




News Analysis (28 Apr, 2020)

 drishtias.com/current-affairs-news-analysis-editorials/news-analysis/28-04-2020/print

RBI's Liquidity Offer for Mutual Funds

Why in News

Recently, the **Reserve Bank of India (RBI)** announced a **special liquidity window of Rs 50,000 crore** to bail out mutual funds hit by the turmoil in the debt fund segment.

Key Points

- **Repo Operations:** Under the **special liquidity facility for mutual funds (SLF-MF)**, the RBI will conduct **repo (repurchase agreement) operations** of 90 days tenor at fixed rate for banks.
 - A repurchase agreement, or 'repo', is a **short-term agreement** to sell securities in order to buy them back at a slightly higher price.
 - The **one selling the repo (banks) is effectively borrowing** and the other party (the RBI) is lending.
- **Providing Liquidity to Mutual Funds**
 - Funds availed under the SLF-MF will be used by banks **exclusively for meeting the liquidity requirements of mutual funds.**
 - Under the SLF-MF, **banks can extend loans to mutual funds** and undertake outright purchase of and repos against the collateral of investment grade corporate bonds, commercial papers (CPs), debentures and certificates of Deposit (CDs) held by mutual funds.
- **Features of the offer**
 - The RBI said liquidity support availed of under the SLF-MF would be eligible to be classified as **Held-To-Maturity (HTM).**
 - The face value of securities acquired under the SLF-MF and kept in the HTM category would not be reckoned for computation of **Adjusted Non-food Bank Credit (ANBC)** for determining priority-sector targets/sub-targets.
 - Support extended to MFs under the SLF-MF shall be exempted from banks' **capital market exposure limits.**
 - Exposure under this facility would not be reckoned under the **Large Exposure Framework (LEF).**

- This is the **third time the RBI is opening the liquidity window** for the financial sector players in the last 15 years.
 - The RBI had opened a special liquidity repo window for mutual funds in 2008 at the time of the global financial crisis.
 - In July 2013 again RBI opened a special liquidity repo window, when returns on debt mutual funds dropped sharply after the rupee fell significantly against dollar.
- **Background**
 - Volatility in capital markets has intensified the stress on mutual funds due to the redemption pressures related to the **closure of six debt schemes of Franklin Templeton** and potential contagious effects.
 - The stress is, however, confined to the high-risk debt funds segment at this stage while the larger industry remains liquid.
- **Outcome**
 - The RBI move on pumping liquidity will boost investor confidence in the mutual fund industry.
 - The RBI's liquidity offer is expected to bring some degree of comfort in the debt market which is under huge redemption (paying back) pressure, especially in the **credit risk fund** category.

Key Terms

- **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.
- **Debt funds** aim to generate returns for investors by investing their money in avenues like bonds and other fixed-income securities.
- **Credit-risk funds** are **debt funds** which have **at least 65% of their investments in less than AA-rated (i.e. in lower-rated) papers.**
- **Held-to-maturity** securities are purchased to be owned until maturity. E.g bonds.
- **Adjusted non-food Bank Credit** includes non-food bank credit and total non-**statutory liquidity ratio (SLR)** investments of banks in commercial papers, shares and bonds/debentures.
- **Capital Market exposure** refers to the percentage of a portfolio, invested in a particular type of security, market sector or industry

It is also known as the exposure amount an investor can lose from the risks unique to a particular investment.
- **Large Exposures Framework:** The large exposures framework **sets prudent limits to large exposures of banks**, which may result in a concentration of its assets to a single counterparty or a group of connected counterparties.
 - To address this concentration risk, RBI has fixed limits on bank exposures.
 - As per current guidelines of RBI, a bank's exposure to a single borrower is restricted to 15% and to a borrower group 40% of capital funds.

Source: IE

Ozone Layer Hole Over Arctic Closed

Why in News

Recently, the **European Union's Copernicus Atmosphere Monitoring Service (CAMS)** announced that a hole in the Arctic ozone layer, believed to be the biggest reported over the Arctic, has closed.

