



News Analysis (28 Mar, 2020)

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RBI's COVID-19 Economic Relief Package

Why in News

After the Government's announcement of **Pradhan Mantri Gareeb Kalyan Yojana**, the **Reserve Bank of India's Monetary Policy Committee (MPC)** has come out with its own measures to help deal with economic fall out of **COVID-19 pandemic**.

This was the first time that the MPC met outside its bi-monthly meeting calendar.

Economic Impact of the Pandemic

- According to the **International Monetary Fund (IMF)** chief Kristalina Georgieva, the **world has entered a recession** that will be worse than the one in 2009, following the global financial crisis.
 - Recession implies significant decline in general economic activity.
- **Moody's Investor Service (a rating agency) has reduced its GDP growth forecast for India to 2.5% in 2020** - a sharp drop from an earlier projection of 5.3%, due to the impact of the COVID-19 pandemic and the resultant lockdown.
 - At the low growth rate of 2.5% in 2020, India may see a sharp fall in incomes, further weighing on domestic demand and the pace of recovery in 2021.
 - The ongoing 21-day lockdown in India has brought business activity in most sectors of the economy to a halt and resulted in thousands of job losses.
- The ratings agency expects the country's economy to recover in **2021**, estimating a **growth rate of 5.8%**, but warned that uncertainty regarding the virus's spread and containment makes it difficult to fully assess the **economic toll** of the crisis. **India grew at 5% in 2019**.
- The **G20 countries** are likely to see an overall contraction of GDP by 0.5%. G20 GDP growth rate, which was 2.6% in 2019, is likely to recover to 3.2% in 2021.

- The U.S. economy would contract by 2% in 2020, while the Euro area would see a 2.2% contraction. China's economic growth rate is expected to slow to 3.3%, although it is expected to recover to 6% in 2021.

RBI's Measures

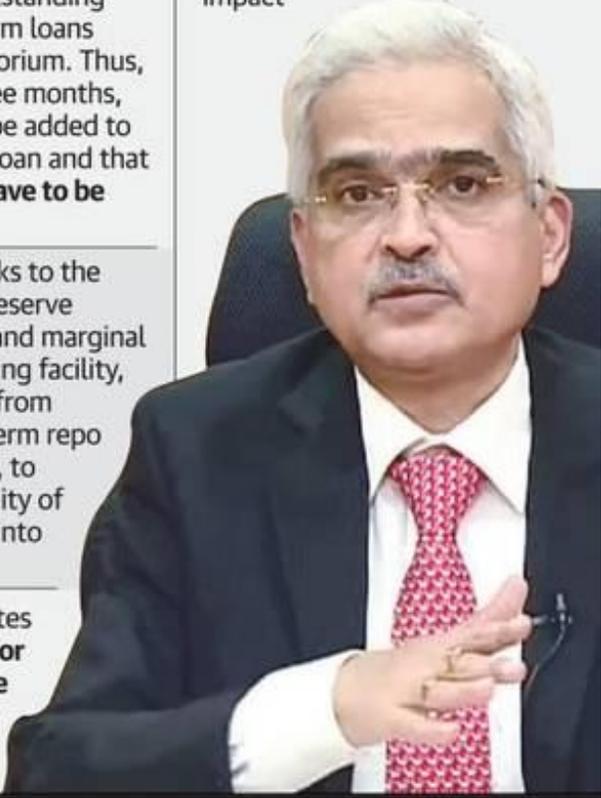
Easing the burden

The Reserve Bank of India has permitted a three-month deferral on all term loan repayments, even as it moved to inject more liquidity in the system. A look at RBI's moves and observations:

- Repo rate cut by **0.75 percentage points** to 4.4%
- For **all term loans** (home, auto, personal, agricultural, retail and crop loans) outstanding as of March 1, lenders can grant a moratorium, i.e., a **temporary halt**, of three months on payment of instalments
- Instalments include equated monthly instalments, credit card dues, principal or interest payments and bullet payments
- Tenure for such loans will be extended by three months after the moratorium period. This means that the instalments are **deferred** but **not waived**
- Interest **shall continue** to accrue on the outstanding portion of the term loans during the moratorium. Thus, at the end of three months, the interest will be added to the outstanding loan and that amount **will have to be repaid**
- Tweaks to the cash reserve ratio and marginal standing facility, apart from long-term repo auctions, to inject liquidity of **₹3.74 lakh crore** into the system
- Centre's estimates for **GDP growth for Q4 and the whole year** are now at risk

from pandemic's impact

All lending institutions shall frame policies for providing the relief to eligible borrowers



- **Cut in Repo Rate**

- The repo rate has been cut by 75 basis points (bps) from 5.15% to 4.40%.
- Repo Rate is the rate at which a country's central bank (RBI) lends money to commercial banks. Ideally, a low repo rate should translate into low-cost loans for general masses.
- The rates have been cut to **encourage banks to lend more** and to revive growth.

