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## UPSC Daily Current Affairs | Prelim Bits 23-05-2020

### Extension of Moratorium

- The Reserve Bank of India has extended the moratorium on loan repayments by three more months in view of Covid-19.
- The lending institutions have been permitted to extend the moratorium (suspension) on term loan instalments by another three months, i.e., from 1st June, 2020 to 31st August, 2020.
- This is expected to help borrowers, especially companies, which have halted production and are facing cash flow problems, to get more time to restart their units.
- Earlier, the RBI announced the moratorium for a three-month period — 1st March to 25th May.
- All conditions related to the extension remain unchanged, that is, the loan will not be classified by the lender as a 'non-performing asset' and there will not be any impact on the creditworthiness of any individual/firm.
- The RBI has allowed borrowers and banks to convert the interest charges during the moratorium period (from 1st March to 31st August) into a term loan which can be repaid by March 2021.
- This is expected to reduce the burden on borrowers who have gone for moratorium.
- The latest moves are expected to ease the financial burden on businesses due to the extended lockdown.

### Decisions on Repo Rate and Reverse Repo Rate

- RBI announced a 40 basis points (bps) cut to both the repo and reverse repo rates.
- The decision has been taken by the RBI's Monetary Policy Committee which met ahead of its scheduled meeting in early June.
- The repo rate is presently at 4%, while the reverse repo rate stands at 3.35%.
- This will make funds cheaper for banks, thus aiding them to bring down

loan lending rates.

- The cut in reverse repo rate will prompt banks to lend more rather than keeping their funds with the RBI.

## Other Measures of RBI

- **Increase in Group Exposure Limit** - The group exposure limit of banks has been increased from 25% to 30% of the capital base for a temporary period till 30th June, 2021.
- Under the existing guidelines on the Large Exposures Framework, the exposure of a bank to a group of connected counterparties should not be higher than 25% of its capital base.
- The decision was taken to facilitate flow of resources to the companies as many of them were unable to raise funds from capital markets and are predominantly dependent on funding from banks.
- **Measures for Boosting Foreign Trade** - A Rs. 15,000 crore line of credit for a period of 90 days would be extended to the Exim Bank to boost the foreign trade.
- Export-Import (Exim) Bank is the premier export finance institution of the country.
- The maximum permissible period of pre-shipment and post-shipment export credit sanctioned by banks has been increased from the existing one year to 15 months (for loan disbursements made up to 31st July, 2020).
- This was done to help exporters support their production and realisation cycles.
- Simply put, any exporter who has taken credit from a bank can repay it in 15 months instead of one year.

## Terminologies

- **A debt moratorium** is a delay in the payment of debts or obligations, the term is generally used to refer to acts by national governments.
- **A Non-Performing Asset (NPA)** is a loan or advance for which the principal or interest payment remained overdue for a period of 90 days.
- **Repo Rate** - Repo Rate, or repurchase rate, is the key monetary policy rate of interest at which the central bank or the Reserve Bank of India (RBI) lends short term money to banks, essentially to control credit availability, inflation, and the economic growth.
- **Reverse Repo Rate** - Reverse repo rate is the rate at which the central

bank of a country (Reserve Bank of India in case of India) borrows money from commercial banks within the country - It is a monetary policy instrument which can be used to control the money supply in the country.

- **A term loan** is a loan from a bank for a specific amount that has a specified repayment schedule and either a fixed or floating interest rate.
- **Group exposure limit** determines the maximum amount a bank can lend to one business house.

### **International Day for Biological Diversity**

- International Day for Biological Diversity is observed on 22nd May every year to increase understanding and awareness of biodiversity issues.
- The resolution to celebrate the day was adopted in 1992, the day was initially celebrated on December 29 till 2000 starting from 1993.
- It was marked on December 29 to celebrate the Day the Convention on Biological Diversity came into effect.
- It was later shifted to May 22 to commemorate the adoption of convention at Rio Earth Summit.

### **Biodiversity Samrakshan Internship Programme**

- Recently Union Ministry of Environment, Forest and Climate Change had launched “Biodiversity Samrakshan Internship Programme” towards conservation of biodiversity.
- The National Biodiversity Authority (NBA) and United Nations Development Programme (UNDP) will launch ‘Biodiversity Samrakshan Internship Programme’ which proposes to engage 20 students with postgraduate degrees for a period of one year through an open, transparent, online competitive process.
- The programme wishes to engage dynamic and creative students, who are willing to learn about natural resource management and biodiversity conservation and to support the projects of NBA in various State and Union Territories and to technically assist the State Biodiversity Boards/UTs Biodiversity Council in discharge of their mandates.
- It will be an open, transparent, online competitive process.

