

24 Nov 2021: UPSC Exam Comprehensive News Analysis

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A. GS 1 Related

Nothing here for today!!!

B. GS 2 Related

Category: INTERNATIONAL RELATIONS

1. India, U.S. commit to linking economies across sectors

Context:

- The U.S. Trade Representative held bilateral meetings with Commerce and Industry Minister and relaunched the **U.S.-India Trade Policy Forum (TPF)**.
 - The Trade Policy Forum was convened after a gap of four years.

Background:

Vicious cycle of bilateral economic ties:

- There have been many **setbacks in the economic relationship** between the two countries.
 - The U.S.'s move to **raise import tariffs** and the **withdrawal of benefits to Indian exporters under the U.S.'s Generalized System of Preferences (GSP)** triggered **retaliatory trade measures from India**.
 - Some prominent American businesses (Harley-Davidson and Ford) have left India.
 - India and the U.S. are pursuing **cases at WTO** against each other's trade policies.
 - Both countries have blamed each other over issues of restricted market access, trade and non-trade barriers, high tariffs on imports, Intellectual Property rights infringement, etc.
- Despite many efforts towards a free-trade agreement, the two sides have failed to even reach a mini-trade deal.

Details:

Working groups:

- The two sides have decided to activate **working groups of the Trade Policy Forum (TPF) on agriculture, non-agriculture goods, services, investment, and intellectual property**.
- These working groups will meet frequently and address issues of mutual concern like **outstanding market access issues** in a mutually beneficial manner.
 - India is seeking U.S. market access for its mangoes, grapes, and pomegranates, pomegranate arils, water buffalo meat and wild-caught shrimp, while the U.S. is seeking similar access in the Indian market to cherries, pork/pork products, dried grains and alfalfa hay for animal feed.
- They will also work towards **targeted tariff reductions**.
- The TPF working groups would work towards developing plans of action for making substantive progress by March 2022.

Totalization agreement:

- The Forum acknowledged the importance of urgently negotiating a [Social Security Totalization Agreement](#) and would be pursuing efforts for reaching such an agreement.
- The absence of such an agreement particularly affects Indian IT workers in the U.S., who lose billions of dollars in U.S. social security contributions that they cannot repatriate back to India.
- The agreement would allow workers from both countries to move their retirement savings between the two countries.

Multilateral engagement:

- India and the U.S. would involve in **collaboration and constructive engagement in multilateral trade bodies, like the WTO and the [G20](#)** for achieving a shared vision of a transparent, rules-based global trading system among market economies and democracies.
 - India's proposal on IPR waivers for the COVID-19 vaccine and medicines will be discussed in the upcoming WTO ministerial.
- The Forum also decided to find mutually agreeable solutions to outstanding WTO disputes between the two countries.

GSP issue:

- Indian has sought restoration of the GSP (Generalized System of Preferences) benefits to which the U.S. has promised suitable consideration.

Significance of TPF framework:

- Reviving the U.S.-India Trade Policy Forum is a **chance to break the vicious cycle in economic ties between India and the U.S.**
- The TPF approach of targeting easily achievable targets first and setting time limits will help **streamline the process of negotiations between the two sides.**
- The TPF will act as a starting point for the United States and India to **integrate their economies across sectors** to harness the untapped potential of the bilateral relationship. Given the complementarities of the two economies, a robust trade relationship between the two countries will help them reap **rich economic dividends.**
- Apart from the obvious bilateral benefits, an enhanced trade relationship between the two countries will help **rebuild critical supply chains in a post-pandemic world.** The integration in areas such as health, medical devices and pharma is an effort in this direction.

For more related information on this topic refer to the following article:

[CNA dated Nov 23, 2021: Unpredictable norms key impediment to bilateral trade](#)

Category: ECONOMY

1. New Crypto Bill seeks to ban private players

Context:

- The Union Government plans to introduce the **Cryptocurrency and Regulation of Official Digital Currency Bill, 2021** in the upcoming winter session of Parliament.

