



News Analysis (26 Mar, 2020)

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Recapitalisation of RRBs

Why in News

Recently, the Centre has approved a ₹1,340-crore recapitalisation plan for Regional Rural Banks (RRBs).

The move is crucial to ensure liquidity in rural areas during the lockdown due to the **COVID-19** crisis.

Regional Rural Banks

- RRBs are financial institutions which ensure adequate **credit for agriculture and other rural sectors**.
- Regional Rural Banks were set up on the basis of the recommendations of the **Narasimham Working Group (1975)**, and after the legislation of the **Regional Rural Banks Act, 1976**.
- The first Regional Rural Bank “Prathama Grameen Bank” was set up on 2nd October, 1975.
- **Stakeholders:** The **equity** of a regional rural bank is held by the **Central Government**, concerned **State Government** and the **Sponsor Bank** in the proportion of **50:15:35**.
- The RRBs combine the **characteristics of a cooperative** in terms of the familiarity of the rural problems **and a commercial bank** in terms of its professionalism and ability to mobilise financial resources.
- Each RRB operates within the local limits as notified by the Government.
- The **main objectives** of RRBs are
 - To provide credit and other facilities to **the small and marginal farmers, agricultural labourers, artisans and small entrepreneurs in rural areas**.
 - To check the outflow of rural deposits to urban areas and **reduce regional imbalances** and **increase rural employment generation**.
- The RRBs are required to provide 75% of their total credit as **priority sector lending**.

Key Points

- This recapitalisation (a strategy of enhancing the financial base of an entity to overcome a rough financial situation) would improve their **capital-to-risk weighted assets ratio (CRAR)** and strengthen these institutions for providing credit in rural areas.
 - The step will help those RRBs which are unable to maintain a minimum CRAR of 9%, as per the regulatory norms prescribed by the RBI.
- The release of the Rs. 670 crore as the central share funds will be contingent upon the release of the proportionate share by the sponsor banks.
- The recapitalisation process of RRBs **was approved by the cabinet in 2011 based** on the recommendations of a committee set up under the **Chairmanship of K C Chakrabarty**.
 - The **National Bank for Agriculture and Rural Development (NABARD)** identifies those RRBs, which require recapitalisation assistance to maintain the mandatory CRAR of 9% based on the CRAR position of RRBs, as on 31st March of every year.
 - The scheme for recapitalization of RRBs was extended up to 2019-20 in a phased manner post 2011.

Capital-to-risk Weighted Assets Ratio

- CRAR or **Capital Adequacy Ratio (CAR)** is the ratio of a bank's capital in relation to its **risk weighted assets and current liabilities**.
- It is decided by central banks and bank regulators to prevent commercial banks from taking excess leverage and becoming insolvent in the process.
- 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 **CRAR of 9%**.

Source: TH

Kuril Islands

Why in News

Recently, a 7.5 magnitude **earthquake** struck in the northern Pacific and a **tsunami warning** was issued for the **closest shores on Russia's far eastern Kuril Islands**.

The earthquakes of this strength in the region have caused tsunamis in the past far from the epicenter of the earthquake.

The **epicenter is the point on the Earth's surface directly above a hypocenter** or focus. (The hypocenter is where an earthquake or an underground explosion originates.)

Geographic Location of Kuril Islands



- Kuril Islands are stretched from the **Japanese island of Hokkaido to the southern tip of Russia's Kamchatka Peninsula** separating Okhotsk Sea from the North Pacific ocean.
- It consists of **56 islands and minor rocks**.
- The chain is part of the belt of geologic instability circling the Pacific and contains at least 100 volcanoes, of which 35 are still active, and many hot springs.
- Earthquakes and tidal waves are common phenomena over these islands.

Importance of South Kuril Islands

- **Natural resources:**
 - The islands are surrounded by **rich fishing grounds** and are thought to have **offshore reserves of oil and gas**.
 - Rare **rhenium deposits** have been found on the Kudriavy volcano on Iturup. **Nickel-based superalloys of rhenium** are used in the combustion chambers, turbine blades, and exhaust nozzles of jet engines.
 - **Tourism** is also a potential source of income, as the islands have several volcanoes and a variety of birdlife.
- **Strategic Importance:**
 - Russia has deployed **missile systems** in the region.
 - Russia also plans a **submarine project** and intends to prevent any American military use of the islands.
- **Cultural Importance:**

The Japanese people, especially conservatives in Hokkaido, are emotionally attached to the islands.

