

**12 – 06 – 2023**

**News:** Urea and Nutrition based Subsidy Scheme

- Recently, the **Commission for Agricultural Costs and Prices (CACP)** has recommended that Urea should be brought under the **Nutrient Based Subsidy (NBS) regime** to address the problem of imbalanced nutrient usage in agriculture.
- Currently, urea is excluded from the NBS scheme, which has led to disproportionate use and deteriorating soil health.

**Nutrient Based Subsidy Scheme**

- Nutrient Based Subsidy Scheme is being implemented **from April 2010 by the Department of Fertilizers, Ministry of Chemicals & Fertilizers.**
- Under NBS, a **fixed amount of subsidy decided on an annual basis, is provided on each grade of subsidized Phosphatic & Potassic (P&K) fertilizers, except for Urea, based on the nutrient content present in them.**
- It is **largely for secondary nutrients like N, P, K and S which are very important for crop growth and development.**

- It aims to ensure the availability of fertilizers to farmers at an affordable price as the **retail prices of such non-urea fertilisers are decontrolled and set by manufacturers.**
- Subsidy of Urea is currently regulated by the Union Government of India.

## **Commission for Agricultural Costs and Prices (CACP)**

- The Commission for Agricultural Costs and Prices (CACP) is a statutory body of the **Ministry of Agriculture and Farmers Welfare, formed in 1965.**
- Currently, the **Commission comprises a Chairman, Member Secretary, one Member (Official) and two Members (Non-Official).**
- The **non-official members are representatives of the farming community and usually have an active association with the farming community.**
- It is mandated to **recommend Minimum Support Prices (MSPs) to incentivize the cultivators to adopt modern technology and raise productivity and overall grain production.**
- The reports and recommendations of CACP are presented before the Cabinet Committee on Economic Affairs headed by the Prime Minister of India who decided the Minimum Support Prices.

- CACP submits separate reports recommending prices for Kharif and Rabi seasons. MSP is decided at the sowing time of each separate season.

### **Crops covered**

- Government announces minimum support prices (MSPs) for 22 mandated crops and fair and remunerative price (FRP) for sugarcane.
- The mandated crops are 14 crops of the kharif season, 6 rabi crops and two other commercial crops. In addition, the MSPs of toria and de-husked coconut are fixed on the basis of the MSPs of rapeseed/mustard and copra, respectively.

The list of crops is as follows.

- Cereals (7) - paddy, wheat, barley, jowar, bajra, maize and ragi.
- Pulses (5) - gram, arhar/tur, moong, urad and lentil
- Oilseeds (8) - groundnut, rapeseed/mustard, toria, soyabean, sunflower seed, sesamum, safflower seed and nigerseed.
- Raw cotton
- Raw jute
- Copra
- De-husked coconut
- Sugarcane (Fair and remunerative price)

- Virginia flu cured (VFC) tobacco.

## **Need for Urea to be Included under NBS Regime**

### **Inadequate Supply of Natural Gas**

- Due to **inadequate natural gas supplies**, the capacity to produce urea fertilizer in **India is limited**, leading to an increase in imports.
- These **imported urea fertilizers** have a higher subsidy burden per tonne compared to domestic urea.
- Additionally, the **high global prices of raw materials for complex fertilizers** further complicate the government's efforts to contain fertilizer subsidies in the medium-term.
- As a result, the **government's efforts to control fertilizer subsidies** will face challenges in the medium-term, and subsidy amounts are likely to increase due to rising demand.

### **Imbalanced Nutrient Usage**

- Over the years, **the excessive use of urea in agriculture** has contributed to **worsening plant nutrient imbalance**.
- Non-urea fertilizers like **phosphorus and potassium** are covered under the **NBS**, where subsidies are linked to their nutrient content.

- However, urea remains outside this regime, enabling the government to retain direct control over its maximum retail price (MRP) and subsidy.

### **Impact of Pricing Policies**

- While the MRP of urea has remained unchanged at Rs 5,360 per metric tonne (MT), the prices of other fertilizers, such as Diammonium Phosphate (DAP) have increased over time.
- The freedom granted to manufacturers of non-urea fertilizers to set MRPs within reasonable limits, along with fixed per-tonne subsidies based on nutrient content, has contributed to their rising prices.
- Consequently, the sales of urea have been significantly higher compared to other fertilizers, exacerbating the nutrient imbalance in agriculture.

### **News: Atlantic Declaration**

- The United States and the United Kingdom have announced the Atlantic Declaration for a Twenty-First Century U.S.-UK Economic Partnership.
- This declaration aims to adapt, reinforce, and reimagine the longstanding alliance between the two nations to effectively address the challenges of the current era.

- With this new declaration, both nations seek to strengthen their collaboration in defence, security, science, technology, and economic domains.

### **Major Highlights of the Atlantic Declaration**

- The Atlantic Declaration is focused on building a resilient, diversified, and secure supply chain, reducing strategic dependencies.
- The partnership aims to leverage the energy transition and technological breakthroughs to drive shared growth, create employment opportunities, and uplift communities.

