



## News Analysis (05 Nov, 2019)

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### NBFC Liquidity Norms

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The **Reserve Bank of India (RBI)** has introduced '**liquidity management framework**' for **Non-Banking Financial Companies (NBFCs)**.

The RBI move has come following **liquidity crunch** among some NBFCs in meeting their recent repayment obligations after the collapse of the Infrastructure Leasing and Financial Services (IL&FS) group.

### Key Points

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#### Liquidity Coverage Ratio

All non-deposit taking NBFCs (NBFC-NDs) with asset size of Rs 10,000 crore and above and all deposit-taking NBFCs have to maintain a liquidity buffer in terms of Liquidity Coverage Ratio (LCR).

- However **Type I - NBFC-ND** entities are exempt from the applicability of LCR norms.
- Type I - NBFC-ND entities are those which do not accept public funds and do not have customer interface and do not intend to engage in such activities.

#### Note

- LCR refers to the **proportion of highly liquid assets held by companies** to ensure their ongoing ability to meet short-term obligations.
- It will **promote resilience of NBFCs to potential liquidity disruptions by** ensuring that they have sufficient **High Quality Liquid Asset (HQLA)** to survive any acute liquidity stress scenario lasting for 30 days.
- **HQLAs** mean liquid assets that can be readily sold or immediately converted into cash at little or no loss of value, or used as collateral to obtain funds in a range of stress scenarios.

- The LCR requirement will be **binding on NBFCs from 1<sup>st</sup> December, 2020** with the minimum HQLAs to be held being 50% of the LCR, progressively reaching up to the level of 100% by 1st December, 2024.
- **Assets to be included as HQLA** include cash, government securities and marketable securities issued or guaranteed by foreign sovereigns. These assets should be free of any financial liability.
- **Significance:** The presence of liquid reserve will prevent a NBFC from going into a default loss if some inflows get delayed.

NBFCs should **adopt liquidity risk monitoring tools** and metrics in order to capture strains in liquidity position.

**Source: IE**

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## Punjab Water Law Responsible for Air Pollution in Delhi

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### Why in News

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The severe **air pollution crisis in NCR-Delhi region** is found to be **related to the timing of stubble burnings** in the neighbouring states of **Punjab, Haryana**.

Farmers in these states have been setting fire to their fields after harvesting of paddy since the 1980s. But **“the timing”** of stubble burning has significantly **changed** after **Punjab Preservation of Subsoil Water Act, 2009 (PPSW)** came into effect.

### Practice Prior to the PPSW Act, 2009

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- The farmers in Punjab were **sowing paddy nurseries from mid-to-late April and transplanting the seedlings from mid-May to late-May**.
  - For the **first three weeks** after transplanting, the plants have to be **irrigated almost daily** to ensure **water-logged conditions** to **prevent weed growth**.
  - But nursery sowing and transplanting, during **peak summer**, led to **massive groundwater depletion**.
- As a result, the paddy, including **155-day varieties such as Pusa-44**, got harvested by **early October** — and the **burning of the stubble** used to get over around **mid-October**.

The **stubble burning period** and **the onset of winter in Northern India** had a considerable **time gap** which **avoided the air pollution crisis** in the area.

### Implementation of PPSW Act, 2009

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- The act was brought in **to prevent the groundwater crisis** during summer.
- The Act barred any nursery sowing and transplanting of paddy before May 15 and June 15, respectively.
- This ensured that a significant part of the **crop's water requirement is met from monsoon rains** and also, lesser water loss due to evaporation after mid-June.
- Late transplanting left farmers with little time between harvesting and preparing the field for the next crop and hence farmers are resorting to the burning of stubble.

## Positives of PPSW Act, 2009

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The delayed paddy transplantation has been helping to save 1,000 billion liters.

It is **equal** to the **total water consumption of Ludhiana**, an industrial town, for **two years**.

## Impact of PPSW Act, 2009

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- Implementation of the PPSW Act (2009) made the time period of stubble burning coincident **with the onset of winter** in Northern India.
- Also, **wind movement remains very slow** and **moisture levels** in the lower atmosphere remain high during this period.
- It creates a layer, due to which all the **particulate matter and gases** from the **burnt stubble**, as well as vehicles and industries, get **accumulated**, instead of moving away.
- At this time of the year, **winds in Punjab generally blow from the northwest to the southeast**.
  - **Haryana and Delhi** are to **the south and southeast of Punjab**.
  - Also, these **northwesterly winds** are **calm with a speed of less than 2 kmph** which results in '**air locking**' at many places.

Thus, the PPSW Act (2009) may have helped arrest the rapid decline in the groundwater table and aquifers, but it has contributed to the unprecedented deterioration in **Air Quality Index (AQI)** in the National Capital Region

**Source: IE**

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## ICEDASH and ATITHI

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### Why in News

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The Ministry of Finance has launched two Information Technology (IT) initiatives - **ICEDASH and ATITHI**.

- **ICEDASH**- For improved monitoring of **customs clearance of imported goods**.
- **ATITHI** - For **facilitating** arriving **international passengers**.
- Both the initiatives have been developed by the **Central Board of Indirect Taxes and Customs (CBIC)**.

## ICEDASH

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- It is an **Ease of Doing Business (EoDB) monitoring dashboard** of the Indian Customs that will help public see the daily **customs clearance times of import cargo** at various ports and airports.
- It will help the businesses in comparing clearance times across ports and thus plan their logistics accordingly.
- It has been developed in collaboration with the **National Informatics Centre (NIC)**.

## ATITHI

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- It is an easy to use **mobile app** for international travelers **to file the Customs declaration** in advance.
- Passengers can use this app to file declaration of dutiable items and currency with the Indian Customs even before boarding the flight to India.
- It would **encourage tourism and business travel** to India.

### Central Board of Indirect Taxes and Customs

- CBIC is a part of the Department of Revenue under the **Ministry of Finance**.
- It deals with the tasks of formulation of policy concerning levy and collection of Customs, Central Excise duties, **Central Goods & Services Tax**, Integrated GST (IGST) and prevention of smuggling.

### National Informatics Centre

- NIC of the **Ministry of Electronics and Information Technology** provides network backbone and **e-Governance support** to the Central Government, State Governments and UT Administrations.
- It was established in **1976** and is located in **New Delhi**.

**Source: PIB**

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## World's First Drug for Alzheimer's Disease

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Recently, China has approved the **world's first multi-targeting and carbohydrate-based drug GV-971 for Alzheimer's disease**.

**Multi-target drugs** hit several targets in the body, which is often necessary to do in order to yield a therapeutic effect in complex diseases like Parkinson's or Alzheimer's. This is different from most drugs which target only a single biological substance, like a protein or enzyme.

## GV-971

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- It has been extracted from **brown algae** and can treat **mild to moderate forms of the disease** and **improve cognition**.
- This is the **only drug out of more than 320** developed by pharmaceutical companies around the globe to survive clinical trials for treating Alzheimer's.
- The medicine can be taken **orally** by the patients.

## Alzheimer's Disease

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- It is an **irreversible and progressive brain disorder**.
- The disease slowly **destroys memory**, thinking ability and the capability to carry out simple tasks.
- The **possibility of Alzheimer's increases** as the **age of the population increases**.
- Nearly **50 million people** are affected by the disease and the number is expected to increase.

**China** has the **highest Alzheimer,s affected the population** in the world.

**Source:BS**

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