

# 25 Apr 2019: UPSC Exam Comprehensive News Analysis

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### Category: ECONOMY

#### 1. Potato farmers cry foul as PepsiCo sues them

##### Context:

- Multi-billion dollar conglomerate PepsiCo sued four Gujarati farmers, asking them to pay Rs.1.05 crore each as damages for 'infringing its rights' by growing the potato variety used in its Lays chips.
- It has filed cases of IPR infringement through 2018-19 against farmers for allegedly using potato variety FL 2027/FCS without permission.

- The farmers groups have launched a campaign calling for government intervention.

### **Background:**

- PepsiCo India Holdings Pvt Ltd had informed the court that it uses the registered variety of potatoes called FL 2027, which is a hybrid of FL 1867 and Wischip varieties, for manufacturing chips for its brand.
- The company is the registered breeder of FL 2027 under the Protection of Plant Varieties and Farmers' Rights Act, 2001. This entitles it to an exclusive right over the registered variety. It has also said that farmers are not authorised to grow this variety.
- In India, this variety was first put to commercial use in 2009 and is traded under the trademark FC5.
- It had granted licence to some farmers in Punjab to grow the variety on the buyback system.
- By growing these potatoes without licence, the farmers in Gujarat are violating its statutory rights.
- The company further said that it came to know about the farmers growing this potato variety in January.
- It collected samples and sent for verification to the in-house laboratory as well as the ICAR and Central Potato Research Institute at Shimla for DNA analysis. The results showed that the respondents were growing the registered variety.

### **Details:**

- Alleging violation of farmers' rights under the Protection of Plant Varieties and Farmers' Rights (PPV&FR) Act, 2001 by PepsiCo, nearly 200 civil society representatives and farm leaders have written to the Centre for intervention.
- Warning that the case could set a precedent for other crops, farmers groups are pointing out that the law allows them to grow and sell any variety of crop or even seed as long as they don't sell branded seed of registered varieties.
- The farmers want the Protection of Plant Varieties and Farmers' Rights Authority (PPV&FRA) to make a submission in court on their behalf and fund legal costs through the National Gene Fund.

### **Protection of Plant Varieties and Farmers' Rights (PPV&FR) Act, 2001:**

- The Protection of Plant Variety and Farmers Right Act, 2001(PPVFR Act) is an Act of the Parliament of India that was enacted to provide for the establishment of an effective system for protection of plant varieties, the rights of farmers and plant breeders, and to encourage the development and cultivation of new varieties of plants.
- The Intellectual Property Right granted under PPV&FR Act, 2001 is a dual right – one is for the variety and the other is for the denomination assigned to it by the breeder. The rights granted under this Act are heritable and assignable and only registration of a plant variety confers the right.
- PepsiCo has invoked Section 64 of the Protection of Plant Varieties and Farmers' Rights (PPV&FR) Act, 2001 to claim infringement of its rights.
- Section 39 (1) (iv) of the Act states that notwithstanding anything contained in this Act, a farmer shall be deemed to be entitled to save, use, sow, resow, exchange, share or sell his farm produce including seed of a variety protected under this Act in the same manner as he was entitled before the coming into the force of this Act, provided that the farmer shall not be entitled to sell branded seed of a variety protected under this Act.
- Therefore, the act allows farmers “to save, use, sow, resow, exchange, share or sell his farm produce including seed of a variety protected under this Act” so long as he does not sell “branded seed”, i.e, in an unbranded manner.

### **National Gene Fund:**

- In 2007, the National Gene Fund was constituted under the PPVR Act.

- Amongst other things, the fund is also utilised for supporting the conservation and sustainable use of genetic resources including in-situ and ex-situ collections.
- The Govt. of India in consultation with the Authority instituted the Plant Genome Saviour Community Award (five awards of Rs.10 lakhs each).
- This is being awarded since 2009-10, to the farming community / farmers, particularly of the tribal and rural areas engaged in conservation, improvement and preservation of genetic resources of economic plants and their wild relatives in the areas of agro-biodiversity hotspots (22 Agro-biodiversity hotspots distributed over 7 agro-ecological zones).
- The Government of India has notified the Protection of Plant Varieties and Farmers Rights (Recognition and Reward from the Gene Fund) Rules, 2012, whereby a farmer who is engaged in the conservation of genetic resources of land races and wild relatives of economic plants and their improvement through selection and preservation shall be entitled to “Plant Genome Saviour Farmer Reward & Farmer Recognition” along with cash prize from National Gene Fund.
- There are 10 rewards each comprising of citation, memento and cash of Rs. One and half lakh each and 20 recognitions each consisting of a cash prize of Rs. One Lakh, citation and memento in a year.

