



# DAILY CURRENT AFFAIRS

Time: 45 min

Date: 29-11-2023

## Table of Content

Dairy Sector in India	1
Corporate Governance in India	4
Global Systemically Important Banks (GSIBs)	6
Rat-hole Mining	7
RBI's move to increase risk weight for lending	10
Facts In News	12
Odisha's Bali Jatra	12
Subansiri Lower Hydroelectric Project	13
FASTER 2.0 portal	13
INS Imphal	14
Satyajit Ray Lifetime Achievement Award	14

## Dairy Sector in India

**Syllabus: GS3/Indian Economy**

### In News

- The Department of Animal Husbandry and Dairying celebrated the **National Milk Day 2023**.
  - On **November 26** every year, India celebrates National Milk Day to commemorate the efforts of **Dr Verghese Kurien**.

### White Revolution

- The White Revolution in India, also known as **Operation Flood**, was a significant dairy development program implemented to enhance milk production and address the country's milk scarcity issues.
- It was launched in **1970** by the **National Dairy Development Board (NDDB)** under the leadership of **Dr. Verghese Kurien**, often referred to as the "**Father of the White Revolution**."

### **Key features and Achievements of the White Revolution:**

- **Cooperative Model:** It introduced the cooperative model in the dairy industry, encouraging farmers to form dairy cooperatives.
- **Amul:** The most prominent outcome of the White Revolution was the success of the Gujarat Cooperative Milk Marketing Federation (GCMMF), which marketed its products under the brand name Amul.
- **Increased Milk Production:** The program led to a substantial increase in milk production across the country by improving the quality of livestock.
- **Infrastructure Development:** Infrastructure such as milk processing plants, cold storage facilities, and transportation networks were developed to support the growing dairy industry.
- **Economic Impact:** It boosted the income of farmers involved in dairy farming, contributing to the overall economic development of rural areas.
- **Replication in Other States:** The success of Operation Flood in Gujarat led to its replication in other states, further expanding the reach and impact of the White Revolution across India.

### **Dairy Sector in India**

- **Production:** India is the largest producer of milk in the world, contributing **24% of global milk production in 2021-22.**
  - The top 5 milk-producing states are: Rajasthan, Uttar Pradesh, Madhya Pradesh, Gujarat and Andhra Pradesh. They together contribute **53.11%** of total Milk production in the country.
- **Value-Added Products:** The dairy sector in India has diversified beyond liquid milk to produce various value-added products such as butter, ghee, cheese, yogurt, and ice cream.
- **Economy:** The industry contributes **5% to the national economy** and directly supports more than 8 crore farmers.
  - The sector is an important job provider, especially for women, and plays a leading role in women's empowerment.

### **Challenges of Dairy Sector in India**

- **Low Productivity:** The quality of animals is critical in determining its milk productivity and hence overall production.
  - Despite being the world's largest milk producer, India's productivity per animal is very low, compared with the global average.
- **Animal health and breeding services provision:** Issues such as diseases, lack of proper breeding practices, and insufficient healthcare facilities can affect the overall health and quality of livestock.
- **Scarcity of fodder resources:** There is a lack of regulations to ensure quality. In the absence of a coherent policy, all kinds of substandard feeds are available in the market.

- **Infrastructure Constraints:** Inadequate infrastructure such as the lack of a robust cold chain can result in spoilage of milk and dairy products, especially in regions with inconsistent power supply.
- **Technology Adoption:** Lack of awareness, education, and training among farmers can impede the implementation of advanced practices such as artificial insemination, efficient feeding methods, and disease management.
- **Market Fluctuations and Price Volatility:** The lack of stable and remunerative prices for milk can affect the income of dairy farmers, making it challenging for them to plan and invest in their operations.
- **Quality Standards:** Ensuring that products meet both domestic and international quality standards requires investments in quality control measures and adherence to hygiene practices.

