

20 Apr 2022: UPSC Exam Comprehensive News Analysis

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A. GS 1 Related

Nothing here for today!!!

B. GS 2 Related

Category: POLITY AND GOVERNANCE

1. [Danger of electoral sops flagged](#)

Syllabus: Representation of People Act, 1951 (RPA)

Mains: Freebie politics and its consequences

Context: Fifteenth Finance Commission chairperson criticized freebie politics adopted by States to influence the electorate.

What is Freebie Politics?

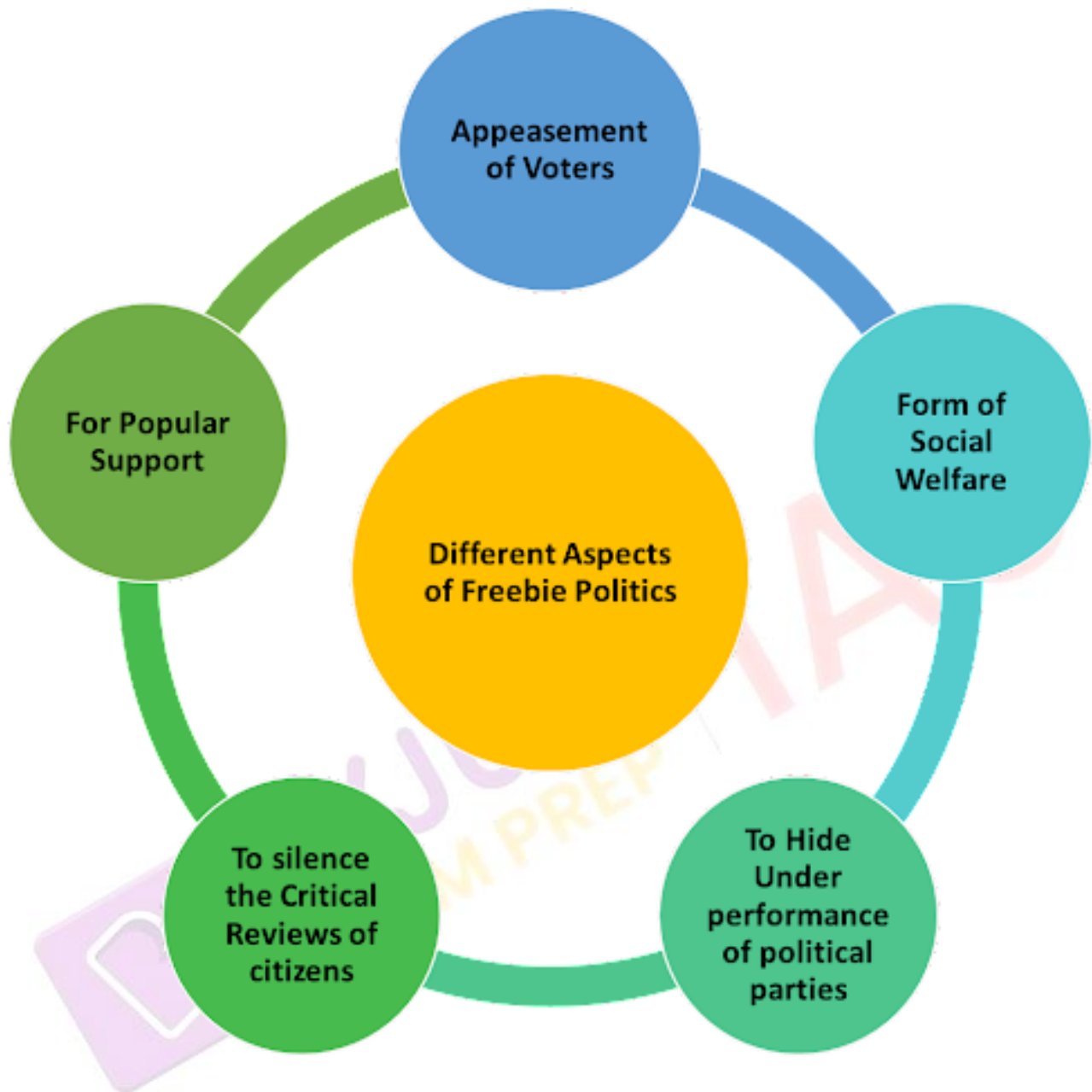
- Freebies are items that are provided without charge or cost. In Indian politics, it has been rampant. During elections, it is a well-known and widespread practice. Freebies are one of the most profitable ways for political parties to entice voters.
- The origins of freebie culture in India can be traced back to Tamil Nadu politics. Following that, many political parties adopted this as one of their doctrines for wooing voters.

