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Climate Change 2021 Report: IPCC

Why in News

Recently, the **Intergovernmental Panel on Climate Change (IPCC)** released the first part of its **Sixth Assessment Report (AR6)** titled **Climate Change 2021: The Physical Science Basis**.

- It is prepared by the scientists of **Working Group-I**. The **two remaining parts would be released in 2022**.
- It noted that global **net-zero by 2050** was the **minimum required to keep the temperature rise to 1.5 degree Celsius**.
- It sets the stage for the **Conference of Parties (CoP) 26** conference in **November 2021**.

Alarm bells

A look at some of the observations and forecasts made by the panel on climate change

■ Heatwaves and humid heat stress will become more intense and frequent over Southeast Asia during the 21st century

■ Both annual and summer monsoon precipitation will increase, with enhanced interannual variability over Southeast Asia

■ Heat extremes have increased while cold extremes have decreased, and these trends will continue over the coming decades

■ Glacier run-off in the Asian high mountains will increase up to mid-21st century, and subsequently run-off may decrease due to the loss of glacier storage

■ Relative sea level around Asia increased faster than global average, with coastal area loss and shoreline retreat. Regional mean sea level will continue to rise



Key Points

- **Average Surface Temperature:**
 - The average surface temperature of the Earth will **cross 1.5 °C over pre-industrial levels in the next 20 years** (By 2040) and **2°C by the middle of the century** without sharp reduction of emissions.
 - In 2018, the IPCC's **Special Report Global Warming of 1.5°C** had estimated that two-fifths of the global population lived in regions with warming above 1.5°C.
 - The **last decade was hotter than any period of time in the past 1,25,000 years**. Global surface temperature was 1.09°C higher in the decade between 2011-2020 than between 1850-1900.
 - This is the **first time** that the IPCC has said that the **1.5°C warming was inevitable even in the best case scenario**.

- **Carbon dioxide (CO₂) Concentrations:**

- They are the **highest in at least two million years**. Humans have emitted 2,400 billion tonnes of CO₂ since the late 1800s.
- Most of this can be **attributed to human activities, particularly the burning of fossil fuels**.

The effect of human activities has **warmed the climate at a rate unprecedented in 2,000 years**.

- The world has already **depleted 86% of its available carbon budget**.

- **Impact of Global Warming:**

- **Sea- Level Rise:**

- **Sea-level rise has tripled compared with 1901-1971**. The Arctic Sea ice is the lowest it has been in 1,000 years.
- Coastal areas will see continued sea-level rise throughout the 21st century, resulting in **coastal erosion and more frequent and severe flooding in low-lying areas**.
- About 50% of the sea level rise is **due to thermal expansion** (when water heats up, it expands, thus warmer oceans simply occupy more space).

- **Precipitation & Drought:**

Every additional 0.5 °C of warming will **increase hot extremes, extreme precipitation and drought**. Additional warming will also weaken the Earth's carbon sinks present in plants, soils, and the ocean.

- **Heat Extremes:**

Heat extremes have increased while cold extremes have decreased, and these trends will continue over the coming decades over Asia.

- **Receding Snowline & Melting Glaciers:**

- Global Warming will have a **serious impact on mountain ranges across the world, including the Himalayas**.
- The freezing level of mountains are likely to change and snowlines will retreat over the coming decades.
- Retreating snowlines and melting glaciers is a cause for alarm as **this can cause a change in the water cycle, the precipitation patterns, increased floods as well as an increased scarcity of water** in the future in the states across the Himalayas.
- The level of temperature rise in the mountains and glacial melt is unprecedented in 2,000 years. The retreat of glaciers is now attributed to anthropogenic factors and human influence.

- **Indian Sub-continent Specific Findings:**
 - **Heatwaves:** Heatwaves and humid heat stress **will be more intense and frequent during the 21st century** over South Asia.
 - **Monsoon:** Changes in monsoon precipitation are also expected, with both annual and summer monsoon precipitation projected to increase.
 - The South West Monsoon **has declined** over the past few decades **because of the increase of aerosols**, but **once this reduces, we will experience heavy monsoon rainfall.**
 - **Sea Temperature:** The Indian Ocean, which includes the Arabian Sea and Bay of Bengal, has **warmed faster than the global average.**
 - The **sea surface temperature over Indian ocean is likely to increase by 1 to 2 °C** when there is 1.5°C to 2°C global warming.
 - In the Indian Ocean, the sea temperature is heating at a higher rate than other areas, and therefore may influence other regions.
- **Net- Zero Emissions:**
 - **About:**
 - It means that **all man-made greenhouse gas emissions must be removed from the atmosphere through reduction measures**, thus reducing the Earth's net climate balance, after removal via natural and artificial sink, to zero.
 - This way humankind would be **carbon neutral and global temperature would stabilise.**
 - **Current Situation:**
 - Several countries, **more than 100, have already announced their intentions to achieve net-zero emissions by 2050.** These include major emitters like the United States, China and the European Union.
 - **India, the third largest emitter in the world**, has been holding out, arguing that it was already doing much more than it was required to do, performing better, in relative terms, than other countries.
 - Any further burden would **jeopardise its continuing efforts to pull its millions out of poverty.**
 - IPCC has informed that a global net-zero by 2050 was the minimum required to keep the temperature rise to 1.5°C. **Without India, this would not be possible.**
 - Even **China, the world's biggest emitter, has a net-zero goal for 2060.**

