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## News Analysis (28 Jun, 2019)

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### Financial Stability Report : RBI

The **Reserve Bank of India** has released the 19th issue of the **Financial Stability Report (FSR)**.

The report assessed that India's financial system remains stable in the backdrop of improving resilience of the banking sector. However, the emerging trends in the global economy and geopolitical environment pose challenges.

### Major Global and Domestic Macro-Financial Risks

- Lower global growth forecast by international institutions like **World Bank** and **IMF**.
- Adverse geopolitical developments and **trade tensions**.
- Eased monetary policy stance undertaken by the central banks of Advanced economies' (AEs) and the need for emerging and developing economies to adjust to it.
- Subdued new investment.
- A widening **current account deficit**.
- The challenge of reviving private investment demand while being vigilant about the spillover from global financial markets.

### Financial Institutions: Performance and Risks

- Credit growth of scheduled commercial banks (SCBs) picked up, with public sector banks (PSBs) registering near double digit growth.
- Capital adequacy of the SCBs improved after the recapitalisation of PSBs. **The non-performing asset (NPA) cycle** seems to have turned around.
- **Provision coverage ratio (PCR)** of all SCBs rose sharply to 60.6% in March 2019 from 52.4% in September 2018, increasing the resilience of the banking sector.

### Provision coverage ratio (PCR)

- The Provisioning Coverage Ratio is the percentage of bad assets that the bank has to provide for from their own funds. In other words, it is the ability of banks to service its debt and meet its financial obligations such as interest payments or dividends.
- The higher the coverage ratio, the easier it is to make interest payments on debt or pay dividends.
- Recent **developments in the Non-banking financial companies (NBFC)** sector have brought the sector under greater market discipline.
- There is need for greater surveillance over large **Housing Finance Companies (HFCs)** or NBFCs, as the failure of such companies can cause losses comparable to those caused by the big banks.

## Financial Sector: Regulation and Developments

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- In order to finetune the supervisory mechanism for the banks, the Reserve Bank has recently reviewed the structure of supervision in the context of the growing diversity, complexities and interconnectedness within the Indian financial sector.
- The **revised prudential framework on stressed assets** issued by the Reserve Bank further incentivize early adoption of a resolution plan.
- To further **enhance the quality of disclosures made by Credit Rating Agencies (CRAs)** and strengthen the rating framework, the **Securities and Exchange Board of India (SEBI)** has introduced Guidelines for Enhanced Disclosures by CRAs.
- To provide flexibility to pension funds to improve fund performance depending on market conditions, the **Pension Fund Regulatory and Development Authority (PFRDA)** amended the investment guidelines.
- The **Insolvency and Bankruptcy Board of India (IBBI)** is showing steady progress in the resolution of stressed assets.

## Agreement with the World Bank to Eliminate TB

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The Government of India and the **World Bank** have signed a loan agreement of **\$400 million** for the **Program Towards Elimination of Tuberculosis** (TB).

- The program builds on a partnership between the Government of India and the World Bank that has spanned more than 20 years. The **World Bank supported programs** have helped **treat more than 20 million people since 1998** and averted 3.5 million deaths.
- The loan has a 19-year maturity including a 5-year grace period.

## Program Towards Elimination of Tuberculosis

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- The program aims to **improve the coverage and quality of TB control** interventions

in nine states: **Uttar Pradesh, Maharashtra, Bihar, Rajasthan, Madhya Pradesh, Karnataka, West Bengal, Assam and Tamil Nadu.**

- It will **support the Government of India's (GoI) National Strategic Plan to end TB in India by 2025.** It will do so by helping improve and strengthen diagnostics and management of drug-resistant tuberculosis and increase the capacity of public institutions engaged in monitoring and treating TB in the country.
- The Program will **provide financial incentives to private sector care providers** for reporting cases of TB and ensuring that their patients complete the treatment regimen.
- It will also provide **Direct Benefit Transfers to patients** for acquiring the critical nutrition needed during treatment.
- The Program will even help the GoI **strengthen** the monitoring and implementation of **Nikshay** - a web-based TB case monitoring system introduced by the government.

