

TARGET PRELIMS 2024

BOOKLET-24; ECONOMY-5

AGRICULTURE-4: ANIMAL REARING

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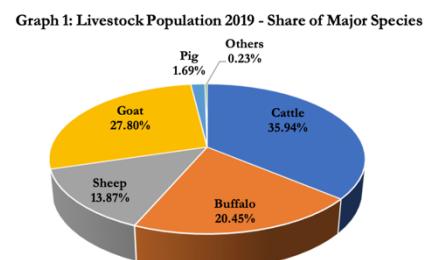
2. IMPORTANT STATS

1) BASIC ANIMAL HUSBANDRY STATISTICS, 2023

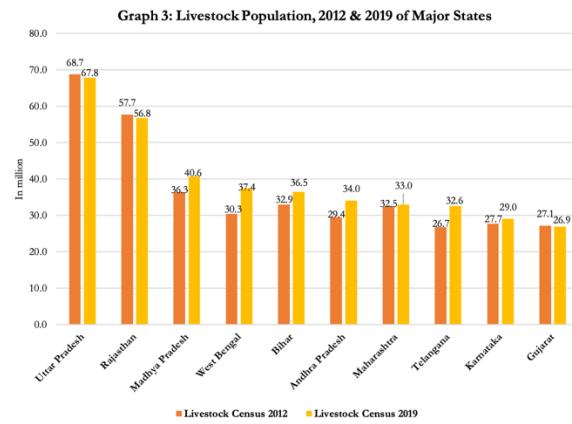
- Released by Ministry of Fishery, Animal Husbandry & Dairying in Nov 2023. It is based on Animal Integrated Sample Survey (March 2022-Feb 2023). This ISS is conducted across the country in three seasons i.e., Summer (March-June), Rainy (July-Oct) and Winter (Nov - Feb).
- **Key Highlights:**
 - i. **Milk Production:**
 - 230 million tonnes (a growth of 22.81% over past five years which was 187.75 million tonnes in 2018-19).
 - Highest Milk Producing States: UP (15.72%); Rajasthan (14.44%); Madhya Pradesh (8.73%); Gujarat (7.49%) and Andhra Pradesh (6.70%)
 - ii. **Egg Production:**
 - 138.38 billion (33% growth over five years as compared to estimates of 103.83 billion in 2018-19)
 - **Highest Egg Producing States:** Andhra Pradesh (20.13%); TN (15.58%); Telangana (12.77%); West Bengal (9.94%) and Karnataka (6.51%);
 - iii. **Meat Production:**
 - 9.77 million tonnes (20.39% increase in five years - 8.11 million tonnes in 2018-19)
 - **Highest Meat Producing State** (Uttar Pradesh (12.20%); West Bengal (11.93%); Maharashtra (11.50%); Andhra Pradesh (11.20%); Telangana (11.06%))
 - iv. **Wool Production:**
 - 33.61 million Kgs (**negative growth** (-16.84% over the past five years as compared to the estimates of 40.42 million kg during 2018-19))
 - **Highest Wool Producing States:** Rajasthan (47.08%); J&K (22.55%); Gujarat (6.01%); Maharashtra (4.73%); Himachal Pradesh (4.72%)

2) 20TH LIVESTOCK CENSUS

- **Background:**
 - » The livestock census is conducted periodically [**every five years**] in the country since 1919. It usually covers all domesticated animals.
- **Key highlights of 20th Livestock census** (launched in Oct 2018)
 - » **Total livestock population: 535.78 million** (showing an increase of 4.6% over the livestock census 2012)
 - » **The Bovine population** (Cattle, Buffalo, Mithun and Yak) is 302.79 million in 2019 and shows an increase of 1% over the previous census.
 - **Cattle - 192.49 million** (+0.8%)
 - **Buffaloes - 109.85 [+1%]**
 - **Total milch animals** (in milk + dry) in cows and buffaloes - **125.34 million** (+0.6%)
 - » **Total Goat - 148.88 million** (+10.1%)



- » **Total Sheep** - 74.26 million (+14.1%)
- » **Pigs** - 9.06 million (-12.03%)
- » **Other livestock** (Mithun, Yak, Horses, Ponies, Mule, Donkeys, camel - 0.23% of the total livestock: **1.24 million**.
- » **State wise distribution.**



3. DAIRY SECTOR IN INDIA

- India is the **world's largest producer (20% of the world's production)** and **consumer of milk** and has the world's largest dairy herd comprised of water buffaloes and indigenous and crossbred cattle.
- **Currently** India produces more than 230 million tonnes of milk. It is an important secondary source of income for 80 million rural households engaged in dairying and for 70% of the workforce that comprised women. It contributes to a fifth of India's farm output and is important source of nutrition in average Indian diet.
- **Net Exporter:** Since the early 2000s, India is a net exporter of the dairy products which primarily include the milk powder.
- **Key Challenges:** Dairy sector in India is characterized by low input -> low output.
 - For e.g. in India annual milk yield per cow is 1642.9 kg, which is only 2/3rd of the global average of 2430.2 kg. The average for USA is 10,457.4 kg.

1) IMPORTANT SCHEMES/ INITIATIVES FOR LIVESTOCK SECTOR

A) RASHTRIYA GOKUL MISSION:

- » To undertake breed improvement program for Indigenous breeds so as to improve the genetic makeup and increase the stock.

B) E PASHU HAAT PORTAL:

- » The portal has been developed under National Mission on Bovine Productivity. It connects breeders and farmers regarding availability of quality bovine germplasm. Through the portal, breeders/farmers can sell or purchase their breeding stock. Information about all forms of germplasm including semen, embryos and live animals with all the agencies and stakeholders in the country has been uploaded on the portal.

C) NATIONAL LIVESTOCK MISSION:

- » It ensures intensive development of livestock, especially small livestock (sheep/goat, poultry rearing etc.) along with adequate availability of quality feed and fodder.
- » The scheme has been restructured for 2021-22 to 2025-26. It focuses on entrepreneurship development and breeds improvement in poultry, sheep, goat, and piggery, including feed and fodder development.

D) LIVESTOCK HEALTH AND DISEASE CONTROL SCHEME:

- » It provides assistance for prevention and control of animal disease like Foot and Mouth Disease (FMD), Peste des Petits Ruminants (PPR), Brucellosis, Classical Swine Fever etc.
- » It is being implemented to supplement the state/UT governments' efforts towards preventing, controlling, and containing, animal disease of economic and zoonotic importance by vaccination.

E) DAIRY DEVELOPMENT:

Government is making efforts for strengthening infrastructure for production, processing and marketing of quality milk and milk products through following schemes:

- National Program for Dairy Development
- National Dairy Plan (Phase-1)
- Dairy Entrepreneurship Development Scheme
- Dairy Processing and Infrastructure Development Fund (DIDF)

F) RS 15,000 CRORE FOR ANIMAL HUSBANDRY INFRASTRUCTURE DEVELOPMENT FUND (AHIDF)

- » Launched as part of ANBA 1.0
- » Aimed at incentivizing investments by individual entrepreneurs, private companies including MSME, FPOs, and Section 8 of Companies to establish (i) dairy processing and value addition infrastructure (ii) meat processing and value addition infrastructure, and (iii) animal feed plant.
- » Government will provide a 3% interest subvention to eligible beneficiaries. There will be a 2 year moratorium period for the principal loan amount and 6 years repayment period thereafter.
- » Loan of upto 90% of the project cost from Scheduled Bank, National Cooperative Development Cooperation.
- » The government would also set up a Credit Guarantee Fund of Rs 750 crore to be managed by NABARD.
 - Credit guarantee would cover those sanctioned projects which are covered under MSME defined ceilings.
 - Guarantee coverage would be upto 25% of the credit facility of the borrowers.
- » To ease out the process an online portal 'ahidf.udayamimitra.in' has been developed by SIDBI through which applicants can apply online to avail loans under the scheme.

G) FIRST EVER CREDIT GUARANTEE SCHEME FOR LIVESTOCK SECTOR LAUNCHED (JULY 2023)

- » Under AHIDF.
- » The scheme facilitates access to finance for unserved and underserved livestock sector, making availability of financial assistance from lenders to mainly first-generation entrepreneurs and underprivileged section of society, who lack collateral security for supporting their ventures. It thus ensures smooth flow of credit to MSME engaged in livestock sector without hassles of collateral security.

- » For operationalizing the scheme, DAHD has established a **Credit Guarantee Fund Trust** of Rs 750 crores, which will provide credit guarantee coverage of upto 25% of the credit facility extended to the MSMEs by the eligible lending institutions.
- » The fund trust incentivizes investments by individual entrepreneurs, private companies, MSMEs, FPOs to establish.
 1. the dairy processing and value addition infrastructure,
 2. meat processing and value addition infrastructure,
 3. Animal Feed Plant,
 4. Breed Improvement technology and Breed Multiplication Farm
 5. Animal Waste to Wealth Management (Agri Waste Management) and;
 6. Setting up of Veterinary Vaccine and Drugs Manufacturing facilities

H) KISAN CREDIT CARD (KCC) FOR ANIMAL HUSBANDRY & DAIRYING FARMERS

I) E-GOPALA APP - INAUGURATED IN SEP 2020

- » It is a comprehensive breed improvement marketplace and information portal for direct farmer use.
 - It gives farmers the freedom from middlemen and provide **all information related to productivity, health and diet for cattle**. It will make it easy for farmers to choose advanced stock.

J) SUTRA PIC (SCIENTIFIC UTILIZATION THROUGH RESEARCH AUGMENTATION

- » Prime Products From Indigenous Cows) (**Feb 2020**) - Under this initiative academic organizations and capable NGOs are provided funds to do research on indigenous cows, its products and application in health, medicine, agriculture, food, nutrition etc.

K) RASHTRIYA KAMDHENU AAYOG WAS APPROVED BY CABINET IN FEB 2019.

- » The Government of India has constituted the “Rashtriya Kamdhenu Aayog” to organize animal husbandry on modern and scientific lines and to take steps for preserving and improving breeds, and prohibiting the slaughter, of cows and calves and other milch and draught cattle
- » It is a high powered permanent body which will formulate policy and issue directions for scaling up sustainable genetic upgradation of bovine resources and also look after implementation of laws and welfare schemes for cows.

2) DAIRY BREEDS IN INDIA

- » Indian breeds have lower milk yield when compared to advanced economies but many of them are capable of improved yields. Further they also carry some beneficial traits like disease resistance, survival on low quality forage which is native to India etc.
- » **Indian Buffalo Breeds**

- The Indian breeds are well adapted to heat and humidity of the region and can consume both green and dry fodder. Most of these water buffaloes are characterized as non-descript or mixed, but there are some well-known breeds including:

| Breed | State(s) | Yield (Kg) |
|-------------|--------------------|------------|
| Bhadawari | UP | 800-1220 |
| Murrah | Punjab and Haryana | 1500-2500 |
| Pandharpuri | MHA | 1500 |
| Mehsana | Gujarat | 1200-1500 |

» Indigenous Cattle

- India has been bestowed with large number of cattle breeds. Some breeds specialize in milk production, while the others for draught purposes. There are many mixed, non-descript breeds too found in India. Some of the high yielding breeds include:

| Breed | State(s) | Yield (Kg) |
|------------|------------------------|----------------|
| Sahiwal | Punjab and Rajasthan | 1400-2500 kg |
| Red Sindhi | Odisha, TN, and Kerala | 1250-1800 kg |
| Tharparkar | Rajasthan, Gujarat | 1,800-2600 kg |
| Rathi/Rath | Rajasthan | |
| Gir | Gujarat | 1200 - 1800 kg |

» Cross-bred Cattle

- 1960s saw the beginning of programs for inter-breeding through Artificial Insemination of imported exotic breeds with indigenous breeds.
 - Cross-breeds can provide 30 to 50% more milk than indigenous animals under general management.
- The best exotic breeds for India tends to be Holstein, Brown Swiss, Red Dane, and Jersey.
- The most prevalent cross-bred combination includes:

| Cross-Bred | Original cattle | Yield |
|-------------|---|----------|
| Karan Swiss | American Brown Swiss with Sahiwal or Red Sindhi | 3,257 kg |
| Karan Fries | Holstein-Friesen with Tharparkar | 3,700 kg |
| Frieswal | Friesian with Sahiwal | 27,00 kg |

3) LUMPY SKIN DISEASE

- About Lumpy Skin Disease:
 - It is a contagious viral disease that affects cattle.

- » The disease is characterized by fever, enlarged superficial lymph nodes and multiple nodules (measuring 2 to 5 cms in diameter) on the skin and mucous membranes (including those of the respiratory and gastrointestinal tracts).
 - » **Negative Economic Implications:** Mortality (1-2%) of cattles; permanent damage on skin lowers the value of hide; the disease may also create reduction in milk production; poor growth; infertility; abortion, and sometimes death.
- **About the Lumpy Skin Disease Virus:** It is a virus of the family Poxviridae, and genus Capripoxvirus also known as Neethling virus.
- **Transmission:**
- » **Vectors:** The disease is transmitted by blood feeding insects, such as certain species of flies and mosquitoes, or ticks.
 - » **Direct Transmissions:** Though LSD is primarily a vector borne disease, it can also spread through direct contact with the mucus of the infected cattle.
- **Extent of Spread in the world:**
- » LSD was first seen as an epidemic in Zambia in 1929. It has also spread to Middle East and Europe.
 - » **Indian Subcontinent:**
 - LSD was first reported to the Bangladesh Department of Livestock Services in July 2019. India too saw the first case of the disease in the same year in WB and Odisha.
 - In 2022, LSD was reported in Gujarat, and it has spread to eight states/UT now.
- **Why is being done to control LSD?**
- » The process of giving goat pox vaccine to healthy cattle has been started.
 - » States are putting temporary ban on cattle transport and cattle fairs.



4) SMALL RUMINANT SECTOR

- **Introduction**
- » Small ruminants (sheep and goat) are widely distributed across various agro-ecological zones of India, playing an important role in socio-economic development of resource poor farmers in rural India. Around 15% of the households in rural India rear sheep/goat and around 70% of the sheep goat are reared by small and marginal farmers.
 - » The total population of goat and sheep in India stands at 200 million (40% of the livestock population in India).
- **Advantage/Significance of Sheep and Goat rearing:**
- » **Alternate Source of income**
 - » **Advantage over ruminant dairy sector.**
 - Low capital investment and production input.
 - Low Feed and management needs
 - Less Space and Feeding requirements

- **Highly Adaptable to drought/Climate Change etc** (high survival rate; high reproductive rates)
- » **Main source of meat production in India**
- » They are also important source of **wool and leather products** along with small amount of milk production.

4. FISHERY SECTOR

- India is the third largest producer of fish in the world (17.4 million tonnes) in 2022-23. India contributes to 8% of the total fish production in the world.
 - **Note:** In 2019-20, India was the 2nd largest fish producer in the world with 14.6 million tonnes.
- **Inland fishery** has a major share in India's fish output with a total production of 16.1 million tonnes (Budget 2024-25 speech).
- Fish has the potential of a fast-growing sector. Keeping this in mind, government created a separate Department of Fisheries in Feb 2019.

1) REGULATION OF THE SECTOR

- Fishery is a **state subject**, thus fishing in the IW and TS come within the purview of the states concerned.
 - » Other activities in the TS and activities, including fishing beyond the TS upto the limit of EEZ, are in the Union List
 - » The Respective **State Marine Fishing Regulation Acts** (MFRA) protect and regulate the fishery resources in the territorial waters (i.e. upto 12 nautical miles from the baseline)
- **Maritime Zones of India** (Regulation and Fishing of Foreign Vessels) Act, 1981, or MZI Act, regulates fishing by foreign fishing vessels in the maritime zones.

2) SCHEMES

A) PRADHAN MANTRI MATSYA SAMPADA YOJANA (PMMSY) LAUNCHED IN 2020

- It is a flagship scheme for focused and sustainable development of fisheries sector in India.
- **Targets:**
 - » **Enhance fish production to 220 lakh metric tons by 2024-25** at an average growth rate of 9%. This result will also lead to doubling export earning to Rs 1,00,000 crores and generate direct and indirect export employment opportunities of about 55 lakhs in the fisheries sector over next five years.
- **Aims and Objectives:**
 - » **Harnessing fishing potential** in a sustainable, inclusive and equitable manner
 - » **Enhancing of fish production** (
 - » **Modernization and Strengthening of Value Chain** - post harvest management and quality improvement.
 - » **Doubling income** of fishermen and fish farmers and **generating employment**
 - » **Ensuring social, physical and economic security** of fishers and fish farmers

- » Robust fishery management and regulatory framework.
- The scheme envisages an **investment of Rs 20 thousand crores in five years** [Centre-9407 crore, States - 4880 crores, Beneficiaries - 5763 crores].
 - » Under this scheme, **Rs 11,000 crore will be spent on activities in Marine, Inland fisheries and Aquaculture** and **Rs 9,000 crore will be spent for developing infrastructure** (such as fishing harbours, cold chain, markets)
- It will be implemented over a period of five years from FY 2020-21 to FY 2024-25 in all states/UTs.

B) BUDGET 2024-25: PMMSY WILL BE STEPPED UP:

- Aquaculture productivity will be enhanced to 3 to 5 tons per hectare.
- **Double exports** to Rs 1 lakh crores
- Generate 55 lakh employment opportunities in near future.

C) NATIONAL GENETIC IMPROVEMENT FACILITY FOR SHRIMP BREEDING

- This facility has been created under PMMSY.

D) SAGAR PARIKRAMA

- **Why in news?**
 - » Union Minister for Fisheries, Animal Husbandry and Dairying (FAH&D) launched Sagar Parikrama Phase-9 on 7th Oct 2023 at Thondi, Tamil Nadu.
- **Sagar Parikrama** is an outreach program intended to reach out fishermen community across the entire coastal belt of the country. It has been launched to understand the issues, experiences and aspirations of fisherfolks and also to create awareness of various schemes and programs including PMMSY and KCC of the Government available to fishermen in coastal areas.
- The **first eight phases of Sagar Parikrama** have covered 4,115 km in 8 Coastal states/UTs including Gujarat, Diu & Daman, Maharashtra, Goa, Karnataka, Kerala, Puducherry, and Andaman & Nicobar.

E) KCC SCHEME EXTENDED TO ANIMAL HUSBANDRY AND FISHERY SECTOR BY BUDGET 2018-19

5. INLAND FISHERIES

- **What are Inland Fisheries and Aquaculture?**
 - » **Inland fishery** is any activity conducted to extract fish and other aquatic organisms from inland waters
 - » **Aquaculture** is the breeding, rearing and harvesting of fish, shellfish, plants, algae, and other organisms in all types of water environments. Aquaculture can be marine or Freshwater.
- **Current Situation:**

- » The inland fish production in the country has witnessed a healthy growth in last five years with production reaching 131.13 lakh tonnes 2022-23. The details of year-wise inland fish production during last five years is given as under:

| S.No. | Year | Fish Production (in Lakh Tonnes) | Annual Growth Rate (%) |
|-------|---------|----------------------------------|------------------------|
| 1 | 2018-19 | 97.2 | 8.62 |
| 2 | 2019-20 | 104.37 | 7.37 |
| 3 | 2020-21 | 112.49 | 7.8 |
| 4 | 2021-22 | 121.21 | 7.76 |
| 5 | 2022-23 | 131.13 | 8.18 |



TARGET PRELIMS 2024

BOOKLET-25; ECONOMY-6

RBI, BANKING AND FINANCIAL SECTOR

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2. RBI'S SURPLUS TRANSFER TO GOVERNMENT

- **Background:**
 - » **Where does RBI get its Revenue from?**
 - **Foreign exchange transactions** (RBI buys when dollar is cheap and sells when it is expensive (i.e. high in demand))
 - **Interest Income** (from government bonds, Liquidity Adjustment Facilities etc.)
 - It also earns a **management commission** on handling the borrowing of state governments and the central government.
 - » **Where does RBI spend money?**
 - Most of the RBI's expenditure is on printing of currency notes, and on staff, besides the commission it gives to banks for undertaking transactions on behalf of the government across the country and to primary dealers, including banks, for underwriting some of these borrowings.
- The **Surplus (Revenue - Expenditure)** is used for transfers to government and increasing the RBI reserves.
 - **Section 47 of the RBI Act, 1934:** "After making provision for bad and doubtful debts, depreciation in assets, contributions to staff and superannuation fund [and for all other matters for which] provision is to be made by or under this Act or which are usually provided for by bankers, the balance, of the profits shall be paid to the Central Government"
 - **Section 48 of the RBI Act, 1934** exempts the bank from paying any income tax, wealth tax or super tax.
- **RBI's Reserves:**
 - The RBI has three mains funds that together comprise its reserves. These are:
 - » **Currency and Gold Revaluation Account (CGRA)** (basically the Economic Capital Buffer)
 - It is maintained by RBI to take care of currency risk, interest rate risk and movement in gold prices risk.
 - Unrealized gains or losses on valuation of foreign currency assets (FCA) and gold are not taken to the income account but instead accounted for in the CGRA. Net balance in CGRA therefore varies as per the size of the asset base, its valuation and movement in the exchange rate and price of gold.
 - When CGRA is not sufficient to fully meet exchange losses, it is replenished from the CF.
 - It is by far the **largest** reserve account of RBI and makes up the significant bulk of RBI's reserve.
 - » **Contingency Fund (CF):**
 - It is a provision meant to meet unexpected and unforeseen contingencies, including depreciation in the value of securities, risks arising out of

monetary/exchange rate operations, systematic risks and any risk arising on account of the special responsibilities enjoined upon the Reserve Bank.

- The CF is the **second biggest fund** of RBI after the CGRA

- » **Asset Development Fund (ADF)**

- It makes up a much smaller share of reserves and is also focused on contingent times.

- **Other RBI Accounts**

- **Investment Revaluation Account - Foreign Securities (IRA-FS)**: The unrealized gains or losses on revaluation of foreign dated securities are recorded in the IRA-FS.

- **Investment Revaluation Account - Rupees Securities (IRA-RS)**: The unrealized gains or losses on revaluation of Rupee securities (IRA-RS) is accounted for in Investment Revaluation Account - Rupee Securities (IRA-RS).

- In 2018, there was a difference between RBI and Finance Ministry on the amount of reserve RBI should keep.

- Following this, **RBI in consultation with the Central Government**, had constituted a **committee chaired by former RBI governor Bimal Jalan to review the Extant Economic Capital Framework (ECF) for the RBI**.

- **Key Recommendations of the Revised Economic Capital Framework (ECF) for the RBI**:

- » Make a distinction in the economic capital of the RBI between 'revaluation reserves' and 'realized equity'.

- Revaluation Reserves are risk buffer against market risks and not available for transfers.

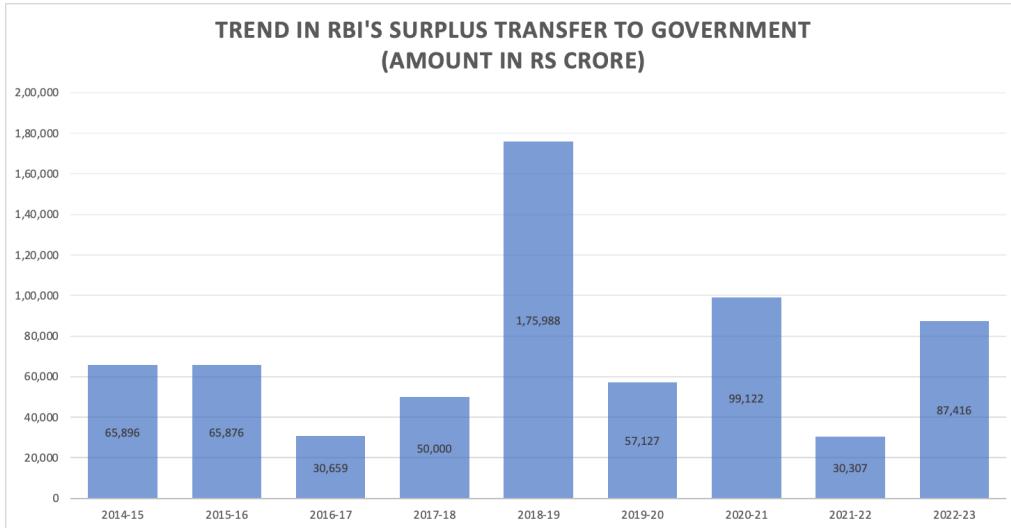
- » **Economic Capital Levels** (basically CGRA) should be in the range of 20-24.5% of the balance sheet.

- » **RBI should maintain a Contingent Risk Buffer** - which mostly comes from CF - of between 5.5-6.5% of the Central Bank's Balance Sheet. **The excess amount** should be transferred to government.

- » A transfer of surplus from the RBI to the government in a phased manner in accordance with the existing practice

- **The committee's recommendations** were based on the consideration of the role of central banks' financial resilience, cross-country practices, statutory provisions and the impact of RBI's public policy mandate and operating environment on its balance sheet and the risk involved.

- In Aug 2019, **RBI board accepted all the above recommendations of the Bimal Jalan Panel committee to transfer Rs 1.76 lakh crore of surplus to government**.



- **RBI's Central Board** approves the transfer of surplus (i.e dividend) to the Union government for every accounting year.
- **Analysis: Positives**
 - i. **As RBI's only shareholder** government has rights over the profits of RBI.
 - ii. **Further, RBI is amongst the most capitalized central banks** in the world, so reduction of excess capital shouldn't be a bad idea.
 - iii. **More productive utilization of RBI's Cash**
 - iv. **Helps government deal with economic slowdown.**

3. CURRENT SITUATION: FINANCIAL STABILITY REPORT (2023)

- **RBI** released 28th issue of Financial Stability Report (FSR) in Dec 2023. Key highlights include:
 - » The Indian economy and the domestic financial system remain resilient, supported by strong macroeconomic fundamentals, healthy balance sheets of financial institutions, moderating inflations, improving external sector positions and continuing fiscal consolidation.
 - » **Capital to Risk Weighted Asset Ratio (CRAR)** and the Common Equity Ratio (CET1) ratio of scheduled commercial banks (SCBs) stood at 16.8% and 13.7%, respectively in Sep 2023.
 - » **SCB's gross NPAs ratio** continued to decline to a multi-year low of 3.2% and the net Non-Performing Asset (NNPA) ratio to 0.8% in Sep 2023.
 - » **Macro stress tests for credit risk** reveal that SCBs would be able to comply with minimum capital requirements and the system-level CRAR in Sep 2024 projected at 14.8%, 13.5% and 12.2%, respectively, under baseline, medium and severe stress scenarios.
 - » The resilience of the NBFCs sector improved with CRAR at 27.6%, GNPA ratio at 4.6% and return on assets (RoA) to 2.9%, respectively in Sep 2023.

4. REGULATION OF BANKING SECTOR

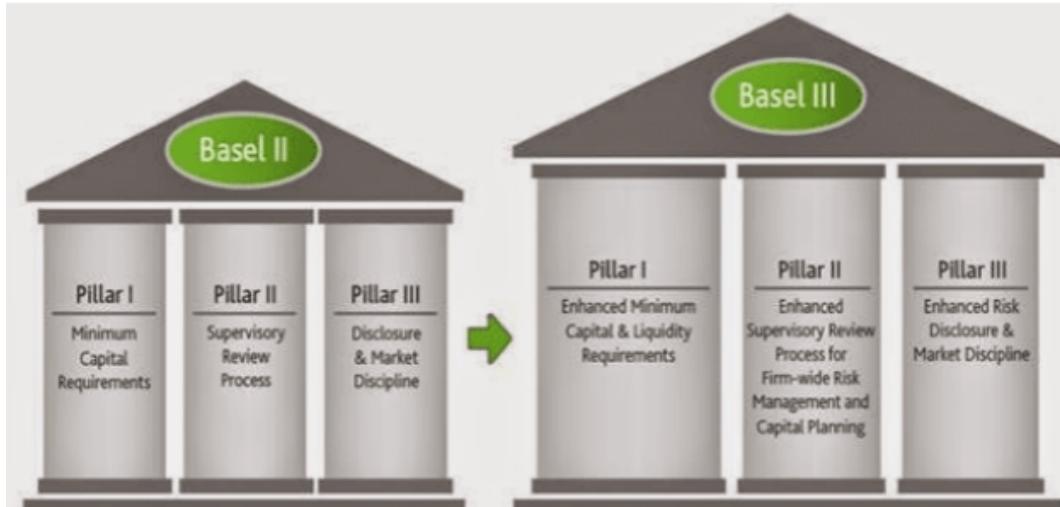
1) BASEL NORMS AND SITUATION IN INDIA

- **What?**
 - » Basel norms/standards are **global, voluntary, regulatory framework on bank Capital Adequacy, Stress Testing and Market Liquidity risks**. It is formulated by the **Basel Committee on Banking Supervision (BCBS)**.
 - BCBS aims to enhance the understanding of key supervisory issues and improve the quality of banking supervision worldwide. The committee's **secretariat** is located at the **Bank of International Settlement (BIS) in Basel, Switzerland**.
 - » **About Bank of International Settlement (BIS), Basel**
 - BIS, situated at Basel, Switzerland, is a promoter of Central Banks' cooperation in an effort to ensure global monetary and financial stability. It was established in 1930 and is the oldest global financial institution and operates under international law. It is owned by 60 central banks.
 - » **Need?**
 - **Ensuring Risk preparedness**
 - **Uniform standards** ensure better understandability of banking system's stability. This helps investors and agencies to better decide their investment opportunities across the world.
 - **Global Village** -> vulnerability in one country affects other countries (e.g. the 2007-08 crisis). Therefore, the banking system should be stable throughout the world.
- **Basic Terms**
 - » **Risk Weighted Assets:**
 - **Risk weighted assets** of a bank are its assets weighted by their degree of credit risk.
 - For e.g. in India, according to RBI Regulations loans issued to government are weighted at 0.0%, while those given for housing purposes is given a weight of 50%.
 - Risk weighted assets are used to determine the minimum amount of capital that must be held by banks and other institutions to reduce the risk of insolvency.
 - **The financial crisis of 2007-08** was driven by financial institutions investing in subprime home mortgage loans that had a far higher risk of default.
 - **To avoid the problem** moving forward, regulators now insist that each bank must group its assets together by risk category so that the amount of required capital is matched with the risk of each asset.
 - » **Capital to Risk Weighted Asset Ratio (CRAR) / Capital Adequacy Ratio (CAR)**
 - CAR is a measurement of a bank's available capital expressed as a percentage of a bank's risk-weighted credit exposure. It is used to protect depositors and promote the stability and efficiency of financial systems around the world.
 - It is calculated by adding a bank's Tier 1 Capital and Tier 2 Capital and dividing the total by its total risk-weighted assets.

The Formula for CAR:

$$CAR = \frac{\text{Tier 1 Capital} + \text{Tier 2 Capital}}{\text{Risk Weighted Assets}}$$

- $CAR = (\text{Tier 1 Capital} + \text{Tier 2 Capital}) / \text{Risk Weighted Assets}$
- **Tier 1 Capital**
 - It is bank's **core capital**, which is used when it needs to absorb losses without ceasing its operation.
 - It consists of Paid up Capital, capital reserves out of sale of assets, Balance in P&L account.
 - **Additional Tier-1 capital** are perpetual bonds which carry a fixed coupon payable annually from past or present profits of the bank.
- **Tier 2 Capital**
 - It is bank's **supplementary capital** used to absorb losses if a bank is winding up its assets. This provides a lesser degree of protection to depositors.
 - They include revaluation reserves, general provisions, subordinated term debt, and hybrid capital instruments.
- **Significance of CAR**
 - Minimum CAR is critical to make sure that banks have enough cushion to absorb a reasonable amount of losses before they become insolvent and consequently loss depositor's funds.
- **Basel 1 and Basel 2**
 - » In **1988**, BCBS introduced capital measurement system called Basel Capital Accord, also called **Basel 1**. It focused entirely on credit risk. Here minimum CAR was kept at 8%.
 - » **BASEL II**
 - These were introduced in 2004 by BCBS and were considered a refined and reformed version of Basel-I accord.
 - It expanded the scope of regulation to include operational risk and introduced more sophisticated risk assessment methods.
 - **In India** Basel-II was implemented from 2009.
 - » **Basel 3**
 - They were released in Dec 2010. These guidelines were a response to the 2007-08 financial crisis where the banking system realized that the BASEL-II guidelines were not enough to protect bank depositors. It was realized that banks were under-capitalized, over-leveraged, and had a greater reliance on short-term funding.
- **Basel II -> Basel III**



- » **Pillar -1: Enhanced Minimum Capital & Liquidity Requirements:** It sets out minimum amount of capital that banks must hold to cover their credit, market and operational risks. They are also required to hold a capital conservation buffer to absorb losses during period of stress.
- » **Pillar -2: Supervisory Review Process:** Regulators are required to conduct a regular supervisory review of a bank's risk management practices and capital adequacy.
- » **Pillar-3: Market Discipline:** It requires banks to disclose information about their risk profile, capital adequacy, and risk management practices.

- Objectives

- » Improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source
- » Improve risk management and governance.
- » Strengthen bank's transparency and disclosure.

- Major Changes in the Basel Norm for Banking

- » **Better Capital Quality: Minimum Common Equity and Tier 1 Capital Requirements:**
 - The minimum requirement of common equity, the highest form of loss-absorbing capital, has been raised under Basel-III from 2% to 4.5% of total risk-weighted assets.
 - **The Overall Tier 1 Capital Requirement**, consisting of not only common equity but also other qualifying financial instruments, will also increase from the current minimum 4% to 6%.
 - Although the minimum total capital requirement will remain at the current 8%, yet the required total capital will increase to 10.5% when combined with conservation buffer.
- » **Capital Conservation Buffer**
 - Now banks are required to hold a capital conservation buffer of 2.5%. The **aim** of asking to build capital conservation buffer is to ensure that banks maintain a cushion of capital that can be used to absorb losses during period of financial and economic stress.
- » **Counter cyclical Capital Buffer (CCCB)** is another key element of Basel-III norms.
 - Objective is to increase capital requirements in good times and decrease them in bad times.
 - It will slow banking activities when it overheats and will encourage lending when times are tough.

- The buffer will range from 0% - 2.5% consisting of common equity or other full loss-absorbing capital and will be stored with Central Bank.

» **Leverage Ratio**

- A leverage ratio is a relative amount of capital to total assets (not risk-weighted). The aim is to put a cap on swelling of leverage in the banking sector on a global basis.
 - $LR = (\text{Tier1 Capital}) / (\text{Total Assets})$
- Banks are expected to maintain a leverage ratio of 3% under BASEL-III norms.

» **Liquidity Ratio**

- A new **Liquidity Coverage Ratio** (LCR) and **Net Stable Funding Ratio** (NSFR) got introduced in 2015 and 2018 respectively.
- **Liquidity Coverage Ratio** refers to proportion of highly liquid assets held by financial institutions, to ensure their ongoing ability to meet short-term obligations. Banks are required to hold an amount of high-quality liquid assets that's enough to fund cash outflow for 30 days. This is aimed to ensure that financial institutions possess suitable capital preservation, to ride out any short-term liquidity disruptions, that may plague the market.
 - LCR is calculated by dividing a bank's high quality liquid assets by its total net cash flows, over a 30-day stress period.
 - **Note: Urjit Patel Committee** has recommended that India should move onto LCR and do away with Statutory Liquidity Ratio (SLR) mechanism. This will make our system aligned with international mechanism. India is still using SLR.

» **Net Stable Funding Requirement (NSFR)**

- Introduced by BASEL-III it is a liquidity standard requiring banks to hold enough stable funding to cover the duration of their long term assets. Banks must maintain a ratio of 100% to satisfy the requirement.
 - It is defined as the amount of available stable funding (ASF) in relation to the amount of required stable funding.
- The ratio ensures that banks do not undertake excessive maturity transformation, which is the practice of using short-term funding to meet the long-term liability.

» **Systematically Important Financial Institutions (SIFI):** As part of the macro-prudential framework, systematically important banks will be expected to have a loss absorbing capability beyond the Basel-III requirements.

- Also called G-SIBs (Globally Systematically important banks)
- **No Indian bank** has been listed in this.

2) CAR NORMS IN INDIA BY RBI

- Norms/guidelines regarding the capital required to be maintained by banks in India including the Basel III capital regulations, are issued by RBI.
- RBI had envisaged implementation of BASEL-III in March 2019. But it was pushed to March 2020. Due to COVID-19 pandemic it was again shifted by 6 months.

- **Capital Adequacy Ratio:** 11.5% (stricter than Basel-III norm of 10.5%)
 - Indian banks need to maintain a minimum capital adequacy ratio (CAR) of 9%, in addition to a capital conservation buffer, which would be in the form of common equity at 2.5% of the risk weighted assets.
 - Indian banks as per RBI directions are required to maintain 5.5% of Common Equity Tier 1 (CET1) as against 4.5% required under the BASEL-III framework.
 - **Note:** CAR requirements applied by RBI is stricter than the BASEL-III norms.
 - **Note2:** In case of SFB and PB, the CAR requirement is that of 15% from 1st March 2019.
- **Countercyclical Buffer:**
 - The RBI introduced a countercyclical buffer (CCB) for Indian banks, which ranges from 0% - 2.5% of risk weighted assets depending on macro-economic conditions.
- **Leverage Ratio:**
 - The RBI introduced a leverage ratio requirement for Indian banks, which measures leverage ratio (LR) = (Tier1 Capital)/ (Total Assets).
 - The minimum requirement was set at 4.5%, with a buffer of 2.5%.
- **LCR** requires banks to hold a minimum amount high-quality liquid assets (HQLA) to meet the short term liquidity needs.
 - In India LCR was introduced in a phased manner with a minimum requirement of 60% in 2015, increasing to 100% by Jan 2019.
- **NSFR of at least 100%** has been mandated by RBI
 - Individual banks may have to adopt stricter standards to reflect funding risks and compliance.
 - Date of applicability will be announced later.
- **Disclosure requirements** (under Pillar-3) have also been introduced.
- **RBI has also revised regulation on the implementation of leverage ratio for banks in India** under the BASEL-III capital regulation. (July 2019)
 - RBI has decided that the minimum leverage ratio shall be **4% for D-SIBS** and **3.5% for other banks**.
 - These guidelines shall be effective from the quarter commencing Oct 01, 2019.
- **RBI extends Basel-III capital framework to AIFIs (All India Financial Institutions)** (Oct 2021)
 - **All India Financial Institutions** include EXIM Bank, NABARD, NHB, SIDBI.
 - The AIFIs are increasingly being seen as key institutions to promote the flow of direct or indirect credit to the economic sectors they cater to.
 - **As per the draft Master Direction on Prudential Regulation or AIFIs**, AIFIs will implement all the three pillars of BASEL-III capital regulations - Pillar 1 covering capital, risk coverage, and containing leverage, pillar 2 covering risk management and supervision and pillar 3 covering market discipline.
 - The RBI wants AIFIs to achieve **minimum total capital of 9% and capital conservation buffer of 2.5%**, with the minimum total capital and CCB adding to 11.5% by 1st April 2022.

- For NHB, since the financial year is July-June, the implementation shall commence on 1st July 2022.
- **Current Situation in India:** ESI 2022-23:
 - The **Provisioning Coverage Ratio (PCR)** has been increasing steadily since March 2021 and reached 71.6% in Sep 2022.
 - The **CRAR** of SCBs has been rising sequentially in the post-asset quality review period.
 - It remains well-above the minimum capital requirement, including Capital Conservation Buffer (CCB) requirements of 11.5%.

3) ADDITIONAL TIER-1 CAPITAL

- **Why in news?**
 - » In Nov 2023, Swiss banking giant UBS sold additional tier-1 (AT-1) bonds for the first time and after taking over beleaguered banking peer Credit Suisse in March 2023.
 - Earlier, it was decided to write-off around \$17 billion in AT-1 bonds issued by Credit Suisse. This had invoked fury from investors.
- **What are AT-1 Bonds:**
 - » AT-1 bonds are perpetual debt instruments issued by banks to raise money and build up their core equity capital. There is no maturity date, implying that the issuer doesn't pay the principal amount back to investors but makes periodical interest payments throughout the life of the bond.
 - » 'Call Option': In practice, AT-1 bonds typically come with a 'call option', which means that the bank issuing these instruments can redeem them or repay investors after a specified period.
 - » These bonds were introduced according to Basel banking norms made after the Global Financial Crisis. These are a form of "contingent convertible (cocos)" bonds which were created to prevent the need for government-funded bail-outs of precarious banks.
- **Why the risks for investors?**
 - » Some features of AT-1 Bonds make them riskier than several other bonds.
 - AT-1 Bonds have equity like characteristics (quasi-Equity instruments), which permit banks to absorb losses.
 - If the bank faces financial stress, with capital requirement dropping below a specific levels, the covenants of AT-1 bonds typically permit the lender to hold off on interest payments or pay a lower amount. The bonds may also be converted into equity, helping to preserve the capital.
 - Some provisions allow the banks to write-off AT-1 bonds in case of severe financial crisis.
 - Further, AT-1 bond investor (unlike other bond investors) are not at the top of pecking order when it comes to receiving pay-outs from a bank facing financial stress. In fact, details sometimes put equity investors above than the bond investors.

- **How are AT-1 bonds triggered?**
 - These have different trigger mechanisms:
 - For e.g. if the Bank's capitalization level falls below a preset threshold, the bond may be converted to shares, which eliminates bank's liabilities on the AT-1.
 - To compensate for these risks, banks pay investors a higher rate of interest for AT-1 bonds than other debt instruments or deposits.

4) AT-1 BOND IN INDIA:

- **How much are the AT-1 bond holdings of Indian Banks?**
 - » Indian Banks don't depend on AT-1 bonds much.
 - In a study, brokerage firm Macquarie said that while India's PSU banks have an exposure of 1-2 percent to AT-1 bonds, private sector banks only have an exposure of 0-1 percent.
- The Indian market for AT-1 bond was upended in March 2020 following the crisis in Yes Bank.
 - » Following severe financial stress, RBI and Yes Bank had decided to write-off additional tier-1 (AT-1) bonds worth Rs **8,415 crores**. Mutual funds were amongst the biggest sufferers.
 - This was challenged in the court, and Bombay High Court in Jan 2023 ordered quashing of the write-off. But in Sep 2023, Finance Ministry has moved to the Supreme Court against the order.
- **In 2021, SEBI amended valuation rule for perpetual bonds.**
 - » Residual maturity of Basel-III AT-1 bonds will be 10 years until 31st March 2022.
 - » It will be 20 and 30 years for subsequent six months.
 - » From 1st April 2023, the residual maturity of AT-1 bonds will become 100 years from the date of issuance of the bond.
- **SEBI** then provided a phased timeline for mutual funds to value AT-1 bonds as 100-year instruments.
 - » The -100-year valuation kicked in from 1st April, 2023.
 - » Before this, AT-1 bonds were valued according to the call options on the papers - generally 5 to 10 years.
 - » **Impact: Huge decline in mutual fund investments in AT-1 bonds** as a 100 year valuation lead to very sharp movements in market yields of such papers.
- **Note:**
 - » AT-1 bonds are subordinate to Tier-2 bonds.
 - » Tier-2 Bonds are subordinate to unsecured creditors, banks depositors, and senior bonds. They are not perpetual instruments. They have a maturity period of minimum 5 years.

5) DSIBS

- Why in news?
 - » RBI releases 2023 list of DSIBs (Dec 2023)
- Introduction
 - » D-SIBs means the bank is too big to fail i.e. their failure would be significant disruption to the essential services they provide to the banking system and the overall economy.
 - » According to RBI, these banks have become systematically important due to their size, cross jurisdictional activities, complexity and lack of substitution and inter-connection. Banks whose assets exceed **2% of the GDP** are considered part of this group.
 - » **An additional common equity requirement** has to be applied to DSIBs.
 - » Too big to fail indicates that in case of distress government is expected to support these banks. Due to this perception, they enjoy certain advantages in funding/investment.
- Beginning of DSIB-Framework:
 - » The RBI issued the framework for dealing with D-SIBs in July 2014.
 - » SBI was included in the list in 2015, HDFC in 2016 and ICICI in 2017. But they are placed in different list.
- The list of D-SIBs is as follows (as on Dec 2023)
 - » SBI, HDFC, and ICICI continue to be identified as DSIBs.
 - » While ICICI continues to be in Bucket-1; Both HDFC (from Bucket-1 to Bucket-2) and SBI (from Bucket-3 to Bucket-4) have been shifted to higher bucket.
 - » So, starting 1st of April 2025, both SBI and HDFC will have to fulfill higher buffer requirements of the higher bucket.
 - Till 31st March 2025, surcharge applicable will be 0.60% for SBI and 0.20% for HDFC Bank.

| Bucket | Banks | Additional Common Equity Tier 1 requirement as a percentage of Risk Weighted Assets (RWAs) |
|--------|----------------------|--|
| 5 | - | 1% |
| 4 | State Bank of India* | 0.80% |
| » 3 | - | 0.60% |
| 2 | HDFC Bank* | 0.40% |
| 1 | ICICI Bank | 0.20% |

* The higher D-SIB surcharge for SBI and HDFC Bank will be applicable from April 1, 2025. Hence, up to March 31, 2025, the D-SIB surcharge applicable to SBI and HDFC Bank will be 0.60% and 0.20% respectively.

- Note: Global SIBS:
 - » The **Basel - Switzerland based** Financial Stability Board (FSB), an initiative of G20 nations, has identified, in consultation with the Basel Committee on Banking Supervision (BCBS), a list of G-SIBS.
 - There are 30 G-SIBs currently (no Indian Bank), including JP Morgan, Citibank, HSBC, Bank of America, Bank of China, Barclays, BNP Paribas, Deutsche Bank, and Goldman Sachs.

6) DEPOSIT INSURANCE

- **Introduction: Deposit Insurance Situation in India**
 - » The deposit insurance provisions in India were introduced through the Deposit Insurance Corporation Act, 1962.
 - This insurance cover is provided by **Deposit Insurance and Credit Guarantee Corporation (DICGC)**, a fully owned **subsidiary of RBI**. The banks pay deposit insurance premium (0.1% per annum i.e. 10 paisa for Rs 100 insured), which is held by the DICGC and in turn is used to pay deposits if needed.
 - Under the act, the Corporation is liable to pay the insured deposit to depositors of an insured bank. Such liability may arise when an insured bank undergoes:
 - i. **Liquidation** (sale of assets or closing down of the bank)
 - ii. **Reconstruction or any other arrangement under the scheme**
 - iii. **Merger or acquisition by another bank**
 - **Note:**
 - Deposit Insurance and Credit Guarantee Corporation (DICGC) came into existence in 1978 with the merger of Deposit Insurance Corporation (DIC) and Credit Guarantee Corporation of India Ltd. (CGCI).
 - It is a fully owned subsidiary of RBI.
- This insurance cover is available to:
 - » **Commercial banks**, including small financial banks, Payment Banks, and Indian branches of foreign banks.
 - » Regional rural banks, Local Area Banks (LABs), and Cooperative Banks
 - » **All bank deposits** - savings, fixed, current and recurring - payable in India are covered. However, deposits of central/state/foreign governments, inter-bank deposits, deposits of the state land development banks with the state cooperative banks etc. are not covered.
- **Budget 2020-21 increased the deposit insurance to Rs 5 lakh.**
 - » This is the first time since 1993 that the deposit insurance cover has been raised. In 1993 the insurance cover was revised from Rs 30,000 to Rs 1,00,000.
 - » The raised cover will address 98.3% of all deposit accounts by number, and 50.9% of deposits by value.
 - Globally, deposit insurance coverage is only 80 per cent globally and it covers only 20-30 per cent of deposit value.
- **Note-1:** If the funds are in different types of ownership or are deposited into separate banks they would then be separately insured.
- **Key Features of the 2021 amendment**

- **Introduced interim payments:** Interim payment will now be made by DICGC to depositors of those banks for whom any restrictions/ moratorium have been imposed by RBI under the Banking Regulation Act resulting in restrictions on depositors from accessing their own savings.
- **Timeline for interim payments:** Clear-cut timeline of maximum of 90 days has been fixed for providing interim payment to depositors.
- **Repayment by banks to DICGC:** Deferment of repayments: DICGC may defer repayments due to it from an insured bank after insurance pay out, on terms decided by DICGC's Board. It is in spirit with the rationale of interim payments, i.e., to help depositors while also enabling rescue efforts for the bank
- **Timely repayment by the bank to DICGC:** To establish the priority of repayment to DICGC (both interest and principal amount), a provision for penal interest in case of delay has been put in the act.
- **No ceiling on premium:** The earlier act earlier had a ceiling of 15 paise on premium, which has been removed. Now, the ceiling on premium will be notified by DICGC, with the prior approval of RBI.

7) RBI'S FRAMEWORK ON GREEN DEPOSITS

- In April 2023, RBI came up with a framework for banks to accept green deposits from customers. Under this framework, banks that accept green deposits will have to disclose more information on how they invest these deposits.
- **What are Green Deposits?**
 - The deposits which are earmarked green deposits are used only towards environment friendly projects. (e.g. financing renewable energy).
 - As per the RBI framework, depositors, both retail and institutional, will have the option to convert their fixed deposits into "green" deposits.
- **RBI's Framework for the acceptance of green deposits lays down certain conditions that banks must fulfill to accept green deposits from customers:**
 - i. Bank need to come up with certain rules/policies approved by their respective boards that need to be followed while investing green deposits from customers. These rules have to be available in public domain, on the website of the bank.
 - ii. Banks will have to disclose regular information about the amount of green deposits received, how these deposits were allocated towards various projects and the impact of such investment to environment. A third party will verify the claims made by banks regarding the projects in which the banks invest their green deposits as well as the sustainability credentials of these business projects.
 - iii. RBI has also come up with list of sectors that can be classified as sustainable and thus eligible to receive green deposits. They include renewable energy, waste management, clean transportation, energy efficiency and afforestation. Banks will be barred from investing green deposits in business projects involving fossil fuels, nuclear power, tobacco, renewable energy projects generating energy from biomass using feedstock originating in protected areas. etc.

- The rules are aimed at preventing Greenwashing, which refers to making misleading claims about the positive environmental impact of an activity.
- **Note:** the framework is applicable from 1st June 2023.
- **Applicability:** The framework is applicable on all scheduled commercial banks including SFBs (excluding RRBs, Local Area Banks, and Payment Banks) and all deposit taking NBFCs including Housing Finance Companies (HFCs).
- In Jan 2024, RBI released a document giving detailed replies to a set of queries investors may have with regard to green deposits:
 - **Can Green deposits be parked in liquid instruments?**
 - Yes, unallocated proceeds of green deposits can be temporarily parked in liquid instruments for a maximum maturity of one year. But this can be done till the money is invested in green activities/projects and has to be specified under the financing framework.
 - **Green Projects first or deposit first?**
 - The banks can't finance green activities/ projects first and raise green deposits later. Besides the framework is applicable for green deposits raised by banks on or after June 1, 2023.
 - **Are premature withdrawals allowed?**
 - Yes (other than being invested only in green projects, it is like other deposit only).
 - **Are investments made in sovereign green bonds covered under the framework?**
 - Yes (since the activities listed in the framework for green deposits are the same as given in sovereign green bonds)
 - **Can the green deposits be denominated in foreign currency?**
 - No, the framework doesn't permit green deposits to be denominated in any foreign currency.
 - **Are the deposits covered by DICGC?**
 - Yes.
 - **Voluntary Compliance:** it is not mandatory for regulated entity to raise green deposits. But, if REs intend to raise green deposits from their customers they should follow the framework prescribed therein.
- **Will Green deposits help depositors/investors and the environment?**
 - **Depositors** -> Satisfaction of putting money in green projects
 - **Critics** say that this is a "feel good scam" that enriches only consultants.
 - Secondly, in a complex world where an action involves second order effects that are difficult to see, it can be extremely hard to know whether a project is really environment friendly.
 - **Businesses** -> Will get easier access to green loans, preferably with improved terms and conditions.
- **Way Forward: How to further promote green deposits:**

- Higher Interest Rates
- Build capacity in financial institutions to identify and appraise viable green projects.

8) DIGITAL PLATFORM FOR FRICTIONLESS LOANS (AUG 2023)

- **Background:** Need of such platform:
 - » Availing formal credit takes a lot of time and involves cumbersome process of document verification and evaluation of credit worthiness of borrowers.
 - For e.g. RBI survey indicated that processing of farm loan took 2-3 weeks and cost about 6% of loan's total value.
- Therefore, the RBI has announced a pilot program for 'Public Tech Platform for Frictionless Credit' which would strive to deliver frictionless credit by 'facilitating seamless flow of required digital information to lender'
- **Details:**
 - » RBI observed that data required for the entire process (information from borrowers and lenders; measurement of exposure risk; assessment of default risk) rest with different entities like central and state governments, account aggregators, banks, credit information companies, and digital identity authorities. This creates hindrances in timely delivery of service.
 - » **How will the new platform solve the problem?**
 - In 2022, RBI instituted a pilot project of digitalization of KCC loans of less than Rs 1.6 lakhs. This pilot tested "end to end digitalization of the lending process in the paperless hassle free manner". The pilot is currently undergoing in some states and provides for "doorstep disbursement of loans in assisted or self-service mode without any paperwork". The initial results were encouraging.
 - A similar pilot is being carried out for dairy loans based on milk pouring data with Amul in Gujarat.
 - » **Eventually the platform** will learn from all these pilots and the scope will be expanded to all types of digital loans. This platform will be developed by and wholly owned by RBI's subsidiary - the Reserve Bank Innovation Hub (RBIH). It will have an open architecture, open application programming interface and standards, to which all financial sector players will be able to connect seamlessly in a 'plug and play' model.
 - » It is expected to linkage with services like - Aadhar e-KYC, Aadhar e-signing, land records from onboarded state governments, satellite data, pan validation, account aggregation by account aggregators, milk pouring data from select dairy co-operatives, house/property search data etc. Thus it would cover all aspects of farming operations.
- **Advantages that the platform will bring?**
 - » Reduction of costs
 - » Quicker disbursements
 - » Scalability

9) MONETARY POLICY COMMITTEE (MPC) AND ASSOCIATED ISSUES

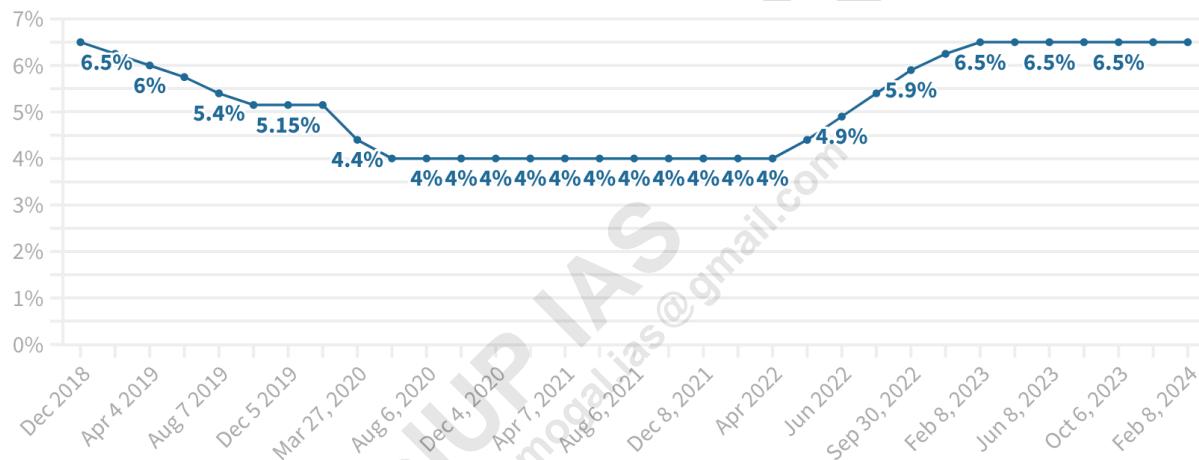
- Introduction

- » The Monetary policy is generally focused on regulating supply of money in an economy by the monetary authority of the country for achieving GDP growth, stable business cycle, price stability, and exchange rate stability. Like fiscal policy, it is an integral arm of public policy. It cools down the economy when it overheats (through contractionary monetary policy) and boosts the economy during depressed financial activity (through expansionary policy).
 - **Expansionary** monetary policy is achieved by lowering Repo Rate, Reverse Repo Rate, CRR, SLR etc. i.e. by increasing the availability of money in the economy.

- India's Current Monetary Policy

- » In the past, RBI had pursued a multiple indicator approach i.e. it tried to control multiple outcomes - inflation, growth, exchange rate, and even balance of payment - through monetary policy.
- » But **RBI Act, 1934** was amended in 2016 to introduce the framework of **Flexible Inflation Targeting (FIT)**.
 - Under FIT, the primary objective of the Monetary Policy is to ensure price stability (i.e. ensure inflation in a particular range). Inflation is measured in terms of **Consumer Price Index (CPI)**, thus making monetary policy contributes to welfare of people.
 - Further, it also promotes transparency as lay person can easily judge if the monetary policy is working for the betterment of the people of India.
 - The amendment provides that inflation target would be set by Central government, after discussing with the Reserve Bank, once in every five years.
 - For 2016-2021, the central government had set a target of 4% inflation rate with a tolerance of +/- 2%. Again for 2021-26, the centre has decided to retain the inflation target of 4%, with a tolerance band of +/- 2 percentage points for the MPC of RBI.
 - This tolerance band has been provided to deal with supply shocks like vagaries of Monsoon, crude price changes etc.
 - In case of continuous deviation of actual inflation from the target's tolerance bands for three consecutive quarters, the **RBI has to write a letter** to the GoI explaining the reasons for deviations and the time it will take to return inflation to its target. It thus promotes Accountability.
- » **Section 45ZB** of the RBI Act, 1934 also provides for a **six member Monetary Policy Committee (MPC)** to be formed by government for inflation targeting. MPC consists of:
 - a. Governor of RBI - Chairperson of MPC - ex officio
 - b. Deputy Governor of the RBI, in charge of Monetary Policy – Member, ex officio.
 - c. One officer of the RBI to be nominated by the Central Board – Member, ex officio.

- d. 3 external members nominated by GoI.
- » The **decision is taken by majority** with the Chairperson having the casting vote. MPC conducts meetings at least four times a year (atleast every quarter) and monetary Policy is published after every meeting with each member explaining her opinion.
 - Before MPC, all the interest rate related decisions were taken by Governor of RBI.
 - Thus, the **MPC system replace individualistic decision-making by a collegial process** that brings in variety of experience, expertise and independence while avoiding groupthink and free-riding.
- **Current Rates:**
 - » In Feb 2024, in the bi-monthly monetary policy announcement, RBI has decided to keep the repo rate unchanged at 6.5%. This is the sixth monetary policy on the trot when the MPC has kept the repo rate unchanged. Last time it was in Feb 2023 when the rates were changed.
 - **Why?**
 - The retail inflation continues to remain above 4% target of RBI. It was 5.69% in Dec 2023 and even for FY25 RBI forecasts a 4.5% retail inflation.



- The central bank also retained the stance of the monetary policy as 'withdrawal of accommodation' in a 5:1 majority decision.
 - However, Jayanth Verma, member of MPC, differed with other members and voted for 25 basis point reduction in repo rate and changing the policy stance to 'neutral' from 'withdrawal of accommodation'.
- The MPC in Feb 2024, after detailed assessment decided to keep the policy repo rate under LAF unchanged at 6.5%. (note the last raise was made in Feb 2023)

10) CRR

- Under **RBI Act, 1934** - Scheduled Banks are required to keep a % of their net time and demand deposits (i.e. total deposits of customers) in the form of cash deposits with RBI.
- **Objectives of CRR:**

- Since a part of total deposits in bank is available in the form of cash, it can be used to readily make money available to customers when they demand it.
- Further, RBI also controls the amount of money in market and thus inflation through CRR.

- **Note:**

- Banks don't get any interest for this money deposited with RBI.
- CRR has to be maintained in cash only.

A) INCREMENTAL CRR

In Aug 2023, RBI introduced Incremental CRR to absorb the surplus liquidity created in the system due to multiple factors, including the return of Rs 2,000 notes.

- » It was decided that wef from the fortnight beginning Aug 12, 2023, scheduled banks shall maintain an I-CRR of 10% on the increase in their net demand and time liabilities (NDTL) between May 19, 2023 and July 28, 2023.
- » This was purely a temporary measure for managing the liquidity overhang.
- » Existing CRR remained unchanged at 4.5%.
- » **Impact:**
 - Reduce the supply of money and thus curtail inflation.

In Sep 2023, RBI announced that it will discontinue the I-CRR in a phased manner.

- » **Why release in phased manner?**
 - So that system liquidity is not subjected to sudden shocks and money markets function in a orderly fashion.
- » RBI released 25% of I-CRR on 9th, Sep; 25% on 23rd Sep and remaining 50% of the I-CRR on 7th October 2023.

B) REDUCING CRR ON GREEN DEPOSITS

SBI in talks with RBI to lower CRR requirement on Green Deposits (Feb 2024)

- In Jan 2024, SBI announced a green deposit scheme, a first in the domestic banking, to attract long term retail deposits to be used only to fund green transition projects or climate friendly projects.
 - The bank has said that such deposits will be priced 10 basis points lower than normal deposit rates.
- SBI is engaging with RBI for a reduction in CRR for green deposits and, if at all as a policy, it can be incorporated in the regulator policy mechanism.

5. PUBLIC SECTOR BANKS

1) EFFORTS TO IMPROVE THEIR FUNCTIONS

A) FINANCIAL SERVICES INSTITUTIONS BUREAU (FSIB)

- **Background: Why was Bank Board Bureau Needed?**

- » **To Improve the governance of PSBs:** Committee to Review Governance of Boards of Banks in India (Chaired by Dr. P J Nayak) recommended setting up of Bank Board Bureau (BBB).
- » Bank Board Bureau (BBB) was constituted in 2016 and started functioning from 1st April 2016 as a body of eminent professionals and officials to make recommendations for appointment of whole-time-directors as well as non-executive chairpersons of PSBs and State owned financial institutions.
 - This was earlier done by the Board of Appointment.
 - Central government notified the amendment to the Nationalized Banks (Management and Miscellaneous Provisions) Scheme, 1980 providing the legal framework for the composition of BBB.
- » It was also entrusted with the task of engaging with the board of directors of all PSBs to formulate appropriate strategies for their own growth.
- » In 2019, Scope of Bureau functions was extended to cover appointments of Chairman, MD & CMD and other board positions of Public Sector Insurance companies.

- **What was the need of the change in BBB?**

- » The Change was needed after the 2021 Delhi High Court verdict which had said that the BBB was not a competent body to select the general managers and directors of state owned general insurers. This has led to at least 6 newly appointed directors of non-life insurers vacating their positions.

- **Changes?**

- » The Appointments Committee of the Cabinet (ACC) has asked the Department of Financial Services to carry out necessary modifications in the Nationalized Banks (Management and Miscellaneous Provisions) Scheme of 1970/1980 with the approval of Finance Minister and then notify the government resolution for establishing FSIB as a single entity for making recommendations for appointments of whole time directors and non-executive chairman of banks and financial institutions.

- **Financial Services Institutions Bureau (FSIB)**

- » FSIB has been constituted effective from 1st July 2022 by Central Government for the purpose of recommending persons for appointment as whole-time directors and non-executive chairpersons on the Boards of financial service institutions and for advising on certain other matters relating to personnel management of these institutions. Guidelines for selection of general managers and directors of public sector general insurance companies have been made part of FSIB
- » **Mission:** To promote excellence in Corporate Governance in Public Sector Financial Institutions
- » **How is it different from BBB?**
 - **Broader Scope:** While BBB was primarily focused on PSBs, FSIB will focus on wider range of financial institutions.

- **Stronger Legal Foundation:** Addresses concerns raised by the Delhi High Court regarding BBB's selection process.

B) AN AUTOMATED SEARCH PORTAL (FEB 2024)

- **Background:**
 - » Under the framework for timely detection, reporting, investigation relating to large value bank frauds, the Department of Financial Services under the Ministry of Finance has mandated all the PSBs to seek a report from the Central Economic Intelligence Bureau (CEIB) before sanctioning loans exceeding Rs 50 crores in the case of new borrowers and if the existing borrower's accounts into NPAs.
- **To fast-track** this mandatory intelligence clearance process, the Bureau, in tandem with SBI, has developed an "automated search portal" which is a digital platform which will help PSBs to obtain mandatory intelligence clearance from the CEIB in a prompt manner. PSBs will be able to check antecedents of large borrowers and ascertain the existence of any non performing assets against their name at the click of a button
- **Significance:**
 - » Expedite lending process
 - » Prevent loans to defaulters

6. INSURANCE SECTOR

- **Insurance Sector and its significance:**
 - » Insurance is an integral part of financial sector. It plays a significant role in economic development. Apart from protection against mortality, property, and casualty risks and providing a safety net, the insurance sector encourages savings and provide long term funds for infrastructure development.

1) INSURANCE REGULATORY DEVELOPMENT AUTHORITY OF INDIA

- **IRDAI** is an autonomous and statutory body formed under an act of Parliament (i.e. IRDAI Act, 1999). It is responsible for managing and regulating insurance and reinsurance sector in India. It is also responsible for supervision and development of insurance sector in the country.
- **Key objective** of the IRDAI is to promote competition so as to enhance customer satisfaction through increased customer choices and fair premiums, while ensuring the financial security of the insurance market.
- **Composition**
 - As per the section 4 of the IRDAI Act, 1999 the composition of the authority is:
 1. Chairman
 2. Five whole-time members

- 3. Four part-time members
(Appointed by government of India)
- IRDAI is headquartered in Hyderabad.
- **Entities regulated by IRDAI**
 - » **Life Insurance companies:**
 - Insures life of a person. This kind of insurance may also have an insurance component.
 - » **General Insurance companies**
 - Insures health, property, car etc.
 - » **Re-insurance companies**
 - **Note:** Reinsurance companies provide insurance to insurance companies. For e.g. during a huge disaster, an insurance companies may face a large number of claims. In this scenario, a reinsurance company helps them spread the risk by sharing the cost of those claims.
 - » **Agency Channel**
 - » **Intermediaries**
 - Corporate agents
 - Brokers
 - Etc.

2) SITUATION OF INDIA'S INSURANCE SECTOR: ESI 2022-23

- Potential and Performance of insurance sector are generally assessed based on **2 parameters**,
 - **Insurance penetration** which refers to the ratio of total insurance premiums to GDP in a year and;
 - **Insurance density** which refers to ratio of insurance premium to population that is insurance premium per capita and is measured in U.S. dollar as they reflect the level of development of insurance sector in a country.
- **India poised to emerge as one of the fastest growing insurance markets in the coming decade**
 - Insurance Penetration in India has steadily increased from 2.7% around the turn of millennium to 4.2% in 2020.
 - » Life insurance penetration in India was 3.2% in 2021, almost twice more than the emerging markets and slightly above the global average
 - » However most life insurance products sold in India are saving linked with just a small protection component. Therefore households remain exposed to a significant financing gap in the event of premature death of the primary breadwinner.
- **Insurance Density in India has increased from US \$11.1 in 2001 to US \$91 in 2021.**

3) IMPORTANT INSURANCE RELATED INITIATIVES

A) BIMA VISTAAR:

- The IRDAI is planning to launch a unique all-in-one insurance product called **Bima Vistaar** in first quarter of FY2025.
- Bima Vistaar will provide life, health and property coverage in a single affordable policy. It will be a valuable tool for retirement planning as it eliminates the need to purchase separate policies for life, health and property coverage, providing affordability and convenience.
- Bima Vistaar is a critical component part of IRDAI's "Insurance Trinity" initiative that also comprise **Bima Sugam** ((a one stop digital platform)) and **Bima Vaahak** (a women led distribution channel) aimed at ensuring insurance for all by 2047 by bridging the gap in product design, pricing and distribution.

B) BIMA VAAHAK SCHEME:

- **Bima Vaahaks** are registered individuals or legal entities providing services as outlined in the guidelines. The goal is to establish a dedicated distribution channel to enhance insurance inclusion and raise awareness in every village and gram panchayat.
 - » The main objective is to establish women centric dedicated distribution channel that is focused on enhancing inclusion and creating awareness in every village/gram Panchayat, and thus improving accessibility and availability of insurance in every nook and corner of the country.
 - » They will be involved in various activities - completing the proposal forms, fulfilling KYC requirements using handheld electronic communication devices, issuing insurance policies, and providing support for policy and claims related services.
- The 2023 guidelines for the women centric insurance distribution channel will be implemented concurrently with Bima Vistaar, which is in the final stages of development. In Oct 2023, IRDAI had said that the guidelines will be effective from the date of launch of BIMA Vistaar.
- **Bima Vaahaks** will be deployed in each gram panchayat by Dec 31, 2024.

C) BIMA SUGAM:

- The plan is to develop relatively small platform to launch Bima Vistaar and Bima Vaahak effectively before integrating them into a larger platform.

D) OTHER PAST INITIATIVES

- To facilitate penetration of insurance to the lower income segments of the population the IRDAI issued IRDAI micro insurance regulations 2015 which provide a platform for distributing insurance products that are affordable for rural and urban poor and promote financial inclusion.
- Further, the IRDAI obligation of insurance to rural and social sector regulations 2015 stipulate obligation for insurers in rural and social sector and has contributed to developing and promoting micro insurance products in India.

E) VARIOUS GOVERNMENT INSURANCE SCHEME

- **AB-Jan Arogya Yojna** (Health Insurance)
- **Pradhan Mantri Suraksha Bima Yojana:**
 - » Under the scheme, risk coverage of Rs 2 lakh for accidental death and complete disability and Rs 1 lakh for partial disability is given to beneficiary.
- **Pradhan Mantri Jeevan Jyoti Bima Yojana:**
 - » Risk coverage of Rs 2 lakh is credited to the savings bank account of the holder in case of the death of the insured.
- **Pradhan Mantri Vaya Vandan Yojna:**
 - » Old age income security is provided to senior citizens through the provision of an assured pension/return linked to the subscription amount based on a government guarantee to LIC.
- **Pradhan Mantri Fasal Bima Yojna** (already covered in agriculture sector)

7. NEXT BOOKLET

Nationalization, Consolidation of Banks, Privatization of PSBs, IBC, NPA, Financial inclusion, digital payment, types of banks, NFBCs, Fintech, Pension sector



TARGET PRELIMS 2024

BOOKLET-26; ECONOMY-7

CA OF RBI, BANKING AND FINANCIAL SECTOR-2

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2. RBI'S FUNCTIONS

1) WITHDRAWAL OF RS 2,000 BANK NOTES

- Why?
 - » The Rs 2,000 denomination banknotes was introduced in Nov 2016 under section 24(1) of the Reserve Bank of India Act, 1934. This was done to meet the currency requirement of the economy in expeditious manner after withdrawal of Rs 5,00 and Rs 1,000 notes. Once enough new 5,00-rupee notes were in circulation, printing of Rs 2,000 banknotes was stopped in 2018-19.
 - » So, a majority of the Rs 2,000 banknotes were issued prior to March 2017 and were at the end of their estimated lifespan of 4-5 years.
 - » It was also noticed that this denomination was not commonly used for transactions.
 - » Further, the stock of banknotes of other denominations continues to be adequate to meet the currency requirement of the public.
 - » In view of the above, and in pursuance of the clean note policy of the RBI, it was decided to withdraw Rs 2,000 denomination banknote from circulation.
- What is Clean Note Policy?
 - » Under this policy RBI ensure availability of Good Quality Bank notes to members of the public.
- The Rs 2,000 Bank notes could be deposited/ exchanged till Sep 30, 2023. It was later extended till 7th Oct 2023.
- After 7th October, the Rs 2,000 banknotes could continue to be exchanged by individuals/ entities at the 19 RBI Issue Offices up to a limit of Rs 20,000 at a time. Individual/Entities can also tender Rs 2,000 banknotes at the 19 RBI Issue offices for credit to their bank account in India for any amount.
- Impact:
 - » The growth in currency in circulation decelerated to 3.7% for the week ending 9th Feb 2024 from 8.2% a year ago.
 - **Note:** Currency in Circulation (CiC) refers to notes and coins in circulation, while currency with the public comprises notes and coins in circulation minus cash with banks.
- Some Rs 2,000 notes still in circulation (Dec 2023)
 - » About 2.7% of withdrawn note are still in circulation.
 - On 19th May 2023, around Rs 3.56 lakh crore banknotes of Rs 2,000 were still in circulation. This has declined to Rs 9,760 crores (2.7%) on 30th Nov 2023.
- **Note:** Rs 2,000 banknotes continue to remain legal tender.

2) RBI'S REPORT ON CURRENCY AND FINANCE 2022-23: TOWARDS A GREENER AND CLEANER INDIA (MAY 2023)

- The report is one of the most comprehensive attempts by central regulator to discuss the responsibility of banking and finance sector to the plethora of challenges posed by climate emergency.
- **Theme:** Towards a Greener and Cleaner India
- The report claims that fiscal policy has a prominent role in driving the green transition, from fossil fuels to renewables, and highlight the urgent need for a green taxonomy, a classification system that determines whether an investment is sustainable or not.
- The three areas where RBI sees a role for itself:
 - i. **Mandatory disclosure requirements** pertaining to climate related risks of banks
 - ii. **Mandating financial institutions** to incorporate environmental risk factors in their risk management process
 - iii. **Green Asset Ratio (GAR)**, i.e., the proportion of total assets invested in sustainable projects or economic activities - prescribing financial institutions to maintain threshold level.

3. FINANCIAL INCLUSION

- **What is financial inclusion?**
 - » Financial inclusion is defined as the process of ensuring access to adequate financial services (Banking, Credit, Investment, Insurance) in a cost effective and timely manner for vulnerable and low income groups.
- **Advantages:** Economic growth; Social Benefits; Reducing Inequalities; efficiency in implementation of government schemes; protects low-income households (from money lenders, Ponzi schemes) etc.
- **Key steps taken so far to promote financial inclusion**
 - **Nationalization of Banks** in 1969 and 1980 was **Region-focused** on ensuring that the banking services reach rural areas.
 - **Promotion of alternatives** Rural Banks, Cooperatives, etc. have also contributed to Financial inclusion.
 - **Lead Bank Scheme** - RBI assigns a district to a particular bank. The bank is responsible for promoting banking services and financial literacy in that district.
 - **Pradhan Mantri Jan Dhan Yojana (PMJDY)**, under which 43 crore accounts have been opened by Aug 2021.
 - **Niche Banking:** Setting up of Small Financial Banks and Payments Banks.
 - Launch of India Post Payment Bank in Sep 2018 is particularly significant in bridging the gap in last mile connectivity.
 - **Priority Sector Lending** initiative of RBI
 - **Various saving schemes under post office**
 - **Various Insurance and Pension initiatives**
 - Schemes such as the **Pradhan Mantri Suraksha Bima Yojana** to provide accidental death or disability cover and **Atal Pension Yojana** to provide pension cover to subscribing bank account holders.

1) PMJDY

- **Introduction**
 - » Financial inclusion is a crucial component of inclusive growth. But, even in the year 2014, more than 40% of the households in the country didn't have a bank account. In the absence of an account, they mostly depended on local money lenders for credit purposes at very high interest rates. Further, a very small percentage of bank loans used to go to rural area.
 - » To remedy these problems, PM Modi announced PMJDY in his independence day speech on 15th Aug 2014 and the scheme was launched on 28th Aug 2014.
- **Objectives:**
 - » Ensure access of **financial products & services** at an affordable cost.
 - » Use of technology to lower cost and widen reach.
- The scheme is aimed at providing key financial inclusion services like banking facilities, financial literacy, insurance cover etc. to all the **households (adult individuals)** in the country. Further, the government also envisaged channeling all government benefits (Central, state and local government) to the beneficiary's accounts and promoting government's DBT initiative.
- **Eligibility**
 - » Any person who is Indian citizen above the age of 10 and does not have a bank account can open an account with zero balance. It also provides for a relaxed KYC norm.
- **Six Pillars of PMJDY (National Mission on Financial Inclusion)**
 - i. **Banking Service in every 5 kilo meters**
 - The country has been divided into a number of Sub Service Areas (SSA), each with 1000-1500 households. One banking outlet (branch or BC) have been established within a distance of five km from every SSA.
 - ii. **Account for each family Individual**
 - Bank account for each adult individual with accident insurance of Rs 1,00,000-2,00,000 for Rupay debit card holders and overdraft facility of Rs 5,000, **Rs 10,000**.
 - iii. **Financial Literacy**
 - iv. **Credit Guarantee Funds** to cover potential defaults in overdrafts;
 - v. **Micro Insurance:**
 - Accidental insurance cover on RuPay cards holders has been increased from Rs 1 Lakh to Rs 2 Lakh for PMJDY accounts opened from 28.8.2018.
 - vi. **Pension Transfers:** Pension payments under the Swavalamban Yojana scheme for workers in the unorganized sector is being paid through bank accounts.
- **Other Features**
 - » Zero balance accounts etc.

4. INITIATIVES FOR CASHLESS ECONOMY

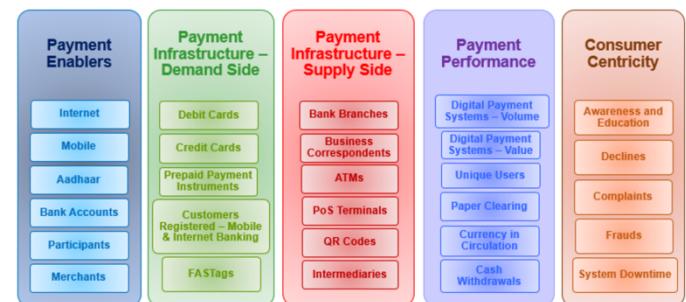
1) DIGITAL BANKING (PROMOTING LESS CASH ECONOMY)

- **What is less cash / cashless economy?**

- » Cashless economy refers to a scenario when monetary transaction in an economy happens mostly electronically and use of cash is absent or negligible.
- **Advantages:**
 - » **Cash economy is expensive**
 - » **Fighting Corruption through transparency in money flow.**
 - » **Increased tax compliance and thus tax revenue**
 - » **Financial inclusion** -> A cashless economy would mean everyone is having a bank account and thus financial inclusion is a pre-requisite for cashless economy.
 - » **Reduced chances of petty crimes** like theft, snatching etc.
 - » **Environment Friendly:** Reduced use of paper money can contribute to environmental benefits as well by reducing the need of trees to be cut.
- **Evolution of Digital Payment in India**
 - » Digital Payments system in India has been steered by the Reserve Bank of India (RBI). It first published the *Payment Systems in India*, in 1998.
 - » **RTGS - Real Time Gross Settlement System** was launched by RBI in 2004. **NEFT (National Electronic Funds Transfer)** was introduced in 2005.
 - » **NPCI** functions under the Payment and Settlement Systems Act, 2007 in order to create a robust payments and settlement infrastructure for India. It is a not-for-profit organization set up under the section 8 of the Companies Act, 2013.
 - Several of its initiatives like IMPS, UPI, Rupay, e-RUPI etc. have played a crucial role in promoting cashless economy in India.
- **Steps taken in India.**
 - » **Key Policy Measures**
 - **Demonetization** has nudged citizens towards digital payments.
 - **PMJDY** has ensured bank accounts and Rupay Debit cards with almost all households in the country, increasing the scope of cashless economy.
 - **Various initiatives for digital literacy like PMDISHA**
 - Further, RBI has also announced that all charges for NEFT and RTGS collected from banks will be waived off from 1st July 2019, and have asked banks to pass on the benefits to customers.
 - **No MDR payment charges on payment via RUPAY, UPI from 1st Jan 2020** (Dec 2019)
 - **E-RUPI**
 - **CBDC**
- **Technological Measures:**
 - » **Increasing penetration of internet and smart phones**
 - » **Fintech Revolution** -> coming up of large number of fintech companies and facilities like PayTm Google Pay etc.
 - » Various initiatives by NPCI - IMPS, UPI, BHIM, RuPay, AEPS, e-RUPI etc.
 - » In Dec 2019, RBI operationalized round-the-clock **(24X7) availability of the National Electronic Fund Transfer (NEFT)** and asked the **banks not to levy any charge on NEFT transfer from saving bank account holders**.

- Deepening of Payment revolution in India is a result of political will (PMJDY), a proactive central bank and use of technology.
- **Nandan Nilekani Panel recommendations for strengthening of the digital payment industry (June 2019)**
- The **Digital Payments Index of RBI** captures the extent of digitization of payments across the country.
 - The index captures (i) Payment Enablers (weight 25%), (ii) Payment Infrastructure – Demand-side factors (10%), (iii) Payment Infrastructure – Supply-side factors (15%), (iv) Payment Performance (45%) and (v) Consumer Centricity (5%).
 - The RBI-DPI has been **constructed with March 2018 as the base period**, i.e. DPI score for March 2018 is set at 100.
 - The DPI for March 2019 and March 2020 work out to 153.47 and 207.84 respectively, indicating appreciable growth.
 - The Digital Payments Index **increased from 100 in March 2018 (base period) to 304.06 in September 2021**

RBI-Digital Payments Index – Parameters and Sub-parameters



2) UPI AND RELATED UPDATES

- **Why in news?**
 - » RBI has raised the limits on UPI payment transactions for educational and healthcare purposes (Dec 2023)
- **Introduction**
 - » UPI is a real time payment system that allows money transfer between any two bank accounts by using a mobile device. It was developed by NPCI and is controlled by RBI and IBA (Indian Bank Association).
 - » UPI has been build using IMPS payment architecture system and hence transactions are very fast.
 - » It was launched in April 2016.
 - UPI allows a customer to pay directly from a bank account to different merchants, both online and offline, without the hassle of typing credit card details, IFSC code or net banking/wallet password.
- **How Safe is UPI**
 - » The UPI is as much secure as internet banking or mobile banking.
 - » A two-step authentication is used
 - To open the UPI app, you have to give a pin
 - To transfer the money, again you have to enter the MPIN (Mobile Banking Personal Identification Number) or UPI PIN

- » It is safe as customers only share a Virtual Payment Address (VPA) and provide no other sensitive information. Receiver won't get your bank account details.
 - » Only while connecting your bank account to UPI, you have to authenticate it through the card details and OTP.
- **Transaction limit**
- » The transaction limit for UPI is capped at Rs 1 lakh, except a few categories like capital market (AMC, Broking, Mutual Funds etc.), Collections (Credit Card Payments, Loan Repayments, EMI), Insurance etc, where the transaction limit is 2 lakh.
 - » In Dec 2021, transaction limit for UPI payments for Retail Direct Scheme and for IPO subscriptions was increased to Rs 5 lakhs.
 - » In Dec 2023, To encourage the use of UPI for medical and educational services, it is proposed to enhance the limit for payments to hospitals and educational institutions from ₹1 lakh to ₹5 lakh per transaction
- **Benefits of UPI**
- » UPI is revolutionary. It had made the banking transaction a breeze. Former RBI governor Rajan considered the launch of UPI as the Whatsapp moment.
 - i. **24X7 Immediate transfer**
 - No restriction of holiday or working hours. The bank strikes also doesn't affect UPI
 - No need to wait for 24 hours to send money to new recipient
 - ii. **Simple:** No need of bank account number and IFSC code of the recipient
 - iii. **Less costly:** A transaction through UPI is much cheaper than the other methods.
 - iv. **Many bank accounts can be connected to one VPA:** However, the BHIM app only links one account at a time
 - v. **Enabled many apps:** PhonePe, BharatPay, PayTM etc. .
 - vi. **Benefits of UPI over IMPS:** No need of bank account details and IFSC code (both required in IMPS)
 - vii. **Benefits over other mobile wallets**
 - No need of transfer of money into wallet, so always getting interest on the money.
 - Mobile wallets generally allow transfer between wallets, here the transfer can be between different banks.
- **Other key terms associated with UPI**
- » **Virtual Payment Address (VPA)**
 - The UPI system does not use the bank account details of the recipient. But, there should be an accurate identification of the money recipient. Ultimately, all this convenience is fruitful if the money goes in right hands.
 - So, every user of the UPI app must have a unique ID. This unique ID is called the Virtual Payment Address (VPA).
 - This VPA would be something similar to sanket@icici, anshu@bob etc. So very easy to remember.

- The app provider bank would allot the VPA to each user. You can choose the VPA similar to the mail address.
- You can give this VPA to anyone to receive money. This app would itself keep storing the VPAs of the person to whom you have transferred the money. It is like saving contact in Gmail.

A) KEY CHANGES MADE IN DEC 2023:

- In Dec 2023, RBI increased the limits for UPI Transactions for payments made to hospitals and educational institutes to Rs 5 lakh per transaction
- E-Mandate limit has also been increased from Rs 15,000 to Rs 1 lakh.
 - **Background:** The framework for processing of e-mandates for recurring transactions was introduced in Aug 2019 to balance the safety and security of digital transactions with customer convenience. UPI Mandate can be used in scenario where money is to be transferred later by providing commitment at present. It is used for recurring payments to buy mutual funds, pay insurance premiums and credit card repayments. The limits for execution of e-mandates without Additional Factor Authentication (AFA) currently stands at Rs 15,000.
 - **Need of increase:** In categories such as subscription to mutual funds, payments to insurance premium and credit card bill payments, where the transaction size is more than Rs 15,000, a need to enhance the limit has been expressed.
 - **RBI** has therefore, proposed to exempt the requirement of AFA for transactions upto Rs 1 lakh for the following categories viz. subscription to mutual funds, payment of insurance premium and payment of credit card bills.
 - This change in limit is expected to increase the usage of e-mandate.
- **Other Related Changes:**
 - RBI has proposed to set up a fintech repository to keep track of increasing linkages among banks, NBFCs and fintech.
 - For better understanding of the developments in the FinTech ecosystem with an objective to appropriately support the sector, it is proposed to set-up a Repository for capturing essential information about Fintechs, encompassing their activities, products, technology stack, financial information etc.
 - This fintech repository will be set up by Reserve Bank Innovation Hub by April 2024.
 - **Establishment of Cloud Facility for the Financial Sector in India:**
 - **Banks and financial entities** are maintaining an ever-increasing volume of data. Many of them are utilizing various public and private cloud facilities for this purpose.
 - **RBI** is working on establishing a cloud facility for the financial sector in India. This proposed facility will enhance security, integrity and privacy of the financial sector data.
 - The cloud facility will be set up and initially operated by Indian Financial Technology & Allied Services (IFTAS), a wholly owned subsidiary of RBI. Eventually, this cloud facility will be transferred to a separate entity owned by the financial sector participants.
 - **Regulatory Framework for Web-Aggregation of Loan Products:**
 - **Background:** The RBI had accepted the recommendation of the Working Group on Digital Lending (Chairman: Shri Jayant Kumar Dash) to come up with regulatory framework for web-

aggregators of loan products (WALP). WALP entails aggregation of loan offers from multiple lending of an electronic platform which enables the borrowers to compare and choose the best available option to avail loan from one of the available lenders.

- Based on this recommendation, RBI has decided to bring such loan aggregation services offered by the Lending Service Providers (LSPs) under a comprehensive regulatory framework.

1) CENTRAL BANK DIGITAL CURRENCY (CBDC) (DIGITAL RUPEE OR E-RUPEE)

- **Why in news?**
 - » The RBI has set no-specific timeline for the 'full-fledged' launch of its Central Bank Digital Currency (CBDC) or the e-Rupee (March 2024)
 - RBI Governor Shaktinath Das said that they are in no great hurry to launch the digital currency because they want to be absolutely sure about the safety, robustness, and the integrity of digital currency.
- **Basics:**
 - » First announced in Budget 2022-23
 - » In 2022, the RBI introduced India's own Central Bank Digital Currency (CBDC) which is a digital representation of sovereign currency.
 - » RBI defines CBDC as the legal tender issued by Central Bank in digital form. It is akin to sovereign paper currency but takes a different form, exchangeable at par with the existing currency and shall be acceptable as a medium of payment, legal tender, and a safe store of value. It would also appear as liability on a Central Bank's balance sheet.
- **Key Motivations behind CBDC:**
 - » Reduce Operational Cost involved in physical cost management
 - » Foster Financial inclusion
 - » Efficiency and Innovation in payment system
 - » Adding efficiency to settlement system
 - » Boosting innovation in cross border payments.
 - » Countering Private Crypto Currencies
- Thus, it has all the advantages which any private virtual currency has.
- **How secure is RBI's CBDC?**
 - » It operates on the robust foundation of blockchain technology, employing encryption and decentralized ledgers to safeguard financial transactions.
- **How does Digital Rupee work?**
 - » The RBI will create tokens, and issue them to financial entities called Token Service Providers (TSPs), which are the banks selected for the Digital Rupee Program. The TSPs will then distribute the tokens to interested parties/customers. The digital rupee tokens will work in the same way as bank notes/coins, and you can use them in lieu of cash.
 - » e₹ will work in the same way as bank notes and coins – if you possess them, you can use them in lieu of cash. You may store e₹ in your bank's e₹ app. The digital wallet works in the same way as your cash wallet, except these transactions will be entirely paperless. You can either conduct e₹ transactions anonymously, simply by obtaining the sender/receiver's phone number or QR code, or you can opt for account-based e₹ transactions.

- How is e-rupee different from UPI or other fund transfer modes?
 - » UPI/NEFT/RTGS/IMPS are all forms of digital payments. e₹ is a digital form of currency and is a legal tender provided by RBI that is similar to physical cash, but in a digital form.
- How is CBDC different from Bitcoin and other private cryptocurrency?
 - » RBI takes responsibility for ensuring the transactions are settled. In bitcoin, the transaction between parties are settled by a pool of users.
 - » Stability: E-Rupee enjoys the same stability in value as the rupee while cryptocurrencies can be very volatile.
- Types of CBDC:
 - » RBI released two versions of the Digital Rupee - CBDC-Wholesale (CBDC-W) and CBDC-Retail (CBDC-R).
 - **CBDC-W** is designed for limited access and is primarily intended for selected financial institutions. It is used for settlement of inter-bank transfers and related wholesale transactions.
 - **CBDC-R** is available for broader audience, including private sector entities, non-financial consumers, and business of all sizes. It is basically an electronic version of cash primarily meant for retail transactions.
 - The CBDC-R pilot currently enables person-to-person (P2P) and Person to Merchant (P2M) transactions using Digital Rupee wallets provided by pilot banks.
- Important Proposed features of e-rupee
 1. Enabling digital transaction even when customers are offline.
 - CBDC-R will soon support offline transactions in areas with limited or no internet connection. Various offline solutions (proximity and non-proximity based) across hilly areas, rural and urban locations will be tested for this purpose.
 2. Integrating the e-rupee with India's widely used UPI.
 - RBI is actively encouraging banks to make the e-rupee interoperable with UPI through QR code system. Some banks like SBI have already implemented the inter-operability feature.
 3. **Programmability**: It will permit users like, for instance, government agencies to ensure that payments are made for defined benefits.
 - It will also permit corporates to program specified expenditures like business travel for their employees.
 - **Additional features like validity period or geographical areas** within CBDC may be used and can be programmed.
 - The above functionalities will be introduced in pilot in gradual manner.
- What are the denominations of retail e-rupee?
 - The retail e-rupee is available in various denominations, including 50 paise, 1, 2, 5, 10, 20, 50, 200, 500, and 2000. In contrast, the wholesale e-rupee doesn't specify any specific denomination.

