



Daily Current Affairs



To The Point

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1 India's 6-Point Plan to Strengthen Economic Ties with the EU

Context: India has introduced a comprehensive **6-point plan** aimed at enhancing its economic partnership with the **European Union (EU)**. This initiative focuses on fostering trust, promoting fair trade, and driving technological and sustainable growth.



The 6-Point Plan:

1. Trusted Partnership:

- Foster stronger economic ties between India and the EU, benefiting a combined population of **2 billion people**.
- Build a foundation of **mutual trust** to ensure sustained cooperation and growth.

2. Fair Trade Agenda:

- Work towards a mutually beneficial **Free Trade Agreement (FTA)** to eliminate **tariff** and **non-tariff barriers**.
- Prioritize the inclusion of **small enterprises, farmers, and fishermen** to ensure equitable trade practices.

3. High-Quality Production:

- Adopt **EU best practices** to harmonize manufacturing standards under the vision of “**zero defect, zero effect**”.
- Focus on producing high-quality, sustainable goods for global markets.

4. Technological Collaboration:

- Jointly develop **cutting-edge technologies** and secure **critical raw material supply chains**.
- Promote **fair technology sharing** to enhance resilience against non-market economies.

5. Sustainable Development:

- Align trade and economic policies with **Sustainable Development Goals (SDGs)**, adhering to the principle of **common but differentiated responsibility**.
- Collaborate in areas like **renewable energy, green technologies, and environmental protection**.

6. Mutual Growth:

- Leverage India's **talent pool** as a “**living bridge**” to drive shared innovation and prosperity.
- Enhance cultural and economic exchanges for mutual benefit.

India-EU Relations: An Overview:

Political Cooperation:

- **Historic ties:** India-EU relations date back to the 1960s, strengthened by the **1994 Cooperation Agreement**.
- **Milestones:**
 - **2000:** First India-EU Summit.
 - **2004:** Upgraded to a **Strategic Partnership** at the 5th Summit in The Hague.

Economic Cooperation:

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- **Bilateral trade:** Reached **USD 137.41 billion** (2023-24), with the EU as India's largest trading partner in goods.
- **Services trade:** Valued at **USD 51.45 billion** in 2023.

Sectoral Collaborations:

- **Water Management:** The **India-EU Water Partnership (IEWP)** (2016) focuses on sustainable water frameworks.
- **Nuclear Energy:** Agreement signed in 2020 for R&D on the peaceful use of nuclear energy.
- **Trade and Technology Council (TTC):** Launched in 2023 to advance collaboration on trade, technology, and security.

Challenges in India-EU Collaboration:

1. **Legacy Trade Issues:**
 - Persistent disputes over **tariffs, non-tariff barriers, and standards harmonization**.
2. **Technology Transfer:**
 - Misalignment in **intellectual property rights (IPR)** and challenges in equitable technology sharing.
3. **Critical Raw Materials:**
 - **Geopolitical tensions** and competition for resources hinder smooth cooperation in securing vital materials.

Way Forward:

1. **Accelerate FTA Negotiations:**
 - Address key issues like **market access, trade facilitation, and dispute resolution mechanisms**.
2. **Enhanced R&D Partnerships:**
 - Establish **joint research centers and innovation hubs** to drive technological progress.
3. **Sustainability Focus:**
 - Invest in **green technologies and renewable energy** to achieve long-term economic and environmental benefits.

Conclusion:

India's **6-point plan** offers a clear and strategic framework for deepening its partnership with the EU. By addressing core challenges such as trade barriers, technology sharing, and sustainability, this collaboration can unlock immense potential for **global economic stability and resilience**. Together, India and the EU have the capacity to shape a more equitable, sustainable, and prosperous future.

2 India's Strategic Response to Trump's Presidency

Context: India's External Affairs Minister, **S. Jaishankar**, has embarked on a crucial mission to Washington, prioritizing bilateral ties, regional security, and economic collaboration as key pillars of India-U.S. relations during the Trump presidency.

Key Priorities for Jaishankar's Washington Visit:

1. Early Modi-Trump Meeting:

- Strengthen the **personal rapport** between Prime Minister **Narendra Modi** and President **Donald Trump**, established during Trump's first term.
- Focus on **defense cooperation**, **energy security**, and **counter-terrorism** to lay the groundwork for high-level bilateral engagements in the coming years.