- **Cut in Reverse Repo Rate**
 - The ratio has been cut by 90 bps to 4%.
 - Reverse repo rate is the rate at which the central bank of a country (RBI) borrows money from commercial banks within the country.
 - The higher reduction in the reverse repo rate was aimed at **prompting banks to lend more rather than keeping their excess liquidity with the RBI.**
- **Macroeconomic Indicators**
 - The MPC refrained from giving growth and inflation projections, given the uncertainty in the situation.
 - Growth outlook will depend on the **intensity, speed, and duration** of the pandemic. This clearly highlights downside risks to growth from a prolonged lockdown.
- **Moratorium on Repayments of Loans**
 - RBI has also allowed banks to **defer payment of Equated Monthly Installments (EMIs)** on home, car, personal loans as well as **credit card dues for three months till May 31.**
 - The RBI also allowed lending institutions, banks to **defer interest on working capital repayments by 3 months** — a move aimed at addressing the distress among firms as production is down.
 - A working capital loan is a loan that is taken to finance a company's everyday operations.
 - A **moratorium** is not a loan waiver and does not offer any discount on interest payout. But it provides stressed customers **extra time to repay** without their accounts being labelled **non-performing assets (NPA)** or their credit score being affected - a major worry for small and medium businesses.
 - **Impact on Banks:** For banks and lending institutions, this will affect their cash flows as they may not be getting repayments for three months. But the RBI has **reduced their cash reserve ratio (CRR) requirements, providing them additional liquidity.**
- **Liquidity Infusion of Rs. 3.74 lakh crore - 3.4% of GDP**
 - Through measures that pertain to **Targeted Long-Term Repo Operations (TLTRO)** of up to ₹1 trillion, a 100-bps cut in Cash Reserve Ratio (CRR) and easier borrowing requirements under the Marginal Standing Facility (MSF) window.
 - TLTRO will provide financing to credit institutions.
 - **CRR** is the amount of money banks need to set aside with RBI as a buffer and do not earn any interest on it. CRR has been **cut to 3% from 4%.**
 - Under the **Marginal Standing Facility (MSF)** window, banks can borrow funds from the RBI by pledging government securities within the limits of Statutory Liquidity Ratio (SLR). The RBI has increased accommodation under the marginal standing facility from 2% of SLR to 3%.

Way Forward

- There will be more to do as the crisis evolves; governments and regulators are reacting to events, as opposed to being proactive, simply because this is a kind of crisis that they have not dealt with before.
 - The priority is to undertake strong and purposeful action in order to minimise the adverse macroeconomic impact of the pandemic.
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India to Join Solidarity Trials

Why in News

India is all set to join the **World Health Organisation's (WHO) Solidarity Trial** which aims at rapid global search for drugs to treat **COVID-19**.

Key Points

- India has **stayed away from the multi-country trial** till now due to its small sample size.
- It will express its interest to participate in the trial for the Indian population when it feels that the time is right.
- Vaccine development wasn't a priority for **Indian Council of Medical Research (ICMR)** currently because there are around 30 vaccine groups already in operation worldwide.
- Keeping in view the **rising number of cases and challenges faced by India**, the government has decided to participate in the solidarity trial.

Solidarity Trial

- It will test different drugs or combinations like:
 - **Remdesivir.**
 - Combination of **lopinavir** and **ritonavir (anti-HIV drugs)**.
 - **Interferon beta with the combination of lopinavir** and **ritonavir.**
 - **Chloroquine.**
- It will compare their effectiveness to the **standard of care**, the regular support used by the hospitals treating COVID-19 patients.

Challenges

- **Shortage of Medical Devices and Equipment:** The **Medical Technology Association of India** (MTAI), which represents research-based medical technology companies, has highlighted the shortage of medical devices and equipment.
 - The Centre has exempted manufacturing, warehousing and distribution of the medical devices and equipment from the lockdown but these are being clamped down by the state governments and local level administrators.
 - Transport trucks carrying these vital preparatory materials are stuck at city and state borders.
- **Delays in Import:** India is importing probes and rapid testing kits from China, Germany and WHO. However, some delays have been reported but it is made sure that the delays do not affect the testings.
- **Time Constraints:** ICMR is currently looking at repurposed drug molecules to find treatment for COVID-19 due to time constraints.