### Sui Generis:

The main types of intellectual property law are:

- **Copyright**, which protects creative works;
- **Patent**, which protects invention; trade secret, which protects information not generally known or readily ascertainable that is valuable to the secret holder; and
- **Trademark**, which protects branding and other exclusive properties of products and services. Any matter that meets such criteria is protected.
- **Sui generis** statutes exist in many countries that extend intellectual property protection to matter that does not meet characteristic definitions: integrated circuit layouts, ship hull designs, fashion designs in France, databases, or plant varieties require sui generis statutes because of their unique characteristics.

TRIPS agreement says that either a member should cover plant variety in domestic patent law or it should be provided a sui- generis protection. Accordingly, India’s patent law doesn’t cover plant varieties and POPVFR act provides a sui-generis protection.

## 2. RBI divests its entire stake in Nabard, NHB

### Context:

The Reserve Bank of India (RBI) has divested its entire stake held in National Housing Bank (NHB), the regulator for housing finance companies, and National Bank for Agriculture and Rural Development (Nabard) to the government, which now holds 100% in these entities.

### Details:

- RBI had 100% shareholding in NHB, which was divested for Rs.1,450 crore.
- The NABARD stake was divested in two phases — RBI had 72.5% stake in NABARD amounting to Rs.1,450 crore, out of which 71.5%, worth Rs.1,430 crore was divested in October 2010 and the residual shareholding was divested on February 26 this year for Rs.20 crore.
- Divestment of RBI’s stake in NABARD and NHB has its basis in the recommendation of Narasimham Committee II and the Discussion Paper prepared by RBI on Harmonizing the Role and Operations of Development Financial Institutions and Banks,” the Reserve Bank of India said.

## **NABARD:**

- NABARD is the acronym for India's apex development bank, which is the National Bank for Agriculture and Rural Development.
- It has its headquarters in Mumbai, NABARD has branches across India.
- CRAFTCARD or the Committee to Review Arrangements of Institutional Credit for Agriculture and Rural Development recommended that establishment of a developmental bank and accordingly, NABARD was set up on 12<sup>th</sup> July 1982.
- It was formed by a special parliamentary act.
- The chief focus of the organisation was the advancement of rural India by enhancing the flow of credit for the upliftment of agriculture as well as the rural non-agricultural sector.

## **NHB:**

- National Housing Bank (NHB), a Government of India owned entity was set up on 9 July 1988 under the National Housing Bank Act, 1987.
- NHB is an apex financial institution for housing. NHB has been established with an objective to operate as a principal agency to promote housing finance institutions both at local and regional levels and to provide financial and other support incidental to such institutions and for matters connected therewith.
- NHB registers, regulates and supervises Housing Finance Company (HFCs), keeps surveillance through On-site & Off-site Mechanisms and co-ordinates with other Regulators.

## **Category: SCIENCE AND TECHNOLOGY**

### **1. China announces plan to build moon station in 10 years**

#### **Context:**

Beijing plans to send a manned mission to the moon and to build a research station there within the next decade, state media reported.

#### **Details:**

- China aims to achieve space superpower status and took a major step towards that goal when it became the first nation to land a rover on the far side of the moon in January.
- It now plans to build a scientific research station on the moon's south pole within the next 10 years, China National Space Administration said during a speech marking "Space Day".
- It was also added that Beijing plans to launch a Mars probe by 2020 and confirmed that a fourth lunar probe, the Chang'e-5, will be launched by the end of the year.
- Originally scheduled to collect moon samples in the second half of 2017, the Chang'e-5 was delayed after its planned carrier, the powerful Long March 5 Y2 rocket, failed during a separate launch in July 2017.
- It also announced its Long March-5B rocket will make its maiden flight in the first half of 2020, carrying the core parts of a planned space station.
- The Tiangong—or "Heavenly Palace"—will go into orbit in 2022, the China Manned Space Engineering Office said.
- It is set to replace the International Space Station—a collaboration between the United States, Russia, Canada, Europe and Japan—which is due to be retired in 2024.
- The current Chang'e-4 moon lander carried equipment from Germany, the Netherlands and Sweden.
- China now spends more on its civil and military space programmes than do Russia and Japan, and is

second only to the United States.

