Financial Regulators Transitioning From LIBOR

❖ Context

➢ Some banks and financial institutions in India have not incorporated fallback clauses in contracts referencing (London Interbank Offered Rate) **LIBOR** or the corresponding **MIFOR** (Mumbai Interbank Forward Outright Rate).

❖ Key Highlights:

- Both LIBOR and MIFOR will cease to be representative benchmarks from June 30, 2023. The Reserve Bank of India (RBI) urged entities to avoid a last-minute rush and include the necessary fallbacks.

❖ Controversy Surrounding LIBOR:

- The mechanism relied on banks' **honesty in reporting rates**, leading to potential manipulation.
- Banks had incentives to **understate rates,** especially during the 2008 financial crisis, to maintain public confidence.
- Instances of banks altering submissions for profit gain and paying lower borrowing costs were observed.
- The British Bankers' Association administered LIBOR until April 2013, when it came under the purview of the **FCA (Financial Conduct Authority).**

❖ Alternative Benchmark:

- The U.S. Federal Reserve introduced the **Secured Overnight Financing Rate** (SOFR) as an alternative to LIBOR in 2017.
- In India, new transactions were to use SOFR and the Modified Mumbai Interbank Forward Outright Rate (MMIFOR), replacing MIFOR.
- SOFR is based on **observable repo rates** collateralized by U.S. Treasury securities, reducing reliance on expert judgment and potential manipulation.

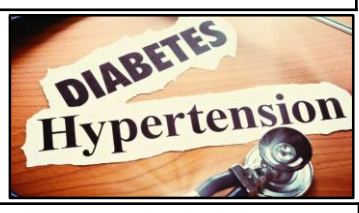
❖ Response in India:

- The RBI has urged banks to assess their LIBOR exposures and prepare for the adoption of alternative reference rates.
- Contracts entered after December 31, 2021, should not use LIBOR as a reference rate.
- Contracts entered before the date should have fallback clauses to ensure transparency and consistency.
- As SOFR is typically lower than LIBOR, certain adjustments may be required to account for the difference.
- Banks and financial institutions need to assess and revise contracts and agreements for **consistency and customer protection.**

❖ Objective and Impact:

- The transition away from LIBOR aims to manage **risks, protect customers, and maintain financial stability.**
- By adopting alternative benchmarks like SOFR, the financial industry can reduce the **potential for manipulation** and ensure a smoother functioning of financial transactions.

Standard Care



❖ Context

➢ India aims to expand standard care for hypertension and diabetes to 75 million people by 2025.

❖ Key Highlights:

- With a focus on prevention and management, the initiative aims to ensure at least 80 per cent of diagnosed individuals receive appropriate treatment
- **Hypertension** (high blood pressure) is when the pressure in your blood vessels is too high (140/90 mmHg or higher).
- An estimated **1.28 billion adults aged 30–79 years** worldwide have hypertension, most (two-thirds) living in low- and middle-income countries
- An estimated **46% of adults** with hypertension are unaware that they have the condition.
- Less than half of **adults (42%)** with hypertension are diagnosed and treated.
- Approximately 1 in 5 adults (21%) with hypertension have it under control.
- **Diabetes** is a chronic disease that occurs either when the pancreas does not produce enough insulin or when the body cannot effectively use the insulin it produces.
- Insulin is a hormone that regulates blood sugar.
- **Hyperglycaemia,** or raised blood sugar, is a common effect of uncontrolled diabetes and over time leads to serious damage to many of the body's systems, especially the nerves and blood vessels.
- In India, there are estimated **77 million people** above the age of 18 years are suffering from diabetes (type 2) and nearly **25 million are prediabetics** (at a higher risk of developing diabetes in near future).
- More than **50% of people** are unaware of their diabetic status which leads to health complications if not detected and treated early.
- **Note:** The treatment that is accepted by **medical experts** for a certain type of disease and that is widely used by healthcare professionals is called **standard care.**

Production Linked Incentive Scheme 2.0

❖ Context

➢ The government has approved Production Linked Incentive Scheme 2.0 for Information and Technology related hardware with a budgetary outlay of 17,000 crore rupees.

❖ **Key Highlights:**

- The tenure of the scheme is six years and the expected investment will be over 2,400 crore rupees.
- This decision will create more than two lakh employment opportunities including 75 thousand direct employments.
- Electronics manufacturing has witnessed consistent growth with 17 percent compound annual growth rate in last eight years and this year it has crossed a major landmark of **105 billion US dollars.**
- India has become the world's second largest manufacturer of mobile phones and exports of mobile phones crossed a major milestone of 11 billion US dollars this year.

