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News Analysis (11 Aug, 2020)

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Strong Balance of Payments

Why in News

According to the Ministry of Commerce and Industry, India's **Balance of Payments (BoP)** in 2020-21 is going to be very strong.

Key Points

- **Strong BoP:** The BoP is going to be strong on the back of **significant improvement in exports and a fall in imports.**
 - The exports in July 2020 is at about 91% export level of July 2019 figures.
 - Imports are still at about 70-71% level as of July 2019.
- **Trade Surplus in June 2020:** India's trade has turned surplus for the first time in 18 years as imports dropped by 47.59% in June 2020 as compared to June 2019.
The country posted a trade surplus of USD 0.79 billion in June 2020.
- **Domestic Manufacturing Being Boosted:** The government is taking steps to support and promote domestic manufacturing and industry.
 - It has **increased curbs on imports** of products and parts, especially from China, as part of its '**Atmanirbhar**' Initiative.
 - The government also reviewed all **Free-Trade Agreements (FTA)** done between 2009 and 2011 and found most of them to be **asymmetrical.**
 - FTAs done earlier have permitted foreign goods to come easily into the country. But Indian goods have not been allowed reciprocal entry.
 - E.g. European countries have opposed technical standards imposed by India on import of tyres, even as they have restricted export of tyres from India.
- **Change in Mode of Manufacturing:** The government has also asked firms investing in the country to **stop having an "assembly workshop" approach** that has typically characterised Indian manufacturing.

Balance of Payment

- **Definition:**

- Balance of Payment (BoP) of a country can be defined as a systematic statement of all economic transactions of a country with the rest of the world during a specific period usually one year.
- It indicates whether the country has a **surplus or a deficit on trade**.
When exports exceed imports, there is a **trade surplus** and when imports exceed exports there is a **trade deficit**.

- **Purposes of calculation of BoP:**

- Reveals the **financial and economic status** of a country.
- Can be used as an **indicator** to determine whether the **country's currency value is appreciating or depreciating**.
- Helps the Government to decide on **fiscal and trade policies**.
- Provides important information to analyze and understand the economic dealings of a country with other countries.

- **Components of BoP:**

- For preparing BoP accounts, economic transactions between a country and rest of the world are **grouped under - Current account, Capital account and Errors and Omissions**. It also shows **changes in Foreign Exchange Reserves**.
- **Current Account:** It shows export and import of **visibles (also called merchandise or goods - represent trade balance)** and **invisibles** (also called non-merchandise).
Invisibles include services, transfers and income.
- **Errors and Omissions:** Sometimes the balance of payment does not balance. This imbalance is shown in the BoP as errors and omissions. It reflects the country's inability to record all international transactions accurately.
- **Changes in Foreign Exchange Reserves:** Movements in the reserves comprises changes in the foreign currency assets held by the **Reserve Bank of India (RBI)** and also in **Special Drawing Rights (SDR)** balances.
- Overall the **BoP account can be a surplus or a deficit**. If there is a deficit then it can be bridged by taking money from the **Foreign Exchange (Forex) Account**.
If the reserves in the forex account are falling short then this scenario is referred to as **BoP crisis**.

Source: TH

UGC on University Exams

Why in News

The **University Grants Commission (UGC)** objected to Maharashtra and Delhi governments employing the **Disaster Management Act, 2005** to cancel the examinations of students amid the **Covid-19** pandemic.

Key Points

- **Background:**

- The UGC had directed that final year examinations of Universities must be conducted by September-end in online or offline mode.
 - The UGC **Guidelines on Examinations and Academic Calendar for Universities in view of Covid-19 Pandemic** were recently revised.
 - The new guidelines allow students to opt for **offline or online or the “blended”** manner in which students can alternate between online and physical modes of attending the exams.
- However, many States/UTs like Delhi, Maharashtra and Punjab announced cancellation of these examinations
 - While **Delhi** has cited ‘the reality of digital divide as a reason for scrapping university final year examination’, states like **Maharashtra** have used Disaster Management Act for the same.
- The UGC is calling ‘**cancellation of examination**’ a populist move which may undermine the future of higher education in India.

