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DAILY NEWS DIARY

Of

**17.11.2021**

**FOR PRELIMS AND MAINS**

Warm Greetings.

- DnD aims to provide every day news analysis in sync with the UPSC pattern.
- It is targeted at UPSC – Prelims & Mains.
- Daily articles are provided in the form of Question and Answers
- To have a bank of mains questions.
- And interesting to read.
- Providing precise information that can be carried straight to the exam, rather than over dumping.

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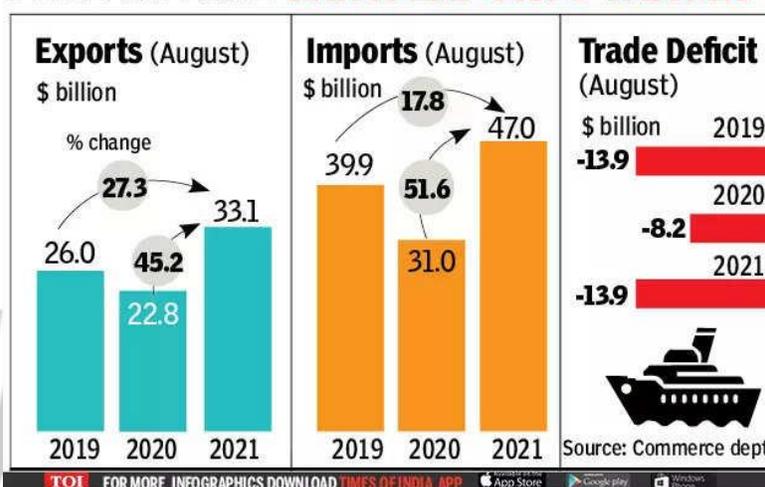
## ESSAY PAPER

### Editorial

**Q- With exports on the upswing, policy thrust should be on enhancing competitiveness, integration with global value chains. Comment?**

**INTRODUCTION** = Trade data released by the Ministry of Commerce and Industry reveals that India's merchandise exports have continued their stellar performance. Exports were up 43 per cent in October over the previous year, and 36 per cent above their pre pandemic level.

### **PACE IN LINE WITH EXPORTS TARGET**



- Cumulatively, for the first seven months of this year, April to October, they stood at \$233.54 billion, suggesting that India's exports may well be on track to hit the \$400 billion mark this year.
- Coming at a time when uncertainty over the underlying drivers of growth lingers on — domestic demand and investment remain subdued, and the ability of government spending to drive growth on a sustained basis is limited — a sustained, robust growth in exports could provide the much needed fillip to the Indian economy.

The country's exports have benefitted from a stronger than expected global recovery. As per the United Nations Conference on Trade and Development, global trade is expected to be 28 per cent higher this year.

Disaggregated data shows that the **major drivers of India's export growth** so far this year have been —

- Petroleum products,
- Gems and jewellery,
- Engineering and electronic goods,
- And organic and inorganic chemicals — categories which, according to CRISIL, have the greatest responsiveness to global growth.

On the other hand, **import growth too has been fairly healthy**. Imports in October were up 62.5 per cent from last year, and 45.7 per cent over their 2019 levels.

- For the April-October period, non-oil non-gold imports, which can be used as a gauge for domestic demand, were up 36 per cent over the pre pandemic levels.
- Much of the upswing is a consequence of the process of normalisation of economic activities across the world. Thus the sustainability of such growth is debatable.

Moreover, **global trade is increasingly being affected by** production and supply disruptions, and there are signs of the momentum in demand showing fatigue in some countries. Also **uncertain is how the reconfiguration of supply chains over the medium term affects global trade**. All this only underlines the urgency to reexamine various aspects of India's trade policy. There are some indications of this already happening –

1. After some hesitation, the government appears to be recalibrating its approach towards trade agreements. Several such **agreements deals** — early harvest deals — are being worked on. These may be precursors to larger, more comprehensive free trade agreements.
2. Simultaneously, the government should also **reexamine its tariff policy**, and pivot away from protectionism.

At this critical juncture, the policy thrust must be to enhance export competitiveness, and seek deeper integration with global value chains.

## GS 2

### ❖ Governance

**Q- What is the National Register of Citizens (NRC), explain its challenges via the process of its re-verification application?**

**BACKGROUND** = Only a little over a thousand doubtful cases in the final draft of the National Register of Citizens (NRC), Assam, have been referred to the District Commissioners concerned for action.

- The NRC exercise was the culmination of the Assam Accord of 1985 signed between the Centre and the All Assam Students' Union (AASU) and All Assam Gana Sangram Parishad (AAGSP) for detection, disenfranchisement and deportation of foreigners.

