

29 Sep 2019: Comprehensive News Analysis

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Nothing here for today!!!

B. GS2 Related

Category: POLITY AND GOVERNANCE

1. Five-judge Bench to hear pleas against dilution of Art. 370

Context

A five-judge Bench, led by Justice N.V. Ramana, is learnt to have been formed to start hearing from October 1 petitions challenging the reading down of Article 370 to strip Jammu & Kashmir of its special status and the bifurcation of the State into two Union Territories.

More About the News:

- A Presidential Order on August 5 read down Article 370, which accorded special rights and privileges to the people of Jammu & Kashmir since 1954 in accordance with the Instrument of Accession.
- The special status was bestowed on the State by incorporating Article 35A in the Constitution by an order of President Rajendra Prasad in 1954 on the advice of the Jawaharlal Nehru Cabinet. Parliament had not been consulted.

For detailed analysis of the issue : [Click Here](#)

Category: SOCIAL JUSTICE

1. Meghalaya minor tribes fear exclusion from 6th Schedule

Context

On September 26, a sub-committee constituted by the State government had decided to recommend to the Standing Committee of Parliament the removal of the word “unrepresented tribes” from the amended Sixth Schedule.

6th Schedule

- The Sixth Schedule of the Constitution deals with the administration of the tribal areas in the four northeastern states of Assam, Meghalaya, Tripura and Mizoram.
- The rationality behind the special arrangements in respect of only these four states lies in the following:
 - “The tribes in Assam, Meghalaya, Tripura and Mizoram have not assimilated much the life and ways of the other people in these states. These areas have hitherto been anthropological specimens.
 - The tribes in Assam, Meghalaya, Tripura and Mizoram still have their roots in their own culture, customs and civilization.
 - These areas are, therefore, treated differently by the Constitution and sizeable amount of autonomy has been given to these people for self-government.

What’s the issue?

- A joint delegation of organisations representing five “unrepresented tribes” had met Home Minister James A. Sangma to voice their concerns about the amendment.
- Currently, members of such tribes are nominated to the autonomous district councils. Meghalaya’s bid to exclude “unrepresented tribes” from the provisions of the Sixth Schedule of the Constitution has left minor tribes in the hill State edgy.
- Meghalaya is divided into autonomous councils in the names of the three major matrilineal communities — Garo, Khasi and Jaintia.
- The minority tribes include the Hajong, Koch, Rabha, Boro and Mann.

Impact of the move on these “unrepresented tribes”

- If removed from the 6th schedule, the members from these tribes will not be nominated to the autonomous district councils.
- Also, they will lose autonomy which has been given to these people for self-government.

Category:HEALTH

1. IRDAI-NHA panel bats for strong law to deter health insurance fraud

Context

A sub-group on fraud control in health insurance, forming part of the joint working group of National Health Authority and the Insurance Regulatory and Development Authority of India (IRDAI) has advocated a strong law 'National Health Insurance Anti-Fraud Act' to act as a deterrent for health insurance fraud.

Why there is a need for a Law?

- As the coverage/penetration of health insurance expands to more people, for more services, the element of fraud and abuse will also go up exponentially if handled inadequately.
- Since the law will aim for collective measures by all players this would have great impact on fraudulent practices of providers "which are the major players for fraud.

More Suggestions from the panel:

- According to them, a strong legislation, National Health Insurance Anti-Fraud Act is "required to effectively to deal with the whole gamut of activities for preventing, detecting and deterring fraud.
- The law should provide for setting up of a special anti-fraud task force to take punitive action, carry out recoveries, searches and seizures.
- The definition of fraud and abuse should be standardised in the law.
- Also, the contracts entered into by a payer — with policyholder, empanelled hospitals, intermediary, employee — should mandatorily incorporate a standard definition of fraud, clauses, and the resulting punitive action that those indulging in them could face.
- Create a common talent pool for effective investigation and a certification programme for ensuring minimum standards.

C. GS3 Related

Category: DEFENCE/SECURITY

1. Navy stronger than in 1971, says Rajnath

Context

The Defence Minister commissioned the second Scorpene submarine Khanderi in Mumbai. He later inaugurated an aircraft carrier dry dock and launched the first of the seven Project 17A frigates, Nilgiri, into water.

