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Category: INTERNATIONAL AFFAIRS/BILATERAL RELATIONS

1. [More check-posts to come up on Bangladesh border](#)

In news:

- The Home Ministry will move a Cabinet note to construct seven **integrated check-posts (ICPs) along the Bangladesh border** to give a fillip to trade and business with the neighbouring country.
- In all, 13 such check-posts have been planned, seven of them along the Bangladesh border.
- **Key Fact:** The project was envisaged in 2007. A separate body – **the Land Port Authority of India (LPAI)** – was constituted in 2011 to boost trade via the land border points.
- Eventually, 19 ICPs are expected to come up along the Bangladesh border. Besides the seven in West Bengal, three will be in Assam, two in Meghalaya and seven in Tripura.
- An ICP has several facilities such as passenger terminal building, currency exchange counter, Internet hubs, cargo process building, cargo inspection sheds, warehouse, cold storage, quarantine laboratory, clearing agents, banks, vehicle scanners, isolation bay, parking and cafeteria.
- ICPs help put in place a system to secure the country's borders against hostile elements. It also facilitates trade and commerce and boosts revenue.

2. [Rohingya crisis worse than Syria's, says UN](#)

- William Lacy Swing, Director-General of the UN's International Organisation for Migration (IOM), said: The Rohingya refugee crisis is worse than the exodus from Syria.
- The Rohingya exodus from southwest Myanmar to southeast Bangladesh is man-made and needs a political solution.
- He said the international community should treat the refugee influx as a top priority so that the problem was resolved quickly and refugees were able to go back to their country.

3. [U.S. wants to deprive Iran of Indian energy market: Tehran's envoy to New Delhi](#)

In news:

- Iranian Ambassador said that U.S. was trying to ensure that India reduced oil imports from his country
- It is working to deprive Tehran of the Indian energy market
- This is after the U.S. announcement of a tougher line on Iran, even imposition of possible new sanctions

Key Points:

- India has cut its oil imports from Iran by approximately 20% in 2017, though its global imports have risen by 5.4%
- The Petroleum Ministry says India has been trying to diversify its imports so as to get more competitive rates
- One major development is India's decision to import its first shipment of crude oil from the U.S., giving rise to speculation that New Delhi's new policy will come at the cost of imports from Iran

Effect on India-Iran relations

- He said that U.S. President Donald Trump's policy shift would not affect the India-Iran relationship
- Development of the Chabahar port project will remain on track

Other projects

- The **India-Afghanistan-Iran trilateral agreement** for **Chabahar** should be ratified by the Iranian parliament in the next few months
- India committed about \$1.6 billion to build the **Chabahar-Zahedan** railway line, which will facilitate trade to Afghanistan along with Chabahar port

4. [U.S.-backed forces wrest Raqqa from Islamic State](#)

In news:

- S.-backed forces took full control of Raqqa from the Islamic State group
- It was done after defeating the last jihadist holdouts in the de facto Syrian capital of their now-shattered "caliphate"

Raqqa:

Raqqa, the most important urban center for Daesh after Mosul, has long been considered the terrorist organization's capital by the U.S.-led international coalition forces

5. [The right balance](#)

Context:

- Relations between India and the SCO.

Speculations:

- India's relations with Pakistan and China have entered a difficult phase has also generated apprehensions in India about the forum creating new pressures on Jammu and Kashmir

SCO's objective and India's expectations:

- Countering extremism, terrorism and separatism is a major objective of the SCO
- Sceptics would say the apparent convergence between what the SCO does and India wants may be somewhat deceptive
- They would insist that the difficulties encountered by the recent Indian bid to isolate Pakistan in various international forums should caution India against expecting too much on this front at the SCO

What India should do?

