



VAJIRAM & RAVI
Institute for IAS Examination

The Analyst

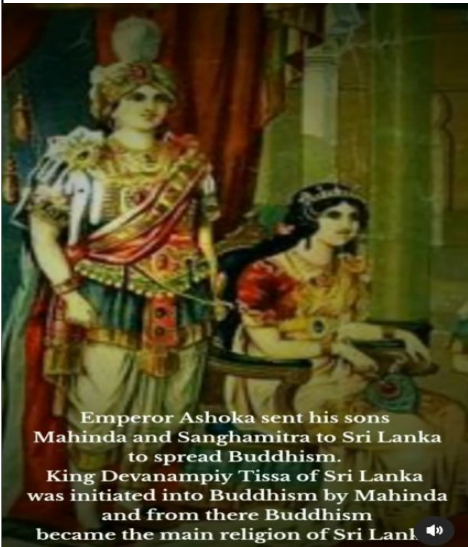
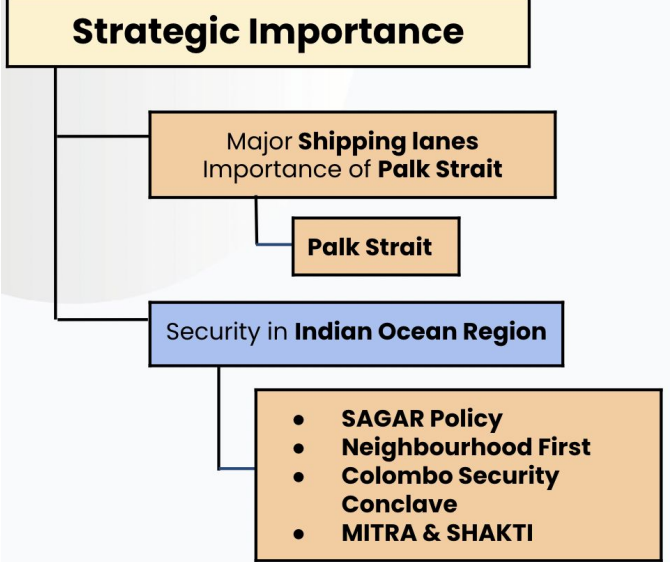
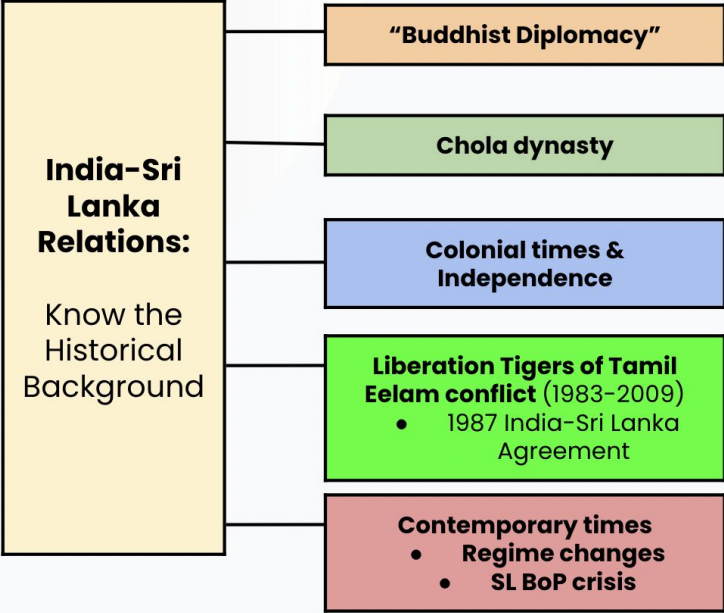
CURRENT AFFAIRS Handout

17th December 2024



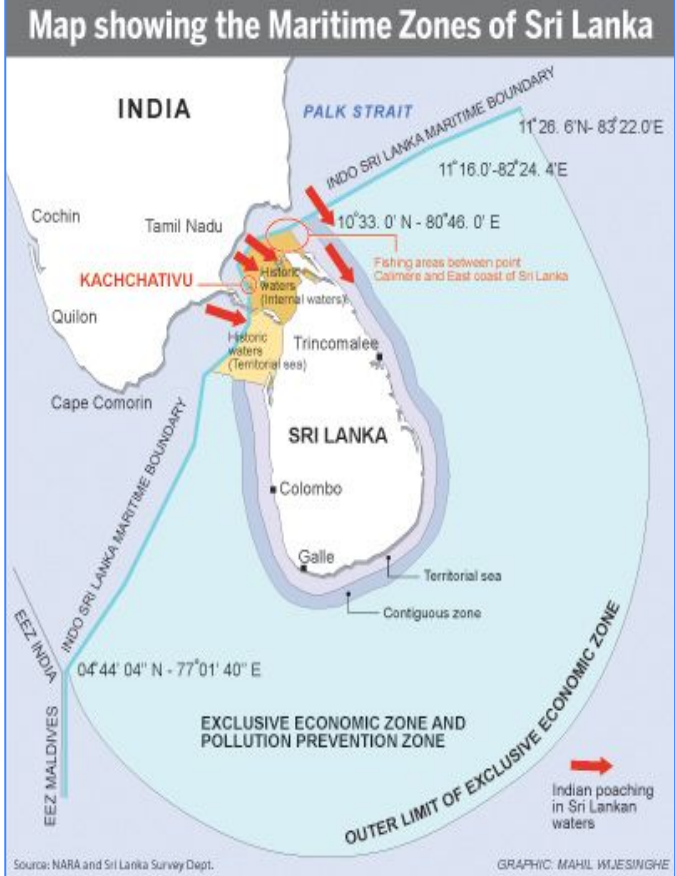
India Sri Lanka ties

CONTEXT: Dissanayake reaches Delhi, his first foreign trip after coming to power, pacts readied



Do you know?

Rajendra Chola built a Shiva temple in Sri Lanka in the name of his mother!



