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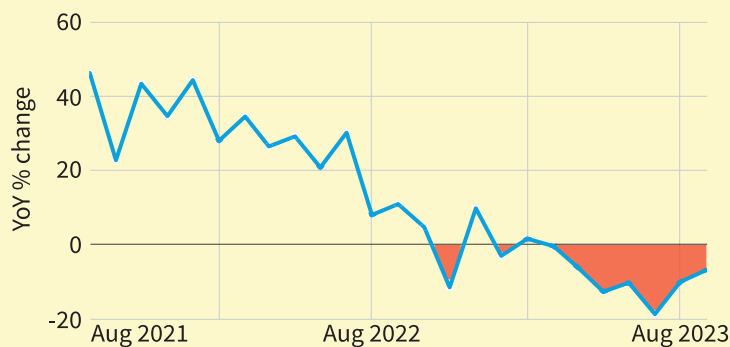
ECONOMICS AND DEVELOPMENT

GOODS TRADE DEFICIT HITS A 10-MONTH HIGH

CONTEXT: India's foreign trade hit a fresh trough in August, 2023.

Declining exports

India's exports shrank by 6.86% in August 2023, for the seventh consecutive month compared with the year-earlier period. A look at the year-on-year % change in exports (in \$)



India's goods exports shrank for the seventh successive month, services exports estimated to have dropped for the first time in well over a year, and the goods trade deficit hitting a 10-month high. The extent of decline in outbound shipments eased to 6.86 % in August from double-digit contractions in recent months, to hit a three-month high worth \$34.5 billion. Services exports shrank 0.4 % in August to \$26.39 billion, after growing at a sharp 26.7 % rate in 2022-23.

The goods trade deficit for August, 2023 increased to \$24.16 billion, 2.8% below August 2022 numbers and almost 17 % over July's \$20.67 billion gap. The merchandise import bill for August declined 5.23 % year-on-year to \$58.64 billion, but 10.85 % higher than July's \$52.9 billion import tally.

India's current account deficit is likely to widen in this quarter (Q2) from the \$10-12 billion expected in Q1 with the monthly merchandise trade deficit averaging much higher during July-August vis-à-vis April-June 2023. The sharp sequential uptick in imports in August had widened the trade deficit to a 10-month high.

Oil prices hit exports

Nearly half of the decline in exports this year has been driven by the decline in petroleum prices, despite export volumes of petroleum products increasing by 6 % during April to July. The price of crude oil is 27 % lower than a year ago. In fact, 13 commodities that accounted for about 23% of exports have seen a rise in volumes despite a decline in the value of shipments, indicating there is strong demand for our products.

Merchandise trade volume turned up in the second quarter after two quarters of decline, but still remains slightly below the trend, referring to the WTO goods trade barometer's current reading of 99.1.

POLITY AND GOVERNANCE

GOVT. NOTIFIES 31 BENCHES OF GST APPELLATE TRIBUNAL

- The Finance Ministry has established 31 Appellate Tribunals across states and union territories to resolve growing taxpayer disputes related to Goods and Services Tax (GST).
- These tribunals were approved by the GST Council in July and were eagerly awaited by industry players. As of June 30, there were over 14,000 pending appeals from taxpayers regarding Central GST levies, marking a 20% growth from March 31.
- The first set of tribunals will operate between November and January 2024, starting with state capitals and cities with High Court Benches.
- Uttar Pradesh will have the most Benches, followed by Karnataka, Rajasthan, Maharashtra, Goa, Tamil Nadu, Puducherry, Gujarat, Dadra and Nagar Haveli, and Daman and Diu, as well as West Bengal, Sikkim, and the Andaman and Nicobar Islands. The goal is to expedite the adjudication process and provide tax certainty for recurring litigative issues related to GST.

INTERNAL SECURITY

DAC GIVES NOD TO BUY 12 SU-30 JETS, OTHER MILITARY EQUIPMENT

CONTEXT: The Defence Acquisition Council approved procurement of 12 Su-30MKI jets for the Indian Air Force (IAF). These will be licence-manufactured by Hindustan Aeronautics Ltd. (HAL) and cost under ₹11,000 crore. The IAF has been pushing for additional Sukhois as well 21 MiG-29s.

The DAC cleared Acceptance of Necessity (AoN) for nine capital acquisition proposals of the armed forces worth ₹ 45,000 crore. The Union Defence Ministry has been aiming for a minimum 60 to 65 % indigenous content rather than a threshold of 50 % indigenous content for Indian-Indigenously Designed Developed and Manufactured projects.

