

08 Sep 2020: UPSC Exam Comprehensive News Analysis

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Nothing here for today!!!

B. GS 2 Related

Category: POLITY AND GOVERNANCE

1. [Govt. intervention in education policy should be minimal: PM](#)

Context:

Addressing the inaugural session of the Governors' conference on the National Education Policy (NEP), the Prime Minister asserted that the government's intervention in the education policy should be minimal.

Details:

- He said that the education policy and the education system are important means of fulfilling the aspirations of the country. The Central and the State governments, as well as local bodies, all have responsibility for the education system.
- He asserted that the government's interference or intervention in education policy should be minimal.
- He urged for a collective responsibility in implementing the policy.
- Addressing the conference, the President urged the Central and State governments to increase their percentage of investment in research and innovation.

Read more about the [National Education Policy \(NEP\)](#).

C. GS 3 Related

Category: ECONOMY

1. RBI sets sectoral norms for resolution of COVID-19 related stressed assets

Context:

The Reserve Bank has specified five financial ratios and sector-specific thresholds for resolution of COVID-19 related stressed assets in 26 sectors, including auto components, aviation, and tourism.

Background:

- The Reserve Bank of India (RBI) had constituted the proposed expert committee under the chairmanship of K.V. Kamath to make recommendations on norms for the resolution of COVID-19 related stressed loans.
- The K.V. Kamath committee submitted its report on September 4, 2020.

Read more: [8th August 2020 CNA: RBI sets up panel](#).

Details:

- The key financial ratios suggested by the committee are total outside liabilities/adjusted tangible net worth; total debt/EBITDA; current ratio, which is current assets divided by current liabilities; debt service coverage ratio; and average debt service coverage ratio.
- The ratios prescribed are intended as floors or ceilings, but the resolution plans shall take into account the pre-COVID-19 operating and financial performance of the borrower.
- The lending institutions may, at their discretion, adopt a graded approach depending on the severity of the impact on borrowers while implementing the resolution plan.

2. RBI to buy, sell G-secs worth ₹10,000 crore

Context:

The Reserve Bank of India (RBI) has announced the simultaneous purchase and sale of Government of India securities (G-secs) for ₹10,000 crore each under the open market operations (OMO).

This topic has been covered in the [1st September 2020 CNA: RBI moves to ease liquidity further](#).

Government of India securities (G-secs)

- A Government Security (G-Sec) is a tradeable instrument issued by the Central Government or the State Governments.
- It acknowledges the Government's debt obligation.
- Such securities are of two types:
 - Short term (usually called treasury bills, with original maturities of less than one year).
 - Long term (usually called Government bonds or dated securities with an original maturity of one year or more).
- In India, the Central Government issues both treasury bills and bonds or dated securities while the State Governments issue only bonds or dated securities, which are called the State Development Loans (SDLs).
- G-Secs carry practically no risk of default and, hence, are called risk-free gilt-edged instruments.

Category: SCIENCE AND TECHNOLOGY

1. Hypersonic cruise vehicle test puts India in elite club

Context:

The Defence Research and Development Organisation ([DRDO](#)) conducted a flight test of the hypersonic technology demonstrator vehicle (HSTDV).

Features of the HSTDV:

- The hypersonic cruise vehicle was launched using a proven solid rocket motor, which took it to an altitude of 30 km, where the aerodynamic heat shields were separated at hypersonic speed.
- It attained a speed of Mach 6 (6 times the speed of sound) i.e, nearly 2 km/s.
- It uses a scramjet engine, in which air enters at supersonic speed and comes out at hypersonic speeds.
- The vehicle reaches a certain altitude, then cruises and also, reaches very high temperatures, up to 1,000°-2,000° Celsius, during re-entry.

Significance:

- The DRDO has successfully demonstrated the hypersonic air-breathing scramjet technology.
- With this technology, cruise missiles can now travel at hypersonic speeds.
- Testing paves the way for the development of more critical technologies, materials and hypersonic vehicles. It will help in the development of hypersonic cruise missiles.
- Most engines use the ramjet engine which operates at supersonic speeds of up to Mach 3.
- This puts India in a select club of nations that have demonstrated this technology.

Note:

- The scramjets are a variant of a category of jet engines called the air-breathing engines.
- The ability of engines to handle airflows of speeds in multiples of the speed of sound gives it the capability of operating at those speeds.
- Hypersonic speeds are those which are five times or more than the speed of sound.

