



CURRENT AFFAIRS



Argasia Education PVT. Ltd. (GST NO.-09AAPCAI478E1ZH)
Address: Basement C59 Noida, opposite to Priyagold Building gate, Sector 02,
Pocket I, Noida, Uttar Pradesh, 201301, CONTACT NO:-8448440231

Date - 27 October 2021

The carbon markets conundrum at COP26 (GS-3, environment and climate change)

Article 6 of the Paris Agreement would be the king to be checkmated and captured for concluding the Paris Agreement Work Programme (PAWP) at the 26th Conference of the Parties (COP26).

- **Article 6** of the Paris Agreement introduces provisions for using international carbon markets to facilitate fulfilment of Nationally Determined Contributions (NDCs) by countries.
- Developing countries, particularly India, China and Brazil, gained significantly from the carbon market under the Clean Development Mechanism (CDM) of the Kyoto Protocol.
 - India registered 1,703 projects under the CDM which is the second highest in the world.
- Certified Emission Reductions (CERs) issued for these projects are around 255 million.
- U.S.\$2.55 billion in the country.

- logically, India has a lot to gain from a thriving carbon market.
- Developing countries are faced with a dilemma of either selling their carbon credits in return for lucrative foreign investment flows or use these credits to achieve their own mitigation targets.

What should be debated

- market mechanism
- it should help promote sustainable development and assist climate change adaptation in the developing countries. It should encourage private sector participation and attract foreign investments
- While over 50% of the countries have communicated their intention of using market mechanisms to achieve NDC
- It is the developed countries that would rely more on market mechanisms for achieving their climate targets
- The three critical issues that would be hotly debated in Article 6 negotiating rooms are CDM Transition, Accounting rules and Share of Proceeds to the Adaptation Fund.
- **CDM transition:**
 - transition of credits. If the decision regarding transition of CDM is not favourable, it could lead to a loss of billions of dollars worth of potential revenue to India alone
 - a new supervisory body to be formed under the Paris Agreement can re-examine the validity and rigour of such credits.
- **Accounting rules:**
 - mechanism is meant to incentivise the private sector and public entities to undertake mitigation activities for sustainable development.
 - emission reductions transferred from a host country be adjusted against its NDC targets. It must be appreciated that these reductions

represent additional efforts of the private sector or public entities to mitigate greenhouse gas emissions, and in fact raise global climate ambition

- **The path ahead:-**

- India does not need to undertake economy wide emission reduction targets at this stage of its development
- It can significantly gain from the market mechanism
- Robust accounting will ensure that there will be no double counting of emission
- Share of Proceeds (SOP) to the Adaptation Fund:
- For developing countries, adaptation is a necessity. However, it remains severely underfunded compared to financing for mitigation activities.

carbon markets allow developed countries to keep emitting greenhouse gases while developing countries benefit from the revenue generated from the sale of their carbon credits climate justice demands that developing countries get access to their fair share of global carbon space.

a facilitative carbon market mechanism that respects the principles enshrined in UNFCCC would greatly help accelerate their transition to low carbon.

Swarn Singh

Understanding Cryptocurrency and its Surged Demand along with the challenges it poses to the Sovereign Governments (GS 3, Economics, The Hindu, Indian Express)



News/Context: Bitcoin, the most popular private cryptocurrency in the world, has been rallying this year, hitting an all-time high of over \$66,000 last week. Many investors have been piling into bitcoin and they expect the bull run to continue. According to some estimates, over 10 crore Indians own cryptocurrencies, making India the country with the largest number of bitcoin

holders in the world. India has recently also witnessed a number of bitcoin brokerages opening their doors to serve customers.

What actually is Bitcoin or any other Cryptocurrency: To understand the concept of bitcoin we have to understand the concept of money first. Modern money is basically paper currency which is issued by the Central Bank of every country. Any paper currency will be there first with the central bank. After that it moves out and circulates. The circulation of money actually is its journey. In its journey it goes from one hand to another and in parallel with that the goods and services are created. For example if A gives some money to B, B would have done something for A, which means B would have created some goods or services for A against the payment she has received. So it is like one chain in the journey of money. Now the same money will go from the hand of B to anybody else and in parallel goods or services would be created. This is like another chain in the journey of the same money. This is what we need to understand that every money has a history of transaction. If you have one 500 rupees note, this 500 rupees note has a history of exchange. So can we say for a moment that the history if recorded is nothing but the money itself? Yes, in the case of cryptocurrency, actually all transactions which are taking place are recorded online and this online record itself is the currency. It is called Crypto because all exchanges which are recorded are encrypted/coded. Because of this coding nobody can come to know who has transferred the cryptocurrency to whom against what kind of goods and services. **Thus the cryptocurrency is nothing but an online record of all exchanges which is encrypted.** The online encrypted record of exchange in itself is money here. The technology behind the online record of transactions is **Blockchain Technology**.

