

# DAILY NEWS

## ANALYSIS



**10<sup>th</sup> April**

### ***Explained***

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### **DNA Quiz**

Playlist Link:

What to Read: <https://bit.ly/3FYdutC>

Daily News Analysis: <https://bit.ly/4ge9BgF>

## EXPLAINED

### 1. TRUMPS 90 DAY TARIFF WAR PAUSE

**Relevance:** International Relations (GS II), Effects of Liberalization on the Economy (GS III)

**Backdrop:** Trump pauses tariffs by 90 days; slaps China with 125%.

#### U.S. Tariff Actions and Trade War:

- U.S. President Donald Trump announced a **90-day pause** on higher tariffs for most countries.
- Despite the pause, Trump **raised tariffs on China to 125%**, citing China's lack of respect for global markets.
- Hours before the 125% hike, the U.S. had already increased **tariffs on Chinese goods to 104%**.
- **China retaliated** by raising tariffs on U.S. imports to **84%**.
- A **10% flat tariff on all countries** (announced earlier) took effect on **Saturday** and remains in place.
- Trump declared the baseline tariffs on all countries during a speech on "**Liberation Day**."

#### Global Reactions:

- **More than 75 countries** reached out to the U.S. to negotiate and did not retaliate.
- The **European Union (EU)** announced retaliatory measures targeting **over €20 billion** worth of U.S. products.
- EU's countermeasures include tariffs on **soybeans, motorcycles, and beauty products**.
- The EU did **not retaliate** against the **20% U.S. tariffs** that took effect on Wednesday.

#### Market Reactions:

- **Wall Street stocks surged** following Trump's pause announcement.
  - ♦ The **S&P 500 rose 6%** to **5,281.44**, recovering from a week-long slump.
- **European and Asian markets** had earlier tumbled, along with oil and the U.S. dollar.
- **U.S. bond yields rose**, signaling economic caution amid the sell-off.

#### Impact of Trump's Tariff Pause on India



### TERMS IN THE NEWS

#### Recession

- A **recession** is a **sustained decline in economic activity** across the economy, lasting **more than a few months**.
- Technically, a recession is confirmed when **real GDP contracts for two consecutive quarters**.
- Key indicators include falling **real GDP, income, employment, industrial production, and sales**.

#### Depression

- Depression is a **severe and extended form of recession**.
- When a **recession** persists for **two or more consecutive quarters** with worsening conditions, it is typically referred to as a depression.
- It involves a **sharp and prolonged decline** in economic activity, marked by significant drops in **output and employment**.

#### Stagflation

- **Stagflation** refers to a condition where **inflation remains high** despite **sluggish economic growth** and **persistent unemployment**.

### 2. RBI REPO RATE CUT

**Relevance:** GS3 Monetary Policy

**Backdrop:** RBI repo rate cut

#### In the News:

- The Reserve Bank of India's (RBI's) six-member Monetary Policy Committee (MPC) on Wednesday (April 9) decided to cut the repo rate by 25 basis points to 6%.

- The rate setting panel also changed the monetary policy stance from “neutral” to “accommodative”, signaling further reductions in the repo rate in the near future.

### What is the Repo Rate?

- Repo Rate** (Repurchase Rate): The **rate at which RBI lends short-term funds** to commercial banks against government securities.
- Reverse Repo Rate**: The **rate at which RBI borrows funds** from commercial banks.
- These are key tools in the **RBI’s monetary policy toolkit**.

| Term                 | Meaning   |
|----------------------|---|
| <b>Repo Rate</b>     | Rate at which banks borrow from RBI             |
| <b>Reverse Repo</b>  | Rate at which banks park surplus funds with RBI |
| <b>Current Rates</b> | Repo: 6.00%, Reverse Repo: 3.35%                |

### Why is Repo Rate Important?

- Anchor Rate**: Repo rate influences all other interest rates in the economy—on loans, deposits, savings, etc.
- Economic Control**: RBI adjusts the repo rate to **stimulate growth** or **control inflation**:

| If RBI reduces repo rate:                         | If RBI increases repo rate:           |
|---|---------------------------------------|
| Banks borrow cheaper from RBI                     | Banks pay more to borrow from RBI     |
| Banks reduce lending and deposit rates            | Banks raise lending and deposit rates |
| People and businesses borrow more → more spending | Borrowing decreases → less spending   |
| Boosts demand and investment                      | Slows demand to control inflation     |

That’s why it’s called the **benchmark interest rate** of the economy.

