

## 22 Apr 2022: UPSC Exam Comprehensive News Analysis

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## Category: INFRASTRUCTURE

1. NITI Aayog targets EV push with battery-swapping policy

Syllabus: Energy



Prelims: Draft battery-swapping policy

Mains: Important proposals of NITI Aayog's Draft policy on battery-swapping

#### **Context**

The <u>NITI Aayog</u> formulated a draft battery-swapping policy that aims at expediting the large-scale adoption of Electric Vehicles (EVs).

#### **Battery swapping**

- Battery swapping is a mechanism that involves exchanging the old discharged batteries for newly charged ones, delinking the vehicle and fuel and thereby, reducing the initial cost of the vehicles.
- This delinking facility provides the flexibility to charge the batteries separately which keeps the vehicle running with negligible downtime.
- Battery swapping is usually used for smaller vehicles such as two-wheelers and three-wheelers.
- Niti Aayog has regarded that the battery-swapping procedure would come under the Battery-as-a-service (BaaS) business model. Such models require interoperability between EVs and batteries for successful implementation.

### NITI Aayog's Draft battery-swapping policy

- NITI Aayog has come up with a policy that proposes various incentives for EVs with swappable batteries, subsidies to promote manufacturing of swappable batteries, and technical and testing requirements.
- NITI Aayog plans to prioritise the metropolitan cities for the development of battery-swapping networks in the first phase (1-2) years.

## Key features of the draft battery-swapping policy

- The policy focuses on supporting the adoption of battery-swapping, mainly for the battery swapping systems used in electric two-wheelers and three-wheelers.
- The policy recommended the GST Council to look for ways to reduce the differences across the tax rates on Lithium-ion batteries and electric vehicle supply equipment.
  - Currently, the tax rate on Lithium-ion batteries is 18% and 5% on electric vehicle supply equipment.
- It also proposes similar incentives to electric vehicles with swappable batteries which are currently extended to electric vehicles with pre-equipped fixed batteries.
  - The size of the incentives can be proportional to the kWh (kilowatt-hour) rating of the battery and compatible EV.
- Further, the government would prescribe a minimum contract duration for a contract to be signed between <u>EV</u> users and battery providers to ensure they continue to provide battery swapping services after receiving the subsidy.
- The policy aims to set up public battery charging stations at numerous places which include the likes
  of retail fuel outlets, public parking areas, malls, kirana shops and general stores.



- The draft policy mandates state governments to extend concessional tariffs on EV power connections to public battery charging stations.
- The policy also looks to designate these public battery charging stations under the time-of-day (ToD) tariff regimes, thereby facilitating the charging of swappable batteries during off-peak periods when electricity tariffs are low.
- Transport Departments and State Transport Authorities are responsible for easing registration processes for vehicles.
- Municipal corporations are responsible for planning, zoning permissions and land allocation for battery swapping stations.
- It also proposes to assign a **Unique Identification Number (UIN)** to swappable batteries during the manufacturing stage which helps in tracking and monitoring the batteries.
  - UIN numbers would also be assigned to battery swapping stations.

### **Draft policy on EV Safety**

- Following the recent series of explosions of batteries of EVs, the draft policy proposes to adopt a high level of protection at the electrical interface level and a rigorous testing protocol.
- The draft suggested that the batteries should be tested and certified based on the AIS 156 (2020) and AIS 038 Rev 2 (2020) standards.
- To ensure the safety and security of batteries the policy proposes to equip the batteries with advanced features such as IoT-based battery monitoring systems, remote monitoring and immobilisation capabilities, and various other control features.

#### **Nut Graf**

Considering the potential of Electric Vehicles not just in the automobile sector but also in helping India achieve net-zero carbon emission, the Niti Aayog's draft policy is said to be significant as it looks to incentivise and extend subsidies to the manufacturers along with other key initiatives.

## D. GS 4 Related

Nothing here for today!!!

## E. Editorials

## **Category: INTERNATIONAL RELATIONS**

#### 1. This is India's moment of reckoning

Syllabus: Effect of Policies and Politics of Developed and Developing Countries on India's interests, Indian Diaspora.

Mains: Geo-economic perspective of the ongoing Russia-Ukraine conflict for the world and India; Recommendations for India.

#### Context:

• While there have been arguments both in favour of and against India's neutral stance in the ongoing Russia-Ukraine conflict, this article authored by Manmohan Singh, former Prime Minister of India analyses the significance of India's neutral stance from the geo-economic perspective.



