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## News Analysis (20 Nov, 2020)

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### India-Luxembourg Virtual Summit

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#### Why in News

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Recently, the **Prime Ministers of India** and the **Grand Duchy of Luxembourg** have held the **first-ever India-Luxembourg Virtual Summit**.

Both countries have cordial and friendly relations for over more than seven decades since the **establishment of diplomatic relations in 1948**.



#### Key Points

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- **Focus Areas:**

Strengthening **India-Luxembourg relationship in the post-Covid-19 world**, especially in the areas of financial technology, green financing, space applications, digital innovations and start-ups.

- **Promote Multilateralism:**  
Strengthen cooperation on realising **effective multilateralism and combating global challenges** like the Covid-19 **pandemic**, terrorism and climate change.
- **New Initiatives:**  
India welcomed **Luxembourg's announcement to join the International Solar Alliance** (ISA), and also invited it to join the **Coalition for Disaster Resilient Infrastructure** (CDRI).
- **Agreements Signed at the Summit:**
  - Memorandum of Understanding (MoU) between **India International Exchange (India INX)** and **Luxembourg Stock Exchange**.
  - MoU between State Bank of India (SBI) and Luxembourg Stock Exchange.  
Both these provide for cooperation in financial services, industry maintenance of orderly markets in securities, ESG (environmental, social and governance) and green finance in the local market.
  - MoU between **Invest India** and **Luxinnovation**.  
It provides for support and development of mutual business cooperation, including promotion and facilitation of inbound FDI, coming from or proposed by Indian and Luxembourgish investors.

## India-Luxembourg Relations

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- **Economic Relationship:**
  - Both countries have a **long-standing cooperation in the steel** sector and the leaders called upon businesses, including SMEs and startups, to **explore further opportunities** for expanding the economic relationship.
  - Both nations look forward to the **17<sup>th</sup> Joint Economic Commission** (JEC) between **India and the Belgium-Luxembourg Economic Union** to review the economic and trade relations.
- **Finance:**
  - The **proposed agreement** between the regulatory authorities **Commission de Surveillance du Secteur Financier** (CSSF) and the **Securities and Exchange Board of India** (SEBI) would deepen bilateral cooperation in the financial sector.
  - Luxembourg, as a **leading international financial centre in Europe**, can **act as an important bridge** to help connect India's financial services industry with international markets and reach European and global investors.

- **Space and Digital Cooperation:**

- Both countries have an **ongoing space cooperation**, including in the domain of **satellite broadcasting and communications**.

- **Luxembourg based space companies** have **started utilising the services of India** for launching their satellites into space.

- In November 2020, **Indian Space Research Organisation** (ISRO) **launched the PSLV-C49 mission**, which included 4 satellites from Luxembourg.

- A **cooperation instrument in the area of exploration and use of outer space for peaceful purposes** is currently under discussion between the two Governments.

- In the wake of the **pandemic**, both India and Luxembourg are **promoting digitalisation** through the "**Digital India**" programme and the "**Digital Luxembourg**" initiative respectively and agree to explore convergences between the two initiatives.

- **Higher Education and Research:**

- **Indian National Brain Research Centre** and the **Luxembourg Institute of Health** and the **Luxembourg Centre for Systems Biomedicine** have an ongoing collaboration in the field of **neurodegenerative diseases**.

- Neurodegenerative diseases are a heterogeneous group of **disorders that are characterised by the progressive degeneration of the structure and function of the central nervous system or peripheral nervous system**.

- Examples: **Alzheimer's disease** and **Parkinson's disease**.

- **IITs** in Bombay, Kanpur and Madras and the **National Law School of India** have **links** with the **University of Luxembourg** which will be **further expanded** for higher education and research in both countries.

- **Culture and People-to-people Ties:**

- In 2019, **Luxembourg** issued a **commemorative stamp** to mark the **150<sup>th</sup> Birth Anniversary of Mahatma Gandhi**.

