



News Analysis (29 May, 2020)

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22nd Meeting of FSDC

Why in News

Recently, the **22nd meeting** of the **Financial Stability and Development Council (FSDC)** chaired by the **Finance Minister** was held through a video conference.

The meeting reviewed issues relating to market volatility, domestic resource mobilisation and capital flows in the country in the wake of **Covid-19 pandemic** and the **nation-wide lockdown** imposed to contain it.

Financial Stability and Development Council

- **Establishment:**
 - The Financial Stability and Development Council (FSDC) is a **non-statutory apex** council under the **Ministry of Finance** constituted by the **Executive Order** in **2010**.
 - The **Raghuram Rajan committee (2008)** on financial sector reforms first proposed the creation of FSDC.

- **Composition:**

- It is **chaired by the Finance Minister** and its members include the heads of all Financial Sector Regulators (RBI, SEBI, PFRDA & IRDA), Finance Secretary, Secretary of Department of Economic Affairs (DEA), Secretary of Department of Financial Services (DFS), and Chief Economic Adviser.

In 2018, the government reconstituted FSDC to include the Minister of State responsible for the Department of Economic Affairs (DEA), Secretary of Department of Electronics and Information Technology, Chairperson of the **Insolvency and Bankruptcy Board of India (IBBI)** and the Revenue Secretary.

- FSDC **sub-committee** is **headed** by the **Governor of RBI**.
- The Council **can invite experts** to its meeting if required.

- **Functions:**

- The objective of FSDC is **to strengthen and institutionalize** the mechanism for maintaining **financial stability**, enhancing **inter-regulatory coordination** and promoting financial sector development.
- It also intends to monitor macro-prudential supervision of the economy. It will assess the functioning of the large financial conglomerates.

Key Points

- **Covid-19 as a Threat to Global Economy:**

- The Council has noted that the **Covid-19 pandemic poses a serious threat to the stability of the global financial system**, as the ultimate impact of the crisis and the **timing of recovery remains uncertain**.
- The pandemic has thrown the global economy into its **worst recession since the Great Depression in the 1930s**, and India is no exception.

- **Projected Domestic Economic Growth:**

- Domestic economic growth is expected to **contract for the first time in forty years in FY21 (April 2020 to March 2021)**.
- Crisil, Goldman Sachs and Fitch Ratings have projected the Indian economy to contract 5% during the current financial year.

- **Announced Measures and its Impact:**
 - The Council quoted the various **short term fiscal measures taken by the government** and **monetary measures taken by the Reserve Bank of India (RBI)** to address the liquidity and capital requirements of the financial institutions to manage the economic scenario due to global pandemic.
 - It also reviewed the **liquidity and solvency position** of the **Non-Banking Financial Companies (NBFCs)**, **housing finance companies** and **micro-finance institutions**.
 - Moratoriums on loan payments due to pandemic induced lockdowns have put a pressure on inflows of these companies while banks have turned resistant to lend them in the wake of possible defaults. NBFCs have also sought moratorium on their dues to banks.
- **Role of Government and Regulators:**
 - It highlighted the need for the **government and regulators to remain vigilant** on financial conditions that could expose systemic vulnerabilities in the **medium and long-term**.
 - The Council stressed that the government and regulators would continue to provide **liquidity and capital support** to domestic financial institutions.
 - It is expected to provide comfort to the markets, which are disturbed by the extreme volatility due to pandemic.

Way Forward

- The financial system resilience, fiscal support, regulatory flexibility and liquidity provision announced till date have ensured that the financial system is supportive of economic recovery but **more protracted slowdown may present new risks to the financial system**.
- There is a possibility that the current crisis **may transform from a “liquidity phase” into a “solvency phase”**. Thus, governments need to consider a range of policy tools, including efficient bankruptcy and restructuring systems, government guarantees for private investments, programmes for sector-specific government equity injections, and establishing asset management companies.
- Thus, FSDC is expected to take further appropriate measures to bolster the liquidity and capital base of domestic financial institutions which would stabilize financial sectors for long term.

Source:IE

NHRC’s Notice to Government on Migrant Deaths

Why in News

The **National Human Rights Commission (NHRC)** has issued notices to the Union Home Ministry, the Railway Board and the Bihar and Gujarat governments in connection with the **reported deaths of some migrant workers on Shramik Special trains** and the lack of food and water for the passengers on these trains.

