

● POLITY

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ECONOMY

Bangladeshi Nobel laureate Yunus indicted

CONTEXT: Nobel laureate Muhammad Yunus and 13 others were indicted by a Bangladesh court on Wednesday on charges of embezzlement. He denied any involvement in corruption, telling presspersons that he and his co workers were being harassed.

Mr. Yunus, 83, and his Grameen Bank won the 2006 Nobel Peace prize for work to lift millions out of poverty by granting tiny loans of under \$100 to the rural poor of Bangladesh, pioneering a global movement now known as microcredit. The prosecution accuses Mr. Yunus and the others of embezzling 252.2 million taka from the welfare fund of Grameen Telecom, which owns a 34.2% stake in Grameenphone, the country's largest mobile phone company and a subsidiary of Norway's telecom giant Telenor. They are also accused of money laundering.

**About Microfinancing:**

- MFI is an organization that offers financial services to low income populations.
- These services include microloans, microsavings and microinsurance.
- MFIs are financial companies that provide small loans to people who do not have any access to banking facilities.
- The definition of "small loans" varies between countries. In India, all loans that are below Rs.1 lakh can be considered as microloans.
- In most cases the so-called interest rates are lower than those charged by normal banks, certain rivals of this concept accuse microfinance entities of creating gain by manipulating the poor people's money.
- Microfinance sector has grown rapidly over the past few decades and currently it is serving around 102 million accounts (including banks and small finance banks) of the

poor population of India.

- Different types of financial services providers for poor people have emerged – non-government organizations (NGOs); cooperatives; community-based development institutions like self-help groups and credit unions; commercial and state banks; insurance and credit card companies; telecommunications and wire services; post offices; and other points of sale – offering new possibilities.
- Non Banking Finance Company (NBFC)-MFIs in India are regulated by The Non-Banking Financial Company -Micro Finance Institutions (Reserve Bank) Directions, 2011 of the Reserve Bank of India (RBI).

About Grameen Banking

The Grameen (Bengali: "Rural") model, devised by Yunus in 1976, is based on groups of five prospective borrowers who meet regularly with Grameen Bank field managers. Typically, two of the five prospective borrowers are granted loans. If, after a probationary time period, the first two borrowers meet the terms of repayment, then loans are granted to the remaining group members. Peer pressure acts as a replacement for traditional loan collateral.

Grameen became an independent bank in 1983. Headquartered in Dhaka, Bangladesh, it has more than 2,200 branches in the country. The Grameen model has come to symbolize an efficient means of helping the poor by providing them with opportunities to help themselves. More than 97 percent of Grameen's loan recipients have been women.



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INTERNATIONAL RELATIONS

Prime Minister to attend G-7 outreach meet in Italy

CONTEXT: Just four days after being sworn in for a third term, Prime Minister Narendra Modi will travel to the Apulia region of Italy on Thursday to attend the G-7 outreach meet. Mr. Modi will meet Italian Prime Minister Giorgia Meloni, Foreign Secretary Vinay Kwatra said at a briefing on Wednesday, but declined to comment on specific questions on which other leaders he would hold bilateral meetings with.

Apart from leaders of other G-7 countries — Canada, France, Germany, Japan, the U.K., and the U.S. — and the European Union leadership, Mr. Modi will be among leaders of 12 countries invited to the outreach on Friday, including Algeria, Argentina, Brazil, Egypt, Kenya, Mauritania, Saudi Arabia, South Africa, Tunisia, Turkiye, and the UAE. All eyes will be on a possible meeting with Ukrainian President Volodymyr Zelenskyy, who is also expected.

This is the 11th time that India has been invited to the G-7 outreach, and the fifth that Mr. Modi will participate. He will take part in a special session for discussions on artificial intelligence, energy, Africa and the “Mediterranean”, Mr. Kwatra said, indicating that the Russia-Ukraine conflict and Israel’s war in Gaza will also be on the agenda



About G7

Origin

- The origin of G7 lies in the oil shocks of 1973 and the corresponding financial crisis.
- In order to address the situation after oil shock, the heads of the world's six leading industrial nations decided to hold a meeting in 1975.
- These six nations were - the US, UK, France, Germany (West), Japan and Italy.
- These countries were joined by Canada in 1976 and G7 came into existence.

Current Members

- US, UK, Canada, France, Germany, Italy and Japan
- It can be said that the members of this group are the most developed and the advanced economies of the world.

- The European Union is also represented within the G7.

Economic Significance

The G7 nations account for close to 60 percent of global net wealth, 46 percent of global gross domestic product, and about 770 million people or 10 percent of the world's population.

