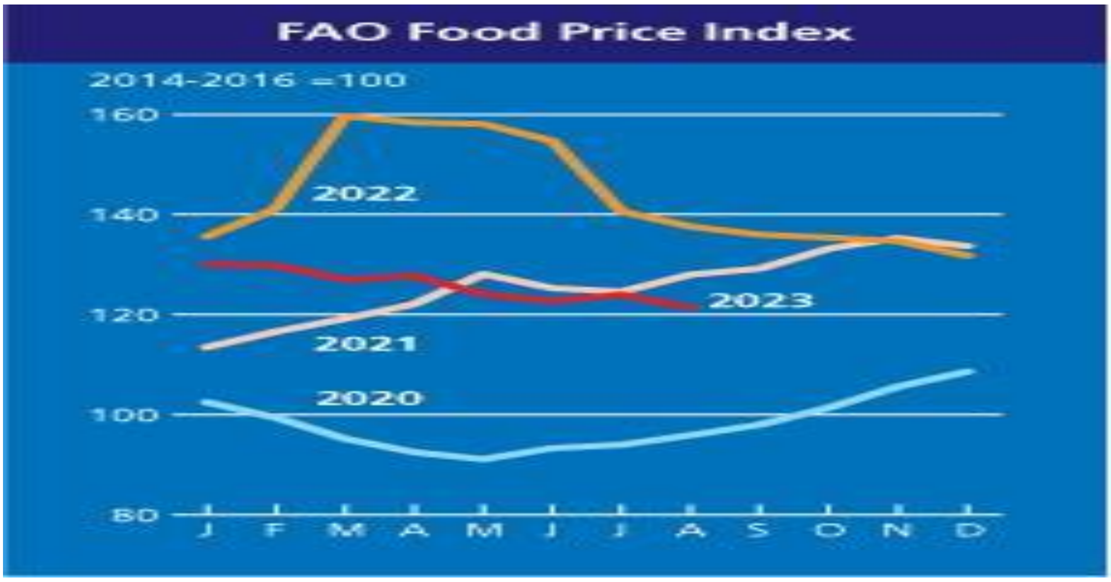
UPSC CURRENT AFFAIRS NOTES 12-09-2023

FAO Food Price Index

About the FAO Food Price Index:



The Food and Agriculture Organization's (FAO) food price index is a measure of the monthly change in international prices of a basket of food commodities.

It consists of the average of five commodity group price indices (cereal, vegetable, dairy, meat, and sugar), weighted with the average export shares.

Base year: 2014-16

Key facts about FAO The Food and Agriculture Organization's (FAO) price index fell to a new two-year low in August.

It is a specialised agency of the United Nations that leads international efforts to defeat hunger and improve nutrition and food security.

Its goal is to achieve food security for all and make sure that people have regular access to enough high-quality food to lead active, healthy lives.

Headquarter: Rome (Italy).

Member countries: With 195 members - 194 countries and the European Union, FAO works in over 130 countries worldwide.

The World Food Programme (WFP) and the International Fund for Agricultural Development (IFAD) are its sister bodies.

Reports published by the FAO: The State of the World's Forests (SOFO), The State of World Fisheries.

Centre plans to open TRAI chairperson's post to private sector

In a move to open up key regulatory posts to the private sector, the Centre is considering an amendment to the TRAI Act 1997.

This would lay down specific requirements to enable senior corporate executives to become the chairperson of the Telecom Regulatory Authority of India (TRAI).

The term "lateral entry" refers to the appointment of specialists, primarily from the private sector, to positions in government organisations.

NITI Aayog's 3-year Action Agenda and the Sectoral Group of Secretaries (SGoS) on Governance, recommended the induction of personnel at middle and senior management levels in the central government.

Earlier this year, Madhabi Puri Buch became the first private sector executive to head the Securities and Exchange Board of India (SEBI), more than 30 years after the market regulator got statutory powers.

The government recently notified the Digital Personal Data Protection Act 2023, under which the Data Protection Board of India will act as the key arbiter and enforcer of the privacy legislation.