Background:

- The Union government has been considering a **regulatory framework for cryptocurrencies** amid growing concerns over them.
 - There have been growing concerns over **non-transparent and over-promising advertising of crypto assets** given the **high volatility** in its prices.
 - Experts have also warned that the unregulated crypto markets could become avenues for **money laundering and terror financing**.

Details:

- The Bill seeks to **regulate cryptocurrency** and ostensibly ban all private cryptocurrencies in India. It may also seek to create a facilitative framework for the creation of the **official digital currency** to be issued by the Reserve Bank of India.
- Notably, however, the bill will allow for certain exceptions to promote the underlying **blockchain technology** and its uses.

D. GS 4 Related

Nothing here for today!!!

E. Editorials

Category: ECONOMY

1. Over-valued unicorns in a distressed economy

Context

This editorial talks about the recent failure of the biggest-ever initial public offering (IPO) and the status of unicorns in India.

What is an initial public offering (IPO)?

- Primary and Secondary Market:
 - The "Primary Market" and the "Secondary Market" are represented by the capital market.
 - New issuers (primary market) and stock (secondary market) are two interrelated and inseparable components of the capital market.
- Initial Public Offering (IPO):
 - An initial public offering (IPO) is the process through which a private company becomes public by selling its stock to the general public (IPO).
 - It might be a startup or an existing business that decides to go public by listing on a stock exchange.
 - A corporation that sells its stock to the public is not obligated to reimburse the funds invested by the public.

Unicorns in India

- What is a Unicorn?
 - Any privately owned firm with a market capitalization of more than \$1 billion is referred to as a unicorn.
 - It denotes new entities dedicated to offering creative solutions and new business models, among other things.
 - According to RBI reports, India is currently third on the global list of nations with the most unicorns, after only the United States and China.
- Origin:
 - In his 1997 book 'The Innovator's Dilemma', Clayton M. Christensen popularised the concept of disruptive innovations, and the 'unicorn' has since become a buzzword for describing start-ups.
 - The concept was that small businesses with little resources might disrupt technology by establishing a completely new way of doing things.
- Characteristics of Unicorn:
 - In the venture capital sector, a unicorn is a startup with a valuation of \$1 billion or more.
 - Only a privately owned startup has the potential to become a unicorn.
 - Unicorns are known for their disruptive innovation, high technology, new ideas, and customer focus.

Reasons behind the rapid growth of unicorns in India

- **Fintech leads:** Digital payment has recently grown in vast popularity. The fintech industry, which has contributed the most to the unicorn list, reflects this increase in digital payment.
- **Investors' push for Get Big Fast (GBF) strategy:** With startups, several investors and venture capital companies have embraced the GBF (Get Big Fast) strategy. Under this approach, businesses strive to develop quickly by raising significant amounts of money and lowering prices in order to outperform their competitors in the market.
- **Company buyouts:** Many startups become unicorns as a result of buyouts from major public corporations who prefer to focus on acquisitions to grow their business rather than investing in internal growth.
- **No plans for IPO:** Funding rounds are a common way for startups to raise financing and increase their total valuation. IPOs also include the danger of a company's value being devalued if the public market believes it is worth less than it is.
- **Easy access to technology:** With easy access to tech-savvy customers, companies can grow their businesses beyond their wildest dreams. As a result, technological advancements might be seen as another driving element behind the rise of unicorns in India.

Concerns with Failures of Unicorns:

1. **Edtech Companies:** The novel coronavirus pandemic has turned out to be a boon in disguise for EdTech companies, since it is this external environment that is propelling the sector forward by four to five years. Due to the abundance of liquidity, EdTech companies with reasonable business ideas are highly priced.
2. **Technology firms:** Technology companies try to persuade clients who have lived in a certain way to modify their behaviour. Consumers will begin to use such services only once this path of behavioural transformation has begun.
3. **Behavioural changes:** Inducing such changes is costly for new businesses since they must incentivize clients. Firms spend a lot of money to offer huge discounts to clients in the hopes that people would become so used to these platforms that they will continue to use them even if the prices are raised.
4. **Consumption of Services:** It appears that corporations and valuation experts overestimate the Indian economy's potential to consume services by assuming exponential demand growth over longer time periods.

