



News Analysis (21 Jan, 2020)

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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-bank financial sector** 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.

Source: TH

Global Social Mobility Index: WEF

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. E.g.**

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

Parameter	Rank (out of 82 countries)
Health	73
Access to Education	66
Quality and Equity in Education	77
Lifelong learning	41
Access to Technology	73
Work Opportunities	75
Fair Wage Distribution	79
Working Conditions	53
Social Protection	76
Inclusive Institutions	67

- 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.

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.

Note

- **Stakeholder capitalism** is a system in which corporations are oriented to serve the interests of all their stakeholders. Under this system, a **company's purpose is to create long-term value** and not to maximize profits and enhance shareholder value at the cost of other stakeholder groups.
- **State Capitalism** is an economic system in which private capitalism is modified by a varying degree of government ownership and control.

It calls for a **new financing model for social mobility**:

- Improving tax progressivity on personal income, policies that address wealth concentration and broadly rebalancing the sources of taxation can support the social mobility agenda.
- Most importantly, the mix of public spending and policy incentives must change to put greater emphasis on the factors of social spending.

World Economic Forum

- The World Economic Forum is the **International Organization for Public-Private Cooperation**.
- It was established in **1971** as a **not-for-profit foundation** and is **headquartered in Geneva**, Switzerland. It is independent, impartial and not tied to any special interests.
- The Forum strives in all its efforts to demonstrate entrepreneurship in the global public interest while upholding the highest standards of governance.
- Other Important Reports of WEF:

Source: IE

Global Inequality Crisis Report: Oxfam International

Why in News

The report, titled **Time to Care: Unpaid and Underpaid Care Work and the Global Inequality Crisis** has been released by **Oxfam International** ahead of the 50th Annual Meeting of the World Economic Forum (WEF).

- The report focuses on the **alleviation of global poverty**.

- It also states that economic inequality is out of control and has created a great divide in the world.
- This great divide is based on a **flawed and sexist economic system** which has accumulated vast wealth and power into the hands of a rich few. And they are also exploiting the labour of women and girls, and systematically violating their rights.

Key Points

- **Number of Billionaires:** The world had 2,153 billionaires in the world in 2019. The number of billionaires has doubled in the last decade, despite their combined wealth having declined in 2018.
- **Concentration of Wealth:** The world's richest 1% have more than twice as much wealth as 6.9 billion people.
- **Unpaid Care Work:** The monetary value of unpaid care work globally for women aged 15 and over is at least \$10.8 trillion annually –three times the size of the world's tech industry.
Unpaid care work is the '**hidden engine**' that keeps the wheels of our economies, businesses and societies moving.
- **Average Wages:** From 2011 to 2017, average wages in G7 countries grew 3%, while dividends to wealthy shareholders increased by 31%.
- **Taxation:** An additional 0.5% tax on the wealth of the richest 1% over the next 10 years can create 117 million jobs in education, health and elderly care.
- **Gender Inequality and Distribution of Wealth:** Globally, extreme poverty rates are **4% higher for women than men** and this gap rises to 22% during women's peak productive and reproductive ages.
 - The minimum annual monetary value of the unpaid care work by women aged 15 and above globally is three times the size of the world's tech industry.
 - Globally, 42% of working-age women are outside the paid labour force, compared with 6% of men, due to unpaid care responsibilities.
 - 80% of domestic workers worldwide are women and 90% of domestic workers have no access to social security such as maternity protection and benefits.

Key Points Related to India

- India's richest 1% hold more than four-times the wealth held by the bottom 70% of the country's population.
- The combined total wealth of 63 Indian billionaires is higher than the total Union Budget of India for the fiscal year 2018-19 which was at Rs 24,42,200 crore.

Recommendations

- Invest in national care systems to address the disproportionate responsibility for care work done by women and girls.
- End extreme wealth to end extreme poverty.
- Legislate to protect the rights of all carers and secure living wages for paid care workers.
- Challenge harmful norms and sexist beliefs.

Oxfam International

- Oxfam International is a group of independent non-governmental organisations formed in **1995**.
- The name “Oxfam” comes from the Oxford Committee for Famine Relief, founded in Britain in 1942.
The group campaigned for food supplies to starving women and children in enemy-occupied Greece during the Second World War.
- It aims to maximize efficiency and achieve greater impact to reduce global poverty and injustice.
- The Oxfam International Secretariat is based in **Nairobi, Kenya**. The Secretariat runs offices in Addis Ababa, Oxford, Brussels, Geneva, New York, Moscow and Washington DC.

Source: IE

Global Investment Trend Monitor Report: 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**.

Source: BL

International Tribunal Rejects Claims Against India

Why in News

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**.

