

UPSC CURRENT AFFAIRS NOTES 20-03-2024

Battle of Okinawa

The United States recently returned twenty-two historic artifacts to Japan that were looted following the Battle of Okinawa during World War II.

About Battle of Okinawa



The battle of Okinawa (April 1–June 21, 1945) was the last major battle of World War II and one of the bloodiest.

It was fought between U.S. and Japanese forces on Okinawa.

Okinawa is the largest of the Ryukyus Islands and lies 350 miles from mainland Japan.

The Americans wanted control of Okinawa because it had four airfields and could support tactical and strategic air operations.

Capturing Okinawa was regarded as a vital precursor to a ground invasion of the Japanese home islands.

Code named Operation Iceberg, the invasion of Okinawa and other islands in the Ryukyus began on April 1, 1945.



The immense size of the invasion forces made it the largest amphibious assault in the Pacific War.

It involved more than 1,500 ships of all types. Total American forces numbered approximately 548,000; of these, there were approximately 183,000 combat troops for the assault.

By the time Okinawa was secured by American forces on June 22, 1945, the United States had sustained over 49,000 casualties, including more than 12,500 men killed or missing.

Okinawans caught in the fighting suffered greatly, with an estimate as high as 150,000 civilians killed.

Of the Japanese defending the island, an estimated 110,000 died.

The enormous casualties and the brutal fighting that occurred on Okinawa forced military planners to reconsider the invasion of Japan.

It directly influenced the American decision to use atomic bombs on Hiroshima and Nagasaki.

It is an archipelago, extending some 700 miles (1,100 km) southwestward from the southern Japanese island of Kyushu to northeastern Taiwan. The archipelago defines the boundary between the East China Sea (west) and the Philippine Sea (east). With a total land area of 1,193 square miles (3,090 square km), the Ryukyus consist of 55 islands and islets divided into three major groups: the Amami island chain in the north, the central Okinawa islands, and the Sakishima islands in the south. Administratively, the Ryukyus are part of Japan.

UK DCTS

Indian exporters now have to follow the new rules set out by the Developing Countries Trading Scheme (DCTS) to receive lower import tariffs on their shipments to the United Kingdom (UK).

Detail

The UK government introduced the Developing Countries Trading Scheme (DCTS) with the goal of fostering stronger trade and investment ties while easing the integration of developing nations into the global economy.

A transition period existed until December 31, 2023, for Indian exporters to adapt to the new DCTS rules. Since January 1, 2024, complying with DCTS is mandatory to receive duty concessions.

Key provisions of the Developing Countries Trading Scheme (DCTS)

Origin Declaration

To claim concessional tax rates on exports to the United Kingdom, Indian exporters must now self-certify that their goods comply with the DCTS Rules of



Origin (ROO). This replaces the process of declaring origin under the Generalised Scheme of Preferences (GSP).

The RoO is a collection of criteria used to identify the country of origin of a product. To be eligible for preferential treatment under DCTS, a product must undergo a significant amount of transformation in a DCTS country. The DCTS manual has customised RoO for each product type.

The Generalised System of Preferences (GSP) is a preferential tariff system aimed at reducing tariffs on a wide range of items, primarily benefiting developing countries. It works with the idea of Most Favoured Nation (MFN) status under the World Trade Organisation (WTO) but with substantial distinctions in application and goals.

Reduced Tariffs

DCTS offers reduced tariffs on numerous Indian products than standard import levies. The tariff decrease varies by product and origin.

DCTS can improve the price competitiveness of Indian exports in the UK market, potentially increasing sales and market share.

Simpler qualification

In comparison to the GSP, the DCTS provides a more transparent and straightforward mechanism for qualifying for these lower rates. The GSP could be difficult to browse because different rules of origin apply to different product categories.

DCTS intends to simplify the process by offering a more uniform set of RoO requirements.

Cumulating

Exporters can use materials from other DCTS countries (for example, Indian fabric in Bangladeshi garments) while still benefiting from duty-free access to the United Kingdom. This provision increases flexibility in material procurement and manufacturing processes, potentially lowering costs for exporters.

Tariff caps

There are limits on how much a country can export to the UK while still receiving advantageous prices. India is under the "Standard Preferences" category, receiving advantages that are less extensive than those provided to the least developed nations under "Comprehensive Preferences." These limitations are intended to guarantee that the DCTS benefits developing countries without hurting UK markets.

Threshold Limits

Products with a higher export value to the UK (about 6% of total imports for that good) are excluded from the plan and subject to standard tariffs. This



approach serves to ensure that the DCTS supports economic growth in a targeted manner, focusing on products where developing nations have a significant competitive advantage.

