

15th June, 2024

1. Death of workers in Kuwait underlines vulnerability of Indian migrants GS 2 (International Relations)

- **Why in News:** The recent tragic incident in Kuwait where 45 Indian workers died in a fire highlights the dire working conditions of a significant portion of the Indian diaspora in the **Gulf region**. This event underscores the lack of safety provisions and the exploitation faced by migrant workers, particularly under the **kafala system**.
- **Working Conditions and Safety Provisions:**
 - **Inadequate Safety Measures:** The labour camp lacked basic fire safety provisions like fire exits and firefighting equipment, contributing to the high casualty count.
 - **Overcrowding and Vulnerability:** Reports indicate the building was overcrowded, exacerbating the rapid spread of the fire and highlighting the vulnerability of migrant workers.
 - **Government Response:** The Kuwait government has initiated an investigation and vowed to hold those responsible accountable, signaling recognition of systemic failures.
- **Exploitation and Legal Protections:**
 - **Vulnerability to Exploitation:** Indian workers in the Gulf, including Kuwait, often face exploitation due to the kafala system that ties them to their employers, limiting their rights and mobility.
 - **Remittance Contribution:** Indian workers in the Gulf contribute significantly to India's economy through remittances, underscoring their economic importance despite challenging conditions.
 - **Legal and Support Challenges:** Legal redressal for migrant workers is cumbersome and expensive, compounded by language barriers and lack of legal aid, leaving them largely unprotected.
- **Policy Measures and Legislative Reforms:**
 - **Existing Policy Framework:** India has signed MoUs with Gulf countries to improve worker recruitment and legal protections, but implementation remains ineffective.
 - **Need for Legislative Updates:** The outdated Emigration Act fails to adequately protect migrant workers, necessitating urgent legislative reforms.
 - **Government Responsibility:** There is a pressing need for the Indian government to prioritize migrant worker welfare in policy and law, ensuring their safety and rights are upheld abroad.

Mortal remains of 45 Indian workers killed in Kuwait blaze brought back

The Hindu Bureau
Kochi, New Delhi

Mortal remains of 45 Indian migrant workers who had perished in a deadly fire in Kuwait were brought back in an Indian Air Force aircraft on Friday.

Meanwhile, one of the injured persons who was in a critical condition passed away taking the total number of Indians who died in the incident to 46. The news was confirmed by Kuwaiti Foreign Minister Abdullah Al-Yahya.

The mortal remains of the men were first flown to the Kochi airport at 10.30 a.m., where a Kerala government delegation led by



Nation grieves: The victims of the Kuwait fire accident given a guard of honour at the Kochi airport on Friday. THULASI KAKKAT

Chief Minister Pinarayi Vijayan and his Cabinet colleagues paid homage to the 31 victims who hailed from Kerala, Tamil Nadu and Karnataka. The C-130J Hercules of the IAF next flew to New Delhi, where the bodies of the remaining 14 victims were received by officials of the Ministry of External Affairs and medical teams.

Minister of State for External Affairs Kiritvardhan Singh, the Ministry's Joint

Secretary of the Gulf Division Aseem R. Mahajan, and other officials who had travelled to Kuwait to coordinate the humanitarian airlift operation also returned in the same aircraft. The bodies of 23 workers from Kerala, seven from Tamil Nadu, and one from Karnataka were among the 31 received in Kochi. "I want to pay my heartfelt condolences to the families of the people who lost their lives in this accident," said Mr. Singh speaking to the media in Kochi.

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FAMILIES IN MOURNING
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2. India growth story has a 'beneficial ownership' hurdle GS 2 (Governance)

- **Why in News:** The amendment to the **Indian Foreign Exchange Management (Non-debt Instruments) Rules, 2019** known as **Press Note 3 of 2020**, introduced the **PN3 Requirement**. This rule mandates prior government approval for investments in Indian companies originating from or involving entities in neighboring countries.
- **Vagueness and Compliance Burden:**
 - **Unclear Definitions of Beneficial Owners:** Lack of clarity on the term "beneficial owner" leads to regulatory uncertainty.
 - **Financial Risks for Indian Companies:** Potential fines up to three times the investment received create financial instability.
 - **Proposed Solution - Defining Ownership Thresholds:** Define ownership thresholds and control tests to clarify compliance requirements.

India growth story has a 'beneficial ownership' hurdle

Foreign investments will play a crucial role in achieving the government's goal of a \$5 trillion economy by the end of the financial year 2025-26. But, in order to attract foreign investment, it is essential to remove all the barriers for the Indian companies receiving this investment, and also foreign investors who are willing to bet on the India growth story.

Amendment conundrum
The amendment to the Indian Foreign Exchange Management (Non-debt Instruments) Rules, 2019 (FEMA-NDI) through the press note number 3 of 2020, has posed a significant challenge for Indian companies, especially start-ups and smaller enterprises seeking foreign investments.

This amendment stipulates that any investments in Indian companies, whether direct or indirect, originating from entities located in countries that share land borders with India ("Neighbouring Countries"), or where the "beneficial owner" of the said Indian investment is situated in, or is a citizen of any of these Neighbouring Countries would necessitate prior government approval ("PN3 Requirement").

While the aim of the amendment which was promulgated during the COVID-19 pandemic was salutary – i.e., to curb opportunistic takeovers or acquisitions of Indian companies by Neighbouring Countries during difficult times caused by a black swan event – it created vast uncertainty as the term "beneficial owner" has not been explained or defined, and other laws that have a definition of the term are content-specific. When the PN3 requirement was first introduced, the industry in general was comfortable taking a lenient view, relying on the beneficial ownership thresholds that were legislated in other laws. But since the later half of 2022, the Reserve Bank of India (RBI) began taking a more conservative view concerning issues on which the law was silent, especially under FEMA-NDI.

For example, last year, numerous Foreign Owned or Controlled Companies ("FOCCs")



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begin receiving notices from the RBI regarding their downstream investments. The industry has since taken the view that FOCCs will be placed under the same restrictions as non-residents on the aspects on which the law is silent. However, when this notion was challenged by the RBI recently, investors began to question other industry practices on which the FEMA-NDI was silent. From law firms that were once fine with adopting a lenient view in cases of beneficial ownership thresholds, are now advising clients that they cannot offer assurance by relying on the beneficial ownership thresholds registered under other laws.

