

## Coal Ministry Releases Report "Greening Initiative in Coal & Lignite PSUs"

### ➤ Key Findings:

- **Coal Public Sector Undertakings (PSUs)** are working extensively on afforestation and ecological restoration projects.
- **Innovative methods** like seed ball planting, seed casting using drones, and Miyawaki plantation are being used to increase green cover in coal mining regions.
- **Miyawaki plantation** involves densely planting native trees, shrubs, and groundcover plants in small areas.

### ➤ Other Environmental Initiatives in Mining:

- The **Ministry of Coal** has issued mine closure guidelines that require the reclamation and rehabilitation of mined-out land.
- Environmental Impact Assessment (EIA) and Environmental Management Plans (EMP) are mandatory for mining activities.
- **Forest Clearance (FC)** must be obtained from the **Ministry of Environment, Forest and Climate Change (MoEF&CC)** for using forest land for non-forest purposes.
- As part of India's Nationally Determined Contributions (NDC), there is a commitment to create an additional carbon sink of **2.5 to 3 billion tonnes of CO<sub>2</sub>** equivalent through increased forest and **tree cover by 2030**.

## RBI Absorbs Via VRRR Auctions Surplus ₹44,430 Crore

➤ The Reserve Bank of India (RBI) absorbed **₹44,430 crore of surplus** liquidity through two three-day variable rate reverse repo (VRRR) auctions.

### ➤ Auction Details:

- **First VRRR Auction:** Notified amount of ₹50,000 crore; banks deployed ₹41,730 crore; accepted at a weighted average rate (WAR) of 6.48%.
- **Second VRRR Auction:** Notified amount of ₹50,000 crore; banks deployed ₹2,700 crore; accepted at a WAR of 6.49%.

➤ **Liquidity Surplus:** System liquidity surplus widened to ₹28,800 crore, attributed to month-end government spending.

### ➤ Economic Observations:

- RBI's dividend pay-out announcement of ₹2.1 lakh crore at the end of May.
- Post-election government spending expected to improve banking system liquidity.

These actions and observations indicate a strategic approach by the RBI to manage liquidity in the banking system effectively.

## Depreciation Of Rupee

➤ Depreciation of the rupee means a decrease in its value compared to another currency due to market forces like supply and demand.

➤ **Reasons:** Political instability, Outflow of capital

➤ **Benefits:** Boosts exports, Discourages imports

### ➤ Issues:

- May cause inflation,
- Exposes companies to foreign exchange risks

### ➤ Control Measures:

- RBI can sell forex reserves ,
- Encourage capital flows into NRI deposits

### ➤ Devaluation

- Devaluation is a deliberate reduction in the official exchange rate, lowering the currency's value.
- **Purpose:** It is done by the government or central bank to adjust the currency value.

### ➤ About OPEC+

- **Establishment:** OPEC was founded at the Baghdad Conference in 1960 by Iran, Iraq, Kuwait, Saudi Arabia, and Venezuela.
- **Headquarters:** Vienna, Austria.
- **Current Members:** 12 countries, including:
  - **Founding members:** Iran, Iraq, Kuwait, Saudi Arabia, and Venezuela.
  - **Other members:** Algeria, Equatorial Guinea, Gabon, Libya, Nigeria, Congo, and UAE.

### ➤ Objective

- To coordinate and unify petroleum policies among member countries.
- To secure fair and stable prices for petroleum producers.

### ➤ OPEC+

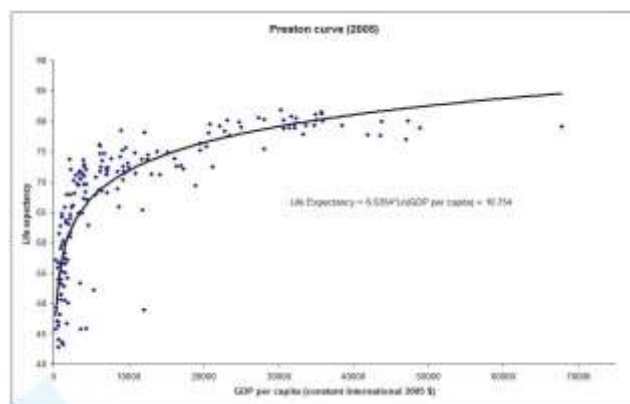
- **Formation:** In 2016, OPEC signed an agreement with 10 other oil-producing countries, forming OPEC+.
  - **Members:** Russia, Mexico, Kazakhstan, Oman, Azerbaijan, Malaysia, Bahrain, South Sudan, Brunei, and Sudan.
- OPEC+ has agreed to extend its significant oil output cuts into 2025 to stabilize and manage oil prices effectively.

## Preston Curve

➤ **Proposed By:** American sociologist Samuel H. Preston in 1975.

### ➤ Key Concept

- **Income and Life Expectancy:** The curve illustrates that an increase in a country's per capita income boosts life expectancy, but only up to a certain point.
- **Initial Growth:** In poor countries, as per capita income rises, life expectancy initially increases due to better nutrition, sanitation, and access to healthcare.
- **Plateau Effect:** Beyond a certain income level, further increases in per capita income have a diminishing effect on life expectancy, causing the growth to flatten out.



## RBI Cancels 10-Year Green Bond Auction For The First Time Due To Lack Of Greenium

➤ **The Reserve Bank of India (RBI)** canceled its planned auction of 10-year green bonds because traders were unwilling to accept lower yields, a condition known as "**greenium**." This marks the first cancellation of a green bond auction since green bond sales began in January 2023.

### ➤ Key Points:

- **Auction Cancellation:** The cancellation happened due to the absence of greenium, indicating investors' reluctance to accept lower yields.
- **Green Bond Plans:** The government intends to issue green bonds worth Rs 12,000 crore in the first half of the current financial year (2024-2025), diverging from the usual practice of issuing bonds in the second half.
- **Bid Yields:** Bids ranged between 7% and 7.06%, above the RBI's acceptable rate. At the time, the benchmark bond yield was about 6.99%.
- **Purpose of Funds:** The funds from green bond sales are intended to finance public sector projects aimed at reducing the economy's carbon footprint.

### ➤ Additional Notes:

- After pausing auctions from April to September 2023, the government raised **200 billion rupees** through green bond sales over the rest of **fiscal 2024 at 1-2 basis points below** the prevailing yields.
- "**Greenium**" refers to the reduced yield that investors typically accept for green bonds, which fund environmentally sustainable projects.