



News Analysis (31 Aug, 2019)

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Amalgamation of National Banks

The Finance Minister has announced the biggest consolidation plan of Public sector Banks (PSBs)- merging 10 of them into just 4.

New Banks After the Merger

Sr. No.	Amalgamated Banks	Anchor Banks
1	Punjab National Bank (PNB), Oriental Bank of Commerce (OBC), and United Bank of India	PNB
2	Canara Bank and Syndicate Bank	Canara Bank
3	Union Bank of India, Andhra Bank, and Corporation Bank	Union Bank of India
4	Indian Bank and Allahabad Bank	Indian Bank

Now, the total number of PSBs after consolidation has come down to 12 from 27 in 2017.

- The **earlier mergers** were:
- Vijaya Bank and Dena Bank with Bank of Baroda (BoB) – effective from April 01, 2019.
- State Bank of India absorbed five of its associates and the Bharatiya Mahila Bank in 2017.

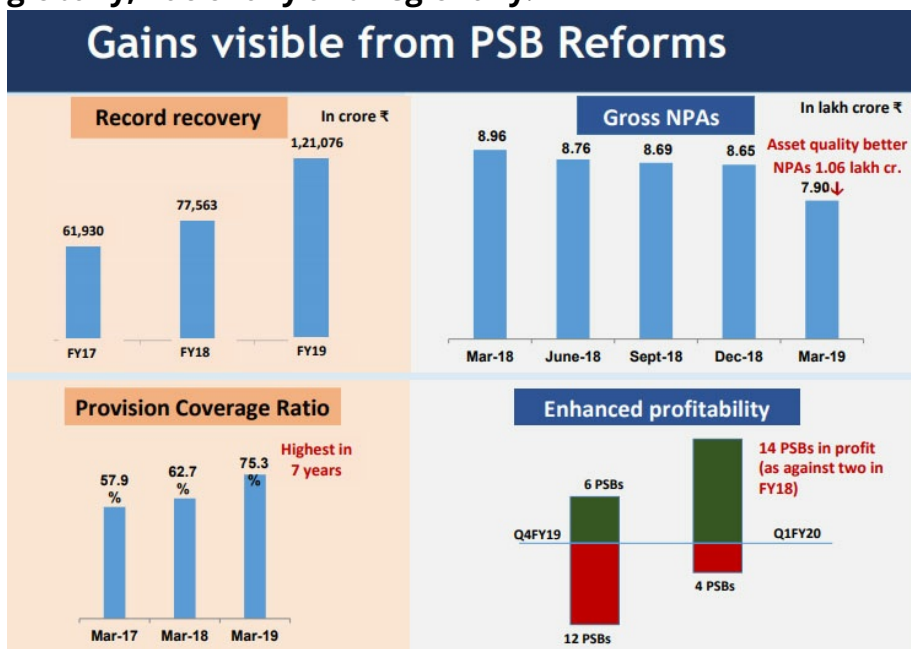
Current Scenario of PSBs

After entire merger exercises, the next-generation PSBs of India can now be ranked according to their business size, as follows:

Sr. No.	Bank Name	PSB Rank by size
1	State Bank of India	Largest
2	Punjab National Bank	2nd largest
3	Bank of Baroda	3rd largest
4	Canara Bank	4th largest
5	Union Bank of India	5th largest
6	Bank of India	6th largest
7	Indian Bank	7th largest
8	Central Bank of India	8th largest
9	Indian Overseas Bank	9th largest
10	UCO Bank	10th largest
11	Bank of Maharashtra	11th largest
12	Punjab & Sind Bank	12th largest

Benefits of Merger

- **Competitive:** The consolidation of PSBs helps in **strengthening its presence globally, nationally and regionally.**



- **Capital and Governance:** The government's intention is not just to give capital but also give good governance. Hence, post-consolidation, boards will be given the **flexibility to introduce the chief general manager level** as per business needs. They will also recruit chief risk officer at market-linked compensation to attract the best talent.
- **Efficiency:** It has the potential to reduce operational costs due to the presence of shared overlapping networks. And this enhanced operational efficiency will reduce the lending costs of the banks.
- **Technological Synergy:** All merged banks in a particular bucket share common **Core Banking Solutions (CBS)** platform synergizing them technologically.