Political Significance

Political heavy weights are capable of shaping the response of Multilateral challenges. In 1999, it created the Financial Stability Forum in order to manage the international monetary system 47th summit in June 2021 had focused on the recovery from ongoing COVID-19 pandemic. It promised to distribute 1 billion vaccines to poorer countries. Its theme was Global Action to Build Back Better.

Developmental Significance

- G-7 provided \$300 million in 1997 to help build the containment of the reactor meltdown at Chernobyl.
- G7 played crucial role in setting up a global fund to fight malaria and Aids in 2002.
- In October 2020, G7 finance ministers backed an extension of a G20 bilateral debt relief initiative for the world's poorest countries.

ENVIRONMENT

Red sanders logs worth ₹2 cr. seized in A.P., two arrested

CONTEXT: The Red Sanders Anti-Smuggling Task Force personnel on Tuesday seized 107 red sanders logs worth over ₹2 crore and arrested two smugglers from the Chinthalapalli forest range in Prakasam district of Andhra Pradesh. A case was filed in Tirupati on Wednesday. A search operation has been initiated to arrest the absconding operatives. Task Force Superintendent of Police (SP) Srinivas said a comprehensive investigation is under way.



What is Red Sanders?

- It is a flora species that are endemic to a distinct tract of forests in the Eastern Ghats region of Andhra Pradesh.

- Geographical conditions required: It usually grows in rocky, degraded and fallow lands with Red Soil and a hot and dry climate.
- Protection Status:
- IUCN Red List: Endangered
- CITES: Appendix II
- Wildlife (Protection) Act 1972: Schedule IV

Key facts about the CITES

- It is an international agreement to which States and regional economic integration organizations adhere voluntarily.
- It was drafted as a result of a resolution adopted in 1963 at a meeting of members of IUCN (The World Conservation Union). It entered into force in July 1975.
- It aims to ensure that international trade in specimens of wild animals and plants does not threaten the survival of the species.
- Although CITES is legally binding on the Parties – in other words they have to implement the Convention – it does not take the place of national laws.
- The CITES Secretariat is administered by UNEP and is located in Geneva, Switzerland. The Conference of the Parties to CITES is the supreme decision-making body of the Convention and comprises all its parties.

ECONOMY

Food inflation accelerates in urban India

CONTEXT: India's consumer price inflation eased a tad to a one year low of 4.75% in May, from 4.83% in April, but food price rise remained unchanged at 8.7%, with urban households facing a sharper 8.83% spike in food inflation. Retail inflation stood at 4.31% in May 2023, with food prices rising less than 3%. May was the fourth successive month with food inflation of over 8.5%, though it cooled fractionally for rural consumers from 8.75% in April to 8.62%.

On a month-on-month basis, the Consumer Price Index (CPI) was up 0.5% in May, while the food price index had risen 0.73% from April's levels. The sequential rise in food prices was 0.7% for rural consumers and 0.9% for their urban counterparts.

Inflation

Inflation, as defined by International Monetary Fund is the rate of increase in prices over a given period, encompassing a broad measure of overall price increases or for specific goods and services.

It reflects the rising cost of living and indicates how much more expensive a set of goods and/or services has become over a specified period, **usually a year.**

In India, inflation's impact is particularly significant due to economic disparities and a large population.

What are the Different Causes of Inflation?

- Demand-Pull Inflation occurs when the demand for goods and services exceeds their supply. When the overall demand in the economy is high, consumers are willing to pay more for the

available goods and services, leading to a general rise in prices.

A booming economy with high consumer spending can create excess demand, putting upward pressure on prices.

- **Cost-Push Inflation** is driven by an increase in the production costs for goods and services. This can be caused by factors such as increased incomes, increased costs of raw materials, or disruptions in the supply chain.

For instance, (as per CPI data) inflation in 'oils and fats' in March, 2022 soared to 18.79% as the geopolitical crisis due to the Russia-Ukraine war pushed edible oil prices higher.

Built-In or Wage-Price Inflation: This type of inflation is often described as a feedback loop between wages and prices. When workers demand higher wages, businesses may raise prices to cover the increased labor costs. This, in turn, prompts workers to seek higher wages, and the cycle continues.

Collective bargaining by labor unions can result in higher wages, leading to increased production costs and subsequently higher prices for goods and services.

Monetary Inflation:

Monetary inflation is often linked to an increase in the money supply in an economy. When there is more money in circulation, consumers have more purchasing power, which can drive up demand and prices.

Central banks printing more money or implementing policies that increase the money supply can contribute to monetary inflation.