- **Progress so far:**
 - RBI has launched pilots of CBDC in both wholesale and retail segments.
 - The pilot in wholesale segment, known as the **Digital Rupee - Wholesale (e₹-W)**, was launched on Nov 1, 2022, with use case being limited to the settlement of secondary market transactions in government securities.
 - The pilot in retail segment, known as **Digital Rupee - Retail (e₹-R)**, was launched on Dec 01, 2022, within a closed user group (CUG) comprising participating customers and merchants.
 - The e₹-R is in the form of digital token that represents legal tender. It is being issued in the same denominations as the paper currency and coins. It is being distributed through financial intermediaries, i.e., the banks.
 - Users will be able to transact with e₹-R through a digital wallet offered by the participating banks. Transactions can be both person to person (P2P) or Person to Merchant (P2M).
 - It offers features of physical cash like trust, safety and settlement finality. Like cash, the CBDC will not earn any interest and can be converted to other forms of money, like deposits with banks.
 - As of March 2024, the size of the pilot project is very large. India currently has about **4.3 million retail users of CBDC**. An additional 40,000 merchants are also using the e-rupee.

2) E-RUPI

- **Why in news?**
 - » RBI expands the scope of e-RUPI digital voucher: Non-banking prepaid payment instrument companies can now issue vouchers (June 2023)
- **Details**
 - » E-RUPI is a one time, cashless and contactless instrument for digital payment. It is a QR code or SMS string-based e-Voucher, which is delivered to the mobile of beneficiaries. The beneficiary can go and redeem it at any centre that accepts it. It is a person specific, even purpose specific digital voucher.
- It connects the sponsors of the services with the beneficiaries and service providers in a digital manner without any physical interface. It also ensures that payment to the service provider is made only after transaction is complete.
 - » It is pre-paid in nature and thus ensures timely payment to the service provider without involvement of any intermediary.
 - » It will contribute in leak-proof delivery of welfare services and thus would make DBT more effective.
- The user will be able to redeem the voucher without a card, digital payment app or internet banking access, at the service provider.
- **Where all can it be used?**



- » It can also be used for delivering services under schemes meant for providing drugs and nutritional support under Mother and Child Nutrition Scheme, TB Eradication Program, drugs & diagnostics under schemes like AB-PMJAY, fertilizer subsidy etc.
- » Even the private players can leverage these vouchers as part of their employee welfare and CSR programs.
- **It has been developed by NPCI on its UPI Platform**, in collaboration with the Department of Financial Services, MoH&FW and National Health Authority.
- **Which banks can issue e-RUPI?**
 - » **NPCI has partnered with 11 banks for e-RUPI transactions.** They are Axis Bank, Bank of Baroda, Canara Bank, HDFC Bank, ICICI Bank, India Bank, Indusland Bank, Kotak Mahindra Bank, Punjab National Bank, SBI and Union Bank of India.
 - » The acquiring apps are Bharat Pe, BHIM Baroda Merchant Pay, Pine Labs, PNB Merchant Pay and YoNo SBI Merchant Pay. More banks are expected to join the e-RUPI initiative soon.
- **Advantages for Consumers:** No need of bank account (which is needed in other forms of digital payments); Easy, contactless two-step process that doesn't require sharing of personal details; it can also operate on basic phones and without internet.
- **Advantages for Sponsors:** Strengthen DBT and make it more transparent;
- **Advantages for service providers:** since these are pre-paid vouchers, it would ensure real time payment to the service providers.
- **Are there global examples of a voucher-based welfare system?**
 - » School voucher systems in USA, Colombia, Chile, Sweden, Hong Kong, etc.
 - » In the US, there is a system of education vouchers or school vouchers, which is certificate of government funding for students selected for state-funded education to create a targeted delivery system. These are essentially subsidies given directly to parents of students for the specific purpose of educating their children.
- **Updates: June 2023**
 - » At present, purpose-specific e-vouchers are issued by banks of central and state governments to a limited extent on behalf of the corporates.
 - » Now, RBI has proposed to expand the scope and reach of e-RUPI vouchers by (a) permitting non-bank Prepaid Payment Instrument (PPI) issuers to issue e-RUPI vouchers and (b) enabling issuance of e-RUPI vouchers on behalf of individuals.

5. NON-PERFORMING ASSETS (NPAS)

1) NON-PERFORMING ASSETS - BASICS

- » Assets in a banking system comprises of loans given and investments (in bonds etc.) made by banks as these earn interest/profit for banks.
- » If the interest/ principal instalment of a loan is not paid until due date, it is called **bad loan**.
- » An asset including a leased asset, becomes non-performing when it ceases to generate income for the bank.
- » According to RBI **A Non-Performing Asset** is a loan or advance where instalment/interest is due for more than 90 days in case of a term loan or overdraft account/ credit account. Similarly in case of

agriculture loans an account becomes an NPA if the instalment/interest remains overdue for two crop season for a short duration crop, or one crop season for a long duration crop.

- » **Stressed Assets** refers to all NPAs plus restructured assets plus written off assets.
- » **NPA Classifications:** Banks are required to classify NPAs into one of the following three categories.
 - **A substandard asset** is an asset classified as an NPA or less than 12 months.
 - **A doubtful asset** is an asset that has been non-performing for more than 12 months.
 - **Loss assets** are loans with losses identified by the bank, auditor, or inspector that need to be fully written off.

2) WHY NPAS INCREASED SO MUCH IN LAST DECADE?

- I. **Credit Boom in mid 2000s and then the global financial crisis:** In Mid 2000s large corporates were granted loans based on extrapolation of their recent growth and performance. But with stagnating economic growth due to Global financial crisis, their loan returning capabilities decreased.
- II. **Indian creditors used the strategy of "Giving time to time" and hoped that economic revival will reduce NPAs -> this only led to evergreening of NPAs.**
- III. **Poor Recognition:** Banks were initially reluctant to recognize NPAs. The true extent of NPA problem only started becoming clear once the RBI initiated the Asset Quality Review in 2015.
- IV. **Poor Governance and Regulation of Banks - Crony Capitalism - Poor Recovery**
- V. **Lack of specialization of banks in recovering bad loans / NPAs**
- VI. **Other Factors which negatively impacted businesses**
 - » **Key Judicial Decisions**
 - Judicial decisions like abrupt cancellation of coal mines and spectrum allocation led to reallocation through expensive auctioning procedure and thus proved to be a fatal burden on respective business models of power, steel and telecom.
 - » **Land Acquisition and environmental clearance issues** also blocked a number of projects and contributed towards increasing NPAs.
- VII. **Insolvency and Bankruptcy Procedure** had not proved very effective yet.
- VIII. **Absence of strict action against bank frauds of high magnitude**
 - » This is because of absence of a strong law against wilful defaulters and fraudsters

3) IMPACT OF HIGH NPAS

- **On Banking Sector:** Decreased income; downgrading of credit rating; negatively impacts achievement of capital adequacy; reduced competitiveness of PSBs to private banks.
- **Hinders Economic Growth:** Reduction in bank credit; higher interest rates.
- **On Government:** Increased fiscal burden due to the need of recapitalizing PSBs.
- **On Individuals/ Society**
 - » **Relatively expensive loans** and decreased interest on deposits.

- » Less budget/credit available for social welfare programs.
- » Eventually its common man's money in the form of deposits which have been lend by banks and is put at risk in case the bank fails.

4) BALANCESHEET SYNDROME WITH INDIAN CHARACTERISTICS

- High NPAs (TBS problem) have derailed growth in other countries. But huge NPAs have not had as huge an impact as in case of other countries. This is being considered 'Balance Sheet Syndrome with Indian Characteristics.'
 - » This is because the NPA's are concentrated in public sector banks which not only hold their own capital but are ultimately backed by the government who would eventually come to save these banks in case situation gets out of hand. Therefore, creditors have retained confidence in the banking system and there have been no bank runs, no stress in the inter-bank market etc.
 - » Mid 2000s boom had created enough infrastructure (in India's severe supply constraint economy), that there was ample room for the economy to grow after the GFC.

5) STEPS TO REDUCE NPA PROBLEM

4R Strategy: Recognition, Recapitalization, Resolution, Reform

- **Steps Taken So Far**
 1. **Know your customer (KYC)** norms have been strengthened.
 2. **Early identification and reporting of stress** - Special Mention Account (As per revised framework for resolution of stressed assets - Feb 2018)
 - Lenders are required to identify incipient stress in loan accounts, immediately on default, by classifying assets as Special Mention Account (SMA) as per the following categories.

| SMA Subcategory | Basis for classification - principal or interest payment or any other amount wholly or partly overdue |
|-----------------|---|
| SMA-0 | 1-30 days |
| SMA-1 | 31-60 days |
| SMA-2 | 61-90 days |

 - This has to be reported to Central Repository of Information on Large Credit (CRILC) on all borrowers' entities having aggregate exposure of Rs 5 crore and above with them.
 3. **Asset Quality Review by RBI**
 - To deal with the cases of divergences in identification of NPAs or addition provisioning across banks at the central office level
 4. **Indradhanush Scheme**
 - Improving 7 different areas of banks (including capitalization)
 5. **Insolvency and Bankruptcy Code (IBC-2016)**

6. **Fugitive Economic Offenders Act, 2018**, is also acting as a deterrent and may prevent future offenders from running to other countries.

7. Project Sashakt (July 2018)

- It is a five-pronged strategy to resolve bad loans outline - SME resolution approach, bank led resolution approach, AMC/AIF led resolution approach, NCLT/IBC approach and asset trading platform

8. Prompt Corrective Action (PCA) Framework

• What is PCA?

- It is a framework under which banks with weak financial matrices are put under watch by RBI.
- The framework uses **three parameters** to measure the weakness of a bank:
 - Capital Ratio**
 - Asset Quality**
 - Profitability**

• RBI's revised PCA framework for banks applicable from 1st Jan 2022.

- The framework would apply on all banks operating in India, including foreign banks operating through branches or subsidiaries based on breach of risk thresholds of identified indicators.
- Indicators to be tracked** for capital, asset quality and leverage would be CRAR/Common Equity Tier-1 Ratio, Net NPA Ratio, and Tier 1 Leverage Ratio.
- Breach of any risk threshold may result in invocation the PCA**.
- Entry:** A bank will generally be placed under PCA framework based on the Audited Annual Financial Results and the ongoing Supervisory Assessment made by RBI.

| PCA matrix – Parameters, indicators and risk thresholds | | | | | |
|---|--|---|--|---|--|
| Parameter | Indicator | Risk Threshold 1 | Risk Threshold 2 | Risk Threshold 3 | |
| (1) | (2) | (3) | (4) | (5) | |
| Capital (Breach of either CRAR or CET 1 ratio) | CRAR - Minimum regulatory prescription for Capital to Risk Assets Ratio + applicable Capital Conservation Buffer (CCB) and/or Regulatory Pre-Specified Trigger of Common Equity Tier 1 Ratio (CET 1 PSTR) + applicable Capital Conservation Buffer (CCB) | Upto 250 bps below the Indicator prescribed at column (2) Upto 162.50 bps below the Indicator prescribed at column (2) | More than 250 bps but not exceeding 400 bps below the Indicator prescribed at column (2) More than 162.50 bps below but not exceeding 312.50 bps below the Indicator prescribed at column (2) | In excess of 400 bps In excess of 312.50 bps | |
| | Breach of either CRAR or CET 1 ratio to trigger PCA | | | | |
| Asset Quality | Net Non-Performing Advances (NNPA) ratio | >=6.0% but <9.0% | >=9.0% but < 12.0% | >=12.0% | |
| Leverage | Regulatory minimum Tier 1 Leverage Ratio | Upto 50 bps below the regulatory minimum | More than 50 bps but not exceeding 100 bps below the regulatory minimum | More than 100 bps below the regulatory minimum | |

- RBI's corrective action plan based on risk threshold

- RBI can put **mandatory restrictions** on dividend distribution, branch expansion, and management compensation based on the risk threshold.

- In an extreme situation, breach of third threshold, would identify bank as likely candidate for resolution through amalgamation, reconstruction or winding up.
- Further there can be **discretionary restrictions** on bank's lending limit, special audit etc.
- RBI can supersede the bank's board, under the PCA.

10. Governance Reform in banks

- E.g. Separation of the post of CMD and Chairman

6) IMPACT OF THE ABOVE EFFORTS – CURRENT SITUATION

- As per RBI's Financial Stability report released in Dec 2023, **SCB's** gross NPAs ratio continued to decline to a multi-year low of 3.2% and the net Non-Performing Asset (NNPA) ratio to 0.8% in Sep 2023.
- **Why decrease:**
 - » Lower slippages and reduction in outstanding GNPs through recoveries, upgrades, and write offs led to this decrease.

6. DEVELOPMENTAL BANKS: NEED AND ANALYSIS

- What is a **DFI** (Developmental Financial Institution) or **DFC** (Developmental Finance Company)?
 - » Developmental Financial Institutions provide long-term credit for capital-intensive investments spread over a long period and yielding low rates of return, such as urban infrastructure, mining and heavy industry, and irrigation system.
 - » The role of a Development Financial Institution (DFI) is to take cognizance of the gaps in institutions and markets in the country's financial sector and to act as a gap filler.
- **Objectives of DFI:**
 - » Economic Development of the country via financing infrastructure
 - » They also provide technical assistance like Project Report and Consultancy Services.
 - » They provide credit enhancement for infrastructure and housing projects and help in improving debt flows towards infrastructure projects.
- **History of Development Banks in India**
 - » Industrial Finance Corporation of India (IFCI), set up in 1949, was perhaps India's first developmental bank.
 - » In 1955, the World Bank prompted the Industrial Credit and Investment Corporation of India (ICICI) - the parent of the largest private bank in India today - as a collaborative effort between the government with majority equity holding and India's leading industrialists with nominal equity ownership to finance modern and relatively large private corporate enterprises.
 - ICICI Bank limited was established in 1944 and in 2002 both were merged together making it the first universal bank of India.

- » In 1964, **IDBI** was set up as an apex body of all development finance institutions.
- **How were DFIs financed in India?**
 - » In 1950s and 60s, the saving rate was low, and the capital market was virtually absent. So, DFIs were mostly financed by:
 1. **Lines of credit from the Reserve Bank of India** (that is, some of its profits were channelled as long-term credit); and
 2. **Statutory Liquidity Ratio bonds**, into which commercial banks had to invest a proportion of their deposits.
 - » In other words, by sleight of government hand, short-term bank deposits got transformed into long-term resources for development banks. The missing capital market was made up by an administrative fiat
- **However these DFIs didn't perform well:**
 - » **Faced very high NPAs** -> due to politically motivated lending and inadequate professionalism in assessing the project.
 - » Therefore, after 1991, following the Narsimhan Committee recommendations on financial sector reforms, **the DFIs were disbanded and got converted into commercial banks**.
- **Result of disbanding these institutions**
 - » **Steep fall in long term credit** from a tenure of 10-15 years to five years. This has contributed to NPA crisis of Indian PSBs.
 - » Further, the development of debt market has failed to take off.
- **In China**, these developmental banks - the Agricultural Development Bank of China, China Development Bank, and the Export-Import Bank of China - have been at the forefront of financing its industrial prowess.
- **Advantages of DFIs**
 - » **Fill the gap in infra financing and long-term financing**: The commercial banks have been reluctant to provide long term loans for infra projects especially after the huge NPA crisis
 - » **Reducing future NPA burden on Banks**
 - » **Utilize today's developmental capital and stock markets more efficiently** through specialized activities.
- Therefore, Finance Minister **Nirmala Sitharaman** while presenting the Union Budget 2021-22 stated that, India's Infrastructure needs long term financing and informed that India will set up a new **DFI** called the **National Bank for Financing Infrastructure and Development** (NABFID)

1) DETAILS ABOUT NATIONAL BANK FOR FINANCING INFRASTRUCTURE AND DEVELOPMENT (NBFID)

- NBFID Bill, 2021 was passed in Parliament in 2021.

- It was operationalized in Q1FY23.
- NBFID will be set up as a **corporate body with authorised share capital of one lakh crore rupees.**
 - Shares of NBFID may be held by: (i) central government, (ii) multilateral institutions, (iii) sovereign wealth funds, (iv) pension funds, (v) insurers, (vi) financial institutions, (vii) banks, and (viii) any other institution prescribed by the central government.
 - Initially, the central government will own 100% shares of the institution which may subsequently be reduced up to 26%.
- **Functions:**
 - » It will have both financial and developmental objectives.
 - » **Financial Objective** will be to directly or indirectly lend, invest, or attract investment for infrastructure projects located entirely or partly in India. Central government will prescribe the sectors to be covered under the infrastructure domain.
 - » **Developmental Objectives** include facilitating the development of the market for bonds, loans, and derivatives for infrastructure financing.
 - » **Functions of NBFID include:**
 - i. extending loans and advances for infrastructure projects,
 - ii. taking over or refinancing such existing loans,
 - iii. attracting investment from private sector investors and institutional investors for infrastructure projects,
 - iv. organising and facilitating foreign participation in infrastructure projects,
 - v. facilitating negotiations with various government authorities for dispute resolution in the field of infrastructure financing, and
 - vi. providing consultancy services in infrastructure financing
- **Sources of Funds:**
 - NBFID will raise money in the form of loans or otherwise both in Indian Rupee and Foreign Currency, or secure money by the issue and sale of various financial instruments including bonds and debentures.
 - It will borrow money from: (i) Central Government (ii) Reserve Bank of India (iii) Schedule Commercial Banks (iv) Mutual Funds, and multilateral institutions such as WB and ADB.
- **Management of NBFID:**
 - It will be governed by **Board of Directors.** The members of Board include:
 - i. Chairperson appointed by the Central Government in consultation with RBI
 - ii. Managing Director
 - iii. Up to three deputy managing directors
 - iv. Two directors nominated by Central Government

v. A few independent directors

- **Support from central government:**

- **Government** will provide a grant of Rs 5,000 crores to NBFID.
- It will also provide guarantee at a concessional rate of upto 0.1% for borrowing from multilateral institutions, sovereign wealth funds, and other foreign funds.
- Upon request from NBFID, the government may guarantee the bonds, debentures, and loans issued by NBFID.

- **Other DFIs:**

- The Act also provides for any person to set up a DFI by applying to RBI. RBI may grant a license for DFI in consultation with the central government. RBI will also prescribe regulations for these DFIs.

- **How is NaBFID doing?**

- As of 2023, entire shareholding of the institutions held by Central Government, which has invested equity of Rs 20,000 crore and provided a grant of Rs 5,000 crores.
- **NaBFID** has raised Rs 10,000 crores via maiden issuance of listed bonds of 10 year duration at a coupon rate of 7.43%. It was oversubscribed by 4.7 times. (June 2023)
- In less than a year of operation, the institution has sanctioned 25,000 crore rupees loan. The aim is to reach Rs 1 lakh crore in terms of sanctioned amount by FY24. (July 2023)
- It is also moving very cautiously with a balanced portfolio of completed projects (refinancing route), brownfield expansion and greenfield projects as a lopsided focus on green field carry high risks.
- It is also exploring a larger role in the infrastructure segment and not in just financing, with the objective of playing a catalysing role in developing infrastructure and the entire ecosystem. For e.g. it is looking at a project advisory role in railways and transportation infra projects that are stuck, or that haven't moved at required pace.

7. INSOLVENCY AND BANKRUPTCY CODE (IBC)

- **Basic Definitions**

- » **Insolvency** refers to a situation where individual, entity or a company is unable to meet its financial obligations (i.e. unable to pay off debts)
- » **Bankruptcy** is the legal declaration of one's inability to pay off debts. When bankruptcy is filed, two ways of resolving insolvency is available.
 1. **Reorganization**: debtor restructure their repayment plans to make them more easily met.
 2. **Liquidation**: Debtors assets are sold to pay the creditors.

- **Problems with India's Insolvency and Bankruptcy Process (Before IBC, 2016)/Need of IBC**

- » **Delayed Process** (9 years, (1.7 years in OECD))
- » **High Cost of Process** (9% of total asset cost, (5% in OECD)) .

- » **Poor Recovery** (25.7% (72% in OECD))
 - » **Archaic laws**, some more than 100 years old, governed the Insolvency and Bankruptcy procedures.
 - » **Different acts for different entities created confusions.**
 - The **RDDB act, 1993 (Recovery of Debts due to Banks and Financial Institutions Act, 1993)** and the **SARFAESI Act, 2002 (Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest ACT, 2002)** act applied only to Indian Banks and specific NBFCs which deal with housing loans.
 - **SICA** (Sick Industrial Companies Act, 1985) applied to only Industrial companies which created a major problem as India is increasingly becoming a services-led economy.
 - **Joint Lenders Forum and Corporate Debt Restructuring** also apply to only regulated banks and NBFCs. They too don't address insolvency in systematic manner.
 - » **Creditors were relatively powerless** when faced with a default while promoters were, in the words of former RBI governor Raghuram Rajan, able to "insist on their divine right to stay in control".
- **Insolvency and Bankruptcy Code 2016 - passed by Parliament in May 2016**
- » IBC 2016 is considered one of the landmark economic reforms by the Modi Government. It is based on the recommendations of the **Bankruptcy Law Reform Committee** headed by **TK Viswanathan**.
 - » **Ministry:**
 - IBC was spearheaded in Parliament by Ministry of Finance.
 - However, the administration of the IBC, 2016 has been transferred to the Ministry of Corporate Affairs from July 2016
- **Objectives:**
- **Maximize the value of debtor's asset**
 - **Promote and encourage entrepreneurship**
 - **Ensure timely and effective resolution of IBC cases**
 - **Balance the interest of all stakeholders** including creditors, debtors and staff
 - **Facilitate the promotion of a competitive market and economy**
 - **Provide for a framework to deal with cross border insolvency**
- **Provisions:**
- i. **Unified Framework: Applicable to both Individuals and companies**
 - ii. **Clear Coherent and Speedy Process**
 - » Code lays down a clear, coherent and speedy process for early identification of financial distress and revival of the companies and limited liability entities if the underlying business is found to be viable.
 - » **Corporate debtors (LLPs and companies):**
 - **Corporate Insolvency Resolution Process (CIRP):**
 - Under this steps are taken for revival, selling the company to a suitable buyer, etc.
 - Resolution plan has to be approved by CoC (at least 66% of the creditors in CoC).

- **Time Bound Resolution:** Insolvency resolution - Max (180 + 90 Days) 330 days (including the liquidation process) (after the Aug 2019 Amendment)

- **Liquidation** - if the insolvency resolution fails. (Note: through the SC Judgment in the Essar Steel case, the 330 day deadline is no more mandatory).

▫ **Came into force on 1st Dec 2016).**

- iii. It offers a paradigm shift from the existing 'Debtor in possession' to a 'Creditor in control' regime.

- iv. **Institutional Infrastructure for Insolvency and Bankruptcy Process under IBC**

- **Insolvency and Bankruptcy Board of India** -> Insolvency regulator, oversees the functioning of insolvency intermediaries (IPs, IPAs, IUs)
- **Insolvency Professionals and Insolvency Professional Agencies** -> private bodies -> specialized in helping sick companies -> license from IBBI required
- **Information Utilities**
 - Collate all information about debtors to prevent serial defaulters from misusing the system.
- **Adjudication** (Corporates: NCLT->NCLAT->SC; Individuals: DRT -> DRAT -> SC)

- v. **Insolvency and Bankruptcy fund**

- For establishment and use by Insolvency and Bankruptcy Board of India and also for implementing various provisions of the act.

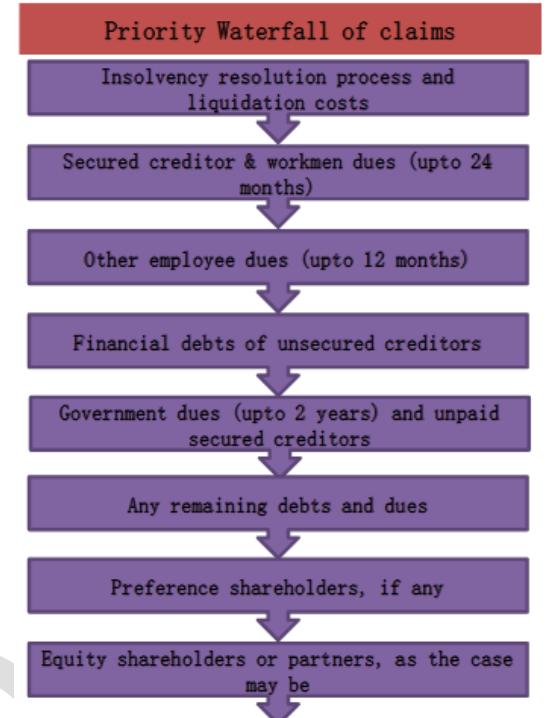
- vi. **Provisions to address cross border insolvency** through bilateral agreements with other countries.

- vii. **Protection of worker's interest**

- The code has provision to ensure that the money due to workers and employees from the provident fund, the pension fund and the gratuity fund shouldn't be included in the estate of the bankrupt company or individual.
- Further, worker's salaries for upto 24 months will get first priority in case of liquidation of assets of a company, ahead of secured creditors.
- It also enables workers to initiate the insolvency process and they will be first in line to get the proceeds of liquidations.

- viii. **Disqualification of bankrupt from holding public office**

- **During COVID-19 pandemic, the Insolvency and Bankruptcy (Amendment) Ordinance, 2020 was promulgated, which suspended initiation of CIRP of a corporate debtor (CD) for any default arising on**



or after 25th March 2020. This suspension of code was extended twice for 3 months each on 24th Sep 2020 and 22nd Dec 2020.

- **Current Situation:**

- » As per the Financial Stability Report (FSR) released by the RBI on 28th Dec 2023:
 - Since the inception of the IBC, a total of 2,808 Corporate Debtors (CDs) have been rescued (808 through RPs, 1053 through appeal and review settlements, 947 through withdrawals) and 2249 CDs have been referred for liquidation till Sep 2023. As many as 2,001 are pending (36 for seven years and 502 for six years)

- **Significance/Key Achievements of IBC:**

- » IBC has created a cohesive and comprehensive insolvency ecosystem.
- » It has made it easy for creditors to deal with default.
- » It has professionalized insolvency services by creation of two professions namely: the insolvency profession and the valuation profession.
- » It has fast tracked the insolvency and bankruptcy process and has resulted into higher recovery and thus has benefitted all the creditors including banks. As per ESI 2021-22:
 - In value terms 74% of distressed assets were rescued.
 - The average time for resolution (428 days) and liquidation (375 days) is a reduction over the pre-IBC times.
- » IBC has also ensured fast track closing of businesses enhancing a key component in India's Ease of Doing Business.
- » IBC has also led to Behavioural change.
 - Increased responsibility and accountability have been ensured among borrowers. This has ensured that business entities are paying upfront before being declared insolvent.
 - Further, in case of distress, thousands of debtors are resolving distress in the early stage of distress.

- **Concerns:**

- » **Little Realizable Value:** RBI's Financial Stability report in Dec 2023 mentions little realizable value to the creditors (16.9% in 2020-21; 22.4% in 2021-22; and 37.1% in 2022-23).
 - Also, according to the 32nd report on Parliamentary Standing Committee on Finance, submitted to Parliament on Aug 3, 2021: the recovery rates are low upto 5% with haircuts as much as 95%.
- » **Numerous issues with Resolution Professionals (RPs)** for which regulators IPA and IBBI have taken disciplinary action on 123 Insolvency Professionals (IPs) out of 203 inspections conducted till date (i.e. around 60% of IPs inspected were found to be indulging in malpractices).
- » **Capacity of NCLT:** Large number of pending cases

1) PRE-PACKAGED INSOLVENCY RESOLUTION PROCESS (PPIRP) FOR CORPORATE MSMES

- In April 2021, GoI amended the IBC Code, 2016 to introduced PPIRP for corporate MSME with defaults up to Rs 1 crore.
- **Key Features of PPIRP**
 - » **Voluntary Initiation:** It is initiated voluntarily by the debtor. The debtor and creditor mutually work on a resolution plan and approach NCLT for its approval.

- » **Expedited Resolution:** PPIRP is expected to be a faster process, with a maximum timeline of 120 days for the submission and approval of the pre-packaged plan.
- » It has rigour and discipline of the CIRP. At the same time, it is informal upto a point and formal thereafter.
- » **Minimal Disruption:** The management of the affairs of the CD shall continue to vest in the Board of Directors/ partners of the CD and the resolution professional conducts the process under the guidance and oversight of the creditors.
- » **Creditor's involvement** in the resolution plan make it more likely to be feasible and acceptable by them.
- » The informality in the beginning (pre-initiation phase) offers flexibility for the CD and its creditors to swiftly explore and negotiate the best way to resolve stress in the business.
- » The post-initiation stage drives value maximization and bestows the resolution plan with statutory protection.

- **Advantages:**

- » Time efficient resolution
- » Early revival of stressed assets
- » Improved business continuity
- » Enhanced stakeholder involvement
- » Reduction in cost in insolvency resolution process
- » Preserve asset value: Early resolution can help preserve the value of the debtor's assets, preventing further deterioration and maximizing creditor's recovery.

2) CROSS BORDER INSOLVENCY (INTERNATIONAL INSOLVENCY) LAW IN INDIA

- **Intro**

- » Cross border Insolvency mechanisms deals with financially distressed debtors who have assets or creditors in more than one country. Currently, the Cross Border Insolvency has no clear legal framework in India.

- **Why cross border insolvency process is important?**

- » **Increasing global footprint of corporates**
- » **Improving Ease of Doing Business**
- » **Preventing the misuse of bankruptcy law:** It will further help India in dealing with cases like that of Nirav Modi who has filed for Bankruptcy in USA.

- **Key components of Cross border insolvency:**

- i. Which **law** is applicable in case of cross border insolvency
- ii. Who has the **jurisdiction** to administer the insolvency process.
- iii. How are judgments asserting control on assets **enforced**.

A) THE UN COMMISSION ON INTERNATIONAL TRADE LAW (UNCITRAL) MODEL LAW

- This is a model law issued by UNCITRAL in 1997, to assist countries in regulating cross border insolvency. Over the years it has emerged as the most widely accepted legal framework to deal with cross-border insolvency issues.

- It is based on the principle of **Modified Universalism** (as opposed to Territorialism and Universalism).
- The law addresses the core issues of cross border insolvency cases with the help of **four main principles**:
 - i. **Access**: It allows foreign professionals and creditors direct access to domestic courts and enables them to participate in and commence domestic insolvency proceedings against a debtor
 - ii. **Recognition**: It allows recognition of foreign proceedings and enables courts to determine relief accordingly.
 - iii. **Cooperation**: It provides a framework for cooperation between insolvency professionals and court of countries.
 - iv. **Coordination**: It allows for coordination in the conduct of concurrent proceedings in different jurisdiction.
 - v. **Main Proceeding**: Principle for identifying where the insolvency proceeding (the main proceeding) should be initiated?
 - The law sets out the **Centre of Main Interests (COMI)** in deciding where the main proceedings should be commenced.
 - The law doesn't define COMI, but it is generally presumed to be debtor's registered office or location of its assets and its significant operations.
- **How many countries have adopted UNCITRAL?**
 - As of Oct 2023, around states have adopted the UNCITRAL Model Law (including USA, UK and Singapore). Some of them have set a reciprocity pre-condition.
- **Other Facts for Pre**
 - UNCITRAL, established in 1966, is a subsidiary body of the General Assembly of the UN.
 - It is mandated with harmonization and unification of the international trade law, as per the website.

B) CROSS BORDER INSOLVENCY IN INDIA

- India has not yet adopted UNCITRAL Model Law. (as of Oct 2023)
- Earlier, Justice V. Balakrishna Eradi Committee in 2000 and N.L. Mitra Committee had recommended the adoption of the model law.
- Under the current IBC, 2016, two sections deal with cross border insolvency.
 - Section 234 of the code empowers government to sign treaties to enable the provisions of the code.
 - Section 235 provides for a 'letter of request' by the liquidator for action on the assets of the company situated in other country. However, a reciprocal arrangement must exist there.
- India has not yet initiated the bilateral treaty mechanism to deal with cross border insolvency provisions.

C) THE REPORT OF INSOLVENCY LAW COMMITTEE (ILC) - CHAIRED BY CORPORATE AFFAIRS SECRETARY INJETI SRINIVAS (OCT 2018)

- **Key Findings**
 - Section 234 and 235 of the IBC, don't provide a comprehensive framework on cross-border insolvency.
- **Key recommendations: Adoption of the UNCITRAL Model Law** as it provides a comprehensive framework to deal with cross border insolvency issues.
 - **Some changes to ensure consistency with IBC:** India's adoption of model law should only include corporate debtors and not individuals.

3) BAD BANK: NATIONAL ASSET RECONSTRUCTION COMPANY LTD (NARCL) AND INDIA DEBT MANAGEMENT AGENCY (IDMA) – CLASS DISCUSSION

8. CREDIT RATING AND ASSOCIATED ISSUES

- **Intro**
 - » **Credit Rating** measures the ability of a person or organization to fulfill their financial commitments, based on previous dealings. It is the quantified assessment of the creditworthiness of a borrower in general terms or with respect to a particular debt or financial obligation.
 - A credit rating can be applied to any entity that seeks to borrow money - an individual, corporation, state or provincial authority, or sovereign government.
- **Credit Rating Agencies**
 - » A CRA is a **company that assigns credit ratings**, which rate a debtor's ability to pay back debt by making timely principal and interest payments and the likelihood of default.
- **Significance of Credit Ratings:**
 - » **Investor Guidance and protection:** Information which can help choose good investments.
 - » **CRAs help in strengthening of secondary market** and hence enhance investments and increase borrower pool.
 - » These ratings also bring **discipline amongst corporate borrowers** as they all want to have good ratings for their good image.
 - » **CRAs build trust between citizens and governments** by quantifying the risk associated with making investment in a country.
 - » Credit ratings **ensures precautionary measures** to be taken to prevent long term troubles.
- **Big Three Credit Rating Agencies**
 1. Moody's (headquartered in New York): It is the oldest of the CRAs and was established in 1900 and issued its first sovereign ratings just before WW-1.
 2. Standard and Poor's (S&P) (headquartered in New York): In the 1920s, Poor's Publishing and Standard Statistics (the predecessor of S&P), started rating government bonds.
 3. Fitch Group (dual headquartered in New York and London)
- **Domestic Rating Agencies**
 1. **CRISIL**
 - CRISIL (formerly Credit Rating Information Services of India Limited) is a global analytical company providing ratings, research and risk and policy advisory services.
 - CRISIL's majority shareholder is Standard's and Poor, a division of McGraw Hill Financial and provider of financial market intelligence.
 2. **ICRA Limited**

- It is an Indian independent and professional investment information and credit rating agency and was established in 1991 and was originally named Investment Information and Credit Rating Agency of India Limited (IICRA).
- It is a joint venture between Moody's and various Indian Commercial banks. The company went public in 2007 with a listing on BSE and NSE and also changed its name to ICRA.

3. CARE ratings.

- It is the second largest credit rating agency in India. It started in 1993.
- To enhance its scope of business CARE rating has been nurturing global opportunities and made forays in different forms: launched a new international credit rating agency 'ARC Ratings' with 4 partners from Brazil, Portugal, Malaysia and South Africa.

4. India Ratings and Research (Ind-Ra) is 100% owned by the Fitch Group.

5. Other Important domestic credit rating agencies

6. FITCH India, Brickwork Ratings and SMERA

- Regulation of Credit Rating Agencies in India

- » An efficient and simple regulatory mechanism for CRAs is required to protect investors and make the system more helpful for them.
- » **SEBI is the lead regulator** of CRAs in India. The **Securities and Exchange Board of India (Credit Rating Agencies) Regulations, 1999** empowers SEBI to do this.
 - In the CRA regulations, the SEBI has prescribed a code of conduct to be followed by the rating agencies in the CRA regulations.
 - SEBI provides a **disclosure-based regulatory regime**, where the agencies are required to disclose their rating criteria, methodology, default recognition policy, and guidelines for dealing with conflict of interest.
- » But SEBI regulates the functioning of CRAs with respect to their functioning in securities market only.
- » **In addition to SEBI, RBI, IRDA and PFRDA** are also involved in the regulation of the CRAs.

- Sovereign Credit Ratings:

- » Sovereign Credit Ratings are about the creditworthiness of governments. They provide marker for investors around the world about the ability and willingness of governments to pay back debt. It affects the ability to borrow money from global investors. Governments with good ratings can get cheaper loans and vice versa.
- » Sovereign ratings also impact businesses in the country. If government has low credit ratings, the businesses also end up paying higher interest rates to global creditors.

- Global Credit Rating Agencies and Major criticisms by GOI

» Criticisms by GOI:

- In Dec 2023, finance ministry released a document titled Re-examining Narratives: A collection of Essays. The first of the five essays seeks to flag issues with the methodology adopted by the three main CRAs, and to show, based on calculations by Finance Ministry, how these gaps affect India adversely.
- The first of the five essays in the document is a criticism of what the government calls the "opaque methodologies adopted by CRAs to arrive at sovereign ratings".
- **Three main criticisms of the rating agencies by GOI:**

- » They are **opaque** and appear to disadvantage developing economies.
 - For e.g. a situation of public owned banks is considered negative. But this discriminates against developing countries which mostly have banks in public sector.
 - » The experts generally consulted for the rating assessments are selected in a non-transparent manner, adding another layer of opaqueness to an already difficult-to-interpret methodology.
 - » The rating agencies don't clearly convey the assigned weights for each parameter considered. "While Fitch does lay out some numerical weights for each parameter, they do go on to state that the weights are for illustrative purposes only".
 - For e.g. Fitch uses four main pillars such as macroeconomic outlook, structural features etc. Each pillar is further divided into sub-components with sub-weights. But apart from quantitative variables, there is also a "Qualitative overlay" variable which adds to subjectivity.
 - The use of Composite Government Indicator (as a sub-component under Structural Features) is only based on World Bank's Worldwide Governance Indicator (WGI). The WGI uses a host of indices and reports such as WEF's Global Competitiveness Report, Economic Intelligence Unit, etc. to assess several aspects of a country that may not capture hard economic data. These include freedom of expression, freedom of media, rule of law, corruption etc. The government of India says that there is an excessive reliance on such subjective appraisals.
 - And the use of Qualitative overlay implies a subjective assessment.
 - Because of all this, to earn a credit upgrade, developing economies need to demonstrate progress along a set of several one-size fits all perception-based surveys.
- » **Other criticisms:**
- The three global credit rating agencies constitute a cartel and US companies often received superior ratings.

9. NEXT BOOKLET

Nationalization, Consolidation of Banks, Privatization of PSBs, types of banks, NFBCs, Fintech, Pension sector



TARGET PRELIMS 2024

BOOKLET-27; ECONOMY-8

EXTERNAL SECTOR

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LevelupIAS

2. BASICS OF EXTERNAL SECTOR

- External sector deals with import and export of goods and services, and financial capital between nations.
 - » The sector in which the domestic economy has an advantage over other countries, goods and services of these sectors are **exported**.
 - » The sector in which the domestic economy has a disadvantage over other countries, goods and services of these sectors are **imported**.
- Balance of Payments (BOP)
 - » BOP, also known as the **Balance of International Payments**, is a statement of all transactions between entities in one country and rest of the world over a defined period of time such as a quarter or a year.
 - » **Note:** Balance of payment thus summarizes all transactions that a country's individuals, companies, and government bodies complete with individuals, companies and government bodies outside the country.

1) BALANCE OF PAYMENT IN ONE TABLE

| | | |
|---|---------------------------------------|---|
| A. Current Account: (A.1 + A.2) | | |
| | A.1: Merchandise Trade Balance | |
| | | A.1(a): Merchandise Exports |
| | | A.1(b): Merchandise Imports |
| | A.2: Invisibles | |
| | | A.2(a): Services |
| | | A.2(b): Transfers |
| | | A.2(C): Income |
| B. Capital Account: B1+B2+B3+B4+B5 | | |
| | B.1) Foreign Investment | |
| | | B.1.a) Foreign Direct Investment (FDI) |
| | | B.1.b) Foreign Portfolio Investment (FPI) |
| | B.2) Loans | |
| | | B.2.a) External Assistance |
| | | B.2.b) Commercial Borrowings (MT & LT) |

| | | |
|---|--|---|
| | | B.2.c) Short term Credit to India |
| | B.3) Banking Capital | |
| | B.4) Rupee Debt Service | |
| | B.5) Other Capital Flow | |
| C. Errors and Omissions | | |
| D. Overall, Balance (A + B + C) | | |
| E. Reserve Change | -(A + B +C) (-) indicates increase and (+) indicates decrease | Explanation -> Positive Balance of payment would lead to <u>increase in a nation's net foreign asset</u> . And Negative Balance of Payment would mean <u>decrease in a nation's net foreign asset</u> . |

Real Life Example (see below table from ESI 2021-22)

| Year / Item (Net) | (US\$ Billion) | | | | | | | | | |
|---|----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2019-20 | | | | 2020-21 | | | | 2021-22 (P) | |
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 |
| A. Current Account | -15.0 | -7.6 | -2.6 | 0.6 | 19.1 | 15.3 | -2.2 | -8.2 | 6.5 | -9.6 |
| A 1 Merchandise Trade Balance | -46.8 | -39.6 | -36.0 | -35.0 | -11.0 | -14.8 | -34.6 | -41.7 | -30.7 | -44.4 |
| A 1a Merchandise Exports | 82.7 | 80.0 | 81.2 | 76.5 | 52.2 | 75.6 | 77.2 | 91.3 | 97.4 | 104.8 |
| A 1b Merchandise Imports | 129.5 | 119.6 | 117.3 | 111.6 | 63.2 | 90.4 | 111.8 | 133.0 | 128.2 | 149.3 |
| A 2. Invisibles | 31.8 | 32.1 | 33.4 | 35.6 | 30.0 | 30.1 | 32.4 | 33.6 | 37.2 | 34.8 |
| A 2.a) Services | 20.1 | 20.9 | 21.9 | 22.0 | 20.8 | 21.1 | 23.2 | 23.5 | 25.8 | 25.6 |
| A 2.b) Transfers | 18.0 | 20.0 | 18.9 | 18.4 | 17.0 | 18.4 | 19.3 | 18.8 | 18.9 | 18.9 |
| A 2.c) Income | -6.3 | -8.8 | -7.4 | -4.8 | -7.7 | -9.4 | -10.1 | -8.7 | -7.5 | -9.7 |
| B) Capital Account | 28.6 | 13.6 | 23.6 | 17.4 | 1.4 | 15.9 | 34.1 | 12.3 | 25.5 | 40.1 |
| B.1) Foreign Investment | 18.8 | 9.8 | 17.6 | -1.8 | 0.1 | 31.4 | 38.6 | 10.0 | 12.1 | 13.3 |
| B.1.a) Foreign Direct Investment | 14.0 | 7.3 | 9.7 | 12.0 | -0.5 | 24.4 | 17.4 | 2.7 | 11.7 | 9.5 |
| B.1.b) Foreign Portfolio Investment | 4.8 | 2.5 | 7.8 | -13.7 | 0.6 | 7.0 | 21.2 | 7.3 | 0.4 | 3.9 |
| B.2) Loans | 9.6 | 3.1 | 3.1 | 9.9 | 2.8 | -3.9 | 0.3 | 7.7 | 2.8 | 7.6 |
| B.2.a) External Assistance | 1.5 | 0.4 | 1.3 | 0.6 | 4.1 | 1.9 | 1.2 | 4.0 | 0.3 | 1.1 |
| B.2.b) Commercial Borrowings (MT & LT) | 6.1 | 3.3 | 3.2 | 10.3 | -1.2 | -4.0 | -1.1 | 6.1 | 0.6 | 4.1 |
| B.2.c) Short Term Credit to India | 2.0 | -0.6 | -1.4 | -1.0 | -0.2 | -1.8 | 0.2 | -2.3 | 1.9 | 2.4 |
| B.3) Banking Capital | 3.4 | -1.8 | -2.3 | -4.6 | 2.2 | -11.3 | -7.6 | -4.4 | 4.1 | 0.4 |
| B.4) Rupee Debt Service | -0.1 | 0.0 | 0.0 | 0.0 | -0.1 | 0.0 | 0.0 | 0.0 | -0.1 | 0.0 |
| B.5) Other Capital | -3.1 | 2.5 | 5.2 | 13.8 | -3.7 | -0.3 | 2.8 | -1.0 | 6.6 | 18.8 |
| C) Errors and Omissions | 0.4 | -0.9 | 0.6 | 0.9 | -0.6 | 0.4 | 0.6 | -0.7 | -0.2 | 0.7 |
| D) Overall Balance | 14.0 | 5.1 | 21.6 | 18.8 | 19.8 | 31.6 | 32.5 | 3.4 | 31.9 | 31.2 |
| E) Foreign Exchange Reserves (Increase - / Decrease +) | -14.0 | -5.1 | -21.6 | -18.8 | -19.8 | -31.6 | -32.5 | -3.4 | -31.9 | -31.2 |

A) CURRENT ACCOUNT

- Current account records a nation's net trade in goods and services, its net earnings on cross border investments, and its net transfer payments over a defined period.
- **Current Account transactions** (like revenue receipt and revenue expenditure) are single time and one way transaction. It means that the transaction (like receipt of payment) happens once and transaction ends there. There is no future liability/asset created.
 - » For e.g., when Tata Motors export a car and receives money for that, the transaction comes to an end with respect to this car being exported.

TRADE BALANCE:

- **Export:**
 - » It includes export of merchandize goods to other countries and receipts against it.
 - » Please note that, while considering trade balance, export/import of services are not considered.
- **Import:**
 - » It includes import of merchandize goods from other countries and payments for it.
- **Trade Balance** is the difference between exports receipt and import payments.
 - » In case the trade balance is positive, it is called trade surplus or favorable trade balance.
 - » In case the trade balance is negative, it is called trade deficit or unfavorable trade balance.

INVISIBLES (NET)

- The invisible (net) is that part of balance of trade that refers to services and other products that doesn't result in transfer of physical assets.
- **Invisibles** may include Services, Income and transfer payments.

SERVICES

- I) Travel
- II) Transportation
- III) Insurance
- IV) Government not included elsewhere (GNIE)
- V) Miscellaneous Services
 - a. It encompasses communication service, construction services, financial services, software services, news agency services, royalties copyright and license fees and business services.

INCOME (I.E. INVESTMENT INCOME)

- This income may be from financial assets, labour and property.
- These transactions are in the form of interest, dividend, profit for servicing capital transactions.
- **Interest Payment** represent servicing of debt liabilities. E.g. interest earned (paid) from bank loans to foreign country.
- **Dividend or profit** represent servicing of non-debt (FDI, FPI) liabilities.

- Compensation of employees are also included in "income" category.

TRANSFERS

- They represent one sided transaction i.e. transaction that don't have quid-pro-quo, such as grants, gifts, migrants transfers by way of remittances for family maintenance, repatriation of savings, and transfer of financial and real resources linked to change in resident status of migrants.
- They may be private or official.
- E.g.
 - Grants, donations and other assistance received by government from bilateral and multilateral institutions.

CURRENT ACCOUNT BALANCE = TRADE BALANCE + NET INVISIBLES

- Positive (+) Current Account (Current Account Surplus) means that the country is a net exporter of goods and services.
- Negative (-) Current Account (Current Account Deficit) means that the country is a net importer of goods and services.
- For e.g.
 - » USA had the world's largest Current Account Deficit in 2020 at US\$ 616 billion.
 - » China had the world's largest Current Account Surplus in 2020 at US\$ 274 billion.

B) CAPITAL ACCOUNT

- Capital account transactions are two-way transactions. It means paid money can be recovered through periodical income and/or by disposal of the asset created. Similarly, the loan has to be repaid periodically and has to be settled finally by paying the full amount.
- It includes Loans, Banking Capital, Investments (FPIs, FDIs),

LOANS

External Assistance (official bilateral and multilateral loans), External Commercial Borrowing and Short-term debt.

- » **External Assistance (net)** means transaction of official (government) bilateral and multilateral loans.
- » **External Commercial Borrowings (ECBs):**
It means loan transaction by commercial enterprises.
 - » It includes commercial loans in the form of bank loans, buyers' credit, suppliers' credit, securitized instruments availed from non-resident lenders with a minimum average maturity of three years.
 - » ECB can be raised only for specific purposes, such as the import of capital goods, implementation of new projects, etc. These restrictions are called end use restrictions.

Extra Gyan:

Buyers Credit and **suppliers' credit** are called trade credits. Depending on the source of finance, such trade credits are classified as suppliers' Credit or Buyers' Credit.

- **Supplier's Credit** relates to credit for imports into India extended by the overseas supplier.

- **Buyers' credit** refers to loans for repayment of imports into India arranged by the importer from a bank or financial institution outside India.
- Note: Both these credits are for the purpose of import and loan availed by importer.
 - In supplier's credit only two parties namely exporter and importer are involved.
 - In Buyer's credit, a third party namely a bank or financial institution comes into the picture to finance import.

Securitized instruments refer to debt securities like bonds, debentures and preference shares which are not fully or compulsorily convertible.

Bonds and Debentures are debt instruments i.e. means the owner of debt/debentures are creditors to the company and doesn't have any ownership.

Bonds are generally secured by a collateral.

Debentures is a debt security issued by a corporation or government entity that is not secured by an asset. Debentures have higher seniority for liquidation repayment than preferred shares.

Preference Shares are equity instruments known for giving owners preferential rights in the event of dividend payments or liquidation by the underlying company.

- » ECB also covers **Foreign Currency Convertible Bonds (FCCB)** and **Foreign Currency Exchangeable bonds (FCEB)**.
 - » FCCB and FCEB are both types of bonds issued by companies in foreign currency i.e. principal and interest in respect of these bonds are payable in foreign currency.
 - » **FCCB:** It provides bondholder with the option to convert the bonds into a predetermined number of shares of the issuing company's stocks at a specified conversion price during or end of bond's maturity.
 - » If the equity conversion option is used, the bondholder becomes a shareholder of the company, giving them ownership in the form of equity. Conversion Ratio determines the number of shares to be allotted upon conversion, which is usually determined based on a formulae or fixed ratio. FCCBs typically pay regular interest to bondholders until conversion or maturity, similar to conversion bonds.

- » **FCEB:** They are exchangeable into equity shares of another company called the offered company. The word 'Exchangeable' refers to the facility to convert bonds of one company into equity shares of another company.
- » Its other features are similar to FCCB. The key difference lies in the type of equity ownership that results from the exercise: direct ownership of the issuing company's shares in the case of FCCBs and ownership of shares in a different company for FCEBs.

- » **Short term Debt:** These are trade credits for a maturity less than three years.

BANKING CAPITAL

- It comprises of three components: Foreign assets of Commercial Banks, Foreign Liabilities and Others.
- **Foreign assets of commercial banks.** It consists of:
 - » Foreign Currency holdings
 - » Rupee overdrafts to non-residents
- **Foreign liabilities** of commercial banks. It consists of:
 - » **Non-Resident Deposits:**
 - The deposits received from non-resident Indians comes under this head. At present there are three types of NRI deposit schemes. They are:
 - i. **Foreign Currency Non-Resident (Banks) FCNR (B):** These deposits are held in the following foreign currencies - US Dollar, Pound Sterling, Euro, Japanese Yen, Australian Dollar and Canadian Dollar; only term deposits of 1-3 years of maturity are allowed. The interest rates are pegged to LIBOR/ SWAP rate.
 - **Note:** LIBOR (London Interbank Offered Rate) is a benchmark interest rate at which major global banks lend to one another in the international interbank for short-term loans.
 - ii. **Non-Resident External Rupee Account NR (E) A:** These deposits are held in Indian rupees. Term deposits with maturity of one to three years as well as saving deposits are allowed under the scheme. Its interest rate is also pegged to the LIBOR/SWAP rate.
 - iii. **Non-Resident Ordinary Rupee Account:**
 - It is the account held by Indians ordinarily living abroad.
 - An Indian who was an Indian resident but migrated abroad can shift this account to this category. It is held in Indian rupees.
 - It can be opened in current, saving, recurring or fixed deposit accounts.
 - » **Liabilities other than non-resident deposits**, which comprise of rupee and foreign currency liabilities to nonresident banks and official and semiofficial institutions.
 - **Others**
 - » "Others" under banking capital include transactions in balances of foreign central banks and international institutions like the IBRD, IDA, ADB, IFC, IFAD etc. maintained with deposit

account departments (DAD) of RBI as well as transactions in balances held abroad by the embassies of India in London and Tokyo.

FOREIGN INVESTMENT (FDI AND FPI)

OTHER CAPITAL FLOWS

These include delayed export receipts, leads and lags in export receipts (the difference between custom data and banking channel data), funds held abroad, and other capital transactions not included elsewhere such as flows arising from cross-border financial derivatives and commodity hedging transactions, and sale of intangible assets such as patents, copyrights, trademarks etc.

CAPITAL ACCOUNT BALANCE:

- **Loans (External Assistance + External Commercial Borrowing (net) + Short term debt (net)) + Banking Capital (net) + Foreign Investment (net) + Other outflows (net)**
 - **Capital Account Surplus** -> If Capital Account Balance is positive.
 - **Capital Account Deficit** -> If Capital Account Balance is negative.

C) ERRORS AND OMISSIONS

- It includes the differences between debit and credit entries of all transactions.
- Capital Account balance is calculated with and without errors and omissions.

D) OVERALL BALANCE/ BALANCE OF PAYMENTS

- **Balance of Payment** = Current Account Balance + Capital Account Balance
- If the BoP is positive -> it would lead to increase in foreign exchange reserve and vice-versa.

3. FOREX RESERVES

1) COMPOSITION OF INDIA'S FOREX RESERVES

- India's foreign exchange reserves comprise of four components:
 1. **Foreign currency assets (US\$, Euro, Pound, and Yen):** It is expressed in US Dollar or Indian rupee terms.
 - It also includes foreign currency deposits held by RBI with foreign central banks, the BIS and non-resident deposit taking institutions as well as deposit agreements with IMF Trust Accounts that are readily available to meet a BoP financing needs.
 - Securities issued by non-residents and financial derivatives having underlying foreign currency assets also form part of foreign currency assets.

2. Gold reserves of RBI: The RBI has gold stocks as a backup to issue currency and to meet unexpected balance of payment problems.

3. Reserve Tranche:

- It consists of India's quota (member subscription fee) to IMF and lending to the General Resource of IMF.
 - Note: The General Resource Account is the pool of member countries' quota payment.

4. Special Drawing Rights (SDR) holdings of the government

- The IMF member countries are entitled to get a loan from IMF's SDR Account. This loan amount is upto 200% of the member's quota with the IMF. It is also known as **Paper Gold**.
 - In this arrangement IMF doesn't lend directly. It is the member countries, who are in a strong position, lend their SDR holdings to member countries who are in problems for balance of payment.

2) WHO MANAGES FOREX RESERVES?

- **RBI Act and Foreign Exchange Management Act, 1999** set up the legal provisions for governing the foreign exchange reserves.
- **The RBI** functions as the custodian and manager of forex reserves and operates within the overall policy framework agreed upon with the Centre. It allocates the dollars for specific purposes.
 - For e.g., under the Liberalized Remittances Scheme, individuals are allowed to remit up to \$2,50,000 every year.
- The Central bank uses its forex kitty for orderly movement of the rupee. It sells the dollar when the rupee weakens and buys dollar when the rupee strengthens.

3) SIGNIFICANCE OF FOREX RESERVES

- It acts a cushion against domestic currency volatility once the global exchange rate start rising.
- It increases the confidence in the monetary and exchange rate policies of the government.
- During **balance of Payment crisis** foreign exchange reserve come to the rescue of any country so as to absorb the distress related to such crisis.
- Strong forex reserves also helps a country to adopt more aggressive countercyclical measures and emerge from a short-lived recession.
- It also adds to the comfort of market participants that domestic currency is backed by external assets and hence it also helps the equity markets of the country, because due to strong reserves many people from foreign countries are willing to invest in the country.

4) OTHER ASPECTS RELATED TO FOREX RESERVES

- However, holding too much foreign exchange reserves is also not advisable -> (Opportunity Cost)
- How much Foreign Reserve do we have?
 - India's forex reserve at \$602 billion as of Aug 2023: RBI
 - Foreign Currency Assets (FCAs): \$534.40 billion
 - Gold Reserves: \$44.34 billion
 - SDR: \$18.32 billion
 - Note: India's foreign reserve had peaked in Sep 2021 at \$642.45 billion.
 - Note: The import coverage of foreign currency reserves has declined since the pre-pandemic levels in most emerging market economies; however, that of India has increased from 95% in Q4 2019 to 96.5% in Q3 2022.

**Figure XI.15 Adequacy of India's Forex Reserves (as a percentage of Annual Imports):
A Cross-country perspective**



Source: IMF (forex reserves) and WTO (for imports data)

- How did India's foreign exchange reserves increase till Sep 2021?
 - Generally, the current account surpluses result in a building of reserves, as the central bank mops up all the excess foreign currency flowing into the country. But India is an outlier. From 2011 to 2021, there was only one year i.e. 2020 when India had run a surplus. India accumulated forex reserves despite having aggregate deficit of \$400 billion during 11 years.
 - The reserve was built through import of capital.
 - Another source of reserve accretion or depletion: Valuation Effect. Foreign exchange reserves are held in the form of dollars as well as non-dollars currencies and gold, whose value is, in turn, influenced by movements in exchange rates and gold prices. A depreciation of US\$ or higher gold prices cause valuation gains.

SOURCES OF INCREASE IN INDIA'S FOREIGN EXCHANGE RESERVES (IN BILLION US DOLLARS)

| | 1990-91 TO 1997-98 | 1998-99 TO 2005-06 | 2006-07 TO 2013-14 | 2014-15 TO 2021-22 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| 1 Trade Balance (1a - 1b) | -72.469 | -165.135 | -1051.316 | -1176.895 |
| (a) Exports | 207.273 | 472.412 | 1857.615 | 2555.150 |
| (b) Imports | 279.742 | 637.547 | 2908.931 | 3732.045 |
| 2 Net invisibles | 37.527 | 165.189 | 713.252 | 967.989 |
| 3 Current Account Balance (1+2) | -34.942 | 0.054 | -338.064 | -208.907 |
| 4 Capital Flows* | 57.887 | 117.133 | 479.750 | 544.290 |
| 5 Overall Balance (3+4) | 22.945 | 117.187 | 141.686 | 335.383 |
| 6 Valuation Effect | 2.460 | 5.068 | 10.915 | -32.297 |
| 7 Rise in Reserves (5+6) | 25.405 | 122.255 | 152.601 | 303.086 |

*Including from International Monetary Fund.

Source: Reserve Bank of India.

- Why the recent drop in the reserves?

- Largely due to steps taken by the Reserve Bank of India to support the rupee.
- Increasing trade deficits (and Current Account Deficits)
- Capital outflow (FIIs have pulled out) [given the rising global interest rates and bond yields on the back of monetary policy tightening by the US Fed and other major central banks.

4. EXCHANGE RATE

1) BASICS OF EXCHANGE RATE

- 'Exchange rate is the price of a nation's currency in terms of another currency'. Thus, an exchange rate has two components, the domestic currency and a foreign currency and can be quoted either directly or indirectly.

1. Direct Quotation

- The price of a unit of foreign currency is expressed in terms of domestic currency.
 - For e.g., in India's context: 1\$ = 80 Rs.

2. Indirect Quotation

- The price of a unit of domestic currency is expressed in terms of the foreign currency.
For instance, 1Rs = 0.0125%

- Generally, exchange rate is quoted in value against US dollar. However, exchange rates can also be quoted against another nations currency.

- Floating vs Fixed Exchange Rate

- A floating exchange rate is where a currency rate is determined by market forces. This is generally followed by most major economies.
- **Fixed Exchange Rate:** In this case, the exchange rate is fixed or peg their currencies to a widely accepted currency like the US dollar.
 - This is done to reduce volatility or better manage trade relations. For e.g. Most GCC countries including Saudi Arabia fixes its currency Riyal to US\$ because its main export is oil, which is priced in US\$.
- **Depreciation or Appreciation of Exchange Rate**
 - **Depreciation:** Increase in the direct exchange rate (i.e., fall in the external value of domestic currency because of more demand for foreign currency or less supply of foreign currency or more supply of domestic currency or less Demand of Domestic currency).
 - For e.g., rupee depreciation would mean rupee falling from $1\$ = 50$ rupee to $1\$ = 52$ rupee.
 - **Appreciation:** Decrease in the direct exchange rate (due to more demand or less supply of home currency; or less demand or more supply of foreign currency).
 - For e.g. Rupee appreciation would mean Rupee appreciating from $1\$ = 50$ Rupees to $1\$ = 48$ rupees.
 - **Devaluation**
 - Reduction in the external value of home currency is called Devaluation.
 - This is done to increase export and is usually resorted to correct the deficit in the balance of payment.
 - How?
 - **Revaluation**
 - Increase in the external value of home currency is called revaluation.
 - It is usually resorted to correct the surplus in the balance of payment. This reduces deficit for other countries. This is very rarely done.
- **Note:**
 - Depreciation and Appreciation takes place automatically due to movement in the demand and supply of currencies in the market (i.e. by market forces). If dollar demand exceeds supply, the rupee depreciates with respect to it and vice versa.
 - Devaluation and revaluation are done voluntarily either by the government or monetary authority.
- **Relation between Inflation and Exchange Rate**
 - Class Discussion

2) EFFECTIVE EXCHANGE RATE INDICES OF INDIAN RUPEES

- EER is a summary indicator of movements of home currency against a basket of currencies of trading partners.

- EERs serve as a gauge for assessing the **fair value of currency**, the external competitiveness of an economy and even serve as guideposts for setting monetary and financial conditions.
- The Nominal Effective Exchange Rate (NEER)** is an index of the weighted average of bilateral exchange rates of home currency vis-a-vis currencies of trading partners, with weights derived from their shares in the trade basket of the home currency.
- A Real Effective Exchange Rate (REER)** is the NEER adjusted by relative prices and costs, typically captured in inflation differentials between the home economy and trading partners.
- RBI** is responsible for compilation and dissemination of NEER and REER Indices of the Indian rupee (both trade and export oriented).
- Key Changes made 2021:**
 - Base year was moved from 2004-05 to **2015-16** for NEER/REER indices.
 - Coverage of NEER/REER basket** has been expanded from **36 to 40 currencies** (8 new additions and 4 removals)
 - The selections are based on **two criterias**:
 - Trading partners with extremely high and volatile inflation** are excluded as their currencies tend to experience rapid nominal declines which undermines the stability of NEER/REER indices.
 - Data on inflation and exchange rates of trading partners should be available on a regular basis.
 - The new basket represents **88% of India's total trade** as compared to 84% in the case of older 36 currency basket.
- Note:** To calculate trade weights, geometric means of India's trade (exports plus imports) with trading partners during the preceding three years are computed and then normalized to 100. While the Euro area retains its top position in the trade basket, the US assigned the highest weight in the export basket in 2015-16.

Table 1: New 40-Currency NEER/REER Basket – Normalised Weights

| Country/Area | 2015-16 | | 2020-21 (P) | | (Per cent) |
|-----------------|--------------------|---------------------|--------------------|---------------------|------------|
| | Trade-based Weight | Export-based Weight | Trade-based Weight | Export-based Weight | |
| 1. Euro Area | 11.4 | 14.0 | 11.6 | 14.7 | |
| 2. China | 10.0 | 5.0 | 12.0 | 5.6 | |
| 3. UAE | 9.4 | 12.4 | 7.8 | 10.4 | |
| 4. US | 9.1 | 14.7 | 11.6 | 18.4 | |
| 5. Saudi Arabia | 6.4 | 4.1 | 4.4 | 2.1 | |
| 6. Switzerland | 3.7 | 0.5 | 2.7 | 0.4 | |
| 7. Hong Kong | 2.9 | 4.8 | 3.9 | 4.6 | |
| 8. Indonesia | 2.9 | 1.8 | 2.8 | 1.6 | |
| 9. Singapore | 2.8 | 4.4 | 3.2 | 3.7 | |
| 10. Iraq | 2.7 | 0.4 | 3.2 | 0.6 | |
| 11. Korea | 2.5 | 1.6 | 2.9 | 1.7 | |
| 12. Kuwait | 2.5 | 0.4 | 1.3 | 0.5 | |
| 13. Japan | 2.5 | 2.3 | 2.3 | 1.7 | |
| 14. Qatar | 2.4 | 0.3 | 1.5 | 0.5 | |
| 15. Nigeria | 2.3 | 1.0 | 1.8 | 1.0 | |
| 16. UK | 2.2 | 3.5 | 2.2 | 3.3 | |
| 17. Malaysia | 2.2 | 1.8 | 2.2 | 2.2 | |

| | | | | |
|------------------|-------|-------|-------|-------|
| 18. Iran | 2.1 | 1.5 | 1.4 | 1.1 |
| 19. Australia | 2.0 | 0.9 | 2.2 | 1.2 |
| 20. South Africa | 1.8 | 1.9 | 1.5 | 1.4 |
| 21. Brazil | 1.5 | 2.2 | 1.1 | 1.3 |
| 22. Thailand | 1.3 | 1.4 | 1.6 | 1.5 |
| 23. Vietnam | 1.1 | 1.9 | 1.8 | 2.3 |
| 24. Bangladesh | 0.9 | 2.2 | 1.3 | 3.1 |
| 25. Taiwan | 0.9 | 0.9 | 0.9 | 0.8 |
| 26. Angola | 0.9 | 0.2 | 0.6 | 0.1 |
| 27. Russia | 0.9 | 0.8 | 1.3 | 0.9 |
| 28. Turkey | 0.9 | 1.7 | 1.0 | 1.9 |
| 29. Mexico | 0.9 | 0.8 | 1.2 | 1.3 |
| 30. Israel | 0.9 | 1.3 | 0.7 | 1.3 |
| 31. Sri Lanka | 0.8 | 1.9 | 0.7 | 1.6 |
| 32. Canada | 0.8 | 0.8 | 0.9 | 1.0 |
| 33. Egypt | 0.7 | 1.1 | 0.6 | 0.9 |
| 34. Oman | 0.7 | 1.0 | 0.8 | 0.8 |
| 35. Nepal | 0.6 | 1.4 | 1.1 | 2.6 |
| 36. Kenya | 0.6 | 1.5 | 0.3 | 0.7 |
| 37. Tanzania | 0.5 | 1.0 | 0.4 | 0.6 |
| 38. Chile | 0.5 | 0.2 | 0.3 | 0.3 |
| 39. Ukraine | 0.4 | 0.2 | 0.4 | 0.1 |
| 40. Ghana | 0.2 | 0.3 | 0.5 | 0.2 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 |
| Memo Items: | | | | |
| AE Currencies | 41.7 | 49.7 | 45.0 | 52.6 |
| EMDE Currencies | 58.3 | 50.3 | 55.0 | 47.4 |

AE: Advanced economies. EMDE: Emerging market and developing economies. P: Provisional.
Source: RBI staff calculations.

- The methodology of computing NEER/REER indices:

- The NEER is calculated as the geometric weighted average of bilateral exchange rates of the home currency in terms of trading partner currencies.

| | |
|--|--|
| Specifically the NEER can be calculated as follows: | $NEER = \prod_{i=1}^n \left(\frac{e}{e_i} \right)^{w_i} \quad (1)$ |
| REER, which is NEER adjusted by weighted average ratio of the domestic price to foreign prices, is calculated as: | $REER = \prod_{i=1}^n \left[\left(\frac{e}{e_i} \right) \left(\frac{P}{P_i} \right) \right]^{w_i} \quad (2)$ |
| 'e' represents the exchange rate of rupee against the IMF's SDR 'e _i ' is the exchange rate of the foreign currency 'i' against the IMF's SDR. | A rise in e or (e/e _i) represents an appreciation of the rupee relative to currency 'i' and vice versa. 'P' and 'P _i ' represent price indices of the home economy and the trading partner 'i', respectively. 'w _i ' denotes trade-/export-based weight assigned to foreign currency/trading partner 'i', while 'n' is the number of currencies (other than home currency) included in NEER/REER basket |

3) DEPRECIATION AND ASSOCIATED ISSUES

- Why does depreciation take place?
 - » Core Reason - Demand supply gap of foreign currency (US\$)
 - Increasing Current Account Deficit (More imports, less exports).
 - Monetary and Interest rate hikes by the US Fed
 - This makes US treasury investment more attractive and leads to FII's moving funds from emerging economies back to US.
 - » Other traditional factors affecting India's exchange rates
 - Mounting External Debt
 - Tightening global liquidity
 - » Further, since India is an emerging market, **inflation rate** here would be higher when compared to developed countries and there will be a long term depreciation.
- Why the recent depreciation in rupee?
 - » Since March 2022, the US Federal Reserve has been raising its benchmark interest rate causing investors seeking higher returns to pull capital away from emerging markets such as India and back into the USA. This puts pressure on emerging market economies.
 - » Consistently high domestic inflation
- Negative Impacts
 1. Decline in forex reserves
 2. Negatively impacts Current Account Deficit -> Vicious Cycle
 3. Pulling out of Foreign Portfolio Investments
 4. Inflation: Increased prices of imported products
 - Further, increases the cost of crude oil import.
 5. Negatively impacts business' taking loans from abroad.
 6. Difficulty in financing external debt
 7. Increase in RBI's monetary policy rates.
 8. Challenges for students studying or wanting to study abroad
- Positives of declining rupee
 - » Depreciation helps in increasing exports as exports become cheaper for importing foreign country.
 - Therefore, some sectors like IT, Pharma, hospitality can actually benefit from depreciating rupee.
 - This may help in chipping away of trade deficit imbalance.
 - » **Tourism and hospitality** sector may get a boost
 - » **Remittances tend to increase** during the depreciating phase
- Sectoral Impact
 1. Export based industry would benefit.

- Depreciation acts as booster for IT and Pharma sector which are export based. Further hospitality sectors such as tourism, hotel etc can benefit as foreign tourists would now find it cheaper to visit India.

2. Problems for Oil Marketing Companies

- Rise in crude oil prices and depreciation of rupee is a double jeopardy for oil marketing companies. The lack of pricing power during major elections further exacerbate the problems for OMCs.

3. Auto sector

- Companies having high export shares will benefit from this depreciation.
- On the other hand, operating procedure margins of vehicle manufacturers such as Maruti Suzuki which import most of their components and focus on domestic market are going to face problems.

4. Aviation sector will be hit

- Increasing cost of Crude oil (thus Aviation Turbine Fuel)
- The big capacity additions on the anvil will also face problems.

- Steps taken by Government.

- » Steps to fight trade deficit [see Trade Deficit Topics]
- » Steps to attract investments [See currency depreciation topic]

5. INTERNATIONALIZATION OF RUPEE

- What is Internationalization of Rupee?

- Internationalization is a process that involves increasing the use of the rupee in cross-border transactions. It involves promoting the rupee for import and export trades, and then other current account transactions, followed by its use in capital account transactions.
- It will also require:
 - » **Full capital account convertibility** (currently India allows only full current account convertibility, capital account convertibility is limited).
 - » **Availability in sufficient quantities**
 - » **Opening up of currency settlement and a strong swap and forex market.**

- Advantages of Internationalization of Rupee:

- Reduces exchange rate risks, while curtailing the demand for US dollar.
 - Reduces risk to economy due to sudden withdrawal of capital from market.
- Reduces the need of forex war chest to meet the external vulnerabilities.
- Lower cost of capital due to better access to international financial markets.
- Promotes ease of doing business but also improves the chances for Indian businesses to grow globally.
 - Bargaining power of Indian businesses will increase, adding weight to Indian economy and enhancing India's global stature and respect.
- Reduced transaction costs: They will not have to incur exchange rate fees.

- **Geopolitical Significance**: US-dollar dominated global currency system can become limitations for the economy if India's relations with US and Europe becomes tense in future. In that scenario, business in domestic currency can be a savior.

- **Internationalization of currency is closely linked with a nation's economic progress.**
 - Currently, the US \$, the Euro, the Japanese Yen and the pound sterling are the leading reserve currencies in the world. China's efforts to make its currency renminbi (yuan) a reserve currency has met with only limited successes so far.
 - **Factors behind US\$ being the most common currency of reserve and exchange:**
 - **Size of US Economy** (largest in the world)
 - **Reach of its trade and financial market**
 - **Depth and liquidity** of the US financial market
 - History of macro-economic stability
 - Currency convertibility
 - Lack of viable alternative.

- **China's Experience:**
 - Before 2004, RMB couldn't be used outside China.
 - By 2007, the "Dim Sum bond" and offshore RMDB bond market had been created.
 - **Post 2008**, China pursued a phased approach:
 - First, it allowed use of RMB outside China for Current account transactions and for select investment transactions (FDI, outward direct investment) etc.
 - By 2009, it had signed currency swap agreements (i.e., an exchange of an equivalent amount of money, but in different currencies) with countries like Brazil, UK etc.
 - Then, Central banks, offshore clearing banks and offshore participating banks were allowed to invest excess RMB in debt securities.
 - Sanghai Free Trade Zone was launched in 2013, to allow free trading between non-resident onshore and offshore accounts.
 - **In this way**, overtime RMB was internationalized, with reserve currency status increasingly enabled. For e.g. in Q2, 2022, the RMB's share of international reserves had reached around 2.88%.

- **Steps Taken towards Internationalization of Rupee:**
 - **Liberalization of Capital Account**: Over the years, government has relaxed FII and FDI norms, facilitating greater cross-border investment and trade.
 - Enabling of ECB in rupee.
 - **Currency Swap Agreements** with several countries, which allow for the exchange of rupee and foreign currency between the central banks of the two countries.

- RBI allowed banks from 18 countries to open **Special Vostro Rupee Accounts (SVRAs)** for settling payments in Indian Rupees.
- RBI constituted Inter-departmental group (IDG) headed by RBI Executive Director **Radha Shyam Rathi** to frame roadmap for the Internationalization of Indian Rupee has submitted its report.
- During PM Modi's visit to UAE in July 2023, Reserve Bank of India (RBI) signed two MoUs with Central Bank of UAE. One of the MoU focuses on establishing a framework to promote the use of local currencies from cross-border transactions, the other was for linking payment systems.

- Challenges in achieving internationalization:

- **Little traction for international trade in rupee:**
- **Large Trade Deficit**
- **Lack of Liquidity**
- **Underdeveloped Financial Markets:** India's financial market are still relatively under-developed when compared to major economies, which can limit the range of products and services available to international investors.
- **IDG has also highlighted following limitations that may arise due to internationalization of Rupee:**
 - **Exchange rate volatility in rupee's exchange rate** will increase in initial stages of internationalization.
 - **Triffin Dilemma:** Obligation of a country to supply its currency to meet the global demand may come in conflict with its domestic monetary policies.
 - **Accentuation of external shock** may take place due to open channel of flow of funds into and out of the country and from one currency to another.
- However, the IDG itself said that the advantages of internationalization far outweigh the above limitations. Moreover, the internationalization of rupee will be a long-drawn process and would enable timely redressal of these challenges.

- Recommendations given by RBI's Inter-Departmental Group:

- **Short term measures:**
 - » Adoption of Standardized approach for examining the proposals on bilateral and multilateral trade arrangements for invoicing, settlement, and payment in the rupee and local currencies.
 - » Encouraging the opening of the rupee accounts for non-residents both in India, and outside India.
 - » Incentivizing exporters to use Indian currency for trade settlements.
 - » Integrating payment systems to provide seamless cross border transactions.
 - » Strengthening the financial markets by fostering a global 24X5 rupee market
 - » Recalibration of FPI regime.
- **Medium Term Measures (2-5 years targets)**
 - » Synchronizing tax regimes of India and other financial centres.

- A review of taxes on masala bonds
- » Allowing banking services in the rupee outside the country
 - Allowing international use of RTGS for cross border trade
- » Inclusion of Indian government bonds in global bond indices

- **Long Term**
 - » Measures to have rupee included in the IMF's SDR.

6. EXPORT SECTOR

- Current Situation:

| | | 2022-23 (USD Billion) | 2021-22 (USD Billion) |
|--|----------------------|------------------------------|------------------------------|
| Merchandise | Exports | 447.46 | 422 |
| | Imports | 714.24 | 613.05 |
| Services | Exports | 322.72 | 254.53 |
| | Imports | 177.94 | 147.01 |
| Overall Trade (Merchandise + Services) | Exports | 770.18 | 676.53 |
| | Imports | 892.18 | 760.06 |
| | Trade Balance | -122.00 | -83.53 |

- Why does India face such huge trade Deficit:

- **Huge Dependency on Fossil fuel imports**
- **Underperformance in Exports** (India's global export share is only 1.8%, China has 13% share).
 - » Manufacturing sector not well developed.
 - » Less diversification in export basket (10 principal exports account for 78% of total merchandise exports)
- **Less focus on scientific research and development**
 - » This hinders complex and unique exports.
- **High cost of logistics** -> Reduces cost competitiveness of Indian products.
- **Not able to utilize its demographic dividend** due to poor skill levels in the country.

- Some steps taken to promote exports and reduce import dependency.

- **Various Schemes** to promote exports.
 - A. **Remission of Duties and Taxes on Exported Products (RoDTEP) Scheme.**
 - B. **Export Promotion in Capital Goods Scheme**
- **Steps to improve infrastructure.**
 - National Logistic Policy
- **Focus on Manufacturing sector** - Atmanirbhar Bharat; Various **PLI Schemes**
- **Increased focus on renewable Energy**

7. FOREIGN TRADE POLICY, 2023

- India's new FTP i.e. **Foreign Trade Policy, 2023** has come into force from 1st April 2023.
- This policy is based on continuity of time-tested schemes facilitating exports as well as a document which is **nimble and responsive** to the requirements of trade.
- **The Key Approach** to the policy is based on these **4 pillars**:
 1. Incentive to Remission
 2. Export Promotion through collaboration - Exporters, States, Districts, Indian Missions
 3. Ease of Doing Business, reduction in transaction cost and e-initiatives.
 4. Emerging Areas - E-commerce, Developing Districts as export Hubs and **streamlining SCOMET Policy**.
 - Note: SCOMET stands for Special, Chemicals Organisms, Materials, Equipment, and Technologies (SCOMET) policy.
- **Key Aims and Objectives of India's FTP, 2023** are:
 - » Boost India's exports to USD 2 trillion by 2030.
 - » Strengthen India's export competitiveness.
 - » Diversify export basket, expand export markets, and promote sustainable exports.
 - » Focus on promoting exports from small and medium enterprises (SMEs). For this policy envisages support in the form of access to finance and markets.
 - » Provide for several incentives for exporters, including duty drawback, export promotion capital goods (EPCG) scheme, and interest subvention schemes.
 - » Encourage collaboration between exporters, states, and districts to promote exports.
 - » Simplify and streamline the process of exporting goods and services:
 - » Focus on emerging areas of export, such as e-commerce, green technology, and defence and aerospace. These are the areas where India has a competitive advantage, and the policy aims to help businesses take advantage of these opportunities.
- **The Policy aims to boost India's exports through several measures**:
 - » **Process Re-engineering and Automation** (technology enablement) for facilitating exporters.
 - » **Expanding the scope of Town of Export Excellence (TEE)** by including Faridabad, Mirzapur, Moradabad and Varanasi in the existing list of 39 towns listed as Towns of Export Excellence (TEE).
 - » **Promoting Exports from districts** by building partnerships with state government and taking forward the District as Export Hubs initiative to promote exports at the district level.
 - » A robust export control system in India would provide access of dual use High end goods and technologies to Indian exporters while facilitating exports of controlled items/technologies

under **SCOMET** (Special Chemicals, Organisms, Materials, Equipment, and Technologies) from India.

- » **Facilitating E-Commerce Exports** through establishment of e-commerce hubs and other related elements.
 - The consignment wise cap on E-commerce exports through courier has been raised from Rs 5 Lakh to Rs 10 lakh.
 - A comprehensive e-commerce policy addressing export/import ecosystem is planned to be brought soon.
- » **Export Promotion of Capital Goods (EPCG) Scheme** has been rationalized.
 - Prime Minister Mega Integrated Textile Region and Apparel Parks (PM MITRA) scheme has been added as an additional scheme eligible to claim benefits under CSP(Common Service Provider) Scheme of Export Promotion capital Goods Scheme(EPCG)
 - Battery Electric Vehicles (BEV) of all types, Vertical Farming equipment, Wastewater Treatment and Recycling, Rainwater harvesting system and Rainwater Filters, and Green Hydrogen are added to Green Technology products – will now be eligible for reduced Export Obligation requirement under EPCG Scheme.
- » **Introduction of provisions for merchanting trade.**
 - Note: Merchanting trade involves shipment of goods from one foreign country to another foreign country without touching Indian ports, involving an Indian intermediary.
- » **Amnesty Scheme** to provide relief to exporters who have been unable to meet their obligations under EPCG and Advance Authorization schemes. This will reduce litigations and foster trust based relationship.

1) VARIOUS SCHEMES FOR PROMOTING EXPORTS

A) REMISSION OF DUTIES AND TAXES ON EXPORTED PRODUCTS (RoDTEP)

- **Why in news?**
 - » Government of India notifies extension of Remission of Duties and Taxes on Exported Products support to Advanced Authorization Holders, Export Oriented Units and Special Economic Zone Units (March 2024)
- **About RoDTEP:**
 - » It is an initiative to promote export launched by Ministry of Commerce and Industry. It was announced in 2019 but came into effect on 1st Jan 2021.
 - » Under this reimbursement is made of unrefunded taxes and duties (central, state, or local) incurred in the process of manufacture and distribution of exported products
 - » It is a WTO compliant scheme. This is based on the globally accepted principle that taxes and duties should not be exported. It thus provides a level playing field to Indian industries abroad
 - » **Past WTO challenges?**

- India's past export subsidy was challenged in the WTO by the USA.
 - Therefore, RoDTEP was introduced which is WTO complaint.
 - Two older schemes which has been merged inside this scheme are - Merchandise Export from India Scheme (MIES) and the Rebate of State and Central Taxes and Levies Scheme (RoSCTL).
- The RoDTEP support which was notified till 30th Sep 2023 is now being extended till 30th June 2024 at the same rates to the existing export items (Sep 2023)
- **RoDTEP Committee**
 - » In line with the framework of the scheme, the RoDTEP committee has again been constituted in the Department of Revenue to review and recommend the ceiling rates under the RoDTEP scheme for different export sectors.
- **Extension of RoDTEP to other sectors (March 2024)**
 - » In March 2024, government announced extension of the RoDTEP Scheme support to additional export sectors i.e. Advanced Authorization Holders, Export Oriented Units (EOU), and Special Economic Zone (SEZ) Export Units. These sectors contribute to around 25% of India's exports. Sectors such as Engineering, Textiles, Chemicals, Pharmaceuticals, & Food Processing and many others stand to benefit from the measure.
 - » This extension will help export community in handling the international headwind.
 - » Keeping budgetary allocation in view, the extension of RoDTEP to additional sector is presently till 30/09/2024

B) AUTOMATIC 'STATUS HOLDER' CERTIFICATE UNDER FOREIGN TRADE POLICY, 2023

- In Oct 2023, Ministry of Commerce & Industry has unveiled a significant initiative to issue system based automatic 'Status Holder' certificate under FTP, 2023.
- **What was happening till now?**
 - Till now, the exporter is required to file an online application along with an export certificate from a Chartered Accountant for grant of Status. The DGFT Regional Offices, as per the laid down timelines are supposed to issue the certificate in 3 days.
- **New Regime:**
 - The new arrangement will lead to a simplified regime where no applications are invited from exporters and the certification is granted every year in August based on annual export figures available with the partner government agency i.e. DGCIS.
- **Advantages:**
 - » Exporter will not be required to apply to office of Directorate General of Foreign Trade (DGFT) for a status certificate and the export recognition will be provided by the IT system based on

available Directorate General of Commercial Intelligence and Statistics (DGCIS) merchandize export electronic data and other risk parameters.

- » It thus reduce compliance burden and promote ease of doing business,

- **What is the significance of Status Holder Certificate?**

- » The Status Holder certification program provides credibility to the Indian exporters in the international markets. Status holders are business leaders who have excelled in international trade and have successfully contributed to India's foreign trade.
- » In addition, it provides certain other privileges including simplified procedures under FTP 2023 and priority custom clearances on self-declaration basis, exemption from compulsory negotiation of documents through banks, exemption from filing Bank Guarantee for FTP schemes etc.

8. FOREIGN INVESTMENT (FDI AND FPI)

1) FOREIGN DIRECT INVESTMENT (FDI)

- Foreign Direct Investment (FDI) is the investment through capital instruments by a person who is a resident outside India:
 - A. In an unlisted Indian company
 - B. In 10% or more of the post issue paid-up equity capital on a fully diluted basis of a listed Indian company
 - » (If the investment comes below 10% subsequently the FDI shall be continued to be classified as FDI. It will not be reclassified as FPI), i.e., once an FDI, always an FDI.
- **Key Facts about India's FDI Policy (Remember for Preliminary Exams)**
 - » **Eligible Investors**
 - A non-resident entity can invest in India, subject to FDI policy, except in those sectors/activities which are prohibited.
 - However, a citizen/entity from Bangladesh can only invest under the Government Route.
 - Further, a citizen/entity from Pakistan can invest, only under government route, in sectors/activities other than defence, space, atomic energy, and prohibited sectors for foreign investment.
 - » **Prohibited Sectors**
 - FDI is prohibited in:
 - i. Lottery business including Government/private lottery, online lotteries, etc.
 - ii. Gambling and betting including Casinos.
 - iii. Chit Funds
 - iv. Nidhi Company
 - v. Trading in Transferable Development Rights
 - vi. Real Estate Businesses and Construction of Farmhouses

- 'Real Estate Businesses' shall not include development of township, construction of residential/commercial premises, roads or bridges and Real Estate Investment Trust (REITs) registered and regulated by SEBI.
- vii. Manufacturing of Cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes.
- viii. Activities/sectors not open to private investment e.g. Atomic Energy, Railway Operations (other than permitted activities)

A) FDI SITUATION IN INDIA (CURRENTLY)

- **FY23:** \$70.97 billion
- **Top Source Countries (FY23)**
 - Singapore (\$17.2 billion); Mauritius (\$6.13 billion); the US (\$6 billion), the UAE (\$3.35 billion), the Netherlands (\$2.5 billion).
 - Other important source countries include Japan, UK, Cyprus, Cayman Islands, and Germany.
- **Top Five Sectors to receive FDI**
 - **Computer Software (\$9.4 billion)**; (Dip from last year)
 - **Service Sector (\$8.7 billion)** (Rise from last year)
 - **Trading, Telecommunication, pharma and Chemicals** have also recorded growth in FDI inflow.
- **Statewise FDI reception:**
 - **Maharashtra** received the highest inflows of \$14.8 billion during the last fiscal year (though the inflow are down when compared to \$15.44 billion) of last year.
 - **Karnataka, Delhi, TN, Haryana, Telangana** and WB also saw a dip in FDI inflow.
 - **Gujarat** saw an increase in FDI to \$4.71 billion (against \$2.7 billion in FY22).
 - **Rajasthan** also saw a positive growth.
- **Why decline in FY23 and what are FDI threats for future:**
 - » Escalation in geopolitical stress
 - » Enhanced volatility in global financial systems
 - » Sharp Price corrections in global stock market
 - » High magnitude of El-Nino
 - » Frail Global Demand

B) WHY HAS INDIA EMERGED AS AN ATTRACTIVE DESTINATION OF FDI

- **Liberalization of investment restrictions**
 - In India FDI upto 100% is allowed in non-critical sectors through the automatic route, not requiring clearance from the Ministry of Home Affairs (MHA).
 - Even in strategic sectors like Defence, government has allowed FDI of upto 74% through automatic route and 100% through government route.
 - Consultation activities with representation of different sectors
- **Make in India, Atmanirbhar Bharat, PLI Schemes, PM GatiShakti etc.**
- **Reforms in Indirect and Direct taxes:**
 - Corporate tax for most companies have been reduced to 25% and for new companies in manufacturing, it has been reduced to 15%
 - GST system has been streamlined, leading to simple tax regime.
- **Increased public capex expenditure** - It is also crowding in private and foreign investment.

- Strengthening of India's footing in global supply chains
- Elimination of Regulatory barriers
- Improved Ease of Doing Business
- Improved International Relations

C) NEED OF FDI IN INDIA

- **Lack of Domestic Resources:**
 - » Neither the government, nor the private sector in India has enough resources to fulfill India's infrastructure and industrial needs. For e.g. infrastructure sector alone needs more than 1 trillion dollars over the next few years. COVID-19 crisis has further deteriorated the situation.
- **Diffusion of new Technology:**
 - » FDI, along with it brings in new technology which is very important for the growth and advancement of India.
- **Virtuous Cycle of Investment:**
 - » High FDI in any country gives confidence to other investors and creates a virtuous circle of more investments. So, increasing FDI will also increase private investments which has gone stagnant over the years.
- **Other advantages associated with FDI**
 - » **Economic Growth:** More Investment leads to more growth which in turn leads to higher incomes, more employment etc.
 - » **Improved performance of governments at state level:** Increases competition among states to attract FDI -> promotes good/efficient business practices among the states
 - » **Provides opportunity to government to focus more on social sector**

D) MAIN PROBLEMS THAT ARE RESTRICTING FDI INFLOWS IN THE COUNTRY

- **Complex and rigid Labour Laws**
- **Significant Delay in Land Acquisition** due to slow environmental clearance and difficult Land Acquisition Act.
- **Bureaucratic Red Tapism and Corruption** still dissuades foreign investors from investing in the country
- **Regulatory framework also needs simplification** as it is still too complex for many investors.
- **Regulatory Certainty** is something the investors crave the most.
 - Frequent rule changes, including retrospective changes worry the investors.

E) PROBLEMS ASSOCIATED WITH INCREASED FDI DEPENDENCY

1. **Volatile Investments:** Unreliable in the long term
 - FDI tend to switch to countries where there is more profit, cheap labor and cheap land.
2. **Diffusion of technology is limited :**
 - It is in the interest of foreign firm to withhold profitable technology. Thus generally diffusion of new technology is very less.
 - Moreover, in a developing country like India, where the state of both physical and human capital is not yet on a par with advanced countries, the diffusion also becomes difficult.
3. **Job Creation Not very effective due to FDI** -> FDI is mostly coming in service sector or capital-intensive sector.
 - Despite the central government's push to boost manufacturing sector through 'Make in India' and various PLI initiatives, FDI's continue to chase bets in the services sector.
 - For e.g. in FY23, the highest FDI came in sectors like IT, Services etc.

- Further, the bulk of FDI in manufacturing is not greenfield.

4. Regional inequities are perpetuated -> Most FDI come in already industrialized regions.

- For e.g. Maharashtra, Karnataka, Gujarat and Delhi - collectively accounted for 83% of the FDI between Oct 2019 and March 2022.
- This further leads to metro - non metro divide and inequitable distribution of opportunities throughout the country.

2) FOREIGN PORTFOLIO INVESTMENT (FPI)

- Introduction

- » Foreign Portfolio Investment (FPI) is any investment made by a person resident outside India in capital instruments where such investment is
 - Less than 10 percent of the post issue paid-up equity capital on a fully diluted basis of a listed Indian company or

| | |
|-------------|---|
| Gyan | <p>Fully diluted basis means the total number of shares that would be outstanding if all possible sources of conversion are exercised. For e.g. if the company had issued <u>100 shares as on today</u>. However, there are debentures that are yet to be converted into shares. If it happens say the total number of shares may go up to 1500. The 10% calculation is to be made against 1500 which is called total number of shares on fully diluted basis.</p> |
|-------------|---|

- Less than 10 percent of the paid-up value of each series of capital instruments of a listed Indian company

» Note:

- FPI reflect capital gain but doesn't lead to lasting interest in the company.
- FPI includes investment in stocks, bonds (government or corporate), infrastructure securities etc.

