

ECONOMY

Sharp Economic Recovery

Recently, the National Statistical Office data has revealed that the Indian economy grew at a record pace of 20.1% in April-June 2021, as compared to the corresponding period last year. Last year, Gross domestic product (GDP) contracted 24.4% in the same period, when the national lockdown due to the Covid-19 pandemic had nearly halted all economic activities.

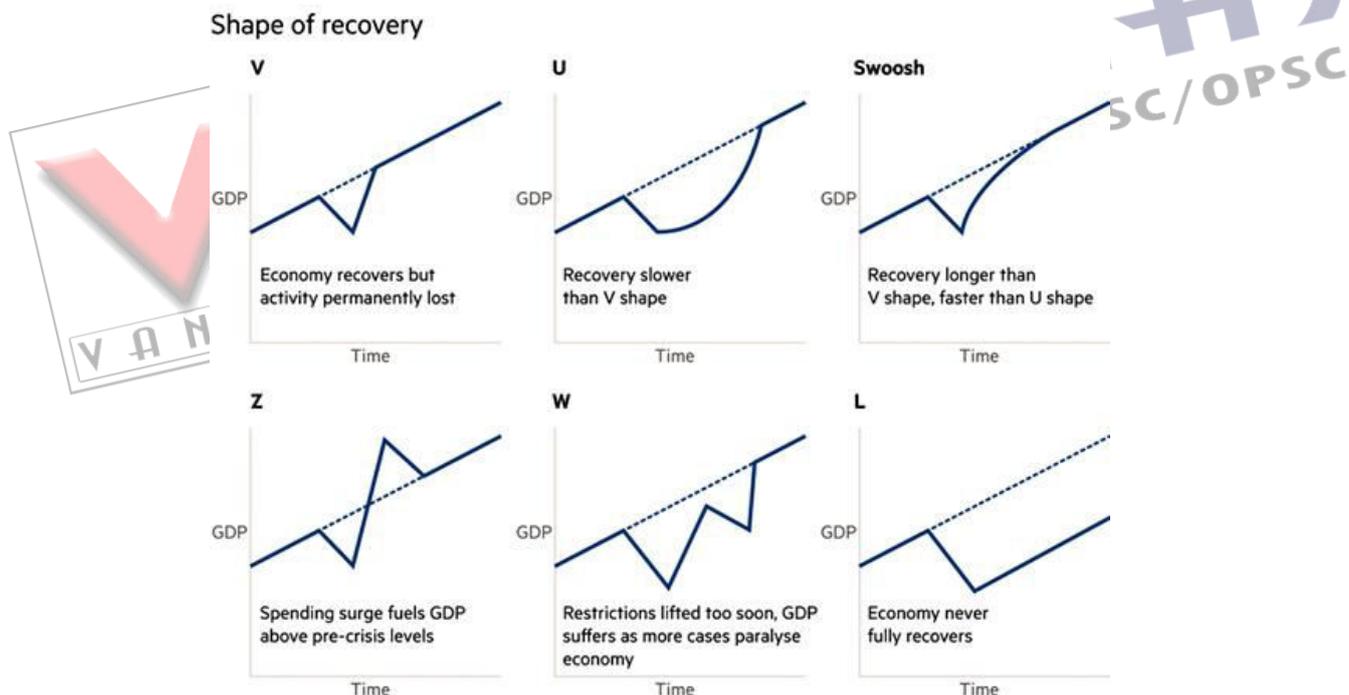
Key Points

About Economic Recovery:

- The first quarter’s high growth rate, has come despite a brutal second wave of the pandemic which peaked in April-May 2021.
- The sharp increases were largely due to the low base (-24.4%) of the first quarter of 2020-21.
- This growth reaffirms the government’s prediction of an imminent V-shaped recovery made last year.
- However, despite phenomenal economic recovery, the GDP in the first quarter is still 9.2% lower than the GDP in the same period during the pre-Covid year 2019-20.
- Amongst sectors, manufacturing and construction imparted a significant push to the economy in April-June, growing 49.63% and 68.3% respectively, over April-June 2020. However, the services sector continued to lag.
- Sectors including ‘agriculture, forestry and fishing’ and ‘electricity, gas, water supply and other utility services’ are above the levels of the pre-Covid year of 2019-20.

