

The Hindu



ANALYSIS हिन्दी में



26TH JANUARY 2019

BY AMIT SAINI



ReSpectful
alute
to  ur
INDIA

HAPPY REPUBLIC DAY





IF YOU WERE
ABLE TO BELIEVE
IN SANTA CLAUS
FOR LIKE 8 YEARS,
YOU CAN BELIEVE
IN YOURSELF
FOR LIKE 5 MINUTES

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- SSC & Bank Combo
- SSC Exams
- Bank Exams
- Bank SO - IT Officer
- SSC CGL - AAO

SSC JE COURSES

- Civil (Tech + Non-Tech)
- Electrical (Tech + Non-Tech)
- Mechanical (Tech + Non-Tech)
- Civil (Tech)
- Electrical (Tech)
- Mechanical (Tech)

RAILWAY COURSES

- RRB (Non-Tech)
- Asst Loco Pilot - Electrical
- Asst. Loco Pilot - Electronics & Comm.

RBI GRADE - B

- RBI Grade -B

NABARD

- Nabard Grade - A

UGC NET

- UGC NET - Paper I
- UGC NET - English (Paper II)
- UGC NET - Hindi (Paper -II)
- UGC NET - Maths (Paper -II)

UPSC/IAS COURSES

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- Geography GS
- Polity GS
- UPSC CSAT
- International Relations
- Science & Technology
- Ecology & Env
- Economics

STATE PSC COURSES

- Madhya Pradesh
- Maharashtra
- Uttar Pradesh
- Gujrat
- Punjab
- Uttrakhand
- Chattishgarh
- Andhra Pradesh
- Jharkhand
- Karnataka
- Bihar
- Himachal Pradesh
- More.....

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- CLAT Exams

PROFESSIONAL COURSES

- MS Excel

DEFENCE EXAMS

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- CAPF (A.C.)
- CDS Exam
- AFCAT
- NDA EXAM
- SSB Exams

TEACHING

- CTET Exams
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- UPSC - Geography
- UPSC -Psychology
- UPSC - Philosophy
- UPSC - Sociology

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MCQ 1



Which of the countries don't have a written constitution

1. New Zealand
2. Northern Ireland
3. Israel
4. UK

(A) 1 & 4

(B) 2,3,4

(C) 1,2,3

(D) All

MCQ 2



Name the currency of Venezuela

- A. Dollar
- B. Peso
- C. Boliver
- D. None

MCQ 3



Nilgiri Biosphere Reserve is spread in How many states

- A. One
- B. Two
- C. Three
- D. Four

Vocabulary



- Demagogue
- Fulcrum
- Fealty
- Befuddle
- **Oligarchy**

Editorials Today

Examining farm loan waivers

The solution lies in better schemes that ensure universal coverage for small, marginal and medium-sized farmers



R. RAMAKUMAR

To do or not to do? According to reports, the Central government is discussing a scheme to waive outstanding farm loans in the aftermath of widespread farmers' protests between March and December 2018. Till now, at least 11 States have announced schemes to waive outstanding farm loans: Madhya Pradesh, Uttar Pradesh, Karnataka, Tamil Nadu, Maharashtra, Chhattisgarh, Punjab, Andhra Pradesh, Telangana, Assam and Rajasthan. The pitch for waivers among States has added to the pressure on the Central government for a nationwide farm loan waiver.

Divided opinion

Economists and bankers are sharply divided on whether farm loan waivers are desirable. One section of economists and hard-nosed bankers argues that loan waivers represent poor policy for a variety of reasons. First, loan waivers have "reputational consequences"; that is, they adversely affect the repayment discipline of farmers, leading to a rise in defaults in future. Second, earlier debt waiver schemes have not led to increases in investment or productivity in agriculture. Third, after the implementation of debt waiver schemes, a farmer's access to formal sector lenders declines, leading to a rise in his dependence on informal sector lenders; in other words, waivers lead to the shrinkage of a farmer's future access to formal sector credit.

These arguments need careful

and critical assessment. To begin with, there have only been two nationwide loan waiver programmes in India after Independence: in 1990 and 2008. The accompanying image gives data on agricultural non-performing assets (NPAs) of banks before and after the 2008 waiver, and throws up two conclusions.

