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**GS 2 : Polity, Governance, International Relations**

**1. 'Double mutant' strain named B.1.617**

What's in News?

The double mutant virus that scientists had flagged as having a bearing on the spread of the pandemic in India, has a formal scientific classification: B.1.617.

- The variant is common in India and has a couple of defining mutations, E484Q and L425R, that enable it to become more infectious and evade antibodies.
- Though these mutations have individually been found in several other coronavirus variants, the presence of both mutations together were first found in some coronavirus genomes from India.

Note:

Certain variants of the coronavirus, for instance, B.1.1.7 and B.1.351 – have been termed the United Kingdom and South Africa variant, respectively, because they have mutations associated with large spikes in these countries or reduce the efficacy of vaccines and are termed variants of concern (VOC).

**2. Explaining Pakistan's flip-flop on trade with India**

Background

- Pakistan has suspended trade ties with India after India revoked the special status of Jammu and Kashmir in 2019.
- As a result, cotton and yarn imports are allowed from all countries except India.

Context

- Low yield of cotton bales in Pakistan had created problems for the domestic cotton sector in Pakistan, which allowed them to think of import from India.

- Pakistan's Economic Coordination Council (ECC) had taken a decision to allow the import of cotton and cotton yarn from India.
  - The decision was taken as it would provide relief to Pakistan's textile sector resulting in import of raw materials at a lower cost.
- Following this decision, the Cabinet headed by Prime Minister Imran Khan rejected the proposal of a high-powered committee to import cotton from India.

### The textile industry has voiced its disappointment

- Pakistan's textile industry has not taken the cabinet's decision kindly; for them, importing cotton yarn from India is an immediate need; else, it would impact their export potential.

### A look at Stats

- According to the latest Pakistan Economic Survey, 2019-20, though the agriculture sector witnessed a growth of 2.67% (with an increase in rice and maize production), cotton and sugarcane production declined by 6.9% and 0.4%, respectively.
- **Sugar exports** came down substantially in 2020, by over 50% in 2019-20, when compared to 2018-19.
- Yarn, cotton cloth, knitwear, bedwear and readymade garments form the core of **Pakistan's textile basket in the export sector**.
  - By February 2020, there was a steep decline in the textile sector due to disruptions in supply and domestic production.
  - When compared to the last fiscal year (2019-20), there has been a 30% decline (2020-21) in cotton production.

### Cotton production and yield

- Cotton growing area has shrunk drastically
  - According to State Bank of Pakistan's quarterly report, the decline in cotton production is due to **fewer areas** (the lowest since 1982) of cotton cultivation.
  - By the end of 2020, there was a sharp decline (around 40%) in cotton production.
- Shrinking cotton output
  - Besides the decline in the area of cotton cultivation, there was also a **decline in yield per acre**.
  - The ginning industry estimates that in 2021, it would receive less than half of what was projected.

- In 2019-20, Pakistan produced around nine billion bales; in 2020-21, the ginning industry estimates only around seven million bales.

### **Impact**

- This would mean, Pakistan's cotton export would reduce, creating a domino effect on what goes into Pakistan's garment industry.
- Pakistan is the fifth-largest exporter of cotton globally, and the cotton-related products (raw and value-added) earn close to half of the country's foreign exchange. The foreign exchange could take a major hit.

### **Sugar industry in Pakistan is in crisis**

- The sugar industry in Pakistan has prioritised exports over local distribution.
- Increased government subsidies, cheap bank loans, a few administrative decisions, manipulation and greed, especially by the sugar mill owners, mean high cost paid by the consumers.
- By early 2019, the sugar prices started increasing, and in 2020, there was a crisis due to shortage and cost.

As a result, importing sugar from India would be cheaper for the consumer market in Pakistan. It would not only be cheaper but also help Pakistan's exports. This is also imperative for Pakistan to earn foreign exchange.

### **Takeaways**

- Clearly, the crises in cotton and sugar industries played a role in the ECC's decision to import cotton, yarn and sugar from India.
  - It was based on Pakistan's immediate economic needs and not designed as a political confidence-building measure to normalize relations with India.
- The U-turns and vacillating between choices show the supremacy of politics over trade and economy, even if the latter is beneficial to the importing country.
  - For the cabinet, the interests of its own business community and its export potential have become secondary.
- The third takeaway is the emphasis on Jammu and Kashmir by Pakistan to make any meaningful start in bilateral relations. This goes against what it has been telling the rest of the world that India should begin dialogue with Pakistan.

### **Conclusion**

- Pakistan has been saying that the onus is on India to normalize the process. India should tell Pakistan that it is willing, but without any preconditions, and to start the process with trade.

### 3. 'All options open on South China Sea'

#### Context:

The Philippines defence department said that it was keeping its options open as a diplomatic row with Beijing grows over hundreds of Chinese vessels in the contested South China Sea.

