DAILY CURRENT AFFAIRS 03-10-2024

GS-1

1. **Jamaica**

GS-2

2. **PM E-DRIVE subsidy scheme**

GS-3

3. **Core sectors**
4. **Monetary policy Committee**
5. **Having private participation in India's nuclear energy**

Jamaica

Syllabus: GS-1; Geography-Mapping

Context

- *India and Jamaica on inked four pacts, including one on possible roll-out of Indian UPI payment systems in the island nation, as Prime Minister Narendra Modi held wide-ranging talks with his Jamaican counterpart Andrew Holness, focusing on boosting ties in sectors like defence and energy.*

Geography

- **Location:** *Jamaica is the third-largest island in the Caribbean Sea, situated south of Cuba and west of Haiti. It lies within the Caribbean Plate, making it prone to tectonic activity, including earthquakes.*
- **Terrain:** *The island features a mix of coastal lowlands, limestone plateaus, and mountainous regions, with the Blue Mountains being the highest range. The coastlines are dotted with natural harbors.*
- **Climate:** *Tropical, with hot and humid conditions, but moderated by sea breezes. It experiences both dry and rainy seasons, and occasionally, hurricanes.*

History

- **Pre-Colonial Era***: Jamaica was originally inhabited by the Taíno people, who called the island "Xaymaca," meaning "land of wood and water."*
- **Colonial Era:** *It was claimed by Spain after Christopher Columbus arrived in 1494. However, in 1655, the British seized Jamaica and established a plantation economy reliant on African slave labor.*
- **Independence:** *Jamaica gained independence from the United Kingdom on August 6, 1962, becoming a member of the Commonwealth of Nations.*

Economy

- **Agriculture:** *Jamaica is known for the production of sugarcane, bananas, coffee (notably Blue Mountain Coffee), and cocoa. The country also exports bauxite, which is a major industry.*
- **Tourism:** *One of the largest sectors, tourism is crucial for the economy, with millions of visitors attracted to its beaches, culture, and resorts.*
- **Challenges:** *Despite economic diversification, Jamaica faces high levels of public debt, unemployment, and economic inequality.*

Culture

- **Language***: English is the official language, but Jamaican Patois (a Creole language) is widely spoken.*
- **Music:** *Jamaica is internationally known for reggae music, with Bob Marley being a prominent figure. Reggae and its offshoots, such as dancehall, have significantly influenced global music.*
- **Religion:** *Christianity (mainly Protestantism) is the dominant religion. The Rastafarian movement, which originated in Jamaica, is also globally recognized.*
- **Sports:** *Jamaica excels in track and field athletics, particularly in sprinting. Usain Bolt, the world-record holder in 100m and 200m, is a national hero.*

Politics

- **Political Structure:** *Jamaica is a parliamentary democracy and a constitutional monarchy, with the British monarch as the ceremonial head of state, represented by a Governor-General.*
- **Parliament:** *It has a bicameral legislature, consisting of the House of Representatives (elected) and the Senate (appointed).*
- **International Relations:** *Jamaica is a member of the United Nations, the Caribbean Community (CARICOM), the Organization of American States (OAS), and other international organizations.*

Environment and Biodiversity

- **Flora and Fauna:** *The island has a rich biodiversity, including endemic species like the Jamaican iguana and the Jamaican swallowtail butterfly. Jamaica's forests are home to a variety of plant species, including the endangered Jamaican mahogany.*
- **Environmental Concerns:** *Deforestation, loss of biodiversity, and pollution are ongoing concerns. Jamaica is vulnerable to climate change, particularly rising sea levels and hurricanes.*

India-Jamaica Relations

- **Historical Ties:** *India and Jamaica share strong diplomatic and cultural ties, with a significant Indian diaspora present in Jamaica.*
- **Bilateral Relations:** *Both countries cooperate in areas such as trade, education, and culture. Jamaica has also shown interest in India's development assistance programs, including the Indian Technical and Economic Cooperation (ITEC) program.*

PM E-DRIVE subsidy scheme

Syllabus: GS-2; Government policies and Interventions

Context

- *Government launches PM E-DRIVE subsidy scheme for EVs with Rs 10,900 cr outlay*

About

- *The PM E-DRIVE Subsidy Scheme is an initiative by the Government of India aimed at promoting the adoption of electric vehicles (EVs) across the country.*
- *It focuses on enhancing the production and usage of electric vehicles (EVs) by providing financial incentives, thereby contributing to the nation's goals of reducing carbon emissions and dependence on fossil fuels.*

Key Features of the PM E-DRIVE Subsidy Scheme

Incentives for Electric Vehicle Buyers:

- *The scheme provides subsidies to consumers purchasing electric vehicles, including two-wheelers, three-wheelers, and four-wheelers.*
- *These incentives reduce the upfront cost of EVs, making them more affordable for the general public.*
- *The amount of subsidy varies based on the category of the vehicle, with higher incentives for commercial vehicles to encourage their transition to electric models.*