The DAC accorded AoN for procurement of Light Armoured Multipurpose Vehicles and Integrated Surveillance and Targeting System as well High Mobility Vehicle Gun Towing Vehicles for swift mobilisation and deployment of Artillery Guns and Radars to enhance protection, mobility, attack capability, and increased survivability of mechanised forces.

India had contracted 272 Su-30s from Russia in batches, majority of which were assembled in India by HAL and around 11 jets were lost over the years.

POLITY AND GOVERNANCE

EDITORS GUILD OF INDIA HAS RIGHT TO FREE SPEECH, SAYS CJI

- Chief Justice of India (CJI) D.Y. Chandrachud stated that the Editors Guild of India (EGI) has the right to free speech, regardless of whether their report about media coverage of Manipur violence is right or wrong.
- The complaints against senior journalists and EGI members did not specify the alleged offenses, and the CJI asked the complainants to provide reasons why the FIRs against them should not be quashed within two weeks.
- He questioned how Section 153A of the Indian Penal Code (promoting enmity between different groups) applied and emphasized EGI's right to express their views. The Manipur government opposed transferring the case to Delhi but urged against quashing the FIRs.

POLITY AND GOVERNANCE

A 'PLATFORM' WILL ASSESS 'TOP' 50 JUDGES BEFORE APPOINTMENT IN SC: CJI

- Chief Justice of India D.Y. Chandrachud announced that the Supreme Court has established a "broad platform" to assess the top 50 judges in the country who are potential candidates for Supreme Court appointments.
- This move aims to address criticisms of the collegium system, which lacks factual data for evaluating candidates. The assessment involves reviewing the candidates' judgments and quality to ensure transparency in the appointment process.
- However, the Chief Justice did not specify whether the top judges would be chosen based on seniority or merit. Currently, appointments are based on seniority, regional representation, and merit, following the Memorandum of Procedure established through the Three Judges Cases.

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ECONOMICS AND DEVELOPMENT

WRONG TO ASSESS ECONOMIC ACTIVITY ON GDP ALONE: FINMIN

CONTEXT: The Finance Ministry challenged critics that cast doubts upon the credibility of India's GDP data and called out critics for ignoring high-frequency data like Purchasing Managers' Indices; says IIP numbers understate manufacturing growth.

India's GDP deflator is dominated by the Wholesale Price Index (WPI) which peaked in the first quarter of 2022-23 due to the oil and food price increases in the wake of the war in Ukraine and supply-side disruptions. The Union Ministry for Statistics and Programme Implementation (MoSPI) calculates quarterly GVA in real terms first, and then, using the deflator, nominal values are obtained. The statistical base effect disappears with prices moderating from August 2022 onwards.

India's real GDP growth was 7.8 % year-on-year in the first quarter of 2023-24 as per the Income or Production Approach. As per the expenditure approach, the real GDP growth would have been lower. Statistical discrepancies would moderate over a period.

Higher frequency data must be relied upon to form a view of the strength of the economic activity. India's growth numbers might understate the reality as the manufacturing growth indicated by the Index of Industrial Production (IIP) is far lower than what manufacturing companies are reporting.

AGRICULTURE

'EXEMPTING MILLETS FROM GST CAN LIFT AFFORDABILITY, BOOSTING CONSUMPTION'

CONTEXT: Millets are set to play a crucial role in India's nutritional and food security.

Experts called for measures to incentivise farmers to grow millets, raising the issue of exempting millet products from GST to boost consumption. India's target was to produce 45 million tonne (mt) of millets by 2030, from the 17 mt now. India accounts for 41 % of global millet production. "Millets have a crucial role to play in the nutritional security of the country."

Millets had lost sheen with the production of more rice and wheat after the green revolution. Global millets output was about 100 mt from almost 80 million hectares of land. India was aiming at shipping \$100- million millets by 2025. In FY2022-23, millet exports stood at \$ 75.43 million. Experts felt incentivising millet farmers, innovation in agronomics and focus on marketing were the key drivers to boost output and consumption. Branding would boost exports.

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AGRICULTURE

A GM CROP DECISION THAT CUTS THE MUSTARD

CONTEXT: According to the global Food Security and Nutrition Report, 2019, it is difficult to achieve the 'Zero Hunger' target by 2030.

