11/03/2024 MONDAY

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DAILY NEWS ANALYSIS

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INTERNATIONAL RELATIONS

India signs free trade pact with 4 European nations, eyes \$100bn in investment

CONTEXT: India signed a free trade agreement (FTA) with four European countries — Iceland, Liechtenstein, Norway, and Switzerland, with a goal of reaching \$100 billion in investments in India and one million jobs within 15 years.

SUMMARY:

India - European Free Trade Association (EFTA) concluded the Trade and Economic Partnership Agreement (TEPA), the second full-fledged Free Trade Agreement (FTA) India after India - United Arab Emirates Comprehensive Economic Partnership Agreement (CEPA). TEPA aims to reduce tariffs, increase market access, and simplify customs procedures.

The India - European Free Trade Association (EFTA) includes a chapter on commitments to human rights and sustainable development, effective after ratification by EFTA states, expected by the end of the year.

The FTA includes a a "goal" based binding commitment to invest \$ 100 billion in India from EFTA countries, subject to current investment levels pegged at about \$ 10.7 billion, GDP predictions, and the estimated value of TEPA. Chapter 7 of TEPA outlines objectives to increase foreign direct investment from EFTA states into India by \$ 50 billion within 10 years and another \$ 50 billion in the next five years, aiming to generate 1 million jobs in India within 15 years. If these goals are not met within 15 years (with a grace period and negotiations), India can temporarily withdraw some trade concessions.

The Trade and Economic Partnership Agreement (TEPA) marks the second such full-fledged FTA signed after India's agreement with the United Arab Emirates, and will see considerable tariff reductions, increase market access, and simplify customs procedures.

European Free Trade Association (EFTA): The European Free Trade Association (EFTA) is an intergovernmental organization founded in 1960 by seven European countries (Austria, Denmark, Norway, Portugal, Sweden, Switzerland, and the United Kingdom) to promote free trade and economic cooperation among its member states. EFTA operates in parallel with the European Union (EU) and its member states participate in the EU's single market through the European Economic Area (EEA) agreement. EFTA's main activities include negotiating free trade agreements with countries outside the EEA, promoting trade and economic cooperation among its members, and providing a forum for dialogue and cooperation on trade-related issues. EFTA currently has four member states: Iceland, Liechtenstein, Norway, and Switzerland.



INTERNATIONAL RELATIONS

Zardari sworn in as Pak. President for a second time

CONTEXT: Asif Ali Zardari took oath as Pakistan's 14th President, a day after the veteran politician staged a remarkable comeback when he was overwhelmingly elected as the only civilian President of the coup-prone country for a second time.



Asif Ali Zardari, the widower of former assassinated Pakistani prime minister Benazir Bhutto, took oath on Sunday (March 10) as the 14th president of the South Asian country. Zardari, backed by Pakistan Peoples' Party and Pakistan Muslim League (Nawaz) secured 411 votes against 181 votes secured by Pakistan-Tehreek-e-Insaf-backed Mahmood Khan Achakzai.Zardari was sworn in as the Pakistani head of state for the second time. He earlier served as the

11th president of Pakistan from 2008 to 2013 after his wife's assassination that took place during the military rule of General Pervez Musharraf. Chief Justice of Pakistan Qazi Faez Isa administered the oath to Zardari at a ceremony. The event was attended by governors and chief ministers of all provinces except Khyber Pakhtunkhwa Chief Minister and PTI leader Ali Amin Gandapur.

Former president Dr. Arif Alvi, PML-N supremo Nawaz Sharif, Speaker National Assembly Ayaz Sadiq, former foreign minister Bilawal Bhutto Zardari, Bakhtawar Bhutto, Asifa Bhutto, Army Chief General Asim Munir, and Chairman Joint Chiefs of Staff Committee General Sahir Shamshad Mirza also attended the event. He replaced Dr. Arif Alvi who completed his term in Sept. 2023.

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POLITY AND GOVERNANCE

Panel, headed by PM, likely to appoint new ECs by March 15

CONTEXT: The two vacancies in the Election Commission (EC), created by the surprise resignation of Arun Goel and the retirement of Anup Chandra Pandey, are likely to be filled by March 15, sources indicated on Sunday.

SUMMARY: A High-Level Selection Committee, led by Prime Minister Narendra Modi and including Union Minister Arjun Ram Meghwal and Congress leader Adhir Ranjan Chowdhury, is expected to meet on March 14 to fill vacancies in the Election Commission. Originally scheduled for March 15, the meeting was moved up due to the sudden resignation of one member, leaving only the Chief Election Commissioner (CEC) in office.

