

TOPIC 1

Fiscal stimulus and parallel reforms

Relevancy

- GS Mains paper III
- Economy, NPAs
- Bank recapitalization, fiscal deficit, parallel reforms

Introduction

- The main function of banks is to collect savings from depositors and give it to borrowers.
- According to Financial Times of London, the banks in India have not been collecting their dues back, that is, the bad loans.
- The clean-up of the banks (recapitalization) is not easy and fully justified.

Low credit off take by banks:

- Bad loans have stopped the credit flow in Indian public sector banks.
- India is predominantly a bank finance-led economy, so when bank lending slows down it has a huge impact on future growth.
- Bank credit growth has been at nearly a 60-year low.
- Growth of money supply is at a 55-year low which is a clear indicator of slow growth.

Current Scenario

- 10% of all loans have gone bad.
- Even after recapitalisation, for many public-sector banks their net worth could be completely eroded.
- Hence Government should think twice before providing any kind of bailout to PSBs.

Reasons for slow growth in present year:

- **Government decisions:**
 - Government decisions like demonetisation and the roll-out of the goods and services tax (GST) has led to credit offtake.
- **Demand and supply side factors:**
 - On the demand side industry has low capacity utilisation rates (factories lie idle).
 - The domestic industry is losing market share to low cost imports.
 - This has been worsened by GST, which has led to high imports,
 - The corporate sector is paying off its past high debts.
 - All this means demand from the private sector for large-scale new credit is currently stopped.
- **Burden of bad loans:**
 - On the supply side the big constraint on fresh lending is the burden of non-performing assets (NPAs).
 - The NPA ratio has been weakening for more than six years now.

Causes for worsening NPAs

- **Disproportionate share of loans to infrastructure:**
 - Infrastructure projects takes long number of years therefore they have long payback period.
 - That's why they are unsuitable for bank lending.
 - This creates an asset liability mismatch for banks, since the liability side is of a short-term nature.
 - Example: \$1 trillion was funded to infrastructure by previous governments by PSBs, which were long term bonds and results are showing up now.
- **Judicial decisions:**
 - Decisions by judiciary like abrupt cancellations of coal mines and spectrum allocation have also put load on PSBs.
 - When these were re-allocated through expensive auctions they into burden on respective businesses like power, steel and telecom.
- **Land acquisition and environmental clearance delays:**
 - The third reason for worsening NPA ratios could be the delays caused by land acquisition and environmental clearances.

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- **Asset Quality Review:**
 - AQR was mandated by the RBI in 2015 to put a stop to the “extend and pretend” culture around worsening credit.
 - The NPA recovery process has since got a boost due to the new insolvency and bankruptcy law.
 - Indradhanush scheme also helped which focused on banking reforms and recapitalisation of NPA-burdened banks.
 - Yet in the past two years infusions were inadequate as the NPA ratio continued to increase.
- **Malfeasance:**
 - This includes:
 - friendly relationships between banker and borrower
 - crony capitalism
 - political interference in lending decisions
 - bad attempt to recover past dues
 - Careless due diligence, etc.

How recapitalisation is helpful?

- After Government decision to infuse ₹2.11 lakh crore of capital into public sector banks, the stock market of some bank soared by 35%.
- The Government is also taking care of fiscal deficit along with fiscal stimulus.
- It has been financed by the sale of recapitalisation bonds.
- Banks are currently flushed with cash which was deposited after demonetization which will be used to buy those bonds.
- The proceeds of the sale of these bonds will be put back into the bank as fresh equity by the government.
- It's like a cycle for depositors' cash coming back as capital.

Need for parallel reforms by Government

- Recapitalisation is useless without accompanying reforms which can prevent a recurrence.
- Some of these reforms are:
- **Governance:**

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- In granting genuine autonomy to banks in their functioning, including all aspects such as lending, recovery, and recruitment decisions.
- **Accountability:**
 - Banks have to be accountable to shareholders, including the government, through their respective boards.
- **Other reforms:**
 - Reform of credit functioning and culture
 - treatment of delinquencies
 - Change of ownership structure in banking, etc.

TOPIC 2

Multidrug-resistant tuberculosis

Relevancy

- GS Prelims, GS Mains paper III
- Multi-drug resistance Tuberculosis
- Causes and prevention
- WHO Report 2017

Multi-drug resistance

- Antibiotics are important medicines which help fight infections that are caused by bacteria.
- Certain microorganisms have become resistant to certain antibiotics, and these antibiotics can no longer be used to control or kill the bacteria.
- This condition is called Multidrug-resistance.

Multidrug-resistant tuberculosis

- The bacteria that cause tuberculosis (TB) in some cases can develop resistance to the antimicrobial drugs used to cure the disease.
- Multidrug-resistant TB (MDR-TB) is TB that does not respond to at the least isoniazid and rifampicin which are the 2 most powerful anti-TB drugs.

