

2020



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CURRENT AFFAIRS

ECONOMIC DEVELOPMENT

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BusinessLine



1. World Economic Situation and Prospects 2020 (WESP)

Why in News?

Recently, the **United Nations Conference on Trade and Development (UNCTAD)**, **United Nations Department of Economic and Social Affairs (UN DESA)** and the five United Nations Regional Economic Commissions have jointly released the **World Economic Situation and Prospects 2020 (WESP)**.

- The report warns about strong economic risks, deep political polarization and increasing scepticism about the benefits of multilateralism.

Key Findings related to India:

- The report suggested that India needs to implement structural reforms to face a global as well as Indian economic slowdown.
- The combination of **fiscal stimulus, loose monetary policy and financial sector reforms** is expected to support a recovery in growth to 6.6 %.
 - India experienced a sharp drop from 6.8% in 2018 to 5.7 % in 2019.

Other Findings

- **World's fastest-growing region:** East Asia, which also remains the largest contributor to global growth.
 - **East Asia**, alternately **Northeast Asia**, is the eastern sub region of Asia, defined in both geographical and ethno-cultural terms.
 - States of East Asia include China, Japan, Mongolia, North Korea, South Korea, Taiwan, and the Chinese special administrative regions of Hong Kong and Macau.
- **Growth in large emerging countries:** Brazil, India, Mexico, Russia and Turkey are expected to gain economic momentum in 2020.
- **Shift in Global economic decision power:** The shift in global economic decision-making power from the EU, the US and other developed countries towards China, India and other developing countries has been observed. Thus Global cooperation mechanisms will need to recognise this shifting balance.
- **Per capita income:** One in five countries will see per capita income stagnate or decline in 2020.
- **Poverty reduction:** The share of the population living in extreme poverty has declined steadily and significantly over the past few decades, largely owing to successful experiences in China and India.
- **Impact of climate change on economy:** Climate disruption poses a serious and growing threat to short- and long-term economic prospects.

2. Global Value Chains (GVCs)

Why in News?

The **World Bank** has recently come out with a report underscoring the importance of Global Value Chains (GVCs).

- **Global value chains** (GVCs) refer to international production sharing, a phenomenon where production is broken into activities and tasks carried out in different countries.

GVCs: Related Concepts

- In GVCs, the operations are spread across national borders (instead of being confined to the same location) and the products made are much more complex than a pin.
- Cross-border production has been made possible by the liberalization of trade and investment, lower transport costs, advances in information and communication technology, and innovations in logistics (e.g. containerization).
- GVCs have powered the surge of international trade after 1990 and helped poor countries to grow faster. But this momentum has stalled after the 2008 global financial crisis.
- **Example:** iPhone is a good example to understand GVCs.
 - The US prepares the iPhone design, Taiwan and South Korea produce critical inputs such as processors.
 - Final assembly takes place in China from where they are marketed all over.

How has India performed?

- India has both **underachieved** and **overachieved**.
- GVCs drove the increase in international trade after 1990, accounting for more than half of the world trade in 2008.
- India's GVC trade also increased over this period, as it imported rough diamonds, components and computers, to export jewellery, cars and services.
- India's GVC linkages are about a quarter less than the global average, peaking at 38 percent of trade in 2008.
 - When the growth in GVC participation slowed down for the world, it slowed down for India as well.
- India is falling behind in **transitions from trading in commodities to basic manufacturing** from countries like Bangladesh, Vietnam, Cambodia etc.

Suggestions:

- Labour market reform
- Infrastructure improvement

- Relax restrictive goods trade policy
- Reform in higher education

3. Bidding under Open Acreage Licensing Programme

Why in News?

Recently, the Government has launched the bidding process offering 11 areas in oil and gas blocks under **Open Acreage Licensing Policy Round-V (OALP-V)**

- These 11 blocks are spread across 8 sedimentary basins.

Key Points

- The government has awarded 94 blocks so far under the **Hydrocarbon Exploration & Licensing Policy (HELP)** regime.
 - HELP adopts the revenue sharing contract model.
- OALP is a giant step towards **improving the 'Ease of Doing Business'** in the Indian Exploration and Production (E&P) sector.