### Why Did RBI Reduce the Repo Rate Recently?

- Global Economic Uncertainty**: Triggered by trade tensions, particularly **reciprocal tariffs by the US (Trump administration)**.
- Sluggish Economic Growth**: RBI is more concerned about **growth slowdown** than inflation.

### Falling Inflation:

- Jan–Feb 2025 CPI inflation**: Averaging **3.9%**
- Lower than RBI’s Jan–Mar 2025 projection of **4.8%**
- RBI aims to **boost credit flow**, revive **consumer and business spending**, and **stimulate the economy**.

### Monetary Policy Stances by RBI – Meaning & Economic Impact

| Stance                        | Meaning  | Interest Rates        | Borrowing         | Inflation Impact       | Economic Growth   |
|-------------------------------|--|-----------------------|-------------------|------------------------|-------------------|
| <b>Accommodative (Dovish)</b> | RBI supports growth; likely to reduce or maintain low rates      | • Lower               | • Easier          | • May rise             | • Stimulated      |
| <b>Neutral</b>                | No bias; may increase, decrease, or maintain rates based on data | • Stable/<br>Flexible | • Depends on data | • Depends on situation | • Depends on data |
| <b>Hawkish</b>                | Focus on inflation control; likely to raise rates                | • Higher              | • Costlier        | • Controlled           | • May slow down   |

## Instruments of Monetary Policy

| Instrument                          | Purpose/Description  |
|-------------------------------------|--|
| Repo Rate                           | Rate at which RBI lends to commercial banks (main policy tool)                   |
| Reverse Repo Rate                   | Rate at which RBI absorbs liquidity (now replaced by SDF for overnight deposits) |
| Standing Deposit Facility (SDF)     | New floor rate for overnight uncollateralized deposits (25 bps below repo)       |
| Marginal Standing Facility (MSF)    | Emergency borrowing rate (25 bps above repo), ceiling of LAF corridor            |
| Bank Rate                           | Penal rate for CRR/SLR shortfall (aligned with MSF)                              |
| Cash Reserve Ratio (CRR)            | % of bank NDTL to be held in cash with RBI                                       |
| Statutory Liquidity Ratio (SLR)     | % of bank NDTL to be held in liquid assets (govt securities, gold, cash)         |
| Open Market Operations (OMOs)       | Purchase/sale of government securities for durable liquidity management          |
| Liquidity Adjustment Facility (LAF) | Repo & reverse repo operations to manage short-term liquidity                    |
| LAF Corridor                        | Range between MSF (ceiling) and SDF (floor) with Repo Rate in the middle         |
| 14-Day Main Repo                    | Core liquidity management operation aligned with CRR cycle                       |
| Fine Tuning Operations              | Repo/reverse repo (short/long) for sudden liquidity mismatches                   |

### 3. SCHEME FOR MODERNISATION OF IRRIGATION NETWORK

**Relevance:** GS3/Different types of irrigation and irrigation systems storage./GS2 Government Scheme

**Backdrop:** Cabinet approves Modernization of Command Area Development and Water Management as a sub-scheme of Pradhan Mantri Krishi Sinchayee Yojana

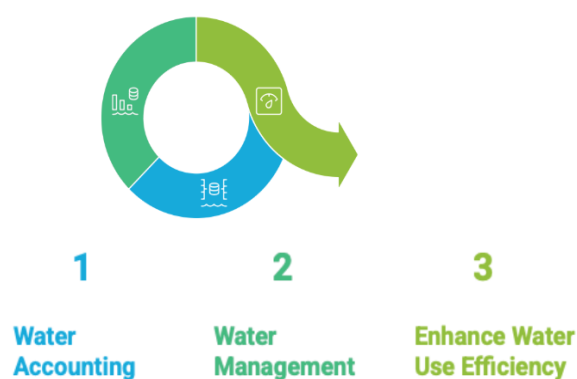
#### In the News :

#### Key Features of the Scheme:

- Focus on **modernization of irrigation water supply networks** in designated clusters.
- Supply of irrigation water from **existing canals or other sources** using **pressurized underground piped systems** up to **1 hectare** at the **farm gate**.
- Establishment of **robust backend infrastructure** for micro-irrigation.

