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ECONOMIC DEVELOPMENT

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1. **Revamp of the Crop Insurance Schemes**

Why in News?

Recently, the Union Cabinet has approved the revamp of the **Pradhan Mantri Fasal Bima Yojana (PMFBY)** and the **Restructured Weather Based Crop Insurance Scheme (RWBCIS).**

- The revamped scheme will be effective from the **2020 Kharif season.**

Key Changes

- **Reduced Share of the Centre:**
  - The Centre has slashed its share of the premium subsidy from the current 50% to just 25% in irrigated areas and 30% for unirrigated areas.
  - Currently, the Centre and State split the balance of the premium equally.
  - However, the revamp now reduces the burden on the Centre and increases the share of States.
- **Voluntary Enrollment:**
  - The enrolment in these schemes has been made voluntary for all farmers, including those with existing crop loans.
  - When the PMFBY was launched, it was made mandatory for all farmers with crop loans to enrol for insurance cover under the scheme.
- **Flexibility to Select Risk Cover:**
  - It has also allowed states the flexibility to select varied additional risk covers, with or without opting for the base PMFBY cover.
  - Andhra Pradesh, West Bengal and Bihar had decided to exit the scheme citing high costs and the need to customise it based on geographical diversities.
- **Cut-off Dates for State to Release its Share:**
  - It has also introduced cut-off dates for states to release its share of premium subsidy.
  - If states don't release their share before March 31 for the Kharif season and September 30 for rabi, they won't be allowed to implement the scheme.
  - Data shows a large number of states that participate in the scheme don't release their share on time, which leads to a delayed compensation paid to farmers.
- **Compulsory Serving Time Period for Insurance Firms:**
  - The government has made it compulsory for the States to allow crop insurance firms to operate for three years.
  - Currently, the tenders floated by the States are for one-year, two-year or three-year periods.

Pradhan Mantri Fasal Bima Yojana (PMFBY)

- Launched in **2016** by the **Ministry of Agriculture and Farmers Welfare.**
- Aims to provide comprehensive insurance cover against failure of the crop thus helping in stabilising the income of the farmers.
- Coversage
  - Food crops
  - Oilseed crops
  - Annual commercial/horticultural crops
- **Premium:** Prescribed premium is to be paid by farmers
  - 2% for all Kharif crops
  - 1.5% for all rabi crops
  - 5% for annual commercial and horticultural crops
- The scheme is implemented by empanelled general insurance companies.
  - The selection of the Implementing Agency (IA) is done by the concerned State Government through bidding.

Restructured Weather Based Crop Insurance Scheme (RWBCIS)

- Launched in 2016 by **the Ministry of Agriculture and Farmers Welfare.**
- Aims to mitigate the hardship of the insured farmers against the likelihood of financial loss on account of anticipated crop loss resulting from adverse weather conditions relating to rainfall, temperature, wind, humidity etc.
- It uses weather parameters as "proxy" for crop yields in compensating the cultivators for deemed crop losses.
- Pay-out structures are developed to the extent of loss deemed to have suffered using the weather triggers.

2. <u>India - Norway Task Force on Blue Economy</u>

Why in News?

Recently, the **India-Norway Task Force on Blue Economy for Sustainable Development** was inaugurated jointly by both the countries.

- The task force was launched during Norwegian Prime Minister's visit to India earlier in 2019.

Key Points

- India-Norway Task Force on Blue Economy for Sustainable Development:
  - The purpose of the task force is **to develop and follow up joint initiatives** between the two countries.
  - It also intends to mobilise relevant stakeholders from both Norway

and India at the highest level, and ensure continued commitment and progress across ministries and agencies.

- The two countries also commenced a new collaboration on **Integrated Ocean Management & Research.**
    - The bilateral collaboration intends to manage the resources in the oceans in a sustainable manner.
- The India-Norway cooperation in the field of oceans is based on a **shared interest in the blue economy** and the sustainable use of marine resources.
- Both countries also desire to advance scientific knowledge about oceans.
- Norway and India will also explore areas of **cooperation in forestry** and linking the same with climate change.

Blue Economy

- Blue Economy is the **sustainable use of ocean resources** for economic growth, improved livelihoods and jobs, and ocean ecosystem health.
- It advocates the greening of ocean development strategies for higher productivity and conservation of ocean's health.
- **Blue economy consists of:**
    - Renewable energy
    - Fisheries
    - Marine trade and transport
    - Tourism
    - Minerals
- Blue Economy emphasizes the integration of development of ocean economy with social inclusion, environmental sustainability, combined with innovative business model.
- **Sustainable Development Goal (SDG 14)** calls to conserve and sustainably use the oceans, seas and marine resources for sustainable development.

Need for Blue Economy

- Oceans cover 71% of the earth's surface and are crucial for human livelihood and socio-economic development.
- It can support food security, and diversification to address new resources for energy, new drugs, valuable chemicals, protein food, deep sea minerals, security etc.
- Oceans protect biodiversity, keep the planet cool, and absorb about 30% of global CO_2 emissions by acting as a carbon sink.

Blue Economy for India

- Blue economy presents India with an unprecedented opportunity to meet its national socio-economic objectives as well as strengthen connectivity with neighbours.

- India endorses the growth of Blue Economy in a sustainable, inclusive and people centred manner through the framework of Indian Ocean Rim Association (IORA).
  - India is also developing its maritime infrastructure as well as its inland waterways and coastal shipping through the launch of the ambitious **'Sagarmala Programme'.**

3. SEBI caps fees for investment advisers

Why in News?

