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**GS-1**

**Fire in Amazon**

**Why in news?**

Fires across the Brazilian Amazon have sparked an international outcry for preservation of the world's largest rainforest. Here's a look at the role the Amazon plays in regulating the world's climate:

**Amazon fires: Is the world's oxygen supply at risk?**

- No.
- While it's commonly said that the Amazon produces 20% of the world's oxygen, climate scientists say that figure is wrong and the oxygen supply is not directly at risk in any case.
- That's because forests, including the Amazon, absorb roughly the same amount of oxygen they produce. Plants do produce oxygen through photosynthesis, but they also absorb it to grow, as do animals and microbes.
- That doesn't mean the fires aren't a problem for the planet. The Amazon is a critical absorber of carbon of carbon dioxide, a greenhouse gas produced by burning fossil fuels, like oil and coal.

**Is the Amazon rainforest the "lungs of the planet"?**

- The Amazon rainforest is frequently referred to as the "lungs of the planet," but it may not be the most accurate analogy for the forest's role.
- Carlos Nobre, a University of Sao Paulo climate scientist, says a better way to picture the Amazon's role is as a sink, draining heat-trapping carbon dioxide from the atmosphere.
- Currently, the world is emitting around 40 billion tons of CO<sub>2</sub> into the atmosphere every year.



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- The Amazon absorbs 2 billion tons of CO<sub>2</sub> per year (or 5% of annual emissions), making it a vital part of preventing climate change.

**What do the fires in the Amazon mean for the world's climate?**

- Fires in the Amazon not only mean the carbon-absorbing forest is disappearing, but the flames themselves are emitting millions of tons of carbon every day.
- Nobre says we're close to a "tipping point" that would turn the thick jungle into a tropical savannah.
- The rainforest recycles its own water to produce a portion of the region's rain, so deforestation makes rains less frequent, extending the dry season.
- Nobre estimates that if 20% to 25% of the forest is destroyed, the dry season will expand enough that it will no longer be a forest, but a savannah.

**What is causing the Amazon fires?**

- The current fires in the Amazon are not wildfires.
- They are manmade and are mostly set illegally by landgrabbers who are clearing the forest for cattle ranching and crops.
- Deforesting the Amazon is a long, slow process.
- People clear the land by cutting down the vegetation during the rainy season, letting the trees dry out and burning them during the dry season.
- Fully clearing the dense forest for agricultural use can take several years of slashing and burning.



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**Union HRD Minister launches Integrated Online junction for School Education 'Shagun'**

Union Human Resource Development Minister Shri Ramesh Pokhriyal 'Nishank' launched one of world's largest Integrated Online Junction for – School Education 'Shagun' in New Delhi today.

**About/ SHAGUN**

- School Education Shagun (URL: <http://shagun.govt.in/>) is an over-arching initiative to improve school education system by creating a junction for all online portals and websites relating to various activities of the Department of School Education and Literacy in the Government of India and all States and Union Territories.
- Minister informed that websites of 1200 Kendriya Vidyalayas, 600 Navodaya Vidyalayas, 18000 other CBSE affiliated schools, 30 SCERTs, 19000 organisations affiliated with NTCE among others are integrated with Shagun.
- Report cards of 15 lakh schools all over the country will be available on the newly created junction, the Minister explained.
- The portal seeks to connect approximately 92 lakh teachers and 26 crore students.
- Common people can directly give their feedback about schools which will further increase the public participation and will ensure accountability and transparency.

**The main focus will be on the following areas:**

- Reinforcing and cleaning the data of the Integrated Online Junction through feedback from Stakeholders
- Ensuring full inter-operability among the websites, portals and applications which are already hosted in the junction
- Creating high quality e-contents, including quizzes and puzzles to enhance learning and also for teachers in aiding classroom transactions
- Using artificial intelligence and deep machine learning in a variety of ways to enhance the quality of school education including for designing evidence based inventions.
- A booklet giving features and benefits of Shagun was also released on the occasion.