Intergovernmental Panel on Climate Change

- It is the **international body for assessing the science related to climate change.**

- It was **set up in 1988** by the World Meteorological Organization (WMO) and United Nations Environment Programme (UNEP) to provide policymakers with regular assessments of the scientific basis of climate change, its impacts and future risks, and options for adaptation and mitigation.
- IPCC assessments **provide a scientific basis for governments at all levels to develop climate related policies**, and they underlie negotiations at the UN Climate Conference – the United Nations Framework Convention on Climate Change (UNFCCC).

IPCC Assessment Reports

- Every few years (about 7 years), the IPCC produces assessment reports that are the most **comprehensive scientific evaluations of the state of earth's climate**.
- So far, five assessment reports have been produced, the **first one being released in 1990**. The **fifth assessment report had come out in 2014** in the run up to the climate change conference in Paris.
- The Assessment Reports - by **three working groups of scientists**.
 - **Working Group-I** - Deals with the scientific basis for climate change.
 - **Working Group-II** - Looks at the likely impacts, vulnerabilities and adaptation issues.
 - **Working Group-III** - Deals with actions that can be taken to combat climate change.

Way Forward

- Climate change is described by many as a far **greater threat to humanity than Covid-19, because of its irreversible impacts**. Many of the impacts such as sea level rise and melting of glaciers will continue for many years.
- There is a **need for a drastic and immediate cut in carbon emissions**, given that the changes to the climate already made are not reversible.
- All nations, especially the G20 and other major emitters, **need to join the net-zero emissions coalition** and reinforce their commitments with credible, concrete and enhanced Nationally Determined Contributions and policies before **COP26 in Glasgow, Scotland**.

Source: IE

Atlantic Ocean Current System: AMOC

Why in News

According to the recently released **IPCC's Report, Atlantic Meridional Overturning Circulation (AMOC) is losing its stability** and is very likely to **decline over the 21st century**.

The ocean has an interconnected current, or circulation, system powered by wind, tides, the Earth's rotation (Coriolis effect), the sun (solar energy), and water density differences.

Key Points

- **About AMOC:**
 - **It is a large system of ocean currents.**
 - It is the **Atlantic branch of the ocean conveyor belt or ThermoHaline Circulation (THC)**, and distributes heat and nutrients throughout the world's ocean basins.
- **Working of AMOC:**
 - AMOC carries **warm surface waters from the tropics** towards the Northern Hemisphere, where it cools and sinks.
 - It then **returns to the tropics** and then to the **South Atlantic as a bottom current**. From there it is **distributed to all ocean basins** via the Antarctic Circumpolar Current.
 - The **ACC** is the **most important current in the Southern Ocean**, and the **only current** that flows **completely around the globe**.
- **Implications of decline of AMOC:**
 - **Without a proper AMOC and Gulf Stream**, Europe will be **very cold**.
 - Gulf Stream, a part of the AMOC, is a **warm current responsible for mild climate** at the Eastern coast of North America as well as Europe.
 - An **AMOC shutdown would cool the northern hemisphere** and **decrease rainfall over Europe**.
 - It can also have **an effect on the El Nino**.
 - El Nino is a **climate pattern** that describes the **unusual warming of surface waters** in the eastern tropical Pacific Ocean.
 - It can also **shift monsoons in South America and Africa**.

