

SosinClasses

INSTITUTE FOR IAS EXAMINATION

(IAS, IFS, IPS, IRS, IRMS, IFoS & Other Civil Services)

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DAILY NEWS DIARY

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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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GS 2

❖ INTERNATIONAL RELATIONS

Q) Analyse the significance of the Indian diaspora in Gulf and its impact on trade relations between India and Gulf countries.

Context:

India has hit out at the Organisation of Islamic Cooperation (OIC) over its statement condemning the comments made by two Indian leaders in retaliation to the insults on Hindu deities.

The remark had triggered outrage in the Islamic world. Qatar and Kuwait summoned India's Ambassadors and handed over to them protest notes. India has categorically rejected and condemned the controversial remarks.

Why is Gulf outraging?

Barring the Jewish state of Israel, the 10 other countries of the Gulf region — Saudi Arabia, Qatar, Iran, Iraq, Bahrain, Kuwait, UAE, Oman, Jordan and Yemen — together account for one-fifth of the world's Muslim population. They are among the strongest voices of the Muslim world.

Gulf countries and India:

- India has enjoyed centuries of good relations with countries like Iran, while smaller gas-rich nation Qatar is one of India's closest allies in the region.
- India shares good relations with most of the countries in the Gulf.
- The two most important reasons for the relationship are oil and gas, and trade.
- Two additional reasons are the huge number of Indians who work in the Gulf countries, and the remittance they send back home.

Trade between India and these countries:

The Gulf Cooperation Council (GCC) substantial oil and gas reserves are of utmost importance for India's energy needs.

The GCC includes UAE, Bahrain, Saudi Arabia, Oman, Qatar and Kuwait.

It has emerged as a major trading partner of India and has vast potential as India's investment partner for the future.

(1) UAE

- The UAE was India's third largest trading partner in 2021-2022, and second largest for both exports (\$28 billion) and imports (\$45 billion) when these are counted individually.
- In terms of total trade volume, the UAE (\$72.9 billion) was behind the United States (\$1.19 trillion) and China (\$1.15 trillion).
- The UAE accounted for 6.6% of India's total exports and 7.3% of imports in the last financial year, up 68.4% since the previous year when international trade was impacted by the pandemic.

(2) Saudi Arabia

At a total volume of \$42.9 billion in 2021-22, Saudi Arabia was India's fourth largest trading partner. While exports were low at \$8.76 billion (2.07% of India's total exports), imports from Saudi Arabia were the fourth largest at \$34.1 billion (7%), up 50% from the previous year. Most of it was crude oil.

(3) Iraq: It was India's fifth largest trading partner in 2021-22 at \$34.3 billion.

(4) Qatar

- The total trade was \$15 billion, accounting for just 1.4% of India's total trade, but the country is India's most important supplier of natural gas.
- Qatar accounts for 41% of India's total natural gas imports.
- The UAE accounts for another 11%.

How much oil does India import?

- More than 84% of India's petroleum demand, which included crude oil and petroleum products, was met with imports.
- The share of Persian Gulf countries in India's crude imports has remained at around 60% over the last 15 years.
- India sourced crude oil from 42 countries in 2021-22, up from 27 countries in 2006-07. Hence the sources are now more diversified.
- In 2021-2022, the largest exporter of oil to India was Iraq, whose share has gone up from 9% in 2009-2010 to 22%.
- Saudi Arabia has accounted for 17-18% of India's oil imports for over a decade. Kuwait and UAE remain major oil exporters to India.
- Iran used to be the second largest oil exporter to India in 2009-2010, its share went down to less than 1% in 2020-21, due to US sanctions.

Significance of Gulf:

1. More than 13.46 million Indian citizens work abroad. If Persons of Indian Origin are added, this number goes up to over 32 million.
2. Counting only the 13.4 million non-resident Indians (NRIs), the Gulf has the largest numbers.
3. The UAE (3.42 million), Saudi Arabia (2.6 million) and Kuwait (1.03 million) together account for over half of all NRIs.
4. In terms of remittances from abroad, India was the largest recipient in 2020 at \$83.15 billion, according to World Bank data.
5. This was nearly twice the remittances to the next highest recipient, Mexico, at \$42.9 billion.
6. The UAE accounted for 26.9%, Saudi Arabia for 11.6%, Qatar for 6.4%, Kuwait for 5.5% and Oman for 3%.
7. Beyond the GCC, remittances from the US accounted for 22.9%, second only to the UAE.

Source: The Hindu

GS 3

❖ INDIAN ECONOMY

Q) Critically analyse the effectiveness of bad bank. Explain the necessity for the bad banks.

Context:

The finance ministry said the Rs 6,000-crore National Asset Reconstruction Company (NARCL) or bad bank is expected to take over the first set of non-performing accounts of banks next month.

Bad Banks to be established:

- The NARCL-IDRCL structure is the new bad bank.
- The National Asset Reconstruction Company Limited (NARCL) has already been incorporated under the Companies Act.
- It will acquire stressed assets worth about Rs 2 lakh crore from various commercial banks in different phases.
- Another entity — India Debt Resolution Company Ltd (IDRCL), which has also been set up — will then try to sell the stressed assets in the market.

How will the NARCL-IDRCL work?

- The NARCL will first purchase bad loans from banks.
- It will pay 15% of the agreed price in cash and the remaining 85% will be in the form of “Security Receipts”.
- When the assets are sold, with the help of IDRCL, the commercial banks will be paid back the rest.
- If the bad bank is unable to sell the bad loan, or has to sell it at a loss, then the government guarantee will be invoked.
- The difference between what the commercial bank was supposed to get and what the bad bank was able to raise will be paid from the Rs 30,600 crore that has been provided by the government.