The Act allows the chairperson of the board to be appointed from the private sector, provided he/ she has relevant experience in the fields of data governance, etc.

What is the Government's Reasoning for Lateral Entry?

Bringing in fresh talent: The Government has (from time to time) appointed some prominent persons for specific assignments in government, keeping in view their specialised knowledge and expertise in the domain area.

Augment the availability of manpower: According to the Baswan Committee, there is a huge deficit of the officers. For example, there is a 20% shortage of IAS officers in 24 state cadres of India.

Will do away with complacency:

The lateral entry will add much-needed outside experience and push the personnel within the administration to always improve.

Will reduce the monopolistic hold that career government servants have on high management positions, reducing complacency.

Promote innovative thinking: Inflow of new ideas from outside government and performance-based career growth culture of the private sector will promote innovative thinking.

Reduces the time and resources spent in the normal recruitment process.

No reservation in these appointments: Groups representing SCs, STs and OBCs have protested the fact that there is no reservation in these appointments.

Promotes biases: According to critics, lateral entry is a way by which the government opens back doors to bring its own people openly. This will affect meritocracy and efficiency of the administration.

Struggled to fit into the system:

Lateral entrants are viewed as opponents who gained entry not through an open competitive test, but by privilege and connections.

Newcomers also find difficulties in comprehending the processes and dynamics of government decision-making.

Conflict of interest: Hiring from the private sector for administrative posts raises the possibility of a conflict of interest.

Therefore, a stringent code of conduct for entrants to ensure conflict of interest is not detrimental to the public good, must be developed.

Little impact on the ground: Only lateral entry at the highest levels of policymaking may have minimal impact on field level implementation of the programs.

News Summary Regarding Appointments in TRAI:

The upcoming Telecommunications Bill could specify that the regulator's (TRAI) chairperson can be from the private sector.

The requirements for the post could include individuals from the private sector who have held board positions or been the chief executive officer, with professional experience of at least 30 years.

This would essentially mean an amendment to Section 4 of the TRAI Act 1997, under which the Centre is empowered to appoint the chairperson and members of the regulatory body.

According to the Section 4,such persons must have special knowledge of, and professional experience in, telecommunication, industry, finance, accountancy, law, management or consumer affairs.

According to the current rules, a TRAI member must have held the post of Secretary or Additional Secretary to the Government of India, or any equivalent post in the central or state government, for at least 3 years.

However, no rules are specified for the post of chairperson.

There have been no appointments from the private sector for the post so far due to the obvious concerns of conflict of interest.

Also, the basic eligibility criteria was never laid down.

But the changes being considered now signal the changing mindset of the Centre towards opening up key regulatory posts for individuals from the private sector.

If the amendments go through, there will be checks and balances in place to ensure that if someone from the private sector is chosen, there is no scope of any conflict of interest after their appointment.s and Aquaculture (SOFIA), The State of Agricultural Commodity Markets (SOCO), The State of Food Security and Nutrition in the World (SOFI)

VINOBA BHAVE

The Prime Minister has paid homage to Acharya Vinoba Bhave on his birth anniversary.

Acharya Vinoba Bhave, born Vinayak Narahari Bhave on September 11, 1895, in Gagoji (present-day Gagode Budruk), Maharashtra, India, was a revered figure in India's struggle for independence and a prominent advocate of nonviolence and human rights.

Often referred to as Acharya, which means "Teacher" in Sanskrit, Vinoba Bhave is best known for his pivotal role in the Bhoodan Movement and is considered the spiritual successor of Mahatma Gandhi.

Early Life and Influences

Vinoba Bhave was deeply influenced by his mother, Rukmani Devi, who was a religious woman. He was raised in a family that valued modern rationalism, with his father, Narahari Shambhu Rao, being a trained weaver who worked in Baroda.

His early spiritual awakening occurred when he read the Bhagavad Gita at a young age, which left a profound impact on him.

Association with Mahatma Gandhi

Vinoba Bhave's life took a transformative turn in 1916 when he read about Mahatma Gandhi's speech at Banaras Hindu University. He was so moved that he abandoned his studies and wrote to Gandhi, eventually meeting him at the Kochrab Ashram in Ahmedabad.