METHOD OF APPOINTMENT OF THE ELECTION COMMISSION OF INDIA

The Election Commission of India (ECI) is a constitutional body responsible for administering elections in the country. The method of appointment of the Chief Election Commissioner (CEC) and other Election Commissioners is governed by Article 324 of the Indian Constitution.

A search committee under Law Minister Arjun Ram Meghwal will prepare a shortlist of five names for each post. The search committee includes the Union Home Secretary and the Secretary, Department of Personnel and Training (DoPT). The High Level Selection Committee finalise the names of the commissioners.

- Appointment of the Chief Election Commissioner (CEC): The
 President of India appoints the CEC. The CEC can serve for a
 term of six years or up to the age of 65, whichever is earlier. The
 CEC can resign from office by addressing the resignation letter to
 the President.
- Appointment of the Election Commissioners: The President also appoints the Election Commissioners. The number of Election Commissioners can vary, but it is usually two. The Election Commissioners serve for a term of six years or up to the age of 65, whichever is earlier. They can also resign by addressing the resignation letter to the President.
- Independence of the ECI: To ensure the independence of the ECI, the Constitution provides that once appointed, the CEC and Election Commissioners can only be removed from office through impeachment by Parliament, similar to the process for removing a judge of the Supreme Court. This is intended to safeguard them from political interference.
- Conditions of service: The conditions of service and other terms of the CEC and Election Commissioners are determined by the President. These conditions are generally equivalent to those of a judge of the Supreme Court of India.
- Tenure and retirement: The CEC and Election Commissioners serve for a fixed term, as mentioned earlier. They can also be removed from office if they are adjudged as insolvent, or they engage in paid employment outside their duties, or if they are of unsound mind, among other reasons.

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ECOLOGY AND ENVIRONMENT

7,396 golden langurs in India, reveals survey

CONTEXT: A recent survey conducted by the Primate Research Centre NE India (PRCNE), Assam Forest Department, Bodoland Territorial Council, Salim Ali Centre for Ornithology and Natural History (SACON), and Conservation Himalayas has estimated the population of golden langurs in India to be around 7,396 individuals.

GOLDEN LANGURS: Endangered primate species found in northeastern India, particularly in Assam, West Bengal, and Meghalaya, as well as in parts of Bhutan. The entire distribution range of the golden langur (Trachypithecus geei) covers the Manas Biosphere Reserve and all fragmented forests in the western part of Assam.

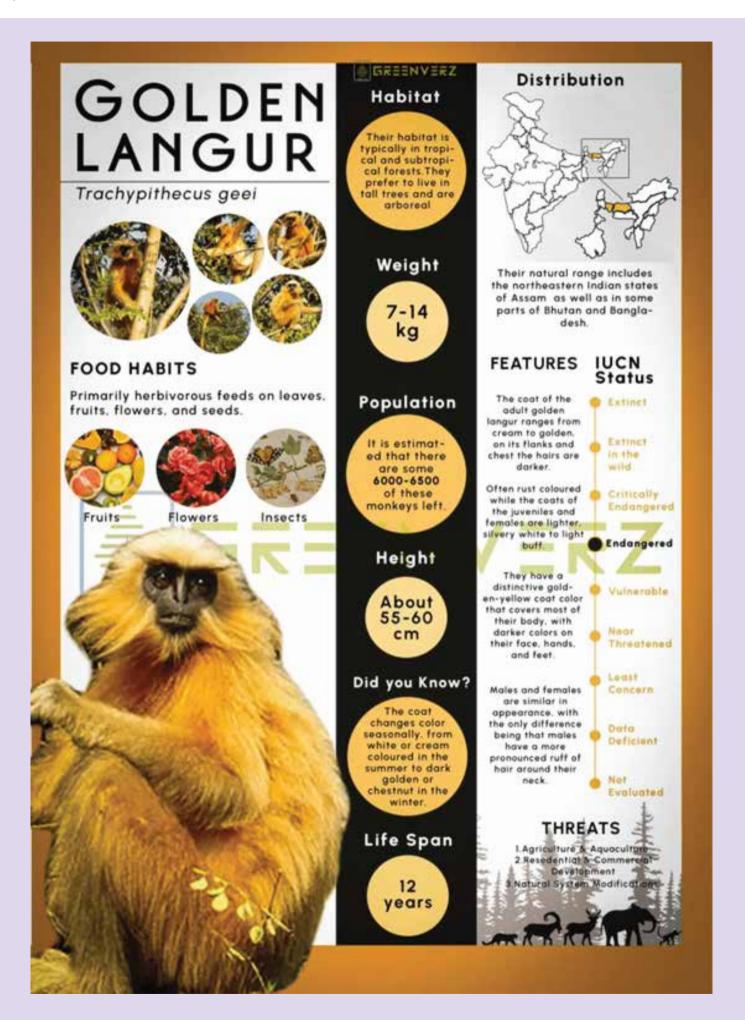
TWO PHASE SURVEY: In the first phase during March-April 2020, the survey covered the western part of the Manas Biosphere Reserve, including Ripu Reserved Forest — a major part of it was recently upgraded to Raimona National Park — Chirang Reserve Forest, Manas Reserve Forest, and Manas National Park up to the western bank of the Manas River. The second phase during the same months in 2021 focused on fragmented forest habitats of golden langurs in the Bongaigaon, Kokrajhar, and Dhubri districts of western Assam. The block count method was applied for the first time to assess the abundance, spatial distribution, and densities of the golden langur populations.