India Sri Lanka ties



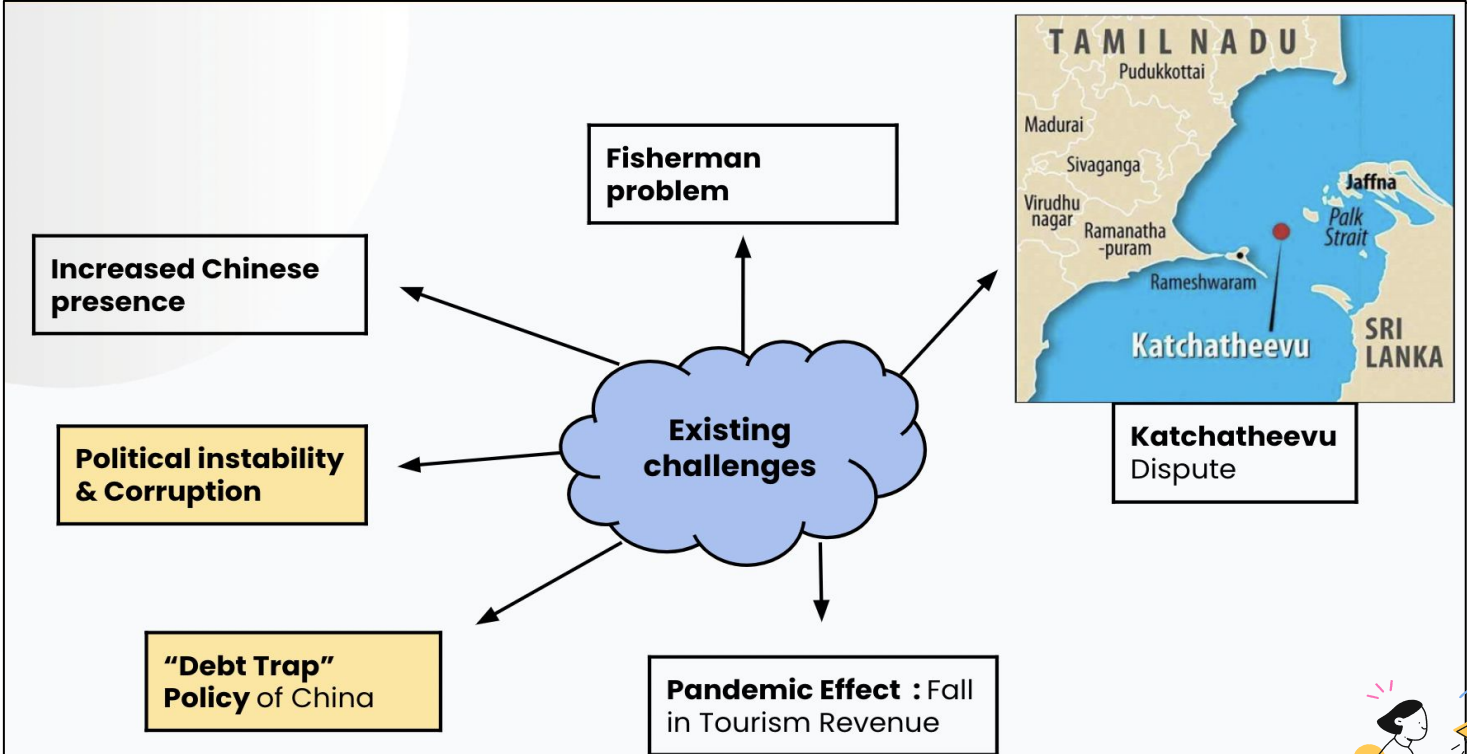
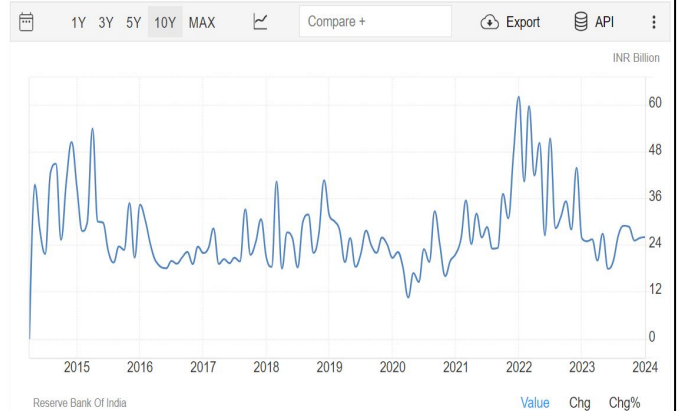
CONTEXT: Dissanayake reaches Delhi, his first foreign trip after coming to power, pacts readied

How is India engaging with Sri Lanka in various fields?

- India-Sri Lanka **Free Trade Agreement** (2000)
- **Cultural Cooperation Agreement** (1977)
- **Development assistance** (\$3bn)
 - Indian Housing Project
 - High Impact Community Development Projects
 - COVID assistance
 - 2024: ferry service between Nagapattinam in India and Kankesanthurai in Sri Lanka

- **Indo-Sri Lankan Defence Dialogue** (2012)
 - Joint Military (**Mitra Shakti**) and Naval exercises (**SLINEX**)
 - Kankesanthurai port
- **BIMSTEC and Indian Ocean Rim Association**

Exports to Sri Lanka in India increased to 26 INR Billion in January from 25.78 INR Billion in December of 2023. Exports to Sri Lanka in India averaged 27.44 INR Billion from 2014 until 2024, reaching an all time high of 62.04 INR Billion in January of 2022 and a record low of 0.00 INR Billion in April of 2014. source: Reserve Bank Of India



India Sri Lanka ties

CONTEXT: Dissanayake reaches Delhi, his first foreign trip after coming to power, pacts readied

“I have given an assurance to the Prime Minister of India that we will not have our land... be used in a manner that is detrimental to the interest of India in any way,” Dissanayake said after bilateral talks with Prime Minister [Narendra Modi](#) at Hyderabad House.

