


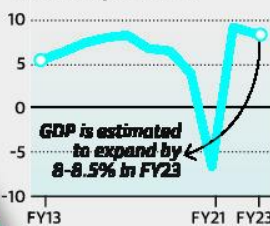
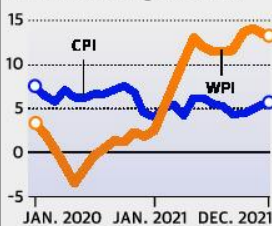
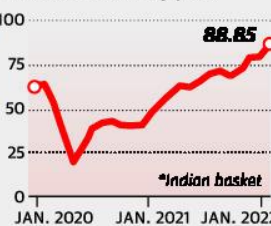


Current Affairs of the Day

Survey pegs growth at 8-8.5% in '22-23



Future tense
While the Finance Ministry expects India's economic recovery to continue despite the third COVID-19 wave, its report expressed concerns regarding the recent rise in inflation and surge in crude prices

PREDICTED GROWTH	PERSISTENT INFLATION	PRICEY FUEL
<p>India's real GDP is expected to grow by 9.2% in FY22, compared with the 6.6% contraction in FY21 due to the national lockdown induced by COVID-19</p>  <p>GDP is estimated to expand by 8-8.5% in FY23</p>	<p>The wholesale inflation (WPI) remained above 10% for the ninth consecutive month in Dec. 2021. Retail inflation (CPI) accelerated to a five-month high of 5.6%</p> 	<p>The price of crude oil* is moving closer to the \$90/barrel mark. Given the high excise duty, the retail price of fuel is expected to rise further after the Assembly polls</p>  <p>88.85 *Indian basket</p>

Highlights:

India's GDP is expected to grow by 9.2% this year and 8% to 8.5% in 2022-23, though hardening inflation and energy prices along with tightening of global liquidity pose a challenge, according to the Economic Survey for 2021-22

Caveats

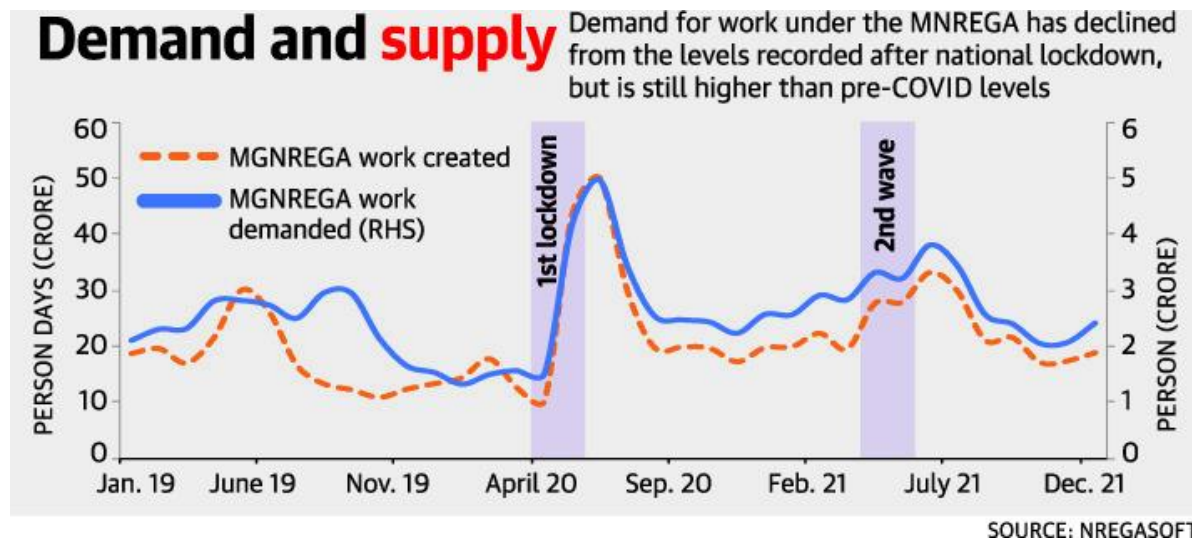
- The growth range hinges on assumptions that "there will be no further debilitating pandemic related economic disruption, monsoon will be normal, withdrawal of global liquidity by major central banks will be broadly orderly, oil prices will be in the range of \$70-\$75/barrel, and global supply chain disruptions will steadily ease over the course of the year".
- While last year's Economic Survey talked of a V-shaped recovery for India's COVID-hit economy, there is no mention of that aspect or the shape of the recovery in this year's 442-page document.
- While the 9.2% growth estimate for 2021-22 suggests a recovery above the pre-pandemic level of 2019-20 by 1.3%, private consumption and segments such as travel, trade and hotels are yet to fully recover, as per the Survey.



- The stop-start nature of repeated pandemic waves makes it especially difficult for these sub-sectors to gather momentum.

‘Demand for MGNREGA work softens’

Govt. says drop observed after peaking during the first wave but figures still higher than pre-pandemic levels



Highlights:

- Demand for work under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) scheme has dropped from the peak of the first lockdown, but is still higher than pre-COVID levels, said the annual Economic Survey, noting that this is “an indicator of rural labour markets”.
- However, it cautioned against drawing conclusions about the movement of migrant labour on the basis of MGNREGA employment, noting that the highest demand for work under the scheme was seen in States which are usually the destination of migrant workers, rather than source States.

More funds sought

- Advocates for rural workers argued that the drop in demand is also due to funding constraints, and urged a significant increase in allocations for the scheme.



2. According to the Survey's analysis, though demand for work stabilised after the second COVID wave, aggregate MGNREGA employment is still higher than pre-pandemic levels of 2019, after accounting for the seasonality of demand.
3. In 2021-22, on the other hand, additional funding was not available until late in the year when many States had already run out of money, forcing an artificial suppression in demand on the ground.

