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Indian Navy signs MoU with Council of Scientific and Industrial Research (CSIR)

Why in news?

The Indian Navy and Council of Scientific and Industrial Research (CSIR) today inked a MoU to undertake joint research and development of advanced technologies for the Indian Navy.

Highlights:

- The MoU provides a formal framework for interaction between Indian Navy and CSIR. It would facilitate joint R&D activities in diverse fields of Mechanical, Electronics, Communication, Computer Science, Propulsion systems, Metallurgy and Nanotechnology.
- This will be a collaborative arrangement between labs of CSIR, the Indian Navy and Indian industry.
- necessity of such partnerships between the armed forces and world class National Institutions like CSIR which would allow Indian Navy to leapfrog towards latest technologies as well as jointly engage under 'Make in India', and other innovative programmes of our Government.
- Signing of this MoU would form the foundation for exchange of ideas and development of new technologies in the future.
- Some of the immediate projects to be progressed under this MoU include development of alternative desalination technologies, installation of wireless MEMS based sensors for remote operation,

Residual Life Assessment studies of Gas Turbine Generator blades to improve reliability.

About CSIR:

- The Council of Scientific & Industrial Research (CSIR), known for its cutting edge R&D knowledgebase in diverse S&T areas, is a contemporary R&D organization. Having a pan-India presence, CSIR has a dynamic network of 38 national laboratories, 39 outreach centres, 3 Innovation Complexes and 5 units. CSIR's R&D expertise and experience is embodied in about 4600 active scientists supported by about 8000 scientific and technical personnel.
- CSIR covers a wide spectrum of science and technology - from radio and space physics, oceanography, geophysics, chemicals, drugs, genomics, biotechnology and nanotechnology to mining, aeronautics, instrumentation, environmental engineering and information technology. It provides significant technological intervention in many areas with regard to societal efforts which include environment, health, drinking water, food, housing, energy, farm and non-farm sectors. Further, CSIR's role in S&T human resource development is noteworthy.
- Pioneer of India's intellectual property movement, CSIR today is strengthening its patent portfolio to carve out global niches for the country in select technology domains. CSIR is granted 90% of US patents granted to any Indian publicly funded R&D organization.
- On an average CSIR file about 200 Indian patents and 250 foreign patents per year. About 13.86% of CSIR patents are licensed - a number which is above the global average. Amongst its peers in publicly funded research organizations in the world, CSIR is a leader in terms of filing and securing patents worldwide.
- CSIR has pursued cutting edge science and advanced knowledge frontiers. The scientific staff of CSIR only constitute about 3-4% of India's scientific manpower but they contribute to 10% of India's scientific outputs.
- In 2012, CSIR published 5007 papers in SCI Journals with an average impact factor per paper as 2.673. In 2013, CSIR published 5086 papers in SCI journals with an average impact factor per paper as 2.868.

- CSIR has operationalized desired mechanisms to boost entrepreneurship, which could lead to enhanced creation and commercialization of radical and disruptive innovations, underpinning the development of new economic sectors.
 - CSIR has put in place CSIR@80: Vision & Strategy 2022 – New CSIR for New India. CSIR’s mission is “to build a new CSIR for a new India” and CSIR’s vision is to “Pursue science which strives for global impact, the technology that enables innovation-driven industry and nurtures trans-disciplinary leadership thereby catalyzing inclusive economic development for the people of India”.
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RBI cuts benchmark interest rate

Why in news?

Monetary transmission:

Monetary transmission refers to the process by which a central bank’s monetary policy signals (like repo rate) **are passed on, through financial system to influence the businesses and households**. There are many monetary policy signals by the RBI; the most powerful one is the **repo rate**. When repo rate is changed, it brings changes in the overall interest rate in the economy as well. As a result of a decrease in repo rate, the interest rate on loans by banks also changes and this encourages consumption and investment activities of businesses and households. In an economy, both consumption and investment are often financed by borrowings from banks. As the repo rate brings changes in market interest rate, the repo rate channel is often referred as interest rate channel of monetary transmission. **Interest rate is the main channel of monetary policy transmission**. Similarly, there is credit channel, asset price channel, confidence channel etc. An interesting development in recent times is that often central banks give certain communications in the form of guidelines which are aimed to create certain effects in the financial market. In the Indian scenario, the monetary policy transmission is heavily depending upon the repo rate. **The repo rate is the anchor rate in determining the interest rate in the economy** (of the banking system). Now, how far a change in repo rate can bring a corresponding change in interest rate by banks depends upon the financial conditions of the banking system as well. In this respect, the banking system holds the center stage in India’s monetary policy transmission.

The monetary policy committee of the Reserve Bank of India (RBI) for the second consecutive time cut the **benchmark lending rate by 25 basis points to 6%**.

