

**RBI REMOVES CENTRAL BANK OF INDIA FROM PCA FRAMEWORK**

The Reserve Bank of India (RBI) removed Central Bank of India from its Prompt Corrective Action Framework (PCAF) after the lender showed improvement in various financial ratios, including minimum regulatory capital and net non-performing assets (NNPAs). The RBI had imposed the PCA norms on the bank in June 2017 due to its high net NPA and negative return of assets (RoA). After reviewing the performance of the Central Bank of India, RBI decided to remove the restrictions on the bank.

**What Is PCA Framework:**

The PCA norm is a supervisory tool and is imposed when a bank breaches certain regulatory thresholds on capital to risk weighted assets ratio (CRAR), net NPAs and return on assets (RoA).



- RBI initiated the Scheme of Prompt Corrective Action (PCA) in 2002.
- In early 2018, there were 12 banks under PCA framework. Of these, 11 were PSBs.
- Due to recapitalization & corrective measures there were only six banks (all PSBs) under the PCA framework as of March 2019.
- Objective – Prompt Corrective Action or PCA is a framework under which financial institutions with weak financial metrics are put under watch by the RBI.
- Until now, the RBI had imposed PCA only on banks. Now, PCA framework is extended to NBFCs also.
- The move comes in the wake of large NBFCs such as IL&FS, DHFL, SREI Group and Reliance Capital getting into financial trouble over the last few years.
- Applicability – The PCA framework for NBFCs comes into effect from October 1, 2022, based on their financial position on or after March 31, 2022.
- The framework will apply to all deposit-taking NBFCs, excluding government companies, and all non-deposit taking NBFCs in the middle, upper and top layers.
- Implications – This is a welcome move as it will stop bad lenders from going worse rather than brushing the issue aside.
- Safer NBFCs will translate to a safer overall financial system.
- The PCA framework for NBFCs will be reviewed after 3 years.

**What are the tracking indicators:**

- The central bank will track three indicators
  - Capital To Risk-Weighted Assets Ratio (CRAR) – It is bank's available capital expressed as a percentage of a bank's risk-weighted credit exposures.
  - Tier-I leverage ratio – It is the relationship between a banking organization's core capital and its total assets.

- Net Non-Performing Assets (NNPAS) Including Non-Performing Investments (NPIS). NPA are loans for which the principal or interest payment remained overdue for a period of over 90 days
- **In the case of core investment companies (CICs), the RBI will track:**
  - Adjusted Net Worth/Aggregate Risk Weighted Assets.
  - Leverage Ratio
  - NNPA, including NPIs.
- A breach in any of the three risk thresholds under the above mentioned indicators could result in invocation of PCA.

### **In Case Of Central Bank Of India:**

“It was noted that as per the assessed figures of the bank for the year ended March 31, 2022, the bank is not in the breach of the PCA parameters,” RBI said in a release on Tuesday. The bank has provided a written commitment that it would comply with the norms of minimum regulatory capital, net NPA and leverage ratio on an ongoing basis. In the financial year ended March 2022, the bank’s net NPA ratio stood at 3.97 per cent as compared to 10.20 per cent in the fiscal ended March 2017. In the quarter ended June 2022, its net NPA improved to 3.93 per cent. During the fiscal ended March 31, 2021, its CRAR improved from 13.84 per cent compared to 10.95 per cent as on March 31, 2017. In June 2022, CRAR stood at 13.33 per cent.

## **INTERNATIONAL DAY OF PEACE CELEBRATES ON 21ST SEPTEMBER**

The International Day of Peace is observed globally on September 21. The United National General Assembly marks the day by promoting ideals of peace among nations and people by observing non-violence and ceasefire for 24 hours.

**This year’s theme is “End racism. Build peace.”** The UN General Assembly has declared this as a day devoted to strengthening the ideals of peace, through observing 24 hours of non-violence and cease-fire.

### **What is the symbol of international peace day?**

The Peace Bell was donated by the United Nations Association of Japan in 1954. It has become tradition to ring the bell twice a year: on the first day of spring, at the Vernal Equinox, and on 21 September to celebrate the International Day for Peace.

### **International Day of Peace 2022: History**

The International Day of Peace was established in 1981 by the United Nations General Assembly. Two decades later, in 2001, the General Assembly unanimously voted to designate the Day as a period of non-violence and cease-fire. This year’s UN page on International Day of Peace highlights the ace-based discrimination at borders.



## INDIA EMERGES AS SRI LANKA'S LARGEST BILATERAL LENDER OVERTAKING CHINA

India becomes the largest bilateral lender for Sri Lanka and overtakes China. In four months of 2022, India has provided a total of 968 million US Dollars in loans to Sri Lanka. China has been the largest bilateral lender to Sri Lanka for the past five years from 2017-2021.

### Asian Development Bank (ADB) has been the largest bilateral lender in the past five years.

- In 2021, a total of 610 million dollars were provided to Sri Lanka by the Asian Development Bank (ADB).
- India has provided 4 billion dollars in food and financial assistance to Sri Lanka.
- India handed 21,000 tonnes of fertilizers to Sri Lanka on August 2022.
- Since the beginning of 2022, Sri Lanka is suffering from an economic crisis and the default of the government has made the situation worse.
- The Country is indebted to foreign loans and is battling severe food and fuel scarcity.
- The economic crisis has affected a large number of people in the country.

## MAHARASHTRA'S DAULATABAD FORT TO BE RENAMED AS 'DEVGIRI' FORT

**Maharashtra Tourism Ministry** has decided to rename the **Daulatabad fort to Devgiri** which is located near Aurangabad. This decision comes after Shiv Sena Chief Uddhav Thackeray. It is a national heritage monument, which is maintained by the **Archeological Survey of India (ASI)**. Previously Maharashtra's former **Chief Minister Uddhav Thackeray** was renamed Aurangabad Sambhajinagar.

The decision of renaming **Daulatabad fort to Devgiri** came after **Shiv Sena chief Uddhav Thackeray** renamed Aurangabad to Sambhajinagar after a long demand from Sena Foot Soldiers.



### About Daulatabad Fort

**Daulatpur Fort** is a historic fortified citadel located in **Devagiri Village near Aurangabad, Maharashtra**. It was earlier the capital of the Yadava Dynasty for a brief time the capital of the Delhi Sultanate. The fort was renamed **Daulatabad by Mohammed Tughlaq** in the 14th century who understood its Importance as a base for military operations in southern India and conceived the Idea of making his capital. The fort was later known as Qubbatul Islam and coins were minted with this name.