INS KHANDERI

- INS Khanderi is the second of Kalvari Class diesel-electric attack submarines of the Indian Navy.
- It has been built in India to the French Scorpene design and is the second submarine of the Project-75.
- Built indigenously by Mazagon Dock Shipbuilders Limited, INS Khanderi is a lethal addition to Navy's conventional submarine arsenal and is designed for silent and stealthy sub-surface operations.
- INS Khanderi is the follow-on to INS Kalvari, which was the first of the French origin Scorpene-class submarines being indigenously constructed in India and commissioned by the Prime Minister in 2017.
- Khanderi embodies cutting edge technologies that ensure stealthy, silent operations underwater and is equipped with an array of torpedoes, missiles and sensors that enable her to detect, identify and destroy enemy targets.

INS NILGIRI

- It is the first of the Navy's seven new stealth frigates under Project 17A frigates, at Mazagon Dock Shipbuilders Limited in Mumbai. (frigates are used to protect other warships and merchant-marine ships, especially as anti-submarine warfare (ASW) combatants for amphibious expeditionary forces, underway replenishment groups, and merchant convoys.)

Project 17A frigates

Project 17A frigates is a design derivative of the Shivalik class stealth frigates with much more advanced stealth features and indigenous weapons and sensors. These frigates are being built using integrated construction methodology. The P17A frigates incorporate new design concepts for improved survivability, sea keeping, stealth and ship manoeuvrability.

Category: ECONOMY

1. RBI brings Lakshmi Vilas Bank under PCA

Context

The Reserve Bank has initiated Prompt Corrective Action (PCA) against Lakshmi Vilas Bank (LVB) due to a high level of bad loans, lack of sufficient capital to manage risks, and negative return on assets for two consecutive years.

More details:

- The RBI move comes at a time when the Delhi Police Economic Offences Wing has registered a complaint against the board of LVB alleging cheating and misappropriation of funds.
- RBI has also advised the bank on the restrictions put in place and the actions to be taken by the bank, which the bank has taken note of for necessary compliance, with progress to be reported on a monthly basis to RBI,
- For FY19, the bank's net NPA stood at 7.49%, capital adequacy ratio was at 7.72% and its return on assets was (-) 2.32%. It had reported a net loss of ₹894.10 crore for 2018-19.

Prompt Corrective Action

- To ensure that banks don't go bust, RBI has put in place some trigger points to assess, monitor, control and take corrective actions on banks which are weak and troubled. The process or mechanism under which such actions are taken is known as Prompt Corrective Action or PCA.
- What will a bank do if PCA is triggered? Banks are not allowed to renew or access costly deposits or take steps to increase their fee-based income. Banks will also have to launch a special drive to reduce the stock of NPAs and contain the generation of fresh NPAs. They will also not be allowed to enter into new lines of business. RBI will also impose restrictions on the bank on borrowings from interbank market.

2. IRDAI (Insurance Regulatory and Development Authority of India) issues norms for travel policies sold via portals

Context: IRDAI has presumably issued these norms for greater disclosure by insurers and intermediaries, and towards better clarity for policyholders.

According to the norms issued by IRDAI

- Travel insurance policies sold through travel agencies, portals or offered under the group platform, need to specify the insurance company offering the cover, the premium collected towards the same, as well as the rate of applicable tax.
- It has stipulated that in case of domestic travel, the premium should not be received more than 90 days in advance to the date of commencement of the risk covered or while purchasing the travel tickets, whichever is earlier.
- Insurance covers towards overseas travel, however, can be issued at any time.

No preselect option:

- The regulator said insurers ought to ensure that the portal or app providing travel cover should not have a preselect option of buying the policy as a default option.
- The prospective customer should be able to specifically choose whether or not to buy the cover. Further, an option to opt-out or de-select before concluding the transaction needs to be provided.
- Those buying a travel cover should be provided details such as the benefits, terms and conditions on the screen itself and give their consent in confirmation of having read and understood the terms and conditions.

When the norms will be applicable?

- The norms come into force with immediate effect. All group travel insurance arrangements not in compliance with the norms shall be terminated with effect from October 1, 2019.

Category:ENVIRONMENT

1. Bio-restoring degraded patches of Sunderbans

Context

A team of researchers from West Bengal State University, Kolkata, set out to identify the major reasons for the decline of Sunderbans and also devising new restoration strategies.