#### Impact of the conflict on geo-economic global order:

- The fall of the Berlin Wall in 1989 marked a decisive shift in the global geo-economic order. Since then there has been the emergence of frictionless borders and open economies which have allowed for the freer movement of people, goods, services and capital across the world. Notably, global trade and per capita GDP has nearly doubled in this period. The economic prosperity and the economic interdependency have resulted in an era of general peace and prosperity.
- However, the Russia-Ukraine conflict threatens to disrupt this world order.
- The conflict has resulted in **global uncertainty and disrupted critical supply chains** resulting in a sharp rise in commodities.
  - Egyptians are suffering from wheat shortages, Germany's dependency on Russian gas has
    resulted in high electricity charges in Germany, Americans face a shortage of electric cars
    due to the unavailability of car batteries that are dependent on Russian nickel and Indian
    farmers run the risk of high fertilizer prices triggered by a global shortage.
- The Russia-Ukraine conflict is a **global geo-economic conflict** that threatens to lead to the formation of two blocs. One group which has not condemned Russian aggression and the other that has condemned Russia. The Russia-China bloc, are large producers with rising consuming power while the western bloc, are large consumers. This division will cause major upheavals to the entwined global economic equilibrium.
- The use of economic sanctions against Russia seems to have a detrimental impact on the global economic system.
  - The economic sanctions against Russia could give rise to the emergence of alternate
    payment systems thus resulting in the disintegration of the current integrated payment
    systems and the emergence of non-dollar currencies. This will have a disturbing effect on the
    global economic system and thus would adversely impact the lives of all.

#### Impact on India:

- India has been a major beneficiary of the global economic interconnectedness. Global trade has been a significant contributor to Indian GDP and has also helped create a vast number of jobs in India. Hence the movement towards disintegration and isolationism would have an adverse impact on India.
- India taking either of the two sides would not be in India's interests because both sides represent a significant share of the global economy. India's trade is dependent on both these power blocs and on the current global economic structures of free trade, established reserve currency and transaction systems.

#### **Recommendations for India:**

### Make use of the upcoming opportunities:

As the western bloc of nations looks to reduce dependence on the Russia-China bloc of nations, it
presents newer avenues for India to expand trade. It presents an opportunity for India to become a
large producing nation for the world and a global economic powerhouse. India should prepare
itself to make use of these economic opportunities. However to be able to realize this opportunity,
India needs free access to their markets, an accepted and established global currency to trade in



- and seamless trade settlements. In this direction, the article argues for a shift from India's traditional policy of non-alignment.
- While the foreign policy of non-alignment made sense during the cold war era when trade was a small part of India's economy, the present scenario calls for some rethinking given that trade represents a significant share of India's GDP. India stands to gain more from unfettered access to the western bloc markets for Indian exports under the established trading order.

Desist from moves which could threaten global economic systems:

• The article argues against the **bilateral local currency arrangements like the India-Rouble agreement** given the long term detrimental impacts this could have on the global economy and
consequently on the Indian economy. Also unlike in the 1970s and 1980s when such an agreement
made sense because trade was a small share of the economy and these agreements were limited to
a few trading partners, this would not be useful in the current scenario. India needs to work towards
establishing a flourishing trading relationship with all nations.

### Adopt appropriate geo-economic policy:

- India should desist from buying discounted oil or commodities or departing from the
  established order of dollar-based trade settlement since this can jeopardize India's trading
  relationship with western bloc markets and could have longer-term implications for India's export
  potential.
- The article suggests that while India follows a non-aligned doctrine it should also follow a non-disruptive geo-economic policy that seeks to maintain the current global economic equilibrium.
   India needs to ensure a cordial relationship with both sides and also ensure a stable and established global economic environment.

#### Nut Graf

India should adopt a strategic economic self-interest doctrine within the larger paradigm of its non-alignment foreign policy. This augurs well for India's economic prospects both in the short and long term.

### 2. Growing ambitions

Syllabus: Bilateral, Regional and Global Groupings and Agreements involving India and/or affecting India's interests.

Mains: Regional and global implications of China's security pact with the Solomon Islands

## Context:

China's security pact with the Solomon Islands.

### Details:

- As per the provisions of the agreement, the Solomon Islands can request police and military
  personnel from China "to assist in maintaining social order". It also allows China to make ship
  visits and use Solomon Island's ports for logistics.
- The agreement is the first of its kind that China has agreed with any country.

#### Concerns:

Regional security concerns:



- The agreement would allow China to deploy its security forces in the Solomon Islands. The **deployment of security forces** does not augur well for Solomon Island's sovereignty.
- The pact would give **China's vessels a strategic foothold in the Pacific**. The agreement has evoked strong concerns from Australia and the U.S which see this move as China's intention to play a bigger security role in the Pacific. The logistic facility at the Solomon Islands would be close to Australia and Guam, where the U.S. has a naval base.

#### **Global implications:**

- The ramifications of the pact extend beyond the immediate regional security concerns in the Pacific. This move reflects **growing Chinese ambitions to take up a bigger role in global affairs.**
- Despite repeated claims of not wanting to open a military base abroad, China, in 2017, put into use its first **foreign base in Djibouti.**
- Chinese military planners have stated that more bases for its navy are in the works and this does not augur well for global peace and security.

#### **Nut Graf**

China's security pact with the Solomon Islands not only gives rise to regional security concerns but also has adverse implications for global peace and security.

## 3. Everything about this refugee deterrent plan is flawed

The article expresses concerns over the U.K.'s Rwanda asylum plan. For information on this issue refer to the following article.

UPSC Exam Comprehensive News Analysis of 19th Apr 2022

## **F. Prelims Facts**

Nothing here for today!!!