#### Details:

- Tensions over the resource-rich waters have spiked in after over 200 Chinese boats were detected at Whitsun Reef in the Spratly Islands.
- Both China and the Philippines have rival claims in the Spratly Islands.
- While Manila says that the Chinese boats unlawfully entered its exclusive economic zone, China has refused repeated appeals by the Philippines to withdraw the vessels.
- In this backdrop, the Philippines said that it has kept its options open in managing the situation, including leveraging its partnerships with other nations such as the United States.
  - Recently, the United States reminded China of Washington's treaty obligations to the Philippines in the event of an attack in the waters.
- The decades-old military agreement between Manila and Washington states that each country would come to the defence of the other in case of an attack by a foreign country.
- It was signed on August 30, 1951.

#### Issue:

- China claims almost the entirety of the sea.
- Many of the boats detected at Whitsun Reef in early March 2021 have since scattered across the Spratly archipelago.
- The Spratly Islands is also claimed in whole or in part by Brunei, Malaysia, Taiwan and Vietnam.
- Beijing often invokes the so-called nine-dash line to justify its apparent historic rights over most of the South China Sea.
- It has ignored a 2016 international tribunal decision that declared this assertion to be without basis.

- The arbitral tribunal recognized Manila's sovereign rights in its exclusive economic zone that Beijing contests.
- The tribunal also ruled that China's activities involving island-building on several reefs in the Kalayaan Island Group constitute violations of the United Nations Convention on the Law of the Sea (UNCLOS) and have caused damage to the marine environment.

#### **4. U.K. to set up £43 million fund for migrants from Hong Kong**

##### **What's in News?**

The British government said that it is setting up a £43 million (\$59 million) fund to help migrants from Hong Kong settle in the country as they escape increasing political repression in the former colony.

- The offer extends to holders of British National (Overseas) passports who have been offered special visas.
  - This opens a path to work, residency and eventual citizenship to up to 5 million of Hong Kong's 7.4 million people.
- The integration programme will provide funding to help arrivals in accessing housing, education and jobs.
- Around 10% of the funds will go towards establishing 12 virtual welcome hubs across Great Britain and Northern Ireland to coordinate support and give practical advice and assistance.

##### **China's Reaction:**

- China has sharply criticised what it labels British abuse of the passports, saying it will no longer recognise them as travel documents or as a form of identification.

#### **5. Biden govt. restores aid to Palestinians**

##### **Context:**

Biden administration's policy towards Palestine.

##### **Details:**

- The U.S. State Department announced the restoration of at least \$235 million in financial assistance to the Palestinians.

- This is a significant reversal to the Trump administration's policy towards Palestine.
  - Trump's policies towards West Asia which included the relocation of the U.S. Embassy to Jerusalem were criticised for being heavily tilted towards Israel.
- The financial assistance includes \$75 million in economic assistance to the West Bank and Gaza, \$10 million towards 'peacebuilding' programmes of the U.S. Agency for International Development (USAID) and \$150 million in humanitarian assistance to the UN Relief and Works Agency (UNRWA).
- The UNRWA funds would include educational assistance for at least 5,00,000 Palestinian children living in West Asia.
  - The Trump administration had almost ended all funding to the organisation in 2018.
- The administration had already announced \$15 million in coronavirus relief to the Palestinians.

### Israel's Reaction:

- Israel, which has accused UNRWA of anti-Semitism, objected to the funding plans.
- Israel's position is that the organisation in its current form perpetuates the conflict and does not contribute to its resolution.

## **GS 3 : Economy, Science and Technology, Environment**

### **6. Plough to plate, hand held by the Indian state**

#### Introduction

- In the last four decades, there is a general presumption that a progressively **reduced role of the state** would automatically deliver greater economic growth and welfare to the people.
- Contrary to this popular opinion evidence indicates that it is the state that has played the leading role in provisioning the most critical aspects of life: water, sanitation, education, health, food and nutrition.
- As a result with unique characteristics attributed to Indian agriculture and the share of employment it offers in India taking the socio-historical context, the Indian state must continue to intervene in multiple markets, and make critical investments, to ensure the welfare of both farmers and consumers.

### Specificities of agriculture

- Due to a variety of limiting factors, from uncertainties of the weather to soil fertility and water availability, increasing returns to scale are very difficult to achieve in farming. This underscores the need for the right kind of public investment in agriculture.
- The economies of scale allow producers in the industry to make profits by cutting unit costs, even as prices fall, but in agriculture generating such profits similar to the industrial sector is hard.
- Again, production processes in agriculture cannot be organised in an assembly line; they need to begin at the appropriate phase of the climatic annual cycle.
  - This means that all farmers harvest their crop at the very same time; 86% of India's farmers are 'small and marginal', too poor to afford warehousing facilities and are, therefore, compelled to bring their harvest to the market at around the same time.

