

UPSC CURRENT AFFAIRS NOTES 02-10-2023

5th Meeting of the Joint Working Group on Trade between India and Bangladesh

The 15th Meeting of the Joint Working Group on Trade (JWG) between India and Bangladesh was held on 26th and 27th September, 2023 in Dhaka, Bangladesh.



The 15th Meeting of JWG discussed a host of bilateral issues such as removal of port restrictions, ground work on commencement of Comprehensive Economic Partnership Agreement (CEPA), harmonization of standards, mutual recognition of standards, supply of essential commodities to Bangladesh, development of road and rail infrastructure, regional connectivity through multi-modal transportation and creation/ strengthening of infrastructure in Land Customs Stations/ Integrated Check Posts, border haats, etc.

The bilateral meeting successfully concluded with both countries reaffirming their commitment to deeper economic engagement, regional cooperation, and sustainable development. Both sides reiterated that the future holds great promise for enhanced trade relations and mutual prosperity.

The India-Bangladesh Joint Working Group on Trade (JWG) Meetings are held on an annual basis to discuss key trade related issues and explore opportunities for economic and technical collaboration, promotion, facilitation, expansion and diversification of trade between the two countries on the basis of equality and mutual benefit. These meetings play a vital role in quick resolution of bilateral issues by removing trade barriers, simplifying customs procedures,

improvement of infrastructure, logistics, and transit facilities to facilitate smoother cross-border trade.

Several trade facilitative measures have been undertaken by both India and Bangladesh for facilitating trade between the countries. India has allowed exports from Bangladesh to India by rail in closed containers, with customs clearance facility at any Inland Container Depot (ICD) vide circular dated 17th May 2022. Bangladesh informed about successful commencement of Agreement on the use of Chattogram and Mongla Port (ACMP) and increasing the number of goods to be traded through various Land Custom Stations (LCSs).

Insolvency and Bankruptcy Board of India (IBBI) celebrates its Seventh Annual Day

Highest number of resolutions since the enactment of IBC in FY 2022-23 with 186 corporate debtors (CDs) being resolved: MCA Secretary

Recovery of three lakh crore through IBC in past 7 years: IBBI Chairperson

IBBI also releases two publications “IBC: Evolution, Learnings and Innovation” and “Navdrishti: Emerging Ideas on IBC” on the occasion

The Insolvency and Bankruptcy Board of India (IBBI) celebrated its Seventh Annual Day today with Justice Shri Ashok Bhushan, Chairperson, National Company Law Appellate Tribunal presiding over the occasion as the Chief Guest.