MPC Observations:

- It cited concerns over growth as it **lowered the GDP forecast to 7.2%** for the current financial year from 7.4% projected in the February policy.
- The central bank said the output gap remained negative and the domestic economy was facing headwinds, especially on the global front.
- **Output gap refers to the difference between the actual output of the economy and its maximum potential.**
- The need is to strengthen domestic growth impulses by spurring private investment that has remained sluggish.
- The committee maintained the **neutral policy stance**, which means interest rates can move in either direction.
- With the inflation outlook remaining benign, the RBI will address the challenges to sustained growth of the economy while ensuring price stability on an enduring basis.
- The RBI lowered its inflation forecast to 2.9%-3% from 3.2%-3.4% for the first half of the current financial year and 3.5-3.8% in the second half, assuming a normal monsoon.
- Domestic GDP growth is also estimated to slow in 2018-19, with high frequency indicators suggesting slackening of urban and rural demand as well as investment activity.
- Bond traders, however, were not impressed with the 25-bps rate cut as they were expecting a higher quantum to address growth headwinds and deficit liquidity. The yield on the 10-year benchmark bond hardened from 7.27% to 7.35%.

Hoping for more:

- Economists said there is still scope for further rate reduction. They expect another rate cut, with June as base case. An argument for the cut to be delayed to August is equally strong if the RBI sees reason in factoring in the full-year budget due in July and awaits a clearer

picture on monsoon developments.

- The Governor expressed **concern over monetary transmission**, while noting banks have only reduced lending rate by 10 bps after RBI reduced the policy rate by 25 bps in February.
- The State Bank of India, the country's largest lender, said the marginal cost of fund-based lending rate (MCLR), which is the benchmark rate, can go down by 7-10 bps.
- SBI had linked savings bank rate (for over Rs. 1 lakh deposit) and some short-term loans with repo rate, with effect from May 1. The current savings bank rate of 3.5% was linked to a repo rate of 6.25%, so now with 25 reduction in the repo rate, savings bank rate (for Rs. 1 lakh) will become 3.25% from May 1.

Stressed assets circular to be revised soon

Why in news?

With the Supreme Court quashing the February 12 circular of the Reserve Bank of India (RBI) on stressed asset resolution, its governor Shaktikanta Das said that the central bank would come up with revised norms.

RBI Governor's Observations:

- At the post-monetary policy press conference, Mr. Das said, In light of the Hon'ble Supreme Court's order, the Reserve Bank of India will take necessary steps, including issuance of a revised circular, as may be necessary, for expeditious and effective resolution of stressed assets.
- At the same time, he clarified that the powers of RBI under Section

35AA and other sections of the Banking Regulation Act, 1949, were not under doubt.

- The court has held that RBI's directions under Section 35AA of the Banking Regulation Act, 1949, which are in respect of debtors generally would be ultra vires of that section.
 - Thus, the order of the Supreme Court mandates RBI to exercise its powers under Section 35AA in respect of specific defaults by specific debtors.
 - The powers of RBI under Section 35AA and other sections of the Banking Regulation Act, 1949 are, therefore, not under doubt.
 - Section 35AA allows the **RBI to issue directions on initiation of insolvency in case of a default.**
 - The RBI stands committed to maintaining and enhancing the momentum of resolution of stressed assets and adherence to credit discipline.
 - The February 2018 circular directed lenders to classify a loan account stressed and start the resolution process even for a day's default.
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Time to push for a sustainable food system

What is the issue?

The way we are producing food today is causing increased emission of greenhouse gases, depleting fresh water supply, compromising land use, exhausting the nitrogen and phosphorous cycle, and endangering biodiversity, said K. Srinath Reddy, one of the two Indian commissioners on the EAT-Lancet Commission, and president, Public Health Foundation of India (PHFI), at the release of the EAT-Lancet Commission's report.

International panel:

- The report, authored by 37 international experts, including two from India, has been put together by **EAT, the science-based global platform for food system transformation**, and the journal The Lancet.
- The EAT-Lancet Commission's report, for the first time proposes

scientific targets for what constitutes a healthy diet derived from a sustainable food system.

- With 1.35 billion people, that is, 1 out of 6 people globally here in India, India would soon surpass China to become the most populated nation in the world, and that too on one-third of the landmass of China.
- Feeding all our people a healthy diet in a sustainable manner without compromising on our ecology and environment is going to be the most important challenge for us in the coming decades.
- Presenting the EAT-Lancet Commission report, Brent Loken of EAT, said: "If we don't fix the food system, we cannot achieve the UN's Sustainable Development Goals. The great thing that FSSAI is doing is beginning this conversation in India."

People's movements:

- Presenting some key steps required for the 'great food transformation', Lawrence Haddad, executive director, **Global Alliance for Improved Nutrition** (GAIN), a global initiative launched by the United Nations in 2012, said: Taxes on unhealthy foods, subsidies for healthier food options, strong leadership in the public and private sectors and strong civil society movements, is the need of the hour.
- Highlighting the importance of food safety, he cautioned: As food systems become more formal and organised, food safety threats increase, not decrease. FSSAI has brought the worlds of food safety and healthy eating together.
- In his video-recorded message, Dr. Reddy stressed, We need to find a safe space to provide food security to everyone by 2050.

Linking small loans to external benchmark

Why in news?