September 2024:
Anura Kumara Dissanayake
elected as President

Acknowledged India's crucial role

Sri Lanka Unique Digital Identity

Boost energy ties
(Grid + PetroPipelines)

Thinly-veiled reference to China's activities

Other

- **Railway signalling system**
- **Scholarships**
- **Training of 1500+ civil servants**
- **Talaimannar Ferry service**
- **Ramayana circuit and the Buddhist circuit**



“Regional Economic Integration with South India is the Best Long-Term Bet for Sri Lanka”

- **Geographical Proximity**
- Economic **Complementarities**
- Shared **Infrastructure**
- **Permanent solution to the issue of fishermen**
- **13th Amendment**
- Other avenues
 - India's **Act East** and **SAGAR**
 - **Strategic Stability**

UPSC PYQ (M)

📍 **India is an age-old friend of Sri Lanka.’ Discuss India’s role in the recent crisis in Sri Lanka in the light of the preceding statement. (UPSC CSE, GS2, 2022)**

📍 **In respect of India – Sri Lanka relations, discuss how domestic factors influence foreign policy. (UPSC CSE, GS2, 2013)**

UPSC PYQ (P) 2020

Consider the following statements:

1. The value of Indo-Sri Lanka trade has consistently increased in the last decade.
2. “Textile and textile articles” constitute an important item of trade between India and Bangladesh.
3. In the last five years, Nepal has been the largest trading partner of India in South Asia.

Which of the statements given above is/are correct?

- (a) 1 and 2 only
- (b) 2 only
- (c) 1 and 3 only
- (d) 1, 2 and 3



Green hydrogen & Financing challenge

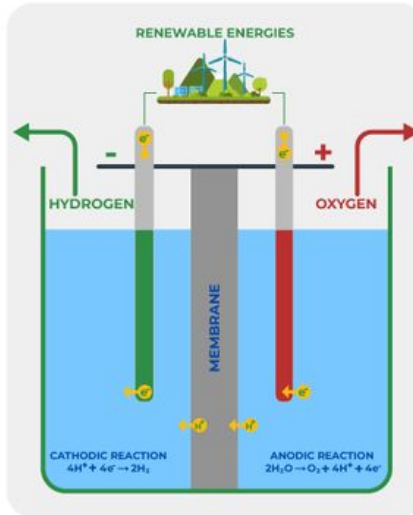


CONTEXT: As India charts its path to net-zero emissions by 2070, green hydrogen offers a crucial pathway to decarbonise its industrial sectors; but challenges remain.

HOW IS GREEN HYDROGEN OBTAINED ?

Producing green hydrogen by electrolysis from renewable sources involves breaking down water molecules (H₂O) into oxygen (O₂) and hydrogen (H₂).

- 1 The water used in the electrolysis must contain **salts and minerals** to conduct the electricity.
- 2 Two electrodes are immersed in the water and connected to a power source and a direct current is applied.
- 3 The dissociation of hydrogen and oxygen occurs when the electrodes attract ions with an **opposite charge** to them.
- 4 During the electrolysis an **oxidation-reduction reaction** occurs due to the effect of the electricity.



Benefits of Green H₂

Produces '0' CO₂ emissions

Versatile Energy Carrier

Only water as a byproduct

Energy Security

India's Green Hydrogen Ambitions

Target: Produce **5 million metric tonnes** annually by **2030**

Significance: Positions India as a **global leader in green hydrogen**, leveraging its renewable energy capacity (175 GW in 2023) to decarbonize industries and foster energy independence

Current Progress: Analysis by BloombergNEF indicates **India is on track to meet only 10% of its target**

Economic Challenge: Green vs. Grey Hydrogen

"Market deadlock"

Green Hydrogen: \$5.30-\$6.70 per kg.
Grey Hydrogen: \$1.9-\$2.4 per kg.

Renewable energy costs dominate hydrogen production

High borrowing costs

Electrolyzer Costs

Initial investments remain prohibitive

Market Uncertainty

Challenges and Roadblocks

Competition from China, Japan, and the EU

Coordination Issues



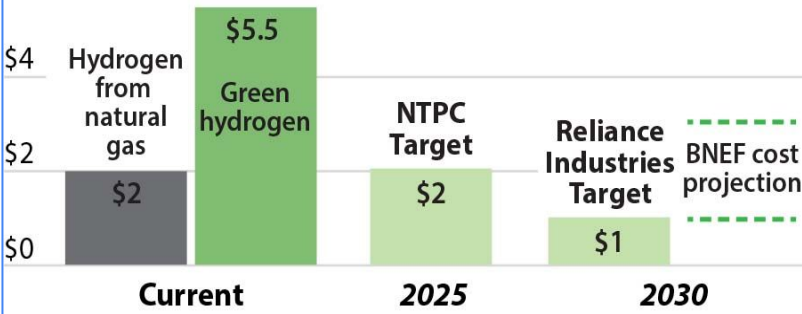
Green hydrogen & Financing challenge



CONTEXT: As India charts its path to net-zero emissions by 2070, green hydrogen offers a crucial pathway to decarbonise its industrial sectors; but challenges remain.