Key Points

- The government had **started Shramik Special trains from 1st May, 2020** to ferry migrant workers back to their home States after they were stranded in different parts of the country due the **Covid-19** induced lockdown.
 - Most of these poor migrants were daily wage workers who lost their work and livelihood as businesses and establishments shut down. In the absence of money and jobs, and bereft of any food, savings, or shelter in large cities, they started moving back to their villages.
- The **NHRC took suo motu (on its own) cognisance** of media reports about the trains not only starting late, but also taking many more days to reach their destinations.
 - Many migrant labourers lost their lives during their journey due to the longer duration and the absence of arrangements for drinking water and food.
- The Commission observed that the contents of the media reports, if true, amount to **gross violation of human rights**. The State has failed to protect the lives of the poor labourers on board the trains.
- The NHRC has issued notices to the Chief Secretaries of Bihar and Gujarat governments, the chairman of the Railway Board and the Union Home Secretary, **seeking their reports within four weeks**.
- Also, recently, the **Supreme Court** directed that the State from where workers started their journey and the State where they were headed should pool their travel expenses between them.
 - During the train journey, railways would be in charge of providing migrant workers drinking water and meals. In case of bus journeys, the State where they started from had to take care of their food and water.

National Human Rights Commission

- **Statutory Body:** NHRC was established on 12th October, 1993. The statute under which it is established is the Protection of Human Rights Act (PHRA), 1993 as amended by the Protection of Human Rights (Amendment) Act, 2006.
 - The PHRA Act also provides for the creation of a State Human Rights Commission at the state level.

- **In Line with Paris Principles:** Paris Principles were adopted for the promotion and protection of human rights in October 1991, and were endorsed by the General Assembly of the United Nations in 1993.
- **Watchdog of Human Rights in the country:** The NHRC is an embodiment of India's concern for the promotion and protection of human rights.
 - Section 2(1)(d) of the PHRA defines Human Rights as the rights relating to life, liberty, equality and dignity of the individual guaranteed by the Constitution or embodied in the International Covenants and enforceable by courts in India.
- **Composition:** The commission is a multi-member body consisting of a chairman and five members. The chairperson should be a retired chief justice of India or a judge of the Supreme Court.
- **Appointment:** The chairman and members are appointed by the President on the recommendations of a six-member committee consisting of the Prime Minister as its head, the Speaker of the Lok Sabha, the Deputy Chairman of the Rajya Sabha, leaders of the Opposition in both the Houses of Parliament and the Union Home Minister.
- **Tenure:** The chairman and members hold office for a term of three years or until they attain the age of 70 years, whichever is earlier.
 - The President can remove the chairman or any member from the office under some circumstances.

Way Forward

- The Centre does not seem to have a **nationwide action plan** to tally the exact number of labourers stranded in various parts of the country. The government should work with the grass roots administrative mechanism, including the district and panchayats, to create lists accurately identifying the stranded workers.
- Preparing a **comprehensive database of the migrant** workers' source and destination, demography, employment patterns and skill sets.
 - It will help in skill development, providing social security benefits, planning for mass transit of migrant labour and preparing for any contingency plan in emergency situations.
- Migrant workers related issues have complex Centre-State and inter-State dimensions. There is a need to empower the **Inter-State Council**, set up under Article 263 of the Constitution to effectively and comprehensively deal with larger issues related to migrant workers.

Source: TH

Drop in Institutional Deliveries

Why in News

Recently, the data from the states of **Chhattisgarh and Jharkhand** has reported a **drop in the institutional deliveries**.

Key Points

- **Current Scenario in Two States:**

- **Chhattisgarh:** It has recorded a **drop by 15.39 % in April** compared to the numbers recorded in March.
 - In February 2020, before the lockdown was imposed, the State had recorded 37,984 institutional deliveries . But following the lockdown, the number of institutional deliveries fell to 32,529.
 - The State has recorded an increase in the percentage of institutional deliveries from 44.9 to 70.2 between NFHS 3 (2005-06) and NFHS 4 (2015-16).
- **Jharkhand:** The state had listed 52,000 women for scheduled deliveries in May, out of these only 5.9 % of these were conducted in medical institutions by May 21.