- **Arguments For Conducting Examination:**
 - The UGC argued that the conduct of examinations was entirely within the domain of the UGC which is a **statutory body**, as per the **UGC Act**.
 - The **University Grants Commission Act, 1956** makes provision for the co-ordination and determination of standards in Universities and for that purpose, provides for establishment of UGC.
 - Under this Act, the **determination and maintenance of standards of teaching, examination and research in Universities** fall under the ambit of power and functions of UGC.
 - Higher education is on the **concurrent list**.
 - The **42nd amendment Act, 1976** shifted Education from State list to Concurrent List, empowering both the central and state government to make rules on Education.
 - Therefore, **UGC and AICTE (All India Council for Technical Education)** directives have to be implemented in this case.
 - AICTE is the statutory body and the national-level council for technical education in the country.
 - As the UGC said, **the courts of law have a limited role** in framing policy on academic issues.
- **Limitations of Conducting Examinations:**
 - As **the teaching-learning process has been hampered** by the Covid-19 pandemic, the basis of assessment of learning by the students has been negated in the first hand.
 - Many universities are not technically prepared for taking examinations in the online mode.
 - The **reliance on written, subjective-type exams** for the evaluation of students is an archaic model of education which has been done away by many prestigious colleges around the globe, like the Oxford, Indian Institute of Technology (IIT) or National Law Universities.
 - At a time when the country is struggling with a global health and economic crisis, the pressure of exams may **negatively impact the physical and mental well-being** of the student.
 - **Inequality of internet access** among the student fraternity, a lack of adequate **online study material**, and grievances of **students with disabilities** are also some of the shortcomings of taking examinations at this juncture.

Way Forward

- The **central and the state governments** should **act in partnership** to devise rules and regulations in order to impart quality education and create human resources with superior mental ability and adaptability.

- The education system must move **beyond numerically-defined academic success** and should take into account development of critical thinking, comparative and analytical modalities of instruction and meaningful, engaging classroom discussion and participation.
- It is clear in the light of this pandemic that **bridging the digital divide** in India is crucial for education to reach the last mile. Campaigns like **Digital India** can go a long way to end this inequality of access to the internet.

Source: TH

Blockchain Technology in Voting

Why in News

Election Commission (EC) officials are exploring the potential of using **blockchain technology** to enable **remote voting**. The aim is to **overcome the geographical hurdles in voting**.

Remote voting may take place in person somewhere other than an assigned polling station or at another time, or votes may be sent by post or cast by an appointed proxy.

There have been **demands** from various political parties that the EC should ensure that **migrant workers** who miss out on voting, as they cannot afford going home during elections to exercise their franchise, should be allowed to vote for their constituency from the city they are working in.

Key Points

- **Blockchain Technology:**
 - Blockchain is a system in which the **database of recordings (a ‘chain’) appears on multiple computers at the same time** even as it is updated with any new digital information (‘a block’).
 - It offers a singular combination of **permanent and tamper-evident record keeping**, real-time transaction transparency and auditability.
 - The initial and primary use of blockchain technology was for monitoring **cryptocurrency** (e.g. bitcoin) transactions. However, other usage and applications have emerged in the last few years.

The government of **Andhra Pradesh** and **Telangana** have put the **land records on the blockchain technology** owing to its easy traceability feature.

