

● POLITY

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INTERNATIONAL RELATIONS

**MODI BIDEN WELCOMES
PROGRESS IN DEFENSE TIES**

CONTEXT: Prime Minister Narendra Modi and U.S. President Joe Biden expressed happiness about a notification process completed in the U.S. Congress on August 29. This process pertained to a commercial agreement between General Electric Aerospace and Hindustan Aeronautics Ltd. (HAL) for the manufacturing of GE F-414 jet engines in India. Negotiations for this agreement have also begun.

The leaders lauded the settlement of the seventh and last outstanding World Trade Organization (WTO) dispute between the two countries.

BACKGROUND: Mr Biden had arrived in New Delhi to attend the G-20 Summit and went straight to Prime Minister Narendra Modi's official residence for a bilateral meeting. The summit will be held on Saturday and Sunday. The deals had been the cornerstone of Modi Biden summit in July and were touchstones of the relationship between two largest democracies.

THE STORY SO FAR: Indian Prime Minister Narendra Modi and U.S. President Joe Biden celebrated the progress made during their bilateral meeting in New Delhi. They praised the completion of a notification process in the U.S. Congress on August 29, allowing General Electric Aerospace and Hindustan Aeronautics Ltd. (HAL) to produce GE F-414 jet engines in India and the initiation of negotiations. The leaders also commended the resolution of the last outstanding World Trade Organization (WTO) dispute between their countries.

During their discussions, President Biden welcomed India's request to procure 31 General Atomics MQ-9B remotely piloted aircraft, enhancing India's defence capabilities. Both leaders affirmed their commitment to the G-20 and expressed confidence in its outcomes, focusing on sustainable development and multilateral cooperation.

The joint statement highlighted agreements in defence and space cooperation, with a focus on maintenance and repair of U.S. Navy assets in India. Additionally, they discussed collaborations in commercial space endeavours and joint efforts to reach the International Space Station in 2024.

President Biden's visit marks his first to India as President, with plans for another visit in January. There's ongoing discussion about inviting Quad leaders for India's Republic Day parade. Trade disputes have seen progress, with the potential for India's participation in the Indo-Pacific Economic Forum's "Trade" pillar.

Lastly, high-tech cooperation is set for a midterm review in September 2023 as part of the Initiative on Critical and Emerging Technology (iCET). This collaboration aims to drive technological advancements between the two nations.

SIGNIFICANCE: In the absence of the Chinese president choosing to skip the G-20 Summit, the meeting of Narendra Modi and Joe Biden assumes significance for both US and India.

INTERNATIONAL RELATIONS

**PHILIPPINES CONDEMNS
'ILLEGAL' ACTIONS BY CHINESE
BOATS IN SOUTH CHINA SEA**

CONTEXT: The Philippines condemned Chinese vessels for interfering with a resupply mission in the South China Sea, sparking tensions in the disputed region.

BACKGROUND: The Philippines expressed strong disapproval of what it deemed as "unlawful" actions by Chinese vessels on Friday. These vessels were accused of disrupting a resupply mission to a remote military outpost situated in the contentious South China Sea.

During the mission, two Philippine Coast Guard ships were safeguarding supply boats en route to Second Thomas Shoal, located within the Spratly Islands. However, they encountered four Chinese coast guard vessels and four vessels described as "militia" boats, leading to concerns over their interference.

STORY SO FAR: The Philippines strongly criticized China for what it deemed as "illegal" actions by Chinese vessels interfering with a resupply mission to a remote military outpost in the disputed South China Sea. While two Philippine Coast Guard vessels were escorting supply boats to Second Thomas Shoal in the Spratly Islands, they encountered four Chinese coast guard and four "militia" boats. These Chinese vessels engaged in aggressive and harassing behaviour, despite the successful delivery of cargo to Filipino troops. The Philippines condemned this conduct, while China claimed the Philippine boats entered the area around the reef without permission. This incident occurred amid ongoing South China Sea tensions.

ECONOMICS AND DEVELOPMENT

**CHINA SLOWS FERTILISER
EXPORTS**

CONTEXT: Around half a million metric tons of urea are held up at Chinese ports after the country curbed exports following a price surge.

CNAMP GC Holding Ltd., one of China's top fertiliser exporters would proactively decrease exports and "make every effort" citing to ensure domestic supply and price stability. State-owned China National Offshore Oil Company (CNOOC) has also urged its subsidiaries to prioritise urea supply to the domestic market ahead of the autumn sowing season.

These curbs have triggered fears of a rise in global prices and spending by Indian companies, as India imports about 30 % of urea needed annually and China was its second-largest supplier last year.