More Details:

- They surveyed 19 shoreline mangrove patches, collected soil and water samples and studied them.
- The results published in Hydrobiologia highlight that lack of essential nutrients and increasing salinity were the main problems in Sunderbans.

Major Findings:

- Nutrient depletion especially phosphorus and nitrogen was found to be directly connected with the decline in forest cover.
- They noticed a change in the species distribution — salt-sensitive ones such as *Heriteira fomes*, *Xylocarpus* species and *Phoenix paludosa* were not able to cope up with the increase in the salinity and declined while the tolerant varieties thrived.

Sunderbans

- The Sundarbans mangrove forest, one of the largest such forests in the world (140,000 ha), lies on the delta of the Ganges, Brahmaputra and Meghna rivers on the Bay of Bengal.

Mangroves

- Mangrove forests are the primary biological systems of sheltered, sedimentary coastlines of the tropics, where trees have evolved unique adaptations for an intertidal habitat such as aerial roots, vivipary and salt regulation. Mangrove systems play an integral role at the interface between terrestrial, freshwater and marine systems and provide several benefits like
 - The primary benefit of mangrove forests is their ability to act as effective carbon stores.
 - They provide a wide range of products for coastal communities, such as timber and fuelwood and bioactive compounds for tanning and medicinal purposes.
 - They protect coasts during storm and tsunami events
 - They act as a nursery site for many fish and crustacean species important for both commercial and subsistence purposes.
- More than 35% of the world's mangroves have already disappeared due to a range of threats that include: Agricultural clearing practice, Overharvesting, Environmental changes, Pollution.

D. GS4 Related

Nothing here for today!!!

E. Editorials

Category: SCIENCE AND TECHNOLOGY

1. Quantum Supremacy

Context

Tech websites and theoretical computer-science outlets were aflame earlier this week after a story in the U.K.-based Financial Times said Google had claimed to have achieved ‘quantum supremacy’.

What are quantum computers?

- Quantum computers work differently from the classical computers. They exploit the principles of quantum mechanics which allows them to tackle computational problems that may be tough for the classical computer as the size of the numbers and number of inputs involved grows bigger.

How quantum computers work?

- Conventional computers process information in ‘bits’ or 1s and 0s, following classical physics under which our computers can process a ‘1’ or a ‘0’ at a time whereas Quantum computers compute in ‘qubits’ (or quantum bits). They exploit the properties of quantum mechanics, the science that governs how matter behaves on the atomic scale.
- In this scheme of things, processors can be a 1 and a 0 simultaneously, a state called quantum superposition. While this accelerates the speed of computation, a machine with less than a 100 qubits can solve problems with a lot of data that are even theoretically beyond the capabilities of the most powerful supercomputers.
- Because of quantum superposition, a quantum computer, if it works to plan can mimic several classical computers working in parallel.

Background:

- The ideas governing quantum computers have been around since the 1990s but actual machines have been around since 2011, most notably built by Canadian company D-Wave Systems.
- The world’s most powerful supercomputer today can juggle 148,000 trillion operations in a second and requires about 9000 IBM CPUs connected in a particular combination to achieve this feat.

Benefits of quantum computers

- **They can process huge amounts of data quickly.** For example, to scan a database of a million social media profiles and had to look for a particular individual, a classical computer would perform million steps.while a quantum computer would only perform one thousand steps instead of a million. That translates into reduced processors and reduced energy.
- Several encryption systems used in banking and security applications are premised on computers being unable to handle mathematical problems that are computationally demanding beyond a limit. Quantum computers, in theory, can surpass those limits.

What has Google achieved?

Quantum supremacy refers to quantum computers being able to solve a problem that a classical computer cannot. In the research paper, Google used a 53-qubit processor to generate a sequence of millions of numbers. Though these numbers appeared randomly generated, they conform to an algorithm generated by Google. A classical supercomputer checked some of these values and they were correct. Google’s quantum computer, named Sycamore, claimed ‘supremacy’ because it reportedly did the task in 200 seconds that would have apparently taken a supercomputer 10,000 years to complete.

Is India working on quantum computing?

- There are no quantum computers in India yet.

- In 2018, the Department of Science & Technology unveiled a programme called Quantum-Enabled Science & Technology (QuEST) and committed to investing ₹80 crore over the next three years to accelerate research.
- The ostensible plan is to have a quantum computer built in India within the next decade. Phase-1 of the problem involves hiring research experts and establishing teams with the know-how to physically build such systems.

