Favorite Country Artist award. For Favorite Music Collaboration was to awarded Run This Town. Mariah Carey received the Favorite R&B Artist where she gave her memorable tipsy speech.

In the Movie section for the night Sandra Bullock received the Favorite Movie Actress and the **The Proposal** won the Favorite Comedy Movie, which Sandra played the lead.

Taylor Lautner won Favorite Breakout Movie Actor for his role in **Twilight**, **The Twilight Saga**, which also won the Favorite Movie award plus the Favorite Franchise award. The **Twilight Saga** also received the award for the Favorite On Screen Team making them the biggest winners of the night.

No Surprise in Favorite Movie Actor award goes to **Johnny Depp** with **Hugh Jackman** receiving the Favorite Action Star award. **Jim Carrey** won the Favorite Comedic Star award.

Miley Cyrus received the award for Favorite Breakout Movie Actress.

The Favorite Family Movie award went to Pixar's animated movie **Up**. While **Inglorious Basterds** received the award for Favorite Independent Movie.

Ashton Kutcher had a whole section all to himself as the Favorite Web Celeb.

For the Small Screen there were plenty of awards and winners.

Favorite Talk Show was awarded to **The Ellen DeGeneres Show**. **The Big Bang Theory** won the Favorite TV comedy award. **American Idol** was given the Favorite TV Competition show and **True Blood** won the Favorite TV Obsession. Favorite TV Drama winner was **House** and the Favorite Animal Show went to **Dog Whisperer**, Favorite Sci-Fi Fantasy Show went to **Supernatural**.

The two newcomer awards were **The Vampire Diaries** as Favorite New TV Drama and Favorite New TV Comedy was **Glee**.

TV actors deserve the same respect as movie stars seeing as they work continually. Here are the favorites on the small screen.

Katherine Heigl was awarded the Favorite TV Drama Actress award and **Hugh Laurie** won the Favorite TV Drama Actor award.

Steve Carrell was chosen as the Favorite TV Comedy Actor and **Alyson Hannigan** is the Favorite TV Comedy Actress.

Golden Globe Awards, 2010



- » Best Director: James Cameron for Avatar
- » Best Motion Picture (Drama): Avatar
- » Best Motion Picture (Musical or Comedy): The Hangover
- » Best Actor (Motion Picture Drama): Jeff Bridges for Crazy Heart
- » Best Actor (Motion Picture Musical or Comedy): Robert Downey Jr. for Sherlock Holmes
- » Best Actress (Motion Picture Drama): Sandra Bullock for The Blind Side
- » Best Actress (Motion Picture Musical or Comedy): Meryl Streep for Julie & Julia
- » Best Supporting Actor (Motion Picture): Christoph Waltz for Inglourious Basterds
- » Best Supporting Actress (Motion Picture): Mo'nikue for Precious.
- » Best Screenplay: Jason Reitman, Sheldon Turner for Up In The Air
- » Best Original Score: Michael Giacchino for Up
- » Best Original Song: "The Weary Kind" from Crazy Heart
- » Best Foreign Language Film: The White Ribbon (Das Weisse Band - Eine Deutsche Kindergeschichte) from Germany
- » Best Animated Film: Up

National Film Awards, 56th

- » Best Film: Antaheen (Bengali)
- » Best Direction: Bala for Naan Kadavul (Tamil)
- » Best Popular Film Providing Wholesome Entertainment: Oye Lucky! Lucky Oye!
- » Best Children's Film: Gubbachigalu (Kannada)
- » Best Film on Family Welfare: Little Zizou (English, Gujarati)
- » Best Actor: Upendra Limaye for Jogwa (Marathi)
- » Best Actress: Priyanka Chopra for Fashion » (Hindi)
- » Best Supporting Actor: Arjun Rampal for Rock On!! (Hindi)
- » Best Supporting Actress: Kangana Ranaut for Fashion (Hindi)
- » Indira Gandhi Award for Best First Film of a Director: A Wednesday (Hindi)
- » Nargis Dutt Award (for Best Feature Film on » National Integration): Aai Kot Nai (Assamese)
- » Best Child Artist: Shams Patel
- » Best Cinematography: Avik Mukhopadhyay for Antaheen (Bengali)
- » Best Screenplay: Sachin Kundalkar for Gandha (Marathi)
- » Best Art Direction: Gautam Sen for Firaag
- » Best Make-up Artist: V. Moorthy for Naan Kadaul (Tamil)
- » Best Costume Design: Neeta Lulla for Jodhaa Akbar
- » Best Music Direction: Ajay Atul for Jogwa (Marathi)
- » Best Lyrics: Antaheen (Bengali)
- » Best Male Playback Singer: Hariharan for Jogwa (Marathi)
- » Best Female Playback Singer: Shreya Ghoshal for Antaheen (Bengali)
- » Best Choreography: Chinni Prakash and Rekha Prakash for Jodha Akbar

- » **Best Audiography:** Pramod J. Thomas for *Gandha* (Marathi)
- » **Best Editing:** A. Sreekar Prasad for *Firaaq* (Hindi)
- » **Best Special Effects:** Govardhan (*Tata Elxsi Mumbai Meri Jaan* (Hindi))
- » **Special Jury Award/Special Mention (Feature Film):** Bioscope

Republic Day Awards, 2010



Padma Vibhushan: Nobel laureate of Indian origin Venkatraman Ramakrishnan, Apollo Hospitals chief Pratap Reddy, former RBI Governor Y.V. Reddy, Zohra Segal, Ebrahim Alkazi and noted Mridangam Carnatic artist Umayalpuram K. Sivaraman.

Padma Bhushan: Music maestro A.R. Rahman, Music maestro Illaiyaraaja, Bollywood actor Aamir Khan and controversial Indian origin businessman Sant Singh Chatwal, Prime Minister Manmohan Singh's cardiac surgeon R.M. Panda, eminent neurosurgeon Satya Paul Agarwal, prominent industrialist from Punjab S.P. Oswal, Manvinder Singh Banga, eminent journalist Fareed Zakaria and real estate czar K.P. Singh were among the 43 winners.

Padma Shri: Cricketer Virendra Sehwag, hockey player Ignace Turkey, Formula One driver Narain Kartikeyan, badminton star Saina Nehwal, boxer Vijender Singh, Sachin Tendulkar's 'guru' Ramakant Achrekar, Yesteryear Bollywood diva Rekha, Oscar winner sound recordist Resul Pokutty and actor Saif Ali Khan were among 83 winners.

Bravery Awards, 2010

Kirti Chakra: Rukhsana Kausar and her brother Aijaz Ahmad have been awarded the second highest gallantry award in peacetime, for their act of bravery in killing a Lashkar-e-Taiba (LeT) commander in their Morha Kalsi village in Jammu and Kashmir in 2009.

Tagore Literature Award, 2009

Noted Kashmiri poet Naseem Shafai has been conferred the prestigious "Tagore Literature Award" by the Sahitya Akademi for her outstanding contribution in Kashmiri literature, especially poetry.

The award has been instituted by the Akademi at the initiation of the Korean government and the Embassy of Korea in Delhi.

Naseem was selected for this honour for her poetic collection, "Na Thsay Na Aks" (Neither shadow nor reflection). She has become the first women poet from Kashmir to be honoured by the Akademi. This was the second collection of Naseem's poetry after "Derche Machrith" (open windows) in 1999.

Jeevan Raksha Padaks, 2010

Sarvottam Jeevan Raksha Padak: Braveheart Rukhsana Kauser and Delhi's Narender Kaushik (posthumously) have been selected for Sarvottam Jeevan Raksha Padak for their conspicuous courage in saving life under circumstances of very great danger to the life of the rescuer.

Rukhsana, 22, had killed a top Pakistani militant and injured another at Kalsian village in Rajouri district on the night of September 27 2009.

Uttam Jeevan Raksha Padak: The winners include Syed Areef Sujauddin from Andhra Pradesh, Umman Antony from Kerala, Rajan Kamble from Maharashtra (all posthumously), besides Karanbir Singh Kang from Maharashtra and Prachi Santosh

Sen from Madhya Pradesh.

Kang, who lost his wife and two children in the 26\11 Mumbai attacks, had rescued many from Taj hotel and never dithered from doing his duty.

Jeevan Raksha Padak series of awards are meant for meritorious act of humane nature in saving the life of a person in three categories: Sarvottam Jeevan Raksha Padak, Uttam Jeevan Raksha Padak and Jeevan Raksha Padak.

Dada Saheb Phalke Award, 2008

V.K. Murthy, the ace cinematographer of Guru Dutt's films who is best known for his camera work in Chaudvin ka Chand and Pakeezah, has been honoured with the award. He is the first cinematographer to get the award.



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Civil Services Preliminary Examination 2010

Study Material for Indian Economy

The economy of India is the twelfth largest economy in the world by nominal value and the fourth largest by purchasing power parity (PPP). In the 1990s, following economic reform from the socialist-inspired economy of post-independence India, the country began to experience rapid economic growth, as markets opened for international competition and investment.

