



**C.A Dated On 15-04-2019**

**GS-1**

**Monsoon Forecast:**

India will likely see a "normal monsoon" this year. Rainfall will be 96% of the Long Period Average of 89cm, the India Meteorological Department said on Monday.

**Terminology Used:**

- Rainfall that's 96-104% of the LPA is considered "near normal" in the IMD lexicon.
- Normal percentage departure of realised rainfall is within  $\pm 10\%$  of the Long Period Average
- Below Normal percentage departure of realised rainfall is  $< 10\%$  of the Long Period Average
- Above Normal percentage departure of realised rainfall is  $> 10\%$  of the Long Period Average
- All India Drought Year When the rainfall deficiency is more than 10% and when 20 to 40% of the country is under drought conditions, then the year is termed as All India Drought Year
- All India Severe Drought Year When the rainfall deficiency is more than 10% and when the spatial coverage of drought is more than 40% it is called as All India Severe Drought Year

**GS-2**

**Indo-US Relation:**

Far from the din of elections, Indian officials are working closely with U.S. officials to ensure that two upcoming deadlines in early May, for the extension of the Iran oil sanctions waiver, as well as the final decision on withdrawing India's preferential Generalised System of Preferences (GSP) status, end positively for the government.

**Lower quotas**



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- While the decision on the GSP could be deferred until after elections, the discussions on the Iran oil sanctions waiver have indicated an extension is likely, with India allowed a lower quantity of oil [imports](#) from Iran.
- India, Turkey and China remain the only countries with significant imports.
- According to informed sources, the U.S. is considering an extension of the six-month waiver, but reducing the quantity of oil India can import from the previous allowance of nine million barrels a month. .

### **What is the Generalized System of Preferences (GSP)?**

- The Generalized System of Preferences (GSP) is a U.S. trade program designed to promote economic growth in the developing world by providing preferential duty-free entry for up to 4,800 products from 129 designated beneficiary countries and territories. GSP was instituted on January 1, 1976, by the Trade Act of 1974.

### **Outstanding issues**

- According to the officials, out of the nine outstanding issues on trade, the two sides were able to narrow differences on all but two or three, which were irreconcilable, and led to the U.S. notice on cancelling GSP.
- These include the issue of certifying dairy products from “vegetarian” cows, and the price caps on medical devices like stents — both of which had originally triggered the GSP review in April 2018.

### **Case in WTO**

- The U.S. also remains concerned about duties and regulations in the Information Technology industry, — an issue for which the European Union has filed a case against India at the World Trade Organisation (WTO) this week.
- In addition, officials said the U.S. is watching India’s decision on 5G technology closely, particularly the fate of the bid by Chinese company Huawei, given the U.S.’s cases against it.



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**Indian Steel Industry:**

**Why in News?**

India was a net importer of steel during the 2018-19 fiscal year, the first time in three years, as the country lost market share among its traditional steel buyers and imports jumped on demand for higher quality steel domestically.

**Details:**

- The country's finished steel exports fell by 34% in the fiscal year that ended in March to 6.36 million tonnes, according to preliminary government data given to *Reuters*.
- During the same period, finished steel imports rose 4.7% to 7.84 million tonnes.
- Imports from the four Asian countries also climbed as they diverted supply into India, the source said.
- Imports of value-added steel, primarily for the auto sector and high-end electrical steel, were the biggest source of imports..

**Possible Reasons:**

- India's exports during the fiscal year declined after rival steelmakers in China, Japan, South Korea and Indonesia, blocked from markets in the United States and Europe by tariffs and other protectionist measures, ate away at the country's markets in the Middle East and Africa, according to an Indian government official with close knowledge of the matter.

**Steps Taken by Govt.:**

The new Steel Policy enshrines the long term vision of the Government to give impetus to the steel sector.

- It seeks to enhance domestic steel consumption and ensure high quality steel production and create a technologically advanced and globally competitive steel industry.

**Key features of the NSP 2017:**



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1. Create self-sufficiency in steel production by providing policy support & guidance to private manufacturers, MSME steel producers, CPSEs
  2. Encourage adequate capacity additions,
  3. Development of globally competitive steel manufacturing capabilities,
  4. Cost-efficient production
  5. Domestic availability of iron ore, coking coal & natural gas,
  6. Facilitating foreign investment
  7. Asset acquisitions of raw materials &
  8. Enhancing the domestic steel demand.
- The policy projects crude steel capacity of 300 million tonnes (MT), production of 255 MT and a robust finished steel per capita consumption of 158 Kgs by 2030 - 31, as against the current consumption of 61 Kgs.
  - The policy also envisages to domestically meet the entire demand of high grade automotive steel, electrical steel, special steels and alloys for strategic applications and increase domestic availability of washed coking coal so as to reduce import dependence on coking coal from about 85% to around 65% by 2030-31.