Solutions

- India needs to prioritise what it needs right now to deal with the situation.
- Indian scientists have formed a group called **Indian Scientists' Response to COVID-19 (ISRC)** to tackle the pandemic.
- While governmental bodies make their decisions and professional scientific academies take principled stands, there is a need for individuals in the scientific community to also help individually and collectively.

Indian Scientists' Response to COVID-19

- **Indian Scientists' Response to COVID-19 (ISRC)** is a **voluntary group of scientists** to address the concerns raised by the COVID-19 outbreak and to discuss the rapidly evolving situation with its dire need for science communication.
- The group **consists of nearly 200 scientists** from institutions such as the National Centre for Biological Sciences (NCBS), the Indian Institute of Science (IISc), the Tata Institute of Fundamental Research (TIFR), the Indian Institute of Technologies (IITs), etc.
- It **aims** to study existing and available data to bring out analysis that will support the Central, State and local governments in carrying out their tasks.

- There are **several working groups within** it:
 - One of them works on **hoax busting** to address disinformation spreading with respect to the coronavirus.
 - One works on **science popularisation** to develop material that explains concepts such as home quarantine.
 - Other groups **work on resources in Indian languages**, mathematical models and apps etc.
 - It is **suggested that an app should be developed that** can map spaces being used as shelters and share that data with the State governments.
- A **platform has also been developed to connect people in need with those who can provide help.**
 - It works through two channels, phone and WhatsApp.
 - It can connect patients or people with symptoms to doctors.
 - It may also connect elderly people with volunteers from NGOs to assist in chores such as grocery shopping.

Source: TH

Electronic Platform to Fight COVID-19

Why in News

- Recently, **India has decided to set up an electronic platform** to help member countries of the **South Asian Association for Regional Cooperation (SAARC)** fight the **COVID-19** pandemic.
- The decision has been conveyed during **a virtual conference of health professionals of eight countries in the region.**

Key Points

- The virtual conferencing of the health workers of the SAARC Nation was part of **the two proposals made by Indian Prime Minister during the recently held virtual meeting of SAARC.**
 - The **other proposal was to set up SAARC COVID-19 Emergency Fund.**

- The e-Platform will enable the SAARC nations to **share and exchange information, knowledge, expertise and best practices** for jointly combating the Coronavirus epidemic.
 - **Objectives** of the e-Platform
 - Training of emergency personnel
 - Disease surveillance
 - Joint research
 - Currently the platform is in the construction stage.
 - Meanwhile India suggested to set up a Whatsapp or email group to help facilitate exchange of information among the SAARC countries till the platform became fully operational
- During the conference all the **countries highlighted their specific vulnerabilities, capacities, the best practices, gaps in resources and logistics**, private sector participation as well as levels of preparedness.
- **Community engagement and participation** was identified as an important element in any anti-Covid19 strategy.
- **Fight Corona IDEathon**
 - Recently, a **2-day online IDEathon** has been organized to search for accessible and affordable technological solutions that can contain the rapid spread of infection, ease the mounting pressure and ensure a quick return to normalcy.
 - The initiative was **jointly organised by MHRD Innovation Cell, AICTE, MeitY Startup Hub, InnovatioCuris and other institutions of global and national prominence.**
 - **The focus area of the IDEathon was**
 - designing reusable/washable masks
 - system to disinfect currency notes/coins
 - a non-invasive diagnostic kit
 - Storage Kits to collect test samples from homes

Technology Diplomacy by India in SAARC Region

- India launched the **GSAT-9, also dubbed the South Asia Satellite**, aiming to provide space-enabled services to other South Asian countries.
- India has offered member countries of the South Asian Association for Regional Cooperation (SAARC) to join its advanced navigational satellite programme—GPS-Aided Geo Augmented Navigation (GAGAN).
- Indian Regional Navigation Satellite System (IRNSS) has potential to be useful for the SAARC countries which are dependent on foreign systems.

SOURCE : TH

Tribal Lockdown Rituals

Why in News

Tribes in Arunachal Pradesh have revived indigenous lockdown rituals to contain the spread of **COVID-19**.

The State of Arunachal Pradesh is geographically closest to **China's Hubei province** where the COVID-19 outbreak began.

