

# 28 Oct 2020: UPSC Exam Comprehensive News Analysis

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*Nothing here for today!!!*

## B. GS 2 Related

### Category: INTERNATIONAL RELATIONS

#### 1. U.S. to support India's defence of territory

##### Context:

The third India-U.S. '2+2' dialogue was held in New Delhi.

##### Details:

- The U.S. Secretary of State asserted that the United States will support India to defend its territorial sovereignty and liberty.
  - The comment hints at the ongoing tensions between China and India in eastern Ladakh.

- He also referred to the greater threats posed by China in the Asia-Pacific region.
- The joint statement emphasised that the Code of Conduct in the South China Sea should not prejudice the legitimate rights and interests of any nation in accordance with international law.
- The two sides have decided to expand joint capacity building activities with partner countries in the Indo-Pacific region.
- India has announced the signing of the Basic Exchange and Cooperation Agreement on geospatial cooperation (BECA) with the U.S.

This topic has been covered in the [27<sup>th</sup> October 2020 Comprehensive News Analysis](#).

## 2. U.S. to sell defence systems worth \$2.4 billion to Taiwan

### Context:

The U.S. has said that it has approved a \$2.4 billion sale of 100 Harpoon coastal defence systems to Taiwan.

- The announcement came following Beijing's threat saying that it would sanction U.S. firms involved in earlier arms sales to Taiwan.

### Details:

- The deal involves 100 Harpoon Coastal Defense Systems (HCDS), which includes 400 RGM-84L-4 Harpoon Block II surface-launched missiles.
  - They have a range of around 125 km.
  - They are manufactured by Boeing and can be positioned on fixed platforms or mounted on trucks.
- Chinese fighter jets and bombers have entered Taiwan's air defence zone with unprecedented frequency.
- The Harpoon systems will help improve the security of Taiwan and assist in maintaining political stability, military balance.

### One China Policy:

- The One China policy recognizes the long-held position in Beijing that there is only one China, and that Taiwan is a part of that.
- According to the One-China policy: Any country wishing to establish diplomatic relations with Beijing must acknowledge there is only "One China" and sever all formal ties with Taiwan.

## 3. France boycott call pushes Turkey 'even further' from EU

### Context:

According to the European Commission, Turkey's President's support for a boycott of French goods could be a further setback to its already stalled bid to join the EU.

### Background:

- Turkey applied to join the then European Economic Community in 1987.

- It began formal accession negotiations to the [European Union](#) in 2005.
- However, the talks are effectively seen as stalled since 2016.

**Details:**

- The European Commission has warned that an official boycott would breach the terms of Turkey's relationship with the bloc.
  - The European Commission oversees the EU application process.

**Category: POLITY AND GOVERNANCE**

**1. Now, outsiders can buy land in J&K**

**Context:**

The centre has notified new land laws for the Union Territory of Jammu and Kashmir.

**Details:**

- Under the new J&K Development Act, the Centre has omitted the term “permanent resident of the State”.
  - This paves the way for investors outside J&K to invest in the Union Territory.
  - The Act enables the transfer of land in favour of a person or an institution for the purpose of promotion of healthcare or senior secondary or higher or specialised education in J&K.
- The notification marks the end of the exclusive rights enjoyed by the local population over land under the now-diluted [Article 370](#).
- The government intends to encourage industries in J&K and ensure peace, progress and prosperity in the region.
- Under a new provision, an army officer not below the ranks of Corps Commander can declare an area as “Strategic Area” for operational and training requirements of the armed forces.
- The introduction of the UT of J&K Reorganisation (Adaptation of Central Laws) Third Order, 2020, by the Ministry of Home Affairs has resulted in the repeal of at least 11 land laws in J&K, including the J&K Big Landed Estates Abolition Act.
  - J&K Big Landed Estates Abolition Act had resulted in the famous ‘land to tiller’ rights.

**Note:**

- According to amendments made to the Jammu & Kashmir Land Revenue Act, Samvat, 1996, only agriculturists of J&K can purchase agricultural land.
- No sale, gift, exchange, or mortgage of the land is valid in favour of a person who is not an agriculturist.
- No land used for agriculture purposes is allowed to be used for any non-agricultural purposes except with the permission of the district collector.

**C. GS 3 Related**

**Category: SECURITY**

## 1. India designates 18 persons based in Pak. as terrorists

### Context:

The Union Home Ministry has designated 18 individuals based in Pakistan as terrorists.

### Details:

- The individuals have been designated as “terrorists” under the amended Unlawful Activities Prevention Act (UAPA).
- UAPA is an anti-terror law that was passed by Parliament in 2019.
- The amended act empowers the Home Ministry to designate individuals as terrorists.
  - Earlier, 13 individuals were designated as terrorists.

