

NEWSPAPER HIGHLIGHT

Signalling a greater shift towards formalisation of the economy, the share of the large informal sector in overall economic activity dipped sharply in 2020/21 even as informal workers continue to bear the brunt of the pandemic's adverse effects, the SBI said in a research report. Concluding that the share of the informal economy may have shrunk to no more than 20% of the economic output from about 52% in 2017/18, SBI group chief economic adviser Soumya Kanti Ghosh termed this "a positive development" amid the pandemic. There are wide variations in the formalisation levels in different sectors but the SBI estimated that the informal economy is possibly at a maximum of 15% to 20% of formal GDP in 2020/21. An IMF policy paper earlier this year estimated that the share of India's informal economy in the Gross Value Added (GVA) was at 53.9% in 2011-12 and improved only marginally to 52.4% in 2017-18.

A day ahead of the commencement of the 26th United Nations Conference of Parties (COP) in Glasgow, Scotland, India has officially endorsed a website, made by Indian climate experts, that lists the historical carbon dioxide emissions of developed countries. The database aims to highlight the disparity between the emissions of developed and developing countries with countries such as the United States, Canada and Australia and those in Western Europe shown as having a net carbon debt while developing countries such as India and China having net credit. The key fact that the database highlights is that it is only fair that developed countries must commit to steeper targets towards curbing emissions than developing countries. India is the third largest emitter of carbon emissions annually but the sixth largest when historical emissions are considered, and when accounting for the size of its population it is among the lowest per capita emitters. This underlines India's demands for climate justice being at the heart of negotiations and its reluctance to agree to a fixed time frame to reach net zero, or when — in balance — it will cease to emit greenhouse gases. "The website is intended to debunk the narrative provided by many developed countries, and global nongovernment organisations that focus attention continually on what developing countries must do, constantly demanding greater commitment and action from them,"

EXCLUSION OF MYANMAR'S MILITARY JUNTA

1. ASEAN has decided to exclude Myanmar's military junta from its annual summit which is a major setback for the Generals' attempt to gain regional legitimacy for their brutal regime. **Why did the coup occur?** The Military had a tight grip on Myanmar as the constitution guarantees it a quarter of all seats in parliament and control of its most powerful ministries. In the last November's general election, military-backed party- USDP-performed poorly whereas the NLD did even better than in 2015. This created tensions between the armed forces and the government. The opposition raised allegations of widespread fraud in the election which was not backed by the electoral commission. Later, Myanmar's military seized power after detaining Aung San Suu Kyi and other democratically elected leaders.

2. **What has been the international reaction to the coup?** US Secretary of State Antony Blinken has accused the security forces of a "reign of terror". The US, UK and European Union have all responded with sanctions on military officials. South East Asian countries have been pursuing diplomatic efforts to end the crisis. China blocked a UNSC statement condemning the coup, but has backed calls for the release of Ms Suu Kyi and a return to democratic norms.

3. **What led to the exclusion of the junta by ASEAN?** In April, Gen. Min Aung Hlaing was invited to Jakarta for emergency talks with ASEAN members which led to the ASEAN's Five-Point Consensus. The Consensus that includes immediately ending violence, starting the reconciliation process and allowing a regional special envoy to meet all stakeholders has not been met by the military regime. There have been reports of the junta torturing political prisoners. Regime violence, political crises and strikes and counter-attacks by protesters have all led to the exclusion of Myanmar.

4. According to the UN, around 3 million people are in need of life-saving assistance because of conflict, food insecurity, natural disasters and COVID-19. The international community should continue to put pressure on the junta and urgently start a reconciliation process.

REFINING INDIA'S OIL PURCHASING STRATEGY

1. Government is looking at bringing together the domestic refiners (both public and private sector players) to strategise and negotiate with the oil producers. What is the present scenario with crude oil? International crude oil prices have been consistently surging in October 2021, with an increase of around \$10 a barrel in average prices compared to September. The rising fuel prices are creating a huge burden on the consumers. It is also denting the country's trade balance, as over 85% of India's crude oil requirements are met through imports.

