



Civil's IAS
Empowering Nation

Weekly Current Affairs Compilations

A holistic magazine for UPSC Prelims, Mains and Interview Preparation

Volume 38

13th – 19th Jun 2020

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- a. Coverage of General Studies 1,2,3,4 and ESSAY topics to boost students marks in Mains examination.

10. OPTIONAL

- a. Geography
- b. Gujarati Literature
- c. Anthropology
- d. Political Science
- e. Sociology
- f. Philosophy
- g. History

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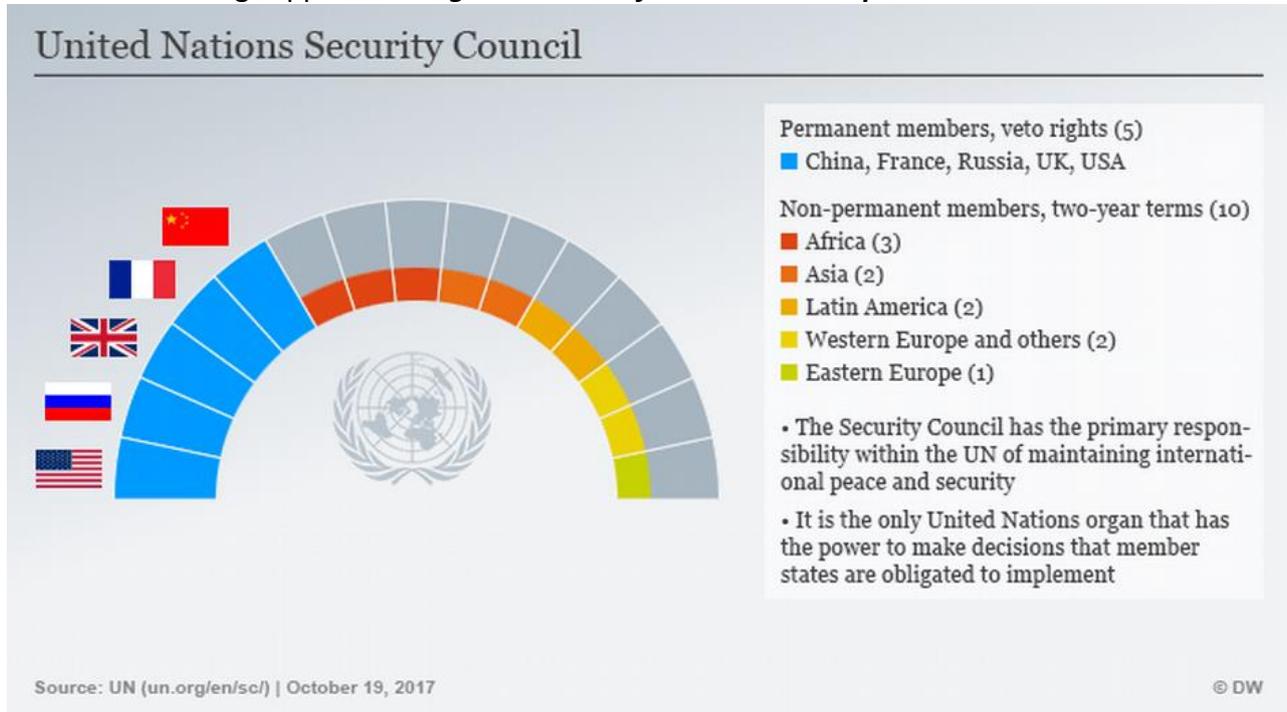
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TOPIC 1. UNSC

- Early on Thursday (June 18), official handle of Permanent Mission of India to United Nations in New York tweeted: “Member States elect India to non-permanent seat of Security Council for term 2021-22 with overwhelming support. **India gets 184 out of 192 valid votes polled.**”



• What are 'non-permanent seats' at the UNSC?

- The UNSC is composed of 15 members:
 - **5 permanent members:**
 - China, France, Russian Federation, United States and United Kingdom
 - **10 non-permanent members** who are elected by General Assembly.
 - non-permanent members are elected for 2-year terms
 - every year, General Assembly elects 5 non-permanent members out of total 10.
 - These 10 seats are distributed among the regions of the world:
 - Five seats for African and Asian countries.
 - Of 5 seats for Africa and Asia, 3 are for Africa and 2 for Asia.
 - Also, there is an informal understanding between two groups to reserve one seat for an Arab country.
 - Africa and Asia Pacific group takes turns every 2 years to put up an Arab candidate.
 - One for Eastern European countries.
 - Two for Latin American and Caribbean countries; and
 - Two for Western European and Other Countries.
 - Elections for terms beginning in even-numbered years select 2 African members, and 1 each within Eastern Europe, Asia Pacific, and Latin America and Caribbean.
 - Terms beginning in odd-numbered years consist of 2 Western European and Other members and 1 each from Asia Pacific, Africa, and Latin America and Caribbean.
 - The current non-permanent members of Security Council are
 - **Belgium, Dominican Republic, Germany, Indonesia, and South Africa**, all of whose terms end this year.
 - **Estonia, Niger, Saint Vincent and Grenadines, Tunisia and Vietnam**, whose terms end in 2021.

- India begins its term in beginning of 2021 and will hold position until end of 2022.

- **What happened at the election that India won?**

- India was only candidate for vacancy from Asia Pacific.
- Its candidature for seat was endorsed **unanimously by Asia Pacific group**, which comprises 55 countries, including Pakistan and China, last year.
- That endorsement meant that India would be a “clean slate” candidate for the elections, with an assured victory.
- Besides India, China, and Pakistan 55-country **Asia Pacific group** includes Afghanistan, Bahrain, Bangladesh, Bhutan, Brunei, Cambodia, Cyprus, North Korea, South Korea, Fiji, Indonesia, Iran, Iraq, Japan, Jordan, Kazakhstan, Kiribati, Kuwait, Kyrgyzstan, Laos, Lebanon, Malaysia, Maldives, Marshall Islands, Micronesia, Mongolia, Myanmar, Nauru, Nepal, Oman, Palau, Papua New Guinea, Philippines, Qatar, Samoa, Saudi Arabia, Singapore, Solomon Islands, Sri Lanka, Syria, Tajikistan, Thailand, Timor-Leste, Tonga, Turkey, Turkmenistan, Tuvalu, UAE, Uzbekistan, Vanuatu, Vietnam, and Yemen.

- **Has India been in the UNSC earlier?**

- India has earlier been a non-permanent member of Security Council in **1950-51, 1967-68, 1972-73, 1977-78, 1984-85, 1991-92 and 2011-12**.
- For 2011-12 term, India won 187 of 190 votes after Kazakhstan stood down from its candidacy.
- Unlike Africa, which has formalized a system of rotation of its three seats, Asia Pacific grouping has often seen contests for seats. In 2018, there was a contest between Maldives and Indonesia. On occasions when there is a contest, elections for non-permanent seats can go on for several rounds. Back in 1975, there was a contest between India and Pakistan, which went into eight rounds, with Pakistan finally winning seat. And in 1996, India lost a contest to Japan.
- Even if a country is a “clean slate” candidate and has been endorsed by its group, it still needs to secure the votes of **two-thirds of the members present and voting at the General Assembly session — which is a minimum of 129 votes, if all 193 member states participate**.

- **Other Winners**

- Mexico with 187 votes,
- Norway 130
- Ireland 128 defeating Canada, which won 108.
- Neither Kenya (113 votes) nor Djibouti (78), both contesting for one seat from Africa, won a two-thirds majority.

TOPIC 2. LADAKH

- In July 1958, an official monthly magazine in China named China pictorial published a map of country that would in next few months become a bone of contention between India and its East Asian neighbor. The map in question showed large parts of North East Frontier Agency (NEFA) and Himalayan territory of Ladakh as part of China.
- The publication had been preceded with Chinese building a road linking parts of Ladakh with Xinjiang, an autonomous region in China and Tibet, which was by then under Chinese control. Soon after 'China pictorial' came out with new Chinese map, leaders of both countries began writing to each other frequently regarding Ladakh.
- The exchange of letters between Jawaharlal Nehru and his Chinese Premier Zhou Enlai was followed by Sino-Indian war of 1962. **The war also led to formation of loosely demarcated Line of Actual Control (LAC) running through Ladakh.**
- On Monday as fighting broke out along disputed border between Indian and Chinese militaries, at least 20 Indian soldiers including a commanding officer lost their lives.
- **What is it about this cold, dry, high altitude territory with its extremely scarce vegetation that makes it a point of disagreement between India and China?** In his statement in Lok Sabha in August 1959, Nehru had said: "There is a large area in eastern and north-eastern Ladakh which is practically uninhabited." "Where not even a blade of grass grows," he had said famously.
- Political scientists Margaret W. Fisher and Leo E. Rose writing in their 1962 paper, 'Ladakh and Sino-Indian border crisis' noted that "indeed it is open to question how many persons in western world could then have located Ladakh with any precision, or even perhaps have stated with any confidence nationality of Ladakhis." "Certainly very few would have credited a prediction that armed clashes and threat of full-scale war between India and China would arise over possession of high alkaline plain known as Aksai Chin,".
- The importance of Ladakh to both India and China is rooted in complicated historical processes that led to territory becoming part of state of Jammu and Kashmir and China's interest in it post occupation of Tibet in 1950.
- **The integration of Ladakh into Jammu and Kashmir**
 - Up until Dogra invasion of 1834, Ladakh was an independent Himalayan state, much same way as Bhutan and Sikkim. Historically and culturally, however, state was intrinsically linked to neighboring Tibet. Language and religion linked Ladakh and Tibet; politically too, they shared a common history.
 - "Ladakh was part of Tibetan empire which broke up after assassination of King Langdarma in 742 CE," "Thereafter it became an independent kingdom, though its borders fluctuated at different periods of its history and at times included much of what is now western Tibet."
- Economically, importance of region stemmed from fact that it was an entrepôt between **central Asia and Kashmir**. "Tibetan pashm shawl wool was carried through Ladakh to Kashmir. At same time, there was a flourishing trade route across Karakorum pass to Yarkand and Kashgar to Chinese Turkestan,".
- **Ladakh History**
 - **1819:** As Sikhs acquired Kashmir in 1819, Emperor Ranjit Singh turned his ambition towards Ladakh. But it was Gulab Singh, Dogra feudatory of Sikhs in Jammu, who went ahead with task of integrating Ladakh into Jammu and Kashmir.
 - The British East India Company, which was by now steadily establishing itself in India, had lacked interest in Ladakh initially. However, it did show enthusiasm for Dogra invasion of area, with hope that therefore, a large portion of Tibetan trade would be diverted to its holdings.
 - **In 1834**, Gulab Singh sent his ablest general, Zorwar Singh Kahluria, with 4,000 infantrymen to conquer territory.
 - "There was no opposition at first, as Ladakhis were taken by surprise, but on August 16, 1834, Dogras defeated an army of some 5,000 men under Bhotia leader, Mangal, at Sanku,". Thereafter, Ladakh came under Dogra rule.
 - **In May 1841**, Tibet under Qing dynasty of China invaded Ladakh with hope of adding it to imperial Chinese dominions, leading to Sino-Sikh war. However, Sino-Tibetan army was defeated, and Treaty of Chushul was signed that agreed on no further transgressions or interference in other country's frontiers.
 - After 1st Anglo-Sikh war of **1845-46**, state of Jammu and Kashmir, including Ladakh, was taken out of Sikh empire and brought under British suzerainty.

- “The state of Jammu and Kashmir was essentially a British creation, formed as a buffer zone where they could meet Russians. Consequently, there was an attempt to delimiting what exactly was Ladakh and extent of state of Jammu and Kashmir, but it became convoluted since that area came under Tibetan and Central Asian influence,”.
- The British legacy of map of territory though continued to remain ground upon which India laid its claim on area. “Indians insisted that border was, for most part, recognized and assured by treaty and tradition; Chinese argued it had never really been delimited. The claims of both governments rested in part on legacy of imperialism; **British imperialism (for India), and Chinese imperialism (over Tibet) for China.**”
- **Chinese interest in Ladakh after the occupation of Tibet in 1950**
 - The annexation of Tibet by People’s Republic of China in **1950** sparked newfound interest in Ladakh, and particularly so after **1959** Tibetan uprising that erupted in Lhasa when Dalai Lama fled into exile and was granted political asylum in India.
 - In attempting to crush Tibetan revolt while at same time denying its existence, Chinese have used methods which have brought China and India into sharp conflict.
 - To begin with, road that Chinese built across Ladakh in **1956-57** was important for maintenance of their control over Tibet. Without such a supply route, at time unacknowledged Khampa revolt in eastern Tibet might have reached dangerous proportions. Indeed, in event of any serious weakening of Peking government, this area might well prove to be key to Chinese hold over Tibet.
 - **The building of the road through Ladakh upset Nehru’s government.**
 - Nehru had hoped that Tibet would have a degree of autonomy even though it came under Chinese occupation. A relatively independent Tibet would serve as a buffer between Chinese and India. Once road construction started, he knew that original Chinese territory which is Xinjiang will have a direct connection with Tibet. This meant that Chinese could keep on exercising their control.
- **The diplomatic negotiations failed, and war of 1962 followed.**
 - There are two layers to this.
 - **First, up to 2013** India’s infrastructural development in that area was minimal. **From 2013**, India started pushing for infrastructure projects there and by 2015, it became a major defense priority.
 - The **second layer is August 5, 2019** decision (to remove special status of Jammu and Kashmir and downgrade state into two Union Territories). From Chinese point of view, they would have assumed that if India makes Ladakh a Union Territory, they would be reasserting its control over entire state. Moreover, it is also important to note that over time, Xinjiang which is part of Aksai Chin, has become very important to China for their internal reasons.



TOPIC 3. MOUNTAIN STRIKE CORPS

- As tensions between India and China remain high on disputed border following death of at least 20 Indian soldiers, a search for military options is leading to questions about current status of mountain strike corps, sanctioned seven years ago but stalled two years ago for lack of funds. With only one of its two divisions raised, it now exists in a truncated shape while being tested for Army's new **integrated battle group (IBG)** concept.
- Preliminary role for the truncated mountain strike corps is for an offensive – not limited to the east, but in Ladakh as well – in that sense, it is a dual role. It will definitely come into play if a war breaks out.” But others contend that had full raising gone as per schedule, mountain strike corps could have been an effective deterrent, raising costs for trans-LAC incursions by China.
- Used as testbed for IBG model devised under previous Army chief General Bipin Rawat, **Panagarh - headquartered 17 Corps** now exists in a different form than was sanctioned in 2013. The new IBG model was tested in a major exercise, Him Vijay, in eastern theatre last October, to validate concept of a swift offensive in high mountains along China border.
- The 1st division of mountain strike corps was raised in eastern sector but raising of 2nd division at Pathankot in 2017-18 was never completed. The raising was stopped due to a paucity of funds with government, along with a rethink within Army over limitations in launching a full-fledged strike corps at current levels of border infrastructure.
- Funds** had always been a major issue for raising of strike corps, even when initial raising expenditure of about Rs 65,000 crore was not additionally allocated but considered to be a part of normal budget. This led to Army dipping into its resources for equipping newly raised units, which caused an alarming fall in its War Wastage Reserves (WWR). **WWR are collections of military material and ammunition with Army that can sustain a 40-day intense war.**
- As then defense minister, late Manohar Parrikar, explained to journalists, mountain strike corps was not a financially viable project and those funds could be better utilized to modernize Army. When concept of IBG was finalized in 2018, this mountain strike corps became one of testbeds along with Pathankot-based 9 Corps.
- Under new concept, 17 Corps is supposed to have three IBGs, each comprising around 4,000 soldiers under a Major General, directly under operation control of Corps headquarters. The IBG concept is envisaged to create in mountain strike corps, an ability to move, deploy and launch limited offensives in mountains very quickly.
- The aim of raising mountain strike corps in a non-defensive role was to create capabilities to deter China's aggressive behavior along 3,488 km long Sino-India border. This had followed raising of two new divisions in 2010 to strengthen deployment in Arunachal Pradesh, along with an armored, artillery and infantry brigade for other sectors of LAC.

INDIAN ARMY: POOR TEETH-TO-TAIL RATIO

 Revenue
₹ 1,43,869cr

 Capital
₹ 78,587cr
(New projects:
₹ 12,000cr)

 Pensions
₹ 82,333cr

 Ministry of
Defence
₹ 36,113cr

2016-17 Defence Budget: ₹ 3.4lakh cr



INDIAN ARMY
World's 2nd largest standing army
6 operational/regional commands, 1 training command

ARMY NEEDS

- Modern infantry weaponry
- Sufficient ammunition for 40 days of intense fighting, it is short of over 9000 officers

STATE OF 17 MOUNTAIN STRIKE CORPS

Approved: July 2013. To cost ₹ 64,678cr over 8 years

Strength: 90,274 soldiers. Proposed HQ Panagarh, W Bengal

Need: Quick reaction offensive capabilities

Status: 90 of 250 HQs/units raised. 60 are in the works



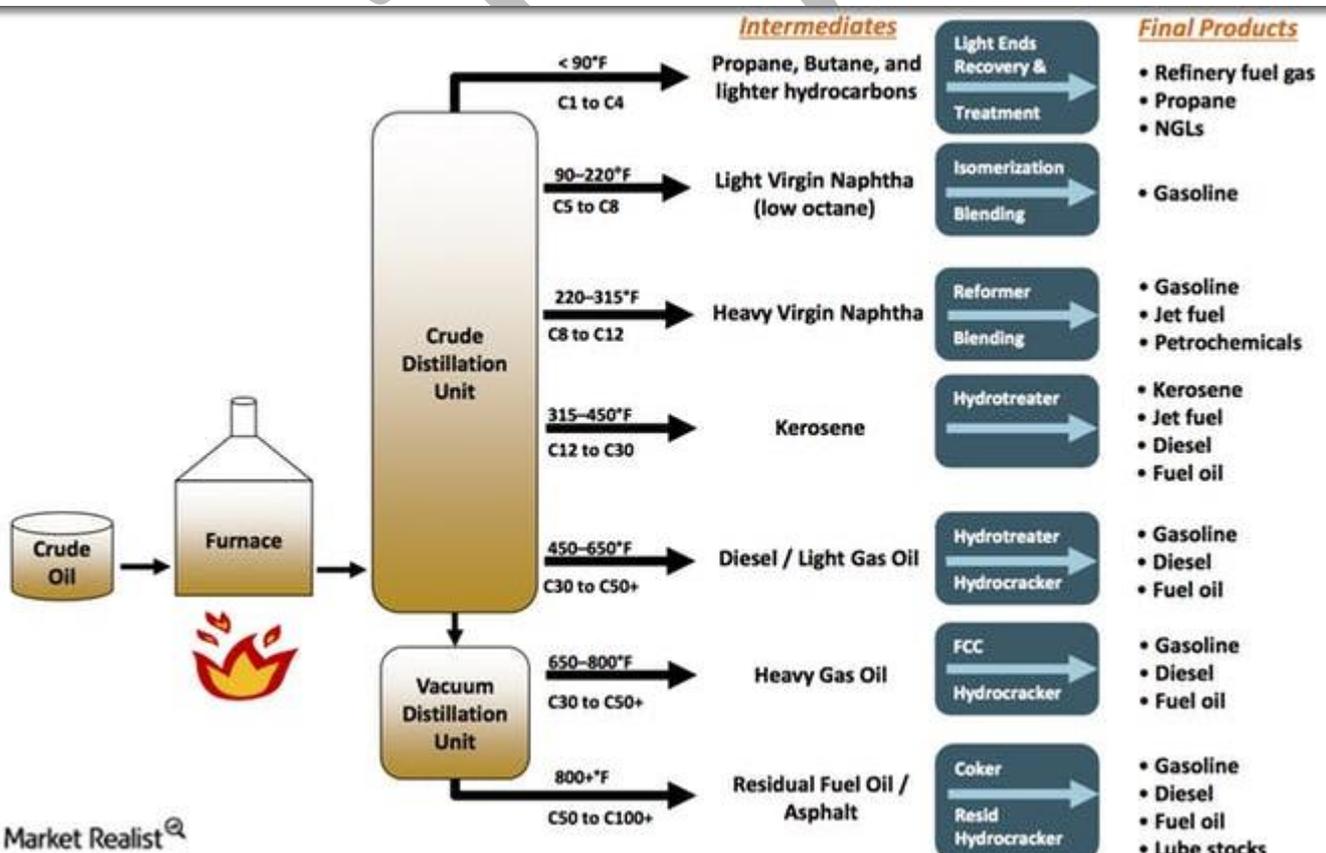
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TOPIC 4. OIL REFINING CAPACITY

- India is set to **double its refining capacity for crude oil to 450-500 million tonnes per annum by 2030** said Union Minister for Petroleum and Natural Gas on Tuesday. Construction of a new refinery in **Ratnagiri, Maharashtra** with a refining capacity of 60 million tonnes per annum is set to start soon.
- **Why is this boost in capacity needed?**
 - India's current refining capacity of **249.9 million tonnes per annum** exceeds domestic consumption of petroleum products which was 213.7 million tonnes in previous fiscal.
 - However, India's consumption of petroleum products is likely to rise to 335 million tonnes per annum by 2030 and to 472 million tonnes by 2040 according to government estimates.
 - India needs to boost refining capacity to meet growing demand.
- **How will this be achieved?**
 - Expansion in refining capacity will come from both **brownfield and greenfield projects**.
 - The new refinery project in Ratnagiri is one of key projects in planned expansion and has received investment from Saudi Arabia and UAE's national oil companies Saudi Aramco and ADNOC respectively, which together own 50% of project while remaining 50% is owned by Indian PSUs, Indian Oil Corporation Ltd., Bharat Petroleum Corporation Ltd. and Hindustan Petroleum Corporation Ltd.
 - Other key projects include a joint venture between HPCL and Rajasthan government for a new refinery in Barmer Rajasthan with a refining capacity of 9 million tonnes per annum as well as major expansion projects in existing refineries in Panipat, Paradip and Koyali.
- **What are some of roadblocks in achieving this?**
 - Experts said many of projects by state run oil refiners have been severely delayed in past because of issues in **acquiring required land** as well as in **obtaining environmental clearances**.
 - IOCL's Paradip refinery was initially expected to begin operations in 2012 but was only able to start operations in 2015 because it faced land acquisition and environmental clearance issues.



