

# 02 Dec 2020: UPSC Exam Comprehensive News Analysis

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*Nothing here for today!!!*

## B. GS 2 Related

**Category: POLITY AND GOVERNANCE**

### **1. Farmers continue protest as no deal reached in talks with govt.**

#### **Context:**

- Farmers are protesting over the farm acts passed by the Central Government.
- Talks between the Centre and the farmers demanding a rollback of the three farm sector legislations ended inconclusively.

This topic has been covered in [27<sup>th</sup> September 2020](#) and [30<sup>th</sup> November 2020](#) Comprehensive News Analysis.

## Category: INTERNATIONAL RELATIONS

### 1. China, Pakistan sign military deal

#### Context:

China and Pakistan have signed a new military memorandum of understanding to boost their already close defence relationship.

#### Details:

- The military deal has been signed to to 'jointly cope with various risks and challenges'.
- China's Defence Minister met Pakistan's President and Prime Minister and called on both countries to "push the military-to-military relationship to a higher level, so as to jointly cope with various risks and challenges, firmly safeguard the sovereignty and security interests of the two countries and safeguard the regional peace and stability".
- The Chinese Defence Minister also had talks with Pakistan's Chairman of the Joint Chiefs of Staff Committee General and reaffirmed their commitment to 'Iron Brotherhood' and 'All-Weather' friendship.
- Pakistan's President conveyed that the country firmly supports China's stand on issues related to the South China Sea, Taiwan, Xinjiang, Tibet and so on.
- In the meeting, the two countries also discussed and reviewed the ongoing projects under the China Pakistan Economic Corridor.

## C. GS 3 Related

## Category: ECONOMY

### 1. PMI shows manufacturing losing steam

#### Context:

The Purchasing Managers' Index (PMI) for India's manufacturing touched 56.3 in November 2020.

#### Details:

- According to IHS Markit (compiles the index), the numbers signal that even as an improvement in wider industrial activity continues, the sector's expansion, as well as the pace of new orders, has slowed down.
- Employment has further declined as business optimism faded during the month.

#### Purchasing Managers' Index (PMI):

- The Purchasing Managers' Index (PMI) is an index of the prevailing direction of economic trends in the manufacturing sector.

- It consists of a diffusion index that summarizes whether market conditions, as viewed by purchasing managers, are expanding, staying the same, or contracting.
- The headline PMI is a number from 0 to 100.
  - A PMI above 50 represents an expansion when compared with the previous month.
  - A PMI reading under 50 represents a contraction, and a reading at 50 indicates no change.

## **Category: ENVIRONMENT AND ECOLOGY**

### **1. ‘Many violations in Chardham project’**

#### **Context:**

Environmentalists have alleged that the Chardham project violates the Supreme Court orders on the appropriate road width to be followed in mountainous terrain.

#### **Concerns:**

- The implementation has been controversial with environmentalist groups pointing out that hill cutting was rampant with mountain ecosystems being irreversibly harmed in the process.

This topic has been covered in [5<sup>th</sup> October 2020 Comprehensive News Analysis](#).

## **Category: INTERNAL SECURITY**

### **1. NSCN (IM) slams ‘divisive’ Nagaland Governor**

#### **Context:**

The Isak-Muivah faction of the National Socialist Council of Nagaland, or NSCN (IM), has slammed Nagaland Governor R.N. Ravi for reflecting a ‘divisive’ agenda while commemorating the 58th Nagaland Statehood Day.

#### **Background:**

- Nagaland, once part of Assam, attained statehood on December 1, 1963.
- This followed the 16-Point Agreement signed in July 1960 between the Naga People’s Convention (NPC) and the Centre.
- A majority of extremists did not recognise it.

Read more on Naga Peace Talks covered in [4<sup>th</sup> November 2019](#) and [11<sup>th</sup> August 2020 Comprehensive News Analysis](#).

## **D. GS 4 Related**

*Nothing here for today!!!*

## **E. Editorials**

## 1. Corporates as banks

**Context:** An Internal Working Group (IWG) was constituted by the Reserve Bank of India (RBI) to review extant ownership guidelines and corporate structure for Indian private sector banks.

### Details:

- Amongst the several recommendations put forth, the suggestion to permit large corporate/industrial houses to be promoters of private banks has invited skepticism from various quarters.
- Several economists like former RBI Governor Raghuram Rajan and former RBI Deputy Governor Viral Acharya have expressed their concerns over handing the keys of the bank's treasury to corporate/industrial houses.