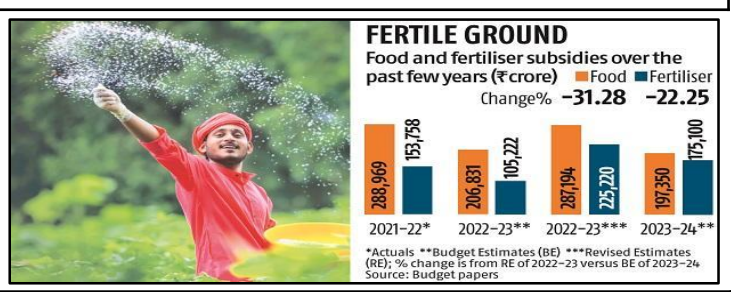
❖ **What is Production Linked Initiative?**

- The **Production Linked Incentive** (PLI) is a government scheme implemented to promote manufacturing and boost the production of certain sectors in India.
- Under the PLI scheme, eligible manufacturers are **provided financial incentives** based on their incremental production.

Fertiliser Subsidy

❖ **Context**

➢ The Union Cabinet has approved a subsidy of ₹1.08 lakh crore for the ongoing kharif season, with ₹38,000 crores allocated for **phosphatic and potassic (P&K) fertilizers and ₹70,000 crores for urea subsidy.**



❖ **Key Highlights:**

- The fertilizer subsidy typically ranges between ₹1 lakh crore and ₹1.25 lakh crore, but last year it amounted to ₹2.56 lakh crore.
- The government has ensured that the prices of urea and **diammonium phosphate (DAP)** will remain unchanged during the season.
- The current subsidized rate of urea is **₹276 per bag**, and the price of **DAP is ₹1,350 per bag.**
- This decision will benefit approximately 12 crore farmers.
- **Consumption of urea:** The country's total consumption of urea is around 325 to 350 lakh metric tonnes (LMT), along with significant quantities of DAP, NPK, and Muriate of Potash (MoP).
- With cultivation taking place on **1,400 lakh hectares** of land across the country, the subsidy per hectare is approximately ₹8,909, and each farmer receives ₹21,223 in subsidy.
- The actual price of a bag of **DAP is ₹4,000**, but farmers receive it at a subsidized rate of ₹1,350 per bag, with a subsidy of ₹2,461.
- Similarly, **NPK has a subsidy of ₹1,639** per bag, and MoP has a subsidy of ₹734 per bag.
- The government maintains a stock of 150 LMT of fertilizer to ensure availability for the kharif season.
- India relies on imports to meet its total **fertilizer demand.**
- Global prices of various farm chemicals rocketed to multi-year highs in 2022-23 due to the Ukraine conflict, resulting in a total fertiliser subsidy bill of a record ₹2.56 lakh crore.

News in Between the Lines

Operation Jal Rahat

❖ **Context**

➢ The Indian Army's Gajraj Corps and **disaster management groups** conducted a **joint flood relief drill** called **'Exercise Jal Rahat'** in Assam.

❖ **Key Highlights:**

- The exercise aimed to **enhance flood relief preparedness** ahead of the monsoon season. It emphasized coordination among multiple agencies and focused on efficient rescue operations and innovative strategies.
- Personnel from various organizations, including **the Indian Army, SSB, NDRF, SDRF, DDMA, and police** representatives, participated in the exercise.
- Coordination and rehearsals for rescue missions were conducted to **fine-tune communication and cooperation** between specialist teams.
- The drill demonstrated the utilization of local resources and showcased the effective use of local materials during flood relief operations.
- The **joint drills** provide an opportunity for agencies to synchronize efforts, share best practices, and address coordination gaps.

Non-Sugar Sweeteners

❖ Context

- The **World Health Organization (WHO)** has issued new guidelines advising against the consumption of non-sugar sweeteners (NSS) to prevent unhealthy weight gain and reduce the risk of **non-communicable diseases (NCDs).**

❖ Key Highlights:

- Non-sugar sweeteners, such as **aspartame, stevia, and saccharin,** are commonly used as sugar substitutes in packaged food and beverages.
- The WHO's guidelines state that NSS do not offer long-term benefits for weight control and may have undesirable effects, including an increased risk of type 2 diabetes, cardiovascular disease, and mortality.
- NSS lack **nutritional value** and are not considered essential dietary factors. Alternative methods to reduce sugar intake, such as consuming fruits or unsweetened food and beverages, should be explored.
- The recommendation against NSS applies to the general population, except for individuals with pre-existing diabetes.
- It does not include low-calorie sugars or sugar alcohols, which are different from NSS.
- The guideline specifically pertains to the consumption of NSS in food and beverages and does not extend to their use in personal care and hygiene products.
- The WHO's aim is to promote **healthy eating habits** and improve dietary quality worldwide by discouraging the use of NSS to decrease the risk of NCDs and promote lifelong health.

Gekko Mizoramensis

❖ Context

- Researchers from **Mizoram University** and the Max Planck Institute for Biology in Tubingen, Germany, have discovered and named a new species of flying gecko in Mizoram.

❖ Key Highlights:

- The newly identified species is officially named **Gekko mizoramensis.**
- The research was a collaborative effort between Mizoram University and the Max Planck Institute and was published in a renowned German journal on herpetology.
- Flying geckos belong to the **Ptychozoon subgenus** and are known for their ability to glide between trees.
- Gekko mizoramensis is an **arboreal creature found in trees**, displaying nocturnal activity.
- Through DNA analysis, the researchers found distinct differences between Gekko mizoramensis and the previously known species Ptychozoon lionotum.
- The specimens of Gekko mizoramensis were collected from various locations in Mizoram, including wildlife sanctuaries and reserves.