Market Realist

TOPIC 5. GALWAN VALLEY

- Nearly 24 hours after news of violent clash between Indian and Chinese soldiers in Ladakh broke, here is what we know about incident.

Is the situation serious?

- Yes, undoubtedly so.
 - This is 1st time after 1962 War that soldiers have died in clashes on India-China border in Ladakh. Last deaths on Line of Actual Control (LAC) were an ambush of an Assam Rifles patrol in Arunachal Pradesh by Chinese in 1975. But last real military engagement between two armies was at Nathu La in Sikkim in 1967, in which 88 Indian soldiers lost their lives, and more than 300 Chinese soldiers were killed.
 - But all these incidents were prior to two countries signing, starting from 1993, various agreements for maintaining peace and tranquility on border.
 - Moreover, at least 20 soldiers including a Commanding Officer lost their lives on a single day in Galwan on Monday. To put that number in context, when 19 soldiers lost their lives in Uri in 2016, Union government launched surgical strikes across Line of Control.
- But no rounds were fired by either side. Isn't that a good thing?
 - Not really.
 - If such a large number of soldiers could be killed without firing a round, it means that these deaths were far more brutal than they would have been had guns and rifles been used.
 - However, that it remained restricted to a physical brawl points to fact that there was no escalation to a kinetic level — rifles, howitzers, rockets, missiles, and fighter jets. China and India are both nuclear powers, and any climbing up escalation ladder is fraught.
 - But it could be a hope hanging by a slender thread if history between two sides is any precedent to go by. Even at Nathu La, before military engagement escalated to artillery guns and threats of fighter jets, there was a scuffle between soldiers of two armies on border.

So, what exactly happened in the Galwan Valley on Monday?

- Tensions had been running high in area for past few weeks, with many soldiers and military equipment deployed along LAC by both sides. Even though LAC in Galwan Valley was never disputed by two sides, Chinese had moved into Indian side of LAC. After meeting at level of Corps Commanders on June 6, negotiations had been conducted between local military commanders of both armies for a mutually agreed disengagement process.
- As part of that process, a buffer zone had been agreed to be created between LAC and junction of Shyok and Galwan rivers to avoid any faceoff between two armies. The two armies were to move back by a kilometre each in that area as a first step.
- When Colonel B Santosh Babu, who was monitoring this process, noticed that a Chinese camp was still existing in area, he went to get it removed. This soon led to fisticuffs and blows being exchanged, resulting in deaths and injuries.

Were the Indian soldiers not carrying weapons?

- No, this is as per drill followed by both sides in border areas to avoid inadvertent escalation by opening fire.
- This is in tune with 1996 agreement between two countries on Confidence Building Measures in Military Field Along Line of Actual Control in India-China Border Areas, which imposed a lot of restrictions on military equipment, exercises, blasts, and aircraft in vicinity of LAC.

But if there were no shots fired, how did the soldiers die?

- Since time tensions have erupted on Ladakh border, there have been reports of some scuffles between soldiers of both armies. At Pangong Tso on intervening night of May 5/6, there was a major scuffle between soldiers in which more than 70 Indian soldiers were injured. In most of these scuffles, Chinese have used bats, clubs, sticks and stones to cause major injuries.
- In Monday's clash, besides use of these blunt objects to cause injuries, some soldiers, it has been learnt, could have been pushed into fast-flowing Galwan river. Most of deaths were due to injuries aggravated by intense cold in high-altitude area.

And how many Chinese soldiers were killed or injured in the clash?

- The official statements put out by Army and Ministry of External Affairs have no details of any deaths or injuries to Chinese soldiers, although first statement by Army on Tuesday was amended to say that there were casualties "on both sides".
- Chinese government or PLA too, have not provided any details of soldiers killed or injured in the clash.

- The only numbers that have come from are from news agency ANI, which has quoted unnamed sources claiming that as per radio transmission intercepts, 43 Chinese soldiers were either killed or injured in clash. Another report in usnews.com has cited “American intelligence” to say that 35 Chinese troops, including an officer, are believed to have died.

Has the situation now been defused at the site of the clash?

- A meeting at level of Major Generals of both armies took place at PP14 in area on Tuesday, which continued until late in evening. It brought situation under control, and Indian side was able to collect all bodies. The Chinese were given permission to bring in helicopters to ferry their injured back.

Tensions must then be high at the Ladakh border?

- Yes, tensions have already been running high at various places on Ladakh border where Indian and Chinese soldiers have been facing each other on LAC since May. The latest incident has added to tensions, but there have been no reports of any other clashes at border.

So what does all this mean? What is the key takeaway?

- There were hopes of an early disengagement and de-escalation after conciliatory statements from both countries in past few days, after meeting at level of Corps Commander on June 6. There were meetings being held at level of various other military commanders from June 10, which were to continue for 10 days, by when disengagement process would have been decided and finalized.
- But after this incident, that process is likely to take a back seat, and an early resolution now looks unlikely. China has reasserted its claim over Galwan Valley, and its army has made sharp statements alleging that Indian soldiers twice crossed LAC.
- The MEA too, has categorically stated that Chinese had violated LAC in Galwan Valley region, which had led to current situation. These allegations and counter-allegations, along with heightened public sentiment on deaths of so many soldiers, will test any process towards resolution.

Can the situation escalate hereon?

- As two countries are still talking at military and diplomatic levels, any escalation into a major conflict looks some distance away at this moment.
- But conflict situations have a dynamic of their own, and events can overtake best laid plans. A military conflict, if it occurs, can be localized to one area, can be along whole border, or can be in any one sector. But unless there is another provocation and crisis, two sides should be able to resolve situation peacefully.
- That said, government will place armed forces on full alert, moving some of them forward for an early response in case of any eventuality.
- Simultaneously, it will continue to use diplomatic channels to resolve the crisis, while controlling the domestic messaging to avoid inflaming public emotions that can create pressure on it to act strongly against China. The execution of that strategy will determine the course of the future action on China.

TOPIC 6. AXONE

What is axone?

- **Axone also spelled akhuni is a fermented soya bean of Nagaland, known for its distinctive flavour and smell.**
- As much an ingredient as it is a condiment, axone used to make pickles and chutneys, or curries of pork, fish, chicken, beef etc. “It imparts a lot of flavor to anything you cook — even vegetables.
- While it is called ‘axone’ in parts of Nagaland, fermented soya bean is cooked with, eaten and known by different names in different parts of Northeast India, including Meghalaya and Mizoram, Sikkim, Manipur as well in other South, Southeast and East Asian countries of Nepal, Bhutan, Japan, Korea, China, Myanmar, Vietnam and Indonesia.
- It [fermented soya bean] is the one food that connects the Eastern Himalayas.
- It belongs to broader phenomena of fermentation necessary for food preservation in certain ecological contexts. In that way, flavors generated by axone are comparable to that of Japanese miso, which is quite mainstream in Japanese restaurants.

How popular is it in Nagaland?

- Axone is prepared and eaten across Nagaland but is particularly popular among Sumi (also Sema) tribe.
- Love for axone to larger eating habits of a community. In a rice-based culture, condiments become very important. Usually it has to be something that excites senses — salty, spicy, fermented.

TOPIC 7. PANGOLIN

What is China's latest decision?

- A report published on June 6 in Health Times, a Chinese state-run publication, says that State Forestry and Grassland Administration had issued a notice on June 5 **upgrading its protection of pangolins and banning all commercial trade of endangered mammal.**
- The move came about after 2020 edition of "Chinese Pharmacopoeia" excluded traditional medicines made from four species, and listed alternatives sourced from species which are not endangered.

What does Covid-19 have to do with China's decision?

- Back in February, when reports linking transmission of virus to wet markets in Wuhan emerged, China banned consumption of wild animals, including pangolins, to limit risk of diseases being transmitted to humans from animals.
- Before its latest decision, China has, over past year, removed health insurance cover to **Traditional Chinese Medicine (TCM)** recipes containing pangolin products.
- Also, **pangolin meat** is considered a delicacy in China and Vietnam and **their scales** which are made of keratin, same protein present in human nails are believed to improve lactation, promote blood circulation, and remove blood stasis. These so-called health benefits are so far unproven.
- Suspected link between virus and pangolins likely influenced China's decision.
- But while link between pangolins and Covid-19 remains unproven, mere suspicion has increased public discussion on health risks from human-wildlife interactions and raised awareness of exploitation of pangolins.

What makes pangolins the most trafficked animals in the world?

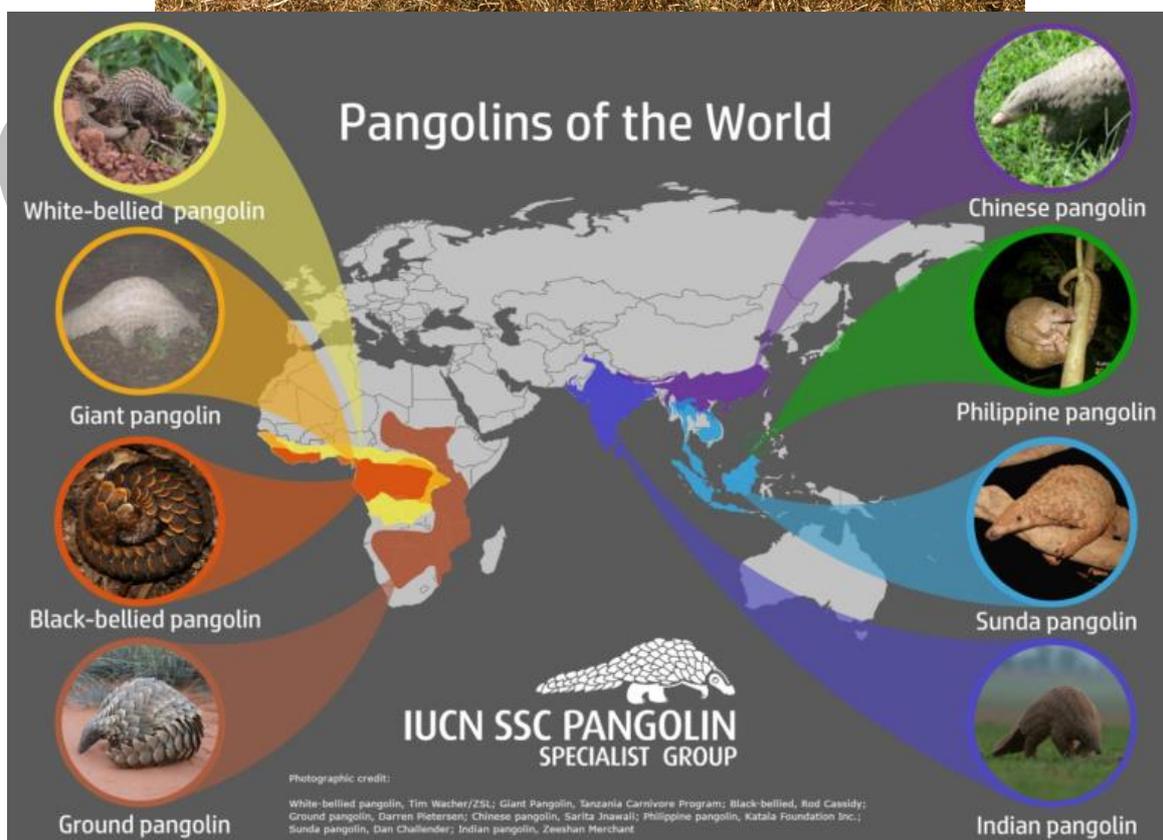
- 8 species of scaly insectivorous creatures are distributed across Asia and Africa. They have long been hunted for their **meat and scales**, which indigenous tribes in central and eastern India are also known to have worn as **rings**. 2 of these species are found in 15 states in India, although their numbers are yet to be documented.
- The creatures are strictly **nocturnal**, repelling predators by curling up into scaly spheres upon being alarmed. The same defense mechanism, however, makes them slow and easy to catch once spotted.
- While pangolin populations are well spread out across country, they do not occur in large numbers and their shy nature makes encounters with humans rare.
- Their alleged health benefits in TCM prompted a booming **illicit export of scales from Africa** over past decade. International outcry over pangolins being hunted to near extinction has resulted in crackdowns on wildlife traffickers in Africa and interception of containers containing several tons of live pangolins and scales. Conservation of pangolins received its 1st shot in arm when in 2017 **Convention on International Trade in Endangered Species (CITES) enforced an international trade ban.**

Are the animals trafficked from India as well?

- Law enforcement authorities in India have made seizures of pangolin scales from 2012 onward. "Once demand for pangolins in China became known, indigenous tribes in Eastern and Central India began to supply customers through middlemen in Bhutan and Nepal."
- Once Pangolins are caught, killed and skinned, exchange of scales typically takes place at Siliguri in West Bengal or at Moreh in Manipur. Poachers use only trains and buses to avoid detection and carry as much as 30 kg of scales at a time.
- The WCCB has found that consignments are transported to Bhutan and Nepal via **porous borders in Siliguri and into Myanmar from Moreh** and onwards to paying customers.
- A study released in 2018 by international conservation group TRAFFIC had found that 5,772 pangolins had been detected by law enforcement agencies in India between 2009 and 2017. The study acknowledged, however, that figure was a conservative estimate of number of pangolins actually being smuggled out of India.
- The Madhya Pradesh Police's Special Task Force is the leader in tracking pangolin poachers and traffickers. Formed in 2014 specifically to crack down illicit export of endangered creatures, STF has arrested 164 people in 13 cases across 12 states since then and seized 80 kg of scales.
- Given fluctuating demand for scales, it is difficult to put a value to pangolin parts. WCCB detectives who have managed to successfully trap smugglers over years by posing as buyers, have had to quote anywhere between Rs 30,000 and Rs 1 crore for a single animal. "The price went through the roof in September last year after the supply of pangolins from Africa dropped sharply,".

How will China's decision impact pangolin trafficking?

- The immediate impact would be pangolin scales losing their legitimacy in TCM. However, history of ban of wildlife trade in China is not encouraging, citing as an example continued availability of tiger bone wine believed to cure a host of conditions ranging from dysentery to rheumatism despite its ban on tiger products in 1993.
- The price of elephant ivory plummeted by two-thirds after China banned it. “We remain hopeful same trend will apply to pangolin scales,”.
- India, where trade largely remains local, has been registering a decline from before China’s ban.
- The Wildlife Seizure Database maintained by C4ADS shows that between January 2015 and May 2019, India made **115 seizures of live or dead pangolins**, second in Asia only to China. In addition, Indian law enforcement agencies arrested 330 people in connection with pangolin trafficking and seized 950 kgs of scales. C4ADS analysis shows that in past 5 years, India has accounted for 22% of overall pangolin and pangolin scale seizures in Asia, 2nd only to China and Hong Kong. Globally however, India only accounts for less than 1% of global weight of pangolin scales seized, much lower than those seized by Nigeria, Cameroon, and Uganda In Africa.
- The database also registered a dip in pangolin product seizures in India between January and May this year as compared to corresponding period last year — from 15 to 12.
 - **Decrease to border closures, shifts in law enforcement priorities, or decreased media reporting on wildlife seizures.**
 - **Decline to disappearance of public transport due to national lockdown.**
- Trade in India was limited to “unorganized traders” and “con-artists”.
- The trade in pangolin scales is already showing a decreasing trend in India and only trade is the trade in live animals by unorganized traders, who ask for a few crore for each live animal.



TOPIC 7. INDIAN GAS EXCHANGE

- India's 1st gas exchange **Indian Gas Exchange (IGX)** was launched on Monday. The exchange is expected to **facilitate transparent price discovery in natural gas** and **facilitate growth of share of natural gas in India's energy basket**.

How will this exchange work?

- The IGX is a **digital trading platform** that will allow buyers and sellers of natural gas to trade both in **spot market** and in **forward market** for imported natural gas across three hubs **Dahej and Hazira in Gujarat and Kakinada in Andhra Pradesh**.
- Imported Liquefied Natural Gas (LNG)** will be regassified and sold to buyers through exchange, removing requirement for buyers and sellers to find each other.
- This will mean that buyers do not have to contact multiple dealers to ensure they find a fair price.
- The exchange also allows much **shorter contracts** for delivery on next day and up to a month – while ordinarily contracts for natural gas supply are as long as six months to a year. This, experts say, will allow buyers and sellers greater **flexibility**.

Will domestically produce natural gas also be bought and sold on the exchange?

