



30 Days Revision Module Day 22 - August 2021 Current Affairs (UPSC Prelims 2021)

1) The Reserve Bank of India (RBI) constituted an Expert Committee on Primary Urban Co-operative Banks (UCBs) under the chairmanship of N S Vishwanathan. The committee has released its report recently. Which of the following is not one among its recommendations?

- a. It suggested for setting up an Umbrella Organisation (UO) to oversee co-operative banks.
- b. It suggested for a four-tier structure for the urban cooperative banks (UCBs) depending upon the deposits.
- c. It suggested that the Supervisory Action Framework should follow a triple indicator approach considering asset quality, Profitability and capital instead of current, twin-indicator approach.
- d. It prescribed separate ceilings for home loans and unsecured loans for different categories of UCBs.

Answer : c

- The Reserve Bank of India (RBI) constituted an Expert Committee on Primary Urban Co-operative Banks (UCBs) under the chairmanship of N S Vishwanathan.
- The committee has submitted its report recently to the RBI.

Highlights of the report

- **Umbrella Organisation** - The committee suggested setting up an Umbrella Organisation (UO) to oversee co-operative banks.
- UO should be financially strong and be well governed by a professional board and senior management, both of which are fit and proper.
- As an alternative to mandatory consolidation, the Committee preferred smaller banks acquiring scale via the network of the UO.
- **Merger** - The Committee has suggested that the UCBs should be allowed to open more branches if they meet all regulatory requirements.
- If the UCBs don't meet the prudential requirements, the RBI should mandatorily merge or reconstruct the UCBs to resolve them.
- **Four-Tiers** - UCBs may be categorised into 4 tiers for regulatory purposes, based on the banks' cooperativeness, availability of capital and other factors,
 1. **Tier 1** with all unit UCBs and salary earner's UCBs (irrespective of deposit size) and all other UCBs having deposits up to Rs 100 crore,
 2. **Tier 2** with UCBs of deposits between Rs 100 crore - 1,000 crore,
 3. **Tier 3** with UCBs of deposits between Rs 1,000 crore - 10,000 crore
 4. **Tier 4** with UCBs of deposits more than Rs 10,000 crore.
- The Committee has suggested that the minimum Capital to Risk-Weighted Assets Ratio (CRAR) for them could vary from 9% to 15% and for Tier-4 UCBs the Basel III prescribed norms.
- It has also prescribed separate ceilings for home loans, loan against gold ornaments and unsecured loans for different categories of UCBs.
- **Supervisory Action Framework (SAF)** - The SAF should follow a twin-indicator approach instead of triple indicators at
 - present in order to find a time-bound remedy to the financial stress of a bank.

- So, the asset quality and capital should be measured only through two indicators NNPA and CRAR.
- If a UCB remains under more stringent stages of SAF for a prolonged period, it may have an adverse effect on its operations and may further erode its financial position.

2) Consider the following statements about Children's Climate Risk Index

1. It is released by German Watch and UNEP.
2. According to it, India is placed at extremely high risk countries with flooding and drought being the repeated environment shocks.
3. Nepal, Bhutan and Sri Lanka ranked better than India.

Which of the statements given above are correct?

- a. 1 only
- b. 2 only
- c. 3 only
- d. 1, 2 and 3

Answer : c

Children's Climate Risk Index

- It is released by UNICEF for the first time.
- India is among 33 “extremely high risk” countries where children are most at risk of climate change affecting their health and education.
- It ranks India at a vulnerable 26th rank and is among 4 South Asian Nations such as Pakistan, Bangladesh and Afghanistan.
- In India, flooding and air pollution is considered as the repeated environmental shocks leading to socio-economic adverse consequences for women and children.
- India's neighbours Nepal is ranked 51st and Sri Lanka 61st. Bhutan is ranked 111th, with children at relatively lower risk.

3) In the light of recent controversy over telephonic interceptions in Pegasus issue, the government has recently informed the parliament about the competent authority to approve legal telephonic interception under Indian Telegraph Act, 1885 and IT Act, 2000. Which of the following authorities is entrusted with such powers in case of Central Government?

- a. Secretary to Department of Telecommunication
- b. Minister of State (Electronics and IT)
- c. Union Home Secretary
- d. Prime Ministers’ Office (PMO)

Answer : c

Telephonic Interceptions

- In a recent reply by the government in the Parliament, it is made clear that that the Home Secretary is the competent authority to deal with legal interceptions in case of Central government and Secretary in charge of Home Department in case of States/Union Territories.
 - Home Secretary’s power to approve legal interceptions is mandated under
1. Section 5(2) of the Indian Telegraph Act, 1885 read with Rule 419A of Indian Telegraph (1st Amendment of 2014) Rules, 2014
 2. Section 69 of the Information Technology Act, 2000 read with the Information Technology) Procedure and Safeguards for Interception, Monitoring and Decryption of Information) Rules, 2009.

