



Current Affairs of the Day

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China pushes defence ties with Bangladesh, Sri Lanka

Expanding ties: China's Minister of Defence, visiting Bangladesh and Sri Lanka this week, has called on countries in the neighbourhood to resist "powers from outside the region setting up military alliances in South Asia".

Highlights:

1. Comments came amid a push back from Chinese officials on the India-U.S.-Australia-Japan Quad grouping, which some in Beijing have described as a quasi-military alliance.
2. China also convened a six-country South Asia dialogue on COVID-19 and economic cooperation with the Foreign Ministers of Afghanistan, Bangladesh, Nepal, Pakistan and Sri Lanka.
3. The senior Chinese official's visit to Sri Lanka coincides with mounting resistance in Sri Lanka to a Bill envisioning laws to govern the China-backed \$1.4 billion Colombo Port City.
4. The Supreme Court recently heard a case on the matter, following some 20 petitions by opposition parties and civil society organisations that challenged the Bill arguing that it "threatened" Sri Lanka's sovereignty.
5. Beijing has extended over \$2 billion — in loans and a currency swap facility — to Colombo after the pandemic struck, to help the government cope with its economic strain. Prior to that Colombo owed Beijing over \$ 5 billion in loan repayment.
6. On Tuesday, General Wei held talks with Bangladesh President Abdul Hamid in Dhaka. A statement from China's official Xinhua news agency quoted him as calling for the two militaries to "increase high-level visits, deepen cooperation in equipment technology, broaden exchanges in specialized fields and forge closer military relations."
7. "To jointly maintain regional peace and stability," he said, "the two sides should make joint efforts against powers outside the region setting up a military alliance in South Asia and practising hegemonism."



The U.S. will send India vaccines, reiterates Biden

Help on its way: The U.S. is dispatching ‘a whole series of help’ to India, including Remdesivir and vaccine inputs.

Highlights:

1. “The problem is, right now, we have to make sure we have other vaccines, like Novavax and others, coming on, probably. And I think we’ll be in a position to be able to share — to share vaccines, as well as know-how, with other countries who are in real need. That’s the hope and expectation,” he said.
2. The White House announced on Monday that it was making available some 60 million doses of AstraZeneca vaccine for use by other countries over the course of May and June.
3. “And I might add, when we were in a bind at the very beginning, India helped us,” Mr Biden said as he was leaving the venue.

‘Hard to understand why corrective action was not taken sooner’

Three factors led to the second wave:

1. first, the dedicated volunteer networks, special COVID-19 facilities, and emergency measures that the administration and health system had taken were scaled back and in some cases wound down, just as cases were beginning to rise.
2. Second, the vaccination campaign was slower to roll out, largely because of a lower sense of urgency.
3. And third, we didn’t invest enough resources to study the emergence of new variants quickly enough.

All these factors were predicated on the assumption that the worst was behind us. So, when the wave began, from a preparedness point of view, we were, in some ways more unprepared than we were towards the end of last year.

Complacency:

1. What is harder to understand is why corrective action was not taken at the beginning of this wave when numbers started to rise in Maharashtra and



Punjab. There were enough indications that the situation was going to get difficult.

2. And even if no one predicted the intensity of the wave, the fact that it was happening should have immediately triggered actions to limit large gatherings and reinforce safe behaviour. None of that happened till it was too late and we are seeing the consequences play out.

Public health interventions:

1. In the short term, the immediate priority is to save lives. Address the shortages that hospitals face immediately, in terms of beds, logistics around the supplies of oxygen, and availability of drugs.
2. The more fundamental issue is of a structure that supports patients at home and helps triage patients effectively so that only the most critical go to the hospital, and those that need to, get the help they need.
3. Reducing movement and activity (through voluntary or imposed closures) is a necessary step right now — to break the chain of transmission and stabilise the numbers.
4. Scaling up of vaccinations is also key as a medium-term strategy to boost protection and reduce the severity of illness and eventually (hopefully) transmission rates.
5. Our health care staff — doctors, nurses, attendants, administrators and ambulance drivers — are under enormous stress and strain. Supplementing them with senior residents and medical students, retraining, counselling and supporting them: are all steps that need to be planned for immediately.

'Second wave hurting India's recovery'

Time of essence: The longer the second wave lasts, the more severe the impact, says EY India. Rating agencies flag risks from 'escalating' infections; ICRA says faster vaccine roll-out 'critical'.

