



**C.A Dated On 13-02-2019**

**GS-2**

**Manufacturing of Mobile Handsets**

**Context:**

One hundred twenty-seven units are manufacturing mobile handsets in the country and all of them are operating from the Domestic Tariff Area (DTA).

As per information received from the Ministry of Electronics and Information Technology (MeitY), the mobile handset manufacturing operations in DTA are governed by the applicable duty structure.

The benefits available to manufacturers of mobile handsets include:

- Rationalized tariff structure and a Phased Manufacturing Programme (PMP) and their sub-assemblies, parts;
- availing Capex benefits under the Modified Special Incentive Package Scheme (M-SIPS),
- 100% FDI permitted for manufacture of mobile handsets and their sub-assemblies, parts, export incentive of 4% of FoB value of export under the Merchandise Export from India Scheme (MEIS) and
- specified capital goods for manufacture of mobile handsets are permitted for import at 'Nil' Basic Customs Duty (BCD).
- Benefits available to the units under SEZ Act, 2005 & SEZ Rules, 2006 include duty free import and domestic procurement of goods for development, operation and maintenance of SEZ units.

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**National Productivity Week**

**Why in News?**



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National Productivity Council (NPC), an autonomous registered society under Department for Promotion of Industry and Internal Trade, Ministry of Commerce & Industry.

#### **Theme:**

- NPC is celebrating its 61st Foundation Day on 12<sup>th</sup> February with the theme "**Circular Economy for Productivity & Sustainability**".
- NPC observes foundation day as Productivity Day and the National Productivity Week from February 12-18, 2019.

#### **Details:**

- This year theme represents a unique opportunity for circular business model for Make à Use à Return.
- It presents an opportunity for long term economic prospects and regeneration of materials. Transitioning to an efficient circular economy will benefit industry and all stakeholders now and in future.

#### **What is Circular Economy?**

- The circular economy follows the principle of preservation and enhancement of natural capital by controlling finite stocks and balancing renewable resource flows.
- The other principles suggest optimizing of resource yields by circulating products, components, and materials at their highest utility at all times, in both technical and biological cycles.

#### **Advantages:**

- Circular economy has the potential to increase productivity and create jobs, whilst reducing carbon emissions and preserving valuable raw materials. It provides for a way of creating value.
- It works by extending product life span through improved design and servicing and relocating waste from the end of the supply chain to the beginning – in effect, using resources more efficiently by using them over and over.
- The challenge lies in building circular economy knowledge and capacity.
- To integrate circular economy principle in strategy and process, NPC has been in forefront enhancing of such efforts in enhancing productivity.



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### **New Ports under Sagarmala Project**

#### **Why in News?**

The Minister of State for Road Transport, Shipping and Chemical & Fertilizers informed that 14 number of CEZs in 8 states have been identified under the Sagarmala Programme.

- In the state of Kerala, one CEZ namely "Development of CEZ in Kerala – Malabar" has been identified under the Sagarmala Programme.
- The project is in concept phase and appraisal/approval of various Governments/agencies is under progress.

#### **What is CEZ?**

- Coastal Economic Zones are an effort by the Federal Govt of India to promote exports by providing infrastructure and facilities to entrepreneurs to set up businesses and industries near Ports that manufacture goods or provide services that are export oriented.

#### **About Sagarmala Programme:**

- **Sagarmala Programme** is an initiative of Government of India to enhance the performance of logistics sector in India.
- The programme envisages unlocking the potential of waterways and coastline, to minimize infrastructural investments required to meet these targets.
- It entails ₹8.5 trillion (US\$120 billion or €100 billion) investment for setting up of new mega ports, modernization of India's existing ports, development of 14 **Coastal Employment Zones** (CEZs) and **Coastal Employment Units**, enhancement of port connectivity via road, rail, multi-modal logistics parks, pipelines & waterways and promote coastal community development, resulting in boosting merchandise exports by US\$110 billion, and generation of around 10,000,000 direct and indirect jobs.



