



Regional priorities

Crux: Three years after joining the eight-nation Shanghai Cooperation Organisation (SCO), India hosted the SCO heads of governments (HoG) meeting for the first time on Monday. The SCO serves India's quest for geopolitical balance and regional engagement.

Highlights:

1. The focus of the conference was in developing a "Plan of Priority Practical Measures for 2021-2022 to overcome the socio-economic, financial and food consequences of COVID-19 in the region".
2. Members committed to strengthening multilateralism and the UN charter.
3. India reiterated that terrorism is the SCO region's "biggest challenge".
4. The SCO is a rare forum where India-Pakistan troops take part in joint exercises under the Regional Anti-Terror Structure.
5. India also marked its differences with China over the BRI by not joining other SCO members in a paragraph endorsing the BRI. Mr Naidu made a pitch for "transparent and trustworthy" trade practices, seen as a sidebar aimed at China.

Significance of SCO

1. Regardless of the differences, India has consistently maintained the importance of the SCO grouping, referred to as the "Asian NATO" although it does not mandate security alliances.
2. The SCO is one of the few regional structures India is a part of now, given a decline in its engagement with SAARC, BBIN and the RCEP. The SCO provides India with a convenient channel for its outreach — trade and strategic ties — to Central Asian countries.
3. It has afforded a platform, when needed, for bilateral discussions with the two countries India has the tensest ties with China and Pakistan.

Conclusion:

Above all, the SCO has been seen as a grouping worth pursuing as it retains India's geopolitical balance, a useful counterpoint to New Delhi's otherwise much more robust relations with the western world, and hosting the SCO meeting was one more step towards developing that engagement.



Background:

1. The Shanghai Cooperation Organization (SCO), or Shanghai Pact is a Eurasian political, economic, and security alliance, its creation was announced on June 15, 2001, in Shanghai, China.
2. The SCO is widely regarded as the "Alliance of the East", due to its growing centrality in Asia-Pacific, and has been the primary security pillar of the region.
3. Engagement with SCO is like a paradox for India as India wants to fight against terrorism through a body that includes states that pose the biggest threats to Indian security i.e. Pakistan.
4. It is also notable that all SCO members, barring India, are enthusiastic supporters of the Belt and Road Initiative (BRI).
5. Also, the other agenda of the summit would be to sell the Gwadar Port and China-Pakistan Economic Corridor (CPEC) as a potential passage to landlocked Central Asian states. But CPEC passes through territory over which India claims its sovereignty.
6. Terrorism is likely to be approached from the angle of improving the situation in Afghanistan and not necessarily of curbing the terrorist elements emanating from Pakistan.
7. Also through BRI and SCO, China will be successful in uniting Eurasia to challenge a united Europe. This scenario will prompt China and Russia to enter into a new era of global strategic partnership. This might not be in India's strategic interest.





Mains:

1. Despite the huge potential for collaboration, regional aspirations of Central Asian countries contradict with India's goals. Comment.

Slow progress

Crux: WHO must work alongside China to quickly uncover the origins of the virus

Highlights:

1. In 2003, a WHO team was able to identify the animal source of SARS coronavirus within weeks. In the case of MERS coronavirus, the intermediate host was identified more than a year after the first human case was reported.
2. However, in the case of the novel coronavirus (SARS-CoV-2), its source is still unknown even 11 months after WHO reported the first case.
3. There is strong evidence that the virus originated in bats and probably spread to humans through an intermediate species.
4. Knowing the natural reservoirs and intermediate hosts and the events that allowed the virus to jump across the species barrier are important in prevention.

Why business barons should not run banks

Crux: They will not only enrich themselves but also crush the competition

Story So Far

1. The RBI constituted an Internal Working Group to determine if large corporate houses can be given licence to promote banks and recommended that they be allowed to operate banks, all without inviting a larger public debate, is unconscionable.
2. Banking regulations for licensing have not been diluted in the last 50 years to allow business barons to promote a bank. Whenever these requests came up, it was always frowned upon.



3. That the RBI has recommended it even after its own Internal Working Group “found out from its set of experts that barring one, all of them were of the opinion that large corporate/industrial houses should not be allowed to promote a bank” is baffling.

Not a welcome move


1. The history of connected lending (a corporate-owned bank lending to one of the businesses of the corporate) is invariably disastrous. The bank can not make good loans when it is owned by the borrower.
2. Even an independent committed regulator, with all the information in the world, finds it difficult to be in every nook and corner of the financial system to stop poor lending.
3. Information on loan performance is rarely timely or accurate. Yes Bank managed to conceal its weak exposures for considerable periods.
4. It will be naïve to believe that a bank owned by a corporate house will permit lending to its competitors.

The way forward

1. Public sector banks may be inefficient and indifferent and under the influence of the party in power but private sector banks that are owned by oligarchs and business tycoons in cahoots with politicians will be rapacious beings.
2. The way forward should be to privatise public sector banks by allowing the wide and diversified holding of stock by the general public.
3. If the government exits banking ownership, that would lead to professional management and a broader distribution of wealth. The banks would come under both SEBI and stringent RBI guidelines.



Learn Through Graphics: What experts say

<p>“ Another reason to prohibit corporate entry into banking is that it will further exacerbate the concentration of economic (and political) power in certain business houses..</p>	<p>“ Even if banking licences are allotted fairly, it will give undue advantage to large business houses that already have the initial capital that has to be put up..</p>
<p>Moreover, highly indebted and politically connected business houses will have the greatest incentive and ability to push for licences. This will further increase the importance of money power in our politics, and make us more likely to succumb to authoritarian cronyism</p>   <p>FORMER RBI GUV RAGHURAM RAJAN (L) & EX-FBI DY GUV VIRAL ACHARYA IN A NOTE</p>	