- Both countries intend to **conclude a Migration and Mobility agreement** to further strengthen mobility as well as an **agreement on an exemption of visas** for holders of diplomatic and official/service passports.

- **EU-India Relations:**
  - In **July 2020**, a **virtual summit between India and the European Union** (EU) was held, where India expressed support for further intensification of the India-EU relationship, through strengthening cooperation in areas of common interest in the **Indo-Pacific region**, and through comprehensive, sustainable and rules-based connectivity.
  - **Luxembourg**, as **one of the founding members of the EU**, has **played a constructive role** in supporting stronger India-EU ties, which becomes even more important for the **post-Covid-19 economic recovery**.
- **Multilateral Cooperation:**
  - Luxembourg **welcomed India's election to a non-permanent seat** in the **UN Security Council** for the term 2021-2022 and reiterated its **support for the reforms in the UN Security Council**, including its expansion in both categories of permanent and non-permanent membership. It **supports India's candidature for the permanent membership** of the UN Security Council.
  - Luxembourg supported India's entry into the **Missile Technology Control Regime** (MTCR) and India's participation in the **Nuclear Suppliers Group** (NSG).
  - India supports **Luxembourg's candidatures to the UN Human Rights Council** for the term 2022-2024.
  - Both **condemn terrorism in all its forms and manifestations** and agree on the need for continued cooperation to support international efforts at the UN and at forums like the **Financial Action Task Force** (FATF) to prevent and combat terrorism.

## Way Forward

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The **first stand-alone Summit between India and Luxembourg** in the past two decades marks a new phase in the bilateral relations where both countries reaffirmed their commitment towards widening and deepening the spectrum of the bilateral relations and enhancing consultation and coordination in regional and multilateral fora on matters of mutual and global interest.

**Source: PIB**

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## Lakshmi Vilas Bank Crisis

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### Why in News

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Recently, the **Reserve Bank of India** (RBI) has decided to impose a **30-day moratorium** on Chennai-based **Lakshmi Vilas Bank Ltd** (LVB).

## Key Points

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- **Background:**

- LVB was placed under the **prompt corrective action (PCA) framework** in September 2019 considering the breach of PCA thresholds as on 31st March, 2019.

The RBI has specified certain regulatory trigger points, as a part of prompt corrective action (PCA) Framework, in terms of **three parameters**, i.e. **capital to risk weighted assets ratio (CRAR)**, **net non-performing assets (NPA)** and **Return on Assets (RoA)**, for initiation of certain structured and discretionary actions in respect of banks hitting such trigger points.

- After taking into consideration various developments, the RBI had come to the conclusion that in the absence of a credible revival plan, with a view to protect depositors' interest and in the interest of financial and banking stability, there is no alternative but to apply to the Central Government for imposing a moratorium under **section 45 of the Banking Regulation Act, 1949**.

- **Challenges Faced by LVB:**

- **Domino Effect of Yes Bank Crisis:** The LVB episode started unfolding after the RBI and banks led by State Bank of India bailed out fraud-hit **Yes Bank** in **March 2020**.
  - Yes Bank illustrated the widening damage from India's **shadow banking crisis**, highlighted by the **collapse of IL&FS in 2018**.
  - On the same lines, **Punjab and Maharashtra Cooperative Bank** was hit by a loan scam highlighting the riskiness of banks, especially **cooperative banks**.
- **Declining Net Worth:** The financial position of the LVB has undergone a **steady decline, with continuous losses over the last three years** eroding the bank's net worth.