## Need behind the Program

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- TB kills approximately half a million people in India every year.
- Drug resistant TB is a major public health threat in the country.
- Despite a growing number of TB cases being notified, India has more than a million **missing cases** every year with most of them being either undiagnosed or inadequately diagnosed and treated in the private sector.
- Other **challenges** that India face while eliminating TB in its region are: **delayed care-seeking by suspected TB patients**, low adherence to treatment, and fragmented health care service providers, including **an unregulated private sector** which is treating more than half of TB cases in India.

## National Strategic Plan (NSP) to end TB

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- It encapsulates the bold and innovative steps required to **eliminate TB in India** by the **year 2025.**
- **Objective** (Detect-Treat-Prevent-Build)
  - **Detect:** Find all Drug Sensitive TB and Drug Resistant TB cases with an emphasis on reaching TB patients seeking care from private providers and undiagnosed TB in high-risk populations.
  - **Treat:** Initiate and sustain all patients on appropriate anti-TB treatment wherever they seek care, with patient friendly systems and social support.
  - **Prevent** the emergence of TB in susceptible populations.
  - **Build** and strengthen enabling policies, empowered institutions, additional human resources with enhanced capacities, and provide adequate financial resources.

## Tuberculosis (TB)

- TB is caused by **bacteria (Mycobacterium tuberculosis)** that most often **affect the lungs**.
- **Transmission:** TB is spread from person to person through the air. When people with lung TB cough, sneeze or spit, they propel the TB germs into the air.
- **Symptoms:** Cough with sputum and blood at times, chest pains, weakness, weight loss, fever and night sweats.
- **Treatment:** TB is treatable and curable disease. It is treated with a standard 6 month course of 4 antimicrobial drugs that are provided with information, supervision and support to the patient by a health worker or trained volunteer.
- Anti-TB medicines have been used for decades and strains that are resistant to 1 or more of the medicines have been documented in every country surveyed.
  - **Multidrug-resistant tuberculosis (MDR-TB)** is a form of TB caused by bacteria that do not respond to isoniazid and rifampicin, the 2 most powerful, first-line anti-TB drugs. MDR-TB is treatable and curable by using second-line drugs.
  - **Extensively drug-resistant TB (XDR-TB)** is a more serious form of MDR-TB caused by bacteria that do not respond to the most effective second-line anti-TB drugs, often leaving patients without any further treatment options.

## Global Burden

- In the year 2017, the largest number of new TB cases occurred in the South-East Asia and Western Pacific regions, with 62% of new cases, followed by the African region, with 25% of new cases.
- Also, **eight countries** accounted for **two thirds of the new TB cases: India, China, Indonesia, the Philippines, Pakistan, Nigeria, Bangladesh and South Africa**.
- According to the WHO's 2018 Global TB Report, nearly half of the world's MDR-TB cases are in India (24 %), China (13 %), and Russia (10 %).

## Global Actions Against TB

- **Ending the TB epidemic by 2030** is among the health targets of the newly adopted **Sustainable Development Goals**.
- **The WHO End TB Strategy** outlines global impact targets to reduce TB deaths by 90%, to cut new cases by 80% between the years 2015 and 2030, and to ensure that no family is burdened with catastrophic costs due to TB.

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## India and USA at WTO

India has won a major trade dispute against the US at **the World Trade Organization (WTO)**, with a dispute settlement panel.

- India had claimed that the **domestic content requirements and subsidies** instituted by **the governments of the eight states of the US in the energy sector** violated several provisions of the Trade-Related Investment Measures (TRIMs) Agreement and Subsidies and Countervailing Measures Agreement.
- India brought this dispute to the WTO in 2016.
  - The same year, the US had won a case at WTO against India's solar power policies, claiming that policies had resulted in a 90% reduction of U.S. solar exports to India.
- The panel pronounced that subsidies and mandatory local content requirements instituted by eight American states (Washington, California, Montana, Massachusetts, Connecticut, Michigan, Delaware and Minnesota) breached global trade rules.
- The panel found that all the US state measures at issue are inconsistent with **GATT 1994 (Article III-national treatment)** because they provide an advantage for the use of domestic products, which amounts to less favourable treatment for similar imported products.
  - Under the national treatment provision, foreign producers must be treated on a par with domestic producers.
- The US can challenge the panel's ruling before the Appellate Body (AB) of WTO.
  - However, the AB has become dysfunctional because the US has been blocking appointments to it.
- Read more about **India-US trade issues.**