Examples:

- The recent Uttar Pradesh elections saw parties offering freebies that include free gas cylinders, a kilo of ghee, free rations for five years and so on. Other freebies include:
 - An 'urban employment guarantee',
 - To provide at least one job or self-employment opportunity to each household.
 - All small and marginal farmers with less than two acres of land will get two bags of DAP fertilizer, five bags of urea, electricity for irrigation and interest-free loans.
- In Punjab, a political party has promised free medicines, free parking, pension increases, free education in primary schools and no tax on electricity bills.
 - In the run-up to the recently held Assembly Elections, a party had promised to provide free electricity up to 300 units to the people of Punjab.
- The government in Delhi offered free or heavily subsidized electricity, free water, free bus rides for women, free Wi-Fi, full reimbursement of hospitalization expenses to ensure winning a second term.

Some sociologists argue that these freebies are an Elitist Construct. It means these are the opinions of the higher classes who are barred from availing those freebies.

Economists opine that as long as any State has the capacity and ability to finance freebies then it's fine; if not then freebies are a burden on the economy.

**Issues associated with Freebie Politics:**

- **Burden on Taxpayers:** These freebies announced during elections are not coming from the pockets of any political parties but from the taxpayers including the beneficiaries.
- **Rise in the combined fiscal deficit of states:** According to the Reserve Bank of India, the combined [fiscal deficit](#) of all the states rose from 1.93 per cent in 2011-12 to 3.5 per cent in 2016-17. In such conditions, providing freebies can be fiscally disastrous.
- **High debts of States:** According to a CRISIL report, most states are in precarious debt situations, which will constrain their ability to spend on capital expenditure. The lofty promises

made by political parties at the polls can manifest in a host of problems—bad roads, bleeding discoms, poor public infrastructure, and higher taxes.

- **Leading to Corruption:** Freebies culture paves the way to corrupt practice. Involvement of the middle man to get those freebies cannot be avoided. There are leakages and even mismanagement or outright corruption in many schemes that started as freebies.
- **Larger Impact:** The culture of excessive electoral sops for influencing voter preferences also undermines job creation and growth while denting the quality of India's manufacturing and hurting environmentally sustainable aspirations.

Lesson to learn from Venezuela

Venezuela was prosperous until 1980, thanks to a surge in oil prices. Following that, successive governments began to provide everything for free, from food to public transportation. Soon after oil prices began to fall, the country, which imports 70% of its food, faced an economic crisis. Corruption became widespread. Farm loans were continued to be forgiven by governments, further harming the economy. It took decades to recover, but the country never fully recovered.

Conclusion:

- Freebie politics is increasingly appealing to governments across the political spectrum. The larger issue is that freebie politics and economics can cause serious economic problems.
- While there is a need to distinguish merit and public goods with larger benefits, such as the public distribution system, employment guarantee schemes, and increased support for education and health, there is also a need to distinguish these from other perks that are part of the current political narrative.

Nut Graf

The democratic process of elections and election promises should not control voters' thoughts. The freebie culture not only degrades the importance of the election process but disrupts the very essence of social welfare.

2. 'Star rating' for packaged food unlikely to help, say experts

Syllabus: Government policies and interventions for development in various sectors and issues arising out of their design and implementation.

Prelims: Health star rating system

Mains: Critical analysis of the health star rating system

Context:

- Experts have argued that the “health star rating” system is “not evidence-based” and has failed to alter buyer behaviour.

What is a Health Star Rating System (HSR)?

- As recommended by the private institution IIM Ahmedabad, the [Food Safety and Standard Authority of India \(FSSAI\)](#) proposed a plan to introduce Health Star Rating (HSR) for packaged food products.
- These are similar to the star ratings for electrical appliances given by the Bureau of Energy Efficiency (BEE).
- According to draught regulations for front of package labelling, the "health-star rating system" assigns a product a rating of 1/2 to 5 stars (FOPL - Front of package labelling).
- **Aim:**
 - HRS aims to provide a visual comparison of similar products to help consumers distinguish and choose healthier alternatives.
 - It intends to implement it in order to assist consumers in reducing their consumption of unhealthy foods.
- **Process of Rating:**
 - Packaged foods will display the number of stars on the front of the pack, according to the 'Health Star' rating system.
 - Depending on the amount of salt, sugar, and fat in it, the stars will indicate how healthy or unhealthy it is.
 - One of five types of labels considered were health star ratings, as well as traffic light signs, a nutrition score, and warning symbols.
 - For a four-year period, the FOPL implementation could be voluntary.

