

**SosinClasses**

**INSTITUTE FOR IAS EXAMINATION**

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DAILY NEWS DIARY

Of

**21.07.2022**

**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 3

### ❖ INTERNATIONAL RELATIONS

**Q) Explain the measures taken by the Reserve Bank of India to tackle the issues with the rupee depreciation.**

**Context:** The RBI is prepared to sell a sixth of its foreign exchange reserves to defend the rupee against a rapid depreciation after it plumbed record lows in recent weeks.

**Forex crisis:**

- And the way in which India has tackled foreign exchange crises over the years has been quite profound.
- A forex crisis can be loosely defined as one where the rupee starts depreciating rapidly or when forex reserves slide precipitously.
- Ever since India's reforms of 1991-92, the external sector has been liberalized, with even full capital account convertibility being considered at one point.

In the rupee's context, let's look at options that have been used in the last three decades or so:

#### 1. Selling dollars

The first course of action has been selling dollars in the spot forex market. This is fairly straightforward, but has limits as all crises are associated with declining reserves. While this money is meant for a rainy day, they may just be less than adequate. The idea of RBI selling dollars works well in the currency market, which is kept guessing how much the central bank is willing to sell at any point of time.

#### 2. NRI deposits

The second tool used is aimed at garnering non-resident Indian (NRI) deposits. It was done in 1998 and 2000 through Resurgent India bonds and India Millennium Deposits, when banks reached out asking NRIs to put in money with attractive interest rates. The forex risk was borne by Indian banks. This is always a useful way for the country to mobilize a good sum of forex, though the challenge is when the debt has to be redeemed. At the time of deposits, the rates tend to be attractive, but once the crisis ends, the same rate cannot be offered on deposit renewals. Therefore, the idea has limitations.

#### 3. Let oil importers buy dollars themselves

The third option exercised often involves getting oil importing companies to buy dollars directly through a facility extended by a public sector bank. Its advantage is that these deals are not in the open and so the market does not witness a large demand for dollars on this account. It is more of a sentiment cooling exercise.

#### 4. Let exporters trade in dollars

Another tool involves a directive issued for all exporters to mandatorily bring in their dollars on receipt that are needed for future imports. This acts against an artificial dollar supply reduction due to exporter hold-backs for profit.

#### 5. Liberalized Exchange Rate

The other weapon, once used earlier, is to curb the amount of dollars one can take under the Liberalized Exchange Rate Management System. This can be for current account purposes like travel, education, healthcare, etc. The amounts are not large, but it sends out a strong signal.

#### 6. Forward-trade marketing

Another route used by RBI is to deal in the forward-trade market. Its advantage is that a strong signal is sent while controlling volatility, as RBI conducts transactions where only the net amount gets transacted finally. It has the same power as spot transactions, but without any significant withdrawal of forex from the system.

#### 7. Currency swaps

The other tool in India's armoury is the concept of swaps. This became popular post 2013, when banks collected foreign currency non-resident deposits with a simultaneous swap with RBI, which in effect took on the foreign exchange risk. Hence, it was different from earlier bond and deposit schemes. Most preferred options by the RBI. Above discussed instruments have been largely direct in nature, with the underlying factors behind demand-supply being managed by the central bank. Of late, RBI has gone in for more policy-oriented approaches and the last three measures announced are in this realm.

#### 8. Allowing banks to work in the NDF market

First was allowing banks to work in the non-deliverable forwards (NDF) market. This is a largely overseas speculative market that has a high potential to influence domestic sentiment on our currency. Here, forward transactions take place without real inflows or outflows, with only price differences settled in dollars. This was a major pain point in the past, as banks did not have access to this segment. By permitting Indian banks to operate here, the rates in this market and in domestic markets have gotten equalized.

#### 9. Capital account for NRI deposits

More recently, RBI opened up the capital account on NRI deposits (interest rates than can be offered), external commercial borrowings (amounts that can be raised) and foreign portfolio investments (allowed in lower tenure securities), which has the potential to draw in forex over time. Interest in these expanded contours may be limited, but the idea is compelling.