India ranks third globally in forest area gain: Survey

1. India has increased its forest area in the past decade and ranks third globally in an average annual net gain in forest area from 2010-2020, according to the annual Economic Survey. India annually added an average of 2,66,000 hectares of forest area over the period.
2. Forests covered 24% of India's geographical area, accounting for 2% of the world's total forest area in 2020, the department said.
3. The top 10 countries account for 66% of the world's forest area. Brazil (59%), Peru (57%), the Democratic Republic of Congo (56%) and Russia (50%) have half or more of their geographical area under forests.
4. Much of India's increase in forest cover from 2011-21 is attributed to an enhancement in very dense forest cover, which rose by approximately 20%. Open forest cover also improved by 7%.
5. Going forward, there is a need to further improve forest and tree cover. Social forestry could also play a significant role in this regard.

Forests cover calculation and reality

1. The latest biennial 'India: State of Forest Report' has elicited criticism from independent experts, who have questioned the methodology used to count forests.
2. Officials in the environment ministry, while asserting that India's definitions of 'forest' and 'tree cover' were consistent with global definitions, acknowledged that most of the increases had occurred outside areas traditionally marked as 'forest' and included plantations and orchards.



‘Centre has adopted MSP, but States must facilitate crop shift’

1. There is an urgent need for crop diversification in view of the severe water stress in areas where paddy, wheat and sugarcane are grown as well as to increase oilseed production and reduce dependency on imports of cooking oil, said the annual Economic Survey.
2. While the Centre had adopted minimum support prices (MSP) for farm produce as a key tool to encourage crop diversification, the onus was on States to take coordinated action to facilitate a shift towards crops with higher value and lower water consumption.
3. The survey urged for an increase in funding for agricultural research rather than farm subsidies, noting that “every rupee spent on agricultural research and development yields better returns compared to returns on money spent on subsidies or other expenditures on inputs.”
4. The government noted that agriculture continued to be a major driver of the economy in the pandemic era, with the sector’s growth rate rising from 3.6% in 2020-21 to 3.9% in 2021-2022.

Core sectors grow 3.8%, analysts see mixed signs

1. Output from India’s eight core sectors grew 3.8% in December 2021, accelerating marginally from the 3.4% increase recorded in November, but still far from the healthy 8.4% year-on-year rise in October.
2. Though output dipped year-on-year in just two sectors, crude oil (-1.8%) and steel (-1%), economists said signals from the data were mixed.
3. Cement output recovered from a 3.6% contraction in November to grow by almost 13%. Natural gas rose 19.5%.
4. Index of Eight Core Industries (ICI): The ICI is a production volume index prepared and released by the Office of the Economic Adviser (OEA), Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce & Industry, GOI.



Eight Core Industries (Weightage)



Coal (10.33%)



Crude Oil (8.98%)



Natural Gas (6.88%)



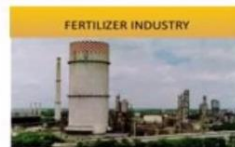
Refinery (28.04%)



Steel (17.92%)



Cement (5.37%)



Fertilizer (2.63%)



Electricity (19.85%)

Ethanol blending of 8.1% achieved, the target was 10%

1. The ethanol supply in the country to enable blending with petrol is likely to reach 302 crore litres, according to the Economic Survey 2021-2022.
2. The Centre has set a target of 20% ethanol blending with petrol to be achieved by 2025 to reduce the country's crude oil import bill, give a boost to the agriculture sector and reduce environmental pollution.
3. Ethanol supply under the Ethanol Blended Petrol (EBP) Programme is expected to exceed 302 crore litres by the end of Ethanol Supply Year (ESY) 2020-2021 (December 1, 2020 -November 30, 2021) to achieve approximately 8.1% blending, the Survey noted. This is an increase of 74.5% compared with the previous year.

E12 and E15

1. The ethanol blending target for ESY 2021-22 is 10%.
2. The government last year notified mass emission standards for E12 (12% ethanol blended with petrol) and E15 (15% ethanol blended with petrol) to enable the automobile industry to manufacture E12- and E15-compliant motor vehicles.



Ethanol helps sugar mills clear arrears to farmers

1. Sugar mills' sale of ethanol to oil marketing companies helped them earn additional revenue and clear cane price arrears to farmers.
2. With the aim of managing the surplus output of sugar and enhancing the liquidity of mills, the Centre had taken various steps including incentivising sugar mills to divert excess sugar cane/sugar to ethanol production and providing financial assistance for transport to mills to facilitate the export of sugar.

Aiming for an eco boost
Oil industry experts have allayed fears over mixing ethanol with petrol and say it cannot damage engines

- Ethanol is a bio-fuel obtained primarily from sugarcane. Blending of ethanol with petrol reduces dependence on fossil fuel and helps the environment
- The government had set a target of 10% of ethanol per litre of petrol
- Ethanol is blended through a separate pumping and metering mechanism
- Once blended, ethanol cannot be separated from petrol

Since ethanol can absorb moisture from the atmosphere, dealers say it can cause issues with vehicle engines

<h2 style="color: blue; margin: 0;">MCQs</h2>	<p style="color: red;">Q1. Which of the following is not a core sector as per the Index of Core Industries released by the office of economic advisor?</p> <ol style="list-style-type: none"> a. Textile b. Natural gas c. Electricity d. Cement
<h2 style="color: blue; margin: 0;">MAINS DAWP</h2>	<p style="color: red;">Q1. Discuss advantages of and challenges in blending ethanol with the petrol.</p> <p style="color: red;">Q2. The unemployment problem is linked to imperfect structural transition in the Indian Economy. Critically discuss.</p>