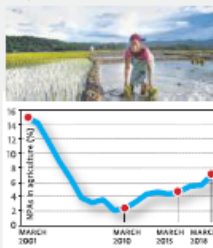
First, farmers are most disciplined in their repayment behaviour. In September 2018, agricultural NPAs (about 8%) were far lower than in industry (about 21%). Furthermore, agricultural NPAs were on a continuous decline between 2001 and 2008. Second, there is no evidence to argue that the 2008 waiver led to a rise in default rates among farmers. The lowest of all NPAs after 2001 was recorded in March 2009 (2.1%), which was just after the implementation of the 2008 scheme. The reason was the government's cleaning up of the account books of banks. Once this was complete, it was totally expected that NPAs would rise again to settle at a slightly higher level. This was exactly what had happened: agricultural NPAs rose and settled at about 5% by 2011.

For two reasons, the rise of agricultural NPAs, from 2% to 5%, is no evidence for indiscipline in farmer repayment behaviour. One, NPAs in agriculture remained stable at around 4 to 5% between 2011 and 2015. This was despite the fact that agricultural growth averaged just 1.5% between 2011 and 2015. Two, D. Subbarao, the former Reserve Bank of India Governor, had pointed out in a 2012 speech that the rise in agricultural NPAs between 2009 and 2011 was due to the "general economic slowdown" after 2009 and the introduction of new norms in the "system-wide identification of NPAs".

Agricultural NPAs began to rise

At the grass-roots

NPAs in agriculture fell after 2001. While they did not rise abnormally after the 2008 waiver, they have begun to rise after 2015.



again after 2015. There is enough evidence to suggest that this rise was not the result of any moral hazard; it was real, policy-induced and a direct consequence of acute agrarian distress that spread across rural India after 2015. In particular, the demonetisation of November 2016 aggravated already brewing agrarian distress by sucking cash out of the rural areas, crashing output prices and disrupting supply chains.

The second argument – that loan waivers do not promote investment or raise productivity – is a bit absurd because nowhere has investment or productivity figured as the official objectives of these schemes. The third argument – that loan waivers shrink access to formal credit sector for farmers – is only partly true. But the culprits here are banks and not farmers. After every waiver, banks become conservative in issuing fresh loans to beneficiaries, as they are perceived to be less creditworthy. For instance, a Comptroller and Auditor General (CAG) report on the waiver in 2008 found that 34.3% of the beneficiaries were not issued debt relief certificates after the

waiver, which meant that they could not avail of a fresh loan the following year. As a result, the scheme's objective of expanding the issue of fresh loans to farmers was not fully achieved. But to cite such opportunistic actions of banks to deny fresh credit to farmers would be perverse policy.

For every economic enterprise, it is only natural that when the bottom-line shrinks, a reduction of debt burden becomes inevitable. This is applicable for both (non-agricultural) firms and farms. Firms have always received debt waivers, though they are tactfully termed as "loan restructuring" or "one-time settlements". Just as for firms, farms also need a reduction of debt burden, followed by fresh infusion of credit, when their economic cycle is on a downturn. The demand for loan waivers in India is absolutely logical when viewed from such a standpoint.

On the other hand, to consider loan waivers as a panacea for the agrarian distress would also be wrong. To begin with, access to India's rural banks is skewed in favour of large farmers. While public banks actively service the credit needs of large farmers, a majority of small and marginal farmers are not proportionately included. The latter are forced to rely on informal sources, particularly money-lenders, for much of their credit needs. As a result, the benefits of loan waivers accrue disproportionately to large farmers while only marginally benefiting the small and marginal farmers.

The Kerala blueprint

But is this a good reason to disallow a loan waiver scheme, as the Prime Minister suggested in a recent interview? No. The solution lies in carefully designing waiver schemes that ensure universal coverage for small, marginal and me-

diu-sized farmers while covering both the formal and informal sources of debt. The Kerala Farmers' Debt Relief Commission Act, 2006 is an excellent model in this regard. This scheme defines debt as "any sum borrowed by a farmer from the creditor", with the creditor defined as "any person engaged in money lending, whether under a licence or not". The commission's mandate included the right "to fix, in the case of creditors other than institutional creditors, a fair rate of interest and an appropriate level of debt, to be payable..." That is, the commission could waive, reschedule or reduce any debt on a need-basis after a detailed hearing of both the parties. Legislations such as Kerala's are blueprints to design comprehensive, inclusive and less-leaky loan waiver schemes in other States.