In the 21st century, India is an emerging economic power with vast human and natural resources, and a huge knowledge base. Economists predict that by 2020, India will be among the leading economies of the world.

India was under social democratic-based policies from 1947 to 1991. The economy was characterised by extensive regulation, protectionism, and public ownership, leading to pervasive corruption and slow growth. Since 1991, continuing economic liberalisation has moved the economy towards a market-based system.

A revival of economic reforms and better economic policy in 2000s accelerated India's economic growth rate. By 2008, India had established itself as the world's second-fastest growing major economy. However, the year 2009 saw a significant slowdown in India's official GDP growth rate to 6.1% as well as the return of a large projected fiscal deficit of 10.3% of GDP, which would be among the highest in the world.

India's large service industry accounts for 62.6% of the country's GDP while the industrial and agricultural sector contribute 20% and 17.5% respectively. Agriculture is the predominant occupation in India, accounting for about 52% of employment.

The service sector makes up a further 34%, and industrial sector around 14%. The labor force totals half a billion workers. Major agricultural products include rice, wheat, oilseed, cotton, jute, tea, sugarcane, potatoes, cattle, water buffalo, sheep, goats, poultry and fish. Major industries include telecommunications, textiles, chemicals, food processing, steel, transportation equipment, cement, mining, petroleum, machinery, information technology enabled services and software.

India's per capita income (nominal) is \$1032, ranked 139th in the world, while its per capita (PPP) of US\$2,932 is ranked 128th. Previously a closed economy, India's trade has grown fast. India currently accounts for 1.5% of World trade as of 2007 according to the WTO.

According to the World Trade Statistics of the WTO in 2006, India's total merchandise trade (counting exports and imports) was valued at \$294 billion in 2006 and India's services trade inclusive of export and import was \$143 billion.

Thus, India's global economic engagement in 2006 covering both merchandise and services trade was of the order of \$437 billion, up by a record 72% from a level of \$253 billion in 2004. India's trade has reached a still relatively moderate share 24% of GDP in 2006, up from 6% in 1985.

Despite robust economic growth, India continues to face many major problems. The recent economic development has widened the economic inequality across the country. Despite sustained high economic growth rate, approximately 80% of its population lives on less than \$2 a day (PPP).

Even though the arrival of Green Revolution brought end to famines in India, 40% of children under the age of three are underweight and a third of all men and women suffer from chronic energy deficiency.

Economic History

India's economic history can be broadly divided into three eras, beginning with the pre-colonial period lasting up to the 18th century. The advent of British colonisation started the colonial period in the early 19th century, which ended with independence in 1947. The third period stretches from independence in 1947 until now.

The citizens of the Indus Valley civilisation, were a permanent settlement and they did not like fish, that flourished between 2800 BC and 1800 BC, practiced agriculture, domesticated animals, used uniform weights and measures, made tools and weapons, and traded with other cities.

Evidence of well-planned streets, a drainage system and water supply reveals their knowledge of urban planning, which included the world's first urban sanitation systems and the existence of a form of municipal government.

The 1872 census revealed that 99.3% of the population of the region constituting present-day India resided in villages, whose economies were largely isolated and self-sustaining, with agriculture the predominant occupation.

This satisfied the food requirements of the village and provided raw materials for hand-based industries, such as textiles, food processing and crafts. Although many kingdoms and rulers issued coins, barter was prevalent. Villages paid a portion of their agricultural produce as revenue to the rulers, while its craftsmen received a part of the crops at harvest time for their services.

Religion, especially Hinduism, and the caste and the joint family systems, played an influential role in shaping economic activities. The caste system

functioned much like medieval European guilds, ensuring the division of labour, providing for the training of apprentices and, in some cases, allowing manufacturers to achieve narrow specialization. For instance, in certain regions, producing each variety of cloth was the specialty of a particular sub-caste.

Textiles such as muslin, Calicos, shawls, and agricultural products such as pepper, cinnamon, opium and indigo were exported to Europe, the Middle East and South East Asia in return for gold and silver.

Assessment of India's pre-colonial economy is mostly qualitative, owing to the lack of quantitative information. One estimate puts the revenue of Akbar's Mughal Empire in 1600 at £17.5 million, in contrast with the total revenue of Great Britain in 1800, which totaled £16 million.

India, by the time of the arrival of the British, was a largely traditional agrarian economy with a dominant subsistence sector dependent on primitive technology. It existed alongside a competitively developed network of commerce, manufacturing and credit. After the decline of the Mughals, western, central and parts of south and north India were integrated and administered by the Maratha Empire.

The Maratha Empire's budget in 1740s, at its peak, was Rs. 100 million. After the loss at Panipat, the Maratha Empire disintegrated into confederate states of Gwalior, Baroda, Indore, Jhansi, Nagpur, Pune and Kolhapur.

Gwalior state had a budget of Rs. 30M. However, at this time, British East India company entered the Indian political theatre. Until 1857, when India was firmly under the British crown, the country remained in a state of political instability due to internecine wars and conflicts.

Colonial

Company rule in India brought a major change in the taxation environment from revenue taxes to property taxes, resulting in mass impoverishment and destitution of majority of farmers and led to numerous famines.

The economic policies of the British Raj effectively bankrupted India's large handicrafts industry and caused a massive drain of India's resources. Indian Nationalists employed the successful Swadeshi movement, as strategy to diminish British economic superiority by boycotting British products and the reviving the market for domestic-made products and production techniques.

India had become a strong market for superior finished European goods. This was because of vast gains made by the Industrial revolution in Europe, the effects of which was deprived to Colonial India.

The Nationalists had hoped to revive the domestic industries that were badly effected by policies implemented by British Raj which had made them uncompetitive to British made goods.

An estimate by Cambridge University historian Angus Maddison reveals that "India's share of the world income fell from 22.6% in 1700, comparable to Europe's share of 23.3%, to a low of 3.8% in 1952".

It also created an institutional environment that, on paper, guaranteed property rights among the colonizers, encouraged free trade, and created a single currency with fixed exchange rates, standardized weights and measures, capital markets. It also established a well-developed system of railways and telegraphs, a civil service that aimed to be free from political interference, a common-law and an adversarial legal system.

India's colonisation by the British coincided with major changes in the world economy

industrialisation, and significant growth in production and trade. However, at the end of colonial rule, India inherited an economy that was one of the poorest in the developing world, with industrial development stalled, agriculture unable to feed a rapidly growing population, India had one of the world's lowest life expectancies, and low rates for literacy.

The impact of the British rule on India's economy is a controversial topic. Leaders of the Indian independence movement, and left-nationalist economic historians have blamed colonial rule for the dismal state of India's economy in its aftermath and that financial strength required for Industrial development in Europe was derived from the wealth taken from Colonies in Asia and Africa.

At the same time right-wing historians have countered that India's low economic performance was due to various sectors being in a state of growth and decline due to changes brought in by colonialism and a world that was moving towards industrialization and economic integration.

Independence to 1991

Indian economic policy after independence was influenced by the colonial experience and by those leaders' exposure to Fabian socialism. Policy tended towards protectionism, with a strong emphasis on import substitution, industrialization, state intervention in labor and financial markets, a large public sector, business regulation, and central planning.

Five-Year Plans of India resembled central planning in the Soviet Union. Steel, mining, machine tools, water, telecommunications, insurance, and electrical plants, among other industries, were effectively nationalized in the mid-1950s. Elaborate licenses, regulations and the accompanying red tape, commonly referred to as Licence Raj, were required to set up business in India between 1947 and 1990.

Jawaharlal Nehru, the first prime minister, along with the statistician Prasanta Chandra Mahalanobis, carried on by Indira Gandhi formulated and oversaw economic policy. They expected favorable outcomes from this strategy, because it involved both public and private sectors and was based on direct and indirect state intervention, rather than the more extreme Soviet-style central command system.

The policy of concentrating simultaneously on capital- and technology-intensive heavy industry and subsidizing manual, low-skill cottage industries was criticized by economist Milton Friedman, who thought it would waste capital and labour, and retard the development of small manufacturers.

The rate from 1947–80 was derisively referred to as the Hindu rate of growth, because of the unfavourable comparison with growth rates in other Asian countries, especially the "East Asian Tigers".

The Rockefeller Foundation's research in high-yielding varieties of seeds, their introduction after 1965 and the increased use of fertilizers and irrigation are known collectively as the Green Revolution in India, which provided the increase in production needed to make India self-sufficient in food grains, thus improving agriculture in India. Famine in India, once accepted as inevitable, has not returned since the end of colonial.

Since 1991

The economic liberalisation in India refers to ongoing reforms in India that started in 1991. After Independence in 1947, India adhered to socialist policies. In the 1980s, Prime Minister Rajiv Gandhi initiated some reforms. In 1991, after the International Monetary Fund (IMF) had bailed out the bankrupt state, the government of P. V. Narasimha Rao and his finance minister Manmohan Singh started breakthrough reforms.

