



INNOVATIVE IAS

Daily News Analysis

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General studies-2

The Financial Stability Report

Why in News?

- The Reserve Bank of India has released the 20th issue of the Financial Stability Report (FSR).
- The FSR reflects the collective assessment of the Sub-Committee of the Financial Stability and Development Council (FSDC) on risks to financial stability and the resilience of the financial system.
- The Report also discusses issues relating to development and regulation of the financial sector.

Key Points:

Credit Growth

- Bank credit is the total amount of funds a person or business can borrow from a bank.
- Scheduled Commercial Banks' (SCBs) credit growth remained subdued at 8.7% year-on-year (y-o-y) in September 2019, down from 13.2% in March 2019.
- Private Sector Banks (PVBs) registered double digit credit growth of 16.5% in September 2019.

Expected Increase in Gross Non-Performing Asset (GNPA) Ratio

- SCB's Gross Non-Performing Asset (GNPA) ratio of banks may increase to 9.9% by September 2020 from 9.3% in September 2019.
- Public Sector Banks' (PSB) GNPA ratios may increase to 13.2% by September 2020 from 12.7% in September 2019.
- For private banks, the ratio may climb to 4.2% from 3.9%, under the stress scenario.
- Foreign banks' (FB) GNPA ratio may increase to 3.1% from 2.9% in September 2019.

Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)

Why in News?

- After July 2019, the number of jobs generated under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) have gone down compared to 2018.

Key Points:

- There has been a decrease in the number that were actually provided work out of the total number of households whose demand for work was registered by the gram panchayat authorities concerned.
- In 2018-19, demand was registered from 5.88 crore households, and 5.27 crore of them were provided work.
- The year 2019 has witnessed a dip in the person-days of employment under MGNREGA,



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which is visible after July.

In the period before July 2019, the work provided exceeded the corresponding levels for 2018.

- The fall in MGNREGA employment after July has been largely due to the onset of the southwest monsoon.
- The gap between the number of households demanding MGNREGA work and the number who were provided work has been the highest in 2019-20. This indicates that even if demand fell, supply of work fell even more.

Lack of Funds

- The cost of providing a day's work to a single person has been taken at an average of Rs. 249.86 for 2019-20. For Rs. 270.21 crore people, the MGNREGA budget worked out to roughly Rs. 67,514.67 crore.
- But the total budgetary allocation has been only ₹60,000 crore, which also includes provision towards material and administrative expenses.
- Adding to the problem, Rs. 55,829.62 crore was already spent as on December 24, 2019.
- Apart from this, the Centre has revised upwards its original plan of providing 260 crore person-days of work for 2019-20 to 316.73 crore person-days.
- This move came after a decision to augment the number of days of employment per household under MGNREGA from 100 to 150 in flood-affected districts of states such as Karnataka.

Iran, China and Russia joint Naval exercise

- Iran, China and Russia Friday began a joint naval exercise in the Indian Ocean and Gulf of Oman, in what is being seen as a response to recent US manoeuvres in the region.
- The four-day exercise has been launched from the port city of Chabahar in southeastern Iran, AP reported. The Chabahar port, which is near Iran's border with Pakistan, was built with Indian assistance and is operated by India.

Why is the Iran-China-Russia naval exercise significant?

- The Gulf of Oman, where the exercise is being held, is a critical waterway as it connects the Arabian Sea to the Strait of Hormuz, a 33-km wide passage which opens into the Persian Gulf — located between energy producers Iran, Iraq, Kuwait, Saudi Arabia, Bahrain, Qatar, Oman (the exclave of Musandam), and the United Arab Emirates (UAE).
- A fifth of the world's oil passes through this waterway — around 30% of all sea-borne crude oil globally.
- Since 2019, it has been a focal point of global tensions. In May and June, several international merchant vessels were attacked by unidentified assailants. The US blamed Iran for the attacks a charge that Tehran denied. In July, Iran detained a British oil vessel, the Stena

Impero for two months, believed to be in retaliation for an Iranian oil carrier that British authorities detained at Gibraltar earlier in the same month.