- **Causes:**
 - Climate models have long predicted that **global warming** can cause a **weakening of the major ocean systems of the world.**
 - **Freshwater inflow** from the melting of the Greenland ice sheet.
 - In July 2021, **researchers noted** that a **part of the Arctic's ice called "Last Ice Area" has also melted.**
 - The **freshwater from the melting ice** reduces the **salinity and density of the water.**
 - Now, the water is unable to sink as it used to and weakens the AMOC flow.
 - **Indian Ocean** may also be helping the slowing down of AMOC.
 - **Increasing precipitation** and river run-off.
- **Importance of AMOC:**

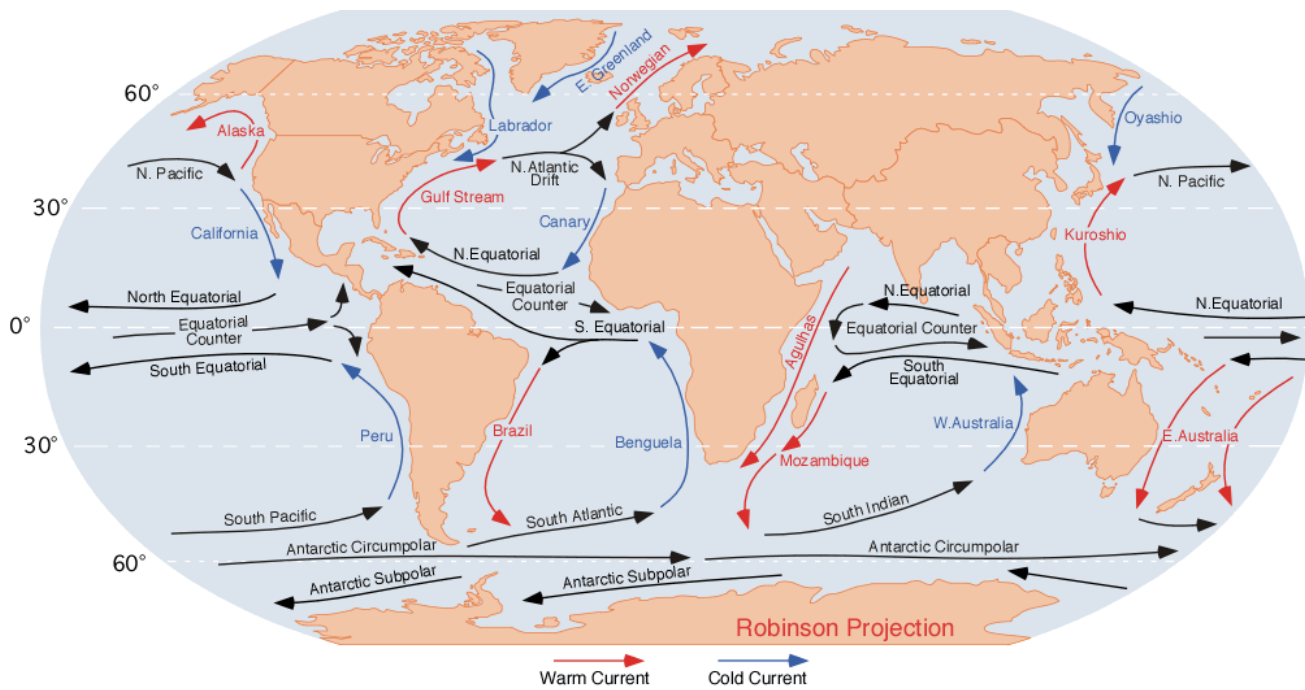
It plays a **critical role in redistributing heat and regulating weather patterns** around the world.
- **Concerns:**

The AMOC decline is **not just a fluctuation or a linear response to increasing temperatures** but likely means the **approaching of a critical threshold** beyond which the **circulation system could collapse.**

Ocean Currents

- **About:**

Ocean currents are **located at the ocean surface and in deep water below 300 meters.** They can **move water horizontally and vertically** and occur on **both local and global scales.**
- **Surface Currents:**
 - Surface currents in the ocean are **driven by global wind systems that are fueled by energy from the sun.** Patterns of surface currents are determined by wind direction, Coriolis forces from the Earth's rotation, and the position of landforms that interact with the currents.
 - Surface wind-driven currents **generate upwelling currents** in conjunction with landforms, creating deepwater currents.
 - **Upwelling** is a process in which deep, cold water rises toward the surface.
 - Along the east coast of the US, the **Gulf Stream carries warm water** from the equatorial region to the North Atlantic Ocean, keeping the southeast coast relatively warm.
 - Along the west coast of the US, the **California Current carries cold water** from the polar region southward, keeping the west coast relatively cooler than the east coast.
 - **Gyre**, is a vast circular system made up of ocean currents that spirals about a central point.
 - Such as the Gulf Stream–North Atlantic–Norway Current in the Atlantic Ocean and the Kuroshio–North Pacific Current in the Pacific Ocean.