## Implications of Ruling

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- It reflects that the US and its federal states maintain WTO-inconsistent programmes in the renewable energy sector.
  - There is an assertion from world trade body that the US should not undermine renewable energy programmes in other countries such as India on grounds that they violate global trade rules when Washington and its federal states adopt much bigger programmes worth billions of dollars that violate global trade rules.
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## Fragile X-associated Tremor/Ataxia Syndrome (FXTAS)

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Researchers at Indian Institute of Technology (IIT)-Indore have found that **piperine** can be used as a therapeutic agent against **neurodegenerative disorder, Fragile X-associated tremor/ataxia syndrome (FXTAS).**

**Piperine is a natural alkaloid present in black pepper,** responsible for the pungency of black pepper. It has been used in some forms of traditional medicine.

## Fragile X-associated tremor/ataxia syndrome (FXTAS)

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- Fragile X-associated tremor/ataxia syndrome (FXTAS) is characterized by problems with movement and thinking ability (cognition).
- FXTAS is a **late-onset disorder**, usually occurring after age 50, and its signs and symptoms worsen with age.
- It affects males more frequently and severely than females. Affected individuals have areas of damage in the part of the brain that controls movement (the cerebellum) and in a type of brain tissue known as white matter, which can be seen with magnetic resonance imaging (MRI).
- The disorder results in progressive **cerebellar ataxia, action tremor, Parkinsonism** and **cognitive decline**. It is caused by a **mutation in a gene** called **fragile X mental retardation 1 (FMR1)** and occurs due to the **excessive presence of what are called repeats RNA** in a specific region of the gene.

The number of repeat RNAs in patients with FXTAS could be up to 200, compared with 55 normally. The excess repeats RNA cause cytotoxicity in neuronal cells. Scientists have been trying to modulate the mutation with chemical molecules but with no success so far.

## Advantage of Piperine

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- Piperine interacts with repeats RNA and reduces the level of cytotoxicity in the neuronal cell.
  - It is known for its anti-carcinogenic activity, hepato-protection, antioxidant, nephron-protective, anti-inflammatory, anti-apoptotic, antidepressant and neuroprotective nature.
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## Smart Policing Survey

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The Quality Council of India (QCI) executed the survey by assessing 87 shortlisted police stations across the country.

- The assessment was based on parameters like performance in controlling crime, the infrastructure of the police building, mess, optimal use of technology, and citizen feedback.
- The Kalu police station in Rajasthan's Bikaner has been ranked first in the country for crime prevention, investigation and disposal of cases, crime detection, community policing and maintenance of law and order.  
It also has recreational facilities for police personnel, and a helpdesk for women besides being equipped with wi-fi servers.
- The major criterion chosen for the rankings this time (the survey was started in 2015) was the upgradation of police stations on the Crime and Criminal Tracking Network System (CCTNS) portal.

- Fourteen police stations were placed in the A++ category, 12 in the A+, and the remaining 11 in A category as per the SMART policing concept norms.

## SMART Police

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- The concept was introduced by the Prime Minister during the 49th annual conference of Directors-General and Inspectors-General of Police in Guwahati on November 30, 2014.
  - The term SMART stands for S-Sensitive and Strict; M-Modern with mobility; A- Alert and Accountable; R- Reliable and Responsive; T- Trained and Techno-savvy.
  - Some of the features of a SMART Police Station are:
    - Basic amenities for visitors, waiting area, toilets, drinking water, receptionist whom the visitors can meet.
    - Restroom for constables, including a separate room for women constables.
    - Natural lighting and ventilation, solar lighting, energy saving features.
    - CCTNS, CCTV, Safe & secure Armoury, Record Room, Communication Room for wireless, computers etc.
    - Automated kiosks for filing of complaints by the public (with a back-end system for tracking follow up action).
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## International MSME Day

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**The Ministry of Micro Small and Medium Enterprises** (MSME) has organized an international convention on Micro, Small and Medium Enterprises based on the theme "**Indian MSMEs, Global Aspirations**" to observe the International MSME day on 27th June.



### **BIG MONEY FOR SMALL BUSINESS**

MICRO, SMALL AND MEDIUM-SIZED ENTERPRISES DAY - 27 JUNE 2019

- The objective of the convention is to boost the **international competitiveness** of Indian MSMEs by making them aware of **global trends and practices** and standards in export financing.
- The convention acted as a platform for finding **business and trade partners** and enabling **intensive business discussion** (to increase support and outreach of SME's) with a specific focus on the interaction between international entrepreneurs and selected small and medium entrepreneurs from India.

