DAILY NEWS DIARY

(DnD)

18.04.2020

For Prelims & Mains
Dear Student,

Warm Greetings.

- DnD aims to provide every day news analysis in sync with the UPSC pattern.
- It is targeted at UPSC – Prelims & Mains.
- Daily articles are provided in the form of Question and Answers
  - To have a bank of mains questions.
  - And interesting to read.
  - Providing precise information that can be carried straight to the exam, rather than over dumping.

Enjoy reading.

THE HINDU - TH
INDIAN EXPRESS - IE
BUSINESS LINE - BL
ECONOMIC TIMES - ET
TIMES OF INDIA - TOI

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Essay Paper

Editorial

Q – Discuss RBI’s Booster Dose to ease financial stress and increase credit flows in the economy?

INTRO = The RBI has infused oxygen into the financial system with a second set of measures announced on 17th April by Governor Shatikanta Das to combat the lockdown impact on the economy. With the overarching objective to keep the economy afloat by deploying all the instruments at the RBI’s command. Such as –

1) Liquidity infusion of ₹1 lakh crore, of which ₹50,000 crore is exclusively for non-banking finance companies (NBFCs), via banks. The NBFCs have experienced liquidity shortage since banks have not offered them any moratorium for repayment, while these entities have had to extend the moratorium option to their customers.

2) The RBI will extend another ₹50,000 crore to refinancing agencies like Nabard, Sidbi and National Housing Bank, helping these institutions to prop up their respective constituents.

3) Also extending a further ₹50,000 crore (Targeted Long Term Repo Operations) TLTRO – which has to be invested in bonds and paper of NBFCs and microfinance institutions.

4) RBI also said it has increased the ways and means advances (WMA) limits of States by 60% on March 31st, giving the state finance some breathing space. The increased limit by 30% will be available till September 30, 2020.

5) Similarly, by reducing the reverse repo rate by another 25 basis points to 3.75%, the RBI has made it furthermore unattractive for banks to indulge in ‘lazy banking’ by parking excess funds with the central bank rather than lend. As much as ₹6.9-lakh crore was parked with the RBI as on April 15. This is the time when banks will have to be liberal in extending help for working capital loans and overdrafts to their borrowers, including MSMEs.
6) By clarifying that there will be an asset classification standstill during the moratorium period for accounts that were not already NPAs as of March 1, the RBI has brought relief to borrowers to not worry and assuring that opting for the moratorium will not count for NPA purpose.

The central bank has done what it can. It is now over to the government for the fiscal support package & help here by extending a scheme of credit assurance cover that will encourage banks to be more liberal in their risk outlook.

**GS 2**

- **International Relations**

**Q – Chinese Economy at a worst downturn since 1960s and is in for a drawn-out recovery. Why?**

**BACKGROUND** = China faces a drawn-out struggle to revive an economy that suffered its biggest contraction since possibly the mid-1960s, where the contraction was to was 5.8% in 1967 during the upheavals 5.8% in 1967 during the upheavals of the ultra-radical 1965-75 Cultural Revolution.

**Current Economic Scenario –**

1) The world’s second-largest economy shrank by 6.8%
2) Consumer spending, which supplied 80% of last year’s growth, and factory activity were weaker than expected.
3) Retail sales fell 19% from a year earlier in the first quarter. That is a blow to automakers and other companies that hope China will power the world economy out of its most painful slump since the 1930s.
4) Exports fell 6.6% in March from a year earlier, an improvement over the double-digit plunge in January and February. Factories were allowed to reopen last month, but cinemas and other businesses that employ millions of people still are closed. There are signs that after an “initial bounce” the recovery in activity has since slowed to a crawl. For the full year, forecasters, including UBS, Nomura and Oxford Economics, expect little to no growth.
Snippets

GS 2

Governance

India’s Infection rate has slowed down, MHA states.

- Earlier, cases were doubling every 3 days; now it is 6.2 days, says Centre.
- The ICMR said there was no evidence suggesting that novel coronavirus is showing any signs of mutation.
- Nineteen States/UTs (Kerala, Uttarakhand, Haryana, Ladakh, Himachal Pradesh, Chandigarh, Puducherry, Bihar, Odisha, Telangana, Tamil Nadu, Andhra Pradesh, Delhi, Uttar Pradesh, Karnataka, J&K, Punjab, Assam and Tripura) have shown a lower rate of increase of cases to some extent.

How about this today!?

According to India, which of the following IMF’s liquidity boosts may be costly in easing COVID-19 driven financial stress?

a. Rapid Financing Instrument  
b. Extended Credit Facility  
c. Special Drawing Rights  
d. Extended Fund Facility

Hey from Yesterday....

Identify the descending order of most COVID-19 positive Indian cases found abroad?

a. Iran – Italy – USA – Singapore  
b. Gulf – Singapore – Italy – Malaysia  
c. USA – Italy – France – Portugal  
d. Gulf – Italy – Singapore – USA

Answer: b