Almost one-fourth of the bank's advances have turned bad assets.
- **Inadequacy to Raise Capital:** LVB has **not been able to raise adequate capital** to address the issues and was also **experiencing the continuous withdrawal of deposits and low levels of liquidity**.
- **Governance Issues:** Serious **governance issues** in recent years have led to a deterioration in the performance of the bank.
- **Lack of Promoters:** The functioning of LVB, along many such banks, has been under scrutiny as most of them **do not have strong promoters**, making them targets for mergers.
- **Rising NPAs:** Its gross **non-performing assets** (NPAs) stood 25.4% of its advances as of June 2020, as against 17.3% in 2019. Due to which, it was unable to raise capital to shore up its balance sheet.

**NPAs in the banking sector are expected to increase** as the **pandemic affects cash flows** of people and companies.

- **Impact on Investors:**

- **Equity capital will be fully written off**, which means existing shareholders face a **total loss on their investments** unless there are buyers in the secondary market who may ascribe some value to these.
- Individual investors will face a loss on their investments in **AT-1 bonds**.

As per RBI rules based on the **Basel-III framework**, AT-1 bonds have **principal loss absorption features**, which can cause a full write-down or conversion to equity.
- **Shares of LVB closed at 20% lower circuit** which means that there will be **only sellers and no buyers**.
  - The lower circuit is the limit below which a stock price cannot trade on a particular trading day.
  - These regulatory mechanisms put in place to temporarily halt trading on an exchange to curb panic-selling.

- **Measures Taken by RBI:**
  - The RBI monitors the performance of private banks and large **Non-Banking Financial Companies** (NBFCs).
  - On LVB, it has **imposed a moratorium whose cash withdrawal limit** has been capped at **Rs. 25,000**.
  - It has also put in place a **draft scheme for its amalgamation with DBS Bank India**.
    - The combined balance sheet of DBS India and LVB would remain healthy after the proposed amalgamation, with **Capital to Risk Weighted Assets Ratio** (CRAR) at 12.51% and **Common Equity Tier-1 (CET-1)** capital at 9.61%, without taking into account the infusion of additional capital.

**CET-1 capital** includes equity instruments where returns are linked to the banks' performance and therefore the performance of the share price. They have no maturity.
    - In September 2019, merger of banks, **consolidation of 10 public sector banks into four mega state-owned ones**, was announced ostensibly to help in better management of capital.
  - One **safety net for small depositors** is the **Deposit Insurance and Credit Guarantee Corporation** (DICGC), an RBI subsidiary, which gives **insurance cover on up to Rs. 5 lakh deposits** in banks.
  - RBI may ask for **capital infusion by other banks and financial institutions, putting in equity capital** in the reconstructed entity.

Budget 2019 had announced a **Rs. 70,000 crore bank recapitalisation** programme to help Public Sector Banks shore up their capital reserves and enhance credit flow into the economy.

## Way Forward

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- These bank crises are not exactly new or unique and their problems with mounting bad loans reflect the underlying woes in the financial sector ranging from real estate to power and non-banking financial companies.
- In September 2020, an **expert committee headed by K V Kamath** came out with **recommendations on the financial parameters** required for a one-time loan restructuring window for corporate borrowers under stress due to the pandemic which would help to deal with the time-specific concerns.
- The crisis provides an opportunity for the various stakeholders to review their existing frameworks and revise them accordingly suiting to timely needs.

**Source: IE**

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## Why in News

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India's **Artificial Intelligence** (AI) supercomputer **Param Siddhi** ranked **63<sup>rd</sup> among top 500** most powerful **non-distributed computer systems** in the world.

- **Distributed computing** is a field of computer science that studies distributed systems. A distributed system is a system whose **components are located on different networked computers**, which **communicate and coordinate** their actions by passing messages to one another. The components interact with one another in order to achieve a common goal.
- In a **non-distributed** (or co-located) system, **all the parts of the system** are in the **same physical location**. In a distributed system, parts of the system exist in separate locations.