#### Chang'e-4:

- Chang'e-4 is a Chinese lunar exploration mission that achieved the first soft landing on the far side of the Moon, in January 2019.
- Chang'e 4 is the fourth mission in the country's lunar mission series which is being named after the Chinese moon goddess.
- It is a first probe ever to explore the dark side of the Moon.
- The tasks of the Chang'e-4 probe include :
  - low-frequency radio astronomical observation
  - surveying the terrain and landforms
  - detecting the mineral composition and chemical composition of lunar rocks and soils
  - measuring the neutron radiation and neutral atoms to study the environment on the far side of the moon.
  - study cosmic rays
  - observing Solar Corona

## 2. Magic milk: fighting infections with a clue from the echidna

#### Context:

Scientists at the Council of Scientific & Industrial Research - Centre for Cellular and Molecular Biology (CSIR-CCMB) here have isolated an anti-microbial protein found in the milk of an egg-laying mammal - Echidna.

#### Echidna:

- Echidnas, also known as spiny anteaters, are unique egg-laying mammals found only in Australia and New Guinea.
- They are the only egg laying mammals.
- This ancestor was aquatic, but echidnas adapted to life on land.
- Echidnas do not tolerate extreme temperatures; they use caves and rock crevices to shelter from harsh weather conditions. Echidnas are found in forests and woodlands, hiding under vegetation, roots or piles of debris.
- Their young hatch from eggs at a very early stage of development and depend completely on mother's milk.
- But the mammary glands of the echidnas are devoid of nipples, forcing the young ones to lick milk from the mother's body surface and potentially making them vulnerable to micro-organisms.
- However, nature protects its own. The milk of the echidna has a protein that can puncture the cell membranes of multiple bacterial species, thus destroying the source of infection.

#### Details:

- Scientist have found that there are ways to produce the protein in large quantities using *coli*. It can then be used to fight infections.
- The scientist pointed out that there is a rise of superbugs due to the indiscriminate use of antibiotics by the animal husbandry industry to raise livestock.
- The superbugs can cause mastitis, an infection of the mammary gland, in dairy animals.
- The team has been able to show that the protein from echidna milk is effective against mastitis-causing bacteria.
- The protein promises to serve as an alternative to antibiotics used on livestock.

### 3. NASA probe picks up first detected 'marsquake'

#### Context:

NASA's InSight lander has picked up a gentle rumble at Mars, believed to be the first marsquake ever detected.

#### Details:

- InSight's quake monitor recorded and measured the faint signal April 6
- This serves as a proof that Mars is still seismically active.
- Mars is not nearly as geologically active as Earth and, like our moon, lacks tectonic plates.
- Researchers are still analysing the data, as well as three other even fainter seismic signals detected.
- By analysing marsquakes, scientists hope to learn more about how rocky planets are formed.

#### NASA's InSight:

- InSight, short for Interior Exploration using Seismic Investigations, Geodesy and Heat Transport, is a Mars lander designed to give the Red Planet its first thorough checkup since it formed 4.5 billion years ago.
- It is the first outer space robotic explorer to study in-depth the "inner space" of Mars: its crust, mantle, and core.
- The lander uses cutting edge instruments, to delve deep beneath the surface and seek the fingerprints of the processes that formed the terrestrial planets. It does so by measuring the planet's "vital signs": its "pulse" (seismology), "temperature" (heat flow), and "reflexes" (precision tracking).
- This mission is part of NASA's Discovery Program for highly focused science missions that ask critical questions in solar system science.

### Category: INTERNAL SECURITY

#### 1. Army to build tunnels to store ammunition

#### Context:

Indian Army is planning to construct underground tunnels for storage of ammunition along the border with China and Pakistan and Public Sector Undertaking NHPC Limited is being roped in for the purpose.

#### Details:

- Indian Army is in the process of executing pilot projects for construction of semi underground and cavern type ammunition storage construction through NHPC Ltd., for which a Memorandum of Understanding (MoU) will be signed in the next few days.
- Major armies, including China and the U.S., already use underground ammunition storage.
- These tunnels will be built in high altitude areas in the Northern and Eastern borders.
- Initially, four pilot projects would be taken up at four different locations along the Northern border and in Jammu and Kashmir and are expected to be completed within 2 years.
- As part of the project, a number of caverns with storage capacity of 200 metric tonnes will be built in mountain folds in identified areas.

#### Advantages of underground tunnels to store ammunitions:

- Underground storage offers improved safety.

- It is an easier camouflage from enemy observation and satellite imagery.
- It offers protection from enemy strikes like those seen during the aerial engagement, a day after the Balakot air strike when Pakistan Air Force jets targeted Indian army installations along the Line of Control (LoC).
- As the conditions in the caverns are controlled, it ensures better safety of sensitive ammunition minimising accidental explosions.
- A range of ammunition used by the Army, ranging from bullets, rockets to anti-tank and surface to air missiles, can be stored in the caverns.

