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1. Himachal CM requests 'national disaster' tag after heavy rains in state

2. PM Modi, Saudi Crown Prince MBS chair India-Saudi Arabia Strategic Partnership Council

3 Banks must return borrowers' documents within 30 days of loan repayment, says RBI

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Himachal CM requests 'national disaster' tag after heavy rains in state

Relevance: Prelims & Mains Paper III; Disaster Management

Why in news?

- Himachal Pradesh Chief Minister Sukhvinder Singh Sukhu has requested Prime Minister Narendra Modi to declare the destruction caused by heavy rains in the state a national disaster.

- States affected by natural disasters often make such requests to the Centre. Demands for special relief packages are also made.

Reasons behind this demand

- Sukhu has said that Himachal Pradesh suffered losses of Rs 10,000 crore due to rain-related incidents this monsoon. He demanded that the calamity be declared a national disaster and a special disaster package be announced.

- According to official figures, 418 people have died (265 in rain-related incidents and 153 in road accidents) since the onset of monsoon on June 24 till Sept. 9, while 39 are missing.

How are states assisted during natural disasters?

- There is no official or defined category of "national disasters". Disasters of this nature come under the 2005 Disaster Management Act, which defines a "disaster" as "a catastrophe, mishap, calamity or grave occurrence in any area, arising from natural or man made causes, or by accident or negligence which results in substantial loss of life or human suffering or damage to, and destruction of, property, or damage to, or degradation of, environment, and is of such a nature or magnitude as to be beyond the coping capacity of the community of the affected area".

- The Act saw the creation of the National Disaster Management Authority (NDMA), to be headed by the Prime Minister, and State Disaster Management Authorities (SDMAs) headed by respective Chief Ministers.

- Together with district-level authorities, an integrated Disaster Management setup was to be created in India.

- The Act also led to the National Disaster Response Force. It has several battalions or teams, which are responsible for on-ground relief and rescue work in several states.

What is the NDRF?

- The National Disaster Relief Fund (NDRF) is mentioned in the 2005 Disaster Management Act. Similarly, SDRFs exist for the states and are the primary funds available to state govts for responses to notified disasters. The Central Govt contributes 75% to the SDRF in general states and 90% in northeastern and Himalayan states.

- The SDRF is to be used only for meeting the expenditure for providing immediate relief to the victims of notified calamities like cyclones, droughts, earthquakes, fires, floods, tsunamis, hailstorms, landslides, avalanches, cloud bursts, pest attacks and frost/cold waves.

- The state govt is primarily responsible for undertaking rescue, relief and rehabilitation measures in the event of a disaster. But these can be supplemented with Central assistance.

What is a severe calamity?

- This classification is based on a specific procedure, where the state govt needs to submit a memorandum indicating the sector-wise damage caused by a disaster and its requirement of funds.

- Afterwards, an inter-ministerial central team is constituted and it conducts an on-the-spot assessment of damage and requirement of funds for relief operations.

- After this, specific committees examine these assessments and submit their reports. A High-Level Committee must approve the quantum of immediate relief to be released from the NDRF. The Disaster Management Division of the Ministry of Home Affairs will then provide support and monitor the utilisation of funds.

- A calamity is declared to be of “rare severity”/”severe nature” based on undefined criteria, but factors such as the intensity and magnitude of the calamity, level of assistance needed, etc. are looked at.

(more ahead)

Cont’d

- A Calamity Relief Fund (CRF) is set up, with the corpus shared 3:1 between Centre and state.

- When resources in the CRF are inadequate, additional assistance is considered from the National Calamity Contingency Fund (NCCF), funded 100% by the Centre. Relief in repayment of loans or for grant of fresh loans to the persons affected on concessional terms, too, are considered once a calamity is declared “severe”.

- Otherwise, the funds for the NDRF and SDRFs, for preparedness, mitigation and reconstruction, are allocated by the Govt as a part of budgetary allocations. Funds for immediate relief are recommended by the Finance Commission – a constitutional body that recommends the distribution of financial resources among the states and the Centre – for a five-year period.

- The 15th Finance Commission (for 2021-22 to 2025-26) adopted a new methodology for state-wise allocations, based on factors like past expenditure, risk exposure (area and population) hazard and vulnerability of states.

PM Modi, Saudi Crown Prince MBS chair India-Saudi Arabia Strategic Partnership Council

Relevance: Prelims & Mains Paper II; International Relations

Why in news?

- Saudi Arabia's Crown Prince Mohammed bin Salman Al Saud and PM Narendra Modi recently held extensive talks, agreeing to expand trade and security ties. The leaders also co-chaired the first summit-level meeting of the India-Saudi Arabia Strategic Partnership Council (SPC).

