



News Analysis (05 Nov, 2018)

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RBI-Government Tussle

Recently, deputy governor of Reserve Bank of India(RBI) in a public speech warned against government interference in Reserve Bank's working.

- The Ministry of Finance recently started consultation with RBI governor on issues such as easing the PCA (Prompt Corrective Action) framework and providing more credit to small units.
- This is prior to issuing the directions to RBI under Section 7 of RBI Act of 1934, such directives under this section has never been issued in past since 1934.

Prompt Corrective Action (PCA)

- PCA norms allow the **RBI to place certain restrictions such as halting branch expansion and stopping dividend payment.** It can even cap a bank's lending limit to one entity or sector.
- Other corrective actions that can be imposed on banks include special audit, restructuring operations and activation of the recovery plan. Banks' promoters can be asked to bring in new management, too. The RBI can also supersede the bank's board, under PCA.
- The provisions of the revised PCA framework became effective from April 1, 2017, based on the financials of the banks for the year ended on March 31, 2017. The framework will be reviewed after three years.
- When is PCA invoked?
 - The PCA is invoked when banks breach certain regulatory requirement like minimum capital, return on asset and quantum of non-performing assets.

Issues between RBI and Government

- **Easing Norms of Prompt Corrective Action**
 - The government has asked the RBI to give exemption to power companies under the PCA framework.
 - The government wants RBI to ease lending rules under PCA, as it could help reduce pressure on MSME through credit availability.
 - RBI has said that such move will jeopardize all efforts of dealing with country's Non-Performing Asset (NPA) Crisis.
- **Section 7 of RBI Act of 1934**
 - The government which is a stakeholder in 21 public sector bank is issuing the direction to RBI, the regulator of banks.
 - This section empowers the **government to issue directions to RBI in public interest.**
 - The section states that directions must be issued after consultation with RBI governor.
- **RBI Surpluses**
 - Every year RBI earns interests from the domestic and foreign bonds it holds. This income is used in running the operation of RBI and rest is accrued as surplus. Out of this surplus, RBI holds some amount to itself as equity capital to maintain its creditworthiness and pays the rest to the government.
 - In 2015 RBI's risk analysis showed that its equity position of around Rs 10 lakh crore was adequate, the Bank decided to transfer its entire surplus to the government (around Rs 65,876 crore for 2015-16).
 - The government is of the opinion that RBI should pay more dividend reasons being that the building up of buffers such as the Contingency Fund and Asset Reserve by the RBI has been far in excess of what is required to maintain creditworthiness.
 - RBI, on the other hand, says that increasing the dividend payment to the government can prove to be inflationary as there will be more money in the market and may harm the RBI's major task of macroeconomic stability.
 - The surplus is also meant to cover a situation where the rupee appreciates against one or more of the currencies or if there is a decline in the rupee value of gold.

Way Forward

- The tussle between RBI and government can impact the image of India as a stable market as investors require long-term policy consistency, such interference in the working of RBI can impact investment in the Indian economy. Thus it is necessary that the government should respect the mandate given to RBI as a regulator of the banks.

- On the other hand, it must also be understood that constitutionally RBI is not independent, it is a part of the government, thus accountable to people. The independence of the central bank is maintained as it has positive externalities on the economy. The autonomy must also come with accountability. Thus it can be said that by invoking section 7 of RBI Act 1934, the government is acting within power given to it under the act.

More on Independence of RBI

India-based Neutrino Observatory

The National Green Tribunal (NGT) has upheld the environmental clearance granted in March 2018 to the India-based Neutrino Observatory (INO) a major scientific research facility that is proposed to be constructed in the **Bodi West Hills (Theni district) of Tamil Nadu**.

- However, the project could not be implemented till the approval of the National Board of Wildlife is also received.
- According to Environmentalists such massive scale of construction underground, and controlled blasts, the vibrations from the explosions will badly affect the ecologically **fragile Western Ghats**.
- The site which is near the **Kerala-Tamilnadu border** is close to the **Mathikettan Shola National Park**, and a number of hydroelectric projects, which accounts for the majority of the electricity generation in Kerala.

