



## **DAILY CURRENT AFFAIRS 27-09-2024**

### **GS-1**

1. Red Sea

### **GS-2**

2. Cancer Moonshot Initiative

### **GS-3**

3. What is retail inflation?
4. Predatory pricing
5. Grumpy dwarfgoby

## Red Sea

### Syllabus: GS-1; Geography-Mapping

#### Context

- *The Red Sea conflict is adding 3% to overall shipping demand.*

#### Geographical Location

- *The Red Sea is located between **Northeast Africa** and the **Arabian Peninsula**.*
- *It serves as a natural boundary between **Africa** and **Asia**.*
- *The Red Sea is connected to the Mediterranean Sea via the **Suez Canal** and the Indian Ocean via the **Bab el-Mandeb strait** and **Gulf of Aden**.*



#### Countries Bordering the Red Sea

- **Northeastern Africa:** *Egypt, Sudan, Eritrea, and Djibouti.*
- **Arabian Peninsula:** *Saudi Arabia and Yemen.*

## Physical Features

- **Length:** *Approximately 2,250 km long.*
- **Width:** *Ranges from 355 km at its widest point to 30 km at its narrowest.*
- **Depth:** *Maximum depth is 3,040 meters.*
- *The Red Sea is one of the saltiest and warmest seas in the world due to high evaporation rates.*

## Tectonic Importance

- *The Red Sea lies in a rift valley created by the divergent boundary between the **African Plate and the Arabian Plate.***
- *The region is geologically active and is part of the **East African Rift system**, which is gradually widening.*

## Ecological Significance

- *The Red Sea contains some of the world's northernmost coral reefs, which are important for biodiversity.*
- *It has a wide range of marine life, including over 1,200 species of fish, many of which are found only in the Red Sea.*
- *The region is crucial for migratory bird species and serves as an important ecological zone.*

## Economic Importance

- *The Red Sea is a vital route for **global maritime trade**, particularly for ships passing through the Suez Canal, which connects Europe to Asia.*
- *The region has important oil and gas reserves, particularly in the Red Sea basin.*
- *Coastal tourism in countries like Egypt (notably in Hurghada and Sharm el-Sheikh) boosts the economy.*

## Strategic Importance

- *It is a region of high geopolitical interest because of its proximity to key shipping lanes and the presence of chokepoints like the **Bab el-Mandeb.***
- *Major powers maintain military presence to ensure the safety of global trade routes.*

## Environmental Concerns

- *Oil spills, coral reef degradation, and rising sea temperatures due to climate change are major environmental threats to the Red Sea ecosystem.*
- *Overfishing and pollution are also impacting marine biodiversity.*

## Historical Significance

- *The Red Sea has played an essential role in ancient trade routes. It was used by Egyptian and Roman empires for connecting to the Indian Ocean trade network.*
- *In biblical history, the Red Sea is mentioned in the Exodus story.*

## Red Sea Conflicts

- **Houthi Attacks on Shipping:** *Iran-backed Houthi forces in Yemen continue targeting commercial vessels, exacerbating regional instability. These attacks have disrupted global shipping routes, especially impacting vessels linked to Israel. Over 2,000 ships had already diverted from the Red Sea as of early 2024, with attacks continuing into September*
- **Regional Military Escalations:** *Western naval forces, including the U.S. and European Union, have increased their presence in the Red Sea. France's Operation ASPIDES, for example, focuses on intercepting Houthi drones and protecting maritime trade routes*
- **Humanitarian and Economic Crisis in Yemen:** *The ongoing conflict has worsened the humanitarian situation in Yemen. Houthi attacks are not only impacting international trade but also hurting Yemeni coastal communities reliant on fishing. Furthermore, the lack of funding for essential food aid has left millions of Yemenis in dire need*
- **International Involvement and Diplomacy:** *The U.S., UK, France, and other nations have condemned Iranian support for the Houthis, urging Iran to stop its destabilizing actions. Meanwhile, efforts to maintain peace through a UN-led political process are ongoing, though at risk due to the ongoing violence*

## Cancer Moonshot Initiative

### Syllabus: GS-2; Health, International Institutions

#### Context

- *Called the Quad Cancer Moonshot Initiative, the countries — India, United States, Australia and Japan — launched the programme that will focus on expanding cervical cancer screening; increasing vaccinations against the **human papillomavirus, or HPV, a common sexually transmitted infection that is the primary cause of cervical cancer; and treating patients.***