Rituals by Different Tribes

Galos Tribe

- The **Galos**, which are one of the 26 major tribes of Arunachal Pradesh that dominate West Siang district practised the **Arr-Rinam ritual**.
 - The Galo community has been recognized as a **Scheduled Tribe** in the Amendment to the Constitution (ST), Order, 1950, Part-XVIII.
 - **Mopin** is the main festival in Galos which is celebrated for the prosperity of the villages. The Galos perform **Popir dance**.
- **Arr-Rinam** is the Galo equivalent of **lockdown** imposed by consensus for 48 hours whenever an epidemic strikes.
- The Arr-Rinam follows the **Ali-Ternam** (the word Ali means epidemic and Ternam means forestall) ritual **to ward off an epidemic**.
- These rituals were last performed almost four decades ago when a water-borne disease had affected many members of the community.
- However, these rituals have been performed periodically for **livestock, primarily the semi-wild animal mithun, that are prone to contagious diseases**.
- This is for the **first time in 30-40 years** that the rituals were performed for the **safety of humans**.
- The **Bos or deputy priests** performed the Ali-Ternam under the guidance of a **Nyibo (shaman)**.
- The ritual **ended with the community leaders sealing five major entry points of the district**.

Adi Tribe

- The Adi community also performed a similar ritual called the **motor or pator system** in the Adi (tribe) dialect.
- This is a customary **self-restriction**, where the locals lock down several villages by **erecting barricades** to prevent the entry of outsiders. No person is allowed to enter or leave the villages.

- They believe that this ritual lets shamans with legendary powers to locate wild herbs to combat an epidemic.

Note:

- The Adi tribe of Arunachal Pradesh is believed to have come from southern China in the 16th century.
- They are the **Tibeto-Burman language** speaking population..
- They reside in the far north inhabiting **East Siang and Lower Dibang Valley districts** of Arunachal Pradesh.
- The Adis are experts at **making cane and bamboo items**.
- **Solung** (harvesting festival where animal sacrifices and rituals are performed) and **Aran** (a hunting festival where all the male members of the family go for hunting) are two major festivals of the Adi tribes.

Nyishi Tribe

- In districts such as Papum Pare and East Kameng, the dominant Nyishi community observed **Arrue** involving **self-quarantine**.
- Nyishi Tribes also called **Bangni** are the tribal people of eastern Bhutan and Arunachal Pradesh (formerly North East Frontier Agency).
- Nyishi is a **Scheduled Tribe**. It is the **single largest tribe of Arunachal Pradesh**.
- They speak the **Tibeto-Burman language of the Sino-Tibetan family**.
- The Nyishi support themselves with **slash-and-burn agriculture and with hunting and fishing**.
- They live together in a longhouse without partitions but with a separate fireplace for each conjugal family.
- Aside from a patrilineal household there is **no formal social organization or village government**.
- Their religion involves **belief in spirits associated with nature**.

Source: TH

Operation Namaste: Indian Army

Why in News

The **Indian Army** has code-named its **anti-COVID-19 campaign** as **Operation Namaste** to help the government in its fight against the **pandemic**.

Key Points

- **Soldiers are advised to follow the lockdown**, wherever they do not have any operational role, and stay fit. They are assured that their families will be well taken care of.
 - **Leave extension** of those on leave as well as **curtailment of leave** to bare minimum have been imposed.
 - **Segregation facilities** have been set up to observe troops already back from leave from various states.
- So far **six quarantine facilities** at Manesar, Jaisalmer, Jodhpur, Chennai, Hindan and Mumbai have been established where 1,463 people evacuated from coronavirus-affected countries have been accommodated.

The forces are setting up more such facilities at Kolkata, Visakhapatnam, Kochi, Dundigal, Bengaluru, Kanpur, Jaisalmer, Jorhat and Gorakhpur which can be ready within 72 hours, if needed.
- **28 Armed Forces hospitals have been earmarked as COVID hospitals.**
 - These hospitals will include armed forces patients as well as civilian patients transferred from state health authorities.
 - Five hospitals from the Army, Navy and the Air Force are conducting coronavirus tests using the **RT-PCR methodology** and more hospitals will be equipped soon with the resources.
 - 62 Cantonment Boards have been instructed to identify beds in hospitals and health centres and guesthouses for any eventuality.

Contributions by Other Forces

- Recently, **Defence Research and Development Organisation (DRDO)** also came forward to help by **developing ventilators** and providing other medical equipment.
- **Indian Navy** also contributed by delivering 60,000 face masks ordered by **Indian Medical Association, Goa** which were stuck in Delhi due to the lockdown.

Ilyushin 38 SD departed **INS Hansa** for Palam Airport, New Delhi and returned on the same day with the masks.