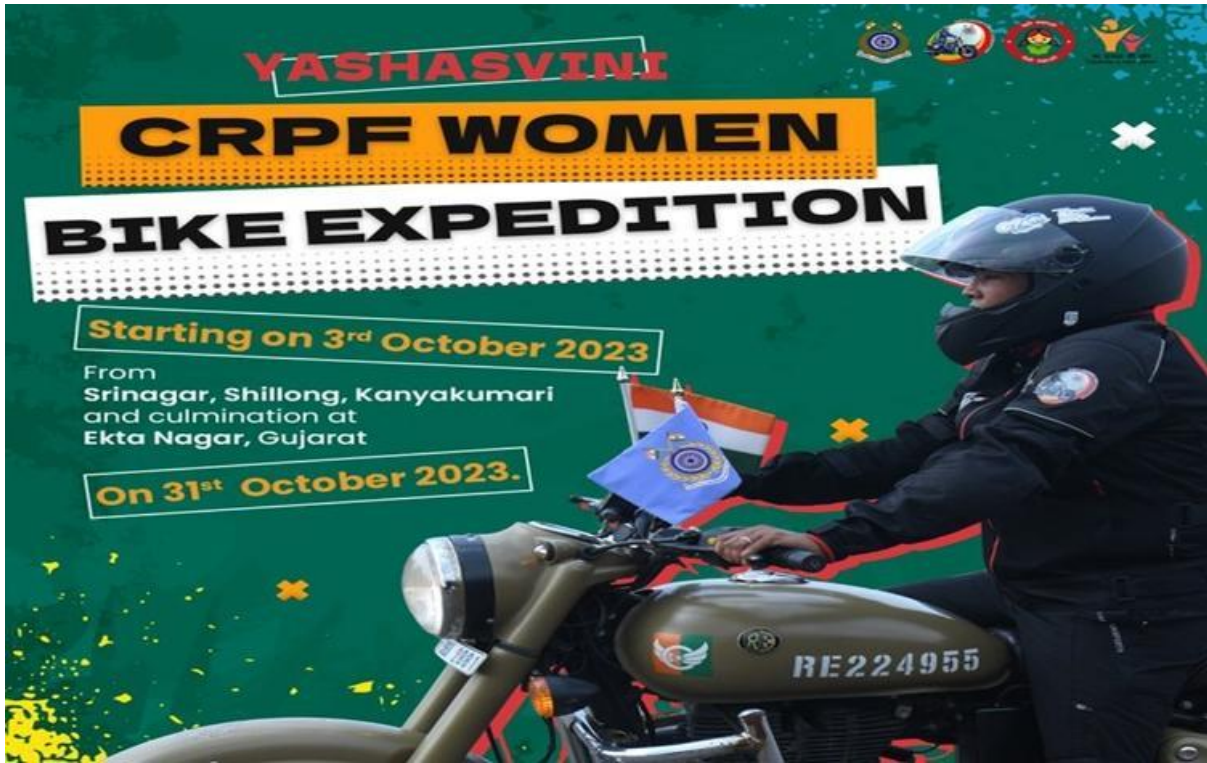




In his keynote address, Justice Shri Ashok Bhushan noted the transformative journey of India's corporate insolvency landscape after the advent of Insolvency and Bankruptcy Code and its far-reaching impact. He highlighted that IBC has been a game changer legislation and the speed with which IBBI geared up the entire ecosystem has been astounding. Justice Bhushan congratulated IBBI for being a pro-active regulator constantly learning through interactions with stakeholders and appreciated IBBI for making efforts to encourage research in insolvency law to help make better and informed policy decisions. Justice Bhushan applauded IBBI for rolling out meticulous regulatory regime which gels well with the larger economic narrative of the nation and emphasised the need for continuous innovation in ecosystem by all stakeholders and for capacity building through proactive advocacy. He also highlighted the application of technology in the processes for timely admission and resolution.

CRPF in collaboration with Ministry of Women and Child Development is organizing a cross-country bike expedition with "Yashaswini" to celebrate women power

A total of 150 women CRPF officers will embark for the cross-country rally on 3rd October. Rally will cover approximately 10,000 km, passing through 15 states and 2 Union Territories with the Ministry of Women and Child Development, is organizing a cross-country bike expedition with "Yashaswini" a group of CRPF women bikers to celebrate women power or *Nari Shakti* of the country.



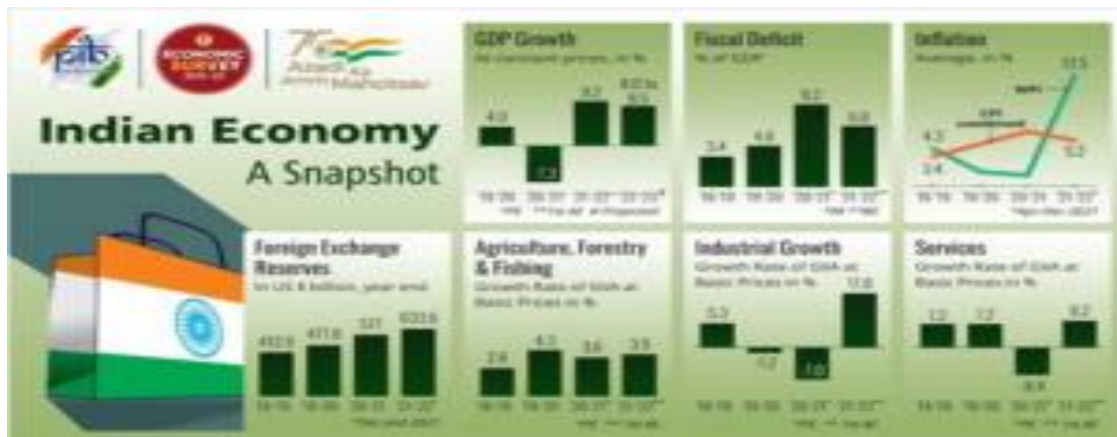
On the 3rd of October, 2023, a total of 150 women CRPF officers, divided into three teams, will embark on a cross-country rally. Riding 75 Royal Enfield (350cc) motorbikes, these teams will start their journeys from the Northern (Srinagar), Eastern (Shillong), and Southern (Kanyakumari) regions of India. Finally, they will all converge at the Statue of Unity in Ekta Nagar (Kevadia), Gujarat for the grand finale scheduled to take place on the 31st of October, 2023. The rally will cover approximately 10,000 km, passing through 15 states and 2 Union Territories. Throughout their respective journeys, in many districts *en route* various events have been planned, including interactions with the target groups of "Beti Bachao Beti Padhao" (BBBP) like school children and college girls, women self-help groups, cadets of the NCC, children of CCIs, NYKS members, adolescent girls & boys, anganwadi workers etc. and felicitation of BBBP Champions.