D. GS 4 Related

Nothing here for today!!!

E. Editorials

Category: INTERNATIONAL RELATIONS

1. Deal in danger

Context:

- The U.K.'s hardening stance in the post-Brexit U.K.-EU trade deal negotiations.

Background:

- The chief negotiator from the U.K. had recently stated that the U.K. would not yield on its demands despite the lack of progress in the negotiations and it would be fine even with a no-deal Brexit.

For more information on this issue, refer to:

CNA dated Sep 7, 2020: 'U.K. not scared of a no-deal Brexit'

- The British Prime Minister has set an October 15 deadline for reaching a post-Brexit U.K.-EU trade deal indicative of its hardened position in the negotiations.
- The above developments have raised **fears of a no-deal scenario**.

Details:

The Irish border issue:

- The Brexit agreement seeking to avoid a hard border between Northern Ireland, which is part of the U.K., and the Irish Republic, an EU member had **the Northern Ireland protocol** which expected Northern Ireland to follow some EU rules while trading with the neighbouring Irish Republic.



- The hard Brexiteers have been critical of the Northern Ireland clause, claiming that it endangers U.K.'s sovereignty and are planning a **domestic legislation titled 'the Internal Market and Finances Bill'**, empowering the U.K. to follow new U.K. laws rather than those agreed to in the Brexit agreement.
- Northern Ireland leaders have criticized the proposal for a domestic legislation. They fear that such a move would necessitate physical checking of trade items between the two Irelands. They also fear that it would lead to heightened tensions and **threaten the Good Friday Agreement that brought peace to the region.**
 - The **Good Friday Agreement or Belfast Agreement** is a pair of agreements signed in 1998 that ended the political conflict in Northern Ireland. Northern Ireland's present devolved system of government is based on this agreement.

Other issues:

- There is a lack of consensus on issues such as **workers' rights, environmental regulations, state aid to businesses and the fishing rights issue** as well.
- While the EU wants the U.K. to adopt rules that are close to its own to ensure a level playing field in the inter-European trade, the British government is reluctant to accept E.U. rules and has been arguing that the whole point of Brexit was to break free from common rules under the EU.

Concerns:

- A no-deal Brexit would have substantial costs involved for the U.K. as well as the EU.
 - It will inflict **severe economic costs on the U.K.**, at a time when the economy is in dire straits due to COVID-19. It would hinder the movement of goods and services between the E.U. and the U.K. and this would have a direct impact on the employment opportunities.
 - It would also have **undesirable political consequences** as it risks disrupting the hard-won peace in the island of Ireland.

Way forward:

- The U.K. needs to **respect the withdrawal agreement** and be flexible in the talks as well as on deadlines.
- Both sides should focus on **reaching a consensus on trade and other future relations**.

Category: GOVERNANCE

1. Empower the youth first

Context:

- The article argues for government intervention for empowering India's youth.

Background:

Gross under-investment:

- **The 2014 National Youth Policy (NYP)** defines youth as persons between 15 and 29 years. According to this definition, the youth accounted for 27.5% of the population then.
- According to the NYP report, the Central Government spends about Rs. 2,710 per youth on education, skill development, employment, healthcare and food subsidies. Assuming that States spend an equal amount, the **total investment in the youth would be under 1% of the GDP**. This is **grossly inadequate** considering that they account for a large proportion of the population and hold immense potential for India's development.

Cost of under-investment:

- A World Bank report estimates **the opportunity cost of not investing in children and youth at 4% of the GDP every year**.
- The lack of investment leads to **illiteracy, poor health outcomes and also unemployment among the youth**.
 - As per the 2018 State of Working India Report, the youth unemployment rate in India stands at 18.3%. Almost 1/3rd of the youth fall under the 'neither in employment nor in education' category.
- Around 50 lakh youth are expected to be entering the workforce annually.
- This threatens to **disrupt the economic development process in India** by turning the coveted demographic dividend into a demographic disaster.

The way forward:

- Given that India has just a decade's time to seize the opportunity and realise its youth demographic dividend, there is an urgent need for some measures in this direction.

Indian Youth Guarantee (IYG) programme:

- India needs to launch an Indian Youth Guarantee (IYG) programme to address the employment needs of the youth.
- An IYG initiative, with statutory backing, can function as a facilitatory framework for **ensuring the gainful and productive engagement of youth**. It would help ensure that young people graduating from college or losing a job either find a good quality job suited to their education and experience or acquire skills required to find a job through an apprenticeship.
- Existing youth schemes and skilling infrastructure need to be dovetailed and streamlined into the Indian Youth Guarantee (IYG) programme.