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ECONOMY

Odisha govt. to increase paddy MSP in 100 days

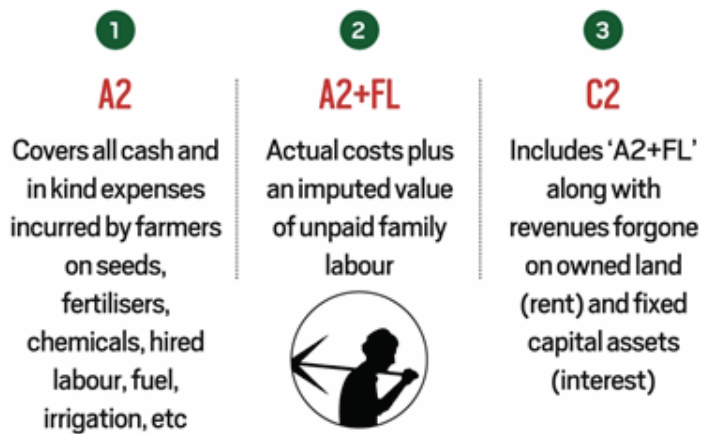
CONTEXT: The BJP government in Odisha led by Chief Minister Mohan Charan Majhi on Wednesday announced that it would come up with comprehensive guidelines for the implementation of increased minimum support price (MSP) of paddy to ₹3,100 per quintal and payment of cash vouchers of ₹50,000 to every woman in the next 100 days.



HOW ARE MSPs DETERMINED?

The Centre fixes MSPs for every kharif and rabi cropping season based on recommendations of the Commission for Agricultural Costs and Prices (CACP)

● When a farmer grows a crop, he incurs costs, some of it explicit and some implicit or unpaid. The CACP considers the following costs:



#QUIXPLAINED

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Minimum Support Price

- In 1966-67, as a part of extensive agricultural reforms, MSP was introduced for the first time by the Central Government.
- Minimum support price (MSP) is a “minimum price” for any crop that the Government considers as remunerative for farmers and hence deserving of “support”.
- It is also the price that Government agencies pay whenever they procure the particular crop from the farmers.
- It is a way of protecting the farmers in India from the uncertainties of the markets as well as those of the natural kind.
- There is currently no statutory backing for these prices, nor any law mandating their enforcement.

At present, the Central Government sets MSP for 23 crops.

These include:

- 7 cereals (bajra, wheat, maize, paddy barley, ragi and jowar);
- 5 pulses (tur, chana, masur, urad and moong);

- 7 oilseeds (safflower, mustard, niger seed, soyabean, groundnut, sesame and sunflower);
- 4 commercial crops (raw jute, cotton, copra and sugarcane).

How Does the Government Decide on the MSP?

- The Government announces the MSP at the start of each cropping season (Rabi and Kharif).
- The MSP is decided after the Government exhaustively studies the recommendations made by the Commission for Agricultural Costs and Prices (CACP).
 - CACP is an attached office of the Ministry of Agriculture and Farmers Welfare.
- These recommendations are based on a pre-fixed formulae. This includes the actual cost incurred, implicit family labour as well as the sort of fixed assets or rent paid by the farmers.

ENVIRONMENT

Study ranks India second in nitrous oxide emissions

CONTEXT: India is the world’s second largest source of nitrous oxide (N₂O), a greenhouse gas that heats up the atmosphere far more than carbon dioxide. Nearly 11% of such global man-made emissions in 2020 were from India, topped only by China at 16%. The major source of these emissions comes from fertilizer usage, according to a global assessment of N₂O emissions published in the journal Earth System Science Data on Wednesday. In 2022, the concentration of atmospheric N₂O reached about 25% above the levels seen before the industrial age. In comparison, the concentration of carbon dioxide was 417 parts per million in 2022.

N₂O emissions from human activities have increased by 40% (three million metric tonnes of N₂O per year) in the past four decades, with growth rates between 2020 and 2022 higher than in any previous period since 1980, when reliable measurements began.

Greenhouse Gas	Global Warming Potential (GWP)
1. Carbon dioxide (CO ₂)	1
2. Methane (CH ₄)	25
3. Nitrous oxide(N ₂ O)	298
4. Hydrofluorocarbons (HFCs)	124 – 14,800
5. Perfluorocarbons (PFCs)	7,390 – 12,200
6. Sulfur hexafluoride (SF ₆)	22,800
7. Nitrogen trifluoride (NF ₃) ³	17,200

What is Nitrous Oxide (N₂O)?

- Nitrous oxide, commonly known as laughing gas or happy gas, is a colorless, odorless, and non-flammable gas.
- While nitrous oxide is not flammable, it will support combustion to the same extent as oxygen.
- It leads to a state of euphoria, explaining its nickname, ‘laughing gas.’

- It is soluble in water. Its vapors are heavier than air.

Applications:

- It is commonly used by dentists and medical professionals to sedate patients undergoing minor medical procedures.
- The gas is also used as a propellant in food aerosols.
- It is used in the automotive industry to enhance engine performance.

