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1.RBI Monetary Policy Committee Meeting:

The RBI recently held its Monetary Policy Committee meet. During the meet, the Reserve Bank of India has kept the repo rate unchanged at 4%. Repo rate is the rate at which RBI lends to banks. The Reverse Repo Rate is to continue at 3.35%.

Key Highlights of the MPC meet

- The meeting concluded that the “Accommodative Stance” of monetary policy is to continue. Accommodative Stance means the apex bank will keep cutting rates in order to inject money in to the financial system. When the accommodative stance of the bank is addressed as “neutral”, it means that RBI may alter rates in any direction to control the flow of the currency in the country.
- The bank rate and the Marginal standing facility were kept unchanged at 4.25%
- Real GDP for the year 2020-21 has been projected at -7.5%.
- The Q3 GDP of 2020-21 was projected to grow at 0.1%. In Q4, the GDP is expected to grow at 0.7%.
- The CPI Inflation for Q3 was projected at 6.8% and for Q4 at 5.8%.
- The limit of contactless card transaction has been raised from Rs 2,000 to Rs 5,000 per transaction. This is to be implemented in January 2021.
- The RTGS (Real Time Gross Settlement) system is to be made 24/7 in few days.

Inflation

During the COVID-19 crisis, the Inflation had remained consistently above the upper end of RBI’s target inflation of 2% to 6%. The retail inflation calculated based on the CPI continued to raise till October 2020 reaching 7.61%. This is the highest retail inflation since May 2014. In May 2014, it was 8.33%.

GDP Projections by the RBI

In October, the RBI in its MPC meet said that the real GDP growth of India is to be at -9.5%. In Q2 (July, August and September) of 2020, the GDP contracted by 7.5% as compared to 2019. It contracted by 23.9% in Q1 due to the impact of COVID-19 as compared to that of 2019.

This is being called as “V-shaped recovery”. It reflects rapid resilience of Indian Economy.

2.Arecibo Telescope

Built in 1963, Puerto Rico’s Arecibo Telescope was built in 1963. It is the second-largest single-dish radio telescope in the world. It was in news recently because of its collapse. It is owned by the US National Science Foundation. It is known for its finding that Mercury rotates in 59 days and not 88 days (original calculation). Apart from its scientific contributions, it is a cultural symbol for Puerto Rico. It attracted around 90,000 visitors annually.

About Arecibo Telescope

The Arecibo Telescope has one of the most powerful radar employed to observe asteroids, planets, ionosphere. The telescope has discovered the first exoplanets, prebiotic molecules in distant galaxies and first millisecond Pulsar. Prebiotic molecules are matter that lead to the origin of life.

The Telescope had served as a hub in the search of extra-terrestrial life and has picked up several radio signals from alien civilisations. It has played a major role in tracking killer asteroids heading towards the earth.

In 1993, the scientists Joseph Taylor and Russell Hulse were awarded the Nobel Prize in physics. With the help of the observatory they monitored a binary Pulsar. It was the first evidence for the existence of gravitational waves.

The telescope had become a symbol of Puerto Rico. It drew more than 90000 visitors every year.

Why did the Arecibo Telescope collapse?

On November 19, 2020, the National Science Foundation of the United States recommended controlled demolition of the telescope as two cables broke off threatening the survival of the observatory. The foundation came to this conclusion after several assessments found that the telescope structure is in danger of catastrophic failure and the cables of the telescope are no longer capable of carrying its weight. The receiver platform of the telescope alone weighs 900 tonnes. The receiver platform collapsed 450 feet into the 1000 feet wide dish.

Earlier, the telescope had survived several hurricanes and earthquakes.

3.Draft National Unmanned Aircraft Traffic Management Policy

The draft National Unmanned Aircraft Traffic Management Policy aims to use drones to fly alongside manned aircrafts (scheduled and non-scheduled aircrafts). The proposed policy comes in the backdrop of several instances shutting down of airports' operations soon after the sighting of drones. The policy aims to integrate drone operations in the current Air Traffic Management System while ensuring maintenance of high levels of aviation safety.

