

“Believe in yourself”**NATIONAL****SMALL LOANS COULD TURN BAD: RAJAN**

Former RBI Governor Raghuram Rajan has cautioned that the next crisis in India's banking sector could come from loans given to the unorganized micro and small businesses, called MUDRA loans, and credit extended through the Kisan credit card.

MUDRA loans are offered under the Prime Minister Mudra Yojana launched in 2015 by the NDA government.

A total of Rs. 6.37 lakh crore has been disbursed under the scheme by public and private sector banks, regional rural banks and micro-finance institutions till date, as per data from the MUDRA website.

In a note on NPAs, Rajan said the government should refrain from setting ambitious credit targets or from waiving loans.

Both MUDRA loans as well as the Kisan Credit Card, while popular, have to be examined more closely for potential credit risk.

He also flagged the Credit Guarantee Scheme for MSMEs, run by the SIDBI calling it “a growing contingent liability” that needs to be examined with urgency.

A large number of bad loans originated in the period 2006-2008 when economic growth was strong the banks are more prone to make mistakes.

INDIA'S FIRST MISSILE TRACKING SHIP IS READYING FOR SEA TRIALS

This will be the first of its kind ocean surveillance ship being built as part of the efforts to strengthen the country's strategic weapons programme.

Its induction will put India in the elite of club of a few countries that have such a sophisticated ocean surveillance ship.

It has the capacity to carry 300-strong crew with hi-tech gadgets and communication

equipment, powered by two diesel engines, and a large deck capable of helicopter landing.

The keel of the ship which was laid on June 30, 2014, is being built for the National Technical Research Organisation.

This technical intelligence agency working directly under the supervision of the Prime Minister's Office and the National Security Adviser.

Strategic Weapons Programme:

Hindustan Shipyard Limited (HSL) is gearing up to undertake sea trials of India's first missile tracking ship by the first week of October.

Visakhapatnam is considered a strategic location on the East Coast for the Indian defence forces as it is home for Ship Building Centre to build nuclear powered submarine INS Arihant class.

DELHI GOVERNMENT'S SCHEME OF HOME DELIVERY OF SERVICES

Delhi government's ambitious phone-a-sahayak scheme to get doorstep delivery of government services within a limited time frame is set to be an eye-catching exercise in urban-centric administration

The scheme promises to offer 40 services at Rs 50 each and has roped in VFS, a global outsourcing agency, to execute it

The test of this new initiative will not be the range of services it offers

It will depend on how efficiently it guides consumers past administrative red tapes, that often straitjacket such application procedures

Recently, the Manipur government announced a single-window services centre in Imphal, to be operational from November that will also include door-to-door delivery of government services

In August 2010, Madhya Pradesh had become the first state in India to enact the RSA

Several other states enacted similar laws to ensure delivery of services to residents

Most states, however, have failed to fully capitalise on the RSA's potential, meeting with moderate to poor success rates

Way Forward:

In a country where policy-making has largely addressed itself to and focused upon the rural electorate, the Delhi government's endeavour indicates a recognition of the changing dynamics of new India, where urban migration is fast reworking the rules of engagement between the metropolitan and the rural

The success of this new scheme could contribute to the still-evolving template of urban politics in a fast urbanizing country

"RAIL SAHYOG" WEB PORTAL

The Minister of Railways and Coal has launched a web portal Rail Sahyog to provide a platform for the Corporates and PSUs to contribute to creation of amenities at/near Railway Stations through CSR funds.

The portal has been envisaged as a platform for all including individuals as also private & public organisation to contribute towards CSR activities in association with Indian Railways.

The companies desirous of contributing can show willingness on the portal by registering their requests which will be processed by Railway officials.

This portal will provide an opportunity for Industry/ Companies/ Associations to collaborate with Railways. Individuals, Private companies have the freedom to execute projects in Railways.

The main focus is on ensuring creation of good quality assets through this collaboration.

Construction of toilets in circulating areas of all stations with provision of low cost sanitary pad vending machine & incinerator in female toilets and contraceptives vending machine in male toilets and initial one year maintenance.

- Providing free Wi-Fi at stations through setting up Hotspots.
- Provision of Benches at station Platforms as facility for senior citizens/disabled.

- Bottle crushing machines at 2175 major stations for ensuring environmental sustainability.
- Dustbins at all stations for Swachh Bharat will help in preventing littering around.
- Separate dustbins for wet/dry waste need to be provided at circulating area of Station and Platforms.

MODEL INTERNATIONAL CENTER FOR TRANSFORMATIVE AI (ICTAI)

NITI Aayog, Intel, and Tata Institute of Fundamental Research (TIFR) has the collaboration to set up a Model International Center for Transformative Artificial Intelligence (ICTAI) towards developing and deploying AI-led application-based research projects.

This initiative is part of NITI Aayog's 'National Strategy for Artificial Intelligence' Discussion Paper that focuses on establishing ICTAI in the country through private sector collaboration.

International Center for Transformative Artificial Intelligence (ICTAI) Based in Bengaluru, the Model ICTAI aims to conduct advanced research to incubate AI-led solutions in three important areas – healthcare, agriculture and smart mobility – by bringing together the expertise of Intel and TIFR.

It aims to experiment, discover and establish best practices in the domains of ICTAI governance, fundamental research, physical infrastructure, compute and service infrastructure needs, and talent acquisition.

The model ICTAI is chartered to develop AI foundational frameworks, tools and assets, including curated datasets and unique AI algorithms.

