Prelim Bits 18-06-2018

Banks Board Bureau (BBB)

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- BBB has recently recommended 22 candidates from different banks for the executive director positions for state-run banks.
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- It is an autonomous body created in 2016 to improve the governance of public sector banks (PSBs).
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- It was initially given the mandate to **recommend candidates** for the top post in state-run banks and financial institutions.
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- Later, BBB's role was expanded to help banks in developing strategies and capital raising plans.
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- Its main purpose was to separate the day-to-day governance and supervision of the banks from the concerns of their ultimate owner, the government.
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- **Concern** – It can only recommend candidates, but the appointment is made only by the government.
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- In many instances, its recommendations being simply ignored by the government.
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- Rather than going to the Cabinet for approval, its recommendations are re-scrutinised and sometimes overruled by the finance ministry.
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MCLR and Base Rate

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- Banks calculate the lending rates to its customers based on the base rate and Marginal Cost of Funds Based Lending Rate (MCLR).
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- Base rate is the minimum rate set by the RBI below which banks are not

allowed to lend to its customers.
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- **Components of base rate** system are Cost of funds (interest rates offered by banks on deposits), Operating expenses to run the bank, Minimum Rate of return (margin or profit), Cost of maintaining the Cash Reserve Ratio (CRR).
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- MCLR was later introduced by RBI, modifying the existing base rate system.
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- **Components of MCLR** are Marginal cost of funds, cost for the banks in maintaining CRR with the RBI, operating expenses incurred by the banks and Tenor premium.
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- The problem with the base rate system is that the repo rate and other borrowing rates were not explicitly considered.
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- Whereas, MCLR is determined largely by the marginal cost for funds and especially by the deposit rate and by the repo rate.
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- Thus, it makes the lending rates in line with RBI's repo rate.
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- **Repo rate** is the interest rate at which the RBI lends money to commercial banks and it is calculated based on the prevailing inflation in the market.
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- It is basically a tool deployed by RBI to control inflation through money supply.
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- **Concerns** – RBI is yet to mandate banks to allow customers to shift from base rate system to MCLR.
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- Thus, customers who signed up for loans in the erstwhile 'Base Rate' regime are paying higher rates and they can't shift to the current 'MCLR' structure, which is lower than the base rate.
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Directorate of Advertising and Visual Publicity (DAVP)

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- DAVP is the nodal agency to undertake multi-media advertising and publicity for various Ministries and Departments of Government of India.
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- Even some of the autonomous bodies and public sector firms also route their advertisements through DAVP.

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- The advertisements are carried on various platforms, including print and visual media.
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- Last year, a new entity called "**Bureau of Outreach Communication**" was formed by merging DAVP and Directorate of Field Publicity and Song and Drama Division.
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- The merger is mainly for bringing in synergy for efficient publicity works of the government.
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- Bureau of Outreach Communication is under the jurisdiction of **Ministry of Information and Broadcasting.**
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- Government has recently decided to study the impact of its advertisements on people.
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- It is aimed at drawing up a strategy for the judicious use of money for publicity.
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Right to Information (RTI) Act

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- RTI act was enacted in 2005 which mandates timely response to citizen requests for government information by public authorities as well as union and state governments.
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- Public authority as defined by the act under Section 2(h) includes,
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1. Any authority which is established by constitution or by any law made by the parliament or state legislature.
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2. Any authority created by notification issued or order made by the Central Government or a State Government.
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3. Bodies owned, controlled or substantially financed by the Central Government or a State Government.
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4. Non-Government organisations substantially financed directly or indirectly by the Central Government or a State Government.
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- RTI specifies information is required to be published **within 120 days** of the notification of the Act in respect of the items listed therein.
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- The government has proposed amendments to RTI act, 2005.
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- Recently, RTI activist has sought information about those proposed amendments to the act, but it was denied by the government citing Section 8(i) (i) of the RTI act.
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- Generally, **Section 8** of the RTI Act exempts 'information, disclosure of which would prejudicially affect the sovereignty and integrity of India, the security, strategic, scientific or economic interests of the State, relation with foreign State or lead to incitement of an offence'.
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- Sec 8(i)(i) exempts the government from giving information about Cabinet papers, including records of deliberations of the Council of Ministers, Secretaries and other officers.
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Dhanush Artillery Gun

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- It is an indigenously developed gun and upgraded version of the Swedish Bofors gun procured by India.
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- It is a 155 mm ammunition system with a range of 36 km.
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- It is compatible with all North Atlantic Treaty Organisation (NATO) 155mm ammunition systems.
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- It has successfully completed final trials and is ready for induction into the Army.
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Chlorophyll – f

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- It is a type of chlorophyll that uses near-infrared light from the sun for photosynthesis.
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- It is found in a wide range of cyanobacteria (blue-green algae) when they grow in near-infrared light.
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- It is also founded in shaded conditions such as bacterial mats and beach rocks.
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- It also occurs in a cupboard fitted with infrared LEDs.
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- These insights could be useful for researchers to develop crops to perform photosynthesis using wider range of light.
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- Usually, plants use chlorophyll-a for photosynthesis that is sensitive to visible red light from the sun.
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Source: The Hindu.

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