

09 Apr 2021: UPSC Exam Comprehensive News Analysis

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B. GS 2 Related

Category: INTERNATIONAL RELATIONS

1. [‘All options open on South China Sea’](#)

Context:

The Philippines defence department said that it was keeping its options open as a diplomatic row with Beijing grows over hundreds of Chinese vessels in the contested South China Sea.

Details:

- Tensions over the resource-rich waters have spiked in after over 200 Chinese boats were detected at Whitsun Reef in the Spratly Islands.
- Both China and the Philippines have rival claims in the Spratly Islands.
- While Manila says that the Chinese boats unlawfully entered its exclusive economic zone, China has refused repeated appeals by the Philippines to withdraw the vessels.
- In this backdrop, the Philippines said that it has kept its options open in managing the situation, including leveraging its partnerships with other nations such as the United States.
 - Recently, the United States reminded China of Washington's treaty obligations to the Philippines in the event of an attack in the waters.

US-Philippines Mutual Defence Treaty:

- The decades-old military agreement between Manila and Washington states that each country would come to the defence of the other in case of an attack by a foreign country.
- It was signed on August 30, 1951.

Issue:

- China claims almost the entirety of the sea.
- Many of the boats detected at Whitsun Reef in early March 2021 have since scattered across the Spratly archipelago.
- The Spratly Islands is also claimed in whole or in part by Brunei, Malaysia, Taiwan and Vietnam.
- Beijing often invokes the so-called nine-dash line to justify its apparent historic rights over most of the South China Sea.
- It has ignored a 2016 international tribunal decision that declared this assertion to be without basis.
 - The arbitral tribunal recognized Manila's sovereign rights in its exclusive economic zone that Beijing contests.
 - The tribunal also ruled that China's activities involving island-building on several reefs in the Kalayaan Island Group constitute violations of the [United Nations Convention on the Law of the Sea \(UNCLOS\)](#) and have caused damage to the marine environment.

Read more on the [South China Sea dispute](#).

2. Biden govt. restores aid to Palestinians

Context:

Biden administration's policy towards Palestine.

Details:

- The U.S. State Department announced the restoration of at least \$235 million in financial assistance to the Palestinians.
- This is a significant reversal to the Trump administration's policy towards Palestine.
 - Trump's policies towards West Asia which included the relocation of the U.S. Embassy to Jerusalem were criticised for being heavily tilted towards Israel.

- The financial assistance includes \$75 million in economic assistance to the West Bank and Gaza, \$10 million towards 'peacebuilding' programmes of the U.S. Agency for International Development (USAID) and \$150 million in humanitarian assistance to the UN Relief and Works Agency (UNRWA).
- The UNRWA funds would include educational assistance for at least 5,00,000 Palestinian children living in West Asia.
 - The Trump administration had almost ended all funding to the organisation in 2018.
- The administration had already announced \$15 million in coronavirus relief to the Palestinians.

Israel's Reaction:

- Israel, which has accused UNRWA of anti-Semitism, objected to the funding plans.
- Israel's position is that the organisation in its current form perpetuates the conflict and does not contribute to its resolution.

C. GS 3 Related

Category: ENVIRONMENT AND ECOLOGY

1. Biden will restore credibility on climate change, says U.S. envoy

Context:

U.S. special envoy asserted that the Biden administration is trying to restore the U.S.'s credibility on climate change issues that the Trump administration damaged by pulling out of the Paris Agreement ([UNFCCC](#)) on climate change in 2017.

Details:

- The U.S. envoy pushed for more ambitious targets on cutting emissions promising that decisive actions would be taken.
- He promised to fulfil Washington's earlier commitments towards developing countries, including a \$3 billion contribution to the Green Climate Fund.
- Biden had campaigned on a pledge to reach net-zero emissions across the economy before 2050, and to eliminate fossil fuel pollution from the electricity sector by 2035.