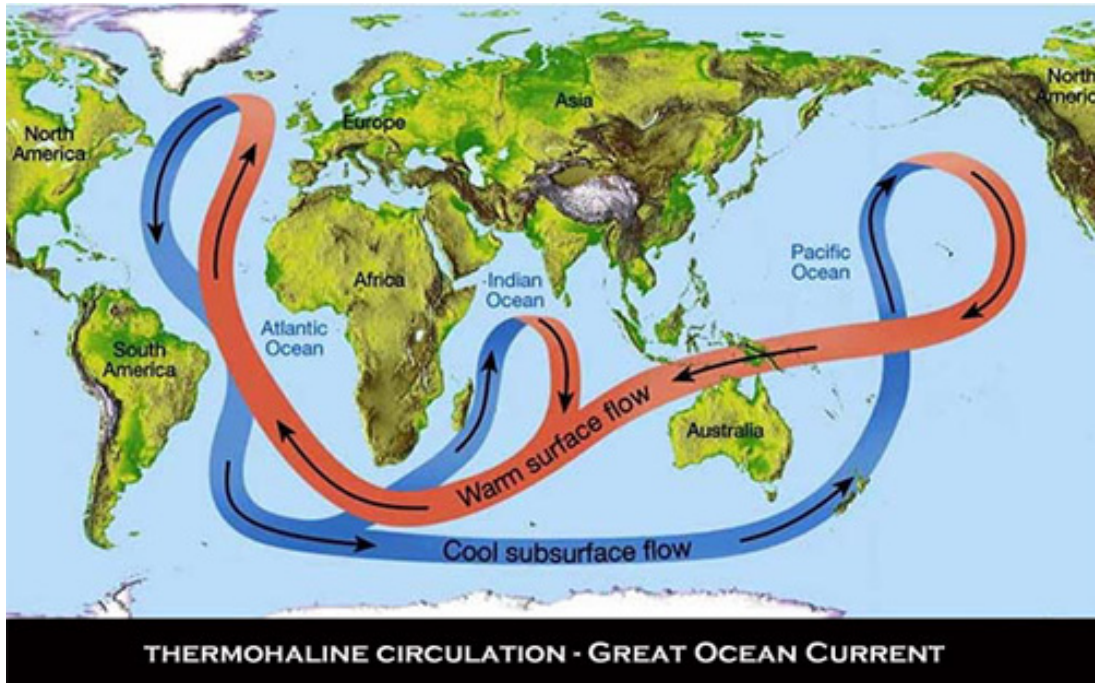


- **Deep Water Currents:**

- Currents may also be caused by density differences in water masses due to **temperature (thermo) and salinity (haline) variations** via a process known as **thermohaline circulation**.
- These currents **move water masses through the deep ocean**—taking nutrients, oxygen, and heat with them.

- **Conveyor Belt:**

- **Density differences in ocean water** contribute to a **global-scale circulation system**, also called the **global conveyor belt**. It includes **both surface and deep ocean currents** that circulate the globe in a 1,000-year cycle.
- The global conveyor belt's circulation is the **result of two simultaneous processes**: warm surface currents carrying less dense water away from the Equator toward the poles, and cold deep ocean currents carrying denser water away from the poles toward the Equator.
- The ocean's global circulation system plays a **key role in distributing heat energy**, regulating weather and climate, and cycling vital nutrients and gases.



Source: IE

India Plastics Pact

Why in News

The **India Plastics Pact**, the first in Asia, will be launched in September in **collaboration with Confederation of Indian Industries (CII)** and **World Wide Fund for Nature (WWF)**.

Recently, **a report published on closing the plastic circular Gap**, suggested that there is a dire need to make large scale global interventions to manage plastic waste.

Plastic Pacts

- The Plastics Pacts are business-led initiatives and transform the plastics packaging value chain for all formats and products.
- The Pacts bring together everyone from across the plastics value chain to implement practical solutions.
- **All Pacts unite behind four targets:**
 - To eliminate unnecessary and problematic plastic packaging through redesign and innovation;
 - To ensure all plastic packaging is reusable or recyclable,
 - To increase the reuse, collection, and recycling of plastic packaging,
 - And to increase recycled content in plastic packaging.
- The first Plastics Pact was launched in the U.K. in 2018.

