

26 Mar 2020: UPSC Exam Comprehensive News Analysis

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B. GS 2 Related

Category: INTERNATIONAL RELATIONS

1. Saudi King to chair G20 virtual summit

Context:

Leaders of the G20 (Group of Twenty) nations are set to hold a video conference.

Details:

- The virtual summit will be led by King Salman bin Abdulaziz al Saud of Saudi Arabia, which holds the current presidency of the economic grouping.

- G20 members will be joined by leaders from invited countries, Spain, Jordan, Singapore, and Switzerland as well as international organisations, the United Nations, the World Bank Group, the [World Health Organisation](#) and the World Trade Organisation, the Food and Agriculture Organisation, the International Monetary Fund, and the Organisation for Economic Cooperation and Development.
- It is expected that the G20 virtual summit will yield a detailed plan for confronting the pandemic caused by [COVID-19](#).

G 20:

- The G20 is an international forum for the governments and central bank governors.
- Established in 1999 after a series of major international debt crises, the G20 aims to unite world leaders around shared economic, political and health challenges.
- Apart from 19 of the biggest economies of the world, G20 also includes the European Union.

Read more about [G 20](#).

Note:

For the Indian Prime Minister, this will be the second virtual leadership summit after the video meet of the [South Asian Association for Regional Cooperation \(SAARC\)](#), which he initiated on March 15, 2020 and led to the creation of the SAARC COVID-19 Emergency Fund.

C. GS 3 Related

Category: ENVIRONMENT AND ECOLOGY

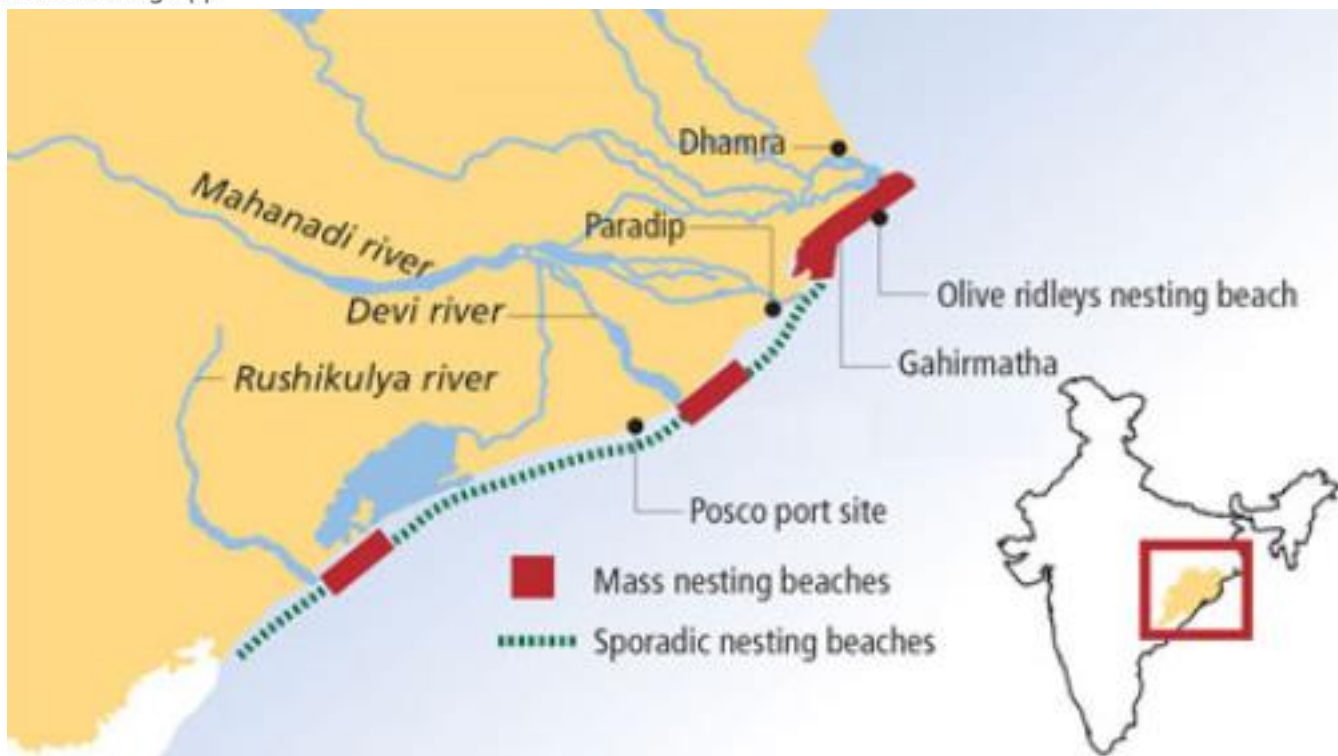
1. Undisturbed mass nesting of Olive Ridleys at Rushikulya

Context:

Restrictions in place for the COVID-19 threat are saving lakhs of Olive Ridley turtles from possible disturbance by humans, especially tourists. Olive Ridley turtles continue to mass nesting at Odisha's Rushikulya rookery.

