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Oil Shocks and Economic Impacts

Recently, the U.S. announced a complete ban on Russian oil, liquefied natural gas and coal imports.

Oil shock

- Russia is the third biggest producer of oil in the world, behind the US and Saudi Arabia.
- Russian gas accounts for about 40% of the EU's natural gas imports.
- Sanction- The ban blocked any new purchases of Russian crude oil and certain petroleum products, liquefied natural gas and coal.
- It also banned new U.S. investment in Russia's energy sector and prohibited Americans from participating in foreign investments that flow into Russia's energy sector.
- If Russian gas stopped flowing into Western Europe, already heated prices would increase even more.
- An oil crisis can endanger economic and political stability throughout the global economy which is struggling to come out of a pandemic.
- The current geo-political crisis resulted in Brent hitting 140 dollars/barrel (14-year high) before settling down to 110 dollar/barrel level.
- Though there may not be supply constraints in the long-term with incremental productions coming from other producing countries like Iran, Venezuela, OPEC members and the US, energy prices will remain volatile in the near term.

What were the earlier oil shocks like?

- In the post-World War II era, there have been two major oil crises.
- **Yom Kippur war**– In 1973, Arab members of Organization of the Petroleum Exporting Countries (OPEC) imposed an embargo on supply to the US, Japan and Western Europe, for supporting Israel in the Yom Kippur war.
- These nations consumed more than half the world's energy.
- Oil prices quadrupled to almost 12 dollar a barrel.
- **Iran-Iraq war**– The Iranian revolution triggered the second oil shock in 1979 and peaked with the outbreak of the Iran-Iraq war (1980-88).
- In 1981, the price of oil stabilised at 32 dollar per barrel.

How has it affected India?

- **Price volatility**– The Indian government has been taking up bilaterally with crude oil producing countries, OPEC and heads of other international fora to convey India's serious concerns over crude oil price volatility.
- Since India's import dependence from Russia for oil and gas has been very minor, no major supply-side impact is expected.
- **Price implications**– What has adversely affected India is the price implications arising due to the ongoing conflict.
- The price impact is two-fold for India – on its import bill and on the retail prices of auto and cooking fuel.
- **Logistics issue**– What becomes an issue is logistics – transporting oil and gas (including financing it in an event of sanctions).

How should India prepare to shield itself from future oil shocks?

- The Indian government has been taking significant policy decisions for energy transition towards a net zero future.
- Recently, responding to America's call, India had also committed to supporting initiatives for releases from the Strategic Petroleum Reserves for mitigating market volatility and calming the rise in crude oil prices.
- With the government taking measures to ensure that alternate resources of energy, India may be better off in the long term in handling any geo-political strains.

Bioterrorism and India's preparation – Today Current Affairs

Bioterrorism covers a very broad spectrum of concerns, from catastrophic terrorism with mass casualties, to microevents using low technology but producing civil unrest, disruption, disease, disabilities and death. The threat of bioterrorism, long ignored and denied, has heightened over the past few years. The international terrorist attacks are changing over the past years towards the use of more deadly weapons for massive civil disruption. Most terrorists use explosive and guns but some groups now show interest in using chemical, biological, radiological, or nuclear (CBRN) materials in order to cause mass casualties.

Or

➤ “Intentional” release of virus, bacteria, etc. to harm humans, plants, animals.

Some examples: The Hhindu Analysis

➤ 2001 anthrax attacks in USA (letters with Anthrax sent to legislators, media, etc.)

➤ Iraq's bioweapons program in 1980s. Loaded some missiles with anthrax and aflatoxin.

➤ Covid-19 pandemic has exposed the vulnerability of world powers to potential use of biological

weapons. (Don't say that corona is a Chinese conspiracy, until proven).

Biological weapons are complex systems that disseminate disease causing organisms or toxins to harm or kill humans, animals or plants.

They generally consist of two parts – a weaponized agent and a delivery mechanism.

Challenges with bio-terrorism: The Hindu Analysis

➤ Relatively easy to create without getting detected. (like a vaccine production facility).

➤ Wide geographic reach and self-sustaining spread.

➤ Difficult to control due to possible mutations.

➤ Difficult to find the real attackers.

➤ It may be delivered through air, water supply, agri inputs, humans, etc.