Key Points

- **About:**
 - The India Plastics Pact is an ambitious, **collaborative initiative that aims to bring together businesses, governments and NGOs across the whole value chain** to set time-bound commitments to reduce plastics from their value chains.
 - While the India Plastics Pact **will be active in India**, it will **link globally with other Plastics Pacts**.
 - The Pact will develop a road map for guidance, form action groups composed of members, and initiate innovation projects.
 - **Members' accountability** is ensured through ambitious targets and annual data reporting.
 - The vision, targets and ambition of the India Plastics Pact are **aligned with the circular economy principles of the Ellen MacArthur Foundation's New Plastics Economy**.
- **Aim:**
 - The Pact aims **to transform the current linear plastics system into a circular plastics economy** that will:
 - Reduce the use of problematic plastics,
 - Retain valuable materials in the economy for use in other products,
 - Generate jobs, investment and opportunities in the plastics system in India.
 - It aims **to promote public-private collaborations** that enable solutions to eliminate the plastics we do not need, bring innovation to packaging design, and to capture the value of the plastics we use.
- **Need for Plastic Pacts:**
 - **Indian Scenario:**
 - India generates **9.46 million tonnes of plastic waste annually**.
 - 40% plastic waste goes uncollected.
 - 43% of all plastics produced in India are used for packaging, majority of them being single-use.
 - However, viewed from the angle of livelihoods, post-consumer segregation, collection and **disposal of plastics make up about half of the income of 1.5- 4 million waste-pickers in India**.
 - **Global Scenario:**
 - **Mismanagement of more than 7.7 billion metric tonnes of plastic waste** globally over the next 20 years is expected, which is equivalent to 16-times the weight of the human population.
 - Among the many applications of plastic, plastic packaging is the largest.
 - A 2019 report by the Center for International Environmental Law suggests that by 2050, greenhouse gas emissions from plastic could reach over 56 gigatonnes, 10-13% of the remaining carbon budget.

- **Expected Outcome:**

- It can be expected to **boost demand for recycled content, investments in recycling infrastructure, jobs in the waste sector**, and beyond.
- The Pact will **support the Extended Producer Responsibility framework** of the government and **improve solid waste management as envisioned in the Swachh Bharat Abhiyan**.
- Integral to the Pact's framework is the **involvement of the informal waste sector** crucial to post-consumer segregation, collection and processing of plastic waste.
- Apart from benefits to society and economy, delivering the targets will drive **circularity of plastics and help tackle pollution**.
- They will **lead to significant reduction in greenhouse gas emissions**.

Circular Economy

- The circular economy is a model of production and consumption, which involves sharing, leasing, reusing, repairing, refurbishing and recycling existing materials and products as long as possible. In this way, the life cycle of products is extended.
- In practice, it implies reducing waste to a minimum. When a product reaches the end of its life, its materials are kept within the economy wherever possible. These can be productively used again and again, thereby creating further value.

Principles in Ellen MacArthur Foundation's New Plastics Economy:

It is based on three principles:

- Design out waste and pollution.
- Keep products and materials in use.
- Regenerate natural systems.

Source: TH

World Tribal Day, 2021

Why in News

World Tribal Day **or International Day of the World's Indigenous Peoples** is observed on **9th August every year**.

It is aimed at promoting and protecting the rights of the world's indigenous population and to acknowledge the contributions that indigenous people make towards world issues such as environmental protection.

Key Points

- **Background:**
 - The day **recognizes the first meeting of the United Nations Working Group on Indigenous Populations** in Geneva in 1982.
 - It has been **celebrated every year since 1994**, in accordance with the **declaration by the United Nations**.
 - To date, numerous indigenous peoples **experience extreme poverty, marginalization, and other human rights violations**.
- **Theme 2021:**

“Leaving no one behind: Indigenous peoples and the call for a new social contract.”
- **Indigenous Peoples:**
 - Indigenous peoples are **inheritors and practitioners of unique cultures** and ways of relating to people and the environment. They have **retained social, cultural, economic and political characteristics** that are **distinct** from those of the **dominant societies in which they live**.
 - There are over **476 million indigenous peoples** living in 90 countries across the world, accounting for **6.2% of the global population**.
- **Significance:**
 - **Protecting Critical Ecosystem:**
 - Around **80% of the world’s biodiversity is inhabited and protected by indigenous populations**.
 - Their innate, diverse knowledge about lands, nature, and its development are extremely crucial to ensure the protection of the critical ecosystem, natural resources.
 - **Preserving Languages:**

With 370-500 million indigenous peoples representing the majority of the world’s cultural diversity, they **speak the greater share of almost 7000 languages in the world**.
 - **Contributing to Zero Hunger Goal:**
 - The **crops grown by indigenous people** are **highly adaptable**. They can **survive drought, altitude, flooding**, and any kind of extremes of temperature. As a result, these crops help **create resilient farms**.
 - Also, quinoa, moringa, and oca are some of the native crops that have the ability to expand and diversify our food base. These would contribute to the goal to attain Zero Hunger.

