

# 15 Oct 2020: UPSC Exam Comprehensive News Analysis

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## A. GS 1 Related

### Category: SOCIAL ISSUES

#### 1. HC notice to Centre on same-sex couples' pleas

##### Context:

The Delhi High Court has asked the Centre to respond to two separate petitions by same-sex couples seeking to declare that the Special Marriage Act (SMA) and the Foreign Marriage Act (FMA) ought to apply to all couples regardless of their gender identity and sexual orientation.

##### Details:

- The bench issued notice to the Centre and the Delhi government seeking their stand on the plea by two women seeking to get married under the SMA.
  - They have challenged the provisions of the statute to the extent it does not provide for same-sex marriages.

- The bench added that both the Special Marriage Act (SMA) and the Foreign Marriage Act (FMA) do not define marriage and everyone interprets what a marriage is according to the customary laws.

Read more on this topic covered in [15<sup>th</sup> September 2020 Comprehensive News Analysis](#).

**Note:**

- Same-sex marriages are not legally recognised in India.
- In June 2020, the Uttarakhand High Court acknowledged that while same-sex marriage may not be legal, cohabitation and live-in relationships are protected by the law.

## B. GS 2 Related

### Category: EDUCATION

#### 1. Cabinet approval for school education reform project

**Context:**

The Union Cabinet has approved the Strengthening Teaching-Learning and Results for States (STARS) project.

**Details:**

- The STARS project is partially funded by the [World Bank](#).
  - It will have a total project cost of ₹5,718 crore, with the World Bank's support amounting to about ₹3,700 crore (\$500 million).
- It aims to carry out a reform agenda in the governance of school education, and improve data and assessment systems at the national level, as well as teaching and learning outcomes in six States, especially for early childhood and vocational education.
- The project includes an emergency response component to help the government respond to disaster situations which lead to school closures and loss of learning.
- At the State level, the project seeks to improve education outcomes and school-to-work transition strategies for better labour market outcomes in Himachal Pradesh, Rajasthan, Maharashtra, Madhya Pradesh, Kerala and Odisha.

**Note:**

A similar project to be funded by the Asian Development Bank will cover Gujarat, Tamil Nadu, Uttarakhand, Jharkhand and Assam and every State will partner with one other State to share best practices.

Read more about STARS Project covered in [30<sup>th</sup> June 2020 Comprehensive News Analysis](#).

**PARAKH:**

- A major component of the project is the establishment of PARAKH (Performance Assessment, Review, and Analysis of Knowledge for Holistic Development) as a National Assessment Centre.
- PARAKH is included in the National Education Policy 2020.
- It will be an autonomous institution under the Union Education Ministry.

- PARAKH will set norms for student assessment and evaluation for all school boards across the country, most of which currently follow norms set by State governments.

## C. GS 3 Related

### Category: SECURITY

#### 1. Nagaland govt. calls meeting on peace talks

##### Context:

The Nagaland government has called all civil society groups for a consultative meet in Kohima to discuss the ongoing peace talks and the political issue.

This topic has been covered in [12<sup>th</sup> August 2020 Comprehensive News Analysis](#).

## D. GS 4 Related

*Nothing here for today!!!*

## E. Editorials

### Category: ECONOMY

#### 1. Phased manufacturing policy that is hardly smart

##### Context:

- Initiatives taken by the **Ministry of Electronics and Information Technology (MeitY)** to provide impetus to domestic manufacturing in India.

##### Background:

##### **Mobile industry in India:**

- India produced around 29 crore units of mobile phones for the year 2018-19; 94% of these were sold in the domestic market, with the remaining being exported.
- The mobile production has increased from \$13.4 billion in 2016-17 to \$31.7 billion in 2019-20.
- Over the years, firms such as Apple, Xiaomi, Oppo, and OnePlus have invested in India, but mostly through their contract manufacturers.

##### **Production Linked Incentive (PLI) scheme:**

- The Ministry of Electronics and Information Technology (MeitY) had approved 16 firms in the mobile manufacturing sector for the **Production Linked Incentive (PLI) scheme (for large-scale electronics manufacturing)**.
- The scheme is aimed at **transforming India into a major mobile manufacturing hub**.