Further, the obstacle of navigating the prior government approval route is exacerbated by its time-consuming nature and high rejection rate. Although consolidated official data on pending or rejected applications is not published by the Government of India, some government officials have stated that proposals worth \$50,000 crore from the Neighbouring Countries are either pending, withdrawn or rejected, and a staggering 201 applications have been rejected in the past three years.

With the PN3 Requirement, the onus of compliance is on the Indian company that receives foreign investment, with the regulatory authorities having the discretion to impose fines of up to three times the investment received. The inherent vagueness within the legislation, along with severe penalties, can cast doubt on the sustainability of these companies.

Many of these start-ups receive investments far beyond their revenue or assets. So, such fines could leave them insolvent, even if they liquidate. Non-compliance would likely trigger legal battles, adding to India's already significant backlog of court cases.

Issues and solutions
First, the industry challenge: Indian companies could consider having foreign investors to furnish representations backed by indemnities regarding

their compliance with the PN3 Requirement. However, this may discourage foreign investment due to potential liabilities.

Therefore, there is a pressing need to amend the PN3 Requirement to define "beneficial owners" comprehensively, including ownership thresholds and control tests.

Second, defining "beneficial owner". The definition of "beneficial owner" should specify a precise threshold for ascertaining beneficial ownership, potentially ranging from 10% (as provided under the Indian company law) to 25% (as recommended by the Financial Action Task Force). The selection of the specific threshold can be customised to align with the government's objective of scrutinising varying levels of foreign investment across different sectors. For example, sectors such as telecom and defence, which are sensitive in nature, may warrant heightened scrutiny when compared to sectors such as manufacturing and construction, where India requires additional capital.

The definition should also specify control-conferring rights, beyond ownership thresholds, to capture entities with significant influence. For example, rights regarding board meeting quorums or veto powers over operational matters such as incurring any capital expenditure or availing any loan may confer control and should be outlined. However, investor value protection rights, such as veto powers over mergers or rights of first offer, should be excluded from the definition, as they do not constitute control.

Third, consultation mechanism. Then with the clarification of control-conferring rights in the definition, some ambiguity may persist due to the skilful drafting of peculiar clauses in the charter documents. To mitigate this issue, FEMA-NDI, akin to Indian competition law, could be amended to incorporate a time-bound consultation mechanism with regulatory authorities, to determine whether specific clauses are control-conferring.

- **Impact on Foreign Investments:**
 - **Investor Hesitation:** Foreign investors are deterred by potential liabilities and indemnity requirements.
 - **Sector-specific Sensitivities:** Different sectors like telecom and defence require tailored scrutiny due to their strategic importance.
 - **Proposed Solution - Sector-specific Guidelines:** Introduce sector-specific guidelines aligning ownership thresholds with sensitivity levels of industries.
- **Proposed Amendments and Consultation Mechanism:**
 - **Enhancing Definition of Beneficial Owners:** Include control-conferring rights beyond mere ownership stakes.
 - **Consultation Mechanism:** Implement a time-bound consultation process with regulatory authorities to resolve ambiguities.
 - **Clarity on Control-Confering Clauses:** Specify and clarify clauses in charter documents that confer control to ensure compliance.

3. Delhi L-G grants prosecution sanction against Arundhati Roy under UAPA

Recent events of importance

- **Why in news:**
 - Delhi Lieutenant Governor has sanctioned the prosecution of author-activist Arundhati Roy and Dr Sheikh Showkat Hussain, former professor at the Central University of Kashmir, under Section 45 (1) of the stringent Unlawful Activities (Prevention) Act.
 - They are being prosecuted in relation to a 2010 FIR concerning provocative speeches in public at a New Delhi auditorium.
- **The Unlawful Activities Prevention Act (UAPA), 1967**
 - **About**
 - ◆ Enacted in 1967, UAPA is the primary counter-terror law in India.
 - ◆ It was enacted to outlaw and penalise unlawful and terrorist activities, which pose a threat to the integrity and sovereignty of India.
 - **Key provisions of UAPA**
 - ◆ **Wide ranging powers to Central Govt**
 - It provides wide-ranging powers to the Central Government to designate organisations as terrorist organisations and
 - It also prescribes the penalties for taking part in the activities of such organisations.
 - ◆ **Applicability**
 - It is also applicable if the offences are committed outside India.
 - Both Indian and foreign nationals can be charged.
 - ◆ **Timeline**
 - A charge sheet can be filed in maximum 180 days after the arrests
 - The investigation has to be completed within 90 days.
 - If investigation is not completed with the stipulated time, the accused is eligible for default bail.
 - ◆ **Special court**
 - The act establishes a special court designated to conduct trials.
 - **2019 Amendment of UAPA**
 - ◆ The original act was amended in the years 2004, 2008, 2013, and 2019 to increase its scope and ambit. 2019 amendment changed the following:
 - ◆ **Who may commit terrorism:**
 - The amendment additionally empowers the government to **designate individuals as terrorists on the same grounds.**
 - ◆ **Approval for seizure of property by NIA:**
 - The Amendment adds that if the investigation is conducted by an officer of the NIA, the approval of the Director General of NIA would be required for seizure of such property.
 - ◆ **Insertion to schedule of treaties**
 - The Act defines terrorist acts to include acts committed within the scope of any of the treaties listed in a schedule to the Act.
 - The Schedule lists nine treaties, including the Convention for the Suppression of Terrorist Bombings (1997), and the Convention against Taking of Hostages (1979).

Delhi L-G sanctions prosecution under UAPA of Arundhati Roy, former professor

Saxena acts on FIR lodged in 2010 that alleged 'provocative speeches in public'

EXPRESS NEWS SERVICE
NEW DELHI, JUNE 14

DELHI LIEUTENANT Governor Vinai Kumar Saxena has sanctioned the prosecution of author-activist Arundhati Roy and Dr Sheikh Showkat Hussain, former professor at the Central University of Kashmir, under Section 45 (1) of the stringent Unlawful Activities (Prevention) Act in connection with a 2010 FIR over "provocative speeches in public" at a New Delhi auditorium.