## G. Tidbits

### 1. Johnson starts India visit from Gujarat

- U.K. Prime Minister Boris Johnson, making his first visit to India, arrived in Ahmedabad.
- He visited Mahatma Gandhi's Sabarmati Ashram and later met Gujarat-based industrialists to discuss various business and investment opportunities.
- The British Prime Minister also visited a new factory set up by the leading U.K.-based JCB company to manufacture machines and equipment in Halol, near Vadodara.
- During his visit, the British Prime Minister is expected to announce major investments and trade in key industries in India.

#### 2. PM asks civil servants to prioritize 'Nation First'

- The Prime Minister of India said that civil servants' main responsibility was the unity and integrity of the country, on which there could not be any compromise and 'Nation First' should always influence their decisions.
- He further said that the government functionaries should be committed to mainly three goals namely;



- Bringing a positive change in the life of common people
- Taking decisions in the global context
- Strengthening the country's unity and integrity

## 3. India-U.S. ties vital for global security

- Addressing a meeting, the Defence Minister of India said that in the perspective of strategic convergence, India and the U.S. share a commitment to democracy, pluralism and the rule of law.
- He also highlighted the critical importance of India-U.S. "comprehensive global strategic partnership" for international peace, stability and prosperity.
- He urged the US-based companies to undertake joint research and development, and manufacturing and maintenance of defence equipment, to achieve India's vision of "Make in India, Make for the world".

# **H. UPSC Prelims Practice Questions**

Q1. Consider the following statements with respect to Special Purpose Acquisition Company (SPAC):

- 1. It is formed to raise money through an Initial Public Offering (IPO) to buy another company.
- At the time of their IPOs, SPACs have no existing business operations or even stated targets for acquisition
- 3. SPACs have two years to complete an acquisition or they must return their funds to investors.

#### Which of the statements given above is/are correct?

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

#### Answer: d

#### **Explanation:**

- Statement 1 is correct, The aim of SPAC is to raise money through an Initial Public Offering (IPO) to acquire another company.
- **Statement 2 is correct**, At the time of their IPOs, SPACs have no existing business operations, revenues, or even stated targets for acquisition.
- Statement 3 is correct, If the acquisition is not made within two years of the IPO, the SPAC is delisted and the money is returned to the investors.
- Q2. With respect to Sarmat, which of the following statements is/are correct?
  - 1. It is a canister-based, long-range anti-submarine missile



2. It is a joint venture (JV) between India and Russia with 70 per cent indigenous input from India

#### **Options:**

- a. 1 only
- b. 2 only
- c. Both
- d. None

#### Answer: d

#### **Explanation:**

- Statement 1 is not correct, The Samrat or RS-28 Sarmat also known in the West as the "Satan II", is a Russian liquid-fueled, MIRV-equipped super-heavy intercontinental ballistic missile (ICBM).
- Statement 2 is not correct, it is being developed by the Makeyev Rocket Design Bureau of Russia since 2009

#### Q3. Which of the following statements about Europa is/are incorrect?

- 1. Jupiter's moon Europa is the largest satellite in the solar system
- 2. Europa has the smoothest surface of any solid body in the solar system

#### **Options:**

- a. 1 only
- b. 2 only
- c. Both
- d. None

### Answer: a

## **Explanation:**

- Statement 1 is not correct, Ganymede is the largest moon in the solar system
  - **Europa** is the **sixth-largest** moon in the solar system.
- Statement 2 is not correct, Despite its cracked and discolored appearance, Europa is considered to have the smoothest surface for any solid object in the solar system.

### Q4. With respect to Atal Pension Yojana, which of the following statements is/are correct?

- 1. The pension scheme allows any Citizen of India between the age group of 18-50 years to join through the bank or post office branches where one has the savings bank account
- 2. Contributions to the Atal Pension Yojana (APY) is eligible for tax benefits similar to the National Pension System (NPS).



3. It is administered by Pension Fund Regulatory and Development Authority (PFRDA), which works under the Department of Economic Affairs

### **Options:**

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

#### Answer: b

#### **Explanation:**

- Statement 1 is not correct, Any individual aged between 18 to 40 years and have a bank account are eligible for the scheme.
- Statement 2 is correct, Contributions to the Atal Pension Yojana (APY) is eligible for tax benefits similar to the National Pension System (NPS).
- Statement 3 is not correct, It is administered by Pension Fund Regulatory and Development Authority (PFRDA), which works under the **Department of Financial Services**.

Q5. Which one of the following factors constitutes the best safeguard of liberty in a liberal democracy?

- a. A committed judiciary
- b. Centralization of powers
- c. Elected government
- d. Separation of powers

#### Answer: d

## **Explanation:**

 Separation of powers ensures checks and balances on different wings vis a vis legislative, executive and judiciary and prevents concentration of power. Thereby ensuring safeguard to liberty. Hence option d is correct

## I. UPSC Mains Practice Questions

- 1. Giving push to the idea of 'Battery as a Service' can significantly increase the adoption rate of electric vehicles in India. Do you agree? Discuss. (250 words; 15 marks)[GS-3, Energy]
- 2. Increased urgency to sign FTAs signal towards Government's acceptance of global trade as the driver of India's growth. Elaborate. (250 words; 15 marks)[GS-3, Economics]