SURVEY METHODOLOGY: The survey conducted by the Primate Research Centre NE India (PRCNE) estimated the population of golden langurs in India using a relatively simple, cost-effective, and robust method suitable for arboreal and small group-living primates. The survey demarcated the golden langur habitat into 51 counting blocks, each overlaid with 50-hectare grid cells, and employed ten teams to conduct the survey.

SURVEY OBSERVATIONS: The survey observed a total of 7,720 golden langurs, including 706 unique groups and 31 lone males. After estimating the minimum population size, the survey found 7,396 individuals in 707 groups, inclusive of bisexual and male bands, along with 31 lone males. The population is divided into two major sub-populations: the northern extended population, which includes the western part of the Manas Biosphere Reserve, and the southern fragments. The northern population was estimated at 5,566 individuals in 534 groups and 23 lone males, while the southern population was estimated at 1,830 individuals in 173 groups and eight lone males.

ISSUES: The survey highlighted an unstable situation in the fragmented habitats of golden langurs, particularly due to the absence of non-breeding all-male bands. It emphasized the need for corridor linkage among fragmented habitats through plantations and canopy bridges to offset potential threats from anthropogenic interactions.

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POLITY AND GOVERNANCE

Gig workers suffer from lack of social security, regulation: study

CONTEXT: Almost a third of app-based cab drivers work for over 14 hours a day, while more than 83% work more than 10 hours and 60% work over 12 hours, according to a study of more than 10,000 Indian cab drivers, gig and platform workers.

SUMMARY: People's Association in Grassroots Action and Movements and the Indian Federation of App-based Transport Workers, with technical support from the University of Pennsylvania and Friedrich-Ebert-Stiftung India conducted a study among 10,000 Indian cab drivers, gig, and platform workers - 5,302 cab drivers and 5,028 delivery persons across eight cities participated in the survey, with 78 % of respondents aged between 21 to 40 years revealed that nearly a third of app-based cab drivers work for over 14 hours a day, with over 83 % working more than 10 hours and 60 % working over 12 hours. Social disparities are evident, with over 60 % of drivers from Scheduled Castes and Tribes working for over 14 hours, compared to only 16% from the unreserved category.

- 43 % of participants earn less than ₹ 500 a day or ₹15,000 a month after deducting all their costs.
- 34 % of app-based delivery persons earn less than ₹10,000 a month
- 78 % spend over 10 hours each day at work.

ANALYSIS: The study calls for stronger social security for app-based workers. It also recommends government oversight on the fairness of algorithms and mechanisms used by platforms to monitor these workers. The report highlights income disparities among workers from different castes, stating that these disparities further exacerbate existing social inequalities and perpetuate cycles of poverty and distress within these communities. The demanding work hours lead to physical exhaustion and increased risk of road traffic accidents, especially due to certain e-commerce platforms' '10-minute delivery at the doorstep' policy. Lack of social and job security adds to stress and potential health issues. The report concludes that 76% of delivery persons are struggling to make ends meet and highlights the issues of ID deactivation and customer misbehavior as major complaints among workers.

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POLITY AND GOVERNANCE

Electoral bonds, the State Bank and the art of evasion

CONTEXT: On February 15, 2024, the Supreme Court of India declared the electoral bond scheme unconstitutional, citing concerns about unlimited anonymous funding of political parties and the consolidation of big money in the political system.