## Big screening

### What is NRC?

▪ The National Register of Citizens is supposed to list all genuine Indian citizens. At present, only Assam has such a register, which followed the Assam Accord signed in 1985 after a six-year agitation seeking detection of foreigners

### Draft list

▪ Draft lists published in June 2018 and June 2019 excluded **41 lakh** people. About **36 lakh** people reapplied for inclusion at various NRC seva kendras



**Anxious wait:** People queuing up to check their names on the NRC in Morigaon district. ▪ FILE PHOTO

### Final draft

▪ **19.06 lakh** of the **3.29 crore** applicants in Assam were excluded from the final draft NRC, an exercise which was monitored by the Supreme Court

### Current status

▪ The BJP-ruled Assam Government has rejected NRC in its current form and sought a re-verification. As many as **1,032 doubtful cases** in the final draft referred to officials seeking action

- More than 19 lakh of the 3.29 crore applicants in Assam were excluded from the final draft register published on August 31, 2019, which cost ₹1,220 crore.
- The Assam Government that issuance of “rejection slips” to those excluded from the final draft shall be completed in a “mission mode.”
- The State Coordinator is a Secretary rank officer of the Assam Government who assists the RGI as citizenship is a Union subject.

### Re-verification Demand -

1. The BJP Government in Assam has rejected the NRC in its current form and demanded re-verification of at least 30% names in areas bordering Bangladesh and 10% in the rest of the State.
2. The NRC Coordinator had approached the Supreme Court in May seeking re-verification of the list. The re-verification stands for doubtful voters, declared foreigners, reference pending at Foreigners Tribunals (FT), descendants of D voters, descendants of declared foreigners, cases of declared foreigners pending in FTs. The tribunals, unique to Assam, are quasi-judicial bodies.
3. As of now, no rejection slips have been issued and as per Clause 7 of Schedule 4(A) 4 of the Citizenship (Registration of Citizens and Issue of National Identity Cards) Rules, 2003, the final NRC is yet to be published by the RGI.
4. Rejection slips can be issued only after publication of the final NRC, implying the delay is at the Centre’s end.

5. Each rejected person can approach the FTs within 120 days of receiving the rejection slips. Under Citizenship Rules, any person may object to inclusion of any other person's name in the citizen register or exclusion from the register, following which the local registrar (usually the revenue officer appointed by the State Government) will issue a notice and the applicants will have to furnish documents to prove their claims.
6. The reply added that the total budget for the publication of NRC was ₹1602.66 crore. "There is no any additional budget allocated for NRC in the year 2020 by State or Central Government". "In the year of 2021, ₹10.07 crore is allocated in the State budget by the Government of Assam".

### GS 3

#### ❖ Economic Development

**Q- Discuss how China tackled its proliferating cryptomarket by introducing CBDCs?**

**INTRODUCTION** = The expansion of the CBDC pilot marks the initiation of China's central bank digital currency (CBDC). It would be available via a mobile wallet app, pegged 1:1 with fiat currency.

**The benefits of CBDC are manifold –**



- Most importantly, it can act as a powerful antidote for tax evasion, money laundering and terror financing.
- Apart from tackling cryptocurrencies, China with its CBDC may want to challenge the hegemony of the U.S. dollar as the default global reserve currency.

### The ever-expanding cryptomarket in the world –

A silent digital revolution is taking place in China. In December 2019, a pilot programme was launched in Beijing.

- To intensively advance the trial work of fintech innovation regulation, the People's Bank of China (PBoC) supports the expansion of the pilot program to cover the cities of Shanghai, Chongqing, Shenzhen, Hangzhou, Suzhou, as well as Xiong'an New Area of Hebei, by guiding licensed financial institutions and tech companies to apply for an innovation test.
- This expansion of the pilot marks the initiation of China's central bank digital currency (CBDC).
- Christened Digital Currency Electronic Payment (DCEP), available via a mobile wallet app, pegged 1:1 with fiat currency, and designed to replace M0 (comprising currency issued by the PBoC less [than] the amount held by banking institutions), this is the first such serious initiative in the whole world.

### Historically, monetary authorities everywhere have been sceptical of cryptocurrencies –

1. Wild fluctuations in the value of cryptocurrencies,
2. the implied challenge to the monopoly of central banks in issuing fiat currencies,
3. the looming possibility of software bugs and the tainted shadow of the dark web have all been responsible for the unwelcome reception.

### CBDC Significance -

1. **Globally** - In contrast, authorities were far more intrigued by CBDCs. In fact, the Basel-based Bank for International Settlement (BIS) has been conducting surveys on this issue for some time. The recent survey of 2019 ("Proceeding with Caution – a Survey on Central Bank Digital Currency") revealed that while in general, central banks have been proceeding cautiously towards introducing central banks digital currencies, some have been planning to issue a fiat digital currency in the short to medium term.
2. With the bearish turn in the Chinese stock market in 2015-16, **bitcoins became increasingly popular as an alternative asset class in China.**
3. In the recent past, **China has emerged as the capital of the crypto ecosystem**, accounting for nearly 90% of trading volumes and hosting two-thirds of bitcoin mining operations.