2. Quad Summit and Regional Security:

- Reinforce the **Quad alliance** (India, U.S., Japan, and Australia) to ensure a **free and open Indo-Pacific**, aligning with India's **Act East Policy**.
- Promote **peace, stability, and connectivity** in the Indo-Pacific region to counterbalance China's growing influence.

3. Trade and Economic Collaboration:

- Address unresolved **tariff issues**, such as U.S. duties on Indian **steel and aluminum**, and advocate for fair trade practices.
- Explore synergies in **emerging technologies** like artificial intelligence, semiconductors, and cybersecurity.

4. Immigration and Talent Mobility:

- Advocate for **smoother visa processing** and address restrictions impacting **Indian professionals** working in the U.S.
- Strengthen ties with the **Indian-American diaspora**, a vital link in the India-U.S. relationship.

Strategic Significance of the Agenda:

1. Addressing Geopolitical Shifts:

- Counter China's **assertiveness in Asia**, particularly in the **Indo-Pacific** region, by enhancing Quad cooperation.
- Promote **regional peace and connectivity** through a strong maritime security framework.

2. Economic Synergy:

- Expand collaboration in emerging sectors like **artificial intelligence**, **semiconductors**, and **renewable energy**, leveraging India's growing status as a **global tech hub**.

3. Reinforcing Shared Values:

- Reaffirm India and the U.S.'s commitment to **democracy** and a **rules-based international order**, strengthening their strategic partnership.

Challenges Ahead:





1. **Trade and Tariff Disputes:** Persistent disagreements over **tariffs** and **non-tariff barriers** remain unresolved.
2. **Immigration Restrictions:** Challenges such as **U.S. visa caps** and delays hinder the mobility of Indian professionals.
3. **Geopolitical Divergences:** Differences in **global conflict stances**, like on **Russia**, may test bilateral cooperation.
4. **Technology Barriers:** Restrictions on **sensitive technology transfers** limit potential in defense collaboration.
5. **Domestic Pressures:** Political and economic constraints in both nations could impact policy priorities.

Way Forward:

1. **Streamline Trade Agreements:** Focus on reducing trade barriers to maximize **mutual economic benefits**.
2. **Advance Immigration Reforms:** Develop frameworks to enhance **talent mobility** and improve **visa efficiency**.
3. **Strengthen Quad Engagement:** Expand cooperation on **regional connectivity** and **maritime security initiatives**.
4. **Promote Renewable Energy Ventures:** Collaborate on **clean and sustainable energy technologies**, aligning with global climate goals.
5. **Frequent High-Level Dialogues:** Establish regular **high-level engagements** to address emerging challenges and seize opportunities.

Conclusion:

Minister **S. Jaishankar's Washington agenda** reflects India's **strategic vision** to enhance its relationship with the U.S. by tackling critical issues like trade, immigration, and regional security. This forward-looking approach underscores India's commitment to a **robust partnership**, turning challenges into opportunities and fostering a future of **shared prosperity and global leadership**.

3 First Executive Orders by Donald Trump (47th President of the U.S.)

Context: On his first day in office, Donald Trump, as the **47th President of the U.S.**, signed a series of impactful executive orders, signaling his administration's policy priorities.



About Executive Orders:

- **Definition:** Official directives issued by the President to manage the federal government, enforce laws, or set significant policy initiatives.
- **Scope:** Can range from routine administrative tasks to major policy shifts, bypassing the need for Congressional approval.
- **Usage:** Often employed to achieve goals that face legislative hurdles.

Key Highlights of Trump's Executive Orders:

1. Pardons:

- Pardoned **1,500 individuals**, including:
 - Participants in the **January 6, 2021 Capitol riot**, such as members of the **Proud Boys** and **Oath Keepers**.

2. Immigration:

- **Reversed Biden-era policies**, prioritizing deportation of all undocumented immigrants.
- Suspended the **U.S. refugee resettlement program** for four months.
- Declared a **national emergency** on the U.S.-Mexico border, deploying troops for immigration enforcement.
- Proposed ending **birthright citizenship**, anticipating legal challenges.

3. Undoing Biden Policies:

- Revoked **78 executive orders** signed by Biden, including:
 - COVID-19 relief measures.
 - Diversity, equity, and inclusion (DEI) initiatives.
 - Clean energy policies.
- Directed federal agencies to preserve records related to **alleged political persecutions**.