### Concerns

- During a bumper crop, prices fall. It is expected that consumers will be benefitted. But the food grains are hoarded by the traders resulting in loss to the farmers and customers have to buy very expensive commodities.
- In the credit market, usurious interest rates (often as high as 60%-120% per annum) create a debt where it becomes virtually impossible for the farmer to escape from the debt cycle.
  - The repayments due are 'adjusted' through exploitative practices in the input, output, labour and land-lease markets.
  - This is further exacerbated by the oppressive caste system, with the poorer, 'lower' caste farmers, facing a cumulative and cascading spiral of expropriation.
- There is growing evidence of a steady decline in water tables and water quality.
- The yield response to the application of increasingly **expensive chemical inputs** is falling, which has meant higher costs of cultivation, without a corresponding rise in output.
- Around 90% of India's water is consumed in farming, and of this, 80% is used up by rice, wheat and sugarcane. Farmers continue to grow these water-intensive crops even in water-short regions primarily because of an **assured market – for rice and wheat in the form of public procurement**, which still covers only a very low proportion of India's crops, regions and farmers.

All the above reasons provide a strong case for state intervention in multiple agricultural markets.



### India's food security system

- The Food Corporation of India and the Agricultural Prices Commission (Commission for Agricultural Costs and Prices, or CACP since 1985) were set up in 1965.
- The idea was that as **farm output** rises with the Green Revolution, farmers are assured that their surplus would be bought by the government at a price high enough to leave them a margin.
- The crops procured were then made available to **consumers** at subsidised rates through the Public Distribution System (PDS).
- Thus, government intervention protected farmers during bumper crops and dipped into the buffer stock to protect consumers during droughts.

This is how India got its much-vaunted food security over the past several decades.

### Way forward

- We need to expand the basket of public procurement to **include more crops, more regions and more farmers**.
- Procurement must be local and follow the logic of regional agro-ecology.
  - The locally procured crops should then be incorporated into Anganwadi supplementary nutrition and school mid-day meal programmes.
  - This would mean a large and steady market for farmers, while also making a huge contribution to tackling India's twin syndemic of malnutrition and diabetes.
- To incentivise farmers to make this change, governments must include them in procurement operations.
- Huge volumes of water could be saved if cropping patterns are diversified to include a variety of millets (rightly called 'nutri-cereals' now), pulses and oilseeds.
  - Public investment in specific infrastructure required for millets and pulses, especially those grown through natural farming, would also help expand their cultivation.
- India has a network of 2,477 mandis and 4,843 sub-mandis to safeguard farmers from exploitation by large retailers.
  - This network needs to be greatly expanded as today, only 17% of farm produce passes through mandis. To provide farmers access within a radius of five kilometres, India needs 42,000 mandis, which are also in need of urgent reform.

Rural India will be the focal point.

- Ever since the Second Five Year Plan was initiated in 1956, the primary focus was to move people from the rural heartland to industry and urban areas.
- The idea may be good but meeting the objective looks like a daunting task. According to United Nations estimates, in the year 2050, around 800 million people will continue to live in rural India.
- Given this unique Indian demographic transition, agriculture will need to be greatly strengthened, especially bearing in mind the complexities in the urban areas and the limited administrative initiatives to provide basic amenities.
- In a context characterised by growing inequalities, skewed balance of power, no reform can succeed that does not strengthen the weak and the excluded.

### Conclusion

- Therefore the government should reduce the regulatory ambiguity and economic uncertainty by bringing new reforms which will improve the agriculture sector.

## **7. Biden will restore credibility on climate change, says U.S. envoy**

### Context:

U.S. special envoy asserted that the Biden administration is trying to restore the U.S.'s credibility on climate change issues that the Trump administration damaged by pulling out of the Paris Agreement (UNFCCC) on climate change in 2017.

### Details:

- The U.S. envoy pushed for more ambitious targets on cutting emissions promising that decisive actions would be taken.
- He promised to fulfil Washington's earlier commitments towards developing countries, including a \$3 billion contribution to the Green Climate Fund.
- Biden had campaigned on a pledge to reach net-zero emissions across the economy before 2050, and to eliminate fossil fuel pollution from the electricity sector by 2035.
- The Green Climate Fund (GCF) is a fund established within the framework of the UNFCCC as an operating entity of the Financial Mechanism to assist developing countries in adaptation and mitigation practices to counter climate change.

### Note:

Prime Minister Modi and the special envoy Kerry agreed to collaborate on a 2030 agenda with a focus on a clean and green agenda through enhancing the availability of climate finance, building resilient infrastructure, energy storage and green hydrogen.

## **8. RBI's first purchase under G-SAP 1.0 set for April 15**

### **Context:**

The Reserve Bank of India recently announced the introduction of the G-sec Acquisition Programme (G-SAP 1.0).