In addition to promoting the Force's message of "*Desh Ke Hum Hain Rakshak*", the women bikers have also incorporated the social message of "*Beti Bachao Beti Padhao*", into their campaign. They would be proudly displaying the BBBP logo on their uniforms and banners, thereby endorsing the cause throughout the country.

India's Statistical Performance on the Global Stage

The World Bank's compilation of Statistical Performance Indicators (SPI) ranked India 67 among 174 countries in 2019.



A close assessment of India's SPI Score on all pillars reveals both shortcomings and a commendable performance in various aspects of SPI.

The SPI (Statistical Performance Index) and its Dimensions

The World Bank compiles SPIs to assess the performance of national statistical systems across 174 countries.

The SPI is based on the assessment of five dimensions of performance, commonly referred to as the five pillars of a national statistical system.

Five Pillars of SPI are:

- Data use;
- Data services;
- Data products;
- Data sources,
- Data infrastructure.

According to the latest available scores from 2019, India's overall SPI score stands at 70.4, placing it in the 67th rank among the 174 countries assessed.

The pillar-wise scores show India's lower performance in the 'Data use' and 'Data products' pillars, with scores of 80 and 60, respectively, resulting in poor rankings.

An Assessment of India's SPI Score Across All Pillars

Data Use

The score in the Data use category depends on how different sectors of society, including the legislature, executive, civil society, academia, and international bodies, utilise the statistics produced by the system.

India performs well in measures assessing the comparability of estimates of child mortality, debt reporting, drinking water, and labour force participation.

However, it loses 20 points due to the unavailability of comparable poverty estimates for the World Bank over the last 10 years.

This is because of a new comparability indicator introduced by the World Bank's PovcalNet for poverty estimation.

Data Products

The pillar Data Products anchors the national statistical system's performance around the essential data required for Sustainable Development Goals (SDGs).

To improve upon this, India has already taken the right step by conducting a Multiple Indicator Survey and Comprehensive Annual Modular Survey in the NSS 78th round (2020-21) and 79th round (2022-23), respectively, for collection of data on SDGs.

Data Infrastructure

Regarding Data infrastructure, India's score is 55, ranking 73.

This pillar encompasses five sub-dimensions:

- Legislation and Governance
- Standards and Methods
- Skills
- Partnership
- Finance

India's scores for 'Legislation and Governance' are high, given that the national statistical legislation aligns well with the Fundamental Principles of Official Statistics.

However, the overall score for Data infrastructure is reduced due to moderate performance in Standards and Methods and poor performance in Finance.

In Standards and Methods, India fares well but the score in this dimension decreases due to:

The non-adoption of the latest standards for classifying employment status (such as International Classification of Status in Employment or ICSE-93 or North American Industry Classification System or NAICS 2012).

The accounting basis for reporting central government financial data, and the non-utilisation of the Generic Statistical Business Process Model (GSBPM).

The Finance category receives a low score because according to the World Bank India's national statistical plan lacks full funding.

Data Services

In the Data services dimension, India gets full points for data releases and data services, yet avenues for improvement remain in terms of online accessibility.

Enhancements in this area could be achieved by improving download options, providing more comprehensive metadata availability, and open terms for data usage.

India's commendable rank of 40 in the 'Openness' score from Open Data Inventory deserves recognition.

Data Sources

India excels in data sources as well (score 68.9, rank 31) securing a place in the top ranks. Under data sources, three indicators are evaluated;

- Censuses and surveys,

- Administrative data,
- Geospatial data.

Among these indicators, censuses and surveys (score: 100/100 for censuses and 86.6/100 for surveys) contribute the most to India's ranking, followed by administrative data (score: 50/100), and finally, geospatial data (score: 38.9/100).

The low score of administrative data is mainly due to non-fulfilment of criteria of at least 90% registration of births under the Civil Registration System (CRS).

