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INDIA-IRAN CONTRACT ON CHABAHAR PORT

Context

- India and Iran signed a **10-year contract** for the **operation of Chabahar Port**.

About

- The long-term agreement was signed between Indian Ports Global Ltd. (IPGL) and Port and Maritime Organisation (PMO) of Iran, enabling operation of the **Shahid-Beheshti terminal**.
- The pact **replaces one-year contracts** that were being signed to keep the port operational until now.
- India has also offered a credit window equivalent to \$250 million for **mutually identified projects** aimed at improving Chabahar-related infrastructure.

Chabahar Port

- Iran's Chabahar port is located on the **Gulf of Oman** and is the **only oceanic port of the country**.
- It is situated in the **city of Chabahar** in **Sistan and Baluchestan Province**.
- Chabahar has two ports; **Shahid Kalantari and Shahid Beheshti**.
 - The former is an old port with limited water front to accommodate feeder vessels.
 - The Shahid Beheshti Port is being developed in four phases. On completion of all 4 phases, port capacity will 82 million tons per year.
- The port gives access to the **energy-rich Persian Gulf nations'** southern coast and bypasses Pakistan.
- Kandla port in Gujarat** is the closest port at 550 nautical miles, while the distance between Chabahar and Mumbai is 786 nautical miles.



Significance of Chabahar Port for India

- Geopolitical Significance:** It is strategically located at the **crossroads of South Asia, Central Asia, and the Middle East**. It provides India with direct sea access to Afghanistan and Central Asia, bypassing Pakistan.
 - The port also offers an **alternative route from the Strait of Hormuz** for cargo traffic between Central Asian countries and Afghanistan. This diversification strengthens India's strategic position in the region.
- Gateway to INSTC:** Chabahar port will boost India's access to Iran, the key gateway to the **International North-South Transport Corridor (INSTC)** that has sea, rail and road routes between India, Russia, Iran, Europe and Central Asia.
- Countering China:** Chabahar port is beneficial to India in countering Chinese presence in the Arabian Sea which China is trying to ensure by helping Pakistan develop the Gwadar port.
 - Gwadar port is less than 400 km from Chabahar by road and 100 km by sea.
- Trade Benefit:** With Chabahar port becoming functional, there will be a significant boost in the import of iron ore, sugar and rice to India.
 - The import cost of oil to India will also see a considerable decline.

Brief on India and Iran Relations

- Political Relations:** India and Iran signed a **friendship treaty in 1950**. The two countries have in place several Bilateral Consultative Mechanisms at various levels including the Joint Committee Meeting (JCM), Foreign Office
- Consultations (FOC), Security Consultations at the level of National Security Advisers.
 - India and Iran also have Joint Working Groups to facilitate cooperation in various important sectors.
- Economic Relations:** India-Iran bilateral trade during the FY 2022-23 was **\$2.33 billion, registering a growth of 21.76%**.
 - India and Iran have also been trying to diversify their **channels of payment** to increase bilateral trade.
- Energy Cooperation:** India has consistently been among the **top importers of Iranian oil**, although this relationship has faced challenges due to international sanctions on Iran.

- **Regional Stability:** India and Iran share concerns and interests in the stability of the region, especially in the context of Afghanistan.
 - ♦ The two nations have collaborated on various initiatives to address common security challenges.

Areas of Concerns

- **International Sanctions:** Iran has faced international sanctions, particularly in relation to its nuclear program.
 - ♦ These sanctions have affected economic relations between India and Iran, especially in the energy sector.
 - ♦ India's ability to import oil from Iran has been impacted, leading to uncertainties in their energy cooperation.
- **Geopolitical Challenges:** The geopolitical landscape in the Middle East and South Asia has been complex, and both countries need to navigate carefully to balance their regional interests.
- **Security Concerns:** The security situation in the region, including the volatile conditions in Afghanistan, has implications for both India and Iran.
 - ♦ India has expressed concern as tensions rise in the region. It has maintained a diplomatic dialogue with Iran on issues of concern, such as attacks on India-linked ships by Yemen's Houthi rebels, who are believed to have links to Iran.
- **Chabahar Port Development:** While the development of the Chabahar Port is a significant project, progress has been slower than anticipated.
- **Impact of External Powers:** Both India and Iran have relationships with external players that may not align with each other's interests.
 - ♦ The influence of external powers in the region can complicate their bilateral dynamics and create challenges for mutual cooperation.
- **Nuclear Deal Uncertainties:** The uncertainties surrounding the Iran nuclear deal (JCPOA) and the potential for changes in the international approach toward Iran's nuclear program can impact the diplomatic and economic relations between India and Iran.