For more information on this topic refer to:

[CNA dated Oct 7, 2020: Govt. clears Rs. 11,000-cr. of PLI proposals by Samsung, others](#)

### **Phased Manufacturing Programme (PMP):**

- The PMP began in 2016-17 and was supposed to culminate in 2019-20.
- The PMP **incentivised the manufacture of low-value accessories initially, and then moved on to the manufacture of higher value components**. This was done by increasing the basic customs duty on the imports of these accessories or components.
- The PMP was implemented with an **aim to improve value addition in the country**.

### **Concerns:**

- Though the schemes like the PMP and PLI are well intended there are doubts over the benefits that can accrue from these.

### **Low value addition:**

- The **value addition in India remains very low**, with most of the firms recording below 10%.

### **Continued reliance on imports:**

- A large percentage of the inputs going into electronic manufacturing in India are being imported. This is as high as 85%.

### **India continues to be a net importer:**

- Compared to economies such as Vietnam, Korea and Singapore which export more mobile phone parts than imports, India, on the other hand, **imported more than it exported**.
  - In 2019 Indian imports of mobile phone parts were 25 times the exports.
- This indicates the lack of facilities that add value to the imported parts before exporting them. Therefore, while the PMP policy increased the value of domestic production, **improvement in local value addition remains a work-in-progress**.

### **Challenge to PMP at the WTO:**

- In September 2019, Chinese Taipei contested the raise in tariffs implemented by India under the PMP.
- If the PMP is found to be **non-compliant with World Trade Organization (WTO) rules** and agreements leading to the striking down of India's PMP, this could lead to a situation where the Indian markets would be flooded with imports of mobile phones which might make the local assembly of mobile phones unattractive. This will affect the operations of the mobile investments already done under the PMP.

### **Continued focus on value of production:**

- The new PLI policy by offering an incentive for incremental investment and sales of manufactured goods seems to be focussing on only increasing value of domestic production, without paying attention to increasing local value addition.

### **Shift from China is unlikely:**

- Despite the current incentives provided by the government in the form of the schemes like PLI, **the effective cost (with subsidies and other benefits) of manufacturing mobile phone in China continues to be much lower than in India.**
- This indicates that the PLI policy may not turn out to be a game-changing move, and it may be wrong to expect a major chunk of mobile manufacturing to shift from China to India.

#### **Neglecting India's strengths:**

- Available figures indicate that **India's export competitiveness seems to be in mobiles with a lower selling price.**
- This aspect seems to be overlooked in the current PLI policy as the incentive for foreign firms chosen under the PLI policy will be computed on the basis of the invoice value of phones priced above a certain threshold.
- The PLI policy in its current form does not strengthen India's current export competitiveness of low-value mobile phones.

#### **Challenges for domestic firms:**

- **Domestic firms currently have very little share in the Indian market.** Their ability to take advantage of the PLI policy and grab a sizeable domestic market share seems difficult.
- Thus, how well they respond to the opportunity that the PLI policy provides is an open question.

#### **Doubtful supply chain collocation:**

- The six component firms that have been given approval under the 'specified electronic components segment' may not be able to complete the mobile manufacturing ecosystem in India.
- Prior international experience has shown that **investments from major mobile manufacturers in a country should be followed by the co-location of related industries.**
- However, this seems to be not happening in India. Though Samsung has invested hugely in India, it has not colocated its supply chain in the country.

#### **Conclusion:**

- The PMP policy and the new PLI may be helpful in only increasing domestic production, and not value addition which would bring in much more benefits to India.
- The government must encourage foreign firms chosen under the PLI policy to colocate their supply ecosystems in the country.