4) Assertion (A): Polar Amplification is much stronger in the Arctic than in Antarctica.

Reason (R): The Arctic is an ocean covered by sea ice, while Antarctica is an elevated continent covered in more permanent ice and snow.

- a. Both A and R are true and R is the correct explanation of A
- b. Both A and R are true but R is not the correct explanation of A
- c. A is true but R is false
- d. A is false but R is true

Answer : a

Polar Amplification

- It is much stronger in the Arctic than in Antarctica.
- This difference is because the Arctic is an ocean covered by sea ice, while Antarctica is an elevated continent covered in more permanent ice and snow.
- In fact, the Antarctic continent has not warmed in the past seven decades, despite a steady increase in the atmospheric concentrations of greenhouse gases.
- The exception is the Antarctic peninsula, which juts out further north into the Southern Ocean and has been warming faster than any other terrestrial environment in the southern hemisphere during the latter half of the 20th century.
- Satellite data also show that between 2002 and 2020, Antarctica lost an average of 149 billion metric tonnes of ice per year, partly because the oceans around the continent are warming.

5) With reference to Greenland, consider the following statements:

1. It is the world's largest island between the Arctic and Atlantic Oceans.
2. It has three-quarters of its surface covered with a permanent ice sheets.
3. Recently, for the 1st time on record, the summit of Greenland received rainfall and not snow.

Which of the statement(s) given above is/are correct?

- a. 1 and 2 only
- b. 1 and 3 only
- c. 2 and 3 only
- d. 1, 2 and 3

Answer : d

Rain at Greenland Summit

- For the 1st time on record, the summit of Greenland received rain and not snow, just as temperatures at the spot went above freezing for the 3rd time in less than 10 years.
- This was the heaviest rainfall that the Greenland received since record keeping began in 1950.
- Greenland is the world's largest island between the Arctic and Atlantic Oceans.
- Three-quarters of its surface is covered with a permanent ice sheet.
- At the highest point on Greenland's ice sheet, the US's National Science Foundation maintains a Summit Station, a research facility that observes changes occurring over the island as well as in Arctic weather.
- The research facility observed rain at the normally frigid summit, with the precipitation extending up to Greenland's southeast coast.
- Not only is water warmer than the usual snow, it's also darker - so it absorbs more sunlight rather than reflecting it away.
- Rain & high temperatures triggered extensive melting here, which is 7 times more than daily average observed at this time (August) of the year.

- Rapid ice melting will be running off into the ocean in volumes, thus accelerating global sea level rise.
- Concern - The UN's "code red" climate report concluded that the burning of fossil fuels led to Greenland melting in the last 20 years.
- Arctic Ocean may witness ice-free summers by 2050 due to extreme climate interventions.
- If that happens, sea levels could rise by 20 feet, threatening low-lying cities around the world such as Mumbai, New York, etc.
- Rapid melting is also threatening polar bears, which have to make their way towards Greenland's interior from the coasts, where they usually find enough food.

6) With reference to EBITDA, consider the following statements:

1. It is a measure of a company's overall financial performance and in some circumstances can be used as an alternative to net income.
2. The measure includes interest, taxes and excludes depreciation and amortization.

Which of the statement(s) given above is/are correct?

- a. 1 only
- b. 2 only
- c. Both 1 and 2
- d. Neither 1 nor 2

Answer : a

Earnings before interest, taxes, depreciation, and amortization (EBITDA)

- It is a measure of a company's overall financial performance and is used as an alternative to net income in some circumstances.
- EBITDA is now commonly used to compare the financial health of companies and to evaluate firms with different tax rates and depreciation policies.
- EBITDA, however, can be misleading because it strips out the cost of capital investments like property, plant, and equipment.
- Among its drawbacks, EBITDA is not a substitute for analyzing a company's cash flow and can make a company look like it has more money to make interest payments than it really does.
- EBITDA also ignores the quality of a company's earnings and can make it look cheaper than it really is.

7) Consider the following statements with respect to Controller General of Accounts (CGA)

1. The Office of Controller General of Accounts derives mandate from Article 150 of the Indian Constitution.
2. It works under the Department of Expenditure, Ministry of Finance.

Which of the statement(s) given above is/are correct?

