

Prelim Bits 01-08-2018

Chromium

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- 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.

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- Chromium is a naturally occurring heavy metal that is commonly used in industrial processes and can cause severe health effects in humans.

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- It can exist in air, water, soil, and food, and common exposure pathways include ingestion, inhalation, or dermal contact.

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- It is commonly found in two forms - trivalent chromium (Cr III) and hexavalent chromium (Cr VI).

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- Cr III is the most stable form of the element and occurs naturally in animals, plants, rocks, and soils and non-toxic.

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- Cr VI rarely occurs in nature and is usually the product of anthropogenic activities and it is neurotoxic, genotoxic and a carcinogen.

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- Chromium is used in the manufacture of alloys, inhibitory paints, wood preservatives, fixatives for dyes and tanning, photographic sensitizers and as anticorrosive in cooking systems and boilers.

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- The industries with the largest contribution include leather tanning operations, metal processing, stainless steel welding, chromate production, and chrome pigment production.

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STA-1 Status to India

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

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- Mauritius-based SBM Group, a foreign bank, has received RBI's approval to operate in the country through a wholly-owned subsidiary route.
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- It is the first foreign lender to receive such a licence after local incorporation was introduced in 2013.
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- At present, many of the foreign banks are operating in the country through opening branches in India.
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- In 2013, RBI has introduced the local incorporation model which allows foreign banks to operate as a wholly owned subsidiary (WOS) in India.
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- 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.
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- It is to encourage foreign banks to move to this model following the global financial crisis of 2008.

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- It will help in scaling up supply-chain finance, transaction banking and cash management operations.

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- In SBM group case, at present, it operates through 4 branches in Mumbai, Chennai, Hyderabad and Ramachandrapuram (A.P).

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- 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.

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Safeguard Duty

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- The Indian government has recently announced the imposition of safeguards duty of 25% on imported solar cells and modules for 2 years.

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- 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.

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- Safeguard duties are applied when,\n

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1. There is a surge in imports of a particular product irrespective of a particular country and,

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2. It causes serious injury to the domestic industry.

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- 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.

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- This aspect distinguishes Safeguards from antidumping measures which are always country specific.

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- 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.

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- It was developed by Russia in the early 1980s and entered service with the Russian Army in 1988.

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- In December 2005, India placed an order for an initial 38 systems and deliveries began in May 2007.

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- A tender for mobility vehicles to carry this Smerch system and missiles developed by DRDO, was opened by the Indian government earlier in 2015.

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- 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.

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Source: The Hindu, BusinessLine

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