Significance

DCTS provides a cost advantage for Indian exporters by lowering import charges on items entering the UK market. This equates to lower arrival costs for UK enterprises importing from India, making Indian products more appealing.

Increased pricing competitiveness can boost demand for Indian products in the UK, potentially leading to larger sales volumes and export revenues for Indian companies. This increase in exports can benefit India's economic development in a variety of ways.

It has the potential to generate new jobs in export-oriented companies, increasing employment possibilities and wages for Indian people.

It has the potential to stimulate manufacturing activity in India, hence encouraging investment in production capacity and technical innovation.

Higher export earnings can result in foreign currency inflows, which can be utilised to fund critical imports, stabilise the exchange rate, and lower the current account deficit.

The DCTS has the ability to significantly contribute to India's economic growth and development.

Challenges

Adapting to New Rules: Indian exporters must update their documentation and procedures to comply with the new DCTS origin declaration process. This may include getting familiar with the specific demands for self-certification and ensuring that all essential paperwork is in place.

Export Caps: Certain items that exceed export limitations lose preferential status under DCTS. This might be problematic for exporters with established firms in the UK market. To stay within the caps, they may need to look for new markets for these items or lower their export volumes to the UK.

Limited Benefits for Some Products: India's "Standard Preferences" category under DCTS may not provide as many duty concessions as the "Comprehensive Preferences" provided to least-developed countries. This can put Indian exporters at a modest disadvantage compared to competitors from such countries.

Exporters should actively seek updates on DCTS regulations and future revisions. This may include subscribing to relevant government publications, attending industry seminars, or consulting with trade associations. Staying informed allows exporters to ensure they are meeting the most recent standards

and taking advantage of any new opportunities that may develop under the DCTS.

Utilise the regional cumulation benefit to optimise sourcing methods. This may include locating cost-effective material sources in other DCTS countries. For example, an Indian garment company could buy fabric in Bangladesh while qualifying for duty-free access to the UK market under DCTS. Exploring regional sourcing can help exporters save production costs and increase competitiveness.

The ongoing India-UK FTA negotiations have the potential to result in even more favourable trade arrangements in the future. A successful FTA could result in additional tariff reductions, faster customs procedures, and increased market access for Indian exporters. Exporters can stay up to date on the status of the discussions and prepare to capitalise on any new trade benefits that may arise as a result of a prospective FTA.

Reverse Flipping

Startups such as Pine Labs, Zepto, Meesho are the latest new-age companies looking to move headquarters to India.



About Reverse Flipping

It is a term used to describe the trend of overseas start-ups shifting their domicile to India and listing on Indian stock exchanges.



The general motivation for a reverse flip is the increased certainty of an exit at a higher valuation in India.

This trend has been gaining traction in recent years, as start-ups look to capitalise on India's large and growing economy, access to deeper pools of venture capital, favourable tax regimes, better intellectual property protection, a young and educated population, and favourable government policies.

The Economic Survey 2022-23 recognised the concept of reverse flipping and proposed ways to accelerate the process, such as simplifying the processes for tax vacations, taxation of ESOPs, capital movements, decreasing tax layers, and the like.

What is Flipping?

Flipping is when an Indian company transforms into a 100% subsidiary of a foreign entity after it has moved its headquarters overseas, including a transfer of its intellectual property (IP) and others.

It effectively transforms an Indian startup (company) into a 100% subsidiary of a foreign entity, with the founders and investors retaining the same ownership via the foreign entity, having swapped all shares.

Brain drain of entrepreneurial talent from India.

It results in value creation in foreign jurisdictions rather than in India.

It also results in the loss of Intellectual Property and Tax Revenue for the country.

Intellectual property (IP) refers to creations of the mind, such as inventions; literary and artistic works; designs; and symbols, names and images used in commerce.

IP is protected in law by, for example, patents, copyright and trademarks, which enable people to earn recognition or financial benefit from what they invent or create. In India, laws like the Trademark Act, Copyright Act, Patent Act, etc., provide legal protection and remedies to the owners of IPs.

ILO'S FORCED LABOUR REPORT

A study by the International Labour Organization (ILO), on forced labour was released.

The report, was titled as 'Profits and poverty: The economics of forced labour'.
Forced Labour

According to the ILO Forced Labour Convention, 1930 (No. 29) , forced or compulsory labour is: "all work or service which is exacted from any person

under the threat of a penalty and for which the person has not offered himself or herself voluntarily."

