

30 Dec 2021: UPSC Exam Comprehensive News Analysis

TABLE OF CONTENTS

<u>A. GS 1 Related</u>
<u>B. GS 2 Related</u>
<u>C. GS 3 Related</u>
<i>ECONOMY</i>
1. BKU against opening of dairy sector
<i>DEFENCE AND INTERNAL SECURITY</i>
1. More defence systems to be locally manufactured
<u>D. GS 4 Related</u>
<u>E. Editorials</u>
<i>INTERNATIONAL RELATIONS</i>
1. A whiff of trouble in the Nord Stream pipeline
2. Far from over
<i>POLITY</i>
1. The efficiency myth of Aadhaar linking
<u>F. Prelims Facts</u>
1. Atal innovation ranks puts IITs, IISc on top
<u>G. Tidbits</u>
1. ‘Bank GNPA’s may rise to 9.5% by Sept.’
2. COVID-19 cases in India start to inch up as Omicron takes over
<u>H. UPSC Prelims Practice Questions</u>
<u>I. UPSC Mains Practice Questions</u>

A. GS 1 Related

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B. GS 2 Related

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C. GS 3 Related

Category: ECONOMY

1. BKU against opening of dairy sector

Topic: Economics of Animal-Rearing

Mains: Arguments against opening up of India's dairy sector to foreign dairy majors

Background:

- **India and Australia** have been in discussion for concluding a **Comprehensive Economic Cooperation Agreement (CECA)** by the end of 2022.
- With indications of such a CECA allowing for the opening up of India's dairy sector for Australian dairy majors, Bharatiya Kisan Union (BKU) has stated that it will oppose any such move.

Arguments against opening up of India's dairy sector:

Flooding of cheap dairy imports:

- The opening up of the dairy sector to foreign dairy majors could result in the flooding of cheap dairy imports into India. As a result, its **impact on Indian dairy product prices** would be significant and this will definitely undermine the domestic players in the sector.

Price realization by Indian farmers:

- The private milk companies would find it far more profitable to import milk from Australia or New Zealand rather than buy it from Indian farmers. In such a scenario, the **sale price of milk received by Indian farmers would fall sharply**.
 - The **unit cost of milk production is relatively low in countries like Australia** because of extensive grazing lands (which reduce feed costs), mechanised operations and the advantages of economies of large-scale production, and the high productivity of milch animals (about 30 L/day).

Unequal competition:

- The government policy in countries like Australia has consciously helped their major dairy companies become major global players.
- On the contrary, **India's dairy sector is composed predominantly of small producers**.
 - In 2017, if the average herd size in a dairy farm was 191 in the U.S., 355 in Oceania, 148 in the U.K. and 160 in Denmark, it was just 2 in India.
- This unequal competition will only undermine the operations of the Indian domestic players.

Concerns over livelihood:

- India's dairy sector provides **livelihood to about 70 million households**.
- Many small farmers are dependent on dairy work and opening the sector to foreign countries like Australia will hurt millions of farmers and dairy workers.

False arguments:

- As against the argument that India would soon become a milk-deficient country and be forced to import milk and it stands to gain from cheap dairy imports from countries like Australia, forecasts from [Niti Aayog](#) show that this argument is wrong.
- **India's contribution to world milk production stands at 20% in 2018.** As per the available estimates, in 2033, India's milk production would rise to 330 MMT while its milk demand would be 292 MMT. Thus, India is likely to be a milk-surplus country by 2033.
- Thus unlike other developing countries **India is self-sufficient in milk production** and will continue to be so in the coming years as well. The influx of cheap dairy imports is not necessary for meeting the dairy needs in the domestic market.

Opting out of RCEP:

- Having opted out of the RCEP [Regional Comprehensive Economic Partnership] deal over fears of the Indian dairy sector being overwhelmed by dairy majors of countries like Australia and New Zealand, the move to have a bilateral Free Trade Agreement with an RCEP member like Australia would have the same adverse impact on India's dairy sector.