Benefits of Health Star Rating System:

- The Health Star Rating is a simple, straightforward method of comparing similar packaged foods.
- It makes it simple to compare the nutritional profiles of similar packaged foods, allowing you to make more informed and healthier decisions.

Concerns raised by Experts:

- Nutritionists and academics argue that the HSR system misrepresents nutrition science, potentially affecting vulnerable populations' nutritional intake.

- Industry can easily manipulate the system as food products high in sugar or fat that deserve a low rating (1 star) could get a moderate rating (3 or even 4 stars) only because they contain some positive nutrients.
- The HSR's underlying premise is that positive ingredients like fruits and nuts can be used to offset negative nutrients like calories, saturated fat, total sugar, and sodium when determining a product's star rating. This opens the door to deception and adulteration.
- The nutrient addition and subtraction algorithm does not correspond to our understanding of biology. The presence of fruit in a fruit drink juice, for example, has no effect on the body's response to added sugar. There is no evidence that adding these ingredients to these foods will reduce their negative effects on the body.
- There is still no evidence that HSRs have a significant impact on people's food and beverage purchases in terms of nutritional quality.

Experiences from Australia and New Zealand:

- To help consumers make healthier choices, Australia and New Zealand had introduced the voluntary HSR system in 2014.
- But recent studies have shown that their system is highly flawed as unhealthy food products are still able to get a high score as the rating is based on the overall nutritional value. Any inclusion of healthy ingredients like fibre and protein to an otherwise unhealthy product could easily cancel out its unhealthy ingredients.
- Thus, the health star rating (HSR) system adopted in countries like Australia and New Zealand has not resulted in any meaningful behaviour change.

Nut Graf

While taking a decision that each food should be rated from one to five stars, the FSSAI has chosen to ignore consumer interest and has given undue importance to the opinion of large food processing industries. When the food regulatory body is taking a decision in this regard, the health of the people of the country should be its first priority.

Category: INTERNATIONAL RELATIONS

1. China, Solomon Islands sign landmark security agreement

Syllabus: *Bilateral, regional and global groupings and agreements involving India and/or affecting India's interests.*

Prelims: *China-Solomon Island Deal; Soloman Islands location*

Mains: China-Solomon Island Deal and implications on India

Context:

Foreign ministers of China and the Solomon Islands signed the framework agreement on security cooperation recently.

China-Solomon Island Deal:

- China has signed a security agreement with the Solomon Islands, which could pave the way for more Chinese security agreements with other countries.
- Under the terms of the agreement, the two parties will cooperate in areas such as social order and humanitarian aid in order to assist the Solomon Islands in strengthening its capacity to protect its own security.

Solomon Islands:

The Solomons are an archipelago of hundreds of small islands in the southern part of the Pacific Ocean.

There are six big islands - the largest, Guadalcanal, is home to the capital Honiara. The others are New Georgia, Santa Isabel, Choiseul, Malaita, and San Cristobal.

The Solomon Islands are well over 9,000 km from India.



Concerns with China-Solomon Island Deal:

- The pact is being seen as a major shift in local geopolitics since it gives China direct access to the South Pacific, including Australia and New Zealand.
- Among the principal concerns are that China will build a military base in the Solomon Islands.

- United States' concerns are over the deployment of police, armed police, and military personnel on the Solomon Islands.
- The Solomon Islands has great strategic significance, as was evident during WWII when it served as a bulwark for Australia against the advancing Japanese.
- There are also fears it could fall into China's debt trap amid promises to funnel billions in mega infrastructure projects by Chinese firms.
- Finally, the Solomon Islands also sits on critical shipping routes, meaning China could potentially control maritime traffic in and around the region.

Impact of the China-Solomon Islands pact on India:

- The islands are a significant distance from mainland India and even the Andaman and Nicobar Islands.
- However, China's advances in the region will be a cause for concern even for India as the agreement could give China a military foothold in the South Pacific.

Know more about the [China-Solomon Islands security cooperation agreement](#).