Finally, while loan waiver schemes are like a band-aid on a wound, it is the larger agrarian distress that demands urgent policy attention. Unless there are steps 'to raise productivity, reduce costs of cultivation by providing quality inputs at subsidised rates, provide remunerative prices following the recommendations of the Swaminathan Commission, ensure assured procurement of output, expand access to institutional credit, enhance public investment for infrastructural development, institute effective crop insurance systems and establish affordable scientific storage facilities and agro-processing industries for value addition', farmers will continue to be bonded to low income equilibrium and repeated debt traps.

R. Ramakumar is the NABARD Chair Professor at the Tata Institute of Social Sciences, Mumbai. The views expressed are personal

Examining farm loan waivers



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Divided opinion

- Economists and bankers are sharply divided on whether farm loan waivers are desirable.
 - One section of economists and hard-nosed bankers argues that loan waivers represent poor policy for a variety of reasons.
1. **First**, loan waivers have **“reputational consequences”**; that is, they adversely affect the repayment discipline of farmers, leading to a rise in **defaults in future**.
 2. **Second**, earlier debt waiver schemes have **not led to increases in investment or productivity in agriculture**.
 3. **Third**, after the implementation of debt waiver schemes, a **farmer’s access to formal sector lenders declines**, leading to a rise in his dependence on informal sector lenders; in other words, waivers lead to the **shrinkage of a farmer’s future access** to formal sector credit.



- These arguments need careful and critical assessment. To begin with, there have only been two nationwide loan waiver programmes in India after Independence: in 1990 and 2008.

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- **For two reasons**, the **rise of agricultural NPAs**, from 2% to 5%, is **no evidence for indiscipline in farmer repayment behaviour**.
- **One**, NPAs in agriculture remained stable at around 4 to 5% between 2011 and 2015.
- This was despite the fact that agricultural growth averaged just 1.5% between 2011 and 2015.
- **Two**, D. Subbarao, the former Reserve Bank of India Governor, had pointed out in a 2012 speech that the rise in agricultural NPAs between 2009 and 2011 was due to the “general economic slowdown” after 2009 and the **introduction of new norms in the “system-wide identification of NPAs”**.

- Agricultural **NPA**s began to rise again after 2015.
- There is enough evidence to suggest that this rise was not the result of any moral hazard; it was **real, policy-induced and a direct consequence of acute agrarian distress** that spread across rural India after 2015.
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3. Ensure assured procurement of output,
4. Expand access to institutional credit,
5. **Enhance public investment** for infrastructural development,
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A failed coup in Venezuela

The country was once the heartbeat of leftist assertion. But with change in the Americas, matters are now complex



VIJAY PRASHAD

The fulcrum of geopolitical tension sits on Caracas, the capital of Venezuela. An attempted coup on January 23 has failed. The U.S. decided to recognise a member of the Opposition, Juan Guaidó, as the President of Venezuela. U.S. officials called upon the military to rise up against the government of President Nicolás Maduro. This was against the charters of the United Nations and of the Organisation of American States (OAS). None of that mattered. The drumbeats sounded from Washington to Caracas. There was a minor drum playing from many Latin American capitals, those whose governments had joined the Lima Group – set up in Peru in 2017 to overthrow the government of Venezuela.

There is little respite for the country, where tension sits heavily from one end to another. Thus far, the government of Mr. Maduro remains in power, and the military has pledged its fealty to the re-elected president. It is unlikely that the Venezuelan Opposition –

controlled by the old oligarchy – will be able to engineer a coup from within the country. It tried such a political manoeuvre in 2002, which failed. This time it has failed again.

Venezuela's Foreign Minister Jorge Arreaza, 45, has been understandably busy on the day after the attempted coup. The U.S. tried to isolate the Maduro government. The OAS met in Washington DC, where the U.S. government tried to get it to unanimously vote against Mr. Maduro. Even that meeting could not go as scripted. A veteran activist from Code Pink, Medea Benjamin, sneaked into the room and chanted slogans against the attempted coup. Many Latin American states, despite intense pressure from the U.S. government, either voted against the OAS motion or abstained. Mr. Arreaza watched these developments and more.