Way Ahead

- Although India has followed a balancing act in the Middle East, the evolving geopolitical

realignments could pose newer challenges for India to deepen its cooperation with Iran amid escalating tension between Iran and the West.

- However, both countries continue to explore opportunities for collaboration and economic partnership.
- India has major investment plans in Iran, largely centered around the Chabahar Port as it gives India a strategic advantage over both China and Pakistan.

Source: TH

CHINA: INDIA'S TOP TRADE PARTNER

In News

- As per data released by the **Global Trade Research Initiative (GTRI)**, China has overtaken the US to become **India's largest trading partner** after a gap of two years.

Key Data Analysis

- In the fiscal year 2024, **India's bilateral trade with China totalled \$118.4 billion**, with imports rising by 3.24% to \$101.7 billion and exports increasing by 8.7% to \$16.67 billion.
- The **main sectors** which recorded healthy growth in exports to that country include iron ore, cotton yarn/fabrics/made ups, handloom, spices, fruits and vegetables, plastic and linoleum.
- India imported \$4.2 billion worth of **telecom and smartphone parts**, accounting for 44 per cent of total imports in this category, indicating significant reliance on Chinese components.
- Additionally, **India's import of lithium-ion batteries for electric vehicles, primarily from China**, was valued at \$2.2 billion, representing 75% of such imports, underscoring the critical role China plays in India's push towards electrification of transport.

India's Economic Ties with China

- **Bilateral Trade:** The rapid expansion of India-China bilateral trade since the beginning of this century has propelled China to emerge as India's largest goods trading partner by 2008, a position which China continues to hold today.
 - ♦ From 2015 to 2022, India-China bilateral trade grew by 90.14%, an average yearly growth of 12.87%.

- **Trade Deficit:** In 2022 the deficit has widened by 45.60% year on year reaching USD 101.28 billion.
 - **Bilateral Investment:** Growth in bilateral investment has not kept pace with the expansion in trading volumes between the two countries.
 - ◆ Chinese investments to India in the year of 2021 was USD 63.18 million down 68.3% year on year and the cumulative Chinese investment to India by the end of 2021 amounted to USD 5.403 billion.
 - ◆ Indian investment into China for the year 2021 was USD 6.32 million declining by 47.4% year on year and the cumulative Indian investment to China by the end of 2021 reached USD 943.96 million.
 - **institutional Bilateral Economic and Commercial Dialogue Mechanisms:**
 - ◆ **Joint Economic Group (JEG)** was established in 1988 during the visit of Prime Minister Rajiv Gandhi to China, to discuss trade cooperation issues.
 - ◆ **Strategic Economic Dialogue (SED)** was established during the visit of Chinese Premier Wen Jiabao to India in December 2010, to discuss macro-economic cooperation.
 - ◆ **The NITI Aayog – Development Research Centre of China (DRC) Dialogue** was established pursuant to the MoU signed during the visit of Prime Minister Narendra Modi to China in May 2015, to discuss global economic cooperation issues.
 - **Banking Sector Cooperation:** Many Indian banks had established their presence in mainland China through branches or representative offices in major cities in China.
 - ◆ SBI is the only Indian bank to have authorization to conduct local currency (RMB) business at its branch in Shanghai.
 - **Multilateral Development Banks:**
 - ◆ **Asian Infrastructure Investment Bank:** In May 2014 India was invited by China to join the Bank after committing to the 'Key Elements of AIIB', to join in the multilateral negotiations on the MoU for establishment of AIIB.
 - India is the second largest shareholder with approx 8% shareholding and has a single member constituency in the Board.
 - ◆ **New Development Bank:** NDB established its office in Shanghai and Mr K.V.Kamath took charge as the first President of the NDB.
 - India is the biggest borrower in NDB with 19 projects approved with commitment of USD 6.92 bn as on 31 August 2022.
 - **Other Economic and Commercial Issues:** India and China are working on the **areas of cooperation in the petroleum sector** to leverage upon the sheer size of the market of two countries.
 - ◆ **Double Taxation Avoidance Agreement (DTAA):** India and China signed the DTAA on 18 July 1994 and the Agreement came into force on 21 November 1994. Both the countries agreed to revise the DTAA in its entirety and the revised DTAA was signed in May 2018.
 - **India's economic ties with China have been** under close scrutiny due to a heavy reliance on Chinese imports in critical sectors such as telecommunications, pharmaceuticals, and advanced technology.
 - ◆ In response, India has implemented various measures to reduce this dependency, including production-linked incentive schemes (PLI), anti-dumping duties, and quality control orders.
- Factors contributing to the trade imbalance between India and China**
- **China's Manufacturing Dominance:** China has a well-established and robust manufacturing base, allowing it to produce goods at a much lower cost compared to India. Factors like economies of scale, efficient supply chains, and government subsidies contribute to this advantage.
 - **Product Diversification:** China manufactures a wider variety of products, including high-tech goods and machinery, which India imports in large quantities.
 - **Limited Manufacturing Capacity:** India's manufacturing sector faces challenges related to infrastructure bottlenecks, complex regulatory procedures, and a skilled labor gap. This hinders India's ability to compete effectively with China in global markets.
 - **Focus on Primary Goods:** India's exports are heavily concentrated on raw materials and low-value-added products like agricultural goods and textiles. These products generally have lower profit margins compared to finished manufactured goods.

