

27 Sep 2022: UPSC Exam Comprehensive News Analysis

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Category: ECONOMY

1. A push for the semiconductor industry

Syllabus: Changes in industrial policy and their effects on industrial growth

Prelims: About Semiconductors

Mains: PLI scheme for semiconductors, changes introduced to the scheme and its associated significance and challenges.

Context

- Recently, the Union government approved various changes to the scheme for the development of a semiconductor and display manufacturing ecosystem.
- The new changes are being introduced with the objective of making the \$10 billion chip-making initiative of the country more attractive to investors.

What are semiconductors?

- Semiconductors are materials that have a conductivity between conductors and non-conductors or insulators.
- Semiconductors can be pure elements, such as silicon or germanium, or compounds, such as gallium arsenide or cadmium selenide.
- Semiconductors help give computational power to electronic devices.
- Semiconductors are said to be the fundamental blocks of most of the modern-day electronic gadgets such as cars, laptops, household appliances, smartphones and connected devices in the [Internet of Things \(IoT\)](#).

Global semiconductor industry

- At present, the semiconductor industry is valued at close to \$500 to \$600 billion globally.
- The key component of a semiconductor chip is the sliver of the silicon, which consists of crores of microscopic transistors with different patterns to regulate the flow of current while performing different computational instructions.
- The process of semiconductor chip-making is very complex and is in high demand.
 - The chip-making process involves multiple steps in the supply chain which include -
 - Designing software for chips and patenting them through core Intellectual Property (IP) rights.
 - Manufacturing chip-fabrication machines
 - Establishing fabs or factories
 - ATMP (assembly, testing, marking and packaging)

- The semiconductor chip-making industry is one of the most highly-concentrated industries. Countries such as Taiwan, South Korea and the U.S. are said to be the hub of semiconductor manufacturing.
 - According to reports, over 90% of 5nm (nanometre) chips are being mass-produced by Taiwan Semiconductor Manufacturing Company (TSMC).
- Due to such a high concentration of industries in a few areas and issues such as the U.S.-China tensions over Taiwan, and the supply chain bottlenecks on account of the Russia-Ukraine conflict, there has been a [global semiconductor chip shortage](#).
- Global semiconductor storage has pushed the major economies in the world to undertake efforts to revive the chip-making sector and provide it with the required impetus.
 - **Example:** The U.S. announced a \$52.7 billion government funding for the CHIPS and Science Act.
 - The European Union's Chips Act is expected to mobilise over €43 billion for public and private investments.
- In 2021, the Government of India also approved a [Production-linked incentive \(PLI\) scheme](#) for semiconductors which provides incentives worth **Rs 76,000 crores** for the development of semiconductors and display manufacturing ecosystems.

Read more about - [Production-linked incentive \(PLI\) scheme for semiconductors in CNA dated Dec 16, 2021.](#)

Key changes announced to India's chip-making scheme

- According to the older scheme, the Union government would offer funding of:
 - 30% of the project cost for 45nm to 65nm chip production
 - 40% for 28nm to 45nm
 - 50% for chips 28nm or below
- According to the changes introduced the modified scheme would provide a uniform 50% fiscal support for all nodes irrespective of their type.
 - Further, the changes also include the provision of 50% of capital expenditure for other steps of the process such as chip design and ATMP.
- The new changes introduced to the scheme also focus more on the production of the 45nm chip, which is said to be less time-consuming and cost-effective with respect to production.
- Additionally, target technologies under the scheme will include discrete semiconductor fabs. Discrete semiconductors are used for devices performing basic electronic functions.

Challenges associated with the scheme

- Chip production is said to be resource-intensive and an expensive process.
- As the new changes introduced to the scheme aims to provide equal funding for all steps of the process, the outlay of the scheme still remains at \$10 billion.

- However, the process of establishing a semiconductor fab itself requires an investment of nearly \$3 to \$7 billion which means that there would be a shortage of outlay for supporting the other important processes such as display fabs, packaging and testing facilities, and chip design centres.
- Further, the semiconductor chip-making process also requires gallons of ultrapure water every day. The existing drought or dry conditions in the major portion of the country makes it a difficult task for the government to provide water to the factories.
- The government is also facing the challenge of boosting the consumer demand in the semiconductor and linked electronics industry so that it would not lead to a situation where these industries and ventures remain successful only till the subsidies are provided through taxpayer's money.

