

NEWSPAPER HIGHLIGHT

Dutch Disease in economics refers to a phenomenon wherein a country witnesses uneven growth across sectors due to the discovery of natural resources, especially large oil reserves. According to the concept, when a country discovers natural resources and starts exporting them to the rest of the world, it causes the exchange rate of the currency to appreciate significantly and this, in turn, discourages the exports from other sectors while encouraging the import of cheaper alternatives. While the idea was first proposed by economists Peter Neary and Max Corden in 1982, the term 'Dutch disease' was first coined by The Economist in 1977 to describe the decline of the manufacturing industry in the Netherlands.

For a government acutely sensitive to global rankings, the latest Environmental Performance Index (EPI) placing India last among all 180 assessed countries has naturally touched a raw nerve. The assessment, carried out by Yale and Columbia Universities with an emphasis on climate change mitigation, has become controversial for prioritising the flow of greenhouse gases from countries while reducing the emphasis on the stock of carbon dioxide from industrialised countries that is warming the globe.

The crash in the price of Bitcoin and other cryptocurrencies has put El Salvador's government in trouble. The Central American country, led by President Nayib Bukele who is a self-proclaimed fan of cryptocurrencies, had adopted Bitcoin as an official currency in September last year. The crash in the price of Bitcoin has raised concerns over the government's ability to repay its debt.

Section 66A of the Information Technology Act, 2000, which the Supreme Court had declared unconstitutional in 2015 in Shreya Singhal v. Union of India for having a "chilling effect on free speech", is back in the news. As part of the ongoing negotiations at the United Nations for a proposed international treaty on combating cybercrime, India made a formal submission for criminalising "offensive messages". The language in the submission is similar to what was used in Section 66A. Many contend that this amounts to a 'backdoor' attempt at legislation — that is, if India's

BLACK SWAN EVENT

1.A study by the Reserve Bank of India (RBI) has spoken about the possibility of capital outflows to the tune of \$100 billion from India in case of a major global risk scenario or a "black swan" event. The RBI has said that in this 'black swan' event comprising a combination of shocks, potential portfolio outflows can rise to 7.7% of GDP.

2.So, there is a need for maintaining liquid reserves to quell such potential bouts of instability. A 'black swan' event is a rare, unpredictable event that comes as a surprise and has a significant impact on society or the world. These events are said to have 3 distinguishing characteristics They are extremely rare and outside the realm of regular expectations; They have a severe impact after they hit; and They seem probable in hindsight when plausible explanations appear.

3.Reliance on standard forecasting tools can both fail to predict and potentially increase vulnerability to black swans by propagating risk and offering false security. Origin - The black swan theory was popularised by author Nassim Nicholas Taleb in his 2007 book 'The Black Swan'. In his book, Taleb does not try to lay out a method to predict such events, but instead stresses on building "robustness" in systems and strategies to deal with black swan occurrences and withstand their impact.

4.Link - The term itself is linked to the discovery of black swans. The Europeans believed all swans to be white until 1697, when a Dutch explorer spotted the first black swan in Australia. The metaphor 'black swan event' is derived from this unprecedented spotting from the 17th century, and how it upended the West's understanding of swans.

5.**Black Swan Events in the past - The 2008 global financial crisis is a black swan event triggered by a sudden crash in the booming housing market in the US. The fall of the Soviet Union, the terrorist attack in the US in 2001, also fall in the same category.** Covid-19 pandemic is not a black swan event. In fact, it is a 'white swan' event, as it was predictable.

EXTENDED FUND FACILITY

1.The United States has agreed to help cash-strapped Pakistan negotiate a deal with the International Monetary Fund (IMF) for the revival of the country's Extended Fund Facility (an economic bailout program) with the IMF. As the largest shareholder, the US has considerable influence over the IMF's decision-making. Established in 1974, the Extended Fund Facility (EFF) is lending facility of the Fund of the International Monetary Fund (IMF).

