



## **DAILY CURRENT AFFAIRS 21-02-2025**

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## Cook Islands

**Syllabus: GS-1; Geography-Mapping, GS-2; International Relations**

### **Context**

- Recently, the Cook Islands government's plan to upgrade its strategic relationship with the People's Republic of China made global headlines. The deal will open the way for dual-use infrastructure facilities in the Cook Islands.

### **Geography:**



- **Location:** South Pacific Ocean, northeast of New Zealand.
- **Area:** 236 sq. km (Land) and about 1.8 million sq. km (Exclusive Economic Zone).
- **Major Islands:**
  - **Rarotonga** (largest, administrative center).
  - **Aitutaki** (famous for its lagoon).
  - **Mangaia, Palmerston, Penrhyn, Manihiki, Pukapuka**, etc.
- **Divisions:**
  - **Southern Group:** Volcanic islands (e.g., Rarotonga).
  - **Northern Group:** Coral atolls (e.g., Penrhyn, Pukapuka).
- **Climate:** Tropical with two seasons – wet (November to April) and dry (May to October).
- **Natural Hazards:** Cyclones, tsunamis, and sea-level rise.

### Political Status & Governance:

- **Status:** Self-governing but in free association with **New Zealand** since **1965**.
- **Government:**
  - **Head of State:** King of New Zealand (represented by a Governor-General).
  - **Head of Government:** Prime Minister.
  - **Legislature:** Unicameral Parliament.
- **Relationship with New Zealand:**
  - Citizens of the Cook Islands are also **New Zealand citizens**.
  - New Zealand provides defense and foreign policy support.
- **International Relations:**
  - Not a UN member but recognized internationally.
  - Member of the **Pacific Islands Forum (PIF)** and other regional organizations.

### Economy & Trade:

- **Major Sectors:**
  - **Tourism** (largest revenue source).
  - **Agriculture** (exports: coconut, citrus fruits, fish, pearls).
  - **Offshore Banking & Financial Services**.
  - **Black Pearl Farming** (Manihiki Island is famous for pearls).
- **Currency:** **New Zealand Dollar (NZD)** and Cook Islands Dollar.
- **Challenges:** Limited resources, high dependence on tourism, and vulnerability to climate change.

### Society & Culture:

- **Population:** ~17,500 (2023 est.).
- **Ethnic Groups:** Primarily **Polynesian (Cook Islanders)**.
- **Languages:**
  - **English** (official).
  - **Cook Islands Māori (Rarotongan)**.
- **Religion:** Predominantly **Christianity** (Cook Islands Christian Church).
- **Traditional Governance:** Chiefs (Ariki) still play a role in society.

### Strategic Importance & Challenges:

- **Geopolitical Location:**
  - Situated in an area of increasing Indo-Pacific competition.
  - Presence of large **Exclusive Economic Zone (EEZ)** for fisheries.

- **Climate Change Threat:**
  - Rising sea levels threaten low-lying islands.
  - Cyclones are a major risk.
- **China's Influence:**
  - China has been increasing investments and influence in the region.
  - The Cook Islands maintains diplomatic ties with both China and Western nations.

## **Indian Ocean Conference**

**Syllabus: GS-2: International Relations – Summits and Conferences.**

**Context:**

- **India's External Affairs Minister S. Jaishankar** represented India at the **8th Indian Ocean Conference (IOC)** held in **Muscat, Oman**.
- **Theme:** *'Voyage to New Horizons of Maritime Partnership'*.

**What is the Indian Ocean Conference (IOC)?**

- **About:**
  - Annual summit bringing together leaders, policymakers, and experts from the **Indian Ocean Region (IOR)**.
  - Established in **2016 by the India Foundation** (India-based think tank) in **Singapore**.
  - Participation from **30 countries**.
- **Objective:**
  - Enhance regional cooperation under the vision of **SAGAR (Security and Growth for All in the Region)**.

**What is the Indian Ocean Region (IOR)?**

- **Geographical Extent:**
  - **Covers 20%** of the world's water surface and **25%** of the world's landmass.
  - Spans from the **Strait of Malacca & Australia (East) to the Mozambique Channel (West)**.
- **Economic Significance:**
  - **80% of global maritime oil trade** and **80% of India's oil imports** pass through the region annually.