SUMMARY: On February 15, 2024, the Supreme Court of India declared the electoral bond scheme unconstitutional, citing concerns about unlimited anonymous funding of political parties and the consolidation of big money in the political system. To implement its ruling, the Court ordered the State Bank of India (SBI), which issued and encashed the bonds, to stop issuing them and disclose details of all bonds purchased and redeemed since April 12, 2019. On March 04, 2024, the SBI filed an affidavit stating its inability to provide the required information within the prescribed time. The bank claimed that details of bond purchase and redemption were stored separately, requiring significant effort to match them. The SBI requested an additional four months to comply with the Court's directions. The request was criticized as absurd, as all the required information was stored in sealed covers at the SBI's main branch in Mumbai. The SBI's delay in complying with the Court's directions has raised suspicions that it is attempting to evade revealing donor identities before the 2024 General Election. The Court's judgment emphasized the voter's right to know financial contributions to political parties, as it influences electoral politics and governmental decisions. The Court noted that corporate contributions, which comprised 94 % of electoral bonds in value terms, are often made with the intent of securing benefits. Knowing the sources of political party funding allows voters to assess the correlation between policy making and financial contributions, empowering them to track quid pro quo. The Supreme Court is urged to ensure the timely disclosure of electoral bond details, upholding voters' constitutional right to information under Article 19(1)(a) and enabling them to make informed decisions in the upcoming general election.



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POLITY AND GOVERNANCE

We need limits on election campaign spending

CONTEXT: In a democratic country, it is essential for a government to spread awareness about its schemes and policies. In the first few decades in independent India, this was primarily done through public meetings. In the last three decades, awareness has been spread through advertisements on print and electronic media, which have a wide reach. However, at present, government advertisements published or broadcast before elections tend to be campaigns of the ruling party and establish personality cults.

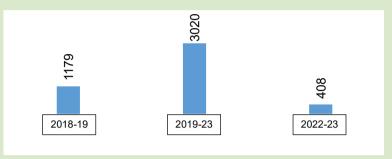


FIGURE: Column chart representation of expenditures on advertisements.

According to the Information and Broadcasting Ministry, the Centre had spent ₹ 3,020 Cr. on advertisements between 2018-19 and 2022-23, significantly higher at ₹ 1,179 Cr. during the election year of 2018-19 as against ₹408Cr. in 2022-23.

The Supreme Court through its orders in May 2015 and March 2016 laid down guidelines for the regulation of government advertisements. Even then, ruling governments have an advantage before elections when it comes to publishing advertisements that disturb the level playing field.

The election expenditure limit for candidates is ₹ 95 lakh per Lok Sabha constituency in larger States and ₹ 75 lakh in smaller States. Candidates of all major political parties breach this limit by a wide margin even when we do not consider the illegal distribution of cash and gifts to voters. In States notorious for this corrupt electoral practice, the official limit is not even a fraction of the actual election expenditure.

In India, there are no limits on the expenditure of political parties during elections. The official expenditure declared by the BJP and Congress for the 2019 elections was ₹ 1,264 Cr. and ₹ 820 Cr., respectively. However, a report by the Centre for Media Studies (CMS) states that political parties spent about ₹ 50,000 Cr. during the elections with the BJP spending about 50% of this amount and the Congress about 20 %. The report suggests that 35 % of this money was spent on campaigns, while 25 % was distributed amongst voters illegally. Most of this funding comes from corporate houses and businessmen, creating an unholy nexus between donors and elected representatives.

The Indrajit Gupta Committee (1998) and the Law Commission report (1999) advocated state funding of elections. The Government will contribute money to political parties or candidates for them to contest elections. It requires consensus among all the political parties and discipline in following the norms of such state funding. The likely expenditure during the 2024 General Elections is estimated at ₹ 1 lakh Cr.

Salient features of the proposed Electoral Reforms:

The Election Commission of India submitted the proposed Electoral Reform in 2016.

- 1. Government advertisements should be banned six months prior to any general election.
- 2. Amend laws to state that a party's 'financial assistance' to its candidate should also be within the limits of election expenditure prescribed for a candidate.
- Expenditure ceiling on expenditure by parties. This may be kept at not more than the expenditure ceiling limit provided for a candidate multiplied by the number of candidates of the party contesting the election.
- 4. Appoint additional judges can be appointed in High Courts for speedy disposal of election-related cases that would act as a deterrent against the violation of norms.

