

INDIAN ECONOMY**Balanced loan restructuring scheme to tackle Covid-19 stress**

Recently, the Reserve Bank of India (RBI) governor has called for a balanced loan restructuring scheme to tackle the Covid-19 related stress.

Key Points

- The financial stability of the banking sector needs to be kept in mind while providing loan restructuring along with depositors' interest.
- There are crores of depositors (small depositors, middle-class people, retired persons) who depend on deposit income while borrowers are only in lakhs.
- The loan restructuring includes altering the terms of existing loans, usually to make them more favorable to the borrower. For example, the lender may restructure a loan to receive a lower interest rate or monthly payment.
- Restructured loans are most common if the borrower states that he/she can no longer afford payments under the old terms.
- The governor does not want a repeat of the Non-Performing Asset (NPA) surge that happened after 2014 with loan restructuring.
- The economic measures taken by the RBI in the wake of the global financial crisis of 2008-09, led to a surge in bad loans from 2014-15.
- The idea behind loan restructuring was to protect viable businesses that are facing genuine cash flow problems. The revival of business will ensure NPA levels are kept low and also ensure quick economic recovery.
- However, the governor cautioned that the economic recovery would be gradual, as the upticks in some sectors appear to be levelling off as efforts towards reopening of the economy are confronted with rising infections.

Background

- In the recent Monetary Policy report, RBI has allowed banks to restructure loans to reduce the rising stress on incomes and balance sheets of large corporates, Micro, Small and Medium Enterprises (MSMEs) as well as individuals.
- A large number of firms that otherwise maintain a good track record are facing the challenge as their debt burden is becoming disproportionate, relative to their cash flow generation abilities.
- The RBI set up a committee headed by K.V. Kamath on restructuring of loans impacted by the Covid-19 pandemic.
- The committee was tasked to recommend parameters for one-time restructuring of corporate loans.
- The committee recommended five financial ratios and sector-specific thresholds for resolution of Covid-19 related stressed assets in 26 sectors.
- It also specified that restructured loan tenure cannot be extended beyond two years.

Issues Involved

- The major criticism of the restructuring scheme is the select 26 sectors identified by the K.V. Kamath committee. However, there are many other sectors that are eligible for a restructuring scheme.
- The 26 sectors include automobiles, power, tourism, cement, chemicals, gems and jewellery, logistics, mining, manufacturing, real estate, and shipping among others.
- As per the RBI, only those borrowers which were classified as standard and with arrears less than 30 days as at 1st March 2020 are eligible for restructuring.
- The two year period is also very short for economic recovery. Given the GDP contraction and no second economic stimulus by the government in sight, the recovery will take longer than two years.
- In May 2020, the government announced the 'Atmanirbhar Bharat Abhiyan (or Self-reliant India Mission)' with an economic stimulus package — worth Rs. 20 lakh crores aimed towards achieving the mission.

Way Forward

The loan restructuring must be a temporary step as continuing it for long may lead to an inflation surge, currency crisis, and financial instability. It is important that post-Covid-19, regulatory measures are rolled out in a very careful and orderly manner and the financial sector returns to normal functioning without relying on the regulatory relaxations as the new norm.

