



## PLUTUS ACADEMY

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#### GENERAL STUDIES FACULTY

#### 1.Lok Sabha Passes Bill to reduce salaries of MPs by 30%

The Salary, Allowances and Pension of Members of Parliament (Amendment) Bill, 2020 was passed by the Lok Sabha. The bill seeks to cut salaries of MPs by 30%.

##### Key Facts

- Currently, each MP draws a monthly salary of ₹1 lakh, ₹70,000 as constituency allowance and ₹60,000 for running office besides other perks as per the pay hike in 2018.
- 30% Salary Cut is applicable to all MPs, including the Prime Minister and the Council of Ministers, for the financial year 2020-2021.
- The President and Vice-President of India along with all the State Governors, have also decided to cut their salary by 30%.
- The amendment would only cut MPs' salaries but not the allowances or the pensions of ex-MPs.
- The bill replaces the Salaries and Allowances of Ministers (Amendment) ordinance, 2020.
- The bill also amends the Salaries, Allowances and Pension of Members of Parliament Act, 1954

##### Concerns

The amendments would have a negligible impact on the financial resources with total collection would be 0.001% of the special economic package of Rs 20 lakh crores.

##### Legislation

Article 106 of the constitution of India empowers the MPs to determine salaries and allowances by enacting laws.

##### Background information

##### Suspension of MPLADS

Earlier, it was decided to suspend The MPLADS scheme as well. Under the provision, the amount saved from the scheme would be redirected to the Consolidation Fund. Many MPs earlier had already pledged to use their MPLADS funds for efforts to combat the coronavirus pandemic.

### **Members of Parliament Local Area Development Scheme (MPLADS)**

The scheme was announced in December 1993 under the nodal ministry- the Ministry of Rural Development. In October 1994, the scheme was transferred to the Ministry of Statistics and Programme Implementation. The scheme enables MPs to recommend developmental works that need to be taken up in their Constituencies. It is a Central Sector Scheme and the annual MPLADS fund entitlement per MP per constituency is ₹5 crore.

## **2.RBI Issues Draft on Rupee Interest Rate (IR) Derivatives Directions 2020**

The Reserve Bank has proposed to allow foreign portfolio investors (FPIs) to undertake the rupee interest rate derivatives which is subject to a ceiling of ₹5,000 crore. These directions aim to encourage high non-resident participation, to enhance the role of domestic market makers in the other market, to improve transparency and to achieve better regulatory oversight.

### **What are Interest Rate Derivatives (IRDs)?**

IRDs are the Financial Instruments whose value is linked to the movements of the interest rates through varying interest rates, prices of interest rate instruments, or interest rate indices. IRDs may include futures, options, or swaps contracts. Interest rate derivatives are used as hedge by the institutional investors, banks, companies, and individuals so as to protect themselves against changes in market interest rates. Sometimes, IRDs are also used to increase the holder's risk profile or to speculate on rate moves.

### **Foreign Portfolio Investment (FPIs)**

A foreign portfolio investment is the group of assets that include bonds, cash equivalents and stocks. Investments of the portfolios are held directly by an investor and are managed by financial professionals. Foreign portfolio investment is considered as entry of funds into a country where foreigners can deposit money in a country's bank and make purchases in the country's stock and bond markets.

### **Futures contracts or Futures**

**It is a legal agreement to buy or sell commodity or financial instruments at a predetermined price or the forward price and a specified time in the future. These agreements are done between parties who are not known to each other.**

### **3.Heavy Rains Forecast Raised Concerns for Kharif Crops**

#### **Impact of Monsoon on Indian Agriculture**

The Indian economy heavily depends on agriculture. About 70% of the Indian population depends on farming either directly or indirectly. 58% of the total employment in the country is in the agriculture sector. Contribution of the Agriculture sector stands at 18% of the GDP.

- Majority of the crop area is completely dependent on monsoon rains as it is not equipped with methods of manual irrigation. So, the economy gains as a result of good monsoon in the country.
- Good monsoon increases the Farm output and the demand increases for consumer goods.
- It increases the income of rural people.
- Normal monsoon keeps checking the food inflation due to availability of food produce.

June to September is the month for Southwest monsoon in India. More than 75% of India's annual rainfall occurs during this period. So, the season is highly beneficial for the Monsoon friendly crops including the sugarcane, jute and paddy. Though, crops like wheat and barley require moderate temperature and water and therefore can only be grown in winters.

#### **Kharif Crops**

These are the crops of the monsoon season. These crops are grown in hot and wet conditions. The crops are sown in the beginning of June-July and are harvested during September-October. These crops include- Rice, Maize, Groundnut, Soybean, Green gram, Black gram.

### **4.Aircraft (Amendment) Bill, 2020**

The Aircraft (Amendment) Bill, 2020 was passed by Parliament. Earlier, it was passed in the Lok Sabha on March 17, 2020. The Bill was passed by a voice vote.

#### **Key Provisions of the Bill**

- The Bill provides statutory status to regulatory institutions like the Directorate General of Civil Aviation (DGCA), the Bureau of Civil Aviation Security (BCAS) and the Aircraft Accident Investigation Bureau (AAIB).
- The regulatory institutions,
  1. DGCA will carry out oversight and regulatory functions.
  2. BCAS will carry out regulatory oversight functions of the aviation security.

