

India Won't Make Sovereign Commitments on Future Digital Tax

❖ Context

- India and other developing countries in the **G24 group** have strongly contested the proposal of making sovereign commitments to **not introduce any future digital services tax** like an equalization levy.

❖ What is Global Minimum Tax Rate?

- The **global minimum corporate tax rate**, abbreviated GMCT or GMCTR, is an agreement between national leaders that proposes to reduce tax competition between countries and the avoidance of corporate taxes by setting a **worldwide minimum corporate tax rate**.
- The global minimum tax attempts to **limit tax competition** by introducing a globally uniform floor, below which the effect of low tax rates or fiscal policy measures would be largely obviated.
- Last year, the **global tax deal** was agreed upon by **137 countries**, and it gives rights to countries, including India, to tax tech behemoths such as Google, Netflix, and Facebook, besides a **minimum corporation tax of 15 percent**.
- It is likely to be **implemented from 2024 under a revised timeline**.
- **Two pillars by OECD:**
 - **Pillar One:** Applied to MNEs with global turnover above 20 billion euros and profitability above 10%. It reallocates part of their profits to places where they sell products or provide services.

- **Pillar Two:** Setting 'global minimum corporation tax' of tax from 2023 to large MNEs with revenues above EUR 750 million globally. Pillar Two should be brought into law in 2022, to be effective in 2023, with UTPR (Undertaxed Payment Rule) coming into effect in 2024.

❖ Digital Service Tax in India:

- The central government in its **Finance Bill of 2020-21**, imposed a **2% digital service tax** on trade and services of foreign e-commerce companies such as **Amazon and Walmart-owned Flipkart and others** having an annual turnover of ₹2 crores or more.

❖ Group of 24 (G24)

- The **Group of 24 (G-24)** was established in 1971 as a chapter of the **Group of 77** to help coordinate the positions of developing countries on international monetary and development finance issues, as well as to ensure that their interests are adequately represented in negotiations on international monetary matters.
- Although the **G-24** officially has **28 member countries**, any member of the **G-77** can join discussions.
- Although the group is not an organ of the **International Monetary Fund**, the IMF provides secretariat services for the Group.

Hayabusa-2 Probe

❖ Context

- The scientists have made a hypothesis that water and organic materials might have been brought to our planet from the outer edges of the solar system after analyzing samples from the **asteroid Ryugu**, collected by the **Japan Aerospace Exploration Agency's (JAXA) Hayabusa-2** probe.

❖ Key Highlights

- In **December 2020**, **Hayabusa-2** delivered a small capsule that contained the rock and dust samples when it was 220,000 km from the Earth's atmosphere, which **safely landed in the South Australian outback**.
- Hayabusa2's predecessor, the **Hayabusa mission**, brought back samples from the asteroid **Itokawa** in 2010.

❖ What is an Asteroid?

- Asteroids are **rocky objects that orbit the Sun**, much smaller than planets. They are also called **minor planets**.

- According to NASA, there are **994,383 known asteroids**, the remnants from the formation of the solar system over **4.6 billion years ago**.
- **Ryugu:** It was discovered in 1999 and was given the name by the Minor Planet Center in 2015. It is 300 million kilometres from Earth and it took Hayabusa-2 over 42 months to reach it.

❖ Why do Scientists Study Asteroids?

- Since asteroids are one of the oldest celestial bodies in the Solar System, scientists study them to look for information about the formation and history of planets and the sun.
- Another reason for tracking them is to look for asteroids that could possibly crash into Earth, leading to potentially hazardous consequences.

Tasmanian Tiger

❖ Context

- Scientists in the US and Australia have embarked on a \$15-million project to resurrect the thylacine or Tasmanian Tiger, a marsupial that went extinct in the 1930s, using gene-editing technology.

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❖ Key Highlights

- The ambitious project aims to reintroduce the animal to its native place Tasmania to revive the region's lost ecological balance. Tasmanian Tiger (*Thylacinus cynocephalus*), the only animal in the Thylacinidae family to survive in modern times, was a marsupial mammal that raises young ones in a pouch.
- It was a slow-paced carnivorous that usually hunted alone or in pairs at night.
- The sharply clawed animal had a dog-like head & ate kangaroos, other marsupials, small rodents, and birds. Once widespread in the grass and woodlands of continental Australia extending north to New Guinea & south to Tasmania.

