



**UPSC
Mentorship**
A Unit of Mentorship India

DAILY CURRENT AFFAIRS

27th May 2024



SOURCES



Table of Contents

1. India records trade deficit with 9 of top 10 trading partners in 2023-24.....	2
2. An overview of Europe's AI convention.....	3
3. What is the current status with respect to spice exports?.....	3
4. A to-do list for inflation.....	5
5. 300 farmers held for protest against Kerala's check dam.....	6
6. LVM3 commercialisation is a big step forward, at right time for India, say experts.....	6
7. Bhutan PM extols smart city project.....	7
8. LTCG liability to ease on cost inflation reset.....	7
9. Central Council for Research in Ayurvedic Sciences to Launches PRAGATI-2024.....	7
10. CSIR-Central Mechanical Engineering Research launched Electric Tiller.....	8
Daily Quiz.....	9
Solutions.....	11



GS III

1. India records trade deficit with 9 of top 10 trading partners in 2023-24

Source: The Hindu, Page 4

Prelims: Data and Facts regarding Trade Deficit

Mains: Effects of Liberalization on the Economy

Overview of Trade Deficit in 2023-24:

- India recorded a trade deficit with nine out of its top ten trading partners, including China, Russia, Singapore, and Korea.
- The trade deficit represents the difference between imports and exports.
- The overall trade deficit narrowed from \$264.9 billion in 2022-23 to \$238.3 billion in 2023-24.

Specific Trade Deficit Details:

- Increased Deficit with Key Countries:
 - China: Increased from \$83.2 billion in 2022-23 to \$85 billion in 2023-24.
 - Russia: Increased from \$43 billion to \$57.2 billion.
 - Korea: Increased from \$14.57 billion to \$14.71 billion.
 - Hong Kong: Increased from \$8.38 billion to \$12.2 billion.
- Narrowed Deficit with Other Countries:
 - UAE, Saudi Arabia, Russia, Indonesia, and Iraq saw a reduction in the trade gap.

Major Trading Partners and Agreements:

- China became India's largest trading partner with \$118.4 billion in trade, surpassing the U.S. (\$118.28 billion).
- India has free trade agreements with Singapore, the UAE, Korea, and Indonesia.
- India maintains a trade surplus with the U.S. (\$36.74 billion), as well as with the U.K., Belgium, Italy, France, and Bangladesh.

Implications and Expert Analysis:

- Trade deficits are not inherently negative if they involve importing essential raw materials.
- A persistent and rising trade deficit can exert pressure on the domestic currency, leading to depreciation.
- Currency depreciation increases the cost of imports, potentially worsening the trade deficit.
- A rising trade deficit necessitates more foreign currency for imports, which can depreciate the domestic currency and make imports more expensive.

Country	Trade balance in \$ million
China	-85,087
Russia	-57,170
Iraq	-26,650
Saudi Arabia	-20,244
Indonesia	-17,422
South Korea	-14,719
UAE	-12,393
Hong Kong	-12,206
Singapore	-6,787
U.S.	36,742



2. An overview of Europe's AI convention

Source: The Hindu, Page 10

Prelims: About AI Convention, Council of Europe

Mains: Science and Technology- Developments and their Applications

Current Challenges in Global Governance of AI

- AI governance is complex, with countries adopting varied approaches like laws and executive orders.
- Despite calls for a global AI treaty, significant obstacles hinder its realization.
- No global AI treaty negotiations are currently ongoing.

Europe's AI Convention

- The Council of Europe (COE) adopted the Framework Convention on Artificial Intelligence and Human Rights, Democracy, and the Rule of Law (AI convention) on May 17.
- This convention is a comprehensive agreement linking AI governance with human rights and democracy.
- It will be open for signature on September 5.
- The COE, an intergovernmental organization with 46 members, was formed in 1949.