**Wholesale Price Index (WPI)**

**Why in News?**

Wholesale price-based inflation rose for the second consecutive month to 3.18% in March on costlier food and fuel, government data released on Monday showed.



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The Wholesale Price Index (WPI) based inflation was at 2.93% in February. It was 2.74% in March 2018.

#### **Sector wise Inflation:**

- Inflation in food articles basket was 5.68% during March.
- Inflation in 'Fuel and power' category also spiked to 5.41%, from 2.23% in February.
- Retail inflation accelerated to 2.86% in March from 2.57% a month ago, data released last week showed.
- For April-September period, the RBI has projected retail inflation at 2.9-3%, mainly due to lower food and fuel prices as well as expectation of a normal monsoon.

#### **How is WPI (Wholesale Price Index) calculated?**

- In this method, a set of 435 commodities and their price changes are used for the calculation. The selected commodities are supposed to represent various strata of the economy and are supposed to give a comprehensive WPI value for the economy.
- WPI is calculated on a base year and WPI for the base year is assumed to be 100. To show the calculation, let's assume the base year to be 1970. The data of wholesale prices of all the 435 commodities in the base year and the time for which WPI is to be calculated is gathered.
- Let's calculate WPI for the year 1980 for a particular commodity, say wheat. Assume that the price of a kilogram of wheat in 1970 = Rs 5.75 and in 1980 = Rs 6.10
- The WPI of wheat for the year 1980 is,  
(Price of Wheat in 1980 – Price of Wheat in 1970)/ Price of Wheat in 1970 x 100
- i.e.  $(6.10 - 5.75)/5.75 \times 100 = 6.09$
- Since WPI for the base year is assumed as 100, WPI for 1980 will become  $100 + 6.09 = 106.09$ .
- In this way individual WPI values for the remaining 434 commodities are calculated and then the weighted average of individual WPI figures are found out to arrive at the overall Wholesale Price Index. Commodities are given weight-age depending upon its influence in the economy.



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### **UPI Transaction:**

#### **Why in News?**

While digital payments overall have been growing strongly, people are changing the way they transact, choosing bank-to-bank methods such as the Unified Payments Interface (UPI) over other instruments such as e-wallets.

#### **Detailed Analysis:**

- An analysis by *The Hindu* of data from the Reserve Bank of India (RBI), the National Payments Corporation of India (NPCI) and some industry players from April 2018 to March 2019 shows that not only is the UPI platform outperforming e-wallets in terms of the value of transactions done, but it is also eating away at e-wallets' market share in specific areas such as person-to-merchant (P2M) transactions.
- Payments made on the UPI platform saw a remarkable growth of over 400% in the April to March period, from a little more than ₹27,000 crore in April 2018 to ₹1.35 lakh crore in March 2019.

#### **Completely interoperable**

- "UPI is completely interoperable and as such, it is unique in the world, where you have an interoperable system on the 'send' and 'receive' side.
- "That is, you can send money from different accounts in different banks and receive it in different accounts in different banks.
- It was a solution designed to be mobile-first, and it shaped that ecosystem because customer adoption of mobile was growing very strongly."
- The rapid growth of UPI is accompanied by a reasonably strong growth in the value of transactions done using e-wallets, but the latter's growth has



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not taken off much following the fillip it received in the aftermath of demonetisation in November 2016.

- E-wallets saw total transaction value grow 210% in the November 2016 to March 2017 period, but this has since slowed to 123% in the April 2018 to February 2019 period.
- In absolute terms as well, transactions done using e-wallets in February 2019 (₹16,497 crore) are only 15% of the size of the total transaction value on the UPI platform.
- E-wallets accounted for 6.3% of all customer payments made to merchants in 2017-18 and UPI accounted for just 1.6%. In 2018-19, the share of e-wallet transactions fell to 1.87% and the share of UPI rose to 17%.
  
- While some of the growth can be attributed to the low base, the astronomical increase in transactions has meant that UPI is now competing seriously with the incumbent forms of digital payments such as credit cards and debit cards.