Green Climate Fund:

- The Green Climate Fund (GCF) is a fund established within the framework of the UNFCCC as an operating entity of the Financial Mechanism to assist developing countries in adaptation and mitigation practices to counter climate change.

Read more on [Green Climate Fund](#)

Note:

Prime Minister Modi and the special envoy Kerry agreed to collaborate on a 2030 agenda with a focus on a clean and green agenda through enhancing the availability of climate finance, building resilient infrastructure, energy storage and green hydrogen.

Category: ECONOMY

1. RBI's first purchase under G-SAP 1.0 set for April 15

Context:

The Reserve Bank of India recently announced the introduction of the G-sec Acquisition Programme (G-SAP 1.0).

Details:

- RBI has now announced the Open Market Purchase of Government of India Securities under the programme.
- The Reserve Bank will conduct the open market purchase of government securities of ₹1 lakh crore under the G-sec Acquisition Programme (G-SAP 1.0) in Q1 2021-22.
- It will purchase five types of government securities via a multi-security auction using multiple price methods.

Significance:

- In the backdrop of the government's elevated borrowing for this year, which the RBI has to ensure goes through without causing disruption, G-SAP aims to provide more comfort to the bond market.
- G-SAP 1.0 is being carried out with a view to enabling a stable and orderly evolution of the yield curve.
- In addition, RBI sought to quell the concerns of market participants over rising bond yields by keeping the policy rates unchanged.
- Since liquidity is already in a large surplus, RBI will continue with variable rate reverse repos at the short end.
- With liquidity being withdrawn at the short end and injected at the long end, this should effectively normalise the curve.

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E. Editorials

Category: INTERNATIONAL RELATIONS

1. Explaining Pakistan's flip-flop on trade with India

Background

- Pakistan has suspended trade ties with India after India revoked the special status of Jammu and Kashmir in 2019.
- As a result, cotton and yarn imports are allowed from all countries except India.

Context

- Low yield of cotton bales in Pakistan had created problems for the domestic cotton sector in Pakistan, which allowed them to think of import from India.
- Pakistan's Economic Coordination Council (ECC) had taken a decision to allow the import of cotton and cotton yarn from India.
 - The decision was taken as it would provide relief to Pakistan's textile sector resulting in import of raw materials at a lower cost.
- Following this decision, the Cabinet headed by Prime Minister Imran Khan rejected the proposal of a high-powered committee to import cotton from India.

The textile industry has voiced its disappointment

- Pakistan's textile industry has not taken the cabinet's decision kindly; for them, importing cotton yarn from India is an immediate need; else, it would impact their export potential.

A look at Stats

- According to the latest Pakistan Economic Survey, 2019-20, though the agriculture sector witnessed a growth of 2.67% (with an increase in rice and maize production), cotton and sugarcane production declined by 6.9% and 0.4%, respectively.
- **Sugar exports** came down substantially in 2020, by over 50% in 2019-20, when compared to 2018-19.
- Yarn, cotton cloth, knitwear, bedwear and readymade garments form the core of **Pakistan's textile basket in the export sector**.
 - By February 2020, there was a steep decline in the textile sector due to disruptions in supply and domestic production.
 - When compared to the last fiscal year (2019-20), there has been a 30% decline (2020-21) in cotton production.

Cotton production and yield

- Cotton growing area has shrunk drastically
 - According to State Bank of Pakistan's quarterly report, the decline in cotton production is due to **fewer areas** (the lowest since 1982) of cotton cultivation.
 - By the end of 2020, there was a sharp decline (around 40%) in cotton production.
- Shrinking cotton output
 - Besides the decline in the area of cotton cultivation, there was also a **decline in yield per acre**.
 - The ginning industry estimates that in 2021, it would receive less than half of what was projected.
 - In 2019-20, Pakistan produced around nine billion bales; in 2020-21, the ginning industry estimates only around seven million bales.