### **Steps Taken by Government for the Promotion of Dairy Sector in India**

- **Rashtriya Gokul Mission:** It was launched in **2014**, to conserve and develop indigenous cattle breeds.
  - **Aim:** To enhance the productivity and genetic improvement of indigenous cattle.
- **National Programme for Dairy Development (NPDD):** NPDD has been in place since 2014 and aims to build or strengthen infrastructure for the production of high-quality milk as well as for the procurement, processing, and marketing of milk and milk products through the State Implementing Agency or State Cooperative Dairy Federation.
- **Dairy Entrepreneurship Development Scheme (DEDS):** DEDS is being implemented by the Department of Animal Husbandry, Dairying, and Fisheries to create self-employment opportunities in the dairy industry.
  - It provides financial assistance to individuals for setting up small to medium-scale dairy ventures.
  - **The National Bank for Agriculture and Rural Development** is carrying out the programme.
- **National Animal Disease Control Programme (NADCP):** It is a flagship scheme launched in **2019** for control of Foot & Mouth Disease and Brucellosis by vaccinating 100% cattle, buffalo, sheep, goat and pig population.
- **National Livestock Mission (NLM):** The NLM, launched by the Ministry of Agriculture, aims to ensure sustainable development of the livestock sector, including dairy farming.
  - It focuses on increasing the productivity of livestock, improving their health, and providing support for fodder and feed resources.

**Source: PIB**

# Corporate Governance in India

## Syllabus:GS3/Economy

### News

- The Indian Institute of Corporate Affairs' (IICA) organized the 'Two-Day Familiarisation Programme for Independent Directors' aimed at strengthening Corporate Governance in India.

### What is Corporate Governance?

- Corporate governance is the **system of rules, practices, and processes** by which a company is directed and controlled.
- It involves **balancing the interests of a company's stakeholders** i.e. shareholders, customers, suppliers,, the government, and the community.
- Corporate Governance consists of;
  - Explicit and implicit contracts between the company and the stakeholders for distribution of responsibilities, rights and rewards.
  - Procedures for reconciling the conflicting interests of stakeholders in accordance with their duties, privileges and roles.
  - Procedures for proper supervision, control, and information that flows to serve as a system of checks and balances.

### Regulatory Framework for Corporate Governance in India

- **The Companies Act, 2013:** It contains provisions like Composition of Board of Directors, Admitting Woman Director and Independent Director, Directors Training and Evaluation, Constitution of Audit Committee, Risk Management Committee, Subsidiaries Companies Management etc.
- **Securities and Exchange Board of India (SEBI):** SEBI is a regulatory authority to curb the malpractices in the financial market and protect the interest of its investors. It regulates the activities of Stock Exchange and to ensure the healthy development in the financial market.
- **Standard Listing Agreement of Stock Exchanges:** It is the basic document which is executed between companies and the Stock Exchange when companies are listed on the stock exchange. The main purpose of it is to ensure that companies are following good corporate governance.
- **Institute of Chartered Accountants of India (ICAI):** It issues accounting standards for disclosure of financial information.
- **Institute of Company Secretaries of India (ICSI):** It issues secretarial standards as per the provision of the Companies Act,2013.

### Challenges in Corporate Governance In India

- **Getting the board right:** In India, it is a common practice for friends and family of promoters to be appointed as board members.
- **Performance evaluation of directors:** To achieve the desired results on governance practices, there is often a call for results of performance evaluation to

be shared in public. But corporate firms do not share it sometimes to avoid public scrutiny and negative feedback.

- **Removal of Independent Directors:** In most of the cases, the major issue in corporate governance arises as independent directors were easily removed from their positions by the promoters if they do not side with promoters' decisions.
- **Founders Control and Succession Planning:** In India, founders' ability to control the affairs of the company has the potential of derailing the entire corporate governance system. Unlike developed economies, in India, the identity of the founder and the company is often merged.
- **Risk Management:** The board is only playing an oversight role on the affairs of a company. However there is a need for framing and implementing the risk management policy.

### **Committees for Resolving Issues**

- **Kumar Mangalam Birla Committee:** It was set up to suggest suitable recommendations for the Listing Agreement of Companies with their Stock Exchanges.
  - The Committee evolved a Code of Governance which was accepted by SEBI and a new Clause 49 was inserted into the Listing Agreement of Companies with their Stock Exchanges.
- **N R Narayan Murthy Committee:** Based on the recommendations of this committee SEBI published a revised Clause 49 which included amendments /additions to provisions relating definition of independent directors, strengthening the responsibility of Audit Committees and requiring Boards to adopt a formal Code of Conduct.

