

● POLITY

● ECONOMICS

● TECHNOLOGY

● ECOLOGY

INTERNATIONAL RELATIONS

VISA SERVICE PAUSED AMID CANADA TUSSE

CONTEXT: Normal functioning of Indian missions in Canada has been affected because of “security threats” faced by Indian diplomats and they are therefore “temporarily unable” to issue visas.

India - Canada relations have been on a low since Canadian Prime Minister alleged India's involvement in killing of Khalistan Tiger Force chief Hardeep Singh Nijjar in Surrey on June 18.

However, MEA spokesperson Arindam Bagchi said New Delhi had not received any evidence from the Trudeau government regarding allegations.

Both sides have seen a reduction in staff at their respective embassies.

Indian diplomats in Canada have also been facing the threats. India urged Canada to uphold the Vienna Convention on Diplomatic Relations, 1961 by ensuring safety of Indian diplomats.

The suspension of visa facility in Indian missions in Canada will also be enforced on third-country applicants who may choose to apply for visas through Indian missions in Canada.

HISTORY, ART AND CULTURE

'STATUE OF ONENESS' IN OMKARESHWAR

CONTEXT: Madhya Pradesh Chief Minister Shivraj Singh Chouhan on Thursday unveiled a gigantic statue of Adi Guru Shankaracharya on the Mandhata hillock at Omkareshwar in Khandwa district.

Called the Ekatmata ki Murti (Statue of Oneness), the 108-feet-tall statue portrays the 8th-century Indian philosopher and theologian, who consolidated the doctrine of Advaita Vedanta.

The unveiling is part of the ambitious Ekatma Dham project of the State government and marks the initiation of its first phase. The government wants to develop it along the lines of the Mahakal Lok corridor as a major destination for spiritual-religious tourism.

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ECONOMICS AND DEVELOPMENT

'PURCHASES OF HOMES, VEHICLES HAVE DENTED SAVINGS, NOT DISTRESS'

CONTEXT: Data released by the Reserve Bank of India showed net household financial savings slid from 7.2 % in 2021-22 to 5.1 % of GDP in 2022-23, the lowest since 1976-77. The households' financial liabilities increased from 3.8 % of GDP in 2021-22 to 5.8 %.

Acquiring real assets

Finance Ministry attributes decline in savings rate to an increase in borrowings to buy real assets such as homes and vehicles



- RBI data shows net household financial savings slid to 5.1% of GDP in FY23, from 7.2%
- Households' financial liabilities rose to 5.8%, from 3.8% of GDP in FY22
- Ministry cites RBI data showing steady double-digit growth in housing loans since May 2021

The Union Finance Ministry noted higher disbursement of loans among Indian households to buy real assets such as homes and vehicles not as a sign of distress but of confidence in their future employment and income prospects. Household Gross Financial Assets went up by 37.6 %, and Household Gross Financial Liabilities went up by 42.6 % between June 2020 and March 2023. Households added Net Financial Assets of ₹22.8 lakh crore in FY21, nearly ₹17 lakh crore in FY22 and ₹13.8 lakh crore in FY23.

Vehicle loans have been growing at double digits since April 2022 and more than 20 % since September 2022. The overall household savings [current prices] — which includes financial, physical and jewellery — has grown at a CAGR of 9.2 % between 2013-14 and 2021-22. Nominal GDP has grown at a CAGR of 9.65% during the same period. This showed that the ratio of household savings to nominal GDP had remained constant around 20% to 19% as of 2021-22.



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ECONOMICS AND DEVELOPMENT

LARGE FIRMS GET DEBT ISSUANCE FLEXIBILITY

CONTEXT: The Securities & Exchange Board of India (SEBI) approved providing flexibility in the framework for Large Corporates (LCs) for meeting their incremental financing needs from the debt market through issuance of debt securities.

A higher monetary threshold has been specified for defining LCs, thereby reducing the number of entities qualifying as LCs. The regulator's board has also approved the removal of a penalty on LCs which are not able to raise a certain percentage of incremental borrowing from the debt market.

