

24 Jun 2022: 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. Pakistan's economic muddling and the IMF challenge**

Syllabus: Effect of policies and politics of developed and developing countries

Prelims: About International Monetary Fund (IMF)

Mains: The details about the economic crisis in Pakistan, its discussions with the IMF and the path ahead.

Context

The economic crisis in Pakistan.

Details

- The value of the Pakistani rupee (PKR) has dropped to an all-time low of 213 against the dollar on 21 June from 150 in April 2021.
- Further, Pakistan's foreign exchange reserves also have been depleting for one year.
 - As per the State Bank of Pakistan, the net foreign reserves have fallen to \$8.9 billion in June 2022 compared to \$17.2 billion in June 2021.
- The new government in Pakistan has increased the fuel price and has proposed to resume the petroleum development levy in the latest budget.
 - This would result in a further rise in oil and electricity prices, which has led to large-scale protests in the country.
- Moody's, which is a rating agency, downgraded Pakistan's outlook to negative due to "heightened external vulnerability risk" and the "ability to secure additional external financing".
- The discussions between the government and the [International Monetary Fund \(IMF\)](https://www.imf.org/) have not yielded results thus far.

The discussions between IMF and Pakistan

- The future of Pakistan's economy is heavily dependent on whether the IMF resumes its support or not. However, Pakistan's relationship with the IMF has remained complicated.
- In recent years, there has been a sense of economic nationalism in Pakistan and it has preferred to approach countries such as China and Saudi Arabia with whom Pakistan shares a friendly relationship for assistance rather than the IMF.
- With a change in the leadership in Pakistan, the new government now expects the IMF to release payments, expand the assistance programme, and provide a longer duration to repay the payments.
- The IMF in its statement after its last meeting in May 2022 has expressed its willingness to help Pakistan but has some conditions regarding macroeconomic reforms.

Conditions put forth by IMF

- The IMF mandates Pakistan to undertake measures to address the high inflation and the increased fiscal and current account deficits and extend sufficient protection to the vulnerable sections.
- The IMF does not want any deviations from the agreements, particularly with respect to fuel and power subsidies.
- The IMF also wants Pakistan to be transparent about its debt situation, including how much Pakistan owes to China, as a part of the [China-Pakistan Economic Corridor \(CPEC\)](#).

Path ahead for Pakistan

- Subsidies are politically sensitive and with elections around the corner, it is a difficult decision to make.
- The IMF might accept to extend assistance after a few more assurances from the government. However, the relief may be less than what the government expects.
- In Pakistan, the budgets have remained populist; corruption has affected the economic governance, there is a lack of independence in the financial institutions, export has continuously dropped and the fuel, oil and electricity subsidies remain very high.
 - But the previous governments in Pakistan have looked for external bailouts by continuing to borrow from global institutions and other friendly countries.
 - The economists in Pakistan have been urging macroeconomic reforms in this context.
- Experts point out that the assistance from countries like Saudi Arabia and China has come with hidden costs and conditions and mandates Pakistan to return the money if it deviates from the conditions.
- Experts have also drawn similarities between the present state of Pakistan with the economic crisis in Sri Lanka which later turned into a political turmoil.
 - Experts warn Pakistan of similar consequences if the issues such as the falling value of the rupee, declining foreign exchange reserves and rising fuel prices are left unaddressed.

Nut Graf

Pakistan is currently facing one of the most severe economic and energy crises in the country and requires some bold interventions from the new government to get the assistance from IMF, which can eventually help Pakistan address the crisis.

C. GS 3 Related

Category: ECONOMY

1. Open network for digital commerce

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

Prelims: *Open Network for Digital Commerce (ONDC)*

Mains: *Details about ONDC and the need for the formation of ONDC*

Context

The Union Government has announced the launch of the pilot phase of the open network for digital commerce (ONDC) in five cities.

Open Network for Digital Commerce (ONDC)

- ONDC is a not-for-profit organisation that provides a platform that helps local digital commerce stores across industries in the country to be discovered and engaged by any network-enabled applications.
- ONDC is neither an aggregator application nor a hosting platform, and all the existing digital commerce applications and platforms can voluntarily choose to adopt and be a part of the ONDC network.
- The ONDC aims to provide a single platform that enables customers to buy products from all the participating e-commerce platforms.
- The open network concept also extends beyond the retail sector, to any digital commerce domains such as wholesale, mobility, food delivery, logistics, travel, urban services, etc.
- The government is looking to take up the ONDC model and try to replicate the success of the [Unified Payments Interface \(UPI\)](#).
 - The UPI allows individuals to send or receive money irrespective of the payment platforms they are registered on.