He actively participated in various activities at Gandhi's ashram, such as teaching, spinning, and community improvement.

His involvement in constructive programs like Khadi, village industries, new education (Nai Talim), sanitation, and hygiene increased over time.

Freedom Struggle

Vinoba Bhave played a crucial role in India's struggle for independence, participating in civil disobedience movements and facing imprisonment.

He served a five-year jail sentence in the 1940s for his nonviolent resistance against British rule.

In 1940, Gandhi chose him as the first individual Satyagrahi (advocate of truth) against British rule, elevating his national prominence.

Religious and Social Work

Vinoba Bhave had a broad religious outlook, synthesizing the truths of many religions.

His Sarvodaya movement aimed to improve the lives of the average Indian in villages with a firm spiritual foundation.

The Bhoodan Movement, initiated in 1951, involved soliciting land donations from landowners to distribute to the landless poor, addressing land reform and rural poverty.

He campaigned against the slaughter of cows, advocating nonviolence and compassion.

Literary Career

Vinoba Bhave was a prolific writer and translator, making Sanskrit texts accessible to the common person.

He translated the Bhagavad Gita into Marathi and authored numerous books and essays on philosophy and spirituality.

His "Talks on the Gita" have been translated into many languages and continue to inspire readers worldwide.

Later Life and Passing

In his later years, Vinoba Bhave resided at his Brahma Vidya Mandir ashram in Paunar, Wardha district, Maharashtra.

He passed away on November 15, 1982, after embracing "Samadhi Maran" or "Santhara," a practice in Jainism where one voluntarily refrains from food and medicine.

Criticism

Vinoba Bhave faced criticism from some quarters, including V.S. Naipaul, who questioned his rationality and excessive imitation of Gandhi.

His support for Indira Gandhi's government during the Indian Emergency (1975-1977) drew controversy and earned him the nickname "Sarkari Sant" (Government Saint).

Awards and Recognition

In 1958, Vinoba Bhave became the first recipient of the international Ramon Magsaysay Award for Community Leadership.

He was posthumously awarded the Bharat Ratna, India's highest civilian honor, in 1983.

EQUITY MUTUAL FUND

The month of August saw a surge in equity mutual fund schemes, with inflows of Rs 20,245.26 crore. This was the highest level in five months and more than doubles the inflows of Rs 7,625.96 crore in July. The main contributors to this growth were sectoral/thematic funds, small-cap funds and multi-cap funds.

The increase in inflows into equity schemes in India can be attributed to a combination of factors

Confidence in Economic Growth

Investor confidence in the long-term economic growth prospects of India plays a significant role in attracting investments into equity schemes. When investors believe that the economy is on a sustainable growth trajectory, they are more likely to allocate their funds to equity markets.

Positive Economic Outlook

- Expectations of higher economic growth, improved corporate earnings, and better profitability in the future are key drivers for investments in equity funds. When investors anticipate a favourable economic environment, they are more inclined to invest in equities, which have the potential to offer higher returns compared to other asset classes.

Market Timing

Investor behaviour also influences fund inflows. When investors adopt a strategy of selling when the market is high and buying when it's low (commonly known as market timing), it can result in higher inflows during periods of market optimism. This strategy is often linked to investor sentiment and perceptions of market valuations.

New Fund Offerings (NFOs)

The launch of new mutual fund schemes, especially in the equity and hybrid categories, can attract fresh investments. Investors often consider NFOs as an opportunity to participate in specific investment themes or strategies offered by these new funds. Marketing efforts by asset management companies can also influence investors to allocate their funds to NFOs.

Equity Mutual Fund

An equity mutual fund is a type of mutual fund that primarily invests in stocks or equities. It allows individual investors to pool their money together and invest in a diversified portfolio of stocks selected and managed by professional fund managers.

The objective of equity mutual funds is to provide investors with the opportunity to participate in the potential returns and dividends generated by a wide range of publicly traded companies.