### **National Biodiversity Authority**

- National Biodiversity Authority (NBA) is a statutory autonomous body under the Ministry of Environment, Forests and climate change.
- It was established in 2003 to implement the provisions under the Biological Diversity Act, 2002, after India signed Convention on Biological

Diversity (CBD) in 1992.

- It is headquartered in Chennai.
- It acts as a facilitating, regulating and advisory body to the Government of India "on issues of conservation, sustainable use of biological resources and fair and equitable sharing of benefits arising out of the use of biological resources.
- Additionally, it advises State Governments in identifying the areas of biodiversity importance (biodiversity hotspots) as heritage sites.

## **United Nations Development Program**

- The United Nations Development Programme (UNDP) is the United Nations' global development network.
- It advocates for change and connects countries to knowledge, experience and resources to help people build a better life for themselves.
- It provides expert advice, training and grants support to developing countries, with increasing emphasis on assistance to the least developed countries.
- It promotes technical and investment cooperation among nations.
- Headquartered in New York City, the status of UNDP is that of an executive board within the United Nations General Assembly.
- The UNDP is funded entirely by voluntary contributions from UN member states.

## **WHO**

- The World Health Organization (WHO) is a specialized agency of the United Nations responsible for international public health.
- The WHO Constitution, which establishes the agency's governing structure and principles, states its main objective as "the attainment by all peoples of the highest possible level of health.
- It is headquartered in Geneva, Switzerland, with six semi-autonomous regional offices and 150 field offices worldwide.
- The WHO was established by constitution on 7 April 1948, which is commemorated as World Health Day.
- Its flagship publication, the World Health Report, provides expert assessments of global health topics and health statistics on all nations.
- WHO elects and advises an Executive Board made up of 34 health specialists.
- The WHO relies on assessed and voluntary contributions from member states and private donors for funding.

## **WHO Executive Board**

- WHO's Executive Board comprises of 34 members elected for three-year terms.
- The Chair of the Executive Board is elected by its members on being nominated by the Regional Committees of the six WHO Regions, by rotation.
- The chairman's post is held by rotation for one year among regional groups and it was decided last year that India's nominee would be the Executive Board chairman for the first year.
- The main functions of the Board are to implement the decisions and policies of the Health Assembly and advise and facilitate its work.
- Recently Union Health Minister Harsh Vardhan took charge as chairman of the 34-member World Health Organisation (WHO) Executive Board amid the outbreak of novel coronavirus across the world.

## **Khudol Initiative**

- Khudol is a crowdfunded initiative of Ya\_All, an Imphal-based NGO that had created India's first transgender football team.
- The initiative entails ensuring food, health and hygiene of the LGBTQI+ community, people living with HIV, daily-wage earners, children and adolescents.
- The United Nations Secretary-General's Envoy on Youth has listed Manipur's Khudol (gift) among the top 10 global initiatives for an inclusive fight against the COVID-19 pandemic.
- Ya\_All, was founded in 2017, for organising mental health workshops and founding Meitram, the first co-working and networking space owned and run by queer individuals in India.
- Manipur has also been more accommodative to the transgender community than other States during the COVID-19 pandemic lockdown, ensuring that they were not put into quarantine centres for men.
- Ya\_All created a model of an inclusive safe space for transgender returnees.

## **Open Skies Treaty**

- Open Skies Treaty allows 34 countries to conduct unarmed surveillance flights over one another's territories including the US and Russia.
- It was signed in 1992 and went into effect in 2002, Kyrgyzstan has signed, but not ratified the treaty.
- It was agreed just after the Cold War to allow signatories to avoid nasty

surprises by monitoring rival militaries.

- The treaty “was designed to enhance mutual understanding and confidence by giving all participants, regardless of size, a direct role in gathering information through aerial imaging on military forces and activities of concern to them.”
- The treaty makes it possible to conduct joint unarmed observation flights over the territories and to take images using sensors of a predefined resolution.
- And it also allows all signatories to request copies of all images taken during overflights carried out by others.
- Overflights are governed by quotas, negotiated annually and assigned to specific aircraft. The United States, for example, is allowed to operate Boeing OC-135 planes with infrared scanners.
- The country under surveillance is given 72 hours’ warning of a flight and 24 hour notice of the route, to which it can suggest modifications.
- The treaty lays down which air bases can be used for the flights and at which points they can cross into each other’s air space. Russia and the U.S. have four such bases each.
- A committee to oversee the implementation of the treaty meets in Vienna every month at the headquarters of the Organisation of Security and Cooperation (OSCE) in Europe.
- Recently US announced it will withdrew itself off from the treaty.



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