Core Banking Solutions

- **Core Banking Solutions (CBS)** can be defined as a solution that enables banks to offer a multitude of customer-centric services on a 24x7 basis from a single location, supporting retail as well as corporate banking activities.
- The centralisation thus makes a **“one-stop” shop for financial services** a reality. Using CBS, customers can access their accounts from any branch, anywhere, irrespective of where they have physically opened their accounts. The customer is no more the customer of a Branch. He becomes the Bank's Customer.
- **Self-Sufficiency:** Larger banks have a better ability to raise resources from the market rather than relying on State exchequer.
- **Recovery:** The loan tracking mechanism in PSU banks is being improved for the benefit of customers.
- **Monitoring:** With the number of PSBs coming down after the process of merger – **capital allocation, performance milestones, and monitoring would become easier** for the government.

Challenges

- **Decision Making:** The banks that are getting merged are expected to see a **slowdown in decision making** at the top level as senior officials of such banks would put all the decisions on the back-burner and it will lead to a drop in credit delivery in the system.
- **Geographical Synergy:** During the process of merger, the **geographical synergy** between the merged banks is **somewhat missing**. In three of the four merger cases, the merged banks serve only one specific region of the country.
However, the merger of **Allahabad Bank (having a presence in East & North region) with the Indian Bank (having a presence in South)** increases its geographical spread.
- **Slowdown in Economy:** The move is a good one but the timings are not just apt.

There is already a slowdown in the economy, and **private consumption and investments are on a declining trend**. Hence, there is a need to lift the economy and increase the credit flow in the short-term, & this decision will block that credit in the short-term.

- **Weak Banks:** A complex merger with a weaker and under-capitalized PSB would stall the bank's recovery efforts as the weaknesses of one bank may get transferred and the merged entity may become weak.

Source: PIB

5th Aqua Aquaria India 2019

Recently, the Vice President of India inaugurated the **5th Aqua Aquaria India, 2019** in Hyderabad, Telangana.

- The **theme** for the 2019 edition is **"To take Blue Revolution to India's hinterland"**.
- It is the largest aquaculture exhibition in India.
- It is a **biennial** exhibition organised by the **Marine Products Export Development Authority (MPEDA)**.

Fisheries Sector in India

- India is the **second-largest fish producer in the world**.
- Fish constituted about **10% of total exports from India and almost 20% of agriculture exports** in 2017-18.
- India is the **4th largest exporter of fish in the world**.
- Contribution of **fisheries to the GDP is about 1%** and about **5.37% to the Agricultural GDP**.
- Thus, India has the potential to emerge as a leading **Blue Economy** in the world.

Notified existing potentials in the Fisheries sector are:

- **Shrimp Culture:** Recently, the government has permitted the regulated introduction of Pacific White Shrimp with the objective of utilizing the potential of the species to cater to the global markets.
- **Cage Culture:** It involves the growing of fish in existing water resources while being enclosed in a net cage which allows free flow of water.
- **Pen Culture:** It is the system of culturing fish within a fixed net enclosure either at the bank or in a water body

Marine Products Export Development Authority (MPEDA)

- **Marine Products Export Development Authority (MPEDA)** is a nodal coordinating, state-owned agency engaged in fishery production and allied activities.

- It was established in 1972 under the **Marine Products Export Development Authority Act (MPEDA), 1972**.
- It functions under the **Union Ministry of Commerce and Industry**.
- It is headquartered in **Kochi, Kerala**.
- Its mandate is to increase exports of seafood including fisheries of all kinds, specifying standards, marketing, processing, extension and training in various aspects.

Source: PIB

India: Largest Importer of Coking Coal by 2025

According to a report published by Fitch Solutions Macro Research, **India will overtake China as the largest importer of coking coal by 2025**.

- It estimated that India's coking coal consumption to grow at an annual average rate of **5.4% between 2019 and 2028**, driven by an expansion in steel production.
- In global terms, **China influences prices of coking coal**, as it accounts for roughly **two-thirds of global coking coal production and consumption**.
However, steel production in China may get reduced in the medium term due to the **slowing of the Chinese economy** and construction sectors.