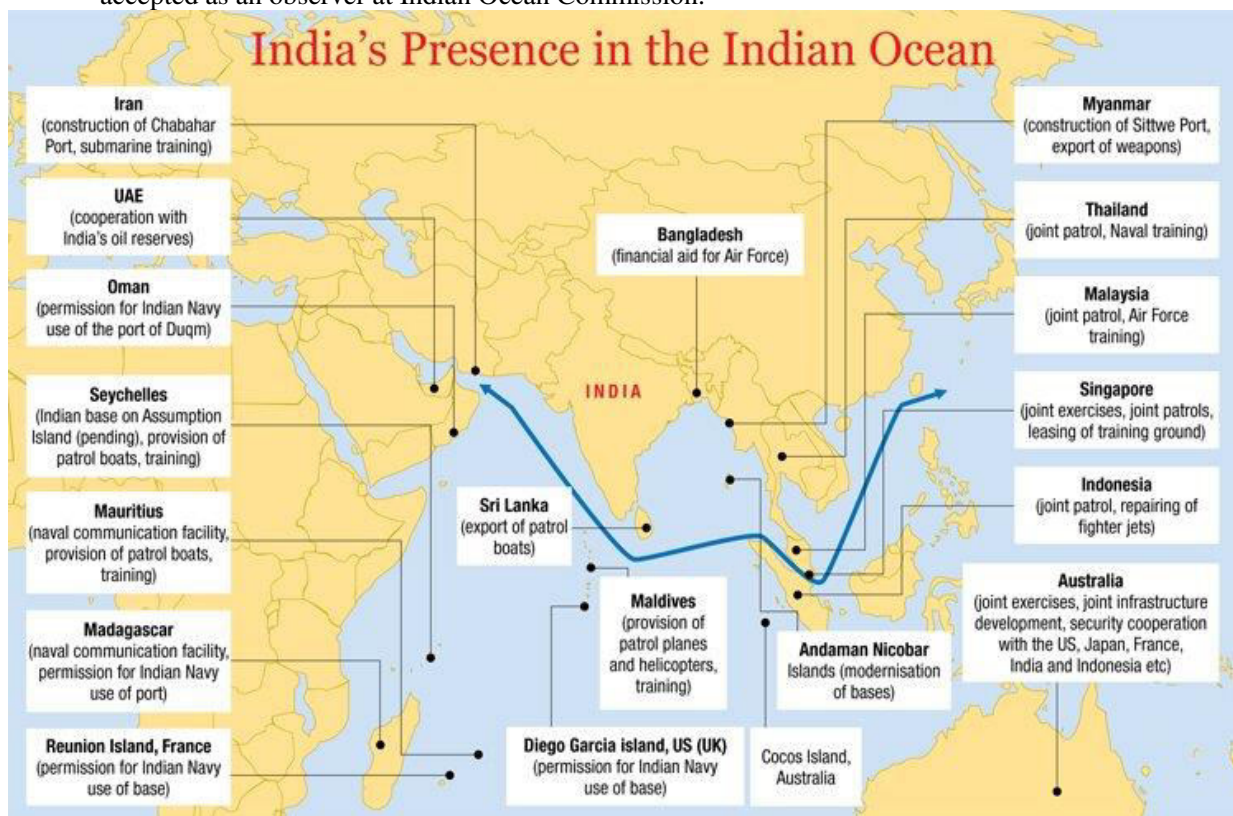
- It refers to the sustainable use of ocean resources for economic growth, improved livelihoods and jobs, and ocean ecosystem health.
- India has also focussed on the growth of the blue economy through its framework of Indian Ocean Rim Association and DCOC may be another step in that direction.
- **India-China:** China's territorial claims in the South China Sea, its claim in the East China Sea and its rapid advance into the Indian Ocean through ambitious strategic and economic initiatives like the String of pearls and Belt-and-Road Initiative may pose a threat to india.
- Further, China is modernising its military base at Djibouti.
- Given India's stakes in Indian ocean and rising Indo-China conflicts, it is very significant for India to develop blue-water naval capabilities.

India in Indo-Pacific

- **Shangrila Dialogue:** India has internationally emphasized on including the western Pacific and the Indian Ocean in the concept of Indo-Pacific, like at Shangrila Dialogue in 2018.
- In accordance, it also set up an Indo-Pacific division in the Ministry of External Affairs.
- **Quad:** Quadrilateral Security Dialogue (Quad) refers to an ad hoc group including Australia, India, Japan, and the USA with a shared objective to ensure and support a "free, open and prosperous" Indo-Pacific region.
- India has signed reciprocal military logistics support agreements with Australia, USA and Japan to increase interoperability with the navies of those countries.
- **ASEAN:** India has emphasized the centrality of ASEAN in its Indo-Pacific framework and India's Act East policy provides strategic direction to increase its cooperation with ASEAN members.

SAGAR:

- The Indian government introduced the concept of SAGAR (Security And Growth for All in the Region) in 2015 as its strategic vision for the Indian Ocean Region.
- Through SAGAR, India seeks to deepen economic and security cooperation with its maritime neighbours and assist in building their maritime security capabilities.
- India's other policies impacting the maritime domain include Project Sagarmala, Project Mausam, Information Fusion Centre (IFC) for the Indian Ocean Region (IOR), etc.
- India has also begun to focus on its strategic partners in the Western Indian ocean. It has been accepted as an observer at Indian Ocean Commission.



ENVIRONMENT AND BIODIVERSITY**G20 Environment Ministers Meeting(EMM)**

Recently, the G20 Environment Ministers Meeting (EMM) has taken place under the Presidency of the Kingdom of Saudi Arabia.

- Global initiatives to reduce Land Degradation and Coral Reef Programme and two documents on climate change, related to managing emissions and climate change adaptations under the G20 in 2020, have been launched.
- G20 EMM, 2019 saw an agreement on adopting a new implementation framework for actions to tackle the issue of marine plastic waste on a global scale.