The State has recorded an increase in the percentage of institutional deliveries from 40.1 % to 61.9 % between NFHS 3 (2005-06) and NFHS 4 (2015-16).

- **Reasons for Drop in Institutional Deliveries:**

- The **public transport** has been majorly affected due to **nationwide lockdown imposed** to contain the spread of the **Covid-19 pandemic**. Thus reaching hospitals from villages became difficult.
- The declared Covid-19 hospitals have created a **fear of infection** and thus people are **avoiding physical contacts** with the hospitals.
- Many deliveries are **being carried out at small private nursing homes** to avoid movement and related Covid-19 spread.
- The entire health machinery is battling Covid-19, so **non-Covid health services experience a lack of medical staff**.

Institutional Deliveries in India

- **Description:**

- Institutional delivery means **giving birth to a child in a medical institution** under the overall **supervision of trained and competent health personnel**.
- It also signifies an availability of amenities to handle the situation and save the life of the mother and child.

- **National Scenario:**

Over the past two decades, India has made **progress in increasing the number of institutional deliveries.**

- According to the **National Family Health Survey (NFHS-4)**, institutional deliveries have **increased from 39% in 2005-06 to 79% in 2015-16.**
- Further, the institutional births in public institutions have **increased from 18% to 52%** in the same time period.

- **Step Taken to Increase Institutional Deliveries:**

- **Janani Suraksha Yojana : Janani Suraksha Yojana (JSY)** is a **100% centrally sponsored scheme** which is being implemented with the objective of **reducing maternal and infant mortality** by promoting institutional delivery among pregnant women.
- **Pradhan Mantri Surakshit Matritva Abhiyan (PMSMA):** It has been launched to focus on conducting special AnteNatal Check-ups (ANC) check up on 9th of every month with the help of Medical officers to detect and **treat cases of anaemia.**
- **Pradhan Mantri Matru Vandana Yojana (PMMVY) :** It is a **maternity benefit programme** being implemented in all districts of the country with effect from 1st January, 2017.
- **LaQshya Programme : LaQshya (Labour room Quality Improvement Initiative)** intended to improve the quality of care in the labour room and maternity operation theatres in public health facilities.

Way Forward

- The entire health machinery is battling Covid-19 but non-Covid health services **should not compromise** which are the **base of the health infrastructure** of the country.
- The government should ensure adequate **availability of medical staff, emergency medical services** such as ambulance, vaccinations, maternity care, etc. to the **urban as well as rural areas.**
- The **balance of the Covid and non-Covid medical services** is need of the hour and the government needs to ensure the implementation of the same in the future.

Source:IE

Rise in Foreign Direct Investment

Why in News

According to data released by the **Department for Promotion of Industry and Internal Trade (DPIIT)**, total **Foreign Direct Investment (FDI)** in India increased by **18% to \$73.46 billion** in the 2019-20 financial year.

DPIIT is under the **Ministry of Commerce and Industry**.

Key Points

- Total FDI has **doubled from the year 2013-14** when it was only \$36 billion.
- The total investment by **Foreign Institutional Investors** was \$247 million.
- The **sectors that attracted the most foreign inflows** during 2019-20 included services, computer software and hardware, telecommunications, trading and automobiles.
- **Singapore emerged as the largest equity FDI source**, contributing to inflows of \$14.67.
- The inflows have been attributed to the government's **Make in India** programme.

Foreign Direct Investment

- FDI is an investment made by a firm or individual in one country into business interests located in another country.
- Generally, FDI takes place when an investor establishes foreign business operations or acquires foreign business assets, including establishing ownership or controlling interest in a foreign company.
- It is **different from Foreign Portfolio Investment** where the foreign entity merely buys equity shares of a company. FPI does not provide the investor with control over the business.
- **Routes through which India gets FDI:**
 - **Automatic Route:** In this, the foreign entity does not require the prior approval of the government or the RBI.
 - **Government route:** In this, the foreign entity has to take the approval of the government.
 - The **Foreign Investment Facilitation Portal (FIFP)** facilitates the single window clearance of applications which are through approval route.
 - This portal is administered by the Department for Promotion of Industry and Internal Trade (DPIIT).