- » Since FPI is easily withdrawable/cashable, it is also called **hot money** and is considered less stable when compared to FDI.

- Type of FPIs: In India, FPIs include Foreign Institutional Investment (FII) and Qualified Foreign Investment (QFI).

1. Foreign Institutional Investment

- It involves foreign institutional investors going for FPI.
- **Only institutional investors** like investment companies, investment funds etc are allowed to invest in Indian stock market directly. These investors have to get a license from SEBI.

2. Qualified Foreign Investment (QFI)

- The concept of QFI was introduced in 2000, which allowed individual foreign investor to invest in Indian stock market without a sub-account in FII.
- However, they have to open a Demat account and Trade Account with the depository participant in India.
- A QFI can be individual, group or an association.
- QFI should satisfy following conditions.

- i. QFI should be resident in a foreign country that is compliant with the standards of Financial Action Task Force.
- ii. QFI must be a signatory to International Organization of Securities Commission's Multilateral Memorandum of Understanding (MMoU).

- **Note: According to Regulations by SEBI**

- i. **Investments in unlisted companies** are treated as **FDI**.
 - FPIs are not allowed to invest in unlisted shares and investment in unlisted entities will be treated as FDI.
- ii. Any equity which is less than or equal to 10% of capital in a company is portfolio investment. While investment above 10% of capital in a company will be counted as Foreign Direct Investment.
- iii. **Investment by a FPI** cannot exceed 10% of the paid up capital of the Indian company.
- iv. **All FPI** taken together can't acquire more than 24 percent of the paid-up capital of an Indian Company.
- v. **Investment by NRIs** will not be considered FPI.

- **Advantages of FPI**

- i. **For investor**
 - **Portfolio diversification**
 - **Easy access to international credit**
 - If investor holds FPI they can access credit in the foreign country. Ability to get credit on favorable terms and quickly can determine the business expansion opportunities for the investor.
 - **More Liquid and thus less risky**
- ii. **For Domestic Economy**
 - **More capital to country's capital market** will lead to more development of capital market thereby resulting in more capital flowing into the real economy thereby leading to overall development of the country.
 - **Diverse Investment, large scale investments**
 - FIIs are big and hence they have the capacity to make large scale investment.
 - **Strengthening of domestic currency**

- **Limitations of FPI**

- i. **For Investors**
 - **Lack of control** over business
- ii. **For domestic country**
 - Easy liquidity of investments comes with **vulnerability for economy**.
 - E.g. East Asia crisis of late 1990s.
 - Sudden withdrawal also leads to beating up of the domestic currency.
 - **Chances of round tripping of funds**
 - Sometimes, round tripped capital is re-invested in the Indian Stock markets using the FPI route.

• **Situation in FY23:**

- As per annual report of SEBI released in Aug 2023, **FPIs pulled out Rs 37,632 crore** from Indian equities during FY23. This is a decline in outflow of 73.1% as compared to FY22.
 - **Why the recent outflow:**
 - **Rise in Inflation worldwide** led to tightening of monetary policies among all major economies.
 - **Global uncertainty** due to geopolitics of Europe have also led to withdrawals.
 - **COVID-19 resurgence in China** has also added to negative sentiments
- **But the stock markets haven't fallen much** and are trading near its highest ever.
 - This is because DII flows are compensating the FII outflows. They invested a total of Rs 2.55 lakh crore during the fiscal year.
 - DIIs now own a record 15% of the BSE-500 shares, just 3.3% points below the share of FPIs, which has now declined to nine-year lows.
 - This highlights India's economic resilience and attractiveness to local investors.

9. CURRENCY CONVERTIBILITY: CURRENT ACCOUNT AND CAPITAL ACCOUNT CONVERTIBILITY

- **What is Convertibility of a currency?**
 - » Currency convertibility is the ease with which a country's currency can be converted into gold or another currency.
 - » **A convertible currency** (e.g. \$US, Euro, Japanese Yen, and British Pound) can be easily traded on forex markets with little or no restrictions. It is also seen as a reliable store of value, meaning that investor will have no trouble buying or selling the currency. A convertible currency is highly liquid instrument as compared with currencies that are tightly controlled by the country's central bank. A convertible currency is also sometimes referred as a hard currency.
 - » **A partially convertible currency** (for e.g. Indian Rupee, South Korean Won, and the Chinese Yuan) is the legal tender of a country that is traded in low volumes in the global forex market. The government of these countries put capital controls that limit the amount of currency that can exit or enter the country.
- **Currency Convertibility is important in external sector:**
 - » When a country has poor currency convertibility, it means it is difficult to swap it for another currency, it poses a risk and barrier to trade with foreign countries who have no need for the domestic currency.

1) CURRENT ACCOUNT CONVERTIBILITY

- » Current account convertibility allows free inflows and outflows for all purposes other than for capital purposes such as investments and loans. In other words, it allows residents to make and receive trade-related payments -- receive dollars (or any other foreign currency) for export of goods and services and pay dollars for import of goods and services, make sundry remittances, access foreign currency for travel, studies abroad, medical treatment and gift.

- » Since 1994 full current account convertibility is allowed in India. That is Indian Rupee is fully convertible in Current Account. This means one can import and export goods and receive or make payments for services rendered without limitations. There is no quantitative restriction on this.
- » Some Minor Restriction on Current Account Convertibility under FEMA
 - Not allowed on betting, gambling, prohibited items
 - Travel to Nepal/Bhutan -> only upto \$10K could be converted and taken. Rupee can be carried in any quantity.
 - Travel to other countries -> only upto \$25K (beyond this permission from RBI needed)
 - Education, Medical treatment, employment -> \$1 Lakh
 - Gift Sending: Rs 5 Lakh worth.
- » Advantages of Current Account Convertibility
 - Facilities to send foreign earnings to India freely.
 - International trade flourishes
 - Imports and exports can be done at fair rates determined by the market.

2) CAPITAL ACCOUNT CONVERTIBILITY

- Meaning: It means the freedom to convert local financial assets into foreign financial assets and vice versa at market determined rates of exchange.
- India does not allow full Capital Account Convertibility, i.e. Indian Rupee is not fully convertible on the capital account.
 - » External Commercial Borrowing has sector wise limitations and RBI's approval is required.
 - » FDI restrictions, FII restrictions
 - No restrictions on investment in Bhutan
 - In other countries: Maximum \$75 K per year (individuals) e.g. buying shares, opening foreign bank accounts etc.
 - » Financial Action Task Force: " Non cooperative countries" -> No investment is allowed in such country.
 - » Liberalized Remittance Scheme (2004) (Above FEMA limits both on Current and Capital Convertibility)
 - Applies on Indian Residence
 - Under this \$2.5 Lakh can be taken per year per person abroad.
- Debate over whether Capital Account Convertibility should be liberalized.
 - » Arguments in Support of liberalization
 - SS Tarapore Committee (or Committee on Capital Account Convertibility) was formed by RBI in 1997 to examine the viability of capital account convertibility in India.
 - Bring Capital account convertibility in phases (98,99,00)
 - Preconditions
 - Fiscal deficit (limit it to 3.5% by 2000)

- Inflation average (3-5%) (in 3 years)
 - Interest rates by banks should be decontrolled
 - Enough Forex to sustain 6 months imports
 - NPAs of banks should be brought down to 5% of total asset
 - CRR should be brought down to 3%
 - **Second Tarapore Committee: Committee on Fuller Capital Account Convertibility (2006)**
 - Its approach was same again. It recommended capital account convertibility implementation in a phased manner, in 3 phases from 2006 to 2011.
 - **Need of Easy Capital Account Convertibility:**
 - **Foreign Direct Investment Needs** of India
 - **Easy ECB** can reduce the cost of borrowing for Indian businesses.
 - **More investment** can lead to increased GDP.
 - **Development of more MNCs from India**. Easy capital account convertibility will allow Indian companies to easily acquire foreign companies and thus develop into multinationals.
 - **Portfolio diversification for Indian investors.**
 - **Other Arguments in Support of Capital Account Convertibility**
 - All developed countries are capital account convertible; hence this is an inevitable destiny of the developing countries in their path to development.
 - Better and most efficient flow of global pool of savings to the more productive uses.
 - It will facilitate portfolio diversification by investors in developed as well as developing country.
 - Feasibility of capital account convertibility rests on sound macroeconomic policy, it creates a sort of commitment for the country concerned to ensure better macroeconomic management, lest it is punished by the investors.
- » **Arguments against making rupee full convertible on Capital Account**
- **HR Khan (deputy governor of RBI)**
 - **BoP Crisis** (like the 1990s East Asian Crisis) was exacerbated by the full capital account convertibility.
 - Most of these countries has full capital account convertibility.
 - India and China didn't have the full capital account convertibility, thus these countries were saved from this kind of crisis.
 - Capital flows are sensitive to macroeconomic conditions. Any deterioration in fiscal conditions, inflation management, balance of payments, or any other macroeconomic shock may cause a cessation or reversal of capital flow.
 - **May hamper interest of domestic economy** as funds may easily flow outside the country affecting employment and other opportunities.
 - **Instability in Rupee** may be another outcome of full capital account convertibility.

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RENEWABLE ENERGY

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2. RENEWABLE ENERGY

- Non-conventional energy sources refer to renewable energy sources which are replenishable at a rate faster than it is consumed i.e. they don't get depleted when used. These sources are also much less hazardous to environment compared to conventional sources of energy.
- **Popular Sources of Non-Conventional Energy Sources are:**
 - i. Solar Energy
 - ii. Wind Energy
 - iii. Tidal Energy
 - iv. Geothermal Energy
 - v. Hydropower
 - vi. Biomass Energy
 - vii. Fuel Cell (Green Hydrogen)

1) WHY RENEWABLE ENERGY IS IMPORTANT

- Energy Security and Reduced Import Dependency
- Economic growth:
- Inclusive Development: Electricity in inaccessible areas
- Environmental sustainability:
- Strengthening India's Soft Power and Global Leadership

2) STEPS TAKEN BY GOVERNMENT:

- » **Ambitious Targets:** GoI has set a target of achieving 50% of its electricity supply through non-fossil sources by 2030.
- » **Attracting Investment:** FDI upto 100% under automatic route for renewable energy projects including offshore wind energy projects has been allowed.
- » **Promoting Ease of Doing Business:**
 - **Waiving of Inter-State Transmission System (ISTS)** charges for inter-state sale of solar and wind power for projects to be commissioned by 30th June 2025.
 - **Laying of new infrastructure:** New transmission lines and subs station capacity for evacuation of renewable power etc. under Green Energy Corridor scheme for evacuation of renewable energy
- » **Sectoral Initiatives** (Covered separately with each sector)

A) GREEN ENERGY CORRIDOR:

- **Why in news?**
 - » Cabinet approves Intra-State Transmission System - Green Energy Corridor Phase-II (Jan 2022)
 - The GEC project aims at synchronizing electricity produced from renewable sources, such as solar and wind, with conventional power stations in the grid.
 - » The **first component** of the Scheme, **Inter-State GEC** with target capacity of 3,200 circuit kms (ckm) transmission lines and 17,000 MVA capacity substation, was completed in March 2020.
 - » The **second component** - Intra-state GEC has a target capacity of 9700 ckm transmission lines and 22,600 MVA capacity sub-stations.

- It is estimated to be set up with total estimated cost of Rs 12,031 crores.
- The scheme will help in achieving the target of 450 GW of RE capacity by 2030.

3) INDIA'S SITUATION

- **India's Situation:**
 - » As of Feb 2023, India's total power generation capacity was 412.21 GW.
 - **Total Renewable Energy Capacity: 168.96 GW** [122 GW without including large hydro]
 - » **Solar Energy:** 64.38 GW
 - » **Wind Energy:** 42.02 GW
 - » **Hydro** (large + Small): 51.79 GW (Small Hydro - Around 5 GW)
 - » **Bio:** 10.77 GW
 - Another **86.62 GW** of green energy capacity is under implementation and **40.89 GW** of capacity is under various stages of tendering.
 - **Note:** India has already achieved its target of 40% installed electric capacity from non-fossil fuels in Nov 2021 itself.
 - **Future Target:** Government aims to achieve 500 GW of installed electricity capacity from non-fossil sources by 2030.

4) IMPORTANT INSTITUTIONS

A) NODAL MINISTRY: MINISTRY OF NEW AND RENEWABLE ENERGY (MNRE)

- The ministry was established in 1992 as the Ministry of Non-Conventional Energy Sources. It adopted its current name in Oct 2006.
- The broad aim of the ministry is to develop and deploy new and renewable energy for supplementing the energy requirements of the country.
- The **mission** of the ministry is to ensure:
 1. Energy Security
 2. Increase the share of clean energy.
 3. Energy availability and access
 4. Energy Affordability
 5. Energy Equity

B) INDIAN RENEWABLE ENERGY DEVELOPMENT AGENCY (IREDA)

- **Why in news?**
 - » The Reserve Bank of India (RBI) has granted an 'Infrastructure Finance Company' status to IREDA in 2023.
 - » **IPO** of IREDA got successfully completed (2023)
- **About IREDA**
 - » IREDA is a mini Ratna (category-1) company under the administrative control of MNRE.
 - » It is a public limited government company established as a Non-Banking Financial Institution in 1987. It is engaged in promoting, developing and extending financial assistance for setting up projects relating to new and renewable source of energy and energy efficiency/conservation with a **motto: "Energy Forever"**.

5) PROBLEM OF STORAGE OF RENEWABLE ENERGY SECTOR

- Why is storage needed in renewable energy sector?
 - » Handling Intermittency and variability problem of renewable.
 - » Providing energy in non-solar/wind hours
- Various Storage options and their benefits and Limitations
 - i. Hydrogen based storage:
 - It is found feasible for long-term storage (cross seasons)
 - ii. Lithium-ion batteries: They are the ideal source for day-today storage.
 - iii. Pump Storage Plants:
 - India has a total capacity of about 4.7 GW (out of a worldwide capacity of 149 GW). The CEA estimates that India's storage potential is of 100 GW.
 - Concerns:
 - High investment cost
 - Long Gestation Periods
 - Non-remunerative pricing models
 - Lack of adequate sites having the required topography
 - India's expertise in pump storage plants is somewhat a suspect with the Tehri pump storage project yet to be commissioned though construction began in 2011 and was to be completed in 4.5 hours.
 - There may be environmental concerns associated with this kind of storage.
- In general, we can say that there are two main reasons for lack of storage capacities:
 - » Cost of storage technologies is still relatively high.
 - » Regulatory Framework for storage is not yet fully developed.
- Some initiatives to deal with these challenges:
 - i. Budget 2023:
 - Pumped Storage Projects have received a push with a detailed framework to be formulated.
 - 4 GWh Battery Energy Storage Systems supported through Viability Gap Funding (VGF).
 - ii. National Storage Mission launched in 2020 and wants to develop 100 GW of storage capacity by 2030.
 - iii. The Green Energy Corridor: These are corridors which will be used to transmit electricity from renewable energy projects to load centres. These will also include storage facilities.
 - iv. The National Battery Manufacturing Policy, launched in 2020, aims to promote the manufacturing of batteries in India. This will help to reduce the cost of storage technologies.

6) DECENTRALIZED RENEWABLE ENERGY/ DISTRIBUTED RENEWABLE ENERGY

- **Decentralized Renewable energy** refers to generation and distribution of renewable energy at a small and localized level, typically closer to the point of consumption. It can be generated via several renewable energy sources, including solar, wind, hydro and bioenergy.
 - » Currently, India has 12 mature technologies powered by DRE. These include high-capacity irrigation pumps, as well as micro-pumps, silk reeling machines, dryers, charkhas, small horticulture processors, small refrigerators/deep freezers, cold storages, vertical fodder growing institutions units, grain milling machines etc.
 - » The DRE technologies include solar run textile manufacturing units, biomass powered cold solar storages and micro solar pumps etc.
- **Key characteristics** include localized generation, distributed energy resource, Off-Grid or Mini-Grid Solutions;
- **Advantages:**
 - » **Environmentally sustainable**
 - » **Energy Security**
 - » **Inclusive Growth**
 - » **Scalability and Flexibility**
 - » **Job Creations**

3. SOLAR ENERGY

- **Introduction:**
 - » Though India missed the ambitious target of 100 GW of solar power generation capacity by 2022, we still need to keep working on expanding Solar Energy Capacity.
 - » As per the National Electricity Plan, India aims to reach a **target of 185.6 gigawatts** of solar capacity by the FY27.
- **Advantages of Solar Energy**
 - » Renewable Energy Advantages
 - » Solar's advantage over other renewable energy
 - Available during office hours
 - Longer life equipment
 - Low running cost
 - India's tropical climate is suitable for solar energy.
 - Less damaging than other renewables
 - » **Solar Energy is becoming more and more competitive.**

1) INITIATIVES

A) SCHEME FOR DEVELOPMENT OF SOLAR PARKS AND ULTRA MEGA SOLAR POWER PROJECTS - CONCEIVED ON THE LINES OF "CHARANKA SOLAR PARK" -> ACT AS FLAGSHIP DEMONSTRATION FACILITY.

- **Goals/Program targets**
 - » It envisaged supporting states in setting up atleast **50 solar parks** (capacity 500 MW and above) and **Ultra Mega Solar Power Projects** targeting over **40,000 MW** of solar power installed capacity within a span of 5 years starting from 2014-15.

- » The scheme envisages supporting the States/UTs in setting up solar parks at various locations in the country.

- **Provisions**

- » The solar parks provide solar power developers with a **plug and play model**, by facilitating suitable developed land with all clearances, transmission system, water access, road connectivity communication network, etc.
- » All states and UTs are eligible for benefits under the scheme.
- » **Central Financial Assistance**
 - (CFA) of Rs 25 Lakh per solar park for Detailed Project Report Preparation of the Solar Park, conducting surveys etc.
 - Besides this, CFA of up to Rs 20 Lakh per MW or 30% of the project cost, including Grid-connectivity cost, whichever is lower, is also provided on achieving the prescribed milestone in the scheme.
- » **Update: June 2023:** The MNRE has extended the timeline for the 'Development of Solar Parks and Ultra Mega Solar Power Projects' Program to March 31st 2026 (FY26) from the earlier FY24.

B) PM SURYA GHAR MUFT BIJLI YOJNA (FEB 2024)

- The finance minister, Nirmala Sitharaman, announced the launch of the 'Rooftop Solar Scheme' or the 'PM Surya Ghar Muft Bijli Yojana' in the 2024-25 budget.
- **Subsequently**, PM Modi launched the 'PM Surya Ghar Muft Bijli Yojna'.
- **Solar panels** are installed in the houses under the scheme to supply power to households and additional money for excess electricity output.
 - The government will provide substantive subsidies directly to people's bank accounts and heavily concessional bank loans to ensure that there is no cost burden on the people.
 - The scheme will help poor middle class to save upto Rs 15,000 to Rs 18,000 annually by getting free solar electricity and selling surplus power to electricity distribution companies.
- **Aim:** Under this initiative government aims to install solar power panels in one crore homes throughout the country.

C) PRADHAN MANTRI KISAN URJA SURAKSHA EVAM UTTAN MAHAABHIYAN (PM KUSUM)

- It aims at providing water and energy security to farmers and enhancing their income by making Annadata also a Urjadata. It focuses on creation of 3 things - (A) Grid Connected Renewable solar power plants; (B) Installation of 20 lakh standalone Solar powered agri pumps; (C) Solarization of 10 lakh grid connected agri pumps.
- **Update:** In 2023, Government approved expansion of PM KUSUM with revised target of 49 lakhs pump to be installed/solarized under component B and C of the scheme.

D) INTERNATIONAL COOPERATION: INTERNATIONAL SOLAR ALLIANCE

E) NEW INNOVATION: FLOATING SOLAR PLANTS

(for e.g. the 100 MW plant at NTPC Ramagundam commissioned in July 2022) is being set up in various parts of the countries. It brings advantages like no land acquisition requirements, water conservation (less evaporation of water), less dust on power panel etc.

F) NATIONAL PROGRAM ON HIGH EFFICIENCY SOLAR PV MODULES

- It is a PLI scheme which aims to build an ecosystem for manufacturing of high efficiency solar PV modules in India, and thus reduce import dependence in the area of Renewable energy. It will strengthen Atmanirbhar Bharat initiative and generate employment.
- Tranche-II of the PLI scheme was approved by cabinet in Sep 2022

G) PROMOTING COMPETITION AMONG STATES: SARAL INDEX BY MNRE

H) SKILL DEVELOPMENT: SURYAMITRA SCHEME

4. WIND ENERGY

- **Current Wind Energy Situation in India**
 - » India has made significant progress in the development of wind energy and has emerged as the fourth largest producer in the world with a total capacity of 42 GW as of Feb 2023.
 - » But India did miss the target of achieving 60GW capacity by 2022.
- **Target:**
 - » 140 GW by 2030
- **India's Potential:**
 - » As per National Institute of Wind Energy (NIWE) in Chennai, India has a much higher wind power potential. At a hub height of 120 meters, the potential is of 602 GW of onshore and 100 GW of fixed and floating offshore. A very remarkable fact is that half of the potential is located in wastelands.

2) NATIONAL WIND MISSION (NWM): LAUNCHED IN 2015 AS PART OF NAPCC

Aims and Objective

- » To achieve the target of 60 GW by 2022 with an investment of 10 lakh crore (target was missed)
- » Make India a global leader in wind power, by creating conditions conducive for its diffusion across the country in a time bound manner

3) OFFSHORE WIND ENERGY

What is offshore wind energy?

- » It refers to deployment of wind farms inside the water bodies. They utilize the sea wind to generate electricity. These wind farms either use fixed foundation turbines or floating wind turbines.

- A fixed foundation turbine is built on shallow water, whereas a floating wind turbine is built in deeper waters where its foundation is anchored in sea-bed. Floating wind farms are still in infancy.
- **Target:** MNRE has set a target of installing 30GW by 2030.
- **India's offshore wind energy potential:**
 - » MNRE: India can generate 127 GW of offshore wind energy with its 7,600 km of coastline. Other sources mention it to be (World Bank Report - 195 GW (112 fixed and 83 floating);
- **Advantages of offshore wind energy parks:**
 - » Renewable Energy
 - » No land acquisition and land scarcity issues
 - » Offshore wind turbines are more efficient compared to onshore ones (wind speed over water bodies is high and is consistent in direction)
- **Steps Taken**
 1. In June 2022, MNRE has decided to bid out offshore wind energy blocks.
 2. A Revised Strategy for development of offshore wind energy projects has been issued in Sep 2023.
 - It indicates a bidding trajectory for installation of 37 GW capacity of offshore wind energy.
 3. The **offshore wind energy lease rules, 2023**: To regulate the allocation of offshore wind sea blocks to developers have been notified.
 4. **National Offshore Wind Energy Policy, 2015**
 - Nodal Ministry MNRE has been authorized for use of offshore areas within EEZ of the country
 - National Institute of Wind Energy (NIWE) has been authorized as Nodal agency for development of offshore wind energy in the country and to carry out allocation of offshore wind energy blocks, coordination and allied functions with related ministries and agencies.
 - National Targets for offshore wind energy capacity has been set at 5 GW by 2022 and 30 GW by 2030.

5. BIOFUELS

- **Introduction**
 - » Biofuel is a fuel that is produced through contemporary biological processes, such as agriculture and anaerobic digestion, rather than fuel produced by geological processes such as those involved in the formation of fossil fuels.
 - » They are made from recently grown biomass (plant or animal matter). They are **renewable** because the source is continuously replenished.
 - E.g. Biogas, bioethanol, biodiesel etc.
 - » **Biogas** is the biofuel produced through anaerobic digestion of organic waste.

- » **Bioethanol** is an alcohol made by fermentation, mostly from carbohydrates produced in sugar or starch crops such as corn, sugarcane, or sweet sorghum.
 - **Cellulosic biomass**, derived from non-food sources, such as trees and grasses, is also being developed as a feedstock for ethanol production.
 - **Ethanol** can be used as a fuel for vehicles in its pure form, but it is usually used as a gasoline additive to increase octane and improve vehicle emission.
- **Generations of Biofuel (3 important)**
 - i. **1G Biofuel:** They are produced directly from food crops such as wheat, sugar, vegetable oil and even animal fat etc.
 - Advantages includes known simple tech, cost competitiveness with fossil fuels etc.
 - Criticisms include food vs fuel debate etc.
 - They are also known as conventional biofuels. Most common first generation bio fuels include:
 - **Biodiesel:** Extraction of vegetable oils (both edible and non-edible), with or without esterification, from seeds of plants like soybean, rape (canola) and sunflower.
 - **Bio-Ethanol:** Fermentation of simple sugar from sugar crops (sugarcane) or starch crops (corn, wheat etc).
 - It accounts for around 2/3rd of total biofuel production in the country.
 - **Bio-Gas:** Anaerobic fermentation of organic waste and crop residue as energy crops.
 - ii. **2G Biofuels:** Produced from non-food organic crops such as wood, organic waste, food crop waste and specific biomass crops. It includes use of non-food-crops technologies like **jatropha-based fuels**.
 - The advantages include use of wasteland, less impact on food security.
 - There are some limitations including high capital cost, advanced conversion technologies etc.
 - One well known second-generation technology is Lignocellulosic processing which uses forest material.
 - iii. **3G Biofuels:** The source is based on improvements in the production of biomass.
 - They are produced from micro-organisms like algae
 - Algae act as low cost, high-energy and entirely renewable feedstock. It has impressive diversity and higher yield. Advantages include the ease of generating the biomass anywhere where sunlight and carbon is present.
 - Third generation biofuel has the potential to be more sustainable and have a lower environmental impact than first and second generation biofuels.
 - Some limitations include still developing tech, high technology cost, some poisonous algae etc.
 - iv. **4th and 5th Generation Biofuels**
 - A. **Fourth Generation:**
 - It takes the advantage of biotechnology to engineer special crops such as algae (sometimes called oilgae) for biomass production. The aim is to engineer

microorganisms to produce biofuels more efficiently, with higher yields, and with lower environmental impacts.

B. 5th Generation Biofuels

- They are known as **electrofuels**. They are produced from microbial synthesis using renewable energy sources. In this process, micro-organisms use electricity as an energy source to convert carbondioxide into liquid fuels, such as ethanol or butanol.

Note: 4th Generation and 5th Generation Biofuels are in the early stage of development.

- **Current Capabilities:**
 - As of Feb 2023, India has a biofuel power generation capacity of 10.77 GW.
 - According to International Energy Agency (IEA), India is expected to overtake China to become third largest producer of ethanol by 2023.
 - Note: USA is the largest ethanol producer in the world accounting for 46% of global production and 2nd largest in biodiesel production accounting for 19% of the production.
- **Targets:**
 - **National Biofuel Policy, 2018** (as amended in 2021): Country wide blending target of 20% ethanol by 2025 and 5% biodiesel by 2030.
- **Advantages of Biofuels**
 - i. **Renewable and Energy Security**
 - ii. **Fighting Pollution:**
 - iii. **Lesser impact on climate change.**
 - iv. **Can Promote sustainable agriculture:**
 - v. **Increase farmer's income**
 - vi. **Sanitation**
 - vii. **Reduces Import Dependency and saving foreign exchange**
- **Some Criticisms:**
 - **Land Use**
 - **Food Security Issues**
 - **Water Challenges**
- **Steps taken by government to support biofuels.**
 - i. **National Policy on Biofuels, 2018**
 - ii. **Pradhan Mantri Ji-Van Yojana (PMJY)**
 - iii. **Oil CPSEs are setting up 2G ethanol bio-refineries** in the country at Panipat (Haryana), Bathinda (Punjab), Numaligarh (Assam), Bargarh (Odisha) and one demonstration project at Panipat..
 - iv. **EBP and associated steps**
 - v. **National Bio-Energy Program (FY 2021-22 to 2025-26):**
 - It comprises of the following schemes:
 1. **Waste to Energy Programme (Program on Energy from Urban, Industrial, and Agricultural Wastes/ Residues)** to support setting up of large biogas, BioCNG, and Power Plants (excluding MSW to Power projects)

2. **Biomass Programme** (*Scheme to support manufacturing of Briquettes & Pellets and Promotion of Biomass (non-bagasse) based congregation in Industries*) to support setting up of pellets and briquettes for use in power generation and non-bagasse-based power generation projects.
 3. **Biogas Programme** to support setting up family and medium Biogas in rural areas.
- vi. **Biogas Promotion**
- vii. **Advisory to carmakers to introduce flexible fuel engines in Vehicles:**
- viii. **International Collaboration:** For e.g. the Global Biofuel Alliance (GBA) is one of the top priorities under India's G20 presidency.
- Brazil, India and the USA, as leading biofuel producers and consumers of the world have agreed to work together towards the development of this alliance along with other interested countries.
 - This alliance will work towards facilitating cooperation and intensifying the use of sustainable biofuels, including in the transportation sector.

1) ETHANOL BLENDING

- **What is Ethanol Blending?**
 - Process of mixing ethanol with Petrol is called Ethanol blending. The mixture is called as Ethanol Fuel/ Gasohol which is considered as a quasi-renewable energy.
 - In India, the practice of blending ethanol was started in 2001. Ethanol blending was first time mentioned in the Auto Fuel Policy of 2003.
- **Benefits of Ethanol Blending**
 - Reduces vehicular emissions especially CO (Carbon Monoxides) emissions.
 - It is cheaper than petrol as it is easier to manufacture.
 - It reduces our import dependency.
 - Trade balance, foreign exchange etc.
 - Ethanol has higher octane rating than ethanol-free petrol
 - In case of India Ethanol production can generate higher sugarcane prices for farmers.
- **Ethanol Blended Petrol (EBP) Program** was launched by the Government in **2003**, and was aimed at promoting 5% blending of molasses-based ethanol with petrol, to promote the use of alternative and environment friendly fuels, to reduce import dependency for energy requirements and to increase value addition to Sugar industry enabling them to clear cane price arrears of farmers.
- **Target for Ethanol blending of Petrol was 10% by 2022 and 20% by 2030.**
- **Allowing conversion of surplus stock of rice with FCI and Maize to Ethanol.**
 - In June 2021, central government allocated 78,000 tonnes of rice from FCI for ethanol production.
- **Cabinet** keeps on reviewing the prices for procurement of ethanol by Public sector Oil Marketing Companies, to ensure better prices for farmers.

2) NATIONAL POLICY ON BIOFUELS

- **Why in news?**
 - » Cabinet approves amendments to National Policy on Biofuels to make India energy independent by 2047. (May 2022)
- **Aims**
 - » Reduce India's oil import dependency.
 - » Provide better income opportunities to farmers by helping them dispose of their surplus stock in economic manner.
- **Key Highlights**
 - » Aim (as amended in 2021): Country wide blending target of 20% ethanol by 2025 and 5% biodiesel by 2030
 - » **Categorization of Biofuels to enable extension of appropriate financial and fiscal incentives under each category.**
 1. **Basic Biofuels** viz. First Generation (1G) bioethanol and biodiesel
 2. **Advanced Biofuels** - Second Generation (2G) Ethanol, Municipal Solid Waste to drop-in fuels, Third Generation (3G biofuels), bio-CNG etc.
 - » **Expands the scope of raw material for ethanol production.**
 - Allowing use of sugarcane juice, sugar containing materials like Sugar Beet, Sweet Sorghum, starch containing materials like Corn, Cassava, Damaged Food grains like wheat, broken rice, Rotten Potatoes unfit for human consumption for ethanol production.
 - » **Allows use of surplus food grains for production of ethanol** for blending with petrol
 - » **A VGF for 2G Ethanol bio-refineries** of Rs 5,000 crore in 6 years in addition to additional tax incentives, higher purchase price as compared to 1G biofuels.
 - » The new policy encourages setting up of supply chain mechanisms for biodiesel production from non-edible oilseeds, used cooking oil, short gestation crops.
 - » **Specifies the role of all the concerned ministries/ Departments** with respect to biofuels
- **2022 Amendment:**
 - » Advance the deadline to reach the blending target of 20% bioethanol in petrol, from 2030 to 2025-26.
 - It will promote the production of biofuels in the country, under the Make in India program, by units located in SEZs/Export Oriented Units (EOUs).
 - » Make additional feedstocks eligible for the production of biofuels.

3) PRADHAN MANTRI JI-VAN (JAIV INDHAN VATAVARAN ANUKOOL FASAL AWASHESH NIVARAN) YOJANA

- **Ministry of Petroleum and Natural Gas**

- **Key Highlights**
 - » The Yojana provides **financial support (VGF)** to Integrated Bioethanol Plant using Lignocellulosic biomass and other renewable feedstock.
 - » Under the yojana, **12 commercial scale** and **10 demonstration scale Second Generation (2G)** ethanol projects will be provided with VGF support in two phases:
 - **Phase-I (2018-19 to 2022-23):** wherein six commercial projects and five demonstration projects will be supported.
 - **Phase-II (2020-21 to 2023-24):** wherein remaining six commercial projects and five demonstration projects will be supported.
 - » **Financial Outlay:** 1969.50 crore for the period from 2018-19 to 2023-24.
 - » The ethanol produced by the scheme will be mandatorily supplied to OMCs to further enhance the blending percentage under EBP program.
 - » **Centre for High Technology (CHT), a technical body under the aegis of MoP&NG,** will be the **implementation Agency** for the scheme. The Project developers interested in availing benefits of the scheme, shall be submitting their proposal for review by Scientific Advisory Committee (SAC) of MoP&NG. Projects recommended by SAC shall be approved by Steering Committee of MoP&NG under the chairmanship of Secretary, MoP&NG
- **Significance**
 - **Incentivize 2G Ethanol Sector** by setting up commercial and demonstration projects
 - **Increased R&D** in the sector.

4) WORLD BIOFUEL DAY: 10TH OF AUG

- **The day is observed to show the importance of fossil fuels.**
- **History:**
 - It is celebrated in remembrance of Sir Rudolf Diesel, who created diesel engine.
 - On Aug 8, 1893, he successfully used peanut oil to run a mechanical engine for the first time. With this, he was able to foresee the possibility that fossil fuels could be replaced by vegetable oil as a practical source of energy in the coming century.
 - the day is marked by the inventor of the diesel engine, Sri Rudolf Diesel who was the first one to predict the chance of vegetable oil being replaced by fossil fuels.
 - **2022 theme: '*Biofuels for Sustainability and Rural Income*'.**
 - **2023 theme:** No official theme was announced - the day was celebrated with 2022 theme only.

5) E-100 PILOT PROJECTS:

- **Launched at Pune City by Public Sector OMCs on 5th June 2021**
- **To facilitate sale of E-100 fuel.**

- MoP&NG vide its order dated March 22, 2021 has amended the Motor Spirit and High Speed Diesel (Regulation of Supply, Distribution and Prevention of Malpractices) Order, 2005 by permitting the direct sale of Bio-Ethanol (E100) by an oil company for use as standalone fuel or blending with motor spirit, for compatible automobiles to all consumers, in accordance with the standards specified by the Bureau of India Standards (BIS).

6) BIOGAS PRODUCTION OF FAT-RICH SLUDGE

- Researchers at **CSIR-CFTRI Mysore** have developed a novel high performance bioreactor system integrated with sustainable pre-treatment process for enabling anaerobic digestion of complex fat-rich sludge from dairy industry. It has further been integrated with membrane bioreactor based-wastewater treatment to enable zero liquid discharge in the dairy industry.
- It can also be applied for anaerobic digestion of complex solid waste containing Fats and oils and can be coupled with wastewater treatment to enable Zero liquid discharge.
- **Dairy and food industry** are likely industries that can take up the technology. The technology will also be applicable for any biodegradable waste sludge and food waste from any food industry as well as food industry wastewaters.

7) NATIONAL BIOENERGY PROGRAM

- **Why in news?**
 - MNRE notifies National Bio-Energy Program (Nov 2022)
- **Details**
 - MNRE has continued the National Bio-Energy Program for the period **FY2021-22 to 2025-26**. The program has been recommended for implementation in two phases.
 - **Phase-1** of the program has been approved with a budget outlay of Rs 858 crores.
 - **The NBP** will comprise of following sub schemes:
 - Waste to Energy Program:** (*Programme on Energy from Urban, Industrial and Agricultural Wastes /Residues*) to support setting up of large Biogas, BioCNG and Power plants (excluding MSW to Power projects). IREDA will be implementing agency for the program.
 - Biomass Programme:** (*Scheme to Support Manufacturing of Briquettes & Pellets and Promotion of Biomass (non-bagasse) based cogeneration in Industries*) to support setting up of pellets and briquettes for use in power generation and non-bagasse based power generation project.
 - Biogas Programme:** To support setting up of family and medium size biogas in rural areas.

8) BIOGAS

- **Why in news?**

- Budget 2023-24 had announced setting up of 500 biogas plant across the country under the Gobardhan Scheme. Of these 75 plants were to be set up in urban areas.
 - Ministry of Housing and Urban Affairs, 42 plants with a total capacity of 6,213 tonnes per day (TPD) at a cost of Rs 1,082 crore had been approved and the remaining proposal would be cleared soon (April 2023)
- The biogas plants can generate biogas from organic substances like cattle dung, night soil, and biomass from the Kitchen, garden, farms and other such bio-degradable material. This biogas is generated through a process called anaerobic digestion (AD).
- **Advantages of Biogas:**
 - **Renewable and Sustainable** (+ plus other related advantages -> energy security, reduced import dependency etc.)
 - **Reduction in Greenhouse emission:**
 - **Waste Management:** Organic waste gets converted into energy and leads to environmental cleanliness.
 - **Versatility:** Biogas can be used for cooking, heating, transportation etc.
 - **Rural Development and Employment** - Energy source in rural areas leads to these advantages
- **Key challenges:**
 - Level of waste segregation still leaves a lot to desire.
 - Maintenance of biogas plants and other equipment have remained an issue.
- **Steps taken to Promote Bio-gas.**
 1. **Gobar Dhan Yojana** (announced in Budget 2018-19)
 - Galvanizing Organic Bio Agro Resources - Dhan (GOBAR-Dhan) focuses on managing and converting cattle dung and solid waste in farms to compost, bio gas and bio CNG. The scheme aims to collect waste and solid waste from farmers to sell to entrepreneurs, who thereafter produce manure, biogas, and bio-CNG from the waste. Thus, the scheme connect farmers to buyers.
 - Government has also announced an online trading platform to connect to buyers of agri-waste facilitating the GOBAR-dhan scheme.
 - Ministry: Ministry of Jal Shakti
 2. **Unified Registration Portal for GOBARdhan (June 2023)**
 - Ministry of Jal Shakti has launched the Unified Registration Portal for GOBARdhan. It will act a one stop repository to access investment and participation in Biogas/CBG sector at Pan India level and more importantly streamline the process of setting up CBG/Biogas plants in India.
 3. **National Biogas and Manure Management Program (NBMMMP)** aims to set up family type biogas plants.
 - By MNRE.
 - It is a central sector scheme with an aim to setting up family type biogas plants for providing biogas as clean cooking fuel and a source of lighting primarily set up for rural and semi-urban households.

9) BIO CNG (ALSO KNOWN AS COMPRESSED BIOGAS)

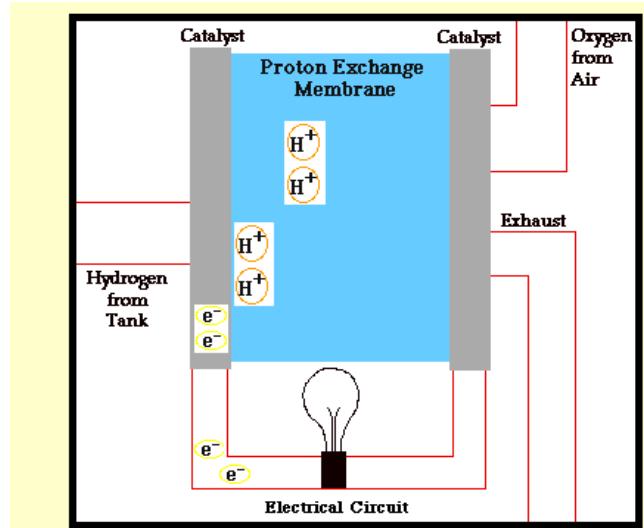
- BioCNG, also known as biomethane, is a renewable and clean-burning transformation fuel produced by upgrading biogas to natural gas quality. It's essentially purified biogas, made from organic materials like: Agriculture waste, food waste, and Sewage Sludge.
- It is an upgraded version of biogas (the dung-based version of which serves as cooking fuel in many villages in India).
- **How Bio-CNG is produced?**
 - » **Pre-Treatment:** The waste is passed through a filter to remove hard material like Coconut shells and pieces of wood.
 - » **Shredding:** the waste is shredded in a hammer mill and made into a slurry with water.
 - » **Hydrolysis:** The slurry is kept in the pre-digestor tank in aerobic conditions for one-two days to attract microbes - the process is called **hydrolysis**.
 - » **Methanogenesis:** After hydrolysis the slurry is transferred to anaerobic digestor where it is retained for 20-25 days. It is during methanogenesis that biogas is generated. This gas contains 65% methane, while the rest is Hydrogen Sulphide, carbondioxide, and water vapour.
 - » **Purification:** The above gas is passed through a wet and dry scrubber to remove hydrogen Sulphide and CO₂. Methane, purified upto 95% is obtained here which is then compressed at high pressure in cylinders and send to filling stations. This highly purified methane is similar in chemical properties to CNG derived from petroleum sources and can thus be used in vehicles.
- **Advantages:**
 - » **Renewable**
 - » **Swatch Bharat**
 - » **Fighting Air Pollution:**
 - » **Strengthening Rural Economy, organic farming -> More income to farmers and More jobs in rural areas**
 - » **Decentralized energy** as it is produced closest to the point of consumption.
 - » **No Intermittency** like solar and wind as CBG could be produced at all hours.
- **Limitation:**
 - » **Maintenance cost** of Bio-CNG based vehicles is higher.
 - » Further, users have complained that calorific value of Bio-CNG is lower than CNG as it contains moisture.
 - » **Biogas plants** are also sometimes seen as methane bombs as any emission or leak from digestor or pipelines can contribute to climate change significantly.
- **Government Initiatives:**
 - » **SATAT (Sustainable Alternative Towards Affordable Transport)** Initiative:
 - Launched in 2018, it aims to promote production and use of Bio-CNG (Compressed Bio-GAS) in India. Under it, government sets up compressed Bio Gas (CBG) production plants and make available CBG in the market for use in automotive sector.
 - » **National Bio-Energy Program** (FY 2021-22 to 2025-26)

- » **Compressed Biogas (CBG) Blending Obligation (CBO)** - Government has announced a phased compulsory blending obligation of CBG in CNG and PNG segments of the City Gas Distribution (CGD) sector in Oct 2023.
 - CBO is voluntary till 2025 and mandatory obligation will start from FY26.
 - It shall be 1% (FY26), 3% (FY27) and 4% (FY28) respectively.
 - It shall be 5% for FY29 onwards.
- » Asia's largest compressed bio gas plant was inaugurated in Sangrur by Union Minister Hardeep S. Puri.

6. HYDROGEN FUEL

1) HYDROGEN FUEL CELLS

- **Introduction**
 - » Hydrogen is the simplest fuel. A fuel cell combines hydrogen and oxygen to produce electricity, heat and water.
- **Fuel Cell**
 - » A fuel cell is a device that converts chemical potential energy (energy stored in the molecular bonds) into electrical energy.
 - A Proton Exchange Membrane (PEM) cell uses hydrogen (H_2), and Oxygen (O_2) as fuel.
 - The products of the reaction are water, electricity and heat.
- **Key Elements of a fuel cell**
 - » The anode, the negative electrode of the fuel cell, conducts the electrons that are fed from the hydrogen molecule so that they can be used in the external circuit.
 - » The Cathode, the positive post of the fuel cell, has channels etched into that distribute the oxygen to all surface of the catalyst. It also conducts electrons back from the external circuit to the catalyst, where they can recombine with hydrogen ion and oxygen to form water.
 - » The electrolyte is a proton exchange membrane. This specially treated material, which looks something like ordinary kitchen plastic wrap, only conducts positively charged ions. The membrane blocks electrons.
 - » The catalyst is a special material that facilitates the reaction of oxygen & hydrogen. It is usually made up of platinum nano particles very thinly coated onto carbon paper or clothe.
- **How does a fuel cell work**



- » Hydrogen from a tank onboard the vehicle, enters into anode side of the fuel cell.
- » Oxygen pulled from air enters from cathode side
- As the hydrogen molecule encounters the membrane, a **catalyst** forces it to split into electron and proton
 - » The proton moves through fuel cell stack and the electron follows an external circuit, delivering current to the electric motor and other vehicle components.
 - » At cathode side, the proton and electron join again, and they combine with oxygen to form the vehicle's only tailpipe emission, water.
- **Advantages of Hydrogen Fuel Cell**
 - » Fuel cell **avoids the "thermal bottleneck"** (a consequence of 2nd law of thermodynamics) and are thus inherently **more efficient than combustion engines**, which must first convert chemical potential energy into heat, and then mechanical energy.
 - » Hydrogen is high in energy.
 - » Fuel cells **don't have any moving part** and thus are more reliable than traditional engines.
 - » **No pollution** (Only steam (H_2O) emitted as by product)
 - » **No Greenhouse gas and Climate Change** (since no GHG are produced as biproducts)
 - » **Ends dependency of Li-Ion batteries** (Please note for Lithium we are almost completely import dependent)
- **Limitation**
 - » Complex and difficult to build
 - » Still mostly in research phase
 - » Extracting hydrogen is difficult and expensive - **catalyst used is Platinum**- which is very expensive.

2) FUEL-CELL ELECTRIC VEHICLES (FCEVs)

- FCEV combine hydrogen and oxygen to produce electricity which runs the motor.
 - E.g.s of cars using FCEV: Toyota's Mirai, Honda's Clarity, and Hyundai's Nexo.
- Since they are powered entirely by electricity, FCEVs are considered EVs, but unlike BEVs, their range and refueling processes are comparable to conventional cars and trucks.
 - The **major difference** between a BEV and a refueling time of just five minutes, compared to 30-45 mins charging for a BEV.
 - Also, consumers get five times better energy storage per unit volume and weight, which frees up a lot of space for other things, while allowing the rider to go farther.
- India's first indigenously developed Hydrogen Fuel Cell (HFC) technology bus was unveiled in Aug 2023, with the fuel cell - which uses hydrogen and air to generate electricity onboard to power the bus - being developed jointly by CSIR and Pune based automotive software company KPIT Ltd (Aug 2023)

3) TYPES OF ELECTRIC VEHICLES: EV/BEV, HEV, PHEV, FCEV

- **Electric Vehicles:** The standard EV is also known as **Battery powered EV (BEV)**:

- They don't have an internal combustion engine and instead of an petrol/diesel, these vehicles run solely on battery power. These can be charged at home or commercial charging stations.
- **Hybrid Electric Vehicles (HEVs)**: They run on both Internal Combustion Engines and electric motor that uses energy stored in a battery. However, unlike other EVs, HEV cars battery is charged by regenerative braking.
 - **Micro (or mild) Hybrid** uses both battery and electric motor to make the car run. Though they can't run solely on electric power, they maximize fuel economy by shutting off the internal combustion engine during complete stops.
- **Plug-in Hybrid Electric Vehicles (PHEV)**: They expand the concept of HEVs. They have both an internal combustion engine and a battery powered electric motor. This allows the battery to store enough power to feed the electric motor and in turn decrease the gas usage by as much as 60%. They can travel around 60 kms on electric power, rather than 2-3 kms with a standard HEVs.
- **FCEV**: already discussed above.

4) HYDROGEN ENERGY

- **Hydrogen Energy** is a clean and efficient form of energy derived from Hydrogen (H₂). It has the potential to replace fossil fuels.
 - » Hydrogen can be produced from variety of sources including water, natural gas, and biomass.
 - » There are two main ways to produce Hydrogen:
 - Steam Reforming**: This process uses heat and steam to break down natural gas into hydrogen and carbon mono-oxide.
 - Electrolysis**: This process uses electricity to split water molecules into hydrogen and oxygen.
 - » **Cost of producing hydrogen** varies depending on the various methods used.
- It can be used in two primary ways:
 - » **Direct Burning** to produce heat and water
 - » **Fuel Cell Route** to directly produce electricity.
- **Advantages of Hydrogen Fuel**:
 - » **Abundance**: It is the most abundant element in the Universe.
 - » **Energy Density** -> High
 - » **Can contribute in achieving Net Zero by 2050**
 - » **No Pollution** (only releases water)
 - » **Leading options for storing energy from renewables**
 - » **Advantages of Hydrogen Vehicles (Fuel cell Stack)** over other **Electric Vehicles (Lithium-ion batteries)**
 - A fuel cell electric vehicle can be refueled in just 5 minutes. EV takes 30-45 minutes for charging.
 - Energy storage per unit volume and weight is higher in fuel cells than other types of electric vehicles.
 - EV battery materials are controlled by a few larger players. Scaled up hydrogen fuel cell will bring countries on equal footing.
 - EV batteries (like Lithium ion batteries) have still not been found viable for heavy vehicles like trucks.

- **Some limitations of Hydrogen fuel**
 - » Hydrogen molecule is not available in abundance on earth and is found in combination with other elements.
 - » Hydrogen technology is "yet to be scaled up". Tesla CEO Elon Musk has called fuel cell technology "mind-bogglingly stupid".
 - » **Lack of fueling station infrastructure**
 - There are fewer than 500 operational hydrogen stations in the world today, mostly in Europe.
 - » **Safety is a concern**
 - Hydrogen is pressurized and stored in a cryogenic engine. Some companies like Toyota and Hyundai have said that safety and reliability of hydrogen fuel tanks is similar to that of standard CNG engines.

A) NOTE: VARIOUS TYPES OF HYDROGEN:

- The most common element in nature is not found freely. It exists only combined with other elements, and has to be extracted from naturally occurring compounds like water (which is a combination of two hydrogen atoms and one oxygen atom). This process is energy intensive.
 - **Grey Hydrogen**
 - Hydrogen produced from fossil fuels. This constitutes a bulk of hydrogen produced today.
 - **Blue Hydrogen**
 - Hydrogen generated from fossil fuels with carbon capture and storage options
 - **Green Hydrogen**
 - Hydrogen generated entirely from renewable power sources. Here electricity generated from renewable energy is used to split water into hydrogen and oxygen.
 - For e.g. a IIT-Madras team generated hydrogen from seawater using solar energy. (June 2023)

5) NATIONAL HYDROGEN MISSION

- **Ministry:** MNRE
- With a vision to make India an energy independent nation, and to decarbonize critical sectors, the Government approved National Green Hydrogen Mission on Jan 4, 2023 with an initial outlay of Rs 19744 crores upto 2029-30.
- The mission will facilitate demand creation, production, utilization, and export of Green Hydrogen and mobilization of Rs 8 lakh crores of investment by 2030.
- **Likely Outcomes by 2030:**
 1. **Green Hydrogen Production Capacity** of at least 5 MMT (Million Metric Tonne) per annum.
 2. **Reduction in fossil fuel imports** by over Rs 1 lakh crores and creation of over 6 lakh jobs.
 3. **Renewable Energy Capacity Addition** of about 125 GW and abatement of nearly 50 MMT of annual GHG emissions.

- **Interventions:**
 1. Under the **Strategic Interventions of Green Hydrogen Transition (SIGHT) Program**, two distinct financial incentive mechanisms - targeting domestic manufacturing of electrolyzers and production of Green Hydrogen - will be provided under the mission.
 2. **Regions capable of supporting large scale production and/or utilization of hydrogen** to be developed as **Green Hydrogen Hubs**.
- **Policy Framework:**
 1. **Development of an enabling policy framework** to support establishment of **Green Hydrogen Ecosystem**.
 2. **Robust Standards and Regulations Framework**
 3. **Public Private Partnership framework** for R&D (**Strategic Hydrogen Innovation Partnership - SHIP**) will also be facilitated under the mission.
 4. **Skill Development Program**
- **Several Pilot Projects** by PSUs like OIL, NTPC etc. have been initiated for the production of Green Hydrogen.

6) GOVERNMENT UNVEILS GREEN HYDROGEN STANDARDS (AUG 2023)

- It outlines the emission threshold for production of hydrogen that can be classified as 'green'.
 - » Well-to-gate emission of not more than 2 kg CO₂ for per Kg H₂.
 - The well-to-gate emission include water treatment, electrolysis, gas purification, drying and compression of Hydrogen.
 - The scope of the definition encompasses both electrolysis based and biomass-based hydrogen production methods.
 - » A detailed methodology of measurement, reporting, monitoring, on-site verification and certification of green hydrogen and its derivatives will be specified by the Ministry of new and renewable energy.
 - » Bureau of Energy Efficiency (BEE) under the MoP will be the nodal authority for accreditation of agencies for the monitoring, verification, and certification of green hydrogen production projects.
- **Significance:**
 - » The definition of green hydrogen brings a lot of clarity to the mission of making India a global green hydrogen hub.

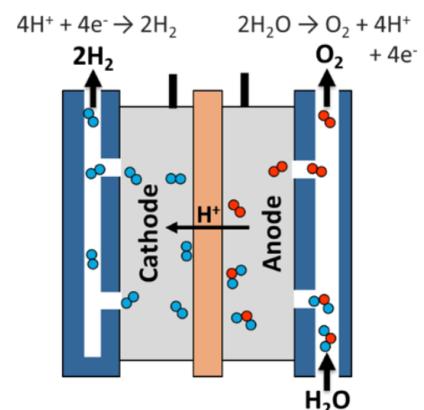
7) ELECTROLYSERS

- Electrolysers are a critical technology for the production of low-emission hydrogen from renewable or nuclear electricity.

» **Note:** Electrolysis is the process of using electricity to split water into hydrogen and oxygen. This reaction takes place in a unit called an Electrolysers.

- How does it work?

» Like fuel cells, Electrolysers consist of an anode and a cathode separated by electrolyte. Different electrolyzers function in different ways, mainly due to the different type of electrolyte material involved in the iconic species it conducts.



- The cost of electrolyzers and electricity (fuel) make up the largest share of the production cost, and thus developing more efficient electrolyzers will give a major boost to green hydrogen generation in India.

8) HYDROGEN CNG (H-CNG)

- In Sep 2020, MoRT&H has notified hydrogen-enriched compressed natural gas (CNG) as an automobile fuel.
- In Oct 2020, **Delhi became the first city in India to operate buses running on hydrogen spiked compressed natural gas (H-CNG)** in a six month pilot project.
 - The buses are running on a new technology patented by Indian Oil Cooperation for producing H-CNG - **18% hydrogen in CNG - directly from natural gas** without resorting to conventional blending.
- **What is H-CNG?**
 - It is a hydrogen enriched compressed natural gas. The ideal hydrogen concentration is 18%.
 - In **Delhi**, instead of physically blending hydrogen with CNG, hydrogen spiked CNG will be produced using a compact reforming process patented by IOC.
- **Advantages of H-CNG over CNG**
 - **Less Air Pollution**
 - Emits 70% less CO;
 - Reduces total hydrocarbons emissions by around 15% and increases fuel efficiency by 3-4%.
 - **Increases fuel efficiency**
 - **Higher power output**
- **Updates in Sep 2021**
 - **CNG to HCNG model 'Capital intensive'**; Delhi government unlikely to scale up pilot project.

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TARGET PRELIMS 2024

BOOKLET-29

INTERNATIONAL MAPPING AND PLACES IN NEWS-1

AUSTRALIA, ASIA AND EUROPE

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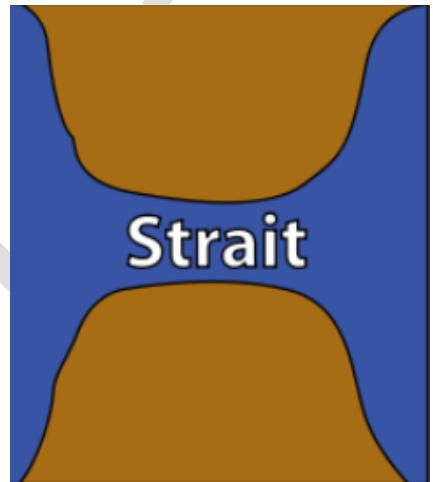
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LevelupIAS

1) BASICS

A) STRAIT

- A strait is a naturally formed, narrow, typically navigable waterway that connects two larger bodies of water. Most commonly, it is a channel of water bodies that lies between two large land masses.
- **Important Straits of the world:**
 - » Bering Strait (Bering Sea and Chuksi Sea)
 - » Malacca Strait (joins Andaman Sea and South China Sea)
 - » Sunda Strait (Java Sea and Indian Ocean)
 - » Palk Strait (Joins Palk Bay and Bay of Bengal)
 - » Bosphorus Strait (Black Sea and Marmara Sea)
 - » Bab-el-Mandeb Strait (Red Sea and Gulf of Aden)
 - » Dardenleez Strait (Marmara Sea and Aegean Sea)
 - » Yucatan strait (Gulf of Mexico and Caribbean Sea)
 - » Mesina Strait (Mediterranean sea)
 - » Otranto Strait (Adriatic Sea - Ionian Sea)
 - » Davis Strait (Baffin Bay & Atlantic Ocean)



Diagrammatic map of a strait



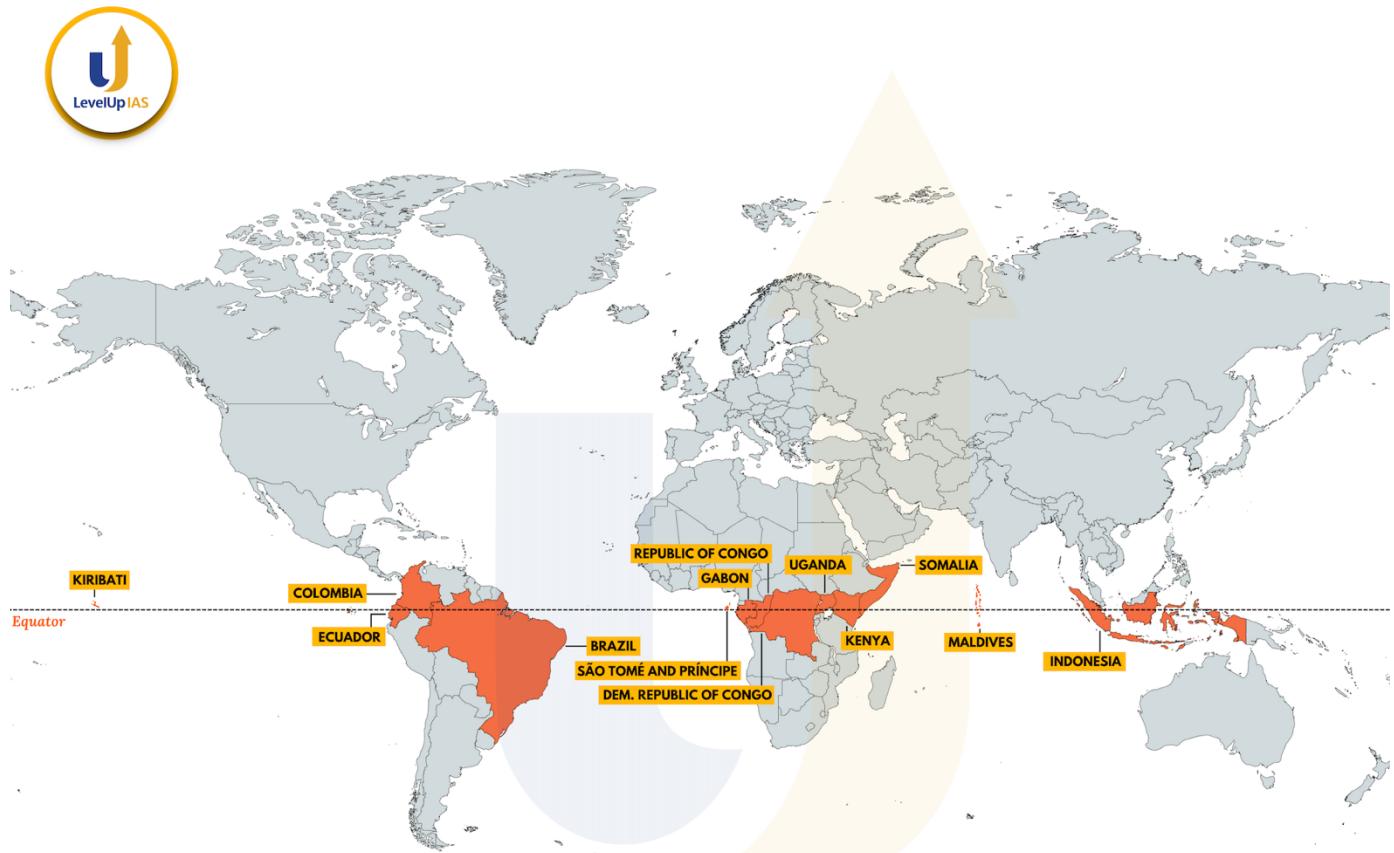
B) Isthmus

- It is a narrow strip of land that connects two larger landmasses and separates two bodies of water.
 - » **Isthmus of Panama** links continent of North and South America and separates Atlantic Ocean and Pacific Ocean.
 - » **Isthmus of Suez** in eastern Egypt connects the continents of Africa and Asia and separates Mediterranean and Red Sea

2) COUNTRIES THROUGH WHICH EQUATOR PASSES

13 countries:

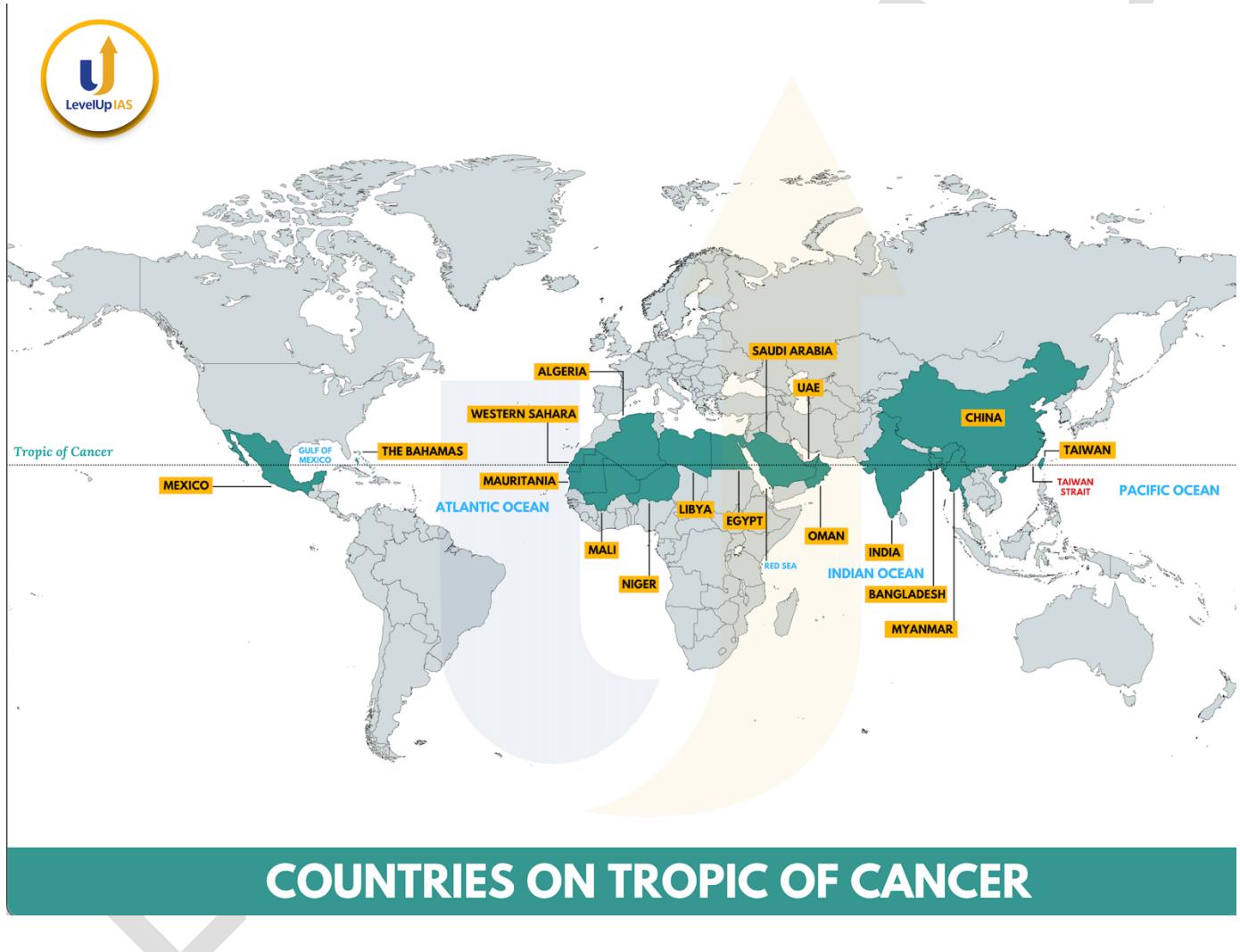
- **South America (3):** Ecuador, Colombia, Brazil.
- **Africa (7):** Sao Tome and Principe, Gabon, Republic of Congo, DRC, Uganda, Kenya, Somalia.
- **Asia (2):** Maldives, Indonesia
- **Central Pacific Ocean (1):** Kiribati



COUNTRIES ON EQUATOR

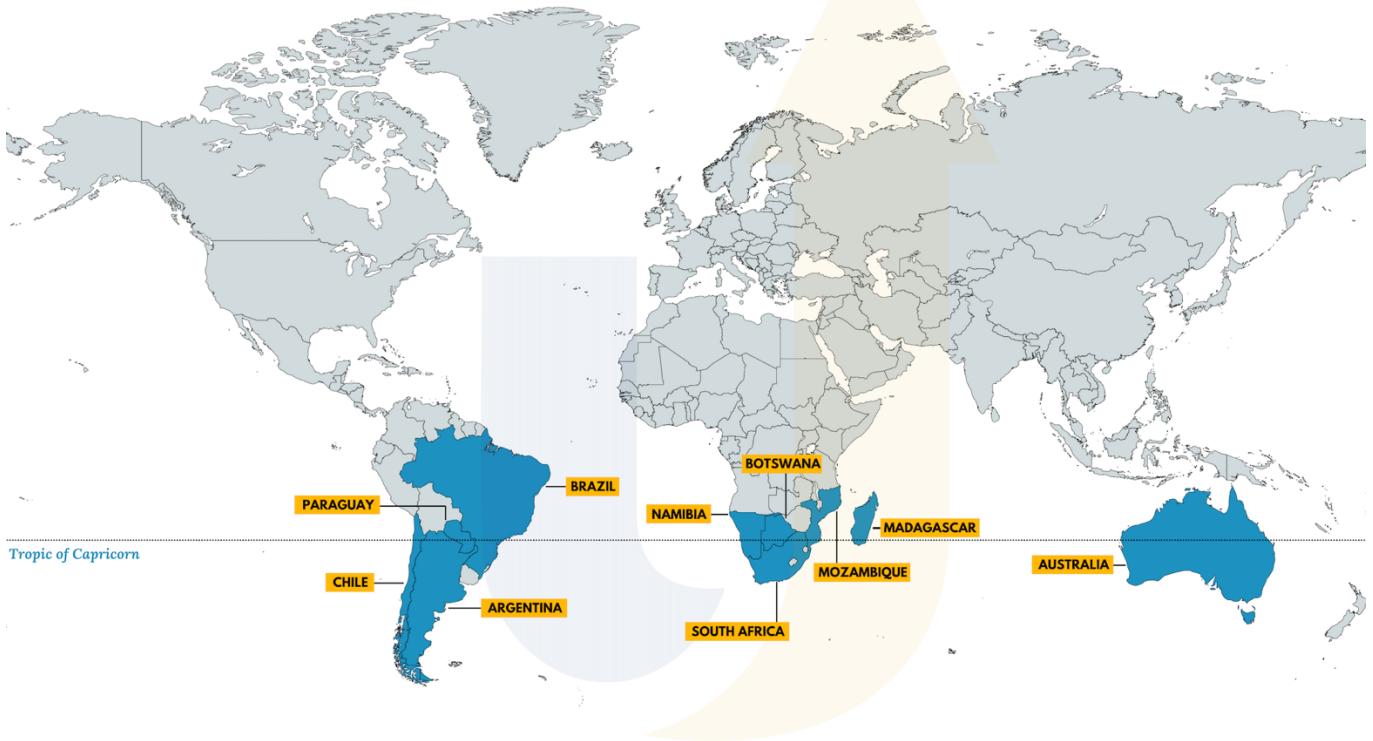
3) TROPIC OF CANCER COUNTRIES

- **17 countries:**
 - North America (2): Mexico, Bahamas (Archipelago)
 - Africa (7): Western Sahara, Mauritania, Mali, Algeria, Niger, Libya, Egypt
 - Asia (8): Saudi Arabia, UAE, Oman, India, Bangladesh, Myanmar, China, Taiwan.
 - **Water Bodies:** Gulf of Mexico, Atlantic Ocean, Red Sea, Indian Ocean, Taiwan Strait, Pacific Ocean



4) TROPIC OF CAPRICORN COUNTRIES

| | |
|---------------|---|
| South America | Chile, Argentina, Paraguay and Brazil |
| Africa | Namibia, Botswana, South Africa, Mozambique, Madagascar |
| Australia | Australia |



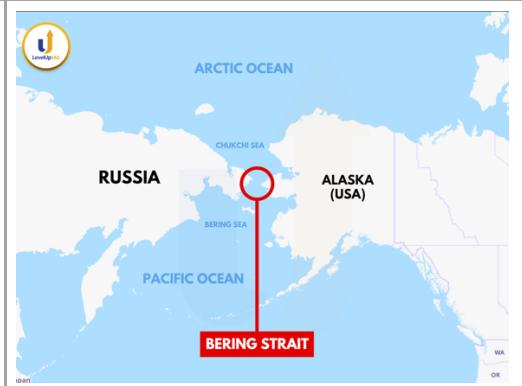
COUNTRIES ON TROPIC OF CAPRICORN

5) BERRING STRAIT

Location: Between Russia and Alaska (USA); Only marine gateway between icy Arctic and the Pacific Ocean. It joins Arctic ocean and Bering sea.

At its narrowest point the strait is only 55 miles wide.

Biodiversity: Though the strait is narrow, it is teeming with wildlife - Beluga whales, bowhead whales, walruses, polar bears, ringed and ribbon seals etc.



Wildlife Migration: Each spring, one of the largest wildlife migrations on earth passes through this narrow gateway to reach the Arctic's incredibly nutrient-rich and productive waters.

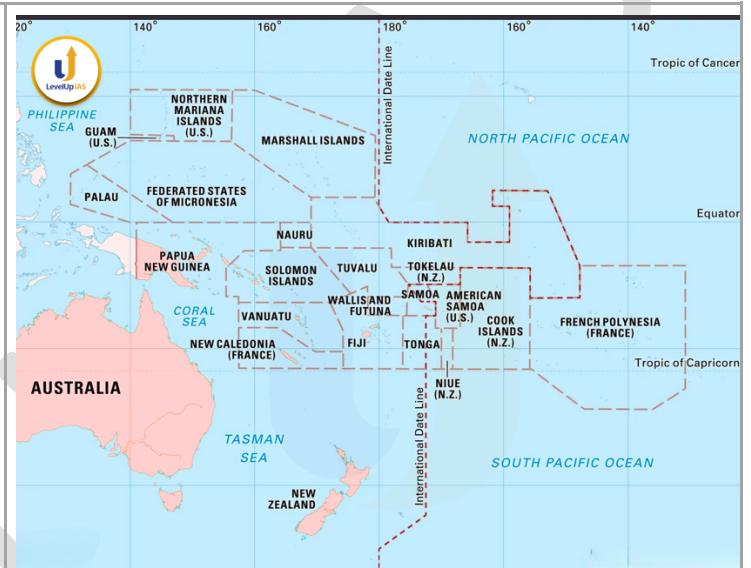
Humans reaching north America: Scientists studying land masses and climate know that the Pleistocene Ice Age, created a land bridge which allowed humans to reach Americas for the first time. This happened around 13,000 years ago

6) OCEANIA

Oceania collectively refers to the islands scattered throughout most of the Pacific Ocean.

In its widest sense it covers entire region between Asia and Americas.

In its most restricted meaning, it includes more than 10,000 islands, with a total land area (excluding Australia, but including Papua New Guinea and New Zealand) of approx. 822,800 sq km.

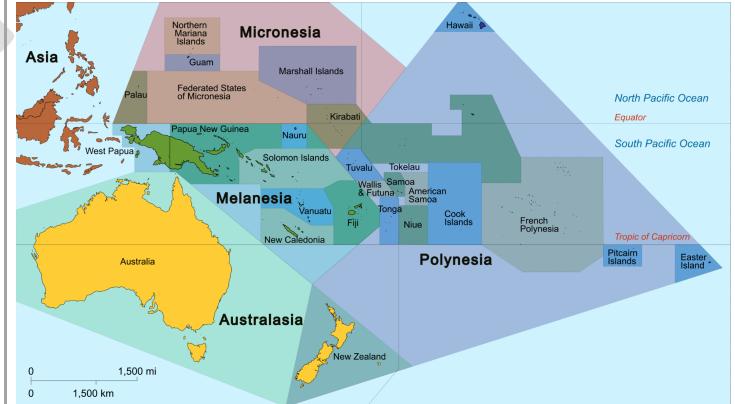


Oceania is traditionally divided into **four parts**: **Australasia** (Australia and New Zealand); **Melanesia**, **Micronesia**, and **Polynesia**.

Australasia: The term literally means "south of Asia" referring to all land that lies to the south of mainland Asia in its widest sense. However, its definition has evolved over the years and in its strictest sense include **Australia, New Zealand, and islands neighbouring these two countries** in the Pacific Ocean.

Melanesia: It includes Island of New Guinea and Island nation of Fiji, and the area in between the two islands. It thus includes area north and north east of Australia from the Arafura Sea to Fiji.

Micronesia: It is located in western Pacific ocean. It features thousands of islands. Five independent



nations (Kiribati, Marshal Islands, Palau, Nauru, and Federated State of Micronesia) and three US territories are part of Micronesia. The regions shares cultural heritage with Polynesia and Melanesia.

Polynesia: It consists of over thousand islands in the central and southern part of the Pacific ocean. It is bounded by Hawaii to the north, Easter Island to the southeast and New Zealand to southwest.

Note: As recently as 33,000 years ago no human beings lived in the region, except in Australasia.

7) PALAU

Officially known as Republic of Palau, it is an island country located in the western Pacific Ocean.

The country has more than 300 islands and connects the western chain of the Caroline islands with parts of the Federated States of Micronesia.

Neighbours:

International Waters (North); Micronesia (East); Indonesia (South) and Phillipines (West)

Its territory consists an archipelago located in the Pacific Ocean.



8) TUVALU

Tuvalu is a country in West Central-Pacific Ocean. It is composed of 9 coral islands scattered in chain lying approximately northwest to southeast.

History: Together with what is now Kiribati (formerly the Gilbert Islands), Tuvalu formed the British Gilbert and Ellice Islands Colony before separately gaining its independence in 1978.

De facto capital: Vaiaku. This is where most of the government offices are located.

Geography:

- The islands are low-lying, most being 13 to 16 feet above sea level.



- **No Rivers:** Rain catchment and wells are sources of fresh water.

Recent Developments: Australia Offers Climate Refuge to Tuvalu Citizens (Nov 2023)

- A new **treaty** - known as the **Australia-Tuvalu Falepili Union Treaty** - is the most significant agreement between Australia and Tuvalu.
 - It promises **Australian assistance** to the nation on **climate action** and **security**.
 - Under this **Australia will provide migration pathways** for people from Tuvalu facing the existential threat of climate change. It is the **world's first bilateral agreement on climate mobility**.
 - Under the treaty, **Australia will implement special visa agreement** to allow Tuvaluans to work, study and live in Australia. This is **not a refugee visa**, but rather will allow **up to 280 Tuvaluans** (from a population of around 11,200) to migrate to Australia each year - presumably on a **permanent basis**. This will provide people with **both legal and psychological security**.

9) NEW CALEDONIA

Details:

New Caledonia is a French territory comprising dozens of islands in the South Pacific. It was colonized by Napoleon's nephew in the 19th century.

It's known for its palm-lined beaches and marine-life-rich lagoon, which, at 24,000-sq.-km, is among the world's largest.

It also hosts a French Military base.

A massive barrier reef surrounds the main island, **Grand Terre**, a major scuba-diving destination.

The archipelago is located east of Australia, north of New Zealand, south of the Equator, and just west of Fiji and Vanuatu.

Referendum (2021)

Voters in the French Island territory of New Caledonia chose overwhelmingly to stay part of France, in a referendum boycotted by pro-independence forces and closely watched around the south pacific.



10) TORRES STRAIT

The Torres Strait is a strait **between Australia and the Melanesian island of New Guinea**.

To the South is the **Cape York peninsula**, the northernmost extremity of the Australian mainland. To the north is the western province of Papua new Guinea.

It is named after the Spanish navigator Luis Vaz de Torres, who sailed through the strait in 1606.

The Torres Strait joins Arafura Sea and Gulf of Papua.



11) COOK STRAIT

Cook Strait separates, northern and southern islands of New Zealand, extending northwest to southeast from the **Tasman Sea** to the **South Pacific Ocean**.

In 1642 the Dutch navigator Abel Tasman entered the western end of the strait and believed it to be a bay. Captain James Cook discovered its true nature as a strait in 1770.



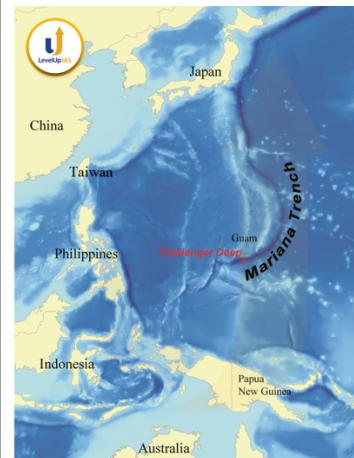
12) MARIANA TRENCH

The Mariana Trench or Marianas Trench is located in the western Pacific Ocean about 200 kilometres east of the Mariana Islands; it is **the deepest oceanic trench on Earth**.

It is crescent-shaped and measures about 2,550 km in length and 69 km in width.

What is trench?

Trenches are long, narrow depressions on the seafloor that form at the boundary of tectonic plates where one plate is pushed, or subducts, beneath another



13) EAST ASIA – SUMMARY OF WATER BODIES



14) KAMCHATKA PENINSULA

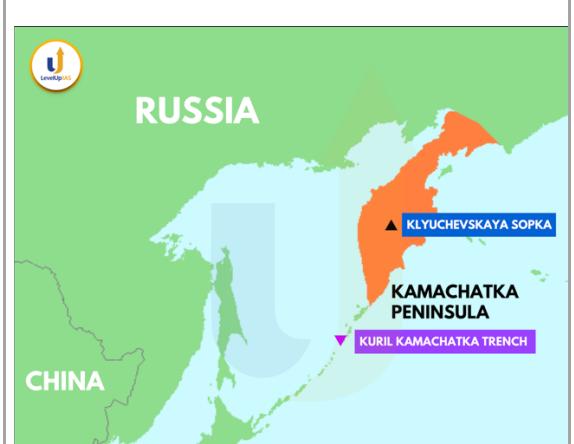
Kamchatka peninsula is a peninsula in the Russian Far East, with an area of about 2.7 lakh km². It is sparsely populated.

The Pacific Ocean and the Sea of Okhotsk make up the peninsula's eastern and western coastlines, respectively.

The peninsula is noted for its array of active and dormant volcano, geysers and geothermal springs.

Immediately offshore along the Pacific coast of the peninsula runs the 10,500 meter deep Kuril-Kamchatka Trench.

Biodiversity Disaster in 2020: Many dead sea creatures (Octopus, Seals, and other sea creatures) have washed up on beaches in



Kamchatka, in Russia's far east, in what is being treated as a **major marine pollution incident**. Initial analysis detected oil products and phenol in the water.

15) KLYUCHEVSKAYA SOPKA VOLCANO:

It is the **tallest volcano of Eurasia** and is located on **Kamchatka Peninsula**. It is a stratovolcano with a height of 4,650 m.

It has been active in recent years and have released lava in June 2023. It also erupted in Nov 2023 and sent ash as high as 13 kms above sea level.

16) KURIL KAMCHATKA TRENCH:

It is an oceanic trench that lies off the **southeast coast of Kamchatka** and **parallels Kuril Island chain to meet the Japan Trench east of Hokkaido**.

Detail: What is **Oceanic Trench**?

- » Oceanic trenches are long, narrow, depressions on the seafloor. These chasms are the deepest parts of the ocean - and some of the deepest natural spots on Earth.
- » Oceanic trenches are features of the Earth's distinctive plate tectonics. They mark the location of convergent plate boundaries, along which lithospheric plates move towards each other.

17) KURIL ISLANDS

Why in news?

- Russian President Vladimir Putin says that he plans to visit the Kurils and would consider building up the travel sector there (Jan 2024)
- **Reason:** Ukraine War: Territorial rows have long been a problem between the two countries. Japan's support for Ukraine is just another reason for Russia to challenge Japan which it calls an 'unfriendly state'.

About Kuril Islands:

- Kuril Islands (archipelago) extends for 12,00 km from the southern tip of Kamchatka Peninsula to the north eastern corner of Hokkaido island (Japan) and separates Sea of Okhotsk from the Pacific Ocean. There are more than 50 islands in this archipelago.
- **Disputed:** Both Russia and Japan claim sovereignty over them, though the island have been under Russian control



History of The Kuril Dispute:

| HISTORY OF THE KURIL DISPUTE |
|--|
| ■ 1855: The Treaty of Shimoda gives southern Kurils to Japan and rest of the island chain to Russia. Sakhalin Island to be under joint administration |
| ■ 1875: The Treaty of St. Petersburgh cedes all Kurils to Japan in exchange for Russian jurisdiction over Sakhalin |
| ■ 1905: After Russia's defeat in the Russo-Japanese War, Japan gains control of southern Sakhalin |
| ■ 1945: The Soviet Union occupies the entire Kuril chain and southern Sakhalin after declaring war on Japan during the final days of World War II |
| ■ 1951: Japan renounces claim to Kurils in the Treaty of San Francisco, signed between Japan and the Allied powers. The Soviet Union does not sign, and Japan later claims that the four southern islands are not part of the Kuril chain |
| ■ 1956: The Soviet-Japanese Joint Declaration restores diplomatic ties between the two countries. The Soviet Union agrees to cede islands of Shikotan and Habomai to Japan after signing of formal peace treaty. Japan claims territorial rights to all four southern islands, so no agreement is signed |

since the end of WW-2. Tokyo says that the disputed islands have been part of Japan since the early 19th century.

18) VLADIVOSTOK

It is a city and the administrative centre of the **Far Eastern Federal District** and **Primorsky Krai, Russia**, located on the **Golden horn bay**, not far from Russia's borders with China and North Korea.

The city is **home to Russian Pacific Fleet** and is the largest Russian Port on the pacific coast.



19) JAPAN

It is an island country in East Asia. It is located in north-west Pacific Ocean and is bordered on the west by Sea of Japan in the north-east by Sea of Okhotsk and in the south and South-west by East China sea.

Nearly the entire land area is taken up by the country's four main islands; from north to south these are **Hokkaido, Honshu, Shikoku, and Kyushu**.

Honshu is the largest of the four islands. National Capital **Tokyo** is also located in east-central Honshu.

Mt Fuji (12,388 feet, 3,776 metres), is Japans' highest mountain and also located on Honshu island.

Important Straits: Korea Strait, Tsushima Strait; Tsugaru Strait

Note: The island of Tsushima defines Korean Strait on the Korea side and the Tsushima Strait on the Japanese side.



Important Islands:

Kuril Islands (Occupied by Russia since 1945, claimed by Japan)

Tok Islands (Take Islands) - Occupied by South Korea; claimed by Japan)

Senkaku Island (disputed by China and Japan):

It is called Senkaku by Japan; Diaoyu in China and Tiaoyutai (in Taiwan)

It is a ground of uninhabited islands in the East China Sea, administered by Japan.



20) FUKUSHIMA

The Fukushima Daiichi Nuclear Power Plant is in the town of Okuma, in Fukushima Prefecture. It sits on the country's east coast, about 220 km (137 miles) north-east of the Capital Tokyo.

What happened at Fukushima?

In March 2011, after an earthquake of magnitude 9, a tsunami flooded the Fukushima Daiichi nuclear power plant in Okuma and damaged its diesel generator. The loss of power suspended coolant supply to reactors at the facility; the tsunami also disabled the backup system. This led to radioactive material leaking from the reactor pressure vessels, exploded in facility's upper levels, and exposed themselves to the ambient air, water, soil, and local population. Since then, the powerplant and the surrounding land have been uninhabitable.



21) SEA OF JAPAN

It is a marginal sea of the West Pacific Ocean. It is partially enclosed by Islands, archipelagos or peninsulas.

Land Boundaries: Boundaries:

It is bound by Russia north; North Korea in the West, South Korea in South West and by the Japanese Archipelago (Hokkaido island, Honshu Island, and Kyushu Island) in the east and South.

News (July 2023)

China and Russia have started joint air and sea drill in Sea of Japan. Codenamed "Northern/Interaction - 2023", the drill marks enhanced military cooperation between China and Russia since Moscow's invasion of Ukraine and is taking place as Beijing continues to rebuff U.S. calls to resume military communication.



22) EAST CHINA SEA

The East China Sea is an arm of the Pacific Ocean.

It is bounded on the east by Kyushu and the Ryukyu Islands of Japan, on the south by the South China Sea, and on the west by the Asian continent.

It connects with the Sea of Japan through the Korea Strait; it opens in the north to the Yellow Sea.



23) TAIWAN AND TAIWAN STRAIT

Taiwan, officially the Republic of China, is a country in East Asia.

It shares **maritime borders** with the People's Republic of China to the northwest, Japan to the northeast, and the Philippines to the south.

The **bilateral relations between India and Taiwan** have improved since the 1990s, despite both nations not maintaining official diplomatic relations.

India recognises only the People's Republic of China (in mainland China) and not the Republic of China's claims of being the legitimate government of Mainland China, Hong Kong, and Macau - a conflict that emerged after the Chinese Civil War (1945–49).

However, India's economic and commercial links as well as people-to-people contacts with Taiwan have expanded in recent years.

China want to bring Taiwan under one country two system (like Hong Kong and Macau).



Taiwan Strait:

The Taiwan Strait is a 180-kilometer-wide strait separating the island of Taiwan and continental Asia.

The strait is part of the South China Sea and connects to the East China Sea to the north.

The narrowest part is 130 km wide.

Earlier, Taiwan strait was also called **Farmosa Strait** or Strait of Farmosa.

24) SOUTH CHINA SEA

The South China Sea is a marginal sea of the Western Pacific Ocean.

It is bounded in the north by the shores of South China (hence the name), in the west by the Indochinese Peninsula, in the east by the islands of Taiwan and Northwestern Philippines (mainly Luzon, Mindoro and Palawan), and in the south by Borneo, eastern Sumatra and the Bangka Belitung Islands, encompassing an area of around 3,500,000 km² (1,400,000 sq. mi).

It communicates with the East China Sea via the Taiwan Strait, the Philippine Sea via the Luzon Strait, the Sulu Sea via the straits around Palawan (e.g. the Mindoro and Balabac Strait), the Strait of Malacca via the Strait of Singapore, and the Java Sea via the Karimata and Bangka Strait.

The **Gulf of Thailand** and the **Gulf of Tonkin** are also part of the South China Sea.



Triton Island:

It is one of the major islands in the Parcel group, which is roughly equidistant from the coast of Vietnam and China's island province of Hainan.

The shallow waters south of the Riau Islands are also known as the **Natuna Sea**.

The **South China Sea disputes** involve both island and maritime claims by several sovereign states within the region, namely Brunei, the People's Republic of China (PRC), Taiwan (Republic of China/ROC), Indonesia, Malaysia, the Philippines, and Vietnam

It is claimed by China, Vietnam and Taiwan.

News: Aug 2023 - China appears to be constructing an airstrip on the disputed South China Sea.

25) MALACCA STRAIT AND SINGAPORE STRAIT

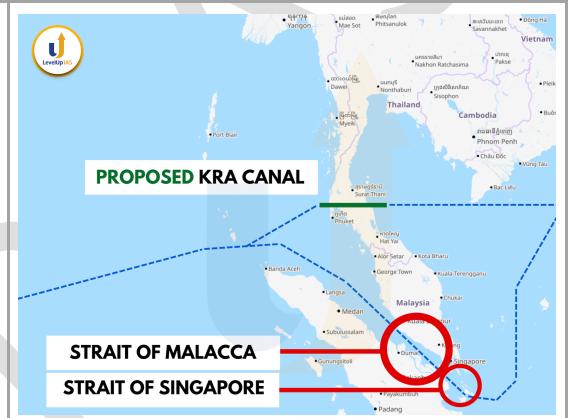
MALACCA STRAIT:

It is a waterway connecting the **Andaman Sea (Indian Ocean)** and **South China Sea (Pacific Ocean)**. It runs between the Indonesian Island of Sumatra to the west and peninsular (west) Malaysia and extreme southern Thailand to the east.

It is funnel shaped strait with width of only 40 miles in the south and that broadens northward to some 155 miles (250 km).

As the link between the Indian Ocean and South China Sea, the strait of Malacca is the shortest route between India and China and hence is **one of the most heavily travelled shipping channels** in the world.

Singapore, of the world's most important ports, is situated at the strait's southern end.



Singapore Strait: It lies between strait of Malacca in the west and the South China Sea in east. Singapore is on the north of the channel, and the Indonesian Riau Islands are on the south. The two countries share maritime border along the strait.

26) CHINA

People's republic of China is a country in East Asia. It is the second most populous country in the world.

Neighbouring Countries: China borders 13 countries by land: North Korea, Russia, Mongolia, Kazakhstan, Kyrgyzstan, Tajikistan, Afghanistan, India, Nepal, Bhutan, Myanmar, Laos and Vietnam.

Note: China doesn't have borders with Pakistan. Though currently, both Pakistan and China have illegally occupied Aksai Chin and thus have a working border.



It is also the 4th largest country in the world (note - some sources also mention it as the 3rd largest country).

Rivers: Yangtze (third longest in the world) and the Yellow Rivers are the most important rivers of China.

Gobi Desert runs west to east along the border with Mongolia.

Important Sea: China is also bound by Yellow Sea and East China Sea in the east and South China Sea in the southeast.

27) GOBI DESERT

The giant Gobi Desert in Asia, stretches across parts of China and Mongolia. It is the sixth largest desert in the world after Antarctic Desert, Arctic Desert, Sahara Desert, Great Australian Desert, and Arabian Desert.

The Gobi desert is expanding through desertification, most rapidly on the southern edge into China. It is mostly attributed to human activities, locally driven by deforestation, overgrazing, and depletion of water resources, as well as to climate change.

China's the Three North Shelter Forest Program (or "Green Great Wall") is an initiative of China that began in 1978 and is set to continue through 2050.

28) IMP RIVERS OF CHINA: YELLOW RIVER (HUANG HE); YANGTZE RIVER; PEARL RIVER

Yellow River (Huang He)

It is the second-longest river in China, after the Yangtze River.

It originates in the Qinghai province of Western China and empties in Bohai Sea (Northwestern and innermost extension of the Yellow Sea, to which connects the Bohai strait)

Yangtze River:

It is the longest river in Asia, (the third longest in the world and the longest in the world to flow entirely within one country).

