

IMF Surcharge Policy

❖ Context

- The International Monetary Fund(IMF) is facing pressure to reevaluate how it imposes fees on loans it disperses to needy countries like war-torn Ukraine - which is one of the fund's biggest borrowers.

❖ Key Highlights

- The move comes as more countries will need to turn to the IMF, as food prices and inflation internationally continues to rise.
- As the largest IMF shareholder and member of the Fund's executive board, the U.S. can unilaterally veto some board decisions and push for policy decisions on surcharge.

❖ What are Surcharges

- Surcharges are **additional interest payments** the IMF imposes on **heavily indebted borrowing countries**, according to the size and the repayment time of their loans.
- The IMF established them in **1997**, in response to increasing demand for IMF loans from **middle- and low-income countries**.
- The IMF's rationale for surcharges is :
 - Necessary to limit the demand for IMF programs.
 - To offset the risk of non-repayment.
 - To encourage borrowers to pay back ahead of schedule.
 - Protecting the Fund's lending capacity, particularly to low-income countries (LICs).

❖ Which Countries are Affected?

- Surcharges only apply to loans obtained via the IMF's **General Resources Account (GRA)**, which handles most of lending operations in **high and middle-income countries (HICs and MICs)**.
- Out of 52 GRA loans provided by the IMF as of November 2021, **14 countries are affected by surcharges**.
- These surcharges are estimated at **\$7.9 billion between 2021 and 2028**, with most of the payments scheduled to take place between 2021 and 2023.
- The group of affected countries includes **Albania, Angola, Argentina, Armenia, Barbados, Ecuador, Egypt, Gabon, Georgia, Jordan, Mongolia, Pakistan, Tunisia, and Ukraine**.
- **Since July 2021, low-income countries** have accessed credits exclusively via the IMF's **Poverty Reduction and Growth Trust (PRGT)** and therefore are not affected by surcharges.

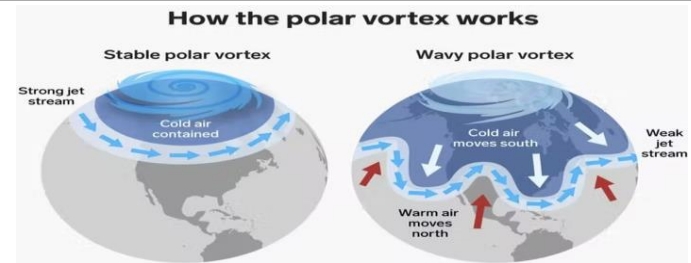
❖ Cost & Structure

- Currently, **loans that are above 187.5 % of the country's quota at the IMF** are subject to a **surcharge of 2%** on the outstanding debt balance.
- The IMF adds an **extra 1 % to the outstanding debt after 36 months – 51 months** in the case of credit outstanding under the **Extended Fund Facility (EFF)**.

Arctic Warming

❖ Context

- Recently some researchers published their study in the Communications Earth & Environment journal, concluding that the Arctic is heating four times faster than the rest of the planet.



❖ Key Highlights

- The warming is more concentrated in the Eurasian part of the Arctic, where the Barents Sea north of Russia and Norway is warming at an alarming rate - seven times faster than the global average.

❖ Arctic Amplification

- Global warming, the long-term heating of the earth's surface, expedited due to anthropogenic forces or human activities since pre-industrial times and has increased the planet's average temperature by **1.1 degrees Celsius**.
- While changes are witnessed across the planet, any change in the surface air temperature and the net radiation balance tend to produce larger changes at the north and south poles.
- This phenomenon is known as **polar amplification**; these changes are more pronounced at the northern latitudes and are known as the **Arctic amplification**.

- Among the many global warming-driven causes for this amplification, the ice-albedo feedback, lapse rate feedback, water vapour feedback and ocean heat transport are the primary causes.