### What is the basis of the criticism?

#### 1. Soft lending

1. Corporate houses owning an in-house bank may pave the way for soft lending, i.e, lending at no interest or below-market rate of interest.
2. This is not a sound banking principle and neither is it going to benefit the economy as it will lead to credit disbursal to only select players in the economy.
3. Connected lending - A scenario wherein the borrower and promoter of the bank are the same. This provides corporate houses to funnel in the depositor's money into their own venture.
4. Conflict of interest of this magnitude should not be overlooked at any cost; there is a possibility of corporates seeing the banks as a readily available private pool of funds.

#### 2. Risk-taking attitude of corporate houses

1. The corporate houses are not known for risk aversion; the vast accumulation of wealth over the years was made possible by having brushes with highly risky ventures.
2. Overleveraging is not very uncommon in the corporate world, if recent experiences are to be taken into account, then corporate ownership is going to make the economy prone to 'Bank run'.
  1. A **bank run** occurs when a large number of customers of a bank or other financial institution withdraw their deposits simultaneously over concerns of the bank's solvency.
  2. As more people withdraw their funds, the probability of default increases, prompting more people to withdraw their deposits.

#### 3. Regulatory oversight issues

1. The recent IL&FS, Yes Bank, Punjab, and Maharashtra Co-operative Bank and DHFL incidences have raised question marks over the efficacy of RBI's supervision and monitoring.
2. With the entry of corporate houses, who have more expertise in concealing, camouflaging financial transactions through a vast web of opaque domestic and foreign-based entities, RBI will be challenged more than ever before. Does the RBI have enough prowess in dealing with such eventual possibilities is the question that has been raised by many.

#### 4. Business landscape

1. Currently, various sectors of the economy such as telecommunication, transportation, etc. are seeing a few big players, showing signs of moving towards concentration of ownership in a select few.

2. This would mean corporate ownership would reverse some of the core values that the 1969 nationalization of banks stood for. This would effectively mean a shift from mass-banking to class banking.
3. Past shreds of evidence have shown that business entities are profit-seeking by nature, hence would always be on the lookout to crush the competition. It is perhaps foolhardy to expect benevolent lending to fellow competitors.

### **RBI's defense**

- RBI believes that connected lending, soft loans, conflict of interest can be combated by making amendments to the Banking Regulation Act, 1949.
- RBI believes that amendments will be effective in curbing linkages between banks and non-financial entities along with erecting a strong robust supervisory structure, which will help to curb any malpractices.

### **Why the recommendation?**

- The banking sector credit percentage to GDP has been showing signs of decline. Credit creation in the economy is an important factor for growth.
- The banking sector landscape in India is largely dominated by public sector banks who are saddled with [non-performing assets](#) and thus are not able to disburse much.
- The COVID pandemic has crippled economic activity and government revenue, therefore the entry of big corporate and industrial houses into the scene is to enable them to deploy their coffers to fund India's growth.

### **Way Forward**

- While public sector banks have had their share of troubles, with corruption, red-tapism, inefficiencies, NPAs, it is not advisable to bring in corporate houses in the current scenario. The political patronage enjoyed by some business tycoons will only exacerbate the situation of the banking system.
- Therefore, privatization of public banks can be a possible way out; a wider, diversified holding of the stock by the general public would pave way for better management and inclusive distribution of wealth.

## **Category: INTERNATIONAL RELATIONS**

### **1. SCO – Heads of Government meeting**

#### **Background:**

- The SCO is a Eurasian political, economic and security organization that emerged from Shanghai Five <sup>[1]</sup><sub>SEP</sub> (China, Russia, Kazakhstan, Kyrgyzstan, and Tajikistan) which was founded in 1996 after the demarcation of China's border with four newly independent states that appeared after the collapse of the Soviet Union in 1991.
- This was transformed into today's SCO with the induction of Uzbekistan as a new member at the Shanghai Summit in 2001 and India & Pakistan in the Astana Summit, 2017.
- The main objectives of the SCO are to:
  - Strengthen relations among member states;

- Promote cooperation in political affairs, economics and trade, scientific-technical, cultural, and educational spheres as well as in energy, transportation, tourism, and environmental protection;
- Safeguard regional peace, security, and stability;
- Create a democratic, equitable international political and economic order.

**Context:** India hosted the Heads of Government (HoG) council meeting of the eight-nation [Shanghai Cooperation Organisation](#).