Details:

- Mass nesting of Olive Ridley Turtles normally attracts hundreds of people to the spot, with Forest Department personnel spending considerable time and effort in controlling the crowd.
- In 2019, mass nesting of Olive Ridleys did not occur in Rushikulya, in contrast to 2018, when “double mass nesting” occurred.
- It has been estimated that minute particles of waste remained following the Cyclone Titli in October 2018, and the floods that followed, keeping Olive Ridleys away in 2019.
- The beach had received a thorough cleaning long before the mass nesting commenced.



Nesting Sites of Olive Ridley Turtles:

- The major breeding ground for these turtles is Rushikulya (Odisha), Dharma (Odisha), Devi estuary (Odisha), Astaranga Coast (Odisha), Gahirmatha beach (Odisha) and Hope Island of Coringa Wildlife Sanctuary (Andhra Pradesh).

This topic has been covered in 22nd March 2020 Comprehensive News Analysis. [Click here](#) to read.

Category: SCIENCE AND TECHNOLOGY

1. 'No evidence of an Indian strain yet'

Context:

There isn't enough scientific evidence yet to indicate that SARS-CoV-2, or the novel coronavirus, has a separate Indian strain and the National Centre for Biological Sciences (NCBS) is working with the Indian Council of Medical Research (ICMR) to better understand the virus, the Director of the Bengaluru-based centre, Satyajit Mayor, has said.

Details:

- It was said that there was reasonable evidence that it could be a zoonotic intrusion, the implications being that this has occurred because of random mutation where humans are more prone to get infected.
- However, enough scientific evidence is not available to prove that there is an Indian strain that is different from what has been seen in other countries like China and Italy.
- Mayor explained that study of bats was a vital link in understanding the SARS family. As bats carry so many viruses without getting sick.

- SARS and MERS epidemics were caused by bat coronaviruses, as was a highly destructive viral epidemic in pigs.
- One bat can host many different viruses without getting sick. They are the natural reservoir for the Marburg virus, and [Nipah](#) and Hendra viruses, which have caused human disease and outbreaks in Africa, Malaysia, Bangladesh and Australia.
- They are thought to be the natural reservoir for the Ebola virus.
- It is opined that they may have an immune system that lets them coexist with many disease-causing viruses.

To know understand how bats harbour several viruses yet not get sick, read [5th February 2020 Comprehensive News Analysis](#).

Is it a bio-weapon?

- A U.S. advocacy group and a Texas company has filed a \$20 trillion lawsuit against the Chinese government and Director of the Wuhan Institute of Virology (WIV) in particular for the alleged “creation and the release of the novel coronavirus” that had been “prepared and stockpiled as a biological weapon.”
- The U.S. lawsuit contends that COVID-19 is an extremely dangerous disease because it has an extremely aggressive nature, designed to mutate from person to person, spreads very quickly and easily and is about ten times as deadly as the flu.

However, Mr. Mayor said that there was little evidence thus far that it was a bioweapon.

Read more about [Bio-terrorism](#).

Category: ECONOMY

1. Banks get ready for merger, albeit reluctantly

Context:

Almost half of the Indian public sector lenders, 10 to be precise, which will be merged to create four banks, are getting ready to amalgamate themselves in an exercise that takes effect from April 1, 2020.

Public Sector Banks (PSBs) Being Merged:

The set of PSBs being merged are as follows:

- Punjab National Bank with Oriental Bank of Commerce and United Bank will merge together to form the 2nd largest PSB after SBI.
- Canara Bank and Syndicate Bank will merge together to form the 4th largest PSB.
- Union Bank of India with Andhra Bank and Corporation Bank will merge together to form the 5th largest PSB.
- The merger between Allahabad Bank and Indian Bank will result in the 7th largest PSB.

Details:

- The mergers, announced in August 2019, will start amid an unprecedented nationwide lockdown to fight the rapid spread of COVID-19.

