



Daily Current Affairs Dated On 23-Aug-2019

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Amazon fire

Why in news?

Over the last several days, the Amazon rainforest has been burning at a rate that has alarmed environmentalists and governments worldwide. Mostly caused by farmers clearing land, the fires have thrown the spotlight on Brazil President Jair Bolsonaro's policies and anti-environment stance.

Where are the Amazon fires happening?

- Started in the Amazonian rainforests, the fires have impacted populated areas in the north, such as the states of Rondônia and Acre, blocking sunlight and enveloping the region in smoke.
- The smoke has wafted thousands of miles to the Atlantic coast and São Paulo, according to the World Meteorological Organization.
- Brazil's National Institute for Space Research (INPE) has reported that forest fires in the region have doubled since 2013, and increased by 84% compared to the same period last year.
- This year alone there have been 72,843 fires, it said, and more than 9,500 of those have happened over the past few days.

How did the Amazon fires start?

- The weekly Brasil de fato reported that Bolsonaro's anti-environment rhetoric has emboldened farmers, who organised a "fire day" along BR-163, a highway that runs through the heart of the rainforest.
 - The weekly quoted a report by local newspaper Folha do Progresso, that local farmers had set fire to sections of the rainforest a few days ago to get the government's attention. "
 - Alberto Setzer, a researcher at INPE, told Reuters that this year, the region did not experience extreme dry weather.
 - "The dry season creates the favourable conditions for the use and spread of fire, but starting a fire is the work of humans, either deliberately or by accident."
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- The Amazon fires are so large that they are visible from space. NASA released images on August 11 showing the spread of fires and reported that its satellites had detected heightened fire activity in July and August.



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Why are the Amazon fires a cause for concern?

- The Amazon rainforest is a repository of rich biodiversity and produces approximately 20 per cent of oxygen in the Earth's atmosphere.
- It is also home to indigenous communities whose lives and homelands are under threat due to encroachment by the Brazil government, foreign corporations and governments with economic interests in the resource-rich region, and local farmers.
- In a 2017 study, the University of Leeds found that carbon intake by the Amazon basin matches the emissions released by nations in the basin.
- The burning of forests, therefore, implies additional carbon emissions.
- Research by scientists Carlos Nobre and Thomas E Lovejoy suggests that further deforestation could lead to the Amazon's transformation from the world's largest rainforest to a savanna, which would reverse the region's ecology.
- A National Geographic report said the Amazon rainforest influences the water cycle not only on a regional scale, but also on a global scale.
- The rain produced by the Amazon travels through the region and even reaches the Andes mountain range.
- Moisture from the Atlantic falls on the rainforest, and eventually evaporates back into the atmosphere.
- The report said the Amazon rainforest has the ability to produce at least half of the rain it receives. This cycle is a delicate balance.

How has the international community reacted?

- Germany and Norway have suspended funding for programmes that aim to stop deforestation in the Amazon and have accused Brazil of doing little to protect the forests.
- Indigenous groups and environment activists have led protests and criticised Bolsonaro for his comments and policies.



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Dacentrurus

Context

Scientists have described a new species of stegosaurus and dated it to 168 million years ago, which makes it the oldest known member of that group of dinosaurs ever known.

About the species

- Named Adratiklit boulahfa, it is also the first stegosaurus to be found in North Africa.
- Its remains were discovered in the Middle Atlas mountains of Morocco, and the study describing it was led by Dr Susannah Maidment of the London's Natural History Museum (NHM).
- The scientists believe it is not only a new species but also belongs to a new genus.
- The name is derived from the words used by the Berber (an ethnic group indigenous to North Africa) for mountains (Adras), lizard (tiklit) and the area where the specimen was found. (Boulahfa).
- The Adratiklit was armoured and herbivorous, and lived on the ancient supercontinent of Gondwana, which later split into Africa, South America, Australia and Antarctica.
- Most stegosaurus remains so far have been found in the northern hemisphere".

However, this may not mean that stegosaurs were uncommon in Gondwana. It may be due to the fact that Gondwana rock formations have been subject to far fewer excavations and detailed studies.

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Henley passport index

Context:

The latest edition of Henley Passport Index has been released.

The Index ranks India at 86, down five places from 81 in 2018.



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About the index:

- The Henley Passport Index (HPI) is a global ranking of countries according to the travel freedom for their citizens.
- The index gathers data from the International Air Transport Association (IATA) that manages inter-airline cooperation globally.
- The Henley Passport Index is updated in real time according to countries' visa policy changes.
- It started in 2006 as Henley & Partners Visa Restrictions Index (HVRI) and was modified and renamed in January 2018.
- The HPI consists of a ranking of passports according to how many other territories can be reached 'visa-free'.

What does this mean for Indian passport holders?

- India has a score of 58. That is the number of destinations an Indian passport holder can travel to today, without pre-departure government approval. That is the same as a citizen of any country, on an average, could travel to 13 years ago.
- In 2006, a citizen, on an average, could travel to 58 destinations without needing a visa from the host nation; by 2018, this number had nearly doubled to 107.
- India ranks below other BRICS countries, with which are at a similar stage in their economic development.

Significance of the index:

Passports rankings point towards the strength of diplomatic relations between countries.



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Are there other passport indices?