Category:ECONOMY

1. Why Demand?

Context

A worryingly persistent slowdown dragged economic growth in India down to 5% in the fiscal first quarter, its weakest pace in more than six years. This article highlights that while there are many reasons and steps taken by the government to stop this slowdown, the missing demand is yet to be addressed in a direct and concerted manner.

Statistics which show lack of demand

- As data from the National Statistical Office show, private consumption expenditure, which contributes more than half the gross domestic product and is the mainstay of demand, has decelerated so sharply that at 3.1%, the expansion is at an 18-quarter low.
- Automobile sales continued to plunge in August, posting their worst drop since the Society of Indian Automobile Manufacturers (SIAM) started collating wholesale vehicle sales data in 1997-98.
- The absence of demand pervades almost every key sector: from consumer durables to biscuits and housing.

Reasons for lack of demand

- A lack of jobs, or even where jobs are available like in the new or digitally-enabled “gig” economy a tenuousness about the incomes from such work.
- the abiding rural distress
- widening inequality
- Interestingly, in the opinion of some economists, even the Reserve Bank of India’s successful targeting of inflation are all cited as contributors.

Inflation Targeting and Lack of Demand

- The central bank’s remit of containing consumer price index-based inflation within a 2-6% band may be proving less than ideal, especially if monetary policymakers fix their sights on trying to peg inflation at or less than 4% — even it means retarding growth as a fallout.
- Low inflation extracts costs in the form of lower nominal growth (growth measured in current prices) that could crimp tax receipts and in turn lead to cuts in government spending, these economists assert.
- Also, with wage/salary increases most often linked to inflation, slower price gains would result in smaller annual increments that would leave the earners more wary of spending on discretionary or non-essential purchases.

How to revive the demand?

- **Improve the consumer's sentiment:** Consumer sentiment is a key ingredient affecting consumption. Both monetary and fiscal measures can be taken along with ensuring a congenial socio-political climate that enhances the 'feel-good' factor.
- Lower Borrowing costs as well as make available adequate credit. This will encourage people to take loans to fund their purchases.
- Fiscal measures like targeted tax breaks or non-tax sops that incentivise consumption can be taken.
- To tackle the crisis of low real farm incomes by radically recalibrating its approach to the agrarian economy. As an immediate and necessary measure, the Mahatma Gandhi National Rural Employment Guarantee Scheme needs to be reinvigorated by ensuring timely and adequate funding and the fixing of appropriate wage levels.
- The step taken by the government to reduce corporate tax is a welcome move in the right direction but it would be of no use if there is no demand in the market.

Possible Consequences

- Any stimulus be it tax cuts or enhanced spending in the short term may lead to a breach in the fiscal deficits target of the government.
- Also, this stimulus may lead to higher inflation but since inflation is under control from quite a few time, it may not be a very major issue for the government.

Way Forward

The risks of failing to revive demand, at a juncture when the economy is heading for a stall, are far greater in the long run. Once, the economy has been reflat and demand revives, revenue buoyancy is bound to return and prudent management can ensure a gradual return to normal service on long-run fiscal goals.

F. Tidbits

1. Hong Kong marks the 5th anniversary of 2014 protests

Context: Huge crowds had gathered to mark the fifth anniversary of the "Umbrella Movement".

Umbrella Movement

- It is the failed pro-democracy campaign that laid the groundwork for the massive protests currently engulfing the finance hub (Hong Kong)

G. Prelims Facts

1. Giant Exoplanet

Exoplanet

All of the planets in our solar system orbit around the Sun. Planets that orbit around other stars are called exoplanets. Exoplanets are very hard to see directly with telescopes. They are hidden by the bright glare of the stars they orbit.

News:

- A paper published in Science describes an exoplanet orbiting a very-low-mass star.
- This giant exoplanet was found around the star GJ 3512 and has a mass of about 0.46 Jupiter masses and an orbit of 204 days.
- The planet, known as GJ 3512 b, completes one orbit around the star every seven months. That makes this a giant planet with a long-distance orbit around a very small star, something that shouldn't even exist given the current theories about planet formation, according to a new study.