It originates at Jari Hill in the Tanggula Mountains (Tibetan Plateau) and flows 6,300 km in generally eastern direction to reach east China Sea.

The three Gorges Dam on the Yangtze river is the largest hydro-electric power station in the world.

Pearl River:

The Pearl River is an extensive river system in southern China.



It is the third-longest river of China, after the Yangtze River and the Yellow River

It also drains in the northern parts of Vietnam.

The name "Pearl River" is also often used as a catch-all for the watersheds of the Xi ("West"), Bei ("North"), and Dong ("East") rivers of Guangdong.

The Pearl River Delta is **notoriously polluted with sewage and industrial waste treatment facilities failing to keep pace with the growth in population and industry in the area. A large portion of the pollution is brought about by factories run by Hong Kong manufacturers in the area**

29) MEKONG RIVER

The Mekong is a trans-boundary river in East Asia and Southeast Asia.

It is the world's twelfth longest river and the sixth longest in Asia.

Its estimated length is 4,909 km and it drains an area of 795,000 km²

From the Tibetan Plateau the river runs through China, Myanmar, Laos, Thailand, Cambodia, and Vietnam.

The extreme seasonal variations in flow and the presence of rapids and waterfalls in the Mekong make **navigation difficult**. Even so, the river is a major trade route between western China and Southeast Asia.



30) KRA CANAL

Kra Canal, also known as Thai Canal or Kra Isthmus Canal, is a proposed canal that would connect the Gulf of Thailand with the Andaman Sea across southern Thailand.

The canal would provide an alternative to transit through the straits of Malacca and shorten transit for shipments of oil to Japan and China by 1200 kms.

China refers to Kra canal as part of its 21st century Maritime Silk Road.

In 2015 proposal, the canal was planned to be 102 km long, 400 meter wide and 25 meters deep

31) BORNEO ISLAND

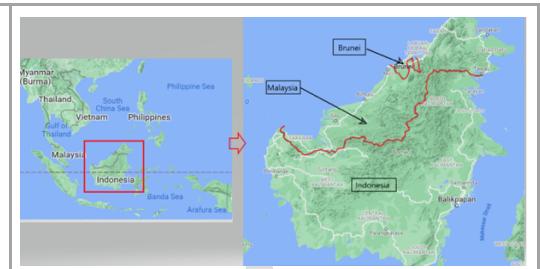
Borneo is the third-largest island (after Greenland and New Guinea) in the world and the largest in Asia.

At the **geographic centre of Maritime Southeast Asia**, in relation to major Indonesian islands, it is located north of Java, west of Sulawesi, and east of Sumatra.

The island is politically divided among **three countries**: Malaysia and Brunei in the north, and Indonesia to the south.

Approximately 73% of the island is Indonesian territory.

The **sovereign state of Brunei**, located on the north coast, comprises about 1% of Borneo's land area.



A little more than half of the island is in the Northern Hemisphere, including Brunei and the Malaysian portion, while the Indonesian portion spans the Northern and Southern hemispheres.

Borneo is home to one of the oldest rainforests in the world

32) INDONESIA

Indonesia is the largest archipelago in the world. It consists of five major islands and 30 smaller groups.

The **main Indonesian Islands** are: Sumatra, Java, Kalimantan (Indonesian Borneo), Sulawesi, and the Indonesian part of New Guinea (known as Papua or Irian Jaya).

Note: Indonesia has nearly 130 active volcanoes, more than any other country



33) KALIMANTAN

- Indonesia's Parliament has approved a bill to relocate the nation's capital from Jakarta to a jungled area of Kalimantan on Borneo island. (Jan 2022)
- The new state capital law, which provides a legal framework for President Joko Widodo's ambitious \$32 billion mega project, stipulates how development of capital will be funded and governed.
- The new centre will be called "Nusantara", a Javanese name for the Indonesian archipelago.
- Nusantara will be led by a chief authority whose position is equivalent to a minister.
- The new capital has been envisioned as a low-carbon "superhub" that will support pharmaceuticals, health and technology sector and promote suitable growth beyond Java Island.
- **Problems with Jakarta:**
 - Chronic congestion (10 million population); Floods and air pollution;

34) SABANG

It is a city consisting of main island (Weh Island) and several smaller islands of the northern tip of Sumatra.

The Islands form a city within the Aceh Special Region, Indonesia.

It is also known as the northernmost and westernmost city of Indonesia.

It is considered a strategic location near the strait of Malacca.

It was in news recently as government of Indonesia is planning to develop a port here to promote tourism.



35) MOUNT SINABUNG

Mount Sinabung is a **Pleistocene-to-Holocene stratovolcano**.

It is located in a relatively cool area on a fertile plateau with mountains bounding the north on **Sumatra Island** of Indonesia.

The plate tectonic setting at Mount Sinabung is one of ocean-continent subduction between the Indo-Australian plate under the Eurasian plate.

It is one of many volcanoes located along the Sunda Arc, a 5000km long volcanic chain.

Mount Sinabung first erupted in 2010 after being inactive for centuries, and has seen an increase in its activity over the last year.



36) ANAK KRAKATOA VOLCANO

Anak Krakatoa Volcano

It is an active volcano in **Sunda Strait** roughly halfway between Sumatra and Java.

This volcano had emerged from the sea in 1928 in the Caldera of Krakatoa and has been on the high-level eruption watchlist for the past decade.

With subsequent lava flows it eventually converted into a small **volcanic Island** with an altitude of 300 meters above sea level.

Since its birth, Anak Krakatoa has been in a **state of semi-continuous eruptive activity**, growing bigger as it experiences eruptions every two to three years. It has been on the high-level eruption watchlist for the past decade.



The island is part of Ujung Kulon National Park "demonstrating on-going evolution of geological process".

37) MT SAMERU VOLCANO

Erupted in Dec 2022, after a year.

It is an active volcano located in **East Java**. It is a stratovolcano.

It is located in a subduction zone, where Indo-Australian plate subducts under Eurasian plate.

It is the highest mountain on the island of Java. The name "Semeru" is derived from Meru, the Central world mountain in **Hinduism**, or Sumeru, the abode of gods.



38) MERAPI VOLCANO

About Mount Merapi: It is the most active volcano of Indonesia and have erupted regularly since 1548. It is located on Java Island. It is a stratovolcano whose height is 2,930 miles.

It is located at a subduction zone, where the Indo-Australian Plate is subducting under the Sunda Plate.

Mount Merapi's last significant eruption was in 2010 which killed more than 300 people.

Dec 2023 Eruption:

Mount Merapi erupted again and killed at least 11 hikers. This eruption sent hot ash and other volcanic debris three kms into sky.

It is also one of the 16 Decade Volcanoes

About Decade Volcanoes

The Decade volcanoes are 16 volcanoes identified by the International Association of Volcanology and Chemistry of the Earth's Interior (IAVCEI) as being worthy of particular study in light of their history of large, destructive eruptions and proximity to populated areas.

The Decade Volcanoes project aims of achieving a better understanding of the volcanoes and the dangers they present, and thus being able to reduce the severity of natural disaster.

They are called decade volcanoes because the project was initiated in the 1990s as part of the United Nations - sponsored International Decade for Natural Disasters Reduction.



About IAVCEI

It is an international NGO that focuses on research in volcanology, efforts to mitigate disasters, and research into closely related disciplines, such as igneous geochemistry and petrology, geochronology, volcanogenic mineral deposits, and the physics of the generation and ascent of magmas in the upper mantle and crust.

39) MOUNT AGUNG / GUNUNG AGUNG

Mount Agung or Gunung Agung is a volcano in **Bali, Indonesia**, south east of **Mt Batur Volcano**, also in Bali.

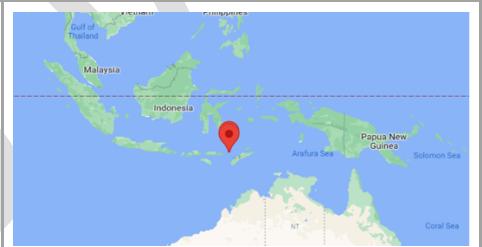
The **Agung Stratovolcano** is the highest point of Bali; it dominates surrounding area, influencing climate, especially rainfall patterns.

An important temple on Bali, **Pura Besakih**, is located high on the slopes of Mount Agung.



40) MT. ILLE LEWOTOLOK

Mount Ile Lewotolok or Lewotolo is a **stratovolcano** in the north-central part of the island of Lembata in the Province of East Nusa Tenggara in Indonesia.

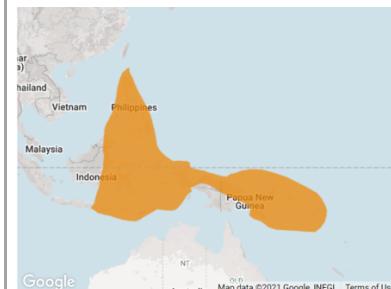


41) CORAL TRIANGLE

The Coral Triangle is a marine area located in the western Pacific Ocean.

It includes the waters of Indonesia, Malaysia, the Philippines, Papua New Guinea, Timor Leste and Solomon Islands.

Named for its staggering number of corals (nearly 600 different species of reef-building corals alone), the region nurtures six of the world's seven marine turtle species and more than 2000 species of reef fish.



The Coral Triangle also supports large populations of commercially important tuna, fuelling a multi-billion dollar global tuna industry.

42) MYANMAR

Myanmar is a country in South-East Asia. It is the largest country in the mainland south-east Asia.

Neighbouring countries include (4): Bangladesh and India in Northwest; China to its northeast; Laos and Thailand to its east and South east.



Water Bodies: Andaman Sea and the Bay of Bengal to its south and southwest.

43) SITTWE PORT

Sittwe Port is a deep-water port constructed by India in 2016 at Sittwe, the capital of Rakhine State in Myanmar, on the Bay of Bengal.

Situated at the mouth of the Kaladan River, the USD 120 Million port is being financed by India as a part of the Kaladan Multi-Modal Transit Transport Project, a collaboration between India and Myanmar.

The project is aimed at developing transport infrastructure in Southwestern Myanmar and North-eastern India



44) RAKHINE STATE

Rakhine State is a state in Myanmar.

Situated on the western coast, it is bordered by Chin State to the north, Magway Region, Bago Region and Ayeyarwady Region to the east, the Bay of Bengal to the west and the Chittagong Division of Bangladesh to the northwest.

The Arakan Mountains or Rakhine Yoma separated Rakhine State from central Burma from North to South



45) BHASHAN CHAR ISLAND

Bhasan Char, also known as Char Piya, is an island in Hatiya Upazila, Bangladesh.

Until 2019 it was known as **Thengar Char**.

It is located in the Bay of Bengal, about 6 kilometres from Sandwip island and 37 miles from the mainland.

The island was formed by Himalayan silt in 2006.

It spans 40 square kilometres.

The Government of Bangladesh planned to construct a total of 1,440 buildings, including 120 cyclone shelters, to relocate 100,000

Rohingya refugees from the mainland camps of Cox's Bazar.



46) AFGHANISTAN

It is a landlocked country between Central Asia and South Asia.

It is bordered by: Pakistan, India, China, Tajikistan, Uzbekistan, Turkmenistan and Iran.

Taliban's return to Power in Aug - Sep 2021: Taliban now controls most of the country.

Important Cities:



47) PANJSHIR VALLEY

It is a valley in north-eastern Afghanistan, north east of Kabul and near Hindukush mountain ranges. It is divided by **Panjshir river**. This valley has the Afghan's largest concentration of ethnic Tajiks.



48) BAMYAN VALLEY

Bamyan is the capital of Bamyan Province in central Afghanistan.

With an altitude of about 2,550 m and a population of about 100,000 (in 2014), Bamyan is the largest town in the central Afghanistan region of Hazarajat, and lies approximately 240 kilometres north-west of Kabul, the national capital.



Many statues of Buddha are carved into the sides of cliffs facing Bamyan city.

At the end of the 10th century AD, there was a Buddhist culture in which several thousand Buddhist monks lived in caves carved into the mountain.

The 53 and 35 meters high standing Buddha statues were two of the best known monuments left from the Buddhists, which were then destroyed by the Taliban in 2001.

Furthermore, there are several cultural sites left from both the Buddhist and from the later Islamic era of the valley. After the overthrow of

The valley is the Center of the Hazara settlement area, now known as Hazarajat.

49) SHATOOT DAM

Shatoor Dam is a proposed dam in the Char Asiab (11 km south of Kabul) District of Kabul Province.

The establishment of the dam will provide drinking, irrigation and environmental water for the city of Kabul.

The dam will be constructed by engineers from India.

In Feb 2021, India and Afghanistan signed an MoU to build Shahtoot Dam in Kabul. It will be constructed on the Kabul River Basin.



50) CENTRAL ASIA

Region: In modern context Central Asia includes the following five republics of former Soviet Union. They all became independent in 1991 after the fall of USSR.

- Kazakhstan (Astana (now called **Nur Sultan**))
- Kyrgyzstan (Bishkek)
- Tajikistan (Dushanbe)
- Turkmenistan (Ashgabat)
- Uzbekistan (Tashkent)



The Great Game and Central Asia

Traditionally, Central Asia has been an arena of great game. The modern version is being played out even today. Russia, China, US, Turkey, Iran, Europe, EU, Japan, Pakistan, India, Afghanistan all have substantial security and economic stakes in the region.

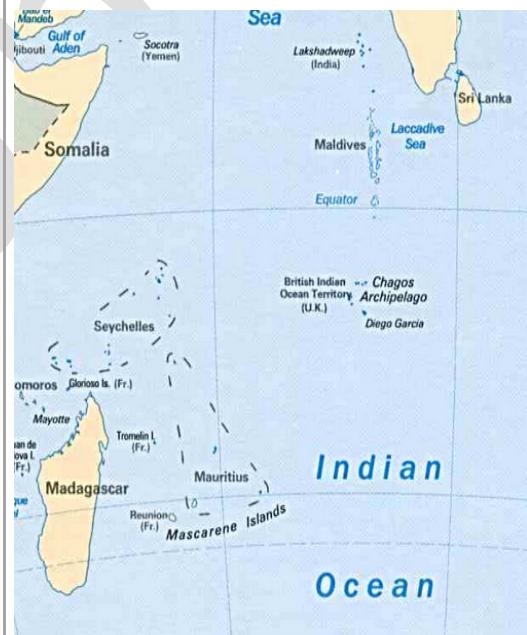
51) IMPORTANT INDIAN OCEAN COUNTRIES:

Note:

The **eight degree line** separates the islands of Minicoy and Maldives.

The **nine degree line** separates the island of Minicoy from the main Lakshadweep archipelago.

The **10 degree Channel** separates the Andaman Islands and the Nicobar Islands from each other in Bay of Bengal.



52) MALDIVES

- It is an archipelagic state in the Indian-subcontinent of Asia, situated in Indian ocean. It is located southwest of India and Sri Lanka about 750 km from Asian continent's mainland.
- The chain of **26 atolls** stretches from Ihavandhippolhu Atoll in the north to Addu Atoll in the south (Across the Equator)
- **Capital: Male** (also called King's Island)

- The Maldives archipelago is located on Chagos-Laccadive ridge, a vast submarine mountain range in the Indian Ocean;
- With an average ground level of 1.5 metres, and a highest natural point of only 5.1 meters, it is the world's lowest lying country.

A) ADDU CITY

- Cabinet approved opening up of a new consulate General of India in **Addu City**, Maldives in May 2022 (May 2021)
- **Significance:** Augment India's diplomatic presence and increase engagement
- **About Addu City:** It is a city in Maldives that consists of the inhabited islands of Addu atoll, the southernmost atoll of the archipelago. It is the second largest urban area of Maldives, in terms of population, and is one of the two urban areas to get the status of "city" other than the capital city.
- Maldives occupies an important place in the 'Neighbourhood First Policy' and the 'SAGAR' (Security and Growth for All in the Region) vision of the Government of India.

53) MAURITIUS

With an area of 2,040 sq km, it is one of the smallest countries in the world. It is located in the Indian Ocean, just east of Madagascar.

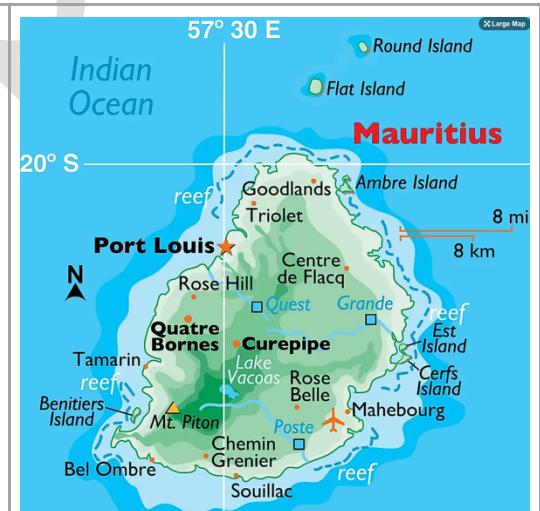
It is made up of the main island of Mauritius and several outlying islands like Ambre, Est, Cerfs, Benitiers etc. Off the coast of mainland Mauritius, there are nearly a hundred islets and rocks without any human habitation.

About Mauritius Island: It is a volcanic island formed due to volcanic activities around 8 million years ago. However, no volcanic activity has been reported in last 1 lakh years. Much of the island is made up of low-lying grasslands surrounded by towering mountains and rolling hills.

Coral Reef surround the island protecting the land from storms and waves.

Lake Vacoas, is the primary source of water for the islanders. Most of the islands water need is fulfilled by this lake and the three major rivers -> Grand River, South East River and Black River.

Capital: Port Louis



Pointe d'Ensy Wetland:
Wetland of international importance

Located in the south east Mauritius.

It was in news due to one of the worst oil spill (August 2020)

54) SEYCHELLES

Capital: Victoria

Seychelles, officially the Republic of Seychelles, is an archipelago and country in the India ocean. The 115-island country, whose capital is Victoria, lies 1500 km east of mainland East Africa.

Other nearby islands include: Comoros, Mayotte, Madagascar, Reunion and Mauritius to the south.

Population: Roughly 93,000, has the smallest population of any independent African state.

55) ALDABRA ATOLL

Aldabra atoll comprised of four large coral islands which encloses a shallow lagoon; the group of islands is itself surrounded by a coral reef.

Aldabra atoll is also one of the world's second-largest coral atoll and is situated in the Aldabra group of islands in Seychelles in the Indian Ocean.

It is also a UNESCO World Heritage Site.

Due to difficulties of access and the atoll's isolation, Aldabra has been protected from human influence and thus retains some 152,000 giant tortoise, the world's largest population of this reptile



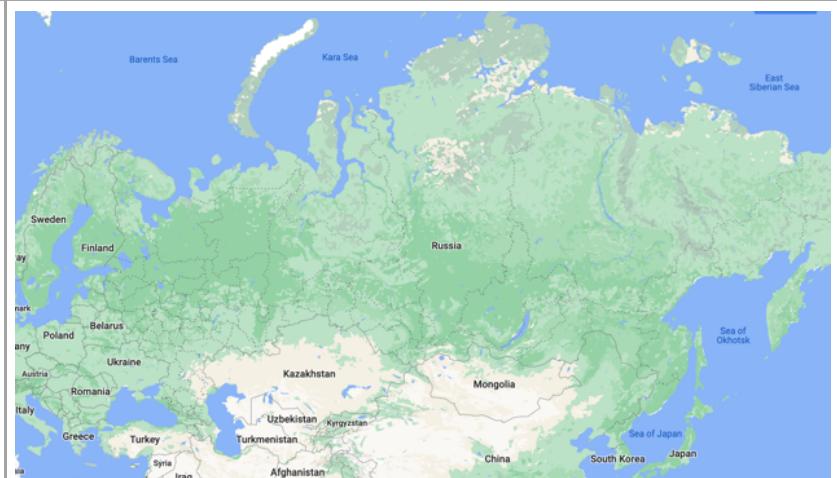
56) RUSSIA

Area: 17 million square km (largest country in the world)

Population: 144 million (9th most populous)

Spans 11 time zones and incorporate a wide range of environments and landforms.

Neighbours: From northwest to Southeast, Russia shares **land borders** with Norway, Finland, Estonia, Latvia, Lithuania and Poland (both with Kaliningrad Oblast), Belarus,

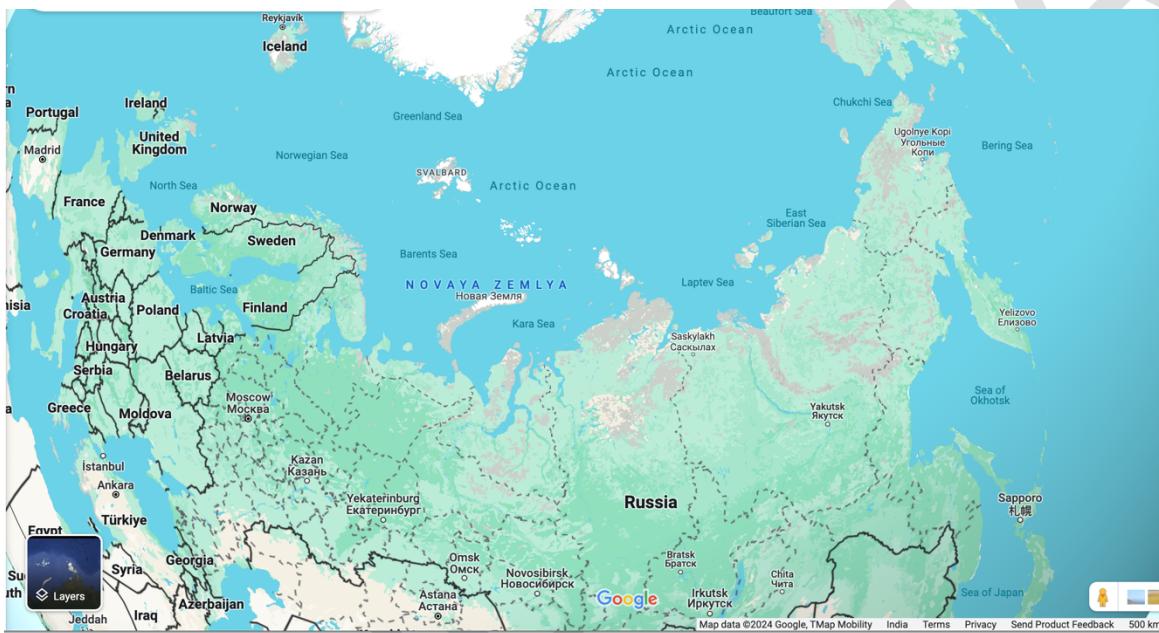


Ukraine, Georgia, Azerbaijan, Kazakhstan,
China, Mongolia and North Korea.

Maritime borders with Japan (by sea of Okhotsk) and the US state of Alaska across Bering strait.

Water bodies around Russia

White Sea, Barents Sea, Kara Sea, Laptev Sea,
East Siberian Sea, Chukchi Sea, Bering Sea,
Sea of Okhotsk, Sea of Japan, Caspian Sea,
Black Sea and Baltic Sea



57) CASPIAN SEA

It is located to the east of Caucasus mountains and to the west of Central Asian steppes.

It is the **world's largest inland body of water** (largest salt lake in the world).

An **endorheic basin**, it lies between Europe and Asia; east of the Caucasus, west of the broad steppe of Central Asia, south of the fertile plains of Southern Russia in Eastern Europe, and north of the mountainous Iranian Plateau of Western Asia



The sea is bordered by **Kazakhstan (North-East), Turkmenistan (South-East), Iran (South), Azerbaijan (South West) and Russia (North-West)**
(Hint: KaTIAR) [Hint2: TARIK]

Important rivers that drain in Caspian Sea are: **Volga** (longest in Europe), **Ural, Kura and Terek**.

Human made changes, particularly those resulting from construction of dams, reservoirs, and canals on the **Volga** river, have affected the contemporary hydrology.

58) SOUTH CAUCASUS REGION

It is a region between Black Sea and the Caspian Sea and mainly occupies **Georgia, Armenia, Azerbaijan and Southern Russia**.

It is home to the Caucasus Mountains which has been traditionally considered a natural barrier between Eastern Europe and Western Asia.

Europe's Highest Mountain - Mount Elbrus (5,642 meters) is in the western part of the Greater Caucasus Mountain range.



NAGORNO-KARABAKH CONFLICT BETWEEN ARMENIA AND AZERBAIJAN

Straddling western Asia and Eastern Europe, Nagorno-Karabakh is internationally recognised as part of Azerbaijan, but most of the region is controlled by Armenian separatists.

Nagorno-Karabakh has been part of Azerbaijan territory since the Soviet era.

When the Soviet Union began to collapse in the late 1980s, Armenia's regional parliament voted for the region's transfer to Armenia; the Soviet authorities turned down the demand.

Note: Religious differences: People of Ngorno Karabakh are primarily Christians whereas Azerbaijan is Muslim dominate.

Years of clashes followed between Azerbaijan forces and Armenian separatists.



Highly tensed relations between Armenia and its long-time ally Russia.

- Armenia angered Russia, which maintains a military base in the country, by holding military exercise with the USA in Sep 2023 and by moving towards ratifying Rome Convention that created International

The violence lasted into the 1990s, leaving tens and thousands dead and displacing hundreds of thousands.

In 1994, Russia brokered a ceasefire, by which time ethnic Armenians had taken control of the region.

In November 2020, Russia brokered a new peace deal between Armenia and Azerbaijan, after the two countries engaged in military conflict for six weeks over the disputed region in South Caucasus. The armistice also placed a Russian Peacekeeper contingent in Nagorno-Karabakh.

2023:

In Sep 2023, Azerbaijan's forces opened fire on Armenian positions in the Ngorno-Karabakh region. It claimed that it was an "anti-terrorist operation". There were concerns that the tensions could escalate into full-fledged war.

Later, on 20th Sep 2023, Azerbaijan halted military action after its battlefield successes forced Armenian separatist forces to agree to a ceasefire. Key Highlights:

1. Azerbaijani military had routed separatists and then separatist agreed to cease fire.
2. They are meant to disband and disarm under the deal.
3. Talks on future of the region due to start in 1-2 days.

Criminal Court, which has indicted Russian President Vladimir Putin

59) WEST ASIA

The region is surrounded by eight major seas: Aegean Sea, Black Sea, Caspian Sea, the Persian Gulf, the Arabian Sea, the Gulf of Aden, the Red Sea and the Mediterranean Sea.

This region is delimited from Europe by the drainage divide of the Greater Caucasus; delimited from Africa by the Isthmus of Suez; It adjoins Central Asia in North East and South Asia in East. It is located South of Eastern Europe.

Countries: Turkey, Georgia, Armenia, Azerbaijan, Iran, Iraq, Kuwait, Bahrain, Qatar, UAE, Oman, Yemen, Saudi Arabia, Egypt, Israel, Jordan, Syria, Lebanon and Cyprus.





60) IRAN (PERSIA)

Iran (formerly known as Persia) is situated at the crossroads of Central Asia, South Asia, and Arab states of West Asia. This strategic position - and its access to Persian Gulf in the south - have made Iran an important country throughout its history.

Location and neighbouring countries:

It is country located in West Asia and has land boundaries with Pakistan, Afghanistan, Turkmenistan, Azerbaijan, Armenia, Turkey and Iraq.

In the north, it touches Caspian Sea, and in the south, the Persian Gulf and Gulf of Oman.

Government and Economy: Iran's government is controlled by a religious figure called the Supreme Leader, who is appointed by a group of Islamic clerics called the assembly of experts. A President, elected by the people, is second in command.

History: Iran has seen many great empire - Achaemenid Persian Empire (beginning 559 BCE), Sassanids (beginning 224 CE), Safavids (beginning 1501);

In the North west, Iran also has some areas of Majority Kurdish Population.



Physical features: Iran has Gazros mountain (which runs from North west to South East) and Elbruz Mountain (which lies to its north). It also has Kavir Desert and Lut Desert.

Lut Desert often experience highest land and surface temperature: A temperature of 70.7 degree C has been recorded here.

It is also an UNESCO World Heritage Site.

Lake Urmia is located in the North-west of the country.

International North-South Transport Corridor (INSTC)

Important Ports:

1. Bandar Abass (Gulf of Hormuz)

2. Chabahar Port (Gulf of Oman):

- The Chabahar port is located in the Southeastern province of Sistan-Baluchestan and is considered a crucial gateway for Iran to gain access to Afghanistan and Central Asia. The idea is that the **Port would enable India to bypass Pakistan and access Afghanistan and ultimately Central Asia**.
- In May 2016, India signed a tripartite agreement with Iran and Afghanistan to develop the Shahid Beheshti terminal at Chabahar Port. India has pledged to invest \$85 million in the terminal and has already provides cranes and equipment worth a few million dollars.
- Chabahar is India's first foreign port project.



61) INSTC

The International North-South Transport Corridor (INSTC) is a 7,200 km long multi-modal network of ship, rail, and road routes for the transport of freight between India, Iran, Afghanistan, Armenia, Azerbaijan, Russia, Central Asia, and Europe. The objective of the corridor is to increase trade connectivity between major cities such as Mumbai, Moscow, Baku, Astrakhan, Tehran, Bandar Abbas, and Bandar Anzali.

Member States: India, Iran, Russia, Turkey, Azerbaijan, Kazakhstan, Armenia, Belarus, Tajikistan, Kyrgyzstan, Oman, Ukraine, and Syria.



62) PERSIAN GULF

The body of water is an extension of the Arabian Sea (Gulf of Oman) through the **Strait of Hormuz** and lies between Iran to the northeast and the Arabian Peninsula to the southwest.

Countries touching Persian Gulf: 8 - Iran, Iraq, Kuwait, Bahrain, Qatar, UAE, Oman and Saudi Arabia.

Rivers: The Tigris-Euphrates river system is a large river system in Western Asia which discharges into the Persian Gulf. Both Tigris and Euphrates originate in Turkey.

The river flows into a south-easterly direction through the central plains and combine with Al-Qurnah to form **Shatt al-Arab** and discharge into Persian gulf.

Mesopotamia is a historical region in Western Asia situated within Tigris Euphrates river system, in the northern part of the Fertile Crescent. Today, Mesopotamia occupy modern Iraq. In broader sense it covered parts of Iran, Syria, Turkey and Kuwait as well.

The Shatt al-Arab river delta forms the northwest shoreline.

Note: Shatt al-Arab river is formed at the confluence of Euphrates and Tigris rivers in Iraq.

The Persian Gulf has many fishing grounds, extensive reefs (mostly rocky, but also coral), and abundant pearl oysters, but its ecology has been damaged by industrialization and oil spills



Persian Gulf



63) GULF OF OMAN AND STRAIT OF HORMUZ

GULF OF OMAN:

It connects Arabian sea with the Strait of Hormuz, which then runs into the Persian Gulf.

Neighbouring Countries

UAE, Oman, Iran and Pakistan

Important Ports on the Gulf

- Port of Fujairah, UAE
- Port of Khor Fakkan, UAE
- Port of Sultan Qaboos, Oman
- Port of Chabahar, Iran



STRAIT OF HORMUZ

It is a strait between Persian Gulf and Gulf of Oman.

It provides the only sea passage from Persian Gulf to the open ocean and is **one of the world's most strategically important choke points**.

Neighbouring Countries

- Iran, UAE and Oman (Musandam, an enclave of Oman)

Significance

- A third of the world's liquefied natural gas and almost 20% of total global oil consumption passes through the strait, making it a highly important strategic location for international trade.

64) QATAR

About Qatar: It is an independent emirates on the west Coast of Persian Gulf. It shares land boundary only with Saudi Arabia to its south. It also shares maritime borders with Iran, Bahrain and UAE.

A very interesting aspect about Qatar is that non-Qatari population form around 88% of the total population.

Oil Resources: Qatar has one of the world's largest reserves of petroleum and thus employs large number of foreign workers in the production process.

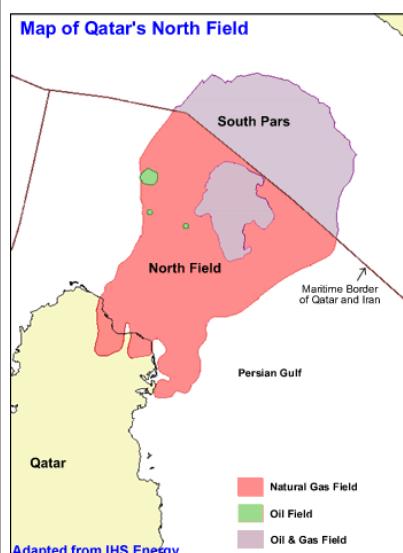
High Standard of Living: Because of oil wealth, country's residents enjoy a very high standard of living.

Capital: Doha - an eastern coast city

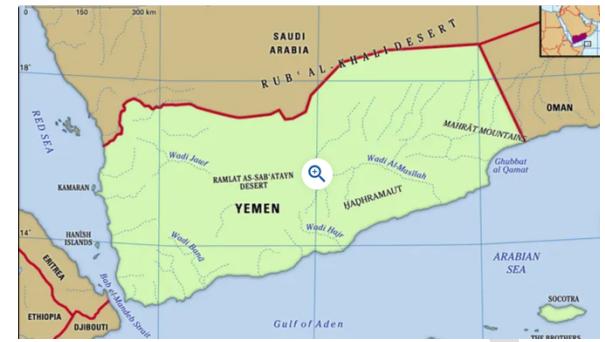
North Field and South Pars is a natural-gas condensate field located in the Persian Gulf. It is by far the world's largest natural gas field. With North field being owned by Qatar and South Pars by Iran.

Non-NATO Aly: Qatar is also a major non-NATO ally. Major non-NATO ally (MNNA) is a designation given by the US government to close allies that have strategic working relations with the US Armed forces, but are not members of NATO. Important Non-Nato Ally of USA include

Significance: The status of MNNA doesn't automatically include a mutual defense pact with the USA, it confers variety of military and financial advantages.



- **Geographical basics**
 - » It is situated on the South-western corner of the Arabian Peninsula.
 - » Most of the Yemen's northern frontier with Saudi Arabia traverses the great desert of the peninsula, the Rub' al-Khali ("Empty Quarter"), and until 2000 remained non demarcated, as did the eastern frontier with Oman until 1992.
 - » It is bound on the south by Gulf of Aden and Arabian Sea and the west by Red Sea.
- **The ongoing Civil War:**
 - » The war began in 2014, when Iran-backed Houthi rebels seized Sanaa and the country's northwest, sending the ruling party in exile. Very soon, a military coalition led by Saudi Arabia intervened with a massive air campaign to drive back Houthis and restore the government.
 - » **Yemeni Officials and Sunni States** have repeatedly alleged that Iran and its proxy Hezbollah have provided arms, training and financial support to the Houthis.
 - » Several ceasefire agreements over the years have seen no impact on reducing the military action on the ground. **The UN, USA, and Gulf nations diplomats** have been trying to broker a peace deal for years now.
 - » **Who are Houthis?**
 - » The Houthis are a large clan originating from Yemen's Northwest Saada province. They practice the Zayadi form of Shiism. They make around 35% of Yemen's population.
 - » **They Zayadi imamate ruled Yemen** for 1,000 years, before they were overthrown in 1962. Since then, they have struggled to restore their authority and influence in Yemen.
- **Current Situation:**
 - » Clashes continue, with the Houthis disrupting Red Sea shipping in late 2023.
 - **For e.g.** Yemen's Houthi rebel seized an Israeli linked cargo ship (the Galaxy Leader) in a crucial Red Sea shipping route on Nov 19, 2023, and took its 25-crew member hostage. The rebels said that they hijacked the ship over its connection to Israel and would continue to target ships in international waters that were linked to or owned by Israelis. This shows that regional tensions heightened over the Israel-Hamas war were playing on a new maritime front. The issue remains unresolved as of today.



66) SINAI PENINSULA

The Sinai Peninsula is a peninsula in Egypt, and the only part of the country located in Asia.

Sinai has a land area of about 60,000 km².

Sinai is triangular in shape, with its northern shore lying on the southern Mediterranean Sea, and its southwest and southeast shores on the Gulf of Suez and the Gulf of Aqaba of the Red Sea.



Note: Israel also borders Gulf of Aqaba.

Note: Sharm el Sheikh is located at the mouth of Gulf of Aqaba.

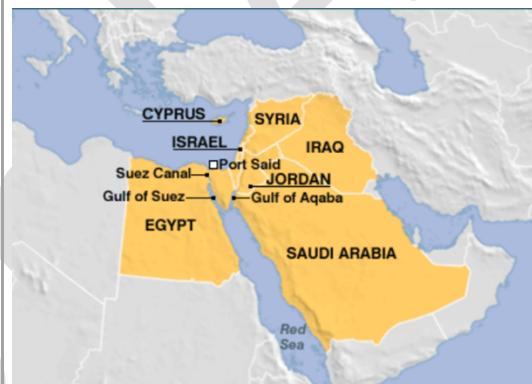
It is linked to the African continent by the **Isthmus of Suez**, 125 kilometres (78 mi) wide strip of land, containing the **Suez Canal**.

The eastern isthmus, linking it to the Asian mainland, is around 200 kilometres (120 mi) wide. The peninsula's eastern shore separates the Arabian plate from the African plate

67) SUEZ CANAL

The Suez Canal is an artificial sea-level waterway in Egypt, connecting the Mediterranean Sea to the Red Sea through the **Isthmus of Suez** and dividing Africa and Asia.

The canal is part of the Silk Road that connects Europe with Asia.



68) RED SEA

It is a sea-water inlet of the Indian ocean, lying between Africa and Asia.

It connects to Gulf of Aden through the **Bab el Mandeb strait**.

In North it is bound by Sinai Peninsula, Gulf of Aqaba and the Gulf of Suez.

Countries neighboring Red Sea: Egypt, Sudan, Eritrea, Djibouti, Yemen, and Saudi Arabia.

Why in news?

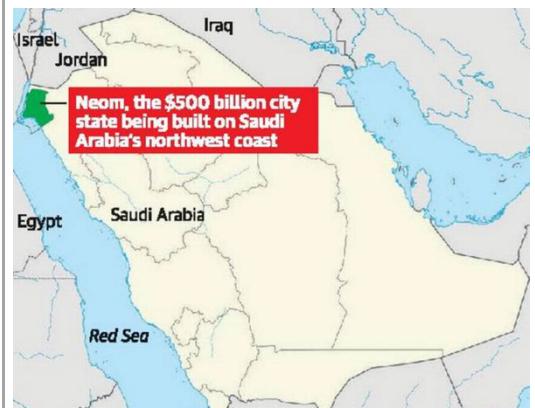
More than 3,000 US military personnel have arrived in the Red Sea aboard two warships, part of beefed-up response from Washington after tanker seizure by Iran (Aug 2023).



69) CITY OF NEOM

Details of Neom:

The planned city along the Red Sea is emerging as the new centre of power in the Kingdom of Saudi Arabia as the Crown prince Mohammed Bin Salman (MBS) is largely running government from here. Since the COVID-19 outbreak he has been chairing the cabinet meeting in Neom.



The plan for the building of the city was first unveiled in 2017. As part of the vision 2030 plan, which seeks to diversify the Kingdom's economy and reduce its dependency on oil, the \$500 billion ambitious project plans to build a carbon-neutral, technologically advanced city state that can house upto 1 million people.

The city is expected to be opened up for the residents by 2025. It will have flying cars, artificial rain generated through cloud seedings, a giant fake moon and a robot dinosaurs once it is complete.

The entire project is coming up on 26,500 sq km of land in the Tabuk province.

The autonomous city will have its own tax and labour laws and judicial system, independent of the existing governing system in Saudi Arabia.

70) ISRAEL-PALESTINE CONFLICT

- Brief Historical Trail of Events

- » **Creation of Israel:** In 1948, the state of Israel was created by an UNGA resolution, on land inhabited by both Jews and Arab Palestinians. The resolution divided Palestine into two countries. But Arabs didn't accept this. This has led to several wars since then and Israel has won all the wars mostly because of military supremacy, US support and Disunity among Arabs.
- » **Hostilities between two communities** in 1948 led to mass displacement of Palestinians. Many of them became refugee in Gaza strip, a narrow swath of land that had come under control of Egyptian forces in 1948-49 Arab-Israel war. The Fate of Gaza strip fell into the hands of Israel when it occupied the territory in the six-day War of 1967.
- » **Israel's continuous increase in Area:** All areas allotted to Palestine



have come under Israel Occupation - Israel has continuously increased settlements in West Bank and Gaza.

- » In 1987, the First Intifada (the first uprising), a popular uprising by the Palestinians against the Israeli occupation began.
 - Hamas, a militant Palestinian group was also founded in 1987.
- » **1993 Oslo Agreement** between Palestinian Liberation Organization (PLO) and Israel came as a glimmer of hope.
 - PLO accepted the 2-state solution and recognized Israel for the first time.
 - Israel agreed to vacate occupied territory.
- » **Opposition from both sides and derailment of Plan:**
 - Hamas opposed to the more conciliatory stance taken by PLO, rejected the plan, and carried out a terror campaign to disrupt it.
 - The Plan was ultimately derailed among suicide bombing by Hamas and assassination of Israeli PM Yitzhak Rabin by a Jewish extremist in 1995.
- » **The second Intifada** (2000-2005), was a major uprising by Palestinians against Israeli Occupation, characterized by a period of heightened violence.
 - It ended with the Sharm el-Sheikh Summit and Israel's military withdrawal from Gaza in 2005.
- » **Gaza under Hamas Control:** After collapse of peace process, Israel unilaterally withdrew from the settlements it had constructed in the Gaza strip after 1967. In 2007, there emerged a factional conflict within Palestinian authorities (PA) (between Hamas and Fatah) and Hamas emerged as the defacto ruler in the Gaza strip.
 - This takeover by Hamas promoted blockade of Gaza strip by Israel and Egypt and set the stage for the next 17 years of continued unrest.
 - There were regular hostilities in 2008, 2012, 2014 and 2021.
 - High population density of Gaza strip and the proliferation of subterranean tunnels there have complicated the situation. These tunnels have been used by Gazans to sidestep the blockade and also to hide from Israeli forces.
 - But, before the 2023-24 conflict, the conflicts generally lasted only weeks. Though these conflicts did a lot of damage in Gaza, Israel saw very few causalities and losses.

A) 2023-24 CONFLICT BETWEEN ISRAEL AND HAMAS

- On 7th Oct 2023, Hamas, officially designated a terrorist organization by many countries including Israel, USA, UK etc. led a stunning coordinated attack which took place on Shemini Atzeret, a Jewish Holiday.
- It launched several thousand rockets into Israel and conducted attacks on border areas, killing 1200 civilians and taking 253 hostages. This was called "Operation Al Aqsa Flood". Families were attacked in

their homes in **Kibbutzim** and an outdoor music festival was also attacked.

- **Overwhelming of Iron Dome System:** During the attack Hamas launched at least 2,200 rockets into Israel in just 20 mins. This overwhelmed the iron dome system.
- It was the deadliest day for Jews since the Holocaust.
- In response, Israel conducted air strikes and later ground assault against Hamas in Gaza with the aim to "destroy Hamas" governing and military capabilities and to bring hostages home. Hamas continues to fire rocket into Israel.
- **Clashes in other areas:**
 - Hostilities are also going on between Israel and Iran-Aligned Hezbollah in Lebanon and north Israel.
 - Other Iran-aligned groups in Syria and Iraq have conducted attacks against US forces, killing three troops in Jordon in Jan 2024, drawing a US response.
 - From Yemen, the Houthis have launched attacks on shipping lane in Red Sea.
 - Israeli Defense forces (IDF) have also intensified raids in the West bank, blockading several urban areas.
- **Estimated Causalities and Displacements:** As of Feb 2024, more than 29,000 Palestinians were reportedly killed. As per UN Office for the Coordination of Humanitarian Affairs (UNOCHA), an estimated 1.7 million of Gaza's population (or the total 2.2 million) are now displaced.
 - This has become the deadliest conflict for the Palestinians since the 1948 Arab Israeli war.

Important Places in news recently:

- **Rafah Crossing** (between Egypt and Gaza): On 18th Oct, Israel agreed to reopening of Rafah crossings between Egypt and Gaza for humanitarian aid. Around 5,000 foreign nationals and injured Palestinians have been able to leave daily from the crossing.
- **Kerem Shalom Crossing** between Israel and Gaza was opened for aid in Dec 2023.

71) ISRAEL - PALESTINE (WEST BANK)

West Bank:

The West Bank is a **landlocked territory** near the Mediterranean coast of Western Asia, bordered by Jordan and the Dead Sea to the east and by Israel to the south, west and north.

The "West Bank" name was given to the territory after it was captured by Jordan in the 1948 Arab–Israeli War because it sits on the west side of the Jordan River.

Jordan subsequently annexed the territory in 1950 and held it until 1967 when it was occupied by Israel during the 1967 Six-Day War.



Note: After the six-day war in 1967, Israel gained control of Sinai Peninsula and Gaza strip from Egypt; West Bank and East Jerusalem from Jordan; and Golan Heights from Syria.

72) GOLAN HEIGHTS

- Golan Heights (also called Golan Plateau) are hilly areas overlooking the upper Jordan River valley on the west. It is an area of conflict between Syria and Israel
- The area was part of extreme South West Syria till 1967, when it came under Israeli military occupation, and in Dec 1981 Israel unilaterally annexed the part of the Golan it held.
- Geographically, it is bound by the Jordan River and the Sea of Galilee on the West.
- In April 2023, 6 rockets fired from Syria to Golan Heights. Three of them landed in Israeli territory.
- After this, the Israel Defence Forces carried out artillery and drone strikes in southern Syria, targeting the launchers that had been used to fire the rockets.

73) SEA OF GALILEE

The Sea of Galilee is a freshwater lake in Israel.

It is the lowest freshwater lake on Earth and the second-lowest lake in the world, at levels between 215 metres and 209 metres below sea level.

The lake is fed partly by underground springs but its main source is the Jordan River, which flows through it from north to south and exits the lake at the Degania Dam.

The **Sea of Galilee** is situated in northeast Israel, between the Golan Heights and the Galilee region, in the Jordan Rift Valley, the valley caused by the separation of the African and Arabian plates. Consequently, the area is subject to earthquakes, and in the past, volcanic activity. This is evident from the abundant basalt and other igneous rocks that define the geology of Galilee



74) JORDON RIVER

Jordon river in west Asia has the lowest elevation of any river in the world. It lies in a structural depression.

Origin: The river rises on the slopes of **Mount Hermon**, on the border between Syria and Lebanon, and flow southwards through northern Israel to the Sea of Galilee (Lake Tiberius). After that it continues south, forming a border between West Bank and Jordon. It eventually empties in Dead Sea.

Jordon river is shared by Lebanon, Syria, Israel, Jordon, and the Palestinian Authority.

Jordon Valley: The lower course of the Jordon river from the exact point where it exits the sea of Galilee to the Dead Sea is referred to as the Jordon Valley. This 105km long Jordon valley forms a part of the Jordon Rift Valley



and has the lowest elevation in the world **starting from -212m and ending at -400m.**

75) JORDON RIFT VALLEY

- It is an elongated depression located in modern day Israel, Jordan, and the West Bank. The geographic region include entire length of Jordon River - from its sources, through the Hula valley, the Sea of Galilee, the Lower Jordon Valley, the Dead sea (lowest land elevation on earth) and then continues through the Arabah depression, the Gulf of Aqaba, whose shorelines it incorporates, until finally reaching Red Sea proper at the Straits of Tiran.
- **Why was it formed?**
 - » It was formed many million years ago when the **Arabian Plate** moved northward and then eastward away from Africa.

76) DEAD SEA

- It is a landlocked salt lake between Israel and Jordon. Its eastern shore belongs to Jordon, and the western shore belongs to Israel.
- The sea has the lowest elevation and is the lowest body of water on the surface of earth. The surface of dead sea, at an elevation of about 430 meters below sea level, is the **lowest land point on earth**.
- Dead sea receives almost all its water from Jordon river.
- **Continuous dropping water levels:**
- The water level has dropped from 390 to 550m (below sea level), while the surface area shrank from 950 km², in the beginning of the 20th century, to the current 392 km². It's because of excess utilization by both Israel and Jordon. Most of the water is being diverted upstream.

77) TURKIYE (OLD NAME TURKEY)

- **Details**
 - » Following an official letter submitted to the UN by the Republic of Turkiye, the country's name has been changed to Turkiye at the UN.
- **Why the name change:**
 - » President Recep Tayyip Erdogan issued a statement saying the "word Turkiye represents and expresses the culture, civilization, and values of the Turkish nation in the best way".
 - » Domestically, citizens refer to the land as Turkiye, but its anglicised version "Turkey" was adopted internationally.

Turkiye is a transcontinental country bridging South-eastern Europe and Western Asia.

Asian Turkey, which includes 97 percent of the country's territory, is separated from European Turkey by the **Bosphorus, the Sea of Marmara, and the Dardanelles**. European Turkey comprises only 3 percent of the country's territory.

Dardanelles Strait (also known as Gallipoli strait) is a narrow natural strait and internationally significant waterway in the northwest of Turkey. It forms the continental boundary between Asia and Europe and separates Asian Turkey from European Turkey.

Bosphorus Strait: it is an internationally significant waterway located in Istanbul in north-western Turkey. It also forms part of continental boundary between Asia and Europe and divides Turkey by separating Anatolia and Thrace. It is world's narrowest strait used for international navigation.

Dardanelles Strait and Bosphorus Strait are together called Turkish Straits.

Sea of Marmara: In 2021, the Sea of Marmara saw the largest outbreak of 'Sea Snot'. Sea snot refers to marine mucilage that is formed when algae are overloaded with nutrients due to pollution. It looks like vicious brown and foamy substance.

The country is encircled by seas on three sides: the Aegean Sea to the west, the Black Sea to the north and the Mediterranean Sea to the south.

Turkey also contains the Sea of Marmara in the northwest

Neighbouring Countries: Syria, Iraq, Iran, Azerbaijan, Armenia, Georgia, Bulgaria, and Greece.

Note: Anatolia (also known as Asia Minor) is a large peninsula in Western Asia and is the westernmost extension of continental Asia. The landmass of Anatolia constitute most of the territory of contemporary Turkey. Geographically, Anatolia consist of Turkish Straits in the North-west, Black Sea to the north, the Armenian Highlands to the east, the Mediterranean Sea to the South, and the Aegean Sea to the west.



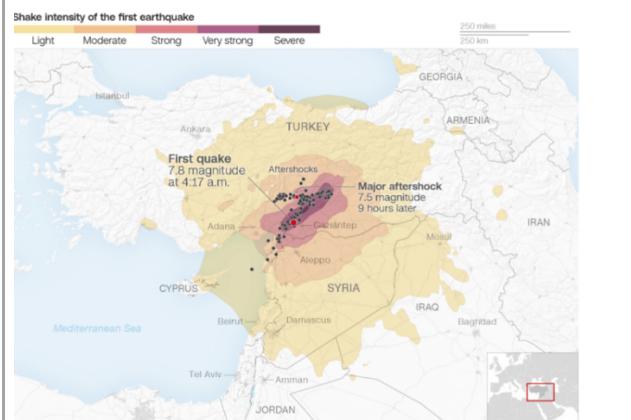
78) TURKEY SYRIA 2023 EARTHQUAKE

On 6th Feb 2023, earthquake of 7.8 intensity had struck Southern and Central Turkey and northern and western Syria. It has killed around 60,000 people.

It is the deadliest earthquake in what is now present day Turkey since the 526 Antioch Earthquake.

The epicentre was near the Turkish city of **Gaziantep**.

- **Gaziantep** is a major city in south-central Turkey. It is the capital of the Gaziantep Province in the westernmost part of Turkey's southeastern Antolia region and partially in the Mediterranean region.
- It was heavily damaged by 2023 Turkey-Syria Earthquake and at the time of earthquake, around half a million Syrian refugees were living here.



Antakya (known as **Antioch** to the people of ancient Greece and Rome) is another city that has been badly damaged by the earthquake. It is the capital of southernmost province of Turkey. The city is located in a well-watered and fertile valley on the Orontes river.

Turkey's **two main fault zones**, the **East Anatolian** and the **North Anatolian**, make it one of the most seismically active regions in the world, and more than 70 quakes of magnitude 6.5 or higher have been recorded in the region since 1990.

Central Southern Turkey and Northwestern Syria are affected by the interaction between three tectonic plates - the African Plate, Arabian Plate and Anatolian Plate. The boundary between the African and Arabian plate is represented by the Dead Sea Transform (DST) - a major zone of left-lateral strike slip fault - **it accommodates the relative northward movement of Arabia with respect to Africa**.



The Northern end of DST truncates at East Anatolian Fault (EAF) another major left lateral strike slip fault zone that accommodates the overall westward movement of Anatolian Plate as it is extruded in that direction by the northward movement of the Arabian plate.

A) EARTHQUAKE BASICS: RICHTER SCALE VS MERCALLI SCALE

The Richter Scale and the Mercalli Scale are two different ways of measuring the magnitude of an earthquake. Here is tabular comparison of the two:

| Criteria | Richter Scale | Mercalli Scale |
|----------------------|---|---|
| Magnitude | Based on the seismic waves recorded by seismographs. | Based on the intensity of shaking and damage caused by an earthquake. |
| Units | Measures <u>magnitude on a logarithmic scale from 1 to 10</u> . | Uses Roman numerals from I to XII to describe earthquake intensity. It is not algorithmic but rather a subjective measurement. |
| Objective/Subjective | Objective, uses <u>quantitative measurement of the energy released</u> by an earthquake. | Subjective, uses <u>qualitative description of earthquake effects on people, structures, and the environment</u> . |
| Distance | <u>More useful for measuring earthquakes that occur at a distance</u> from the seismograph. | <u>Less useful for measuring earthquakes that occur far away from the seismograph.</u> |
| Time | Measures the energy released at the moment of the earthquake. | Measures the effect of the earthquake on the ground and on people, buildings, and the environment. |
| Usefulness | Useful for scientific and engineering purposes. | Useful for communicating the effects of an earthquake to the general public. |

It's important to note that both scales are useful in their own ways and are often used together to provide a more complete picture of an earthquake's impact.

79) SYRIA

Capital: Damascus

Neighbours: Turkey, Iraq, Jordan, Israel, Lebanon

Maritime boundary with Mediterranean Sea.

Lake: Al Assad (along Euphrates river)

Rivers: Euphrates and Khabur

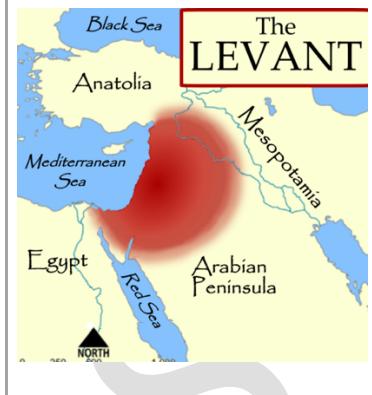
Civil War in Syria: Northern part is controlled by Kurdish Forces.



80) LEVANT

Levant is a term in geography that refers to an area in the middle east. It includes the historic areas of Lebanon, Jordan, Palestine and Syria. It also includes parts of Iraq, Turkey, Cyprus, and Saudi Arabia.

It is bounded by Taurus mountain to the north, the Mediterranean Sea to the West, the Northern Arabian Desert to the South and the Upper Mesopotamia to the east.



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81) BLACK SEA

It is a large inland sea situated at the South-eastern extremity of Europe.

It is bordered by **Bulgaria, Romania, Ukraine, Russia, Georgia, and Turkey.** [BRU-RGT]

The Crimean Peninsula is located on the north of Black Sea and just to its north is located **Kerch Strait** which links the Black sea to **Sea of Azov.**

Important Ports: Sevastopol (On Crimean Peninsula)

Important rivers that flow into Black sea are: Danube, Dnieper, Don



82) SEA OF AZOV

Sea of Azov is a sea in eastern Europe. It is linked to the Black sea in south through Strait of Kerch. It is sometimes also regarded as the northern extension of the black sea.

Ukraine in Northwest and **Russia** in east are the two countries which surround the sea.

Don and Kuban are the major rivers that flow into the sea.

Other features

It is the shallowest sea in the world with a depth between (0.9 and 14 meters)

There is a constant outflow of water from this sea to Black sea.



A) KERCH STRAIT

It is the only connection point between black sea and the sea of Azov, and the only way to reach two important Ukrainian ports, Mariupol and Berdiansk. Since Russian annexation of Crimea in 2014, Russia had been controlling the strait and thus making movement very difficult for Ukrainian ships.

83) KERCH BRIDGE (CRIMEAN BRIDGE)

It is a 19 km bridge which links Russian mainland with Ukrainian Peninsula in the black sea. The bridge has two parallel rail and roadways. It was opened in 2018 by Russian President Vladimir Putin with great fanfare, four years after Russia annexed Crimea from Ukraine after a contested referendum.



In July 2023, According to Russian authorities, one of the sections of the bridge was blown up killing two people and injuring a child. Russians have claimed that this was an attack by Ukraine.

The **bridge is so important for Russians** for symbolic, administrative and operational reasons.

- **Connectivity:** Before Russia had control over Donbas and Kherson, the bridge was the only connection between mainland Russia and Crimea.
- Even now, when it has control over the Donbas and Kherson, it is not far from the frontline and well within the range of Ukrainian fire. So, the **Kerch bridge remains a critical logistical supply link for the Russian troops in the south.**

84) CRIMEAN PENINSULA

Crimean Peninsula lies between Black Sea and Sea of Azov.

It is connected to the mainland by the narrow Perekop Isthmus.

The region has a population of 2.4 million and has been under Russian occupation since 2014.

The **port city of Sevastopol** serves as the headquarters of Russian Black Sea Fleet.



85) UKRAINE

Geographical Details

Ukraine is a country in Eastern Europe. It is the second largest country in Europe after Russia.

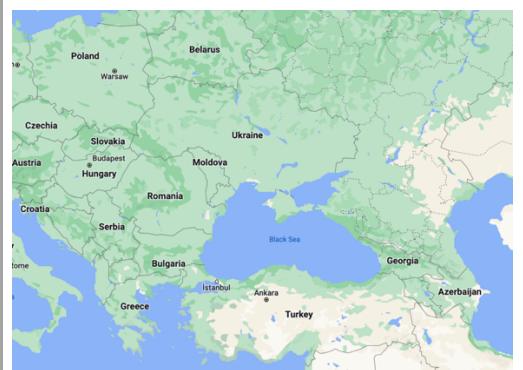
Neighbours: It shares its borders with Hungary, Slovakia, Poland to the West, Belarus to North, Russia to North, Northeast and East and Moldova and Romania to the South.

Trick: Hungry, Slow, Polar, Bear of Russia are Roaming in Moldova.

Coastline: the country has coastline along the sea of Azov and Black Sea.

Recent Political Events:

Ukraine gained its independence in 1991 after dissolution of Soviet Union. Ukraine declared itself a neutral state, forming limited partnership with both Russia and NATO.



In 2014, Kremlin leaning Ukrainian President Viktor Yanukovych rejected an association with the European Union (EU) in favor of close ties with Moscow. This resulted in a series of protests across Ukraine, ending with Yanukovych's removal from power the same year. Mass protests and demonstrations known as the Euromaidan erupted, escalating into the Revolution of Dignity that led to the establishment of new government. These events led to Russia annexing Crimea and a war in Donbas against Russian backed separatists, culminating in Russian invasion of Ukraine in 2022

Donbas Region

The Donetsk and Luhansk region of Ukraine is collectively called the Donbas.

Strategic significance of Donbas region: Donbas can act as a corridor between Russia and Crimea (and by extension, the strategically significant port of Sevastopol).

The population of this region is more Pro-Russia and thus a war has been going on since 2014 against Russia-backed separatists in the region.

On 21st Feb 2022, Russia officially recognized the DPR (Donetsk People's Republic) and LPR (Luhansk People's Republic) and on 24th Feb launched a full-scale invasion of Ukraine.



Kherson

On Sep 30, 2022, Russian President Vladimir Putin combatively announced the annexation of four "oblasts" (regions) that are currently de jure Ukraine territory - Luhansk, Donetsk, Zaporizhzhia and Kherson - and claimed that these regions will be with Russia "forever".

Kherson is strategically very significantly located - It is located just north of the Crimean peninsula, which was annexed by Russia in 2014.

Mariupol

It is a city of the north coast of the Sea of Azov at the mouth of Kalmius river. While internationally recognized as in Ukraine, the city is under the de facto administration of the Donetsk People's Republic.

During the 2022 Russian invasion of Ukraine, the city was besieged and severely damaged in which it received the title of Hero City of Ukraine.

On 16th May 2022, Ukrainian troops in Azovstal Steel Plant surrendered to Russian forces and were evacuated to Russian held territory in the Donetsk People's Republic, as Russia secured complete control of the city



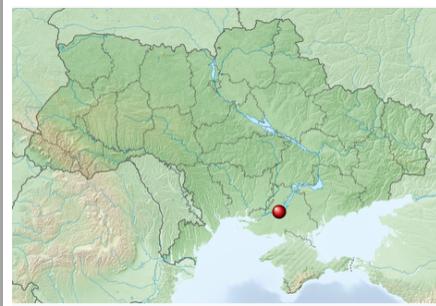
Nova Kakhovka Reservoir (DAM)

The Kakhovka Dam was a dam on the Dnieper River (also known as Dnipro) in Kherson Oblast, Ukraine. It is a soviet era dam and was destroyed in June 2023.

This breach has unleashed flood water in the war zone. Both, Ukraine and Russia have conflicting accounts on who destroyed it.



This Dam is part of Kakhovka hydroelectric power plant. It supplies water to Crimean peninsula, which Russia annexed in 2014, and to the Zaporizhzhia nuclear power plant, which is also under Russia control.



Location of Kakhovka Dam in Ukraine

The Zaporizhzhia Nuclear Power Plant is the largest nuclear power plant of Europe. It gets its cooling water from Kakhovka Reservoir. It is located on the southern side, now under Russia control.

86) MEDITERRANEAN SEA

The Mediterranean Sea is a sea connected to the Atlantic Ocean, surrounded by the Mediterranean Basin and almost completely enclosed by land: on the north by Western and Southern Europe and Anatolia, on the south by North Africa, and on the east by the Levant.

Today, **21 countries** form border with Mediterranean Sea

Turkey, Syria, Lebanon, Israel, Egypt, Cyprus, Libya, Tunisia, Algeria, Morocco, Spain (note: No Portugal), France, Italy, Malta, Slovenia, Croatia, Bosnia and Herzegovina, Montenegro, Albania, and Greece.



87) AEGEAN SEA

It is an extension of Mediterranean sea between Europe and Asia. It is located between Balkans and Anatolia.

In the north it is connected to Marmara sea, which in turn is connected to black sea.

In June 2022, Turkish President Recep Tayyip Erdogan warned Greece to demilitarize islands of the Aegean Sea.



88) ADRIATIC SEA

Countries bordering Adriatic Sea:

Italy, Slovenia, Croatia, Bosnia and Herzegovina, Montenegro and Albania.



89) ITALY

Italy is a country consisting of Peninsula, located in the centre of Mediterranean sea.

Neighbouring Countries:

France, Switzerland, Austria, Slovenia, and the enclaved microstate of Vatican City and San Marino.

It is surrounded by Adriatic Sea in the east, Tyrrhenian Sea in West and Ionian Sea in South.



90) VENICE AND VENETIAN GRAND CANAL

Venice: It is a city in north-eastern Italy and is the capital of Veneto region. It is built of 118 small islands. That are separated by expanses of open water and by canals.

Venetian Grand Canal:

It is a channel in Venice, Italy. It forms one of the major water traffic corridors in the city.

One end of the canal leads into lagoon near the Santa Lucia Railway Station and the other end leads into the basin at San Marco; in between, it makes a large reverse-S shape through the central districts of Venice.

Why in news?

Venetian canal had turned green. Initially known one was able to give a reason. But in June 2023, authorities found that the test samples of the water confirmed the canal's bright new hue was caused by fluorescein, a chemical often used to find leaks during underwater construction. The official are investigating how the chemical got into the canal.



91) MOUNT ETNA

Mount Etna is Europe's most active volcano. It is a stratovolcano on the east coast of Sicily, Italy, in the Metropolitan City of Catania.

Recent eruptions in Feb 2021 have led to spectacular spurts of lava lighting up the sky each night.

Satellites images shows that the volcano has erupted so much in 2021 that it has grown about 30 meters (100 feet)



Other two active volcanoes of Italy:

- Mount Vesuvius (Near Naples, last erupted in 1944)
- Stromboli (on Aeolian Islands) (three major explosions in 2019)

92) RIVER VOLGA

Longest river of Europe (3700 kms)

It originates in Valdai hills in north western Russia, a heavily forested region and drains into Caspian Sea.

Source of water: It is fed mostly by snow (around 60% of the water), underground water (30%) and rain water 10%.

It passes through much of the heart of historic Russia.



93) DANUBE RIVER

2nd longest river of Europe (2,850 km) after Volga.

It is located in Central and Eastern Europe.

Originates in Germany and passes through Austria, Slovakia, Hungary, Croatia, Serbia, Romania, Bulgaria, Moldova, and Ukraine before draining into Black Sea



Sulina Channel:

News: (Aug 2023)

It is a distributary of the river Danube that contributes to forming the **Danube Delta**. The other two main branches of Danube are the **Chilia Branch** to the north and the **Sfantu Gheorghe branch** to the south

The Danube delta has provided Ukraine with an alternative passage for its grain after Russia withdrew from Black Sea grain deal recently.

The deal, was brokered by the UN and Turkey, and is used to provide safe passages for cargo ships carrying grain from Ukrainian Black Sea Ports of Odessa, Chornomorsk and Pivdennyi.

Sulina channel is of particular significance in this 'new' trade route. It connects major Ukrainian ports on the river to the Black Sea, lying completely within the borders of Romania, a NATO member

94) RHINE RIVER

About Rhine River

It is the second longest river in Central and Western Europe (after Danube)

River Rhine originates at Swiss Canton of Graubünden in the south-eastern Swiss Alps and travels 1232 kms to empty into North Sea at Rotterdam.

Source of water: A mix of glacial run off and rains feed the river. It acts as important inland waterways and carry ships through some of the important industrial centers.

It forms many national borders:

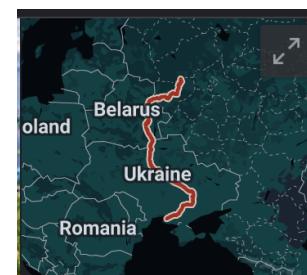
- Swiss Liechtenstein
- Swiss - Austria
- Swiss German
- France German

It then flows through German Rhine Land and Netherlands to eventually empty into the northern sea.



95) RIVER DNIEPER OR DNIPRO

- It is one of the major rivers of Europe.
- It originates in Russia (Valdai Hills), before flowing through Belarus and Ukraine to the **Black Sea**.
- It is the longest river of Ukraine and Belarus and the **fourth longest river of Europe** after Volga, Danube and Ural.



96) ALPS MOUNTAIN

The Alps are the highest and most extensive mountain ranges system that lies entirely in Europe. The alps form part of France, Italy, Switzerland, Germany, Austria, Slovenia, Croatia, Bosnia & Herzegovina, Montenegro, Serbia and Albania.

Alps are inter-zonal mountain system (or a "transition area") between Central and Mediterranean Europe.

Mont Blanc is the highest mountain (4,808 m) in Alps, spanning 3 countries. Its granite ramparts distinguish it from other peaks.

It is the second highest and second most prominent mountain in Europe and the eleventh most prominent mountain summit in the world. It stands between regions of Italy and France.

Note: The Highest peak of the Caucasus and the highest point in Europe is **Mount Elbrus** in southwestern Russia.



97) BALTIC SEA

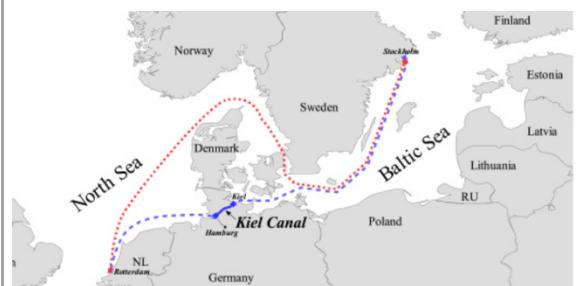
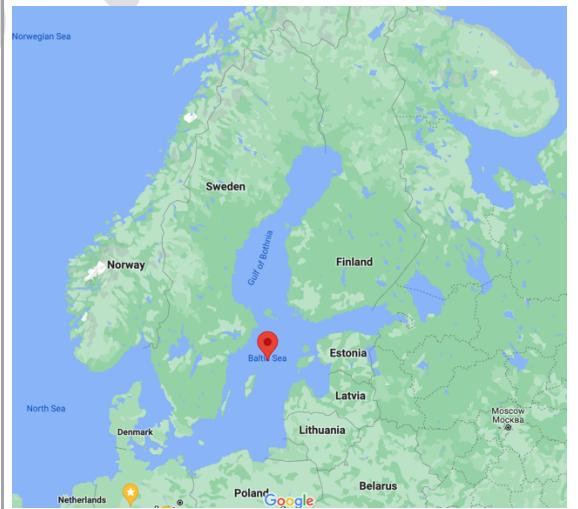
Baltic Sea is an arm of Atlantic Ocean. It is enclosed by Sweden, Finland, Russia, Estonia, Latvia, Lithuania, Poland, Germany and Denmark

Baltic Proper is bordered on its northern edge, at latitude 60 degree north, by Aland Islands and the Gulf of Bothnia, on its north eastern edge by Gulf of Finland.

Gulf of Riga: (Latvia border – opens into Baltic Sea)

Baltic Sea is connected to White Sea by White Sea Baltic Canal and to German Bight of the North Sea by Kiel Canal.

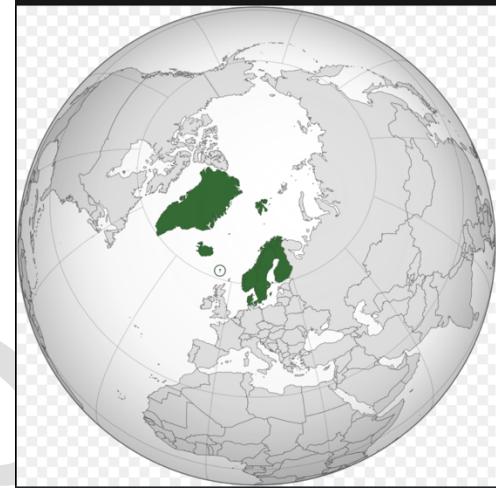
White-Sea Baltic Canal:



- In Baltic Sea, citizen divers restore seagrass to fight climate change (July 2023)
 - » This is part of a new project that trains local citizens to restore seagrass meadows in the Baltic Sea. The hope is that this painstaking work can help tackle climate change.
 - » **What is the Project:**
 - Seastore Seagrass Restoration Project , run by the GEOMAR Helmholtz Centre for Ocean Research in Keil, Germany, is one of the first that aims to enable citizens to restore seagrass autonomously.

98) NORDIC COUNTRIES

- Which are Nordic Countries?
 - » The Nordic countries are a geographical and cultural region in Northern Europe and the North Atlantic.
 - » It includes:
 - Norway
 - Sweden
 - Finland (including autonomous region of Aaland)
 - Denmark (including autonomous territories of Faroe Island and Greenland)
 - Iceland
- Note1: Svalbard is a Norwegian archipelago.
- Note2: Only Norway and Finland form border with Russia. (Sweden and Denmark don't)
- Note3: All Nordic countries are part of Arctic Council



A) NORDIC COUNCIL

- It is an official body for formal inter-parliamentary Nordic Cooperation among the Nordic Countries.
- It was formed in 1952, and has 87 representatives from Norway, Sweden, Finland, Denmark, and Iceland as well as from the autonomous area of Faroe Islands, Greenland, and Aaland. The representatives are Member of Parliaments in their respective countries or areas and are elected by those parliamentarians.
- Headquarter: Copenhagen, Denmark

B) SVALBARD (ALSO KNOWN AS SPITSBERGEN)

- It is a Norwegian archipelago in the Arctic Ocean. North of mainland Europe, it is about midway between the northern coast of Norway and the North Pole. The islands of the group range from 74 degree to 81-degree N.
- The largest island is Spitsbergen.
- Svalbard Global Seed Vault is a seedbank to store seeds from as many of the world's crop varieties and their botanical wild relatives as possible. It is a cooperation between the government of Norway and the Global Crop Diversity Trust, the vault is cut into rock near Longyearbyen, keeping it at a natural – 6 degree C and refrigerating the seeds to



-18 degree C. It is also referred as Earth's dooms day vault.

- **IndARC:** It is India's first underwater moored observatory in the Arctic region. It was deployed in 2014 at Kongsfjorden fjord, Svalbard, Norway. It is focused on studying arctic climate.

99) NORD STREAM

- Nord stream is a set of offshore natural offshore gas pipeline in Europe, running under the Baltic Sea from Russia to Germany.
- It includes **two Nord Stream-1 pipelines** running from Vyborg in northwestern Russia, near Finland, and two **Nord Stream-2 pipelines** running from Ust-Luga in northwestern Russia, near Estonia.
- **Both set of pipelines** run to **Lumbin** in the northeastern Germany.
- Recently, **NORD STREAM-2** has been denied certification as a result of the Russian invasion of Ukraine.



100) SCANDINAVIAN COUNTRIES

- Scandinavia is a sub-region in Northern Europe, with a strong historical, cultural, and linguistic tie between its constituent people.
- It includes **Norway, Sweden and Denmark** (please note that it doesn't include Finland)
- A more **narrow definition** only includes Scandinavian Peninsula (i.e. Norway and Sweden)
- Sometime the term is used more broadly to also include Finland, Iceland, the Faroe Islands and Åland.
- **Broadest definition** is similar to Nordic countries.



101) ICELAND

It is located in North Atlantic Ocean and is one of the least populated countries of Europe.

After Great Britain, it is Europe's largest island.

Its capital **Reykjavik**, is the northernmost national capital in the world.

Location: It is located halfway between Europe mainland and North America and is just below the Arctic circle.

The country is famous for its geo-thermal pools, volcanoes, and glaciers.



News (July 2023)

Almost 2200 earthquakes have been recorded in the vicinity of Reykjavik, the capital of Iceland, within 24 hours.

This surge of seismic activity has prompted the Icelandic Meteorological Office to issue a warning, suggesting the possibility of an imminent volcanic eruption. The earthquakes originated beneath Mount Fagradalsfjall, a mountain situated on the Reykjaness Peninsula, which has witnessed two eruptions in the past 2 years.

Note: Iceland's name is misnomer as the country is quite green and fertile.

102) GREENLAND AND WATER BODIES AROUND IT

- Greenland is an island nation located between the Arctic and Atlantic oceans, east of Canadian Arctic Archipelago.
- It is world's largest Island and is one of the three constituent countries that form the Kingdom of Denmark, along with Denmark and the Faroe Islands. The citizens of these countries are all Danish nationals.
- With a permanent population of 56,081, it is the least densely populated region in the world.
- **Capital and largest city: Nuuk.**
- **Physiographically**, it is part of North America; But, politically, and culturally it is associated with Europe (specifically Norway and Denmark, the colonial powers)
- **Water Bodies around Greenland** (see adjacent figure)



103) ENGLISH CHANNEL

The English Channel is the Atlantic Ocean's 30th largest arm.

It is located between the isle of Great Britain's southern coast and France's northern coast.

It is separated from North Sea by the **Strait of Dover**.



104) NEXT BOOKLET – AFRICA, NORTH AMERICA AND SOUTH AMERICA



TARGET PRELIMS 2024

BOOKLET-30

INTERNATIONAL MAPPING AND PLACES IN NEWS-2

AFRICA, NORTH AMERICA AND SOUTH AMERICA

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1) IMPORTANT MOUNTAIN RANGES OF AFRICAN CONTINENT

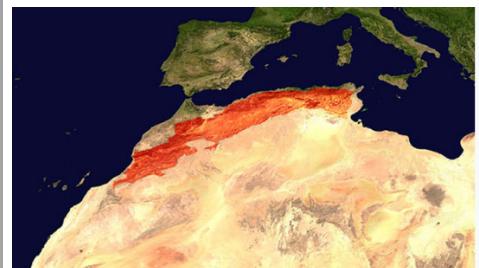
Atlas Mountains:

The Atlas mountains are a mountain range in the Maghreb in North Africa. It separates Sahara desert from the Mediterranean Sea and the Atlantic Mountains.

The term "Atlantic" is derived from the Atlas mountains.

These stretch around 2,500 kms through Morocco, Algeria and Tunisia. They are the longest mountain range of Africa.

Highest Peak: Toubkal (located in Morocco). It is the highest peak in North Africa.

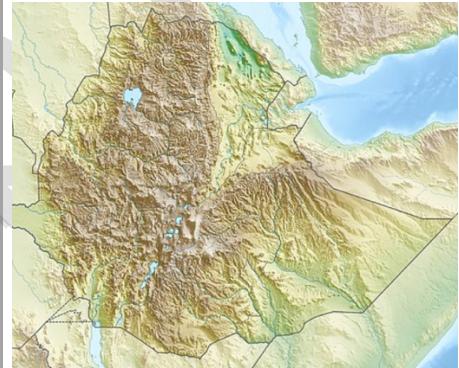


The location of the Atlas Mountains (red) across North Africa

Ethiopian Highlands:

They are also known as Abyssinian Highlands. This vast and ancient mountain complex covers much of Ethiopia and Eritrea.

It is called the roof of Africa. The rugged mountain mass forms the continent's most extensive continuous elevation area, with the summits reaching upto 14,930 feet.



Ethiopian Highland consist of rugged Western Highlands and the more limited Eastern Highlands. The two sections are separated by the vast Eastern Rift Valley which cuts across Ethiopia from southwest to northeast.

Mount Ras Dejen is the highest peak in Ethiopia.

Special Mention: Mount Kilimanjaro:

- It is not a mountain range though. It is the highest mountain peak in Africa at a height of 5,895 m.
- It is located in Tanzania and is the highest free standing mountain in the world, rising above the surrounding Savanna plains of Tanzania.



Great Escarpment: It is a major topographic feature of Africa that consists of steep slopes from the high central South African Plateau downward in the direction of the oceans that surround southern Africa from three sides.

Most of it lies in South Africa, the east of the escarpment extends northward to from the border between Mozambique and Zimbabwe.

The Drakensberg is the eastern portion of the Great Escarpment, which encloses the central Southern Africa plateau.

2) MAGHREB REGION

The Maghreb, also known as Arab Maghreb and Northwest Africa, is the western part of Arab World. The region contains western and central north Africa, including Libya, Tunisia, Algeria, Morocco, and Mauritania. It also includes disputed territory of Western Sahara (controlled mostly by Morocco).

Note: Maghreb doesn't include Egypt and Sudan.

The term "Maghreb" literally translates to "the west" in Arabic. The traditional definition of the Maghreb encompassed only the Atlas Mountains and the coastal plains of Morocco, Algeria, Tunisia and Libya. This definition was expanded to include Mauritania and the disputed territory of western Sahara.



3) LIBYA

It is a country in the Maghreb region in North Africa.

Neighboring countries: Algeria to West, Tunisia to Northwest, Egypt to East, Sudan to Southeast, Chad to South and Niger to Southwest.

Maritime Boundary: Mediterranean Sea in the north

Capital and largest city: Tripoli

Recent History: Libya became independent as a kingdom in 1951. A bloodless military coup in 1969, initiated by a coalition led by Colonel Muammer Gaddafi, overthrew King Idris-1 and created a republic. He ruled until being overthrown and killed in the 2011 Libyan Civil War and power was transferred to the General National Congress. By 2014, two rival authorities claimed to govern Libya, leading to another civil war. These two sides signed a permanent ceasefire in Oct 2020 and a unity government took authority.



Sep 2023 Flood:

On 10th Sep 2023, unprecedented flooding in Libya was caused by Storm Daniel and the collapse of two dams near the city of Derna.

Derna is a coastal city. It is situated at the end of a valley and bisected by the Wadi Derna, a seasonal river that flows from Mountains to the south (towards the sea) and is normally protected from flooding by dams.

The north-eastern city of Benghazi, Sousa, and Al-Marj were badly affected by the Disaster.

Impact: More than 12,000 people were killed.

The Flooding occurred in LIBYA's eastern region, which witnessed extreme rainfall on 10th Sep and 11th Sep.

Why so heavy rainfall?

Storm Daniel or Cyclone Daniel.

Daniel transitioned into a "medicane", or tropical cyclone that occasionally forms over the Mediterranean sea. Focus was intensified due to abnormally warm water of Mediterranean sea.



4) MOROCCO

It is a country in the Maghreb region of north Africa.

Capital: Rabat

Countries having land border: Western Sahara (mostly controlled by Morocco); and Algeria.

Water Bodies: The country borders Atlantic Sea to its north and west and Mediterranean sea to its north-east.



Morocco Earthquake 2023:

A severe earthquake struck near the town of Oukaimedene in Western Morocco on 8th Sep 2023. It killed around 3,000 people and injured another 5,500 people.

The earthquake heavily damaged parts of ancient section of Marrakech and devastated several remote settlements in the Atlas mountains.

It was also felt as far away as Morocco's largest city, Casablanca, and in Portugal and Algeria.

5) WESTERN SAHARA DISPUTE

A former Spanish colony, Western Sahara is a vast, arid region in northwest Africa that is larger than the size of the Indian state of Uttar Pradesh, but with less than six lakh inhabitants.

It is mineral rich: home to abundant reserves of phosphate, a key ingredient in the manufacturing of synthetic fertilisers.

It has also lucrative fish resources and is believed to have offshore oil.

The region first came under Spanish control in 1884, and was made a province called 'Spanish Sahara' by the European country in 1934. Then in 1957, its northern neighbour Morocco, which had become independent from French rule just a year before, staked its claim over the entire territory, reasserting a centuries-old position.

Meanwhile, Western Sahara's Sahrawi ethnic group began efforts to gain independence from Spain. In 1973, a guerrilla movement sprang up called the Popular Front for the Liberation of Saguia el-Hamra and Río de Oro (Polisario Front), named after the two regions constituting the Spanish province.

Then in 1975, ten years after the UN called for its decolonisation, Spain withdrew from Western Sahara, partitioning the region between Morocco, which received the region's northern two-thirds, and Mauritania the remaining third in the south. The partition took place despite a ruling by the International Court of Justice (ICJ) calling the claims by both Morocco and Mauritania to the region as tenuous, and which favoured self-determination for the Sahrawis.



The Polisario Front contested the handover and continued its armed struggle with support from neighbouring Algeria, and in 1976 started a government-in-exile called the Sahrawi Arab Democratic Republic (SADR). Three years later, Morocco again strengthened its hand by annexing Mauritania's share of Western Sahara, after the latter decided to withdraw from the region and the conflict. A UN-brokered ceasefire stopped the war in 1991.

Since then, Morocco has controlled around 80 per cent of Western Sahara, including its phosphate reserves and rich fishing grounds. Combined with its own deposits of the mineral, Morocco currently holds over 72 per cent of the world's phosphate reserves, as per The Atlantic. China, which has the second-most reserves, has less than 6 per cent.

6) HORN OF AFRICA

The Horn of Africa is the easternmost peninsula of the African continent, excluding African islands.

It lies along the southern boundary of the Red Sea and extends hundreds of kilometres into the Gulf of Aden, Somali Sea and Guardafui Channel.

The Horn of Africa consists of the internationally recognized countries of Eritrea, Djibouti, Ethiopia and Somalia as well as the unrecognized country of Somaliland



7) TIGRAY REGION OF ETHIOPIA: TIGRAY WAR

Tigray War is an armed conflict that lasted from Nov 2020 to Nov 2022. It was primarily fought between the Tigray region of Ethiopia between forces allied to the Ethiopian federal government and Eritrea on one side and the Tigray People's Liberation Front (TPLF) on the other.

The conflict dates back to 2018 when Abiy Ahmed (2019 Nobel Peace Prize Winner) first came to power and took steps to reduce the authority of Tigray officials. The war had erupted in 2020 after Prime Minister Abiy Ahmad sent the army to the Northern Tigray region to remove local authorities from the TPLF who challenged his authority and whom he accused of having attached military bases.



8) DANAKIL DEPRESSION

The Danakil depression is located in the north of Ethiopia, close to the border with neighbouring Eritrea (which has gained independence from Ethiopia)

It is the northern part of the Afar Triangle or Afar Depression. The Afar Depression spans Djibouti, Eritrea, and the Afar region of Ethiopia. The northern part of this Danakil depression.

Afar Triangle has resulted from the divergence of three tectonic plates in the Horn of Africa. The three plates are African Plate, Arabian Plate and Somali Plate.

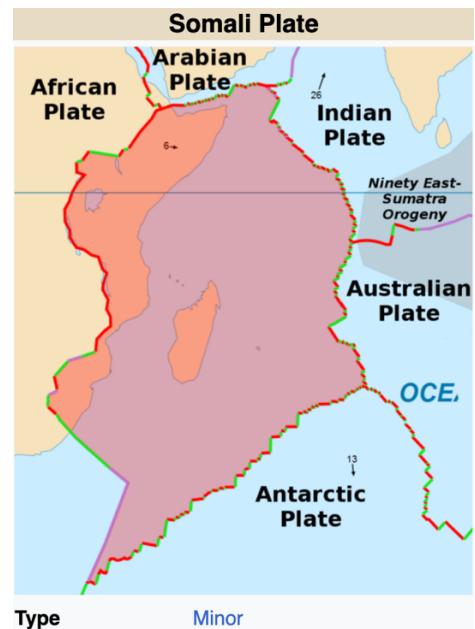
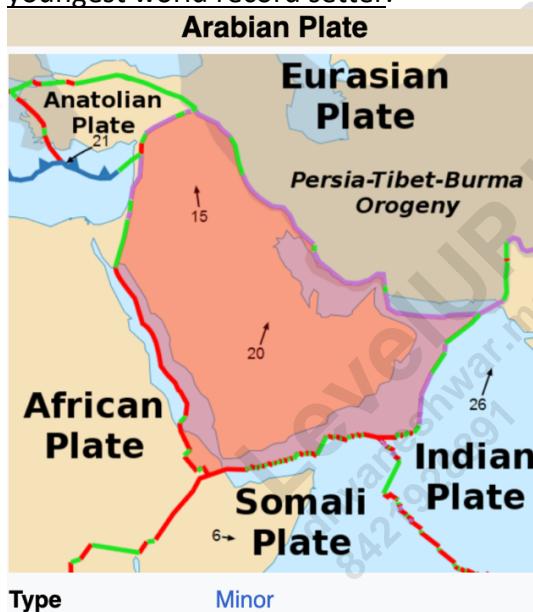
Other interesting things about Danakil Depression:



1. In 1974, researchers found the remains of 'Lucy' in the Danakil depression, an early ancestor of modern humans dating back 3.2 million years.
2. It is the hottest place on Earth and one of the world's lowest place at 100 meters below sea level.
3. **No Living Organisms in Danakil Depression:** Scientists have recently concluded that active and naturally occurring life can't be sustained at Danakil.

Two Key Reasons

- **Magnesium dominated brines** cause the cells to break down.
- An environment having **simultaneous very low pH and high salt**, a combination that makes adaptation highly difficult
- 4. The acidic springs of the Dallol crater have attracted scientists in the search for extremophile microbes as they seek to understand the origins of life on earth, as well as possibility of early stage life on Mars.
- 5. **Mount Ayalu** and **Ert A Ale** are the two active volcanoes in the Danakil Depression.
- 6. **The Gaet's ale Pond** - located in the depression is the saltiest lake in the world with a salinity of 43%. It was only created in 2005 after an earthquake in the region. Thus, it is one of the youngest world record setter.



9) SOMALIA

- Somalia is a country in the horn of Africa and is bordered by Ethiopia to the West, Djibouti to the North west and Kenya to the South West. It also touches Gulf of Aden to its north and Indian Ocean to its east.
- It has the longest Coastline on Africa's Mainland.
- **Capital:** Mogadishu
- It is sometimes described as Africa's most culturally homogenous country.
- **Equator** passes through Somalia.



10) NILE RIVER

The Nile is a major north flowing river in the north-eastern Africa. It is also the longest (6650 km) river of the world. The claim of longest river is disputed by the Brazilian government which says that the Amazon river is the longest.

It's **drainage basin** covers 11 countries - Tanzania, Rwanda, Burundi, DRC, Kenya, Uganda, South Sudan, Republic of Sudan, Egypt, Ethiopia and Eritrea.

Note: A drainage basin is an area of land where water from rain or snow melt drains downhill into a body of water such as a river, lake, wetland or ocean.

Nile has two major tributaries - the **White Nile** and the **Blue Nile**. The two rivers meet just north of Sudanese Capital - Khartoum.

- **White Nile** is considered the head water and primary stream of the Nile river itself.
 - It is longer and originates in the Great Lakes region of the Central Africa. It flows north through Tanzania, Lake Victoria, Uganda, South Sudan and meets Blue Nile in Sudan.
- **Blue Nile** is the source of most of the water of River Nile (80%). It begins at Lake Tana in Ethiopia and flows into Sudan from South East.



Grand Ethiopian Renaissance Dam (GRED):

Great Renaissance Dam has been constructed over Blue Nile River in Ethiopia. Once fully constructed it will be the largest hydropower project of Africa. Further, since Ethiopia's 65% of population suffers from lack of access

to electricity, the dam will reduce these shortages and would also benefit industry and economy. The country will also be able to supply electricity to neighbouring countries like Kenya, Sudan, Eritrea and South Sudan.

At full capacity, the huge hydroelectric dam - 1.8 kms (1.1 miles) long and 145 meters high - could generate 5 GW of electricity.

In Sep 2023, Ethiopia announced that it has filled its Grand Ethiopian Renaissance Dam (GERD) on the Nile.

But, **Egypt and Sudan** fear that the massive \$4.2 billion dam will severely reduce the share of Nile water they receive and have repeatedly asked Addis Ababa to stop filling it until they have all reached an agreement on how it should work.

In Dec 2023, Egypt declares dead end in Renaissance Dam negotiation with Ethiopia, Sudan.

11) SUDAN

- Why in news?
 - » India launches **operation Kaveri** to evacuate citizens from Sudan (April 2023)
- **Violence in 2023 and need of evacuation:**
 - » A vicious power struggle between the regular army and a powerful paramilitary force (Rapid Support Force) has led to violence across Sudan for more than a week now. The power struggle has seen heavy bombardment of the Khartoum city.
- **Geography:**
 - » Sudan (Republic of Sudan) is a country in north-east Africa.
 - » **Neighbouring Countries:** It is bordered by the Central African Republic to the South West, Chad to the West, Libya to the northwest, Egypt in North, Eritrea in the north-east, Ethiopia in the southwest and South Sudan in South.
 - » It also borders Red Sea on its north east and east.
 - **Port Sudan** is a city and port on the Red Sea in eastern Sudan.
- **Note:**
 - » Jeddah Port is a Saudi Arabian port, located in Jeddah on Red sea, at the middle of the international shipping route between east and west via the suez canal.
 - It is the second largest and second busiest port in the Arab World (after the port of Jabel Ali in Dubai, UAE)
 - The city of Jeddah is the second largest city of Saudi Arabia after the capital Riyadh



12) LAKE VICTORIA

It is the 2nd largest fresh water lake in the world in terms of surface area (after Lake Superior) and largest in AF.

It has its boundaries in 3 east African countries (Uganda(45%), Kenya (6%) and Tanzania (49%)). It occupies a shallow depression in Africa.