About the Policy

- The unmanned aircraft system traffic management under the policy will provide real-time situation awareness, flight planning capabilities, facilitate flight authorisation, provide weather and Terrain data. Also, it will manage the unmanned aircraft system traffic.
- The unmanned aircraft system traffic management is required as soon as drones will fly alongside manned aircraft. Therefore, there is a need to maintain high levels of Aviation safety. In such cases integrating drones along with their traffic management systems will be expensive and complex. Hence, drones need a separate management systems.

Background

The draft comes in the backdrop of several global instances. In January 2019, the Heathrow Airport of London shut its operation for an hour due to Drone sighting. Similarly in 2016, Dubai airport, which is considered as the world's busiest airport shut down its operation for about 30 minutes after a Drone sighting.

In India drones are already being used by several institutions. Recently in November 2020, the International Crops Research Institute located in Hyderabad was granted conditional exception for the deployment of drones for Agricultural Research activities. The permission was granted by the Ministry of Civil Aviation and directorate General of Civil Aviation.

Objectives of the policy

The main objective of the policy is to define how the unmanned aircraft operational scenario is to be enabled in the country. The policy has identified standard unmanned aircraft operational scenarios.

The policy mainly focuses on the unmanned aircraft operating below 2000 feet above the ground level.

Stakeholders

The policy aims to collaborate multiple stakeholders and connect them based on data exchange standards. This will boost the Information sharing between the stakeholders. The stakeholders include Airport Authority of India, air defence

authorities, military authorities such as Coast Guard, Indian Airforce, Army, Indian Navy and HAL, directorate General of Civil Aviation, Bureau of Civil Aviation security, law enforcement and security agencies.

Digital Sky platform

The platform is Central to the unmanned aircraft system of India. It creates centralised, seamless and automated regulatory environment to calibrate the stakeholders in real time. It will provide unmanned aircraft system traffic management to the entire country. Also it will act as the central data archive for all flight logs and flight permissions.

No permission No take off Model of the Policy

Under the policy the digital Sky adopts no permission no takeoff model. This provides an additional layer of safety and security. It means that unmanned aircraft system cannot take off without a signed digital permission. The permission is called the permission artefact.

What is permission artefact?

The permission artefact is issued for each and every unmanned aircraft system. It includes four-dimensional authorisation information. The four dimensions are x,y,z and t. Here t is time.

Unmanned aircraft system traffic management (UTM) service providers

The remote pilots of the unmanned aircraft systems may obtain approval from the digital Sky platform through the UTMSP, UTM Service Providers. The policy has provided separate guidelines to these stakeholders.

4.What is Diem?

Facebook-backed cryptocurrency Libra has been rebranded as “Diem” to gain regulatory approval by emphasising that the project has “organisational independence”. The independent organisation, Libra Association, which runs the Libra project will also be renamed as the Diem Association. Diem is a Latin term meaning “day”. Libra received criticism because of the possibility of it threatening the traditional government-run financial systems, which may result in upending of financial stability and threatening of privacy.

Diem is a stable coin. Unlike other cryptocurrencies, Diem is to use Permissioned blockchain. Majority of the other cryptocurrencies use Permissionless blockchain

What is a stable coin?

Stable coins are cryptocurrencies. The only difference in stable coins is that these cryptocurrencies are backed by a reserve asset. Their market value is dependent on

some external reference. For instance, it may be pegged to the value of gold or to that of US dollars or to the asset held by the launcher. The stable coins receive their price stability through an algorithm mechanism of buying and selling of the reference asset.

What are Permissioned Blockchains?

It is a private blockchain. The only difference between the permissioned and Permissionless blockchain is that the permissioned blockchain has an access control layer. In simple terms, this means that the user of the blockchain, Libra in this case, can govern who has access to the network.