**Details:**

- It was the first time that a Summit-level Meeting was held under India's Chairmanship since it **gained full membership of the organization in 2017**. The MEA statement added that “This Summit is held annually at the level of Prime Ministers of SCO and deals primarily with the trade and economic agenda of the organization.”
- The joint communique was released at the end of the virtual conference and it focused primarily on the need to come up with a “Plan of Priority Practical measures for 2021-2022 to overcome the socio-economic, financial and food consequences of COVID-19 in the region”.
- The Heads of Government Council pledged to reinforce multilateralism and the UN Charter and also acknowledged the influence the grouping yields and how the grouping is being perceived as a responsible actor in the present International Relations.
- The summit was given a miss by the Prime Ministers of India and Pakistan.
- India expressed its objections to China by not joining the other SCO members in a paragraph endorsing the [Belt and Road Initiatives](#).
- India also made a call for "transparent and trustworthy" trade practices, which appear as an indirect reference to China.

**Terrorism**

- The Central Asia and South Asia regions have been at the receiving end of terror activities. India faces a major security threat in the form of cross-border terrorism and India's Vice President Venkaiah Naidu who was filling in for India's Prime Minister echoed the need to deal with cross border terrorism with an ‘iron fist’.
- SCO is a unique platform where India and Pakistan troops are participants of joint exercises under the [Regional Anti-Terror Structure](#).

**SCO as “Asian NATO”?**

- The North Atlantic Treaty Organization (NATO) is primarily a political and military alliance between the USA and several European nations.
- Referring to SCO as “Asian NATO” is to underline its importance as an institution rather than term it as a military alliance.
- SCO's stature in the region has gone northwards especially when other institutions like SAARC, BBIN have seen a dip in engagement.
- SCO is of immense strategic relevance, for it provides a platform to engage with China, as seen recently during the Line of Actual Control stand-off.
- SCO has been a platform that has allowed India to express its concerns about cross-border terrorism. This is important as the other members can also be at the wrong end of state-sponsored terrorism by Pakistan.
- SCO can bridge the physical distance and take India closer to the Central Asian countries, who can potentially play an important role in meeting our energy needs and also be part of a wider security architecture.



- SCO provides India with an opportunity to have greater say in regional affairs and increases the role of India from a bystander to an important responsible stakeholder.

## Category: SCIENCE AND TECHNOLOGY

### 1. Slow Progress

**Context:** World Health Organization is investigating to trace the genesis of the [novel coronavirus \(SARS-CoV-2\)](#).

**Background:** The animal source of SARS coronavirus was unearthed by the WHO team during the 2003 outbreak within weeks. In the case of MERS coronavirus, the intermediate host was identified more than a year post the reporting of the first human infection.

#### Details:

- The source of novel coronavirus (SARS-CoV-2) has still been at large with almost 11 months lapsing since WHO reported the first case.
- Comparisons with SARS and MERS coronavirus are inevitable and with almost a year into this crisis, there have not been any headways in determining the actual animal source.

#### Importance in identifying the natural reservoirs and intermediate hosts

- Zeroing upon the natural reservoirs of the virus will give information that can be vital for delivering therapeutics and conducting clinical trials.
- Identification of intermediate hosts will help in tracing the pathways of virus spread and identify species that are vulnerable to the virus and will also help discover the extent of vulnerability of different species.
- Evidences have suggested that a bat was the origin of the virus and progressed to infect the humans through an intermediate species.
- Several studies have been conducted on several animals, for example, a cat, and many animals are susceptible to the virus.
- The wide range in the spread of the virus has meant that it is difficult to zero in on an intermediate host and also the possibility of human to animal transmission cannot be completely ruled out.
- WHO's intention of discovering the origin and pathways of the virus is commendable but the pace at which the investigation is unraveling is not very encouraging.

#### Fallible Process

- It was not until August that WHO laid the foundations for joint efforts to trace the origins of the virus and China did not begin its preliminary studies until October.
- Astonishingly, the WHO team did not visit and investigate Wuhan, which was considered the epicentre of the outbreak.
- The process of investigation is bifurcated into short term and long term studies. The short term studies will involve looking into deciphering and comprehending how the virus might have begun circulating in Wuhan.
- Based on the results of the short term studies, the long term studies will ensue. Only then will a WHO team be operating in China working side-by-side with Chinese scientists.

#### Doubts over China's intentions intensifying

- If failing to report the virus outbreak immediately was a part of ignorance on behalf of China, the lack of efforts to conduct studies and investigate has caused immense displeasure amongst the people world over.
- The pandemic has come at a huge cost, countries are still limping towards normalcy and yet China's lackadaisical attitude has led to the politicization of the issue and also have given birth to doubts and intentions of China in this regard.
- China has none but itself to blame, its actions must be assuring the global public but in turn, have fuelled speculations.

China, in the interest of mankind, has to open itself for a thorough investigation. Only a multipronged approach encompassing a broad framework such as investigating China's wildlife farms, wet markets will lead to making important strides into unraveling the mystery of the virus.