Because of the fact that it is encrypted, the government or anyone else can never come to know who owns the cryptocurrency. Thus few people with the

intention of tax evasion hide their income and wealth in cryptocurrency. It means they won't be keeping other assets like cash, bank deposits, real estate property or gold. This is one of the major reasons why demand of the cryptocurrency like Bitcoin has surged and its value has increased manifold in recent times. At the same time the cryptocurrencies are **challenging the fiat money** issued by the sovereign governments. Bitcoin, Ethereum, Ripple, Litecoin, Dogecoin are some examples of cryptocurrency.

Why is bitcoin gaining traction in India?

Bitcoin and other cryptocurrencies have been growing rapidly in India despite the pessimism of the Centre and the Reserve Bank of India (RBI). In 2018, the RBI had banned banks and other regulated financial entities from dealing with clients who handled private cryptocurrencies such as bitcoin. However, the Supreme Court last year overturned the RBI's order. This has cleared some of the uncertainty around the legal status of cryptocurrencies and contributed to the rapid rise in their trading volumes. Notably, trading volumes in popular crypto exchange platforms such as WazirX grew multi-fold last year within weeks of the Supreme Court's decision.

CoinSwitch Kuber, CoinDCX, Zebpay and BuyUCoin are some of the other more popular platforms that have come up to facilitate retail trading in cryptocurrencies. CoinSwitch Kuber and CoinDCX have in fact managed to achieve unicorn status with their valuations crossing the \$1-billion milestone recently. These companies have bet on India despite looming regulatory uncertainties as they see huge potential for growth in a market with a predominantly young population. Blockchain, the technology that underlies many cryptocurrencies, has also found favour among celebrities such as Amitabh Bachchan and Salman Khan. These stars plan to launch NFTs (non-fungible tokens) to sell memorabilia that will carry their exclusive digital signatures validated using blockchain technology.

What lies ahead for private cryptocurrencies?

The biggest threat to private cryptocurrencies going forward will come from governments. At the moment, governments possess an absolute monopoly over the issuance of money within their territories. This allows them to enjoy various special privileges that they would not otherwise. For instance, with the help of the central bank, they manage to fund their increasing budget deficits. Central banks also use their control over the nation's money supply to manage aggregate demand in the economy. All such privileges that governments currently enjoy along with their central banks, however, would cease to exist in a world where private currencies actively compete against fiat currencies issued by the state. In such a world, people can readily switch to other competing currencies if they believe that their wealth held in a certain currency issued by a central bank is losing value rapidly. As more people refuse to accept currencies issued by the central banks, this will limit the spending powers of governments and their central banks. So it is highly unlikely that governments will allow private cryptocurrencies to flourish as alternative money. While national currencies at the moment do compete against each other, such competition is limited to a great extent by geographical and other barriers.

It should be noted that the Supreme Court had overturned the 2018 RBI order saying that under existing laws the RBI does not have the powers required to restrict individuals dealing in cryptocurrencies. However, this does not put an end to the primary uncertainty over the legal status of private cryptocurrencies. The Centre may well pass a new law that either completely bans or heavily restricts private currencies. China has already deemed all private cryptocurrencies as illegal and banned them. It soon plans to issue a Central Bank Digital Currency that is based on the same blockchain

technology on which private cryptocurrencies work. More governments may adopt the same approach in the coming years.

Md Layeeque Azam, Economics Faculty

China's New Border Law GS- 2 India and its Neighbourhood Effect of Policies & Politics of Countries on India's Interests

CONTEXT

China's legislature has adopted a **new border law** that calls on the **state and military to safeguard territory and "combat any acts" that undermine China's territorial claims**. The new land border law was adopted amid the continued **standoff between Indian and Chinese militaries** in eastern Ladakh.