Path ahead

- Recently, Vedanta and Foxconn, a Taiwanese chipmaker, signed an MoU to establish a semiconductor plant in Gujarat worth ₹1,54,000 crores.
- Additionally, two more projects have also been announced which include:
 - A \$3 billion plant in Karnataka by the International consortium ISMC.
 - A \$3.5 billion plant in Tamil Nadu by Singapore's IGSS Ventures.
- Experts are positive about the outcomes of the scheme and they opine that the funding must also focus on aspects such as design and R&D, for which India is already equipped with a capable talent pool.

To read more about the issue refer to the following article:

[UPSC Exam Comprehensive News Analysis dated 14 Feb 2022](#)

Nut graf: *As the semiconductor demand in the country is expected to increase to about \$70 to \$80 billion by 2026 due to the rapid increase in the demand for electronic devices, the government has introduced various changes to the old scheme with an aim to harmonise the incentives for all the technology nodes of semiconductors.*

Category: DISASTER MANAGEMENT

1. Landslides in Pettimudi: social inequalities in disasters

Syllabus: *Disaster and disaster management*

Mains: *The relevance of social inequalities in determining the extent of disaster vulnerability*

Context

- This article is based on S. Mohammed Irshad and S.S. Christin Solaman's work "Identity, Space and Disaster: A Case Study of Pettimudi Landslide in Kerala".
- This article tries to outline the role of space during natural calamities such as landslides, in terms of the disaster vulnerability of a community and State interventions.

Details

- There are multiple theories about the relevance of space as a social product and its connection with an individual's or communities' understanding of social realities.
- The authors try to analyse the relevance of the "geographical and sociological space" by studying the incident of landslide that occurred in Pettimudi which is a tea plantation estate in the Idukki district of Kerala on August 6, 2020.
 - This tea estate was first owned by John Danial Manro who was a British official, in 1877.
 - At present, the estate is owned by the Kanan Devan Hills Plantations (KDHP).
- Consistent rainfall in the region caused a landslide in the Pettimudi estate which led to the death of over 65 workers who lived in a 'layam' which is a line of 10 residential spaces in a building provided by the company as accommodation.

Findings of the analysis of the incident

- Analysis reveals that when slavery was abolished in the State in 1843, estate owners deployed an alternative plan of bringing workers from other regions as bonded labour.
 - Further, the Plantation Labour Act, of 1951 also failed to extend benefits such as social security and socio-economic mobility for the workers.
 - At present, most of the workers in the estate are part of the second or third generations of Tamil migrant workers who were brought as bonded labourers.
 - These workers lack decent accommodation facilities or land of their own.
 - The accommodation (layams) provided by the estate owners are set up in an ecologically vulnerable landscape and are about 90 years old and are also not well maintained.
- Analysis indicates that the response and rehabilitation measures undertaken by the government provided only conventional relief measures and the spatial inequality which was one of the key aspects of the disaster and the vulnerabilities of the community were ignored.
- The authors also studied how false narratives were portrayed by the media and the government which regarded the landslide incident as a single incident without interrogating the socio-economic complexity behind the situation.
 - The role of setting up of the layam in landslide-prone areas and their poor maintenance, along with the poor state of socio-political and economic situation of the workers were completely ignored.

- The authors also believe that the State showed apathy towards the incident of the landslide when compared to another incident of an air crash that took place the very next day in the state.
 - The analysis clearly indicated that there was a differential treatment of the victims of the landslide as compared to the victims of the air crash.

The concept of space and vulnerability

- Various social theorists such as Edward Soja and Andrzej Zieleniec have addressed the aspect of individuals' interactions with space and the role played by space as a social product and a place for practising discrimination.
- Various spatial vulnerabilities are caused due to the convergence of social relations such as production, class relations, institutional relations and entitlement relations.
- By considering the private estate land as a social space, the authors analyse the role played by the land as a symbol of the economic vulnerability of the labourers which has its roots in the history of slave labour, and how this vulnerability compels the workers to continue living and working in such harsh conditions.
- The private company claims power over these workers with its ownership of the space.
- This social exclusion of these workers is not thoroughly addressed by various government policies or schemes.
- Further, the victims are not consulted during the rehabilitation process nor have any say in the process and are compelled to accept the government funds.

Concerns about the response of the state

- During such instances, the state usually does not take into account the root causes of such calamities.
- In case of disasters, the states follow some standard procedures which include alerting the residents of the area based on the weather forecast, providing temporary shelter, and planning rehabilitation efforts.
 - However, the states often fail to acknowledge the relationship between space and vulnerability and the socio-economic impact of such changes.
- Vulnerability of the community is not always studied with respect to the people's socioeconomic status at the administrative level.
- The authors feel that unequal development or overexploitation of resources have increased the disaster vulnerabilities among poorer communities in the disaster-prone areas of the country manifold.

