

## 09 Dec 2021: UPSC Exam Comprehensive News Analysis

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*Nothing here for today!!!*

### B. GS 2 Related

## Category: SOCIAL JUSTICE

### 1. Global (and Indian) trends in inequality (World Inequality Report (WIR))

*Topic: Issues relating to poverty and hunger*

**Prelims: About World Inequality Report (WIR); Published by**

**Mains: Rising inequality; consequences of inequality on human rights, opportunities, and quality of life**

#### World Inequality Report (WIR)

- It is a report released by the Paris School of Economics.
- The report measures income and wealth inequality in a systematic and transparent manner.
- The report highlights the important roles that national policies and institutions play in shaping inequality and equips various actors of society with the necessary facts to engage in informed public debates on inequality.

#### Need for such report

- Governments world over release annual data which gives us an idea about Gross Domestic Product (GDP) and growth rate.
- However, it does not tell us how growth is distributed across the population, which section of the society is reaping the benefits and who is at loss.
- The WIR studies different kinds of financial data to find out how a country's (and the world's) income and wealth are distributed.
- The information is vital in democracies because in all likelihood if not monitored by the regulating agencies the wealthy may use their economic might to win political power indirectly further aggravating the inequality.
- Availability of accurate data about levels of inequality can help generate public opinion in favour of policy measures that can mitigate them.

#### Context

- 2022 World Inequality Report (WIR) was released.

#### Global Trends

- In 2021, after three decades of trade and financial globalization, global inequalities remain extremely pronounced: they are about as great today as they were at the peak of Western imperialism in the early 20th century.
- In addition, the Covid pandemic has exacerbated even more global inequalities.
- It has further pointed out that inequality between countries was narrowing while inequality within countries was increasing.

- The report also found that the share of privately owned wealth in national wealth was rising, while that of public wealth (buildings, universities, roads, hospitals, etc.) was shrinking. This meant that countries are growing richer, governments are becoming poorer.

### **A look at numbers**

- The richest 10% of the global population takes home 52% of the global income, whereas the poorest 50% got only 8.5% of it.
- While the poorest 50% own just 2% of the global wealth, the richest 10% own 76% of all the wealth.
- Europe was the region with the least amount of inequality (the income share of the top 10% was 36%), inequality was highest in the MENA (Middle East and North Africa (MENA) region, where the share of the top 10% was 58%.
- It points out that while the gap between the average incomes of the richest 10% of countries and the average incomes of the poorest 50% of countries has dropped from 50x to less than 40x, the gap between the average incomes of the top 10% and the bottom 50% of individuals within countries has almost doubled, from 8.5x to 15x.

### **Income inequality in India**

- According to the report, India is one of the world's most unequal countries, with the top 1% getting 21.7% of the national income.
- The top 10% of Indians capture 57% of the national income, whereas the share of the bottom 50% is only 13%. While the average national income of the bottom 50% stood at ₹53,610, the top 10% earned more than 20 times more, ₹11,66,520.
  - For comparison, this ratio in the case of France and Germany was 7 and 10 respectively.

The report reveals that income inequality in India today is worse than it was under Colonial British rule.

- Under the British (1858-1947), the top 10% got about 50% of the national income (lower than today's 57%).
- In the decades after India got independence, socialistic economic policies reduced income inequality, bringing the share of the top 10% to 35-40%.
- But starting from the 1980s, the report states, "deregulation and liberalisation policies have led to one of the most extreme increases in income and wealth inequality observed in the world."



Image source: [www.businessstoday.in](http://www.businessstoday.in)

- **Wealth** means a stock of valuable possessions: cash shares and bonds, house, car, etc.
- **Income** is a flow of money such as wages for employment.

Wealth inequality in India is even worse than income inequality.

- The bottom 50% own “almost nothing”, with an average wealth of ₹66,280, while the middle class was also “relatively poor”, with an average wealth of ₹7,23,930.
- However, the top 10% and 1% owned on average ₹63,54,070 and ₹3,24,49,360 respectively.
- The top 1% owned 33% of national wealth in India.