Category: DEFENCE AND INTERNAL SECURITY

1. More defence systems to be locally manufactured

Topic: Defence manufacturing

Mains: Initiatives being taken to promote defence indigenization; Significance of defence indigenization

Context:

- A **positive indigenisation list of defence subsystems and components** has been notified by the Department of Defence Production.

Details:

- The list includes **2,500 subsystems and components that have been localised**.
- These components would only be procured from the Indian industry. DPSUs will work in close coordination with the local industrial supply chain to ensure the availability of such components.
- The positive indigenisation list is among a series of measures taken to **promote defence indigenization in India**.

Measures being taken to promote defence indigenization:

- Previously, two indigenous manufacturing lists had **barred the import of 209 major platforms and systems**. The ministry has also notified another 351 imported items to be so substituted with domestically produced goods in the next three years.
- The Defence Ministry will soon come out with the final version of the **Defence Production and Export Promotion Policy (DPEPP) 2020**, aimed at promoting domestic defence production.
- The **Defence Procurement Policy** and the New Defence Acquisition Procedure reserve several procurement categories for indigenous firms. It accords the greatest priority to Buy Indian – Indigenously Designed Developed and Manufactured defence products.
- **Foreign Direct Investment limits into the defence sector have been increased** to promote the participation of major defence companies in the Indian defence manufacturing segment.
- **Strategic partnership model** to incentivize participation of private players in the segment.
- **Defence Innovation hubs** to promote research and development in the defence manufacturing sector.
- Establishment of [Defence Industrial Corridors](#) to link defence investment zones.

Also read: [Defence reforms in India](#)

Significance of defence indigenization:

- Defence indigenization will help **reduce defence imports and achieve self-reliance** in defence manufacturing. This is very important for the security of the nation.
- The initiative will help **save valuable foreign exchange**. Thus it will help reduce the [Balance of Payment](#) deficit.
- By helping reduce the cost of production of its defence products, the move will also **help reduce the fiscal deficit for India**.
 - According to the Stockholm International Peace Research Institute (SIPRI), in 2019, **India became the third-largest defence spender in the world**. The Indian Government has announced plans to spend USD 130 billion on military modernization in the next 5 years.
- The move will also help give a **push to domestic manufacturing** which can help **promote employment and also exports**.

- At present, India's defence and aerospace manufacturing market is worth ₹85,000 crores. In 2022, the country's defence and aerospace manufacturing market would increase to ₹1 lakh crore and could reach ₹5 lakh crore by 2047.

D. GS 4 Related

Nothing here for today!!!

E. Editorials

Category: INTERNATIONAL RELATIONS

1. A whiff of trouble in the Nord Stream pipeline

Topic: Effect of policies and politics of developed and developing countries.

Prelims: Nord Stream 2 pipeline project and its relevant facts.

Mains: Geopolitics surrounding the Nord Stream 2 pipeline.

Context:

Geopolitical developments surrounding the **Nord Stream 2** pipeline project between Russia and Germany.

NORD STREAM 2:

- The energy pipeline will facilitate an uninterrupted supply of natural gas under the Baltic Sea from Ust-Luga city of Russia to Lubmin city in Germany, bypassing transit through Ukraine and other countries.
- Nord Stream 2 will become a shorter and cheaper option compared to the transit through multiple countries.
- The construction of Nord Stream 2 started in 2015 and is expected to increase the capacity of the existing Nord Stream 1 by two times.
- It covers a distance of 1,225 km and is being built at a cost of €11 billion.

Geopolitical Concerns:

- The Ukrainian authority has called the project a 'dangerous geopolitical weapon'.

- The US and other European countries have raised concerns stating that the project would render more leverage to Russia in Europe and its energy market.
- It is also criticized that Russia is using the project as a political weapon to put pressure on European security and undermine the democratic resilience of European institutions.