## International MSME Day

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- Since 2017, United Nation General Assembly, observes 27th June as the International Micro, Small and Medium-sized Enterprises Day to raise public awareness of their contribution to sustainable development goals.
- International Trade Center, launched its report: "**The SME Competitiveness Outlook 2019: Big money for small businesses**" to address the challenges of the the MSME sector.

### The International Trade Centre

- Established in 1964, the International Trade Centre (ITC) is the joint agency of the World Trade Organization and the United Nations.
- ITC is the only development agency that is fully dedicated to supporting the internationalization of small and medium-sized enterprises (SMEs).
- ITC enables SMEs in **developing and transition economies** to become more competitive and connect to international markets for trade and investment, thus raising incomes and creating job opportunities, especially for women, young people, and poor communities.

## SME's and SDG's

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- SMEs play an important role in the implementation of **SDG 8** (decent work and economic growth) and **SDG 9** (industry, innovation, and infrastructure).  
Micro, small and medium-sized enterprises are vital in promoting **innovation, creativity and decent work for all**.
- Efforts to enhance **access to finance** for SMEs across key sectors of national economies are an important element of the implementation of the Sustainable Development Goals (SDGs).  
SDG targets 8.3 and 9.3 call for enhancing the access of SMEs to financial services.

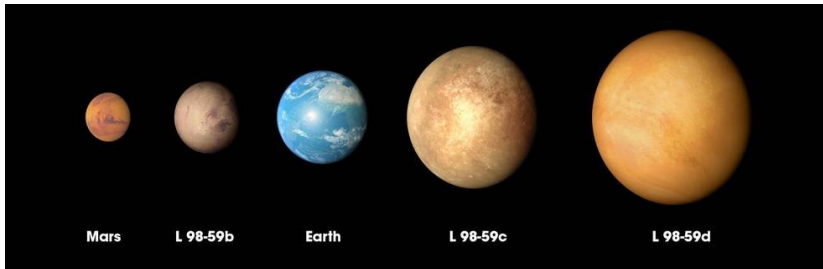
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## L 98-59b: Tiniest Planet Discovered by TESS

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**The National Aeronautics and Space Administration's (NASA)** Transiting Exoplanet Survey Satellite (TESS) has discovered the smallest planet called L 98-59b, between the sizes of Mars and Earth orbiting a bright, cool, nearby star.





- L 98-59b is around **80% of Earth's size** and about 10% smaller than the previous smallest planet discovered by TESS.
- The two other planets in the system, **L 98-59c** and **L 98-59d**, are respectively around 1.4 and 1.6 times Earth's size.
- L 98-59b's host star, "L 98-59" is an M dwarf ( M dwarfs stars, are much smaller and dimmer than our own sun and aren't bright enough to see with the naked eye. They are also known as red dwarfs, comprising some 70% of all the stars in our galaxy) about one-third the mass of the Sun and lies about 35 light-years away in the southern constellation Volans.

None of the planets lies within the star's habitable zone.

- While L 98-59b is a record for TESS, even smaller planets have been discovered in data collected by Kepler satellite, including Kepler-37b, which is only 20% larger than the Moon.

### Transiting Exoplanet Survey Satellite (TESS) Mission

- NASA Transiting Exoplanet Survey Satellite (TESS) mission led by the **Massachusetts Institute of Technology** (with seed funding from Google) will look for planets orbiting the **brightest stars in Earth's sky**.
- TESS will survey 200,000 of the brightest stars near the sun to search for transiting exoplanets.
- TESS was launched on April 18, 2018, aboard a SpaceX Falcon 9 rocket.
- TESS employs the **transit method** to detect exoplanets:
  - The transit method of detecting exoplanets looks for **dips in the visible light** of stars and requires that planets cross in front of stars along our line of sight to them.
  - Repetitive, periodic dips reveal a planet or planets orbiting a star.

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## Tightened Norms on Mutual Funds Investments

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The markets regulator Securities and Exchange Board of India (SEBI) has tightened norms on investments by mutual funds (MFs).

- MF schemes **can now invest only in listed debt or equity**.
- **Valuation of securities in debt funds** will now be on **mark-to-market basis** instead

of the earlier practice of considering it on an amortisation basis.