- **Blockchain Technology in Voting:**
 - **Growing concern over election security, voter registration integrity, poll accessibility, and voter turnout** has led governments to consider blockchain-based voting platforms as a means to increase faith and participation in essential democratic processes.
 - **Electronic voting** has been used in varying forms since the 1970s with fundamental benefits over paper based systems such as increased efficiency and reduced errors. At present, the feasibility of blockchain is being explored for effective e-voting.
 - Even the EC had used a one-way electronic system for service electors (consisting of personnel belonging to the armed forces, central para military forces and central government officers deployed at Indian missions abroad) i.e. **Electronically Transmitted Postal Ballot System (ETPBS)** in 2019 Lok Sabha Elections.
 - Blockchain's decentralized, transparent, immutable, and encrypted qualities **could potentially help minimize election tampering and maximize poll accessibility.**
 - **Possible Working:**
 - A blockchain remote voting process would involve **voter identification and authorisation** using a multi-layered IT enabled system (with the help of biometrics and web cameras) at the venue.
 - After a voter's identity is established by the system, a blockchain enabled **personalised e-ballot paper (Smart Contract)** will be generated.
 - When the vote is cast (Smart Contract executed), the **ballot would be securely encrypted and a block chain hashtag (#) will be generated.** This hashtag notification would be sent to various stakeholders i.e. the candidates and political parties.
- **Limitations:**
 - Any new technology systems, including those based on blockchain technologies, are **vulnerable to cyber-attacks** and other security vulnerabilities.
 - These could cause **vote manipulation, paper trail erasure, or electoral chaos.**
 - Furthermore, a voter verification system that uses biometric software, such as facial recognition, could lead to **false positives or negatives in voter identification**, thus facilitating fraud or disenfranchising citizens.
 - Blockchain-based voting systems may also entail **privacy risks and concerns.**

Way Forward

- India is primed to lead globally on how it **transitions to next generation** voting systems. However, pilot examples from the 2018 US midterm elections underlines that there needs to be a bridge between security concerns and technological innovation. Thus, such a service should be provided by an extremely vetted technology provider and system.
- EC could try blockchain-based voting first as a mock exercise in some locations on a small scale and keep having stress tests to ensure it is durable. Then it can go onto the next level of having mock elections where people can take part using EVMs for their real vote and a mock vote.

Source: IE

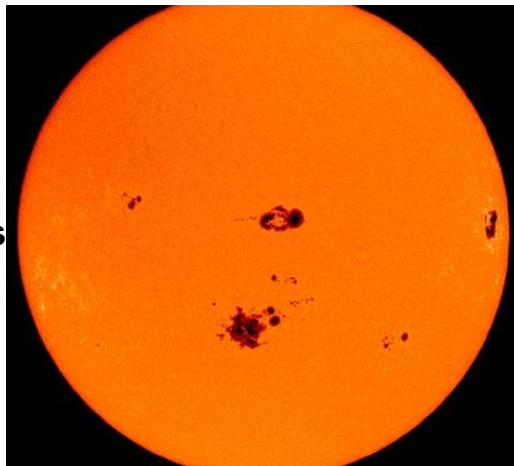
Sunspots

Why in News

A massive **Sunspot group ‘AR2770’**, which was detected recently, has **emitted minor space flares**.

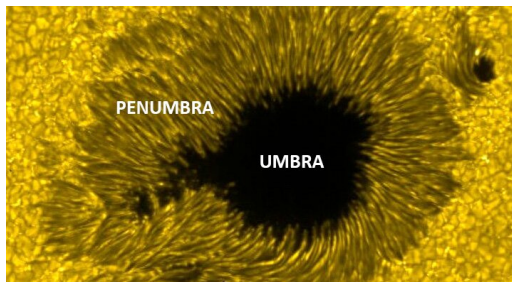
These flares have **not caused any major impact on the Earth**. However, these have **led to minor waves of ionization** to ripple through the **Earth’s upper atmosphere**.

Key Points



- **Sunspots:**

- Sunspots (some as large as 50,000 km in diameter) are areas that **appear dark on the surface of the Sun (photosphere)**. They appear dark because they are **cooler than other parts of the Sun's surface**.
 - However, the temperature of a sunspot is still very hot —around 6,500 degrees Fahrenheit.
 - **Photosphere** is a visible surface of the Sun, from which is emitted most of the Sun's light that reaches Earth directly.
- They are relatively cool because they **form at areas where magnetic fields are particularly strong**. These magnetic fields are so strong that they keep some of the heat within the Sun from reaching the surface.