Source: IE

USA Bill to Put Sanction on China

Recently, the United States House of Representatives approved a legislation **calling for sanctions on Chinese officials responsible for oppression of Uighur Muslims.**

Key Points

- The bill calls for sanctions against those responsible for repression of Uighurs and other Muslim groups in China's Xinjiang province.
According to the **United Nations** estimates, more than **one million Uighurs Muslims and members of other largely Muslim minority groups** have been **detained in camps** in **Xinjiang** in a crackdown.
- The bill also calls on USA companies or individuals operating in the Xinjiang region to take steps to ensure their products do not include parts using forced labor of Uighurs.
- By passing the bill, the United States Congress has taken a firm step to counter China's human rights abuses against the Uighurs.
It has sent a clear message that the Chinese government cannot act with impunity.
- However, **China denies the mistreatment in the camps** and says the camps provide vocational training. China also **refuses to allow independent inspections.**
- The bill has now been sent to the White House for President Donald Trump to veto or sign into law.
- This approval of legislation should be observed in the context of recent developments in the US-China relationship which have become increasingly tense. Few noteworthy developments are:
 - **Covid-19 Blame:** The **USA President has blamed China** again and again for worsening the Covid-19 pandemic.
 - **Trade War:** Growing **trade war** between USA and China.
 - **Issue of Panchen Lama:** **Over the release of Tibetan Buddhism's 11th Panchen Lama**, who was taken into captivity at the age of six.
 - **Hong Kong's Autonomy:** China has approved a proposal for **bringing new national security legislation** in Hong Kong, despite apprehensions raised by the USA.
 - **South China Sea:** China's growing assertiveness **over the South China Sea.**

Uighurs Muslims

- The Uighurs are a predominantly **Muslim minority Turkic ethnic group**, whose **origins can be traced to Central and East Asia.**
- The Uighurs are considered to be one of the 55 officially recognized ethnic minority communities in China.
However, **China recognises the community only as a regional minority** and rejects that they are an indigenous group.

- Currently, the largest population of the Uighur ethnic community lives in **Xinjiang region of China**.

A significant population of Uighurs also lives in the neighbouring Central Asian countries such as Uzbekistan, Kyrgyzstan and Kazakhstan.

Way Forward

With the USA signing out of major global deals and taking a backstage in global scenario, China certainly has taken advantage of this and has become more assertive in recent past. It's up to the global community now to fix responsibility and accountability of major powers according to international laws and humanitarian values.

Source: TH

Veer Savarkar Jayanti

Why In News

On **28th May**, India paid tribute to the freedom fighter, **Vinayak Damodar Savarkar (Veer**

Savarkar) on his **birth anniversary**.



- He was an Indian independence activist, politician, lawyer and writer.
- He is also known as **Swatantryaveer Savarkar**.

Key Points

- **Birth:** VD Savarkar was born on **28th May**, 1883 in Bhagur, a village near Nashik in Maharashtra.

- **Related Organisations and Work:**

- Founded a secret society called **Abhinav Bharat Society**.
- Went to the United Kingdom and was involved with organizations such as **India House** and the **Free India Society**.
- Involved in the formation of **Hindu Mahasabha**.

He was the **president of Hindu Mahasabha from 1937 to 1943**.

- Savarkar wrote a book titled '**The History of the War of Indian Independence**' in which he wrote about the guerilla warfare tricks used in **1857 Sepoy Mutiny**.
- He also wrote the book '**Hindutva: who is hindu?**'.

- **Trial and Sentences:**

- Arrested in 1909 on charges of plotting an armed revolt against the **Morley-Minto reform (Indian Councils Act 1909)**.
- Arrested in 1910 for his **connections with the revolutionary group India House**.
- One of the charges on Savarkar was abetment to murder of Nashik Collector Jackson and the second was waging a conspiracy under Indian penal code 121-A against the King emperor.
- Following the two trials, Savarkar was convicted and sentenced to **50-years imprisonment also known as Kala Pani** and transported in 1911 to the **Cellular Jail** in the **Andaman and Nicobar Islands**.
- He was **not considered by the British government as a political prisoner**.

