

20 Aug 2019: UPSC Exam Comprehensive News Analysis

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Category: INTERNATIONAL RELATIONS

1. India's campaign for permanent seat at UNSC slowing down

Context:

The official statements suggest that, despite repeated assertions of its right to a permanent seat at the UN Security Council, India's campaign for expansion of the UNSC has slowed down.

United Nations Security Council (UNSC):

- The UNSC was established in 1945 and has primary responsibility of maintaining international peace and security.
- **The Security Council has 15 members:**
 - There are five permanent members: the United States, the Russian Federation, France, China

and the United Kingdom.

- The non-permanent members of the Security Council are elected for a term of two years.
- Each member of the Security Council has one vote called “veto”. A "No" vote from one of the five permanent members blocks the passage of the resolution.

Background:

In a historic move to reforming global governance in the arena of international peace and security, the United Nations adopted a consensus resolution in its 69th General Assembly, 2015 to move from Inter-Governmental Negotiations (IGN) to a Text-Based Negotiations (TBN) process for reforming the United Nations Security Council.

Need for UNSC Reforms:

- UN represents a larger world and the irony is that it has only 5 permanent members.
- Current composition in pace with the changing balance of power in the world.
 - At the time of the formation of UNSC, big powers were given privileges to make them part of the council.
 - This was necessary for its proper functioning as well as to avoid the failure like that of the organization ‘League of Nations’.
- The regions like far East Asia, South America, Africa have no representation in the permanent membership of the council.
- Rise of fora like G4 (India, Brazil, Germany, and Japan) as important economies and emerging world powers are pushing after quick UN Security Council reforms.

Why is India pushing for the reforms?

- In the Indian eyes, no reform of the United Nations (UN) is complete without the composition of the Security Council changing to reflect contemporary realities of the twenty-first century.
 - This requires expansion in the membership of the Security Council in both the permanent and non – permanent categories.
 - This Indian quest for the Security Council permanent membership, lies at the heart of repeated Indian pleas for reforming the UN.
- One of the key historic reasons for India’s quest for a permanent seat at the UNSC was to ensure protection of national interest in crucial diplomatic moments when the organ takes up contentious issues such as Kashmir.
- Four years after the reform process received an initial boost, India stood outside as the UNSC members met for a closed meeting on Kashmir last week.

Details:

- The slow pace is visible in the fact that India’s campaign did not prompt the UN General Assembly (UNGA) to move towards the resolution for expanding the UNSC four years after the General Assembly in a landmark decision in 2015 had declared plans for the same.
- Following the September 14, 2015 decision of the UNGA, the Ministry of External Affairs had stated that the negotiations for a resolution of the UNGA would begin from 2016 but there have not been any significant initiatives on the ground.
- In recent years, India has insisted on getting bilateral assurance from visiting heads of states and governments, but permanent member countries such as the U.K., the U.S., Russia and France have expressed support bilaterally without actively collaborating with India in the UN for expanding the council.

Way forward:

- India seems to have depended on the argument that it is entitled to a seat at the UNSC because of multiple factors such as population, growing economic stature and growing global responsibilities like peacekeeping.
- Diplomats suggest a more aggressive campaign within the organs of the UN is required to push for a UNGA resolution to expand the UN Security Council.
- Diplomats have blamed China for having quietly carried out a campaign to stop the draft resolution from acquiring speed. Veteran diplomats have said that the latest UNSC meeting on Kashmir which was convened following an initiative from China showed that India will have to show more “stamina” to stop China from using the organ against India’s interest.
- The issue of expanding the UNSC and the Text Based Negotiation is expected to come up in the next UN General Assembly session in September, which will throw open a new round of multilateral diplomacy.

C. GS3 Related

Category: ENVIRONMENT AND ECOLOGY

1. Govt. set to cut time to issue green clearance

Context:

Union Environment Minister Prakash Javadekar has said that the government is working to reduce the time taken to accord environmental clearances to projects down to 60 days.

