

EX-FED CHIEF BERNANKE, 2 OTHERS GET ECO NOBEL

In News:

- Former Federal Reserve Chair **Ben Bernanke** and two other U.S economists, **Douglas Diamond** and **Philip Dybvig**, won the Nobel Memorial Prize in Economic Sciences.
- They have been awarded for the work over the course of four decades on the role that bank bailouts play in financial crises. This research dates back to the early 1980s.
- Together, the work for which Bernanke, Dybvig and Diamond have been recognised has **laid the foundation for modern bank regulations**.

The Great Depression:

- The Great Depression was a severe worldwide economic depression between 1929 and 1939 that began after a major fall in stock prices in the United States.
 - Between January 1930 and March 1933, US industrial production fell by 46 per cent, unemployment rose to 25 per cent and the Gross Domestic Product (GDP) declined by 30 per cent.
- Lasting for almost a decade, it was marked by steep declines in industrial production and in prices (**deflation**), mass **unemployment**, **banking panics**, and sharp increases in rates of **poverty** and homelessness.
- There is no consensus among economists and historians regarding the exact causes of the Great Depression.

Ben Bernanke's research:

- Ben Bernanke wrote a research paper in 1983, analysing the Great Depression.
- He highlighted that "**Bank Runs**" was the key reason for a fairly normal recession to spiral into the greatest economic crisis in modern history.
 - A bank run occurs when large groups of depositors withdraw their money from banks simultaneously based on fears that the institution will become insolvent.

- If enough people do this simultaneously, the bank's reserves cannot cover all the withdrawals, and it is driven to bankruptcy.
- Due to bank runs, the recession of 1929 had turned into a full-fledged banking crisis by 1930 as half the banks went bankrupt.
- Bernanke demonstrated that the economy did not start to recover until the Government finally implemented powerful measures to prevent additional bank panics.
- Today, Bernanke's views — letting banks fail often worsens a financial crisis — are conventional wisdom, backed by empirical studies.

Douglas Diamond's and Philip Dybvig's Analysis:

- Again in 1983, Douglas Diamond and Philip Dybvig wrote a research paper, highlighting that there are “**fundamental conflicts between the needs of savers and investors**”.
- Savers always want access to at least some part of their savings for unexpected use; this is also called the need for liquidity.
- They want the ability to pull out money when they need it.
- On the other hand, Borrowers especially those taking out a loan for building a home or building a road, need the money for a much longer time.
- Borrowers cannot function if the money can be demanded back at a short notice.
- This is popularly known as the **Diamond-Dybvig model**.

Role of Banks in Diamond-Dybvig model:

- Diamond and Dybvig presented a mathematical model showing that banks act as intermediaries between savers and borrowers, smoothing out the incompatibility of their requirements.
- Savers want to be able to invest and withdraw on a short-term basis, but borrowers such as businesses need long-term loans and commitments.
- Because savers don't in general need to withdraw all at the same time, banks can absorb the fluctuations to maintain 'liquidity', enabling money to circulate and society to benefit.

[PARLIAMENT PANEL MOOTS USE OF HINDI, LOCAL LANGUAGES IN HIGHER EDUCATIONAL INSTITUTES](#)

In News:

- Recently, the Parliamentary Committee on Official Languages, chaired by the Union Home Minister, recommended that local languages be given preference over English in all states.
- The committee has also suggested that the medium of instruction in higher education institutes such as IITs in Hindi-speaking states be Hindi and that Hindi be one of the United Nations' official languages.

Debate over status of Hindi as a language in India:

Background:

- The Constituent Assembly was sharply divided on the issue of Hindi's status in independent India, with members from non-Hindi-speaking states rejecting the idea of recognising Hindi as a national language.
- Finally, it was determined that the Constitution will simply refer to an "official language," and that English will be used for the next 15 years.
- However, the Official Languages Act, 1963, mentions the continuation of English for official purposes of the Union and for use in Parliament, establishing Hindi and English as the Union's official languages.

The status of Hindi under the Indian Constitution:

- Under **Article 343** of the Constitution, the official language of the Union shall be Hindi in Devanagari script. The international form of Indian numerals (the Arabic form used and understood throughout the world) will be used for official purposes.
 - Hence, there is no national language for India, and Hindi is the official language of the Union.
- The Eighth Schedule of the Constitution contains a list of 22 languages ('Hindi' is one among them) in the country.
 - There is no mention of the languages that are or will be included in the Eighth Schedule.
 - There are **only two references** to these languages in the Constitution - one is in Article 344(1) and the other in Article 351.

- **Article 344(1)** authorizes the President of India to appoint a Commission to make recommendations for the progressive use of Hindi for official purposes of the Union while restricting the use of English.
- According to **Article 351**, it is the Union government's responsibility to promote the spread of Hindi so that it becomes a medium of expression for all elements of India's composite culture.

The adoption of 3-language formula:

- In 1959, the central government gave an assurance that English would continue to be in official use and as the language of communication between the Centre and the states.
- The Official Languages Act of 1963, which allowed for the continued use of English after the 15-year period expired, did not specifically include this promise.
- This raised concern in several states (like Tamil Nadu) that **Hindi would be imposed** in such a way that the future employment prospects of those who do not speak Hindi will be thin.
- To address this, the first National Policy on Education (1968) speaks of teaching three languages -
 - Hindi, English and one regional language in Hindi-speaking States, and
 - Hindi, English and the official regional language in other States.
- In practice, however, only a few states teach both their predominant language and Hindi, in addition to English.
- For example, Tamil Nadu has always opposed the 3-language formula and only teaches Tamil and English.
- It claims that anyone who needs to study Hindi can do so on their own.

