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Daily News Analysis

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General studies-2

Growth projection by IMF

Why in news?

- According to the International Monetary Fund (IMF), global growth is projected to rise from an estimated 2.9% in 2019 to 3.3% in 2020 and 3.4% for 2021.
- The latest trend in global growth is a downward revision of 10 basis points for 2019 and 2020 and 20 basis points for 2021 compared to the forecast in the IMF's October 2019 World Economic Outlook (WEO).

Key Points Related to India:

- For 2019, IMF revised downward its forecast for India to 4.8% from its October projection of 6.1%.
- For the year 2020, a 1.2% point cut in India's growth forecast to 5.8%. This is the biggest downward revision for any emerging market, which also pulled down global growth forecast.
- The reasons cited for lowering growth estimate include stress in the Non-Banking Financial Companies (NBFCs) and weak rural income growth.
- The growth will improve in 2020 owing to monetary and fiscal stimulus as well as subdued oil prices.

Key Points Related to Global Economy

- The pickup in global growth for 2020 remains highly uncertain as it relies on improved growth outcomes for stressed economies like Argentina, Iran, and Turkey and for underperforming emerging and developing economies such as Brazil, India, and Mexico.
- However, there are preliminary signs that the decline in manufacturing and trade may be bottoming out.
- This is partly from an improvement in the auto sector and diminished fears of a no-deal Brexit. A no-deal Brexit means the UK would leave the European Union (EU) and there would be no agreements in place about what the relationship between the UK and the EU will be like in the future.
- Also, a US-China Phase I deal (to ease tensions related to trade between the two nations), if durable, is expected to reduce the cumulative negative impact of trade tensions on global GDP by end 2020—from 0.8% to 0.5%.
- Collective growth in the 19 countries that use the euro currency is expected to gradually pick up from 1.2% in 2019 to 1.3% in 2020 and 1.4% in 2021.



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Global social mobility report

Why in news?

- The World Economic Forum (WEF) has come out with its first-ever Global Social Mobility Report.
- The Social Mobility Report showed that across the Global Social Mobility Index, only a handful of nations have put in place the right conditions to promote social mobility.

Social Mobility

- Absolute social mobility is the ability of a child to experience a better life than their parents.
- While, relative social mobility is an assessment of the impact of socio-economic background on an individual's outcomes in life.
- It needs to be noted that the concept of social mobility is much broader than just looking at income inequality.
- In economies such as China and India, economic growth can lift entire populations upward in terms of absolute income, but an individual's status in society relative to others remains the same.

Global Social Mobility Index

- The WEF's Global Social Mobility Index assesses the 82 economies on "10 pillars" spread across the following five key dimensions of social mobility:
 - Health;
 - Education (access, quality and equity, lifelong learning);
 - Technology;
 - Work (opportunities, wages, conditions);
 - Protection and Institutions (social protection and inclusive institutions).
- Top Performers: The Nordic nations hold the top five spots, led by Denmark in the first place (scoring 85 points), followed by Norway, Finland and Sweden (83 points) and Iceland (82 points).
- Among the G7 economies, Germany is the most socially mobile - ranking 11th, followed by France in 12th position.
- Among BRICS grouping, the Russian Federation is the most socially mobile (39th), followed by China (45th), Brazil (60th), India (76th) and South Africa (77th).

India's Performance

- India's overall ranking is a poor - 76 out of the 82 countries considered.
- However, India is among the five countries that stand to gain the most from a better social mobility score.



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Findings from the Report

Economies that would gain the most from increases in social mobility: China followed by US, India, Japan, Germany and Russia.

- Increasing social mobility by 10% would benefit social cohesion and boost the world's economies by nearly 5% by 2030.
- The report also makes a powerful case for stakeholder capitalism. By comparison, economies that are organized more on “shareholder value maximization”, or “state capitalism”, tend to perform less well.

UNCTAD

Why in news?

- According to the recently released Global Investment Trend Monitor Report by the United Nations Conference on Trade and Development (UNCTAD) India was among the top 10 recipients of Foreign Direct Investments (FDI) in 2019.