### **Details:**

- RBI has now announced the Open Market Purchase of Government of India Securities under the programme.
- The Reserve Bank will conduct the open market purchase of government securities of ₹1 lakh crore under the G-sec Acquisition Programme (G-SAP 1.0) in Q1 2021-22.
- It will purchase five types of government securities via a multi-security auction using multiple price methods.

### **Significance:**

- In the backdrop of the government's elevated borrowing for this year, which the RBI has to ensure goes through without causing disruption, G-SAP aims to provide more comfort to the bond market.
- G-SAP 1.0 is being carried out with a view to enabling a stable and orderly evolution of the yield curve.
- In addition, RBI sought to quell the concerns of market participants over rising bond yields by keeping the policy rates unchanged.
- Since liquidity is already in a large surplus, RBI will continue with variable rate reverse repos at the short end.
- With liquidity being withdrawn at the short end and injected at the long end, this should effectively normalise the curve.

## **GS 2 : Polity, Governance, International Relations**

### **1. What is Durbar Move?**

A tradition of a century and a half is set to be broken in Jammu and Kashmir, with only “sensitive records” being taken from Jammu to Srinagar this summer during the “Durbar Move”.

#### **Durbar Move**

- Durbar Move is a bi-annual shifting of the Civil Secretariat and other offices of the state government from Jammu to Srinagar in summer, and vice versa in winter.
- This is done as Jammu & Kashmir has two capitals: Kashmir during summer and Jammu during winter.
- In Jammu, offices shut on the last Friday and Saturday of April and reopen in Srinagar on the first Monday after a gap of a week.
- In Kashmir, offices shut on the last Friday and Saturday of October, to reopen in Jammu on the first Monday after a week’s gap, in November.

#### **The reasons why**

- Durbar Move is a tradition started 149 years ago started by the erstwhile Dogra rulers who hailed from Jammu but had expanded their boundaries to Kashmir including what is now Pakistan-occupied Kashmir, and Ladakh.
- Jammu, Kashmir and Ladakh are very different from one another geographically, linguistically and culturally, and in those days were poorly connected by road.
- It is generally understood that the Durbar Move was started to take the administration to the doorstep of the people of Kashmir which is closer to Ladakh.
- During summer, ruling from Kashmir also helped in ensuring adequate supplies to Ladakh, which is closer to Kashmir than Jammu, before the winter snowfall would cut off Ladakh.
- The practice also enabled greater interaction and bonding among the people of Jammu, Kashmir and Ladakh.

#### **The effort**

- Until 2019, the administration used to engage hundreds of trucks and buses for carrying office records and officials from one capital city to another.
- For safe transportation, the Jammu & Kashmir police and paramilitary forces would dominate the entire Jammu-Srinagar national highway.
- Apart from the expenses incurred on hiring trucks and buses, the moving staff also used to be paid TA and DA, besides arrangements for their accommodation.

### **The criticism**

- Voices of protest started during the late 1980s, over the amount of money and time spent on the exercise.
- However, the practice also enjoyed public support.
- In recent years, many criticised the government for spending nearly Rs 200 crore on this exercise every year when it did not have enough funds even to pay salary to its employees.
- Last year, the Jammu & Kashmir High Court observed that there was no legal justification or constitutional basis for the Darbar Move tradition.
- The court recommended that in case the practice was rationalized, the resources and time saved could be utilized towards the welfare and development of the UT.
- The money saved could also be used to address Covid-related issues like food shortage, unemployment and healthcare.

### **What next?**

- The UT government has decided to switch to e-governance, will all office records converted into digital format.
- As a result, while the Secretariat employees and some offices will move from Jammu to Srinagar, as usual, this year, only sensitive records will be shifted from one place to another.

## **2. Supreme Court Portal for Assistance in Court's Efficiency (SUPACE)**

The Supreme Court has unveiled its Artificial Intelligence (AI) portal SUPACE, designed to make research easier for judges, thereby easing their workload.

### **SUPACE**

- A pet project of the former Chief Justice of India S A Bobde, the SUPACE is a tool that collects relevant facts and laws and makes them available to a judge.
- The Supreme Court's system is not designed to take decisions, but only to process facts and to make them available to judges looking for input for a decision.

- The CJI had then said that AI is to the intellect, what muscle memory is to the mind.

### **Its' utility**

- SUPACE will produce results customized to the need of the case and the way the judge thinks.
- This will be time-saving. It will help the judiciary and the court in reducing delays and pendency of cases.
- AI will present a more streamlined, cost-effective and time-bound means to the fundamental right of access to justice.
- It will make the service delivery mechanism transparent and cost-efficient.

### **3. SARTHAQ:**

#### **Context:**

Recently, the education minister released an indicative and suggestive **implementation plan for school education** called **SARTHAQ**.

