

WHY HAS THE CREATION OF ECO-SENSITIVE ZONES PROVOKED PROTESTS IN KERALA?

Context

The state of Kerala recently petitioned the Supreme Court for a relaxation of its earlier order mandating a minimum 1 Km Ecologically Sensitive Zone (ESZ) around all protected forests in the state, which sparked protests in the state.

Eco-Sensitive Zones (ESZ)

- **About:** Also known as Ecologically Fragile Areas (EFAs), these are areas in India notified by the Union Ministry of Environment, Forest and Climate Change (MoEFCC) around Protected Areas, National Parks and Wildlife Sanctuaries.
- **The purpose of declaring ESZs:**
 - To create some kind of **shock absorbers** to the protected areas by regulating and managing the activities around such areas.
 - To act as a **transition zone** from areas of high protection to areas involving lesser protection.
- **Statutory backing:** Though the Environment Protection Act (EPA) 1986 **does not mention** the word "Eco-Sensitive Zones", it has been effectively used by the government to declare ESZ.
- **Criteria for declaring ESZ:**
 - Species Based (Endemism, Rarity, etc.)
 - Ecosystem Based (sacred groves, frontier forests etc.)
 - Geo-morphologic feature based (uninhabited islands, origins of rivers, etc.)
- **Extent of ESZ:**
 - According to the Wildlife Conservation Strategy of 2002, an ESZ could extend **up to 10 km** around a protected area.
 - However, the distribution of an ESZ and the extent of control **may not be consistent throughout the Protected Area.**

The Supreme Court Guidelines

- In 2022, the SC, while hearing a PIL to protect forest lands in Tamil Nadu's Nilgiris, which was later expanded to cover the entire country, directed the following:
- **Mandatory 1-km ESZ:** All states to have a mandatory 1-km ESZ from the demarcated boundaries of every protected forest land, national park and wildlife sanctuary.
- **Maintain status quo:** If the existing ESZ goes beyond 1-km buffer zone or if any statutory instrument prescribes a higher limit, then such extended boundary shall prevail.
- **Scaling buffer zone:** In case the question of the extent of buffer zone was pending a statutory decision, then the court's direction to maintain the 1-km safety zone would be applicable until a final decision is arrived.
- **Prohibited activities:** The court directed that no new permanent structure could come up for any purpose within an ESZ.

INSOLVENCY AND BANKRUPTCY CODE

Why in News?

- The Ministry of Corporate Affairs (MCA) has proposed sweeping changes to the Insolvency and Bankruptcy Code.
- The Ministry aims to bring more technology, transparency, and speediness to the corporate insolvency resolution process.

What is the Insolvency and Bankruptcy Code (IBC)?

- In 2016, at a time when India's Non-Performing Assets and debt defaults were piling up, the **Insolvency and Bankruptcy Code (IBC) code was introduced.**
- It was introduced to overhaul the corporate distress resolution regime in India and consolidate previously available laws to create a comprehensive time-bound mechanism.
 - Insolvency resolution in India took 4.3 years on an average.
 - In comparison, countries such as UK and USA took 1 year and 1.5 years, respectively.
- The **Insolvency and Bankruptcy Code 2016** was implemented through an act of Parliament.
- The Code aims to promote entrepreneurship, availability of credit and balance the interests of all the stakeholders.

What is the mandate of the IBC?

- When insolvency is triggered under the IBC, there can be two outcomes: **resolution** or **liquidation**.
- All attempts are made to resolve the insolvency by either coming up with a restructuring or new ownership plan and if resolution attempts fail, the company's assets are liquidated.

What is the timeframe for completion of the exercise under the code?

- Companies have to complete the entire insolvency exercise **within 180 days** under the IBC.
- The deadline may be extended if the creditors do not raise objections on the extension.
- For smaller companies including startups with an annual turnover of Rs 1 crore, the whole exercise of insolvency must be completed within 90 days.

Who regulates the IBC proceedings?

- **Insolvency and Bankruptcy Board of India (IBBI)** has been appointed as a regulator and it can oversee these proceedings.
- IBBI has 10 members; from Finance Ministry, Law Ministry and the Reserve Bank of India.

WHAT IS SEDGE WARBLER?

Birders and ornithologists recently in the State of Kerala spotted a migratory bird the Sedge Warbler.



About Sedge Warbler:

- The sedge warbler is a medium-sized warbler of marshes, reedbeds and wetlands that can be spotted singing from perches on reeds and willow bushes.
- The male sedge warbler introduces random phrases into its repertoire which is known for mimicking.
- The male warbler never sings the same song twice; he attracts more mates the more phrases his song has.

- These are **insectivores** in nature.
 - **Conservation status:**
 - IUCN Red List: **Least concern**
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INDIAN STAR TORTOISE

A recent study on the Indian star tortoise distributed across South Asia has revealed that the genetic diversity of the species as well as its habitat has suffered major losses because of rampant illegal trade.



Why in news?

- The research report said the species is facing twin challenges of a threat to its habitat at one level and loss of its genetic diversity at the other.
- It calls for a proper conservation strategy to combat the fragmented distribution and explicitly recommends intensive genetic screening of founder individuals or isolated adult colonies by implementing scientific breeding.