Nut graf: *The states while undertaking disaster relief measures must take into account the key aspects such as the analysis of the root causes of such calamities, spatial vulnerability and the socio-economic impact of the government's relief response.*

Nothing here for today!!!

Category: INDIAN ECONOMY

1. Pitching India as a signature destination

Syllabus: GS3, Economy, Tourism.

Mains: Boosting India's tourism sector.

Prelims: World Tourism Day

Context: World Tourism day is celebrated on 27th September.

Details:

- A first-of-its-kind meeting of tourism ministers of states was held in the Dhauladhar ranges of the Himalayas. Discussions, debates, and deliberations took place on topics like modes and mechanisms to develop India's tourism sector.
- The Prime Minister of India, on Independence Day of 2019, requested Indian citizens to travel to at least 15 tourist places in India by the year 2022. However, this could not be realized owing to the pandemic. Tourism has been severely affected by the COVID-19 pandemic.
- The outcome of the meeting was 'The Dharamshala Declaration'. The Dharamshala Declaration drew inspiration from the Prime Minister's approach - 'Whole of Government'. It enables the breaking down of silos and encourages synergies across various corridors.
- The objective of 'The Dharamshala Declaration' is to realize India's role in global tourism and focus on the recovery of the sector by nurturing domestic tourism.
- The Ministry of Tourism has proposed an action plan and strategy in the declaration, to boost domestic tourism and encourage Indian citizens to explore the country's, cultural, spiritual, and natural beauty and embrace 'Ek Bharat Shrestha Bharat'. [Ek Bharat Shrestha Bharat](#) implies interaction and mutual understanding.
- Moreover, the Tourism Ministry is working in collaboration with the Ministry of External Affairs to recognize twenty Indian missions abroad that are the largest source of tourists to India. It is also building country-specific plans to attract foreign tourists.

Measures to boost the Tourism sector:

- The [Emergency Credit Line Guarantee Scheme \(ECLGS\)](#) of the Indian Government was recently increased to ₹5 lakh crore from the earlier ₹4.5 lakh crore. The intent behind the enhancement was to aid hospitality and associated sectors like hotels and restaurants, tour operators and travel agents, marriage halls, and heritage and adventure facilities.
- National Tourism Policy:
 - The Government has also prepared a [draft National Tourism Policy 2022](#). This is the first attempt after 2002, to bring a transformative tourism policy to India. The objective of the policy is to:
 - improve the conditions for tourism development
 - support tourism industries
 - strengthen support functions
 - develop sub-sectors of tourism
 - The policy also aims to leverage technology, digitalization, and innovation through the National Digital Tourism Mission
 - It will also provide skilling opportunities through the Tourism and Hospitality Sector Skill Mission.
 - It also gives a special push to private sector participation through the public-private partnerships (PPP) model.

For more information on National Digital Tourism Mission, read here: [National Digital Tourism Mission - Draft Report](#).

India's Potential in Tourism:

- India has a golden opportunity to project itself as a major tourist destination under the backdrop of the G20 presidency. The period of the G20 presidency is from December 2022 to November 2023. India's traditional dictum of 'Atithi Devo Bhava' can be put forth while welcoming delegates from the nineteen countries and the European Union while hosting 200 meetings.
- The authorities are preparing a list of cities for meetings and conferences on the basis of various dimensions like accommodation availability, conference infrastructure, Swachh Bharat rankings, etc. The basic intent is to showcase India's cultural richness as it welcomes the world.
- The Tourism Ministry is also collaborating with other departments and ministries to bring necessary interventions like visa reforms, and traveller-friendly and improved immigration facilities at airports to strengthen ease of travel.
- By mid-2024, India's tourism sector will reach pre-pandemic levels, achieving approximately \$150 billion contribution to the GDP and nearly \$30 billion in foreign exchange earnings. The estimated figure for foreign tourists is around 15 million.
- Moreover, India's tourism sector is projected to grow at a 7%-9% compounded annual growth rate (CAGR) by 2030. With an enabling policy framework, the tourism sector can add approximately \$250 billion to the GDP, apart from 140 million jobs and \$56 billion in foreign exchange earnings. The tourist arrivals may reach more than 25 million.