The World Bank has taken the estimate of coverage under CRS from the UN SDG monitoring database which shows estimates of coverage as 89% for children under five and 87% for children under one.

However, these estimates are derived from the National Family Health Survey conducted between 2019 and 2021, a period significantly affected by lockdowns following COVID-19.

On the other hand, Vital Statistics of India cites the coverage of births under CRS for 2019 at approximately 93%, which is a much more reliable source than NFHS for estimation of coverage of CRS.

Relevance of SPI Score

Underscores India's Superior Performance Across All Dimensions

The SPI measure the capacity and maturity of national statistical systems and the goal is to improve development outcomes and track progress toward the SDGs.

The SPI for 2019 underscores India's superior performance in censuses and surveys in comparison to administrative data.

Incentivise Countries to Build a Robust National Statistical System

The SPI framework will give countries incentives to build better statistical systems.

Also, it will help create data ecosystems that can develop and adapt to the requirements of governments and citizens so that better data can support better decisions.

Shortcomings of India's Official Statistical System

As India celebrates its election to the United Nations Statistical Commission, India's own official statistical system has come under scrutiny within the country recently.

Questions have been raised about the credibility of the statistics it produces and the competence of the official statisticians.

Acclaimed statistical methods devised to generate these statistics, which were subsequently adopted by other developing countries, now face questioning.

Surprisingly, the results of statistical exercises, such as censuses and surveys, are claimed to be of poorer quality when compared to data from administrative sources, most of which suffer from uncertain coverage and conceptual shortcomings.

In general, the statistical system is now facing a trial.

Way Ahead for India to Improve Upon Its SPI Score

A Thorough Examination of the SPI Score

A thorough examination of the SPI score is crucial to drive improvement and enhance international competitiveness.

It is through identifying issues and establishing attainable goals that a substantial rise in rankings can be achieved.

For instance, achieving a 20-point increase in each of the three pivotal pillars ('Data products', 'Data use', and 'Data infrastructure') would have positioned India at 34 in 2019.

Proactive Engagement with the World Bank: India should proactively engage in order to fortify the robustness of the SPI.

Use of "Vital Statistics of India" in place of the NFHS for estimating the registration of births and deaths is one such case.

