

ECONOMY**PM MITRA Parks**

Recently, the Government has approved setting up of 7 PM Mega Integrated Textile Region and Apparel (PM MITRA) Parks in Greenfield/Brownfield sites with an outlay of Rs. 4445 cr for a period of seven years upto 2027-28. Government of India is implementing the Scheme for Integrated Textile Park (SITP) which provides support for creation of world-class infrastructure facilities for setting up of textile units.

Key Points**About:**

- It park will be developed by a Special Purpose Vehicle which will be owned by the Central and State Government and in a Public Private Partnership (PPP) Mode.
- Each Park will have an incubation centre, common processing house and a common effluent treatment plant and other textile related facilities such as design centres and testing centres. Incubation centre is the institution that assists entrepreneurs in developing their business and solving problems associated with it, especially in the initial stages, by providing an array of business and technical services, initial seed funds, lab facilities, advisory, network and linkages.
- The Master Developer will not only develop the Industrial Park but also maintain it during the concession period.

Funding:

- The centre will provide development capital support for the development of common infrastructure of Rs 500 crore for each greenfield MITRA park and upto Rs 200 crore for each brownfield park. Greenfield describes a completely new project that has to be executed from scratch, while a brownfield project is one that has been worked on by others.

Eligibility for Incentives:

- An additional Rs 300 crore will be provided as Competitiveness Incentive Support for the early establishment of textiles manufacturing units in each of these parks.
- Investors who set up "anchor plants" that employ at least 100 people will be eligible for incentives of upto Rs 10 crore every year for upto three years.

Significance:

- **Reduce Logistics Cost:** It will reduce logistics costs are considered a key hurdle to India's goal of boosting textile exports.
- **Employment Generation:** Each park is expected to directly generate 1 lakh jobs and indirectly generate a further 2 lakh jobs.
- **Attract FDI:** The parks are crucial to attract Foreign Direct Investment (FDI). From April 2000 to September 2020, India's textile sector received cost and strengthen the value chain of the textile sector to make it globally competitive. High Rs 20,468.62 crore of FDI, which is just 0.69% of the total FDI inflows during the period.

Other Related Initiatives:

- The Production Linked Incentive Scheme for man-made fibre segment (MMF) apparel, MMF fabrics and ten products of technical textiles for five years has been approved.
- A National Technical Textiles Mission has already been launched to promote research and development in that sector.

INTERNATIONAL RELATION**Four Pronged Strategy on Srilanka Crisis**

Recently, India and Sri Lanka agreed to a four-pronged approach to discuss initiatives on food and energy security to help mitigate Sri Lanka's economic crisis. Earlier this year, Sri Lanka declared an economic emergency amid rising food prices, a depreciating currency, and rapidly depleting forex reserves.

Key Points**Four-Pillar Initiative Comprises:**

- **Lines of credit:** Lines of credit for food, medicines and fuel purchases granted by India. Lines of credit is a credit facility extended by a bank or any other financial institution to a government, business or an individual customer, that enables the customer to draw the maximum loan amount.
- **Currency Swap:** A currency swap agreement to deal with Sri Lanka's balance of payment issues. The word swap means exchange. A currency swap between the two countries is an agreement or contract to exchange currencies with predetermined terms and conditions.
- **Modernisation Project:** An early modernisation project of the Trinco oil farms that India has been pursuing for several years. The Trincomalee Harbour, one of the deepest natural harbours in the world, was developed by the British during World War II. In particular, the projects to develop oil infrastructure in Trincomalee have been hanging fire since 2017.
- **Indian Investments:** A Sri Lankan commitment to facilitate Indian investments in various sectors.