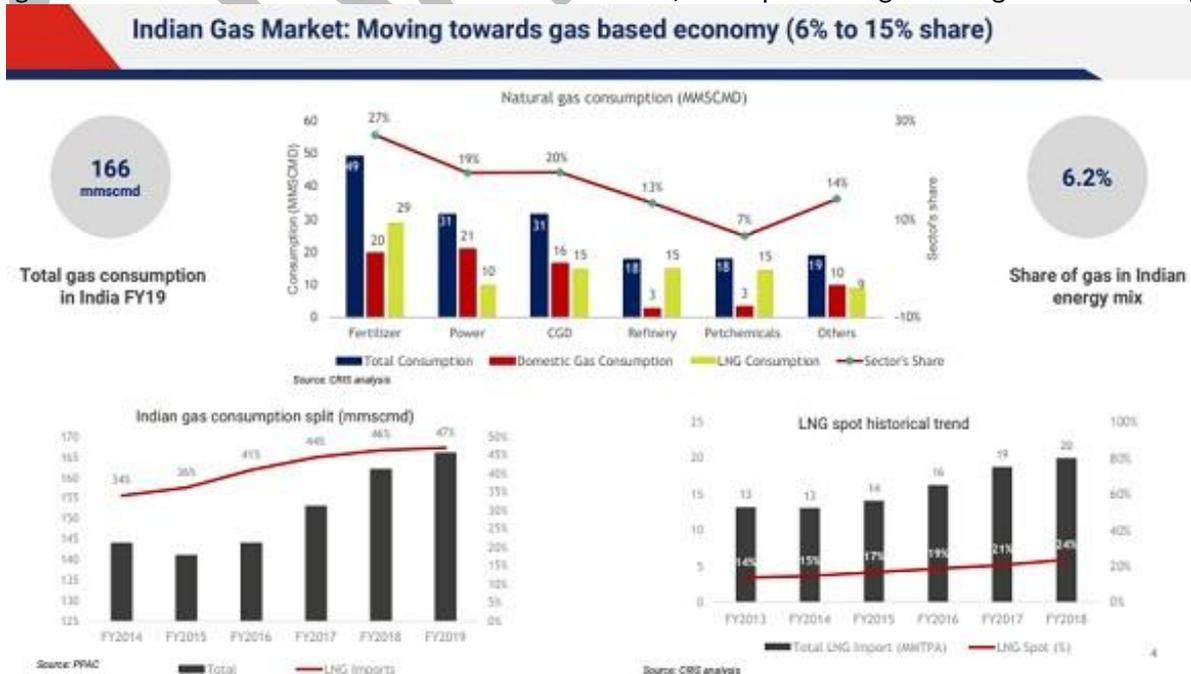
- No. **The price of domestically produced natural gas is decided by government**. It will not be sold on gas exchange.
- However, following appeals by domestic producers that prices set by government are not viable given the cost of exploration and production in India, Petroleum Minister has indicated that a new gas policy will include reforms in domestic gas pricing, and will move towards more market-oriented pricing.
- IGX officials said that a highly liquid gas exchange, which prices gas fairly may lead to the government stepping away from pricing domestically produced gas.

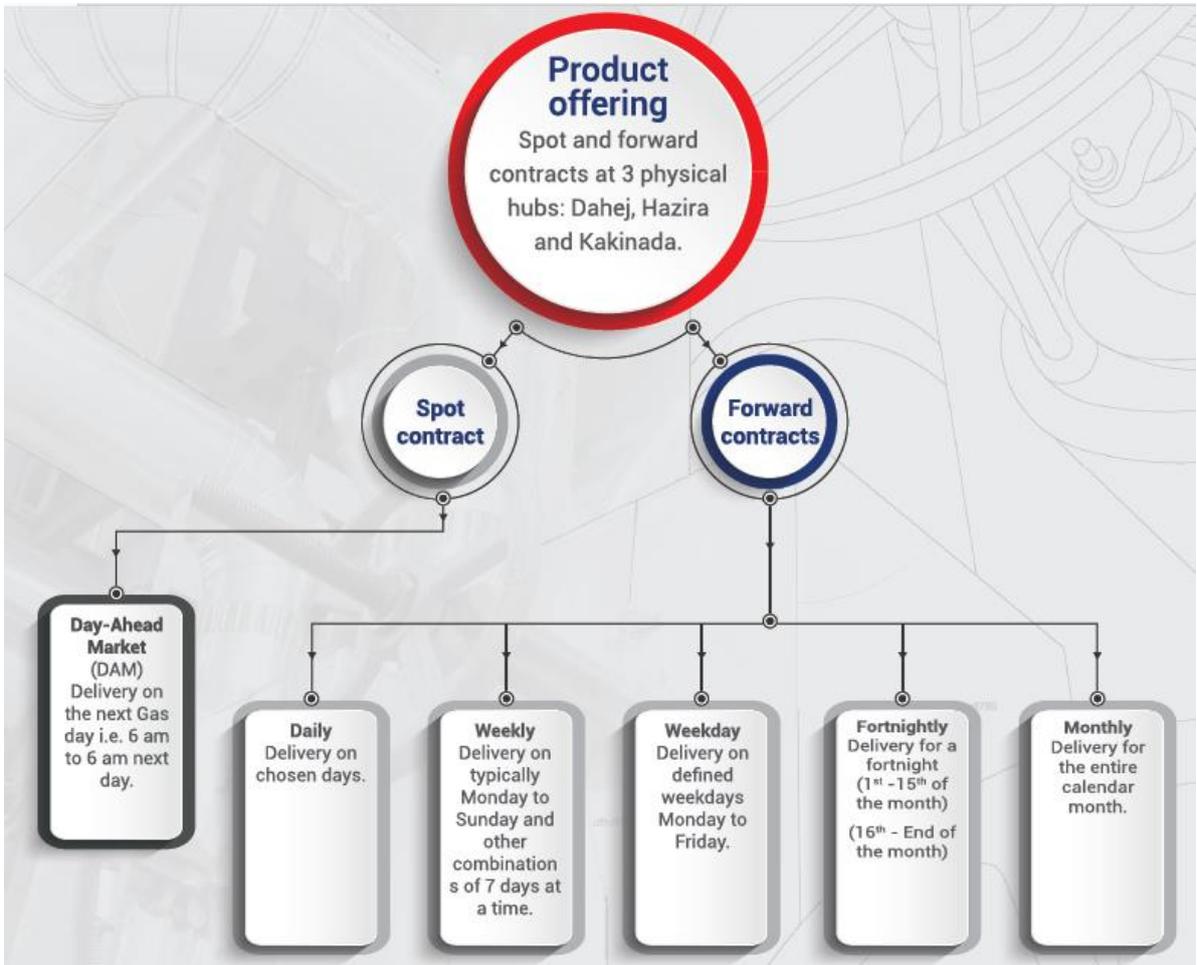
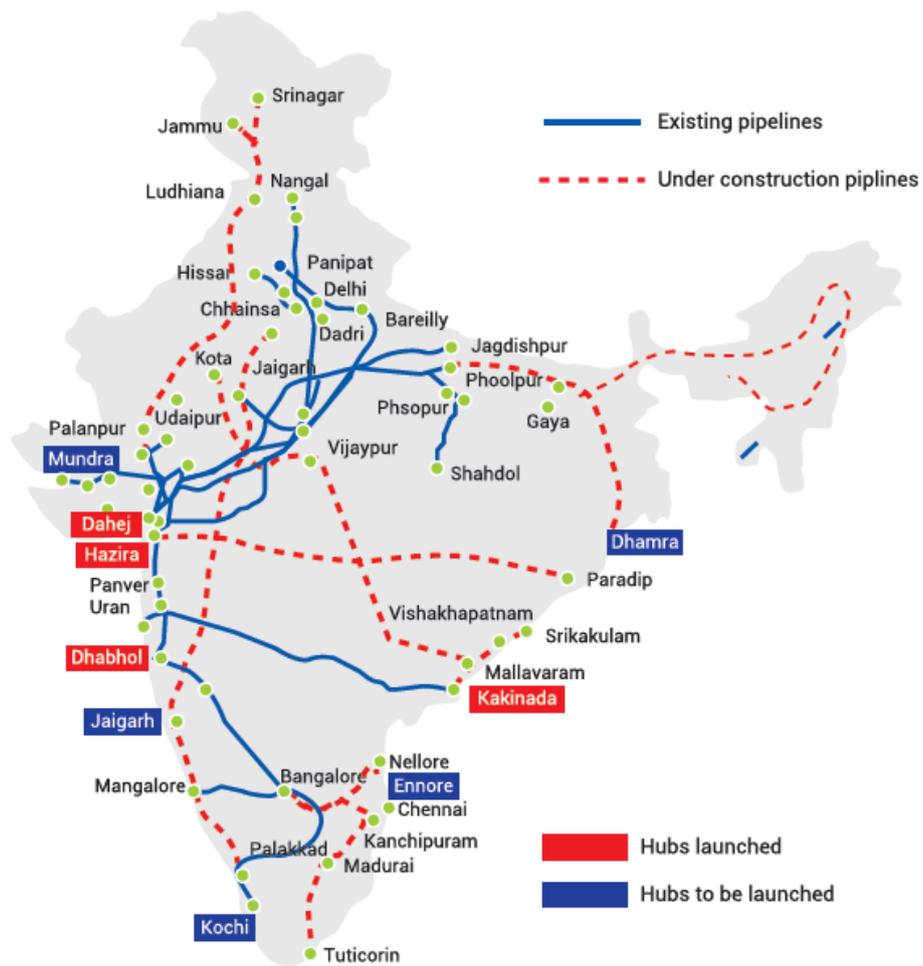
Will this make India more import dependent?

- Domestic production of gas has been falling over past two fiscals as current sources of natural gas have become less productive. **Domestically produced natural gas currently accounts for less than half country's natural gas consumption**, imported LNG accounts for other half.
- LNG imports are set to become a larger proportion of domestic gas consumption as India moves to increase proportion of natural gas in energy basket from 6.2% in 2018 to 15% by 2030.

What regulatory change is required?

- Currently pipeline infrastructure necessary for transportation of natural gas is controlled by companies that own network. State-owned GAIL owns and operates India's largest gas pipeline network spanning over 12,000 km.
- Independent system operator for natural gas pipelines would help ensure transparent allocation of pipeline usage and build confidence in minds of buyers and sellers about neutrality in allocation of pipeline capacity.
- Experts have also called for natural gas to be included in Goods and Services Tax (GST) regime to avoid buyers having to deal with different levies such as VAT across states, when purchasing natural gas from exchange.





TOPIC 8. NASA'S GATEWAY LUNAR

- NASA recently finalized contract for initial crew module of agency's **Gateway lunar orbiting outpost**. The contract, which is worth \$187 million has been awarded to Orbital Science Corporation of Dulles, Virginia, which is a wholly owned subsidiary of Northrop Grumman Space.
- NASA has described Gateway as **key to new era of lunar explorations both in orbit and on surface of Moon**. One of most unique features of Gateway is that **it can be moved to other orbits around Moon to conduct more research**. The Gateway is being built by both international and commercial partners and will support exploration on and near Moon and later to Mars as well.

What is the contract for?

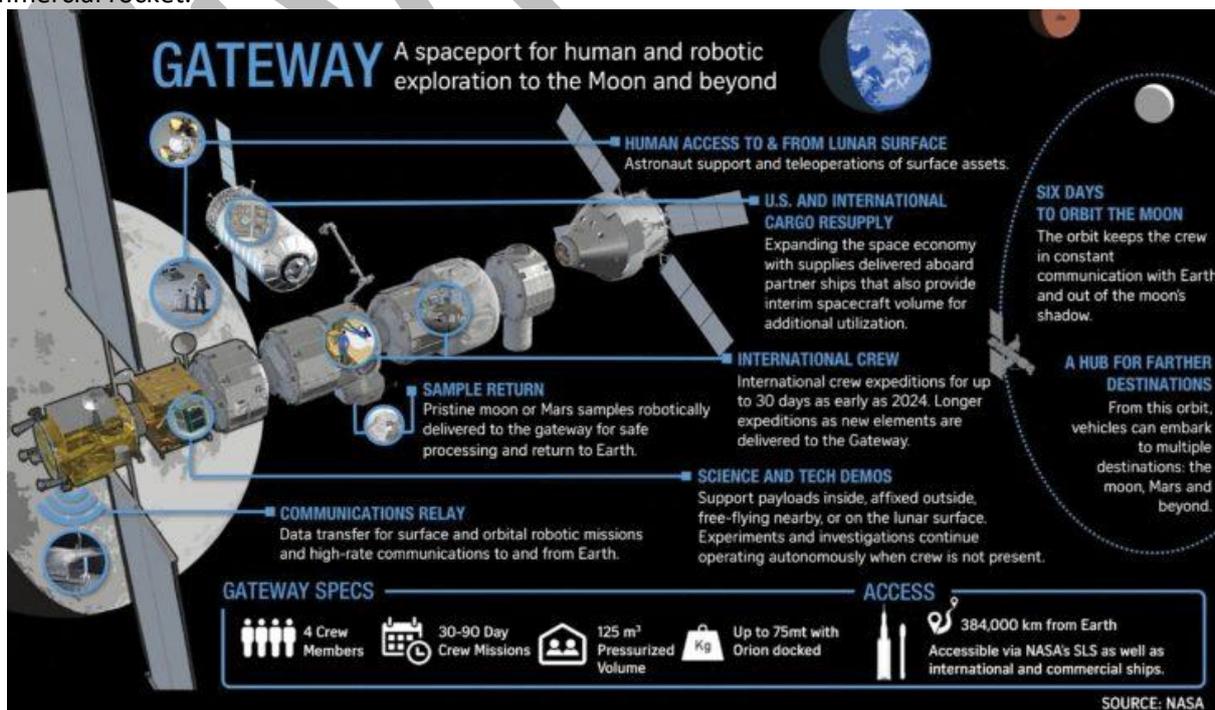
- NASA has issued this contract to design habitation and logistics (HALO) support for Gateway, which is a part of NASA's Artemis program that aims to send first woman and next man to Moon by 2024. The HALO refers to **pressurized living quarters** where astronauts will spend their time while visiting the Gateway. As per a NASA press release, these quarters will be about the size of a small apartment and will provide augmented life support in tandem with NASA's Orion spacecraft.

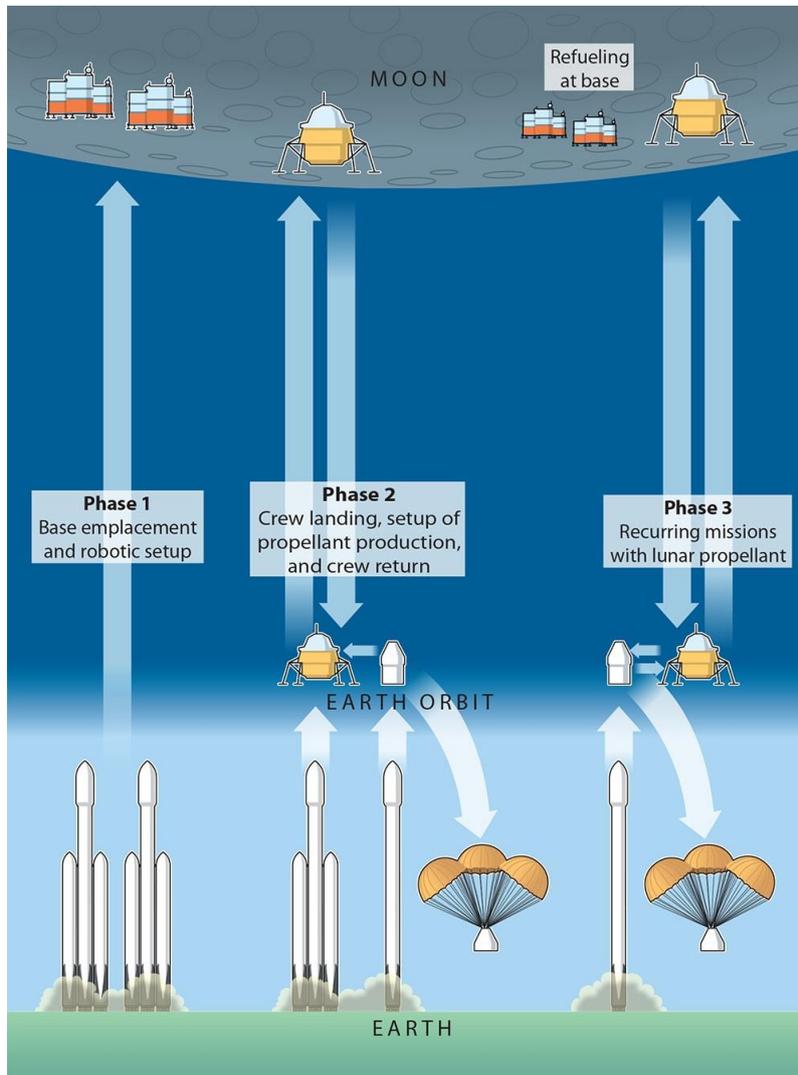
What is NASA's Gateway Lunar Orbit outpost?

- Essentially, Gateway is a small spaceship that will orbit Moon, meant for astronaut missions to Moon and later, for expeditions to Mars. It will act as a temporary office and living quarters for astronauts, distanced at about 250,000 miles from Earth. The spaceship will have living quarters, laboratories for science and research and docking ports for visiting spacecraft.
- Further, astronauts will use Gateway at least once per year and not stay around year like they do on International Space Station (ISS). Compared to ISS, Gateway is much smaller (the size of a studio apartment), while ISS is about size of a six-bedroom house. Once docked to Gateway, astronauts will be able to stay there for three months at a time, conduct science experiments and take trips to surface of Moon.
- As per information on NASA's website, Gateway will act as an airport, where spacecraft bound for lunar surface of Mars can refuel or replace parts and resupply things like food and oxygen, allowing astronauts to take multiple trips to Lunar surface and exploration of new locations across Moon.
- Significantly, The agency wants to use Gateway as a science platform to look back at Earth, observe Sun, and get unobstructed views of vast universe. By studying geology of Earth, Moon, and Mars, three planetary bodies we know most about and ways in which they are similar and different from each other, we can learn important things about how planets and planetary systems form.

How long will it take to build the Gateway?

- As of now, NASA has targeted completion of Gateway for 2026, while work on spaceship is already underway. By 2022, NASA plans to ready power and propulsion for spaceship, which will be launched on a partner-provided commercial rocket.





HOW TO BUILD A LUNAR BASE IN FOUR YEARS

1

First Launch
Falcon Heavy Launch

CARGO:

- Solar panel array
- High-data-rate communications gear
- Microwave power-beaming set up with a range of 100 kilometers
- Electrolysis/refrigeration unit
- Two crew vehicles trailer
- Teleoperated robotic rovers

Rovers set up the solar array, communications system and radio beacons on precise target locations for the landings to follow

2

Second Launch
Falcon Heavy Launch

CARGO:

- 12-Ton habitation module
- Food
- Spare spacesuits
- Scientific equipment
- Tools and other supplies.

Rovers hook up the module to the power supply and all systems are checked out
Rovers are redeployed to do detail photography of the base area and surroundings

3

Final Launches
Falcon Heavy Launch

CARGO:

- 1 Fully fueled Lunar Excursion Vehicle (LEV)

A human-rated Falcon 9 launches crew in a Dragon capsule to LEO where they transfer to the LEV.
Dragon remains behind in LEO
Crew travels to a permanently shadowed crater and, making use of power beamed to them from the base, use telerobots to mine water ice

SOURCE: ROBERT ZUBRIN

SPACENEWS GRAPHIC

TOPIC 9. JUNETEENTH

- On Friday, US President Donald Trump gave in to pressure and announced postponement of his upcoming election rally in Tulsa, Oklahoma by a day so that it does not clash with **Juneteenth, day that celebrates end of slavery in US**. Trump was criticized for his decision to hold his rally on June 19 in Tulsa, city that saw some of worst massacres of black people in US history witnessed in 1921.
- Amid the ongoing nation-wide anti-racism protests sparked after the custodial killing of African American George Floyd on May 25, Trump's decision to hold the rally on the same day as Juneteenth was widely criticised as disrespecting the African American community.

What is Juneteenth?