2. The insurance Regulatory and Development Authority of India (IRDAI)

- It is a statutory body formed under an Act of Parliament, i.e., Insurance Regulatory and Development Authority Act, 1999 (IRDAI Act 1999) for overall supervision and development of the Insurance sector in India.
- The key objectives of the IRDAI include promotion of competition so as to enhance customer satisfaction through increased consumer choice and fair premiums while ensuring the financial security of the Insurance market.
- Entities regulated by IRDAI:
 - Life Insurance Companies (Both public and private sector Companies)
 - General Insurance Companies (Both public and private sector Companies). Among them, there are some standalone Health Insurance Companies which offer health Insurance policies.
 - Re-Insurance Companies
 - Agency Channel
 - Intermediaries which include the following: Corporate Agents, Brokers, Third Party Administrators, Surveyors and Loss Assessors.

H.UPSC Prelims Practice Questions

Q1. Consider the following statements about the Insurance Regulatory & Development Authority:

1. It is a constitutional body.
2. The objectives of the IRDAI include promotion of competition while ensuring the financial security of the Insurance market.

Which of the above statements is correct?

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

[su_dropcap]See[/su_dropcap][su_spoiler title="Answer"]

Answer: b

Explanation:

The Insurance Regulatory & Development Authority is a statutory body and not a constitutional body. The key objectives of the IRDAI include promotion of competition so as to enhance customer satisfaction through increased consumer choice and fair premiums while ensuring the financial security of the Insurance market. [/su_spoiler]

Q2. With reference to RBI, Which of the following best describes 'Prompt Corrective Action' ?

- a. It is a facility in which banks borrow the money from RBI to correct its mismatches in liquidity.
- b. It refers to the actions taken by RBI under Open Market Operations.
- c. Under this, certain restrictions are imposed on the banks like they are restricted from opening new branches and paying dividends.
- d. None of the above

[su_dropcap]See[/su_dropcap][su_spoiler title="Answer"]

Answer: c

Explanation:

Prompt Corrective Action

To ensure that banks don't go bust, RBI has put in place some trigger points to assess, monitor, control and take corrective actions on banks which are weak and troubled. The process or mechanism under which such actions are taken is known as Prompt Corrective Action or PCA.

[/su_spoiler]

Q3. Which of the following is correctly matched?

- 1. Bandipur National Park: Karnataka
- 2. Corbett National Park : Himachal Pradesh
- 3. The Great Himalayan National Park: Uttarakhand

Select the correct answer using the code given below:

- a. 1 only
- b. 1 and 2 only
- c. 2 and 3 only
- d. All of the above

[su_dropcap]See[/su_dropcap][su_spoiler title="Answer"]

Answer: a

Explanation:

- Bandipur National Park in Karnataka
- Corbett National Park in Uttarakhand

- Great Himalayan National Park in Himachal Pradesh

Q4. 'Allocation of seats in the Council of States' under the Indian Constitution is related to which schedule?

- a. 5th schedule
- b. 6th schedule
- c. 10th schedule
- d. 4th schedule

[su_dropcap]See[/su_dropcap][su_spoiler title="Answer"]

Answer: d

Explanation:

- 4th schedule deals with the allocation of seats in the Council of States.
- 5th schedule deals with Provisions as to the Administration and Control of Scheduled Areas and Scheduled Tribes.
- 6th Schedule deals with Provisions as to the Administration of Tribal Areas in [the States of Assam, Meghalaya, Tripura and Mizoram]
- 10th schedule deals with Provisions as to disqualification on ground of defection.

[/su_spoiler]

Q5. Which of the following help in bringing about fiscal consolidation?

1. Rationalising taxes
2. Reducing subsidies
3. Introduction of GST
4. Raising interest-free loans

Select the correct answer using the codes given below:

- a. Only 2 and 3
- b. Only 1 and 2
- c. Only 1, 2 and 3
- d. All of the above

[su_dropcap]See[/su_dropcap][su_spoiler title="Answer"]

Answer: c

Explanation:

Rationalising taxes, reducing subsidies and GST will improve the revenue of the government while raising interest-free loans mean that the government borrowing will increase and hence fiscal deficit will increase in that case.[/su_spoiler]

I. UPSC Mains Practice Questions

1. 1. What are quantum computers? Do they have the potential to change the lives of the people? (15 Marks, 250 Words)
2. 2. Discuss about mangrove ecology and the impact of anthropological factors on mangrove depletion. (15 Marks, 250 Words)