### **Importance of corporate governance**

- **Strengthens investors confidence:** Strong corporate governance maintains investors' confidence in the financial market, as a result of which companies can raise capital efficiently and effectively.
- **International flows of capital:** It enables companies to reap the benefits of the global capital markets which will contribute to economic growth.
- **Increased Productivity:** It also minimizes wastages, corruption, risks and mismanagement.
- **Brand Image:** It helps in brand formation and development of a company. It ultimately increases capital flows from foreign institutional investors (FII) and foreign direct investment (FDI).

### **Indian Institute of Corporate Affairs (IICA)**

- IICA is the apex think tank of the Ministry of Corporate Affairs, Government of India.
- It was established in **2008**.

- **The objective of IICA** is to advance corporate governance excellence, promote responsible business conduct, and ensure the highest standards in the Indian corporate landscape.
- **Key initiative:** The Independent Director Databank & Certification initiative, a mandatory certification for individuals aspiring to serve on company boards in India.

Source: PIB

## Global Systemically Important Banks (GSIBs)

Syllabus: GS3/ Economy

### In News

- **The Financial Stability Board (FSB)** removed Italy's UniCredit from the list of **global systemically important banks (GSIBs)**.

### About

- Along with UniCredit, Credit Suisse was removed from the list and China's Bank of Communications was added for the first time bringing the total number of banks down from 30 in 2022 to 29.

### What are Global Systemically Important Banks (GSIBs)?

- GSIBs are financial institutions that are **considered crucial** to the stability of the global financial system due to their size, interconnectedness, complexity, and the potential impact their failure could have on the broader economy.
- **Methodology:** The G-SIBs were identified using a methodology developed by the **Basel Committee** on Banking Supervision (BCBS).
  - The methodology uses indicators of banks' size, global activity, substitutability, complexity and interconnectedness to rank their global systemic importance.
- The number of G-SIBs **is not fixed**; it evolves over time reflecting changes in the systemic importance of banks.
- **Regulation:** Once a bank is designated as a GSIB, it is subject to **enhanced regulatory requirements** aimed at reducing the risk of failure and minimizing the impact on the financial system in the event of a failure.
  - These requirements may include higher capital buffers, stricter risk management standards, and the development of recovery and resolution plans.
- **Need:** The concept of GSIBs and the regulatory measures associated with them have been developed in response to the lessons learned from the **global financial crisis of 2008**.

- **The Financial Stability Board (FSB):** It is an international body that monitors and makes recommendations about the global financial system, identifies and classifies GSIBs.
  - It was established in **2009** as the successor to the **Financial Stability Forum (FSF)**.
  - FSF was founded in **1999** by the G7 Finance Ministers and Central Bank Governors following recommendations by Hans Tietmeyer, President of the Deutsche Bundesbank.

### **Indian Context**

- **State Bank of India, ICICI Bank, and HDFC Bank** are named as Domestic Systemically Important Banks (D-SIBs) by the Reserve Bank of India (RBI).
- The D-SIBs framework was issued by the RBI in **2014** and this framework requires the Reserve Bank to disclose the names of banks designated as D-SIBs.
- **Criteria:** The criteria for determining D-SIBs include factors such as size, interconnectedness, lack of substitutability, and complexity.
- **Regulation:** Banks that meet the specified criteria are classified as D-SIBs and are subject to additional regulatory requirements and supervision to ensure the stability of the domestic financial system.
  - The regulatory measures for D-SIBs may include higher capital requirements, enhanced risk management standards, and other measures aimed at addressing the systemic importance of these banks.
- The identification of D-SIBs is typically reviewed and updated periodically by the RBI.

**Source: TH**

## **Rat-hole Mining**

**Syllabus: GS3/ Environment, Disaster Management**

### **News**

- Rat-hole mining has begun to rescue the trapped workers in Uttarkashi tunnel.