Also read: [Road Ahead for Tourism & Hospitality Industry: RSTV- Big Picture](#)

Nut Graf: *India has a rich civilizational ethos of sustainable, inclusive, and responsible tourism. It is evident from multiple reiterations by great personalities like Gautama Buddha and Mahatma Gandhi, who have strongly advocated the principle of harmonious living with nature. India should renew these pledges to position itself as the best travel destination in the world by 2047.*

Category: INTERNATIONAL RELATIONS

1. Samarkand: a miniature of an emerging world

Syllabus: *Bilateral and global groupings and agreements involving India.*

Mains: *The SCO summit, 2022.*

Prelims: *SCO summit.*

Context: The Shanghai Cooperation Meeting was held on 15th and 16th September 2022 in Samarkand, Uzbekistan.

Recent strategies adopted by various countries:

- Though Russia is clearly in the dock for the Ukrainian invasion, the former Soviet Republics have remained silent.
- China has struck a deal with Russia on the issue of Taiwan, in return for its support to the Russian cause in the Russia-Ukraine conflict.
- The United States of America seems to stay aligned with democratic countries. However, the U.S. has also decided to modernize the Pakistani air force. This is probably to prevent Pakistan from becoming closer to China.
- India's stand:
 - Even though both the adversaries of India attended the summit, India was not on talking terms with either of them.
 - However, India came out with a strong message for Russia that it was not the time for war and that the war should stop as it poses immense challenges to the world.
 - India discussed issues like the oil crisis, food scarcity, supply chain disruptions, etc.
- The Russian president responded to India by saying that Russia understood India's concerns and would try to end the conflict. But he also blamed Ukraine for the prolonged crisis.

For more information on the SCO summit, read here: [Sansad TV Perspective: SCO Summit, 2022](#)

Outcomes of Samarkand Summit:

- The SCO summit in Samarkand is said to be a dress rehearsal for what may eventually emerge in the world in the future.
- It was observed that as a chair of the next SCO summit, India does not have the potential to change much because of the domination of the China-Russia-Iran-Pakistan axis.
- India should instead focus on strengthening bilateral relations with democratic countries to build its own pole in the emerging world order.
- The ripples of the summit were also felt in the [United Nations General Assembly](#), where for the first time both Russia and the USA favoured the expansion of the UNSC to make it more effective. Russia has outrightly supported India's permanent membership.

For more information on takeaways of the SCO summit, read here: [17 Sep 2022: UPSC Exam Comprehensive News Analysis](#)

Nut graf: *The recent SCO summit that took place in Samarkand at a time when the global order is going through a complex phase has provided an outlook about the future of the emerging world and has helped countries like India understand their position in the changing geopolitics.*

F. Prelims Facts

Nothing here for today!!!

G. Tidbits**1. Centre's push for NavIC system lands smartphone giants on unknown road**

- The Union government is urging the tech giants to make smartphones compatible with [NavIC \(Navigation with Indian Constellation\)](#) which is India's indigenous regional navigation system.
- However, tech giants such as Samsung, Xiaomi and Apple have expressed concerns over the January 1st, 2023 deadline as it would lead to increased costs owing to higher research and production costs and disruptions as the move requires various changes in the hardware and testing clearances.
- In line with the Prime Minister's vision of self-reliance, India has over the years expanded the use of NavIC to reduce the reliance on foreign systems, including the widely used Global Positioning System (GPS) of the U.S.
 - According to the government, NavIC provides more accurate domestic navigation and its use would largely benefit the economy.

- Countries such as China, the European Union, Japan and Russia already have their own global or regional navigation systems to rival GPS.

2. Live-streaming, online RTI portal: SC takes big steps on transparency

- Justice U.U. Lalit, the Chief Justice of India said that a dedicated platform is being set up to facilitate live streaming of Supreme Court proceedings.
- Also, Justice D.Y. Chandrachud, a senior judge of the Supreme Court, spoke about the opening up of a [Right to Information \(RTI\)](#) portal for the submission of petitions online.
- These two initiatives indicate that various efforts are being undertaken to ensure complete transparency in the functioning of the courts in the country.

3. Rupee drops to a record low of 81.67 against dollar

- The Rupee reached another record low against the dollar due to the further strengthening of the U.S. currency against other major currencies.
- The Rupee's downward trend is expected to negatively impact importers, students studying abroad and outbound travellers.
- Further, the Indian stocks also recorded a steep fall as the U.S. Federal Reserve adopted an aggressive stance to control the increasing inflation.
 - The fear of recession in the U.S. and Europe, the consequence of the Russia-Ukraine conflict and the political uncertainty in China have further caused uncertainty in the global economy.
- Experts feel that the fall in the value of the Rupee could have been more if the Reserve Bank of India (RBI) had not intervened by selling dollars in the interbank forex market via public sector banks.
 - The RBI has clarified that it would deploy its forex reserves to prevent excess volatility in the forex market.

