

Prelim Bits 07-08-2021 | UPSC Daily Current Affairs

RBI Monetary Policy 2021

- The 6-member Monetary Policy Committee (MPC) panel of RBI, headed by RBI Governor, voted in favour keeping key policy rates unchanged.
 1. Repo rate (RBI's lending rate to banks) has been kept unchanged at 4% under the Liquidity Adjustment Facility (LAF). Repo rate has been kept unchanged for the seventh time in a row.
 2. Reverse repo rate (RBI's borrowing rate from banks) at 3.35%,
 3. Marginal Standing Facility (MSF) rate and the Bank Rate at 4.25%.
- The panel has raised the inflation target for fiscal year 2021-22 to 5.7% from 5.1% projected earlier (This target is below the RBI's upper band of inflation target of 6%).
- **Inflation** may remain close to the upper tolerance band up to Q2 of 2021-22, but these pressures should ebb in Q3 of 2021-22 on account of kharif harvest arrivals and as supply side measures take effect.
- CPI inflation is now projected at 5.9% in Q2, 5.3% in Q3 and 5.8% in Q4 of 2021-22, with risks broadly balanced. Retail inflation for Q1 of 2022-23 is projected at 5.1%
- **Real GDP growth** has been retained at 9.5% in 2021-22. This growth for Q1 of 2022-23 is projected at 17.2%.
- **Auctions** - The RBI has decided to conduct fortnightly variable reverse repo rate (VRRR) auctions.
 - These auctions will absorb the surplus liquidity from the banking system that has pushed the overnight rates way below the RRR.
- The RBI will continue with its overnight fixed-rate reverse repo auction.
- It also proposes to conduct two more auctions of Rs 25,000 crore each under [Government Security Acquisition Programme \(G-SAP\) 2.0](#).

Current Economic Situation

- Input prices are rising across manufacturing and services sectors and weak demand and efforts towards cost cutting are tempering the pass-through to output prices and core inflation.
- This rise in price across manufacturing and services sectors is due to,
 1. Elevated prices of industrial raw materials,
 2. High pump prices of petrol and diesel, and
 3. Logistics costs.
- Domestic economic activity has started normalising with the ebbing of the second wave of the virus and the phased reopening of the economy.
- High-frequency indicators suggest that consumption (both private and Government), investment and external demand are all on the path of regaining traction.

Agriculture Export Policy 2018

- This Policy was framed with a focus on agriculture export oriented production, export promotion, better farmer realization and synchronization within policies and programmes of

Indian Government.

- The Central Government has notified the guidelines of the Central Sector Scheme for implementation of Agriculture Export Policy in 2020.
- The Policy aims to **double agricultural exports** from present value to ~US\$ 60+ Billion by 2022 and reach US\$ 100 Billion after that.
- It aims to diversify the export basket, destinations and boost high value and value added agricultural exports **including the perishables**.
- **Strategic Recommendations** - Structural changes required to boost agricultural exports include general and commodity specific measures.
- Presence of robust infrastructure like Mega Food Parks, state-of-the-art testing laboratories and Integrated Cold Chains is critical component of a strong agricultural value chain.
- This involves pre-harvest and post-harvest handling facilities, storage & distribution, processing facilities, roads and world class exit point infrastructure at ports facilitating swift trade.
- Greater involvement of State Governments in Agriculture Exports
- **Operational Recommendations** - Involvement of small and medium farmers for entire value chain as group enterprises within cluster of villages at the block level for select produces.
- Marketing and promotion of 'Brand India'. Attract private investments in export oriented activities and infrastructure.
- Agricultural R&D led by private industry along with higher infrastructure spends by the government will boost agricultural exports.
- Entrepreneurs to be supported to start a new Agri export venture during their initial period of establishment by the Agri-start-up fund.

Fourth Sero Survey

- This survey conducted across India found that on an average 67.6% of the population has been infected i.e. **seroprevalence**. Over 25% of people have been vaccinated with one dose.
- **Not a representative survey** - Scientists from ICMR have clarified that this survey is not representative of the whole country.
- They have called for state level, preferably district level, surveys across the country using standardised methodology. But conducting the district level survey is not feasible during a pandemic period.
- **Anti-bodies Unknown** - It is not known for how long the antibodies last either after infection or vaccination (i.e., induced immunity).
- Tests employed in the surveys only identify antibodies to two viral proteins (nucleocapsid and spike) but do not measure the ability of those antibodies to neutralise the virus.
- However, some protection is likely from the non-Spike-directed immune defences, if not the spike protein-directed immune defences.
- Some of those who tested positive for antibodies, especially children, may have cross-reactive antibodies generated by other corona viruses.
- We may also have 'false negatives' of persons in whom antibody levels may have fallen some months after infection but still may have immunity from memory T cells and other forms of cellular immunity.
- Studies have shown a diminished neutralisation efficacy of antibodies produced by previous infections against the Delta variant.
- So, definitive conclusions about individual or herd immunity should not be drawn from antibody surveys.
- By adopting strong containment measures everywhere, the susceptible persons can be protected against current and new variants.

Waning of Antibodies

- People who were infected early during the pandemic would have a greater chance of testing negative during surveys due to the waning of antibodies over time.
- The time taken for such disappearance varies between 3 and 6 months.
- There would be a great deal of individual variation, based on
 1. Dose of viral exposure,
 2. Severity of the infection,
 3. Nature of the variant,
 4. Age of the infected person,
 5. Associated health conditions and
 6. Use of steroids or other immunosuppressive drugs for treatment during the illness.

Cyclones over Arabian Sea More Frequent - IMD Study

- IMD Study based on 50-year dataset (1970-2019) of extreme weather events has shown that there has been an increased occurrence of extreme weather events, including severe cyclonic storms in recent decades.
- There has been a significant rise in mean temperature across the globe, which is expected to trigger more intense meteorological events.
- Analysing the past data of cyclones over the North Indian Ocean (Bay of Bengal and Arabian Sea) during the period 1891-2020 shows that the frequency of extremely severe cyclonic storms has
 1. Increased in recent few years over the Arabian Sea since 1990, and
 2. Remained the same over the Bay of Bengal.

Atlantic Meridional Overturning Circulation (AMOC)

- This major ocean current, to which also the Gulf stream belongs, may have been losing dynamic stability in the course of the last century.
 - AMOC transports warm water masses from the tropics northward at the ocean surface and cold water southward at the ocean bottom.
- As AMOC influences weather systems worldwide, a potential collapse of this ocean current system could have severe consequences.
- It is known from Earth's paleoclimate proxy records that the AMOC can exhibit a substantially weaker mode of operation (in addition to the currently attained strong mode).
- This **bi-stability** implies that abrupt transitions between the two circulation modes are in principle possible.
- The AMOC is currently at its weakest in more than 1000 years.
- Because the loss of dynamical stability would imply that the AMOC has approached its critical threshold, beyond which a substantial and in practice likely irreversible transition to the weak mode could occur.
- The fingerprints that AMOC left in sea-surface temperature and salinity patterns of the Atlantic ocean also suggests that the AMOC weakening during the last century may be associated with a loss of stability.
- This loss of the dynamic stability is caused due to many factors like global warming; freshwater inflow from the melting of the Greenland ice sheet, melting sea-ice, increasing precipitation and river run-off; etc.
- Freshwater is lighter than saltwater and reduces the tendency of the water to sink from the surface to greater depths, which is one of the drivers of the overturning.

Source: PIB, The Indian Express

