

UPSC 2017: Comprehensive News Analysis – Oct 3

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Category: POLITY

1. [Justice Rohini to head sub-categorisation panel](#)

In news:

- President Ram Nath Kovind appointed a commission to examine the sub **-categorisation of Other Backward Classes (OBCs)** to ensure that the more **backward among the communities can access the benefits of reservation**.
- **Key Fact:**
- The five-member panel will be headed by retired Chief Justice of the Delhi High Court G. Rohini.
- **Reason:**
- Government's efforts to achieve greater social justice and inclusion for all.
- Sub-categorisation of the OBCs will ensure that the more backward among the OBC communities can also access the benefits of reservation for educational institutions and government jobs.
- **Terms of reference:**
- To examine the extent of inequitable distribution of benefits of reservation among the castes or communities included in the broad category of OBC with reference to such classes included in the Central list
- To work out the mechanism for sub- categorization.

2. [Powerful challenge](#)

Context:

- Current government promised that 18,500 villages would receive electricity in the next 1,000 days.
- Now nearly 14,500 of these villages have been "electrified". But more than a fourth of the households in the "electrified villages" do not have a power connection.
- Saubhagya scheme, launched by the PM last week should be seen in this context.

Features of Saubhagya scheme:

- The scheme changes the metric for measuring progress in electrification from the village to the household-level.
- Beneficiaries under the Saubhagya scheme would be identified using the Socio Economic and Caste Census (SECC) 2011 data
- Unelectrified households not covered under the SECC 2011 would also be provided electricity connections under the scheme on a payment of Rs 500, which shall be recovered by discoms in 10 installments through electricity bills
- Free or subsidised connections will ensure last-mile connectivity, often seen as among the biggest stumbling blocks to electricity access in the country.

- By roping in panchayats and other village-level institutions, it ensure that Saubhagya does not remain a top-down endeavour

Challenges ahead:

- Many parts of the country, people face outages for several hours.
- Ensuring reliable supply requires improving the health of discoms.
- The UDAY scheme, launched in 2015, has made some headway in improving the finances of the state discoms
- Saubhagya grants them the freedom to lower tariffs to people covered under the scheme. But at the same time, UDAY makes it incumbent on the states to pay for all the future losses of discoms

Conclusion

- Taking electricity to every household is a great idea. It will need to be done without imperiling the health of discoms

Category: INTERNATIONAL AFFAIRS/BILATERAL RELATIONS

1. [Raja Mandala: India and Djibouti's geopolitical scrum](#)

Context:

- Recent visit of President to the "Horn of Africa" region and diplomatic issues related to it.

Horn of Africa

- The four different states constituting the Horn Somalia, Ethiopia, Eritrea and Djibouti along with Yemen across the Red Sea have long been described as one of the world's pivotal regions

In news:

- Due to President Ram Nath Kovind's recent visit to Djibouti and Ethiopia
- It is President's first visit abroad
- The visit suggests India is finally giving importance to the extraordinary geopolitical significance of the region
- Kovind is India's first president to visit Djibouti

Djibouti:

- Its population is less than a million and its land is largely barren
- Djibouti's location at the confluence of the Red Sea with the Indian Ocean and the crossroads connecting Africa, the Middle East and Asia
- The geographical position made it a very attractive piece of geopolitical real estate
- India's Diplomatic relations with Djibouti

India & Djibouti:

- The president's visit suggests Delhi is now ready to end its prolonged neglect of Djibouti and re-engage the region strategically
- Like in so many areas, China's strategic advances in the Horn have helped put Djibouti back on India's political radar

India's relations with the African countries :

- Things began to change in the 1990s as Delhi turned to economic globalisation
- Growing commerce resulted in intensifying India's focus on Africa as a major economic partner
- India had declared that its national interests were no longer limited to the Subcontinent but stretched from the Arabian Sea to Malacca
- Also, at the Africa summit in India during 2015, most participating leaders wanted an expansion of security and defence cooperation with India

China's influence in the region

- China's infrastructure development in the Horn preceded the launch of the Belt and Road Initiative
- One of the biggest infrastructure projects in the region has been the 750 km-long rail link between landlocked Ethiopia and Djibouti
- Military influence: China has secured the rights to a base in Djibouti that can host up to 10,000 soldiers until 2026
- This is the first ever foreign military base for China

The way forward

- Many regional powers are now trying to shape the strategic landscape of the Horn through military bases and armed interventions
- India is somewhat late in joining the scramble for political influence in this critical corner of the Indian Ocean
- The President's visit will hopefully lay the foundations for a comprehensive engagement with Djibouti and the Horn of Africa

Category: ECONOMY

1. [India GDP to hit \\$6 trillion by 2027: Morgan Stanley report](#)

In news:

- **Morgan Stanley report prediction:**
- India is likely to be the world's fastest-growing large economy in the next 10 years, driven by digitisation, favourable demographics, globalisation and reforms.
- According to the global financial services major, the trend line in India's annual GDP growth has been accelerating to 6.9% in 2000s, from 5.8% in the 1990s, and this momentum is likely to continue in the next decade as well.
- Morgan Stanley expects digitisation will provide a boost of 50-75 bps to GDP growth and forecast that India will grow to a \$6-trillion economy by 2026-27.

