

COMPROMISE SETTLEMENT FOR WILFUL DEFAULTERS

Why in news?

- The Reserve Bank of India (RBI) has allowed **wilful defaulters and loans accounts involved in frauds** to go in for a compromise settlement with banks to settle their dues.

What is a compromise settlement?

- A compromise settlement refers to a negotiated settlement between a borrower and a bank in which borrower offers to pay an amount that is less than the total due under the loan contract.
- The bank agrees to accept this reduced amount as a full and final settlement.
- As part of this settlement, the bank typically writes off or waives a portion of the borrower's dues. **This write off or waiver happens only once.**
- In the last two decades, banks have approved several compromise settlements, running into hundreds of crores with huge haircuts, leading to huge losses for banks.
- Haircut is the reduction of outstanding payment or loans that will not be repaid by the borrowers.

Who are wilful defaulters?

- According to the Reserve Bank of India, a 'wilful default' happens when a borrower does not repay their loans even though they have the ability to do so.
- In other words, it occurs when borrowers can meet their repayment obligations but choose not to.
- A wilful default occurs when a borrower does not use the funds received from the lender for the intended purpose.
- Instead, they divert the money for other reasons, misuse the funds, or sell off the assets provided as collateral without the knowledge of the bank.

• Statistics

- As per a credit information company registered with the RBI, there were 15,778 wilful default accounts involving an amount of Rs 340,570 crore as of December 2022.
- State Bank of India (SBI) leads with 1,883 wilful default accounts for Rs 79,296 crore, followed by PNB at Rs 38,360 crore.

Why has this been termed as a detrimental step?

- It may compromise the integrity of the banking system and undermine the efforts to combat wilful defaulters effectively.
- It not only **rewards unscrupulous borrowers** but also **sends a distressing message to honest borrowers** who strive to meet their financial obligations.
- Wilful defaults have a significant impact on the financial stability of banks and the overall economy.
- By allowing them to settle their loans under compromise, the RBI is essentially condoning their wrongful actions and placing the burden of their misdeeds on the shoulders of ordinary citizens.

Why is loan recovery important?

- Recovery of debts is an important activity that aims at protecting the interest of the depositors and other stakeholders.
- If banks do not recover NPAs, then ultimately, depositors and other stakeholders will suffer.
 - A non performing asset (NPA) is a loan or advance for which the principal or interest payment remained overdue for a period of 90 days.
- Hence, any compromise settlement should have an underlying objective of recovery of dues to the maximum extent possible at minimum expense and within shortest possible time frame.
- One of the reasons for the **high interest rates in India is the high level of NPAs in the banking system.**

MQ-9B PREDATOR DRONE

The Defence Ministry recently accorded its approval to procure 30 MQ-9B Predator drones (SeaGuardian variant) from the US to crank up the surveillance apparatus of the armed forces.



About MQ-9B Predator Drone:

- The MQ-9B drone is a **variant of the MQ-9 "Reaper"**, an **unmanned aerial vehicle (UAV)** capable of remotely controlled or autonomous flight operations.

- These are **high-altitude long-endurance drones armed with strike missiles** which can take out enemy targets with high accuracy.
- It was developed by **General Atomics Aeronautical Systems(GA-ASI)**, primarily for the **United States Air Force (USAF)**.
- The MQ-9B has two variants — **SkyGuardian** and its sibling **SeaGuardian**.
- The **Indian Navy** has been operating the MQ-9B Sea Guardian since 2020.
- **Features of MQ-9B SeaGuardian :**
 - It can carry up to **5,670 kg** and has a fuel capacity of **2,721 kg**.
 - The drone can operate at over **40,000 feet**.
 - The Predator also has a **maximum endurance of 40 hours**, making it useful for **long-hour surveillance**.
 - It can **support land, maritime surveillance, anti-submarine warfare, anti-surface warfare, strike**, electronic warfare and expeditionary roles.
 - It is also **capable of automatic take-offs and landings**.
 - It can **safely integrate into civil airspace**, enabling joint forces and civil authorities to deliver real-time situational awareness anywhere in the maritime domain -- day or night.

INDIA'S BIGGEST NATURAL ARCH

A team of the Geological Survey of India recently discovered India's biggest natural arch during their survey of coal in Kenduadihi block in Odisha's Sundargarh district.