#### **What is 'Students' and Teachers' Holistic Advancement through Quality Education or SARTHAQ?**

- Launched in pursuance of the goals of NEP2020 and to assist States/UTs in this task.
- The programme aims at providing an all-around development for the students at the primary and secondary level.
- It will also establish a safe, secure, inclusive and conducive learning environment for students as well as teachers.
- The major focus is to define activities in such a manner which clearly delineate goals, outcomes and timeframe i.e., it links recommendation of NEP with 297 Tasks along with responsible agencies, timelines and 304 outputs of these tasks."

#### **The plan is being implemented to meet the following aims of NEP 2020:**

1. It will pave way for curriculum reforms including new national and state curriculum frameworks for school education as well as early childhood care and education.

2. The programme will focus on the improvement of the enrollment ratio of children at all levels and a reduction in dropouts and out of school children.
3. It will provide access to quality ECCE and Universal Acquisition of Foundational Literacy and Numeracy by Grade 3.
4. It will implement vocational education, sports, arts, knowledge of India, 21st-century skills, values of citizenship, awareness of environment conservation in the curriculum.
5. It will focus on experimental learning.
6. It will also improve the quality of Teacher Education Programmes.

#### 4. India – Seychelles Relations

##### In news

- **Indian PM and Seychelles President** jointly inaugurated several Indian projects in Seychelles.
- Seychelles is central to India's vision of **'SAGAR' – 'Security and Growth for All in the Region'**.
- During times of need, India was able to supply essential medicines and 50,000 doses of Made in India vaccines to Seychelles.
- Seychelles was the First African country to receive the Made in India COVID-19 vaccines.
- India has contributed towards the construction of the new Magistrates' Court Building in Seychelles.
- For strengthening the maritime security of Seychelles, India has handed over a Made-in-India Fast Patrol Vessel to the Seychelles Coast Guard.
- India handed over a One Mega Watt solar power plant in the Seychelles built with India's assistance.
- The virtual Summit between the two sides also saw the handing over of 10 High Impact Community Development Projects (HICDPs) implemented by the High Commission of India in collaboration with local bodies, educational and vocational institutions.

##### Do you know?

- Present President of Seychelles, Wavel Ramkalawan is a Person of Indian origin (PIO) with his roots in Gopalganj, Bihar.

## GS 3 :Economy, Science and Technology,Environment

### 5. EUs Support to Southeast Asia: Climate Change

#### Why in News

The **European Union (EU)** has earmarked millions of euros for supporting climate friendly development in Southeast Asia.

- After the EU became a “strategic partner” of the **Association of the Southeast Asian Nations (ASEAN)** bloc in December 2020, both blocs **pledged to make climate change policy a key area of cooperation.**

#### Key Points

- **EUs Assistance to Southeast Asia:**
  - **Multilateral Assistance:**
    - The EU is the largest provider of development assistance to the ASEAN region, and has committed millions of euros to various environmental programs.
    - This includes 5 million Euros to the **ASEAN Smart Green Cities initiative** and another 5 million Euros towards a new means of **preventing deforestation, called the Forest Law Enforcement, Governance and Trade in ASEAN.**
  - **Individual Help:**
    - Along with multilateral assistance, the EU also works with individual ASEAN member states on eco-friendly policies like **Thailand’s Bio-Circular-Green Economic Model and Singapore’s Green Plan 2030.**
- **Problems Faced by the EU in Southeast Asia:**
  - Region’s **environmental policy** as Southeast Asia is going in the wrong direction in many areas on **climate change.**
  - Five ASEAN states were among the **fifteen countries most affected** by climate change between 1999–2018, according to the **Climate Risk Index 2020.**
- **Coal Consumption in Southeast Asia:**
  - **Southeast Asia’s energy demand is projected to grow 60% by 2040.**
  - Coal-fired energy will overtake natural gas as the main power source in the ASEAN region by 2030. And by 2040 it could account for almost 50% of the region’s projected CO<sub>2</sub> emissions.
    - In 2019, the region consumed around 332 million tons of coal, nearly double the consumption from a decade earlier, according to the **International Energy Agency (IEA).**



- This will contribute to a two-thirds rise in CO<sub>2</sub> emissions to almost 2.4 gigatons, according to the **Southeast Asia Energy Outlook 2019**.
- **Risks for the EU in Southeast Asia:**
  - **Could Face Exporters Anger:**
    - If the EU takes a strong forceful stance on coal consumption in the region, it could spark **anger from the main exporters of the commodity, China, India and Australia**.
  - **Policy Resistance:**
    - The EU's climate change policy in the region has already been met with resistance.
      - Indonesia last year initiated proceedings at the **World Trade Organization** against the EU's phased ban on palm-oil imports.
        - The EU contends the ban is to protect the environment, but Indonesia, the world's largest palm oil producer, says it is mere **protectionism**.
      - Malaysia, the world's second-largest palm oil producer, supports Indonesia in its battle against the EU.
  - **Accusations of Hypocrisy:**
    - The other problem for the EU is that it risks **accusations of hypocrisy** if it takes too forceful a stance on coal-fired energy production in Southeast Asia.
      - **Poland** and the **Czech Republic** of the EU remain dependent on coal-fired energy production.
      - Southeast Asia and Europe each accounted for around 11% of the world's thermal coal imports in 2019.
- **India's Coordination with Asean on Climate Change:**
  - In 2012 Both adopted a '**New Delhi Declaration on ASEAN-India Cooperation in Renewable Energy**'.
  - **ASEAN-India Green Fund** was established in 2007 with USD 5 million for funding pilot projects to promote adaptation and mitigation technologies in the field of climate change.
  - ASEAN and India are **collaborating on several projection Climate Change and biodiversity** through partnership with IISc, Bangalore.