SEBI also decided to retain the requirement that compliance with the framework will be met over a contiguous block of three years to facilitate ease of compliance and ease-of-doing business.

PUBLIC HEALTH

SILENT KILLER - HYPERTENSION

The article highlights the significant issue of hypertension in India and the global population. Here are some key points from the article:

Prevalence of Hypertension: The World Health Organization (WHO) has reported that globally, one in three individuals suffers from hypertension, but four out of five do not have their condition adequately controlled. Hypertension is a major risk factor for cardiovascular diseases such as heart attacks and strokes.

Underdiagnosis and Lack of Control: In India, the WHO report suggests that 188 million adults aged 30-79 years have hypertension. However, only 37% of them have been diagnosed, 30% are receiving treatment, and a mere 15% have their blood pressure under control. This highlights a significant gap in diagnosing and managing hypertension.

Cumulative Risk: The health risks associated with hypertension extend even to those with blood pressure levels below the clinical hypertension threshold, especially for individuals who have diabetes, obesity, and use tobacco and alcohol. This means that hypertension-related risks are underestimated in the population.

Impact on Health: Hypertension is a major contributor to heart attacks and strokes, which were identified as the leading causes of death and disability in India in the Global Burden of Disease report for 2019.

Salt Consumption: Excess salt consumption is a significant factor in hypertension, responsible for 17%-30% of cases. While WHO guidelines recommend a 30% reduction in salt intake by 2025, India has yet to fully implement measures to reduce salt consumption.

Packaged Foods: A study in India revealed high salt and sugar content in packaged food items. The article suggests that making front-of-pack nutrition labeling mandatory, promoting reformulation of foods to reduce salt, and raising awareness about reducing salt intake are crucial steps.

India Hypertension Control Initiative (IHCI): The IHCI, launched in 2018, has been successful in enrolling 5.8 million hypertensive patients for treatment in 27 states as of June 2023. Importantly, a significant percentage of patients enrolled have achieved blood pressure control, especially at primary health centers and health wellness centers.

Future Challenges: The article emphasizes the need to scale up efforts to enroll more hypertensive individuals in treatment programs and to achieve better blood pressure control.

In summary, the article underscores the importance of addressing hypertension as a silent killer and the urgent need for better diagnosis, treatment, and control of blood pressure in India and globally. It also highlights the role of initiatives like the India Hypertension Control Initiative and the importance of reducing salt consumption to combat this health issue.

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SCIENCE AND TECHNOLOGY

INDIAN FAN MARKET EXPERIENCES AN ENLIGHTENMENT

CONTEXT: Ceiling fans remain a source of comfort in India's varying weather, with market changes influenced by policies and lessons from LED bulbs.

BACKGROUND: The fan market shift is driven by India's energy transition and climate goals, aiming to reduce emissions per unit of GDP by 45% by 2030. Ceiling fans, a significant household electricity consumer, are crucial in achieving sustainability targets amid rising incomes and temperatures.

The 'Star Rating' Programme

- **BEE's Mandatory Rating Shift:** India's BEE made the 'star-rating' program for ceiling fans mandatory in 2022, moving from a voluntary system in place since 2009.
- **High Cost of 5-Star Fans:** 5-star rated fans cost twice as much as unrated fans, posing a significant affordability challenge in India's price-sensitive market.
- **EESL's Demand Aggregation:** Energy Efficiency Services Limited (EESL) plans to sell 10 million affordable 5-star ceiling fans through a demand aggregation program, aiming to replicate the success of the UJALA program for LED lamps.
- **UJALA's LED Lamp Success:** The UJALA program, launched in 2015, dramatically reduced LED lamp prices in India, making them accessible to all. Ceiling fans, however, present a more complex challenge.
- **Complexity of Ceiling Fans:** Transforming the ceiling fan market requires addressing the complexity of these appliances, considering factors like design, performance, and consumer preferences for sustainable and beneficial change.