- India must persist in the belief that change is inevitable and purposeful diplomacy can allow India to probe for new opportunities for regional security cooperation
- The recent kidnapping and killing of two Chinese nationals in Pakistan underlines the prospect that Beijing can't forever remain untouched by the terror nurtured by Pakistan

Belt and road initiative issues:

- Differences between China's President Xi Jinping and Prime Minister Narendra Modi could not be masked
- If Xi argued that the SCO could become a major vehicle for its ambitious Belt and Road Initiative, Modi articulated India's reservations, especially the impact of the project on India's sovereignty in Kashmir

Effective steps by the Indian PM

- The PM appears to have found the right balance between articulating India's concerns and underlining India's promise to strengthen inner Asian regionalism
- He outlined a realistic approach towards the SCO that combined a strong emphasis on countering terrorism and a readiness to explore win-win solutions for expanding connectivity

Category: ECONOMICS

1. [Centre taking steps to formalise gold trade](#)

Context :

- The Centre is taking steps for greater formalization of the gold trade with an eye on the future.
- In accordance with these steps, the country unveiled its first commodity options trading in the gold on the Multi Commodity Exchange (MCX).
- The gold option contract, with gold (1 kg) futures as underlying, expiring on November 28, 2017 and January 29, 2018 were made available for trading yesterday.
- As an introductory measure, no transaction fee is being charged on this product till December.
- This marks an important evolution in the trading of the yellow metal itself.
- Options trading hedge all risks for those dealing in gold.
- Given that Indians were big buyers of gold there are expectations that the new product would be extremely successful and with appropriate policy measures it will help formalize the gold trade.

Benefits to the consumers:

- They are in consonance with the business environment for the future, the more it formalises, the better it is for consumers, jewellers and traders.
- The European-styled gold options are hedger-friendly and physically settled, which means on exercise at expiration, the options position develops into corresponding underlying MCX one kilogram gold futures position at the strike price of the exercised options.
- By hedging risk of rise in gold prices using a “Gold Call Options Contract,” a jeweller would not only be protected against price rise, but also would benefit from fall in gold prices.
- Similarly by hedging risk of fall in gold prices using a “Gold Put Options Contract,” a jeweller would not only be protected against price fall, but would benefit from rise in gold prices.
- Gold is the first product for options trading that SEBI had permitted after modern commodity derivatives trading started 14 years ago.
- The Finance Ministry had set up a committee for suggesting measures to transform India’s gold market.

SEBI and the integration of commodity markets

- There has been a very conscious effort by the government and SEBI to develop and integrate commodity markets in a phased manner.
- The introduction of options gives a strong impetus towards systematic development and transformation of commodity derivatives market in India, ushering in a new era in price risk management in response to stakeholder expectations.
- To further strengthen the market, a panel had been constituted in NITI Aayog to integrate spot and derivative market.
- The gold option is as an extremely low-cost product.

Options Trading in other commodities

- As per the SEBI rule, options trade is allowed in a commodity which has certain volumes in futures trade.
- Around 7-8 commodities like cotton, CPO, crude, silver, zinc and copper are there which also qualifies and after 3-6 months a decision will be taken to introduce options trading in them.

2. [Retrench India’s farm economy to sustain it](#)

Context:

- In 2007-08, Madhya Pradesh government announced a bonus of Rs 150 above the minimum support price (MSP) per quintal of wheat
- Predictably, a large segment of farmers in the state shifted to the crop
- The bonus was stopped in 2014
- Farmers who had shifted production were not pleased
- It fed into the resentment that would eventually erupt in widespread farmer agitations in the state this year

Incentives for agriculture

- The Indian state has often played the same role in the agricultural sector
- Its policies have created artificial incentives that are unsustainable, an inefficient drain on public funds, or both

Scheme by MP government

- The **Bhavantar Bhugtan Yojana** will replace government procurement with compensatory payments
- This will be when market prices are below the MSP
- It is being implemented as a pilot scheme for eight crops

Hope from the scheme

- The hope is that this will sidestep the implementation shortcomings of the procurement system
- These extend from the lack of government storage facilities and supply chain logistics
- Also, the fact that despite the government declaring MSPs for 25 crops, it largely procures only rice and wheat
- It will be less distortionary, freeing up space for the market to set rates

Reality check

- The knowledge that the government will make up the shortfall will incentivize traders to set rates well below the MSP
- The scheme has a two-month window, which means that the rush to sell in that period will also push prices down

Need for government intervention

- The agricultural sector is one of the handful where inelastic demand for the products, the deleterious public effects of supply shocks and inherent risks for suppliers mandate a government role

Agricultural reforms: What is needed?

