

# NEWS TODAY

## CABINET APPROVES TWO SCHEMES ANNOUNCED AS PART OF ATMANIRBHAR BHARAT

### Agriculture Infrastructure Fund

- It is a **Central Sector Scheme** to provide **medium - long term debt financing facility** for post-harvest management Infrastructure and community farming assets.
- Under this, **Rs. One Lakh Crore will be provided by banks and financial institutions as loans** to Primary Agricultural Credit Societies, Marketing Cooperative Societies, Farmer Producers Organizations, Self Help Groups, Farmers, Agri-entrepreneurs, Startups etc.
- Credit Guarantee Fund Trust for Micro and Small Enterprises** will provide credit guarantee coverage **for loans upto Rs 2 crore.**
- Loans to be disbursed in 4 years- 10000 crore in 2020 and 30000 crore each in next 3 FYs.
- Interest subvention of 3% per annum** on loans up to Rs. 2 crores.
- Duration:** FY2020 to FY2029.
- Fund to be managed through **MIS Platform**; National State and District level Monitoring Committees to be set up.

### Developing of Affordable Rental Housing Complexes (ARHCs) for urban migrants / poor

- It is approved as sub-scheme under **Pradhan Mantri Awas Yojana – Urban (PMAY – U).**
- Under it, existing vacant government funded housing complexes will be converted in ARHCs and there will also be new constructions.
- Special incentives like concessional loan at priority sector lending rate, tax reliefs etc. will be offered.
- Expenditure of **Rs 600 Crore** is estimated in the form of **Technology Innovation Grant.**
- Target beneficiaries:** workforce in manufacturing industries, service providers, construction labourers, students etc.
- ARHCs will create new ecosystem in urban areas **making housing available at affordable rent** close to the place of work.

### Other Cabinet Decisions

- Extension of govt's increased contribution to EPFO by three months
- Extension of free gas refills through DBT credit till September
- Extensions for both employees' and employers' share
- Free pulses, rice, wheat to beneficiaries till November

## SOVEREIGN WEALTH FUNDS (SWFs) TO GET TAX RELIEF ON INFRASTRUCTURE DEBTS: CBDT

- Central Board of Direct Taxes (CBDT) notified tax exemptions on **investments by SWFs and pension funds in 34 key infrastructure sectors** including hotels, cold chains, educational institutions, hospitals, gas pipelines.
  - SWF is an **investment pool of foreign currency reserves owned by a government.** E.g. **National Investment and Infrastructure Fund (NIIF)** is India's first SWF.
  - To avail benefits, Investments must be made before March 31, 2024, and with a minimum lock-in period of 3 years.
- Tax exemptions were first proposed in 2020-21 budget** considering India's investments requirement in infrastructure sector that could be more than \$1 trillion over next 4 years.
- This step aims to incentivise investment in these sectors** either directly or through vehicles such as Alternate investment funds (AIFs) or Infrastructure Investment Trusts.
  - AIF is a **privately pooled investment vehicle** which collects funds from sophisticated investors, whether Indian or foreign, for investing it in accordance with a defined investment policy for the benefit of its investors. E.g. venture capital fund, hedge fund, etc.

## INDIAN BANKS ASSOCIATION SUBMITTED PROPOSAL FOR SETTING UP A BAD BANK

- Idea of setting up a bad bank is being considered as **due to adverse effects of COVID-19** proportion of stressed debt is likely to increase to 18.21% from 11.57% of the outstanding debt.
- Bad bank is an **Asset Reconstruction Company (ARC)** that **buys bad loans (NPAs)** and other risky liabilities from banks which **clears their balance sheet.**
  - ARCs are **specialised entities to facilitate securitisation and asset reconstruction** of NPAs for earliest resolution and bringing the liquidity in the system.
- Bad bank or PARA** (Public Sector Asset Rehabilitation Agency) was also **proposed in Economic Survey 2016-17.** In 2018, Centre set up a committee to look into the possibility of forming a similar entity.
- Benefits:** It will **solve coordination problem** among creditors, **maximizing recoveries in a definite timeframe** and will **improve balance sheets of banks** allowing them to focus on core banking activities.
- Government's view:** Bad loan resolution should happen in a market-led way, as there are many ARCs already operating.
- Steps by government to address bad loans:** Capitalisation of state-owned banks; Consolidation in the public sector banks; Insolvency and Bankruptcy Code etc.

## INDIAN HEALTH CARE UNDERFUNDED, DELIVERY POOR: WORLD BANK REPORT

- Report was submitted to Fifteenth Finance Commission which has planned to devote a chapter on Health Financing for the first time.