## **2. The RBI tunes in to the economy**

#### **Context:**

- The article analyzes how the **COVID-19-triggered recession had led to some of the strongly held economic assumptions being revised around the world.**

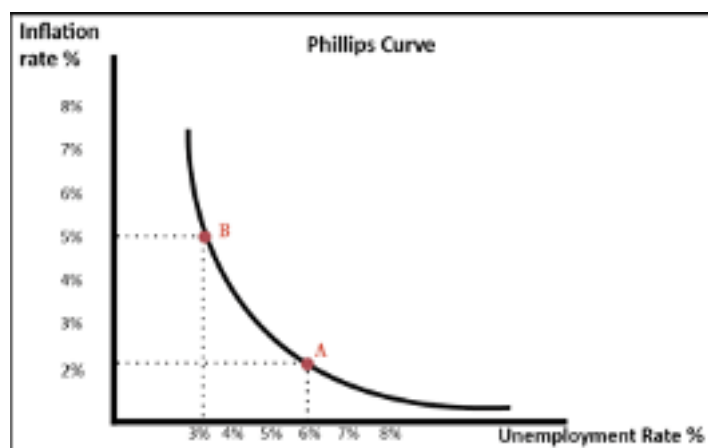
#### **Details:**

##### **US Federal Reserve:**

- The chairman of the Federal Reserve (Fed) of the US, has declared that the **Fed will not let inflation stand in the way of maximising employment implying that it will no longer raise rates preemptively, i.e., in anticipation of inflation.**
- The reasoning seems to be that the Phillips Curve, the relationship between inflation and unemployment, may no longer hold in the U.S. economy. The Phillips Curve principle has had wide acceptance in Anglo-American economics.

*Phillips curve:*

- The Phillips curve suggests there is an inverse relationship between inflation and unemployment.



**Reserve Bank of India:**

- The latest monetary policy review by the newly reconstituted Monetary Policy Committee seems to be indicative of **signs of the RBI shifting away from its rigid inflation targeting policy.**

For information on the recent monetary policy review, refer to:

**[CNA dated Oct 12, 2020: Signalling optimism](#)**

- Available data shows that the model that currently guides India's inflation control strategy may be quite irrelevant as seen in the recent behaviour of inflation in India.
  - Despite the staggering decline in output by 23% in the first quarter of this year, the inflation rate did not decrease in India.
  - This observation goes against the argument that inflation reflects an 'over heating' economy, one growing too fast in relation to its potential. This conception of inflation represents the RBI's official understanding of inflation, and presumably forms the basis of its policy of inflation targeting.
- Also **going by the Phillips Curve, inflation should have abated as India's economy contracted during the lockdown.**

*Newer models for inflation forecasting:*

- A recent working paper of the RBI's research department proposes a model that accepts a role for food prices.
  - Newer evidence has noted food prices as an important determinant of inflation along with imported inflation. Hence a macroeconomic contraction need not lower inflation.
- This could lead to better forecasting of inflation in India as this is more in tune with the Indian scenario, as against the western economic models which do not attach much weightage for food prices in their inflation monitoring.



### Conclusion:

- The fact that **RBI has been evolving itself to better align its policies more in line with the Indian economy is a welcome and much-needed move.**

### 3. Labour's data lost

#### Context:

- Recently the Code on Social Security; the Code on Occupational Safety, Health and Working Conditions; and the Code on Industrial Relations were passed in Parliament. This follows the August 2019 passage of the Code on Wages.
- The [four labour codes](#) together subsume more than 40 labour laws.

For more information on this development, refer to:

[CNA dated Sep 20, 2020: Three bills in Lok Sabha to bring in changes to labour sector](#)

#### Background:

##### **Labour force in India:**

- There are nearly **50 crore 'informal' workers in India and informal workers contribute to nearly 50% of the GDP.**
- As per the 2017 Economic Survey, there are about 14 crore migrants, half of whom are inter-state workers. These inter-state migrant workers contribute to about 6% of the GDP. A majority of the inter-state labourers are self-employed and/or engaged in casual labour with limited opportunities for skill-building and increased wages.

#### Concerns:

- The article analyzes some of the concerns regarding the current policies of the government towards the labour sector in India and evaluates their impact.

##### **Effectiveness of the new labour codes:**

- The mission statement from the Ministry of Labour and Employment emphasizes the following objective with respect to the labour force in India.
- "Improving the working conditions and the quality of life of workers through laying down and implementing policies/programmes/schemes/projects for providing social security and welfare measures, regulating conditions of work, occupational health and safety of workers, eliminating child labour from hazardous occupations and processes, strengthening enforcement of labour laws and promoting skill development and employment services"
- However, there are concerns that the **new labour codes lack sufficient social protection measures to vulnerable informal workers.**

For information on this issue, refer to:

[CNA dated Oct 8, 2020: Gig work and its skewed terms](#)

### Neglect of the informal sector:

- The Labour Ministry has sought to focus its skill development initiatives primarily on the formal sector, **neglecting the urgent need to better assess the capabilities and improve the skills of the informal sector** as well.

