

UPSC COACHING THAT GIVES YOU UNIVERSITY DEGREE



TATHASTU

Institute of Civil Services



Daily Current Affairs

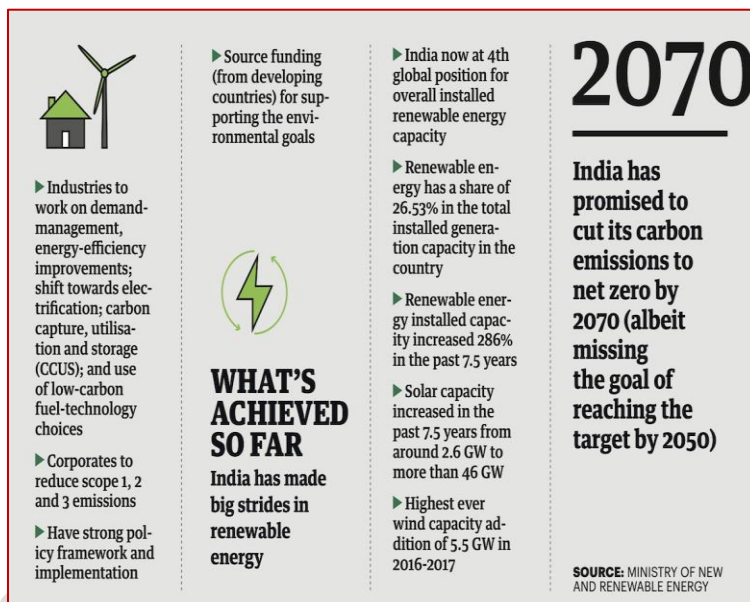
10th June 2023

The Net Zero Challenge

News: Recently, **RBI report “Towards a greener Cleaner India”** provides a framework to discuss trade-offs between Growth, Inflation and efforts to transition to a Net Zero economy.

What is Net Zero?

- **According to United Nations**, Net zero means cutting greenhouse gas emissions to as close to zero as possible, with any remaining emissions re-absorbed from the atmosphere, by oceans and forests for instance.
- The science shows clearly that in order to avert the worst impacts of climate change and preserve a livable planet, global temperature increase needs to be limited to 1.5°C above pre-industrial levels.
- Currently, the Earth is already about 1.1°C warmer than it was in the late 1800s, and emissions continue to rise. To keep global warming to no more than 1.5°C – as called for in the Paris Agreement – emissions need to be reduced by 45% by 2030 and reach net zero by 2050.



What challenges India is likely to face?

- India's ambition is to achieve an advanced economy status by 2047 and it seeks to lower its emissions to achieve net zero status by 2070.
- An annual GDP growth rate of 9.6% would raise net GHG emissions by 10.5 times of level in 2021-22. According to the report, Nationally Determined Contributions (NDC's) will set back economic output by as much as 9% by 2049.
- Transitioning to Net Zero will ensure that productive life of existing fossil-based assets will be shortened, thus exposing the banking sector (through loans) to these assets.
- The report also weighs on inflationary impact of the status quo against the alternative of achieving net zero. As per the report, the latter will raise prices over the next 3 years but will subdue persistent inflationary effects over the long term.
- Due to extreme weather events there are risks to assets (loans by banks) and therefore to banking sector.

What solutions does the report provide?

- The report emphasizes on **Fiscal intervention** through **Carbon Tax** or **Emission Trading system**.
- The report suggests increasing the share of green energy in **primary energy consumption** and **reduce emission intensity**.
- **Shift in production** to less energy intensive sectors – Fisheries, textiles etc.

Conclusion

- RBI is taking the lead in India's transition towards achieving Net Zero status but it is evident that Fiscal policy and regulatory measures are equally important.

Source – RBI

MCLR and EBLR

News: External Benchmark Lending Rates (EBLR) now dominate the mix of outstanding floating rate loans, with their share rising to 48.3% by December 2022, while the share of those based on marginal cost of fund-based lending rate (MCLR) eased to 46%.

What are the difference between EBLR and MCLR?