Open Acreage Licensing Policy (OALP)

- The OALP was introduced by the Union Government in **June 2017**.
- Under it, the potential investors choose the exact areas they are interested in, convey their interest to the government, which then places just those blocks up for bidding.
- Companies are **allowed to choose the areas in which they want to explore** oil and gas, under OALP.
- After choosing the area, companies put in an expression of interest which are then put on auction by the government.
- **Components:**
 - **Single License** for exploration and production of conventional as well as non-conventional Hydrocarbon resources oil and gas, coal bed methane, gas hydrate, etc.
 - **Pricing and Marketing Freedom**
 - **Reduced rate of royalty** for offshore blocks
 - Option to select the exploration blocks without waiting for formal bid round
- Expression of Interest can be submitted round the year and bidding is carried out every 6 months.

Hydrocarbon Exploration and Licensing Policy

- HELP was approved by the government in **March 2016** replacing New Exploration Licensing Policy (NELP).
- It is part of a government strategy **to double oil and gas output by 2022-23**.

- HELP encompasses simpler rules, tax breaks, pricing and marketing freedom.
- **Uniform licensing:** It provides for a uniform licensing system that will cover all hydrocarbons such as oil, gas, and coal bed methane.
- **Revenue Sharing Model:** The government will receive a share of the gross revenue from the sale of oil, and gas, etc and will not be concerned with the cost incurred.
- **Pricing:**
 - HELP has marketing and pricing freedom.
 - Under the new system, a graded system of royalty rates will be introduced. Under this system the royalty rates will decrease from shallow water to deep water to ultra-deep water areas.
- **Open Acreage Licensing:** Under HELP, oil companies can select blocks of their choice under this Open Area Licensing (OAL) regime.

National Data Repository

- National Data Repository (NDR) is an integrated data repository of Exploration & Production data of the Indian sedimentary basins.
- NDR will provide an important data resource in line with the Digital India initiative.

4. Mandatory Hallmarking for Gold Jewellery

Why in News?

The Department of Consumer Affairs will release the notification regarding mandatory hallmarking of Gold jewellery & artefacts in India.

Hallmark

- A hallmark is an **official mark** or series of marks struck on items made of metal, mostly to certify the content of noble metals—such as platinum, gold, silver and in some nations, palladium.
- In a more general sense, the term hallmark can also be used to refer to any distinguishing characteristics.

Key Points

- The notification will make hallmarking of gold jewellery **mandatory from January 15, 2021.**
- The jewellers have been given **one year time to register** with the **Bureau of Indian Standards (BIS)** and clear their stocks if not hallmarked yet.
- Hallmarked gold jewellery will be only in **three grades – 14-carat, 18-carat and 22-carat** instead of current availability of ten grades.
- It will contain **four marks:** BIS mark, purity in carat, assay centre's name and jewellers' identification mark.
- The **rule is applicable only on sales by retailers and not to consumers.**

- Anybody found **violating** the provision, will have to pay a minimum fine of Rs 1 lakh or 5 times the price of the article.
- **India is the world's largest importer of gold**, with annual imports of 700-800 tonne.

Bureau of Indian standards (BIS)

- The Bureau of Indian standards (BIS) Act 2016 establishes the Bureau of Indian Standards (BIS) as the National Standards Body of India.
- BIS is the National Standard Body of India for the harmonious development of the activities of standardization, marking and quality certification of goods.

5. Kolkata Port Trust

Why in News?

- On the occasion of 150th **anniversary celebration** of Kolkata Port Trust, it has been renamed after Dr. Shyama Prasad Mukherjee.

Kolkata Port Trust

- The Port has two distinct dock systems - **Kolkata Docks at Kolkata** and a deep water dock at **Haldia Dock Complex**, Haldia.
- It is the oldest operating port in India, and was constructed by the British East India Company.
- The Port which was once considered the most important port in the country still remains the premier port which has been rightly called the **gateway to Eastern India**.
- It is the guiding factor to trade and commerce of vast hinterland comprising the entire Eastern India including Bihar and Eastern Uttar Pradesh and the two land-locked Himalayan Kingdoms of Nepal and Bhutan.
- **Governance:** It is an **autonomous body** under the ministry of shipping, Government of India administered through **Major Port Trusts Act, 1963**.
- **Location:** Kolkata Port is the **only riverine Major Port in India**, situated 232 kms up-stream from the Sandheads. Its navigational channel is **one of the longest** in the world.

Major Ports

• India has **13 major ports** viz.

- | | |
|-----------------------------|-----------------------|
| 1. Kolkata Port | 7. Kandla Port |
| 2. Paradip Port | 8. Visakhapatnam Port |
| 3. New Mangalore Port | 9. Chennai Port |
| 4. Cochin Port | 10. Tuticorin Port |
| 5. Jawaharlal Nehru
Port | 11. Ennore Port |
| 6. Mumbai Port | 12. Mormugao Port |
| | 13. Port Blair Port |



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