## 6. Monetary Policy Report: RBI

### Why in News

The Reserve Bank of India (RBI) has released the Monetary Policy Report for the month of April 2021.

### Key Points

- **Unchanged Policy Rates:**
  - Repo Rate - 4%.
  - Reverse Repo Rate - 3.35%.
  - Marginal Standing Facility (MSF) - 4.25%.
  - Bank Rate- 4.25%.
- **GDP Projection:**
  - Real Gross Domestic Product (GDP) growth for 2021-22 has been retained at 10.5%.
- **Inflation:**
  - RBI has revised the projection for Consumer Price Index (CPI) inflation to:
    - 5.0% in Quarter 4 of 2020-21.
    - 5.2% in Quarter 1 of 2021-22.
    - 5.2% in Quarter 2 of 2021-22.
    - 4.4% in Quarter 3 of 2021-22.
    - 5.1% in Quarter 4 of 2021-22.
- **Accommodative Stance:**
  - The RBI decided to **continue with the accommodative stance** as long as necessary to sustain growth on a durable basis and continue to mitigate the impact of **Covid-19** on the economy, while ensuring that **inflation** remains within the target going forward.
    - An **accommodative stance** means a **central bank will cut rates to inject money** into the financial system **whenever needed**.
- **Support to Financial Institutions:**
  - RBI would extend fresh support of **Rs. 50,000 crore** to the **All India Financial Institutions** for new lending in **Financial Year (FY) 2021-22**.
    - **National Bank for Agriculture and Rural Development (NABARD)** will be provided a **Special Liquidity Facility (SLF)** of **Rs. 25,000 crore** for one year to support agriculture and allied activities, the rural non-farm sector and **Non-Banking Financial Companies (NBFCs) - Micro-Finance Institutions (MFIs)**.
    - An SLF of **Rs. 10,000 crore** will be extended to the **National Housing Bank** for one year to support the housing sector.

- **Small Industries Development Bank of India (SIDBI)** will be provided Rs.15,000 crore under this facility for up to one year for funding of **Micro, Small and Medium enterprises (MSMEs)**.
- All three facilities will be available at the **prevailing policy repo rate**.
- **Review Committee for ARC's:**
  - Signalling the importance of **Asset Reconstruction Companies (ARCs)** to deal with bad loans, the RBI would **constitute a committee to undertake a comprehensive review** of the working of ARCs in the financial sector ecosystem.
  - The committee will **recommend suitable measures** for enabling such entities to meet the growing requirements of the financial sector.
- **Extension of Priority Sector Lending:**
  - A six-month extension to September 30,2021 for **Priority Sector Lending (PSL)** classification for lending by banks to NBFCs for '**on-lending**' to sectors that contribute significantly to the economy in terms of export and employment – has been approved.
    - **On-lending** means to lend (borrowed money) to a **third party**.
  - This would **provide an impetus** to NBFCs providing credit at the bottom of the pyramid.
- **Government Securities Acquisition Programme (G-SAP) 1.0:**
  - **About:**
    - The RBI, for the year 2021-22, has decided to put in place a secondary market **Government Security (G-sec) Acquisition Programme or G-SAP 1.0**.
      - It is part of RBIs **Open Market Operations**.
    - Under the programme, the **RBI will commit upfront to a specific amount of Open Market Purchases of government securities**.
    - The **first purchase** of government securities for an aggregate amount of **Rs. 25,000 crore** under G-SAP 1.0 will be conducted on **15<sup>th</sup> April, 2021**.
  - **Objective:**
    - To **avoid volatility in the G-sec market** in view of its central role in the pricing of other financial market instruments across the term structure and issuers, both in the public and private sectors
  - **Significance:**
    - It will **provide certainty to the bond market participants** with regard to RBI's commitment of support to the bond market in FY22.
    - The announcement of this structured programme will **help reduce the difference between the repo rate and the 10-year government bond yield**. That, in turn, will help to **reduce the**

**aggregate cost of borrowing** for the Centre and states in FY 2021-22.

- It will enable a stable and **orderly evolution of the yield curve amidst comfortable liquidity conditions.**
  - A yield curve is a line that **plots yields (interest rates) of bonds** having equal credit quality but differing maturity dates.
  - The **slope of the yield curve gives an idea of future interest rate** changes and economic activity.

