

Current Affairs : 11 July 2022

BANK NPAS AT 6-YEAR LOW OF 5.9%: STUDY

In News:

- According to a report, gross non-performing assets of banks were at a six-year low of 5.9% in March 2022.
- Still, India's NPA ratio is one of the highest among comparable countries.
- According to the report, bad loans in India will continue to drop during this fiscal because of higher credit growth and transfer of legacy assets to the National Asset Reconstruction Company.

Non-Performing Assets

- 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.
- Banks are required to classify NPAs further into Substandard, Doubtful and Loss assets.
 - Substandard assets: Assets which has remained NPA for a period less than or equal to 12 months.
 - Doubtful assets: An asset would be classified as doubtful if it has remained in the substandard category for a period of 12 months.
 - Loss assets: As per RBI, loss asset is considered uncollectible and of such little value that its continuance as a bankable asset is not warranted, although there may be some salvage or recovery value.

Reasons for high NPA in India

- **Heavy borrowing by industries during credit boom**
 - A lot of the loans currently classified as NPAs originated in the mid-2000s, at a time when the economy was booming and business outlook was very positive.
 - Indian firms borrowed furiously in order to avail of the growth opportunities they saw coming.
 - Many of such projects either failed to take off or could not realise the expected revenue.
- **Relaxed lending norms**

- The relaxed lending norms especially for big corporates led to a situation where their financial status and credit rating was not analyzed properly.
- **Agricultural loans**
 - Agriculture GNPA generally rose due to droughts, elections and the anticipation of loan waivers.
- **Wilful defaulter and fugitive economic offender**
 - There has been rise in number of wilful defaulters.
- **Pandemic**
 - Pandemic and associated lockdown also led to the increase in NPAs.

Steps taken by govt to address the NPA crisis

- **Credit Information Bureau**
 - The Credit Information Bureau (India) Ltd. (CIBIL) was incorporated in 2000 to prevent NPA's by sharing of information on wilful defaulters.
- **Debt Recovery Tribunal**
 - It was established to reduce the time required for settling cases.
- **5:25 Rule**
 - The 5:25 scheme allows banks to extend long-term loans of 20-25 years to match the cash flow of projects, while refinancing them every 5 or 7 years.
- **Joint Lenders Forum**
 - It was created to avoid a situation where a loan is taken from one bank to repay the loans in other banks.
- **ARC (Asset Reconstruction Companies)**
 - Created to recover value from stressed loans bypassing courts which was a time-consuming process.
- **Asset Quality Review**
 - It has been discussed in following sections of this article.
- **Insolvency and Bankruptcy Code (2016)**
 - It was created to consolidate and amend the laws relating to reorganisation and insolvency resolution.

- **The SARFAESI (Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest) Act**

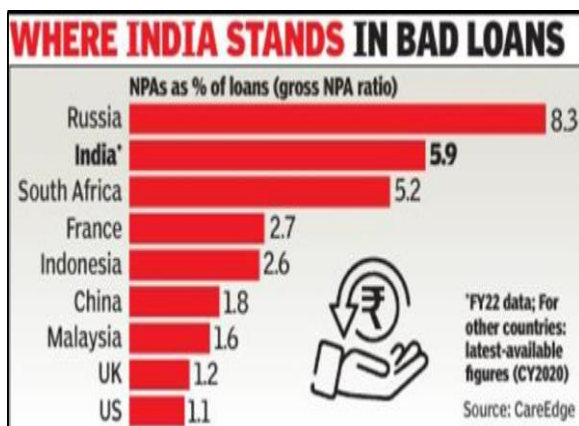
- This act empowers banks to auction assets or properties that were submitted as collateral while sanctioning loans.

News Summary

- According to a report by CareEdge, Gross non-performing assets (GNPAs) of banks have hit a six-year low of 5.9% as of March 2022.

Key highlights of the report:

- **India's NPA is high in comparison with other large economies**
 - Despite hitting a six-year low, the report says that India's NPA ratio is one of the highest among comparable countries.
 - Barring Russia, which has a GNPA ratio of 8.3%, every large market has lesser share of bad loans than India.
 - China has a GNPA ratio 1.8%, while it is 2.6% for Indonesia and 5.2% for South Africa. Most developed economies have GNPAs below 3%.



- **Bad loans will continue to drop**
 - The report further says that the bad loans will continue to drop during the current financial year.
 - This is because of higher credit growth and the transfer of legacy assets to National Asset Reconstruction Company.

NATURAL FARMING IS SERVICE TO ‘MOTHER EARTH, GAUMATA’: PM

In News:

- Recently, PM Modi said that Surat’s success in connecting 75 farmers in every panchayat with natural farming is going to become an example for the entire country.
- He made those observations while virtually addressing a conclave on natural farming held in Surat.