When I asked him about the coup, he went back to 2017, the last time that the oligarchy tried to wrest control of the government from the socialists. The socialists, led by Hugo Chávez, came to power in 1999. After the U.S. attempted to overthrow Chávez and the socialists in 2002, things calmed down. Oil prices rose and the U.S. was distracted by events in Iraq and Afghanistan. For a decade, Venezuela was able to lead a regional process of integration on an anti-



AP

imperialist foundation. But, when Chávez died in 2013, the experiment began to unravel. Oil prices fell dramatically, and the U.S. had already turned its attention to Latin America. A coup in 2009 overthrew the democratically elected government of Honduras. The gunshots turned toward Venezuela. The oligarchy, backed fully by the U.S., attempted to foment trouble in 2017.

Mr. Arreaza recalled one man, Orlando Figueroa, 21, who was going through an Opposition stronghold in May 2017. "He was accused of being a government supporter and brutally beaten by masked protesters who then soaked him in gasoline and set him on fire," Mr. Arreaza told me. He brought up this story to offer an illustration of the character of the Opposition. Mr. Arreaza called this a 'violent fascist movement'. He wanted to make it clear that the coup at-

tempt was a part of that movement – one that is less interested in democracy and more interested in power and wealth.

Steeped in trouble

Venezuela is in trouble. No one doubts that. Oil prices have fallen to half of what they were at the highpoint of Chávez's government. Since the treasury of Venezuela is almost entirely replenished by the incomes from oil sales, the collapse of oil prices means the collapse of Venezuela's public finances. Unable to borrow easily, the country faces serious economic difficulties. Sanctions by the U.S. and the seizure of refining sites in the Caribbean put the country into a situation of great crisis. No wonder that people are leaving the country, fleeing their homeland as it is suffocated for political purposes by the U.S. and its Latin American allies in the Lima Group.

Colombia's Iván Duque and Brazil's Jair Bolsonaro are both right-wing politicians who control the governments of Venezuela's neighbours. They have committed themselves to the overthrow of the Venezuelan government. Mr. Arreaza and others in Venezuela told me that Mr. Duque, Mr. Bolsonaro and U.S. President Donald Trump have overplayed their hands. After the attempted overthrow in 2017, the Venezuelan government tried

to deepen public participation by the formation of a Constituent Assembly. It is true that the oligarchy hated this idea and that the western press amplified its views about this being anti-democratic. But, as many Venezuelans say, the Constituent Assembly and the many elections for candidates and referendums that came before 2017 have sharpened their political consciousness. It will be hard to befuddle them with talk of dictatorship.

The isolation of Venezuela is remarkable. Not long ago, the country was the heartbeat of the leftist assertion in the hemisphere. Now, with the emergence of right-of-centre governments in Latin America and with an explosive energy for regime change in Washington, matters are more complex. Mr. Arreaza said that Mr. Maduro had invited the UN High Commissioner for Human Rights, Michelle Bachelet, to visit Venezuela. She has not yet come. Mr. Maduro, he said, wanted the UN to host a dialogue with the Opposition to restore some balance to the politics in the country. No such assistance has been provided. A hand is outstretched from Caracas, Mr. Arreaza said. It is waiting for someone to take hold of it.

Vijay Prashad is Executive Director, Tricontinental: Institute for Social Research



