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1. Impact of Russian-Ukrainian Conflict on Fertiliser Sector (March 3, 2022)

The Russian invasion of Ukraine on 24 February 2022 will have a negative and positive impact on the Indian economy. The western countries led by the United States have imposed a series of sanctions on Russian companies and banks to punish Russia. Certain Russian banks have been de-linked for the international financing messaging system SWIFT (Society for Worldwide Interbank Financial Telecommunication).

We will try to analyse sector wise impact on the Indian economy. Lets us examine the impact of the war on the fertiliser sectors

Fertiliser sector

- India is not self-sufficient in the production of various fertilisers used in agriculture sectors. India imports Urea, diammonium phosphate (DAP),muriate of Potash(MOP).
- India imports all its requirements of 5 million tonnes of MOP of which 18% comes from Belarus . Western countries have imposed sanctions on Belarus for allowing Russia to use its area for staging attacks on Ukraine. The supply from Belarus is likely to be disrupted .
- India meets its 25% of urea requirement through import.India imports around 10% of its annual urea requirement from Ukraine .
- DAP is mostly imported in India. Indian companies already have an import deal for 400,000 tonnes of DAP with Russian company Phosagro. It seems unlikely that the contracted fertiliser will reach India soon .
- Russia is a major supplier of natural gas in the world which is a key raw material for the production of fertilisers . Natural gas accounts for around 75 to 80% of the urea produced in India .
- So far the western countries have not imposed sanctions on the Russian oil and gas sector but if that policy changes then the prices of the natural gas will jump significantly making the fertilisers more costly .
- Russia is the world's largest producer of nitrogen and second largest producer of potash and third largest exporter of phosphate in the world.
- With the disruption in the supply chain and jump in the prices of natural gas,the prices of fertilisers have almost doubled in the international markets.

Implications for India

Agricultural sector, which employs about 43 per cent of the country's workforce and accounts for 18.8 percent of (2021-22) in Gross Value Added (GVA) of the country, will suffer.

- The rise in prices of fertilisers and its shortage will adversely affect the production of foodgrains. It will lead to the drop in the production of foodgrains which will further the food inflation in India .
- Food inflation will lead to increasing poverty and inequality in the country especially in the rural areas.

- Fertilisers are normally subsidised in India and with the rising cost of imported fertilisers
- the government will have to increase the subsidy on fertilizers. In 2020-21, the government spent Rs 127,921.74 crore on fertilisers subsidy and for 2022-23 it has provided Rs Rs 79,529.68 crore as subsidy.
- The increase in the subsidy bill will increase the government deficit leading to higher inflation.
- The Indian economy, according to RBI, is expected to grow by 7.8% in 2022-23 will face a considerable challenge.

2. India abstain at the UN Vote on Russia again (March 3, 2022)

India abstained during the voting at the United Nation General Assembly resolution titled “on Aggression against Ukraine”. This is the fifth time that India has abstained from voting on Ukraine related resolutions on the UN platform .

- The UN resolution ,deplored in strongest terms the “Russian aggression against Ukraine”. It demanded that Russia immediately cease use of force in Ukraine and unconditionally withdraw its forces from internationally recognised borders of Ukraine. It also reaffirmed its commitment to Ukrainian sovereignty and territorial integrity . It called all the parties to abide by the Minsk agreement in 2014 and 2015.
- The resolution was supported by 141 members out of 193 countries and 34 countries including China abstained .
- Only Russia, North Korea, Eritrea, Syria and Belarus voted against the resolutions.
- The Indian permanent representative to the United Nation, T.S. Tirumurti presenting government of India policy called for a diplomatic solution to the problem .
- Russia invaded Ukraine on 24 February as it is concerned that the Zelensky led Ukrainian government policy to join NATO (North Atlantic Treaty Organization) military alliance led by the United States threatens the security of Russia .
- India has very close ties with Russia which has consistently supported India on Kashmir, Bangladesh and China. India doesn't want to hurt Russia .
- The General Assembly vote will not change anything on the ground and it is mainly symbolic in nature .