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## E. Editorials

### Category: ECONOMY

#### 1. Beyond the free trade idealism

##### What's in the news?

- The U.S. has begun trade skirmishes with India.
- The U.S. objects to India increasing import duties on electronic goods and wants India to reduce duties on U.S.-made motorcycles.
- Experts assert that it is time to apply fundamental principles to reshape a trade regime that is fair to all. The World Trade Organisation (WTO) should be seen as taking an active role towards ensuring that this takes place.

##### Editorial Analysis:

- **The macro-economic case for free trade is that if each person would do only what he or she does better than everyone else and all would trade with each other, everyone's welfare will increase.**
- Also, the size of the global economic pie would be larger because there will be no inefficiencies.
- The problem is that, at present, many people in the world are doing what others, in other countries, can do better than them. To get to the economists' ideal state, many people will have to stop doing what they are doing and learn to do something else.
- Some experts have estimated that **for every unit of overall increase in global income, six or seven units of incomes will have to be shuffled around within.**
- Moreover, according to this theory, people should not start producing what others are already producing, because they will produce less efficiently until they learn to do it well.
- According to this theory of free trade, Indians should not have bothered to learn how to produce trucks, buses and two-wheelers when the country became independent. They should have continued to import them from American, European and Japanese companies.

##### What do the Free Trade Purists Say?

- Free trade purists say that easy import of products from other countries increases consumer welfare.
- Consumers everywhere welcome a lowering of import barriers because it brings products into their shops they could only dream of before.
- **Milton Friedman** had observed that, **in international trade, exports help companies and imports**

help citizens.

- Therefore, it is important to note that **resistance to free trade does not come from consumers. It generally comes from companies which cannot compete: companies in less developed countries which are not able to compete until their country's infrastructure is improved and they have acquired sufficient capabilities, or even from companies in developed countries when producers in developing countries overtake them.**

#### Perspective on Job growth:

- However, to benefit from easy imports, citizens need incomes to buy the products and services available. Therefore, they need jobs that will provide them adequate incomes.
- Any government responsible for the welfare of its citizens has to be concerned about the growth of jobs in the country. Domestic producers can provide jobs.
- **Therefore, a developing country needs a good 'industrial policy' to accelerate the growth of domestic production, by building on its competitive advantages; and by developing those capabilities, it can compete with producers in countries that 'developed' earlier.**

#### Perspective on India and China:

- When the 'no barriers to free trade' movement went into overdrive with the Washington Consensus in the 1990s, the concept of 'industrial policy', which had become associated with the idea of 'protection' of domestic industries, became a taboo.
- India liberalised imports in the 1990s and Indian consumers have benefited greatly since then from the variety of products available to them from around the world.
- However, by 2009, when the second United Progressive Alliance government was formed, the weakness of Indian manufacturing industries had become a great concern.
- It is important to note that **the manufacturing sector in India and China had comparable capabilities in 1990.**
- However, by 2009, **China's was 10 times larger than India's, and its capital goods production sector was 50 times larger.**
- Not only was the Indian market being flooded with Chinese hand-tools and toys, China was also selling high-tech electrical and telecommunication equipment to India (and around the world too).
- **Signs were already visible then that India's impressive GDP growth was not generating enough employment for India's large youth population.**
- Whereas India's economy should have been a powerful job generator, the employment elasticity of India's growth — the numbers of jobs created per unit of GDP growth — was among the lowest in the world.
- **Some people in government recommended the need for an 'industrial policy' to stimulate the growth of domestic production.** However, many Indian economists, along with others from the World Bank and the U.S., pushed back. 'Industrial policy' was a backward idea associated with Soviet-era planning, they argued.
- **If Indian industry was not growing, it was because India had not 'reformed' enough: India should reduce trade barriers further and government should get further out of the way of industry,** they said.

#### Perspective on the next steps:

- By 2019, it has become clear that India's policy-makers must find a way for economic growth to produce more income-generating opportunities for Indian citizens.
- **Employment and incomes are the most pressing issues for Indian citizens according to all pre-election surveys of what citizens expect from the next government.**
- Some experts point out that all parties are responding in panic with schemes for showering various versions of unearned 'universal basic incomes' on people who are not able to earn enough. **This**



**approach is unlikely to be economically sustainable. Therefore, an ambitious ‘Employment and Incomes Policy’ must be the highest priority for the next government.**

- While India seeks to capture larger shares of global markets, India’s own billion-plus citizens’ economy can become a stimulus for growth of millions of enterprises. **If citizens earn more, they can spend more.**
- **The ‘Employment and Incomes Policy’ should guide the Industrial Policy to where investments are required, and also what is expected from those investments to produce more income-generating opportunities for young Indians.**