Key Highlights

- Global Trend: The global FDI marked a decline by 1% from revised \$1.41 trillion (in 2018) to \$1.39 trillion (in 2019). This was against the backdrop of weaker macroeconomic performance and policy uncertainty for investors in the midst of ongoing trade tensions.
- Developing economies continued to attract more than half of global FDI flows, whereas, the FDI flows to developed countries decreased further by 6%.
- Despite this, the United States remained the largest recipient of FDI, followed by China and Singapore.
- Regional & India: South Asia recorded a 10% increase in FDI and this growth was driven by India marking a 16% increase in FDI inflows.
- India attracted \$49 billion FDI inflows in 2019 as compared to \$42 billion (in 2018). The majority of this went into services industries, including Information Technology.
- Inflows into Bangladesh and Pakistan declined by 6% and 20%, respectively.
- Mergers & Acquisitions: Also, according to the report, cross-border Mergers & Acquisitions (M&As) decreased by 40% in 2019 (the lowest level since 2014). The underlying reasons for this fall were sluggish Eurozone growth and Brexit.
- The fall in global cross-border M&As sales was deepest in the services sector (56% decline), followed by manufacturing (19% decline) and primary sector (14% decline).
- Future Projections: However, UNCTAD expects FDI flows to rise moderately in 2020, as according to current projections, the global economy is set to improve from its weakest performance since the global financial crisis in 2009.
- The GDP growth, gross fixed capital formation and trade are projected to rise, at the global level (especially in many large emerging markets).
- Such an improvement in macroeconomic conditions could prompt Multinational Enterprises (MNEs) to resume investments in productive assets (provided their easy access to cheap

money).

- However, significant risks persist, including high debt accumulation among emerging and developing economies, geopolitical risks and concerns about a further shift towards protectionist policies.

International tribunal

- The Government of India in its recent press release has announced that the International Arbitration Tribunal has dismissed all claims against India in entirety in relation to cancellation of Letters of Intent for providing 2G services.
- The verdict was pronounced last year in July 2019 by the International Arbitration Tribunal constituted in accordance with the United Nations Commission on International Trade Law (UNCITRAL) Arbitration Rules, 1976.
- The proceedings were administered by the Permanent Court of Arbitration (PCA).

Key Points:

- Parties Involved: The claims were filed by Tenoch Holdings Limited (Cyprus), Mr Maxim Naumchenko (Russian Federation) and Mr Andrey Poluektov (Russian Federation) against India under the Bilateral Investment Treaties with Cyprus and Russian Federation.
- Bilateral Investment Treaties between two countries allows a private investor to initiate dispute arbitration proceedings against the government to protect its investments.
- Underlying Reason: The arbitration arose out of the cancellation of Letters of Intent for the issuance of telecommunications licences to provide 2G services in five telecommunications circles in India, inter alia, for India's essential security interests.
- Agreements: The arbitration was carried out in accordance with the Agreement signed between:
 - Government of the Russian Federation and the Government of the Republic of India for the Promotion and Mutual Protection of Investments, and
 - Government of India and the Government of the Republic of Cyprus for the Mutual Promotion and Protection of Investments.

NPT

Why in news?

Iran has warned to withdraw from the Non-Proliferation Treaty (NPT) if the European Nations refer the dispute over its atomic programme to the United Nation Security Council.

Background

- Iran had signed the Joint Comprehensive Plan of Action (JCPOA) with US, UK, France, Germany, Russia and China in 2015 that had offered it access to global trade in return for accepting curbs to its atomic program.
- In 2018, the US unilaterally pulled out the pact and reimposed sanctions on Iran.



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- Recently, the top Iranian general Qassem Soleimani (the commander of the Al-Quds Force of Iran's Islamic Revolutionary Guard Corps, IRGC) was assassinated by the US during his visit to Iraq. This has escalated tensions in the international arena.
- Amid rising tensions, Britain, France and Germany declared that Iran was violating the 2015 pact and have launched a dispute mechanism that could eventually see the matter referred back to the Security Council and the reimposition of U.N. sanctions.

Non-Proliferation Treaty (NPT)

- The NPT is an international treaty whose objective is to prevent the spread of nuclear weapons and weapons technology, to foster the peaceful uses of nuclear energy, and to further the goal of disarmament.
- The treaty was signed in 1968 and entered into force in 1970. Presently, it has 190 member states.
- It requires countries to give up any present or future plans to build nuclear weapons in return for access to peaceful uses of nuclear energy.
- It represents the only binding commitment in a multilateral treaty to the goal of disarmament by the nuclear-weapon States.
- Nuclear-weapon states parties under the NPT are defined as those that manufactured and exploded a nuclear weapon or other nuclear explosive devices before January 1, 1967.

India's Stand on NPT

- India is one of the only five countries that either did not sign the NPT or signed but withdrew later, thus becoming part of a list that includes Pakistan, Israel, North Korea, and South Sudan.
- India always considered the NPT as discriminatory and had refused to sign it.
- India has opposed the international treaties aimed at non-proliferation since they were selectively applicable to the non-nuclear powers and legitimised the monopoly of the five nuclear weapons powers.

