



## News Analysis (19 Sep, 2018)

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### All India Pension Adalat

The All India Pension Adalat was inaugurated by the Union Minister of State (Independent Charge) for Personnel, Public Grievances and Pensions.

- The pension adalats are being convened with the objective of bringing on a common table the aggrieved pensioner, the department concerned, the bank or CGHS representative, wherever relevant, so that such cases can be settled across the table within the framework of extant rules.
- In addition to the central ministries, the offices of **accountant general** would be separately addressing the pensioner grievances of **all-India service officers**, in all the states across the country.
- The Minister also presented the the **third Anubhav Awards-2018** to six Central Government employees to recognise their contribution to the Anubhav portal which is designed to create an **institutional memory** for successive generations of Central Government employees.
- The **Anubhav Awards** were instituted in the year **2015**.
- Besides the Adalat and awards, a **Pre-Retirement Counselling (PRC)** was also conducted for the Central Government employees with the objective to create awareness about post-retirement entitlements as well as to educate them on advance planning for retirement including medical facilities and participation in voluntary activities after retirement.

### Other steps taken by the Government to facilitate the pensioners:

- **BHAVISHYA-**  
It is an **online Pension Sanction and Payment Tracking System**. It also captures personal information, service data and contact details like mobile number and email etc. The retiring employees will be kept informed of the progress of pension sanction process through SMS/E-mail.

- **SANKALP-**

It is a project to **channelize the skill, experience and time available** with Central Government Pensioners into meaningful social intervention. It also facilitates the organizations working in these areas to select appropriate skill and expertise from the available pool of volunteer – pensioners. It is an initiative of the Department of Pension & Pensioners' Welfare, Government of India.

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## Cyclone-30

Medical Cyclotron Facility Cyclone-30 Became Operational at Variable Energy Cyclotron Centre (VECC), Kolkata.

- With increasing number of Indians diagnosed with cancer every year, the cyclotron machine will produce radioisotopes for nuclear imaging specifically for cancer detection.
- Cyclone-30 is the biggest cyclotron in India for medical application. This will be third cyclotron at VECC. The other two are – K130 Cyclotron operating since 1977, K500 Superconducting Cyclotron which accelerated internal beam in 2009.

### VARIABLE ENERGY CYCLOTRON CENTRE

It is a premier R & D unit of the Department of Atomic Energy, Government of India dedicated to carry out frontier research and development in the fields of Accelerator Science & Technology, Nuclear Science (Theoretical and Experimental), Material Science, Computer Science & Technology and in other relevant areas.

### RADIOISOTOPES

- Radioisotopes are the unstable form of an element that emit radiation to transform into a more stable form.
- Radiation is easily traceable and can cause changes in the substance it falls upon. These special attributes make radioisotopes useful in medicine, industry and other areas. E.g.:
  - technetium isotope ( $^{99m}\text{Tc}$ )- used to identify blocked blood vessels.
  - Carbon isotope ( $^{14}\text{C}$ )- used to determine archaeological chronologies.

### RADIOPHARMACEUTICALS

Radiopharmaceuticals are unique medicinal formulations containing radioisotopes which are used in major clinical areas for diagnosis and/or therapy.

### CYCLOTRON

- It is a device used to accelerate charged particles like protons,  $\alpha$ -particles, etc, to very high energies.
  - It makes use of the magnetic force on a moving charge to bend moving charges into a semicircular path between accelerations by an applied electric field.
  - The applied electric field accelerates electrons further in a magnetic field region.
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- The Cyclone-30 facility will be used:
    - To produce  $^{18}\text{F}$  (Fluorine-18 isotope) for the preparation of [ $^{18}\text{F}$ ] Fluorodeoxyglucose (FDG), a radio-pharmaceutical used by Board of Radiation & Isotope Technology (BRIT).
    - For production of Germanium-68, Palladium-103 and other isotopes.
    - Studies related to installation of Iodine isotope [ $^{123}\text{I}$ ] production target,
    - material study target and
    - Accelerator Driven System target.
  - This facility will provide for affordable radio isotopes and related radiopharmaceuticals for the entire country especially, for Eastern India.
  - It will also have export potential for Germanium-68/Gallium-68 generator for in-situ production of Gallium-68 and Palladium-103 isotopes, used for breast cancer diagnosis and prostate cancer treatment, respectively.
  - At present, many radioisotopes are imported while some are produced in nuclear research reactors such as the Apsara at the Bhabha Atomic Research Centre (BARC), and remaining in cyclotrons facilities run by large private hospitals. For instance, the country imports radioisotopes Germanium-68/Gallium-68 that accurately diagnoses breast cancer, and Palladium-103 to detect and treat prostate cancer.
  - The addition of Cyclone-30 will increase the availability of radioisotopes and bring down the cost of treatment.