#### Technology Integration

- Use of SCADA and IoT for:



**Expected Outcomes**

Increased Farm-Level Water Efficiency



Improved Agriculture Productivity



Enhanced Farmer Income



Greater youth engagement in modern irrigation methods

**Sustainability Measures:**

- **Irrigation Management Transfer (IMT) to Water User Societies (WUS)** for asset management.

- **Handholding support** to WUS for 5 years to link with **FPOs (Farmer Producer Organizations)** or **PACS (Primary Agricultural Credit Societies)**.

**Implementation Strategy:**

- Initial rollout through **pilot projects** across **various agroclimatic zones** via **challenge funding** to states.
- Learnings from pilots to inform a **National Plan for Command Area Development and Water Management**, to be launched from **April 2026** (16th Finance Commission period).

## About Pradhan Mantri Krishi Sinchayee Yojana

|                                     |   |
|-------------------------------------|---|
| <b>Launch Year</b>                  | <b>2015</b>   |
| <b>Nodal Ministries</b>             | <ul style="list-style-type: none"> <li>- Ministry of Agriculture &amp; Farmers Welfare</li> <li>- Ministry of Jal Shakti</li> <li>- Ministry of Rural Development</li> </ul>  |
| <b>Main Objectives</b>              | <ul style="list-style-type: none"> <li>- Converge irrigation investments at field level</li> <li>- Expand assured irrigated area</li> <li>- Improve on-farm water use efficiency</li> <li>- Promote "More crop per drop"</li> <li>- Recharge aquifers and adopt sustainable practices</li> <li>- Reuse treated wastewater for peri-urban agriculture</li> <li>- Attract private investment in precision irrigation</li> </ul> |
| <b>Integrated Schemes</b>           | <ul style="list-style-type: none"> <li>- <b>AIBP</b> (Ministry of Jal Shakti)</li> <li>- <b>IWMP</b> (Department of Land Resources, MoRD)</li> <li>- <b>OFWM</b> (Department of Agriculture &amp; Cooperation)</li> </ul>   |
| <b>Responsibilities by Ministry</b> | <ul style="list-style-type: none"> <li>- <b>MoRD</b>: Water harvesting, farm ponds, check dams, bunding</li> <li>- <b>Ministry of Jal Shakti</b>: Assured irrigation sources, canals, lift irrigation, distribution</li> <li>- <b>MoAFW</b>: Drips, sprinklers, micro-irrigation, scientific moisture conservation</li> </ul>   |
| <b>Convergence Platform</b>         | <b>Aligns with MGNREGA</b> , drinking water & sanitation, science & technology, etc.  |

## Other Irrigation-Related Schemes

| Scheme   | Launched By / Year     | Objective / Description   |
|--|------------------------|---|
| Per Drop More Crop (PDMC)                            | Sub-scheme under PMKSY | Promotes micro-irrigation technologies (drip, sprinkler) to improve Water Use Efficiency.         |
| Accelerated Irrigation Benefit Programme (AIBP)      | MoWR / 1996            | Provides funding to expedite completion of long-pending major and medium irrigation projects.     |
| Command Area Development & Water Management (CAD&WM) | MoWR / 1974            | Improves irrigation potential utilization through field channels, drains, and structures.         |
| Har Khet Ko Pani                                     | Component of PMKSY     | Aims to bridge the gap between irrigation potential created and actual utilization.               |
| Rashtriya Krishi Vikas Yojana (RKVY)                 | MoA / 2007             | Supports agriculture and allied sectors; now includes PDMC component for DBT in micro-irrigation. |
| Jal Shakti Abhiyan                                   | Gol / 2019             | A time-bound water conservation campaign in water-stressed districts.                             |