About the Law:

Sovereignty and Territorial Integrity: It stipulates that the sovereignty and territorial integrity of the People's Republic of China are sacred and inviolable. The state shall take measures to safeguard territorial integrity and

land boundaries and guard against and combat any act that undermines territorial sovereignty and land boundaries.

Responsibilities: It designates the various responsibilities of the military, the State Council or Cabinet, and provincial governments in managing the security and economic issues in border areas. The **People's Liberation Army (PLA)** "shall carry out border duties" including "**organising drills**" and "**resolutely prevent, stop and combat invasion, encroachment, provocation and other acts**".

The **state shall take measures to strengthen border defence, support economic and social development** as well as opening-up in border areas, improve public services and infrastructure in such areas, encourage and support people's life and work there. The state shall, following the principle of equality, mutual trust and friendly consultation, **handle land border-related affairs with neighbouring countries through negotiations** to properly resolve disputes and longstanding border issues.

Concerns:

It would **formalise some of China's recent actions in disputed territories** with both India and Bhutan. The passing of the law coincides with stepped up Chinese activity along the land borders, which have mirrored actions in **disputed waters in the East and South China Sea**. It includes the PLA's massing of troops in forward areas along the India border and multiple transgressions across the **Line of Actual Control (LAC)**.

China in recent years has been strengthening border infrastructure, including the establishment of air, rail and road networks. It also launched a **bullet train**

in Tibet which extends **up to Nyingchi**, the border town **close to Arunachal Pradesh**. The construction of new **“frontier villages”** **along the border with Bhutan**.

China’s Major Disputes:

China has a 22,100-kilometer **land border with 14 countries** and it has disputes with almost every country including the ones which are maritime neighbours.

Bhutan

The 2017 standoff between Indian and Chinese troops was because China intended to build a road in the Doklam Plateau, a Himalayan region controlled by India’s close ally, Bhutan. India considers Doklam plateau as a buffer zone that is close to other disputed areas with China.

This year, China has laid claim to Bhutan’s Sakteng Wildlife Sanctuary, a 650 sq km land located in the easternmost part of the Kingdom. This is the first public instance of China making border claims in eastern Bhutan. China claims that the Sakteng Wildlife Sanctuary is located in the China-Bhutan disputed areas. The basis for this recent claim is the historic precedent.

NEPAL

China territorial disputes with Nepal dates back to the Sino-Nepal War in 1788-1792, with Beijing claiming that they were part of Tibet, therefore part of China. Nepal has accused China of encroaching into its northern districts of Humla, Rasuwa, Sindhupalchowk and Sankhuwasabha.

Despite protests, Nepal's communist party did not escalate its border tensions with China. During this time, Beijing had increased its investments in Nepal and initiated an exercise to measure Mount Everest and install telecommunication equipment to provide 5G services to the country.

Early this year, China's state-run China Global Television Network, in a tweet, claimed Mount Everest as a part of China and not Nepal. This post was quickly taken down in response to massive outrage from Nepalis.

YELLOW SEA & EAST CHINA SEA

China has Exclusive Economic Zone (EEZ) disputes with North Korea and South Korea in the Yellow Sea. It also has an EEZ dispute with South Korea and Japan in the East China Sea. Furthermore, it lays claim over the Senkaku/Diaoyu Islands of Japan in the East China Sea.

South China Sea

China is claiming almost the whole of the resource-rich South China Sea based on the "historic rights". It is currently taking efforts to militarise the region. The South China Sea is one of the busiest maritime trade routes that serve as a passage for annual trade worth \$3.5 trillion. China has island and maritime boundary disputes with Taiwan, Brunei, Indonesia, Malaysia, Singapore, Philippines and Vietnam in the South China Sea and its extension.

It also has disputes over Spratly Islands (with Vietnam, Philippines, Malaysia, Brunei and Taiwan), Paracel Islands (with Vietnam), Scarborough Shoal (Philippines) and Gulf of Tonkin (with Vietnam).

China aims to coerce these countries to abandon their claims and territorial rights under international law and impose the so-called nine-dash line, an unrecognised boundary it has drawn around 85% of the South China Sea,

almost the entire international waters. In addition, it also claims the whole of Taiwan and its controlled islands as its own.

RUSSIA

Multiple agreements have failed to prevent China unilaterally claiming 160,000 sq km territory of Russia. China is currently encroaching sparsely populated Far East Russia, which is rich with natural resources.

