

22/08/2023 TUESDAY

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DAILY NEWS ANALYSIS

POLITY

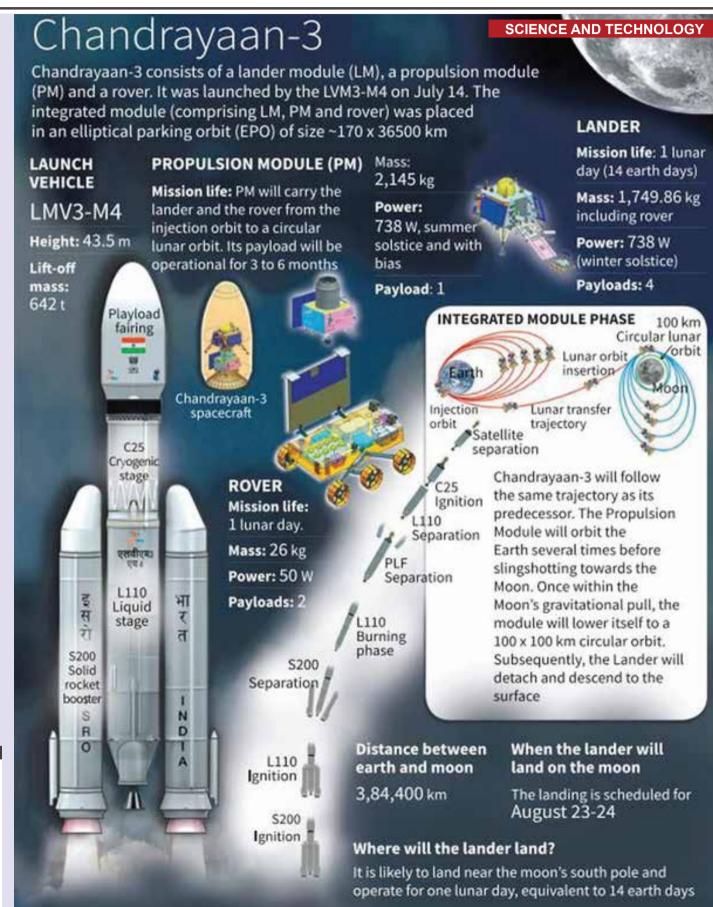
ECONOMICS

TECHNOLOGY

ECOLOGY

CONTEXT: The Lander Hazard Detection and Avoid-Camera ance (LHDAC) onboard lander that assists in locating a safe landing area without boulders or deep trenches has captured images of the far side of the moon. The far side is also known as the dark side of the moon as it is always hidden from earth. ISRO The has already released three videos of the moon captured by Chandrayaan-3. While one of them was taken by the Lander Position Detection Camera (LPDC) on August another was taken by the Lander Imager (LI) era-1 just after the separation of the lander module from the propulsion module on August The Chandrayaan III is likely to make its landing on August 23, 2023 on the south pole of the





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ECONOMICS AND DEVELOPMENT

INDIA-ASEAN FREE TRADE AGREEMENT

CONTEXT: India and the ASEAN countries reached an agreement to review their free trade pact for goods and set a 2025 goalpost for concluding the review aimed at addressing the "asymmetry" in bilateral trade.

A Joint Committee of the ASEAN-India Trade in Goods Agreement (AITIGA), signed in 2009, deliberated on the roadmap for the review of the pact and finalised the terms of reference for the fresh negotiations, ahead of an ASEAN-India Economic Ministers' meeting held in Indonesia. The AITIGA review will now be taken up at the India-ASEAN Leaders' Summit scheduled in early September for further guidance. The review of the AITIGA was a long-standing demand of Indian businesses and the early commencement of the review would help in making trade facilitative and mutually beneficial. The Ministers agreed to follow a quarterly schedule of negotiations and conclude the review in 2025. The review of AITIGA is expected to enhance and diversify trade while addressing the current asymmetry in the bilateral trade.

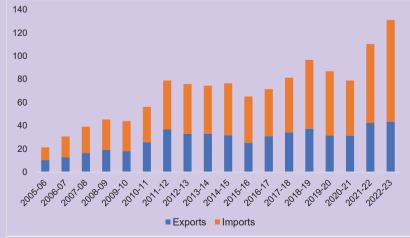


FIGURE: Column chart representation of the India ASEAN trade in billion US Dollars.

ECOLOGY AND ENVIRONMENT

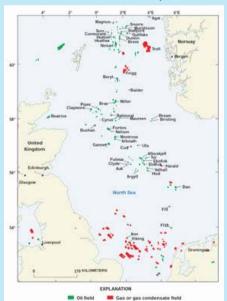
NORTH SEA OIL DRILLING

CONTEXT: U.K. Prime Minister Rishi Sunak backed plans for new fossil fuel drilling off Britain's coast. The North Sea Transition Authority (NTSA), responsible for regulating oil, gas and carbon storage industries, expects the first of the new licences to awarded in autumn, with the round expected to award over 100 licences in total.