The new policies included opening for international trade and investment, deregulation, initiation of privatization, tax reforms, and inflation-controlling measures. The overall direction of liberalisation has since remained the same, irrespective of the ruling party, although no party has yet tried to take on powerful lobbies such as the trade unions and farmers, or contentious issues such as reforming labor laws and reducing agricultural subsidies.

As of 2009, about 300 million people equivalent to the entire population of the United States have escaped extreme poverty. The fruits of liberalisation reached their peak in 2007, with India recording its highest GDP growth rate of 9%. With this, India became the second fastest growing major economy in the world, next only to China.

An Organisation for Economic Co-operation and Development (OECD) report states that the average growth rate 7.5% will double the average income in a decade, and more reforms would speed up the pace.

Indian government coalitions have been advised to continue liberalisation. India grows at slower pace than China, which had liberalised economy in 1978.

Pre-liberalisation policies

Indian economic policy after independence was influenced by the colonial experience (which was seen by Indian leaders as exploitative in nature) and by those leaders' exposure to Fabian socialism. Policy tended towards protectionism, with a strong emphasis on import substitution, industrialization, state intervention in labor and financial markets, a large public sector, business regulation, and central planning.

Five-Year Plans of India resembled central planning in the Soviet Union. Steel, mining, machine tools, water, telecommunications, insurance, and electrical plants, among other industries, were effectively nationalized in the mid-1950s.

Elaborate licences, regulations and the accompa-

nying red tape, commonly referred to as Licence Raj, were required to set up business in India between 1947 and 1990.

Impact

The low annual growth rate of the economy of India before 1980, which stagnated around 3.5% from 1950s to 1980s, while per capita income averaged 1.3%. At the same time, Pakistan grew by 5%, Indonesia by 9%, Thailand by 9%, South Korea by 10% and in Taiwan by 12%.

Only four or five licences would be given for steel, power and communications. License owners built up huge powerful empires.

A huge public sector emerged. State-owned enterprises made large losses.

Infrastructure investment was poor because of the public sector monopoly.

License Raj established the "irresponsible, self-perpetuating bureaucracy that still exists throughout much of the country and corruption flourished under this system.

1984-89

In the 80s, the government led by Rajiv Gandhi started light reforms. The government slightly reduced License Raj and also promoted the growth of the telecommunications and software industries. The Vishwanath Pratap Singh government (1989–1990) and Chandra Shekhar government (1990–1991) did not add any significant reforms.

Crisis (1991-1996)

The assassination of prime minister Indira Gandhi in 1984, and later of her son Rajiv Gandhi in 1991, crushed international investor confidence on the economy that was eventually pushed to the brink by the early 1990s.

As of 1991, India still had a fixed exchange rate

system, where the rupee was pegged to the value of a basket of currencies of major trading partners. India started having balance of payments problems since 1985, and by the end of 1990, it was in a serious economic crisis.

The government was close to default, its central bank had refused new credit and foreign exchange reserves had reduced to the point that India could barely finance three weeks' worth of imports.

Reforms

The Government of India headed by Narasimha Rao decided to usher in several reforms that are collectively termed as liberalisation in the Indian media. Narasimha Rao appointed Manmohan Singh as a special economical advisor to implement liberalisation.

The reforms progressed furthest in the areas of opening up to foreign investment, reforming capital markets, deregulating domestic business, and reforming the trade regime. Liberalisation has done away with the Licence Raj (investment, industrial and import licensing) and ended many public monopolies, allowing automatic approval of foreign direct investment in many sectors.

Rao's government's goals were reducing the fiscal deficit, privatization of the public sector, and increasing investment in infrastructure. Trade reforms and changes in the regulation of foreign direct investment were introduced to open India to foreign trade while stabilizing external loans.

Rao's finance minister, Manmohan Singh, an acclaimed economist, played a central role in implementing these reforms. New research suggests that the scope and pattern of these reforms in India's foreign investment and external trade sectors followed the Chinese experience with external economic reforms.

In the industrial sector, industrial licensing was cut, leaving only 18 industries subject to licensing. Industrial regulation was rationalized. Abolishing in 1992 the Controller of Capital Is-

sues which decided the prices and number of shares that firms could issue.

Introducing the SEBI Act of 1992 and the Security Laws (Amendment) which gave SEBI the legal authority to register and regulate all security market intermediaries.

Starting in 1994 of the National Stock Exchange as a computer-based trading system which served as an instrument to leverage reforms of India's other stock exchanges. The NSE emerged as India's largest exchange by 1996.

Reducing tariffs from an average of 85 percent to 25 percent, and rolling back quantitative controls. (The rupee was made convertible on trade account.)

Encouraging foreign direct investment by increasing the maximum limit on share of foreign capital in joint ventures from 40 to 51 percent with 100 percent foreign equity permitted in priority sectors.

Streamlining procedures for FDI approvals, and in at least 35 industries, automatically approving projects within the limits for foreign participation. Opening up in 1992 of India's equity markets to investment by foreign institutional investors and permitting Indian firms to raise capital on international markets by issuing Global Depository Receipts (GDRs).

Marginal tax rates were reduced.

Privatization of large, inefficient and loss-inducing government corporations was initiated.

Later Reforms

Atal Bihari Vajpayee's administration surprised many by continuing reforms, when it was at the helm of affairs of India for five years.

The Vajpayee administration continued with

privatization, reduction of taxes, a sound fiscal policy aimed at reducing deficits and debts and increased initiatives for public works.

The UF government attempted a progressive budget that encouraged reforms, but the 1997 Asian financial crisis and political instability created economic stagnation.

Strategies like forming Special Economic Zones - tax amenities, good communications infrastructure, low regulation to encourage industries has paid off in many parts of the country.

The Golden Quadrilateral project aimed to link India's corners with a network of modern highways.

Impact of Reforms

The impact of these reforms may be gauged from the fact that total foreign investment (including foreign direct investment, portfolio investment, and investment raised on international capital markets) in India grew from a minuscule US \$132 million in 1991-92 to \$5.3 billion in 1995-96.

Cities like Gurgaon, Bangalore, Hyderabad, Pune and Ahmedabad have risen in prominence and economic importance, became centres of rising industries and destination for foreign investment and firms.

Economic Development in India

The economic development in India followed a socialist-inspired policy for most of its independent history, including state-ownership of many sectors; extensive regulation and red tape known as "Licence Raj"; and isolation from the world economy. India's per capita income increased at only around 1% annualized rate in the three decades after Independence.

Since the mid-1980s, India has slowly opened up

its markets through economic liberalization. After more fundamental reforms since 1991 and their renewal in the 2000s, India has progressed towards a market-based system.

In the late 2000s, India's growth has reached 7.5%, which will double the average income in a decade. Analysts say that if India pushed more fundamental market reforms, it could sustain the rate and even reach the government's 2011 target of 10%. States have large responsibilities over their economies. The annualized 1999-2008 growth rates for Gujarat (8.8%), Haryana (8.7%), or Delhi (7.4%) were significantly higher than for Bihar (5.1%), Uttar Pradesh (4.4%), or Madhya Pradesh (3.5%). India is the twelfth-largest economy in the world and the fourth largest by purchasing power parity adjusted exchange rates (PPP). On per capita basis, it ranks 128th in the world or 118th by PPP. Although living standards are rising fast, 75.6% of the population still lives on less than \$2 a day (PPP, around \$0.5 in nominal terms), compared to 73.0% in Sub-Saharan Africa. In terms of occupation, two-thirds of the Indian workforce earn their livelihood directly or indirectly through agriculture in rural villages. As a proportion of GDP, towns and cities make over two thirds of the Indian economy. The progress of economic reforms in India is followed closely. The World Bank suggests that the most important priorities are public sector reform, infrastructure, agricultural and rural development, removal of labor regulations, reforms in lagging states, and HIV/AIDS. India ranked 120th on the Ease of Doing Business Index in 2008, compared with 83rd for China and 122nd for Brazil.

Agriculture

India ranks second worldwide in farm output. Agriculture and allied sectors like forestry, logging and fishing accounted for 18.6% of the GDP in 2005, employed 60% of the total workforce and despite a steady decline of its share in the GDP, is still the largest economic sector and plays a significant role in the overall socio-economic development of India.

Yields per unit area of all crops have grown since

1950, due to the special emphasis placed on agriculture in the five-year plans and steady improvements in irrigation, technology, application of modern agricultural practices and provision of agricultural credit and subsidies since the green revolution.

India is the largest producer in the world of milk, cashew nuts, coconuts, tea, ginger, turmeric and black pepper. It also has the world's largest cattle population (193 million).

It is the second largest producer of wheat, rice, sugar, groundnut and inland fish. It is the third largest producer of tobacco. India accounts for 10% of the world fruit production with first rank in the production of banana and sapota.