India: Race to Cut Cost of Green Hydrogen

Major renewable sector players plan to beat fossil hydrogen \$6 per kg hydrogen

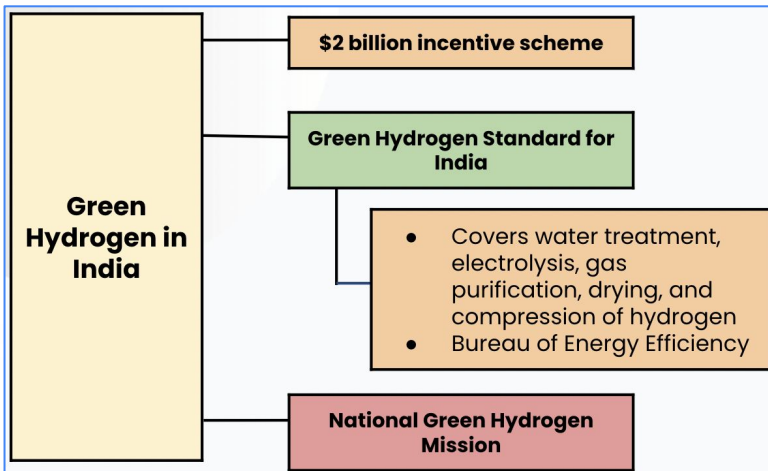


Sources: BNEF, Various media outlets

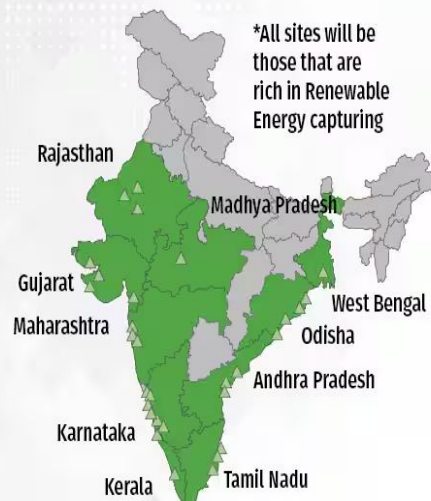
IEEFA

Key Strategies for India

- **Long-term Hydrogen Purchase Agreements**
- **Partial Loan Guarantees**
- **Global best practises**
 - U.K: Low Carbon Hydrogen Standard Certification
 - U.S., Japan, and Australia: strategic hydrogen hubs
- **Equipment Leasing**
- **Cross-Border Partnerships** [Hydrogen Energy Supply Chain (Australia-Japan)]
- **Industrial Hubs as Catalysts** (Odisha, Maharashtra, and Gujarat)
- **Key Industries to Target** (Steel and Cement, Fertilizers, Refining)



POTENTIAL LOCATIONS IDENTIFIED BY GOVT OF INDIA FOR GREEN HYDROGEN CAPACITY INSTALLATION



*All sites will be those that are rich in Renewable Energy capturing



Govt has held initial talks with the industry and at least 25 Million tonnes of hydrogen capacity in India is confirmed.

Union power minister RK Singh, however, expects this to touch 35 million tonnes at the start itself

Source: DGCA, Moneycontrol



Cabinet approves National Green Hydrogen Mission with an outlay of Rs 19,744 crore

Rs 17,490 crore for SIGHT program

Outcomes

- Hydrogen production capacity to reach 5 MMT per annum
- Addition of 125 GW renewable energy capacity by 2030
- Creation of over 6 lakh jobs
- Reduction in fossil fuel imports of over Rs 1 Lakh crore
- Reduction of 50 MMT of annual greenhouse gas emissions

*MMT - Million Metric Tonne
*SIGHT - Strategic Interventions for Green Hydrogen Transition Program



Green hydrogen & Financing challenge



CONTEXT: As India charts its path to net-zero emissions by 2070, green hydrogen offers a crucial pathway to decarbonise its industrial sectors; but challenges remain.

UPSC CSE Prelims PYQ 2010

Hydrogen fuel cell vehicles produce one of the following as "exhaust"

- (a) NH₃
- (b) CH₄
- (c) H₂O
- (d) H₂O₂

UPSC PYQ (P) 2020

With reference to 'fuel cells' in which hydrogen-rich fuel and oxygen are used to generate electricity, consider the following statements:

1. If pure hydrogen is used as a fuel, the fuel cell emits heat and water as by-products.
2. Fuel cells can be used for powering buildings and not for small devices like laptop computers.
3. Fuel cells produce electricity in the form of Alternating Current (AC).

Which of the statements given above is/are correct?

- (a) 1 only
- (b) 2 and 3 only
- (c) 1 and 3 only
- (d) 1, 2 and 3



Syllabus : _____ GS 2 : Indian constitution

Source : Indian Express, Page : 15

Indian Constitution on Religion-based Reservations

The Col of 1949 dropped '**minorities**' from Article 296 of the draft constitution (Article 335 now).

Article 16(4) enables state to make "any provision for reservation in favour of any backward class of citizens which is not adequately represented in the services under the state"

Article 15 prohibits state from discriminating against citizens based on religion and caste

1st Constitutional Amendment Act inserted Article 15(4) "special provision for the advancement of any socially and educationally backward classes of citizens or the SCs and the STs"

Do you know?

"Only" in **Articles 15 and 16**: if a **religious, racial, or caste** group is considered a "weaker section" or backward class, they're entitled to special provisions

- Certain Muslim castes received reservations
- Establishing a sub-quota within the OBCs

Background of the news

2006, the **Justice Rajinder Sachar Committee**, appointed by the Manmohan Singh government to inquire into the **social, economic, and educational status of Muslims** found that the representation of Muslim OBCs was "abysmally low" in government jobs, which suggested that "benefits of entitlements meant for the backward classes are yet to reach them".

THE SUPREME Court orally observed last week that "reservation cannot be on the basis of religion". The Bench of Justices BR Gavai and KV Viswanathan was hearing a challenge to the May 22 Calcutta High Court decision which struck down reservation for 77 communities (classes) – 75 of which were Muslim – within the quota for Other Backward Classes (OBC).

On November 26, the court had rejected an appeal against the denial of a Scheduled Caste (SC) certificate to a woman from Puducherry after holding that she was "a born Christian and could not be associated with any caste".

in the services under the State". While there is no bar on identifying a religious group as the beneficiary of reservation within the OBC and ST quotas, efforts to include religious groups or communities within the scope of reservation have mostly been in the OBC category.

Kerala has provided reservation to Muslims within the OBC quota since 1956. Karnataka (in 1995) and Tamil Nadu (in 2007) too, have sought to include Muslim groups under the OBC quota.

Mandal case (Indra Sawhney v Union of India) the SC said the purpose of the OBC quota was to address historical discrimination faced by certain groups, and "No class of citizens can be classified as backward solely by reason of religion, race, caste, sex, descent, place of birth, residence or any of them."

In essence, the court held that while religion and other factors of group identity were relevant, they could not be the sole criteria to provide reservation within the OBC quota.

Based on this ruling, the Calcutta High Court struck down OBC reservation for 77 classes – this quota, it said, had been provided without using "objective criteria" to determine the backwardness of these classes. "Religion indeed appears to have been the sole criterion for declaring these communities as OBCs", Justices Tapabrata Chakraborty and Rajasekhar Mantha said. "This court's mind is not free from doubt that the said community has been treated as a commodity for political ends."



Syllabus : _____ GS 2 : Indian constitution

Source : Indian Express, Page : 15

Other Judicial Interventions

- *M R Balaji vs State of Mysore*, 1962: social backwardness **should not solely rely** on caste considerations
- *T Muralidhar Rao vs State of AP*, 2004: Muslims, Christians, Sikhs, etc., **not excluded** from benefits wrt Articles 15(4) or 16(4).
- *B Archana Reddy vs State of AP*, 2005: struck down the 2005 AP government ordinance for extending benefits to the entire community

Conversion and SC Quota

Under **Article 341(1)**, the President can “specify the castes, races or tribes or parts of or groups within castes, races or tribes which shall...be **deemed to be Scheduled Castes**”.