Just recently, Russia faced a backlash from Chinese social media when Vladivostok, the main city in the Russian Far East, marked the 160th anniversary of its founding on July 2, 2020. It was claimed that the territory of Primorsky Krai of which Vladivostok is the administrative capital, historically belonged to China.

Primorsky Krai was a small Manchu settlement under the control of the Qing Dynasty before it became a part of Russian territory in 1860. Vladivostok was called Haishenwei or the Bay of Sea Slugs under the Qing Dynasty.

Conclusion

China has similar such disputes with countries in south east asia like Cambodia, Myanmar, Thailand etc. The following strategies can be used by India to tackle Chain

- Apart from being militarily prepared, India must create a coalition of democratic countries that are willing to counter Chinese aggression and subscribe to rules-based world order.
- The Quad or Quad Plus can be used by India while pursuing a leadership role in this arrangement.
- The post-COVID-19 world would witness a major shift of global supply chains as many countries like Australia, the US and others are

preparing to delink their economies from China. India should make use of the situation.

- India should also address the issue of “Chinese proxies” like Pakistan and Nepal by keeping them out of the leadership positions in global organisations.
- India can increase the naval operations east of the Malacca Strait and follow up with rapid tri-service expeditionary capabilities in the Indian Ocean Region. This can be made into an expeditionary command.
- It can also enhance its defence relations with Southeast Asian countries to counter China’s presence in the region.

BY ANSHUM VERMA

FACULTY (POLITY, GEOGRAPHY AND ENVIRONMENT)

Fashion of Mughal Period : Use of Stylish Glasses (GS Paper I : Art and Culture)

Context :

- Sotheby, a famous exhibition centre of London declared that the Two pairs of bejewelled Mughal-era spectacles set with diamond and emerald lenses are expected to fetch millions (approx 3.5 millions) each when they are auctioned in London

Fashion During Mughals

- Mughal Period was the witness of Luxurious and prosper life style of the royal people They used various types of ornaments , clothes jewelries of too much prestigious stones
- Last days we saw that some glasses of the Mughal periods are brought for auction in the exhibition in London
- The use of precious stone implies that the people of that time were spiritual enlightened
- The name of the two pairs of glasses are “Gate of Paradise” & “Halo of Light ”,. In first pair of the glass we see the lenses were set in diamond-mounted frames while in other pair of glasses diamonds were used for lenses also and frame is also made of diamond
- Scholars predict that these lenses are related to the 17th century while the frames are from the 19th century.
- Regarding the use of glasses there are many stories related to it. Many scholars thought that these glasses were brought by the Europeans , particularly by the Portuguese . Definitely Mughals Mughals absolutely loved gemstones, so they had to buy these precious stones
- In fact the raw materials used in Glasses were definitely brought from the Golconda mines (in India) and at the Mughal court by using these stones , they made glasses. Up to what extend technology used in these glasses are Indians or were learned about glasses from Portuguese

Mughal Costume

- During the Mughal Period male and female both used very luxurious and costly clothes to wear. The rich people, mainly the people from the royal family, wore luxurious clothes . Women wore beautiful and expensive clothes made from the finest materials and adorned themselves with jewellery from head to toe.
- The garments used during that time were the most demandable garments in Entire world. The material used in Garments were silk, velvet and brocade

- Muslims used various types of clothes like Ab-e-Rawan (running water), Baft Hawa (woven air) and Shabnam (evening dew). Muslins called Shabnam were brought from Dacca and were famous as Dhaka malmal.

Following were the names of the dresses wore at the time of Mughal Period

- Peshwaz Peshwaz Yalek Pai-Jama: DhiljaThe Jama The Chogha:
- Mughal Men's Clothing:
- Dhoti
- Pajama
- Churidar
- Shalwar
- Garara
- Farshi

There are some head wears also. During the Mughal period male and female both wore on their head like various types of turbans decorated with various types of ornaments and these turbans were printed in various colours. Mughal royal people they used very precious stones in their turban also

Apart from this , people wore footwear of various designs and styles . Most of them are still popular in the entire world and some of them have lost their significance. They used leather as well as clothes in such footwear . They used diamonds and other costly stones on foot wear also . On the basis of the above analysis we may conclude that during the Mughal period the concept of fashion was there and various types of dressing and ornaments were used by the public. On the bases of ornaments and the fashion we could predict the status of the society

DR ANSHUL BAJPAI

Plutus IAS