### Concluding Remarks: The Way Forward

- The scope of ‘industry’ must be broadened to include all sectors that can build on India’s competitive advantages. For example, the tourism and hospitality industry, taking advantage of India’s remarkable diversity of cultures and natural beauty, has the potential to support millions of small enterprises in all parts of the country.
- **By building on India’s competitive advantage of large numbers of trainable youth, and with digital technologies to increase the reach of small enterprises, manufacturing and services can provide many domestic and export opportunities that India has so far not seized.**
- There are lessons India can learn from its own history.
- With the government’s insistence in the pre-liberalisation era that production and technology must be indigenised in phased manufacturing programmes, India’s automobile sector was able to provide Indian consumers with good products. It now provides millions of people with employment and incomes in widespread domestic supply chains. Moreover, Indian auto-component producers and commercial vehicle producers export to the world’s most competitive markets.
- In contrast, **the Indian electronics sector has languished, while China’s has flourished.**
- India signed the Information Technology Agreement of WTO in 1996 and reduced import duties on IT-related manufactured products to zero. China withheld for some time until its electronic sector was stronger. Now the U.S. and Europe are trying to prevent China’s telecom and electronic goods in their markets.
- To conclude, **the WTO’s governance needs to be overhauled to promote the welfare of citizens in all countries, especially poorer ones, rather than lowering barriers to exports of companies in rich countries in the guise of free trade idealism.**
- And Indian economists, distracted by the mathematics of universal basic incomes, should return to the fundamentals of economic growth — more opportunities to earn incomes from productive work with development of new capabilities.
- A robust ‘Incomes and Employment Policy’, supported by an imaginative Industrial Policy, must guide India’s trade policy.

## Category: POLITY AND GOVERNANCE

### 1. Just recompense

#### What’s in the news?

- Experts have opined that in ordering the Gujarat government to pay ₹50 lakh to Bilkis Yakooob Rasool Bano, a gang-rape survivor of the 2002 communal pogrom in the State who has bravely fought her case, the Supreme Court has endeavoured to achieve restitutive justice.
- During the 2002 Gujarat riots, a pregnant Bilkis Bano was gang-raped and seven of her family members were killed by a mob at Randhikpur village.
- The Supreme Court recently ordered the Gujarat government to pay 2002 communal riots victim Bilkis Yakooob Rasool Bano ₹50 lakh as compensation, a government job and housing in the area of her choice.

- A Bench led by Chief Justice of India Ranjan Gogoi ordered the government to pay her the compensation in two weeks.
- The court said Ms. Bano was a witness of the "devastation" of her family. It noted how her infant daughter was "smashed" against the wall in their house before her very own eyes. Ms. Bano was pregnant when she was gang-raped by a mob, which also killed seven members of her family at Randhikpur village near Ahmedabad on March 3, 2002.
- Chief Justice Gogoi observed that there was no point looking at the past and pointed out that the need of the hour was to rehabilitate the victim who, according to her lawyer, is living a nomadic hand-to-mouth existence, having lost all.
- The arguments in the court should focus on the compensation to be paid to her. "In today's world, money is the best healer. We do not know whether it can heal all, but what else can we do for her... Ask for whatever compensation you want and we will pass orders accordingly," Chief Justice Gogoi said.
- When Gujarat counsel Hemantika Wahi tried to intervene, the Chief Justice turned to her saying, "you are lucky, we are not observing anything against you... How many years has this case been pending?"
- For the past nearly two decades, Ms. Bano had taken up the matter with the local police, an NGO, the CBI and the courts to get justice for herself.

### Editorial Analysis:

- It is important to note that compensation to victims is a relatively less recognised component of criminal justice.
- Experts opine that **in a system that focusses mainly on the accused, an order of compensation is a recognition of the state's obligation to victims of crime, especially horrific acts.**
- In ordering the Gujarat government to pay ₹50 lakh to Bilkis Yakoob Rasool Bano, a gang-rape survivor of the 2002 communal pogrom in the State who has bravely fought her case, the Supreme Court has endeavoured to achieve restitutive justice.
- Handing over the fine amounts paid by the accused as part of their sentence is one aspect of such justice; another aspect is for the court to ask the government to compensate the victim from its own coffers.
- A group of rioters had raped her as well as two other women, and killed seven members of her family at Randhikpur village on March 3, 2002.
- Further, the court was told that she was leading an itinerant, hand-to-mouth existence. **It is in these circumstances that the Bench headed by Chief Justice of India Ranjan Gogoi awarded her ₹50 lakh, besides asking the State government to provide her with a government job and a house.**