Shortly after the Constitution came into force, the **President** issued The Constitution (Scheduled Castes) Order, 1950, which contained a **list of SC communities in each state**.

Clause 3 of this order now says that “no person who professes a religion different from the Hindu, the Sikh or the Buddhist religion shall be deemed to be a member of a **Scheduled Caste**”. The Order was originally restricted to Hindus, but was **later expanded to include SC Hindus who converted to Sikhism (in 1956), and Buddhism (in 1990)**.

The court in *Soosai v. Union of India* (1985) did not answer whether a religious convert would retain their caste status after conversion, holding that this would not be “sufficient” to access SC benefits. It said that a **person must prove that even after conversion, the “handicaps suffered from such caste membership... continue in their oppressive severity in the new environment of a different religious community”**.

Push to include other communities

1996: PV N Rao **Govt Bill**, never tabled

2007: **Justice R Mishra Com**

The Commission recommended that “once a person has been included in a Scheduled Caste list a willful change of religion on his part should not affect adversely his or her Scheduled Caste status”.

The findings of the panel were disputed in later years. Converts to Islam and Christianity remain excluded from the scope of reservations.



Countering Inequality in India



Syllabus : GS 3 : Inclusive growth and issues arising from it

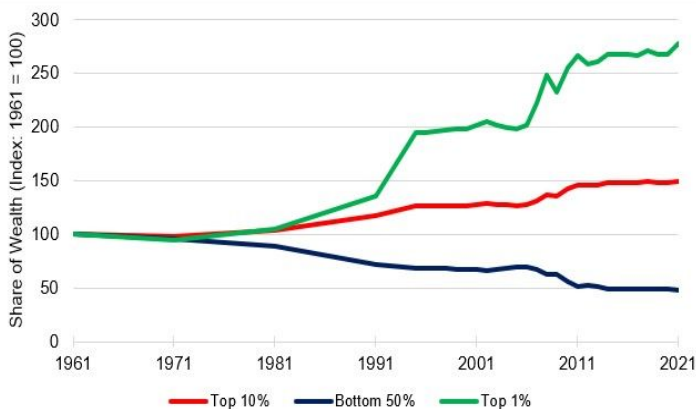
Source : The Indian Express Page : 12

Economic Inequality in India

"Economic inequality is the **unequal distribution of income, wealth, or opportunity** between people or groups in society"

- **Wealth Inequality**
- **Income Inequality:** 22.6% of N.Inc went to **top 1%**
(World Inequality database, 2022-23)
- **Rural-Urban Divide:** Rs. 3,773 vs Rs. 6,459
- **Gender Pay Gap:** Men earn 82 % of labour income

Figure 1: Wealth Inequality in India (1961-2021)



Do you know?

Top 5% own more than 60 % of the country's wealth (Oxfam)

Thomas Piketty on how to reduce inequalities in India?

FRENCH ECONOMIST THOMAS PIKETTY is right that inequality isn't a "rich country concern" and India shouldn't wait to become richer before addressing what is definitely a serious issue. Whether inequality in India is widening is a moot point. Official household consumption expenditure surveys show a decline in the Gini coefficient between 2011-12 and 2022-23 for rural and urban areas. In other words, consumption inequality has reduced. The same may not be true with income and wealth inequality, which would well have gone up in the past decade or more. That, if so,

Piketty is equally right with his diagnosis. The real inequality is one of opportunity. A large part of India's population suffers from a lack of access to quality education, health, nutrition and sanitation facilities. It makes them less productive. Incomes are ultimately a function of productivity – how much output and value a worker adds from economic activity. Incomes cannot rise without productivity improving. If the bulk of the workforce is, as Piketty notes, "stuck in a low productivity trap", they cannot contribute to growth nor partake of its fruits. That's all the more reason, then, why India needs to reduce inequality – in this case, of opportunity – early enough. It calls for increasing public investment in good schools, hospitals, provision of clean drinking water, human waste disposal and sewage treatment systems, and other physical and social infrastructure – much more than what the Centre and states are doing now.

Where Piketty, however, is wrong is in his prescription of taxing the wealth, and not just incomes, of the rich. Much of the Forbes billionaires' wealth are held as shares in the companies promoted by them. This is paper wealth that can be realised only when the shares are sold. It's one thing to tax incomes, capital gains from property or share sales, and goods and services transactions – which are all "flow" variables. Taxing unrealised wealth – which is a "stock" – is unnecessary. The tax reforms of recent times have helped broaden the base and reduce evasion. There's enough scope to raise additional resources from the already existing avenues, including through better enforcement and advanced analytics. The last thing India needs is a new tax that will create more disruptions than revenues for funding essential public goods.