Image source: [www.businessday.in](http://www.businessday.in)

Gender

- The report also notes that the female labour income share in India is 18%, one of the lowest in the world.
- This is lower than both the Asian average (21%) and barely above the average in the Middle East (15%), pointing to high gender inequality in India.

### Recommendation

- Wealth taxes should be imposed on the super-rich.
- Policy initiatives have to be taken by the government to arrest this trend of rising inequality.

## Category: INTERNATIONAL RELATIONS

### 1. The battle for the Trincomalee oil tank farm

*Topic: India and its neighbourhood relations*

**Prelims:** Location of ports (map-based questions)

**Mains:** Development of Oil tank farm and its significance for India





Image source: [www.vifindia.org](http://www.vifindia.org)

### Trincomalee Oil Tank Farm

- <https://byjus.com>

The facility has 99 storage tanks.

- They have a capacity of 12,000 kl each.
- 84 of those are in the 800-acre **Upper Tank Farm (UTF)**.
  - These tanks have remained unused for many decades.
- The **Lower Tank Farm (LTF)** has 16 tanks, spread across 50 acres.
- Overall 15 are operational and run by the LIOC, while the UTF, for decades, remains neglected.
  - Four of the 15 tanks are used for water storage by the Sri Lanka Air Force and Prima Group.

### **History of India's interest in Trincomalee**

- India's engagement with Sri Lanka for the development of the oil tank storage farm project dates back to the [India-Sri Lanka Accord of 1987](#).
- In 2003, the Indian Oil Corporation set up Lanka IOC (LIOC), its Sri Lankan subsidiary.
  - In an agreement with the Government of Sri Lanka and the State-run Ceylon Petroleum Corporation in 2003, the LIOC obtained – for an annual payment of \$1,00,000 – a 35-year lease to develop the oil tank farm spanning 850 acres in the north-eastern tip of the island.
- However, the agreement remained dormant for years, until the Sirisena-Wickremesinghe administration tried revisiting it through the 2017 MoU.

### **Significance**

- From India's geostrategic viewpoint, Trincomalee is an important counterbalance to the southern Hambantota Port backed by China.
- India also views the project as a means to participate in Sri Lanka's development.

### **Challenges**

- Vagaries of internal politics in Sri Lanka.
- Workers protesting the "handing over" of a strategic national asset to another country.

### **How does it help Sri Lanka?**

- Developing the upper tank farm in Trincomalee would help the coastal town become a regional petroleum hub.
- The region has also emerged as a favoured destination for surfers from around the world, gradually transforming with plush resorts and restaurants dotting its coast. Thus it can be developed as a tourist hub.

## **C. GS 3 Related**

### **Category: ECONOMY**

#### **1. 'Cybersecurity a key concern with CBDC' (Central Bank Digital Currency)**

**Topic: Indian Economy and issues relating to planning, mobilization of resources, growth, development**

## **Mains: Meaning of CBDC; how is it different from normal currency; economic implications**

### **Currency**

- It is a type of money that is issued by the Government or by the Central Bank acting as the representative of the Government.
- Currency is fiat, it is legal tender.
  - Fiat money is physical money that includes paper money and coins.
- It is a liability of the issuing central bank (and sovereign) and an asset of the holding public.

### **Central Bank Digital Currency (CBDC)**

- It is a sovereign currency issued by a central bank in electronic form.
- It is the same as a fiat currency and is exchangeable one-to-one with the fiat currency. Only its form is different.
- It would appear as a liability (currency in circulation) on a central bank's balance sheet.
- They can be divided into two broad categories:
  - Wholesale CBDCs: financial intermediaries i.e. financial institutions holding reserve deposits in a central bank
  - Retail CBDCs: wider economy i.e. for the general public

### **How is CBDC different from stable and crypto coins?**

- Cryptocurrencies are independent digital currencies that run without predetermined value or backing, such as Bitcoin (BTC) or Ethereum (ETH).
- In contrast, CBDC has the backing of central banks.
  - For example, China's proposed CBDC is digital yuan (e-CNY).
  - In India, [RBI](#) has given the name "Digital Rupee" to the proposed CBDC.
- Stable coins too are backed, but by private entities.
  - For example, Tether (USDT), USD Coin (USDC) and Facebook-backed Diem (earlier known as Libra) are all pegged to the US dollar.