Using the Youth Development Index (YDI) as a guide:

- Before the initiation of the Indian Youth Guarantee (IYG) programme, there is a need to **identify the needs of the youth**.
- **The Youth Development Index (YDI) in India can be used as an advisory and monitory tool for youth development in India**. It can help recognise priority areas, gaps and alternative approaches specific to each State.
 - The **Youth Development Index (YDI)**, developed by the Commonwealth Secretariat, measures the status of young people in 183 countries around the world.
 - The index is a comprehensive measure **across 5 domains** that are critical to youth development:
 - Education
 - Health
 - Employment
 - Civic participation
 - Political participation

Allocating requisite financial resources:

- To ensure the availability of sufficient financial resources for the Indian Youth Guarantee (IYG) programme, there is the need to **create a Youth Component Plan, earmarking a specific percentage of the total budgetary allocations under a separate head**.

Coordination between the stakeholders:

- The IYG should engage the district administration and local bodies for effective outcomes while also **leveraging the industry** to enable employment generation.

Category: ECONOMY

1. Reviving the economy

Context:

- In light of the poor quarterly GDP numbers for Q1 2020-21, the article analyzes the **critical macro-economic indicators** for the Indian economy and suggests remedial measures.

Background:

- The quarterly GDP growth rate for Q1 2020-21 has recorded a historic low.

For more information on this, refer to:

[CNA dated Sep 2, 2020: Inevitable collapse](#)

Gross Fixed Capital Formation:

Meaning:

- As per RBI, Gross Capital Formation refers to the ‘aggregate of gross additions to fixed assets (that is fixed capital formation) plus the change in stocks during the counting period.’
- Gross fixed capital formation **measures the increase in fixed capital**. Gross fixed capital formation includes spending on land improvements (fences, ditches, drains, and so on); plant, machinery, and equipment purchases; the construction of roads, railways, private residential dwellings, and commercial and industrial buildings. Disposal of fixed assets is taken away from the total.
- It is a **component of the expenditure method of calculating GDP**.

Significance:

- Developing countries generally invest heavily in fixed assets to **increase aggregate demand and prepare capacities to meet future demands**.

Trend:

- Gross Fixed Capital Formation (as % of GDP) had been on a constant decline (except in 2018) between 2014 and 2019, falling from 30.1% to 27.4%.

Consumer demand:

Meaning:

- Consumer demand is the **willingness and ability of consumers to purchase a quantity of products or services** in a given period of time, or at a given point in time.

Significance:

- Consumer demand is an important aspect of a market-based economy.
- **Higher consumer demand incentivizes greater industrial production** which leads to higher employment opportunities and the consequent economic growth.

Trend:

- Consumer demand in urban India as indicated by the domestic car sales has been on a steady decline for nine consecutive months. The decreased demand would lead to a fall in industrial activity.
- Though the rural demand has been better than urban demand due to a surplus monsoon and a higher disposable income through [MGNREGA](#) wages, still the weak FMCG demand in the rural economy is indicative of the decreasing average real rural wage growth.

Index of Eight Core Industries:

Meaning:

- The Index of Eight Core Industries is a monthly production index.
- The eight core industries are **coal, crude oil, natural gas, refinery products, fertilisers, steel, cement and electricity.**

Significance:

- The Eight Core Industries comprise 40.27 percent of the weight of items included in the [Index of Industrial Production \(IIP\)](#). Hence they have an **impact on general economic activity as well as other industrial activity.**
- The index of eight core industries is considered as a lead indicator of the economy's industrial performance.
- This index is an **indicator of the supply side health of the economy.**

Trend:

- The eight core sectors have witnessed a decline in recent times and have registered a growth of - 0.2% in August 2019.

Concerns:

- The Indian economy faces the **dual risk of weakening demand and shrinking supply.**
- **Investment sentiments are low.**
- The **government's ability to spend has reduced** due to reduced revenues.

The way forward:

- Government spending alone won't help and it needs to **incentivize private and household investments** as they account for a large proportion of the capital formation.
- There needs to be a **massive push on infrastructural spending** to boost the core sector demand and generate jobs.
- The **eight core sectors need structural reforms** to revive their growth.

F. Prelims Facts

Nothing here for today!!!

G. Tidbits

1. Odisha villagers set to join mobile highway

What's in News?