Key Points**Global Initiative on Reducing Land Degradation:**

- It aims to strengthen the implementation of existing frameworks to prevent, halt, and reverse land degradation within G20 member states.
- The Scientific Conceptual Framework for Land Degradation Neutrality (LDN), developed by the United Nations Convention to Combat Desertification (UNCCD), provides a scientific foundation for understanding, implementing and monitoring land degradation.
- Globally, it aims to take into account possible implications on the achievement of Sustainable Development Goals (SDG-13: Climate Action, SDG-14: Life below Water, SDG-15: Life on Land) and adhere to the principle of doing no harm.

Global Coral Reef Research and Development Accelerator Platform:

- It is an innovative action-oriented initiative aimed at creating a global research and development programme to advance research, innovation and capacity building in all facets of coral reef conservation, restoration and adaptation.
- It will strengthen ongoing efforts and commitments made to enhance coral reefs conservation and stop their further degradation.
- Limiting global average temperature and pursuing efforts to limit the temperature increase, in line with the Paris Agreement, provides the only chance for the survival of coral reefs globally.

India's Stand:

- India intends to take measures to enhance coral reef conservation under the National Coastal Mission Programme.
- The proposed mission under the National Action Plan on Climate Change (NAPCC) will address the impact of climate change on coastal and marine ecosystems.
- It will include all phases of the Integrated Coastal Zone Management (ICZM) Project.
- India has also put efforts towards achieving land degradation neutrality and towards the attainment of global goals of climate change mitigation and adaptation.
- The Indian government sees schemes such as the Pradhan Mantri Fasal Bima Yojana, Soil Health Card Scheme and Pradhan Mantri Krishi Sinchayee Yojana as tools to tackle the problem of land degradation.
- India is committed to working with G20 nations for a better world and is taking adequate action to meet the Paris Agreement and its climate commitments.
- It was emphasised that equity, common but differentiated responsibilities, finance and technology partnerships are the key pillars to tackle the problem of climate change.

Additional information**Paris Agreement**

- It was adopted by 195 parties at the UN climate conference "COP 21" held in Paris in 2015 with an aim to reduce the hazardous greenhouse gas (GHG) emissions.
- Objective: To prevent an increase in global average temperature and keep it well below 2 degrees Celsius.
- It emphasised that global GHG emissions must fall 45% by 2030 and reach net zero by 2050 to avoid the worst impacts of climate change.
- 19 members of the G20, except the USA which has pulled out of it, have voiced their commitment to the full implementation of the deal.

G20

- It is an informal group of 19 countries and the European Union (EU), with representatives of the International Monetary Fund and the World Bank.

- Headquarters: It operates as a forum and not as an organisation. Therefore, it does not have any permanent secretariat or management and administrative structure.
- Members: Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Republic of Korea, Mexico, Russia, Saudi Arabia, South Africa, Turkey, the UK, the USA, and the EU.

SCIENCE AND TECHNOLOGY

Dr. Reddy's Laboratory to supply sputnik-v vaccine

The Russia Direct Investment Fund (RDIF), which is piloting Russia's Sputnik V vaccine, has partnered with the Hyderabad-based Dr. Reddy's Laboratories to supply 100 million doses of the vaccine.

Key Points

Sputnik V:

- The Russian vaccine has been named after the first artificial Earth satellite, Sputnik-I launched by the Soviet Union.
- It is the first Covid-19 vaccine to be approved by any government for common people.
- The Russian vaccine has outrun other Covid-19 vaccines like **Oxford-Astra Zeneca, Moderna and Pfizer** which are still in trials.
- India's **Covaxin** has been approved for human clinical trials.
- Another Indian vaccine **ZyCoV-D** has entered phase I/II of clinical trials.
- It has been developed by Moscow's **Gamaleya National Research Institute** of Epidemiology and Microbiology in collaboration with the Russia's defence ministry.
- It is based on the DNA of a SARS-CoV-2 type adenovirus, a common cold virus.
- It uses the weakened virus to deliver small parts of a pathogen and stimulate an immune response.
- It is administered in two doses and consists of two types of a human adenovirus.

The Phase 1 and 2 results have shown promise.

- The results of Phase I and Phase II clinical trials of the vaccine were published in The Lancet, demonstrating no serious adverse effects and a stable immune response in 100% of the participants.
- **Phase 3 trials** will be conducted in India to meet the requirements of the Indian regulators.
- Sputnik V vaccine could provide a credible option in India's fight against Covid-19.
- India has also partnered with the USA for development of Covid-19 vaccine.