Magnetic field in such areas is about **2,500 times stronger than Earth's**.

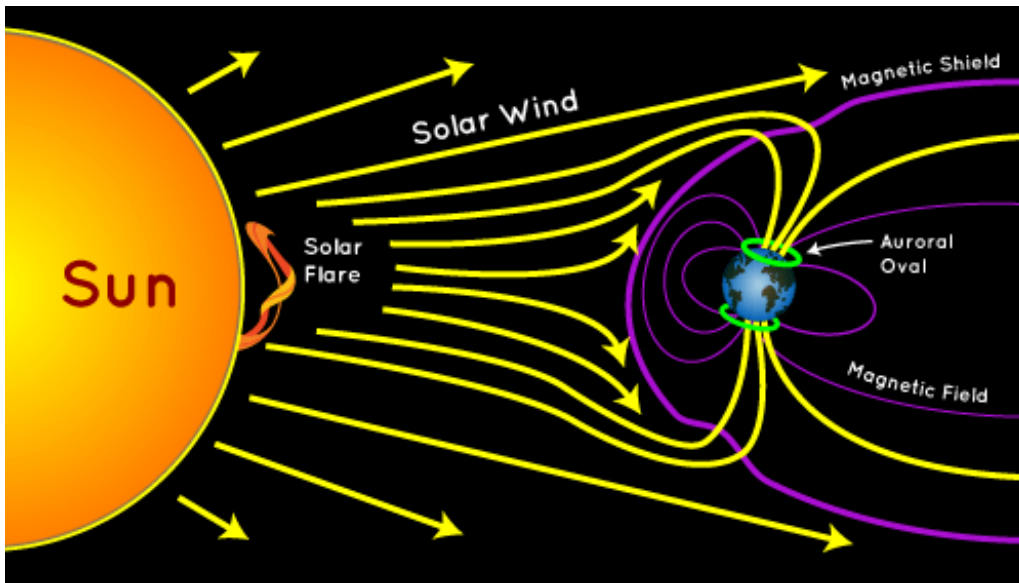
- They typically **consist of a dark region** called the ‘**umbra**’, which is **surrounded by a lighter region** called the ‘**penumbra**’.
- In every **solar cycle**, the **number of Sunspots increases and decreases**. The **current solar cycle**, which **began in 2008**, is in its ‘**solar minimum**’ phase, when the number of Sunspots and solar flares is at a routine low.

- **Solar Flares:**

- The **magnetic field lines near sunspots often tangle, cross, and reorganize**. This can cause a **sudden explosion of energy called a solar flare**.
- The solar flare explosion's energy can be **equivalent** to a trillion **'Little boy' atomic bombs dropped on Hiroshima and Nagasaki in 1945**.
- Solar flares release a lot of radiation into space. Solar flares, when powerful enough, **can disrupt satellite and radio transmission on the Earth**, and more severe ones can cause **'geomagnetic storms'** that can **damage transformers in power grids**.

A geomagnetic storm is a **major disturbance of Earth's magnetosphere** that occurs when there is a very efficient **exchange of energy from the solar wind into the space surrounding Earth**.

- Magnetosphere is a region around the Earth dominated by the Earth's magnetic field.
- It protects the Earth from solar and cosmic radiation as well as erosion of the atmosphere by the solar wind - the constant flow of charged particles streaming off the Sun.
- Solar flares are sometimes accompanied by a **Coronal Mass Ejection (CME)**.
 - CMEs are huge bubbles of radiation and particles from the **Sun's Corona (outermost region of the Sun's atmosphere)**. They explode into space at very high speed when the Sun's magnetic field lines suddenly reorganize.
 - They can trigger intense light in the sky on Earth, called **auroras**.
 - Some of the energy and small particles travel down the magnetic field lines at the north and south poles into Earth's atmosphere.
 - There, the particles **interact with gases in the atmosphere resulting in beautiful displays of light in the sky**. Oxygen gives off green and red light. Nitrogen glows blue and purple.
 - The aurora in Earth's northern atmosphere is called an **aurora borealis or northern lights**. It's southern counterpart is called an **aurora australis or the southern lights**.