### Healthcare financing

- Low Public Health expenditure:** It has remained constant at approximately 1.3% of the GDP. This is less than the world average of 6%.
  - National Health Policy, 2017 proposes to increase this to 2.5% of GDP by 2025.
- Of the total public expenditure, **Centre's share is 25%.** The Centre spends less as **public health and sanitation are a State subject.**

- In FY20, the **per capita capital expenditure on health was less than ₹200 per person**, with 12 states spending under 1% of GSDP on healthcare.

### Issues due to low health spending

- High out of pocket expenditure (OoPE):** OoPE are the payments made directly by individuals which are not covered under any financial protection scheme.
  - Approximately 70% of total health expenditure is borne by consumers.
- World Bank identified weakness in service delivery, high variation in quality of care and inadequate attention to urban health systems as prominent issues.

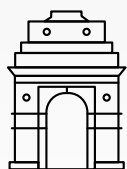
# A THIRD OF FASAL BIMA CLAIMS NOT HONOURED

- Centre asked states to **invoke penalty clause on insurance companies** that have defaulted on settling the claims made under **Pradhan Mantri Fasal Bima Yojana (PMFBY)**.
- **Delay in claims settlement** is leading to further **hardships to farmers** due to lockdown and slump in demand for agriculture produce.
- According to **PMFBY norms**, settlement of claims has to be completed by insurers **within 60 days** from crop cutting experiment (CCE) date, failing beyond which states can levy **penal interest at 12%/annum** on them.
  - > CCE refers to an assessment method employed to accurately estimate the yield of a crop or region during a given cultivation cycle.
- **PMFBY provides** comprehensive **crop insurance from pre-sowing to post-harvest period** against non-preventable natural risks **at premium rate of 2%** for kharif crops, 1.5% for rabi crops and 5% for horticulture and commercial crop.
- Earlier this year, **PMFBY** was revamped to address existing challenges in their implementation. Reforms include
  - > Making **enrolment voluntary** for all farmers. Earlier insurance was mandatory for loanee farmers.
  - > **Slashing central share of premium subsidy** from 50% to 25% in irrigated areas and 30% for unirrigated areas.

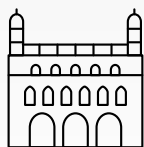
## ALSO IN NEWS

<p><b>UAE in support of open skies agreement with India</b></p>	<ul style="list-style-type: none"> <li>• <b>National Civil Aviation Policy, 2016, allows an open sky air services agreement</b> on a reciprocal basis with SAARC nations as well as countries beyond a 5,000 km radius from New Delhi.</li> <li>• An open sky air service agreement allows for airlines from the two countries to have an <b>unlimited number of flights as well as seats</b> to each other's jurisdictions.</li> <li>• India has open sky agreements with multiple countries like Spain, Sri Lanka, US etc.</li> </ul>
<p><b>US notifies UN of Withdrawal from World Health Organisation (WHO)</b></p>	<ul style="list-style-type: none"> <li>• <b>Withdrawal will take effect in a year</b>, on July 6, 2021.</li> <li>• Earlier, US criticized WHO for its response to the coronavirus pandemic and accused of bowing to Chinese influence. US also stopped funding to WHO.</li> <li>• <b>US is the largest funder to WHO</b>, making up 14.67% of total funding. India makes up 0.48% of total contributions.</li> </ul>
<p><b>Maldives, Sri Lanka eliminate measles and rubella</b></p>	<ul style="list-style-type: none"> <li>• They became <b>the first two countries in WHO South-East Asia Region</b> to achieve measles and rubella elimination ahead of 2023 target.                     <ul style="list-style-type: none"> <li>&gt; A country is verified as having eliminated measles and rubella when there is <b>no evidence of endemic transmission of both viruses for over three years</b>.</li> </ul> </li> <li>• In India, Ministry of Health &amp; Family Welfare has initiated <b>measles-rubella (MR) vaccination</b> campaign in the age group of 9 months to less than 15 years in a phased manner across the nation.</li> </ul>
<p><b>ZyCoV-D</b></p>	<ul style="list-style-type: none"> <li>• This is <b>COVID-19 vaccine candidate</b> by <b>Zydus Cadila</b> which got approval from Central Drug Standard Control Organisation to initiate human clinical trials in India.</li> <li>• This is the <b>second potential vaccine in India after Bharat Biotech's COVAXIN</b> which got the approval for human clinical trials.</li> </ul>
<p><b>BLUIS - Bhubaneswar Land Use Intelligence System</b></p>	<ul style="list-style-type: none"> <li>• It is a <b>geo-tagged repository of all the government lands</b> in Bhubaneswar, created through high-resolution satellite imagery to detect all changes taking place on government lands.</li> <li>• It enables citizens to <b>report any unauthorised development</b> taking place over geo-tagged government lands.</li> <li>• With this, <b>Odisha became the first state to tap space technology and artificial intelligence</b> for safeguarding government lands.</li> </ul>

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**DELHI**



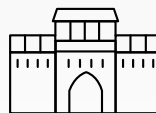
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