Case Study: Paytm IPO

Recently, the largest-ever initial public offering (IPO) in India collapsed on the stock exchange, with shares trading for less than 27% of the IPO price. In his own estimate of the company, valuation specialist Aswath Damodaran termed it "India's leading cash burning machine."

Conclusion:

We are witnessing the emergence of new unicorns every month, which is the result of exaggerated valuations in order to tap more investors and burn more capital. These values are completely based on future earnings, with no gains to display in the short term.

Category: INTERNATIONAL RELATIONS

1. Coups upend West Asia's nascent democracies

Context

As recent developments in Tunisia and Sudan again entrench autocracy, there are fears that the beacon of reform could be extinguished across the region.

Arab Spring Uprisings

- **Arab Spring Uprisings and coup in Tunisia**
 - The public rejection of the political and economic situation that has prevailed across the Arab world, from Morocco to Yemen, is known as the 'Arab Spring.'
 - Tunisia's revolution began in December 2010 and ended in January 2014, when the country adopted a democratic constitution.
 - Recently, the country's President conducted a "constitutional coup" by suspending the country's Constitution and democratic institutions.
 - Sudan's fledgling democratic system arose in the second wave of Arab Spring demonstrations in 2019.
 - Tunisia's political system has swung from crisis to crisis in recent years, owing to the country's dire economic situation and mishandling of the new coronavirus outbreak.
- **Significance of Arab Spring Uprisings**
 - Millions of people in neighbouring Arab nations were inspired by the Arab Spring uprisings.
 - As a result, the demonstrations quickly extended to neighbouring Gulf nations such as Algeria, Libya, Jordan, Egypt, Syria, Iraq, Bahrain, Yemen, and others.
 - In an often autocratic Arab world, this has given the region a new shape: a surge of rallies for democratic reforms.
 - Changes in policy toward the neighbourhood and outside are also possible as a result of the regime shift.
 - The demonstrations sparked a wave of uprisings across the Arab world, with people protesting dictatorship, corruption, and poverty.

- Many long-standing autocrats were deposed as a result of the Arab Spring. However, the movement's legacy appears to have been mixed during the last 10 years.

Arab Spring and India

- **Implications for India**

- India and the West Asian area have long had historical and cultural ties. West Asia, in particular, is a crucial area for India.
- For ages, there have been people-to-people relations between India and West Asia.
- In light of India's expanding global stature, the majority of nations in the area urge it to take a more aggressive role. India's significant interests in the area would oblige it to take the initiative rather than sit on the sidelines.
- India will need to devise a well-considered plan for the area.

Way Forward for India:

Political

- Declare a clearly articulated “Look West Policy”
- Appoint a special envoy for West Asia
- Upgrade bilateral relationships
- Cooperate on multilateral formats like GCC, Arab League

Security

- Forging new cooperative security architecture
- Build out of area capabilities such as Naval capacities
- Be prepared for a fundamentalist backlash like rise of extremism

Economic

- Diversifying India's trade relations
- Need for enhancing investment
- Cooperation in small and medium enterprise (SME)

Energy

- Change into a partnership of criss-cross investments in India
- Look for opportunities for joint ventures in West Asia
- Structured India–GCC energy cooperation dialogue
- Formulating India's energy policy towards the region.

Soft Power

- Establishing Indian educational, technical and vocational institutions
- Establishing India Culture Centres
- An annual India-West Asia dialogue
- Building academic linkages

Category: ENVIRONMENT AND ECOLOGY

1. The road to a Himalayan blunder

Context

The Char Dham road project has been criticised for going against all environmental safeguards.