Impact

- This would mean, Pakistan's cotton export would reduce, creating a domino effect on what goes into Pakistan's garment industry.
- Pakistan is the fifth-largest exporter of cotton globally, and the cotton-related products (raw and value-added) earn close to half of the country's foreign exchange. The foreign exchange could take a major hit.

Sugar industry in Pakistan is in crisis

- The sugar industry in Pakistan has prioritised exports over local distribution.
- Increased government subsidies, cheap bank loans, a few administrative decisions, manipulation and greed, especially by the sugar mill owners, mean high cost paid by the consumers.
- By early 2019, the sugar prices started increasing, and in 2020, there was a crisis due to shortage and cost.

As a result, importing sugar from India would be cheaper for the consumer market in Pakistan. It would not only be cheaper but also help Pakistan's exports. This is also imperative for Pakistan to earn foreign exchange.

Takeaways

- Clearly, the crises in cotton and sugar industries played a role in the ECC's decision to import cotton, yarn and sugar from India.
 - It was based on Pakistan's immediate economic needs and not designed as a political confidence-building measure to normalize relations with India.
- The U-turns and vacillating between choices show the supremacy of politics over trade and economy, even if the latter is beneficial to the importing country.
 - For the cabinet, the interests of its own business community and its export potential have become secondary.
- The third takeaway is the emphasis on Jammu and Kashmir by Pakistan to make any meaningful start in bilateral relations. This goes against what it has been telling the rest of the world that India should begin dialogue with Pakistan.

Conclusion

- Pakistan has been saying that the onus is on India to normalize the process. India should tell Pakistan that it is willing, but without any preconditions, and to start the process with trade.

Category: ECONOMY

1. Plough to plate, hand held by the Indian state

Introduction

- In the last four decades, there is a general presumption that a progressively **reduced role of the state** would automatically deliver greater economic growth and welfare to the people.

- Contrary to this popular opinion evidence indicates that it is the state that has played the leading role in provisioning the most critical aspects of life: water, sanitation, education, health, food and nutrition.
- As a result with unique characteristics attributed to Indian agriculture and the share of employment it offers in India taking the socio-historical context, the Indian state must continue to intervene in multiple markets, and make critical investments, to ensure the welfare of both farmers and consumers.

Specificities of agriculture

- Due to a variety of limiting factors, from uncertainties of the weather to soil fertility and water availability, increasing returns to scale are very difficult to achieve in farming. This underscores the need for the right kind of public investment in agriculture.
- The economies of scale allow producers in the industry to make profits by cutting unit costs, even as prices fall, but in agriculture generating such profits similar to the industrial sector is hard.
- Again, production processes in agriculture cannot be organised in an assembly line; they need to begin at the appropriate phase of the climatic annual cycle.
 - This means that all farmers harvest their crop at the very same time; 86% of India's farmers are 'small and marginal', too poor to afford warehousing facilities and are, therefore, compelled to bring their harvest to the market at around the same time.

Concerns

- During a bumper crop, prices fall. It is expected that consumers will be benefitted. But the food grains are hoarded by the traders resulting in loss to the farmers and customers have to buy very expensive commodities.
- In the credit market, usurious interest rates (often as high as 60%-120% per annum) create a debt where it becomes virtually impossible for the farmer to escape from the debt cycle.
 - The repayments due are 'adjusted' through exploitative practices in the input, output, labour and land-lease markets.
 - This is further exacerbated by the oppressive caste system, with the poorer, 'lower' caste farmers, facing a cumulative and cascading spiral of expropriation.
- There is growing evidence of a steady decline in water tables and water quality.
- The yield response to the application of increasingly **expensive chemical inputs** is falling, which has meant higher costs of cultivation, without a corresponding rise in output.
- Around 90% of India's water is consumed in farming, and of this, 80% is used up by rice, wheat and sugarcane. Farmers continue to grow these water-intensive crops even in water-short regions primarily because of an **assured market — for rice and wheat in the form of public procurement**, which still covers only a very low proportion of India's crops, regions and farmers.