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## UN Report on Child Mortality

According to the **United Nations Inter-agency Group for Child Mortality Estimation (UNIGME)** about 8,00,000 infant deaths were reported in India in 2017, the lowest in five years. However, the infant death numbers still remained the highest in the world.

### Key Findings

- Despite progress over the past two decades, in 2017 about 6 million children and young adolescents died, mostly from preventable causes.
- Most children under five **die due to preventable or treatable causes** such as complications during birth, pneumonia, diarrhea, neonatal sepsis and malaria.

- Given the crucial early stages of education that take place at these ages, as well as the onset of adolescence and the broader social implications that accompany that stage of life, the survival and well-being of children during this crucial period should not be ignored.
- Globally, the majority of child and young adolescent deaths occur at the youngest ages and the **risk of dying is highest in the first month of life**.
- Around the world remarkable progress in child survival has been made and millions of children have better survival chances than in 1990.
- **Survival chances** for children and young adolescents are **not the same across regions and countries**. Globally, in 2017, half of all deaths under five years of age took place in sub-Saharan Africa, and another 30 percent in Southern Asia. In sub-Saharan Africa, 1 in 13 children died before their fifth birthday. In high-income countries, that number was 1 in 185.
- Continued preventive and curative lifesaving interventions need to be provided to children beyond the neonatal period, particularly in low-income countries, where the mortality rates for children aged 1–4 remain high.
- With shifting demographics, the **burden of child deaths is heaviest in sub-Saharan Africa**.
- The number of countries with gender disparities in child mortality continues to decline.
- Children are dying because of who they are and the environments into which they were born – whether they be impoverished families or marginalized communities.
- Eliminating disparities between countries would save millions of lives as a **baby born in sub-Saharan Africa or in Southern Asia was nine times more likely to die in the first month** than a baby born in a high-income country.
- In more than a quarter of all countries, urgent action is needed to **accelerate reductions in child mortality** to reach the **Sustainable Development Goals (SDG)** targets on child survival.
- Accelerating progress to achieve the SDG target by 2030 in countries that are falling behind would mean averting almost 10 million under-five deaths compared with the current scenario.
- Neonatal mortality declined globally and in all regions but more slowly than mortality among children aged 1–11 months or children aged 1–4 years in most cases.
- Despite declining neonatal mortality levels, marked disparities in neonatal mortality exist across regions and countries.

## In Context of India

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- **Infant deaths were reported highest in the world in India**, followed by Nigeria, Pakistan and Democratic Republic of Congo.

- India's under five mortality rate has been estimated at **39 deaths per 1,000 live births**, the same as the global average. But the **gender gap in child survival remains far below the global average** which means that girl children, after they are born, face discrimination in India.
- The number of Indian **children who died before their fifth birthday went below one million for the first time**. Initiatives like **Mission Indradhanush, Mother and Child Tracking System and neonatal ICUs** in every district, have helped India to achieve remarkable progress over the last five years.
- India accounts for 18 per cent of global births, and now also 18 per cent of global child deaths following a steady decline from 22 per cent in 2012.

## Way Forward

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- Achieving the ambitious child survival goals requires ensuring **universal access to safe, effective, high-quality and affordable care for women, children and adolescents**.
- Measures should be taken to ensure early **registration of pregnancies**, and for early detection of high risk cases, improving institutional deliveries, providing skill development training to health staff.
- Education campaign should be taken up to aware the mother of the merits of **antenatal care, institutional delivery, importance of exclusive breast feeding, immunization, home care for diarrhoea**; all these are meant to create awareness among family members to provide support to women during pregnancies and deliveries.
- India continues to show impressive decline in child deaths. The **investment on ensuring holistic nutrition** under the POSHAN campaign and national commitment to make India open defecation-free by 2019 are steps that will help in accelerating progress further.
- Mortality rates among children and young adolescents are not only key indicators for child and young adolescent well-being, but, more broadly, for **sustainable social and economic development**.
- **SDG goal 3** calls for an end to preventable deaths of newborns and children under 5 years of age and specifies that all countries should aim to reduce neonatal mortality to at least as low as 12 deaths per 1,000 live births and under-five mortality to at least as low as **25 deaths per 1,000 live births by 2030**.