STEPS TO A TRANSFORMATION

• **Technology-Agnostic Approach:** For effective demand aggregation in the ceiling fan market, a technology-agnostic policy is crucial to accommodate diverse fan technologies and foster innovation.

• **Balancing Price and Quality:** Demand aggregation programs should strike a balance between reducing prices and maintaining product quality, as low-quality products could erode consumer trust and hinder the transition to energy-efficient fans.



• **Promote Domestic Manufacturing:** Encourage the development of high-quality domestic manufacturing capacity for efficient fans, reducing import dependency and fostering exports to align with international standards.

• **Strengthen Standard and Labeling Program:** Bolster resources and market monitoring efforts to ensure energy-efficient fans reach consumers, non-compliant models are removed, and barriers to selling new energy-efficient models are reduced, especially in the unorganized market segment.

Energy-efficient fans hold immense potential in addressing India's dual challenges of climate change mitigation and affordable cooling solutions for vulnerable populations, contributing to both sustainability goals and economic development.

ECOLOGY AND ENVIRONMENT

CHINA, U.S., INDIA MISSING FROM UN'S CLIMATE AMBITION SUMMIT

CONTEXT: Key global emitters were notably absent from the Climate Ambition Summit during the United Nations General Assembly.

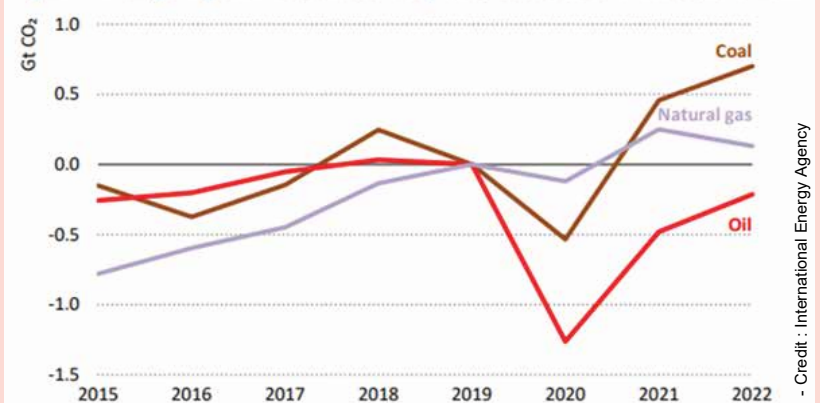
BACKGROUND: China, the U.S., and India, major greenhouse gas emitters, were notably absent from a UN climate summit meant to highlight proactive climate action. Only 34 states and seven institutions participated.

HIGHLIGHTS

- India's neighbors, including Sri Lanka, Nepal, and Pakistan, were among the speakers at the Climate Ambition Summit.
- Criteria for speaking slots included updated climate commitments, net-zero targets, and renewable energy plans.
- G-20 governments were urged to present more ambitious emission reduction plans by 2025.
- The summit aimed to raise climate ambition globally, with a focus on accountability for net-zero pledges.
- India's most recent climate pledge in 2022 involved a 45% reduction in emissions intensity by 2030 compared to 2005 levels.

CO2 Emissions in 2022

Figure 4: Change in global CO₂ emissions by fuel, relative to 2019 levels, 2015-2022



CLIMATE SOLUTIONS: The government pledged to raise its renewable energy commitment to 50% and create 2.5 to 3 billion tonnes of CO₂-equivalent carbon sink by 2030, exceeding its Paris Agreement target. UN Secretary-General Antonio Guterres emphasized the urgency of climate action, warning of a 2.8-degree temperature rise and the need for rapid solutions.

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TRACKING INDIA'S GROWTH TRAJECTORY

CONTEXT: The Q1 data covering the GDP growth rate from April to June of FY24 boasts a nominal growth rate of 8% and a real growth rate of 7.8% during the United Nations General Assembly.