Latest Developments:

- In 2019, the U.S. administration under Donald Trump imposed sanctions on a company that was involved in building the Nord Stream 2 pipeline. German authorities condemned the move as “extraterritorial sanctions”.
- In 2021, the Joe Biden administration decided to waive off sanctions on the Nord Stream 2 AG company that was involved in the construction of the pipeline. The main reason was to reinstate trust and cooperation between the U.S. and Germany.
- Amidst the fears of Russia’s invasion of Ukraine, there have been growing tensions between Russia and the NATO ([North Atlantic Treaty Organization](#)) allies. In this regard, EU leaders have called for strict actions (including its termination) against the controversial pipeline, in case of further military escalation.
- Germany will have to make difficult choices going forward.

2. Far from over

Topic: Effect of policies and politics of developed and developing countries.

Mains: Importance of Israel and Syria in the West Asian power game.

Context

- Syria has blamed Israel for carrying out missile strikes on its **Latakia port**.

Details:

- Syria has blamed Israel for carrying out missile strikes on its **Latakia port**. This is the second such instance within weeks.
- Israel, which has been occupying the **Golan Heights** region of Syria, has seen Iran's growing influence in the region as a security threat. In this regard, Israel has targeted Iranian and Hezbollah shipments at the Syrian port of Latakia.

Golan Heights:

- Golan Heights is a hilly area, originally a part of Syria.
- Israel captured the Golan Heights in the **1967 Middle East war** and later annexed the territory.

Also read: [Israel Palestine Conflict](#)



Image source: <https://www.aljazeera.com/>

Problems associated with the approach of Israel

- With repeated strikes against Syria, Israel is violating international laws and norms. It has been blamed for disrupting peace in the region.
- In the recent past, Israel had carried out military strikes in Iran and assassinated prominent military personnel of Iran. Iran counterattacked and destroyed vessels of Israel.
- The repeated strikes are also a blatant violation of Syria's sovereignty.

Geopolitical Implications:

The recent developments suggest that Syria has been in the middle of the Iran-Israel tussle and it lacks resources to either check Iran's growing influence or counter Israel's military might. This has serious geopolitical implications in the West Asian region as various superpowers such as the US and Russia have a keen interest in the developments in this region.

Category: POLITY

1. The efficiency myth of Aadhaar linking

Context:

In reference to the **Election Laws (Amendment) Bill, 2021** that was passed in the recent winter session, critics have pointed out various concerns in the Aadhaar ecosystem.

To know more about the Election Laws (Amendment) Bill, 2021: [CNA 28 Dec 2021](#)

F. Prelims Facts

1. Atal innovation ranks puts IITs, IISc on top

Context:

- The **Atal Ranking of Institutions on Innovation Achievements (ARIIA)** have been announced for the current year.
 - Seven Indian Institutes of Technology and the Indian Institute of Science, Bengaluru, are among the top 10 central institutions. The top rank has been bagged by the IIT, Madras.

Know more about the [Atal Ranking of Institutions on Innovation Achievements](#) in the link.

G. Tidbits

1. 'Bank GNPA's may rise to 9.5% by Sept.'

- The **Reserve Bank of India** in its **Financial Stability Report (FSR)** of December 2021 has noted that the **gross non-performing asset (GNPA) of commercial banks may increase** to 9.5% by September 2022 under a severe stress scenario.
- It also notes emerging signs of stress seen in the micro, small and medium enterprises (MSME) and the microfinance segments.
- The RBI Governor has also flagged **inflation concerns** and the **below-par performance of private investment and consumption in the Indian economy**.
- The report also expresses doubt over the **government's ability to contain [fiscal deficit](#)** at the budgeted 6.8% this fiscal year.

2. COVID-19 cases in India start to inch up as Omicron takes over

- The number of COVID-19 infections in India is on an increasing trend. There has been a 77% rise in infections compared with a week ago with rapid surges being reported in urban centres.
- This comes amid the latest reports of the Omicron variant showing very high immune escape potential and being more transmissible.
- The **World Health Organization** has noted the Delta and Omicron variants of concern as driving new case numbers to record highs, leading to spikes in hospitalisations and deaths and it has also warned that this spike **could pile pressure on health systems** already being stretched to their limits.