The required level of investment for the development of marketing, storage and cold storage infrastructure is estimated to be huge. The government has implemented various schemes to raise investment in marketing infrastructure.

Among these schemes are Construction of Rural Go downs, Market Research and Information Network, and Development / Strengthening of Agricultural Marketing Infrastructure, Grading and Standardization.

Main problems in the agricultural sector, as listed by the World Bank, are:

- » India's large agricultural subsidies are hampering productivity-enhancing investment.
- » Over regulation of agriculture has increased costs, price risks and uncertainty.
- » Government interventions in labor, land, and credit markets.
- » Inadequate infrastructure and services.

Research and Development

The Indian Agricultural Research Institute (IARI),

established in 1905, was responsible for the research leading to the "Indian Green Revolution" of the 1970s. The Indian Council of Agricultural Research (ICAR) is the apex body in agriculture and related allied fields, including research and education.

The Union Minister of Agriculture is the President of the ICAR. The Indian Agricultural Statistics Research Institute develops new techniques for the design of agricultural experiments, analyses data in agriculture, and specializes in statistical techniques for animal and plant breeding.

Prof. M.S. Swaminathan is known as "Father of the Green Revolution" and heads the MS Swaminathan Research Foundation. He is known for his advocacy of environmentally sustainable agriculture and sustainable food security.

Industrial Output

India is fourteenth in the world in factory output. Manufacturing sector in addition to mining, quarrying, electricity and gas together account for 27.6% of the GDP and employ 17% of the total workforce.

Economic reforms introduced after 1991 brought foreign competition, led to privatisation of certain public sector industries, opened up sectors hitherto reserved for the public sector and led to an expansion in the production of fast-moving consumer goods.

Post-liberalisation, the Indian private sector, which was usually run by oligopolies of old family firms and required political connections to prosper was faced with foreign competition, including the threat of cheaper Chinese imports. It has since handled the change by squeezing costs, revamping management, focusing on designing new products and relying on low labour costs and technology.

Services

India is fifteenth in services output. Service industry employs 23% of the work force and is growing quickly, with a growth rate of 7.5% in 1991–2000, up from 4.5% in 1951–80. It has the largest share in the GDP, accounting for 53.8% in 2005 up from 15% in 1950.

Business services (information technology, information technology enabled services, business process outsourcing) are among the fastest growing sectors contributing to one third of the total output of services in 2000.

The growth in the IT sector is attributed to increased specialisation and availability of a large pool of low cost, highly skilled, educated and fluent English-speaking workers on the supply side and on the demand side, has increased demand from foreign consumers interested in India's service exports or those looking to outsource their operations. India's IT industry, despite contributing significantly to its balance of payments, accounts for only about 1% of the total GDP or 1/50th of the total services.

The ITES-BPO sector has become a big employment generator especially amongst young college graduates. The number of professionals employed by IT and ITES sectors is estimated at around 1.3 million as on March 2006. Also, Indian IT-ITES is estimated to have helped create an additional 3 million job opportunities through indirect and induced employment.

Banking and Finance

Since liberalisation, the government has approved significant banking reforms. While some of these relate to nationalised banks (like encouraging mergers, reducing government interference and increasing profitability and competitiveness), other reforms have opened up the banking and insurance sectors to private and foreign players.

Currently, in 2007, banking in India is generally

mature in terms of supply, product range and reach-even, though reach in rural India still remains a challenge for the private sector and foreign banks.

In terms of quality of assets and capital adequacy, Indian banks are considered to have clean, strong and transparent balance sheets relative to other banks in comparable economies of Asia. The Reserve Bank of India is an autonomous body, with minimal pressure from the government. The stated policy of the Bank on the Indian Rupee is to manage volatility but without any fixed exchange rate. Currently, India has 88 scheduled commercial banks (SCBs) 28 public sector banks (that is with the Government of India holding a stake), 29 private banks (these do not have government stake; they may be publicly listed and traded on stock exchanges) and 31 foreign banks.

They have a combined network of over 53,000 branches and 17,000 ATMs. The public sector banks hold over 75% of total assets of the banking industry, with the private and foreign banks holding 18.2% and 6.5% respectively.

India's Resource Consumption

OIL

India had about 5.6 billion barrels (890,000,000 m³) of proven oil reserves as of January 2007, which is the second-largest amount in the Asia-Pacific region behind China.

Most of India's crude oil reserves are located in the western coast (Mumbai High) and in the north-eastern parts of the country, although considerable undeveloped reserves are also located in the offshore Bay of Bengal and in the state of Rajasthan. The combination of rising oil consumption and fairly unwavering production levels leaves India highly dependent on imports to meet the consumption needs. In 2006, India produced an average of about 846,000 barrels per day (bbl/d) of total oil

liquids, of which 77%, or 648,000 bbl/d (103,000 m³/d), was crude oil. During 2006, India consumed an estimated 2.63 Mbbbl/d (418,000 m³/d) of oil.

The Energy Information Administration (EIA) estimates that India registered oil demand growth of 100,000 bbl/d (16,000 m³/d) during 2006. EIA forecasts suggest that country is likely to experience similar gains during 2007 and 2008.

Sector Organisation

India's oil sector is dominated by state-owned enterprises, although the government has taken steps in past recent years to deregulate the hydrocarbons industry and support greater foreign involvement.

India's state-owned Oil and Natural Gas Corporation (ONGC) is the largest oil company, and also the country's largest company overall by market capitalization. ONGC is the leading player in India's upstream sector, accounting for roughly 75% of the country's oil output during 2006, as per Indian government estimates.

As a net importer of oil, the Government of India has introduced policies aimed at growing domestic oil production and oil exploration activities.

As part of the effort, the Ministry of Petroleum and Natural Gas crafted the New Exploration License Policy (NELP) in 2000, which permits foreign companies to hold 100% equity possession in oil and natural gas projects.

However, to date, only a handful of oil fields are controlled by foreign firms. India's downstream sector is also dominated by state-owned entities, though private companies have enlarged their market share in past recent years.

Natural Gas

As per the Oil and Gas Journal, India had 38 trillion cubic feet of confirmed natural gas reserves as of January 2007. A huge mass of India's natural gas production comes from the western offshore regions, particularly the Mumbai High complex.

The onshore fields in Assam, Andhra Pradesh, and

Gujarat states are also major producers of natural gas. As per EIA data, India produced 996 billion cubic feet (Bcf) of natural gas in 2004.

India imports small amounts of natural gas. In 2004, India consumed about $1,089 \times 10^9$ cu ft (3.08×10^{10} m³) of natural gas, the first year in which the country showed net natural gas imports. During 2004, India imported 93×10^9 cu ft (2.6×10^9 m³) of liquefied natural gas (LNG) from Qatar.

Sector Organization

As in the oil sector, India's state-owned companies account for the bulk of natural gas production. ONGC and Oil India Ltd. (OIL) are the leading companies with respect to production volume, while some foreign companies take part in upstream developments in joint-ventures and production sharing contracts (PSCs).

Reliance Industries, a privately-owned Indian company, will also have a bigger role in the natural gas sector as a result of a large natural gas find in 2002 in the Krishna Godavari basin.

The Gas Authority of India Ltd. (GAIL) holds an effective control on natural gas transmission and allocation activities. In December 2006, the Minister of Petroleum and Natural Gas issued a new policy that allows foreign investors, private domestic companies, and national oil companies to hold up to 100% equity stakes in pipeline projects.

While GAIL's domination in natural gas transmission and allocation is not ensured by statute, it will continue to be the leading player in the sector because of its existing natural gas infrastructure.

Pharmaceuticals

India has a self-reliant Pharmaceuticals industry. The majority of its medical consumables are produced domestically. Pharmaceutical Industry in India is dotted with companies like Ranbaxy Laboratories, Dr. Reddy's Laboratories, Cipla which have created a niche for themselves at world level. Today, India is an exporter of countries like United

States and Russia. In terms of the global market, India currently holds a modest 1-2% share, but it has been growing at approximately 10% per year. Indian Pharmaceutical Industry is often compared to Pharmaceutical Industry in the USA.

External Trade And Investment

(Global Trade Relations)

India's economy is mostly dependent on its large internal market with external trade accounting for just 20% of the country's GDP. In 2008, India accounted for 1.45% of global merchandise trade and 2.8% of global commercial services export.

Until the liberalization of 1991, India was largely and intentionally isolated from the world markets, to protect its economy and to achieve self-reliance. Foreign trade was subject to import tariffs, export taxes and quantitative restrictions, while foreign direct investment (FDI) was restricted by upper-limit equity participation, restrictions on technology transfer, export obligations and government approvals; these approvals were needed for nearly 60% of new FDI in the industrial sector.

The restrictions ensured that FDI averaged only around US\$200 million annually between 1985 and 1991; a large percentage of the capital flows consisted of foreign aid, commercial borrowing and deposits of non-resident Indians.