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**QR code**

Delhi Lieutenant Governor Anil Baijlal last week launched the "QR Code" scheme, which will be delivered through Delhi Police's "Himmat Plus" app meant to ensure the safety of women.

The QR codes will be put on public transport vehicles such as auto-rickshaws and non-app (black-and-yellow) cabs; passengers, especially women, will be able to verify the details of drivers, and send a distress signal in an emergency.

**About The QR Code scheme**

- The QR Code will be put on a banner or card at the back of the driver's seat in all registered taxis and autos.
- The code can be scanned by using the Himmat Plus app.
- If a user chooses to report the journey using the 'Report Journey' button, the app will send the passenger's location and the driver's unique ID to the police.
- In case the driver is not registered, the passenger can call the police control room in case of an emergency, or tap the 'SOS' button on the app.

**The Himmat Plus app**

- The Himmat Plus app itself was launched in 2015 to allow users to make a distress call or send an emergency message to Delhi Police and the emergency contact.
- While the Himmat Plus app is targeted at women's safety, both men and women can register themselves. The interface is available in English and Hindi.
- Users in distress can tap either the 'SOS' button or the 'power' button, or use the 'shake to alert' feature, to send a message to Delhi Police and the listed emergency contact. Activating the distress button also enables automatic video recording on the user's phone.



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- For users in Delhi, the Central Police Control Room, ITO, will respond to the emergency call, and PCR vans will be activated. For users outside Delhi, support will be extended by the respective control rooms by hotline or wireless communication.

**GS-3**

**RBI transfers**

**Why in news?**

On Monday, the RBI Central Board decided to transfer a record surplus — Rs 1.76 lakh crore — to the government.

***The RBI transfers its surplus to the government every year. So what is special about the pay out this time?***

- Yes, the RBI does transfer its surplus annually to the government, the owner of the institution, after making adequate provisions for contingencies or potential losses.
- The profit that is distributed has varied, averaging over Rs 50,000 crore over the last few years.
- On Monday, the RBI Board accepted the recommendations of a committee headed by former Governor Bimal Jalan on transfer of excess capital. Based on the panel's report, the Central Board decided to transfer a surplus of Rs 1.23 lakh crore and Rs 52,637 crore of excess provisions made over the years.
- This marks the first time the RBI will be paying out such a huge amount, a one-off transfer. Earlier, the government had budgeted for Rs 90,000 crore from the RBI as dividend for this fiscal year.



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### On what rationale was such a huge payout approved?

- The level of surplus or profits the RBI pays to the government has been an issue of conflict two for long.
- Over the last decade or more, the government had sought higher payouts saying the RBI was maintaining reserves or capital buffers that were much higher than many other global central banks' buffers.
- The government has argued that such relatively lower transfers cramped public spending for infrastructure projects and social sector programmes, considering the pressure to meet deficit targets and to provide space for private firms to borrow.
- With the government amplifying its demand for a higher transfer, the Jalan committee reviewed the capital structure, statutory provisions and other issues relating to the RBI balance sheet.
- After making a distinction on the RBI's capital structure especially on unrealised gains (which are essentially gains not booked) and taking into account the role of the central bank in ensuring financial stability, potential risks and global standards, the committee suggested a total transfer of Rs.1.76 lakh crore.

### How does the RBI generate surplus?

- A significant part comes from RBI's operations in financial markets, when it intervenes for instance to buy or sell foreign exchange; Open Market operations, when it attempts to prevent the rupee from appreciating; as income from government securities it holds; as returns from its foreign currency assets that are investments in the bonds of foreign central banks or top-rated securities; from deposits with other central banks or the Bank for International Settlement or BIS; besides lending to banks for very short tenures and management commission on handling the borrowings of state governments and the central government.
- RBI buys these financial assets against its fixed liabilities such as currency held by the public and deposits issued to commercial banks on which it does not pay interest.
- The RBI's expenditure is mainly on printing of currency notes, on staff, besides commission to banks for undertaking transactions on behalf of the government and to primary dealers that include banks for underwriting some of these borrowings.
- The central bank's total costs, which includes expenditure on printing and commissions forms, is only about 1/7th of its total net interest income.