Solar Cycle

- The Sun is a huge ball of electrically-charged hot gas. This charged gas moves, generating a powerful magnetic field. The Sun's magnetic field goes through a cycle, called the solar cycle.
- **Every 11 years or so**, the Sun's magnetic field completely flips. This means that the Sun's north and south poles switch places. Then it takes about another 11 years for the Sun's north and south poles to flip back again.
- The **solar cycle affects activity on the surface of the Sun, such as sunspots** which are caused by the Sun's magnetic fields. As the magnetic fields change, so does the amount of activity on the Sun's surface.
- One way to track the solar cycle is by counting the number of sunspots. **The beginning of a solar cycle is a solar minimum, or when the Sun has the least sunspots.** Over time, solar activity—and the number of sunspots—increases.
- The **middle of the solar cycle is the solar maximum**, or when the Sun has the most sunspots. As the cycle ends, it fades back to the solar minimum and then a new cycle begins.

Source: IE

Biofuel Day

Why in News

World Biofuel Day is observed on **10th August every year.**

Key Points

- **Theme for 2020: “Biofuels towards Atmanirbhar Bharat”.**
- **Objective:** To **create awareness** about the importance of non-fossil fuels as an alternative to conventional fossil fuels and to **highlight** the various efforts made by the Government in the **Biofuel** sector.
- **Celebrated by:** Ministry of Petroleum and Natural Gas **since 2015.**
- Biofuels programme is also in synergy with Government of India’s initiative of **Atmanirbhar Bharat.**

Govt Initiatives to Promote Biofuels

- **Biofuel:** Any hydrocarbon fuel that is produced from an organic matter (living or once living material) in a short period of time (days, weeks, or even months) is considered a biofuel.
- **Blending of biofuels: Ethanol Blended Petrol (EBP) programme,** Administrative price mechanism for ethanol, Simplifying the procurement procedures by **Oil Marketing Companies (OMCs)**, amending the provisions of Industries (Development & Regulation) Act, 1951 etc are some of the initiatives taken to **promote blending of biofuels.**
- Researchers at the **International Centre for Genetic Engineering and Biotechnology (ICGEB)** are developing a method to use **cyanobacterium for biofuel production.**
- Recently, the **Central government** has also allowed the **conversion of surplus rice to ethanol.**
- **Initiatives by Department of Biotechnology, Ministry of Science and Technology:**
 - Development of 2G Ethanol and transfer of the technology to **OMCs.**
 - Development of Indigenous Cellulolytic Enzyme for the production of biofuels.
 - Strengthened the international collaboration to accelerate innovation in Sustainable Biofuel through multilateral programs like **Atal Innovation Mission (AIM)** and **Biofuture Platform.**
- **Pradhan Mantri JI-VAN Yojana, 2019:** The objective of the scheme is to create an ecosystem for setting up commercial projects and to boost Research and Development in 2G Ethanol sector
- **GOBAR (Galvanizing Organic Bio-Agro Resources) DHAN scheme, 2018:** It focuses on managing and converting cattle dung and solid waste in farms to useful compost, biogas and bio-CNG, thus keeping villages clean and increasing the income of rural households.
It was launched under Swachh Bharat Mission (Gramin).
- **Repurpose Used Cooking Oil (RUCO):** It was launched by **Food Safety and Standards Authority of India (FSSAI)** aims for an ecosystem that will enable the collection and conversion of used cooking oil to biodiesel.

