

# 01 Aug 2019: UPSC Exam Comprehensive News Analysis

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## A. GS1 Related

### Category: GEOGRAPHY

#### 1. Good July rain brings monsoon deficit to 9%

#### Context:

For the first time in 2019, India's monsoon deficit percentage has narrowed down to single digits owing to better-than-expected July rainfall.

#### Details:

- The data from the India Meteorological Department (IMD) says that the country got 4% more rainfall in July, than what's normal for the month.
- This has reduced the seasonal deficit (calculated from June 1 to July 31) from **8%** as on June 30 to **9%**, as July's numbers suggest.
- The improvement in rainfall was distributed in all regions except the southern peninsula, which got 10% less rain than what's normal for July.
- July and August are the rainiest and the most important months in the monsoon and contribute roughly 65% of the overall monsoon rainfall.
- Since the monsoon is in an active phase and, because of the likelihood of a rain-bearing low pressure system in the northern part of the Bay of Bengal, steady rains are likely over Central India as well as India's western coast until the first week of August.
- The improvement in rains is critical to revive kharif sowing in the country.

#### El Niño effects:

- The pessimism by forecasters was due to the looming fear of an El Niño, a climate phenomenon known to dry up monsoon rainfall.
- As per IMD's latest outlook, weak El Niño conditions are prevailing over equatorial Pacific Ocean and forecasts indicate that transition of El Niño conditions to El Niño Southern Oscillation (ENSO) neutral conditions is likely during the end of the monsoon season.
- El Niño can be understood as a natural phenomenon wherein the ocean temperatures rise especially in parts of the Pacific Ocean.

## B. GS2 Related

### Category: POLITY AND GOVERNANCE

#### 1. Goa planning to reserve 80% jobs in factories for locals

##### Context:

- Goa is now planning to reserve 80% jobs in industrial units receiving State government subsidies for people of Goan origin.
- Chief Minister Pramod Sawant also said that 60% to 80% of jobs would be on a permanent basis.

##### Details:

- Goa Assembly decision follows the recent decision of the Andhra Pradesh legislative assembly that passed the AP Employment of Local Candidates in Industries and Factories Bill, 2019, that mandates employment of at least 75% state candidates in the respective units.
- While the Labour and Employment policies for the state will be drafted in the next six months, all industries in the state have been directed to register with the government and submit details about the workers and the sectors they are currently employed.
- The rationale behind this move is that there is a serious dearth of jobs in manufacturing.

##### Criticisms:

- Experts opine that local reservations could be a counterproductive move.
- Moreover, such laws go against the constitutional rights of Indians to live, work, and settle in any part of the country.

- There are scores of studies that show migration is good because it brings skills that are otherwise probably unavailable in a particular state.
- Migration improves the economic condition of the people in the home state because, as economist Chinmay Tumbe, puts it evocatively, “Remittances from all these places flow all through the year to thousands of villages and small towns, much like the tributaries of the river Ganga”.
- Besides, the importance of cultural and social interaction cannot be ignored.
- Such a law imposing local reservations discourages the private sector. An educated, healthy and well-trained citizen is always an asset, and any industry will be keen to employ people based on these parameters rather than where she lives/comes from.
- This also hits the ideal of one unified Indian market.

## 2. 10% quota case for statute Bench?

### Context:

- A three-judge Bench of the Supreme Court led by Justice S.A. Bobde reserved its orders on the question of referring a batch of petitions challenging the validity of a constitutional amendment providing 10% economic quota in government jobs and educational institutions to a Constitution Bench.
- The Bench, however, refrained from staying the 103rd Constitutional Amendment of 2019 providing 10% reservation in government jobs and educational institutions for the economically backward in the unreserved category.

### Background:

- The Central Government recently introduced 10% reservation quota for the Economically Weaker Sections (EWS) among General Category candidates in government jobs and educational institutions.
- The reservation is intended to uplift around 200 million people who are below the poverty line even after over 70 years of independence.

### One Hundred and Third Amendment of the Constitution of India:

- The Act introduces 10% reservation for economically weaker sections of society for admission to Central Government-run educational institutions and private educational institutions (except for minority educational institutions), and for employment in Central Government jobs.
- The Amendment does not make such reservations mandatory in State Government-run educational institutions or State Government jobs.
- However, some states have chosen to implement the 10% reservation for economically weaker sections.
- Currently, the quota can be availed by persons with an annual gross household income of up to Rs.8 lakh .
- Families that own over 5 acres of agricultural land, a house over 1,000 square feet, a plot of over 100-yards in a notified municipal area or over a 200-yards plot in a non-notified municipal area cannot avail the reservation.