V-shaped Economic Recovery:

- A V-shaped recovery is characterized by a quick and sustained recovery in measures of economic performance after a sharp economic decline.
- Such recoveries are generally spurred by a significant shift in economic activity caused by rapid readjustment of consumer demand and business investment spending.



About NSO:

- It is the central statistical agency of the Government mandated under the Statistical Services Act 1980 under the Ministry of Statistics and Programme Implementation.
- It is responsible for the development of arrangements for providing statistical information services to meet the needs of the Government and other users for information on which to base policy, planning, monitoring and management decisions.
- Reports & Indices by NSO:
 1. Index of Industrial Production (IIP)
 2. Consumer Price Index (CPI)
 3. Sustainable Development Goals National Indicator Framework Progress Report

4. Periodic Labour Force Survey (PLFS)
5. GDP data

Measuring Total Output of Economy

Total Output in an economy can be measured by two ways:

- Measuring total demand: Gross Domestic Product (GDP)
- Measuring total supply: Gross Value Added (GVA)

About GDP:

- It is the total monetary value of final goods and services, those that are bought by the final user and produced in a country in a given period of time.
- The GDP data show what is happening to the four engines of economic growth in any economy. These four engines are:
 1. Private Final Consumption Expenditure (C)
 2. Investment (I)
 3. Government Final Consumption Expenditure (G)
 4. Net Exports” (NX) (Exports-Imports)
- $GDP = C + I + G + NX$

About GVA:

- It looks at how much value was added (in money terms) in different productive sectors (such as Agriculture, Electricity, etc.) of the economy.
- It tells which specific sectors are doing well and which are struggling to add value.

Difference Between GDP And GVA:

- On the face of it, the total output should be the same in the case of measuring Total Demand or Total Supply.
- However, every economy has a government, which imposes taxes and also provides subsidies.
- As such, GDP is “derived” by taking the GVA data and adding the taxes on different products and then subtracting all the subsidies on products.
- In other words, $GDP = (GVA) + (\text{Taxe s earned by the government}) - (\text{Subsidies provided by the government})$.
- The difference between these two absolute values will provide a sense of the role the government played.
 1. If the government earned more from taxes than what it spent on subsidies, GDP will be higher than GVA.
 2. If, on the other hand, the government provided subsidies in excess of its tax revenues, the absolute level of GVA would be higher than the absolute level of GDP.

INTER NATIONAL RELATION

Resolution 2593 on Taliban: UNSC

Recently, the India-led United Nations Security Council (UNSC) adopted a Resolution 2593 on Taliban. The resolution, sponsored by France, UK and the US, was adopted with 13 members, including India, voting in favour, none against it. Two permanent and veto-wielding members Russia and China abstained. The adoption of the resolution is a strong signal from the Security Council and the international community on its expectations in respect of Afghanistan.

Key Points

About:

- Reiterates the importance of combating terrorism in Afghanistan, including those individuals and entities designated pursuant to resolution 1267 (1999).
- Called for the Taliban to facilitate safe passage for people wanting to leave Afghanistan, allow humanitarians to access the country, uphold human rights, including for women and children and inclusive and negotiated political settlement.

Russia and China’s Abstention:

- Russia abstained as the resolution wasn’t specific enough about terror threats, did not speak of the “brain drain” effect of evacuating Afghans and did not address the economic and humanitarian consequences of US freezing the Afghan government’s US accounts following the Taliban takeover. China shared some of Russia’s concerns. It believes that the current chaos was a direct consequence of Western countries’ “disorderly withdrawal”.
- China is of the view that it is necessary for the international community to engage with the Taliban, and actively provide them with guidance.
- Russia and China wanted all the terrorist groups, especially Islamic State (ISIS) and the Uighur East Turkestan Islamic Movement (ETIM) to be named specifically in the document.