Char Dham Road Project:

What is the Project?

- The Char Dham road project is a massive undertaking that will expand over 900 kilometres of mountain roadways.
- The Ministry of Road Transport and Highways will oversee the project (MoRTH).
- It attempts to link the four important shrines of Yamunotri, Gangotri, Kedarnath, and Badrinath in all weathers.
- Read more on the [Char Dham Project](#) in the link.

What is the Significance of the Project?

- The project will expand pilgrimage tourism from the Indian plains and give attendant local economic gains.
- The government argues that it is essential to back up troop and arms movement towards the India-China border.

What is the case against the Project?

- An NGO contested the road-expansion proposal in 2018 because of its possible impact on the Himalayan ecosystem. To investigate the concerns, the Supreme Court formed a high-powered committee (HPC).
- The Court ruled in September 2020 that the carriageway width of the roadways may not exceed 5.5 metres.
- The Ministry of Defence (MoD) filed an appeal in November 2020, requesting "a double-lane road with a carriageway width of 7m to "meet the needs of the Army," citing the MoRTH Affidavit.
- The MoRTH amended its 2018 circular to increase the 5.5m width restriction to 10m.

What are the Concerns Associated with The Char Dham Road Project?

1. **Rampant Development:** In its enthusiasm for an infrastructure project, the administration has ignored the facts revealed by countless terrible incidents in Uttarakhand's hills over decades. Due to rapid growth and its tangled link with climate change, massive landslides and floods have occurred throughout the Himalayan range.
2. **Geographic Concerns:** Several natural disasters have struck Uttarakhand in the recent two decades. Uttarakhand's valleys are tiny and close-ended, with steep 60-70 degree slopes. Over 200 people were killed this year by floods in the Dhaul Ganga, Rishi Ganga, and Alaknanda

rivers. Several landslides have occurred in the region during the monsoons as a result of the enormous hill-cutting for the Char Dham road project.

3. **Failure of Mitigation Measures:** Many people believe that landslides are a natural result of road building and that they can be avoided. In court, similar arguments were raised concerning this project as well. The rains this year, on the other hand, demonstrated that the mitigation efforts are no match for nature's fury. In these vulnerable mountains, prevention and limitation of activities appear to be the only viable means of mitigation.
4. **Geology of Himalaya:** The double-lane paved shoulder roads are far too broad, putting the slopes at risk. Human engineering cannot overcome the Himalayan landscape's high slopes and severe gradients. Any modification brought about by humans will have an influence on stream runoff, erosion, and depositional processes.
5. **Against Environmental Safeguards:** In its existing configuration, the Char Dham project violates all environmental regulations. Given the steepness of the slopes, seismic activity, and erosivity of enhanced monsoonal precipitation, it will greatly accelerate mass wasting processes and erosion rates.

Conclusion

The only way to commute by road in the hills is to have a disaster-resistant, safe, and reliable infrastructure. We need to keep the extent of human-caused disruptions as small as feasible. For future generations, the Himalayas must be conserved as a wildlife reserve.

F. Prelims Facts

1. DAC approves AK-203 deal with Russia

- The **Defence Acquisition Council (DAC)** under the **Chairmanship of the Defence Minister** has approved the deal for the manufacture of **AK-203 assault rifles** in India through an Indo-Russian joint venture (Indo-Russian Rifles Private Ltd.).
- India also plans to buy **Igla-S** Very Short Range Air Defence (VSHORAD) systems and the **Ka-226T utility helicopter** from Russia.

2. Kovind to lead Constitution Day event

- Constitution Day is celebrated in India on 26 November every year to commemorate the adoption of the Constitution of India.

- On **26 November 1949**, the **Constituent Assembly of India** adopted the **Constitution of India**, and it came into effect on 26 January 1950.