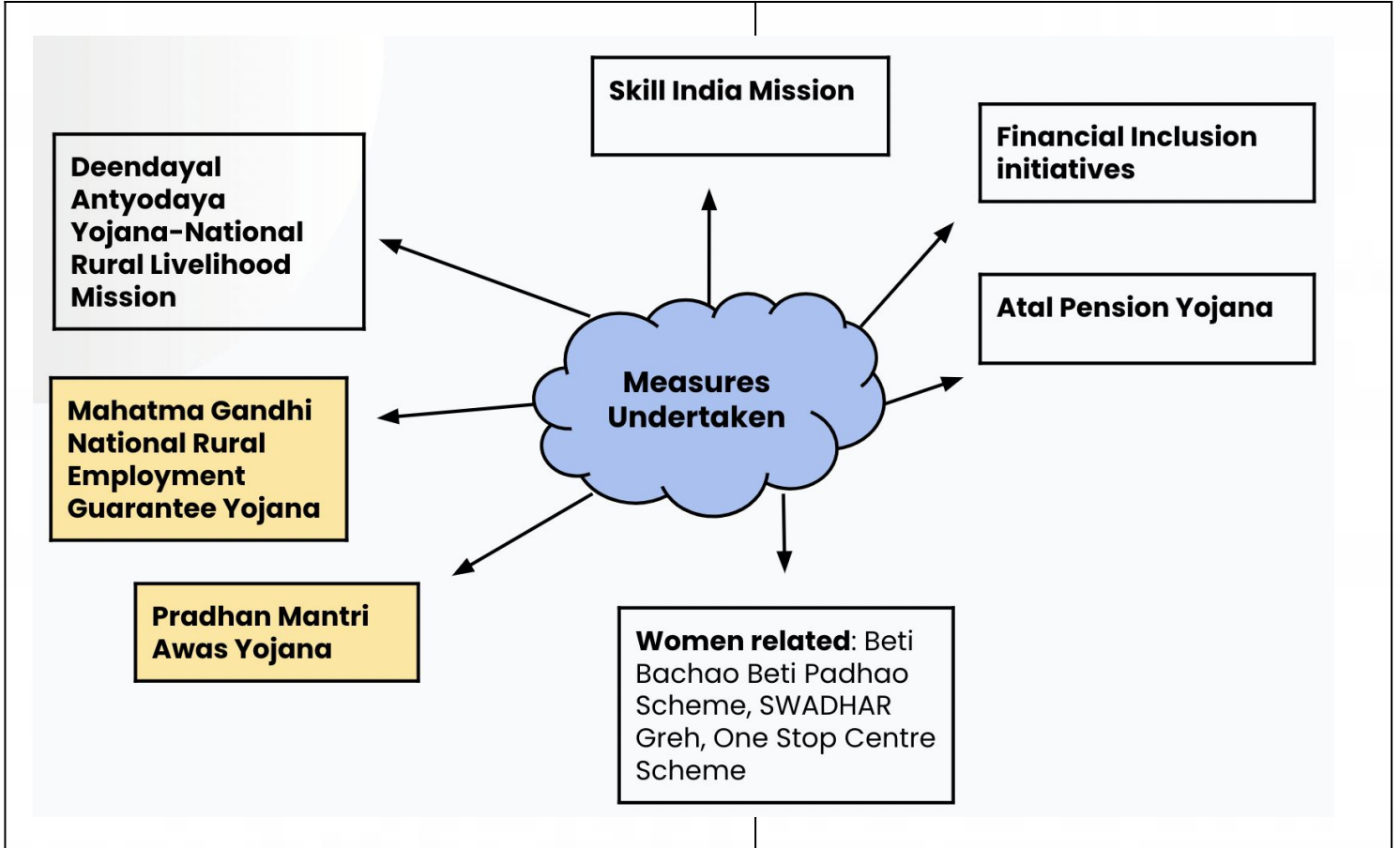


Countering Inequality in India



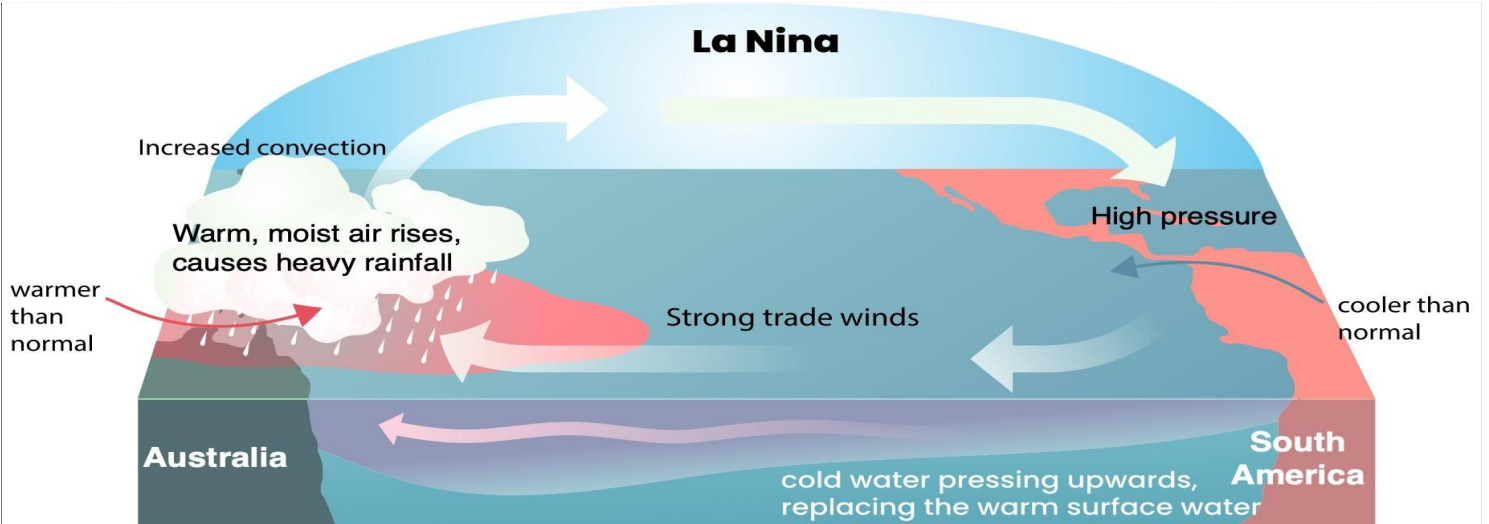
Syllabus : GS 3 : Inclusive growth and issues arising from it

Source : The Indian Express Page : 12



Syllabus: GS 1 : Important Geophysical phenomena

Source: The Hindu, Page : 10



What is La Niña?

La Niña, a phase of the El Niño Southern Oscillation (ENSO), occurs when the region of the Pacific Ocean between Indonesia and South America is cooler than usual. Its counterpart, El Niño, represents a warming of the same region. These two phases significantly influence global atmospheric circulation and weather patterns. During La Niña years, India receives normal or above-normal rainfall during the monsoon season. Yet the same phenomenon causes droughts in Africa and intensifies hurricanes over the Atlantic Ocean. Conversely, the El Niño brings extreme summers and droughts in India while increasing rainfall in the southern U.S.

Linking this to India's Climate

The story so far:

While the La Niña was expected to emerge by July this year, it is yet to. The India Meteorological Department now expects a La Niña to set in by late 2024 or early 2025, plus a milder winter due to this delay. emergence this monsoon. But in December, there remains only a 57% chance of it forming in 2024. It will be weak if it still does but it could affect global weather.