Highlights:

1. India's 'escalating' the second wave of COVID-19 infections poses serious downside risks to the economy and heightens the possibility of business



disruptions in addition to ‘the substantial loss of life and significant humanitarian concerns’, S&P Global Ratings said on Wednesday.

2. While S&P said it may revisit its 11% growth projection for this year, rating agency ICRA said that the rise in infections was dampening the economic recovery with several indicators losing momentum in April.

‘Permanent output loss’

1. “A drawn-out COVID-19 outbreak will impede India’s economic recovery,” S&P said in a statement.
2. The country already faces a permanent loss of output versus its pre-pandemic path, suggesting a long-term production deficit equivalent to about 10% of GDP (gross domestic product).
3. Stressing that the pace and scale of the post-crisis recovery would have important implications for India’s sovereign credit rating, S&P said that strong economic growth would be critical to sustain the government’s aggressive fiscal stance and stabilise its high debt stock relative to GDP.
4. The Indian rating agency also underlined that the actual pace of the vaccine roll-out to the wider adult population would impact sentiment and growth. “An earlier availability of vaccine imports, enabling a faster coverage of the vaccination drive, may offer a back-ended upside to the GDP growth in FY2022, after the disruption that may emerge in the near term,” it said.

‘Limited sops make scrappage policy for vehicles unattractive’

Limited incentives and poor cost economics for trucks in the Vehicle Scrappage Policy, coupled with lack of addressable volumes for other segments is unlikely to drive freight transporters to replace their old vehicles with new ones, a report said on Wednesday.

Highlights:

1. Though the scrappage volume of buses, PVs and two-wheelers are expected to be limited as well, the policy’s impact on new commercial vehicle (CV) sales could be sizeable, based on addressable volume, rating agency Crisil Research said in its report.



2. The policy proposes to de-register vehicles that fail fitness tests or are unable to renew registrations after 15-20 years of use.
3. According to Crisil, many buses owned by state transport undertakings will have a life of more than 15 years. In comparison, buses operated for intercity, staff, school and tourist segments typically do not have a life beyond 15 years, and would thus be outside the ambit of the scrappage policy.
4. As for passenger vehicles, renewal of registration fees is proposed to be increased from ₹600 to ₹5,000 (valid for five years) for PVs older than 15 years, which is a more than eightfold increase.
5. The potential benefit from scrapping a 15-year-old, entry-level small car will be ₹70,000, whereas its resale value is around ₹95,000. That makes scrapping unattractive, Crisil said in the report.

India, Australia, Japan push for supply chain resilience

The Supply Chain Resilience Initiative (SCRI):

1. The move is seen aimed at reducing their reliance on China
2. The Supply Chain Resilience Initiative (SCRI) formally launched by the Trade Ministers of India, Japan and Australia brought a wary response from China, which has described the effort as 'unrealistic'.
3. The three sides agreed the pandemic "revealed supply chain vulnerabilities globally and in the region" and "noted the importance of risk management and continuity plans in order to avoid supply chain disruptions".
4. Some of the joint measures they are considering include supporting the enhanced utilisation of digital technology and trade and investment diversification, which is seen as being aimed at reducing their reliance on China.
5. "The SCRI aims to create a virtuous cycle of enhancing supply chain resilience with a view to eventually attaining strong, sustainable, balanced and inclusive growth in the region," a statement said.
6. China's Foreign Ministry on Wednesday described the move as 'unrealistic' as the formation and development of global industrial and supply chains are determined by market forces and companies choices



7. “Artificial industrial ‘transfer’ is an unrealistic approach that goes against the economic laws and can neither solve domestic problems nor do anything good to the stability of the global industrial and supply chains, or to the stable recovery of the world economy.”

‘Covaxin shields from B.1.617’

News: A study has found that people who have been vaccinated with Covaxin have protection against the double mutant (B.1.617) variant first found in India. A preprint of the study carried out by the Indian Council of Medical Research (ICMR) and Bharat Biotech researchers have revealed.

Highlights:

1. So far, 21 countries have detected the B.1.617 variant. Of those, the majority of cases has been reported from India.
2. An earlier study had found that Covaxin neutralises the B.1.1.7 variant first found in the U.K.
3. “The assurance of neutralisation of B.1.617 variant with sera of Covaxin vaccines and recovered COVID-19 sera will provide the much-needed boost for the COVID-19 vaccination programme in India,” the authors write.
4. The B.1.617 variant has two mutations — E484Q and L425R — of concern. These mutations are found in the receptor-binding domain of the spike protein.