India's Recent Steps:

- India has directed a high-level group composed of EAM (External Affairs Minister), NSA (National Security Adviser) and senior officials to focus on the immediate priorities of India. The group is seized of issues pertaining to the safe return of stranded Indians to India and is assuring that the territory of Afghanistan is not used in any manner for terrorism directed against India.
 - Recently, India's ambassador to Qatar met with the head of the Taliban's political office.
1. It is the first time the government has publicly acknowledged such a meeting which came at the request of the Taliban.
 2. The Taliban leader assured that all the issues would be positively addressed.

Afghanistan's Representation in Multilateral Organizations:

- With uncertainty hanging over the international representation of Afghanistan under the Taliban, a question has risen over the membership of the country in the South Asian Association for Regional Cooperation (SAARC).
1. The question on representation of Afghanistan at the SAARC has come up especially since a similar issue is yet to be addressed by the United Nations.
 2. SAARC is already facing many issues and the current situation of Afghanistan has further increased the problems for it.
 3. Afghanistan was admitted into the SAARC as the eighth member in 2007.
- Conventionally, countries do not lose membership of regional or global platforms because of a domestic political change.
 - However, a similar question is also likely to come up in the Kathmandu-based intergovernmental organisation the International Centre for Integrated Mountain Development (ICIMOD).

Way Forward

- India is expected to chair the 1988 Sanctions committee that looks at Taliban sanctions next and participate in the decision to extend the mandate of the UN Assistance Mission in Afghanistan (UNAMA), where it will also have to balance competing demands from the US, the UK and France bloc against Russia and China.
- India's Afghan policy is at a major crossroads; to safeguard its assets there as well as to stay relevant in the unfolding 'great game' in and around Afghanistan, India must reset its Afghanistan policy accordingly.

SOCIAL ISSUE

World Social Protection Report: ILO

Recently, a International Labour Organization report titled 'World Social Protection Report 2020–22' has revealed that, globally 4.1 billion people are living without any social safety net of any kind. The report highlighted that the pandemic response was uneven and insufficient. Thereby, Covid-19 has further underscored the critical importance of achieving universal social protection.

ILO is a specialized agency of the United Nations. It is the only tripartite UN agency. It brings together governments, employers and workers of 187 member States, to set labour standards, develop policies and devise programmes promoting decent work for all women and men.

Key Points

Social Security (Concept):

- It is a comprehensive approach designed to prevent deprivation, give assurance to the individual of a basic minimum income for himself and his dependents and to protect the individual from any uncertainties.
- Social protection includes access to health care and income security measures related especially to old age, unemployment, sickness, disability, work injury, maternity or the loss of the main breadwinner in a family, as well as extra support for families with children.

Highlights of the Report:

- **Global Population with Social Protection:** In 2020, only 46.9% of the global population benefitted from at least one protection under the ambit of social security.
- **Challenges Put Forward by Covid-19 Pandemic:** Pervasive challenges such as high levels of economic insecurity, persistent poverty, rising inequality, extensive informality and a fragile social contract have been exacerbated by Covid-19.
- **Persisting Inequalities:** There are significant regional inequalities in social protection, with Europe and Central Asia having the highest rates of coverage - 84% of people are covered by at least one benefit. The Americas are also above the global average, with 64.3%, while Asia and the Pacific (44%), the Arab States (40%), and Africa (17.4%) have marked coverage gaps.
- **Disparity in Social Security Expenditure:** Countries spend on average 12.9% of their GDP on social protection (excluding health), but this figure masks staggering variations. High-income

countries spend on average 16.4%, upper-middle-income countries 8%, lower-middle income countries 2.5%, and low-income countries 1.1%.