The Geneva Convention on the Continental Shelf, 1958 that came into force in 1964 established the rights of countries over the continental shelves adjacent to their coastlines and paved the way for exploration in the North Sea. The U.K. Parliament passed the Continental Shelf Act, 1964 delineating the jurisdiction the U.K. had over oil and gas resources under the seabed near its shores to provide for exploration and exploitation of the continental shelf based on

the Geneva Convention, 1958.



- September 1964: The British Petroleum (BP) acquired the first license to explore the North Sea.
- 2. 1965: BP discovered natural gas in the North Sea, off the east Anglican coast. 1970: BP made its first discovery of commercial oil in the large Forties Field east of Aberdeen, Scotland.
- 3. 1970-85: BP started more than 15 fields in the U.K. North Sea (and four in the Norwegian North Sea).

The production from the North Sea peaked in 1999, when it produced 1,37,099 thousand tonnes of crude oil and natural gas liquids. By 2022, the total production declined to 38,037 thousand tonnes. Ocean acidification with carbon pollution settling into oceans directly risk marine biodiversity, with indirect risks to coral reefs, shellfish and the marine ecosystem.





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ECONOMICS AND DEVELOPMENT

WAR OF WORDS OVER MOBILE PHONE MANUFACTURING

CONTEXT: Industries are reluctant to set up shop in India. It is less expensive for companies to import stuff from somewhere else and sell it in India with India's infrastructure not so great, archaic labour laws and an under skilled workforce. To solve this, the government used, and uses, a carrot-and-stick approach. The 'carrot' is to provide subsidies and incentives such as Production-Linked Incentives (PLI) scheme. Companies like Micromax, Samsung, and can get up to 6 % of their incremental sales income through the PLI programme. The annual pay-out is based on a percentage of revenue generated for up to five years.

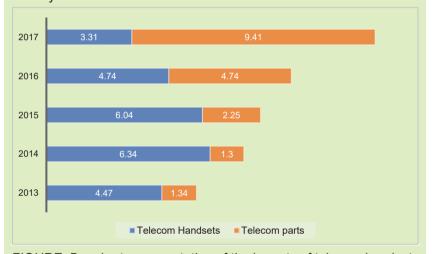


FIGURE: Bar chart representation of the imports of telecom handsets and telecom parts by value in billion US Dollars before the launch of the PLI Scheme.

Centre: The mobile phone exports jumped from \$300 million in FY2018 to \$11 billion in FY23, while imports of mobile phones dropped from \$3.6 billion in FY2018 to \$1.6 billion in FY23.

Raghuram Rajan, former RBI Governor: The imports of mobile phone components — including display screens, cameras, batteries, printed circuit boards — shot up between FY21 and FY23. The manufacturers are importing all of the necessary parts and assembling them in India to create a 'Made in India' product, rather than moving their supply chain to India and making most of the components here as well. Low-level assembly work doesn't produce well-paying jobs and doesn't nearly have anywhere the same multiplier effect that actual manufacturing might provide.

Centre: All imports of screens, batteries, etc. are not exclusively used to make mobile phones. It is possible these items are used also for computer monitors, DSLR cameras, electric vehicles etc. Approximately, 22 % of mobile phone production in India is supported by the PLI scheme. The 'value-addition' for mobile manufacturing will go up as the broader supply and assembly chain settles in India.

Raghuram Rajan, former RBI Governor: Even if, only 60 % of screens, batteries, etc. imported are used to make mobile phones, the final import tally would still beat the final export tally.

INTERNATIONAL RELATIONS

THE SAUDI ARABIA-UAE DIVIDE BECOMES PUBLIC

GIST: Competition rather than cooperation is likely to define the ties between the two neighbours in political, economic and logistical areas

The Crown Prince was possibly irked by the absence of the UAE ruler, Sheikh Mohammed bin Zayed (MbZ), for the Gulf Cooperation Council (GCC) summit meeting with the visiting Chinese President, Xi Jinping.

The two royals bonded their countries as strategic partners. They were partners in the war in Yemen, worked together to strengthen al-Sisi's regime in Egypt, viewed Iran as a regional threat, disliked the Muslim Brotherhood, and then collaborated closely to implement the blockade of Qatar. In 2019, they also subverted the nascent democratic process in Sudan by backing the armed forces against the civilian Prime Minister.