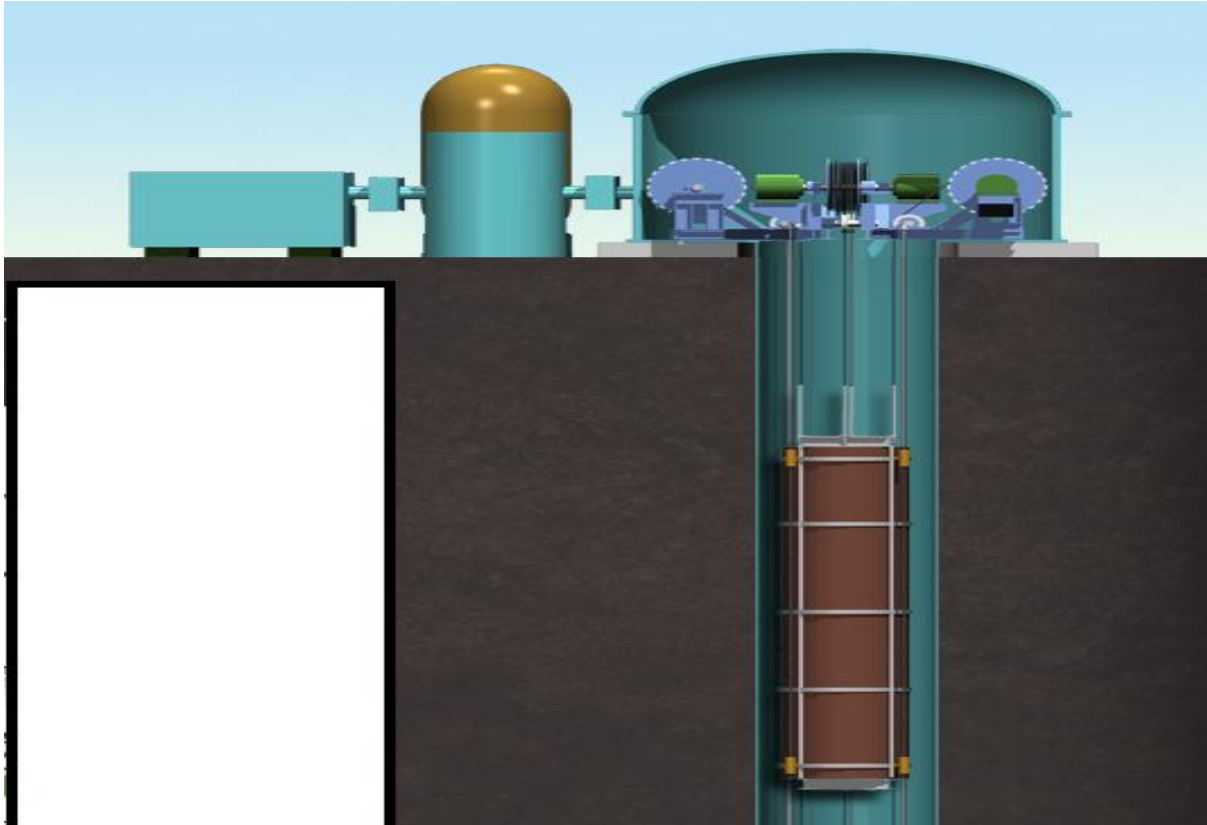
Conclusion

India's performance in 2019 highlights areas that require improvement and demonstrates both strengths and flaws.

The international rankings of national statistical systems compiled by the World Bank can provide valuable insights to improve India's National Statistical System.

Gravity battery

As countries step up renewable energy capacity addition, there is growing urgency to develop long-duration energy storage systems.



Gravity batteries are emerging as the best bet in solving renewable energy's biggest problem - intermittency.

A gravity battery is a type of electricity storage device that stores gravitational energy, the energy stored in an object resulting from a change in height due to gravity, also called potential energy.

A gravity battery works by using excess energy (usually from sustainable sources) to raise a mass to generate gravitational potential energy.

This is then lowered to convert potential energy into electricity through an electric generator.

The most common gravity battery is used in pumped-storage hydroelectricity (PSH), where water is pumped to higher elevations to store energy and released through water turbines to generate electricity.

Another form of a gravity battery lowers a mass, such as a block of concrete, to generate electricity.

As of 2019, the total world capacity for PSH is 168 GW (gigawatts). The US has 23 GW capacity from PSH, accounting for nearly 2% of the energy supply system and 95% of utility-scale energy storage in the US.

Gravity based pumped-storage electricity is currently the largest form of grid energy storage in the world.

Development of Long-duration Energy Storage Systems:

As countries step up renewable energy capacity addition, there is growing urgency to develop long-duration energy storage systems.

These systems could be installed alongside green power generation **to balance out the variability in renewable power**, given that green generation is not always in sync with the electricity demand cycle.

Energy Vault (a Swiss company founded in 2017), a developer of utility-scale storage technology, is offering a proprietary gravity-based storage, to plug this gap.

Energy Vault's proprietary '**EVx**' platform utilises gravity and a mechanical elevator system to stack 35-tonne blocks made of a composite material at the top of a towering structure.

When the electricity demand is low, the elevator uses surplus electricity from the grid or electricity generated by renewable plants, to raise these blocks and line them up at the top of the structure.

When electricity demand picks up, the blocks are then lowered one by one, releasing kinetic energy that is used to rotate a motor and generate electricity, which can then be pumped back to the grid.

Advantages of the 'EVx' Platform:

- This type of energy storage could be an innovative solution for countries (including India).
- It can solve the biggest impediments to wider deployment of renewable generation - the ability for power companies to store energy for use by consumers when the sun is not shining or the wind is not blowing.
- This could also facilitate the shift to a circular economy while ensuring clean energy transition.

Gravity Batteries vs Lithium-ion Batteries:

- Gravity batteries are not the only way renewable energy can be stored, lithium-ion batteries dominate the market and some experts favour green hydrogen.
- But gravity is free, clean and easily accessible, without the complications of producing hydrogen or the environmental and human rights concerns linked to some lithium mining.

- While lithium-ion batteries lose capacity after they have been charged and recharged over years, the gravity systems are made of robust components which will last much longer.

