

**INDIAN ECONOMY****INDIA'S READINESS TO SUPPLY WHEAT**

Recently, Egypt has agreed to source wheat from India.

**About**

- Russia's invasion of Ukraine and the subsequent western sanctions on Russia have affected wheat exports from the Black Sea region and impacted food security in several countries, especially in Africa and West Asia.
- The Egyptians are exploring possibilities of sourcing grain from alternate sources as supplies have been disrupted because of the Russia and Ukraine conflict.
  - Egypt imported 6.1 million tonnes (mt) of wheat in 2021 and India was not part of the list of accredited countries which can export wheat to Egypt.

**What is the status of India's wheat exports?**

- Globally, Russia is the market leader for wheat exports (almost 15% share) and Ukraine is also a major producer.
  - Exports from these two countries have been hit by the war and sanctions.
- India expects to produce 112 million tonnes of wheat in the current season.
- The government requires 24-26 million tonnes a year for its food security programmes.
  - With surplus wheat production, opportunities have opened up for exports. Wheat exports in the 2021-2022 financial year were estimated at 7.85 million tonnes, a quadrupling from 2.1 million tonnes in the previous year.

**Why is demand for India's wheat expected to rise ?**

- The disruption to global wheat supplies in turn has thrown open opportunities that India's grain exporters are eyeing, especially given the domestic surplus availability of the cereal.
- More countries are turning to India because of the competitive price, acceptable quality, availability of surplus wheat and geopolitical reasons.
- While the existing importers are buying more, new markets have emerged for Indian wheat. Exports this fiscal year are expected to be almost 10 million tonnes worth \$3 billion.

**Which new markets are expected to buy from India?**

- The different grades of wheat produced in India are of the milling quality. So, apart from Egypt and Jordan, countries in East Africa are also likely to source the foodgrain from India.
- India has sent out dossiers to over 20 countries and talks are on at different levels with all these countries.
- The aim is to reach early resolution on the Pest Risk Analysis by each of these countries so that exports can take off.
- The Agricultural and Processed Food Products Export Development Authority (APEDA) and Ministry of Agriculture are also sending delegations to several countries to resolve market issues, if any, for exploring possibilities of boosting wheat exports from India.

**What is being done to facilitate exports?**

- The Commerce Ministry has put in place an internal mechanism to facilitate it and get the paperwork ready for the related sanitary and phytosanitary applications to help facilitate shipments.
- Wheat is going in full vessel loads and needs to be transported to the ports from the growing areas.
- The railways are providing rakes on priority to move the wheat.
- The railways, ports, and testing laboratories are all geared up to meet the requirements.

**What norms are buyer countries using to approve Indian wheat?**

- Countries that have not previously imported wheat from India insist on the completion of the Pest Risk Analysis to provide market access.
- There are also other different standards that the buyers share with their sellers here.
- While, at present, Indian suppliers are able to meet these criteria, Indian authorities are working closely to step in and negotiate resolution if any "unreasonable" standards are stipulated.

**What is the future outlook?**

- The government is optimistic about the long-term export opportunities not only for wheat, but for all cereals including millets and superfoods.
- Trade sources say if Indian wheat prices remain competitive and geopolitical and weather conditions stay favourable, the scope is good for wheat exports.

- India has won the confidence of markets such as Sri Lanka and Bangladesh.
- It needs to establish itself in the new markets too and the government should facilitate it.

**About Wheat**

- It is the main cereal crop in India.
- Indian wheat is largely a soft/medium hard, medium protein, white bread wheat, somewhat similar to U.S. hard white wheat.
- Wheat grown in central and western India is typically hard, with high protein and high gluten content.
- It is Rabi Crop which is sown in October-December and harvested during April-June.
- Temperature:** Between  $23\pm 3^{\circ}\text{C}$  and for good tillering temperature should range between  $16-20^{\circ}\text{C}$ .
  - The best wheat is produced in areas favoured with cool, moist weather during the major portion of the growing period followed by dry, warm weather to enable the grain to ripen properly.
- Rainfall:** 50 cm to 100 cm rainfall.
- Soil Type:** Soils with a clay loam or loam texture, good structure and moderate water holding capacity are ideal for wheat cultivation.
- Wheat growing states in India:** Uttar Pradesh, Punjab, Haryana, Madhya Pradesh, Rajasthan, Bihar and Gujarat.

**Exports**

- India's wheat exports are mainly to neighbouring countries with Bangladesh having the largest share of more than 54 per cent in both volume and value terms in 2020-21.
- In 2020-21, India entered new wheat markets such as Yemen, Afghanistan, Qatar and Indonesia.
- The top ten importing countries for Indian wheat in 2020-21 are Bangladesh, Nepal, United Arab Emirates, Sri Lanka, Yemen, Afghanistan, Qatar, Indonesia, Oman and Malaysia, according to data by Directorate General of Commercial Intelligence and Statistics (DGCIS).