India's exports were stagnant for the first 15 years after independence, due to the predominance of tea, jute and cotton manufactures, demand for which was generally inelastic. Imports in the same period consisted predominantly of machinery, equipment and raw materials, due to nascent industrialization.

Since liberalization, the value of India's international trade has become more broad-based and has risen to Rs. 63,080,109 crores in 2003-04 from Rs.1,250 crores in 1950-51. India's major trading

partners are China, the US, the UAE, the UK, Japan and the EU.

The exports during April 2007 were \$12.31 billion up by 16% and import were \$17.68 billion with an increase of 18.06% over the previous year. In 2006-07, major export commodities included engineering goods, petroleum products, chemicals and pharmaceuticals, gems and jewellery, textiles and garments, agricultural products, iron ore and other minerals.

Major import commodities included crude oil and related products, machinery, electronic goods, gold and silver.

India is a founding-member of General Agreement on Tariffs and Trade (GATT) since 1947 and its successor, the WTO. While participating actively in its general council meetings, India has been crucial in voicing the concerns of the developing world.

For instance, India has continued its opposition to the inclusion of such matters as labour and environment issues and other non-tariff barriers into the WTO policies.

Balance of Payments

Since independence, India's balance of payments on its current account has been negative. Since liberalisation in the 1990s (precipitated by a balance of payment crisis), India's exports have been consistently rising, covering 80.3% of its imports in 2002-03, up from 66.2% in 1990-91. India's growing oil import bill is seen as the main driver behind the large current account deficit.

In 2007-08, India imported 120.1 million tonnes of crude oil, more than 3/4th of the domestic demand, at a cost of \$61.72 billion.

Although India is still a net importer, since 1996-97 its overall balance of payments (i.e., including the capital account balance) has been positive,

largely on account of increased foreign direct investment and deposits from non-resident Indians; until this time, the overall balance was only occasionally positive on account of external assistance and commercial borrowings. As a result, India's foreign currency reserves stood at \$285 billion in 2008.

Due to the global late-2000s recession, both Indian exports and imports declined by 29.2% and 39.2% respectively in June 2009. The steep decline was because countries hit hardest by the global recession, such as United States and members of the European Union, account for more than 60% of Indian exports.

However, since the decline in imports was much sharper compared to the decline in exports, India's trade deficit reduced to 252.5 billion rupee.

India's reliance on external assistance and commercial borrowings has decreased since 1991-92, and since 2002-03, it has gradually been repaying these debts. Declining interest rates and reduced borrowings decreased India's debt service ratio to 4.5% in 2007.

In India, External Commercial Borrowings (ECBs) are being permitted by the Government for providing an additional source of funds to Indian corporates. The Ministry of Finance monitors and regulates these borrowings (ECBs) through ECB policy guidelines.

Foreign Direct Investment in India

As the fourth-largest economy in the world in PPP terms, India is a preferred destination for foreign direct investments (FDI); India has strengths in telecommunication, information technology and other significant areas such as auto components, chemicals, apparels, pharmaceuticals, and jewellery.

Despite a surge in foreign investments, rigid FDI

policies resulted in a significant hindrance. However, due to some positive economic reforms aimed at deregulating the economy and stimulating foreign investment, India has positioned itself as one of the front-runners of the rapidly growing Asia Pacific Region.

India has a large pool of skilled managerial and technical expertise. The size of the middle-class population stands at 300 million and represents a growing consumer market.

The inordinately high investment from Mauritius is due to routing of international funds through the country given significant capital gains tax advantages; double taxation is avoided due to a tax treaty between India and Mauritius, and Mauritius is a capital gains tax haven, effectively creating a zero-taxation FDI channel.

India's recently liberalized FDI policy (2005) allows up to a 100% FDI stake in ventures. Industrial policy reforms have substantially reduced industrial licensing requirements, removed restrictions on expansion and facilitated easy access to foreign technology and foreign direct investment FDI.

The upward moving growth curve of the real-estate sector owes some credit to a booming economy and liberalized FDI regime. In March 2005, the government amended the rules to allow 100 per cent FDI in the construction business.

This automatic route has been permitted in townships, housing, built-up infrastructure and construction development projects including housing, commercial premises, hotels, resorts, hospitals, educational institutions, recreational facilities, and city- and regional-level infrastructure.

A number of changes were approved on the FDI policy to remove the caps in most sectors. Fields which require relaxation in FDI restrictions include civil aviation, construction development, industrial parks, petroleum and natural gas, commodity exchanges, credit-information services and mining.

But this still leaves an unfinished agenda of permitting greater foreign investment in politically sensitive areas such as insurance and retailing.

FDI inflows into India reached a record \$19.5 billion in fiscal year 2006-07 (April-March), according to the government's Secretariat for Industrial Assistance. This was more than double the total of US\$7.8bn in the previous fiscal year.

The FDI inflow for 2007-08 has been reported as \$24 billion and for 2008-09, it is expected to be above \$35 billion. A critical factor in determining India's continued economic growth and realizing the potential to be an economic superpower is going to depend on how the government can create incentives for FDI flow across a large number of sectors in India.

Currency

The Indian rupee is the only legal tender accepted in India. The exchange rate as on 23 March 2010 is 45.40 INR the USD, 61.45 to a EUR, and 68.19 to a GBP. The Indian rupee is accepted as legal tender in the neighboring Nepal and Bhutan, both of which peg their currency to that of the Indian rupee.

The rupee is divided into 100 paise. The highest-denomination banknote is the 1,000 rupee note; the lowest-denomination coin in circulation is the 25 paise coin (it earlier had 1, 2, 5, 10 and 20 paise coins which have been discontinued by the Reserve Bank of India).

The Rupee hit a record low during early 2009 on account of global recession. However, due to a strong domestic market, India managed to bounce back sooner than the western countries. Since September 2009 there has been a constant appreciation in Rupee versus most Tier 1 currencies.

On 11 January 2010 Rupee went as high as 45.50 to a United states dollar and on 10 January 2010 as high as Rupee 73.93 to a British Pound. A rising rupee also prompted Government of India to buy

200 tonnes of Gold from IMF.

The RBI, the country's central bank was established on 1 April 1935. It serves as the nation's monetary authority, regulator and supervisor of the financial system, manager of exchange control and as an issuer of currency. The RBI is governed by a central board, headed by a governor who is appointed by the Central government of India.

Income And Consumption

As of 2005:

» 85.7% of the population lives on less than \$2.50 (PPP) a day, down from 92.5% in 1981. This is much higher than the 80.5% in Sub-Saharan Africa.

» 75.6% of the population lives on less than \$2 a day (PPP), which is around 20 rupees or \$0.5 a day in nominal terms. It was down from 86.6%, but is still even more than the 73.0% in Sub-Saharan Africa.

» 24.3% of the population earned less than \$1 (PPP, around \$0.25 in nominal terms) a day in 2005, down from 42.1% in 1981.

» 41.6% of its population is living below the new international poverty line of \$1.25 (PPP) per day, down from 59.8% in 1981. The World Bank further estimates that a third of the global poor now reside in India.

Today, more people can afford a bicycle than ever before. Some 40% of Indian households owns a bicycle, with ownership rates ranging from around 30% to 70% at state level. Housing is modest.

Around half of Indian children are malnourished. The proportion of underweight children is nearly double that of Sub-Saharan Africa. However, India has not had famines since the Green Revolution in the early 1970s.

While poverty in India has reduced significantly, official figures estimate that 27.5% of Indians still

lived below the national poverty line of \$1 (PPP, around 10 rupees in nominal terms) a day in 2004-2005.

A 2007 report by the state-run National Commission for Enterprises in the Unorganised Sector (NCEUS) found that 65% of Indians, or 750 million people, lived on less than 20 rupees per day with most working in "informal labour sector with no job or social security, living in abject poverty." Since the early 1950s, successive governments have implemented various schemes, under planning, to alleviate poverty, that have met with partial success. All these programmes have relied upon the strategies of the Food for work programme and National Rural Employment Programme of the 1980s, which attempted to use the unemployed to generate productive assets and build rural infrastructure.

In August 2005, the Indian parliament passed the Rural Employment Guarantee Bill, the largest programme of this type in terms of cost and coverage, which promises 100 days of minimum wage employment to every rural household in all the India's 600 districts.

The question of whether economic reforms have reduced poverty or not has fuelled debates without generating any clear cut answers and has also put political pressure on further economic reforms, especially those involving the downsizing of labour and cutting agricultural subsidies.

Employment

Agricultural and allied sectors accounted for about 60% of the total workforce in 2003 same as in 1993-94. While agriculture has faced stagnation in growth, services have seen a steady growth. Of the total workforce, 8% is in the organised sector, two-thirds of which are in the public sector.