Neutrino

- Proton, neutron, and electron are tiny particles that make up atoms. The **neutrino is also a tiny elementary particle**, but it is not part of the atom. Such particles are also found to exist in nature.
- Neutrino has a **very tiny mass and no charge**. It **interacts very weakly with other matter particles**. So weakly that every second trillions of neutrinos fall on us and pass through our bodies unnoticed.
- Neutrinos come from the sun (solar neutrinos) and other stars, cosmic rays that come from beyond the solar system, and from the Big Bang from which our Universe originated. They **can also be produced in the lab**.
- The **INO will study atmospheric neutrinos only**. Solar neutrinos have much lower energy than the detector can detect.

India-based Neutrino Observatory (INO)

- INO Project is aimed at building a **world-class underground laboratory** with a rock cover to conduct basic research on neutrino.
- The **Tata Institute of Fundamental Research is the nodal institution**. The observatory is to be built jointly with the Department of Atomic Energy and the Department of Science and Technology.
- The observatory will be **located underground** so as to provide adequate **shielding to the neutrino detector from cosmic background radiation**.
- The operation of INO will have **no release of radioactive or toxic substances**. It is not a weapons laboratory and will have no strategic or defence applications.

Future Applications of Neutrino Science

Basic sciences research is needed to understand the properties of particles before they can be applied. 100 years ago, when the electron was discovered, it had no foreseeable uses. Today, a world without electronics cannot be imagined.

- **Properties of the sun:** The visible light is emitted from the surface of the sun and neutrinos, which travel close to the speed of light, are produced in the core of the sun. Studying these neutrinos can help us understand what goes on in the interior of the sun.
- **Constituents of the Universe:** Light coming from distant stars can be studied by astronomers, for example, to detect new planets. Likewise, if the properties of neutrinos are understood better, they can be used in astronomy to discover what the universe is made up of.
- **Probing early Universe:** Neutrinos interact very little with the matter around them, so they travel long distances uninterrupted. The extragalactic (originating outside the Milky Way galaxy) neutrinos we observe may be coming from the distant past. These undamaged messengers can give us a clue about the origin of the universe and the early stages of the infant universe, soon after the Big Bang.
- **Medical Imaging:** Apart from direct future uses of neutrinos, there are technological applications of the detectors that will be used to study them. For instance, X-ray machines, MRI scans, etc., all came out of research into particle detectors. Hence the INO detectors may have applications in medical imaging.

National Green Tribunal

- The **National Green Tribunal was established under the National Green Tribunal Act 2010** for effective and expeditious **disposal of cases relating to environmental protection** and conservation of forests and other natural resources.
- It is a specialized body equipped with the necessary expertise to handle environmental disputes involving multi-disciplinary issues.

- The Tribunal is **not bound by the procedure laid down under the Code of Civil Procedure**, 1908, but shall be **guided by principles of natural justice**.
 - The Tribunal's dedicated jurisdiction in environmental matters shall provide speedy environmental justice and help reduce the burden of litigation in the higher courts.
 - The Tribunal is mandated to make an **endeavour for disposal of applications** or appeals finally **within 6 months of** filing of the same.
 - Initially, the NGT is proposed to be set up at five places of sittings and will follow circuit procedure for making itself more accessible.
 - **New Delhi is the Principal Place of Sitting of the Tribunal** and Bhopal, Pune, Kolkata and Chennai shall be the other four place of sitting of the Tribunal.
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Solutions to Drinking Water Crisis in India: Water ATMs

Recently Safe Water Network has released a report suggesting safe water enterprise as a solution to providing drinking water in Indian cities.

Small Water Enterprise

- Small water enterprises such as water ATMs and community purification plants can prove to be an alternative solution to the safe drinking water challenge. Mostly in urban slums where piped water infrastructure is difficult to build, and in rural areas with contaminated water sources.
- According to government data, to reach the government's **Har Ghar Jal** target of 100% piped water by 2030, almost Rs. 5 lakh crore of infrastructure investment will be required.
- A new report by Safe Water Network (SWN) says the government can provide safe drinking water to about 37 crore people by spending ₹44,000 crore on 2.2 lakh small water enterprises which is less than 10% of project cost.
- **Water ATM's**
The water ATM is a dispensation system, which can be automatic with a coin or smart card, or manual.
- **Community Purification Plant**
Unlike a household Reverse Osmosis System, the community purification plants treat water locally and provide clean drinking water to residents.