## Key Points

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- **Param Siddhi** is a High Performance Computing-Artificial Intelligence (HPC-AI) supercomputer developed by **Department of Science and Technology (DST), Ministry of Electronics and Information Technology (MeitY)** under **National Supercomputing Mission (NSM)** at **Centre for Development of Advanced Computing**.
- The supercomputer has **Rpeak of 5.267 Petaflops and 4.6 Petaflops Rmax**.
  - In high-performance computing, **Rmax and Rpeak** are scores used to rank supercomputers based on their performance using the **LINPACK Benchmark**.

The **LINPACK Benchmarks** are a measure of a system's floating point computing power.
  - A system's Rmax score describes its **maximal achieved performance**, the Rpeak score describes its **theoretical peak performance**. Values for both scores are usually represented in teraFLOPS or petaFLOPS.
  - A **petaflop** is the ability of a computer to do **one quadrillion floating point operations per second (FLOPS)**. Additionally, a petaflop can be measured as one thousand teraflops.

## National Supercomputing Mission

- The Mission envisages empowering our national academic and Research and Development (R&D) institutions spread over the country by installing a **vast supercomputing grid** comprising more than **70 high-performance computing facilities**.
- Launched in 2015, this seven-year mission was allocated Rs 4,500-crore.



- These supercomputers will also be networked on the National Supercomputing grid over the **National Knowledge Network (NKN)**.
  - The NKN is another programme of the government which connects academic institutions and R&D labs over a **high speed network**.
  - Academic and R&D institutions as well as key user departments/ministries would participate by using these facilities and develop applications of national relevance.
  - The Mission also includes development of highly professional **High Performance Computing (HPC)** aware human resource for meeting challenges of development of these applications.
- The Mission is implemented and steered jointly by the **Department of Science and Technology (DST)** and **Department of Electronics and Information Technology (DeitY)**.
- The (C-DAC) has recently launched the **second phase** of this project wherein more institutions will be supported by supercomputing facilities.
- **Objective of NSM**
  - To make India one of the world leaders in Supercomputing and to enhance India's capability in solving grand challenge problems of national and global relevance
  - To empower our scientists and researchers with state-of-the-art supercomputing facilities and enable them to carry out cutting-edge research in their respective domains

**Source:PIB**

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## **Bengaluru Tech Summit**

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### **Why in News**

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Recently, the Prime Minister has inaugurated the **Bengaluru Tech Summit** via video conference which was also **attended by the Prime Minister of Australia**.

### **Key Points**

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- It is India's flagship event which will deliberate on the key challenges emerging in the **post-pandemic world** with focus on the **impact of prominent technologies**.  
It will also provide a platform for discussion to encourage disruptive technologies.
  - **Disruptive technology** is an innovation that **significantly alters the way that consumers, industries, or businesses operate**. It sweeps away the systems or habits it replaces because it has **attributes that are recognizably superior**.
  - **Examples: e-commerce**, online news sites, ride-sharing apps, and **Global Positioning System** (GPS).
- **Theme for 2020:** Next is Now.
- **Focus:** Innovations in the domains of **Information Technology and Electronics and Biotechnology**.
- **Organisers:**
  - The Government of Karnataka along with Karnataka Innovation and Technology Society (KITS).
  - Karnataka government's Vision Group on Information Technology Software.
  - **Software Technology Parks of India** (STPI).
  - MM Activ Sci-Tech Communications.
- **Concerns Highlighted:**
  - With the increasing use of technology in governance and other areas, **data protection and cybersecurity** become significant.
  - There is a **need to devise robust cybersecurity solutions** which can **protect digital products against cyber attacks and viruses**.