- India specific challenges:
- Tropical climate generally more suitable for rapid spread of disease.
- High population density, crowded public transport.
- Neighbors who use proxy war as state policy. (Pak terror, China tech)

Need for Bio terrorism law in India: The Hindu Analysis

- India's high vulnerability: High population density, Inadequate medical facilities, subtropical climatic conditions, poor hygiene and inadequate sanitation facilities make India extremely susceptible for such attacks.
- Control its impact on society: Bioterrorism causes damage, fear, and anxiety among people and affects the society and government of a country. These biological weapons can cause large-scale mortality and morbidity in large populations and create civil disruption in the shortest possible time.
- Increase in attacks due to advancement in technology: In this era of biotechnology and nanotechnology has created an easy accessibility to more sophisticated biologic agents apart from the conventional bacteria, viruses and toxins.

Is India prepared: The Hindu Analysis

- Epidemic Disease Act 1897 gives governments special powers to deal with dangerous epidemic disease.
- NDMA is equipped to deal with effects of weapons of mass destruction (chemical, biological, nuclear)
- Integrated Disease Surveillance Program of MoHFW to detect outbreaks in early phase.
- Research infra e.g. ICMR labs like NIV Pune, academic labs, etc.

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What can be done?

- International cooperation on intelligence sharing.
- Infra for rapid detection, continuous monitoring of critical infra.
- Strengthening disaster management forces.
- Installing biodefense mechanisms on lines of USSR during cold war.
- Public awareness about dos and don'ts in cases of suspected bioterrorism.

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Biological and Toxic Weapons Convention 1972.

- It was the 1st multilateral disarmament treaty to ban Biological Weapons.
- It prohibits countries from producing, stockpiling, acquiring, or retaining biological agents that can be used as weapons.
- India ratified this treaty in 2015.

In this article we mention all information about Bioterrorism and India's preparation Today Current Affairs.

Exemption of entertainment Taxes – Today Current Affairs

Context : recently the row on the disputed movie Kashmir Files is continuously on its zenith . Some states waived off entertainment tax to promote it and many states (Non BJP ruled states) did not waive off entertainment tax. Now this move has become the tool of dirty politics in India . BJP/ Rightists are continuously raising the demand for waiving off entertainment taxes in those states where BJP is not ruling . There must be some documented rules to give some relaxations or exemptions of entertainment taxes by the states .

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Introduction :

- Entertainment tax is the type of taxes among different taxes levied on movie/ film ticket , ticket any shows/ exhibitions, any commercial shows etc. It is under the jurisdiction of the provincial government(State government). Before

the implementation of the GST period , entertainment taxes played an important role for the income of the state . But after the implementation of GST, entertainment tax lost its importance and it is now nominal (approximately 9 to 15 %). Earlier it was approximately 40 to 60 % imposed by the state. Besides the entertainment taxes GST of 28 %. GST is under the jurisdiction of the center. If any movie is declared tax free. It does not mean that all types of taxes are waived off from that movie. Only entertainment tax is waived off from that movie .

- In comparison to GST , entertainment tax is nominal and it does not bring big effect on the price of movie tickets of a tax free movie . The price of a tax free movie in any multiplex is not below 200 rs . Therefore , the politics of no entertainment tax which has its nominal impact on the price of movie tickets is worthless .

Is there any parameter for the relaxation of the entertainment tax : The Hindu Analysis

- Generally this is the discretionary power of the state government to give any relaxation on entertainment taxes. Generally the government provide relation/ exemption from taxes to those exhibitions, movies and any commercial shows which promote our cultural heritage , our cultural value system and those moves which are based on patriotism, nationalism and for the national interest . Movies which are based on our history , prosperous cultural heritage , and prosperous arts must be promoted. But generally it has been observed , because of the political benefits, those movies are being tax free (Exemption of entertainment tax only) which can create the conflicts in society or which can provoke communal riots in society or which can re expose the wounds of the past instead of healing the wound
- There must be some documented rules on behalf of which a movie and any commercial exhibitions, cultural exhibition , religious fair could be exempted from the tax. There must be a committee set up by the ministry of culture on state and central levels which would promote cultural exhibitions and the shows based on Indian culture . This committee should have the right to recommend the exemption of entertainment taxes on movies.

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Conclusion

As per the above analysis. Entertainment tax is nothing in comparison to the GST . If any commercial shows or any movies or any cultural exhibitions are really influenceable and inspirable for patriotism and Indian society , they must be exempted from all types of taxes (including GST) but the politics should not be done on these issues. If the rules regarding the exemption of the taxes would be documented and the decision regarding the exemption of taxes would be given by a prescribed committee, it would be more reliable , and authentic and it would prevent us from dirty politics.

Here we mention all information about Exemption of entertainment Taxes Today Current Affairs.