### **What is rat-hole mining?**

- The term “rat hole” refers to the narrow pits (**3-4 feet high**) dug into the ground, typically just large enough for one person to descend and extract coal.
- Once the pits are dug, miners descend using ropes or bamboo ladders to reach the coal seams. The coal is then manually extracted using primitive tools such as pickaxes, shovels, and baskets.

### **Types of Rat-hole mining**

- Rat-hole mining is broadly of two types.
  - **Side-cutting procedure:** In this type narrow tunnels are dug on the hill slopes and workers go inside until they find the coal seam.

- **Box-cutting:** In this type a rectangular opening is made, varying from 10 to 100 sqm, and through that a vertical pit is dug, 100 to 400 feet deep.
- Once the coal seam is found, rat-hole-sized tunnels are dug horizontally through which workers can extract the coal.

### **Concerns of Rat hole mining**

- **Safety Concerns:** Rat hole mining is often carried out in very small and unstable tunnels, lacking safety measures such as proper ventilation, structural support, or safety gear for the workers.
  - In **2018**, around 15 rat hole miners died inside a coal mine in the **East Jaintia Hills district in Meghalaya**.
- **Environmental issues:** The mining process can cause land degradation, deforestation, and water pollution.
  - Rat-hole mining in **Meghalaya** had caused the water in the **Kopili river** (it flows through Meghalaya and Assam) to turn acidic.
- **Loss of lives:** This method of mining has faced severe criticism due to its hazardous working conditions, and numerous accidents leading to injuries and fatalities.
- **Child labor:** Due to the small size of the tunnels, Children are employed in the as they can crawl through these cramped spaces on their knees.

### **Legal Status of Rat hole mining**

- **The National Green Tribunal (NGT)** banned the practice in **2014** as it causes environmental degradation and is a threat to the life of miners.
- Despite attempts by authorities to regulate or ban, it is being practiced **in the northeastern state of India**.

### **Reasons for the persistence of rat hole mining**

- **Lack of Alternative Livelihood:** In some areas, there are limited alternative employment opportunities. Hence it is difficult for miners to transition to other professions.
- **Lack of political will:** For many regions rat hole mining is the main source of revenue. Thus authorities do not take strict action to regulate the practice.
- **Poverty:** Economic challenges and poverty drives individuals to engage in rat hole mining as a means of survival.
- **Economic Viability:** No other method would be economically viable in Meghalaya, where the coal seam is extremely thin. Removal of rocks from the hilly terrain and putting up pillars inside the mine to prevent collapse would be costlier.

### **Way Ahead**

- Addressing the persistence of rat hole mining requires a comprehensive approach that includes regulatory reforms, alternative livelihood opportunities, education, and efforts to raise awareness about the environmental and health impacts of this practice.



- Sustainable development and community engagement are crucial components of any long-term solution.

**Source:**[IE](#)

# RBI's move to increase risk weight for lending

**Syllabus: GS2/Government Policies & Interventions, Indian Economy**  
**In News**

- The Reserve Bank of India (RBI) recently issued regulatory measures to increase risk weights associated with consumer credit and bank credit.

## **More about the news**

- The Reserve Bank of India (RBI) has directed **banks and non-banking financial companies (NBFCs)** to reserve more capital for risk weights.
  - The mandatory risk weight requirement has been increased by 25 percentage points to 125%, for all commercial banks and NBFCs.
- **For scheduled commercial banks:** Credit card loans of scheduled commercial banks (SCBs) currently attract a **risk weight of 125%** while that of NBFCs attract 100%.
  - The apex banking regulator has decided to increase the risk weight on such exposures by 25 percentage points, thus, placing the risk weight at 125% for NBFCs and at 150% for SCBs.
- **For NBFCs:** Bank credit to NBFCs, excluding core investment companies, also had their risk weights increased by 25 percentage points.
  - This is over and above the risk weights on such exposures assigned by an accredited external assessment institution (a mandatory requirement).
  - The direction would be applicable in all cases where the extant risk weight as per the external rating is below 100%.
    - This would however **not apply to** housing finance companies and loans to NBFCs classified into the priority sector.
- **Applicability:** This would apply to personal loans, excluding housing loans, education loans, vehicle loans and loans secured by gold and gold jewellery.
  - This would also **not apply to SHG loans and microfinance**.
    - At present, exposures in this realm mandate a risk weight of 100%.
- **Possible Outcome:** The directions are expected to result in higher capital requirements for lenders and thereby, an increase in lending rates for consumers.