Scope and Influence

- The AI convention covers AI lifecycle activities impacting human rights, democracy, and the rule of law.
- Articles 3.2, 3.3, and 3.4 provide exemptions for national security, research, development, testing, and national defense.
- Military applications of AI are not covered.
- Parties are expected to protect human rights, democratic integrity, and the rule of law (Articles 4 and 5).

Need for the AI Convention

- Asserts the protection of existing human and fundamental rights during AI system applications.
- Governments are directed to install effective remedies and procedural safeguards.
- Comprehensive approach to mitigating AI risks to human rights and democracy.
- Challenges in implementation due to evolving technology and nascent AI regulation regimes.

3. What is the current status with respect to spice exports?

Source: The Hindu, Page 10

Prelims: Ethylene Oxide (ETO)

Mains: Food Processing and Related Industries in India

The article discusses the recent recall of certain spice products from MDH and Everest Group by Hong Kong and Singapore due to high levels of the sterilizing agent Ethylene Oxide (ETO).

Indian Spice Exports

- Market Share:
 - India is a major player in the global spice market.
 - In 2023-2024, India exported \$4.4 billion worth of spices, a 12.3% increase from the previous year.



- Major exported spices: chilli, spice oils, oleoresins, curry powder, cumin, mint products, cardamom, and pepper.
- Production: Top spices produced include garlic, ginger, and chilli.
- Export Markets: Key markets include China, Bangladesh, West Asia, and the U.S.

Impact and Measures

- Recall Impact:
 - The recall by Hong Kong and Singapore did not ban Indian spices but temporarily halted their import.
 - Exports to these countries have resumed, with minimal long-term impact expected.
 - Indian spices hold about 70% of the global market share.
- Regulatory Standards:
 - Different countries have varying standards for ETO and Maximum Residue Levels (MRL).
 - The EU has stringent norms, while Japan prefers organic products.
 - Industry discussions are ongoing to relax EU norms to boost exports.
- Farmer and Manufacturer Responses:
 - Chilli growers in Telangana are minimally affected as they do not directly export.
 - Cardamom and black pepper meet MRL standards due to their cultivation as intercrops with tea, coffee, or rubber.
 - Manufacturers are advised to source genuine Indian spices and be cautious with imported spices.

Actions by the Spices Board

- Protocol Issuance: A detailed protocol has been issued to prevent ETO contamination.
- Mandatory Testing: Spice consignments to Singapore and Hong Kong will undergo mandatory ETO testing.
- International Standards: The Spices Board is advocating for a standardized ETO usage limit internationally.



Editorials, Opinions and Ideas

4. A to-do list for inflation

Source: IE, Page 11

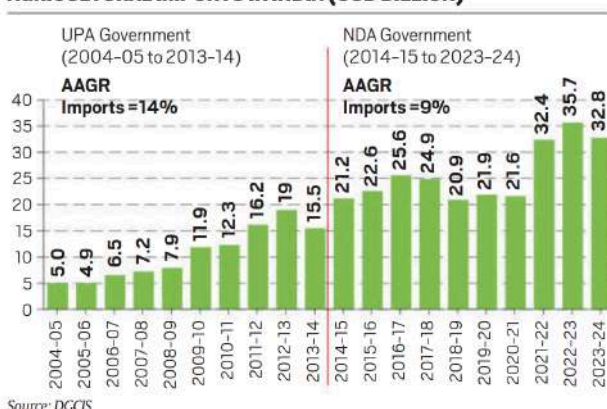
The article discusses RBI's Role in Financial Stability and its relation with Agricultural Trade Policy.

RBI's Role in Financial Stability

- Inflation Control:** The RBI successfully maintained consumer price inflation within the 4% +/- 2% target range.
- Financial Surplus:** The RBI generated a surplus of Rs 2.11 trillion for the central government.
- Monetary Policy:** The RBI works with the government to ensure high GDP growth (above 7%) while controlling inflation. The RBI suggests government measures like trade policy adjustments to manage food inflation.