- **Other Global Efforts:**
 - **Decade of Indigenous Languages (2022-2032):** It aims to **conserve Indigenous languages**, which helps preserve their cultures, world views and visions, as well as expressions of self-determination.
 - **United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP):** It establishes a universal framework of minimum standards for the survival, dignity and well-being of the indigenous peoples of the world.
 - **Permanent UN Forum on Indigenous Issues:** It was established with the mandate to deal with indigenous issues related to economic and social development, culture, the environment, education, health and human rights. It is an advisory body to the UN Economic and Social Council.

Tribes in India

- **Data Analysis:**
 - India **hosts around 104 million** (that is almost 8.6% of the country's population).
 - Though there are **705 ethnic groups** that have been formally identified, out of which around **75 are Particularly Vulnerable Tribal Groups (PVTGs)**.
The **Gond** comprise the largest tribal group of India.
 - The **largest number of tribal communities** (62) are found in **Odisha**.
 - The **central tribal belt** which comprises the Northeastern states of India (including the region ranging from Rajasthan to West Bengal) boasts of the maximum concentration of indigenous population.
- **Major Constitutional Provisions:**
 - **Article 342 (1)-** The President may with respect to any State or Union Territory, and where it is a State, after consultation with the Governor, by a public notification, specify the tribes or tribal communities or part of or groups within tribes or tribal communities as Scheduled Tribe in relation to that State or Union Territory.
 - **Article 15-** Prohibition of discrimination on grounds of religion, race, caste, sex or place of birth only.
 - **Article 16-** Equality of opportunity in matters of public employment.
 - **Article 46-** Promotion of educational and economic interests of scheduled castes, Scheduled tribes and other weaker sections.
 - **Article 335-** Claims of Scheduled Castes and Scheduled Tribes to services and posts.
 - As per **Article 338-A** of the Constitution of India, the National Commission for Scheduled Tribes has been set-up.
 - **5th and 6th Schedule-** Administration and control of Scheduled and Tribal Areas.

- **Legal Provisions:**
 - **Protection of Civil Rights Act, 1955** against Untouchability.
 - **Scheduled Castes and the Scheduled Tribes (Prevention of Atrocities) Act, 1989** to prevent the commission of offences of atrocities against the members of the SC and ST.
 - **Provisions of the Panchayats (Extension to the Scheduled Areas) Act, 1996** to provide for the extension of the provisions of Part IX of the Constitution relating to the Panchayats to the Scheduled Areas.
 - **Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006** to recognize and vest the forest rights and occupation in forest land in forest dwelling scheduled tribes and other traditional forest dwellers.
- **Initiatives:**
 - **TRIFED** is a national-level apex organization functioning under the administrative control of the Ministry of Tribal Affairs. It is involved in schemes such as **MSP for MFP** and **TRIFOOD**.
 - **Pradhan Mantri Van Dhan Yojana**: A market-linked tribal entrepreneurship development program for forming clusters of tribal **Self Help Groups (SHGs)** and strengthening them into **Tribal Producer Companies**.
 - **Capacity Building Initiative**: Empowering tribal Panchayati Raj Institution (PRI).
 - **1000 Springs Initiative & Online portal on GIS-based Spring Atlas**: Harnessing Springs, which are natural resources of groundwater discharge.
 - **Digital Transformation of Tribal Schools**: In the first phase, 250 **Eklavya Model Residential Schools (EMRS)** have been adopted by Microsoft, out of which 50 EMRS schools will be given intensive training and 500 master trainers would be trained.
- **Committees Related to Tribal Communities**:
 - Xaxa Committee (2013)
 - Bhuria Commission (2002-2004)
 - Lokur Committee (1965)

Source: HT

PM-KISAN

Why in News

Recently, the Prime Minister released the **9th instalment of financial benefit under Pradhan Mantri Kisan Samman Nidhi (PM-KISAN)**.

Further, the Prime Minister also interacted with farmer beneficiaries during the event.

Key Points

- **PM-KISAN:**
 - **About:**
 - Under the scheme, the Centre transfers an **amount of Rs 6,000 per year**, in **three equal instalments**, directly into the bank accounts of all landholding farmers irrespective of the size of their land holdings.
 - It was **launched in February 2019**.
 - **Funding and Implementation:**
 - It is a **Central Sector Scheme** with 100% funding from the Government of India.
 - It is being implemented by the **Ministry of Agriculture and Farmers Welfare**.
 - **Identification of Beneficiaries:**

