

WHAT ARE SMALL FINANCE BANKS (SFBS)?

The Reserve Bank of India (RBI)-appointed director, recently resigned from the board of Ujjivan Small Finance Bank (SFB).



About Small Finance Banks (SFBS):

- SFBS are **specialized banks** that are licensed by RBI to provide financial services and products to **low-income individuals and underserved communities**, including microfinance and micro-enterprise services, as well as other basic banking services.
- **Aim:**
 - To **provide financial inclusion** to these segments of the population who are often excluded from the traditional banking system.
 - SFBS **help them to have access to financial products** such as small loans, savings, insurance, and other basic banking services.
- SFBS are **registered as public limited companies under the Companies Act, 2013** and **governed by Banking Regulations Act, 1949; RBI Act, 1934** and other relevant Statutes and Directives from time to time.
- The guidelines for SFBS were introduced in 2014 by RBI. **RBI Guidelines on SFBS in India are:**
 - SFBS are **granted the scheduled bank status** after being operational and are deemed suitable **under section 42 of the RBI Act, 1934**.
 - SFBS are required to **primarily focus on providing access to financial services to the unbanked and underbanked** segments of the population.
 - They are required to maintain a minimum **Capital to Risk-Weighted Assets Ratio (CRAR) of 15%**.
 - They are **required to extend 75% of their Adjusted Net Bank Credit to Priority Sector Lending**.
 - SFBS are required to **open at least 25% of their total branches in unbanked rural areas**.

- The **minimum paid-up voting equity capital** for small finance banks shall be **Rs.200 crore**.
- SFBs are required to **maintain at least 50% of their loan portfolio as microfinance** and advances of **up to Rs. 25,00,000**.
- SFBs are **required to comply with various prudential norms and regulations** related to income recognition, asset classification, and provisioning.
- SFBs are **encouraged to adopt technology to improve their operational efficiency** and reach the target segments.

WHAT IS CIBIL (CREDIT INFORMATION BUREAU (INDIA) LIMITED) SCORE?

The Kerala High Court recently held that an application for education loan by a student could not be rejected on the ground of a low CIBIL (Credit Information Bureau (India) Limited) score.



About CIBIL (Credit Information Bureau (India) Limited) score:

- It is a **three-digit numeric summary of your credit history**.
- **CIBIL or Credit Information Bureau (India) Limited maintains and calculates your credit score.**
- **Value:** The value of Credit Score may range between **300 to 900**.
- **Lenders can check the CIBIL report and CIBIL Score/CIBIL Rank to evaluate the risk of lending** to applicants and accordingly approve or reject new loan/credit card applications
- **The closer a CIBIL Score is to 900, the higher are the chances of the consumer's credit card or loan application getting approved.**
- **How is CIBIL Score calculated?**
 - It is **derived using the credit history found in the CIBIL Report**.
 - It **takes into account borrowers' credit profile over the last 36 months**.
 - The **credit profile includes all kinds of loans** such as home loans, credit cards, personal loans, automobile loans, overdraft facilities etc that **one has availed and their payment history**.

Credit Information Bureau (India) Limited (CIBIL):

- It is the **leading credit bureau and Credit Information Company (CIC)** licensed by Reserve Bank of India.
- **Primary Function:** To collect and maintain financial data as provided by the lenders to further generate and **provide credit reports and credit scores** for its customers.
- It maintains credit files on 600 million individuals and 32 million businesses.
- CIBIL India is **part of TransUnion, an American multinational group**. Hence **credit scores are known in India as the CIBIL Transunion score**.

What is CIBIL Report?

- It is a **consolidated credit report that includes the consumer's CIBIL Score and credit summary**, personal information, contact information, employment information, and loan account information.
- It is important to note that **lenders consider both the CIBIL Score and Report to assess a person's loan eligibility**.

GRAIN STORAGE PLAN

Recently, the Union Cabinet approved forming and empowering an Inter-Ministerial Committee (IMC) to create the world's largest grain storage plan in the cooperative sector.