Historical Background of Kuril Islands Dispute

- **Sovereignty Issue of South Kuril Islands:**
 - The Kuril Islands dispute between **Japan and Russia** is over the **sovereignty of South Kuril Islands**.
 - The South Kuril Islands comprises **Etorofu island, Kunashiri island, Shikotan island and the Habomai island**. These islands are **claimed by Japan** but **occupied by Russia** as successor state of the Soviet Union.
 - These islands are known as **Southern Kurils by Russia** whereas **Japan** calls them **Northern Territories**.
- **Original Inhabitants-Ainu People:**
 - The Kurils were **originally inhabited by the Ainu people**, and they were later settled by the Russians and Japanese, following several waves of exploration in the **17th and 18th centuries**.
 - The Ainu or the Aynu, also **known as the Ezo** in the historical Japanese texts, are an indigenous people of Japan and Russia.
- **Treaty of Shimoda (1855):**

In **1855**, Japan and Russia concluded the **Treaty of Shimoda**, which gave control of the four southernmost islands to Japan and the remainder of the chain to Russia.
- **Treaty of Saint Petersburg (1875):**

In the **Treaty of Saint Petersburg**, signed between two countries in **1875**, Russia ceded possession of the Kurils to Japan in exchange for uncontested control of Sakhalin Island.
- **Yalta Agreement (1945):**
 - In **1945**, as part of the **Yalta agreements (formalized in the 1951 Treaty of Peace with Japan)**, the islands were ceded to the Soviet Union, and the Japanese population was repatriated and replaced by Soviets.
 - The **San Francisco Peace Treaty** signed between the Allies and Japan in 1951, states that Japan must give up “all right, title and claim to the Kuril Islands”, **but it also does not recognize the Soviet Union’s sovereignty over them**.
- **Japan-Soviet Joint Declaration (1956):**
 - The dispute over the islands has **prevented the conclusion of a peace treaty to end World War II**.
 - In 1956, diplomatic ties were restored between Japan and Russia by **Japan-Soviet Joint Declaration**.
 - During that time, Russia offered to give away the two islands closest to Japan. But the offer was rejected by Japan as the two islands constituted **only 7% of the land** in question.

- **Developments After 1991:**

- Despite a series of agreements, the dispute continues and **Japan still claims historical rights to the southernmost islands** and has tried repeatedly to persuade the Soviet Union and, from 1991, Russia to return those islands to Japanese sovereignty.
- In **2018**, the Russian President and the Japanese Prime Minister (PM) met on the sidelines of the **East Asia Summit** and decided to end the territorial dispute by Japanese PM agreeing to negotiate based on the 1956 declaration.
 - This implicitly showed that Japan has given up the two islands to maintain peace with Russia.
 - However, Russia indicated that the joint declaration signed by Japan and the Soviet Union in 1956 **neither mentions a basis for returning Habomai and Shikotan nor clarifies which country has sovereignty over the islands.**
- Further, in **2019**, Japanese PM made it clear that the country is **not in the favour of withdrawing control over the Islands.** Japan also believes that the islands are the inherent part of the nation's territory. Therefore, Japan mentioned that it aims to sign the peace treaty after the territorial issue is resolved.

Source:TH

Legacy Waste

Why in News

Recently, the **National Green Tribunal (NGT)** has directed a committee to assess the amount of damage caused to the environment due to the dump sites (legacy waste) in Delhi.

The committee comprises representatives from the **Central Pollution Control Board, National Environmental Engineering Research Institute (NEERI)** and IIT Delhi.

Key Points

- Legacy wastes are the wastes that have been collected and kept for years at some barren land or a place dedicated for Landfill (an area to dump solid waste).
- This waste can be roughly grouped into **four categories:**
 - Contained and/or stored waste(contained or stored waste are wastes in tanks, canisters, and stainless steel bins).
 - Buried waste.
 - Contaminated soil and groundwater
 - Contaminated building materials and structures.
- **Biomining method** has been proposed by the Central Pollution Control Board (CPCB) for the effective disposal of legacy wastes.

- **Environmental Impact of Legacy Waste**
 - Legacy wastes not only **occupy large space**, but also become a **breeding ground** for pathogens, flies, malodours and generation of leachate, which may lead to **water contamination**.
 - They also contribute to generation of **greenhouse gases** and **pose risk of uncontrollable fire**.