MCLR	EBLR
MCLR is an internal benchmark lending rate that is based on the marginal cost of funds, operating costs, tenor premium and negative carry on account of cash reserve ratio (CRR) of the banks.	EBLR is an external benchmark lending rate that is linked to a market-determined rate such as the repo rate, treasury bill rate or any other benchmark published by Financial Benchmarks India Pvt ltd (FBIL)
MCLR is revised monthly by the banks and reflects the changes in the repo rate and fund costs of the banks with a lag.	EBLR is revised at least once in three months by the banks and reflects the changes in the repo rate and market rates more quickly.
MCLR allows banks to charge different interest rates for different loan tenors, whereas	EBLR does not have any tenor-linked differentiation.
MCLR was introduced in 2016 to replace the base rate system and improve the transmission of monetary policy.	EBLR was introduced in 2019 to replace the MCLR system and further enhance the transmission of monetary policy

What will the impact of RBI's recent rate hike pause mean for EMI's?

- As the repo rate remains at 6.5%, EBLR linked to the repo rate will not increase.
- For borrowers with existing home loans, **the pause** in a rate hike means EMI's are **likely to remain stable** in the short term.

How can borrowers reduce the impact of higher external benchmark lending rates? (Important from Prelims perspective)

- The borrower can switch to a lender that offers a **lower spread or margin** over the external benchmark rate, after comparing the costs and benefits of refinancing.
- **Increasing the tenure** of the loan to reduce the EMI amount, if possible.
- **Making partial prepayments** and getting the EMI adjusted, if there is no prepayment penalty.
- **Negotiating** with the existing lender to reduce the spread or margin over the external benchmark rate, if the borrower has a good credit score and repayment history.

Source – The Hindu Businessline

MSP for Kharif Crops

News: Recently, the Central government approved the Minimum Support Price (MSP) for kharif crops for the 2023-24 season, aiming to provide fair remuneration to farmers.

What is MSP?

- MSP is the guaranteed amount paid to farmers when the government buys their produce. Government announces MSPs for **22 mandated crops and fair and remunerative price (FRP) for sugarcane**.
- The mandated crops are 14 crops of the kharif season, 6 rabi crops and two other commercial crops.
- MSP is based on the **recommendations** of the **Commission for Agricultural Costs and Prices (CACP)**.
- While recommending MSPs, the CACP looks at the following factors: the demand and supply of a commodity; its cost of production; the market price trends (both domestic and international); inter-crop price parity; the terms of trade between agriculture and non-agriculture (that is, the ratio of prices of farm inputs and farm outputs); a minimum of 50 per cent as the margin over the cost of production; and the likely implications of an MSP on consumers of that product.

MINIMUM SUPPORT PRICES FOR KHARIF MARKETING SEASON (INRS)



Crops	2022-23	2023-24	Increase (%)
Moong	7,755	8,558	10.35
Sesamum	7,830	8,635	10.28
Cotton (Long Staple)	6,380	7,020	10.03
Groundnut	5,850	6,377	9.01
Cotton (Medium Staple)	6,080	6,620	8.88
Jowar- Maldandi	2,990	3,225	7.86
Ragi	3,578	3,846	7.49
Jowar-Hybrid	2,970	3,180	7.07
Paddy-Common	2,040	2,183	7.01
Soybean (Yellow)	4,300	4,600	6.98
Paddy-Grade A	2,060	2,203	6.94
Maize	1,962	2,090	6.52
Bajra	2,350	2,500	6.38
Nigerseed	7,287	7,734	6.13
Tur/Arhar	6,600	7,000	6.06
Sunflower Seed	6,400	6,760	5.63
Urad	6,600	6,950	5.30

Who decides on MSP?

- The **Cabinet Committee on Economic Affairs (CCEA)** chaired by the Prime Minister of India takes the final decision (approve) on the level of MSPs.

About CACP

- The CACP is an **attached office** of the **Ministry of Agriculture and Farmers Welfare**, Government of India. It came into existence in January 1965.
- Currently, the Commission comprises a Chairman, Member Secretary, one Member (Official) and two Members (Non-Official). The **non-official members** are **representatives of the farming community** and usually have an active association with the farming community.

What is MSP for Kharif crops 2023-24?

- The Centre claimed that the hike in MSP for kharif crops for 2023-24 is in line with the Union Budget 2018-19 announcement of fixing the MSP at a level of at least 1.5 times the All-India weighted average cost of production.
- The MSP has been **hiked for all 14 kharif crops** in the range of 5.3 to 10.35 %. In absolute terms, it has been increased by Rs 128 to Rs 805 per quintal.
- **Green gram** (moong) got the **highest hike** of 10.4% over 2022-23 **followed by sesamum** that saw an increase of 10.3%.

What are concerns of farmers?