**IMPORTANT FACTS FOR PRELIM****1. Green Agriculture Project**

Green agriculture project will add life to Desert National Park (DNP)

**About Green Agriculture Project**

- It is funded by the Food and Agriculture Organisation's (FAO) Global Environment Facility.
- The project aims to catalyse transformative change of India's agricultural sector to support achievement of national and global environmental benefits and conservation of critical biodiversity and forest landscapes.
- It supports harmonisation between India's agricultural and environmental sector priorities.
- It will act as a lifeline for the Desert National Park (DNP) in western Rajasthan with the conservation of critical biodiversity and forest landscapes.
- 'Develop grasslands' Action plans for each village in the region are being prepared with the involvement of the local rural communities.
- The environmentalists in the State have called for developing grasslands on vast tracts in the DNP area for grazing of animals, saying their neglect and conversion into irrigated and cultivated land would further endanger the rare species.

**Desert National Park (DNP)**

- It is situated near Jaisalmer and Barmer, covering an area of 3,162 sq. km, while sand dunes comprise about 20% of the park.
- The area falls in the extreme hot and arid region of a very low rainfall zone (<100mm) of the country.

**2. The Plastics Export Promotion Council (popularly known as PLEXCONCIL)**

Recently, the Union Minister for Commerce and Industry addressed the 'Export Excellence Awards 2017-2021' of The Plastics Export Promotion Council (PLEXCONCIL).

**About PLEXCONCIL**

- It is established by the Ministry of Commerce & Industry, Department of Commerce, Government of India on 15th July 1955
- It is a non-profit organisation registered under section 25 of the Companies Act, 1956 (or section 8 of the Companies Act, 2013).

- It was one of several Export Promotion Councils (EPCs) launched by the Government to project India's image abroad as a reliable supplier of high-quality products to give a boost to the country's exports.
- It is the apex body of the plastics industry in India and represents over 2,500 exporters who manufacture/trade-in plastics products ranging from plastics raw materials to semi-finished and finished items.
- It is administered by the Committee of Administration (CoA) consisting of nominees from the Ministry of Commerce & Industry, Government of India and Ministry of Chemicals and Fertilisers, Government of India; as well as elected representatives from the export trade. T

### **3. UDAN Scheme**

Recently, Ude Desh ka Aam Nagrik (UDAN) Scheme has been selected for Prime Minister's Award for Excellence in Public Administration 2020 under the category "Innovation (General) – Central".

- Government of India has initiated this award to acknowledge, recognize and reward extraordinary and innovative work done by Districts and Organisations of State/Government.

#### **About UDAN Scheme**

- It is the flagship Regional Connectivity Scheme of the Ministry of Civil Aviation (MoCA).
- Launched in 2016.
- It aims to fulfil the aspirations of the common man by following the vision of UdeDeshkaAamNagrik, with an enhanced aviation infrastructure and air connectivity in tier II and III cities.
- The objective of the UDAN Scheme is to connect small and medium cities with big cities through air service.

#### **Progress :**

- In a short span of 5 years, today 415 UDAN routes connect 66 underserved/unserved airports, including heliports and water aerodromes, and over 92 lakh people have benefited from it.
- More than 1 lakh 79 thousand flights have flown under this scheme.
- UDAN scheme has immensely benefited several sectors pan-India including Hilly States, North-Eastern region, and Islands
- The scheme also led to development of new GreenField Airports such as Pakyong near Gangtok in Sikkim, Tezu in Arunachal Pradesh and Kurnool in Andhra Pradesh.
  - The scheme also led to 5% incremental growth in domestic passenger share of non-metro airports.

#### **Targets :**

- The Ministry of Civil Aviation plans and commits to construct 100 new airports by 2024 in India with 1,000 new routes under UDAN RCS scheme by the year 2026.

### **4. Parboiled rice**

The Centre has said it will stop the purchase of excess parboiled rice, of which Telangana is a major producer.

About Parboiled rice

#### **History**

- Parboiling of rice is not a new practice, and has been followed in India since ancient times.
- However, there is no specific definition of parboiled rice of the Food Corporation of India or the Food Ministry.
- Meaning
- It means partly cooked by boiling.
- It refers to rice that has been partially boiled at the paddy stage, before milling.

#### **Several processes**

- Common Method: Paddy is soaked in hot water for three hours. The water is then drained and the paddy steamed for 20 minutes. Also, the paddy is sun-dried in the common method.
- Chromate soaking process: It uses chromate, a family of salt in which the anion contains both chromium and oxygen, which removes the odour from the wet rice.
- All processes generally involve three stages: soaking, steaming and drying. After passing through these stages, the paddy goes for milling.

