Prelim Bits 01-08-2018

Chromium

- According to the survey by Central Groundwater Board, groundwater in 5 districts of Tamil Nadu are contaminated by chromium (>0.05 mg/ltr) which is above Bureau of Indian Standards limits.
- Chromium is a naturally occurring heavy metal that is commonly used in industrial processes and can cause severe health effects in humans.
- It can exist in air, water, soil, and food, and common exposure pathways include ingestion, inhalation, or dermal contact.
- It is commonly found in two forms - trivalent chromium (Cr III) and hexavalent chromium (Cr VI).
- Cr III is the most stable form of the element and occurs naturally in animals, plants, rocks, and soils and non-toxic.
- Cr VI rarely occurs in nature and is usually the product of anthropogenic activities and it is neurotoxic, genotoxic and a carcinogen.
- Chromium is used in the manufacture of alloys, inhibitory paints, wood preservatives, fixatives for dyes and tanning, photographic sensitisers and as anticorrosive in cooking systems and boilers.
- The industries with the largest contribution include leather tanning operations, metal processing, stainless steel welding, chromate production, and chrome pigment production.

STA-1 Status to India

- U.S has recently placed India in Strategic Trade Authorization-1 (STA-1) license exception list.
- This exception from the export control regime will allow the US to export sensitive technology to India without individual licences.
- It is a privilege hitherto reserved only for 36 countries, mostly NATO members or key allies like Japan and South Korea.
- India is the only **South Asian country** to be on the list.
- It provides India with greater supply chain conditions for defence and other high-tech products.
- It is being seen as a reaffirmation of US support for India's NSG membership bid.
- Till recently India was designated as STA-2 countries along with Israel and 6 other countries.

Local Incorporation of Foreign Banks

- Mauritius-based SBM Group, a foreign bank, has received RBI's approval to operate in the country through a wholly-owned subsidiary route.
- It is the first foreign lender to receive such a licence after local incorporation was introduced in 2013.
- At present, many of the foreign banks are operating in the country through opening branches in India.
- In 2013, RBI has introduced the local incorporation model which allows foreign banks to operate as a wholly owned subsidiary (WOS) in India.
- It would involve local incorporation, a local board of directors, and a ring-fenced capital and assets profile that would not be affected by the impact of global events on its parent.

- It is to encourage foreign banks to move to this model following the global financial crisis of 2008.
- It will help in scaling up supply-chain finance, transaction banking and cash management operations.
- In SBM group case, at present, it operates through 4 branches in Mumbai, Chennai, Hyderabad and Ramachandrapuram (A.P).
- After the approval, the bank will soon operate as a banking subsidiary of SBM Group in India under the name of SBM Bank (India) Ltd.

Safeguard Duty

- The Indian government has recently announced the imposition of safeguards duty of 25% on imported solar cells and modules for 2 years.
- It would specifically impact the solar panels coming from China and more than 85 per cent of India's solar capacity is built on Chinese panels.
- Safeguard duties are applied when,
    1. There is a surge in imports of a particular product irrespective of a particular country and,
    2. It causes serious injury to the domestic industry.

- Safeguard measures are applied to all imports of the product in question irrespective of the countries in which it originates or from which it is exported.
- This aspect distinguishes Safeguards from antidumping measures which are always country specific.
- Safeguards are applied in the form of either safeguard duty or in the form of

safeguard QRs (import licenses).
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- These measures are administered in India by an authority called Director General of Trade Remedies (DGTR) under the Ministry of Commerce and Industry.
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- Earlier, it was administered by Director General of Safeguards (DGS) under Ministry of Finance. But its function was shifted to DGTR earlier this year.
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Anti-Dumping duty

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- Dumping is said to occur when the goods are exported by a country to another country at a price lower than its normal value.
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- This is an unfair trade practice which can have a distortive effect on international trade.
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- Anti dumping is a measure to rectify the situation arising out of the dumping of goods and its trade distortive effect.
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- Thus, the purpose of anti dumping duty is to rectify the trade distortive effect of dumping and re-establish fair trade.
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- The use of anti dumping measure as an instrument of fair competition is permitted by the WTO.
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- In fact, anti dumping is an instrument for ensuring fair trade and is not a measure of protection per se for the domestic industry.
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Smerch MBRL - Multiple Barrel Rocket Launchers

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- Smerch is designed to defeat soft and hard-skinned targets, artillery and missile systems.
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- It features an automatic rocket preparing and launching system and range of up to 90km.

- It was developed by Russia in the early 1980s and entered service with the Russian Army in 1988.
- In December 2005, India placed an order for an initial 38 systems and deliveries began in May 2007.
- A tender for mobility vehicles to carry this Smerch system and missiles developed by DRDO, was opened by the Indian government earlier in 2015.
- For the first time, an Indian vehicle manufacturer (Ashok Leyland) has acquired the tender and it will deliver heavy duty, high mobility vehicles for the above stated purpose.

Source: The Hindu, BusinessLine