Equity mutual funds possess the following key features

Diversification: Equity mutual funds pool money from multiple investors to create a diversified portfolio of stocks. This diversification helps spread risk because the fund holds stocks from various sectors and industries. If one stock or sector underperforms, it may be offset by better performance in other areas of the portfolio.

Professional Management: Equity funds are actively managed by experienced fund managers who conduct research and analysis to make investment decisions. These professionals aim to select stocks that they believe will generate positive returns for investors.

Liquidity: Investors can easily buy or sell mutual fund units at the fund's Net Asset Value (NAV) on any business day. This liquidity is a significant advantage, allowing investors to access their investments quickly when needed.

Risk and Return: Equity funds offer the potential for capital appreciation (the increase in the value of investments) and dividend income (payments from stocks held in the portfolio). However, they also come with market risk. The stock market can be volatile, and the value of investments can fluctuate based on market conditions.

Investment Styles: Equity mutual funds come in various styles to suit different investment objectives and risk tolerances. For example:

- Large-cap funds focus on investing in established, large companies.
- Mid-Cap Funds invest in medium-sized companies.
- Small-cap funds target smaller companies with growth potential.
- Sectoral/Thematic Funds concentrate on specific sectors or themes, such as technology or healthcare.
- Diversified Funds maintain a mix of stocks across various segments.

Affordability: Equity mutual funds allow investors with varying financial capacities to participate in the stock market. The minimum investment amounts can be relatively small, making them accessible to a wide range of investors.

Equity mutual funds also face certain challenges

Market Volatility

Equity mutual funds are directly affected by market volatility. Since they primarily invest in stocks, the value of their holdings can rise and fall with changes in stock prices. Investors may experience both gains and losses based on the performance of the underlying stock market. Managing market volatility requires a long-term perspective and a tolerance for short-term fluctuations.

Fees and Expenses

Mutual funds, including equity funds, charge fees and expenses to cover the costs of managing the fund. These fees may include management fees, administrative expenses, and other charges. While these fees are necessary to support the fund's operation and professional management, they can eat into the returns earned by investors. Investors need to be aware of the fees associated with a fund and consider their impact on returns

Performance Risk

Not all equity mutual funds perform equally well. Some funds may underperform the broader market or their peer group. This underperformance can be attributed to various factors, including the fund manager's decisions, investment strategy, and market conditions. Choosing a fund that aligns with investment goals and risk tolerance and conducting thorough research can help mitigate this risk.

Tax Implications

Gains from equity mutual funds can have tax implications, and these implications may vary depending on the investor's country of residence and the holding period of the investment. In some countries, capital gains tax may apply when investors sell their mutual fund units, especially if they realize a profit. Understanding the tax laws and implications in jurisdiction is crucial for effective tax planning.

To make the most of equity mutual funds and navigate the associated challenges

Diversify: Diversification is a fundamental strategy for managing risk. By investing in a mix of equity funds that target different market segments, industries, and regions, investors can spread risk and reduce the impact of poor performance in any single investment.

Long-Term Perspective: Equity mutual funds are generally more effective when held for the long term. Short-term market fluctuations are common, but over extended periods, equities have historically shown growth potential. A patient, long-term approach can help investors weather market ups and downs.

Research: Thorough research is essential before investing in any fund. Evaluate the historical performance of the fund, including its returns and volatility. Assess the fund manager's track record and investment philosophy. Ensure that the fund's objectives align with financial goals.

Risk Management: Understanding risk tolerance is crucial. Different equity funds have varying risk profiles, and it's essential to select funds that match risk appetite.

Conservative investors may opt for large-cap or diversified funds, while those seeking higher growth potential may consider mid-cap or small-cap funds.

Regular Review: Regularly review the portfolio to ensure it remains aligned with financial objectives. Market conditions and circumstances can change over time, and adjustments may be necessary. Rebalancing the portfolio periodically can help maintain desired asset allocation.

Tax Planning: Be aware of the tax implications of investments, including capital gains tax and dividend tax. Consider tax-efficient investment strategies, such as holding investments for the long term to qualify for favourable tax rates.

Professional Advice: Seeking advice from financial professionals or advisors can provide valuable insights and guidance tailored to specific financial circumstances. Professionals can help create a customized investment plan and ensure it aligns with overall financial goals.