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**Why are these called transfers to the government, rather than dividends?**

- That is because the RBI is not a commercial organisation like banks and other companies owned or controlled by the government to pay a dividend to the owner out of the profit generated.
- Though it was promoted as a private shareholders' bank in 1935 with a paid-up capital of Rs 5 crore, the government nationalised it in January 1949, making the sovereign the "owner".
- What the RBI does is transfer the surplus — excess of income over expenditure — to the government.
- Under Section 47 of the RBI Act, "after making provision for bad and doubtful debts, depreciation in assets, contributions to staff and superannuation funds and for all other matters for which provision is to be made by or under this Act or which are usually provided for by bankers, the balance of the profits shall be paid to the Central government".
- This is done in early August by the Central Board.

**Globally, what are the rules relating to payment of dividends by central banks?**

- In many top central banks — US Federal Reserve, Bank of England, German Bundesbank, Bank of Japan— the laws make it clear that profits have to be transferred to the government or the treasury.
- The quantum of profits or percentage to be distributed is also specified in the laws.
- The RBI's expenditure is mainly on printing of currency notes, on staff, besides commission to banks for undertaking transactions on behalf of the government.

**So, what is the difference in India now and compared to the past?**

- The quantum is discussed and decided between the government and RBI.
- Periodically, this has been guided by policies set out internally, as last time when a committee headed by Y H Malegam recommended distributing 100% of the profits made during Raghuram Rajan's time.
- The difference now is that the Jalan committee's recommendation on a profit distribution policy has been endorsed by the Central Board.



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- That will mean a more transparent and rule-based payout from next year, as in many other central banks, which could help narrow differences between the government and RBI.

**What can the government do with this huge surplus?**

- Normally, the money is transferred to the Consolidated Fund of India from which salaries and pensions to government employees are paid and interest payments done, besides spending on government programmes.
- The large payout can help the government cut back on planned borrowings and keep interest rates relatively low.
- Besides, it will provide space for private companies to raise money from markets.
- And if it manages to meet its revenue targets, the windfall gain can lead to a lower fiscal deficit.
- The other option is to earmark these funds for public spending or specific projects, which could lead to a revival in demand in certain sectors and boost economic activity.

**What are the potential issues relating to a higher payout?**

- That has been articulated by former Governor Rajan.
- According to him, much of the surplus the RBI generates comes from the interest on government assets (securities or bonds) or from capital gains made off other market participants.
- When this is paid to the government, the RBI is putting back into the system the money it made from it; there is no additional money-printing or reserve creation involved, he says.
- But when the RBI pays additional dividend, it has to create additional permanent reserves or, more colloquially, print money.
- So, to accommodate the special dividend, the RBI will have to withdraw an equivalent amount of money from the public by selling government bonds in its portfolio, he says.



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**Why do central banks hold back on transferring large amounts?**

- Especially after the global financial crisis when central banks had to resort to unconventional means to revive their economies, the approach has been to build adequate buffers in the form of higher capital, reserves and other funds as a potential insurance against future risks or losses.
- A higher buffer enhances the credibility of a central bank during a crisis and helps avoid approaching the government for fresh capital and thus maintain financial autonomy.

**G-7**

**Why in news?**

Prime Minister Narendra Modi has met US President Donald Trump on the sidelines of the G7 Summit in Biarritz in southwestern France. Modi was invited to attend the Summit as a special guest of French President Emmanuel Macron.

**What is the G7, and why was Prime Minister Modi invited this year?**

**The Group of 7**

- The G7 or 'Group of Seven' are Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States.
- It is an intergovernmental organisation that was formed in 1975 by the top economies of the time as an informal forum to discuss pressing world issues.
- Canada joined the group in 1976, and the European Union began attending since 1977.
- The G7 was known as the 'G8' for several years after the original seven were joined by Russia in 1997.
- The Group returned to being called G7 after Russia was expelled as a member in 2014 following the latter's annexation of the Crimea region of Ukraine.
- G7 nations meet at annual Summits that are presided over by leaders of member countries on a rotational basis.



