



For success in a changing world

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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 Self-Help Group (SHG) linkage model .
2004	RBI classified microfinance as priority sector lending .
2010	Andhra Pradesh crisis (due to coercive recovery methods) led to regulatory reforms.
2012	Malegam Committee set up by RBI to address microfinance concerns.
2015	MUDRA Bank 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 Societies Registration Act, 1860 or Indian Trusts Act, 1880 .

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

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 \leq ₹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 (PFEPC)**.
- **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**.