Read more about the [Unlawful Activities Prevention Act](#).

## D. GS 4 Related

*Nothing here for today!!!*

## E. Editorials

### Category: INTERNATIONAL RELATIONS

#### 1. India's outreach to Myanmar

### Context:

- Visit of Indian Foreign Secretary Harsh Vardhan Shringla and Chief of the Army Staff Gen. Manoj Naravane to Myanmar.

### Details:

- The visit, coming in the backdrop of the **upcoming general elections in Myanmar**, would be viewed as **India's support for Myanmar's efforts in strengthening democratisation** amidst criticisms by rights groups over the credibility of its upcoming election.
  - This seems to be a continuation of India's Myanmar policy since the 1990s which has been to support democratisation driven from within the country.
- India has taken a balanced stand by its engagement with all the political players in the country including the military that played a key role in Myanmar's political transition and is still an important political actor. India has followed a non-interference policy in the internal politics of Myanmar.

### Significance of Myanmar for India:

#### Immediate neighbour:

- **India–Myanmar border poses a challenge to India’s security.**
- The fact that Myanmar shares a **land border** with northeastern India, stretching some 1,624 kilometers and also a 725-km **maritime boundary** in the Bay of Bengal calls for enhanced focus on Myanmar relations given the link between the porous border and organized crime and extremism in the region.
- **India - Myanmar border is highly porous, poorly guarded and located along a remote, underdeveloped, insurgency-prone region and proximate to an opium-producing area.** The border is also vulnerable to the activities of insurgents and drugs and arms traffickers.

#### **North-eastern states development:**

- Myanmar is critical for the overall **development of North-Eastern Indian states.**

#### **India’s regional outreach:**

- Myanmar is strategically important to India as it is the only [ASEAN](#) country that shares a border with India. It is also the only country that can act as a **link between India and ASEAN**. Myanmar is **India's gateway to Southeast Asia** and could be the required impetus to realize **India's Look East Policy**. For India, Myanmar is key in linking South Asia to Southeast Asia and helping enhance its regional outreach.
- Myanmar is also an important **member of the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC)**, a subregional organization that is committed to fostering bilateral or regional cooperation among Bay of Bengal countries.

#### **The China angle:**

- A key factor behind Myanmar’s military regime’s decision to open the country when it initiated reforms was, in part, to **reduce dependence on China**.
- By engaging Myanmar more, India provides alternative options to Myanmar. This driver in India’s Myanmar policy has perhaps gained greater salience in the **rapidly changing regional geopolitics** amidst the increasing tensions between India and China.

#### **New initiatives:**

##### **Diplomatic:**

- The liaison office of the Embassy of India was inaugurated in Naypyidaw. This is significant given that very few countries have a permanent presence in Naypyidaw.
  - China was the first country to establish a liaison office in Naypyidaw in 2017.

##### **Economic:**

- India has proposed to build a **petroleum refinery in Myanmar** that would involve an investment of \$6 billion. This is a growing indication of India’s long term aspirations of **utilizing Myanmar’s crude oil for its energy security**.
- This would not only help meet India’s growing energy demand but also help increase India’s influence in the immediate neighbourhood of Myanmar. This comes at a time when China has been steadily increasing its presence in Myanmar’s fossil fuel sector.

##### **Security related:**

- Another significant area of cooperation has been with respect to the **management of border areas**. This involves a mutual commitment not to allow respective territories to be used for activities inimical to each other.
- Both India and Myanmar have also been collaborating in the **development of border areas** in the firm belief that development alone can act as a countering factor for extremism in the region.

### Previous initiatives:

- Several infrastructure projects are underway, such as the **India-Myanmar-Thailand Trilateral Highway and Kaladan Multi-Modal Transit Transport (KMMTT)**.
- As part of its policy for the Indian Ocean called Security and Growth for All in the Region (SAGAR), central to which is “port-led development,” **India developed the Sittwe port in Myanmar’s Rakhine state**. This port, which sits on the Bay of Bengal, serves as a critical node of the KMMTT initiative to connect southwestern Myanmar to northeastern India by creating a multi-modal trinary of sea, river and road transport corridor to boost interconnectivity.

### Challenges:

#### **The Rohingya issue:**

- India is having to balance between the mostly **contradicting stands taken by its two neighbours - Bangladesh and Myanmar on the Rohingya issue**.
  - Rohingya issue has become a political issue in Myanmar that has argued against international interference in the issue while Bangladesh has repeatedly called for international efforts to help repatriate the Rohingyas back to Myanmar, currently lodged in the refugee camps of Bangladesh.
- The choices for India are limited on the issue. India has so far stated its support for “ensuring safe, sustainable and speedy return of displaced persons” to Myanmar. This has positioned India as being supportive of Myanmar’s efforts and also understanding of Bangladesh’s burden.