- ONDC was proposed as an entity that would work without the need for day-to-day interventions and advisories from the shareholders.
 - The independence of the management is linked to the financial independence of the entity, and therefore, the entity will have to get independent funding and have a self-sustaining financial model.

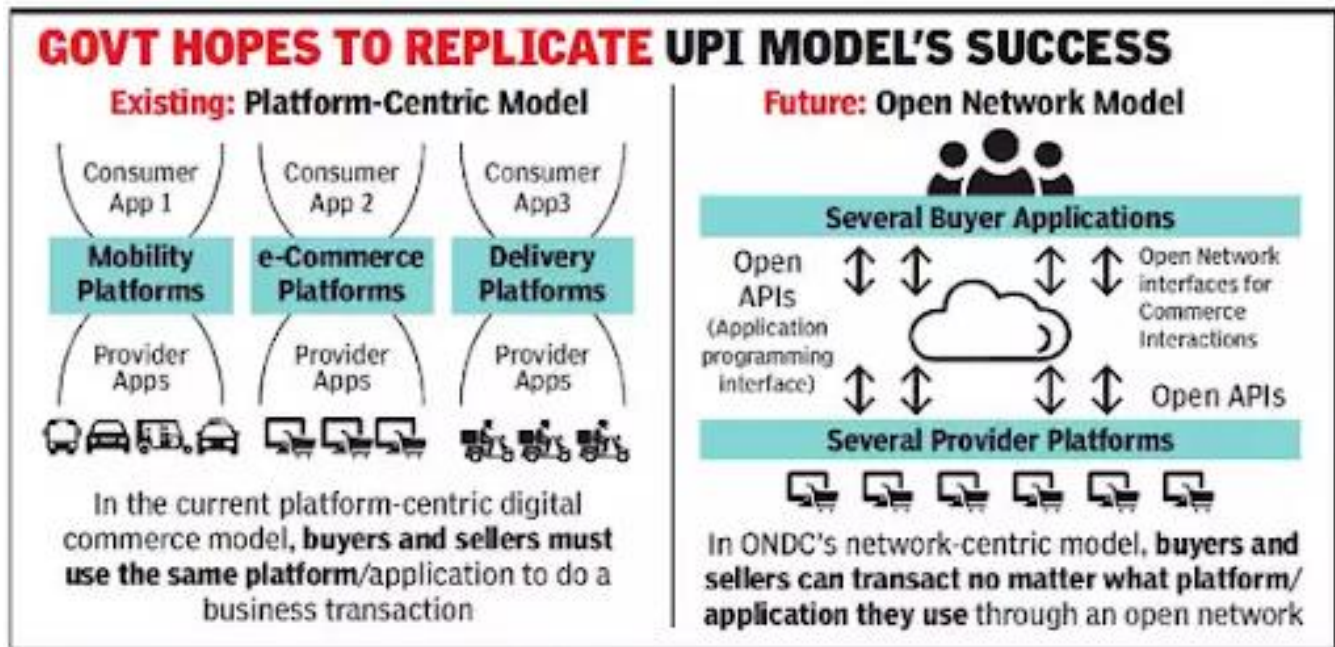


Image Source: Times of India

Reasons for the formation of ONDC

- According to an outreach programme conducted by the Department for Promotion of Industry and Internal Trade ([DPIIT](#)) during the COVID-19 pandemic, it was seen that there was a huge gap in the scale of online demand and the ability of the local retail ecosystem to participate.
 - Extensive consultations with various ministries and industry experts were conducted and the ONDC envisaged to revolutionise digital commerce in India.
- Further, ONDC was introduced with an aim to democratise India's fast-growing digital e-commerce sector which is presently dominated by the two U.S.-based firms namely Amazon and Walmart.

Current status of ONDC

- Currently, ONDC is in its incipient stage in five cities namely Delhi NCR, Bengaluru, Bhopal, Shillong and Coimbatore, with a target of registering about 150 retailers.
- The government has set up an advisory council to identify the potential of ONDC as a concept and advise the government on the steps required to accelerate its adoption.