- **Limited Protection to Women, Children And Disabled Peoples:** Globally, the vast majority of children still have no effective social protection coverage – only one in four children (26.4%) receives a social protection benefit.
 1. Just 45% of women with newborns receive a cash maternity benefit.
 2. Only one in three people with severe disabilities (33.5%) worldwide receive a disability benefit.
- **Limited Unemployment Protection:** A mere 18.6% of unemployed workers worldwide have effective coverage for unemployment and thus actually receive unemployment benefits. This remains the least developed branch of social protection.
- **Barriers to Accessing Healthcare:** Significant progress has been made in increasing population coverage. However, barriers to accessing healthcare remain in the form of: Out-of-pocket payments on health services, Physical distance, Quality and acceptability of health services, Long waiting times, Opportunity costs such as lost working time, etc.

Steps Taken by Indian Government to Provide Social Security Benefits:

1. Pradhan Mantri Jan Aarogya Yojana (PM-JAY)
2. National Health Policy 2017
3. Social Security Code 2020
4. Pradhan Mantri Shram Yogi Maan-dhan (PM-SYM)
5. Atmanirbhar Bharat Abhiyan
6. PM Garib Kalyan Ann Yojana (PMGKAY)
7. One Nation One Ration Card
8. Atmanirbhar Bharat Rozgar Yojana
9. Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)

Way Forward

- There is a need to recognize that effective and comprehensive social protection is not just essential for social justice and decent work but for creating a sustainable and resilient future too.
- Establishing universal social protection and realizing the human right to social security for all is the cornerstone of a human-centred approach to obtaining social justice.
- Collective financing, broad risk-pooling and rights-based entitlements are key conditions for supporting effective access to healthcare for all in a shock-responsive manner.
- Stronger linkages and better coordination between mechanisms for accessing medical care and income security are needed to address key determinants of health more effectively.

IMPORTANT FACTS FOR PRELIM

Special Drawing Rights: IMF

Recently, the International Monetary Fund (IMF) has made an allocation of Special Drawing Rights (SDR) 12.57 billion (equivalent to around \$17.86 billion at the latest exchange rate) to India. Now, the total SDR holdings of India stand at SDR 13.66 billion.

Key Points

Special Drawing Rights (SDR):

- The SDR is neither a currency nor a claim on the IMF. Rather, it is a potential claim on the freely usable currencies of IMF members. SDRs can be exchanged for these currencies.
- The SDR serves as the unit of account of the IMF and some other international organizations.
- The currency value of the SDR is determined by summing the values in US dollars, based on market exchange rates, of a SDR basket of currencies.
- The SDR basket of currencies includes the US dollar, Euro, Japanese yen, pound sterling and the Chinese renminbi (included in 2016).
- The SDR currency value is calculated daily (except on IMF holidays or whenever the IMF is closed for business) and the valuation basket is reviewed and adjusted every five years.
- Quota (the amount contributed to the IMF) of a country is denominated in SDRs.
 1. Members' voting power is related directly to their quotas.
 2. IMF makes the general SDR allocation to its members in proportion to their existing quotas in the IMF.
- India's foreign exchange reserves also incorporate SDR other than gold reserves, foreign currency assets and Reserve Tranche in the IMF.

International Monetary Fund (IMF):

- The IMF was set up along with the World Bank after the Second World War to assist in the reconstruction of war-ravaged countries. The two organisations were agreed to be set up at a conference in Bretton Woods in the US. Hence, they are known as the Bretton Woods twins.

- Created in 1945, the IMF is governed by and accountable to the 190 countries that make up its near-global membership. India joined in December 1945.
- The IMF's primary purpose is to ensure the stability of the international monetary system — the system of exchange rates and international payments that enable countries (and their citizens) to transact with each other. Its mandate was updated in 2012 to include all macroeconomic and financial sector issues that bear on global stability.
- Reports by IMF:
 1. Global Financial Stability Report
 2. World Economic Outlook.