❖ Consequences of Arctic Warming

- The warming of the Arctic Ocean and the seas in the region, the **acidification** of water, changes in the salinity levels, is impacting the biodiversity, including the marine species and the dependent species.
- The warming is also increasing the **incidence of rainfall** which is affecting the availability and accessibility of lichens to the reindeer.
- The Arctic amplification is causing **widespread starvation** and death among the Arctic fauna.
- The permafrost in the Arctic is thawing and in turn **releasing carbon and methane** which are among the major greenhouse gases responsible for global warming.
- Experts fear that the thaw and the melt will also release the **long-dormant bacteria** and viruses that were trapped in the permafrost and can potentially give rise to diseases.

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ADB and Indian Govt Signs Million Dollar Loan Agreement

❖ Context

- The Asian Development Bank and the Indian Government recently signed a 96.3 million dollar loan agreement to provide safe drinking water and improve water supply and sanitation services in **Himachal Pradesh**.

❖ Key Highlights

- The project is aligned with the objectives of Jal Jeevan Mission which aims to provide piped water to all rural households by 2024.
- The project will upgrade water supply infrastructure to ensure safe, sustainable and inclusive rural water supply and sanitation services.
- ADB's involvement in the project will provide water management best practices and strengthen institutional capacity.



❖ About ADB

- The **Asian Development Bank (ADB)** is a regional development bank established on 19 December 1966.
- It is headquartered in the Ortigas Center located in the city of Mandaluyong, Metro Manila, Philippines.
- It has total 68 members.

- The ADB project will connect more than 75 thousand households to provide uninterrupted water supply to about 3 lakh 70 thousand residents across 10 districts.

Bioeconomy To Grow

❖ Context

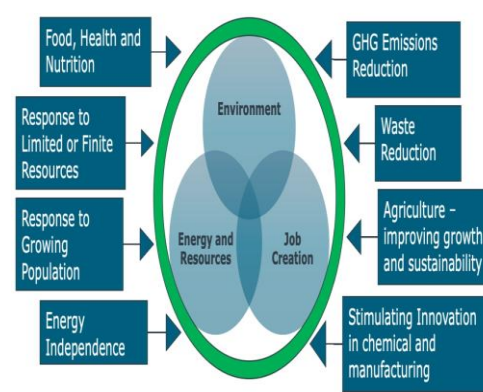
- Union Minister recently has said that the country's Bioeconomy will grow from 70 Billion to 150 Billion US dollars by 2025.



❖ India's Bioeconomy Sector

- The number of biotech startups in the country has increased from 50 to over 5,300 in the last 10 years because of the growing enabling ecosystem and priority to the sector.
- India is among the top three in South Asia and top 12 destinations for biotechnology in the world, with approximately **3%** share in the global biotechnology industry.
- India has 2nd highest number of **United States Food and Drug Administration (USFDA)** approved manufacturing plants outside the US.

Key Drivers for Bioeconomy Initiatives



- The ethanol production of 3.3 billion litre capacity has doubled to 6.5 billion litres in 2021.
- Agriculture sector which employs nearly 60% of India's population has large scope of improvement.

Mithila Makhana

❖ Context

- Recently Bihar's Mithila Makhana has been awarded the Geographical Indication (GI) Tag by the Union Government.



❖ Key Highlights

- This is fifth product from Bihar which is awarded the GI Tag.
 - Bhagalpur's Jardalu Mango,
 - Katarni Dhaan (rice),
 - Nawada's Magahi Paan and
 - Muzaffarpur's Shahi Litchi have got GI tag prior to this.
- Bihar harvests 80% of India's total Makhana or Fox Nut supply.
- Over 5 lakh farmers of Mithila region of Bihar will be benefitted from this decision.

❖ What is Mithila Makhana?

- Mithila Makhana is locally known as Makhan in Mithila.
- Its Botanical name is **Euryale Ferox Salisb.**
- This special variety of Aquatic Fox Nut is cultivated in the Mithila region of Bihar and adjoining areas of Nepal.

- Fox Nuts are rich in protein and fiber and have various micro-nutrients such as magnesium, calcium, phosphorous & iron.