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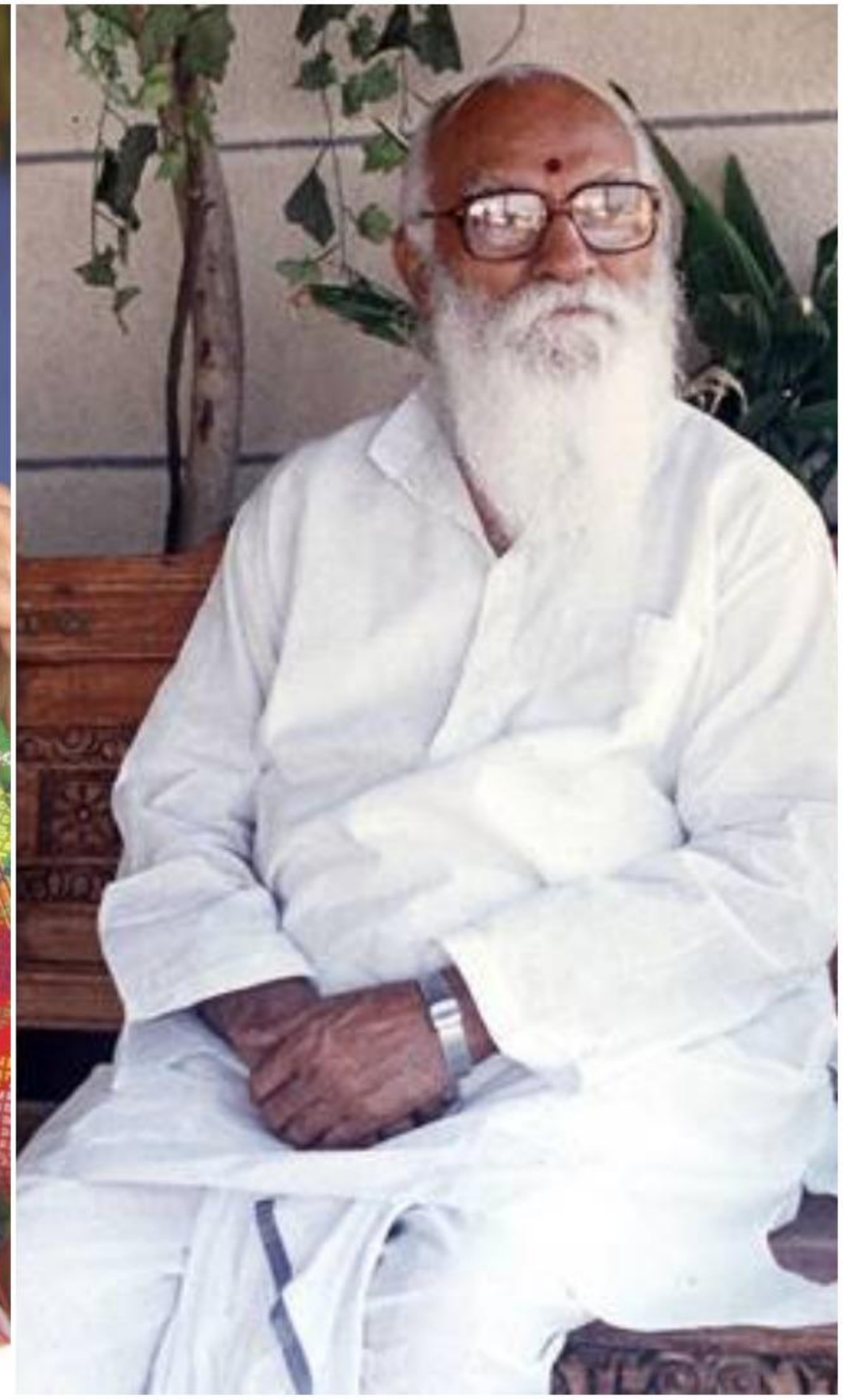


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EXAM ORIENTED Daily News



Taking to the skies

The Union Ministry of Civil Aviation on Friday awarded 235 new air routes to 11 airlines under the third round of the Regional Connectivity Scheme (RCS), which has been termed as UDAN 3.0

Proposals received

Airports Authority of India (AAI), the implementing agency of UDAN, received

111
initial proposals

17
counter proposals from 15 bidders covering more than 350 routes

Proposals connecting **13 water aerodromes** and more than **40 tourism routes** were also received as part of the bidding process

Airports to be connected

Currently 16 unserved airports, 17 underserved airports, 6 water aerodromes and 50 served airports (for a total of 89 airports) would be connected based on the proposals identified for connectivity

Geographical spread

235 routes comprising 189 RCS routes and 46 tourism routes connecting across **29 States**

Key airlines

- SpiceJet, IndiGo, Jet Airways, Alliance Air, and Turbo Aviation are among the operators that have bagged the routes
- SpiceJet and Turbo Aviation will also operate seaplanes



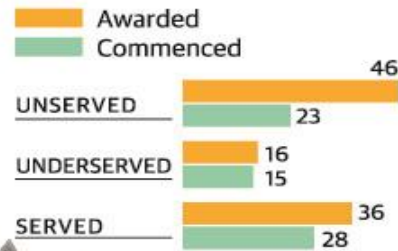
ENHANCED CONNECTIVITY

UDAN 3.0 would add another **69.30 lakh seats** annually across the routes in the RCS scheme