3. AAIB will carry out investigations related to aircraft accidents and incidents.
- The statutory status would improve India's aviation safety ranking.
  - The Bill proposed to increase the fine for violations of rules from ₹10 lakh to ₹1 crore for aviation industry players.
  - The Bill empowers the central government to cancel the licences, certificates or approvals granted to a person under the Act if the person does not go by any provision of the Act.

#### **Directorate General of Civil Aviation (DGCA)**

It is a statutory body formed under the Aircraft (Amendment) Bill, 2020. This institution is empowered to investigate aviation accidents and incidents. Its headquarter is along the Sri Aurobindo Marg, opposite Safdarjung Airport, New Delhi.

#### **Bureau of Civil Aviation Security (BCAS)**

It is an attached regulatory authority of the Ministry of Civil Aviation of India. An officer of the rank of Director general of police heads the institution who is designated as Director general of Security (Civil Aviation). He is responsible for the implementation, development, and maintenance of the National Civil Aviation Security Programme.

### **5.PMGKP Insurance Scheme Extended for another Six Months**

Six months extension have been made to the Pradhan Mantri Garib Kalyan Package Insurance Scheme. The Scheme was announced for Health Workers Fighting COVID-19 on 30th March 2020 under the flagship scheme Pradhan Mantri Garib Kalyan Yojana, 2016.

#### **Pradhan Mantri Garib Kalyan Package (PMGKP) Insurance Scheme**

- The scheme provides health insurance to the staff working in Government Hospitals and Health Care Centres.
- The scheme covers ward boys, safai karamcharis, ASHA workers, nurses, technicians, paramedics, doctors and specialists and other health workers.
- Any health professional who meet with some accident while treating Covid-19 patients then he/she would be given a compensatory amount of Rs 50 lakh under the scheme.
- Approximately 22 lakh health workers would be provided insurance cover.
- The scheme also includes accidental loss of life on account of contracting COVID-19.

#### **Pradhan Mantri Garib Kalyan Yojana, 2016 (PMGKY)**

PMGKY scheme was launched by the Narendra Modi led Government in December 2016. The scheme was launched on the lines of the Income declaration scheme, 2016.

PMGKY is a part of the Taxation Laws (Second Amendment) Act, 2016. It provides an opportunity to declare unaccounted wealth and black money. It also avoids prosecution after paying a fine of 50% on the undisclosed income. The scheme can only be used to declare income in the form of cash or bank deposits in Indian bank accounts. It does not include money in the form of Stocks, jewellery, immovable property and deposits in overseas accounts.

During the COVID-19 pandemic in India, a ₹1.70 Lakh Crore relief package was announced by the Finance Minister under Pradhan Mantri Garib Kalyan Yojana for the poor. It provides,

- ₹500 to 19.86 crore women Jan Dhan account holders.
- LPG cylinders to 8 crore poor families free of cost for 3 months.
- ₹1,000 to senior citizens for 3 months.
- Rs 50,000-Crore has been allotted for returnee migrant workers under the Garib Kalyan Rojgar Abhiyan.

### **6.37 Mega Food Parks in 23 States/UTs Approved**

Mega Food Park Scheme (MFPS) is being implemented by the Ministry of Food Processing Industries. The scheme has been creating modern infrastructure for the food processing industries since 2008. A Total of 42 food parks have been planned, and 37 Mega Food Parks have recently been approved out of which 19 are already operational.

#### **About Mega Food Park Scheme**

- It is a scheme of the Ministry of Food Processing that establishes a “direct linkage from farm to processing and then to consumer markets”.
- The scheme has been made a component of the new Central Sector Umbrella Scheme– Pradhan Mantri Kisan Sampada Yojana (PMKSY).
- MFPS is aimed at providing modern infrastructure facilities for food processing besides providing the value chain from farm to market.
- Fully operational Mega Food Park is going to provide employment to 5000 persons directly or indirectly.
- It will create infrastructure near the collection centres, Centralised processing centres, Primary Processing centres, transportation and logistics.
- Creation of infrastructure will further reduce wastage and create an efficient supply chain with collection centres, primary processing centres and logistic infrastructure working at the back end.

#### **Salient Features**

- 1. The primary objective of the scheme is to provide modern infrastructure facilities for the food processing along the value chain from the farm to the market.**
- 2. The scheme will follow a cluster-based approach based on a hub and spokes model by creating infrastructure for primary processing and providing common facilities like roads, electricity, water, Effluent Treatment Plant (ETP) etc. at Central Processing Centre (CPC).**
- 3. The scheme will be driven by demand and will facilitate food processing units to meet environmental and safety standards.**
- 4. The project requires a minimum of 50 acres of land either by purchase or on lease of at least 75 years for establishing the Central Processing Centre of the Mega Food Park.**

#### **Pradhan Mantri Kisan Sampada Yojana (PMKSY)**

**The SAMPADA (Scheme for Agro-Marine Processing and Development of Agro-Processing Clusters) scheme was approved in May 2017 which has been renamed as the “Pradhan Mantri Kisan Sampada Yojana (PMKSY)”. It is a central sector scheme that incorporates schemes like Mega Food Parks, Integrated Cold Chain and Value Addition Infrastructure etc. under it. The primary objective of the scheme is to supplement agriculture, modernise its processing and decrease the Agri-Waste.**