Background

- According to data from the World Bank:
 - 163 Million Indians lack access to safe drinking water
 - 210 Million Indians lack access to improved sanitation
 - 21% of communicable diseases are linked to unsafe water
 - 500 children under the age of five die from diarrhea each day in India
- **India ranks a dismal 120 out of 122 nations for its water quality index and 133rd out of 180 nations for its water availability.**
- **Nearly 75% of India's surface water is contaminated by human, animal, agricultural and industrial waste**, and its groundwater often contains high levels of fluoride and other mineral contaminants.
- A recent report by the Comptroller and Auditor General of India (CAG) pointed out that only 18% of the rural population has access to potable piped water, failing to meet the 2017 target of 50%.
- The Asian Development Bank has forecast that by 2030, India will have a water deficit of 50 percent.
- Water supply in India has two principal sources, water from rivers and groundwater. Both the rivers and groundwater sources are shrinking mainly because of pollution, overpopulation, and industrialization.

National Rural Drinking Water Program (NRDWP)

- The National Rural Drinking Water Programme (NRDWP) was launched in April 2009 by modifying the Accelerated Rural Water Supply Programme (ARWSP) and subsuming earlier sub-missions/schemes.
- The objective of the Programme is to provide safe and adequate water for drinking, cooking and other domestic needs to every rural person on a sustainable basis.
- NRDWP is a Centrally Sponsored Scheme with 50:50 fund sharing between the Centre and the States.
- A sub-programme under NRDWP called National Water Quality Sub-Mission (NWQSM) has been started by the Ministry of Drinking Water and Sanitation in February 2017 to address the urgent need for providing clean drinking water in about 28000 Arsenic & Fluoride affected habitations.
- The NWQSM aims to cover all rural population in Arsenic/Fluoride affected habitations with clean drinking water on a sustainable basis by March 2021.

[More on India's Groundwater Crisis](#)

Important Facts for Prelims (5th November 2018)

Greater Flamingoes

- After a long a gap, a flock of five greater flamingoes has been spotted on the Coast of Hope Island, a part of the Coringa Wildlife Sanctuary, Andhra Pradesh which is an abode for about 35 species of mangrove plants.
- Greater flamingoes are the **state bird of Gujarat**.
- Greater flamingoes are the **largest in size among all Flamingos**.
- Greater flamingoes are **found in** various regions of **Africa**, the **southeastern** parts of **Asia** as well as **southern Europe**. In Asia, their distribution range includes the coastal areas of India and Pakistan.
- Northern populations of these birds often migrate to warm regions during winter. Other reasons for their migration include scarcity of food, water-level changes, and competition within a single colony.
- These species form monogamous pairs which mean each pair remains together for their entire lives.
- These **birds prefer saltwater lagoons in coastal areas**. They also inhabit large alkaline and saline lakes.
- This omnivorous species feed on mollusks, crustaceans, insects, crabs, worms and small fishes. Their diet also consists of various plant materials such as algae, grass, decaying leaves, and shoots.
- They use their specialized beaks for filtering food. There are many comb-like plates arranged in rows inside their beaks. These plates help to filter small invertebrates and insects from the water.
- They get their **characteristic pink color** from their diet of brine shrimps and algae available in the coastal wetlands. The flamingoes are the indicators of a healthy coastal environment.

Ayurveda Day

Ayurveda Day is being observed on **5th November 2018**. **Ministry of AYUSH** observes Ayurveda Day every year on **Dhanawantari Jayanti (Dhanteras)**.

Bhungroo

- Bhungroo is a **water management system** that injects and **stores excess rainfall** underground and lifts it out for use in dry spells.
 - Adoption of this technology has decreased salt deposits on soil and increased fresh water supply, saving farmers from drought.
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