- **Non-Tariff Barriers:** In some cases, China may impose non-tariff barriers (NTBs) like stricter regulations or lengthy customs procedures, making it difficult for Indian goods to enter the Chinese market.
- **Currency Exchange Rates:** Fluctuations in currency exchange rates can affect the relative competitiveness of Indian and Chinese exports.
- **Foreign Direct Investment (FDI):** China attracts a significantly higher level of FDI compared to India. This can contribute to faster growth in China's manufacturing sector.

Way Forward

- **Boosting Manufacturing:** India's initiatives like "Make in India" aim to improve the ease of doing business, attract investments, and upgrade manufacturing capabilities.
- **Promoting Innovation:** Encouraging research and development in India can lead to the creation of new products and technologies, enhancing export competitiveness.
- **Diversifying Trade Partners:** India is actively negotiating trade agreements with other countries to reduce dependence on China as a source of imports.

Source: LM



Key Features

- **The SCM had two main aspects:** area-based development consisting of three components — redevelopment (city renewal), retrofitting (city improvement), and green field projects (city extension); and pan-city solutions based on ICT.
- These further comprised some **six categories** that would include **e-governance, waste management, water management, energy management, urban mobility, and skill development.**
- **Four pillars:** Social Infrastructure, Physical Infrastructure, Institutional Infrastructure, Economic Infrastructure.
- **Integrated Command and Control Centre:**

SMART CITIES MISSION

Context

- The **Smart Cities Mission (SCM)**, a flagship programme has taken a back seat in this year's list of poll promises and achievements.

About

- Smart cities were defined by urban practitioners as new Silicon Valleys built with a strong integration of a network of airports, highways, and other types of communications, a so-called intellectual city with advanced ICT.
- It is an initiative of the **Union Housing and Urban Affairs Ministry**, launched in **2015**.
- **100 cities** have been selected to be developed as Smart Cities through a two-stage competition for five years.
- The Mission is operated as a **Centrally Sponsored Scheme**.
- **Objective:** To promote cities that provide core infrastructure, clean and sustainable environment and give a decent quality of life to their citizens through the application of 'smart solutions'.
- The **six fundamental principles** on which the concept of Smart Cities is based are:

These ICCCs are designed to enable authorities to monitor the status of various amenities in real time.

- The ICCC acts as a smart city and acts as a "nerve center" for operations management.
- **Other steps** taken under the SCM for digital infrastructure are;
 - Adaptive Traffic Control System (ATCS), Red Light Violation Detection (RLVD), and Automatic Number Plate Recognition System (ANPR),
 - Digital assets for solid waste and wastewater management and water distribution management,

- ◆ CCTV surveillance systems, smart education and smart health systems.