The FIR, registered on a complaint by social activist Sushil Pandit in 2010, accused Roy and Hussain of delivering provocative speeches at a conference or-



FIR over speech on J&K in Delhi auditorium

ganized under the banner of 'Azadi-The Only Way' on October 21 that year at the Little Theatre Group (LTG) Auditorium on Copernicus Marg in New Delhi. In October 2023, the Lt Governor granted sanction under Section 196 of the Code of Criminal Procedure (CrPC) to prosecute the accused for the offences of promoting enmity between different groups and

CONTINUED ON PAGE 2

- The Amendment adds another treaty to the list. This is the International Convention for Suppression of Acts of Nuclear Terrorism (2005).
- **Section 45 (1) of the UAPA**
 - **Section 45 (1) of the UAPA pertains to the requirement of prior sanction** from the appropriate government authority before a court can take cognizance of any offense under the UAPA.
 - ◆ Under Section 45(2), the **sanction for prosecution has to be given within a prescribed time** only after considering the report by the competent authority.
 - ◆ The authority is expected to make an independent review of the evidence gathered by the investigation agency before making a recommendation to the government for the sanction.
 - Specifically, it states that no court shall take cognizance of any offense under **Chapter III (which deals with unlawful activities)** or **Chapter IV (which deals with terrorist activities)** without the prior sanction of the Central Government or, as the case may be, the State Government.
 - This provision ensures that prosecutions under the UAPA, which involve serious charges related to national security, have oversight and approval from higher government authorities before proceeding in the judicial system.
- **Background of the present case**
 - **FIR registered against the accused**
 - ◆ In 2010, an FIR was filed by social activist Sushil Pandit accusing Arundhati Roy and Dr. Sheikh Showkat Hussain of making provocative speeches at a conference titled "Azadi-The Only Way".
 - ◆ This conference was held on October 21 at the Little Theatre Group (LTG) Auditorium in New Delhi.
 - ◆ The speeches allegedly promoted the idea that Kashmir was never part of India, was forcibly occupied by the Indian Armed Forces, and called for the independence of Jammu and Kashmir from India.
 - **L-G granted sanction under Section 196 of the Code of Criminal Procedure (CrPC)**
 - ◆ In October 2023, Delhi L-G granted sanction under **Section 196 of the CrPC** to prosecute Roy and Hussain for **promoting enmity between different groups and making statements likely to cause public mischief**.
 - ◆ Although the Delhi Police had sought prosecution under IPC Sections 153A, 153B, 504, 505, and Section 13 of the UAPA, the **Lt Governor only granted sanction for the IPC sections**.
 - **Section 13 of the UAPA**– It deals with punishment for unlawful activities for advocating, abetting or inciting any unlawful activity and is punishable with imprisonment up to seven years.
 - **IPC Section 153A** - Promoting enmity between different groups based on religion, race, place of birth, residence, language, etc., and doing acts prejudicial to maintaining harmony.
 - **IPC Section 153B** - Making imputations and assertions prejudicial to national integration.
 - **IPC Section 504** - Intentional insult with intent to provoke a breach of peace.
 - **IPC Section 505**- It pertains to statements conducing to public mischief. It is divided into three sub-sections, each addressing different forms of statements or rumors that can cause public disorder or incite violence
 - **Prosecution under UAPA**
 - ◆ Now, the L-G has given his not to prosecute these two under UAPA.

4. Digital Agriculture Mission

GS 2 (Governance)

- **Why in the News:** In a push to the rural and agriculture sector under Modi 3.0, the Centre is set to announce big projects as part of its first 100-day agenda, which include a Rs 2,800 crore Digital Agriculture Mission.
- **Need for Digitization of Agriculture in India:**
 - According to the NITI Aayog research on artificial intelligence, agriculture must expand at a rate of 4 per cent or higher right now to maintain an annual growth rate of 8–10 per cent.
 - Digitization is crucial for achieving this level of success.
 - The NITI Aayog predicted in a report that **by 2025, AI in agriculture would be worth \$ 2.6 Bn and rise at a pace of 22.5 per cent Compound Annual Growth Rate (CAGR)**.
 - AI currently helps farmers increase yield by assisting them in choosing better crops, hybrid seeds, and resource-efficient farming techniques.

- It is also utilised to improve farming productivity and accuracy to assist farmers in creating seasonal forecasting models

● About Digital Agriculture Mission:

- The Digital Agriculture Mission 2021–2025 aims to **encourage and speed up projects based on cutting-edge technologies, including AI, blockchain, remote sensing, robots, and drones.**
- A comprehensive ICT strategy has, therefore, been developed to reach out to farmers in an easy and better way.
- The strategy also aims for planning and monitoring of schemes so that policy decisions can be taken at a faster pace and farmers can be benefited quickly.

■ To empower different sections of rural areas, different ICT strategies have been devised:

- ◆ Those who have access to **digital infrastructure** can get the information through websites/web portals.
- ◆ Those who have **smart phones** can access the same information through mobile apps.
- ◆ Those who have basic phones, can get this information through **SMS advisories** sent by experts.
- ◆ To get the personalized information; farmers can call at the toll-free number of **Kisan Call Centre**.

● Implementation & Budget of the Mission:

■ Implementation:

- ◆ The launch of the mission was initially planned in 2021-22 but due to Covid-19 outbreak, it could not be rolled out nationally.
- ◆ Meanwhile, the Agriculture ministry started various pilot projects and activities across several states, which are part of the mission.
- ◆ A pilot project has been undertaken across 6 districts — Farrukhabad in Uttar Pradesh, Beed in Maharashtra, Gandhinagar in Gujarat, Fatehgarh Sahib in Punjab, and Virudhunagar in Tamil Nadu.
- ◆ In Farrukhabad, the UP government has already generated unique IDs for over 1.5 lakh farmers.

■ Budgetary Allocation:

- ◆ A budgetary allocation of **Rs 2,800 crore** has been made for the mission and it will be rolled out over the next two years (till 2025-26).

● About National e-Governance Plan in Agriculture (NeGPA):

- The National e-Governance Plan in Agriculture (NeGPA) was initially launched in seven states in 2010-11 and later expanded to cover all states and two union territories by 2014-15.
- **Objective:** To use Information & Communication Technology (ICT) to provide timely agriculture-related information to farmers.
- **Implementation in different phases**
 - ◆ In Phase I, hardware was centrally procured and distributed to pilot states.
 - ◆ In Phase II, funds were allocated to states for various activities, including site preparation, training, hardware procurement, and data digitization.