## Strategic Importance of IOR

### ➤ Key Choke Points:

- **Strait of Malacca** – Links Southeast Asia & the Pacific to the Indian Ocean.
- **Strait of Hormuz** – Crucial for **global oil transport** from the Persian Gulf.
- **Bab-el-Mandeb Strait** – Connects the Red Sea to the Indian Ocean; impacts trade with **Africa & the Middle East**.
- **Mozambique Channel** – Vital for trade between **Africa, Middle East & Asia**.

### ➤ Military Significance:

- Hosts **major naval bases**.
- Faces threats like **piracy, illegal fishing, and territorial disputes**.

### ➤ Resource Significance:

- The **Central Indian Ocean Basin (CIOB)** holds vast reserves of **nickel, copper, cobalt, and manganese**.

## Relevance for India

- Strengthens **maritime diplomacy** under **SAGAR & Indo-Pacific Vision**.
- Enhances **regional trade, connectivity, and security** cooperation.
- Ensures **energy security & protection of Sea Lanes of Communication (SLOCs)**.

This topic is crucial for **UPSC GS-2 (International Relations)** and **GS-3 (Security & Economy)**.

## Micro-Finance Institutions (MFIs) under stress- need for reforms

### Syllabus: GS-3: Indian Economy –Financial Sector.

#### Context:

- **Rising stress** in the microfinance sector, small finance lenders, and unsecured personal loans.
- **Key concerns:**
  - Increasing **delinquencies** (missed loan payments).
  - Threats to **asset quality** and **profitability** due to rising borrower indebtedness.

### What is Microfinance?

- Financial services extended to individuals/groups **lacking traditional banking access**.
- Includes **savings, credit, insurance, fund transfers, and microcredit**.
- **Objective:** Promote **financial inclusion** and **economic self-reliance** of marginalized communities.
- **Women** are major beneficiaries, leading to **social and financial empowerment**.

### Microfinance in India: Evolution

Year	Development
1974	SEWA Bank (India's first MFI) established in Gujarat.
1984	NABARD introduced the <b>Self-Help Group (SHG) linkage model</b> .
2004	RBI classified microfinance as <b>priority sector lending</b> .
2010	Andhra Pradesh crisis (due to coercive recovery methods) led to regulatory reforms.
2012	<b>Malegam Committee</b> set up by RBI to address microfinance concerns.
2015	<b>MUDRA Bank</b> launched to facilitate credit access for small businesses.

### Microfinance Business Models

- **Self-Help Groups (SHGs)**
  - Typically **10–20 members**.
  - Focus on **collective savings** and **bank linkages** under NABARD's SHG-Bank Linkage Programme.
- **Microfinance Institutions (MFIs)**
  - Provide credit, insurance, remittances through **Joint Liability Groups (JLGs)** (4–10 members).
  - Operate with **structured repayment schedules** and **interest-based earnings**.

### Types of Microfinance Lenders

Type	Regulatory Framework
NGO-MFIs	Registered under <b>Societies Registration Act, 1860</b> or <b>Indian Trusts Act, 1880</b> .

Type	Regulatory Framework
Co-operative Societies	Entities like <b>Primary Agricultural Credit Societies (PACS)</b> .
Section 8 Companies	<b>Non-profits</b> under the Companies Act, 2013.
NBFC-MFIs	<b>80% of the market</b> ; regulated by <b>RBI</b> .

### Current Status of the Microfinance Sector

- **168 MFIs** serve over **3 crore** clients.
- Contributes to **130 lakh jobs** and **2% of India's Gross Value Added (GVA)**.
- RBI defines **microfinance** as **collateral-free loans** for households earning  $\leq ₹3$  lakh annually.

### Signs of Stress in the Microfinance Sector

#### 1. Rising Delinquencies and Asset Quality Risks

- **Increased NPAs:**
  - **ESAF Small Finance Bank** gross NPA surged to **₹1,279.3 crore (6.9%)** in Sep 2024 from **₹399.1 crore (2.6%)** in Sep 2023.
  - **CRISIL estimates** SFB NPAs may rise to **2.9% in FY25** (from 2.3% in FY24).
- **Collection efficiency dropped** to **94% in Q2 FY25** (from 98% in FY24).