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## Amalgamation of Three Public Sector Banks

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The government has proposed the amalgamation of Bank of Baroda (BoB), Dena Bank and Vijaya Bank.

This was decided at the meeting of a ministerial panel called Alternative Mechanism, an approval framework for proposals to merge state-run banks.

## Why Amalgamation?

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- One of the reasons for choosing these three banks was that the two stronger ones will be able to absorb the weaker entity.
- The amalgamation is part of the government's efforts to consolidate the banking industry with a focus on overcoming the bad loan crisis. Public sector banks are suffering from Non Performing Assets, in FY18, the banking system has reported a net loss of Rs 40,000 crore because of the sharp rise in NPAs.
- India has a target to meet the Global Basel III capital norms by March 2019. The move is a part of the steps to meet the norms.
- With amalgamation announcement, the government is moving closer to implementing the Narasimham Committee (1998) recommendation on structural reforms. The committee recommended the merger of Indian banks as it will have a "multiplier effect" on the economy.
- The Government of India has majority stakes in 21 public sector banks and owns more than two-thirds of banking assets in India. Having several government-owned Banks, doing the same business, and competing for same customers is not sensible. It also meant a lower return on the capital employed by the government which has competing demands for funds, and growing competition.
- With the increase in GDP, it is necessary for India to have globally stronger financial institutions.

## The "New Bank"

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- The New entity after amalgamation will have a total business of ₹14.8 trillion, with capital adequacy rating at 12.25%, and net non-performing loans 5.71%.
- The number of employees will be more than 85,000 and branches will be close to 9,500.

## Impact of Merger

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- It will consolidate and strengthen the banking industry, given the fact that amalgamated bank would be the third-largest after State Bank of India and ICICI.
- BoB and Dena Bank have a strong presence in Gujarat. Dena Bank is also strong in Maharashtra and part of Chhattisgarh. Vijaya Bank is strong in South. The duplication of work can be avoided. Their accounts can be easily merged. The three banks operate on the same core banking platform, Finacle, this also eases up technology integration to a large extent.

- There is also a significant overlap among public sector banks in terms of branches, mode of operation and clients. Mergers can bring down costs through economies of scale and address the problem of fragmentation.
- Global network strength of Bank of Baroda will be leveraged to enable customers of Dena Bank and Vijaya Bank to have global access.
- Dena Bank's strength in MSME will further augment the strength of the other two to position the amalgamated bank for being an MSME Udyamimitra

## Challenges

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- **Is the big bank a solution?**

- Former RBI Governor has warned that while creating large bank one might end up with a big weak bank. Further, Dena Bank is under the RBI's Prompt Corrective Action framework (PCA) due to its huge bad loans and weak financial ratios,
- The first amalgamation in the public sector banking was when New Bank of India- a weak public sector bank – was merged with Punjab National Bank in the mid-80s, the latter took a long time re-stabilize itself.
- The same was the case when the erstwhile Global Trust Bank (a private sector bank) was merged with Oriental Bank of Commerce (a public sector bank) in 2004.

- **Shareholder Interest**

- For investors, the merger of the Bank of Baroda with a weaker PSB, Dena bank is a concern. A complex merger with a weaker and under-capitalized PSB would put the bank's recovery efforts on the backburner. While the merger is positive for shareholders of Dena Bank, it is negative for Bank of Baroda and Vijaya Bank
- The merger also sends out poor signals about banking governance, here a dominant shareholder in the form of the government is dictating critical moves which will impact the minority shareholders.

- **Interest of Employees**

There is a concern among employees that amalgamation may lead to rationalization of bank branches, many branches of these banks operate in the same neighborhoods. If branches will be shut down there are fears that staff will be laid off.

