

RBI'S FINANCIAL STABILITY REPORT

SYLLABUS: GS PAPER-III (INDIAN ECONOMY)

CONTEXT: Reserve Bank of India (RBI) released its biannual Financial Stability Report (FSR).

KEY HIGHLIGHTS OF THE REPORT

- **On NPA:** The asset quality of the banking system has improved with the gross non-performing assets (GNPA) ratio declining from 4 per cent in March 2021 to a six-year low of 5.9 per cent in March 2022.

Reason: Banks have reduced the GNPA ratio through recoveries, write-offs and reduction in slippages.

- **Provisioning coverage ratio (PCR):** It improved to 9 per cent in March 2022 from 67.6 percent a year ago.
- **PCR is the percentage of funds that a bank sets aside for losses due to bad debts.** A high PCR can be beneficial to banks to buffer themselves against losses if the NPAs start increasing faster.
- **Buffer to withstand shocks:** According to the RBI's report, banks, as well as non-banking financial institutions, have sufficient capital buffers to withstand shocks, and support from it during Covid helped banks arrest their GNPA ratio.

CONCERNS RAISED

- **Global spillover:** US rate increase and the threat of recession; Ukrain crisis; Oilprice rise.
- **Risks of Fintech:** The report cautioned that the advent of fintech has exposed the banking system to new risks such as safeguarding of data privacy, cyber security, consumer protection, competition and compliance with AML (anti-money laundering) policies.
- The Indian fintech industry —is amongst the fastest growing Fintech markets in the world.
- India has the highest fintech adoption rate globally (87 percent), receiving funding of \$8.53 billion during 2021–22.
- **Risk from BigTechs (big technology firms):** They can scale up rapidly and pose risk to financial stability, which can arise from increased disintermediation of incumbent institutions.
- Moreover, complex intertwined operational linkages between BigTech firms and financial institutions could lead to concentration and contagion risks and issues relating to potential anti-competitive behaviour.
- **Cryptos a 'clear danger':** RBI Governor termed cryptocurrencies as a "clear danger" and anything that derives value based on make-believe, without any underlying, is just "speculation under a sophisticated name".

WORLD CITIES REPORT 2022

SYLLABUS: GS PAPER-I (URBANIZATION)

CONTEXT: United Nations Human Settlements Programme (UN-Habitat) has launched the World Cities Report 2022. The report seeks to provide greater clarity and insight into the future of cities based on existing trends, challenges and opportunities.

KEY FINDINGS

- Urban population is expected to grow from **56 per cent of world's total in 2021 to 68 per cent by 2050**.
- Urban population in India is estimated to reach at 675 million in 2035. It will be the second highest figure, behind China's one billion.
- Percentage of population in urban areas of India will be 43.2 percent, by 2035.
- Urban Population in China is estimated to reach at 1.05 billion in 2035.
- Urban population in Asia will increase to 2.99 billion in 2035.
- Big economies such as China and India account for large share of the world's population. Development trajectories across these countries have influenced global inequality.
- According to report, **urban poverty and inequality are the most intractable and highly complex problems**. Overcrowded slums in Mumbai, Nairobi, Rio de Janeiro, chronic homelessness in London etc highlights that, tackling urban poverty and inequality are key priorities to building inclusive and equitable urban futures.

ABOUT UN-HABITAT

- The United Nations Human Settlements Programme, UN-HABITAT, is the United Nations agency for human settlements.
- It is mandated by the UN General Assembly to promote socially and environmentally sustainable towns and cities with the goal of providing adequate shelter for all.

REPORTS PUBLISHED BY UN HABITAT

Some of the publications released by UN-Habitat are:

- The State of the World's Cities
- The Global Report on Human Settlements
- New Urban Agenda
- Sustainable Development Goals and Urban Local Bodies – The Future We Want

PRELIMS FACTS

CASPIAN SUMMIT

- **VRITIKA 6th Caspian Summit** was held in **Ashgabat** (Turkmenistan).
- The summit between **Russia, Azerbaijan, Iran, Kazakhstan and Turkmenistan**

(countries bordering Caspian Sea), discusses topical issues of cooperation in the Caspian sea.

- Caspian sea is the **world's largest inland body of water and world's largest salt lake.**
- It lies to the east of the Caucasus mountains and to the west of the Steppe of Central Asia.



VRITIKA RESEARCH INTERNSHIP

- VRITIKA is the call for **initiation and practice in science through Training and Skillinternship.**
- It aims to provide opportunities to promising PG students from universities and colleges to get exposure and hands on research skill development experience.
- These internships will primarily be facilitated by organizations / institutions/ laboratories of national importance such as IITs, IISc, IISERs, NITs, CSIR, ICMR etc.
- It is sponsored by Science and Engineering Research Board, Department of Science and Technology.

ANTHRAX

- It has been detected in **wild boars in the Athirapally forest range in Thrissur (Kerala).**
- Anthrax is primarily a **zoonotic** disease in herbivores caused by a **spore-forming bacterium called Bacillus anthracis.**
- In humans, it is spread directly or indirectly from infected animals or occupational exposure to infected or contaminated animal products.
- Anthrax in humans is not generally regarded as contagious, although rare records of person-to-person transmission exists.
- It can be prevented through vaccination.

PLANNED OBSOLESCENCE

- It is a **business strategy in which obsolescence** (unfashionable or no longer usable) of a product is planned and built into it from its conception by the manufacturer.
- This is done so that in the future, **consumer feels a need to purchase new products and services** that the manufacturer brings out as replacement for the old ones.

JAGANNATH RATH YATRA

- The annual Lord Jagannath rath yatra began from the Jagannath temple, Puri on 1st July.
- The festival is celebrated on the second day of Shukla Paksha of Ashadh, the third month, according to the traditional Oriya calendar.
- The Rath Yatra (Chariot Festival) is 9 day-long event during which the three holy chariots carrying **idols of Lord Jagannath, his brother Balaram (Balabhadra) and sister Subhadra** are pulled by thousands of devotees from India and abroad.

- The festival honours the Lord Jagannath's visit along with his siblings to the **temple of Queen Gundicha**, the place of their aunt's house where they revel in a nine day stay.
- Jagannath Puri temple is called '**Yamanika Tirtha**' where, according to the Hindu beliefs, the power of 'Yama', the god of death has been nullified in Puri due to the presence of Lord Jagannath.

SATINDER LAMBAH

- A 1964 batch IFS officer Lambah is best known for his role as PM's Special envoy between 2005–14 who led the back channel process between India and Pakistan. He passed away recently.
- Lambah played a role in putting together **Strategic partnership agreement with Russia** when he was envoy in Moscow between 1998–2001.
- He played a key role in **Indian investments in Russian oil field Sakhalin-I** in 2001.
- Lambah also served as a special envoy to Afghanistan between 2001 to 2004, playing a major role in India's participation in the post Taliban redevelopment of the country.