

Current Affairs of the Day

GS Paper - II

- No time for relaxation: WHO
- Centre steps in to halt boundary row
- It's China that happens to have the cash now, says Sri Lanka Minister
- China GDP growth accelerates to 4.9%

GS Paper - III

- Centre said to ask at least eight PSUs to consider buy-backs

DAWP (Daily Answer Writing Practice)



No time for relaxation: WHO

GS II: Important International institutions, agencies and fora - their Structure, Mandate.

Bottom line: WHO warns festive season and approaching winter can aggravate the situation if we let our guard down

Keep the vigil

This festive season we must continue to take responsibility as individuals need to maintain physical distance, hand hygiene, cough etiquette and wear a mask when and where needed. People must remember the three Cs — avoid crowded places, avoid closed settings and avoid confined and enclosed spaces with poor ventilation.



Co-circulation of seasonal influenza and COVID-19

In its release, the group said the co-circulation of seasonal influenza and COVID-19 in the winters may present challenges for health systems and health facilities since both diseases present many similar symptoms. Many of the same measures that are effective in preventing COVID-19 are also effective for preventing influenza, including physical distancing, hand hygiene, covering coughs, ventilation and masks.

Centre steps in to halt boundary row

Prelims: place in the news, map-based question

GS II: Issues and Challenges Pertaining to the Federal Structure

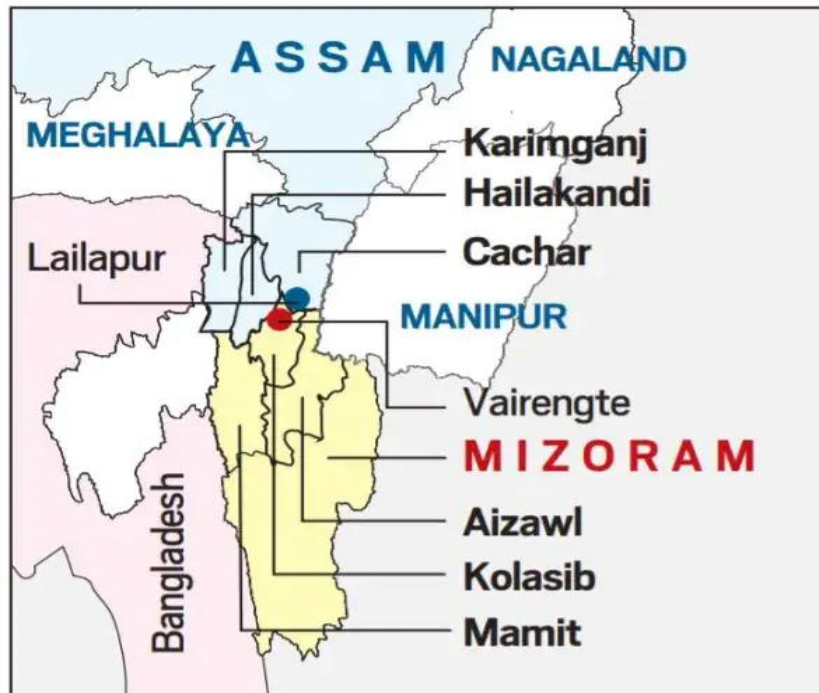
GS III: Security Challenges and their Management in Border Areas

The Union Home Ministry has asked Assam and Mizoram to maintain peace and display “no aggressive posturing” after violent clashes took place on the border between the two States on Saturday night. Section 144 was imposed and a large number of security personnel deployed. Several people were injured. It spotlights the long-standing inter-state boundary issues in the Northeast, particularly between Assam and the states that were carved out of it.



Flashpoint:

According to an agreement between the governments of Assam and Mizoram some years ago, the status quo should be maintained in no man's land in the border area. However, people from Lailapur broke the status quo and allegedly constructed some temporary huts. People from Mizoram side went and set fire



on them. Mizoram borders Assam's Barak Valley; both border Bangladesh. Mizoram civil society groups blame illegal Bangladeshis (alleged migrants from Bangladesh) on the Assam side

Background:

1. In the Northeast's complex boundary equations, showdowns between Assam and Mizoram residents are less frequent than they are between, say, Assam and Nagaland residents.
2. Nevertheless, the boundary between present-day Assam and Mizoram, 165 km long today, dates back to the colonial era, when Mizoram was known as Lushai Hills, a district of Assam.
3. The dispute stems from a notification of 1875 that differentiated Lushai Hills from the plains of Cachar, and another of 1933 that demarcates a boundary between Lushai Hills and Manipur.
4. Mizoram believes the boundary should be demarcated on the basis of the 1875 notification, which is derived from the Bengal Eastern Frontier Regulation



(BEFR) Act, 1873. Mizo leaders have argued in the past against the demarcation notified in 1933 because Mizo society was not consulted. The Assam government followed the 1933 demarcation, and that was the point of conflict.

5. The boundary dispute between the two states has been simmering since the formation of Mizoram as a separate state in the 1980s.
6. According to an agreement between the governments of Assam and Mizoram some years ago, the status quo should be maintained in no-man's land in the border area. However, clashes have erupted from time to time over the issue.

Other boundary issues in the Northeast

1. During British rule, Assam included present-day Nagaland, Arunachal Pradesh and Meghalaya besides Mizoram, which became separate states one by one. Today, Assam has boundary problems with each of them.
2. Nagaland shares a 500-km boundary with Assam. The boundary dispute is now in the Supreme Court.
3. On the Assam-Arunachal Pradesh boundary (over 800 km), clashes were first reported in 1992, this boundary issue is also being heard by the Supreme Court.
4. The 884-km Assam-Meghalaya boundary, too, witnesses flare-ups frequently. As per Meghalaya government statements, today there are 12 areas of dispute between the two states.