- They have pointed out that the cost of production used by the CACP to calculate the MSP (A2+FL costs) **does not include all the expenses incurred by the farmers** such as rent of land, interest on loans, family labour, etc
- They have demanded that the MSP should be based on the **comprehensive cost of production (C2)** as recommended by the Swaminathan Commission.
- Concerns raised over **procurement methods** and **poor storage infrastructure**.
- MSP benefits few crops and in few states thereby stating that there is regional disparities.
- MSP does not reflect the **actual market conditions** and the **inflationary trends**.
- Farmers have demanded that the MSP should be linked to the **wholesale price index (WPI)** or the **consumer price index (CPI)** to ensure fair returns to the farmers.

Source – Indian Express, Vikaspedia

PACS as 'drone entrepreneurs' for spraying Fertilisers

News: As per the information from Cooperation ministry, government is planning to employ Primary agricultural credit societies (PACS) as 'drone entrepreneurs' for spraying fertilisers and pesticides in fields to achieve the last mile coverage and high yield.

What is the proposed plan?

- There are about **1 lakh Primary Agricultural Credit Cooperative Societies** present across the country which are not functioning as '**fertiliser retailers**' will be identified and encouraged to function as retailers.
- The PACS which are not currently functioning as Pradhan Mantri Kisan Samridhi Kendras will be brought under their ambit.
- The PACS will be connected with the **marketing of organic fertilisers**, especially Fermented Organic Manure/ Liquid Fermented Organic Manure / Phosphate Enriched Organic Manure.
- Fertiliser companies will act as an 'aggregator' for small bio-organic producers to market the end product, in this supply and marketing chain of bio-organic fertilizers PACS will also be included as wholesalers/retailers.

What are PACS? What is their role?

- PACS are **village level cooperative credit societies** that serve as the **last link** in a three-tier cooperative credit structure headed by the **State Cooperative Banks (SCB)** at the state level.
- Their role include arranging for supply of agricultural inputs (seeds, fertilizers, insecticides), it helps its members by providing marketing facilities which will enhance sale of agricultural products, they supply crucial light machinery for agriculture purpose etc.

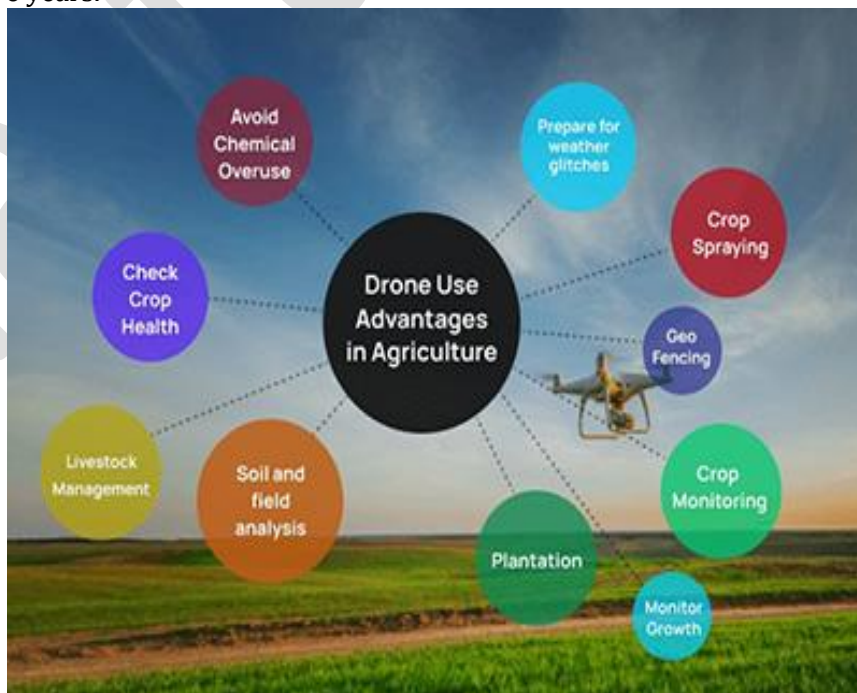
Need for Digitisation of PACS:

- The Budget 2023-24 has announced 2, 516 crores for the computerisation of 63,000 Primary Agricultural Credit Societies (PACS) over the next five years.
- While State Cooperative Banks and District Cooperative Banks are connected to the Core Banking Software (CBS), PACS are not. Some PACS use their own software, but a compatible platform is necessary to bring about uniformity in the system.

Why drones in Agriculture?

