

# 06 Jun 2020: UPSC Exam Comprehensive News Analysis

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### **H. UPSC Prelims Practice Questions**

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## A. GS 1 Related

*Nothing here for today!!!*

## B. GS 2 Related

### Category: INTERNATIONAL RELATIONS

#### 1. Tough negotiations ahead: experts

##### Context:

- Talks between military commanders of India and China to resolve the stand-off on the border.

##### Details:

- The first-ever ground level talks at the level of Lieutenant Generals will be held at the **Chushul-Moldo border meeting point** on the Chinese side.
- Though talks at various levels have been going on since tensions first started, since the current meeting is at a higher level and the first time such talks are taking place between the top military commanders, some positive movement is expected.

##### Concerns:

##### **Not a localised incident:**

- Defence experts have opined that the meeting between military commanders would be appropriate to resolve a localised incident.
- The present standoff is much bigger and the decision seems to be taken at a **strategic level**.
  - The backdrop of the push by China seems to be to reassert its hegemony in the light of other global developments and **make India back down on its infrastructure development along the border**.

##### **Need for diplomatic interventions:**

- Experts have expressed caution on the outcome of the discussions.
- They believe that the **military to military talks will only help ensure that there is no escalation on the ground between the two sides**. But, the experts see no resolution of the issue from military talks alone and believe that it would require negotiations and **diplomatic interventions**.

#### 2. Ahead of vote for UNSC seat, India launches campaign brochure

##### Context:

- United Nations General Assembly vote for United Nations Security Council (UNSC) non-permanent membership.

##### Background:

## UNSC:

- The Security Council consists of five permanent members (China, France, Russian Federation, United Kingdom of Great Britain and Northern Ireland and United States of America) and **10 non-permanent members elected by the General Assembly for a term of two years.**

## Election procedure:

- The General Assembly elects each year, five non-permanent members of the Security Council.
- The non-permanent members of the Council should be elected according to the following pattern:
  - Five from African and Asian States;
  - One from Eastern European States;
  - Two from Latin American States;
  - Two from Western European and other States.
- A retiring member is not eligible for immediate re-election. The election is held by secret ballot and there are no nominations. The **non-permanent members of the Security Council are elected by a two-thirds majority.**

## Details:

### India's membership:

- **India is guaranteed a place in the UNSC** as it is the sole candidate for Asia-Pacific (55-nation grouping) and is also expected to sail through with the 129 votes (two-thirds of the 193-member General Assembly) required for the seat.
- This will be the **eighth time India will occupy a non-permanent UNSC seat**, with its last stint in 2011-2012.

### India's agenda:

- India will **highlight international terrorism, United Nations reforms and Security Council expansion**, streamlining the world body's peacekeeping operations and technology initiatives during its upcoming tenure as a non-permanent member of the United Nations Security Council (UNSC) in 2021-22.
- India's overall objective during this tenure in the UN Security Council will be the achievement of **O.R.M.S: a New Orientation for a Reformed Multilateral System** to set right the challenge of "Unreformed and under-representative" global institutions.

## C. GS 3 Related

### Category: ECONOMY

#### 1. Move fast to ease liquidity: RBI's Das

### Context:

- Economic challenges for India.

#### Details:

- With **economic growth expected to be in the negative territory for the 2020-21 financial year**, the Reserve Bank of India Governor has emphasised on the need for immediate action to revive consumption and investment.

#### Challenges:

- With **spending patterns having altered** drastically away from the discretionary to the essential items, **private consumption is bound to be affected negatively**. Private consumption expenditure accounts for a large share of the GDP for India.
- A key challenge would be to resuscitate domestic demand to avoid any **harmful effect on income and employment in the short run and potential growth over the medium term**, and for strengthening domestic demand, it is important to revive consumer and business confidence.

Click here to know more about the **GDP of India**.

#### Steps taken:

- Given the huge collapse in demand, the need is to **ease financing conditions** further so as to **revive consumption and revitalise investment**.
  - After cutting interest rates by 75 basis points (bps) in March, RBI has further brought down the repo rate by 40 bps to 4% in May in a bid to revive demand amid a slowing economy.
- The MPC has decided to remain accommodative as long as it is necessary, to revive growth and mitigate the fallout of COVID-19.
- Monetary policy can inspire **confidence among households and businesses** to break the vortex of public preference for deposits over spending and banks' aversion to lend and invest.