Coking Coal

- Coking coal, also known as **metallurgical coal**, is used to create coke, one of the key **inputs for the production of steel**.
Coke is used as a fuel and as a reducing agent in smelting iron ore in a blast furnace (**converting iron oxide (hematite) into iron metal**).
- **Process of Coking**
 - Coke is a solid fuel made by heating coal in the absence of air so that the volatile components are driven off.
 - The process of heating coal in this manner is referred to as **carbonization** or coke making.
 - The chemical composition alone cannot be used to predict whether a coal is suitable for coking.
Coking coals generally have volatile matter contents of 20% to 32% – i.e., the low- and medium-volatile bituminous ranks.
 - There are many varieties of coal in the world, **ranging from lignite to anthracite**.

Source: THBL

Australia Downgrades Great Barrier Reef to 'Very Poor' Status

Australia has **downgraded** the Great Barrier Reef's long-term outlook to **"Very Poor"** for the first time.

Coral along large swathes of the 2,300-kilometre reef have been killed by rising sea temperatures linked to climate change, leaving behind skeletal remains in a process known as coral bleaching.

Great Barrier Reef



- The Great Barrier Reef is the world's largest coral reef system composed of over 2,900 individual reefs and 900 islands.
- The reef is located in the Coral Sea (North-East Coast), off the coast of Queensland, Australia.
- The Great Barrier Reef can be seen from outer space and is the world's biggest single structure made by living organisms.
- This reef structure is composed of and built by billions of tiny organisms, known as **coral polyps**. It was selected as a **World Heritage Site in 1981**.

Implications of "Very Poor" Status

- The report published by The Great Barrier Reef Marine Park Authority-An Australian Agency will be a major input into UNESCO's Committee.
- There are high chances that Great barrier reef to be considered for " List of World Heritage in Danger"

World Heritage in Danger

- The List of World Heritage in Danger is designed to inform the international community of conditions which threaten the very characteristics for which a property was inscribed on the World Heritage List.
- It also encourages corrective action.
- Armed conflict and war, natural disasters, pollution, poaching, uncontrolled urbanization pose major problems to World Heritage sites.

- Dangers can be 'ascertained', referring to specific and proven imminent threats, or 'potential', when a property is faced with threats which could have negative effects on its World Heritage values.

Source: The Economic Times

TB Drug Pretomanid

Pretomanid is the **third new drug** developed for the treatment of people with **Extensively Drug-Resistant TB (XDR-TB) or Multi Drug-Resistant TB (MDR-TB)** affecting the lungs.

- It is a part of three-drug, six-month, all-oral regimen treatment along with the other two drugs namely,
 - Bedaquiline, &
 - Linezolid.
- India has the highest TB burden in the world. **In 2018, 2.15 million TB cases were reported**, which is 16% more than in 2017. This new drug will be beneficial in reducing the burden.

Challenges

- To get this regimen into trials there is the need to get it registered and put it into drug trials along with Bedaquiline.
- The revised National TB Control Program (RNTCP) will have to negotiate the price, procure & deliver the drugs on time.

Way Forward

- Recently, the central TB Division of the Health Ministry has signed a Memorandum of Understanding (MoU) with Wadhvani Institute for Artificial Intelligence to **explore** the application of cutting-edge **Artificial Intelligence** technology in its fight against TB is a welcome step.
- TB control requires the slowing down of infection, progression, and transmission. Continuous efforts are needed in this regard for slowing down its progression and **eliminating it completely by 2025**.

Source: BL

National Lab Directory

Recently, the Minister of Consumer Affairs, Food and Public Distribution has launched the

National Lab Directory which is a **one-stop-shop for all** testing needs of the industries, academia, researchers and other stakeholders who need to get their Testing Facilities recognised.

Source: PIB

Liberalisation of Medical Visa Regime

The Government has liberalized the Medical Visa Regime and has permitted foreigners to get the indoor treatment on their primary visa even for pre-existing diseases **except in cases of organ transplant.**

- A foreigner suffering from a minor medical condition, who needs only OPD consultation may take treatment at any hospital on his/her primary visa.
- In the case of indoor medical treatment of fewer than 180 days or up to the stay stipulation period, a foreigner is permitted to take such indoor medical treatment subject to certain conditions.
- The indoor treatment can be taken on primary (original) visa irrespective of the fact that the diseases, which a foreigner may have been suffering from even before his/her entry into India and even for ailments which were in his/her knowledge.
- **Treatment of diseases, which require organ transplant shall, however, be permitted only on a Medical Visa.**

Source: PIB