## **Background - Need of RBI's regulations**

- **Rise in unsecured loans:**
  - Indian banks have seen a **sharp rise in unsecured loans**, mostly personal loans and credit cards that has outpaced the overall bank credit growth of about 15 per cent over the past year.
    - RBI's latest figures stipulate that unsecured personal loans have increased approximately 23% yearly.
    - Outstanding loans from credit cards increased by about 30% during the same period.
  - Major concerns emerge for loans below Rs 50,000 – these carry the utmost default risk.
- **Threats to Financial institutions:**
  - The unsecured segment has grown rapidly in the past few years, exposing **financial institutions** to a **potential spike in credit costs** in the event of a sudden economic or interest rate shock.
- **Directions to strengthen internal surveillance mechanisms:**

- Banks and NBFCs were also advised to strengthen their internal surveillance mechanisms, address the build-up of risks, if any, and institute suitable safeguards, in their own interest.

### **Significance of RBI's move**

- The idea is to address the notion of **‘credit risk.’**
  - It refers to the risk entailed by a borrower being unable to meet their obligations or defaulting on commitments.
- **‘Risk weights’** are an essential tool for banks to manage this risk.
  - This metric, in percentage factors, adjusts for the risk associated with a certain asset type. In other words, it is an indicator of the essential holding the lender should ideally have to adjust the associated risk.
  - This is what the RBI has directed to be increased.
- The primary purpose for effective risk management by banks is **to maximise their returns by maintaining credit risk exposure** within acceptable parameters.

### **Concerns**

- **Reduction of Bank's profitability:**
  - The primary concerns relate to the impact on capital adequacy and the bank's overall profitability.
  - The latter ensures that banks have sufficient capital to absorb losses arising out of unanticipated events or risks within the business.
- **Standard & Poor's (S&P)'s report predictions:**
  - S&P's report states that slower loan growth and an increased emphasis on risk management will likely support better asset quality in the Indian banking system.
  - However, the immediate effect will likely be higher interest rates for borrowers, slower loan growth for lenders, reduced capital adequacy, and some hit on profits.
  - The ratings agency estimates Tier-1 capital adequacy will decline by about 60 basis points.
    - Tier-1 capital adequacy represents banks' highest quality of capital as it helps banks absorb losses immediately as and when they occur.

#### **What Is Standard & Poor's (S&P)?**

- Standard & Poor's (S&P) is a company well known around the world as a creator of financial market indices—widely used as investment benchmarks—a data source, and an issuer of credit ratings for companies and debt obligations.

Source: TH

# Facts In News

## Odisha's Bali Jatra

**Syllabus: GS1/ Culture**

### In News

- Odisha's Bali Jatra inaugurated on banks of **Mahanadi River in Cuttack**.

### About

- Bali-yatra, literally '**voyage to Bali**', is considered to be one of Asia's largest **open trade fair**.
- The festival is held in Odisha in Cuttack at Gadagadia Ghata of the Mahanadi river, to mark the day when ancient **Sadhabas (Odia mariners)** would set sail to distant lands for trade.
- The festival begins on **Kartik Purnima** (full moon night in the month of Kartik).
- During the fair, people sail decorative miniature boats made of banana stems, paper, or thermocol to celebrate boita bandana, or the worshipping of the boats.

### Historical Significance

- The origins of the festival can be traced back **more than 1,000 years** when maritime and cultural links between **ancient Kalinga (present day Odisha)** and Bali and other South and Southeast Asian regions were prevalent.
- The Bay of Bengal region had several ports, and sadhavas (traders) traditionally began their voyage across the sea on this auspicious day.
- Due to the geographical location of Kalinga, this area saw the **growth of ports as early as the 4th and the 5th century BC**.
- The dominance of the Kalingas over the sea routes can be understood from the fact that Kalidasa in his Raghuvamsa referred to the King of Kalinga as '**The Lord of the Sea**'.