- The ozone hole's closing was because of a phenomenon called the **polar vortex, and not because of reduced pollution levels** due to **Covid-19 lockdowns around the world.**
- CAMS is one of **six services that form Copernicus**, the European Union's Earth observation programme.

It provides consistent and quality-controlled information related to **air pollution and health, solar energy, greenhouse gases and climate forcing**, everywhere in the world.

Key Points

- **Ozone Hole:**
 - It refers to a region in the **stratosphere where the concentration of ozone becomes extremely low in certain months.**
 - Ozone (chemically, a molecule of three oxygen atoms) is found mainly in the upper atmosphere, an area called the **stratosphere, between 10 and 50 km from the earth's surface.**
 - Ozone **absorbs the harmful UltraViolet (UV) radiations** from the sun eliminating a big threat to life forms on earth. UV rays can cause skin cancer and other diseases and deformities in plants and animals.
- **Reasons Behind the Biggest Ozone Hole over the Arctic:**
 - In 2020, the ozone depletion over the Arctic was much larger. Before this year, the last sizable Arctic ozone hole was reported in 2011.
 - The hole in the North Pole's ozone layer was **first detected in February, 2020** had since reached a **maximum extension of around 1 million sq km.**
 - Scientists believe that **unusual atmospheric conditions, including freezing temperatures in the stratosphere,** were responsible.
 - As per a European Space Agency report, **cold temperatures (below -80°C), sunlight, wind fields and substances such as chlorofluorocarbons (CFCs)** were responsible for the degradation of the Arctic ozone layer.
 - Although Arctic temperatures do not usually fall as low as in Antarctica, this year, **powerful winds flowing around the North Pole trapped cold air within what is known as the polar vortex—** a circling whirlpool of stratospheric winds.
 - However, the size of hole was still small compared to that usually observed in the southern hemisphere.
- **Closing of the hole and Ozone recovery:**
 - Scientists believe that the closing of the hole is because of the same **polar vortex and not because of the lower pollution levels during the Covid-19 lockdown.**
 - As per the Scientific Assessment of Ozone Depletion data of 2018:
 - The ozone layer in parts of the stratosphere has recovered at a rate of **1-3% per decade since 2000.**
 - At these projected rates, the **Northern Hemisphere and mid-latitude ozone is predicted to recover by around 2030,** followed by the **Southern Hemisphere around 2050, and polar regions by 2060.**

Ozone holes over Antarctica

- The ozone holes most commonly refer to the depletions over Antarctica, forming each year in the months of **September, October and November**, due to a set of **special meteorological and chemical conditions that arise at the South Pole**, and can reach sizes of around 20 to 25 million sq km.
- **Formation:**
 - Polar vortex leads to the most depletion of stratospheric ozone. As winter arrives, a vortex of winds develops around the pole and isolates the polar stratosphere.
 - When temperatures drop below -78°C (-109°F), thin clouds **form ice, nitric acid, and sulphuric acid mixtures**.
 - **Chemical reactions on the surfaces of ice crystals** in the clouds **release active forms of CFCs** and ozone depletion begins.
 - In spring, **temperatures begin to rise, the ice evaporates**, and the ozone layer starts to recover.
- Such holes are much **smaller in size in the North Pole** due to the warmer temperatures than the South Pole.

Polar vortex

- A polar vortex is a **large area of low pressure and cold air** that surrounds **both of Earth's poles**.
- Polar vortexes always exist, but they typically **weaken during the summer and strengthen in the winter**.
- The polar vortex in the **Arctic is typically weaker** due to the presence of nearby **land as well as mountain ranges that disturb the weather** more so than its counterpart to the south.

Source: IE

Hydrogen Fuel Cell Based Bus and Car Project

Why in News

Recently, **National Thermal Power Corporation (NTPC) Limited** has announced the launch of its new project involving **hydrogen Fuel Cell Electric Vehicles (FCEV)** to run in Delhi and Leh.