The NSSO survey estimated that in 1999-2000, 106 million, nearly 10% of the population were unemployed and the overall unemployment rate was 7.3%, with rural areas doing marginally better

(7.2%) than urban areas (7.7%). India's labor force is growing by 2.5% annually, but employment only at 2.3% a year.

Official unemployment exceeds 9%. Regulation and other obstacles have discouraged the emergence of formal businesses and jobs. Almost 30% of workers are casual workers who work only when they are able to get jobs and remain unpaid for the rest of the time. Only 10% of the workforce is in regular employment.

India's labor regulations are heavy even by developing country standards and analysts have urged the government to abolish them.

Unemployment in India is characterized by chronic underemployment or disguised unemployment. Government schemes that target eradication of both poverty and unemployment (which in recent decades has sent millions of poor and unskilled people into urban areas in search of livelihoods) attempt to solve the problem, by providing financial assistance for setting up businesses, skill honing, setting up public sector enterprises, reservations in governments, etc.

The decreased role of the public sector after liberalization has further underlined the need for focusing on better education and has also put political pressure on further reforms.

Child labor is a complex problem that is basically rooted in poverty. The Indian government is implementing the world's largest child labor elimination program, with primary education targeted for ~250 million.

Numerous non-governmental and voluntary organizations are also involved. Special investigation cells have been set up in states to enforce existing laws banning employment of children (under 14) in hazardous industries. The allocation of the Government of India for the eradication of child labor was \$10 million in 1995-96 and \$16 million in 1996-97. The allocation for 2007 is \$21 million. In 2006, remittances from Indian migrants overseas made up \$27 billion or about 3% of India's

GDP.

Economic Trends

In the revised 2007 figures, based on increased and sustaining growth, more inflows into foreign direct investment, Goldman Sachs predicts that "from 2007 to 2020, India's GDP per capita in US\$ terms will quadruple", and that the Indian economy will surpass the United States (in US\$) by 2043.

In spite of the high growth rate, the report stated that India would continue to remain a low-income country for decades to come but could be a "motor for the world economy" if it fulfills its growth potential. Goldman Sachs has outlined 10 things that it needs to do in order to achieve its potential and grow 40 times by 2050. These are

- » Improve governance
- » Raise educational achievement
- » Increase quality and quantity of universities
- » Control inflation
- » Introduce a credible fiscal policy
- » Liberalize financial markets
- » Increase trade with neighbours
- » Increase agricultural productivity
- » Improve infrastructure and
- » Improve environmental quality.

Issues

Agriculture

The low productivity in India is a result of the following factors:

According to "India: Priorities for Agriculture and Rural Development" by World Bank, India's large agricultural subsidies are hampering productivity-enhancing investment.

Overregulation of agriculture has increased costs, price risks and uncertainty. Government interven-

tions in labor, land, and credit markets are hurting the market. Infrastructure and services are inadequate.

Illiteracy, slow progress in implementing land reforms and inadequate or inefficient finance and marketing services for farm produce.

The average size of land holdings is very small (less than 20,000 m²) and is subject to fragmentation, due to land ceiling acts and in some cases, family disputes. Such small holdings are often overmanned, resulting in disguised unemployment and low productivity of labour.

Adoption of modern agricultural practices and use of technology is inadequate, hampered by ignorance of such practices, high costs and impracticality in the case of small land holdings.

World Bank says that the allocation of water is inefficient, unsustainable and inequitable. The irrigation infrastructure is deteriorating. Irrigation facilities are inadequate, as revealed by the fact that only 52.6% of the land was irrigated in 2003–04, which result in farmers still being dependent on rainfall, specifically the Monsoon season.

A good monsoon results in a robust growth for the economy as a whole, while a poor monsoon leads to a sluggish growth. Farm credit is regulated by NABARD, which is the statutory apex agent for rural development in the subcontinent.

India has many farm insurance companies that insure wheat, fruit, rice and rubber farmers in the event of natural disasters or catastrophic crop failure, under the supervision of the Ministry of Agriculture. One notable company that provides all of these insurance policies is Agriculture Insurance Company of India and it alone insures almost 20 million farmers.

India's population is growing faster than its ability to produce rice and wheat. The most important structural reform for self-sufficiency is the ITC Limited plan to connect 20,000 villages to the Internet by 2013. This will provide farmers with

up to date crop prices for the first time, which should minimise losses incurred from neighbouring producers selling early and in turn facilitate investment in rural areas.

Corruption

Corruption has been one of the pervasive problems affecting India. The economic reforms of 1991 reduced the red tape, bureaucracy and the Licence Raj that had strangled private enterprise and was blamed by Chakravarthi Rajagopalachari for the corruption and inefficiencies.

Yet, a 2005 study by Transparency International (TI) India found that more than half of those surveyed had firsthand experience of paying bribe or peddling influence to get a job done in a public office.

The Right to Information Act (2005) and equivalent acts in the Indian states, that require government officials to furnish information requested by citizens or face punitive action, computerisation of services and various central and state government acts that established vigilance commissions have considerably reduced corruption or at least have opened up avenues to redress grievances. The 2009 report by Transparency International ranks India at 84th place and states that significant improvements were made by India in reducing corruption.

Infrastructure

Development of infrastructure was completely in the hands of the public sector and was plagued by corruption, bureaucratic inefficiencies, urban-bias and an inability to scale investment.

India's low spending on power, construction, transportation, telecommunications and real estate, at \$31 billion or 6% of GDP in 2002 had prevented India from sustaining higher growth rates.

This has prompted the government to partially open up infrastructure to the private sector allow-

ing foreign investment which has helped in a sustained growth rate of close to 9% for the past six quarters.

Some 600 million Indians have no mains electricity at all. While 80% of Indian villages have at least an electricity line, just 44% of rural households have access to electricity.

According to a sample of 97,882 households in 2002, electricity was the main source of lighting for 53% of rural households compared to 36% in 1993. Some half of the electricity is stolen, compared with 3% in China.

The stolen electricity amounts to 1.5% of GDP. Almost all of the electricity in India is produced by the public sector. Power outages are common. Many buy their own power generators to ensure electricity supply.

As of 2005 the electricity production was at 661.6 billion kWh with oil production standing at 785,000 bbl/day. In 2007, electricity demand exceeded supply by 15%. Multi Commodity Exchange has tried to get a permit to offer electricity future markets.

Indian Road Network is developing. Trucking goods from Gurgaon to the port in Mumbai can take up to 10 days. India has the world's third largest road network. Container traffic is growing at 15% a year. Some 60% of India's container traffic is handled by the Jawaharlal Nehru Port Trust in Mumbai.

Internet use is rare; there were only 7.57 million broadband lines in India in November 2009, however it is still growing at slower rate and is expected to boom after the launch of 3G and wimax services.

Most urban cities have good water supply water 24 hours a day, while some smaller cities face water shortages in summer season. A World Bank report says it is an institutional problem in water agencies, or "how the agency is embedded in the relationships between politics and the citizens who

are the consumers.

Know About Some Necessary Economic Indicators

What is Cyclical Unemployment?

A factor of overall unemployment that relates to the cyclical trends in growth and production that occur within the business cycle. When business cycles are at their peak, cyclical unemployment will be low because total economic output is being maximized. When economic output falls, as measured by the gross domestic product (GDP), the business cycle is low and cyclical unemployment will rise.

Economists describe cyclical unemployment as the result of businesses not having enough demand for labor to employ all those who are looking for work. The lack of employer demand comes from a lack of spending and consumption in the overall economy. Cyclical unemployment is one of five classes of unemployment as recognized by economists. Other types include structural, frictional, classical and Marxian. In most cases, several types of unemployment exist at the same time. With the exception of cyclical unemployment, the other classes can be occurring even at the peak ranges of business cycles, when the economy is said to be at or near "full employment".

What is Fiscal Policy?

Government spending policies that influence macroeconomic conditions. These policies affect tax rates, interest rates and government spending, in an effort to control the economy. Since the 1980s, most western countries have held a "tight" policy, limiting public expenditure.

What is Prime Rate?

The interest rate that commercial banks charge their most credit-worthy customers. Generally a bank's best customers consist of large corporations. Default risk is the main determiner of the interest rate a bank will charge a borrower. Because a bank's

best customers have little chance of defaulting, the bank can charge them a rate that is lower than the rate that would be charged to a customer who has a higher likelihood of defaulting on a loan.

What is Recession?

A significant decline in activity across the economy, lasting longer than a few months. It is visible in industrial production, employment, real income and wholesale-retail trade. The technical indicator of a recession is two consecutive quarters of negative economic growth as measured by a country's gross domestic product (GDP); although the National Bureau of Economic Research (NBER) does not necessarily need to see this occur to call a recession. Recession is a normal (albeit unpleasant) part of the business cycle; however, one-time crisis events can often trigger the onset of a recession.

A recession generally lasts from six to 18 months, and interest rates usually fall in during these months to stimulate the economy by offering cheap rates at which to borrow money.