### Conclusion:

- The new initiatives reflect India’s multidimensional interests in the country and the **deepening of ties between India and Myanmar**.
- India’s political engagement and diplomatic balancing seem to have worked so far in its ties with Myanmar. The new initiatives could mark a significant upturn in the bilateral relations as these help establish India’s presence in sectors where it ought to be more pronounced.

## **Category: ECONOMY**

### **1. India’s DisCom stress is more than the sum of its past**

#### Context:

- The article analyzes the reasons for the poor performance of the DisComs in India and suggests measures to overcome these shortcomings.

#### Details:

- Distribution Companies (DisComs) play a critical role in the electricity supply chain. These utilities typically **buy power from generators and retail these to consumers.**
- India has done well in ensuring the adequate production of electricity in the country. However, the **DisComs continue to perform badly.**

### **Financial position of DisComs:**

- The financial position of DisComs is very grave in that they **owe large sums to generators and also have high short-term dues apart from the long term debt owed by them.**
  - While the government's **PRAAPTI** (or Payment Ratification And Analysis in Power procurement for bringing Transparency in Invoicing of generators) portal shows a figure of one lakh crore as DisCom dues to generators, the Power Finance Corporation (PFC)'s Report on Utility Workings for 2018-19 showed dues to generators were ₹2,27,000 crore, even before COVID-19.
- The **stimulus package earmarked for DisComs** (initially Rs. 90,000 crore and later upgraded to Rs. 1,25,000 crore), though comes as a welcome relief, is **grossly insufficient** given the financial position of the DisComs. Also, the stimulus is really a loan that has to be repaid by the DisComs.

### **Challenges:**

#### **Inefficiency:**

- The DisComs are blamed for inefficiency, including **high losses, called Aggregate Technical and Commercial (AT&C) losses.**
  - Aggregate Technical and Commercial (AT&C) losses include everything from theft to lack of collection from consumers.

#### **Lack of cost-reflective tariff structure:**

- The **regulators have failed to fix cost-reflective tariffs.** This has resulted in high debts for the DisComs.
  - Despite the acceptance of inefficiency in the name of the poor, yet still, they too do not get quality supply. The political dole out of free electricity even for those who may not deserve such support is a drain on the scant resources of the state.
- There are also **extensive cross-subsidies** between consumer categories which is not exactly the optimal way forward.

#### **Default of payments to DisComs:**

- DisComs face severe challenges of payables.
  - Consumers owed DisComs over Rs. 1.8 lakh crore in FY 2018-19.
  - **State governments are the biggest defaulters**, responsible for an estimated a third of trade receivables, besides not paying subsidies in full or on time.
    - About a seventh of DisCom cost structures is meant to be covered through explicit subsidies by State governments.

#### **Renewable energy factor:**

- The rise of renewable energy means that premium customers will leave the system partly first by reducing their daytime usage. And as battery technologies mature, their dependence on DisComs may wane entirely.
- This would not augur well for the DisComs which are banking on sustained demand growth.

### **Increasing competition:**

- The growing **easing of regulations in the sector allowing for third party suppliers under competitive models** would result in increased competition in the business of electricity supply.
- The DisComs due to their inefficient functioning and large financial debt are ill-equipped to take on the competition offered by the new entrants.

### **Disruption caused by pandemic:**

- COVID-19 has completely shattered incoming cash flows to utilities due to the **multi-month dip in demand**.
- The reduced demand for electricity did not save as much costs for the DisComs because a large fraction of DisCom cost structures is locked in through **Power Purchase Agreements (PPAs)** that obligate capital cost payments, leaving only fuel savings with lower offtake.

### **Way forward:**

#### **Short term:**

- There is a need for a much **larger liquidity infusion** than has been announced thus far.
- The **growing debt has to be paid down to manageable levels**. This calls for a haircut in DisComs' debt obligations.

#### **Long term:**

- In the long term, all the risk and future obligations should not be placed on DisComs alone. Generators, transmission companies, and lending institutions must all chip in.
- Need to **reduce AT&C losses** through appropriate technical and regulatory practices.
- Need a complete **overhaul of the regulation of electricity companies** and their deliverables. The regulators must allow cost-covering tariffs. The regulation should meet the **national needs of quality, affordable, and sustainable power**.

## **F. Prelims Facts**

### **1. 'Vivad se Vishwas: pay by March 31'**

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

The government has extended the deadline for making payment under the 'Vivad se Vishwas' scheme for the third time by three months to March 31, 2021.