Causes for Multidrug-resistant conditions

- **Mismanagement of TB treatment:**
 - Inappropriate or incorrect use of antimicrobial drugs, or use of ineffective formulations of drugs (such as use of single drugs, poor quality medicines or bad storage conditions), and premature treatment interruption can cause drug resistance.
- **Person-to-person transmission:**

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- Drug resistant diseased condition can then be transmitted, especially in crowded settings such as prisons and hospitals.

How to control spread of drug-resistant TB?

- cure the TB patient the first time around
- provide access to diagnosis
- ensure adequate infection control in facilities where patients are treated
- ensure the appropriate use of recommended second-line drugs.

World Health Organisation's Global tuberculosis report, 2017

- India has registered a slight drop in the number of new tuberculosis cases and TB deaths in 2016 compared with 2015 from 2.84 million new cases in 2015, to 2.79 million in 2016.
- In terms of mortality, the drop was from 0.51 million to 0.43 million from 2015 to 2016.
- The number of deaths and the incidence rate have been falling both globally and in India.
- **'End TB strategy' by WHO:**
 - The targets set in the 'End TB strategy' are global reduction of 20% in incidence and 35% in mortality by 2020 (2015 as the base year).
 - To reach that target the global drop in incidence has to be 4-5% a year which is currently at about 2% a year.
 - Also, the percentage of deaths should come down from the current 16% to 10%.

Multidrug-resistant tuberculosis in India

- India accounts for the highest TB incidence (23%) and mortality (26%) globally.
- World's fight against TB hinges largely on India's success.
- The first step in achieving the targets is to record every diagnosed patient through case notification.
- There was increase from 61% in 2015 to 69% in 2016 in case notifications by health-care providers in the private sector in India.

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- There is still a 25% gap between incidence and notification, the largest in the world.
- Though notification was made mandatory in 2012 surveillance data shows large under-reporting of detected TB cases, especially in the private sector.
- Percentage with resistance to the drug rifampicin doubled to 0.58 million in 2016 over the previous year.

Marginal steps taken

- Steps have been taken to offer preventive TB treatment to 5% of people who are HIV-positive, and 1.9% of children below five years who are household contacts of people recently diagnosed with pulmonary TB.
- Domestic funding for anti-TB work has been more than that from international sources.

Conclusion

- Emerging anti-TB drug resistance in India deserves serious attention as India's rate is highest among 22 high-burden countries globally.
- A growing threat to public health will draw heavily on human and monetary resources of the country.
- Surveillance data, diagnosis and treatment needs to be taken care of immediately.
- Better funding might help India to get closer to its stated goal of ending TB by 2025 (Refer to National Health Policy 2017).
- Still much more is needed in terms of funding and commitment by all stakeholders.

TOPIC 3

Fake news and its rapid spreading via social media

Relevancy

- GS Mains paper II, III
- Fake news and misinformation
- Click bait headline
- Online regulations

Recently

- A common fake news is going around the Internet that Indians and the 'Indian National Anthem' has been adjudged the best by UNESCO.

Fake news and misinformation

- With the advent of new age digital and social media, fake news has pervaded all spheres of life including political and social.
- Harvard has categorized misinformation into seven categories, namely:
- satire or parody
 - misleading content
 - imposter content
 - fabricated content
 - false connection
 - false content
 - manipulated content

Fake news in India

- While all these seven forms exist in India, the fabricated and manipulated content are rising exponentially.
- It is thus leading to the possibility of potential violence and impacting society.
- The rise of digital and social media as powerful platforms has only magnified the effect of fake and false news.

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- Many number of information portals are being set up as there are few entry barriers unlike in the traditional media.
- Also, growing polarisation of society on ideological lines has made spreading of fake news easier.
- Content that denigrates leaders/groups of the opposite ideology based on falsehoods, deepens communal polarisation or incites hatred have gained traction in the last few years in India.
- Earlier communal violence in India was a localised affair but today it is extensively being fed and triggered through the Internet.
- Provocative content, inaccurate information, doctored videos, and pictures are being disseminated through various online and mobile platforms.

Click bait headline trend in India

- The platforms serve like nodal agencies distributing unverified information.
- While media researchers around the world are investigating the fake news scene very less credible information is available on the creators and the intention behind it.
- It is purely a way to make advertising money through click baits which entices people to click and continue reading.
- Click baits are seen to be organised by political or other social groups.
- In India a huge number of sites are set up to float fake news with click bait headlines.
- They are also very well organised with multiple linked pages on social media platforms that are used to make the content go viral.

Content distribution platforms' efforts

- Both Google and Facebook are the largest platforms for content distribution.
- They are said to be creating systems that will filter fake news which a new and slow process.
- WhatsApp is the biggest vector of fake news in India.
- It is still trying to build mechanisms for privacy like encryption and the urgent need to weed out fake news spread through its application.