### Arguments against the Constitution (103 amendment) Act 2019:

- Senior advocate appearing for one of the petitioners argued that one of the issue which was required to be dealt with by the top court was whether the Constitution (103 Amendment) Act violates the basic structure.
- A nine-judge Constitutional Bench of the Supreme Court had in the Indira Sawhney case capped the

reservation at 50%.

- It had struck down a provision that earmarked 10% for the economically backward on the ground that economic criteria cannot be the sole basis to determine backwardness.
- The Constitution provides only for reservation based on social and educational backwardness, such additional quota would need legislative action, including Constitutional amendments.
- It is argued that the 50% ceiling, among other things, is a constitutional requirement without which the structure of equality of opportunity would collapse.
- There have been a string of judgments against reservations that breach the 50% limit.
- Another question of argument is whether reservations can go to a section that is already adequately represented in public employment. It is not clear if the government has quantifiable data to show that people from lower income groups are under-represented in its service.
- Reservations have been traditionally provided to undo historical injustice and social exclusion suffered over a period of time, and the question of argument is whether they should be extended to those with social and educational capital solely on the basis of what they earn.

### **Arguments for the Constitution (103 amendment) Act 2019:**

- Justifying the Constitution (103 amendment) Act 2019, that grants 10 per cent reservation to EWS, the Centre told a bench headed by Justice S A Bobde that nobody can say such people should not be given a "helping hand" to uplift them.
- The Attorney General said that 50 per cent reservation is not mandatory and it can exceed in exceptional circumstances. He said that 10 per cent reservation to EWS was over and above the existing SC, ST and OBC quota.
- He also argued that it is the duty of the state to ensure that education to economically weaker section is provided.
- Referring to an earlier judgement of the apex court, he said that it was held that reservation based on pure economic criteria was valid.
- He also argued that it is the duty of the state to ensure that education to economically weaker section is provided.
- He said that arguments advanced by the petitioners that reservation cannot exceed 50 per cent is "fallacious" as up to 68 per cent quota was given in Tamil Nadu and the state's decision was upheld by the high court.
- Adding that, in Tamil Nadu reservation matter, the apex court has not stayed the operation of the high court's order.
- He asserted that the grounds raised by petitioners were already covered by earlier judgements of the apex court.

### **3. Plan for single water disputes tribunal**

#### **Context:**

The Lok Sabha has passed Inter-State River Water Disputes (Amendment) Bill, 2019.

#### **Details:**

- Union Jal Shakti Minister Gajendra Singh Shekhawat said the existing tribunals constituted to resolve river water disputes had failed and in some cases, even after 33 years, the tribunals are yet to give an award.
- The Minister said though the original Inter-State River Water Disputes Act, enacted in 1956, was amended 17 years ago to make five years the maximum period within which river water disputes need to be resolved, the reality has been different.
- Giving a background of the history of tribunals, the Minister said only four of the nine water tribunals could submit their report. And these too came after a seven to 28 year delay.

- The Bill seeks to streamline the adjudication of inter-state river water disputes and make the present institutional architecture robust. It provides for dissolution of existing tribunals and the water disputes pending adjudication before these existing tribunals will be transferred to the new tribunal.
- It seeks to amend the Inter-State River Water Disputes Act, 1956, and proposes setting up of a Central tribunal.
- The Bill also provides for the creation of dispute resolution committees to provide an institutional mechanism for states to resolve their disputes before these go to the tribunal.
- The committee will be required to give its award in one year with a six-month extension if required.
- The new Bill provides for the constitution of a single tribunal with different benches, and the setting of strict timelines for adjudication. A retired Supreme Court judge will head the tribunal and benches will be formed as and when required. States can approach the tribunal for resolution of their disputes and once resolved, the bench will wind up.
- It proposes that the final award will be delivered in two years and whenever it gives the order, the verdict will be notified automatically.

#### 4. Quota for economically weaker sections in J&K

##### Context:

The Cabinet on Wednesday approved a bill to provide up to 10% reservation to Jammu and Kashmir's economically weaker sections in jobs and educational institutions.

##### Details:

- The approval would pave the way of extending the benefit of reservation of up to 10% for Economically Weaker Sections (EWS) in educational institutions and public employment alongside existing reservations”.
- The 10% quota Bill to economically weaker sections was introduced through the 103rd Constitution Amendment in January.
- The Bill is expected to be tabled in Parliament soon as the proposed legislation could not be brought before the Jammu and Kashmir Assembly which has been dissolved.
- The State is under the President's rule.
- This will be in addition to such reservation available in the Central government jobs.