2.ZAPAD 2021: Russia

The Indian Army contingent will participate in a two-week multinational military exercise named 'ZAPAD 2021' at Nizhny in Russia.

Key Points

- It is one of the theatre level exercises of the Russian Armed Forces and will focus primarily on operations against terrorists.
- Over a dozen countries from Eurasian and South Asian Region will participate in the exercise.
 1. Nine are Participating countries which include Mongolia, Armenia, Kazakhstan, Tajikistan, Kyrgyzstan, Serbia, Russia, India and Belarus.
 2. Eight countries are Observers which include Pakistan, China, Vietnam, Malaysia, Bangladesh, Myanmar, Uzbekistan and Sri Lanka.
- The aim is to enhance military and strategic ties amongst the participating nations.
- The NAG Battalion group (from India) will participate in the exercise. The Naga Regiment is an infantry regiment of the Indian Army.
- India also participated in the exercise TSENTR 2019, which is part of the annual series of large scale exercises that form part of the Russian Armed Forces' annual training cycle.
- Military Exercise between India and Russia: Indra 2021: Joint Tri-Services (Army, Navy, Air Force) Exercise.

3.Pashmina Shawls: Kashmir

The Directorate of Handicrafts and Handloom, Kashmir has announced a Minimum Support Price (MSP) for Geographical Indication (GI)-certified hand-made Pashmina shawls "to sustain the old techniques". Earlier, the Kashmir saffron got GI tag status.

Key Points

About Kashmiri Shawls:

- Shawls are produced by two techniques, loom woven or kani shawls and the needle embroidered or sozni shawls.
- The basic fabric is of the three types - Shah Tush, Pashmina and Raffal.
- Shah Tush (King of wool) passes through a ring and is also known as Ring shawl. It comes from a rare Tibetan antelope living at a height of over 14000 ft in the wilds of the Himalayas.
- Pashmina is known world over as cashmere wool, it comes from a special goat (Capra hircus) living at an altitude of 12000 to 14000 ft.
- Raffal is spun out of merino wool tops and is a popular type of shawl.

Geographical Indication (GI) Certification:

About:

- GI is an indication used to identify goods having special characteristics originating from a definite geographical territory. It is used for agricultural, natural and manufactured goods.
- The Geographical Indications of Goods (Registration and Protection) Act, 1999 seeks to provide for the registration and better protection of geographical indications relating to goods in India.
- It is also a part of the World Trade Organisation's Trade-Related Aspects of Intellectual Property Rights (TRIPS).

Administered By:

- The Controller General of Patents, Designs and TradeMarks- who is the Registrar of Geographical Indications.
- The Geographical Indications Registry is located at Chennai.

Validity of Registration:

- The registration of a geographical indication is valid for a period of 10 years.
- It can be renewed from time to time for a further period of 10 years each.

4. River Umngot: Meghalaya

Recently, the Meghalaya government has scrapped an agreement with private power developers to execute the proposed Umngot hydroelectric project on river Umngot.

Key Points

- Popularly known as Dawki river, the Umngot river in Meghalaya is undisputedly the cleanest river in Asia with its crystal clear water. It originates from the Eastern Shillong Peak, which is located 1,800 m above sea level.
- The river is in the village of Mawlynnong ("God's Own Garden") in Meghalaya, close to India's border with Bangladesh, which is touted as Asia's Cleanest Village. Alongside cleanliness, the village has also achieved a rare feat — a 100% literacy rate.
- It acts as a natural divide between Jaintia and Khasi hills, before finally flowing into Bangladesh.

