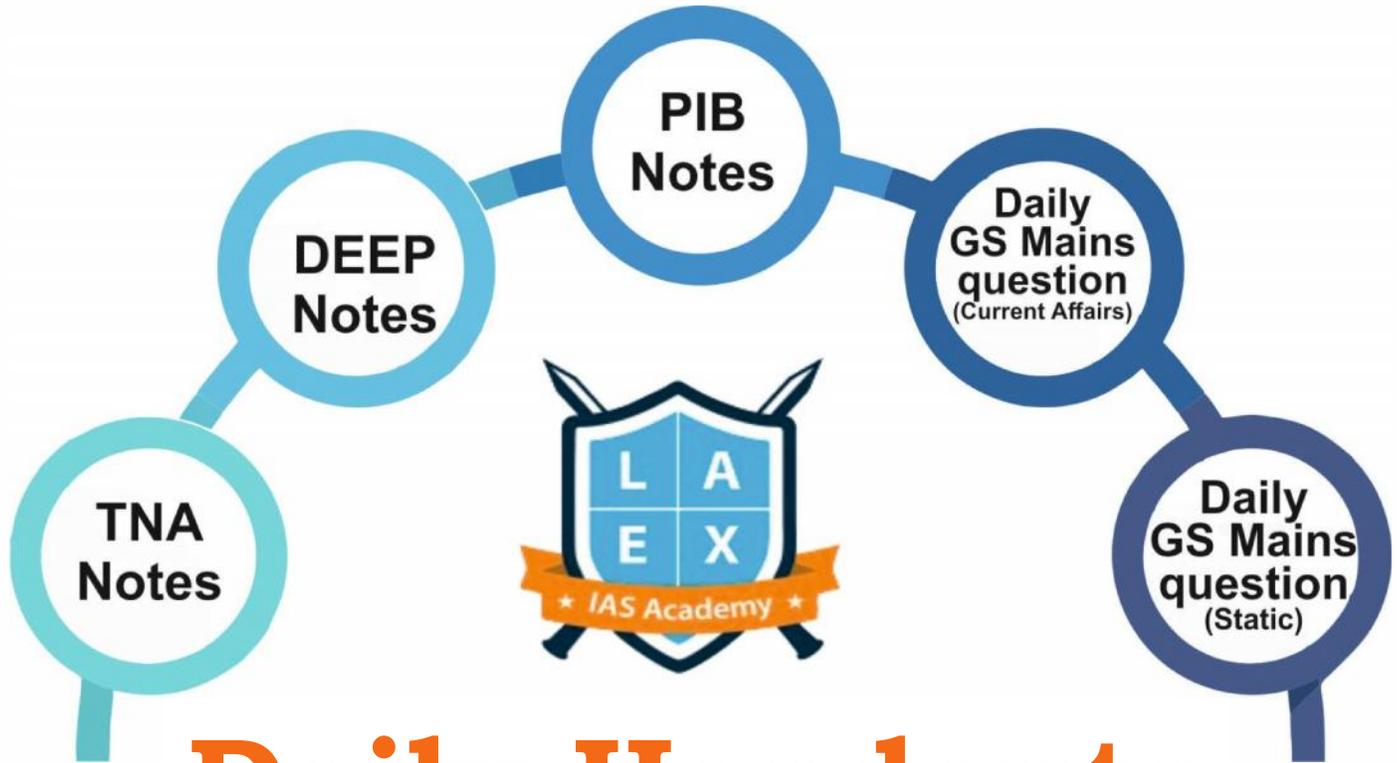




# La Excellence IAS



29<sup>th</sup> September, 2020



## Daily Handouts



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## TNA NOTES

### 1. RBI extends enhanced borrowing limit for banks till March 31

**UPSC Syllabus:** GS3: Economy,

**Topic:** Banking

**Article relevance for UPSC:**

**Prelims:** Learn about MSF, SLR and LCR

**Mains:** Measures to revive banking sector from the impact of COVID-19

#### Background:

- On March 27, the central bank had increased the borrowing limit for scheduled banks under the marginal standing facility (MSF) scheme from 2 per cent to 3 per cent of their net demand and time liabilities till September 30, 2020

#### Why?

- To handle economic disruptions caused by the COVID-19 pandemic and lockdown.

