

Financial Stability Report

❖ Context

- Recently, RBI released the Financial Stability Report of December 2021 (a biannual report)

❖ Key Highlights of the Report

- It reflects the collective assessment of **sub-committee of Financial Stability and Development Council**
- The **gross non-performing asset (GNPA)** of commercial banks may increase from **6.9% (Sep-2021)** to 8.1% under Baseline scenario and **9.5%**, under a severe stress scenario by **September 2022**
- **Capital to risk-weighted assets ratio** of SCBs rose to a new peak of **16.6%** and their **provisioning coverage ratio** stood at **68.1% in September 2021**.
- Emerging signs of stress in micro, small and medium enterprises (MSME) and microfinance segment
- A stronger and sustainable recovery depends on the revival of private investment and private consumption, which still remain below pre-pandemic levels.
- Inflation remains a concern with the build-up of cost-push pressures

❖ FSDC

- It is the **apex level forum** set up the Government in **December 2010** to strengthen and institutionalize the mechanism for maintaining financial stability, inter-regulatory coordination and promoting financial sector development
- **Finance Minister** is the Chairman
- Its members includes **heads of financial regulators - RBI, SEBI, PFRDA, IRDA & FMC, Finance secretary and/or Secretary (DEA), Secretary (Department of Financial services) and Chief Economic Adviser**

❖ FSDC subcommittee:

- It meets more often than FSDC
- **RBI Governor** is the **Chairperson**
- **All members of FSDC are members of subcommittee**
- Additionally, all **four Deputy Governors and Additional Secretary, DEA** (in charge of FSDC) are also members
- There are various working groups and technical groups under the FSDC subcommittee

❖ Capital Adequacy Ratio

- Also known as **Capital to Risk weighted asset ratio**, it is decided by **RBI**
- It reflects the ability of banks to absorb a reasonable amount of loss.
- The loans given by banks are assets for the banks that are evaluated in terms of three types of risks - **credit, market and operational**
- **Capital includes both Tier 1 & Tier 2**
- 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%**.
- Higher the ratio, better the health of banks

❖ Provision Coverage Ratio

- It is the **percentage of bad assets (Gross NPAs)** against which the banks have to make provision i.e. **set aside their profits**.
- Though the central bank does not insist on banks maintaining **70 per cent PCR**. But it is the '**desirable**' level that the RBI wants banks to achieve

- ❖ **Net NPA** : The net NPA is that **portion of bad loans** which has **not been provided** for in the books.

Indigenization of Indian Defence Industry

❖ Context

- The Defence Ministry notified a list of 2,500 subsystems and components that have been localized and another 351 imported items to be substituted in the next three years.

❖ Key Highlights

- In **August 2020**, the '**First Positive Indigenisation**' List comprising 101 items was notified.
- The **second list** consisting of 108 items was released in **May 2021** and is planned to be implemented progressively with effect from **December 2021 to December 2025**.
- In total, these initiative are estimated to **save foreign exchange approximately equivalent to ₹3,000 crore every year**
- The Ministry intends to increase the items under the **positive list for indigenisation from 209 to over 1,000 in the coming decade**.
- At present, India's defence and aerospace manufacturing market was worth ₹85,000 crore, of which the contribution of the private sector was ₹18,000 crore.
- In **2022**, the country's defence and aerospace manufacturing market would increase to **₹1 lakh crore** and could reach **₹5 lakh crore by 2047**.