- 'Vivad se Vishwas' is a direct tax dispute settlement scheme.
- It offers a complete waiver on interest and penalty to the taxpayers who pay their pending taxes by March 31.
- It is an amnesty scheme covering disputes pending at the level of commissioner (appeals), Income Tax Appellate Tribunals (ITAT), high courts, the Supreme Court and those in international arbitration.
- The scheme aims to benefit those whose tax demands are locked in dispute in multiple forums.

Read more on this topic covered in [14<sup>th</sup> March 2020 Comprehensive News Analysis](#).



## 2. PM lauds beneficiaries of scheme for street vendors

### What's in News?

- Prime Minister of India interacted with street vendors from Uttar Pradesh who had availed of loans under the PM Street Vendors Atmanirbhar Nidhi (PM SVANidhi) via video-conferencing.
- He said that most of the beneficiaries were repaying their loans on time.

### PM SVANidhi:

- The scheme provides vendors collateral-free working capital loans of ₹10,000.
- It was announced as a part of the government's Atmanirbhar Bharat package in the wake of the COVID-19 pandemic and economic crisis.

Read more about [PM Street Vendors Atmanirbhar Nidhi \(PM SVANidhi\)](#)

## G. Tidbits

### 1. Kerala govt. fixes base price for 16 agricultural produce

#### What's in News?

In a first-of-its-kind initiative in India, the Kerala state government has announced the base price for 16 agricultural items, including vegetables, fruits, and tubers.

- The scheme would come into effect from November 1, 2020.
- The base price set for 16 agricultural items is 20% above its production cost.
  - If the market price dipped below the base price of a vegetable, the produce would be procured at the base price and the money transferred to farmers' accounts.
  - The produce would be graded on quality, and subsequently, base prices would be fixed on that basis.
  - Provision has been made to revise the base price regularly.
- The scheme is designed to protect farmers from adverse price fluctuations.
- The farmers would have to register on the Agriculture Department's registration portal after insuring the crop to get the benefit of the base price.
- The government expects to produce an additional one lakh tonnes of vegetables and tubers in a year.
- The scheme envisages setting up of supply chain processes such as cold-storage facilities and refrigerated vehicles.

## H. UPSC Prelims Practice Questions

Q1. Which of these EU member countries border Turkey?

1. Georgia
2. Greece
3. Armenia
4. Bulgaria

**Choose the correct option:**

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

**CHECK ANSWERS:-**

**Answer: b**

**Explanation:**

Turkey borders two EU member states: Bulgaria and Greece. Greece joined the European Union in 1981. Bulgaria is a member country of the EU since 2007.

**Q2. Consider the following statements with respect to the Harpoon Block II missile:**

1. It is an all-weather, over-the-horizon, anti-ship missile that can be launched from submarines.
2. The missile was indigenously developed by DRDO.
3. Its range is around 1000 km.

**Choose the correct option:**

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

**CHECK ANSWERS:-**

**Answer: d**

**Explanation:**

- Harpoon Block II missile is an all-weather, over-the-horizon, anti-ship missile.
- It can be launched from fixed-wing aircraft, surface ships, submarines and coastal defense batteries.
- It is developed by Boeing Defense, Space & Security, the U.S.A.
- It has a range of around 125 km.

**Q3. Consider the following statements with respect to Sittwe Port:**

1. It is a deepwater port constructed by India.
2. It is situated at the mouth of River Kaladan.
3. It is located in the Rakhine state in Myanmar.

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

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

**CHECK ANSWERS:-**

**Answer: c**

**Explanation:**

All the statements are correct.

**Q4. Consider the following statements with respect to IndiGen Program:**

1. It is an initiative of the Council of Scientific & Industrial Research (CSIR).
2. The programme undertook the whole-genome sequencing of individuals representing diverse ethnic groups from India.
3. The programme was launched in 2009.

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

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

**CHECK ANSWERS:-**

**Answer: c**

**Explanation:**

- IndiGen Program is an initiative of the Council of Scientific & Industrial Research (CSIR).
- The programme undertook the whole-genome sequencing of individuals representing diverse ethnic groups from India.
- In order to fill the gap of whole-genome sequences from different populations in India, CSIR initiated the IndiGen Program in April 2019.
- CSIR first sequenced an Indian genome in 2009.

## I. UPSC Mains Practice Questions

1. Examine the significance of a robust bilateral relation with Myanmar for India and enumerate the recent initiatives taken to strengthen this bilateral relation. (10 marks, 150 words)(GS Paper 2/International Relations)
2. Analyze the reasons for the poor performance of the DisComs in India and suggest measures to overcome these shortcomings. (15 marks, 250 words)(GS Paper 3/Economy)