Key Points

- NTPC Limited has **invited Global Expression of Interest (EoI)** to provide 10 Hydrogen **Fuel Cell (FC)** based buses and an equal number of such cars in Leh and Delhi.
The EoI has been issued by NTPC's wholly owned subsidiary, **NTPC Vidyut Vyapar Nigam (NVVN) Limited**.

- This will be the **first time such a project will be undertaken in India**, wherein a complete solution from **green energy** to fuel cell vehicle would be developed.
 - The move **aims at decarbonizing the mobility segment**.
 - **Tata Motors** launched Starbus Electric 9m, Starbus Electric 12m and the Starbus Hybrid 12m range of buses which are **made in India** and are **powered by alternative fuels** (like **Biofuels**).

These buses produce **only water and heat as a byproduct**, thus, producing **zero emissions**.
- The initiative has been undertaken with the **support of the Ministry of New and Renewable Energy**.

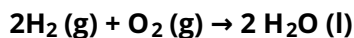
The ministry will **also harness renewable energy for the generation of hydrogen and develop its storage and dispensation facilities** as part of pilot projects at Leh and Delhi.
- NTPS's initiatives for **complete e-mobility solutions for public transport** include:
 - **Creation of public charging infrastructure:** 90 public charging stations in various cities and battery charging and swapping stations for electric 3-wheelers have been commissioned.
 - **Providing electric buses to state/city transport undertakings.** For example, e-bus solutions for Andaman & Nicobar Administration are under implementation.
- **Other Initiatives:**

The Government of India launched the **FAME India Scheme** with the **objective to support hybrid/electric vehicles market development and manufacturing ecosystem**.

Fuel Cell Electric Vehicle

Mechanism: The FCEV combines hydrogen and oxygen to generate an electric current.

Hydrogen + Oxygen = Electricity + Water Vapour



- FCEV engines are **similar to the conventional internal combustion engines** because they also rely on a constant supply of fuel (hydrogen) and oxygen.

However, there are **no moving parts** in the fuel cell, so they are **more efficient and reliable**.
- **Advantages:**
 - FCEVs produce much **smaller quantities of greenhouse gases** (GHGs) and none of the air pollutants that cause health problems.
 - Fuel cells **emit only heat and water as a byproduct** and are far **more energy-efficient** than traditional combustion technologies.
 - FCEVs **do not need to be plugged in for charging**, like battery-powered EVs.
 - There is a **wide availability of resources for producing hydrogen**.
- **Disadvantages:**
 - The **process of making hydrogen needs energy**, often from fossil fuel sources, which raises questions over hydrogen's green credentials.
 - **Handling of hydrogen is a safety concern** because it is **more explosive** than petrol.
 - These vehicles are **expensive** and **fuel dispensing pumps are scarce**.

Source: PIB

India Among Top Military Spenders: SIPRI

Why in News

Recently, the **Stockholm International Peace Research Institute** (SIPRI) released its annual report '**Trends in World Military Expenditure, 2019**'.

According to the report, the **global military expenditure rose to \$1917 billion in 2019** with **India and China** emerging **among the top three** spenders.

Key Points

- **Global military spending** was **2.2% of the global Gross Domestic Product (GDP)** with an increase of 3.6% from 2018.
 - The increase of 3.6% was the largest annual growth in spending since 2010.
- **Top five largest spenders** accounted for **62%** of the global expenditure.
 - The USA>China>India>Russia>Saudi Arabia.
 - India was at the 4th position in 2018 with Saudi Arabia at the 3rd.
- **Data related to Asia and Oceania:**
 - **Japan** (\$47.6 billion) and **South Korea** (\$43.9 billion) were the largest military spenders apart from India and China.
 - **Pakistan** was at the **24th position** compared to the 19th in 2018.
 - Its **military expenditure rose by 70%** over the **decade 2010-19**, to reach **\$10.3 billion** while the military burden **increased to 4% of GDP in 2019** from 3.4% in 2010.
 - Military burden assesses the proportion of national resources dedicated to military activities and the burden on the economy.