Source of water for lake Victoria: Mostly rainfall (80%) and thousands of small streams. The Kagera river is the largest river flowing into the lake, with a mouth on lake's western shore.

Lake Victoria is drained solely by the Nile River near Jinja, Uganda, on the lake's northern shore

Mingingo Island

It is a very small island (barely 1/4th of an hectare large) in Lake Victoria.

It is claimed by both Uganda and Kenya and the dispute has continued for a decade now.

The island is a rounded, rocky outcrop which has become densely populated over the last 1 decade.

The surroundings of the island is very rich in fishes and is a fisherman's paradise.

Note: Country's forming part of Lake Victoria Basin:

1. Uganda
2. Kenya
3. Tanzania
4. Rwanda
5. Burundi

Each of this country contributes water to the lake through various rivers, streams, and direct rainfall.



Climate Change threatening Lake Victoria Basin (June 2023)

A new scientific report published in the journal Nature shows significant precipitation changes and increasing extreme climate events in the near future of the already sensitive region, affecting both its large human populations as well as endemic biodiversity.

Note:

Lake Superior is the world's largest fresh water lake by surface area, third largest by volume, and the deepest, largest and coldest of the Great Lakes of North America.

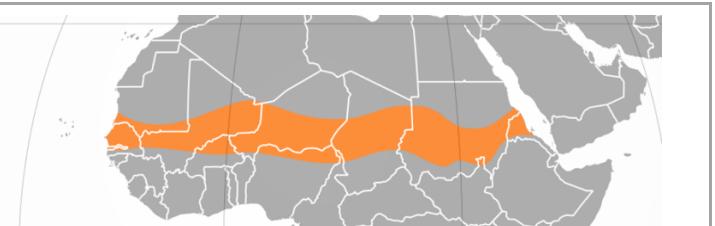
Lake Baikal (located in Russia in the southern region of Siberia), is the largest freshwater lake by both volume and depth (1741 m). It contains 20% of the world's fresh water. It hides its vast waters under a relatively small surface area.

13) SAHEL REGION

Sahel region is a semi-arid region of western and north-central Africa, extending from Senegal eastward to Sudan. It forms a transition zone between the arid Sahara desert to the north and the belt of humid Savanna to the South.

It stretches across the south-central latitude of Northern Africa between the Atlantic Ocean and the Red Sea.

Countries: The Sahel part of Africa includes parts of northern Senegal, southern Mauritania, central Mali,



Some issues faced by the region:

There are frequent shortages of food and water due to dry harsh climate. This is exacerbated by the

Northern Burkina Faso, the extreme south of Algeria, southern Niger, the extreme north of Nigeria, Cameroon, and Central African Republic, central Chad, central and southern Sudan, the extreme north of South Sudan, Eritrea, and the extreme north of Ethiopia.

population increasing rapidly due to very high birth-rates across the region.

For e.g. Niger has world's highest fertility rate.

Jihadist Insurgent groups including Boko Haram, Islamic State and al-Qaeda frequently carry out major attacks in some parts of Western Sahel.

Recent examples of Coup Bid in the Wider Sahel Region:

The multifold issues of weak governments, often composed of elites of certain ethnic communities, engaging frequently in corruption, and unable to register economic and social progress, led to military takeovers of elected regimes under the pre-text of restoring stability.

While the number of coup d'etats in the larger African continent and the Sahel were high till the turn of the millennium, a decline was witnessed in the 2000s, followed by an upswing since 2000.

A renewed chapter of instability began in 2012 when the then fairly dormant rebellion of the Tuareg people, which had taken place in the 1960s, 1990 and 2006 in northern Mali, resurfaced and spilled beyond country's borders. The situation was compounded by collapse of Muammar Gadaffi regime bordering Libya which caused an influx of extremists and arms into the Sahel.

The rebel groups, who demand a separate state for the Tuaregs - a mere 10% of the Malian population - organized and aligned themselves with multiple Islamist groups, including Al Qaea in the Islamic Maghreb (AQIM). This led to violent Islamist group gaining ground in the tri-border region between Mali, Niger and Burkina Faso, controlling territory and conducting attacks.

Have Military Takeovers lessened the violence in Sahel?

- No Concrete evidence
- A crisis monitoring group, Armed Conflict Location & Event Data Project (ACLED), points

Recent African coups d'état

World leaders condemned an attempted coup in Niger, calling for President Mohamed Bazoum – a key Western ally – to be released. Seven coups since 2020 threaten sub-Saharan stability



1 **Niger, Jul 26, 2023:** Presidential guard members detain President **Mohamed Bazoum** (right) inside palace in Niamey. Elected in February 2021, President Bazoum has Western support in the fight against violent extremism, corruption and widespread poverty



2-3 **Mali, Aug 2020:** President **Ibrahim Boubacar Keita** ousted. Second coup by Col. **Assimi Goita** in May 2021. French and UN peacekeepers expelled – Russian Wagner Group deployed. Reports of summary executions



4 **Chad, Apr 2021:** Military takes control following death of President **Idriss Deby** after 30 years of rule. Deby's son **Mahamat Idriss Deby** declared president. Deadly protests follow amid demands for civilian rule



5 **Guinea, Sep 2021:** **Mamady Doumbouya** ousts President **Alpha Conde**. After promising democratic reforms, Col. Doumbouya and fellow coup leaders arrest opposition leaders and restrict media freedom



6 **Sudan, Oct 2021:** Gen. **Abdel Fattah al-Burhan** arrests civilian prime minister **Abdalla Hamdok** and other political leaders just two years after Sudan began transition to full civilian rule



7 **Burkina Faso, Jan 2022:** Army ousts President **Roch Kabore** (right). Following second putsch in September, junta leader Capt. **Ibrahim Traore** seizes power. In July 2023, U.S. sanctions Malian officials over allegations they have deployed Wagner mercenaries

Sources: Africa News, Bloomberg, Foreign Policy, Reuters Pictures: Getty Images © GRAPHIC NEWS

out that successive military coups in the recent past have caused regional instability and the weakening of state institutions. In recorded that in 2022, the number of reported deaths from political violence increased by 77% in Burkina Faso and 150% in Mali from 2021.

14) SIERRA LEON

Geography: It is a country located on the southwest coast of West Africa. It shares the southeastern border with Liberia and the northern half of the country is surrounded by Guinea. It has tropical climate, with diverse environments ranging from Savanna to rainforests.

Religion: Muslims constitute 75% of the population. Christian are minority but quite influential.

Capital: Freetown.

What led to Coup attempt in Sierra Leone? (Dec 2023)

- In Nov 2023, unidentified gunmen targeted the Wilberforce military barracks and several police stations and correctional centres in Freetown, Sierra Leone. It was considered a coup attempt.
- **Key issues in Sierra Leone:**
 - a. **Political Instability:** This instability has been there since June 2023, when President Julius Maada Bio was re-elected. Opposition have claimed that elections were manipulated.
 - b. **Economic instability: Inflation** (upto 50%); **Poverty** (more than 50% of population); **unemployment**
 - c. **Police aggression:** For e.g. the Aug 2022 riots left six police officers and 27 protestors dead.



15) NIGER

Niger, officially Republic of Niger, is a western African land locked country.

Neighbouring countries: Nigeria, Benin, Burkina Faso, Mali, Algeria, Libya, and Chad.

It is one of the poorest country in the world with poor HDI performance.

Resources: It has gold mining reserves and around 5-7% of the global production of Uranium.

Capital: Niamey.

Niger River: The country takes its name from the river which flows through the southwestern part of its territory,

News: Coup in Niger (July - Aug 2023)

On July 29th, 2023, General Tchiani declared himself the leader of Niger after instigating a military coup against the President, Mohammed Bazoum. The 2021 Presidential Election witnessed Niger's first peaceful democratic transfer of power since its independence from France in 1960. This is the fifth coup in Niger since then.

Gen Tchiani has been the head of Presidential guard since 2011, which means he was responsible for protecting the President from military takeover such as this.

Reactions:

African Union demanded the country's military return to their barracks and restore constitutional authority.

European Union has also announced the suspension of security and funding cooperation with Niger, declaring that the EU would not recognize the putschists who have confined the democratically elected President **Mohamed Bazoum** to his official residence.

Why is the West extra concerned about Niger's Coup?

Niger, owing to its relative stability, has become a democratic outlier in the Sahel military following military takeover in neighbouring Mali, Burkina Faso, and Chad since 2020.



Political History of Niger:

- It was a French colony till 1960 like many of its neighbours.
- It faced a long period of instability post-independence and was rocked by four military coup between 1974 and 2010.
- Like many countries in the wider Sahel region, the Niger has also faced the rise of Islamist Extremist groups, and armed local militias supported by stretched state security forces to counter the jihadist threat, and the resulting violence and displacement.
- **Mohammed Issoufou** came to power in 2011, winning legislative elections. Under this two-term President rule, Niger saw a semblance of political stability.
- In 2021, when Mr Issoufou agreed to step down after completing his second term, the maximum number of successive allowed to a leader, his cabinet minister Mr. Bazoum was elected President, in the first democratic transfer of power since the country's independence.
- In July 2023, the President, Mr. Bazoum, and his family were detained by elite troops in Niger, who declared that they now hold power.
- Later, General Tchiani said in a television address that the nation would now be run by newly formed military body, the National Council for the Safeguard of the Homeland (CNSP).

How does Russia Figure in the Crisis?

Multi pro-coup protestors in Niger this week were seen waving Russian flags in the protests outside the National Assembly, the country's legislature.

After Military coups and anti-French sentiments, France relations with the military rulers grew hostile in Mali and Burkina Faso. After this France shifted more than 1,000 troops to Niger. In such situation, landlocked Niger was viewed by analysts as the West's "only hope" in the region to fight the militants.

Niger also played an outsized role in America's Africa strategy and had become a key partner for Washington's fight against Islamist insurgents, who have killed thousands of people and displaced millions more.

The **European Union** also decided last year to set up a three year military training mission in Niger, to which Germany contribute troops. **Italy** also has around 300 soldiers in the country.

Now, with Niger also falling into the hands of a military led leadership, it is unclear when the U.S. and European countries would be able to impact security in the region.

Anti-French sentiments in the Sahel region has allowed Russia to make inroads in the region.

Mercenaries from Russia's Private military group Wagner are already active in Mali, from where the French have withdrawn troops after a decade.

After officially announcing the end of the French operations in Nov 2022, **Burkina Faso** also turned towards Moscow taking steps similar to Mali.

In **Niger** also, Wagner chief Yevgeny Prigozhin expressed his support for the Putschist takeover of Niger. Observers now believe that Niger may open its doors to Russian influence through Wagner.

Notably, the anti-French sentiment in the Sahel has been as a reason for Russia making inroads into the region.

16) NIGER RIVER

It is the principal river of Western Africa. With a length of 4,200 km, it is the third longest river in Africa, after the Nile and the Congo.

It originates in the **Guinea Highlands** in south-eastern **Guinea** near the Sierra Leone border.

Path: It runs in a crescent shape through **Guinea**, **Mali**, **Niger**, **Benin** and **Nigeria**, discharging through a massive delta called the **Niger Delta**, into the Gulf of Guinea in Atlantic Ocean.



17) BURKINA FASO

Details about Burkina Faso

It is a landlocked country in West Africa. It is bordered by Mali to the Northwest, Niger to Northeast, Benin in Southeast, Togo and Ghana to South, and the Ivory Coast to the Southwest.

Capital: Ouagadougou



18) GULF OF GUINEA

It is the north easternmost part of the tropical Atlantic Ocean from Cape Lopez in Gabon, north and west to Cape Palmas in Liberia.

The intersection of Equator and Prime Meridian (Zero degree longitude and Zero degree latitude) is in the gulf.

It borders eight African countries - Ghana, Togo, Benin, Nigeria, Cameroon, Equatorial Guinea, Gabon, Sao Tome & Principe.

Note: Some definitions of Gulf of Guinea also include Cote d'Ivoire and Liberia as the border countries of Gulf of Guinea.

River: the main river dispersing its water in the Gulf are the Niger River and the Volta river.

Note: Volta is the main river system in the country of Ghana.



In Oct 2023, India conducted joint drills with warships from the EU in Gulf of Guinea, including flying exercises and tactical manoeuvres off the coast of Ghana. This is the **first time** Indian ships have taken part in such a drill in the Gulf of Guinea with EU. **Indian Navy's INS Sumedha**, an offshore patrol vessel, was joined by naval ships of three EU member states - Italian ship ITS Foscari, French Ship FS Ventose and Spanish Ship Tornado

19) CONGO RIVER AND CONGO RIVER BASIN

Congo River was formerly also known as the Zaire River.

It is the second longest (4,700 km) river of Africa (9th longest of the world) (the longest is Nile).

It is also the world's third largest river in terms of discharge volume after Amazon and Ganges.

It is also the world's deepest recorded river, with measured depth of around 220 m.

Important Tributary: The Chambeshi is a tributary of the Lualaba River (which is the name of the Congo river upstream of Boyoma Falls).

Crosses equator twice: It is the only major river of the world to cross equator twice.



Congo River Basin: It is the world's second largest river basin (after Amazon river), comprising an area of 3.4 million square kms.

The river and its tributaries flow through the **Congo Rainforest**, the second largest rainforest area in the world, after the Amazon Rain Forest.

Basin countries include: DRC, Republic of Congo, parts of Gabon, Part of Cameroon, Central African Republic, Rwanda, Burundi, parts of Tanzania, Western Zambia, northern Angola.

20) DEMOCRATIC REPUBLIC OF CONGO (DRC)

It is a country located in Central Africa and equator passes through northern part of the country giving it a tropical climate.

It has a small 40 km coastline, otherwise it is landlocked.

DRC is the second largest country in the Africa (after Algeria).

Capital: Kinshasa (located on Congo river), is the largest city of the DRC and also its administrative, economic and cultural centre.

DRC gained independence from Belgium in 1960 and from 1971 to 1997 the country was officially called the Republic of Zaire, a change made by then ruler Gen. Mobutu Sese Seko to give the country what he thought was a more authentic African name. "Zaire" is a variation of a term meaning "great river" in local African languages; Following the overthrow of Mobutu in 1997, the country's name prior to 1971, the DRC, was reinstated.

Lake Tanganyika: It is the longest freshwater lake in the world and the second deepest (after Lake Baikal of Russia). It forms boundary between DRC-Burundi and part of boundary between DRC-Tanzania.



Neighbouring Countries: Republic of Congo (Brazzaville); Central African Republic; South Sudan; Uganda; Rwanda; Burundi; Tanzania (Separated by Lake Tanganyika), Zambia and Angola.

Most of the country is composed of the Central Congo Basin.

Congo Basin Rain Forest: The country consist of significant portion of the Congo Basin rain forest often known as the "second lung of the Earth".

21) ETHNIC CONFLICT IN DRC (NOV 2023, SOURCE TH)

Background of Conflict in DRC?

Rwandan Genocide in 1994: Ethnic Hutu extremists killed nearly 1 million minority ethnic Tutsis and non-extremist Hutus.

Since then, the eastern part of DRC, bordering Rwanda, has been facing insurgency perpetrated by several rebel militant groups. According to the UN, more than 120 insurgent groups are active in eastern provinces of Ituri, North Kivu, South Kivu, and Tanganyika.

Tutsi led M23 Rebel Group: The Tutsi led M-23 rebel group resurfaced in Nov 2021 and has worsened the security situation in the eastern provinces of DRC. After failure of various peace attempts, the groups has kept on advancing since Jan 2023. DRC accused Rwanda of supporting Tutsi group.

Prominent Rebel Groups:

- The prominent groups besides M23 include the Allied Democratic Force (ADF), the Cooperative for Development of the Congo (CODECO).
- **ADF** is an Uganda based insurgent groups and is operating since 1999. It has also pledged its allegiance to ISIS.
- **CODECO** claims that they aim to protect the ethnic Lendu against the Hemas and the Congo army.

Impacts of Insurgency:

- Thousands are dead
- **Huge Internal Displacement:** In Oct 2023 internally displaced in the DRC has risen to **6.9 million**.
- In the eastern province of Kivu, nearly a million people have been displaced due to the ongoing conflict with the rebel group, Mouvement du 23 Mars (M23)



Provinces of DRC

Why insurgency?

- **Ethnic Intolerance:** Following the Rwandan genocide, around 2 million Hutu refugees crossed Rwanda into North Kivu and South Kivu provinces of DRC. The organized ethnic militias in DRC fearing persecution.
 - Tensions intensified as Rwandan Tutsis organized militias against the Hutus who fled to DRC.
 - Subsequently several, ethnic and inter-ethnic groups who felt threatened started organizing their militias against each other.
- **Political Instability:** President Felix Tshikedi came to power in 2019 through democratic elections. The country is to hold elections on 20th Dec. However, election commission has raised concerns about how continuing insecurity in parts of the country would pose a challenge to a "free democratic and transparent" vote.
- **Control over territory and natural resources**
- **Extrajudicial killings by security forces**
- **Rising tensions with neighbouring countries** (Armed groups have been supported by the governments of **Rwanda, Uganda and Burundi**, at

various points, acting as proxies for each country's interest in the region)

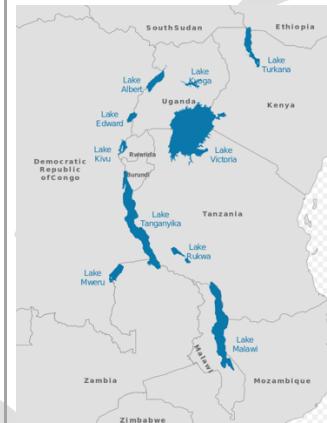
22) LAKE TANGANYIKA

Lake Tanganyika is one of the African Great Lake. It is the world's longest lake.

It is second-oldest freshwater lake in the world, the second largest by volume, and the second deepest in the world, in all cases after Lake Baikal in Siberia.

The lake is shared between four countries - DRC(40%), Burundi, Tanzania (46%) and Zambia.

The lake drains into the Congo River system and ultimately into the Atlantic Ocean.

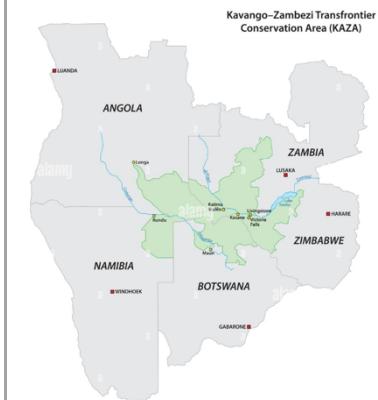


23) ZAMBIA: KAFUE NATIONAL PARK

Kafue National Park: Lion and Leopard populations have begun rebounding in Africa's **third** largest national park - **Zambia's Kafue National Park (KNP)** -after fifty years of poaching, according to a new report from Panthera, the global wild cat conservation organizations, and partners.

Factors:

1. **Counter Poaching Operations:** Game changing conservation technologies like SMART (Spatial Monitoring and Reporting Tool) and EarthRanger were employed in these operations.
2. **Effective Prosecution**
3. Distribution of synthetic 'heritage Furs' replacing garments made of authentic leopard and lions skin



Other details about KNP: KNP sits within the Kavango Zambezi Transfrontier Conservation Area (KAZA), the largest terrestrial conservation landscape in the world spanning five countries (Angola, Botswana, Namibia, Zambia, and Zimbabwe)

24) MADAGASCAR

It is an island country off the coast of East Africa in Indian Ocean. The country consists of island of Madagascar (the fourth largest island in the world after Greenland, New Guinea, and Borneo), and numerous smaller peripheral islands.

It is a biodiversity hotspot; and over 90% of its wildlife is found nowhere else on earth.

Malagsay and French are the official language as France controlled the island till 1960.

Economy: Madagascar belong to the group of **least developed countries** according to UN. Eco-tourism and agriculture, paired with greater investment in education, health and private enterprise, are key elements of Madagascar's development strategy.

The country lies mostly between 12 degree S and 26 degree S, and longitudes 43 degree E and 51 degree E.

Neighbouring Islands

- French territory of Reunion and country of Mauritius to the east.
- State of Comoros and the French territory of Mayotte to the north west.

Mozambique is the nearest mainland state, located to the west.



25) MOZAMBIQUE CHANNEL

Mozambique Channel

Mozambique Channel is a channel in western Indian ocean and threads between the island nation of Madagascar on the east and Mozambique on the Africa mainland (west).

Comoro Archipealgo mark the northern boundary of the channel.

The channel forms EEZ of various countries including Tanzania, Madagascar, Mozambique, France, Seychelles, and Comoros.



26) TRISTAN DA CUNHA

Tristan da Cunha is a remote group of volcanic islands in the south Atlantic Ocean.

It is the most remote inhabited archipelago in the world.

Tristan da Cunha is a British Overseas Territory with its own constitution



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27) ROCKY MOUNTAINS

Also, referred as **Rockies**, they dominate the western part of North American Continent.

They extend for a distance of 4,800 kms and is the largest mountain range system of North America.

They extend from the northern most portion of the Western Canada to the State of New Mexico in the South west USA.

The mountain system is a complex mix of fold mountains, fault block mountains, and volcanic activities.

Why in news recently?

Rocky mountain forests burning more now than any time in the past 2,000 years. (Feb 2023)

Key reason:

- Exceptional Droughts
- Climate Change

How are scientists able to compare the current situation with the past?

- Evidence of past fires are preserved in lake sediments.
- Scientists used records of past fires preserved in the sediments of 20 lakes in the Central Rocky mountains.
- **The Result:** Extensive burning over the 21st century is unprecedented in this region in the past 2,000 years.



28) MILNE ICE SHELF

The Milne Ice Shelf, a fragment of the former Ellesmere Ice Shelf, is located in the Qikiqtaaluk Region, Nunavut, **Canada**.

It is the second largest ice shelf in the Arctic Ocean.

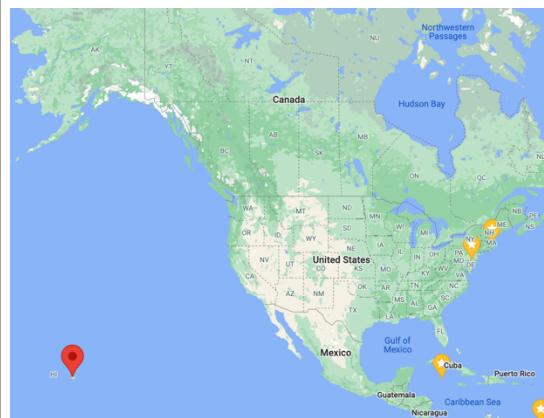
The Milne ice shelf lost more than 40 per cent of its ice over two days at the end of July 2020. This has increased concerns over the rapid melting of ice and the breaking of old ice shelves — large floating pieces of ice that form when a glacier or ice sheet flows into the sea surface.



29) HAWAII

Hawaii is a state in the western USA located in the pacific ocean about 2,000 miles from the US mainland. It is the only US state outside north America and only state that is an archipelago. It is also the only US state in the Tropics.

It consists of more than 130 volcanic islands



Note: Honolulu is the capital and most populous city of the US State of Hawaii. It is situated along the southeast coast of island of O'ahu, and is the westernmost and southernmost major US city.

Kilauea:

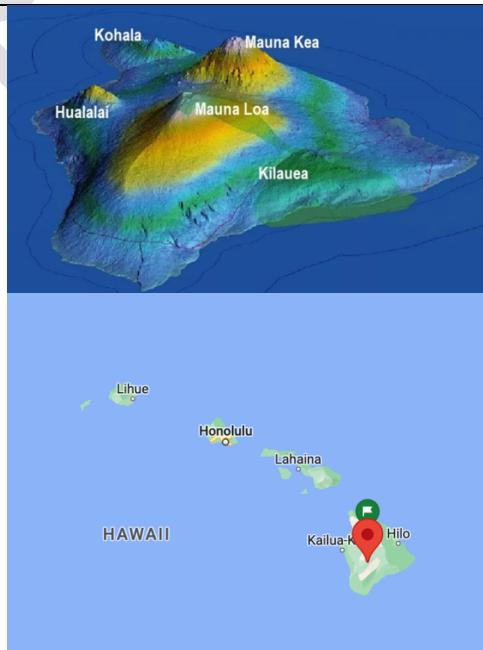
Kilauea is an active shield volcano in the Hawaiian Islands.

Historically, it is the most active of the five volcanoes that together form the Big Island of Hawai'i.

30) MAUNA LOA VOLCANO

Mauna Loa: Mauna Loa erupts after 40 years (Dec 2022)

- Mauna Loa is one of the five volcanoes that together make up the Big Island of Hawaii. The other four volcanoes are Hualalai, Kilauea, Kohala and Mauna Kea.
 - o **Note:** Big Island of Hawaii is the southernmost island in the Hawaiian archipelago.
- Mauna Loa is not the tallest (that title goes to Mauna Kea), but it's the largest and makes up about half of the Island's land mass. It is the largest volcano situated in the US state of Hawaii.
- It sits immediately north of Kilauea Volcano, which is also erupting currently from its summit crater. It is well known for a 2018 eruption that destroyed 700 homes and sent rivers of lava spreading across farms and into the ocean.
- It is an **active volcano** and in written history, dating to 1843, it has erupted 33 times. Before, 2022, It had erupted in 1984.
- The **Big Island** is mostly rural and is home to cattle ranches, coffee farms and beach resorts. It's about 200 miles (320 kms) South of Hawaii's most populated island, Oahu, where the state capital Honolulu and beach resort Waikiki are both located.



31) MAUI:

Maui:

The island of Maui is the second largest (1,883 km²) of the islands of the state of Hawaii. It is also the largest of Maui county's four islands which include Moloka'I, Lanai, and unpopulated Kahoolawe.

Aug 2023: the devastating Wildfires on the island of Maui, Hawaii has already caused 55 deaths and around 1,000 people are still unaccounted for.



32) COUNTRIES IN CENTRAL AMERICA

Countries in Central America: 7 countries are considered to be part of Central America:

Belize

Guatemala:

- A volcano named Fuego (Spanish for fire) erupted in Dec 2022.

Honduras

El Salvador

Nicaragua

Costa Rica

Panama



33) NICARAGUA

- » Nicaragua has severed diplomatic ties with Taiwan and will now officially recognize only China. (
- » **why does China want this?**
 - Loss of formal allies further constrains the Taiwanese leadership's ability to make state visits abroad and feed into Beijing's narrative that Taiwan is losing the diplomatic battle and will eventually be forced to accept the inevitable outcome of the political union with the People's Republic.
- » Nicaragua's authoritarian President Daniel Ortega has increasingly found himself an international pariah, with the USA denouncing Nov 2021 polls as a "pantomime elections".
- » **China had been steadily luring Taiwan's remaining allies by promising trade and development assistance while ignoring political controversies.**
- » **What incentives did China give?**
 - No reason has been given by Nicaragua
 - But, the decision follows a trend among its Central American Neighbours such as Panama and Costa Rica which have

switched to Beijing in recent years, prompting concerns in Taipei and Washington of a potential Domino effect.

34) PANAMA CANAL

It is an **artificial waterway** in Panama that connects the Atlantic Ocean with the Pacific Ocean. The canal cuts across Isthmus of Panama and is a very important for international trade.

Development of Canal was initiated by France in 1881, but stopped due to engineering problems and high worker mortality rate.

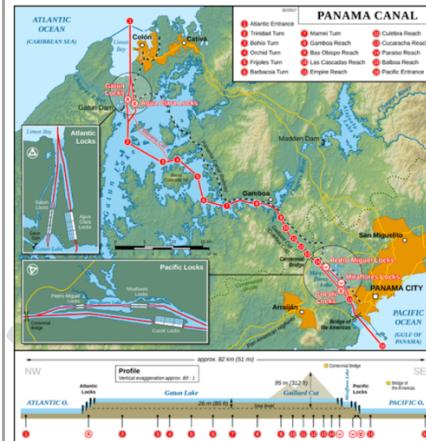
- The **US** took over the work in 1904 and the Canal was opened for operations in 1914.

Who manages the Canal

- Currently, the Canal is owned, managed and operated by Panama government. **Panama Canal Authority** is responsible for its operation and management.
- Note:
 - **1914 - 1979**: Controlled Solely by US
 - **1979 - 1999**: Panama Canal Commission (joint agency of US and Republic of Panama)
 - **1999 onwards**: Complete control to Panama (Panama Canal Authority)

Important Components

- **Canal Locks** are at each end to lift/lower the ships upto/down from **Gatun Lake**, an artificial lake created to reduce the amount of excavation work required for the canal, 26 m above sea level.
- **Gatun Lake** was created by damming of Chagres river. It provides millions of litres of water necessary to operate the Panama Canal locks each time a ship passes through.



Advantages of the Canal

Greatly reduces time and fuel needed for ship to travel from Atlantic to Pacific oceans, enabling them to avoid lengthy hazardous Cape Horn route around the southernmost tip of South America via the **Drake Passage** or **Strait of Magellan**.

Drought, Climate Change and its impact

An intense drought related to this year's El-Nino phenomenon has precipitously lowered the level of Panama's Gatun lake. This has forced the Panama Canal authority to impose draft limits on ships moving through the waterway's recently expanded locks.

35) COUNTRIES IN SOUTH AMERICA

Brazil
French Guyana
Suriname
Guyana
Venezuela
Colombia
Ecuador
Peru
Chile
Bolivia
Paraguay
Argentina
Uruguay
Falkland Islands



36) AMAZON RIVER

Amazon River:

- Amazon river is the river with largest drainage system in the world in terms of volume of its flow and the area of its basin.
 - It is estimated that about 1/5th of all water that runs off Earth's surface is carried by Amazon. The immense amount of freshwater flowing into Atlantic dilutes the ocean's saltiness for more than 160 kms from shore.
- **Length:** The total length of the river - as measured from the headwaters of Ucayali-Apurimac river system in the southern Peru is atleast 6400 km which makes it slightly shorter than Nile river.



- Source:** The source of the river is in Andes mountains and the mouth is in Atlantic Ocean.
- Amazon river is not building Delta:** Most of the estimated 1.3 million tons of sediments that the amazon pours daily into the sea is transported north by coastal currents to be deposited along the coasts of Brazil and French Guiana.
- Affects sea level in Caribbean Sea:** The Amazon river releases so much fresh water into the Atlantic sea, it alters the sea level in the Caribbean. The amazon water get picked up by Caribbean current, which carries the water to Caribbean island.

Controversy: Both length and source of the river have been debated and some claim that the river is longer than Nile.

Drainage Basin countries: The entire area that Amazon river drains is the largest river basin in the world. It drains part of Brazil, Peru, Ecuador, Columbia, Bolivia and a small part of Venezuela, Guyana and Suriname.

37) PANTANAL WETLAND

The Pantanal is a natural region encompassing the world's largest tropical wetland area, and the world's largest flooded grasslands.

It is located mostly within the Brazilian state of Mato Grosso do Sul, but it extends into Mato Grosso and portions of Bolivia and Paraguay.

It is gently-sloped basin that receives runoff from the upland areas (the Planalto highlands) and slowly releases the water through the Paraguay River and tributaries



38) GALAPAGOS ISLAND

Why in news?

Famed Darwin's Arch in Galapagos Islands Collapse

Details about Galapagos Islands:

These islands are part of the Republic of Ecuador. They are archipelago of volcanic islands distributed on either side of the equator in Pacific Ocean. It is located 903 km west of the continental Ecuador.

Wolf Volcano is a famous one in Galapagos Island.

Darwin's Arch: It was a famed natural rock formation in the Galapagos island which is popular with divers, photographers, and cruise ship tourists. It has collapsed from erosion.



The arch stood at northernmost tip of the Galapagos Islands. Once a part of Darwin's island, the arch is famous for the variety of underwater life teeming nearby, including schools of hammerhead sharks.



39) SANGAY VOLCANO

Sangay is an active stratovolcano in central Ecuador.

It is the most active volcano in Ecuador, despite erupting only four times in recorded history, because the eruption that started in 1934 is still ongoing.

It exhibits mostly strombolian activity



40) WORLD'S FIFTH OCEAN: SOUTHERN OCEAN

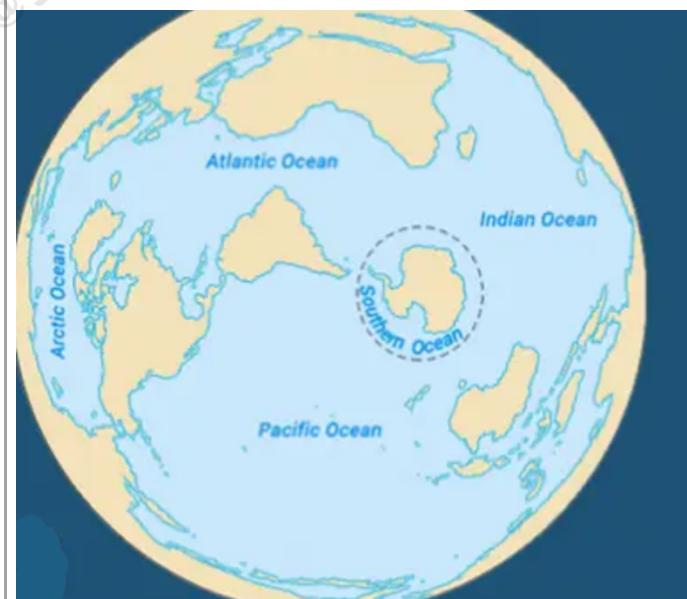
The National Geographic magazine has recognised the 'Southern Ocean' as the world's fifth ocean June 8, 2021 hoping others will soon follow suit.

Usually, the magazine has followed the International Hydrographic Organization (IHO) on marine names, it said in an article notifying the change.

Southern Ocean is the only ocean 'to touch three other oceans and to completely embrace a continent rather than being embraced by them'.

Its northern limit is a latitude of 60 degrees south.

It is also defined by its Antarctic Circumpolar Current that was formed 34 million years ago. The current flows from west to east around Antarctica





TARGET PRELIMS 2024

BOOKLET-31

INTERNATIONAL BODIES-1

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1. UNITED NATIONS (UN): BACKGROUND

- The UN has its origin in 1920 **League of Nations** (founded as a result of Paris peace conference that ended the first world war to keep the world away from war and also promote disarmament).
- Franklin D Roosevelt **used UN to describe the allied powers of WW2.**
- **Atlantic Charter** was a policy statement during WW-II, issued on 14th Aug 1941. It defined the allied goals for the post-war world. The leaders of UK and US drafted the work, and all the allies of the WW-II later signed it.
 - » The Adherents of the Atlantic Charter signed the Declaration by United Nations between 1942-45, which became the basis for the Modern United Nations.
- The UN is based on the principle of collective security - one for all and all for one - joint action to prevent attack against the international order.

2. SIX MAIN/PRINCIPAL ORGANS OF UN

1) THE UN GENERAL ASSEMBLY (UNGA)

- The general assembly is the main deliberative organ of UN and is composed of representatives of all member States. The work of the UN year around is largely derived from the mandates given by the General Assembly.
- It was established by the UN Charter in 1945.
- **Functions and Powers**
 - » **Forum for Multilateral Negotiation**
 - It occupies a central position as the chief deliberative, policymaking, and representative organ of the UN.
 - It consists of all 193 members of UN and provides a unique forum for multilateral discussion.
 - It plays an important role in the process of the standard setting and the codification of International Law.
 - It is the only UN Organ in which all members have equal representation.
 - **Other Functions and Powers:**
 - » According to charter of the UN, the general assembly may
 - **Approve the budget of UN.**
 - **Elect the non-permanent members of the security council and members of other united nation councils and organs** and, on the recommendation of security council **appoint the Secretary General**.
 - Consider and make recommendations on the general principles of cooperation for maintaining international peace and security, including disarmament.
 - Discuss any question related to international peace and security and except, where a dispute or situation is currently being discussed in the Security Council, make recommendations on it.

- Initiate studies and make recommendations to promote international political cooperation, the development and codification of international law, the realization of human rights and fundamental freedoms, international collaboration in the economic, social, humanitarian, cultural, educational, and health fields.
- **Consider reports from security council and other UN Organs**

» The assembly may also act in cases of a threat to the peace, breach of peace or act of aggression, when the security council has failed to act owing to negative vote of permanent member. In such instances, the assembly may consider the matter immediately and recommend to its members collective measures to maintain or restore international peace and security.

- **Meetings**
 - » Assembly meets in regular session intensively from September to December each year, and thereafter as required.
- **Types of Majorities to reach a decision.**
 - » Each of the 193 Member states in the assembly has one vote.
 - **Requirement of 2/3rd majority vs Simple Majority:** Votes taken on designated important issues such as recommendations on peace and security, the election of security council and Economic and Social council members, and budgetary questions - require a 2/3rd majority of member states, but other questions are decided by simple majority.
 - » **Search for consensus:** In recent years, an effort has been made to achieve consensus on issues, rather than deciding by a formal vote, thus strengthening support for the Assembly's decisions.
- **Observers**
 - » Non-member states which are members of one or more specialized organizations of UN, regional and international organizations have received a standing invitation to participate as observers in the sessions and the work of general assembly.
 - **Non-member States and Entities**
 - Holy See
 - State of Palestine
 - **International Organizations**
 - Many organizations like African Union, European Union, Caribbean Community (CARICOM), International Criminal Court, International Criminal Police Organization (INTERPOL), League of Arab etc.
- **Some Criticisms of UNGA**
 - » One state - one vote ->merely 8% of the people can pass a resolution.

- **Other Facts for Prelims**

A) ELECTIONS OF THE PRESIDENT AND VICE-PRESIDENTS

- As per Rules of Procedure of UN, the UNGA shall elect **a President** and **21 vice Presidents** atleast 3 months before the opening of the session.

A) CREDENTIALS COMMITTEE

- A Credential Committee is appointed at the beginning of each regular session of the General Assembly. It consists of 9 members, who are appointed by the General Assembly on the proposal of the President.
- The committee reports to the assembly on the credentials of representatives.
- **Structure and Functions:**
 - » The credentials of representatives and the names of members of the delegation of each member state are submitted to secretary general and are issued either by the Head of the State or Government or by the Minister of Foreign Affairs. (Rule 27 of the Rules of Procedure of the General Assembly)
 - » The Committee is mandated to examine the credentials of representatives of Member States and to report to the General Assembly thereon (Rule 28 of the Rules of Procedure of the General Assembly)
 - » Special and emergency special sessions of the General Assembly as well as conferences convened under its auspices also appoint a Credential Committee having the same composition as that of the Credential Committee as its most recent regular session.

B) VARIOUS IMPORTANT RESOLUTIONS OF UNGA

INDIA VOTES IN FAVOR OF UNGA RESOLUTION THAT EXPRESSES DEEP CONCERN OVER ISRAEL NOT WITHDRAWING FROM SYRIAN GOLAN (NOV 2023)

- The 193 member UNGA voted on the draft resolution "The Syrian Golan" under agenda item 'The situation in the Middle East' on Nov 28.
 - » The resolution said it is deeply concerned that Israel has not withdrawn from the Syrian Golan, which has been under occupation since 1967, contrary to the relevant Security Council and General Assembly resolutions.
 - » It also declared that Israel failed to comply with security council resolution 497 (1981), which decided that "the Israeli decision to impose its laws, jurisdictions and administration in the occupied Syrian Golan Heights is null and void and without international legal effect".
- The resolution was introduced by Egypt, and was adopted by recorded vote with 91 in favor, eight against and 62 abstentions.
- **Note:** Syrian Golan is a region in southwest Syria that was occupied by Israeli forces in June 1967

INDIA ABSTAINED FROM VOTING ON UNGA RESOLUTION THAT CALLED FOR HUMANITARIAN TRUCE AND CEASEFIRE IN GAZA (OCT 2023)

- The resolution, titled the "Protection of civilians and upholding legal and humanitarian obligations", proposed by Jordon on behalf of the Arab League and co-sponsored by about 40 countries, was passed in the UNGA on 27th October with 120 votes in favor, 14 including the US and UK against, and 45 abstentions, including India.
- **Reasons given by India:** The resolution didn't include "explicit condemnation" of the 7th of Oct terror attacks on Israel.

UNGA HAS ADOPTED A DRAFT RESOLUTION INTRODUCED BY INDIA TO ESTABLISH A MEMORIAL WALL IN THE UN HEADQUARTERS TO HONOUR FALLEN PEACEKEEPERS (JUNE 2023)

- The resolution introduced by India was titled 'Memorial wall for fallen UN peacekeepers'.
- It was co-sponsored by nearly 190 UN members and was adopted by consensus.

GLOBAL TOURISM RESILIENCE DAY: 17TH FEB

- UNGA Resolution 77/269 (Adopted in Feb 2023)
- The resolution decides to proclaim 17th Feb as Global Tourism Resilience Day, to be observed annually.
- It aims to emphasize the need to foster resilient tourism development to deal with shocks, taking into account the vulnerability of the tourism sector to emergencies.

INTERNATIONAL DAY FOR PREVENTION OF VIOLENT EXTREMISM AS AND WHEN CONDUCIVE TO TERRORISM: 12TH FEB

- **UNGA Resolution 77/243**
- The resolution has declared 12th Feb as the International Day for the Prevention of Violent Extremism as and when conducive to terrorism, in order to raise awareness of the threats linked to violent extremism as and when conducive to terrorism and to enhance international cooperation in this regard.
- The resolution reaffirmed that terrorism and violent extremism as and when conducive to terrorism can't and shouldn't be associated with any religion, nationality, civilization and ethnic group.

UNGA DECLares ACCESS TO CLEAN AND HEALTHY ENVIRONMENT AS UNIVERSAL HUMAN RIGHTS

- The resolution demonstrates that the member states can come together in a collective fight against the triple planetary crisis of climate change, biodiversity loss and pollution.
- It will help reduce environmental injustices, close protecting gaps and empower people, especially those that are in vulnerable situations, including environmental human right defenders, children, youth, women, and indigenous peoples.
- **Note:** A similar text was adopted by UN Human Rights Council in 2021.

UN DECLares MARCH 15 AS THE INTERNATIONAL DAY TO COMBAT ISLAMOPHOBIA (MARCH 2022)

- In March 2022, a resolution proclaiming 15 March as the International Day to Combat Islamophobia was unanimously adopted by the UNGA.
- The resolution was introduced by Pakistan on behalf of the Organization of Islamic Cooperation (OIC).
- The text called for expanded international efforts to create a global dialogue that will encourage tolerance and peace centered on respect for human rights and the diversity of religions and beliefs.
- **India's stand:**
 - India raised concerns over phobia against one religion being raised to the level of an international day, saying that there are growing contemporary forms of religiophobia, especially anti-Hindu, anti-Buddhism and anti-Sikh.

C) UNGA VOTES TO SUSPEND RUSSIA FROM HUMAN RIGHTS COUNCIL (APRIL 2022)

- The General Assembly has the right to suspend the rights of membership in the council of any member that commits gross and systematic violation of human rights. This process requires 2/3rd Majority vote (of those present and voting) by the General Assembly.
- In April 2022, the resolution, '**Suspension of the rights of membership of the Russian Federation in the HRC**' was proposed by a group of countries that included Ukraine, the US, the EU, several Latin American countries and required 2/3rd majority of those present and voting for adoption.
 - » **Note:** Abstentions don't count in the tally of those 'present and voting'.
- UNGA voted, 93 to 24, with 58 abstentions, including **India**, to adopt the resolution suspending Moscow from the UNHRC.
 - » **India** abstained for reasons of "substance and process". Some countries including India were of the view that adopting the resolution would violate due process and impact the credibility of the organization.

2) THE UN SECURITY COUCIL (UNSC)

- **Introduction**
 - » It is one of the six principal organs of UN. It is primarily responsible for maintenance of international peace and security.
 - It achieves this through investigating any dispute which may lead to international friction, regulating armament, peace keeping operations, international sanctions, and authorization of military actions.
 - » The Security Council has a special place among the UN organs as it is the **only organ that has the powers to take binding decisions** that member states have agreed to carry out (Article 25 of UN Charter).
 - » Other crucial functions of UNSC include recommending admission of new members to UN and to recommend to the general assembly the appointment of secretary general and together with the assembly, elect the **judges of the ICJ**.
- **Membership:** The UNSC consists of **15 members**.
 - » Of these **5 members are permanent with veto powers** (USA, UK, France, Russia and China) and **remaining 10 are non-permanent members** who are elected by UNGA (at least 2/3rd votes) on

a regional basis to serve **a term of two years**. Five non-permanent members are elected every year.

- **Regional Groups from which non-permanent members come:**
 - » African group - 54 - 3
 - » Asia-Pacific group - 53 -2
 - » Eastern European - 23 -1
 - » Latin America and Caribbean - 33 - 2
 - » Western European and other groups - 28 - 2
- **Elections:** NP members chosen by regional groups - confirmed by UNGA.
 - A member country needs to secure the votes of **2/3rd of the members present and voting** at the General Assembly session (i.e., minimum 129 votes if all 193 member states participate)
 - **India** has so far been a non-permanent member of the UNSC **eight time**: 1950-51, 1967-68, 1972-73, 1977-78, 1984-85, 1991-92, 2011-12 and 2021-22.
- UNSC members are always present at UNHQ to meet at any time.
- **Presidency** held for a month by a member on rotational basis of English alphabet.

A) DEMANDS FOR REFORMS AND EXPANSION AT UNSC

- **Need of Reform:** Undemocratic; anachronistic; inequitable economic and geographical representation; unfair regional distribution; Weapon exporting countries at the helm; P5 involved in lots of conflict etc.
- **Demands for reforms on 5 key issues.**
 - Categories of membership
 - Veto power.
 - Regional representation
 - Size of the enlarged council and its working methods
 - Security council general assembly relationship

B) G-4 COUNTRIES

They are bidding for permanent membership of UNSC.

- **Germany** - among the largest contributors to UN, most well-functioning economy of Europe
- **Japan**
 - One of the largest contributors
 - Behaved impeccably in international forums since the UN got formed in 1945
- **Brazil** - 5th largest territory, most suitable to represent South American continent
- **India** - 2nd largest population
 - Largest average contributor to UN Peace Keeping force

C) COFFEE CLUB /UNITING FOR CONSENSUS

- Italy, Spain, Argentina, Canada, Mexico, South Korea and Pakistan
- Opposed to G-4 becoming permanent members with a veto power
- Favors expansion of the non-permanent seats with regional representation.

D) AFRICA GROUP

- Demands **two permanent seats**, because of historical injustices.
- Council's agenda largely concentrated on the continent.

E) L69

- It is a group of developing countries from Africa, Latin America and the Caribbean, Asia and Pacific (Small Island Developing States). They form a major bloc that is united by the common cause of achieving the lasting and comprehensive reform of the UNSC by expanding both permanent and non-permanent seats.
 - » It currently has 32 members.
- The group derives its name from the draft document number "L.69" that the group had tabled in 2007-08, which led to the initiation of the Intergovernmental Negotiation (IGN) process.
- **Note:** India is a member of the grouping.

F) REFORMS ARE DIFFICULT BECAUSE OF STRINGENT PROVISIONS

- Reform requires the **agreement of atleast two-third of UN member states** and that of all the P-5 members of UNSC enjoying the Veto right.

G) UN SECRETARY GENERAL (APPOINTMENT PROCESS)

- **How is secretary general chosen?**
 - » Secretary general is appointed by the General Assembly on the recommendation of Security Council.
 - The recommendation of security council should be backed by at least 9/15 votes and no veto by the P-5 countries.
 - » Reappointment of Antonio Guterres:
 - UNSC unanimously recommended his name to UNGA and UNGA appointed Antonio Guterres as the UN Secretary General for a second term beginning Jan 1, 2022, and ending on 31st Dec 2026.
 - » **Note:** There is no term limit applicable to the post, no secretary general has so far been appointed for more than 2 terms.

H) INDIA'S NON PERMANENT MEMBERSHIP (2021-2022) – 8TH OCCASION

- External Affairs Minister S Jaishankar declared India's candidature as non-permanent member of the UNSC for the 2028-29 term.
- **Note:**
 - India has been part of UNSC eight times so far: 1950-1951, 1967-1968, 1972-1973, 1977-1978, 1984-1985, 1991-1992, 2011-2012 and 2021-22.
 - India's last membership (2021-2022) ended on 31st Dec 2022.

NORMS (NEW ORIENTATION FOR REFORMED MULTILATERAL SYSTEM)

- NORMS was India's overarching mission for its eighth term as a non-permanent member of UNSC.
- In this India was guided by five priorities:

- New Opportunities for Progress, Effective Response to International Terrorism, Reforming Multilateral Systems, Comprehensive Approach to International Peace and Security, and Technology with a human touch".
- India has sought reforms in multilateral systems including **UNSC, IMF, WHO**, and others arguing for a more inclusive leadership to make them better as per the changed global realities.

I) WHILE PARTICIPATING IN THE INTER-GOVERNMENTAL NEGOTIATION ON SECURITY COUNCIL REFORM (IGN) IN MARCH 2024, INDIA HAS PRESENTED A DETAILED MODEL ON BEHALF OF THE G4 NATIONS (G4 MODEL) FOR SECURITY COUNCIL REFORM

- **Security Council Membership increase** from current 15 to 25-26, by adding six permanent members and 4 or 5 non permanent members.
 - Among six permanent members, two each are proposed to be from African States, and Asia Pacific States. One from Latin American and Caribbean States; and one from West European and Other States.
 - » The Model says that the member states who should occupy new permanent seats should be decided by the General Assembly in a democratic and inclusive election.
- It also includes flexibility on the veto issue.
 - While the new permanent members would, as a principle, have the same responsibilities and obligations as current members, they shall not exercise the veto until a decision on the matter has been taken during a review.
 - "Nonetheless, we should not allow the veto issue to have a "veto" over the process of Council reform itself. Our proposal is also a gesture of displaying flexibility on the issue for a constructive negotiation".

J) UNSC SANCTIONS

Introduction:

- » The Security Council can take action to maintain or restore international peace and security under Chapter VII of the United Nations Charter. **Sanctions measures, under Article 41,** encompass a broad range of enforcement options that do not involve the use of armed force.
- » **Presently, there are 14 ongoing sanction regimes** which focus on supporting political settlement of conflicts, nuclear-non-proliferation, and counter-terrorism.
- » **Each regime** is administered by a **sanctions committee** chaired by a **non-permanent member** of the Security Council.
 - The committee consist of all members of the UNSC.

- ISIL (Da'esh) and Al-Qaeda Sanctions Regime:

- » The sanction regime was created through **resolution 1267** (in 1999) and was updated by **resolution 1989 (2011)** and **2253 (2015).** It concerns with Al Qaeda, ISIL and associated individual and groups.
- » The **sanctions committee** is also known as **1267/1989/2253 ISIL (Da'esh) and Al-Qaida Sanctions Committee.**

- » This committee allows a UN member state to propose adding of name of terrorist or terror groups to a consolidated list, maintained by the Committee, that has affiliation to Al Qaeda and ISIS.
 - » **Addition of names to the list results into:** An arms ban, A travel embargo and an asset freeze of the individuals and entities.
 - » Asset freeze means that all member states without delay should freeze the funds and other financial assets or economic resources of designated individuals and entities.
- » **Decision of the committee** is reached by consensus -> Thus any member can hold up the decision by raising an objection.
- » **India** has successfully proposed the listing of several terror entities in the past two decades, including Pakistan based Jaish-e-Mohammed (JeM) and Lashkar-e-Taiba.
 - » The LeT chief, **Hafiz Saeed**, and his deputy, **Zaki-ur-Rahman Lakhvi** were both placed on the list after the 26/11 terrorist attacks in Mumbai.
 - » **In May 2019**, In a huge diplomatic win for India, the UN designated Masood Azhar as a "global terrorist" after China lifted its hold on the proposal to blacklist the Pakistan-based Jaish-e-Mohammed chief, a decade after new Delhi approached the world body for the first time on the issue.
 - Earlier China had kept blocking (4 times) Jaish-e-Mohammed Chief Masood Azhar's inclusion under the ISIL and Al Qaida Sanctions List.
 - » In Jan 2023, the Committee has placed **Abdul Rehman Makki**, a fundraiser and key planner of the Pakistan-based-terrorist outfit Lashkar-e-Taiba (LeT), on its sanctions list. It was possible after China withdrew its technical hold that it had imposed in June 2022.

IN JUNE 2023, CHINA BLOCKED A PROPOSAL BY INDIA AND THE US TO DESIGNATE LASHKAR-E-TAIBA (LET) TERRORIST SAJID MIR, WANTED FOR HIS INVOLVEMENT IN THE 26/11 MUMBAI TERROR ATTACKS AS A GLOBAL TERRORIST UNDER 1267 SANCTIONS COMMITTEE OF THE SECURITY COUNCIL

K) UNSC COUNTER-TERRORISM COMMITTEE (UNSC-CTC)

ABOUT UNSC-CTC

- The United Nations Security Council Counter-Terrorism Committee (UNSCCT) was established in 2001 following the 9/11 terrorist attacks in the United States.
- Its mandate is to monitor the implementation of Security Council Resolution 1373, which requires all UN member states to take steps to prevent and combat terrorism.
 - » The UNSCCTC is responsible for assessing the capacity of member states to implement measures to prevent and combat terrorism, and for providing technical assistance to countries in need.
 - » It also works to facilitate international cooperation and coordination in the fight against terrorism.
- The Committee **comprises all 15 members of the UNSC**, and it is supported by a Counter-Terrorism Committee Executive Directorate (CTED), which provides technical assistance and conducts assessments of member states' compliance with Resolution 1373.

RESOLUTION 1373:

- Resolution 1373 was adopted by UNSC in 2001
- It prevents and suppresses the financing of terrorist acts.
- It criminalizes the wilful provision or collection, by any means, directly or indirectly, of funds by their nationals or in their territories with the intention that the funds should be used to carry out terrorist acts.

3) THE TRUSTEESHIP COUNCIL

- Made up of P5.
- To promote the advancement of the inhabitants of Trust Territories and their progressive development towards self-government or independence.
- With the independence of Palau, a resolution was adopted in 1992 through which the Trusteeship Council amended its rules of procedure to drop the obligation to meet annually and agreed to meet as occasion required.
 - » Its future role and existence remain uncertain.
- Presently there are no trust territories.

4) ECONOMIC AND SOCIAL COUNCIL (ECOSOC)

- The ECOSOC is one of the six principal organs of the UN System established by the UN Charter in 1945. It consists of 54 members of the UN elected by General Assembly.
- Responsible for coordinating the economic, social, and related work of the UN specialized agencies, their functional commissions and five regional commissions.
- Identifying solutions to international economic, social and health problems
- Facilitating international cultural and educational cooperation
- Encouraging universal respect for human rights and fundamental freedoms
- **Specialized Agencies**
 - » These specialized agencies are autonomous organizations working with the United Nations and each other inter alia through the coordinating machinery of the Economic and Social Council
 - i. International Labour Organization (ILO)
 - ii. Food and Agricultural Organization (FAO)
 - iii. United Nations Education, Scientific and Cultural Organization (UNESCO)
 - iv. World Health Organization (WHO)
 - v. World Bank Group
 1. International Bank for Reconstruction and Development
 2. International Development Association
 3. International Finance Cooperation
 4. Multilateral Investment Guarantee Agency
 5. International Centre for Settlement of Investment Disputes
 - vi. International Monetary Fund (IMF)
 - vii. International Civil Aviation Organization (ICAO)
 - viii. International Maritime Organization (IMO)
 - ix. International Telecommunication Union (ITU)
 - x. Universal Postal Union (UPU)

- xi. World Meteorological Organization (WMO)
- xii. World Intellectual Property Organization (WIPO)
- xiii. International Fund for Agricultural Development (IFAD)
- xiv. United Nations Children's Fund (UNICEF)
- xv. United Nations High Commissioner for Refugees (UNHCR)
- xvi. United Nations Industrial Development Organization (UNIDO)
- xvii. United Nations Development Program (UNDP)
- xviii. United Nations Office of Project Services (UNOPS)
- xix. International Narcotics Control Board (INCB)
- xx. United Nations Environment Programme (UNEP)

5) THE INTERNATIONAL COURT OF JUSTICE (ICJ)

- It is the principal judicial organ of the United Nations (UN).
- **History:** ICJ was established in June 1945 by the charter of the UN and began work in April 1946.
- The **Seat** of the court is at the Peace Palace in The Hague (Netherlands).
 - » Of the six principal organs of the United Nations, it is the only one not located in New York.
- **Role:** The courts role is to settle, in accordance with the international law, legal disputes submitted to it by the states and to give advisory opinions on legal questions referred to it by authorized UN organs and specialized agencies.
- **Structure:**
 - » The court is composed of **15 judges**, who are elected for terms of office of nine years by the UNGA and UNSC by absolute majority, 1/3 elected every three years, not more than one national of the same state.
 - Elections requires **2/3rd majority at UNGA** and **9/15 votes at UNSC**.
 - » Its official languages are English and French.
 - » **Ad-hoc judges** - If a party to a contentious case doesn't have one of that party's nationals sitting on the Court, it can select one additional person to sit as a judge on that case only.
- **Jurisdiction**
 - » **Contentious Issues**
 - In contentious cases (adversarial proceedings seeking to settle a dispute), the ICJ produces a binding ruling between states that agree to submit to the ruling of the court. **Only states may be party** in the contentious cases.
 - Individual, corporations, parts of federal states, NGOs, UN organs and self-determination groups are excluded from direct participation in cases, although the court may receive information from public international organizations.
 - This doesn't preclude non-state interests from being the subject of proceedings if one state brings the case against another.
 - » **Advisory Opinion**

- A function of court **only to specialized UN bodies and agencies**. Advisory Opinion is a means by which UN agencies could seek the court's help in deciding complex legal issues that might fall under their respective mandates.
- Only consultative in character but are influential and widely respected.

- **Source of Law**

- International treaties and conventions in force, international custom, general principles of law and judicial decisions and the teachings of the most highly qualified publicists Jurisdiction on Advisory proceedings - are open solely to the five organs of the UN and to 16 specialized agencies of the UN family.

6) THE SECRETARIAT

- Day to day work of the organization is done by the secretariat.
- It services other principal organs of the UN and administers the programs and policies laid down by them.
 - » Administering **peace keeping operations**
 - » Mediating international disputes
 - » **Surveying** economic and social trends and problems
 - » **Preparing studies** of human rights and sustainable development and so on.
- It is **organized along the departmental lines**, with each department or office having a distinct area of action and responsibility.
 - » For e.g., Department of Peace Operations (DPO) provides political and executive directions to UN Peacekeeping operations around the world and maintains contact with the security council.
- The Secretariat is **headed by Secretary General**, who is also the de facto spokesperson and leader of the UN. She is appointed by General Assembly on the recommendation of security council for a five-year renewable term.



TARGET PRELIMS 2024

BOOKLET-32

INTERNATIONAL BODIES-2

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1. OTHER UN BODIES

1) UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT (UNCTAD)

- UNCTAD is a permanent inter-governmental body established by the United Nations General Assembly in 1964. It is part of the UN Secretariat and reports to UNGA and ECOSOC. It has its own membership, leadership and budget. It is also part of United Nations Development Group.
- It is headquartered in Geneva.
- **Functions**
 - » UNCTAD support developing countries to access the benefits of a globalized economy more fairly and effectively. It also equips them to deal with potential drawbacks of greater economic integration.

A) REPORT: INVESTMENT TREND MONITOR

B) REPORT: COMMODITIES AND DEVELOPMENT REPORT

C) REPORT: WORLD INVESTMENT REPORT

D) REPORT: TRADE AND DEVELOPMENT REPORT 2023

- The report projects world economic growth to slow from 3% in 2022 to 2.4% in 2023 with few signs of rebound next year.
 - It says that most regions will see significant slow down.
- Tighter Monetary Policy has so far contributed little to ease pressure.
- Economic inequality remains a significant challenge.
- Prospects of meeting the SDGs by 2030 is fading as a combination of rising interest rates, weakening currencies and slowing growth prospects is putting a lot of pressure of fiscal situation

E) OTHER REPORTS BY UNCTAD

- Least Developed Countries Report
- E-Commerce Development Report
- Review of Maritime Transport
- Technology and Innovation Report

2) UNITED NATIONS DEPARTMENT OF ECONOMIC AND SOCIAL AFFAIRS (UNDESA)

- UNDESA is part of the UN Secretariat and holds its developmental pillar.
- Formed in 1948.
- Headquartered in New York City.
- It is also a member of United Nations Development Group.

- It is responsible for taking follow-up to major UN Summits, Services to UN ECOSOC, Services to second and third committee of the UNGA etc

A) SUSTAINABLE DEVELOPMENT GOAL (SDG) REPORT, 2023

- The report monitors global progress on SDG.
- The SDG Report 2023: Special Edition provides a powerful call to action, presenting a candid assessment of the SDGs based on the latest data and estimates.
- While highlighting the existing gaps and urging the world to redouble its efforts, the report emphasizes the immense potential for success through strong political will and the utilization of available technologies, resources, and knowledge.

B) REPORT: WORLD POPULATIONS PROSPECTS

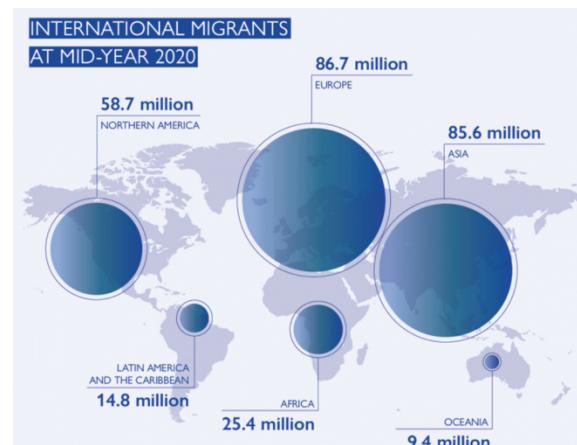
- Biannual Report
- The **2022 Revision of World Population Prospects** is the twenty-seventh edition of official United Nations population estimates and projections that have been prepared by the Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat.
- It presents population estimates from 1950 to the present for 237 countries or areas, underpinned by analyses of historical demographic trends.
- This latest assessment considers the results of 1,758 national population censuses conducted between 1950 and 2022, as well as information from vital registration systems and from 2,890 nationally representative sample surveys
- The 2022 revision also presents population projections to the year 2100 that reflect a range of plausible outcomes at the global, regional, and national levels.
- The report estimated that India will surpass China's population in 2023.
 - **Note:** According to the UN data, India has surpassed China to become world's most populous nation with 142.86 crore people. China has a population of 142.57 crore (April 2023)

C) REPORT: WORLD ECONOMIC SITUATION AND PROSPECT REPORT, 2024

- The report presents an outlook for the global economy and underscores the importance of global cooperation and prudent policies to lift global growth.

D) INTERNATIONAL MIGRATION STOCK: 2020

- **Total number of international migrants in the world:** 281 million (2020) [248 million in 2015, 220 million in 2010 etc.]
- **COVID-19** has negatively hampered the international migrations.
 - **European region** hosted highest number of migrants followed by Asia and North America.
 - **USA** has the highest number of migrants (more than 50 million)



E) OTHER REPORTS:

- State of World's indigenous people
- The World's Women Report

3) INTERNATIONAL LABOUR ORGANIZATION (ILO)

- **Introduction:**
 - » It is a UN agency dealing with labour issues, particularly international labour standards, social protection, and work opportunities for all. ILO registers complaints against entities that are violating international rules; however, it does not impose sanctions on governments.
 - » It came into existence in 1919 and India is a founder member.
- **Membership:** ILO has 187 member states (186 of the 193 UN members plus the Cook Islands are members of the ILO)
- **Headquarters – Geneva**
- **Functions**
 - » To adapt international conventions for welfare of people
 - » To watch the progress of their implementation
 - » To undertake extensive research work and advisory activities in the field of labour welfare
 - » To extend technical assistance to governments

A) REPORT: WORLD EMPLOYMENT AND SOCIAL OUTLOOK

B) OTHER REPORTS BY ILO

- » World Social Protection Report
- » World Wage Report
- » World of Work report
- » Global Employment trend
- » Youth employment

C) ADVANCING SOCIAL JUSTICE (JUNE 2023)

- **Decent jobs:** Not just any jobs. The ILO advocates investment in decent and green job opportunities, skills development, and economies that promote sustainable livelihoods.
- **Social Dialogues:** Strong and independent workers and employers' organization are central to increasing productivity, resolving world of work disputes, and helping build cohesive societies.

4) IMPORTANT ILO CONVENTIONS

- The **8 fundamental Conventions:** The ILO's governing body has identified 8 conventions as "fundamental" covering subjects that are considered as fundamental principles and rights at work:
 1. Freedom of Association and Protection of Right to Organize Convention, 1948
 2. Right to Organize and collective bargaining convention, 1949
 3. Forced Labour Convention, 1930
 4. Abolition of Forced Labor Convention, 1957
 5. Minimum Age Convention, 1973
 6. **Worst Form of Child Labor Convention, 1999** - Convention No - 182
 - It calls for prohibition and elimination of the worst form of child labour, including slavery, forced labour and trafficking. It prohibits the use of children in armed conflict, prostitution, pornography, and illicit activities such as drug trafficking, and in hazardous work.
 - In Aug 2020, this convention achieved **universal ratification** i.e. **all 187 member states of ILO have ratified** the convention. This is the **first ILO convention** to get ratification by **all members**. This was achieved by the ratification by the Kingdom of Tonga.
 - Its universal ratification means that **all children now have legal protection against the worst form of child labor**. It reflects a global commitment that the worst form of child labour, such as slavery, sexual exploitation, the use of children in armed conflict or other illicit or hazardous work that compromises children's health, morals or psychological wellbeing, have no place in our society.
 7. Equal Remuneration Convention, 1951
 8. Discrimination (Employment and Occupation) Convention, 1958
- **India has, in June 2017,** ratified, Minimum Age Convention, 1973 and Worst Form of Child Labor Convention, 1999. With this India has ratified 6 of the 8 conventions. The two conventions which India hasn't ratified yet are:
 1. Freedom of Association and Protection of Rights to Organize Convention (No 87)
 2. Right to Organize and Collective Bargaining Convention (no 98)

A) OTHER CONVENTIONS: INTERNATIONAL SEAFARER'S IDENTITY DOCUMENTS CONVENTION, 2003

- Provides a globally recognized seafarers identity card

5) OTHER ILO RELATED FACTS USEFUL FOR PRELIMS

- **Alliance 8.7**
 - » This is a global partnership for which the ILO provides the secretariat. This alliance brings together various partners and countries to coordinate, innovate and accelerate progress to end child labor, forced labor, human trafficking and modern slavery.

- » **Note:** "Ending child labour by 2025 in all its forms" is included under Target 8.7 of the SDG.
- **International Year for Elimination of Child Labor: 2021**
 - » Led by ILO in collaboration with partners.
 - » It aims to raise awareness of the issue and to help accelerate the pace of progress

6) FOOD AND AGRICULTURE ORGANIZATION (FAO)

- FAO is a specialized agency of the UN that leads international efforts to defeat hunger. Its parent organization is UN Economic and Social Council (ECOSOC).
- **Headquarters** - Rome Italy; Motto: "*Let there be bread*".
 - » **Goal** of FAO is to achieve food security for all and make sure that people have regular access to enough high-quality food to lead active, healthy lives.
- **Extent of Work:** It has more than 194 member states and work in over 130 countries worldwide.
- **Functions**
 - » Discussion Forum: Source of Knowledge and information - and helps developing countries and countries in transition modernize and improve agriculture, forestry, and fishery practices ensuring good nutrition, and food security for all.
 - » To continuously review the food and agriculture position of the world
 - » To undertake research with a view to devise new techniques and methods to improve the production of food.
 - » To eradicate animal diseases and to control pests.

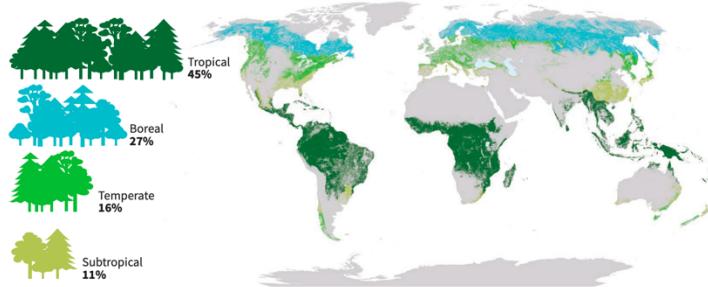
A) REPORT: STATE OF FOOD AND AGRICULTURE (SOFA):

B) REPORT: THE STATE OF FOOD SECURITY AND NUTRITION IN THE WORLD

C) REPORT: GLOBAL FOREST RESOURCE ASSESSMENT

- FAO brings out this report every five year (last in 2020)
- **Key Highlights**
 - » **Total Forest Area** in the world is **4.06 billion hectares**, which is 31% of the total area.
 - » **Geographical distribution:**
 - **Tropical domain** has the largest proportion of the world's forests (45%), followed by **boreal (27%)**, **temperate (16%)**, and **subtropical (11%)**.

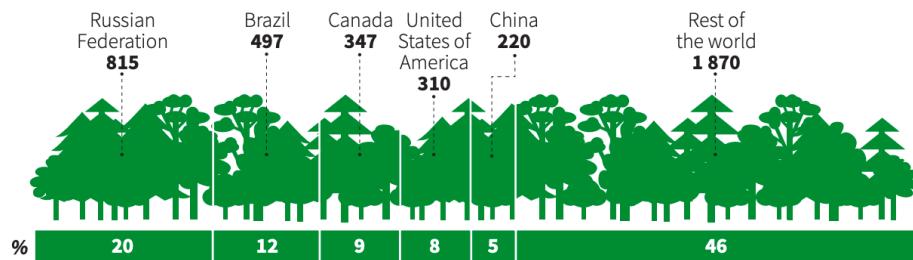
Proportion and distribution of global forest area by climatic domain, 2020



Source: Adapted from United Nations World map, 2020.

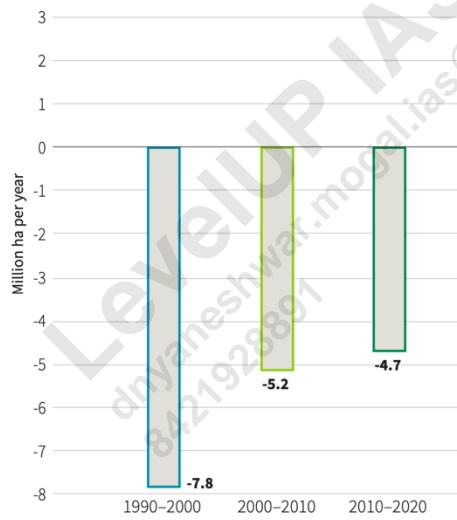
- 5 countries contribute to 54% of the world's forests - Russia, Brazil, Canada, USA, and China.

Top five countries for forest area, 2020 (million ha)



- The world has **lost 178 million hectares** of forest since 1990, which is an area about the size of Libya.
 - The rate of net forest loss decreased substantially over the period 1990-2020 due to a reduction in deforestation in some countries, plus increase in forest area in others through afforestation and natural expansion of forests.

Global annual forest area net change, by decade, 1990–2020



- **More than 700 million ha (18% of total)** of forests is legally established protected areas.
- **Primary Forests** account for **1 billion Ha**.
 - Primary forests are forests composed of native species in which there are no clearly visible indications of human activities and the ecological processes haven't been significantly disturbed.
- **More than 2 billion Ha of forests** has **management plans**.
- **Key Highlights About India**

- India has ranked third among the top 10 countries that have gained in forest areas in the last decade [China > Australia > India]
- Asian continent reported the highest net gain in forest area in 2010-2020.

7) OTHER IMPORTANT INITIATIVES BY FAO

A) INTERNATIONAL DAY OF AWARENESS OF FOOD LOSS AND WASTE: 29 SEP

B) FOOD LOSS INDEX (FLI)

- To monitor SDG Target 12.3, FAO has created the Food Loss Index. The focus on the indicator is on percentages of food removed from the supply chain.
- **About SDG 12 and 12.3**
 - SDG 12 seeks to “**ensure sustainable consumption and production patterns.**”
 - *SDG 12.3: “By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses”*

C) WORLD FOOD DAY: 16TH OCTOBER

- In the honor of date of founding of FAO in 1945.
- It is celebrated as a day of action dedicated to tackling global hunger. The day is celebrated by many other organizations concerned with food security, including the World Food Program and the International Fund for Agricultural Development.

D) WORLD SOIL DAY: 5TH DEC

- WSD is held annually on 5th Dec as a mean to focus attention on the importance of healthy soil, and to advocate for the sustainable management of soil resources. In 2013, UNGA designated 5th Dec 2014 as the first official World Soil Day.
- **Why 5th Dec?**
 - The date of 5th December was chosen because it corresponds to the official birthday of the late H.M. King Bhumibol Adulyadej, King of Thailand, who was one of the main proponents of the initiative.

8) WORLD FOOD PROGRAM (WFP)

- **Details about World Food Program**
 - » The WFP is the leading humanitarian organization saving lives and changing lives, delivering food assistance in emergencies, and working with communities to improve nutrition and build resilience.
 - » It was **founded in 1961** and has his headquarter in Rome with offices in 80 countries.
 - In 1965, after the agency had proved its worth by contributing to alleviating multiple crisis, it was enshrined as a full-fledged UN Program.

- **Funding**
 - WFP operations are funded by voluntary donations principally from governments of the world, and also from **corporations and private sector**.
 - In 2019, it received a fund of \$8 billion of which the largest donors were USA and Germany.
- **Nobel Peace Prize for WFP:** For its efforts to **combat hunger**, for its contribution to **bettering conditions for peace in conflict-affected areas** and for acting as a **driving force in efforts to prevent the use of hunger as a weapon of war and conflict**, WFP was awarded the **Nobel Peace Prize in 2020**
- **WFP and India**
 - WFP has been working in India since 1963.
 - It has focused on reforms in the Targeted PDS. It also provides policy inputs, advocacy and technical assistance for improving access to food.
 - It has also completed a pilot on rice fortification used in government's mid-day-meal in Varanasi.

9) GLOBAL NETWORK AGAINST FOOD CRISIS (GNAFC)

- GNAFC is an alliance of humanitarian and development actors united by the commitment to tackle the root cause of food crises and promote sustainable solutions through coordination.
- It was launched by EU, FAO, and WFP during the 2016 World Humanitarian Summit (WHS) to respond to the WHS' s call for new approaches to tackle protracted crisis and recurrent disasters, reduce vulnerability, and manage risk, by bridging the divide between development and humanitarian partners.
- It works towards achieving the zero-hunger goal of the SDG 2030

A) REPORT: GLOBAL REPORT ON FOOD CRISIS (GRFC), 2023

- Published by the Food Security Information Network (FSIN) in support of Global Network against food crisis.
- The report for 2023 highlights the number of people experiencing acute food insecurity and requiring urgent food and livelihood assistance is on rise.
- In 2022, around 258 million people across 58 countries and territories faced acute food insecurity at crisis or worse levels, (up from 193 people in 53 countries and territories in 2021).

About Food Security Information Network: It is a technical platform for the exchange of expertise, knowledge and best practices on food security and nutrition analysis. It is sponsored by FAO, WFP, and IFPRI.

10) UNITED NATIONS CHILDREN'S FUND (UNICEF)

- **History of UNICEF**
 - United Nations International Children's Emergency Fund (UNICEF) was created by UNGA in 1946 to provide emergency food and healthcare to children and mothers in countries that had been devastated by World War II.

- In 1950, its mandate was extended to address the long-term need of children and women in developing countries everywhere.
- In 1953, this organization became permanent part of the UN system, and the current name was adopted (though older acronym was continued)

- **Current Details**

- UNICEF works in over 190 countries and territories to save Children's lives, to defend their rights, and to help them fulfil their potential, from early childhood through adolescent.
- **Headquarters:** New York City, USA

A) REPORT: UNICEF'S FLAGSHIP PUBLICATION - "THE STATE OF THE WORLD'S CHILDREN

B) CLIMATE CHANGED CHILD: A CHILDREN'S CLIMATE RISK INDEX SUPPLEMENT (2023)

- Children are particularly vulnerable to climate change. Their bodies and minds are uniquely vulnerable to the impacts of climate change such as pollution, deadly diseases, and extreme weather.
- Killer children disease are spreading more.
- Children are more likely to suffer from air pollution than adults.
- Infants and young children are less able to regulate their body temperature
- Child malnutrition is worsened by crop failure.
- 40 million children are having their education disrupted
- Extreme heat is associated with an increase in mental health problems.

C) CHILDREN DISPLACED IN CHANGED CLIMATE (OCT 2023)

- The report notes that there were 43.1 million international displacements of children linked to weather-related disasters over a six-year period - the equivalent to approximately 20,000 child displacement per day.
- Almost all - 95% - of the recorded child displacements were driven by floods and storms.

D) UNICEF CRYPTO FUND

- Launched in 2019, it is the first crypto currency dominated financing vehicle within the UN. In fact, it is the first use of cryptocurrency, without converting to local currency (known as fiat) in the UN system.
- **Advantages:**
 - » UNICEF's ability to hold, receive and invest in cryptocurrency through the Crypto Fund has allowed us to expand services and opportunities for people around the world.
 - » Dramatic increase in the efficiency and transparency of investments by UNICEF

11) UNITED NATIONS EDUCATIONAL, SCIENTIFIC, AND CULTURAL ORGANIZATION (UNESCO)

- It is a specialized agency of UN under ECOSOC which is aimed at **promoting world peace and security** through **international cooperation in education, the sciences, and culture**. It was founded in 1945 and is headquartered in Paris. It acts as a catalyst for far-reaching and important environmental and sustainable development initiatives.

A) UNESCO INITIATIVES: UNESCO CREATIVE CITIES NETWORK

- **Why in news?**
 - Kozhikode (Kerala) and Gwalior in MP have been added to the prestigious creative cities list of UNESCO for contributions in the fields of literature and music respectively (Nov 2023)
- **About the Network**
 - The UNESCO Creative Cities Network (UCCN) was created in 2004 to promote cooperation with and among cities that have identified creativity as a strategic factor for sustainable development.
 - **The cities** which currently make up this network work together towards a common objective: placing creativity and cultural industries at the heart of their development plans at the local level and cooperating actively at the international level.
 - All over the world, these cities, each in its way, make culture the pillar, not an accessory, of their strategy.
 - **As of Nov 2023, UCCN** counts 350 cities in more than 100 countries, representing 7 creative fields.
 - Crafts & Folk Art
 - Design
 - Film
 - Gastronomy
 - Literature
 - Music
 - Media Arts
- **Indian Cities** which are in the list are:
 - Jaipur (**2015**) is designated as a Creative City of **Crafts & Folk Arts**.
 - Varanasi (**2015**) and Chennai (**2017**) are designated as a Creative City of **Music**
 - Hyderabad (**2019**): Creative City of **Gastronomy**
 - Mumbai (**2019**): Creative City of **Films**
 - Srinagar (**2021**): Creative City of Crafts and Folk Art.
 - Kozhikode (**2023**): Literature
 - It is the first city in India to get added in prestigious literature category.
 - The city has long history of hosting various literary events, such as the Kerala Literature Festival, which is one of the largest literary gathering in Asia. The city also is home to 500 libraries.
 - Gwalior (**2023**): Music
 - The city is regarded as the birthplace of Tansen, one of the greatest musician and composer in Indian history.
 - The city is also the origin of the 'Gwalior Gharana' the oldest and the most influential school of the Hindustani Classical Music

- The city also hosts Tansen Sangeet Samaroh, which attracts thousands of music lovers and artists from across the country.

B) UNESCO INITIATIVES: INTERNATIONAL NETWORK OF GEO-PARKS

- UNESCO Global Geo-parks are single, unified geographical sites and landscape of international geological significance. These are managed with a holistic concept of protection, education and sustainable development.
- There bottom up approach of combining conservation with sustainable development while involving local communities is becoming increasingly popular.
- **How many UNESCO Global Geo-parks (UGGp) are there?**
 - At present there are 195 territories from 48 nations.
- **Beginning of the program**
 - UNESCO's work with geoparks started in 2001. In 2004, 17 European and 8 Chinese geoparks came together at UNESCO headquarters in Paris to form the **Global Geopark Network (GGN)**.
 - IN 2015, the 195 member states of UNESCO ratified the creation of a new label, the UNESCO Global Geoparks, during 38th general conference of the organization.
 - This expressed governmental recognition of the importance of managing outstanding geological sites and landscapes in a holistic manner.
- **The Geopark tag is akin to that of a 'World Heritage Site' for historical monuments.**
- **Is a UNESCO's Global Geopark only about geology?**
 - No, while a UNESCO Global Geopark must demonstrate geological heritage of international significance, the purpose is to explore, develop and celebrate the links between that geological heritage and all other aspects of the area's natural, cultural and intangible heritages.
- **Once a UNESCO Global Geopark, always a UNESCO Global Geopark?**
 - No
 - A UNESCO Global Geopark is given this designation for a period of four years after which the functioning and quality of each UNESCO Global Geopark is thoroughly re-examined during a re-validation process.
- **Pre-requisite for getting Geo-Park Status**
 - An aspiring Geopark must have a dedicated website, a corporate identity, comprehensive management plan, protection plans, finance and partnerships for it to be accepted.

- **India:** No Geoparks recognized by UNESCO yet (April 2023)
 - » **Important Sites which have been considered:**

BAGH IN MADHYA PRADESH IS AWAITING UNESCO RECOGNITION AS INDIA'S FIRST GLOBAL GEOPARK (NOV 2022)

- **About Bagh:** It is a region in Madhya Pradesh's Dhar district and is adorned with Buddhist caves. The caves here date back to 4th-6th century CE and the walls are covered with precious Buddhist work.
- **Bagh** also is home to fossils of dinosaurs to giant gymnosperms to prehistoric sharks. Thanks to these resources unearthed, a portion of Bagh has now been declared as Dinosaur Fossil National Park. It is considered among ASIA's oldest dinosaur sites.
- India's leading palaeontologists and geologists have gathered at the Dinosaur Fossil National Park in Bagh, based in the Dhar division of MP, to prepare a dossier for UNESCO's coveted Geopark tag.
- In 2018, Geological Survey of India had chosen heritage locations in Maharashtra and Karnataka for UNESCO site Status

LONAR CRATER LAKE - AN ANCIENT CIRCULAR LAKE CREATED BY METEORITE STRIKE IN MAHARASHTRA

- It got National geo-heritage tag in 1979.
- It is relatively young geo-logically, just about 50,000 years old.
- A meteorite estimated to weigh two-million-tonnes slammed into the Earth, creating a 1.83-km diameter crater where the lake formed. It is distinguished by a near-perfect, circular ejecta blanket, which refers to earth thrown up during the collision, around it.



ST. MARY'S ISLANDS AND MALPE BEACH IN COASTAL KARNATAKA

- It is estimated to be an 88-million year old formation that goes back to a time when greater India broke away from Madagascar (continental drift phase). This archipelago consist of a group of four little islands of volcanic origin.
- This archipelago is very high on geological importance and it is also one of the important historical places of Indian civilization.
- Note: St Mary's island was declared a National geo-heritage site in 1975.

C) UNESCO'S MAN AND BIOSPHERE PROGRAM –DONE WITH ENVIRONMENT

D) UNESCO INITIATIVES: INTANGIBLE CULTURAL HERITAGE/ MASTERPIECE OF THE ORAL AND INTANGIBLE HERITAGE OF HUMANITY

- **Why in news?**
 - Garba dance from Gujarat becomes the 15th cultural item from India to make it to UNESCO's Intangible Cultural Heritage List (Dec 2023)
- **About Intangible Cultural Heritage**
 - An intangible cultural heritage is a practice, representation, expression, knowledge, or skill as well as instruments, objects, artifacts, and cultural spaces that are considered by UNESCO to be part of a place's cultural heritage. It is sometimes called the living cultural heritage.
 - It focuses on intangible aspects of culture.
- **About Convention for the Safeguarding of the Intangible Heritage, 2003**
 - It is an international treaty signed in 2003, acknowledging that cultural heritage is more than tangible places, monuments and objects. It also encompasses traditional and living expressions.
- **Intergovernmental Committee of UNESCO's 2003 Convention**
 - The Intergovernmental Committee of the 2003 Convention consists of 24 members and is elected in the General Assembly of the Convention according to the principle of equitable geographical representation and rotation.
 - **Core Functions** of the Committee:
 - » Promoting the Objective of the Convention
 - » Providing guidance on best practices
 - » Making recommendations on measures for safeguarding of intangible cultural heritage.
 - The committee also examines the requests submitted by State Parties for the inscription of intangible heritage on the lists as well as proposals or programs and projects.
 - India has been elected as a member of the Intergovernmental Committee of UNESCO's 2003 Convention for the Safeguarding of the Intangible Cultural Heritage for the 2022-26 cycle.
 - In the past India has served as a member in two stints - 2006 - 2010 and 2014-18.
 - The elections took place during the 9th general assembly of the 2003 Convention held at UNESCO headquarters, Paris, from 5th to 7th July 2022.
- **India** ratified the convention in Sep 2005.
- **Intangible Cultural Heritages of India:** So far, 15 Intangible Cultural Heritage (ICH) elements from India have been inscribed till date on the UNESCO's List of the Intangible Cultural Heritage of Humanity.
 - **How is an element included in this list?**
 - Nomination by a state party. (In India, Ministry of culture has appointed the Sangeet Natak Akademi, as nodal office for matters relating to preparation of the nomination dossiers for UNESCO.
- **Elements inscribed from India so far include:**

| S.No. | ICH Element | Year _____ of Inscription |
|-------|-------------|------------------------------|
| | | |

| | | |
|-----|---|------|
| 1. | Tradition of Vedic chanting | 2008 |
| 2. | Ramlila , the traditional performance of the Ramayana | 2008 |
| 3. | Kutiyattam , Sanskrit theatre | 2008 |
| 4. | Ramman , religious festival and ritual theatre of the Garhwal Himalayas, India | 2009 |
| 5. | Mudiyettu , ritual theatre and dance drama of Kerala | 2010 |
| 6. | Kalbelia folk songs and dances of Rajasthan | 2010 |
| 7. | Chhau dance | 2010 |
| 8. | Buddhist chanting of Ladakh : recitation of sacred Buddhist texts in the trans-Himalayan Ladakh region, Jammu and Kashmir, India | 2012 |
| 9. | Sankirtana , ritual singing, drumming and dancing of Manipur | 2013 |
| 10. | Traditional brass and copper craft of utensil making among the Thatheras of Jandiala Guru, Punjab, India | 2014 |
| 11. | Yoga | 2016 |
| 12. | Nawrouz , Novruz, Nowrouz, Nowrouz, Nawrouz, Nauryz, Nooruz, Nowruz, Navruz, Nevruz, Nowruz, Navruz | 2016 |
| 13. | Kumbh Mela | 2017 |
| 14. | Durga Puja in Kolkata | 2021 |
| 15. | Garba of Gujarat | 2023 |

- **National List for Intangible Cultural Heritage**

- It is an attempt to recognize the diversity of Indian culture embedded in its intangible heritage. It aims to **raise awareness** about the various intangible heritage elements from different states of India at national and international level to ensure their protection.
- **Detailed list is provided in the below link**. Please cover it properly
 - <https://www.indiaculture.nic.in/national-list-intangible-cultural-heritage-ich>



TARGET PRELIMS 2024

BOOKLET-33

INTERNATIONAL BODIES-3

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1. UN BODIES – CONTINUE

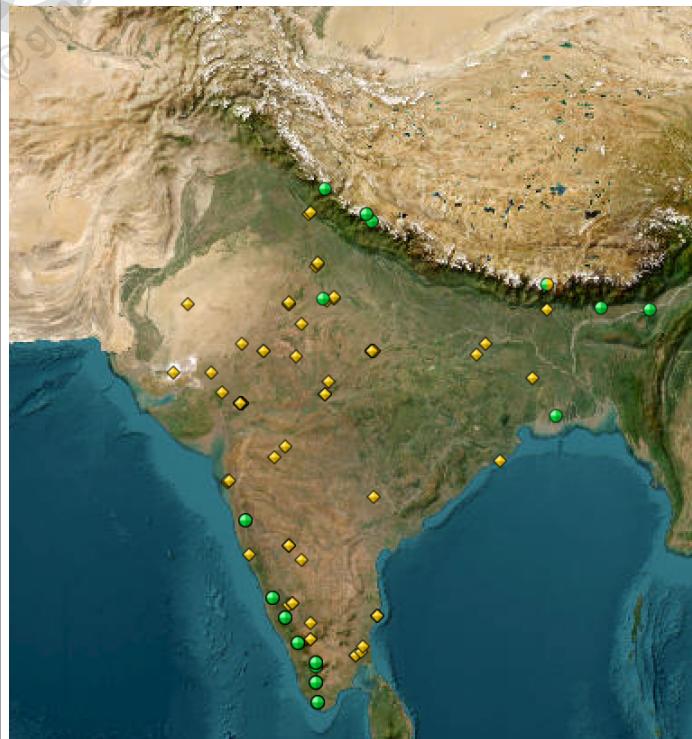
1) UNESCO

A) WORLD HERITAGE SITES

- The UNESCO seeks to encourage the identification, protection and preservation of cultural and natural heritage around the world considered to be of outstanding value to humanity. This is embodied in an international treaty called the **Convention concerning the Protection of the World Cultural and Natural Heritage**, adopted by UNESCO in 1972.
 - » The Convention also established the **World Heritage Committee** within UNESCO. It is composed of 21 state parties elected by UNGA.
 - **Note:** India is currently a member of the World Heritage Committee for its fourth term (2021-25).
- **10 Criteria for inclusion in World Heritage list.**
 - » Up to 2004 there were six criteria for cultural heritage site and four criteria for the natural heritage site.
 - » In 2005 this was modified so that, now only one set of ten criteria.
 - » Nominated sites must be of "outstanding universal value" and meet atleast one of the ten criteria.
- **World Heritage sites in India**
 - There are 42 (34 cultural, 7 natural and 1 mixed) world heritage sites in India as of March 2024.

Cultural 34

- Agra Fort (1983)
- Ajanta Caves (1983)
- Archaeological Site of Nalanda Mahavihara at Nalanda, Bihar (2016)
- Buddhist Monuments at Sanchi (1989)
- Champaner-Pavagadh Archaeological Park (2004)
- Chhatrapati Shivaji Terminus (formerly Victoria Terminus) (2004)
- Churches and Convents of Goa (1986)
- Dholavira: a Harappan City (2021)
- Elephanta Caves (1987)
- Ellora Caves (1983)
- Fatehpur Sikri (1986)
- Great Living Chola Temples (1987, 2004)
- Group of Monuments at Hampi (1986)
- Group of Monuments at Mahabalipuram (1984)
- Group of Monuments at Pattadakal (1987)
- Hill Forts of Rajasthan (2013)
- Historic City of Ahmadabad (2017)



- Humayun's Tomb, Delhi (1993)
- Jaipur City, Rajasthan (2019)
- Kakatiya Rudreshwara (Ramappa) Temple, Telangana (2021)
- Khajuraho Group of Monuments (1986)
- Mahabodhi Temple Complex at Bodh Gaya (2002)
- Mountain Railways of India (1999, 2005, 2008)
- Qutb Minar and its Monuments, Delhi (1993)
- Rani-ki-Vav (the Queen's Stepwell) at Patan, Gujarat (2014)
- Red Fort Complex (2007)
- Rock Shelters of Bhimbetka (2003)
- Sacred Ensembles of the Hoysalas (2023)
- Santiniketan (2023)
- Sun Temple, Konârak (1984)
- Taj Mahal (1983)
- The Architectural Work of Le Corbusier, an Outstanding Contribution to the Modern Movement (2016)
- The Jantar Mantar, Jaipur (2010)

- Victorian Gothic and Art Deco Ensembles of Mumbai (2018)

Natural 7

- Great Himalayan National Park Conservation Area (2014)
- Kaziranga National Park (1985)
- Keoladeo National Park (1985)
- Manas Wildlife Sanctuary (1985)
- Nanda Devi and Valley of Flowers National Parks (1988, 2005)
- Sundarbans National Park (1987)
- Western Ghats (2012)

Mixed 1

- Khangchendzonga National Park (2016)

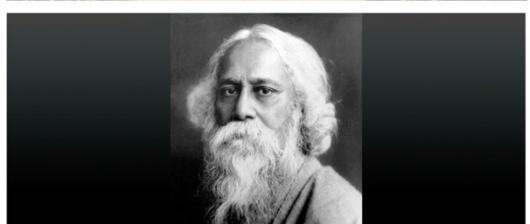
- Santiniketan in WB has been declared India's 41st World Heritage Site (Sep 2023)

Santiniketan is situated in a rural location in WB, and is associated with the work and philosophy of Rabindranath Tagore, a world famous poet, artist, musician, and philosopher and a recipient of the Nobel Prize in Literature (1913).