❖ Geographical Indication Tag:

- According to **World International Property Organization** or WIPO, a GI or Geographical Indication Tag is used for products which have specific geographical origin or have qualities that can be attributed specifically to the region.
- Once a product gets this tag, any person or company cannot sell a similar item under that name.
- This tag is valid for a period of **10 years** following which it can be renewed.

BIMSTEC Secretary to Visit India

❖ Context

- The Secretary-General of the seven-nation grouping BIMSTEC, will pay a four-day visit to India beginning August 22 2022 to explore ways to take forward the bloc's cooperative agenda.

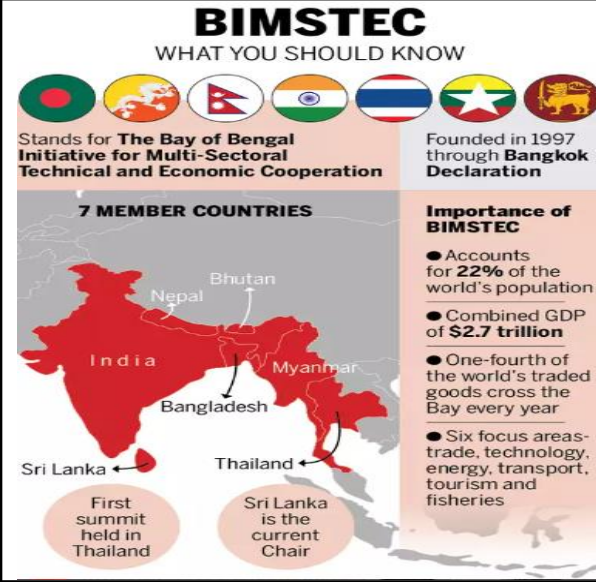


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❖ Key Highlights

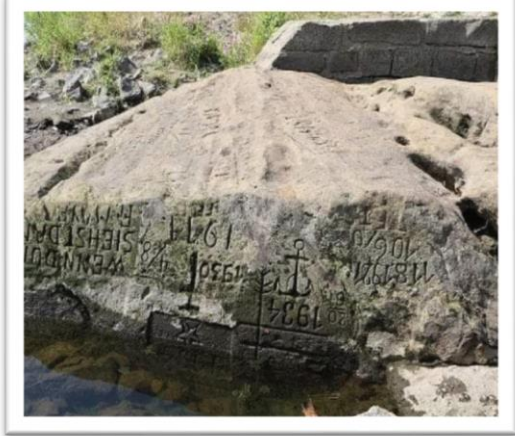
- The BIMSTEC (Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation) comprises Sri Lanka, Bangladesh, Myanmar, Thailand, Nepal and Bhutan.
- At the 5th BIMSTEC Summit held in Sri Lanka on March 30 2022, the leaders of the member nations adopted a **charter** and a connectivity roadmap to make the grouping a vibrant platform for regional cooperation.
- The charter was aimed at transforming BIMSTEC into a full-fledged regional organisation with a “**distinct international personality**”.
- It is Headquartered in **Dhaka, Bangladesh**.



- The BIMSTEC region is home to roughly **22%** of the global population with a combined GDP of over **\$2.7 trillion**.

News in Between the Lines

Hunger Stones



❖ Context

- Rivers in Europe have dried up so much that ‘hunger stones’ have been revealed and have gone viral on social media.

❖ Key Highlights

- Hunger stones, or **hungersteine in German**, are a common **hydrological marker** in **central Europe**. They date back to the **pre-instrumental era**.
- People occasionally preserved the memory of outstanding low water events by carving the year onto rocks emerging from rivers and lakes.
- The **Elbe River**, which flows from the **Czech Republic** into the **North Sea** near Hamburg, is one waterway that has 22 known hunger stones.
- They are also found in other rivers such the **Rhine, the Danube and the Weser**.
- They had appeared four years ago in 2018 as well, when river levels had similarly dropped.
- **Europe is suffering from the worst drought in half a millennium**, according to the European Commission.
- Major rivers on the continent have dried up due to the current drought. These include the **Rhine in Germany, the Po in Italy, the Thames in the United Kingdom and the Loire in France**.