All the above reasons provide a strong case for state intervention in multiple agricultural markets.

India's food security system

- The Food Corporation of India and the Agricultural Prices Commission ([Commission for Agricultural Costs and Prices](#), or CACP since 1985) were set up in 1965.
- The idea was that as **farm output** rises with the Green Revolution, farmers are assured that their surplus would be bought by the government at a price high enough to leave them a margin.
- The crops procured were then made available to **consumers** at subsidised rates through the Public Distribution System (PDS).

- Thus, government intervention protected farmers during bumper crops and dipped into the buffer stock to protect consumers during droughts.

This is how India got its much-vaunted food security over the past several decades.

Way forward

- We need to expand the basket of public procurement to **include more crops, more regions and more farmers**.
- Procurement must be local and follow the logic of regional agro-ecology.
 - The locally procured crops should then be incorporated into Anganwadi supplementary nutrition and school mid-day meal programmes.
 - This would mean a large and steady market for farmers, while also making a huge contribution to tackling India's twin syndemic of malnutrition and diabetes.
- To incentivise farmers to make this change, governments must include them in procurement operations.
- Huge volumes of water could be saved if cropping patterns are diversified to include a variety of millets (rightly called 'nutri-cereals' now), pulses and oilseeds.
 - Public investment in specific infrastructure required for millets and pulses, especially those grown through natural farming, would also help expand their cultivation.
- India has a network of 2,477 mandis and 4,843 sub-mandis to safeguard farmers from exploitation by large retailers.
 - This network needs to be greatly expanded as today, only 17% of farm produce passes through mandis. To provide farmers access within a radius of five kilometres, India needs 42,000 mandis, which are also in need of urgent reform.

Rural India will be the focal point.

- Ever since the Second Five Year Plan was initiated in 1956, the primary focus was to move people from the rural heartland to industry and urban areas.
- The idea may be good but meeting the objective looks like a daunting task. According to United Nations estimates, in the year 2050, around 800 million people will continue to live in rural India.
- Given this unique Indian demographic transition, agriculture will need to be greatly strengthened, especially bearing in mind the complexities in the urban areas and the limited administrative initiatives to provide basic amenities.
- In a context characterised by growing inequalities, skewed balance of power, no reform can succeed that does not strengthen the weak and the excluded.

Conclusion

- Therefore the government should reduce the regulatory ambiguity and economic uncertainty by bringing new reforms which will improve the agriculture sector.

F. Prelims Facts

1. Suspected African swine fever outbreak in Mizoram

What's in News?

An outbreak of suspected African swine fever (ASF) has killed 276 domestic pigs in the Lunglei district of Mizoram.

African Swine Fever:

- African Swine Fever (ASF) is different from swine flu. The virus does not affect people and there is no impact on human health.
- Swine influenza or swine flu is a respiratory disease of pigs, which is caused by type A influenza virus.
- ASF is a severe viral disease that affects wild and domestic pigs typically resulting in an acute haemorrhagic fever.
- ASF is caused by a large DNA virus of the Asfarviridae family.

G. Tidbits

1. U.K. to set up £43 million fund for migrants from Hong Kong

What's in News?

The British government said that it is setting up a £43 million (\$59 million) fund to help migrants from Hong Kong settle in the country as they escape increasing political repression in the former colony.

- The offer extends to holders of British National (Overseas) passports who have been offered special visas.
 - This opens a path to work, residency and eventual citizenship to up to 5 million of Hong Kong's 7.4 million people.
- The integration programme will provide funding to help arrivals in accessing housing, education and jobs.
- Around 10% of the funds will go towards establishing 12 virtual welcome hubs across Great Britain and Northern Ireland to coordinate support and give practical advice and assistance.

China's Reaction:

- China has sharply criticised what it labels British abuse of the passports, saying it will no longer recognise them as travel documents or as a form of identification.

2. 'Double mutant' strain named B.1.617

What's in News?