Details:

- Prior to 2014, it would take 640 days for a proposal to get environment approval, the rules have now been simplified and it takes 108 days for the same.
- The government is set to take further steps to streamline the process of giving green nods to infrastructure projects.
- “Very soon it will be further brought down to 60 days, but at the same time, without compromising on environment protection,” Mr. Javadekar said.
- The process of grant of environmental clearance includes specifying Terms of Reference (ToR), holding public consultations, preparing an Environment Impact Assessment (EIA) report and, if approved, a subsequent grant of Environmental Clearance by the ministry.
 - Environment Impact Assessment (EIA) is a formal process used to predict the environmental consequences of any development project.
 - Environment Impact Assessment in India is statutory backed by the Environment Protection Act in 1986, which contains various provisions on EIA methodology and process.
- Reducing the time taken to clear projects has been a major thrust of the Modi government.
- The reduction in time for grant of Environment clearances is done with an aim to increase investments so as to soon meet the ambitious goal of \$5-trillion economy.
- After 2014, the government has introduced a clearance process that allows the details of a project to be uploaded online.

2. NTPC to set up 5,000 MW solar park in Kutch

Context:

- NTPC aims to set up a 5,000 mw-Ultra Mega Solar Power Park, at Kutch in Gujarat.

- The estimated investment of the project is Rs 20,000 crore.

Details:

- While coal-based power generation would continue to be the company's primary business, it is expanding presence in alternative energy sources such as solar power, and has plans for municipal waste-fuelled power.
- The company plans to increase its power generation to 130 giga watts (GW) by 2032 with 30% coming from nonfossils.
- Of NTPC's 55,786 MW capacity, only about 900 MW comes from solar.
- The recent move is aimed at scaling up the renewable portfolio of India's largest power producer.
- Since last year NTPC has been running a pilot project in Banaras in UP that converts bio-waste into electricity.
- NTPC is also looking at Rajasthan for setting up an ultra-mega solar park. In addition to solar parks, NTPC is also working on options in the floating solar segment.
- The larger company strategy also includes blending solar with coal-sourced power off-take. The company will explore battery technology as a transit option for its existing thermal and solar power capacities.

National Thermal Power Corporation (NTPC):

- National Thermal Power Corporation Limited, is an Indian Public Sector Undertaking, engaged in the business of generation of electricity and allied activities.
- It is India's largest power producer.
- It is a company incorporated under the Companies Act 1956 and is promoted by the Government of India.

Category: ECONOMY

1. Investment in water infra will spur growth: analysts

Context:

Analysts opine that Prime Minister Narendra Modi's announcement on the 73rd Independence Day on providing water connections to every household in the country at an estimated capital expenditure of over Rs. 3 lakh crore is expected to create huge business opportunities for corporates.

Jal Jeevan Mission:

- Jal Jeevan Mission, under the Department of Drinking Water and Sanitation, will focus on integrated demand and supply side management of water at the local level, including creation of local infrastructure for source sustainability like rainwater harvesting, groundwater recharge and management of household wastewater for reuse in agriculture.
- This Mission will converge with other Central and State Government Schemes to achieve its objectives of sustainable water supply management across the country.

Details:

- Multiplier impact of the central government's capital outlay on aggregate demand is much higher and continues for a much longer period as compared to the revenue expenditure such as tax cuts or other income stimulus.
- It is said that the investments in water-related projects are a step in the right direction and the move

- would provide employment to millions of people and may kick-start the investment cycle.
- Such investment results in job creation and ancillary economic activities.

However, some analysts express doubt on the availability of huge funds for these projects.

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Nothing here for today!!!

E. Editorials

Category: ECONOMY

1. Bond Yields

What are bonds?