UDAN 2.0 created
29 lakh seats

UDAN 1.0 created
13 lakh seats

Status of airports under UDAN 1.0 and UDAN 2.0



The focus of UDAN 3.0 would be on expediting connectivity

Unserved airports to get connectivity:

- Ambala
- Amaravati
- Campbell Bay
- Car Nicobar
- Faizabad
- Ghazipur
- Hashimara
- Jagdalpur
- Jharsuguda
- Kalaburagi
- Kalaikunda
- Kushinagar
- Kota
- Rourkela
- Saharanpur(Sarsawa)
- Shibpur

Water aerodromes

- Guwahati riverfront
- Nagarjuna Sagar
- Sabarmati riverfront
- Shatrunjay Dam
- Statue of Unity
- Umrangso Reservoir





Noted Hindi writer Krishna Sobti dies at 93

NEW DELHI

Eminent Hindi author and essayist Krishna Sobti passed away on Friday morning in a Delhi hospital, family sources said. She was 93. Born in 1925, Ms. Sobti was known for her writing on issues of female identity and sexuality. She was a recipient of many awards, including the Sahitya Akademi and Jnanpith awards, and was also offered the Padma Bhushan, which she had declined. (*See also*

Krishna Sobti



Sobti in 2011

Born	18 February 1925 Gujrat, Punjab Province, British India <small>(located in modern Pakistan)</small>
Died	25 January 2019 (aged 93) New Delhi, India
Occupation	Fiction writer, essayist
Language	Hindi
Nationality	Indian
Alma mater	Fateh Chand College for Women, Lahore (did not graduate)
Notable works	<ul style="list-style-type: none"> • <i>Zindaginama</i> ^[1] • <i>Mitro Marajani</i> ^[2] • <i>Daar Se Bichchuri</i> ^[2] • <i>Surajmukhi Andhere Ke</i> ^[1]
Notable awards	Sahitya Akademi Award (1980) ^[3] Sahitya Akademi Fellowship (1996) ^[4] Jnanpith Award (2017) ^[4]
Years active	1944–2018
Spouse	Shivnath

Audit report on Rafale deal not yet complete, says CAG



RTI activists say this erodes the basis of the SC judgment in the Rafale case

26/01/2019, PRISCILLA JEBARAJ, NEW DELHI

The Comptroller and Auditor-General (CAG) has not yet completed its audit report regarding purchase of the Rafale aircraft, according to its response to an RTI query this week. This erodes the basis of the Supreme Court's December 2018 judgment on the Rafale case, according to RTI activists.

On December 14, the Supreme Court refused to embark on a judicial review into the deal for procurement of 36 Rafale fighter jets. One paragraph of its judgment, however, caused considerable controversy. The verdict said, "The pricing details have, however, been shared with the Comptroller and Auditor-General (CAG), and the report of the CAG has been examined by the Public Accounts Committee (PAC). Only a redacted portion of the report was placed before Parliament and is in the public domain."

The Centre petitioned for a correction of the statement, saying that the court had "misinterpreted" its submission. It said that while the government had already shared pricing details with the CAG, the CAG's report "is examined" by the PAC, referring to the procedure which would be followed as and when the CAG report is ready.

In the wake of the controversy, National Campaign for People's Right to Information co-convener Anjali Bhardwaj filed an RTI request to the CAG asking about the dates on which its report on purchase of Rafale aircraft was finalised, submitted to the government, and tabled in Parliament.

In a response dated January 21, the CAG replied: "Audit Report is under preparation. Therefore, no information can be provided in this stage."

An RTI query to the Lok Sabha regarding the dates on which the CAG report was tabled in Parliament and examined by the PAC was also transferred by the Lok Sabha Secretariat to the CAG, as the relevant public authority.

"This RTI response is an official verification by the CAG that no report has been prepared till date. The report and that it was placed before PAC and Parliament was partly the basis of the SC's judgment," said Ms. Bhardwaj, making a case for a review of the verdict itself.

Glaring mismatch

The Centre's argument in the Supreme Court that CAG report on Rafale was shared to the Public Accounts Committee does not hold.

Centre's submission to SC:

The pricing details have, however, been shared with the Comptroller and Auditor General (CAG), and the report of the CAG has been examined by the Public Accounts Committee (PAC).