About Grain Storage Plan:

- In order to ensure time-bound and uniform implementation of the Plan in a professional manner, the Ministry of Cooperation will implement a pilot project in at **least 10 selected districts**.
- The Pilot would provide valuable insights into various regional requirements of the project, learnings from which will be suitably incorporated for country-wide implementation of the Plan.
- An **inter-ministerial committee (IMC)** will be formed under the **chairmanship of the Minister of Cooperation**, with ministers of Agriculture and Farmer's Welfare, Consumer Affairs, Food and Public Distribution, Food Processing Industries, and secretaries as members “to modify guidelines/ implementation methodologies of schemes of the respective ministries as and when the need arises”.

- **Aim:** To address the shortage of agricultural storage infrastructure in the country by facilitating the establishment of godowns at the level of primary agricultural credit societies (PACS) and also enables PACS to undertake various other activities.
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[CENTRE REOPENS WINDOW TO APPLY FOR \\$10 BN CHIP MANUFACTURING PLAN](#)

Why in news?

- The Centre has decided to reopen the window for applying to its Rs 76,000 crore semiconductor manufacturing plan.
 - First announced in December 2021, it is a roughly \$10 billion dollar production-linked incentive (PLI) scheme to encourage semiconductor and display manufacturing in the country.
 - The scheme was modified in September 2022 as govt increased the amount of fiscal support.
- The new window, set to open on June 1, will remain until December 2024.
- This is because the three applications it had received under the previous window last year have run into hurdles in setting up their respective plants.

Background: First window for entities to apply to the scheme

- **Timeline**
 - The government opened the first window for entities to apply to the scheme in January 2022 and closed it in 45 days.
- **Three proposals received**
 - The government had received three proposals to set up a fab in the country:
 - Vedanta-Foxconn joint venture,
 - international consortium ISMC and
 - Singapore-based IGSS Ventures.
- **Current status**
 - At the moment, the Vedanta-Foxconn proposal is the only one that the Centre has on its table.
 - Even this proposal has been unable to find a partner that could licence them the technology to manufacture 28-nanometre chips.

- SMC, backed by Abu Dhabi-based Next Orbit and Israel's Tower Semiconductor, has asked the Centre not to consider its proposal owing to a pending merger between Intel and Tower Semiconductor.
- The merger continues to be delayed more than a year after its first announcement.
- Singapore-based IGSS Venture's proposal was not found to be up to the mark by the government's advisory committee.

Semiconductor manufacturing in India

Need for domestic manufacturing of semiconductors

- **Foundation stone of modern electronics industry**
 - Semiconductors and displays are the foundation of modern electronics industry.
 - These are critical components that power electronics - from computers and smartphones to the brake sensors in cars.
- **To reduce import dependency**
 - As India does not produce any semiconductors, the country's demands are met with imports.
 - The demand for semiconductors in India will reportedly reach around USD 100 billion by 2025, up from the current demand of USD 24 billion.
- **To overcome the disruption in supply-chain**
 - The absence of local manufacturing affected India the most during the lockdown imposed due to the Covid-19 pandemic.
 - The chip-making industry is a highly-concentrated one, with the big players being Taiwan, South Korea and the U.S. among others.
- **Geopolitical significance**
 - In the current geopolitical scenario, trusted sources of semiconductors and displays hold strategic importance.
 - These are key to the security of critical information infrastructure.
 - E.g., The Department of Telecommunications has in the past raised concerns over possible bugs in the telecom equipment sold by the Chinese company.
 - U.S.-China tensions over Taiwan, and the supply chain blockages owing to the Russia-Ukraine conflict have forced countries to boost the domestic manufacturing of chips.

IS INDIA MISSING THE GRAPHENE BUS?

Context

- The three emerging technologies; **Artificial Intelligence (AI), Quantum Computing and Graphene, will disrupt the existing human-machine interface** in the next couple of decades.
- While India is among the leaders in AI and a potential challenger in quantum computing, it needs to **catch up in the area of Graphene.**

What is Graphene?

- Graphene is a material that is **extracted from graphite and is made up of pure carbon.**
- It is one of the most important elements in nature which we find in daily objects like the lead of a pencil.