GRESHAM'S LAW

Gresham's Law is a fundamental economic principle that originated from the observations of Sir Thomas Gresham, a financier and founder of the Royal Exchange of the City of London, who lived from 1519 to 1579.

The essence of Gresham's Law can be summarized as "bad money drives out good money." This principle has historically been associated with the use of precious metals in coinage but is also applicable to modern fiat currency systems.

Key Highlights

Gresham's Law is named after Sir Thomas Gresham, who noticed the phenomenon during his lifetime. He observed how changes in the composition and value of coins affected their circulation.

Gresham's Law suggests that when two forms of money are in circulation, one of which is of lower intrinsic value (bad money) and the other of higher intrinsic value (good money), people tend to use the lower-value money for transactions and hoard the higher-value money. This behaviour is driven by the desire to minimize losses associated with holding the less valuable currency.

Historically, coins were often made from precious metals like gold and silver. When rulers or governments reduced the amount of precious metal in coins while maintaining their face value, the new coins had less intrinsic value compared to older coins with higher metal content.

Legal Tender Laws: Gresham's Law is often observed in the context of legal tender laws, which require that both old and new coins of different intrinsic values be accepted at their face value. This legal requirement forces people to use the less valuable currency for transactions and hold onto the more valuable currency.

Currency Debasement: Governments sometimes debased their currency by reducing the precious metal content, allowing them to mint more coins with the same face value. This practice effectively devalued the currency and created a situation where good money (old coins with higher intrinsic value) was hoarded, while bad money (new coins with lower intrinsic value) was used for transactions.

Modern Application: Gresham's Law can also apply in modern fiat currency systems when the value of a currency is eroded due to factors like inflation or instability. In such cases, people may prefer to use more stable or stronger foreign currencies, effectively driving the depreciating domestic currency out of circulation.

Phanigiri artefacts

The Phanigiri artefacts, dating from 200 BCE-400 CE and discovered in 1942, are on display at the New York Metropolitan Museum of Art.

The Phanigiri Buddhist site is considered one of the most important finds in Buddhist iconography in this millennium.

Phanigiri (meaning hillock of snake hood) is a small village in the state of Telangana.

The thoranas discovered at Phanigiri are very important as they are among the first found south of Sanchi.

The same thorana has a panel that shows both Mahayana and Hinayana schools of thought.

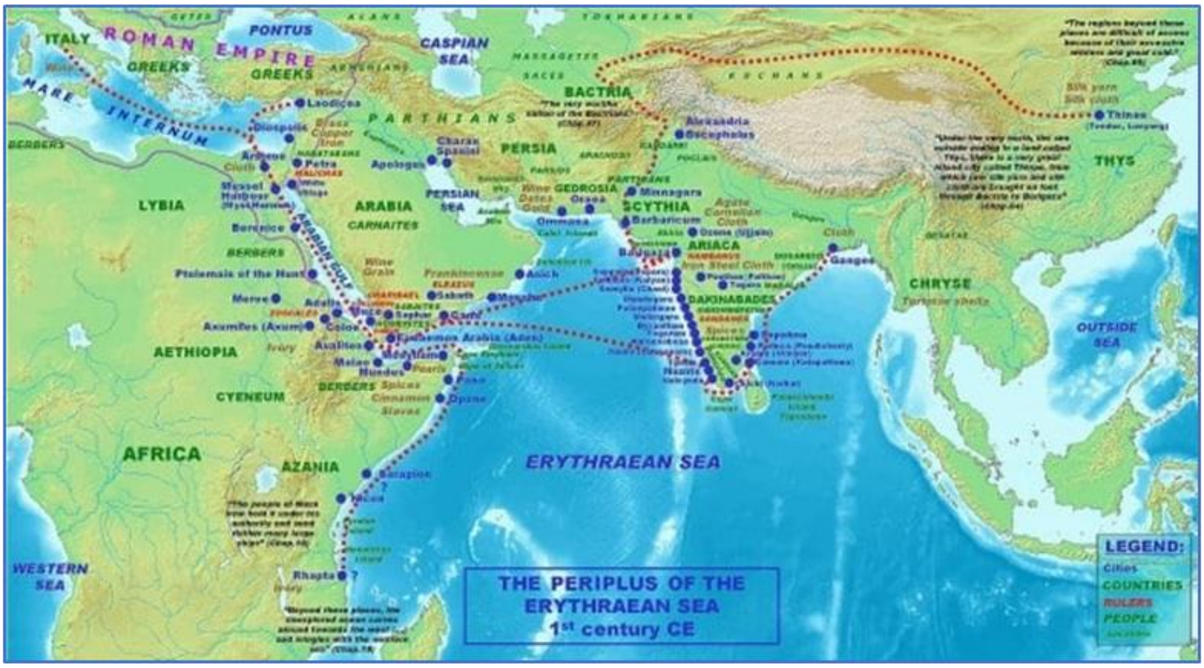
There is evidence from Phanigiri that shows the deification of Buddha, and we can date this change. From a historical and spiritual identity, there is a transition to canonisation and ritual.