United Nation General Assembly

- **The United Nation General Assembly was set up in 1945 under the charter of the United Nation. All the 193 member countries of the United Nation (UN) are members of the General Assembly .**
- **The General Assembly meets** September to December each year (main part), and thereafter, from January to September

Function of the General Assembly

It can recommend policies or programmes to the member states but the member countries are not bound to legally follow it .

- It has basically moral power in nature as it represents the voice of the world.
- However the member countries have to follow the decision of the UN Security Council.

Some of the important functions of the General Assembly are as follows :

It can

- take action in cases of a threat to the peace, breach of peace or act of aggression, when the Security Council has failed to act owing to the negative vote of a permanent member.
- Elect the non-permanent members of the Security Council and the members of other United Nations councils and organs and, on the recommendation of the Security Council, appoint the Secretary-General
- Consider and make recommendations on the general principles of cooperation for maintaining international peace and security, including disarmament
- Discuss any question relating to international peace and security and, except where a dispute or situation is currently being discussed by the Security Council, make recommendations on it
- Make recommendations for the peaceful settlement of any situation that might impair friendly relations among countries

Decision making process in the General Assembly

- Unlike the Security Council where five permanent members , Russia, China, US, France and UK can veto any resolution, in the General Assembly no country has any veto power in the General Assembly
- Every country has one vote.
- On certain Important issues like recommendations on peace and security, the election of Security Council and Economic and Social Council members, and budgetary questions, two third majority of the member states are required for other matters; a simple majority is required .

Facts important for Exam

- The President of the UN General Assembly is elected every year.
- **The current Chairman is Abdulla Shahid of Maldives**
- **Vijay Lakshmi Pandit became the first Indian and a woman to be the President of the UN General Assembly in 1953,**
- The Headquarters of the UN: **New York, United States of America**
- The Secretary General of the UN :**António Guterres of Portugal**
- **For a detailed Understanding of the conflict in Ukraine kindly see our blog on Russian -Ukraine Conflict**

3. Turkey's Ayci declines Air India CEO role (March 2, 2022)

Turkey's Ilker Ayci has declined to take up the post of the Chief Executive officer of Air India as many people in India were opposed to his appointment .

- He was announced as the CEO of Air India by the Tata Group which acquired it from the Government of India .
- Ilker Ayci was a former chairman of Turkish Airlines, and was also an adviser in 1994 to Tayyip Erdogan when the Turkish President was mayor of Istanbul.
- India does not have a good relationship with Turkey as Tayyip Erdogan has consistently supported Pakistan on the Kashmir issue and has criticised India.
- His Turkish connection and especially his link with Erdogan was seen as a security threat for India.

4. 19th India-US Military Cooperation meeting held in Agra (March 2, 2022)

The 19th edition of India-US Military Cooperation Group (MCG) meeting was held in **Agra**, Uttar Pradesh on March 01-02, 2022.

- The meeting was co-chaired by Chief of Integrated Defence Staff to the Chairman Chiefs of Staff Committee (CISC) **Air Marshal BR Krishna** from the Indian side and Deputy Commander, US Indo-Pacific Command Lieutenant General **Stephen D Sklenka** from the US side.
- The India-US MCG is a forum established to progress defence cooperation between the countries through regular talks at the strategic and operational levels between Headquarters, Integrated Defence Staff and the US Indo-Pacific Command.

5. India has the third largest number of billionaires in the world (March 2, 2022)

According to the recently released Wealth Report 2022 by Knight Frank India has the third highest number of billionaire population(145 billionaires) globally in 2021 after the US (748 billionaires), and China (554 billionaires).

- The number of ultra-high net worth individuals (UHNWIs) in India with net assets of \$30 million or more grew 11 percent in 2021 to 13,637 from 12,287 in 2020.
- Amongst key Indian cities, Bengaluru witnessed the highest growth in the number of UHNWIs at 17.1 percent to 352, followed by Delhi (12.4 percent, 210) and Mumbai (9 percent, 1,596).
- The number of UHNWI population in India is expected to grow by 39 percent between 2021- 2026, with 19,006 people expecting to have net assets of \$30 million or more by 2026.