- **Role of Technology:**

- It was highlighted that **India's governance model** is based on '**technology first**'.
- **PM-KISAN Mobile App:**
  - It **enables direct transfers to farmers** and also **digitises the complete database** of farmers.
  - The farmers can view the status of their application, update or carry out corrections of their Aadhaar cards and also check the history of credits to their bank accounts.
- **Pradhan Mantri Garib Kalyan Yojana:**
  - Under it, the government **deployed fintech and digital technology to monitor** swift and efficient transfer to the beneficiary through **Direct benefit transfer**.
  - It also **ensured credit to the beneficiary's account without the need for the beneficiary to physically go to the branch** which helped people a lot during **lockdowns**.
- **Ayushman Bharat:**

Making good use of technology and innovation can further reduce the overall cost of healthcare. AI-powered mobile applications can provide high-quality, low-cost, patient-centric, smart wellness solutions.
- **Aarogya Setu App:**
  - India's first contact tracing app, Aarogya Setu app is based on the idea of '**technological solutionism**' (technology providing an impartial solution to complex social problems).
  - It enables bluetooth based contact tracing and maps likely hotspots of Covid-19 and disseminates the relevant information.
- Apart from all these, **technology plays an important role in governance** as well.

- **India and Australia on Technological Development:**
  - Both countries highlighted the **unlimited possibilities of working together** in space research, critical minerals, **5G, Artificial Intelligence, quantum computing**, etc.
  - In **June 2020**, the **India-Australia Virtual Summit** was held where both countries signed the landmark **Australia-India Technology Framework on cyber and cyber-enabled technology**.
  - In **December 2020**, **India-Australia Circular Economy Hackathon (I-ACE)** will be organised which will focus on identification and development of innovative technology solutions by students, startups and MSMEs of both nations.
  - They are also **planning to launch Australia-India cyber and critical technologies partnership grant programme** and are also working together for an **open, free, safe and secure Internet**.

## Government Initiatives to Promote Technology

- **Digital India Mission:** Launched in **2015**, it aimed to **prepare India for a knowledge future for being transformative** that is to realise IT (Indian Talent) + IT (Information Technology) = IT (India Tomorrow) and for making technology central to enabling change.
- **Unified Payments Interface (UPI):** It is a payment system that allows money transfer between any two bank accounts by using a smartphone.
- **National Digital Health Mission:** It is a complete **digital health ecosystem**. It is a platform launched with four key features viz. **health ID, personal health records, Digi Doctor and health facility registry**.
- **Swamitva Scheme: Survey of Villages and Mapping with Improved Technology in Village Areas (Swamitva)** was launched to provide an **integrated property validation solution for rural India**.

**Source:PIB**

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## Lilavati Award-2020

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### Why in News

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Recently, the Union Minister of Education virtually launched the **Lilavati Award-2020**.

### Key Points

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- **About:**
  - The award has been named after the **12<sup>th</sup> century book called “Lilavati”**. The book was written by the **mathematician Bhaskara II**.  
Lilavati was the **daughter** of Indian Mathematician Bhaskara II.
  - It is **AICTE's (All India Council for Technical Education)** Innovative education program to empower women.
  - All the stakeholders (**especially the girl students**) in AICTE approved institutions would get an opportunity to present a **solution** to the prevalent **issues of gender discrimination, such as illiteracy, unemployment, economic and nutritional disparities, maternal mortality, human rights, etc.**
- **Theme:** Women Empowerment
- **Objective:** To create awareness about issues like **sanitation, hygiene, health, nutrition, literacy, employment, technology, credit, marketing, innovation, skill development, natural resources and rights** among women.
- **Areas Covered:** Women's health, self defense, sanitation, literacy, entrepreneurship and legal awareness.
- **Benefit:** Ensures the **participation of women** and **enables** them to hold **higher positions in educational institutions**.
- **Prize:** In each sub-category, the top three winners will be awarded with **certificates as well as prize money**. The first prize winner will get **Rs 1 lakh**, the second winner will get **Rs 75,000** and the third winner will get **Rs 50,000**.
- Other **government initiatives for the welfare** of girl child and women:
  - **Sukanya Samriddhi Yojana:** It is a small saving scheme under the Government of India which focuses on **encouraging the parents of the female child** for building a fund for their future education and marriage expenses.
  - **Beti Bachao Beti Padhao:** The scheme is aimed at promoting **gender equality** and the significance of educating girls.
  - **CBSE Udaan:** It is aimed at **promoting girl education** and addressing the issue of lowering of girl enrollment rates in engineering colleges in the nation. It is going to provide a platform for empowerment of girl students and will provide better learning opportunities for them.
  - **Smart India Hackathon:** It is a nationwide initiative to provide students (with a minimum **one woman** in the team of six) a platform to solve some of the pressing problems of daily lives, and thus inculcate a culture of product innovation and a mindset of problem solving.