### C. GS3 Related

#### Category: SCIENCE AND TECHNOLOGY

##### 1. Thailand in talks with India to buy BrahMos cruise missiles

##### Context:

Thailand is in talks with India for the purchase of BrahMos cruise missiles, indicating the possibility of the first sale of BrahMos supersonic cruise missiles to another country.

##### Details:

- The navies of India and Thailand are working closely in the areas of disaster risk management, maritime security safety, information sharing and interoperability.
- Both the countries are members of the Indian Ocean Rim Association (IORA) and Indian Ocean Naval symposium (IONS).
- As part of the expanding defence cooperation between the two countries, Thailand has made a



request for repair and refurbishing their Dornier maritime patrol aircraft.

- In addition, Thailand Navy is looking to increase its capabilities and planning to induct more ships. In line with that, the Indian Navy is exploring opportunities wherein India could help in ship design and has offered ship construction at the various defence public sector undertaking shipyards.
- The discussions on BrahMos picked pace following the visit of Royal Thai Navy Chief Admiral Ruddit to India in December 2018.
- Discussions are on to integrate Thailand into India's coastal surveillance radar chain network. Several littoral states including Maldives and Seychelles have already been integrated into it.

#### Naval exercises:

- The inaugural India, Thailand and Singapore trilateral naval exercise was announced by Prime Minister Narendra Modi during his address at Shangri-La dialogue in June 2018 and is scheduled to be held later this year.
  - India will host the first edition of the exercise, Singapore will host the second edition and Thailand the third.
  - Malaysia has also evinced interest in joining the exercise.
- The Navies of India and Thailand already conduct a Coordinated Patrol (CORPAT) and a new bilateral exercise is also in the works apart from the trilateral.

#### BrahMos:

- The BrahMos is a medium-range ramjet supersonic cruise missile.
- It can be launched from submarine, ships, aircraft, or land.
- It is the fastest supersonic cruise missile in the world and the world's fastest anti-ship cruise missile in operation.
- It is a joint venture between the Russian Federation's NPO Mashinostroyeniya and India's Defence Research and Development Organisation (DRDO) who together have formed BrahMos Aerospace.
- The name BrahMos is a portmanteau formed from the names of two rivers, the Brahmaputra of India and the Moskva of Russia.
- The missile travels at speeds of Mach 2.8 to 3.0, which is being upgraded to Mach 5.0
- In 2019, India upgraded the missile with a new range of 500 km.

### Category: ECONOMY

#### 1. Start-ups write to govt. on equalisation levy

##### Context:

Domestic SMEs and start-ups have written to Revenue Secretary complaining about the equalisation levy they have to pay to foreign companies doing business in India, resulting in increased costs as well as lost revenue for the government.

##### Details:

- The start-up sector, represented by LocalCircles, held a meeting with the Revenue Secretary and discussed several aspects of direct and indirect taxation affecting the sector.
- Among the issues discussed was the equalisation levy that SMEs and startups have to pay to foreign companies sending invoices from abroad for services rendered within India.
- The complaint by the SMEs and start-ups is that many companies, despite doing business in India, were sending invoices from abroad, thereby making their clients pay the equalisation levy.
- Since this is a levy, they [SMEs and startups] are unable to claim Input Tax Credit for this cost

incurred.

- The start-ups have requested the government to mandate that “any global corporation having sales and marketing operations in India must be required to invoice their customers in India from a registered entity in India.”
- Their suggestion is that if a global corporation has one million citizens of India registered with them or has 100 paying customers (businesses or citizens) or annual revenues of over Rs.10 crore from customers in India, then they must be required to invoice all Indian customers from their India entity.

#### **Equalisation levy:**

- Equalisation Levy was introduced in India in 2016, with the intention of taxing the digital transactions i.e. the income accruing to foreign e-commerce companies from India.
- It is aimed at taxing business to business transactions.
- Equalisation Levy is a direct tax, which is withheld at the time of payment by the service recipient. The two conditions to be met to be liable to equalisation levy:
  - The payment should be made to a non-resident service provider;
  - The annual payment made to one service provider exceeds Rs. 1,00,000 in one financial year.

## **2. Tea Board accepts IIM recommendations on recasting e-auction system across India**

#### **Context:**

The Tea Board has, in-principle, accepted the recommendations submitted by a team of IIM Bangalore professors to recast the present pan India e-auction system.