Launch of ₹2,800 cr Digital Agri Mission part of govt's agenda for first 100 days

HARIKISHAN SHARMA
NEW DELHI, JUNE 14

IN A push to the rural and agriculture sector under Modi 3.0, the Centre is set to announce big ticket initiatives as part of its first 100-day agenda, which include a ₹2,800 crore Digital Agriculture Mission. Besides, Prime Minister Narendra Modi is likely to re-launch the 17th instalment under the Pradhan Mantri Kisan Samman Nidhi from his parliamentary constituency, Varanasi, on June 18.

The Indian Express has learnt that the Digital Agriculture Mission will pave the way for creation of a nationwide farmers-reg-

istry, crop sown registry, and geo-referencing of village maps. It is also learnt that the Union Cabinet, headed by Prime Minister Narendra Modi, is expected to clear a proposal of this effect "very soon". A budgetary allocation of ₹28,000 crore has been made for the mission and it will be rolled out over the next two years (till 2025-26). The launch of the mission was initially planned in 2021-22 but due to Covid-19 outbreak, it could not be rolled out nationally, said a source.

Meanwhile, the Agriculture ministry started various pilot projects and activities across several states, which are part of the mission.

One of the components of

the mission is to create a farmers' registry, in which every farmer will be given a unique ID, the sources said. In some of the states, generation of farmer unique ID has already begun, the sources added.

As per the sources, a pilot project has been undertaken across 6 districts — Farrukhabad in Uttar Pradesh, Beed in Maharashtra, Gandhinagar in Gujarat, Fatehgarh Sahib in Punjab, and Virudhunagar in Tamil Nadu.

The sources said that Uttar Pradesh and Maharashtra have already started generation of farmers' ID. In Farrukhabad, the UP government has already generated unique IDs for over 1.5 lakh farmers. The unique farmer

ID will allow launch of new value-added services and farmers will be able to avail various government schemes including PM-Kisan and Fasal Bima Yojana through this ID. It will also enable them to avail financial services like farm loans and insurance.

The mission also envisages a crop-sown registry. This will have a record of crops sown by a farmer on his land. It will help better planning and estimation of crop production.

Last year, the Centre had asked the States and Union Territories (UTs) to automate/digitise the process of area enumeration/girdawari of crops at field level by adopting Digital Crop Survey from July 2024.

■ Funding

- ◆ The funding pattern varies, with North Eastern and Himalayan states receiving 90:10 funding, other states 60:40, and UTs 100:0.
- ◆ The Committee on Doubling Farmers' Income recognized the transformational potential of digital technology in agriculture, highlighting components like Remote Sensing, GIS, Data Analytics, AI & ML, and IoT.
- ◆ NeGPA guidelines were revised in June 2020 to incorporate these technologies, with funds from 2021-22 earmarked for projects involving modern information technologies.

■ Features of NeGPA:

- ◆ Under NeGPA, the Department developed the **Farmers Portal** to provide information on seeds, storage, pests, diseases, best practices, and market details.
- ◆ The Portal sends crop-related advisories to over 5 crore registered farmers via SMS.
- ◆ Additionally, **mobile applications like Kisan Suvidha**, launched in 2016 and downloaded by over 13 lakh users, provide information on weather, market prices, plant protection, advisories, input dealers, soil health, cold storage, and more, enhancing the accessibility of critical agricultural information.

5. Recent Data Related to India's Exports

GS 3 (Economy)

- **Why in News:** As per the data released by the Union Ministry of Commerce and Industry, India's goods exports in May (2024) logged a sharp 9% year-on-year jump. However, the country's trade gap increased to a seven-month high of \$24 billion due to higher oil imports.
- **What India's Export Data Shows?**

■ Jump in goods/ merchandise exports-imports:

- ◆ New Delhi's goods exports in May (2024) jumped 9.10% to \$38.13 billion from \$34.96 billion the year-ago month.
- ◆ Meanwhile, imports rose at a relatively slower pace of 7.6% to \$61.91 billion from \$57.49 billion in May 2023.

■ Services exports-imports:

- ◆ **Services exports** rose to \$30.16 billion in May from \$26.99 billion in the corresponding month of last year, registering a **healthy 11% increase**.
- ◆ **Services imports** rose 8.81% year-on-year to \$17.28 billion. In May 2023, services imports were at \$15.88 billion.

■ Reasons for this jump in exports (both overall and goods exports):

- ◆ The growth was led by **electronics, petroleum and engineering goods** and also driven by **demand revival** in India's traditional exports markets such as Europe and the United States (US).
- ◆ **For example**, while electronic goods exports jumped 22% year-on-year, engineering exports rose 7.39%. Exports of the labour-intensive readymade garments (RMG) of all textiles were 9.84% higher in May.
- ◆ This is a reflection of the fact that **inflation in major advanced economies has gone down**.
- ◆ This augurs well for India's exports as purchasing power in these markets improve with inflationary pressure coming down.

INDIA'S TRADE DATA FOR MAY

Exports jump 9% YoY amid demand revival; trade deficit at 7-month high

RAVINDRATAMISHRA
NEW DELHI, JUNE 14

DRIVEN BY demand revival in India's traditional export markets such as Europe and the United States (US), India's goods exports in May logged a sharp 9 per cent year-on-year jump, even as country's trade gap widened to a seven-month high of \$24 billion due to higher oil imports, as per data released by the commerce and industry ministry on Friday.

New Delhi's goods exports in May jumped 9.10 per cent to \$38.13 billion from \$34.96 billion the year-ago month. The growth was led by electronics, petroleum, and engineering goods.

Meanwhile, imports rose at a relatively slower pace of 7.6 per cent to \$61.91 billion from \$57.49 billion in May 2023, official data showed.