FIGURE 1

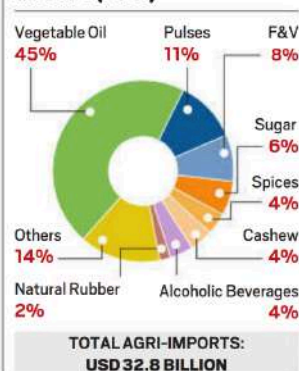
AGRICULTURAL IMPORTS IN INDIA (USD BILLION)



Source: DGCIIS

FIGURE 2

COMPOSITION OF AGRICULTURAL IMPORTS (FY24)



Trends in Agricultural Imports

- Decline in Agri-Imports:** India's agricultural imports decreased by 8% in 2023-24, from \$35.7 billion to \$32.8 billion. The decline is largely due to a significant drop in edible oil imports by 28.5%.
- Edible Oils:** Edible oil imports in quantity remained stable at 15-16 million MT. Lower global palm oil prices reduced India's import bill.
- Pulses Imports:** Pulses imports increased from \$1.9 billion in 2022-23 to \$3.7 billion in 2023-24. Government measures include import duties and quantity restrictions to protect domestic production. Current import duties on pulses have been reduced to zero to combat high inflation.

Policy Recommendations

- Trade Policy Integration:** Import duties should be gradually reduced rather than dropped to zero suddenly. Ensure landed prices of imports are not below domestic MSP. NAFED should procure pulses at MSP if domestic prices fall below MSP.
- Edible Oils Policy:** Promote palm oil cultivation domestically to reduce dependence on imports. Achieving self-sufficiency in edible oils requires policy support for both traditional oilseeds and palm oil.
- Sustainable Agriculture:** Policies should balance consumer interests with the sustainability of farming practices. Emphasize crops that require less water and fertilizers to align farmers' and environmental interests.



InBrief

5. 300 farmers held for protest against Kerala's check dam

Source: The Hindu, Page 2

Around 300 farmers staged a protest opposing the construction of a check dam by the Kerala government across Silandhi river.

About Silandhi River

- The issue is that Kerala is building a check dam across the Silandhi river.
- Building a check-dam across Silandhi river will block the flow of water to the Amaravathi dam, and farmers in Tamil Nadu will be adversely affected.
- If the check dam is constructed, Amaravathi cannot receive water from the Silandhi river.

About Amaravathi river:

- The river receives water from Pambar, Silandhi and Chinnar rivers.
- The Amaravathi River is the longest tributary of the Kaveri River in the fertile districts of Udumalpet, Dharapuram and Karur Tamil Nadu state, South India.
- Some main tributaries of the Amaravathi river are Kudavanur, Nangaji, Shanmuga Nadi, Kudumiar, Upper, and Thenar.

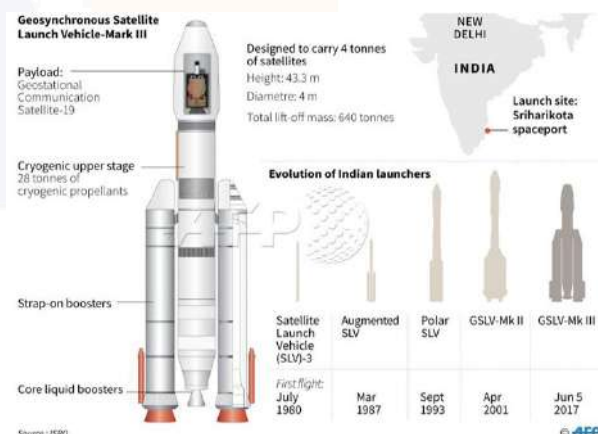


6. LVM3 commercialisation is a big step forward, at right time for India, say experts

Source: IE, Page 12

About LVM3

- LVM3 is the new heavy lift launch vehicle of ISRO for achieving a 4000 kg spacecraft launching capability to GTO (Geosynchronous Transfer Orbit) in a cost effective manner.
- LVM3 is a three stage launch vehicle consisting of two solid propellant S200 strap-ons and core stages consisting of L110 liquid stage, C25 cryogenic stage, the equipment bay (EB) and the Encapsulated assembly (EA).
- LVM3 is configured as a three stage vehicle with two solid strap-on motors (S200), one liquid core stage (L110) and a high thrust cryogenic upper stage (C25).