#### **Details:**

- The new system aims at improving price discovery, simplifying the process elevating industry standards, and enhancing the quality of tea on offer at the auctions.
- Flagging concerns over declining tea quality, IIMB has come up with a four-pronged strategy and has recommended implementing the Japanese format of auctions.
- Under this format of auctions, the process is simplified and a reverse auction held.
- Other recommendations include:
  - Out-lot teas to be sold on the same day
  - New portal will be created for small buyers to bid for tea
  - FSSAI certification to be made mandatory
  - Quality slippages to attract penal action against producer/seller
  - All teas from India to be graded in accordance to only 28 grades
  - Designing a comprehensive e-catalogue, fixed reserve price and logistic support for buyers.
- The deficiencies of the present pan Indian e-auction system rolled out in 2016 were many.
- The system had neither improved price discovery nor boosted volumes.
- The modified system aims at addressing these issues while creating equal opportunities for all.

## **D. GS4 Related**

*Nothing here for today!!!*

## **E. Editorials**

**Category: SOCIAL ISSUES**

## 1. Fight against hate crime and Lynching

### Introduction

- The USA Senate has passed **Justice for Victims of Lynching Act in 2018**
  - It took the United States Senate 100 years to approve a bill to make lynching a federal crime.
- It would classify lynching—defined as **bodily injury on the basis of perceived race, color, religion or, nationality—a federal hate crime** in the United States.
- The U.S. bill describes lynching as “the ultimate expression of racism in the United States”.

When will the Indian Parliament here recognise, similarly, that lynching is “**a bias-motivated act of terror**” and “**the ultimate expression of communal hatred in India**”?

### Lynching is an act of creating fear in the minds of a community

- The number of lynch murders in the U.S. mentioned in the **bill averages around 55 annually**, but despite these small numbers, these performative acts of violence **succeeded in instilling intense fear among all African-Americans for decades**.
  - Therefore the hate lynching is designed as an act to terrorize an entire community
- The same purpose is being served by lynching in India; again performative acts of **hate violence, but now using modern technology, video-graphing of mob lynching, widely circulating these images through social media, and celebrating** these as acts of nationalist valour.
  - These have similarly instilled a persistent sense of everyday **normalised fear in the hearts of every Indian from the targeted minority community**.
  - It is this which indeed makes lynching an ultimate act of terror.

### Some noteworthy initiatives in Lawmaking

- The **Uttar Pradesh Law Commission (UPLC)** took the initiative to recommend a draft anti-lynching law. It commends a law which closely follows in almost every major detail the **first law against lynching passed in this country, a remarkable ordinance introduced by the Manipur government**
- Both the Manipur statute and the UPLC draft **create a new crime of Dereliction of duty by police officials**, holding a police officer guilty of this crime if he or she “**omits to exercise lawful authority vested in them under law**, without reasonable cause, and thereby fails to prevent lynching”.
  - **Dereliction** also includes the failure to provide protection to a victim of lynching; failure to act upon apprehended lynching; and refusing to record any information relating to the commission of lynching. This crime carries the penalty of one to three years and a fine.
  - The **UPLC** goes further to include also a new crime of **dereliction** of duty by District Magistrates.
- A noteworthy observation in the text of the **United States bill** is that it records that at least 4,742 people were lynched in the U.S. between 1882 and 1968, but **99% of all perpetrators remain unpunished**.
  - It is significant to remember that the **first anti-lynching legislation proposed as far back as in 1918** in the U.S. targeted state officials for failing to provide equal protection under the laws to anyone victimised by a mob.

### Recommendations by UPLC

- Both the **Manipur law and UPLC recommendations** also lay down elaborate duties of police officials in the event of lynching.
  - These include taking all reasonable steps to **prevent any act of lynching** including its



- incitement and commission;
- to that end making all possible efforts to **identify instances of dissemination of offensive material** or any other means employed in order to incite or promote lynching of a particular person or group of persons; and
- Making all possible efforts to prevent the creation of a hostile environment against a person or group of persons.
- Both sensitively and expansively **lay down official duties to protect victims and witnesses**.
  - They state that a victim shall have the **right to reasonable, accurate, and timely notice of any court proceeding** and shall be entitled to be heard at any proceeding in respect of bail, discharge, release, parole, conviction or sentence of an accused, and to file written submissions on conviction, acquittal or sentencing.
  - They also explicitly require the **Superintendent of Police to inform the victim in writing of the progress in the investigation**.
  - The **victim shall have the right to receive a copy of any statement of the witness recorded during investigation or inquiry** and a copy of all statements and documents.
- Where the UPLC goes further than the Manipur statute is in **laying down the right to compensation**.
  - It **places the duty squarely on the Chief Secretary to provide compensation to victims of lynching** within 30 days of the incident.
  - It states that **while computing compensation**, the State government must give due regard to bodily, psychological and material injuries and loss of earnings, including loss of opportunity of employment and education, expenses incurred on account of legal and medical assistance.
  - It also lays down a floor of ₹25 lakh in case lynching causes death.