The Securities and Exchange Board of India (SEBI) has amended the regulatory framework for investment advisers and introduced an upper limit for their fees.

Securities and Exchange Board of India (SEBI)

- SEBI is a statutory body established on April 12, 1992 in accordance with the provisions of the Securities and Exchange Board of India Act, 1992.

Functions of SEBI

- SEBI is a quasi-legislative and quasi-judicial body which can draft regulations, conduct inquiries, pass rulings and impose penalties.
- It functions to fulfill the requirements of three categories –
  - **Issuers** – By providing a marketplace in which the issuers can increase their finance.
  - **Investors** – By ensuring safety and supply of precise and accurate information.
  - **Intermediaries** – By enabling a competitive professional market for intermediaries.
- The basic function of SEBI - to protect the interests of investors in securities and to promote and regulate the securities market.
- SEBI performs the function of registration and regulation of the working of venture capital funds and collective investment schemes including mutual funds.
- It also works for promoting and regulating self-regulatory organizations and prohibiting fraudulent and unfair trade practices relating to securities markets.

4. Long Term Repo Operations (LTRO)

Why in News?

Recently, RBI introduced LTRO to facilitate transmission of monetary policy actions and flow of credit to the economy.

- The new policy aims to enhance liquidity of the banking system and promote lending activities of banks.

Key Points

- Under LTRO, RBI will conduct term **repos of one-year and three-year tenors** of appropriate sizes for up to a total amount of Rs 1 lakh crore at the policy repo rate.
- **RBI introduced LTRO with a view to:**
  - Assuring banks about the availability of durable liquidity at reasonable cost relative to prevailing market conditions, and
  - To further encourage banks to undertake maturity transformation smoothly and seamlessly so as to augment credit flows to productive sectors.
- LTRO will be conducted on the **E-KUBER platform.**
  - The e-Kuber is the Core Banking Solution of the RBI which enables each bank to connect their single current account across the country.
- It is a measure that market participants expect **will bring down short-term rates** and also **boost investment in corporate bonds.**
  - These new measures coupled with RBI's earlier introduced 'Operation Twist' are an attempt by the central bank **to manage bond yields.**
- These LTROs will be in addition to the existing liquidity adjustment facility (LAF) and marginal standing facility (MSF) operations.

Marginal Standing Facility

- Marginal standing facility is a window for banks to borrow from the Reserve Bank of India in an emergency situation when interbank liquidity dries up completely.

Liquidity Adjustment Facility

- Reserve Bank of India's liquidity adjustment facility of LAF helps banks to adjust their daily liquidity mismatches.
- LAF has two components:
  - Repo (repurchase agreement)
  - Reverse repo
- **Repo Rate and Reverse Repo:**
  - When banks need liquidity to meet its daily requirement, they borrow from RBI through repo. The rate at which they borrow funds is called the repo rate.
  - The tenure of repo rate is 3 to 28 days.
  - Repo rate is considered as the policy rate as repo is the widely used instrument between banks and RBI.
  - Any change in repo rate signals RBI's interest rate stance.

- When banks are flush with funds, they park with RBI through the reverse repo mechanism at reverse repo rate.

5. Eastern Dedicated Freight Corridor (EDFC)

Why in News?

The World Bank has offered to give financial assistance to the last remaining portion of the Eastern Dedicated Freight Corridor (EDFC) between **Sonnagar in Bihar and Dankuni in West Bengal.**

- Currently, the entire EDFC is being built with loans from the World Bank, except for the last portion between Bihar and West Bengal.

Eastern Dedicated Freight Corridor(EDFC):

- Eastern Dedicated Freight Corridor or Eastern DFC is a freight specific railway under construction in northern to eastern India by Indian Railways.
- The railway will run between Ludhiana in Punjab and Dankuni (near Kolkata) in West Bengal.
- It covers **Punjab, Haryana, Uttar Pradesh, Bihar,Jharkhand and West Bengal.**
- This freight corridor will cover a total distance of 1856 km.
- This corridor will also pass through Dadri, which is the origin point of the Western Dedicated Freight Corridor and which will serve as a junction.
- The objective of the EDFC is to augment railway freight carrying capacity along the railway corridor between Ludhiana and Kolkata
- It is also going to help to reduce greenhouse gases (GHGs) emissions, as trains complying on this dedicated freight corridor will operate entirely on electricity.

Western Dedicated Freight Corridor

- The 1,504-km western freight corridor **begins at Dadri in Uttar Pradesh and stretches till the country's largest container port** — Jawaharlal Nehru Port Trust, near Mumbai — passing through Uttar Pradesh, Haryana, Rajasthan, Gujarat and Maharashtra.

6. Tirur vettila

- Tirur Vettila is a type of betel leaf which is grown in Tirur and nearby areas of Malappuram district of Kerala.
- Tirur Vettila is unique for its significantly high content of total chlorophyll and protein in fresh leaves.
- Tirur vettila possesses some special biochemical characters like unique flavour and aroma.
- Eugenol is the major essential oil in Tirur betel leaf contributing to its pungency.

- The leaves are nutritive and contain anticarcinogens, showing future opportunities in anticancer drugs.
- Betel vine was reported to have immunosuppressive activity and antimicrobial property.
- It obtained a Geographical Indication tag in August, 2019.

Other GI Products from Kerala:

1. Kaipad rice
2. Pokkali rice
3. Wayanad Jeerakasala rice
4. Wayanad Gandhakasala rice
5. Vazhakulam pineapple
6. Marayoor jaggery
7. Central Travancore jaggery
8. Chengalikodan nendran