- **National Policy on Biofuels, 2018:**

- The Policy categorises biofuels as "Basic Biofuels" viz. **First Generation (1G) bioethanol & biodiesel and "Advanced Biofuels"- Second Generation (2G) ethanol, Municipal Solid Waste (MSW)** to drop-in fuels, Third Generation (3G) biofuels, bio-CNG etc. to enable extension of appropriate financial and fiscal incentives under each category.
- It expands the scope of raw material for ethanol production by allowing use of sugarcane juice, sugar containing materials like sugar beet, sweet sorghum, starch containing materials like corn, cassava, damaged food grains like wheat, broken rice, rotten potatoes, unfit for human consumption for ethanol production.
- The Policy allows **use of surplus food grains for production of ethanol** for blending with petrol with the approval of National Biofuel Coordination Committee.
- With a thrust on **Advanced Biofuels**, the Policy indicates a viability gap funding scheme for **2G ethanol Bio refineries** of Rs. 5000 crore in 6 years in addition to additional tax incentives, higher purchase price as compared to 1G biofuels.

National Policy on Biofuels 2018

Salient features



An indicative target of **20%** blending of ethanol in petrol and **5%** blending of biodiesel in diesel is proposed by 2030.



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Categorization of Biofuels into **Basic Biofuels** - First generation(1G) Bioethanol & biodiesel and "**Advanced Biofuels**" - Second Generation(2G) ethanol, drop-in fuels, **algae based** Third Generation(3G) Biofuels.



Increase scope of raw material for ethanol procurement by encouraging Intermediate (**B-Molasses**), Sugarcane Juice, other Sugar containing materials and damaged as well as surplus food grains.



Develop **National Biomass repository** by conducting appraisal of biomass across the Country.



Bio diesel production to be encouraged from non edible oilseeds, **used cooking oil**, short gestation crops and development of supply chain mechanisms.



Thrust on **research, development and demonstration** in the field of **Biofuel feedstock** production, advanced conversion technologies from identified feedstock.



Setting up of **National Biofuel coordination committee (NBCC)** under **Ministry of Petroleum & Natural Gas** and Working Group on Biofuels.



Way Forward

- Promotion of the use of biofuels in transportation in the countries like India will help in **reducing the crude import bill**.
- India being a large agricultural economy, there is a large amount of agricultural residues available, therefore the scope of producing Biofuels is immense in the country. Biofuels can help in rural and agricultural development in the form of new cash crops.
- Efforts for producing sustainable biofuels should be made by ensuring use of wastelands and municipal wastes that get generated in cities. A properly designed and implemented biofuel solution can provide both food and energy.
- A community-based biodiesel distribution programme that benefits local economies, from the farmers growing the feedstock to local businesses producing and distributing the fuel to the end consumer, will be a welcome step.

Source : PIB

Rising Imports from China

Why in News

According to the latest figures from **China's General Administration of Customs (GAC)**, **Indian imports from China**, its largest trading partner in goods, are **on a rise** after the months of June and July.

Key Points

- India's imports from China had **fallen to a record low of USD 3.2 billion** both in the months of **April and May**, coinciding with the **pandemic induced lockdowns**.
- Imports **subsequently rose to USD 4.8 billion in June** and further to **USD 5.6 billion in July**, almost back to the pre-lockdown level of USD 5.8 billion reported in March.
 - It was mainly due to **increased import of Chinese medical supplies**.
 - **Online shoppers in India seem to prefer Chinese mobile phones and electronic gadgets** despite the environment of **anti-China sentiments** in the nation.

As per the Prime Day 2020 sale data of Amazon, an **e-commerce** giant, OnePlus, Oppo, Huawei's Honor and Xiaomi were among the top-selling smartphone brands in India.

