

**06– 03 – 2022**

**News: Monetary Policy Committee**

- Recently, the **Monetary Policy Committee (MPC)** of the Reserve Bank of India (RBI) noted that the central bank's accommodative policy stance may fail to **comply with the Inflation target** (upper limit of 6%).
- An accommodative stance indicates willingness on the part of the central bank to expand money supply and cut interest rates.

## **Monetary Policy Committee (MPC)**

- Monetary Policy Committee (MPC) is instituted under **Section 45ZB of RBI Act, 1934** constituted by Central government.
- MPC is **tasked with framing monetary policy** using tools like repo rate, reverse repo rate, bank rate and CRR.
- The **recommendations of MPC are binding on RBI**.
- In India, Monetary policy is **based on Headline CPI Inflation**.
- RBI has to **organise at least four meetings of the MPC** in a year. (More meetings can be held if the RBI Governor is of that opinion).

- Usually, MPC meets 6 times a year. But in FY20, it had an extra meeting in view of pandemic and the urgent need to assess the current and evolving macroeconomic situation
- As per the provisions of the RBI Act, out of the six Members of Monetary Policy Committee, **three Members are from the RBI and the other three Members of MPC are appointed by the Central Government.**
- **Governor of RBI acts as the ex-officio chairman of MPC.**
- The Members of the Monetary Policy Committee, **ineligible for reappointment** is appointed by the Central Government shall hold office for a **period of four years**, with immediate effect or until further orders, whichever is earlier.
- Quorum for the MPC is **4 members.**
- Decisions are based on majority with each one having a vote. **RBI governor will not have a VETO power, but will have a casting vote in case of a tie.**

## **News: Kavach Automatic Train Protection System**

- Recently, the Indian Railways tested 'Kavach'-Automatic Train Protection System by making two trains move towards each other at full speed.

## **Kavach – Automatic Train Protection System**

- Kavach is **India's own automatic protection system**, which is in development since 2012, under the name **Train Collision Avoidance System (TCAS)**, which got rechristened **Kavach** or “**armour**”.
- It is a **set of electronic devices and Radio Frequency Identification (RFID) devices installed in locomotives, in the signalling system as well as the tracks.**
- They **connect to each other using ultra high radio frequencies to control the brakes of trains and also alert drivers**, all based on the logic programmed into them.
- TCAS or Kavach includes the key elements from already existing, and tried and tested systems like the **European Train Protection and Warning System**, and the **indigenous Anti Collision Device.**
- It will also carry features of the **high-tech European Train Control System Level-2 in future.**

- The current form of Kavach adheres to the highest level of safety and reliability standard called Safety Integrity Level (SIL) 4.
- SIL comes from two voluntary standards used by plant owners/operators to quantify safety performance requirements for hazardous operations.
- There are four SIL Levels (1-4). A higher SIL Level means a greater process hazard and a higher level of protection required.
- In the new avatar, India wants to position Kavach as an exportable system, a cheaper alternative to the European systems in vogue across the world.
- While now Kavach uses Ultra High Frequency, work is on to make it compatible with 4G Long Term Evolution (LTE) technology and make the product for global markets.
- Work is on to make the system such that it can be compatible with other already installed systems globally.

**News:** GPS fitted turtles play fast and loose with borders, enter Bangladesh

- In just six weeks after the release, at least three of the 10 turtles of the critically endangered Northern River Terrapin species have travelled hundreds of kilometres and are now in Bangladesh.

## Northern River Terrapin

- The **Sunderbans eco-region is the natural habitat of Northern River Terrapin.**
- They are **exploited for local subsistence and ritualistic consumption** as well as some regional trade, including supply to the Calcutta markets in the 19<sup>th</sup> and 20<sup>th</sup> centuries.
- IUCN Status of Northern River Terrapin is **Critically Endangered.**
- CITES status is **Appendix I.**
- Wildlife (Protection) Act, 1972 status is **Schedule I.**
- A list of animals including River Terrapin are included in the '**list of priority species to be secured**' under the **National Mission for Clean Ganga (NMCG).**

**News:** FATF retains Pak. on its terror funding ‘grey list’

- The global money laundering and terrorist financing watchdog FATF has retained Pakistan on its terrorism financing “grey list” and asked Islamabad to address at the earliest the remaining deficiencies in its financial system.
- The plenary on Friday decided against exiting Pakistan from the category despite the country meeting 32 out of 34 action points.

## **Financial Action Task Force (FATF)**

- Financial Action Task Force (FATF) is an **intergovernmental organisation founded in 1989 on the initiative of G-7 to develop policies to combat money laundering.**
- In 2012, it added efforts to **counter the financing of proliferation of weapons of mass destruction.**
- Objectives of FATF are **“Set standards and promote effective implementation of legal, regulatory and operational measures for combating money laundering, terrorist financing and other related threats to the integrity of international financing system”.**

- The FATF does not address all the issues related to the low tax jurisdiction or tax competition. The FATF mandate focuses only on the fight against laundering of the proceeds of crimes and the financing of terrorism.
- The secretariat of FATF is located at the Organisation for Economic Cooperation and Development (OECD) headquarters in Paris.
- But, OECD and FATF are entirely different organisations, even though most members overlap each other.
- The Rupee denominated Masala bonds can only be issued in a country and subscribed by a resident of such country that is a member of financial action task force and whose securities market regulator is a member of International Organisation of Securities Commission.
- Members include 37 member jurisdictions (including India) and 2 regional organisations European Commission and Gulf Co-operation Council.
- Eurasian Group on Combating Money Laundering and Financing of Terrorism is an Associate member of FATF.
- The FATF Plenary is the decision making body of the FATF. It meets three times per year around February, June and October.
- There are 9 FATF-Style regional bodies to devise systems for combating money laundering and terrorist financing. Eurasian Group, Asia/Pacific Group,

Caribbean FATF, MONEYVAL, ESAAMLG, FATF of Latin America, Middle East and African.

- It also assists jurisdictions in implementing financial provisions of the United Nations Security Council resolutions on terrorism.
- Since 2000, FATF has been maintaining the FATF Blacklist (Call for Action) and FATF Greylist (Other mentioned Jurisdictions).
- Only 3 objections are required to stop a proposal of including a country in Blacklist, but requires 12 supporting nations to take one out of grey list.
- **Blacklist:** FATF describes “High-Risk jurisdictions subject to Call for Action” as having “significant strategic deficiencies in their regimes to counter money laundering, terrorist financing, and financing of proliferation”.
- Putting a country on Blacklist means shutting all doors to international finance for that country. As of 2020, North Korea and Iran are listed as Blacklist countries.
- **Grey List:** A country is put on the grey list when it fails to curb terrorism financing and money laundering.
- Currently there are 25 countries in the Grey List, including Pakistan.
- The countries in the Grey List are Albania, Barbados, Botswana, Burkina Faso, Cambodia, Cayman Islands, Jamaica, Jordan, Haiti, Malta, Mali, Mauritius,



Morocco, Myanmar, Nicaragua, Pakistan, Panama, Philippines, Senegal, South Sudan, Syria, Turkey, Uganda, Yemen and Zimbabwe.