Knight Frank is a London based real estate company. It is one of the largest property consultancy company in the world

6. IEA to release reserve oils to cool the oil price (March 2, 2022)

The International Energy Agency has agreed to release **60 millions barrels of oil reserves** in the world market to deal with the shortfall in the oil after the Russian invasion of Ukraine on 24 February 2022.

Importance of Russia in oil market

- Russia is an important player in the world oil market.
- It is the world's third largest oil producer and the largest exporter.
- Its exports of about 5 million barrels a day of crude oil represent roughly 12% of global trade – and its approximately 2.85 million barrels a day of petroleum products represent around 15% of global refined product trade.
- Around 60% of Russia's oil exports go to Europe and another 20% to China.

Source of Data (International Energy Agency)

Though the Western countries led by the United States have not yet imposed sanctions on the Russian oil industry, the buyers are avoiding Russian oils. The uncertainty of supply of oil has led to a sharp rise in the price of oil and it has crossed \$100 per barrel . The continuous rise in oil prices has led to fear of high inflation around the world and it threatens the world economic recovery after the corona pandemic .

IEA stockpiles

- IEA members hold emergency stockpiles of 1.5 billion barrels. The proposed initial release of 60 million barrels, or 4% of those stockpiles, is equivalent to 2 million barrels a day for 30 days.
- This is the fourth coordinated attempt by the IEA to release oil from the reserves . It released oil from reserves in 1991, 2005 and in 2011.
- Half of the planned release will come from the United States. The United States maintains half the worlds' oil strategic reserves .The other 30 IEA members are required to hold oil in emergency reserves equivalent to 90 days of net oil imports
- Japan has one of the largest oil reserves after China and the United States.

However many experts believe that it will not be able to cool the price of oil in the market .

International Energy Agency

- It was set up by the developed countries in 1974 after the 1973 oil crisis .
- It was initially set up to protect oil supplies .Now its field has been expanded to include issues like electricity security to investments, climate change, air pollution, energy access and efficiency, etc.

- **Total Member 31 countries . All are developed countries** .(from Asia only Japan and South Korea are its member)
- **India, China are not members of the IEA . They are an associate state of the IEA .**
- Headquarters of IEA : **Paris, France**

Important reports released by EIA :

- World Energy Report
- Global Energy Review
- Oil Market Report

Important for EXAM

One barrel of Oil is equivalent to: 158.987 liters of oil

: 42 gallons (US)

7. Saurabh Choudhary wins gold at the ISSF World cup 2022 (March 2, 2022)

Saurabh Choudhary won the first gold medal for India in the **ISSF (International Shooting Sports Federation)** Rifle/Pistol world cup in Cairo, Egypt on 1 March 2022.

- The 19-year-old Indian defeated Michael Schwald of Germany in the gold medal match of the Men's 10m Air Pistol event.
- In the women's 10m Air Pistol event, 17 years old Esha Singh of India won the silver medal and the gold medal was won by the Olympic champion Anna Korakaki of Greece.
- The ISSF world cup is being held in Cairo, Egypt from 28 February to 8 March 2022.

ISSF World Cup

- The International Shooting Sports Federation (ISSF) organizes four world cups in a calendar year for rifle/pistol events .
- In 2022 the venue of the World cups in chronological orders are as follows:
• **Jakarta (Indonesia), Cairo(Egypt), Rio de Janeiro (Brazil)and Baku(Azerbaijan).**
- Headquarters of ISSF : **Munich ,Germany**

8. SWIFT link between Indian and Russian banks snapped (March 2, 2022)

The transaction link between the Russian and the Indian banks has come to a halt after some of the key Russian banks were expelled from the SWIFT (Society for Worldwide Interbank Financial Telecommunication) network.