#### 2. Challenges with Borrower Indebtedness

- **Credit card outstanding** rose to **₹2.71 lakh crore (Sep 2024)** from **₹2.30 lakh crore (Sep 2023)**.
- **RBI imposed restrictions** on NBFC-MFIs due to **predatory pricing** and **poor borrower evaluation**.

### Factors Driving Stress in the Microfinance Sector

#### 1. Operational and Structural Issues

- **Over-leveraged borrowers:** Loans sanctioned without **proper repayment capacity assessment**.
- **Weak JLG model:** Declining attendance and accountability among members.
- **High staff attrition and fraud:** Affects loan recovery.

#### 2. External Challenges

- **Debt-waiver campaigns** and **elections** influence repayment behavior.

- **Natural disasters** impact rural borrowers' repayment capacity.
- **Economic slowdown** in rural/semi-urban areas limits repayment ability.

### Regulatory and Institutional Responses

#### Regulatory Actions by RBI

- **Cease and desist orders** against NBFC-MFIs for violating norms.
- **Tightened lending norms** for unsecured loans.
- **Emphasis on sustainable risk management frameworks.**

#### Institutional Adjustments

- **Banks & NBFCs** re-evaluating underwriting standards.
- **Microfinance sector slowdown:**
  - **AUM growth expected to drop to 17–19% in FY25 (from 29% in FY24).**

### Sector Resilience and Future Outlook

#### Strengths of the Microfinance Sector

- Has historically **recovered from crises** (e.g., demonetization, pandemic).
- **Investor confidence remains strong**, underscoring the sector's role in **financial inclusion**.

#### Future Outlook

- **Stress expected to continue in FY25**, with rising delinquencies.
- **Cautious lending approach and strong recovery mechanisms needed.**
- **Regulatory oversight and adaptability** will be crucial for stability.

### Conclusion

- Despite challenges, **strategic reforms, risk management, and regulatory support** can help stabilize the microfinance sector.
- Continued **focus on financial inclusion** is essential for **economic empowerment** of marginalized communities.

### Key Takeaways for UPSC

- **Microfinance = Financial inclusion tool** for unbanked sections.
- **Major lenders:** SHGs, NBFC-MFIs, Co-ops, Section 8 Companies, NGOs.
- **Andhra Pradesh crisis (2010)** led to **regulatory reforms** (Malegam Committee).
- **MUDRA Bank (2015)** boosted microfinance ecosystem.



- **RBI defines microfinance:** Collateral-free loans for **households earning ≤ ₹3 lakh annually**.
- **Current stress factors:** High NPAs, borrower over-leverage, weak JLGs, debt-waivers.
- **RBI actions:** Stricter regulations, "cease and desist" orders for violators.
- **Future path:** Controlled lending, risk management, and regulatory adaptability.

## **Agricultural and Processed Food Products Export Development Authority (APEDA)**

**Syllabus: GS-3: Indian Agriculture – Institutions.**

**Context:**

- **BJP MP from Belagavi** has urged the Union government to establish a unit of the **Agricultural and Processed Food Products Export Development Authority (APEDA)** in **Belagavi, Karnataka**.
- The proposal is based on the model of the **APEDA centre in Mapusa, Goa**.

**Significance of the APEDA Unit**

- **Support for Farmers**
  - Will provide **cold storage and packaging facilities**.
  - Helps in preserving farm produce for longer durations.
  - Enables farmers to sell their produce when market prices are favorable.
- **Agricultural Importance of Belagavi**
  - The district has **large-scale cultivation** of fruits and vegetables.
  - It is the **second-largest exporting district** in Karnataka for agricultural produce.

**Concerns Highlighted**

- **Post-Harvest Losses**
  - Nearly **20% of India's fruit and vegetable crop** is lost annually due to inadequate cold storage.
  - This results in a financial loss of **₹13,300 crore** for farmers.
- **Need for Infrastructure**

- Maintaining **freshness and quality** of fruits and vegetables is critical.
- Establishing an **APEDA unit** will ensure better post-harvest management.