What is the EU response on Diem?

The European Union has not yet begun to allow stable coins to operate within its territory. According to the EU, it might be a threat to monetary sovereignty of states.

What is the US response on Diem?

The US wants to stop Facebook from launching the currency as the cryptocurrency market is lacking a clear regulatory framework.

What is the plan?

Libra is planning to launch the currency through Swiss Financial Market Supervisory Authority (FINMA). FINMA is the market watchdog of Switzerland.

5.Indian Navy Day: December 4

Every year the Indian Navy Day is celebrated on December 4. This year the Indian Navy Day is celebrated on the following theme

Theme: Indian Navy Combat Ready, Credible and Cohesive.

The theme sends a message that India is keenly watching the moves of the Chinese in the Indian Ocean Region and the Indian Navy is combat ready to encounter the Chinese forces anytime. The message includes Pakistani forces as well.

Every year the Indian Navy Day is celebrated to commemorate Operation Trident. The operation was launched by the Indian Navy during the India-Pakistan war of 1971 to attack Karachi Harbour.

Operation Trident

Operation Trident was launched on the night of December 4. During the attack Indian Navy ravaged the fuel Storage tankers at Pakistan Naval headquarters located in Karachi. The Indian Navy also sank 4 of the Pakistani boats and killed 500 Pakistani Naval personnel. This included minesweepers and destroyed us as well.

For the first time India deployed an anti-ship missile during the India Pakistan war of 1971. The operation Trident was followed by operation Python.

Operation python

After the first attack during operation Trident, the Pakistan Navy attempted to outsmart the Indian Navy by mingling with merchant ships. The operation Python was launched to counter this move of the Pakistan Navy.

History of Indian Navy day

Earlier during the British rule, Indian Navy Day was celebrated in the month of October coinciding with the Royal Navy's Trafalgar Day. The Trafalgar Day falls on October 21.

Indian Navy

The President of India is the supreme commander of Indian Navy. A four-star admiral is appointed as the Chief of Indian Navy and he commands the navy. The Indian Navy was founded in 1612 in order to protect the British merchant ships.

Why was Operation Trident launched?

In the evening of December 3, 1971, Pakistan attacked Indian Air bases. In response to the attack the Indian Defence Force launched Operation Trident. Three high speed missile boats namely Nirghat, Nipat, Veer were dispatched towards the Karachi port.

6. Why did RBI direct HDFC bank to stop its Digital Launches?

The Reserve Bank of India recently asked the HDFC bank to temporarily stop all its launches under its Digital 2.0 programme.

Why did RBI take action against HDFC bank?

The RBI issued the order with regard to outrages against the bank. The order were issued with regard to incidents of outrages in mobile banking, internet banking and payment utilities of the bank in the past two years.

What is the issue?

The bank faced outrages all over the country due to a power failure that occurred in its primary data centre in November 2020. Also in December 2019, the bank faced hard criticisms when customers faced issues in paying loan EMIs and settling credit card bills.

What is Digital 2.0?

The Digital 2.0 is about reinterpreting digital platforms as one. Under the initiative, the bank had planned to engage customers through technology. Its main objective was to move the customers from a single transaction to meeting all financial needs such as insurance, trading, investment, etc.

It was the first bank in the country to come out with a 10 second digital loan. It is the second largest bank in the country. It was working in new technologies such as Artificial Intelligence, Machine Learning, Robotic Process Automation and blockchain.

When will the imposed curbs be lifted?

According to the RBI order, the HDFC bank should fix its accountability. The curbs will be lifted after the RBI is satisfied over the compliance of the bank.

Banking Regulation Act

The RBI shall issue orders, notification and interfere in the functioning of any bank including public and private banks in the country according to Banking Regulation Act. The recent curbs have been imposed on HDFC based on this act. Thus, RBI acts as guardian of commercial banks in the country. The act provides extensive powers to the apex bank to control and supervise the banking system in the country.