Afghanistan

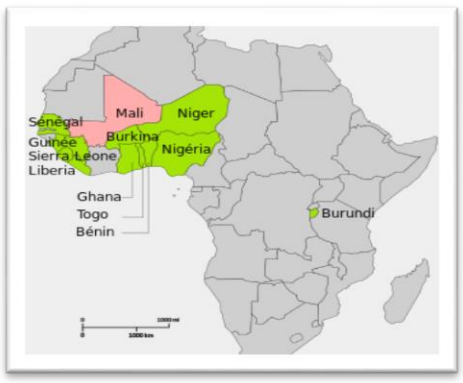
❖ Context

- In Afghanistan, the Taliban regime has appointed Mawlawi Abdul Kabir as the caretaker prime minister and interim head of the cabinet.

❖ Key Highlights:

- The decision was taken by the supreme leader of the Afghan Taliban, owing to the ill health, of the acting head of the Taliban regime.
- **Political Structure:**
- The government of Afghanistan, officially called the **Islamic Emirate of Afghanistan,** is the central government of Afghanistan, a unitary state.
- Under the leadership of the Taliban, the government is a **theocracy** and an emirate with political power **concentrated in the hands** of a supreme leader and his clerical advisors, collectively referred to as the Leadership.
- The Leadership makes all major **policy decisions behind closed doors**, which are then implemented by the country's civil service and judiciary.
- As Afghanistan is an Islamic state, governance is based on **Sharia,** which the Taliban enforces strictly through extensive social and cultural policy.
- **Location:** Afghanistan is a landlocked country located in South Asia.
- **Borders:** It shares borders with Pakistan to the east and south, Iran to the west, Turkmenistan, Uzbekistan, and Tajikistan to the north, and China to the northeast.

Trachoma



❖ **Context**

- Benin and Mali have achieved successful elimination of trachoma as a public health problem in their countries.

❖ **Key Highlights:**

- The WHO-recommended SAFE strategy (**Surgery, Antibiotics, Facial Cleanliness, Environmental Improvement)** has been instrumental in combating trachoma.
- Trachoma is caused by **Chlamydia trachomatis** and spreads through eye and nose discharges, as well as flies.
- Despite progress, trachoma remains endemic in **23 countries in the WHO** African Region. Globally, 15 countries, including Ghana, Gambia, Togo, and Malawi, have received WHO validation for successfully eliminating trachoma.

Tungnath Temple

❖ **Context**

- The **Archaeological Survey of India (ASI)** conducted a study on the Tungnath temple and discovered that it is tilting.

❖ **Key Highlights:**

- The temple is located in the **Rudraprayag district of Garhwal Himalayas** and stands at an altitude of 12,800 feet. The ASI has recommended that the Tungnath temple be designated as a protected monument to preserve its architectural heritage.
- The government has initiated the process of declaring the temple as a monument of national importance and is seeking public input on the matter.
- Tungnath temple is recognized as the **world's highest Shiva** temple and holds great religious and cultural significance. Built in the 8th century, the temple represents devotion and architectural brilliance in the Himalayan region.

Khasi Tribes

❖ **Context**

- The Khasi Hills Autonomous District Council (KHADC) has issued a directive stating that individuals of Khasi descent who adopt their father's surname will not be eligible to receive a Scheduled Tribe (ST) certificate.

❖ **Key Highlights:**

- The Khasis are one of the three indigenous matrilineal communities in Meghalaya, along with the Jaintias and Garos.
- **Matrilineal Society:** The Khasis follow a matrilineal system of society, where descent and inheritance are traced through the mother's line, the youngest daughter, known as **"Ka Khadduh,"** is entitled to inherit property.
- While the majority of Khasis practice Christianity today, their traditional beliefs revolved around a Supreme Being called U Blei Nongthaw.
- **Festivals:** The Khasis celebrate various festivals, Some prominent festivals include Nongkrem Dance and Shad Suk Mynsiem, which showcase traditional music, dance, and rituals.

Odisha Millet Mission

❖ **Context**

- The Odisha Millet Mission (OMM) is a significant initiative by the Odisha government to revive millet cultivation and support farmers.

❖ **Key Highlights:**

- Over 600,000 quintals of ragi have been successfully procured under the OMM, providing farmers with a secure market for their produce. The procurement is carried out at a minimum support price (MSP) of Rs 3,578 per quintal.
- Southern districts of Odisha, including **Koraput, Rayagada, Malkangiri, Kalahandi, Gajapati, and Sundargarh,** have reported the highest ragi procurement.
- The adoption of the **System of Millet Intensification** (SMI) method has led to improved yield, with farmers now harvesting about 5-6 quintals per acre.
- Local non-profits, community-based organizations, and agricultural specialists have played a crucial role in promoting improved agronomic practices among farmers associated with the OMM.
- The procurement process has been streamlined through the **Millet Procurement and Sales** (MPAS) online system, ensuring efficient management and timely payments to farmers.

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