

# Current Affairs

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November 2016



**INDIA-RUSSIA  
Agreements**



**8th BRICS  
SUMMIT**



**NOBEL  
Prize 2016**

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## PREFACE

The Current Affairs November 2016 eBook covers the current events that happened in the month of October. Current Affairs is a crucial component of any competitive exams including IAS|PCS, SSC, Banking and MBA.

The lack of preparation for current affairs by the aspirants and candidates often is the main cause of their failure. Even though the candidates know it but they are often confused about how to prepare the current affairs section of the different competitive exams. It is to clear such doubts and confusion, Jagranjosh.com has come up with eBook concept.

The Current Affairs November 2016 eBook is divided into different section keeping in mind the need of various exams. The sections covered are International, National, Economy, Ecology and Environment, Science & Technology, Corporate, Sports, States and News Capsule. It covers stories like BRICS summit, ASEAN summit, 2016 Noble Prizes, RBI notification on start-ups among others.

Every news item in each section is arranged date wise with the most recent news being covered first and so on. Although there might be some deviations but that is solely to give priority to the most important current affairs in each section.

Presentation of the given current affairs has been planned in such a way that it remains in the minds of readers for a longer duration. Wherever necessary each news item is presented along with a background and analysis so as to help candidates contemplate all the important current events at the time of exam in an effective way.

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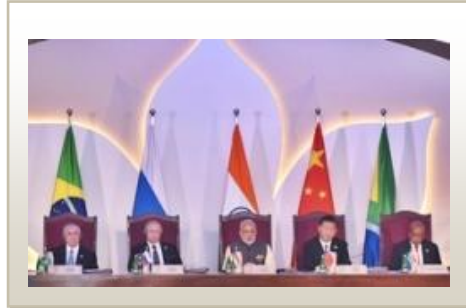
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## PICK OF THE MONTH

### BRICS SUMMIT CONCLUDED WITH ADOPTION OF GOA DECLARATION

The eighth BRICS (Brazil, Russia, India, China and South Africa) summit was held from 15 to 16 October 2016 in Benaulim city of Goa, India. It was held under the theme Building Responsive, Inclusive and Collective Solutions.

The summit was attended by the Prime Minister Narendra Modi, Brazilian President Michel Temer, Russian President Vladimir Putin, Chinese President Xi Jinping and South African President Jacob Zuma.



At the end of the summit, Goa Declaration was released by the leaders saying it is the responsibility of all states to prevent terrorist actions from their territories. In the 109 point Declaration, the leaders called upon all nations to adopt a comprehensive approach in combating terrorism. They condemned the recent attacks against some BRICS countries, including the Uri terror attack in India.

### HIGHLIGHTS OF 109 POINT GOA DECLARATION ADOPTED AT 2016 BRICS SUMMIT

- The leaders condemned terrorism in all its forms and stressed that there can be no justification for such acts.
- They acknowledged that international terrorism, especially the Islamic State, constitute an unprecedented threat to international peace and security.
- All five nations reaffirmed the commitment to increase effectiveness of the UN counter terrorism framework.
- The Goa Declaration called for the need for reforms of the UN, including its Security Council, to increase representation of developing countries.

- They also highlighted the importance of public and private investments in infrastructure, including connectivity.

Apart from this, the leaders of BRICS nations appreciated the progress in the implementation of the Strategy for BRICS Economic Partnership and emphasise the importance of the BRICS Roadmap for Trade, Economic and Investment Cooperation until 2020.

BRICS leaders welcomed the signing of the MoU between the BRICS countries National Development Banks and the New Development Bank.

The BRICS Grouping also welcomed the adoption of the landmark 2030 Agenda for Sustainable Development and its Sustainable Development Goals. Saying that the global economic recovery is progressing, they noted that the growth is weaker than expected with downside risks to the global economy continuing to persist.

They reiterated determination to use all policy tools to achieve the goal of sustainable and inclusive growth.

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### **FOCUS OF THE SUMMIT**

The summit's focus was on enhancing people-to-people (P2P) contacts of BRICS member states, especially youth. In this context, India conducted activities like U-17 Football Tournament, Youth Summit, Young Diplomats' Forum, and Film Festival among others.

The ninth BRICS Summit will be hosted by China in 2017. In 2015, the seventh BRICS summit was held from 8 to 9 July in the Russian city of Ufa in Bashkortostan.

Besides, on the sidelines of the 2016 BRICS Summit, the leaders also held an outreach summit with the Leaders of BIMSTEC (Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation) member countries. The BIMSTEC countries comprises of Bangladesh, India, Myanmar, Sri Lanka, Thailand, Bhutan and Nepal.

During this outreach BRICS-BIMSTEC summit, the leaders planned to jointly explore possibilities of expanding trade and commercial ties between the member nations of the two international organisations. They Decision on investment cooperation between BRICS and BIMSTEC countries was made, while advancing on the common goal of peace, democracy, development, and prosperity.

## **BRICS CREDIT RATING AGENCY: A SHIFT TO INVESTOR-PAYS MODEL FROM ISSUER-PAYS MODEL**

In the BRICS Goa summit 2016, member countries agreed to establish a credit rating agency based on market oriented principles. The BRICS gathering of the five biggest rising economies Brazil, Russia, India, China and South African wants to challenge the current credit rating framework through another credit rating agency where it is the forthcoming financial specialist that will pay for the rating of an issuer of a debt instrument.

Under the present estimating model of rating organizations known as Issuer-pays Model, the organization or foundation issuing securities pays the rating agency to be appraised. Whereas in new BRICS rating agency, the speculator wants to put resources into the organization that will pay for the rating of the organization an investor- pays display.