- For the seven months of 2020, **India's imports from China have reached USD 32.2 billion**. However, It is **still down by 24.7% year-on-year**, mainly because of the record slump in April and May.
- **Two-way trade between both countries is USD 43.37 billion** and it continues to be **heavily tilted in China's favour**. **Indian exports account for USD 11 billion** and are **up 6.7% year-on-year**.
- China's **exports overall rose 7.2% in July**, beating most estimates, while imports fell 1.4% year-on-year.
- China noticed a **trade surplus of USD 62.33 billion**, surpassing the estimated USD 42 billion.

The major reason behind this was the **increased export of medical supplies and work-from-home equipment**.

Initiatives to Support Local Entrepreneurs

- **Amazon Karigar Store:**
 - In **2019**, on the eve of the **National Handloom Day** (**7th August**), Amazon announced the launch of the Karigar store which showcases over 55,000 products, including more than 270 arts and crafts from 20 states.
 - It will give prominence to India's handicrafts heritage by enabling weavers and artisans to showcase '**Made in India**' products to customers.
- **Saheli Programme:**
 - In November 2017, Amazon launched this programme with the **aim to empower and enable Indian women entrepreneurs to sell their products** across the country.
 - Promotion of entrepreneurship amongst women has become the key motive of the programme.
 - It was rolled out in partnership with **non-government social service entities** like **Self-Employed Women Enterprise (SEWA)** and **Impulse Social Enterprise**.
- **Amazon Launchpad:**
 - It is a **marketplace within a marketplace** as it works on two levels to **create value for both Amazon shoppers and up-and-coming brands**.
 - New companies get the **time and guidance** they need to fine-tune their business and **generate greater visibility** for their products while **shoppers enjoy early access to innovative products** from the latest startups.
 Since startups tend to have limited time and resources, they often need additional support to drive traffic to their products and get their business off the ground.
- **Significance:**
 - In the wake of the **Covid-19 pandemic** and the **growing tensions between India and China**, it is important to boost the local market and make the economy less dependent on imports.
 - By boosting up the local entrepreneurs and talent, their **professions will become more profitable** enabling them to have a better life.
 - The country will also profit from it by the **reduced imports and a strong sustainable domestic market**, strengthening the economy.

Source: TH

PMJAY Affected by Lockdowns

Why in News

According to the "**Pradhan Mantri Jan Arogya Yojana (PMJAY) Policy Brief (8): PMJAY Under Lockdown: Evidence on Utilization Trends**", the **nationwide**

lockdown has had a significant negative impact on inpatient care utilisation under the scheme.

- The analysis covers **22 weeks of data, from 1st January to 2nd June 2020**. The national lockdown started on 25th March and was significantly relaxed as of 1st June.
- The analysis is based on claims **data drawn from the PMJAY Transaction Management System (TMS) and the main indicator of claim volumes (utilization) is **non-rejected pre-authorisation requests**.**

Pradhan Mantri Jan Arogya Yojana

- It offers a sum insured of **Rs. 5 lakh per family for secondary care** (which doesn't involve a super-specialist) as well as **tertiary care** (which involves a super-specialist).
- It is an **entitlement-based scheme** that targets the beneficiaries as identified by the latest **Socio-Economic Caste Census (SECC) data**.
 - Once identified by the database, the beneficiary is considered insured and can walk into any empanelled hospital.
- The insurance cost is **shared by the centre and the state mostly in the ratio of 60:40**.
- **Packaged rates** are the rates which include everything so that each product or service is not charged for separately.
 - These rates also mention the number of average days of hospitalization for a medical procedure and supporting documents that are needed.
 - These are flexible but the hospitals can't charge the beneficiary more once fixed.
- The **National Health Authority (NHA)** has been constituted as an **autonomous entity under the Society Registration Act, 1860** for effective implementation of PMJAY in alliance with state governments.
- The **State Health Agency (SHA)** is the **apex body of the State Government** responsible for the implementation of PMJAY in a State.