3. 'Bharat Gaurav' scheme eyes Railway tourism

- Indian Railways has announced the '**Bharat Gaurav**' scheme, under which **theme-based tourist circuit trains** will be run to tap the huge potential of tourism in India.
- It could include an all-inclusive package for tourists, including rail travel, accommodation, sightseeing, visit to historical and heritage sites and tour guides.
- These trains can be **run either by private or State-owned operators**.

G. Tidbits

1. Countries must brace for future food 'shocks': FAO

- Food and Agriculture Organization (FAO) in its recent annual report notes the **adverse impact of the COVID-19 pandemic on national agri-food systems** and the subsequent impact of **food insecurity and malnutrition**.
 - Agri-food systems include production, food supply chains, transport networks and consumption.
- FAO also warns that countries must prepare for **future "shocks"** to their agricultural and food systems from **droughts, floods or diseases**. In this direction, it suggests inculcating the following **risk management strategies** - multi-risk assessments, timely forecasts, early warning systems and early action plans.

2. India to release 5 mn barrels of oil from reserves to cool prices

- **India will release crude oil from its emergency stockpile** in tandem with the U.S., China, Japan, and other major economies to cool oil prices.
 - India stores crude oil in underground caverns at **three underground locations in Mangalore, Visakhapatnam and Padur**.
- This is the first time ever that India would release its oil stocks **intended to curtail fuel price rises**.

- India has repeatedly argued for the pricing of liquid hydrocarbons to be reasonable, responsible and be determined by market forces. India has criticized the move by oil-producing countries to purposefully produce oils below demand levels.

3. More concessions for vehicle scrapping likely

- The Government is considering a proposal to give buyers additional concessions on buying new vehicles after scrapping their old vehicles under the [National Automobile Scrappage Policy](#). This is likely to incentivize vehicle scrapping.
- Scrapping old vehicles can bring in many benefits.
 - Scrapping the old vehicles and replacing them with new ones with better emission norms will **help reduce pollution** and also help conserve fuels. This will **reduce India's dependency on fuel imports** and also help **limit India's current account deficit**.
 - The sale of new automobiles will provide much-needed **impetus to the automobile sector in particular and the Indian economy in general** which would be critical in the post-pandemic recovery phase.
 - The new sales will also help bring in **higher revenues for the government** in the form of GST collections.

H. UPSC Prelims Practice Questions

Q1. Consider the following statements:

1. India has set a target of 20 per cent ethanol blending in petrol by 2030.
2. Ethanol is high in oxygen content and ensures more complete combustion when blended with petrol or diesel.
3. India does not allow the production of ethanol from food grains as it affects food security in the country.

Which of the given statements is/are INCORRECT?

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

Answer: b

Explanation:

- India had initially set a target of 20 per cent ethanol blending in petrol by 2030. Later this was advanced by 5 years to 2025 and now it has been further advanced to 2023-24.
- Since ethanol contains oxygen in its molecule, it helps in the complete combustion of fuel, resulting in lower emissions. Thus the blending of ethanol with conventional fuels helps ensure lower emission of carbon monoxide.
- Even as many developed countries debate limiting policy support for grain-based biofuels amid reports of food-price increases and greenhouse gas emissions from deforestation, India is promoting grain-based biofuels. It is promoting ethanol derived from rice, corn and sugar.

Q2. Which of the given statements is/are INCORRECT with respect to Udham Singh?

1. He assassinated the India office bureaucrat Curzon-Wyllie in 1909.
2. He assassinated Reginald Dyer, the Lieutenant-Governor who presided over the British suppression of the 1919 protests in Punjab.
3. He was associated with the Ghadar party while in the U.S.

Options:

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

Answer: a

Explanation:

- Udham Singh was an Indian Marxist revolutionary belonging to the Ghadar Party and the Hindustan Socialist Republican Association, best known for assassinating Michael O'Dwyer, the former lieutenant governor of Punjab in India in 1940.
- The assassination was done in revenge for the Jallianwala Bagh massacre in Amritsar in 1919.