It was argued that it would further consolidate the global governance architecture. It is much required change happening where the experts exploring the possibility of setting up an independent BRICS Credit Rating Agency entirely based on market-oriented principles, in order to further strengthen the world wide economic governance.

### **WHAT IS THE NEED OF BRICS CREDIT RATING AGENCY?**

It is said that this a shift to investor-pays model from issuer-pays model, because there is a moral hazard in the existing model. There is a moral issue. Before 1970s, ratings were supported by the financial specialists, not the issuer.

In planning for the BRICS rating agency, Exim Bank had arranged an idea paper and rating agency Crisil Ltd had led a study for India. Later, the idea paper was imparted to the next four individuals from BRICS. "There was an information workshop in Mumbai where Securities and Exchange Board of India (Sebi) which is the controller of rating organizations in India, was there. Other members too presented their ideas.

Pretty much as the BRICS New Development Bank (NDB) contributes new financing to existing financing accessible through other multilateral organizations, the new rating agency will likewise add to existing information of rating frameworks.

Presently, the rating is from one viewpoint, which is not a developing market point of view. The granularity is not there. For instance, SBI (State Bank of India) is an AAA evaluated organisation, yet when it brings securities up in the international market, it is capped at India's sovereign



rating, which is BBB short. India has never at any point defaulted how would you give India a BBB short rating?

Therefore, the need of an independent credit agency was realized because it was observed that the methodologies adopted by other top three global credit ratings were compelling growth in emerging economies. The purpose of creating a new credit agency was to challenge the hegemony of western credit rating agencies such as Moody's, Fitch and Standard & Poor's.

These three agencies together account for 90 percent of the global credit rating market. Emerging economies have been pointing out the double standards of the global rating agencies and have partly blamed them to be responsible for the high cost of borrowings in developing countries. In the methods of these credit rating agencies developing countries were rated lower compared to western countries with poor macro-economic indicators. The new credit rating agency would assess the economic growth in Asia and in non Western countries. With its own credit agency BRICS would also be able to raise bonds in many countries.

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#### CHALLENGES WITH BRICS CREDIT RATING AGENCY

Amidst all the talk and some exciting efforts from the member countries, it seems pretty certain that the talk to establish the Credit rating agency is on and being discussed between members. However, there are some issues with this agency. The reputation of credit rating agency is massively hit by the event unfolded after Lehman Brothers collapse which was the first sign of global financial crisis emerged in 2008-09.

Another challenge is that if established, in which member countries it will be located? The law of the land will be applicable or not? To answer this some experts are of the opinion that it should be located outside of the five member countries.

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#### WHAT IS A CREDIT RATING AGENCY?

A credit rating agency (CRA, also called a ratings service) is a company/firm/organisation which assigns credit ratings, by rating a debtor's ability to pay back debt, making timely interest payments and the likelihood of default.

An agency may rate the creditworthiness of issuers of debt obligations, of debt instruments, and in some cases, of the servicers of the underlying debt, but not of individual consumer.



## NOBEL PRIZE 2016 ANNOUNCED

Nobel Prizes 2016 were announced by the Nobel Assembly from 3 October to 13 October 2015. The prizes were announced in different sections, namely Physics, Chemistry, Physiology, Literature, Peace and Economics.

### 2016 NOBEL PRIZE IN LITERATURE

Bob Dylan on 13 October 2016 won the 2016 Nobel Prize in Literature.

Dylan was bestowed with the precious award for **having created new poetic expressions within the great American song tradition.**



#### WHO IS BOB DYLAN?

- Bob Dylan is an American singer-songwriter, artist and writer.
- Much of his most celebrated work dates from the 1960s when his songs chronicled social unrest, although he repudiated suggestions from journalists that he was a spokesman for his generation.
- His early songs such as **Blowin' in the Wind** and **The Times They Are a-Changin** became anthems for the American civil rights and anti-war movements.
- His lyrics have incorporated various political, social, philosophical and literary influences.
- His accomplishments as a recording artist and performer have been central to his career, but songwriting is considered his greatest contribution.
- Since 1994, he has published six books of drawings and paintings, and his work has been exhibited in major art galleries.
- As a musician, he has sold more than 100 million records, making him one of the best-selling artists of all time.

- He has also received numerous awards including eleven **Grammy Awards**, a **Golden Globe Award**, and an **Academy Award**.
- The Pulitzer Prize jury in 2008 awarded him a special citation for his profound impact on popular music and American culture, marked by lyrical compositions of extraordinary poetic power.
- He is the first American to win the prize since novelist Toni Morrison, in 1993.

### ABOUT NOBEL PRIZE IN LITERATURE

- The Nobel Prize in Literature has been awarded annually to an author from any country who has produced the most outstanding work in an ideal direction in the field of literature.
- The Prize has been awarded since 1901.
- It is one of the five Nobel Prizes established by the will of Alfred Nobel in 1895.
- A Literature Nobel Prize laureate earns a gold medal, a diploma bearing a citation, and a sum of money. The amount of money awarded depends on the income of the Nobel Foundation that year.
- In 2015, Svetlana Alexievich won the Nobel Prize in Literature **"for her polyphonic writings, a monument to suffering and courage in our time."**

### 2016 SVERIGES RIKSBANK PRIZE IN ECONOMIC SCIENCES

Oliver Hart and Bengt Holmstrom were on 10 October 2016 awarded the 2016 Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel for their contributions to contract theory.

They have developed a contract theory, a comprehensive framework for analysing many diverse issues in contractual design, like performance-based pay for top executives, deductibles and co-pays in insurance and the privatisation of public-sector activities.