## **2. RBI creates Rs.500 cr. fund to boost payment infra**

#### Context:

- Payments Infrastructure Development Fund (PIDF)

#### Background:

- Given the **high cost of merchant acquisition and merchant terminalisation**, most of the Points of Sale (POS) terminals in India are concentrated in tier 1 and 2 cities and towns and other regions have been left out of the increasing digital payment ecosystem.
- To provide a fillip to the digitisation of payment systems, it is necessary to give impetus to acceptance infrastructure across the country, more so, in under-served areas.

#### Details:

- The **RBI** has created a **Payments Infrastructure Development Fund (PIDF)** to encourage acquirers to deploy **Points of Sale (PoS) infrastructure** — both physical and digital modes — in **tier-3 to tier-6 centres and north eastern states**.
- The PIDF will be governed through an Advisory Council and **managed and administered by RBI**.
- RBI will make an initial contribution of Rs. 250 crore to the PIDF, while the remaining contribution will be from card-issuing banks and card networks operating in the country.

## D. GS 4 Related

*Nothing here for today!!!*

## E. Editorials

### Category: HEALTH

#### 1. A right time to shift pharma gears

The editorial talks about the **Health Impact Fund** as a feasible **institutional reform** for **developing and marketing new pharmaceuticals**.

#### Global market for Pharmaceuticals – Current Scenario:

- The global market for pharmaceuticals is currently worth **₹110 lakh crore annually, 1.7% of the gross world product**.
- Roughly, **55%** of this global pharmaceutical spending, ₹60 lakh crore, is for **brand-name products**, which are typically under patent.
- Commercial pharmaceutical research and development (**R&D**) efforts are encouraged and **rewarded through the earnings that innovators derive from sales of their branded products**.
- These earnings largely depend on the **20-year product patents** they are entitled to obtain in World Trade Organization member states.
- Such patents give them a **temporary monopoly**, enabling them to sell their new products without competition at a price far above manufacture and distribution costs, while still maintaining a substantial sales volume.
- In the United States, **thousand-fold (100000%) markups over production costs are not unusual**.

#### Pharmaceuticals in India:

- In **India**, the profit-maximising **monopoly price of a new medicine is much lower**, but similarly **unaffordable for most citizens**.
- Before such huge markups can yield any profits, commercial pharmaceutical innovators must first **cover their large R&D costs**, currently **₹14 lakh crore a year**, including:
  - The cost of clinical trials needed to demonstrate safety and efficacy.
  - The cost of capital tied up during the long development process.
  - The cost of any research efforts that fail somewhere along the way.

## Research and Development – Concerns:

While the funding pharmaceutical R&D must continue, it is worth assessing whether the current way of doing so is optimal. There are three main concerns.

1. Innovators **motivated by the prospect of large markups** tend to **neglect diseases suffered mainly by poor people**, making medicines unaffordable.
  - The **20 World Health Organization-listed neglected tropical diseases** together **afflict over one billion people** but **attract only 0.35% of the pharmaceutical industry's R&D**.
  - Merely **12% of this R&D spending** is devoted to **tuberculosis and malaria**, which **kill 1.7 lakh people each year**.
2. The **profit-maximising price of a new medicine tends to be quite high**.
  - The **pricing of advanced medicines is high** as some affluent and well insured patients can afford such medicines.
  - As a consequence, most people **cannot afford** such medicines that are **still under patent**.
  - This is a cause of worry as the **manufacturing costs are generally quite low**.
3. **Rewards for developing and then providing pharmaceutical products are poorly correlated with therapeutic value**.
  - **Firms earn billions by developing duplicative drugs** that add little to the pharmaceutical toolbox.
  - They also earn billions by **cleverly marketing their drugs for patients who will not benefit from it**.

## Health Impact Fund:

- To address the concerns, the **Health Impact Fund** as an alternative track on which pharmaceutical innovators may choose to be rewarded, is proposed to **complement to the present regime**.
- **Any new medicine registered with the Fund** would have to be **sold at or below the cost of manufacture and distribution**, but would **earn ten annual reward payments based on the health gains achieved with it**.
- The Fund would get pharmaceutical firms interested in certain R&D projects that are **unprofitable under the current regime** — especially ones **expected to produce large health gains among mostly poor people**.
- Such projects would predominantly address **communicable diseases**.
- The Fund would make an important difference also by **rewarding for health outcomes rather than sales**.

