



## C.A Dated On 17-04-2019

### **GS-2**

#### **STA-1 status for India:**

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

India has become the third Asian country after Japan and South Korea to get the Strategic Trade Authorisation-1 (STA-1) status after the U.S. issued a federal notification to this effect, paving the way for high-technology product sales to New Delhi, particularly in civil space and defence sectors.

India is the 37th country to be designated the STA-1 status by the United States.

##### **Background:**

- The federal notification, issued on August 3, gains significance as the Trump Administration made an exception for India, which is yet to become a member of the Nuclear Suppliers Group (NSG).
- Traditionally, the U.S. has placed only those countries in the STA-1 list who are members of the four export control regimes: Missile Technology Control Regime (MTCR), Wassenaar Arrangement (WA), Australia Group (AG) and the NSG.
- In its federal notification, the Trump Administration notes that India is a member of three of the four multilateral export regimes.
- Mainly because of the political opposition from China, India's membership application has been pending before NSG, which takes decision by consensus.

##### **Export control regimes**

- By placing India in the STA-1 list, the United States has acknowledged that for all practical purposes India adheres to the export control regimes of the NSG.
- This exception for New Delhi is intended to send a strong political message to China and the world, taking into account that America's closest ally Israel is yet to be given this status, primarily because it is not a member of these multilateral export control regimes.



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### **Benefits to India:**

- This action befits India's status as a Major Defence Partner and recognises "the country's membership in three of the four export control regimes — the MTCR, WA and AG, the federal notification said.
- This rule is another in the series of rules that implement reforms to which the U.S. and India mutually agreed to promote global non-proliferation, expand high technology cooperation and trade, and ultimately facilitate India's full membership in the four multilateral export control regimes.

### **Military modernisation**

- To date, with the effective support of the U.S., India has been admitted to three of the four multilateral export control regimes, the MTCR on June 27, 2016, the Wassenaar Arrangement on December 7, 2017, and the Australia Group on January 19, 2018.
- "This recognition facilitates and supports India's military modernisation efforts with the U.S. as a reliable provider of advanced defence articles.
- In addition, to export control-related benefits for India as a result of prior amendments to the EAR in furtherance of the U.S.-India global strategic partnership, BIS places India in Country Group A:5, which provides the benefit of greater availability of License Exception Strategic Trade Authorisation (STA) for [exports](#) and reexports to, and transfers within India under the EAR.

India so far was listed in STA-2 category along with Albania, Hong Kong, Israel, Malta, Singapore, South Africa and Taiwan.

### **HOME EXPO INDIA 2019 BEGINS**

The 8<sup>th</sup> edition of HOME EXPO INDIA 2019 opened at India Expo Centre and Mart, Greater Noida today. The three-day exhibition has been organized by the Export Promotion Council for Handicrafts (EPCH).



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### **About the Expo:**

- Select exhibitors, premium products and invited buyers are the attention of this year's home expo.
- Buyers from more than 50 countries including USA, Europe, Argentina, Brazil, Chile, Colombia, UAE, Lebanon, Iran, Nigeria, Ghana, South Africa, Vietnam and Romania will be visiting the home expo.
- Home Expo India covers sectors with maximum thrust and growth potential in home décor, furnishing, furniture, flooring, and textiles.
- About 500 companies in permanent marts will be exhibiting their collection under these categories at the state of the art India Expo Centre & Mart from 16 – 18 April, 2019.
- During Home Expo India, a thematic display of the North Eastern region and other artisans will also attract the visitors.

### **What is EPCH?**

- EPCH is the nodal export promotion body for handicrafts in India and plays an important role with the main objective of boosting trade in handicrafts and also projects India's image in the global market as a reliable supplier.

## **GS-3**

### **The 'State of Working India' report**

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

Since the November 8, 2016 demonetisation, at least five million people lost opportunities to work across the country, while the overall [unemployment](#) rate doubled between 2011 and 2018 to 6%, says a 'State of Working India' (SWI) report published by the Centre for Sustainable Employment (CSE) of the Azim Premji University (APU) that was released on Tuesday.

#### **Salient Observations of Report:**

- The rural Workforce Participation Rate (that is, the percentage of people working against the population within the working age) among men dipped from close to 72% in January-April 2016 (a few months before demonetisation) to slightly above 68% by December 2018.



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- The corresponding figure for urban men reduced from 68% to nearly 65% in this time.
- “The numbers seem to suggest we are in a perfect storm-like situation.
- On the supply side, there is rising aspirations, youth bulge, higher levels of general educational degrees.
- On the demand side, there has been a collapse of public sector employment, weak link between growth in private industry and employment, and factors such as demonetisation and GST.