#### Highlights of the article:

- Now, The Reserve Bank of India (RBI) has extended this borrowing facility to banks by six months to meet liquidity shortage till March 31, 2021.

#### Why?

- ✓ to providing comfort to banks on their liquidity requirements
- ✓ to enable banks to continue to meet Liquidity Coverage Ratio (LCR) requirements

#### How the move will benefit?

- ✓ Increases access to funds to the extent of 1.49 lakh crore and
- ✓ This borrowing qualifies as high-quality liquid assets for the liquidity coverage ratio.

#### Economy 'Terms' in news

##### 1. Marginal Standing Facility

- Under the MSF, banks can borrow one-day loans from RBI by showing G-Secs as collateral within statutory liquidity ratio limits.
- Present MSF rate: 4.25%

##### 2. Liquidity Coverage Ratio (LCR):

It is the amount of highly liquid assets held by banks to meet short-term liquidity needs.

##### 3. Liquid Asset:

Assets in the form of cash, gold and approved government securities.

##### 4. Statutory Liquidity Ratio

- It is the amount out of total deposits (demand and time) which banks should keep with themselves as liquid assets.
- Present SLR: 18%

### 2. 'Engineering exports drop 18% in April-August'

**UPSC Syllabus:** GS3- **Subject:** Economy,

**Topic:** Industry,

**Subtopic:** Trade

**Article relevance for UPSC:**

**Prelims:** Learn the trends in engineering exports

**Mains:** Impact of COVID-19 on Industry

#### Highlights:

- The Engineering Export Promotion Council of India (EEPC) said Exports of engineering goods declined over 18% to \$26 billion in the April-August period of the current fiscal year 2020-2021.
- The shipment of value-added iron and steel products saw a 29.7 per cent decrease in the period.

**Engineering Goods** include metal products, industrial machinery and equipment, auto and its components, and transport equipment. Read more at:

[https://economictimes.indiatimes.com/news/economy/foreign-trade/engineering-goods-top-export-list-on-low-wage-and-talent/articleshow/8741894.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](https://economictimes.indiatimes.com/news/economy/foreign-trade/engineering-goods-top-export-list-on-low-wage-and-talent/articleshow/8741894.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)

#### Reason?

- COVID-19 lockdown has affected the manufacturing and transport

**Engineering Exports Promotion Council (EEPC) India:**

- It is the premier trade and investment promotion organization in India.

- It is sponsored by the Ministry of Commerce & Industry, Government of India.

**Role:**

- As an advisory body, it actively contributes to the policies of Government of India and acts as an interface between the engineering industry and the Government.
- It now has a membership base of over 13,000 out of whom 60% are Small and Medium Enterprises.
- **Motto:** 'Engineering the Future'

**3. Offset clause goes for IGAs****UPSC Syllabus:** GS3 –**Subject:** Defence**Article relevance for UPSC:****Prelims:** Learn offset clause**Mains:** Measures to make Defence Sector Self-reliant (Atma Nirbhar)**Highlights:**

- The Union defence ministry has removed the offset clause in inter-governmental agreements (IGAs) in the revised Defence Acquisition Procedure (DAP), 2020.
- DAP "aligned with the vision of Atmanirbhar Bharat", seeks to empower domestic industry through the "Make in India initiative"

**Offset Clause**

Under the offset clause, foreign firms must invest part of their deal value (30-50%) in India to boost domestic defence manufacturing.