### **Atlantic Declaration Action Plan (ADAPT)**

- The ADAPT sets forth a comprehensive strategy to enhance economic growth, competitiveness, and resilience while prioritising workers, businesses, climate, and national security.
- The plan encompasses five key pillars and involves regular high-level meetings to drive progress and increase ambition over time.

## **Five Pillars of ADAPT Policy**

- **Leadership in Critical and Emerging Technologies:** Sharing best practices in areas such as artificial intelligence, quantum computing, biotechnology, and advanced manufacturing.
- **Cooperation on Economic Security and Technology Protection:** This will include sharing information and best practices on cybersecurity, supply chain resilience, and technology governance.
- **Partnering on an Inclusive and Responsible Digital Transformation:** Collaborating on digital skills training and workforce development to ensure the readiness of individuals for the digital economy.
- **Building the Clean Energy Economy of the Future.**
- **Strengthening Alliance across Defense, Health Security, and Space.**

## **Major Pillars of UK-US Partnership**

- **Historical Significance of the U.S.-UK Partnership:** The partnership between the US and the UK has played a pivotal role in leading on global issues.
- The **signing of the Atlantic Charter in 1941 laid the foundation for a rules-based international order.**
- The **New Atlantic Charter signed in 2021 reaffirmed the commitment** to shared values and refreshed the vision of the partnership.

- **Political Affairs:** The two countries are also close allies in NATO and other multilateral organisations such as the UN, the G7 and the G20.
- **Economic Ties:** The United States is the largest source of direct investment in the United Kingdom, and the United Kingdom is also the single largest investor in the United States.
- **Security and Defense Cooperation:** The United States and the United Kingdom have a long history of joint military operations and intelligence sharing, dating back to World War I and World War II.
- The two countries are part of the Five Eyes intelligence alliance, along with Australia, Canada, and New Zealand.
- Significant steps have been taken to implement AUKUS, including supporting Australia's acquisition of conventionally armed, nuclear-powered submarines.
- The U.S.-UK Indo-Pacific Dialogue promotes closer coordination to support a free and open region.
- Collaboration with ASEAN, Pacific Islands, and trilateral joint exercises contributes to regional peace, stability, and technological advancement.



## News: Limits of UPI transaction

- With record rise in Unified Payments Interface (UPI) transactions, Banks and UPI apps have decided to impose daily limits on UPI transactions on top of the limits set by the National Payments Corporation of India (NPCI) in 2021.

## Limits by NPCI

- Currently, users can make up to 20 transactions or ₹1 lakh in a single day, either all at once or throughout the day.
- Certain specific categories of transactions, such as capital markets, collections, insurance, and forward inward remittances, have a higher limit of ₹2 lakh.
- For UPI-based ASBA (Application Supported by Blocked Amount system) IPO and retail direct schemes, the limit for each transaction was increased to ₹5 lakh in December 2021.
- ASBA is a facility for investors to participate in Initial Public Offerings (IPOs) and invest in the stock market.
- It enables investors to apply for shares without transferring the funds upfront to the IPO issuer or stockbroker. Instead, the investor's application money is temporarily blocked in their bank account until the shares are allotted.

## Limits by Banks/Apps

- Some banks and apps have set their own transaction limits.
- For example, Punjab National Bank (PNB) and Bank of Baroda have a lower limit of ₹25,000, with PNB's daily limit being ₹50,000.
- Google Pay users face a breach of the daily limit if they attempt to send money more than ten times in a single day across all UPI apps.

## Significance of Limits

- The imposition of limits helps maintain the security infrastructure of UPI and ensures its seamless functioning.
- Limits assist in preventing potential fraud and risk concerns while balancing customer convenience.
- Higher limits are set for specific categories with higher average transaction values, such as capital markets or credit card bill payments.

## Most Recent Trends Observed with respect to UPI

- In May 2023, the total number of transactions facilitated using UPI reached 9,415.19 million, with a combined value of ₹14.89 lakh crore.
- Share of P2P (peer-to-peer) transactions among total UPI transactions is about 43%, while the rest are P2M (peer-to-merchant).

- In the P2P category, the majority of transactions were in the below ₹500 bracket (54.2%), while in the P2M category, the share in the same amount bracket was 84.3%.

## **National Payments Corporation of India (NPCI)**

- National Payments Corporation of India (NPCI) is an umbrella organisation for operating retail payments and settlement systems in India.
- It is an initiative of Reserve Bank of India (RBI) and Indian Banks' Association (IBA) under the provisions of the Payment and Settlement Systems Act, 2007.
- It has been incorporated as a "Not for Profit" Company under the provisions of Section 25 of Companies Act 1956 (now Section 8 of Companies Act 2013).
- The ten core promoter banks are State Bank of India, Punjab National Bank, Canara Bank, Bank of Baroda, Union Bank of India, Bank of India, ICICI Bank, HDFC Bank, Citibank and HSBC.
- In 2016 the shareholding was broad-based to 56 member banks to include more banks representing all sectors.