4. Diversity and Inclusion: Rescinded Biden's executive orders promoting DEI and LGBTQ+ protections.

5. Government Efficiency:

- Created the **Department of Government Efficiency (DOGE)**, led by **Elon Musk**, to streamline federal operations.
 - Faced immediate legal challenges over its scope and jurisdiction.

6. Climate and Energy:

- Withdrew from the **Paris Climate Agreement**.
- Reversed restrictions on **oil drilling** in the Arctic and on federal lands, focusing on **energy independence**.



- Declared a **national energy emergency** to boost domestic oil and gas production.

7. Inflation and Economy:

- Ordered departments to implement measures to combat inflation, attributing it to Biden's policies.
- Proposed **25% tariffs** on Canada and Mexico.
- Directed agencies to assess **China's compliance** with trade agreements.

8. Foreign Policy and Aid:

- Paused **foreign development assistance** for 90 days to ensure alignment with U.S. interests.
- Rejected the **OECD global minimum corporate tax deal**, citing the need for Congressional approval.

9. **Free Speech:** Signed an order to restore **freedom of speech** and end federal censorship of online platforms.

10. **Health Policy:** Withdrew from the **World Health Organization (WHO)**, citing its handling of the COVID-19 pandemic.

Implications for U.S.-India Relations:

1. Trade Policies:

- **Protectionist stance:** Higher tariffs on Indian exports could strain trade relations, as the U.S. is India's largest export market.
- **WTO violations:** Trump's trade policies could lead to disputes at the **World Trade Organization**, complicating bilateral relations.

2. Opportunities in Manufacturing:

- **Anti-China stance:** India could benefit from shifting supply chains, particularly through **production-linked incentives (PLIs)**.
- **Challenges:** India must implement structural reforms to maximize these opportunities.

3. Technology and Innovation:

- India's **STEM talent** could gain from U.S. investments in emerging technologies such as **AI** and **quantum computing**.
- **IT sector growth:** Potential expansion in India's IT services, although restrictions on **H-1B visas** may pose risks.

4. Immigration and Visas:

- Stricter immigration policies, including **H-1B visa restrictions**, could negatively impact Indian professionals.
- **IT firms:** May face difficulties in deploying talent to the U.S. market.

5. Energy and Climate:

- **Divergence:** Trump's focus on fossil fuels contrasts with India's renewable energy goals, complicating cooperation in climate initiatives.

Conclusion and Way Forward:

Donald Trump's presidency signals a potential reshaping of **global economic dynamics**, including U.S.-India relations. While challenges such as **protectionist trade policies**, **immigration restrictions**, and **divergent energy priorities** may arise, opportunities exist in areas like **manufacturing**, **technology**, and **regional security**.

4

RBI Issued Norms for Asset Reconstruction Companies (ARCs)

Context: The Reserve Bank of India (RBI) has introduced revised norms for **Asset Reconstruction Companies (ARCs)** to enhance transparency and efficiency in the settlement of dues with borrowers.

Key Features of the Guidelines:**1. Framework for Settlement of Dues:**

- ARCs are required to adopt a **Board-approved policy** to govern settlement practices.
- Policies should outline transparent and consistent procedures for settling dues with borrowers.

2. Differentiated Approach Based on Loan Size:

- **For dues above 1 crore:**
 - Approval must come after recommendations from an **Independent Advisory Committee (IAC)**.
 - The IAC should include experts in technical, financial, or legal domains to ensure impartiality.
- **For dues up to 1 crore:**
 - Settlement proposals can be approved by **officials not involved** in acquiring the concerned financial asset to avoid conflicts of interest.

3. Recovery Safeguards:

- Settlements must ensure that the **Net Present Value (NPV)** of the settlement is not lower than the **realisable value of securities**.

What is an Asset Reconstruction Company (ARC)?

ARCs are specialized financial institutions that purchase **non-performing assets (NPAs)** from banks and financial institutions. This allows lenders to clean their balance sheets and focus on fresh credit.

Key Points about ARCs:

- **Introduction:** The **Union Budget 2021-22** announced the establishment of ARCs to tackle India's mounting NPA crisis.
- **Regulation:** ARCs are governed by the RBI under the **SARFAESI Act, 2002**.
- **Role:** They play a pivotal role in resolving stressed financial assets, enhancing the overall stability of the financial system.