❖ According to Stockholm International Peace Research Institute's Fact sheet (March 2021)

Face to Face Centres

DELHI MUKHERJEE NAGAR: 9205274741, 42 | **LAXMI NAGAR** : 9205212500, 9205962002 | **RAJENDRA NAGAR**: 9205274743 | **UTTAR PRADESH** PRAYAGRAJ: 0532-2260189, 8853467068 | **LUCKNOW** (ALIGANJ): 0522-4025825, 9506256789 | **LUCKNOW** (GOMTI NAGAR): 7234000501, 7234000502 | **GREATER NOIDA**: 9205336037, 38 | **KANPUR**: 7887003962, 7897003962 | **GORAKHPUR** : 7080847474, 9161947474 | **ODISHA** BHUBANESWAR: 9818244644/7656949029



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❖ Exporters share in world (2016-20)

USA	37%
Russia	20%
France	8.2%
Germany	5.5%
China	5.2%

❖ India as exporter

- India accounted for **0.2%** of the share of global arms exports during **2016-20**, making the country the world's **24th largest** exporter of major arms.
- This represents an increase of 228% over India's export share of **0.1 %** during the previous five-year period of **2011-15**.
- Myanmar, Sri Lanka and Mauritius** were the **top recipients** of Indian military hardware.

❖ Importers share in world (2016-20)

Saudi Arabia	11%
India	9.5%
Egypt	5.8%
Australia	5.1%
China	4.7%

❖ India as importer

- India's arms **imports fell 33 %** between 2011-15 and 2016-20.
- India's **top three arms suppliers** during 2016-20 were **Russia** (accounting for 49% of India's imports), **France** (18%) and **Israel** (13%).

New Development Bank

❖ Context

- India has welcomed **Egypt as the fourth new member of BRICS New Development Bank** that was established by the BRICS countries six years ago.

❖ Key Highlights

- Bangladesh, UAE, and Uruguay** joined in September 2021.
- Membership expansion **enables New Development Bank to position itself as a premier development institution** for emerging economies.

❖ New Development Bank

- It is a **multilateral development bank jointly founded by the BRICS countries** at the 6th BRICS Summit in **Fortaleza, Brazil in 2014**.
- It was **formed to support infrastructure and sustainable development efforts** in BRICS and other underserved, emerging economies for faster development through innovation and cutting-edge technology.
 - Headquarter- Shanghai, China.**
 - In **2018**, the NDB received **observer status** in the United Nations General Assembly.
 - Key Areas of Operation**



❖ BRICS

- BRICS is the group composed of the five major emerging countries – **Brazil, Russia, India, China and South Africa**.
- It together **represents about 42% of the population, 23% of GDP, 30% of the territory and 18% of the global trade**.
- The acronym BRIC was **formulated by economist Jim O'Neill' of Goldman Sachs in 2001** to indicate the emerging powers that would be, alongside the United States, the five largest economies of the world in the 21st century.
- In 2006, BRIC countries started their dialogue, which since 2009 takes place at **annual meetings of heads of state and government**.
- BRICS does not exist in the form of organization, but it is an annual summit** between the supreme leaders of five nations.
- The Chairmanship of the forum is **rotated annually among the members**, in accordance with the acronym B-R-I-C-S.
- Over a period of time, **BRICS countries have come together to deliberate** on important issues under the three pillars of:
 - Political and security,**
 - Economic and financial**
 - Cultural and people to people exchanges.**

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State of India's Livelihood (SOIL) Report 2021

❖ Context

- Recently, **State of India's Livelihood (SOIL) Report 2021** has been released.

❖ Key Highlights

- It is an annual Report **released by the ACCESS Developmental Services.**
- It has **analysed only Farmer Producer Companies (FPC — FPOs registered under The Companies Act, 2013)** since they make up a large majority of the organisations started in recent years.
- It is an **authoritative commentary on**
 - **Policy and programmes** of the government, potential opportunities for the poor, and
 - **Role of the private sector and the civil society** in livelihoods promotion.
- It **tracks the trends and analyses the environment** in the sector.

❖ Key Findings of the Report

- In the last 7 years, **just 1-5 % of FPOs have received funding under central government schemes** introduced to promote them.
- Only **5% of total registered FPOs have been able to secure the grants** under Equity Grant Scheme and Credit Guarantee Scheme.
- **FPOs registered under Companies Act make up a large majority** of the organisations while the FPOs registered as cooperatives /societies are less in number.