Recent Issues in India-Sri Lanka Relations:

- **Killing of Fisherman:** Killing of Indian fishermen by the Sri Lankan Navy is a lingering issue between these two nations. In 2019 and 2020, a total of 284 Indian fishermen were arrested and a total of 53 Indian boats were confiscated by the Sri Lankan authorities.
- **East Coast Terminal project:** This year (2021) Sri Lanka cancelled an MoU signed with India and Japan for the East Coast Terminal project. India protested the cancellation though it later agreed to the West Coast Terminal being developed by the Adani group.
- **Influence of China:** China's rapidly growing economic footprint (and political clout as a corollary) in Sri Lanka is straining India-Sri Lanka relations. China is already the largest investor in Sri Lanka, accounting for 23.6% of the total Foreign Direct Investment (FDI) during 2010-2019 as against 10.4% from India. China is also one of the largest export destinations for Sri Lankan goods and holds over 10% of its external debt.
- **13th Amendment of the Sri Lankan Constitution:** It envisages devolution of necessary powers to the provincial councils to address the just demand of the Tamil people for equality, justice, peace, and respect within a united Sri Lanka.

India - Sri Lanka Relations

- **Background:** India-Sri Lanka relationship is more than 2,500 years old and both sides have built upon a legacy of intellectual, cultural, religious and linguistic intercourse.
- **Support Against Terrorism:** During the course of the civil war, India supported the right of the Government of Sri Lanka to act against terrorist forces.
- **Support For Rehabilitation:** The Indian Housing Project is Government of India's flagship project of developmental assistance to Sri Lanka. Its initial commitment is to build 50,000 houses for those affected by the civil war as well as for the estate workers in the plantation areas.
- **Assistance during Covid-19:** The Reserve Bank of India (RBI) had signed an agreement for extending a USD 400 million currency swap facility to Sri Lanka to boost the foreign reserves and ensure financial stability of the country, which was badly hit by Covid 19 pandemic. Recently, India has also supplied Covid-19 Vaccines to Sri Lanka.
- **Joint Exercises:** India and Sri Lanka conduct joint Military (Mitra Shakti) and Naval exercise (SLINEX).
- **Participation in Groupings:** Sri Lanka is also a member of groupings like BIMSTEC (Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation) and SAARC in which India plays a leading role.

Way Forward

- A subterranean trust deficit exists between India and Sri Lanka yet neither Sri Lanka nor India can afford to have strained ties.
- However, as a much larger country, the onus is on India to carry Sri Lanka along. India needs to be extremely patient and avoid reacting to any pinpricks and engage Sri Lanka even more regularly and closely, especially at the highest levels.

- There is a need to step up our people-centric developmental activities while scrupulously staying clear of any interference in Colombo's domestic affairs.
- Nurturing the Neighbourhood First policy with Sri Lanka is important for India to preserve its strategic interests in the Indian Ocean region.

ENVIRONMENT

Perform, Achieve and Trade Scheme

A recent report released by the Centre for Science and Environment (CSE) mentions that the Perform, Achieve and Trade (PAT) scheme introduced in 2008 is not effective. The PAT scheme was introduced to improve energy efficiency in Indian industries and consequently reduce greenhouse gas.

The report attributed the inefficiency of the scheme to non-transparency, unfastened targets and neglected deadlines.

Key Points

About:

- It is a market-based mechanism to further accelerate as well as incentivize energy efficiency in the large energy-intensive industries.
- The Energy Savings Certificates (ESCs) were introduced in India in 2011 under the PAT by the Bureau of Energy Efficiency (BEE) under the National Mission of Energy Efficiency. NMEEE is one of the eight national missions under the National Action Plan on Climate Change (NAPCC) launched by the Government of India in the year 2008.

Energy Savings Certificates (ESCs):

- This market-based mechanism is facilitated through the trading of Energy Savings Certificates (ESCs) which are issued to those plants who have overachieved their targets.
- The underachievers are entitled to purchase ESCs through two power exchanges - Indian Energy Exchange (IEX) and Power Exchange India Limited (PXIL).
- Industries that take part in this scheme are referred to as designated shoppers (DS).

Sectors Covered:

- PAT covered about 13 energy-intensive sectors: Thermal power plants (TPP), cement, aluminium, iron and steel, pulp and paper, fertiliser, chlor-alkali, petroleum refineries, petrochemicals, distribution companies, railways, textile and commercial buildings (hotels and airports).