## Way Forward

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- Creation of large banks to meet the requirements of the economy is the necessity. But, it is more important for the government to address the core issue impacting the Banking Sector, that is, of Governance, the new amalgamated entity will have the same staff of Dena Bank who have driven it to its present condition.

- The Government can consider the recommendations of the PJ Nayak Committee, 2014 on Governance of PSB which advocated for restricted government interference in bank administration. Protection of Banks from political interference is the real challenge, without governance reform, any other measure to tackle the crisis of bank may not turn out to be useful.

### **Basel III Norms**

- Basel III norms aim at making most banking activities more capital-intensive and promoting a more resilient banking system by focusing on four vital banking parameters viz. capital, leverage, funding and liquidity.
- The Reserve Bank of India has extended the timeline for implementation of the Basel III capital regulations by March 31, 2019.

### **Amalgamation vs. Merger**

- The key difference between a merger and an amalgamation is that a merger is a union of two or more enterprises whereby the assets and liabilities of one are vested in the other, with the effect that the former enterprise loses its identity.
- An amalgamation is a coming together of two-three corporate entities where the assets and liabilities of all of them are vested with a new entity, with the effect that all of them lose their identities to form a new entity.

### **Narasimham Committee, 1998**

- The merger of major banks which will have 'multiplier effect' on the industry.
- Improve the strength of the Indian banking system the committee recommended to raise capital adequacy norms.
- Review of functions of boards to adopt a professional corporate strategy to check the imbalance between government control over the banks in the form of management and ownership, and bank autonomy.

### **PJ Nayak Committee, 2014**

- Conversion of PSBs into Companies as per the Companies Act.
- Formation of a Bank Investment Company (BIC) under the Companies Act and transfer of shares by the central government in PSBs to the BIC.
- BIC should be given the controlling power of boards of PSBs.
- Proportionate voting rights to all shareholders and reduction of government shareholding to 40%.

### **Prompt Corrective Action (PCA)**



- PCA norms allow the RBI to place certain restrictions such as halting branch expansion and stopping dividend payment. It can even cap a bank's lending limit to one entity or sector.
- Other corrective actions that can be imposed on banks include special audit, restructuring operations and activation of the recovery plan. Banks' promoters can be asked to bring in new management, too. The RBI can also supersede the bank's board, under PCA.
- The provisions of the revised PCA framework became effective from April 1, 2017, based on the financials of the banks for the year ended on March 31, 2017. The framework will be reviewed after three years.
- When is PCA invoked?  
The PCA is invoked when banks breach certain regulatory requirement like minimum capital, return on asset and quantum of non-performing assets.

### **Capital Adequacy Ratio (CAR)**

- CAR is the ratio of a bank's capital in relation to its risk-weighted assets and current liabilities.
- The Basel III norms stipulated a capital to risk-weighted assets of 8%. However, as per RBI norms, Indian scheduled commercial banks are required to maintain a CAR of 9% while Indian public sector banks are emphasized to maintain a CAR of 12%.

### **Tier 1 Capital**

Tier 1 Capital is the core measure of a bank's financial strength from a regulator's point of view. It is composed of core capital, which consists primarily of common stock and disclosed reserves.

## **Important Facts for Prelims (19th September 2018)**

### **Akash Missile**

- The Defence Ministry has approved procurement of the two regiments of upgraded Akash missile systems.
- Akash is a Short Range Surface to Air Missile (SRSAM) with a range of 25 km. Each regiment consists of six launchers, each having three missiles.
- It is an all-weather area air defence weapon system for defending vulnerable areas against medium range air targets penetrating from low, medium and high altitudes.
- The upgraded version will include the seeker technology and possess a 360-degree coverage, and will be of compact configuration. This is the first Surface to Air Missile with indigenous seeker technology.

- The Defence Research and Development Organisation (DRDO) developed Akash as part of the Integrated Guided Missile Development Programme initiated in 1984.

## ISRO Incubation Center

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- Recently, ISRO Technology Incubation Centre was launched at National Institute of Technology(NIT), Agartala (Tripura).
  - It is a strategic move aimed at leveraging the huge untapped potential of academia-industry partnerships.
  - Through the incubation centres, ISRO is looking to incubate start-ups that would build applications, offer services and products that it can use internally and help them scale up to exploit opportunities globally.
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