

2020



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# CURRENT AFFAIRS

**ECONOMIC DEVELOPMENT**

10<sup>th</sup> February - 15<sup>th</sup> February



BusinessLine



## 1. Kakinada Port

### Why in News?

- **Kakinada Deep Water Port** is located on the East Coast of India.
  - A deep water port is usually made up for the usage of very large and heavily loaded ships.
  - The depth of water helps get them access to the deepwater ports.
- It is in the East Godavari district of Andhra Pradesh, and is strategically located between major ports of **Visakhapatnam** and **Chennai**.
- It was commissioned by the Andhra Pradesh Government in November 1997 and was privatized in 1999.
- On land, the port is surrounded by the districts of East and West Godavari, Krishna, Guntur and the entire Telangana region.
- Primary cargoes of this region include agricultural products, minerals, coal and fertilizers,

## 2. Cauvery Delta Declared as a Protected Special Agriculture Zone

### Why in News

The Tamil Nadu government has declared the **Cauvery delta region** as a **Protected Special Agriculture Zone (PSAZ)**.

- The protected zone **includes eight districts**
  - **Thanjavur (Rice Bowl of Tamil Nadu)**
  - Tiruvarur
  - Nagapattinam,
  - Pudukottai
  - Cuddalore
  - Ariyalur
  - Karur
  - Tiruchirapalli

### Background:

- In 2019, the Central Government had awarded the oil and gas exploration projects in the Cauvery basin.
- This invoked large protests amid the water crisis in the state.
- The decision gives recognition to farmer concerns about hydrocarbon exploration.
- The declaration would ensure food security of the state.

### Agricultural Protection Zone

- When a land is announced as a Protected Agricultural Zone, it cannot be used for any other non-agricultural activities.
  - The Government has emphasised that **central projects on hydrocarbon exploration** in the delta region **cannot be implemented without a No Objection Certificate (NOC)** from the State government.
  - The Cauvery delta region is an **important agricultural region in Tamil Nadu**.

- Tamil Nadu's **food dependence on the delta has fallen from 65% to 40%.**
  - **Hydrocarbon wells are one of the major reasons** behind the same.
- Uttarakhand and Kerala already have such an agricultural zone.

### 3. **Index of Industrial Production (IIP)**

#### **Why in News?**

- The Ministry of Statistics and Programme Implementation released the December data, which showed that the IIP contracted by 0.3 per cent.
- According to the Quick Estimates of IIP released in terms of industries, 16 out of the 23 industry groups in the manufacturing sector have shown negative growth during the month of December 2019 as compared with the corresponding month of the previous year.

#### **Index of Industrial Production(IIP)**

- The Index of Industrial Production (IIP) is a composite indicator that measures the short-term changes in the volume of production of a basket of industrial products during a given period with respect to that in a chosen base period.
- It shows the growth rates in different industry groups of the economy in a stipulated period of time.
- **Mining, manufacturing, and electricity** are the three broad sectors in which IIP constituents fall.
- Use-based classification of industries under IIP are -
  - Primary Goods
  - Capital Goods
  - Intermediate Goods
  - Infrastructure/ Construction goods
  - Consumer durables
  - Consumer non-durables
- It is computed and published by the Central Statistical Organisation (CSO) on a monthly basis.
- Currently IIP figures are calculated considering 2011-12 as base year.
- It is used by public agencies for policy purposes besides by analysts, financial intermediaries and private companies.
- It is a key economic indicator of the manufacturing sector of the economy.

### 4. **Star Rating of Mines in India**

#### **Why in News?**

The Ministry of Coal (MoC) has launched a web portal for star rating of coal mines.

- The portal will work as a tool to promote green, safe and sustainable coal mining practices.

**Key points:**

- It enables all operational coal mines across India for self-rating and subsequent validation by Coal Controller's Organisation (CCO) before final ratings are awarded.
- It envisages 50 evaluation parameters in Opencast Mines and 47 in Underground.
- All the mines will be given an official certificate by the CCO.
- Based on the star ratings, the highest scoring mines will be awarded.

**Starring System:**

- |                      |                      |
|----------------------|----------------------|
| • 91 to 100%: 5 star | • 61 to 70%: 2 star, |
| • 81 to 90%: 4 star, | • 41 to 60%: 1 star, |
| • 71 to 80%: 3 star, | • 0 to 40%: No star  |

**Coal Controller's Organisation**

- The Office of Coal Controller (earlier Coal Commissioner), established in 1916.
- It is a subordinate office of the Ministry of Coal.
- Headquarters of CCO is in Kolkata.

**5. India Removed From the Developing Countries List****Why in News?**

The Office of the **United States Trade Representative (USTR)** has amended lists of developing and least-developed countries that are eligible for preferential treatment with respect to **countervailing duties (CVDs)** investigations.

- The preferential treatment with respect to CVDs investigations falls under the US' **Generalised System of Preferences (GSP)** scheme.
- Countervailing duty (CVD) is an import tax imposed on certain goods in order to prevent dumping or counter export subsidies.

**Background**

- In 1998, the USTR came up with lists of countries classified as per their level of development to harmonise US laws with the World Trade Organisation's (WTO) Subsidies and Countervailing Measures (SCM) Agreement.
- Under this SCM agreement, countries that had not yet reached the status of a developed country were **entitled to special treatment** for purposes of countervailing measures.

**Reason for removing developing country status of India:**

- According to USTR, India's share in global trade was 2.1 % for exports and 2.6% for imports in 2017.

- India is also a G20 member which accounts for large shares of global economic output and trade.

### **Impact on India**

- India is the largest beneficiary nation under the GSP.
- India's exports worth \$6.3 billion to the US under the GSP, accounting for around 12.1% of India's total export to US.
- India's removal from the developing countries list will allow the US to hold a CVD investigation against India.
  - The CVD laws allow the US to hold an investigation into the trade policies of other countries to determine whether they are harming the US trade.
- If the investigation finds that India's policies allow exporters to sell their products in the US at a lower rate the US can impose a countervailing duty, to make the Indian goods more expensive in the US markets.
- Despite having a minimal impact on India's overall outbound trade with the US, specific exports from India in a diverse set of sectors such as jewellery, leather, pharmaceuticals, chemicals and agricultural products may face higher costs and competition.

### **Generalised System of Preferences**

- It is an umbrella that comprises the bulk of preferential schemes granted by industrialised nations to developing countries.
- It involves reduced Most Favored Nations (MFN) Tariffs or duty-free entry of eligible products exported by beneficiary countries to the markets of donor countries.

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