## F. Prelims Facts

*Nothing here for today!!!*

## G. Tidbits

### 1. GST inflows top ₹1 lakh cr. for second month in a row

#### What's in News?

Gross revenues from the Goods and Services Tax (GST) crossed ₹1 lakh crore for the second month in a row.

- This was 1.4% higher than a year ago and lower than the October 2020 collections.
- Cumulatively, the GST revenues from the first eight months of 2020-21 reflect a 17.4% dip from the collection in the same period of 2019-20.

### 2. Quarantine notices may cause stigma, says SC

#### What's in News?

The Supreme Court said that the practice of affixing public notices outside the residences of quarantining COVID-19 patients may cause stigma.

- A Bench pointed out that in some cases such posters trigger people to treat patients in quarantine as untouchables.
- The court was hearing a petition that said such posters entail the violation of the fundamental right to privacy of the patient.
- A detailed hearing on the case is scheduled.

## H. UPSC Prelims Practice Questions

Q1. Consider the following statements:



1. Ammonia is used in making urea.
2. Coating urea with neem oil facilitates the rapid release of nitrogen from urea.

**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: a**

**Explanation:**

- Ammonia is used in making urea.
- Ammonia reacts with carbon dioxide to produce urea. Urea is always manufactured close to an ammonia plant.
- Spraying urea with neem oil has a few agronomic and environmental benefits.
- Neem has proven nitrification inhibition properties. This way it slows down the process of nitrogen release from urea (by about 10 to 15 percent). Thus it reduces the consumption of the fertilizer.

**Q2. Consider the following statements:**

1. The Purchasing Managers' Index (PMI) is an index of the prevailing direction of economic trends in the manufacturing sector.
2. The headline PMI is a number from 0 to 100.
3. PMI reading at 50 indicates expansion.

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

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

**CHECK ANSWERS:-**

**Answer: c**

**Explanation:**

- The Purchasing Managers' Index (PMI) is an index of the prevailing direction of economic trends in the manufacturing sector.
- The headline PMI is a number from 0 to 100.
  - A PMI above 50 represents an expansion when compared with the previous month.
  - A PMI reading under 50 represents a contraction, and a reading at 50 indicates no change.

**Q3. Consider the following statements with respect to the Shanghai Cooperation Organisation (SCO):**

1. It is headquartered at Bishkek in Kyrgyzstan.

2. Uzbekistan, India and Pakistan became the permanent members of SCO in the Astana summit of 2017.
3. The organization has two permanent bodies namely the Executive Committee of the Regional Anti-Terrorist Structure (RATS) and the SCO Secretariat.

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

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

**CHECK ANSWERS:-**

**Answer: b**

**Explanation:**

- Uzbekistan joined the Shanghai Cooperation Organisation (SCO) as a permanent member at the Shanghai summit in 2001.
- India and Pakistan became the permanent members of SCO in the Astana summit of 2017.
- It is headquartered in Beijing, China.
- The organization has two permanent bodies — First is the Executive Committee of the Regional Anti-Terrorist Structure (RATS) based in Tashkent and second is the SCO Secretariat based in Beijing.

**Q4. Consider the following statements with respect to torrefaction:**

1. It is a thermal process used to produce liquid biofuels from various streams of woody biomass or agro residues.
2. It involves heating the biomass to temperatures between 250 and 300 degrees Celsius in a low-oxygen atmosphere.
3. The end product of torrefaction has better fuel characteristics than the original biomass.

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

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

**CHECK ANSWERS:-**

**Answer: b**

**Explanation:**

- Torrefaction is a thermal process used to produce high-grade solid biofuels from various streams of woody biomass or agro residues.
- The end product is a stable, homogeneous, high quality solid biofuel with far greater energy density and calorific value than the original feedstock. It has better fuel characteristics than the original biomass.

- Torrefaction involves heating the biomass to temperatures between 250 and 300 degrees Celsius in a low-oxygen atmosphere.
- This changes the elements of the biomass into 'coal-like' pellets.
- These pellets can be used for combustion along with coal for industrial applications like steel and cement production.

## I. UPSC Mains Practice Questions

1. In the backdrop of poor handling of the pandemic by WHO, discuss the role of WHO in global health efforts and the inherent challenges faced by it while suggesting measures to strengthen the same. (10 marks, 150 words) [GS2, Health]
2. The SCO, sometimes referred to as "Asian NATO", serves as a geo-politically important regional grouping. Discuss. Can the SCO serve as a platform to overcome the challenges India face with its immediate neighbours? (15 marks, 250 words) [GS2, International Relations]