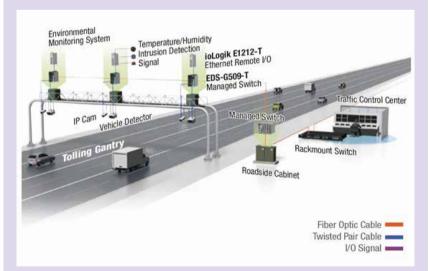
SCIENCE AND TECHNOLOGY

Introducing a new toll collection system

CONTEXT: Road Transport and Highways Minister Nitin Gadkari said in Parliament in February that the Government plans to implement a new highway toll collection system based on the global navigation satellite system.

PROPOSED HIGHWAY TOLLING SYSTEM:

The global navigation satellite system is a term used to refer to any satellite-based navigation system, including the United States' Global Positioning System (GPS). It uses a large constellation of satellites to provide more accurate location and navigation information to users globally as compared to the GPS alone.



SUMMARY: An On-Board Unit (OBU) or tracking device fitted inside vehicles can be mapped using the Indian satellite navigation system, GAGAN to an accuracy of approximately 10 meters. The system will log the coordinates of national highways, use digital image processing to assign toll rates, calculate toll amounts based on distance traveled, and deduct tolls from a linked wallet. Gantries with CCTV cameras will be installed on highways to enforce the system, capturing images of vehicles' high-security registration

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plates to prevent fraud. The technology aims to enable users to pay tolls only for the actual distance traveled, known as pay-as-you-use, and facilitate barrier-free movement on highways.

CHALLENGES: The toll collection system using OBUs and satellite technology faces challenges in recovering toll amounts from road users who fail to clear payments, such as when their digital wallet linked to the OBU is empty. Since there are no barriers, other issues arise, including vehicles traveling without an OBU or with a deliberately switched-off device to avoid payment, or with an OBU from a smaller vehicle installed on a larger vehicle to pay less toll. To address these issues, gantry-mounted Automatic Number-Plate Recognition (ANPR)-based systems need to be set up on highways, which is currently lacking in India. The success of an ANPR system depends on the quality of license plates, which are limited in availability. Additionally, amendments to the National Highways Fee Rules will be needed to enable the recovery of unpaid tolls, define offenses, and require the use of OBUs in vehicles.

SAFEGUARDING PRIVACY: The Government plans to safeguard the privacy of vehicle users by using the GAGAN satellite system instead of GPS, which is owned by the U.S., to ensure data security within the country. The Digital Personal Data Protection Act, 2023, passed in Parliament last year, is seen as addressing privacy concerns. However, the law has faced criticism from civil society for widening exemptions granted to government agencies, potentially leading to increased state surveillance.

DISCONTINUING FASTags: The new tolling system, using On-Board Units (OBUs) and satellite-based technology, will co-exist with the existing FASTag-based toll collection. Minister Gadkari has been advocating for satellite-based toll collection since 2020, despite the rollout of FASTags for toll collection starting in 2016 and becoming mandatory in February 2021. By December 2023, 98.9 % of vehicles passing through toll plazas at national highways were FASTag compliant, leading to a 1.5 times increase in toll collection from ₹ 17,942 crore in 2016-2017 to ₹ 27,744 crore in 2020-2021. The new satellite-based system is expected to have lower operational costs compared to FASTags due to the absence of toll plazas and fewer entities involved in the toll collection process.



INTERNATIONAL RELATIONS

'Why did the EU impose a €1.8 billion fine on Apple?

CONTEXT: The European Commission imposed a €1.8 billion (\$1.95 billion) anti-trust fine against Apple for unfairly favoring Apple Music over its rivals. This penalty follows a nearly four-year investigation prompted by a complaint from Spotify, which accused Apple of not disclosing to customers alternative options to pay for their streaming music subscriptions.

ISSUE: The commission found that Apple unfairly favored its own music streaming service by banning rivals from informing users about cheaper subscription options available outside of the App Store. Apple charges up to 30 % commission on purchases made through its App Store but does not receive this fee if the user makes the payment directly on the app's website. The regulator concluded that Apple prevented music streaming apps from informing iOS users about alternative and cheaper music subscription services available on their websites.

SIGNIFICANCE OF THE FINE: The European Commission's €1.8 billion fine against Apple for unfairly favoring Apple Music over its rivals highlights the EU's seriousness in addressing abuse of dominant market positions. This penalty is one of the largest fines imposed on a major tech company in the EU. Under EU antitrust laws, the fine opens Apple up to potential lawsuits from companies affected by its anti-competitive behavior, allowing them to seek damages in EU courts. This decision comes as Apple is restructuring its app marketplace to comply with the EU's Digital Markets Act, which aims to allow third-party apps on iOS devices.