Basis of the study: 'Profits and poverty: The economics of forced labour'

For the study, surveys have been conducted among workers, including Indian workers in Saudi Arabia and Qatar.

Findings of the study

Forced labour generates illegal profits worth \$36 billion per year.

This is an increase of 37% of such illegal profits since 2014. This is fuelled by both a growth in the number of people forced into labour, as well as higher profits generated from the exploitation of victims.

Traffickers and criminals are generating close to \$10,000 per victim, up from \$8,269 (adjusted for inflation) a decade ago.

Total annual illegal profits from forced labour are highest in Europe and Central Asia (\$84 billion), followed by Asia and the Pacific (\$62 billion), the Americas (\$52 billion), Africa (\$20 billion), and the Arab States (US\$18 billion).

Forced commercial sexual exploitation accounts for more than two-thirds (73%) of the total illegal profits, despite accounting for only 27% of the total number of victims in privately imposed labour.

After forced commercial sexual exploitation, the sector with the highest annual illegal profits from forced labour is industry, at US\$35 billion, followed by services (US\$20.8 billion), agriculture (US\$5.0 billion), and domestic work (US\$2.6 billion). These illegal profits are the wages that rightfully belong in the pockets of workers but instead remain in the hands of their exploiters, as a result of their coercive practices.

There were 27.6 million people engaged in forced labour on any given day in 2021, the report said, meaning 3.5 people for every 1,000 people in the world. Between 2016 and 2021, the number of people in forced labour increased by 2.7 million.

Report Recommendations

Forced labour perpetuates cycles of poverty and exploitation and strikes at the heart of human dignity. The international community must urgently come together to take action to end this injustice.

The report also stresses the urgent need for investment in enforcement measures to stem illegal profit flows and hold perpetrators accountable.

It has recommended for strengthening legal frameworks, providing training for enforcement officials extending labour inspection into high-risk sectors, and better coordination between labour and criminal law enforcement.

Enforcement actions must be part of a comprehensive approach that prioritises addressing root causes and safeguarding victims, underlines the report.



Promoting fair recruitment processes is also crucial, given that forced labour cases can often be traced back to recruitment abuses as well as the apparent importance of unlawful recruitment fees and costs as a source of illegal profit from forced labour.

Ensuring the freedom of workers to associate and to bargain collectively is also essential to building resilience to the risks of forced labour.

INDIA'S FIRST SMALL-SCALE LNG (SSLNG)

GAIL's Vijaipur SSLNG unit is being seen as a key first step in taking SSLNG distribution deep inside the country.

Background

The Indian government aims to boost the adoption of natural gas to turn the country into a gas-based economy.

By 2030, India targets raising the share of natural gas in its energy mix to 15%, up from the current 6%.

This move is driven by natural gas's environmental benefits, cost-effectiveness, and the need to reduce reliance on imported oil, which currently covers over 85% of India's energy needs.

Challenges in Scaling Gas Consumption:

Expanding gas consumption in India faces a challenge in transporting gas to areas without pipeline connectivity.

This hurdle also hampers the use of LNG as a fuel for long-haul trucks, buses, and marine vessels—sectors with high potential for gas demand growth.

While large-scale pipeline projects are underway, last-mile delivery challenges may persist for years.

Liquefied Natural Gas (LNG)

Production:

LNG is produced through a process called liquefaction, where natural gas is cooled to -162 degrees Celsius or lower, reducing its volume by about 600 times.

The liquefaction process removes impurities and heavy hydrocarbons, resulting in a high-purity LNG product.

Transportation:

LNG is transported in specialized cryogenic vessels, such as LNG carriers or ships, designed to maintain ultra-low temperatures.

Advanced insulation techniques and cryogenic storage tanks ensure safe and efficient transportation over long distances.



Applications:

Electric Power Generation: LNG is used as a cleaner and more efficient fuel for power generation, reducing emissions of sulfur dioxide (SO₂), nitrogen oxides (NO_x), and particulate matter.

Industrial and Commercial Heating: LNG serves as a reliable and cost-effective energy source for various manufacturing processes, including steel, ceramics, glass, and food production.

Transportation Fuel: LNG powers heavy-duty vehicles, trucks, buses, and marine vessels, offering lower fuel costs, reduced emissions, and improved efficiency.

Residential and Commercial Use: Re-gasified LNG is distributed through pipelines for cooking, space heating, and water heating in residential and commercial buildings.

Industrial Applications: LNG is used as a feedstock for the production of chemicals, fertilizers, and other industrial products.

