



**16-04-2024**

## Joint Military Exercise DUSTLIK

### Why in News?

- The Indian Army contingent departed on 15th April 2024 for the 5th edition of India-Uzbekistan joint military Exercise DUSTLIK.

### More About the News

- The Exercise is scheduled to be conducted from 15th to 28th April 2024 at Termez, the Republic of Uzbekistan.
- The Exercise DUSTLIK is a yearly event conducted alternatively in India and Uzbekistan. Last edition was conducted at Pithoragarh (India) in February 2023.



- The aim of Exercise DUSTLIK is to foster military cooperation and enhance combined capabilities to execute joint operations in mountainous as well as semi urban terrain.
- It would focus on high degree of physical fitness, joint planning, joint tactical drills and basics of special arms skills.
- The complexity of this edition of Exercise DUSTLIK has been enhanced with conduct of multi domain operations as the contingent comprises of personnel from combat support arms and services besides Infantry.
- The Exercise 'DUSTLIK' will enable the two

sides to share their best practices in Tactics, Techniques and Procedures of conducting joint operations.

- The Exercise will facilitate developing interoperability, bonhomie and camaraderie between soldiers of both the countries.
- This will also enhance the level of defence cooperation, further fostering bilateral relations between the two friendly nations.

## Impact of Iran- Israel Conflict on India

### Why in the news?

- Iran's unprecedented attack on Israel has marked a new tension in the Middle East conflict. More than 300 drones and missiles were launched by Iran on Israel in a retaliatory attack.

### Its Impact on India's oil Trade

- Any escalation in the Iran-Israel conflict could impact India by way of costlier crude oil imports as geopolitical tensions in West Asia would bump up risk premiums, apart from fuelling concerns of potential supply disruptions from the oil-rich region.
- According to industry insiders, while the situation is still developing and it would take a few days to assess the real risk to regional and global oil flows, international oil prices



could see high volatility in the immediate-to-near term.

- India is the world's third-largest consumer of crude oil and depends on imports to meet over 85 per cent of its requirement.
- Given the country's extremely high import dependency, India's economy is highly sensitive to oil price volatility.
- Apart from inflationary pressures, high oil prices have implications for India's trade balance, foreign exchange reserves, the value of the rupee, and the overall health of the economy.
- India currently does not import Iranian oil as Tehran is under sanctions from the United States (US). However, another major buyer - China - does import large volumes of Iranian oil.
- If the conflict leads to Iranian supply getting hit, India's competition with China for oil barrels from other suppliers - particularly Russia - is bound to intensify. India and China are currently the biggest buyers of the discounted Russian crude.

### 2024 Southwest Monsoon Season Rainfall Forecast

#### Why in the News?

- According to the Indian Meteorological Department (IMD)'s forecast for the Southwest Monsoon 2024, India is likely to experience above-normal cumulative rainfall in the 2024 monsoon season with La Nina conditions likely to set in by August-September.



#### More About the News

- Climate scientists say the number of rainy days is declining while heavy rain events

(more rain over a short period) are increasing, leading to frequent droughts and floods.

- India is likely to see above-normal rainfall in the four-month monsoon season (June to September) with cumulative rainfall estimated at 106 percent of the long-period average (87 cm).
- Moderate El Nino conditions are prevailing at present. It is predicted to turn neutral by the time monsoon season commences. Thereafter, models suggest, La Nina conditions may set in by August-September.
- El Nino conditions - periodic warming of surface waters in the central Pacific Ocean - are associated with weaker monsoon winds and drier conditions in India.
- The first is El Nino, the second is the Indian Ocean Dipole (IOD), which occurs due to differential warming of the western and eastern sides of the equatorial Indian Ocean, and the third is the snow cover over the northern Himalayas and the Eurasian landmass, which also has an impact on the Indian monsoon through the differential heating of the landmass.
- The southwest monsoon delivers about 70 percent of India's annual rainfall, which is critical for the agriculture sector. Agriculture accounts for about 14 percent of the country's GDP.
- Since 2003, India Meteorological Department (IMD) has been issuing the operational long-range forecast (LRF) for the southwest monsoon seasonal (June-September) rainfall averaged over the country as a whole in two stages.
- The first stage forecast is issued in April and the second stage or update forecast is issued by the end of May.