What is Portfolio?

A grouping of financial assets such as stocks, bonds and cash equivalents, as well as their mutual, exchange-traded and closed-fund counterparts. Portfolios are held directly by investors and/or managed by financial professional.

What is Sovereign Bond?

A debt security issued by a national government within a given country and denominated in a foreign currency. The foreign currency used will most likely be a hard currency, and may represent significantly more risk to the bondholder.

What is Hard Loan?

A foreign loan that must be paid in the currency of a nation that has stability and a reputation abroad for economic strength (a hard currency). For example, a loan agreement between a Brazilian company and an Argentinean company where the debt is to be paid in U.S. dollars.

What is Hard Money?

Funding by a government or organization that is repetitive, rather than a one-time grant. Examples include ongoing government daycare subsidies or firms that pay annual scholarships to post-secondary students.

Describes gold/silver/platinum (bullion) coins. A government that uses a hard money policy backs the value of the currency it uses with a hard, tangible and lasting material that will retain its relative value over time.

Governments and organizations prefer hard money because it provides a predictable stream of funds. For example, in the early 1900s, the U.S. dollar was backed by the value of gold. Today, most countries use fiat money, which is made legal tender by government decree but has no intrinsic value of its own.

What is Gold Standard?

A monetary system in which a country's government allows its currency unit to be freely converted into fixed amounts of gold and vice versa. The exchange rate under the gold standard monetary system is determined by the economic difference for an ounce of gold between two currencies. The gold standard was mainly used from 1875 to 1914 and also during the interwar years. The use of the gold standard would mark the first use of formalized exchange rates in history. However, the system was flawed because countries needed to hold large gold reserves in order to keep up with the volatile nature of supply and demand for currency.

After World War II, a modified version of the gold standard monetary system, the Bretton Woods monetary system, was created as its successor. This successor system was initially successful, but because it also depended heavily on gold reserves, it was abandoned in 1971 when U.S. president Nixon "closed the gold window".

What is Bullion ?

Gold and silver that is officially recognized as high quality (at least 99.5% pure), and is in the form of bars rather than coins.

Traditionally, bullion has been a good hedge against inflation.

What is Inflation?

The rate at which the general level of prices for goods and services is rising, and, subsequently, purchasing power is falling. Central banks attempt to stop severe inflation, along with severe deflation, in an attempt to keep the excessive growth of prices to a minimum. As inflation rises, every dollar will buy a smaller percentage of a good. For example, if the inflation rate is 2%, then a \$1 pack of gum will cost \$1.02 in a year.

Most countries' central banks will try to sustain an inflation rate of 2-3%.

What is Consumer Price Index?

A measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care. The CPI is calculated by taking price changes for each item in the predetermined basket of goods and averaging them; the goods are weighted according to their importance. Changes in CPI are used to assess price changes associated with the cost of living. Sometimes referred to as "headline inflation".

The U.S. Bureau of Labor Statistics measures two kinds of CPI statistics: CPI for urban wage earners and clerical workers (CPI-W), and the chained CPI for all urban consumers (C-CPI-U). Of the two types of CPI, the C-CPI-U is a better representation of the general public, because it accounts for about 87% of the population.

CPI is one of the most frequently used statistics for identifying periods of inflation or deflation. This is because large rises in CPI during a short period of time typically denote periods of inflation and large drops in CPI during a short period of time usually mark periods of deflation.

What is Deflation?

A general decline in prices, often caused by a reduction in the supply of money or credit. Deflation can be caused also by a decrease in government, personal or investment spending. The opposite of inflation, deflation has the side effect of increased

unemployment since there is a lower level of demand in the economy, which can lead to an economic depression. Central banks attempt to stop severe deflation, along with severe inflation, in an attempt to keep the excessive drop in prices to a minimum.

The decline in prices of assets, is often known as Asset Deflation.

Declining prices, if they persist, generally create a vicious spiral of negatives such as falling profits, closing factories, shrinking employment and incomes, and increasing defaults on loans by companies and individuals. To counter deflation, the Federal Reserve (the Fed) can use monetary policy to increase the money supply and deliberately induce rising prices, causing inflation. Rising prices provide an essential lubricant for any sustained recovery because businesses increase profits and take some of the depressive pressures off wages and debtors of every kind.

Deflationary periods can be both short or long, relatively speaking. Japan, for example, had a period of deflation lasting decades starting in the early 1990's. The Japanese government lowered interest rates to try and stimulate inflation, to no avail. Zero interest rate policy was ended in July of 2006.

What is Disinflation?

A slowing in the rate of price inflation. Disinflation is used to describe instances when the inflation rate has reduced marginally over the short term. Although it is used to describe periods of slowing inflation, disinflation should not be confused with deflation. Disinflation is commonly used by the Federal Reserve to describe situations of slowing inflation. Instances of disinflation are not uncommon and are viewed as normal during healthy economic times. Although sometimes confused with deflation, disinflation is not considered to be as problematic because prices do not actually drop and disinflation does not usually signal the onset of a slowing economy.

What is Reflation?

A fiscal or monetary policy, designed to expand a

country's output and curb the effects of deflation. Reflation policies can include reducing taxes, changing the money supply and lowering interest rates.

The term "reflation" is also used to describe the first phase of economic recovery after a period of contraction. Reflation policy has been used by American governments, to try and restart failed business expansions since the early 1600s. Although almost every government tries in some form or another to avoid the collapse of an economy after a recent boom, none have ever succeeded in being able to avoid the contraction phase of the business cycle. Many academics actually believe government agitation only delays the recovery and worsens the effects.

What is Price Inflation?

An increase in the price of a standardized good/service or a basket of goods/services over a specific period of time (usually one year). Because the nominal amount of money available in an economy tends to grow larger every year relative to the supply of goods available for purchase, this overall demand pull tends to cause some degree of price inflation. Price inflation can also be seen in a slightly different form, where the price of a good is the same year over year, but the amount of the good received gradually decreases. For example, you may notice this in low-cost snack foods such as potato chips and chocolate bars, where the weight of the product gradually decreases, while the price remains the same.

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form or another to avoid the collapse of an economy after a recent boom, none have ever succeeded in being able to avoid the contraction phase of the business cycle. Many academics actually believe government agitation only delays the recovery and worsens the effects.

What is Stagflation?

A condition of slow economic growth and relatively high unemployment - a time of stagnation - accompanied by a rise in prices, or inflation. Stagflation occurs when the economy isn't growing but prices are, which is not a good situation for a country to be in. This happened to a great extent during the 1970s, when world oil prices rose dramatically, fueling sharp inflation in developed countries. For these countries, including the U.S., stagnation increased the inflationary effects.

What is Stagnation?

A period of little or no growth in the economy. Economic growth of less than 2-3% is considered stagnation. Sometimes used to describe low trading volume or inactive trading in securities. A good example of stagnation was the U.S. economy in the 1970s.

What is Producer Price Index?

A family of indexes that measures the average change in selling prices received by domestic producers of goods and services over time. PPIs measure price change from the perspective of the seller. The PPI looks at three areas of production: industry-based, commodity-based, and stage-of-processing-based companies.

What is Hyperinflation?

Extremely rapid or out of control inflation. There is no precise numerical definition to hyperinflation. Hyperinflation is a situation where the price increases are so out of control that the currency loses its value. When associated with depressions, hyperinflation often occurs when there is a large increase in the money supply not supported by gross domestic product (GDP) growth, resulting in an imbalance in the supply and demand for the money. Left unchecked this causes prices to increase, as the currency loses its value.

When associated with wars, hyperinflation often occurs when there is a loss of confidence in a currency's ability to maintain its value in the aftermath. Because of this, sellers demand a risk premium to accept the currency, and they do this by raising their prices.

One of the most famous examples of hyperinflation occurred in Germany between January 1922 and November 1923. By some estimates, the average price level increased by a factor of 20 billion, doubling every 28 hours. Concept of inflation is meaningless.

What is Agflation?

An increase in the price of food that occurs as a result of increased demand from human consumption and use as an alternative energy resource. While the competitive nature of retail supermarkets allows some of the effects of agflation to be absorbed, the price increases that agflation causes are largely passed on to the end consumer. The term is derived from a combination of the words "agriculture" and "inflation".

Interest in alternative energies contributes to agflation. In order to produce biofuel (such as biodiesel and ethanol), manufacturers need to use food products such as soybeans and corn. This creates more demand for these products, which causes their prices to increase.

Unfortunately, these price increases spread to other non-fuel related grains (such as rice and wheat) as consumers switch to less expensive substitutes for consumption. Furthermore, agflation will also affect non-vegetative foods (eggs, meat and dairy) as the price increases for grain will make livestock feed more expensive as well.

What is Retail Price Index?