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**Aims of Programme:**

- Sagarmala aims to modernize [India's Ports](#) so that port-led development can be augmented and coastlines can be developed to contribute in India's growth.
- It also aims for "transforming the existing Ports into modern world class Ports and integrate the development of the Ports, the Industrial clusters and hinterland and efficient evacuation systems through road, rail, inland and coastal waterways resulting in Ports becoming the drivers of economic activity in coastal areas

**Basic Facilities in Tribal Areas**

**Why in News?**

The Ministry of Tribal Affairs administers three schemes namely

- (i) Grants under Article 275(1) of the Constitution,
- (ii) Special Central Assistance to Tribal Sub-Scheme (SCA to TSS) and
- (iii) Development of Particularly Vulnerable Tribal Groups (PVTGs) under which activities for enhancement of medical facilities are supported.

**Details of Scheme:**

- As per the scheme guidelines of schemes "Grants under Article 275(1) of the Constitution" and "Special Central Assistance to Tribal Sub-Scheme (SCA to TSS)", 10 – 15% of the total fund allocation has to be for activities related to health sector like addition to / strengthening of building infrastructure of CHC/PHC, Mobile dispensaries in remote locations, conduct of screening for acute health problems like Sickle Cell Anemia amongst the tribal students and provision of health cards, focus on eradication of prevalent endemic health problems like Malaria, Leprosy, TB, etc.
- These schemes are demand driven and funds are released to State Governments based on State Plan and approval of the Project Appraisal Committee (PAC).



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- The Ministry of Tribal Affairs has no specific scheme for construction of Colleges and Hospitals, but it plays a gap filling role to activities of the line ministries and also supports the State Governments and Union Territory Administrations in construction of Eklavya Model Residential Schools (EMRS), Ashram Schools, Primary Health Centres, Sub Centres & Community Health Centres through its schemes of Special Central Assistance to Tribal Sub Schemes.

### **Defence Innovation Hubs:**

#### **Why in News?**

The Innovations for Defence Excellence (iDEX) framework of the Government envisages setting up and managing independent Defence Innovation Hubs (DIHs).

#### **About the hubs:**

- These DIHs will serve as platforms where innovators can get information about needs and feedback from the Services directly and create solutions for India's major defence platforms.
- This structure is also geared towards attracting more innovators to work for the defence sector in India.
- The Defence Innovation Organisation set up under iDEX has announced setting up of two DIHs in Tamil Nadu (Coimbatore) and Maharashtra (Nashik).
- The Framework to Fund Defence Innovation Hubs under iDEX, approved by the Board of Defence Innovation Organisation (DIO) prescribes the following minimum criterion for setting up Defence Innovation Hubs:
  - Any Central Government recognized Incubator including but not limited to:
    - Department of Science and Technology (DST) recognized Incubators.
    - Atal Innovation Mission, NITI Aayog created Atal Incubation Centers (AICs) and Established Incubation Centers (EICs).
    - Ministry of MSME recognized incubators.
    - Any other incubator recognized or funded through any Central government scheme.



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- The incubator located in districts mentioned in the list of SME clusters hosted by the Ministry of MSME in collaboration with UNIDO.
- Incubator / Hub promoted by local industry associations.

**Industrial Output growth :**

**Context:**

Industrial output growth remained subdued at 2.4% in December 2018 on account of contraction in the mining segment and poor show by the manufacturing sector.

**Salient Observation:**

- Factory output as measured in terms of the Index of Industrial Production (IIP) had grown by 7.3% in December 2017, according to the data released by the Central Statistics Office (CSO) on February 12.
- The industrial growth for November 2018 was revised downwards to 0.3% from the provisional estimate of 0.5% released in January 2019.
- During April-December 2018, industrial output grew at 4.6% against 3.7% in the same period of the previous fiscal.
- The manufacturing sector, which constitutes 77.63% of the index, recorded a low growth of 2.7% in December as against 8.7% expansion in the year-ago month.
- Mining sector production contracted by 1% in December as against 1.2% growth in December 2017.
- The growth of the power sector output remained flat at 4.4% in December 2018.
- Capital goods output grew at 5.9%, compared to 13.2% growth a year ago. Consumer durables output grew by 2.9% as against a growth of 2.1% in December 2017. Consumer non-durable goods growth was also low at



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5.3% in December 2018 as compared to 16.8% growth in the year-ago month.

#### **Sectoral Growth:**

- In terms of industries, 13 out of 23 industry groups in the manufacturing sector showed positive growth during December 2018.
- As per use-based classification, primary goods production declined by 1.2% and intermediate goods by 1.5%.
- Infrastructure/ Construction Goods grew at 10.1%