### Looking at the Specifics:

- Bano's case is indeed a rare one: criminal prosecution resulted in conviction and life sentences to 11 persons.
- The sentences were upheld by the Bombay High Court.
- **Further, the court found deliberate inaction on the part of some police officers and that the autopsies were perfunctory and manipulated.**
- **The Supreme Court has asked for the pension benefits of three police officers to be withdrawn.**
- In short, **this is a concrete instance of state inaction and negligence that would normally justify the payment of a hefty compensation.**
- Not every crime would have a similar set of circumstances.
- **While convictions are not easy to come by in cases of mob violence, victim compensation may often be the only way to ensure some justice.**
- It is important to note that **the Code of Criminal Procedure was amended in 2008 to insert Section 357A under which every State government has to prepare a scheme to set up a fund from which compensation can be paid to victims of crime and their dependants who have**

**suffered loss and injury and who may require rehabilitation.**

- Further, the Centre has a Central Victim Compensation Fund.
- On Supreme Court directions, the **National Legal Services Authority has prepared a compensation scheme for women victims and survivors of sexual assault and other crimes.**
- Many States have notified schemes on these lines.

### **Concluding Remarks:**

- While on paper there is a mechanism to assess rehabilitation needs and pay compensation, there is a need to streamline the schemes and ensure that the compensation process is not done in an ad hoc manner, but is based on sound principles.

## **Category: INTERNATIONAL RELATIONS**

### **1. Taking advantage of BRI**

#### **What is the BRI?**

- The One Belt One Road (OBOR), also called the Belt and Road Initiative (BRI), is a multi-billion dollar project focused on improving connectivity and cooperation among countries in Asia, Africa, China and Europe.

#### **Editorial Analysis:**

- Experts opine that there are at least five reasons why India should have sent an observer to the Belt and Road Initiative (BRI) Forum that begins in Beijing on April 25, 2019.

These reasons are as below:

1. Firstly, the defining feature of the 21st century is that Asia, not China, is at the centre of the world. **The BRI is part of a transformation triggered by colonialism and industrial capitalism from the 1840s and influenced by the UN institutions and global rules from the 1950s.**
  - Of the estimated \$30 trillion increase in middle-class consumption growth estimated by 2030, only \$1 trillion is expected to come from Western economies and most of the rest from Asia.
  - China's population is nearly one-third of the total population of Asia but by 2050, its population of working age will shrink by 200 million people while in India the working-age population will increase by 200 million.
  - Asians are not subscribing to a "China-led Asia", which would imply returning to the colonial order.
2. Secondly, **the global spread of the BRI signals the political end of the old order where the G7 shaped the economic agenda.**

Recently, Italy, which is a member of the G7, is joining the BRI, despite the publicly voiced objection of the U.S., just as Britain joined the Asia Infrastructure Investment Bank in 2015.

Furthermore, Asians are gravitating to the new as it better meets their needs, not because the old is crumbling.

3. Thirdly, the Asian Development Bank, not China, drew global attention to infrastructure as the key driver of economic growth in Asia and the financing gap of \$26 trillion.

- **Experts point out that the most visible feature of the BRI is the network of physical and digital infrastructure for transport, energy transmission and communications, harmonised with markets for advanced manufacturing and innovation-based companies.**
  - It is also important to note that two-thirds of the countries funded by the initiative have sovereign debt ratings below investment grade, and their being part of supply chains is a catalyst for growth.
  - As a matter of fact, a recent analysis identified only eight out of 68 countries at risk of debt default, which does not affect the overall viability of the \$3 trillion reserves of China for potential investment.
  - Further, there are cases of excess debt, political corruption and policy shifts following change in governments but overall the BRI remains popular. For example, **Nepal has just chosen the Chinese gauge over the Indian one for its rail network.**
4. Fourthly, the BRI, faced with criticism over lack of transparency and insensitivity to national concerns, is **evolving towards standards of multilateralism, including through linkages with the United Nations Sustainable Development Goals.**
- The International Monetary Fund describes it as a “very important contribution” to the global economy and is “in very close collaboration with the Chinese authorities on sharing the best international practices, especially regarding fiscal sustainability and capacity building”.
  - China is now also seeking co-financing with multilateral institutions as well as private capital for a Silk Road Bond.
5. Fifthly, for the BRI to have strategic objectives is not unusual. **The Marshall Plan in the 1950s also required recipients to accept certain rules for deepening trade and investment ties with the U.S.**

Thus, Chinese control over supply-chain assets like ports provides the ability to project naval power, which will however remain minuscule compared to that of the U.S. — comprising 800 overseas bases.

