

## CHINA DEFLATION

- Consumer prices in China declined for the first time in over two years in July.

### What is deflation?

- Deflation is a term that is used these days to refer to a general fall in the prices of goods and services in an economy

### Why is it a worry?

- Many economists believe that deflation is a sign of falling demand for goods and services which could lead to a slowdown in economic growth.
- According to them, the demand for goods and services is the driver of economic growth.
- Falling prices can also push buyers to postpone their purchases expecting lower prices in the future; this in turn can further dampen demand in the economy, they argue
- Deflation in such cases is the result of a rise in the supply of goods and services that outpaces the rate of money supply growth.
- Deflation can also be a sign of economic turmoil. During times of economic crises, spending by individuals can drop temporarily as they become more cautious.

- Sometimes deflation in the official price indicators can also be a sign of a process of reallocation of resources.
- Spending on goods whose prices are captured by official indicators may drop while spending on other goods may even rise.

### Why is China experiencing deflation?

- China is experiencing deflation at a time when the People's Bank of China, or the Chinese central bank, continues to keep interest rates low to boost demand in the economy.
- This is in contrast to other central banks which have been tightening policy to fight high inflation after the Covid-19 pandemic.
- The likely reason behind Chinese deflation may not be the lack of liquidity but rather something more fundamental.
- A proper study of the Chinese money supply and monetary transmission can help us come to a definite conclusion on the reason behind the current bout of deflation.

## THE HINDU

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## US INFLATION

- In the recently concluded Federal Open Market Committee meeting on

July 26, 2023, the targeted federal funds rate was raised to 5.25-5.5%, a 25 basis points increase.

- This puts the rate at a 21-year high, surpassing the levels seen in 2001.
- Fed Reserve President Jerome Powell addressed the press conference and explained that the decision was aimed at reducing inflation to 2%
- The Federal Reserve intervenes in the market through bond purchases or sales to maintain the targeted rate range.

### **Will the rate hike impact corporates?**

- In the international economy, there has been a substantial increase in private non-guaranteed (PNG) debt taken by corporations, while governments continue to be important borrowers.
- As interest rates in advanced countries rise, foreign investors may abandon government securities in developing economies, leading to currency depreciation and increased borrowing costs.
- This situation exacerbates debt servicing concerns for developing countries, where foreigners play a major role in the government securities market, unlike India.

### **THE HINDU**

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### **Privilege motion**

- The two rules referred to here relate to the concept of parliamentary privilege, which are certain rights conferred to the Members of Parliament for conducting the business of the Parliament.
- There is no codified list of the exact privileges, but it includes the right of free expression in the course of Parliamentary debates and Members of Parliament will not be liable for court proceedings for this.
- If there is a belief that such a privilege has been breached, a motion can be raised by any member. It can be admitted by the Chairman. They can then refer it to the Privileges Committee.
- The Chairman can, from time to time, nominate such a Committee, consisting of ten members. It will also have a Chairman appointed by the Rajya Sabha Chairman.

### **THE HINDU**

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### **Hela cells**

- The biggest strike to rectify decades of wrong came last week when biotech company Thermo Fisher Scientific came to an agreement with the family of Henrietta Lacks, whose cancer cells were removed from her

without her permission when under treatment in a hospital in Maryland.

- These cells went on to become an immortalized cell line called HeLa (for Henrietta Lacks) used in scientific research.
- It is reportedly the most commonly used cell line across the world, and yet neither the patient, a 31-year old poor, African American woman nor her family were acknowledged or compensated for the contribution.
- Cells are grown in a petridish, in a lab in controlled conditions, outside of their natural environment. These cells are used in critical and path-breaking scientific research to develop drugs, and vaccines (polio), study the effects of radiation, how pathogens affect humans, gene mapping, and the list could go on.
- Usually, cells cultured in the lab from human cells could be kept alive for only a few days, subject to the phenomenon of cellular senescence, or the cessation of cell division.
- However, all that changed when Henrietta Lacks appeared on the firmament of cell biology with a bunch of cells that behaved like nothing scientists had ever seen before, allowing them to create an 'immortalized cell line'.
- An immortalized cell line is a population of cells that would

normally not proliferate indefinitely but, due to mutations, have achieved the ability to keep on dividing, never reaching the point of senescence.

## THE HINDU

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### Wildlife in MP

- The Wildlife Institute of India and the National Tiger Conservation Authority, who are responsible for the quadrennial 'tiger census' reports, recently updated their estimates for the animal's numbers.
- Madhya Pradesh, for the second time in eight years, reported 785 tigers, or about a fifth of the national count.
- The State reported a 50% rise in tigers since the last census, a figure bettered only by Bihar which has less than 10% of M.P.'s tigers.
- While many factors contribute to the dynamics of the tigers present in a region, M.P. over the years has perfected the approach of actively moving both tigers, as well as their prey, within the State to balance predator and prey population.
- In the last two decades, M.P. has reintroduced species such as barasingha (swamp deer) to new habitats such as Satpuda and Bandhavgarh, and the gaur to the

Bandhavgarh and Sanjay- Dubri tiger reserves.

- Prey species such as chital (spotted deer) have been successfully supplemented in the Satpuda and Sanjay tiger reserves, Nauradehi, Kuno, and Gandhinagar wildlife sanctuaries through translocation from high -density Pench and Bandhavgarh.
- These often involve tracking, darting, and capturing animals, keeping them in temporary enclosures until they reach sufficient numbers, and then releasing them into their new habitat.
- At least 36 people have died after a fast -moving wildfire turned a historic Hawaiian town to ashes, officials said on Wednesday, as visitors asked to leave the island of Maui found themselves stranded at the airport.

**THE HINDU**

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