Biomining

- Biomining is the process of **using microorganisms (microbes)** to extract metals of economic interest from rock ores or mine waste.
- Biomining techniques may also be used to **clean up sites** that have been polluted with metals.
- It is usually used for old dumped waste that remains in a **partly or fully decomposed state with no segregation in existence between wet and dry waste**.
- In the cost effective method of biomining, treatment is done by dividing the garbage heap at the site into suitable blocks to let the air percolate in the heap.
- As a result, the leachate which is the water in the heap with suspended solid particles is drained off and microbes are sprayed in the heap to initiate biological decompositions.
- The waste is turned over several times in order to devoid the waste to leachate as much as possible.
- This biological decomposition of the waste **decreases the volume of the waste by 40%**.

Source: TH

Melting of Glaciers in Sikkim

Why in News

Recently, scientists from the Wadia Institute of Himalayan Geology (WIHG), Dehradun have found that glaciers in Sikkim are melting at a higher magnitude as compared to other Himalayan regions.

- The study published in Science of the Total Environment assessed the response of 23 glaciers of Sikkim to climate change for the period of 1991-2015.
 - This study studied multiple glacier parameters, namely length, area, debris cover, Snowline Altitude (SLA), glacial lakes, velocity, and downwasting.
 - The Sikkim glaciers have been poorly studied till now, and field-based mass balance measurements have been limited to only one glacier (ChangmeKhangpu) and for a short period (1980-1987)
- Wadia Institute of Himalayan Geology (WIHG), Dehradun is an autonomous research institute for the study of Geology of the Himalaya under the **Department of Science and Technology**.

Key Findings

- Glaciers in Sikkim have retreated and deglaciated significantly from 1991 to 2015.
- **Compared** to other **Himalayan regions**, the **magnitude of dimensional changes and debris growth are higher in the Sikkim**.
- Contrary to the western and central Himalaya, where glaciers melting is reported to have slowed down in recent decades, **the Sikkim glaciers have shown negligible deceleration (reduction in speed) in melting after the year 2000.**
Summer temperature rise has been a prime driver of glacier changes.
- The **behavior of glaciers in the region is heterogeneous** and found to be primarily **determined by glacier size, debris cover, and glacial lakes**.
- The study revealed that Small-sized glaciers in Sikkim are retreating while larger glaciers are thinning due to climate change.

Benefit of the Study

- Accurate knowledge of magnitude as well as the direction of glacier changes can lead to awareness among common people regarding water supplies and possible glacier hazards, particularly to those communities that are living in close proximity.
- The study provides ample baseline data on glacier changes and systematically explores the causal relationship between glacier parameters and various influencing factors.
- A clear understanding of glacier state will help orienting future studies as well as taking necessary measures.

Source: PIB

21 Days Lockdown

Why in News

Recently, the Prime Minister of India has announced a **21-days lockdown** as a preventive measure against the **pandemic COVID-19**.

The period of 21 days was chosen due to **public health/epidemiological significance**.

Epidemiology is the study and analysis of the distribution, patterns and determinants of health and disease conditions in defined populations.

Key Points

- The decision of 21-days lockdown is **supported by scientific data**.
 - The calculations are based on the **estimated incubation period of the virus in a human host**.
 - The 21-day quarantine value is derived from **interpretations of outbreak data** from past and present epidemics and pandemics.
 - For example, the cases of **Spanish Flu** and **Ebola** have been discussed elaborately in the context.
- **Explanation:**
 - In epidemiological terms, **14 days** are of the **initial incubation period** and adding another week, i.e. 21 days is to ensure that residual infection dies out.
 - It is estimated that being a **new strain of coronavirus**, its **median incubation period** (the time between the entry of virus to the onset of symptoms/ disease) falls within the period of 14 days.
 - According to a recent study the median incubation period for COVID-19 is **just over five days** and 97.5% of people who develop symptoms will do so **within 11.5 days** of infection.
 - So, the current period of active monitoring (14 days) recommended by the **U.S. Centers for Disease Control and Prevention** is well supported by the evidence.
- **Impact of Lockdown:**
 - Lockdown or quarantine is the **most effective way of preventing the spread** of the infection from those already infected into the community.
 - This period gives time to **convince people of the seriousness** of the situation and **build positive public opinion, carry out disinfection** of all buildings, vehicles and surfaces and **allows hospitals to prepare themselves for the next phase** of operations.
 - Maintaining **personal hygiene** and **practising personal distancing** are other helpful preventive measures.