No accountability and regulation

- The advent of fake news relatively old but its increased potential to reach people is new.
- It has mainly amplified due to online platforms and applications that are free.
- Users creating hate content and sharing it can be booked under relevant sections of the Indian Penal Code (IPC).
- But the sheer expanse of the Internet and the anonymity it grants makes it difficult to track down people.
- There is lack of binding rules which helps in keeping owners and editors private like in the case of fake news sites.
- Currently there is no understanding of the liability and the credibility of the information that is being hosted on their respective sites.
- Main strength of the creators of fake news is the ability to remain anonymous in the guise of a media outlet.
- Most digital media outlets do not have basic information regarding editors, publishers or the physical address of the registered entity.

Worsening problem

- In the past few months, people have been booked in isolated incidents in different States for the content they shared on messaging and social media platforms.
- On some occasions, the Internet has been shut down on the pretext of inciting violence and to stop the spread of doctored videos like Baba Ram Rahim case in Punjab and Haryana.
- But treating every symptom in a localised way is not an efficient or productive way to tackle the disease.
- The lack of uniform guidelines, regulation and policy regarding such fabricated content needs to be addressed urgently.

Ways to tackle the menace

- We need uniform guidelines, regulation and policy regarding fabricated content especially because it has political, social and economic ramifications on the ground.

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- We could begin with some basic regulation for digital media outlets like compulsory and online registration of details, etc.
- Social media websites should be made accountable of such activities so that it becomes their responsibility to have better controlling restricting the spread of fake news.
- Government should have independent agency to verify the data being circulated in social and other media and it should be tasked with presenting real facts and figures.
- Government should also enlist penal provisions to perpetrators of fake news if it causes violence or deaths.
- Most importantly, the government must take the initiative to make all sections of the population aware of the realities of this information war and evolve a consensus to fight fake news.

TOPIC 4

Tourism industry, Growth and Joblessness in India

Relevancy

- GS Mains paper I, II
- India's jobless growth
- Paryatan Parv
- Tourism Competitiveness Report 2017

India's Jobless growth

- While battling 'jobless growth' the government has chosen to focus on the employment guarantee schemes in rural India and other flagship programmes.
- Government has given a boost to various programmes across the country such as 'Make in India', 'Startup India', etc. in past years.
- The results are not easy as a million youngsters attain working age every month.
- As many as 100 million jobs need to be created between now and 2025 to avoid a demographic catastrophe.
- There are reasons for this is lack of low-skilled job opportunities outside of agriculture and informal sectors.

Tourism as solution to India's jobless growth

- For every 30 tourists one core tourism job gets created.
- It then further helps add another 1.5 jobs in related sectors.
- Most importantly, a good portion of the jobs that get generated are low-skilled, for women and for first-time workers.
- This is exactly the kind of job opportunities that India presently needs according to its literacy levels.
- The sector also has the potential to create micro-entrepreneurs who in turn can employ more people.
- The multiplier effect it delivers is high.

Spain success case

- Tourism helped Spain (68 million international tourists annually) fight its recent economic downturn.
- While India in comparison, gets just 8.80 million visitors.
- The sector accounts for 5.8 per cent of Spain's GDP as against India's 2 per cent.
- Also, according to the World Tourism Organisation the tourism sector provides for 10 per cent of the world's GDP and 7 per cent of the global trade.
- Additionally, it creates one in every 11 jobs worldwide.

Travel and Tourism Competitiveness Report 2017

- The Indian Government should give same importance to the World Economic Forum's Travel and Tourism Competitiveness Report as it does to the World Bank's Ease of Doing Business rankings.
- India jumped 12 places to rank 40th among 136 countries in the 2017 Travel and Tourism Competitiveness rankings (Spain topped the chart).
- Better ranking was followed by price competitiveness, availability of historic sites and strong cultural base.
- But the country ranks a low 103 on presence of an enabling environment for tourism below even Rwanda, Iran and Algeria.
- It scored 104 when it comes to how actively the Government promotes the sector.
- With regard to safety and security the performance is a low 114.
- In health and hygiene, we are ranked 104 and in environment sustainability 134 with only Kuwait and Yemen below us.

Government steps: Paryatan Parv

- According to analysts, Indians are yet to fully recognise the role tourism plays in economic development and in job creation.
- Though recent governments have tried to leverage tourism's full potential to enhance employment and growth of country via programmes like Paryatan Parv.
- Paryatan parv tried to inculcate tourism's benefits among the nation's collective consciousness.

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- 'Paryatan Parv' was aimed to showcase cultural diversity of country and reinforce the principle of 'Tourism for All'.
- Its prime objective was to draw the attention of the people on the benefits of Tourism.
- It was held across the country in October 2017.
- Under 'Outreach programme' section of Paryatan Parv the Union Ministry organised programmes in the overseas markets through the Indian Missions with the aim of encouraging people to visit India.
- All these efforts will culminate into boost in tourism, thereby creating endless job opportunities for many.

Conclusion

- In 2015 tourism created 107 million jobs worldwide and supported 284 million other related jobs.
- The International Labour Organisation estimates tourism sector jobs will grow to 136 million and 370 million respectively by 2026.
- Indian policymakers need to make suitable acts and laws to promote its tourism industry to reap benefits in near future.