❖ Impact of Its Extinction

- The animal was at the top of the food chain, and hence played a significant role in balancing the ecosystem of its habitat by removing the weak animals and maintaining species diversity.
- Its disappearance from the food chain resulted in **Trophic Downgrading** - causal degradation of an ecosystem that occurs when higher trophic level animals are removed from the food chain, resulting in loss or exponential growth of other species.
- Trophic Downgrading also results in disruption of biogeochemical cycles, wildfires, growth of invasive species & carbon sequestration, among other effects.

Delhi's PM2.5 Levels Worst in the World

❖ Context

- Recently a report published by the U. S.-based research organization **Health Effects Institute (HEI)** shows that **Delhi has the highest average level of fine PM 2.5** among the world's most populated cities.

❖ Key Highlights

- According to the report titled **Air Quality and Health in Cities** India is home to **18 of the 20 cities** with the most severe increase in fine particle pollutants (PM 2.5) from 2010 to 2019.
- Report analyzes pollution & global health effects for **more than 7,000 cities** around the world, focusing on 2 of the most harmful pollutants - fine particulate matter (**PM2.5**) & **nitrogen dioxide (NO₂)**.

❖ Findings of the Report

- **Delhi and Kolkata were ranked first and second** in the list of top 10 most polluted cities when PM2.5 levels were compared.
- **No Indian city** appeared in the list of top 10 – or even top 20 - polluted cities when **NO₂ levels were compared**.
- In 2019, **86% of the more than 7,000 cities** analyzed in the report exceeded the WHO's 10 µg/m³ guideline for NO₂, impacting about 2.6 billion people
- In 2019, the global average **NO₂ exposure was 15.5 µg/m³**, but exposure levels varied considerably across cities (ranging between 0 and 68.9 µg/m³)

- PM2.5 pollution is found much **prevalent in low- & middle-income** countries while exposure to NO₂ is high across cities in high-income and low- middle-income countries.

❖ Particulate Matter 2.5 (PM2.5)

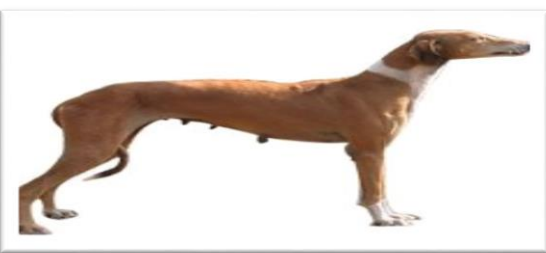
- The term fine particles, or particulate matter 2.5 (PM2.5), **refers to tiny particles** or droplets in the air that are two and half microns or less in width.
- Sources of fine particles include **all types of combustion activities** (motor vehicles, power plants, wood burning, etc.) and certain industrial processes.
- Particles in the PM2.5 size range are **able to travel deeply into the respiratory tract**, reaching the lungs.
- Long term exposure to fine particulate matter may be associated with **increased rates of chronic bronchitis**, reduced lung function and increased mortality from **lung cancer and heart disease**.

❖ Nitrogen Oxide (NO₂)

- Nitrogen Dioxide(NO₂) belongs to one of the highly reactive gases known as oxides of nitrogen or nitrogen oxides (NO_x).
- NO₂ is **formed when fossil fuels** like coal, oil, gas and diesel are burned at high temperatures. It is also formed during the burning of wood and natural gases.
- Breathing air with a high concentration of NO₂ can **irritate airways** in the human respiratory system.

News in Between the Lines

Mudhol Hounds



❖ Context

- Mudhol hounds, a breed of hunting dogs native to north Karnataka, could be inducted into the **Special Protection Group (SPG)**, the elite force protecting the Prime Minister of India.

❖ Key Highlights

- Known for their hunting and guarding skills, the characteristically lanky Mudhol hounds get their name from the erstwhile kingdom of Mudhol (in present-day Bagalkot), whose rulers first began to breed them.