7. Bhutan PM extols smart city project

Source: The Hindu, Sunday Edition

Bhutanese PM said that the newly launched Gelephu carbon negative smart-city project is a "once-in-a-lifetime opportunity" for Bhutan's growth.

About Gelephu Smart City Project

- It is Bhutan's plans for a regional economic hub at Gelephu, a town bordering Assam in India.
- Gelephu Mindfulness City (GMC) is a planned carbon-neutral city in Bhutan, spanning 1,000 square kilometres. The plan was launched by Bhutan's King in December 2023.
- Bhutan aims to diversify its economy beyond hydropower and tourism, addressing challenges like youth outmigration.



8. LTCG liability to ease on cost inflation reset

Source: The Hindu, Sunday Edition

Long-term capital gains liability on the sale or transfer of any capital asset is expected to be lower this year as the Cost Inflation Index (CII) for 2024-25 has been fixed at 363.

About Long Term Capital Gain (LTCG)

- Investments that provide returns over a longer period of time (At Least 3 years) are called long-term capital gains or LTCG.
- It can include returns from investments like mutual funds, zero-coupon government bonds etc.

About Cost Inflation Index (CII)

- CII number is used to adjust the purchase price of assets on the basis of inflation.
- The CII number helps an individual to ascertain the inflation-adjusted current price of an asset.
- This helps in calculating capital gains from a transfer or sale of capital assets after taking inflation into account.

9. Central Council for Research in Ayurvedic Sciences to Launches PRAGATI-2024

Source: PIB

The Central Council for Research in Ayurvedic Sciences (CCRAS) is hosting "Pharma Research in AyurGyan And Techno Innovation (PRAGATI-2024).

About Central Council for Research in Ayurvedic Sciences (CCRAS)



- The Central Council for Research in Ayurvedic Sciences (CCRAS) is an autonomous body of the Ministry of AYUSH (Ayurveda, Yoga & Naturopathy, Unani, Siddha and Homeopathy), Government of India.
- It is an apex body in India for the formulation, coordination, development and promotion of research on scientific lines in Ayurveda and Sowa-Rigpa system of medicine.

10. CSIR-Central Mechanical Engineering Research launched Electric Tiller

Source: PIB

- The Electric Tiller from CSIR-CMERI marks a significant milestone in agricultural machinery, paving the way for a more sustainable and efficient farming future.

About CMERI

- The Central Mechanical Engineering Research Institute is a public engineering research and development institution in Durgapur, West Bengal, India.
- The CMERI was founded in February 1958 under the endorsement of the CSIR.



Daily Quiz

1. Consider the following statements regarding India's trade dynamics in 2023-24:

1. The overall trade deficit has narrowed from FY 2022-23 to FY 2023-24.
2. The trade deficit with China increased, making it India's largest trading partner in 2023-24.
3. India has free trade agreements with countries like Singapore, the UAE, Korea, and Indonesia.
4. India maintains a trade surplus with the U.S. and has a trade deficit with Russia.

Which of the statements given above are correct?

- A. 1, 2, and 4 only
- B. 1, 3, and 4 only
- C. 2 and 3 only
- D. 1, 2, 3, and 4

2. Recently, The Council of Europe (COE) adopted the AI convention. In this regard, consider the following statements regarding the Council of Europe:

1. It is an international organization aimed at promoting human rights, democracy, and the rule of law in Europe.
2. All member states of the European Union are also members of the Council of Europe.
3. The European Court of Human Rights is an institution under the Council of Europe.
4. The headquarters of the Council of Europe is located in Brussels, Belgium.