H. UPSC Prelims Practice Questions

Q1. Consider the following statements about the Double Asteroid Redirection Test (DART) Mission. (Level – Medium)

1. It is a project headed by the European Space Agency.
2. The mission involves crashing the spacecraft into the Didymos asteroid.

Which of the above statements is/are correct?

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

Answer: d

Explanation:

- **Statement 1 is not correct**, Double Asteroid Redirection Test (DART) is a space mission of NASA which is aimed at testing a method of planetary defense against near-Earth objects (NEOs).
 - DART is a joint project between NASA and the Johns Hopkins Applied Physics Laboratory (APL).
- **Statement 2 is not correct**, The mission involves crashing the spacecraft into the **Dimorphos** asteroid.
 - Dimorphos is a moon of a slightly larger asteroid called Didymos.
 - Didymos is about 780 m at its widest, whereas Dimorphos is about 160 metres.
 - Scientists chose the Dimorphos as the target because of its relatively shorter orbit around Didymos. The deviation in this orbit would be more noticeable and easier to measure.

Q2. The recently unveiled 'Dharamshala Declaration' is associated with which of the following aspects? (Level – Difficult)

- a. Disaster Management
- b. Climate Change
- c. Tourism
- d. Sports

Answer: c

Explanation:

- The “Dharamshala Declaration” aims to recognise India’s role in contributing towards **global tourism** as well as focusing on recovery by also **promoting domestic tourism**.
- The “Dharamshala Declaration” was adopted during the National Conference of State Tourism Ministers, which affirms commitment toward developing “sustainable and responsible tourism” and positions India as a “global leader in the tourism sector by 2047”.

Q3. Consider the following statements about La Nina. (Level – Medium)

1. La Nina refers to the El Nino Southern Oscillation (ENSO) phase in which sea-surface temperatures are warmer than normal.
2. In the Indian context, La Nina is associated with good rainfall during the monsoon season.
3. The ‘triple dip’ La Nina being witnessed currently is the first such instance in recorded history and could be attributable to global warming and climate change.

How many of the above statements is/are correct?

- a. One statement only
- b. Two statements only
- c. All three statements
- d. None of the statements

Answer: a

Explanation:

- **Statement 1 is not correct**, La Nina refers to the El Nino Southern Oscillation (ENSO) phase in which sea-surface temperatures are **cooler than normal**.
- **Statement 2 is correct**, In the Indian context, La Nina is associated with good rainfall during the monsoon season. Hence, La Nina is considered beneficial for Indian Monsoons.
- **Statement 3 is not correct**, India is currently experiencing an extended spell of the La Nina, called a ‘triple dip’ La Nina which is a phenomenon lasting across three winter seasons in the northern hemisphere.
 - This is said to be the **first “triple dip” La Nina of the century** and the **third since 1950**.

Q4. Which of the following statements about Organization for Economic Cooperation and Development (OECD) is/are correct? (Level – Medium)

1. It is an intergovernmental organization of which India is a founding member and with an objective to stimulate economic progress and world trade.
2. The World Economic Outlook is a flagship publication of the organization.

Options:

- a. 1 only
- b. 2 only
- c. Both the statements
- d. Neither of the statements

Answer: d

Explanation:

- **Statement 1 is not correct**, Organisation for Economic Co-operation and Development (OECD) is an international, intergovernmental economic organization of 38 countries and most of its members are high-income economies with a very high Human Development Index (HDI) and are regarded as developed countries.
 - **India is still not a member of OECD**. However, India is one of the non-member economies with which the OECD has working relationships.
 - OECD has been cooperating with India since 1995.
- **Statement 2 is not correct**, The World Economic Outlook is a flagship report published by the **International Monetary Fund (IMF)**.

Q5. Which one of the following National Parks lies completely in the temperate alpine zone? (Level – Difficult) PYQ (2019)

- a. Manas National Park
- b. Namdapha National Park
- c. Neora Valley National Park
- d. Valley of Flowers National Park

Answer: d

Explanation:

- The **Valley of Flowers National Park** is situated at an altitude of about 3352 to 3658 metres above sea level and so lies completely in the temperate alpine zone.
- The Valley of Flowers National Park is situated in the state of Uttarakhand.

I. UPSC Mains Practice Questions

1. India's path to becoming a significant player in the semiconductor chip industry is filled with stumbling blocks. Discuss. (250 words; 15 marks) (GS III - Economy)
2. How is the government planning to exploit India's true potential as a tourism hub for people across the world? (250 words; 15 marks) (GS III - Economy)