- The Henley Passport Index is not the only index available on passport rankings.
- Others include the Arton Passport Index, which ranks United Arab Emirates's passport at rank 1 as per its most recent rankings.

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Microcredit in India

Why in news?

An article published on 21st August in Ideas for India, authored by Mushfiq Mobarak and Vikas Dimble and originally appearing in Yale Insights, suggests that the existing systems of microcredit have a limited impact on the long-term wellbeing of the recipients.

What is microcredit?

- Microcredit refers to the granting of very small loans to impoverished borrowers, with the aim of enabling the borrowers to use that capital to become self-employed and strengthen their businesses.
- Loans given as microcredit are often given to people who may lack collateral, credit history, or a steady source of income.

Objectives of microcredit

- The core idea of microcredit is that a small loan will provide access to the larger economy to people who typically live outside the scope of the institutions on which the mainstream economy rests.
- Such a loan is meant to enable them to commence with productive activities, and will give them the initial boost required to gain entry into an industry, after which production will be able to sustain itself, and the loan will gradually be repaid.
- Microcredit agreements frequently do not require any sort of collateral, and sometimes may not even involve a written agreement, as many recipients of microcredit are often illiterate.



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- When borrowers demonstrate success in paying their loans on time, they become eligible for loans of even larger amounts, allowing them to finance expansion.

Why are microcredit institutions failing to deliver long-term benefits?

- The article in Ideas for India cites a 2015 study that found “a lack of evidence of transformative effects of microfinance on the average borrower”.
- Another study found that having access to microcredit made very little difference to changing the lifestyles of borrowers, based on six indicators: household business profits, business expenditures, business revenues, consumption, consumer durables spending, and spending on temptation goods.
- These indicators only saw a 5% impact when microcredit was available.
- The primary reason for the lackadaisical effects of microcredit is the stringent repayment schedule offered by most microcredit institutions.
- Since most borrowers to whom microcredit is given have little to no credit history as a result of their exclusion from traditional systems of credit, institutions offering microcredit are unable to judge the risk associated with lending to certain borrowers, and cannot be sure what the risk of them defaulting will be.
- To lower the risk of defaulting, microcredit lenders therefore resort to repayment schedules that demand an initial repayment that is almost immediate, after which borrowers must adhere to an inflexible weekly schedule for repayments.
- The effect of this is that borrowers are unable to use the loans on investments that will take some time to be fully realised, and instead are forced to use the loans they receive on short term investments that only boost production to an extent, and the overall growth of their incomes remains meager.

How can the microcredit system be reformed to have greater benefits for borrowers?

- Once repayment began, both groups again had the same schedule.
- Three years after the initial loans were given out, the study found that borrowers who received the grace period were more likely to have started a new business, and also reported both higher profits and household incomes.
- As for the barriers to assessing credit risk, these can be mitigated by using community information.



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- Communities can be an accurate source of information about credit risk for microcredit institutions, though the article notes that the implementation of such processes would require the elimination of bias and incentivising accurate information.

What are the other applications of microcredit?

- Conventionally, microcredit has been used mainly for entrepreneurs to begin production and attain self-sufficiency.
 - However, the Ideas for India article notes new, mostly unexplored paths for the utilisation of microcredit as a poverty alleviation and productivity-boosting measure.
 - A study found that small microcredit loans can allow rural labourers –those who are employees, as opposed to entrepreneurs, who are employers– to migrate to urban areas to find work during the lean season, when there is no work to be found on farms.
 - Those who migrated temporarily during this season experienced increased spending in both food and non-food areas, and increased their calories consumed.
 - Microcredit can also be used to dampen the effects of shocks like floods by providing people with a form of insurance that both increases production before the shock and provides a safety net after.
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- Microcredit has a vast range of applications for poverty alleviation and general development, but existing systems require reform in multiple areas to allow for unfettered benefits that last.
 - Furthermore, in areas where the application of microcredit is relatively new, microcredit systems must be carefully evaluated before they are put into place, so as to enable the greatest benefit from such institutions.

FATF

Why in news?

The Asia-Pacific Group (APG) of the global terror financing and money laundering watchdog Financial Action Task Force (FATF) has put Pakistan in the Enhanced Expedited Follow Up List for failing to comply with commitments, PTI has reported, quoting unnamed officials.



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About FATF

- The FATF is an inter-governmental body that is now in its 30th year, working to “set standards and promote effective implementation of legal, regulatory and operational measures for combating money laundering, terrorist financing and other related threats to the integrity of the international financial system”.
- was founded in 1989 on the initiative of the G7 to develop policies to combat money laundering.
- In 2001 its mandate expanded to include terrorism financing.
- It monitors progress in implementing the FATF Recommendations through "peer reviews" ("mutual evaluations") of member countries.
- The FATF Secretariat is housed at the OECD headquarters in Paris

India vs Pakistan at FATF

- India is a voting member of both the FATF and the APG, and co-chair of the Joint Group, where it is represented by the Director General of India’s Financial Intelligence Unit (FIU).
- Pakistan had asked for India’s removal from the group, citing bias and motivated action, but that demand was rejected.
- India was not part of the group that had moved the resolution to greylist Pakistan last year in Paris.
- The movers were the US, UK, France, and Germany. China did not oppose the move then.