### Decline in maritime trade

- The maritime trade of Kalinga started declining with the **advent of Arab traders** in the Bay of Bengal and subsequently the English and the French.
- Due to the lack of patronage from the rulers the maritime trade of Odisha declined completely.

### Role of Ancient Trades in India's Contemporary Relations

- These ancient trade relations has helped in shaping the '**Look East**' **foreign policy** of India that has recently been replaced by '**Act East Policy**'.
- India has taken steps to reinvent the ancient maritime trade routes under project 'Mausam' to counter the Silk route initiative of China.

Source: TH

## Subansiri Lower Hydroelectric Project

**Syllabus: GS3/ Economy**

### In News

- Union Power and New & Renewable Energy Minister visited the Subansiri Lower Hydroelectric Project.

### About

- The **2GW hydropower station** is being developed by India's state-run National Hydro Power Corporation (NHPC).
- The project is located on the border of **Assam and Arunachal Pradesh** on the **Subansiri River**, which is a **major tributary of the Brahmaputra River**.
- It is considered one of the largest hydroelectric projects in India.
- All seven North-Eastern States and five northern States/UTs (Haryana, Punjab, Rajasthan, Uttar Pradesh and Chandigarh) and five western States (Gujarat, Madhya Pradesh, Chhattisgarh, Maharashtra and Goa) will be benefited from the power generated from this project.

**Source: PIB**

## FASTER 2.0 portal

**Syllabus: Prelims/Current Events of national importance**

### News

- Keeping up with the technology adoption **to streamline the justice delivery system**, the Chief Justice of India (CJI) DY Chandrachud recently launched the **'FASTER 2.0' portal**.

### About

- The new portal is designed **to promptly inform jail authorities, trial courts, and high courts** about court orders for the **release of prisoners**.
- In addition to the 'FASTER 2.0' initiative, CJI Chandrachud also unveiled a **Hindi version of the e-SCR portal**.
  - This portal **allows access to Supreme Court judgments in Hindi**, making legal information more accessible and inclusive.

### Significance

- The 'FASTER 2.0' portal facilitates instant communication to the concerned authorities, **enhancing the efficiency of the justice system**.
- The new digital facility looks **to plug the delay in the present system**, which currently is much time taking as this is based on physical orders copies that are to be officially received via 'formal' government channels before the jail authorities.

**Source: ET**

## INS Imphal

**Syllabus: GS3/ Security & Defence**

### In News

- The Defence Minister unveiled the crest of the Navy's stealth guided missile destroyer INS Imphal.

### About

- The unveiling of Imphal's crest, adorned with the **Kangla Palace and 'Kangla-Sa'** is a tribute to the sacrifice made by the people of Manipur towards India's independence, sovereignty and security.
- The **Kangla Palace** is an important historical and archaeological site of Manipur and **'Kangla-Sa'** is the state emblem of Manipur.
- It is designed by the Indian Navy's Warship Design Bureau and built by Mazagon Dock Shipbuilders Limited (MDL).
- The ship is the third among the **four Project 15B** stealth guided missile destroyers.

### Features

- The Ship is equipped with state-of-the-art weapons and sensors, including BrahMos missiles, anti-ship missiles and torpedoes.

### Project 15B

- Under the project four different destroyer warships (Visakhapatnam, Mormugao, Imphal, Surat) are to be built and commissioned by the Indian Navy.
- The Visakhapatnam and Mormugao are already commissioned in the Indian Navy.

**Source: TH**

## Satyajit Ray Lifetime Achievement Award

**Syllabus: Miscellaneous**

### News

- **Michael Douglas** was honored with the Satyajit Ray Lifetime Achievement Award for Excellence in Cinema at the 54th International Film Festival of India (IFFI) in Goa.

### About

- The Satyajit Ray Lifetime Achievement Award is an **international honor** instituted by the International Film Festival of India.
- The recipient is honored for their outstanding **contribution to the growth and development of World cinema.**

### Background

- The award was formerly known as IFFI Lifetime Achievement Award and was first instituted in the year **1999 from the 30th IFFI.**

- During the **52nd edition in 2021**, on the occasion of the birth centenary of Satyajit Ray, the award was rechristened to "**IFFI - Satyajit Ray Lifetime Achievement Award**".

**Source:**TH