Note:

Letters of Intent

A Letter Of Intent (LOI) is a document declaring the preliminary commitment of one party to do business with another. In business, it is commonly used as an **initial proposal** to the other party.

International Arbitration Tribunal

- It is an **independent non-governmental panel** of independent and impartial experts.
- It generally comprises of three members nominated by the Parties (or appointed by the International Arbitration Institution, or by a National Court) on the basis of their legal and practical expertise and knowledge, to render a **final and binding award**.

Permanent Court of Arbitration

- **Established** in: 1899.
- **HQ:** Hague, Netherlands.
- **Purpose:** It is an intergovernmental organization dedicated to serve the international community in the field of dispute resolution and to facilitate arbitration and other forms of dispute resolution between States.
- **Structure:** The PCA has a three-part organizational structure consisting of:
 - **Administrative Council-** to oversee its policies and budgets,
 - **Members of the Court-** a panel of independent potential arbitrators, and
 - **International Bureau-** its Secretariat, headed by the Secretary-General.

- **Funds:** It has **Financial Assistance Fund** which aims at helping developing countries meet part of the costs involved in international arbitration or other means of dispute settlement offered by the PCA.

Source: PIB

Iran to Pull Out of 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.**
- 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.
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Sukhoi-30 MKI Equipped with the BrahMos Missile

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**.

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 Sukhois 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.

Source:IE

Living Robots: Xenobots

Why in News

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"**.
- 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.



Why Xenopus Laevis?

- Xenopus is a genus of **African frogs** that are commonly known as the **African clawed frogs**.
- Two species of Xenopus are regularly used by biologists, **Xenopus laevis** and **Xenopus tropicalis**. Both species are fully aquatic, and are easy to maintain in captivity.
- Xenopus is a valuable tool because they are:
 - Hardy, fully aquatic and easy to maintain in the laboratory,
 - Produce eggs year-round,
 - Eggs are a reliable and flexible material for research,
 - Embryos are a **good model for vertebrate development**,
 - **Genetically similar to humans** thus a good model for human disease

Source: IE

RBI Releases Minutes of the Meeting

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 **suo motu 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.

Source: IE

Naga and Kuki Tribes Signs For Truce

Why in News

The umbrella organisations of Naga and Kuki tribes namely, Naga National Political Groups (NNPGs) and the Kuki National Organisation (KNO) have signed a declaration to settle contentious issues and inter-community differences peacefully.

Following ethnic clashes between the Nagas and Kukis in the early 1990s, a number of Kuki outfits were formed as a means to counter Naga hegemony and assertion.

The conflict between the Nagas and the Kukis in 1993 had claimed more than 230 lives and displaced 1,00,000, mostly Kukis.

Nagas

- The Nagas are **not a single tribe**, but an ethnic community that comprises several tribes who live in the state of Nagaland and its neighbourhood.
- Nagas belong to **Indo-Mongoloid Family.**
- Nagas claimed sovereignty on the basis of prior sovereign existence and differences, which is today expressed in terms of "uniqueness".
- There are nineteen major Naga tribes, namely, Aos, Angamis, Changs, Chakesang, Kabuis, Kacharis, Khain-Mangas, Konyaks, Kukis, Lothas (Lothas), Maos, Mikirs, Phoms, Rengmas, Sangtams, Semas, Tankhuls, Yamchumgar and Zeeliang.

Kuki Tribe

- Kuki tribe is **majorly found in Manipur** with other states of North Eastern India.
- **'Mim Kut'** is the main festival of the Kuki tribe.

- The Chin-Kuki group consists of Gangte, Hmar, Paite, Thadou, Vaiphei, Zou, Aimol, Chiru, Koireng, Kom, Anal, Chothe, Lamgang, Koirao, Thangal, Moyon and Monsang.
- The term Chin is used for the people in the neighboring Chin state of Myanmar whereas Chins are called Kukis in the Indian side. Other groups like Paite, Zou, Gangte, and Vaiphei identify themselves as Zomi and have distanced themselves from the name, Kuki.

Source: TH

Ranthambore Tiger Reserve

- **Location:** Ranthambore Tiger Reserve lies in the eastern part of Rajasthan state in Karauli and Sawai Madhopur 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 Sawai Mansingh 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' (Butea monosperma)**, 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.



• Wildlife

- The park is rich in wildlife with tiger at the apex of the food chain in mammals.
- Other animals found here are leopards, striped hyenas, common or hanuman langurs, rhesus macaques, jackals, jungle cats, caracals, blackbuck, Blacknaped hare and chinkara, etc.
- The park is rich in birds with about 272 species recorded so far.

- This area with tigers in it represents the north-western limit of the Bengal tiger's distribution range and is an outstanding example of **Project Tiger's** efforts for conservation in the country.

Source: IE