Other initiatives to Promote Energy Conservation and Energy Efficiency:

1. Standards and Labeling
2. Energy Conservation Building Code (ECBC)
3. Demand Side Management
4. SAATHEE Portal

PRELIMS FACT

Worldwide Cost of Living Report

Recently, the Worldwide Cost of Living report has been released highlighting that Tel Aviv (Israel's capital) is the world's most expensive city to live in. The report is compiled by the Economist Intelligence Unit (EIU). It compares the cost of living indices in different cities.

Key Points

- **Most Expensive City:** The Israeli city of Tel Aviv topped the rankings for the first time, overtaking last year's leader Paris, which is now at second place along with Singapore. Paris and Singapore came joint second, followed by Zurich and Hong Kong. New York was in sixth, with Geneva in seventh.
- **Report Methodology:** The index is benchmarked against prices in New York City, hence cities with currencies that are stronger against the US dollar are likely to appear higher in the rankings.
- **Scope of the Result:** The 2021 Worldwide Cost of Living index tracks the cost of living across 173 global cities and compares the price of more than 200 everyday products and services.

- **Impact of Covid-19:** Supply-chain blockages and changing consumer demand have pushed up the cost of living in many of the biggest cities. Moreover, inflation is the fastest recorded over the past five years.
- **Indian Scenario:** In India, Ahmedabad, Gujarat has been listed in the top ten cheapest cities of the survey. Among the cheapest cities, Damascus (capital of Syria) is at the top. It is followed by Tripoli (Libya), Tashkent (Uzbekistan), Tunis (Tunisia) and Almaty (Kazakhstan) in the ranking of cheapest cities.

DAILY ANSWER WRITING PRACTICE

Qns. The economic ravages of the pandemic have had an uneven impact on different socio-economic groups and needs immediate measures to rectify the same. Comment. (250 words)

Ans:

Introduction

The outbreak of the novel coronavirus last year led to mass havoc, fuelling a global health and economic crisis, the death of millions, lockdown of industries, large-scale job cuts, and catastrophic income shocks. Across the globe, millions have been pushed into poverty. India is no exception to this.

Post pandemic, there is undeniably some type of recovery, but one can hardly label it V-shaped. The recovery we see today is more K-shaped than V-shaped, with various groups and industries recovering much more rapidly than their counterparts.

Body

Economic ravages of the pandemic on different socio-economic groups

- In pre-Covid times, around 35 per cent (265 million people) of the rural population was poor.
- However, this number is expected to rise to roughly 381-418 million, with the total headcount ratio reaching 50.9-55.87 per cent in 2021-22.
- Under the same levels of contractions, urban India expects 36 to 46 million additional people to fall under poverty, with the total headcount ratio reaching 39.08- 42.4 per cent.
- Across social categories, a higher percentage of people from marginalised groups are expected to fall into poverty than the other groups.
- Over five million or 50 lakh people lost their jobs in October, according to a Centre for Monitoring Indian Economy (CMIE) report.
- Many of those who lost their jobs during this period are likely economically insecure and abstain from non-essential purchases.
- Across major occupations, self-employed agriculture, non-agriculture, and casual labourers bear the highest impact in rural areas. In urban areas, casual labourers disproportionately bear the brunt of the crises.
- The ongoing farm distress, rural indebtedness, lack of infrastructures, small, marginal scattered landholdings, adverse terms of trade, and corporatisation of agriculture contribute to vulnerability for such labourers in rural areas.
- In the urban area, it is mostly the informal nature of jobs, depressed earnings, and little to no social security that place the casual workers at the brink of vulnerability.