Having said that, **the BRI’s commercial advantage has certainly increased China’s international weight and India needs to shape the new standards to benefit Indian technology companies.**

#### **The Way Forward: How India should act?**

- Experts point out that India’s China dilemma, as it ends its ambivalence towards China, revolves around assessment of the extent the Asian giants need each other for the Asian century.
- **Prime Minister Narendra Modi has declared a cooperative vision of the ‘Indo-Pacific’, contrary to the containment-based view of the United States.**
- China also recognises the difficulties inherent in the interlinked international and domestic agenda of the BRI, and needs India’s support for reform of global governance, which was an important part of last year’s (2018) discussion at Wuhan.
- **India should respond to the strategic complexity arising from the BRI, a key part of which cuts through Gilgit-Baltistan and Pakistan-occupied Kashmir, through three related but distinct diplomatic initiatives.**

These related but distinct diplomatic initiatives are as below:

1. Firstly, **India needs to highlight that a British-led coup by the Gilgit Scouts led to Pakistani occupation of this territory and seek appropriate text recognising India’s sovereignty — a drafting challenge but not an insurmountable one.**
2. Secondly, India should give a South Asian character to the two BRI corridors on India’s western and eastern flanks, by linking them with plans for connectivity in the Association of Southeast Asian Nations (ASEAN) region.

3. Thirdly, India needs work towards ‘multilateralising’ the BRI with a set of rules.

#### A Look at what else has been recently making the headlines on the BRI Issue:

- Recently, US Secretary of State Mike Pompeo said that Chinese infrastructure and connectivity projects around the world have an element of “national security” and are less of an economic offer for host countries.

#### BRI: What US Secretary of State Mike Pompeo Thinks

- Pompeo, recently told a Washington audience that **China poses security threat to the US, its friends and allies.**
- **“They’re moving into the South China Sea is not because they want freedom of navigation. Their efforts to build ports around the world aren’t because they want to be good shipbuilders and stewards of waterways, but rather they have a state national security element to each and every one of them,”** Pompeo said.
- The Belt and Road Initiative (BRI) is no different, he asserted.
- “We’ve said this every place we’ve gone — if you talk to any of our ambassadors or our charges, they will tell you we are happy to compete on a fair, transparent basis under rule of law with the Chinese anywhere in the world. We’ll win more than our fair share, but we’ll lose some to them too,” he said.
- “But when you’re showing up with a non-economic offer, whether that’s through state-facilitated, below-market pricing or handing someone something knowing that you can foreclose on their nation shortly, so predatory lending practices, that’s not straight and we are working diligently to make sure everyone in the world understands that threat,” Pompeo said.
- **Apprehensions over the huge loans grew after China acquired Sri Lanka’s strategic Hambantota port on a 99-year lease as a debt swap.** The world is waking up to this threat, the US secretary of State said.
- “I think Asia and South-east Asia in particular are waking up to this risk, and I hope the State Department can continue to be a part of making sure that they see that, identify it, and that it becomes more difficult for the Chinese to engage in these practices,” Pompeo said.
- It is important to note that Pompeo’s comments came as China is getting ready to hold the second Belt and Road Forum (BRF) in the month of April, 2019.

#### India’s concerns

- India has been raising concern over the BRI’s China-Pakistan Economic Corridor (CPEC) as it is being built through Pakistan-occupied Kashmir (PoK).
- **The 3,000-km CPEC is aimed at connecting China and Pakistan with rail, road, pipelines and optical fibre cable networks.**
- India too cautioned specially the neighbouring countries about debt traps.
- India boycotted the first BRF meet held in 2017 as Beijing went ahead with the CPEC with Pakistan.
- Chinese Foreign Minister Wang Yi told an annual media briefing recently that the BRF meeting to be held in April, 2019 would be bigger than that in 2017 with more international participation.
- **Wang refuted the criticism from the US, India and several other countries that the BRI is driving smaller countries in debt traps.**
- The BRI is not a “debt trap” that some countries may fall into but an “economic pie” that benefits local population, Wang claimed.

## 1. Ghana launches medical drone service

- Ghana launched a fleet of drones to carry medical supplies to remote areas.
- The aircraft are part of an ambitious plan to leapfrog problems of medical access.
- It represents a major step towards giving everyone in the country universal access to lifesaving medicine.
- The drones have been flying test runs with blood and vaccines, but the project was officially inaugurated at the main drone base in Omenako.
- Omenako is the first of four distribution centres which, when fully operational, will each have 30 drones serving 500 clinics within an 80-kilometre radius.
- The drones are planned to ferry 150 different medicines, blood, and vaccines to more than 2,000 clinics serving over 12 million people — roughly 40% of the population.
- Operator Zipline, a U.S.-based company, first began delivering blood and medicine in East Africa in 2016, deploying drones in Rwanda, a country dubbed the “land of a thousand hills” where access to many villages by road is difficult.