The site was established as an Ashram and was given its name in 1863 by Tagore's father Debendranath Tagore. In 1901, Rabindranath Tagore began its transformation to a residential school and centre for art, based on the ancient Indian tradition of gurukul.

His vision was oriented at the unity of humanity, or "Visva Bharati". Distinct from the prevailing British colonial architectural orientations of the early 20th century and of European modernism, Santiniketan represents orientations toward a Pan-Asian modernity, drawing on ancient, medieval and folk traditions from across the region

SANTINIKETAN



The Sacred Ensembles of Hoyasalas has been inscribed on the UNESCO World Heritage List. This is the 42nd UNESCO World Heritage Site of India (Sep 2023)

Hoysalesvara Temple, Helebidu, Channakeshava Temple, Belur, and Keshava Temple, Somenathapuram in Karnataka reflect the marvellous architectural and artistic creativity.



- These decision to include the above two sites in the World Heritage List was taken by the 21 nation World Heritage Committee.
- **Sites on the tentative List:**
 - A tentative list is an inventory of those properties which each state party intends to consider for nomination. Currently, there are 57 sites from India on the list.

B) WORLD HERITAGE DAY/ INTERNATIONAL DAY FOR MONUMENTS AND SITES

- 18th April is celebrated as the World Heritage Day. This day is dedicated to promoting the importance of cultural heritage and raising awareness about the need to preserve historical sites and monuments across the globe.
- **History:**
 - » The International Council on Monuments and Sites (ICOMOS) proposed the idea of World Heritage Day in 1982, and it was approved by UNESCO's General Conference that year.
 - » The first World Heritage Day was celebrated in 1983 and since then, it has become an important event for promoting awareness about cultural heritage.
- **2023 Theme:** "Heritage Changes"
 - » The theme is focused on the crucial issue of climate action and its relation to cultural heritage.

C) ASSAM'S MOIDAMS MEET UNESCO TECHNICAL REQUIREMENTS FOR HERITAGE CENTRE (MARCH 2023)

Moidams (or Maidams) represent the late medieval (13th - 19th century CE) mound-burial tradition of Tai Ahoms in Assam, which lasted almost 600 years.

Out of 386 Moidams explored so far, 90 royal burials at Charaideo are the best preserved, representative, and most complete examples of this tradition.

Charaideo Moidams enshrine the mortal remains of Ahom royalty among the objects they cherished.

After 18th century, the Ahom rulers adopted the Hindu method of cremation, later entombing the cremated bones and ashes in a Moidam at Charaideo.

The Moidams are highly venerated.



Note: Charaideo in Eastern Assam has more than 90 Moidams, the mound-burial system of the Ahoms who ruled large swathes of the present-day state and beyond for some 600 years until the advent of the British in the 1820s.

- Assam's Moidams have met all the technical requirements of UNESCO's World Heritage Centre. (March 2023)
 - » The nomination of *Moidams* – the Mound-Burial System of the Ahom Dynasty met all of the technical requirements outlined in the Operational Guidelines concerning completeness check of nominations to the World Heritage List. It is important to recall that the technical completeness of a nomination does not imply that the site concerned is of Outstanding Universal Value and would necessarily be inscribed on the World Heritage List.
 - » Earlier, in Jan 2023, Centre picked Assam's Charaideo Maidams from 52 sites across the country to be nominated for World Heritage site status.

D) UNESCO REPORTS: GENDER PARITY INDEX

- It is a socioeconomic index usually designed to measure relative access to education of males and females. It is released by UNESCO.
 - » It compares number of females with number of males enrolled in a given stage of education (primary, secondary etc.)

E) UNESCO LAUNCHES LIST DOCUMENTING 50 ICONIC INDIAN HERITAGE TEXTILES

- ***Handmade for 21st Century: Safeguarding Traditional Indian Textiles*** lists the histories and legends behind the textiles, describes the complicated and secret processes behind their making, mentions the causes for their dwindling popularity, and provides strategies for their preservation.
 - » The publication aims to document these intangible cultural heritages.
 - » It acts as a sample of endangered textile crafts.
 - » It also gives recommendations for the protection and revitalization of these textile crafts.
- **Important Textiles**
 - » Toda Embroidery and Sungadi from Tamil Nadu
 - » Sikalnayakanpet Kalamkari from Thanjavur, TN
 - » Ilkal and Lambadi or Banjara embroidery from Karnataka
 - » Kunbi weaves from Goa
 - » Himroo weaves from Hyderabad and Maharashtra
 - » Bandha Tie and dye weaving from Sambalpur in Odisha were some of the textiles that made the cut.
 - » Garad-Koirial from West Bengal
 - » Mashru weaves and Patola from Gujarat
 - » Khes from Panipat
 - » Chamba Rumals from Arunachal
 - » Thigma or wool tie and dye from Ladakh
 - » Awadh Jamdani from Varanasi
- **Note:**
 - » No textile practices from India have been included in the list so far and an inscription in the list would be due recognition of the talent and diversity of the country's extraordinary weaving traditions.

2) UNITED NATION HUMAN SETTLEMENT PROGRAM (UN-HABITAT)

- It is the UN agency for **human settlements and sustainable urban development**. It works towards a **better urban future**.
 - » Its mission is to promote **transformative changes in cities and human settlements, through knowledge, policy advice, technical assistance, and collaborative action to leave no one and no place behind**.
- It was established in 1978 as an outcome of the **First UN conference on Human Settlement and Sustainable Urban Development (Habitat-1), 1976**.
 - » Note: Habitat-3 was held at Quito, Ecuador in 2016.
- It is a member of United Nation Development Group.
- **Headquarter:** Nairobi, Kenya.

3) WORLD HEALTH ORGANIZATION (WHO)

- WHO is an UN Specialized Agency which was created in 1948 to **coordinate and direct the UN's global health efforts**. It is headquartered in **Geneva** and have six regional office (one of them in Delhi)
- It has no authority over its 194 member countries and like most other UN agencies, **depends on member contributions** to carry out its activities.

A) REPORT: GLOBAL TB REPORT, 2023

B) REPORT: THE STATE OF FOOD SECURITY AND NUTRITION IN THE WORLD, 2023

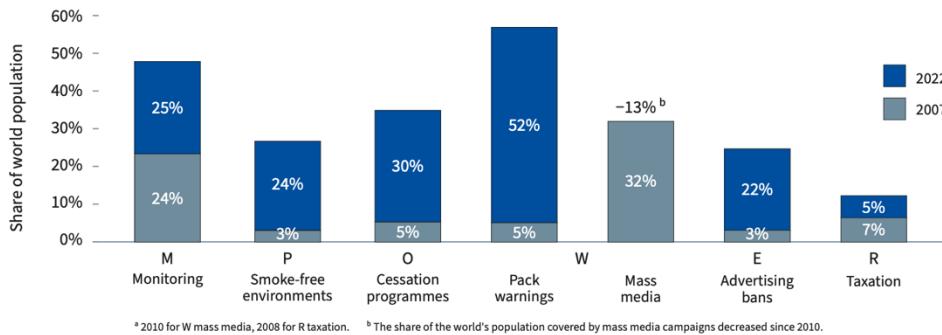
- **About the Report:** The report provides an update on global progress towards the target of ending hunger (SDG Target 2.1) and all forms of malnutrition (SDG Target 2.2) and estimates on the number of people who are unable to afford a healthy diet.
- **Authors:**
 - » FAO, IFAD, UNICEF, WFP and WHO

C) REPORT ON GLOBAL TOBACCO EPIDEMIC

- This is the ninth WHO report on the Global Tobacco Epidemic and the fifteenth year since MPOWER was introduced as a technical package designed to help countries implement the demand reduction measures of the WHO Framework Convention on Tobacco Control.
 - » **M: Monitor** tobacco use and prevention policies
 - » **P: Protect** people from tobacco smoke
 - » **O: Offer** help to quit tobacco use
 - » **W: Warn** about the dangers of tobacco
 - » **E: Enforce** bans on tobacco advertising, promotion, and sponsorship
 - » **R: Raise** tax on tobacco
- **Key Highlights:**

- » Over 8 million tobacco related deaths take place a year. This makes tobacco the biggest public health threat and tobacco control remains a global health priority.
- » In 2022, more than 5.6 billion people - 71% of the world's population was covered by atleast one MPOWER measure implemented at the highest level.
- » Number of countries with one or more MPOWER measure in place has tripled since 2007 - from 44 to 151 countries.
- » 2 billion people are still unprotected by any regulatory restrictions on electronic nicotine delivery system (ENDS).
 - 74 countries still have no ENDS ban on regulation in place, leaving over 2 billion people particularly vulnerable to the activities of tobacco and related industries.
- » **15 years of MPOWER have made a major impact on global tobacco control.**

Fig. 4. Increase in the world population covered by selected tobacco control policies, 2007^a to 2022



D) WHO GLOBAL CENTRE FOR TRADITIONAL MEDICINE (WHO-GCTM)

- **What is Traditional Medicine?**
 - » The term traditional medicine describes the total sum of the knowledge, skills and practices indigenous and different cultures have used over time to maintain health and prevent, diagnose and treat physical and mental illness. Its reach encompasses ancient practices such as acupuncture, ayurvedic medicine and herbal mixture as well as modern medicines.
- **Details of Global Centre for Traditional Medicine (GCTM)**
 - » This Global Centre for Traditional Medicine is supported by an investment of USD 250 million from the Government of India.
 - » Ministry of AYUSH and WHO have signed an agreement to establish WHO GCTM at Jamnagar, Gujarat.
 - In April 2022, PM Modi laid foundation stone of WHO-GCTM at Jamnagar.
 - » It is an outpost centre of WHO-HQ (Geneva) funded by the GoI.
 - » It aims to harness the potential of traditional medicine from across the world through modern science and technology to improve the health of people and the planet.
 - » Around 80% of the world's population is estimated to use traditional medicine.

E) WHO FRAMEWORK CONVENTION ON TOBACCO CONTROL AND THE PROTOCOL TO ELIMINATE ILLICIT TRADE IN TOBACCO PRODUCTS

- These are evidence based, legally binding international instruments.
- As of June 2023, there are 182 and 67 parties to this convention and protocol.
- These treaties act as unifying framework for inter-governmental cooperation.
- These are fundamental to combating the global tobacco epidemic and upholding the right of all people to the highest attainable standard of health.

- It came into force in 2005 and includes a core set of mutually reinforcing obligations to reduce the demand for, and supply of, tobacco products.

| | |
|----------------------------------|---|
| Demand-reduction measures | Article 6: Price and tax measures to reduce the demand for tobacco Article 8: Protection from exposure to tobacco smoke Article 9: Regulation of the contents of tobacco products Article 10: Regulation of tobacco product disclosures Article 11: Packaging and labelling of tobacco products Article 12: Education, communication, training and public awareness Article 13: Tobacco advertising, promotion and sponsorship Article 14: Demand-reduction measures concerning tobacco dependence and cessation |
| Supply-reduction measures | Article 15: Illicit trade in tobacco products Article 16: Sales to and by minors Article 17: Provision of support for economically viable alternative activities |
| General obligations | Article 4: Guiding principles Article 5: General obligations <ul style="list-style-type: none"> ■ 5.1: Comprehensive multisectoral, national tobacco control strategies, plans and programmes ■ 5.2: National coordinating mechanism or tobacco control focal point ■ 5.3: Protecting tobacco control policies from the tobacco industry's commercial and vested interests |
| Other measures | Article 18: Protection of the environment and the health of persons Article 19: Liability Article 20: Research, surveillance and exchange of information Article 21: Reporting and exchange of information Article 22: Cooperation in the scientific, technical and legal fields and provisions of related expertise |

A) REPORT: TRACKING UNIVERSAL HEALTH COVERAGE: 2023 GLOBAL MONITORING REPORT

- Released jointly by WHO and World Bank.
- The report studies the progress towards Universal Health Coverage using two sustainable Development Goals (SDGs) Indicators:
 - » **UHC Service Coverage Index (SCI)** that covers essential health services (SDG 3.8.1)
 - » **Out of Pocket Health Expenditure (OOPE)** measuring catastrophic health spending (SDG 3.8.2)
- **Key Highlights:**
 - » The World is off track to make significant progress towards **Universal Health Coverage (UHC)** (SDG target 3.8) by 2030 as improvement to health services coverage have stagnated since 2015.
 - » The Proportion of Population that faced **catastrophic OOPE** has increased.

B) GLOBAL REPORT ON HYPERTENSION: THE RACE AGAINST A SILENT KILLER (2023)

- The number of people living with hypertension (blood pressure of ≥ 140 mmHg systolic or ≥ 90 mmHg diastolic or on medication) doubled between 1990 and 2019, from 650 million to 1.3 billion.

- Hypertension causes - Stroke, heart attack, heart failure, kidney damage and many other health problems.
- **How to address hypertension?**
 - » **Risk Factor Strategies** include ensuring that people eat a healthy diet low in sodium, maintain a healthy weight, avoid alcohol and tobacco and take regular physical activity.
 - » **Policies and practices to support these strategies** are most effective when implemented across entire populations or within specific settings, such as in schools and at workplaces.

4) WORLD BANK GROUP (WBG)

- **Introduction**
 - WBG is a family of five international organizations that make **leveraged loans to developing countries** and work towards sustainable solutions to reduce poverty and build shared prosperity in developing countries.
 - It is the largest developmental bank in the world and is also an observer at the United Nations Development Group (UNDG).
 - **History:**
 - It was founded in 1944 at the **United Nations Monetary and Financial Conference or the Bretton Woods Conference**, which was convened to establish a new, post-World War II international economic system.
 - It officially became operational in 1946.
 - **IMF and WB are called Bretton woods twins** as they were formed as a result of Bretton Woods Agreement.
- HQ: Washington D.C.
- **Goals/ Mission**
 - Ending extreme poverty and building shared prosperity
- The five organizations which form part of WBG are:
 - 1. International Bank for Reconstruction and Development (IBRD)**
 - Provides debts financing on the basis of sovereign guarantees.
 - 2. International Development Association (IDA)**
 - Provides concessional financing (interest free loans or grants), usually with sovereign guarantees.
 - » ('Soft loan Window' -> as it gives concessional loans)
 - » It is one of the largest sources of credit for the world's poorest countries.
 - 3. International Finance Cooperation (IFC)**
 - Provides various forms of financing without sovereign guarantees, primarily to the private sector.
 - 4. Multilateral Investment Guarantee Agency (MIGA)**
 - Provides insurance against certain types of risk, including political risk, primarily to the private sector.
 - » It thus encourages private sector to invest in foreign developing countries.

5. International Centre for settlement of Investment Disputes (ICSID)

- It helps private investors and foreign countries to work out differences when they don't agree.
- Many Bilateral Investment Treaties also provide ICSID mechanism for dispute resolution.
- Note:
 - » India is not a member of ICSID and considers the convention biased in favor of developed countries.
 - » For e.g. the Chairman of ICSID is the Chairman of World Bank. The chairman appoints the arbitrators too.

- Membership:

- To become a member of the Bank, under the **IBRD Articles of Agreement**, a country must join the International Monetary Fund (IMF). Presently, IBRD has 189 members.
 - Note: Currently, all member of IMF are also members of IBRD.
- Membership of **IDA, IFC and MIGA** are conditional on membership in IBRD.

- World Bank: The term "world bank" generally refers to just the IBRD and IDA, whereas the term WBG refers to all five institutions collectively.

- **IBRD and IDA focuses on developing countries** in areas such as human development, infrastructure, environment protection, large industrial construction project, and governance.
- They provide **loans at preferential rates to member countries**, as well as grants to the poorest countries.

- Decisions Making Process:

- » The bank runs like a **giant cooperative**, where its members are shareholders and is operated for the benefit of those using its service. The **number of shares of each country** is based on roughly the **size of its economy**.
 - The US, Japan, Germany, UK and France are the largest shareholders.
- » **A Board of Governors** represents the Bank's government shareholders.
 - Generally, these governors are country ministers. The governors are the ultimate policy makers in the World Bank. They meet once a year in the Bank's Annual Meeting.
- » **24 Executive directors** deal with the daily functions of the bank including approving loans and guarantees, new policies, the administrative budget, country assistance strategy and borrowing and financial decisions.
 - 5 Executive director are from the five largest donors (US, Japan, Germany, UK and France)
 - Remaining 19 executive directors represent the other member countries.

- President of the World Bank Group (WBG)

- How is President selected?
 - The President is selected through an open, merit-based, and transparent selection process.
 - **Step1: Candidate Nominations** must be made by Executive Directors, or by Governors through their Executive Directors.
 - i. **Candidates** must be nationals of the Bank's member countries.

- **Step2:** Following the close of nomination period, the Executive Directors will decide on a shortlist of upto three candidates and publish the names of shortlisted candidates with their consent. Formal interviews of all shortlisted candidates is conducted by executive directors.
 - **Step3:** Board of Governors of the World Bank Group elects the president of the World Bank.
- Candidates should have the track record of leadership and accomplishment; experience of managing large organization with international exposure, and a familiarity with the public sector; The ability to articulate a clear vision of the WBG's development mission.
- **The President** of the World Bank is ex officio chair of the Board of the Executive Directors of the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA).
- The President is also ex officio chair of the Board of Directors of the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA), and the Administrative Council of the International Centre for Settlement of Investment Disputes (ICSID).
- **Current President:**
 - **Ajay Banga** began his five year term as WBG President on 2nd June, 2023.
 - He is the first ever Indian American to be appointed as the WBG President.
- **Need of Reforms:**
Domination by a few developed countries; Anachronistic i.e., don't represent the current economic picture of the world; Impose "Free Market Economic Policies"; Need of more capital;
- **World Bank Group and India**
 - India is the largest client of the WBG.
 - India is member of 4/5 organs of WBG.

C) REPORT: GLOBAL ECONOMIC PROSPECT (GEP) REPORT

- Since its inception in 1991, The Global Economic Prospect report has examined international economic developments and the outlook for growth, with a special focus on emerging markets and developing economies.

D) REPORT: WORLD ECONOMIC SITUATION AND PROSPECTS REPORT

- The report paints a sobering picture of the global economic landscape.
- The report forecasts a deceleration in global GDP growth, from an estimated 2.7% in 2023 to 2.4% in 2024.
 - » Developing countries in particular are struggling to recover from pandemic induced losses.
- **India** is projected to grow by 6.2% in 2024, supported by domestic demand and growth in manufacturing and services.

A) REPORT: LOGISTIC PERFORMANCE INDEX OF WORLD BANK

- Why in news?

- » LPI 2023 released (2023)
- **Intro**
 - » **Logistics** comprise of a network of services that support the physical movement of goods within and across the borders. Logistics are the backbone of trade. Good logistics can lower trade costs and help countries compete globally.
 - » LPI scores countries on how efficiently they move goods across or within borders.
 - LPI analyzes countries across **six parameters**
 - » **Customs** efficiency and border management clearance.
 - » **Infrastructure** Quality for trade and transport
 - » **Tracking and Tracing** of consignments.
 - » **Ease of International shipment** (competitive price)
 - » **Logistic Service Quality**
 - » **Timeliness:** Frequency with which shipments reach consignees within the scheduled expected delivery times.
 - **The 2023 LPI:**
 - » **Transitioning from survey to Big Data:**
 - LPI 2023 with 2 tracks: (1) traditional survey based (2) new indicator based on actual supply chain tracking data
 - **New Features:** New Set of Key performance Indicators
 - Derived from Big Data source on actual trade movements
 - Cover containers, air freight and parcels by trade lanes and gateways
 - Complements the information carried by the survey-based LPI.
 - **Main LPI** is still based on survey: 6 components and one overall score
 - **Perception based:** respondents evaluate 6 indicators of logistics performance in upto 8 parameters.
 - 4090 currently assessments by 652 logistics professionals from 115 countries and from all World Bank regions (survey data Sep to Nov 2022)
 - » **Key Highlights:**
 - Level of Logistic Performance have risen over time.
 - » **India Ranks 38/139 countries** (an improvement from 44 rank of 2018 and 54 rank in 2014)



C) REPORT: EASE OF DOING BUSINESS: WORLD BANK REPORT

In Sep 2021, WBG cancelled the release of its flagship report - "**Ease of Doing Business**" Report due to allegations of data irregularities. It was alleged that the report was manipulating China's rank.

D) BUSINESS READY (B-READY)

- It is the World Bank's new flagship report benchmarking the business environment and investment climate in most economies worldwide. The report assesses the regulatory framework and public services

directed at firms, and the efficiency with which regulatory framework and public services are combined in practice.

- With data that are comparable across economy and overtime, **B-READY** provides actionable evidence to promote reforms for a stronger private sector.

E) INTERNATIONAL DEBT REPORT, 2023

- It's an annual report by WB.
- **Key Highlights of the 2023 report:**
 - » Among the biggest surge in global interest rates in four decades, developing countries spent a record \$443.5 billion to service their external and public guaranteed debt in 2022. This leads to shifting of resources from critical areas like health, education, and the environment.
 - » **Debt Service Payments** (which includes principal and interest payments) - increased by 5% over the previous year for all developing countries.

F) REPORT: WORLD DEVELOPMENT REPORT, 2023

- **About World Development Report**
 - » It is an invaluable guide to economic, social and environmental state of world. It has been published annually since 1978 by IBRD.
- **Key Highlights of the 2023 Report**
 - » **Theme:** Migrants Refugees and Society

G) WOMEN, BUSINESS AND LAW (WBL) INDEX 2023: WORLD BANK

- **Why in news?**
 - » Released in March 2023
 - » It is 9th in the series of annual reports.
- **Key Highlights**
 - » It **analyses laws and regulations affecting Women's economic inclusion** in 190 economies. It **only measures formal laws and regulations** governing women's ability to work or own businesses - it didn't cover a country's norms and practices. It uses **eight parameters**:
 - workplace, pay, mobility, marriage, parenthood, pensions, assets and entrepreneurship
 - » It also analyses the work still to be done to ensure economic empowerment for all.
 - » The study also observed that **giving women equal opportunities** in the workplace leads to more successful economies.
- **India's situation.**
 - » **World Bank Index on Life Cycle of Working Women** (March 2023: Source - TH)
 - Out of the 190 economies covered in the Index, only 14 scored a perfect 100: Belgium, Canada, Denmark, France, Germany, Greece, Iceland, Ireland, Latvia, Luxemburg, The Netherlands, Portugal, Spain and Sweden.
 - **India** scores 74.4/100.
 - A score of 100 would mean that women are on equal standing with men on all the eight indicators being measured.

- India scored higher than the South Asian average of 63.7 though lower than Nepal which had the region's highest score.
- For India, the index used data the laws and regulations applicable in Mumbai, viewed as the country's main business city.

▪ **Reasons:**

- Laws affecting pay, pension, inheritance and property rights are among the areas where India lags behind in terms of gender equality at workplace.

5) INTERNATIONAL MONETARY FUND (IMF)

- **Beginning**
 - » The IMF also known as the Fund, was conceived at a UN conference in Bretton Woods, New Hampshire, United States, in July 1944. It formally came into existence in 1945, the IMF is governed by and accountable to 189 countries that make up its near-global membership.
 - **Note:** IMF and World Bank are two Bretton woods organizations.
 - » **Headquarter:** Washington DC
- The **primary goal** of the IMF was to bring about International Economic Coordination to prevent competing currency devaluation by countries trying to promote their own exports.
 - » Eventually, **IMF evolved to be a lender of last resort** to governments of countries that had to deal with severe currency crisis.
- The **Organization's Objectives stated in the Articles of Agreement are:**
 - » To promote international Economic Cooperation, International Trade, Employment and Exchange rate stability, including by making financial resources available to member countries to meet balance of payment needs.
- **How IMF promotes global Economic Stability**
 - » The IMF helps countries to implement sound and appropriate policies through its key functions of surveillance, technical assistance, and lending.
 - **Surveillance**
 - » IMF's mandate is to oversee the international monetary system and monitor the economic and financial policies of its 189 member countries. This surveillance takes place at the global level and in individual countries and regions.
 - » **Consulting with member countries**
 - IMF monitors members' economies through regular - usually annual - consultation with each member country.
 - » **Closely monitors global and regional trends.**
 - Periodic reports: **The World Economic Outlook**, its regional overviews, **the Fiscal Monitor**, and the **Global Financial Stability Report**, analyze global and regional macroeconomic and financial developments.
 - **Technical Assistance**

- » IMF provides advice and training on a range of issues within its mandate, including fiscal, monetary and exchange rate policies, regulation and supervision of financial systems; statistics systems; and legal framework.

- **Lending**

- » Financial assistance to a member country which is experiencing financial difficulty. It can also support crisis prevention.
- » A core responsibility of IMF is to provide loans to member countries experiencing actual or potential balance of payments problems.
 - This financial assistance enables countries to rebuild their international reserves, stabilize their currencies, continue paying for imports, and restore conditions for strong economic growth, while undertaking policies to correct underlying problems. Unlike development banks, **the IMF does not lend for specific projects**.
- » **The Process of IMF lending**
 - Upon request from a member country, IMF resources are usually made available under a lending "arrangement", which may, depending on the lending instrument used, stipulate specific economic policies and measures a country has agreed to implement to resolve its balance of payment problems.

A) IMF BAILOUTS

- **Why do nations seek IMF bailout?**
 - » To deal with major macro-economic risks.
 - For e.g., in case of both Sri Lanka and Pakistan, both countries have witnessed domestic price rise rapidly and steep depreciation in their currency.
- **How does the IMF help countries?**
 - » It lends money, often in the form of special drawing rights (SDRs), to troubled economies that seek the lender's assistance.
 - » IMF carries out its lending to troubled economies through a number of lending programs such as Extended Credit Facility; the flexible credit facility; the standby agreement etc.
- **Criticisms of IMF Bailouts**
 - » IMF usually imposes conditions on countries before it lends any money to them. For e.g., a country may have to implement certain structural reforms as a condition to receive IMF loans. The IMF's conditional lending has been controversial as many believe that these reforms are too tough on the public. Sometimes IMF is also accused of influencing international politics.
- **Supporters** argue that without structural reforms bailout will not be successful.

IMF GRANTED A \$ 3 BILLION SHORT-TERM STAND-BY ARRANGEMENT (SBA) TO PAKISTAN (JULY 2023)

- India abstained from voting when the SBA was approved.
- In March 2024, Pakistani PM Minister Shehbaz Sharif, is pursuing "immediate talks" with the IMF to seek additional funding support, including the \$1.2 billion residual balance under the SBA which expires next month.

IMF CLEARS SECOND TRANCHE OF \$337 MILLION FOR SL (DEC 2023)

- The IMF has cleared the second tranche - of about \$337 million - of the Extended Fund Facility to Sri Lanka, based on the debt treatment plan drawn up by the crisis-battered island nation and its bilateral creditors.
- With the second tranche coming in, SL has received about \$670 million of the \$ 3 billion it hopes to receive from the fund.

B) WHERE THE IMF GETS ITS MONEY

- Most resources for IMF loans are provided by member countries, primarily through their payment of quotas.
- Borrowings provides a temporary supplement to quota resources and has played a critical role in enabling the fund to meet member's need for financial support during the global economic crisis.
- Concessional lending and debt relief for low-income countries are financed through separate contribution-based trust funds.

C) GOVERNANCE AND ORGANIZATION

- » The IMF is accountable to the government of its member countries.
 - At the top of its organization structure is the **Board of Governors**, which consists of one governor and one alternate governor from each member country.
 - The Board of governor meets once each year at the IMF-World Bank Annual Meetings. Twenty-four of the governors sit on the **International Monetary and Financial Committee (IMFC)** and normally meet twice each year.
- » The day-to-day work of IMF is overseen by its 24-member **Executive Board**, which represents the entire membership; this work is guided by the IMFC and supported by the IMF staff. From 2016, all members of the board are elected.
- » The **Managing Director** is the head of the IMF staff and Chairman of the Executive Board and is assisted by four Deputy Managing Directors.

D) IMF QUOTAS

- » Quota subscriptions are a central component of the IMF's financial resources. Each member country of IMF is assigned a quota, based broadly on its relative position in the world economy.
 - A member country's quota determines its-
 - Maximum financial commitment to the IMF
 - Its voting powers.
 - Access to Finance: The amount of financing a member can obtain from the IMF (its access limit) is based on its quota.

- » The current Quota formula is a **weighted average of GDP (weight 50%), openness (30 percent), economic variability (15%), and international reserves (5 percent)**.
 - **GDP** is measured as a blend of GDP - based on market exchange rates (weight of 60%) and PPP exchange rates (40 percent).
- » Quotas are denominated in **Special Drawing Rights (SDRs)**, the IMF's unit of account.
 - **India's quota is 2.76% and China's is 6.41%, while the U.S.'s quota is 17.46 % (translates to a vote share of 16.52%)** giving it a unique veto power over crucial decisions at the IMF, many of which require a supermajority of 85%.
- » **How Quota Review works**
 - The IMF's ***Board of Governors conducts general quota reviews*** at regular intervals (usually every five years) Any changes in quotas **must be approved by 85 percent majority** of total voting power, and a member's quota cannot be changed without its consent.
 - There are two main issues addressed in a general quota review:
 1. the **size of an overall increase**
 2. the **distribution** of the increase among the members.
- » **Why periodic reviews are done?**
 - **Maintaining adequacy of resource:**
 - In terms of member's balance of payment financing needs
 - IMF's ability to help meet those needs.
 - **Reflect changes in the global economic status.**
- » **Ad hoc increases** outside general reviews **do not occur often**, but the **increases in quotas for 54 member countries approved under the 2008 reforms are a recent example.**
- » **The 2010 Review and it's coming into effect in Jan 2016**
 - The **2010 Quota and Governance reform** were **approved by the IMF's Board of Governors in Dec 2010** and built on an earlier set of reforms that were approved by the Governors in April 2008.
 - This was the **14th General Review of Quotas**
 - **Reform package came into force in Jan 2016**
 - **Key outcomes of the 2010 reform**
 - **Quota Reforms -> Doubling of Quota to SDR 477 billion; Shifting of quota to under-represented member countries and EMDCs.**
 - This has **made China the 3rd largest shareholder in IMF and (India, Brazil and Russia) have also come among the largest shareholders.**
 - **Governance Reform**
 - **All elected IMF's Executive Board** (Board Reform Amendment)

E) IMF QUOTA AND GOVERNANCE: NEED FOR REFORMS

- **Need for Reform**

- Given the unequal voting power mechanism, IMF doesn't always serve the interests of poor and developing countries, hence require two sets of reforms:
 - **Need for Quota Reforms**
 1. To give more say to developing nations in the activities of the multi-lateral organizations.
 2. To reflect the changes in economic realities, especially with regard to increasing prowess of the developing nations.
 3. To increase the financial capability of IMF.
 - **Need for governance Reform.**
 1. To make it more representative

F) KEY CHANGES AGREED TO IN 2019 AGREEMENT

- **The 15th Quota Review** is currently underway.
- IMF has agreed to maintain its funding at \$1 trillion but has **postponed changes to its voting structure**.
 - This deal is a compromise with the U.S., the fund's largest shareholder, which has resisted changes to the organization's voting structure as well as increase in its permanent resource base.
 - The IMF quotas will now be reviewed before the end of 2023.

G) SOME KEY TERMS: SPECIAL DRAWING RIGHTS

- The SDR is an international reserve asset, created by IMF in 1969. It operates as a **supplement to the existing money reserves of member countries**.

- **What is Reserve Asset:** Reserve assets are currencies or other assets, such as gold, that can be readily transferable and are used to balance international transactions and payments.
 - A reserve asset must be readily available, physical, controlled by policymakers, and easily transferable.
- **Why was SDR needed?** Under Bretton Woods, the international supply of two key reserve assets - gold and US dollar - proved inadequate for supporting the expansion of world trade and financial development that was taking place. Therefore, international community decided to create a new international reserve under the auspices of IMF.
- **The IMF uses SDRs for internal accounting purposes.**
- The **value of SDR** is calculated from a weighted basket of major currencies, including the U.S. dollar, the euro, Japanese Yen, Chinese Yuan and British Pound.
 - The makeup of SDR is re-evaluated five years. The current makeup of the SDR is represented by the following table:

| Currency | Weights Determined in the 2015 Review | Fixed Number of Units of Currency for a 5-Year Period Starting Oct. 1, 2016 |
|----------------|---------------------------------------|---|
| U.S. Dollar | 41.73 | 0.58252 |
| Euro | 30.93 | 0.38671 |
| Chinese Yuan | 10.92 | 1.0174 |
| Japanese Yen | 8.33 | 11.900 |
| Pound Sterling | 8.09 | 0.085946 |

- Which currencies can be included in SDR baskets?
 - Currencies of "members or monetary unions whose exports had the largest value over a five-year period, and have been determined by the IMF to be freely usable."
- The **SDR interest rate** (SDRi) provides the basis for calculating the interest rate charged to member countries when they borrow from the IMF and paid to members for their remunerated creditors position in the IMF.
- The IMF member countries are entitled to get a loan from IMF's SDR Account. This loan amount is upto 200% of the member's quota with the IMF. It is also known as **Paper Gold**.
 - In this arrangement IMF doesn't lend directly. It is the member countries, who are in a strong position, lend their SDR holdings to member countries who are in problems for balance of payment.

H) REPORTS: WORLD ECONOMIC OUTLOOK

- Why in news?
 - » World Economic Outlook (WEO): A *Rocky* report (April 2023: Source: TH)
- Details
 - » IMF comes out with the report twice every year (April and October) and also provides regular updates to it on other occasions.
 - » Key highlights of April 2023 Report
 - The IMF has projected that India's economy will grow by 5.9% for the current fiscal year April 2023-March 2024, a downward revision of 0.2% points since the January forecast.
 - Global output growth is projected by the IMF to slow to 2.8% in 2023 (Calendar year), picking up to 3% in 2024.

6) INTERNATIONAL MARITIME ORGANIZATION (IMO)

- Introduction
 - The IMO is a specialized agency of UN responsible for regulating shipping. It plays an important role towards safe, secure, and efficient shipping on clean ocean and plays an important role to create fair, effective and universally accepted regulatory framework.

- Headquarter: **London**
- Membership: 174 Members + 3 Associate Members
 - » Members have to ratify Convention on the International Maritime Organization.
 - » Most UN members that are not members of IMO are landlocked. (AF, Bhutan, Burundi etc.)
 - » India has been a member since 1959.
- Till 1982, it was known as the Inter-Governmental Maritime Consultative Organization (IMCO) until 1982.
- **Key Function**
 - Develop and maintain comprehensive regulatory function for shipping.
 - It focuses on safety, environment protection, maritime security, efficiency of shipping, legal and technical cooperation.
- **Structure**
 - IMO consists of an Assembly (highest body), a Council and five main committees.
 - » Council consists of 40 Member States elected by the Assembly and act as the governing body.
 - » Technical work of IMO is carried by the five committees.
- **India re-elected at IMO Council**, with the highest tally at elections held for the 2024-25 biennium (2-year term) (Dec 2023)
 - **Members are divided into three categories:**
 - » **Category (a):** States with interest in providing International Shipping Services.
 - » **Category (b):** States with interest in international sea-borne trade
 - **India** was re-elected in this category.
 - » **Category (C):** States with special interest in maritime transport or navigation and whose election will ensure the representation of all major geographical areas.
- **India and IMO**
 - **Important conventions under IMO Framework that India have ratified:**
 - » **International Convention for the Safety of Life at Sea (SOLAS), 1974**
 - Focuses on safety of Merchant ships.
 - Specify minimum standards for construction, equipment and operation of ships, compatible with their safety.
 - » **International Convention on Oil Pollution Preparedness, Response and Co-operation (OPRC)**
 - It establishes measures to deal with marine oil pollution incidents nationally and in cooperation with other countries.
 - It was adopted in 1990 and entered into force in 1995.
 - India also played an important role in anti-piracy operation in cooperation with IMO and Contact Group on Piracy on the Coast of Somalia.

7) WORLD METEOROLOGICAL ORGANIZATION (WMO)

- **Introduction**
 - **WMO** is a specialized body of UN which is an authoritative voice on behavior of earth's atmosphere, its interaction with the oceans, the climate it produces and the resulting distribution of water resources.

- **Headquarter:** Geneva
- It originated from the **International Meteorological Organization**, which was founded in 1873. It was established in 1950 and became the specialized agency of UN in 1951 for Meteorology (weather and climate), operational hydrology and related geophysical sciences.
 - » It currently operates under the aegis of Economic and Social Council (ECOSOC).
- **Reports:** Already covered in Environment

8) UNITED NATIONS CONVENTION ON LAW OF THE SEAS

- Details of UNCLOS

- UNCLOS lays down a **comprehensive regime of law and order in the world's oceans and seas** establishing rules governing all uses of the oceans and their resources. It enshrines the notion that **all problems of the ocean space are closely inter-related and need to be addressed as a whole**.
- It is a convention that was the result of third UN Conference on the Law of the Sea (UNCLOS III) which ended in 1982.
- Came into force in 1994, a year after Guyana became 60th nation to sign it.

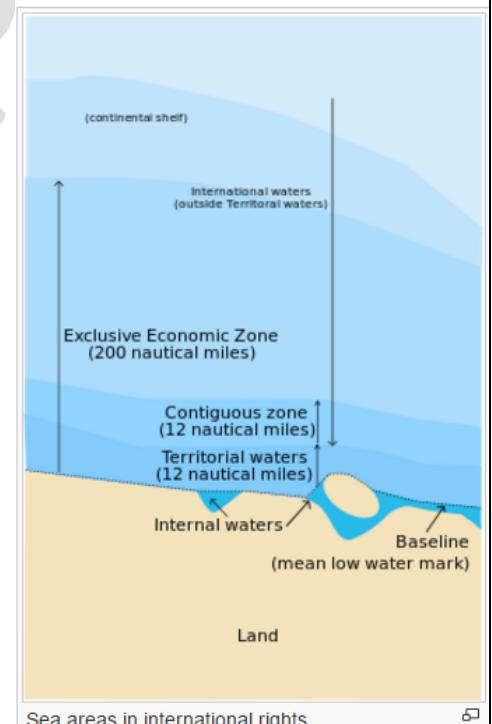
- Key functions of the convention

1. Defines rights and responsibilities of nations with respect to their use of the World's Ocean.
2. Establishes guidelines for businesses, the environment, and the management of marine natural resources.
3. It sets the basic rules/principles for:
 - Navigation; Transit Regimes; Archipelagic status
 - EEZ
 - Continental shelf jurisdiction
 - Deep seabed mining; Exploitation regime
 - Marine Environment Protection
 - Scientific research
 - **Dispute settlement.**

- Sea Areas in International Rights

1. Internal Water

- Covers all water and waterways on the landward side of the baseline.
- The coastal state is free to set laws, regulate use and use any resource.
- Foreign vessels have no right of passage within internal water.
- Air Space is also under full national jurisdiction.



2. Territorial Water

- It extends at most 12 nautical miles from the baseline.
- Territorial sea is regarded as the **sovereign territory** of the coastal state.
- Foreign ships (civilian) are allowed innocent passage through it or transit passage (even for foreign vessels and aircrafts) through straits.
- Air Space is under national jurisdiction (but some restrictions exist)

3. Contiguous zone

- To 24 nautical miles from baseline (12 nautical miles from territorial waters)
- State can continue to enforce law in for specific purpose: Customs, Taxation, immigration, and pollution, if the infringement started within the state territory or territorial waters, or if this infringement is about to occur within the state's territory or territorial waters. This makes contiguous zone a **hot pursuit area**.

4. Exclusive Economic Zone (EEZ)

- 200 nautical miles from the baseline.
- Coastal nation has sole exploitation right over all the natural resources.
- Foreign nations have freedom of navigation and overflight, subject to regulation of the coastal states.
 - Foreign states can also lay submarine pipes and cables.

5. Continental Shelf

- Natural prolongation of the land territory to the continental margin's outer edge, or 200 nautical miles (370 km) from the coastal state's baseline, whichever is greater.
- Coastal states have the right to harvest mineral and non-living material in the sub-soil of its continental shelf, to the exclusion of others.
- Coastal states also have exclusive right over the living resources "attached" to the continental shelf, but not to creatures living in the water column beyond EEZ

6. Other limits mentioned in UNCLOS.

1. Archipelagic Waters

- A baseline is drawn between the outermost points of the outermost islands, subject to these points being sufficiently close to one another. All waters inside baseline are designated as Archipelagic waters.
- The state has sovereignty over these waters (like internal waters), but subject to existing rights including traditional fishing rights of the immediately adjacent state.
- Foreign vessels have right of innocent passage through archipelagic waters (like territorial waters)

2. Extended Continental Shelf :

- When a continental shelf extends beyond 200 nautical miles a state is required by UNCLOS (article 76) to make a submission to the Commission on the Limits of the Continental Shelf and is accompanied by technical and scientific data to support the claim.
- The commission assesses the limit and data submitted by coastal state and make recommendations.
- The outer limits of continental shelf established by a coastal state based on these recommendations are final and binding.

Important bodies established under UNCLOS

A) INTERNATIONAL TRIBUNAL ON LAW OF SEAS

- Introduction
 - It is an intergovernmental organization created by the mandate of the Third UN Conference on the Law of the Sea.

- It was established by the UN Convention on the Law of the Sea (UNCLOS), signed in 1982.
- Based in Hamburg, Germany.
- The tribunal has the power to settle disputes between party states of UNCLOS.
- Composition: The tribunal consist of 21 serving judges, elected from among persons enjoying the highest reputation for fairness and integrity and of recognized competence in the field of the law of the sea.
- India is a signatory to the convention.
- USA is not a signatory of the convention.

B) ITALIAN MARINE CASE

- Permanent Court of Arbitration (PCA) have given final ruling in the Italian marines' case (May 2020)
 - **Background:**
 - » In 2012, two Italian Marines had shot dead two Indian fishermen aboard an Indian vessel, St. Antony. This vessel was in **contiguous zone**.
 - » On the arrest of the marines, Italy invoked the compulsory dispute resolution provisions of the United Nations Convention on the Law of the Sea (UNCLOS) in order to initiate proceedings against India through Annex VII arbitration. Italy moved to **International Tribunal on the Law of Sea (ITLOS)**
 - **Final Judgement on 31st May 2020**
 - » **Judgement in favor of Italy**
 - The two Italian Marines accused of killing two unarmed Indian fishermen off the coast of Kerala "are entitled to immunity" **on the acts they committed during the incident** as they were acting as "State Officials" and that India is "precluded from exercising its jurisdiction over the marines".
 - The PAC also decided by three votes to two that "India must take the necessary steps to cease to exercise its criminal jurisdiction over the marine".
 - » **Judgement in favor of India**
 - **Italian Marine officers breached India's Freedom of Navigation** under UNCLOS Article 87(1)(a) and 90.
 - **India is entitled to payment of compensation** in connection with loss of life, physical harm, material damage to property (including to the Indian vessel named St Antony) and moral harm suffered by the captain and other crew members of the St. Antony.
 - **The PCA verdict has been accepted by India.**
 - » **Both India and Italy** would reach an agreement on amount of compensation Italy would pay to India. The Arbitration Tribunal will retain jurisdiction over the case if either India or Italy, or both, approach it to determine the quantum of compensation.

C) INTERNATIONAL SEABED AUTHORITY (ISA)

- Part IX of the UNCLOS provides for a regime relating to minerals on the seabed outside any state's territorial waters or EEZ (Exclusive Economic Zone).

- It establishes an International Seabed Authority (ISA) to authorize seabed exploration and mining and collect and distribute the seabed mining royalty.
- ISA is an intergovernmental organization based in Kingston, Jamaica, that was established to organize, regulate, and control all-mineral related activities in the international seabed area beyond the limit of national jurisdiction, an area underlying most of the world's oceans.

D) COMMISSION ON THE LIMITS OF CONTINENTAL SHELF (CLCS)

- The purpose of the CLCS is to facilitate implementation of UNCLOS in respect of the outer limit of the continental shelf beyond 200 nautical miles (M) from the baseline from which the breadth of the territorial sea is measured.
- Under the UNCLOS (the convention), the coastal state shall establish the outer limits of its continental shelf where it extends beyond 200 M on the basis of the recommendation of CLCS.
- The commission shall make recommendations to the coastal states on the matters related to the establishment of those limits; its recommendations and actions shall not prejudice matters relating to the delimitation of boundaries between states with opposite or adjacent coast

9) INTERNATIONAL CIVIL AVIATION ORGANIZATION (ICAO)

- **Introduction**
 - » The International Civil Aviation Organization (ICAO) is a specialized agency of UN which deals with administration and governance of the Convention on International Civil Aviation (Chicago Convention).
 - » It was established in 1944 and is headquartered at Montreal Canada.
 - » It works with 192 Member states of convention and other industry groups to come to a consensus on International Civil Aviation Standards and Recommendation Practices (SARPs) and Policies to ensure safe, efficient, secure, economically sustainable and environmentally responsible civil aviation.
 - » It also assists member states in capacity building towards various aviation development objectives.
- **Conventions, Protocols, Agreements**

CARBON OFFSETTING AND REDUCTION SCHEME FOR INTERNATIONAL AVIATION (CORSIA)

10) UNITED NATIONS DEVELOPMENT PROGRAM (UNDP)

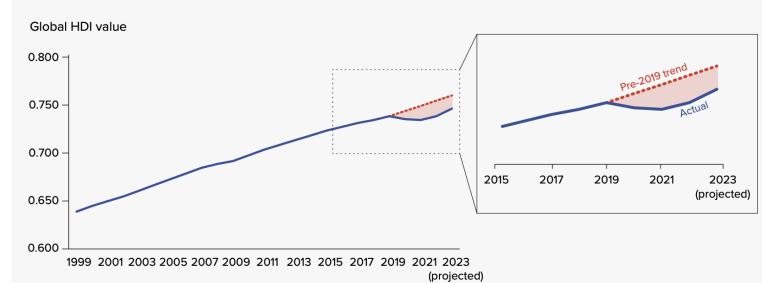
- **About UNDP**

- UNDP is UN's global development network. Headquartered in New York city, it is the largest multilateral source of development assistance in the world. It is funded entirely by voluntary contribution from member states.
- Status within UN:** An executive board within the United Nations General Assembly. The UNDP administrator is the third highest ranking official of the UN after the UN Secretary General and Deputy Secretary general.
- Functions of UNDP**
 - UNDP help governments and local communities to find **solutions to global and national development challenges**. It has offices and staff in around 180 countries of the world.
 - It **coordinates** various global and national efforts to achieve the goals and national developmental priorities.
 - UNDP focuses primarily on **5 Development Challenges**
 - Democratic Governance**
 - Poverty Reduction**
 - Crisis Prevention and Recovery**
 - Environment and Energy**
 - HIV/AIDS**
 - It helps countries to prevent further spreading and reduce its impact.**
- UNDP also encourages protection of human rights, and the empowerment of women in all its programs.
- Towards achieving its aims and objectives, UNDP has been annually publishing **HUMAN DEVELOPMENT REPORT** since 1990.

I) HUMAN DEVELOPMENT REPORT 2023-24: BREAKING THE GRIDLOCK (MARCH 2024)

- Human Development Index (HDI)** measures countries progress in three basic social dimensions - a long and healthy life (**Health**), access to knowledge (**Education**) and a decent standard of living (**income**).
 - These are measured by four parameters - life expectancy at birth, means years of schooling, expected years of schooling, and the Gross National Income (GNI) per Capita.
- The report also calculates **Gender Inequality Index (GII)** which can be interpreted as the loss in human development due to inequality between female and male achievements.
- Key Highlights of the Report:**
 - The Global HDI are projected to exceed their pre-2019 values.
 - Despite reaching a new high, it will still be below trend.

Figure S.1 A permanent shift in the Human Development Index (HDI) trajectory?



Note: The global HDI value for 2023 is a projection. The pre-2019 trend is based on the evolution of the global HDI value in the previous 20 years.
Source: Human Development Report Office calculations based on data from Barro and Lee (2018), IMF (2023d), UNDESA (2022, 2023), UNESCO Institute for Statistics (2023), United Nations Statistics Division (2023) and World Bank (2023).

- India attained a HDI score of 0.644 in 2022, positioning it at 134 out of 193 countries in the 2023-24 report.
 - Note: In 1990, India's HDI stood at 0.434. the 2022 score reflects a positive change of 48.4%.

11) UNITED NATION HIGH COMMISSIONER FOR REFUGEES (ALSO KNOWN AS THE UN REFUGEE AGENCY)

- Headquarters: Geneva
- Status in UN: An office in UN Secretariat
- Function:
 - To protect and support the refugees at the request of a government or the UN itself and assists in their voluntary repatriation, local integration, or resettlement to a third country.
 - It strives to ensure that everyone can exercise the right to seek asylum and find safe refuge in another state.
- Definition of Refugees (according to 1951 Refugee Convention of UNHCR)
 - Any person owing to fear of being persecuted because of race, nationality, membership of a social group is outside his country or unable to avail the protection of that country. Involuntary.
 - The above definition was expanded to cover people who have fled due to armed conflicts and turmoil: Humanitarian refugees.
 - Protection offered to refugees.
 - » Non-discrimination
 - » Non-penalization
 - » **Non-refoulement:** mandates that no one can return a refugee against his will to a territory where he or she feels his life is threatened.
 - » **Some other basic rights**
 - Refugees entitled to basic rights = access to courts, primary education, work and travel docs.
 - Signed by 140 countries.
 - Thus, **refugees enjoy a distinct unique protection under international law**.
 - » Safety from deportation in the country where they face prosecution
 - » Protection of basic human rights w/o discrimination on different grounds
 - » Access to fair and efficient asylum procedure
 - » Provision of administrative assistance
 - Note: India is not a signatory to the 1951 Refugee convention or its 1967 Protocol and doesn't have a national refugee protection framework.

12) UNITED NATIONS SUSTAINABLE DEVELOPMENT GROUP (UNSDG)

- Previously known as United Nation Development Group (UNDG)
- It is a consortium of UN entities that aims to fulfill the 17 Sustainable Development Goals (SDG). It serves as a high-level forum for joint policy formulations and decision making. It unites 32 UN funds, programs, agencies, departments, and offices that play a role in development.

- UNSDG entities include FAO, ILO, UNDESA, UN-Habitat, UNAIDS, UNDP, UNEP, UNESCO, UNICEF, UNRWA, WFP, WHO, WMO etc.

13) UNITED NATIONS OFFICE ON DRUGS AND CRIME (UNODC)

- UNODC is an UN office that was established in 1997 as the Office for Drugs Control and Crime Prevention. It was renamed to UNODC in 2002.
 - It is a member of the **United Nations Development Group**.
- **Function/Role**
 - It assists UN in providing coordinated, comprehensive response to interrelated issues of **illicit drug trafficking, drug abuse, international terrorism, political corruption** etc.

REPORT: WORLD DRUG REPORT

14) UNITED NATIONS ECONOMIC AND SOCIAL COUNCIL FOR ASIA PACIFIC (UNESCAP)

- UNESCAP is a regional developmental arm of the UN for the **Asia Pacific Region**.
- It has a membership of 53 countries and there are 9 associate members, with a geographical scope that stretches from Turkey in the west to the Pacific Island nation of Kiribati in the east. From Russia in the North to New Zealand in the south.
 - » It is the most comprehensive of the UN's five regional commissions.
- Established in 1947, headquartered in Bangkok.
- **Functions**
 - » Deal with regional challenges by providing results-oriented projects, technical assistance and capacity building to member states.
- **About Regional Commissions:** Regional Commissions act as regional outposts of UN in their respective region. The five regional commissions are:
 1. United Nations Economic Commission for Europe (UNECE)
 2. United Nations Economic and Social Commission for Asia Pacific (UNESCAP)
 3. Economic Commission for Latin America (ECLAC)
 4. United Nations Economic Commission for Africa (ECA)
 5. United Nations Economic and Social Commission for Western Asia (UNESCWA)

15) UNITED NATIONS HUMAN RIGHTS COUNCIL (UNHRC)

- The **UN Human Rights Council** is the **main intergovernmental body** for human rights in the UN system. It was established to promote the effective coordination and mainstreaming of human rights in the UN system. It was created by UNGA on 15th March 2006.
- **Where does UNHRC fit in within the UN system?**
 - » The UN Human Rights Council is a subsidiary body of the General Assembly, which makes it directly accountable to the full membership of UN.

- » In 2011, the General assembly decided to maintain the status of the Human Rights Council as a subsidiary body of General Assembly and to consider again the question of whether to maintain this status at an appropriate moment and at a time no sooner than 2021 and no later than 2026.
- About UNHRC members:
 - » The council has 47 members.
 - » The membership is open to all Member states of the UN. Members are elected by General Assembly through individual or direct votes by absolute majority (97 votes). Ballots are secret and elections are held every year.
- Term of Membership:
 - » Members have 3 years term and are not eligible for re-election after serving a two consecutive terms.
- How are seats distributed?
 - » Equitable Geographical Representation: (13 from the Group of African states; 13 from the Group of Asia Pacific states; 6 from the Group of Eastern European States; 8 from the Group of Latin American and Caribbean States; and 7 from the Group of Western European and Other States)
- What are expectations of Council Members?
 - » When electing members of the Council, Member states are to consider the contribution of candidates to the promotion and protection of human rights and their voluntary pledges and commitment made in this regard.
 - » Upon election, new members commit themselves to cooperating with the Council and to uphold the highest standards in promotion and protection of human rights.
- Can a member have its rights and privileges suspended in the council?
 - » The General Assembly has the right to suspend the rights of membership in the council of any member that commits gross and systematic violation of human rights. This process requires 2/3rd Majority vote by the General Assembly.
 - » In April 2022, Russia was suspended from UNHRC by UNGA

ELECTION OF MEMBERS TO UNHRC

- Under the Human Rights Council's rule, seats are allocated to regions to ensure geographical representation.
 - The seats are allocated to UN's regional groups as follows: 13 for Africa, 13 for Asia-Pacific, 6 for Eastern Europe, 8 for Latin America and the Caribbean, and Seven for Western Europe and Others (WEOG).
 - Generally, countries may get elected unopposed. But, if voting is required, it takes place through secret ballot. A country needs minimum 97 votes to get elected in the council.
 - The resolution establishing UNHRC states that "when electing members of the Council, Member States shall take into account the contribution of candidates to the promotion and protection of human rights and their voluntary pledges and commitments made thereto", and that

"members elected to the Council shall uphold the highest standards in the promotion and protection of human rights."

- **Note:**

- In Oct 2021, India was re-elected to the UNHRC for a 6th term (2022-24)

A) UNIVERSAL PERIODIC REVIEW (UPR)

- The Universal Periodic Review (UPR) is a unique process which involves a periodic review of the human rights records of all 193 UN member states.
- It is a significant innovation of the UNHRC which is based on equal treatment for all countries. It provides an opportunity for all States to declare what actions they have taken to improve the human rights situations in their countries and to overcome the challenges to the enjoyment of human rights.



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TARGET PRELIMS 2024

BOOKLET-34

INTERNATIONAL BODIES-4

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1. UN BODIES

1) CORRECTION IN PREVIOUS BOOKLET

1) **World Economic Situation and Prospect Report, 2024 -> By UN DESA** (Not by World Bank)

2) **IMF Membership:**

Note: Currently IMF has 190 members. Except Andorra, other 189 member are members of IBRD.

Note: Andorra became 190th member of IMF in Oct 2020.

2) WMO AND ARCTIC AMPLIFICATION

- A recent study has shown that Arctic Warming is disproportionately high
 - » Compared to the 1991-2020 average, the temperature anomaly is predicted to be more than three times as large as the global mean anomaly when averaged over the next five northern hemisphere extended winters.
 - » **Arctic Amplification** is a widely recognized phenomenon in which human-caused global warming is amplified at the poles, causing the Arctic to warm more quickly than the rest of the globe.
 - » **Multiple factors** enhance warming at high latitudes, but the main one is that warming reduces snow and ice, which would otherwise reflect incoming sunlight. Arctic temperatures have risen at least twice as fast as global temperatures, possibly even faster, since the year 2000

2. OTHER UN BODIES

3) INTERNATIONAL ORGANIZATION FOR MIGRATION (IOM)

- IOM is the leading inter-governmental organization working in the **field of migration**. It is dedicated towards promoting humane and orderly migration for the benefit of all. It works closely with governments, inter-governmental and non-governmental partners.
 - It was initially established in 1951 to help resettle people displaced by World War II.
 - But over the years it has expanded its scope and presently has 175 member states and 8 observer states.
 - **Is India a member?** - Yes
- **Headquarter:** Geneva
- **Note:** IOM was not originally a UN Body.
 - In 2016, IOM Director General William Lacy Swing and UN Secretary-General Ban Ki-Moon signed a document formally linking IOM to the UN. This document established IOM as a "related organization" on the UN, giving the UN for the first time, an explicit migration mandate.
 - The signing signaled the culmination of a process that began in June 2016 when IOM member states unanimously endorsed the process to join the UN.
 - The signature of the historic agreement brings the leading global migration agency, IOM, into the UN - the culmination of a 65-year relationship.

- **Key Initiatives:**
 - The IOM supported the creation of the Global Compact for Migration in 2018.
 - The Global Compact for Safe, Orderly, and Regular Migration (GCM) is an intergovernmental negotiated agreement, prepared under the auspices of the UN, that describe itself as covering "all dimensions of international migration in a holistic and comprehensive manner"
 - IOM also coordinates the UN Network on Migration which include UNHCR, WFP, and UNDP, among others.

A) AMY POPE OF USA HAS BECOME THE FIRST WOMEN HEAD OF IOM (MAY 2023)

B) PROJECT PRAYAS (DEC 2023)

- Project PRAYAS (Promoting Regular & Assisted Migration for Youth and Skilled Professionals) was launched by IOM in partnership with India's Ministry of External Affairs.
- It focuses on facilitating safe, orderly, and regular migration for Indian workers and students.
- IOM India says that PRAYAS is one of the first attempts to consolidate all the state-level initiative for safe, orderly, and well-managed international migration.

C) WORLD MIGRATION REPORT

- It is a biennial report.

3. IMPORTANT UN CONVENTIONS

4) VIENNA CONVENTION ON DIPLOMATIC RELATIONS (VCDR), 1961

- **Introduction**
 - VCDR of 1961 is an international treaty that defines the framework for diplomatic relations between independent countries. It specifies the privileges of a diplomatic mission that enable diplomats to perform their functions without fear of coercion or harassment by the host country.
 - This forms the legal basis of diplomatic immunity.
 - Its articles are considered cornerstone of modern international relations.
- **History**
 - The first attempt to codify diplomatic immunity into diplomatic law occurred in Congress of Vienna in 1815.
 - The present treaty was adopted on 18 April 1961, by the United Nations Conference on Diplomatic Intercourse and Immunities held in Vienna, Australia and first implemented in April 1964.

- The same conference also adopted the Optional protocol concerning the acquisition of Nationality, the Optional Protocol Concerning the Compulsory settlement of Disputes, the Final Act and four resolutions annexed to the act.

- **Key Provisions of VCDR**

- » **Persona Non Grata**
- » **Inviolable Premise**
- » **Archives and document inviolable.**
- » **Free Communication**
- » **Diplomatic Immunities:** Diplomats must not be liable to any form of arrest or detention. They are immune from civil or criminal prosecution, though the sending country may waive this right under Article 32. (Article 29)
 - Under Article 34, they are exempt from most taxes, and under Article 36 they are exempt from most customs duties.
- » **Actions not covered by diplomatic immunity:** professional activity outside diplomat's official functions. (Article 31.1c)
- » **Extension of (most) protection to family members:**

- **Optional Protocols**

- » In the same year that the protocol was adopted, two amendment protocols were added. Countries may ratify the treaty without necessarily ratifying the optional protocol.
 - Concerning Acquisition of Nationality:** The head of the mission, the staff of the mission, and their families, shall not acquire the nationality of the receiving country.
 - Concerning compulsory settlement of dispute :** Dispute arising from the interpretation of this treaty may be bought before the ICIJ

A) INDIA CANADA RIFT ON DIPLOMATIC ROW

- **India Sought Parity in number of diplomats:**
 - » India asked Canada to downsize its diplomatic staff in India. India has 20 diplomats in Canada and sought a similar number of Canadian diplomats in India.
 - India's move followed the Canadian PM Justin Trudeau's remarks in Canadian Parliament in Sep 2023 who claimed a potential Indian link to the Killing of pro-Khalistan separatist leader Hardeep Singh Nijjar in Canada earlier this year. India has rejected this claim and have called it "absurd" and "motivated".
- In Oct 2023, **Canada announced recalling of 41 diplomats and their families**. It was done as the diplomats were in danger getting their immunity stripped on an arbitrary date.
 - » Canadian foreign minister has said that the "unilateral revocation of the diplomatic privilege and immunity is contrary to international law" and is violation of the Vienna Convention on Diplomatic Relations.
 - » **US and UK backed Canada**, stating that Diplomats are required to be on the ground to resolve differences. Notably, the two countries are also part of the **Five Eyes Intelligence-sharing alliance** with Canada, which also include Australia and New Zealand.
- **What did India say?**

- » Official statement of MEA has clarified that India hasn't violated any international legal principle. It has adhered to Article 11.1 of the VCDR based on two-pronged reasons.
 - i. Firstly, Canada has massive number of Diplomatic staff in India as compared to its counterpart.
 - ii. Secondly, Canadian personnel have been continuously interfering in India's internal affairs.
 - » Article 11 says that in the absence of specific agreement, as to the size of the mission, the receiving state may require that the size of a mission be kept within limits considered by it to be reasonable and normal, having regard to circumstances and conditions in the receiving state and to the needs of the particular mission.
- **Has this demand for parity occurred in the past?**
- » Around 2017, Russia and USA also asked for each other's diplomats to be recalled over the principle of parity and reduced the presence of their missions.

5) VIENNA CONVENTION ON CONSULAR RELATIONS (VCCR)

- **Consular Access** simply means that a consul (diplomat or other official) will have a meeting with the prisoner who is in the custody of another country. Though this meeting, the diplomat confirms the identity of the individual and ensures good treatment in the custody. Depending on the meeting, the official reports back to her/his country and the next step is initiated (providing legal support etc.)
- **Background to VCCR, 1963: What was the need?**
- **What is Vienna Convention on Consular Relations?**
 - VCCR of 1963 is an international treaty that defines the framework for consular relations between independent states. It was adopted in United Nation Conference on Consular Relations. It came into force in 1967.
 - A consul normally operates out of an embassy in another state, and performs two functions:
 - i. Protecting the interests of countrymen in the host country
 - ii. Furthering the commercial and economic relations between the two states.
 - A consul is not necessarily a diplomat, they work out of the same premise, and under this treaty they are afforded most of the same privileges, including a variation of diplomatic immunity called consular immunity.
 - The treaty has been ratified by 179 countries.
- **Key provisions of the treaty:**
 - **Key functions** of a consul are listed, protecting in the receiving state the interest of the sending states and its nationals, as well as developing commercial, economic, cultural, and scientific relations between the two states. (Article 5)
 - **Declaring persona non-grata**:
 - **Non-intrusion and protection**:
 - **Freedom of communication**
 - **Article 36**:

- It provides that when a national of foreign country is arrested or detained on criminal or immigration charges, the detainees must be advised of the right to have the detainees consulate to be notified and further detainee has the right to regular consultation with consular officials during detention and any trial.

Membership

There are 179 members to the convention including the most UN member states and UN observer states Holy See and State of Palestine.

Optional Protocol

The Conference (UNCCR) also adopted Optional Protocol Concerning Acquisition of Nationality, the Optional Conference concerning the compulsory settlement of disputes, the Final Act and the three-resolution annexed to the act.

6) TIR CONVENTION (THE CUSTOMS CONVENTION ON THE INTERNATIONAL TRANSPORT OF GOODS UNDER COVER OF TIR CARNETS)

- **Introduction**
 - » It is a **UN Convention** (adopted under the auspices of the United Nations Economic Commission of Europe - UNECE) that allows goods to be sealed in compartments and requires no need for physical checking of the contents, enabling shipments to pass through countries without being opened at the borders.
 - It came into effect in March 1978.
 - » **TIR** stands for "**Transports Internationaux Routiers**" or "International Road Transport".
 - » **Note:** Custom authorities remain entitled to perform inspections whenever they suspect irregularities or randomly.
 - » The convention applies to transport with road vehicles, a combination vehicles and containers provided that some part of the transport includes road transport.
 - This reduces cross border transport time by upto 80% and reduces costs by upto 38 percent.
- **India accessed to the convention in 2017**

4. NON-UN BODIES

1) WORLD TRADE ORGANIZATION (WTO)

- **Introduction**
 - WTO was set up under Marrakesh Treaty (1994) as a result of GATT's Uruguay Round (1986-1994) of negotiation. It came into being in 1995 and is successor of GATT, which in turn was established in the wake of the second world war.
 - It is the only international organization dealing with the global rules of trades between nations.
 - **Headquarter:** Geneva, Switzerland.
- **Objective**
 - The **main objective** of the WTO is to ensure that **trade flows as smoothly, freely and predictably** as possible. It does this by facilitating the administration, implementation and operation of multilateral trade agreements and negotiations.
 - Further, WTO **handles trade dispute** through its Dispute Settlement Body (DSB).
 - It also helps in reviewing national trade policies. It provides technical assistance to developing countries on trade policy issues and through training programs.
- **Structure**
 - The WTO has 166 members (166 members (Comoros and Timor Leste joined in MC13 (Feb2024)), accounting for 96% of the world trade. Around 25 others are negotiating members.
 - **Ministerial Conference**
 - Top decision-making body
 - Meet atleast once every two years
 - **General Council**
 - Below ministerial council
 - Includes ambassadors and heads of delegation in Geneva, but sometimes officials sent from members' capitals) which meets several times a year in the Geneva headquarter.
 - The general council also meets as **Trade Policy Review Body** and Dispute Settlement Body.
 - **Goods Council, Services Council, TRIPS council** are at the next level and report to General Council.
- **Basic Principles used in WTO Trading System**
 1. **Trade without Discrimination (1. Most Favored Nation 2. National Treatment)**
 - a. **Most Favored Nation (MFN): treating other people equally.**
 - Under this country cannot normally discriminate between their trading partners.
 - Grant someone a special favor (such as lower customs duty rate for one of their products) and you have to do the same for all other WTO members.
 - In general MFN means that every time a country lowers a trade barrier or opens up a market, it has to do so for the same goods or services from all its trading partners.
 - It is the first article of GATT, which governs trade in goods.

- **Exceptions -**
 - FTAs, developing countries, unfairly traded products, national security (Article XXI(b)).

b. National Treatment: Treating foreigners and locals equally.

- Imported and locally produced goods should be treated equally - at least after the foreign goods have entered the market. The same should apply to foreign and domestic services.

2. Free Trade: gradually, through negotiation

- a. **Goal:** Eventually removing custom duties (or tariffs) and measures such as import bans or quotas that restrict quantities selectively. From time-to-time red tape and exchange rate policies have also been discussed.
- b. **Negotiations**
 - Under GATT from 1947-48 to 1994 (8 rounds of negotiation)
 - **Now, Doha Round of Negotiation, the 9th round** is underway.

3. Predictability: Through binding and transparent policies

- Binding and transparent policy provides predictability which gives businesses a clearer view of their future opportunities. With stability and predictability investment is increased.

4. Promoting Fair Competition

- Many of the WTO agreements aim to support fair competition: in agriculture, intellectual property, services, for example.

1. Encouraging Development and Economic Reform

- For developing countries' need of flexibility, WTO agreements allow for special assistance and trade concessions.

A) WTO AGREEMENTS:

Uruguay round resulted into 20 agreements on which WTO was founded.

- Some of the Important Agreements were WTO Agreement, Agreement on Agriculture, Trade Related Intellectual Property Rights (TRIPS), Trade Related Aspects of Investment Measures, General Agreement on Trade in Services

WTO AGREEMENT

- WTO was established through this agreement. It is an umbrella agreement and other agreements are annex to this agreement.

AGREEMENT ON AGRICULTURE (AOA)

- It is aimed at establishing a fair and market-oriented agriculture trading system.
- It is based on **Special and Differentiated Treatment**.
- The agreement also has a **Special Safeguard Mechanism**

- This provides options to countries to impose additional duties on imported products when there is surge in imports or products are imported at lower price.
- The **Main component of AOA** are:

A. Market Access

- It calls for provision of access to imported agriculture goods in the member countries.
- There are two provisions - one is tariffication and Tariff reduction and another one is Minimum market Access.

B. Domestic Support or Domestic Subsidies

▪ **Introduction**

- Under WTO, subsidies are identified as boxes which are given the colors of traffic lights: Green (permitted), Amber (slow down - i.e., be reduced), red (forbidden).
- In Agriculture, things are, as usual, more complicated.
- The Agriculture Agreement has no red box, although domestic support exceeding the reduction commitment levels in the amber box is prohibited; and there is a blue box for subsidies that are tied to programmes that limit production. There are also exemptions for developing countries (sometimes called an "S&D box", including provisions in Article 6.2 of the agreement).

▪ **Amber Box**

- All domestic support measures considered to distort the production and trade (with some exceptions) fall into the amber box.
 - These include measures to support prices, or subsidies directly related to production quantities.
- This support is subjected to limits:
 - 5% of agricultural production for developed countries
 - 10% of agricultural production for developing countries
- Countries that had larger subsidies than the limits at the beginning of post-Uruguay Round reform period are committed to reduce.

▪ **India's Current Situation and Stand:**

- Under WTO law, MSP based subsidy is counted as a trade-distorting subsidy, and if given beyond the permissible limit, breaches WTO law. Currently, India has a temporary relief due to a 'peace clause' which bars countries from bringing legal challenges against price support-based procurement for food security purposes.
- However, a permanent solution to this issue is still not in offing.

▪ **Current Negotiations:** Key points that are being discussed are:

- How much further these subsidies should be reduced, and whether limit should be set for specific products rather than continuing with a single overall "Aggregate" limits.

- **Blue Box**

- This is the '**amber box with conditions**' - conditions designed to reduce distortion.
 - Blue box supports are subsidies that are tied to programmes that limit production by imposing production quotas or requiring farmers to set aside part of their land.
- Any support that would normally be in the amber box, is placed in the blue box if the support also requires farmers to limit production.
- At present, there is **no limit on spending** on the blue box subsidies.

- **Green Box**

- Green box subsidies must not distort trade, or at most cause minimal distortion. They have to be government funded (not by charging consumers higher prices) and must not involve price support.
- These include programs that are not targeted at a particular product, and include direct income support for farmers that are not related to current production level or prices.
- They also include environmental protection and regional development program.
- They are **allowed without limits**, provided they comply with policy specific criteria.
- The green box is defined in Annex 2 of the Agriculture Agreement.
 - E.g. Agriculture research, Training, Pest Control etc.

- **Special and Differentiated Treatment Box (S&D Box) Subsidies**

- Not available to developed countries.
- These include assistance which are essential for rural development and upliftment of poor farmers. These are government assistance to encourage agriculture and rural development which is in nature of rural development program of developing countries, agriculture investment subsidies which are generally available to low-income or resource poor producers in developing countries.

- **Agriculture Subsidies and India:**

- India has continuously come under attack from the US and other western countries for its MSP regime. India along with China have also retaliated regularly by demanding US and EU to give up their farm subsidies first which they have strategically covered under Green Box subsidy.
- India claims that it is unnecessarily targeted to deflect attention from the enormous subsidy package that developed markets such as US and EU offer in form of Green box subsidies. India have complained that green box subsidies also distort global trade by making agricultural production cheaper in developed markets.
- Further, India is demanding exemption for its food security initiatives which is another bone of contention at WTO.

- The above difference has become a **major factor for lack of progress in the WTO negotiation process.**

C. Export Subsidies

- Subsidies that subsidize exports are called export subsidies. These are direct subsidies given by government to producers of agricultural products against exports.
- Targets were set for its reduction with time frame both for developed and developing countries

B) SOME RECENT UPDATES

WTO PANEL RULES AGAINST INDIA IN IT TARIFFS DISPUTE WITH EU, OTHERS (APRIL 2023)

- **Background of the case:** In 2019, the EU challenged India's introduction of import duties of between 7.5% and 20% for a wide range of IT products, such as mobile phones and its components, as well as integrated circuits, saying they exceeded the maximum rate. Japan and Taiwan filed similar complaints the same year.
- **WTO panel verdict:**
 - A world trade panel ruled that India has violated global trading rules in dispute with EU, Japan and Taiwan. It has recommended India to bring such measures into conformity with its obligations.
- **India's Response:**
 - If India decides to appeal, the case will sit in legal purgatory since the WTO's appeal bench is no longer functioning due to US opposition to judge appointments.

C) DISPUTE SETTLEMENT SYSTEM AT WTO

- **Introduction**
 - The eight yearlong Uruguay Round negotiations (1986-1994) also resulted in the creation of the Dispute Settlement System (DSS) and the adoption of the Dispute Settlement Understanding (DSU) to govern the trade disputes between member states.
- The DSS process **comprises three stages:**
 1. Consultations between parties
 2. Adjudication by panels, or the Appellate body (if appealed);
 3. Implementation of the ruling, including the possibility of countermeasures if the losing party doesn't implement the ruling.
- WTO's **General Council** (which have representatives (ambassadors or equivalent) from all member states) also convenes as the Dispute Settlement Body (DSB) to deal with disputes between member countries.

- It is a political body and has been established to administer rules and procedure of the DSU and has been tasked with fulfilling various functions.
- It has the authority to establish dispute settlement panels, refer matter for arbitration, adopt panel, appellate body, and arbitration reports, maintain surveillance over the implementation of recommendations and rulings contained in such reports, and authorize suspension of concession in the event of non-compliance with those recommendations and rulings.
- **Appellate Body:**
 - It is a standing body of seven persons that hear appeals from reports issued by panels in disputes brought by WTO members. It can uphold, modify or reverse the legal findings and conclusion of a panel. The AB has its seat in Geneva, Switzerland.
 - **DSS rulings and recommendations are nearly automatically adopted** as it follows a "negative consensus based procedure" for establishing panels, and adopting panel and AB reports.
 - **Note:** All other decisions such as appointment of panel or appellate body (AB) members, are taken through positive consensus mechanism.

US' WITHHOLDING OF APPELLATE BODY APPOINTMENT AND ITS IMPACT

- **Why new members are not being appointed?**
 - **What concerns have USA raised?**
 - The Appellate body has treated USA in an unfair manner and overstepped vis-a-vis its mandate.
 - USA also want an unconventional set of reforms that aim to increase the control of member states over DSS decisions, thereby allowing them to bilaterally modify, review and delete parts of the rulings.
- **Other concerns related to DSS.**
 - **Inability to effectively deal with complex cases** involving trade obligations and human health, environment, sustainable development and technology on trade and commerce.
 - Other criticisms include the process being costly, too "legalistic" in its interpretation of obligations (without accommodating the interests of developing countries) and it is lengthy.
- **Adverse Impact of dysfunctional Dispute Settlement mechanism of WTO** -> Increase in number of pending disputes; threatens entire rule-based trading regime -> difficult for smaller countries to hold larger countries accountable; Reduces relevance of WTO; Hamper trade including food trade -> exacerbate hunger and erodes food producer's income; Unresolved trade dispute -> political tensions.

D) REPORT: WORLD TRADE REPORT

- An annual publication that aims to deepen understanding about trends in trade, trade policy, and multilateral trading system.

- **Key Highlights of World Trade Report, 2023**
 - The report examines how re-globalization - or increased international cooperation - could address the three major challenges facing today's global economy: national and economic security, poverty alleviation, and environmental sustainability.

E) WORLD TRADE STATISTICAL REVIEW

The report provides a detailed analysis of the latest developments in world trade. It is produced annually and has replaced International Trade Statistics, the WTO's former annual statistical publication.

F) WORLD TRADE BAROMETER

- It is a set of indicators to provide "**real-time**" information on trends in world trade.
- The **Goods Trade Barometer**, formerly the **World Trade Outlook indicator**, is a leading indicator that signals changes in world trade growth two to three months ahead of merchandise trade volume statistics.
- The **Services Trade Barometer** is a coincident indicator that illustrates the current state of services trade slightly ahead of official statistics.

7) WTO: 13TH MINISTERIAL CONFERENCE (FEB MARCH 2024)

- WTO's 13th Ministerial Conference (MC13) took place in Abu Dhabi, UAE from 26th Feb 2024 to 2nd March 2024.
- **Key Decisions:**
 - MC endorsed the accession to the WTO of two LDCs - **Comoros and Timor-Leste** as members of WTO.
 - **Some important outcomes:**
 - **Domestic Regulation of Services:** An important outcome of MC13 was an agreement reached to implement new disciplines for domestic regulation of services, integrating into WTO framework. These disciplines are designed to facilitate trade in services by streamlining and simplifying regulatory procedures.
 - **Least developing countries** continuing to get the benefits of LDC even three years after graduation.
 - Geneva commitment to revive the dispute settlement system by 2024 was reiterated.
 - Decision to improve the use of **special and differential treatment (S&DT) provisions**.
- **No decision on several key issues such as:**
 - **Finding a permanent solution to public stockpile**
 - **Curbing fishing subsidies that leads to over-capacity and overfishing:** India has been asking developed countries engaged in distant water fishing to stop providing any kind of subsidies for 25 years.
- **A number of Developing country demands remained unresolved:**

- **Lifting of moratorium on levying customs duty on e-commerce:** India along with several developing nations has been consistently seeking an end to the moratorium in place since 1998 on their ability to levy custom duties on cross-border e-commerce. India has argued that this undermines its ability to generate revenue from a rapidly burgeoning area of global trade. However, the members agreed to further extend the moratorium on imposing import duties on e-commerce trade for 2 more years.
- **Reconstitution of the WTO's dispute settlement appellate body**

8) INTERNATIONAL CRIMINAL COURT

- **Introduction**
 - » **ICC** is an Intergovernmental Organization and International tribunal that is designed to investigate and prosecute genocide, crimes against humanity, war crimes and crimes of aggression when domestic courts fail to do so. It thus complements existing national judicial systems and therefore only exercises its jurisdiction when certain criteria are met, such as:
 - when national courts are unwilling or unable to prosecute the criminal or;
 - when the UNSC or individual states refer investigations to court.
 - » It sits in **the Hague, in the Netherlands**.
 - » It began functioning on **1st July 2002**, the date that the **Rome statute** entered into force. The Rome statute is a multilateral treaty which serves as the ICC's foundational and governing document.
 - » **Note:** Not to be confused with International Court Of Justice (ICJ).
 - » **Note:** Judgments are final without appeal and binding upon the parties concerned.
- **Membership:**
 - » As of **March 2024, 124 states** are parties to the Statute of the Court, including all the countries of South America, nearly whole of Europe, most of Oceania and roughly half of Africa.
 - **Armenia joined** ICC in 2023.
 - **Burundi** and **Philippines** were member states but later withdrew (in 2017 and 2019) respectively.
 - » **Another 31 countries** have signed but not ratified the Statute.
 - The law of treaties obliges these states to refrain from "acts which would defeat the objects and purpose" of the treaty until they declare that they don't intend to become a party to the treaty.
 - » **Four Signatories, Israel, Sudan, USA and Russia**, have informed the UN Secretary General that they no longer intend to become state parties and, as such have **no legal obligations** arising from their signature of the statute.
 - » **41 members of UN** have neither signed nor acceded to the Rome statute; some of them including India and China are critical of court.
- **Why has India not joined ICC?**
 - » The issue of State Sovereignty and national interests.
 - The ICC Chief Prosecutor has been given the power to initiate cases on her/his volition.
 - » **Definition of crimes** that come under ICC's jurisdiction.
 - For e.g. India has objected to the definition of **Crime Against Humanity (CAH)** during negotiations of the Rome Statute. India was not in favor of using 'widespread or

- systematic' as one of the conditions, preferring 'widespread and systematic', which would require a higher threshold of proof.
- Further, India wanted a distinction to be made between international and internal armed conflict.
 - India also wanted that use of nuclear weapons and terrorism should be included among the crimes under the purview of ICC but it wasn't.
- **Composition and Voting Power:**
- » **Assembly of State Parties:** It is the court's legislative and oversight body. It consists of one representative from each member state having one vote each.
- **Judicial Division**
- » The judicial division of ICC consist of **18 judges of the court**, organized into three chambers - the Pre-Trial Chamber, Trial Chamber and Appeals Chamber.
 - » **Judges are elected** by the Assembly of States Parties. They serve **9 year term** and are generally not eligible for re-election.
- **Relation with the UN**
- » It is independent from the UN. However, the Rome Statute grants **certain powers to UNSC**, which limits its functional independence.
 - E.g. : Article 13, allows the UNSC to refer to the court situations that would not otherwise fall under the court's jurisdiction (e.g. UNSC referred situation in Darfur and Libya to ICC)
 - » The court **cooperates with UN** in other areas including exchange of information and logistic support.
 - » The court also reports to the UN each year on its activities and some meetings of the assembly of states of parties are held at UN facilities.
- **Limitations of ICC**
- » **Doesn't have capacity to arrest suspects** and thus have to depend on member states for their cooperation.
 - » **3 P-5 UNSC members** are not part of it. China never signed and US, and Russia didn't ratify the Rome Statute
- **Criticisms**
1. **A tool for Western Imperialism** -> Has convicted leaders from small, weak states (mostly African). Therefore, ICC has been accused of bias and is being a tool of western imperialism.
 2. **Insufficient Checks and Balances:** USA claims that there are insufficient checks and balances on the authority of the ICC Prosecutor and judges and insufficient protection against politicized prosecutions or other abuses.
 3. **Imposition of a particular kind of ideology** - ICC has tended to impose ideas of liberal democracy on all states. This 'one size fits all' is not an effective solution.
- **Recent Developments**

A) ARMENIA JOINING ICC (2023)

- Armenia's Parliament votes to join the ICC (60-22 votes). Later, the Armenian President approved the Parliament's decision.
- **Geopolitical Impact:**
 - **Straining of ties with Russia:** The ICC has issued an arrest warrant for President Vladimir Putin of Russia over events in Ukraine. Countries that have signed and ratified the Rome Statute that created the ICC are bound to arrest Mr. Putin, who was indicted for war crimes connected to the deportation of children from Ukraine, if he sets foot on their soil.
 - Though Armenia has assured Russia that Mr. Putin wouldn't be arrested if he entered the country.

B) IN MARCH 2023, THE ICC HAS ISSUED AN ARREST WARRANT AGAINST VLADIMIR PUTIN ACCUSING HIM OF THE WAR CRIME OF ILLEGALLY DEPORTING HUNDREDS OF CHILDREN FROM UKRAINE.

- Russia has repeatedly denied its forces have engaged in war crimes, or forcibly taken Ukrainian Children.

C) SOUTH AFRICA WAS LOOKING FOR LEGAL OPTIONS IF RUSSIAN PRESIDENT VLADIMIR PUTIN ATTENDED THE 15TH BRICS SUMMIT IN SA.

- It is because SA is a member of ICC and thus is obliged to arrest Vladimir Putin if he came to South Africa.
- Note: Putin attended the summit virtually.

9) PERMANENT COURT OF ARBITRATION (PCA)

- **Introduction**
 - » Established by the Convention for the Pacific Settlement of International Disputes, concluded in the Hague in 1899 during the first Hague Peace Conference, it is an intergovernmental organization of 122 contracting parties, providing a variety of dispute resolution services to the international community.
 - » It is based in The Hague in The Netherlands.
 - » It is not a court in conventional understanding of the term but facilitates international arbitration to resolve disputes that involve states, state entities, intergovernmental organizations, private parties etc. by assisting in the establishment of arbitration tribunals and facilitating their work.
 - » It is not a UN agency but is an official UN observer.
 - » PCA is different from International Court of Justice which is housed in the same building, the Peace Palace in Hague.
 - People at large are more familiar with the ICJ than with PCA, partly because of the closed nature of the cases handled by PCA and due to small number of cases dealt with between 1946 and 1990. THE PCA's CASELOAD however, has increased since then.
 - » The PCA has a three-part organizational structure consisting of an Administrative Council that oversees its policies and budgets, a panel of independent potential arbitrators known as the Members of the Court, and its Secretariat, known as the International Bureau, headed by Secretary General.
- **Other Key features**

- » **International Offices:** Beyond its headquarters in the Peace Palace in Hague, the PCA has opened offices in various cities in order to make its services more accessible in different regions of the world [Buenos Aires, Mauritius, Singapore]
- » **Financial Assistance Fund:** This fund aims to assist developing countries meet part of costs involved in international arbitration or other means of dispute settlement offered by the PCA.

A) INDIA REITERATES ITS "CONSISTENT AND PRINCIPLED POSITION" THAT THE CONSTITUTION OF THE "SO-CALLED COURT OF ARBITRATION" IS IN CONTRAVENTION OF THE PROVISIONS OF THE 1960 INDUS WATER TREATY (JULY 2023)

- Hours after a Court of Arbitration (CoA) ruled that it has "competence" to consider matter concerning the Kishenganga and Ratle hydroelectric projects in J&K, a construction that Pakistan has opposed, India reiterated its position.
 - » **Background:** The World Bank had appointed Murphy as chairman of the CoA on October 17, 2022, after Pakistan sought such a Court to consider its concerns about the designs of Kishenganga and Ratle hydroelectric power projects.
 - » India has opposed the constitution of the CoA and contends that it is in contravention of the provisions of the Indus Waters Treaty. Till date, India has not exercised its right under Treaty to appoint two arbitrators to the CoA. New Delhi has not attended the court's proceedings and has sent its correspondence to World Bank
 - » **In the Award,** the Court carefully considered objections to the competence of the Court raised by India (by way of correspondence to World Bank). In a unanimous decision, which is binding on the Parties and without appeal, the Court rejected each of the objections raised by India and determined that the Court is competent to consider and determine the disputes set forth in Pakistan's Request for Arbitration.
- Ministry of External Affairs said that a Neutral Expert is seized of differences pertaining the two projects. Neutral expert proceedings are the only Treaty Proceeding at his juncture. The treaty doesn't provide for parallel proceeding on the same set of issues.

B) OTHER IMPORTANT RECENT CASES

- Italian Marine Case (2020)
 - » The PCA ruled that both India and Italy had concurrent jurisdiction in the matter but concluded that the Marine's immunity precluded India's Jurisdiction.
 - In India's favor, the Court found that the Italian vessel had violated the right and freedom of navigation of the Indian fishing vessel under UNCLOS and this action merited compensation.
- Bay of Bengal Maritime Boundary (Bangladesh vs. India) (2014)
- Mauritius vs United Kingdom (18th March 2015, ruled that the Chagos Marine Protected Area was illegal)
- Philippines vs China (July 2016 - no evidence that China had historically exercised exclusive control over the waters or resources)

10) INTERNATIONAL CRIMINAL POLICE ORGANIZATION (INTERPOL)

- **Introduction**
 - INTERPOL is world's largest international police organization, with 196 member countries.
INTERPOL facilitates international police cooperation.
 - **Vision:** "Connecting Police for a safer world"
 - **Mission:** "Preventing and fighting crime through enhanced cooperation and innovation on police and security matters".
 - **Headquarter:** "Lyon, France"
 - Work focuses mainly on
 - Public safety and battling terrorism
 - Crime against humanity
 - Environmental crime
 - Genocide
 - War crimes
 - Organized crimes
 - Piracy, illicit traffic in work of art
 - Illicit drug production
 - Drug trafficking
 - Weapons smuggling
 - Human trafficking
 - **Money laundering**
 - Child Pornography
 - White-collar crime
 - Computer crime
 - Intellectual Property crime
 - Corruption
- **Interpol Notice**
 - An Interpol notice is international alert circulated by Interpol to communicate information about crimes, criminals, and threats from police in a member state (or an authorized international entity) to their counterparts around the world.
 - There are eight types, seven of which are known by their color codes: Red, Blue, Green, Yellow, Black, Orange and Purple.
 - **Red Notice**
 - The most well-known notice is the Red Notice which requests (provisional) arrest of wanted persons, with a view to extradition. An Interpol notice is "*the closest instrument to an international arrest warrant in use today*. (Interpol **does not have the authority to issue arrest warrants** in the formal sense of the word, as this is the domain of the sovereign member states.)
 - **A Blue Corner Notice** is issued by the international police cooperation body to collect additional information from its member countries about a person's identity, location, or activities in relation to a crime.

A) 91ST GENERAL ASSEMBLY OF INTERPOL

- About General Assembly: It is INTERPOL's supreme governing body and comprise of delegates appointed by the governments of our countries. It meets once a year and takes all the major decisions affecting general policy, the resources needed for international cooperation, working methods, finances and programmes of activities.
- **Key Highlights of 91st assembly in Vienna**
 - » Resolution was passed to strengthen the collaborative response to disrupt financial crime and corruption, combat online sexual exploitation, and promote diversity within interpol itself.
 - » The delegation supported the adoption of Interpol's Vision 2030 and the establishment of the Interpol Future Council.

Other Important initiatives by Interpol

1. Global Focal Point Initiative

- To trace, seize and return stolen public funds to the country of origin.

11) INTERNATIONAL ATOMIC ENERGY AGENCY (IAEA)

- **Beginning:**
 - It is the world's **center of cooperation in nuclear field**. It was set up as world's "Atoms of Peace" organization in 1957 within the UN family. Though established independently of the United Nations through its international treaty, the IAEA statute, the IAEA reports to both UNGA and Security Council.
- **Objective / Purpose:**
 - It serves as an **intergovernmental forum for scientific and technical cooperation in the peaceful use of nuclear technology** and nuclear power worldwide.
 - It seeks to further inhibit the use of nuclear for military purpose, including nuclear weapons.
- **IAEA SAFEGUARDS**
 - It is a system of inspection and verification of the peaceful use of nuclear materials as part of Nuclear Non-Proliferation Treaty, supervised by IAEA.
- **Some Conventions**

A) CONVENTION ON SUPPLEMENTARY COMPENSATION FOR NUCLEAR DAMAGE

- Introduction

1. It recognizes the importance of the measures provided in the Vienna Convention on Civil Liability for Nuclear Damage and Paris Convention on Third Party Liability in the field of nuclear energy as well as in national legislation on compensation for nuclear damage consistent with the principle of these conventions.
2. It desires to establish a worldwide liability regime to supplement and enhance these measures with a view to increasing the amount of compensation for nuclear damage.

3. This worldwide liability regime would further encourage regional and global cooperation to promote a higher level of nuclear safety in accordance with the principles of international partnership and solidarity.