## Issue of state risk:

- **Participation of commercial pharmaceutical firms is crucial for tackling global pandemics**. They are best suited to develop and scale up provision of new vaccines and medications fast.

- However, at present such **firms face discouraging business risks from governments** which make use of **compulsory licences to divest them of their monopoly rewards.**
- **Health Impact Fund registration would remove this risk** as states would have no reason to interfere with innovators whose profit lies in giving real and rapid at-cost access to their new product to all who may need it.

### **Funding the Health Impact Fund:**

- The Fund could start with **₹20,000 crore per annum** and might attract some 10-12 medicines, with **one entering and one exiting in a typical year.**
  - Registered products would then earn some ₹17,000-₹20,000 crore, on average, during their first 10 years.
  - Some would earn more than others by having greater therapeutic value or by benefiting more people.
- **Long-term funding** for the Fund might come from:
  - **Willing governments** contributing in proportion to their gross national incomes
  - An **international tax**, perhaps on **greenhouse gas emissions or speculative financial transactions.**
- **Non-contributing affluent countries would forgo the benefits: the pricing constraint on registered products would not apply to them.**
  - This would give innovators more reason to register (they can still sell their product at high prices in some affluent countries) and affluent countries, a reason to join.

### **Way forward:**

- For achieving health gains with their product, **innovators need new strategies.**
- They need to deliberate holistically about **how their drug can work in the context of, or in synergy with, other factors relevant to treatment outcomes.**
- They must think about **therapies and diagnostics together**, in order to identify and **reach the patients who can benefit most** and monitor results in real time to recognize and address possible impediments to uptake or therapeutic success.
- It must be ensured that high-value patients have affordable **access to the drug** and are **properly instructed and motivated to make optimal use** of it with the drug still in prime condition.
- A **reward mechanism oriented towards health gains rather than high-markup sales would lead to a sustainable research-and-marketing system.**

## **Category: GOVERNANCE**

### **1. Social bubbles: Micro-communities that could contain spread of Covid-19**

*Note: The Editorial is from 6<sup>th</sup> June 2020, The Indian Express, Explained segment.*

The editorial talks about ‘**Social Bubbles**’ – based on **New Zealand’s model of household ‘bubbles’**, an **exclusive social group that is allowed to meet with each other amid the pandemic**. **New Zealand** is the country among the **most successful ones in curbing the spread of the COVID-19 disease**.

#### **Context:**

- Amid the pandemic, there is increasing pressure on governments to **ease lockdown restrictions**, especially to **lift economic and psychological burdens on people** who have been confined to their homes, worldwide.
- **Many countries have started gradually lifting restrictions** even as the number of cases of the **infection continues to rise**.
- As a Covid-19 vaccine is still months away, **questions about the methods that can be adopted to avoid the second wave of infections while easing restrictions have arisen**.

A new study **published in Nature Human Behaviour** suggests that one of the ways of **effective social distancing strategies** to keep the Covid-19 curve flat include the **idea of social bubbles**.

#### **What are Social Bubbles?**

- Social Bubbles are **Micro-communities that could contain spread of COVID-19**.
- The idea is based on **New Zealand’s model of household “bubbles”, an exclusive social group that is allowed to meet with each other amid the pandemic**.
- As per New Zealand’s model, a **bubble is referred to as an individual’s household or the people that one lives with**.
- **People are allowed to extend their bubbles** slightly to include caregivers or children who might be in shared care. These people don’t need to live in the same household, but must be local. The bubble must however be **exclusive and small**, the government’s advisory says.
- In case a **member of the bubble develops symptoms**, the **entire bubble quarantines itself, preventing further spread of the infection**.
- The **country followed this approach** during the lockdown and **allowed the expansion of the bubbles as transmission slowed and restrictions eased**.

#### **What does the study say?**

- The study introduces three strategies, which include **contact with similar people, strengthening contact in communities and repeatedly interacting with the same people in bubbles**.
- The study says that these strategies **rely less on confinement and allow strategic social contact while still flattening the curve**.
- With regards to social bubbles, the study says that the social bubbles should restrict interactions to just these people. This **reduces the number of contact partners rather than the number of interactions**.
- This strategy is in the spirit of a social contract with others, delineated by common agreement.