- a. 1 only
- b. 2 only
- c. Both 1 and 2
- d. Neither 1 nor 2

Answer : c

Controller General of Accounts (CGA)

- Deepak Das recently took charge as the new Controller General of Accounts.

- He is the 25th officer to hold the position of Controller General of Accounts (CGA).
- The office of Controller General of Accounts (CGA) works under the Department of Expenditure, Ministry of Finance.
- It is the Principal Accounting Adviser to Government of India and is responsible for establishing and maintaining a technically sound Management Accounting System.
- The Office of CGA prepares monthly and annual analysis of expenditure, revenues, borrowings and various fiscal indicators for the Union Government.

8) Consider the following statements with respect to Central Bank Digital Currency

1. It is a form of fiat currency that is backed by the central bank and does not possess any intrinsic value.
2. India is the first country in the world to launch the Central Bank Digital Currency.

Which of the statement(s) given above is/are correct?

- a. 1 only
- b. 2 only
- c. Both 1 and 2
- d. Neither 1 nor 2

Answer : a

Central Bank Digital Currency

- The Reserve Bank of India (RBI) recently said it will begin testing its own digital currency.
- Several economies, including the U.S., the European Union and China, have been working to issue their own Central Bank Digital Currency (CBDC).
- The Bahamas launched the world's first CBDC last year.

CBDC

- A CBDC is no different from the cash that we hold in our wallets, except that it exists in a digital form in a digital wallet supervised by the central bank.
- Economically, the digital rupee is similar to rupee coins and notes.
- It is simply a form of fiat currency that is backed by the central bank and does not possess any intrinsic value.
- In fact, it is similar to private digital currencies in the sense that people accept these currencies merely because they believe that others will also accept them.
- The RBI's digital rupee will not directly replace demand deposits held in banks.
- Physical cash will continue to be used by banks and people wishing to withdraw cash from banks can still do so.
- But they can also opt to convert their bank deposits into the new digital rupee.

9) Consider the following statements with respect to Genetically Modified (GM) crops

1. India allows the import of GM soybean, where import of GM soya bean seeds has not been approved in India.
2. In India Bt cotton and DMH-11 mustard are only two GM crops that are allowed of commercial cultivation.

Which of the statement(s) given above is/are **incorrect**?

- a. 1 only
- b. 2 only
- c. Both 1 and 2

d. Neither 1 nor 2

Answer : b

Genetically Modified (GM) crops in India

- A GM or transgenic crop is a plant that has a novel combination of genetic material obtained through the use of modern biotechnology.
- Bt cotton is the only GM crop that is allowed in India. It has alien genes from the soil bacterium *Bacillus thuringiensis* (Bt) that allows the crop to develop a protein toxic to the common pest pink bollworm.
- Herbicide Tolerant Bt (Ht Bt) cotton, on the other hand is derived with the insertion of an additional gene, from another soil bacterium, which allows the plant to resist the common herbicide glyphosate.
- In Bt brinjal, a gene allows the plant to resist attacks of fruit and shoot borers.
- In DMH-11 mustard, genetic modification allows cross-pollination in a crop that self-pollinates in nature.
- The poultry industry is demanding a permit for the import of crushed genetically modified (GM) soy seeds for captive consumption of farmers from the Central government.

10) Consider the following statements about Enumeration of National Minimum Wages

1. The Expert Committee on determining the Methodology for Fixing the National Minimum Wages fixed the minimum wages equivalent to National Commission for Rural Labour Recommendations.
2. The committee expanded the units of consumption per household and included "City Compensation allowance" for urban workers.

Which of the statement(s) given above is/are correct?

- a. 1 only
- b. 2 only
- c. Both 1 and 2
- d. Neither 1 nor 2



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Answer : b

Enumeration of National Minimum Wages

- The Expert Committee on determining the Methodology for Fixing the National Minimum Wages
- It outlined a methodology for enumeration of minimum wages.
- It used consumption expenditure and employment data to arrive at a figure that allowed for a balanced diet, other non-food essential items and expanded the units of consumption per household.
- Based on this, the committee stated a figure of Rs.375/day as a national floor-level minimum wage, with regional variations, and a "city compensatory allowance" for workers in urban areas.
- This figure is much higher than the non-binding national floor wage of Rs.176 (based on National Commission of Rural Labour Recommendations), it is much lower than the `600 demanded by trade union federations, based on the 7th Pay Commission recommendations.
- Minimum wage enumeration is based on two key features
- Recommendations of the 15th Indian Labour Conference (1957)
- Supreme Court judgment in *Workmen v Reptakos Brett* (1992).