



13-09-2023 NEWS

6000 KM Economic Corridor connecting India, Middle East Europe

Belt and Road

- China launched the Belt and Road Initiative in 2013
- According to this, the Chinese government is carrying out works to connect Central Asia, Africa, Latin America, Russia, and European countries by sea and rail
- It is said that 154 countries are participating in this project so far
- Various countries, including Sri Lanka and Pakistan, which are part of China's Belt and Road Initiative, are suffering from severe economic crisis due to debt burden. Because of this, the Belt and Road project has stalled
- After the war in Ukraine, the US and European countries have completely ignored China
- In the current environment, China is appreciating friendship with the Gulf countries and African countries
- Prime Minister Modi has put an end to this too. By joining the African Union in the G20, Prime Minister Modi has turned the support of all African countries towards the US and India.

US-Saudi relations

- Relations between the United States and Saudi Arabia have soured after the United States blamed Saudi Prince Salman for the murder of The Washington Post journalist Jamal Khashoggi.
- As a result, Saudi Arabia has become increasingly close to China

IMEC

- A grand project was announced to connect India, Middle East European countries by sea, rail and road
- India, USA, Saudi Arabia, United Arab Emirates, European Union, Germany, France and Italy have signed this plan
- India has directly challenged China's Belt and Road Initiative through the New Economic Corridor project known as IMEC
- The IMEC route is about 6000 kilometers long. Of this, 3,500 km is the sea route. With the new route, India's products will reach European countries much faster
- Currently, a cargo ship departing from India takes around 36 days to reach Germany. Indian cargo will reach Germany in 14 days when the new route becomes operational. This will save time and cost

India-Middle East-Europe Economic Corridor

- Trade and transport route connectivity
- India, Middle East and Europe

Konark (Arka khetra)

Base

Location

- In Odisha
- Kona - Corner ; Arka - Sun
- Appearance of the Sun
- A temple built for the Sun
- Built by Narasimha I in the 13th century
- UNESCO World Heritage Site

Konark Wheel

- In the Konnar temple, a 24-wheeled chariot is built to be pulled by 7 horses

Explanation 1

- Horses represent 7 days of a week, pairs of wheels represent 12 months of a year, and total number of wheels represent 24 hours of a day.

Explanation 2

- Pair of chakras – explain the 12 zodiac signs



SURESH'
IAS ACADEMY

- It is still in planning stage
 - Northern Corridor
 - Eastern Corridor
- It will be implemented on existing international North and South traffic routes
- India to Iran and Russia

Benefits

- Development of trade and economic cooperation
- It will provide a new and more efficient route between India and Europe
- Reduces transportation costs between the three regions
- Increase investment, Job opportunities will be created and connectivity will improve

Challenge against China

- A drive for global infrastructure investment

Motto

- Funding infrastructure projects for developing countries
- An alternative to China's Belt and Road Initiative
- A drive for global infrastructure investment - G7 countries, seven EU

China's Belt and Road Initiative

- Unsustainable debt and China's growing influence in internal affairs

A drive for global infrastructure investment

- Establishing co-operation among democracies and granting loans in lieu of charitable aid
- India-Middle East-Europe Economic Corridor
- India's reaction against China's Belt and Road Initiative

G20 - Learned and Acquired

- The 18th G20 Summit was held on September 9 and 10 at the Bharat Mandapam International Center located at Pragati Maidan, Delhi.
- While the G-20 member states hold the presidency on a rotating basis every year, India has assumed the presidency for 2022-23.
- The G20 summit held in Delhi was the first G20 summit held in India

Background to the G20

- The G20 was launched in 1999 in response to the global economic crisis of the late 1990s.
- Started as a forum of finance ministers of the world's largest economies(developed & developing countries), it has become an important gathering of world leaders since the 2008 financial crisis.
- The association's primary objective is to identify and implement solutions to global economic issues related to international economic stability, climate change mitigation, and sustainable development.

African Union

- United States, Argentina, Australia, Brazil, Britain, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey and 19 countries and European Union are members of G20.
- In this case, the African Union joined as a new permanent member of this organization this year. In that respect, the number of G20 members has now increased to 21

Leadership of India

- India, which took over the chairmanship from Indonesia last year, declared “Vasudhaiva Kutumbakam” (One Earth, One Family, One Future) as the theme.
- It held 200 meetings in 60 cities with over 100,000 official participants from 125 countries rather than the usual single venue.

Three features

1. The accession of the 55-member African Union to the G20 is expected to play a major role in India's southern push.
2. The Global Biofuel Alliance announced at the conference is expected to be a major step forward in the transition from fossil fuels to alternative energy in the era of climate change.
3. India-Middle East-Europe route to India, UAE, Saudi Arabia, European Union, France, Italy, Germany, USA is expected to attract huge amount of investments.