- Other details
 1. CSC allows for increasing the compensation amount in the event of a nuclear incident through public funds pooled in by contracting parties based on their own installed nuclear capacities.
 2. Entered into force on 15th April 2015.
- India ratified the convention in Feb 2016.

12) WORLD ECONOMIC FORUM (WEF)

- **Introduction**
 - WEF is a Swiss nonprofit foundation, based in Cologny, Geneva. Recognized by Swiss authorities as the international institute for public private cooperation, its mission is cited as "committed to **improving the state of the world** by engaging business, political, academic, and other leaders of society to shape global, regional, and industry agendas".
 - It is best known for its annual meeting at Davos (Switzerland).

B) 2024 ANNUAL MEET AT DAVOS (JAN 2024): KEY HIGHLIGHTS

- **Artificial Intelligence (AI)** took centre stage at this years WEF meet. Both its' positive and negative sides were discussed.
- **War and Uncertainty:** Fragile geopolitical situation in various parts of the world is threatening global supply chain and causing uncertainty around food security.
- **Need for businesses to adapt to climate and united action against climate** was another important area.
- **India's bright prospects** and **China's slowing economy** was another area of discussion
- **Investment in women's health** could boost global GDP by USD 1 trillion annually by 2040.
- **Announcement of the launch of 'Global Good Alliance for Gender Equity and Equality'**: It was launched with the support and endorsement of WEF and Government of India.
 - The objective of the alliance is to bring together global best practices, knowledge sharing and investment in the identified areas of women's health, education and enterprise.

C) KEY REPORTS BY WEF

| Report | Period (last published) | India's ranking | Comments |
|--------------------------------------|-------------------------|-------------------------------------|---|
| Global Risks Report | Annual (Jan 2024) | | See details below |
| Travel and Tourism Competitive Index | Biannual (2022) | 54th/117 (eight lower than 2019) | Japan, the USA, Spain, France and Germany are at <u>top of the list</u> . |

| | | | |
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| Global Competitiveness Index | Annual (2023) | 40/134 | The report ranks countries on <u>their ability to attract, develop and retain skilled people.</u> Switzerland, Singapore and the US are the top ranked countries |
| Global Gender Gap | Annual (June 2023) | 127/146 | Details below |
| Energy Transition Index | Annual (2023) | 67th/140 | The Energy Transition Index, <u>which benchmarks 120 countries on their current energy system performance and on the readiness of their enabling environment, finds that while there has been broad progress on clean, sustainable energy, there are emerging challenges to the equity of the transition – just, affordable access to energy and sustained economic development</u> – due to countries shifting their focus to energy security |
| Future of Growth Report, 2024 | | Global average score is <u>52.8</u> (100 is best score) India's score is <u>51.2</u> . | The report introduces a <u>multi-dimensional framework</u> to assess the quality of economic growth across <u>107 countries globally</u> . Nation's economic growth is measured across <u>four pillars</u> - Innovativeness; inclusiveness; Sustainability; and Resilience. |
| Future of Jobs Report, 2023 | Annual (2023) 4th edition | | The report explores <u>how jobs and skills will evolve over the next five years</u> . Economic, health and geopolitical trends have created divergent outcomes for labour markets globally in 2023 Technology adoption will remain a key driver of business |

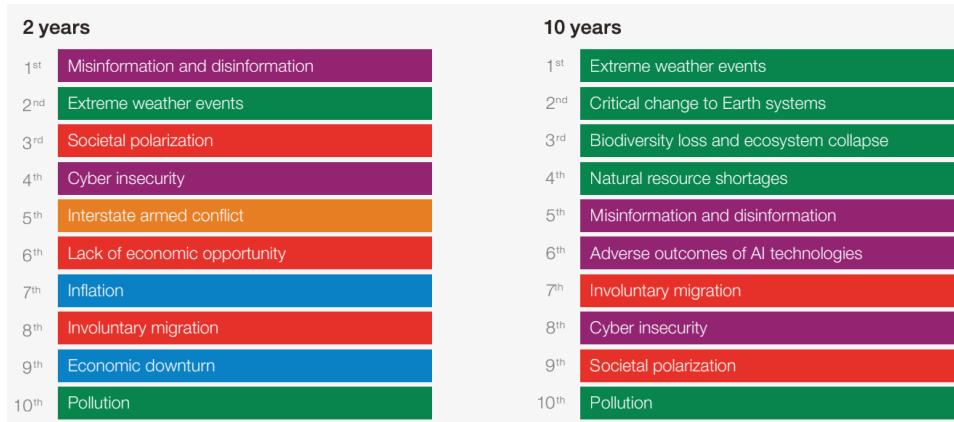
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| | | | transformation in the next five years Within technology adoption, big data, cloud computing and AI feature highly on likelihood of adoption |
| Global Cooperation Barometer 2024 | Note: Released by <u>WEF</u> in collaboration with <u>McKinsey & Company</u> . | | It is meant to serve as a tool for leaders to better understand the contours of cooperation broadly and along five pillars – trade and capital flows, innovation and technology, climate and natural capital, health and wellness, and peace and security |

D) GLOBAL GENDER GAP REPORT, 2023

- GGG Report benchmarks 146 countries on their progress towards gender parity across four thematic dimensions:
 - i. Economic Opportunities
 - ii. Political Empowerment
 - iii. Educational Attainment
 - iv. Health and Survival
- **Key Highlights: 2023 Report**
 - Iceland (91.2%), Norway (87.9%) and Finland (86.3%) are the best performing countries
 - **India's rank is 127/146 countries (improvement from 135 last year)**
 - India performance badly in Economic Participation and Opportunities (36.7%) and Parity on Political Empowerment (25.3%).

E) GLOBAL RISK REPORT, 2024

- Global Risk Report is an annual study published by WEF ahead of its annual meet at Davos, Switzerland.
- The report describes changes occurring in the global risks landscape from year to year and identifies global catastrophic risks.
- **2024 Report: Key Highlights**
 - **Global Short-term and long term risks:**



- **Most Important Risk for India**

- **Misinformation and disinformation (MI); Infectious disease; Illicit Economic Activity; Inequality (Wealth and Income); and Labour shortage**

13) INTERNATIONAL WHALING COMMISSION

- International Whaling Commission is an inter-governmental organization whose purpose is the conservation of whale and the management of whaling to allow orderly development of whaling industry.
- The legal framework of the IWC is **the International Convention for the regulation of Whaling**.
 - The convention was established in 1946, making it one of the first pieces of international environmental legislation.
 - All member countries of IWC are signatories of this convention.
- Currently (Aug 2023) IWC has 88 members.
- The **legally finding schedule** of the convention sets out specific measures that the IWC has collectively decided to be necessary in order to regulate whaling and conserve whale livestock.
- These measures include
 1. **catch limits** (which may be **zero in the case of commercial whaling**) by species and area.
 2. **Designating specified areas as whale sanctuaries**,
 3. Protection of calves and females accompanies calves etc.
- The commission also **coordinates and funds conservation work** including research related to conservation.
 - **India joined the IWC in 1981**.
- **Important countries which are not members**
 - Canada (left in 1982), Venezuela (left in 1999), Egypt (left in 1989), **Japan (left in 2019)**.
- **Key Efforts**
 - In 1982, the IWC adopted moratorium on commercial whaling.
 - Countries like Russia and Japan had opposed it.
 - In 1994, the Southern Ocean Whale Sanctuary was created by the IWC.
- **Other facts**
 - The IWC allows whaling quotas for aboriginal subsistence and also member nations can issue 'Scientific permits' to citizens.

14) STOCKHOLM INTERNATIONAL PEACE RESEARCH INSTITUTE (SIPRI)

- **About SIPRI**
 - » It is an international institute based in Stockholm, Sweden, dedicated to research into conflict, armaments, arms control, and disarmament.
 - » It was established in 1966. It provides data, analysis and recommendations to policy makers, researchers, media, and the interested public.
 - » Its **funds** are mostly drawn from governments and independent philanthropic organizations around the world. It also receives annual support from Swedish government.

A) SIPRI REPORT (MARCH 2024)

- India remained the world's largest arms importer and its imports increased by 4.7% (between 2014-18 to 2019-23)
 - **Russia (36%)** continues to be India's main arms supplier. But this was the first five year period since 1960-64 when deliveries from Russia (or USSR) made up less than half of India's arms import.
- **Saudi Arabia** is the world's 2nd largest arms importer.
- **Pakistan** has significantly increased its arms import (by around 45%).
- **China's arms import shrank by 44%**, mainly as a result of substituting imported arms, with locally produced systems.

B) SIPRI YEAR BOOK (JUNE 2023)

- **9 Nuclear armed states** are continuing to expand and modernize their nuclear arsenal.
- **Total nuclear warheads** in the world is estimated at 12,512 in Jan 2023.
- **Russia and USA** have 90% of all nuclear weapons.
- **Transparency and dialogue** regarding nuclear weapons and forces between Russia and USA have declined.
- **India:**
 - **Nuclear arsenal** has expanded from 164 in 2022 to 164 in 2023.
- **China** has 410 warheads in Jan 2023 (from 350 warheads in Jan 2022)

5. COMPREHENSIVE AND PROGRESSIVE AGREEMENT TRANS-PACIFIC PARTNERSHIP – CPTPP (EARLIER NAMED TPP)

- **Why in news recently?**
 - » The UK has reached an agreement in principle to join the CPTPP. (March 2023)
- **Introduction**

- » CPTPP is a free **trade agreement** between **11 Pacific Rim countries** (US is no longer part of TPP). It was signed in Santiago, Chile.
- » **Aims/Goals:**
 - Create a new single market (something like EU) -> Deepen economic ties, slash trade barriers, and thus increase trade and economic growth in the region.
 - Establish a common framework for **intellectual property**.
 - Enforce standards for labour law and environmental law.
 - Establish an **investor state dispute settlement**.

- **USA's withdrawal from TPP:**
 - » The earlier proposal of TPP which was signed on 4th Feb 2016 in Auckland, New Zealand, couldn't be ratified because of the withdrawal of USA on 23 January 2017.
- **Countries Participating:** Canada, **USA**, Mexico, Peru, Chile, Japan, Vietnam, Malaysia, Singapore, Brunei, Australia and New Zealand..



- **CPTPP Commission** was established when the CPTPP entered into force on 30th Dec 2018. It has representative from all 11 members and is the decision making body of the CPTPP.
 - The first meet of CPTPP took place Jan 2019, in **Tokyo, Japan**.
- **Significance**
 - Covers 15% of world's GDP (with UK)
 - In addition to tariff cuts, the CPTPP include **high standards on environment and labor laws, IPR regime, e-commerce** etc.
 -
- **Supporters' Argument**
 - The pact would boost growth in Asia Pacific Economies.
 - It would unlock opportunities and address vital 21st century issues within the global economy.

15) BRITAIN HAS AGREED TO JOIN THE CPTPP, A TRADE PACT BASED AROUND THE PACIFIC RIM, AS IT SEEKS TO BUILD TIES AROUND THE WORLD AFTER LEAVING EUROPEAN UNION.

- The UK and the present members formally signed an accession protocol on 16th July 2023 and will join the agreement when it has been ratified by all parties, or after 15 months if the UK and the majority of CPTPP parties ratify.

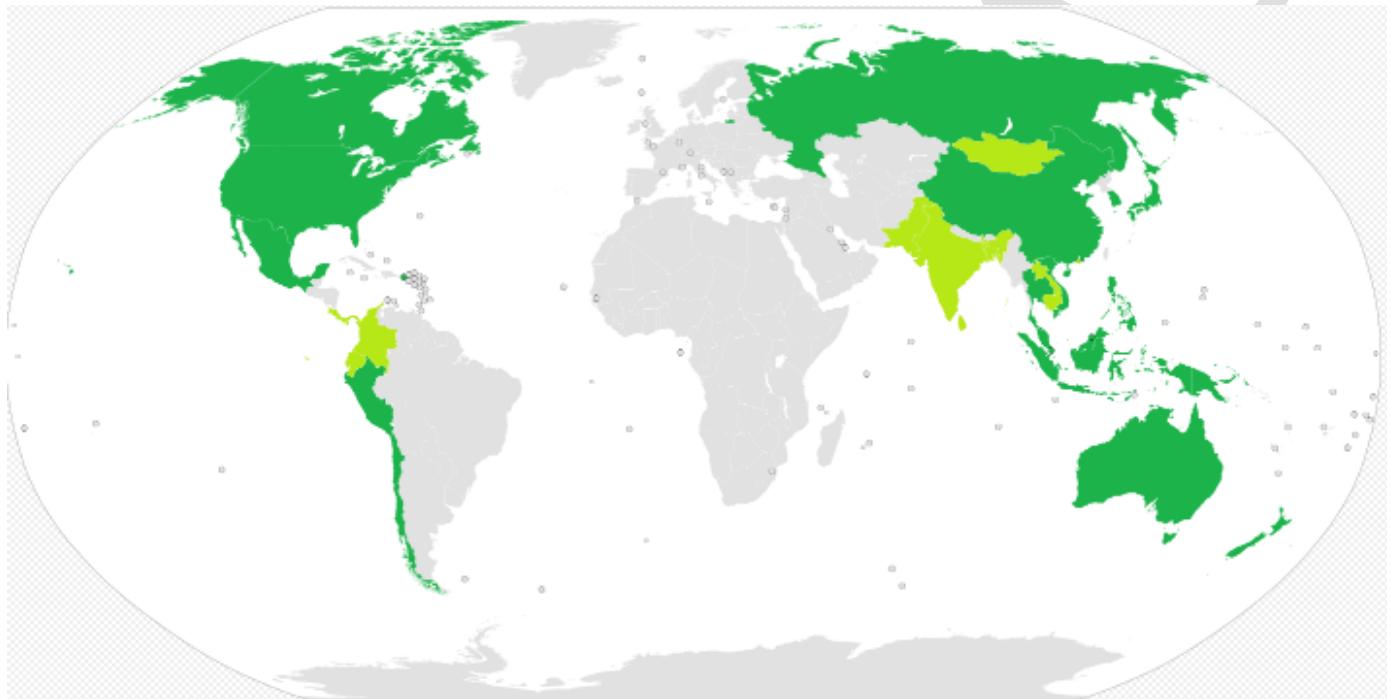
- Britain will become the 12th member and will be the first one to join the partnership since its inception.
- **Economic Benefits for UK**
 - Tariff free trade with a number of countries with which Britain doesn't have FTA.
 - CPTPP doesn't have single market for goods and services, and so regulatory harmonization is not required, unlike the EU, whose trading orbit Britain left at the end of 2020.
- **Other reasons for Britain to Join:**
 - While the economic benefit for Britain may be modest, Britain has geo-political reasons for joining the bloc. Joining CPTPP could enable the UK to enhance ties with like-minded countries to protect a free and open Indo-Pacific Region.
 - » In the context of growing tensions with China, defined as an 'epoch-defining challenge' in the recent refresh of the Integrated Review, strengthening relations with allies in the region has become increasingly important.
- **Note:** China has also applied to join CPTPP

6. APEC (ASIA PACIFIC ECONOMIC COOPERATION)

- **Introduction**
 - Asia Pacific Economic Cooperation (APEC) is a forum for 21 Pacific Rim member economies that promotes free trade throughout the Asia Pacific region.
 - **Establishment:** In 1989
 - in response to the growing interdependence of Asia-Pacific economies and the advent of regional trade blocs in other parts of the world (EU and North America FTA)
 - In response to fear that highly industrialized Japan (a member of G7) would come to dominate economic activities in the Asia Pacific region;
 - To establish new markets for agricultural products and raw materials beyond Europe.
- **Member Economies**
 1. Currently has 21 members, including most countries with coastline on the pacific ocean. However, the criterion for membership is that the member is a separate economy, rather than a state. As a result, APEC uses the term member economies rather than member countries to refer to its members.

| Member Economies | Observers |
|--|---|
| 1. Russia 2. People's Republic of China 3. Hongkong 4. Republic of China (Taiwan) 5. Japan 6. South Korea 7. Vietnam 8. Thailand 9. Malaysia 10. Singapore 11. Indonesia | 22. ASEAN 23. The Pacific Island Forum 24. Pacific Economic Cooperation Council |

- | | |
|---|--|
| <p>12. Phillipines 13. Brunei Darussalam 14. Papua New Guinea 15. Australia 16. New Zealand 17. Canada 18. USA 19. Mexico 20. Peru 21. Chile</p> | |
|---|--|



2. Possible Enlargement

1. India has requested membership of APEC, and received initial support from USA, Japan and Australia.
 - But, China has remained opposed to India. And since, the APEC works on a consensus model, even one country opposing India's membership becomes an hindrance.
 - Following reasons are given for not admitting India:
 - **Extra-regional status:** India doesn't border pacific ocean, which all current member do
 - Opposition by some members due to India's record on economic reforms and WTO engagement.
 - India was invited to be an observer for the first time in November 2011.
2. Other countries seeking membership
 - Pakistan, Bangladesh, Sri Lanka, Macau, Mongolia, Laos, Cambodia, Costa Rica, Colombia, Panama, and Ecuador.

7. USMCA

- **Background: North America Free Trade Agreement (NAFTA)**
 - » NAFTA was a **trilateral agreement between Canada, USA, and Mexico** for creation of a **trade bloc in North America**. The agreement **came into force in 1994**. It was focused on eliminating barriers of trade and investment between US, Canada, and Mexico.
- » **Impact of NAFTA**
 - Most economic analyst believe that NAFTA has been very **beneficial for North American economies and the average citizen** but harmed a small minority of workers in industries exposed to trade competition.
- » **Contentious Issues - Maquiladoras**
- » Former President Trump in his election campaign in 2016 had criticized NAFTA and had called it "single worst trade deal ever approved in the US". Thus, soon after his election, a renegotiation of NAFTA started.
- » In Dec 2019, a trilateral United States Mexico Canada Agreement was finalized to replace the 25 year old NAFTA.
- **USMCA**
 - » It came into force in 2020.
 - » The new deal gives the **US greater access to the dairy markets of Canada and Mexico**, and allows extra imports of Canadian car.
 - » **Minimum wage provisions for auto workers**
 - 40% of the car parts of vehicles produced in the three countries must be made in North America, paying wages of \$16 an hour.
 - US expects that this will reduce the export of Jobs from US to Mexico where labor cost is less compared to US.
 - » **USMCA put the condition** that for a vehicle to qualify for zero tariff, 75% of its content must be from North America. (Under NAFTA this threshold was 60%)
 - » USMCA also contains **stronger protection for workers**, tough new **environmental rules**, and updates the trade relationship to **cover the digital economy and provides "ground breaking" intellectual property protections**.
 - » There are provisions to prevent manipulation of the trade rules, including covering currency values, and controls over outside countries trying to take advantage of the duty-free market.

8. EURASIAN ECONOMIC UNION

- **Introduction:**

- EEU is a **political, military and economic union** of states primarily located in northern Eurasia [Eastern Europe, Western Asia and Central Asia]. It consists of **five members**: Russia, Belarus, Armenia, Kazakhstan and Kyrgyzstan.
- In theory, the EEU is an **ambitious project for economic integration** in the former soviet region.
- It has its own institutions, mirroring that of the EU.
 - It includes **Eurasian Economic Commission** in Moscow as its regulatory body, and a **Court of the Eurasian Economic Union** based in Minsk.
- Came into existence on 1st Jan 2015.
- **Aim**
 - **Free movement** of goods, services, capital and people
 - **Common Policy**: Provide common transport and agriculture policy.
 - **Long term aims**: Common currency and common customs like EU.
- **Impact**:
 - Reality of integration between five member states is cumbersome and patchy.



- **India and EEU**

- In Dec 2016, negotiations started for an FTA between India and EEU. However, the talks haven't progressed much.

- **Russia continues to pressure Uzbekistan to Join EEU (2021)**

- In Dec 2020, Uzbekistan got the observer status.
- It plans to commit to half of the EAEU's requirements and technical standards for products exported to the Union market.
 - The government has also directed several agencies to draft national document to align with 26 EAEU technical regulations for common market products.



9. G20

- **Introduction**

- » The Group of Twenty (also known as G-20 or G20) is an international forum for the governments, finance ministers and the central bank governors from 20 major economies.
- » It was **founded in 1999** as an informal forum of Finance Ministers and Central Bank Governors of its members to meet annually, with the aim of studying, reviewing, and

promoting high level discussion of policy issue pertaining to the promotion of international financial stability.

- » It's agenda was **expanded in 2008** with the inclusion of the head of government in the meet. After this first summit it replaced the G8 as the main economic council of the wealthy nations.
- » G-20 in the current form is the child of 2008 global financial crisis.
- » Please note that G20 is an informal grouping and thus it doesn't have permanent secretariat/staff. **Rather, G20 presidency rotates annually** among members and is responsible for bringing together the G20 agenda, organizing its workings and hosting summits.

- **Members**

- » **19 countries, EU and African Union**
 - Canada, US, Mexico, Brazil, Argentina, UK, France, Germany, Italy, Turkey, South Africa, Saudi Arabia, Russia, China, India, Japan, South Korea, Indonesia and Australia.
 - EU is represented by European Commission and European Central Bank.
 - **Note:** In the 2023 summit in Delhi, inclusion of African Union has been agreed upon.
- » **The UN, IMF and WB** also attend G20 meet.
- » **Spain** is a permanent guest invitee at the summit.

- **Objectives:**

- » Policy Coordination between its member countries in order to achieve global economic stability, sustainable growth.
- » To Promote Financial Regulations that reduce risks and prevent future financial crisis.
- » To Create a new international financial architecture.

- **Significance of G20**

- » G20 has emerged as the premier forum of international economic cooperation, a sort of mini-UN, towards building an open world economy. G20 got its reputation because of its ability to restore stability in the global financial system after the 2008-09 crisis.
- » Discussions and agreements at G20 helps in reshaping the governance of global finance. It has enabled work towards reform of IMF, WB and United Nations as all the major world economies are represented here.
- » The member countries (before addition of AU) represent 90% of the Gross World Product, 80% of the trade, 2/3rd of the World Population and approximately half of the world land area.
- » When global governance in general are continuing to reflect the power equations at the end of World War - II, the G20 is a recognition of the changed realities and has given a place at the international high table to emerging powers.

16) 2023 G20 SUMMIT: INDIA

- **India's Presidency Theme** was "Vasudhaiva Kutumbakam" which means "the world is one family".
- **Key Outcomes:**

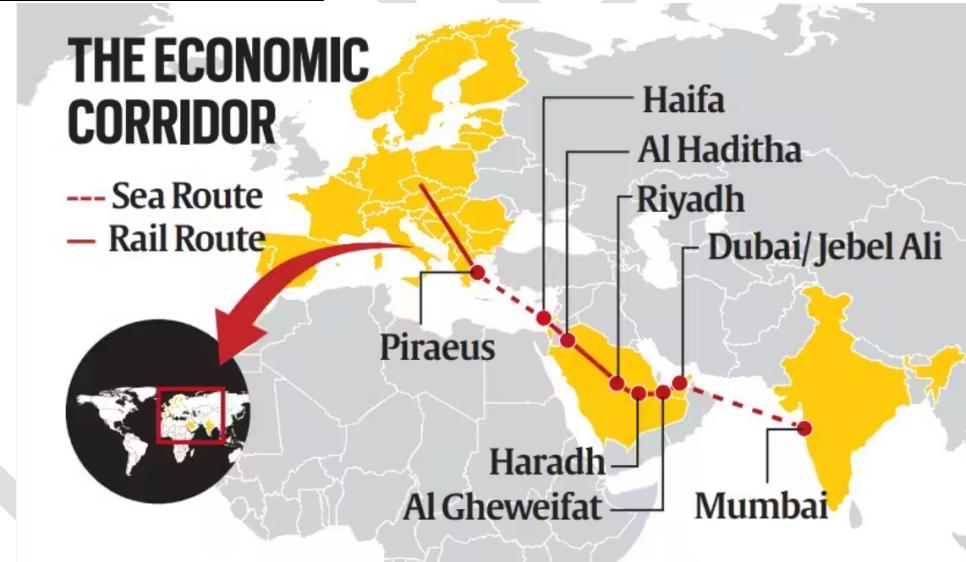
- **New Delhi Declaration:** The G20 has adopted a consensus declaration with following highlights:
 - **On Ukraine War:**
 - All states must act in a manner consistent with purposes and principles of UN charter in its entirety.
 - They must refrain from threat or use of force to seek territorial acquisition against territorial integrity and sovereignty or political independence of any state. States must also refrain from use of or threat of use of nuclear weapons.
 - Peaceful resolution of conflicts and efforts to address crisis as well as diplomacy and dialogue are critical.
 - "Today's ERA must not be of war."
 - **On Grain/Food/Energy Security:**
 - The declaration calls on Russia and Ukraine to ensure unimpeded delivery of food and fertilizer inputs from Russia and Ukraine.
 - **On Economies and Financial Market:**
 - It endorses financial board's high level recommendations for regulation, supervision and oversight of Crypto-assets, activities..
 - Renew our commitment to ensure a level-playing field and fair competition by discouraging protectionism, market distorting practices.
 - **On Climate Change:**
 - Notes that there is a need to accelerate efforts to phase down unabated coal power, in line with national circumstances.
 - The declaration noted that \$5.8-5.9 trillion in pre-2030 period is required by developing countries, in particular for their needs to implement their emission targets.
 - **On Global Debt Vulnerability:**
 - It committed to promoting resilient growth by urgently and effectively addressing debt vulnerabilities in developing countries.
 - **Health:** It remains committed to strengthening global health architecture.
 - **Terrorism:** It condemns terrorism in all its forms and manifestations, including those on the basis of xenophobia, racism, and other forms of intolerance, or in the name of religion or belief, recognizing the commitment of all religions to peace.
- **Announcement of G-20 decision to include the 55-nation African Union**, the second regional bloc to join the G-20 after the EU.
 - With this, the future summits in Brazil and South Africa is expected to take India's Global South Initiative forward.
 - The move help tilt the balance within G-20 away from Power-11 of the geopolitical powers, the G7, Australia, the EU and the Russia and China combined to the Developing 10 (Argentina, Brazil, Mexico, African Union, South Africa, Turkey, Saudi Arabia, India, South Korea and Indonesia) who make up rest of the member.
- **Finance Track of India's G20 Presidency** also paved the way for coordinated global approach to regulating cryptocurrencies, strengthening multilateral development banks' lending capacity and

replicating the use of digital public infrastructure like the India Stack to expand financial inclusion around the world.

- Announcement of India-Middle East - Europe Economic Corridor (IMEE EC) to strengthen economic connectivity between India-West Asia and Europe.
- Launch of Global Biofuel Alliance on the sidelines of G20 summit.

17) INDIA MIDDLE EAST EUROPE ECONOMIC CORRIDOR (IMEE EC)

- It was announced by PM Modi during the G20 Summit in India in 2023
 - India, USA, UAE, Saudi Arabia, France, Germany, Italy and the European Union Commission have signed MoU to establish IMEE EC.
- It entails an ambitious project that could leverage railway tracks and shipping corridors to help physically link up a vast stretch of the Eurasian subcontinent and in the process improve digital connectivity and catalyze trade among countries including energy products including Green Hydrogen.
- It will consist of **two separate corridors:**
 - **East Corridor** connecting India to West Asia/ Middle East
 - **Northern Corridor** connecting West Asia/Middle East to Europe
 - i. It involves laying of a railway link through the Arabian Peninsula that could then link up with shipping passages to India and Europe on both ends.
- The initiative is jointly spearheaded by the US and India, and spans India, UAE, Saudi Arabia, Jordan, Israel, and the European Union.



- **Significance:**
 - **Impetus to Economic Development**
 - **Strategic Significance:** ideological alternative to China's BRI.
 - Reduce dependency on Suez Canal
- **Official Timeline and Funds** have not been detailed about.

18) GLOBAL BIOFUEL ALLIANCE

- Launched during the sidelines of G-20 Summit in Delhi in 2023 by PM Modi and a host of global leaders including US President Joe Biden, Brazilian President Lula da Silva, Bangladesh PM Sheikh Hasina and Italian Prime Minister Giorgia Meloni.
- **Initiating members** include USA, Brazil, Argentina, Italy, South Africa, Mauritius, UAE, India and Bangladesh.
 - **Observer Countries:** Singapore and Canada.
- Other G-20 countries have been urged to join the initiative.
- **The alliance is aimed at facilitating global cooperation in increasing the sustainable production and use of biofuels across the sector.**
 - Its focus is on strengthening market, facilitating global biofuel trade, developing concrete policy lesson-sharing and providing technical support for national biofuel program worldwide.
 - **Target:** Take ethanol blending with petrol globally to 20%.
- The Alliance mirrors International Solar Alliance (ISA) which aims to bring clean and affordable solar energy within the reach of all.

10.G7

- **Introduction**
 - » The Group of Seven is a group consisting of Canada, USA, UK, France, Germany, Italy and Japan. It is an informal forum of leading industrialized nation/ seven major advanced economies as reported by IMF.
 - » The European Union is also represented within the G-7.
- **Beginning**
 - » **World Economic** Summit, which later became the G7, was launched in 1975 by former French President Valery Giscard. Initially there were **6 members (G6)** and heads of government/state of USA, UK, Germany, France, Italy and Japan met for a fireside chat at Rambouillet Castle in France. The participants exchanged ideas on the economic problems of the 1970s.
 - » **In 1976**, Canada joined as the 7th member.
 - » In the 1980s, the interest of G7 expanded to include foreign and security policy issues. The Soviet General Secretary Mikhail Gorbachev was invited to talks on the sidelines of the London Summit in 1991.
 - » **In 1998**, Russia became a member and the **G8** was constituted.
 - » **Russia was thrown out of the group** after its violation of Ukraine's Sovereignty and territorial integrity in 2014.
- Canada became the 7th member in 1976.
- **Purpose**
 - » Discuss the **current world issues** (dominated in 1975 by the oil crisis) in a frank and informal manner -> Economic, foreign and security issues.
- **Criteria**
 - » A very high net national wealth.

- » A very high HDI.
- **Economic Strength**
 - The G7 countries represent more than 64% of the net global wealth; 10% of the world's population; 31T of the global GDP and 21% of the CO2 emissions.

19) 49TH SUMMIT: MAY 2023: HIROSHIMA, JAPAN

- **India, Australia, Brazil** etc. were also invited to the summit.
 - » India gave 10-point action plan to combat challenges associated with food, health, and other development related problems.
- **Major outcomes of the summit:**
 - » **Decision to set up "Coordination Platform on Economic Coercion"** to counter the attempt to "weaponize" trading and economic dependencies in the "critical emerging technologies such as micro-electronics".
 - » **Decision for Development and Adoption of International Technical Standards** for "trustworthy" AI.
 - » **Net Zero by 2050:** Members pledged to achieve net zero by 2050 to fight climate change.
 - » The summit produced Hiroshima Action Statement on Food Security.

20) G7'S COMMITMENT TOWARDS CARBON-FREE ELECTRICITY PRODUCTION (APRIL 2023)

- » **G7 Climate and Energy Ministers and envoys** have committed to ensuring carbon-free electricity production by 2035 and accelerating phase out of coal. The agreement was made at Sapporo, Japan, ahead of the G7 summit in Hiroshima in May 2023.

11.G77

- Group of 77 at the United Nations is a loose coalition of developing countries, designed to promote its members' collective economic interests and create an enhanced joint negotiation capacity in the UN.
- **Membership**
 - There were 77 founding members of the organization, but the membership since expanded to more than 130 member countries.
- **China has never officially joined** but provides consistent political support and financial donation to the G77.

12.SCO

- **Introduction: 9 Members**
 - » The SCO is a Eurasian political, economic and security organization which emerged from Sanghai Five (China, Russia, Kazakhstan, Kyrgyzstan, and Tajikistan) that was founded in 1996 after demarcation of China's border with four newly independent states that appeared after collapse of the Soviet Union in 1991. Shanghai five was supposed to serve as a platform for political, economic, cultural and security cooperation.

- » This was transformed into today's SCO with the induction of **Uzbekistan** as a new member at the Shanghai summit in 2001; **India & Pakistan** in Astana summit in 2017; and **Iran** in 2023 summit.
- **Members**
 - » **Member States (Important for pre):**
 - China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan, India, Pakistan and Islamic Republic of Iran.
 - Belarus has also started the process of joining SCO.
 - » **Observers:**
 - Afghanistan, Belarus and Mongolia
 - » **Headquarter**
 - Beijing, China
 - » **Official Language:** Russian and Chinese
 - » **Objectives**
 - SCO's objectives are centered around **security related concerns**, military cooperation, intelligence sharing, and counterterrorism.
- **Activities**
 - Cooperation on Security
 - Military Activities:
 - Economic Cooperation
 - Connectivity
 - Cultural Cooperation

21) SCO SUMMIT, 2023

- It was hosted by India and was a virtual summit.
- During this summit, Iran officially joined as the 9th member.
- The **theme** of India's chairmanship of SCO is '**Towards a SECURE SCO**', which was an acronym given by PM Modi in 2018 summit in Qingadao.
 - » S: Security, E: Economic development, C: Connectivity, U: Unity, R: Respect for sovereignty and territorial integrity, E: Environmental protection
- **Key Highlights:**
 - » **New Delhi Declaration** - It calls for international communities to come together to counter the activities of terrorist, separatist, and extremist group.
 - » **Five new pillars of cooperation** has been identified: Startups and Innovation; Traditional Medicine; Youth Empowerment; Digital Inclusion; Shared Buddhist Heritage.

13. QUAD

- QUAD, also known as the Quadrilateral Security Dialogue, is a strategic forum comprising of four nations: United States, Japan, India, and Australia.
 - » The idea of the Quad was first proposed by the Japanese Prime Minister Shinzo Abe in 2007 as a response to China's growing assertiveness in the Indo-Pacific region. However, the initiative did not gain much momentum at that time.

- **The Quad was revived in 2017** and has since gained momentum, with the four countries holding regular meetings at various levels, including at the leaders' level. The Quad is primarily focused on security issues in the Indo-Pacific region, such as **maritime security, counterterrorism, and cybersecurity**, as well as economic and humanitarian issues.

22) QUAD SUMMIT, 2023 (FIFTH SUMMIT, HIROSHIMA)

- **Infrastructure:**
 - » **Quad Infrastructure Fellowship:** The program will provide at least 1,800 scholarships, work exchanges, and other executive programs to government officials on best practices surrounding the design, delivery, and management of high-standard infrastructure projects.
 - » **Quad Partnership for Cable Connectivity and Resilience:** It will bring together public and private sector to address gaps in infrastructure and coordinate on future builds.
- **Investment:**
 - » **Quad Investment Network (QUIN):** a network of investors and executives across Quad countries that seeks to foster co-investment in critical technologies. The QUIN will facilitate access to capital and facilitate technology partnerships through the establishment of an Advisory Board of business leaders and expert working groups to advance the prosperity and security of the Indo-Pacific Region.

14. PARIS CLUB

- **Why in news?**
 - » Sri Lanka reaches agreement with India, Paris Club on debt treatment (Nov 2023)
- **Details**

The Paris Club is a **group of mostly western creditor countries** that grew from a 1956 meeting in which Argentina agreed to meet its public creditors in Paris.

- » It describes itself as a **forum where official creditors meet to solve payment difficulties faced by debtor countries.**
- » When debt countries undertake reforms to stabilize and restore their macroeconomic and financial situation, Paris Club Creditor provide an appropriate debt treatment.

There are 22 members to this grouping and all of them are members of OECD.

Members are: Canada, USA, Brazil, Ireland, UK, Spain, France, Italy, Switzerland, Germany, Belgium, Netherlands, Denmark Austria, Norway, Sweden,



Finland, Russia, Japan, South Korea, Israel, and Australia.

Their **objective** is to find sustainable debt relief solutions for countries that are unable to repay their bilateral loans.

» **How many agreements have Paris Club been involved in?**

- Since its beginning, Paris Club has reached 470+ agreements with 102 different debtor countries. Since 1956, the debt treated in the framework of Paris Club Agreements amount to more than \$610 billion.
- **How has Paris Club been involved in debt agreements: Key Features of Paris Club Debt Agreements:**
 - **Principle of Consensus and Solidarity:** Any agreement reached with debtor country will apply equally to all its Paris Club creditors.
 - A debtor country that signs an agreement with its Paris Club Creditors, should not then accept from its non-Paris Club commercial and bilateral creditors such terms of treatment of its debt that are less favorable to the debtor than those agreed with the Paris Club.
- **The role and importance of Paris Club Creditors:**
 - The Paris Club countries dominated bilateral lending in the last century, but their importance has receded over the last two decades or so. This is because of rise of China as the world's largest bilateral lender.
- **Sri Lanka agrees debt restructuring with Paris Club Creditors and India (Nov 2023)**
 - Sri Lanka has reached an "agreement in principle" with India and the Paris Club group of creditors including Japan, on a debt treatment plan that will help the crisis hit island nation tap the next tranche of the IMF's nearly \$3 billion recovery package.

15. SAARC

- **Introduction**

- SAARC is a major Pan-South-Asia economic and geopolitical organization of eight countries located in South Asia. It was found in 1985 with **seven South Asian countries** - Bangladesh, Bhutan, India, Nepal, Pakistan, Sri Lanka, and Maldives. The membership grew to eight when Afghanistan joined in 2007. It also has 8 observer countries including China.
- It's headquartered in Kathmandu, Nepal.
- The SAARC countries together consist of only 3% of the world's land area but, 21% of the world's population. Moreover, 40% of the world's poor live in the region.

- **The SAARC is aimed at achieving two set of goals:**

- i. First, the immediate and non-political aims such as promoting welfare of people; accelerating economic growth, social progress and cultural development; and strengthening collective self-reliance to contribute to mutual trust and understanding among member nations.

ii. **Second**, relates to the long term, political objective of creating a durable, stable and peaceful regional order, strengthening cooperation with other developing countries and cooperating with international and regional organizations.

- **Summits**

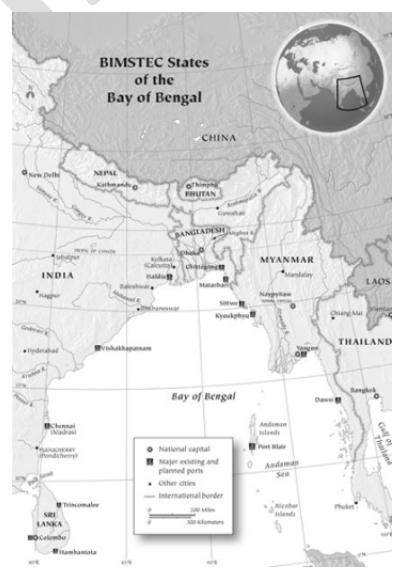
- The first SAARC Summit took place in Dhaka in 1985, and there have been 18 summits since then.
- However, the organization hasn't had a smooth sail, with many summits getting postponed for political reasons, either bilateral or internal.
 - **18th SAARC summit** was held in Kathmandu in November 2014
 - **19th summit** was supposed to be held in 2016 in Pakistan, but the summit was boycotted by India and other SAARC countries on grounds of increasing cross border terrorism from Pak. Since then, the SAARC summit has not been held.

16. BAY OF BENGAL INITIATIVE FOR MULTI-SECTORAL TECHNICAL AND ECONOMIC COOPERATION (BIMSTEC)

- **Introduction:**

- BIMSTEC is a regional organization of 7 member states (Bangladesh, India, Sri Lanka, Thailand, Nepal, Bhutan, and Myanmar) from South Asia and Southeast Asia that lie in littoral and adjacent areas of Bay of Bengal.
- **Basic details (Important for Prelims)**
 - It came into being on June 6, 1997 (as BIST-EC - Bangladesh-India-Sri Lanka - Thailand Economic Cooperation) through the **Bangkok declaration**. It was later rechristened as BIMSTEC.
 - It is headquartered in Dhaka.

- **The Objective** of the alliance is to harness accelerated growth through mutual cooperation in different areas of common interest by mitigating onslaught of globalization and by utilizing regional resources and geographical advantages.



- It has based on **two basic principles**.

- To respect the principle of sovereign equality, territorial integrity, political independence, non-interference in internal affairs, peaceful-coexistence, and mutual benefits.
- **Constitute an addition to and not be a substitute** for bilateral, regional, or multilateral cooperation involving member states.

- **Key Areas of Cooperation**

- Unlike many other regional groupings, **BIMSTEC is a sector driven cooperative organization.**
 - It has identified **15 priority sectors** such as Transport and Communication, Tourism, Trade, Environment & Disaster Management, Public Health Agriculture etc. and focus on cooperating here.
 - Each sector is led by a member country. (For e.g., India leads transport and communication, tourism, counterterrorism, and trans-national crimes, environment and disaster management.)

- **BIMTEC's growth was hindered in the beginning because of:**

- Lack of political will and collective effort.
- South Asia's focus on SAARC
- But, with the decline of SAARC, BIMSTEC has emerged as a very important grouping for regional connectivity in the region

1) 5TH BIMSTEC SUMMIT

- The 5th BIMSTEC summit was hosted by Democratic Socialist Republic of Sri Lanka in and from Colombo in hybrid mode on 30th March 2022.
 - » It was preceded by 18th BIMSTEC Ministerial meeting and the 22nd BIMSTEC Senior Officials' meetings.
 - » It was held under the **theme "BIMSTEC - Towards a Resilient Region, Prosperous Economies, Healthy People"**.
- **Key outcomes:**
 - » BIMSTEC Leaders signed the **BIMSTEC Charter** and witnessed the signing of the **BIMSTEC Convention on Mutual Legal Assistance in Criminal Matters**, the MoU on the Establishment of the **BIMSTEC Technology Transfer Facility**, and the **MoU on Mutual Cooperation between Diplomatic Academies/ Training Institutions of BIMSTEC Member States**.
 - » The summit saw considerable progress being achieved in the BIMSTEC connectivity agenda with the adoption of the '**Master Plan for Transport Connectivity**'.
 - » The summit also adopted the **BIMSTEC Masterplan on Transport Connectivity**, and the **Rationalized Areas of Cooperation under BIMSTEC**.
 - The **14 areas of cooperation under BIMSTEC have been rationalized to 7 areas of cooperation**.
- **The Chairmanship of BIMSTEC was handed over to Thailand from Sri Lanka at the Summit.**

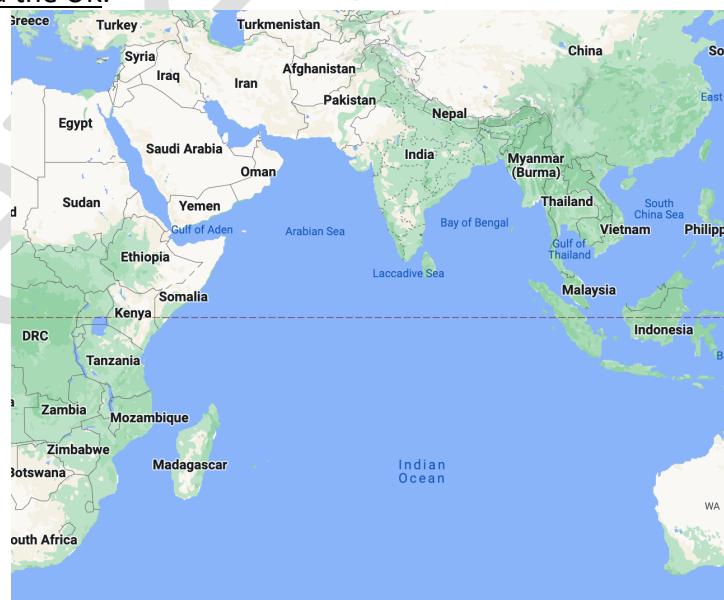
17. INDIAN OCEAN RIM ASSOCIATION (IORA)

- Introduction

- The IORA, formerly known as Indian Ocean Rim Initiative and Indian Ocean Rim Association for Regional Cooperation (IOR-ARC), is an international organization consisting of coastal states bordering Indian Ocean.
- Formally launched in 1997.
- The coordinating Secretariat of IORA is located at **Ebene, Mauritius**.
- The IORA is a regional forum, tripartite in nature, bringing together representatives of Government, Business and Academia for promoting cooperation and closer interaction among them.
- It is based on the principles of Regionalism for strengthening Economic Cooperation particularly on Trade Facilitation and Investment, Promotion as well as social development of the region.
- IORA became an observer to the UN General Assembly and the African Union in 2015.
- Decisions of IORA are reached by consensus and the commitments are undertaken on voluntary basis.

- Members

- **Member nations (23)**: South Africa, Mozambique, Tanzania, Kenya, Somalia, Madagascar, Mauritius (became member in 2014), Seychelles, Comoros, Yemen, Oman, UAE, Iran, India, Maldives (became member in 2018), Bangladesh, Sri Lanka, Thailand, Indonesia, Malaysia, Singapore, Australia, and France (became member in 2021).
- **Dialogue Partners (10)**: The USA, China, Egypt, Germany, Italy, Japan, Turkey, Russia, South Korea, and the UK.



- Significance of IORA

- **Economic Growth:**
- **Maritime Security**

18. ASEAN (ASSOCIATION OF SOUTHEAST ASIAN NATIONS)

- **Introduction**
 - ASEAN is a political and economic organization of 10 South East Asian countries which promotes Pan-Asianism.
 - Formed in 1967 by - Indonesia, Malaysia, Phillipines, Singapore and Thailand. Since then Brunei, Cambodia, Laos, Myanmar, and Vietnam have joined.
- Headquarter: **Jakarta, Indonesia**
- **Vision:** "One Vision, One Identity, One Community"
- **Various Institutional Mechanisms**
 - **ASEAN Summit:** This is the highest decision and policy making body of ASEAN.
- **Various ASEAN led forums.**
 - **ASEAN plus 3**
 - This was created to improve ties with China, Japan and South Korea.
 - **EAST ASIA Summit**
 - It promotes the security and prosperity in the region. Other than ASEAN leaders it is attended by heads of the states of the important players in the region.
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 - It started with 16 countries in the East Asian, Southeast Asian, South Asian, and Oceanian regions, based on **ASEAN Plus Six mechanism**. Six countries were China, Japan, South Korea, India, Australia and NewZealand
 - **Membership expanded to 18 countries** when USA and Russia joined at sixth EAS in 2011.
- **FREE TRADE Agreements**
 - » ASEAN has concluded free trade agreements with China, South Korea, Japan, Australia, New Zealand, and India

19. REGIONAL COMPREHENSIVE ECONOMIC PARTNERSHIP (RCEP)

- Introduction

- RCEP is an FTA between 10 member states of ASEAN and the six five states with which ASEAN has existing FTAs (Australia, New Zealand, China, Japan and South Korea). **India has decided to stay out of the agreement.**
- RCEP negotiations were formally launched in Nov 2012 at the ASEAN summit in Cambodia and **concluded in Nov 2020**.
- Its **areas of negotiation** included trade in goods, services, and investment; intellectual property rights; and special and differential treatment to less developed ASEAN members.
- **Key Provisions of the Agreement**
 - It simplifies the custom provisions and rules of origin laws between countries - implying reduced potential regulatory frictions



- India's decision to stay out of RCEP:

Threat of increasing Trade Deficit: India's trade deficit with RCEP members is still the highest (\$108 billion in 2018-19).

India's Key Concerns were not being taken care of

- Protection against sudden surge in imports was not looked into by member countries.
- India's request of exemption from the Ratchet Obligations was ignored.
- Addressing non-tariff barriers which have hindered India's exports. Issues such as environmental and labor laws were used to prevent India's export.
- India's request for country-specific tariff schedule was also rejected at the beginning of the negotiations.
- Dealing with possible circumvention of the rules of origin required stronger provisions, but it couldn't pass the muster.
- Securing better access in service sector couldn't be fructified
- Movement of professionals was also not being liberalized.

Even after hard negotiation by India the other member countries were not ready to budge. **Domestic Slowdown** has also played a role in forcing the government to withdraw from the negotiation.

- **Domestic slowdown intensified the political opposition of India's participation in RCEP.**

Ongoing tensions with China also became an important factor in India staying away from RCEP.

20. MEKONG GANGA COOPERATION (MGC)

- Introduction

- The Mekong-Ganga cooperation (MGC), established in the year **2000**, is a sub-regional initiative, focusing on expanding project-based cooperation between India and Mekong countries (Myanmar, Thailand, Laos, Cambodia, and Vietnam).

- Key areas of cooperation under MGC are tourism, culture, education, public health and traditional medicines, agriculture and allied sectors, transport, and communication, and MSMEs. During the Aug 2019 MM, three new areas of cooperation i.e., Water Resource Management, Science and Technology, and Skill Development & Capacity Building were added. These are aimed at strengthening people to people contact in the region.

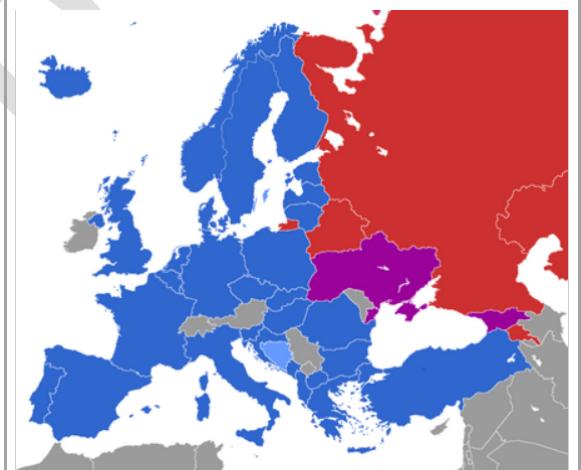


21. NATO

- NATO is a political and Military alliance established in 1949. Its primary purpose is to provide collective defense against potential military aggression from outside alliance. Since the end of cold war, NATO has expanded its membership and taken on new roles, including peacekeeping and counter terrorism operations.
- Headquarter: Brussels

Members: Currently (March 2024) there are 32 members

USA, Canada, UK, Portugal, Spain, France, Luxemburg, Netherlands, Belgium, Germany, Poland, Czech Republic, Slovakia, Hungary, Slovenia, Croatia, Italy, Romania, Bulgaria, Greece, Turkey, Estonia, Latvia, Lithuania, Denmark, Norway, Sweden (joined in March 2024), Finland (joined in 2023), Iceland, Albania, Montenegro, North Macedonia



Map of NATO in Europe:

- Current members
- Membership Action Plan
- Countries seeking membership
- Countries where membership is not a goal
- Collective Security Treaty Organization (CSTO)

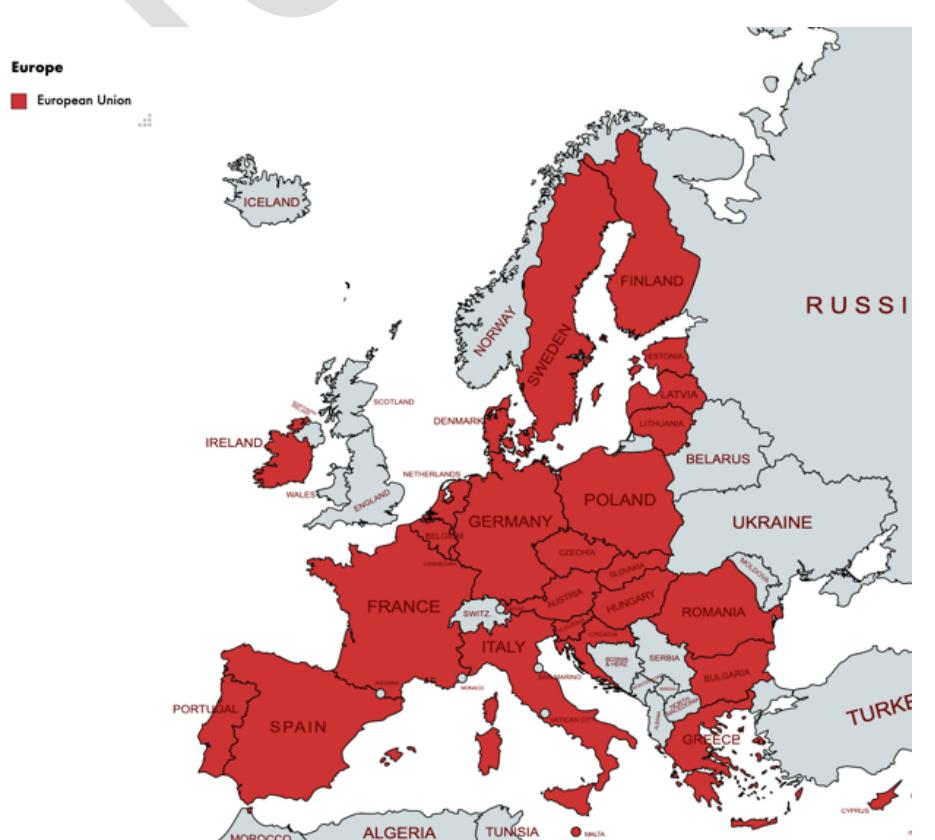
- Note: EU countries not part of NATO: Ireland, Austria, Malta, Cyprus
- Note: Non EU countries part of NATO: USA, Canada, UK, Iceland, Albania, Montenegro, North Macedonia, Turkey and Norway

22. EUROPEAN UNION (EU)

- European Union (EU) is a **politico - economic union** of 27 member states (UK withdrew from the group in 31st Jan 2020) that are located primarily in Europe.
 - EU has **developed an internal single market** through a standardized system of law that apply to all member states in those matters, and only those matters, where members have agreed to act as one.
 - The Policies of EU aim to achieve:
 - **free movement of goods, services, people and capital** across the EU market.
 - Enact common legislations in justice and home affairs.
 - Maintain common policies on trade, agriculture, fisheries and regional development.
 - The **Maastricht** Treaty (Maastricht is a place in south-east Netherlands) established the **European Union** under its current name in **1993** and introduced the **European citizenship**.
 - The latest major amendment to the constitutional basis of the EU, the **treaty of Lisbon**, came into force in 2009. It amended Maastricht treaty and Treaty of Rome to form European Union on Constitutional Basis.
 - In 2012, the EU was awarded the **Nobel Prize** for having "contributed to the advancement of peace and reconciliation, democracy, and human rights in Europe."

27 MEMBER COUNTRIES:

Ireland,
Portugal,
Spain,
France,
Luxemburg,
Belgium,
Netherlands,
Germany,
Poland,
Czechia,
Slovakia,
Austria,
Hungary,
Slovenia,
Croatia,
Italy,
Malta,
Romania,
Bulgaria,
Greece,
Cyprus,
Denmark,



| | |
|---|--|
| Sweden, Finland, Estonia, Latvia, Lithuania | |
|---|--|

- Its members have a **combined area** of 4.2 million sq km and an **estimated total population** of about 447 million.
- The EU operates through a system of **supernational institutions** and intergovernmental negotiated decisions by the member states.
 - The Institutions of European Union are the **seven-principal decision-making bodies** of the European Union. Their function include:
 - Competencies in **scrutinizing and amending legislation** are divided between **European Parliament** and the **Council of European Union** while **executive tasks** are carried out by the **European commissions** and in a limited capacity by **European Council**. The **Monetary Policy** of the Euro zone is governed by **European Central Bank**. The **interpretation and application of EU law and the treaties** are ensured by the **Court of Justice of European Union**. The **EU budget is scrutinized** by the **European Court of Auditors**. There are also a number of ancillary bodies which advise the EU or operate in a specific area.

1) SCHENGEN AREA

- The Schengen area is the area comprising **27 European countries** that have **abolished passport** and any other type of border control at their common borders, also referred to as internal borders. It mostly functions as single country for international travel purposes, with a common visa policy. Countries in Schengen Area have eliminated border controls with the other Schengen members and strengthened border controls with non-Schengen states.
- **Schengen Agreement (1985)** is the treaty which led to creation of Europe's borderless Schengen Area. It proposed the gradual abolition of border checks at the signatory's common borders.
- Relation with EU
 - Originally, the Schengen treaties and the rules adopted under them operated independently from the EU.
 - However, in 1999 they were incorporated into European Union law by **Amsterdam treaty**, while providing opt-outs for the only two EU member states which had remained outside the area: **United Kingdom and Ireland**. (Note: UK has left EU in Jan 2020)



Map of the Schengen area

- Schengen is now a core part of EU law, and all EU member states without an opt-out which have not already joined the Schengen area are legally obliged to do so when technical requirements have been met.
 - Several non-EU countries are included in the area.
- Within the **Schengen Area** (27 countries), passport controls have been abolished.
 - Out of 27 EU members - 23 participate in the Schengen Area.
 - EU member - Bulgaria, Romania, and Cyprus - are legally obliged to join in future.
 - EU Member - Ireland maintains an opt-out, and instead operates its own visa policy.
 - Non-EU members who are part of Schengen Area include Iceland, Norway, Switzerland and Liechtenstein.
 - Some countries like Monaco, San Marino and the Vatican City also maintain an open border for passenger traffic with other Schengen member countries and thus are de-facto part of Schengen area.
- Note:
 - Croatia joined the Schengen Zone in 1st Jan 2023.
 - » It also switched to the shared European Currency - the EURO and removed dozens of border check post to join the world's largest passport-free travel area, completing a dream conceived 30 years ago when it fought a war for independence from Yugoslavia.
 - Croatia joined the Schengen Zone on 1st Jan 2023, but didn't lift its air borders to Schengen countries until 26th March 2023

2) EUROZONE

- The Monetary Union (Euro zone) was established in 1999 and came into full force in 2002. It is currently composed of 20 member (Croatia joined in 2023) states that use the Euro as their legal tender.

3) OTHER FACTS ABOUT EU

- Through, the Common Foreign and Security Policy, the EU has developed a role in external relations and defence.
- The Union maintains permanent diplomatic missions throughout the world and represents itself at the United Nations, the WTO, the G8, and the G-20.

23.BREXIT

- Brexit Withdrawal Agreement (officially titled "Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Island from the European Union and the European Atomic Energy Community")

- It is a treaty between EU, Euratom and United Kingdom signed on Jan 24, 2020 which set up **terms of withdrawal of the UK from the EU and Euratom**. The text of the treaty was first published in Oct 2019.
- This agreement was approved by the British parliament by enactment of **European Union (Withdrawal Agreement) Act 2020**.
- The **Council of European Union** ratified the agreement on 30 Jan 2020 following the consent of European Parliament on 29th Jan 2020.

- Key Features of the BREXIT Withdrawal Agreement

- The whole of UK will leave EU, but Northern Ireland will stay in the EU's single market for goods.
- The U.K. can impose tariff on goods entering Northern Ireland from third countries as long as they are not at risk of entering EU single market
- For the goods that are at risk of entering the single market from third countries via Northern Island, EU tariffs will apply.
- Practically, there would be custom border between Great Britain and the island of Ireland, with goods being checked at Northern Irish Ports.
- The agreement replaced the contentious "Irish Backstop" plan in Theresa May's deal with new arrangement which would prevent the return of the 'hard' border between Northern Ireland and the Republic of Ireland.



ON JAN 31, 2020, THE UNITED KINGDOM LEFT THE EUROPEAN UNION

- UK has become the first country to leave the EU which was set up to forge unity among nations after the horrors of World War - II.
 - Had any nation state ever left the EU before UK?**
 - No, but Greenland one of the Denmark's overseas territories, held a referendum in 1982, after gaining a greater degree of self-government and duly left after a period of negotiation.
- UK had a **11-month transition period** till 31st Dec 2020. During this Britons were able to work in the EU and trade freely - and vice versa, though Britain would not be represented in Bloc's institutions i.e. legally, Britain was out.
- From **1st Jan 2021**, **EU nationals will no longer be able to live and work in Britain without visas** - though it doesn't apply to more than 3 million already doing so - and **Britons can no longer automatically work or retire in EU nations**.

24. ECOWAS (ECONOMIC COMMUNITY OF WESTERN AFRICAN STATES)

- Why in news?

- » ECOWAS orders to standby force to deploy in Niger (Aug 2023)
 - This is an attempt to restore democratic forces in ECOWAS.

- About ECOWAS:

- » It is a regional political and economic union of 15 countries located in Western Africa. It was established in 1975 through the Lagos Treaty.
- » Its mandate is to promote economic integration among its members. Its **larger aim** is to have a single common currency and create a single trading bloc in areas of industry, transport, telecommunication, energy, financial issues, and social and cultural matters.
- » According to the website, the Vision of ECOWAS is the creation of a "borderless region" that is well-integrated.
- » It is meant to be a region governed by principles of democracy, the rule of law and good governance.

- Membership:

As of Aug 2023, there are 15 members to this grouping:

Cabo Verde, Senegal, Gambia, Guinea-Bissau, Guinea, Sierra Leone, Liberia, Côte d'Ivoire, Ghana, Togo, Benin, Nigeria, Mali, Burkina Faso, and Niger.



Following coups in some of the biggest countries in the bloc - namely **Mali, Guinea, and Burkina Faso** - it suspended the three members and refused to recognize their new governments.

- Organizational Structure:

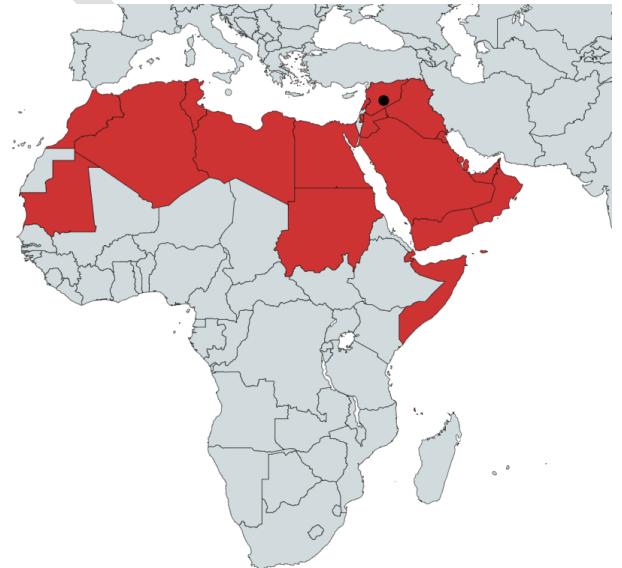
- At the helm of the organizational structure is the Chairman of the Authority of Heads of State and Government.
 - The Chairman is the current head of state and government and is appointed by other Heads of State and Government to oversee its affairs for one year.

- What kind of role has ECOWAS played in the region so far?

- Economic Cooperation
- Promoting peace by quelling military conflict.
 - ECOWAS has operated a regional peacekeeping operation known as ECOMOG, led by Nigeria in 1990s and early 200s.
 - For e.g. in Liberia when forces were deployed in 1990 during the deadly civil war and in Sierra Leone in 1997 when a democratically elected government was overthrown.
- **What might ECOWAS do in Niger?**
 - Its response so far has indicated military intervention.
 - But this would face many challenges. For e.g. both Mali and Burkina Faso, both neighbours of Nigeria, run by Military juntas, were sending a delegation of officials to Niger to show support and would consider an attack as an attack on them as well.
 - **Economic Sanctions:**
 - But, there is a question of whether the longstanding measures of economic sanctions - such as those imposed by ECOWAS - can work, as these countries are also leading with low economic growth prospects at the moment.

25. ARAB LEAGUE

- **Basics:**
 - The Arab League, the League of Arab States, is a voluntary regional organization of Arabic speaking countries in and around North Africa, the Horn of Africa, and Arabia. It was formed in Cairo on 22nd March 1945 with six members: Egypt, Iraq, Transjordan (Jordan), Lebanon, Saudi Arabia, and Syria.
 - **Membership: 22 countries**, although Syria's participation has been suspended since 2011, as a result of government's repression during the ongoing uprising and the civil war. (Mauritania, Morocco, Algeria, Tunisia, Libya, Egypt, Sudan, Somalia, Djibouti, Comoros, Palestine, Jordan, Saudi Arabia, Yemen, Oman, UAE, Qatar, Bahrain, Kuwait, Iraq, Syria, and Lebanon)
- **Main Goal** is to "draw closer relation between member states and co-ordinate collaboration between them, to safeguard their independence and sovereignty, and to consider in a general way the affairs and interests of the Arab countries".
- **How are decisions made?**
 - Decisions are made on the basis of majority, but there is no mechanism to compel members to comply with resolutions.



26. GULF COOPERATION COUNCIL (GCC)

- Member states are Saudi Arabia, Kuwait, Bahrain, Qatar, UAE, Oman.
 - » **Note:** Iraq is the only Arab country bordering Persian gulf that is not a member of the GCC.
- Gulf Cooperation Council is a regional intergovernmental political and economic union consisting of all Arab states of the Persian Gulf, except for Iraq.
 - » **Note:** All current members are **Monarchies**, including three constitutional monarchies (Qatar, Kuwait, and Bahrain).
- **Formed in 1981**, after signing of Charter of Gulf Cooperation Council (GCC).
- **Objectives**
 - » Formulating similar regulations in various fields such as religion, finance, trade, customs, tourism, legislation, and administration
 - » Fostering scientific and technical progress in industry, mining, agriculture, water and animal resources
 - » Establishing scientific research centers
 - » Setting up joint ventures
 - » Unified military (Peninsula Shield Force)
 - » Encouraging cooperation of the private sector
 - » Strengthening ties between their people
 - » Establishing a common currency



27. OPEC (ORGANIZATION OF PETROLEUM EXPORTING COUNTRIES) AND OPEC+

- **Introduction**
 - » It is an intergovernmental organization founded in Baghdad, in **1960** by five countries - **Iran, Iraq, Kuwait, Saudi Arabia and Venezuela**. Since 1965, it is headquartered in Vienna.
- **Membership:**
 - » Currently, the group consists of **13 oil exporting countries** (March 2021).
 - **Five Founding Members:** Iran, Iraq, Kuwait, Saudi Arabia and Venezuela
 - **Other 8 members:** Algeria, Libya, Nigeria, Eq Guinea, Gabon, REPUBLIC OF Congo, Angola and UAE.
- **OPEC differentiates between founding members, full members and Associate Members**
 - **How can someone become full member of OPEC:** The statute stipulates that "any country with a substantial net export of crude petroleum, which has fundamentally similar interests to those



- of Member countries, may become a Full Member of the Organization, if accepted by a majority of three-fourth of Full Members, including the concurring votes of all Founder Members.
- **Associate Members:** The statute further provides for Associate members which are those countries that don't qualify for full membership, but are nevertheless admitted under such special conditions as may be prescribed by the Conference.
- **Members who have left recently:**
 - Qatar (1st Jan 2019)
 - Ecuador (1st Jan 2020)
- **OPEC aims to regulate** the supply of oil in order to set the prices on the world market.
- **Influence on world economy**
 - OPEC decisions have come to play a **prominent role in the global oil market and international relations**.
 - The 13 OPEC countries account for an estimated 44 percent of global oil production and 81.5% of the world's "proven" oil reserves, giving OPEC a major influence on global oil prices.
 - They have started to come to play an important role in global oil market and international relations.
 - The effect can be really strong when wars or civil disorders lead to extended interruptions in supply.
 - E.g.
 - 1970s restriction in oil production led to a dramatic rise in oil prices and OPEC revenue and wealth.
 - Although their influence on international trade is periodically challenged by the expansion of non-OPEC energy sources, and by the recurring temptation for individual OPEC members to exceed production ceiling. Further, **new technologies** like **fracking** in the USA, has had a major effect on worldwide oil prices and has lessened OPEC's influence on the markets.

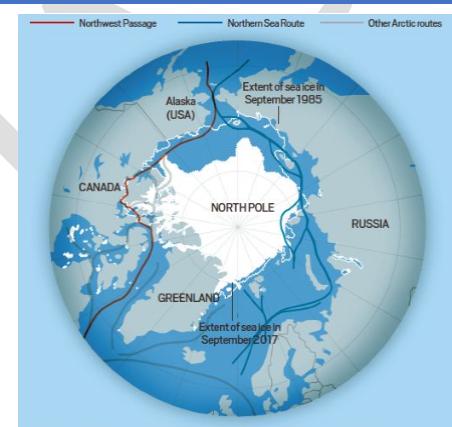
4) OPEC+ (I.E. OPEC AND ITS ALLIES)

- **Background:**
 - After 2014 "glut" diplomacy which brought down prices below \$30-barrel, Saudi Arabia and Russia came together to cut output and steady prices. This is known as **OPEC+** arrangement (Note: Russia is not a member of OPEC) and include Russia, Azerbaijan, Bahrain, Brunei, Kazakhstan, Malaysia, Mexico, Oman, South Sudan etc.
 - This alliance kept production lower and pumped up the prices.
- **OPEC+ collapsed in March 2020**, after Russia rejected a Saudi request to affect more cuts in output given the fall in demand due to COVID-19 outbreak.
 - But later, in **April 2020**, OPEC and its allies agreed to historic 10 million barrel per day production cut.
 - **OPEC+ has decided not to increase supply in April** as they await a more substantial recovery in demand amid COVID-19 pandemic. (March 2021)
 - Crude Prices rose after the announcement and are up 33% this year.
 - India have said that the OPEC+ decision to extend the output cuts may hurt some economies.

- In April 2023, OPEC+ announced a surprise cut in oil production.
 - The Group of Oil producing nations say cut of 1.5 million barrels a day is aimed at supporting market stability.
- ~~OPEC+ has decided to increase overall production by 4,00,000 barrels per day every month till the remaining portion of the group's 10 million barrel per day every month production cut announced in April 2020 is completely phased out. (July 2021)~~
 - ~~The decision also ends a standoff between UAE and other OPEC+ countries~~ on trying an extension of the supply agreement to increase production.

28. ARCTIC REGION

- **Introduction**
 - The region around the north pole is known as arctic region. It is usually understood as the area within the arctic circle (parallel of latitude - 66 degree 33 minutes 39 seconds).
 - Climate change and melting of ice in the arctic region has led to opening up of two main sailing routes through Arctic:
 - **The Northwestern Trail** runs along the Canadian coast
 - **The Northeast Passage** through Siberia, which is also the shortest route connecting the far east to the western Europe.
 - It stretches from Murmansk in the west (north west part of Russia) to the Bering Strait in the east and has become the focal point of both Russia and China's Arctic Strategy.
 - This route will be 1/3rd quicker from Asia to Europe than going the long way via Suez Canal and offers a way to rejuvenate the depressed part of Russia.
 - **Some experts believe that Shipping through the Arctic don't make much sense today and likely won't for decades to come:**
 - 1) Even though the routes are shorter, ships have to go slow through the still icy waters.
 - Transit times are still very unpredictable.
 - 2) Most vessels needs to be ice-classed to operate in the route which will lead to extra cost.
 - 3) Shallow waters along Russia rule out the big container ships that dominate cross-ocean traffic.
 - 4) Further, the route bypasses the markets like the Mediterranean sea and Southeast Asia, key hubs in big shipper's global network.
 - 5) This with increased cost due to insurance, and safety consideration are other deterrents.
 - These limitations explain why, despite all the hype, shipping companies are hesitant to dip a toe in the chilly waters.



1) CHINA AND ARCTIC REGION

- China is increasingly active in the polar region despite being a non-Arctic country. It became an observer member of the Arctic Council in 2013.

- Among its increasing interests in the region is its **major stake in Russia's Yamal liquified natural gas project** which is expected to supply China with 4 million tonnes of LNG a year. It has invested **in mining in Greenland** and also seeks to negotiate an FTA with Iceland.
- In fact, the **North Sea route** has become the focal point of both **Russia and China's Arctic Strategy**.

A) CHINA'S OFFICIAL ARCTIC POLICY (ANNOUNCED IN JAN 2018)

- It highlights Beijing's **linking the "Polar Silk Road"** to **Beijing's Belt and Road Initiative**.
- China has **self-identified itself as a "Near Arctic Country"** while keeping its economic and strategic interest in mind.
- China has narrowed down its **interest in two categories**:
 - i. Firstly, Beijing is closely involved in **activities in the areas like scientific research, resource exploration and exploitation, shipping and security**.
 - ii. Secondly, **Climate change** and its potential consequences on the region are expected to affect much of the world, so China is naturally concerned.
- China has outlined its ambitions **to extend President Xi Jingping's BRI to the Arctic** by developing shipping lanes opened up by global warming. China has said that it would **encourage enterprises to build infrastructure and conduct commercial trial voyages**, paving the way **for Arctic Shipping routes that would form a "Polar Silk Road"**.

A) INDIA'S PRESENCE IN ARCTIC

Currently, India has a **single station, Himadri**, in **Ny-Alesund**, Svalbard, a Norwegian archipelago, where research personnel are **usually present for 180 days**. India is in the process of procuring ice-breaker research vessel that can navigate the region

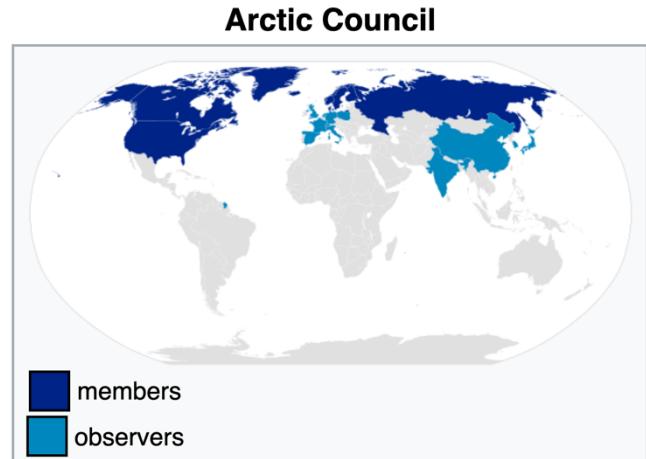
29. ARCTIC COUNCIL

- **Introduction**
 - Arctic Council is a **high-level intergovernmental forum** that addresses **issues faced by Arctic governments and the indigenous people of Arctic**.
 - It acts as **forum for promoting cooperation, coordination, and interaction among the arctic states**, with the involvement of the arctic indigenous communities and other arctic inhabitants on issues such as **sustainable development** and **environment protection**.
 - It was **established in 1996 through the 1996 Ottawa declaration**.
- **Membership**
 - **Members:**
 - Only states with territory in the Arctic can be members of the Council. It has **eight member countries** : Canada, USA, Iceland, Denmark, Norway, Sweden, Finland and Russia.
 - **Observer states**

- United Kingdom, France, Spain, Germany, Italy, Netherlands, Poland, **India**, China, Japan, South Korea, Singapore.

- Importance of the Region

- Vast natural resources
 - Oil, Gas and Minerals
 - Commercial fishing opportunities
- Shortened shipping routes that are now accessible because of global warming.
- Scientific research opportunities
- Climate Change studies
- Strategic significance



- India and Arctic Council

- India was first given observer status in 2013 for five years. This was then renewed in 2018 for another five-year term.
- According to MEA India's interests in the Arctic region are scientific, environmental, commercial as well as strategic.
 - This is also visible from the Draft Arctic Policy released by India recently.

- India Scientific work in Arctic Region

- India now maintains a permanent presence in the region through a **research base Himadri** and **two observatories**, in Kongsfjorden and Ny Alesund.
- **Note:**
 - Himadri is India's first permanent Arctic Research base located at Spitsbergenu, Svalbard, Norway. It is located at the International Arctic Research Base, **Ny-Alesund**. It was set up during India's second Arctic Expedition in June 2008.

30. BRICS

- BASICS

- BRICS is a grouping of five major emerging economies (BRAZIL, RUSSIA, INDIA, CHINA, and SOUTH AFRICA) that are becoming the key driver of globalization. Their cooperation has been driven by not only economic and political factors, but also because of failure of existing global governance framework to satisfy the real needs of these countries.
- Originally the first four were called BRIC before induction of South Africa in 2010.
 - **Note:** Term **BRIC** was coined in 2001 by the then chairman of Goldman Sachs Asset Management **Jim O'Neil**, in his publication "*Building Better Global Economic BRICs*". On the basis of economic analysis, he claimed that the four economies would individually and collectively occupy far greater economic space and become **among the world's largest economies in the next 50 years**.



- BRICS members are all developing and newly industrialized countries, but they are distinguished by their large and fast-growing economies and significant influence on regional and global affairs.
- All five are G20 members.
- The first summit was held in Yekaterinburg, Russia in 2009 and since then the BRICS nations have met annually at formal summits.

- **AIMS and Objective**

- Promoting a more legitimate international system including UNSC and IMF/WB reforms
 - Promote South-South Cooperation and regional cooperation.
 - Act as a bridge between developed and developing countries
 - Present a united front of developing countries in climate change negotiations
 - Embrace cultural diversity and promote people to people contact among BRICS countries
- In Recent years BRICS has diversified its objectives and is also working towards fighting protectionism and promoting & protecting multilateralism. Focus on counterterrorism has also increased.

31. NEW DEVELOPMENT BANK

- US\$100 billion New Development Bank (formerly known as the "BRICS Development Bank") is a multilateral development bank operated by BRICS states (Brazil, Russia, India, China and South Africa).
- **History**
 - New Development Bank was agreed to by BRICS leaders at the 5th BRICS summit held in Durban, South Africa in 2013.
 - In 2014, at the 6th Summit held at Fortaleza, Brazil, the group of emerging economies signed the long-anticipated document to create the \$100 billion BRICS development bank and a reserve currency pool worth over another \$100 billion.
 - **Headquarter:** The bank is headquartered in Shanghai, China. A regional headquarter will be set up in Johannesburg.
 - The first President will be from India, the inaugural Chairman of the Board of Directors will come from Brazil and the inaugural chairman of the board of Governors will be Russia.
 - On May 11, 2015: K.V. Kamath was appointed as president of the bank. (He completed his five year term in 2020).
 - On March 24, 2023 , the NDB announced Dilma Rousseff as its new President.
- **Voting Powers:** Unlike the World Bank, which assigns votes based on capital share, in the New Development Bank each participant country will be assigned one vote, and none of the countries will have veto power.
- **Why BRICS bank was born -> Lack of Reforms in Bretton Woods Institutions**
- **Objectives and Total Capital**
 - Development Capital

- The bank's primary focus of lending will be infrastructure projects with authorized lending of upto \$34 billion annually. The bank will have starting capital of \$50 billion, with capital increase to \$100 billion overtime.
- **Contribution and voting rights**
 - Each member's contribution will be equal with equal voting rights.
- Each member cannot increase its capital share without all other 4 members agreeing. This was primary requirement of India.
- The bank will allow new members to join but the BRICS capital share cannot fall below 55%.

- **Contingency Reserve Arrangement (CRA)**

- The CRA is a framework for the provision of support through liquidity and precautionary instruments in response to actual potential short term balance of payment pressure.
- **Objective** of this capital is to provide protection against the global liquidity pressure. This include currency issues where member's national currencies are being adversely affected by global financial pressures. The bank would also provide assistance to other countries suffering from the economic volatility in the wake of US exit from its expansionary monitoring policy.
- **Contribution By Each Country**
 - Out of the total initial capital of \$100 billion, China will contribute \$41 billion, Brazil, Russia and India would give \$18 billion each, and South Africa would contribute \$5 billion.

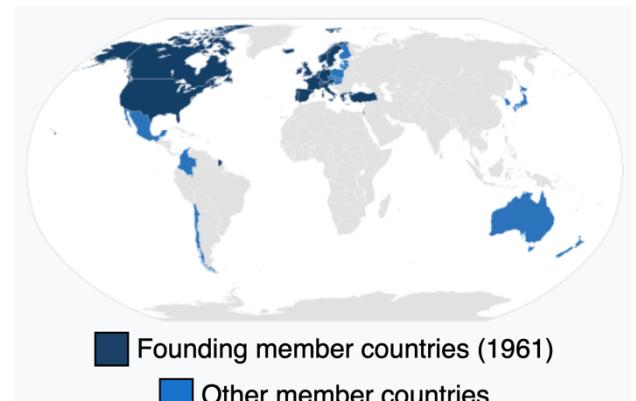
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| Initial Subscribed Capital | \$50 billion (each member gave 10 billion) |
| Initial Authorized Capital | \$100 billion |
| Contingency Reserve Arrangement (CRA) | \$100 billion |

- **Update:** New Development Bank has announced the launch of its Indian Regional Office in GIFT City.

32. OECD (ORGANIZATION OF ECONOMIC COOPERATION AND DEVELOPMENT)

- **About OECD**

- OECD is an international economic organization for 37 countries, founded in 1961 to stimulate economic progress and world trade.
- It is a forum of countries describing themselves as committed to democracy and the market economy, providing a platform to compare policy experiences, seeking answers to common problems, identify good practices and coordinate domestic and international policies of its members.
- **Origin in 1948** OEC which was formed to help administer Marshall plan.
- **Headquarter:** Chateau de la Muette in Paris, France
- **Members:** The OECD's 37 members are: Austria, Australia, Belgium, Canada, Chile, Colombia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland,



■ Founding member countries (1961)

■ Other member countries

Israel, Italy, Japan, Korea, Latvia, Lithuania, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States.

33. FINANCIAL ACTION TASK FORCE (FATF)

- **Intro**
 - Financial Action Task Force (on Money Laundering) is an intergovernmental organization **founded in 1989** on the initiative of the G7 to develop policies to combat money laundering. In 2001, the purpose expanded to act on **terrorism financing**.
 - It **monitors countries' progress** in implementing the FATF Recommendations by the '**peer review**' ('**mutual evaluations**') of member countries.
 - FATF **secretariat** is housed at the headquarters of the OECD in Paris.
- **Members and Observers**
 - **For being a member**, a country must be considered **strategically important** (large population, large GDP, developed banking and insurance sector, etc.), must adhere to **globally accepted financial standards**, and be a **participant in other important organizations**.
 - **Responsibilities of a member:**
 - » The country or organization must endorse and support the most recent FATF recommendations, commit to being evaluated by (and evaluating) other members, and work with the FATF in the development of future recommendations.
- **Every year there are three plenary meeting** of the inter-governmental body.
- What are **Blacklist** and **Grey List**?
 - These two terms **don't exist in FATF's official terminology**. The group identifies "**jurisdictions with weak measures**" through two documents issued at the end of the plenary held thrice a year.
 - The first document (Colloquially known as the **blacklist**) has the **two set of countries ("Call for action")**
 - A. Countries or jurisdictions with such **serious strategic deficiencies** that the FATF calls its members and nonmembers to apply counter measures.
 - **North Korea** falls in this category.
 - B. Countries for which FATF calls on its members to apply enhanced due diligence measures proportionate to the risks arising from the deficiencies associated with the country.
 - **Iran** falls in this category.
 - C. Blacklist is also known as **non-cooperative countries / Territories [NCCTs]**
 - The **second document** is called "**Improving Global AML/CFT Compliance: On Going Process**". It consists of "**Other Monitored Jurisdiction**". This is colloquially known as the **grey list**.

- A. These countries have shown strategic weakness in preventing money laundering and terror financing, but they **will get a second chance** as they "provided a high-level commitment to an action plan developed with the FATF".
- B. **Pakistan** is listed in this list. It has been on the Grey List from **2008-2015**, after which it was taken off the watch list until 2018. In 2018 it was again added on the list and given a 27 point action plan. It was removed from the list in Oct 2022.
- C. A **country in grey list** may face following limitations:
 - Economic Sanctions from IMF, World Bank, ADB
 - Problem in getting loans from IMF, World Bank, ADB and other countries
 - Reduction in international trade
 - International boycott.

FATF SUSPENDED THE MEMBERSHIP OF RUSSIA FEDERATION (FEB 2023)

Reason: Ukraine War: The Russian Federation's actions unacceptably run counter to the FATF core principles aiming to promote security, safety, and the integrity of the global financial system. They also represent a gross violation of the commitment to international cooperation and mutual respect upon which FATF Members have agreed to implement and support the FATF Standards

34. REGIONAL DEVELOPMENT BANKS: ASIAN DEVELOPMENT BANK

- **Asian Development Bank (ADB)** is a regional development bank established 1966. It was conceived as a financial institution that will be Asian in character and foster economic growth and cooperation in one of the poorest regions of the world.
 - **Mission:** Achieve a prosperous, inclusive, resilient, and sustainable **Asia and the Pacific**, while sustaining our efforts to eradicate extreme poverty.
- **Headquarter:** Metro Manila, Philippines
- **Objective:** To facilitate social and economic development in Asia.
 - **80% of ADB's lending** have been concentrated in Public sector with focus on **five operational areas**:
 - i. **Education**
 - ii. **Environment, Climate Change, and Disaster Risk Reduction**
 - iii. **Financial Sector development**
 - iv. **Infrastructure** including transport, communication, energy, water supply and sanitation, and Urban development.
 - v. **Regional cooperation and integration**
- **Voting** =: Modelled closely on the World Bank, and has a similar weighted voting system where votes are distributed in proportion with member's capital subscription.
- **Observer at UN:** ADB is an official UN observer.
- **Members:**
 - The bank admits the members of the United Nations Economic and Social Commission for Asia Pacific Region (UNESCAP) and non-regional developed countries.
 - ADB presently (Feb 2020) has **68 members** of which **49** are from within Asia Pacific and 19 outside.

| Country | Shares | Voting Power |
|---------|--------|--------------|
|---------|--------|--------------|

| | | |
|------------------|---------|---------|
| Japan | 15.571% | 12.756% |
| US | 15.571% | 12.756% |
| China | 6.429% | 5.442% |
| India | 6.317% | 5.352 |
| Australia | 5.773% | 4.917 |

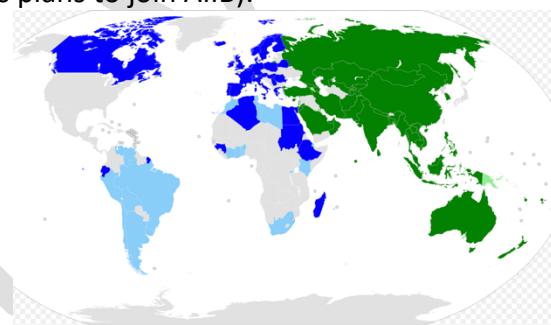
35. REGIONAL DEVELOPMENT BANKS: ASIAN INFRASTRUCTURE INVESTMENT BANK (AIIB)

- Introduction

- » The Asian Infrastructure Investment Bank (AIIB) is a multilateral development bank with a mission to **improve social and economic outcomes in Asia**. It aims to support the building of infrastructure in the Asia Pacific Region.
- » On **29th June 2015** countries from five continents formally signed in Beijing the **Articles of Association** (also called **60 article agreement**), the legal framework that begun the existence of the Bank.
 - The agreement entered into force on 25th Dec 2015 when ratification was received from 10 member states holding a total of 50% of initial subscription of the authorized capital stock.
- » It is regarded by some as rival to IMF, World Bank and the Asian Development Bank, which are dominated by developed countries like the USA, EU and Japan.

- Members and Founding Members

- » The institution currently has **103 members** (Regional members: 46, Non-regional members: 39, Prospective Members: 18).
 - All of Europe, Canada, Australia, NewZealand are also members.
- » **Major economies that are not members** of AIIB are **USA, Japan, Mexico and Nigeria** (Nigeria has plans to join AIIB).



- Objectives

- To provide finance to infrastructure projects in Asia region.
- Fostering Long Term Economic Development
- Infrastructure as regional integration and foreign policy tool.

- Reasons for Formation

- Slow pace of reforms and governance in **global financial institutions** such as IMF, World Bank, and Asian Development Banks

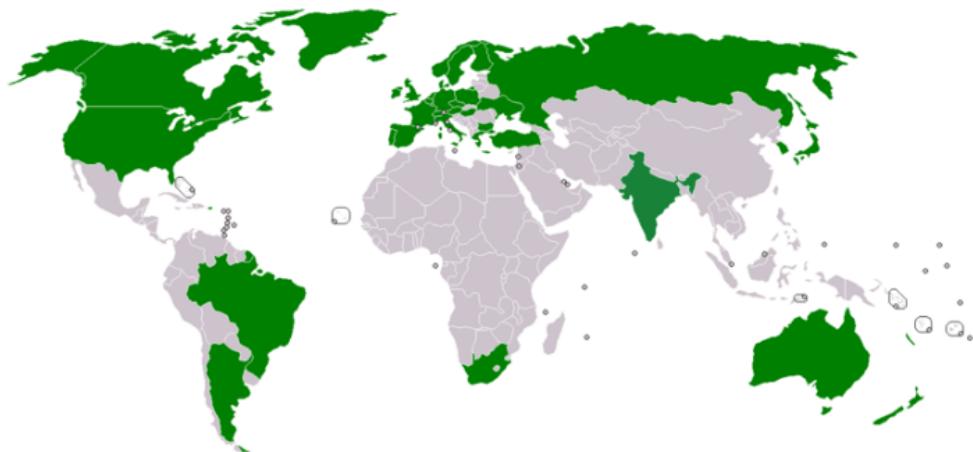
- **Capital**
 - The bank has an authorized capital of \$100 billion (around 2/3rd the capital of ADB, and half that of World Bank)
- **Regional Character of the Bank:** The bank's regional members will be holding around 75% shares i.e.; they will be majority shareholders.
- **Shareholding structure and Voting Right**
 - Voting share: It is based on the size of the economy and not on authorized capital share of the Bank.

| Country | Share | Voting Rights |
|----------------|--------------|----------------------|
| China | 30.79% | 26.52 |
| India | 8.65% | 7.604 |
| Russia | 6.75% | 5.98 |
| Germany | 4.63% | 4.17 |

- **India and China** are the only countries to have a permanent seat on AIIB's Board of Directors.
- **China also holds veto power** for certain key decisions.
- **India and AIIB**
 - **Biggest Beneficiary:** India has been the biggest beneficiary of the bank. Out of \$20 billion in loans issued by the Beijing-based Asian Infrastructure Investment Bank (AIIB), about \$6 billion has gone to India.
 - **Overlooking China's de-facto veto:**
 - **Projects funded in partnership:**
 - **Easy terms of loans:**

36. WEAPON CONTROL REGIMES: MISSILE TECHNOLOGY CONTROL REGIME

- MTCR is an informal and voluntary partnership between 35 countries (India became a member in June 2016) to prevent the proliferation of missile, complex rocket systems, unmanned aerial vehicles and related technology capable of carrying a 500 Kg payload for atleast 300 kms, as well as systems intended for delivery of weapons of mass destruction (WMD).
- **Established**
 - In 1987 by Canada, USA, United Kingdom, France Germany, Italy, and Japan.
 - It was created to curb the spread of unmanned delivery systems for nuclear weapons, specially delivery systems that could carry a minimum payload of 500 Kg a minimum of 300 km.
- **Membership**
 - **Participating states: 35**
 - **Note:** China, Israel and Pakistan are not members of MTCR



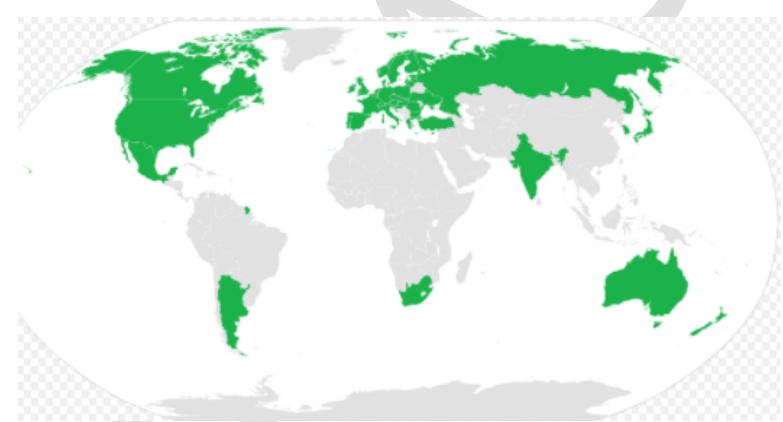
- In 2002, the MTCR was supplemented by the International Code of Conduct Against Ballistic Missile Proliferation (ICOC), also known as Hague Code of conduct, which calls for restraint and care in the proliferation of ballistic missile systems capable of delivering weapons of mass destruction, and has 119 members, thus working parallel to MTCR will less specific restrictions but with greater memberships.