CAG's response to an RTI query on Jan. 21:

Audit Report is under preparation. Therefore, no information can be provide in this stage



India, South Africa seal partnership deal

- India and South Africa on Friday **agreed on a three-year strategic partnership agreement** to boost relations.
- The agreement, signed during the visit of **President Cyril Ramaphosa**, will cover defence and security, blue economy cooperation and sustainable development.

Working together

- “Our countries have compatible world views. We have strong partnership in platforms such as the **BRICS, the G-20, the Indian Ocean Region Association and the IBSA Dialogue Forum**. We can work together for the reform of the UN Security Council,” he said.
- **India also invited South Africa to join the International Solar Alliance** (ISA) and **congratulated it on securing the non-permanent membership of the UN Security Council for 2019-20.**
- A joint statement acknowledged the growing interaction between the Navies of the two countries, and the Indian leader welcomed the South African participation in the **India-Africa Field Training Exercise next March.**



Greek Parliament approves Macedonia name-change deal

Clears decks for the country to join NATO and the EU

ASSOCIATED PRESS
ATHENS

Greek lawmakers ratified an agreement on Friday to end a nearly three decade-long dispute over neighbouring Macedonia's name, a landmark vote intended to clear the small country that will be renamed North Macedonia on the path to NATO membership.

The deal passed with 153 votes in the 300-member Greek Parliament, two more than needed. It had faced fierce opposition and cost Prime Minister Alexis Tsipras his parliamentary majority after a right-wing partner in the governing coalition quit in protest.

Tsipras' left-wing Syriza party holds 145 seats in parliament; independent law-



Alexis Tsipras

makers provided the votes needed for ratification.

Under the deal, Macedonia changes its name to North Macedonia and Greece will drop its objections to the country joining NATO and eventually the European Union.


Friday's vote came after three days of acrimonious parliamentary debate and

numerous street protests, some of which turned violent.

Greece has long argued use of the term Macedonia implied territorial claims on its own northern province of the same name. The issue has been a contentious one for decades, and has whipped up nationalist and patriotic sentiment in both countries.

Opposition was particularly fierce in the northern Greek region of Macedonia, which borders the former Yugoslav republic that claimed the same name after declaring independence in 1991. Critics claimed the deal signs away their identity and a cultural heritage dating back to Alexander the Great more than 2,300 years ago.



The background features a series of vibrant, wavy lines in red, orange, yellow, green, blue, and purple that flow horizontally across the frame. A large, faint green circle is centered behind the text. The text 'Prelims Practice' is written in a white, serif font, centered within the green circle.

Prelims Practice

MCQ 1



Choose correct regarding Macedonia

1. Its capital is Izmir
2. It's a member of EU and recently opted exit

- (A) Only 1
- (B) Only 2
- (C) Both
- (D) None

MCQ 2



Choose correct regarding Krishna sobti

1. She got booker's prize for her writing Mitro Marajani
2. She was conferred with sahitya academy prize and jnanpith prize both

- (A) Only 1
- (B) Only 2
- (C) Both
- (D) None

MCQ 3



Choose correct statements

1. Public Account Committee is headed by PM
2. CAG audits the PAC's accounts and helps govt in policymaking

- (A) Only 1
- (B) Only 2
- (C) Both
- (D) None

Mains Practice



Give a brief comment on the political disturbances in countries all over the world and the ongoing wave of right wing movements in the recent past especially after 2008 crisis,

What consequences can be there for India, internationally **if** undemocratic values are appreciated for power capture ? (1200 words)

Facebook interface showing the 'AMIT SAINI group for IAS Preparation' page. The page is a closed group, and the user is interacting as AMIT SAINI. The main content area features a large yellow banner with the text 'The Hindu ANALYSIS IN ENGLISH' and '3RD JANUARY 2019'. A portrait of a man with glasses and a beard is visible on the right side of the banner. The left sidebar contains navigation options: About, Discussion, Members, Events, Videos, Photos, Files, Group insights, and Moderate group. The bottom section includes a 'Write post' area with options to add photos/videos, live video, or more. The right sidebar shows the group is created by AMIT SAINI, with 292 people liking it, and a 'Send Message' button.

Thank you all !

<https://www.facebook.com/amit.saini.3551380>