- According to the plan, only the balance sheets of these banks will be merged on April 1. All the branches of the transferor banks will become branches of the transferee bank.
- The actual integration of systems and processes of these banks will take time (up to a year).
- Also, the branding of the branches will have to change. The branches of the transferor banks will have to don the brand of the transferee bank.

Concerns:

- Some bankers said the issue of postponing the merger was discussed among them informally, but no formal requests have been made to the Finance Ministry.
- It is opined that, with limited staff that are operating now and also the lockdown that is in place, it is going to be a logistical nightmare to change the branding.
- There are also performance-related concerns of the merged entity since economic activity has almost come to a halt due to the crisis, which will inevitably have a bearing on the bank's performance.

For in-depth understanding of the topic, read [Gist of RSTV Big Picture: Big Bank Reform](#).

2. Union Cabinet approves recapitalisation of RRBs

Context:

The Centre has approved a ₹1,340-crore recapitalisation plan for regional rural banks (RRBs).

Details:

- The Cabinet Committee on Economic Affairs gave its nod for an outlay of ₹670 crore as the central share for the scheme on the condition that the release of the funds will be contingent upon the release of the proportionate share by the sponsor banks.
- This would provide minimum regulatory capital for one more year viz. up to 2020-21 for those RRBs that are unable to maintain the minimum CRAR of 9%.
- This has been an ongoing scheme since 2011.
- The move is intended to improve their capital-to-risk weighted assets ratio (CRAR), strengthening these institutions that are critical to the provision of credit in rural areas.

Note:

The RRBs are required to provide 75% of their total credit as priority sector lending with primary focus on agricultural credit, including small and marginal farmers, as well as micro entrepreneurs and rural artisans.

D. GS 4 Related

Nothing here for today!!!

E. Editorials

Category: ECONOMY

1. Dressing a wounded economy

Context

- This article discusses the impact of the coronavirus pandemic on the Indian economy and various actions that have to be taken to combat the virus.
- The economic impact on India can be traced through four channels: external demand; domestic demand; supply disruptions, and financial market disturbances.

Export Sector suffers

- The coronavirus has hit majority of the countries world over. The developed countries are also the sufferers.
- As their economies slow down, demand for imported goods will go down which indeed will impact India's exports.
 - In fact, after six months of negative growth, it was only in January that Indian exports showed positive growth.
- The extent of the decline will depend on how severely the other economies are affected. Not only merchandise exports but also service exports will suffer.

Domestic Demand

- The Prime Minister announced the lockdown for a 21-day period. People were requested not to leave their houses unnecessarily. As people are not going out, buying less, shops stock less which is affecting the production as there is less demand.
- As a result, retail units will be the first to be affected and they will in turn transmit this to the production units.
- Supply disruptions can occur because of the inability to import or procure inputs. The break in supply chains can be severe. It is estimated that nearly 60% of our imports is in the category of 'intermediate goods'. Imports from countries which are affected by the virus can be a source of concern. Domestic supply chain can also be affected as the inter-state movement of goods has also slowed down.
- The laying off of non-permanent employees has already started.

Financial market issues

Financial markets are the ones which respond quickly and irrationally to a pandemic such as the coronavirus pandemic. The entire reaction is based on fear.

- The stock market in India has collapsed. The indices are at a three-year low.
- Foreign Portfolio Investors have shown great nervousness and the value of the rupee in terms of the dollar has also fallen.

How does the government deal with this sudden decline in economic activity? The two major tools that are available are monetary policy and fiscal actions.

Monetary policy

- In a situation like this, the **RBI** can only act to stimulate demand through a **greater push of liquidity and credit**. The policy rate has already been brought down by 135 basis points over the last several months. There is obviously scope for further reduction.
- But our own history as well as the experience of other countries clearly show that **beyond a point, a reduction in interest rates does not work**. It is the environment of the overall economy that counts.
 - Credit may be available. But there may not be takers.

- Any substantial reduction of policy rate can also affect savers. Interest is a double-edged sword.

What should the RBI and Banks do?

- A certain amount of regulatory leniency is required to make the banks lend.
- **Commercial banks** on their own will have to think in terms of modifying norms they use for inventory holding by production units.
 - **Repayments to banks can be delayed** and the authorities must be willing to relax the rules.
- Any relaxation of rules regarding the recognition of non-performing assets has to be across the entire business sector.
- The authorities must be ready to tighten the rules as soon as the situation improves.
 - This is a temporary relaxation and must be seen as such by banks and borrowers.

Fiscal Actions

- The **fiscal position** of the government of India is already grim. It may increase further.
 - **Revenues** are likely to go down further because of the virus related slowdown in economic activity.
 - In this context, the ability to undertake big ticket expenditures is constrained.