This decade began with three consecutive La Niña events (2020-2022), a rare occurrence known as Triple Dip La Niña, followed by an El Niño in 2023. Climate change may increase the frequency and intensity of both La Niña and El Niño events, as rising sea and land temperatures disrupt the Pacific's balance. This could also amplify extreme La Niña events, which generally lead to harsh winters in India.

An analysis of meteorological data over 35 years by researchers at the Council on Energy Environment and Water, New Delhi, has revealed that while La Niña winters feature colder nights compared to El Niño, daytime temperatures tend to be higher. Meteorological parameters like wind speed and planetary boundary layer height (PBLH) – the lowest atmospheric layer directly influenced by land-atmosphere interactions – also vary during ENSO phases, affecting air quality.

The team found the average wind speed is higher throughout the day during La Niña winters. Faster winds help reduce air pollution by transporting pollutants away. They also found that the average PBLH is slightly lower during La Niña winters. If La Niña sets in, lower temperatures in north India may lead people to burn more biomass for heating, worsening air pollution. A lower PBLH could also trap more pollutants near the ground. But higher wind speeds could disperse the pollutants, potentially leading to better air quality.

What about La Niña and monsoons?

El Niño summers are relatively harsher, as was the case in April this year, when India experienced intense, record-breaking heat waves. If a La Niña arrives and persists into the summer of 2025, it may offer relief from high heat. Additionally, an El Niño often disrupts monsoons, with India historically receiving below-average rainfall during at least half of all El Niño years since 1871. But the same figures also indicate evolving patterns since 1980.

Both north and south India, for instance, have received less rainfall during more intense El Niño events while central India has been barely affected. A La Niña, on the other hand, promotes robust monsoons as evidenced by the "normal" or "above-normal" rainfall in the La Niña years of 2020, 2021, and 2022. There were "below normal" rains in the El Niño year of 2023.

Thus it would be a welcome development if a La Niña forms now or early next year and continues until the monsoon season.



Procedure for Removal of Judges



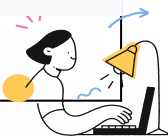
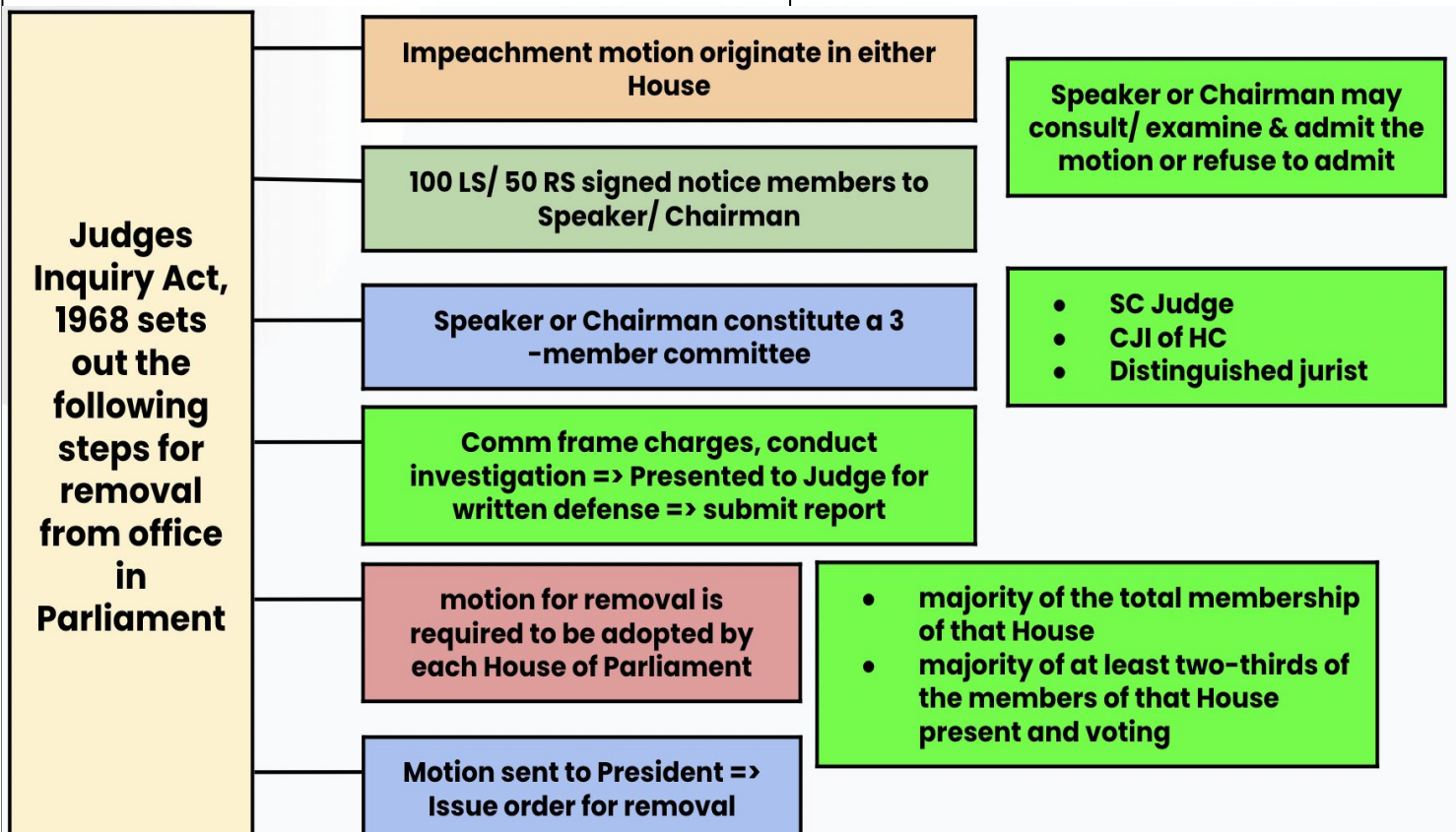
Syllabus : GS 2 : Structure, organization and functioning of the Judiciary

Source : The Hindu Page : 10

Removal of Judges from Office

- Article 124 & Article 217
- Grounds of 'proven misbehaviour or incapacity'.
- Constitution does not use the word 'impeachment'
- Removed **only** by an **order** of the **President**
- Procedure for removal of judges is elaborated in the **Judges Inquiry Act, 1968**

The Blackstone's ratio in criminal jurisprudence that 'it is better that ten guilty persons escape than that one innocent suffer' can be applied even when it comes to the removal of judges. The stringent process with the requirement of special majority in both houses has resulted in the non-removal of judges even after having been found guilty of misbehaviour by the inquiry committee. This is nevertheless essential



Non Performing Assets

Syllabus : GS 3 : Indian Economy and issues mobilization, of resources
Source : Indian Express, Page : 15

What are Non Performing Assets?