Mobile network connectivity is being started in Swabhiman Area at the villages of Pipalapadar, Hantalguda, and Jantapal, which did not have mobile connectivity earlier.

Swabhiman Anchal:

- Due to threats from left-wing extremists, mobile towers could not be installed until now in Swabhiman Anchal (formerly known as Cut-off area).

- Located along the Odisha-Andhra Pradesh border, Swabhimani Anchal comprises 151 villages.
- The area is surrounded by water on three sides and by inhospitable terrain on another.
- It became less remote after the construction of Gurupriya Bridge in 2018, which connected the zone with the rest of the State.

Note:

Odisha has the most number of villages in the country with no mobile service.

Read more on [left-wing extremism](#) in the linked article.

2. Centre launches 24/7 toll-free mental health rehab helpline

What's in News?

The Union Social Justice and Empowerment Ministry has launched “KIRAN” – the mental health rehabilitation helpline.

- It is a 24/7 toll-free helpline to provide support to people facing anxiety, stress, depression, suicidal thoughts and other mental health concerns.
- The helpline will be available in 13 languages.
- It would function as the first step for callers to get advice, counselling and referral to psychologists and psychiatrists.

Note:

- According to a NIMHANS survey in 2015-2016, while 10.6% of adults and 7.3% of adolescents faced mental illness, there was a shortage of qualified mental health professionals.

H. UPSC Prelims Practice Questions

Q1. Consider the following statements with respect to Sa-Dhan:

1. It is an association of Micro Finance Institutions.
2. It is recognised as a self-regulatory organisation by the Reserve Bank of India.
3. It is recognized as a National Support Organization (NSO) by the National Rural Livelihood Mission (NRLM).

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

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

CHECK ANSWERS:-

Answer: c

Explanation:

- Sa-Dhan is an association of Micro Finance Institutions.
- It is recognised by the RBI as a Self-Regulatory-Organization and National Support Organization (NSO) by National Rural Livelihood Mission (NRLM).

Q2. Consider the following statements with respect to Special Frontier Force (SFF) :

1. It was established in the immediate aftermath of the 1962 Sino-India war.
2. The SFF units function under the operational control of the Army.
3. It falls under the purview of the Cabinet Secretariat.

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

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

CHECK ANSWERS:-

Answer: d

Explanation:

- Special Frontier Force (SFF) was established in the immediate aftermath of the 1962 Sino-India war, on 14th November 1962.
- SFF falls under the purview of the Cabinet Secretariat where it is headed by an Inspector General who is an Army officer of the rank of Major General.
- The SFF units are not part of the Army but they function under the operational control of the Army.

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

1. G-Secs carry no risk of default and are called risk-free gilt-edged instruments.
2. The G-Secs issued by the Central government includes both, treasury bills and bonds.
3. The state governments issue treasury bills only.

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

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

CHECK ANSWERS:-

Answer: d

Explanation:

- A Government Security (G-Sec) is a tradeable instrument issued by the Central Government or the State Governments.
- In India, the Central Government issues both, treasury bills and bonds or dated securities while the State Governments issue only bonds or dated securities, which are called the State Development Loans (SDLs).

- G-Secs carry practically no risk of default and, hence, are called risk-free gilt-edged instruments.

Q4. Consider the following statements with respect to Scramjet engines:

1. They operate at hypersonic speeds and allow supersonic combustion.
2. They are a variant of a category of jet engines called the air breathing engines.

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

CHECK ANSWERS:-

Answer: c

Explanation:

- Scramjet stands for Supersonic Combustion Ramjet. It is a supersonic combustion engine.
- A scramjet engine is an improvement over the ramjet engine as it efficiently operates at hypersonic speeds and allows supersonic combustion.
- The scramjets are a variant of a category of jet engines called the air breathing engines.
- The ability of engines to handle airflows of speeds in multiples of the speed of sound gives it the capability of operating at those speeds.
- Hypersonic speeds are those which are five times or more than the speed of sound.

I. UPSC Mains Practice Questions

1. The gross under-investment in the youth of India would have critical consequences for India. Comment. Also suggest measures needed to overcome the current concerns. (15 marks, 250 words)(GS Paper 2/Governance)
2. The risk of weakening demand and shrinking supply, along with poor investment sentiments and government's fiscal constraints spell a difficult phase for the Indian economy. Analyze. (10 marks, 150 words)(Gs paper 3/Economy)