- SWIFT is an international body which provides messaging facilities between its member banks and financial institutions for International financial transactions.
- The decision to de-link the Russian banks from the SWIFT was taken by the western countries led by the United States of America to protest the Russian President's decision to invade Ukraine and to punish the Russians for it.
- The Russian financial system has been targeted by the western countries by imposing sanctions on Russian banks, the Central Bank of Russian Federation so as to cripple Russian ability's to wage war .

Impact on India

- Since most of the international trade is settled in American dollars the role of the American banks are crucial in settling the trade. After the imposition of the sanction by the American government on Russian banks and companies the American banks cannot participate in settling the international trade which is settled in American dollars. It will be virtually impossible for the Indian importers or exporters to pay or receive money from the Russian. It will virtually halt trade between India and Russia.
- India is a major importer of oil, coal, potash, defence equipment from Russia.

Indian Russia Trade and problem areas

- Russia is the 32nd largest export destination of India and it was the 20th largest import destination of India. In 2020-21 the total trade between the two countries was \$ 8.1 billion. Indian exports were \$2.6 billion and imports were \$ 5.48 billion.
- India's share of exports to Russia as a proportion of its total exports is 0.8%, while India's imports from Russia constitute 1.5% of its total imports. (Source ministry of commerce and Industry).

Likely sector to be impacted due to war and sanctions

Edible oils

- India imports 70% of its sunflower oil from Ukraine and 20% from Russia. Any supply disruption will lead to price rise in India.

Fertilisers

- Russia is the world's largest producer of nitrogen and second largest producer of potash and third largest exporter of phosphate in the world. Nitrogen, Potash and Phosphate are used in making fertilisers.
- India is one of the biggest importers of fertilisers in the world and it is totally dependent on import for phosphatic fertilisers. Any disruption of supplies from Russia will have a very negative effect on Indian agriculture.

Crude Oil

- Russia is a leading exporter of oil and gas in the world and India imports a substantial quantity of oil from Russia.

Coking Coal

- Russia is a major supplier of coking coal which is used in the production of steels. In October 2021 Indian and Russian signed an agreement for collaboration in the steel and mining sector with focus on importing Russian coking coal.

SWIFT

- Society for Worldwide International Financial Telecommunication was set up by 239 banks from 15 countries in Belgium. It went live in 1977. At present it is present in all the continents with 200 plus countries and territories and more than 10,500 institutions as its client.

Function

- It provides instant communication between the networked member banks for cross-border international fund transfer. The communication is secured and standardised.
- Its headquarters : **La Hulpe, Belgium.**

For a detailed and clear understanding of SWIFT Kindly see our blog on SWIFT

9. First Indian casualty in Russia-Ukraine war (March 2, 2022)

A 21 year old Indian medical student **Naveen Gyannagoudar** was killed in the Ukrainian city of **Kharkiv** on 1 March 2022. He was from **Karnataka** and was waiting outside a grocery store to buy food. He was killed when the grocery store was hit by Russian shelling .

- The eastern Ukrainian city of Kharkiv is known for its medical education and has a bulk of Indian students who are trapped there due to heavy Russian bombardment .
- The Russian forces invaded Ukraine on 24 February after Russian President **Vladimir Putin** recognised the breakaway Ukrainian province of Donetsk and Luhansk as independent countries.
- It was condemned by the world and no country recognises these regions of Ukraine as Independent countries.
- The Ukrainian President is **Voldoymyr Zelensky** who was an **actor and comedian** before he won the Presidential election in 2019.

10. Mobile World Congress 2022 (March 1, 2022)

Mobile World Congress is an annual tech and smartphone event that generally takes place at the end of February month in **Barcelona, Spain.**

- This year it is being held from 28 February to 3 March 2022.
- The Congress focuses on the latest smartphone and on networking .
- All major top smartphone companies like Samsung, Apple etc participate in the event.

Fact files Smartphone

- The first smartphone was invented in 1992 by the IBM company of America It was called Simon Personal Communicator.
- China is the largest smartphone market in the world.
- India is the second largest smartphone market in the world and the United States of America is the third largest.