- A bond is an instrument to borrow money. A bond could be floated/issued by a country's government or by a company to raise funds.
- Of course, because government bonds (also referred to as G-secs in India or Treasury in the US or Gilts in the UK) come with the sovereign's guarantee, they are considered one of the safest investments.
- As a result, they also pay the least return on investment (or rate of return or interest rate). Investments into **corporate bonds** tend to be riskier because the chances of failure (and, as a result, the chances of the company not repaying the loan) are higher.

What are bonds yields?

- Simply put, the **yield of a bond is the rate of return that it earns**. But in bonds, the rate of return is not fixed – it changes with the price of the bond.
- Every bond has a **face value and a coupon payment**. There is also the price of the bond, which may or may not be equal to the face value of the bond. And then there is the **yield**, which is the effective rate of interest that one earns when one buys a bond.

Example

- Now suppose the face value of a 10-year G-sec is Rs 100, and its coupon payment is Rs 5. Buyers of this bond will give the government Rs 100 (**the face value**); in return, the government will pay them Rs 5 every year for the next 10 years and will **pay back their Rs 100 at the end of the tenure**.
- In this instance, the bond's yield or the effective rate of interest is 5%.
- The yield is the investor's reward for parting with Rs 100 today, but for staying without it for 10 years.

Why and how do yields go up and down?

- Suppose there was just one bond, and two buyers (people willing to lend to the government).
- The actual selling price of the bond may in such a scenario go from Rs 100 to Rs 105 or Rs 110 because of the bidding war between the two buyers.
- Importantly, even if one buys the same bond at Rs 110, the coupon payment of Rs 5 will not change.
- Thus, as the price of the bond increases from Rs 100 to Rs 110, the yield falls to 4.5%.

What does their movement signify?

- The way bond yields function, especially G-sec yields, implies that they are in close sync with the prevailing interest rate in an economy.
- With reference to the above example, only if the interest rate in the broader economy is 5% will the bond's selling price be the same as the bond's face value. If there is any discrepancy, the market will ensure it is removed.
- For instance, if the prevailing interest rate is 4% and the government announces a bond with a yield of 5% (that is, a face value of Rs 100 and coupon of Rs 5) then a lot of people will rush to buy such a bond to earn a higher interest rate.
 - This increased demand will start pushing up bond prices, even as the yields fall.
 - This will carry on until the time the bond price reaches Rs 125 — at that point, a Rs-5 coupon payment would be equivalent to a yield of 4%, the same as in the rest of the economy

What is happening to bond yields at present and what does it signify?

- The **global economy has been slowing down** for the better part of the last two years. Some of the biggest economies are either growing at a slower rate (such as the US and China) or actually contracting (such as Germany).
- As a result, last week, **US Treasury bond yields fell sharply** as the news of Germany and China slowing down came through. Reason: investors, both inside the US and outside, figured that if growth prospects are plummeting it makes little sense to invest in stocks or even riskier assets.

What is yield inversion and what does it mean?

- Broadly speaking, the fall in the yields of 10-year government bonds shows that the demand for money in the future would fall. That is why future interest rates are likely to be lower. The demand for money being lower in the future, in turn, suggests that the growth will be weaker.
- So government bond yields falling typically suggests that **economic participants expect growth to slow down in the future**.

What is a yield curve and what does it signify?

- A yield curve is a **graphical representation of yields for bonds (with an equal credit rating) over different time horizons**.
 - Typically, the term is used for government bonds – which come with the same sovereign guarantee. So a yield curve in US treasuries shows **how the yields change when the tenure (or the time for which one lends to the government) changes**.
- If bond investors expect the US economy to grow normally, then they would expect to be rewarded more (that is, get more yield) when they lend for a longer period. This gives rise to a normal – **upward sloping – yield curve**.
 - The steepness of this yield curve is determined by how fast an economy is expected to grow. The faster it is expected to grow the more the yield for longer tenures.
- When the economy is expected to grow only marginally, **the yield curve is “flat”**.
- However, a **yield inversion makes the yield curve inverted**. Again, this shows, that bond investors expect the future growth to fall; in other words, the demand for money would be much lower than what it is today and hence the yields are also lower.