## 4. WILDFIRES THREAT

**Relevance:** Disaster Management (GS III)

**Backdrop:** A new study has found the Arctic Boreal Zone began to turn into a carbon source before 1990, and it was helped by the Eastern Siberia fires in 2003 and the Timmins wildfire in Canada in 2012

### Arctic Boreal Zone (ABZ) & Carbon Sink Dynamics:

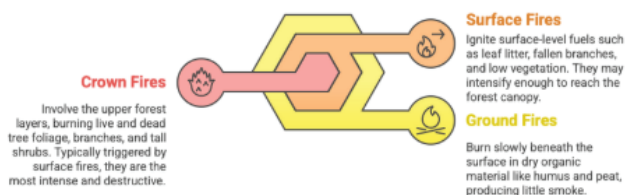
- The ABZ includes tundra, coniferous forests, and wetlands around the Arctic Circle.
- It is the world's largest land-based biome.
- A study in *Nature Climate Change* found that over 30% of ABZ has become a carbon source.
- Alaska contributed 44% of the new emissions, northern Europe 25%, and Siberia 13%.
- Emissions during non-summer months in ABZ now exceed summer carbon absorption.
- Thawing tundra permafrost causes soil warming and decomposition, releasing CO<sub>2</sub>.
- Wildfires are intensifying the carbon feedback loop by destroying natural carbon reservoirs.

### Forest Fires in India:

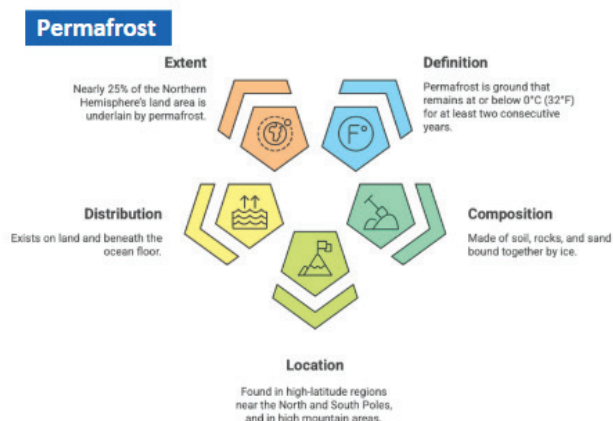
- The India State of Forest Report (Dec 21, 2024) identified Uttarakhand, Odisha, and Chhattisgarh as the states with the most fires in 2023-24.
- Fire hotspots in India reduced from 2.23 lakh (2021-22) to 2.03 lakh (2023-24).
- Heatwaves in India are occurring earlier, moving slower, and lasting longer.
- Forest fires in India emit around 69 million tonnes of CO<sub>2</sub> annually.

### Types of Forest Fires

- A wildfire often includes all three types.







## DECODED

### 5. THE PANDEMIC - LOOKING BACK, LOOKING FORWARD

**Relevance:** Development and Management of Social Sector/Services relating to Health (GS II)

**Backdrop:** March marked five years since the global onset of COVID-19.

"The only possible answer to the question of how we can survive the plague is by living." — José Saramago.

#### Major Lessons from the Pandemic

##### A. Trust in Public Health Systems

- Low public trust hampered adoption of key health interventions like testing and vaccination.
- Heterogeneity in public confidence affected pandemic responses globally.
- In India, underreporting and uneven infection data reflected varied confidence in health services.

##### B. Role of Government

- Government communication was critical in influencing public behavior.
- Public health measures are only as effective as the trust people place in them.

##### C. Technology: Opportunities and Inequities

- Rapid digital transformation, but stark **digital divide** persisted.
- AI usage in pharma innovation rose sharply post-COVID (e.g., drug discovery).
- Telemedicine is revived, but digital access remains unequal.
- Technology is a double-edged sword — provides solutions but can deepen inequalities.