The advent of the Green Revolution in the 1960s-70s resulted in enhanced food production from a mere 50 million tonnes in 1950-51 to over 300 million tonnes in 2020-21. In order to increase food production and become self-reliant, superior crop varieties and hybrids that provide enhanced yields and wide adaptability across environments, and require fewer inputs of natural resources needs to be used. New biotech/GM crops with improved traits are a must in order to mitigate climate change and produce nutrient-dense food. The emphasis needs to be on accelerating the pace of improving crops genetically.

More crops under GM

According to a report by the International Service for the Acquisition of Agri-biotech Applications (ISAAA) 2020, a total of 72 countries have adopted GM crops either as human food or animal feed, as well as for commercial cultivation (56% of the global GM crop area is in developing countries compared to 44% in industrial countries). GM crops have benefited more than 1.95 billion people in five countries (Argentina, Brazil, Canada, India and the United States) or 26% of the current world population of 7.6 billion.

Bt cotton was commercialised as the first GM crop in India more than 20 years ago, and has been viewed globally as a great success story in terms of economic advantage to farmers and to the nation. Globally, genetic modification has expanded its reach, beyond the major four crops, maize, soybean, cotton and canola, to other economically important food crops for various traits such as insect and herbicide resistance, climate resilience and nutritional quality improvement.

Global economic gains contributed by GM crops (1996-2018) have amounted to \$224.9 billion in economic benefits to more than 16 million farmers, 95% of whom are from developing countries. Further, GM food crops, since adoption in 1996 globally have been proven for their biosafety for the last 25 years and more.

India faces a major deficit in edible oils, with 60% of its demand being met by imports. Mustard is one of the most important edible oil crops in India; however, its per hectare yield is very low when compared to the global average. Thus, increasing the productivity of mustard in the country is vital for the

economic well-being of farmers and self-sufficiency in edible oil production.

Using genetic engineering, extensive research has been carried out at the Centre for Genetic Manipulation of Crop Plants (CGMCP), University of Delhi South Campus, to create a GM mustard hybrid, DMH-11 with higher vigour and yield — this will facilitate an increase in domestic production of edible oils as well as enhanced farm incomes.

The GM mustard hybrid is based on the barnase/barstar system, which works on the principle of removing male fertility in one parent and restoring it in the offspring. The herbicide tolerance gene has been deployed as a selection marker for developing the GM mustard. While the use of herbicides in herbicide tolerant (HT) crops has an advantage in terms of saving soil moisture and nutrients, besides effective weed control, the herbicide tolerance gene in GM mustard is primarily used for selecting genetically transformed lines, and for hybrid seed production.

On October 25, 2022, the Genetic Engineering Appraisal Committee (GEAC) of the Ministry of Environment, Forest and Climate Change Government of India, made a landmark decision of approving the release of DMH-11 and its parental line for cultivation. This will help boost the vibrant genetic engineering research sector in the country and enable the generation of new crop varieties with improved traits. As the mustard varieties in India have a very narrow genetic base, the decision by GEAC to allow barnase-barstar-based hybrid production in mustard paves the way for the breeding of mustard hybrids not only for higher yields but also to ensure resistance to diseases and improve oil quality.

This advancement will benefit farmers by increasing yield per hectare, also leading to an increase in their incomes. The domestic consumption of edible oils is around 25 million tonnes, while the domestic production of mustard oil was approximately 8.5 million tonnes in the year 2020-21. India's edible oil imports were approximately 13 million tonnes, which touched ₹1.17 lakh crore in value terms. Cultivation of these GM mustard hybrids developed indigenously could help enhance farmers' income, reduce the oil-import burden and help achieve much-needed self-reliance in edible oil production. The environmental release of DMH-11 marks the beginning of a new era in self-reliance and sustainability in agriculture. More improved GM food crops are needed to boost the profitability of Indian farmers.

POLITY & GOVERNANCE

IN DIVERSE INDIA, NAME CHANGE DEMANDS CONSENSUS

The controversy surrounding the use of 'President of Bharat' in an invitation for the G-20 summit highlights a lack of consensus in India's diverse society. Constitutionally, there is no 'President of Bharat,' and the official name remains the 'President of India' unless Article 52 is amended. The words 'India, that is Bharat...' in Article 1 clarify that 'Bharat' is treated as a translation of 'India' and not an interchangeable name.

Using 'Bharat' interchangeably with 'India' in official communication can cause confusion, as the official name is the

'Republic of India.' The change of a country's name should not be a political party's agenda and should involve consensus to maintain emotional connections across the nation.

The idea of distancing from India's colonial past should consider various symbols, including Rashtrapati Bhavan, Parliament House, and the railway system. This change should align with the motto of 'Vasudhaiva Kutumbakam,' which promotes unity in diversity.



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