### Negative impact on workers and country:

- The high levels of informal employment have negative impacts not just on the workers but also on the country's economy because of the following reasons:

#### *On workers:*

- The **informal sector does not provide learning and training opportunities** thus impeding the workers' chances to upgrade their skills. This leads to their **low productivity and low incomes for such informal labourers**.
- The informal sector also seems to be **compounding the existing inequality in the country**. The low income of the informal labourers limits their children's access to quality education and training, nutritional security and health and this act as a major impediment in their upward social movement.

#### *On economy:*

- The **low productivity and continuing inequality in the economy act as a major drag on the economic development of India**.

For related information, refer to:

[CNA dated May 8, 2020: Labour rights are in free fall](#)

## F. Prelims Facts

### 1. Gupkar pact

#### What's in News?

All regional parties in the Union Territory of Jammu and Kashmir are set to meet to discuss the Gupkar Declaration.

- Gupkar Declaration is a pact to fight for the restoration of J&K's special status.
- The Declaration was signed by six political parties, on August 4 2019 - a day before the abrogation of J&K's special status.
- It called for a joint fight to safeguard J&K's special status, [Article 370](#) and 35A.

### 2. Pakistan re-elected to UN rights body

#### What's in News?

Pakistan has been re-elected to the United Nations Human Rights Council (UNHRC).



### **Details:**

- Among the five candidates from the Asia-Pacific region vying for four seats in the UNHRC, Pakistan secured the highest number of votes.
- This is despite opposition from activist groups over its abysmal human rights records.
  - A coalition of human rights groups from Europe, the U.S. and Canada called on UN member states to oppose the election of China, Russia, Saudi Arabia, Cuba, Pakistan and Uzbekistan, saying their human rights records make them unqualified.
- Pakistan is currently serving on the HRC since January 1, 2018.
- With its re-election, Pakistan will continue as a member for another three-year term commencing on January 1, 2021.

### **United Nations Human Rights Council:**

- The United Nations Human Rights Council (UNHRC) is a United Nations body whose mission is to promote and protect human rights around the world.
- The UNHRC has 47 members elected for staggered three-year terms on a regional group basis from 5 groups.
- Under the Human Rights Council's rules, seats are allocated to regions to ensure geographical representation.
- To become a member, a country must receive the votes of at least 96 of the 191 states of the [UN General Assembly](#) (an absolute majority).

### **Note:**

- Except for the Asia-Pacific contest, the election of 15 members to the 47-member Human Rights Council was decided in advance because all the other regional groups had uncontested slates.

## **3. J&K, Ladakh women to benefit from rural scheme**

### **What's in News?**

The Union Cabinet has approved changes in the criteria of the Deen Dayal Antyodaya Rashtriya Aajeevika Mission.

### **Details:**

- Changes have been approved to extend benefits under the Mission to over 10.58 lakh women in Jammu & Kashmir and Ladakh.
- An allocation of ₹520 crore has also been made for the next five years.

### **Deen Dayal Antyodaya Rashtriya Aajeevika Mission:**

- The Ministry of Rural Development is implementing Deendayal Antyodaya Yojana – National Rural Livelihoods Mission ([DAY-NRLM](#)) across the country in a mission mode.
- Rashtriya Aajeevika Mission is aimed at providing livelihood to women in rural areas.
- Its objectives include organizing the rural poor women into Self Help Groups (SHGs), and continuously nurturing and supporting them to take economic activities so that they come out of abject poverty.

### 1. Robert Destro appointed U.S. special envoy to Tibet

#### What's in News?

U.S. Secretary of State has announced the concurrent designation of Assistant Secretary Robert A. Destro of the Bureau of Democracy, Human Rights, and Labour to serve as the country's **Coordinator for Tibetan Issues**.