**Why?**

- Comptroller and Auditor General (CAG) of India said in a report that French defence firms Dassault Aviation and MBDA have till date "not confirmed" the transfer of technology to the DRDO under the 59,000 crore deal for 36 Rafale multi-role fighter jets.

**Features of DAP, 2020:**

- Indigenously designed, developed, and manufactured armaments and defence hardware must have at least 50% indigenous content, up from 40% mandated in 2016.
- If a defence platform is manufactured in India, it must have 60% Indian content

- To explore the willingness of prospective foreign vendors to undertake manufacturing and setting up an indigenous ecosystem at the spares or sub-component level when a request for information is issued for the acquisition of a platform.
- To encourage a foreign vendor to set up a subsidiary in India for manufacturing either the entire platform or part of it, or its spares or the maintenance, repair and overhaul facility.
- It also includes the buyer's right to optimize life-cycle support costs and system enhancements through an indigenous ecosystem.

**Defence Acquisition Procedure:**

It contains policies and procedures for procurement and acquisition from the capital budget of the Defence Ministry in order to modernize the Armed Forces including the Coast Guard.

**PIB NOTES****1. Title: Joint Statement for India-Denmark Green Strategic Partnership****Issue:** India-Denmark relations**Dimension:** Green strategic partnership**Syllabus:** GS2- Bilateral, Regional and Global Groupings and Agreements involving India and/or affecting India's interests.**Context:** Virtual summit held between India and Denmark.**Highlights:**

- Mette Frederiksen, Prime Minister of the Kingdom of Denmark and Prime Minister of the Republic of India, co-chaired a Virtual Summit between India and Denmark
- Two Prime Ministers agreed to elevate India-Denmark relations to a Green Strategic Partnership.
- This partnership would build on and consolidate the existing agreement establishing a Joint Commission for Cooperation (signed 6 February 2009) between India and Denmark which envisaged cooperation within the political field; economic

and commercial field; science and technology; environment; energy; education and culture.

- In addition, it builds on and complements the existing Joint Working Groups on Renewable Energy, Urban Development, Environment, Agriculture and Animal Husbandry, Food Processing, Science, Technology and Innovation, Shipping, Labour Mobility and Digitization.
- The Green Strategic Partnership is a mutually beneficial arrangement to advance political cooperation, expand economic relations and green growth, create jobs and strengthen cooperation on addressing global challenges and opportunities; with focus on an ambitious implementation of the Paris Agreement and the UN Sustainable Development Goals.
- To cooperate in water efficiency and non-revenue water (water loss) and in this context tasked the Indian Ministry of Jal Shakti and the Danish Environmental Protection Agency and the Danish Ministry of Environment and Food to develop a Work Plan for an initial period of three years (2021-23).

**Essence:** Focus areas of relationship enhanced to circular economy, environment, water conservation etc., This will help in achieving Sustainable development goal targets and Paris deal targets

## 2. Title: Prime Minister to inaugurate six mega projects in Uttarakhand under Namami Gange

**Issue:** Namami Ganga

**Dimension:** Initiatives

**Syllabus:** GS3- Conservation, Environmental Pollution and Degradation, Environmental Impact Assessment.

**Context:** 6 mega projects to be inaugurated virtually by PM

**Highlights:**

- Prime Minister shall inaugurate six mega projects in Uttarakhand under the Namami Gange Mission,
- The Haridwar-Rishikesh zone contributes about 80% waste water load into the River Ganga. Hence, inauguration of these Sewage

Treatment Plants will play a significant role in keeping the River Ganga clean.