- The advisory council includes industry experts as well as members from various government organisations.
- The ONDC in the next five years plans to bring on board 90 crore users and 12 lakh sellers on the network which would enable 730 crore additional purchases and an additional gross merchandising value (GMV) of ₹3.75 crores.
 - The GMV for the digital commerce retail market in India was ₹2.85 lakh crore in 2020, which constitutes a meagre 4.3% of the total retail GMV in India.

Know more about - [Open Network for Digital Commerce \(ONDC\)](#)

Nut Graf

The ONDC platform is expected to revolutionise the e-commerce sector and make it more inclusive and accessible for consumers by simplifying the process of cataloguing, inventory management, management of orders and the fulfilment of orders.

D. GS 4 Related

Nothing here for today!!!

E. Editorials

Category: SOCIAL JUSTICE

1. A turning point for Ukraine and its women's rights

Syllabus: Mechanisms, laws, institutions and Bodies constituted for the protection and betterment of women.

Prelims: Istanbul convention

Mains: Significance of ratifying the Istanbul Convention for Ukraine

Context

Verkhovna Rada, which is the parliament of Ukraine passed a Bill that ratified the Istanbul Convention.

Istanbul Convention

- The Council of Europe set up the Istanbul Convention, also called the “Convention on preventing and combating violence against women and domestic violence”, in April 2011.
- The treaty was opened for ratification in May 2011 and it entered into force in August 2014.
- The Istanbul Convention is the first legally-binding instrument that creates a comprehensive legal framework and approach to combat violence against women.
- This human rights treaty envisages to:
 - Prevent and prosecute all forms of violence against women
 - Promote gender equality
 - Ensure protection and rehabilitation of women who are victims of violence
- Turkey became the first country to ratify the Istanbul convention (However, in 2021, Turkey withdrew from the Convention).
- As of March 2019, it has been signed by 45 countries and the [European Union](#).
- The Convention in its Article 3 defines “Gender” as "the socially constructed roles, behaviours, activities and attributes that a given society considers appropriate for women and men".

Significance of ratifying the Istanbul Convention for Ukraine

- The convention was first signed by Ukraine in 2011 and the government had failed to ratify it despite repeated calls from activists.
 - The government had remained muted on the ratification because of the opposition by religious and conservative groups over the term “gender” used in the document.
 - The ratification of the Convention is considered a significant step towards the protection of women and girls from all forms of violence.
- Domestic violence has been an administrative offence in Ukraine since 2003 and systematic domestic violence was criminalised in 2019 which meant that criminal charges will only be imposed if the abuser commits three offences in a year.
 - These laws however fell short of the expectations of the victims and the women’s rights activists in Ukraine have been urging stringent punishments.
 - The ratification of the convention will now expand the list of abuse against women punishable by law in Ukraine by including psychological abuse, stalking, forced marriage, physical and sexual abuse, forced abortion, and sterilisation.
 - It also provides opportunities for the authorities to bring about changes in its legislation and institutional procedures.
- The risk of women becoming victims of gender-based violence in Ukraine has increased exponentially since the start of [Russia’s invasion of Ukraine](#).
 - Russian troops have been accused of using rape and sexual violence as a weapon of war and an instrument of terror to control civilians.
 - The ratification of the convention will help the Ukrainian authorities to tackle such atrocities and help them reassure the survivors and provide them with the confidence to seek justice.

- The ratification also mandates Ukraine to finance more shelters for women, train social workers and extend the resources available for the assistance of victims.
- Further, the ratification of the Convention will help in Ukraine's European integration as guaranteed human rights are the most important aspect considered for the extension of the European Union (EU) membership.

Nut Graf

The ratification of the Istanbul Convention is considered a huge milestone for Ukraine and the move has been welcomed by various human rights activists within the country as well as several international organisations. However, it is to be seen how Ukraine implements the provisions of the convention amidst its present situation and economic downfall.

Category: ECONOMY

1. The problems plaguing thermal power generators

Syllabus: Infrastructure: Energy

Mains: Details about the coal crisis in India and its reasons

Context

In the backdrop of the continued coal shortage, India's power demand has reached a record high of 211 MW.