37. WEAPON CONTROL REGIMES: NUCLEAR SUPPLIER GROUP (NSG)

- **Introduction**
 - NSG is a multinational body concerned with reducing nuclear proliferation by controlling the export and re-transfer of material that may be applicable to nuclear weapon development and by improving safeguards and protection on existing materials. In short NSG was established **to prevent the civilian nuclear trade from being used for military purpose**.
- **Background**
 - India's Nuclear Test, May 1974.
 - The test demonstrated that certain non-weapons specific nuclear technology could be readily turned to weapons development. Nations already signatories of Nuclear Non-Proliferation treaty saw the need to further limit the export of nuclear equipment, materials, or technology.
 - Another advantage of forming NSG was that the Non-NPT nations, then specifically France (France and China acceded to NPT in 1992), could be brought in.
- **First met in 1975**
- **Membership**
 - As of March 2023: NSG has 48 members (**India isn't a member**).
- **Future Indian Participation in NSG**
 - NSG has been opened to admitting new members, but it has been stringent in opening its doors only to those countries that are part of the NPT or CTBP. India is neither signed the NPT nor the CTBT.
 - In 2008, NSG issued an India-specific waiver allowing it to engage in Nuclear trade. India got its exemption on the basis of certain non-proliferation commitments to which it agreed under the India-US Nuclear Agreement.
 - The commitments included

- Separating its civilian and military nuclear facilities in phased manner
- Placing civil nuclear facilities under IAEA safeguards
- Signing and adhering to IAEA's additional protocol
- Continuing unilateral moratorium on nuclear testing
- Working with the US for the conclusion of Fissile Material Cut-Off Treaty (FMCT)
- Refraining from transfer of enrichment and reprocessing technology to states that do not have them and supporting international efforts to limit their spread.
- US has shown its support in 2010 and 2015, president visit to India. UK, France and Russia are also in favour, only China opposes.

38. WEAPON CONTROL REGIMES: WASSENAAR ARRANGEMENT

- **Introduction:** The Wassenaar arrangement on Export Controls for Conventional Arms and Dual Use Good and Technologies is a multilateral export control regime with 42 participating states including many former COMECON(Warsaw) countries.
 - **Establishment**
 - July 1996
 - Wassenaar, Netherlands
 - **Secretariat: Vienna**
 - **Aim:** The Wassenaar Arrangement was established to contribute to regional and international security and stability by promoting transparency and greater responsibility in transfers of conventional arms and dual use goods and technologies, thus preventing established accumulation.
 - Member countries are required to ensure that transfers of these items don't contribute to the development or enhancement of military capabilities which undermine the goals of security and stability.
 - **Membership**
 - **42 Participating Members**
 - In Dec 2017, India became the 42 members
 - China is not a member of this grouping.
 - Admission requires states to
 - Be a producer or exporter of arms or sensitive industrial equipment
 - Maintain non-proliferation policies and appropriate national policies, including adherence to
 - NSG, MTCR, Australian Group
 - NPT, Biological Weapon Convention, Chemical Weapon Convention
- 

39. WEAPON CONTROL REGIME: AUSTRALIA GROUP

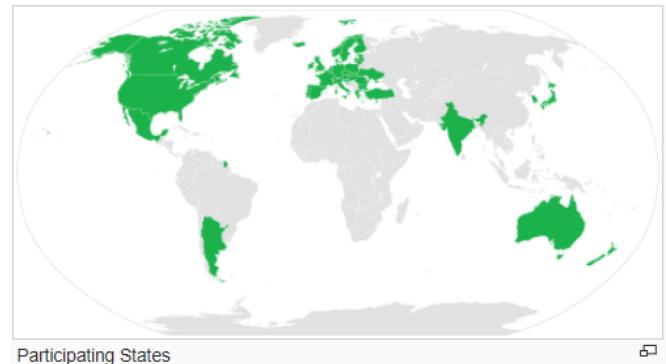
- **Introduction:** It is an informal group of countries (now joined by the European Commission) established in 1985 (after the use of chemical weapons by Iraq in 1984) to help member countries to identify those exports which need to be controlled so as not to contribute to the spread of chemical and biological weapons. So, it is one of the multilateral export control regimes (MECR).

- **Naming:** The group has been so named because of Australia's initiative to create the group. Australia also manages the secretariat.

- **Membership**

- **Member countries:**

- The group consists of 43 countries including all 28 members of EU, Ukraine and Argentina.



- **India became the 43rd Member** in January 2018.
- **Note: China, Russia and Pakistan** are not members of the group.
- **Meeting:** Delegations representing the members meet every year in Paris, France.

- **Control**

- Members of the group maintain **export controls on a uniform list of 54 compounds**, including several that are not prohibited for export under the Chemical Weapons Convention, but can be used in the manufacture of chemical weapons.

- **Significance of India's membership**

- India's membership shows that our export controls and safeguards for biological and chemical agents, equipment, technologies meet the benchmark established by the international community.
 - It is understood that India's membership of AG will also boost India's membership bid for the NSG, which is being opposed by China.

40. NON PROLIFERATION TREATY (NPT) – INDIA NOT A SIGNATORY

- **Introduction:** The Treaty on Non-proliferation of Nuclear Weapons, commonly known as NPT, is an international treaty whose **objective** is to
 - Prevent the spread of nuclear weapons and weapons technology (non-proliferation)
 - Promote cooperation in the peaceful uses of nuclear energy (peaceful uses)
 - Further the goal of achieving nuclear disarmament and general and complete disarmament (disarmament)
- **Dates**
 - Open for signature in 1968, the treaty entered into force in 1970.
 - On 11 May 1995, the treaty was extended indefinitely.
- **Membership**
 - A total of 191 states have joined NPT
 - North Korea, acceded in 1985 but never came into compliance, announced its withdrawal in 2003.
 - **Four UN member states who have never joined.**
 - India
 - Pakistan

- Israel
- South Sudan
- **Nuclear Weapon States**
 - The treaty recognizes five states as nuclear weapon states
 - The USA
 - Russia
 - United Kingdom
 - France
 - China
 - Four other states known or believed to possess nuclear weapons
 - India
 - Pakistan
 - North Korea
 - Israel
- **Central Bargain of the treaty**
 - The NPT is often seen to be based on the central bargain: "The NPT non-nuclear weapon states agree never to acquire nuclear weapons and the NPT nuclear weapon states in exchange agree to share the benefits of peaceful nuclear technology and to pursue nuclear disarmament aimed at ultimate elimination of their nuclear arsenals".
- **Achievements**
 - At the time NPT was proposed, there were predictions of 25-30 nuclear weapon states in next 20 years.
 - Today only 5 states are not party and 4 of them are nuclear weapon states.
 - Several additional measures
 - NSG
 - IAEA Additional Protocol
- **Limitations**
 - Failed in disarmament
 - 5 recognized nuclear weapon states have a stockpile of 22,000 warheads. Article VI of the treaty "obligates the nuclear weapon states to liquidate their nuclear stockpiles and pursue complete disarmament". There is no sign of this happening.
- **Why India has not joined**
 - **Haves and Have nots**
 - **NPT Is flawed:** it did not recognize the need for universal, non-discriminatory verification and treatment.
 - **India's own security concerns**
 - **Nuclear weapons as active tools of international diplomacy**
 - **India also remains a strong proponent of universal disarmament.**

41. COMPREHENSIVE NUCLEAR TEST BAN TREATY (CTBT)

- **Introduction**
 - CTBT is a multilateral treaty by which states agree to **ban all nuclear explosions in all environments, for military or civilian purposes**.
 - **Need:** Between 1945 and 1996, over 2,000 nuclear test were conducted – mainly by the US (over 1,000), Soviet Union (700) and France (200) – the treaty was brought to bring this to halt.

- The treaty was negotiated at the **Conference on Disarmament** in Geneva and **adopted by the UNGA in 1996**. But, the treaty **has not entered into force yet, due to the non-ratification of the 8 specific nations**.
- **When would the treaty come in force?**
 - The treaty would enter into force 180 days after the 44 states listed in Annex-2 of the treaty ratify it. These annex-2 states are those states which participated in the CTBT's negotiation between 1994 and 1996 and possessed nuclear power reactors or research reactors at that time.
 - **As of March 2020, 8 annex-2 states have not ratified**
 - USA, China, Egypt, Iran and Israel have signed but not ratified
 - India, North Korea and Pakistan have not signed the treaty.
 - Total 184 countries have signed the treaty (16 without ratification) - As of March 2020.

- **Significance of CTBT**
 - **Prevents Nuclear Proliferation:** CTBT is the last barrier on the way to develop nuclear weapons. It not only curbs the development of new weapons, but also prevents the improvement of existing designs. When in force, it will provide a legally binding prohibition on nuclear testing.
 - **Prevents environmental damage** that occurs due to nuclear testing.
 - It's **non-discriminatory** as under this treaty everyone has the same obligation -> never to conduct nuclear explosion.
- **Why has India not signed the treaty yet?**
 - **CTBT doesn't deal with India's stand of Complete disarmament** in a time bound manner. It is just restricting the new tests.
 - **Discriminatory**
 - For countries who **already have large stockpiles** of nuclear weapons, this is advantageous as it prevents others from getting it. For India, this pact will act as a hindrance in testing new technologies
 - **Technology difference between P-5 countries and India**
 - P-5 countries no longer need to go for testing to enhance their stockpiles as they have developed laboratory stimulated testing mechanism which will not require nuclear explosions.
 - **India's vulnerable neighborhood** makes it mandatory for India to keep the option of future tests open. China already has a huge stockpile and as per CTBT (and NPT) it will be able to retain its arsenal but prevent India from developing more. This will give China an upper hand.

42. OPEN SKIES TREATY

- **Why in news?**
 - IN NOV 2020, **USA formally withdrew from OPEN Skies Treaty**.
 - In Jan 2021, Russia also withdrew from OST.
- **What is Open Skies Treaty?**
 - It is an **accord** that allows participants to fly unarmed reconnaissance flights over any part of their fellow member states.

- The treaty was proposed for the first time in 1955 by the former US President Dwight Eisenhower as a means to deescalate tensions during the Cold War. But it could eventually be signed only in 1992 between the NATO members and the former WARSAW Pact countries following the disintegration of USSR. It came into force in 2002.
 - A country can undertake aerial imaging over the host state after giving notice 72 hours before, and sharing its exact flight path 24 hours before.
 - The **information gathered** such as on troop movement, military exercises, and missile deployment has to be shared with all the member states.
 - **Only approved imaging equipment** is allowed on the surveillance flights, and officials from the host state can also be on board throughout the planned journey.
- **Significance of OST**
 - **Openness and transparency** building confidence among the member countries. It thus reduces the chances of accidental war.
 - It gives **key information** which advanced satellite imagery can't provide till now.
 - **Why has US withdrawn?**
 - Many experts in USA have, for over a decade, accused Russia of non-compliance with the OST protocols and have blamed them for obstructing surveillance flights on its territory, while misusing its own missions for gathering key tactical data.
 - USA has **advanced its satellite imagery capabilities** like no other country. At the same time, it has **not advanced its surveillance aircrafts** while **Russia has gained an unfair technical advantage under the OST** by introduction of a new digital electro-optical sensor to its Tupolev Tu-154 aircraft used for Open Skies Flight. So, remaining in this treaty may not be useful for USA.

43. IMPORTANT REPORTS

A) DEMOCRACY INDEX, 2021

- Released by **the Economist Intelligence Unit (EIU)** which is a UK-based private company which publishes the weekly newspaper ***The Economist***.
- It ranks 167 countries based on 60 indicators divided into **5 parameters**
 1. Electoral Process and Pluralism
 2. Functioning of Government
 3. Political Participation
 4. Political Culture
 5. Civil Liberties.

B) VARIETIES OF DEMOCRACY REPORT

- **About V-Dem**
 - » Varieties of Democracy (V-Dem) is a **new approach to conceptualizing and measuring democracy**.

- It provides a multidimensional and disaggregated dataset that reflects the complexity of the **concept of democracy as a system of rule that goes beyond the simple presence of elections**.
 - It not only takes into account the electoral dimension (free and fair elections), but also the liberal principle that a democracy must protect "individual minority rights against both the tyranny of the state and the tyranny of the majority".
 - The report **classifies countries into four regime types** based on their score in the **Liberal Democracy Index (LDI)**:
 - **Liberal Democracy**
 - **Electoral Democracy**
 - **Electoral Autocracy**
 - **Closed Autocracy**
 - The **Liberal Democracy Index (LDI)** captures both liberal and electoral aspects of a democracy based on 71 indicators that make up the **Liberal Component Index (LCI)** and **Electoral Democracy Index (EDI)**.
 - The **LCI measures** aspects such as protection of individual liberties and legislative constraints on the executive;
 - The **EDI considers** indicators that guarantee free and fair elections such as freedom of expression and freedom of association.
 - In addition, **LDI also uses Egalitarian Component Index** (to what extent different social groups are equal), **Participatory Component Index** (health of citizen groups, civil society organizations), and **Deliberative Component Index** (whether political decisions are taken through public reasoning focused on common good or through emotional appeals, solidarity attachments, co-ercion).
- » It is a monumental study from the **University of Gothenburg, Sweden**. The report is backed by EU, and funded by a multitude of different institutions and think tanks, ensuring a robust access to data.

C) FREEDOM HOUSE'S REPORT: FREEDOM IN THE WORLD

- **Details**
 - **Freedom House** is a US based human rights watchdog.
 - It publishes an annual report - Freedom in the World - which **assesses the political and civil liberties** around the world.

2) TRANSPARENCY INTERNATIONAL

- **About Transparency International**
 - It is an international not for profit NGO which works towards combating global corruption and preventing criminal activities arising from corruption.
 - It was founded in 1993 and is based in Berlin, Germany.

A) CORRUPTION PERCEPTION INDEX

- It ranks **180** countries and territories based on how corruption in their public sector is perceived to be.
It is a composite index i.e., it draws upon corruption related data by a variety of reputable institutions.
It uses a scale of 0 to 100 (0 is highly corrupt and 100 is very clean)
- **Some limitations of the CPI**
 1. Experts argue that CPI is not a reflection of the corruption environment of a country and it fails to highlight the pressure points.
 2. It is **not truly representative** - It only uses expert assessments and surveys of business people, excluding surveys of public. This generates **sample bias** as business elites are generally less negative about forms of corruption that favor their own group.

B) GLOBAL CORRUPTION BAROMETER

- It is the largest survey in the world tracking public opinion on corruption

3) GLOBAL PRESS FREEDOM INDEX (PFI)

- Published by **Reporters without Borders** (RSF): It is an international NGO whose self-proclaimed aim is to defend and promote media freedom. It is headquartered in Paris and has consultative status with the UN.
- The **objective of the World Press Freedom Index**, which it releases every year, “is to compare the level of press freedom enjoyed by journalists and media in 180 countries and territories” in the previous calendar year
- **RSF defines Press Freedom** as “the ability of journalists as individuals and collectives to select, produce, and disseminate news in the public interest independent of political, economic, legal, and social interference and in the absence of threats to their physical and mental safety”
- **Method Used:**
 - Countries are ranked after being assigned a score from 0 to 100, with 100 representing the highest possible level of freedom and 0 the worst.
 - The scoring has **two components**:
 - **A quantitative one**: It tallies abuses against journalists and media outlets
 - **A qualitative analysis** based on the responses of press freedom specialists (journalists, researchers, human right defenders) to an RSF questionnaires.
- **2022 World Press Freedom Index:**
 - India's ranking has fallen to 150/180 countries (from 142 last year)
 - The **top three positions** have been given to **Nordic trio** – Norway (92.65 score), Denmark (90.27) and Sweden (88.84).
 - **Norway** has topped for the fifth year in running.

4) WORLD JUSTICE PROJECT – OPEN GOVERNMENT INDEX AND RULE OF LAW INDEX

- WJP is an international civil society organization with the stated mission of "working to advance the rule of law around the world".
 - It works through **three programs:**
 - Research and Scholarship
 - The WJP Rule of Law Index
 - Engagement
 - It seeks to increase public awareness about the foundational importance of rule of Law, stimulate government reforms and develop practical programs at community level.
 - It was released first in 2015

A) ABOUT THE OPEN GOVERNMENT INDEX

- WJP's **Open Government Index** is the first effort to measure government openness based on general public experience and perception worldwide.
- Open government index is based on the following dimensions:
 - Publicized Laws and government data
 - Right to Information
 - Civil Participation
 - Complaint Mechanism
- The index was first released in 2015.

B) ABOUT THE RULE OF LAW INDEX

- It is the world's leading source for original, dependent data on the rule of law.
- It measures rule of Law based on the experiences and perceptions of the general public and in-country legal practitioners and experts worldwide.

44. NOT VERY IMPORTANT INDICES AND REPORTS

1) ACADEMIC FREEDOM INDEX – GLOBAL PUBLIC POLICY INSTITUTE

2) OXFAM

- It is an international confederation of 20 NGOs focusing on alleviating global poverty. It was formed in 1995 by a few NGOs to share knowledge and resources and combine their efforts in fighting against poverty and injustice.
 - » The name "Oxfam" comes from the oxford committee of famine relief, founded in Britain in 1942. The group campaigned for food supplies to be sent through an allied naval blockade to starve women and children in enemy occupied Greece during the WW-II.

3) FOOD WASTE INDEX REPORT – BY UNEP AND PARTNER ORGANIZATIONS

4) HENLEY PASSPORT INDEX

5) GLOBAL CHILDHOOD REPORT AND END OF CHILDHOOD RANKING 2021 – BY SAVE THE CHILDREN (A NOT FOR PROFIT ORGANIZATION)

- 6) WORLD COMPETITIVENESS INDEX BY INTERNATIONAL INSTITUTE FOR MANAGEMENT AND DEVELOPMENT (IMD)
- 7) IMD WORLD TALENT RANKING
- 8) GLOBAL TALENT COMPETITIVENESS INDEX (GTCI) BY INSEAD BUSINESS SCHOOL
- 9) GLOBAL LIVEABILITY INDEX – ECONOMIC INTELLIGENCE UNIT (EIU)
- 10) WORLDWIDE COST OF LIVING SURVEY, 2020 – BY ECONOMIC INTELLIGENCE UNIT (EIU)
- 11) GLOBAL PEACE INDEX (GPI) BY THE INSTITUTE OF ECONOMICS AND PEACE
- 12) GLOBAL TERRORISM INDEX BY THE INSTITUTE OF ECONOMIC AND PEACE
- 13) GLOBAL ECONOMIC FREEDOM INDEX – BY FRASER INSTITUTE CANADA
- 14) GLOBAL SMART CITY INDEX BY (THE INSTITUTE OF MANAGEMENT AND DEVELOPMENT IN COLLABORATION WITH SINGAPORE UNIVERSITY)




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TARGET PRELIMS 2024

BOOKLET-35

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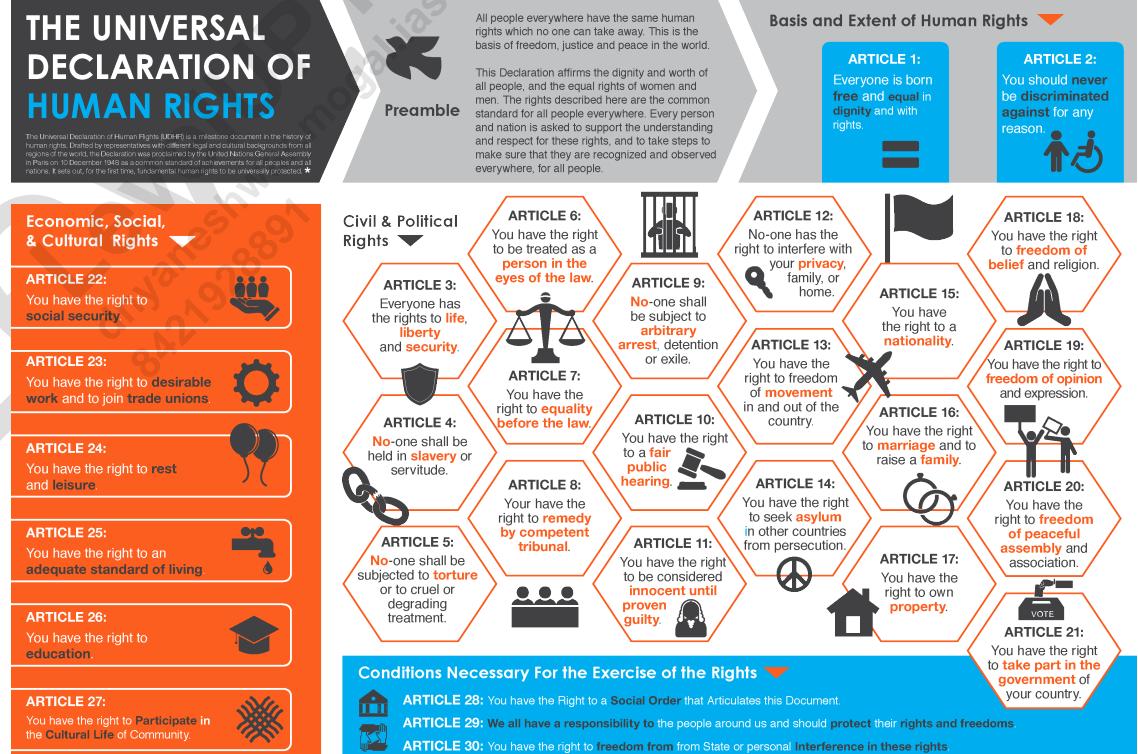
1. UN BODIES, CONVENTION, SUMMITS ETC.

1) ARTICLE 99 OF UN CHARTER

- **Why in news?**
 - » Article 99 of the UN Charter invoked for the first time in decades as Israel invokes Gaza (Dec 2023)
- **Article 99:** "The Secretary-General may bring to the attention of the Security Council any matter which in his opinion may threaten maintenance of international peace and security".
 - » **More details:** It is seen as a discretionary power. According to the UN, the **President of the Security Council is under the obligation to call a meeting of the Council** if the Secretary-General brings to the attention of the Council any matter under Article 99
- **UN Secretary General Antonio Guterres** as invoked Article 99 of the UN Charter in a bid to establish ceasefire amid the Israel's military action on the Gaza Strip.

2) UNIVERSAL DECLARATION OF HUMAN RIGHTS (UDHR)

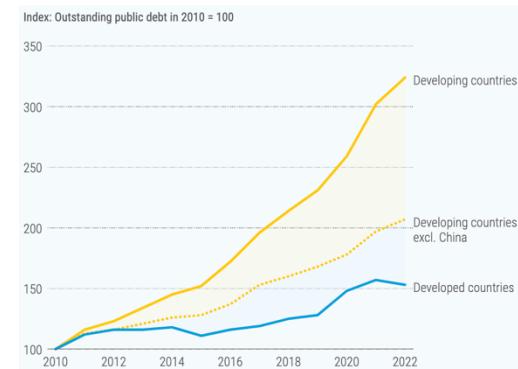
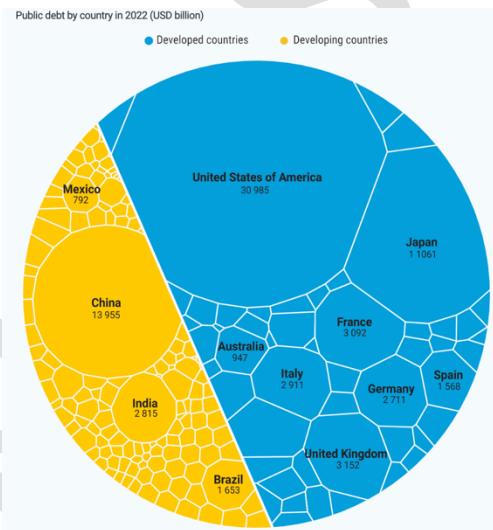
- **75 years ago**, on 10th Dec, 1948, the UNGA approved UDHR at a meeting in Paris - laying one of the foundation stones of the international order that emerged following the horrors of WW-II.
- **Some details about the UDHR:**
 - The document consist of a preamble and 30 articles setting out fundamental rights and freedoms.
 - **Article-1:** "All humans being are born free and equal in dignity and rights".
 - **Article 2:** says that everyone is entitled to all the rights and freedoms the declaration sets out, "without distinction of any kind, such as race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status."



- **Background: Need of Universal Declaration of Human Rights (UDHR)**
 - » The declaration was born of the "never again" sentiment among political leaders after the two world wars and the holocaust.
- **Is it legally binding?**
 - » The declaration isn't a treaty and isn't legally binding in itself, but the principles it sets out have been incorporated into many countries' laws and it is viewed as the basis for international human rights law.

3) GLOBAL CRISIS RESPONSE GROUP

- **About GCRG:**
 - » The GCRG was set up by the United Nation Secretary General (UNSG) in March 2022 to address the urgent and critical global issues pertaining to interlinked **crisis in food, security, energy, and finance** and to coordinate a global response.
 - » The GCRG is overseen by the Champions Group comprising of HOS/HOGs of Bangladesh, Barbados, Denmark, Germany, Indonesia, and Senegal.
 - » The UN Deputy Security General leads the steering committee of the GCRG.
- **Update: July 2023: India has joined GCRG, accepting an invitation from UNSG Antonio Guterres to PM Modi.**
 - » The decision to join reflects India's increasing global leadership and commitment addressing contemporary global challenges.
 - » India's participation will boost efforts of UN in finding result-oriented solutions on developmental issues that impact the world, particularly developing countries.
- **Update: July 2023: Report 'A World of Debt: A growing burden to global prosperity'**
 - » **Global Public Debt at Record Highs:** Public debt has increased more than fourfold since 2000 (USD 22 trillion in 2002 to USD 92 trillion in 2022)
 - » **Around 30% of Global public debt is owned by developing countries.**
 - » **Public debt is growing faster in the developing world:**
 - » **A growing number of countries** are facing high levels of debt.
 - » **Public debt can be vital for development.** But at the same time, it can also be a heavy burden. It will be the case when public debt grows too much too fast.



4) 2023 IMO STRATEGY ON REDUCTION OF GHG EMISSIONS FROM SHIPS

- In support of the UN SDG Goal 13, to take urgent action to combat climate change and its impact.
- **Background:**
 - » In 2018, IMO adopted an initial strategy, on the reduction of GHG missions from ships.
 - » In Oct 2018, IMO approved a follow-up program, intended to be used as a planning tool in meeting timelines identified in the initial IMO Strategy upto 2023. Further, the initial strategy had envisaged that a revised strategy would be adopted by 2023.
- **In July 2023**, IMO adopted the new strategy: **Key Highlights**
 - » The 2023 IMO GHG Strategy represents a framework for Member States, setting out the future vision for international shipping, the levels of ambition to reduce GHG emissions and guiding principles.
 - » **Levels of Ambition** directing the 2023 IMO GHG Strategy are as follows:
 1. Carbon Intensity of Ships to decline through further improvement of energy efficiency for new ships.
 2. Carbon intensity for international shipping to decline to reduce CO2 emissions per transport work, as an average across international shipping, by at least 40% by 2030, compared to 2018.
 3. Uptake of zero or near zero GHG emission technologies, fuels and/or energy sources to represent at least 5% striving or 10% of the energy used by international shipping by 2030
 4. Peak GHG emissions from international shipping ASAP and to reach net-zero GHG emissions by or around, close to, 2050.
 - » The 2023 IMO GHG strategy also introduces indicative checkpoints to reach net zero GHG emissions from international shipping:
 1. Reducing annual GHG emissions from international shipping by at least 20%, striving for 30%, by 2030 from 2008 levels and by 70% (striving for 80%), by 2040 from 2008 levels.

5) UNITED NATION CONVENTION AGAINST TRANSNATIONAL ORGANIZED CRIME (UNCTOC) AND THE PROTOCOLS THERETO

- **Why in news?**
 - » Minister of State for Home Affairs Shri Nithyanand Rai attends two-day conference to mark the 20th anniversary of UNCTOC at Palermo, Italy (Sep 2023)
- The UNCTOC was adopted by UNGA in 2000. It is the main international instrument against transnational organized crime. It is also known as Palermo Convention.
- It entered into force in 2003.
- The convention is supplemented by three protocols:
 - » The Protocol to Prevent Suppress and Punish Trafficking in Persons, especially Women and Children
 - » The Protocol against Smuggling of Migrants by Land, Sea and Air.

- » The Protocol against Illicit Manufacturing or and Trafficking in Firearms, their parts and components and Ammunition.
- Countries must first become party to the convention before becoming parties to any of the protocol.
- India signed the convention and the three protocols in Dec 2002.
 - » CBI is the nodal agency to deal with UNTOC.

6) UNITED NATIONS FORUM ON FOREST (UNFF)

- Why in news?
 - » The MoEF&CC organized a Country Led Initiative (CLI) event as part of the UN Forum on Forests from 26-28th Oct 2023 at the Forest Research Institute (FRI), Dehradun, Uttarakhand (Oct 2023: Source-PIB)
- About UN Forum on Forests (UNFF)
 - » It promotes, management, conservation, and sustainable development of all types of forests.
 - » It was established in 2000 by the UN Economic and Social Council (ECOSOC) of the UN.
 - » The forum meets annually at the UN HQ in New York and brings representation from all member states and forest related agencies for high-level dialogue on technical matters in odd years and policy matters on even years.
 - Note: The eighteenth session of UNFF (UNFF18) was held in New York in May 2023 and the UNFF19 will be held in May 2024.
 - » Note: The forum has universal membership and is composed of all member states of UN and Specialized agencies.
 - » India is a founding member of the forum.
- About Country Led Initiative:
 - » The CLI's primary goal is to contribute to the discussions of UNFF regarding the implementation of Sustainable Forest Management (SFM) and the UN Strategic Plan for Forests (UN SPF).
 - » It also aims to facilitate the sharing of best practices among UNFF member states for the implementation of SFM and UN SPF
 - » Note: The UN General Assembly adopted the first-ever UN Strategic Plan for Forests for the period of 2017-2030. This Strategic Plan serves as a global framework for actions at all levels to achieve the sustainable management of all types of forests, including trees outside forests, and to combat deforestation and forest degradation.

7) UN STATISTICAL COMMISSION (UNSC)

- Why in news?
 - » India starts four-year term as UN Statistical Commission member (Jan 2024)
- About UN Statistical Commission:
 - » It was established in 1946 by UN Economic and Social Council.
 - » It is the highest body of the global statistical system. It oversees the work of the UN Statistics Division (UNSD) and is a Functional Commission of the UN Economic and Social Council.
 - » It brings together Chief Statisticians from member states from around the world.

- » It is the highest decision making body for international statistical development activities, responsible for setting of statistical standards and the development of concepts and methods, including their implementation at the national and international level.

A) IN APRIL 2023, INDIA WAS ELECTED TO THE UN STATISTICAL COMMISSION FOR A FOUR-YEAR TERM WITH 46/53 VOTES IN UN ECONOMIC AND SOCIAL COUNCIL.

- » **India and South Korea** have been elected from Asia Pacific region.

B) IN JAN 2024, INDIA BEGAN ITS FOUR-YEAR TERM AS UN STATISTICAL COMMISSION MEMBER.

- The Commission consist of 24 member countries of the UN elected by UN Economic and Social Council on the basis of equitable geographic distribution.
 - » **Five Members** are from African States; Four from Asia Pacific States; Four from East European States; Four from Latin American and Caribbean States; Seven from Western Europe and other States.
- India has been able to become a member after 2 decades.
- **Significance of the tenure:**
 - » The most crucial business India will participate in is the finalization and implementation of the 2025 System of National Accounts (SNA). The current estimates of national income are based on the 2008 SNA, with 2011-12 as the base year.

C) 55TH SESSION OF THE UN STATISTICAL COMMISSION (FEB - MARCH 2024)

- At the UN headquarters -> New York.

8) UN COMMISSION FOR SOCIAL DEVELOPMENT (UN CSOCD)

- It is one of the eight commissions established by the UN ECOSOC since 1946 to assist it in carrying its work.
- Since the World Summit for Social Development in Copenhagen in 1995, the CSocD has been the key UN body in charge of the follow up and implementation of the Copenhagen Declaration and Program of Action.
- **CSocD** consist of 46 members elected by ECOSOC based on equitable geographical distribution.
- **India chairs 62nd session of CSocD** (Feb 2024)
 - » It's a historic moment for India as it was the first time since 1975 that the country had held this esteemed position within the CSocD.
 - » India's Permanent Representative to the UN Ruchira Raj was elected as the chair of the CSocD.

9) UN RELIEF AND WORK AGENCY (UNRWA) FOR PALESTINIAN REFUGEES IN THE NEAR EAST

- **About UNRWA**
 - » Following the 1948 Arab-Israel Conflict, UNRWA was established by **UNGA Resolution 302 (IV) of Dec 1949** to carry out direct relief and works programmes for Palestinian Refugees.

- The UNRWA definition of refugee covers Palestinians who fled or were expelled from their homes during the 1948 war.
- It started functioning on 1st May 1950 and is funded almost entirely by voluntary contributions from UN member states. It receives some funding from UN Budget which is mostly used for International Staffing Cost.
- In the absence of solution to the Palestinian Refugee Problem, the UNGA has repeatedly renewed UNRWA's mandate.
- The agency's human development and humanitarian services encompass primary and vocational education, primary health, relief and social services, infrastructure and camp improvement, microfinance and emergency response, including in situations of armed conflict.
- It is unique in terms of its long-standing commitment to one group of refugees.

- » UNRWA operates in five areas:
 - Jordan, Lebanon, Syria, the Gaza strip, and the West Bank, including East Jerusalem.
- » Outside these areas the aid for Palestinian refugees is provided by United Nations High Commissioner for Refugees (UNHCR).

A) PAUSING OF THE FUNDING FOR THE AGENCY (JAN 2024)

- USA and 8 other western countries, which together provide more than half of the UNRWA's 2022 budget, have decided to pause funding for the agency. The development could have had severe implications for Palestinians in Gaza.
- UN asked the countries to reconsider their decision to suspend the funding as 2 million Palestinian in Gaza are dependent on UNRWA services that could be scaled back if the funding is not restored.
- What has Israel accused UNRWA of?
 - » It has alleged that 12 staff of UNRWA were involved in the 7th Oct 2023 attack. It has also claimed that Hamas siphons off funds given to UNRWA and fights from in and around the agency's facilities.
 - » Israel has also alleged that "Hamas tunnels (are) running next to or under UNRWA facilities and accuses the agency of teaching hatred of Israel in its schools,"
- Updates: Canada lifting ban on UNRWA funding after facing severe criticism for cutting assistance during Israel's war on Hamas (March 2024)
 - » Finland will also resume funding to the UN agency (March 2024)

2. INTERNATIONAL GROUPINGS

1) SASEC

- **Why in news?**

» Prime Minister Modi laid the foundation stone for multiple road upgradation projects worth Rs 34,00 crore, under which 43 roads including 38 bridges will be upgraded as part of SASEC Corridor Connectivity (Feb 2024)

- **Introduction**

» SASEC Program was formed in 2001 in response to the request of the four countries in South Asia - BD, Bhutan, India and Nepal - from ADB to assist in **facilitating economic cooperation among them**. The four countries comprised the **South Asia Growth Quadrangle (SAGQ)**, formed in 1996, as a vehicle of accelerating sustainable

» Now, it brings together Maldives, Sri Lanka, India, Nepal, Bhutan, Bangladesh and Myanmar in a **project-based partnership to promote regional prosperity by improving cross-border connectivity, boosting trade among member countries, and strengthening regional economic cooperation.**

▪ **Membership**

- Founding members were BD, India, Nepal and Bhutan.
- Maldives and Sri Lanka joined in May 2014.
- Myanmar became a part of this in Feb 2017.

» **Secretariat**

- Manila, Phillipines-based Asian Development Bank serves as the secretariat of the SASEC countries.

- **Need of such a program**

1. **Poor Economic integration of South Asia**
2. **Poor Cross Border Energy Networks**
3. **Poor Cross border telecommunication connections**
 - Better telecommunications connections would also expand personal and business links, increasing trade at all levels.

- **Key Priority Areas Cooperation for SASEC**

- » In 2005, SASEC countries agreed on priority sectors for investment and coordinated action:
1. **Transport**
 2. **Trade Facilitation**
 3. **Energy**
- » In 2016, SASEC countries approved the SASEC Operational Plan 2016-2025, a 10-year strategic roadmap, which introduced **4. Economic Corridor Development (ECD) as a fourth sectoral area of focus**. SASEC also supports regional initiatives in ICT.

- **Significance**

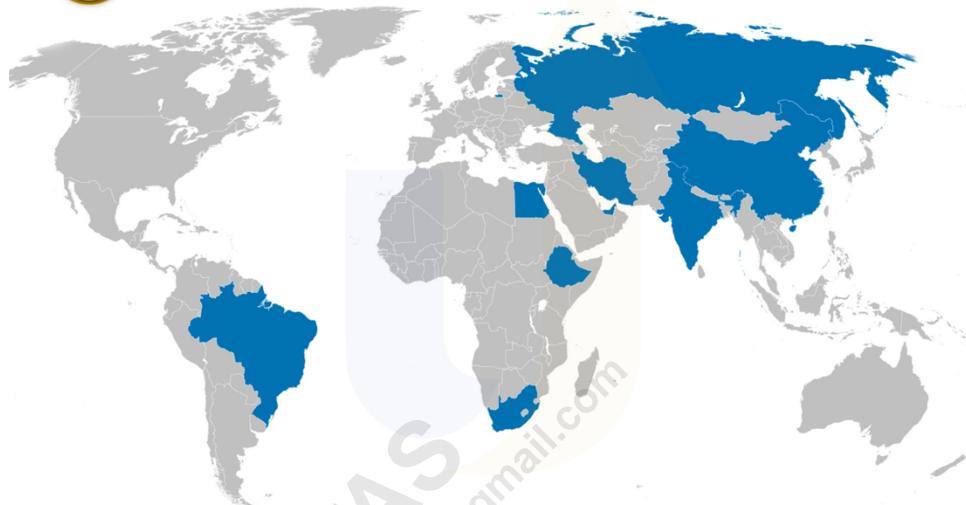
- » Promoting trade, cooperation and economic growth in the region
- » Compensate for the failure of SAARC.

2) BRICS

- **BASICS**

- » BRICS is an intergovernmental organization which comprise of Brazil, Russia, India, China, South Africa, Egypt, Ethiopia, Iran, and UAE.

- » Originally, the grouping was **BRIC** (and only consisted of Brazil, Russia, India and China). It became **BRICS** with the induction of South Africa in 2010.
- » **Note:** The term "BRIC" was coined in 2001 by the then chairman of Goldman Sachs Asset Management Jim O'Neil, in his publication "Building Better Global Economic BRICS". On the basis of economic analysis he claimed that the four economies would individually and collectively occupy far greater economic space and become among the world's largest economies in the next 50 years.
- » **9 Members:** The founding countries - Brazil, Russia, India and China held the first summit in Yekaterinburg in 2009, with south Africa joining in 2010. Iran, UAE, Ethiopia and Egypt joined the organization on 1st Jan 2024.
- » **Note:** All five initial countries are member of G20.



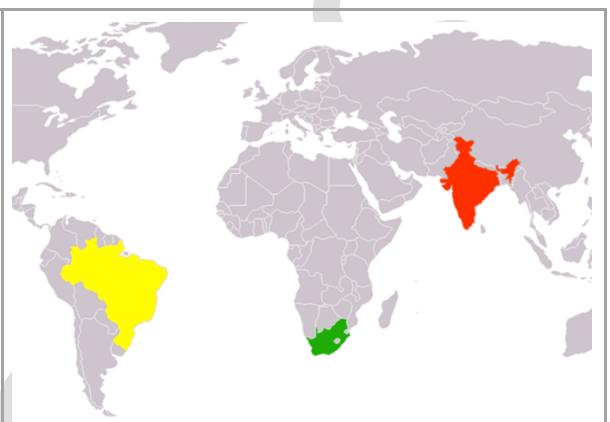
- **AIMS and Objective**
 - » Promoting a **more legitimate international system** including UNSC and IMF/WB reforms
 - » Promote **South-South Cooperation** and regional cooperation.
 - » Act as a bridge between developed and developing countries.
 - » Present a **united front of developing countries** in climate change negotiations.
 - » Embrace cultural diversity and promote people to people contact among BRICS countries
- In Recent years BRICS has **diversified** its objectives and is also working towards **fighting protectionism** and promoting & protecting multilateralism. Focus on counterterrorism has also increased.
- **Significance of BRICS**
 - » **BRICS countries are emerging as new centre of gravity in the international economic system.**
 - BRICS countries now comprise of more than 40% of the world's population and have surpassed G7 countries in terms of purchasing power parity.
 - » **Shaping of global economic and political architecture:**
 - BRICS have managed to **increase the representation and say of developing countries and global south** in major international organizations such as IMF, WB and WTO in recent years.

- BRICs is also championing an open and multilateral world order against a growing tide of protectionism.
 - Push towards de-dollarization.
- » New Development Bank has made BRICS a serious international actor in financial arena.
- » Expanding the group's footprint in key regions like middle east, Africa etc

3) IBSA FORUM

It's a unique forum that brings together India, Brazil, and South Africa (three large democracies and major economies from three different continents). All three countries are developing, pluralistic, multi-cultural, multi-ethnic, multilingual and multi-religious nations.

The group was formalized and named the IBSA Dialogue Forum when the foreign ministers of the three countries met in Brasilia on 6th June 2003 and issued the Brasilia Declaration.



Cooperation in IBSA is on three fronts:

- first, as a forum for consultation and coordination on global and regional political issues, such as, the reform of the global institutions of political and economic governance, WTO/Doha Development Agenda, climate change, terrorism etc.;
- second, trilateral collaboration on concrete areas/projects, through fourteen working groups and six People-to-People Forums, for the common benefit of three countries; and
- third, assisting other developing countries by taking up projects in the latter through IBSA Fund

A) IBSA FUND

- The IBSA facility for poverty and hunger alleviation (IBSA Fund) was established jointly by India, Brazil, and South Africa in May 2004. It became operational in 2006 to identify replicable and scalable projects that can be disseminated to developing countries on a demand driven basis as examples of best practices in combating poverty and hunger.
- Since its inception, 42 project in 35 countries have been supported by the fund with disbursement of US\$46.78 million.
- India has been a regular contributor to the IBSA fund since its inception and has contributed more than \$18 million till date.
 - In Feb 2024, India contributed \$US 1 million to IBSA fund.
- The informal understanding so far has been that the partners countries sponsor projects corresponding to the proportion of their contribution to the fund.

- The fund has an appeal for small states who seek funding for small and medium sized project and it has proved to be a useful outreach tool with states which we are not able to assist through bilateral development projects.

4) WEIMAR TRIANGLE

- It is a regional alliance of France, Germany and Poland, created in 1991 in the Germany city of Weimar. The group is intended to promote cooperation between the three countries in cross-border and European Issues.
- It provides the three countries with a unique forum to coordinate approaches to cross-border and European issues. Along with the governments themselves, the parliaments and civil societies of the three countries are also working closely together.
- **Update:**
 - » **In Feb 2024**, the foreign ministers of the three countries met in the Paris Suburb of La Celle-Saint-Cloud to talk about Ukraine, amid other issues. They discussed about reviving the Weimer Triangle, a long dormant regional grouping that was designed to promote cooperation between France, Germany and Poland.

5) MISSION ASPIDES

- **In Feb 2024**, EU launched 'Mission Aspides' to protect Cargo ships in Red Sea from Houthi attack.
 - » **Note:** ASPIDES is the Greek for "the Shield".
- It is a naval mission to help protect cargo ships.
- It will be run out of Larissa in Central Greece - which is home to the Hellenistic Air Force and a NATO headquarters.
- **Note:** Previously, the USA had launched Operation Prosperity Guidance with a similar mission.

3. IMPORTANT SUMMITS

1) SUMMIT FOR DEMOCRACY

- **Why in news?**
 - » PM Addresses Summit for Democracy virtually. (March 2024)
- The first summit of the Summit for Democracy was a virtual summit hosted by US in 2021.
- The second summit was held in March 2023 and was co-hosted by USA, Costa Rica, Zambia, Netherlands, and Korea.
- The **third Summit for Democracy** kicked off in March 2024 in Seoul, South Korea amid global declines in democracy and the resurgence of authoritarian tendencies.
 - » The ambition is to strengthen democratic institutions, reverse consequential backsliding globally, and tackle thorny problems, including corruption.

- » Implementing the commitments made at the S4D3 and other bilateral events is key to fully deliver concrete and sustainable democratic and anti-corruption reforms at local, national and global levels.

4. MISCELLANEOUS REPORTS

1) HENLEY PASSPORT INDEX

- **Why in news?**
 - » India has fallen one position from last year in the recently released Henley Passport Index (HPI) 2024 (Feb 2024)
- **DETAILS**
 - » Henley Passport Index ranks all the passports of the world according to the number of countries their holders can travel to without prior visa. The ranking is based on exclusive data from the International Air Transport Association (IATA) and lists the countries that can be accessed visa-free, with an electronic visa (e-TA) or with a Visa-on-Arrival.
- **Key Highlights of the 2024 Index:**
 - » The most powerful passports in the world now allow citizens of France, Germany, Italy, Spain, Japan and Singapore to travel to 194/227 countries.
 - » Indian passport rank 85th in the list. This came as a surprise as now Indian passport can get visa free access to 62 countries in 2024 when compared to 60 countries in 2023.
 - **Ranking of Neighbours:** Pakistan (106), BD (102), Maldives (58)
 - » China (rank - 64) is saw a marginal jump from last year (rank-66).

2) WORLD INEQUALITY LAB – A RESEARCH PAPER

- **India's top 1% income and wealth shares** have reached historical highs and are among the very highest in the world: Paper released by World Inequality Lab (March 2024)
 - » By 2022-23, the top 1% income share in India was 22.6% and top 1% wealth share rose to 40.1%, with India's top 1% income share among the very highest in the world, higher than even South Africa, Brazil and USA



TARGET PRELIMS 2024

BOOKLET-36

PRELIMS MASTERS PROGRAM 2024

INTERNATIONAL MAPPING AND PLACES IN NEWS-3

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1. INDIAN OCEAN

1) AGALEGA ISLANDS

Agalega Islands consist of two outer islands located in the Indian Ocean. It is located 1050 km north of Mauritius Island. Agalega is a dependency of Mauritius.

The two islands have a total area of 26 sq km and a native population of about 300 people.

Agalega is run directly by PM of Mauritius through the Prime Minister's Office to the Outer Island Development Corporation (OIDC).

In Feb 2024, PM of India, Shri Narendra Modi and Mauritian PM Pravind Jugnauth jointly inaugurated an airstrip and the St. James Jetty on North Agalega Island in the Indian Ocean.

- » The development of the islands is in the socio-economic and national interest of the Mauritius and also aligns with India's vision for Indian Ocean.
- » The new jetty and the air strip will enable a large and more credible government presence on the islands.
- » It will also enable stationing or forward deployment of ships of the Mauritius Coast Guard.

Benefits for India:

- » Increased trust between the two countries.
- » The joint development of the islands underscores India's commitment to the vision of Security and Growth for All in the Region (SAGAR), and its willingness to assist smaller maritime nations in building capacity and developing capabilities.



Will Agalega become India's military base?

No. India understands the importance of sovereignty, and the sensitiveness of smaller nations when they interact with larger one. (Vice Admiral Biswajit Dasgupta (Retd) is a former Commander in Chief of the Eastern Naval Command, Indian Navy).

2. ARAL SEA

The Aral sea is situated in Central Asia, between the southern part of Kazakhstan and Northern Uzbekistan.

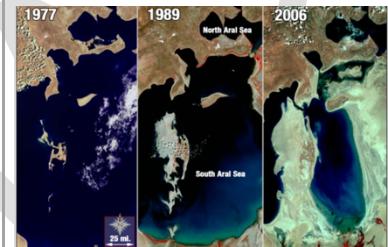
Till 1960s, it was the world's fourth largest saline lake (after Caspian, Balkash (Kazakhstan), Turkana (Kenya, Ethiopia)).

Two important rivers that feed into the lake are Syr Darya and Amu Darya rivers, reaching the sea through north and south respectively.

- Until the 1960s, the two rivers accounted for around 75-80% of the water supplied to the lake (rest was rainfall).



In 1960s, USSR decided to divert these rivers for irrigation purpose which has led to drastic reduction in the size of the sea.



Impact:

- Reduction in the size of the lake (the size of the lake has declined to less than 10% of its original size).
- Increase in salinity (lakes salinity level is risen from 10 gram/l to over 100 g/l);
- Death of marine species such as barbell, carps etc. (due to reducing water levels and salinity);

Restoration Strategy:

- The five central Asian countries adopted the Aral Sea Basin Program in 1994 as part of the restoration strategy. The program aimed to stabilize the basin's environment, rehabilitate the area around the sea, and improve the lake's water management.

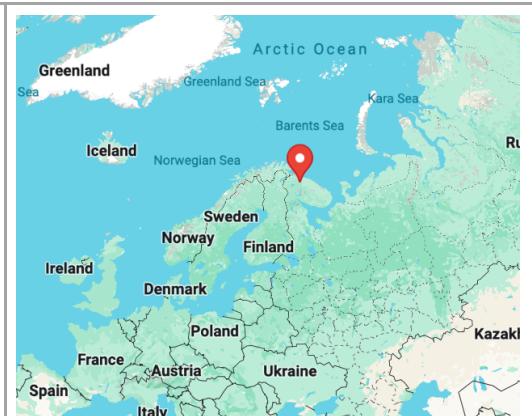
3. RUSSIA

1) MURMANSK PORT

Murmansk is a seaport located in the Northwestern Russia. It lies 200 km north of Arctic circle and is on the eastern shore of Kola Bay, 48 kms from the ice-free Barents sea.

The town was founded in 1915 as a supply port in WW-1. It was a base for the British, French, and American expeditionary forces against the Bolsheviks in 1918.

In WW-2 also the port served as the main port for the Anglo-American convoys carrying war supplies to the USSR through Arctic ocean.



Current scenario: Now, it is an important fish port having one of the largest fish processing facilities of Europe. It's ice-free harbour makes it Russia's only port with unrestricted access to the Atlantic and world sea route. From Dec - May it replaces the icebound St. Petersburg as the major port of the northwest. It is connected by railroad to St Petersburg and Moscow.

News: India's engagement with Russia's Arctic region has been strengthening with India-bound goods constituting the maximum share of cargo handled in 2023 (Jan-July) by Murmansk port.

- Coal was the main item imported in India from this Russian port.

Note: Kola peninsula is a peninsula in the extreme northwest of Russia, and one of the largest peninsula of Europe. It lies almost completely inside arctic circle and is bordered by Barent sea to the north and White sea to the east and north-east.

2) DAGESTAN (REPUBLIC OF DAGESTAN)

Dagestan is a province of Russia within the Russian Federation. Its official name is 'Republic of Dagestan'. It is the southernmost tip of Russia.

Dagestan translates as "land of the mountains". It is a mountainous territory located in the eastern part of the North Caucasus. It has Georgia and Chechnya to its west and Azerbaijan to its south. To its east is Caspian sea.

Diversity: The Republic of Dagestan has mainly Muslim population. It is linguistically and ethnically a varied region. It is Russia's most diverse region. There are at least 40 different ethnicities in the region along with more than 30 spoken languages.

News: Anti-Israel Protestors (numbered in 100s) stormed an airport in Makhachkala (capital of Dagestan) on 30th Oct 2023. This resulted in a chaos and injured more than 20 people. Israel expressed concern and urged Russia to protect Israelis in Dagestan and also inside the airport.



(Image: Wikimedia Commons)

Makhachkala, the capital of Republic of Dagestan is located on the Caspian sea coast.

3) CHECHNYA

Chechnya (officially the Chechen Republic) is a republic of Russia. It is located in North Caucasus region.

The republic forms a part of the North Caucasian Federal District. It is bordered by Russia proper on the north, Dagestan republic on the east and southeast, the country of Georgia on the southwest, and Ingushetia republic on the west.

Insurgency: History

Chechen-Ingush was designated as a republic in 1936.

Secessionist sentiments emerged in 1991 with the disintegration of USSR.

- A coup against local communist government was carried out in 1991, and the coup leader Dzhokhar Dudayev unilaterally declared **Chechnya's independence from Russian Federation** (subsequently Russia).
- In 1992, Chechnya-Ingushetia divided into **two separate republics** with Ingushetiya favoring Russia and Chechnya leader favoring independence.
- **Russian forces took over the capital of Chechnya (Grozny)** in March 1995 and Dudayev was killed in 1996. A peace treaty was signed in 1997.
- But after a bombing killed scores of civilians in Russia, the then PM Vladimir Putin blamed Chechnya and the **Russian forces re-entered Chechnya in 1999**.



Eventually in 2003, Chechan voters approved a new constitution that devolved great powers to the Chechen government, but kept the republic in the federation.

In 2004, Russian backed Ahmad Kadyrov became the President of Chechen. But he was killed in a bomb blast. With Russia's backing in 2006, his son Ramzan Kadyrov, gained the presidency. He had maintained support of Russia and in early 2009 he claimed that insurgency had been crushed.

As of 2023, Ramzan Kadyrov continues to be President of Chechnya.

Nevertheless, sporadic outbreak of violence including guerrilla attacks continue to occur. In addition, Jihadist group associated with IS exist in the region.

4) MOSCOW AND MARCH 2024 TERROR ATTACK

Moscow is the capital and the largest city of Russia. The city is located on Moskva River in central Russia. It is the most populous city of entire Europe and the largest city by land area on the European continent.

Note: In 1712, under the reign of Peter the Great, the Russian capital was moved to the newly founded St. Petersburg which diminished the Moscow's role and influence. But after, Russian revolution the capital was moved back to Moscow in 1918, where it became the political center of USSR and later of Russia.

March 2024 Terror Attack:

- The terror attack took place at Crocus City Hall on the outskirts of Russia on 22nd March and killed around 150 people. This is the deadliest terror attack Russia has seen in a decade.
- **Who has claimed the attack?**
 - Islamic State (IS) has claimed responsibility for the attack.
 - American officials have attributed it to ISIS-K, a branch of the group.
- **Russian authorities** have accused four men from Tajikistan of being behind the attack. Russian President Vladimir Putin have said that "Russian Islamists" carried out the attack, but also claimed without proof that a "window" had been prepared for the attackers to escape to Ukraine. Kyiv has denied the allegations.

Who are ISIS-K?

ISIS-K was formed in 2015 and has been active in AF, PAK, and Iran. It is branch of ISIS, the terror group that emerged in Iraq and Syria and at its peak, controlled a huge stretch of territory.

Why attack Russia?

Russia has been at the top or near the top of the list of ISIS for many years. Moscow's crucial role in the Syrian Civil War, when it intervened in support of the Syrian government and against ISIS is a primary reason.

ISIS propaganda has long targeted Russia for its brutal tactics in Chechen wars.



5) LAKE BAIKAL

It's a large rift lake in Russia. Lake Baikal is basically a rift valley, created by earth's crust slowly moving apart. In geological term is rift is young and active and widens about 4 mm per year. The fault zone is also seismically active.

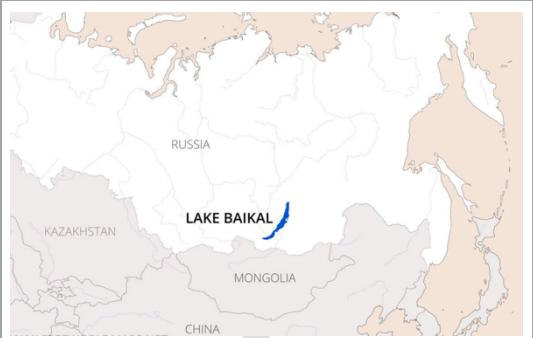
It is located in the southern Siberia.

7th largest lake in the world in terms of surface area and the largest in Asia.

It is also the world's largest freshwater lake in terms of volume of water. It stores more than 20% of world's fresh surface water. This is more than all the North America's great lake combined.

It is also the deepest lake (depth of 1620 km) in the world. (Lake Tanganyika (1436m); Caspian Sea (1,025 m); Vostok (900 m); Lake Martin (836 m));

It is also one of the UNESCO's World Heritage Site.



4. KACHIN PROVINCE

Location: It is the northernmost state of Myanmar bordering China in the north and east and India in the west.

China's claim: Various Chinese government over the years have claims over northern half of the Kachin state as Chinese territory since 18th century.

Reasons for insurgency in Kachin:

Removal of autonomy: When Kachin state was formed after the independence of Myanmar, it was allocated a lot of autonomy. But it changed after the 1962 Burmese coup d'etat. The Ne Win regime which came into power in 1962 unilaterally abrogated the Constitution.

Declaration of Buddhism as state religion: Kachin armed group was established in 1960, after the U Nu government announced the state religion as Buddhism. The Kachin people stopped believing in the government administration system, established after the federal union was agreed upon in 1947 agreement.

Kachin Independence Organization: With the unilateral abrogation of the Union of Burma Constitution by the Ne Win government in 1962, Kachin forces withdrew from Burmese army and formed the **Kachin Independence Army (KIA)** under the **Kachin Independence Organization (KIO)**.

The conflict between KIA and Myanmar forces have extended into 2020s.



5. GWADAR PORT

It is situated on Arabian Sea in Pakistan's Baluchistan Province. It is located around 170 km east of Chabahar Port.

It is under administrative control of the Maritime Secretary of Pakistan.

The port has substantial Chinese investment and features prominently in China Pakistan Economic Corridor.

News: On March 20, 2024, Pakistan security forces thwarted a complex coordinated attack on Gwadar Port Authority Complex in a



two hour long battle and claimed to have neutralized all eight militants. Two soldiers have been killed in action.

The Majeed Brigade of the Baluchistan Liberation Army (BLA), claimed the responsibility for the attack. They stressed that their fighters have targeted Pakistan's ISI and military intelligence facilities.

Note: Balochistan and Gwadar port are immensely important for Pakistan, especially for the army that has taken on responsibility of making the CPEC and its end port, Gwadar, a success story of China's BRI.

6. BALOCHISTAN PROVINCE

Balochistan is located in the southwest of Pakistan.

It is the country's largest and most sparsely populated province.

It has huge natural resources like oil reserves and abundant natural resources. But the ethnic Baloch are Pakistan's poorest and most under-represented people

Capital: Quetta



7. INSURGENCY IN BALOCHISTAN

1) HISTORY

- At the time of partition, Balochistan comprises of multiple chiefdoms owing allegiance to the British. Ahmed Yar Khan, the chief of Kalat, was the most powerful of these tribal chiefs, and hoped to secure an independent state for his people. However, he was forced to accede in 1948, after Pakistan invaded Kalat. This triggered the insurgency which continues even till today.
- **Other factors** which has fuelled insurgency in the region are:
 - » Economic deprivation
 - » Lack of political freedom
 - » Forced disappearance of thousands of men
 - » Extrajudicial killings of many of those reported missing
 - » Other forms of repression by Pakistani state.
- In many ways, China backed Gwadar port is a symbol of injustice for Balochi people. Despite rampant unemployment in the province, engineers and technical specialists were hired from Punjab, Sindh and even China. In recent years, Baloch militants have repeatedly targeted both Gwadar and Chinese nationals in the country.
- **Baloch armed groups** including, Baloch Liberation Army (BLA), Baloch Liberation Front (BLF), Baloch Nationalist Army (BNA), and Baloch Republican Guard (BRG) have created an operational umbrella

alliance under the banner of **Baloch Raaji Aajoi Sangar (BRAS)** in 2018 to coordinate their action on ground.

- » The BRAS have claimed more than 600 attacks and more than 600 casualties of armed forces in 2023.
- The Baloch insurgency in Pakistan is gaining momentum for the past two years and insurgents can regularly breach the perimeter security of Pakistan military and paramilitary installation across Balochistan in bold, frontal attacks.

2) MAJID BRIGADE

The Majeed Brigade is the separatist group of Baloch Liberation Army (BLA). It has claimed responsibility of the attack on complex outside Gwadar Port.

The Majed Brigade has been active since 2011 and is the BLA's dedicated suicide squad. The unit is named after two brothers, both of whom were called Majeed Langove (Sr and Jr).

History:

In May 1972, the National Awami Party (NAP) came to power in Balochistan. Nationally, the NAP sat in opposition to Prime Minister Zulfiqar Ali Bhutto's Pakistan People's Party (PPP). The NAP had long advocated for greater regional autonomy in Pakistan, and it was emboldened by the secession of BD in 1971.

But, Bhutto was not willing to give an concession and created problems in the functioning of NAP government in Balochistan. The NAP government was finally dismissed in Feb 1973. This led to both the insurgency and the Pakistani state repression becoming worse in Balochistan. Between 1973, thousands of insurgents and military officials were killed.

In this background, Majeed Langove Senior, then a young Baloch man, decided to assassinate Bhutto. In 1974, when Bhutto arrived in Quetta to attend a public gathering, Majeed senior waited atop a tree, a grenade in hand. He had no plans to escape and was most certainly going to die. He eventually died. The grenade burst in Majid Senior's hand as he waited for Bhutto's motorcade.

Junior's Sacrifice and formation of Majid Brigade:

The death of Majeed Senior was mythologized for posterity by the actions of his younger brother, Majeed Langove Junior, who was born two years after senior was killed. In 2010, Junior was killed in a fight against Pakistani forces. His death was mourned by nationalists across Balochistan. After it became widely known that he was the brother of Majid senior who too had given live four Balochi freedom, the Majeed Langrove brothers were raised to near mythical status.

When Aslam Achu, a BLA leader, decided to establish a suicide squad, he named it after 'Majeed' brothers as 'the Majeed Brigade'. The first attack by Majid brigade took place in 2011. After a long hiatus, the group became active again in 2018 and attacked Bus carrying chinese engineers in Dalbandin near the Pakistan-

Afghanistan border. The brigade has also attacked Chinese consulate in Karachi (2018), the Gwadar Pearl Continental Hotel (2019), and the Pakistani Stock Exchange in Karachi (2020).

8. EUROPE

1) CATALONIA

Catalonia is a historic region of Spain including north-eastern provinces of Girona, Barcelona, Tarragona, and Lleida. The autonomous community of Catalonia occupies a triangular area in the north-eastern corner of Spain.

It is bordered by France and Andorra to the north, the Mediterranean sea to the south and East. It also borders autonomous community of Valencia to the south and the autonomous community of Aragon, to the west.

The Pyrenees separate Catalonia from France.

Growing call for Independence: Since 2010s, there has been a growing support for Catalan independence.

- In Oct 2017, the Catalan Parliament unilaterally declared independence following a referendum that was deemed unconstitutional by the Spanish state.
- The Spanish senate voted in favor of direct rule by removing Catalan government and calling a snap regional election. The Spanish Supreme Court also imprisoned seven former ministers of the Catalan government on charges of rebellion and misuse of public funds. But in 2021, all those in Prison were pardoned by Spanish government.

In Dec 2023, Pere Aragones, the President of government of Catalonia wrote in Financial Times that Catalonia is a nation with a rich historical legacy, which is diverse and modern and is bound by its language, Catalan. A nation with persistent desire for self-governance dating back centuries. A nation that wants to be free, that wants to be able to be democratically and peacefully decide how it governs itself, want to create a new state, independent of Spain, but working together with it within the European Framework.



9. AFRICA

1) LAKE FAGUIBINE

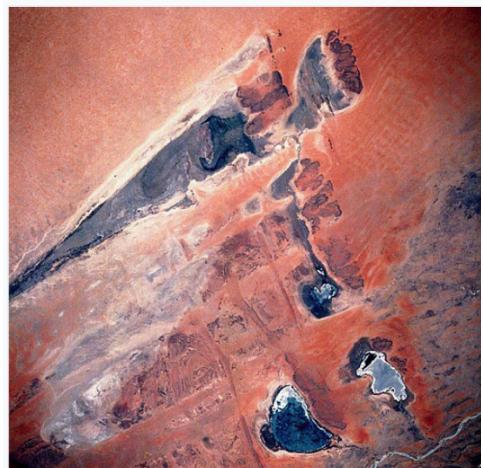
It was a lake in Mali on the southern edge of the Sahara desert. It was situated 75 km north of Niger river to which it is connected by system of smaller lakes and channels.

During heavy flooding the water from Niger river reaches the lake. But since the Sahel drought of 1970s and 80s the lake has mostly remained dry. Water has reached the lake in very few cases. All this has contributed to the partial collapse of the ecosystem of the region.

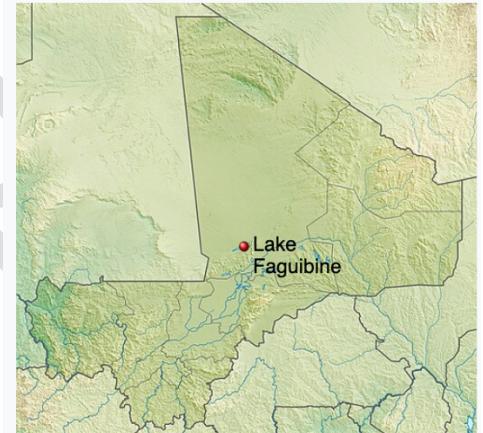
In the **year 2021**, the lake was completely dry.

The Lake Faguibine system: The lake forms a system of five interconnected low lying depressions which fill to different extent every year based on the level of rainfall and flood.

Lake Faguibine



Lake Faguibine (spear-shaped) from space, April 1991. The River Niger is shown at the bottom right hand corner, Lake Oro at the lower left and Lake Fati lower right



2) LAKE VOLTA

Lake Volta is an artificial lake in Ghana. It is formed by the Akosombo Dam over Volta river.

With a storage capacity of 153 Billion cubic meter, it is one of the largest artificial lakes in the world. It covers around 8502 sq km (3.6% of Ghana's area). The lake lies completely within Ghana.

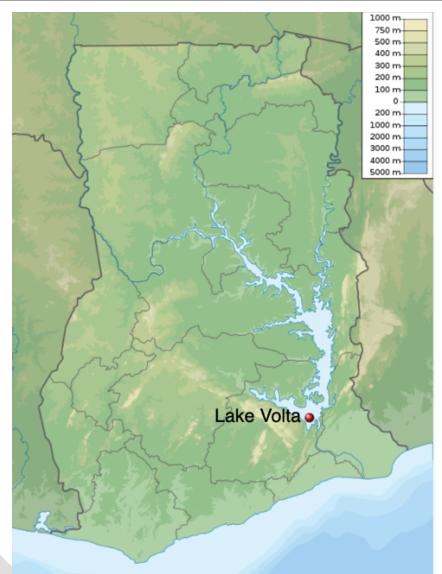
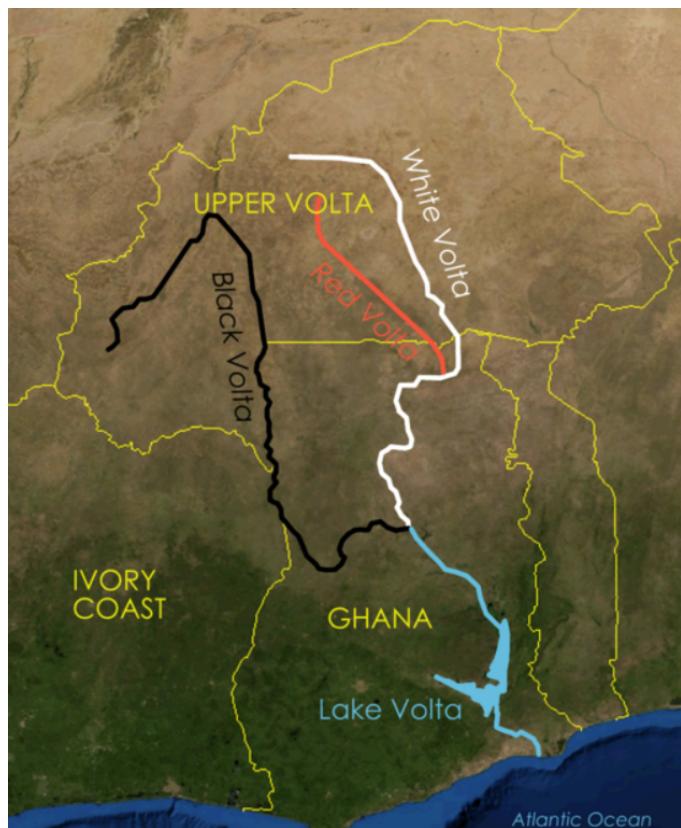
The lake is located on Prime Meridian.

Akosombo Dam holds back both the White Volta River and the Black Volta river which formerly converged where the middle of reservoir lies now, to from a single volta river.

The **present volta river** flows from the outlet of the dam's power house and spillways to the Atlantic Ocean in southern Ghana.



It is navigable and provides a cheap route connecting Ghana's Savanna to coastal region.



3) MOZAMBIQUE

It's a country located in south eastern Africa with capital as **Maputo**. It has a tropical climate. It has extensive coastline, fronting the Mozambique Channel, which separates mainland Africa from the Island of Madagascar.

Bordering countries: South Africa and Swaziland in south and southwest; It is bordered by Zimbabwe to its west; Zambia and Malawi on its north west and Tanzania to its north.

The **great Zambezi river** has provided ample water for irrigation and the basis for a regionally important hydroelectricity power industry.

It gained independence from Portugal in 1975. But it was soon engulfed in civil war.

1977-92: Civil War: Mozambican civil war between Frelimo government, with support from Cuba and USSR, and anti-communist Mozambican National



Resistance (Renamo) rebels, combined with sabotage from the neighbouring states of Rhodesia and South Africa. Over a million people die in the fighting and subsequent famines.

1990: Constitution was amended to allow multi-party system and first multi-party elections were held in 1994.

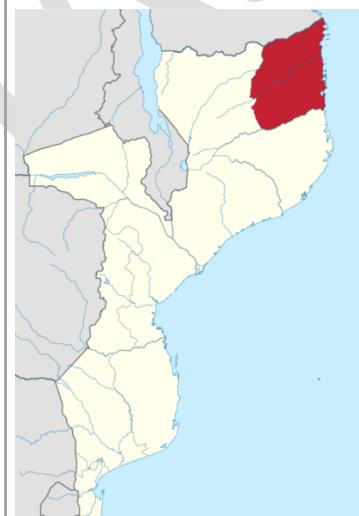
2017: A jihadist insurgency has begun in the northern side.

4) CABO DELGADO

Cabo Delgado: It is the northernmost province of Mozambique and borders Tanzania to its north and Indian Ocean to its east.

Starting 2017, armed Islamist extremists linked to the Islamic State of Iraq and Levant launched a jihadist insurgency in the Cabo Delgado region. The insurgent group sometimes referred itself as Shabaab. (Please note that they are different from Somali-Al Shabaab).

March 2024: More than 70 children are missing following recent jihadist attack in Mozambique's northern Cabo Delgado. They became separated from their family as thousands fled to a neighbouring province in recent weeks. There are fears that some of them may have been kidnapped by fighters linked to ISIS.



Cabo Delgado, Province of Mozambique

10. NORTH AMERICA

1) THE POPOKATEPETL VOLCANO

The Popocatepetl Volcano:

It is Mexico's most dangerous volcano. It is located just outside the Mexico city (72 kms southeast).

Note: Popocatepetl means "smoking mountain" in the Aztec Nahuatl language.

In Feb 2024, it erupted 13 times in a single day. It spewed thick plumes of volcanic ash into the sky causing flights to be grounded. It has also blanketed the capital and the surrounding area with thick plumes of ash.



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03

MENTORSHIP & PERSONAL GUIDANCE

04

11.PYQS

| 2023 | |
|------|---|
| Q1 | <p>Which one of the following is a part of the Congo Basin?</p> <p>(a) Cameroon (b) Nigeria (c) South Sudan (d) Uganda</p> |
| Q2 | <p>Consider the following pairs:</p> <p>Area of conflict mentioned in news: Country where it is located</p> <ol style="list-style-type: none">1. Donbas: Syria2. Kachin: Ethiopia3. Tigray: North Yemen <p>How many of the above pairs are correctly matched?</p> <p>(a) Only one (b) Only two (c) All three (d) None</p> |

| | |
|---|---|
| 3 | <p>Consider the following countries:</p> <ol style="list-style-type: none"> 1. Bulgaria 2. Czech Republic 3. Hungary 4. Latvia 5. Lithuania 6. Romania <p>How many of the above-mentioned countries share a land border with Ukraine?</p> <ul style="list-style-type: none"> (a) Only two (b) Only three (c) Only four (d) Only five |
| 4 | <p>In the recent years Chad, Guinea, Mali and Sudan caught the international attention for which one of the following reasons common to all of them?</p> <ul style="list-style-type: none"> (a) Discovery of rich deposits of rare earth elements (b) Establishment of Chinese Military bases (c) Southward expansion of Sahara Desert (d) Successful coups |
| 5 | <p>Consider the following pairs:</p> <p>Regions often Reason for being in news</p> <ol style="list-style-type: none"> 1. North Kivu and Ituri : War between Armenia and Azerbaijan 2. Nagorno-Karabakh : Insurgency in Mozambique 3. Kherson and Zaporizhzhia : Dispute between Israel and Lebanon <p>How many of the above pairs are correctly matched?</p> <ul style="list-style-type: none"> (a) Only one (b) Only Two (c) All three (d) None |

| | |
|------|---|
| 2022 | |
| | |
| 6 | <p>Which one of the following lakes of West Africa has become dry and turned into a desert?</p> <p>(a) Lake Victoria (b) Lake Faguibine (c) Lake Oguta (d) Lake Volta</p> |
| 7 | <p>The term "Levant" often heard in the news roughly corresponds to which of the following regions?</p> <p>(a) Region along the eastern Mediterranean shores (b) Region along North African shores stretching from Egypt to Morocco (c) Region along Persian Gulf and Horn of Africa (d) The entire coastal areas of Mediterranean Sea</p> |
| 8 | <p>Consider the following countries:</p> <ol style="list-style-type: none"> 1. Azerbaijan 2. Kyrgyzstan 3. Tajikistan 4. Turkmenistan 5. Uzbekistan <p>Which of the above have borders with Afghanistan?</p> <p>(a) 1, 2 and 5 only (b) 1, 2, 3 and 4 only (c) 3, 4 and 5 only (d) 1, 2, 3, 4 and 5</p> |
| IB | <p>Consider the following countries:</p> <ol style="list-style-type: none"> 1. Armenia |

| | |
|----|---|
| | <p>2. Azerbaijan 3. Croatia 4. Romania 5. Uzbekistan</p> <p>Which of the above are members of the Organization of Turkic States?</p> <p>(a) 1, 2 and 4 (b) 1 and 3 (c) 2 and 5 (d) 3, 4 and 5</p> |
| 9 | <p>Which one of the following statements best reflects the issue with Senkaku Islands, sometimes mentioned in the news?</p> <p>(a) It is generally believed that they are artificial islands made by a country around South China Sea. (b) China and Japan engage in maritime disputes over these islands in East China Sea. (c) A permanent American military base has been set up there to help Taiwan to increase its defence capabilities. (d) Through International Court of Justice declared them as no man's land, some South-East Asian countries claim them.</p> |
| 10 | <p>Consider the following pairs: Region often mentioned in the news Country</p> <p>1. Anatolia – Turkey 2. Amhara – Ethiopia 3. Cabo Delgado – Spain 4. Catalonia – Italy</p> <p>How many pairs given above are correctly matched?</p> <p>(a) Only one pair (b) Only two pairs (c) Only three pairs (d) All four pairs</p> |

| | |
|-------------|---|
| 2020 | |
| 11 | <p>In which one of the following groups are all the four countries members of G20?</p> <p>(a) Argentina, Mexico, South Africa and Turkey (b) Australia, Canada, Malaysia and New Zealand (c) Brazil, Iran, Saudi Arabia and Vietnam (d) Indonesia, Japan, Singapore and South Korea</p> |
| 12 | <p>Consider the following pairs:</p> <p>River : Flows into</p> <ol style="list-style-type: none"> 1. Mekong : Andaman Sea 2. Thames : Irish Sea 3. Volga : Caspian Sea 4. Zambezi : Indian Ocean <p>Which of the pairs given above is/are correctly matched?</p> <p>(a) 1 and 2 only (b) 3 only (c) 3 and 4 only (d) 1, 2 and 4 only</p> |
| 2019 | |
| 13 | <p>Consider the following pairs:</p> <p>Sea : Bordering country</p> <ol style="list-style-type: none"> 1. Adriatic Sea : Albania 2. Black Sea : Croatia 3. Caspian Sea : Kazakhstan 4. Mediterranean Sea : Morocco 5. Red Sea : Syria <p>Which of the pairs given above are correctly matched?</p> <p>(a) 1, 2 and 4 only</p> |

| | |
|----|--|
| | <p>(b) 1, 3 and 4 only</p> <p>(c) 2 and 5 only</p> <p>(d) 1, 2, 3, 4 and 5</p> |
| 14 | <p>Which of the following has/have shrunk immensely/dried up the recent past due to human activities?</p> <ol style="list-style-type: none"> 1. Aral Sea 2. Black Sea 3. Lake Baikal <p>Select the correct answer using the code given below:</p> <p>(a) 1 only</p> <p>(b) 2 and 3</p> <p>(c) 2 only</p> <p>(d) 1 and 3</p> |
| 15 | <p>Consider the following pairs:</p> <p>Towns sometimes mentioned in news - Country</p> <ol style="list-style-type: none"> 1. Aleppo - Syria 2. Kirkuk - Yemen 3. Mosul - Palestine 4. Mazar-i-sharif - Afghanistan <p>Which of the pairs given above are correctly matched?</p> <p>(a) 1 and 2</p> <p>(b) 1 and 4</p> <p>(c) 2 and 3</p> <p>(d) 3 and 4</p> |
| 16 | <p>Consider the following pairs:</p> <p>Regions sometimes mentioned in news - Country</p> <ol style="list-style-type: none"> 1. Catalonia - Spain 2. Crimea - Hungary |

3. Mindanao - Philippines

4. Oromia - Nigeria

Which of the pair given above are correctly matched?

(a) 1, 2 and 3

(b) 3 and 4 only

(c) 1 and 3 only

(d) 2 and 4 only

2017

17 Mediterranean Sea is a border of which of the following countries?

1. Jordan

2. Iraq

3. Lebanon

4. Syria

Select the correct answer using the code given below:

(a) 1, 2 and 3

(b) 2 and 3 only

(c) 3 and 4 only

(d) 1, 3 and 4 only

18 Which of the following is geographically closest to Great Nicobar?

(a) Sumatra

(b) Borneo

(c) Java

(d) Sri Lanka

2015

19 The area known as 'Golan Heights' sometimes appears in the news in the context of the events related to

| | |
|------|---|
| | <p>(a) Central Asia (b) Middle East (c) South-East Asia (d) Central Africa</p> |
| 20 | <p>Which one of the following countries of South-West Asia does not open out to the Mediterranean Sea?</p> <p>(a) Syria (b) Jordan (c) Lebanon (d) Israel</p> |
| 2014 | |
| 21 | <p>Consider the following pairs:</p> <p>Region often in news: Country</p> <p>1. Chechnya: Russian Federation 2. Darfur: Mali 3. Swat Valley: Iraq</p> <p>Which of the above pairs is/are correctly matched?</p> <p>(a) 1 only (b) 2 and 3 only (c) 1 and 3 only (d) 1, 2 and 3</p> |
| 22 | <p>Turkey is located between</p> <p>(a) Black Sea and Caspian Sea (b) Black Sea and Mediterranean Sea (c) Gulf of Suez and Mediterranean Sea (d) Gulf of Aqaba and Dead Sea</p> |

23

What is the correct sequence of occurrence of the following cities in South-East Asia as one proceeds from south to north?

1. Bangkok
2. Hanoi
3. Jakarta
4. Singapore

Select the correct answer using the code given below:

- (a) 4-2-1-3
- (b) 3-2-4-1
- (c) 3-4-1-2
- (d) 4-3-2-1

2013

24

Which one of the following pairs is correctly matched?

Geographical Feature : Region

- (a) Abyssinian Plateau : Arabia
- (b) Atlas Mountains : North-Western Africa
- (c) Guiana Highlands : South-Western Africa
- (d) Okavango Basin : Patagonia

2010

25

Which one of the following can one come across if one travels through the Strait of Malacca:

- a) Bali
- b) Brunei
- c) Java
- d) Singapore

2009

26

Consider the following countries:

| | |
|-------------|--|
| | <p>1. Australia 2. Namibia 3. Brazil 4. Chile</p> <p>Through which of the above does the Tropic of Capricorn pass?</p> <p>a) 1 only b) 2, 3 and 4 c) 1, 2 and 3 d) 1, 2, 3 and 4</p> |
| 2008 | |
| 27 | <p>Which one of the following cities is nearest to the equator?</p> <p>a) Colombo b) Jakarta c) Manila d) Singapore</p> |
| 28 | <p>Which one of the following straits is nearest to the International Date Line?</p> <p>a) Malacca Strait b) Bering Strait c) Strait of Florida d) Strait of Gibraltar</p> |
| 29 | <p>In which one of the following is Malta located?</p> <p>a) Baltic Sea b) Mediterranean c) Black Sea</p> |

| | |
|----|---|
| | d) North Sea |
| 30 | <p>Which of the following countries share borders with Moldova?</p> <ol style="list-style-type: none"> 1. Ukraine 2. Romania 3. Belarus <p>Select the correct answer using the code given below:</p> <ol style="list-style-type: none"> a) 1 and 2 only b) 2 and 3 only c) 1 and 3 only d) 1,2 and 3 |
| 31 | <p>Through which one of the following Straits, does a tunnel connect the United Kingdom and France?</p> <ol style="list-style-type: none"> a) Davis Strait b) Denmark Strait c) Strait of Dover d) Strait of Gibraltar |
| 32 | <p>Which one of the following cities does not have the same clock time as that of the other three cities at any given instant?</p> <ol style="list-style-type: none"> a) London (U.K) b) Lisbon (Portugal) c) Accra (Ghana) d) Addis Ababa (Ethiopia) |
| 33 | <p>Other than India and China, which of the following groups of countries border Myanmar?</p> <ol style="list-style-type: none"> a) Bangladesh, Thailand and Vietnam |

| | |
|-------------|---|
| | b) Cambodia, Laos and Malaysia c) Thailand, Vietnam and Malaysia d) Thailand, Laos and Bangladesh |
| 2006 | |
| 34 | Through which one of the following groups of countries does the Equator pass? a) Brazil, Zambia and Malaysia b) Colombia, Kenya and Indonesia c) Brazil, Sudan and Malaysia d) Venezuela, Ethiopia and Indonesia |
| 35 | Huangpu River flows through which one of the following cities? a) Beijing b) Ho Chi Minh City c) Shanghai d) Manila |
| 2005 | |
| 36 | Which one of the following countries does not have border with Lithuania? a) Poland b) Ukraine c) Belarus d) Latvia |
| 37 | Which one of the following is the correct sequence of the given town of Pakistan while moving from the North towards the South? a) Islamabad-Gujranwala-Peshawar-Multan b) Peshawar-Gujranwala-Multan-Islamabad c) Peshawar-Islamabad-Gujranwala-Multan d) Islamabad-Multan-Peshawar-Gujranwala |
| 2004 | |
| 38 | Latvia does not share its borders with which one of the following countries? a) Russia b) Estonia c) Lithuania d) Poland |

39

Match List-I (Sea) with List- II (Country) and select the correct answer using the codes given below the Lists:

List-I (Sea) List-II (Country)

- A. Black Sea 1. Bulgaria
- B. Red Sea 2. China
- C. Yellow Sea 3. Eritrea
- D. Caspian Sea 4. Kazakhstan

Codes:

A B C D

- a) 1 4 2 3
- b) 2 3 1 4
- c) 1 3 2 4
- d) 2 4 1 3

40

Which one of the following does not border Panama?

- a) Costa Rica
- b) Pacific Ocean
- c) Colombia
- d) Venezuela

2003

41

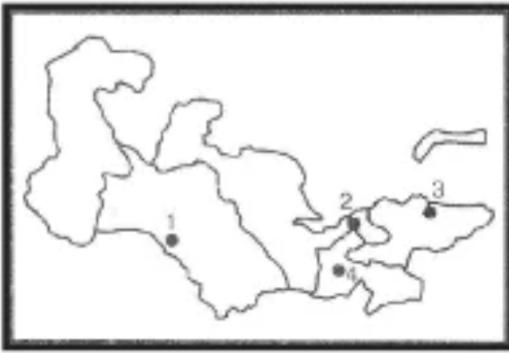
Which one of the following countries is land locked?

- a) Bolivia
- b) Peru
- c) Suriname
- d) Uruguay

42

Israel has common borders with:

- a) Lebanon, Syria, Jordan and Egypt
- b) Lebanon, Syria, Turkey and Jordan
- c) Cyprus, Turkey, Jordan and Egypt

| | |
|------|---|
| | d) Turkey, Syria, Iraq and Yemen |
| 43 | Which one of the following countries does NOT border the Caspian Sea? a) Armenia b) Azerbaijan c) Kazakhstan d) Turkmenistan |
| 2002 | |
| 44 | Consider the following countries: 1. Albania 2. Bosnia Herzegovina 3. Croatia 4. Macedonia Which of these countries has/have Adriatic Sea as a boundary? a) 1 and 2 b) 1, 2 and 3 c) 4 only d) 3 and 4 |
| 2001 | |
| 45 | The given map shows four towns of the Central Asian region marked as 1, 2, 3, and 4. Identify these from the following list and select the correct answer using the codes given below:  Towns: A. Bishkek |

B. Ashkhabad

C. Tashkent

D. Dushanbe

Codes:

a) A-3, B-1, C-2, D-4

b) A-3, B-1, C-4, D-2

c) A-1, B-3, C-2, D-4

d) A-1, B-3, C-4, D-2

46

Consider the following provinces of former Yugoslavia:

I. Bosnia

II. Croatia

III. Slovenia

IV. Yugoslavia

The correct sequence of these provinces from the east to the west is

a) IV, I, III, II b) IV, I, II, III

c) I, IV, III, II d) I, IV, II, III

47

Which one of the following lakes forms an international boundary between Tanzania and Uganda?

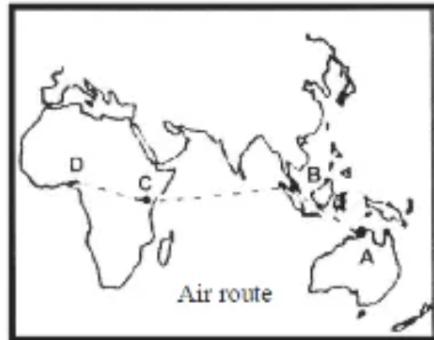
a) Chad b) Malawi

c) Victoria d) Zambezi

1999

48 Match the cities labelled as A, B, C and D in the given map with the names of cities and select the correct answer using the codes given below the names of cities:

Names of Cities:



1. Darwin
2. Kuala Lumpur
3. Lagos
4. Nairobi
5. Singapore

Codes:

- a) A-1, B-2, C-4, D-3
- b) A-2, B-1, C-4, D-3
- c) A-1, B-4, C-5, D-2
- d) A-4, B-3, C-5, D-2

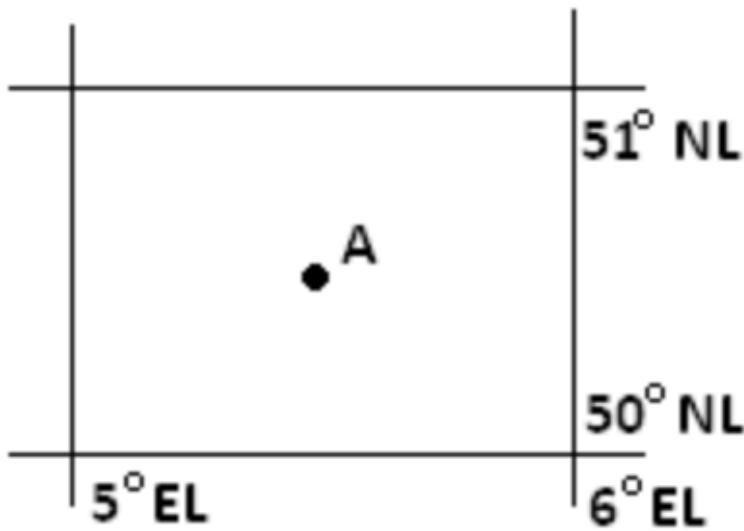
49

The physical regions marked as 1, 2, 3 and 4 on the given map are respectively:



- a) Andes, Brazilian Shield, Guyana Highlands and Amazon Basin

| | |
|-------------|--|
| | <p>b) Andes, Guyana Highlands, Brazilian Shield and Amazon Basin</p> <p>c) Amazon Basin, Guyana Highlands, Brazilian Shield and Andes</p> <p>d) Guyana Highlands, Brazilian Shield, Andes and Amazon Basin</p> |
| 1998 | |
| 50 | <p>Match rivers labelled A, B, C and D on the given map with their names given in the list and select the correct answer using the codes given below the list:</p> <p>1. St. Lawrence</p> <p>2. Orinoco</p> <p>3. Mackenzie</p> <p>4. Amazon</p> <p>5. Yukon</p> |
| | <p>List-I</p>  |
| | <p>a) A-4, B-3, C-2, D-1</p> <p>b) A-5, B-3, C-1, D-2</p> <p>c) A-5, B-4, C-1, D-3</p> <p>d) A-3, B-1, C-4, D-2</p> |
| 1997 | |
| 51 | Consider the geographical details given in the following figure: |



The point marked by A in the above figure indicates a country in:

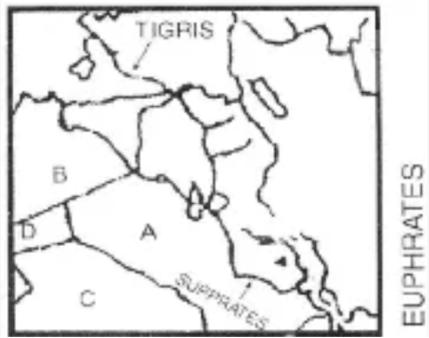
- a) North America b) South America
- c) Europe d) Asia

| | |
|----|---|
| 52 | One will NOT have to pass through the Suez Canal while going from Mumbai to: <ul style="list-style-type: none"> a) Alexandria b) Suez c) Port Said d) Benghazi |
|----|---|

| | |
|----|--|
| 53 | <p>During a flight from Delhi to Tokyo the following are the landing airports:</p> <p>I. Hong Kong II. Hanoi III. Taipei IV Bangkok</p> |
|----|--|

The correct sequence of the landing at these airports during an onward journey is

- a) I, II, III, IV b) IV, II, I, III
- c) III, IV, I, II d) IV, I, II, III

| | |
|------|---|
| 1996 | |
| 54 | <p>The rough outline map shows a portion of the Middle East. The countries labelled A, B, C and D are respectively:</p>  <p>a) Syria, Iraq, Jordan and Saudi Arabia b) Syria, Iraq, Saudi Arabia and Jordan c) Iraq, Syria, Saudi Arabia and Jordan d) Iraq, Syria, Jordan and Saudi Arabia</p> |
| 1995 | |
| 55 | <p>Consider the map given below indicating four places frequently figuring in the news:</p>  <p>Which one of them is Chechenya?</p> <p>Choose the correct answer from the codes given below:</p> |

- | | |
|------|------|
| a) 1 | b) 2 |
| c) 3 | d) 4 |

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