- **Death:** He died on 26th February 1966 due to fasting on his own wish of death.

Abhinav Bharat Society (Young India Society)

- It was a secret society founded by Vinayak Damodar Savarkar and his brother Ganesh Damodar Savarkar in 1904.
- Initially founded at Nasik as Mitra Mela, the society was associated with several revolutionaries and political activists with branches in various parts of India and London.

India House

- It was founded by **Shyamji Kishan Verma** in 1905 in London.
- It was opened to promote nationalist views among Indian students in London.

Free India Society

- It was a political organization of Indian students in England, committed to obtaining the independence of India from British rule.
- Initially an intellectual group, it became a revolutionary outfit under its founding leader, **Madam Bhikaji Cama**.

Hindu Mahasabha

- It was a political party formed in **1933**.
- It was founded by Veer Damodar Savarkar, Lala Lajpat Rai, Madan Mohan Malviya.
- The organisation was formed to protect the rights of the Hindu community, after the formation of the All India Muslim League in 1906 and the British India government's creation of separate Muslim electorate under the Morley-Minto reforms of 1909.

Source: PIB

ADB Loan to Upgrade Maharashtra Roads

Why in News

Recently, the **Asian Development Bank (ADB)** and the **Government of India** have signed a \$177 million loan to upgrade state highways and major district roads in the state of Maharashtra.

Key Points

- **Coverage:** The project will upgrade 2 major district roads and 11 state highways, with a combined length of 450 km.
- **Road safety audit framework:** The project will strengthen road safety measures by developing a **road safety audit framework** that will protect vulnerable groups such as the elderly, women, and children, following the best **international practices**.
- **Update the road maintenance system:** The project will **update the road maintenance system** by encouraging 5-year performance-based maintenance obligations to contractors to sustain asset quality and service levels.
- **Training PWD staff:** The project will focus on training the **Maharashtra Public Works Department** project staff **to build their capacity in climate change adaptation and disaster resilient features in road design, road maintenance planning and road safety**.
- **Improve connectivity:** It will improve connectivity to national highways, interstate roads, seaports, airports, rail hubs, district headquarters, industrial areas, enterprise clusters and agricultural areas.
- **Benefits:**
 - Better connectivity will increase access to markets, employment opportunities and services.
 - Improved mobility will expand development and livelihood opportunities outside of the state's major urban centers to second-tier cities and towns thus reducing income disparities.

Asian Development Bank

- ADB is a **regional development bank** established on **19th December 1966**.
- ADB now has **68 members, 49 from within Asia**.
- **Japan holds the largest proportion** of shares in ADB followed by the USA.
- It aims to promote social and economic development in **Asia and the Pacific**.
- ADB is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty.
- ADB is **headquartered in Manila, Philippines**.

Source: PIB

Banana Covid: A Novel Fungal Strain

Why in News

Recently, a novel fungus strain ***Fusarium wilt TR4*** has started infecting the Banana plantations in India.

It has been described as the equivalent of **Covid-19** in Bananas. Similar to Covid-19, there is no treatment yet for the new fungal disease.

Key Points

- **The Epicentre:**
 - In the midst of the **coronavirus disease outbreak**, *Fusarium wilt TR4*, has devastated plantations across the globe.
 - **Ecuador**, the largest exporter of Banana is currently the epicentre.
 - Banana is the world's most globally exported fruit and the disease is breaching borders through international trade.
 - The spreading disease has impacted the \$26 billion global banana trade.
- **The strain, Tropical Race 4 (TR4):**
 - It was first identified in Taiwan, and has moved from Asia to the Middle East and Africa, reaching as far as Latin America.
 - It cripples plantations by first attacking the leaves, which turn yellow from their trailing edges before wilting away.
 - According to the **Food and Agriculture Organization of the United Nations**, TR4 is one of the **"the most destructive of all plant diseases"**.