- Social bubbles can also be **applied by employers to create departmental or work unit bubbles of employees.**
  - For instance, for hospitals and essential workers, the risk of transmission can be minimised by **introducing shifts with a similar composition of employees.**
  - This could mean **clubbing together employees based on their residential proximity.**

#### Advantages:

- Under this strategy, people could expand their household groups to include another household in the same exclusive group, in order to allow those who are isolated some more social contact.
- It could **help in reducing the most harmful effects of the current social restrictions, while continuing to limit the risk of chains of transmission.**
- This method would also **allow some families to return to work** by sharing childcare responsibilities.
- Research published by the London School of Economics and Political Science says that the **concept of social bubbles proved effective for New Zealand** since it allowed people who were isolated, vulnerable or struggling to receive the care and support they needed.
- Further, such a policy can be an effective policy for other countries to **encourage compliance with social distancing regulations while meeting care and support needs.**
- The authors of the study maintain that these **micro-communities are difficult for a virus to penetrate** and if in case the infection is contracted by one contact, it would be difficult for the virus to spread much further.

## F. Tidbits

### 1. 'Centre's agriculture ordinance undermines federal structure'

- Punjab Chief Minister has rejected the recently announced “**Farming Produce, Trade and Commerce (Promotion and Facilitation) Ordinance, 2020**” claiming that it undermines the federal structure of the nation.
- Punjab Chief Minister has claimed the Centre's move leads to the suppression of the rights of the States as enshrined under the Constitution. Pointing out that the federal structure of India envisages **well-defined roles and responsibilities for the Centre and the States** and under the Constitutional framework, **agriculture is a State subject.**
- Concerns have been expressed that by doing away with **Agriculture Produce Marketing Committee Act** that provided to procure the produce of farmers, there would arise a situation wherein the private corporate houses would be able to bargain harder with the farmers, rendering the farmers vulnerable.

### 2. Vaccine programme gets \$8.8 billion funding

- Governments around the world have pledged \$8.8 billion for global vaccines alliance – Gavi to help immunisation programmes disrupted by Coronavirus. This will ensure the access to vaccines at a much reduced cost to 300 million children worldwide.

- GAVI, officially Gavi, the **Vaccine Alliance** is a **public-private global health partnership** with the goal of **increasing access to immunisation in poor countries**.
- Gavi also launched a new initiative to purchase potential COVID-19 vaccines, scale-up production and support delivery to developing nations.

### 3. Massive spike in foreign flows into market

- In just the first week of June 2020, the quantum of **foreign flows into the equity market (FPIs)** has surpassed that of any other month in 2020.
- Market participants are of the view that the sudden surge was on account of the rights issue of Reliance Industries Limited (RIL), the stake sale in Kotak Mahindra Bank, and the slight uptick in optimism even as pandemic concerns continue to linger.
- The broader benchmark Nifty has added over 4.5% since May 29, 2020.
- The current rally has seen money flow into sectors like automobiles, private banks and pharmaceuticals.
- The **cumulative foreign flows in equities in 2020, however, are still negative, since March and April saw huge outflows**.

## G. Prelims Facts

### 1. Close to 28% of Sunderbans damaged in Cyclone Amphan

- The Indian Sunderbans, an area **south of the Dampier Hodges line**, is spread over 9,630 sq km, of which the mangrove forest accounts for 4,263 sq km.
- About 28% of the Sunderban's mangrove forests have been damaged by **Cyclone Amphan**.
  - The mangrove trees have been under stress mostly due to **increased salinity**.
- Mangroves not only help reduce wind speed but also break the waves during a cyclone.

### 2. How archaeologists continued digging from home during the current lockdown

- Equipped with airborne survey data, a team of volunteers in the United Kingdom have analysed thousands of images derived from **Light Detection and Ranging (LiDAR) data** to identify archaeological structures.
  - In the LiDAR technology commonly **used by geologists and surveyors to make high-resolution maps**, laser light is used to survey a site and its reflection is measured with a sensor.
  - LiDAR, is a remote sensing method that uses light in the form of a pulsed laser to measure ranges (variable distances) to the Earth.
  - Lidar uses ultraviolet, visible, or near infrared light to image objects. It can target a wide range of materials, including non-metallic objects, rocks, rain, chemical compounds, aerosols, clouds and even single molecules.
- Though LiDAR has been used for **agriculture and geology-related applications**, India has still not used it in archaeology. This technology had immense potential for India.