But there are some 'musts'. The virus has to be fought and brought down.

- All expenditures to test (there is some concern that the extent of testing that we are doing now is low) and to take care of patients must be incurred. Now that private hospitals are allowed to test, **the cost of the people going to private hospitals must also be met by the government**.
 - The poor may avoid going to hospitals if they have to face financial burden. The government should take complete responsibility.
- It is mentioned that a test costs ₹4,500. The total cost can be substantial if the numbers to be tested run in the thousands and more.
 - Therefore, the first priority is to **mobilise adequate resources** to meet all health related expenditures which includes the supply of accessories such as masks, sanitisers and materials for tests. The challenge is not only fiscal but also organisational.

The job sector

Serious concerns have been expressed about people who have been thrown out of employment. These are mostly **daily-wage earners and non-permanent/temporary employees**. In fact, some of the migrant labourers have gone back to home States.

- We must appeal to the business units to keep even non-permanent workers on their rolls and provide them with a **minimal income**.
- Some **relief can be thought of by the government for such business** units even though this can be misused.
- However, in general, in the case of sectors such as **hospitality and travel**, the government can extend relief through deferment of payments of dues to the government.

Conclusion

- The fiscal deficit is bound to go up substantially. Inflation can flare up. The government needs to be mindful of this. The **government must not stint and go out in a massive way to combat the virus**. This is the government's first priority.
- Therefore, the government must focus on continued surveillance, prompt diagnosis and adopt robust treatment modalities to reduce morbidity and mortality.

F. Prelims Facts

1. Hantavirus

- The Hantaviruses are a family of viruses spread mainly by rodents. A person can get infected if he/she comes in contact with a rodent that carries the virus.
- It remains unclear whether human-to-human transmission of the virus is possible.

What are the symptoms?

- A person infected with the virus may show symptoms within the first to eighth week after they have been exposed to fresh urine, faeces or the saliva of infected rodents.
- Symptoms may include fever, fatigue, muscle aches, headaches, chills and abdominal problems.
- Four to ten days after being infected, late symptoms of HPS may start to appear, which include coughing and shortness of breath.

G. Tidbits

1. Unseasonal rain strikes parts of State

What's in News?

Unseasonal rain, coupled with hail and lightning, was witnessed in parts of western Maharashtra, Pune and Kolhapur districts and in isolated areas in the Marathwada region.

Concern:

- Unseasonal rain has exacerbated farmers' losses amid the lockdown imposed to check the spread of the novel coronavirus pandemic.
- Also, gusty winds accompanied by rain led to the damage of orange fruit orchards spread over 50 hectares in Ahmednagar district's Kedgaon locality.

Details:

- According to the India Meteorological Department (IMD), the high temperatures coupled with excess humidity in the past few days have led to an upper air cyclonic circulation over southern parts of Maharashtra, creating conditions for thundershowers accompanied with hail and light to moderate rain in isolated parts.
- An induced cyclonic circulation over the western part of Rajasthan had led to moisture incursion over parts of western India, which then coupled with the moisture incursion over the Arabian Sea, is expected to result in unseasonal climatic conditions over the next few days.

2. Indelible ink to be used to mark the quarantined

What's in News?

The [Election Commission of India](#) has said that it had allowed the government to use indelible ink, which is used to mark voters, to mark people ordered to quarantine themselves at home in view of the “extraordinary circumstances” due to the coronavirus pandemic.

- In a letter to the Health and Family Welfare Ministry, the EC wrote that it had taken the suo motu decision to allow the use of indelible ink with certain conditions.
- The EC wrote that according to Rule 49 K of the Conduct of Elections Rules, 1961, an elector is supposed to be marked on the forefinger of his left hand before casting the vote.
- The EC said the authorities should be directed not to use the ink on any finger of the left hand.

Indelible Ink:

- In 1962, the Election Commission in collaboration with the Law Ministry, the National Physical Laboratory of India and the National Research Development Corporation, made an agreement with Mysore Paints and Varnish Ltd. to manufacture ink that couldn't be wiped off easily.
- Mysore Paints was founded in 1937 by Maharaja Krishnaraja Wadiyar IV.
- The company is the sole supplier of indelible ink for civic body, Assembly and Parliamentary polls.
- It also supplies ink to about 25 countries.
- Indelible ink is known to contain silver nitrate and is manufactured in secrecy.

3. 25 worshippers killed in IS attack on Kabul gurdwara

What's in News?