How many of the statements given above is/are correct?

- A. Only 1
- B. Only 2
- C. Only 3
- D. All are correct.

3. Consider the following statements regarding Ethylene Oxide (ETO), recently seen in the news:

1. ETO is a highly reactive gas used for the sterilization of medical equipment.
2. Long-term exposure to Ethylene Oxide can increase the risk of cancer.

Which of the above given statements is/are correct?

- A. Only 1
- B. Only 2
- C. Both 1 and 2
- D. Neither 1 nor 2

4. Consider the following statements regarding the decline in agricultural imports and related measures in India:

1. India's agricultural imports decreased by 8% in 2023-24 from last year, primarily due to a significant drop in edible oil imports.
2. Pulses imports increased significantly from FY 2022-23 to FY 2023-24.

Which of the above given statements is/are not correct?

- A. Only 1
- B. Only 2
- C. Both 1 and 2
- D. Neither 1 nor 2

5. The Amaravathi River, an important tributary of the Kaveri River, plays a significant role in the geography and agriculture of Tamil Nadu. Which of the following statements about the Amaravathi River is not correct?

- A. The Amaravathi River flows through the regions of Udumalpet, Dharapuram, and Karur in Tamil Nadu.
- B. The Amaravathi Reservoir and Dam are situated near the town of Amaravathinagar.
- C. The river originates from the Anamalai Hills in Kerala.
- D. The Amaravathi River is the second longest tributary of the Kaveri River.



6. Consider the following statements regarding LVM3:

1. LVM3 is the heaviest launch vehicle developed by ISRO.
2. It is capable of launching satellites into Geosynchronous Transfer Orbit (GTO).
3. LVM3 was formerly known as GSLV Mk III.
4. It played a crucial role in the Chandrayaan-2 mission.

Which of the statements given above are correct?

- A. 1 and 3 only
- B. 1, 2, and 4 only
- C. 2, 3, and 4 only
- D. 1, 2, 3, and 4

7. Sometimes mentioned in the news, 'Gelephu Smart City Project' is related to which of the following countries?

- A. China
- B. Bhutan
- C. Nepal
- D. Japan

8. "It is a measure used in India to calculate the inflation-adjusted cost of assets for the purpose of computing long-term capital gains. It is determined by the Central Government and published annually, reflecting the increase in the cost of living over time. This index allows taxpayers to adjust the purchase price of assets for inflation, thereby reducing the taxable capital gains."

Which index is talked about above?

- A. Cost Inflation Index
- B. Cost of Living Index
- C. Cost Adjusted Assets Index
- D. Capital Inflation Index

9. The Sowa-Rigpa system, a traditional medical practice, is recognized for its holistic approach to health. Which of the following statements about the Sowa-Rigpa system is not correct?

- A. The Sowa-Rigpa system originated in Tibet and is one of the oldest surviving medical traditions in the world.
- B. Sowa-Rigpa is recognized by the Government of India and is practised predominantly in the Himalayan regions of India.
- C. The fundamental text of Sowa-Rigpa, "Gyud-Zhi," is written in the Tibetan language.
- D. Sowa-Rigpa primarily uses Ayurvedic principles and practices for diagnosis and treatment.

10. The Central Mechanical Engineering Research Institute (CMERI) is a premier R&D institution in India focused on mechanical engineering. Which of the following statements about CMERI is correct?

- A. CMERI is located in Mumbai and operates under the Ministry of Heavy Industries.
- B. The institute primarily focuses on aerospace engineering and related technologies.
- C. CMERI operates under the Council of Scientific and Industrial Research (CSIR).
- D. The institute was established in 1958 and has a major focus on chemical engineering research.