### **Why do central banks want CBDC?**

- One of the major reasons to move towards CBDC is to counter the volatility and unaccountability of cryptocurrencies as CBDCs are issued and regulated by the country's central bank, which is the main monetary authority.
- At the same time, CBDCs will retain the advantages of being digital such as lower printing cost, reduced settlement risk, avoidance of time zone issues, and cost-effective globalisation of payment systems.

### **A look at numbers**



- A 2021 survey by the Bank for International Settlements (BIS) found that 86% of central banks were actively researching the potential for CBDCs, 60% were experimenting with the technology and 14% were deploying pilot projects.

### **Need for a CBDC**

- Increasing usage of private virtual currencies by the general public has allowed the central banks to explore this domain to avoid the more damaging consequences of such private currencies.
- CBDCs have some clear advantages over other digital payments systems – payments using CBDCs are final and thus reduce settlement risk in the financial system.
- Sweden's central bank is working with banks to test how the digital currency might work practically so that it can popularize a more acceptable electronic form of currency. Central banks are thus promoting such initiatives.

### **Does India Need CBDC?**

- India is leading the world in terms of digital payments innovations. Its payment systems are available 24X7, available to both retail and wholesale customers, they are largely real-time, the cost of transaction is perhaps the lowest in the world, and users have an impressive menu of options for doing transactions and digital payments.
  - There is thus a unique scenario of the increasing proliferation of digital payments in the country.
- India's high currency to GDP ratio holds out another benefit of CBDCs. To the extent large cash usage can be replaced by CBDCs, the cost of printing, transporting, storing and distributing currency can be reduced.

### **Global examples**

- China, the Bahamas, Sweden and the [European Union](#) are piloting their currency systems through CBDC.

### **Significance**

- The introduction of CBDC would possibly lead to a more robust, efficient, trusted, regulated and legal tender-based payments option.
- It would reduce the dependency on cash, higher seigniorage due to lower transaction costs, reduced settlement risk.
  - Seigniorage is the difference between the value of currency/money and the cost of producing it.
- It could protect the public from the abnormal level of volatility some of these Virtual Currencies (VC) experience.

### **Challenges**

- The risk of cyber frauds is one of the major challenges of rolling out a central bank digital currency.
  - It would require advanced monitoring and protection so that the [cyber security](#) architecture can thwart malafide attempts.

- Legal changes would be necessary as the current provisions have been made keeping in mind currency in a physical form under the Reserve Bank of India Act.
- Consequential amendments would also be required in the Coinage Act, [Foreign Exchange Management Act \(FEMA\)](#) and Information Technology Act.

#### Way forward

- Setting this will require careful calibration and a nuanced approach in implementation.

## D. GS 4 Related

*Nothing here for today!!!*

## E. Editorials

### Category: ECONOMY

#### 1. High LPG prices are scorching the air pollution fight

*Topic: Indian Economy and issues relating to planning, mobilization of resources, growth, development*

**Prelims: Ujjwala Scheme**

**Mains: Government Subsidies On LPG**

**Context:**

- The continuous rise in the price of LPG cylinders without any refill subsidies in place currently could result in increased uses of conventional solid fuels for cooking energy needs.