### Advantages -

At a practical level, the benefits of CBDC are manifold –

1. First, paper money comes with high handling charges and eats up 1% to 2% of GDP.

2. Second, by acting as a powerful antidote for tax evasion, money laundering and terror financing, CBDCs can materially boost tax revenues while also improving financial compliance and national security.
3. Third, as a tool of financial inclusion, particularly in emergencies, direct benefit transfers can be instantly delivered by state authorities deep into rural areas and directly into the mobile wallets of citizens who need them.
4. Fourth, CBDCs can provide central banks an uncluttered view and powerful insights into purchasing patterns at the citizen scale.

### Caution -

That said, all these salutary benefits come packaged with a deep and abiding concern about the **relentless rise of a surveillance state and the concomitant erosion in citizen privacy and anonymity**. If face-recognition technology enables states to spy on the physical movement of citizens, will CBDCs be used to spy on every movement of their money?

### What is the design of DCEP?



This is a two-tier CBDC model where instead of directly interacting with the public, the central bank would involve financial intermediaries such as commercial banks. Such a model is accretive in that it preserves the power of existing financial systems and extends their influence further. It is believed that the DCEP uses a DLT architecture (with central controls) which preserves the primacy of the monetary authority, unlike private cryptocurrencies such as Bitcoin (BTC) and Ethereum (ETH) that are truly decentralised.

### **What may China be signalling with the launch of DCEP?**

It is possible that China has decided to use DCEP as its silver bullet to slay three dragons.

1. First, on the world economic stage, it may want DCEP to challenge the hegemony of the U.S. dollar as the default global reserve currency.
2. Second, in its war with American BigTech, it may want to showcase DCEP as its weapon of choice to counter FB or Facebook's Libra, which is planning to offer a common cryptocurrency to 2 billion-plus FB users across the world.
3. Third, and still in the realm of speculation, it may wish to use the DCEP to clip the wings of AliPay and WeChatPay, gigantic fintech duopolies that control 90% of the China's domestic digital payments, and whose ambitions may one day pose a threat to the aura and authority of the central bank.

From gold to silver to paper to digital, the march of currencies goes on. China has rolled the dice on central bank digital currencies, challenging other nations to follow.

### **Snippets**

#### **❖ Economic Development**

#### **Q- Why is Private Investment a must for Recovery to take hold in the economy?**

- Numerous macro indicators suggest that the economic recovery is now taking hold after the beating it has taken during the pandemic, but for growth to be sustainable and reach its potential, private capital investment has to resume.
  - Despite many economists revising down their growth forecasts between 8.5% and 10% for the current fiscal, the central bank has not changed its forecast of 9.5% for the year, so far.
- **Significance of Private Capital -**
1. Since 2013, private capital has been missing from the economy and many are of the view that this would begin flowing in from the middle of the next fiscal year.
  2. Mr. Das also asked banks to improve their capital management process. Lauding tech entrepreneurs, the RBI chief said the country had emerged as a top performer in the start-up landscape, attracting billions in foreign capital.
  3. The RBI wants to gradually lower excess liquidity in the banking system but will ensure there is adequate liquidity available to meet the needs of the economy.



**Q- The 'Sovereignty' of India means?**

1. No external power can dictate the government of India.
2. Citizens cannot be discriminated against on any grounds.
3. There is absolute freedom of speech and expression for Indian citizens.
4. All citizens have equal economic rights.

**Select the correct answer using the codes below:**

- |                    |                 |
|--------------------|-----------------|
| a. 1, 2 and 3 only | b. 1 only       |
| c. 3 and 4 only    | d. 2 and 4 only |



**Q- Consider the following statements:**

1. Lord Wellesley devised a policy known as the Doctrine of Lapse.
2. Jhansi was the first kingdom to be annexed by British under the Doctrine of Lapse.

**Which of the statements given above is/are correct?**

- a. 1 only
- b. 2 only
- c. Both 1 and 2
- d. Neither 1 nor 2

**Answer: d**

Lord Dalhousie was the Governor-General ♣ from 1848 to 1856. He devised a policy that came to be known as the Doctrine of Lapse. Hence, statement 1 is NOT correct. The doctrine declared that if an Indian ruler died without a male heir his kingdom would "lapse", that is, become part of Company territory. Several kingdoms were annexed simply by ♣ applying this doctrine: Satara (1848), Sambalpur (1850), Udaipur (1852), Nagpur (1853) and Jhansi (1854). Thus, Satara was the first kingdom to be annexed under the Doctrine of Lapse. Hence, statement 2 is NOT correct.

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