❖ FPO

- It is an **entity formed by primary producers** including farmers, milk producers, fishermen, weavers, rural artisans, and craftsmen.
- It **can be a Producer Company, a Cooperative Society** or any other legal form.
- FPOs are basically the **hybrids of cooperatives and private companies.**
- The **participation, organisation and membership pattern** of these companies are more or less similar to the cooperatives.
- But their **day-to-day functioning and business models** resemble those of the professionally-run private companies.
- The **Companies Act was amended by incorporating Section-IX A** in it to allow creation and registration of FPOs under it.

News in Between the Lines

Zealandia



❖ Context

- Scientists **discover the eighth continent** after 375 years.

❖ Key Highlights

- It is a **2 million-square-mile (5 million square kilometres)** continent **east of Australia, beneath modern-day New Zealand.**
- Scientists discovered the sprawling underwater mass in the 1990s, then gave it formal continent status in 2017.
- Zealandia is an **almost entirely submerged mass of continental crust** that subsided after breaking away from Gondwanaland 83–79 million years ago.
- It has variously been **described as a continental fragment**, a microcontinent, a submerged continent, and a continent.
- The land mass may have been **completely submerged by about 23 million years ago**, and most of it (93%) remains submerged beneath the Pacific Ocean.
- Political Divisions Under Zealandia Are: **New Zealand, New Caledonia, Norfolk island, Lord howe island group and Elizabeth and Middleton reefs.**

Nilgais

❖ Context

- Bihar State government has announced that it will not cull the Blue Bull, locally known as the nilgai or ghurparas, anymore and it **plans to sterilise 5,000 nilgais in 2022** to control their increasing population in the state.

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Nilgais



❖ Key Highlights

- State's farmers have been **complaining of nilgais damaging standing crops.**
- The **state had ordered the culling of nilgais five years ago** on farmers' demands.

❖ About Nilgais or Blue Bull

- The nilgai is the **largest Asian antelope** and is ubiquitous across the northern Indian subcontinent.
- It is **indigenous to the Indian subcontinent.**
- The nilgai is the sole member of the **genus Boselaphus** and placed in the family Bovidae.
- Sexual dimorphism is prominent; the males are larger than females and differ in colouration.
- **Habitat:- India, Nepal, Pakistan, United States**
- Status:
 - **IUCN Red List -Least Concerned In India**
 - **Wildlife Protection Act of 1972- Schedule III**

GRAM UJALA PROGRAMME



❖ Context

- **Convergence Energy Services Limited (CESL)** has achieved a remarkable milestone of distributing **50 lakhs LED bulbs** under Project Crore of their **Gram Ujala** programme.

❖ Key Highlights

- This scheme is being implemented in **rural households in Bihar, Uttar Pradesh, Andhra Pradesh, Karnataka, and Telangana.**
- CESL is providing high quality **7-Watt and 12-Watt LED bulbs with 3 years guarantee at a cost of INR 10 per bulb** in exchange of working incandescent bulbs.
- Every household can exchange a **maximum of 5 bulbs.**
- The distribution has resulted in **energy savings of 71,99,68,373.28 units per year** with cost savings of 250 crores per year in the rural areas of aforementioned states.
- The programme is active till March 31, 2022. CESL is supported by C-Quest Capital in the entire distribution journey under the **SHINE programme.**
- Gram Ujala Programme is based upon the **Clean Development Mechanism (CDM) protocols of the United Nations.**

Blockchain Funds



❖ Context

- SEBI has barred Indian Mutual Funds to invest in crypto-related products until the government regulations on this are clear

❖ Key Highlights

- **Blockchain funds** are those funds which invest in multiple companies that are driving sustainable earnings from blockchain business, **unlike specific crypto-based investments.** This technology underpins cryptocurrencies
- **Blockchain** is a **digital ledger system** that facilitates the process of recording transactions and tracking assets in a network
- Though it is **possible to have a blockchain without crypto**, the two are highly interlinked practically.