**Highlights:**

- The price of LPG refills has risen by more than 50% over the past year.
  - Also, the government has discontinued the refill subsidies since May 2020.
- At the current refill prices, an average Indian household would have to spend around 10% of its monthly expense on LPG to meet all its cooking energy needs.
- Due to the loss of incomes and livelihoods during the novel coronavirus pandemic, the ability of households to afford LPG on a regular basis has taken a further hit.
- The use of solid fuels for cooking comes with a major environmental cost.
  - It is a leading contributor to air pollution and related premature deaths in India.
  - **Global Burden of Disease Study 2019** estimated around 600,000 premature deaths every year in India.

**Council on Energy, Environment and Water (CEEW) Study Reports:**

- As per India Residential Energy Survey (IRES) 2020, LPG has become the most common cooking fuel in India.

- Nearly 85% of Indian homes have an LPG connection and 71% use it as their primary cooking fuel.
- But in the present situation, nearly half of all Indian households will have to at least double their cooking energy expense to completely switch to LPG at current prices.
- The study estimates further suggest that an effective price of ₹450 per LPG refill could ensure that the average share of actual household expenditure on cooking energy matches the pre-pandemic levels.

### Clean Energy Drive & Concerns:

- LPG has become the primary cooking fuel in around 70% households in India with many efforts like Ujjwala Scheme, consumption-linked subsidies and gradual strengthening of the LPG distributorship.
- However, the prevalent use of biomass as a primary cooking fuel is still continuing.
- The practice of biomass usage is observed in both rural and urban areas.
  - States such as Bihar, Jharkhand, Chhattisgarh, Madhya Pradesh, Odisha and West Bengal are major contributors in biomass use.
- Free biomass, high LPG prices and lack of home delivery of LPG refills reduce the efficacy of LPG as a reliable and affordable proposition.
- The timely availability of LPG for all consumers is an added area of concern in both rural and urban areas.

### Suggestions:

- Government could aim at better identification of beneficiaries.
- The income-based exclusion limit for LPG subsidy could be reduced to bring deserving beneficiaries under the umbrella.
- Households owning a non-commercial four-wheeler vehicle can be excluded in order to ensure eligible beneficiaries.
- At the earliest, the subsidy must be resumed for the households granted LPG connections under the Ujjwala scheme.
- LPG supply chain, especially in states with a large number of Ujjwala connections and slum population should be strengthened on a priority basis.
  - Higher incentives for rural distributors could play a crucial role in improving the LPG supply chain.
- The Government can encourage and incentivise households to supply locally available biomass to Compressed Biogas production plants being set up under the Sustainable Alternative Towards Affordable Transportation scheme.
- The government could diversify local income and livelihood opportunities through such incentives and also encourage the use of LPG on a regular basis.

### Way Forward:

- LPG dependency is a key factor in India's drive towards clean energy.

- The government has been actively working in this regard with schemes like Ujjwla & Ujjwala 2.0.
- Along with the various schemes, the affordability and timely availability of LPG cylinders for refills is equally crucial for sustaining the LPG dependency of Indian households.

## Category: HEALTH

### 1. Low Tobacco Tax, Poor Health

**Topic:** *Issues relating to development and management of Social Sector/Services relating to Health*

**Mains:** Taxes on Tobacco Products; Health Effects of tobacco

**Context:**

- The article discusses the ill effects of Tobacco and low taxation on Tobacco products.

**Stats**

- In India, 28.6% of adults above 15 years and 8.5% of students aged 13-15 years use tobacco in some form or the other.
- This makes the country the second-largest consumer of tobacco in the world.

**Health issues**

- Tobacco use is known to be a major risk factor for several non-communicable diseases such as cancer, cardiovascular disease, diabetes, and chronic lung diseases.
- Smokeless tobacco contains many cancer-causing toxins and its use increases the risk of cancers of the head, neck, throat, oesophagus and oral cavity (including cancer of the mouth, tongue, lip and gums) as well as various dental diseases.

India thus bears an annual economic burden of over ₹1,77,340 crore on account of tobacco use. Despite these concerns, India does not tax much to discourage the consumption of tobacco.