Focus on Electric Two-Wheelers and Three-Wheelers:

- *A significant portion of the subsidy is dedicated to electric two-wheelers and three-wheelers, which are widely used for personal transportation and commercial purposes in India.*
- *This is aimed at addressing urban mobility needs and reducing pollution in cities.*

Subsidy for Battery Manufacturing and EV Infrastructure:

- *The scheme includes subsidies and incentives for domestic manufacturers of lithium-ion batteries and other critical components required for EVs.*
- *It also encourages the development of EV charging infrastructure, including fast-charging stations across major highways, cities, and public places.*

Eligibility Criteria:

- *The subsidy is available for vehicles that meet certain performance and energy efficiency standards, ensuring that only high-quality, eco-friendly EVs benefit from the scheme.*
- *Manufacturers need to ensure that vehicles are equipped with lithium-ion or advanced batteries, and consumers must register the vehicles to avail of the subsidy.*

Faster Adoption and Manufacturing of Electric Vehicles (FAME) Connection:

- *The PM E-DRIVE scheme is closely linked to the FAME India Scheme (Faster Adoption and Manufacturing of Electric Vehicles), under which subsidies and incentives for EVs are also provided.*
- *The scheme complements the broader goals of FAME II, which focuses on accelerating the transition to electric mobility in public transport and private sectors.*

Green Mobility and Sustainability:

- *The scheme is a part of India's larger strategy to achieve 30% electric mobility by 2030 and reduce carbon emissions under international climate commitments such as the Paris Agreement.*

Goals of PM E-DRIVE Subsidy Scheme

- **Reduction of Pollution:** *Promote cleaner and greener transportation options to mitigate urban air pollution.*
- **Energy Efficiency:** *Encourage energy-efficient vehicles to reduce dependency on oil imports.*
- **EV Industry Boost:** *Strengthen India's position in the global EV manufacturing market by supporting local production and research.*

- **Employment Generation:** *Create new job opportunities in EV production, battery manufacturing, and infrastructure development.*

Conclusion

- *The PM E-DRIVE Subsidy Scheme aims to accelerate the shift to electric mobility by offering financial incentives to both consumers and manufacturers.*
- *This initiative plays a pivotal role in achieving India's long-term goals of sustainable growth, reducing greenhouse gas emissions, and promoting cleaner transportation alternatives.*

Core sectors

Syllabus: GS-3; Economy

Context

- *For the first time in 42 months, core sectors' output tanked in August 2024*

About

- *Core sectors in India refer to the eight key industries that form the foundation of the country's industrial and economic infrastructure. These sectors are critical to the economy because they supply essential inputs to a wide range of industries, and their performance often reflects the overall industrial health of the nation. The Indian government monitors the growth of these sectors through the Index of Eight Core Industries (ICI), which accounts for about 40% of the total weight of items in the Index of Industrial Production (IIP).*

The Eight Core Sectors in India:

1. Coal

- *Contribution to GDP: Significant role in energy production.*
- *Importance: Coal is the primary energy source in India, providing fuel for electricity generation.*
- *Challenges: Environmental concerns, limited reserves, and import dependency.*
- *Government Initiatives: Auction of coal blocks, focus on increasing production efficiency.*

2. Crude Oil

- *Contribution to GDP: Major contributor to the industrial and energy sectors.*
- *Importance: India is a major importer of crude oil; it powers various industries and transportation.*
- *Challenges: Price volatility in the international market, import dependence.*
- *Government Initiatives: Strategic oil reserves, efforts to increase domestic exploration.*

3. Natural Gas

- *Contribution to GDP: Supports the energy sector, specifically for industries and domestic use.*
- *Importance: Used for electricity generation, as well as a cleaner alternative to coal.*
- *Challenges: Infrastructure issues, pricing challenges, and supply constraints.*
- *Government Initiatives: Promoting LNG terminals, gas pipelines, and city gas distribution networks.*

4. Petroleum Refinery Products

- *Contribution to GDP: Key contributor to exports and energy needs.*
- *Importance: Refined petroleum products include gasoline, diesel, and aviation fuel.*
- *Challenges: Price volatility, infrastructure needs, and refining capacity.*
- *Government Initiatives: Encouraging investment in refinery capacity, India's push to become a refining hub.*

5. Electricity

- *Contribution to GDP: Vital for economic growth and industrial activities.*
- *Importance: Powers industries, businesses, and households.*
- *Challenges: Transmission losses, grid stability, rural electrification.*
- *Government Initiatives: Saubhagya scheme, Ujwal DISCOM Assurance Yojana (UDAY), promoting renewable energy.*