- This comes after the G20 summit in New Delhi saw the announcement of a vastly significant India–Middle East–Europe Economic Corridor (IMEC).

- The India-Saudi Arabia Strategic Partnership Council was set up in 2019, making India the fourth country with which Saudi Arabia formed such a partnership, after the UK, France, and China.

What is the India-Saudi Arabia Strategic Partnership Council?

- The pact to establish the SPC was signed during PM Modi's visit to Saudi Arabia in 2019.

- The SPC has two main pillars: Committee on Political, Security, Social and Cultural Cooperation; and Committee on Economy and Investments.

- India and Saudi Arabia have identified 41 areas of cooperation under the four broad domains: Agriculture & Food Security; Energy; Technology & IT; and Industry & Infrastructure.

- During the latest meeting, the two sides decided to speed up implementation of the $50-billion West Coast refinery project. It is a 60 million tonnes refinery-cum-petrochemical complex to be built on the Maharashtra coast, by Indian State owned oil companies - IOC, BPCL and HPCL, and Saudi Arabian Oil Co (Saudi Aramco) and Abu Dhabi National Oil Co (Adnoc).

Banks must return borrowers' documents within 30 days of loan repayment, says RBI

Relevance: Prelims & Mains Paper II; Governance

Why in news?

- The RBI has asked all Regulated Entities to release the original documents of movable or immovable property within a month of the full repayment or settlement of loans by borrowers.

- These directives will come into effect on December 1, 2023.

Details

- The RBI has directed all Regulated Entities (REs) — that is banks, non-banking finance companies (NBFCs), housing finance companies, small finance banks (SFBs), regional rural banks (RRBs) and cooperative banks — to release, as part of responsible lending conduct, the original movable or immovable property documents, and remove charges registered with any registry within a period of 30 days after full repayment or settlement of the loan account by a borrower.

- A borrower will have the option of collecting the original property documents either from the banking outlet or the branch where the loan account was serviced, or any other office of the RE where the documents are available, as per their preference.

- The lender will have to mention the timeline and place of return of original property documents in the loan sanction letters issued on or after Dec. 1, 2023.

- To address a situation in which the borrower(s) are no longer alive, the lenders must have a well laid out procedure for the return of the original property documents to the legal heirs.

- The Regulated Entities will have to display the procedure on their website, along with other policies and procedures for the information of customers.

Need for these directives

- The RBI said it had been observed that the REs follow divergent practices in the release of property documents, which leads to customer grievances and disputes.
- The directions have been issued to address these issues and to promote responsible lending conduct.

Loans that will be impacted

- This is for personal loans, which, as per the RBI's definition, are loans that are given to individuals, and which consist of consumer credit, education loan, loans given for creation or enhancement of immovable assets (such as housing), and loans given for investment in financial assets like shares and debentures. The new directives will be applicable to all these categories of loans.

Lender’s delay in releasing the property documents!

- The RBI has said that in case of a delay in releasing the original movable or immovable property documents, or a failure to file the charge satisfaction form with the relevant registry beyond 30 days after the full settlement of the loan, the RE will have to communicate to the borrower the reasons for the delay.

- In case where the delay is attributable to the Regulated Entity, it will have to compensate the borrower at the rate of Rs 5,000 for each day of delay.

Loss or damage of the original property documents!

- In the event of loss or damage to original property documents, either in part or in full, the lender will assist the borrower in obtaining duplicate or certified copies of the property documents and will also bear the associated costs, in addition to paying compensation of Rs 5,000 per day for each day of delay beyond the stipulated 30-day timeframe, the RBI has said.

- However, in such cases, an additional time of 30 days will be available to the REs to complete this procedure and the delayed period penalty will be calculated thereafter, that is, after a total period of 60 days.

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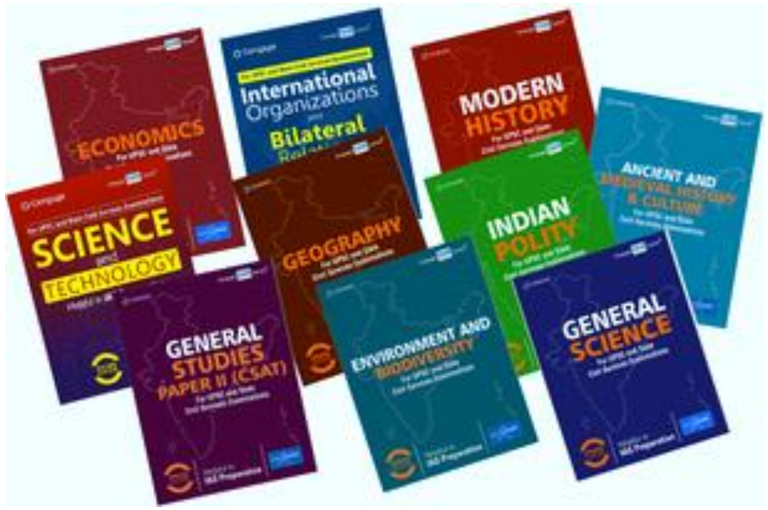

