

## Prelim Bits 10-12-2021 | UPSC Daily Current Affairs

### Non-convertible Debentures

Several companies have announced public issues to raise funds through non-convertible debentures, offering interest rates between 8.25-9.7%.

- **Debentures** are long-term financial instruments which acknowledge a debt obligation towards the issuer.
- Some debentures have a feature of convertibility into shares after a certain point of time at the discretion of the owner.
- The debentures which can't be converted into shares or equities are called non-convertible debentures (NCDs).
- **Features of NCD** - Companies provide NCDs through open market public issues. Interested investors can buy them with a specified period.
- To compensate for the 'non-convertibility' drawback, lenders are usually given a **higher rate of return** compared to convertible debentures.
- They are **not backed by any collateral**, thus only companies with good credit rating can issue debentures. They are mostly backed by the creditworthiness and debt servicing capability of a company.
- The interest rates are mostly fixed.
- NCDs can be traded in the stock market.
- **Benefits** - NCDs are used as tools by the companies to **raise long-term funds** by companies through a public issue.
- The owner of the NCDs enjoy other benefits such as
  1. High liquidity through stock market listing,
  2. Tax exemptions at source and
  3. Safety since they can be issued by companies which have a good credit rating as per the norms laid down by RBI for issuing NCDs.
- In India, usually these are issued at a minimum maturity of **90 days**.

#### Reference

1. <https://indianexpress.com/article/explained/are-non-convertible-debentures-safe-for-retail-investors-7664910/>
2. <https://economictimes.indiatimes.com/definition/non-convertible-debentures>
3. <https://groww.in/p/non-convertible-debentures/>

### Black Box

*Black Box of the IAF chopper that crashed with CDS General Bipin Rawat and others were recovered.*

- A Black Box is a vital electronic device that is installed in aircraft to help investigators in case of unfortunate accidents.
- It is neither black in colour, nor box in shape, but is a device made in high-visibility orange

colour.

- It records 88 vital parameters about a flight including, airspeed, altitude, cockpit conversations, and air pressure among others.
- There are two recorders in black box:
  1. Flight Data Recorder (FDR) that stores all the recent history of the flight through the recording of dozens of parameters collected multiple times per second and.
  2. Cockpit Voice Recorder (CVR) that records cockpit sound including pilot conversations
- To withstand the harshest crashes, the black box is double wrapped in a corrosion-resistant stainless-steel container with high-temperature insulation.
- If underwater, the device sends out a signal on contact with saltwater that can be picked up within a radius of about 2 kilometres.

## Reference

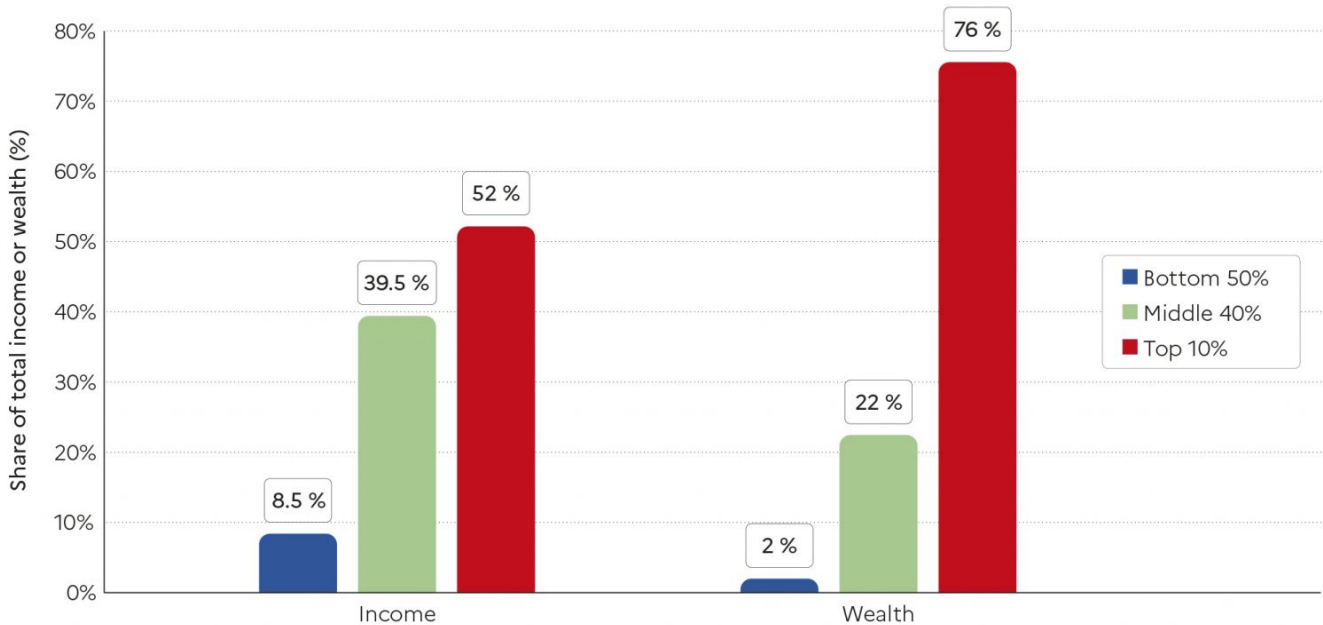
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## World Inequality Report 2022