- Juneteenth is the portmanteau of June and nineteenth and while it is not a federal holiday, it is recognised as a state holiday in over 45 US states. The day is the oldest nationally celebrated **commemoration of the ending of slavery in the US and is observed on June 19**. It is also known as Emancipation Day or Juneteenth Independence Day.
- On January 1, 1863, then-president Abraham Lincoln issued the Emancipation Proclamation, which declared that "all persons held as slaves" within the states in rebellion "are, and henceforward shall be free." Even so, over 2.5 years after Lincoln's proclamation, many slave owners continued to hold their slaves captive by hiding this information from them and holding them slaves for one more harvest season, as per the Congressional Research Service (CRS).

So what then, is the significance of Juneteenth?

- On June 19, 1865, Major General Gordon Granger arrived in Galveston, Texas and announced end of both Civil War and slavery. Since then, Juneteenth has become a **largely symbolic date representing freedom for African Americans**.
- As per CRS, Granger's announcement read the following, "The people of Texas are informed that, in accordance with a proclamation from the Executive of the United States, all slaves are free. This involves an absolute equality of personal rights and rights of property, between former masters and slaves and the connection heretofore existing between them, becomes that between employer and hired labor. The Freedmen are advised to remain at their present homes and work for wages. They are informed that they will not be allowed to collect at military posts; and they will not be supported in idleness either there or elsewhere."
- For Texans, the first Juneteenth celebration started from 1866, with community-centric events such as parades, cookouts, prayer gatherings, historical and cultural readings and musical performances. The day has evolved over the years with people and communities developing their own traditions and customs. For instance, some communities purchased land for celebrating the day, such as Emancipation Park in Houston, Texas. Juneteenth was recognised as an official holiday in Texas on January 1, 1980.
- As per the National Juneteenth Observance Foundation (NJO), the era of the "Modern Juneteenth Movement" began in 1994 when a group of Juneteenth leaders from across the country gathered in New Orleans, Louisiana to work towards the greater recognition of Juneteenth.

What is the Tulsa race massacre of 1921?

- According to Tulsa Historical Society and Museum, after World War I, Tulsa was recognized for its affluent African American community, which was known as Greenwood District or "Black Wall Street". In June, 1921 a series of events that took place there, "nearly destroyed" entire Greenwood area.
- On May 30, 1921, a black man named Dick Rowland was imprisoned for allegedly assaulting a white woman. After his arrest, an "inflammatory report" published in the May 31 edition of the Tulsa Tribune spurred a confrontation between black and white armed mobs, as per the museum's website. Some of the members of the mobs armed themselves to protect Rowland, while others wanted to lynch him.
- By the morning of June 1, 1921 Greenwood area was looted and burned down by white rioters. The incident referred to as the Tulsa race massacre or the Tulsa race riot, resulted in the deaths of over 300 people and is noted as one of the worst episodes of racial violence in US history.

TOPIC 10. INDIA'S FOREX RESERVES

- Hitting an all-time high of **1.7 billion** as on June 5, 2020, India has come a long way since its forex reserves of .8 billion as of March 1991.
- India's forex reserves crossed \$500 billion for the first time ever in the week ended June 5, 2020. Unlike in 1991, when India had to pledge its gold reserves to stave off a major financial crisis, the country can now depend on its soaring foreign exchange reserves to tackle any crisis on the economic front. While the situation is gloomy on the economic front with GDP set to contract for the first time in 40 years and manufacturing activity and trade at standstill, this is one data point that India can cheer about amidst the Covid-19 pandemic. While it jumped by \$8.2 billion in the week ended June 5, 2020, it is important to note that since the announcement of lockdown in March, it has surged by \$31.8 billion. Hitting an all-time high of \$501.7 billion as on June 5, 2020, India has come a long way since its forex reserves of \$5.8 billion as of March 1991.

What are forex reserves?

- Forex reserves are external assets, in form of **Gold, SDRs (special drawing rights of IMF) and Foreign Currency Assets (capital inflows to capital markets, FDI and external commercial borrowings)** accumulated by India and controlled by Reserve Bank of India.
- International Monetary Fund says official foreign exchange reserves are held in support of a range of objectives like **supporting and maintaining confidence in policies for monetary and exchange rate management including capacity to intervene in support of national or union currency.**
- It will also limit external vulnerability by **maintaining foreign currency liquidity to absorb shocks during times of crisis or when access to borrowing is curtailed.**

Why are forex reserves rising despite the slowdown in the economy?

- The major reason for the rise in forex reserves is the **rise in investment in foreign portfolio investors in Indian stocks and foreign direct investments (FDIs)**. Foreign investors had acquired stakes in several Indian companies in the last two months. According to the data released by RBI, while the FDI inflow stood at \$4 billion in March, it amounted to \$2.1 billion in April.
- After pulling out Rs 60,000 crore each from debt and equity segments in March, Foreign Portfolio Investments (FPIs), who expect a turnaround in the economy later this financial year, have now returned to the Indian markets and bought stocks worth over \$2.75 billion in the first week of June. Forex inflows are set to rise further and cross the \$500 billion as Reliance Industries subsidiary, Jio Platforms, has witnessed a series of foreign investments totaling Rs 97,000 crore.
- On other hand, **fall in crude oil prices has brought down oil import bill**, saving precious foreign exchange. Similarly, overseas remittances and foreign travels have fallen steeply down 61 % in April from \$12.87 billion. The months of May and June are expected to show further decline in dollar outflows.
- The sharp jump in reserves seen over last nine-months started with finance minister, Nirmala Sitharaman's announcement to cut corporate tax rates on September 20. Since then forex reserves have grown by \$73 billion.

What's the significance of rising forex reserves?

- The rising forex reserves give a lot of comfort to the government and the Reserve Bank of India in managing India's external and internal financial issues at a time when the economic growth is set to contract by 1.5 % in 2020-21. It's a big cushion in event of any crisis on economic front and enough to cover import bill of country for a year. The rising reserves have also helped **rupee to strengthen against dollar**. The foreign exchange reserves to GDP ratio is around 15 %.
- Reserves will provide a level of confidence to markets that a country can meet its **external obligations, demonstrate backing of domestic currency by external assets, assist government in meeting its foreign exchange needs and external debt obligations and maintain a reserve for national disasters or emergencies.**

What does the RBI do with the forex reserves?

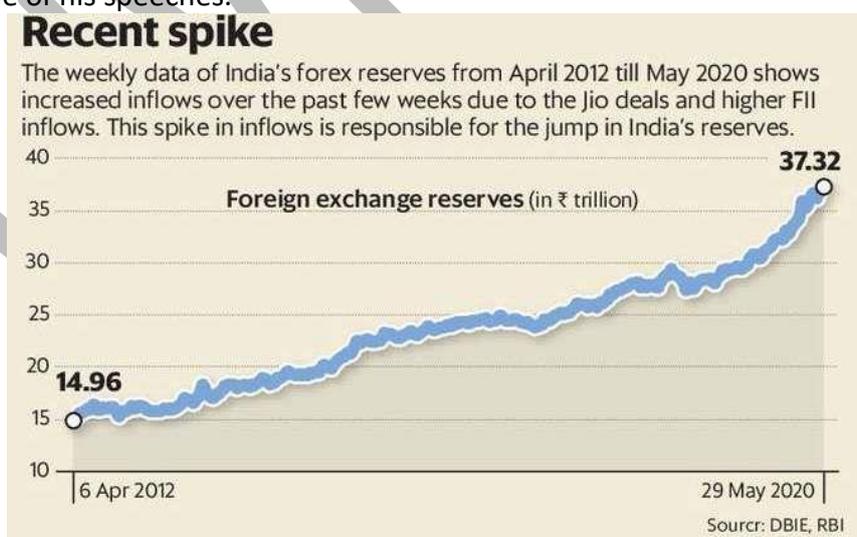
- The Reserve Bank functions as the **custodian and manager of forex reserves** and operates within the overall policy framework agreed upon with the government. The RBI allocates the dollars for specific purposes. For example, under the Liberalized Remittances Scheme, individuals can remit up to \$250,000 every year. The RBI uses its forex kitty for the orderly movement of the rupee. It sells the dollar when the rupee weakens and buys the dollar when the rupee strengthens. Of late, the RBI has been buying dollars from the market to shore up the forex reserves. When the RBI mops up dollars, it releases an equal amount in rupees. This excess liquidity is sterilized through issue of bonds and securities and LAF operations. “Despite global dollar weakness, RBI does not seem to be keen to step off gas as far as reserve accumulation is concerned... sentiment in the rupee has been skewed by incessant dollar purchases by the central bank to strengthen its balance sheet,”

Where are India’s forex reserves kept?

- The RBI Act, 1934 provides the overarching legal framework for deployment of reserves in different foreign currency assets and gold within the broad parameters of currencies, instruments, issuers and counterparties. **As much as 64 % of the foreign currency reserves are held in securities like Treasury bills of foreign countries**, mainly US, 28 % is deposited in foreign central banks and 7.4 per cent is also deposited in commercial banks abroad, according to the RBI data.
- India also held 653.01 tonnes of gold as of March 2020, with 360.71 tonnes being held overseas in safe custody with Bank of England and Bank for International Settlements, while remaining gold is held domestically. In value terms (USD), share of gold in total foreign exchange reserves increased from about 6.14 % as at end-September 2019 to about 6.40 % as at end-March 2020.

Is there a cost involved in maintaining forex reserves?

- The return on India’s forex reserves kept in foreign central banks and commercial banks is negligible. While the RBI has not divulged the return on forex investment, analysts say it could be around one per cent, or even less than that, considering the fall in interest rates in the US and Euro zone. There was a demand from some quarters that forex reserves should be used for infrastructure development in the country. However, the RBI had opposed the plan. Several analysts argue for giving greater weightage to return on forex assets than on liquidity thus reducing net costs if any, of holding reserves.
- Another issue is the high ratio of volatile flows (portfolio flows and short-term debt) to reserves which is around 80 %. This money can exit at a fast pace. There are some differences among academics on the direct as well as indirect costs and benefits of the level of forex reserves, from the point of view of macro-economic policy, financial stability and fiscal or quasi-fiscal impact, former RBI Governor YV Reddy said in one of his speeches.



TOPIC 11. FUEL PRICE DECONTROL

- In theory, retail prices of petrol and diesel in India are linked to the global crude prices. There is supposed to be complete decontrol of consumer-end prices of auto fuels and others such as the aviation turbine fuel or ATF. Which means that if crude prices fall, as has largely been the trend since February, retail prices should come down too, and vice versa.

Has that been happening?

- No. Since June 7, when revisions began after 82-day hiatus, petrol is up Rs 4.98 and diesel is up by Rs 5.23. This is highest levels in about 21 months, despite crude still under **\$39 a barrel (Brent)**. This coincided with oil benchmarks heading for their first weekly declines, with Brent and US crude index (WTI) dropping about 10 %, breaking a rally that pushed oil off its April low as market reconciled with the reality that Covid-19 may be far from over.

So, why the divergence in the trends?

- One main reason: Oil price decontrol is a one-way street in India — when global prices go up, this is passed on to the consumer, who has to cough up more for every litre of fuel consumed. But when reverse happens and prices go down, government almost by default slaps fresh taxes and levies to ensure that it rakes in extra revenues, even as the consumer, who should have ideally benefited by way of lower pump prices, is short changed and forced to either pay what she's already paying, or even more. The key beneficiary in this subversion of price decontrol is the government. The consumer is a clear loser, alongside fuel retailing companies as well.

How does decontrol work?

- Price decontrol essentially offers **fuel retailers such as Indian Oil, HPCL or BPCL the freedom to fix prices of petrol or diesel based on calculations of their own cost and profits** — essentially a factor of the price at which the source their inputs from upstream oil companies such as ONGC Ltd or OIL India Ltd, for whom the price benchmark is derived from global crude prices.
- Fuel price decontrol has been a step-by-step exercise, with the government freeing up prices of ATF in 2002, petrol in the year 2010 and diesel in October 2014. Prior to that, the Government used to intervene in fixing the price at which the fuel retailers used to sell diesel or petrol. While fuels such as domestic LPG and kerosene still are under price control, for other fuels such as petrol, diesel or ATF, the price is supposed to be reflective of the price movements of the so-called Indian basket of crude oil (which represents a derived basket comprising a variety — 'sour grade' (Oman and Dubai average) and 'sweet grade' (Brent) — of crude oil processed in Indian refineries).

Why haven't consumers benefited now despite the sharp fall in crude prices since February?

- Crude prices nosedived from an average of about \$55 per barrel in February to \$35 in early March, and then falling to \$20 by end March as demand slumped because of the pandemic. From that point, the prices have recovered to around \$37 now. On the other hand, in India, retail prices of fuel were frozen for a record 82-days that covered much of this period, even as the excise duty on fuels was hiked by the Centre twice. While the government claimed that the impact of the hike was not passed on to consumers, the latter, however, did not benefit from this fall in crude oil prices to record low levels. Apart from the Centre, a number of states too hiked the levies on auto fuels during this period.
- The decision to raise the duties, Finance Ministry officials said, was taken in view of the tight fiscal situation and that retail prices were unchanged. So, effectively, the excise duty hikes by the centre was to be adjusted by the OMCs against the fall in oil prices. But now, the retail prices are being progressively hiked.

Are India's taxes on fuels high?

- On May 5, Centre announced one of the steepest ever hikes in excise duty by Rs 13 per litre on diesel and Rs 10 per litre on petrol, following up on another round of sharp hikes in the first week of March. All of this effectively cements India's position as the country with among the highest taxes on fuel. Prior to the increase in excise duty (in February 2020), the government, centre plus states was collecting around 107 % taxes, (Excise Duty and VAT) on the base price of petrol and 69 % in the case of diesel. Post the first revision the government was able to collect around 134 % taxes, (Excise Duty and VAT) on the base price of petrol and 88 per cent in the case of diesel (as on March 16, 2020). With the second revision in excise duty in May, the government is collecting around 260 % taxes, (Excise Duty and VAT) on the base price of petrol and 256 % in the case of diesel (as on 6th May 2020), according to estimates by CARE Ratings.
- In comparison, taxes on fuels as a percentage of pump prices was around 65 % of the retail price in Germany and Italy, 62 % in the UK, 45 % in Japan and under 20 % in the US.

- Now, as countries get their economies back on track, oil prices have been moving upwards from the lows seen in April. So, as OMCs pass these hikes on, consumers are forced to bear the increase in global crude prices and face up to the harsh reality — that every time the crude price drops sharply, the government uses the opportunity to fill up its coffers while pump prices for the consumer barely change. But when the reverse happens, consumers are forced to pay up more. So the government gets to encash the upside while the consumers have to make good the downside.

Do OMCs also benefit?

- The only entity that benefits at the consumers expense is the government — in fact, both the Central and state governments. OMCs, interestingly, are also among the losers from the sharp downward gyrations in oil prices. The problem for companies such as IOC or BPCL is that a continuous slide in fuel prices leads to the prospect of inventory losses — a technical term for the losses incurred when crude oil prices start falling and companies that have sourced the crude oil at higher prices discover that the prices have tumbled by the time the product reaches the refinery for processing or the finished product is ready for selling. Including both crude oil and products, companies such as IOC keep an inventory of about 20-50 days.
- For oil refiners, the inventory loss was pegged at over Rs 25,000 crore in the January-March quarter because of the 70 per cent fall in crude oil prices, and a likely plunge in their gross refining margins in the first quarter (April-June) of fiscal 2021 because of demand destruction, according to CRISIL estimates.

Did other fuels see an impact?

- Interestingly, prices of ATF was cut seven consecutive times since February. Prior to the beginning of the reduction cycle in February — when airlines had already started curtailing flights on account of low demand and travel restrictions caused by COVID-19 outbreak — the price of jet fuel stood at Rs 64,323.76 per kilolitre.
- Even as no airline operated scheduled passenger flights, the mainstay of their business, between March 25 and May 25, oil companies continued to pass on the reduction in crude oil rates in the form of cutting the price for jet fuel. Starting from May 25, the Centre allowed airlines to operate commercial passenger flights on domestic routes, hitherto with a curtailed schedule.
- Six days after the resumption of flights, the Centre announced a sharp 56 per cent increase in ATF prices, effectively negating any tangible benefits to airlines.

Fuel Pricing in India

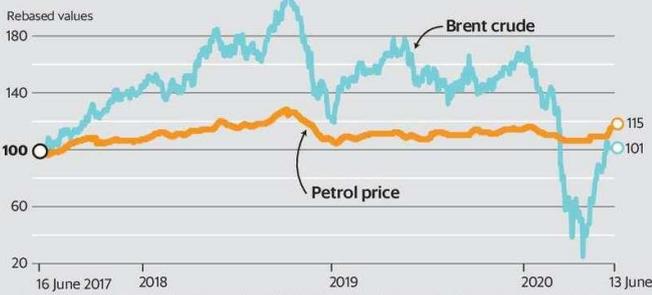
- INDIAN CONSUMERS have always paid more for petrol compared to other emerging markets and some developed nations, according to International Energy Agency (see chart).
- In 2019, global average price of petrol was \$0.91 per litre, a 2% decrease compared to 2018, yet India paid \$1.08 a litre. Prices have risen nearly Rs 5 a litre after nine days of price hikes. Energy prices play an important role in **industrial competitiveness and influence energy consumption patterns**. Prices paid by consumers are affected by movements in commodity markets as well as policy decisions. Now that global oil prices are falling, fuel has become a lucrative revenue stream for the Centre, and it is maximizing oil-linked revenues. Fuel is one of the most heavily-taxed items in India, and at this point, a cut in prices seems unlikely.



- The Centre's relationship with fuel has historically been complicated. It wanted India to consume big, as it meant the economic engines were moving. However, this big consumption raised tricky macro-economic challenges, with oil imports widening the current account deficit and oil subsidies adding to the fiscal deficit.
- As oil prices cooled over the past few years, that relationship has been changing. Now, it may be undergoing a complete reset because of the domino effect of the pandemic.
- Prices of crude oil and raw petroleum products have crashed, and the Centre no longer needs to worry about oil prices widening the fiscal and current account deficits. Now, oil has become a lucrative revenue stream for the Centre, which is playing all its cards to maximize oil-linked revenues, even if it means squeezing consumers and states.
- The first card was prices. On 21 February, a barrel of Brent crude, the benchmark for Indian producers, was around \$59. As the world locked down, Brent plunged to \$9 on 21 April, down 85%. As a result, India's oil imports in April fell 12% in volume terms and 63% in value terms.
- However, consumers barely benefited. Between 21 February and 21 April, the price of petrol in Delhi dropped just 3%. Brent has since recovered to \$40 and the price of petrol in Delhi has increased by about 8% in the past week.
- Indians are paying more for petrol at present than they would under a pricing structure that was completely market linked. This is the first time they are doing so since India shifted to daily revision of prices in June 2017 **(see chart 1)**.
- Indians pay significantly more for petrol than people in other emerging markets, according to the International Energy Agency. Petrol costs \$1.08 per litre in India, against \$0.45 in Indonesia, \$0.85 in Vietnam and \$0.9 in Thailand.
- The Centre's second card is taxes. Even with the fall in price, the Centre made sure it received the big chunk of revenues that it always does from oil. In January, it was charging ₹19.98 per litre as excise duty. Now, it is at ₹32.98. Effectively, the Centre took the gains from a lower base price as additional excise.
- At this point, the Centre needs all the revenues it can get. The pandemic has dented all its revenue streams, while adding new expenditure and future liabilities. About 20% of the Centre's tax revenues come from various taxes on fuel, with the big one being excise. States are in a similar situation. In recent years, states have earned 18-20% of their tax revenues from fuel products. Moreover, these revenues are outside the ambit of the goods and services tax and do not have to be shared with the Centre **(see chart 2)**.
- This dual, and high, taxation makes fuel one of the most-heavily taxed items. The price of petrol in Delhi on 7 June was ₹71.86 per litre, according to BPCL. Of this, ₹32.98 went to the Centre as excise and ₹16.58 to the Delhi government as value-added tax (VAT). In other words, taxes amounted to nearly 69% of the price.
- The Centre's lead on prices and taxes has meant that states have less room to tax consumers more without hurting demand. States can increase VAT on fuel, as most have done during the lockdown. However, on an average, the increase by states has been lower than the hike in excise duties by the Centre. Still, it should boost their tax revenues **(see chart 3)**.
- Consumption of fuel products has taken a severe hit. In April, overall consumption fell 46% from a year ago, according to data from the government's petroleum planning and analysis cell. May was better, with the y-o-y drop at 23%. Both the Centre and states are staring at a revenue shortfall from fuel taxes. Increasing tax rates is one way to make up.
- With the usual hue and cry around rising fuel prices missing, a reset seems to be underway. The Congress is attempting to mobilize public opinion on this issue, but it is yet to be seen how far it gains traction.
- Beyond a point, fuel is a discretionary spend and environmentally harmful, making high taxes on it politically acceptable. The Centre has grabbed this pricing power. It's a full circle from the time it was unable to revise prices when crude oil prices were increasing, leading to high oil subsidies (see chart 4).
- Now, it is using fuel prices to raise revenue. Till the time global oil prices stay subdued, this reset could stick. However, if oil prices soar again, this reset will be tested.