Benefits and Drawbacks of Liquefied Natural Gas (LNG)

Benefits:

Cleaner Fuel: LNG is a cleaner alternative to traditional fossil fuels like coal and oil, emitting lower levels of pollutants such as sulfur dioxide (SO₂), nitrogen oxides (NO_x), and particulate matter.

Reduced Emissions: LNG combustion produces fewer greenhouse gas emissions, including carbon dioxide (CO₂), contributing to efforts to mitigate climate change and improve air quality.

Energy Security: LNG reduces dependence on imported oil and enhances energy security by diversifying energy sources and supply routes.

Versatility: LNG has diverse applications across various sectors, including power generation, industrial heating, transportation, and residential use, making it a versatile energy source.

Cost-Effective: LNG can offer cost savings compared to conventional fuels, particularly in regions with abundant natural gas reserves and access to LNG infrastructure.

Drawbacks:

High Initial Investment: Developing LNG infrastructure, including liquefaction plants, import terminals, and distribution networks, requires substantial upfront investment and long lead times.

Safety Concerns: LNG handling and transportation pose safety risks due to the flammable nature of natural gas and the cryogenic temperatures required to maintain it in a liquid state.

Methane Leakage: Methane emissions during LNG production, transportation, and storage can contribute to climate change, as methane is a potent greenhouse gas with a higher global warming potential than CO₂.

Market Volatility: LNG prices are subject to fluctuations influenced by factors such as supply-demand dynamics, geopolitical tensions, and regulatory changes, posing challenges for long-term investment decisions.

Infrastructure Constraints: Limited LNG infrastructure in some regions restricts access to LNG as a fuel, particularly in areas without LNG import terminals or distribution networks

Future Outlook and Challenges:

Infrastructure Development: Expanding LNG infrastructure requires significant investments and regulatory approvals.

Market Volatility: LNG prices are subject to fluctuations due to supply-demand dynamics and geopolitical tensions.

Environmental Concerns: Addressing methane emissions during production, transportation, and storage is critical to maximizing the environmental benefits of LNG.

Small-Scale LNG (SSLNG):

SSLNG offers a promising solution to this challenge.

Recently, GAIL (India) Ltd commissioned India's first SSLNG unit at its Vijaipur complex in Madhya Pradesh.

SSLNG involves liquefying and transporting natural gas on a smaller scale using specialized trucks and vessels, bypassing the need for extensive pipeline infrastructure

Gender Pay Gap Report





Recent findings from the World Bank Group underscore a persistent global issue: women continue to earn significantly less than men, with the gap often cited as 77 cents for every dollar earned by men. This discrepancy, commonly referred to as the "gender pay gap," remains a critical issue in discussions surrounding workplace equality.

Defining the Gender Pay Gap:

The International Labour Organization (ILO) defines the gender pay gap as the disparity between the average wage levels of all working women and men. It's crucial to note that this metric focuses on overall wage differences rather than comparing the pay of men and women in identical roles.

Calculating the Gap:

Various methodologies yield slightly different figures for the gender pay gap. For instance, Pew Research and the US Bureau of Labor Statistics reported disparities of 84% and 81%, respectively.

These discrepancies arise due to factors such as the calculation method (e.g., hourly vs. weekly wages) and the inclusion criteria (e.g., full-time vs. part-time workers).

Factors Influencing the Gap:

Labour Force Participation: Women's lower participation in the workforce, influenced by societal norms and expectations, contributes significantly to the gap. Globally, women's labour force participation rates lag behind those of men.

Occupational Segregation: Women are often concentrated in lower-paying occupations and industries compared to men. Additionally, they face barriers to advancement into higher-paying roles, such as management and leadership positions.

Part-Time Work: Women are more likely than men to work part-time, which typically offers lower wages and fewer benefits than full-time employment. This disparity in work arrangements contributes to the overall gender pay gap.

Socio-Economic Factors: Institutional biases, limited investments in women's education and skills development, and safety concerns in the workplace and during commutes also play significant roles in perpetuating the gender pay gap.

Implications and Patterns:

The gender pay gap manifests in various patterns, including age-related earnings disparities.

Women, particularly those in their mid-30s and 40s, often experience a decline in earnings compared to men in similar positions.

Additionally, women face a "motherhood penalty," wherein career interruptions for childcare result in decreased earning potential.



Addressing the Gap:

Efforts to close the gender pay gap encompass a range of strategies, including policy interventions, workplace initiatives, and advocacy for gender equality. Policies such as maternity and paternity leave, flexible work arrangements, and pay transparency measures aim to mitigate wage disparities and promote equitable treatment in the workforce.

However, progress toward closing the gap remains gradual, with estimates suggesting that achieving parity may require several decades of sustained efforts.