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International Transport Forum (ITF)

- The dogs are fast runners, with excellent stamina and agility, and have a sharp vision and a keen sense of smell.
- The dogs already serve with the Indian armed forces and some paramilitary forces and could become the first indigenous breed to be part of the SPG.



- ❖ **Context**
 - Union Cabinet has approved the signing of a Contract between the **Technology Information, Forecasting and Assessment Council (TIFAC), India, and France to support the ITF activities in the Indian Transport Sector.**
- ❖ **About ITF**
 - It was created in **2006** by ministers from 43 countries.
 - The ITF is an inter-governmental organization **within the OECD (Organisation for Economic Co-operation and Development) system.**
 - It is the **only global body** with a mandate for all modes of transport.
 - It acts as a **think tank for transport policy** issues and organizes the annual global summit of transport ministers.
 - The ITF's motto is "**Global dialogue for better transport**".
 - It is **headquartered in Paris, France.**

India's First E-Double Decker Air-Conditioned Bus



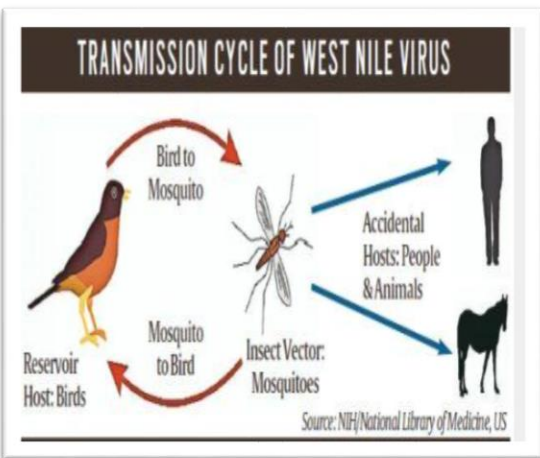
- ❖ **Context**
 - Road Transport and Highways Minister unveiled **India's first E-Double Decker air-conditioned bus in Mumbai.**
- ❖ **Key Highlights**
 - **Switch mobility limited** a subsidiary of **Ashok Leyland** has manufactured this unique electric double-decker bus called as **Switch EiV 22.**
 - The bus is equipped with the latest technology, ultra-modern design, and the highest safety and best-in-class comfort features.
 - **A 231 kWh capacity, 2-string, liquid-cooled, higher density NMC chemistry battery pack with dual gun charging system** powers the vehicle.
 - This enables the electric double decker to have a range of **up to 250 km for intra-city applications.**

"Aqua Bazar" App



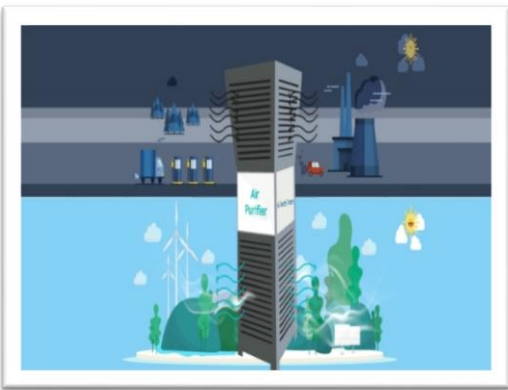
- ❖ **Context**
 - National Fisheries Development Board (NFDB) conducted its 9th Governing Body meeting and launched the **"Aqua Bazar" app.**
- ❖ **Key Highlights**
 - It is an online marketplace feature app **developed by ICAR-CIFA with the funding support of NFDB under PMMSY.**
 - The app will **help the fish farmers and stakeholders to source the inputs** such as fish seed, feed, medicines, etc., and services required for fish culture as well as farmers can list the table-size fish for sale. It is a marketplace that connects various stakeholders involved in the aquaculture sector.

West Nile Virus



- ❖ **Context**
 - The **New York City Health Department** announced that the West Nile virus had been detected in two people as well as in a **"record number"** of infected mosquitoes throughout the city.
- ❖ **West Nile Virus (WNV)**
 - **WNV is a single-stranded RNA virus** that causes West Nile fever.
 - It is spread through a **bite from an infected mosquito, mostly species of Culex,** and can infect **humans, birds, and other mammals.**
 - **Birds are the main host** of the virus and **mosquitoes become infected by biting birds.** It **cannot be spread from person to person** through casual contact. The virus is **genetically related to the Japanese encephalitis family of viruses.** WNV is commonly found in **Africa, Europe, the Middle East, North America, and West Asia.**

Ambient Air Purification System



❖ Context

➤ Recently a University has developed an ambient Air Purification System (APS) aimed at improving the air quality in polluting public hotspots.