Ilyushin 38 Sea Dragon

- Ilyushin 38 Sea Dragon (IL 38 SD) **Long Range Maritime Reconnaissance (LRMR)** aircrafts are currently in service with the **Russian Navy and the Indian Navy.**
- These are **maritime patrol** and **anti-submarine warfare (ASW)** aircrafts designed by the Russia-based Ilyushin Aviation Complex.
- In India, these are **based at Goa** and can be deployed in surveillance, search and rescue, maritime reconnaissance and anti-submarine warfare operations.

INS Hansa

- INS Hansa is an **Indian naval air station** located near **Dabolim in Goa.**

- It was commissioned in **September 1961**.
- It serves as the **Indian Navy's one of the largest air bases** and has grown to become a full-fledged airfield that handles both domestic as well as international flights round the clock.

Source: IE

PwDs and COVID-19

Why in News

- The **Department of Empowerment of Persons with Disabilities (DEPwD)** under the Ministry of Social Justice and Empowerment has issued **“Comprehensive Disability Inclusive Guidelines”** to States and Union territories.
- This is for the protection and safety of **Persons with Disabilities (Divyangjan)** in light of Pandemic **COVID19**.

Background

- Due to lockdown, persons with disabilities, who depend on caregivers for their daily needs, are suffering.
However, the government has announced cash transfers to disableds under the Pradhan Mantri Garib Kalyan Yojana.
- **Section 8 of the Rights of Persons with Disabilities Act, 2016** guarantees equal protection and safety for persons with disabilities in human emergencies and natural disasters.
The Government of India has declared the **situation arising out of COVID 19 as a National Disaster**.
- In September 2019, **National Disaster Management Authority**, Union Ministry of Home Affairs issued National Disaster Management Guidelines on **Disability Inclusive Disaster Risk Reduction (DiDRR)**.

Highlights from the Guidelines

- **Training:** All persons responsible for handling emergency response services should be trained on
 - the rights of persons with disabilities.
 - the risks associated with additional problems for persons having specific impairments.

- **Ensuring Essentials to PwDs:** All states and UTs should ensure services like caregiver support, supplies and medical aid at the doorstep of PwDs.
It is sought that caregivers should be allowed to reach PwDs by exempting them from restrictions during lockdown or providing passes in a simplified manner on priority.
- **Helpline Number:** States should set-up 24x7 helplines for persons with disabilities.
- **Information:** All video-graphic awareness material related to COVID 19 should be with subtitles and there should be sign language interpretation for persons with hearing impairment.
- **For Resolving Disability Specific Issues:** The states should make the State Commissioner for PwDs the nodal officer to resolve disability specific issues during the crisis period.

Source: PIB

COVID-19 and 'Force Majeure'

Why in News

In view of the **COVID-19 pandemic**, Indian Railways has decided that the period from 22.03.2020 to 14.04.2020 shall be treated under **"Force Majeure"**.

Key Points

- A **Force Majeure (FM)** means extraordinary events or circumstances beyond human control such as an event described as an Act of God (like a natural calamity).
- During this period no **demurrage, wharfage, stacking, stabling, detention and ground usage charge shall be leviable**.
- Zonal Railways have been advised to coordinate with State Government authorities **to ensure logistics support** in order **to keep up the essential goods transportation**.

Force Majeure

- Force majeure refers to a **clause that is included in contracts** to remove liability for natural and unavoidable catastrophes that interrupt the expected course of events and restrict participants from fulfilling obligations.
- Force majeure clauses **excuse companies (or other parties to a contract) from meeting certain obligations** when events beyond their control interfere with their ability to hold up their end of the bargain.
- If invoked, the clauses can relieve companies from commitments, temporarily or permanently, without being in breach of their agreement.

Source: PIB

National Testing Agency Postpones NEET 2020

Why in News

- In view of the hardships faced by the parents and the students due to the COVID-19 epidemic, the National Testing Agency has postponed the ensuing NEET (UG) May 2020 examination scheduled to the last week of May 2020.
- The National Eligibility-cum-Entrance Test (NEET) is the examination for admission to undergraduate medical degree programmes.

National Testing Agency

- **National Testing Agency** (NTA) was established as a Society registered under the Indian Societies Registration Act, 1860.
- It is an autonomous and self-sustained testing organization to conduct entrance examinations for admission/fellowship in higher educational institutions.
- **Objective:** To conduct efficient, transparent and international standards tests in order to assess the competency of candidates for admission and recruitment purposes.

Source: PIB