**India doesn't tax enough on tobacco**

- The tax structure has not incorporated any added tax on tobacco products except a few minor changes introduced in the [2020-21 Union Budget](#).
- In the pre-GST period, State governments used to regularly raise value-added tax (VAT) on tobacco products. This is not the case after the introduction of GST. It effectively means some current smokers smoke more now and some non-smokers have started smoking.

**Implications**

- India may not be able to achieve a 30% tobacco use reduction by 2025 as envisaged in the National Health Policy of 2017 by the Government of India.

**Conclusion**

- The Union government should raise taxes to reduce tobacco consumption. The upcoming Union Budget gives a perfect opportunity for this.

## Category: INTERNATIONAL RELATIONS

### 1. Russia, a Legacy Relationship with Limitations

Topic: Russia and India Relations in the context of the Annual Summit.

Prelim: 2+2 meeting, Joint Comprehensive Plan of Action, Indian Ocean Region

Mains: Explore the geo-political changes and challenges in the Indo-Russia relationship

For more on this topic, please check [CNA dated Dec 7, 2021](#).

## F. Prelims Facts

### 1. India Mobile Congress (IMC)

- It is the largest telecom, media and technology forum in South Asia, jointly organised by the Department of Telecommunications (DoT) and Cellular Operators Association of India (COAI).
- IMC has established itself as a leading forum for bringing together industry, government, academia and other ecosystem players to discuss, deliberate, demonstrate and display the latest in the world of TMT and ICT.
- Not only is the India Mobile Congress the biggest technology event in South East Asia, but it is also the biggest networking event in India in the technology space.

#### Objectives



Image source: [www.indiamobilecongress.com](http://www.indiamobilecongress.com)

### 2. Rawat, 12 others killed in T.N. chopper crash

#### Context

- [Chief of Defence Staff](#) General Bipin Rawat and his wife have been killed along with 12 others when the Army chopper they were flying in crashed near Coonoor in Tamil Nadu.
  - The exact reason for the crash is not yet known



- The helicopter that crashed was MI-17 V5

### Mi17V5

- It is an advanced transport helicopter which is with the Indian Air Force since 2012.
- It belongs to the MI-8/17 family of military helicopters.
- These choppers are equipped with the latest night vision. They also have weather radar.
  - Therefore it is capable of operating in any geographical and climatic conditions, day and night, along with adverse weather situations.
- It has a digital flight data recorder and a cockpit voice recorder onboard to monitor flight parameters and cockpit conversations respectively.
- Mi-17V-5 military transport helicopter is designed to carry personnel, cargo and equipment inside the cargo cabin or on an external sling, drop tactical air assault forces and reconnaissance and sabotage groups, destroy ground targets and carry the wounded.
- The MI-17 V5 has a maximum speed of 250 km per hour and a cruise speed of 230 km per hour. It has a service ceiling of 6,000 metres, and the flight range with its main fuel tanks is 675 km. With two auxiliary fuel tanks, it can fly up to 1,180 km. It can carry a maximum payload of 4,000 kg. The maximum take-off weight of the helicopter is 13,000 kg.



Image Source: India Today

**G. Tidbits**

*Nothing here for today!!!*

## H. UPSC Prelims Practice Questions

**Q1. Consider the following statements with regards to the Ken-Betwa river interlinking project:**

1. Ken and Betwa rivers originate in MP and are the tributaries of Yamuna.
2. The Ken-Betwa Link Project (KBLP) is the river interlinking project that aims to transfer surplus water from the Betwa in UP to Ken River in MP to irrigate the drought-prone Bundelkhand region.
3. Ken River passes through Panna tiger reserve.

