

# KSG:NEWSPAPER CRUX

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## NEWSPAPER HIGHLIGHTS

- **Building an app for India means building one for the world:** Signal's Brian Acton Co-founder of Signal Foundation says its nonprofit status protects it from 'outside interests demanding rapid returns' and it's ramping up infrastructure.
- India is a "bipartisan success story", Antony Blinken, Secretary of State nominee of U.S. President Joseph Biden, said at his confirmation hearing at the Senate Committee on Foreign Relations, making it clear that strategic ties with India will remain strong, especially on the Indo-Pacific, with continuity in dealing with China's aggressive actions from the Trump administration.
- Karnataka retained its leadership position in the major States category in the second edition of India Innovation Index released by NITI Aayog. Jharkhand, Chhattisgarh and Bihar scored the lowest on the index, which put them at the bottom in the "major States" category.
- While the transfer of power was not peaceful in the world's oldest constitutional republic, that transfer did occur on the West Front of the U.S. Capitol, as Joseph R. Biden Jr. Was sworn in as the 46th President of the U.S.
- Farm union leaders will consider a proposal from the Union government to suspend the implementation of the three contentious farm reform laws for the next year and a half while a committee is formed to look into their demands.
- The National Green Tribunal (NGT) has directed biomedical waste management facilities in the country to obtain authorisation from State pollution control boards while asking the Central Pollution Control Board (CPCB) to ensure strict compliance of biomedical waste management rules.

## CREDIT TO GDP RATIO

1. India's Credit-to-GDP ratio is 56% when compared to advanced economies where it is in the range of 150-200%. Credit-to-GDP ratio tends to rise during period of economic boom and fall during economic downturn.
2. Credit-to-GDP gap (difference between credit-to-GDP ratio and its long-term trend) **indicates build-up of excessive credit growth in an economy and system-wide risk as a precursor to crisis.**
3. Basel III uses gap between credit-to-GDP ratio and its long-term trend as a guide for setting countercyclical capital buffers (CCCB).

## SUPREME COURT DIRECTIVE ON QUOTA IN PROMOTIONS

1. The Supreme Court asked the Attorney General to compile the various issues being raised by States with regard to the application of a Constitution Bench judgment of 2006 in M. Nagaraj case.
2. The issues raised by the states regarding application of creamy layer principle to members of the SC/ST communities in promotions are not common, hence such issues should be compiled before considering referral to a seven-judge bench.
3. The directive is based on a plea by the Centre **to refer to a seven-judge Bench the question whether creamy layer should apply or not to the Scheduled Caste/Scheduled Tribe community** while providing them reservation in government promotions.

## SC UPHOLDS VALIDITY OF IBC AMENDMENT ACT, 2020

1. The Supreme Court (SC) has upheld the constitutional validity of the Insolvency and Bankruptcy Code (IBC) (Amendment) Act, 2020.
2. In its August 2019 order, the SC had upheld the government decision to grant home-buyers the status of financial creditors. Financial creditor: **It means any person to whom a 'financial debt' is owed and includes a person to whom such debt has been legally assigned or transferred to.**
3. Subsequently, the government introduced the IBC (Amendment) Act, 2020, that mandated a threshold of at least 10% of home-buyers (or allottees) in a project or 100 of the total allottees for initiating insolvency proceedings against the real estate developer.

## DOMESTICALLY SYSTEMICALLY IMPORTANT BANKS

1. The Reserve Bank of India (RBI) has retained State Bank of India, ICICI Bank and HDFC Bank as Domestic Systemically Important Banks (D-SIBs) or banks that are considered as "too big to fail".
2. **SIBs are perceived as banks that are 'Too Big To Fail (TBTF)'. This perception of TBTF creates an expectation of government support for these banks at the time of distress.**

## SHADOW ENTREPRENEURS

1. There has been a global rise of shadow entrepreneurship, in various sectors such as education (certificates), finance (for easy loans), the betting economy (online games) and healthcare (e-pharmacies).
2. Shadow entrepreneurs are individuals who **manage a business that sells legitimate goods and services but they do not register their businesses.**