### Conclusion

- The Madhya Pradesh and Rajasthan government are planning to come up with Laws for Lynching.
- They should consider all the critical elements of dereliction of duty, compensation and Victim Rights.

## Category: POLITY

### 1. Beyond Talaq

#### Context

- Triple Talaq Bill (TTB) has finally been passed by both Houses of Parliament.

#### What is a crime?

- A crime usually is a wrongdoing **which directly and to a serious degree threatens the security or wellbeing of society**, and because **it is not safe to redress it only by compensation to the injured party**.
- The purpose of criminal law is to **forbid and prevent conduct that unjustifiably and inexcusably inflicts or threatens substantial harm to individual or public interests**.
- Criminal law should not be used **if it may not be effective in controlling the act in question**.

#### Concerns with the passage of the Triple Talaq Bill

- The triple divorce law is bound to fail, especially in cases of oral triple divorce given by husbands **when no one other than the couple was present, as discharging the burden of proof will be a Himalayan task for the prosecution**.

- The government says Triple Talaq is a bailable offence
  - A bailable offence is one **where bail is a right and cannot be denied.**
  - Under the TT Bill, **bail is at the discretion of the judge and thus, it is non-bailable.**
  - Moreover, we have restricted even this judicial discretion by laying down that it can be exercised by the judge only after hearing the wife on whom talaq has been pronounced.
- The bill will be a huge disservice to Muslim women as **no husband on his return from jail is likely to retain the wife on whose complaint he had gone to prison.**
  - The Bill will lead to more divorces and abandonment.
- A punishment, to be just, should have only that degree of severity which is sufficient to deter others. Punishments invariably exceed the crime and this, in the ultimate analysis, harms the state.
  - Three years' imprisonment in the new Bill is **excessive and is disproportionate.**
  - The **Indian Penal Code** provides **far lesser sentences for graver crimes.** The TTB obliterates the distinction between "minor" and "major" crimes.

### Solution

- Ideally, the marriage contract must lay down that a **husband can give divorce only with the consent of the wife** and if he gives three unilateral divorces in one go, the **dower** amount will be increased to five times.
  - **Dower** is money or property which the wife is entitled to receive from the husband
  - The major object of the dower is to provide wife for her subsistence after the dissolution of her marriage so that she may not become helpless after the death of the husband or termination of marriage by divorce.
- In case of non-payment, a **prison term would be justifiable as under civil law, non-payment of debt does lead to imprisonment.**

## Category: INTERNATIONAL RELATIONS

### 1. Fortifying the Africa outreach

#### Context

- Two important Indian dignitaries have begun their respective visits to Africa. President Ram Nath Kovind is visiting Benin, Gambia and Guinea-Conakry and Defence Minister Rajnath Singh arrived to Maputo. It indicates enhanced priority to Africa assigned by India.

#### Stats

- India has substantive economic engagement with Africa. Its trade with Africa totalled \$63.3 billion in 2018-19. India
- By 2017, India had cumulatively extended 152 Lines of Credit worth \$8 billion to 44 African countries.
- India has also unilaterally provided free access to its market for the exports of 33 least developed African countries.
- India was ranked the third-largest trading partner of Africa having edged past the United States in 2019

#### An area that needs Introspection

- Although these statistics are impressive, they are **well below the potential for India-African economic synergy** and are often dwarfed by the corresponding Chinese data.
- There seems to be a **visible disconnect between Indian developmental assistance to and India's**

### **economic engagement with Africa.**

- The time has now come to have a more comprehensive and sustainable engagement.

### **Reciprocity is a must in the Indian Africa Relationship**

- India is **neither a rich country nor has its hands been tainted by a history of slavery, colonisation and the exploitation of Africa.**
- In fact, **it is a developing country with similar domestic challenges** of poverty, infrastructure deficit and underdevelopment.
- India's funds committed and seats in our prestigious academic institutions offered to Africa are at the expense of the tax-paying Indians.
- **India's aid to Africa should be reciprocated by acknowledgement and quid pro quo** in terms of goodwill (beyond the easy-flowing official rhetoric), and institutional preference.