#### 10. Settlement in Rupees

RBI's permission for foreign trade deals to be settled in rupees is quite novel; as India is a net importer, gains can be made if we pay in rupees for imports. The conditions placed on the use of surpluses could be a dampener for potential transactions. But the idea is innovative and could also be a step towards taking the rupee international in such a delicate situation. Clearly, RBI has constantly been exploring ways to address our forex troubles and even newer measures shouldn't surprise us.

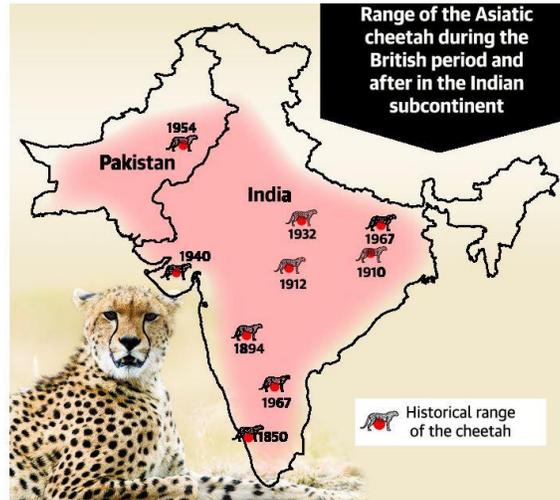
**Source: Mint**

## ❖ ENVIRONMENT & BIODIVERSITY

Q) “India came one step closer to bring back the Cheetah”. Discuss.

### Context:

India came one step closer to bringing back the world’s fastest animal, the Cheetah to the country with an agreement signed in New Delhi with Namibia.



### Asiatic Cheetah:

- Cheetah, the world’s fastest land animal was declared extinct in India in 1952.
- The Asiatic cheetah is classified as a “critically endangered” species by the IUCN Red List, and is believed to survive only in Iran.
- It was expected to be re-introduced into the country after the Supreme Court lifted curbs for its re-introduction.

### Distribution of cheetahs in India:

- a. Historically, Asiatic cheetahs had a very wide distribution in India.
- b. There are authentic reports of their occurrence from as far north as Punjab to Tirunelveli district in southern Tamil Nadu, from Gujarat and Rajasthan in the west to Bengal in the east.
- c. Most of the records are from a belt extending from Gujarat passing through Maharashtra, Madhya Pradesh, Uttar Pradesh, Chhattisgarh, Jharkhand and Odisha.
- d. There is also a cluster of reports from southern Maharashtra extending to parts of Karnataka, Telangana, Kerala and Tamil Nadu.
- e. The distribution range of the cheetah was wide and spread all over the subcontinent. They occurred in substantial numbers.
- f. The cheetah’s habitat was also diverse, favouring the more open habitats: scrub forests, dry grasslands, savannahs and other arid and semi-arid open habitats.

### Extinction of cheetahs in India:

The major reasons for the extinction of the Asiatic cheetah in India:

- Reduced fecundity and high infant mortality in the wild
- Inability to breed in captivity

- Sport hunting and
- Bounty killings
- It is reported that the Mughal Emperor Akbar had kept 1,000 cheetahs in his menagerie and collected as many as 9,000 cats during his half-century reign from 1556 to 1605.
- The cheetah numbers were fast depleting by the end of the 18th century even though their prey base and habitat survived till much later.
- It is recorded that the last cheetahs were shot in India in 1947, but there are credible reports of sightings of the cat till about 1967.

**Conservation objectives for their re-introduction:**

- Based on the available evidence it is difficult to conclude that the decision to introduce the African cheetah in India is based on science.
- Science is being used as a legitimising tool for what seems to be a politically influenced conservation goal.
- This also in turn side-lines conservation priorities, an order of the Supreme Court, socio-economic constraints and academic rigour.
- The issue calls for an open and informed debate.

**Issues in re-introduction:**

- ✓ Experts find it difficult whether the African cheetahs would find the sanctuary a favourable climate as far as the abundance of prey is concerned.
- ✓ The habitat of cheetahs is needed to support a genetically viable population.