Source: TH

MACS 4028 Wheat Variety

Recently, scientists from Agharkar Research Institute (ARI), Pune, have developed a **biofortified durum wheat variety MACS 4028**.

ARI Pune is an autonomous institute under the **Department of Science & Technology, Government of India**.

Note

- **Biofortification** is a process to increase the bioavailability and the concentration of nutrients in crops through both conventional plant breeding and **genetic engineering**.

- **Durum** is a kind of hard wheat grown in arid regions that is typically ground into semolina and used to make pasta.
Durum wheat, or Triticum turgidum, is the second most cultivated species of wheat after bread wheat, which is also called common wheat or Triticum aestivum.

Key Points

- Biofortified durum MACS 4028 wheat variety shows **high protein content of about 14.7%, better nutritional quality having zinc** 40.3 ppm, and **iron** content of 40.3 ppm and 46.1 ppm respectively, **good milling quality** and overall acceptability.
 ppm stands for parts per million.
- MACS 4028, is a **semi-dwarf variety**, which matures in 102 days and has shown the superior and **stable yielding ability** of 19.3 quintals per hectare.
 It is **resistant to stem rust, leaf rust, foliar aphids, root aphids, and brown wheat mite.**
- The MACS 4028 variety is also included by the **Krishi Vigyan Kendra (KVK)** programme for United Nations Children's Fund (UNICEF) to alleviate malnutrition in a sustainable way and can boost the Vision 2022 "**Kuposhan Mukh Bharat**", the National Nutrition Strategy.
 The **Indian Council of Agricultural Research (ICAR)** has also tagged this variety under the **Biofortified category** during the year 2019.
- MACS 4028 has been notified by the Central Sub-Committee on Crop Standards, Notification and Release of Varieties for Agricultural Crops (CVRC) for **timely sown, rainfed condition of Peninsular Zone, comprising Maharashtra and Karnataka.**
 In the peninsular zone of India (Maharashtra and Karnataka states), wheat cultivation is majorly done under rainfed and limited irrigation conditions. Under such conditions, the crop experiences moisture stress.
- Efforts for the development of high yielding, early maturing varieties with good quality and disease resistance for rainfed conditions are carried out at **Agharkar Research Institute, Pune** under **All India coordinated Wheat and Barley improvement programme**, coordinated through **Indian Institute of Wheat and Barley Research, Karnal** governed by the ICAR.
 The MACS 4028 is an outcome of such intervention for the farmers.
- **All India Coordinated Research Project on Wheat and Barley (AICRP)** mandates **multidisciplinary and multilocational testing of varietal, newly developed improved genotypes, crop management and crop protection technologies** across the diverse ecosystems for increasing and stabilizing the wheat production.

Wheat

- This is the second most important cereal crop in India after rice.
- It is the main food crop, in north and north-western part of the country.
- Wheat is a **rabi crop** that requires a cool growing season and a bright sunshine at the time of ripening.

- It requires 50 to 75 cm of annual rainfall evenly-distributed over the growing season.
- There are **two important wheat-growing zones** in the country – **the Ganga-Satluj plains in the north-west and black soil region of the Deccan.**
- The Major wheat-producing states are **Punjab, Haryana, Uttar Pradesh** etc.

Source: PIB

Mamallapuram

- **Location:** Mamallapuram, also called **Mahabalipuram** or **Seven Pagodas**, is a town that lies along the Coromandel Coast of the Bay of Bengal, **south of Chennai (Tamil Nadu).**
- **History**
 - It is an important town of the **erstwhile Pallava dynasty** that **ruled in parts of South India** from 275 CE to 897 CE.
 - It was **founded by the Pallava king Narasimhavarman I** in the 7th century AD.
 - The name Mamallapuram derives from **Mamalla, or “great warrior”**, a title by which the Pallava King **Narasimhavarman I** was known.
 - The **name Mamallapuram got distorted during the British era to Mahabalipuram** and thus it is also known as Mahabalipuram.
- **Architecture**
 - Mamallapuram contains many surviving 7th- and 8th-century Pallava temples and monuments, chief of which are the **sculptured rock relief** popularly known as **“Arjuna’s Penance,” or “Descent of the Ganges,”** a series of sculptured **cave temples**, and the **Shore Temple**.
 - The town’s **Five Rathas**, or monolithic temples, are the remnants of seven temples, for which the town was known as Seven Pagodas. The entire assemblage collectively was designated a **UNESCO World Heritage Site in 1984.**
- **Significance:**
 - Ancient Chinese, Persian, and Roman coins found at Mamallapuram point that it was a **seaport.**
 - Mamallapuram and the Pallava dynasty are also historically relevant, for the earliest recorded security pact between China and India (in the early 8th century) that involved a Pallava king (Rajasimhan, or **Narasimha Varma II**), from whom the Chinese sought help to counter Tibet.
 - The **second informal summit between India and China** was held here in October 2019.