#### **Suitability**

- Generally, all varieties can be processed into parboiled rice, but it is ideal to use long slender varieties to prevent breakage during milling.
- However, aromatic varieties should not be parboiled because the process can make it lose its aroma.

**Benefits**

- Parboiling makes rice tougher: This reduces the chances of the rice kernel breaking during milling.
- Parboiling also increases the nutrient value of the rice.
- Parboiled rice has a higher resistance to insects and fungi.

**Disadvantages**

- The rice becomes darker and may smell unpleasant due to prolonged soaking.
- Setting up a parboiling rice milling unit requires a higher investment than a raw rice milling unit.
- Data on Stocks
- The highest stock is in Telangana followed by Tamil Nadu and Kerala.

**DAILY ANSWER WRITING PRACTICE**

**Q1. The Monetary Policy Committee (MPC) has to carefully balance the recovery phase of economic growth and manage rising inflationary tendencies in the uncertain geopolitical climate. Examine. (250 words)**

**Introduction**

The term ‘Monetary Policy’ is the Reserve Bank of India’s policy pertaining to the deployment of monetary resources under its control for the purpose of achieving GDP growth and lowering the inflation rate. The Reserve Bank of India Act 1934 empowers the RBI to make the monetary policy.

**Body**

**Objective of monetary policy**

The objectives of monetary policy include ensuring inflation targeting and price stability, full employment and stable economic growth.

**Current situation of Indian Economy**

- **Rising inflation:** India’s inflation based on the consumer price index quickened to 6.01% in January, breaching the central bank’s upper tolerance limit of 6%.
- **Fuel prices:** The government has increased taxation of energy to raise resources.
  - Since energy is used for all production, prices of all goods and services tend to rise and push up the rate of inflation.
  - Further, this is an indirect tax, it is regressive and impacts the poor disproportionately. It also makes the RBI’s task of controlling inflation difficult.
- **Supply shortage:** The lockdowns disrupted supplies and that added to shortages and price rise.
  - Prices of medicines and medical equipment rose dramatically.
  - Prices of items of day-to-day consumption also rose.
  - Fruits and vegetable prices rose since these items could not reach the urban markets.
- **International factors:** Most major economies have recovered and demand for inputs has increased while supplies have remained disrupted (like chips for automobiles).
  - So, commodity and input prices have risen (like in the case of metals).
  - Businesses claim increase in input costs underlies price rise.
- **Data collection and methodology:** In April and May 2020, data on production and prices could not be collected due to the strict lockdown.
  - So, the current data on prices for April to July 2021 are not comparable with the same months of 2020.
  - As such, the official inflation figures for these months in 2021 do not reflect the true picture.
- **Weak Rupee:** The weakening of the rupee also added to inflation.

**Measures to keep the inflation under control**

- **Commodity prices: GoI needs to remove supply side bottlenecks.** For example, GoI can immediately offload 10-20% of its pulses stock with NAFED in the open market.
  - Stocks are currently at 14.6 lakh MT. This may immediately cool down pulses’ price.
- **Fuel prices:** The prices of petrol, diesel and LPG has increased drastically crossing Rs 100/- and states/Centre are buck passing the responsibility of cutting taxes.
  - Bringing them under GST would reduce the prices by at least 30 rupees.
  - GST council must agree to this with haste.

- **Policy measures:** Navigating out of this will need a fiscal stimulus to shore up consumer spending, an investment revival to increase the productive capacity of the economy, and a careful management of inflationary expectations.
  - Concomitantly, the government will also need to pursue redistribution of income to reduce the widening disparity.
  - This also calls for fiscal prudence to cut wasteful spending, find new revenue through asset sales, mining and spectrum auctions, and build investor confidence.

### Conclusion

Economists have pointed at India's K-shaped recovery where a few have benefitted while others have fallen sharply behind. Big companies have benefitted and increased market share, revenues and profits sharply. They have also taken advantage of low interest rates to decrease the cost of their borrowings. Small and medium companies, struggling with falling revenues and cash flows, have not been able to take advantage of the rates. Hence inflation must also be controlled while growth is focussed upon.

Inflation control is a legitimate objective of economic policy given the correlation between inflation and macro-economic stability. Inflation targeting is needed, in a nation where there are 21% poor people. However, this must be tweaked sufficiently to match the needs of an economy such as India.

### DAILY QUIZ

Q1. Which of the following are Recommendations of the National Cyber Cybersecurity Strategy of India ?

1. A minimum allocation of 5% of the annual budget has been recommended for cyber security.
2. The creation of a 'cyber security services' with cadres chosen from the Indian Engineering Services.
3. The setting up of exclusive courts to deal with cybercrimes.