India's Renewable Energy Push and Challenges:

- The country is the world's third largest producer of renewable energy and nearly 40% of installed electricity capacity comes from non-fossil fuel sources.
- This green push has resulted in a 24% reduction in emission intensity of GDP between 2005 and 2016, but it has also thrown up challenges of a grid being increasingly powered by renewables.
- Also, grid managers are already grappling with the challenge of operationally sustaining a massive monthly addition of an average 1,000 megawatt from renewables to the electricity grid.
- Policy makers are of the view that New Delhi needs to expeditiously work on developing viable energy storage options.
- There are two alternatives being considered by the government for now: hydrogen and hybrid generation models blended with off-stream pumped storage.

Developments in India in the Field of Gravity Battery Storage Systems:

- India's push for deployment of large-scale renewable power makes storage a prerequisite to support this expansion.
- Energy Vault is in the process of establishing a base in Bengaluru. It is in talks with NTPC Ltd (India's biggest generation utility), Mumbai-based Tata Power and green energy company ReNew Power for collaborations.
- NTPC had signed an MoU last year for a long-term strategic partnership for the deployment of Energy Vault's EVx energy storage technology and software solutions.

RBI policy

The Monetary Policy Committee (MPC) of the RBI is expected to keep the repo rate unchanged at 6.5 per cent for the fourth consecutive time, as consumer price index (CPI) based inflation continues to remain sticky.

Experts believe that the central bank is also likely to maintain its withdrawal of accommodation stance in the policy.

Withdrawal of accommodation means reducing the money supply in the system to rein in inflation further.

On the other hand, an accommodative stance means the central bank is prepared to expand the money supply to boost economic growth.

What is Monetary Policy Committee (MPC)?

The Committee

Under Section 45ZB of the amended RBI Act, 1934, the central government is empowered to constitute a six-member Monetary Policy Committee (MPC).

MPC will determine the policy interest rate required to achieve the inflation target. The first such MPC was constituted in September 2016.

Members of MPC

As per the amended RBI act, the MPC shall consist of

- RBI Governor as its ex officio chairperson,
- Deputy Governor in charge of monetary policy,
- an officer of the Bank to be nominated by the Central Board, and
- three persons to be appointed by the central government.

- **Functions of MPC**

Setting Policy Interest Rates: The primary function of the MPC is to determine the policy interest rates, specifically the repo rate.

Inflation Targeting: The current inflation target set by the government is a Consumer Price Index (CPI) inflation target of 4% with a tolerance band of +/- 2%.

Economic Analysis and Forecasting: The MPC conducts thorough analysis and forecasting of various economic indicators, including inflation, GDP growth, employment, fiscal conditions, and global economic developments.

Decision-Making: The MPC meets at least four times a year to review the monetary policy stance.

Domestic challenges

These domestic challenges include:

growing risks to consumption demand amid soaring food inflation,

an uneven monsoon adversely affecting kharif crops,

higher interest rates

Inflation is still high at 6.8 per cent. While it is expected to come down sharply, there is still some pessimism on Kharif output, especially relating to pulses, which has the potential to push up prices further.

Earlier, RBI Governor said the frequent incidences of recurring food price shocks pose a risk to anchoring of inflation expectations, which has been underway since September 2022.

External challenges

rising global crude oil prices

International crude oil prices have averaged nearly \$89 per barrel.

At the time of the last RBI policy, oil prices averaged around \$79 per barrel, implying a 12.6 per cent jump in prices since the previous policy.

Russia – Ukraine war

Russia – Ukraine war is further creating a supply-chain bottlenecks for many commodities.

Will there be a change in GDP growth forecast?

- As per experts, the RBI is unlikely to change its GDP forecast in the upcoming monetary policy.
- The growth fundamentals still remain strong but the key uncertainty remains around the impact of a weak monsoon on agriculture production.
- Also, there is expectation of continued slowdown in Europe and China, weaker exports, and risks to rural demand on the back of weak monsoon activity this year.

Will any liquidity measure be announced?

As per the experts, the RBI is unlikely to announce any specific liquidity measures as it is tight today.

Also, the RBI is in the process of rolling back the incremental cash reserve ratio (I-CRR) which was invoked in the August policy.

I-CRR is an additional cash balance that banks must maintain over and above the standard CRR.

The standard CRR is the percentage of deposits that banks are required to keep with the RBI.

The RBI announced the discontinuation of the I-CRR on September 8.



Despite the gradual withdrawal of the I-CRR, systemic liquidity continued to stay in the deficit since mid-September due to quarterly tax outflows and GST payments.

Additionally, interventions in the foreign exchange market aimed at supporting the rupee may have marginally contributed to some absorption of rupee liquidity.