### Windfall Tax

#### Why in the News?

- The Union government announced on 15th April 2024 that it has increased the windfall tax on petroleum crude from Rs 6,800 to



Rs 9,600 per metric tonne, effective April 16. This tax adjustment, which occurs every two weeks, will remain at zero for diesel and aviation turbine fuel. This is the second hike in this month as earlier in April 2024, the government had raised the windfall tax on petroleum crude from Rs 4,900 to Rs 6,800 per metric tonne.

#### More About the News

- The term "Windfall Tax" refers to a one-time tax imposed on businesses that are thought to have made excessively high profits, typically due to unusually favourable market conditions.
- Governments use them to increase their tax revenue in a given year by retroactively raising taxes on businesses or industries that received the unanticipated Windfall.
- A higher tax imposed by the government on specific industries when they experience unexpected and above-average profits is known as a Windfall Tax.
- When the government notices a sudden increase in an industry's revenue, they impose this tax. However, these revenues cannot be linked to anything the company actively pursued, such as its business strategy or expansion.
- In July 2022, the Indian government introduced a windfall tax targeting crude oil producers. Subsequently, this tax was expanded to cover exports of gasoline, diesel, and aviation turbine fuel (ATF).
- This policy aims to deter private refiners from capitalizing on elevated global prices by selling these fuels abroad, instead

prioritizing domestic market supply. The government adjusts the windfall tax rate every two weeks.

#### Wholesale Price Index (WPI)

##### Why in the News?

- The headline wholesale price index (WPI)-based inflation inched up to a three-month high of 0.53 per cent in March from 0.2 per cent in February. It thus remained in positive terrain for the fifth consecutive month, after it was in deflationary territory for the major part of financial year 2023-24 (Fy24).



##### More About the News

- Data released by the Ministry of Commerce and Industry on Monday showed that the uptick in factory gate inflation during March was driven by increase in prices of food articles, electricity, crude petroleum and natural gas, among others.
- The overall FY24 wholesale headline inflation stood at -0.7 per cent compared to 9.6 per cent in FY23. Within this, the food inflation was at 3.2 per cent in FY24, down from 6.4 per cent in the previous financial year.
- Within food articles, pressure on factory gate prices mainly built up on account of rise in the prices of onion (56.9 per cent) and potato (52.9 per cent), followed by paddy (11.7 per cent), cereals (9.04 per cent) and wheat (7.43 per cent).
- The prices of manufactured products, which have a weighting of 64.2 per cent in the

index, remained in deflation (-0.85 per cent) for the 13th consecutive month in March. This was led by a continuing contraction in the prices of textiles (-1.68 per cent), paper (-5.71 per cent), chemicals (-4.64 per cent), metals (-5.34 per cent) and furbished steel (-7.22 per cent), among others.

- Moreover, the contraction in fuel prices (-0.77 per cent) continued for the 11th consecutive month in March. It was led by contraction in prices of high-speed diesel (-3.51 per cent), cooking gas (-10.19 per cent) and petrol (-0.94 per cent).

#### About Wholesale Price Index (WPI)

- The Wholesale Price Index (WPI) is an important index necessary for calculating inflation in a country. The Office of the Economic Adviser in the Department of Industrial Policy and Promotion, Ministry of

Commerce & Industry is responsible for compiling WPI and releasing it.

- The Wholesale Price Index represents the price of a basket of wholesale goods. WPI focuses on the price of goods that are traded between corporations. It does not concentrate on goods purchased by the consumers.
- The main objective of WPI is monitoring price drifts that reflect demand and supply in manufacturing, construction and industry. WPI helps in assessing the macroeconomic as well as microeconomic conditions of an economy.
- Generally, WPI and CPI (Consumer Price Index) are used to calculate the inflation rates. In India, Inflation rates are based on WPI which is released by the Ministry of Commerce and Industry.



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