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- The current G7 Summit being held in France is the 45th, and the next one will be held in the United States in 2020.
- The host country typically gets to invite dignitaries from outside the G7 to attend the Summit.

#### **What the G7 does**

- The G7 Summit is an informal gathering that lasts two days, in which leaders of member countries discuss a wide range of global issues.
- The groundwork for the Summit, including matters to be discussed and follow-up meetings, is done by the "sherpas", who are generally personal representatives or members of diplomatic staff such as ambassadors.
- The Group was initially formed as an effort by the US and its allies to discuss economic issues, which in the late 1970s included battling a global oil crisis.
- Since then, the G7 has discussed issues affecting every decade, such as financial crises, and has aimed to tackle specific challenges, such as the economic changeover of ex-Soviet bloc nations, terrorism, arms control, and drug trafficking, among others.
- The G7 does not have a formal constitution or a fixed headquarters.
- The decisions taken by leaders during annual Summits are non-binding.
- The rise of India, China, and Brazil over the past few decades has reduced the G7's relevance, whose share in global GDP has now fallen to around 40%.

#### **G7 and G20**

- The G20 is a larger group of countries, which also includes G7 members.
- The G20 was formed in 1999, in response to a felt need to bring more countries on board to address global economic concerns.
- Apart from the G7 countries, the G20 comprises Argentina, Australia, Brazil, China, India, Indonesia, Mexico, Russia, Saudi Arabia, South Africa, South Korea, and Turkey.
- Together, the G20 countries make up around 80% of the world's economy.



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- As opposed to the G7, which discusses a broad range of issues, deliberations at the G20 are confined to those concerning the global economy and financial markets.
- India is slated to host a G20 summit in 2022.

#### **India at the G7 Summit**

- The invite to India to be a Biarritz Partner and to Prime Minister Modi to be a special guest at the Summit was extended by President Macron keeping in mind the common interests of India and France, such as tackling climate change and the development of renewable energy.
- Prime Minister Modi collaborated closely with President Macron's predecessor, President François Hollande, in the creation of the International Solar Alliance in 2015.

#### **CITES agreement**

##### **Why in news?**

Over a hundred nations, acting within the framework of an inter-governmental agreement, approved a proposal by India, Nepal, and Bangladesh Sunday to prohibit commercial international trade in a species of otter native to the subcontinent and some other parts of Asia.

One hundred and two votes were cast in favour and 15 against, with 11 abstentions, at the ongoing Eighteenth Conference of the Parties (CoP18) of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) in Geneva. The vote must be confirmed at the Plenary of the meeting, which concludes Wednesday.

##### **Other proposals**

- The Conference also accepted a separate proposal by India, moved together with the EU, the US and the Philippines, for inclusion of a species of gecko lizard found widely in South and Southeast Asia, the US, and Madagascar for protection as a “species not necessarily threatened with extinction, but in which trade must be controlled in order to avoid utilisation incompatible with their survival”.



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**Animals and appendices**

- Members at the Conference have voted to move the smooth-coated otter (*Lutrogale perspicillata*) from CITES Appendix II to CITES Appendix I “because it is considered to be facing a high risk of extinction and is detrimentally affected by international trade, as well as habitat loss and degradation and persecution associated with conflict with people (and fisheries)”.
- The other proposal that was passed was to include the Tokay gecko (*Gekko gecko*) in CITES Appendix II.
- Appendix I includes species “threatened with extinction”; according to the CITES website, “trade in specimens of these species is permitted only in exceptional circumstances”.
- Appendix II provides a lower level of protection.
- There is also an Appendix III, which “contains species that are protected in at least one country, which has asked other CITES Parties for assistance in controlling the trade”.
- An AFP report said smooth-coated otter numbers in the wild had fallen by at least 30% over the past 30 years, and in Japan, where keeping otters as “cute” pets is a fad, otter cafes offer baby otters for up to \$10,000 (almost Rs 7.2 lakh) each.
- Apart from the smooth-coated otter, India had proposed Appendix I status for the small-clawed otter, mako shark (*Isurus oxyrinchus*), the Indian star tortoise (*Geochelone elegans*) and the Tokay gecko.