2.It is prescribed for a country who is suffering from medium- and longer-term balance of payments problems, which are caused by structural weaknesses and who need fundamental economic reforms. Repayment - As structural reforms to correct deep-rooted weaknesses often take time to implement and bear fruit, EFF engagement and repayment cover longer periods than most Fund arrangements. Extended arrangements are typically approved for periods of 3 years, but may be approved for periods as long as 4 years to implement deep and sustained structural reforms.

3.Amounts drawn under an EFF are to be repaid over 4½–10 years in 12 equal semiannual installments. By contrast, credits under a Stand-By Arrangement (SBA) are repaid over 3¼–5 years. Borrowing Limit - As with other IMF lending, the size of borrowing under an EFF is guided by a country's financing needs, capacity to repay, and track record with past use of IMF resources. The EFF is one of several lending facilities under the IMF's General Resource Account (GRA).

4.Recently, Sri Lanka, in the midst of a crisis over deterioration of the balance of payments (BOP) position, has received \$ 1.5 billion from the IMF through a 3-year-long Extended Fund Facility (EFF). IMF's Lending Instruments The IMF's various lending instruments are tailored to Different types of balance of payments need as well as The specific circumstances of its diverse membership.

5.**All IMF members are eligible to access the Fund's**

submission becomes part of the proposed treaty, it would result in Section 66A springing back to life and being used by the state to curb free speech once again.

Innovative activity is the key driver of competitiveness and economic growth. In that context, India's rank of 46 in WIPO's Global Innovation Index (GII) 2021, up from 81 in 2015, is encouraging. This finding corroborates an earlier one by UNCTAD in its Digital Economy Report 2021 where India was seen as exceeding expectations. While these findings are encouraging, India, which aspires to emerge as one of the largest economies of the world, needs to move up further in the innovation rankings, for building self reliance in technology, especially in the context of the incipient digital revolution. China occupies the 12th rank in GII, ahead of Japan at 13th. This shows that it is possible to move up the ladder with sustained effort.

The Centre for Monitoring Indian Economy (CMIE) reported that the labour participation rate of rural women was 9.92% in March 2022 compared to 67.24% for men. This is a cause for concern. According to CMIE, millions who left the labour market stopped looking for employment "possibly [because they were] too disappointed with their failure to get a job and under the belief that there were no jobs available".

Member countries of the WTO wrapped up the Ministerial Conference's twelfth outing (MC12) securing agreements on relaxing patent regulations to achieve global vaccine equity; ensuring food security, according subsidies to the fisheries sector and continuing moratoriums relevant to e-commerce, among others. Together they constitute the "Geneva Package." Negotiators could not reach agreements on issues such as permissible public stockholding threshold for domestic food security, domestic support to agriculture, cotton, and market access. Within the next six months, members are expected to decide on increasing the scope of the agreement to cover the production and supply of COVID19 diagnostics and therapeutics as well.

The Union Cabinet gave its nod for the auction of spectrum that can be used to offer 5G services, at its meeting held on June 14. A total of 72 Ghz of spectrum with a validity period of 20 years will be put on sale towards the end of July. The two issues that the industry has highlighted with regards to the

resources in the General Resources Account (GRA) on non-concessional terms. But the IMF also provides concessional financial support (at zero interest rates) through the Poverty Reduction and Growth Trust (PRGT), which is better tailored to the diversity and needs of low-income countries. The instruments include, Stand-By Arrangements (SBAs) and Standby Credit Facility (SCF).

6. Extended Fund Facility (EFF) and Extended Credit Facility (ECF). Precautionary and Liquidity Line (PLL). Flexible Credit Line (FCL). Policy Coordination Instrument (PCI). Policy Support Instrument (PSI). The Resilience and Sustainability Facility (RSF).