An index that gathers the prices of several retail goods in outlets across the United States in order to give an indication of the rate of inflation. This is similar to the CPI and PPI reports that are released each month. An index that measures and tracks the changes in price of goods in the stages before

the retail level. Wholesale price indexes (WPIs) report monthly to show the average price changes of goods sold in bulk, and they are a group of the indicators that follow growth in the economy.

Although some countries still use the WPIs as a measure of inflation, many countries, including the United States, use the producer price index (PPI) instead.

What is Gross Domestic Product ?

The monetary value of all the finished goods and services produced within a country's borders in a specific time period, though GDP is usually calculated on an annual basis. It includes all of private and public consumption, government outlays, investments and exports less imports that occur within a defined territory.

GDP is commonly used as an indicator of the economic health of a country, as well as to gauge a country's standard of living. Critics of using GDP as an economic measure say the statistic does not take into account the underground economy - transactions that, for whatever reason, are not reported to the government. Others say that GDP is not intended to gauge material well-being, but serves as a measure of a nation's productivity, which is unrelated.

What is Gross National Product?

An economic statistic that includes GDP, plus any income earned by residents from overseas investments, minus income earned within the domestic economy by overseas residents. GNP is a measure of a country's economic performance, or what its citizens produced (i.e. goods and services) and whether they produced these items within its border.

What is Real Economic Growth Rate?

A measure of economic growth from one period to another expressed as a percentage and adjusted for inflation (i.e. expressed in real as opposed to nominal terms). The real economic growth rate is a measure of the rate of change that a nation's gross domestic product (GDP) experiences from one year to another. Gross national product (GNP) can also

be used if a nation's economy is heavily dependent on foreign earnings.

The real economic growth rate builds onto the economic growth rate by taking into account the effect that inflation has on the economy. The real economic growth rate is a "constant dollar" and is therefore a more accurate look at the rate of economic growth because it is not distorted by the effects of extreme inflation or deflation.

What is Bank Statement?

A record, usually sent to the account holder once per month, summarizing all transactions in an account during the time from the previous statement to the current statement. The opening balance from the prior month combined with the net of all transactions during the period should result in the closing balance for the current statement.

Consumers should carefully review their bank statements and retain them for their own records. In reconciling their own record of transactions with the bank's records, account holders should be on the lookout for incorrect or transposed numbers as well as unauthorized transactions. Discrepancies should be reported as soon as possible, in writing if possible.

What is Bankruptcy?

A legal proceeding involving a person or business that is unable to repay outstanding debts. The bankruptcy process begins with a petition filed by the debtor (most common) or on behalf of creditors (less common). All of the debtor's assets are measured and evaluated, whereupon the assets are used to repay a portion of outstanding debt. Upon the successful completion of bankruptcy proceedings, the debtor is relieved of the debt obligations incurred prior to filing for bankruptcy.

What is Banknote?

A negotiable promissory note issued by a bank and payable to the bearer on demand. The amount payable is stated on the face of the note. Banknotes are considered legal tender, and, along with coins, make up the bearer forms of all modern money. Also known as a "bill" or a "note."

Originally, objects such as gold and silver were used to pay for goods and services. Eventually, they were replaced by paper money and coins that were backed by precious metals.

Currently, banknotes are backed only by the government. Although in earlier times commercial banks could issue banknotes, the Federal Reserve Bank is now the only bank in the United States that can create banknotes.

What is Promissory Note?

A written, dated and signed two-party instrument containing an unconditional promise by the maker to pay a definite sum of money to a payee on demand or at a specified future date. The only difference between a promissory note and a bill of exchange is that the maker of a note pays the payee personally, rather than ordering a third party to do so.

When a bank is the maker promising to repay money it has received plus interest, the promissory note is called a certificate of deposit (CD)

What is Treasury Note?

A marketable U.S. government debt security with a fixed interest rate and a maturity between one and 10 years. Treasury notes can be bought either directly from the U.S. government or through a bank.

When buying Treasury notes from the government, you can either put in a competitive or non-competitive bid. With a competitive bid, you specify the yield you want; however, this does not mean that your bid will be approved. With a noncompetitive bid, you accept whatever yield is determined at auction. Treasury notes are extremely popular investments as there is a large secondary market that adds to their liquidity. Interest payments on the notes are made every six months until maturity. The income for interest payments is not taxable on a municipal or state level but is federally taxed.

What is Hard Currency?

A currency, usually from a highly industrialized

country, that is widely accepted around the world as a form of payment for goods and services. A hard currency is expected to remain relatively stable through a short period of time, and to be highly liquid in the forex market. Another criterion for a hard currency is that the currency must come from a politically and economically stable country. The U.S. dollar and the British pound are good examples of hard currencies.

What is Okun's Law?

A relationship between an economy's GDP gap and the actual unemployment rate. The relationship is represented by a ratio of 1 to 2.5. Thus, for every 1% excess of the natural unemployment rate, a 2.5% GDP gap is predicted.

What is Phillips Curve?

An economic concept developed by A. W. Phillips stating that inflation and unemployment have a stable and inverse relationship. According to the Phillips curve, the lower an economy's rate of unemployment, the more rapidly wages paid to labor increase in that economy. The theory states that with economic growth comes inflation, which in turn should lead to more jobs and less unemployment. However, the original concept has been somewhat disproven empirically due to the occurrence of stagflation in the 1970s, when there were high levels of both inflation and unemployment.

What is Structural Unemployment?

Unemployment resulting from changes in the basic composition of the economy. These changes simultaneously open new positions for trained workers. An example of structural unemployment is the technological revolution. Computers may have eliminated jobs, but they also opened up new positions for those who have the skills to operate the computers.

What is Cyclical Unemployment?

A factor of overall unemployment that relates to the cyclical trends in growth and production that occur within the business cycle. When business cycles are at their peak, cyclical unemployment will be low because total economic output is being maximized. When economic output falls, as mea-

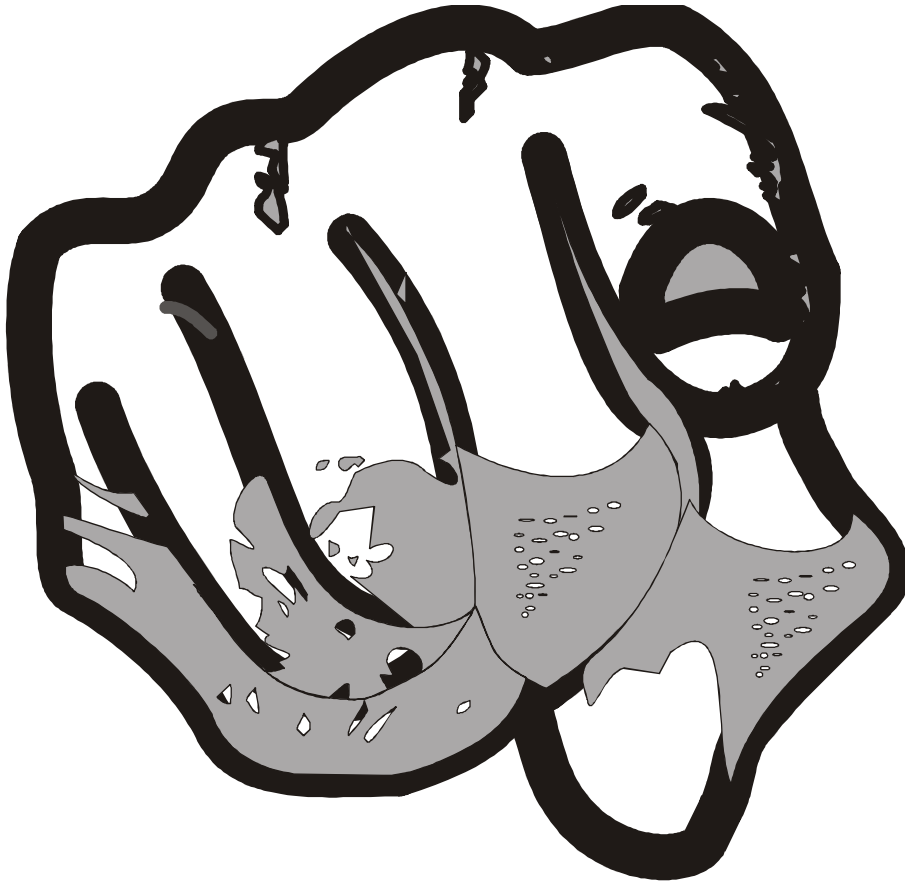
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What is Full Employment?

A situation in which all available labor resources are being used in the most economically efficient way. Full employment embodies the highest amount of skilled and unskilled labor that could be employed within an economy at any given time. The remaining unemployment is frictional. Frictional unemployment is the amount of unemployment that results from workers who are in between jobs, but are still in the labor force. Full employment is attainable within any economy, but may result in an inflationary period. The inflation would result from workers, as a whole, having more disposable income, which would drive prices upward.

Many economists have estimated the amount of frictional unemployment, with the number ranging from 2-7% of the labor force.



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