Status of the SCM

- 8,033 projects sanctioned under the SCM have seen a **fall in the total outlay** from the expected ₹2 lakh crore, which is **16% less** than the projected capital flow in 100 cities.
- The SCM grant funded 5,533 projects have been completed, while 921 projects are still ongoing.
- As many as 400 projects being undertaken by about 10 cities under the Mission are unlikely to meet the extended deadline of June 2024.
- The funding pattern shows that **not more than 5% has come through the PPP route.**

Challenges

- **Diversity in Urban India:** The selection of 100 cities on a competitive basis was flawed due to the diversity in existing urban realities.
 - ◆ The scheme was divorced from the ground realities of urban India — the urbanisation here is dynamic and not static like the West.
- **Financial Constraints:** Keeping the funds and finances flowing in for the smart cities mission is a challenge. Most Urban Local Bodies are not even financially self-sustainable.
 - ◆ According to McKinsey, to make Indian cities liveable, a capital expenditure of \$1.2 trillion is required by 2030. In this context, ₹1,67,875 crore is less than \$20 billion in nine years.
- **Displacement:** Urban India, according to the World Bank has more than 49% of the population living in slums.
 - ◆ There was displacement of people living in poorer localities. Street vendors, for example, were displaced and urban commons were disrupted.
- **Infrastructure Development:** Many Indian cities lack basic infrastructure, such as efficient public transportation, waste management systems, and reliable water and electricity supply.
 - ◆ Implementing smart solutions requires significant upgrades to existing infrastructure.

Way Ahead

- **Data protection:** A robust system is required to protect digital platforms from cyber attack and safeguarding sensitive public and private data adequately.

- **Pan city projects:** SCM should emphasize more on pan city projects to ensure comprehensive and holistic development.
- **Strengthening ULBs:** A plan should be made to strengthen ULBs' capabilities in small cities.
- **Public Private Partnerships:** The government should analyse the reasons behind low private investments and take remedial steps towards the same.
- **Completion of Projects:** The Committee recommended that the ministry's role should not be confined to transfer of share and asked them to remain watchful to ensure execution and completion of the projects by intervening to facilitate with inputs and expertise.

Source: TH

NEWS IN SHORT

SAHITYA AKADEMI FELLOWSHIP

Context:

- Recently, Ruskin Bond, an author, has been awarded the '**Sahitya Akademi Fellowship**', the highest honour given by the literary organisation.

About the Sahitya Akademi Fellowship

- It is one of the highest literary honours in India, conferred by the **Sahitya Akademi** (India's National Academy of Letters) New Delhi.
- It is an honour bestowed upon writers who have made outstanding and lasting contributions to Indian literature.
- It is reserved for '**the immortals of literature**' and is **limited to twenty-one recipients at any given time.**

Sahitya Akademi

- It was formally inaugurated on **12 March 1954** as an autonomous organisation and was registered as a society under the **Societies Registration Act, 1860.**
- It is a national organisation set up to work actively for the development of Indian letters and to set high literary standards, to foster and co-ordinate literary activities in **24 Indian languages** and to promote through them all the cultural unity of the country.

Other Fellowship by Sahitya Academy

- **Premchand Fellowship:** It was instituted after the popular Hindi writer **Munshi Premchand** which is given to scholars doing research on Indian literature or to creative writers from the **South Asian Association for Regional Cooperation (SAARC)** countries other than India.

Source: TH

SAILFIN CATFISH**Context:**

- Recently, the Centre for Cellular and Molecular Biology (CCMB) found that the **sailfin catfish** has spread to nearly 60% in the water bodies of Eastern Ghats using eDNA method.
 - ♦ eDNA refers to the **genetic material obtained from environmental samples** such as soil, water, or air. It is used to detect and identify species present in a particular environment.

About Sailfin Catfish (Pterygoplichthys Spp.)

- It is **native fish species of South America**, and has established stable populations in various freshwater ecosystems outside their native range due to its **invasive nature**.
- It was once **introduced in Eastern Ghats of India** for its unique appearance and **its ability to clean algal growth** in tanks and aquaria, but its population has grown exponentially.
 - ♦ The rapid growth of this species and their ability to live for more than 10 years, makes them a significant **concern for biodiversity**.
- **IUCN Red List:** Least Concern

Centre for Cellular & Molecular Biology (CCMB)

- It is a premier research organisation of **Council of Scientific and Industrial Research (CSIR)** in frontier areas of modern biology, working under the **Ministry of Science and Technology**.
- It aims to conduct high-quality basic research and training in frontier areas of modern biology, and promote centralised national facilities for new and modern techniques in the interdisciplinary areas of biology.

Invasive Species

- Invasive alien species (IAS) represent a **significant threat** to biodiversity, ecosystems, and human well-being worldwide.