Nut Graf

The China-Solomon Islands pact is a cause of concern for the AUKUS - Australia, the United Kingdom and the US - partnership, since the Solomon Islands has moved towards China rather than Australia. The agreement also raises doubts for India as it can have larger geopolitical implications over other Pacific island nations' future steps.

C. GS 3 Related

Nothing here for today!!!

D. GS 4 Related

Nothing here for today!!!

E. Editorials

Category: ECONOMY

1. Time to set price distortions right

Syllabus: Indian Economy and issues relating to Planning, Mobilization of Resources, Growth, Development and Employment.

Mains: Concerns associated with the high cost of doing business in India; Recommendations

Introduction:

- One of the major focus areas of the government in recent times when it comes to incentivizing private investment in the economy has been on improving the **ease of doing business**. While considerable progress has been achieved in this direction, there is the need to also improve the **cost of doing business** which is another critical factor affecting private investment in the economy.

High cost of doing business in India:

- The following government policy-induced pricing distortions are adding to the cost of doing business.

Petrol and diesel pricing:

- Petrol and diesel have been subjected to **high excise duties**. Though initially diesel was taxed at a relatively lower rate, the undesirable consequences it created like the surge in diesel cars and SUVs have led the government to increase the price of diesel gradually.
- Given that the taxes on petrol and diesel account for a very large proportion of government revenues, they have been **reluctant to bring petrol and diesel under the GST ambit**. This is one of the primary reasons for the high prices of these critical fuels.
- More recently, the central government has been raising taxes on these to raise additional revenues to moderate the fiscal impact of COVID. This has given rise to **inflationary pressures** which have worsened the already bad financial status of the industries that were struggling to recover post the pandemic induced economic shock. The industry's cost of buying raw materials has increased due to the inflationary effects.
- The high rate of petrol and diesel has increased the cost of road transport of goods. This has resulted in a scenario where the Indian companies are having to spend about twice what they do in other competitor economies.
- Given that energy is the basic requirement of the modern industrial economy and the key to competitiveness, the pricing distortion observed in this segment does not augur well for Indian industries.

Electricity pricing:

- A **coal cess of ₹400 per tonne** has been levied to generate resources for the promotion of renewable energy and promote the decarbonisation of the economy. This cess has resulted in higher costs of thermal power which in turn affects the industries reliant on electricity.
- Also, the **cross-subsidising of domestic household consumption by having higher tariffs for industrial users** only further increases the pressure on industries.

Railway pricing:

- In the railways, given the reluctance to raise passenger fares to cover their operating costs, they often resort to **cross-subsidising passenger traffic from goods freight**. This contributes to the higher logistics costs in India.

Real estate prices:

- In India, not only is it difficult to get land for business enterprises, but prices are also higher than they need to be, mainly attributable to the **real estate asset price bubble**.

Concerns:

- The pricing distortions observed in the Indian economy have become a source of **competitive disadvantage to Indian domestic industries** as this increases the cost of industrial production vis-à-vis competitors in other countries. This explains India's relatively **lower manufacturing growth and lack of success in the manufacturing sector**.
- This will limit India's ability for domestic value addition and job creation.

Recommendations:

- India should focus on **reducing the cost of doing business** and in this direction the following steps are necessary.
 - **Petrol and diesel need to be brought under the GST ambit**. This will help reduce the price of petrol and diesel substantially. Also, the government needs to find other avenues to generate revenue for itself by reducing its dependency on fuel taxes.
 - The **cross-subsidizing in electricity pricing and railway pricing should be rationalized** to ensure a balance between the many objectives. This will help reduce the pricing distortions to some extent bringing much-needed relief to the industries.
 - **Land-use conversion and redevelopment processes** need to be made user friendly to help increase land availability which will help moderate the real estate prices to a great extent. Also **public provision of land** and ensuring the availability of quality infrastructure in even distant places will help reduce supply-side constraints and lower prices in real terms.

Nut Graf

Apart from improving the ease of doing business, the government should also lower the costs of doing business in India. This will provide the much-needed impetus to private investment which can create jobs for India's demographic dividend while also helping realize India's \$5 trillion economy goal.

Category: POLITY AND GOVERNANCE**1. Demolition drives violate international law**

Syllabus: Indian Constitution—Features, Significant Provisions and Basic Structure.

Mains: Right to housing- Related Indian and international laws

Background:

- Recently, the Madhya Pradesh government bulldozed the houses of those who were allegedly involved in communal rioting in Khargone.