PROJECT NIPUN

1. Recently, the National Initiative for Promoting Upskilling of Nirman workers (NIPUN) - a project for skill training of construction workers - was launched. Deendayal Antyodaya Yojana-National Urban Livelihoods Mission (DAY-NULM) is a Centrally Sponsored Scheme aimed to reduce poverty and vulnerability of urban poor households in the country.

2. The project NIPUN is an initiative of the Ministry of Housing & Urban Affairs (MoHUA) under its flagship scheme of the Deendayal Antyodaya Yojana-National Urban Livelihoods Mission (DAY-NULM). It aims to train over 1 lakh construction workers, through fresh skilling and upskilling programmes and provides them with work opportunities in foreign countries also.

3. **This initiative will enable Nirman workers to be more proficient and skilled while making them adopt future trends in the construction industry by increasing their capabilities and diversifying their skill sets. This initiative is expected to expand horizontally across the industry.**

4. The National Skill Development Corporation (NSDC) under the Ministry of Skill Development & Entrepreneurship (MSDE) will be the Implementation Partner for the project NIPUN. NSDC will be responsible for the overall execution of training, monitoring and candidate tracking.

5. The courses are aligned with National Skills Qualifications Framework (NSQF) and will be imparted at accredited and affiliated training centres. Under NIPUN, NSDC will provide trainees with 'Kaushal Bima', three-year accidental insurance with coverage of Rs 2 lakhs, digital skills such as cashless transactions and the BHIM app, etc.

6. The National Real Estate Development Council (NAREDCO) and the Confederation of Real Estate Developers' Associations of India (CREDAI) have joined Project NIPUN as industry partners. They will identify training job roles of aspirational value in the construction sector in collaboration with the SSC.

SWACHH SURVEKSHAN 2023

1. The Union Ministry of Housing and Urban Affairs launched the Swachh Survekshan 2023 under the Swachh Bharat Mission Urban (SBMU) 2.0. The first phase of the SBMU 1.0 (2014-2019) aimed at making urban India Open Defecation Free (ODF) and achieving 100% scientific management of municipal solid waste.

2. Swachh Survekshan was introduced by MoHUA in 2016 as a competitive framework to encourage cities to improve the status of urban sanitation while encouraging large scale citizen participation. It is the largest Urban sanitation survey in the world. The Swachh Survekshan (SS) 2023 will be the 8th edition of the national-level annual sanitation survey of cleanliness in cities.

3. **Designed with the theme of 'Waste to Wealth' as its driving philosophy, the SS 2023 is aimed at achieving circularity in waste management - one of key objectives under the SBMU 2.0. The survey will give priority to the principle of 3Rs - Reduce, Recycle and Reuse.** Changes in SS 2023 - The evaluation will be conducted in 4 phases, instead of 3 phases in earlier editions.

4. Citizen validation and field assessment of processing facilities is being introduced in phase 3 also, in addition to phase 4. In SS 2023, additional weightage has been given to Source segregation of waste, Enhancement of waste processing capacity of cities to match the waste generation and Reduction of waste going to the dumpsites. Also, indicators have been introduced with additional weightage on emphasizing the need for phased reduction of plastic, plastic waste processing, encourage waste to wonder parks and zero waste events.

5. Ranking of Wards within the cities is being promoted through

upcoming auctions are high reserve prices for the spectrum and direct allotment of spectrum to enterprises for setting up captive private networks. 5G is expected to form the backbone of emerging technologies such as IoT and machine to machine communications, thereby supporting a much larger range of applications and services, such as telesurgery and real time data analytics.

The expectations of a good monsoon are premised on the persistence of a La Niña, the converse of the El Niño and characterised by a cooling of the Central Pacific waters. However, the Indian Ocean Dipole (IOD), another index of significance to the monsoon, is expected to be negative. Whether the La Niña can compensate for the dampening of the IOD remains to be seen.

SS 2023. The cities would also be assessed on dedicated indicators on the issues of 'Open Urination' (Yellow Spots) and 'Open Spitting' (Red Spots), being faced by the cities.