India Specific Data

- The report highlights that **India's defence expenditure is growing in absolute terms**. However, defence expenditure has been **going down as a percentage of its GDP**, due to the increasing trend in the growth of GDP.
 - In 2019, the expenditure was **2.4% of India's GDP** which was **lower than that of 2.7% in 2010**.
- The **Union Budget 2019-20**, envisaged a total outlay of ₹27,84,200 crore. Out of this **₹3,18,931.22 crore was earmarked for Defence (excluding Defence Pension)**.
 - **Total Defence Allocation**, including Defence Pension, accounted for **15.48% of the total Central Government expenditure** for the year 2019-20.
 - It was **6.8% more than that of 2018** and has **grown by 37% over the decade of 2010-19**. If compared to **1990, it has gone up by 259%**.
- The **Union Budget 2020-21**, envisaged a total outlay of ₹30,42,230 crore. Out of this, **₹3,37,553 crore has been allocated for Defence (excluding Defence Pension)**.
 - Total defence budget accounts for **15.49% of the total central government expenditure** for the year 2020-21.
 - It shows a **growth of 9.37%** over Budget Estimates 2019-20.
 - It was about **1.5% of the country's GDP**, the **lowest in recent times**.

- India's **tensions and rivalry with both Pakistan and China** are among the major drivers for its **increased military spending**.

Stockholm International Peace Research Institute

- This **think tank** is an **independent international institute** dedicated to **research into conflict, armaments, arms control and disarmament**.
- It was **established in 1966** at **Stockholm (Sweden)**.
- It **provides data, analysis and recommendations**, based on open sources, to policymakers, researchers, media and the interested public.

Source: TH

PRACRITI: IIT Delhi

Why in News

Researchers at the **Indian Institute of Technology in Delhi** have developed a web-based dashboard **PRACRITI** for **predicting the spread of Covid-19** in India.

PRACRITI is the acronym for **PRediction and Assessment of CoRona Infections and Transmission** in India.

Key Points

- **Prediction of Covid-19 Cases**
 - The dashboard gives detailed **State-wise and district-wise predictions** of Covid-19 cases in India for a **three-week period**.
 - The data is **updated on a weekly basis** to accommodate **various effects due to administrative interventions, severity of viral strain, change of weather patterns**.
 - It also accounts for the **effect of different lockdown scenarios** such as the effect of locking down district boundaries, and implementing different levels of lockdown within a district.
 - It also **includes the effect of movement of population** across district/state borders in the wake of Covid-19.
- **Provides R0 Value**
 - PRACRITI provides the **R0 values of each district and State** based on data available from the Ministry of Health and Family Welfare, **National Disaster Management Authority (NDMA)**, and the **World Health Organization (WHO)**. Reduction of R0 is key in **controlling and mitigating Covid-19** in India.
 - **Reproduction number (R0):**
 - Reproduction number (R0), pronounced 'R naught' refers to the **number of people to whom the disease spreads from a single infected person**.
 - For instance, if an active Covid-19 patient infects two uninfected persons, the R0 value is two.

- **Working:**
 - Predictions are based on a recent mathematical model, namely, **Adaptive, Interacting, Cluster-based, Susceptible, Exposed, Infected, Removed (AICSEIR) model**.
 - This is a modified form of the traditional SEIR model and it caters for the interactions that occur between sub-populations such as districts or states. The model **divides population into following four classes:**
 - Susceptible refers to people who have **not been exposed to the coronavirus**.
 - Exposed refers to those who have been **exposed to the virus from an infected person**.
 - Infected refers to those who are **actively infected with Covid-19**.
 - Removed refers to those who are **no longer a carrier of the virus**.
- **Benefits**
 - Such a platform will be highly useful for **healthcare organisations as well as local and central authorities** to efficiently plan for different future scenarios and resource allocation.
 - These predictions can help the districts and states **having higher R0 to take rigorous measures** to control the spread of Covid-19, while for those with **low R0 they need to sustain measures and remain very vigilant**.

