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## Prelim Bits 27-08-2021 | UPSC Daily Current Affairs

### Greater Malé Connectivity Project

*Maldives government signed an agreement with Indian company AFCONS, for the construction of the Greater Malé Connectivity Project by 2023.*

- This is a follow-up agreement worth of 500 million US Dollar signed by India and Maldives in 2019.
- This project was funded by India in a grant of \$100 million, with a line of credit of \$400 million.

Line of Credit is not a grant but a 'soft loan' provided on concessional interest rates to developing countries, which must be repaid by the borrowing government.

- This infrastructure project is the largest-ever by India in the Maldives, and also the biggest infrastructure project in the Maldives overall.
- It involves the construction of a 6.74-km-long bridge and causeway link that will connect the Maldives capital Malé with the neighbouring islands of Villingli, Gulhifalhu and Thilafushi.
- **Significance** - This project is significant because it facilitates inter-island connectivity in the country.

### Covid-19 to Become Endemic

*The World Health Organization Chief Scientist said that Covid-19 may be entering a stage where it will become endemic.*

Endemic refers to the constant presence and/or usual prevalence of a disease or infectious agent in a population within a geographic area.

Epidemic refers to a scenario when the number of cases of the disease increases, often suddenly, which means the cases are more than the expected levels.

- This announcement means that some people will get infected but the levels at which it will circulate will be low to moderate, depending upon
  1. Natural immunity,
  2. Vaccine-induced immunity and
  3. Geographical area's population
- When epidemics become endemic, they become "increasingly tolerated" and the responsibility

of protecting against it shifts from the government to the individual.

- A modelling study said that in a few years, SARS-CoV-2 may be no more virulent than the common cold.
- The virus needs a host to survive, in the present case, it requires a human host to sustain its own survival.
- Therefore as more people get infected or get vaccinated, the virus should become less life threatening, but it will still keep infecting people.

## Resolution Framework 2.0

*According to the Crisil Ratings report, barely 1% of eligible corporates have opted for or are looking for debt restructuring under the RBI's Resolution Framework 2.0.*

- This shift is due to the fact that there is a **recovery in demand** after moderation during the 2<sup>nd</sup> Covid-19 wave and there is a growing confidence in **economic growth**.
- The more localised and less stringent nature of restrictions during the 2<sup>nd</sup> wave has meant relatively lower disruption in business activities compared to the first wave.
- The RBI's Resolution Framework 2.0 was announced for borrowers, including individuals, small businesses, and MSMEs with an aggregate exposure of up to Rs. 50 crore, with some caveats.
- These borrowers should not have availed any restructuring to be eligible under Resolution Framework 2.0.
- For individuals and small businesses who have availed restructuring of loans under Resolution Framework 1.0, lending institutions can now extend residual tenure up to a total period of 2 years.

## Committee on Urban Co-operative Banks

*The RBI's expert committee on urban co-operative banks (UCBs) has suggested a four-tiered structure to regulate them, based on size of deposits.*

- **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,
  - a. 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,
  - b. Tier 2 with UCBs of deposits between Rs 100 crore - 1,000 crore,
  - c. Tier 3 with UCBs of deposits between Rs 1,000 crore - 10,000 crore
  - d. 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.

- **SAF** - The Supervisory Action Framework (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.

## Minervarya Pentali

*It is a new frog species that was discovered from the globally recognised biodiversity hotspot, the Western Ghats.*

- This new species is **endemic** to the southern Western Ghats - Kerala and Tamil Nadu.
- It is also among the smallest known Minervarya frogs.
- It is a species of frog in the fork-tongued frog family, Dicroglossidae.

**Source: PIB, The Hindu, The Indian Express, Business Standard**



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