Concerns:

- Though the state government claimed the demolitions were in response to illegal encroachments, these **arbitrary demolitions** have raised several concerns.

Against Rule of Law and Constitutional Rights:

- The demolition drive **without due process and legal sanction** was tantamount to the use of brute state power and goes against the rule of law and the constitutional order of India.
 - The right to housing is a fundamental right recognised under **Article 21 of the Indian Constitution**.

Violation of international law obligations:

- The bulldozing of the houses by the Madhya Pradesh government of the alleged rioters amounts to **forced eviction and arbitrary interference with an individual's home**. This, according to the article, amounts to a breach of India's international law obligations.
 - The right to housing recognized under Article 25 of the **Universal Declaration of Human Rights (UDHR)**, states that "everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food,

- clothing, housing and medical care...”. Article 12 of the UDHR states that “no one shall be subjected to arbitrary interference with his privacy, family, home or correspondence, nor to attacks upon his honour and reputation”.
- Article 11.1 of the **International Covenant on Economic, Social and Cultural Rights (ICESCR)** recognises “the right of everyone to an adequate standard of living for himself and his family, including adequate food, clothing and housing, and to the continuous improvement of living conditions”. Article 5 of ICESCR explicitly states any limitation imposed on the rights given in the Covenant such as the right to adequate housing cannot lead to the destruction of these rights.
 - Article 17 of the **International Covenant on Civil and Political Rights (ICCPR)** states that everyone has the right to own property alone as well as in association with others and that no one shall be arbitrarily deprived of his property.
 - The [Office of the High Commissioner for Human Rights \(OHCHR\)](#) commonly known as the United Nations (UN) Human Rights Office —notes that an integral element of the right to adequate housing is ‘protection against forced evictions’.

Conclusion:

- The Supreme Court in cases like **Bachan Singh vs State of Punjab**, **Vishaka vs State of Rajasthan**, and the recent [Puttaswamy vs Union of India](#) has laid down the principle that the fundamental rights guaranteed under the Constitution must be read and interpreted in a manner that would enhance their conformity with international human rights law.
- In line with this observation, the judiciary should step in to curtail the unrestrained exercise of power by the executive in carrying out the demolitions.

Nut Graf

The demolition of houses by the Madhya Pradesh government of those who were allegedly involved in communal rioting in Khargone amounts to a violation of not just the rule of law and the constitutional order of India but also of important related international laws.

F. Prelims Facts

1. IMF cuts India forecast to 8.2% on war

Syllabus: GS3: Economy: Indian Economy and issues relating to planning, mobilization, of resources, growth, development and employment.

Prelims: World Economic Outlook Report

Mains: Findings of World Economic Outlook 2022

Context: The International Monetary Fund released the latest World Economic Outlook.

Findings of World Economic Outlook Report 2022:

- The IMF cut its forecast for India's GDP growth in the current fiscal year to 8.2%.
- It also projected India's economy to expand by 6.9% next year, putting it on course to be the fastest-growing large economy over the two years.
- World output is now projected to grow by 3.6% for the next two years.
- Japan and India were seeing "notable" growth forecast downgrades in the Asia region.
- China is projected to slow to 4.4% growth in 2022.

Know more about [World Economic Outlook Report](#).

G. Tidbits**1. Panopticonism**

- Panopticonism was a theory introduced by Michel Foucault in one of his most influential books, Discipline and Punish: The Birth of the Prison.
- It is a concept that explains a new model of surveillance in society. It helps us understand how surveillance has changed the power relationship between individuals and systems of social control.
- The present-day CCTV camera is a candid example of how the theory works with people being cautious about how they behave irrespective of whether the camera is functional or not.

H. UPSC Prelims Practice Questions

Q1. Consider the following statements with regards to the Nutrient Based Subsidy Program for Fertilizers in India:

1. Under the scheme, a fixed amount of subsidy decided on an annual basis is provided on each grade of subsidized Phosphatic and Potassic (P&K) fertilizers, including Urea, based on the nutrient content present in them.
2. The domestic and international cost of P&K fertilizers is considered along with the country's inventory levels and the currency exchange rate in order to decide the MRP.
3. NBS policy intends to increase the consumption of P&K fertilizers so that optimum balance (N:P:K=4:2:1) of NPK fertilization is achieved.

Choose the correct code.