Category: INTERNATIONAL RELATIONS

1. Narendra Modi's Bhutan visit

Context

- Prime Minister Narendra Modi made a two-day visit to Bhutan which is being seen as a bid to diversify India's partnership with the kingdom from the hydro-power sector to enhanced trade and linkages in space and education.

Background

- The relationship between India and Bhutan is built on traditional closeness, one that is unique in today's world. Open borders, close alignment and consultation on foreign policy, and regular, open communications on all strategic issues are the hallmark of the relationship that has maintained its consistency for the past many decades.
- **Bhutan's unequivocal support to India on strategic issues** has meant a lot to India on the international stage and at the United Nations.
- On the security front Bhutan has helped India in 2003 to **drive out ULFA rebels** or support for India's stand **against Chinese troops on the Doklam plateau**.
- India's assistance to Bhutan's planned economy, to constructing its highest revenue earner of hydropower generated electricity, and then buying the electricity generated has also ensured a symbiotic and mutually beneficial base to the relationship, which has been nurtured by the leaders in both countries, in a manner Mr. Modi called "exemplary".

A new blueprint for cooperation

- The two countries inked 10 MoUs in the fields of space research, aviation, IT, power and education to infuse new energy in their ties.
- The Prime Minister invited **more students to visit India for studies in traditional areas** such as Buddhism and newer areas like space research.

India should not take the relationship with Bhutan for granted

- In the past few years, ties came under a strain over **India's sudden change in its power purchasing policy**, rigid rates and **refusal to allow Bhutan to join the national power grid** and trade with third countries like Bangladesh. These issues are being addressed now.
- Another concern that could create differences is over **Bhutan's worry that too much trade, transport and tourism from India could put its environment at risk**.
 - India's plans for a Motor Vehicles Agreement (MVA) in the Bangladesh-Bhutan-India-Nepal grouping have been held up, and a Bhutanese proposal to levy **entry charges on Indian tourists could cause differences** with India.
- Earlier generations of Bhutanese students never looked beyond India, but in recent years young **Bhutanese have shown a preference for education destinations in Australia, Singapore and Thailand**.

Conclusion

- There is thus much to repair in the ties. More importantly, India will have to remain alert to strategic powers which are courting Bhutan assiduously, as is evident from the **high-level visits from China and the U.S.**
- In a world of growing options, it remains in India's and Bhutan's best interests to make each other's concerns a top priority.

2. Chief of Defence Staff

Context

- Prime Minister Narendra Modi's announcement from the ramparts of the Red Fort that India will soon have a Chief of the Defence Staff (CDS) is a welcome step and reflects a multi-sectoral urgency within the government to initiate reform.

Present Military Architecture

- We have **Chief of Army Staff, Chief of Naval Staff, and Chief of Air Staff**

Chief of Defence Staff (CDS)

- The CDS is a high military office that **oversees and coordinates the working of the three Services**, and offers seamless tri-service views and single-point advice to the Executive (Prime Minister) on **long-term defence planning and management**, including manpower, equipment and strategy, and above all, "jointmanship" in operations.
- The CDS, **being above the three Service Chiefs**, is expected to play this role by optimizing procurement, **avoiding duplication among the services and streamlining the process**.

Why required?

- To provide single-point military advise to government
- Streamline long-term defence planning & procurement process
- The CDS is expected to bridge such dangerous gaps and **reduce response time**.
- It is envisaged he will keep the Defence Minister, continuously and fully briefed and effectively advised, be part of the adjunct apparatus of the Cabinet Committee on Security Affairs, and better link the three services in terms of planning, coordination and execution.

What necessitated this move currently?