Measures needed:

- **Immediate support package will need to quickly reach both the existing and new poor.**
 1. The identification of poor and vulnerable groups is need of the hour.
 2. there is a need for safety nets including cash transfers. The informal workers and other vulnerable sections including MSMEs have been dealt back-to-back blows in the last 13 months due to the first and second waves.
 3. India should consider fixing a universal basic income in the post-Covid period through a combination of cash transfers, expansion of MGNREGA, and introduction of an urban employment guarantee scheme
- **Employment generation for the masses:**

1. A large fiscal stimulus along with intermediate informal employment insurgency through MGNREGA and other employment generation programmes are urgent to rein the adverse impact of covid-19 on the welfare of the masses.
2. The Development Financial Institution (DFI) for funding long-term infrastructure projects is being established.
3. A boost to infrastructure investment, including in rural areas, can lift the economy out of the Covid-19 induced slowdown.
- **Healthcare facilities**
 1. an aggressive vaccination programme and improving the healthcare facilities in both rural and urban areas is needed.
 2. Reducing the health crisis can lead to an economic revival. Vaccine inequality between urban and rural areas has to be reduced.
 3. As rural areas have poor health infrastructure, more efforts are needed to reach the rural areas for vaccination.
 4. The crisis can be used as an opportunity to create universal healthcare facilities for all, particularly rural areas. Other states can learn from Kerala on building health infrastructure.
- **Multilateral global institutions must support the developing nations:**
 1. Oxfam is calling on world leaders to agree on an Emergency Rescue Package of 2.5 trillion USD paid for through the immediate cancellation or postponement of 1 trillion in debt repayments, a 1 trillion increase in IMF Special Drawing Rights (international financial reserves), and an additional 500 billion in aid.
- **An effective response in support of poor and vulnerable households will require significant additional fiscal resources.**
 1. Providing all the existing and new extreme poor with a cash transfer of \$1/day (about half the value of the international extreme poverty line) for a month would amount to \$20 billion—or \$665 million per day over 30 days.
 2. Given that impacts are likely to be felt by many non-poor households as well and that many households are likely to need support for much longer than a month, the sum needed for effective protection could be far higher.
- **Decision-makers need timely and policy-relevant information on impacts and the effectiveness of policy responses.**
 1. This can be done using existing, publicly available data to monitor the unfolding economic and social impacts of the crisis, including prices, service delivery, and economic activity, as well as social sentiment and behaviours.
 2. In addition, governments can use mobile technology to safely gather information from a representative sample of households or individuals.
 3. Phone surveys can collect information on health and employment status, food security, coping strategies, access to basic services and safety nets and other outcomes closely related to the risk of falling (further) into poverty.

Conclusion:

This pandemic is as much a social and economic crisis as it is a humanitarian one. A well-designed fiscal stimulus package, prioritising health spending to contain the spread of the virus and providing income support to households most affected by the pandemic would help to minimise the likelihood of a deep economic recession and poverty experienced by the vulnerable population.

DAILY QUIZ

- Q1. In the context of India which one of the following is the characteristic appropriate for Bureaucracy?
- a. An agency for widening the scope for parliamentary democracy
 - b. An agency for strengthening the structure of federalism
 - c. An agency for facilitating the political stability and economic growth
 - d. **An agency for the implementation of public policy**

Q2. Consider the following statements about the Istanbul Convention:

1. The treaty is the world's first binding instrument to prevent and tackle violence against women.
2. The convention was adopted by the Council of Europe Committee of Ministers in 2021.

Which of the statements given above is/are correct?

- a. **1 only**
- b. 2 only
- c. Both 1 and 2
- d. Neither 1 nor 2

Q3. Consider the following statements about Fly Ash:

1. It is the end product of combustion during the process of power generation in the coal based thermal power plants.
2. It can be used in combination with other alkaline materials to transform sewage sludge into organic fertilizer or biofuel.

Which of the above statements is/are correct?

- a. 1 only
- b. 2 only
- c. **Both 1 and 2**
- d. Neither 1 nor 2

Q4. Hydrogen when produced by electrolysis using renewable energy is known as

- a. Yellow Hydrogen
- b. Blue Hydrogen
- c. **Green Hydrogen**
- d. Clean Hydrogen

Q5. Consider the following statements:

1. UV radiation is the portion of the Electromagnetic spectrum between X-rays and visible light.
2. UV radiations are normally used to kill microorganisms.

Which of the statements given above is/are correct?

- a. 1 only
- b. 2 only
- c. **Both 1 and 2**
- d. Neither 1 nor 2