6. Steel

- *Contribution to GDP: Key to construction, infrastructure, and manufacturing sectors.*
- *Importance: Fundamental to building infrastructure like roads, bridges, and railways.*
- *Challenges: High input costs, competition from cheaper imports, and overcapacity.*
- *Government Initiatives: National Steel Policy, boosting domestic steel production and exports.*

7. Cement

- *Contribution to GDP: Supports infrastructure and construction.*
- *Importance: Crucial for building homes, roads, and other infrastructure projects.*
- *Challenges: Energy-intensive production, transportation costs.*

- *Government Initiatives: Emphasis on infrastructure development through initiatives like Smart Cities, Housing for All.*

8. Fertilizers

- *Contribution to GDP: Important for the agriculture sector.*
- *Importance: Key to ensuring food security by enhancing soil fertility.*
- *Challenges: Dependence on imports, subsidy burdens, and environmental concerns.*
- *Government Initiatives: New Urea Policy, emphasis on increasing domestic production and promoting balanced fertilizer use.*

9. Refining Capacity

- *Importance: India is one of the largest petroleum product refiners globally.*
- *Government Focus: To increase refining capacities and establish India as a global refining hub, attracting foreign investment.*

Significance of Core Sectors

- *Economic Indicator: The performance of these sectors directly impacts industrial output and overall economic growth.*
- *Infrastructure Development: These sectors are the foundation for building physical infrastructure (e.g., energy, transport, construction).*
- *Policy and Planning: Growth trends in these sectors influence government policies related to energy, manufacturing, and industrial development.*

Monetary policy Committee

Syllabus: GS-3; Economy- Inflation

Context

- *Centre reconstitutes Monetary Policy Committee ahead of RBI rate review*

About

- *The Monetary Policy Committee (MPC) is a committee of the Reserve Bank of India (RBI) responsible for determining key interest rates and managing India's monetary policy.*
- *It was constituted in 2016, following the recommendations of the* **Urjit Patel Committee,** *with the aim of making the monetary policy process more transparent and independent.*

Key Details about the MPC

Introduction:

- *The Monetary Policy Committee (MPC) is a committee of the Reserve Bank of India (RBI) responsible for setting the benchmark interest rate in India, known as the repo rate.*
- *Its primary mandate is to maintain price stability while keeping in mind the objective of economic growth.*

Constitution:

- *The MPC was constituted under* **Section 45ZB of the RBI Act, 1934**.
- *It was created as part of an institutional framework introduced in 2016 to improve the transparency and accountability of monetary policy decision-making.*

Composition:

- *The MPC consists of* **six members**:
  - *Three members are from the RBI, including the Governor of the RBI, who is the ex-officio chairperson.*
  - *Three external members are appointed by the Central Government, based on their expertise in economics, banking, or finance.*
- *Decisions are made by majority vote, and in the case of a tie, the Governor has the casting vote.*

Mandate:

- *The MPC is entrusted with the responsibility of setting the repo rate, which is the rate at which the RBI lends money to commercial banks.*
- *The primary goal is to maintain inflation within the target range set by the government.*
- *As per the current mandate (set in 2016), the MPC must aim to keep Consumer Price Index (CPI) inflation within the range of 2% to 6%, with a central target of 4%.*

Functions:

- **Formulation of Monetary Policy:** *The MPC determines the policy interest rates that influence borrowing and lending rates in the economy. These rates impact inflation and overall economic activity.*
- **Inflation Targeting:** *The main responsibility is to keep inflation within the target range, ensuring price stability.*

- **Decision-Making Transparency:** *After every meeting, the decisions and reasoning behind the rate changes (or maintaining status quo) are made public.*

Meetings:

- *The MPC meets at least four times a year, though typically, it convenes every two months.*
- *The schedule of the meetings is pre-announced, and the minutes of the meeting are published for public access.*

Significance:

- *The MPC ensures* **accountability** *in monetary policy decision-making by including external members with expertise in economic matters.*
- *It has* **enhanced the transparency** *of the process, as the rationale behind interest rate decisions is now disclosed.*
- *The shift to inflation targeting has helped* **stabilize inflation** *expectations in the economy and anchor macroeconomic stability.*

Challenges:

- *The committee's mandate is limited to controlling inflation, which can sometimes conflict with the need to stimulate growth, especially in times of economic downturns.*
- *Balancing inflation control with growth is a complex task, especially given the uncertainties in global markets, commodity prices, and external factors like oil prices.*

Key Terms:

- **Repo Rate:** *The rate at which the RBI lends money to commercial banks.*
- **Reverse Repo Rate:** *The rate at which the RBI borrows money from commercial banks.*
- **Inflation Targeting:** *A framework in which the central bank aims to maintain inflation within a specific range.*

Current Inflation Target*:*

- *2% - 6% (with a mid-point of 4%) for a five-year period ending March 31, 2026.*