Source: TH

Perils of Chakmas and Hajongs

Why in News

The **Rights and Risks Analysis Group** has sought Indian Prime Minister's intervention in **ensuring food for the Chakma and Hajong communities in Arunachal Pradesh**.

Key Points

- Chakmas and Hajongs have allegedly not been included in the **Covid-19 Economic Relief Package** announced by the central government in the wake of the **coronavirus pandemic**.
 - Under the Relief Package, **as part of the PM Gareeb Kalyan Ann Yojana**: Each person who is covered under the **National Food Security Act** gets an additional five kg wheat or rice for free, in addition to the 5 kg of subsidised foodgrain already provided through the **Public Distribution System** (PDS).
 - One kg of pulse per household is also provided for free, according to regional preferences.
- Their **ration cards** were **illegally and arbitrarily seized by the state government** in October, **1991**. As a result, they are **forced to buy food items at normal or hiked prices** while other vulnerable sections are paying ₹5 per kg as per the economic package.
- Since the members of the communities have become **legal citizens of India**, **denial of food violates the Right to Life guaranteed under Article 21** of the Constitution.

Chakmas and Hajongs

- These are **ethnic people** who lived in the **Chittagong Hill Tracts**, most of which are located in **Bangladesh**.
 - **Chakmas** are predominantly **Buddhists**, while **Hajongs** are **Hindus**.
 - They are found in **northeast India, West Bengal, Bangladesh** and **Myanmar**.
- They **fled erstwhile East Pakistan (now Bangladesh)** in **1964-65** and came to India and **settled in Arunachal Pradesh**. **Reasons:**
 - **Chakmas lost their land** to the **development of the Kaptai Dam on the Karnaphuli River, Bangladesh**.
 - **Hajongs faced religious persecution** as they were **non-Muslims** and **did not speak Bengali**.
- In 2015, the **Supreme Court** directed the Centre to **grant citizenship** to Chakma and Hajongs who had migrated from Bangladesh in 1964-69.
 - The order was passed while **hearing a plea by the Committee for Citizenship Rights of the Chakmas**.
 - They did not directly come into the ambit of the **Citizenship Amendment Act, 2019 (CAA)** because Arunachal Pradesh is among the **states exempted from the CAA** since it has an **inner line permit** to regulate entry of outsiders.
- Currently, Chakmas and Hajongs are **citizens by birth** as per **Section 3(1) of the Citizenship Act** and the eligible portion of their population **exercise the right to vote** as citizens of India (they were given **voting rights in 2004**).

However, **4,637 pleas of the survivors of migration during 1964-1969 are still pending with the Centre** even as some of the applicants have died.

Source: TH

SVAMITVA Scheme

Why in News

Recently, the **Union Minister of Rural Development & Panchayati Raj** has issued guidelines regarding the **SVAMITVA scheme**. The scheme was **launched on the National Panchayati Raj Day (April 24)**.

Key Points

- **SVAMITVA (Survey of Villages and Mapping with Improved Technology in Village Areas)** scheme is a collaborative effort of the **Ministry of Panchayati Raj, State Panchayati Raj Departments, State Revenue Departments and Survey of India**.
- **Aim:** To provide an **integrated property validation solution for rural India**.
 - It is a scheme for **mapping** the land parcels in rural inhabited areas using **drone technology** and **Continuously Operating Reference Station (CORS)**.
 - The mapping will be done across the country in a **phase-wise** manner over a period of four years - from 2020 to 2024.

- **Benefits:**

- The scheme will **help in streamlining planning and revenue collection** in rural areas and ensuring clarity on property rights.
- The scheme will **enable creation of better-quality Gram Panchayat Development Plans (GPDPs)**, using the maps created under this programme.
 - The Gram Panchayats are **constitutionally mandated** for preparation of Gram Panchayat Development Plans (GPDP) for economic development and social justice.
 - The GPDP is based on a **participatory process** in convergence with schemes of all related Central Ministries/Line Departments related to 29 subjects listed in the **Eleventh Schedule of the Constitution**.
- **Present Coverage Area:** The program is currently being implemented in **six states** - Haryana, Karnataka, Madhya Pradesh, Maharashtra, Uttar Pradesh and Uttarakhand.