### About APEDA (Agricultural and Processed Food Products Export Development Authority)

- **Established:** December 1985 under the **APEDA Act** passed by **Parliament**.
- **Replaced:** Processed Food Export Promotion Council (PFEPCL).
- **Ministry:** Commerce and Industry, Government of India.
- **Headquarters:** New Delhi.
- **Objective:** Development and promotion of export of scheduled agricultural and processed food products.

### Key Features

- **Scheduled Products:** Products regulated under the APEDA Act.
- **Mandatory Registration:** Exporters of scheduled products must register under APEDA.
- **Examples of Scheduled Products:**
  - **Fruits & Vegetables**
  - **Meat & Poultry Products**
  - **Dairy Products**
  - **Confectionery & Bakery Products**
  - **Honey, Jaggery, and Sugar Products**

### Support Provided by APEDA

- **Financial assistance** to exporters.
- **Market development initiatives** and trade promotion.
- **Guidelines for quality enhancement** of scheduled products.
- **Secretariat for the National Accreditation Board (NAB)** to implement the **National Programme for Organic Production (NPOP)** for organic exports.

### Functions of APEDA

- **Standards & Specifications:** Setting quality benchmarks for scheduled products.
- **Exporter Registration:** Granting registration upon fee payment.
- **Packaging & Marketing Improvement:** Enhancing branding and marketability.
- **Quality Inspection:** Ensuring compliance with international standards.

- **Training & Skill Development:** Providing training for industries linked to scheduled products.
- **Industry Development:** Conducting surveys, feasibility studies, and R&D for industry growth.
- **Data Collection & Publication:** Gathering and publishing market and industry statistics.

## **Vertical Planetary Mixer**

**Syllabus: GS-3: Science and Technology – Rockets.**

### **Context:**

- ISRO, in collaboration with the **Central Manufacturing Technology Institute (CMTI), Bengaluru**, developed the **world's largest solid propellant mixing equipment**.
- The **10-tonne Vertical Planetary Mixer (VPM)** is a crucial component in **solid propulsion systems** for rockets.
- Part of the '**Atmanirbhar Bharat**' initiative to enhance indigenous space technology.

### **What is a Vertical Planetary Mixer?**

- A high-capacity **solid propellant mixing system** used in rocket motor manufacturing.
- Ensures **precise and uniform blending** of hazardous and sensitive ingredients.
- **Developed by:**
  - **Satish Dhawan Space Centre (SDSC), ISRO**
  - **CMTI, Bengaluru**

### **How It Works?**

- Uses **hydrostatic-driven multiple agitators** for uniform mixing.
- **Automated control system** using **PLC (Programmable Logic Controller)** and **SCADA (Supervisory Control and Data Acquisition) stations** for precision and safety.
- SCADA stations **monitor and control physical processes in real time**.

### Key Features

- **Largest Capacity:** Mixes **10 tonnes of propellant** in a single batch.
- **High Precision:** Ensures uniform composition for **better rocket efficiency**.
- **Safety & Reliability:** Designed for **hazardous material handling** with strict quality control.
- **Automation:** Remote operation enhances **safety and efficiency**.
- **Massive Structure:**
  - **Weight:** 150 tonnes
  - **Dimensions:** 5.4m (L) × 3.3m (B) × 8.7m (H)

### Significance of the Vertical Planetary Mixer

- **Enhances Rocket Motor Production**
  - Increases **productivity, throughput, and quality** in solid propulsion systems.
- **Boosts Indigenous Capability**
  - Reduces **dependence on foreign technology** in space manufacturing.
- **Supports Future Space Missions**
  - Strengthens ISRO's **launch vehicle programs**, including:
    - **PSLV** (Polar Satellite Launch Vehicle)
    - **GSLV** (Geosynchronous Satellite Launch Vehicle)
    - **Future heavy-lift rockets**
- **Collaboration with Academia & Industry**
  - Encourages **innovation in advanced space technology and manufacturing**.

### Conclusion

- The **10-tonne Vertical Planetary Mixer** is a **technological milestone** in India's space sector.
- It aligns with **India's self-reliance goals** and strengthens **ISRO's solid propulsion capabilities**.
- Plays a key role in **future space missions** and **heavy-lift launch vehicles**.