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## UPSC Daily Current Affairs | Prelim Bits 13-10-2020

### 2020 Nobel Prize for Economics

- The Royal Swedish Academy of Sciences awarded Sveriges Riksbank Prize in Economic Sciences, 2020.
- It has been awarded to Paul Milgrom and Robert Wilson (both from the USA) for their work on commercial auctions.
- Milgrom and Wilson improved the auction theory and invented new auction formats.
- The new auction formats are for auctioning off many interrelated objects simultaneously, on behalf of a seller motivated by broad societal benefit rather than maximal revenue.
- Their work will benefit sellers, buyers and taxpayers around the world.
- It will help in auctioning goods and services, such as radio frequencies, which are difficult to sell in traditional ways.
- Wilson developed the theory for auctions of objects with a common value a value which is uncertain beforehand but, in the end, is the same for everyone.
- Examples include the future value of radio frequencies or the volume of minerals in a particular area.
- **Winner's Curse** - Wilson's work showed why rational bidders tend to bid under their own estimate of the worth due to worries over the "winner's curse".
- The winner's curse is a tendency for the winning bid in an auction to exceed the intrinsic value or true worth of an item.
- Milgrom came up with a more general theory of auctions, by analysing bidding strategies in different auction forms.

### Auction Theory

- Auction theory studies how auctions are designed, what rules govern them, how bidders behave and what outcomes are achieved.
- The oldest form of auction is the auction of a bankrupt person's property

to pay off his creditors.

- This simple design of such an auction is the highest open bidder getting the property (or the commodity in question).
  - Over time, the format of auctions has widened to include other commodities such as spectrum for radio or telecom use, carbon dioxide emission credits, electricity or the right to collect the local garbage etc.
  - Different auction models are needed for depending upon the commodities, purpose of the auction and the entities conducting the auction.
  - For e.g. Maximizing the profit may be the motive of a private auction while making a service affordable can be the purpose of auctioning a service by the government.
  - Wrong auction design can lead to a second-hand market where companies trade among themselves with little revenue accruing to the government or little benefit to the public.
  - Three key variables need to be understood while designing an auction are as follows
1. Rules of Auction i.e. closed/sealed bids, single bids versus multiple bids.
  2. Commodity or service being put up for auction i.e. how does each bidder value an item.
  3. Uncertainty regarding which bidder has what information about the object, or even the value another bidder associates with the object.

## **Displacement of Population from Tiger Habitats**

- According to recent report total 18,493 families in 215 villages across Protected Areas (PA) in India have been displaced in the 48 years since the inception of Project Tiger.
- PAs comprise wildlife sanctuaries, national parks and conservation reserves.
- Project Tiger is the Union government's flagship scheme for tiger conservation.
- The displacements, according to the RTI response, happened from the core areas (also known as Critical Tiger Habitats created under the Wildlife Protection Act (WLPA), 1972).
- This loss in population led to the creation of the First Tiger Task Force in 1972.
- The task force talked about the creation of "inviolate spaces", which are areas of wilderness undisturbed by humans (mostly forest dwellers).
- Although the WLPA created the legal framework for settling rights in PAs, there was no legislative or policy framework to govern resettlement from

core areas of national parks.

- The mechanism, however, was set in place only in the 2006 amendment of the WLPA on the basis of the Second Tiger Task Force report of 2005.
- The amendment, for the first time, brought the idea of “voluntary relocation” within the purview of law.

### **Critical Tiger Habitats**

- The tiger reserves are constituted on a core/buffer strategy.
- The core areas have the legal status of a national park or a sanctuary, whereas the buffer or peripheral areas are a mix of forest and non-forest land, managed as a multiple use area.
- Buffer area is the area peripheral to the critical tiger habitat or core area providing supplementary habitat for dispersing tigers, besides offering scope for co-existence of human activity.
- The limits of the buffer/ peripheral areas are determined on the basis of scientific and objective criteria in consultation with the Gram Sabha and an Expert Committee constituted for the purpose.
- CTH's are identified under the wildlife protection Act (WLPA), 1972.
- It is notified by state government in consultation with expert committee.

### **Nechiphu Tunnel**

- Recently Foundation stone for Nechiphu Tunnel in Arunachal Pradesh has been laid.
- The tunnel is in the Balipara-Charduar-Tawang (BCT) road in West Kameng district of Arunachal Pradesh.
- The 450m-long tunnel will bypass the existing road, will be D-shaped and comprise two lanes of 3.5m width each.
- Another 1.8 km-long tunnel is also being constructed on the BCT road and both will reduce distance to the area bordering China by 10km.
- This project is of strategic importance and provide connectivity to remote areas.

### **Artificial Intelligence Research Centre**

- Recently an artificial intelligence research centre in Hyderabad has been setup by Intel.
- The institution has been setup in a tie up with International Institute of Information Technology (IIIT-H), Public Health Foundation of India (PHFI) and the State government.
- The research centre, named INAI, will act as a catalyst to accelerate

India's leadership in AI by driving innovation and entrepreneurship.

- In the smart mobility domain, INAI will advance research in the area of road safety.
- The centre will apply AI solutions to population-scale problems in the Indian context, with focus on challenges in the healthcare and smart mobility segments.

## **Human Cost of Disasters Report**

- United Nations has released the Human Cost of Disasters 2000-2019 Report.
  - Highlights of the report
1. Climate change is largely to blame for a near doubling of natural disasters in the past 20 years.
  2. 7,348 major disaster events had occurred between 2000 and 2019, claiming 1.23 lives, affecting 4.2 billion people and costing the global economy some \$2.97 trillion.
  3. The figure far outstrips the 4,212 major natural disasters recorded between 1980 and 1999.
  4. The sharp increase was largely attributable to a rise in climate-related disasters, including extreme weather events like floods, drought and storms.
  5. The report relied on statistics from the Emergency Events Database, which records all disasters that kill 10 or more people, affect 100 or more people or result in a state of emergency declaration.
  6. While a warming climate appeared to be driving the number and severity of such disasters, there had also been an increase in geophysical events like earthquakes and tsunamis that are not related to climate but are particularly deadly.
  7. The deadliest single disaster in the past 20 years was the 2004 Indian Ocean tsunami, with 226,400 deaths, followed by the Haiti earthquake in 2010, which claimed some 222,000 lives.

## **International Day for Disaster Risk Reduction**

- The International Day for Disaster Risk Reduction was started in 1989, it is held every 13 October.
- The day celebrates how people and communities around the world are reducing their exposure to disasters and raising awareness about the importance of reining in the risks that they face.

- 2020 International Day for Disaster Risk Reduction is all about governance.
- It is measured in terms of good disaster risk governance in lives saved, reduced numbers of disaster-affected people and reduced economic losses.

**Source:** UN, Down To Earth, the Hindu



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