The entire responsibility of identification of beneficiary farmer families **rests with the State/UT Governments**.
 - **Objectives:**
 - To supplement the financial needs of the Small and Marginal Farmers in procuring various inputs to ensure proper crop health and appropriate yields, commensurate with the anticipated farm income at the end of each crop cycle.
 - To protect them from falling in the clutches of moneylenders for meeting such expenses and ensure their continuance in the farming activities.
- **Highlights of the Prime Minister's Address:**
 - The Prime Minister **launched a National Edible Oil Mission-Oil Palm (NMEO-OP)** as a pledge for **achieving self-reliance in edible oil**.
 - For the first time, India has reached **among the top-10 countries of the world in terms of agricultural exports**.
 - **Biggest ever purchase** from farmers at **Minimum Support Price (MSP)**, Rs 1,70,000 crore have reached directly into the accounts of rice farmers and about Rs. 85,000 crore to wheat farmers.
 - **Small farmers are now being given utmost priority** in the agricultural policies of the country.
 - Initiatives like **Food Parks**, **Kisan Rails** and **Kisan Infrastructure Fund** will help small farmers.
 - These steps increase the small farmer's access to market and his bargaining power through **Farmer Produce Organizations (FPOs)**.
 - The Prime Minister touched upon initiatives like **Mission Honey-Bee** and making **saffron from Jammu & Kashmir** in the **National Agricultural Cooperative Marketing Federation of India Limited (NAFED)** shops.
 - Indian agriculture and farmers have a big role in **determining the condition of India in 2047**, when the country completes 100 years of independence.

Government e-Marketplace

Why in News

The **Government e-Marketplace (GeM)** system has resulted in **a 10% savings in public procurement costs in five years**, but has still tapped only 5% of India's total government purchases of about Rs 20 lakh crore a year.

56% of the order value processed through the GeM portal has been delivered by **Micro, Small and Medium Enterprises (MSMEs)**, with seven lakh small firms on board.

Key Points

- **About:**
 - **GeM is a one-stop National Public Procurement Portal** to facilitate online procurement of common use Goods & Services required by various Central and State Government Departments/Organizations/Public Sector Undertakings (PSUs).
 - The procurement of goods and services by Ministries and the Central Public Sector Enterprises (CPSEs) is **mandatory for goods and services available on GeM**.
 - It also **provides the tools of e-bidding and reverse e-auction** to facilitate the government users achieve the best value for their money.
 - At present, GeM has more than 30 lakh products, over Rs. 10 lakh crore worth of transactions have happened so far at the portal.
- **Launch:**

It was **launched in 2016** to bring transparency and efficiency in the government buying process.
- **Nodal Ministry:**

Ministry of Commerce and Industry.
- **Recent Updates:**
 - **Bamboo Market Window** (The Green Gold Collection).
 - **Country of Origin Mandatory**: GeM has made it mandatory for sellers to enter the Country of Origin while registering all new products on GeM.

This has been enabled on the portal so that the buyers can choose to buy only those products that meet the minimum 50% local content criteria.

- **Significance:**
 - **Transparent and Cost-effective Procurement:** GeM is enabling quick, efficient, transparent and cost-effective procurement, especially when government organizations require products and services urgently to fight against the Covid-19 pandemic.
 - **Promotion of Atmanirbhar Bharat:** GeM has been promoting the Atmanirbhar Bharat policy, introduced in the wake of the **Covid-19 pandemic**, meant to encourage self-reliance and boost small Indian manufacturers.
 - **Entry of Small Local Sellers:** The Marketplace has facilitated entry of small local sellers in Public Procurement, while **implementing 'Make in India'** and **MSME** Purchase Preference Policies of the Government in the true sense.
 - **Multiple Entities at One Place:** The online marketplace can aggregate demand from multiple entities for similar products, and build on the preferences provided by State governments to small enterprises.
- **Challenges:**
 - **Multiple Portals:**

There are multiple portals in Central government departments, such as the defence procurement portal, and the Indian Railways e-Procurement System, which could limit GeM's effort to achieve its mandate as the National Public Procurement Portal and provide the benefit of economies of scale and efficiency.
 - **Lack of Compliance:**

It also faces a bit of a challenge in getting all Central organisations to comply with Rule 149 of the **General Financial Rules (GFR) 2017**, which mandates that all common-use goods and services that are available on the GeM portal should necessarily be procured on the platform.

Way Forward

- GeM has ambitions to grow in size and become a one-stop shop for both buyers and sellers. It has gotten off to a great start, and is gradually building an efficient and reliable marketplace ecosystem.
- If it can effectively overcome the challenges that limit its growth, it could go on to be as precious as the shiny mineral crystals that are invoked by its mere name.

Source: TH

Monetary Policy Report: RBI

Why in News

The **Reserve Bank of India (RBI)** has released the **Monetary Policy Report (MPR)** for the month of August 2021.

It kept the **policy rate unchanged for the seventh time in a row**. And **appealed to the centre and states to reduce taxes** on fuels to curb inflationary pressures.