Select the correct answer using the code given below:

- (a) **2 and 3 only**                      (b) 2 only  
(c) 1 and 2 only                      (d) only 1 and 3

Q2. With reference to Green Agriculture Project, consider the following statements:

1. It is funded by the International Renewable Energy Agency (IRENA).
2. It supports harmonisation between India's agricultural and environmental sector priorities.
3. It will act as a lifeline for the Desert National Park (DNP) in Madhya Pradesh.

Which of the statements given above is/are correct?

- (a) 1 and 3 only                      (b) **2 only**  
(c) 1 and 2 only                      (d) only 3

Q3. Which of the following statements are correct regarding Parboiled rice?

1. It is a new practice of cultivating rice recently adopted from Brazil.
2. It makes rice tougher and increases the nutrient value of the rice.
3. It is resistant to insects and fungi.
4. It requires less investment than a raw rice milling unit.

Select the correct answer using the code given below:

- (a) **2 and 3 only**                      (b) 2 only  
(c) 1 and 2 only                      (d) only 3

Q4. The Red Sea is surrounded by which of the following countries?

1. Iraq      2. Israel      3. Jordan      4. Egypt      5. Sudan      6. Yemen

Select the correct answer using the code given below:

- (a) 1, 2 and 3 only                      (b) 2, 3, 5 and 4 only  
(c) **4, 5 and 6 only**                      (d) 1, 3 and 4 only

Q5. Consider the following statements:

1. An Environmental Clearance is a long-drawn process that is mandatory for projects beyond a certain size.
2. The process for clearance is outlined by the Environmental Impact Assessment (EIA) notification of 2006.

Which of the statements given above is/are correct?

- (a) Neither 1 nor 2                      (b) 2 only  
(c) **1 and 2 both**                      (d) only 1

Q6. Which of the following nation is not a part of Collective Security Treaty Organisation

- a) Kazakhstan                      b) Kyrgyzstan  
c) Tajikistan                      d) **Mongolia**

- Q7. "Maya civilisation" sometimes seen in news is associated with which of the following
- a) **North America**                      b) South America  
c) Central Asia                          d) Horn of Africa
- Q8. consider the following statement about the PRASHAD scheme
1. It was launched by Archaeological survey of India
  2. Development of heritage destinations is included in the scheme
  3. The central government provides 100% funding for the project
- Choose the correct statement/s using the code given below
- a) 1 only                                      b) **2 and 3 only**  
c) 1 and 3 only                              d) All of the above
- Q9. Consider the following statement about MCLR
1. Is the lowest interest rate that a bank or lender can offer
  2. In recent context MCLR-linked loans had the largest share (53.1%) of the loan portfolio of banks .
- Select the correct statement/s using the codes given below
- a) 1 only                                      b) 2 only  
c) **Both 1 and 2**                              d) None
- Q10. World Economic outlook Released by which of the following
- a) World bank                              b) **IMF**  
c) ADB                                        d) UNDP
- Q11. Horn of Africa often in news due to humanitarian crisis which of the following statement/s are correct regarding this
1. The region called horn of Africa is entirely situated in the southern hemisphere
  2. The Horn of Africa is considered a sub region of the larger region known as East Africa.
- a) 1 only                                      b) **2 only**  
c) Both 1 and 2                              d) Neither 1 nor 2
- Q12. Consider the following with respect to Atlantic council
1. It is a Inter Governmental organisation which is a think tank in the field of international affairs
  2. India is a observer member to it
- Choose the incorrect statement/s
- a) 1 only                                      b) 2 only  
c) **Both 1 and 2**                              d) None of the above
- Q13. World Health Organisation (WHO) released a report titled 'Countdown to 2023' is related to
- a) **Trance fat elimination**  
b) Nutrition through supplement  
c) TB elimination in lower middle income countries  
d) COVID-19 Vaccination all over the world
- Q14. Examine the following statement with regards to India's commitment in COP26
1. India's non-fossil energy capacity would reach 500 GW by 2030
  2. It will meet 50% of its electricity requirements with renewable energy by 2030
  3. To Achieve net zero emissions by 2070.
- Choose the correct statement/s
- a) 1 and 2 only                              b) 1 and 3 only  
c) 2 and 3 only                              d) **All of the above**
- Q15. consider the following statements
1. Urea is the majorly consumed fertilizer in India, followed by DAP (diammonium phosphate)
  2. According to the Food and Agriculture Organization, the production of Rice and wheat in India increased despite the area under cultivation decreasing.
- Choose the correct statement /s using the codes
- a) 1 only                                      b) 2 only  
c) **Both 1 and 2**                              d) Neither 1 nor 2