Q3. Which of the given statements is/are correct with respect to the Pradhan Mantri MUDRA Yojana?

1. The scheme allows the borrowers to avail of collateral-free business loans at low rates of interest.
2. Under the scheme, eligible borrowers can directly borrow up to ₹10 lakh from the Micro Units Development & Refinance Agency Ltd (MUDRA).
3. Under the scheme, MUDRA has created three products - 'Shishu', 'Kishore' and 'Tarun' to signify the stage of growth and funding needs of the beneficiary.

Options:

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

Answer: d

Explanation:

- The scheme allows the borrowers to avail of collateral-free business loans at low rates of interest. Under the scheme, MUDRA has created three products - 'Shishu', 'Kishore' and 'Tarun' to signify the stage of growth and funding needs of the beneficiary.
- Under the scheme, eligible borrowers can borrow up to ₹10 lakh from the banks. The Micro Units Development & Refinance Agency Ltd (MUDRA) refinances such loans back to the banks. Hence MUDRA is not involved in directly lending to the borrowers under the scheme.

Q4. He started a movement called 'Ulgulan', or 'The Great Tumult'. Popularly known as Dharti Abba, he also started a new faith. His birth anniversary is recognised as Janjatiya Gaurav Diwas.

Who is the Tribal Leader being talked about?

- a. Bhagwan Birsa Munda
- b. Tirut Singh
- c. Kanhu Murmu
- d. Sidhu Murmu

Answer: a

Explanation:

- Birsa Munda was an Indian tribal freedom fighter and religious leader who belonged to the Munda tribe. He spearheaded a tribal religious movement that arose in the Bengal Presidency (now Jharkhand) in the late 19th century and even started his own faith. He was popularly known as Dharti Abba or the Earth Father among his followers.
- Birsa started a movement called 'Ulgulan', or 'The Great Tumult'. His struggle against the exploitation and discrimination against tribals led to a big hit against the British government in the form of the Chotanagpur Tenancy Act being passed in 1908. The Act restricted the passing on of land from the tribal people to non-tribals.

- In honour of his contributions to India's freedom struggle, his birth anniversary is recognised as Janjatiya Gaurav Diwas.

Q5. With reference to an initiative called 'The Economics of Ecosystems and Biodiversity (TEEB)', which of the following statements is/are correct? (2016)

1. It is an initiative hosted by UNEP, IMF and World Economic Forum.
2. It is a global initiative that focuses on drawing attention to the economic benefits of biodiversity.
3. It presents an approach that can help decision-makers recognize, demonstrate and capture the value of ecosystems and biodiversity.

Select the correct answer using the code given below.

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

Answer: c

Explanation:

- The Economics of Ecosystems and Biodiversity (TEEB) is a global initiative focused on "making nature's values visible". Its principal objective is to mainstream the values of biodiversity and ecosystem services into decision-making at all levels. It aims to achieve this goal by following a structured approach to valuation that helps decision-makers recognize the wide range of benefits provided by ecosystems and biodiversity, demonstrate their values in economic terms and, where appropriate, capture those values in decision-making.
- The TEEB study was launched by Germany and the European Commission in response to a proposal by the G8+5 Environment Ministers in Potsdam, Germany in 2007, to develop a global study on the economics of biodiversity loss. The second phase of the TEEB study is hosted by the United Nations Environment Programme (UNEP) with support from a number of organizations, including the European Commission, German Federal Ministry for Environment, Nature Conservation and Nuclear Safety and the UK Department for Environment, Food and Rural Affairs.

I. UPSC Mains Practice Questions

1. Discuss the issues inhibiting the growth of trade relations between India and the USA. (250 words; 15 marks)(GS Paper 3/Economy)

2. Discuss the significance of Environment Impact Assessment as a tool for balancing environmental conservation with our need for developing infrastructure. (250 words; 15 marks)(GS Paper 3/Environment and Ecology)

