Prelim Bits 15-09-2021 | UPSC Daily Current Affairs

North Korea's 1st Strategic Cruise Missile Test

North Korea's 1st long-range Cruise Missile Test is nothing unusual, but it is of strategic relevance for a particular region.

- North Korea already had cruise missiles, but they are a shorter range anti-ship system. Hence, this is not its 1st cruise missile test.
- But, it is "North Korea's 1st long-range (1,000 km+) cruise missile and 1st claimed nuclear-capable cruise missile.
- These cruise missiles don't come under UNSC sanctions that were placed on North Korea to curb its nuclear development programme.

Cruise Missiles

- Cruise missiles are unmanned self-propelled, fast-moving, guided bombs that soar at a very low trajectory, parallel to the ground.
- They sustain flight through aerodynamic lift for most of its flight path and whose primary mission is to place an ordnance or special payload on a target.
- Most cruise missiles use a small, solid- propellant rocket booster, which allows them to gain enough altitude and speed for the onboard sustainer engine to take over.
- Cruise missiles are classified based on the speed as,
    1. Subsonic (around 0.8 Mach),
    2. Supersonic (2-3 Mach) and
    3. Hypersonic cruise missiles (more than 5 Mach).
- **Difference** - Cruise Missiles are distinct from regular (non-cruise) missiles primarily because they go really far and all such missiles have an internal guidance system.
- They differ from ballistic missiles as they travel within the earth's atmosphere and aerodynamically maneuver for most of their flight time.

Capital Expenditure

The Union Steel Minister chaired a meeting to review the progress of capital expenditure (CapEx) by Steel CPSEs.

- The Union government defines CapEx as the money spent by the government on,
    1. Acquisition, upgradation and maintenance of fixed physical assets like land, buildings, health facilities, education, technology, etc and
    2. Investment in shares that gives profits or dividend in future.
- Making capital expenditures on fixed assets can include repairing a roof, purchasing a piece of equipment, or building a new factory.
- As repayment of loan reduces liability, it is also capital expenditure.

Capital Expenditure	**Revenue Expenditure**

Capital expenditure is the expenditure by the government for the development of fixed assets.	Revenue Expenditure is the expenditure by the government which does not impact its assets or liabilities.
Along with the creation of assets, it also includes repayment of loan.	It includes salaries, interest payments, pension, and administrative expenses.
If an item has a useful life of more than one year, it is be capitalized (i.e., can be considered CapEx).	If an item has a useful life of less than one year, it shouldn't be capitalized (i.e., cannot be considered CapEx).
Capital expenditure is a payment for goods or services recorded - or capitalized - on the balance sheet.	Revenue Expenditure must be expensed on the income statement instead on the balance sheet.

Supreme Court's Ruling on Insolvency Resolution Plan

The Supreme Court has ruled that an Insolvency Resolution Plan of the companies, once approved by the Committee of Creditors (CoC), cannot be modified or withdrawn.

- The SC has also categorically said that the only process of withdrawal from IBC is by following the procedure detailed in Section 12A.

  Section 12A says that the corporate debtor must get approval of more than 90% of creditors to take the company out of the resolution plan.

- Also, National Company Law Appellate Tribunal (NCLAT) said that the National Company Law Tribunal (NCLT) does not have the jurisdiction to permit withdrawal after the plan had been approved by the CoC.
- Further, NCLAT also said that the financial wisdom of the CoC was final.
- It further held that since Section 32A of Insolvency and Bankruptcy Code (IBC) grants full immunity to the resolution applicant from any offences of the corporate debtor, the companies had no grounds to withdraw.

Groundswell Report

This report, released by the World Bank, has warned that the Climate change could push more than 200 million people to leave their homes by 2050 unless urgent action is taken.

- Under the most pessimistic scenario, the report predicts more than 216 million people across 6 world regions could be on the move by 2050.
  - This will lead to "hotspots of internal climate migration" by 2030 that will continue to spread and intensify by 2050.
  - **Sub-Saharan Africa** has been identified as the most vulnerable region due to desertification, fragile coastlines and the population's dependence on agriculture.
- Under the most climate-friendly scenario, the world could still see 44 million people being forced to leave their homes.
- Globally, 3 out of 4 people that move stay within countries.
- **Suggestions** - The report provides recommendations that can help slow the factors driving climate migration.
  1. Achieving net-zero emissions by mid-century (Temperature goals of the Paris Agreement),
  2. Embedding internal climate migration in green, resilient, and inclusive development

planning,
3. Preparing for each phase of migration, so that internal climate migration as an adaptation strategy can result in positive development outcomes.

- The World Bank has called on states to reduce global emissions and bridge the development gap to avoid the effects of slow-onset climate change such as water scarcity, decreasing crop productivity, etc.

Reaching ‘Net Zero’ isn’t enough

Environment Minister said that reaching ‘net zero’ alone is not enough to deal with climate change.

- **Initiatives by the Government** - India’s renewable power capacity is currently the 4th largest in the world.
- India has an aspirational target of increasing the renewable energy capacity to 450 GW.
- India has also announced Hydrogen Energy Mission 2021-22 for generation of hydrogen from green power sources.
- **Partnerships** - India has bilateral engagements with Germany, UK, and Denmark in the energy sector in the European Region.
- India and US have a joint climate and clean energy initiative called India-US Climate & Clean Energy Agenda 2030 Partnership.
- **Suggestions** - Developed Countries should provide lead markets for products of green technologies and drive down costs, such that these can be deployed in developing economies at scale.
- Private sector companies should be encouraged to develop voluntary roadmaps for the transition towards low carbon pathways.
- Indian companies especially in the hard to abate sectors like steel, cement, shipping, etc. must join “Leadership Group for Industry Transition”, a global initiative spearheaded by India and Sweden.

Source: PIB, The Hindu, The Indian Express, Financial Express, Aljazeera