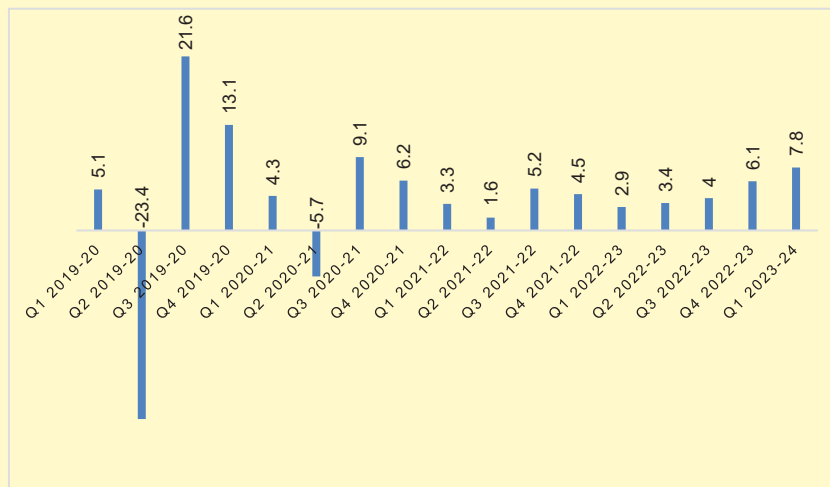


FIGURE: Bar chart representation of the quarterly GDP growth rates of India.

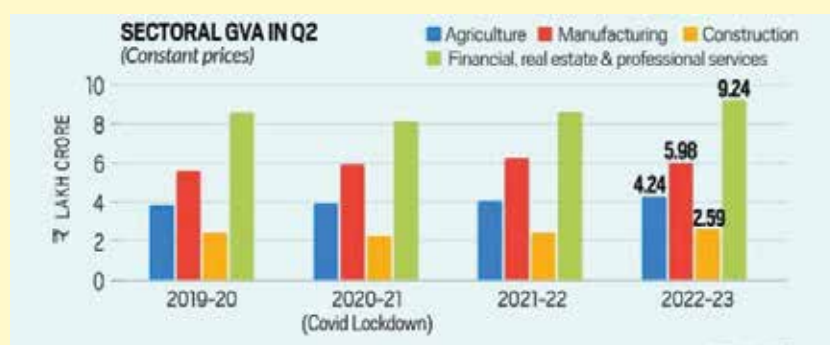


FIGURE: Bar chart representation of the quarterly GDP growth rates of India.

Price deflator is used to adjust growth figures adjusting for inflation. The deflation due to falling commodity prices, reflected in the Wholesale Price Index (WPI) has indeed resulted in overstating the real growth. There is a base effect from the COVID-19 degrowth period, which continues to support India's growth figures. Although

less pronounced in FY24, the base effect has a role in comparative statistics due to sporadic growth in the years following FY20-21.

India is a net importer, and its most significant import consists of crude petroleum, whose price seems to be rising due to Saudi's \$100 per barrel push and rupee depreciation. The domestic consumption of diesel, a proxy for economic activity in India, fell by 3 % in August, which, if sustained, does not paint a rosy growth picture for the coming quarters.

The government's tax revenue from progressive direct taxes has weakened over the previous quarters while the regressive indirect tax revenue remaining strong indicate a K-shaped pattern. Growth of direct tax collections boosted by the services industry is a statistical discrepancy. Narrowing revenue streams indicate forced austerity measures, as the government intends to control the budget deficit, and hence the interest rate. Therefore, growth in FY24 stemming from government expenditure seems to be a pipe dream.

GDP DEFLATOR AND WPI INFLATION (%)

Fig. 2: Decline in WPI inflation explains the recent decline in GDP deflator inflation



The expenditure approach dictates headline growth to be 4.5% rather than 7.8% which is a large discrepancy. Additionally, one must consider whether the proposed, supposedly cooled, inflation rate calculated through the consumer price index can be sustained at current levels with the impending depreciation of the Indian rupee against the dollar due to capital outflow pressures resulting from the RBI's reluctance to raise interest rates.



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