Chart 1
Since daily price updates began, this is the first time Indian consumers are paying more than the likely market price

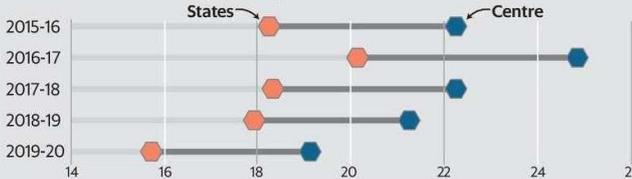
Daily price of petrol and Brent crude since 16 June 2017 (when India began daily price review) rebased to 100



1. Prices rebased to 100 (16 June 2017, when the daily price review began) to enable comparison. 2. Petrol price in Delhi in Rs; Brent crude is Europe Brent spot price, freight on board, in US dollars. 3. Brent price converted to Rs based on exchange rate that day.

Chart 2
Taxes on crude oil and fuel products bring in a significant part of tax revenues for both the Centre and states

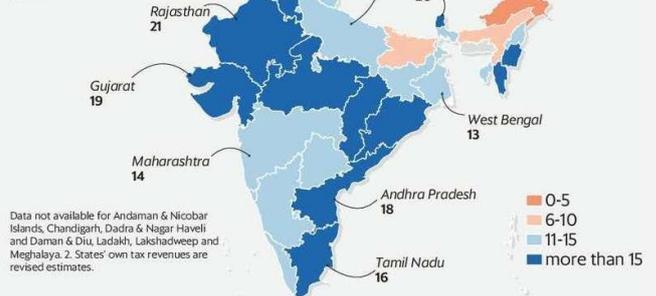
Share of taxes on crude oil and petroleum products in total tax revenues (in %)



1. The denominator here for Centre is 'tax revenues (net to Centre)' and for states is 'states' own tax revenues'. 2. Oil tax figures for 2019-20 are provisional. 3. States' own tax revenues are revised estimates for 2018-19 and budget estimates for 2019-20. 4. Tax revenues (net to Centre) are revised estimates for 2019-20.

Chart 3
For most states, petroleum taxes account for 10-20% of own tax revenues

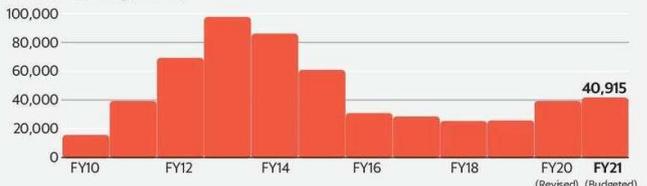
Share of sales tax/value added tax on petroleum products in state's own tax revenues in 2018-19 (in %)



Data not available for Andaman & Nicobar Islands, Chandigarh, Dadra & Nagar Haveli and Daman & Diu, Ladakh, Lakshadweep and Meghalaya. 2. States' own tax revenues are revised estimates.

Chart 4
Centre's oil subsidy bill has halved since 2012-13 and now comprises only LPG and kerosene

Centre's oil subsidy (₹ crore)

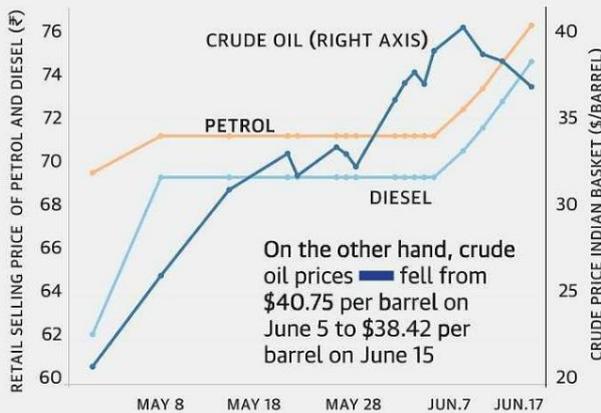


Source: Petroleum Planning & Analysis Cell; US Energy Information Administration; Reserve Bank of India (RBI); Union budget documents, State Finances: A Study of Budgets 2019-20, RBI

Fuel woes

Fuel prices were hiked for the 10th consecutive day on Tuesday even as crude prices remained low. The hike came after many sharp increases in the Centre's excise duty component in 2020. This could be to offset the loss in govt. revenue which missed targets by a wide margin in FY20. However, gains are unlikely as fuel consumption dropped steeply due to the COVID-19 lockdown.

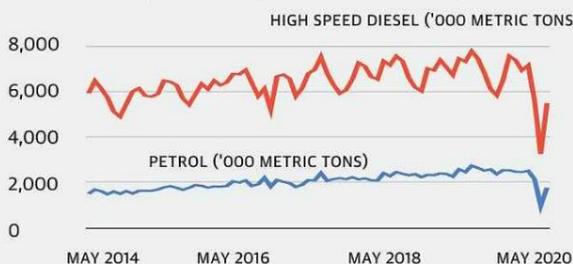
1. RISE AMID FALL | The price of petrol in Delhi increased from ₹71.26/litre on June 5 to ₹76.73/L on Tuesday, while the price of diesel increased from ₹69.39/L to ₹75.19/L in the same period



2. REVENUE DOWN | The gross tax revenue (GTR) and corporate tax revenue (CTR) collected were 18% points and 27% points lower, respectively than the Budget estimates presented in Feb. Moreover, GST collections fell again in March

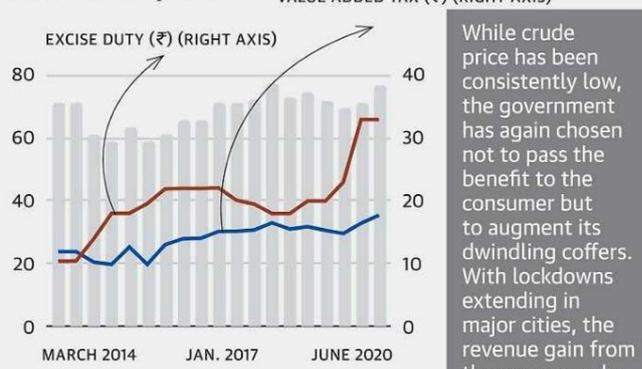


3. CONSUMPTION FALLS | The chart shows petrol and high speed diesel consumption from May '14 to May '20. Both saw steep falls in April before recovering a bit in May



SOURCE: PETROLEUM PLANNING AND ANALYTICS CELL

4. STEEP HIKE | The chart shows the retail price of petrol in Delhi (grey bar, left axis), the excise duty and value added tax levied for every litre



While crude price has been consistently low, the government has again chosen not to pass the benefit to the consumer but to augment its dwindling coffers. With lockdowns extending in major cities, the revenue gain from the move may be minimal

TOPIC 12. RETIREMENT HOMES

- The lockdown following COVID-19 pandemic has impacted many communities. Of these, elderly are among worst hit. The lockdown has exposed vulnerability of elderly people living alone, driving up demand for **retirement homes and assisted living facilities**.
- Columbia Pacific Communities, which has facilities in Bengaluru, Chennai, Kancheepuram, Coimbatore and Puducherry, has seen a four-fold increase in applications. “Of new queries, 60% are for immediate occupation,”. They receive nearly 30 calls a day now, compared to 10-15 queries earlier.

Surge in queries

- In past, most queries were from people aged **65-plus**. Now, there has been a surge in requests from **45-60 years age group**. These are people who, despite owning large properties, are realizing that a community lifestyle is better suited for senior living, where responsibility lies with service provider.
- The lockdown has amplified **fears of isolation, falling ill, and dependence on external caregivers**.
- Enquiries had doubled for their upcoming projects in Gurgaon and had increased in Ahmedabad. The company has homes in Bengaluru and Ahmedabad, and under-development projects in greater Gurgaon, Jabalpur, Kolkata and Hyderabad.
- At Columbia Pacific facilities, all residents wear masks, practice social distancing and have minimal contact with outsiders. Care is taken to keep the residents in good spirits. “We connect them with friends and family and organize interactions with experts and celebrities,”.

Medical facilities

- After lockdown, we asked a few staff members to stay in homes and take up roles across departments. “We dropped some routine housekeeping chores and reduced some items from menu. We began to deliver food to rooms,”.
- Medical facilities are top priority in senior living facilities. “The 24x7 availability of an ambulance and driver and tie-ups with nearby hospitals has kept residents at ease. We also roped in an NGO for anxiety counselling.”
- Southern India is ahead when it comes to senior living. Coimbatore, Puducherry, Chennai, Bengaluru, Kodaikanal, Mysuru, Kochi and Kancheepuram have nearly 65% of country’s overall senior living projects.

TOPIC 13. DOMESTIC VIOLENCE

- Twitter on Thursday launched a search prompt for users seeking information on domestic violence, which will lead users to the NCW and Ministry of Women and Child Developments’ pages.
- However, there is a lot left to be desired from two government pages, which lacked user-friendly resources for survivors.
- The way service works is that when users type keywords including #domesticviolence, #crimeagainstwomen, #dowry, #maritalrape etc, they will be directed to a page hosted on official website of Ministry of Women and Child Development (MWCD) and Twitter timeline of National Commission for Women. **The purpose is to direct users to information and updates from ‘authoritative’ sources.**
- The Hindu audited service and found that NCW’s timeline didn’t provide any useful information that could be used by a woman in distress. It carried an announcement about Twitter initiative, Chairperson Rekha Sharma’s advice on mental health and her comments on boycotting Chinese goods. There was only a helpline number as its cover image, which was of use.
- Ministry’s page fared better it had a directory for One Stop Centers across country, a text of Protection of Women from Domestic Violence Act, 2005, emergency helplines and contact details for legal aid and mental health.
- It would be helpful if NCW and WCD have specific pages and helplines linked to these prompts on Twitter

TOPIC 14. POSTAL BALLOTS

- Supreme Court on Thursday asked Election Commission (EC) to reply to a petition filed by Gujarat Legislative Assembly Opposition leader, challenging **use of postal ballots in elections to Rajya Sabha on June 19**.
- A Bench led by Chief Justice of India heard urgent oral mentioning made by senior advocate A. M. Singhvi and advocate Varun K. Chopra on behalf of Leader of Opposition and initially asked them to approach Gujarat High Court. However, lawyers persisted that a direction issued by poll body on June 17 allowing postal ballots dated June 17 issued by EC allowing postal ballots in Rajya Sabha elections was violative of various provisions of Conduct of Election Rules of 1961. The court scheduled the case for hearing in July.

TOPIC 15. RIC GROUP

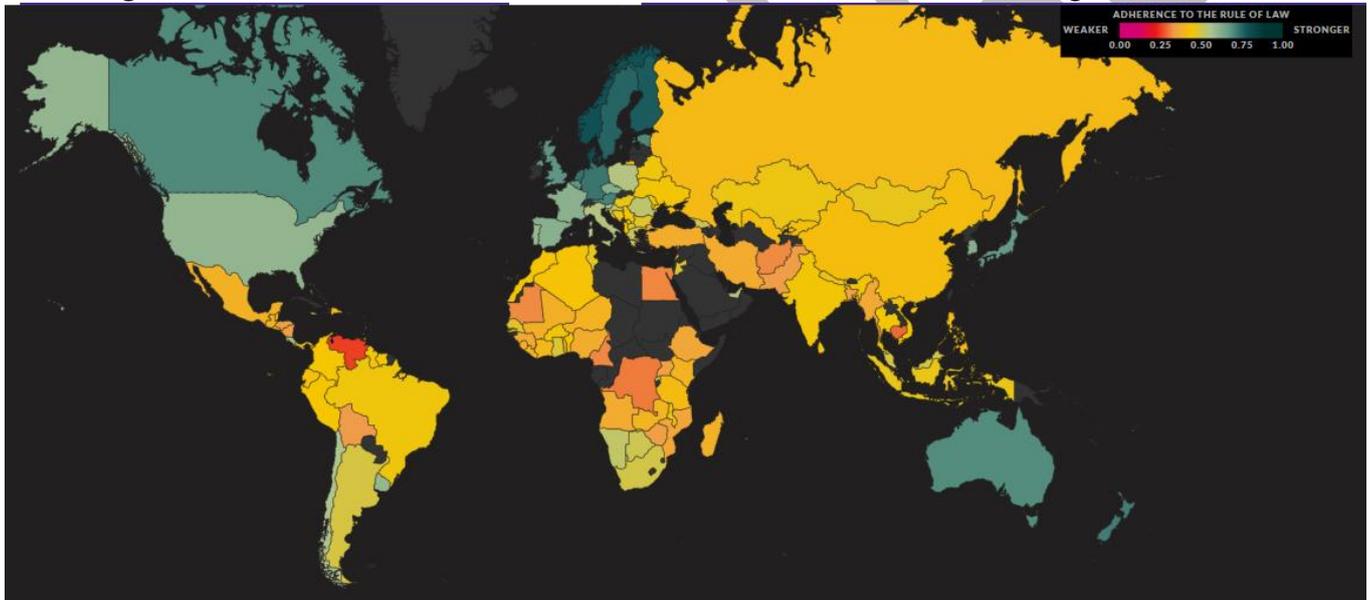
- India will participate in virtual meeting of **Russia-India-China (RIC)** grouping on June 23, Ministry of External Affairs confirmed on Thursday. The Indian decision to go ahead with ministerial level exchange has created an opening for de-escalation of tension along Line of Actual Control with Russian diplomatic sources indicating that they support “constructive dialogue” over tension in eastern Ladakh.
- The confirmation from Indian side came a day after External Affairs Minister Dr. S. Jaishankar and his Chinese counterpart Wang Yi spoke over phone regarding killing of at least 20 Indian soldiers in Galwan Valley on June 15. It is understood that RIC is likely to throw up a moment of frank exchange between Indian and Chinese sides if Ministers decide to bring up Ladakh scenario during their exchanges.
- Bilateral problems are not supposed to be discussed while we certainly appreciate efforts from both sides, including on high level, aimed at maintaining constructive dialogue and situation in LAC de-escalated.
- The official said RIC is a **“useful platform to support a unified agenda”** and several regional and global challenges like COVID-19 pandemic may also come up during discussion. The Russian reiteration of support for dialogue between China and India came even though Moscow’s Foreign Minister Sergey Lavrov had said bilateral issues were usually not taken up at RIC.

TOPIC 16. RULE OF LAW INDEX

- Supreme Court on Thursday asked government to treat a writ petition filed by lawyer Ashwini Upadhyay, for setting up expert panels to boost India's prospects in **Rule of Law Index**, as a "representation" and decide on issue within six months.
- Mr. Upadhyay sought a direction to government to constitute expert committees to examine practices of top 20 countries in Rule of Law Index-2020.

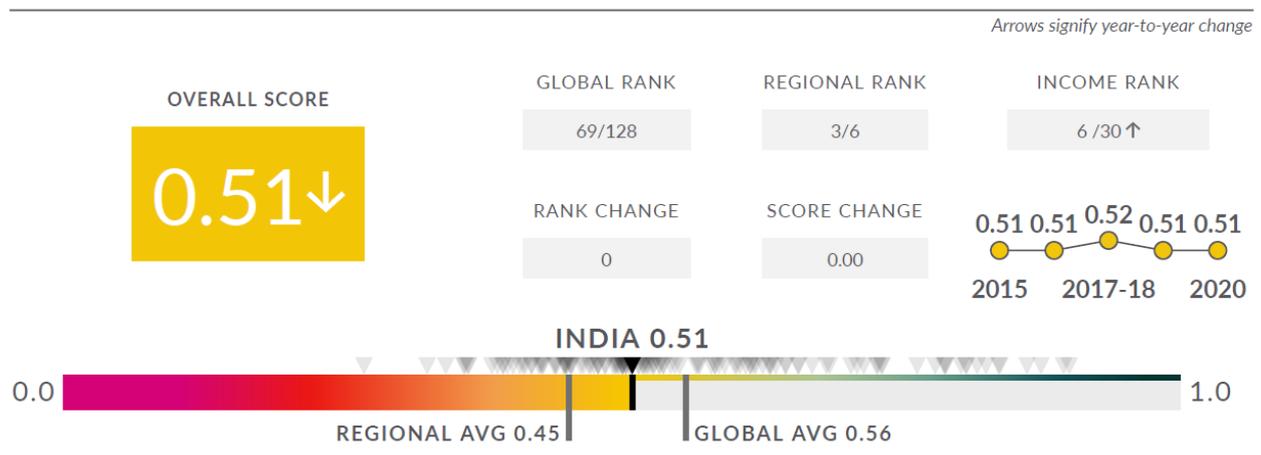
Rule of Law Index

- **World Justice Project (WJP) Rule of Law Index** is world's leading source for original, independent data on rule of law. Now covering 128 countries and jurisdictions, Index relies on national surveys of more than 130,000 households and 4,000 legal practitioners and experts to measure how rule of law is experienced and perceived around world.
- **Importance of Rule of Law**
 - Effective rule of law **reduces corruption, combats poverty and disease, and protects people from injustices large and small.**
 - It is foundation for **communities of justice, opportunity, and peace—underpinning development, accountable government, and respect for fundamental rights.**
- **Denmark, Norway, and Finland** topped WJP Rule of Law Index rankings in 2020.
- Around world, more countries declined than improved in overall rule of law score for third year running, continuing a negative slide.
- **DR Congo, Cambodia, and Venezuela** had the lowest overall rule of law scores unchanged from 2019.



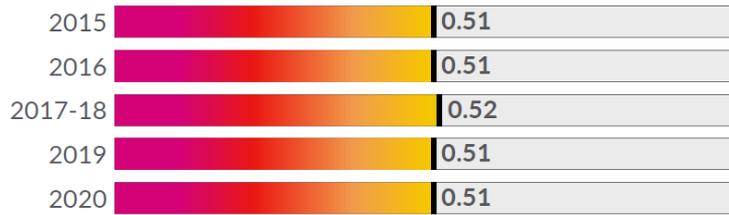
REGION | South Asia INCOME GROUP | Lower Middle

India Overall Score, 2020



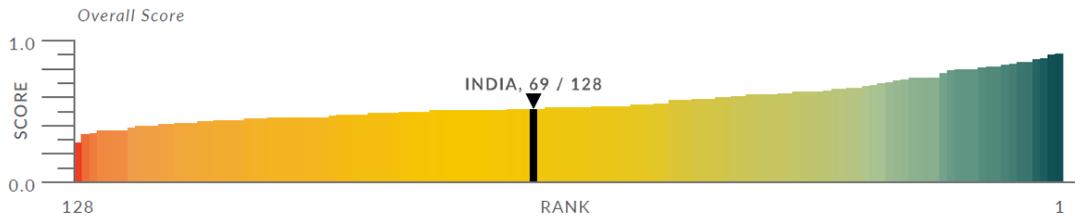
India Overall Rule of Law Score Over Time, 2015 - 2020

India scores for overall rule of law from 2015 to 2020. (Use the left menu to explore other scores.)



