



## Current Affairs of the Day

### GS Paper III

- FCI rice to be used for ethanol production
- The U.S. moves to tackle domestic terrorism
- Inflation spurs spike in bond yield; rupee hits 1-month low



## FCI rice to be used for ethanol production

1. The Central government has allocated 78,000 tonnes of rice procured for food security purposes to be diverted to ethanol production instead this year, at a subsidised rate of ₹20 a kg.
2. However, he insisted that the share of rice in ethanol production was “miniscule and transitory”, emphasising that maize would form the primary feedstock for grain-based ethanol production instead.
3. This is part of the government’s plan to double distilling capacities by 2025, partly by encouraging an increase in the share of **grain-based ethanol** production from the current focus on molasses-based production.
4. Earlier this month, Prime Minister Narendra Modi presented a road map advancing the target date for achieving a 20% blending of ethanol in petrol by five years to 2025.
5. The last two years have seen blending levels of around 5%, which is likely to jump to 8.5% in the current year, according to a Ministry statement.

## The U.S. moves to tackle domestic terrorism

1. The U.S. government on Tuesday unveiled its “national strategy” to fight domestic terrorism, an issue that is a priority for President Joe Biden after the assault on Congress in January and the rise of white nationalist extremists.
2. Domestic violent extremists motivated by a range of ideologies pose an elevated threat to our country in 2021.
3. Racially or ethnically motivated violent extremists, and specifically those who espouse the superiority of the white race and anti-government militia violent extremists, [pose] the most lethal threat.
4. The government’s plan is, however, “ideologically neutral” and consists of four pillars that focus on “prevention, interruption and dissuasion”, while preserving individual freedoms.

### Four pillars:

1. The Biden administration wants first to improve information sharing on extremist groups or individuals at the federal and local level.



2. The government also wants to thwart the recruitment of violent extremists and calls for violence in collaboration with large technology platforms and social media networks. Washington announced that it was joining the Christchurch Call, an international movement against the online dissemination of extremist content.
3. The government will also improve the system for prosecuting extremists by recruiting analysts, investigators and prosecutors.
4. The fourth pillar is based on countering “long-term drivers and enablers of domestic terrorism, including economic inequality, those who feel left behind by the 21st-century economy, structural racism and the proliferation of guns.

In March, FBI chief Christopher Wray told Congress that the number of federal investigations working on “domestic terrorism” had doubled from 1,000 to 2,000 since he took office in 2017.

## Inflation spurs spike in bond yield; rupee hits 1-month low

1. India’s benchmark 10-year bond yield closed at its highest level in more than six weeks while the rupee ended at a one-month low on the back of a larger-than-expected surge in retail inflation.
2. The benchmark 10-year bond yield ended at 6.04%, after touching 6.05%, its highest since April 30 and up 4 basis points on the day.
3. The retail inflation rate rose 6.3% year-on-year in May, from 4.29% in April and sharply above analysts’ estimate of 5.3%. The wholesale price inflation rate rose 12.9%, its highest in at least two decades.
4. Traders are worried the spike in inflation beyond the RBI’s mandated target band of 2%-6% could force it to act sooner on inflation, but two senior sources said the growth focus will continue for the time being.
5. The latest data would make RBI wary of continuing to boost liquidity in a big way, and whether RBI stops unwinding its forward’s book, or limits bond market intervention to announced G-SAP will be closely eyed.
6. The G-SAP or government securities acquisition programme of the RBI has been crucial in ensuring the government’s massive ₹12.06 trillion borrowing programme goes smoothly, and more measures may be needed to support markets.