The merchandise trade deficit widened to a seven-month high driven by a jump in the net oil imports. On sequential terms, 71 per cent of the enlargement in the merchandise trade deficit in May 2024 relative to April 2024 was driven by the net oil balance, with a sharp rise in volumes amidst some cooling in prices," Aditya Nigam, Chief Economist and

TRADE GAP WIDENS TO \$24 BILLION

Month	Exports	Imports	Trade Balance
April 2023	34.41	49.05	-14.64
May 2023	34.96	57.49	-22.53
June 2023	34.32	53.51	-19.19
July 2023	34.49	53.49	-19
August 2023	38.3	62.29	-23.99
September 2023	34.4	54.47	-20.07
October 2023	33.43	63.44	-30.01
November 2023	33.74	54.48	-20.74
December 2023	38.39	56.49	-18.09
Jan 2024	37.32	53.34	-16.02
Feb 2024	41.4	60.1	-18.7
March 2024	41.7	57.28	-15.58
April 2024	34.99	54.09	-19.1
May 2024	38.13	61.91	-23.78

Source: Ministry of Commerce & Industry, figures in \$bn

Head of Research and Outreach, IBSA said.

"Services exports rose to \$30.16 billion in May from \$26.99 billion in the corresponding month of last year, logging a healthy 11 per cent increase. Services imports rose 8.81 per cent year-on-year to \$17.28 billion. In May 2023, services imports were at \$15.88 billion.

"Overall exports have grown in double digits and goods exports have also registered a healthy 9 per cent growth which is a reflection of the fact that inflation in ma-

for advanced economies has gone down. This augurs well for our exports as purchasing power in these markets improve with inflationary pressure coming down," Commerce Secretary Sumit Barthwal told reporters.

Exports to the US rose by over 13 per cent from year-ago levels to \$7.42 billion in May. Outbound shipments to the United Arab Emirates (UAE) jumped nearly 19 per cent year-on-year to \$3.06 billion. Shipments to the Netherlands, an export hub in

Europe, jumped 44 per cent over May 2023 to \$2.19 billion.

This comes after the US economy is recovering at a faster-than-expected pace, which resulted in the World Bank upgrading its outlook for the global economic growth to 2.6 per cent this year from its earlier projection of 2.4 per cent. The World Bank earlier this month revised its outlook for the US economy to 2.5 per cent growth in 2024 compared to 1.6 per cent it projected earlier.

However, India's exports to Australia in May slipped by 3.52 per cent to \$250 million compared to \$258 million. The India-Australia free trade agreement (FTA) came into force in December 2022. Moreover, India's exports to the UAE, another nation that India has an FTA with, jumped by a sharp 50 per cent to \$5.2 billion.

In May, India's exports continued to surge in the electronic and engineering exports category. The month also marked a recovery for textile exports. While electronic goods exports jumped 22 per cent year-on-year, engineering exports rose 7.39 per cent. Exports of the labour-intensive readymade garments (RMG) were 9.84 per cent higher in May.

"Goods exports with growth of 9 per cent compared to May 2023 is not only a good sign but also goes to show efforts and hard work which the exporters are putting together. We further expect exports to show better growth numbers with improved demand coming in from the European Union, UK, West Asia, and the US, which has given a boost to the order bookings by over 10 per cent and has come as a sign of recovery for the labour-intensive sectors of exports," Federation of Indian Export Organisations President Ashwani Kumar said.

Engineering Export Promotion Council of India (EEPC) Chairman Arun Kumar Gargodia said that the optimism in demand in India's key markets. According to him, the global economic outlook is expected to improve in the ongoing fiscal, giving Indian exporters enough reason to remain optimistic. "While both near- and medium-term outlooks remain positive, exporters are facing the challenge of high ocean freight rates on some key routes. This could affect exports. Also, it has been seen that China is shipping large volumes to the US in the wake of additional import duties that could be applicable to Chinese goods from August this year," Gargodia added.

- **The merchandise trade deficit:**
 - ◆ It surged to a **seven-month high** of \$23.78 billion in May. This was 5.5% higher than the deficit recorded in May 2023.
 - ◆ **71% of the enlargement** in the merchandise trade deficit in May 2024 relative to April 2024 was driven by a sharp rise in volumes of oil imports amidst lowering in prices.
- **India's Export Data Country-Wise:**
 - **Exports to the US:**
 - ◆ It rose by over 13% from year-ago levels to \$7.42 billion in May.
 - ◆ **This comes after the US economy is recovering at a faster-than-expected pace**, which resulted in the World Bank upgrading its outlook for the global economic growth to 2.6% this year from its earlier projection of 2.4%.
 - **Outbound shipments to the United Arab Emirates (UAE):** It jumped nearly 19% year-on-year to \$3.06 billion. However, India's imports from the UAE (nation with which India has an FTA) jumped by a sharp 50% to \$5.2 billion.
 - **Shipments to the Netherlands:** Exports to the Netherlands, which is an export hub in Europe, jumped 44% over May 2023 to \$2.19 billion.
 - **India's exports to Australia:** In May, it **slipped by 3.52%** to \$519 million compared to \$538 million. The India-Australia free trade agreement (FTA) came into force in December 2022.
- **What the Recent Export Data Signifies?**
 - Goods exports with a growth of 9% compared to May 2023 is **not only a good sign but also goes to show efforts and hard work**, which the exporters are putting together.
 - Exports are expected to grow further with **improved demand coming in from the European Union, UK (United Kingdom), West Asia, and the US.**
 - **The rising trade deficit** must be seen in the context that India is growing faster than the world. **For example**, India's economy is growing over 7%, while the global economy is growing at about 2.6%.
 - While both the near and medium-term outlooks remain positive, exporters are facing the **challenges of -**
 - ◆ High ocean freight rates on some key routes.
 - ◆ **China** is shipping large volumes to the US in the wake of additional import duties that could be applicable to Chinese goods from August this year.

6. No outcome in Bonn

GS 3 (Environment)

- **Why in news:** The recent climate meeting in Bonn, Germany, failed to make significant progress on defining a new climate finance goal. By the end of 2024, countries are required to finalize a new monetary target, exceeding the current \$100 billion per year, that developed nations must mobilize to support developing countries in combating climate change.
- **New Collective Quantified Goal (NCQG)**
 - **About**
 - ◆ The NCQG is a forthcoming international climate finance target.
 - ◆ It is being developed to replace and build upon the current commitment of mobilizing \$100 billion per year by developed countries to support climate action in developing countries.