India Ranked 69th Across 128 Countries, 2020

Compare 2020 score rankings for India by toggling between global, South Asia regional peers, and Lower Middle income peers. [GLOBAL](#) [REGION](#) [INCOME GROUP](#)



Behind the Numbers: Factor Scores for India, 2020

SORT: [FACTORS 1-8](#) FACTOR SCORE

FACTOR 1 | CONSTRAINTS ON GOVERNMENT POWERS



FACTOR 2 | ABSENCE OF CORRUPTION



FACTOR 3 | OPEN GOVERNMENT



FACTOR 4 | FUNDAMENTAL RIGHTS



FACTOR 5 | ORDER AND SECURITY



FACTOR 6 | REGULATORY ENFORCEMENT



FACTOR 7 | CIVIL JUSTICE



FACTOR 8 | CRIMINAL JUSTICE



TOPIC 17. LONAR LAKE

- Nagpur Bench of Bombay High Court has sought reports on environmental impact assessment of Lonar lake from National Environmental Engineering Research Institute (NEERI) and Geological Survey of India.
- A Division Bench of Justices Sunil Shukre and Anil Kilar was hearing a petition filed by one Kirti Nipankar, raising concerns over **lake water which has turned pink in colour**.
- The Bench said a court-appointed committee, including judges themselves, would visit the site.
- The State Forest Department informed court it has already collected samples from the lake which have been sent to NEERI, in Nagpur, and the Agarkar Research Institute in Pune.
- Advocate Anand Parchure, appearing for the petitioner, told the court that an expert team which is probing the colour change could also examine findings submitted by NASA expert Dr. Shawn Wright.
- As per Dr. Wright's findings, there is a glass formation over the surface of the bed rock of the Lonar crater, which is a basalt rock. This is a new feature not found anywhere else on the Earth and only on the beds of craters existing on moon.
- The Bench directed NEERI and Agarkar Research Institute to submit their reports to the court within four weeks. It said, "The expert team from NEERI and the Geological Survey of India shall examine the findings regarding glass formation on surface of the crater lake by collecting requisite samples and analysing them, and submit their reports within a period of four weeks."
- The forest department also informed the Bench that since the area is an eco-sensitive zone, the construction of Lonar-Kinhi road would be a problem, as there is a large quantity of a unique material called ejecta blanket, which contains a substance found on the moon.
- The court accepted this argument and directed the Buldhana district collector to take immediate steps to protect the material from possible theft and pilferage. It also prohibited construction of the Lonar-Kinhi Road until further orders, and posted the matter for hearing on June 29.



TOPIC 18. CLIMATE CHANGE

- India's 1st ever national forecast on impact of global warming on subcontinent in coming century, expects annual rainfall to increase, along with more severe cyclones and more droughts.
- These projections, based on a climate forecasting model developed at Indian Institute of Tropical Meteorology (IITM), Pune, will be part of next report of Intergovernmental Panel on Climate Change (IPCC), expected to be ready in 2022.
- From 1986-2015, hottest day and coldest night have warmed 0.63°C and 0.4°C, respectively. By end of the 21st century, report says, these temperatures are projected to rise by approximately 4.7°C and 5.5°C, respectively, relative to corresponding temperatures in 1976-2005. This under a hypothetical scenario where no steps are taken to curb global greenhouse gas emissions or RCP8.5 as it is called.
- Currently countries have signed an agreement to reduce emissions to restrict global temperature rise by the end of the century to less than 2°C.
- The frequencies of future warm days and warm nights are projected to increase by 55% and 70%, respectively, relative to reference period of 1976-2005. Summer heat waves over India are projected to be 3 to 4 times higher by end of 21st century.
- The projected rapid changes in India's climate will place increasing stress on country's natural ecosystems, agricultural output, and freshwater resources, report says.
- Roxy Mathew Koll, Scientist at IITM and associated with IPCC scientific report, said in a statement that an observed change of 0.7°C in average temperatures over India, had already registered a spike in extreme weather events over region.



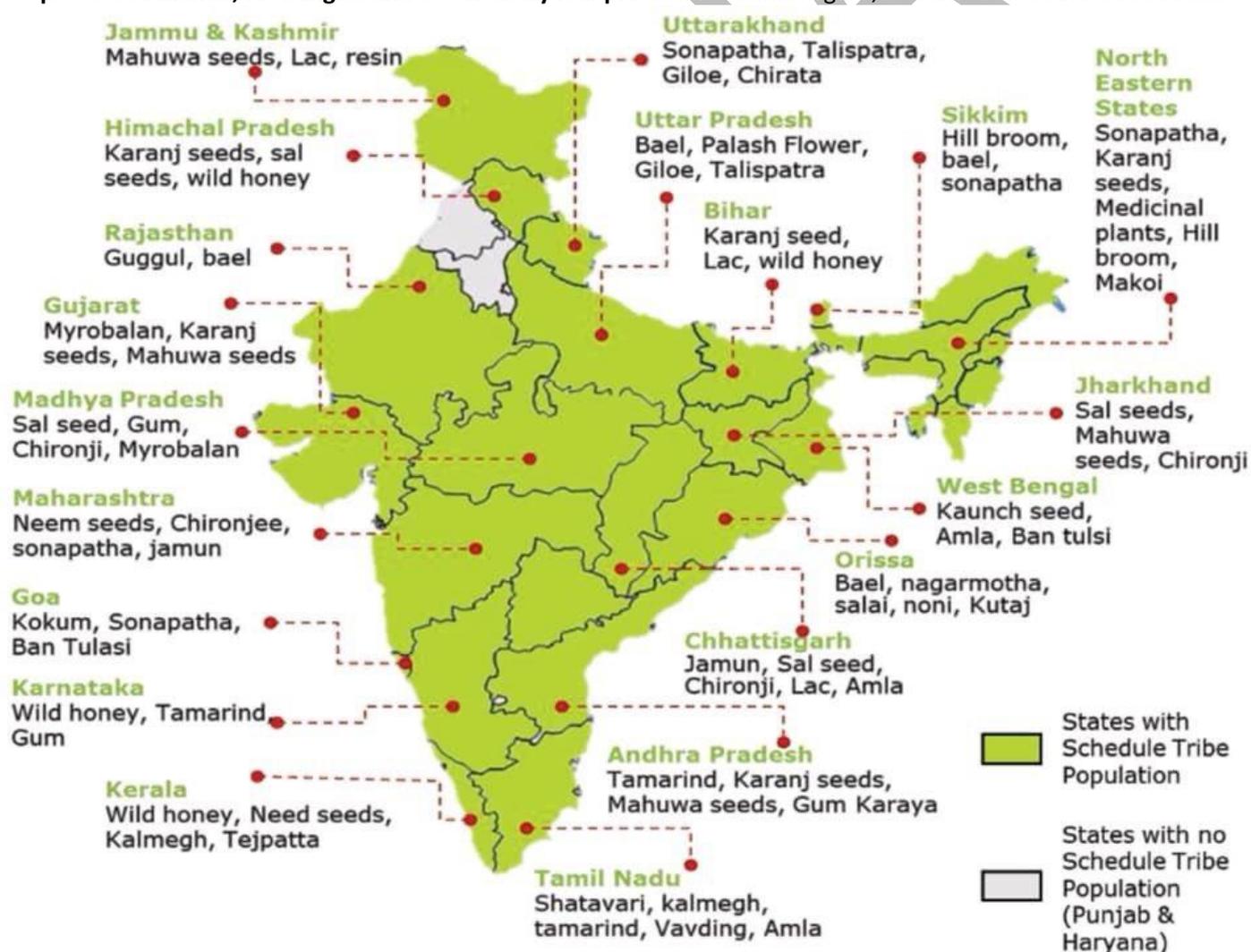
TOPIC 19. SPECIES IN GUWAHATI

- What is common to **Chinese pangolin, Nepal cricket frog, Bengal monitor lizard, Assamese cat snake, Eurasian moorhen, Asian elephant, Terai cricket frog and Ganges river dolphin**?
- They share space with an estimated one million humans in Guwahati, Assam's principal city and largest in northeast, along with 326 other species of fauna recorded so far. Very few of them are caged in Assam State zoo that occupies 30 hectares of 620-hectare Hengerabari Reserve Forest referred to as city's lungs.
- Guwahati redefines term "urban jungle" with 334 and counting free-ranging faunal species living in green spaces within concrete structures.
- 328-sq km city and its outskirts have 18 hills, 8 reserve forests, 2 wildlife sanctuaries and Ramsar site (Deepor Beel) besides Brahmaputra flowing past its northern edge. This stretch of the river has a few Ganges river dolphin, which has the status of 'city animal'.
- We have more than 1,100 captive wild animals belonging to 107 species, of which 52 are highly protected under the **Wildlife (Protection) Act of 1972**. Our captive animals include exotic species such as giraffe, hippopotamus, macaw, Gaboon viper and some birds.
- There have been reports of animals exploring human habitations during COVID-19 lockdown. This has never been case with Guwahati where people have co-existed with arguably widest range of fauna despite human-animal conflicts such as lynching of a leopard a few day ago.
- 6 of Guwahati's resident snakes are venomous, 3 of them [krait] strictly nocturnal while monocled cobra is around wetlands. Thus, snakes we see in city are most likely to be non-venomous, providing services such as rodent population control.
- **Wildlife specialists are worried that Guwahati has been following the global trend, which projects the urban area on earth to triple before 2030.**
- Our innate obsession with big and colourful creatures makes it hard to recognize small and less charismatic species. Common Asian toad, red-eyed frog, tokay gecko, Salazar's pit viper, Indian roofed turtle, bar-headed goose and oriental turtle dove need to survive as much as their larger neighbors like elephant, gaur, leopard, Bengal fox, dhole and Indian flying squirrel.



TOPIC 20. VAN DHAN YOJNA

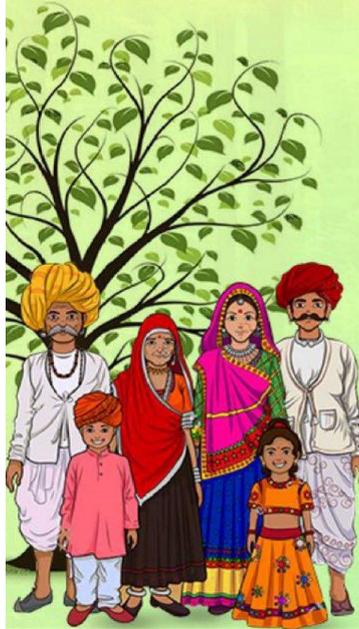
- A few years ago, tribal communities in Langleng, one of Nagaland's poorest districts, used to sell their unique hill broom grass for just ₹7 a kg. Today, by making brooms themselves with support from Van Dhan Yojna, they now earn ₹60 a broom, making four or five brooms from a kg of grass.
- **Broom grass coming from hills is in demand because it is much sturdier and finer quality but it was middlemen and traders who were making all money.**
- Two years ago, after a partnership with TRIFED [Tribal Cooperative Marketing Federation of India], we started buying grass for ₹30 per kg, and there was huge supply. But real gains came over this last year with Van Dhan Vikas Kendras (VDVKs), which enabled people to start making brooms themselves.
- Today, the villagers sell each broom for ₹60. They are sold in Guwahati for up to ₹170 each.
- The hill broom project is one of biggest success stories of Van Dhan Yojna, launched nationwide on Independence Day 2019 to ensure that **van dhan, or forest wealth, stays in hands of forest dwellers, by providing local platforms for processing, value addition, marketing and sale of minor forest produce.**
- Ten months later, 1,205 tribal enterprises employing 3.6 lakh people through 18,000 self-help groups have been set up under scheme. About ₹3.5 crore worth of sales have taken place through these platforms. He hopes to treble participation to 10 lakh people and 50,000 SHGs under COVID-19 relief plan. A digital procurement platform is expected to be in place by month-end.
- The products range from **hill brooms, wild honey, candles and ointments made of rock beeswax, bamboo bottles, aloe vera soaps and gooseberry wine in north east, to hawan [incense] sticks, moha laddu and, amla murabba [preserved gooseberries] in Maharashtra and Rajasthan, and tamarind blocks, dried tendu leaves, processed mahua, lac bangles and eco-friendly leaf plates from Chhattisgarh, Jharkhand and Andhra Pradesh.**



Tribal Cooperative Marketing Development Fedration of India Ltd.
 Ministry of Tribal Affairs,
 Government of India

Pradhan Mantri Van Dhan Yojana

Promoting Tribal Enterprise through Value Addition,
 Branding and Marketing of Forest Produces

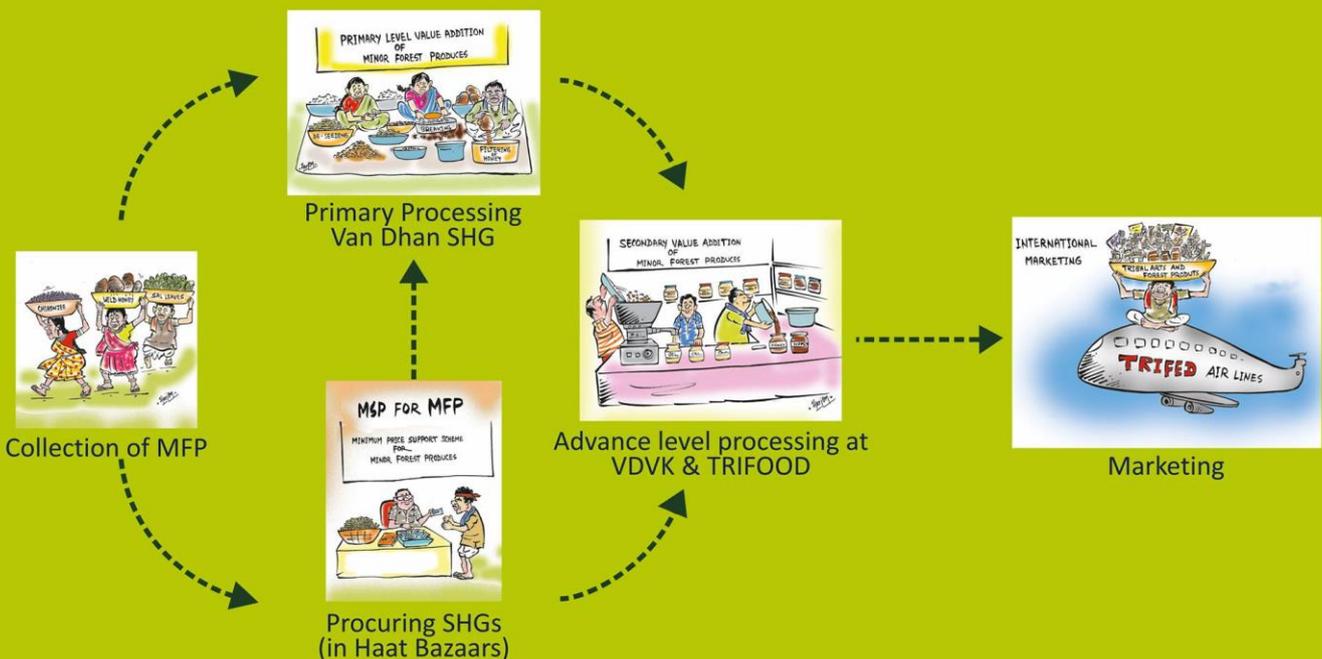


-  15 SHGs* of 20 tribal gatherers is constituted, 60,000 in the country
-  To be trained and provided with working capital
-  SHGs will market their products within and across states
-  To form clusters to aggregate their stock and link with facility of primary processing in Van Dhan Vikas Kendras
-  Involvement of private sector for marketing



सत्यमेव जयते
 Ministry of Tribal Affairs
 Government of India

VAN DHAN VIKAS KARYAKRAM IMPLEMENTATION FLOW

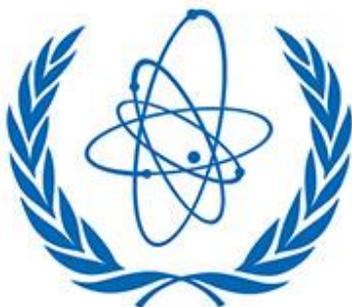


TOPIC 21. IRAN'S N-PROGRAMME

- The UN nuclear watchdog's governing body began meeting on Monday as a row brews over **Iran's refusal to allow access to two sites where nuclear activity may have occurred in past**. The Vienna-based International Atomic Energy Agency (IAEA) expressed "serious concern" in a report earlier this month that Iran has been blocking inspections at sites.
- The Board of Governors, one of the agency's policy-making bodies, is expected to discuss the report during its meeting. If they pass a resolution critical of Iran, it would be the first of its kind since 2012.
- Even though the two sites are not thought to be key to Iran's current activities, the agency says it needs to know if past activities going back almost two decades have been properly declared and all materials accounted for.
- Iran told the agency the report was a source of "deep regret and disappointment" and hinted the queries were based on "**fabricated information**" from "**intelligence services**".
- In a statement to Board of Governors opening this week's meeting, IAEA Director General Rafael Grossi called on Iran "to cooperate immediately and fully with Agency, including by providing prompt access to locations specified by us.
- The latest row over access comes as a landmark deal between Iran and world powers in 2015 continues to unravel.

What is IAEA?

- The IAEA was created in 1957 in response to **the deep fears and expectations generated by discoveries and diverse uses of nuclear technology**. The Agency's genesis was U.S. President Eisenhower's "Atoms for Peace" address to the General Assembly of the United Nations on 8 December 1953.
- The U.S. Ratification of Statute by President Eisenhower, 29 July 1957, marks official birth of International Atomic Energy Agency.
- The Agency was set up as world's "Atoms for Peace" organization within United Nations family. From beginning, it was given mandate to work with its Member States and multiple partners worldwide to promote safe, secure and peaceful nuclear technologies. The objectives of IAEA's dual mission **to promote and control Atom** are defined in Article II of IAEA Statute.
- In October 1957, delegates to First General Conference decided to establish IAEA's headquarters in **Vienna, Austria**. Until opening of Vienna International Centre in August 1979, old Grand Hotel next to Vienna Opera House served as Agency's temporary headquarters.
- The IAEA has also two regional offices located in **Toronto, Canada** (since 1979) and **Tokyo, Japan** (since 1984), as well as two liaison offices in New York City, United States of America (since 1957) and Geneva, Switzerland (since 1965). The Agency runs laboratories specialized in nuclear technology in Vienna and Seibersdorf, Austria, opened in 1961, and, since 1961, in Monaco.



IAEA

International Atomic Energy Agency

Atoms for Peace and Development

TOPIC 22. MALABAR GLIDING FROG

- A green frog with a slender body, webbed feet, unusual body positions, very well camouflaged and gliding in the air. This was how a juvenile Malabar gliding frog (*Rhacophorus malabaricus*), a rare amphibian that can glide in the air up to 10-12 m, was spotted in the orchard of a house at Pullad, near Kozhencherry in Kerala, on Saturday.
- Frog endemic to the rain forests of the Western Ghats in his orchard.
- Their gliding abilities help these frogs cover 10-12 ft in one leap.
- The frog has got a body length of 10 cm, making it one of the largest mossy frogs. The fingers and toes are like sticks to attach to and walk through tree branches.
- Males are smaller than females.