Non-Performing Assets (NPAs):

- **Definition:** Loans or advances that have stopped generating income for the lender.
- **Criteria:** A loan is classified as an NPA when the borrower fails to make payments on the **principal or interest** for at least **90 days**.

National Asset Reconstruction Company Ltd (NARCL):

- **Formation:** Established in 2021 as a **government-backed ARC**.
- **Ownership:**
 - Majority stake held by **Public Sector Banks (PSBs)**.
 - Remaining stake held by private banks, with **Canara Bank** as the sponsor bank.





- **Regulation:** Registered under the **SARFAESI Act, 2002**.
- **Objective:** To facilitate the resolution of large-value stressed assets by acquiring and managing them effectively.

Functions of ARCs:

1. Acquisition of Bad Loans:

- ARCs purchase NPAs from banks and financial institutions at a discounted price, enabling lenders to clean up their balance sheets.

2. Resolution of Stressed Assets:

- After acquiring bad loans, ARCs employ various strategies to recover dues, including:
 - **Restructuring** of loans.
 - **One-time settlements**.
 - **Asset liquidation**.

3. Securitization of Loans:

- ARCs can issue securities or bonds to investors.
- These securities are backed by the underlying NPAs, helping ARCs raise funds for further asset acquisitions.

Concluding Remarks:

- ARCs are essential components of India's financial system, addressing the critical issue of **non-performing assets (NPAs)** and enhancing the health of the banking sector.
- By streamlining asset recovery and resolution, ARCs enable banks to focus on **fresh credit**, contributing to **financial stability** and **economic growth**.
- The revised RBI norms strengthen governance, transparency, and operational efficiency within ARCs, ensuring their pivotal role in India's financial ecosystem remains robust.



5

India Became the 7th Largest Producer of Coffee

Context: India has emerged as the **seventh-largest coffee producer globally**, with coffee exports reaching **\$1.29 billion** in the last financial year. This marks a significant increase compared to **\$719 million** in exports during 2020-21.

**Key Highlights:****Export Insights:**

- **Top Buyers:** Italy, Belgium, and Russia are the primary importers of Indian coffee.
- **Unroasted Coffee Beans:** India primarily exports unroasted coffee beans; however, demand for **value-added products** like roasted and instant coffee is increasing.

Domestic Consumption:

- The growing popularity of **café culture**, rising **disposable incomes**, and a shift in preferences toward coffee are driving domestic consumption in India.

Coffee Production in India:**Types of Coffee Grown:**

- **Arabica:** Known for its mild flavor and higher market value.
- **Robusta:** More robust and less acidic, often used in instant coffee production.

Export-Oriented Commodity:

- **65%-70%** of coffee produced in India is exported, showcasing its export-oriented nature.

Regions of Cultivation:1. **Traditional Areas:**

- **Western Ghats** in **Karnataka, Kerala, and Tamil Nadu** account for most of India's coffee production.

2. **Non-Traditional Areas:**

- **Andhra Pradesh, Odisha, and the North-East states** are emerging coffee-growing regions.

Leading States:

- **Karnataka:** The top coffee-producing state in India.
- **Kerala:** Second-largest producer.
- **Tamil Nadu:** Third-largest contributor.

Climatic and Agricultural Practices:**Climatic Conditions:**

- Coffee thrives in temperatures between **15°C and 24°C**.
- **Extreme temperatures** outside this range adversely affect yield.

Unique Cultivation Practices:

- Indian coffee is cultivated under a **two-tier mixed shade canopy** of evergreen leguminous trees.
- **Benefits of Shade Cultivation:**



- Prevents soil erosion on sloping terrains.
- Enriches soil by recycling nutrients.
- Protects coffee plants from temperature fluctuations.

Coffee Board of India:

Establishment:

- Created under the **Coffee Act VII of 1942**, the Coffee Board operates under the Ministry of Commerce and Industry.

Structure:

- Comprises **33 members**, including the **Chairman** and the **Secretary & CEO**.

Role:

- Promotes coffee production in India.
- Facilitates research, marketing, and support for coffee growers and exporters.

Global Context:

- **Largest Coffee Producers:**
 1. **Brazil:** Accounts for **40%** of global coffee production.
 2. **Vietnam:** Second-largest producer.
- India's recent rise to the **seventh-largest producer** reflects its growing presence in the global coffee industry.