INTERNATIONAL RELATIONS

CHINA'S PREMIER LI QIANG ARRIVES IN INDIA FACING FIRST INTERNATIONAL TEST

- Chinese Premier Li Qiang arrived in New Delhi for the G-20 Summit, a significant international diplomatic test.
- The G-20 poses challenges due to its higher profile and the presence of Western leaders critical of China, particularly regarding its stance on the Ukraine crisis.
- Li's visit occurs during a low point in China-India relations, with no structured bilateral meeting planned.
- Talks on the Line of Actual Control (LAC) are unlikely as Li primarily handles economic matters. Chinese officials criticize the politicization of the G-20, emphasizing its focus on economic issues.
- China's President Xi Jinping is absent from the summit, seen as signaling displeasure with the West and avoiding pressure or isolation in the absence of Russian President Vladimir Putin.
- Domestic political factors may have contributed to Xi's absence. China hopes for relaxed investment restrictions in India and improved business ties. India emphasizes the need for peace on the LAC for normalcy in relations.



"The more that you read, the more things you will know.
The more that you learn, the more places you'll go."
- Dr. Seuss

ECONOMICS AND DEVELOPMENT

INDIA'S FOREX RESERVES JUMP \$4.03 BN TO \$598.89 BN

CONTEXT: India's forex reserves jumped by \$4.039 billion to \$598.897 billion for the week ended September 1. In the previous reporting week, the overall reserves had dropped by \$30 million to \$594.858 billion.

- Foreign currency assets rose by \$3.442 billion to \$530.691 billion.
- Gold reserves rose \$584 million to \$44.939 billion.
- Special Drawing Rights climbed by \$1 million to \$18.195 billion.
- India's reserve position with the IMF rose \$12 million to \$5.073 billion.

ECONOMICS AND DEVELOPMENT

INDIA'S G-20 LEADERSHIP EFFECTIVE

CONTEXT: The U.S. Treasury Secretary Janet Yellen stressed that the G-20 remains an effective forum to address global challenges even without Russia's active participation. Russia's war on Ukraine, which has escalated food and energy prices, is the most important threat to global growth. According to Janet Yellen, the G-20, in spite of obvious problems due to Russia's war against Ukraine, and Russia's general absence from G-20 initiatives, has been extremely effective, especially under India's leadership.

Praise for the host

Janet Yellen lauds India's G-20 leadership but plays down prospects of the meet yielding a communique



■ The U.S. Treasury Secretary says the U.S. is bolstering MDBs' lending capacity to help low-income countries

■ India's push to scale up funding for MDBs gets poor response as countries are unsure how much they need to pay

■ Yellen sees China's growth slowing over time but notes that China has the policy space to address the challenge

India's G-20 leadership had proven effective on several fronts, including the reforms of multilateral development banks (MDBs) and in addressing the debt concerns of vulnerable countries. Ms. Yellen signalled that the U.S. is taking the lead on bolstering MDBs' lending capacity. An expert group set up by the Indian Presidency has recommended reforms of the MDBs that could scale up their funding. However, some G-20 members have expressed reluctance about the plan as they are unsure about how much they may have to contribute. U.S. President Joe Biden has initiated a move to provide \$2.25 billion of funding for the World Bank and a \$25 billion loan to the IMF that would help provide concessional finance to low-income countries.

The US estimate is that Russia's revenue from oil has declined by around 44% over the last year despite Russia's exports into the global market have continuing.

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ECONOMICS AND DEVELOPMENT

RBI DECIDES TO DISCONTINUE I-CRR IN A PHASED MANNER

CONTEXT: The Reserve Bank of India (RBI) has decided to discontinue the Incremental Cash Reserve Ratio (I-CRR) in a phased manner intended to absorb surplus liquidity generated by various factors, including the return of ₹2000 notes to the banking system. The I-CRR is an additional cash balance which the RBI can ask banks to maintain over and above the cash reserve ratio – the minimum amount of the total deposits that banks have to keep with the central bank – for a specific period.

The RBI had announced last month that scheduled banks must maintain an I-CRR of 10 % on the increase in their net demand and time liabilities between May 19 and July 28.

The RBI has decided to release the amounts impounded under the I-CRR in stages so that system liquidity is not subjected to sudden shocks and money markets function in an orderly manner. While 25% of the I-CRR maintained would be released on September 9, another 25% would be released on September 23 and the balance would be released on October 7.



ECONOMICS AND DEVELOPMENT

IOC'S PANIPAT ETHANOL PLANT TO HIT 100% CAPACITY UTILISATION SOON

CONTEXT: Indian Oil Corporation's ₹900-crore 2G ethanol plant that was inaugurated by Prime Minister Narendra Modi in August 2022, is set to reach 100% capacity utilisation in a few months, from 30% now.

The feedstock for the bioethanol plant — rice husk (parali) — was available for collection only for about 45 days and would need to be stored for the entire year. The plant would need 1,50,000 tonnes of feedstock every year. The collection of the rice husk had begun and the plant would reach full capacity shortly.

Refiners including IOC are required to supply petrol that has 20% bioethanol by 2025. IOC's blend would reach 12.5%, which would be raised to 15% next year and then, gradually, to 20% by 2025.

The Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) has said aviation fuels would need to incorporate 2% SAF blends. Also, part of the 2G ethanol would go to the production of SAF (sustainable aviation fuels), which is also coming up near the Panipat refinery, under a joint venture with Lanzajet, a unit of Lanzatech in which IOC has a stake.

INTERNATIONAL RELATIONS

EASTERN HEDGE

CONTEXT: Prime Minister Narendra Modi's brief visit to Jakarta, the capital of Indonesia, earlier this week had a primary focus on strengthening India's involvement with the economically important association of ten Southeast Asian nations.

BACKGROUND: Prime Minister Narendra Modi's recent visit to Jakarta aimed to strengthen India's ties with ASEAN nations, emphasizing economic cooperation and strategic alliances amid global uncertainties.

STORY SO FAR: Prime Minister Narendra Modi's recent visit to Jakarta aimed to strengthen India's ties with the economically significant ASEAN group of Southeast Asian nations. This visit was strategically timed, occurring just before India hosted the G-20 summit as the bloc's current president, presenting an opportunity to reinforce traditional relationships with neighbouring Asian economies amid global trade uncertainties.

The backdrop for this engagement is a pessimistic global trade outlook for the second half of 2023 due to downgraded economic forecasts, persistent inflation, financial vulnerabilities, and geopolitical tensions. The joint leaders' statement during the ASEAN-India summit highlighted shared concerns about heightened global food insecurity, worsened by the Ukraine conflict, climate change, and inflation responses. India's recent restrictions on rice exports have raised concerns about rising regional staple prices.

Prime Minister Modi emphasized a rules-based post-COVID-19 world order and a free and open Indo-Pacific, appealing to ASEAN members uneasy about China's assertiveness. India positioned itself as a reliable long-term partner without territorial ambitions, amplifying the Global South's concerns. India's trade ties with ASEAN have grown, but with a trade deficit and concerns about Chinese goods benefiting from lower tariffs. A review of the free trade agreement is planned, emphasizing India's need for continued ASEAN engagement as a trade hedge and strategic ally in the changing global landscape.

**Education is not
preparation for
life; education
is life itself.**

JOHN DEWEY

POLITY AND
GOVERNANCEAN OVERHAUL, THE CRIMINAL LAW BILLS,
AND THE BIG PICTURE

The central government has introduced three bills in Parliament: Bharatiya Nyaya Sanhita (BNS), 2023; Bharatiya Nagarik Suraksha Sanhita (BNSS), 2023; and Bharatiya Sakshya (BS) Bill, 2023. These bills aim to replace the existing Indian Penal Code, Code of Criminal Procedure, and Indian Evidence Act. Let's break down the key points and implications:

Bharatiya Nagarik Suraksha Sanhita (BNSS):

BNSS includes a provision for the registration of a cognizable offense in any police station, regardless of the location of the crime. This formalizes the practice of recording a First Information Report (FIR) at Zero, making it easier for complainants to get their cases registered.

It introduces a clause that restricts arrests without the prior permission of the Deputy Superintendent of Police for individuals aged over 60 or infirm, in cases punishable with less than three years of imprisonment.

Handcuffing: The bill allows handcuffing for certain serious offenses, but the criteria for handcuffing remain unchanged from previous legislation, emphasizing that it should only be used as necessary to prevent escape.

Crime Scene Investigations: The BNSS mandates a forensic expert's visit and the collection of forensic evidence for offenses punishable with over seven years of imprisonment. However, this provision may be delayed for up to five years due to limited forensic infrastructure.

Audio-Video Means: It encourages the use of audio-video means in recording investigations, but practical implementation may be

challenging, especially with smartphone limitations.

Two-Finger Test: The bill doesn't explicitly ban the two-finger test in rape cases, despite its scientific invalidity and violation of victim/survivor dignity. The opportunity to align with the Union Ministry of Health and Family Welfare's guidelines was missed.

Disclosure of Victim/Survivor Identity: The provision allowing the next of kin to authorize the disclosure of the identity of a minor victim/survivor may be omitted, as the Protection of Children from Sexual Offences Act addresses this issue differently.

Police Custody: The bill permits an extension of police custody beyond 15 days, subject to sufficient grounds, but only after the initial 40 or 60 days, depending on the offense's punishment. Default bail remains an option, and the judiciary retains discretion in permitting additional police custody.

Suspicious Deaths: The scope of judicial inquiry into suspicious deaths is expanded to include dowry deaths. However, there is a relaxation in recording statements for women and males aged below 15 or above 60 at their residence.

In summary, the proposed changes in these bills have both advantages and drawbacks. While some changes align with progressive legal principles, they may not be considered radical reforms. The bigger issue at hand is the need for comprehensive police reform, addressing challenges like understaffing, inadequate infrastructure, and training facilities. Effective reform should go beyond legal amendments and encompass broader institutional changes.

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