- Drones will help farmers as it have some distinct advantages such as **high field capacity** and **efficiency**, **less turnaround time** and other field operational delays, **wastage reduction of pesticide and fertilizers**.
- Water saving due to ultra-low volume spraying technology in comparison to traditional spraying methods, reduction in cost of spraying and fertilizer application in comparison to conventional methods etc.
- Reduction of human exposure to hazardous chemicals.

Source – Times of India



Facts for Prelims

Phage Therapy

News: A study conducted by the University of Exeter shows that the public is aware of and accepts the use of bacteria-killing viruses, known as phage therapy, as an alternative to antibiotics.

About:

- It is a treatment approach that uses **bacteriophages**, which are **viruses** that infect and **kill specific bacteria**. The method involves using these viruses to target and destroy bacterial infections, serving as an alternative to antibiotics.
- Phages are **highly specific** in their action, targeting only the specific bacteria they are programmed to attack. It can potentially **reduce the risk of antibiotic resistance**.

About Bacteriophages:

- A bacteriophage, or phage for short, is a virus that infects bacteria. Like other types of viruses, bacteriophages vary a lot in their shape and genetic material.

India-US Strategic Trade Dialogue

News: At the inaugural India-U.S. Strategic Trade Dialogue (IUSSTD), India and the U.S. pledged to streamline their export control regimes for critical technologies.

About:

- It represents a key institutional innovation to unlock the potential of high-tech trade between the two countries envisaged as a part of the initiative on critical and emerging technologies (ICET).
- IUSSTD focused on ways in which both governments can facilitate the development and trade of technologies in critical domains such as **semiconductors, space, telecom, quantum, AI, defence, bio-tech** and **others**.
- Both sides reviewed the relevant bilateral export control regulations with the objective of building and diversifying resilient supply chains for these strategic technologies.

Respiratory syncytial Virus

News: European regulators have approved the region's first vaccine for respiratory syncytial virus (RSV), which causes thousands of hospitalizations and deaths annually.

Background:

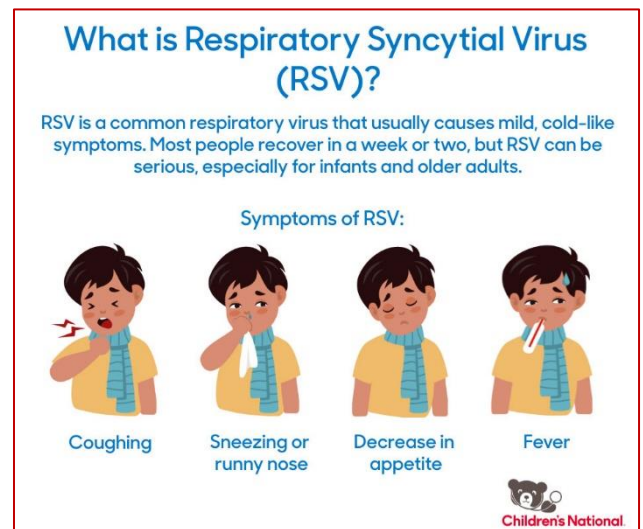
- The shot, called **Arexvy**, is made by British drugmaker GSK and is designed to protect people aged 60 and over.

About RSV:

- It is a common respiratory virus that usually causes mild, cold-like symptoms. Most people recover in a week or two, but RSV can be serious, especially for infants and older adults. The virus was first discovered in 1956.
- It is the most common cause of **bronchiolitis** (inflammation of the small airways in the lung) and **pneumonia** (infection of the lungs) in children younger than 1 year of age

MAHIR

News: The **Ministry of Power** and the **Ministry of New and Renewable Energy** have jointly launched a National Mission to quickly identify emerging technologies in the power sector and develop them indigenously, at scale, for deployment within and outside India.



About:

- The National Mission, titled “**Mission on Advanced and High-Impact Research (MAHIR)**” aims to facilitate indigenous research, development and demonstration of the latest and emerging technologies in the power sector.

Places in News

Mayon Volcano

News: Authorities in the Philippines began evacuating around 10,000 people living near the Mayon Volcano after volcanic earthquakes and hundreds of rockfall events were detected.

About:

- The Mayon Volcano is situated in the southern part of the main island of Luzon, 500 kilometres south of Manila.
- Towering at a height of 2,462 meters above sea level, it is known for its **perfectly conical shape** whose natural beauty has inspired a number of legends and art.
- It is the most active volcano in the **Philippines** and one of the most active in the world.

Other volcanoes in Philippines – Taal Volcano, Pinatubo, Bulusan, Kanlaon.