- These species often outcompete or negatively interact with native species, disrupt natural processes, and can lead to significant ecological imbalances. They can be plants, animals, fungi, or even microbes.
- Examples: Lantana (Lantana Camara), Water Hyacinth (Eichhornia Crassipes), Goat Weed etc.

Source: TH

EXERCISE SHAKTI**Context**

- The 7th edition of India- France Joint Military Exercise SHAKTI commenced at Umroi, in Meghalaya.

About

- Exercise "Shakti" is a **biennial** event conducted alternatively in India and France.
 - ♦ The last edition took place in France in **2021**.
- Indian contingent comprising **90 personnel** is being represented primarily by a Battalion of the RAJPUT Regiment besides personnel from other arms and services.

Other exercises between India and France

- **Exercise Garuda:** Indian Air Force & French Air Force
- **Exercise Varuna:** Indian Navy & French Navy
- **Exercise Desert Knight:** It is conducted between the Indian Air Force (IAF), French Air and Space Force (FASF) and United Arab Emirates (UAE) Air Force.

Source: PIB

SEA ANEMONE**In News**

- **Sea anemone bleaching** has been observed for the first time in the **Lakshadweep group of islands**.

About Sea Anemones

- They are a group of **predatory marine invertebrates** of the order Actiniaria. They are an aquatic animal marked by soft bodies and an ability to sting.
- They are **named after the Anemone**, a terrestrial flowering plant because of their colourful appearance.

- ◆ They are usually brightly coloured, adopting shades of white, green, blue, orange, red or mauve, often contributing to the spectacular walls of invertebrates populating reefs.
- **Behaviour:** These animals fix themselves to reefs and other structures by the muscular disc at the base of the body.
 - ◆ They are **carnivores**.
- **Habitat:** Anemones usually attach themselves to rocks and underwater structures, although some species burrow into mud or sand.
- **Threats:** Bleaching is making sea anemone more susceptible to diseases and increases mortality.
 - ◆ The **loss of symbiotic algae** deprives sea anemones of their primary energy source, compromising their long-term survival.
- **Protective Measures:** There is an urgent need for comprehensive conservation efforts in the Lakshadweep.
 - ◆ Mitigating climate change through global emissions reductions is paramount to curbing rising sea temperature, which is noticed to be 33°C in the Agatti island, where mass bleaching of anemone has been documented.

Source: TH

FAKHRUDDIN ALI AHMED

In News

- The President of India paid floral tributes to Shri Fakhruddin Ali Ahmed, former President of India on his birth anniversary.

About Fakhruddin Ali Ahmed

- He served as the **fifth President of India**, holding the office from August 24, 1974, until his death on February 11, 1977.
- **Contribution in Freedom Struggle :** He joined the Indian National Congress and was a loyal follower of Mahatma Gandhi, participating in the individual Satyagraha and Quit India Movement for which he was arrested in 1942.
- **Political Career :** He held several significant political positions.
 - ◆ He was elected to the Rajya Sabha in 1952 and subsequently to the Lok Sabha

in 1967. He held portfolios such as Food and Agriculture, Cooperation, Education, Industrial Development, and Company Laws.

- ◆ In 1974, Fakhruddin Ali Ahmed was elected as the President of India.
 - His presidency is notable for his decision to proclaim a state of emergency by the advice of the then Prime Minister, Indira Gandhi, in 1975. His tenure was marked by his dedication to uphold the Constitution.
- **Legacy:** He passed away in office on February 11, 1977, the first Indian President to die in office.

Source: PIB

NAIROBI DECLARATION

Context

- **African presidents** have endorsed the **Nairobi Declaration on fertiliser and soil health**, committing to prioritise domestic fertiliser production and triple it in the next 10 years to boost agricultural production.

About

- The declaration has a raft of recommendations, pledges and demands believed to have boosted **Africa's bargaining power on international platforms**.
- It highlights **green investment opportunities in Africa's emerging blue and green economies**.
- It also urges world leaders to back a proposed **"carbon tax on fossil fuel trade, maritime transport and aviation"**.
- While calling the international community to order, the declaration wants them to honour the **annual climate finance pledge of \$100bn** they made, as a matter of urgency.
- With many African countries having defaulted on loans from developed countries, the declaration proposes **debt relief interventions**.
 - ◆ It recommends extending the debt repayment period and instituting a **10-year grace period** to allow the borrowed funds to serve intended development goals.

Source: DTE