Zero Budget Natural Farming (ZBNF):

- Zero budget natural farming is a type of farming practice that promotes chemical-free agricultural practices.
- It was originally introduced by agriculturist **Subhash Palekar** in the mid-1990s as an alternative to the Green Revolution methods such as the adoption of high yield variety seeds and use of inorganic fertilisers and pesticides.
- While current farming practices are driven by using chemicals, zero budget natural farming promotes low-cost inputs such as the use of:
 - Cow dung, aged cow urine, jaggery, pulse flour and other plant-based extracts.
- Palekar has argued that the cost of external inputs such as pesticides and fertilisers were the leading cause of indebtedness and suicides among farmers in the country.

ZBNF is based on 4 pillars:



- ZBNF is based on the following four pillars defined by Subhash Palekar:
 - **Bijamrit** – It is the microbial coating of seeds with formulations of cow urine and cow dung.

- **Jivamrit** – it is the enhancement of soil microbes using a mixture of cow dung, cow urine and jaggery.
- **Mulching** – It is the covering soil with crops or crops residue.
- **Waaphasa** – It is the building up of soil humus to increase soil aeration.
- In addition, ZBNF includes three methods of insect and pest management:
- **Agniastra, Brahmastra and Neemastra** (all different preparations using cow urine, cow dung, tobacco, fruits, green chilli, garlic and neem).

Why ZBNF is being Promoted:

- From the data provided by National Sample Survey Office (NSSO), 70% plus of farmers spend more they earn, and most farmers have debt.
- The indebtedness level is around 90% in states like Andhra Pradesh and Telangana, where each household has an average debt of Rs 1 lakh.
- To achieve the promise of the central government to double the income of farmers by 2022, one factor being considered is the method of zero budget natural farming.

Potential Advantages of practicing ZBNF:

- Zero budget natural farming reduces the initial cost of farmers.
- Cow dung adds soil value. It is full of nutrients value and available locally. This leads to improvements in the soil ecosystem.
- Bacteria of cow dung decompose the organic matter in soil and make soil for the plants.
- It required less electricity and water.
- It improves the productivity of the soil.
- It decreases the disease attack risk on the crop.

Criticism:

Nature of Indian Soils:

- Indian soils are poor in organic matter content. About 59% of soils are low in available nitrogen; about 49% are low in available phosphorus; and about 48% are low or medium in available potassium.

- Indian soils are also varyingly deficient in micronutrients, such as zinc, iron, manganese, copper, molybdenum and boron.
- Micronutrient deficiencies are not just yield limiting in themselves; they also disallow the full expression of other nutrients in the soil leading to an overall decline in fertility.
- **Lack of access to native cows:**
 - Subhash Palekar suggests that cow dung and cow urine should be obtained from native cow breeds only.
 - Given that most Indian farmers are small and marginal farmers, not all of them have a native cow.
 - Over the last five decades, native breeds—which are well adapted to the local climate and are disease resistant—have been systematically replaced with cross breeding from exotic, foreign stock.
- **External bio-inputs and labour are required:**
 - Preparation of the concoctions using cow urine and cow dung require a lentil powder and jaggery, which have to be purchased by most farmers.
 - An additional cost to the farmer is the labour-intensive application of Bijamrit and Jivamrit.
 - In cases where farmers own smaller, fragmented lands, it adds to the difficulty.
- **Lack of independent studies:**
 - Currently, there are no independent studies to validate the claim that ZBNF plots have a higher yield than non-ZBNF plots.
 - The Indian Council of Agricultural Research (ICAR) is conducting studies on the ZBNF methods. Such studies will need at least 3 years to arrive at a conclusion.

Difference between ZBNF and Organic Farming:

Zero Budget Natural Farming	Organic Farming
No external fertilizers are used.	Organic fertilizers such as compost, cow dung, and vermicompost are used.
There is no tilling and no mixing. It requires natural ecosystems.	It requires basic agro methods like tilling, ploughing, mixing, etc.
It is low-cost farming due to the local biodiversity.	It is expensive due to the need for bulk manures.

News Summary:

- Recently, Prime Minister Narendra Modi addressed a conclave on natural farming, held in Surat, Gujarat.
- He opined that if there's a people's movement on natural farming, it will be a huge success in the coming days.
- He also spoke about the measures taken by the Union government for promoting natural farming through schemes like the 'Paramparagat Krishi Vikas Scheme'.