Face to Face Centres



Atal Ranking of Institutions on Innovation Achievements

❖ Context

- ARIIA 2021 rankings released by Education Ministry

❖ Key Highlights

- Rank all major higher education institutions in India on indicators related to **innovation, start-up and entrepreneurship development**
- Evaluation on parameters such as **patent filed and granted, number of registered students and faculty start-ups, fund generation by incubated start-ups, specialised infrastructure** created by institutions to promote innovation and entrepreneurship.
- The **top rank** has been bagged by the **IIT, Madras** followed by the IITs in Bombay, Delhi, Kanpur and Roorkee.
- It is announced in **various categories** which include Centrally funded technical institutions (IITs, NITs and so on), State universities, State standalone technical colleges, private universities, private standalone technical colleges, non-technical government and private universities and institutions.



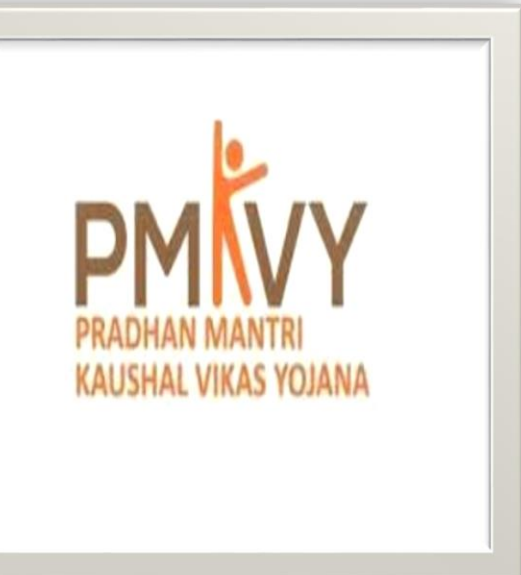
PMKVY-RPL

❖ Context

- Recently, the **Ministry of Skill Development** launched a project to upskill over 4000 **cane and bamboo artisans of Nagaland** under **Recognition of Prior Learning (RPL)**, a component of Pradhan Mantri Kaushal Vikas Yojana (PMKVY).

❖ Key Highlights

- The artisans and weavers will be **aligned with the standardized National Skills Qualifications Framework (NSQF)**.
- The initiative will add value to the traditional handicrafts through **Upskilling Bridge Module** through Government of India certification.
- After the orientation programme along with the Bridge Module, the artisans and weavers shall be certified with the Recognition of Prior Learning (RPL) Type-1.
- Post training all the artisans and weavers will work in micro units which are set-up in their respective clusters.
- The project will also be backed by industry participation in the form of training of 150 trainers, infrastructure, providing raw material and promotion of crafts in domestic and international markets.
- **Pradhan Mantri Kaushal Vikas Yojana** was launched in **2015**. **National Skill Development Corporation** is the implementing agency of the scheme.



BILCHAM

❖ Context

- Banking Institute & Learning Centre of Excellence for Holistic Aspiration of Mothers (**BILCHAM**) funded by Ministry of DoNER, Govt. of India

❖ Key Highlights

- BILCHAM was established on 25th October 2006 under the Societies Registration Act 1983 as an Apex Federation at the District Level under **West Garo Hills Community Resource Management Society/NERCORMP**, funded by **IFAD, DONER/NEC & Govt of India** for the sustainability of the **rural community**.
- **BILCHAM** is now a strong women independent organization catering to the livelihood and credit for the poorest of the poor who were earlier devoid of all these facilities.
- It gives services to the **entire West Garo Hills** and some parts of **East and South Garo Hills** independently through the **SHG Federations** who are also the members of the Board responsible for scrutinizing, sanctioning and recovery of the loans.