Protected area in news: Singla Forest Reserve in Karimganj district of Assam, historically cultivated by Mizoram residents

Geographical feature in news: Barak hills, Lushai Hills.

It's China that happens to have the cash now, says Sri Lanka Minister

GS II: India and its Neighborhood- Relations.

Effect of Policies and Politics of Developed and Developing Countries on India's interests

Government critics and the Opposition in Sri Lanka raise concern over the Rajapaksa administration's growing reliance on China. While Srilankan state minister is all too upbeat on Chinese cash.



Dependence on the Chinese cash

Amid the World Bank and International Monetary Fund's (IMF) worrying forecast of a GDP contraction up to almost 7%, credit rating agency Moody's downgrading of Sri Lanka by two notches to the "very high credit risk" category, the daunting \$4.5 billion foreign debt due in the coming year, falling revenues and rising living costs, the Minister expressed optimism. Sri Lanka is exploring different options to repay its debt, including additional loans from China, currency swap facilities with India and China, and Samurai and Panda bonds.

China, which sanctioned a \$500 million loan in March to help Sri Lanka cope with the coronavirus's blow, is likely to favourably consider the Rajapaksa government's request for an additional \$700 million now, having already pledged support to the island nation's pandemic recovery effort. Further, Sri Lanka is also negotiating a nearly \$1.5-billion currency swap facility with the People's Bank of China. Sri Lanka owes China over \$5 billion so far.

Srilankan Minister rationalizing the dangerous financing practices

According to the minister, China has given \$1.5 trillion in loans to the U.S. also. These are the trade practices, financing practices, prevalent in the world. Each

country works out its own financing arrangements in line with what they feel is best for them. Japan, the U.S. and India have also been big investors in Sri Lanka.

Different sources

Government critics have urged the Rajapaksa administration to engage the IMF, rather than fall into a “Chinese debt trap”, but the government has ruled out an IMF bailout. While President Rajapaksa has vowed to disprove the “Chinese debt trap analysis”, few other sources seem as willing to lend readily.

As for India, the Reserve Bank of India signed a \$400 million swap agreement with Sri Lanka in July, to help boost Sri Lanka’s foreign reserves, and is pursuing a further \$1 billion requested by Sri Lanka.

Implication on India

1. The worrying trend of China poaching Indian neighbourhood continues
2. Debt trap forces countries to give preferences and concessions to China which hurt Indian trade and security. Example Hambantota port with Chinese navy or Indian firms losing Infrastructure contracts to Chinese.

China GDP growth accelerates to 4.9%

GS II: Effect of Policies and Politics of Developed and Developing Countries on India’s interests

China’s economic growth continued to gain momentum in the third quarter, with the GDP expanding 4.9% from a year earlier in the July-September period, according to official Chinese data released on Monday.

China’s quarterly YoY GDP growth rate 2018-2020



Context: The economic rebound follows China’s broad return to normalcy this summer, following sweeping COVID-19 curbs including stringent lockdowns, extensive contact tracing, and restrictions on international travel through the first

half of the year, which allowed the authorities to almost entirely stop transmission of the virus within China, with the exception of a few clusters that were contained locally.

Highlights

1. The IMF has forecast China's economy will expand by 1.9% in 2020, making it the only major economy to register growth in a pandemic-hit year.
2. The country's week-long October national holiday saw 630 million domestic trips and a surge in local tourism that generated \$70 billion in revenue, with travel reported at 80% of last year's numbers.
3. The recovery was driven by a 5.8% growth in industrial production and a revival of exports.
4. Consumption, however, is yet to regain its normal vigour.
5. The recovery in production vastly exceeds the recovery in consumption, this would inflate an already ballooning debt burden. As a result, China's debt-to-GDP ratio rose dramatically, from roughly 252 last September to roughly 275 last month.

Centre said to ask at least eight PSUs to consider buy-backs

GS III: Indian Economy and issues relating to Planning, Mobilization of Resources, Growth, Development and Employment.

Cash woes: India is unlikely to be anywhere near its fiscal deficit target of 3.5% of GDP for 2020/21 as COVID-19 curbs hit tax collections and delayed efforts to privatise Bharat Petroleum Corp. and flag carrier Air India. Share buy-back by PSUs is a move to help cash-strapped govt. raise funds. The firms asked to buy-back include Coal India, NTPC, NMDC and Engineers India Ltd.





Highlights:

1. India has asked at least eight state-run companies to consider share buy-backs in the fiscal year to March 2021, as New Delhi searches for ways to raise funds to rein in its fiscal deficit.
2. Under the buyback mode, the government raises money by selling its equity shares in the company to the central public sector enterprise (CPSE) itself, it is not considered genuine disinvestment. It also reduces the capability of PSU to meet CAPEX and meets its dividend obligations.
3. Also, some PSUs, particularly in the oil sector, may not be able to do buybacks as the government's stake is just sufficient to ensure its position as a majority holder.
4. The government could seek approval from the Cabinet to prune its stake to less than 51% in individual firms without giving up control.
5. In February, the government had set itself a target of raising more than \$27 billion from privatisations and sale of minority stakes in state-owned companies this fiscal. However, COVID delayed disinvestments and reduced revenue.