## Objective

- *The initiative seeks to improve cancer care and research globally, leveraging the strengths and capabilities of Quad nations.*
- *It aims to enhance collaboration in cancer research, promote innovation, and improve patient outcomes.*

## Collaboration and Research

- *Quad countries plan to share best practices, technologies, and research findings in cancer treatment and prevention.*
- *The initiative encourages partnerships among public and private sectors, academic institutions, and healthcare providers.*

## Focus Areas

*The initiative emphasizes several critical areas:*

- **Prevention and Early Detection:** *Developing strategies to reduce cancer risk and improve early diagnosis.*
- **Access to Treatment:** *Enhancing access to effective cancer treatments and therapies, especially in underserved regions.*
- **Data Sharing:** *Promoting the sharing of cancer-related data and research among countries to drive innovation.*
- **Equity in Healthcare:** *Addressing disparities in cancer care and outcomes, particularly for vulnerable populations.*

## Implementation Strategy

- *Quad countries plan to host workshops, seminars, and conferences to foster collaboration.*
- *The initiative may also involve funding research projects and clinical trials.*

## Global Health Impact

- *By addressing cancer as a global health crisis, the initiative aligns with the broader goals of the **World Health Organization (WHO)** and the **United Nations Sustainable Development Goals (SDGs)**, particularly **Goal 3 (Good Health and Well-being)**.*

## Significance for India

- *For India, participating in this initiative is crucial due to the rising cancer burden.*
- *Collaborating with advanced nations can enhance India's research capabilities and improve its healthcare infrastructure.*

## Recent Developments

- *Announced during the Quad Leaders' Summit, the Cancer Moonshot Initiative is part of a broader strategy to strengthen health security and enhance global health cooperation among the Quad nations.*

## What is retail inflation?

### Syllabus: GS-3; Economy

#### Context

- **Government housing likely to be excluded from new retail inflation measure.**
- *Overall, the housing segment in retail inflation carries a weight of 10.07 per cent in the CPI.*
- *Government-provided dwellings are a subset of the housing segment.*
- *Rural inflation does not have any weightage for housing and thus, the entire weight is attributable for urban areas.*

#### Definition

- *Retail inflation is the rate at which the **prices of goods and services, usually purchased by households**, increase over a specific period.*
- *It is commonly measured by the CPI.*

#### Consumer Price Index (CPI)

- *The CPI measures the change in prices of a basket of consumer goods and services, such as food, transportation, and healthcare.*
- *The basket is representative of the average consumption pattern of households.*
- *In India, the CPI is classified into various categories:*
  - **CPI for Industrial Workers (CPI-IW)**
  - **CPI for Agricultural Labourers (CPI-AL)**
  - **CPI for Rural Labourers (CPI-RL)**
  - **CPI combined (CPI Rural + CPI Urban)** – *This is the primary indicator used for tracking retail inflation.*

#### Factors Affecting Retail Inflation

- **Demand-pull inflation:** *When demand for goods and services exceeds supply, causing prices to rise.*

- **Cost-push inflation:** *When the cost of production increases (e.g., due to higher wages, raw material costs), pushing up prices.*
- **Supply-side shocks:** *Natural calamities, geopolitical conflicts, or disruptions in supply chains can affect the availability of goods, causing prices to rise.*
- **Global commodity prices:** *Changes in international prices of oil, food, metals, etc., impact retail inflation, especially in import-dependent countries.*
- **Monetary policies:** *Changes in interest rates, money supply, and other fiscal policies directly influence inflation.*

### Retail Inflation Measurement in India

- *In India, the **Ministry of Statistics and Programme Implementation (MoSPI)** releases CPI data every month.*
- *The Reserve Bank of India (RBI) uses CPI as the basis for its inflation targeting framework, with a target range of 4% (+/- 2%).*

### Impact of Retail Inflation

- **Purchasing Power:** *High inflation erodes the purchasing power of consumers, as they need to spend more to purchase the same goods.*
- **Interest Rates:** *Central banks, like the RBI, raise interest rates to control inflation. This makes borrowing more expensive, affecting investment and consumption.*
- **Savings and Investments:** *High inflation reduces the real returns on savings and investments unless adjusted for inflation.*
- **Wages and Salaries:** *Inflation may lead to demands for higher wages, as workers seek to maintain their standard of living.*
- **Economic Growth:** *Moderate inflation is essential for growth, but excessive inflation can disrupt economic stability and growth.*