Source: PIB

e-Gram Swaraj Portal

Recently, the Ministry of Panchayati Raj released a Standard Operating Procedure (SOP) regarding e-Gram Swaraj. The application was **launched on the National Panchayati Raj Day (April 24)**.

Key Points

- **Aim:** To **bring in better transparency** and strengthening of the e-Governance in Panchayati Raj Institutions (PRIs) across the country through **decentralized planning, progress reporting and work-based accounting**.
- It will also assist in enhancing the **credibility of Panchayats** which would induce greater devolution of funds to PRIs.
- It will help in establishing a strong financial system by integrating the **PRIASoft** and **Public Financial Management System (PFMS)**.
- The **PRIASoft** (Panchayati Raj Institutions Accounting Software) is the Online Payment Module whereby Gram Panchayats are carrying out online payments to the vendors and service providers. The main objective of introducing such a module is to have a sound financial management system in the Panchayats leading to their greater credibility and image.
- These endeavours are also congruent to that of **Digital India Programme** which is to transform India into a digitally empowered society and knowledge economy.

Source: PIB

BRO Opens Rohtang Pass

Why in News

The **Border Roads Organisation (BRO)** has opened the Rohtang Pass, three weeks in advance, for transporting essential supplies and relief materials to Lahaul and Spiti districts of Himachal Pradesh amid the lockdown due to **Covid-19**.

Key Points

- The pass is at 13,058 feet on the **eastern Pir Panjal Range of the Himalayas**.
- The Pass connects **Leh and Manali**. The road serves as the **only mode of connectivity between the tribal population of Lahaul Valley** in Himachal Pradesh and the rest of the country.
- It is also a crucial lifeline for the **Army troops deployed on the eastern border in the Ladakh region**.
- The pass remains **snow-bound for almost six months**, from mid-November to mid-May, isolating Lahaul and Spiti districts from the rest of the country.
 - The valley depends on **air traffic for external logistics and supplies during winters**.
- **Atal tunnel under Rohtang Pass:**
 - It is a **8.8-kilometre long tunnel** and will be the **world's longest tunnel** above an altitude of 3,000 metres.
 - It will reduce the **distance between Manali and Leh by 46 kilometres and saves transport costs**.
 - It will provide **all weather connectivity** to remote border areas of Himachal Pradesh and Ladakh which otherwise remained cut off from the rest of the country for about six months during winters.

Pass	Link/Features
Banihal Pass	Kashmir Valley with the outer Himalaya and the plains to the south.
Bara-Lacha-La Pass	Lahaul district in Himachal Pradesh with Leh district in Ladakh.
Fotu La Pass	Leh with Kargil of Ladakh
Rohtang Pass	Kullu Valley with the Lahaul and Spiti Valleys of Himachal Pradesh.
Shipki La Pass	Kinnaur district of Himachal Pradesh with Autonomous Region of Tibet, China.
Jelep La Pass	Sikkim with Autonomous Region of Tibet, China.
Nathu La Pass	Sikkim with Autonomous Region of Tibet, China.
Lipu Lekh Pass	Chaudans valley of India with Autonomous Region of Tibet, China. It is located close to the tri junction of Uttarakhand (India), China and Nepal.
Khardung La	Ladakh with Siachen glacier. It is the highest motorable pass in the world.
Bom di La	It is in Arunachal Pradesh

Border Roads Organisation

- BRO was conceived and raised in 1960 by Pandit Jawaharlal Nehru for coordinating the speedy development of a **network of roads in the North and the North Eastern border** regions of the country.

- It works under the administrative control of the **Ministry of Defence**.
- It has diversified into a large spectrum of construction and development works comprising **airfields, building projects, defence works and tunneling** and has endeared itself to the people.

Source: TH