Why in News:

- The state unit of the Geological Survey of India (GSI) has **proposed to declare the 'Natural Arch' in the Kanika range of Sundargarh forest division, a Geo Heritage Site**.
- If it is done, it will be the **biggest natural arch of the country to have the Geo Heritage tag**.
- Apart from the arch at Sundargarh, **India has two others- one at Tirumala hills in Tirupati and another at Andaman and Nicobar**. However, both of them are smaller compared to the one in Sundargarh.

About India's Biggest Natural Arch:

- The Sundargarh natural arch, present in the ferruginous sandstone of the Upper Kamthi formation, dates back to about 184 to 160 million years in the lower to middle Jurassic age.
- It is an oval-shaped arch and has a length of 30 metres at the base and is 12 metres high.
- The alcove of the natural arch has a maximum height and width of 7 metres and 15 metres, respectively.
- The natural arch and its surrounding area are a storehouse of different primary sedimentary structures like planner and cross-bedding along with occasional current ripples signifying high energy fluvial environment during sedimentation.
- **Formation:** Formation of the natural arch could be due to fault activities and the nature of lithotype, which have enhanced the process of sub-aerial weathering over a long period.

What are Geo Heritage Sites (GHSs)?

- Geoheritage sites are sites of rare and unique geological, geo-morphological, mineralogical, petrological, and paleontological significance, including caves and natural rock sculptures of national and international interest.
- GSI declares geo-heritage sites/ national geological monuments for protection and maintenance.
- GSI or the respective State governments take necessary measures to protect these sites.

WHAT IS EXPORT-IMPORT BANK OF INDIA (EXIM BANK)?

MD of EXIM Bank of India recently said that India's future Lines of Credit (LoCs) to Africa could focus on defence exports to meet the requirements of the continent.



About Export-Import Bank of India (EXIM Bank):

- It is the premier export finance institution of the country.
- It was established by the Government of India, under the Export-Import Bank of India Act, 1981
- EXIM Bank wholly owned by the Government of India.

- **Services:**

- EXIM Bank provides financial assistance to exporters and importers.
- It extends Lines of Credit (LOCs) to overseas financial institutions, regional development banks, sovereign governments and other entities overseas, to enable buyers in those countries to import developmental and infrastructure projects, equipment, goods and services from India, on deferred credit terms.
- It functions as the principal financial institution for coordinating the work of institutions engaged in financing export and import of goods and services with a view to promoting the country's international trade.

- **Structure:**

- The operations of the Bank are governed by a Board of Directors.
- The Board of Directors consists of a chairman, a managing director, two deputy managing directors; one director each nominated by the Reserve Bank of India; IDBI Bank Ltd. and ECGC Ltd.; and not more than 12 directors nominated by the Central Government.

What is a Line of Credit (LoC)?

- It is a preset borrowing limit that can be tapped into at any time.
- All LOCs consist of a set amount of money that can be borrowed as needed, paid back, and borrowed again.
- The borrower can take money out as needed until the limit is reached.
- As money is repaid, it can be borrowed again in the case of an open line of credit.

NATIONAL INSTITUTIONAL RANKING FRAMEWORK (NIRF)

- The Ministry of Education established the National Institutional Ranking Framework (NIRF) in 2016 to determine the critical indicators on which institutions' performance could be measured.
- Since then, institutions nationwide, including universities and colleges, eagerly await their standings in this nationally recognised system every year.

What is National Institute Ranking Framework (NIRF)?

- The National Institutional Ranking Framework is a methodology adopted by the **Ministry of Education**, to rank institutions of higher education in India.
- In July 2022, the Ministry released the 7th edition of NIRF.

How Does the NIRF Rank Institutes?

- Currently, the NIRF releases rankings across various categories: ‘**Overall**’, ‘**Research Institutions**’, ‘**Universities**’, and ‘**Colleges**’, and specific disciplines like engineering, management, pharmacy, law, etc.
- The ranking framework judges these educational institutions under **five broad generic groups of parameters of –**
 - Teaching, Learning and Resources (TLR) (30% weightage),
 - Research and Professional Practice (RP) (30% weightage),
 - Graduation Outcomes (GO) (20% weightage),
 - Outreach and Inclusivity (OI) (10% weightage) and
 - Perception (PR) (10% weightage).
- Academic communities have had **concerns about the construction of these indicators, the transparency of the methods used, and the overall framework.**
- An important part of it is focused on the research and professional practices part of the evaluation because they pay a lot of attention to bibliometric measures.

What are Bibliometrics?