No outcome in Bonn: why money is key to climate action

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NEW DELHI, JUNE 14

CLIMATE meeting in Bonn, Germany, has failed to make much headway on the critical issue of defining a new climate finance goal by the end of 2024, countries have to finalise a new unit of money – above the existing figure of \$100 billion per year – that the developed world must mobilise for the developing countries to help them fight climate change. The Bonn talks, an annual fixture in June, were expected to give at least some indication of the numbers. They could have been worked upon before COP29 – scheduled to take place in Baku, Azerbaijan, in November – where they have to be finalised.

But this did not happen. All that came out was a 35-page, 428-paragraph, “interim paper” which was a broad description of the wish lists of different countries. The last paragraph stated that the climate finance goal should be “adequate, just, and effective” and that it should be “based on the best available science”.

Money is central to climate action. It is needed not just for facilitating mitigation or adaptation measures – massive scale of reducing and absorbing climate data, mandating a year-on-year 20% increase in climate finance, also requires substantial sums of money, especially in developing and poorer countries, where there is also a need to build up the climate work.

Under the international climate architecture set by the UN Framework Convention on Climate Change (UNFCCC), rich and developed countries are obliged to provide money to developing countries to fight climate change. This is because the rich and developed countries are primarily responsible for causing climate change.

In 2009, the developed countries promised to mobilise \$100 billion every year from 2020 towards this purpose. A report by the Organisation for Economic Co-operation and Development (OECD), a grouping of rich countries, two weeks ago stated that the \$100 billion target had been met for the first time in 2022.

However, developing countries contest these claims, citing double-counting and inconsistent accounting, and have often blamed the developed world for not keeping its promise on climate finance.

The 2015 Paris Agreement says that developed countries must provide a “significant increase” of about \$4.1 trillion every year by 2030 and about \$5 trillion annually after that till 2035 to reach a global net-zero status. The increased target, or the New Collective Quantified Goal (NCQG), for the post-2025 period, is to be finalised this year.

A few months back, India formally proposed that developed countries should contribute towards the new goal of at least \$1 trillion every year after 2025. The rich countries have said the figure should be at least \$1 trillion. African countries have demanded \$2 trillion.

The developed countries have not made any offer publicly. They have just acknowledged that the new amount has to be higher than \$100 billion per year.

The adequate amount
It is widely acknowledged that developing countries now need trillions of dollars, not billions, annually. A UNCTAD assessment last year said these countries needed about \$160 billion between now and 2030 just to implement their promised climate actions. Only for their adaptation needs, some of which are part of their climate actions, developing countries require between \$215 billion and \$387 billion annually, it said. The assessment also said the global transition to clean energy and just in developing countries needed investments of about \$4.1 trillion every year by 2030 and about \$5 trillion annually after that till 2035 to reach a global net-zero status. These are assessments of a few specific needs. The overall requirement for climate finance is much greater.

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Debate over contribution
According to the UNFCCC and Paris Agreement, only the countries listed in Annex 2 of UNFCCC – 29 of them and the European Economic Community – are responsible for providing climate finance to developing countries. The listed countries, however, have been trying to shift the responsibility to others as well. They argue that any other countries are now economically better off than in the early 1990s when the list was made. They also argue that the requirements are too high for the original group of listed countries to meet. China, the world's second-largest economy, is not a rich country, and often like South Korea are not part of Annex 2. It is from China said it was playing its part in the global fight against climate change, but had “no intention” of taking additional responsibility.

All eyes on Baku
NCQG is the biggest thing on the climate change agenda this year. An agreement on this has to happen at COP29. The \$100 billion figure was not a negotiated outcome. The offer was made in a statement by then US Secretary of State Hillary Clinton at COP15 in Copenhagen. It was later agreed upon by all the other Annex 2 countries.

LONGER VERSION on
[insidesources.com/ncqg/](https://www.insidesources.com/ncqg/)

- ◆ The NCQG aims to establish a new, more ambitious financial target that reflects the evolving needs and challenges associated with addressing climate change, particularly in developing nations.

■ Key aspects

- ◆ **Increased Financial Commitment** - The NCQG is expected to surpass the existing \$100 billion annual target, recognizing that the financial needs for climate mitigation, adaptation, and resilience have grown significantly.
- ◆ **Expanded Scope** - The goal will address not only the quantum of financial resources but also associated issues such as sources of funding, types of projects to be funded, and effective mechanisms for financial disbursement and utilization.
- ◆ **Inclusivity and Fairness** - The NCQG discussions involve ensuring that the contributions are equitable, with clear criteria on who should contribute based on capabilities and responsibilities.
- ◆ **Monitoring and Accountability** - Establishing robust systems for tracking the flow and impact of the climate finance to ensure transparency and effectiveness.

■ Finalization

- ◆ The goal is expected to be finalized and adopted at upcoming climate conferences, such as COP29.

● Centrality of money in climate action

■ Need of developing and poor countries

- ◆ Money is essential for climate action, needed for both mitigation and adaptation efforts and for tasks such as collecting and reporting climate data, as required by the 2015 Paris Agreement.
- ◆ Developing and poor countries, which face significant capacity gaps, particularly struggle with funding these activities.

■ Obligation under UN Framework Convention on Climate Change (UNFCCC)

- ◆ Under the UNFCCC, rich and developed countries are obligated to provide financial support to developing nations to combat climate change, as they are primarily responsible for its causes.
- ◆ In 2009, developed countries pledged to mobilize \$100 billion annually from 2020 for this purpose.

■ 2015 Paris Agreement

- ◆ The 2015 Paris Agreement mandates that developed countries must periodically raise their climate finance contributions after 2025 to address the increasing demands for climate action.
- ◆ The new target, known as the New Collective Quantified Goal (NCQG), is intended for the post-2025 period and is set to be finalized this year.

■ Report of Organisation for Economic Cooperation and Development (OECD)

- ◆ OECD recently reported that this \$100 billion target was achieved for the first time in 2022.
- ◆ However, developing countries dispute this claim, accusing developed nations of double-counting and using creative accounting methods, and often criticize them for not fulfilling their climate finance promises.

● How much money is required?

■ For the implementing the climate commitments

- ◆ It is widely recognized that developing countries now need trillions of dollars annually for climate action, not just billions.
- ◆ A UNFCCC assessment last year estimated that these countries require about \$6 trillion by 2030 to implement their climate commitments.

■ For adaptation

- ◆ For adaptation needs, these countries need between \$215 billion and \$387 billion annually.
- ◆ The global transition to clean energy demands approximately \$4.3 trillion annually until 2030 and about \$5 trillion annually until 2050 to achieve net-zero emissions.