## Key Terms

- **Repo and Reverse Repo Rate:**
  - Repo rate is the **rate at which the central bank of a country (Reserve Bank of India in case of India) lends money to commercial banks in the event of any shortfall of funds.** Here, the central bank purchases the security.
  - Reverse repo rate is **the rate at which the RBI borrows money from commercial banks within the country.**
- **Bank Rate:**
  - It is the **rate charged by the RBI for lending funds to commercial banks.**
- **Marginal Standing Facility (MSF):**
  - MSF is a **window for scheduled banks to borrow overnight from the RBI** in an emergency situation when interbank liquidity dries up completely.
  - Under interbank lending, banks lend funds to one another for a specified term.
- **Open Market Operations:**
  - These are **market operations conducted by RBI by way of sale/purchase of government securities to/from the market with an objective to adjust the rupee liquidity conditions** in the market on a durable basis.
  - **If there is excess liquidity,** RBI resorts to sale of securities and sucks out the rupee liquidity.
  - Similarly, **when the liquidity conditions are tight,** RBI buys securities from the market, thereby releasing liquidity into the market.
  - It is one of the **quantitative (to regulate or control the total volume of money) monetary policy tools** which is employed by the central bank of a country to control the money supply in the economy.
- **Government Security:**
  - A G-Sec is a **tradable instrument issued by the Central Government or the State Governments.**

- It **acknowledges the Government's debt obligation**. Such securities are **short term** (usually called treasury bills, with original maturities of less than one year- presently issued in three tenors, namely, 91 day, 182 day and 364 day) or long term (usually called Government bonds or dated securities with original maturity of one year or more).
- **Inflation:**
  - Inflation **refers to the rise in the prices of most goods and services of daily or common use**, such as food, clothing, housing, recreation, transport, consumer staples, etc.
  - Inflation **measures the average price change in a basket of commodities and services over time**.
  - Inflation is **indicative of the decrease in the purchasing power** of a unit of a country's currency. This could ultimately lead to a deceleration in economic growth.
- **Consumer Price Index:**
  - It **measures price changes from the perspective of a retail buyer**. It is released by the **National Statistical Office (NSO)**.
  - The CPI **calculates the difference in the price of commodities and services** such as food, medical care, education, electronics etc, which Indian consumers buy for use.

## Prelims Practice Questions

**1. Consider the following statements with respect to Commando Battalion for Resolute Action (COBRA):**

1. COBRA is a special operation unit of the National Security Guard.
2. It is proficient in guerrilla tactics and jungle warfare.
3. It was originally established to counter the Naxalite problem.

**Which of the given statement/s is/are correct?**

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

**Answer: b**

**Explanation:**

- COBRA is a special operation unit of the Central Reserve Police Force (CRPF) of India proficient in guerrilla tactics and jungle warfare.
- It's one of the few Indian Special Forces, that's exclusively trained in guerrilla warfare.
- Originally it was established to counter the Naxalite problem.
- COBRA is deployed to address insurgent groups engaging in asymmetrical warfare.

**2. Consider the following statements regarding the Chenab river:**

1. It rises in the lesser Himalayas.
2. It flows through the states of Jammu & Kashmir and Punjab.
3. The Pong Dam is built on the Chenab river.

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

- A 1 and 2 only
- B 2 only
- C 3 only
- D 1, 2 and 3

**Answer : B**

### Explanation

- The Chenab river rises in the **upper Himalayas in the Lahaul and Spiti district of Himachal Pradesh** state. **Hence, statement 1 is not correct.**
  - The river is formed by the confluence of two rivers, Chandra and Bhaga, at Tandi, 8 km southwest of Keylong, in the Lahaul and Spiti district.
    - The Bhaga river originates from Surya taal lake, which is situated a few kilometers west of the Bara-lacha la pass in Himachal Pradesh.
    - The Chandra river originates from glaciers east of the same pass (near Chandra Taal).
- Chenab flows through the Jammu region of **Jammu and Kashmir** into the plains of Punjab, Pakistan, before flowing into the Indus River. **Hence, statement 2 is correct.**
- Some of the important projects/dams on Chenab:
  - Ratle Hydro Electric Project
  - Salal Dam- hydroelectric power project near Reasi
  - Dul Hasti Hydroelectric Plant- power project in Kishtwar District
  - Pakal Dul Dam (under construction)- on a tributary Marusadar River in Kishtwar District
- The **Pong Dam** is built on the Beas river. **Hence, statement 3 is not correct.**

### 3. Consider the following statements:

1. The Tribunals were introduced through the 42nd Constitutional Amendment Act, 1976.
2. The Article 323B of the Indian Constitution deals with the Administrative Tribunals.