India cannot simply be a cash cow for Africa, particularly when its own economy is slowing down.

### **Steps forward**

We need to ask ourselves these: for all the development billions spent, **how many mega-projects did Indian companies get and how many natural resources does India have access to in Africa?** We should reorient our developmental profile to be more economically productive. To this end, a number of steps can be considered:

- First, **we need to take direct control of our development programme** instead of handing our funds to intermediaries such as the African Union, the African Development Bank Group and the Techno-Economic Approach for Africa-India Movement (TEAM 9), **whose priorities are often different from India's.**
  - To make an impact, **our aid should be disbursed bilaterally and aligned with national priorities of the recipient state**, which should be a substantial stakeholder and co-investor in schemes and projects from initiation to operation.
- Second, India's **development assistance should prefer the countries with its substantial interests**, both existing and potential.
  - For instance, Nigeria, South Africa, Egypt, Ghana, Angola and Algeria are **India's top six trading partners in Africa**, accounting for nearly two-thirds of its trade and half its exports to the continent; yet, they do not figure commensurately in India's developmental pecking order.
  - India's own needs for raw materials, commodities and markets should be factored in its aid calculus.
- Third, we ought to **prefer aiding countries which are willing to help us** — from access to their natural resources to using our generics.
- Fourth, the aided project **selected should be compatible with local requirements.** They should be cost-effective, scalable, future ready and commercially replicable.
- Fifth, for greater transparency, **India should prefer its public sector to implement the aid projects.**
- Sixth, the **Indian Head of Mission in the recipient African state must be an integral part of the aid stream** including project selection, coordination and implementation.
  - Apart from empowering our diplomacy, this would ensure better harmonisation between our aid and economic objectives.
- Finally, the aforementioned should not distract us from our duty to **provide the needed humanitarian assistance to Africa:** to be rendered promptly and with sensitivity, but without noise.

## Category: ENVIRONMENT AND ECOLOGY

### 1. Amazon rainforest as universal treasure

#### Context

- Deforestation in Brazil's portion of the Amazon rainforest rose more than 88% in June 2019 compared with the same month a year ago
- This is a matter of global concern as Satellite images show that about 4,200 sq km of forests have been destroyed up to July 24 under the new government.

#### Importance of Amazon to World

- The Amazon basin, spread across millions of hectares in multiple countries, **hosts massive sinks of sequestered carbon**, and the forests are a key factor in **regulating monsoon systems**.
- The rainforests harbour **rich biodiversity and about 400 known indigenous groups** whose presence has prevented commercial interests from overrunning the lands.
- The Amazon is considered the **lungs of our Earth** taking in enormous amounts of the carbon dioxide emitted by human activity and the burning of fossil fuels while providing us with the oxygen we breathe.
  - The Amazon Rainforest produces **about 20 percent of the earth's oxygen**.
  - The Amazon contains **over 400 billion trees**, which all absorb humongous amounts of CO<sub>2</sub> from the atmosphere. So, if we were to lose the Amazon, the effects of global warming would very quickly become an immediate global problem.
- The Amazon Rainforest is said to be responsible for as much as **75% of its own rainfall, which feeds the nearby rivers**
  - The water from the rivers then **flows directly into the ocean, maintaining extremely important ocean currents**, and thus controlling the regional climate.
- For millions of years, mankind has used **plants as a way to make medicine**. The tribes in the Amazon still do this, and have totally perfected the chemical extraction process.
  - It is believed that **only 0.5% of the plant species found in the Amazon have been studied** for their medicinal properties.
  - This means that the **Amazon may hold natural cures for some of the many diseases present today**. However, if the Amazon Rainforest dies, then the continuation of these practices, and the discovery of these natural chemicals will never come to be.

#### Economics Vs Climate

- The fragile legacy of the forests is now imperiled, as President Jair Bolsonaro has spoken in favor of "reasonable" exploitation of these lands.
- Although the **forest code has not been changed, his comments have emboldened illegal expansion** into forests.
- Armed Gangs have threatened the local tribal community with their leaders being murdered and the president denying any violence, questioning the satellite data, are depressing developments in the forest land
- Most nations tend to view their land and forests through the narrow prism of short-term economic gain

#### Steps that can be initiated

- As the custodian of forests in about 5 million sq km of Amazon land, Brazil has everything to gain by engaging with the international community **on meeting the opportunity cost of leaving the**

### **Amazon undisturbed.**

- Globally, there is tremendous momentum to save the Amazon forests. Brazil must welcome initiatives such as the billion-dollar **Amazon Fund backed by Norway and Germany**, which has been operating for over a decade, instead of trying to shut them down.
- **Remedial funding**, accounting for the value of environmental services, is the most productive approach, because forest removal has not helped agriculture everywhere due to soil and other factors.
- **One estimate by the World Bank** some years ago noted that 15 million hectares had been abandoned due to degradation.