New Delhi Declaration

- The Chinese government had announced that Premier Li Qiang would attend instead of Chinese President Xi Jinping
- Xi Jinping, who has regularly participated in G20 summits since taking over as China's president, was given several reasons for not participating in the Delhi summit.
- One of them is his repudiation of the G20 itself by expressing displeasure with the continued inclusion of the geopolitical issue of the Ukraine war at the G20 conference, which was launched for international economic cooperation.

Things to watch out for

- Since 2008, summits have been going on in different countries on a rotational basis
- Brazil has taken over as the next president with India's term ending on November 30
- Brazil's President Lula da Silva has announced that Brazil will focus on inequality and reform of the UN Security Council

A federation of 20 nations

- Commonwealth of Nations – 19 countries + European Union
- 90% of global net production
- 75-80% of international trade
- Two-thirds of the world's total population

- Half of the world's land area
- 1999 Formation in response to the world economic crisis
- Acting for Central Bank Governors and Finance Ministers
- 2008 Improving the Government's Position in the Global Economic Crisis
- A meeting is usually held every year
- 2009 Declared a key body for the International Economic Forum
- Leadership - Leadership is given in rotation among its members

Three confederations

- The presiding country will work with pre- and post-presiding countries
- To ensure continuity of resolution

Outcome of the G20 Conference

- The African Union joined the G20
- African Union – became a full time member
- A confederation of 55 nations
- Previous Position – International Specialty Organizer
- G20 full-time member : Like the European Union, the African Union is a full-time member

IMEC

- Heads of world states have proposed and endorsed the route
- Largest project to meet economic demand in the region

Climate change

- Acknowledging incremental progress on climate change
- Agree to triple global renewable energy by 2030
- Gradual reduction of coal power supply without any disruption

Area of focus

- No new climate targets have been set
- No way was laid out to raise the necessary funds

About Russia-Ukraine war

- It has agreed that it will not take over the territory of the G20 countries under duress
- Avoiding direct criticism of Russia for the war
- It is described as an improvement on the G20 position from the previous year

Global Biofuels Alliance

- Proposed by India
- The member countries are Argentina, Bangladesh, Brazil, India, Italy, Mauritius, South Africa, United Arab Emirates and USA.
- Observer - Canada and Singapore

Aim

- Increasing use of biofuels
- 20% ethanol mixture

Fossil Fuel vs Biofuel

Fossil Fuel

- Formed naturally from organic matter very slowly
- Biofuel - can be made rapidly from organic matter
- Example : Bio-Ethanol, Bio-Diesel, Bio-gas

Petroleum and natural gas generation

- It settles on the surface of the sea after the death of marine plants and animals. Soils and sediments are deposited on top of it
- An event in the ocean 300-400 million years ago
- After millions of years, the dead wastes are buried and formed at great depths
- As these wastes are buried, they are formed through tremendous heat and pressure
- 100 million years ago
- Today, natural gas deposits and oil are extracted from soil, sediment and rock

Ethanol blended petrol scheme

- Biofuel National Policy 2018
- 10% mix by 2022
- 20% mix by 2025

Benefits

- Reduce greenhouse gas emissions
- It will help India become carbon neutral
- Energy security, reduction of import dependency, preservation of foreign exchange reserves and insurance due to global oil prices
- Agricultural sector development - Increase in sugarcane and sorghum yields and farmers' income will improve rural areas
- Mechanical performance - High mechanical efficiency

Gresham Scheme

- Named after Englishman Thomas Gresham
- Gresham - A financial adviser to the English monarchy in the 1500s
- Principle : bad money drives out good
- This policy means that the exchange rate between two currencies is fixed by the government

Exchange rate - Determination by market pressure

- The exchange rate of the Indian rupee is determined by supply and demand
- More demand + less supply of dollars = The rupee depreciates against the dollar
- Low demand for the dollar = Rupee value against dollar

The exchange rate is fixed by the government

- The Government of India fixes the exchange rate. High demand for dollar but no market value

Consequence

- A person who holds dollars in the forex market cannot sell them

Reason

- Selling the dollar will result in less profit

Consequence

- Circulation on the black market

Overrated Rs

- In circulation but not enough buyers

Gresham Theory

Principle : bad money drives out good

- Eg: India's Fixation of Exchange Rate

Dollar

- Removed from the legitimate market and transferred to the black market

Rupees

- Circulate without a person to buy
- This law also applies to commodities like gold and silver

Sri Lanka economic crisis

- The Central Bank of Sri Lanka fixed the exchange rate between the Sri Lankan Rupee and the US Dollar

Exchange rate

- 1 Dollar = 200 rs

Consequence

- The Sri Lankan Rupee appreciated and the US Dollar depreciated
- Sri Lanka needed a large amount of dollars to buy foreign goods

Consequence

- Made way to buy on the black market