TOPIC 23. DEFORESTATION

- High Court of Manipur has linked **deforestation to diseases**, including COVID-19, and ordered **State authorities to restore forest cover for avoiding threat of animal-borne diseases**. A two-judge had on June 3 said there was a need to keep forest intact to extent possible with pandemic having 'trampled' upon continents to decimate humans. The court referred to several books and articles by naturalist Charles Darwin, Nobel laureate and biologist Sir Peter Medawar, journalist Jim Robbins and Carl Bergstrom of the University of Washington, an authority on pandemic and infectious diseases.
- Southern Bench of National Green Tribunal has given **one month to Kerala Forest Department for submitting its report on steps taken to prevent forest fires and implement National Action Plan on Forest Fire in State**.
- An order by Bench, comprising Justice K. Ramakrishnan and expert member Saibal Dasgupta, on June 11 said three months had passed after it directed Principal Chief Conservator of Forests and Head of Forest Force in Thiruvananthapuram to submit a report on steps taken to prevent such incidents in the aftermath of a fire that killed three forest guards at Kottambathur, near Desamangalam, in Thrissur on February 16.
- The government sought two months for filing the report when the case was taken up on Thursday.
- The order said regarding implementation of National Action Plan on Forest Fire, an action taken report could have been prepared and submitted based on available records, for which two months was not required.
- Considering the circumstances, we grant one-month time to the official respondents to comply with the direction issued by this tribunal by order dated 27.02.2020.



TOPIC 24. TRADE WITH CHINA

- Indian government has tried to respond to border dispute with China by training its guns on trade. The idea resonating in Indian streets is that Indians should boycott Chinese goods and thus “teach China a lesson”.
- Visuals of Indians breaking and burning their fully functional Chinese appliances such as TVs have been doing the rounds in social media. Union minister Ramdas Athawale has even demanded a ban on restaurants selling Chinese food even though these would be Indian restaurants, employing Indian chefs and using largely Indian agricultural produce to serve such Chinese dishes.
- While one can understand outrage that Indians feel when they hear about brutal deaths of their soldiers, turning a border or defense dispute into a trade one is an ill-advised move.

- **There are several reasons.**

Trade deficits are not necessarily bad

- One of main reasons why banning trade has been the first reaction is the notion that having a trade deficit is somehow a “bad” thing. The fact is altogether different. Trade deficits/surpluses are just accounting exercises and having a trade deficit against a country doesn’t make the domestic economy weaker or worse off.
- For instance, if one looks at top 25 countries with whom India trades, it has a trade surplus with US, UK and Netherlands. But that doesn’t mean Indian economy is stronger or better off than any of these three.
- Similarly, it has a trade deficit with the other 22 of them (including China) — regardless of their size and geographic location. This list includes France, Germany, Nigeria, South Africa, UAE, Qatar, Russia, South Korea, Japan, Vietnam, Indonesia among others.
- Yet, a trade deficit doesn’t necessarily mean that Indian economy is worse off than South Africa’s. A trade deficit with China only means that Indians buy more Chinese products than what Chinese from India. But per se that is not a bad thing.
- Why? Because it shows that Indian consumers who made these purchase decisions individually and voluntarily are now better off than what they would have been had they bought either, say, a Japanese or French or even an Indian alternative.
- Essentially, it shows that Indian consumers, as well as Chinese producers, gained through trading. It is this very process that generates gains from trade. Both sides are better off than what they would have been without trade.
- **Of course, running persistent trade deficits across all countries raises two main issues.**
 - One, does a country have foreign exchange reserves to “buy” imports. Today, India has more than \$500 billion of forex good enough to cover imports for 12 months.
 - Two, it also shows that India is not capable of producing for needs of its own people in most efficient manner.
- At one level, no country is self-sufficient and that is why trade is such a fantastic idea. It allows countries to specialize in what they can do most efficiently and export that good while importing whatever some other country does more efficiently.
- So while a persistent trade deficit merits domestic government Indian government in this case to put in place policies and create infrastructure that raises competitiveness, it should not “force” or even “nudge” people to move away from trade because doing so will undermine efficiency and come at cost of consumer’s benefits.

Will hurt the Indian poor the most

- Often, poorest consumers are worst-hit in a trade ban of this kind because they are most **price-sensitive**. For instance, if Chinese ACs were replaced by either costlier Japanese ACs or less efficient Indian ones, richer Indians may still survive this ban by buying costlier option but a number of poor, who could have otherwise afforded an AC, would either have to forgo buying one because it is now too costly (say a Japanese or European firm) or suffer (as a consumer) by buying a less efficient Indian one.
- Similarly, Chinese products that are in India are already paid for. By banning their sale or avoiding them, Indians will be hurting fellow Indian retailers. Again, this hit would be proportionately more on poorest retailers because of their relative inability to cope with the unexpected losses.

Will punish Indian producers and exporters

- Some may argue that trading with China hurts many Indian producers. This is true, but it is also true that trading hurts only less efficient Indian producers while helping more efficient Indian producers and businesses.
- It is important to note that list of Indian consumers of Chinese imports does not comprise just those who consume final finished good from China; several businesses in India import **intermediate goods and raw**

materials, which, in turn, are used to create final goods both for domestic Indian market as well as global market (as Indian exports).

- Contrary to popular belief an overwhelming proportion of Chinese imports are in form of intermediate goods such as electrical machinery, nuclear reactors, fertilizers, optical and photographic measuring equipment organic chemicals etc. Such imports are used to produce final goods which are then either sold in India or exported.
- A blanket ban on Chinese imports will hurt all these businesses at a time when they are already struggling to survive, apart from hitting India's ability to produce finished goods.
- To recap: Trade deficits are not necessarily bad; they improve the wellbeing of Indian consumers including producers and exporters. In any case, India has trade deficits with most countries so why single out China.

Will barely hurt China

- Still, some may argue that we want to single out China because it has killed our soldiers at border and we will now punish it through trade.
- Then the question is: Will banning trade hurt China?
- The truth is the exact opposite. **It will hurt India and Indian far more than it will hurt China.**
- Let's look at the facts again. While China accounts for **5% of India's exports and 14% of India's imports** in US\$ value terms, India's imports from China (China's exports) are just **3%** of China's total exports. More importantly, China's imports from India are less than **1%** of its total imports.
- The point is that if India and China stop trading then on the face of it China would lose only 3% of its exports and less than 1% of its imports, while India will lose 5% of its exports and 14% of its imports.
- Moreover, if one takes the notion of not letting China profit from the Indian purchasing power strictly, then Indians should also **avoid buying all products that use Chinese goods and labour**. So, forget the several obvious Chinese brands and products, Indian consumers would have to go about figuring out if China gains any money from, say, iPhones that are sold in India. Or if steel used in a European gadget is Chinese or not.
- The trouble is this is a near-impossible task not just because of China's centrality in global trade and global value chains but also because even teams of bureaucrats will find it tough to map Chinese involvement in all our trade on a real-time basis.
- On whole, it is much easier for China to replace India than for India to replace China.
- Here's some food for thought: What if Xi Jinping and the political establishment in China do the same thing to India? What if they decided to abruptly ban all trade and forbid all private investment via any route into India?
- Of course, India would survive, but at a huge cost to common Indians while depriving many Indian businesses (the start-ups with billion-dollar valuations) of Chinese funding.
- Why? Because in short to medium term, it would be both difficult and costly to replace Chinese products. Imagine diverting all our imports from China to Japan and Germany. We will only increase our total trade deficit.
- If on other hand, we decide to use Indian products, that too would cost us more — albeit just internally.

India will lose policy credibility

- It has also been suggested that India should renege on existing contracts with China. Again, while in short-term this may assuage hurt sentiments, it would be hugely detrimental for a country such as India which has been trying to attract foreign investment.
- One of first things an investor especially foreign tracks is **policy credibility and certainty**. If policies can be changed overnight, if taxes can be slapped with retrospective effect, or if government itself reneges on contracts, no investor will invest. Or, if they do, they will demand higher returns for increased risk.

Raising tariffs is mutually assured destruction

- It has also been argued that India should just slap higher import duties on Chinese goods. Others have suggested that India can allow primary and intermediate goods from China at zero duty but apply prohibitive tariffs on final goods.
- Even leaving aside the rules of World Trade Organization that India would be violating, this is a poor strategy since others not just China can and most likely will reciprocate in the same way.
- What will also go against India here is its relatively insignificant presence in global trade and value chains. In other words, it is relatively easy for world to bypass India and carry on trading if India doesn't play by rules.

The Upshot:

- The first thing to understand is that turning a border dispute into a trade war is unlikely to solve border dispute. Worse, given India and China's position in both global trade as well as relative to each other, this trade

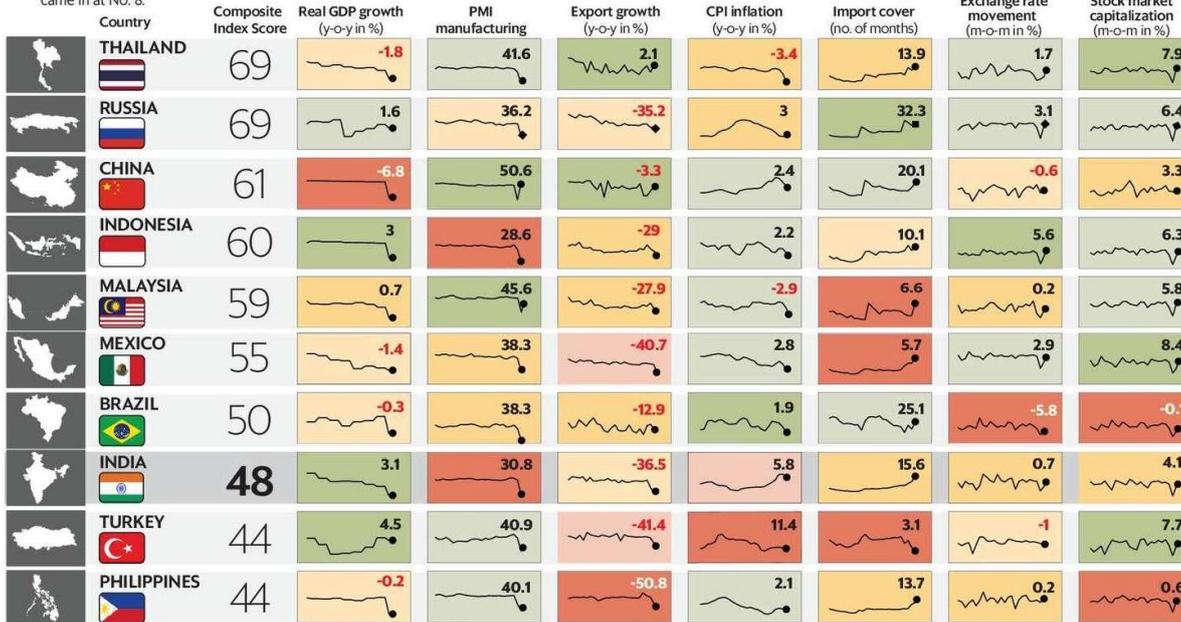
war will hurt India far more than China. Thirdly, such a shock banning all trade with China will be most poorly timed since Indian economy is already at its weakest point ever facing a sharp GDP contraction.

- The surge of protectionism and anti-globalization sentiment since start of Global Financial Crisis of 2008 is well known but it is also well established that trade leaves people better off.
- Of course, not everyone. For instance, all inefficient domestic industries would want to be protected by higher tariffs in name of economic nationalism. But, as explained above, this protection will come at cost of domestic consumers.
- Indeed, in first four decades of India's existence, it has tried — and miserably failed — making mantras like “self-reliance”, “import-substitution” and “protecting infant domestic industries” work.
- India must try to aggressively acquire a higher share of global trade by **raising its competitiveness**. India now has an insignificant share in world trade. If it is not careful, much smaller countries will further chip away.
- For instance, while in November 2019, India refused to join Regional Comprehensive Economic Partnership (RCEP) a Free Trade Agreement (FTA) in a region that is least affected by Covid and most likely to see trade volumes in future Vietnam signed an FTA with European Union earlier this month. Indian exporters were already losing ground in EU to Vietnam will now be adversely affected since most Vietnamese goods will enjoy zero import duties in EU, thus making them more affordable for European consumers.

TOPIC 25. FACTORY SLUMP HITS INDIA'S EM RANK

MINT EMERGING MARKETS TRACKER

Mint's Emerging Markets Tracker provides a summary of economic activity across 10 large emerging markets based on seven high-frequency indicators. In May, Thailand topped the list with a composite score of 69.2, closely followed by Russia with a composite score of 68.8. Philippines came in last, while India came in at No. 8.



INDICATOR DESCRIPTIONS

- Exchange rate movement denotes the percentage month-on-month (m-o-m) change in the exchange rate of the national currencies with respect to the dollar. Negative values indicate depreciation.
 - Stock market capitalization denotes the month-on-month change (in %) in the aggregate market value of all stocks traded in the economy, as reported by Bloomberg.
 - CPI inflation is scored based on the deviation from zero inflation closer to zero is scored higher. High negative or positive inflation is scored lower. India's CPI inflation is as of March 2020.
 - Export growth has been computed in terms of y-o-y % change in dollar values of exports for each economy.
 - The purchasing managers' Index (PMI) manufacturing data compiled by IHS Markit is a weighted average of five indices: new orders (30%), output (25%), employment (20%), suppliers' delivery times (15%) and stocks of purchases (10%). A PMI reading above 50 indicates an expansion in manufacturing activity, whereas a reading below 50 indicates a contraction.
 - The composite index score is a normalized score based on an equally weighted average of normalized scores for each of the indicator. In calculating the normalized scores, the best performing economy's value on any one parameter (say PMI) is taken as 100 and relative scores are derived based on the distance of each economy from that score.
 - The closest comparable periods have been considered for all economies. For real GDP growth, all countries have reported data till Jan-Mar. For other indicators, data is as of May, and where that is unavailable, it's as of April.
- Data as of 16 June 2020
- Source: Bloomberg

- Among 10 large emerging markets, **country now stands at eighth spot**, according to the latest edition of Mint's Emerging Markets Tracker
- India's economic momentum continues to lag behind emerging market peers, despite government relaxing mobility restrictions since early May, showed the latest edition of Mint's emerging markets tracker. India continued to be near the bottom of the league table in May, with the sharp contraction in manufacturing activity pulling down the country's score in the tracker.
- Although economic activity in May improved over April, manufacturing activity, as measured by the Purchasing Managers' Index (PMI) improved only slightly, from 27.4 in April to 30.8 in May. Among 10 major emerging economies, only Indonesia's PMI was lower than that of India in May.
- Even as covid-19 continues to spread across emerging markets, most, including India, have been forced to relax lockdown restrictions to revive their economies. Countries with fewer cases and restrictions saw a quicker recovery in manufacturing, the data shows.
- However, there are exceptions to this. Mexico, which has more cases (per million) compared to India, had similar levels of restrictions in May. However, it saw greater manufacturing activity that month. In contrast, Indonesia has reported fewer cases and has had fewer mobility restrictions. Yet, its manufacturing sector seems to have suffered more. India's relative weakness in the manufacturing sector is the key reason behind its low rank in the emerging markets tracker. Only Turkey and the Philippines have fared worse than India in overall rankings. This was the third successive month that India was among the bottom three in the list.
- Mint's Emerging Markets Tracker, launched in September last year, takes into account seven high-frequency indicators across 10 large emerging markets to help us make sense of India's relative position in the emerging markets league table.
- The seven indicators considered in the tracker encompass both real activity indicators, such as the manufacturing PMI and real gross domestic product (GDP) growth, and financial metrics, such as exchange rate movements and changes in stock market capitalization. The final rankings are based on a composite score that gives equal weight to each indicator.
- India's weakness in the manufacturing sector is also reflected in the sharp fall in its exports. Data released on Monday showed India's merchandise exports fell 36.5% in May, having contracted 60% in the previous month. Most other emerging economies have not yet released exports data for May. As of

April, the contraction in India's exports was the steepest. India's GDP growth in the March quarter (3.1%) was more than most peers and has helped India's overall ranking.

- However, it is likely that the June quarter will be far worse for India than some other countries, given the relatively higher stringency of lockdown in the country for most of the June quarter. Most economists expect a sharp contraction this quarter, and only a slow recovery in the subsequent quarters. A World Bank report issued last week forecast India's economic output to shrink 3.2% this fiscal. The bank expects emerging and developing economies to shrink 2.5% in 2020, their first contraction as a group in at least 60 years. Among the broader regions, Latin America and the Caribbean are expected to suffer the biggest drop (-7.2) with sharp contractions in Brazil (-8%) and Mexico (-7.5%).
- East Asia and the Pacific region is expected to emerge relatively unscathed (-0.5) because of their close ties to China, which is expected to expand its economic output by 1%. South Asia is expected to contract 2.7% in 2020.
- Despite declining growth prospects, financial metrics have seen slight improvement across emerging economies, with foreign funds returning to invest once again. India's stock market gains in May were relatively muted compared to other large emerging markets. India's stock market capitalization grew 4% sequentially in May. In comparison, the stock market capitalization of Mexico, Turkey, and Thailand rose in the range of 7-8% month-on-month in May. The Indian rupee strengthened marginally against the dollar in May after four months of depreciation. The rupee appreciated 0.7% in May, following a 2.4% depreciation in April. This is largely because of the decline in the value of the US dollar since late March when the US Fed eased monetary policy. The currencies of China, Brazil and Turkey continued to depreciate against the dollar in May.
- The biggest relief for India is the increase in its forex reserves, which recently crossed the \$500-billion mark, a historic high. It is now just below Russia, Brazil and China in terms of its import cover. This gives adequate cushion to combat external shocks.
- The rise in import cover, however, masks economic weaknesses. The increase in the cover has more to do with the shrinking import bill on account of trade disruptions and a sharp fall in global oil prices, than the rise in dollar flows.
- Even as covid-19 cases and deaths are still mounting, some states have managed to ease mobility curbs considerably. Some others are beginning to tighten restrictions once again. Till India is able to control the pandemic, the economic outlook will remain clouded.

TOPIC 26. URBAN POOR

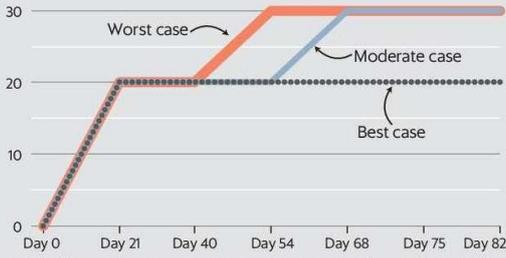
- **At least 30% of India's urban population may deplete their lifetime savings by end of June and would find it difficult to meet essential consumption**
- In best of times, India's poor lead a fragile existence but in worst of times, their situation becomes extremely precarious. The lockdown over past few months has discomfited everyone, but it has hit urban poor the hardest.
- Measuring vulnerability accurately is difficult, but an analysis based on data from official sources suggests that even in the most optimistic scenario, close to 30% of India's urban population could be out of savings and unable to cover essential expenditure by June-end. In contrast, the rural poor—though hit hard—are relatively better off with still some savings and welfare support to fall back on.
- According to a survey, 84% of households suffered a loss in income since the lockdown. As incomes fell, Indians had to rely more on their savings to cover essential expenditure. But for the poorest in cities, these savings rapidly dried up. To estimate how quickly savings are running out, we consider different scenarios of income losses for the poorest 50% (rural and urban separately) during the lockdown. For instance, in the worst-case scenario, we assume incomes in cities fell by an average of 82% across the three phases of lockdown, while in rural India, which was less affected by the curbs, we assume that incomes fell by 66%. These scenarios are based on different studies that all report income losses within these ranges.
- Taking a moderate scenario of incomes falling by 62% in urban areas and 50% in rural areas, close to 92 million urban Indians (20% of the urban population) and 89 million rural Indians (10% of the rural population) ran out of savings to fund essential consumption after the first 21-day lockdown.
- Given the government's support to farmers and quicker reopening of the economy in rural areas, we estimate rural Indians would be able to cover essential consumption till June-end. But in urban India, about 139 million Indians would still run out of savings by the end of this month (**see charts 1a and 1b**).
- These estimates are based on inflation-adjusted consumption data from the National Sample Survey (NSS) on Household Consumer Expenditure (2017-18) and savings data from the 2013 All India Debt and Investment Survey (AIDIS). Both datasets present the latest official accounts of consumption and savings at the national level. Population figures are based on World Bank projections.
- We generate measures of vulnerability by calculating how much of the monthly essential consumption (which includes spending on food, health, rent, education, power and cooking gas) can be covered by existing savings, government support (both in-kind and DBT), and taking into account the income shock.
- Poor urban Indians have been hit harder because they spend much more on essentials while having much smaller savings to fall back on. Data suggests that the poorest 20% in cities have lower savings than their rural counterparts but still spend much more on essentials. Comparing pre-lockdown savings to the estimated balance at June-end shows that the bottom 30% of urban households would have to either cut down essential expenditure or borrow to cover it. Even for others, there has been a significant erosion of savings. For urban households between the fourth and fifth urban deciles, savings fell by 37% during the lockdown. Little wonder then that the lockdown triggered such an exodus from cities (**see charts 2a and 2b**).
- The rural poor have been less affected because they have seen some amount of government support such as help via the PDS and cash transfers.
- There have been well-documented issues in implementation. But in our analysis, we assume that all the poor (poorest 50% of the population) receive the central government's support to arrive at conservative estimates of income and consumption shocks. For both urban and rural households, the government support includes subsidized cereals through the PDS and the ₹500 cash transfer per month to women with Jan Dhan accounts. But rural households got additional support through an advance payment of ₹2,000 under the PM Kisan scheme. We find this government support may have been critical in preventing the rural poor from entering destitution. The national figures however mask

significant state-level variations, given that lockdown and relief measures have varied significantly across states.