**Choose the correct statements:**

- a. 1 & 2 only
- b. 2 & 3 only
- c. 1 & 3 only
- d. All of the above

**Answer: c**

**Explanation:**

- It is a project to transfer excess water from the River Ken to the Betwa basin through the use of a concrete canal. The project aims to provide irrigation to the Bundelkhand region, which is one of the worst drought-affected areas in India.
- [Ken Betwa River Linking](#)

**Q2. Which amongst the following appliances must have the BEE energy rating label mandatorily under Indian law?**

1. Colour TV
2. Electric Geyser
3. Tubular fluorescent
4. Room Air-conditioners

**Choose from the codes given below:**

- a. 1 & 2 only
- b. 1, 2 & 3 only
- c. 3 & 4 only
- d. All of the above

**Answer: d**

**Explanation:**

- The following products have been notified under mandatory labelling.
  - Frost Free (No-Frost) Refrigerator
  - Tubular Fluorescent Lamps
  - Room Air Conditioners
  - Distribution Transformers
  - Room Air Conditioners (Cassette, Floor Standing Tower, Ceiling, Corner AC)
  - Direct Cool Refrigerator
  - Electric Geysers
  - Colour TV
  - Room Air Conditioners (Inverter type)
  - LED lamps

**Q3. Consider the following statements with regards to the recently passed Assisted Reproductive Technology (Regulation) Bill, 2020:**

1. The Bill provides that every ART clinic and bank must be registered under the National Registry of Banks and Clinics of India.
2. The registration will be valid for five years and can be renewed for a further five years.
3. A bank can obtain semen from males between 21 and 55 years of age, and oocytes from females between 23 and 35 years of age.
4. The woman can donate oocyte only once in her life and not more than seven oocytes can be retrieved from her.

**Which of these statements is/are correct?**

- a. 1 & 2 only
- b. 2 & 4 only
- c. 1, 3 & 4 only
- d. All of the above

**Answer:**

**d**

**Explanation:**

- The Bill provides that every ART clinic and bank must be registered under the National Registry of Banks and Clinics of India.
  - The National Registry will be established under the Bill and will act as a central database with details of all ART clinics and banks in the country
- The registration will be valid for five years and can be renewed for a further five years.
  - Registration may be cancelled or suspended if the entity contravenes the provisions of the Bill.
- A bank can obtain semen from males between 21 and 55 years of age, and oocytes from females between 23 and 35 years of age. An oocyte donor should be an ever-married woman having at least

one alive child of her own (minimum three years of age). The woman can donate oocytes only once in her life and not more than seven oocytes can be retrieved from her.

- A bank cannot supply the gamete of a single donor to more than one commissioning couple (couple seeking services).

**Q4. Which of the following is not true with regards to Unified Payments Interface (UPI)?**

- It is an advanced version of Immediate Payment Service (IMPS) – round-the-clock funds transfer service to make cashless payments faster, easier and smoother.
- UPI is a system that powers multiple bank accounts into a single mobile application (of any participating bank), merging several banking features, seamless fund routing & merchant payments into one hood.
- RBI launched UPI with 21 member banks in 2014.
- The user doesn't have to pay any fee for UPI transactions.

**Answer: c**

**Explanation:**

- Unified Payments Interface (UPI) is a system that powers multiple bank accounts into a single mobile application (of any participating bank), merging several banking features, seamless fund routing & merchant payments into one hood.
- National Payments Corporation of India (NPCI) conducted a pilot launch with 21 member banks in 2016.

**Q5. Under which Schedule of the Constitution of India can the transfer of tribal land to private parties for mining be declared null and void? (PYQ 2019)**

- Third Schedule
- Fifth Schedule
- Ninth Schedule
- Twelfth Schedule

**Answer: b**

**Explanation:**

- The Fifth Schedule contains provisions in relation to the administration and control of scheduled areas and scheduled tribes.
- [Schedules of Indian Constitution](#)

## I. UPSC Mains Practice Questions

1. Explain the underlying issues that are inhibiting the growth of India-Russia relations. What steps can be taken to overcome such issues? (250 words; 15 marks) **GS II (Judiciary)**
2. The path to India's prosperity can't be complete unless it includes those who are living on the fringes. In light of this statement, suggest measures to bring inclusive development in the country. (250 words; 15 marks) **GS II (Governance)**