**Source: The Hindu**

**SNIPPETS****GS 1****❖ GEOGRAPHY****Q) Analyse the factors behind the extreme heat waves in Europe.****Context:**

The UK posted its highest temperature ever recorded — crossing 40°C. Parts of France, Spain and Portugal recorded temperatures between 42 and 46 degrees.

Dozens of towns and regions across Europe reeled under what has been described as a “heat apocalypse”, which has caused widespread devastation this year. Wildfires caused by a combination of extreme heat and dry weather have destroyed 19,000 hectares of forest in southwestern France.

**Factors behind extreme heat waves in Europe:**

- Scientists are near-unanimous that the heat waves are a result of climate change caused by human activity.
- Global temperatures have already risen by more than 1°C, and studies in the UK had shown that a one degree rise in temperature raises the probability of the country witnessing 40°C by ten times.

- The rising global temperature, which this year led to deviations above the normal by as much as 15 degrees in Antarctica, and by more than 3 degrees in the north pole.

**Major factor: Changes in old wind patterns**

- ✓ In the case of the US, the record temperatures are being linked to changes in the jet stream — a narrow band of westerly air currents that circulate several km above the earth's surface.
- ✓ While a conventionally strong jet stream would bring cooler air from the northern Atlantic, in recent years the jet stream has weakened and split into two.
- ✓ This has led to intense and more frequent heat waves over parts of the American continent.

**Source: The Hindu**

**GS 2****❖ INTERNATIONAL RELATIONS****Q) Explain the significance of Micronesia.****Context:**

The Federated States of Micronesia is one of the latest places on Earth to experience an outbreak of Covid-19, after two and a half years of successfully protecting itself from the virus.

**Micronesia:**

- FSM is located in the Western Pacific, in the Micronesia sub-region of Oceania.
- It consists of four island states, Yap, Chuuk, Kosrae and Pohnpei (where the capital Palikir is located), all in the Caroline Islands.
- Also known as the Carolines, it is a scattered archipelago of small islands that are divided between Micronesia and the Republic of Palau.
- FSM is composed of 607 islands and islets with a total land area of 702 square km.

**Its geography**

- ✓ While this area is rather small, the islands stretch across an estimated 2,900 sq. km of sea, giving the nation the 14th largest Exclusive Economic Zone (EEZ) in the world.
- ✓ EEZs grant countries special right over marine resources up to 370 km from their coasts.
- ✓ The Federated States of Micronesia shares its sea borders with other small island nations and territories in the Micronesia region like Guam, the Republic of Marshall Islands, Palau, Kiribati, and the Mariana Islands.
- ✓ Its larger neighbouring states — separated by large swathes of the Pacific Ocean — including the Philippines in the west, Hawaii in the east, Papua New Guinea and Australia to the south, and Japan to the north.

**Source: Indian Express**

**Q) Which of the following best describes the NAMASTE scheme?**

- a) It aims to optimize the efficiency of road traffic.
- b) It aims to achieve outcomes like zero fatalities in sanitation work in India.
- c) It aims at boosting the usage of indigenous technology in the Indian Navy.
- d) It provides end-to-end waste management services for corporates.

 **Hey from Yesterday –**

**Q) Which of the following statements with regards to the Indian President's elections is correct?**

- a) The rule for securing 50 proposers and seconders was implemented by the ECI in 1974.
- b) An elector can propose or second the nomination of more than one candidate.
- c) The President's election is held in accordance with the system of proportional representation by means of the single transferable vote and the voting is by open ballot.

**Answer: a**

**Explanation:**

- The candidate intending to contest the President's election files the nomination with a signed list of 50 proposers and 50 seconders.
- The rule for securing 50 proposers and seconders was implemented by the EC in 1974.
- An elector cannot propose or second the nomination of more than one candidate.
- The President's election is held in accordance with the system of proportional representation by means of the single transferable vote and the voting is by secret ballot.

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