VIOLATION OF THE APPLE: The European Commission concluded that Apple's anti-steering provisions, which prevent app developers from directing users to alternative payment options, constituted "unfair trading" conditions in violation of the Treaty on the Functioning of the European Union (TFEU). This violation of Article 102 of the TFEU and Article 54 of the European Economic Area Agreement led to a €1.8 billion fine. The EU's Digital Markets Act (DMA) will now prevent Apple from applying anti-steering provisions on any iOS apps as it is considered a "gatekeeper" in the online space. Companies in the EU risk fines of up to 10% of their global turnover for antitrust violations, which can be extended up to 20% for repeated violations. In response, Apple criticized the decision, claiming that the EU failed to uncover evidence of consumer harm and that there was no evidence of anti-competitive behavior. Apple plans to appeal the decision.

COMPANIES ARE FACING ANTI-TRUST INVESTIGATIONS

In December last year, Apple offered to allow rivals access to its tap-and-go mobile payments system, used for mobile wallets, in an attempt to settle EU anti-trust charges. The charges stemmed from Apple allegedly limiting rivals' access to its Near-Field Communication (NFC) technology, making it challenging for them to develop competing services on Apple devices. Additionally, a long-running investigation into Google found that the company unfairly favored its own shopping recommendations in search results over those of rivals. The European Commission also informed Meta (formerly Facebook) in December 2022 that it believes the company breached EU anti-trust rules by distorting competition in the online classified ads market.

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SCIENCE AND TECHNOLOGY

What are the factors pushing Bitcoin to a new all-time high?

CONTEXT: On March 5, Bitcoin, the largest cryptocurrency by market capitalisation, broke its previous price record to hit a new all-time high of \$69,170.63. The last high was \$68,789.63, which Bitcoin achieved in November 2021. After this event in 2021, the coin crashed to multi-year lows and the crypto market was battered by company collapses and regulatory hits.

FACTORS BEHIND BITCOIN'S RISE IN PRICE:

Bitcoin's price gains this year can be attributed to several factors. The market is recovering from the shock of Russia's invasion of Ukraine in 2022, as well as the collapse of cryptocurrencies like LUNA/UST and trading platforms like FTX. Additionally, the approval of the first spot exchange traded funds (ETFs) for Bitcoin by the U.S. Securities and Exchange Commission (SEC) signaled to investors and financial institutions that the regulatory landscape for cryptocurrencies might be opening up. This encouraged more traditional investors to explore blockchain-based assets. Bitcoin alone saw \$1.73 billion in inflows, out of a total of \$ 1.84 billion across digital asset investment products, highlighting its dominance in the market.

BITCOIN HALVING: The Bitcoin halving occurs approximately every four years and involves cutting the crypto mining reward in half. This process is designed to maintain scarcity of Bitcoin, unlike fiat currency that can be printed at will. Bitcoin miners use advanced computer equipment to mine coins by processing transactions on

the blockchain. Currently, the mining reward is 6.25 BTC, but this will be halved around April, reducing the rate at which new coins are introduced into the crypto economy. With a maximum supply of 21 million BTC and over 19 million already in circulation, the halving ensures that coins will continue to be released at slower rates, potentially extending into the next century.

CRYPTO VOLATAILITY: New investors in Bitcoin and other blockchain-based assets should be aware of the volatility of these assets, as their value can change rapidly. For example, Bitcoin's price can vary by thousands of dollars within a single day. This means that even a brief distraction can lead to significant changes in one's investment. When Bitcoin reaches new highs, many speculators sell their assets to exit the market with a profit, or they buy back the assets at a lower price after a price drop.

CRYPTOCURRENCY MARKET: Bitcoin's market capitalization has surpassed \$ 1 trillion, making it the dominant cryptocurrency. Ethereum, with its currency Ether (ETH), is second in line, with a market cap of less than \$ 500 billion. Ethereum differs from Bitcoin in that it has a more structured corporate framework, but developers worldwide can participate in its ecosystem, known for enabling smart contracts. Ethereum allows users to create their own crypto tokens and build blockchain services. While Ether was initially mined like Bitcoin, it has since switched to a less energy-intensive "proof-of-stake" model. Ether's prices are influenced by Bitcoin's, and it recently crossed the \$ 3,900 threshold but has yet to surpass its all-time high of \$ 4,891.70 from November 16, 2021.



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