Conclusion:

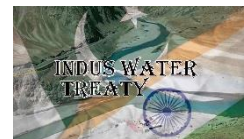
India's coffee sector is experiencing robust growth, driven by rising exports and domestic consumption. With its unique cultivation methods, favorable climatic conditions, and increasing demand for value-added products, India is well-positioned to strengthen its global coffee footprint.

Further investment in **value addition, branding, and sustainable practices** can unlock additional opportunities for the coffee industry, ensuring continued growth and competitiveness on the global stage.

6

World Bank on Indus Water Treaty Dispute

Context: The World Bank-appointed **Neutral Expert** has declared their competence to resolve differences between **India** and **Pakistan** regarding hydroelectric projects on the **Indus** and its tributaries.



Indus Water Treaty (IWT):

Overview:

- Signed in **1960**, the **Indus Water Treaty** governs water-sharing arrangements between **India** and **Pakistan**.
- The treaty was brokered by the **World Bank**.

Allocation of Rivers:

1. **Eastern Rivers (India):** Ravi, Beas, and Sutlej allocated exclusively to India.
2. **Western Rivers (Pakistan):**
 - **Indus, Jhelum, and Chenab** allocated to Pakistan, with limited usage rights for India, including:
 - **Non-consumptive use** (e.g., navigation, fisheries).
 - **Domestic use.**
 - **Agricultural use.**
 - **Hydroelectric power generation** (under specific conditions).

Key Features:

1. **Allocation of Water:** Pakistan receives **80%** of the Indus system's water.
2. **Permanent Indus Commission (PIC):** Comprising representatives from both countries to oversee treaty implementation and resolve disputes.
3. **Dispute Resolution Mechanism:**
 - **Questions:** Addressed by the PIC.
 - **Differences:** Handled by a **Neutral Expert**.
 - **Disputes:** Resolved by a **Court of Arbitration (CoA)**.
 - The **World Bank's role** includes appointing officials for these mechanisms when requested.

Key Disputes Between India and Pakistan:

Pakistan's Objections:

- Pakistan opposes several Indian hydroelectric projects, claiming potential violations of treaty provisions.
- Major disputes involve:
 1. **Kishanganga Hydroelectric Project:** Located on the **Kishanganga River** (Neelum, a tributary of Jhelum).
 2. **Ratle Hydroelectric Project:** Located on the **Chenab River**.



- The disagreement centers on whether the technical details of these projects adhere to treaty guidelines.

World Bank's Role:

- The **Neutral Expert's** recent declaration prevents escalation to a **Court of Arbitration (CoA)**, as sought by Pakistan.
- India has welcomed the Neutral Expert's involvement as a constructive step toward resolution within the framework of the treaty.

Indus River System:

Origin of the Indus River:

- The **Indus River** originates at **Bokhar Chu** in the Tibetan region, near **Mansarovar Lake**.
- Locally known as **Singi Khamban** (Lion's Mouth).
- It enters **India** at **Demchok** in the **Ladakh** region.

Tributaries:

1. **Left Bank Tributaries:** Zaskar, Suru, Soan, Jhelum, Chenab, Ravi, Beas, Sutlej, and Panjnad Rivers.
2. **Right Bank Tributaries:** Shyok, Gilgit, Hunza, Swat, Kunnar, Kurram, Gomai, Tochi, and Kabul Rivers.

Key Hydroelectric Projects on Western Rivers:

Indus River:

- **Nimmo-Bazgo** (Leh).
- **Stakna** (Leh).

Chenab River:

- **Baglihar Stage-I** (Doda).
- **Chenani Project** (Tawi River, Udhampur).
- **Dulhasti** (Doda).

Jhelum River:

- **Uri-I & II** (Baramulla).
- **Ganderbal** (Srinagar).
- **Upper Sindh I & II** (Sindh Nallah, tributary of Jhelum).

Implications of the Dispute:

1. **India's Stance:** Neutral Expert's involvement reaffirms India's adherence to the treaty.
2. **Pakistan's Concerns:** Fear of water shortages due to Indian hydroelectric projects.
3. **Bilateral Relations:** The dispute continues to strain India-Pakistan ties.

Conclusion:

The **Indus Water Treaty** remains a vital framework for India-Pakistan water-sharing. While disputes have tested its resilience, the involvement of the **World Bank** and its Neutral Expert offers an opportunity for peaceful resolution. Both nations must prioritize cooperation to ensure sustainable and equitable water management in the region.

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