SMA-0 (1-30 days delayed)
 SMA-1 (31-60 days delayed)
 SMA-2 (61-90 days delayed)



Assets of Banks

NPA Ratios

What is NPA? - NPA stands for Non Performing Assets. A loan or an advance for which the principal or interest payment remained overdue for a period of 90 days.

There are two NPA Ratios

GNPA

GNPA stands for **Gross Non-Performing Assets Ratio**. It gives us an idea of how much of the total advances are not recoverable.

Formula to calculate

$$\text{Gross Non-Performing Asset Ratio} = \frac{\text{Total Gross NPAs}}{\text{Total Assets}}$$

Interpretation

A high gross NPA ratio indicates that a bank has a large number of loans that are not being repaid.

NNPA

NNPA stands for **Net Non-Performing Assets**. It gives you the exact value of non-performing assets after the bank has made specific provisions.

Formula to calculate

$$\text{Net Non-Performing Asset} = \frac{\text{Total Gross NPAs} - \text{Provisions}}{\text{Total Gross NPAs}}$$

Interpretation

The net NPA is a measure of the actual losses that a bank has incurred since provisions have been accounted for. High NNPA indicates that a bank has incurred large losses on its NPAs.

Decoding the news

GROSS NON-PERFORMING ASSETS RATIO AND STRESSED ADVANCES RATIO

Sector	Mar 2022	Sep 2022	Mar 2023	Sep 2023
Agriculture (26.9)	~9.5	~8.5	7.0	~7.5
Industry (31.0)	~8.5	~6.5	4.2	~4.5
Services (28.7)	~5.5	~4.5	3.4	~3.5
Personal Loans (12.9)	~2.5	~2.0	1.3	~1.5

Sector	Mar 2022	Sep 2022	Mar 2023	Sep 2023
Agriculture	~10.5	~9.5	7.5	~8.0
Industry	~8.5	~7.5	5.7	~6.0
Services	~6.5	~5.5	4.2	~4.5
Personal Loans	~3.5	~3.0	2.4	~2.5

Note: Numbers given in parentheses are the percentage shares of the respective sector's GNPA in total GNPA as of September 2023
Source: Reserve Bank of India's Financial Stability Report, December 2023

A MASSIVE loan write-off of Rs 9.9 lakh crore in the last five financial years has helped banks to show a big decline in non-performing assets (NPAs). Aided by this write-off, banks reported a 12-year low NPA ratio of 2.8 per cent of advances by March 2024.

LOAN WRITE-OFFS BY BANKS (₹ cr)

Year	Amount
2023-24	1,70,270
2022-23	2,08,037
2021-22	1,74,966
2020-21	2,02,781
2019-20	2,34,170

Source: RBI



Non Performing Assets

17th December 2024

Syllabus : GS 3 : Indian Economy and issues mobilization, of resources

Source : Indian Express, Page : 15

“Such write-off does not result in waiver of liabilities of borrowers and therefore, it does not benefit the borrower. The borrowers continue to be liable for repayment and banks continue to pursue recovery actions initiated in these accounts through various recovery mechanisms available to them,” Chaudhary said. Once a loan is written off by a bank, it goes

out from the asset book of the bank. The bank writes off a loan after the borrower has defaulted on the loan repayment and there is a very low chance of recovery.

The lender then moves the defaulted loan, or NPA, out of the assets side and reports the amount as loss. “After write-off, banks are supposed to continue their efforts to recover the loan using various options. They have to make provisioning also. The tax liability will also come down as the written off amount is reduced from the profit,” said a banking source.



Q1. Regarding India–Sri Lanka relations, consider the following statements:

1. India and Sri Lanka are members of the South Asian Association for Regional Cooperation (SAARC).
2. The India–Sri Lanka Free Trade Agreement (ISFTA) was India's first bilateral trade agreement.
3. The Katchatheevu Island, a point of contention between the two countries, was ceded to Sri Lanka through an agreement in 1974.

Which of the statements given above are correct?

- a) 1 and 2 only
- b) 1 and 3 only
- c) 2 and 3 only
- d) 1, 2, and 3

Answer: b

Q 2. Consider the following statements regarding Green Hydrogen:

1. Green hydrogen is produced through the electrolysis of water using renewable energy sources.
2. It is a carbon-neutral fuel with water vapour and Carbon dioxide as the only by-products.
3. Green hydrogen production requires fossil fuels as a primary energy source.

Which of the statements given above is/are correct?

- a) 1 only
- b) 2 only
- c) 1 and 3 only
- d) 1, 2, and 3

Answer: A

Q 3. How many of the following statements regarding La Niña is/are correct?

1. La Niña is characterised by unusually cold sea surface temperatures in the central and eastern Pacific Oceans.

2. La Niña conditions generally lead to above-average monsoon rainfall in India.

3. It occurs due to the weakening of trade winds over the equatorial Pacific Ocean.

Select the correct answer using the codes given below.

- a) Only One
- b) Only Two
- c) All Three
- d) None

Answer: b

Q4. Which of the following statements best describes a Non-Performing Asset (NPA)?

- a) An asset that ceases to generate income for the bank for 90 days or more.
- b) A loan account where the borrower has paid the principal amount but not the interest for more than 180 days.
- c) An asset that has been sold by the bank to recover the defaulted loan amount.
- d) A financial instrument that is no longer traded in the stock market due to poor performance.

Answer: a

Q5. Consider the following statements:

1. Judges of the Supreme Court and High Courts in India can be removed only through a process of impeachment mentioned in the constitution.
2. The procedure for the removal of judges is mentioned in Article 124(2) of the Constitution and requires a special majority in both Houses of Parliament.

Which of the statements given above is/are correct?

- a) 1 only
- b) 2 only
- c) Both 1 and 2
- d) Neither 1 nor 2

Answer : b