Why Graphene is Called “Material of The Future?”

- It is a material with great potential, useful in many and very diverse processes, that **range from the manufacture of smartphones to the construction of solar panels.**
- What AI is to software and Quantum Computer is to computers, Graphene is to materials.
- It has the **potential to revolutionise electricity, conductivity, energy generation, batteries, sensors and more.**
- Moreover, when added to other materials, graphene even in small quantities produces composite materials with dramatically transformed qualities.

Special Properties of Graphene

- Graphene is the world’s thinnest, strongest, and most conductive material of both electricity and heat.
- It conducts electricity better than copper.
- It is 200 times stronger than steel but six times lighter.
- It is almost perfectly transparent as it absorbs only 2% of light.
- It is impermeable to gases, even those as light as hydrogen and helium.

Importance of Graphene Across Different Sectors

- **Electronics Manufacturing:** Graphene could change the electronics sector completely; with the application of this material, smaller, lighter, tougher, and more efficient devices could be manufactured, impossible to obtain with the components that are used today.
- **Health Sector**
 - Because of extraordinary properties of graphene, stronger, more flexible, and lighter hearing aids could be developed.
 - Making bones and muscles that would be introduced through surgical operations could be a reality in near future.
 - It is believed that graphene oxide could be a good ally in the diagnosis of diseases and their subsequent treatment.
- **Water Purification:** Graphene oxide membranes are used for water purification and desalination.
- **Construction**
 - The use of graphene applied to construction promises to improve the insulation of buildings.
 - The buildings could be more resistant to corrosion, dampness, and fire, and therefore **tougher and more sustainable**.
 - Construction materials would be perfected and eco-friendly components would be used, such as "green concrete" - an eco-efficient material that is more sustainable and resistant than the current one.
- **Defence and Aerospace Purpose**
 - Its exceptional strength makes it a **promising material for armour and ballistic protection**.
 - Graphene has the potential to absorb and dissipate electromagnetic waves, making it **valuable for developing stealth coatings** and materials that **reduce radar signatures and electromagnetic interference**.
 - Graphene is **highly sensitive to environmental changes**, which makes it an excellent candidate for sensing chemical and biological agents, explosives, radiation, and other hazardous substances.
 - Besides, graphene-based materials can also **protect us against chemical and biological attacks**.

Leading Countries in Commercial Production of Graphene

- **China and Brazil** are global leaders in the commercial production of graphene.
- At the Beijing Graphene Institute, set up in 2018, several companies produce industry-grade graphene products.
- India produces about **one-twentieth compared to China and one-third compared to Brazil.**

Steps Taken in Graphene Research

- A laudable step in this direction was the setting up of the **India Innovation Centre for Graphene in Kerala.**
- It is being implemented by the Digital University Kerala in partnership with Tata Steel and C-MET, Thrissur.
- The **Centre needs to become the nodal point to spur large-scale innovation activity around graphene.**

Conclusion

- India needs to be among the leaders in graphene because **we may experience the ‘winner takes the most’ situation here.**
- We missed the semiconductor bus in the mid-1990s. The time to step on the graphene pedal is now.

[ELECTRONICS REPAIR SERVICES OUTSOURCING \(ERSO\) INITIATIVE](#)

Recently, the Union Ministry of Electronics & IT launched the ERSO Pilot initiative to validate certain transformational policy and process changes to make India the Repair Capital of the World.



About Electronics Repair Services Outsourcing (ERSO) initiative:

- It aims to **promote India as a hub for repairing electronic goods** and to assess the feasibility and potential of capturing 20% of the global repair service market within five years.
- The pilot is **being held in Bengaluru** and will be run for three months.



CROSS & CLIMB ROHTAK



- India's **e-waste policy** will be modified to enable repair companies to domestically recycle **5% of imported goods** by weight on a trial basis.
 - The repaired goods **will not be permitted to be sold in the domestic market.**
 - New provisions will be made to allow their exportation to regions other than their country of origin.
 - **Nodal Ministry:** Ministry of Electronics & IT.
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