2. [Extra capital into PSBs: Recapitalisation bonds being considered](#)

In news:

- The government is discussing infusion of an additional capital in public sector banks (PSBs)
- **Reasons:** to provide capital (to PSBs) without disturbing the **fiscal deficit**
- Government's proposal: Discussions are underway to raise capital support by another 20,000-25,000 crore for the PSBs
- This addition will be in addition of the Rs 10,000 crore provided in the current financial year's Budget for PSBs's capitalization
- The extra capital is expected to be generated through sale of **non-core assets** of the banks and **equity infusion** by the government via the recapitalisation bond
- With enough liquidity in the banking system post-demonetisation, lenders are expected to buy these bonds
- And the money so raised can be used to provide capital to government banks

Proposed Bond:

- The annual interest on these bonds and the principal on redemption will be paid by the Central government
- And the funds so raised are to be used to capitalize the PSBs

3. [India gets first-ever U.S. crude shipment](#)

Context:

In news:

- The first ever shipment of U.S. crude oil of 1.6 million barrels, purchased by state-run Indian Oil Corporation (IOC), was received at Paradip Port
- The shipment is a part of recent commitments to purchase U.S. oil by IOC, Bharat Petroleum (BPCL) and Hindustan Petroleum (HPCL).
- The inclusion of the U.S. as a source for crude oil imports by India's largest refiner will go a long way in mitigating the risks arising out of geo-political disruptions.
- The new arrangement will also usher in price stability and energy security for India, which is witnessing robust growth in demand for petroleum products.

Bilateral trade boost

- S. crude oil shipments to India have the potential to boost bilateral trade by up to \$2 billion

4. [Small firms with poor financials in vulnerable position: RBI report](#)

Context:

- RBI study has said liquidity starved small and medium-sized firms with poor financials are in a "vulnerable situation" and they need funding sources in arresting the non-performing assets (NPAs).

In news:

RBI Study Highlights:

- Small company's profits got a big beating in the wake of demonetisation and implementation of GST
- In response to the banking stress, Small and medium-scale firms with sound financial health have shifted to non-bank funding through bonds and CP (commercial paper)
- Corporate bond, ECB and CP market have allowed firms to diversify their funding sources
- The ability to substitute the sources of financing is important to shield the economy from adverse real effects of a financial crisis
- Bolstering the funding sources is also likely to be important in arresting the next wave of NPA
- It is found that small and medium-scale firms with good financial health are more likely to substitute bank credit with non-bank credit in response to the banking stress.
- Rising NPA levels have curtailed the supply of bank credit as banks are rebuilding capital or keeping aside larger share of loanable funds against future possible losses

Basic Information:

External commercial borrowing

- Any money that has been borrowed from foreign sources for financing the commercial activities in India are called External Commercial Borrowings.
- The Government of India permits ECBs as a source of finance for Indian Corporates for expansion of existing capacity as well as for fresh investment.

Category: INTERNAL SECURITY AND DEFENSE RELATED

1. [Maoists raising new group: official](#)

In news:

- A senior Home Ministry official said that there were reports, that Maoists were attempting to raise a new armed group-â€™ **Vistara platoon**,â€™™ along the **Madhya Pradesh-Maharashtra-Chhattisgarh trijunction** as they continue to face the heat at their stronghold in
- The new unit, â€™Vistara platoon,â€™™ was trying to gain a foothold at the trijunction, which has less deployment of security forces than the seven districts in the Bastar division of Chhattisgarh.
- **Motive:** This is possibly a strategy, so that security forces lower their guard in Bastar and concentrate on this area instead.

Nothing here for Today!!!

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F. Practice Questions for UPSC Prelims Exam

G. UPSC Mains Practice Questions

GS Paper I

1. How different would have been the achievement of Indian independence without Mahatma Gandhi? Discuss.

GS Paper II

1. Discuss the possible factors that inhibit India from enacting for its citizens a uniform civil code as provided for in the Directive Principles of State Policy.