Regulatory Requirements in India:

- The approval for a vaccine is given by the Central Drugs Standard Control Organisation (CDSCO).
- A vaccine, developed outside India, needs to be tested with late-phase human trials, usually both phase-2 and phase-3, on an Indian population as a part of general requirement.
- CDSCO can also give emergency authorisation without late-phase trials, considering the extraordinary situation.

Concerns Regarding the Vaccine:

- Experts expressed concerns over the safety and efficacy of the vaccine due to its extremely fast production and lack of published data on the vaccine.
- Russia has only made public the results of phase I and phase II of the clinical trials, which it claimed were successful and produced the desired immune response.
- The late-phase human trials are important because the vaccine's efficacy can differ on different population groups. After trials, vaccines are given to a large number of people, and the risks involved are much higher if trials are not comprehensive.
- Russia, however, has claimed that this was made possible due to the fact that its Covid-19 vaccine candidate closely resembled a vaccine for Middle East Respiratory Syndrome (MERS) disease, caused by another coronavirus, that had already been tested extensively.
- There are also issues in manufacturing the vaccine in India as there is no agreement for its production in India.
- Pune-based **Serum Institute of India**, the world's largest manufacturer of vaccines by volume, has already entered into tie-ups with developers to mass-produce their vaccines. Other Indian companies have also done similar agreements but there is none with Russia.

Vaccine Base in India:

- Besides a big domestic market, India is a strong player globally in the field of vaccines. In FY20, vaccine exports accounted for 4.27% of total pharma exports.

- Its manufacturing skill is evident from the fact that about 70% WHO vaccines and 90% of measles shots are sourced from India.

Additional information**Adenovirus Vector Vaccine**

- In this vaccine, adenovirus is used as a tool to deliver genes or vaccine antigens to the target host tissue.
- Adenoviruses (ADVs) are DNA viruses ranging from 70-90 nanometre in size, which induce many illnesses in humans like cold, respiratory infection etc.
- Adenoviruses are preferred for vaccines because their DNA is double stranded which makes them genetically more stable and the chances of them changing after injection are lower.
- However, there are drawbacks of adenovirus vector vaccines like pre-existing immunity in humans and inflammatory responses which may make vaccines less effective.

Central Drugs Standard Control Organisation

- CDSCO, under Directorate General of Health Services, Ministry of Health & Family Welfare, is the National Regulatory Authority (NRA) of India.
- Under the Drugs and Cosmetics Act, 1940, CDSCO is responsible for approval of Drugs, Conduct of Clinical Trials, laying down the standards for Drugs, control over the quality of imported Drugs in the country and coordination of the activities of State Drug Control Organizations by providing expert advice.

GOVERNANCE**Support for Self employment Scheme**

The Ministry of Micro, Small and Medium Enterprises (MSME) has announced expansion of and doubling of support to beneficiary oriented Self-Employment schemes aimed at contributing to Atmanirbhar Bharat Abhiyan.

Key Points

- The government will provide assistance to artisans engaged in Pottery Activity and Beekeeping Activity.
- Previously, the Ministry of MSME approved a programme for the benefit of artisans involved in manufacturing of Agarbatti under the Gramodyog Vikas Yojana.

Pottery Activity:

- The assistance includes technical knowhow, quality standardization of products, skill-development to Self Help Groups (SHGs), encouragement to the successful traditional potter to set up units under Prime Minister's Employment Generation Programme (PMEGP) scheme, necessary market linkages by tying up with exports and large buying houses etc.
- PMEGP is a credit-linked subsidy scheme which promotes self-employment through setting up of micro-enterprises.
- It also includes setting up of clusters in Terracotta, Red clay pottery, with new innovative value added products to build pottery to crockery/tile making capabilities under the SFURTI scheme.
- The Scheme of Fund for Regeneration of Traditional Industries (SFURTI) aims to make traditional industries more productive and competitive by organizing the traditional industries and artisans into clusters.

Beekeeping Activity:

- It aims to create sustainable employment for the beekeepers/farmers, help artisans adopt scientific Beekeeping & Management practices, utilize available natural resources; and create awareness about the benefits of beekeeping in cross pollination.
- It involves distributing tools and equipment to migrant labourers in the Prime Minister Gareeb Kalyan Rozgar Abhiyaan (PMGKRA) districts and providing training to the beneficiaries, setting up clusters under the SFURTI Scheme.
- PMGKRA empowers and provides livelihood opportunities to the returnee migrant workers and rural citizens who have returned to their home states due to the Covid-19 induced lockdown.