Having private participation in India's nuclear energy

Syllabus: GS-3; Science and Technology; GS-2; Government policies and Interventions

Context

- *The article discusses about - The road map for private participation in the Indian nuclear energy sector must run in consonance, and not in conflict with the applicable laws.*

Into the article

Background

- *The Indian government's recent announcement to expand the nuclear energy sector, including proposals for* **Bharat Small Reactors (BSR), Bharat Small Modular Reactors (BSMR),** *and partnerships with private entities, has sparked renewed interest in revisiting the* **Atomic Energy Act, 1962 (AEA)** *and the* **Civil Liability for Nuclear Damage Act, 2010 (CLNDA).**
- *These laws govern India's nuclear energy sector and present challenges to private sector participation, critical to achieving the country's decarbonization and energy generation goals.*

1. Atomic Energy Act, 1962 (AEA)

- *The AEA, 1962, grants the central government exclusive authority over the production, development, and disposal of atomic energy.*
- *The* **Nuclear Power Corporation of India Limited (NPCIL) and the Department of Atomic Energy (DAE)** *control nuclear energy infrastructure, with limited private sector involvement, primarily in engineering, procurement, and construction (EPC).*
- *Section 3(a) of the AEA specifically prohibits private entities from engaging in nuclear R&D and development.*

Challenges under the AEA

- *The AEA limits private participation, particularly in R&D, and mandates government control over nuclear operations.*
- *Proposals for expanding nuclear energy infrastructure, such as BSR and BSMR, necessitate reforms to include the private sector while maintaining government oversight and safety standards.*

2. Civil Liability for Nuclear Damage Act, 2010 (CLNDA)

- *The CLNDA governs liability for nuclear accidents, placing strict liability on nuclear plant operators and providing compensation for victims of nuclear incidents.*

- *The act has been challenged in the Supreme Court for its constitutionality, specifically on grounds of violating principles like absolute liability and the "***polluter pays" principle.**
- *Ongoing litigation adds uncertainty for private investment, as the outcome may alter the legal landscape regarding nuclear liability.*

Liability Concerns

- *Private investors face the risk of high liability in the event of nuclear accidents. The* **Chernobyl and Fukushima disasters** *highlight the catastrophic consequences of nuclear accidents, intensifying liability concerns in India.*
- *The Supreme Court ruling in the* **G. Sundarrajan vs Union of India and Ors. (2013)** *case allowed the commissioning of the Kundankulam nuclear power plant but emphasized strict inspections and due diligence by regulatory bodies.*

3. Regulatory Framework and Safety Concerns

- *The* **Atomic Energy Regulatory Board (AERB)** *oversees radioactive technology, but concerns persist regarding its independence.*
- *The* **Nuclear Safety Regulatory Authority Bill, 2011***, which aimed to enhance regulatory independence, remains unpassed.*
- *Attracting private sector investment will require structural reforms to the AERB and the establishment of a robust safety framework.*

4. Private Sector Involvement and Public-Private Partnerships (PPP)

- *While private sector participation has been limited, recent government efforts, such as the NITI Aayog-DAE report on* **Small Modular Reactors (SMRs),** *explore ways to increase private engagement.*
- *The report suggests creating a conducive regulatory framework and clarifying the civil nuclear liability structure to encourage private sector involvement.*
- *One possible model for private participation could be public-private partnerships (PPPs), where the government retains a 51% stake in nuclear projects, ensuring adherence to legal requirements while attracting private capital and expertise.*

5. Legal and Policy Reform Needs

- *The existing legal restrictions on private sector involvement, particularly in R&D, must be revisited if the government aims to attract $26 billion in private investment for the nuclear sector.*

- *Reforms in the AEA and CLNDA, along with the introduction of an independent nuclear safety authority, are crucial to creating a favorable environment for private sector participation.*
- *A clear, transparent, and stringent regulatory framework will be essential to address the inherent risks of nuclear energy and ensure public safety and investor confidence.*

6. Future Prospects and India's Energy Goals

- *India's ambitious energy goals, particularly the target of achieving 500 GW of non-fossil fuel energy by 2030, hinge on expanding its nuclear capacity.*
- *As of September 2024, the World Nuclear Association estimates that India aims to increase nuclear power capacity by 32 GWe, requiring significant investments and advanced technology.*
- *Policy changes, coupled with regulatory clarity, will be critical to meeting these goals and facilitating private sector engagement in India's nuclear future.*

Conclusion

- *The Indian government's plans to expand the nuclear energy sector, including partnerships with the private sector, require significant legislative and policy reforms.*
- *The AEA, 1962 and the CLNDA, 2010 currently impose restrictions that create barriers to private investment.*
- *Public-private partnerships, regulatory independence, and clarity on liability issues are essential for attracting private capital and expertise, while ensuring safety and adherence to India's ambitious decarbonization and energy generation targets.*