- **Liquid funds** can now invest **a maximum of 20% of their assets in a single sector** as against the current cap of 25%, and must keep aside at least a fifth of their assets in cash equivalents to meet sudden redemption pressures.

**Mutual Fund:** A mutual fund collects money from investors and invests the money, on their behalf, in securities (debt, equity or both). It charges a small fee for managing the money.

**Liquid Funds:** These are debt mutual funds that invest in securities up to a maturity of 91 days.

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## FSSAI's Food Labelling Norms

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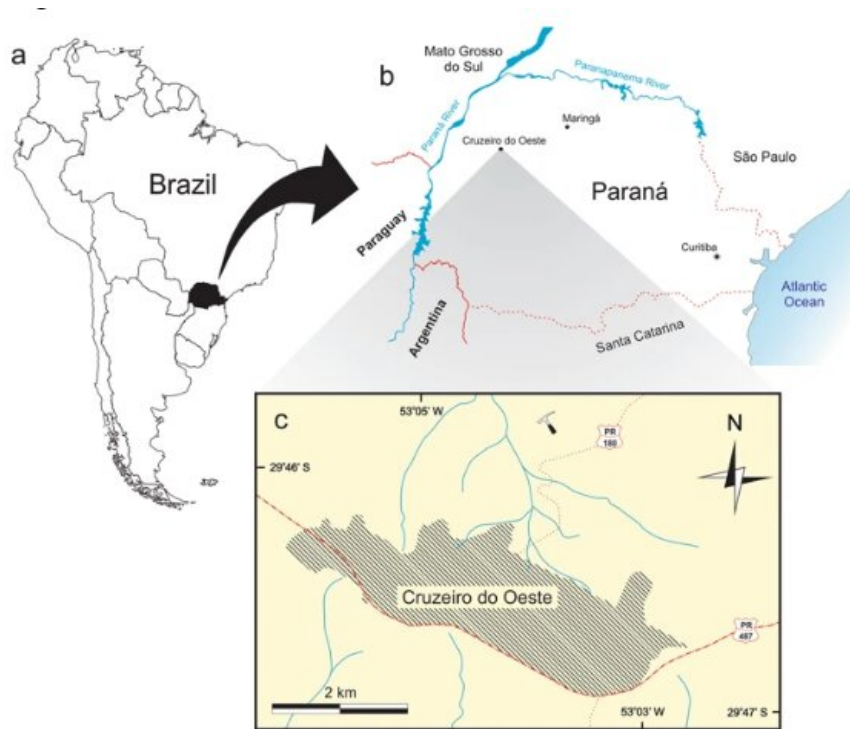
The new labelling guidelines proposed by **Food Safety and Standards Authority (FSSAI)** in its draft food safety and standards (labelling and display) regulations mandates **colour-coded** labels on food items.

- The new draft regulation has been brought to encourage consumers to make **healthier food choices** and inform them about what the product actually contains.
  - The front of all packaged food items will have to display the total number of **calories, saturated** and **trans fats, salt**, and added **sugar content** as well as the proportion of the **daily energy** needs fulfilled by food item.
  - Food items will have to color the **nutrient** label **red** in case the energy from **added sugar** is **over 10%** of the total energy provided by 100 gm or 100 ml of the product and the energy from **trans fat** is **more than 1%**.
  - The labels will also declare, per serve percentage contribution to **Recommended Dietary Allowance (RDA)**.
  - FSSAI has also changed the symbol of **vegetarian food** from a green circle to a **green triangle** to help color blind people distinguish it from the **brown circle** denoting **non-vegetarian food**.
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## Vespersaurus paranaensis

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- The researchers have found the fossil of a previously unknown dinosaur species named Vespersaurus paranaensis, that lived 90 million years ago in the **Cruzeiro do Oeste** municipality of **Parana state** in **southern Brazil**.



- The fossil remains of the *Vespersaurus paranaensis* is over a metre and a half in length. It was a **desert-based carnivorous dinosaur** that used claws to capture small prey in the region.
- The *Vespersaurus* was a theropod, a group of two-footed, meat-eating dinosaurs that included the better known **Tyrannosaurus and Velociraptor**.  
 The northeastern region of Parana was once a desert and the dinosaur's remains suggest that the *Vespersaurus* was well adapted to that type of climate.