■ Demand by various countries

- ◆ Recently, India proposed that developed countries should commit to providing at least \$1 trillion annually after 2025.
- ◆ The Arab countries suggested a minimum of \$1.1 trillion, while African countries demanded \$1.3 trillion.
- ◆ However, developed countries have not made any public offers, merely acknowledging that the new target must exceed the current \$100 billion per year.

● Debate over contribution

■ Annexure 2 countries of the UNFCCC

- ◆ Under the UNFCCC and the Paris Agreement, only the 25 countries listed in Annexure 2 of the UNFCCC, along with the European Economic Community, are obligated to provide climate finance to developing nations.

■ Responsibilities being shifted to other countries

- ◆ The Annexure 2 countries have been attempting to shift some of the responsibility to other nations, **arguing that many countries are now economically stronger than they were in the early 1990s when the list was created.**
- ◆ They also contend that the financial requirements for climate action are too large for the original group alone to meet.
- ◆ Countries like China, the world's second-largest economy, oil-rich Gulf states, and South Korea are not part of Annexure 2.

● Outcome of Bonn Summit

- Despite expectations that the Bonn talks would provide at least some indicative numbers to be refined before COP29 in November in Baku, Azerbaijan, this did not materialize.
- Instead, the outcome was a 35-page, 428-paragraph **input paper**.
- This document broadly outlines the wish lists of various countries, covering not only the amount of climate finance but also related issues such as:
 - ◆ Contributors: Identifying which countries should contribute to the climate finance pool.
 - ◆ Allocation: Determining what the funds should be spent on, including specific projects and initiatives.
 - ◆ Monitoring: Establishing mechanisms for tracking and managing the flow of finance.
- The input paper is anticipated to evolve into a formal negotiating draft, which will be the basis for discussions and potential agreements at COP29.

7. Kavli Prize

Recent events of importance

- **Why in News:** The winners of the 2024 Kavli Prize were announced on Wednesday. Eight winners were awarded for their contributions to astrophysics, neuroscience and nanoscience.
- **About:**
 - It is awarded in honour of **Norwegian-American** businessman and philanthropist **Fred Kavli** (1927-2013)
 - The Kavli Prizes are awarded in **three areas:** astrophysics, nanoscience and neuroscience — the largest, the smallest, and the most complex. The inaugural prize was announced in **2008**.
- **Winners in 2024:**
 - **ASTROPHYSICS:** This year's prize for astrophysics has been awarded to David Charbonneau, and Sara Seager for **discoveries of exoplanets**, and the characterisation of their atmosphere.
 - **NANOSCIENCE:** Robert Langer, Armand Paul Alivisatos, and Chad Mirkin were given the prize for **nanoscience for biomedical applications breakthroughs**.
 - **NEUROSCIENCE:** The prize in neuroscience has been awarded to Nancy Kanwisher, Winrich Freiwald, and Doris Tsao for their collective effort over decades to **map the linkage between facial recognition and the brain**.

KAVLI PRIZE
Like the Nobel Prize in cutting edge fields of astrophysics, neuroscience, and nanoscience

ANAGHA JAYAKUMAR
NEW DELHI, JUNE 14
EIGHT SCIENTISTS will be awarded with the Kavli Prize this year.

The prizes are awarded in three areas: astrophysics, nanoscience and neuroscience — the largest, the smallest, and the most complex, Fred Kavli (1927-2013), after whom the prizes are named, said.

Kavli was a Norwegian-American scientist, businessman and philanthropist, who founded Kavli in 1958. The company is a leading manufacturer of pressure transducers (devices which convert pressure into an electric signal) used in a wide variety of industries, from aviation to home appliances.

After selling Kavli for \$340 million in 2000, Kavli established the Kavli Foundation, which awards the Kavli Prize, in partnership with the Norwegian Academy of Science and Letters, and the Norwegian Ministry of Education and Research.

Nobel comparisons
Since 2008, 73 scientists from 19 countries have been honoured with the biennial Kavli Prize. Ten of them have gone on to win the Nobel Prize. While designed to be like the Nobel for its fields, the Kavli Prize is not restricted to recent work, meaning it is wider in its scope. The Nobel is only awarded for achievements made "during the preceding year".

Three independent five-member committees select the winners. These comprise nominees by top science institutes the world, including the Chinese Academy of Sciences, the French Academy of Sciences, Germany's Max Planck Society, the National Academy of Sciences in the US, and the Royal Society in the UK.

The Kavli Prize comprises a \$1 million cash prize (per field), a scroll, and a medal (in picture). The award ceremony is more fancy than the one for the Nobel Prize, with a red carpet rolled out for invitees. This year it will take place on September 3 in the Oslo Concert Hall. The Norwegian Royal Family will hand out the prizes.

2024 winners
All eight winners are professors at leading American universities.

ASTROPHYSICS: David Charbonneau of Harvard University and Sara Seager of the Massachusetts Institute of Technology are this year's winners. They have been recognised for discoveries of exoplanets, and the characterisation of their atmosphere. The citation states that contributions of Charbonneau and Seager included pioneering "methods for the detection of atoms, species in planetary atmospheres and the measurement of their thermal infrared emission".

NANOSCIENCE: Robert Langer of MIT, Armand Paul Alivisatos of the University of Chicago, and Chad Mirkin of Northwestern University were given the prize.

Langer was recognised for his idea of nano-engineering a material for the controlled release of therapeutic biomolecules, which could help development of controlled drug delivery systems to treat diseases like schizophrenia.

NEUROSCIENCE: Alivisatos devised semiconductor crystals or "quantum dots" which could be used as multi-colour fluorescent probes in bio-imaging. Today, these are used for diagnostic imaging of patients, and helping research in medicine and biology.

Mirkin immersed in the concept of the spherical nucleic acid (SNA), a new class of nucleic acids that are densely functionalised and oriented spherically around a nanoparticle core. SNAs have wide-ranging applications like extracellular detection, gene regulation and immunotherapy.