Paramparagat Krishi Vikas Scheme:

- The Paramparagat Krishi Vikas Scheme was launched by the Union government in 2015.
- **Objective:** To supporting and promoting organic farming, in turn resulting in improvement of soil health.
- The scheme stress on end-to-end support to organic farmers i.e. from production to certification and marketing.
- Post-harvest management support including processing, packing, marketing is made integral part of these schemes to encourage organic farmers.
- Under PKVY, farmers are provided financial assistance of Rs 50,000 per hectare/ 3 years.
 - Out of this Rs. 31,000 (62%) is provided directly through DBT for inputs (bio fertilizers, bio-pesticides, organic manure, compost, vermi-compost, botanical extracts etc).

RENEWABLE ENERGY TO REDUCE REVENUES

The global transition away from fossil fuels to renewable energy sources could trigger financial challenges for India and major developing countries such as Russia, Brazil and China because of their high dependence on revenues from fossil fuel, according to a study by the International Institute of Sustainable Development (IISD).



About:

- Though India is a net importer of petroleum products, it earns substantial revenues — via cesses and taxes — from the consumption of petrol, diesel and oil.
- The study finds that by 2050, overall fossil fuel revenues in Brazil, Russia, Indonesia, India and China could be as much as \$570 billion, lower than a business-as-usual scenario where governments fail to phase down fossil fuels enough to avoid the worst climate impacts.
- The widest gaps are expected to occur in India (\$178 billion), China (\$140 billion), and Russia (\$134 billion).
- Public revenues from fossil fuel production and consumption currently account for 34% of general government revenue in Russia, 18% in India, and 16% in Indonesia. This includes only direct, first-order, government financial revenues. By comparison, such revenues form a smaller fraction of Gross Domestic Product (GDP) in developed countries.
- However, Fossil fuel revenue streams were “unreliable and erratic” and undermined by the negative economic impacts of fossil fuel use, such as health costs due to air pollution and damage from climate change.

KHEJRI TREES

The proposed installation of eight solar power plants in Jodhpur district’s Phalodi tehsil has led to a major confrontation with the Bishnoi activists, who have strongly protested against the felling of khejri trees (or *Prosopis cineraria* trees).



About:

- Khejri trees, which is the State tree of Rajasthan, plays an important role in maintaining the ecosystem of Thar region because of its ability to survive in dry weather.
- The tree is used in different ways, such as a source of fodder and firewood, and it helps in sustaining the soil's nutrient value and ensuring a good yield of desert crops and food plants. Its fruit is used to make the popular dish 'Sangri'.

WORLD POPULATION DAY

World Population Day is observed on the 11th of July every year. The objective of the day is to increase the awareness of the people towards the worldwide population issues.



World Population Day

About:

World Population Day, which seeks to focus attention on the urgency and importance of population issues, was established by the then-Governing Council of the United Nations Development Programme in 1989.

- By a resolution in December 1990, the United Nations General Assembly decided to continue observing World Population Day enhance awareness of population issues, including their relations to the environment and development.
- The Day was first marked on 11th July 1990 in more than 90 countries.
- In 2011, the world reached a population of 7 billion. This year, the number will hit 8 billion.
- The theme for World Population Day 2022 is ‘A world of 8 billion: Towards a resilient future for all - Harnessing opportunities and ensuring rights and choices for all.

WIMBLEDON 2022

In Tennis, Serbian star Novak Djokovic won Wimbledon 2022 after beating Australia’s Nick Kyrgios 4-6, 6-3, 6-4, 7-6 in London. Elena Rybakina of Kazakhstan clinched the Women's Singles title.



About:

- Novak Djokovic became the fourth player in the open era after Roger Federer, Pete Sampras, and Bjorn Borg to win four Wimbledon titles in a row. Djokovic has a total of seven Wimbledon titles with his last four titles coming in 2018, 2019, 2021, and 2022.

- It is Djokovic's 21st Grand Slam title overall, putting him one behind record-holder Rafael Nadal.
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INS VIKRANT

The fourth phase of Sea Trials for Indigenous Aircraft Carrier- Vikrant has been successfully completed during which integrated trials of majority of equipment and systems onboard were undertaken.



About:

- Defence Ministry said, the ship's delivery is being targeted by the end of this month, followed by commissioning of the ship in August this year to commemorate Azadi ka Amrit Mahotsav.
 - The indigenous design and construction of Aircraft Carrier by Indian Navy and Cochin Shipyard Limited is a shining example in the Nation's quest for AatmaNirbhar Bharat and Make in India Initiative with more than 76 per cent indigenous content.
 - Maiden Sea Trials of IAC were successfully completed in Aug 2021. This was followed by second and third phases of Sea Trials in Oct 2021 and Jan 2022 respectively.
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