- Tensions rapidly escalated in September, when the US accused Iran of carrying out drone attacks on oil fields in Saudi Arabia. The attacks had immediately reduced Saudi Arabia's oil production by half (5% of global oil production), until the affected facilities returned to full capacity by the end of the month. Iran denied the allegations, and the responsibility was claimed by Yemen's Houthi rebels.
- Since the attack, the US sent a number of its troops to the region, and provided Saudi Arabia with missile defence systems.
- Under President Trump, Washington last year withdrew from the 2015 Iran nuclear deal and reimposed sanctions on Tehran. The US has since pushed for Iranian energy sales to be cut off, crippling Iran's economy.
- The three-nation drill is expected to further provoke Washington. A guided missile destroyer from China, and a frigate, tanker and rescue tug boat from Russia would be taking part

Prelims Facts

Flamingo Festival

Why in News?

- The annual Flamingo Festival is to be held in January at Pulicatlake.
- The Pulicatlake supports rich biodiversity and high biomass of fishes and planktons which is utilised as food resources by visiting birds. Thus about 75 aquatic and terrestrial bird species visit the sanctuary every year.
- The number of birds is much higher than usual due to abundant rains in 2019.
- Pulicat Lake is the second-largest brackish water ecosystem in the country after the Chilika Lake (Odisha).
- It is located on the border of Andhra Pradesh and Tamil Nadu with over 96% of it in Andhra Pradesh and 4% in Tamil Nadu.
- The large varieties of birds like grey pelicans, painted storks, visit the site annually.
- Grey Pelican and Painted Stork both are near-threatened species under IUCN Red List of Threatened Species.

Freight Corridor Corporation

- The Dedicated Freight Corridor Corporation of India Ltd. (DFCCIL) has opened more than 300-km section between Rewari (Haryana) to Madar (Rajasthan) for commercial trial runs. This is the first section to be opened on the under-construction western freight corridor.
- The 1,504-km western freight corridor begins at Dadri in Uttar Pradesh and stretches till the country's largest container port — Jawaharlal Nehru Port Trust, near Mumbai — passing through Uttar Pradesh, Haryana, Rajasthan, Gujarat and Maharashtra.
- DFCCIL under Ministry of Railways is a special purpose vehicle tasked with planning and completion of 3,306 kms of Dedicated Freight Corridors (DFCs), consisting of western freight

corridor and eastern freight corridor (1,856 kms). The total project cost is estimated at over ₹81,000 crore.

- The DFC corridor will run only freight trains. The construction of Western Dedicated Freight Corridor (DFC) project would enable the decongestion of existing over-saturated paths which, thereby, will effectively improve punctuality of passenger trains.

Kalaripayattu

- Kalaripayattu is a martial art based on the ancient knowledge of the human body.
- It originated in Kerala during 3rd century BC to the 2nd century AD. It is now practised in Kerala and in some parts of Tamil Nadu.
- The place where this martial art is practised is called a 'Kalari'. It is a Malayalam word that signifies a kind of gymnasium. Kalari literally means 'threshing floor' or 'battlefield'. The word Kalari first appears in the Tamil Sangam literature to describe both a battlefield and combat arena.
- It is considered to be one of the oldest fighting systems in existence.
- It is also considered as the father of modern Kung - Fu.

Belum caves

- Andhra Pradesh Government will be hosting the Belum Caves festival in January 2020 to popularise the Belum caves.
- The name 'Kandanavolu Sambaralu' has been proposed for the festival. Kandanavolu was the ancient name of Kurnool district.
- Location: Belum Caves, also known as Belum Guhalu in Kurnool district of Andhra Pradesh is the second-longest cave in the Indian subcontinent open to the public. The longest natural cave in the Indian subcontinent is Krem Liat Prah caves in Meghalaya.
- Formation: The cave is more than a thousand year old, and was formed by the constant flow of underground water over a period of time.
- Geographical Features: These caves are renowned for their speleothem structures (Speleothems are secondary mineral deposits formed in a cave), such as stalactite and stalagmite formations.
- Historical Background: The caves were occupied by Jain and Buddhist monks many centuries ago. The presence of 4500 years old vessels from the pre-Buddhism era ensures the same.