## G. Prelims Facts

### 1. London Interbank Offered Rate (Libor)

- LIBOR is a benchmark interest rate at which major global lend to one another in the international interbank market for short-term loans.
- LIBOR, which stands for London Interbank Offered Rate, serves as a globally accepted key benchmark interest rate that indicates borrowing costs between banks.
- The rate is calculated and published each day by the Intercontinental Exchange (ICE).
- It is based on five currencies including the US dollar, the euro, the British pound, the Japanese yen, and the Swiss franc, and serves seven different maturities—overnight/spot next, one week, and one, two, three, six, and 12 months.
- The combination of five currencies and seven maturities leads to a total of 35 different LIBOR rates calculated and reported each business day.
- The most commonly quoted rate is the three-month U.S. dollar rate, usually referred to as the current LIBOR rate.

## H. Practice Questions for UPSC Prelims Exam

Q1) Consider the following statements:

1. Echidnas are the only egg laying mammals.
2. Echidnas are native to the Indian Sub-continent.

Which of the following statement/s is/are correct?

- a. 1 only
- b. 2 only
- c. Both 1 and 2
- d. Neither 1 nor 2

**Answer: a**

**Explanation:**

Echidnas, also known as spiny anteaters, are unique egg-laying mammals found only in Australia and New

Guinea.

Q2) Consider the following statements with respect to LIBOR:

1. LIBOR is based on seven different currencies.
2. It is the average interest rate at which major global banks borrow from one another.

Which of the following statement/s is/are correct?

- a. 1 only
- b. 2 only
- c. Both 1 and 2
- d. Neither 1 nor 2

**Answer: b**

**Explanation:**

LIBOR is based on five currencies including the US dollar, the euro, the British pound, the Japanese yen, and the Swiss franc, and serves seven different maturities—overnight/spot next, one week, and one, two, three, six, and 12 months. The combination of five currencies and seven maturities leads to a total of 35 different LIBOR rates calculated and reported each business day. The most commonly quoted rate is the three-month U.S. dollar rate, usually referred to as the current LIBOR rate.

Q3) Consider the following statements:

1. European Space Agency's InSight mission is a robotic lander designed to study the deep interior of the planet Mars.
2. It is the first outer space robotic explorer to study in-depth the "inner space" of Mars.

Which of the following statement/s is/are correct?

- a. 1 only
- b. 2 only
- c. Both 1 and 2
- d. Neither 1 nor 2

**Answer: b**

**Explanation:**

InSight, short for Interior Exploration using Seismic Investigations, Geodesy and Heat Transport, is a Mars lander designed to give the Red Planet its first thorough checkup since it formed 4.5 billion years ago. **This mission is part of NASA's Discovery Program** for highly focused science missions that ask critical questions in solar system science. It is the first outer space robotic explorer to study in-depth the "inner space" of Mars: its crust, mantle, and core.

Q4) Consider the following statements:

1. Chang'e 4 is the first probe ever to explore the dark side of the Moon.
2. One of the tasks of the probe includes observing the Solar Corona

Which of the following statement/s is/are correct?

- a. 1 only
- b. 2 only
- c. Both 1 and 2
- d. Neither 1 nor 2

**Answer: c**

**Explanation:**

Chang'e-4 is a Chinese lunar exploration mission that achieved the first soft landing on the far side of the Moon, in January 2019.

The tasks of the Chang'e-4 probe include :

- - low-frequency radio astronomical observation
  - surveying the terrain and landforms
  - detecting the mineral composition and chemical composition of lunar rocks and soils
  - measuring the neutron radiation and neutral atoms to study the environment on the far side of the moon.
  - study cosmic rays
  - observing Solar Corona: Observe the solar corona, investigate its radiation characteristics and mechanism, and to explore the evolution and transport of coronal mass ejections (CME) between the Sun and Earth.

## I. UPSC Mains Practice Questions

1. Bilkis Bano fight for justice, dignity and equality keeps alive the idea of Citizenship enshrined in the Constitution. Comment on the role of the Supreme Court and the government in awarding justice to victims of a riot or catastrophe. (10 Marks, 150 Words)
2. The suspension of the J&K LoC trade is a regressive step and a lost opportunity. Critically examine. (15 Marks, 250Words)