- Pulwama and Balakot, the repeated offers for mediation in Kashmir by the U.S. President, the imminent pull-out of American troops from Afghanistan, which would leave Pakistan and its proxies the dominant players on the ground with a strong chance of blowback into Kashmir, as well as the abrogation of Articles 370 and 35A, are factors that have come together to confer urgency to taking this step.

Committees that have suggested similar measures

- Right after the **1999 Kargil War** that a **high-level committee headed by K Subrahmanyam**, international strategic affairs expert
- Besides the high-level committee on Kargil War, a **Group of Ministers (GoM) that was formed in 2001** to explore reforms necessary for the improvement of India's national security had also favoured creating the post of Chief of Defence Staff.
- **In 2012, the Naresh Chandra committee** recommended the appointment of a Permanent **Chairman of Chiefs of Staff Committee (COSC)** as a midway to allay apprehensions over the CDS.
- The CDS is also one of the 99 recommendations made by the **Lt General D.B. Shekatkar (retd)** Committee which submitted its report in December 2016 which had 34 recommendations pertaining to the tri-services.

What is the current status?

- In the absence of a CDS, presently the **seniormost of the three Chiefs functions as the Chairman**

COSC.

- But it is an additional role and the tenures have been very short.
- For instance **Air Chief Marshal (ACM) B.S. Dhanoa** took over as the Chairman COSC on May 31 from outgoing Navy Chief Adm Sunil Lanba. However, ACM Dhanoa will be in the role for only few months as he is set to retire on September 30 after which the **baton will pass to Army Chief Gen Bipin Rawat** who will then be the seniormost.
- Gen Rawat too is set to retire on December 31 after three years in office.

Why it was not sanctioned in the past?

- First, is the political leadership's fear. They were of the apprehension that the **Defence Services will become too powerful and subvert civilian control over the military, a military coup** will occur.
- Second, the **opposition of the civilian bureaucracy** to any arrangement in which their dominance and stranglehold over the higher defence set up is diminished.
- Third, the feeling among the smaller Services, particularly the Air Force, of **Army dominance in defence policy formulation.**
- Fourth, is the inhibitions of **serving Service Chiefs that their position would get undermined** if the CDS were to be appointed

Who at present advises India's Prime Minister on military matters?

- In effect it is the **National Security Adviser**. This has been especially so after the Defence Planning Committee was created in 2018, with NSA Ajit Doval as its chairman, and the foreign, defence, and expenditure secretaries, and the three Service Chiefs as members.

India currently faces multiple security challenges.

- Ingrained with a mindset shaped by conflicts and face-offs on its land frontiers and near-continuous internal armed conflicts, India's security landscape has been naturally dominated by the Indian Army.
- Balancing this reality with a realisation that both maritime and air power are going to play an increasingly important role in India's rise as a leading power will be among the initial strategic challenges any CDS faces.

Conclusion

- Balancing national interests, shedding his own service affiliations, and looking after the interests of all the three services will always be a tough act. He must also have the world view and political awareness necessary to engage with diverse stakeholders.
- This will happen only after years of joint-service assignments, exposure to working with government and educational interludes in a military career.

F. Tidbits

1. Communities push for domicile laws

- With the revoking of the special status of Kashmir, Pandits, Dogras and Buddhists have made separate demands for domicile laws in the proposed Union Territories of Jammu and Kashmir and Ladakh.

What are the reasons for demands for domicile laws?

- The demands are raised to protect the interests of poor farmers and landowners, besides the educated unemployed youth.
- Major concerns are over outsiders participating in selections for government jobs and buying land & other properties of poor through distress sales.

The reasons communities cite include:

- The need to maintain the current population status.
- Ensuring jobs for local people.
- The rights over land use.

2. India, China review border situation

- India, China defence joint working group met in Beijing to review the border situation.
- The Indian delegation was led by a Joint Secretary from the Defence Ministry along with one star officer each from the three Services.
- At the meeting, both the countries reviewed the situation on the border and agreed on more port calls by each other's Navies as part of measures to improve military to military cooperation.
- The discussions also focused on activities linked to the celebration of 70 years of diplomatic relations between the two countries.