Recently, the Ministry of MSME flagged off 'Apiary on Wheels'.

- 'Apiary on Wheels' is a unique concept designed by the KVIC for the easy upkeep and migration of Bee Boxes having live Bee colonies.
- A Beekeeping Development Committee was also constituted in 2019 under the Economic Advisory Council to the Prime Minister (EAC-PM) to give recommendations to enhance the

contribution of the beekeeping sector for achieving the target of doubling farmers' incomes by 2022.

- KVIC also launched a Honey Mission in 2017 under which it provides awareness, training and 'Bee Boxes' along with Bee Colonies to the farmers.
- The Honey mission was in line with the 'Sweet Revolution', launched in 2016 to promote beekeeping and associated activities.

Benefit:

- The program will immediately benefit about 1500 artisans, in providing sustainable employment with increased earnings.
- Artisans living in rural areas, Self Help Groups and Migrant workers will particularly benefit from the program.
- In addition to enhancing employment opportunities locally, the programme will also help in capturing the export market in such products.

Way Forward

The MSME sector has been badly affected by the Covid-19 pandemic, especially the rural enterprise owners. In addition to these self-employment schemes, the government can provide tax relief (GST and corporate tax), give swift refunds, and provide liquidity to rural India (may be through PM-Kisan) to boost demand for MSME products.

IMPORTANT FACTS FOR PRELIM**National Hispanic heritage month: USA**

Recently, the National Hispanic Heritage Month began in the USA. The annual event is marked every year from 15th September to 15th October.

Key Points**Aim:**

- The Hispanic Heritage Month honours the history, culture and contributions of American citizens whose ancestors hailed from Spain, Mexico, the Caribbean and Central and South America.

Background:

- The observation was started in 1968 by President Lyndon Johnson as Hispanic Heritage Week. It was extended to an entire month in 1988 by President Ronald Reagan, the year it was enacted into law.

Hispanics in the USA:

- Hispanic Americans are currently the largest minority group in the USA, making up a fifth of the total USA population. Majority of Hispanics are Mexican origin, followed by Puerto Rican.
- The community is referred to as Hispanic, Latino or Latinx because the terms refer to a person's origin or culture, without considering their race.

Significance of the Hispanic Heritage Month:

- The event begins in the middle of September, because of the significance 15th September holds in Latin American history — being the Independence Day of Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua from Spain in 1821.
- The 16th September and 18th September being the Independence Days of Mexico and Chile, respectively from Spanish rule in 1810.
- Another nation on the American continent, Belize, became independent from Great Britain on 21st September 1981.
- Columbus Day or Día de la Raza, a cultural celebration, also falls on 12th October during the 30-day period.

DAILY ANSWER WRITING PRACTICE

Qns. "An essential condition to eradicate poverty is to bring women empowerment". Substantiate this statement with suitable examples.(250 words)

Ans.

- "It is impossible to think about the welfare of the world unless the condition of women is improved. It is impossible for a bird to fly on only one wing." — Swami Vivekananda.
- However, poverty eradication and improving the status of women remained a major challenge for the Government and the policymakers in India. About 26 per cent still live in a status of acute poverty.

Even though the number changes from state to state, poverty in India is considered to be a mass problem, especially in rural areas.

- Women Empowerment is needed for poverty alleviation
- Women constitute almost half of the country's population, therefore improving their condition in the country can immensely contribute to poverty alleviation.
- Women's empowerment plays a catalytic role towards the achievement of transformational economic, political and social changes required for sustainable development.
- Empowerment of women and eradication of poverty is very critical for the development of the country since it will enhance both the quality and the quantity of human resources available for development. Failing in these efforts will deprive both men and women in getting the fruits of development.
- Many reports and studies suggest that women typically spend their income on food and healthcare for children, which is in sharp contrast to men, who spend a higher proportion of their income for personal needs.
- Increasing gender equality and women's empowerment, as a means of accelerating growth and development, is an end in itself. It allows individual women and girls to enjoy their full human rights, and it leads to more stable economies and stronger societies.
- Access to family planning and maternal health services, as well as education for girls, typically results in improved economic opportunity for women and lower fertility.
- Healthy, educated girls with equal access to opportunities can grow into strong, smart women who can take on leadership roles in their countries. This will help in having a better view of women perspective in the government policies which will in turn help in poverty alleviation.
- Food and Agriculture Organisation (FAO) estimates that if women farmers had the same access to tools and credit as men, agricultural output in 34 developing countries would rise by an estimated average of up to 4%, translating to up to 150 million fewer hungry people.