But, over the last few years, their differences have become obvious. In July 2017, the UAE abruptly rejected the proposal to cut oil production put forward by "OPEC +" on the ground that its base production needed to be significantly increased. Abu Dhabi was then investing heavily in augmenting its oil production to monetise its potential to the maximum extent.

In Sudan, the two Gulf neighbours are now backing different generals — while the kingdom supports Army chief al-Burhan, the UAE is backing militia leader Dagalo, thus prolonging the destructive civil conflict. The UAE is also said to be uncomfortable with the speed with which Saudi Arabia normalised ties with Iran in March this year.

Competition in the same sectors

Saudi-UAE competition has now touched domestic areas as well. The two countries are seeking regional primacy in the same sectors — global business, tourism, finance and technology. Saudi Arabia is also wanting to become the principal hub for regional trade, thus challenging the UAE which is presently the dominant player. Both countries are pursuing ambitious plans to develop ports in the Gulf and the Red Sea and emerge as the major presence in the logistical connectivity projects under China's Belt and Road Initiative.

Though much smaller in size, the UAE has made it clear it will not be the kingdom's junior partner in the political, economic and logistical arenas. It compensates for its small size with the vision, dynamism and ambition of its leaders, its head start in global interactions in the areas of trade, connectivity, tourism, finance and technology, and the attractive image as a business-friendly and people-friendly locale it has successfully cultivated over several decades.

Hence, competition rather than cooperation is likely to define ties between the two Gulf neighbours. However, the kingdom's leadership position in the Arab and the Islamic world and its central place in global energy, business and finance will ensure that its preeminent place in regional and world politics and economics will remain unchallenged.

INTERNATIONAL RELATIONS

THE BRICS TEST FOR INDIA'S MULTIPOLARITY RHETORIC

GIST: Multipolarity, in the Indian historical imagination, is about equity, inclusion and representation, not bloc rivalry, ideological or otherwise. However, even if New Delhi vehemently opposes bloc politics, it will continue to get drawn into it.

The upcoming BRICS (Brazil, Russia, India, China, and South Africa) summit in South Africa, from August 22 to August 24, will be an important stress test for Indian diplomacy, and a harbinger of the shape of geopolitics to come.

Many paths to global governance

At a time of global geopolitical uncertainty, with the global order going through a major churn, middle powers, regional heavyweights and the outliers that are weighing their options, exploring where they belong or trying to belong where they can, would want to utilise forums such as BRICS to make sense of global geopolitical headwinds, hedge or place their bets, and influence the geopolitics around them. For instance, the uncertainties arising out of the Ukraine war and the steady rise of China have clearly provided a new lease of life to the otherwise moribund BRICS.

In global governance, more imperfect institutions reflecting the realities of today are better than one imperfect institutional structure that is alien to the world of today. International politics should not be the place for hegemonic perfection, but of democratic imperfections.

New Delhi's dilemmas

For India, the geopolitical choices today are neither crystal clear nor easy to make. For one, where does India belong in the global geopolitical landscape? There is, for instance, a tendency in the West to view India's membership of BRICS and the SCO in the context of the Ukraine war and the United States/West versus the standoff with Russia. An oft-repeated question is: India's objective is not (and should not be) to create or belong to an anti-U.S./West bloc either.

But India does not only belong to them. More so, China's overwhelming presence in them makes it a less than perfect geopolitical choice for India. Structurally and aspirationally, the G-20, G-7, Quad and the like are where New Delhi is headed. This could either make India a bridge between the great divides or its lack of loyalty to neither could make it a victim of emerging geopolitical contestations. The sharper the faultline becomes, the harder it will be for New Delhi to balance it.

One of the major dangers of the current churn in global geopolitics is the rise of competing blocs in the international system. With China and Russia aligning their global interests, the organisations they are part of whose membership they are attempting to enhance, are likely to be pitted against the status quo order led by the U.S. and its allies. India has traditionally opposed the creation of blocs as they go against the fundamental spirit of equitable global governance and multipolarity.

POLITY AND GOVERNANCE

NO GOVERNOR'S ASSENT; MANIPUR ASSEMBLY SESSION A NON-STARTER

GIST: The 60-member Manipur Assembly failed to hold a Special Session on Monday to discuss the ethnic violence in the State as the Raj Bhavan did not issue a notification to convene it despite a recommendation from the State Cabinet.

An official statement on August 4 said the Cabinet had recommended to Governor Anusuiya Uikey the summoning of the fourth session of the 12th Manipur Legislative Assembly on August 21. This followed a similar request from the government on July 27.

What Does the Constitution Says?

Article 174 of the Constitution says: "The House or Houses of the Legislature of the State shall be summoned to meet twice at least in every year, and six months shall not intervene between their last sitting in one session and the date appointed for their first sitting in the next session.

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