- The position was established by the U.S.'s Tibetan Policy Act (2002).
- The coordinator is, by law, assigned to:
  - Promote substantive dialogue between the Government of China and the Dalai Lama.
  - Coordinate U.S. policy and projects in Tibet.
  - Help promote policies that protect the distinct identity of Tibet and safeguard human rights in the region.
- The position has been vacant since January 2017 and lawmakers, as well as the U.S. Commission on International Religious Freedom, had urged the Trump administration to fill the position.

### 2. Allow trading in bonds from stressed businesses

- Chief Economic Advisor (CEA) has suggested that the regulators must consider permitting the trading of bonds issued by distressed businesses in the corporate bond market.
- He also suggested that, with the COVID-19 pandemic set to inevitably add to the distress in corporates' and lenders' balance-sheets, India needed a price discovery mechanism for stressed assets.

### 3. 'Public debt ratio to rise to 90% of GDP on Covid'

- According to the [International Monetary Fund](#), India's public debt ratio, which remarkably remained stable at about 70% of the GDP since 1991, is projected to jump by 17 percentage points to almost 90% because of an increase in public spending due to COVID-19.
- The projections are based on the fact that there is an increase in public spending, in response to COVID-19, and a fall in tax revenue and economic activity.

#### Note:

- The debt-to-GDP ratio is the metric comparing a country's public debt to its gross domestic product (GDP).
- It compares what a country owes with what it produces.
- The debt-to-GDP ratio indicates the country's ability to pay back its debts.

## H. UPSC Prelims Practice Questions

Q1. Consider the following statements with respect to Thalassemia:

1. It is a blood disorder commonly characterised by the abnormal production of haemoglobin in the body.
2. Bone marrow transplant is the only cure available for the disease.
3. Thalassemia is contagious.

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

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

**CHECK ANSWERS:-**

**Answer: b**

**Explanation:**

- Thalassemia is a genetic blood disorder commonly characterised by the abnormal production of haemoglobin in the body.
- Bone marrow transplant is the only cure available for the disease.
- Thalassemias are not contagious.

**Q2. Consider the following statements with respect to retreating monsoon season:**

1. The South-Eastern coast of India receives a lot of rainfall.
2. With the onset of retreating monsoon, skies become clearer and clouds disappear.
3. The weather during the retreating monsoon is dry in North India.

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

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

**CHECK ANSWERS:-**

**Answer: a**

**Explanation:**

All the statements are correct.

**Read more about [Retreating monsoon](#).**

**Q3. Philip's curve describes the relationship between which of the following?**

- a. Inflation and unemployment
- b. Tax rates and tax revenue
- c. Demand and Supply of money
- d. Growth and equality

### CHECK ANSWERS:-

**Answer: a**

### Explanation:

- Philip's curve describes the relationship between inflation and unemployment.
- Phillips curve suggests there is an inverse relationship between inflation and unemployment.

**Q4. Consider the following statements about the Strengthening Teaching-Learning and Results for States (STARS) program:**

1. The project is partly funded by the Asian Development Bank.
2. The project covers all the states across India.
3. It would be implemented as a Centrally Sponsored Scheme under the Department of School Education and Literacy.

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

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

### CHECK ANSWERS:-

**Answer: b**

### Explanation:

- The Strengthening Teaching-Learning and Results for States (STARS) program would be under the National Education Policy 2020.
- The project is partly funded by the World Bank.
- The project covers 6 States namely Himachal Pradesh, Rajasthan, Maharashtra, Madhya Pradesh, Kerala and Odisha.
- The identified States will be supported by various interventions for improving the quality of education.
- It would be implemented as a Centrally Sponsored Scheme under the Department of School Education and Literacy.

## I. UPSC Mains Practice Questions

1. The COVID-19-triggered recession has led to some of the strongly held economic assumptions being revised around the world. Comment. (10 marks, 150 words)(GS Paper 3/Economy)
2. Though the schemes like the Phased Manufacturing Programme and Production Linked Incentive scheme are well intended, there are some reservations over the benefits that can accrue from these to India. Analyze. (15 marks, 250 words)(GS Paper 3/Economy)