- Remote sensing techniques such as LiDAR would be **time saving** and most useful in detailed study even if the concerned sites were under dense vegetation.

### 3. At the largest land port in the country, no signs yet of unlocking trade

- India's Customs port, **Petrapole in West Bengal**, on the **India-Bangladesh border** accounts for a majority of bilateral trade between India and Bangladesh.
  - The trade happens through **Petrapole (India)** and **Benapole (Bangladesh)**.
- It is the **largest international land port in India**.

### 4. U.S. seeks 'full accounting' of Tiananmen massacre

- The Tiananmen Square protests were **student-led demonstrations calling for democracy, free speech and a free press in China**. They were halted in a bloody crackdown, known as the **Tiananmen Square Massacre**, by the Chinese government on **June 4 and 5, 1989**.
- The international community, human rights organizations, and political analysts condemned the Chinese government for the massacre.

## H. UPSC Prelims Practice Questions

Q1. Which of the following statement/s is/are correct?

1. The 10 non-permanent members of the United Nations Security Council are elected by the United Nations General Assembly for a term of four years.
2. The non-permanent members of the Council would be elected according to a regional grouping basis with the highest representation for the western European region.
3. A retiring member of the UNSC is eligible for immediate re-election.

**Options:**

- a. 1 and 2
- b. 2 and 3
- c. 1,2 and 3
- d. None of the above

**Answer: d**

**Explanation:**

- The Security Council consists of five permanent members (China, France, Russian Federation, United Kingdom of Great Britain and Northern Ireland and United States of America) and 10 non-permanent members elected by the General Assembly for a term of two years.
- The General Assembly elects each year, five non-permanent members of the Security Council.
- The non-permanent members of the Council should be elected according to the following pattern:

- Five from African and Asian States;
  - One from Eastern European States;
  - Two from Latin American States;
  - Two from Western European and other States.
- A retiring member is not eligible for immediate re-election. The election is held by secret ballot and there are no nominations. The non-permanent members of the Security Council are elected by a two-thirds majority.

**Q2. The Payments Infrastructure Development Fund has been set up by which of the following?**

- a. The Reserve Bank of India
- b. Indian Banks Association
- c. Ministry of Finance
- d. Ministry of Electronics and Information Technology

**Answer: a**

**Explanation:**

- The RBI has created a Payments Infrastructure Development Fund (PIDF) to encourage acquirers to deploy Points of Sale (PoS) infrastructure — both physical and digital modes — in tier-3 to tier-6 centres and north eastern states.

**Q3. Which of the following statement/s is/are correct?**

1. LiDAR technology is limited to the use of ultraviolet light for imaging objects.
2. LiDAR technology is employed in high-resolution imaging, obstacle detection and avoidance for autonomous vehicles, meteorological applications.

**Options:**

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

**Answer: b**

**Explanation:**

- LiDAR, is a remote sensing method that uses light in the form of a pulsed laser to measure ranges (variable distances) to the Earth.

- Lidar uses ultraviolet, visible, or near infrared light to image objects. It can target a wide range of materials, including non-metallic objects, rocks, rain, chemical compounds, aerosols, clouds and even single molecules.
- This technology finds application in diverse areas like preparation of high-resolution maps, in autonomous vehicles and meteorological applications.

**Q4. Petrapole is located in which of the following states?**

- a. Meghalaya
- b. Assam
- c. Tripura
- d. West Bengal

**Answer: d**

**Explanation:**

- India's Customs port, Petrapole in West Bengal, on the India-Bangladesh border accounts for a majority of bilateral trade between India and Bangladesh.
  - The trade happens through Petrapole (India) and Benapole (Bangladesh).
- It is the largest international land port in India.

## I. UPSC Mains Practice Questions

1. What are the major concerns with the funding of Pharmaceutical Research and Development? Discuss how, a reward mechanism oriented towards health gains would lead to a sustainable research-and-marketing system. (15 Marks, 250 Words).
2. The agricultural sector reforms sought through the Atmanirbhar Bharath economic package, though well intended, have some associated concerns. Comment. (15 Marks, 250 Words).