**Source:PIB**

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## Why in News

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Recently, a **500-million dollar** loan agreement was signed between the **Union government, the Ministry of Housing and Urban Affairs, National Capital Region (NCR) Transport Corporation Limited** and the **New Development Bank (NDB)** for the **Delhi-Ghaziabad-Meerut Regional Rapid Transit System (RRTS)**.

## Key Points

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- **Delhi-Ghaziabad-Meerut Regional Rapid Transit System.**
  - It is an **82.15 km long**, under-construction, semi-high speed rail corridor connecting **Delhi-Ghaziabad-Meerut**.
  - It is one of the three rapid-rail corridors planned under Phase-I of Regional Rapid Transport System (RRTS) project of **National Capital Region Transport Corporation (NCRTC)**.
  - **Benefits:**
    - The Project will provide a **fast, reliable, safe and comfortable** public transport system in the NCR.
    - The project will serve as a **demonstration** for developing high-capacity rapid urban transit corridors in other urban areas of India.
    - High-speed connectivity will result in **balanced economic development** across the region, leading to economic benefits to all strata of society and many nodes of development rather than all economic activity happening at one place.
    - It will help in reducing **traffic congestion and total emissions** from the transport sector in NCR.
- **Other Contributors:** The total project cost is estimated at **3,749 million dollars**, which will be financed by the **NDB, Asian Infrastructure Investment Bank (AIIB), Asian Development Bank (ADB), Japan Fund for Poverty Reduction**, government and other sources.

## New Development Bank

- It is a **multilateral development bank** jointly founded by the **BRICS** countries (Brazil, Russia, India, China and South Africa) at the 6<sup>th</sup> BRICS Summit in Fortaleza, Brazil in 2014.
- It was formed to **support infrastructure and sustainable development** efforts in BRICS and other underserved, emerging economies for faster development through innovation and cutting-edge technology.
- It is headquartered at **Shanghai, China**.

- In 2018, the NDB received observer status in the **United Nations** General Assembly, establishing a firm basis for active and fruitful cooperation with the United Nations.

**Source:TH**

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## **Willow Warbler**

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### **Why in News**

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Recently, **Willow Warbler** has been **sighted for the first time in India** at **Vellayani-Punchakkari paddy fields**, Kerala.

These paddy fields are a **birding hotspot on the outskirts of Thiruvananthapuram** and are known to **harbour more than 213 species of birds** that include both resident and migratory ones.



### **Key Points**

- **Scientific Name:** *Phylloscopus trochilus*.
- **Habitat:** They breeds throughout **northern and temperate Europe and the Palearctic**.  
Palearctic ecozone is one the Earth's 8 ecozones and covers Asia north of the Himalayas, with parts of western Asia and most of East Asia and Africa north of the Sahara.
- **Migration:** They **migrate to sub-Saharan Africa during early winter**.

- **Features:**
  - It is **one of the longest migrating small birds**.
  - The bird weighs around 10 grams and its **long wing feathers** help it fly long distances.
  - Warblers are generally **difficult to identify owing to the small size and change in plumage twice a year**. They are also the **most difficult groups of birds to identify** in the field for their **striking resemblance to each other**.
- **Threats:** The species is affected by **drought conditions in its wintering quarters** and **habitat alterations** due to human population expansion.
- **IUCN Red List:** Least Concern.

**Source: TH**

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