2. **What has the Standing Committee on Petroleum & Natural Gas (2013-14) recommended?** Instead of all oil PSUs carrying out purchase of crude oil, it is recommended to form a joint venture company promoted by all interested PSUs. This will be entrusted with the work of importing of crude oil required for them in line with their refining specifications. This company may be given enough flexibility enjoyed by private sector refineries. They can thus carry out their operations including price negotiation, hiring of ships and negotiate better terms on freight etc. which will help PSUs save work relating to imports.

3. Till July 1998, the entire requirement of crude oil imports was canalised through Indian Oil Corporation (IOC), the sole canalising agency. Thereafter, private and joint sector refineries were allowed to procure their own requirement of crude oil. Import of crude oil was further decanalised from April 2002, with all PSU oil companies being permitted to import crude oil independently.

4. **What is the recent proposal?** The Ministry of Petroleum and Natural Gas has initiated efforts to bring together oil refiners. This time the government is attempting to bring all refiners, both public sector as well as private players, together. Initially

says an accompanying press statement from the Environment Ministry.

India pushed for “safeguarding the interests of the developing world” as Prime Minister Narendra Modi addressed the G20 summit at sessions on climate change and sustainable development on Sunday, said G20 Sherpa and Commerce Minister Piyush Goyal. No time bound agreements were reached as leaders of the world’s top economies ended the summit in Rome, recommitting to providing \$100 billion a year to counter climate change, and pushing for greater vaccine equality to fight the COVID-19 pandemic. G20 countries also committed to ending international financing for all new coal plants by the end of 2021, but made no mention of domestic commitments on ending coal power generation.

The first ship of the four Project 15B state of the art stealth guided missile destroyers, Visakhapatnam, being built at the Mazgaon Docks Limited (MDL), was delivered to the Navy last Friday. Delayed by three years, the ships will be commissioned very soon. “The 163-metre long warship has a full load displacement of 7,400 tonnes and a maximum speed of 30 knots. The overall indigenous content of the project is approximately 75%,” the Navy said.

Afghan nationals who came to India on an emergency visa after Taliban takeover of their country, may opt for “self-employment,” a senior government official said. The official said that other than a Government job or any other work in the government sector, Afghans living here could take up any other employment opportunity for sustenance.

The census of one of the world’s most threatened cetaceans, the Indus river dolphin (*Platanista gangetica minor*) — a freshwater dolphin that is found in river Beas, is all set to commence in the winter as part of a project by the Centre. However, Punjab’s wildlife preservation wing has gone a step ahead to not only protect the dolphins but also their natural habitat. The Indus river dolphin is classified as endangered by the International Union for the Conservation of Nature (IUCN) and, until recently, it was believed that these dolphins were endemic to Pakistan. But in 2007, a remnant but viable population of Indus dolphins was discovered in Punjab’s Harike wildlife sanctuary and in the lower Beas river.

Taliban supreme leader Haibatullah Akhundzada addressed supporters in the southern city of Kandahar,

the group will meet once a fortnight and exchange ideas on crude purchases. **The refiners can form joint strategies and even do joint negotiations wherever they are comfortable. There will be no direct involvement of the government as it will just facilitate making of a consortium.** The deals will be struck by the players with the producers.

5.What is the significance? Purchase of crude oil is a complex process. It involves negotiations of contract floating of tenders, shipping arrangements, unloading at ports, transporting to refineries etc, refinery complexity and most importantly the discounts offered by the sellers. Also, private sector refiners have more flexibility in their crude sourcing mechanism than a public sector entity. So, forming a consortium or a structured body can go a long way in planning the requirement and working out the logistics.

6.It can help the entities analyse together the data of the country they want to import from. They can better understand the procurement requirements and then order together with stronger bargaining power. However, the commercial agreements or deals will be independently struck by the refiners as the purchase order will be separate. The concept is still at a nascent stage; the nuances of terms of reference and how it will operate has to be worked out.