### Conclusion

- Brazil's President lost a valuable opportunity to seek higher funding for forest protection by refusing to host the annual convention of the UN Framework Convention on Climate Change in 2019, but he has been wise not to exit the Paris Agreement. Abandoning the Paris pact would **jeopardise Brazil's access to the important European Union market**.
- Brazil's President must **recognise that rainforests are universal treasures**, and the rights of indigenous communities to their lands are inalienable.
- **The international community must use diplomacy to convince Mr. Bolsonaro** that no other formulation is acceptable.

## **Category: ECONOMY**

### **1. US Federal Reserve's rate cut**

#### Context

- The US Federal Reserve has announced a **quarter-percentage-point cut in interest rates** — the first rate cut by the US central bank in 11 years

#### Why has US Fed cut rates?

- The Fed has cited **concerns about the global economy and muted US inflation** as reasons for the move, and signaled a readiness to lower borrowing costs further if needed.
- Financial markets had widely expected the quarter-percentage-point rate cut, which lowered the US central bank's benchmark overnight lending rate to a target range of 2.00% to 2.25%.

#### Why Fed's rate cut is significant?

- The cut in interest rates is the **first time since the 2008 financial crisis**.
- What is ironic is that this **move comes despite a strong US economy and indicators such as job market data showing renewed buoyancy**.
- The rate cut follows **months of pressure from US President Donald Trump**, who has been pushing the American central bank for a cut in rates.

#### US rate cut impact on India

- A rate cut in the US is **good for emerging market economies** and is projected to catalyze a debt and equity market rally in countries such as India.
- Typically, emerging economies such as **India tend to have higher inflation and thereby higher interest rates** than those in developed countries such as the US and Europe.
  - As a result, **FII's would want to borrow money in the US at low-interest rates in dollar terms and then invest that money in bonds of emerging countries** such as India in Re



terms to earn a higher rate of interest.

- When the US Fed cuts its interest rates, **the difference between interest rates of the two countries increases**, thus making India more attractive for the currency carry trade.
- A rate cut cycle means a weaker dollar, which is good for the US but may not be so for the rest of the world.
  - It has been seen in the past that **as the dollar weakens due to lower growth tendencies**, the rupee has tended to strengthen which will pose a conundrum for us as **exports will come under pressure** with a double whammy – slower demand due to lower global growth and a stronger rupee.
  - This will not be good for the current account deficit (CAD).
- **Lower interest rates and a weaker dollar also means stronger gold**, as the metal will continue to shine under such circumstances. From the Indian point of view greater investment demand for gold can surface putting pressure on a pressurised trade deficit.

## F. Tidbits

*Nothing here for today!!!*

## G. Prelims Facts

### 1. Indonesian villagers resist relocation plan from Komodo

- Thousands of residents of an island in eastern Indonesia are resisting a government plan to relocate them and close the island next year in a bid to conserve rare Komodo dragons.
- Indonesian authorities said the island of Komodo and the Komodo National Park would be closed next year to allow for the recovery of the reptiles.
- The Komodo National Park is the only habitat for the world's largest lizard species.
- It is also known as the Komodo monitor and is a species of lizard found in the Indonesian islands of Komodo, Rinca, Flores, and Gili Motang.
- It is the largest living species of lizard.
- Its unusually large size has been attributed to island gigantism, since no other carnivorous animals fill the niche on the islands where it lives.
- It is classified as "Vulnerable" in the IUCN Red List.

### 2. Foreign Exchange Management Act (FEMA)

- FEMA is an acronym for the Foreign Exchange Management Act, 1999 and is an act of the Indian parliament.
- It is the regulation relating to foreign exchange, external trade and payments in the country.
- It replaced the earlier foreign exchange regulation law known as the FERA (Foreign Exchange Regulation Act).
- FERA was considered draconian while FEMA is more accommodating and intended to facilitate external trade and payments rather than control it.
- The FEMA in contrast to its predecessor, makes foreign exchange-related offenses civil offenses instead of criminal.
- FERA had become unsuited for the government of India's pro-liberalization policies.
- FEMA allows the Reserve Bank of India and the union government to pass laws and rules concerned with foreign exchange in line with the country's foreign trade policy.