❖ Key Highlights

- Twenty-one of the world's 30 cities with the worst levels of air pollution are in India, with six cities in the top 10.
- Air pollution is a giant and silent killer. Breathing polluted air increases the risk of lung cancer, stroke, heart disease, and chronic bronchitis.
- The air purification system will automatically adapt to the ambient air quality variations without affecting efficiency and maintains steady performance with very low operating cost.
- Two unique features of the APS are its **no filter technology** and real time **pollution monitoring** of public hotspots.

Chabahar Port



❖ Context

➤ The Union Ports, Shipping and Waterways Minister, is visiting the Sistan-Balochistan province to review the progress of first phase of the project.

❖ Key Highlights

- India is looking to formalise trade and cargo movements through Iran's Chabahar port.
- The project, jointly developed by the **India, Iran and Afghanistan**, aims to further trade ties between the countries and also land-locked central Asian region.
- Chabahar is India's first overseas port project.
- The loading and unloading capacity of the Shahid Beheshti Port at Chabahar is currently at **8.5 million tonnes**, which will be enhanced to 15 million tonnes, on completion of Phase I.
- According to officials, the visit highlights the importance of Chabahar as a gateway for Indian trade with Europe, Russia and CIS countries.

A Global Storm of Stagflation



❖ Context

➤ The global economy is suffering from twin shocks of a massive slowdown in growth accompanied by a sharp and unprecedented elevation of inflation.

❖ Key Highlights

- The surge in inflation rates across the globe is of a kind not seen in the last half a century, and is adversely impacting real disposable income and dampening business sentiment. The Ukraine-Russia war has disrupted the distribution of basic food & energy & fuelled higher inflation.
- **Stagflation:** It is the simultaneous appearance in an economy of slow growth, high unemployment, and rising prices.
- ❖ **Steps to be Taken**
 - Delivery of emergency food, medical and financial aid to those affected by the Ukraine war;
 - avoiding export and import restrictions to counter the spike in oil and food prices;
 - stepping up debt relief efforts;
 - expanding Covid-19 vaccination coverage;
 - speeding the transition to low-carbon energy sources with new frameworks and incentive structures.

Indicators	2020-21	2021-22	2022-23
Global growth	6.1	3.2	2.9
Global inflation	4.7	8.3	5.7
AEs** growth of which	5.2	2.5	1.4
US	5.7	2.3	1
UK	7.4	3.2	0.5
Euro area	5.4	2.6	1.2
AEs inflation of which	3.1	6.6	3.3
US	2.6	8.5	2.7
UK	0.7	7	4
Euro area	1.3	7.4	3.5
EMDEs# growth of which BRICS	6.8	3.6	3.9
Brazil	4.6	1.7	1.1
Russia	4.7	-6	-3.5
India	8.1	3.3	4.6
China	7.3	4.6	5
South Africa	4.9	2.3	1.4
EMDEs inflation of which BRICS	5.9	9.5	7.3
Brazil	3.2	8.3	8.2
Russia	3.4	6.7	21.3
India	5.5	7	6.7*
China	2.4	0.9	2.1
South Africa	3.3	4.6	5.7

Indicators	2020-21	2021-22
AEs** of which		
US	0.25	2.5
UK	0.1	1.75
Euro area (MRO)*	0	0.5
EMDEs# of which BRICS		
Brazil	2	13.75
Russia	4.5	8
India	4	5.4
China	2.95	2.85
South Africa	3.5	5.5

Sources: World Economic Outlook July 2022 Update, IMF, US Fed Reserve, European Central Bank, tradingeconomics and Statista.com
#Emerging Markets and Developing Economies
**Advanced Economies
*RBI Estimate

Sources: US Fed Reserves, ECB, Bank of England, Russian Central Bank, RBI, tradingeconomics.com
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**Advanced Economies
*Main Refinancing Operations

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