**The International Convention**

- The CITES website describes it as an international agreement aimed at ensuring “that international trade in specimens of wild animals and plants does not threaten their survival”.
- CITES was drafted after a resolution was adopted at a meeting of the members of the International Union for Conservation of Nature (IUCN) in 1963.
- The text of the Convention was agreed at a meeting of the representatives of 80 countries in Washington, DC, on March 3, 1973; the Convention is, therefore, sometimes referred to as the Washington Convention.



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- CITES entered into force on July 1, 1975, and now has 183 parties. States and regional economic integration organisations adhere voluntarily to CITES.
- The Convention is legally binding on the Parties in the sense that they are committed to implementing it; however, it does not take the place of national laws.
- In effect, CITES provides a framework for Parties to make domestic legislation to ensure that the Convention is implemented effectively in their national jurisdictions.

### **Cabinet approves Establishment of an International Coalition for Disaster Resilient Infrastructure**

The Union Cabinet chaired by the Prime Minister Shri Narendra Modi has given ex-post facto approval for the Establishment of an International Coalition for Disaster Resilient Infrastructure (CDRI) along with its supporting Secretariat Office in New Delhi.

#### **About CDRI**

- The CDRI is proposed to be launched at the UN Climate Action Summit in New York, USA on 23rd September 2019.
- Organized by the UN Secretary General, this event will bring together the largest number of Heads of States to generate commitments for combating the effects of climate change and resulting disasters, and will provide the high-level visibility required for the CDRI.

#### **The approval, inter-alia, is for the following initiatives:**

- Establishment of the International 'C.D.R.I.' along with its supporting Secretariat office in New Delhi;
- Establishment of the Secretariat of the CDRI as a Society under The Societies Registration Act, 1860 in New Delhi as 'CDRI Society' or similar name as per availability.
- The memorandum of association and by-laws of the 'CDRI Society' will be prepared and finalized by the National Disaster Management Authority (NDMA), in due course;

#### **Major Impact:**

- The CDRI will serve as a platform where knowledge is generated and exchanged on different aspects of disaster and climate resilience of infrastructure.
- It will bring together technical expertise from a multitude of stakeholders.



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- In doing so, it will create a mechanism to assist countries to upgrade their capacities and practices, with regard to infrastructure development in accordance with their risk context and economic needs.
- This initiative will benefit all sections of society.
- Economically weaker sections of society, women and children, are the most vulnerable to the impacts of disasters and hence, will be benefitted from the improvement of knowledge and practice in creating disaster resilient infrastructure.
- It will also benefit all areas with high disaster risk. In India, the north-eastern and Himalayan regions are prone to earthquakes, coastal areas to cyclones and tsunamis and central peninsular region to droughts.

**Innovation:**

- There are many initiatives on different aspects of disaster risk reduction and many initiatives on infrastructure development in different in a range of countries with different disaster risk and development contexts.
- A global coalition for disaster resilient infrastructure would address concerns that are common to developing and developed countries, small and large economies, countries at early and advanced stages of infrastructure development, and countries that have moderate or high disaster risk.
- Few concrete initiatives work at the intersection of Sendai Framework, Sustainable Development Goals (SDGs) and Climate Change Adaptation with a focus on infrastructure. Focus on disaster resilient infrastructure would simultaneously address the loss reduction targets under the Sendai Framework, address a number of SDGs and also contribute to climate change adaptation.
- Hence, there is a clear niche for a Global Coalition for Disaster Resilient Infrastructure.
- Publication of natural hazard risk information about the different regions in India will allow the public to understand the risk in their regions and demand for risk mitigation and preparedness measures from their local and State Governments.