### 3. ICRA

- ICRA Limited (ICRA) is an Indian independent and professional investment information and credit

rating agency.

- It was established in 1991, and was originally named Investment Information and Credit Rating Agency of India Limited (IICRA India).
- It was a joint-venture between Moody's and various Indian commercial banks and financial services companies.
- The company changed its name to ICRA Limited, and went public on 13 April 2007, with a listing on the Bombay Stock Exchange and the National Stock Exchange.
- ICRA's credit ratings are symbolic representations of its current opinion on the relative credit risks associated with the rated debt obligations/issues.
- These ratings are assigned on an Indian credit rating scale for Indian Rupee denominated debt obligations.
- ICRA ratings may be understood as relative rankings of credit risk within India.
- ICRA ratings are not designed to enable any rating comparison among instruments across countries; rather, these address the relative credit risks within India.

#### 4. Nirbhaya Fund

- Post-2012, Nirbhaya Gang rape case, a dedicated fund was set up in 2013 with the focus on implementing the initiatives aimed at improving the security and safety of women in India.
- The fund was called "Nirbhaya Fund", Nirbhaya meaning fearless, the pseudonym given to the gang-rape victim to conceal her identity.
- The government's contribution towards the non-lapsable corpus fund was Rs. 1000 crores.

## H. Practice Questions for UPSC Prelims Exam

Q1. Consider the following statements:

1. CAG can be removed by the President in the manner, same as removal of a Supreme Court Judge.
2. CAG is eligible to hold any office, under the Government of India or of any state, once he retires/ resigns as a CAG.

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

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

**Answer: a**

**Explanation:**

There are several provisions in the Constitution for safeguarding the independence of CAG.

- CAG is appointed by the President by warrant under his hand and seal and provided with tenure of 6 years or 65 years of age, whichever is earlier.
- CAG can be removed by the President only in accordance with the procedure mentioned in the Constitution that is the manner same as removal of a Supreme Court Judge.
- CAG is ineligible to hold any office, either under the Government of India or of any state, once he retires/ resigns as a CAG.
- The administrative expenses of the office of CAG, including all salaries, allowances and pensions are

charged upon the Consolidated Fund of India that is not subject to vote.

**Q2. As per the recent Tiger Census report, which of the following states has the highest number of tigers?**

- a. West Bengal
- b. Karnataka
- c. Uttarakhand
- d. Madhya Pradesh

**Answer: d**

**Explanation:**

As per the fourth tiger census report, Status of Tigers in India:

- Madhya Pradesh saw the highest number of tigers at 526.
- Karnataka came second with 524 tigers, followed by Uttarakhand with 442 tigers.

**Q3. Consider the following statements with respect to River Godavari:**

- 1. It flows through Maharashtra, Telangana, Andhra Pradesh, Chhattisgarh and Odisha.
- 2. Manjra is a right bank tributary of River Godavari.

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

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

**Answer: c**

**Explanation:**

The Manjra is the most important right-bank tributary of Godavari. It joins the Godavari after passing through the Nizam Sagar. The Godavari is India's second-longest river after the Ganga. Its source is in Triambakeshwar, Maharashtra. It flows east for draining the states of Maharashtra, Telangana, Andhra Pradesh, Chhattisgarh, Odisha, ultimately emptying into the Bay of Bengal through its extensive network of tributaries.

**Q4. Consider the following statements:**

- 1. El Niño is associated with the heating of the Pacific waters.
- 2. Positive Indian Ocean Dipoles (IODs) are often associated with El Niño and negative IODs with La Niña.

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

- a. 1 only
- b. 2 only
- c. Both 1 and 2

d. Neither 1 nor 2

**Answer: c**

**Explanation:**

During an El Niño event, the surface waters in the central and eastern Pacific Ocean become significantly warmer than usual. The Indian Ocean Dipole (IOD) is the Indian Ocean counterpart of the Pacific El Niño and La Niña. The term dipole means two “poles” or two areas of differences. Positive IODs are often associated with El Niño and negative IODs with La Niña.

## I. UPSC Mains Practice Questions

1. The Dam Safety Bill is a conflict between bringing about uniformity in operational safety across India and Central encroachment upon the sovereignty of the states. Discuss. (15 Marks, 250 Words).
2. With almost every international company and a few domestic ones expressing concerns over the government’s insistence on requiring the personal data of Indian residents to be processed only within the country it seems that India’s approach of requiring data localization by default is faulty. Critically Analyse. (15 Marks, 250 Words).