

# NEWS TODAY

## RBI ANNOUNCED SEVERAL MEASURES IN MONETARY POLICY COMMITTEE MEETING

• Measures are aimed to **improve liquidity for micro enterprises** and alleviating the stress on the balance sheet of companies due to the pandemic.

### Key decisions

<p><b>One-time restructuring of loans without classifying them as NPA</b></p>	<ul style="list-style-type: none"> <li>○ Restructuring is a practice that <b>allows banks to modify the terms of the loan</b> when the borrower is facing financial stress.</li> <li>○ <b>Banks do that to avoid the borrower being declared a defaulter</b> and the loan having to be classified as a non-performing asset.</li> <li>○ <b>Eligibility:</b> only those borrowers that were classified as 'standard', and not in default for more than 30 days with any bank as on March 1, 2020.</li> <li>○ It includes Personal loans (auto, credit card, housing, personal loans, education etc) and corporate borrowers.</li> <li>○ <b>Details of the scheme will be worked out</b> by a committee headed by KV Kamath.</li> <li>○ In the past RBI has utilised <b>several debt restructuring schemes</b> to tackle the stressed assets.             <ul style="list-style-type: none"> <li>▶ This include the 2008-09 restructuring window, Corporate Debt Restructuring Scheme (CDR), Flexible Structuring under 5:25 scheme, Strategic Debt Restructuring Scheme (SDR), and Scheme for Sustainable Structuring of Stressed Assets (S4A).</li> </ul> </li> </ul>
<p><b>Review of Priority Sector Lending (PSL) Guidelines</b></p>	<ul style="list-style-type: none"> <li>○ <b>Changes include</b> <ul style="list-style-type: none"> <li>▶ broadening the scope of <b>PSL to include start-ups;</b></li> <li>▶ <b>increasing the borrowing limits for renewable energy</b>, including solar power and compressed bio gas plants;</li> <li>▶ increasing the targets for lending to 'Small and Marginal Farmers' and 'Weaker Sections'.</li> </ul> </li> <li>○ <b>Revision is being done to</b> <ul style="list-style-type: none"> <li>▶ align the guidelines with emerging national priorities and bring sharper focus on inclusive development.</li> <li>▶ encourage and support environment friendly lending policies</li> </ul> </li> <li>○ <b>Priority sector lending norms:</b> <ul style="list-style-type: none"> <li>▶ RBI mandates banks to lend a certain portion of their funds to specified sectors-- agriculture, MSMEs, export credit, social infrastructure etc.</li> <li>▶ It aims to ensure that <b>adequate institutional credit reaches some of the rather vulnerable sectors</b> of the economy, which otherwise may not be attractive for banks from the profitability point of view.</li> </ul> </li> </ul>
<p><b>To boost digital payments</b></p>	<ul style="list-style-type: none"> <li>○ <b>Scheme of Offline Retail Payments Using Cards and Mobile Devices</b> <ul style="list-style-type: none"> <li>▶ RBI proposed a pilot scheme for offline payments using mobile devices and cards to address challenge of internet connectivity and low speed of internet.</li> </ul> </li> <li>○ <b>Positive Pay mechanism</b> to prevent frauds with high value cheques. The mechanism will be for all cheques of values of ₹50,000 and above.</li> </ul>
<p><b>Other Measures</b></p>	<ul style="list-style-type: none"> <li>○ Loan to value ratio <b>for loans against pledge of gold ornaments increased</b> to 90%, from 75%.</li> <li>○ System of <b>on online dispute resolution (ODR)</b> mechanism for digital payments will be introduced.</li> <li>○ Creation of <b>Reserve Bank Innovation Hub</b> which will act as a centre for ideation and incubation of new capabilities to help achieve the wider objectives of deepening financial inclusion, efficient banking services, business continuity in times of emergency, strengthening consumer protection,</li> </ul>

## SEVERAL STATES TO QUIT PRADHAN MANTRI FASAL BIMA YOJANA (PMFBY)

### Reasons

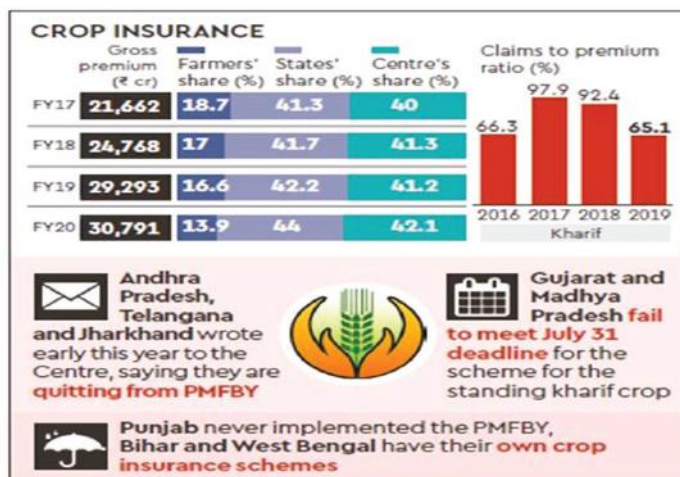
• Several states have felt that **claims paid out by insurance companies are much lesser than the gross premium (GP) collected by them.** E.g., in Andhra Pradesh, Under PMFBY, in 2017-18, GP was Rs 1301.1 crore while claims of Rs 730.7 crore were paid.

➤ This has implications for government finances because the farmers' contribution to GP is very small (2% for all Kharif crops, 1.5% for all Rabi crops and 5% for annual commercial and horticultural crops)– it is the states and the Centre that spend substantial sums on premium subsidies.