COVID-19 Loans by Indian Bank

Why in News

Recently, **Indian Bank** which is a **public sector lender**, has announced special emergency loans for various categories of customers such as individuals, corporates, **Medium, Small and Micro Enterprises** (MSMEs) and **self-help groups** (SHGs), retail borrowers and pensioners in the wake of the **pandemic COVID-19**.

It is expected that these credit lines will meet the immediate liquidity requirements of businesses and other sections of the society.

Key Points

- **Ind-Covid Emergency Credit Line:**

- It will provide **additional funding of up to 10% of the working capital limits** (fund-based and non fund-based) with a maximum limit of ₹100 crore.
- **Large corporates and medium enterprises** that are in the standard category would be eligible for this loan.
- The **loans** would only carry a fixed interest rate of one-year MCLR (**marginal cost of funds based lending rate**). All other charges are waived.

- **Ind-MSE Covid Emergency Loan:**

It will provide an **additional funding of 10% of fund-based working capital limits** subject to a maximum of ₹50 lakh to all MSMEs.

- **SHG-Covid-Sahaya Loan:**
 - Under this, each member can avail a **soft loan of ₹5,000 and ₹1 lakh per SHG.**
 - The loan is **for 36 months** with a six months moratorium.
- **Ind-Covid Emergency Salary Loan:**
 - It will be given **to salaried employees** up to an **amount equivalent to 20 times the latest monthly gross salary** subject to a maximum of ₹2 lakh.
 - This is to meet urgent medical and other expenditure.
 - The loan will be given at a **concessional rate of interest** and all charges are waived.
- **Ind-Covid Emergency Pension Loan:**
 - It is **provided up to 15 times of monthly pension** subject to a maximum of ₹2 lakh, with a **60 month repayment tenor.**
 - Interest is charged at concessional rates interest and all other charges are waived.

Indian Bank

- It is an Indian **state-owned public sector lender.**
- It was established on **15th August 1907** as part of the **Swadeshi movement.**
- It is **headquartered in Chennai.**

Marginal Cost of Funds based Lending Rate

It is the minimum interest rate, below which a bank is not permitted to lend, though RBI can give authorization for the same in exceptional cases. It depends on factors such as fixed deposit rates, source of funds and savings rate.

Swadeshi Movement

- It started in **1905** was **one of the most successful movements** of the Pre-Gandhian era.
- **Causes:** Punjab land alienation Act of 1900, Passing of Indian university commission Act 1904, Partition of Bengal in 1905, economic exploitation, etc.
- **Methods and instruments:** It initially adopted **passive resistance** but the movement gained momentum and a more **active form of resistance.**
- **Impact:** It led to significant decline in the foreign imports during 1905-1908, building of self-reliance and gave the strength to masses to disobey the British. However, it set **undertones for communal disharmony and extreme nationalism.**

Source: TH

Rebate of State and Central Taxes and Levies (RoSCTL)

Why in News

The Union Cabinet has given its approval for **continuation of the Rebate of State and Central Taxes and Levies (RoSCTL)** from 1st April, 2020 onward **until it is merged with the Remission of Duties and Taxes on Exported Products (RoDTEP)**.

- Continuation of RoSCTL beyond 31st March, 2020 is expected to make the textile sector competitive by rebating all taxes/levies which are currently not being rebated under any other mechanism.
- Announced on 7th March, 2019, RoSCTL was offered for embedded state and central duties and taxes that are not refunded through **Goods and Services Tax (GST)**. It was available **only for garments and made ups**. It was **introduced by the Ministry of Textiles**.
- The government on 13th March, 2020 approved **RoDTEP, a scheme for exporters** to reimburse taxes and duties paid by them such as value added tax, coal cess, mandi tax, electricity duties and fuel used for transportation, which are not getting exempted or refunded under any other existing mechanism.

RoDTEP replaces the Merchandise Export from India Scheme (MEIS) that was found to violate the **World Trade Organization** Rules.

Source: PIB