NEUROSCIENCE: This year's winners are Nancy Kanwisher of MIT, Winrich Freiwald of Rockefeller University, and Doris Tsao of the University of California at Berkeley. They have been awarded for their effort to map the linkage between facial recognition and the brain. While Kanwisher identified the exact brain centre for face processing, Tsao and Freiwald took this knowledge forward using functional imaging and recording from individual brain cells to map out the neural architecture of the human brain.

8. Shree Jagannath Temple

Recent event of importance

- **Why in News:** The 12th-century Shree Jagannath temple in Puri has opened all four gates.

- **About Shree Jagannath Temple:**

- The Shree Jagannath temple, also known as Srimandir, is located in Puri, Odisha.
- Built during the rule of **Anantavarman Chodaganga Deva** of the **Ganga dynasty**, it covers an area of 10.734 acres.
- The temple is enclosed by two walls: **Meghanada Prachira (outer wall)** and **Kuruma Prachir (inner enclosure)**.
- **Four Gates of the Temple:**
 - ◆ **Singha Dwara (Lion's Gate):** Located in the east, it is the main entrance. Traditionally believed to grant 'moksha' (liberation) to devotees.
 - ◆ **Vyagha Dwara (Tiger Gate):** Found in the west, symbolizes 'dharma' (duty and righteousness).
 - ◆ **Hasti Dwara (Elephant Gate):** Positioned in the north, signifies prosperity.
 - ◆ **Aswa Dwara (Horse Gate):** Situated in the south, represents 'kama' (desire), with entry requiring detachment from lustful feelings.

- **Significance of Each Gate:**

- ◆ Each gate is associated with specific rituals and beliefs:
 - The south gate is used by the Puri Gajapati (Maharaja of Puri) during certain rituals. Seers and saints traditionally enter through the south gate.
 - Sacred logs (Daru) for crafting new idols enter through the north gate (Uttara Dwara).
 - Servitors typically use the west gate (Paschima Dwara) for temple duties.
- ◆ **Cultural and Ritual Practices:**
 - The choice of gate for entry depends on the ritual or the status of the participant.
 - These gates play a significant role in the temple's administration and spiritual practices, reflecting different aspects of devotion and religious values.

Odia pride, cultural nationalism: why Puri temple gates was BJP priority

SULAT BISNOI
Bhubaneswar, June 14

ALL FOUR gates of the Jagannath temple in Puri were opened for devotees a day after Odisha's new BJP government took oath. "With the blessings of Lord Jagannath, the BJP formed a government in Odisha. As promised by our party, the first proposal which we approved was to open all four entrance gates of the temple," Chief Minister Mohan Charan Mahapatra said.

Four years ago, the Naveen Patnaik government had closed three of the four entrances to the 12th-century temple, among the most revered Hindu shrines in the country. The temple is dedicated to Lord

EXPLAINED
POLITICS

Jagannath, an incarnation of Vishnu, his elder brother Balabhadra, and sister Subhadra. Part of one of the four themes, the most sacred pilgrimage sites for Hindus.

The four gates
The four gates of the Jagannath temple are located on the mid-points of its boundary wall, and face the four cardinal directions.

The main east-facing entrance is the Singha Dwara (Lion's Gate), and has two stone sculptures of lions standing guard. It is believed that those who enter through this gate attain moksha, or liberation from the cycle of birth and rebirth.

Then, the southern and western entrances are known as Hastadwara (Elephant Gate), Anaswara (Horse Gate), and Vyaghadwara (Tiger Gate) respectively.

Entering through the Anaswara is believed to be the devotee of kama (worldly desire or pleasure), entering through the Vyaghadwara is supposed to remind devotees of their dharma (right behaviour), and



The Jagannath temple in Puri, with the Singha Dwara (main entrance) in the front. It

December 23 that year, but the other gates remained shut.

The state government closed the Srimandira Parikrama project as the reason to keep the gates shut. The 1800-metre project involved the development of a 75-metre-long heritage corridor around the temple and improved amenities for devotees.

The Parikrama project was inaugurated on January 17 this year. However, no steps were taken by the Patnaik government to open the three shut gates, even as massive queues at the Singha Dwara triggered increasingly loud calls for their reopening.

BJP's opportunity

In BJP's second government of acting as a "barrier" between God and his devotees, Lord Jagannath is central to the Odia cultural universe, and the BJP, which

has successfully leveraged the appeal of cultural nationalism in elections, looked the continued closure of the gates to Odia (Odia pride). This came as the BJP sharpened its attacks on V.K. Padaria, a Tamil Nadu-born former IAS officer who has for several years been Patnaik's closest aide.

Prime Minister Narendra Modi and senior BJP leaders began their campaign speeches with "Jai Jagannath" and Modi in his maiden election rally in Bhubaneswar on May 6, claimed he was the "son of Lord Jagannath". The Prime Minister also sought the blessings of Lord Jagannath before beginning his roadshow on May 20.

Union Home Minister Amit Shah repeatedly said in public meetings that the BJP would open all four entrances "within hours" of coming to power. The party even included this in its manifestos.

MCQ Current Affairs
15th June, 2024

1. The Binsar Wildlife Sanctuary is located in which one of the following States?

- a) Rajasthan
- b) Uttarakhand
- c) Madhya Pradesh
- d) Chhattisgarh

2. The JIMEX 2024 bilateral military exercise, is conducted between India and:

- a) Japan
- b) Singapore
- c) Thailand
- d) Malaysia

3. Consider the following statements with reference to the digital firewall:

A. It is a software-based network security device that monitors and filters network traffic based on predefined security rules.

B. It can be installed on individual devices like computers or servers.

Which of the statements given above is/are correct?

- a) A only
- b) B only
- c) A and B
- d) Neither of two

4. Digital Health Incentive Scheme (DHIS) was launched under which one of the following initiatives?

- a) Ayushman Bharat Digital Mission
- b) National Disease Control Programme
- c) Pradhan Mantri Suraksha Bima Yojana
- d) Swachh Bharat Abhiyan

5. Mitigation Work Programme (MWP), which aims to help countries scale up their mitigation ambition and implementation to achieve the 1.5°C goal of the Paris Agreement was established by?

- a) Intergovernmental Panel on Climate Change (IPCC)
- b) United Nations Framework Convention on Climate Change (UNFCCC)
- c) World Bank
- d) United Nations Development Programme (UNDP)

Answers Current Affairs
15th June, 2024

1. b
2. a
3. c
4. a
5. b