Which of the statements given above is/are correct?

- A 1 only
- B 2 only
- C Both 1 and 2
- D Neither 1 nor 2

**Answer : A**

### Explanation

- Tribunal is a quasi-judicial institution that is set up to deal with problems such as resolving administrative or tax-related disputes.

- It performs a number of functions like adjudicating disputes, determining rights between contesting parties, making an administrative decision, reviewing an existing administrative decision and so forth.
- Tribunals were **not originally a part of the Constitution**.
- The **42<sup>nd</sup> Amendment Act 1976 introduced provision for tribunals** in accordance with the recommendations of the Swaran Singh Committee. **Hence, statement 1 is correct.**
- The Amendment introduced Part XIV-A to the Constitution, which deals with 'Tribunals' and contains two articles:
- **Article 323A:** It deals with **Administrative Tribunals**. These are quasi-judicial institutions that resolve disputes related to the recruitment and service conditions of persons engaged in public service.
- **Article 323B:** It deals with **tribunals for other subjects such as Taxation, Industrial and labour**, Foreign exchange, import and export, Land reforms, Food, Ceiling on urban property, Elections to Parliament and state legislatures, Rent and tenancy rights. **Hence, statement 2 is not correct.**

**4. With reference to the Food Corporation of India (FCI), consider the following statements:**

1. It functions under the Ministry of Agriculture and Farmers Welfare.
2. It is a statutory body.

Which of the statements given above is/are correct?

- A 1 only
- B 2 only
- C Both 1 and 2
- D Neither 1 nor 2

**Answer : B**

### **Explanation**

- **Food Corporation of India (FCI)** is a statutory body set up in 1965 by the Food Corporations Act 1964 under Department of Food & Public Distribution, **Ministry of Consumer Affairs, Food and Public Distribution**. **Hence, statement 1 is not correct but statement 2 is correct.**
- It was established against the backdrop of a major shortage of grains, especially wheat.
  - Simultaneously, the Commission for Agricultural Costs and Prices (CACP) was created in 1965 to recommend remunerative prices (MSP)



to farmers. CACP is an attached office of the Ministry of Agriculture and Farmers Welfare.

- It has primary duty to undertake purchase, store, move/transport, distribute and sell food grains and other foodstuffs.

**5. With reference to the World Economic Outlook, consider the following statements:**

1. It is released by the World Economic Forum.
2. It is an annual publication.
3. It analyzes and predicts global economic developments during the near and medium term.

Which of the statements given above is/are correct ?

- A 1 and 3 only
- B 1 and 2 only
- C 3 only
- D 1, 2 and 3

**Answer : C**

**Explanation**

- The **World Economic Outlook** is a survey by the **International Monetary Fund (IMF)**. Hence, **statement 1 is not correct**.
- It is usually **published twice a year** in the months of April and October. Hence, **statement 2 is not correct**.
- It analyzes and **predicts global economic developments** during the near and medium term. Hence, **statement 3 is correct**.

**6. Chenab Arch Bridge is constructed between which of the following railway line?**

- a. Udhampur to Katra
- b. Banihal to Qazigund
- c. Qazigund to Baramulla
- d. Katra-Banihal

**Answer: d**

**Explanation:**

**Chenab Arch Bridge**

- It is a 1.3 km-long bridge that is being built across the Chenab River, which is being constructed at a height of 359 metres from the riverbed.
- It will be at a height 35 meters more than the Eiffel Tower in Paris and at five times the height of the Qutab Minar in Delhi.
- It is being built on the Katra-Banihal railway line at village Kauri in the Reasi district.
- The bridge forms the crucial link in the 111-km stretch between Katra and Banihal which is part of the Udhampur- Srinagar-Baramulla section of the Kashmir Railway project.
- At present, the Kashmir link means a 25-km stretch from Udhampur to Katra, an 18-km stretch from Banihal to Qazigund in the Valley and thereafter the 118-km Qazigund to Baramulla line.
- The only missing piece in the link is the Katra-Banihal stretch, and the bridge over Chenab was the main engineering hurdle holding up the progress all these years.
- The bridge will be able to withstand earthquakes with a magnitude of up to eight and high-intensity blasts.

## **Mains Practice Questions**

**1Q. Define and differentiate between the following terms:- (150 words)**

**(a) Sympathy**

**(b) Empathy**

**(c) Compassion**

### **Approach**

- Define all the term in the introduction part.
- Differentiate between the given terms.

**2Q. Capital punishment is retributive justice and its effectiveness in curbing crime is contested. In this light, critically examine the need for continuance of capital punishment in India. (250 words)**

### **Approach**

- Give a short explanation of the term Capital punishment as retributive justice.
- Critically examine the Need for continuance of the capital punishment.
- Give a way forward.