The double mutant virus that scientists had flagged as having a bearing on the spread of the pandemic in India, has a formal scientific classification: B.1.617.

- The variant is common in India and has a couple of defining mutations, E484Q and L425R, that enable it to become more infectious and evade antibodies.
- Though these mutations have individually been found in several other coronavirus variants, the presence of both mutations together were first found in some coronavirus genomes from India.

Note:

Certain variants of the coronavirus, for instance, B.1.1.7 and B.1.351 — have been termed the United Kingdom and South Africa variant, respectively, because they have mutations associated with large spikes in these countries or reduce the efficacy of vaccines and are termed variants of concern (VOC).

Read more on this issue covered in [26th March 2021 Comprehensive News Analysis](#).

H. UPSC Prelims Practice Questions

Q1. Consider the following statements with respect to African Swine Fever:

1. It is a respiratory disease that infects domestic and wild pigs.
2. It is caused by Type A influenza virus.
3. It does not affect humans and spreads from animals to other animals only.

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

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

Answer: d

Explanation:

- African Swine Fever (ASF) is different from swine flu. The virus does not affect people and there is no impact on human health.
- It is a respiratory disease of pigs, which is caused by Type A influenza virus.
- ASF is a severe viral disease that affects wild and domestic pigs typically resulting in an acute haemorrhagic fever.
- ASF is caused by a large DNA virus of the Asfarviridae family.

Q2. Consider the following statements:

1. G-Secs are tax-free debt instruments issued by the government to borrow money.
2. Treasury bills are short term instruments issued by the central government only.
3. Dated securities are long-term instruments having maturity between 5 years and 40 years.

Which of the given statement is/are correct?

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

Answer: b

Explanation:

- G-Secs are debt instruments issued by the government to borrow money.
- Like bank fixed deposits, g-secs are not tax-free.
- Treasury bills are short term instruments issued by the central government only.
- Dated securities are long-term instruments having maturity between 5 years and 40 years.

Q3. Consider the following statements with respect to Project RE-HAB:

1. Project RE-HAB is a sub-mission under National Honey Mission.
2. Project RE-HAB was launched to prevent elephant-human conflict.
3. It was launched by Khadi and Village Industries Commission (KVIC).

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

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

Answer: c

Explanation:

- [Khadi and Village Industries Commission \(KVIC\)](#) had launched a unique project of creating “bee-fences” to mitigate human-elephant conflicts.
- RE-HAB is an acronym for Reducing Elephant – Human conflict using Bees.
- Project RE-HAB is a sub-mission under KVIC’s National Honey Mission.
- While the Honey Mission is a programme to increase the bee population, honey production and beekeepers’ income by setting up apiaries, Project RE-HAB uses bee boxes as a fence to prevent the attack of elephants.

Q4. Which of the following best describes SARTHAQ initiative?

- a. It is an implementation plan for school education developed by the Department of School Education.
- b. It is a set of guidelines issued by the Education Ministry to promote industry-specific need-based research in the educational institutions to keep up the competitiveness of the Indian industry in the global market.
- c. It is an initiative of the Ministry of Women and Child Development for generating awareness and also improving the efficiency of welfare services for the girl child.
- d. It is an initiative of the Ministry of Women and Child Development to provide skills and right competencies to women so that they can take up gainful employment.

Answer: a

Explanation:

SARTHAQ, developed by the Department of School Education and Literacy, is an indicative and suggestive implementation plan for school education. It will help in the implementation of the National Education Policy in the country.

I. UPSC Mains Practice Questions

1. Pakistan's double U-turn on resuming trade with India highlights the internal differences within ministries, between business and political communities, and the emphasis on politics over economy and trade. Discuss. (10 marks, 150 Words) [GS-2, International Relations]
2. Agriculture can only be reformed by radically enhanced state capacities and qualitatively better regulatory oversight. Analyze. (10 marks, 150 Words) [GS-3, Economy]