The intent is to develop standards and support policy development related to information technology such as data-storage, information security, privacy, and ethics for data capture and use.

Another key area of its focus will be collaboration with industry leaders, startups, and AI services and product companies to

productize technologies and IP that are developed at the model ICTAI.

And finally, the goal is to support skilling and talent development for world-class AI talent.

The learning and best practices developed through this model ICTAI will be used by NITI Aayog to set up the future ICTAIs across country.

UN SEES 70% CHANCE OF EL NINO EVENT THIS YEAR

The UN said an El Nino event that could disrupt global weather is likely by the end of this year.

The World Meteorological Organization forecast a 70% chance of an El Nino developing by the end of this year.

El-Nino

ENSO is nothing but El Nino Southern Oscillation.

It is an irregular periodic variation of wind and sea surface temperature that occurs over the tropical eastern Pacific Ocean.

ENSO affects the tropics (the regions surrounding the equator) and the subtropics (the regions adjacent to or bordering the tropics).

This warming phase of ENSO is called El Nino, while the cooling phase is known as La Nina.

An El Nino or La Nina episode lasts nine to 12 months. Some may prolong for years.

Its average frequency is every 2 to 7 years. El Nino is more frequent than La Nina.

El Nino is a climatic cycle characterized by high air pressure in the Western Pacific and low air pressure in the eastern.

In normal conditions, strong trade winds travel from east to west across the tropical Pacific, pushing the warm surface waters towards the western Pacific.

The surface temperature could witness an increase of 8 degrees Celsius in Asian waters.

At the same time, cooler waters rise up towards the surface in the eastern Pacific on the coasts of Ecuador, Peru, and Chile. This

process called upwelling aids in the development of a rich ecosystem.

El Nino sets in when there is anomaly in the pattern.

The westward-blowing trade winds weaken along the Equator and due to changes in air pressure, the surface water moves eastwards to the coast of northern South America.

The central and eastern Pacific regions warm up for over six months and result in an El Nino condition and the temperature of the water could rise up to 10 degrees Fahrenheit above normal.

Warmer surface waters increase precipitation and bring above-normal rainfall in South America, and droughts to Indonesia and Australia.

Effects of El-Nino:

El Nino favors eastern Pacific hurricanes and tropical storms. Record and unusual rainfall in Peru, Chile and Ecuador are linked to the climate pattern.

El Nino reduces upwelling of cold water, decreasing the uplift of nutrients from the bottom of the ocean. This affects marine life and sea birds. The fishing industry is also affected.

Drought and warming caused by El Nino can be widespread, affecting southern Africa, India, Southeast Asia, Australia, and the Pacific Islands.

A recent WHO report on the health consequences of El Nino forecasts a rise in vector-borne diseases, including those spread by mosquitoes, in Central and South America.

Cycles of malaria in India are also linked to El Nino.

From the current study, we learn that El Nino can exacerbate global warming and hence the process could become a vicious circle.

A recent study that analysed data collected by NASA's satellite, found that the massive event resulted in the release of over 3 billion tonnes of carbon into the atmosphere.

This in turn pushed the carbon-dioxide concentration in the atmosphere to record levels.

La Nina:

La Nina is a climate pattern that describes the cooling of surface ocean waters along the tropical west coast of South America. It is considered to have the opposite effect of El Nino.

It brings greater than normal rainfall in Southeast Asia and Australia, and causes drier-than-normal conditions in South America and the Gulf Coast of the United States.

La Nina events sometimes follow El Nino events.

EDITORIAL

INDIA'S IMPOSSIBLE TRINITY PROBLEM

Analysis of India's Trinity problem and comparison with past experience in context of currency depreciation

Impossible Trinity – It states that country cannot have a **Fixed Exchange Rate, An Independent Monetary Policy (Independence of External Factors)** and **Free Capital flows at the same time**. It implies, an open economy can achieve only two of this objective at the cost of third.

Indian Rupees has been trading at a very low level, the same situation India has dealt with, in 2013. India's Macroeconomic Fundamentals is strong as compared to 2013

- Presently, Inflation is controlled well below double digit.
- High India's exchange reserves to sustain imports to 10 months.
- Improvement in Portfolio inflows
- Government is committed to fiscal consolidation.

Having the quite strong position of economy now, there are some similarities too, which raises the concern such as Trinity Problem.

Countries such as U.S, China and EU have chosen different set of combination to deal with Trinity dilemma during financial crisis.

U.S has independent monetary policy and no money control, resulting in a flexible exchange rate. China has devalued its currency Renminbi in 2015. EU has given up Monetary policy independence for a stable exchange rate and financial integration.

Thailand and Mexico has fixed exchange rate to U.S dollar during forex reserve crisis.

India's reaction during 2013 crisis to tackle Rupees depreciation

- RBI imposed partial capital controls to manage depreciation
- Direct investment by Indian companies abroad were curtailed
- Restrictions were imposed on money outflow on account of remittance.
- Foreign currency non-resident (FCNR) deposits were introduced to attract foreign currency.
- Partial money control with stable exchange rate were adopted

Presently, due to foreign portfolio outflows, India is facing similar trilemma as it faced in 2013.

Steps to be taken by India:

- Either impose capital control or increase interest rates (recently RBI already increased)
- Focus on foreign inflows to finance CAD.
- Promote software export.
- Market forces should be allowed to determine nominal exchange rate.