Significance

- Nitrous Oxide (N₂O) is the third most significant greenhouse gas after carbon dioxide and methane and is 273 times more potent than CO₂ over 100 years.
- The increase in greenhouse gases has already raised the Earth's average surface temperature by 1.15 degrees Celsius compared to the 1850-1900 average.
- Anthropogenic nitrous oxide emissions contribute to about 0.1 degrees of this warming.
- Nitrous Oxide (N₂O) emissions grew by 40 percent between 1980 and 2020, with China being the largest emitter, followed by India and the US.
- The top 10 emitters are China, India, the US, Brazil, Russia, Pakistan, Australia, Indonesia, Turkey, and Canada.
- The biggest human sources of N₂O are agriculture, industry, and the burning of forests or agricultural waste.
- 74 percent of the nitrous oxide emissions over the last decade originated from agricultural practices, specifically the use of nitrogen fertilizers and animal manure.

INTERNATIONAL RELATIONS

Hezbollah fires rockets at Israel to avenge senior commander's killing

CONTEXT: Lebanon's Hezbollah fired a massive barrage of rockets into northern Israel on Wednesday to avenge the killing of a top commander, further escalating regional tensions as the fate of an internationally-backed plan for a ceasefire in Gaza hung in the balance. The retaliatory attack came as U.S. Secretary of State Antony Blinken was in the region to push a ceasefire proposal with global support that has not been fully embraced by Israel or Hamas. The militant group submitted its first official response late on Tuesday, requesting "amendments" to the deal.

About

- Hezbollah is Lebanon's most powerful Shia movement.
- Hezbollah has three ministers in government and is represented in the Lebanese parliament. It has a strongly-armed wing, with its forces fighting in Syria in support of President Bashar al-Assad's troops.
- Israel considers Hezbollah as the most potent military threat on its border. Hezbollah and Israel fought a month-long war in 2006. The border between the two countries, which remain technically in a state of war, has been mostly calm since.
- Hezbollah has been designated by the U.S. and Israel as a terrorist organisation. In 2013, EU foreign ministers banned

Hezbollah's military wing but not its political work in Europe. As a result, sanctions can be imposed on its military leaders.

ECONOMY

Wheat stocks with FCI said to remain at 16-year low

CONTEXT: The official reserves of wheat, maintained by the Food Corporation of India (FCI), have dropped 4.7% to 29.91 million tonne (mt) as of June 1 from 31.39 mt in the year-earlier period. But the stockpiles of rice are higher by 21.8% at 50.46 mt now against 41.42 mt in 2023.

A comfortable position in rice and more than the required quantity of wheat may help the government manage the food grain situation provided the weather remains favourable in 2024 to hope for a bumper output, experts said. Official data show the previous lowest wheat stock in Central Pool was at 24.12 mt on June 1, 2008.



Food Corporation of India (FCI)

- The FCI is a statutory body formed by the enactment of the Food Corporation Act, 1964 by the Parliament.
- Objectives of FCI:
 - Effective price support operations for safeguarding the interests of the farmers,
 - Distribution of food grains throughout the country for Public Distribution System (PDS),
 - Maintaining satisfactory level of operational and buffer stocks of food grains to ensure National Food Security.
- Nodal Ministry: Ministry of Consumer Affairs, Food and Public Distribution

Role of FCI in Ensuring Food Security in India

- Procurement of food grains at Minimum Support Price (MSP):
 - One of the important functions of FCI is its involvement in the procurement of the food grains. The objectives of

procurement include:

- Ensuring MSP to the farmers
- Availability of food grains to the weaker sections at affordable prices
- FCI procures food grains to ensure that effective market intervention is in place to keep the prices under check and also to ensure country's food security.
- FCI, along with other state agencies takes up the procurement of Wheat and Paddy. This is done under the Price Support Scheme.
- Apart from these two, Coarse grains (Jowar, Bajra etc.) are also procured. This is taken by the State Government agencies as per the directions issued by Government of India.
- Increase in FCI-owned Storage Capacity:
 - FCI is also required to hold huge volumes of procured food grains for a sustained period of time, both for the planned

delivery through PDS as well as for any unforeseen situations. Therefore, Storage function of FCI is very important.

- To meet the storage obligation, FCI has an extensive network of storage depots and silos in strategic locations across the country.
- Movement & distribution of the stock to deficit regions:
 - FCI undertakes movement for the following purposes:
 - To evacuate food grain stocks from the surplus regions.
 - Supply them to deficit regions for distribution through PDS and other schemes.
 - To create buffer stocks in deficit region.
- FCI also undertakes the supply of food grains for:
 - Defence and Paramilitary forces
 - Natural Calamities



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