AUTOMATIC EXCHANGE OF INFORMATION (AEOD)

India has received the fourth set of Swiss bank account details of its nationals and organisations as part of an annual information exchange, under which Switzerland has shared particulars of nearly 34 lakh financial accounts with 101 countries.



About:

- This is the fourth tranche of information that India has received from Switzerland since the two countries entered into an Automatic Exchange of Information (AEOI) agreement in January 2018.
- The first such exchange with India took place in 2019.

Automatic Exchange of Information (AEOI):

- AEOI 2022 exchange exercise aims to bring in transparency and restrict money laundering.
- Some countries which have been added to the Swiss AEOI list for the first time are Turkey, Peru and Nigeria.
- The guidelines and parameters for the AEOI are set by the Paris-based international body, the Organisation for Economic Co-operation and Development (OECD).
- The annual exercise of AEOI exchange, such as the current Swiss bonanza of banking details, is strictly meant for “tax only” purposes and in India, kept in the custody of and for action by the Central Board of Direct Taxes (CBDT).
- Under the OECD’s guidelines, no details of the quantum of funds or the names of account holders are to be publicised.
- In 2014, the OECD developed the Common Reporting Standard (CRS) which allows every country to obtain data from Financial Institutions (FIs) and “automatically” exchange it with countries with which AEOI agreements are in order every year.
- Under the OECD umbrella of AEOI, India presently shares bulk financial and banking information with 78 countries and receives the same from 107 countries.

SPACE ECONOMY

The Indian space economy is set to reach \$13 billion by 2025, according to a joint report prepared by EY and the Indian Space Association (ISpA).



About:

- According to the report, the space-launch segment would grow at a CAGR of 13%, spurred by growing private participation, latest

technology adoption and low cost of launch services.

- The satellite services and application segment would form the largest share of the space economy accounting for 36% of the ecosystem by 2025.
- On the country's satellite-manufacturing opportunity, EY and ISpA said that in 2020, it was \$2.1 billion. This would reach \$3.2 billion by the year 2025.

Indian Space Association (ISpA)

- Indian Space Association (ISpA), established in December 2020, is the premier industry association of space and satellite companies. Prime Minister Narendra Modi launched the ISpA on October 11, 2021.
- The industry association will act as an independent and “single-window” agency for enabling the opening up of the space sector to start-ups and the private sector, according to the government agenda.

MENTAL HEALTH

On World Mental Health Day, The Lancet released a new report calling for radical action to end stigma and discrimination in mental health.



About:

- The report was the result of the labours of the new Lancet Commission on Ending Stigma and Discrimination in Mental Health.
- According to the report, 90% of people living with mental health conditions feel negatively impacted by stigma and discrimination.
- Further, 80% said stigma and discrimination can be worse than the condition itself.
- Additionally, 90% of those surveyed felt that media could play a major role in reducing stigma.
- As per the commission, stigma can “cause social exclusion and disempowerment of people with mental health conditions leading to discrimination and human rights violations, including

problems in accessing healthcare, challenges in securing employment, and increased likelihood of health complications leading to early death”.

4th. HELI-INDIA SUMMIT 2022

Minister of Civil Aviation, Shri Jyotiraditya M. Scindia recently inaugurated 4th Heli-India Summit 2022.



About:

- During the summit the Minister announced 3 new projects for enhancing the helicopter sector in the country which includes HEMS and fractional ownership.

Helicopter Emergency Medical Services (HEMS)

- It is called Project Sanjeevani by deploying a helicopter in the next few weeks to provide emergency medical services at AIIMS Rishikesh.
- The helicopter will be based at the hospital at 20 minute notice and will have a service cover to an area of 150 km radius.

Fractional Ownership Model

- It helps to grow the non-scheduled operations.
- It will lower the barrier on the cost of acquisition of helicopters and airplanes through pooled capital by multiple owners.
- This will allow companies and individuals to minimize their capital outflow by sharing the purchase cost, reducing their exposure to risks and making it financially easier to run a NSOP business.

Theme: ‘Helicopters for Last Mile Connectivity’.

International Day of the Girl Child (IGD)

International Girl Child Day is celebrated on October 11.



About:

- The International Day of the Girl Child aims to raise awareness about the importance and potential girls hold as the future of our society.

- It focuses attention on the need to address the challenges girls face and to promote girls' empowerment and the fulfilment of their human rights.
- 2022 marks the 10th anniversary of International Day of the Girl Child.

Theme:

- This year's theme is "Our time is now—our rights, our future".

History:

- First time in history, the Beijing Declaration and Platform for Action in 1995, proposed an action plan to advance the rights of girls.
- In 2011, the United Nations General Assembly passed resolution 66/170 and adopted October 11 as the International Day of the Girl Child.
- It was an annual day commemorated to honour girls. Every year, a new theme is to be picked to focus on the most prevalent issue of the year.
- International Day of the Girl Child was first observed in 2012.