Challenges to women empowerment:

- There are several challenges that are plaguing the issues of women's right in India.
- **Education:** The literacy gap between women and men is severe. While 82.14% of adult men are educated, only 65.46% of adult women are known to be literate in India. The gender bias is in higher education, specialized professional training which hit women very hard in employment and attaining top leadership in any field.
- **Health and Safety:** The health and safety concerns of women are paramount for the wellbeing of a country and are an important factor in gauging the empowerment of women in a country. However there are alarming concerns where maternal healthcare is concerned.
- **Professional Inequality:** This inequality is practiced in employment and promotions. Women face countless handicaps in male customized and dominated environs in Government Offices and Private enterprises.
- **Morality and Inequality:** Due to gender bias in health and nutrition there is unusually high mortality rate in women reducing their population further especially in Asia and Africa.
- **Household Inequality:** Household relations show gender bias in infinitesimally small but significant manners all across the globe, more so, in India e.g. sharing burden of housework, childcare and menial works by so called division of work.

Steps to be taken for women empowerment:

Social:

- **Health:** Improvement in the health indicators of women can significantly contribute to overall health of family and the new borns. Since the significant amount of earnings of underprivileged are spent on medical treatment, improved women's health and their newborns can drastically reduce household expenditure.
- Education is the major tool for eliminating poverty. Educated women are more sensitive toward their children's education and contribute more to their development.

Economic

- **Equal Wages:** Wage disparity between men and women has serious implications on poverty. Equal wages for females would ensure increased household income and productive expenditure on health and nutrition of the whole family.
- **Skill Development:** Women are significantly involved in collecting minor forest produce and household based industries. Enhancing their skills can directly reduce their economic dependence on their husbands, which in-turn will increase their decision making power in productive expenditure and family matters.

Political:

- A society where the female voice is sought and heard, where the principles of equity (fairness) and equality (opportunity) co-exist, is a more powerful and effective society.
- Increasing due representation of women in decision making at grassroot level can effectively help better targeting government poverty alleviation programs.

Conclusion

- Poverty and empowerment issues cannot be adequately addressed where only half of the population is positively and actively engaged, therefore actively engaging women as the driver for bringing positive change and eliminating poverty from the country is the key to focus on.
- However, the government in its recent social sector program has effectively engaged women centric efforts like rural sanitation through Swachh Bharat, improving health outcomes through POSHAN Abhiyan and UJJWALA Scheme etc.

DAILY QUIZ

1. With reference to 'Djibouti Code of Conduct', consider the following statement:
 1. It is related to the repression of piracy and armed robbery in the Western Indian Ocean.
 2. It was established under the International Maritime Organization (IMO).Which of the statements given above is/are correct?
 - a) 1 only
 - b) 2 only
 - c) **Both 1 and 2**
 - d) Neither 1 nor 2
2. Consider the following differences between Western and Eastern Ghats:
 1. While the Western Ghats are considered as a biodiversity hotspot, that is not the case with the Eastern Ghats.
 2. The Eastern Ghats are ancient, having Gondwanaland relict forests, while the formation of the Western Ghats is recent.Which of the statements given above is/are correct?
 - a) 1 only
 - b) 2 only
 - c) Both 1 and 2
 - d) **Neither 1 nor 2**
3. With reference to Central Drugs Standard Control Organisation (CDSCO), consider the following statements:
 1. The approval for application of a vaccine is given by the CDSCO.
 2. It cannot give emergency authorisation without late-phase trials.Which of the statements given above is/are correct?
 - a) **1 only**
 - b) 2 only
 - c) Both 1 and 2
 - d) Neither 1 nor 2
4. With reference to Serial Interval of SARS-CoV-2, consider the following statements:
 1. It is the duration between symptom onset of a primary case and symptom onset of secondary.
 2. The serial interval depends on other epidemiological parameters such as the incubation period.Which of the statements given above is/are correct?
 - a) 1 only
 - b) 2 only
 - c) **Both 1 and 2**
 - d) Neither 1 nor 2
5. Hispanic Heritage Month has been in the news. It is related to?
 - a) Largest tribal festival of south asia
 - b) **Honour of American citizens from different origin**
 - c) Four lunar eclipses in a year
 - d) Wheat harvest festival in ASEAN nations