*The 'World Inequality Report 2022', released by The World Inequality Lab, says that India is a poor and very unequal country, with affluent elite.*

- According to the report, since the mid-1980s, deregulation and liberalisation policies have led to one of the most extreme increases in income and wealth inequality observed in the world.
- An average adult earns PPP USD 23,380 per year in 2021, and the average adult owns USD 102,600.
- These averages mask wide disparities both between & within countries.

**Figure 1** Global income and wealth inequality, 2021



**Interpretation:** The global 50% captures 8% of total income measured at Purchasing Power Parity (PPP). The global bottom 50% owns 2% of wealth (at Purchasing Power Parity). The global top 10% owns 76% of total Household wealth and captures 52% of total income in 2021. Note that top wealth holders are not necessarily top income holders. Incomes are measured after the operation of pension and unemployment systems and before taxes and transfers. **Sources and series:** [wir2022.wid.world/methodology](http://wir2022.wid.world/methodology).

- **Income inequality** - The richest 10% of the world earns 52% of global income, whereas the poorest half of the population earns 8% of it.
- On average, an individual from the top 10% of the global income distribution earns USD122,100 per year, whereas an individual from the poorest half of the global income distribution makes USD3,920 per year.
- **Wealth inequality** - The share of public wealth across countries has been on a decline for decades now.
- The decline in public wealth and rise in private wealth was exacerbated by the outbreak of the coronavirus pandemic.
- The poorest half of the global population barely owns any wealth at all, possessing just 2% of the total.
- In contrast, the richest 10% of the global population own 76% of wealth.
- On average, the poorest half of the population owns PPP USD 4,100 per adult, i.e. and the top 10% own USD 771,300 on average.
- **Gender inequality** - Women's share of total incomes from work (labor income) neared 30% in 1990 and stands at less than 35% today.

Middle East and North Africa (MENA) is the most unequal region in the world, Europe has the lowest inequality levels.

- **India** - The report highlights that India is among the most unequal countries in the world, with rising poverty and an 'affluent elite.'
- In India, the top 10% and top 1% hold 57% and 22% of the total national income respectively while the bottom 50% share has gone down to 13%.
- Income inequality in India under the British colonial rule (1858-1947) was very high, with a top 10% income share around 50%.
- After independence, due to socialist-inspired five-year plans, this share was reduced to

35-40%.

- Due to the economic liberalisation policies of the 1990s, India has been facing one of the most extreme increases in income and wealth inequality observed in the world.
- While the top 1% has largely benefited from these economic reforms, the growth among low and middle-income groups has been relatively slow and poverty persists.
- In India, private wealth went up from 290% in 1980 to 560% in 2020.
- The share of female labour income share in India is equal to 18% which is significantly lower than the average in Asia (21%, excluding China) & is among the lowest in the world.

## Reference

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2. <https://wir202wid.world/executive-summary/>
3. <https://www.downtoearth.org.in/news/economy/world-s-most-extreme-inequality-increase-in-india-80566>

## SAMPANN Project

*More than One Lakh pensioners are currently being serviced by Principal Controller of Communication Accounts/ Controller of Communication Accounts offices all over India via SAMPANN.*

- System for Accounting and Management of Pension (SAMPANN) project was launched by the Government of India in 2018.
- It is a Comprehensive pension management system for pensioners of the Department of Telecommunications.
- It provides direct credit of pension into the bank accounts of pensioners.
- It is being implemented by Controller General of Communication Accounts, Department of Telecommunications, Ministry of Communications.

## Reference

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2. <https://dotpension.gov.in/Home/AboutUs>

## Mount Semeru

*The eruption of Mount Semeru, East Java, Indonesia has killed at least 14 persons and left dozens injured.*

- Semeru, an active volcano in East Java, is located in a subduction zone, where the Indo-Australian plate subducts under the Eurasia plate.
- It is the highest volcano on Java that lies at the southern end of a volcanic massif extending north to the Tengger caldera.
- This **stratovolcano** is also known as Mahameru (The Great Mountain.)
- Semeru has been in almost continuous eruption since 1967. It is known for its regular ash explosions that occur at intervals of 10-30 minutes.
- The recent eruption of the Semeru volcano was triggered due to **heavy rain**.
- Days of heavy rain had gradually eroded Semeru's lava dome, a mound of hardened lava that acts like a volcano's plug, which partially collapsed.



## Reference

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3. <https://edition.cnn.com/2021/12/08/asia/indonesia-mount-semeru-volcano-eruption-cimate-intl/index.html>

