



Current Affairs for UPSC IAS Exam – 27th August 2020

Contents

1. Supreme Court on Loan moratorium scheme
2. Draft health data management policy
3. U.S. blacklists Chinese firms amid SCS Dispute
4. India risks stagnation: GDP should grow over 8%
5. Govt to push for market borrowing

[SUPREME COURT ON LOAN MORATORIUM SCHEME](#)

Focus: GS-III Indian Economy

Why in news?

The Supreme Court criticised the Centre for “hiding behind the Reserve Bank of India” without making its stand clear on the loan moratorium scheme introduced during the COVID-19 pandemic.



Details

- The court wanted to know whether the deferment of loan interest to prop up borrowers through their financial crisis during the national lockdown would lead to accrual of further interest once the freeze was lifted on August 31.
- Noting that the issue had been pending indecisively for some months now, the court advised the government against adopting a blinkered vision, focussing only on matters of business of banks and not looking to the plight of people financially dented by the “problems created by your lockdown”.
- The court said the government was empowered to take an independent stand under the Disaster Management Act.
- The debate was sparked by the RBI's response in court that it would be imprudent to go for a forced waiver of interest, risking the financial viability of the banks it was mandated to regulate and putting the interests of the depositors in jeopardy.
- The court had been trying to strike a balance between the interests of the banks and the borrowers.

[Click Here to read more about the Loan Moratorium and other moves taken by RBI during the Early days of lockdown in March 2020](#)



-Source: The Hindu

[DRAFT HEALTH DATA MANAGEMENT POLICY](#)

Focus: GS-II Governance

Why in news?

- The National Health Authority (NHA) has released the Draft Health Data Management Policy of the National Digital Health Mission (NDHM) in the public domain.
- The draft has been released on the website of the NDHM; made available for public comments and feedback, it will be finalised after receiving suggestions from public.
- One of the main objectives of the draft policy is to provide adequate guidance and to set out a framework for the secure processing of personal and sensitive personal data of individuals who are a part of the national digital health ecosystem.

[Click Here to read more about Digitization of Healthcare National Digital Health Mission \(NDHM\)](#)

-Source: The Hindu

[U.S. BLACKLISTS CHINESE FIRMS AMID SCS DISPUTE](#)



Why in news?

The United States blacklisted 24 Chinese companies and targeted a number of individuals it said were part of construction and military actions related to disputed islands in the South China Sea.

Details

- The U.S. Commerce Department said the two dozen companies played a “role in helping the Chinese military construct and militarise the internationally condemned artificial islands in the South China Sea.”
- The State Department, in a separate statement, said it would impose visa restrictions on Chinese individuals “responsible for, or complicit in,” such action and those linked to China’s “use of coercion against Southeast Asian claimants to inhibit their access to offshore resources.”

Act of ‘intimidation’

- The United States accuses China of militarising the South China Sea and trying to intimidate Asian neighbors who might want to exploit its extensive oil and gas reserves.
- The U.S. has conducted multiple freedom of navigation operations by sending its warships through the area to assert the freedom of access to international waterways.
- China claims 90% of the potentially energy-rich South China Sea, but Brunei, Malaysia, the Philippines, Taiwan and Vietnam also lay claim to parts of an area through which about \$3 trillion of trade passes each year.

-Source: *The Hindu*



INDIA RISKS STAGNATION: GDP SHOULD GROW OVER 8%

Focus: GS-III Indian Economy

Why in news?

India's GDP needs to grow annually at 8-8.5% to create opportunities in the post COVID-19 era, and the country risks a decade of stagnating incomes and quality of life if urgent steps are not taken to spur growth, says McKinsey Global Institute (MGI).

Details

- India will have to undertake a slew of reforms over the next 12-18 months with the aim of increasing productivity and creating jobs.
- Given the increasing urbanisation and population trends, there will be 90 million additional workers in search of non-farm jobs by 2030 and India will have to triple job creation to 12 million gainful non-farm jobs per year from the 4 million achieved between 2013 to 2018.
- The GDP, which is set to contract by over 5% in FY21 as per some estimates, needs to grow at 8-8.5% per annum for the next decade to create the opportunities, it said, warning of difficulties if it is not achieved.
- On the reforms front, it advocated attention to manufacturing, real estate, agriculture, healthcare, and retail sectors, unlocking land which can reduce prices by up to a fourth, creating flexible labour markets, enabling efficient power distribution to reduce tariffs for consumers by over 20% and privatising 30 top state-run enterprises.

Financial sector reforms

- From a financial sector perspective, it said reforms and streamlining fiscal resources can deliver \$2.4 trillion in investment while boosting entrepreneurship by lowering the cost of capital for enterprises by about 3.5 percentage points and also pushed for creation of a 'bad bank' to take care of dud assets.
- A bulk 60% of the reforms will have to be undertaken by the States and the remaining



40% by the Centre.

- MGI pointed out that the manufacturing and the construction sectors offer the most opportunities for economic growth and also for higher employment.

-Source: *The Hindu*

[GOVT TO PUSH FOR MARKET BORROWING](#)

Focus: GS-III Indian Economy

Why in news?

The Centre likely to push for a market borrowing mechanism that will leverage states' recently enhanced borrowing limits to temporarily plug the hole in their finances caused by a shortfall in revenue and the Centre's inability to compensate them - and states ruled by non-National Democratic Alliance parties likely to, in turn, push for the compensation itself in the scheduled meeting of the Goods and Services Tax (GST) Council.

Details

- The special meeting of the council has been convened to discuss how to compensate states for their revenue shortfall at a time when the economy is facing headwinds and the compensation cess kitty for 2020-21 is almost empty.
- Debt raised from market borrowings will be repaid from the compensation cess fund.
- Other options, such as levying cess on more items, increasing cess rates on existing products or raising overall GST rates to raise revenue appear difficult at a time when demand is already subdued and the economy is badly hit by the Covid-19 pandemic.
- As cess collection fell sharply due to subdued business activities, states could not be paid compensation on time.



Constitutional Guarantee to states

- It is surprising that that the constitutional guarantee given to the States is being interpreted in a manner that the Centre is not responsible to compensate the States and it is the States (in the GST Council) which will have to find means to compensate themselves.
- The GST law assures states a 14% increase in their annual revenue for five years from July 1, 2017, and also guarantees them that their revenue shortfall, if any, will be made good through the compensation cess levied on luxury goods and sin products such as liquor, cigarettes, aerated water, automobiles, coal and tobacco products.
- Some states have misconception that it is the commitment of the Union government to compensate states, therefore, the central government should borrow the money to pay compensation to states and union territories, the officials mentioned above added. In fact, paying compensation is the collective commitment of both Union and state government, and the GST Council is the apex body that will take a decision on this matter.

[Click Here to read more about GST Council](#)

-Source: Hindustan Times