Key facts about the Indian star tortoise:

- Indian star tortoise is found in the central and Southern parts of India, in West Pakistan and Sri Lanka.
 - **Conservation status:**
 - **IUCN Status: Vulnerable**
 - Convention on International Trade in Species (CITES): Appendix I
 - Wild Life Protection Act 1972: Schedule IV
 - **Threat:** The highly fragmented habitat of the species, is greatly influenced by an increased level of urbanisation and agricultural practices throughout its range.
 - **Conservation Efforts:**
 - At the 18th Conference of the Parties to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES CoP18) held in 2019, Indian Star Tortoise was up-listed to Appendix I from Appendix II owing to its over-exploitation.
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ASER 2022: POST-COVID, STUDENT COUNT AT RECORD HIGH, BUT BIG DIP IN LEARNING

Why in News?

- After two years of a Covid-19-induced school shutdown, the recently released **17th Annual Status of Education Report (ASER) for 2022** contains both good (high enrolment) and bad news (drop in learning levels).
- ASERs (by NGO Pratham) have been surveying children **aged 6 to 14 since 2005** to track trends in school enrolment, attendance and reading and arithmetic abilities.
- This year's report (came after 2018) surveyed 7 lakh children across 19,060 villages in 616 districts in the country.

What are the Findings of the recent ASER Report?

- **School enrolment touched a record high:** As the pandemic subsided, school enrolment touched 4% in 2022 up from 97.2% in 2018, when the last full pre-pandemic survey was conducted.
- **The proportion of girls not enrolled has also reduced:** For girls aged 11-14, this share dropped from 4.1% in 2018 to 2% in 2022 (which stood at 10.3% in 2006).
- **Drop in learning levels:**
 - Between 2014 and 2018, learning levels in terms of foundational skills in reading and arithmetic had been rising gradually.
 - **For example**, the proportion of Class 3 students who could read a Class 2 textbook had gone up from 23.6% in 2014 to 27.2% in 2018, while those who could do at least subtraction rose from 25.3% to 28.2%.
 - However, in 2022, the basic reading ability of children in Class 3 dipped by 6.8% points from 2018 and the proportion of children in Class 3 who could do at least subtraction fell to 25.9% in 2022.
 - Clearly, **the pandemic has resulted in learning loss**. However, the loss is much greater in reading as compared to arithmetic.
- **A small, steady increase in the children availing private tuitions:** Between 2018 and 2022, this proportion increased further - from 26.4% to 30.5% - a trend for over a decade now.

- **Proportion of children in government schools has risen:**
 - The percentage of children (aged 11 - 14) who are enrolled in government schools has risen from 65% in 2018 to 71.7% in 2022 - a trend that was reflected in the government's UDISE+ data.

KEY TAKEAWAYS

- Proportion of children in govt schools up from 65.6% in 2018 to **72.9%** in 2022
- Children taking private paid tuitions up from 26.4% in 2018 to **30.5%** in 2022
- Reading levels down to pre-2012 levels – only

ENROLMENT IN 6-14 AGE GROUP AT A RECORD HIGH:

98.4% children now enrolled in school, up from 97.2% in 2018

20.5% children in Class can read a Class 2 textbk down from 27.3% in 2018

What can be Inferred from the above Findings?

- An improvement in infrastructure variables, government schools distributing textbooks, midday meals during lockdown led to a pull factor, **increasing enrolment in government schools.**
- This phenomenon can also be **attributed to several other factors**, including job losses and the closure of budget private schools in rural areas during the pandemic.
- **Private tuition** probably increased because it is **more flexible and provided some extra help** to children when schools were closed.
 - For example, if a person is unable to pay in a given month, they can pay the following month.
- The drop in reading levels is more than in maths, because maths at such a basic level, is used by people much more.
- This is despite the fact that 80% of the government schools have received guidelines and teachers have been trained under the **NIPUN Bharat** and Foundational Literacy and Numeracy (**FLN**) mission (both conceived under the National Education Policy 2020).
- The **National Initiative for Proficiency in Reading with Understanding and Numeracy (NIPUN) Bharat** ensures that every child in India gains foundational numeracy and literacy by the end of Grade 3.

WHAT IS MEANT BY TERRITORIAL WATERS?



The Supreme Court recently reserved its order on an interim plea by fishermen using purse seine nets to be allowed to operate in waters beyond the 12-nautical-mile limit off Tamil Nadu's coast.

What is Territorial Waters?