Details

- With an increase in the temperature and the revival of the economy, the power demand crossed the 200 MW mark several times but due to the coal shortage, the coal stocks are available only for eight days.
- The Ministry of Power has directed the gencos (power-generating companies) to use imported coal for 10% of their requirement to bridge the gap between shortage in domestic supply and increasing demand.

Reasons for power crisis in India

- The domestic production of coal stagnated between FY18 and FY21, but revived in FY22. However, the power demand increased due to economic recovery and hotter weather conditions.

Chart 1 | The chart shows India's total domestic coal production in million tonnes (left-axis) and energy requirement in billion units (right-axis) in the past 12 years

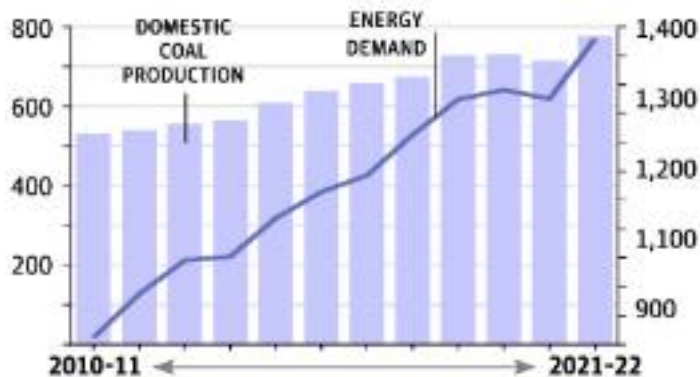


Image source: The Hindu

- Until FY20, domestic sources accounted for around 90% of the power sector's coal requirements, the remaining being filled by imports. But by FY22, the dependence on imports reduced to 3.8% which increased pressure on domestic supplies.
 - The coal imported by power plants was reduced to 27 MT in FY22 from 66.06 MT in FY17.
 - Coal imported for blending purposes by power plants that run on indigenous coal was also reduced to 8 MT in FY22, from 19.7 MT in FY17.

Chart 2 | The chart shows the quantity of coal imported (million tonnes) by imported coal-based power plants (●) and by domestic coal-based plants that use imported coal for blending (●). In the recent years, the usage of imported coal has dwindled across both types of plants



Image source: The Hindu

- The drop in imports is also due to the increase in the prices of coal in the international markets.
 - The cost of the coal imported is almost 5-6 times higher than the domestic supply.
 - The drop in domestic supplies and the increasing import prices have aggravated the situation.

Chart 3 | The chart shows the quarter-wise domestic and international coal prices (₹ per tonne). The price of coal in international markets was on a steep rise while the domestic price remained relatively stable as of Q2FY22



Image source: The Hindu

- The use of imported coal will also increase the prices of power supply to the Discoms (power distribution companies) and the Discoms at present owe long-standing dues worth ₹1.16 lakh crores to the gencos.
 - Delays in the payments by discoms result in a working capital crunch for gencos which further impacts their ability to procure a sufficient quantity of coal.
 - Most State governments do not revise tariffs periodically and the delays in availing compensation from the government further affect Discoms.

Nut Graf

Despite being the second-largest producer of coal and the availability of reserves that could last up to 100 years, India is experiencing an acute shortage in coal supplies as the efforts to ramp up the supply of domestic coal have not bridged the gap between the requirement and the supply of coal and the skyrocketing prices of coal in the international markets has further impacted India's imports.

F. Prelims Facts

Nothing here for today!!!

G. Tidbits

1. India is central to Australia's world view: Deputy PM Marles

- The Australian Deputy Prime Minister and Minister for Defence said that Australia sees India as “completely central” to its “world view”.
- He also talked about the shared values between India and Australia, in terms of both the countries being democracies, having a rule of law and seeking to build and respect a global rules-based order.
- He further added that the assertiveness of China in recent years along the South China Sea and Line of Actual Control (LAC) has urged Australia and India to have a shared objective of establishing a global rules-based order.

2. India reopens Embassy in Kabul, sends aid

- In a crucial step towards re-establishing its presence in Afghanistan, India sent a team of officials to be based in Kabul and reopened its Embassy.
 - The move to reopen the embassy, 10 months after the government shut it down, marks a reversal of the government’s policy on engaging with the [Taliban](#).
 - The opening of the embassy is a step towards working more closely with the Taliban regime.
- India also sent its first consignment of earthquake relief assistance to Afghanistan.
- A reconstituted team, consisting of security and engineering personnel, has been sent to Kabul with the aim of establishing consular and visa arrangements, the distribution of humanitarian assistance, and also to oversee the maintenance and restart of various development projects Indian companies had undertaken in Afghanistan.

