Prelim Bits 21-10-2019

Definition of land as forest

- The conundrum of defining forest has been around since the 1980s.
- In 1996, the Supreme Court in its Godavarman Judgement expanded the definition of Forest that includes lands,
    1. That was already notified by the Centre as forests,
    2. That appears in government records as forests
    3. That fell in the “dictionary definition” of forest.
- Under the third category, it is the prerogative of the States to define their own criteria and define tracts of land as a forest which is known as 'deemed forests'.
- This is because, a tract of grassland in one State might qualify in one region as forest, but not in another.
- However, not all States have submitted such criteria and once a State applied criteria, it couldn't be reversed.
- Forests defined under these criteria constituted about 1% of the country’s forests.
- The discussion on this deemed forests came up because the Uttarakhand government had put forth a set of criteria defining forest land and asked the Environment ministry for it's opinion.
- The Forest Advisory Committee (FAC) have clarified that the States need not take the Centre’s approval to define what constitutes unclassified land as forest.

PMEAC

- Prime Minister's Economic Advisory Council is a non-constitutional, non-permanent and independent body constituted to give economic advice to the Government of India, specifically the Prime Minister.
- The council serves to highlight key economic issues facing the country to the government of India from a neutral viewpoint.
- It is chaired by a Chairperson and consists of eminent economists as members.
- There is no fixed definition on the exact number of members and staff of the EAC-PM.

- **Recent developments** - It was recently reconstituted for the period of two years.
- In the council's earlier terms, there were 5 full time and part time members in total. After the reconstitution, the strength of the council gone upto 7 with 2 full time and 5 part time members.
- Bibek Debroy remains the chairman of the PMEAC and Ratan Watal its Member-Secretary.

Developments in IMF

- The members of IMF has recently agreed a new deal that would allow to maintain its funding at $ 1 trillion but postponed changes to its voting structure.
- **Source of funding in IMF** - Quotas are the IMF's main source of financing. Each member of the IMF is assigned a quota, based broadly on its relative position in the world economy.
- Through New Arrangement to Borrow (NAB), a number of member countries and institutions stand ready to lend additional resources to the IMF.
- The NAB constitutes a second line of defense to supplement IMF resources.
- Bilateral Borrowing Agreements serve as a third line of defense after quotas and the NAB.
- Concessional lending and debt relief for low-income countries are financed through separate contribution-based trust funds.
- NAB is a renewable funding mechanism that has existed since 1998 and bilateral borrowings from countries after the 2008 financial crisis.
- **Recent Developments -** In its new deal, IMF members have decided to extended the bilateral borrowing facility by a year to the end of 2020 and a potential doubling of the NAB.
- But the new deal will leave IMF quotas (the primary source of IMF funds), which determine voting shares, unchanged. Instead, these will be reviewed before the end of 2023.
- This is mainly due to veto power of US which has objected to changing IMF quota.
- IMF quotas are distributed according to a four pronged formula that considers a member country's GDP, its economic openness, its "economic variability" and international reserves.
- India's quota is 2.76% and China's is 6.41%, while the U.S.'s quota is 17.46 % (translates to a vote share of 16.52%).
- Many of the crucial decision in IMF requires 85% supermajority and US

vote share give it unique veto power.

Appointments in RBI

- As per the RBI Act, the central bank should have one governor and four deputy governors -Two from within the ranks and one commercial banker and another an economist to head the monetary policy department.
- Any vacancy in the list will be filled by the government after getting recommendations from the Financial Sector Regulatory Appointment Search Committee (FSRASC).
- FSRASC is headed by Cabinet Secretary and includes additional Principal Secretary to the Prime Minister who is a permanent government nominee and 3 other experts.
- As per the process, the panel will invite applications from eligible candidates and based on interactions with them will select the candidate.
- The appointment would be made by the central government on the recommendation of the FSRASC.
- It is noted that the FSRASC is free to identify and recommend any other person also, on the basis of merit, who has not applied for the post.
- The same process is being followed in the selection of Chairman of SEBI and IRDAI.
- Currently, Deputy governor post in RBI is being vacant after the resignation of Viral Acharya.
- The tenure of the office is three years and the person is eligible for reappointment.

Relocation of Rohingyas

- Thousands of Rohingya living in Bangladesh refugee camps have agreed to move to an island named "Bhashan Char" in the Bay of Bengal.
- However, there is a warning that the island emerged from the sea only about two decades ago, might not be able to withstand violent storms during the annual monsoon season.

Source: The Hindu



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