H. UPSC Prelims Practice Questions

Q1. Which of the following nations in India's neighbourhood recently constituted a Hindu Temple Management Committee to look after the nation's temples?

- a. Sri Lanka
- b. Pakistan
- c. Myanmar
- d. Bangladesh

Answer: b

Explanation:

- Pakistan has set up a body of leaders to take care of the minority Hindu Community's temples in Pakistan.

Q2. Consider the following statements with regards to the Goods and Services Tax Council:

1. It is a statutory body, established under an Act of Parliament.
2. The GST Council is chaired by the Union Finance Minister and other members are the Union State Minister of Revenue or Finance and Ministers in charge of Finance or Taxation of all the States.
3. The members of the Council from the states have to choose one amongst themselves to be the Vice-Chairperson of the Council.

Choose the correct code:

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

Answer: b

Explanation:

- Goods & Services Tax Council is a constitutional body for making recommendations to the Union and State Government on issues related to Goods and Service Tax. Article 279A says that President shall by order constitute a Council to be called the Goods and Services Tax Council.
- The GST Council is chaired by the Union Finance Minister and other members are the Union State Minister of Revenue or Finance and Ministers in charge of Finance or Taxation of all the States.
- The members of the Council from the states have to choose one amongst themselves to be the Vice-Chairperson of the Council.

Q3. Which of these nations is not a member of the New Development Bank?

- 1. Egypt
- 2. Bangladesh
- 3. Saudi Arabia
- 4. Ukraine
- 5. India
- 6. China

Choose the correct code:

- a. 1 & 3 only
- b. 1, 3 & 4 only
- c. 3 & 4 only
- d. 1, 5 & 6 only

Answer: c

Explanation:

- The New Development Bank, formerly referred to as the BRICS Development Bank, is a multilateral development bank established by the BRICS states.

- The New Development Bank (NDB) aims to mobilize resources for development projects in BRICS, emerging economies and developing countries.
- Member countries include-
 - Egypt
 - Brazil
 - Russia
 - India
 - China
 - South Africa
 - Bangladesh
 - United Arab Emirates
 - Uruguay

Q4. Consider the following statements with regards to India's dairy sector:

1. India consistently ranks among the top 5 milk exporting nations in the world.
2. Dairy farmers in India have been included in the Kisan Credit Card programme.
3. Though the value of milk produced outweighs the combined value of the output of wheat and rice in India, there is no official and periodical estimate of the cost of production and Minimum Support Price for milk.

Choose the correct code:

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

Answer: c

Explanation:

- Though India ranks as the highest milk producing nation in the world in terms of exports, its milk exports remain negligent.
- Dairy farmers in India have been included in the Kisan Credit Card programme in a bid to ensure adequate and quality financial services to the people involved in dairy farming.
- The value of milk produced outweighs the combined value of the output of wheat and rice in India.
- There is no official and periodical estimate of the cost of production and Minimum Support Price for milk.

Q5. In India, the use of carbofuran, methylparathion, phorate and triazophos is viewed with apprehension. These chemicals are used as [UPSC 2019]

- a. pesticides in agriculture
- b. preservatives in processed foods
- c. fruit-ripening agents
- d. moisturising agents in cosmetics

Answer: a

Explanation:

- Carbofuran, methylparathion, phorate and triazophos are used as pesticides in India and are used to control insects in a wide variety of field crops. These are found to be highly toxic for vertebrates.

I. UPSC Mains Practice Questions

1. Examine the geopolitics surrounding the Nord Stream 2 pipeline. (250 words; 15 marks)(GS Paper 2/International Relations)
2. Linking Aadhaar to government projects and databases is hailed as a panacea for efficient governance. Critically evaluate. (250 words; 15 marks)(GS Paper 2/Polity)