Will bad bank resolve matters?

- From the perspective of a commercial bank saddled with high NPA levels, it will help.
- That’s because such a bank will get rid of all its toxic assets, which were eating up its profits, in one quick move.
- When the recovery money is paid back, it will further improve the bank’s position.
- Meanwhile, it can start lending again.

Necessity of bad bank:

- The idea gained currency during Rajan’s tenure as RBI Governor.
- The RBI had then initiated an asset quality review (AQR) of banks and found that several banks had suppressed or hidden bad loans to show a healthy balance sheet.
- However, the idea remained on paper amid lack of consensus on the efficacy of such an institution.
- ARCs have not made any impact in resolving bad loans due to many procedural issues.

- While commercial banks resume lending, the so-called bad bank, or a bank of bad loans, would try to sell these “assets” in the market.

Conclusion:

- ✓ The problem of NPAs continues in the banking sector, especially among the weaker banks.
- ✓ The bad bank concept is in some ways similar to an ARC but is funded by the government initially, with banks and other investors co-investing in due course.
- ✓ The presence of the government is seen as a means to speed up the clean-up process.
- ✓ Many other countries had set up institutional mechanisms such as the Troubled Asset Relief Programme (TARP) in the US to deal with a problem of stress in the financial system.

Source: Indian Express

SNIPPETS**GS 1****❖ HISTORY****Q) What are the Indian antiquities retrieved from Australia and the United States?****Context:**

Ten antiquities (sculptures) retrieved from Australia and the United States were handed over to the Government of Tamil Nadu. Some of the returned antiquities, and how they had gone missing:

1. Dvarapala:

Retrieved in 2020 from Australia, this stone sculpture belongs to the Vijayanagar dynasty dating to the 15th-16th century. He is holding a gada in one hand and has another leg raised up to the level of his knee. The sculpture was burgled from Moondreeswaramudayar Temple, Tirunelveli in 1994.

2. Nataraja:

Retrieved in 2021 from the US, this image of Nataraja, a depiction of Shiva, in his divine cosmic dance form, is in tribhanga posture, standing on the lotus pedestal. It is dateable to the 11th-12th century. Possibly, ananda tandava or the Dance of Bliss is portrayed here. The sculpture was burgled from the strong room of Punnainallur Arulmigu Mariyamman Temple, Thanjavur, in 2018.

3. Kankalamurti:

Retrieved in 2021 from the US, Kankalamurti is depicted as a fearsome aspect of Lord Shiva and Bhairava. The sculpture is four-armed, holding ayudhas such as damaru and trishula in the upper hands and a bowl and a trefoil shaped object, as a treat for the playful

fawn, in the lower right hand. The idol is dateable to the 12th-13th century, and was stolen from Narasinganadhar Swamy Temple, Tirunelveli in 1985.

4. Nandikeshvara:

Retrieved in 2021 from the US, this bronze image of Nandikeshvara is dateable to the 13th century. It is shown standing in tribhanga posture with folded arms, holding an axe and a fawn in the upper arms, with his forearms in namaskara mudra. This sculpture was stolen from Narasinganadhar Swamy Temple, Tirunelveli, in 1985.

5. Four-armed Vishnu:

Retrieved in 2021 from the US, dateable to the 11th century, and belonging to the later Chola period. The sculpture has Lord Vishnu standing on a padma pedestal holding attributes such as shankha and chakra in two hands, while the lower right hand is in abhaya mudra. It was stolen from Arulmigu Varadharaja Perumal Temple, Ariyalur, in 2008.

6. Goddess Parvati:

Retrieved in 2021 from the US, the image depicts a Chola-period sculpture dateable to the 11th century. She is shown holding a lotus in the left hand whereas the right is hanging down near her kati. This sculpture was also stolen from Arulmigu Varadharaja Perumal Temple, Ariyalur in 2008.

7. Standing child Sambandar:

Retrieved in 2022 from Australia. Sambandar, the popular 7th-century child saint, is one of the Muvar, the three principal saints of South India. The sculpture is dateable to the 11th century. The legend goes that after receiving a bowl of milk from Goddess Uma, the infant Sambandar devoted his life to composing hymns in praise of Lord Shiva. The sculpture displays the saint's childlike quality, while also empowering him with the maturity and authority of a spiritual leader. It was stolen from Sayavaneeswarar Temple, Nagapattinam, between 1965 and 1975.

Source: Indian Express

Q) Which of the following statements with respect to the Bhakti movement is incorrect?

- a. Nirguni tradition was one of the school in the movement.
- b. God was understood to be a universal and formless being.
- c. Most of the Saints came from ranks of upper class.
- d. Bhakti saints proposed egalitarianism ideology.

 **Hey from Yesterday –**

Q) Which of the following statements with regard to the Chilika Lake is incorrect?

- a. Chilika Lake is India's largest fresh water lake.
- b. It is located at the mouth of the Daya River.
- c. It is the largest coastal lagoon in India.
- d. It has been listed in Ramsar Site.

Answer: a

- Chilika Lake is a brackish water lagoon, spread over the Puri, Khurda and Ganjam districts of Odisha.
- It is located at the mouth of the Daya River, flowing into the Bay of Bengal, covering an area of over 1,100 km².
- It is the largest coastal lagoon in India and the largest brackish water lagoon in the world after The New Caledonian barrier reef.
- It has been listed Ramsar Site as well as a tentative UNESCO World Heritage site.

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