- Bibliometrics refers to the measurable aspects of research, such as the **number of papers published**, the **number of times they’re cited**, the **impact factors of journals**, etc.
- The allure of bibliometrics as a tool for assessing research output lies in its efficiency and convenience compared to qualitative assessments performed by subject experts.
- Science policy experts have repeatedly cautioned authorities against relying too much on bibliometrics as a complete assessment in and of itself.
 - They have argued that **bibliometric indicators don’t fully capture the intricacies of scientific performance.**

What is the Difference Between NAC Accreditation and NIRF Rankings?

- Accreditation is a comprehensive assessment that takes place as a **one-time (5 year) event**.
- In India, Accreditation is carried out by the National Assessment and Accreditation Council (NAAC).
- NAAC is an autonomous body registered under the Karnataka Societies Registration Act of 1960.
- Ranking on the other hand is a **yearly event** that occurs every year without fail (since 2015).
- Despite both being an assessor of educational institutes, both have considerable differences in terms of specific criteria, metrics used to prepare the qualitative and quantitative reports.
- Chairman of the NAAC's executive committee has said that there are some discrepancies in the scores and current system needs to be reviewed and improved upon.

INTERNATIONAL ENERGY AGENCY

Recently, the executive director of the International Energy Agency (IEA), said it would review all its membership conditions for India's inclusion in the world's premier energy monitoring organization.



About International Energy Agency:

- It is an autonomous **inter-governmental organisation** within the **OECD framework**.
- It works with governments and industry to **shape a secure and sustainable energy future for all**.
- It was founded in 1974 to ensure the **security of oil supplies**.
- It was created in response to the 1973-1974 oil crisis when an oil embargo by major producers pushed prices to historic levels and exposed the vulnerability of industrialised countries to dependency on oil imports.
- It consists of **31 member countries and eleven association countries**.

- A candidate country to the IEA **must be a member country of the Organisation for Economic Co-operation and Development (OECD).**
- **Criteria for membership**
 - Crude oil and/or product **reserves are equivalent to 90 days** of the previous year's net imports, to which the government has immediate access (even if it does not own them directly) and could be used to address disruptions to global oil supply.
 - A demand restraint programme to **reduce national oil consumption** by up to **10%**.
 - Legislation and organisation to operate the **Co-ordinated Emergency Response Measures (CERM) on a national basis.**
 - Legislation and measures to ensure that all oil companies under its jurisdiction report information upon request.
 - Measures are in place to ensure the capability of contributing its share of an IEA collective action.
- **India** joined this organization in 2017 as an **Associate member.**
- **Reports published by IEA:** World Energy Outlook, World Energy Balances, Energy Technology Perspectives, World Energy Statistics and Net Zero by 2050.

MANAGEMENT OF CYCLONES

Management of cyclones

- The National Disaster Management Authority (NDMA) in India outlines several key components for the management of cyclones. These components include:
 - **Risk Assessment and Early Warning Systems**
 - Conducting risk assessments to identify vulnerable areas, populations, and infrastructure.
 - **Preparedness and Planning**
 - Developing and regularly updating cyclone-specific disaster management plans at national, state, and local levels.
 - **Mitigation measures**
 - **Strict adherence to building Codes and Regulations** in cyclone-prone areas
 - **Coastal Zone Management:**

- **Infrastructure Development:**

- Regular maintenance and strengthening of critical infrastructure such as roads, bridges, power lines, and communication networks.

- **Response and Coordination**

- Activating emergency response mechanisms at all levels of governance, including the National, State, and District Disaster Management Authorities.

- **Evacuation and Shelter Management**

- Ensuring the availability and readiness of cyclone shelters and evacuation centres, equipped with basic amenities and facilities.

- **Recovery and Rehabilitation**

- Undertaking post-cyclone damage assessments to ascertain the extent of destruction and prioritize recovery efforts.

Steps taken by India

- **National Cyclone Risk Mitigation Project (NCRMP):**

- Launched by the MHA, this project aims to reduce the vulnerability of coastal communities and infrastructure to cyclones and storm surges.
- It focuses on capacity building, early warning systems, cyclone shelters, evacuation planning, and community awareness.

- **IMD's Colour Coding of Cyclones**

- Four colours - Green, Yellow, Orange, and Red – are used by IMD to make people aware about the severity of cyclones.

- **Other general steps taken:**

- National Disaster Response Force (NDRF)
- National Disaster Management Plan (NDMP)
- National Institute of Disaster Management (NIDM)
- State Disaster Management Authorities (SDMAs)