H. UPSC Prelims Practice Questions

Q1. Which of the following statements is/are correct with respect to Kaliningrad? (Level – Medium)

1. It is Russia’s westernmost federal entity.
2. It shares no borders with Mainland Russia and is sandwiched between Poland and Lithuania.

Options:

- a. 1 only
- b. 2 only
- c. Both 1 and 2
- d. Neither 1 nor 2

Answer: c

Explanation:

- **Statement 1 is correct**, Kaliningrad is Russia's westernmost federal entity.
- **Statement 2 is correct**, It shares no borders with Mainland Russia and is sandwiched between Poland and Lithuania.



Image Source: Britannica

Q2. Which of the following statements is/are correct with respect to Sickle Cell Disease? (Level – Medium)

1. It is an inherited disease.
2. It affects the white blood cells and makes the body prone to infections.
3. India has the highest number of sickle cell disease cases in the world.

Options:

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

Answer: c

Explanation:

- **Statement 1 is correct**, Sickle cell anaemia is an inherited disorder.
- **Statement 2 is not correct**, In this disorder, the **red blood cells** contort into a sickle shape.
 - The cells die early, leaving a shortage of healthy red blood cells and can block blood flow causing pain (sickle cell crisis).
- **Statement 3 is not correct**, India has been ranked the country with the second-highest number of sickle cell disease cases in the world.
 - Nigeria has the highest incidence of sickle cell disease in the world.

Q3. Which of the following best describes the newly launched NIRYAT Portal? (Level – Easy)

- a. It will provide real-time import and export data of India.
- b. It aims to be a repository of information on all Union government schemes aimed at promoting exports from India.
- c. It would provide a platform to mentor first-generation entrepreneurs on foreign trade using counselling, training and outreach programmes.
- d. It is a registration portal for exporters seeking to avail of benefits under the Niryat Bandhu Scheme.

Answer: a**Explanation:**

- NIRYAT stands for National Import-Export for Yearly Analysis of Trade.
- NIRYAT has been pegged as a one-stop platform for stakeholders for easy access to critical information related to India's foreign trade by the Centre.

Q4. Consider the following pairs of regional agricultural products and the associated states. (Level – Difficult)

Agricultural produce	Associated state
1. Lakadong turmeric	Meghalaya
2. Chak-hao rice	Nagaland
3. Queen pineapple	Tripura
4. Thuku elaichi	Manipur

How many of the above pairs is/are correctly matched?

- a. One pair only
- b. Two pairs only
- c. Three pairs only
- d. All the above four pairs

Answer: b

Explanation:

- **Pair 1 is correct**, Lakadong turmeric is grown in **Meghalaya's** Jaintia hills.
- **Pair 2 is not correct**, Chakhao or Chak Hao (Black aromatic rice) is a species of paddy plant associated with Manipur.
- **Pair 3 is correct**, Queen pineapple is the state fruit of Tripura.
- **Pair 4 is not correct**, Thuku elaichi is associated with **Sikkim**.

Q5. In the context of any country, which one of the following would be considered as part of its social capital? (Level – Medium) PYQ (2019)

- a. The proportion of literates in the population
- b. The stock of its buildings, other infrastructure and machines
- c. The size of population in the working age group
- d. The level of mutual trust and harmony in the society

Answer: d

Explanation:

- Social capital is a measure of the value of resources, both tangible (eg: public spaces, private property) and intangible (eg: actors, human capital, people), and the impact that these relationships have on the resources involved in each relationship, and on larger groups.
- Social capital consists of **trust, mutual understanding, shared values and behaviour that bind together the members of a community** and make cooperative action possible.
- Social capital has advantages in terms of health, preventing crime and violence, education, environment, economic development, water use and sanitation.

1. [The Open Network for Digital Commerce \(ONDC\) platform aims to create new opportunities and curb digital monopolies. Comment. \(10 Marks, 150 Words\) \(GS III - Economy\)](#)
2. [Discuss the possible reasons for the worsening economic crisis in Pakistan. \(10 Marks, 150 Words\) \(GS II - International Relations\)](#)