DAILY ANSWER WRITING PRACTICE

Qns. Account for the increased frequency of cyclones in India over the years, which are much severe and devastating than before. Suggest short term and long-term measures to mitigate the human and economic costs arising from them. (250 words)

Ans:

Introduction

- A cyclone is a large-scale air mass that rotates around a strong center of low atmospheric pressure. Cyclones are characterized by inward spiraling winds that rotate about a zone of low pressure. Tropical cyclones are intense low-pressure areas confined to the area lying between 30° N and 30° S latitudes, in the atmosphere around which high velocity winds blow. Horizontally, it extends up to 500-1,000 km and vertically from surface to 12-14 km.
- IPCC research shows that the frequency and severity of cyclones will increase due to the warming of oceans and melting glaciers. Of India's 7,500 kilometre coastline, almost 5,700 kilometres are highly vulnerable to the impacts of tropical cyclones and related hydro-meteorological hazards and consequently to recurrent loss of life and properties. Approximately 40 percent of the total population in the maritime states, lives within 100 kms of coastlines.

Body

Recent cyclones and its human and economic costs:

- The severe cyclones, Tauktae and Yaas, which battered India earlier this year, made landfalls on the country's western coast, Gujarat, and the eastern coast, Odisha, on May 17 and May 26, 2021, respectively.
- Both storms caused massive damage to infrastructure, the agricultural sector, and houses.
- Government of India reports are that, put together, an estimated 199 people died, 37 million people were affected, and economic losses stood at ₹320 billion (U.S.\$4.3 billion). In addition, crop area of 0.24 million hectares was affected, and around 0.45 million houses were damaged.
- Moreover, 2.5 million people were evacuated to cyclone shelters and relief camps in these two States.
- The large-scale uprooting of trees in the urban areas affected already depleting green cover.
- Thus, during the COVID-19 pandemic, these cyclones caused additional financial responsibility for State governments.

Other impacts on Coastal cities in India

- **Economic costs:** India lost around 2% of GDP and 15% of total revenue over 1999-2020. According to the Global Climate Risk Index report 2021, India ranks the seventh worst-hit country globally in 2019 due to the frequent occurrence of extreme weather-related events. Moreover, the report showed that India lost around 2,267 human lives, while damages stood at \$68,812 million in Purchasing Power Parity (PPP) terms in 2019. In the same year, India ranked first concerning human deaths and economic losses due to extreme weather-related events.
- **Coastal Flooding:** It is likely to reshape the coastlines and potentially inundate or even submerge many low-lying areas. Cities like Mumbai, Chennai, and Hyderabad are endangered by cyclone storms.
- **Destruction of Coastal Biodiversity:** Frequent storms can cause destructive erosion, wetland flooding, aquifer and agricultural soil contamination with salt, and lost habitat for biodiversity.
- **Dangerous Storm Surges:** Higher sea levels are coinciding with more dangerous hurricanes and typhoons leading to loss of life and property.
- **Regional Climate:** Tropical cyclones can quickly change the environment of the affected areas. They can bring warmer air into hot places. This makes the atmosphere feel very sticky and muggy

and rises the temperature dramatically. This can cause heat strokes and other heat related illness to children and the elderly after the storm which is not good.

- **Fishing and livelihood:** Loss of habitat and Loss of juveniles and brood fishes. Loss of livelihoods of farmers and fishermen: Statistics show that the global average annual losses from cyclones and storm surges are estimated at US\$ 80 billion. Small fishermen with no state-of-the-art technology are usually advised to stay off the seas before and during the cyclones.
- **Lateral and Inland Migration:** Flooding in low-lying coastal areas is forcing people to migrate to the higher ground causing displacement and dispossession and in turn a refugee crisis
- **Effect on Communications Infrastructure:** The prospect of higher coastal water levels threatens basic services such as internet access.
- **Threat to Inland Life:** Rising seas can contaminate soil and groundwater with salt threatening life farther away from coasts.
- **Tourism and Military Preparedness:** Tourism to coastal areas and military preparedness will also be negatively affected by an increase in cyclone storms

The interesting thing is that the frequency of tropical cyclones has decreased ever so slightly over the last 70 years. Instead, we are getting a much higher frequency of high-intensity storms. The reasons for the same are:

- Climate change is affecting a number of factors in the background that are contributing to making the impact of these storms worse.
- Climate change makes the rainfall intensities higher, increased influences of warming on specific events.
- Warmer seas mean there is more energy available for cyclones, which only form when the water reaches 26 degrees Centigrade.
- Global warming causes a sea-level rise, the resulting flooding is more intense than it would be without human-induced climate change.
- In previous decades, the further away you were from the Equator meant the cooler the seas became and so any tropical cyclones that formed didn't have the energy to keep going. Now climate change is impacting that relationship.
- Under increasing sea-surface temperatures, we are seeing the line of constant temperature required for these storms to form moving further and further towards the South Pole

Measures needed to tackle such incidences:

Short term measures:

- Provide cyclone forecasting, tracking and warning systems
- Construction of cyclone shelters, cyclone resistant buildings, road links, bridges, canals, drains etc.
- Establishing Early Warning Dissemination System (EWDS), and Capacity building for coastal communities.
- Mock drills, and training of local population and police by NDRF and SDRF
- Plantations of strong rooted trees, canopies, mangroves and proper vegetation cover which act as first line of defence.
- Proper drainage system throughout the city to discharge the water as soon as possible to avoid flood like conditions
- Use of NAVIC and RESOURCESAT-2 for disseminating coastal information and helping in disaster management.
- Implementation of National Cyclone Risk Mitigation Project

Long term measures:

- The National Cyclone Risk Mitigation Project (NCRMP), to be implemented with financial assistance from the World Bank, is envisaged to have four major components:
 1. Component A: Improvement of early warning dissemination system by strengthening the Last Mile Connectivity (LMC) of cyclone warnings and advisories.
 2. Component B: Cyclone risk mitigation investments.
 3. Component C: Technical assistance for hazard risk management and capacity-building.
 4. Component D: Project management and institutional support.
- These components are highly interdependent and have to be implemented in a coherent manner.
- The NDMA had come up with its National Guidelines of Management of Cyclones in 2008. The basic premise of these guidelines is that the mitigation has to be multi-sectoral.
- Developing Integrated Coastal Zone Management (ICZM) frameworks for addressing the sustainability and optimal utilisation of coastal resources as also cyclone impact minimisation plans.

- Ensuring cyclone resistant design standards are incorporated in the rural/ urban housing schemes in coastal areas
- Implementing coastal flood zoning, flood plain development and flood inundation management and regulatory plans.
- Coastal bio-shields spread, preservation and restoration/ regeneration plans.
- There is a need for private sector participation in designing and implementing policies, plans, and standards.
- Need of Disaster Management program to be inclusive including women, civil society, and academia.

Conclusion:

India should prepare to mitigate and deflect the destruction caused by Cyclones. We need to employ technology, strict following of command structure and most importantly the participation and cooperation of local communities in the affected area.

DAILY QUIZ

Q1. Who gave the famous slogan “One Caste, One Religion, One God for All”?

- Sahodaran Ayyappan
- Sahodaran Ayyappan
- Narayana Guru**
- Thanthai Periyar

Q2. What is “Kayyur Incident”, sometimes seen in the news?

- first non-cooperation movement in South India
- first Civil Disobedience Movement in Kerala
- Agrarian revolution in Kerala**
- None of the above

Q3. Consider the following statements about Uhartre Sitaare Fund:

1. It is maintained by the National Bank for Agriculture and Rural Development (NABARD).
2. It provides loans to State-owned corporations to enable them to complete ongoing rural infrastructure projects.

Which of the given above statements is/are correct?

- 1 only
- 2 only
- Both 1 and 2
- Neither 1 nor 2**

Q4. Panjshir Valley was in news recently, is located in:

- Pakistan
- China
- Afghanistan**
- India

Q5. Consider the following statements:

1. Chakmas are predominantly Buddhists, while Hajongs are Hindus.
2. Indian states along the Lushai Hills are Nagaland, Meghalaya, Mizoram and Manipur.

Which of the given above statements is/are correct?

- 1 only**
- 2 only
- Both 1 and 2
- Neither 1 nor 2