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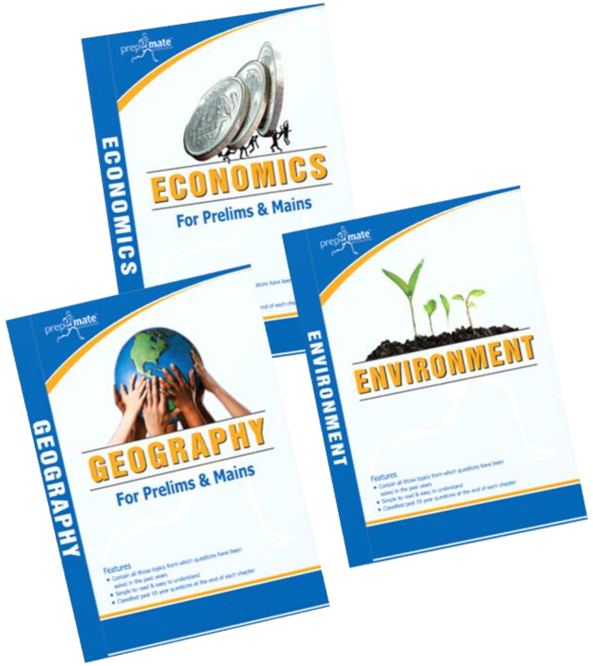

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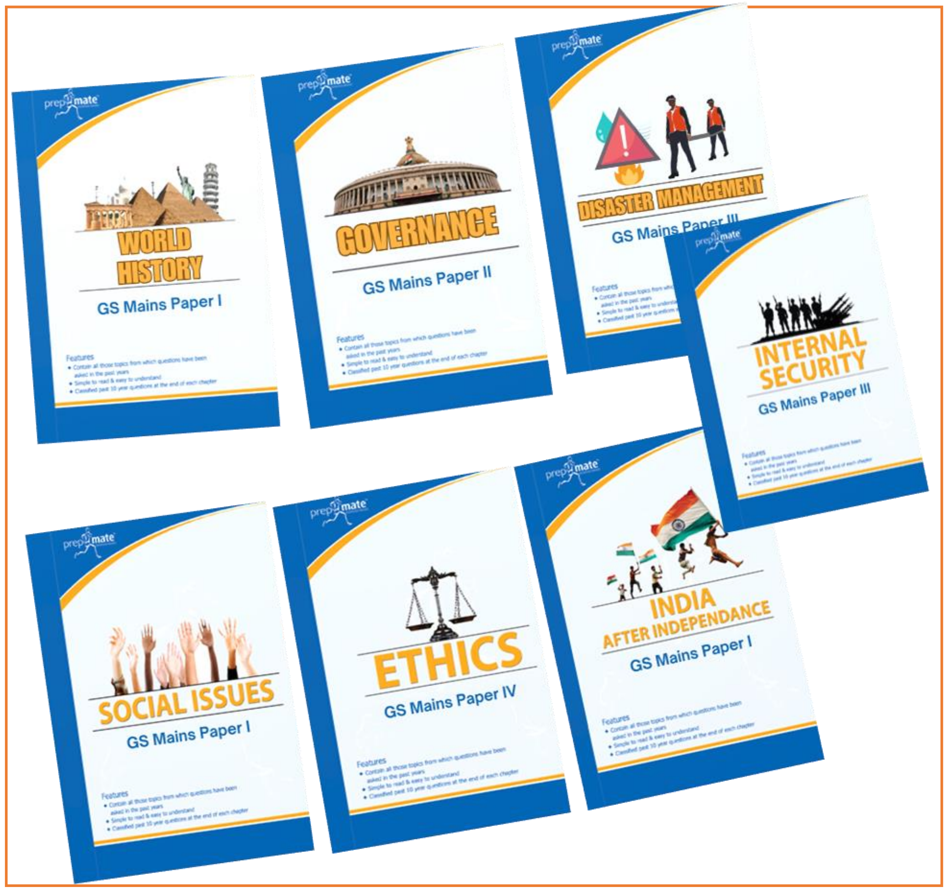

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