Monetary Policy Report

- The MPR is published by the **Monetary Policy Committee (MPC)** of RBI.
- The MPC is a statutory and institutionalized framework under the **RBI Act, 1934**, for **maintaining price stability, while keeping in mind the objective of growth**.
- The MPC **determines the policy interest rate (repo rate)** required to achieve the **inflation target of 4% with a leeway of 2% points on either side**.
- The **Governor of RBI is ex-officio Chairman** of the MPC.

Key Points

- **Unchanged Policy Rates:**
 - **Repo Rate** - 4%.
 - **Reverse Repo Rate** - 3.35%.
 - **Marginal Standing Facility (MSF)** - 4.25%.
 - **Bank Rate**- 4.25%.
- **GDP Projection:**

Real **Gross Domestic Product (GDP)** growth for 2021-22 has been retained at 9.5%.
- **Inflation:.**

RBI has revised the projection for **Consumer Price Index (CPI)** inflation to 5.7% from 5.1%.
- **Variable Rate Reverse Repos:**
 - In order to absorb additional liquidity in the system, the RBI announced conducting a **Variable Rate Reverse Repo (VRRR)** program due to the higher **yield prospects as compared to the fixed rate overnight reverse repo**.

The RBI has decided to **increase the quantum under the VRRR to Rs 4 trillion in a phased manner**.
 - It also **extended the liquidity support to banks** to lend to stressed businesses by another three months to 31st December 2021.
- **Interest Rates:**

Elevated inflation level and delayed recovery in the economy has prompted the panel to keep rates steady. **Interest rates in the banking system are expected to remain stable** in the next couple of months.

Recovery faced rough weather due to the **Covid second** wave and lockdowns in states

- **Accommodative Stance:**

It decided to continue with an **accommodative stance** as long as necessary to revive and sustain growth on a durable basis and continue to mitigate the impact of **Covid-19** on the economy, while **ensuring that inflation remains within the target going forward.**

An accommodative stance means a **central bank will cut rates to inject money into the financial system** whenever needed.

- **Optimism For Recovery:**

- **Resilient Demand:**

After the **second wave** of infections, domestic economic activity had started to recover with accelerated **vaccination.**

- **Economic Package:**

Although investment demand is still anaemic, improving capacity utilisation, rising steel consumption, higher imports of capital goods, congenial monetary and financial conditions and the **economic packages announced by the central government** are expected to kick-start a long-awaited revival.

- **High Frequency Indicators:**

High-frequency indicators (electricity consumption, nighttime lights intensity and nitrogen dioxide emissions) suggest that **consumption** (both private and Government), **investment and external demand are all on the path of regaining traction.**

- **Concerns:**

Inflation management can pose a **serious challenge when the elevated fuel price pass through starts** to occur and thus inflation shock is unlikely to be transitory even by definition.

- **Suggestions:**

- **Reduce Taxes:**

With crude oil prices at elevated levels, a calibrated **reduction of the indirect tax component of pump prices by the centre and states can help** to substantially lessen cost pressures.

- **Economic Stimulus:**

On the economic front, despite the uptick, **it is important that a stimulus is provided by the government to give a thrust to consumption.** The timing of such measures will be apt at this juncture as the festive season is about to begin.

- **Policy Use:**

The **nascent and hesitant recovery in the economy needs** to be nurtured through **fiscal, monetary and sectoral policy levers.**

Key Terms

- **Repo and Reverse Repo Rate:**
 - Repo rate is the rate at which the **central bank of a country** (Reserve Bank of India in case of India) **lends money to commercial banks in the event of any shortfall of funds**. Here, the central bank purchases the security.
 - Reverse repo rate is the rate at which the **RBI borrows money from commercial banks within the country**.
- **Bank Rate:**

It is the rate charged by the RBI **for lending funds to commercial banks**.
- **Marginal Standing Facility (MSF):**
 - MSF is a window for scheduled banks **to borrow overnight from the RBI in an emergency situation when interbank liquidity dries up completely**.
 - Under interbank lending, banks lend funds to one another for a specified term.
- **Inflation:**
 - Inflation refers to the rise in the prices of most goods and services of daily or **common use, such as food, clothing, housing, recreation, transport, consumer staples, etc.**
 - Inflation measures **the average price change in a basket of commodities and services** over time.
 - Inflation is indicative **of the decrease in the purchasing power of a unit of a country's** currency. This could ultimately lead to a deceleration in economic growth.
- **Consumer Price Index:**
 - It measures price changes **from the perspective of a retail buyer**. It is released by the **National Statistical Office (NSO)**.
 - The CPI calculates the difference in **the price of commodities and services such as food, medical care, education, electronics etc, which Indian consumers buy for use**.

Source: IE