Solutions

Answer 1: D

Solution:

- Statement 1 is correct: The overall trade deficit narrowed from \$264.9 billion in 2022-23 to \$238.3 billion in 2023-24.
- Statement 2 is correct: The trade deficit with China increased, and China became India's largest trading partner in 2023-24 with \$118.4 billion in trade.
- Statement 3 is correct: India has free trade agreements with countries like Singapore, the UAE, Korea, and Indonesia.
- Statement 4 is correct: India maintains a trade surplus with the U.S. (\$36.74 billion) and has a trade deficit with Russia, which increased from \$43 billion to \$57.2 billion.

Hence, option D is correct.

Answer 2: B

Solution:

- Statement 1 is correct: The Council of Europe is indeed an international organization aimed at promoting human rights, democracy, and the rule of law in Europe.
- Statement 2 is incorrect: While many European Union member states are members of the Council of Europe, not all EU member states are part of it. Additionally, the Council of Europe has more members than the European Union.
- Statement 3 is correct: The European Court of Human Rights is an institution under the Council of Europe.
- Statement 4 is incorrect: The headquarters of the Council of Europe is

located in Strasbourg, France, not Brussels, Belgium.

Hence, Option B is correct.

Answer 3: C

Solution:

- Statement 1 is correct: ETO is a highly reactive gas that is widely used for the sterilization of medical equipment and surgical instruments.
- Statement 2 is correct: Long-term exposure to Ethylene Oxide has been linked to an increased risk of cancer and other serious health issues.

Hence, Option C is correct.

Answer 4: D

Solution:

- Statement 1 is correct: India's agricultural imports indeed decreased by 8% in 2023-24, largely due to a significant drop in edible oil imports by 28.5%.
- Statement 2 is correct: Pulses imports increased from \$1.9 billion in 2022-23 to \$3.7 billion in 2023-24.

Hence, Option D is correct.

Answer 5: D

Solution:

- The Amaravati River is the longest tributary of the Kaveri River in the fertile districts of Udumalpet, Dharapuram and Karur Tamil Nadu state, South India.

Hence, Option D is correct.

Answer 6: D

Solution:



- Statement 1 is correct: LVM3 (Launch Vehicle Mark-3) is indeed the heaviest launch vehicle developed by ISRO.
- Statement 2 is correct: LVM3 is capable of launching satellites into Geosynchronous Transfer Orbit (GTO).
- Statement 3 is correct: LVM3 was formerly known as GSLV Mk III (Geosynchronous Satellite Launch Vehicle Mark III).
- Statement 4 is correct: LVM3 played a crucial role in the Chandrayaan-2 mission, as it was the launch vehicle used for this mission.

Hence, Option D is correct.

Answer 7: B

Solution:

- Gelephu Smart City Project is Bhutan's plans for a regional economic hub at Gelephu, a town bordering Assam in India.
- Gelephu Mindfulness City (GMC) is a planned carbon-neutral city in Bhutan, spanning 1,000 square kilometres. The plan was launched by Bhutan's King in December 2023.

Hence, option B is correct.

Answer 8: A

Solution:

- Cost Inflation Index (CII) is a number used to adjust the purchase price of assets on the basis of inflation.
- The CII number helps an individual to ascertain the inflation-adjusted current price of an asset.
- This helps in calculating capital gains from a transfer or sale of capital assets after taking inflation into account.

Hence, option A is correct.

Answer 9: D

Solution:

- Sowa-Rigpa has its own distinct principles and practices for diagnosis and treatment, which differ from Ayurvedic principles. Although there are similarities and some shared concepts between Sowa-Rigpa and Ayurveda due to historical interactions, Sowa-Rigpa is an independent system with its unique methodologies.

Hence, option D is correct.

Answer 10: C

Solution:

- CMERI operates under the Council of Scientific and Industrial Research (CSIR), which is an autonomous body under the Ministry of Science and Technology.

Hence, option C is correct.





GET IN TOUCH

+919999057869

www.upsmentorship.com

@mentorship.india

C - 103, Second Floor, Sector-2
Noida - 201301

contact@mentorshipindia.com