- In Muni kiReti town, the 7.5 MLD STP in Chandreshwar Nagar will be the first 4 storied Sewage Treatment Plant in the country where the limitation of land availability was converted into an opportunity.
- Will also inaugurate “Ganga Avalokan”, the first museum on Ganga dedicated to showcase the culture, biodiversity and rejuvenation activities done in Ganga river.
- A book, ‘Rowing down the Ganges’, co-published by National Mission for Clean Ganga & Wildlife Institute of India will be launched at the event. This colourful book is an attempt to merge the biodiversity and culture of the Ganga River.
- It conceptualizes the story of the Ganga as what one would see when one rows down from Gaumukh, its origin, to Ganga Sagar, the last point before entering the sea. The logo of Jal Jeevan Mission and ‘Margdarshika for Gram Panchayats and Paani Samitis under Jal Jeevan Mission’ will also be unveiled by Prime Minister.

**Background:**

**Namami Gange Programme:**

Namami Gange Programme – is an umbrella programme to address Ganga pollution

**Main Pillars of the Namami Gange Programme:**

- Sewerage Treatment Infrastructure
- River-Surface Cleaning
- Afforestation
- Industrial Effluent Monitoring
- River-Front Development
- Bio-Diversity
- Public Awareness
- Ganga Gram

## 3. Title: Notification allowing use of H-CNG issued

**Issue:** Clean fuels

**Dimension:** H-CNG

**Syllabus:** GS3- Conservation, Environmental Pollution and Degradation, Environmental Impact Assessment.

**Context:** Ministry of Road transport allowed H-CNG as alternative clean fuel

**Highlights:**

- In a major step toward adopting alternative clean fuel for transportation, the Ministry of Road Transport and Highways has allowed use of H-CNG (18% mix of hydrogen) in CNG engines.
- The Ministry has been notifying various alternate fuels under Clean Fuels for transportation.
- The Bureau of Indian Standards (BIS) has also developed specifications of Hydrogen enriched Compressed Natural Gas (H-CNG) for automotive purposes, as a fuel.
- Certain CNG-engine were tested to understand the emission reduction using H-CNG as compared to 'neat' CNG.
- A notification for amendments to the Central Motor Vehicles Rules 1989, for inclusion of H-CNG as an automotive fuel has been published.

**Essence:** H-CNG is allowed as an alternative fuel. It is a carbon free fuel and reduced GHG in the atmosphere.

**Background:**

**HCNG: Hydrogen-enriched compressed natural gas**

- The blending of hydrogen with CNG provides a blended gas termed as HCNG.
- It combines the advantages of both hydrogen and methane.
- HCNG allows customers early hydrogen deployment with nearly commercial technology.
- It is being treated as the first step towards future hydrogen economy.
- Hydrogen has been regarded as a future secondary fuel for power system due to carbon-free operation.
- The rapid increase in the emission of greenhouse gases and very strict environmental legislation are major motivating

factors for the usage of hydrogen in fuel cells and internal combustion engines.

- Hydrogen is an excellent additive to improve the combustion of hydrocarbon fuel due to its low ignition energy, high reactivity, diffusivity and burning velocity.
- Since hydrogen infrastructure and refuelling stations are not meeting the demand, the widespread introduction of hydrogen vehicles is not possible in the near future.
- One of the solutions for this hurdle is to blend hydrogen with methane
- However, Hydrogen-Enriched Compressed Natural Gas (HCNG) is still under research as though it increases fuel efficiency and reduce carbon emission but it has also led to increased NOx emissions.

## DAILY MAINS QUESTION

1. **Namami Ganga initiative will have positive impact on biodiversity of Ganga river. Analyse**

**Approach:**

1. Mention about Objective and Status of Namami Ganga
2. Mention key facts about impact on biodiversity- how Ganga is polluted- quality of water deteriorated
3. Discuss the steps initiated by government under Namami Ganga
4. Conclude the answer with an optimistic outlook.

**Static Questions:**

1. **What is meaning of the term tax-expenditure? Taking housing sector as an example, discuss how it influences budgetary policies of the government.**

**Subject :** Economy

**Topic :** Budget

2. **Among several factors for India's potential growth, savings rate is the most effective one. Do you agree? What are the other factors available for growth potential?**

**Subject :** Economy

**Topic :** Growth