Floating Interest Rate:

A floating interest rate is an interest rate that moves up and down with the rest of the market or along with an index. It can also be referred to as a variable interest rate because it can vary over the duration of the debt obligation. This contrasts with a fixed interest rate, in which the interest rate of a debt obligation stays constant for the duration of the loan's term.

The proposal to link small floating rate loans with an external benchmark for improving monetary transmission seems to have taken a back seat, with the Reserve Bank of India (RBI) deciding to hold further consultation with stakeholders before implementing such a scheme.

Decision Postponed:

- Taking into account the feedback received during discussions held with stakeholders on issues such as management of interest rate risk by banks from fixed interest rate linked liabilities against floating interest rate linked assets and the related difficulties, and the lead time required for IT system upgradation, it has been decided to hold further consultations with stakeholders and work out an effective mechanism for transmission of rates," the RBI said in a statement during the first bimonthly policy review of the current financial year.

December proposal:

- During the December review of monetary policy, the RBI had proposed to implement the system of linking floating rate personal or retail loans, and floating rate loans to Micro and Small Enterprises, to an external benchmark from April 1, 2019.
- At present, all loans are linked to the Marginal Cost of Fund based Lending Rate (MCLR).
- Banks opposed the move to link loan rate to an external benchmark on the grounds that lending rates are a function of cost of funds and change in an external benchmark like repo rate does not have much impact on their cost of funds.

The Order of Zayed

Why in news?

UAE President Khalifa bin Zayed Al Nahyan has awarded Prime Minister Narendra Modi the **country's highest civilian award**, 'the Order of Zayed'.

Strong Relations:

- We have historical and comprehensive strategic ties with India, reinforced by the pivotal role of my dear friend, Prime Minister Narendra Modi, who gave these relations a big boost. In appreciation of his efforts, the UAE President grants him the Zayed Medal," the UAE crown prince, who is also deputy supreme commander of the UAE's armed forces wrote in a tweet.
- In response, Prime Minister said he would accept the honour with "utmost humility".
- Under your visionary leadership, our strategic ties have reached new heights. This friendship is contributing to the peace and prosperity of our people and planet," he wrote to the crown prince.
- The two leaders have met a record number of times in the past few years, with PM Modi visiting the UAE and Mohammad Bin Zayed visiting India twice each since 2015.
- Previous recipients of the Order of Zayed include Russian President Putin, Chinese President Xi Jinping, British Queen Elizabeth II, and former Pakistan President Musharraf.
- Neither the MEA nor UAE officials confirmed when the award ceremony would be held for PM Modi. Diplomatic sources said it could be held in the next few weeks.
- A "high-level" representation was also expected from India for a foundation laying ceremony for Abu Dhabi's first Hindu temple on April 20.

Electoral bonds scheme

Why in news?

The electoral bonds scheme allows anonymity to political donors to protect them from political victimisation, the government informed the Supreme Court.

Government Stand:

- The Ministry of Finance dismissed the Election Commission of India's (ECI) version that the invisibility afforded to benefactors was a retrograde step and would wreck transparency in political funding.
- But the government said the shroud of secrecy was a product of well thought-out policy considerations.
- It said the earlier system of cash donations had raised a concern among the donors that, with their identity revealed, there would be competitive pressure from different political parties receiving donation.
- Non-disclosure of the identity of the donor is the core objective of the scheme of electoral bonds in order to safeguard the donor from political victimisation.
- In any event, non-maintenance of the identity of the donor of electoral bond by political parties was driven by well thought out policy considerations, the government reasoned.

Twin Purpose:

- The government said electoral bonds achieve the twin purposes of **greater accountability in political funding as well as anonymity of the donor**. If required, enforcement agencies can always check the details of donors from banking channels.
- Protection of the identity of donors is also a reason why political parties are exempted from recording donations received through electoral bonds in their contribution reports to the ECI.

- The ECI had flagged how donors need not provide their names, address or PAN if they have contributed less than Rs. 20,000. Now, many political parties are reporting donations less than Rs. 20,000.
 - The poll body has hit a wall in its enquiries whether these donations are sourced illegally from government companies or foreign sources.
 - The government said electoral reforms usher in a “marked shift” from the old system of massive cash donations to political parties.
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Judiciary under RTI

Why in news?

The CJI, heading a Constitution Bench, was responding to arguments made by advocate Prashant Bhushan that the Supreme Court and its collegium should accede to the Right to Information (RTI) regime.

Right to know:

- Mr. Bhushan argued that the public has a right to know why a certain person was appointed or rejected as a judge or what was the reason to transfer or not transfer a judge.
- But the Chief Justice was not fully convinced. Nobody wants a system of opaqueness, but in the name of transparency we cannot destroy the institution of judiciary.
- Good people will opt out of becoming judges for fear that negative things, right or wrong, about them will come out in the public domain, Chief Justice of India Ranjan Gogoi observed,
- They fear that ultimately, they would not become judges and they would also lose their reputation. It will not only destroy their reputation but also their family, career.
- Remarking that every decision made by the collegium or the government in the judicial appointments process should not be painted with the same brush.
- The Bench said too much transparency may become counter-

productive. It is necessary to 'draw a line.'