##### D. Amplification of Vulnerabilities

- Pre-existing vulnerabilities worsened, especially in developing countries.
- COVID-19 disproportionately impacted:
- Women (childcare, mental health, employment).
- Poor and marginalized populations.
- Raised concerns about setbacks to the **2030 Sustainable Development Agenda**.
- Triggered a **global mental health crisis** and ongoing debates on workplace structures.

##### E. Health System Weaknesses

- Exposed inadequacies in health systems, especially in the Global South.
- Highlighted need for:
  - Universal health coverage.
  - Improved oxygen supply infrastructure.
  - Hybrid health delivery models (digital + traditional).
  - Stronger public-private partnerships.
- Coordination gaps call for a **central public health officer** in decentralized health systems.

##### F. Equity and Profiteering

- IP waivers debate** showed tensions between innovation and access.
- Vaccine nationalism harmed equitable distribution, especially in Africa.
- Underscored the importance of **South-South cooperation**.

#### Current Reflection and Open Questions

- While there has been progress in health, innovation, and economy, much remains undone.
- Key question: Will the world move toward a '**One World, One Health**' vision or stay fragmented and protectionist?
- We are surviving the pandemic — but are we truly learning from it?

## UPSC PYQ

- Q.** COVID-19 pandemic has caused unprecedented devastation worldwide. However, technological advancements are being availed readily to win over the crisis. Give an account of how technology was sought to aid management of the pandemic. (250 words, 15 marks) (2020)

## PRACTICE Q.

- Q.** While there have been many lessons concerning public health responses, innovation and global equity post covid, still there is a lot of unfinished work left. Discuss

## DNA QUIZ

- Q1** Which of the following statements is/are correct with reference to economic conditions?

1. A recession is confirmed when real GDP contracts for two consecutive quarters.
2. A depression is a milder form of recession that lasts for a shorter duration.
3. Stagflation refers to a situation of high inflation, low economic growth, and high unemployment.

Select the correct answer using the code below:

- (a) 1 and 2 only
- (b) 2 and 3 only
- (c) 1 and 3 only
- (d) 1, 2 and 3

- Q2** With reference to Indian economy, consider the following:

1. Bank rate
2. Open market operation
3. Public debt
4. Public revenue

Which of the above is/are components/ components of Monetary Policy?

- (a) 1 only
- (b) 2, 3 and 4 only
- (c) 1 and 2 only
- (d) 1, 3 and 4 only

- Q3** With reference to micro-irrigation, which of the following statements is/are correct?

1. Fertilizer/nutrient loss can be reduced.
2. It is the only means of irrigation in dryland farming.
3. In some areas of farming, the receding of the groundwater table can be checked.

Select the correct answer using the codes given below:

- (a) 1 only
- (b) 2 and 3 only
- (c) 1 and 3 only
- (d) 1, 2 and 3

- Q4** Consider the following:

1. Carbon monoxide
2. Methane
3. Ozone
4. Sulphur dioxide

Which of the above are released into the atmosphere due to the burning of crop/biomass residue?

- (a) 1 and 2 only
- (b) 2, 3 and 4 only
- (c) 1 and 4 only
- (d) 1, 2, 3 and 4

- Q5** Consider the following statements regarding the Arctic Boreal Zone (ABZ) and carbon sink dynamics:

1. The ABZ includes tundra, coniferous forests, and wetlands around the Arctic Circle.
2. Over 30% of the ABZ has shifted from being a carbon sink to a carbon source.
3. Emissions from the ABZ are now higher in summer months due to increased wildfires.
4. Crown fires are the least intense type of forest fire and usually remain confined to the ground layer.

Which of the statements given above is/are correct?

- (a) 1 and 2 only
- (b) 1, 2, and 3 only
- (c) 2 and 4 only
- (d) 1, 3, and 4 only

### Answers:

|    |     |    |     |    |     |    |     |    |     |
|----|-----|----|-----|----|-----|----|-----|----|-----|
| 1. | (c) | 2. | (c) | 3. | (c) | 4. | (d) | 5. | (a) |
|----|-----|----|-----|----|-----|----|-----|----|-----|

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