The monograph of the event has the image of the Buddha wearing what looks like a Roman toga with folds carved in limestone.

History of India – Europe Trade

The India-Middle East-Europe Economic Corridor announced at the G20 Summit harkens to an ancient trade route between the Indian Subcontinent and the Roman Empire.

Historical Background on India-Europe Trade Route:



Sir Mortimer Wheeler was digging south of modern Puducherry in the 1930s and 40s, and established the existence of Indo-Roman trade in the 1st century CE.

Though the Indo-Roman trade started in the 1st century BCE, it truly matured in the 1st and 2nd centuries CE.

The geographical location of Arabia, Asia Minor and northeastern Africa helped to establish trade contacts between South Asia, West Asia and Europe.

Indo- Roman trade was carried out on the sea as well on land.

The seaborne trade was controlled by the Sakas and the Satavahanas whereas the land-borne trade was monitored by the Kusanas.

The political tensions between the Sakas and Satavahanas did affect this trade for some time at least.

Similarly, the contentions between the Sakas and Parthians also served as a major impediment for trade overland.

In order to overcome this problem, Augustus, the Roman Emperor, encouraged the traders to take the sea route and offered them protection as well.

There is a text called "Periplus on the Erythrean Sea", a sort of a guide book written by an unknown Greek sailor which is one of the major sources to reconstruct the history of this trade.

What was being Traded on this Route?

Indo-Roman trade was mainly in luxury items and the Roman Empire paid for these in Roman gold coins.

Chinese goods with the exception of silk were first brought to India and then dispatched to the eastern frontiers of the Roman Empire.

Silk was directly sent to Europe along the silk route.

Indian animals like tigers, lions, rhinoceroses, elephants and serpents also formed a part of exports from India and these were used in circus shows to entertain the Romans.

Ivory and tortoise shells were also exported which were used to inlay furniture.

Roman ladies were especially fond of pearls from India and the Persian Gulf.

Different kinds of herbs, spices, indigo, cotton cloth, sesame oil, rice, wood for furniture and plant products from India were also in great demand in the Roman markets.

Trade from Rome to India:

The flow of goods in the other direction was more limited.

The Roman historian Pliny the Elder (23-79 CE) says it was mainly gold that went to India, which was a problem for the Roman economy because the balance of trade was firmly in India's favor.

But we do have records of Indians having a taste for Roman wine. It was called Varuni as it was brought from the sea in specially designed carriers which were called Amphorae.

Roman Amphorae have been discovered at many sites in peninsular India including Nevasa in Maharashtra.

Apart from wine, the other goods which were imported were copper, tin, lead, coral, topaz and waist girdles.

The Indo Roman trade was very strong in ancient times including the Saraswati and Indus valley civilization and began to drastically decline only after the fall of the Roman Empire in the 4th century CE.

The volume of trade had already begun to diminish from the end of the 2nd century CE onward.

The end of the Satavahana and Kusana Empires in the early 3rd century CE also contributed to the waning of the Indo-Roman trade.

However, in the Gupta period, India began to have close trade ties with South East Asia.