MINT GRAPHITI

Chart 1a
A significant share of urban population is fast running out of savings...

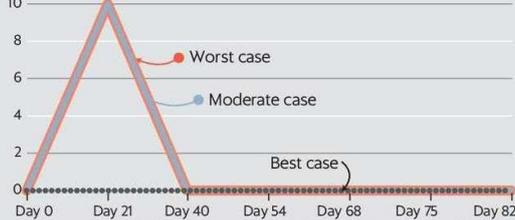
Share of households with no savings (% of urban households)



Residual savings are calculated after accounting for consumption on essential items (like food and fuel) and loss in incomes from the lockdown. In the best-case scenario, incomes for the poorest 50% are estimated to fall by 67% in the first phase of the lockdown and 27% by the end of the lockdown. In the worst-case scenario, incomes fall by 100% in the first phase and 67% in the last phase.

Chart 1b
...but rural households are more resilient

Share of households with no savings (% of rural households)



Residual savings are calculated after accounting for consumption on essential items (like food and fuel) and loss in incomes from the lockdown. In the best-case scenario, incomes for the poorest 50% are estimated to fall by 48% in the first phase of the lockdown and 21% by the end of the lockdown. In the worst-case scenario, incomes fall by 80% in the first phase and 53% in the last phase.

Chart 2a
Urban poor spend much more on essentials

Monthly per capita expenditure for each percentile (in ₹)

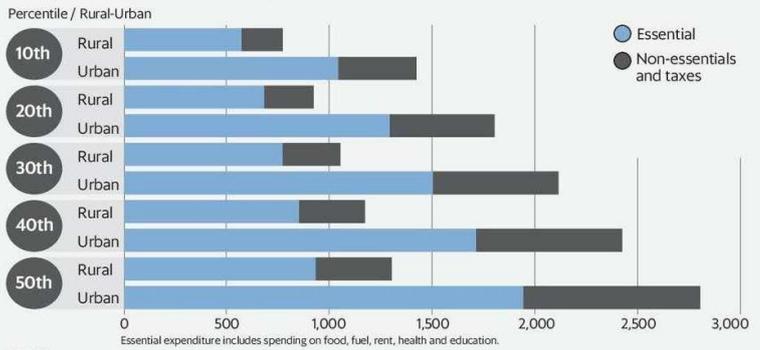
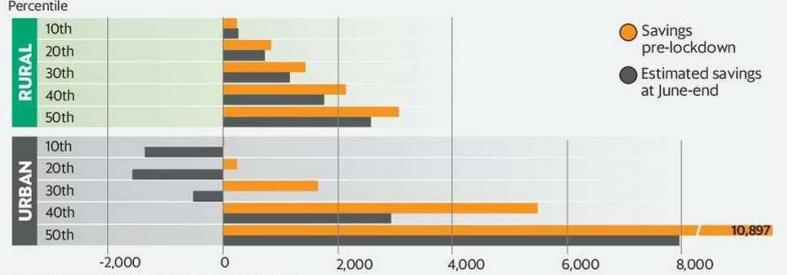


Chart 2b
The poor in cities have little savings, and those savings have been depleted

Savings of poorest 50 percent households before and after lockdown (in ₹)



The savings here only includes assets that are easily liquidated (so doesn't include assets like real estate)

Source: NSS 2017-18, AIDIS 2013, RBI, Authors' calculations

TOPIC 27. GREAT INDIAN MILLENNIAL DREAM

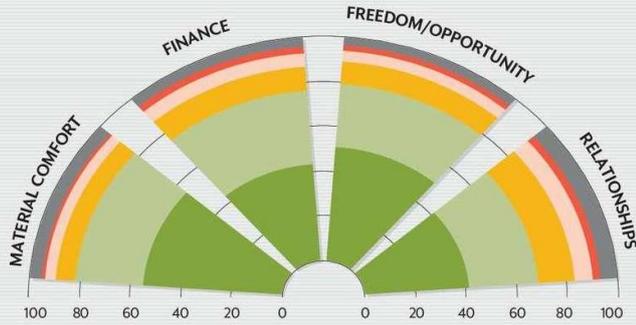
- Globally, millennials are seen as generation that owes more than it owns. In US, for instance, lower incomes, higher debts and fewer assets have made this generation seem worse off than previous one on many counts.
- Indian millennials, however, appear to be different. Both millennials and post-millennials here feel they lead a more comfortable life than their parents did, fresh data from latest YouGov-Mint-CPR Millennial Survey show. **Even pre-millennials think their lives have been better than those of their parents**, survey shows.
- 8 in 10 millennials surveyed said they were better off than their parents were at same age. Among post-millennials (or Gen Z adults), this figure is similar (77%), responses from latest round show. **(See chart 1).**
- As globalization offshored job opportunities in West over past few decades, it created new vocations and boosted earnings in several emerging markets such as India. As a result, many young people in India have more material comforts than their parents could even imagine. But even when it comes to relationships, a majority believe that they are doing better than their parents.
- The YouGov-Mint-CPR Millennial Survey was conducted online between 12 March and 2 April, across 184 towns and cities. It covered 10,005 respondents of whom 4,957 were millennials, 2,983 post-millennials and 2,065 pre-millennials. The survey was conducted jointly by Mint, Indian arm of global market research firm YouGov, and Delhi-based think tank, Centre for Policy Research (CPR) to gauge the aspirations and attitudes of India's digital natives.
- **Millennials refer to those who were born between 1981 and 1996—they are the ones who attained adulthood in the early 21st century and growing up, saw the world become digitally connected.**
- **Those born after 1996 (aged 23 years or below) are referred to as the post-millennials or Gen Z.**
- **The rest (40 years and above) have been classified as pre-millennials.**
- Unlike the older lot, millennials and post-millennials appear to be more keen to move out to other cities, and countries in their pursuit of happiness **(See chart 2).**
- Millennials are as keen to travel as earlier generations but are constrained by their finances. Among those earning more than ₹1 lakh a month, nearly half said they regularly travelled abroad **(See chart 3).**
- Compared to the older generation, fewer millennials can afford to own a house, even though they aspire to. Given that pre-millennials have spent a relatively greater part of their lives working, they are likely to have more savings and wealth than millennials **(See chart 4).** Unlike in the West, the young in India haven't given up on homeownership, the survey data suggests.
- The share of young respondents who prefer to rent instead of owning a house is only a little higher than pre-millennials. It is likely that they are waiting for greater financial security before attempting to fulfil their dreams of owning a home. While pre-millennials tended to save more for retirement, millennials were inclined to save for house and car purchases, a survey by Mint and YouGov conducted last year showed.
- When it comes to the use of car-hailing services, there doesn't appear to be a big difference between millennials and other generations. About a third of those surveyed said they would use an Ola or Uber cab instead of buying a car. Across generations, a similar proportion said they wanted to own a car **(See chart 5).** If young people are buying fewer cars, it is most likely because they can't afford it right now, the data suggests. Compared to pre-millennials, more millennials said they didn't have a car because they couldn't afford it. Compared to millennials, a greater proportion of post-millennials said the same.
- Overall, millennials and post-millennials in India appear more positive about life than their peers abroad. And their aspirations in life are in many ways similar to those of the previous generation, the latest survey shows. They want to explore the world, and at the same time, they want to "own" things as much as the older generation does.

Chart 1

Most millennials think their lives are better than their parents' at the same age

% respondents answering the question "Thinking about _____, how much better is your life, compared to when your parents were your age?" as:

- Much better
- Somewhat better
- Stayed the same
- Somewhat worse
- Much worse
- Can't say/don't know



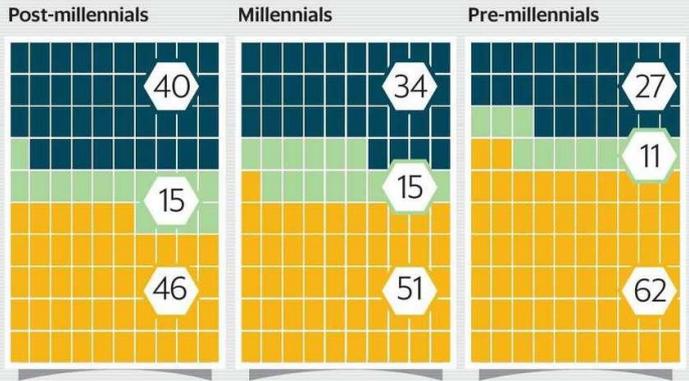
For 4,957 respondents. Question on material comfort implied house, car etc.

Chart 2

The young want to move, the old are happy where they live

Respondents who said that they are (in %)

- Happy where they live
- Wish to move back to hometown
- Wish to move to another city/country



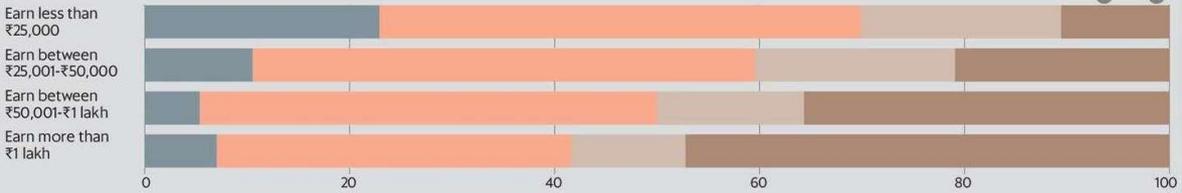
For all 10,005 respondents.

Chart 3

Millennials wish to travel, but are bound by time and money

Respondents, given their monthly salary (in %)

- Do not prefer travelling
- Wish to travel abroad, but cannot afford
- Do not wish to travel abroad, but regularly travel within India
- Regularly travel abroad



For 3,317 working millennials (including those who were studying and working alongside). Wish to travel abroad, but cannot afford includes those who said "I regularly take vacations within India but would travel abroad if I had money and time".

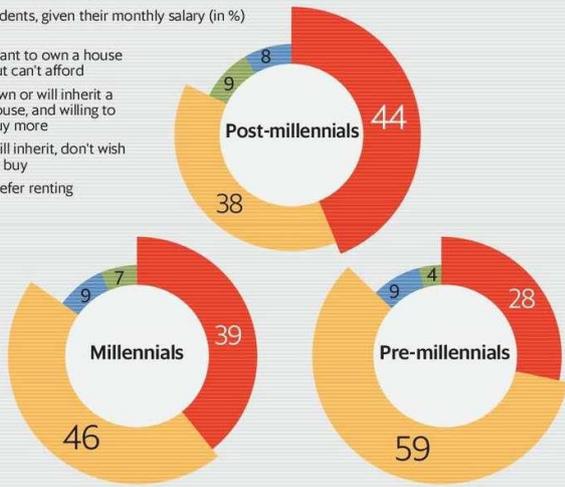


Chart 4

Most young people want a house, but not all can afford it

Respondents, given their monthly salary (in %)

- Want to own a house but can't afford
- Own or will inherit a house, and willing to buy more
- Will inherit, don't wish to buy
- Prefer renting



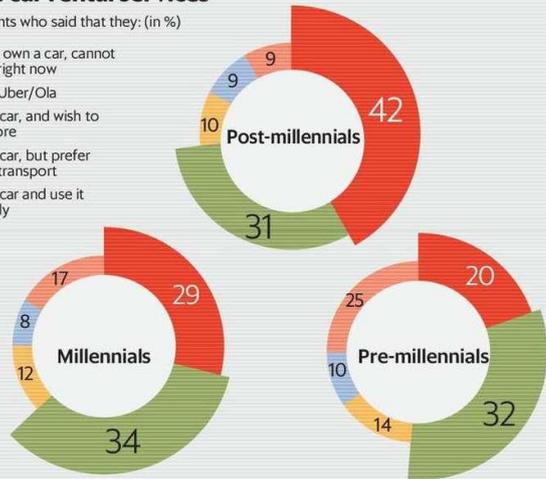
For all 10,005 respondents.

Chart 5

A similar proportion of young and old prefer to use car rental services

respondents who said that they: (in %)

- Do not own a car, cannot afford right now
- Prefer Uber/Ola
- Own a car, and wish to buy more
- Own a car, but prefer public transport
- Own a car and use it regularly



For all 10,005 respondents. "Prefer Uber/Ola" includes all those who own a car, would like to own a car, or do not need a car and thus prefer Uber/Ola services to it.

Source: YouGov-Mint-CPR Millennial Survey (Mar - Apr 2020)

FACTS for ANSWER WRITING

FACT 1. COVID – 19 IMPACT

AMID COVID PANDEMIC

'Employees at large firms most confident of employers' future'

As job markets are being hit by COVID-19, employees at large enterprises – firms with over 10,000 workers – are most confident about the future of their employers as 63% think their companies will be better off one year from now, a LinkedIn survey said



WHY THIS IS IMPORTANT: The fifth edition of the LinkedIn Workforce Confidence Index, based on responses of 2,903 professionals in India, noted that employees in large enterprises are more confident about the future of their employers as

compared to their peers from mid-market and small and mid-size business (SMB) companies. It shows that while India's overall confidence remains steady with a composite score of 49, the country's confidence in jobs is beginning to trend downward

41% Enterprise professionals who think their companies will do better in the next 6 months

40% Professionals who believe number of jobs and scheduled interviews will decrease in next two weeks

33%: Respondents who will now spend more time working on their resumes and preparing for interviews

67%: Respondents who will focus on upskilling and increase time spent on online learning

Individual confidence low: Confidence of professionals from larger enterprises fades at the individual level as their Individual Confidence Index (ICI) scores show that they are least optimistic about the future, when compared to their SMB and mid-market peers

Source: LinkedIn/PTI

COVID IMPACT: SHOPPING

'60% buyers feel pandemic will alter the way they shop'

Consumer behaviour in India is radically changing due to COVID-19 with 60 per cent of buyers in the country believing that the pandemic would alter the way they shop, an EY survey said



Five new segments may emerge as consumers move beyond the pandemic, as per the EY Future Consumer Index

- Back with a bang (constituting 38 per cent of respondents)
- Stay frugal (29 per cent)
- Keep cutting (19 per cent)
- Cautiously extravagant (11 per cent)
- Get to normal (2 per cent)

The 'back with a bang' group is expected to spend much more in all categories, while 'stay frugal' will spend slightly less

The 'keep cutting' segment will make deep spending cuts, whereas the 'cautiously extravagant' section is willing to pay a premium for certain products and spending in 'get to normal'

WHY IS THIS IMPORTANT?

The coronavirus pandemic has forced governments to enforce lockdowns to contain the spread of the virus. The fallout from the lockdown has hurt businesses, which, in turn, have laid off employees or cut salaries. This is bound to hurt people's purchasing power. Strict social distancing protocols also mean that shopping at stores is going to become difficult.

group will be largely unchanged, the survey noted

Source: EY/PTI

NEED FOR STRATEGY:

Companies must formulate strategies immediately to address the challenges

NECESSARY STEPS:

■ Firms should incorporate permanent safety measures in offices and on shop floors

■ Consumer product companies would need to take quick actions to respond to the 'now' phase, alter operating model to address

the 'next' phase and then consider strategic transformations to build a resilient organisation

FACT 2. INDIA CHINA MILITARY COMPARASION

Numbers game

Based on 2019 war machine statistics, China outdoes India on most fronts. However, in the case of ground troops, Indian soldiers outnumber those of China.

Military spending

\$71.1 bn

India

\$261 bn

China

Total military personnel

India

3.4 mn

China

2.69 mn

	 INDIA	 CHINA		 INDIA	 CHINA
 Nuclear warheads	150	320	 Submarines	16	76
 Helicopters	692	1,004	 Naval assets	295	714
 Tanks	4,184	13,050	 Fighters/Interceptors	520	1,222
 Armoured fighting vehicles	2,815	40,000	 Attack aircraft/helicopters	694/17	1,564/281

Source: SIPRI/GlobalFirePower.com

MODEL ANSWER

Q 1. Why did the 'Moderates' failed to carry conviction with the nation about their proclaimed ideology and political goals by the end of the nineteenth century? [12.5 Marks, 200 words]

ANSWER

INTRODUCTION

- Moderates faction of Indian national congress used **constitutional and legal means** to counter Britishers, this strategy was not that effective, so moderates eventually lost public support, patience, and sympathy.
- Through **prayer, petition, and protests** moderates sought reformation of British rule in India, which yielded little results.
- Moderates failed to read true intention of Britishers such as
 - **Indian Councils Act of 1892** proved to be nothing more than a mere eyewash.
 - Lord Curzon's racial, conservative, and imperialistic policies such as partition of Bengal **ignited communal passion** in India.
 - Moderates had **belief upon British constitution**. They were driven with the expectation that real change could be brought by making administration aware of plight of people. But British response proved that they were neither unaware nor in favour of any real change in Indian administration.

BODY

The 'Moderates' failed to carry conviction of the nation about their proclaimed ideology and political goals by end of nineteenth century because:

- **political education of masses** started by early moderates had increased awareness.
 - People could understand how drain of wealth was done only to advance British imperial interests.
 - Grand Durbar of Delhi, 1903 amidst unprecedented famine made clear what British priorities were.
- **Social awakening through religious reforms** too enlightened masses.
 - Swami Vivekananda said, "Weakness was a sin".
 - Swami Dayananda Saraswati declared Swaraj as best form of government.
- Defeat of Italy by Ethiopia in 1896 and Russia by Japan in 1905 had shattered **myth of European supremacy**.
- **Charismatic and visionary leaders** such as Bipan Chandra Pal and Arobindo Ghosh of Bengal, Bal Gangadhar Tilak of Maharashtra and Lala Lajpat Rai of Punjab appealed and captivated masses.
- A new stream of '**extremist' ideology** comprising passive resistance and direct action with goal of attaining complete independence (Swaraj) appealed to masses.

CONCLUSION

- Thus, moderates failed to carry conviction of nation about their proclaimed ideology of reform and people had become disillusioned with their methods of struggle and political goals.
- This led to emergence of more vigorous and rejuvenated phase in Indian anti-colonial struggle.