- **Impact in India:**
 - The fungal strain is now spreading and threatening output in India, the world's largest producer of bananas.
 - **Katihar and Purnea in Bihar** and **Maharajganj in Uttar Pradesh** are the hotspots in India.
 - TR4 has infected the most commonly sold variety, **Grand Nain (musa acuminata)**.
 - **Grand Nain:** It accounts for 55% of the banana area in the country and accounts for 62% of commerce, including exports.
 - Inability to contain TR4 could impact the farm incomes and push up banana prices.
- **Measures to curb the spread:**
 - **Plant Quarantine:** Scientists recommend biosecurity measures including “plant quarantine” to slow its spread.
 - **Growing Alternative Varieties:** In hotspot Katihar, scientists have set up an experimental farm in which they are growing several cultivars. Cultivars are different varieties of the Banana species and have shown potential resistance to TR4
 - **Biopriming:** The **Indian Council of Agricultural Research** is advocating a set of measures, known as **Biopriming**.
 - It is a treatment of seed with beneficial organisms, as an alternative to treatment with pesticides, prior to sowing.
 - Seed treatment integrates biological (vaccination of seed with beneficial organism to protect seed) and physiological aspects (seed hydration) of disease control.
 - **Chain of Infection:** It suggests farmers to abandon the crops whose plantations have been affected and grow rice for a year or two before returning to banana. It would help in breaking the chain of infection.

Banana

Being a tropical crop banana grows well under the following conditions:

- **Temperature:** 15°C – 35°C
- **Rainfall:** an average rainfall of 650-750 mm
- **Regional variation:** Humid tropics to dry mild subtropics
- **Soil:** Deep, rich loamy soil is most preferred for banana cultivation
- **Nutrients:** It has several nutrients like calories, protein, carbohydrate, potassium and trace quantities of vitamin C and B6.

Fusarium Wilt of Banana

- It is popularly known as **Panama disease**.

- It is a lethal fungal disease caused by the soil-borne fungus ***Fusarium oxysporum***.
- It is the first disease of bananas to have spread globally in the first half of the 20th century.
- *Fusarium* has entirely **wiped out Gros Michel**, the dominant export variety of bananas in the 1950s.
- It was in response to this, a new resistant variety, **Grand Nain**, came up, which has now fallen to TR4 infection.

Way Forward

- There is a need to identify or develop new resistant varieties. A concerted effort is also required from industry, research institutions, government and international organisations to prevent spread of the disease.
- Banana plantation is a potential source for ensuring food security. Hence, it is vital for the countries to collaborate and mitigate solutions to prevent the loss of plantation due to fungal infection.

Source: HT

Fungal Powder to Boost Immunity

Why in News

The **Bodoland University (BU)** of Assam has developed a fungal powder to help people boost their immunity to **Covid-19** disease.

Key Points

- The fungal powder is from a parasitic but rare **“super mushroom”** called ***Cordyceps militaris***.
- The super mushroom was powdered through **lyophilisation** (freeze-drying) at -80°C . The outcome was a potent pinch of *C. militaris*.

Lyophilisation, also known as freeze-drying, is a dehydration method applying low temperatures and reduced ambient pressure.
- ***Cordyceps*** is a genus of parasitic fungi that grows on the larvae of insects. There are more than 400 species of it present. *C. militaris* is one of them.

Often referred to as a super mushroom, it is known for its anti-ageing, anti-viral, energy and immunity-boosting effect.

- Apart from the fungal powder, the team at BU has also developed a membrane mask that costs less than Rs. 4 per unit, herbal and alcohol-based sanitisers, laser and LED-assisted unmanned sanitisation tunnel, a low-cost physical-cum-chemical sanitisation box and a Personal Protective Equipment (PPE) kit with an aquarium aerator.

Source: TH

Central Institute of Petrochemicals Engineering & Technology

Why in News

Recently, the Central Institute of Plastics Engineering & Technology (CIPET) has been **renamed** as the Central Institute of Petrochemicals Engineering & Technology (CIPET).

Key Points

- The changed name has been registered under the **Tamil Nadu Societies Registration Act 1975**.
- CIPET is a premier national institution under the **Ministry of Chemicals and Fertilizers**.
- It was established in 1968 by the Government of India with the assistance of the **United Nations Development Programme (UNDP)** at Chennai.
- The primary objective of CIPET has been **contributing towards the growth of the plastics industry** through a combined program of education and research.
- With the change in name, now CIPET will be in a position to fully devote itself for the **growth of the entire petrochemical sector** with a focus on academics, skilling, technology support and research.

Source: PIB