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

Answer: b

Explanation:

- Under the scheme, a fixed amount of subsidy decided on an annual basis is provided on each grade of subsidized Phosphatic and Potassic (P&K) fertilizers, **except for Urea**, based on the nutrient content present in them. **Hence statement 1 is not correct.**
- The domestic and international cost of P&K fertilizers is considered along with the country's inventory levels and the currency exchange rate in order to decide the MRP. **Hence statement 2 is correct.**
- The NBS policy aims to increase the use of P&K fertilizers in order to achieve an optimal NPK fertilization balance (N:P:K= 4:2:1). **Hence statement 3 is correct.**

Q2. Which amongst the followings nations is/are not a member of OPEC (Organization of Petroleum Exporting Countries)?

- 1. Russia
- 2. Gabon
- 3. Venezuela
- 4. Nigeria
- 5. USA
- 6. Brunei

Choose the correct option:

- a. 1 & 5 only
- b. 2, 5 & 6 only
- c. 2, 3 & 4 only
- d. 1, 5 & 6 only

Answer: d

Explanation:

- OPEC is an acronym for the Organization of the Petroleum Exporting Countries. It is a permanent, intergovernmental organization, created at the Baghdad Conference in September 1960 by Iran, Iraq, Kuwait, Saudi Arabia and Venezuela. Currently, it has 13 members.
- OPEC – Current Members
 - Algeria
 - Angola
 - UAE
 - Venezuela
 - Saudi Arabia
 - Republic of Congo
 - Libya
 - Nigeria
 - Kuwait
 - Iran
 - Iraq
 - Gabon
 - Equatorial Guinea
- Russia, the USA and Brunei are not members of OPEC.
- **Hence option D is correct.**

Q3. The 'Bru agreement' has been signed between which of the following two states in India?

- a. Nagaland & Mizoram
- b. Assam & Meghalaya
- c. Mizoram & Tripura
- d. Manipur & Tripura

Answer: c

Explanation:

- The Bru-Reang agreement is signed in New Delhi by representatives from the Indian government, led by the Home Minister for Home Affairs, the governments of **Tripura and Mizoram**, and Bru-Reang.
- **Hence option C is correct.**

Q4. Consider the following statements with regards to the Dairy Sector in India:

1. There is no official MSP for milk in India.
2. Operation Flood helped to unlock India's milk production potential.
3. India is the largest producer of milk globally.

Choose the correct code:

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

Answer: d

Explanation:

- There is **no MSP for milk in India**. Recently, dairy farmers have urged the government to set a minimum support price (MSP) for milk.
- The world's largest dairy development programme, Operation Flood, began in 1970 and was a landmark project of India's National Dairy Development Board (NDDB). It **established a national milk grid that connects farmers across India** with consumers in over 700 towns and cities, reducing seasonal and regional price differences.
- India is the **world's largest milk producer**, with 22 percent of global production, followed by the United States of America, China, Pakistan and Brazil.
- **Hence all the statements are correct.**

Q5. If you withdraw Rs. 1,00,000 in cash from your Demand Deposit Account at your bank, the immediate effect on aggregate money supply in the economy will be [UPSC 2020]

- a. to reduce it by Rs. 1,00,000
- b. to increase it by Rs. 1,00,000
- c. to increase it by more than Rs. 1,00,000
- d. to leave it unchanged

Answer: d

Explanation:

At a very basic level, aggregate money supply (say M) refers to the “total stock of money available for use” in the economy. So, two absolute basic components of money supply are:

1. Currency with public (C): This consists of currency notes in circulation issued by RBI, rupee notes & coins in circulation, as well as small coins in circulation.
2. Demand Deposits of public with Banks (also called deposit money) (D): These deposits can be withdrawn by the public at any point depending upon need. Without getting into the technicalities of M1, M2 etc, at a very basic level, we can express money supply as: $M = C + D$

Now, taking out Rs 1 lakh from “D” would increase “C” with the public. This simply means that “the immediate” effect would be “no change in the aggregate money supply” in the economy. If we carry out the same analysis technically also using measures of money supply like M1, M2, M3 and M4, the result would be the same.

Therefore, the correct answer is (d).

I. UPSC Mains Practice Questions

1. Arbitrary demolition of property by the state violates the fundamental right to adequate housing recognised under Article 21 of the Indian Constitution. Discuss in the context of the international human rights law framework. (250 words; 15 marks) [GS-2, Polity and IR]
2. Examine India’s dependency on coal and the country’s progress towards shifting to cleaner forms of fuel. (250 words; 15 marks) [GS-3, Economy]