Sukhoi-30 MKI

Why in news?

- A squadron of fourth-generation fighter jets Sukhoi-30 MKI equipped with the BrahMos missile was inducted in the Southern Air Command, Thanjavur.
- The induction will help India to maintain its air and maritime dominance in the Indian Ocean Region (IOR).
- Sukhoi 30 jets have been modified to carry BrahMos air-to-surface missiles giving them the capacity to conduct long-range precision strikes.



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Integration of Su-30 MKI and BrahMos

- Hindustan Aeronautics Limited (HAL) and BAPL (BrahMos Aerospace Pvt Ltd) in 2014 signed a contract to modify two Su-30 MKI aircraft for integrating with the missile.
- It was for the first time in the world that such a heavyweight missile was integrated on a fighter aircraft.
- All weather Brahmos gives the Sukhoi a combat radius of almost 1,500 km without mid-air refuelling.
- Brahmos is the heaviest weapon to be deployed on Su-30 MKI fighter aircraft, with a weight of 2.5 tonnes.

BrahMos Missiles

- BrahMos missile is a supersonic cruise missile which features Indian propulsion system, airframe, power supply, and other major indigenous components.
- BrahMos is a joint venture between the Defence Research and Development Organisation of India (DRDO) and the NPOM of Russia.
- Brahmos is named on the rivers Brahmaputra and Moskva.
- It is a two-stage (solid propellant engine in the first stage and liquid ramjet in second) air to surface missile with a flight range of around 300 km.
- However, India's entry into the Missile Technology Control Regime (MTCR) has extended the range of the BrahMos missile to reach 450 km-600km.
- Brahmos is a multiplatform i.e it can be launched from land, air, and sea and multi capability missile with pinpoint accuracy that works in both day and night irrespective of the weather conditions.
- It operates on the "Fire and Forgets" principle i.e it does not require further guidance after launch.
- Brahmos is one of the fastest cruise missile currently operationally deployed with speed of Mach 2.8, which is 3 times more than the speed of sound.

Xenobots

- Scientists in the United States have created the world's first "living robots" named "xenobots".
- The tiny robots have been built from the cells of the African clawed frog. Scientists have repurposed living cells scraped from frog embryos and assembled them into entirely new life-forms.
- The robots have been named after the species of aquatic frog *Xenopus laevis*, found across sub-Saharan Africa from Nigeria and Sudan to South Africa.
- While humans have been manipulating organisms for their benefit since at least the dawn of agriculture, and genetic editing has created a few artificial organisms in recent years, the latest research is a breakthrough because it designs, for the first time ever, "completely biological machines from scratch".



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- The xenobots can move toward a target, perhaps pick up a payload (like a medicine that needs to be carried to a specific place inside a patient) — and heal themselves after being cut.
- Many useful applications of these living robots include searching out nasty compounds or radioactive contamination, gathering microplastic in the oceans, travelling in arteries to scrape out plaque, etc.

RBI minutes

Why in news?

- Recently, the Reserve Bank of India (RBI) has released the minutes of the 579th meeting of Central Board of Directors for the first time as part of the central bank's transparency initiative.

Key Points:

- The disclosure of the information is considered as a measure to enhance public awareness about the functioning of the RBI.
- The minutes of the meetings of the Central Board will be uploaded on the RBI's website under provisions of Section 4 of the Right to Information (RTI) Act.
- Section 4 of the RTI Act requires suomotu disclosure of information by each public authority.
- So far, the regulator only shared the minutes of board meetings in response to queries under the RTI Act.
- In future, the minutes will be placed on the RBI website within two weeks from the date of its confirmation in the next meeting of the Central Board and on being signed by the chairman in the same meeting.

Ranthambore tiger reserve

- Location: Ranthambore Tiger Reserve lies in the eastern part of Rajasthan state in Karauli and SawaiMadhopur districts, at the junction of the Aravali and Vindhya hill ranges.
- Parks and Sanctuaries Included: It comprises of the Ranthambore National Park as well as SawaiMansingh and Keladevi Sanctuaries.
- The Ranthambore fort, from which the forests derive their name, is said to have a rich history of over 1000 years. It is strategically located atop a 700 feet tall hill within the park and is believed to have been built in 944 AD by a Chauhan ruler.
- The vegetation includes grasslands on plateaus and dense forests along the seasonal streams.
- The forest type is mainly tropical dry deciduous with 'dhak' (Buteamonsoperma), a species of tree capable of withstanding long periods of drought, being the commonest.
- This tree is also called as 'Flame of forest' and is one of the many flowering plants that add colour to the dry summers here.