• Due to high actuarial rates in several clusters, the states found that a **substantial part of their agriculture budget was going towards paying premium subsidies.**

• Enrolment **under PMFBY was made voluntary for all farmers**, which was mandatory earlier. As number of farmers may go down, premium rates will increase, and governments will have to fill the gap.

• PMFBY is a **centrally sponsored scheme** which provides comprehensive crop insurance from pre-sowing to post-harvest period against non-preventable natural risks.



## DELAYED TABLING OF CAG REPORTS BY GOVERNMENT IN PARLIAMENT RAISES CONCERNS

- Between 2014 and 2019, a delay of more than 90 days from date of signing and tabling was experienced for 42 audit reports. For several reports there was a delay of more than 180 days.
  - > Nearly **half of these audit reports were performance audits** of various government programmes and activities
- **Importance of timely CAG reports**
  - > Helps in **parliamentary and legislative scrutiny**
  - > It is important for various committees such as Public Accounts Committees and Committees on Public Undertakings as their meetings can take place only after a specific audit report is presented.
  - > Performance audit of a government scheme **helps in public debate about those programmes.**
- To address this issue, many experts believe that CAG (Duties, Powers and Conditions of Services) Act, 1971, which lays out framework for how the CAG operates, needs to be amended to prescribe a time limit for tabling of audit reports after report is received.
- **Article 148 provides for CAG** of India. Prime responsibility is to **audit the receipts and expenditures** of state and Union government including those entities and corporations financed by government.

## AADHAAR AUTHENTICATION FOR GOOD GOVERNANCE (SOCIAL WELFARE, INNOVATION, KNOWLEDGE) RULES, 2020, NOTIFIED

- As per Rules, Central government may allow Aadhaar authentication by requesting entities for the following purposes-
  - > usage of digital platforms **to ensure good governance,**
  - > prevention of dissipation of **social welfare benefits**
  - > enablement **of innovation and spread of knowledge**
- Till now, the government has allowed seeding of Aadhaar number for delivery of social welfare benefits under some programmes such as Public Distribution System. However, new rules would **expand the scope of Aadhaar** for agriculture, education and health schemes etc.
- For availing authentication services, individual government departments will have to **seek approval of Unique Identification Authority of India (UIDAI),**
  - > UIDAI is statutory body to manage Aadhaar and runs Aadhaar-based services.
- Also, **only the government agencies would be allowed to use Aadhaar authentication** services, not any private entity.
  - > This is in line with the 2018 Supreme Court judgment that Aadhaar could only be used to authenticate beneficiaries of government subsidy schemes.
  - > There are arguments that Aadhaar and Other Laws (Amendment) Act, 2019 **seeks to effectively allow private entities access** to Aadhaar-based authentication. That, however, is under constitutional challenge in the Supreme Court.

## ALSO IN NEWS

<p><b>Central Plantation Crops Research Institute (CPCRI)</b></p>	<ul style="list-style-type: none"> <li>• CPCRI has transferred its technologies to more than 200 firms in the country till now.</li> <li>• CPCRI was <b>established in 1970</b> as <b>one of the agricultural research institutes in the National Agricultural Research System (NARS)</b> under the Indian Council of Agricultural Research (ICAR).</li> <li>• The present mandate of the institute is to conduct research on coconut, arecanut and cocoa.</li> <li>• CPCRI Headquarter is located at Kasaragod district of Kerala.</li> </ul>
<p><b>First anniversary of the abrogation of the special status of Jammu and Kashmir</b></p>	<ul style="list-style-type: none"> <li>• August 5 marked the <b>first anniversary of the abrogation</b> of the special status of Jammu and Kashmir under Article 370 and conversion of the erstwhile state into two Union Territories — Jammu and Kashmir and Ladakh.</li> <li>• <b>Article 370 allowed the state a certain amount of autonomy</b> - its own constitution, a separate flag and freedom to make laws. Jammu and Kashmir could make its own rules relating to permanent residency, ownership of property and fundamental rights.</li> </ul>
<p><b>India Water Resources Information System</b></p>	<ul style="list-style-type: none"> <li>• Ministry of Jal Shakti has launched a new version of India-WRIS.</li> <li>• This is a <b>web portal containing information related to Water Resources</b> through dashboards for rainfall, water levels &amp; discharge of rivers, water bodies, ground water levels, reservoir storages, evapotranspiration and soil moisture, as well as modules on water resources projects, water bodies, hydro-met data availability and tools for GIS layer editing.</li> <li>• India-WRIS was <b>launched in 2019 under National Hydrology Project.</b> National Water Informatics Centre maintains and updates India WRIS.</li> </ul>
<p><b>Kisan Rail</b></p>	<ul style="list-style-type: none"> <li>• As announced in current year's Union Budget, Indian Railways is introducing first "Kisan Rail" from Devlali (Maharashtra) to Danapur (Bihar).</li> <li>• This train with frozen containers will <b>help in bringing perishable agricultural products</b> like vegetables, fruits to market in a short time period.</li> <li>• It aims to <b>help double farmers' income.</b></li> </ul>
<p><b>150th Birth Anniversary of Abanindranath Tagore (7th August 2020)</b></p>	<ul style="list-style-type: none"> <li>• Abanindranath Tagore, the <b>nephew of Rabindranath Tagore</b>, was one of the most <b>prominent artists of India.</b></li> <li>• He was the first major <b>supporter of swadeshi values in Indian art.</b></li> <li>• He first created the 'Indian Society of Oriental Art' and later went on to establish Bengal school of art.</li> </ul>
<p><b>Korvai weaving</b></p>	<ul style="list-style-type: none"> <li>• Korvai is an ancient and <b>complex technique of weaving</b>, practiced in Kanchipuram, Tamil Nadu.</li> <li>• In this technique the body of the sari is woven separately and the border separately on the same loom and the two interlocked by skilful weaving.</li> </ul>

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