Amarbel



❖ Context

- The area under Niger seed cultivation has **declined by 80% between 1985-86 and 2020-21 to 0.1 MN ha**.

❖ Key Highlights

- Cultivators have started replacing the seed with paddy, as the seed crops are being regularly destroyed by a **parasitic plant, Amarbel (Cuscuta chinensis)**.
- Depending on the amarbel density, niger seed **yield decreases by 52% - 99.2 %**.
- The reason for the gradual increase in amarbel infestation lies in the fact that **most farmers informally procure seeds from private growers or fellow farmers**.
- The high-yielding, amarbel-resistant Niger varieties developed by state government research institutes do not reach farmers.

❖ Some Facts About Niger Production in India

- The seed is also known as **ramtil (Guizotia abyssinica)**.
- **India is the most important country accounting for more than 50% of world niger area and production**.
- The oil seed production is mostly saturated in **southern and central districts**.
- **In India, it is mainly a kharif crop. However, in Orissa it is a rabi crop**.
- **Madhya Pradesh, Maharashtra and Odisha contribute more than 80% of area and production**. Odisha is the largest producer.
- The Centre releases a minimum support price (MSP) every year for the crop, which is one of highest, because of its importance for the tribal economy.

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Crowdfunding



❖ Context

- While recently replying to a question in the Parliament, the Minister of state for Corporate Affairs had said that the Centre has no plan to bring in legislation to regulate fund raising through crowdfunding.

❖ Key Highlights

- Crowdfunding - a concept popular in the West - is seeing traction in India too for raising funds for **medical, professional, personal, educational, creative causes/projects**.



- Under Crowdfunding, projects or a venture is **financed by a group of individuals** instead of professional parties like banks, venture capitalists or business angels.
- It is an **appealing choice of fundraising for start-ups** - occurs without any intermediary and entrepreneurs tap the crowd by raising the money directly from individuals.
- It is **not defined in the Companies Act 2013 (Indian company law)**.

EU's GSP (Generalised System of Preferences)

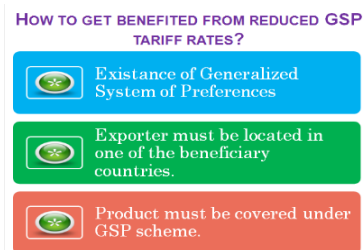


❖ Context

- The European Union has decided to **withdraw preferential tariff benefits for certain products from India**, including **electrical machinery, plastics, articles of stones and articles of leather**, from **January 2023**.

❖ Key Highlights

- Under the scheme, the EU allows preferential access to identified products originating in certain developing countries, in its markets in the form of **reduced or zero rates of customs duties**.



- According to EU rules, GSP beneficiaries can lose preferences for specific product categories that are deemed to have become sufficiently competitive.
- The scheme was **1st envisaged by the UN over 50 years ago** to help developing countries integrate with the world economy.

- Today, there are more than a dozen countries that offer GSP benefits including the **US, Canada, Australia, New Zealand, Norway and the UK**.
- Even after withdrawal of the GSP scheme by the US for several Indian products in 2019, exports of most items actually increased and their market share was not adversely affected.
- India is negotiating a **Free Trade Agreement (FTA)** with the EU.

Lean Diabetes



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❖ Context

- Researchers have studied the metabolic profile of persons with low BMI suffering from Lean Diabetes.

❖ Key Highlights

- Lean Diabetes is an **atypical form of diabetes** in individuals who are **underweight or thin** with a **low body mass index (BMI)** as they have a **unique metabolic profile**.
- Studies have shown that these patients mostly belong to **low- or medium-income countries (LMIC)**.
- People with this form of diabetes have a **history of malnutrition in utero** and continue to have a low BMI into adulthood.
- The cardinal feature of LD is a **deficit in insulin secretion capacity** versus insulin resistance. The subjects studied were grossly malnourished, their sugar control and their sense of well-being were poor.
- It is estimated that there are about **80 million people across the world** living with this condition.

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