Key Points

- **Demographic groups**, women, younger and older populations (under 20 and over 60) **reduced their utilisation** by more than men, young adults or the middle-aged.
- Among **procedures, planned surgeries such as cataract operations and joint replacements suffered a decline** of over 90%, while hemodialysis (also known as dialysis which is a process of purifying the blood) declined by only 20%.
- Overall, **average weekly claim volumes** in 10 weeks of lockdown **were 51% lower** than the weekly average observed during the 12 weeks prior to the lockdown.
 - The **steepest decline** (over 75%) was registered in **Assam**, followed by **Maharashtra and Bihar**, while much **smaller declines** (about 25% or less) were observed in **Uttarakhand, Punjab and Kerala**.

- There was a **small but perceptible shift in PMJAY utilisation from the public to private hospitals.**
- Significant declines were noticed in **admissions for child delivery and oncology** (study and treatment of tumours).
 - The **utilisation of neo-natal packages declined by 24%.**
 - There was a slight **shift from public to private hospitals for neonatal care** and the **largest declines** have been observed in the public sector in **Tamil Nadu and Madhya Pradesh.**
 - The **64% decline in oncology volumes** across India was concentrated in a few States.
 - In the **public sector**, which plays a smaller role in oncology care under PMJAY, there was a **90% decline in claims in Maharashtra** and a **65% decline in Tamil Nadu.**
- While **access to medical facilities was one of the few exceptions** to stay-at-home orders during the lockdown, **care-seeking behaviours and healthcare provision** were nevertheless **significantly affected**, due to the following reasons:
 - **On the Supply Side:**
 - Hospitals may be **preoccupied with Covid-19 preparations or caseloads**, resulting in fewer resources for non-Covid-19 cases.
 - This may be particularly relevant in public hospitals, which have been the primary focus of the policy response and could extend to activities such as submitting pre-authorisation requests or claims documents as required under PMJAY.
 - **Private hospitals may reduce services out of fear** among health workers that they will become infected.
 - **On the Demand Side:**
 - PMJAY beneficiaries might **delay or forego treatment due to fear of infection** at a hospital.
 - They may not be able to reach hospitals due to **public transport shutdowns and mobility constraints.**
 - The **economic crisis** may affect financial considerations related to seeking care.
- Health experts have highlighted that **ensuring the least possible impact on key health programmes** will be an ongoing challenge which needs **continued close monitoring.**

Source: TH

K.V. Kamath Committee on Restructuring of Loans

Why in News

The **Reserve Bank of India (RBI)** has set up a committee headed by **K.V. Kamath on restructuring of loans** impacted by the **Covid-19 pandemic**.

Key Points

- **Objective:** The Committee is tasked to **recommend parameters for one-time restructuring of corporate loans**.

The Committee will formulate sector-specific resolution plans for all accounts with total loan exposure of Rs.1,500 crore and above.

- **Deadline:** It will **submit its recommendations to RBI in 30 days**.
- **Background:** In the recent **Monetary Policy report**, RBI has allowed banks to restructure loans **to reduce the rising stress on incomes and balance sheets** of large corporates, **Micro, Small and Medium Enterprises (MSMEs)** as well as individuals.
- **Reasons:** A large number of firms that otherwise maintain a good track record are facing the challenge as their debt burden is becoming disproportionate, relative to their cash flow generation abilities.

This can potentially impact their long-term viability and pose significant financial stability risks if it becomes widespread. It may also lead to an increase in **Non-Performing Assets**.

- **Eligibility:** **Only those borrowers will be eligible for restructuring whose accounts were classified as standard and not in default for more than 30 days** with any lending institution as on 1st March, 2020.
 - All **other accounts** will be considered for restructuring under the **Prudential Framework** issued by the RBI in 2019, or the relevant instructions as applicable to specific categories of lending institutions where the prudential framework is not applicable.
 - The restructuring efforts **may or may not include a moratorium on instalment repayments**. RBI has left the decision of moratorium on banks, with an eye on averting such loans from slipping into non-performing assets.

Source: TH