A lone Islamic State gunman rampaged through a Sikh house of worship (Gurdwara) in the heart of the Afghan capital, Kabul, killing 25 worshippers and wounding eight.

- The gunman held many of the worshippers hostage for several hours as Afghan special forces, helped by international troops, tried to clear the building.
- As the siege ended, the Afghan special forces rescued at least 80 worshippers, who had been trapped inside the Gurdwara, as the gunman lobbed grenades and fired his automatic rifle into the crowd.
- As the news of the attack first broke, Taliban spokesman tweeted that the Taliban was not involved.

Within hours, the Islamic State group claimed responsibility for the attack.

4. U.S. Senate, White House agree on \$2 trillion Coronavirus rescue plan

What's in News?

The White House and Senate leaders of both parties announced agreement on unprecedented emergency legislation to rush sweeping aid to businesses, workers and a health care system slammed by the coronavirus pandemic.

- The unprecedented economic rescue package would give direct payments to most Americans, expand unemployment benefits and provide a \$367 billion program for small businesses to keep making payroll while workers are forced to stay home.
- The unprecedented economic rescue package would give a one-time payment of \$1,200 per adult and \$500 per child directly to the public.
- It is intended at rushing new resources onto the front lines of the nation's health care fight.

- And it will inject trillions of dollars of cash into the economy as fast as possible to help American workers, families, small businesses and industries make it through the disruption.
- The urgently needed pandemic response measure is the largest economic rescue measure in history.
- The emerging rescue package would be larger than the 2008 bank bailout and 2009 recovery act combined.
- It is intended as a weeks- or months-long patch for an economy spiralling into recession.

H. UPSC Prelims Practice Questions

Q1. Which of the following are breeding ground/s for Olive Ridley Turtles?

1. Rushikulya rookery coast
2. Devi estuary
3. Hope Island of Coringa Wildlife Sanctuary
4. Gahirmatha beach

Choose the correct options:

- a. 1, 2 and 3 only
- b. 1, 2 and 4 only
- c. 1 only
- d. 1, 2, 3 and 4

Answer: d

Explanation:

The major breeding ground for Olive Ridley Turtles are Rushikulya (Odisha), Dharma (Odisha), Devi estuary (Odisha), Astaranga Coast (Odisha), Gahirmatha beach (Odisha) and Hope Island of Coringa Wildlife Sanctuary (Andhra Pradesh).

Q2. Consider the following statements with respect to Regional Rural Banks (RRBs):

1. RRBs are regulated and supervised by the National Bank for Agriculture and Rural Development (NABARD).
2. The RRBs are required to provide 90% of their total credit as priority sector lending.

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: d

Explanation:

Regional Rural Banks are regulated by the RBI and supervised by the National Bank for Agriculture and Rural Development (NABARD). The RRBs are required to provide 75% of their total credit as priority sector lending with primary focus on agricultural credit, including small and marginal farmers, as well as micro entrepreneurs and rural artisans.

Q3. Consider the following statements with respect to "G-20":

1. It is a forum for the governments and central bank governors, aimed at promoting financial stability and sustainable development in the world.
2. The permanent secretariat of G-20 is located in Tokyo, Japan.
3. India has not hosted any of the G-20 summits.

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

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

Answer: b

Explanation:

G-20 is a forum for the governments and central bank governors, aimed at promoting financial stability and sustainable development in the world. The G-20 operates without a permanent secretariat. The group's chair rotates annually among the members and is selected from a different regional grouping of countries. The incumbent chair establishes a temporary secretariat for the duration of its term, which coordinates the group's work and organizes its meetings. India has so far, not hosted any of the G-20 summits.

Q4. Which of the following is/are NOT correct with respect to Capital to Risk Weighted Assets Ratio (CRAR):

1. Also known as Credit to Risk Asset Ratio, it measures capital adequacy of a bank in terms of the riskiness of the assets or loans given.
2. It determines the bank's capacity to meet both time liabilities and other risks such as credit risk, operational risk.

Choose the correct option:

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

Answer: a

Explanation:

Capital to Risk Weighted Assets Ratio (CRAR) is also known as Capital to Risk Asset Ratio (CAR). It measures capital adequacy of a bank in terms of the riskiness of the assets or loans given. It determines the bank's capacity to meet both time liabilities and other risks such as credit risk, operational risk.

I. UPSC Mains Practice Questions

1. Explain how G20 can help in mitigating the disruptive impact of the coronavirus on global supply chains? (10 marks, 150 words)

2. What are Biological Weapons? Is the international community prepared to combat a biological warfare? Discuss. (10 marks, 150 words)