### Measures to Control Retail Inflation

- **Monetary Policy:** *The RBI controls inflation through tools like the repo rate (interest rate at which RBI lends to commercial banks). Increasing the repo rate curtails money supply and slows inflation.*
- **Supply-side Management:** *The government can intervene by improving supply chain efficiency, regulating essential commodity prices, and reducing duties on imports.*
- **Fiscal Policy:** *Reducing fiscal deficits and controlling government spending also help in inflation control.*

### Retail Inflation and Monetary Policy Committee (MPC)



- *The MPC is responsible for setting the policy interest rate to achieve the inflation target. Its decisions are based on retail inflation trends.*
- *The committee aims to balance economic growth with inflation control, as mandated by the RBI's inflation targeting framework.*

## **Predatory pricing**

### **Syllabus: GS-3; Economy**

#### **Context**

- *India's clean energy manufacturing is feeling the impact of Chinese predatory pricing, which is affecting the country's ability to promote its ambitious domestic manufacturing under the **Production Linked Incentive (PLI) scheme**, a government official told*

#### **Definition**

- *Predatory pricing is the **act of setting prices very low to eliminate competition and create a monopoly or dominant market position.***
- *After competitors exit, the firm can raise prices without fear of competition.*

#### **Objective**

- *The primary aim is to gain market dominance by eliminating rivals who cannot sustain operations at such low prices.*

#### **Features**

- *Prices are set below cost, often at a loss.*
- *The strategy is temporary and intended to drive competitors out of business.*
- *After achieving the goal, prices are raised to a monopolistic level.*

#### **Legality**

- *India: Under the **Competition Act, 2002**, predatory pricing is considered an abuse of dominance and is prohibited. The **Competition Commission of India (CCI)** monitors such activities.*
- *Global context: Many countries have anti-trust or competition laws that outlaw predatory pricing as an anti-competitive behavior.*

#### **Examples**



- *If a large retail chain lowers the prices of goods significantly below cost to force small retailers out of business, it can be accused of predatory pricing.*
- *Tech companies offering services at zero or minimal costs to build market share could also face scrutiny for predatory pricing once competitors are edged out.*

### Challenges in Proving Predatory Pricing

- *It can be hard to prove intent, as low pricing might also be part of competitive strategies to attract customers.*
- *Authorities need to establish that prices were set below cost and that the dominant firm intended to harm competition.*

### Relevance in Indian Context

- *Indian telecom sector has seen allegations of predatory pricing, especially when companies offer very cheap data or calling services to capture market share.*
- *E-commerce platforms have also been accused of such practices when they offer deep discounts, affecting traditional retailers.*

### Know more

- **Dumping:** *Similar to predatory pricing but applies to international trade, where goods are sold below cost in a foreign market to undermine local competition.*
- **Monopoly:** *A market structure where a single firm dominates and can influence price, often a result of predatory pricing.*
- **Abuse of Dominance:** *Exploiting a dominant position in the market to restrict competition, which includes predatory pricing.*

## Grumpy dwarfgoby

### Syllabus: GS-3; Environment & Ecology- New Species

#### Context

- *A team of researchers at the King Abdullah University of Science and Technology and the University of Washington has discovered a new species of fish that seems perpetually displeased.*
- *The researchers decided to call this new species the grumpy dwarfgoby.*



### Physical Characteristics

- *The grumpy dwarfgoby is less than 2 cm (approximately 0.8 inches) long.*
- *It has a distinctively grumpy appearance with large canines, giving it a fierce demeanor despite its small size*
- *The fish is bright red, which helps it camouflage among **red coralline algae on coral reefs***

### Habitat

- *This species is found along the walls and overhangs of coral reefs, where it resides in small holes and crevices*

### Diet

- *The grumpy dwarfgoby primarily feeds on small invertebrates, using its prominent teeth to capture prey*

### Biodiversity Significance

- *Its discovery emphasizes the rich biodiversity of the Red Sea, which hosts a significant number of endemic species—up to 15% of the 2,100 known fish species in the region*

### Conservation Concerns

- *The ongoing discovery of new species like this dwarfgoby highlights the urgent need for conservation efforts, especially as climate change continues to impact the coral reef ecosystems, causing issues like coral bleaching*