#### **Youth most hit**

- The report shows that the worst-hit in terms of lost employment opportunities were those in rural areas with pre-university or graduate certification, and those between the ages of 20 and 24 years.
- SWI relied primarily on data from CMIE rather than the Centre’s Periodic Labour Force Survey (PLFS), whose last report was in 2011-12.
- While a report on 2017-18 had been prepared, it ran into controversy as the Centre refused to release it.
- Leaked versions of the report pointed to soaring unemployment rates — reportedly highest in 45 years.
- Unemployment has been concentrated in a small age group: 80% of rural unemployment is among those aged between 15 and 29 years, while the corresponding figure is 77% for urban areas.
- These are all fresh graduates and unemployment levels among them can have serious consequences on the economy and society.

#### **Urban guarantee scheme**

- The report suggests tackling unemployment through a national urban employment guarantee scheme, modelled on the existing Mahatma Gandhi Rural Employment Guarantee scheme.
- APU researchers propose a programme that provides 100 days of guaranteed work at ₹500 daily in the city — from maintenance of public buildings to greening and environment-related works.



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### **Trade deficit:**

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

- India's exports rose to a five-month high of 11% in March on account of higher growth mainly in pharma, chemicals and engineering sectors, marking the outbound shipments at \$331 billion for FY 2018-19, official data showed Monday.
- Merchandise exports in March stood at \$32.55 billion as against \$29.32 billion in the same month last year.

#### **Oil, gold imports**

- Oil and gold imports rose by 5.55% and 31.22% to \$11.75 billion and \$3.27 billion, respectively in March 2019.
- Data showed that oil imports in April-March 2018-19 grew by 29.27% to \$140.47 billion, while non-oil imports were up by 2.82% to \$366.97 billion during that fiscal.

### **GDP Deflator:**

#### **What is it?**

- The GDP deflator, also called implicit price deflator, is a measure of inflation.
- It is the ratio of the value of goods and services an economy produces in a particular year at current prices to that of prices that prevailed during the base year.
- This ratio helps show the extent to which the increase in gross domestic product has happened on account of higher prices rather than increase in output.
- Since the deflator covers the entire range of goods and services produced in the economy — as against the limited commodity baskets for the wholesale or consumer price indices — it is seen as a more comprehensive measure of inflation.

#### **Real vs nominal**



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- GDP price deflator measures the difference between real GDP and nominal GDP.
- Nominal GDP differs from real GDP as the former doesn't include inflation, while the latter does.
- As a result, nominal GDP will most often be higher than real GDP in an expanding economy.
- The formula to find the GDP price deflator:
- $\text{GDP price deflator} = (\text{nominal GDP} \div \text{real GDP}) \times 100$

### **WPI, CPI**

- A consumer price index (CPI) measures changes over time in the general level of prices of goods and services that households acquire for the purpose of consumption.
- However, since CPI is based only a basket of select goods and is calculated on prices included in it, it does not capture inflation across the economy as a whole.
- The wholesale price index basket has no representation of the services sector and all the constituents are only goods whose prices are captured at the wholesale/producer level.

### **Advantages of Using GDP Deflator**

- Changes in consumption patterns or introduction of goods and services are automatically reflected in the GDP deflator.
- This allows the GDP deflator to absorb changes to an economy's consumption or investment patterns.
- Often, the trends of the GDP deflator will be similar to that of the CPI.
- Specifically, for the GDP deflator, the 'basket' in each year is the set of all goods that were produced domestically, weighted by the market value of the total consumption of each good.
- Therefore, new expenditure patterns are allowed to show up in the deflator as people respond to changing prices.

The theory behind this approach is that the GDP deflator reflects up-to-date expenditure patterns.



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GDP deflator is available only on a quarterly basis along with GDP estimates, whereas CPI and WPI data are released every month.

### **Origin of Life:**

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

Challenging a common perception, a new study suggests primitive ponds may have provided a suitable environment for creating the earth's first life forms, more so than oceans.

The findings published in the journal *Geochemistry, Geophysics, Geosystems* showed shallow water bodies could have held high concentrations of what many scientists believe to be a key ingredient for jump-starting life on the earth: nitrogen.

#### **Nitrogen factor**

- Our overall message is, if you think the origin of life required fixed nitrogen, as many people do, then it's tough to have the origin of life happen in the ocean.
- It's much easier to have that happen in a pond.
- Nitrogenous oxides were likely deposited in water bodies, including oceans and ponds, as remnants of the breakdown of nitrogen in earth's atmosphere.
- Atmospheric nitrogen comprises two nitrogen molecules, linked via a strong triple bond, that can only be broken by an extremely energetic event — namely, lightning.
- Scientists believe there could have been enough lightning crackling through the early atmosphere to produce an abundance of nitrogenous oxides to fuel the origin of life in the ocean.

#### **New Theory:**

- The new study found that ultraviolet light from the Sun and dissolved iron sloughed off from primitive oceanic rocks could have destroyed a



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significant portion of nitrogenous oxides in the ocean, sending the compounds back into the atmosphere as nitrogen.

- In the ocean, UV light and dissolved iron would have made nitrogenous oxides far less available for synthesising living organisms.
- In shallow ponds, however, life would have had a better chance to grow, mainly because ponds have much less volume over which compounds can be diluted.
- As a result, nitrogenous oxides would have built up to much higher concentrations, the study said.