3. Crucial manoeuvre for Chandrayaan-2 today

- India's Moon mission Chandrayaan-2 was successfully launched in July 2019.
- All eyes are now on September 7 when the lander and rover modules of the spacecraft will make a soft landing on the surface of the moon.
- The moon-bound Chandrayaan-2 spacecraft is now scheduled to undergo a crucial orbit manoeuvre as it approaches its destination.
- To make the spacecraft capture the lunar orbit and start going around the moon, its handlers at the Indian Space Research Organisation (ISRO) will fire its engines briefly to slow it down to capture the moon's orbit.
- The move, called the **Lunar Orbit Insertion or LOI**, is one of the two top orbit manoeuvres of the mission, along with the high point: **the soft-landing of the Vikram lander** on the southern polar region of moon on September 7.
- The primary objective of Chandrayaan-2 is to demonstrate the ability to soft-land on the lunar surface and operate a robotic rover on the surface.
- Scientific goals include studies of lunar topography, mineralogy, elemental abundance, the lunar exosphere, and signatures of hydroxyl and water ice.

G. Prelims Facts

Nothing here for today!!!

H. Practice Questions for UPSC Prelims Exam

Q1. Consider the following statements:

1. UDAN Scheme is a part of the National Civil Aviation Policy (NCAP).
2. It is funded jointly by the GoI and the state governments.

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:

UDAN – the "Regional Connectivity Scheme" Scheme is a part of the National Civil Aviation Policy (NCAP). It is funded jointly by the GoI and the state governments.

Q2. Consider the following statements:

- 1. The Moplah Rebellion of 1921 erupted in the Malabar region of present-day Kerala.
- 2. The Khilafat Movement meetings in Malabar incited communal feelings among the Moplahs.
- 3. The rebellion was aimed against the British as well as the Hindu landlords of Malabar.

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

- a. 1 and 2 only
- b. 2 and 3 only
- c. 1 only
- d. 1, 2 and 3

Answer: d

Explanation:

The Moplah Rebellion or Moplah Riots of 1921 erupted in the Malabar region of present-day Kerala. The rebellion is sometimes seen as a class uprising although events show that the riots were communal in nature. The Khilafat Movement had started in 1919 in India in support of the restoration of the caliphate in Turkey. The Indian National Congress (INC) was aligned with it. The Khilafat meetings in Malabar incited communal feelings among the Moplahs and it became a movement directed against the British as well as the Hindu landlords of Malabar. There was large-scale violence which saw systematic persecution of Hindus and British officials.

Q3. Consider the following statements:

- 1. Koodiyattam is a classical dance of India.
- 2. It is a combination of ancient Sanskrit theatre with elements of Koothu a Tamil/Malayalam performing art.

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

- a. 1 and 2 only
- b. 2 and 3 only
- c. 1 only
- d. 1, 2 and 3

Answer: b

Explanation:

Koodiyattam is not a classical dance of India. It is traditionally performed in temple theatres known as Koothambalams of Kerala. It is the only surviving artform that uses dramas from ancient Sanskrit theatre.

Q4. Consider the following statements:

1. Radcliffe Line was revealed on the 15th of August 1947.
2. The Radcliffe Line was the boundary demarcation line between the Indian and Pakistani portions of the Punjab and Bengal provinces of British India.

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: b

Explanation:

On 17 August 1947, the border line that separated India from Pakistan, known as the Radcliffe Line was revealed.

I. UPSC Mains Practise Questions

1. The Jal Jeevan Mission would provide employment to millions of people and may kick-start the investment cycle. Explain. Also analyse the implementation challenges. (15 Marks, 250 Words)
2. To rescue India from a structural slowdown, issues like human development, state capacity and the reform of factor markets must be addressed. Elucidate. (15 Marks, 250 Words)