- **What is it?** Territorial waters, under the United Nations Convention on the Law of the Sea (UNCLOS), is that **area of the sea immediately adjacent to the shores of a country and subject to the territorial jurisdiction of that country.**
- **Extend:** The territorial sea extends to a **limit of 12 nautical miles from the baseline of a country's coast.**
- **Importance of Territorial waters:**
 - Within its territorial waters, a country **exercises full sovereignty over the air space above the sea and over the seabed and subsoil.**
 - The government **can legislate on matters** concerning the safety of navigation, the preservation of the environment, and the prevention, reduction, and control of pollution **within its territorial waters.**
 - **Resource use within the territorial sea is strictly reserved to the coastal nation.**
 - **All countries have the right of innocent passage** (passage that is not prejudicial to the security of the coastal country) **through the territorial sea of another country**, although there is no right of innocent air space passage.
 - The right of innocent passage **does not apply to submerged submarines nor does it include a right to fish.**

United Nations Convention on the Law of the Sea (UNCLOS):

- The UNCLOS, also known as Law of the sea was **adopted in 1982.**
- It **lays down a comprehensive regime of law and order in the world's oceans and seas establishing rules governing all uses of the oceans and their resources.**
- There are many provisions under UNCLOS which **regulate and control the functioning and claims of nations on the world's oceans and seas.**
- The convention **was ratified by 168 parties**, which included 167 states and the European Union.
- **India is a state party to the UNCLOS.**
- UNCLOS, as the currently prevailing law of the sea, **is ultimately binding.**

What is an Exclusive Economic Zone?

- Exclusive economic zone (EEZ), as defined under the UNCLOS, is an area of the ocean extending up to 200 nautical miles (370 km) immediately offshore from a country's land coast in which that country retains exclusive rights to the exploration and exploitation of natural resources.

LOAN LOSS PROVISION BY BANKS

Why in news?

- Recently, the Reserve Bank of India (RBI) published a discussion paper on “loan loss provision”.
- This paper proposed a framework for **adopting an expected loss (EL)-based approach** for provisioning by banks in case of loan defaults.
- Presently, banks are required to make loan loss provisions based on an incurred loss approach.

What is loan-loss provision?

- The RBI defines a loan loss provision as an expense that banks set aside for defaulted loans.
- In other words, a loan loss provision is a cash reserve that banks set aside to cover losses incurred from defaulted loans.
- Basically, it is an income statement expense banks can tap into when borrowers are unlikely to repay their loans.
- In the event of a loss, instead of taking a loss in its cash flows, the bank can use its loan loss reserves to cover the loss.
- For example: Let's say a bank has issued \$100,000 total in loans and has a loan loss provision of \$10,000.
- On one of their defaulted loans, the borrower repaid only \$500 of the outstanding \$1,000.
- To cover the \$500 loss from the defaulted loan, the bank would deduct \$500 from the loan loss provision.
- The level of loan loss provision is determined based on the level expected to protect the safety and soundness of the bank.

What is the present approach followed by banks to make loan loss provisions?

- Banks in India are currently required to make loan loss provisions based on **incurred loss model**.
- This model assumes that all loans will be repaid until evidence to the contrary (known as a loss or trigger event) is identified.
- Only at that point is the impaired loan (or portfolio of loans) written down to a lower value.

What has been proposed by the RBI?

- RBI has proposed a framework for adopting an expected loss (EL)-based approach for provisioning by banks in case of loan defaults.
- Under this practice, a bank is required to estimate expected credit losses based on forward-looking estimations.
- Under this, banks will need to classify financial assets into one of three categories — **Stage 1, Stage 2, or Stage 3** — depending upon the assessed credit losses on them, at the time of initial recognition as well as on each subsequent reporting date, and make necessary provisions.

What are the benefits of this new approach?

- The expected credit losses approach will further enhance the resilience of the banking system in line with globally accepted norms.
- It is likely to result in excess provisions as compared to shortfall in provisions as seen in the incurred loss approach.

WORLD ECONOMIC FORUM ANNUAL MEETING 2023

Why in news?

- Recently, Union minister Ashwini Vaishnaw addressed a session on India's road to a \$10-trillion economy at the World Economic Forum (WEF) in Davos.
- The annual meeting of WEF is taking place in Davos from Jan. 16 until Jan. 20, 2023.
- The theme of this year's summit is "**Cooperation in a Fragmented World**".

World Economic Forum

- The World Economic Forum is the international non-governmental organization for Public-Private Cooperation.
- It was founded in January 1971 by German engineer and economist Klaus Schwab.
- The Forum engages the foremost political, business, cultural and other leaders of society to shape global, regional and industry agendas.
- It has no independent decision-making power.
- **HQ:** Cologny-Geneva, Switzerland.

Davos meet

- Annually, the WEF organizes a meeting at the end of January in Davos, a mountain resort in Graubünden, in the eastern Alps region of Switzerland.
- The Annual Meeting, also known as the Davos Agenda, has the objective of orienting global leaders on the imperatives of the year ahead.

New Summary: World Economic Forum Annual Meeting 2023

- The 53rd edition of the annual World Economic Forum summit is being held at the Swiss town of Davos.

India's participation

- This year marks 36 years of the Forum's collaboration with India.
- At the summit, India is represented by a high-level delegation which includes Union Ministers, Chief Ministers, Business leaders etc.
- In line with this year's WEF theme, "Cooperation in a Fragmented World", India has reiterated its position as a resilient economy with a strong leadership providing stable policy to the global investors at the summit.
- India's focus areas at WEF this year are investment opportunities, infrastructural landscape and its inclusive & sustainable growth story.