IS THE ECONOMIC RECOVERY V,K OR W SHAPED

1.Since the Covid-19 pandemic has ravaged all major economies, how the economy will recover from here on is a matter of debate. The economists are busy describing the shape of the post-pandemic recovery given its complex nature. What shapes of economic theory are in debate? **V-shaped 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 rapid readjustment of consumer demand and business investment spending. Because of the speed of economic adjustment and recovery in macroeconomic performance, a V-shaped recovery is a best-case scenario given the recession.

2.The recoveries that followed the recessions of 1920-21 and 1953 in the U.S. are examples of V-shaped recoveries. The Economic Survey 2021 predicted a ‘V-shaped’ post-pandemic recovery. The recovery in FY22 is indeed V-shaped after the first quarter because of 20 % expansion – a sharp upturn after a quick decline.

3.K-shaped recovery - A K-shaped recovery is one in which the performance of different parts of the economy diverges like the arms of the letter "K" In a K-shaped recovery some parts of the economy may see strong growth while others continue to decline. Overall, the natural consequence of a pandemic is the widening of inequality and a K-shaped recovery. Education, for example, is inherently K-shaped in many places and this has become even more skewed due to Covid-19. A K-shaped recovery exhibits wealth inequality, greater corporate monopolies, a continuing racial wealth gap, long-term unemployment for low-income workers, and accelerating technological adoption.

4.W-shaped recovery - A W-shaped recovery is when an economy passes through a recession into recovery and then immediately turns down into another recession. It is also called as the double-dip recession. W-shaped recessions can be particularly painful because the brief recovery that occurs can trick investors into getting back in too early. Some experts say that it is a W-shaped recovery, especially when growth is seen in the context of seasonally adjusted quarter-on-quarter.

DAP SHORTAGE THREATENS TO HIT WINTER CROP OUTPUT

1.India is staring at a severe shortage of diammonium phosphate (DAP) — a key fertiliser in the current rabi season, forcing the Centre to cut the allocation for many states. What is DAP? DAP is a water-soluble ammonium phosphate salt which is produced by the reaction of ammonia with phosphoric acid under controlled conditions. DAP is the second most commonly used fertiliser in India after urea and farmers normally apply this fertiliser just before or at the beginning of sowing.

2.It is a basic nutrient for Rabi crops like mustard and wheat. Fertilizer grade DAP contains 18% Nitrogen and 46% Phosphorus (P₂O₅). Though there are other phosphatic fertiliser such as Single Super Phosphate (SSP), DAP is the preferred source since it contains nitrogen as well.

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officials announced on Sunday, his first public appearance since taking control of the group in 2016. Akhundzada has been the spiritual chief of the Islamist movement since 2016 but has remained a reclusive figure, even after the Taliban seized power in Afghanistan. His low profile fed speculation about his role in the new Taliban government, formed after the group took control of Kabul in mid-August — and even rumours of his death.

China's government is grappling with twin challenges of weaker than-expected economic growth and fresh COVID19 outbreaks, just as the country's leadership prepares for a key Communist Party conclave next week.

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4.China's move to ban fertiliser exports after its energy crisis has aggravated the situation. Huge black marketing of the fertilizer in the states of Punjab and Rajasthan were reported. An acute shortage of DAP has seen desperate farmers pelting stones at the police, blocking roads in protest, and even resorting to loot the fertilizer from a private dealer's outlet.

5.What efforts have been taken by the government? The Centre has hiked the subsidies in May and October with the subsidy on DAP more than doubling this year. It increased the subsidy on DAP from the existing Rs 10,231 per tonne (Rs 511.55/bag) to Rs 24,231 per tonne (1,211.55/bag). The Department of Fertilisers too has notified a higher NBS rate for P (from Rs 14.888 to Rs 45.323/kg).

6.ICAR has issued an advisory to prefer Single Super Phosphate (SSP) instead of DAP for mustard. The Haryana government has deputed administrative secretaries in six districts to keep a close watch on the supply chain of DAP fertilisers.