Truly transformative agricultural reforms will require work on three levels

The first level is mandi system

- With the 2003 and 2017 versions of the model Agricultural Produce Market Committee (APMC) Act, governments have attempted to liberalize this system, providing for private markets and integrated state markets
- This was a step towards a national market facilitated by the National Agriculture Market (eNAM)

- The problem with this is that it still operates within the mandi system
- Solution: Government needs to get out of the business altogether”and that is only possible with a switch from the public distribution system to direct benefit transfers

The second level of reforms should be aimed at inputs

- The Pradhan Mantri Krishi Sinchayee Yojana aims to extend irrigation cover to all forms and maximize water-use efficiency over a period of five years
- In a water-stressed yet groundwater-dependent country like India, this is only possible with comprehensive rural electrification, allowing for techniques such as drip irrigation
- The other major reform needed here is access to formal credit
- The current dependence on informal credit leaves farmers beholden to middlemen and traders who are often the credit suppliers, thus undercutting the former’s bargaining power

The third level of reforms should be reduction in number of people participating in Agriculture

- As per the last Agriculture Census, the average farm holding in India is a minuscule 1.15 hectares
- Their number has been on the rise since the 1970s and is expected to touch 91% by 2030
- There is no feasible way to make such a fragmented agricultural economy workable
- For a sustainably healthy agricultural economy, the number of people participating in it must be drastically reduced
- Measures such as enabling large-scale contract farming and corporate farming will help here”but the only genuine solution is job creation in non-agricultural sectors

Category:Â ENVIRONMENT AND ECOLOGY

1. [Sawfish more threatened than tigers, say scientists](#)

Key Points:

- The sawfish, included in **Schedule I of the Indian Wildlife (Protection) Act 1972** enacted to save them from exploitation, have been sighted off the Indian coast less than 10 times in over a decade and they appear to be more threatened than tigers and elephants.
- A statement issued by the Central Marine Fisheries Research Institute said the sawfish may be the most endangered fish species in India.

Only five species

- There are only five species of the sawfish ever identified – dwarf sawfish, knifetooth sawfish, smalltooth sawfish, largetooth sawfish and green sawfish.
- Sawfish are elasmobranchs, meaning their skeleton is made of cartilage. They are closely related to sharks and have shark-shaped bodies and, hence, are also called flat sharks.

Category:Â MISCELLANEOUS

1. [IISc & IIT Bombay among world’s top 200 for engineering](#)

In news:

- **The Times Higher Education subject-wise rankings:** The Indian Institute of Science (IISc) in Bangalore and IIT Bombay are among the world’s top 200 institutions for engineering and computer science
- IISc occupied the 89th spot, IIT Bombay was pegged in the 126- 150 category, globally
- IITs in Delhi, Kanpur and Kharagpur were placed in the 201-250 band, in that order, and IIT Madras and IIT Roorkee in the 251 – 300 category

Ranking:

- The rankings, scored 500 institutions worldwide, as opposed to 100 last year
- These rankings are on performance parameters such as
- (1) Industry income,
- (2) International outlook,
- (3) Teaching and research
- It highlights the educational institutions that are leading in electrical, mechanical, civil, chemical and general engineering courses

Top rankers

- Overall, Stanford University is number one, followed by California institute of Technology, Oxford University, Massachusetts Institute of Technology and Cambridge University
- While India has a total of eleven institutions in the rankings, China has 35 institutions, which is more than any other country in Asia

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F. Practice Questions for UPSC Prelims Exam

G. UPSC Mains Practice Questions

1. The effective management of land and water resources will drastically reduce the human miseries. Explain.

GS Paper IV

1. Did the Government of India Act, 1935 lay down a federal constitution? Discuss.